



सत्यमेव जयते

**STATE FINANCES AUDIT REPORT
OF
THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2021



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF HIMACHAL PRADESH

Report No. 2 of the year 2022

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Preface

This Report is prepared for submission to the Governor of the State of Himachal Pradesh under Article 151 of the Constitution of India.

Chapter I provides an overview of the State, sectoral Contribution to GSDP, structure of Government accounts and snapshot of the State's finances.

Chapters II and III of this Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts, respectively, of the State Government for the year ended 31 March 2021. Information has been obtained from the Government of Himachal Pradesh wherever necessary.

Chapter IV 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 relating to Financial Reporting during the current year.

Chapter V on 'State Public Sector Enterprises' contains audit observations on financial statements/performance of Government Companies (GCs), Government Controlled Other Companies (GCOCs) and Statutory Corporations (SCs) as per their accounts.

The Report containing the findings of performance audit and audit of transactions in various departments and Report on State Revenues are presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

This Report on the finances of the Government of Himachal Pradesh presents an assessment of the financial performance of the State during the year 2020-21 *vis-à-vis* the Budget Estimates and targets prescribed under the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 amended in 2011; and analysis of the dominant trends and structural profile of State Government's receipts and disbursements.

Based on the audited accounts of the Government of Himachal Pradesh for the year ended 31 March 2021 and additional data collated from several sources such as the Economic Survey (brought out by the State government) and Census, this Report provides an analytical review of the Annual Accounts of the State Government in five Chapters.

Chapter-I describe the basis and approach to the Report and the underlying data, providing an overview of the structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including deficits/surplus.

Chapter-II is based on the audit of Finance Accounts and 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 last five years, debt profile of the State and key Public Account transactions.

Chapter-III is based on the audit of Appropriation Accounts and gives a grant-wise description of appropriations. It contains observations on financial accountability and budget management, deficiencies in working of treasuries and results of review of selected grants.

Chapter-IV presents a description of the State Government's compliance with various reporting requirements and financial rules, and quality of accounts rendered by different authorities of the State Government.

Chapter-V contains audit observations on financial statements/performance of Government Companies (GCs), Government Controlled Other Companies (GCOCs) and Statutory Corporations (SCs) as per their accounts.

Audit findings

Chapter I: Overview

- The State Government passed the Himachal Pradesh Fiscal Responsibility and Budget Management (HP-FRBM) Act in April 2005 and provided for quantitative targets to be adhered to by the State with regard to deficit measures and debt levels. The HP-FRBM Act was required to be amended to prescribe revised targets for

deficit and debt levels. However, the same had not been done by the State Government.

- Against the target of maintaining the revenue surplus prescribed by the 15th FC and in HP-FRBM Act, there was revenue deficit (₹ 97 crore) during 2020-21. Actual Fiscal Deficit at 3.64 *per cent* of GSDP remained within the 15th FC target, but exceeded the targets set in the FRBM Act. The total outstanding debt / GSDP ratio, which stood at 42.91 *per cent*, was above the targets set by the 15th FC (36 *per cent*)

(Paragraph 1.5.1)

- During the year 2020-21, there was a revenue deficit of ₹ 97 crore, as against the previous year's revenue surplus of ₹ 12 crore. The fiscal deficit (₹ 5,700 crore) increased by ₹ 103 crore over the previous year (₹ 5,597 crore). Primary deficit decreased to ₹ 1,228 crore during 2020 21 from ₹ 1,363 crore in 2019-20.

(Paragraph 1.5.3)

Chapter II: Finances of the State

- During the year 2020-21, there was an increase of 8.77 *per cent* (₹ 2,695.86 crore) in Revenue Receipts over the previous year. Only 31 *per cent* of the Revenue Receipts came from the State's own resources comprising taxes and non-taxes, while the remaining 69 *per cent* were contributed by central transfers comprising the State's share in central taxes and duties (14 *per cent*) and Grants-in-Aid from GoI (55 *per cent*).

(Paragraph 2.3.2.1)

- Total expenditure increased by ₹ 7,031.31 crore (21.88 *per cent*) over a period of five years (2016-21). During 2020-21, total expenditure (₹ 39,164.25 crore) of the State increased by ₹ 2,801.70 crore (7.70 *per cent*) over the year 2019-20. Share of Revenue expenditure in total expenditure ranged from 78.9 *per cent* to 86.7 *per cent* during the period 2016-21. Rate of growth of revenue expenditure has displayed fluctuating trend over the same period. The committed expenditure accounted for a dominant share (67-71 *per cent*) of revenue expenditure and revenue receipts (65-70 *per cent*) of the State during the five-year period 2016-21.

(Paragraphs 2.4.1, 2.4.2 and 2.4.2.2)

- During 2020-21, capital expenditure (₹ 5,309 crore) increased by ₹ 136 crore (2.62 *per cent*) over the previous year 2019-20 (₹ 5,174 crore), and constituted 13.56 *per cent* of total expenditure as compared to 14.23 *per cent* during 2019-20.

(Paragraph 2.4.3)

- The overall fiscal liabilities at the end of year were ₹ 67,164.75 crore, after excluding ₹ 1,717 crore received as back-to-back loans to State from GoI in lieu of GST compensation shortfall. These had increased by 7.96 *per cent* in 2020-21 as compared with 14.57 *per cent* in the previous year. The ratio of fiscal liabilities to

GSDP in 2020-21 was 42.91 *per cent* (calculated by excluding ₹ 1,717 crore received as back-to-back loans).

(Paragraph 2.6.1)

- The maturity profile of outstanding stock of public debt of ₹ 43,845 crore (excluding ₹ 1,717 crore as back-to-back loans and ₹ 618 crore whose maturity was uncertain) as on 31 March 2021, showed that annual outgo on public debt repayment and interest will be approximately ₹ 6,416 crore during the next five years up to 2025-26. Annual outgo on market loan repayment and interest will be approximately ₹ 4,211 crore during the next five years up to 2025-26.

(Paragraph 2.6.2)

Chapter III: Budgetary Management

- The total budget provision in 2020-21 was ₹ 61,597 crore. The actual expenditure during the year was ₹ 53,139 crore (86 *per cent*). This resulted in savings of ₹ 8,458 crore (14 *per cent*). In five cases (relating to five grants), excess expenditure of ₹ 88.69 crore over budget provision was incurred in 2020-21.

(Paragraphs 3.1.1 and 3.3.8.1)

- During 2020-21, there were 10 cases (₹ one crore or more in each case) under 10 grants (Revenue/Capital-Voted) where supplementary provision of ₹ 140.23 crore proved unnecessary as expenditure did not reach the level of original provision. In three cases, supplementary provision of ₹ 349.83 crore proved insufficient as it was not adequate to meet the requirement, leaving aggregate uncovered excess expenditure of ₹ 88.60 crore.

(Paragraph 3.3.4)

- Re-appropriations in 13 cases (savings of ₹ 10 crore and more in each case) proved unnecessary, as the savings under these cases were more than re-appropriated amount. On the other hand, re-appropriations in 13 cases proved insufficient as there remained excesses under these grants.

(Paragraph 3.3.6)

Chapter IV: Quality of Accounts and Financial Reporting Practices

- Out of total 2,799 outstanding Utilisation Certificates (UCs) for grants of ₹ 3,557.83 crore, 1,487 UCs for grants of ₹ 1,587.07 crore pertained to the period 2015-16 to 2018-19. Out of total amount of ₹ 3,557.83 crore for which UCs were outstanding, 69.43 *per cent* pertained to three departments – 35.68 *per cent* (₹ 1,269.55 crore) to Panchayati Raj; 20.96 *per cent* (₹ 745.69 crore) to Urban Development; and 12.79 *per cent* (₹ 454.98 crore) to Rural Development.

(Paragraph 4.5)

- During 2020-21, an amount of ₹ 970 crore under 41 Major Heads of account, constituting 2.50 *per cent* of total expenditure (₹ 38,844 crore), was classified

under Minor Head-800 'Other Expenditure'. Similarly, ₹ 1,332 crore under 48 Major Heads of Account, constituting 3.98 *per cent* of total receipts (₹ 33,441 crore), was booked under Minor Head-800 'Other Receipts'.

(Paragraph 4.9)

Chapter V: State Public Sector Enterprises

- As on 31 March 2021, there were 29 State Public Sector Enterprises (SPSEs) under the audit jurisdiction of the CAG. These include four Power Sector SPSEs and 25 SPSEs in other sectors. Out of 25 SPSEs (Other than Power Sector), there are 19 Government Companies, two Statutory Corporations and four Government Controlled Other Companies.

(Paragraph 5.3)

- Out of 29 SPSEs, 11 working SPSEs earned profit of ₹ 28.18 crore as per latest finalised accounts as compared to ₹ 36.24 crore earned by 12 SPSEs in 2019-20. Seven SPSEs had either not prepared their first accounts or did not have reportable profit and loss (commercial operations not commenced or excess of expenditure over income is reimbursed by State Government).

(Paragraph 5.5.1)

- Only three SPSEs declared/paid dividend of ₹ 2.25 crore (Himachal Pradesh State Civil Supplies Corporation Limited: ₹ 0.35 crore, Himachal Pradesh State Industrial Development Corporation Limited: ₹ 1.54 crore and Himachal Pradesh General Industries Corporation Limited: ₹ 0.36 crore). Four profit making SPSEs did not pay/provide dividend of ₹ 2.58 crore to the State Government. Remaining four profit making SPSEs were not eligible/required to pay dividend as per State Government policy.

(Paragraph 5.5.2)

- The Return on Equity of the profit earning 11 working SPSEs stood at 17.51 *per cent* as per latest finalised accounts as on 30 November 2021. The RoE in all working 26 SPSEs including eight loss making SPSEs was negative during 2020-21.

(Paragraph 5.7.2)

- Out of total loss of ₹ 518.60 crore incurred during 2020-21 by 10 SPSEs, Himachal Road Transport Corporation reported loss of ₹ 146.43 crore. Besides this, loss of ₹ 185.32 crore and ₹ 105.98 crore is also attributed to Himachal Pradesh State Electricity Board Limited and Himachal Pradesh Power Corporation Limited respectively as per their latest finalised accounts.

(Paragraph 5.8.1)

- There were 13 SPSEs with accumulated losses of ₹ 4,074.85 crore. The net worth of nine out of 13 SPSEs had been completely eroded by accumulated losses and their net worth was either zero or negative.

(Paragraph 5.8.2)

CHAPTER-I

OVERVIEW

CHAPTER – I

OVERVIEW

1.1 Profile of State

The State of Himachal Pradesh is located in the Himalayan region of the northern part of India. The altitude of the different areas of the State varies from 350 to 6,975 meters above the mean sea level, rendering the climate from humid sub-tropical to dry temperate alpine. Himachal Pradesh is the 17th largest State in terms of geographical area (55,673 sq. km) and 21st by population (as per 2011 census).

Himachal Pradesh is a Special Category State (SCS); accordingly, it is entitled to financial assistance from Government of India (GoI) in the ratio of 90 *per cent* grant and 10 *per cent* loan, unlike Non-Special Category States which receive GoI assistance in the ratio of 30 *per cent* grant and 70 *per cent* loan. The State has better social indicators, viz., literacy rate, infant mortality rate, below poverty line (BPL) population, etc. than the All-India Averages (**Appendix-1**).

1.1.1 Gross State Domestic Product of Himachal 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. The trend in GSDP of Himachal Pradesh compared with the national GDP during the past five financial years as shown in **Table-1.1**.

Table-1.1: Trend in GSDP compared with the national GDP (at current prices)

Year	2016-17	2017-18	2018-19	2019-20	2020-21
National GDP (2011-12 Series) (₹ in crore)	1,53,91,669.01	1,70,90,042.36	1,88,86,956.91	2,03,51,012.89	1,97,45,670.36
Growth rate of GDP over previous year (in per cent)	11.76	11.03	10.51	7.75	-2.97
State's GSDP (2011-12 Series) (₹ in crore)	1,25,633.65	1,38,551.06	1,49,442.00 ^a	1,62,816.00 ^b	1,56,522.32 ^c
Growth rate of GSDP over previous year (in per cent)	9.97	10.28	7.86	8.95	-3.87

Source: Department of Economics and Statistics, Himachal Pradesh and Central Statistics Office.

a – Second Revised Estimate, b- First Revised Estimate, c- Advance Estimate.

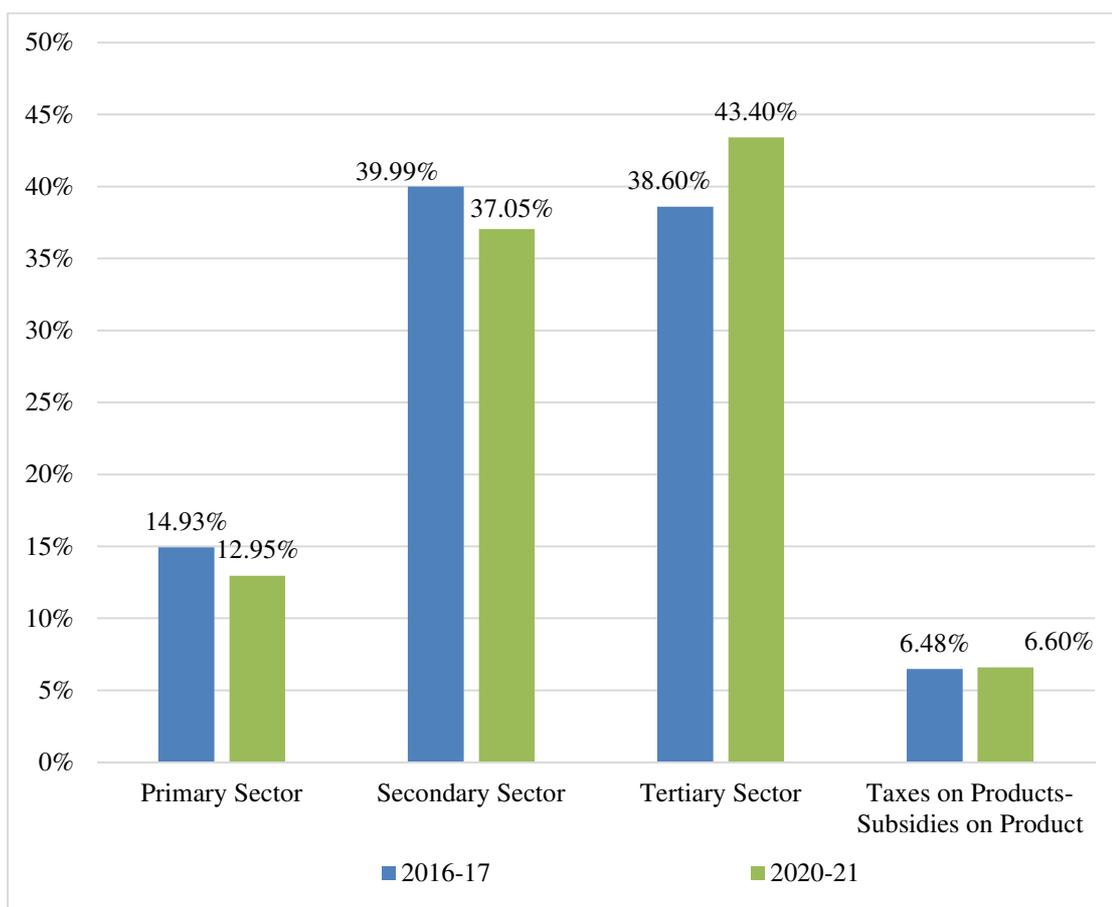
Growth rate of GSDP of Himachal Pradesh during 2020-21 was (-) 3.87 *per cent*, attributable mainly to decline in growth rate under primary and secondary sectors in

comparison with 2019-20. The Compound Annual Growth Rate (CAGR) of the State's GSDP (at current prices) for the period 2011-12 to 2020-21 was 8.89 per cent, marginally below the average CAGR of all Special Category States (including Union Territory of Ladakh) which was 9.76 per cent.

1.1.2 Sectoral contribution to GSDP

Changes in sectoral contribution to the GSDP are important for understanding changes in the structure of the economy. Economic activity is generally divided into primary, secondary and tertiary sectors. The primary sector includes mainly agricultural activities along with other economic activities of primary nature viz., forestry, animal husbandry, fishing and mining. The secondary sector includes manufacturing, construction and infrastructure, supply of electricity, gas, etc. The tertiary sector includes all service-related activities. The change in sectoral contribution to the State's GSDP and sectoral growth in GSDP between 2016-17 and 2020-21 is depicted in **Charts-1.1** and **1.2**.

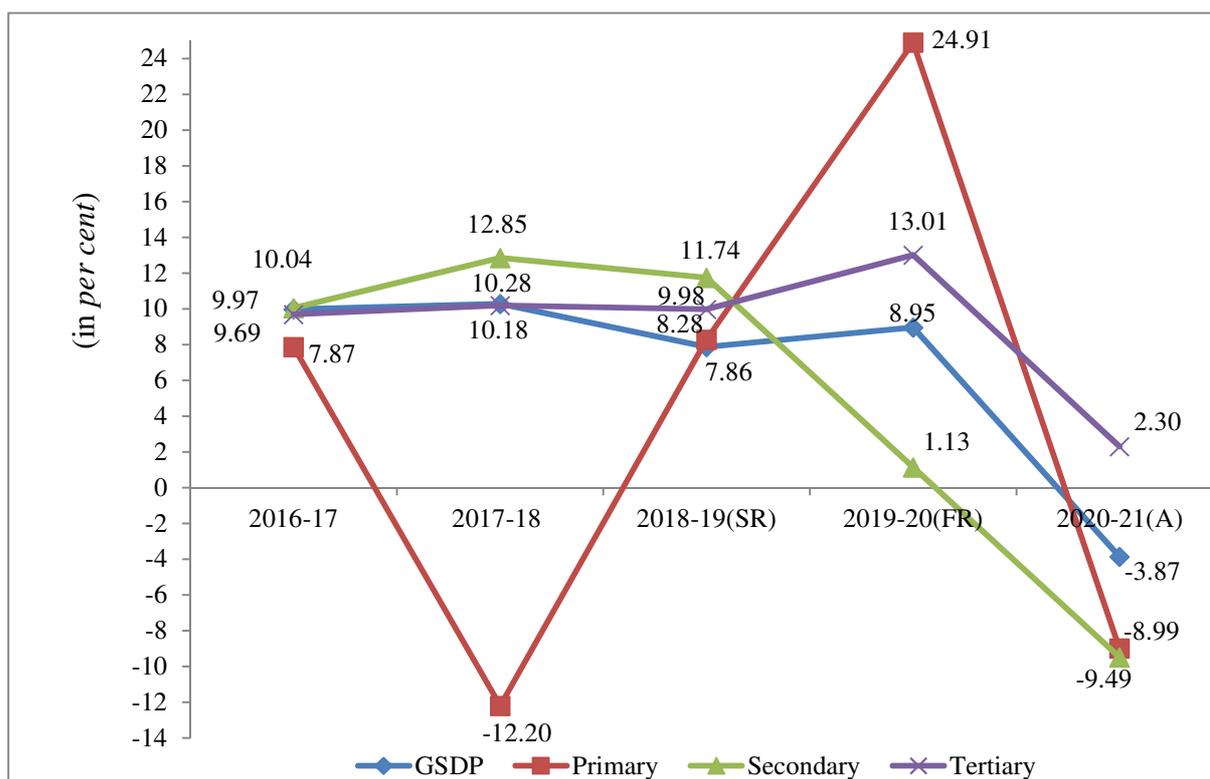
Chart-1.1: Change in sectoral contribution to GSDP (2016-17 to 2020-21)



Source of data: Department of Economics and Statistics, Himachal Pradesh.

As can be seen from **Chart-1.1** above, the share of the tertiary sector in GSDP has increased, whereas the share of the primary and secondary sectors in GSDP has decreased between 2016-17 and 2020-21.

Chart-1.2: Sectoral growth in GSDP



Source: Department of Economics and Statistics, Himachal Pradesh.

The above **Chart-1.2** shows inter-year variations in growth rates of all sectors during 2016-21. During 2020-21, there was negative growth in the primary and secondary sectors of the economy, and a sharp decline in the growth rate of the tertiary sector, in comparison with the previous year. This was attributable, in large part, to the COVID-19 pandemic and consequent lockdowns which impacted availability of labour and raw materials, thereby affecting major components of the State economy. There were sharp decrease in all sectors i.e., forestry and logging (12.61 per cent), mining and quarrying (7.51 per cent) under primary; manufacturing and construction (11.13 per cent) under secondary; transportation by other means (27.90 per cent), tourism & hospitality (4.32 per cent) under tertiary sector.

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) of Himachal Pradesh for the year ended 31 March 2021 has been prepared by the CAG for submission to the Governor of the State under Article 151 (2) of the Constitution of India.

The Principal Accountant General (Accounts & Entitlements) annually compiles the Finance Accounts and Appropriation Accounts of the State, from vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments

responsible for keeping of such accounts functioning under the control of the State Government, and statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit), and certified by the CAG.

The Finance Accounts and Appropriation Accounts of the State for the year 2020-21 constitute the core data for this SFAR. Other sources include:

- Budget of the State for the year 2020-21: for assessing fiscal parameters and allocative priorities *vis-à-vis* projections, evaluating the effectiveness of budget implementation and compliance with relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Pr. Accountant General (Audit), Himachal Pradesh;
- Other data with departmental authorities and treasuries (accounting as well as MIS),
- GSDP data and other related statistics; and
- Audit Reports of the CAG of India.

In addition to the above, the analyses carried out in this SFAR are based on the recommendations of the 14th and 15th Finance Commissions, State Financial Responsibility and Budget Management (FRBM) Act and relevant guidelines of the Government of India (GoI).

The draft of this SFAR was forwarded (9th March 2022) to the State Government for comments; reply / comments of the Government had not been received as of March 2022.

1.3 Report Structure

This 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, an overview of the structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and the State's fiscal position including the deficits/ 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 and allocative priorities of the State Government and reports on deviations from constitutional provisions relating to budgetary management.
Chapter - IV	Quality of Accounts and 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 departments of the State Government.
Chapter - V	State Public Sector Enterprises This chapter discusses financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies as revealed from their latest accounts.

1.4 Overview of Government Account Structure and Budgetary Processes

The Accounts of the State Government are maintained in three parts:

Part I: Consolidated Fund of the State (Article 266(1) of the Constitution of India)

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.

Part II: Contingency Fund of the State (Article 267(2) of the Constitution of India)

This Fund is in the nature of an imprest, established by the State Legislature by law, and 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.

Part III: Public Accounts of the State (Article 266(2) of the Constitution of India)

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 repayables like Small Savings and

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

Budget Document

There is a constitutional requirement (Article 202) to present before the House(s) 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. The budget document makes a distinction between 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 expenditures which do not result in creation of physical or financial assets. It relates to expenses incurred for the normal functioning of government departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (including grants 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, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

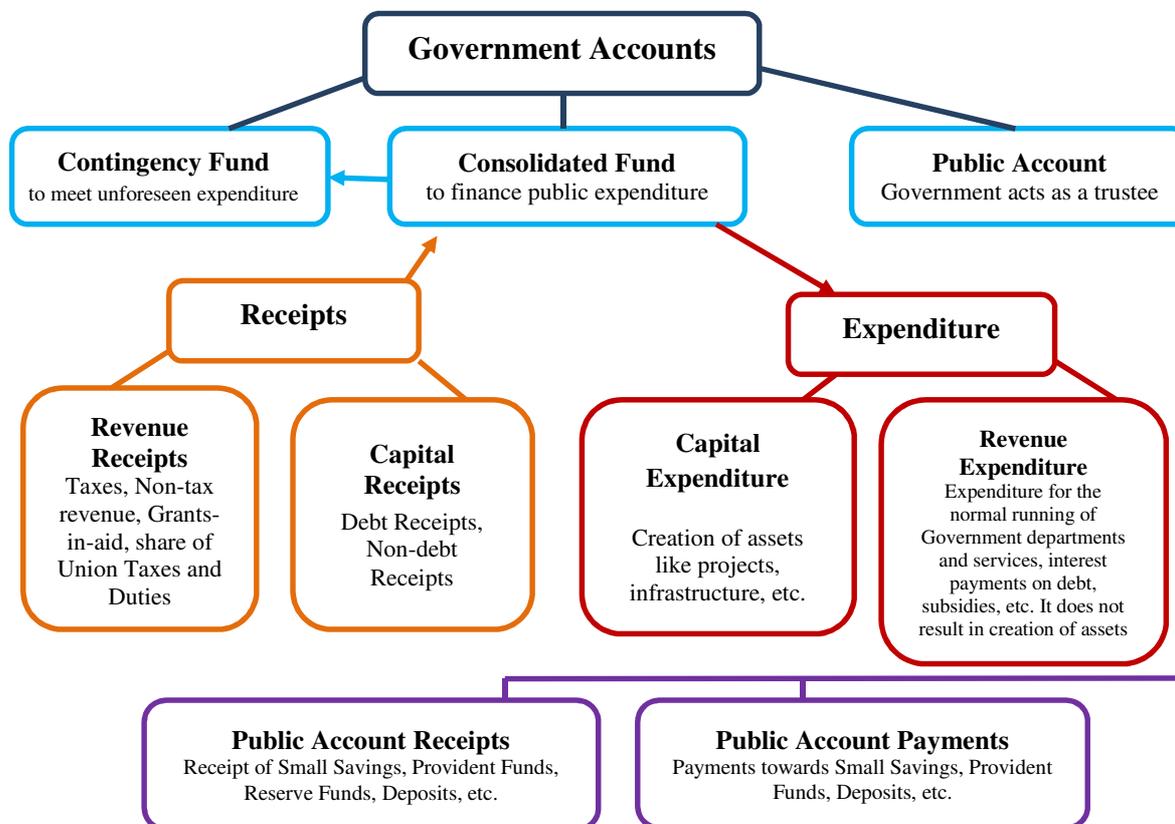
The accounting classification system in government is both functional and economic.

	Attribute of transaction	Classification
Standardised in List of Major and Minor Heads by Controller General of Accounts	Function – Education, Health, etc. / 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 (2-digit)
	Economic nature/ Activity	Object Head-salary, minor works, etc. (2-digit)

The functional classification captures the department, function, scheme or programme, and object of expenditure. Economic classification helps organise these payments as

revenue, capital, debt, etc. The classification system of government accounts is depicted in **Chart-1.3**.

Chart-1.3: Structure of Government Accounts



Source: Budget Manual.

Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of a State will cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State, in the form of an **Annual Financial Statement**. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. Some States have more than one consolidated Budget – there could be sub-budgets like Child Budget, Agriculture Budget, Weaker Sections (SC/ST) Budget, Disability Budget, etc.

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities.

Results of audit of budgetary management of the State Government are detailed in **Chapter 3** of this Report.

1.4.1 Snapshot of Finances

Table-1.2 provides the details of actual financial results *vis-à-vis* budget estimates for the year 2020-21 and actuals of 2019-20:

Table-1.2: Actual Financial Results *vis-à-vis* Budget Estimates

(₹ in crore)

Sr. No.	Components	2019-20 (Actuals)	2020-21 (Budget Estimates)	2020-21 (Actuals)	Percentage of Actuals to BE	Percentage of Actuals to GSDP
1	Own Tax Revenue	7,624	9,090	8,083	88.92	5.16
2	Non-Tax Revenue	2,501	2,410	2,188	90.79	1.40
3	Share of Union taxes/duties	4,678	6,266	4,754	75.87	3.04
4	Grants-in-aid and Contributions	15,939	20,673	18,413	89.07	11.76
5	Revenue Receipts (1+2+3+4)	30,742	38,439	33,438	86.99	21.36
6	Recovery of Loans and Advances	21	26	23	88.46	0.02
7	Other Receipts	2	0	3	--	0.002
8	Borrowings and other Liabilities ^(a)	5,597	5,460	5,700*	104.40	3.64
9	Capital Receipts (6+7+8)	5,620	5,486	5,726*	104.38	3.66
10	Total Receipts (5+9)	36,362	43,925	39,164*	89.16	25.02
11	Revenue Expenditure Of which,	30,730	39,123	33,535	85.72	21.42
12	Interest payments	4,234	4,932	4,472	90.67	2.86
13	Capital Expenditure	5,632	6,614	5,629	85.11	3.60
14	Capital outlay	5,174	6,255	5,309	84.88	3.39
15	Disbursement of Loans and advances	458	359	320	89.14	0.20
16	Total Expenditure (11+13)	36,362	45,737	39,164	85.63	25.02
17	Revenue Deficit (-)/ Revenue Surplus (+) (5-11)	12	(-) 684	(-) 97	14.17	(-) 0.06
18	Fiscal Deficit {16-(5+6+7)}	5,597	7,272	5,700	78.38	3.64
19	Primary Deficit (18-12)	1,363	2,340	1,228	52.48	0.78

Source: Finance Account and State's budget documents.

(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.

* Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

Goods and Service Tax (GST) Compensation is the revenue of the State Government under GST (Compensation to States) Act, 2017. However, in addition to receiving the GST Compensation of ₹ 1,763.53 crore as revenue receipts, due to inadequate balance in GST compensation fund during the year 2020-21, the State also received back-to-back loan of ₹ 1,717.00 crore under debt receipts of the State Government, with no repayment liability for the State.

1.4.2 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; whereas the assets consist mainly of capital outlay, loans and advances given by the State Government and cash balances. Summarised position of Assets and Liabilities of the State is given in **Table-1.3**.

Table-1.3: Summarised position of Assets and Liabilities*(₹ in crore)*

Liabilities as on				Assets as on					
	31 March 2020	31 March 2021	Per cent increase		31 March 2020	31 March 2021	Per cent increase		
Consolidated Fund									
A	Internal Debt	39,527.78	42,918.21	8.58	A	Gross Capital Outlay	44,120.89	49,430.11	12.03
B	Loans and Advances from GoI	1,043.82	3,261.54*	212.46	B	Loans and Advances	7,390.50	7,687.59	4.02
Contingency Fund									
A	Contingency Fund	5.00	5.00	--	--	--	--	--	
Public Account									
A	Small Savings, Provident Funds, etc.	15,537.13	16,522.64	6.34	A	Cash balance (including investment in Earmarked Fund)	1,060.18	1,756.24	65.65
B	Deposits and Advances	3,380.30	3,461.64	2.41					
C	Reserve Funds	2,722.31	2,717.19	(-) 0.19					
D	Remittances	606.29	541.91	(-) 10.62					
E	Suspense and Miscellaneous	(-)1,330.44	(-)1,539.83	15.74	B	Cumulative excess of expenditure over receipts	8,920.62	9,014.36	1.05
Total:		61,492.19	67,888.30	10.40	Total:		61,492.19	67,888.30	10.40

* Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

1.5 Fiscal Balance: Achievement of deficit and total debt targets

When a government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture government deficit – fiscal deficit (difference of the total expenditure and the sum of revenue receipts and non-debt capital receipts), revenue deficit (difference of revenue expenditure and revenue receipts), primary deficit (difference of fiscal deficit and interest payments).

Deficits must be financed by borrowings giving rise to government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which add to the stock of debt. If the government continues to borrow year after year, it leads to the accumulation of debt and the government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

By borrowing, the government transfers the burden of reduced consumption on future generations. This is because it borrows from the people living at present but may decide to pay off the debt many years / decades later by raising taxes or reducing expenditure. Also, government borrowing from the people reduces the savings available to the private sector. To the extent that this reduces capital formation and growth, debt acts as a ‘burden’ on future generations.

However, if government deficits succeed in their goal of raising production, there will be more income and, therefore, more saving. In this case, both government and industry can borrow more. Also, if the government invests in infrastructure, future generations may be better off, provided the return on such investments is greater than the rate of interest. The actual debt could be paid off by the growth in output, in which case the debt would not be considered burdensome. The growth in debt will have to be judged with reference to the growth of the economy (State GDP) as a whole.

Government deficit can be reduced by an increase in taxes or reduction in expenditure. However, the major thrust has been towards reduction in government expenditure. This can be achieved, in part, by making government activities more efficient through better planning of programmes and better administration.

1.5.1 FRBM Targets on Key Fiscal Parameters and Achievements

The State Government passed the Himachal Pradesh Fiscal Responsibility and Budget Management (HP-FRBM) Act in April 2005 (amended in 2011) with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficits and overall / outstanding debt to acceptable level, establishing improved debt management and transparency in a medium-term framework. The Act provided for quantitative targets to be adhered to by the State with regard to deficit measures and debt levels viz., eliminating revenue deficit by 2011-12 and maintaining revenue surplus, thereafter, maintaining fiscal deficit at 3 per cent or less of GSDP from 2011-12 onwards, and reducing outstanding debt to 40.1 per cent of GSDP by 2014-15. The HP-FRBM Act was required to be amended to prescribe revised targets for deficit and debt levels.

Further, the Ministry of Finance, GoI had decided to provide additional Borrowing Limit of up to two per cent of GSDP during 2020-21, subject to the condition of amendment in the State FRBM Act and implementation of specific State Level Reforms. An additional one per cent in the financial year 2020-21 was allowed subject to the condition of amendment in the State FRBM Act and implementation of specific State Level Reforms: (i) Implementation of One Nation One Ration Card System; (ii) Ease of doing business reforms; (iii) Urban Local Body/Utility reforms; and (iv) Power Sector reforms. The weightage of each reform was 0.25 per cent of GSDP totaling to one per cent.

However, no such amendment had been done by the State Government. Thus, as per the HP-FRBM Act, the State had to maintain revenue surplus along with maintaining fiscal deficit at 3 per cent or less of GSDP, whereas no targets had been set for the level of outstanding debt from 2015-16 onwards.

The performance of State Government on major fiscal parameters against the targets recommended by the 15th FC and HP-FRBM Act are shown in the **Table-1.4**:

Table-1.4: Compliance with provisions of 15th FC and HP-FRBM Act during 2020-21

Fiscal Parameters	Fiscal targets set in the 15 th FC	Fiscal targets set in the FRBM Act	Actuals	Achievement as per	
				15 th FC	HP-FRBM Act
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus of 0.4% of GSDP	Maintain Revenue Surplus	(-) 97	X	X
Fiscal Deficit (-)/ Surplus (+) (as per cent of GSDP)	(-) 4.00	Three or less	(-) 3.64	✓	X
Ratio of total outstanding debt* to GSDP (in per cent)	36.00	Not available	42.91	X	--

* Total outstanding debt includes public debt plus other (public accounts) liabilities; and excludes ₹ 1,717 crore received as back-to-back loans from GoI in lieu of GST compensation shortfall, as the Department of Expenditure, GoI has decided that it will not be treated as debt of the State Government for any norms which may be prescribed by the Finance Commission.

Against the target of maintaining the revenue surplus prescribed by the 15th FC and in HP-FRBM, actuals were revenue deficit (₹ 97 crore) during 2020-21. Actual Fiscal Deficit at 3.64 *per cent* of GSDP remained within the 15th FC target of 4 *per cent* of GSDP, but exceeded the targets set in the FRBM Act. The total outstanding debt / GSDP ratio (calculated after excluding ₹ 1,717 crore received as back-to-back loans from GoI in lieu of GST compensation shortfall, as it will not be treated as debt of the State Government), which stood at 42.91 *per cent*, was well above the targets set by the 15th FC (36 *per cent*).

1.5.2 Medium Term Fiscal Plan

As per the FRBM Act, the State Government is required to lay before the Legislative Assembly in every financial year, the Medium Term Fiscal Plan Statement (MTFPS) along with the budget. The MTFPS sets forth the fiscal objectives and strategic priorities of the State Government along with a three-year rolling target for fiscal management.

Table-1.5 indicates the variation between the projections made for 2020-21 in MTFPS presented to the State Legislature with the Actuals for the year 2020-21.

Table-1.5: Actuals *vis-à-vis* projection in MTFPS for 2020-21

(₹ in crore)				
Sl. No.	Fiscal Variables	Target/ projection as per MTFPS	Actuals (2020-21)	Variation (in per cent)
1	Own Tax Revenue	9,090	8,083	- 11.08
2	Non-Tax Revenue	2,410	2,188	- 9.21
3	Share of Central Taxes	6,266	4,754	- 24.13
4	Grants-in-aid from GoI	20,673	18,413	-10.93
5	Revenue Receipts (1+2+3+4)	38,439	33,438	- 13.01
6	Revenue Expenditure	39,123	33,535	- 14.28
7	Revenue Deficit (-)/ Surplus (+) (5-6)	(-) 684	(-) 97	85.83
8	Fiscal Deficit (-)/Surplus (+)	(-)7,272	(-)5,700	- 21.62
9	Debt-GSDP ratio (<i>per cent</i>)	33.62	42.91*	- 9.29
10	GSDP growth rate at current prices (<i>per cent</i>)	10.00	- 3.87	- 13.87

Source: Finance Account and Budget document.

* Calculated by excluding ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

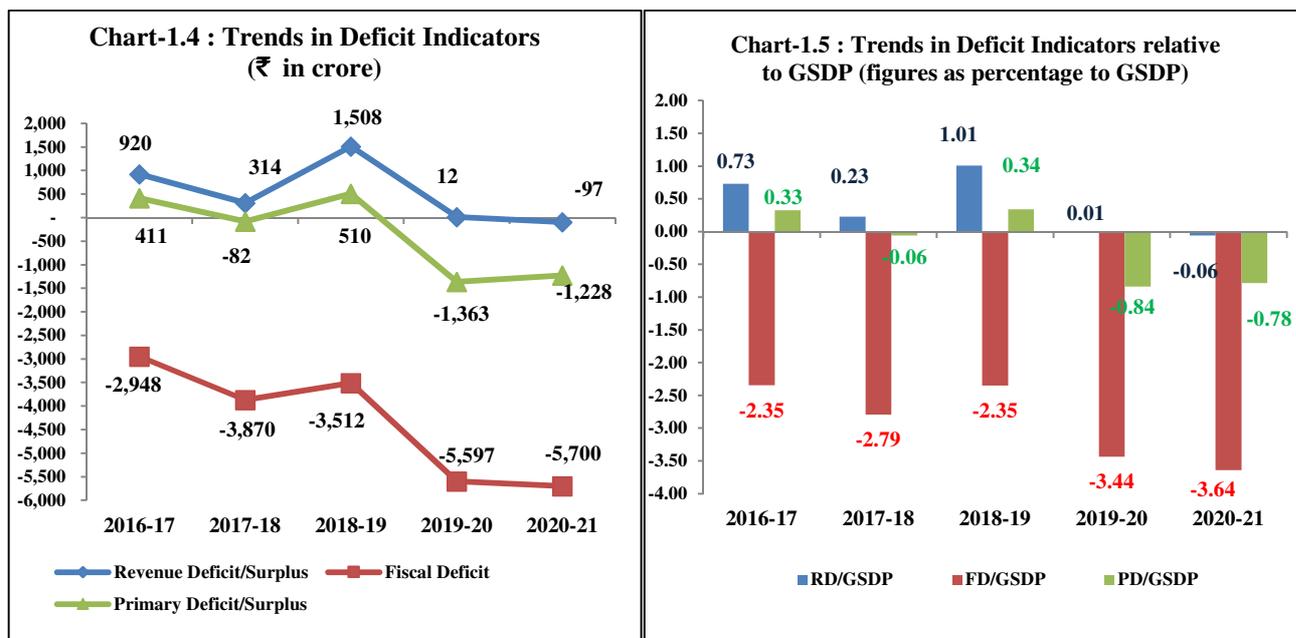
It can be seen from the above table that there was variation between the targets projected in the MTFPS and actual figures. As against the projected revenue receipts of ₹ 38,439 crore and revenue expenditure for ₹ 39,123 crore, the actuals remained at ₹ 33,438 crore and ₹ 33,535 crore respectively during 2020-21. Resultantly, there was a revenue deficit of ₹ 97 crore against projected revenue deficit of ₹ 684 crore. Fiscal deficit stood at ₹ 5,700 crore against projected fiscal deficit of ₹ 7,272 crore in the MTFPS.

The shortfall of ₹ 5,001 crore between the projected and the actual revenue receipts was due to a shortfall in the tax and non-tax revenue, share of central taxes and grants-in-aid

received. The actual revenue expenditure was less than the estimated revenue expenditure by ₹ 5,588 crore, mainly on account of lesser committed and developmental expenditure against the estimated amounts. The difference between projected and actual figures for revenue deficit/surplus was due to incurring of lesser revenue expenditure than planned in the budget estimates. This indicated either that the State Government had not properly assessed the estimated expenditure at the time of budget preparation, or that the State Government lacked the capacity to spend.

1.5.3 Trends of Deficit/ Surplus

The State had been able to achieve the target of Revenue Surplus prescribed by the 15th FC during the period 2016-17 to 2019-20. However, in 2020-21, the State had a Revenue Deficit of ₹ 97 crore. The Fiscal Deficit in 2020-21 increased to ₹ 5,700 crore from ₹ 5,597 crore over the previous year, representing 3.64 per cent of the GSDP. The Primary Deficit in 2020-21 decreased to ₹ 1,228 crore from ₹ 1,363 crore in 2019-20. The trend of these deficits over the five-year period from 2016-17 to 2020-21 is depicted in **Chart-1.4** and trend in deficits relative to GSDP is given in **Chart-1.5**.



Revenue Deficit

Revenue deficit indicates the excess of revenue expenditure over revenue receipts. Revenue surplus helps to decrease the borrowings. As per the FRBM Act 2005 (amended in 2011), the State was to eliminate revenue deficit by financial year 2011-12 and maintain revenue surplus thereafter. During the year 2020-21, there was an increase of 8.77 per cent (₹ 2,695.86 crore) in Revenue Receipts and an increase of 9.13 per cent (₹ 2,804.50 crore) in Revenue Expenditure over the previous year, leading to a revenue deficit of ₹ 97 crore, as against the previous year's revenue surplus of ₹ 12 crore.

Fiscal Deficit

Fiscal deficit represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt

(internal or external) or by the use of surplus funds from Public Account. During 2020-21, fiscal deficit (₹ 5,700 crore) increased by ₹ 103 crore over the previous year (₹ 5,597 crore). Fiscal Deficit was 3.64 per cent of the GSDP, which exceeded the targets set in the HP-FRBM Act.

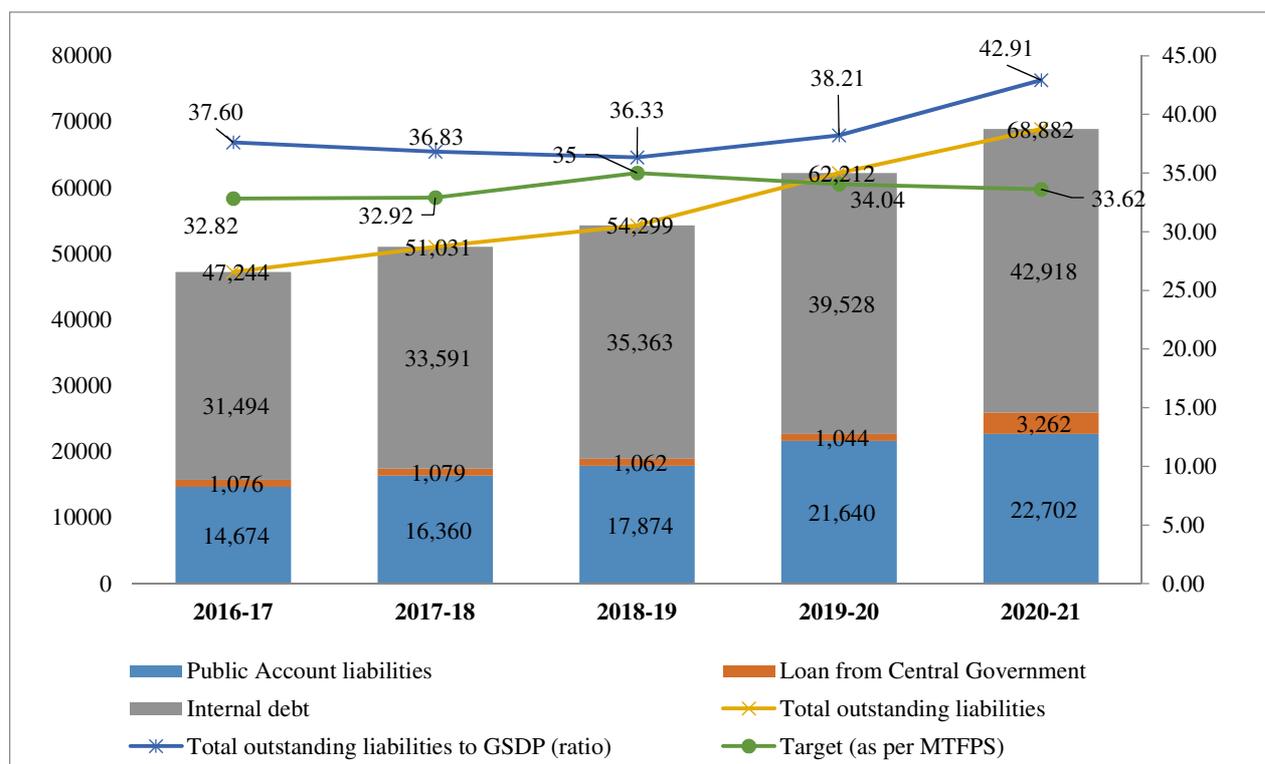
Primary Deficit

While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments in respect of States having deficit on revenue account. Interest payments represent the expenditure of past obligations and are independent of ongoing expenditure. To look at the imbalances of current nature, these payments need to be separated and deducted from the total imbalances. The primary deficit is thus an important parameter that reflects a State's current financial position. If there is primary deficit it means that the State has a deficit even after netting out interest, and it will have to borrow even to pay interest on its borrowings. Primary deficit decreased to ₹ 1,228 crore during 2020-21 from ₹ 1,363 crore in 2019-20.

Fiscal Liabilities

The trend in Fiscal Liabilities and its components during the past five financial years is shown in **Chart-1.6**.

Chart-1.6: Trends in Fiscal Liabilities* and GSDP (₹ in crore)



* During 2020-21, fiscal liabilities included ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall, however this amount has been excluded for calculating the ratio of total outstanding liabilities to GSDP.

As can be seen from the **Chart-1.6**, the total outstanding liabilities increased from ₹ 47,244 crore in 2016-17 to ₹ 68,882 crore in 2020-21. The ratio of total outstanding

liabilities to GSDP also increased over the past five years and remained well above the State's own target set in the MTFPS during the period 2016-17 to 2020-21.

1.6 Deficits and Total Debt after examination in Audit

The deficit and debt figures are sometimes rendered inaccurate on account of misclassification of revenue expenditures as capital expenditure, non-creation of statutory funds, off-budget fiscal operations, deferment of clear-cut liabilities, etc. by the State Government.

1.6.1 Revenue and Fiscal deficit – Audit Observation

During the year 2020-21, the Revenue and Fiscal Deficit figures were impacted due to misclassification of revenue expenditures as capital expenditure, and non-contribution to interest, balance lying under SDRF. The impact of the above is depicted in the **Table-1.6**.

Table-1.6: Revenue and Fiscal Deficit, post examination by Audit

(₹ in crore)

Particulars	Impact on Revenue Deficit (understated) (₹ in crore)	Impact on Fiscal Deficit (understated) (₹ in crore)	Para Reference
Non-payment of interest balance lying under SDRF	0.06	0.06	2.5.2.2
Misclassification of capital expenditure as revenue expenditure and vice-versa	2.28	--	3.3.3
Total	2.34	0.06	

Source: Finance Accounts.

1.6.2 Post audit - Total Public Debt

As per amendments in the FRBM Act in 2018, “debt” includes public debt (internal and external debt), total outstanding liabilities on public account and ‘such financial liabilities of any body-corporate or other entity owned or controlled by the (Central) Government, which the Government has to repay or service from the Annual Financial Statement, reduced by cash balance at the end of that date’.

As stated in the explanatory note to the Budget, the debt liabilities of the State consist of internal debt, loans from Central Government, liabilities on Public Account and other debt liabilities of PSUs. There is no explicit definition of total liabilities in the HP-FRBM Act. However, it is mentioned that borrowing by Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments, where the liability for repayment is on the State Government are also to be treated as borrowings of the State Government.

The total outstanding public debt of the State Government for the year ending 2020-21 comprising liabilities on the Consolidated Fund and Public Account, and other borrowings is shown in **Table-1.7**.

Table-1.7: Components of outstanding debt/liabilities

(₹ in crore)	
Liabilities upon the Consolidated Fund (Public Debt)	Amount
Internal Debt (A)	42,918.22
Market Loans	31,897.16
Loan from Life Insurance Corporation of India	21.61
Loan from NABARD	2,969.29
Loan from National Co-operative Development Corporation	140.06
Compensation and other Bonds	2,890.50
Loans from other Institutions, etc.	40.74
Special Securities issued to the National Small Saving Fund of the Central Government	4,958.86
Loans and Advances from Central Government (B)	3,261.54*
Non-plan Loans	2.38
Loans for State Plan Schemes	3,259.03*
Others	0.13
Liabilities upon Public Accounts (C)	22,701.99
Small Savings, Provident Funds, etc.	16,522.64
Deposits	3,462.16
Reserve Funds	2,717.19
Total (A+B+C)	68,881.75*

* Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

There were no cases of off-budget fiscal operations such as: borrowings by State PSUs, Special Purpose Vehicles (SPVs) on behalf of the State Government where principal and / or interest are to be serviced out of the State budget; deployment of own funds by the State PSUs, SPVs, etc. for execution of deposit works of the State Government which was to be financed by the State Government through borrowings; or non-reimbursement of principal/ interest component by the State Government to State PSUs, SPVs, etc. of the loan taken by them on behalf of the State Government. As such, there was no impact of these on the overall debt of the State Government.

CHAPTER-II
FINANCES OF THE STATE

CHAPTER – II

FINANCES OF THE STATE

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

2.1 Major changes in key fiscal aggregates

This section gives an overview of the major changes in key fiscal aggregates of the State during the financial year 2020-21 as compared with the previous year. Each of these indicators has been analysed in the succeeding paragraphs.

Changes in key fiscal aggregates in 2020-21 compared with 2019-20

Revenue Receipts	<ul style="list-style-type: none"> ✓ Revenue receipts of the State increased by 8.77 per cent ✓ Own Tax receipts of the State increased by 6.02 per cent ✓ Own Non-tax receipts of the State decreased by 12.53 per cent ✓ State's Share of Union Taxes and Duties increased by 1.63 per cent ✓ Grants-in-Aid from Government of India increased by 15.52 per cent
Revenue Expenditure	<ul style="list-style-type: none"> ✓ Revenue expenditure increased by 9.13 per cent ✓ Revenue expenditure on General Services increased by 9.07 per cent ✓ Revenue expenditure on Social Services increased by 6.61 per cent ✓ Revenue expenditure on Economic Services increased by 14.03 per cent
Capital Expenditure	<ul style="list-style-type: none"> ✓ Capital expenditure decreased by 2.62 per cent ✓ Capital expenditure on General Services decreased by 16.79 per cent ✓ Capital expenditure on Social Services increased by 37.97 per cent ✓ Capital expenditure on Economic Services decreased by 8.31 per cent
Loans and Advances	<ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances decreased by 30.14 per cent ✓ Recoveries of Loans and Advances increased by 9.52 per cent
Public Debt	<ul style="list-style-type: none"> ✓ Public Debt Receipts increased by 38.58* per cent ✓ Repayment of Public Debt increased by 66.27 per cent
Public Account	<ul style="list-style-type: none"> ✓ Public Account Receipts decreased by 31.57 per cent ✓ Public Account Disbursements decreased by 27.12 per cent
Cash Balance	<ul style="list-style-type: none"> ✓ Cash balance increased by ₹ 696.06 crore (65.65 per cent)

* Excluding ₹ 1,717 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall, which are not to be repaid by the State from its sources.

2.2 Sources and Application of Funds

This section compares the components of the sources and application of funds of the State during the financial year 2020-21 as compared with the previous year (2019-20).

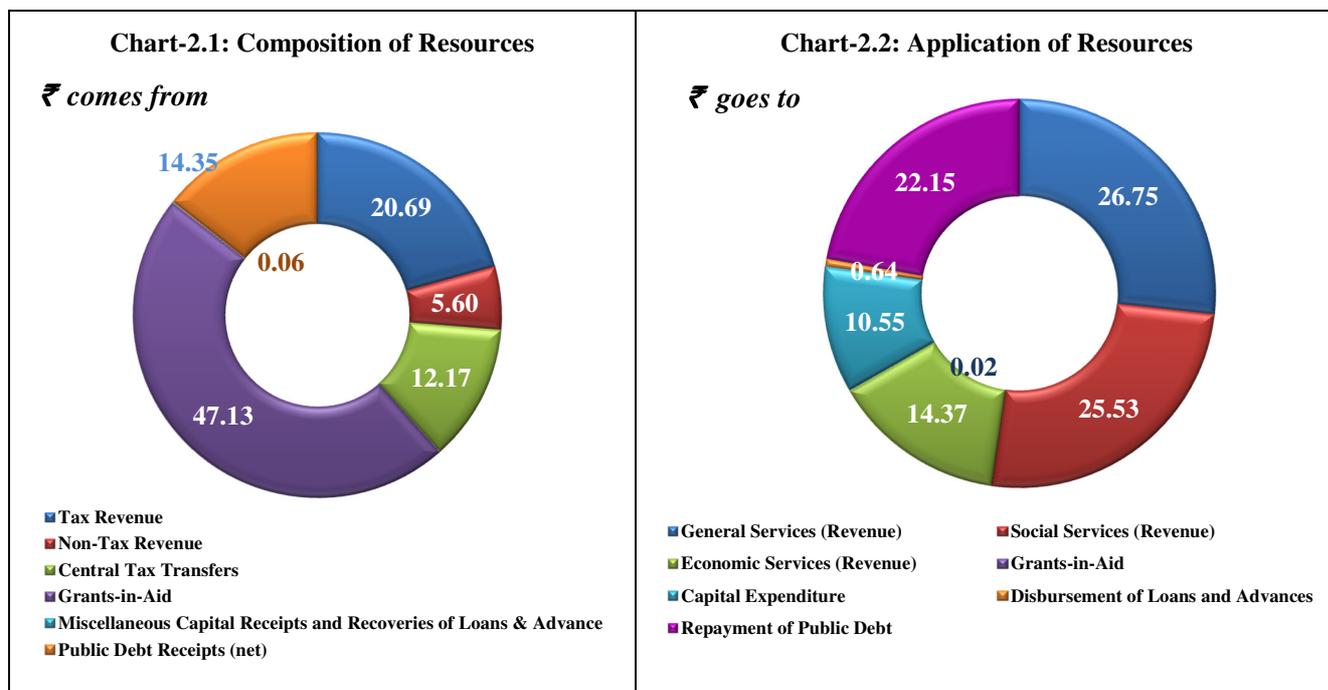
Table-2.1: Details of Sources and Application of funds during 2019-20 and 2020-21

(₹ in crore)

	Particulars	2019-20	2020-21	Increase/ Decrease
Sources of funds	Opening Cash Balance	52.70	1,060.18	1,007.48
	Revenue Receipts	30,742.41	33,438.27	2,695.86
	Miscellaneous Capital Receipts	2.04	2.88	0.84
	Recoveries of Loans and Advances	21.04	23.02	1.98
	Public Debt Receipts (Net)	4,146.64	5,608.17*	1,461.53
	Public Account Receipts (Net)	2,457.90	787.97	-1,669.93
	Total	37,422.73	40,920.49*	3,497.76
Application of funds	Revenue Expenditure	30,730.43	33,534.93	2,804.50
	Capital Expenditure	5,173.91	5,309.21	135.30
	Disbursement of Loans and Advances	458.21	320.12	-138.09
	Closing Cash Balance	1,060.18	1,756.24	696.06
	Total	37,422.73	40,920.50	3,497.77

* Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

Percentage composition of sources and application of funds in the Consolidated Fund of the State during 2020-21 is given in **Charts-2.1** and **2.2**.



Source: Finance Accounts.

2.3 Resources of the State

The resources of the State are described below:

1. **Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

3. **Net Public Accounts receipts:** Receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. do not form part of the Consolidated Fund.

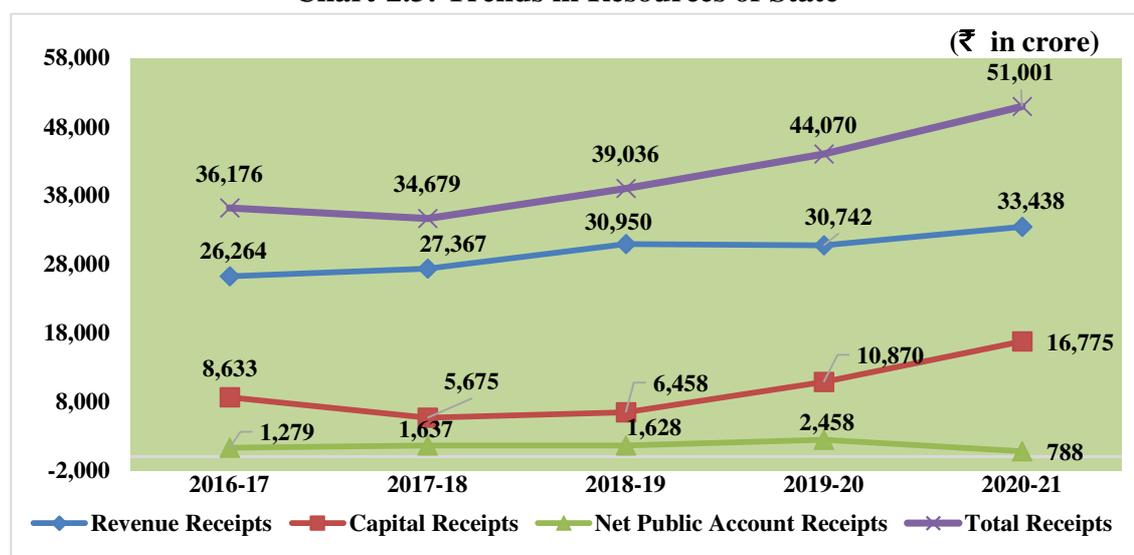
These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance in the Public Account after disbursements is available with the Government for use.

2.3.1 Receipts of the State

This paragraph provides the composition of Receipts of the State. Besides Capital and Revenue Receipts which form part of the Consolidated Fund of the State, funds available in the Public Account (net of disbursements) are also utilised by the Government to finance its deficits.

Trends in various components of the Receipts of the State during 2016-21 is given in **Chart-2.3** while composition of Receipts of the State during 2020-21 is given in **Chart-2.4**.

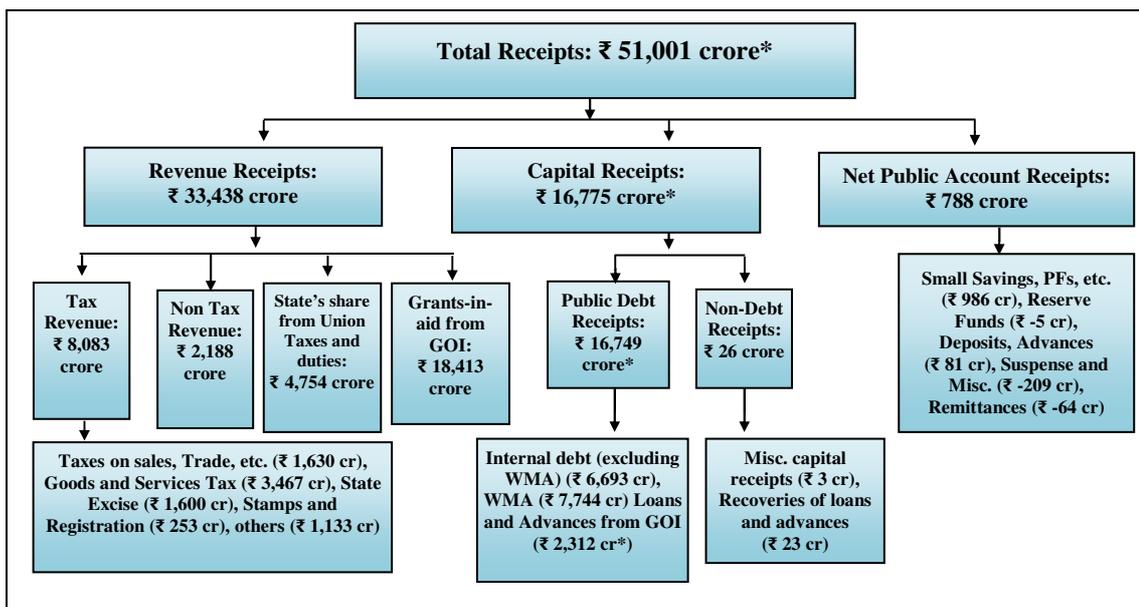
Chart-2.3: Trends in Resources of State



Source: Finance Accounts of the respective years.

Note: Capital receipts includes Public debt, Misc. Capital receipts and recovery of loans and advances. During 2020-21, Capital receipts included ₹ 1,717 crore received as back-to-back loans from GoI in lieu of GST compensation shortfall.

Chart-2.4: Composition of receipts of the State during 2020-21



Source: Finance Accounts.

* Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

2.3.2 State's Revenue Receipts

This paragraph gives the trends in total revenue receipts and its components. It is followed by an analysis of the trends in receipts from the Central Government and State's own receipts.

2.3.2.1 Trends and growth of Revenue Receipts

Table-2.2 shows the trends in revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2016-21. The trends in revenue receipts relative to GSDP and composition of revenue receipts are given in Chart-2.5 and Chart-2.5 (A) respectively. The composition of revenue receipts over the past five years is detailed in Appendix-2.

Table-2.2: Trends in Revenue Receipts relative to GSDP

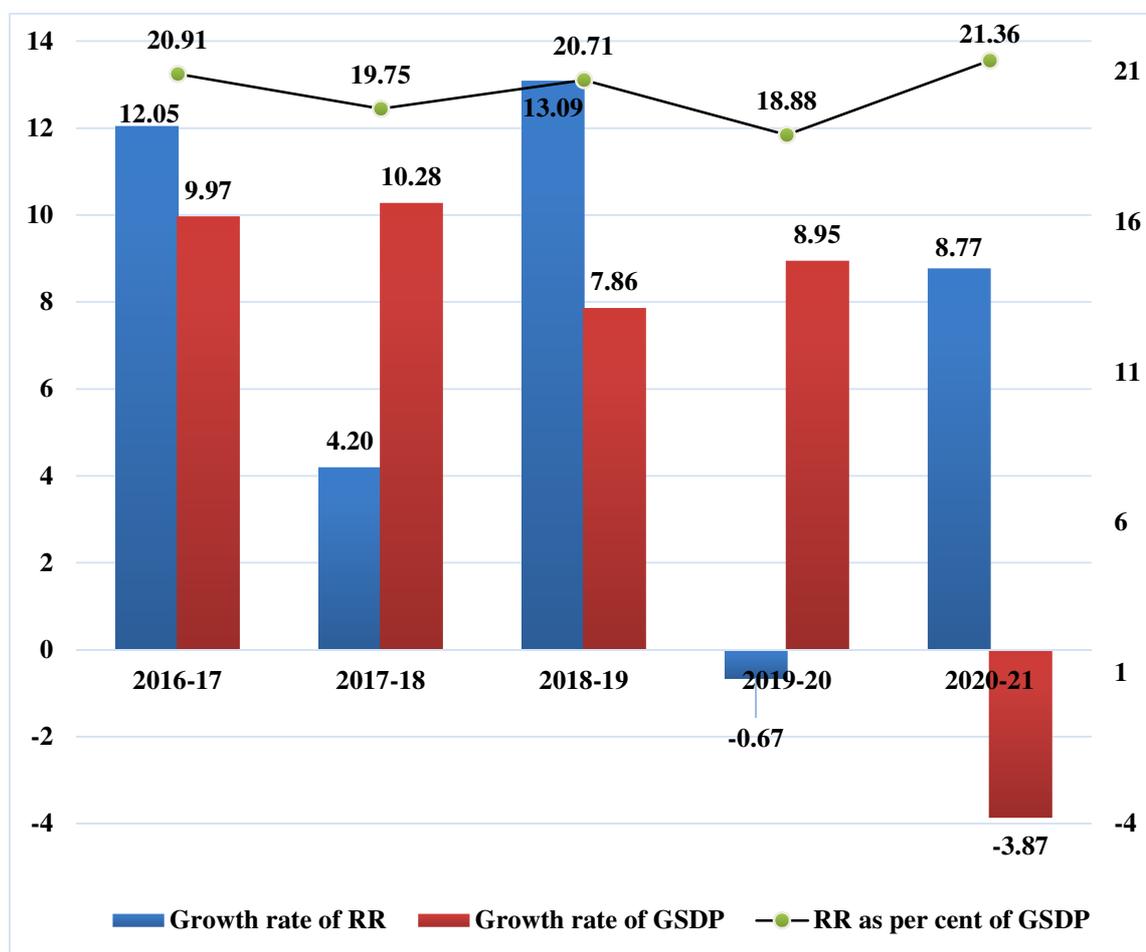
Trends in Revenue Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	26,264	27,367	30,950	30,742	33,438
Rate of growth of RR (per cent)	12.05	4.20	13.09	-0.67	8.77
Tax Revenue (TR) (₹ in crore)	7,039	7,108	7,573	7,624	8,083
Rate of growth of TR (per cent)	5.13	0.97	6.54	0.66	6.02
Non-Tax Revenue (NTR) (₹ in crore)	1,717	2,364	2,830	2,502	2,188
Rate of growth of NTR (per cent)	-6.53	37.65	19.72	-11.61	-12.53
State's Own Revenue (Tax + Non-Tax Revenue)	8,756	9,472	10,403	10,126	10,271

Trends in Revenue Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Rate of growth of State's Own Revenue (Tax + Non-Tax Revenue) (<i>per cent</i>)	2.62	8.17	9.82	-2.67	1.44
Gross State Domestic Product (2011-12 Series) (₹ in crore)	1,25,634	1,38,551	1,49,442 ^a	1,62,816 ^b	1,56,522 ^c
Rate of growth of GSDP (<i>per cent</i>)	9.97	10.28	7.86	8.95	-3.87
RR/GSDP (<i>per cent</i>)	20.91	19.75	20.71	18.88	21.36
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t. GSDP	1.21	0.41	1.67	-0.08	-2.27
State's Own Revenue Buoyancy w.r.t. GSDP	0.26	0.79	1.25	-0.30	-0.37

Source: Finance Accounts and Department of Economics and Statistics, Himachal Pradesh.

a- Second Revised Estimate, b – First Revised Estimate, c – Advance Estimate.

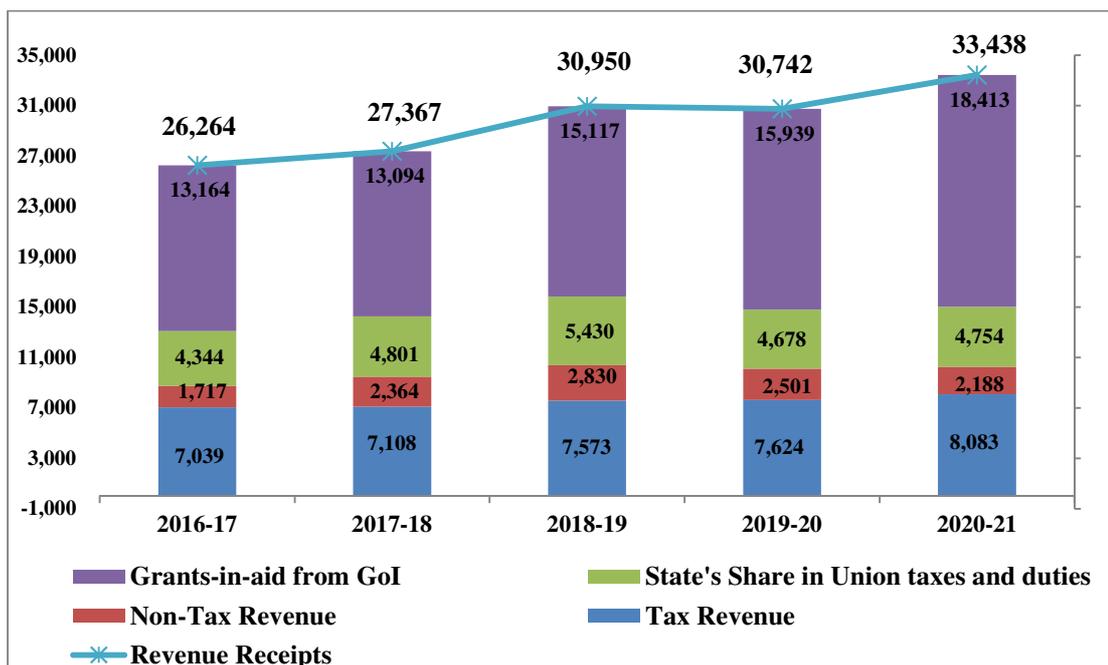
Chart-2.5: Trends in Revenue Receipts as percentage of GSDP



¹ 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*.

Chart-2.5(A): Trend of components of Revenue Receipts during 2016-21

(₹ in crore)



- It can be seen from **Table-2.2** that the revenue receipts of the State increased by 27.31 *per cent* from ₹ 26,264 crore (2016-17) to ₹ 33,438 crore (2020-21). The annual growth rate of revenue receipts decreased during 2016-20 (except 2018-19) from 12.05 *per cent* (2016-17) to -0.67 *per cent* (2019-20). However, during the year 2020-21, revenue receipts increased by ₹ 2,695.86 crore (8.77 *per cent*) over the previous year mainly due to increase in Grants-in-aid from GoI by ₹ 2,473.06 crore (15.52 *per cent*) and State's own Tax Revenue by ₹ 459.49 crore (6.03 *per cent*). The increase was partly counterbalanced by decrease in Non-Tax Revenue by ₹ 313.05 crore (12.51 *per cent*).
- During the year 2020-21, only 31 *per cent* of the Revenue Receipts came from the State's own resources comprising taxes and non-taxes, while the remaining 69 *per cent* were contributed by central transfers comprising the State's share in central taxes and duties (14 *per cent*) and Grants-in-Aid from GoI (55 *per cent*). This is indicative of the fact that the fiscal position of the State is influenced/ dependent mostly by/on Central transfers.
- During the year 2020-21, there was an increase of 8.77 *per cent* (₹ 2,695.86 crore) in Revenue Receipts and an increase of 9.13 *per cent* (₹ 2,804.50 crore) in Revenue Expenditure over the previous year, leading to a revenue deficit of ₹ 97 crore, as against the previous year's revenue surplus of ₹ 12 crore.
- There was wide fluctuation in the revenue buoyancy of the State, as extraneous factors such as Finance Commission Award (14th FC impact in 2016-17) and implementation of GST (in 2017-18), impacted the actual

receipts in different components of revenue. During 2019-20 and 2020-21, the revenue buoyancy with respect to GSDP largely turned negative. During 2020-21, it was mainly due to decrease in Non-tax revenue (₹ 313 crore) and negative growth rate in GSDP of the State even though there was significant increase in Grants-in-Aid (₹ 2,473 crore).

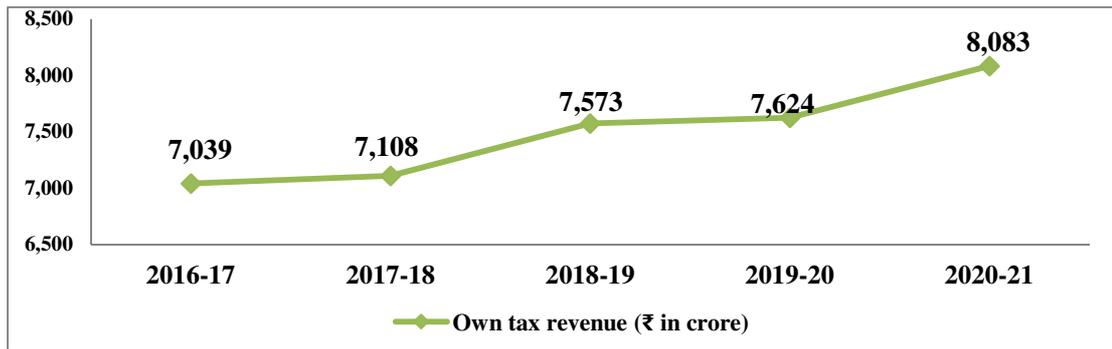
2.3.2.2 State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from Central government is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes. State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising own tax and non-tax revenues.

(i) Own Tax Revenue

Own Tax Revenues of the State consist of State GST, State Excise, Stamp Duty and Registration Fees, Land Revenue, Taxes on Vehicles, Goods and Passengers, etc. The trend in Tax Revenue of the State during the five-year period 2016-21 is given in the **Chart-2.6** below:

Chart-2.6: Growth of Own Tax Revenue during the period 2016-17 to 2020-21



The component-wise details of Own Tax Revenue collected during the years 2016-17 to 2020-21 are given in the **Table-2.3** below:

Table-2.3: Components of State's Own Tax Revenue

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21
State Goods and Services Tax (SGST)	-	1,833.16	3,342.68	3,550.34	3,466.58
Taxes on sales, trades, etc. (VAT)	4,381.91	2,525.87	1,185.43	1,169.53	1,630.11
State excise	1,307.87	1,311.25	1,481.63	1,660.02	1,599.74
Taxes on vehicles	279.58	367.16	408.01	465.52	380.20
Stamp duty and registration fees	209.16	229.18	250.55	259.58	253.36
Taxes and duties on electricity	371.67	360.79	487.08	100.86	401.76
Land revenue	7.64	16.96	8.39	4.79	6.95
Taxes on goods and passengers	121.37	111.69	104.38	104.03	83.55
Other taxes	359.85	351.61	304.66	309.15	261.07
Total Tax Revenue	7,039.05	7,107.67	7,572.81	7,623.82	8,083.32

Source: Finance Accounts of respective years.

Own Tax Revenue of the State increased by ₹ 1,044.27 crore (14.84 per cent) during 2016-21. During the year 2020-21, major contributors to Tax Revenue were Goods and Services Tax (42.89 per cent), Taxes on Sales, Trades, etc. (VAT) (20.17 per cent), State Excise (19.79 per cent) and Taxes and Duties on Electricity (4.97 per cent). The increase in Tax Revenue during 2020-21 over the previous year was mainly under Taxes on Sales, Trades, etc. (₹ 460.58 crore) and Taxes and Duties on Electricity (₹ 300.90 crore), which was partly set-off by decreases under Taxes on Vehicles (₹ 85.32 crore), SGST (₹ 83.76 crore) and State Excise (₹ 60.28 crore). The rise in receipts under taxes on sales, trades, etc. (VAT) was attributed to the settlement scheme notified by the State Government to address arrears and pending assessment cases and increase in rate of VAT on petrol and diesel.

(i) State Goods and Services Tax (SGST)

As per the GST (Compensation to States) Act, 2017, States will be compensated for shortfall in revenue arising on account of implementation of the Goods and Services Tax, considering an annual growth of 14 per cent from the base year, for a period of five years. The Centre levies Integrated GST (IGST) on inter-state supply of goods and services and apportions the State's share of tax to the State where the goods or services are consumed.

In the case of Himachal Pradesh, the finalised revenue figure during the base year (2015-16) was ₹ 3,678 crore. The protected revenue in accordance with the base year figure, actual revenue collected and compensation due and received from GoI during the period 2017-18 to 2020-21 is given in **Table-2.3 (A)**.

Table-2.3(A): Detail of collection of GST and compensation from GoI

(₹ in crore)

Year	Protected revenue amount*	Revenue collected amount**	Compensation due amount	Compensation received amount	Shortfall
	1	2	3 = 1-2	4	5 =3-4
2017-18	3,585	2,497	1,088	539	549
2018-19	5,450	3,367	2,083	2,037	46
2019-20	6,213	3,594	2,619	1,877	742
2020-21	7,083	3,575	3,508	1,764	1,744
Total	22,331	13,033	9,298	6,217	3,081

Source: Finance Accounts of respective years and information obtained from O/o Pr. AG (A&E) and Himachal Pradesh State Excise and Taxation Department.

* Protected Revenue is to be calculated considering the revenue figures of 2015-16 as base and adding 14 per cent per annum.

** Includes VAT & CST (net of refund) and revenue from the taxes subsumed in GST excluding VAT and CST on petroleum products and alcoholic liquor for human consumption.

The State received, compensation of ₹1,763.53 crore on account of loss of revenue arising out of implementation of GST during 2020-21. Out of total compensation received during the year 2020-21, ₹1,017.67 crore pertains to the year 2019-20.

The growth in GST collection in the State was lesser than the projected growth and there was total shortfall of ₹ 9,298 crore against the protected GST receipt of ₹ 22,331 crore during the period 2017-21. As per the Compensation to the States Act, the GoI had to compensate for the loss of revenue. However, as is evident from the above table, GoI only released ₹ 6,217 crore upto March 2021, resulting in a cumulative shortfall of ₹ 3,081 crore. Also, State did not receive its share of net proceeds under IGST during the year 2019-21.

However, during 2020-21, as per decision of the 41st GST Council the shortfall arising out of GST implementation will be met out of borrowings by States through issue of debt under a Special Window coordinated by the Ministry of Finance. Such debt will not be treated as debt of the State for any norms which may be prescribed/fixed by the Finance Commission. Against this decision, the Government of Himachal Pradesh received back-to-back loans amounting to ₹ 1,717 crore from GoI.

(ii) Audit of GST receipts

The Government of India's decision to provide access to pan-State back-end data and systems to Audit was conveyed on 20th June 2020. Thus, the required domain access to GST back-end data through VPN connection has been provided by the State Government from January 2022. As a result, the audit of all GST receipts/transactions is being conducted in an IT environment.

(iii) Analysis of arrears of revenue and arrears of assessment

Arrears of revenue signify delayed realisation of revenues due to the Government. Similarly, arrears of assessment signify potential revenues which are blocked due to delayed assessment. Both types of arrears deprive the State of potential revenue receipts and impact the revenue deficit.

(a) Arrears of Revenue

The arrears of revenue as on 01 April 2021 in some principal heads of revenue amounted to ₹ 4,412.33 crore, of which ₹ 2,549.22 crore (57.77 per cent) were outstanding for more than five years as detailed in **Table-2.4** below:

Table-2.4: Arrears of Revenue

(₹ in crore)

Head of Revenue	Arrear as on 31 March 2021	Amount outstanding for more than five years as on 31 March 2021
0039-State-Excise	272.34	52.22
0040-Value Added Tax	3,971.54	2,445.38
0042-Passengers and Goods Tax	7.49	6.62
0045-Other Tax and Duties	82.13	45.01
GST	78.83	0.00
Total	4,412.33	2,549.22

Source: State Department.

(b) Arrears in assessment

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and the number of cases pending for finalisation at the end of the year, as furnished by the State Government in respect of Sales/ VAT/ GST are given in **Table-2.5** below:

Table-2.5: Arrears in Assessment

(₹ in crore)

Head of revenue		Opening balance	New cases due for assessment during 2020-21	Total assessment due	Cases disposed of during 2020-21	Balance at the end of the year	Percentage of disposal
Taxes/VAT on sales, trade etc.	CST	1,21,415	3,910	1,25,325	36,346	88,979	29
	VAT	1,48,462	4,416	1,52,878	44,438	1,08,440	29
GST	GST	17,797	2,378	21,053	1,740	19,313	0
Tax on works contract		972	819	1,791	164	1,627	9
Motor Spirit tax		67	60	127	82	45	65
Taxes on vehicle		7,431	1,392	8,823	1,464	7,359	17
Luxury tax		2,946	24	2,970	459	2,511	15
Total		2,99,090	12,180	3,12,967	84,693	2,28,274	27

Source: State Department.

(iv) Details of evasion of tax detected by Department, refund cases, etc.

The cases of evasion of tax detected by the Excise & Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of the performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money etc. The details of evasion of tax detected by the Department and details of refund cases are given in the **Table-2.6 (A)** and **Table-2.6 (B)**:

Table-2.6(A): Evasion of Tax Detected

Sr. No.	Head of revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	Total	No. of cases in which assessment/investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalisation as on 31 March 2021
					No. of cases	Amount of demand (₹ in crore)	
1.	State Excise	62	446	508	447	4.18	61
2.	Taxes on sales, trade etc.	289	3,089	3,378	2,967	136.67	411
3.	Passengers and goods tax	21	9,911	9,932	9,917	5.85	15
4.	Other taxes and duties on commodities and services	36	1,207	1,243	1,204	1.21	39
	Total:	408	14,653	15,061	14,535	147.91	526

Source: State Department.

Table-2.6(B): Details of refund cases

(₹ in crore)

Sr. No.	Particulars	Sales Tax/VAT		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	56	23.00	6	0.20
2.	Claims received during the year	270	25.70	32	8.75
3.	Refunds made during the year	215	24.26	33	8.85
4.	Balance outstanding at the end of year	108	24.41	5	0.09

Source: State Department.

(v) Non-Tax Revenue

Non-Tax Revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc.

Table-2.7: Components of State's non-tax revenue

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21
Interest receipts	145.56	340.54	385.88	245.36	306.43
Dividends and profits	289.63	255.58	181.92	248.44	245.43
Other non-tax receipts	1,282.04	1,767.00	2,262.27	2,007.72	1,636.60
Misc. General Services	2.35	5.46	20.76	5.17	11.41
Education, Sports, Arts and Culture	112.22	180.76	214.59	238.59	196.08
Forestry and Wildlife	18.5	46.87	76.32	83.61	49.56
Other Administrative Services	42.63	40.45	51.34	49.65	37.05
Non-ferrous Mining and Metallurgical Industries	176.22	441.46	221.05	246.30	252.16
Power	650.93	687.61	1,134.34	1,021.68	749.12
Others	279.19	364.39	543.87	362.72	341.22
Total Non-tax Revenue	1,717.24	2,363.85	2,830.07	2,501.51	2,188.46
Percentage of Non-tax revenue to Revenue Receipts	6.54	8.64	9.14	8.14	6.54

Source: Finance Accounts.

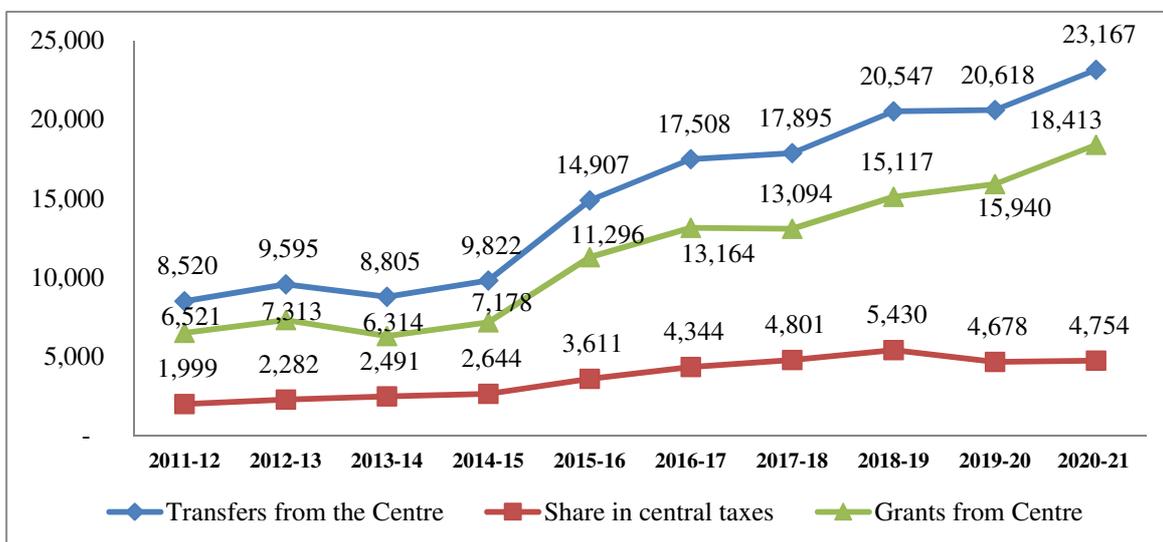
Non-Tax Revenue constituted between 6.54 and 9.14 *per cent* of total revenue receipts of the State during the five-year period from 2016-17 to 2020-21. The Non-Tax Revenue registered an increase from ₹ 1,717.24 crore to ₹ 2,830.27 crore during the period 2016-19, and has declined since then to ₹ 2,188.46 crore in 2020-21. Over the last five years, the main contributor to Non-Tax Revenue was power sector which contributed between 29 and 40 *per cent*. Non-tax revenue increased by ₹ 471.22 crore (27.44 *per cent*) from ₹ 1,717.24 crore (2016-17) to ₹ 2,188.46 crore during 2020-21. However, Non-tax revenue decreased by ₹ 313.05 crore (12.51 *per cent*) during 2020-21 over the previous year. The decrease was mainly due to decrease in receipts under power sector (₹ 272.56 crore), attributed by the Department to imposition of all-India lockdown (COVID-19) and shutting down of a large chunk of industrial, commercial and traction loads resulting in reduction in electricity demand by 25-30 *per cent* and less generation of electricity.

2.3.2.3 Transfers from the Centre

Transfers from the Centre are heavily dependent on Finance Commission recommendations. The trends in Central transfers for the last 10 years are shown in the **Chart-2.7**.

Chart-2.7: Trends in transfers from Centre

(₹ in crore)



(i) Central tax transfers

The 14th FC recommended that the States' share of central taxes be increased to 42 per cent from 2015-16 onwards. Consequently, the State's share in the net proceeds of Central Taxes (excluding Service Tax) has been fixed at 0.713 per cent for the period 2015-16 to 2019-20 and 0.799 per cent (as per recommendations of 15th FC) for 2020-21. The actual devolution *vis-à-vis* Finance Commission projections during the period 2010-11 to 2020-21 is given in **Table-2.8**:

Table-2.8: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections

(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1	2	3	4	5 (4-3)
2011-12	0.781 per cent of net proceeds of all shareable taxes excluding service tax and	2,060.67	1,998.37	(-) 62.30
2012-13		2,362.61	2,282.02	(-) 80.59
2013-14	0.793 per cent of net proceeds of sharable service tax (as per recommendations of 13 th FC)	2,716.72	2,491.53	(-) 225.19
2014-15		2,993.17	2,644.17	(-) 349.00
2015-16	0.713 per cent of net proceeds of all shareable taxes excluding service tax and	3,743.71	3,611.17	(-) 132.54
2016-17		4,074.67	4,343.70	269.03
2017-18	0.722 per cent of net proceeds of sharable service tax (as per recommendations of 14 th FC)	4,819.21	4,801.31	(-) 17.90
2018-19		5,619.31	5,429.77	(-) 189.54
2019-20		5,769.12	4,677.56	(-) 1,091.56
2020-21	0.799 per cent of net proceeds of all shareable taxes excluding service tax (as per recommendations of 15 th FC)	6,265.60	4,753.92	(-) 1,511.68

Source: Reports of the 13th FC, 14th FC & 15th FC, Finance Accounts and Annual Financial Statement.

The details of Central tax transfers to the State during 2016-21 are given in **Table-2.9:**

Table-2.9: Composition of Central Tax Transfers

(₹ in crore)

Components of Central Tax Transfers	2016-17	2017-18	2018-19	2019-20	2020-21	Difference over the previous year
Central Goods and Services Tax (CGST)	--	68.36	1,340.15	1,327.34	1,419.55	92.21
Integrated Goods and Services Tax (IGST)	--	484.84	107.00	--	--	--
Corporation Tax	1,393.48	1,470.67	1,888.31	1,594.86	1,429.44	-165.42
Taxes on Income other than Corporation Tax	968.47	1,241.88	1,390.66	1,249.68	1,464.84	215.16
Customs	599.42	484.70	384.89	296.49	257.07	-39.42
Union Excise Duties	684.49	506.50	255.78	206.16	160.44	-45.72
Service Tax	694.64	544.40	49.66	--	19.39	19.39
Other Taxes ²	3.20	(-) 0.04	13.32	3.03	3.19	0.16
Central Tax Transfers	4,343.70	4,801.31	5,429.77	4,677.56	4,753.92	76.36
Percentage of increase (+)/ decrease (-) over the previous year	20.29	10.54	13.09	(-) 13.85	1.63	
Percentage of Central Tax Transfers to Revenue Receipts	16.54	17.54	17.54	15.22	14.22	

Source: Finance Accounts.

Over the five-year period 2016-21, Central tax transfers increased by 9.44 per cent. During the current year (2020-21), it increased by ₹ 76.36 crore (1.63 per cent) over the previous year. For the year 2020-21, Central tax transfers constituted 14.22 per cent of the Revenue Receipts which was 15.22 per cent during previous year (2019-20). Further, as has been tabulated in **Table-2.8**, the State did not receive its share of Union Taxes and Duties as per the recommendations of Finance Commissions (13th FC, 14th FC and 15th FC) from the period 2011-12 to 2020-21 (except 2016-17). During the current year, the share was short by ₹ 1,511.68 crore.

(ii) Grants-in-aid from Government of India (GoI)

GoI discontinued Plan and Non-Plan classification and operated new Sub-Major Heads under Major Head-1601-Grants-in-Aid (GIA) for providing GIA to States from 2017-18. The position of GIA from GoI received by State Government during the period 2016-17 to 2020-21 is given in **Table-2.10**.

² Includes Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services.

Table-2.10: Grants-in-aid from GoI

(₹ in crore)					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Plan Grants[#]	8,877.19	--	--	--	--
Grants for State Plan Schemes[#]	1,187.49	--	--	--	--
Grants for Central Plan Schemes[#]	44.45	--	--	--	--
Grants for Centrally Sponsored Plan Schemes[#]	3,055.23	--	--	--	--
Centrally Sponsored Schemes	--	3,590.26	4,010.49	4,915.06	4,221.29
Finance Commission Grants	--	8,889.00	8,831.25	8,617.82	12,424.10*
Other Transfer/Grants to State/ Union Territories with Legislatures	--	615.39	2,275.93	2,406.64	1,767.19@
Total	13,164.35	13,094.23	15,117.66	15,939.52	18,412.58
Percentage increase over previous year	16.54	(-) 0.53	15.45	5.44	15.52
Percentage of Revenue Receipts	50.12	47.85	48.84	51.85	55.06

Source: Finance Accounts for the respective years.

* Finance Commission Grants includes post-devolution revenue deficit grant (₹ 11,430.85 crore), grants for local bodies (₹ 584.25 crore) and State Disaster Response Fund (₹ 409 crore) which was earlier depicted as Non-plan grants in State Accounts.

@ Includes ₹ 1763.53 crore on account of compensation for loss of revenue arising out of implementation of GST.

There are no figures since the nomenclature of plan and non-plan grants was removed with effect from 2017-18 and replaced by Grants for CSS, Finance Commission Grants and Other Grants to States.

In 2020-21, GIA from GoI increased over the previous year by ₹ 2,473.06 crore. 62 per cent of the GIA was on account of post-devolution revenue deficit grants. Share of GIA in State's Revenue Receipts ranged between 48 and 55 per cent during 2016-21.

(iii) Finance Commission Grants

Grants under 14th and 15th FC were provided to States for local bodies and State Disaster Response Fund. Details of grants provided by GoI to the State during the years 2015-16 to 2020-21 are given in **Table-2.11**.

Table-2.11: Recommended amount, actual release and transfers of Grant-in-aid

(₹ in crore)									
Transfers	Recommendation of the 14 th & 15 th FC			Actual release by GoI			Release by State Government		
	2015-16 to 2019-20	2020-21	Total (2015-21)	2015-16 to 2019-20	2020-21	Total (2015-21)	2015-16 to 2019-20	2020-21	Total (2015-21)
I. Local Bodies (i+ii)	2,011.57	636.00	2,647.57	1,814.76	584.25	2,399.01	1,814.76	608.82	2,423.58
(i) Grants to PRIs	1,809.80	429.00	2,238.80	1,664.31	429.00	2,093.31	1,664.31	429.00	2,093.31
<i>(a) General Basic Grant</i>	1,628.82	429.00	2,057.82	1,628.82	429.00	2,057.82	1,628.82	429.00	2,057.82
<i>(b) General Performance Grants</i>	180.98	0	180.98	35.49	0	35.49	35.49	0	35.49

(ii) Grants to ULBs	201.77	207.00	408.77	150.45	155.25	305.70	150.45	179.82	330.27
(a) General Basic Grant	161.42	103.50	264.92	142.54	103.50	246.04	142.54	127.98	270.52
(b) General Performance Grants	40.35	103.50	143.85	7.91	51.75	59.66	7.91	51.84	59.75
2. State Disaster Response Fund*	1,304.00	454.00	1,349.00	1,112.85	409.00	1,157.85	1,053.68	454.00	1,098.68
Grand Total (1+2)	3,315.57	1,090.00	3,996.57	2,927.61	993.25	3,556.86	2,868.44	1,062.82	3,522.26

Source: 14th & 15th FC Report and information provided by State Department.

* Including Central share and State share.

2.3.3 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. The trends in growth and composition of capital receipts during the past five years (2016-21) are presented in **Table-2.12**.

Table-2.12: Trends in growth and composition of capital receipts

Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Receipts (CR)	4,689.97	2,174.87	1,784.70	4,169.72	3,917.07*
Miscellaneous Capital Receipts	Nil	34.82	8.82	2.04	2.88
Recoveries of Loans and Advances	29.50	39.61	21.83	21.04	23.02
Net Public Debt Receipts	4,660.47	2,100.44	1,754.05	4,146.64	3891.17*
Internal Debt	4,633.10	2,097.45	1,771.71	4,164.59	3,390.44
Growth rate of internal debt	110.28	-54.73	-15.53	135.06	-18.59
Loans and advances from GoI	27.37	2.99	-17.66	-17.95	500.73*
Growth rate of loans & advances from GoI	225.44	-89.08	-690.64	-1.64	2,889.56
Rate of growth of debt Capital Receipts	113.64	-54.93	-16.49	136.40	-6.16
Rate of growth of non-debt Capital Receipts	13.90	152.31	-58.82	-24.70	12.22
Rate of growth of GSDP	9.97	10.28	7.86	8.95	-3.87
Rate of growth of Capital Receipts (per cent)	112.47	-53.63	-17.94	133.64	-6.06

Source: Finance Accounts of the respective years.

* Exclude ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

In 2020-21, Capital Receipts (₹ 3,917.07 crore) decreased by ₹ 252.65 crore over the previous year mainly due to decrease in net internal debt. Public debt receipts create future repayment obligation and these are taken from market, financial institutions and GoI. During the five-year period 2016-17 to 2020-21, 64.41 per cent of public debt receipts were utilised for repayment of public debt taken during the period and only the remaining 35.59 per cent was utilised for other purposes.

2.3.4 State's performance in mobilisation of resources

As the State's share in central taxes and grants-in-aid is determined on the basis of recommendations of the Finance Commission, the State's performance in mobilisation of resources is assessed in terms of own resources comprising tax and non-tax sources.

The State's actual tax and non-tax receipts for the year 2020-21 *vis-à-vis* assessment made by 15th FC and MTFPS are given in the **Table-2.13**.

Table-2.13: States own resources: projections *vis-à-vis* actuals

(₹ in crore)

	15 th FC projections	Budget Estimates and MTFPS projection	Actual	Percentage variation of actual over	
				15 th FC projections	Budget estimates and MTFPS projection
Tax revenue	11,272	9,090.26	8,083.31	(-) 28.29	(-) 11.08
Non-tax revenue	2,228	2,410.46	2,188.46	(-) 1.77	(-) 9.21

The actual collection under State's own tax revenue fell short by 28.29 *per cent* of the projections made by 15th FC and 11.08 *per cent* of the projection in budget estimates / MTFPS. The actual receipts under non-tax revenue were less by 1.77 *per cent* of the projections made by 15th FC and 9.21 *per cent* of the projection in budget estimates / MTFPS. Thus, the State Government could not achieve their own targets projected in the budget and MTFPS.

2.4 Application of resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that fiscal corrections / consolidation processes are not at the cost of expenditure directed towards development of capital infrastructure and social sector. The application of resources is analysed in the succeeding paragraphs with regard to growth and composition of expenditure, revenue expenditure, committed expenditure and financial assistance to local bodies and other institutions.

2.4.1 Growth and composition of expenditure

The expenditure of the State Government can be classified into two categories: Revenue Expenditure and Capital Expenditure.

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses which are required to maintain assets in a running order, expenses incurred for the day to day running of the organisation, establishment and administrative expenses are classified as revenue expenditure.

Capital Expenditure: Charges for the first construction of a project, intermediate maintenance of a work while not opened for service, additions and improvements as may be sanctioned under the rules made by competent authority are classified as capital expenditure.

The trend and composition of total expenditure over the last five years (2016-21) is shown in **Table-2.13 (A)**.

Table-2.13 (A): Total expenditure and its composition

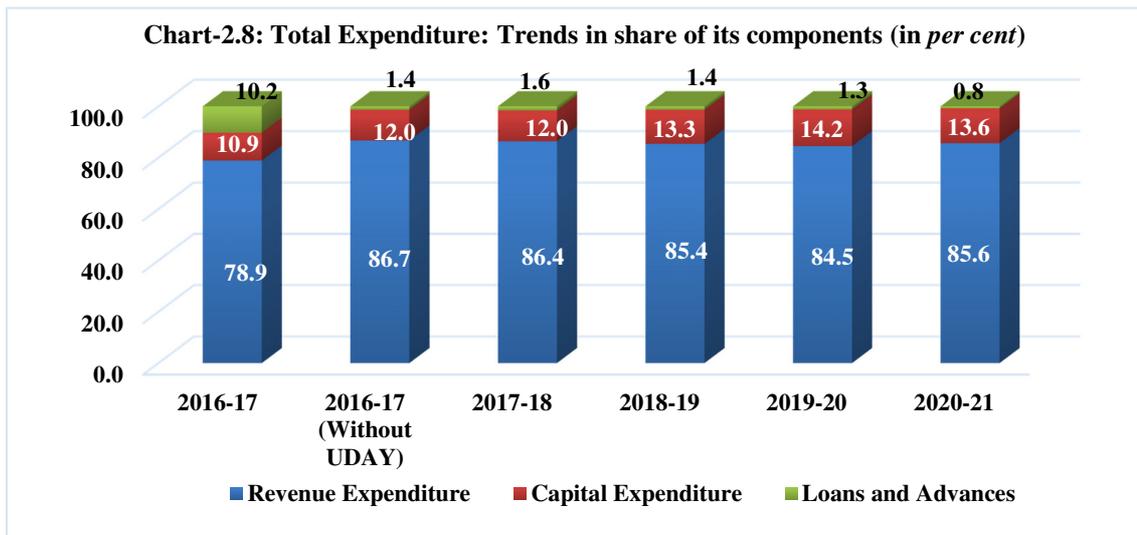
(*₹ in crore*)

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	32,132.94	31,311.36	34,493.50	36,362.55	39,164.25
Revenue Expenditure (RE)	25,344.22	27,053.16	29,442.11	30,730.43	33,534.93
Capital Expenditure (CE)	3,499.03	3,755.67	4,583.41	5,173.91	5,309.21
Loans and Advances disbursed	3,289.69 [@]	502.53	467.98	458.21	320.11
GSDP	125,633.65	138,551.06	149,442.00 ^a	162,816.00 ^b	156,522.32 ^c
As a percentage of GSDP					
TE/GSDP	25.58	22.60	23.08	22.33	25.02
RE/GSDP	20.17	19.55	19.70	18.87	21.43
CE/GSDP	2.79	2.71	3.07	3.18	3.39
Loans and Advances/GSDP	2.62	0.36	0.31	0.28	0.20

a – Second Revised Estimate, b- First Revised Estimate, c- Advance Estimate

@-Loan of ₹ 2,890 crore given to DISCOM on account of UDAY Scheme.

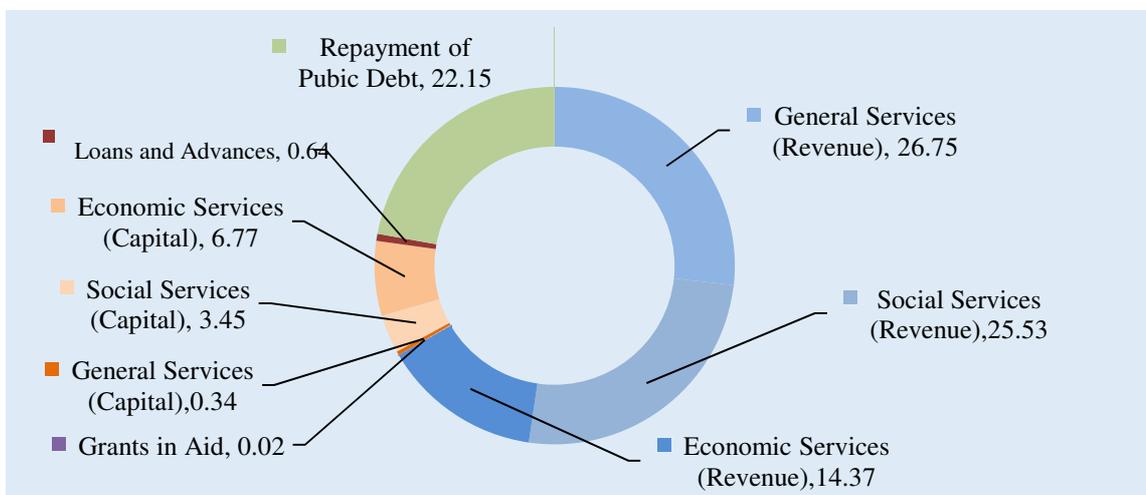
Total expenditure increased by ₹ 7,031.31 crore (21.88 per cent) over a period of five years (2016-21). During 2020-21, it increased by ₹ 2,801.70 crore (7.70 per cent) over the previous year. As a percentage of GSDP, the total expenditure remained in the range of 22.33 per cent to 25.58 per cent during 2016-21. Revenue Expenditure increased by 32.32 per cent during 2016-21 while capital expenditure increased by 51.73 per cent during the same period. As depicted in **Chart-2.8**, the share of revenue expenditure in total expenditure (with UDAY) ranged from 78.9 to 86.7 per cent during 2016-21. Similarly, the share of capital expenditure in total expenditure increased from 10.9 per cent in 2016-17 to 13.56 per cent in 2020-21. The share of loans and advances was 10.24 per cent in 2016-17 due to disbursement of loans amounting to ₹ 2,890.50 crore under UDAY scheme, however, the share of loans and advances remained almost static over the past five years (2017-21).



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 ₹ 39,164.25

crore along with the component Repayment of Public Debt amounting to ₹ 11,141.04 crore (refer **Appendix-2**) during 2020-21 is given in **Chart-2.9**.

Chart-2.9: Composition of expenditure during 2020-21 (in per cent)



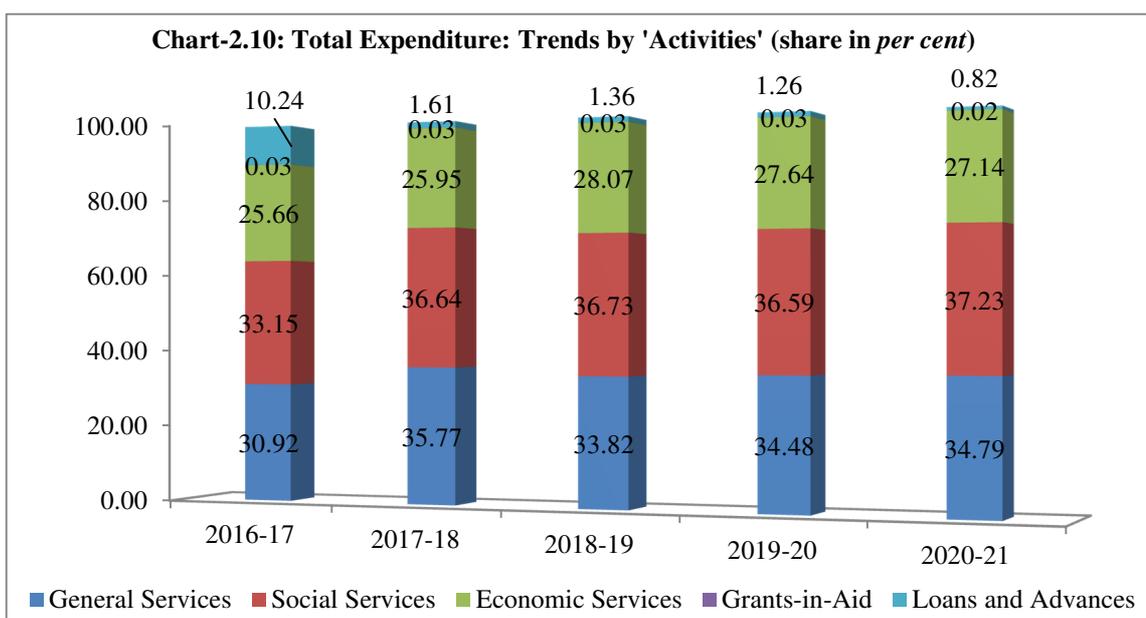
The relative shares of various sectors of expenditure during the period 2016-21 is given in **Table-2.14**.

Table-2.14: Relative share of various sectors of expenditure

(in per cent)

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	30.92	35.77	33.82	34.48	34.79
Social Services	33.15	36.64	36.73	36.59	37.23
Economic Services	25.66	25.95	28.07	27.64	27.14
Others (Grants to Local Bodies and Loans and Advances)	10.27	1.64	1.38	1.29	0.84

Chart-2.10 depicts trends in sectoral components of Total Expenditure for the period 2016-17 to 2020-21.



The trends in relative share of these components of expenditure indicates that the share of General Services, Social Services, and others in the Total Expenditure had minor inter-year variations during the period 2016-17 to 2020-21. Expenditure on General Services (including interest payments) which forms part of non-development expenditure, increased slightly as a percentage of total expenditure from 34.48 *per cent* in 2019-20 to 34.79 *per cent* in 2020-21. Development expenditure *i.e.* expenditure on Social and Economic Services together accounted for 64.37 *per cent* in 2020-21 against 64.23 *per cent* in 2019-20. The share of loans and advances remained almost static over the past five years, except in 2016-17 (10.24 *per cent*) due to disbursement of loans amounting to ₹ 2,890.50 crore under UDAY scheme.

2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payments for past obligations. As such, it does not result in any addition to the State's infrastructure and service network. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and its rate of growth *vis-à-vis* GSDP and Revenue Receipts during the period 2016-21 are indicated in **Table-2.15**.

Table-2.15: Growth of revenue expenditure during 2016-21

Particulars	₹ in crore				
	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	32,132.94	31,311.36	34,493.50	36,362.55	39,164.25
Revenue Expenditure (RE)	25,344.22	27,053.16	29,442.11	30,730.43	33,534.93
Rate of Growth of RE (per cent)	13.63	6.74	8.83	4.38	9.13
Revenue Expenditure as percentage of TE	78.87	86.40	85.36	84.51	85.63
RE/GSDP (per cent)	20.17	19.53	19.70	18.87	21.43
Revenue Receipts (RR)	26,264.34	27,367.06	30,950.32	30,742.41	33,438
RE as percentage of RR	96.50	98.85	95.13	99.96	100.29
Rate of Growth of RR (per cent)	12.05	4.20	13.09	-0.67	8.77
GSDP	1,25,633.65	1,38,551.10	149,442.00 ^a	162,816.00 ^b	156,522.32 ^c
Rate of growth of GSDP (per cent)	9.97	10.28	7.86	8.95	-3.87

Source: Finance Accounts of respective years.

a – Second Revised Estimate, b- First Revised Estimate, c- Advance Estimate.

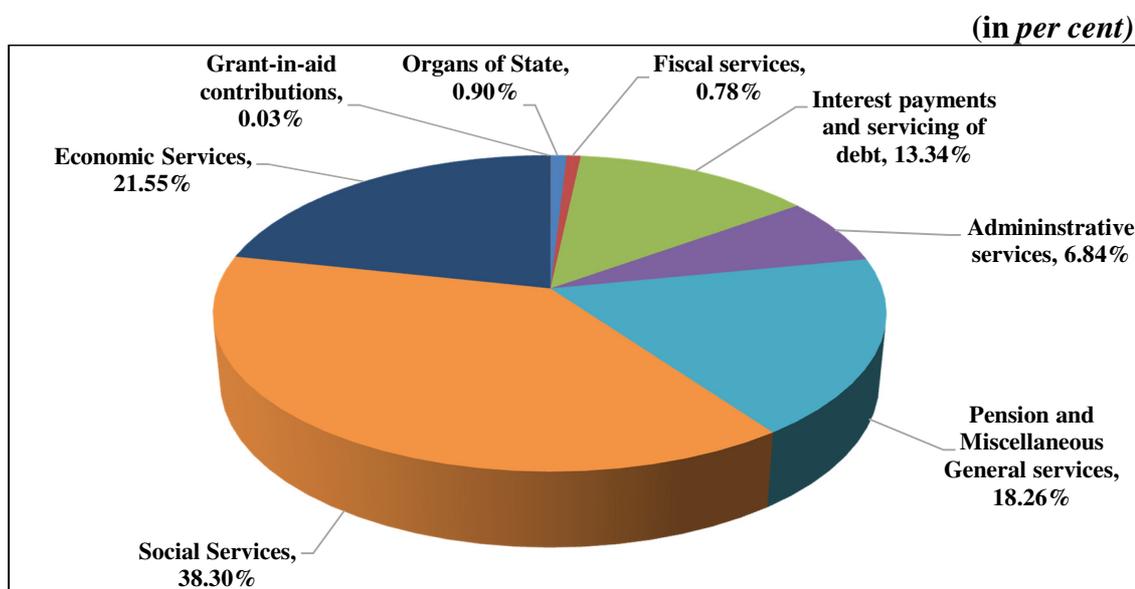
Revenue expenditure during 2016-21 increased by ₹ 8,190.71 crore (32.32 *per cent*) at an annual growth rate ranging from four to 14 *per cent*. Rate of growth of Revenue Expenditure has displayed a fluctuating trend over the five-year period 2016-21. Revenue expenditure in 2020-21 (₹ 33,535 crore) increased by ₹ 2,805 crore (9.13 *per cent*) over 2019-20 (₹ 30,730 crore). The increase was due to increased expenditure under General, Social and Economic services, as detailed in **Para-2.4.2.1**.

The percentage of State's revenue receipts and revenue expenditure to GSDP stood at almost the same level, *viz.*, 21.36 *per cent* and 21.43 *per cent* respectively during 2020-21. The State had a revenue deficit of ₹ 97 crore during 2020-21 which was 0.06 *per cent* of GSDP.

Revenue expenditure of ₹ 33,534.93 crore in 2020-21 was less than the projections made in Budget and MTFPS (₹ 39,123 crore) and more than the normative assessment of 15th FC (₹ 31,764 crore).

The sectoral distribution of Revenue Expenditure pertaining to 2020-21 is given in Chart-2.11.

Chart-2.11: Sector-wise distribution of revenue expenditure during 2020-21



2.4.2.1 Major changes in Revenue Expenditure

Table-2.16 highlights the cases of significant increase or decrease in various Heads of Account in Revenue Expenditure during 2020-21 *vis-à-vis* the previous year.

Table-2.16: Significant variations in Revenue Expenditure during 2020-21 as compared to 2019-20

(₹ in crore)

Major Heads of Account	2019-20	2020-21	Increase (+)/ Decrease (-)
General Services	12,335.22	13,454.24	1,119.06
2071-Pensions and Other Retirement Benefits	5,489.75	6,088.39	598.65
2059-Public Works	237.2	580.59	343.39
2049-Interest Payments	4,234.02	4,472.45	238.43
2015-Elections	90.77	39.60	-51.16
2053-District Administration	210.13	179.76	-30.37
Social Services	12,046.95	12,843.81	796.86
2217-Urban Development	447.34	800.11	352.78
2235-Social Security and Welfare	1,228.62	1,421.14	192.52
2202-General Education	6,037.87	6,228.97	191.09
2215-Water Supply and Sanitation	942.18	1,095.95	153.76
2245-Relief on Account of Natural Calamities	743.99	457.17	-286.82
Economic Services	6,338.01	7,227.49	889.47
3055-Road Transport	341.11	550.95	209.83
2401-Crop Husbandry	598.16	786.04	187.88

Major Heads of Account	2019-20	2020-21	Increase (+/ Decrease (-)
2801-Power	406.2	525.60	119.40
3452-Tourism	20.14	134.52	114.38
2406-Forestry and Wildlife	469.58	577.59	108.01
2505-Rural Employment	235.72	339.24	103.52
2501-Special Programmes for Rural Development	35.76	138.87	103.11
2408-Food Storage and Warehousing	320.66	267.28	-53.38
2415-Agriculture research and Education	256.25	231.68	-24.57

Source: Finance Accounts of the respective years.

Revenue expenditure on General services increased by ₹ 1,119.06 crore (9.07 per cent) due to increase in expenditure mainly on Pensions and Other Retirement Benefits, Public Works and Interest Payments. The expenditure on Social Services increased by ₹ 796.86 crore (6.61 per cent) over the previous year due to increase in expenditure mainly on Urban Development, Social Security and Welfare, and General Education and Water Supply and Sanitation, which was partly offset by the decrease in Relief on Account of Natural Calamities. The expenditure on Economic Services increased by ₹ 889.47 crore (14.03 per cent) over the previous year due to increased expenditure in Road Transport, Crop Husbandry Forestry, Power, etc.

2.4.2.2 Committed expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, and pensions. It has first charge on Government resources. A high level of committed expenditure leaves the Government with lesser scope for outlays in development sector.

Table-2.17 presents the trends in the components of committed expenditure during 2016-21, while percentage share of Committed Expenditure in total Revenue Expenditure is given in **Chart-2.12**.

Table-2.17: Components of Committed Expenditure

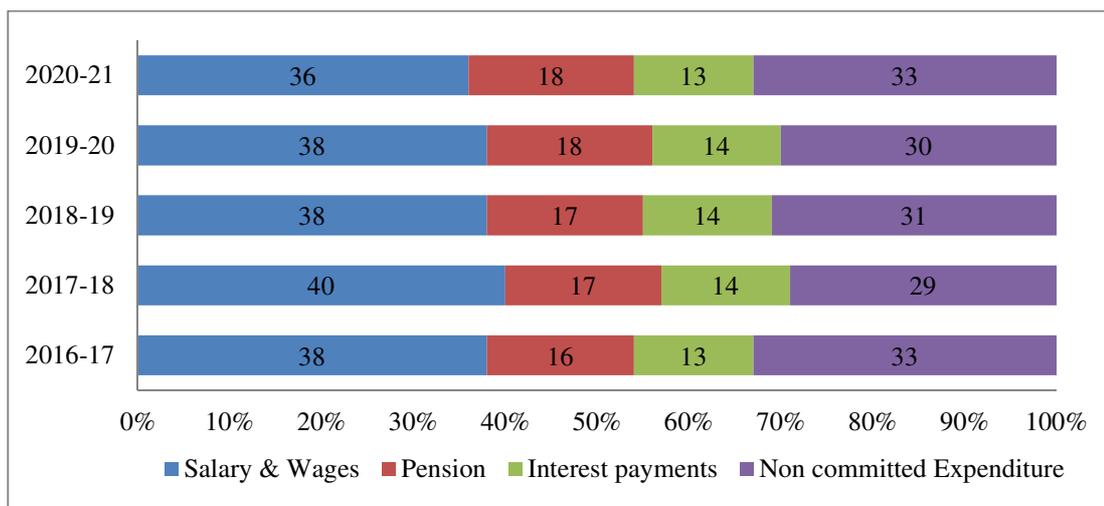
(₹ in crore)

Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages	9,681.67	10,765.83	11,210.42	11,742.23	11,903.67*
Expenditure on Pensions	4,114.17	4,708.85	4,974.77	5,489.75	6,088.39
Interest Payments	3,358.91	3,788.22	4,021.52	4,234.02	4,472.45
Total	17,154.75	19,262.90	20,206.71	21,466.00	22,464.51
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	36.86	39.34	36.22	38.20	35.60
Expenditure on Pensions	15.66	17.21	16.07	17.86	18.21
Interest Payments	12.79	13.84	12.99	13.77	13.38
Total	65.31	70.39	65.28	69.83	67.19
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	38.20	39.80	38.08	38.21	35.50
Expenditure on Pensions	16.23	17.41	16.90	17.86	18.16
Interest Payments	13.25	14.00	13.66	13.78	13.34
Total	67.68	71.21	68.64	69.85	66.99

Source: Finance Accounts of respective years.

* Salary: ₹ 11,641.16 crore; wages: ₹ 262.51 crore

Chart-2.12: Share of Committed expenditure in total Revenue Expenditure



The increase in committed expenditure during 2020-21 over the previous year was ₹ 998.51 crore (five per cent). During the period 2016-17 to 2020-21, it accounted for a dominant share of revenue expenditure (67-71 per cent) and revenue receipts (65-70 per cent), leaving little scope for the Government to spend on developmental activities.

Salaries and Wages: The expenditure on salaries and wages increased from ₹ 9,681.67 crore in 2016-17 to ₹ 11,903.67 crore in 2020-21. It increased by ₹ 161.44 crore during 2020-21 over the previous year and consumed 36 per cent of revenue receipts of the State during 2020-21. The expenditure on salaries in the current year (₹ 11,903.67 crore) was within the projections made in Medium Term Fiscal Plan Statement (MTFPS) (₹ 13,099.47 crore).

Interest Payments: Interest payments increased by 33 per cent from ₹ 3,358.91 crore in 2016-17 to ₹ 4,472.45 crore in 2020-21. The increase in 2020-21 over the previous year was ₹ 238 crore (six per cent). Interest payments consumed 13 per cent of revenue receipts and 13 per cent of revenue expenditure. Interest payments were less than the projections made in MTFPS (₹ 4,931.92 crore).

Pension Payments: The expenditure on pension payments increased from ₹ 4,114.17 crore in 2016-17 to ₹ 6,088.39 crore in 2020-21 and by ₹ 598.64 crore (11 per cent) during the current year over the previous year. During 2020-21, pension payments accounted for 18 per cent of revenue expenditure. The expenditure on pension payments in the current year (₹ 6,088.39 crore) was less than the projected in the MTFPS (₹ 7,266.00 crore).

2.4.2.3 Undischarged liabilities in National Pension Scheme

The State Government employees recruited on or after 15 May 2003 are covered under the National Pension System (NPS) which is a Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 per cent of his/her basic

pay and dearness allowance, and 14 *per cent* (w.e.f. 01 April 2019) of basic pay and dearness allowance is contributed by the State Government; and the entire amount is to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

During the year 2020-21, total contribution to Defined Contribution Pension Scheme for Government Employees was ₹ 956.07 crore (Employees' contribution ₹ 392.29 crore, Government contribution ₹ 563.76 crore and interest ₹ 0.02 crore) which was accounted for in the Public Account under Major Head 8342-117- "Defined Contribution Pension scheme for Government employees". The Government contribution to Defined Contribution Pension Scheme differs with the amount shown under Major Head 2071-01-117 by ₹ 19.16 crore. State Government intimated (January 2022) that the reason for differences in figures may be due to return of Government share by non-NPS subscribers, who were earlier in NPS but have returned to old pension scheme due to Court orders; their Government Share is deposited directly through e-Challan in 8342-00-117-02.

During the year 2020-21, the State Government transferred ₹ 946.77 crore from the Major Head 8342-117 Defined Contribution Pension scheme to be credited to NSDL/Trustee Bank. However, as intimated (September 2021) by the State Government during the year 2020-21, only ₹ 947.86 crore was actually credited to NSDL/Trustee Bank. The balance amount of ₹ 7.66 crore (after taking debit opening balance of ₹ 1.64 crore) in Major Head 8342-117-Defined Contribution Pension scheme is yet to be transferred to NSDL.

2.4.2.4 Subsidies

The State Government has been paying subsidies to various departments/institutions/bodies/corporations. Expenditure on subsidies increased by ₹ 476.67 crore (62 *per cent*) from ₹ 763.96 crore in 2016-17 to ₹ 1,240.63 crore in 2020-21. The amount of subsidies remained between 3.01 *per cent* and 4.36 *per cent* of revenue receipts during the period 2016-21, as detailed in **Table-2.18**.

Table-2.18: Expenditure on subsidies during 2016-21

	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	763.96	906.79	1,282.60	1,067.78	1,240.63
Subsidies as a percentage of Revenue Receipts	2.91	3.31	4.15	3.47	3.71
Subsidies as a percentage of Revenue Expenditure	3.01	3.35	4.36	3.49	3.70

Source: Finance Accounts of respective years.

During 2020-21, there was an increase of ₹ 172.85 crore (16 *per cent*) in expenditure on subsidies over the previous year. During the year, subsidies of ₹ 1,240.63 crore were paid which consumed about 3.7 *per cent* of both revenue receipts and revenue expenditure. Major recipients of subsidies were Energy (₹ 520.45 crore or 41.95 *per cent*), Food and Supply (₹ 239.97 crore or 19.34 *per cent*), Transport (₹ 171.20 crore

or 13.80 per cent), Agriculture (₹ 108.18 crore or 8.72 per cent) and Horticulture (₹ 111.21 crore or 8.96 per cent). The total subsidy released by the Government during the year was slightly higher than the projection made in the MTFPS (₹ 1,158.33 crore).

2.4.2.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of grants to local bodies and other institutions during the period 2016-17 to 2020-21 is presented in **Table-2.19**.

Table-2.19: Financial Assistance to Local Bodies etc.

(₹ in crore)					
Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
Local Bodies					
Municipal Corporations and Municipalities	554.49	249.31	487.99	456.22	814.58
Panchayati Raj Institutions	1,011.60	781.21	1,026.07	1,053.39	1,176.07
Total (A)	1,566.09	1,030.52	1,514.06	1,509.61	1,990.65
Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	849.57	905.15	951.22	1,020.83	944.59
Development Authorities	150.37	111.07	143.68	99.16	238.37
Hospitals and Other Charitable Institutions	271.64	343.87	337.38	439.71	458.23
Other Institutions	519.31	504.85	687.61	437.17	931.27
Total (B)	1,790.89	1,864.94	2,119.89	1,996.87	2,572.46
Total (A+B)	3,356.98	2,895.46	3,633.95	3,506.48	4,563.11
Revenue Expenditure	25,344.22	27,053.16	29,442.11	30,730.43	33,534.93
Assistance as percentage of Revenue Expenditure	13.25	10.70	12.34	11.41	13.61

Source: Finance Accounts and information received from PAG (A&E)

Table-2.19 indicates that the financial assistance to local bodies and other institutions increased by ₹ 1,206.13 crore (35.93 per cent) from ₹ 3,356.98 crore in 2016-17 to ₹ 4,563.11 crore, constituting 13.61 per cent of the revenue expenditure during 2020-21.

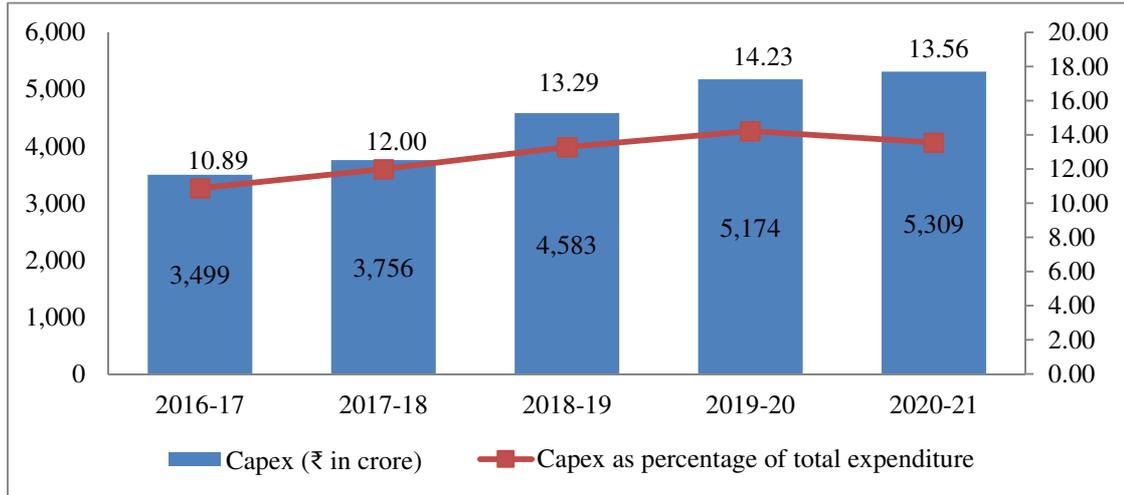
There was an increase of ₹ 1,056.63 crore (30.13 per cent) in the total quantum of assistance in the current year as compared with the previous year. Except in the case of Educational Institutions, the assistance provided by the State Government during the year 2020-21 was more than the previous year. Amongst the various recipients,

Municipal Corporations, Municipalities and Panchayati Raj Institutions (Local Bodies) together accounted for 43.62 per cent of the total financial assistance during the current year.

2.4.3 Capital Expenditure

Capital Expenditure is expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. The trend in Capital Expenditure as percentage of Total Expenditure for the period 2016-21 is given in **Chart-2.13**.

Chart-2.13: Trend of Capital Expenditure as per cent of Total Expenditure during 2016-21



There was a trend of sustained growth in capital expenditure during the last five years. It increased by ₹ 1,811 crore (51.75 per cent) during 2016-21. During 2020-21, capital expenditure (₹ 5,309 crore) increased by ₹ 136 crore (2.62 per cent) over the previous year 2019-20 (₹ 5,174 crore). During 2020-21, it constituted 13.56 per cent of total expenditure as compared to 14.23 per cent during 2019-20.

2.4.3.1 Major changes in Capital Expenditure

Table-2.20 highlights cases of significant increase or decrease in various Heads of Account in Capital Expenditure during 2020-21 vis-à-vis the previous year.

Table-2.20: Variation in Capital Expenditure during 2020-21 compared to 2019-20
(₹ in crore)

Major Heads of Accounts	2019-20	2020-21	Increase (+)/ Decrease (-)
Capital Expenditure	5,173.91	5,309.22	135.31
General Services	203.74	169.54	(-) 34.20
Social Services	1,258.40	1,736.19	477.79
4215-Capital Outlay on Water Supply and Sanitation	598.92	1,001.51	402.59
4210-Capital Outlay on Medical and Public Health	231.78	302.05	70.27
Economic Services	3,711.76	3,403.49	(-) 308.27
5054-Capital Outlay on Roads and Bridges	2,205.12	2,315.55	110.43
4711-Capital Outlay on Flood Control Projects	326.68	56.92	(-) 269.76
4801-Capital Outlay on Power Projects	254.66	196.98	(-) 57.68

It can be seen from the above table that capital expenditure increased by ₹ 135.31 crore (2.62 per cent) during 2020-21 over the previous year. This was mainly due to increased expenditure on Social Services (₹ 477.79 crore), which was offset by decrease in expenditure under General Services (₹ 34.20 crore) and Economic services (₹ 308.27 crore). The major increases in expenditure were under Water Supply and Sanitation, Medical and Public Health (Social Services) and Roads and Bridges (Economic Services). This was partially offset by the reduction in expenditure on Flood Control Projects and Power Projects.

(i) Investments and Returns

As of 31 March 2021, the Government had invested ₹ 4,562.40 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (Table-2.21). The average return on these investments was 6.39 per cent in the last five years while the Government paid an average interest rate of 8.09 per cent on its borrowings during 2016-21.

Table-2.21: Details of Investment and return on Investments

Investment/ Return/ cost of Borrowing	2016-17	2017-18	2018-19	2019-20	2020-21
Investments at the end of the year (₹ in crore)	3,293.54	3,532.97	3,848.83	4,261.06	4,562.40
Return (₹ in crore)	289.63	255.58	181.91	248.44	245.43
Return (per cent)	8.79	7.23	4.73	5.83	5.38
Average rate of interest on government borrowings (per cent)	8.13	8.41	8.32	7.97	7.59
Difference between interest rate and return (per cent)	-0.66	1.18	3.59	2.14	2.21
Notional loss due to difference between interest on Government borrowings and return on investment (₹ in crore) #	NA	41.54	138.31	91.19	100.86

Source: Finance Accounts

NA: Not applicable

Investment at the end of year x Difference between interest rate and return.

Out of total investment of ₹ 4,562.40 crore, investment of ₹ 4,068.72 crore (89 per cent) was in five³ companies.

The financial performance / position of the State Public Sector Enterprises (SPSEs) i.e., Government companies, Government controlled other companies and Statutory Corporations has been discussed in detail in Chapter-V of this Report.

³ Satluj Jal Vidyut Nigam Ltd. (₹ 1,098.14 crore), Himachal Pradesh Power Transmission Corporation Ltd. (₹ 347.50 crore), Himachal Pradesh Power Corporation (₹ 924.85 crore), Himachal Pradesh State Electricity Board Ltd. (₹ 794.63 crore) and Himachal Road Transport Corporation (₹ 903.60 crore)

(ii) Resource availability of the State under Public Private Partnership Projects

Public Private Partnership (PPP) is an arrangement between the government or statutory entity and a private sector entity to provide a partnership framework to meet the demand for infrastructure development. Sector-wise details of completed, ongoing and planned PPP projects is given in **Table-2.22**:

Table-2.22: Sector-wise details of PPP Projects

Sr. No.	Sector	Completed		Ongoing		Planned	
		Number	Estimated Cost	Number	Estimated Cost	Number	Estimated Cost
1.	Urban Infrastructure	9	151.00	12	1,218.05	5	0
2.	Energy	31	4,238.45	12	2,737.92	52	3,049.00
3.	Social	4	115.00	0	0	0	0
4.	Tourism	2	51.57	4	873.43	1	278.46
5.	Others	0	0	2	15.50	0	0
Total		46	4,556.02	30	4,844.9	58	3,327.46

(₹ in crore)

(iii) Loans and advances by State Government

In addition to investment in Co-operative societies, Corporations and Companies, State Government has also provided loans and advances to many institutions/ organisations. **Table-2.23** presents the outstanding loans and advances as on 31 March 2021 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2016-17 to 2020-21.

Table-2.23: Details of quantum of Loans disbursed and recovered during 2016-21

(₹ in crore)

Quantum of loans/interest receipts/ cost of borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance of the loans outstanding *	2,784.08	6,044.27	6,507.18	6,953.33	7,390.49
Amount advanced during the year	3,289.69	502.53	467.98	458.21	320.12
Amount recovered during the year	29.50	39.62	21.83	21.03	23.02
Closing Balance of the loans outstanding*	6,044.27	6,507.18	6,953.33	7,390.49	7,687.59
Net addition	3,260.19	462.91	446.15	437.17	297.09
Interest Received	80.35	255.59	272.15	135.11	248.91
Interest rate on Loans and Advances given by the Government	2.89	4.24	4.18	1.94	3.37
Interest payment as <i>per cent</i> to outstanding fiscal liabilities of the previous year	8.15	8.02	7.88	7.80	7.19
Notional loss due to difference between the rate of interest paid and interest received (<i>per cent</i>)	5.26	3.78	3.70	5.86	3.82

Source: Finance Accounts.

* From 2016-17 onwards, closing and opening balance includes ₹ 2,890.50 crore loan extended to DISCOM under UDAY Scheme.

The total amount of outstanding loans and advances as on 31 March 2021 was ₹ 7,687.59 crore. Within Economic Services, the major recipient was Power Sector: ₹ 254.32 crore (79.45 *per cent*) followed by Co-operation: ₹ 58.56 crore (18.29 *per cent*).

The amount of ₹ 39.62 crore recovered in 2017-18 was the highest quantum of recovery of loans and advances in the last five years. Since then, the recovery of loans and advances remained static ranging between ₹ 21.03 crore to ₹ 23.02 crore during 2018-21. During 2020-21, an amount of ₹ 23.02 crore was recovered. Interest receipts on loans and advances during the last four years (2017-21) remained almost static except for a sharp decrease in 2019-20 due to non-receiving of interest installment of ₹ 113.89 crore from Himachal Pradesh State Electricity Board on account of UDAY. The poor recovery of loans and advances highlights the need to review the recovery mechanism by the State Government.

Scrutiny of the total outstanding loans revealed that there was no repayment of loans by various public sector undertakings under Power Projects and Industries and Minerals over the last five years (up to March 2021), and yet additional loans had been extended to them. The overall outstanding balance has increased over the years.

(iv) Capital blocked in incomplete projects

An assessment of trends in capital blocked in incomplete capital works indicates quality of capital expenditure. Blocking of funds in 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 the extra burden of servicing debt and interest liabilities.

As per Appendix-IX of Finance Accounts of the State for the year 2020-21, there were 78 incomplete / ongoing projects (as per information provided by some divisions) in Public Works and Irrigation departments as on 31 March 2021. Age profile and department-wise profile of incomplete projects as on 31 March 2021 is given in **Table-2.24 (A)** and **Table-2.24 (B)**.

Table-2.24 (A): Age profile of incomplete capital works as on 31 March 2021

(₹ in crore)

Year of Commencement	No. of incomplete capital works	Estimated cost/ Revised cost	Expenditure (as on 31 March 2021)
1995	1	8.52	5.08
1996	1	5.62	9.40
1998	1	4.55	26.81
2003	1	9.28	25.03
2004	1	51.46	71.20
2005	1	5.45	10.14
2007	2	12.96	17.70
2008	1	2.15	0.71
2009	1	6.09	6.23
2011	3	59.40	66.39
2012	2	129.70	60.81
2013	7	61.66	69.41
2014	6	188.34	371.98
2015	13	50.68	36.74
2016	11	179.24	141.45

2017	9	70.72	37.35
2018	14	84.87	49.29
2019	3	13.86	8.33
Total	78	944.55	1,014.05

Source: Finance Accounts.

Table-2.24 (B): Department-wise profile of incomplete capital works as on 31 March 2021

(₹ in crore)

Department	No. of incomplete capital works	Estimated cost	Expenditure
Irrigation and Public Health (Jal Shakti)	40	434.39	786.05
Public Works (B&R)	38	510.16	228.00
Total	78	944.55	1,014.05

Source: Finance Accounts.

Effective steps need to be taken to complete these projects without further delay to avoid cost overruns due to lapse of time.

2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) can be said to be attached to a particular sector if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the better the quality of expenditure.

Table-2.25 analyses expenditure priorities of the State Government in comparison with Special Category States (SCSs), with regard to aggregate expenditure, expenditure on Education and Health Sectors and Capital Expenditure during 2020-21, taking 2016-17 as base year.

Table-2.25: Expenditure priority of the State in 2016-17 and 2020-21

(In per cent)

Fiscal priority of the State	TE/ GSDP	SSE/ TE	ESE/ TE	DE/ TE	CE/ TE	Education/ TE	Health/ TE
Average (ratio) in 2016-17 of							
Special Category States	26.50	35.64	31.30	66.20	15.97	16.67	5.67
Himachal Pradesh	25.58	33.15	35.87	69.02	10.89	16.31	5.56
Average (ratio) in 2020-21 of							
Special Category States	26.92	32.95	27.14	57.33	15.67	15.22	6.15
Himachal Pradesh	25.02	37.38	27.95	65.18	13.56	17.11	6.38

Note: TE-Total expenditure, SSE-Social Sector Expenditure, ESE-Economic Sector Expenditure, DE-Development Expenditure and CE-Capital Expenditure

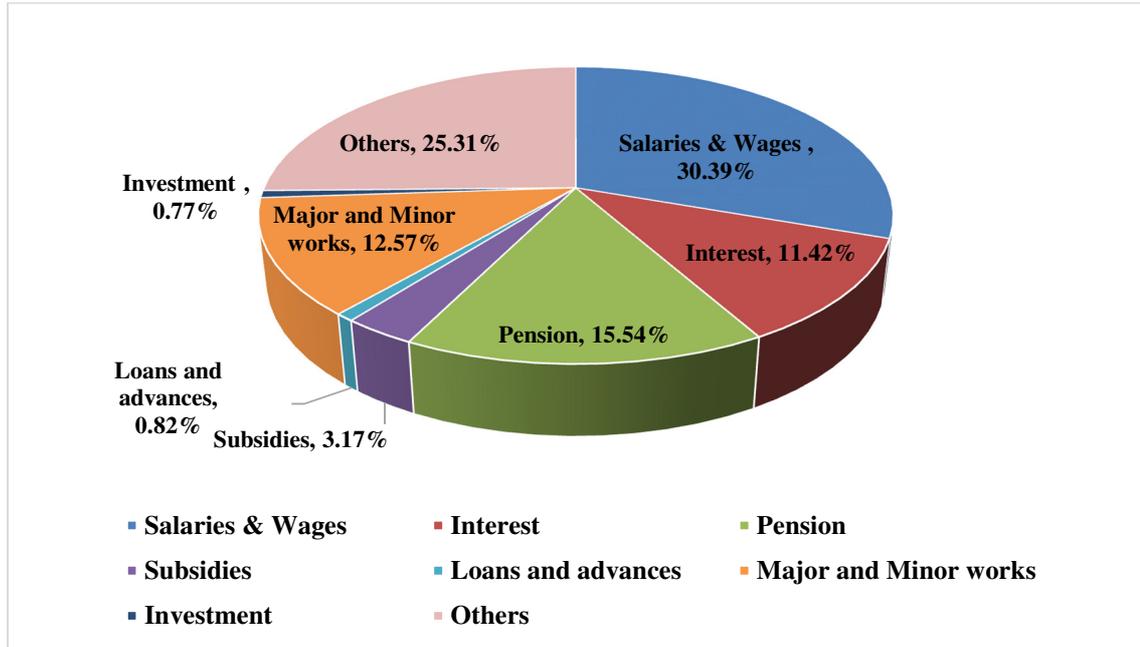
- As can be seen from the above table, every component of fiscal priority (except ESE and DE) as a ratio of Total Expenditure for the State of Himachal Pradesh was slightly less than that of SCS during 2016-17. However, all components were more (except CE) than that of SCS during 2020-21.

- Total Expenditure as a ratio of GSDP of the State was less than that of SCS during 2016-17 and 2020-21.
- Expenditure of the State on economic sector and development expenditure remained more than that of SCS during 2016-17 and 2020-21.

2.4.5 Object head-wise expenditure

Object head-wise expenditure gives information about the object/ purpose of the expenditure. Details of object head-wise expenditure are provided in the **Chart-2.14**.

Chart-2.14: Object head-wise expenditure (in percentage)



2.5 Public Account

Receipts and disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use.

2.5.1 Net Public Account Balances

The component-wise net balances in the Public Account of the State as at the end of March 2021 are given in **Table-2.26**.

Table-2.26: Component-wise net balances in Public Account as of 31 March 2021

(₹ 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.	11,844.41	13,236.38	14,349.53	15,537.13	16,522.64
	Total (I)	11,844.41	13,236.38	14,349.53	15,537.13	16,522.64

Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
J.-Reserve Funds	(a) Reserve Funds bearing Interest	0.95	8.48	1.00	1,887.65	1,882.54
	(b) Reserve Funds not bearing Interest	218.63	316.54	316.60	834.66	834.66
	Total (J):	219.58	325.02	317.60	2,722.31	2,717.20
K.-Deposits and Advances	(a) Deposits bearing Interest	8.07	-0.89	-1.41	-1.64	7.66
	(b) Deposits not bearing Interest	2,601.51	2,799.09	3,208.52	3,382.45	3,454.50
	(c) Advances	-0.53	-0.53	-0.53	-0.51	-0.51
	Total (K):	2,609.05	2,797.67	3,206.58	3,380.30	3,461.65
L.-Suspense and Miscellaneous	(a) Suspense	191.81	73.04	74.12	-1,330.44	-1,539.83
	(b) Other Accounts	-759.25	-723.54	-101.91	-982.25	-1,696.28
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-
	Total (L):	-567.44	-650.50	-27.79	-2,312.69	-3,236.11
M.-Remittances	(a) Money Orders, and other Remittances	332.91	398.45	509.19	612.45	546.02
	(b) Inter- Governmental Adjustment Account	-4.69	-1.21	0.31	-6.16	-4.11
	Total (M):	328.22	397.24	509.50	606.29	541.91
Grand Total	14,433.82	16,105.81	18,355.42	19,933.34	20,007.29	

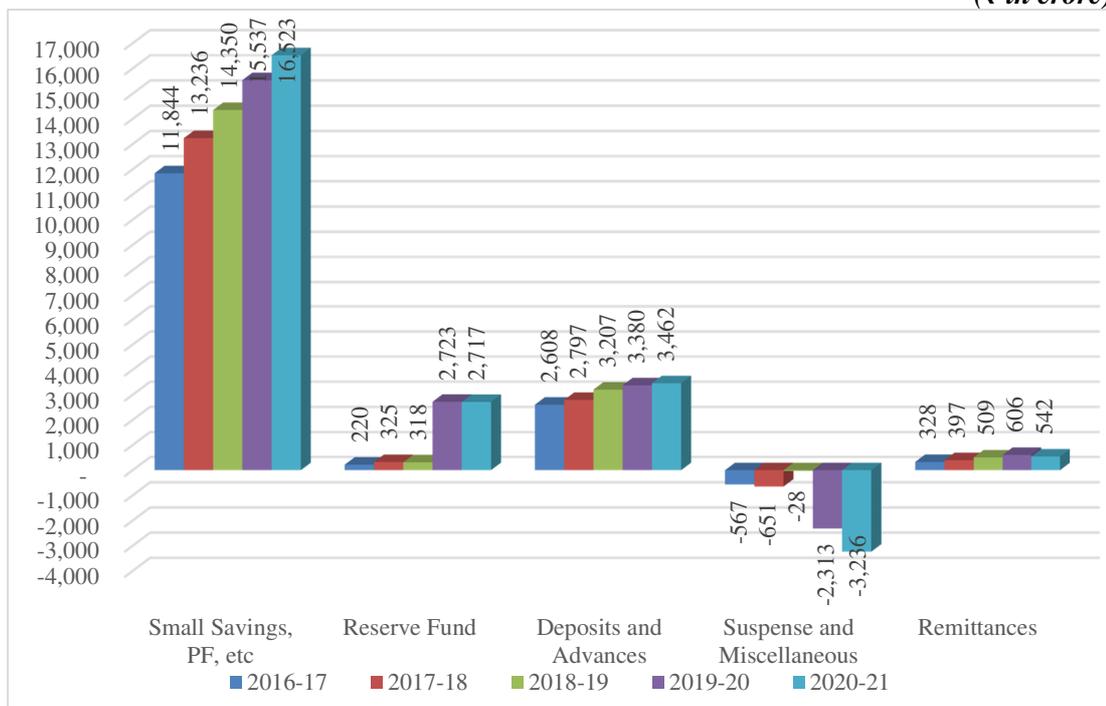
Source: Finance Accounts of the respective years.

Note: -ve denotes debit balance and +ve denotes credit balances.

The yearly changes in composition of balances in the Public Account over the five-year period 2016-21 are given in **Chart-2.15**.

Chart-2.15: Yearly changes in composition of Public Account balances

(₹ in crore)



Source: Finance Accounts of respective years.

Note: Suspense and Miscellaneous exclude other accounts.

It can be seen from the above **Table-2.26** that the net public account balances increased consistently during the period 2016-17 to 2020-21. It increased by ₹ 5,573 crore from ₹ 14,433.82 crore in 2016-17 to ₹ 20,007.29 crore during 2020-21.

The closing balance under the Public Account increased marginally by ₹ 73.95 crore (credit) (0.37 per cent) from ₹ 19,933.34 crore in 2019-20 to ₹ 20,007.29 crore in 2020-21. The increase over the previous year was mainly due to increase in credit balances under the heads of Small Savings (₹ 985.51 crore) and Deposits and Advances (₹ 81.35 crore) which was offset by the changes in debit balances under Suspense and Miscellaneous (₹ 923.42 crore).

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account. These funds are met from contributions or grants from the Consolidated Fund of the State.

Details of Reserve Funds are available in **Statements 21** and **22** of the Finance Accounts. There were five Reserve Funds (two Reserve Funds bearing Interest and three Reserve Funds not bearing Interest) earmarked for specific purposes. The interest on balances of Reserve Funds bearing Interest is paid by the Government if the same are not invested, while in the case of Reserve Funds not bearing Interest, balances are invested in Government Securities/Treasury Bills under the administration of Central Accounts Section of the Reserve Bank of India at Nagpur. The fund balances lying in various Reserve Funds (bearing Interest and not bearing Interest) as on 31 March 2021 are given in **Table-2.27**.

Table-2.27: Details of Reserve Fund

(₹ in crore)

Sr. No.	Name of Reserve Fund	Balance as on 31 March 2021
A	Reserve Funds bearing Interest	1,882.54
1	State Disaster Response Fund	233.81
2	State Compensatory Afforestation Fund	1648.73
B	Reserve Funds not bearing Interest	834.66
1	Industrial Development Funds	0.16
2	Electricity Development Funds	315.52
3	National Disaster Response Fund	518.98
	Grand Total	2,717.20

Source: Finance Accounts.

Out of the above, two Reserve Funds not bearing Interest i.e., Industrial Development and Electricity Development had remained inoperative for at least five years. The State Government is yet to close these inoperative Reserve Funds and transfer the balances to the Consolidated Fund of the State.

2.5.2.1 Consolidated Sinking Fund

In terms of the recommendations of the Twelfth Finance Commission, State Governments were required to create Consolidated Sinking Fund to be administered by the Reserve Bank of India for redemption of outstanding liabilities. As per model Consolidated Sinking Fund scheme circulated by RBI's guidelines of 2006 for voluntary adoption by the States, the State Government was to make minimum annual

contributions to the Fund at the rate of 0.5 *per cent* of the outstanding liabilities at the end of the previous financial year. The State Government, however, had not created the Consolidated Sinking Fund so far.

2.5.2.2 State Disaster Response Fund

As per recommendations of the Thirteenth Finance Commission (TFC), the State Disaster Response Fund (SDRF) has been constituted by the State Government for meeting expenditures on providing immediate relief to victims of cyclone, drought, earthquake, fire, flood, hailstorm, landslide, avalanche, cloud burst, etc.

In terms of GoI guidelines, the Centre and the State Government are required to contribute to the Fund in the proportion of 90:10. As per guidelines on SDRF, the receipt of Central share is accounted for in the State Accounts as Revenue under MH 1601 - Grants-in-aid from Central Government 07 - Finance Commission grants 104 - Grant-in-aid for State Disaster Response Fund. In order to enable transfer of the total amount of contribution (Central share and State share) to the SDRF, the State Government would make suitable budget provision under the head 2245 - Relief on Account of Natural Calamities - 05 SDRF – 101 - Transfer to Reserve Fund and Deposit Accounts - SDRF. On receipt of Central share, the State would transfer the amount, along with its share to the Public Account under Reserve Fund bearing Interest below the Major Head 8121 - General and Other Reserve Fund. The actual expenditure on relief works will be booked only under respective Sub/Minor Head within MH 2245.

Further, the State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of RBI. The interest is to be credited on a half-yearly basis. 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.

During the year 2020-21, the State government received ₹ 409 crore as Central share of SDRF. The State Government transferred ₹ 454 crore (₹ 409 crore as Central share and ₹ 45 crore as State share) to the SDRF fund under Major Head 8121 – 122 - SDRF. Out of total amount of ₹ 454.00 crore, ₹ 447.12 crore was disbursed/ utilised during the year. No amount was invested by the State Government during 2020-21.

As of 31 March 2020, ₹ 1.00 crore on account of SDRF balances were not invested by the State Government. Interest of ₹ 0.06 crore would have been earned had these funds been invested.

2.5.2.3 Guarantee Redemption Fund

Guarantee Redemption Fund is to be constituted for meeting payment obligations arising out of guarantees issued by the Government in respect of bonds and other borrowings by State Public Sector Undertakings or other Bodies and invoked by beneficiaries. The accumulations in the Fund are to be utilised only towards payment

of guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued. The Reserve Bank of India circulated a draft scheme for voluntary adoption by States, as per which the State Government was to contribute an amount equivalent to at least 0.5 *per cent* of the outstanding guarantees at the end of the second financial year preceding the current financial year as reflected in the books of accounts maintained by the Pr. Accountant General (A&E). The State Government, however, had not set up a Guarantee Redemption Fund so far.

2.5.2.4 State Compensatory Afforestation Funds

State Compensatory Afforestation Fund (SCAF) was required to be created for administering amounts received and utilising funds collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. Detailed guidelines for accounting under this Fund have been issued by Ministry of Environment, Forest and Climate Change, Government of India in November 2018.

During the year 2020-21, the State Government did not receive any amount from user agencies. Out of the progressive balance of ₹ 1,768.22 crore (Opening balance: ₹ 1,660.72 crore + interest credited during the year: ₹ 107.50 crore), only ₹ 119.49 crore was disbursed during 2020-21 leaving ₹ 1,648.73 crore unutilised under this head at the end of 2020-21. This amount is booked under Head-8121-129-State Compensatory Afforestation Fund.

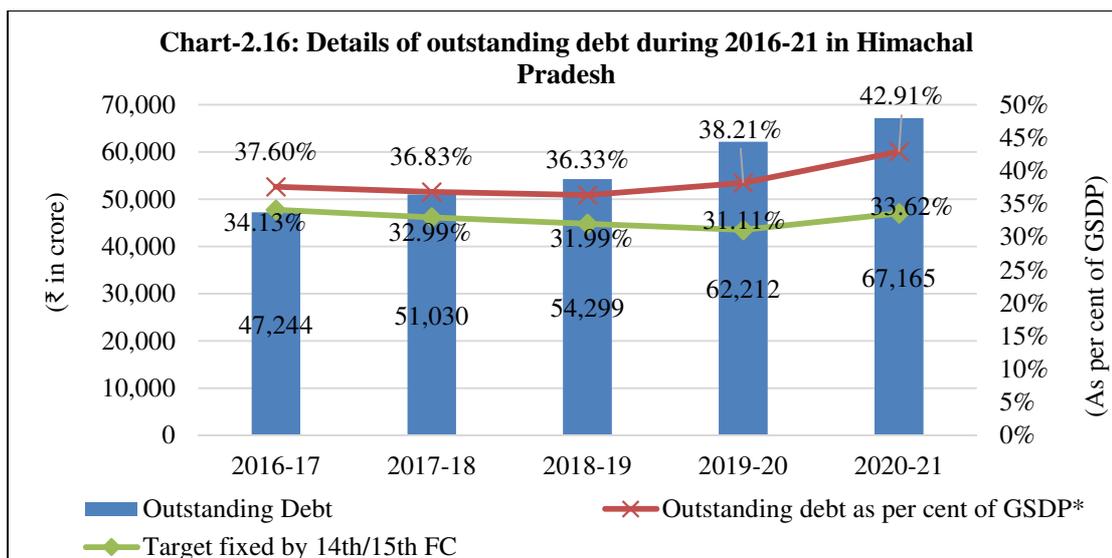
2.5.3 Suspense and Miscellaneous

During 2020-21, an amount of ₹ 227.65 crore (Revenue Expenditure ₹ 81.77 crore and Capital Expenditure ₹ 145.88 crore) has been objected to by the Principal Accountant General (A&E) due to non-furnishing of vouchers and other documents as proof of actual expenditure, and the entire amount has been kept in abeyance under the Objection Head 8658-102-Suspense Account under Public Account. Thus, the objected amount has not been taken into account as Revenue / Capital expenditure in the Finance Accounts or as expenditure in the Appropriation Accounts for the year 2020-21.

2.6 Debt management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order 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 budget announcements.

The year-wise position of overall debt for the period 2016-17 to 2020-21 is given in the **Chart-2.16** below:



*Outstanding debt as per cent of GSDP calculated by excluding ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

2.6.1 Debt profile: Components

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 National Small Savings Fund and Loans from Financial Institutions, etc.), Loans and Advances from the Central Government, and Public Account Liabilities. The outstanding fiscal liabilities of the State for the year 2020-21 are presented in **Chart-2.17**. The component-wise debt trends of the State for the five-year period 2016-21 are shown in **Table-2.28**.

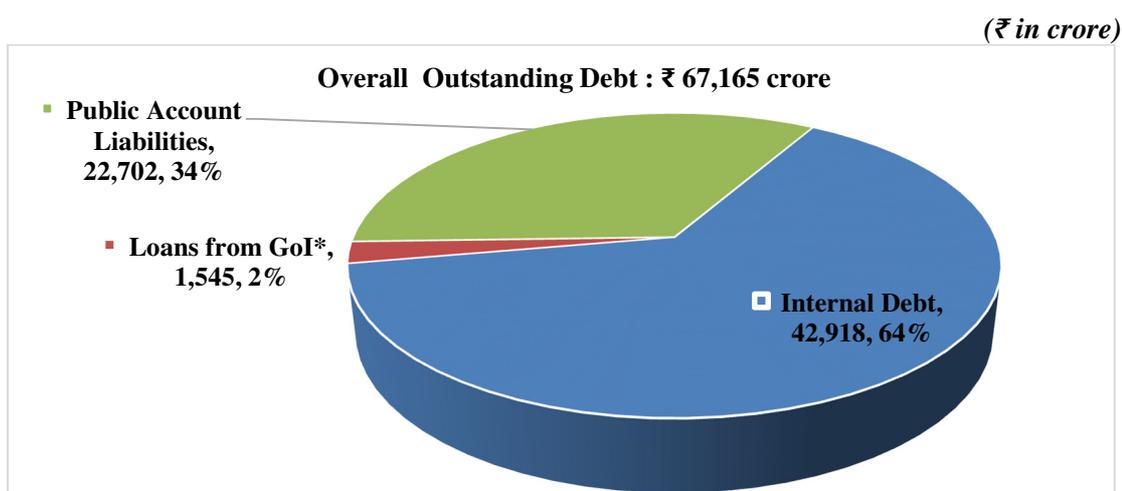
Table-2.28: Component-wise debt trends

		(₹ in crore)					
		2016-17	2017-18	2018-19	2019-20	2020-21	
Overall Outstanding Debt (1+2)		47,244.02	51,030.51	54,299.19	62,211.84	67,164.75*	
1.	Public Debt	(a) Internal Debt	31,494.03	33,591.47	35,363.18	39,527.77	42,918.22
		(b) Loans from GoI	1,076.43	1,079.43	1,061.77	1,043.81	1,544.51*
2.	Public Account Liabilities	14,673.56	16,359.61	17,874.24	21,640.26	22,702.02	
3.	Rate of growth of overall outstanding debt (percentage)	14.68	8.01	6.41	14.57	7.96	
4.	Gross State Domestic Product (GSDP)	1,25,634	1,38,551	1,49,442	1,62,816	1,56,522	
5.	Overall Debt/GSDP (per cent)	37.60	36.83	36.33	38.21	42.91*	
6.	Public Debt Receipts	8,603.31	5,600.29	6,427.41	10,847.39	15,032.21*	
7.	Public Debt Repayments	3,942.84	3,499.85	4,673.34	6,700.75	11,141.05	
8.	Public Debt Available (6-7)	4,660.47	2,100.44	1,754.07	4,146.64	3,891.16	
9.	Public Debt Repayments/ Receipts (percentage) (7/8)	45.83	62.49	72.71	61.77	74.11	
10.	Net Public Account Receipts	1,386.11	1,686.04	1,514.64	2,457.90	787.97	
11.	Total Debt Available (8+10)	6,046.58	3,786.48	3,268.71	6,604.54	4,679.13	

Source: Finance Accounts of respective years.

* Excludes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

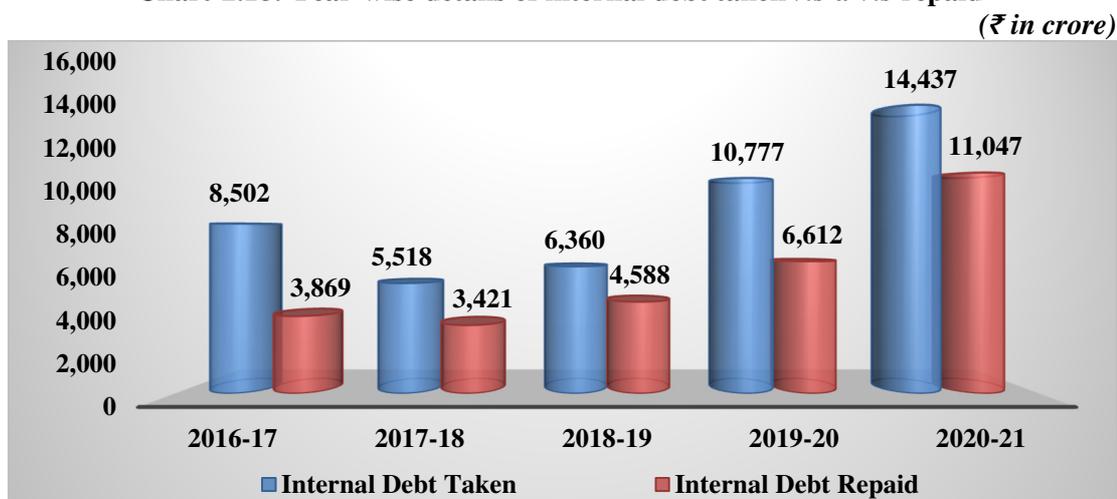
Chart-2.17: Break-up of Outstanding Debt at the end of 31 March 2021



The overall fiscal liabilities of the State increased from ₹ 47,244 crore in 2016-17 to ₹ 67,165 crore in 2020-21 registering an increase of 42.17 per cent, mainly due to increase in internal debt (₹ 11,424 crore) and public account liabilities (₹ 8,028 crore). The overall fiscal liabilities increased by 7.96 per cent in 2020-21 as compared with 14.57 per cent in the previous year. The ratio of fiscal liabilities to GSDP increased from 37.60 per cent in 2016-17 to 42.91 per cent* in 2020-21. The liabilities were 2.01 times the revenue receipts and 6.54 times the State's own resources. It is significant to note that actual outstanding debt / GSDP ratio, which stood at 42.91 per cent*, was well-above the targets set in the 15th FC (36 per cent) and Budget/MTFPS (33.62 per cent).

The percentage of outstanding debt to GSDP remained between 36 per cent and 43 per cent over the last five years (2016-21). About 46 per cent to 74 per cent of debt receipts were used for making repayments of past obligations during the period 2016-17 to 2020-21.

Chart-2.18: Year-wise details of internal debt taken vis-à-vis repaid



Source: Finance Accounts of the respective years.

* Calculated by excluding ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

Internal debt taken by the State Government increased by ₹ 5,935 crore (70 per cent) from ₹ 8,502 crore in 2016-17 to ₹ 14,437 crore in 2020-21. Interest of ₹ 3,144 crore was paid on internal debt during 2020-21.

Market borrowings form the major portion of the internal debt of the State Government, with interest rates ranging between 6.30 and 9.75 per cent. In 2020-21, out of total internal debt receipts of ₹ 14,437 crore, market borrowings constituted ₹ 6,000 crore. Out of total internal debt repayments of ₹ 11,047 crore, repayment of market loans constituted ₹ 2,245 crore. The outstanding market borrowings as of 31 March 2021 were ₹ 31,897 crore. The net increase of market borrowings during the year was 13.34 per cent (₹ 3,755 crore). The State Government had to take Ways and Means Advances and Overdrafts (₹ 7,744 crore) from Reserve Bank of India on 63 occasions to maintain minimum daily cash balances, which were repaid during the year.

The financing pattern of the fiscal deficit is reflected in the **Table-2.29**. The debt trends comprising Internal Debt, Loans from GoI, Public Account over the period 2016-17 to 2020-21 to finance the Fiscal Deficit are highlighted in the **Chart-2.19**.

Table-2.29: Components of fiscal deficit and its financing pattern

(₹ in crore)

	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Composition of Fiscal Deficit		2,948.60	3,869.87	3,512.54	5,597.06	5,700.09
A	Revenue surplus/deficit	920.12	313.90	1,508.21	11.98	-96.66
B	Net Capital Expenditure	(-) 3,499.03	(-)3,720.85	(-)4,574.59	(-)5,171.87	(-)5,306.33
C	Net Loans and Advances	(-)369.69 [#]	(-)462.92	(-)446.16	(-)437.17	(-)297.10
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	2,162.65	2,550.99	2,108.10	4,460.00	3,755.00
2	Loans from GoI	27.38	3.00	(-)17.65	(-) 17.95	2,217.73 ^{\$}
3	Special Securities Issued to NSSF	(-) 500.77	(-)514.71	(-)538.25	(-) 569.10	(-) 569.10
4	Loans from Financial Institutions	80.31 [#]	61.16	201.86	273.69	204.54
5	Small Savings, PF, etc.	1,204.51	1,391.97	1,113.14	1,187.60	985.51
6	Deposits and Advances	181.36	188.63	408.91	173.71	81.35
7	Suspense and Misc.	(-) 71.74	(-)118.76	1.08	(-) 1,404.92	(-) 209.39
8	Remittances	(-)35.23	69.02	112.25	96.80	(-) 64.38
9	Reserve Fund	0.25	105.45	(-) 7.43	2,404.71	(-) 5.11
10	Overall Deficit	3,048.72	3,736.75	3,382.01	6,604.54	6,396.15
11	Increase (-) Decrease (+) in cash balances	(-) 100.12	133.12	130.53	(-) 1,007.48	(-) 696.06
12	Gross Fiscal Deficit	2,948.60	3,869.87	3,512.54	5,597.06	5,700.09

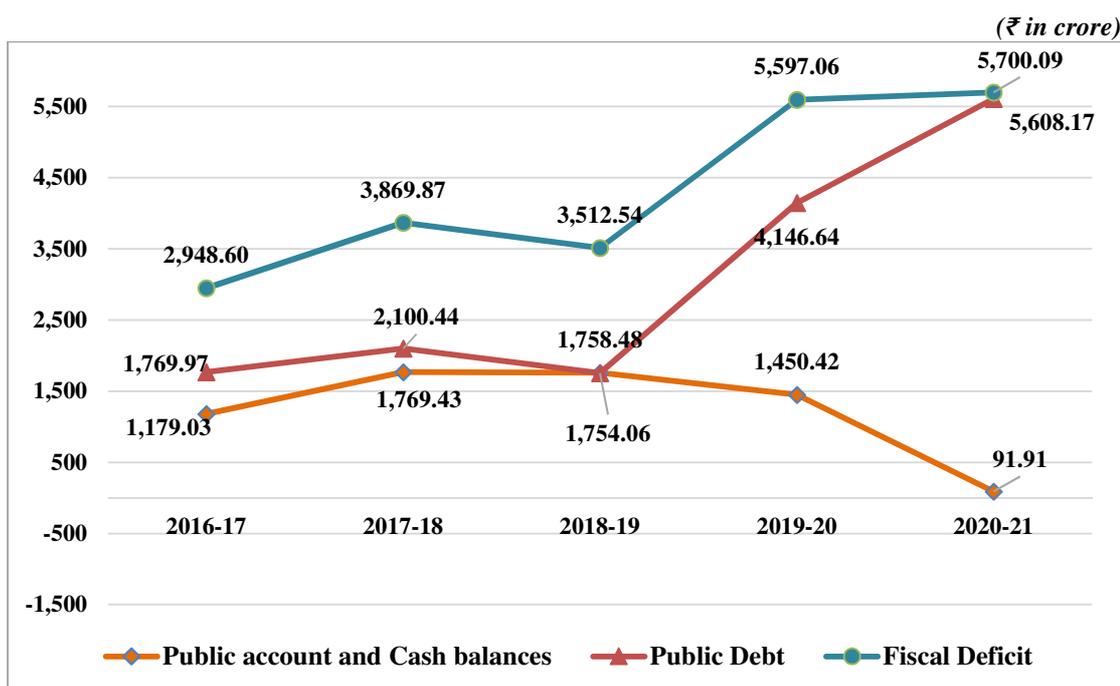
Source: Finance Accounts.

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

[#] Excludes an amount of ₹ 2,890.50 crore (loans to DISCOM).

^{\$} Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

Chart-2.19: Trends of financing fiscal deficit during 2016-21



The fiscal deficit of ₹ 5,700 crore in 2020-21 was largely financed through public debt which included market borrowings, loans from financial institutions, Small Savings, etc. as depicted in **Table-2.30**.

Table-2.30: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	6,000.00	2,245.00	3,755.00
2	Loans from GOI	2,311.87	94.14	2,217.73*
3	Special Securities issued to NSSF	0	569.10	-569.10
4	Loans from Financial Institutions	692.86	488.32	204.54
5	Small Savings, PF, etc.	3,665.79	2,680.28	985.51
6	Deposits and Advances	3,555.45	3,474.10	81.35
7	Suspense and Miscellaneous	884.56	1,093.95	-209.39
8	Remittances	6,774.69	6,839.07	-64.38
9	Reserve Fund	564.40	569.51	-5.11
10	Overall Deficit	24,449.62	18,053.47	6,396.15*
11	Increase/Decrease in cash balance	1,060.18	1,756.24	-696.06
12	Gross Fiscal Deficit	23,389.44	16,297.23	5,700.09*

Source: Finance Accounts.

* Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

2.6.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile depicts the debt servicing requirements on the part of the Government.

Public Debt

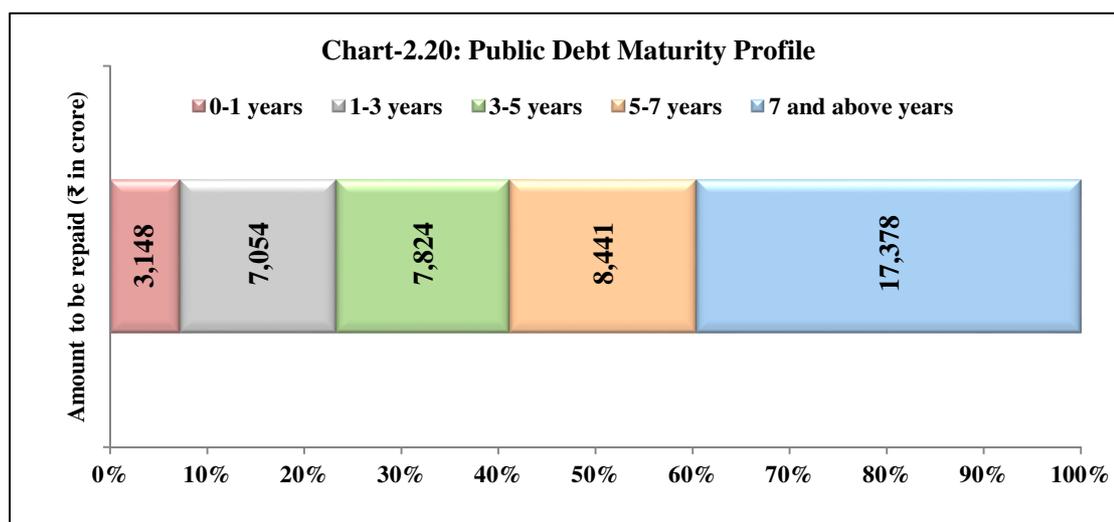
The maturity profile of the State's outstanding public debt is given in **Table-2.31** and **Chart-2.20**.

Table-2.31: Debt Maturity profile of repayment of Public Debt

Year of maturity	Period of repayment (Years)	Amount (₹ in crore)			Percentage (w.r.t. Public Debt)
		Internal debt	Loans and advances from GoI	Total	
By 2021-22	0 – 1	3,050	97	3,147	7.18
Between 2022-23 & 2023-24	1 – 3	6,850	204	7,054	16.09
Between 2024-25 & 2025-26	3 – 5	7,701	124	7,825	17.85
Between 2026-27 & 2027-28	5 – 7	8,329	112	8,441	19.25
2028-29 onwards	7 and above	16,988	390*	17,378*	39.63
Total		42,918	927	43,845	100

Source: Finance Accounts.

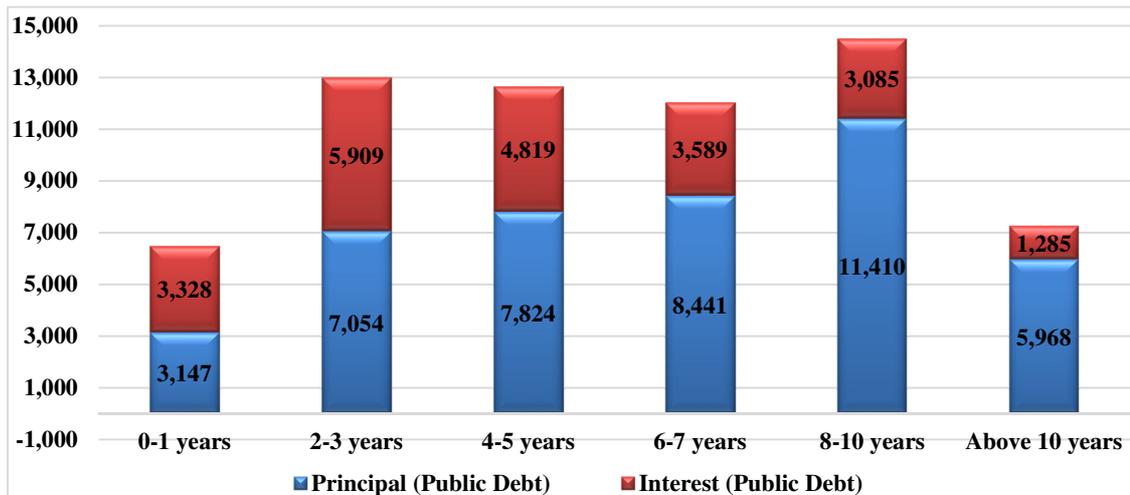
* This amount excludes ₹ 1,717 crore received as back-to-back loans from GoI in lieu of GST compensation shortfall, and ₹ 617.90 crore (Scheme for special assistance to States for Capital expenditure: ₹ 533.00 crore; Pre-1984-85 loans: ₹ 0.13 crore and Externally Aided Projects loans: ₹ 84.77 crore) whose maturity is uncertain.



It can be seen from the **Table-2.32** that as of March 2021, total outstanding public debt (principal) was ₹ 44,463 crore, excluding ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall. The maturity of loans amounting to ₹ 618 crore was uncertain, and hence was not considered for arriving at the maturity profile of the outstanding debt. The maturity profile of outstanding stock of public debt of ₹ 43,845 crore (₹ 44,463 crore - ₹ 618 crore) as on 31 March 2021 showed that 60 per cent (₹ 26,467 crore) of the total outstanding debt was to attain maturity in the coming seven years and the balance of ₹ 17,378 crore (40 per cent) from seventh year onwards.

Repayment schedule of the outstanding public debt along with interest has been given in **Chart-2.21**.

Chart-2.21: Repayment schedule of Public Debt (₹ in crore)



Note: The effect of ₹ 1,717 crore (as back-to-back loans to State from GoI in lieu of GST compensation shortfall) and ₹ 617.90 crore (whose maturity is uncertain) has not been taken into account for calculation of Public debt.

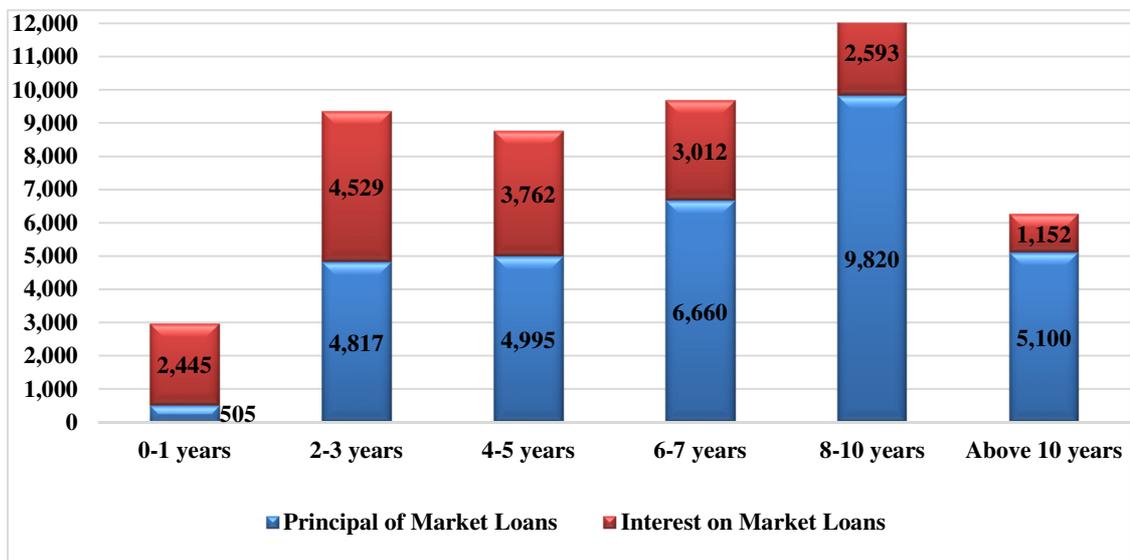
Out of total outstanding public debt of ₹ 65,860 crore along with interest (principal: ₹ 43,845 crore and interest: ₹ 22,015 crore), 10 per cent (₹ 6,475 crore) is payable in the next one year, 39 per cent (₹ 25,606 crore) is payable in the next two to five years, while the remaining 51 per cent (₹ 33,778 crore) is to be paid after more than five years. Annual outgo on public debt repayment and interest will be approximately ₹ 6,416 crore during the next five years up to 2025-26. Current annual repayment of public debt (principal) including interest during the year is ₹ 6,618 crore (excluding ₹ 7,444 crore of WMA and Overdrafts).

Market Borrowings / Loans

The amount of outstanding market loans and interest to be paid thereon is detailed in **Chart-2.22**.

Chart-2.22: Repayment schedule of market loans

(₹ in crore)



The State will have to repay ₹ 5,322 crore of principal of market loans and interest of ₹ 6,974 crore in next three financial years *i.e.* up to 2023-24. In the next two years up to 2025-26, ₹ 4,995 crore principal and interest of ₹ 3,762 crore will be payable. Annual outgo on market loan repayment and interest will be approximately ₹ 4,211 crore during the next five years up to 2025-26. Current annual repayment of loans including interest during the year is ₹ 4,457 crore.

During the period 2026-27 to 2030-31, market loans of ₹ 16,480 crore and interest of ₹ 5,605 crore will be payable. As such, the State will have to repay approximately ₹ 4,417 crore annually during that period.

2.7 Debt Sustainability Analysis (DSA)

Apart from the magnitude of the debt of the Government, it is important to analyse the various parameters that determine the debt sustainability of the State and indicate the ability of the State to service its debt obligations. This section assesses the sustainability of the debt of the Government in terms of rate of growth of outstanding debt; ratio of interest payments and revenue receipts, debt repayments and debt receipts; net debt available to the State. **Table-2.32** analyses the debt sustainability of the State according to these indicators for the period of five years from 2016-17 to 2020-21.

Table-2.32: Trends in Debt Sustainability indicators

Indicators of Debt Sustainability	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt* (₹ in crore)	32,570	34,671	36,425	40,572	44,463 [§]
Rate of Growth of Outstanding Public Debt (in per cent)	16.70	6.45	5.06	11.39	9.59
GSDP (₹ in crore)	1,25,634	1,38,551	1,49,442	1,62,816	1,56,522
Rate of Growth of GSDP (in per cent)	9.97	10.28	7.86	8.95	-3.87
Public Debt/GSDP (in per cent)	25.92	25.02	24.37	24.92	28.41 [§]
Interest payments on Public Debt (₹ in crore)	2,459	2,829	2,958	3,071	3,228
Average Interest Rate of Outstanding Public Debt (Interest paid/OB of Public Debt + CB of Public Debt/2) (in per cent)	8.13	8.41	8.32	7.97	7.59
Percentage of Interest Payments to Revenue Receipts	9.36	10.34	9.56	9.99	9.65
Percentage of Public Debt repayments to Public Debt Receipts	45.83	62.49	72.71	61.77	74.12
Net Public Debt Available to the State [#] (₹ in crore)	2,201	(-729)	(-1,204)	1,076	664
Net Debt available as per cent to Debt Receipts	25.58	-13.02	-18.73	9.91	4.42
Debt Stabilisation (Quantum spread [@] + Primary Deficit) (₹ in crore)	1,010	566	342	-969	-6,322

Source: State Finance Accounts of the respective years.

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.

* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

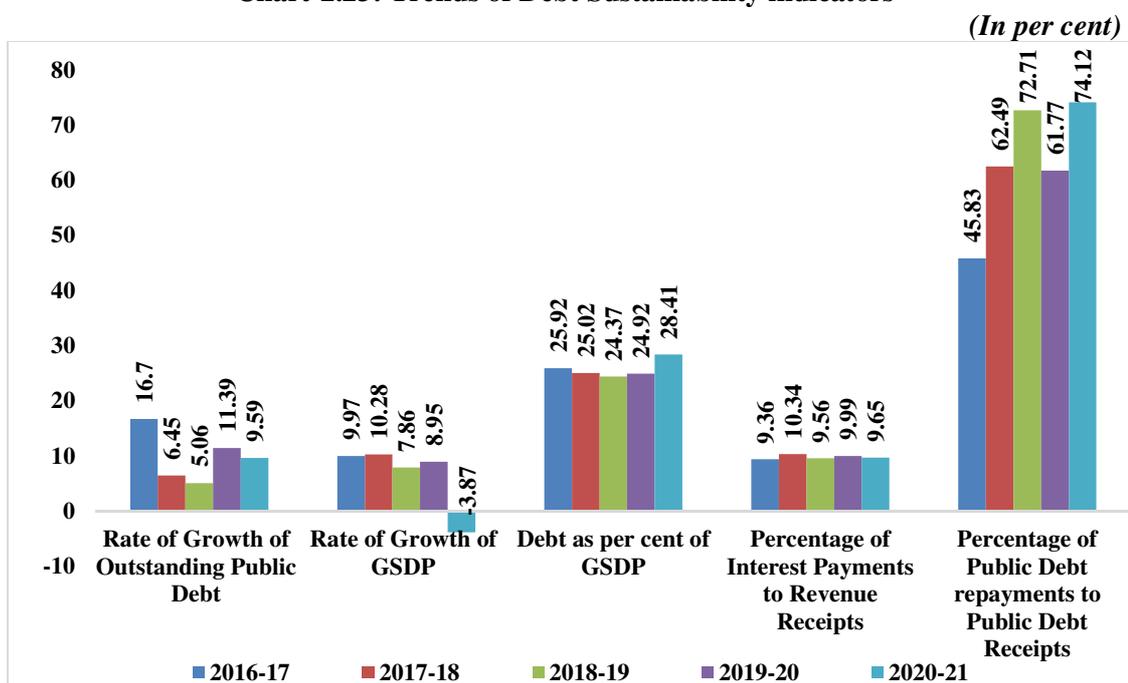
@ Quantum spread = Debt X interest spread; Interest spread = GSDP growth rate - average interest rate

§ Excludes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

A necessary condition for debt stability states that if the rate of growth of GSDP exceeds the interest rate of public debt, the debt-GSDP ratio is likely to be eventually falling and stable provided primary balances are either zero or positive or moderately negative. Thus, if quantum spread together with primary deficit turns out to be negative, debt-GSDP ratio would eventually be rising.

In the five-year period from 2016-17 to 2020-21, the public debt-GSDP ratio was ranging between 24.37 to 28.41 *per cent*. The increase in debt-GSDP ratio in 2020-21 as compared to the previous year was mainly due to negative growth (-3.87 *per cent*) in GSDP and increased growth (9.59 *per cent*) in public debt. Trends in debt sustainability indicators for the five-year period from 2016-17 to 2020-21 are shown in **Chart-2.23**.

Chart-2.23: Trends of Debt Sustainability indicators



During the period 2016-17 to 2020-21, Public Debt of the State Government increased from ₹ 32,570 crore to ₹ 44,463 crore (excluding ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall), registering an increase of 36.52 *per cent*. Significantly, while GSDP increased at a CAGR of 5.65 *per cent* during 2016-21, the outstanding public debt (by excluding the amount of ₹ 1,717 crore) increased at a faster rate of 8.09 *per cent* during the period. The burden of interest payment ranged from nine to 10 *per cent* of Revenue Receipts, and 46 to 74 *per cent* of debt receipts were used for discharging existing liabilities.

2.7.1 Utilisation of borrowed funds

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 loans is not sustainable. Trend in utilisation of borrowed funds during past five years is shown in the **Table-2.33** and **Chart-2.24** below.

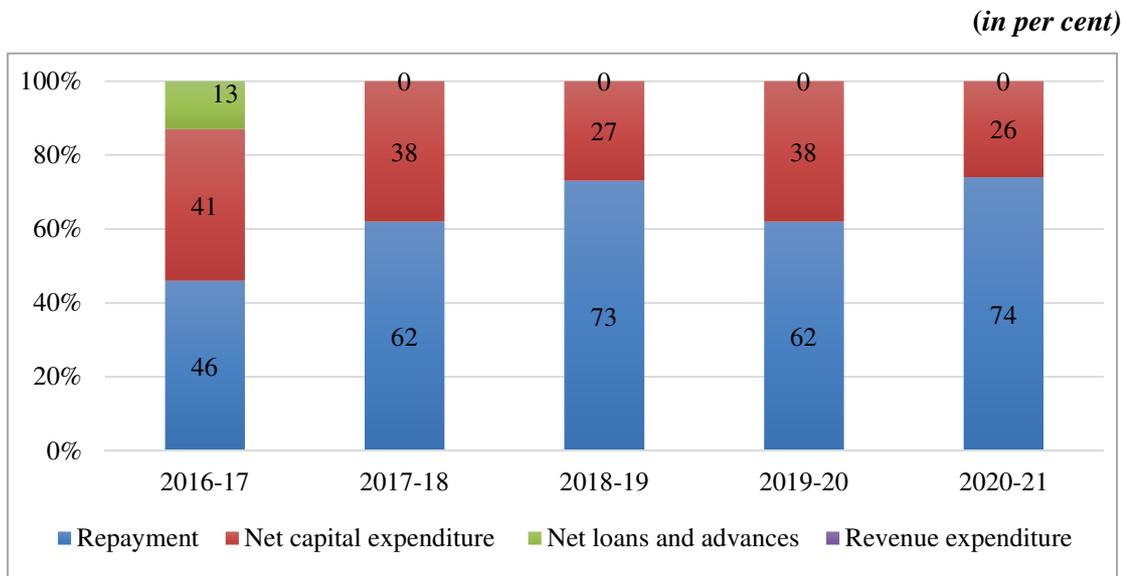
Table-2.33: Utilisation of borrowed funds

(₹ in crore)						
Year	1	2016-17	2017-18	2018-19	2019-20	2020-21
Total Borrowings	2	8,603.31	5,600.29	6,427.40	10,847.39	15,032.21 [@]
Repayment of earlier borrowings (Principal)	3	3,942.84 (45.83)	3,499.85 (62.49)	4,673.35 (72.71)	6,700.75 (61.77)	11,141.04 (74.11)
Net capital expenditure*	4	3,499.03 (40.67)	2,100.44 (37.51)	1,754.05 (27.29)	4,146.64 (38.23)	3,891.17 (25.89)
Net Loans and Advances disbursed	5	1,161.44 (13.50)	-Nil-	-Nil-	-Nil-	-Nil-
Portion of total borrowings utilised towards Revenue expenditure	6 {2-(3+4+5)}	-Nil-				

[@] Excludes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

* Net Capital Expenditure = Total Capital Expenditure-Misc. Capital Receipts
Figures in brackets indicate percentage utilisation of borrowed funds

Chart-2.24: Trends in Utilisation of borrowed funds



During 2016-21, no portion of debt receipts was used for meeting revenue expenditure. Utilisation of borrowed funds for repayment of previous borrowings (principal) ranged between 46 per cent and 74 per cent, and for capital expenditure between 26 per cent and 41 per cent.

During 2020-21, 74.11 per cent of borrowed funds were utilised for repayment of previous borrowings (principal) and 25.89 per cent for capital expenditure.

2.7.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per **Statement-9** and **20** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table-2.34** and detail of recipients/bodies which have received

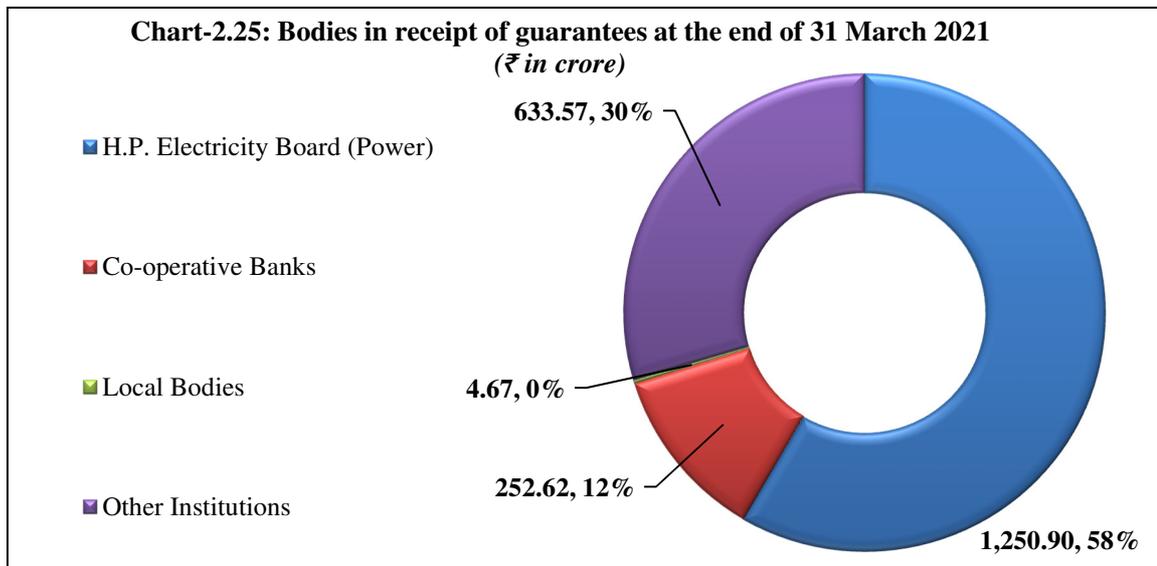
guarantees from the State Government at the end of 31 March 2021 are given in **Chart-2.25**.

Table-2.34: Guarantees given by the State Government

(₹ in crore)

Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding amount of guarantees	4,550.42	4,393.66	4,309.21	1,947.07	2,141.76
Additions during the year	3,053.02	146.27	74.28	639.70	418.03
Deletions during the year	2,217.00	303.03	158.72	3,001.84*	165.60
Invoked during the year	--	--	--	--	--
Ceiling applicable to the outstanding amount of guarantees including interest (criteria)	40 per cent of total revenue receipt in the preceding financial year.				
Percentage of outstanding amount of guarantees to total revenue receipts in the preceding financial year	19	17	16	6	7

* Includes an amount of ₹ 2,890.50 crore (loans to DISCOM) and ₹ 13.18 crore (interest charged on guaranteed amount) deleted from Finance Account, because it was shown as guarantees given by the State Government inadvertently in the previous years' Finance Accounts.



No amount of guarantee was invoked during 2020-21. As of 31 March 2021, outstanding amount of guarantees was ₹ 2,141.76 crore as per the Finance Accounts. However, it is to be noted that the accounts of most PSUs were not current, and the PSUs and State Government had not reconciled difference in figures. The main recipients of guarantees from the State Government during the year were Power (₹ 138 crore), Statutory Corporations and Boards (₹ 204 crore) and Co-operative Banks (₹ 75.85 crore) (**Chart-2.25**). The outstanding amount of guarantee (₹ 2,142 crore) at the close of 2020-21 accounted for seven per cent of total revenue receipts of previous year of the State, which was within the target of 40 per cent prescribed in the FRBM Act.

In addition, as per Himachal Pradesh Financial Rules, 2009 and Government instructions (6th March 1992) the guarantee fees (one per cent) and commitment charges (0.2 per cent) are to be levied from the borrowers at the time of approval of

the guarantee. The State Government did not have information about the receivable amount of guarantee fees and commitment charges due from the bodies/ entities. Over the last 10 years (up to 2018-19), no amount of guarantee fees and commitment charges had been received/ levied by the State Government. Amount of ₹ 0.72 lakh was received in 2019-20 and ₹ 2.16 crore in 2020-21.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking 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.

The State Government has to maintain minimum Cash balance of ₹ 0.55 crore with the Reserve Bank of India. The limit for ordinary WMA to the State Government is ₹ 715 crore with effect from 1 April 2020 to 16 April 2020 and ₹ 880 crore from 17 April 2020 to 31 March 2021. RBI also gives SWMA to the State Government against pledging of government securities.

During 2020-21, State Government could maintain minimum daily cash balance for 302 days. The Government had to take a total of ₹ 7,744.47 crore in WMA / OD (₹ 6,444.59 crore of ordinary / special WMA on 51 occasions and ₹ 1,299.88 crore of OD on 12 occasions) from RBI which were repaid during the year. There were no outstanding ways and means advances and overdrafts at the end of the year 2020-21. An amount of ₹ 6.12 crore was paid as interest during the year. **Table-2.35** depicts the cash balances and investments made out of these by the State Government during the year.

Table-2.35: Cash Balances and their investment

(₹ in crore)

Particulars	Opening balance as on 1 April 2020	Closing balance on 31 March 2021	Increase (+)/ Decrease (-)
(a) General cash balance			
Cash in treasuries	Nil	Nil	Nil
Remittance in transit-Local	Nil	Nil	Nil
Deposits with RBI	77.93	59.96	(-) 17.97
Total	77.93	59.96	(-) 17.97
Investments held in cash balance Investment account	9,82.06	1,696.09	714.03
Total (a)	1,059.99	1,756.05	696.06
(b) Other cash balances and investments			
Cash with departmental officers viz., Public Works Department Officers, Forest Department Officers, District Collectors	0.16	0.16	Nil

Particulars	Opening balance as on 1 April 2020	Closing balance on 31 March 2021	Increase (+)/ Decrease (-)
Permanent advances for contingent expenditure with departmental officers	0.03	0.03	Nil
Investment of earmarked funds	Nil	Nil	Nil
Total (b)	0.19	0.19	Nil
Total (a+b)	1,060.18	1,756.24	696.06

Cash balances of the State Government at the year-end increased by ₹ 696.06 crore from ₹ 1,060.18 crore in 2019-20 to ₹ 1,756.24 crore in 2020-21. The investments made out of cash balances also increased from ₹ 982.06 crore to ₹ 1,696.09 crore.

State Government invests its surplus cash balances 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 cash balance investments of the State during the five-year period 2016-17 to 2020-21 are given in the **Table-2.36**.

Table-2.36: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2016-17	556.80	759.43	202.63	53.30
2017-18	759.43	723.72	(-) 35.71	81.13
2018-19	723.72	102.09	(-) 621.63	66.90
2019-20	102.09	982.06	879.97	55.02
2020-21	982.06	1,696.09	714.03	31.88

Source: Finance Accounts.

Analysis of the trend in cash balance investment of the State Government during the period 2016-17 to 2020-21 revealed that investments decreased significantly during 2018-19. Thereafter, the investments increased during 2019-20 and 2020-21 by ₹ 879.97 crore and ₹ 714.03 crore respectively. The State Government earned interest of ₹ 31.88 crore during 2020-21 from cash balance investments made in GoI Securities and Treasury Bills.

Large cash balances at the year-end indicated sub-optimal cash management by the State Government which had taken market loans despite having large cash balances which were not put to productive use.

Chart-2.26 compares the Cash Balances and the Market Loans taken by the State during the period 2016-21. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

Chart-2.26: Market loans vis-à-vis Cash Balance

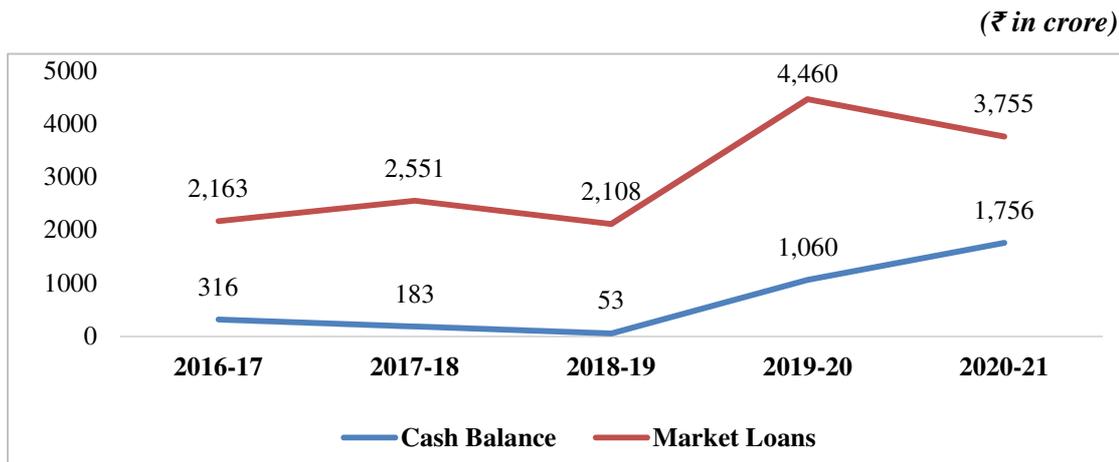
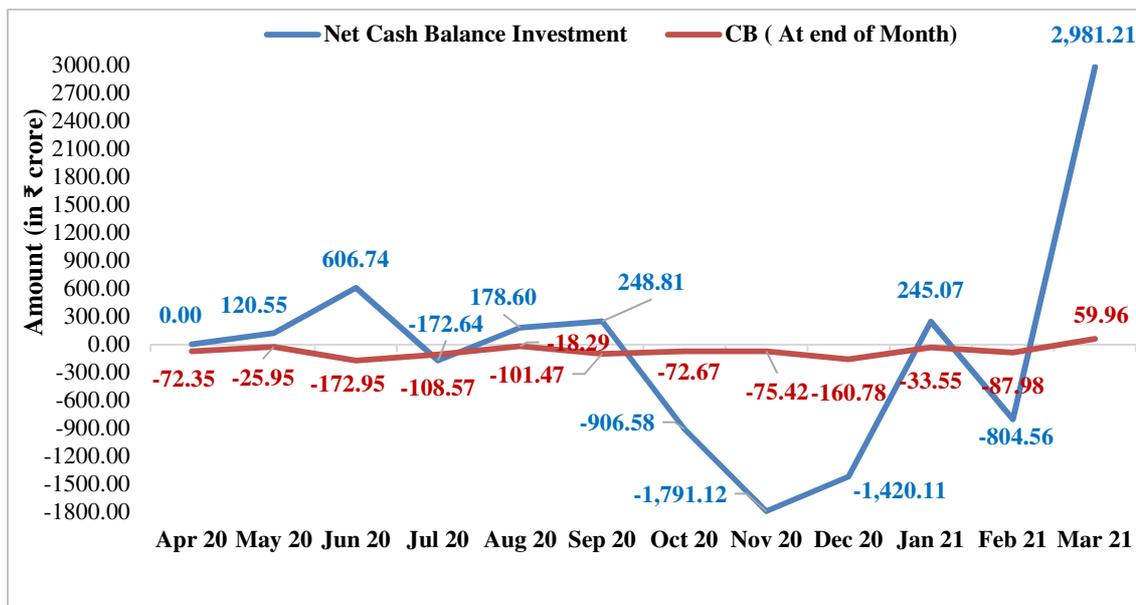


Chart-2.27 compares the month-wise Cash Balance Investment Account with the Cash Balances during 2020-21.

Chart-2.27: Month-wise movement of Cash Balances and net cash balance investments during 2020-21



Source: Monthly Civil Account.

The State Government had taken recourse to market loans during the year despite having cash balances which were not being put to productive use. During the year 2020-21, the State Government raised ₹ 3,755 crore from the market despite the fact that there were adequate cash balances, and the borrowing was avoidable to that extent.

2.8 Conclusions

- The State had revenue surplus during 2016-20 due to increase in central devolutions on the recommendations of Finance Commissions. However, the revenue surplus consistently declined (except 2018-19) from 2016-17 (₹ 920 crore) to 2019-20 (₹ 12 crore). Further, at the end of the year 2020-21, revenue surplus of previous years turned to revenue deficit of ₹ 97 crore.

- The fiscal deficit (₹ 5,700 crore) was 3.64 *per cent* of GSDP which was within the target of four *per cent* fixed by 15th FC during 2020-21. The deficit was managed mainly through market borrowings.
- Only 31 *per cent* of the revenue receipts came from the State's own resources comprising taxes and non-taxes, while the remaining 69 *per cent* was contributed by central transfers comprising the State's share in central taxes and duties (14 *per cent*) and grants-in-aid from GoI (55 *per cent*), which shows high dependency on central devolutions and borrowed funds for meeting current consumption.
- Revenue expenditure constituted an average of 84.15 *per cent* (ranging from 78.87 *per cent* to 86.40 *per cent*) of total expenditure during the period 2016-21. Rate of growth of revenue expenditure displayed a fluctuating trend over the five-year period 2016-21. Committed expenditure ranged between 68 *per cent* and 71 *per cent* of revenue expenditure, while it accounted for 65 *per cent* to 70 *per cent* of revenue receipts of the State during the five-year period 2016-21.
- During 2020-21, capital expenditure (₹ 5,310 crore) marginally increased by ₹ 136 crore (2.62 *per cent*) over the previous year 2019-20 (₹ 5,174 crore) and constituted 14 *per cent* of total expenditure.
- Overall fiscal liabilities at the end of the year were ₹ 67,165 crore with a growth of 7.96 *per cent* over the previous year. The total fiscal liabilities - GSDP ratio in 2020-21 stood at 42.91 *per cent*, as compared to 38.21 *per cent* during the previous year. This was well above the targets set in the 15th FC (36 *per cent*) and Budget/MTFPS (33.62 *per cent*) during 2020-21. Internal debt of the Government increased to ₹ 42,918 crore (8.58 *per cent*) during 2020-21 from ₹ 39,528 crore in 2019-20.
- During 2020-21, the State Government earned 5.38 *per cent* return on its total investment (₹ 4,562.40 crore) in Statutory Corporations, Rural Banks, Government Companies and Co-operatives up to 31 March 2021 and paid 7.44 *per cent* average interest on its borrowings. One company contributed more than 98 *per cent* of the total returns.
- There was no repayment of loans by various public sector undertakings under Power projects and Industries and Minerals over the last five years (up to March 2021) and additional loans to Crop Husbandry had been extended despite marginal repayments. The overall outstanding balance increased over the years.
- State Government operated five Reserve Funds as on 31 March 2021, out of which two Reserve Funds are interest bearing (₹ 1,882.54 crore credit) and three Reserve Funds are non-interest bearing (₹ 834.66 crore credit). Out of these, no funds had been invested by the State Government during the year.

2.9 Recommendations

- The State Government should make efforts for augmentation of its own revenues. It should settle pending tax claims in time, settle arrears in assessment of taxes, recover arrears of revenue and improve non-tax revenues for better resource mobilisation;
- The State Government should explore ways to rationalise its committed expenditure so that more funds can be made available for development expenditure;
- The State Government should explore ways of ensuring reasonable return on capital invested in profit making State PSUs in view of the high cost of borrowings;
- As recovery of loans advanced by the Government to different sectors has been poor, the State Government should consider treating the loans and advances as grants and booking them as revenue expenditure for ensuring that accounts reflect the correct position;
- The State Government should ensure time-bound completion of incomplete projects in order to avoid further cost overruns.

CHAPTER-III
BUDGETARY MANAGEMENT

CHAPTER – III

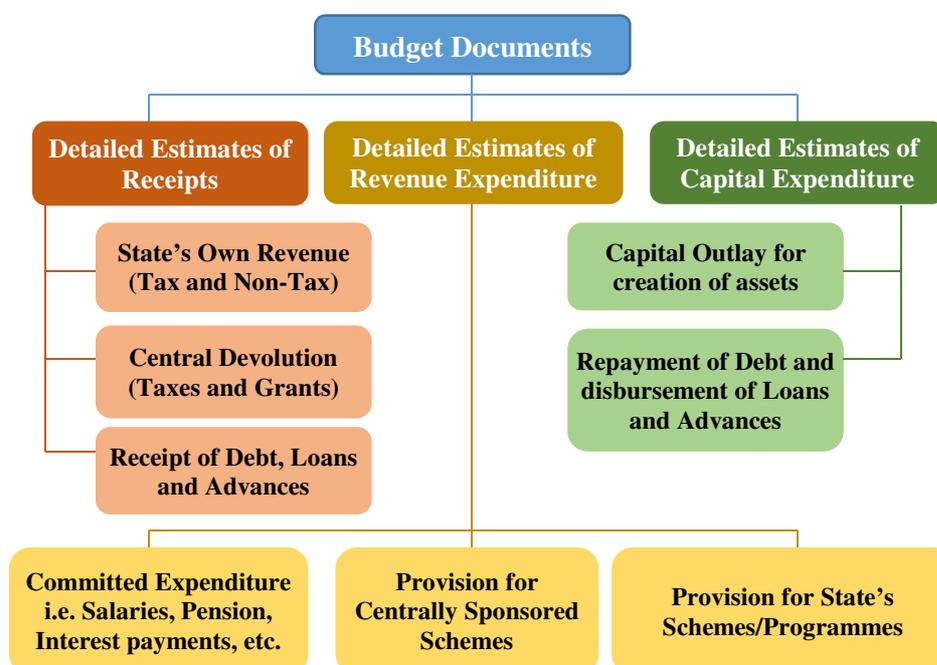
BUDGETARY MANAGEMENT

3.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, the Governor shall cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for that year, called “the Annual Financial Statement (Budget)”. The estimates of the expenditure show ‘charged’ and ‘voted’ items¹ of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government. Glossary of important budget related terms is given in **Appendix-3.1**.

As per the Himachal Pradesh Financial Rules, the Finance Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. The State budget comprises the following documents and components as given in **Chart-3.1**.

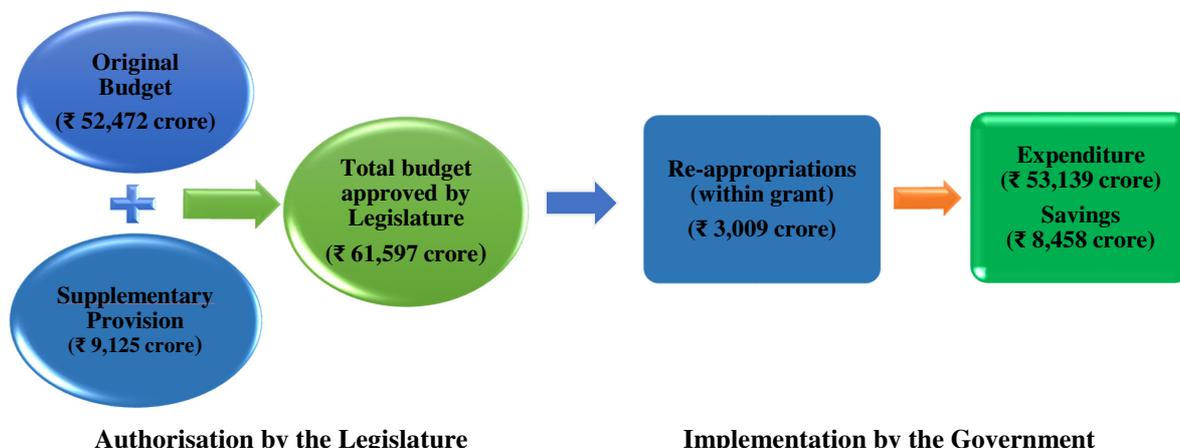
Chart-3.1: Details of State Budget Documents and Components



¹ **Charged expenditure:** Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments, etc.), constitute a charge on the Consolidated Fund of the State and are not subject to vote by the Legislature. **Voted expenditure:** All other expenditure is voted by the Legislature.

A summary of the budget implementation for the year 2020-21 is depicted in the **Chart-3.2** below:

Chart-3.2: Summary of budget implementation for the year 2020-21



Authorisation by the Legislature

Implementation by the Government

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

3.1.1 Summary of total provisions, actual disbursements and savings during financial year

The total budget provision for expenditure in 2020-21 was ₹ 61,597 crore. The actual expenditure during the year was ₹ 53,139 crore (86 per cent). This resulted in savings of ₹ 8,458 crore (14 per cent). The summarised position of actual expenditure vis-à-vis budgetary provisions during 2020-21 for all 32 grants/appropriations is given in **Table-3.1**.

Table-3.1: Budget provision, actual disbursement and savings/excess during financial year 2020-21

(₹ in crore)

Total Budget provision		Disbursements		Saving (-)/ Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
45,157	16,440	37,440	15,699	-7,717	-741

Source: Appropriation Accounts.

3.1.2 Charged and voted disbursements

The position of total budget and disbursements categorised as charged and voted during the last five years (2016-21) is given in **Table-3.2**.

Table-3.2: Disbursement and savings/excess during 2016-17 to 2020-21

(₹ in crore)

Year	Total Budget Provision		Disbursements		Saving (-)/ Excess (+)	
	Voted	Charged	Voted	Charged	Voted	Charged
2016-17	31,253	7,423	31,312	7,396	59	-27
2017-18	33,869	7,399	30,440	7,371	-3,428	-28
2018-19	37,936	9,048	33,620	8,849	-4,316	-199
2019-20	42,255	11,453	34,507	11,021	-7,748	-432
2020-21	45,157	16,440	37,440	15,699	-7,717	-741

Source: Appropriation Accounts

As can be seen from **Table-3.2**, there were savings in both segments viz., voted and charged with an increasing trend since 2017-18. This indicates that the State Government needed to improve its budget management. Cases of substantial and persistent savings have been highlighted in **Para-3.3.7**.

3.2 Appropriation Accounts

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

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also seeks to ascertain whether the expenditure incurred is in conformity with relevant laws, rules, regulations and instructions.

3.3 Comments on integrity of budgetary and accounting process

3.3.1 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 Article 204 of the Constitution. Further, expenditure should not be incurred on a scheme/service without provision of funds or after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

Table-3.3 shows the summarised position of expenditure incurred without any budget provision. This is breach of constitutional provisions. State government must avoid these expenditures. If under any circumstances the expenditure is inevitable, the Finance Department must follow the provisions under Article 205 & 206.

Table-3.3: Summary of expenditure without Budget Provision

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in lakh)	Name of Schemes/Sub-Heads
Voted			
5	2053-00-093-01-S00N	0.72	General Establishment
	3454-02-110-02-S00N	17.00	Disaster Management Cell
8	2202-04-200-03-S10N	17.39	Padhna Likhna Abhiyan
9	2211-00-200-05-S00N	371.26	Provision under National Rural Health Mission
10	5054-04-337-02-S00N	0.68	Construction of Rural Roads
11	2401-00-800-14-S00N	33.63	Crop Diversification Project Japan International Co-Operation Agency (JICA)

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in lakh)	Name of Schemes/Sub-Heads
	2401-00-001-01-S00N	5.30	Directorate
14	2405-00-101-10-C53N	50.45	Pradhan Mantri Matsya Sampada Yojna
	2405-00-101-10-S13N	12.61	
16	2406-01-01-02-S000N	4.90	Divisional Establishment
21	2425-00-001-01-S00N	13.04	Directorate
28	2217-80-193-05-S00N	35.00	Construction of Parking
30	4220-60-101-02-S00N	5.00	Construction of Press Club Building
31	2202-04-796-03-S10N	2.69	Padhna Likhna Abhiyan
	2235-02-796-19-C90N	0.25	Integrated Child Protection Scheme
32	2401-00-789-25-C90N	96.00	Rashtriya Krishi Vikas Yojna (Agriculture)
	2401-00-789-25-S10N	10.67	
	Total	580.59	

Source: Appropriation Accounts.

3.3.2 Transfers not mandated by the Appropriation Act (into Bank Accounts)

The withdrawal of funds and depositing of the same in bank accounts by DDOs is in violation of Rule 183(V) and Rule 184(1) of Himachal Pradesh Treasury Rules. This entails the risk of misappropriation as the funds remain outside the government account without any monitoring and can be diverted or misused for unauthorised purposes.

Scrutiny of transactions revealed that during 2020-21, an amount of ₹1,350.50 crore was drawn from Treasury and transferred to the Bank accounts of DDOs, which was in violation of Rule 183 (v) and 184 (1) of Himachal Pradesh Treasury Rules, 2017.

3.3.3 Misclassification of expenditure

Misclassification of expenditures and receipts has a great 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. Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus.

During the year 2020-21, it was noticed that expenditure of ₹ 8.23 crore was incorrectly booked under Revenue Section instead of Capital Section, and ₹ 10.51 crore was incorrectly booked under Capital Section instead of Revenue Section, as determined from the purpose of expenditure. Due to this misclassification, the State's Revenue Deficit remained understated to the extent of ₹ 2.28 crore.

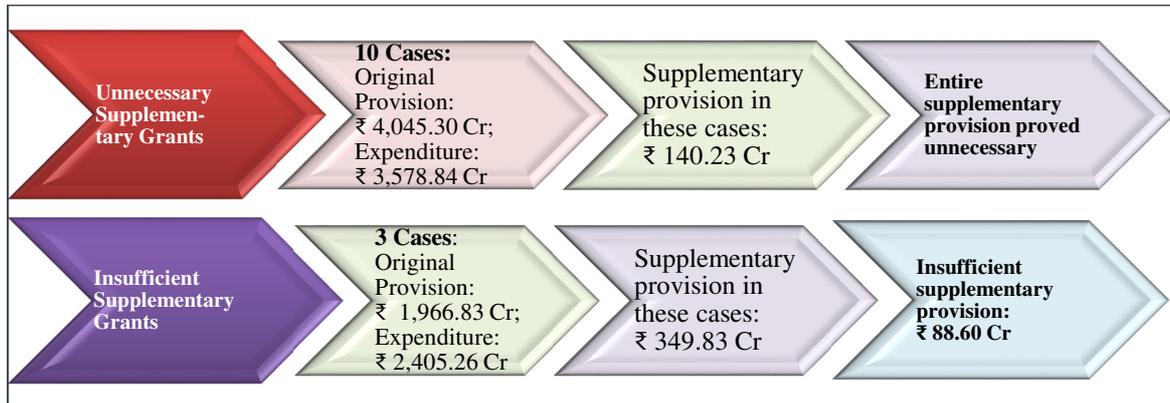
3.3.4 Unnecessary or insufficient supplementary grants

The existence of likely or actual savings in the budget should never be seized upon as an opportunity to introduce fresh items of expenditure which ought to wait till next year. Known savings in the budget should not be left un-surrendered for fear of the next year's budget allotment being reduced.

Considerable Re-Appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economics or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year, but in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

During 2020-21, there were 10 cases (₹ one crore or more in each case) under 10 grants (Revenue/Capital-Voted) where supplementary provision of ₹ 140.23 crore proved unnecessary as expenditure did not reach the level of original provision (Table-3.4). In three cases (Table-3.5), supplementary provision of ₹ 349.83 crore proved insufficient as it was not adequate to meet the requirement, leaving aggregate uncovered excess expenditure of ₹ 88.60 crore (Chart-3.3).

Chart-3.3: Unnecessary and insufficient supplementary provisions



Source: Appropriation Accounts.

Table-3.4: Details of cases where supplementary provision (₹ one crore or more in each case) proved unnecessary

(₹ in crore)

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Saving out of original provisions
Revenue- Voted					
1.	4-General Administration	244.15	4.63	213.21	30.94
2.	6-Excise and Taxation	84.73	17.01	84.22	0.52

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Saving out of original provisions
3.	19-Social Justice and Empowerment	1,248.03	24.43	1,207.72	40.31
4.	21-Co-operation	36.46	2.49	36.25	0.21
5.	27-Labour Employment and Training	362.38	11.14	257.14	105.25
Capital- Voted					
6.	3-Administration of Justice	7.05	1.23	5.15	1.90
7.	7-Police and Allied Organisations	62.64	10.79	43.05	19.59
8.	28-Urban Development, Town and Country Planning and Housing	174.50	5.53	68.97	105.53
9.	31-Tribal Development	435.13	6.16	365.86	69.28
10.	32-Scheduled Caste Sub Plan	1,390.21	56.81	1,297.27	92.94
Total		4,045.30	140.23	3,578.84	466.46

Source: Appropriation Accounts.

Table-3.5: Details of cases where supplementary provision (₹ one crore or more in each case) proved insufficient

Sr. No.	Name of the Grant	Original	Supplementary	Actual expenditure	Excess
Revenue- Voted					
1.	28-Urban Development, Town and Country Planning and Housing	655.66	78.46	754.51	20.39
Capital- Voted					
2.	10-Public Works - Roads, Bridges and Buildings	1,208.5	225.53	1,496.13	62.10
3.	25-Road and Water Transport	102.67	45.84	154.62	6.11
Total		1,966.83	349.83	2,405.26	88.60

Although the demand for supplementary grants was made by the State Government on the reasoning that additional expenditure was to be incurred in various schemes under the respective grants, yet the final expenditure was less than even the original provisions in the 10 cases as indicated in **Table-3.4**. Further, in 3 cases as indicated in **Table-3.5**, the supplementary provisions were insufficient as the actual expenditure was more than the total budget provisions. The above incidences indicate that the Administrative Department could not realistically assess/estimate the actual requirement of funds for the remaining period of financial year due to poor monitoring of expenditure.

3.3.5 Re-appropriations requiring prior legislative authorisation

‘Re-appropriation’ refers to the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation. The Government is allowed to re-appropriate provisions from one unit of appropriation to another within the same Grant, thus altering the destination of an original provision for one purpose to another, subject to the limits and restrictions laid down. No re-appropriation should be made for any purpose whatsoever from Supplementary Grants voted by the Assembly for a definite

purpose, so as to ensure that a Supplementary Grant shall be used for the purpose for which it is voted and for no other.

During the year 2020-21, there was no case of re-appropriation from one grant to another or from supplementary grants. Cases of unnecessary / insufficient re-appropriation within grants are detailed below.

3.3.6 Unnecessary and insufficient re-appropriations

Re-appropriation is the transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2020-21, there were various cases where re-appropriation proved either unnecessary or insufficient, details of which are shown in **Appendix-3.2. Table-3.6** (savings more than ₹ 10 crore) and **Table-3.7** show details of some of the major instances of unnecessary and insufficient re-appropriations respectively.

Table-3.6: Unnecessary re-appropriations resulting in savings
(₹ in crore)

Sr. No.	Grant No.	Head of Account	Original	Supplemen-tary	Re-appropriation	Total	Actual	Savings
1	7-Police and Allied Organisations	2055-00-109-01	660.03	0.09	6.32	666.45	551.82	-114.63
2		2070-00-108-02	40.24	0	5.33	45.57	35.38	-10.19
3		2202-02-109-01	2,359.49	0	5.82	2,365.31	2,029.96	-335.35
4		2202-03-103-07	47.06	0	0.33	47.39	12.97	-34.42
5	9-Health and Family Welfare	2210-01-110-03	308.45	0	21.00	329.46	245.16	-84.30
6		2211-00-200-05	334.42	0	9.71	344.13	250.82	-93.31
7	10-Public Works - Roads, Bridges and Buildings	3054-04-105-19	184.44	0	0.13	184.57	134.94	-49.63
8		5054-04-337-11	50.00	0	10.00	60.00	44.07	-15.93
9	13-Irrigation, Water Supply and Sanitation	2215-01-001-02	149.59	0	0.42	150.01	97.61	-52.40
10	32-Scheduled Caste Sub Plan	2235-02-789-01	77.72	0	4.47	82.19	60.44	-21.75
11		4215-02-789-02	38.43	0	0.90	39.33	13.90	-25.43
12		5054-04-789-01	175.07	0	4.95	180.01	167.39	-12.62
13		5054-04-789-04	61.50	0	0.20	61.70	40.48	-21.22

Source: Appropriation Accounts.

Table-3.7: Insufficient re-appropriations resulting in excess
(₹ in crore)

Sr. No.	Grant No.	Head of Account	Original	Supplemen-tary	Re-appropriation	Total	Actual	Excess
1	9-Health and Family Welfare	4210-03-105-01	13.98	78.01	0.05	92.04	118.08	26.03
2	10-Public Works – Roads, Bridges and Buildings	5054-04-101-01	5.00	0.75	13.78	19.53	25.56	6.03
3		5054-04-337-09	394.86	117.70	66.12	578.68	724.20	145.52
4	13-Irrigation, Water Supply and Sanitation	2215-01-005-02	0.58	0	3.20	3.78	11.78	8.00
5		4215-01-102-01	36.01	0	68.81	104.82	159.76	54.94
6	19-Social Justice and Empowerment	2235-60-102-04	69.24	0	0.09	69.33	70.37	1.05

Sr. No.	Grant No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Actual	Excess
7	29-Finance	2049-05-105-02	0	0	91.30	91.30	107.50	16.20
8		2071-01-104-02	732.45	0	0.06	732.51	572.83	42.42
9	31-Tribal Development	2215-01-796-01	4.91	0	1.31	6.21	8.02	1.84
10		5054-04-796-01	45.69	0	8.07	53.76	55.98	2.22
11		5054-04-796-02	54.00	3.26	30.01	87.26	99.73	12.47
12	32-Scheduled Caste Sub Plan	2202-02-789-02	10.08	0	0.75	10.83	13.68	2.85
13		5054-04-789-08	151.14	36.55	40.84	228.53	284.23	55.70

In all the above cases shown in **Tables-3.6** and **3.7** above, re-appropriation orders were issued in the month of March 2021, specifying therein the need for additional expenditure under the respective schemes. However, re-appropriations in 13 cases (savings of ₹ 10 crore and more in each case) shown in **Table-3.6** proved unnecessary, as the savings under these cases were more than re-appropriated amount. On the other hand, re-appropriations in 13 cases shown in **Table-3.7** proved insufficient as there remained excesses under these grants.

However, no case of re-appropriation from Capital to Revenue and vice-versa and from Voted to Charged or vice-versa was noticed during 2020-21.

3.3.7 Savings

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-trying check of average of previous actuals with known or reasonably foreseeable facts which may modify that average.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other Departments of the funds, which they could have utilised.

(i) Savings vis-à-vis allocations

Analysis of appropriations showed that in 64 cases, savings exceeded ₹ one crore or more than 20 per cent of the total provision, as detailed in **Appendix-3.3**. Against the total provision of ₹ 59,042 crore under these cases, ₹ 8,546 crore remained as savings in various grants. Out of total unutilised amount / savings of ₹ 8,546 crore, substantial savings (₹ 100 crore and more in each case) were observed in 16 cases relating to 15 grants (Voted) amounting to ₹ 7,104 crore (83 per cent), details of which are given in **Table-3.8**.

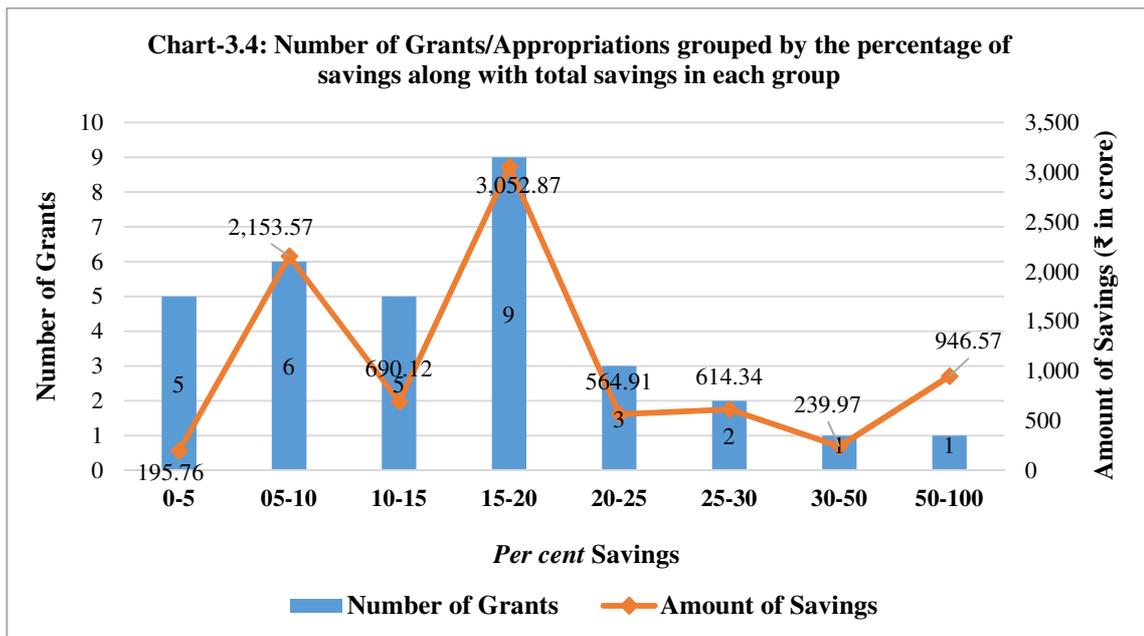
Table-3.8: List of grants having large savings (above ₹ 100 crore) during the year
(₹ in crore)

Sr. No.	Grant Number	Original	Supplementary	Total provisions	Actual expenditure	Savings	Surrender	Saving excluding surrender
Revenue- (Voted)								
1	5	1,363.11	0	1,363.11	1,246.68	-116.43	-14.64	-101.79
2	7	1,549.20	0	1,549.20	1,243.75	-305.45	-62.22	-243.23
3	8	7,068.14	0	7,068.14	5,706.05	-1,362.09	-745.32	-616.77
4	9	2,406.99	0	2,407.00	1,917.35	-489.64	-111.43	-378.22
5	10	3,752.85	0	3,752.85	2,789.83	-963.02	-27.78	-935.24
6	13	2,774.82	0	2,774.82	2,644.74	-130.08	-483.65	353.57
7	16	809.81	0.01	809.82	639.30	-170.51	-107.01	-63.50
8	20	1,409.77	0	1,409.77	1,246.30	-163.47	-106.55	-56.92
9	27	362.38	11.14	373.52	257.14	-116.39	-0.09	-116.30
10	29	7,382.45	0	7,382.45	6,179.79	-1,202.66	-1,250.46	47.80
11	31	1,504.70	0	1,504.71	1,089.02	-415.69	-132.22	-283.48
12	32	1,453.72	0	1,453.72	1,189.03	-264.69	-36.64	-228.06
Capital- (Voted)								
13	15	444.54	0	444.54	226.47	-218.07	-207.89	-10.18
14	26	958.71	0	958.71	34.03	-924.68	-890.00	-34.68
15	28	174.50	5.53	180.03	68.97	-111.06	0	-111.06
16	32	1,390.21	56.81	1,447.02	1,297.27	-149.75	0	-149.75
Total		34,805.90	73.49	34,879.41	27,775.72	-7,103.68	-4,175.90	-2,927.81

Source: Appropriation Accounts.

The reasons for savings were neither given in the Appropriation Accounts (except reasons of general / routine nature) nor provided by the State Government (as of December 2021). Large savings under these grants implied that the State Government had made budget provisions without accurate estimation of fund requirement.

Chart-3.4 categorises grants / appropriations according to percentage of savings against budget allocations.



(ii) Persistent Savings

During the last five years, there were 31 cases (₹ one crore or more in each case) relating to 23 grants where persistent savings occurred (details given in **Appendix-3.4**), out of which five cases (₹ 100 crore or more in each case) are depicted below in the **Table-3.9**.

Table-3.9: Details of persistent savings cases (₹ 100 crore or more in each case)

(₹ in crore)

Sr. No.	Grant Number	Name of Grant/ Appropriation	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue- Voted							
1	08	Education	864.96	665.02	955.16	1,110.61	1,362.09
2	09	Health and Family Welfare	295.90	211.66	330.83	377.72	489.64
3	20	Rural Development	121.61	402.93	383.93	351.17	163.47
4	31	Tribal Development	177.85	242.34	325.72	371.39	415.69
5	32	Scheduled Caste Sub Plan	321.14	405.83	390.87	513.37	264.69

Source: Appropriation Accounts.

The substantial persistent savings in the grants above indicated that budgetary controls in these departments were not effective and previous years' trends were not being taken into account while allocating funds. This had been pointed out in previous State Finance Audit Reports, but the State Government did not seem to have taken cognizance of the same.

(iii) Details of surrenders of funds in excess of ₹ 10 crore

Instances of surrender of funds in excess of ₹ 10 crore in each case at the end of March are given in **Table-3.10**.

Table-3.10: Details of surrender of funds in excess of ₹ 10 crore at the end of March

(₹ in crore)

Sr. No.	Grant Number	Original	Supplementary	Total Provisions	Actual expenditure	Savings	Amount Surrendered
1	03	265.62	1.23	266.86	211.84	-55.02	35.98
2	04	266.29	4.63	270.93	226.07	-44.86	29.02
3	05	1,373.96	1.64	1,375.60	1,259.16	-116.43	14.64
4	07	1,611.84	10.89	1,622.73	1,286.90	-335.82	62.22
5	08	7,179.64	19.69	7,199.33	5,837.22	-1,362.11	745.32
6	09	2,562.54	108.40	2,670.95	2,172.50	-498.45	111.43
7	10	4,961.35	243.58	5,204.93	4,298.60	-906.34	27.78
8	11	534.48	0.05	534.53	445.99	-88.55	51.10
9	13	3,726.30	3.04	3,729.34	3,567.71	-161.62	483.65
10	14	450.19	0.00	450.19	369.89	-80.30	40.34
11	15	521.55	0.00	521.55	281.59	-239.97	214.89
12	16	830.54	0.02	830.56	656.49	-174.07	107.99

Sr. No.	Grant Number	Original	Supplementary	Total Provisions	Actual expenditure	Savings	Amount Surrendered
13	18	254.71	0.23	254.93	206.21	-48.72	24.24
14	20	1,421.04	0.60	1,421.64	1,258.16	-163.48	106.55
15	22	305.72	0.09	305.81	275.84	-29.97	28.36
16	26	1,112.20	0.00	1,112.20	165.63	-946.57	909.82
17	29	15,725.66	8,002.63	23,728.29	21,803.35	-1,924.94	1,565.89
18	31	1,939.84	6.19	1,946.03	1,454.90	-491.13	132.22
19	32	2,843.93	56.81	2,900.74	2,486.30	-414.44	36.64
Total		47,887.40	8,459.72	56,347.14	48,264.35	-8,082.79	4,728.08

Source: Appropriation Accounts.

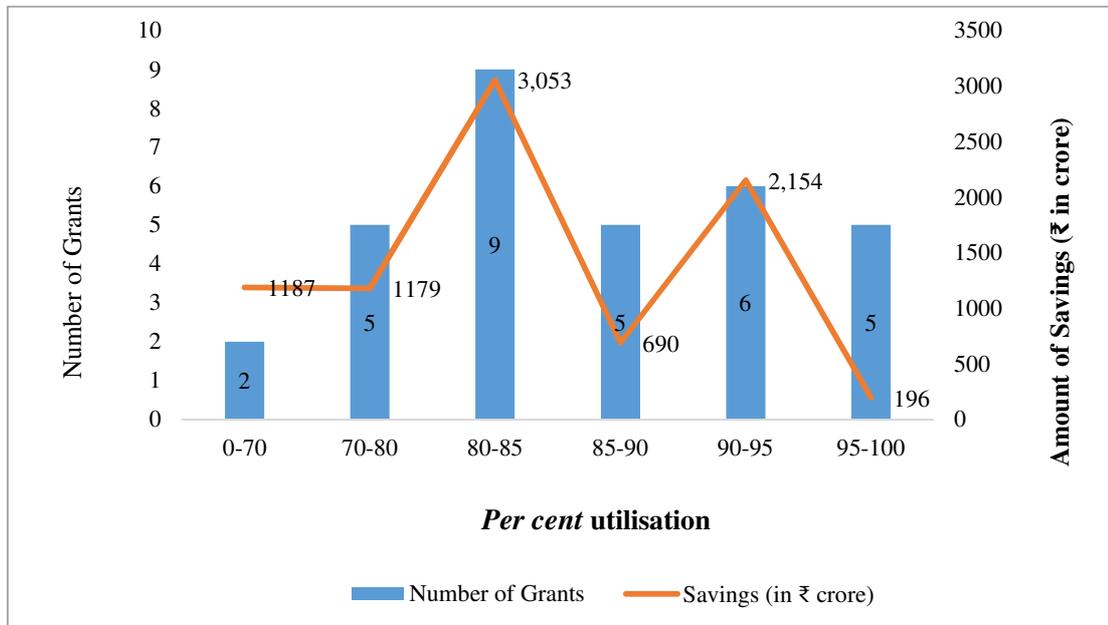
As given in the table, in 19 cases, there was surrender of amounts totaling ₹ 4,728.08 crore (₹ 10 crore or more in each case) (nine per cent of original budget allocation) in the month of March 2021.

Surrender of funds at the end of March indicated poor monitoring of expenditure, weak financial controls and meant that funds could not be utilised for other purposes.

(iv) Distribution of the number of Grants/ Appropriations grouped by percentage of utilisation

The distribution of the number of Grants/ Appropriations grouped by percentage of utilisation is given in the **Chart-3.5**.

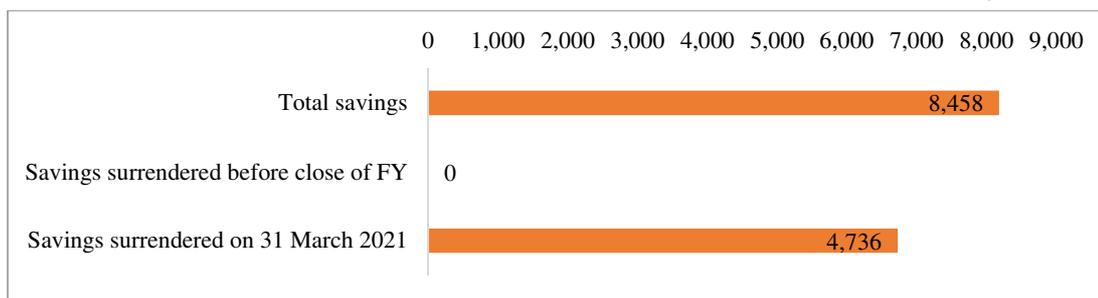
Chart-3.5: Distribution of the number of Grants/Appropriations grouped by percentage of utilisation



In one grant (Grant No. 26-Tourism and Civil Aviation), utilisation was only 15 per cent of the available funds, resulting in savings of ₹ 946.57 crore. This was attributed mainly to receipt of fewer project proposals than anticipated.

Chart-3.6: Savings and surrenders before close of financial year 2020-21

(₹ in crore)



As observed from surrender orders provided by the State Government, all surrenders (₹ 4,736 crore) were made in the month of March 2021. This indicated poor management of funds resulting in sub-optimal utilisation of financial resources.

3.3.8 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of the Article. Further, as per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/ appropriations regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee.

3.3.8.1 Excess expenditure relating to financial year 2020-21

Excess expenditure over budget provision is not only in contravention of provisions requiring legislative sanction, but also indicative of poor planning. It can be avoided by keeping track of expenditure progression with reference to budgetary outlays. Details of excess expenditure over the budget provision for the financial year are given in the **Table-3.11**.

Table-3.11: Summary of excess disbursements over grants/ appropriation during 2020-21

(in ₹)

		Name of Department/Grant				
		13-Irrigation, Water supply and Sanitation	28-Urban Development, Town and Country Planning	31-Tribal Development	10-Public Works - Roads, Bridges and Buildings	25-Road and Water Transport
Voted	Revenue	00	20,39,26,716	00	00	00
	Capital	00	00	00	62,10,40,558	6,11,05,979
Charged	Revenue	8,39,000	00	00	00	00
	Capital	00	00	453	00	00
Total Excess		88,69,12,706				

Source: Appropriation Accounts.

In five cases (relating to five grants), excess expenditure of ₹ 88.69 crore over budget provision was incurred in 2020-21. Details of excess disbursement over the authorisation from the Consolidated Fund of State under schemes contributing significantly to the above during the financial year 2020-21 are given **Table-3.12**.

Table-3.12: Head-wise disbursement over the authorisation during 2020-21

(₹ in crore)

Sr. No.	Grant No.	Head of Account	Name of Scheme	Total Provision	Re-appropriation	Total	Expenditure	Excess
Revenue- Voted								
1	28	2217-80-191-56	World Bank Aided Greater Shimla Water Supply Scheme	108.89	0	108.89	180.13	71.24
2		2217-80-191-57	Atal Shreshth Shehar Yojna	2.00	0	2.00	3.80	1.80
Revenue- Voted								
3	13	2215-01-102-13	Expenditure On Material & Daily Wagers' Wages	0.0001	0	0.0001	0.084	0.084
Capital- Voted								
4	10	4059-80-051-03	Construction of Rest/ Circuit Houses	9.64	0	9.64	13.14	3.50
5		5054-04-101-01	Construction of Bridges	5.75	13.78	19.53	25.56	6.03
6		5054-04-337-09	Programme Fund and Administrative Expenses Fund under Pradhan Mantri Gramin Sadak Yojna Works	512.56	66.12	578.68	724.20	145.52
7		5054-04-337-15	Payment for Arbitration cases (Roads and Bridges)	6.78	0	6.78	12.08	5.30
8	25	5002-01-120-01	Construction of Railway lines	80.33	0	80.33	87.50	7.17

Source: Appropriation Accounts.

3.3.8.2 Persistent excesses in certain grants

A number of grants witness excess expenditure year after year. The persistent excess expenditure indicates that the budgetary control in the department was ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a rupee can be spent without prior legislative authorisation and, therefore, this to be viewed seriously. Persistent excesses may be due to improper estimation at the time of preparation of budget.

During the five-year period from 2016-17 to 2020-21, no case of persistent excesses in certain grants was observed.

3.3.8.3 Regularisation of excess expenditure of previous financial years

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive.

Excess expenditure of ₹ 8,729.78 crore under 16 grants and 11 appropriations incurred during the years 2014-15 to 2019-20 was yet to be regularised by the State Legislature as of December 2021.

In addition to the above, excess expenditure of ₹ 88.69 crore incurred over authorisation made in three grants and two appropriations during the financial year 2020-21 also requires regularisation.

The year-wise summary of excess expenditure pending regularisation is given in **Table-3.13:**

Table-3.13: Excess expenditure relating to previous years (2014-20) requiring regularisation

Year	Number of Grants/ Appropriations	Grant/ Appropriation numbers	Amount of excess required to be regularised as commented in the Appropriation Account (Figures in ₹)	Status of regularisation
2014-15	10 Grants 6 Appropriations	1, 2, 6, 11, 12, 13, 18, 19, 23 (Revenue) 23 (Capital) and 1, 10, 19, 29 (Revenue), 29 (Capital), 31	15,85,69,18,458	Not regularised
2015-16	7 Grants 4 Appropriations	5, 8, 10, 13, 19, 23, 28 (Revenue) and 13, 16, 29 (Revenue) 29 (Capital)	28,48,43,38,113	
2016-17	5 Grants 3 Appropriations	2, 13 (Revenue) 3, 10, 23 (Capital) and 1, 16 (Revenue) 29 (Capital)	30,37,60,82,471	
2017-18	2 Grants 1 Appropriation	5, 10 (Revenue) and 10 (Capital)	3,86,76,41,211	
2018-19	6 Grants 5 Appropriations	05, 13, 22 (Revenue), 03, 10, 12 (Capital) and 07, 20, 25 (Revenue), 10, 29 (Capital)	8,21,37,16,840	
2019-20	4 Grants 3 Appropriations	22 (Revenue), 13, 21, 28 (Capital) and 05 (Revenue), 13, 29 (Capital)	49,91,20,218	
Total			87,29,78,17,311	

Source: Appropriation Accounts.

3.3.9 Grant-in-aid for creation of capital assets

As per IGAS-2, grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by the President on the advice of the Comptroller and Auditor General of India.

During 2020-21, an amount of ₹ 1,039.67 crore was extended as grants-in-aid for capital assets and the whole amount was booked under revenue heads and classified as revenue expenditure in the accounts in compliance with IGAS-2.

3.4 Comments on effectiveness of budgetary and accounting processes

3.4.1 Budget projection and gap between expectation and actual

The summarised position of original and supplementary provisions *vis-à-vis* actual expenditure during 2020-21 in respect of 32 grants/ appropriations is given in **Table-3.14**.

Table-3.14: Summarised position of Budget (Original/ Supplementary) provisions *vis-à-vis* Actual Expenditure during 2020-21

(₹ in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Net of Savings (-)	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	37,397.26	541.42	37,938.68	31,767.50	-6,171.18	-3,300.55	-8.70
	II. Capital	6,312.99	485.42	6,798.42	5,352.51	-1,445.91	-1,116.23	-16.42
	III. Loans and Advances	359.45	60.43	419.87	320.11	-99.76	-6.58	-1.57
	Total	44,069.70	1,087.27	45,156.97	37,440.12	-7,716.85	-4,423.36	-26.69
Charged	I. Revenue	5,008.30	14.47	5,022.77	4,543.72	-479.05	-312.92	-6.23
	II. Capital	0.00	20.75	20.75	13.63	-7.12	0.00	0.00
	III. Public Debt repayments	3,393.51	8,002.63	11,396.14	11,141.04	-255.10	0.00	0.00
Total	8,401.81	8,037.85	16,439.66	15,698.39	-741.27	-312.92	-6.23	
Grand Total	52,471.51	9,125.12	61,596.63	53,138.51	-8,458.12	-47,36.28	-32.92	

Source: Appropriation Accounts.

As shown in the above table, there was an overall saving of ₹ 8,458.12 crore which was the net result of saving of ₹ 8,546.81 crore in grants and appropriations offset by excess of ₹ 88.69 crore in three grants and two appropriations.

Details of original budget, revised estimates and actual expenditure during 2016-21 are given in **Table-3.15**.

Table-3.15: Original Budget, Revised Estimate and Actual Expenditure during 2016-21

(₹ in crore)

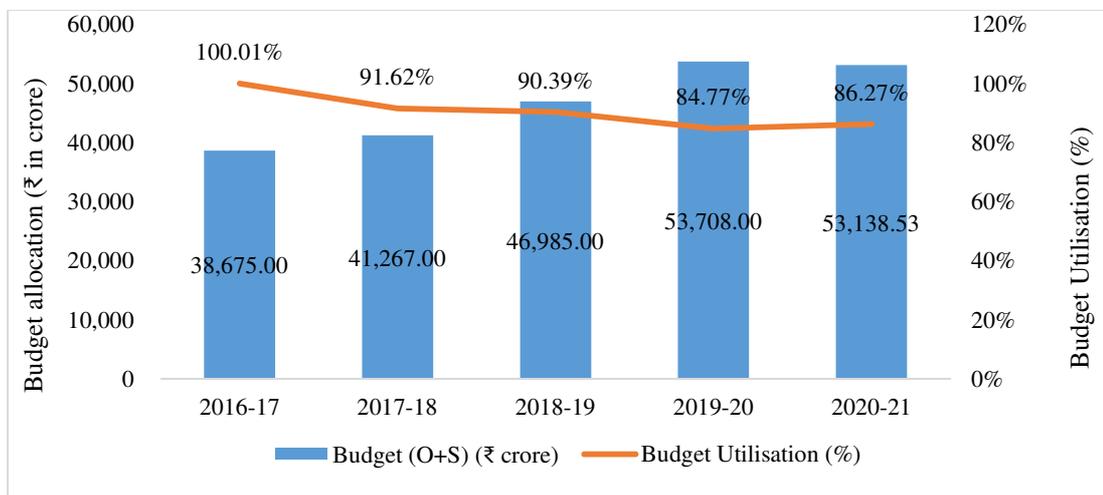
	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	34,739	37,940	43,842	46,971	52,472
Supplementary Budget	3,937	3,327	3,143	6,737	9,125
Revised Estimate	35,865	38,995	43,625	49,688	53,460
Actual Expenditure	38,708	37,811	42,469	45,528	53,139
Saving (-)/ Excess (+)	32	-3,456	-4,516	-8,180	-8458
Percentage of Saving (-)/ Excess (+)	0.08	-8.37	-9.61	-15.23	-13.73

Source: Appropriation Accounts and Budget documents of respective years.

As can be seen from the above table, the savings showed an increasing trend from 2017-21, indicating persistent sub-optimal utilisation of budgetary outlays.

The trend of budget allocation (original and supplementary) and utilisation there against is depicted in **Chart-3.7**.

Chart-3.7: Budget Utilisation during 2016-17 to 2020-21



Source: Appropriation Accounts.

As can be seen from the above table, the percentage of budget utilisation against total allocation showed a declining trend during 2016-17 to 2020-21.

3.4.2 Supplementary budget and opportunity cost

While obtaining legislative authorisation for supplementary provisions, departments sometimes report large additional requirements for different purposes under various schemes/activities but are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. At the same time, other schemes remain incomplete due to want of funds, resulting in not only the denial of benefits to the public at large but also in escalation of project cost.

Detail of unutilised funds under 'Capital-Voted' section is given in **Table-3.16** below:

Table-3.16: Detail of unutilised funds under 'Capital-Voted' section

(₹ in crore)						
Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital- Voted						
1	01-Vidhan Sabha	3.05	0.05	3.10	1.77	1.33
2	03- Administration of Justice	7.05	1.23	8.28	5.15	3.13
3	04-General Administration	8.56	0.00	8.56	0.12	8.44
4	07-Police and Allied Organisation	62.64	10.79	73.43	43.05	30.38
5	08-Education	111.50	18.96	130.46	130.44	0.02
6	09-Health and Family Welfare	155.55	108.00	263.55	254.75	8.80
7	13-Irrigation, Water supply & Sanitation	951.48	0.00	951.48	921.64	29.83

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
8	18-Industries, Minerals, Supplies and Information technology	23.41	0.23	23.64	14.54	9.09
9	19-social Justice and Empowerment	12.03	0.00	12.03	7.09	4.94
10	20-Rural Development	11.27	0.60	11.87	11.86	0.01
11	21-Coperation	0.02	58.55	58.57	58.56	0.01
12	22-Food and Civil supplies	0.05	0.09	0.14	0.14	0.00
13	23-Power Development	307.30	0.00	307.30	304.04	3.26
14	28-Urban Development, Town and Country Planning and Housing	174.50	5.53	180.03	68.97	111.06
15	30-Miscellaneous General Services	37.51	0.85	38.36	36.81	1.55
16	31-Tribal Development	435.13	6.16	441.29	365.86	75.44
17	32-Scheduled Caste Sub Plan	1,390.21	56.81	1,447.02	1,297.27	149.75
	Total:	3,691.27	267.85	3,959.12	3,522.08	437.04

Source: Appropriation Accounts.

Due to non-availability of information from State Government in respect of schemes/ projects which could not be completed for want of funds during the year, it could not be ascertained whether savings of ₹ 437.04 crore under the 'Capital-Voted' section could have been utilised for completion of those schemes/projects.

3.4.3 Major policy pronouncements in budget and actual expenditure

The Government announces several new policies/ schemes for implementation through the Budget Speech and other budget documents which are either for that particular financial year (one-time activity) or the subsequent financial years (of recurring nature).

Some of the major policy pronouncements in the Budget and actual expenditure thereagainst during 2020-21 are given in **Table-3.17**.

Table-3.17: Major policy pronouncements in Budget and actual expenditure during 2020-21

(₹ in crore)

Sr. No.	Name of the Scheme	Classification	Budget Provisions	Actual expenditure	Savings (-)/ Excess (+)
1.	Krishi Kosh	2401-00-115-02	20.00	0	-20.00
2	Krishi se Sampannta Yojna	2401-00-109-33	0.001	0.97	0.969
3	Nadaun Medium Irrigation Scheme	4701-21-800-01	2.55	0	-2.55
4		4701-21-789-01	0.84	0	-0.84
5	Krishi Utpaad Sarankshan Yojna	2401-00-107-07	10.00	0.74	-9.26
6	Parvatdhara	4702-00-101-12	0.001	2.88	2.879

Sr. No.	Name of the Scheme	Classification	Budget Provisions	Actual expenditure	Savings (-)/ Excess (+)
7	HIM Udyami Start-up Yojna	2851-00-102-31	10.00	2.06	-7.94
8	Bal Poshahaar	2235-02-102-23	30.00	29.98	-0.02
9	Swasth Bachpan	2202-01-101-14	1.00	0	-1.00
Total			74.39	36.63	-37.76

Source: Budget Speech and information provided by Finance Department.

As is evident from the table above, against the total budget provision of ₹ 74.39 crore made for the above schemes, expenditure of only ₹ 36.63 crore (49.24 per cent) was incurred during 2020-21. In four out of the nine schemes, no expenditure was incurred, thus depriving beneficiaries of the intended benefits.

3.4.4 Schemes and their actual funding for ensuring implementation

Several policy initiatives of the Government are partially executed or not executed due to non-approval of scheme guidelines/ modalities, non-commencement of works for want of administrative sanctions, non-release of budget, etc. This deprives beneficiaries of the intended benefits. Savings in such schemes deprives other departments of funds which they could have utilised.

During 2020-21, there were 114 schemes where budget provision (of ₹ one crore and above) was made but no expenditure was incurred (details given in **Appendix-3.5**), out of which details of some major schemes are depicted in **Table-3.18**.

Table-3.18: Detail of some schemes for which substantial provision was made but no expenditure incurred

(₹ in crore)

Sr. No.	Name of Grant	Scheme name	Approved outlay	Expendi-true	Remarks
1.	Finance	% H.P.State Development Loan (New Loan)	385.75	0.00	No expenditure was incurred on these schemes during the year. No reasons were intimated for the lack of expenditure under these schemes.
2.	Rural Development	Swachh Bharat Mission (Gramin)	241.65	0.00	
3.	Power	Loan To Hp Power Transmission Corporation Ltd.	173.00	0.00	
4	Tourism and Civil Aviation	Rehabilitation And Operation / Maintenance of Airports / Heliports	100.00	0.00	
5.	Tribal Development/ Scheduled Caste sub Plan	National Rural Employment Guarantee Scheme	92.31	0.00	
6.	Power	Loan To H.P.Power Corporation	51.33	0.00	
7.	Social Justice and Empowerment	Pensioners Funds Reserve with Finance Department	50.00	0.00	
8.	Irrigation, Water Supply and Sanitation	Chief Minister Rural Drinking Water Supply Scheme -Externally Aided Project (National Dev. Bank)	37.50	0.00	

Sr. No.	Name of Grant	Scheme name	Approved outlay	Expenditure	Remarks
9.	Irrigation, Water Supply and Sanitation	Command Area Development Under Minor Irrigation Schemes	35.54	0.00	
10.	Scheduled Caste sub Plan	Post Matric Scholarship To Scheduled Caste Students	34.28	0.00	

Source: Appropriation Accounts.

It was further noted that out of the 114 schemes where budget provision (of ₹ one crore and above) was made but no expenditure was incurred, there were 19 schemes in which the entire budget provision (₹ 10 crore and above) was removed either by re-appropriation or by surrender in the revised outlay. The details of these 19 schemes are given in **Table- 3.19**:

Table-3.19: Details of schemes where entire budget provision was reduced to zero

(₹ in crore)

Sl. No.	Name of Schemes	Total provision	Re-appropriation	Surrender	Revised outlay
1	% H.P.State Development Loan (New Loan)	385.75	-76.89	-308.86	0
2	Border Area Development Programme	27.78	-10.68	-17.10	0
3	Channelisation Of Swan From Daulatpur To Gagret Bridge And Its Tributaries (Iv) Under Fmp	14.95	-14.95	0.00	0
4	Cheifminister Rural Drinking Water Supply Scheme-Externally Aided Project National Development Bank	12.50	-12.50	0.00	0
5	Chief Minister Rural Drinking Water Supply Scheme -Externally Aided Project (National Dev. Bank)	37.50	-37.50	0.00	0
6	Command Area Development	13.60	-13.60	0.00	0
7	Command Area Development Under Minor Irrigation Schemes	35.54	-35.54	0.00	0
8	Expenditure On Infrastructure Facilities	13.10	-4.24	-8.86	0
9	Krishi Kosh	20.00	0.00	-20.00	0
10	Midday – Meal	11.00	0.00	-11.00	0
11	National Food Security Act	12.59	-9.42	-3.17	0
12	National Rural Employment Guarantee Scheme	92.31	-77.82	-14.49	0
13	Pensioners Funds Reserve With Finance Department	50.00	-49.82	-0.18	0
14	Prakritik Khet Khushhaal Kisan	23.47	-9.09	-14.38	0
15	Rehabilitation And Operation / Maintenance Of Airports / Heliports	100.00	-80.21	-19.79	0
16	Subsidy On Wheat And Rice To Bpl Families	24.24	0.00	-24.24	0
17	Swachh Bharat Mission (Gramin)	241.65	-129.42	-112.23	0

Sl. No.	Name of Schemes	Total provision	Re-appropriation	Surrender	Revised outlay
18	Swaran Jayanti Aashraya Aawas Yojna	25.00	-25.00	0.00	0
19	Total Sanitation Campaign	23.90	-2.50	-21.40	0
Total		1,164.88	-589.20	-575.69	0

Non-utilisation of funds on sanctioned schemes shows that the State Government departments had either not adequately planned for launching such schemes or did not have the capacity for their implementation. Poor scheme implementation capacities increase the tendency of departments to retain cash balances outside the Government Account in bank accounts or surrender funds at the end of the year, thereby depriving other departments of funds which could have been utilised.

3.4.5 Rush of expenditure

Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure.

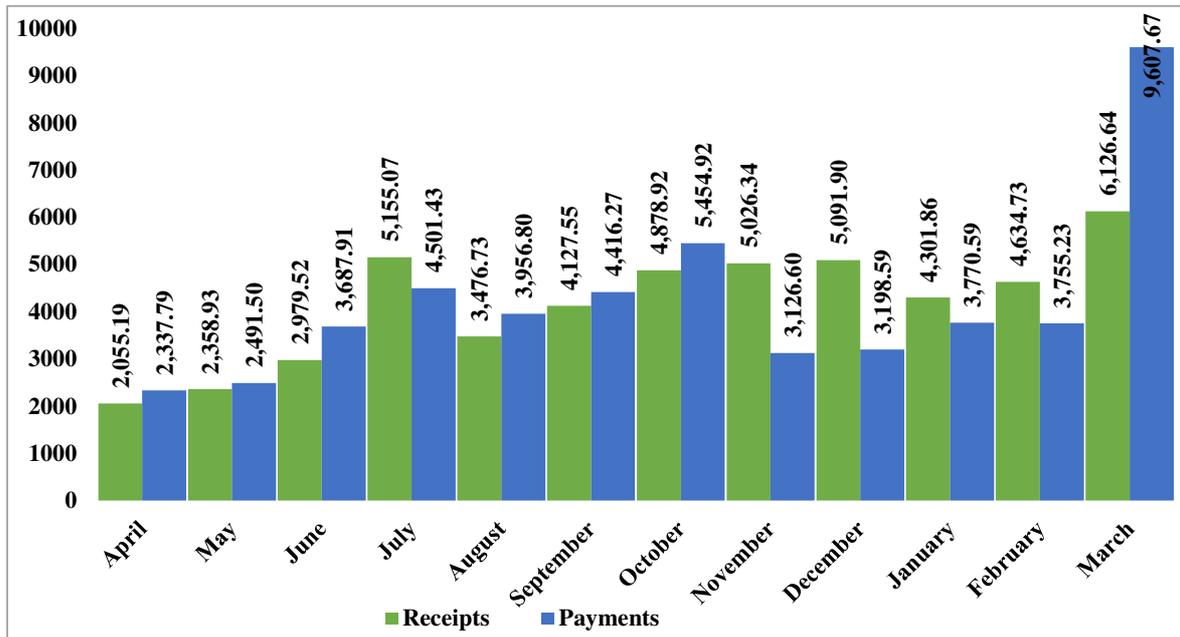
The State Government has prescribed quarter-wise percentages (*1st Quarter-20 per cent; 2nd Quarter-25 per cent; 3rd Quarter-30 per cent; 4th Quarter-25 per cent*) for incurring expenditure during the year, with the aim of regulating the expenditure in a phased manner. Details of cases where substantial expenditure (more than 50 per cent) was incurred in March 2021 are given in **Appendix-3.6**. Some cases where more than 50 per cent of total expenditure (₹ 100 crore or more in each case) under the head was incurred in March are given in **Table-3.20**:

Table-3.20: Grants where more than 50 per cent expenditure was incurred in March and total expenditure was more than ₹ 100 crore

Sr. No.	Name of the Grant	Head of Account	Total Expenditure (₹ in crore)	Expenditure during March (in per cent)
1	9-Health and Family Welfare	4210-03-105-01	118.08	72.49
2	10-Public Works - Roads, Bridges and Buildings	2059-80-799-03	277.50	67.83
3		3054-04-105-06	431.54	54.09
4		3054-04-105-20	182.90	54.24
5		2401-00-119-57	158.97	80.50
6		2215-01-102-12	255.15	63.55
7		2702-80-001-06	171.60	61.25
8		4215-01-102-01	159.76	67.06
9			2801-80-101-07	520.45
10	23-Power Development	2049-03-104-01	1,107.96	98.14
11		2049-05-105-02	107.50	100

Details of monthly receipts and expenditure incurred against these receipts are given in the **Chart-3.8**.

Chart-3.8: Monthly receipts and expenditure during the year 2020-21

(*₹ in crore*)

Rush of expenditure during the last quarter, especially during the month of March, showed non-adherence to financial rules. The State Government may consider devising suitable mechanism to avoid rush of expenditure in the last quarter/month of the financial year.

3.5 Review of Selected Grants

A review of budgetary procedure and control over expenditure in respect of two grants viz., Grant No. 9 - 'Health and Family Welfare' and Grant No. 10 - 'Public Works Road, Bridges and Building' for the period 2018-19 to 2020-21 revealed the following:

3.5.1 Grant No. 9 - Health and Family Welfare

The overall position of funds allotted, expenditure incurred and savings/excesses under revenue and capital sections of the grant for the last three years (2018-19 to 2020-21) is given in **Table-3.21**.

Table-3.21: Details of funds allocated, expenditure incurred and savings/excesses

(*₹ in crore*)

Year	Section	Original provision	Supplementary provision	Total Grant	Expenditure incurred	Excess (+)/ Savings (-)
2018-19	Revenue Section	1,994.23	0.02	1,994.25	1,663.42	-330.83
	Capital Section	186.77	78.58	265.35	256.41	-8.94
2019-20	Revenue Section	2,172.35	33.75	2,206.10	1,828.33	-377.77
	Capital Section	153.18	45.18	198.37	173.06	-25.30
2020-21	Revenue Section	2,406.99	0.40	2,407.40	1,917.75	-489.64
	Capital Section	155.55	108.00	263.55	254.75	-8.80

From the above table, it would be seen that from 2018-19 to 2020-21, there were consistent savings against the budget provision under both sections (revenue and capital) under the grant.

Savings from the budget provision

Scrutiny of records revealed that during 2020-21, the department(s) concerned either made excessive budget provision under the grant or did not disburse/surrender the amount as per prescribed procedure/rule. Detail of 13 cases/ sub-heads under the grant in which there were major savings over the budget provision (₹ 10 crore or more in each case) totalling ₹ 348.04 crore is given in the **Table-3.22**:

Table-3.22: Details of savings (₹ 10 crore or more in each case) of the budget provision
(₹ in crore)

Sr. No.	Head of accounts	Original Grant	Supplementary	Reappropriation	Final grant	Expenditure	Savings
1	2210-01-001-01-S00N	30.77	0	-10	20.77	16.74	-14.03
2	2210-01-110-03-S00N	243.06	0.00	-9.91	233.14	174.44	-58.71
3	2210-02-001-02-S00N	84.50	0.00	-0.29	84.21	62.72	-21.50
4	2210-03-110-01-S00N	437.86	0.00	-103.25	334.61	284.53	-50.09
5	2210-04-101-02-S00N	110.42	0.00	0.00	110.42	89.07	-21.34
6	2210-05-105-01-S00N	206.26	0.00	-37.12	169.15	157.43	-11.71
7	2210-05-105-06-S00N	107.77	0	-8.74	93.77	93.60	-14.17
8	2210-06-200-06-S00N	15.00	0.00	0.00	15.00	0.98	-14.02
9	2211-00-101-01-S00N	109.94	0.00	0.00	109.94	73.46	-36.48
10	2211-00-200-05-C90N	70.01	0.00	0.00	70.01	35.95	-34.06
11	2211-00-200-05-C90N	169.04	0.00	0.00	169.04	149.73	-19.32
12	2211-00-200-05-C90N	50.41	0.00	0.00	50.41	12.69	-37.72
13	4210-01-110-01-S00N	13.98	0.00	0.00	13.98	2.51	-11.47
14	4210-03-105-05-S00N	20.86	0.00	0.00	20.86	1.07	-19.79
15	4210-03-105-07-S00N	11.84	0.12	0.00	11.96	0.12	-11.84
Total		1,543.18	0.12	-150.57	1,392.73	1,044.68	-348.04

The Assistant Controller (F&A) concerned stated (December 2020) that savings were due to non-preparation of DPRs for sanctioned works, non-acceptance of transfer entries and less execution of work.

Rush of expenditure

Detail of cases where substantial expenditure was incurred under the grant in the last quarter is given in **Table-3.23** below:

Table 3.23: Rush of expenditure
(₹ in crore)

Sr. No.	Head of Account	Total expenditure	Expenditure in Jan-March	Expenditure in March	Percentage	
					During Jan-March	In March
1	4210-03-105-01	118.08	105.79	85.59	89.59	72.48
2	4210-03-105-03	37.09	37.09	28.94	100.00	78.03

As can be seen from the above table, there was rush of expenditure under the grant during the last quarter, especially during the month of March, which showed non-adherence to financial rules by the concerned department(s).

3.5.2 Grant No. 10 - Public Works Road, Bridges and Building

The overall position of funds allotted, expenditure incurred and savings/excesses under revenue and capital sections of the grant for the last three years (2018-19 to 2020-21) is given in **Table 3.24**:

Table-3.24: Details of funds allocated, expenditure incurred and savings/excesses

(₹ in crore)

Year	Section	Original provision	Supplementary provision	Total Grant	Expenditure incurred	Excess (+)/ Savings (-)
2018-19	Revenue	3,308.06	0.20	3,308.26	3,039.07	-269.19
	Capital	1,216.28	230.11	1,446.39	1,496.32	49.93
2019-20	Revenue	3,540.28	30.12	3,570.40	2,833.51	-736.89
	Capital	1,294.53	618.07	1,912.60	1,631.13	-281.48
2020-21	Revenue	3,752.85	0.28	3,753.17	2,790.01	-963.12
	Capital	1,208.50	243.30	1,451.80	1,508.58	56.78

Source: Appropriation Accounts.

From the above table, it would be seen that from 2018-19 to 2020-21, there were substantial savings against the budget provision under revenue section of the grant. This indicated that budgetary controls in the department(s) were not effective and previous years' trends were not taken into account while allocating funds for the year.

Unnecessary or insufficient re-appropriation

Cases where savings / excess occurred under the grant after re-appropriation are given in **Table-3.25**.

Table-3.25: Unnecessary/Insufficient Re-appropriation

(₹ in crore)

Sr. No.	Head of Account	Original	Supplementary	Re-appropriation	Total	Actual	Excess (+)/ Savings (-)
1	5054-00-101-01	5.00	0.75	13.78	19.53	25.56	6.03
2	5054-04-337-09	394.86	117.7	66.12	578.68	724.20	145.52
3	3054-04-105-02	366.7	0.28	14.19	381.17	376.31	-4.86
4	3054-04-105-19	184.44	0	0.13	184.57	134.94	-49.63
5	4059-01-051-07	12.90	0	9.20	22.10	20.03	-2.07
6	5054-04-337-02	125.24	21.16	29.62	176.02	165.61	-10.41
7	5054-04-337-11	50.00	0	10.00	60.00	44.07	-15.93

In two cases re-appropriation proved insufficient as the actual expenditure was more than the total provision whereas in five cases re-appropriation proved unnecessary.

Rush of expenditure

Detail of cases where substantial expenditure was incurred in the last quarter is given in **Table-3.26** below:

Table-3.26: Rush of expenditure

(₹ in crore)

Sr. No.	Head of Account	Total expenditure	Expenditure in Jan-March	Expenditure in March	Percentage	
					During Jan-March	In March
1	2059-80-799-03	277.50	250.23	188.22	90.17	67.83
2	3054-04-105-06	431.54	287.74	233.41	66.68	54.09
3	3054-05-105-20	182.9	133.19	99.21	72.82	54.24
4	5054-06-101-01	25.56	23.45	16.96	91.74	66.35
5	5054-07-337-11	44.07	34.48	28.97	78.24	65.74
6	5054-08-337-21	45.00	45.00	45.00	100.00	100.00

As can be seen from the above table, there was rush of expenditure under the grant during the last quarter, especially during the month of March, which showed non-adherence to financial rules by the concerned department(s).

3.6 Conclusions

- Budgetary management was sub-optimal, as overall utilisation of budget was 86.27 per cent of total grants and appropriations during 2020-21. Budgetary allocations were not accurately made as out of the total 32 grants, in 15 grants there were savings of more than ₹ 100 crore; and in five grants there were persistent savings of more than ₹ 100 crore for the last five years. Supplementary provisions were also not accurately made as in 11 cases the supplementary provisions were either unwarranted or excessive.
- There was rush of expenditure towards the end of the financial year. In 20 heads under eight grants/ appropriations 100 per cent of the total expenditure during 2020-21 was incurred in the month of March 2021.
- In three grants and two appropriations, expenditure of ₹ 88.69 crore was in excess of the authorisation made by the State Legislature. The excess expenditure is required to be regularised by the State Legislature along with excess expenditure of ₹ 8,729.78 crore pertaining to the period 2014-15 to 2019-20.
- In 55 schemes, no expenditure was incurred in spite of budget provisions of more than ₹ one crore being available in each case. Further, in 32 schemes the entire budget provision was removed either by re-appropriation or by surrender. This indicates weak financial planning and management by the State Government departments resulting in denial of intended benefits and blocking of resources.

3.7 Recommendations

- The State Government should be more scientific and accurate in its assumptions for preparing budget estimates.
- The State Government should ensure regular monitoring to ascertain the progress of expenditure with reference to the stipulated quarterly targets, and assess anticipated savings/ excess. Surrenders of anticipated savings should be made well before the close of the financial year so that they can be utilised for other schemes. Excess expenditure over authorisation approved by the Legislature must be avoided and regularised at the earliest.

CHAPTER-IV
QUALITY OF ACCOUNTS AND
FINANCIAL REPORTING PRACTICES

CHAPTER – IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting is, thus, one of the attributes of good governance.

Issues relating to completeness, transparency, measurement and disclosures in financial reporting are discussed in this chapter.

Issues relating to completeness of accounts

4.1 Funds outside Consolidated Fund or Public Account of the State

Article 266 (1) subject to the provisions of Article 267 of the Constitution provides that all revenues received by the Government of a State, all loans raised by that Government by the 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.

Some significant instances of non-adherence to the above provisions are discussed below.

4.1.1 Building and Other Construction Workers' Welfare Cess

The Government of India (GoI) enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act), to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures. In exercise of powers conferred under section 14 (1) of the Cess Act, GoI framed the Building and Other Construction Workers' Welfare Cess Rules, 1998 (Cess Rules). Accordingly, the State Government framed the Himachal Pradesh Building and Other Construction Workers Rules, 2008. The Himachal Pradesh Building and Other Construction Workers Welfare Board was constituted in March 2009.

Section 3 of the Cess Act provides for levy and collection of cess from every employer in relation to building or other construction work, and paid to the Board after deducting the cost of collection of such cess not exceeding one *per cent* of the amount collected. As per section 5 of the Cess rules, the proceeds of the cess collected shall be transferred to the Board along with the form of challan prescribed (and in the head of account of

the Board) under the accounting procedures of the State. The Board is an autonomous body and the accounts of the Board are separately audited and certified by the Pr. Accountant General (Audit).

It was noticed that no rules have been framed by the Government of Himachal Pradesh for accounting of labour cess and no dedicated sub-head has been provided by the Government for booking and collection of labour cess. Labour Cess is being collected at the rate of one *per cent* of the cost of construction by divisions of the Public Works Department and Jal Shakti Vibhag, and is being booked under 8443-Civil Deposit-108-Public Works Deposits. Since the Public Works Deposits do not have any dedicated sub-head below it for booking this cess exclusively, the amount of Cess collected and transferred to the Labour Welfare Board and balance yet to be transferred could not be ascertained.

As per information provided by the Board, it had an opening balance of ₹ 664.25 crore and had received ₹ 105.71 crore during 2020-21 as labour cess, interest, etc. During the year, the Board spent ₹ 112.97 crore out of which ₹ 110.72 crore was spent on labour welfare activities/schemes. The Board had an amount of ₹ 656.99 crore (tentative figure as the accounts of the Board were not finalised (September 2021)) at its disposal at the close of the year, i.e. 31st March 2021. It was noticed that there is a difference of ₹ 8.38 crore between the figures of closing balance of previous year i.e. 2019-20 (₹ 655.87 crore) and opening balance of current year i.e. 2020-21 (₹ 664.25 crore). The difference was attributed by the Board to non-finalisation of accounts¹.

The above information was not available in the Public Account because of non-providing of dedicated / exclusive head of account for booking of the Cess.

4.1.2 Loans of State Government not being credited to the Consolidated Fund

According to information provided, the State Government did not resort to off-budget borrowings. No such borrowings were noticed during audit of the available Financial Statements of PSUs for the year 2020-21.

4.1.3 Funds transferred directly to State implementing agencies

Even after Government of India's decision to release all assistance for Centrally Sponsored Schemes/ Additional Central Assistance to the State Government and not directly to implementing agencies from 2014-15 onwards, funds were still being transferred by GoI directly to implementing agencies. Since these funds were not routed through the State Budget, these were not reflected in the Accounts of the State Government.

The details of aggregate amount transferred to implementing agencies during the last three years are shown in **Table-4.1**.

¹ Accounts pending since 2019-20.

Table-4.1: Funds transferred to State Implementing agencies

Direct transfers to State implementing agencies	2018-19	2019-20	2020-21
Funds transferred (₹ in crore)	962.08	1,372.69	1,866.98

According to information on the PFMS portal of the Controller General of Accounts (CGA), GoI released ₹ 1,866.98 crore (un-audited figures) agencies directly to implementing agencies during 2020-21. Direct transfers of funds to implementing agencies increased by 36.01 *per cent* from ₹ 1,372.69 crore in 2019-20 to ₹ 1,866.98 crore in 2020-21. This constituted 44 *per cent* of the amount (₹ 4,221.29 crore) released by GoI for Centrally Sponsored Schemes through the State budget as Grants-in-Aid.

Names of some major implementing agencies which received funds directly from GoI during 2020-21 are given in the **Table-4.2**:

Table-4.2: Funds transferred by GoI directly to State implementing agencies

(₹ in crore)

Sl. No.	Name of the Implementing Agencies	Name of the Schemes of Government of India	GoI releases during 2020-21
1	Himachal Pradesh Rural Development and Employment Guarantee Society	National Rural Employment Guarantee Scheme	752.10
2	Department of Revenue, Himachal Pradesh	Pradhan Mantri Kisaan Samman Nidhi (PM-Kisaan)	503.09
3	Himachal Pradesh State Electricity Board	Green Energy Corridors-Grid Interactive	48.54
4	Himachal Pradesh State Industrial Development Corporation Ltd.	Transport/Freight Subsidy Scheme	30.00
5	Himachal Pradesh Energy Development Agency	Solar Power-Grid Interactive	20.63
6	Himachal Pradesh Tourism Development Board	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	19.97
7	Himachal Pradesh State AIDS Control Society, Shimla	National AIDS and STD Control Programme	11.01

Source: Finance Account – Appendix VI

4.2 Regulators

The status of funds collected by regulators, namely Himachal Pradesh Electricity Regularity Commission (HP-ERC), Himachal Pradesh Private Educational Institutions Regulatory Commission (HP-PERC) and Himachal Pradesh Real Estate Regulatory Authority (HP-RERA) is given in the **Table-4.3** below:

Table-4.3: Showing details of regulators and the funds collected by them

Sl. No.	Name of the Regulatory Authority	Constitution of Regulatory Commission Fund	Amount outstanding towards Government
1.	Himachal Pradesh Electricity Regulatory Commission	Himachal Pradesh Electricity Regularity Commission Fund (constituted in May 2007) shall be maintained at any nationalised bank and subsidiary accounts at such other branches of such banks. The	No outstanding amount was due from Himachal Pradesh Electricity Regulatory Commission to the Government.

Sl. No.	Name of the Regulatory Authority	Constitution of Regulatory Commission Fund	Amount outstanding towards Government
		Fund shall comprise all the grants and loans given by the State Government, all fees and fines, and all other sums received from other sources.	
2.	Himachal Pradesh Private Educational Institutions Regulatory Commission (HP-PERC)	<p>As per Section 8 of HP-PERC Act 2010, a fund shall be established to which shall be credited –</p> <p>by the private educational institution, such percentage of total fees every year as may be prescribed by the Commission from time to time but not exceeding 1 per cent of total fees.</p> <p>loans from the State Government which will be repayable within three years</p> <p>any other grants received from any other source, and</p> <p>all sums received by way of penalty</p>	<p>An amount of ₹ 1.80 crore was collected as 1 per cent fee during the period 2011-12 to 2012-13. However, the provision of collection of 1 per cent fee has been stayed by the Hon'ble High Court and the case is pending for adjudication.</p> <p>The HP-PERC also received an amount of ₹ 1.06 crore on account of fine/penalty imposed. The amount has been parked in Fixed Deposits because of the stay given by the Hon'ble High Court.</p> <p>Further, the HP-PERC received ₹ 9.30 crore from the State Government during 2011-12 to 2020-21 in the shape of loans. The same has been utilised for day-to-day expenditure of HP-PERC.</p> <p>The HP-PERC has not repaid any amount of the loans received as on 31 March 2021. There was ₹ 9.30 crore along with interest accrued therein as on 31 March 2021.</p>
3.	Himachal Pradesh Real Estate Regulatory Authority (HP-RERA)	The income of the Authority shall comprise grants-in-aid, registration charges, complaint fee and e-charges from promoters, agents and complainants.	<p>During the year 2019-20 and 2020-21, HP-RERA received an amount of ₹ 4.57 crore (GIA from State Government: ₹ 3.50 crore; registration fees and other charges/interest receipts: ₹ 1.07 crore). All the funds were parked at State Bank of India by HP-RERA.</p> <p>Out of ₹ 4.57 crore, ₹ 2.55 crore was utilised for day-to-day expenditure of HP-RERA as of September 2021.</p> <p>Further, it was noticed that the receipts of ₹ 1.07 crore received as registration fees and other charges and accrued interest thereon by the HP-RERA were also parked in savings bank account instead of depositing in the relevant head of Government account.</p>

4.3 Non discharge of liability in respect of interest towards interest bearing deposits

The Government does not have any liability to pay interest on the amounts in the Interest-bearing Deposits (Major Heads of Accounts 8338 to 8342).

4.4 Deposit of Local Funds

The legislation governing Panchayati Raj Institutions (PRIs) provides that Zila Parishad (ZP), Panchayat Samiti (PS) and Gram Panchayat (GP) would maintain ZP fund, PS fund and GP fund respectively (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds). This would include all amounts realised or realisable under the Act(s) and all amounts otherwise received by PRIs, such as grants received from Central Finance Commission and State Finance Commission, and its own revenue which includes tax and non-tax receipts. The legislation governing Urban Local Bodies (ULBs) envisages that Municipal Fund is to be held by ULBs (Nagar Panchayat, Municipal Council and Municipal Corporation). All the money realised or realisable under the Act(s) and all money otherwise received by ULBs is to be kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds.

The position of these funds is detailed in **Table-4.4** below.

Table-4.4: Deposits of Local Funds

Year		2016-17	2017-18	2018-19	2019-20	2020-21
Panchayat Bodies Fund (8448-109)	Opening Balance	5.34	1.18	0.66	0.13	0.07
	Receipt	-	0.51	-0.51	0	0
	Expenditure	4.16	1.03	0.02	0.06	0.04
	Closing Balance	1.18	0.66	0.13	0.07	0.03
Municipal Fund (8448-102)	Opening Balance	0.29	0.29	0.19	0.28	0.12
	Receipt	0	-0.02	0.09	0	0
	Expenditure	0	0.08	-	0.16	0.08
	Closing Balance	0.29	0.19	0.28	0.12	0.04

Source: Finance Accounts of respective years.

As shown in the above table, the funds of PRIs and ULBs had accumulated balances of ₹ 0.03 crore and ₹ 0.04 crore respectively as on 31 March 2021.

Issues relating to transparency

4.5 Delay in submission of Utilisation Certificates

In terms of Rule 157 of the Himachal Pradesh Financial Rules, 1971 (Revised in 2009), where grants are sanctioned for specific purpose, the departmental officers concerned should obtain Utilisation Certificates (UCs) from the grantee, which, after verification, should be forwarded to Principal Accountant General (Accounts and Entitlement) within the dates specified in the sanction. The departmental officers drawing the grants-in-aid would be primarily responsible for certifying to the Principal Accountant General (Accounts and Entitlement) the fulfilment of conditions attached to the grant. UCs outstanding beyond the specified periods indicate absence of assurance on utilisation of grants for indented purposes, and the expenditure shown in the accounts to that extent cannot be treated as final. A total number of 2,799 UCs amounting to

₹ 3,557.83 crore were pending as on 31 March 2021 (**Appendix-4.1**). The age-wise and year-wise arrears in submission of UCs is summarised in **Table-4.5** and **Table-4.6**.

Table-4.5: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Opening Balance		Clearance		Due for submission	
	No. of UCs	Amount	No. of UCs	Amount	No. of UCs	Amount
Up to 2018-19	1,083	1,062.58	510	478.16	573	584.42
2019-20	1,399	1,785.36	485	782.71	914	1,002.65
2020-21	25,394	3,486.85	24,082	1,516.09	1,312	1,970.76
Total:	27,876	6,334.79	25,077	2,776.96	2,799	3,557.83

Source: - Compiled from the information provided by the PAG (A&E) Himachal Pradesh.

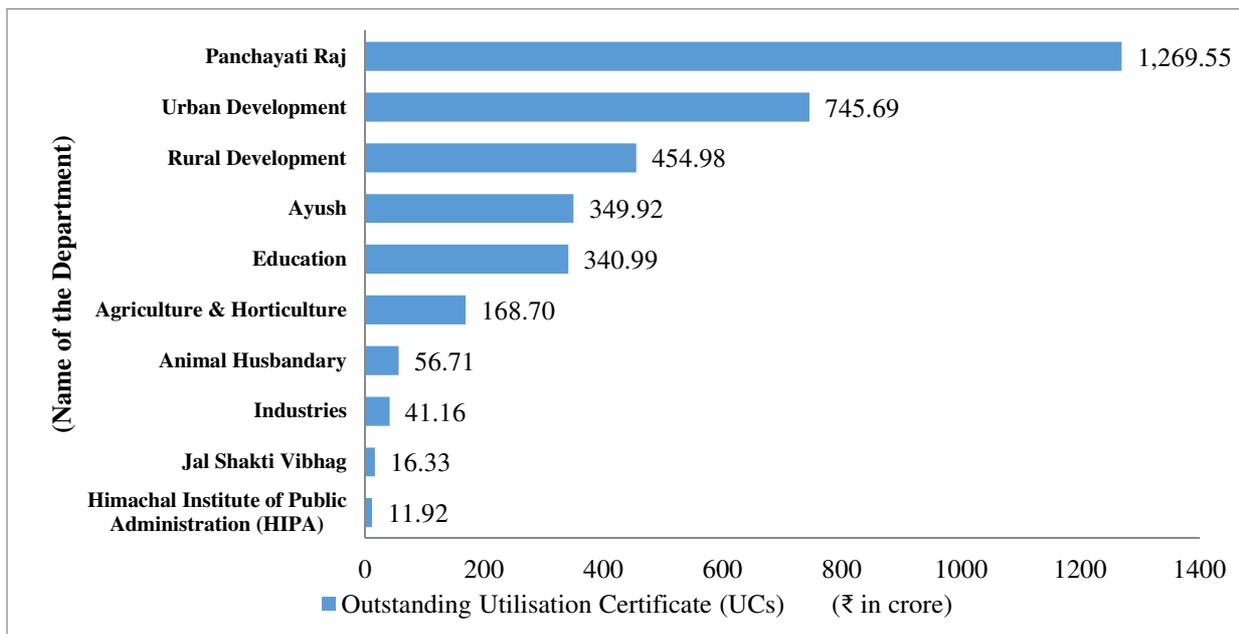
Note: - UCs for GIA disbursed during 2019-20 become due only during 2020-21 i.e. the year mentioned above relates to "Due year" i.e., after 12 months of actual drawal.

Table-4.6: Year-wise break-up of outstanding UCs

Year in which GIA transferred	Number of outstanding UCs	Amount (₹ in crore)
2015-16	24	34.86
2016-17	152	139.08
2017-18	397	410.48
2018-19	914	1,002.65
2019-20	1,312	1,970.76
Total	2,799	3,557.83

Non-submission of UCs meant that the authorities had not explained as to how funds were spent over the years. There was also no assurance that the intended objectives of providing these funds had been achieved. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

Chart-4.1: Outstanding UCs in respect of 10 major departments for the grants paid up to 2019-20



Out of total 2,799 outstanding UCs for grants of ₹ 3,557.83 crore, 1,487 UCs for grants of ₹ 1,587.07 crore pertained to the period 2015-16 to 2018-19. Out of total amount of ₹ 3,557.83 crore for which UCs were outstanding, 69.43 per cent pertained to three departments – 35.68 per cent (₹ 1,269.55 crore) to Panchayati Raj; 20.96 per cent (₹ 745.69 crore) to Urban Development; and 12.79 per cent (₹ 454.98 crore) to Rural Development.

In this regard, Joint Director, Panchayati Raj stated that due to COVID-19 pandemic and General Election for PRIs in the State, the progress of execution of works in Grams Panchayats was affected, and therefore, UCs could not be obtained/ submitted. The Joint Director, Rural Development attributed the same to COVID-19 pandemic, non-execution of works due to changes in DPRs, delay in clearance for land from Forest Department, etc.

4.6 Recording of Grantee Institution as “Others”

There is a mechanism of giving particular codes to various bodies and authorities receiving Grants-in-Aid from Government. In this way, these grants can be systematically recorded in the office of the Pr. Accountant General (A&E) and submission of UCs can be monitored against outstanding amount for each body / authority. In the absence of proper codes, outstanding amounts against grantees cannot be worked out.

In Himachal Pradesh, there was no system of allotting codes to the bodies / institutions / authorities receiving grants from the State Government, in order to facilitate monitoring of UCs by the Pr. Accountant General (A&E).

As per **Statement-10** of the Finance Accounts for the year 2020-21, an amount of ₹ 4,563.11 crore had been given as grants-in-aid to different institutions, out of which ₹ 946.89 crore (20.75 per cent) was given to “Others”. During the past five years (2016-21), the Government had continued to record substantial amounts of grants-in-aid as ‘Others’ – ranging between 15.83 per cent and 28.85 per cent as shown in the **Table-4.7**:

Table-4.7: Grants-in-Aid to Grantee Institutions of Type ‘Others’

(₹ in crore)

Year	Total GIA amount	Amount to Grantee Institutions of Type ‘Others’	Percentage to total GIA
2016-17	3,356.98	842.39	25.09
2017-18	2,895.45	784.69	27.10
2018-19	3,633.95	1,048.43	28.85
2019-20	3,506.49	555.22	15.83
2020-21	4,563.11	946.89	20.75

Source: Finance Accounts for the respective years.

4.7 Abstract Contingent Bills

Rule 183 (3)(V) of Himachal Pradesh Treasury Rules 2017 envisage that no moneys should be drawn from government treasury unless it is required for immediate disbursement. In emergent circumstances, Drawing and Disbursing Officers (DDOs)

are authorised to draw sums of money through bills by debiting Service Heads. Rule 187 further provides that advance drawals shall be permitted for emergent circumstances on Abstract Contingent (AC) bills to be drawn by DDOs as specified by the Finance Department for reasons to be recorded in writing. At a time, only one advance can be granted/ passed by District Treasury Officer / Treasury Officer (DTO/TO). It shall be the responsibility of the DDO concerned to get the advance adjusted during the same financial year in which it is drawn. The DTO/TO shall enter advances separately in the advance register. They shall monitor that these are accounted for within the same financial year through Detailed Contingent (DC) bills to Principal Accountant General (A&E). The advance payment register shall be operated continuously and shall be maintained till all advances entered in it are fully recovered/adjusted.

The State Government had not formulated any mechanism for drawal and monitoring of advances through AC bills and their adjustment through DC bills with the office of the Pr. Accountant General (A&E). Further, the Drawing and Disbursing Officers (DDOs) were using general expenditure bill form (HPTR-5) to draw contingent advances from the Treasury, which could not be separately distinguished or monitored by the Treasuries or Pr. AG (A&E). This issue has been persistently highlighted for more than three years, however a suitable mechanism is yet to be developed and adopted by the State Government.

Advances drawn and not accounted for increase the possibility of misutilisation/ misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

4.8 Personal Deposit Accounts

Under Rule 12.7 of the Himachal Pradesh Financial Rules Vol-I, 1971, Personal Deposit (PD) accounts are operated by transferring amounts from the Consolidated Fund to be utilised for specific purposes and booked as final expenditure against the concerned service Major Heads without any actual cash flow. Unspent balances lying in PD accounts are required to be transferred back to the Consolidated Fund on the last working day of the financial year, and reopened next year, if necessary. This Rule has not been followed by the State Government, despite persistent correspondence over the past many years.

At the end of 2020-21, an amount of ₹ 2.18 crore remained as unspent balance in 112 PD accounts without being transferred to the Consolidated Fund (**Appendix-4.2**). The status of PD accounts at the close of the financial year 2020-21 is given in **Table-4.8**.

Table-4.8: Status of PD Accounts (MH 8443-106) as on 31 March 2021

(₹ in crore)

PD Accounts as on 01.04.2020		Additions during the year		Close/ withdrawal during the year		Closing balance as on 31.03.2021		Operative Accounts		Inoperative Accounts	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
112	2.82	01	-0.13*	01	0.51	112	2.18	104	2.00	08	0.18

* Negative amount appears as lapsed amount is more than the receipt credited during 2020-21.

Out of total 112 PD Accounts, 104 PD accounts were operative (of which 38 accounts had zero balances) whereas eight PD accounts were inoperative for more than one year. Further, one PD account was opened and one PD account was closed during the year.

As per the prescribed procedure, Personal Deposit Accounts are opened under the designated heads of account, i.e. MH-8443-Civil Deposits-106-Personal Deposits and are reconciled with plus and minus memoranda as supplied by PD account holders and treasuries. However, it was noticed that there were 10 cases where PD accounts were opened under the head MH-8448-109, which was not the designated head of account.

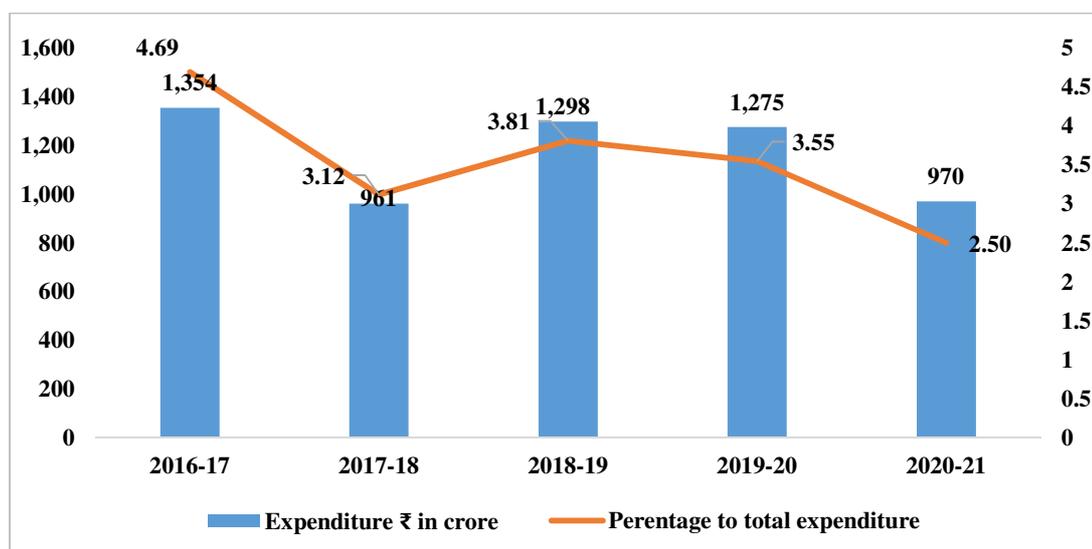
Unspent balances lying in PD Accounts meant that there was overstatement of expenditure to the extent of the balances. Non-reconciliation of Personal Deposit Accounts periodically and non-transfer of the unspent balances lying in Personal Deposit Accounts to Consolidated Fund entails the risk of misuse of public funds.

4.9 Indiscriminate use of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when 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 Pr. Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Routine operation of Minor Head-800 is to be discouraged, since indiscriminate booking of receipts and expenditures under Minor Head-800 obscures the nature of transactions and affects transparency.

The extent of operation of Minor Head-800 as a percentage of total expenditure during 2016-17 to 2020-21 is given in **Chart-4.2**.

Chart-4.2: Operation of Minor Head 800- Other Expenditure during 2016-21



During 2020-21, an amount of ₹ 970 crore under 41 Major Heads of account, constituting 2.50 *per cent* of total expenditure (₹ 38,844 crore), was classified under Minor Head-800 'Other Expenditure' in the Revenue and Capital accounts. Similarly, ₹ 1,332 crore under 48 Major Heads of Account, constituting 3.98 *per cent* of total receipts (₹ 33,441 crore), was booked under Minor Head-800 'Other Receipts'.

Instances where significant proportion (20 per cent or more of total receipts/ expenditure under the Major Head and exceeding ₹ 5 crore) of receipts and expenditures was classified under Minor Head 800-Other Receipts / Other Expenditure during the year 2020-21 are depicted in **Table-4.9**.

Table-4.9: Significant amount booked under Minor Head- ‘800-Other Receipts/ Expenditure’ during 2020-21

(₹ in crore)

“800-Other Receipts”				“800-Other Expenditure”			
Major Head	Total receipts	Booked under Minor Head 800	Percentage	Major Head	Total expenditure	Booked under Minor Head 800	Percentage
0217- Urban Development	5.95	5.95	100.00	5475-Capital Outlay on other General Economic Service	147.17	147.04	99.91
0801- Power	749.12	749.12	100.00	2075-Miscellaneous General Services	33.68	33.43	99.26
1452-Tourism	6.45	6.42	99.53	5452-Capital Outlay on Tourism	29.99	28.03	92.46
0515- Other Rural Development Programmes	20.41	17.91	87.75	4701-Capital Outlay on Medium Irrigation	70.01	64.01	91.43
0070- Other Administrative Service	37.05	29.89	80.67	4070-Capital Outlay on Other Administrative Services	8.14	7.24	88.94
0045- Other Taxes and Duties on Commodities and Services	264.26	205.07	77.60	4711-Capital Outlay on Flood control Projects	56.92	40.68	71.47
0401- Crop Husbandry	11.92	9.12	76.51	4851-Capital Outlay on Village and Small Industries	17.27	8.05	46.61
0425-Co-operation	9.51	7.26	76.34	4401- Capital Outlay on Crop Husbandry	15.53	7.24	46.62
0029- Land Revenue	6.95	5.26	75.68	2851-Village and Small Industries	190.26	79.36	41.71
0235- Social Security and Welfare	11.15	6.02	53.99	2501-Special Programmes for Rural Development	138.87	56.34	40.57
1054 - Roads and Bridges	12.89	6.60	51.20	3454-Census Surveys and Statistics	17.09	6.26	36.63
0406- Forestry and Wildlife	49.56	18.95	38.24	2230-Labour, Employment and Skill Development	193.58	55.21	28.52
0059- Public Works	58.28	21.06	36.13				

"800-Other Receipts"				"800-Other Expenditure"			
Major Head	Total receipts	Booked under Minor Head 800	Percentage	Major Head	Total expenditure	Booked under Minor Head 800	Percentage
0853- Non-ferrous Mining and Metallurgical Industries	252.16	51.02	20.23				
Total:	1,495.66	1,139.65	76.20	Total:	918.51	532.89	58.02

As is evident from the above table, in 14 Major Heads around 76 per cent of receipts were booked under '800-Other Receipts', and in 12 Major Heads around 58 per cent of revenue and capital expenditure was booked under '800-Other Expenditure'. Classification of large amounts under Minor Head '800-Other Receipts/Expenditure' affected transparency in financial reporting and understanding of allocative priorities / quality of expenditure.

The matter was discussed (June 2021) with the State Government/Finance Department. The State Government stated that the process of clean up/ rationalisation of amounts under Minor Head-800 has been initiated and the effect / changes will be seen from the budget estimates 2022-23.

Issues relating to measurement

4.10 Outstanding balance under major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and Forest Divisions, etc. The position of gross figures under major suspense and remittance heads for the last three years is given in **Table-4.10**.

Table-4.10: Status of Suspense and Remittances Balances

(₹ in crore)

Name of Minor Head	2018-19		2019-20		2020-21	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658 - Suspense Accounts						
101-Pay and Accounts Office-Suspense	96.21	35.55	124.62	56.33	138.83	66.53
Net	60.66 Dr.		68.29 Dr.		72.30 Dr.	
102-Suspense Account (Civil)	149.77	131.53	1,551.08	164.34	1,854.36	223.31
Net	18.24 Dr.		1386.74 Dr.		1,631.05 Dr.	
110-Reserve Bank Suspense-Central Accounts Office	0.57	---	3,755.23	3,755.23	2.24	2.26
Net	0.57 Dr.		Nil		0.02 Cr.	
112-Tax Deducted at Source (TDS) Suspense	484.05	497.09	447.74	468.23	471.25	497.83
Net	13.04 Cr.		20.49 Cr.		26.58 Cr.	

Name of Minor Head	2018-19		2019-20		2020-21	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
129-Material Purchase Settlement Suspense Account	164.43	305.64	139.79	244.17	81.69	219.46
Net	141.21 Cr.		104.38 Cr.		137.77 Cr.	
8782 - Cash remittances and adjustments between officers rendering accounts to the same Accounts Officer						
102-Public Works Remittances	7,185.44	7,660.51	7,507.51	8,104.89	6,841.07	7,372.10
Net	475.07 Cr.		597.38 Cr.		531.03 Cr.	
103- Forest Remittances	151.59	187.49	124.72	141.58	0.03	16.81
Net	35.90 Cr.		16.86 Cr.		16.78Cr.	

Source: Finance Account.

The Suspense balances (Debit/Credit) under the Minor heads 101-PAO Suspense, 102-Suspense Account (Civil) and 110-Reserve Bank Suspense-Central Accounts Office under Major Head 8658-Suspense Account appearing in the Finance Accounts for the year 2020-21 are detailed below:

Pay and Accounts Office – Suspense (Minor Head 101): This Minor Head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of PAOs under the Union Government, PAOs of the Union Territories and the Accountants General. The outstanding debit balance (31 March 2021) under this Head was ₹ 72.31 crore against debit balance of ₹ 68.29 crore at end of the previous year. Outstanding debit balance under this Head means that payments have been made by the PAO on behalf of other PAO(s), which are yet to be recovered.

Suspense Account - Civil (Minor Head 102): The transactions which cannot be taken to final Head of expenditure/receipt accounts for want of certain information/documents (challans, vouchers etc.) are initially booked under this suspense head. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively during the financial year. 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.

During 2020-21, the debit balances under Suspense head increased by ₹ 244.32 crore as compared to previous year 2019-20, primarily due to amount of ₹ 227.65 crore (Revenue Expenditure: ₹ 81.77 crore and Capital Expenditure: ₹ 145.88 crore) being booked under this head during 2020-21 due to non-furnishing of vouchers and other documents as proof of actual expenditure. The objected amount has not been taken into account as Revenue/Capital expenditure in the Finance Accounts or as actual expenditure in the Appropriation Accounts against the budget provisions for the year 2020-21.

4.11 Reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts,

the State Financial Rules stipulate that receipts and expenditures during the financial year recorded in their books be reconciled by them every month with those recorded in the books of the Pr. Accountant General (A&E).

During the year 2020-21, such reconciliation was completed fully covering receipts of ₹ 33,441.15 crore (100 per cent total receipt) and expenditure of ₹ 38,844.14 crore (100 per cent of total expenditure). The reconciliation of receipts and expenditure figures has been fully completed by CCOs/COs during the last four years (2017-21).

4.12 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India.

There was a net difference of ₹ 1.50 crore (Cr.) in cash balance as on 31 March 2021 between the figures reflected in the account of Pr. Accountant General (A&E), Himachal Pradesh and as reported by the Reserve Bank of India (RBI). The cash balance as worked out by the Office of the Pr. Accountant General (A&E), Himachal Pradesh was ₹ 59.96 crore (Dr.) whereas ₹ 61.46 crore (Cr.) was reported by Reserve Bank of India. The difference was mainly due to incorrect reporting of transactions and non-reconciliation by the Agency Banks.

Issues relating to disclosures

4.13 Compliance with 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. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). The compliance of these accounting standards by the State Government is detailed in the **Table-4.11**.

Table-4.11: Compliance to Accounting Standards

Sr. No.	Accounting Standard	Compliance by State Government	Impact of deficiency
1	IGAS 1: <i>Guarantees given by the Government</i>	Partially Complied	IGAS-1 requires that sector-wise and class-wise disclosures on guarantees given by the State Government should be incorporated in Finance Accounts. Statements 9 and 20 show the details of Guarantees given by the State Government and the interest on the guaranteed amount on the basis of information provided by the State Government. Although sector-wise details have been disclosed, class-wise details were not incorporated in Finance Accounts of the State.
2	IGAS 2: <i>Accounting and</i>	Partially complied	As per IGAS-2, expenditure relating to Grants-in-aid should be classified as revenue expenditure even if it

Sr. No.	Accounting Standard	Compliance by State Government	Impact of deficiency
	<i>classification of grants-in-aid</i>		involves creation of assets, except in cases specifically authorised by the President on the advice of the Comptroller and Auditor General of India. Requirements regarding accounting and classification of Grants-in-aid given by the State Government have been depicted in Statement 10 and Appendix III which are prepared as per the requirements of IGAS 2. Detailed information in respect of Grants-in-aid given in kind has also not been furnished by the State Government. Further, IGAS prescription as regards to obtaining the Utilisation Certificates before providing next instalments to the grantees was not ensured.
3	IGAS 3: Loans and advances made by Governments	Partially complied	Statements 7 and 18 of the Finance Accounts have been prepared incorporating the disclosures under IGAS 3. The details of loan and advances reported in these Statements of the Finance Accounts are based on information received through the accounts rendered to the Principal Accountant General (A&E) and detailed accounts maintained by the Principal Accountant General (A&E) in respect of loans and advances made to Government servants. The closing balances depicted in Statements 7 and 18 as on 31 March 2021 have not been reconciled with the Loanee Entities/State Government.

Source: Indian Government Accounting Standards and Finance Accounts.

4.14 Delays in submission of Accounts/ Separate Audit Reports of Autonomous Bodies/ Authorities

Several autonomous bodies have been set up by the State Government in the fields of Education, Welfare, Law and Justice, Health, etc. Audit of accounts in respect of 18 autonomous bodies/authorities in the State has been entrusted to the Comptroller and Auditor General of India. Audit of these 18 bodies is conducted under section 19(3) of the C&AG's DPC Act and Separate Audit Reports are prepared for the same (**Appendix-4.3**). Detail of bodies/authorities whose accounts are in arrears is given in **Table-4.12**:

Table-4.12: Arrears of accounts of Bodies or Authorities

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to 2020-21
1.	Himachal Pradesh Building and Other Construction Workers Welfare Board, Shimla	2019-20	01
2.	HP Khadi and Village Industries Board	2013-14	07
3.	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	2015-16	05
4.	HP City Transport and Bus Stand Management and Development Authority	2019-20	01

It can be seen from **Table-4.12** that accounts of four bodies/authorities (out of 18) were in arrears for periods ranging between one to seven years. Out of this, the accounts of

two bodies were in arrear for only one year (i.e. 2019-20). Only accounts of two bodies namely - HP Khadi and Village Industries Board and Compensatory Afforestation Fund Management were in arrears for more than one year. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

The Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally-run undertakings in order to assess their financial position.

4.15 Non-submission of details of grants / loans given to bodies and authorities

In order to identify institutions that attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/ Heads of the Departments are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, purpose for which such assistance was granted, and the total expenditure of the institutions.

Further, Regulations on Audit and Accounts (Amendments) 2020 provides that the Government and Heads of Departments which sanction grants and/or loans to bodies or authorities shall furnish to the Audit Office, by the end of July every year, a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned, and (c) the total expenditure of the body or authority.

The State Government did not furnish information pertaining to grants aggregating ₹ 10 lakh or more extended to Autonomous Bodies/Authorities/ Institutions in the State of Himachal Pradesh. However, information was sought by Audit from the concerned bodies/authorities, and only four² bodies/ authorities / institutions (out of 35 from whom information was sought) furnished the information to Audit (**Appendix-4.3**).

Non-furnishing of information by the State Government/Heads of the Department to Audit was in violation of Regulations on Audit and Accounts (Amendments) 2020. Further, in the absence of such information, the bodies/authorities to be audited could not be identified and the correctness, regularity/propriety of expenditure from the grants and loans given to these bodies / authorities out of the Consolidated Fund of the State could also not be examined in audit.

¹ (i) Dr. YS Parmar Horticulture University Nauni, Solan (ii) Seed and Organic Produce Certification Agency, Boileaganj, Shimla, (iii) Livestock Development Board, Boileaganj, Shimla, (iv) HP State Council for Science, Technology and Environment, Kasumpti, Himachal Pradesh.

4.16 Timeliness and Quality of Accounts

During 2020-21, all the account rendering entities (Treasuries, PWD & I&PH Divisions and PAO New Delhi), which render their monthly accounts to Pr. Accountant General (A&E), had rendered their accounts in time and there was no case of exclusion.

Other Issues

4.17 Misappropriations, losses, thefts, etc.

As per Rule 24 of the Himachal Pradesh Financial Rules, 1971 (revised in 2009), an officer shall be held responsible personally or vicariously for any loss sustained by the Government on account of causes mentioned in Rule 21 of these Rules due to any omission or commission or negligence, whether intentional or unintentional, on his part. As per Rule 145 (5) of the Himachal Pradesh Financial Rules, 1971 (revised in 2009), in case goods become unserviceable due to negligence, fraud or mischief on the part of the Government servant, responsibility for the same shall be fixed.

State Government reported 42 cases of misappropriation/loss, theft, etc., involving government money amounting to ₹ 90.12 lakh upto March 2020 on which final action was pending. In all these cases, the departments concerned had filed First Information Report (FIR). The department-wise break up of pending cases and reasons for pendency of action in these cases is summarised in **Table-4.13**.

Table-4.13: Department-wise break up of pending cases and reasons for pendency of action in cases of misappropriation, losses, theft, etc.

Name of Department	Cases of misappropriation/ losses/ theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.	Number of cases	Amount (₹ in lakh)
	Number of cases	Amount (₹ in lakh)			
Education	04	3.88	Awaiting departmental and criminal investigation	26	31.37
Rural Development	02	4.68			
Agriculture	02	9.46			
Land Revenue	01	2.57	Awaiting orders for recovery or write off	01	2.57
Horticulture	03	2.89			
Police	01	0.08			
Municipal Corporation, Chamba	01	0.42	Pending in the courts of Law	04	26.36
Home Guard	02	25.37			
Public Health (Medical)	01	0.95			
Forests	05	19.75	Recovery made/ written off but awaiting final disposal from PAC	09	29.00
Public Works	15	11.16			
Jal Shakti	05	8.91	Others	02	0.82
Total	42	90.12	Total	42	90.12

Source: Information received from departments and compiled by Audit.

The State Government may devise an effective mechanism to ensure speedy and time-bound settlement of cases relating to misappropriation/loss, theft, etc.

The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss of Government material is summarised in **Table-4.14**.

Table-4.14: Profile of misappropriation, losses, defalcations, etc.

(₹ in lakh)

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved		Number of cases	Amount involved
0-5	2	0.82	Theft cases	8	7.20
5-10	6	8.79			
10-15	4	5.63	Misappropriation/ loss of Government material	34	82.92
15-20	7	36.66			
20-25	9	16.66			
25 and above	14	21.56			
Total	42	90.12	Total pending cases	42	90.12

Out of the total loss cases, 80.95 per cent cases are related to Misappropriation/ loss of Government material and the remaining 19.05 per cent were theft cases. Out of the total 42 cases of misappropriation/theft, 61.90 per cent (26 cases) were pending due to delays in finalising/initiating departmental and criminal investigation. It was further noticed that 40 cases out of total 42 were more than five years old, including 23 cases, which were more than 20 years old. The lackadaisical approach of departments in finalisation of these cases had not only caused loss to the State exchequer but also led to non-accountability of the officers/officials at fault.

During the current year (2020-21), the position remained the same as no case was reported or settled by the State Government.

The lack of action by departments in finalisation of these cases meant that accountability of the officers/officials at fault was not fixed and corrective action taken, if any, could not be ascertained. The Government may consider preparing a time bound framework for taking prompt action in cases of theft, misappropriation, etc.

4.18 Follow up action on State Finances Audit Report

State Finances Audit Report is being prepared and presented to the State Legislature from the year 2008-09 onwards. The State Government had submitted Action Taken Notes (ATNs)/ *suo moto* replies for State Finances Audit Reports up to 2017-18. Public Accounts Committee of the State Legislature had not discussed the State Finances Audit Reports as of date.

4.19 Conclusions

- Non-submission of Utilisation Certificates indicated lack of monitoring with regard to utilisation of grants released by the departments to the grantees, and entailed risk of non-utilisation, misutilisation or diversion of funds released for various works/schemes/programmes.
- Non-submission of accounts by autonomous bodies and non-providing of detailed information as regards bodies/authorities substantially financed through grants and loans entailed risk of financial irregularities in such autonomous bodies/bodies/authorities going undetected.

- The drawing of advances by the DDOs using general expenditure bill form (HPTR-5), without a suitable mechanism for their identification/distinction and subsequent monitoring entailed risk of misappropriation/misutilisation.
- There were cases of theft, misappropriation / loss of Government material and defalcation, in respect of which departmental action was pending.
- Significant amounts of expenditure and receipts were booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' under various Major Heads affecting transparency in financial reporting and obscuring proper analysis of allocative priorities and quality of expenditure. Finance Department assured that the process of cleaning up/rationalisation of amounts will be initiated.
- The State Government had yet not fully implemented the notified IGAS in the State.

4.20 Recommendations

- The Government should ensure timely submission of utilisation certificates by departments in respect of the grants released for specific purposes.
- State Government should develop and adopt a mechanism for identification of withdrawal of contingent nature of advances against AC bills, along with their adjustment through DC bills.
- The Government should institute a mechanism to ensure that Autonomous Bodies/ authorities and PSUs submit their accounts to Audit without delay.
- State Government should take necessary steps to expedite the process of proper accounting of amounts booked under Minor Head-800 in appropriate heads of account to classify the transactions correctly in the books of accounts.
- State Government should take steps to fully implement IGAS in the State to improve the quality of financial reporting.

CHAPTER-V
STATE PUBLIC SECTOR
ENTERPRISES

CHAPTER-V

STATE PUBLIC SECTOR ENTERPRISES

This chapter discusses the financial performance of Government Companies (GCs), Government Controlled Other Companies (GCOs) and Statutory Corporations (SCs) as revealed from their accounts. Impact of significant comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General of India (CAG) for the year 2020-21 (or of earlier years which were finalised with effect from 01 January 2021 to 30 November 2021) has also been discussed.

5.1 Definition of Government Companies/Corporations

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.

Besides, any other company¹ 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.

5.2 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) 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 Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

5.3 State Public Sector Enterprises and their contribution to the Gross State Domestic Product of the State

State Public Sector Enterprises (SPSEs) consist of State Government Companies, Government Controlled Other Companies and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2021, there were 29 SPSEs under the audit jurisdiction of the CAG. These include four Power Sector SPSEs and 25 SPSEs in other sectors. Out of 25 SPSEs (Other than Power Sector), there are 19 Government Companies, two² Statutory Corporations and four³

¹ Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

² Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation.

³ Dharamshala Smart City Limited, Himachal Consultancy Organisation Limited, Shimla Jal Prabandhan Nigam Limited and Himachal Worsteds Mills Limited (Inactive Company).

Government Controlled Other Companies. The names of these SPSEs along with month and year of incorporation, their administrative department and brief description of activities being carried out by them are detailed in **Appendix-5.1**.

Out of four SPSEs (Power Sector), there are three⁴ Government Companies and the remaining one⁵ is a Government Controlled Other Company. Out of these SPSEs, Himachal Pradesh State Electricity Board Limited is debt listed⁶ Government Company on the stock exchange and one SPSE (Beas Valley Power Corporation Limited) has not started its commercial operation so far (31 December 2021).

In SPSEs of Other than Power Sector, two Companies⁷ out of 19 Government Companies and one Company⁸ out of four Government Controlled Other Companies are inactive. These are inactive for the last three to 21 years and having investment of ₹ 77.90 crore towards capital (₹ 17.75 crore) and long-term loans (₹ 60.15 crore). This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State.

A ratio turnover of SPSEs to the Gross State Domestic Product (GSDP) shows the contribution of activities of these SPSEs in the State economy. The **Table-5.1** below provides the details of turnover of all the SPSEs and GSDP of Himachal Pradesh for a period of five years ending 31 March 2021.

Table-5.1: Details of turnover of SPSEs vis-à-vis GSDP of Himachal Pradesh

(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Total turnover of all SPSEs	8,342.66	8,814.81	9,725.96	9,912.71	10,603.36
GSDP of Himachal Pradesh (at Current Prices)	1,25,634	1,38,351	1,49,442	1,62,816	1,56,522
Percentage of SPSE's Turnover to GSDP of Himachal Pradesh	6.64	6.37	6.51	6.09	6.77

Source: Compilation based on Turnover figures as per latest finalised accounts and GSDP figures of Government of Himachal Pradesh.

The percentage of SPSE's Turnover to GSDP increased from 6.64 in 2016-17 to 6.77 per cent in 2020-21. The major contributors to SPSEs' turnover were Himachal Pradesh State Electricity Board Limited (₹ 6,548.60 crore), Himachal Road Transport Corporation (₹ 1,127.79 crore) and Himachal Pradesh State Civil Supplies Corporation Limited (₹ 1,359.11 crore).

5.4 Investment by Government of Himachal Pradesh in SPSEs and Budgetary Support

5.4.1 Equity holding and Loans in SPSEs

The sector wise Total Equity, Equity Contribution by State Government and Long Term Loans including the loans given by the State Government in 26 working SPSEs as on 31 March 2021 is given below in **Table-5.2**.

⁴ Himachal Pradesh State Electricity Board Limited, Beas Valley Power Corporation Limited and Himachal Pradesh Power Transmission Corporation Limited.

⁵ Himachal Pradesh Power Corporation Limited.

⁶ Only issues bonds through the stock market.

⁷ Agro Industrial Packaging India Limited and Himachal Pradesh Beverages Limited.

⁸ Himachal Worsted Mills Limited.

Table-5.2: Sector-wise investment in SPSEs as on 31 March 2021

Name of Sector	Investment ⁹ (₹ in crore)				
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans
Power	3,814.19	2,087.57	11,636.20	7,223.06	15,450.39
Finance	144.99	138.30	171.30	84.68	316.29
Industries and Infrastructure	62.99	62.87	2.97	2.97	65.96
Agriculture and Allied	69.33	59.80	72.05	71.65	141.38
Service	949.64	933.44	42.61	0.05	992.25
Total	5,041.14	3,281.98	11,925.13	7,382.41	16,966.27

Source: Information provided by the SPSEs.

The thrust of SPSEs investment was mainly on power sector. This sector had received 91.07 per cent (₹ 15,450.39 crore) of total investment of ₹ 16,966.27 crore. The details of State Government's investment in the form of equity and loan made in SPSEs as on 31 March 2021 is depicted in **Appendix-5.2**.

5.4.2 Budgetary Support by Government of Himachal Pradesh

The Government of Himachal Pradesh (GoHP) provides financial support to SPSEs in various forms through annual budget from time to time. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity in respect of SPSEs during the last three years ending 31 March 2021 are given in **Table-5.3** below:

Table-5.3: Details of budgetary support to all SPSEs

Particulars ¹⁰	2018-19		2019-20		2020-21	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Equity Capital	6	312.85	7	335.89	7	263.25
Loans given	2	369.10	2	571.26	2	268.83
Grants/Subsidies provided	11	440.36	9	691.15	9	983.68
Total Outgo		1,122.31		1,598.30		1,515.76
Loan repayment/written off					2	4.18 ¹¹
Loans converted into equity					-	-
Guarantees issued during the year	5	115.60	7	673.60	8	491.44
Guarantee Commitment/outstanding	1	0.60	8	1,447.15	4	93.74

Source: Compiled based on information received from SPSEs.

Equity was mainly infused by the State Government during 2020-21 in three Power Sector SPSEs¹² (₹ 196.98 crore) and one Other Than Power Sector SPSE (Himachal

⁹ Investment includes equity and long-term loans.

¹⁰ Amount represents outgo from State Budget only.

¹¹ Repayment of ₹ 1.93 crore and ₹ 2.25 crore was made by Himachal Pradesh State Electronics Development Corporation Limited and Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited respectively.

¹² Himachal Pradesh State Electricity Board Limited (₹ 50.77 crore), Himachal Pradesh Power Corporation Limited (₹ 62.21 crore) and Himachal Pradesh Power Transmission Corporation Limited (₹ 84.00 crore).

Road Transport Corporation: ₹ 62.02 crore). The State Government has also provided loans to one Power Sector SPSE (Himachal Pradesh Power Transmission Corporation Limited: ₹ 266.00 crore). Major portion of grants/subsidies was provided by the State Government to Himachal Road Transport Corporation (₹ 529.20 crore¹³) and to Shimla Jal Prabandhan Nigam Limited (₹ 195.24 crore¹⁴).

5.4.3 Adequacy of assets to meet loan liabilities

Ratio of total debt/loans 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 working SPSEs which had outstanding loans as per their latest finalised accounts as on 30 November 2021 is given in **Table-5.4**.

Table-5.4: Coverage of long-term loans with total assets as per latest finalised accounts as of 30 November 2021

Sector of SPSEs	No. of SPSEs	Assets	Long-term loans	Ratio of Assets to Long-term loans
		(₹ in crore)		
Government Companies	12	22,588.41	10,447.68	2.16:1
Statutory Corporations	2	1,193.23	177.63	6.72:1
Total	14	23,781.64	10,625.31	2.24:1

Source: Compiled based on accounts finalised by SPSEs

From the above, it can be seen that the value of assets in respect of working SPSEs was greater than the sum of their loans/debts.

5.4.4 Market Capitalisation of equity investment in SPSEs

Himachal Pradesh General Industries Corporation Limited was the only listed company in the State. However, its shares have not been traded since 1976. Presently, the Company is under the process of delisting. Hence the market capitalisation of the company which represents market value of shares of company does not apply to the Company.

In addition, the Himachal Pradesh State Electricity Board Limited is also debt listed¹⁵ Government Company on the Stock Exchange.

5.4.5 Disinvestment, Restructuring and Privatisation

During the year 2020-21, there was no case of privatisation of any SPSE. The State Government has not prepared any policy on disinvestment of State Government equity invested in the SPSEs.

¹³ Grant for reimbursement of cost of free/concessional travel allowed to various categories of population in the Himachal Pradesh.

¹⁴ For meeting out operational and administrative expenses.

¹⁵ Only issues bonds through the stock market.

5.5 Returns from State Public Sector Enterprises

5.5.1 Profit earned by State Public Sector Enterprises

Out of 29 SPSEs, 11 working SPSEs earned profit of ₹ 28.18 crore as per latest finalised accounts as compared to ₹ 36.24 crore earned by 12 SPSEs in 2019-20. Seven¹⁶ SPSEs had either not prepared their first accounts or did not have reportable profit and loss (commercial operations not commenced or excess of expenditure over income is reimbursed by State Government).

The two SPSEs which contributed maximum profit as per their latest finalised accounts are Himachal Pradesh State Industrial Development Corporation Limited (₹ 9.69 crore) and Himachal Pradesh General Industries Corporation Limited (₹ 5.06 crore). The summary of financial position of all SPSEs as per latest finalised accounts is depicted in **Appendix-5.3**.

5.5.2 Dividend Payout by SPSEs

The State Government had formulated (April 2011) a policy that all profit making SPSEs (except those in welfare and utility sector) should pay a minimum return of five *per cent* on the paid-up share capital contributed by the State government, subject to a ceiling of 50 *per cent* of the profit after tax. As per their latest finalised accounts, 11 working SPSEs earned an aggregate profit of ₹ 28.18 crore (excluding inactive SPSE – Himachal Pradesh Beverages Limited) and out of which seven¹⁷ SPSEs were eligible to declare dividend as per State Government policy.

However, only three SPSEs declared/paid dividend of ₹ 2.25 crore (Himachal Pradesh State Civil Supplies Corporation Limited: ₹ 0.35 crore, Himachal Pradesh State Industrial Development Corporation Limited: ₹ 1.54 crore and Himachal Pradesh General Industries Corporation Limited: ₹ 0.36 crore). Four profit making SPSEs did not pay/provide dividend of ₹ 2.58 crore¹⁸ to the State Government. Remaining four profit making SPSEs¹⁹ were not eligible/required to pay dividend as per State Government policy.

¹⁶ SPSEs which have not forwarded their first accounts: (i) Shimla Smart City Limited and (ii) Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited.

SPSEs whose excess of expenditure over income is reimbursed by State Government or SPSEs who did not prepare their profit and loss accounts: (i) Dharamshala Smart City Limited, (ii) Shimla Jal Prabandhan Nigam Limited, (iii) Himachal Pradesh Road and Other Infrastructure Development Corporation Limited, (iv) Ropeway and Rapid Transport System Development Corporation HP Limited and (v) Beas Valley Power Corporation Limited.

¹⁷ (i) Himachal Pradesh State Civil Supply Corporation Limited, (ii) Himachal Pradesh State Industrial Development Corporation Limited, (iii) Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited, (iv) Himachal Pradesh Tourism Development Corporation, (v) Himachal Pradesh State Electronics Development Corporation Limited, (vi) Himachal Pradesh Handicrafts and Handlooms Corporation Limited and (vii) Himachal Pradesh General Industries Corporation Limited.

¹⁸ Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (₹ 1.33 crore), Himachal Pradesh Tourism Development Corporation (₹ 0.61 crore), Himachal Pradesh State Handicrafts and Handlooms Corporation Limited (₹ 0.46 crore) and Himachal Pradesh State Electronics Development Corporation Limited (₹ 0.18 crore).

¹⁹ Himachal Backward Classes Finance and Development Corporation, Himachal Pradesh Mahila Vikas Nigam, Himachal Pradesh Kaushal Vikas Nigam and Himachal Consultancy Organisation Limited.

5.6 Debt servicing

5.6.1 Interest Coverage Ratio

Interest Coverage Ratio 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 will be the ability of the company to pay interest on debt. An interest coverage ratio of less than one indicates that the Company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in Power Sector SPSEs and in Statutory Corporations which had maximum interest burden during the period from 2018-19 to 2020-21, are given in **Table-5.5**.

Table-5.5: Interest Coverage ratio of SPSEs

Name of the SPSEs	2018-19			2019-20			2020-21		
	Interest cost	EBIT	Interest coverage ratio	Interest cost	EBIT	Interest coverage ratio	Interest cost	EBIT	Interest coverage ratio
	(₹ in crore)		ratio	(₹ in crore)		ratio	(₹ in crore)		ratio
Power Sector SPSEs									
HPSEBL	503.35	459.14	0.91	457.06	460.72	1.01	476.22	290.90	0.61
HPPCL	-	(-) 32.35	-	96.23	17.11	0.18	11.04	(-) 44.27	(-) 4.01
HPPTCL	-	(-) 8.02	-	9.13	(-) 31.79	(-) 3.48	129.80	23.82	0.18
Statutory Corporations									
HRTC	-	(-) 118.57	-	19.90	(-) 134.90	(-) 6.78	15.24	(-) 131.19	(-) 8.61
HPFC ²⁰	7.62	2.12	0.28	7.62	2.12	0.28	7.62	2.12	0.28

Source: As per latest finalised accounts of the Power Sector SPSEs and Statutory Corporations.

Note: Interest coverage ratio of Non-Power Sector SPSEs (Companies) has not been calculated as the loans/ liabilities of these SPSEs is only ₹ 123.39 crore out of ₹ 10,685.46 crore as per their latest finalised accounts as of 30 November 2021.

It was observed that none of the Power Sector's SPSEs and Statutory Corporations has interest coverage ratio of greater than one. Thus, these SPSEs were not generating sufficient revenues to meet out their expenses on interest.

5.6.2 Age-wise analysis of interest outstanding on State Government Loans

Interest liability of ₹ 2,219.57 crore has accrued on the long-term loans provided by the State Government in respect of three power sector SPSEs (except Beas Valley Power Corporation Limited). The SPSEs (Other than Power Sector) were not analysed due to insignificant amount of loans provided by the State Government to these SPSEs (seven). The age-wise analysis of interest accrued on State Government loans in Power Sector SPSEs is given in **Table-5.6**.

²⁰ Figures for the years 2018-21 are same due to no accounts was finalised by the SPSE after 2018-19.

Table-5.6: Interest outstanding on State Government loans*(₹ in crore)*

Sr. No.	Name of SPSEs	Outstanding interest on State Government Loans	Interest on Government loans outstanding for less than one year	State loans outstanding for more than one year
1	HPSEBL	23.91	23.91	-
2	HPPCL	1,717.34	242.96	1,474.38
3	HPPTCL	478.32	152.19	326.13
	Total	2,219.57	419.06	1,800.51

Source: Information as per latest finalised accounts of Power Sector SPSEs and provided by the SPSEs.

From the above it can be seen that interest accrued amounting to ₹ 2,219.57 crore was pending for payment as on 31 March 2021 and out of which interest of ₹ 1,800.51 crore was payable for more than one year.

5.7 Financial Performance of State Public Sector Enterprises

5.7.1 Return on Capital Employed of SPSEs

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed²¹. The detail of total ROCE of all the SPSEs during the period from 2018-19 to 2020-21 is given in **Table-5.7**.

Table-5.7: Return on Capital Employed of SPSEs

Year	Earnings before interest and tax	Capital Employed	Return on Capital Employed
	<i>(₹ in crore)</i>		<i>(Per cent)</i>
2018-19	334.08	9,083.53	3.68
2019-20	342.93	9,678.45	3.54
2020-21	178.87	11,450.50	1.56

Source: Information as per latest finalised accounts as on 30 November 2021.

It was observed that RoCE of all SPSEs decreased from 3.68 *per cent* in 2018-19 to 1.56 *per cent* in 2020-21 due to increase in Capital Employed (mainly in power sector) and decrease in earnings before interest and tax.

5.7.2 Return on Equity by State Public Sector Enterprises

Return on Equity (ROE) is a measure of financial performance to assess how effectively management is using shareholders' fund 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.

Shareholders' fund is calculated by adding paid up capital and free reserves minus net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts paid. A positive shareholder's fund reveals that the company has enough assets to cover its liabilities while negative shareholder fund means liabilities exceed assets.

²¹ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure.

The Return on Equity of the profit earning 11 working SPSEs stood at 17.51 *per cent* as per latest finalised accounts as on 30 November 2021. The RoE in all working 26²² SPSEs including eight loss making SPSEs was negative during 2020-21.

The details of Shareholders' Fund and RoE relating to working SPSEs are given below in **Table-5.8**.

Table-5.8: Return on Equity relating to working SPSEs

Year	Net Income (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (Percentage)
2018-19	(-) 183.49	360.11	-
2019-20	(-) 280.23	856.81	-
2020-21	(-) 490.37	819.58	-

Source: As per latest finalised accounts of working SPSEs.

As the net income of working SPSEs during 2018-21 was negative, hence, RoE could not be calculated.

5.7.3 Return on the basis of Present Value of Investment

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 by the GoHP in the SPSEs have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds to the Government, for the concerned year. Therefore, PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free loans and grants/subsidies for operational and management expenses, if any, and not including disinvestments since inception of these Companies till 31 March 2021. The Company wise position of State Government investment in the 26 SPSEs in the form of equity and interest free loans on the historical cost basis for the period from 1999-2000 to 2020-21 is indicated in **Appendix-5.4**.

The PV of the State Government investment in SPSEs was computed on the basis of following assumptions:

- Interest free loans have been considered as investment infusion by the State Government. Further, in those cases where interest free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.
- The average rate of interest on Government borrowings for the concerned financial year²³ was adopted as compounded rate for arriving at the PV since these represent the cost incurred by the Government towards investment of funds for the year and therefore is considered as the minimum expected rate of return on investments made by the Government.

²² Excluding seven SPSEs either who did not prepare its first accounts/profit and loss account was not prepared so far or of which excess of expenditure is reimbursed by the State Government.

²³ Calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2] *100.

- Disinvestment has been deducted while calculating total investment at the end of the year.

Table-5.9: Year-wise details of investment by the State Government and present value (PV) of Government funds from 1999-2000 to 2020-21

(₹ in crore)

Year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loans given by the State Government during the year	Interest free loans converted into equity during the year	Grants/subsidies given by State Government for operational and administrative expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Weighted Average rate of interest on Government borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year	Return on Investment
A	B	C	D	E	F	G	H	I	J	K	L	M	N
							H=C+D-E+F-G	I=B+H		K=I*(1+J/100)	L=I*J/100		N=M/K*100
Up-to 1999-2000	-	300.04	0.49	-	-	-	300.53	300.53	8.83	327.07	26.54	-	-
2000-01	327.07	32.48	1.51	-	-	-	33.99	361.06	10.15	397.70	36.65	-49.50	-
2001-02	397.70	13.01	-	-	-	-	13.01	410.71	11.06	456.14	45.42	-36.70	-
2002-03	456.14	12.43	-	-	-	-	12.43	468.57	10.37	517.16	48.59	-29.19	-
2003-04	517.16	28.60	-	-	-	-	28.60	545.76	10.98	605.68	59.92	-31.10	-
2004-05	605.68	16.06	-	-	-	-	16.06	621.74	10.60	687.65	65.90	-43.44	-
2005-06	687.65	13.59	0.15	-	-	-	13.74	701.39	9.20	765.92	64.53	-30.72	-
2006-07	765.92	14.30	-	-	-	-	14.30	780.22	9.40	853.56	73.34	-62.08	-
2007-08	853.56	118.42	2.25	-	-	-	120.67	974.23	9.09	1,062.78	88.56	-46.66	-
2008-09	1,062.78	306.29	-0.10	-	-	-	306.19	1,368.97	9.19	1,494.78	125.81	-33.88	-
2009-10	1,494.78	405.27	-	-	-	-	405.27	1,900.05	8.59	2,063.27	163.21	-55.92	-
2010-11	2,063.27	566.89	-	-	-	-	566.89	2,630.16	7.78	2,834.78	204.63	-190.77	-
2011-12	2,834.78	124.99	9.50	-	-	645.85	-511.36	2,323.42	7.80	2,504.65	181.23	-224.68	-
2012-13	2,504.65	303.72	5.00	-	-	-	308.72	2,813.37	8.08	3,040.69	227.32	-404.4	-
2013-14	3,040.69	287.24	2.54	-	-	-	289.78	3,330.47	7.71	3,587.25	256.78	-625.17	-
2014-15	3,587.25	339.20	-	-	-	550.00	-210.8	3,376.45	7.91	3,643.53	267.08	-455.69	-
2015-16	3,643.53	217.31	14.54	-	-	-	231.85	3,875.38	8.37	4,199.75	324.37	-332.71	-
2016-17	4,199.75	250.82	10.07	-	-	-	260.89	4,460.64	8.13	4,823.29	362.65	-105.47	-
2017-18	4,823.29	232.91	8.00	-	-	-	240.91	5,064.20	8.41	5,490.10	425.90	-123.81	-
2018-19	5,490.10	312.85	10.00	-	-	-	322.85	5,812.95	8.32	6,296.58	483.64	-183.99	-
2019-20	6,296.58	335.91	-	-	114.89	-	450.80	6,747.38	7.97	7,285.15	537.77	-270.79	-
2020-21	7,285.15	263.25	-1.35	-	236.84	-	498.74	7,783.89	7.59	8,374.69	590.80	-480.93	-
		4,495.58	62.60	-	351.73	1,195.85	3,714.06						

Source: Statistical information received from SPSEs.

The net investment of the State Government in these companies as of 31 March 2021 was ₹ 3,714.06 crore, after adjustment of ₹ 1,195.85 crore (Himachal Pradesh Power Corporation Limited: ₹ 537.15 crore in 2011-12 and ₹ 550.00 crore in 2014-15 and Himachal Pradesh Power Transmission Corporation Limited: ₹ 108.70 crore in 2011-12) due to disinvestment by the State Government. The PV of investments of the State Government up to 31 March 2021 worked out to ₹ 8,374.69 crore. The net earnings of these SPSEs during the year 2020-21 was (-) ₹ 480.93 crore. Thus, the rate of real return for these SPSEs for the year 2020-21 was (-) 5.74 per cent. It could be

seen that total earnings of the companies remained negative from 2000-01 onwards, which indicates that instead of generating returns on the invested funds, these companies were not able to even recover the cost of funds.

5.8 SPSEs incurring losses

5.8.1 Losses incurred

Details of SPSEs that incurred losses during last three years ending 31 March 2021 as per latest finalised accounts are given in **Table-5.10**.

Table-5.10: Losses incurred by SPSEs during 2018-19 to 2020-21

Year	No. of SPSEs incurred loss	Net loss for the year	Accumulated Loss	Net Worth ²⁴
		(₹ in crore)		
Statutory Corporations (A)				
2018-19	2	124.07	1,399.04	(-) 578.98
2019-20	2	160.30	1,553.84	(-) 674.78
2020-21	2	151.93	1,700.26	(-) 741.82
Government Companies (B)				
2018-19	5	14.38	231.72	(-) 162.42
2019-20	7	156.22	436.91	1,804.39
2020-21	8	366.67	2,253.44	1,009.34
Total (A+B)				
2018-19	7	138.45	1,630.76	(-) 741.40
2019-20	9	316.52	1,990.75	1,129.61
2020-21	10	518.60	3,953.70	267.52

Source: As per latest finalised accounts of SPSEs.

Out of total loss of ₹ 518.60 crore incurred during 2020-21 by 10 SPSEs, Himachal Road Transport Corporation reported loss of ₹ 146.43 crore. Besides this, loss of ₹ 185.32 crore and ₹ 105.98 crore is also attributed to Himachal Pradesh State Electricity Board Limited and Himachal Pradesh Power Corporation Limited respectively as per their latest finalised accounts.

5.8.2 Erosion of net worth of SPSEs

There were 13 SPSEs with accumulated losses of ₹ 4,074.85 crore. Of these, 10 SPSEs incurred losses amounting to ₹ 518.60 crore as per latest finalised accounts.

The net worth of nine out of 13 SPSEs had been completely eroded by accumulated losses and their net worth was either zero or negative. The net worth of these nine SPSEs was (-) ₹ 1,868.68 crore against equity investment of ₹ 1,856.34 crore as per latest finalised accounts. Out of nine SPSEs, whose capital had eroded, three²⁵ had

²⁴ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure Free Reserves means all reserves created out of Profits and share premium account.

²⁵ Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited, Himachal Pradesh State Handicrafts and Handloom Corporation Limited and Himachal Pradesh Tourism Development Corporation.

earned profit of ₹ 5.35 crore. Out of nine, there were four SPSEs with outstanding Government loans of ₹ 3,176.52 crore²⁶ as on 31 March 2021.

5.9 Implementation of Ujwal DISCOM Assurance Yojana (UDAY) Scheme

The status of implementation of the UDAY Scheme is detailed below:

5.9.1 Financial Turnaround

As per provisions of UDAY Scheme and tripartite Memorandum of Understandings (MoU), out of total outstanding debt (₹ 3,854.00 crore) pertaining to the State DISCOM (Himachal Pradesh State Electricity Board Limited) as on 15 September 2015, the Government of Himachal Pradesh took over total debt of ₹ 2,890.50 crore during 2016-17 by taking over the loan. The amount of ₹ 2,890.50 crore which was provided by way of interest bearing loans under UDAY Scheme, is to be converted into 75 per cent grant and 25 per cent equity during 2020-21. However, loan of ₹ 2,890.50 crore under UDAY scheme was not converted into grant and equity so far (December 2021). The DISCOM paid interest of ₹ 912.00 crore, for the period February 2017 to March 2021, on the loans given by the GoHP under UDAY Scheme. The loans were extended by the GoHP at rate of interest ranging between 7.49 per cent and 8.19 per cent per annum.

5.10 Audit of Public Sector Enterprises

Comptroller & Auditor General of India (CAG) appoints the Statutory Auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. 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 be submitted to the Legislature.

5.11 Appointment of Statutory Auditors of State Public Sector Enterprises (SPSEs) by CAG

Section 139 (5) of the Companies Act, 2013 provides 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. The Statutory Auditors of the above Companies for the year 2020-21 were appointed by the CAG between September 2020 and February 2021.

5.12 Submission of accounts by State SPSEs

5.12.1 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) and as soon as may be after such preparation laid

²⁶ Himachal Pradesh State Electricity Board Limited: ₹ 2,971.67 crore, Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited: ₹ 60.09 crore, Agro Industrial Packaging India Limited: ₹ 60.15 crore and Himachal Pradesh Financial Corporation: ₹ 84.61 crore.

before the legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies from the Consolidated Fund of State.

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 consideration.

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. The annual accounts of various SPSEs were pending as on 30 November 2021, as detailed in the following paragraph.

5.12.2 Timeliness in preparation of accounts by Government Companies and Government Controlled Other Companies

As of 31 March 2021, there were 26 Companies (22 Government Companies and four²⁷ Government Controlled Other Companies -excluding Himachal Worsted Mills Limited which is under liquidation since 2000-01) under the purview of CAG's audit. Of these, three²⁸ Companies submitted accounts for the year 2020-21 and accounts of remaining 23 SPSEs for the year 2019-20 or prior years. Twenty three²⁹ annual accounts of 18 SPSEs³⁰ were submitted for audit and finalised by CAG on or before 30 November 2021³¹. Sixty two annual accounts of 23 SPSEs (excluding statutory corporations) were in arrears for various reasons as of 30 November 2021. Details of annual accounts which are in arrears in respect of 23 SPSEs (Government Companies: 20 and Government Controlled Other Companies: three) are given in **Table-5.11**:

Table 5.11 Showing the detail of number of Companies, accounts finalised and accounts in arrear as of 30 November 2021

Particulars	Government Companies	Government Controlled Other Companies	Total
1.	2.	3.	4.
Total number of Companies under the purview of CAG 's audit as on 31 March 2021	22	4	26
Number of accounts in arrears as on 1 January 2021	52	7	59

²⁷ Himachal Consultancy Organisation Limited, Himachal Pradesh Power Corporation Limited, Dharamshala Smart City Limited and Shimla Jal Prabandhan Nigam Limited.

²⁸ Himachal Pradesh State Electricity Board Limited, Beas Valley Power Corporation Limited and Shimla Jal Prabandhan Nigam Limited.

²⁹ Himachal Pradesh State Electricity Board Limited: Three; Beas valley Power Corporation Limited, Shimla Jal Prabandhan Nigam Limited and Himachal Pradesh Minorities and Finance Development Corporation: two each and from other 14 SPSEs: one each.

³⁰ Government Companies: 14 and Government Controlled Other Companies: four.

³¹ Date of holding AGM of Companies for the financial year 2020-21 was extended up to 30 November 2021 by Registrar of Companies, Punjab and Chandigarh in accordance with Government of India, Ministry of Corporate Affairs order dated 23 September 2021.

Particulars	Government Companies	Government Controlled Other Companies	Total
1.	2.	3.	4.
Number of Companies, accounts of which became due on for the year 2020-21	22	4	26
Total number of accounts due for Supplementary Audit	74	11	85
Number of companies which presented the accounts for CAG's audit from 1 January 2021 to 30 November 2021	14	4	18
Number of accounts finalised	18	05	23
Number of accounts in arrears as on 30 November 2021	56	06	62
Age-wise analysis of arrears of accounts	Number of SPSEs (accounts in arrears of SPSEs as on 30 November 2021)		
One year	7 (7)	1(1)	8 (8)
Two years and Three years	7(16)	2(5)	9 (21)
More than Three years	6(33)	-	6(33)
Total	20 (56)	3 (6)	23 (62)

The names of companies and number of accounts in arrear as of 30 November 2021 are indicated in **Appendix-5.5**.

Oversight by the Statutory Auditors appointed by the CAG and Supplementary Audit by the CAG could not be conducted in absence of accounts leading to absence of assurance about whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. Besides, their contribution to the State exchequer as well as their activities were also not reported to the Legislature.

The matter of arrears of accounts has been taken up (September 2021) with the Additional Chief Secretary (Finance) of Government of Himachal Pradesh and respective Administrative Department/Head of Companies. However, there were still six Companies whose accounts were in arrears for more than three years as of 30 November 2021.

5.12.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of Statutory Corporations is governed by their respective legislations. Out of the two Statutory Corporations³², CAG is the sole auditor for Himachal Road Transport Corporation. In respect of Himachal Pradesh Financial Corporation (HPFC), the audit is conducted by Chartered Accountants and supplementary audit is conducted by CAG. Four accounts of two Statutory Corporations (HPFC: three and Himachal Road Transport Corporation: one) were pending for audit as on 30 November 2021.

5.13 CAG's oversight - Audit of Accounts and Supplementary audit

5.13.1 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

³² Himachal Road Transport Corporation and Himachal Pradesh Financial Corporation.

Standards/Indian Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. 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 provisions relating to accounts in the Act governing such Corporations.

5.13.2 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 audit of State Public Sector Enterprises 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.

5.13.3 Supplementary Audit of 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 independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and sub 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, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

5.14 Result of CAG's Oversight Role

5.14.1 Audit of accounts of SPSEs

Twenty three accounts of 18 Companies³³ were reviewed in audit by the CAG from 1 January 2021 to 30 November 2021. In total, CAG reviewed all 23 accounts³⁴ of

³³ Government Companies: 14 and Government Controlled Other Companies: four.

³⁴ Himachal Pradesh State Electricity Board Limited: Three; Beas Valley Power Corporation Limited, Shimla Jal Prabandhan Nigam Limited and Himachal Pradesh Minorities and Finance Development Corporation: two each and from other 14 Companies: one each.

18 Companies for the years³⁵, which were received/finalised up to 30 November 2021. The results of the review are detailed below:

5.14.2 Amendment of Financial Statements

During 2020-21, there is no case of Government Companies or Government Controlled Other Companies amending their Financial Statements on the directions of CAG. However, Financial Statements received (November 2021) from Shimla Smart City Limited for the period from 01 January 2019 to 31 March 2020 for Supplementary Audit were audited by the Statutory Auditor, but same were not approved from the Board of Directors, hence, returned (November 2021) to the SPSE for approval of the BoDs and preparation of Statutory Auditors' Report thereon.

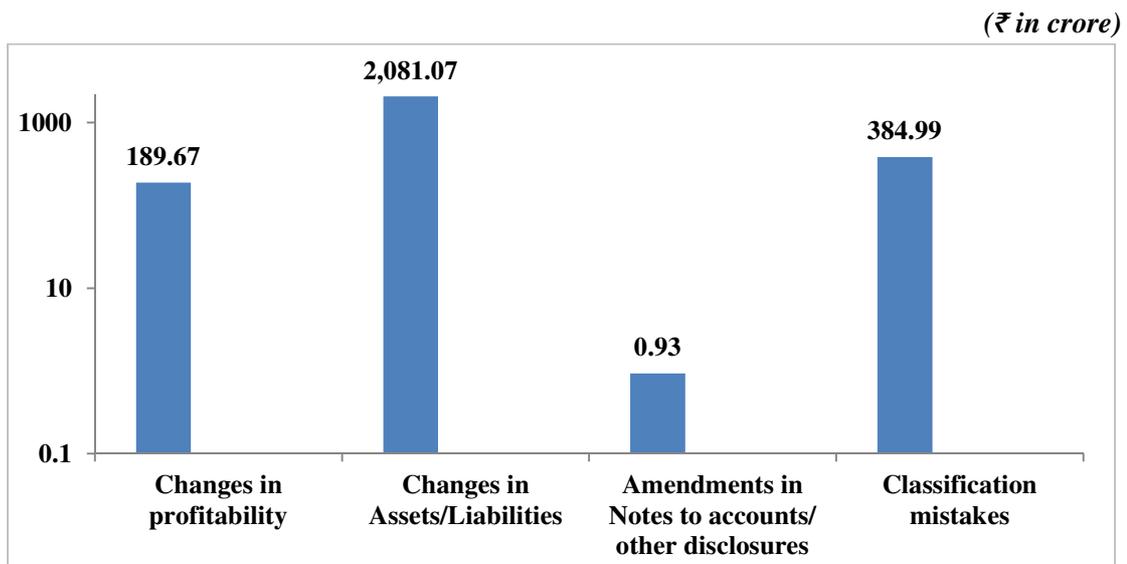
5.14.3 Revision of Auditors Report

During 2020-21, there is no case of revision of statutory auditors' report as a result of supplementary audit of the Financial Statements for the year 2020-21 or prior years conducted by the CAG between January 2021 and November 2021.

5.14.4 Result of Supplementary Audit

As a result of Supplementary Audit conducted in 18 SPSEs as indicated in **Appendix-5.6**, a number of quantitative as well as qualitative changes were made by the SPSEs in their financial statements which led to improvement in the quality of their financial statements. The value addition made by Supplementary Audit of financial statements of these SPSEs for the accounts audited was on the net financial impact (₹ 189.67 crore³⁶ on profitability and ₹ 2,081.07 crore on assets/ liabilities) as depicted in the following **Chart-5.1**:

Chart-5.1: Details of value addition made by CAG during Supplementary Audit of financial statements finalised from January 2021 to November 2021



³⁵ 2014-15: one; 2015-16: one; 2017-18: two; 2018-19: five; 2019-20: 11 and 2020-21: three.

³⁶ Overstatement: {Profit (₹ 17.36 crore) and Loss (₹ 47.88 crore)} and understatement: {Loss (₹ 124.20 crore) and Profit (₹ 0.23 crore)}.

5.14.5 Significant comments of the CAG issued as supplement to the Statutory Auditors' reports on Government Companies/Government Controlled Other Companies

Subsequent to the audit of the financial statements for the year 2020-21 and previous years by statutory auditors, the CAG conducted supplementary audit of the 23 Financial Statements of 18 SPSEs. Comments were issued to the Management in respect of all SPSEs (except Himachal Consultancy Organisation Limited as 'Nil' comments were issued for the year 2019-20) of which the financial statements were audited by CAG. Some of the significant comments issued on financial statements of Government Companies and Government Controlled Other Companies have been given in **Table-5.12:**

Table-5.12: Significant comment issued on Financial Statements

Sr. No.	Name of the SPSE	Comments
Comments on Profitability		
1	Himachal Pradesh Power Transmission Corporation Limited (2019-20)	<p>The Company did not create liability of ₹ 5.28 crore on account of surcharge payable to Power Grid Corporation of India Ltd. for delayed payment of ₹ 28.37 crore regarding bay charges of 400/200 KV Sub-Station at Banala (Kullu) for the year 2018-19. This resulted in understatement of 'Current Liabilities-Other Financial Liabilities' and 'Loss' by ₹ 5.28 crore.</p> <p>The Company did not provide for ₹ 3.71 crore payable to HPSEBL against transmission charges recovered as an interim arrangement for Kashang-Bhaba transmission line. This resulted in understatement of 'Other Financial Liabilities-Current' and 'Loss' by same amount.</p> <p>Trade receivables were understated and 'Loss' was overstated by ₹ 38.24 crore, being balance transmission charges recoverable from HP Power Corporation Ltd. relating to 220 KV D/C Kashang-Bhaba Transmission Line and for 220/66 KV Bhoktoo Pooling Substation from Himachal Pradesh State Electricity Board Limited for the period 2016-2020.</p>
2	Himachal Pradesh State Civil Supplies Corporation Limited (2018-19)	<p>The Corporation provided only ₹ 4.25 crore on account of Group Gratuity and Leave Encashment against ₹ 15.59 crore as demanded by Life Insurance Corporation of India. This resulted in understatement of 'Other Current Liabilities-Other Payable' and overstatement of 'Profit' by ₹ 11.34 crore.</p>
3	Himachal Pradesh State Forest Development Corporation Limited (2017-18)	<p>Payable to Forest Department as well as Loss is understated by ₹ 15.66 crore due non-provisioning of interest (₹ 11.62 crore), extension fees (₹ 0.87 crore) and non-adjustment of resin and timber royalty (₹ 3.17 crore) respectively.</p> <p>Payable to Forest Department as well as 'Loss' is overstated by ₹ 6.59 crore due to non-writing back of ₹ 2.83 crore payable to Forest Department for the last 21 years, non-writing back of ₹ 2.63 crore on excess of provision of royalty made by Forest Working Divisions (Chopal: ₹ 2.40 crore and Sundernagar: ₹ 0.23 crore) and non-adjustment of resin royalty of ₹ 1.13 crore in respect of Forest Working Division Chopal (₹ 0.30 crore) and Hamirpur (₹ 0.83 crore) respectively.</p> <p>In contravention to Accounting Standard-15, the Corporation did not provide retirement benefits of ₹ 14.72 crore in respect of 397 employees against earned leave credited into their account up to 31 March 2018. This resulted in understatement of 'Short Term Provisions' and 'Loss' by the same amount.</p>

Sr. No.	Name of the SPSE	Comments
Comments on Financial Position		
1	Himachal Pradesh State Electricity Board Limited (2020-21)	The 'Property Plant and Equipment' and 'Other Non-Current Liabilities -Consumer contribution towards cost of capital' is understated by ₹ 5.38 crore, being the value of self-executed works by various consumers, which became the property of the Company at the time of release of connection to that particular consumer.
2	Beas Valley Power Corporation Limited (2019-20)	In contravention to IndAS 37, the Company had shown ₹ 6.56 crore as interest recoverable from a contractor for the period from 2017-18 to 2019-20 instead of showing it as contingent asset, as the matter is in arbitration. This resulted in overstatement of 'Other Non-Current Assets- Other Advance' and understatement of 'Incidental Expenditure during Construction' by ₹ 6.56 crore.
3	Himachal Pradesh State Civil Supplies Corporation Limited (2018-19)	The Company purchased wheat from Food Corporation of India for ₹ 109.56 crore, which was allotted to the millers for custom grinding. However, the Company instead of booking the cost of milling in the financial statements, recorded the allotment to the millers as sale; and receipt of wheat/dalia after custom grinding from the millers was shown as purchase. Thus, the cost of wheat was included in purchase twice. This resulted in overstatement of 'Purchase' and 'Sale' by ₹ 109.56 crore. 'Other Current Liabilities' and 'Current Assets' is understated by ₹ 2.39 crore (Head Office: ₹ 0.48 crore and Area Office, Dharamshala: ₹ 1.91 crore) due to depicting debit balance under GST/VAT payable head, instead of under 'Current Assets (GST/VAT recoverable)'. Understatement of 'Other Current Liabilities' and 'Fixed Assets-Capital Work-in-Progress' by ₹ 4.68 crore due to non-provisioning of expenses of invoices raised by a party for supply, delivery and installation of modern underground waste collection system at designated locations at Dharamshala between December 2017 and January 2018. The non-provisioning of liabilities on account of invoices raised by Project Management Consultant during the year 2017-18 resulted in understatement of 'Sundry Creditors' and overstatement of 'Other Current Liabilities - Unutilised Grants' by ₹ 0.78 crore.
4	Dharamshala Smart City Limited (2017-18)	
Comments on Disclosure		
1	Himachal Pradesh State Electricity Board Limited (2018-19)	The Company vide Note No. 37 stated the details of 1,823 cases pending for decision in various Courts as on 31 March 2017 and liability of ₹ 7.78 crore was ascertained, but not provided whereas as on 31 March 2019, total 1,998 cases were pending in various courts, as such, Note is deficient to that extent. National Highway Authority of India (NHAI) acquired Aut Traffic Tunnel valuing ₹ 66.30 crore (original cost) at Bagitar near Thalaut, District Mandi along with electrical system of tunnel valuing ₹ 1.67 crore (original cost). In addition to above, NHAI also acquired land and office building of RE Larji, PHD, Thalaut valuing ₹ 0.32 crore lakh (land-₹ 0.10 crore lakh and building- ₹ 0.22 crore (original cost)) and paid compensation of ₹ 4.13 crore to the Company. This being a material fact should have been disclosed by way of notes to accounts.

Sr. No.	Name of the SPSE	Comments
	Himachal Pradesh State Electricity Board Limited (2020-21)	Directorate of Energy has raised a demand of ₹ 9.53 crore (₹ 3.13 crore on account of GoHP free power invoices short passed by the HPSEBL and ₹ 6.40 crore on account of GoHP invoices yet to be passed by HPSEBL) on account of difference of free power share of Government of Himachal Pradesh received from IPPs by the Company. The Company has neither recognised the liability nor carried out any reconciliation to confirm the liability. Hence, the same should have been depicted as Contingent Liability until reconciled. The Beas Valley Power Corporation Limited (Wholly owned Subsidiary Company of HPSEBL) has taken a loan of ₹ 933.40 crore from PFC Ltd. for HEP UHL Stage-III. This Loan has been secured by charge on immovable assets of the project land of UHL-III and guarantee of HPSEBL which was approved by of the Board of Directors of the Company in its 34 th Meeting. This being an important event should have been disclosed by way of Notes to the Accounts.
2	Himachal Pradesh Power Transmission Corporation Limited (2019-20)	The State Govt. accorded approval (07 March 2019 and 22 December 2020) for enhancing authorised share capital of the Company from ₹ 300 crore to ₹ 500 crore. The enhancing of authorised share capital was pending for want of approval from Ministry of Corporate Affairs (MCA). Approval from MCA was pending due to Company being "ACTIVE-non-compliant" as the Company had not appointed full time Company Secretary as per provisions of Company Secretary Act, 1956. Thus, the Company was forced to treat equity contribution of ₹ 85.74 crore received from State government as Share Application Money. This being material fact should have been disclosed by way of Note to the Accounts.
3	Shimla Jal Prabandhan Nigam Limited (2019-20)	Details Project Report (DPR) for providing Bulk Water Supply to Shimla from River Sutlej was prepared by the Nigam for ₹ 322.54 crore and its administrative approval and expenditure sanction was accorded by the BoDs dated on 22 October 2018. However, DPR was revised and administrative approval and expenditure sanction for ₹ 430.39 crore was accorded on 20 May 2020 by the BODs. This being a material fact should have been disclosed in Notes to Accounts.
4	Dharamshala Smart City Limited (2017-18)	Company failed to file the financial statements along with the prescribed documents for the financial year 2016-17 with the Registrar of Companies after the Annual General Meeting as per requirement of Section 137 of Companies Act.
Comments on Independent Auditor's Report		
1	Himachal Pradesh Power Corporation Limited (2018-19)	The Statutory auditor stated that total of three progressive payments to Andritz Hydro Power Limited amounting to ₹ 54.03 crore from 1 April 2016 to 31 March 2017 were in nature of advance and has to be adjusted with the invoices to be raised by the supplier in future. Thus, advance to the supplier is understated and capital work in progress is overstated to that extent. The observation of Statutory Auditors is deficient as the payments were made as per terms of contract after completion and certification of work.
2	Dharamshala Smart City Limited (2017-18)	The statement of Cash Flows duly adopted by the Board of Directors is not prepared by the Company. However, the Statutory Auditor in its Report has given true and fair view on the Financial Statement (including Cash Flows Statement) for the year. The Statutory Auditor's report is deficient to that extent.
3	Himachal Pradesh State Forest Development Corporation Limited (2017-18)	Statutory auditors stated that LIC has raised demand of ₹ 81.28 crore out of which ₹ 6.03 crore has been paid. Thus, there is shortfall of ₹ 75.25 crore. This statement is not based on facts. The LIC has raised (7 September 2017) demand of ₹ 84.07 crore and against which, the corporation paid only ₹ 3.50 crore, as such there was shortfall of ₹ 80.57 crore as on 31 March 2018. Hence, the qualification of Statutory Auditors is deficient by ₹ 5.32 crore.

Sources: Comments finalised and issued by CAG.

5.14.6 Statutory corporations where CAG is the sole auditor

The significant comments issued by the CAG on the accounts of Statutory Corporations where CAG is the sole auditor are detailed below:

Table 5.13: Significant comments issued on Financial Statements

Sr. No.	Name of the Statutory Corporation	Comments
Comments on Profitability		
1	Himachal Road Transport Corporation (2019-20)	The Corporation's 'Current Liabilities –Passenger and Goods Tax-HPSRT' and 'Loss' were understated by ₹ 22.84 crore due to: <ul style="list-style-type: none"> • Short provisioning of Himachal Pradesh Special Road Tax of ₹ 4.15 crore; • Non-provisioning of penalty amounting to ₹ 6.52 crore for delayed payment of Himachal Pradesh Special Road Tax as calculated by Regional Office, HRTC, Pathankot; and • Short provisioning of pension arrears of ₹ 12.17 crore payable to retired employees of the Corporation as on 31 March 2020.
Comments on Financial Position		
		The Corporation's 'Current Liabilities-Interest Payable-GPF Trust' and 'Accumulated Loss' were overstated by ₹ 0.53 crore due to excess provisioning of interest payable to General Provident Fund Trust on delayed payment of GPF of the employees.
Notes to Accounts		
		The Corporation stated (Para 11 of Accounting Policies) that provisions for Death Cum Retirement Gratuity, Leave Encashment on retirement on superannuation of employees / death of employees are made on actual basis. The accounting policy is not in consonance with Generally Accepted Accounting Principles prescribed under AS-15.

Sources: Comments finalised and issued by CAG.

5.15 Non-compliance with provisions of Accounting Standards/Ind AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), 132 and 133 of the Act, the Central Government prescribed Accounting Standards 1 to 7 and 9 to 29. Besides these, the Central Government notified 39 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The Statutory Auditors reported that eight companies did not comply with mandatory Accounting Standards/Ind AS detailed in **Appendix-5.7**.

During the course of supplementary audit, the CAG observed that the following companies had also not complied with the Accounting Standards/Ind AS, which were not reported by the statutory auditors as detailed in **Table-5.14**:

Table-5.14: Non-compliance with Accounting Standards/Ind AS by SPSEs as commented by CAG

Accounting Standard/Ind AS	Name of the SPSEs	Deviation
AS- 9: Revenue Recognition	Himachal Pradesh State Electronics Development Corporation Limited (2019-20)	Recognising rent recoverable as income, which is sub judice before Rent controller, Solan
Ind AS- 7: Cash Flow Statements	Dharamshala Smart City Limited (2017-18)	Non-attachment of cash flow statement.

Accounting Standard/Ind AS	Name of the SPSEs	Deviation
Ind AS-37: Provisions, Contingent Liabilities and Contingent Assets	Beas Valley Power Corporation Limited (2019-20)	Showing interest recoverable from a contractor which is under arbitration instead of Contingent Asset.
Accounting Standard-15	Himachal Pradesh State Forest Development Corporation Limited (2017-18)	Non-provisioning of Retirement Benefits.

5.16 Management Letters

One of the objectives of financial audit is to establish communication on matters arising from the audit of financial statements between the auditors and those charged with the responsibility of governance of the Corporate entity.

The material observations on the Financial Statements of SPSEs/SCs were reported as comments by the CAG under Section 143 (6)(b) 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 'Management Letters' for taking corrective action. These deficiencies generally related to:

- Adjustments arising out of audit that could have a significant effect on the financial statements; and
- Inadequate or non-disclosure of certain information on which management of the concerned Statutory Corporation gave assurances that corrective action would be taken in the subsequent year.

During the year, Management Letters were issued to 11 SPSEs as per detail given in **Appendix-5.8** and one Statutory Corporation (Himachal Road Transport Corporation).

5.17 Conclusions

- As on 31 March 2021, there were 29 SPSEs including two Statutory Corporations. Out of 29 SPSEs, there are three inactive SPSEs.
- Out of the total profit of ₹ 28.18 crore earned by 11 working SPSEs, 52.34 *per cent* was contributed by two SPSEs (Himachal Pradesh State Industrial Development Corporation Limited: ₹ 9.69 crore and Himachal Pradesh General Industries Corporation Limited: ₹ 5.06 crore).
- Out of total loss of ₹ 518.60 crore incurred by 10 SPSEs, loss of ₹ 493.04 crore was incurred by four SPSEs (Himachal Pradesh State Electricity Board Limited: ₹ 185.32 crore, Himachal Road Transport Corporation: ₹ 146.43 crore, Himachal Pradesh Power Corporation Limited: ₹ 105.98 crore and Himachal Pradesh Power Transmission Corporation Limited: ₹ 55.31 crore).
- SPSEs did not adhere to the prescribed timeline regarding submission of their Financial Statements as per the Companies Act, 2013. There were 66 accounts of 25 SPSEs in arrears as on 30 November 2021.

- During 2020-21, the financial implication of CAG's comments on the Financial Statements of the SPSEs amounted to ₹ 189.67 crore on profitability and ₹ 2,081.07 crore on assets/ liabilities.

5.18 Recommendations

- State Government may ensure timely submission of Financial Statements of SPSEs, as in the absence of finalisation of accounts, government investments in such SPSEs remain outside the oversight of the State Legislature.
- The inactive SPSEs are neither contributing to State economy nor meeting the intended objectives. The State Government needs to take a decision regarding commencement/completion of liquidation process of inactive SPSEs.
- State Government may ensure declaration/payment of dividend from the profit making SPSEs for compliance of the directives of the Dividend Policy.

Shimla
The 01 July 2022


(RITU DHILLON)
Principal Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The 08 July 2022


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

APPENDICES

Appendix-1

(Reference: Paragraph 1.1)

State Profile

Sr. No.	Particulars	Figures
1.	Area	55,673 sq km
2.	Population	
	A	As per Census (2001) 0.61 crore
	B	As per Census (2011) 2021 (Projected) 0.69 crore 0.74 crore
3.	(a) Density of Population (2001) (All India density)	109 persons/sq km (325 persons/sq km)
	(b) Density of Population (2011) (All India average)	123 persons/sq km (382 persons/sq km)
4.	Population below poverty line (2011-12) (All India average)	8.10% (21.90 %)
5.	(a) Literacy (2001) (All India average)	76.50% (64.84%)
	(b) Literacy (2011) (All India average)	82.80% (73%)
6.	(a) Infant Mortality Rate (IMR) (2017) (All India IMR)	22 (33)
	(b) Life Expectancy at Birth (2013-17) (All India average)	72.9 (69.4)
7.	Gross State Domestic Product (GSDP) 2020-21 (₹ in crore)	1,56,522
8.	Per Capita GSDP (2020-21) (₹ in crore)	Himachal Pradesh 2,12,262
		Special Category State 1,45,680
9.	GSDP Compound Annual Growth Rate (CAGR) (2011-12 to 2020-21) at current prices	Himachal Pradesh 8.89
		Special Category State 9.76
10.	Per capita GSDP Compound Annual Growth Rate (CAGR) (2011-12 to 2020-21) at current prices	Himachal Pradesh 8.03
		Special Category States 10.04
11.	Population Growth (2011 to 2021)	Himachal Pradesh 7.48
		Special Category States 10.95

Source: Finance Accounts and Audit Reports, Census info of India (2011), Economics and Statistics Department of Himachal Pradesh and Central Statistical office.

Appendix-2

(Reference: Paragraphs 2.3.2.1 and 2.4.1)

Time Series Data on the State Government Finances

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Part-A: Receipts					
1. Revenue Receipts	26,264	27,367	30,950	30,742	33,438
(i) Tax Revenue	7,039 (27)	7,108(26)	7,573(24)	7,624(25)	8,083(24)
States Goods and Services Tax (SGST)	-	1,833(26)	3,343(44)	3,550(47)	3,467 (43)
Taxes on Sales, Trade, etc.	4,382 (63)	2,526(36)	1,185(16)	1,170(15)	1,630 (20)
State Excise	1,308 (19)	1,311(18)	1,482(20)	1,660(22)	1,600 (20)
Taxes on Vehicles	280 (4)	367(5)	408(5)	466(6)	380 (5)
Stamps and Registration fees	209 (3)	229(3)	251(3)	260(4)	253 (3)
Taxes and Duties on electricity	372(5)	361(5)	487(7)	101(1)	402 (5)
Land Revenue	8(-)	17(-)	8(-)	5(-)	7 (-)
Taxes on Goods and Passengers	121(2)	112(2)	104(1)	104(1)	84 (1)
Other Taxes	359(4)	352(5)	305(4)	308(4)	261 (3)
(ii) Non Tax Revenue	1,717 (6)	2,364(9)	2,830(9)	2,501(8)	2,188 (7)
(iii) State's share of Union taxes and duties	4,344 (17)	4,801(17)	5,430(18)	4,678(15)	4,754 (14)
(iv) Grants-in-aid from Government of India	13,164 (50)	13,094(48)	15,117(49)	15,939(52)	18,413(55)
2. Miscellaneous Capital Receipts	-	35	9	2	3
3. Recoveries of Loans and Advances	30	40	22	21	23
4. Total Revenue and Non debt capital receipts (1+2+3)	26,294	27,442	30,981	30,765	33,464
5. Public Debt Receipts	8,603	5,600	6,427	10,847	16,749⁵
Internal Debt (excluding Ways and Means Advances and Overdrafts)	6,831 [#] (79)	5,118(91)	4,864(76)	7,333(67)	6,693 (40)
Ways and Means Advances and Overdrafts	1,671 (20)	400(7)	1,496(23)	3,444(32)	7,744 (46)
Loans and Advances from Government of India	101 (1)	82(2)	67(1)	70(1)	2,312 ⁵ (14)
6. Total Receipts in the Consolidated Fund (4+5)	34,897	33,042	37,408	41,612	50,213⁵
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts	13,630	14,680	16,121	22,569	15,445
9. Total Receipts of the State (6+7+8)	48,527	47,722	53,529	64,181	65,658⁵
Part-B: Expenditure/disbursement					
10. Revenue Expenditure	25,344	27,053	29,442	30,730	33,535
Plan	4,520(18)	3,772(14)	4,263(14)	4,028(13)	4,983 (15)
Non-Plan	20,824(82)	23,281(86)	25,179(86)	26,702(87)	28,552(85)
General Services (including interest payments)	9,728 (38)	11,009(41)	11,438(39)	12,335(40)	13,454 (40)
Social Services	9,610 (38)	10,337(38)	11,482(39)	12,047(39)	12,844 (38)
Economic Services	5,996 (24)	5,697(21)	6,512(22)	6,338(21)	7,227 (22)
Grants-in-aid and contributions	10 (-)	10(-)	10(-)	10(-)	9 (-)
11. Capital Expenditure	3,499	3,756	4,583	5,174	5,309
Plan	3,115(89)	3416(91)	4,102(90)	4,820(93)	5,033 (95)
Non-Plan	384(11)	340(9)	481(10)	354(7)	276 (5)
General Services	208 (6)	192(5)	227(5)	204(4)	170 (3)
Social Services	1,041 (30)	1,135(30)	1,187(26)	1,258(24)	1,736 (33)
Economic Services	2,250 (64)	2,429(65)	3,169(69)	3,712(72)	3,403 (64)
12. Disbursement of Loans and Advances	3,290⁶	503	468	458	320
13. Total (10+11+12)	32,133	31,312	34,493	36,362	39,164

	2016-17	2017-18	2018-19	2019-20	2020-21
14. Repayments of Public Debt	3,943	3,500	4,673	6,701	11,141
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,198	3,021	3,092	3,169	3,302
Ways and Means Advances and Overdrafts	1,671	400	1,496	3,444	7,744
Loans and Advances from Government of India	74	79	85	88	94
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	36,076	34,812	39,166	43,063	49,210
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	12,351	13,043	14,493	20,111	14,657
19. Total disbursement by the State (16+17+18)	48,427	47,855	53,659	63,174	63,867
Part-C: Deficit/ Surplus					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	920	314	1,508	12	(-) 97
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-) 2,948 [#]	(-) 3,870	(-)3,512	(-)5,597	(-) 5,700
22. Primary Deficit (-)/Surplus (+) (21+23)	411 [#]	(-) 82	510	(-)1,363	(-) 1,228
Part-D: Other data					
23. Interest Payments (included in revenue expenditure)	3,359	3,788	4,022	4,234	4,472
24. Financial Assistance to local Bodies etc.	3,357	2,895	3,634	3,506	4,061
25. Ways and Means Advances/Overdraft availed (days)	23	2	19	38	63
Ways and Means Advances availed (days)	23	2	19	25	51
Overdrafts availed (days)	-	-	-	13	12
26. Interest on Ways and Means Advances/ Overdrafts	16.17	-	- (0.96)	3.61	6.12
27. Gross State Domestic Product (GSDP)	1,25,634 (9.97)	1,38,551 (10.28)	1,49,442 (7.86)	1,62,816 (8.95)	1,56,522 (-3.87)
28. Outstanding Fiscal liabilities (year end)	47,244 ^{##}	51,030	54,299	62,212	68,882 [§]
29. Outstanding guarantees (yearend) (including interest)	4,550	4,394	4,309	1,947	2,142
30. Maximum amount guaranteed (year end)	12,320	8,848	5,181	640	2,299
31. Number of incomplete projects	12	11	10	13	78
32. Capital blocked in incomplete projects	188	176	181	268	1,014

@ Includes ₹ 2,890.50 crore on account of UDAY Scheme.

Excludes ₹ 2,890.50 crore on account of UDAY Scheme.

Includes ₹ 2,890.50 crore on account of UDAY Scheme from the FY 2016-17 onwards.

* Revenue Surplus hence, figures not calculated.

§ Includes ₹ 1,717 crore as back-to-back loans to State from GoI in lieu of GST compensation shortfall.

Appendix-3.1

(Reference: Paragraph 3.1)

Glossary of important Budget related terms

1. **'Accounts' or 'actuals' of a year** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. **'Administrative approval' of a scheme, proposal or work** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. **'Annual financial statement'** - Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4. **'Appropriation'** - means the amount authorised by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **'Consolidated Fund of India/ State'** - All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. **'Contingency Fund'** is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. **'Controlling Officer (budget)'** - means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. **'Drawing and Disbursing Officer' (DDO)** – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10. **'Excess Grant'** – Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularisation by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.
11. **'New Service'** – As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the

- notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.
12. **'New Instrument of Service'**- means relatively large expenditure arising out of important expansion of an existing activity.
 13. **'Public Accounts'**- means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
 14. **'Re-appropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
 15. **'Revised Estimate'** - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
 16. **'Supplementary Demands for Grants'**- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorised in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
 - a) **Cash Supplementary** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
 - b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilise the savings of one of the Sections for any other Section.
 - c) **Token Supplementary** allows to utilise the savings within the same section of the grant.
 17. **'Major Head'** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
 18. **"Sub-Major Head"** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.
 19. **'Minor Head'** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.

20. **“Sub-Head”** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. **‘Major Work’** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. **‘Minor Work’** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. **“Modified Grant or Appropriation”** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. **“Supplementary or Additional Grant or Appropriation”** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. **“Schedule of New Expenditure”** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. **“Token demand”** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

Appendix-3.2

(Reference: Paragraph 3.3.6)

Unnecessary Re-appropriation

(` in crore)

Sr. No.	Grant No.	Name of Grant	Head of Account	Original	Supplementary	Re-Appropriation	Total	Actual	Final Excess/Savings (-)
1	1	Vidhan Sabha	2011-02-103-01	18.24	0	0.65	18.89	15.72	-3.16
2	3	Administration of Justice	2014-00-102-05	0	0	2.07	2.07	0.52	-1.55
			2014-00-114-02	23.48	0	0.48	23.96	18.75	-5.21
			2030-02-101-01	2.27	0	11	13.27	11.69	-1.58
			2053-00-094-01	22.82	0	0.01	22.83	17.52	-5.31
			2245-02-111-02	0	0	40.5	40.5	38.75	-1.75
			2702-80-800-07	0.01	0	2.83	2.84	0.28	-2.55
3	7	Police And Allied Organisations	2055-00-003-01	19.67	0	0.39	20.06	16.25	-1.65
			2055-00-101-01	52.8	0	1.7	54.51	45.87	-7.68
			2055-00-108-02	46.26	0	0.07	46.33	29.97	-8.46
			2055-00-109-01	660.03	0.09	6.32	666.45	551.82	-103.4
			2055-00-109-03	65.21	0	1.48	66.69	63.03	-3.66
			2055-00-114-01	28.35	0	0.11	28.46	22.07	-6.4
			2070-00-108-02	40.24	0	5.33	45.57	35.38	-10.13
			2202-01-104-01	21.92	0	0.4	22.32	17.11	-1.29
			2202-01-104-02	61.64	0	0.92	62.56	55.11	-1.43
			2202-01-800-01	100.58	0	0.51	101.09	87.16	-2.94
			2202-02-101-01	17.65	0	0.08	17.73	16.58	-1.15
			2202-02-109-01	2,359.49	0	5.82	2,365.31	2,029.96	-188.4
			2202-03-103-07	47.06	0	0.33	47.39	12.97	-34.43
2205-00-105-01	5.89	0	0.92	6.81	5.39	-1.41			
4	9	Health And Family Welfare	4210-03-105-01	13.98	78.01	0.05	92.04	118.08	26.03
			2210-01-110-03	308.45	0	21	329.46	245.16	-38.43
			2210-01-200-01	46.74	0	0.32	47.06	44.26	-2.8
			2210-05-105-13	30.17	0	14.74	44.91	38.82	-6.08
			2210-05-105-15	50.96	0	19.44	70.41	69.34	-1.07
			2210-06-200-09	12	0	24	36	23.75	-12.25
			2210-06-200-11	0	0	2.1	2.1	0	-2.1
			2211-00-200-05	334.42	0	9.71	344.13	250.82	-93.31
5	10	Public Works - Roads, Bridges and Buildings	5054-04-101-01	5	0.75	13.78	19.53	25.56	6.03
			5054-04-337-09	394.86	117.7	66.12	578.68	724.2	145.52
			3054-04-105-02	366.7	0.28	14.19	381.17	376.31	-4.86
			3054-04-105-19	184.44	0	0.13	184.57	134.94	-49.63
			4059-01-051-07	12.9	0	9.2	22.1	20.03	-2.07
			5054-04-337-02	125.24	21.16	29.62	176.02	165.61	-10.41
			5054-04-337-11	50	0	10	60	44.07	-15.93
			2401-00-800-24	2.75	0	4.45	7.2	2.75	-4.45

Sr. No.	Grant Code	Name of Grant	Head of Account	Original	Supplementary	Re-Appropriation	Total	Actual	Final Excess/Savings (-)
6	13	Irrigation, Water Supply and Sanitation	2215-01-005-02	0.58	0	3.2	3.78	11.78	8
			4215-01-102-01	36.01	0	68.81	104.82	159.76	54.94
			2215-01-001-02	149.59	0	0.42	150.01	97.61	-11.94
			4215-01-102-16	110.56	0	6.64	117.2	112.92	-4.27
			4702-00-101-06	53.99	0	3.02	57.02	55.98	-1.04
			4702-00-101-12	0	0	5	5	2.87	-2.13
7	16	Forest and Wild Life	2402-00-102-12	22.04	0	2.19	24.22	18.57	-1.62
			2406-01-102-42	0	0	1.33	1.33	0	-1.33
			2015-00-109-01	3.78	9.03	0.42	13.24	8.85	-4.39
8	18	Industries, Minerals, Supplies and Information Technology	2851-00-102-13	18.77	0	0.64	19.41	16.14	-1.79
			2851-00-107-01	7.98	0	0.05	8.02	6.73	-1.04
9	19	Social Justice and Empowerment	2235-60-102-04	69.24	0	0.09	69.33	70.37	1.05
			2235-02-102-11	60.07	14.19	4.97	79.23	76.4	-2.83
			2235-02-103-22	10.89	0	15.75	26.64	20.05	-6.59
			4235-02-800-01	4.07	0	1.12	5.19	2.37	-2.82
			2505-02-101-01	236.92	0	35.18	272.1	264.51	-7.6
			2515-00-101-01	29.11	0	0.05	29.16	23.06	-6.1
10	23	Power Development	2801-80-001-01	7.85	0	0.16	8.01	4.1	-3.92
			3055-00-001-01	12.97	0.68	0.25	13.89	11.75	-2.15
			5055-00-190-03	0	0.99	0.05	1.04	0	-1.04
			2230-01-101-01	5.66	0.04	0.15	5.85	4.45	-1.4
			2230-02-101-01	11.2	0.05	0.1	11.35	8.86	-2.49
11	28	Urban Development, Town and Country Planning and Housing	2217-80-191-45	62.14	0	7.73	69.88	66.63	-3.25
12	29	Finance	2049-05-105-02	0	0	91.3	91.3	107.5	16.2
			2071-01-104-02	732.45	0	0.06	732.51	572.83	42.42
			2049-01-200-05	15	0	1.44	16.44	15.2	-1.24
			2054-00-095-04	10	0	27.5	37.5	28.69	-8.81
			2054-00-097-01	35.29	0	0.16	35.45	28.16	-7.29
			2071-01-104-03	0	0	5	5	0.89	-4.11
			2071-01-117-01	469.21	0	82.58	551.79	544.6	-7.18

Sr. No.	Grant Code	Name of Grant	Head of Account	Original	Supplementary	Re-Appropriation	Total	Actual	Final Excess/Savings (-)
13	31	Tribal Development	2215-01-796-01	4.91	0	1.31	6.21	8.02	1.84
			5054-04-796-01	45.69	0	8.07	53.76	55.98	2.22
			5054-04-796-02	54	3.26	30.01	87.26	99.73	12.47
			2202-02-796-02	54.87	0	0.01	54.88	45.15	-1.37
			2202-02-796-18	1.51	0	0.03	1.54	0.03	-1.02
			2210-03-796-02	16.39	0	0.36	16.75	13.67	-3.08
			2210-03-796-03	19.62	0	0.23	19.85	16.39	-3.45
			2401-00-796-05	9.74	0	0.02	9.76	6.29	-2.29
			2403-00-796-02	26.34	0	0.02	26.36	20.59	-5.76
			2406-01-796-02	6.22	0	0.05	6.27	3.91	-2.36
			2515-00-796-01	14.02	0	1.44	15.47	14.21	-1.25
			2515-00-796-02	7.72	0	8.27	15.98	13.56	-2.43
			4059-01-796-02	6.91	0	0.34	7.25	5.91	-1.34
			4402-00-796-01	1.8	0	0.4	2.2	0.27	-1.93
			4702-00-796-06	6	0	0.88	6.88	2.62	-4.26
5054-80-796-03	1.02	0	0.51	1.53	0	-1.53			
14	32	Scheduled Caste Sub Plan	2202-02-789-02	10.08	0	0.75	10.83	13.68	2.85
			5054-04-789-08	151.14	36.55	40.84	228.53	284.23	55.7
			2235-02-789-01	77.72	0	4.47	82.19	60.44	-21.75
			4055-00-789-04	12.09	0	0.35	12.44	6.74	-5.7
			4215-01-789-02	57.25	0	2.73	59.98	55.87	-4.11
			4215-01-789-04	42.32	0	7.22	49.54	43.8	-5.73
			4215-02-789-02	38.43	0	0.9	39.33	13.9	-25.43
			5054-04-789-01	175.07	0	4.95	180.01	167.39	-12.63
			5054-04-789-02	10.05	0	1.31	11.36	9.93	-1.44
			5054-04-789-04	61.5	0	0.2	61.7	40.48	-21.22

Appendix-3.3

(Reference: Paragraph 3.3.7(i))

List of grants where savings exceeded ₹ one crore or more than 20 per cent of the total provision

(₹ in crore)

Sr. No.	Grant No.	Name of the Grant	Total Grant	Savings	Percentage (more than 20%)
Capital- Charged					
1	10	Public Works - Roads, Bridges and Buildings	17.77	-5.32	29.95
2	13	Irrigation, Water Supply and Sanitation	2.95	-1.8	60.87
3	29	Finance	11,396.14	-255.1	--
Capital-Voted					
4	1	Vidhan Sabha	3.1	-1.33	42.81
5	3	Administration of Justice	8.28	-3.13	37.80
6	4	General Administration	8.56	-8.44	98.55
7	6	Excise and Taxation	8	-2	25.04
8	7	Police and Allied Organisations	73.43	-30.38	41.37
9	9	Health and Family Welfare	263.55	-8.8	--
10	11	Agriculture	86.01	-9.52	--
11	12	Horticulture	16.85	-3	--
12	13	Irrigation, Water Supply and Sanitation	951.48	-29.83	--
13	14	Animal Husbandry, Dairy Development and Fisheries	19.19	-1.46	--
14	15	Planning and Backward Area Sub Plan	444.54	-218.07	49.06
15	16	Forest and Wild Life	20.73	-3.55	--
16	18	Industries, Minerals, Supplies and Information Technology	23.64	-9.09	38.47
17	19	Social Justice and Empowerment	12.03	-4.94	41.08
18	23	Power Development	307.3	-3.26	--
19	26	Tourism and Civil Aviation	958.71	-924.68	96.45
20	27	Labour Employment and Training	85.93	-6.83	--
21	28	Urban Development, Town and Country Planning and Housing	180.03	-111.06	61.69
22	29	Finance	17.78	-7.74	43.53
23	30	Miscellaneous General Services	38.36	-1.55	--
24	31	Tribal Development	441.29	-75.44	--
25	32	Scheduled Caste Sub Plan	1,447.02	-149.75	--
Revenue-Charged					
26	2	Governor And Council of Ministers	8.31	-1.06	--
27	3	Administration of Justice	53.75	-7.33	--
28	10	Public Works - Roads, Bridges and Buildings	0.28	-0.1	34.56
29	11	Agriculture	0.05	-0.05	100
30	16	Forest and Wild Life	0.01	-0.01	100
31	21	Co-Operation	0.13	-0.13	100
32	28	Urban Development, Town and Country Planning and Housing	10	-10	100
33	29	Finance	4,931.93	-459.44	--
Revenue-Voted					
34	1	Vidhan Sabha	41.94	-4.05	--
35	2	Governor and Council of Ministers	16.73	-2.96	--
36	3	Administration of Justice	204.83	-44.56	21.76

Sr. No.	Grant No.	Name of the Grant	Total Grant	Savings	Percentage (more than 20%)
37	4	General Administration	248.78	-35.58	--
38	5	Land Revenue and District Administration	1,363.11	-116.43	--
39	6	Excise and Taxation	101.74	-17.53	--
40	7	Police and Allied Organisations	1,549.2	-305.45	--
41	8	Education	7,068.14	-1,362.09	--
42	9	Health and Family Welfare	2,407	-489.64	20.34
43	10	Public Works - Roads, Bridges and Buildings	3,752.85	-963.02	25.66
44	11	Agriculture	448.47	-78.98	--
45	12	Horticulture	493.46	-15.34	--
46	13	Irrigation, Water Supply and Sanitation	2,774.82	-130.08	--
47	14	Animal, Husbandry, Dairy Development and Fisheries	431	-78.84	--
48	15	Planning and Backward Area Sub Plan	77.01	-21.9	28.43
49	16	Forest and Wild Life	809.82	-170.51	21.06
50	17	Election	43.79	-5.99	--
51	18	Industries, Minerals, Supplies and Information Technology	231.3	-39.63	--
52	19	Social Justice and Empowerment	1,272.46	-64.74	--
53	20	Rural Development	1,409.77	-163.47	--
54	21	Co-operation	38.95	-2.7	--
55	22	Food and Civil Supplies	305.67	-29.97	--
56	23	Power Development	539.13	-4.01	--
57	24	Printing and Stationery	30.52	-2.91	--
58	25	Road and Water Transport	574.68	-11.79	--
59	26	Tourism and Civil Aviation	153.49	-21.89	--
60	27	Labour Employment and Training	373.52	-116.39	31.16
61	29	Finance	7,382.45	-1,202.66	--
62	30	Miscellaneous General Services	101.51	-8.07	--
63	31	Tribal Development	1,504.71	-415.69	27.63
64	32	Scheduled Caste Sub Plan	1,453.72	-264.69	--
Total:			59,041.7	-8,545.75	

Appendix-3.4

(Reference: Paragraph 3.3.7(ii))

Details of persistent savings cases (₹ one crore or more in each case)

(₹ in crore)

Sr. No.	Grant No.	Name of the Grant	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue- Voted							
1	03	Administration of Justice	9.82	10.14	25.20	34.57	44.56
2	04	General Administration	11.62	13.13	18.83	54.07	35.58
3	06	Excise and Taxation	1.84	7.65	13.79	14.32	17.53
4	07	Police and Allied Organisations	37.08	81.89	143.83	212.47	305.45
5	08	Education	864.96	665.02	955.16	1,110.61	1,362.09
6	09	Health and Family Welfare	295.90	211.66	330.83	377.72	489.64
7	11	Agriculture	27.04	11.30	72.67	33.44	78.98
8	12	Horticulture	17.22	102.97	19.09	78.64	15.34
9	14	Animal Husbandry, Dairy Development and Fisheries	35.18	43.67	68.34	69.81	78.84
10	15	Planning and Backward Area Sub Plan	28.40	16.81	30.57	22.69	21.90
11	16	Forest and Wild Life	57.50	85.36	130.31	145.25	170.51
12	18	Industries, Minerals, Supplies and Information Technology	8.46	11.45	96.03	100.52	39.63
13	19	Social Justice and Empowerment	20.78	55.55	28.84	99.25	64.74
14	20	Rural Development	121.61	402.93	383.93	351.17	163.47
15	21	Co-Operation	10.23	3.54	3.61	4.79	2.70
16	23	Power Development	146.35	131.18	53.45	128.76	4.01
17	24	Printing and Stationery	6.02	2.81	1.19	2.14	2.91
18	25	Road and Water Transport	1.06	2.10	2.25	12.92	11.79
19	27	Labour Employment and Training	71.98	199.27	39.93	39.28	116.39
20	29	Finance	97.70	266.88	939.93	1,212.96	1,202.66
21	30	Miscellaneous General Services	13.00	7.38	8.97	11.32	8.07
22	31	Tribal Development	177.85	242.34	325.72	371.39	415.69
23	32	Scheduled Caste Sub Plan	321.14	405.83	390.87	513.37	264.69
Revenue-Charged							
24	03	Administration of Justice	5.95	1.73	7.94	11.36	7.33
25	29	Finance	41.09	29.20	238.48	315.99	459.44
Capital-Voted							
26	09	Health and Family Welfare	2.93	4.77	8.94	25.30	8.80
27	15	Planning and Backward Area Sub Plan	18.95	12.84	1.33	115.34	218.07
28	19	Social Justice and Empowerment	4.45	4.26	3.48	14.48	4.94
29	29	Finance	1.51	7.98	6.27	6.35	7.74
30	31	Tribal Development	20.88	58.21	82.25	94.04	75.44
31	32	Scheduled Caste Sub Plan	99.31	132.87	154.08	231.62	149.75

Appendix-3.5

(Reference: Paragraph 3.4.4)

Detail of schemes for which provision of ₹ one crore and above was made but no expenditure was incurred

(₹ in crore)

Sr. No.	Sub Head Description	Original	Supplementary	Actual Expenditure
1	Himachal Pradesh State Development Loan (New Loan)	385.75	0.00	0
2	Atal School Vardi Yojna	1.35	0.00	0
3	Balika Gaurav Purskaar Yojna	1.50	0.00	0
4	Border Area Development Programme	27.78	0.00	0
5	C.V. Raman Virtual Class Room in Government Colleges	2.00	0.00	0
6	Channelisation of Pabbar River, District Shimla	1.43	0.00	0
7	Channelisation of Seer Khad from Barshawad to Jahu in Mandi and Hamirpur District (Under Flood Management Programme (FMP))	1.54	0.00	0
8	Channelisation of Swan from Daulatpur to Gagret bridge and its Tributaries (IV-FMP)	5.72	0.00	0
9	Channelisation of Pabbar River in Distt. Shimla	3.74	0.00	0
10	Channelisation of Seer Khad from Barshawad to Jahu in Mandi and Hamirpur under FMP	4.00	0.00	0
11	Channelisation of Swan Down Stream to Punjab Boundary Phase-III - Under FMP	1.87	0.00	0
12	Channelisation Of Swan from Daulatpur to Gagret Bridge and its tributaries (IV) Under FMP	14.95	0.00	0
13	Chief Minister Rural Drinking Water Supply Scheme-Externally Aided Project National Development Bank	12.50	0.00	0
14	Chief Minister Rural Drinking Water Supply Scheme -Externally Aided Project (National Development Bank)	37.50	0.00	0
15	Command Area Development	13.60	0.00	0
16	Command Area Development Under Minor Irrigation Schemes	35.54	0.00	0
17	Construction of Medical College at Chamba	3.35	0.00	0
18	Construction of OBC Boys/ Girls Hostels	2.49	0.00	0
19	Construction of Pooled Government Buildings	7.90	0.00	0
20	Construction of Pooled Government Residential Accommodation of General Administration Department	3.02	0.00	0
21	Construction of Roads Under Central Road Fund	9.90	0.00	0
22	Consultancies for Design / Detailed Project Report of Roads and Bridges	1.01	0.00	0
23	Deen Dyal Upadhaya Grameen Kaushal Yojna	5.06	0.00	0
24	District Industries Centre Buildings	1.50	0.00	0
25	District Staff	5.00	0.00	0
26	District Rural Development Agency Administration	1.52	0.00	0
27	Dr. Y.S. Parmar Government Medical College, Nahan	3.71	0.00	0
28	Ek Buta Beti Ke Naam	1.00	0.00	0
29	Eklavya Model Residential Schools for ST Students Under Article 275(1)	2.20	0.00	0
30	Employees State Insurance Schemes (Hospital and Dispensaries)	2.71	0.00	0

Sr. No.	Sub Head Description	Original	Supplementary	Actual Expenditure
31	Escalation of Pradhan Mantri Gram Sadak Yojna Works	2.52	0.00	0
32	Expenditure on Development of Industrial Area / Estate	16.80	0.00	0
33	Expenditure on Infrastructure Facilities	13.10	0.00	0
34	Expenditure on Command Area Development	4.41	0.00	0
35	Expenditure on Flood Control Works	3.65	0.00	0
36	Expenditure on Supply of Fodder	1.00	0.00	0
37	Expenditure under Rashtriya Krishi Vikas Yojna	1.29	0.00	0
38	Flood Protection Work in Chhounchh Khad Tehsil Indora Under Flood Protection Programme	1.91	0.00	0
39	Grants-in-aid to Swachh Bharat Mission (SBM)	3.00	0.00	0
40	Grants-in-aid to Himachal Pradesh Zoo Conservation and Breeding Society	2.35	0.00	0
41	Gyaanodaya Adhyayan Aivam Padhan Gunvatta Yojna	5.00	0.00	0
42	Himachal Pradesh Forest Ecosystem Management & Livelihood Improvement Project	1.00	0.00	0
43	Himachal Pradesh Investment Promotion Agency	1.00	0.00	0
44	Himachal Pradesh Kaushal Vikas Nigam	20.83	0.00	0
45	Honey Production and Processing Scheme	6.67	0.00	0
46	Housing for all Sardar Patel Urban Housing Scheme	6.00	0.00	0
47	Incentive under Chief Minister Start-Up Scheme	2.00	0.00	0
48	Independent Quality Control Check Flying Squad Under Hon'ble Chief Minister	1.00	0.00	0
49	Information Technology and E-Governance	1.00	0.00	0
50	Integrated Child Care Services	1.10	0.00	0
51	Integrated Child Development Scheme	1.00	0.00	0
52	Integrated Development Project for Source Sustainability and Climate Resilient Rainfed Agriculture	2.85	0.00	0
53	Intra-Mural Research Fund	1.00	0.00	0
54	Investment Promotion Scheme	1.67	0.00	0
55	Issue of Photo Identity Card to Voters	0.30	1.02	0
56	Khel Se Swasthya Yojna	5.00	0.00	0
57	Kidney Transplant	1.00	0.00	0
58	Krishi Kosh	20.00	0.00	0
59	Loan for HP Power Corporation Projects	7.02	0.00	0
60	Loan to HP Power Corporation	51.33	0.00	0
61	Loan to HP Power Transmission Corporation Ltd.	173.00	0.00	0
62	Loans to HP Power Corporation	19.65	0.00	0
63	Mahak Yojna	5.00	0.00	0
64	Maintenance and Repairs	0.00	10.00	0
65	Major District Roads	2.00	0.00	0
66	Matching Incentive Grant to Mahila Mandal (Prod-Act)	1.09	0.00	0
67	Medical College, Chamba	5.82	0.00	0
68	Medical College, Nahan	7.99	0.00	0
69	Medical College, Chamba	1.62	0.00	0
70	Medical College, Nahan	2.85	0.00	0
71	Mid Day Meal	11.00	0.00	0
72	Modernisation of Police Force	4.74	0.00	0
73	Mukhya Mantri Tuberculosis Prevention Scheme	2.00	0.00	0
74	Nadaun Area Medium Irrigation Project	2.30	0.00	0
75	National Ambulance Service (NAS)	2.40	0.00	0
76	National Food Security Act	12.59	0.00	0

Sr. No.	Sub Head Description	Original	Supplementary	Actual Expenditure
77	National Rural Employment Guarantee Scheme	92.31	0.00	0
78	National Rurban Mission	9.32	0.00	0
79	Neel Kranti Akikrit Matsya Paalan Avam Vikash	1.60	0.00	0
80	Other Expenditure	7.79	0.00	0
81	Pensioners of Funds Reserve with Finance Department	50.00	0.00	0
82	Phina Singh Project	2.64	0.00	0
83	Post Matric Scholarship to OBC Students	8.50	0.00	0
84	Post Matric Scholarship to Scheduled Caste Students	34.28	0.00	0
85	Pradhan Mantri Awas Yojna (Gramin)	4.55	0.00	0
86	Pradhan Mantri Krishi Sinchayee Yojna (PMKSY)	7.15	0.00	0
87	Pradhan Mantri Matru Vandana Yojna	4.62	0.00	0
88	Prakritik Khet Khushhaal Kisan	23.47	0.00	0
89	Pre-Matric Scholarship for Schedule Tribe Students	1.39	0.00	0
90	Purchase of Machinery and Equipment Under Major District and other	1.30	0.00	0
91	Public Works Misc. Advance	1.60	0.00	0
92	Rashtriya Krishi Vikas Yojna	3.38	0.00	0
93	Rehabilitation and Operation / Maintenance of Airports/ Heliports	100.00	0.00	0
94	S.J.V.N.L.	5.00	0.00	0
95	Sampuran Swasthya Yojna	5.00	0.00	0
96	Scholarship for Economically Backward Classes General Students	2.45	0.00	0
97	Skill Upgradation with Job Outsourcing Guarantee	1.21	0.00	0
98	Srinivasa Ramanujan Student Digital Yojna	6.30	0.00	0
99	Srinivasa Ramanujan Student Digital Yojna	18.70	0.00	0
100	State Goods & Service Tax	1.29	0.00	0
101	State Innovation Fund	2.20	0.00	0
102	State Mission for Food Processing Industry	1.26	0.00	0
103	State Reward under Sanitation Scheme	1.00	0.00	0
104	Stock	4.09	0.00	0
105	Sub-Mission on Agriculture Mechanisation	11.12	0.00	0
106	Subsidiary Silvicultural Operations	1.76	0.00	0
107	Subsidy on Wheat and Rice to BPL Families	24.24	0.00	0
108	Swachh Bharat Mission (Gramin)	241.65	0.00	0
109	Swaran Jayanti Aashraya Aawas Yojna	25.00	0.00	0
110	Swasth Bachpan	1.00	0.00	0
111	Tools and Plants Expenditure on Machinery & Equipment	1.02	0.00	0
112	Total Sanitation Campaign	23.90	0.00	0
113	Upgradation of Judiciary Infrastructure	2.50	0.00	0
114	Upgradation of Panchayati Raj Department/ PRIs	3.00	0.00	0
Total		1,779.57	11.02	0

Appendix-3.6

(Reference: Paragraph 3.4.5)

Grants where more than 50 per cent of expenditure was incurred in March alone
(Descending order of percentage)

(` in crore)

Sr. No.	Grant No.	Name of Grant	Maj head	Sm head	Min head	Sub head	Exp (Jan-Mar)	Exp (in March)	Total	Percentage of total expenditure incurred during	
										Jan-March	March
1	5	Land Revenue and District Administration	2030	2	101	1	11.69	11.67	11.69	100	99.88
			2245	2	101	1	30.53	30.34	59.62	51.2	50.89
			2245	2	106	1	76.52	69.73	97.45	78.52	71.55
			2245	2	109	1	25.00	25.00	40.00	62.5	62.5
			2245	2	111	1	24.84	24.84	31.75	78.24	78.24
			2245	2	111	2	38.75	21.90	38.75	100.00	56.52
			2245	2	193	1	32.67	32.55	45.2	72.27	72.01
			2245	80	102	1	61.92	61.92	62.21	99.53	99.53
			2245	80	102	5	45.40	45.40	45.40	100	100
2	8	Education	2202	2	109	32	28.09	28.09	28.09	100	100
3	9	Health And Family Welfare	4210	3	105	1	105.79	85.59	118.08	89.59	72.49
			4210	3	105	3	37.09	28.94	37.09	100	78.02
4	10	Public Works - Roads, Bridges and Buildings	2059	80	799	3	250.23	188.22	277.50	90.17	67.83
			3054	4	105	6	287.74	233.41	431.54	66.68	54.09
			3054	4	105	20	133.19	99.21	182.90	72.82	54.24
			5054	4	101	1	23.45	16.96	25.56	91.74	66.36
			5054	4	337	11	34.48	28.97	44.07	78.24	65.73
			5054	4	337	21	45.00	45.00	45.00	100	100
5	11	Agriculture	2401	0	109	31	17.40	17.40	28.26	61.58	61.58
6	12	Horticulture	2401	0	119	51	13.42	13.42	16.45	81.61	81.61
			2401	0	119	57	127.97	127.97	158.97	80.5	80.5
			2401	0	119	77	23.80	14.80	24.55	96.95	60.29
			2401	0	119	79	20.00	20.00	20.00	100	100
7	13	Irrigation, Water Supply and Sanitation	2215	1	5	2	11.65	11.65	11.78	98.88	98.88
			2215	1	102	12	194.03	162.14	255.15	76.05	63.55
			2702	80	1	6	130.23	105.11	171.60	75.89	61.25
			4215	1	102	1	133.17	107.13	159.76	83.35	67.06
			4701	20	800	2	62.90	47.73	64.01	98.26	74.57
			4702	0	101	3	23.43	20.76	39.99	58.59	51.92
			4705	0	313	1	21.20	19.54	23.8	89.08	82.09
8	15	Planning And Backward Area Sub Plan	5475	0	800	2	24.54	23.03	33.19	73.96	69.4
			5475	0	800	3	11.98	11.37	19.26	62.24	59.07
9	16	Forest and Wild Life	2406	4	103	2	17.03	14.07	24.74	68.83	56.85
10	19	Social Justice and Empowerment	2235	2	102	23	17.61	17.33	29.98	58.76	57.81
			2236	2	101	5	30.00	29.10	39.46	76.03	73.75
11	20	Rural Development	2505	1	702	6	19.25	19.25	29.61	65	65
			2515	0	101	2	10.98	10.75	11.01	99.68	97.55
12	23	Power Development	2801	80	101	7	301.6	301.6	520.45	57.95	57.95
			4801	1	190	6	54.12	54.12	58.45	92.59	92.59
13	26	Tourism and Civil Aviation	3452	80	1	3	47.07	41.55	69.07	68.15	60.15
			5452	1	800	3	16.16	16.06	24.13	66.99	66.55
14	27	Labour Employment and Training	2230	3	800	1	14.16	14.16	14.16	100	100
15	28	Urban Development, Town and Country Planning and Housing	2217	80	193	13	13.13	13.13	21.79	60.26	60.26
			4215	2	106	2	38.04	26.12	46.91	81.09	55.67
16	29	Finance	2049	1	101	19	17.82	17.82	17.82	100	100
			2049	1	101	28	16.32	16.32	16.32	100	100
			2049	1	101	49	42.15	42.15	42.15	100	100
			2049	1	101	67	28.50	28.50	28.50	100	100
			2049	1	101	76	34.75	34.75	34.75	100	100
			2049	1	101	77	34.75	34.75	34.75	100	100

Sr. No.	Grant No.	Name of Grant	Maj head	Sm head	Min head	Sub head	Exp (Jan-Mar)	Exp (in March)	Total	Percentage of total expenditure incurred during	
										Jan-March	March
			2049	1	101	78	41.51	41.51	41.51	100	100
			2049	1	101	79	34.75	34.75	34.75	100	100
			2049	1	101	80	30.66	30.66	30.66	100	100
			2049	1	101	81	15.90	15.90	15.90	100	100
			2049	1	200	5	15.20	15.20	15.20	100	100
			2049	3	104	1	1,087.33	1,087.33	1,107.96	98.14	98.14
			2049	5	105	2	107.50	107.50	107.50	100	100
			6003	0	108	2	14.67	14.67	14.67	100	100
17	31	Tribal Development	2059	1	796	9	16.95	14.83	19.23	88.13	77.14
			2215	1	796	9	15.40	15.40	15.40	100	100
			3054	4	796	5	18.08	17.93	27.34	66.14	65.57
18	32	Scheduled Caste Sub Plan	2225	1	789	5	33.05	28.23	43.28	76.35	65.23
			5054	4	789	4	29.21	22.13	40.48	72.18	54.67
			5054	4	789	11	15.00	15.00	15.00	100	100
			5055	1	789	1	11.72	11.72	15.62	75.03	75.03
Total							4,348.47	3,984.08	5,257.22		

Appendix-4.1

(Reference: Paragraph 4.5)

Outstanding Utilisation Certificates as on 31 March 2021

(in ₹)

Sr. No.	Head of Account	Year	Utilisation Certificates due		Utilisation Certificates Outstanding/Closing Balance	
			No. of Items	Amount	No. of Items	Amount
1	2	3	4	5	6	7
1	Rural Development					
	2216-Housing	2017-18	4	3,477,500	-	-
		2018-19	116	630,649,000	40	300,067,264
		2019-20	-	-	33	49,320,000
		Total	120	634,126,500	73	349,387,264
	2505-Rural Employment	2015-16	4	77,367,000	4	77,367,000
		2016-17	6	55,502,000	5	47,810,000
		2018-19	34	1,137,254,000	34	1,137,254,000
		2019-20	-	-	26	2,307,238,750
		Total	44	1,270,123,000	69	3,569,669,750
	2501-Special Programme	2018-19	30	626,877,400	9	365,914,998
2019-20		-	-	118	264,815,764	
Total		30	626,877,400	127	630,730,762	
Total		194	2,531,126,900	269	4,549,787,776	
2	Panchayati Raj					
	4216-Capital Outlay on Housing	2016-17	1	2,807,900	1	1,307,900
		Total	1	2,807,900	1	1,307,900
	2515-Other Rural Development Programmes	2011-12	18	45,168,010	-	-
		2012-13	7	8,252,000	-	-
		2013-14	8	151,958,171	-	-
		2014-15	7	563,698,506	-	-
		2015-16	42	854,784,826	19	270,960,912
		2016-17	254	1,874,893,098	74	591,320,394
		2017-18	259	3,758,479,407	170	2,613,740,595
		2018-19	360	4,458,955,305	304	3,325,098,368
		2019-20	-	-	212	5,893,052,626
	Total	955	11,716,189,323	779	12,694,172,895	
Total		956	11,718,997,223	780	12,695,480,795	
3	Education					
	2202-General Education	2015-16	1	10,000,000	-	-
		2017-18	1	3,121,220	1	3,121,220
		2018-19	44	1,130,375,000	28	1,004,375,000
		2019-20	-	-	70	2,402,393,822
Total	46	1,143,496,220	99	3,409,890,042		
4	Youth Services and Sports					
	2204-Sports & Youth Services	2018-19	12	3,534,912	-	-
		2019-20	-	-	7	2,290,419
Total	12	3,534,912	7	2,290,419		
5	Technical Education					
	2203-Technical Education	2018-19	1	498,000	-	-
Total	1	498,000	-	-		
6	Language Art and Culture					
	2205-Art and Culture	2018-19	97	781,273,141	-	-
		2019-20	-	-	103	70,278,389
	Total	97	781,273,141	103	70,278,389	
	2250-Other Social Community Services	2018-19	1	30,000,000	1	30,000,000
		2019-20	-	-	1	53,820
Total		1	30,000,000	2	30,053,820	
Total		98	811,273,141	105	100,332,209	

Sr. No.	Head of Account	Year	Utilisation Certificates due		Utilisation Certificates Outstanding/Closing Balance	
			No. of Items	Amount	No. of Items	Amount
1	2	3	4	5	6	7
	Urban Development					
	2217-Urban Development	2015-16	12	17,607,800	-	-
		2016-17	33	701,405,643	27	611,617,821
		2017-18	45	731,169,704	33	658,569,632
		2018-19	73	3,251,028,994	49	1,684,010,015
		2019-20	-	-	74	4,442,004,612
		Total	163	4,701,212,141	183	7,396,202,080
	3054-Road & Bridges	2016-17	1	9,479,789	1	9,479,789
		2017-18	1	23,819,902	1	23,819,902
		2018-19	1	27,438,070	1	27,438,070
Total		3	60,737,761	3	60,737,761	
	Total	166	4,761,949,902	186	7,456,939,841	
8	Animal Husbandry					
	2403-Animal Husbandry	2015-16	1	100,000,000	-	-
		2017-18	28	82,544,000	15	16,194,000
		2018-19	46	390,128,300	22	91,376,600
		2019-20	-	-	31	236,529,700
		Total	75	572,672,300	68	344,100,300
	2404-Dairy Development	2018-19	24	298,338,979	16	213,338,979
		2019-20	-	-	7	9,622,807
		Total	24	298,338,979	23	222,961,786
		Total	99	871,011,279	91	56,7062,086
9	Co-operation					
	2408-Food Storage & Ware Housing	2017-18	2	275,000	-	-
		2018-19	2	177,000	1	150,000
		2019-20	-	-	6	1,120,000
		Total	4	452,000	7	1,270,000
	2425-Co-Operation	2017-18	6	1,420,000	-	-
		2018-19	10	1,540,000	-	-
		2019-20	-	-	6	440,000
		Total	16	2,960,000	6	440,000
		Total	20	3,412,000	13	1,710,000
10	Tourism					
	3452-Tourism	2014-15	1	75,000	-	-
		2015-16	1	290,000	1	290,000
		2016-17	1	500,000	1	500,000
		2017-18	3	10,740,000	2	740,000
		2018-19	10	975,300,000	3	300,000
		2019-20	-	-	3	850,000
		Total	16	986,905,000	10	2,680,000
	3053-Tourism & Civil Aviation	2019-20	-	-	2	32,638,000
		Total	-	-	2	32,638,000
	Total	16	986,905,000	12	35,318,000	
11	Industry					
	2851-Village & Small Scale Industries	2012-13	1	721,000	-	-
		2014-15	2	2,409,000	-	-
		2015-16	2	2,076,500	-	-
		2016-17	32	132,555,975	25	103,136,140
		2017-18	62	155,167,634	48	84,643,634
		2018-19	33	513,028,983	13	50,337,421
		2019-20	-	-	23	173,484,668
		Total	132	805,959,092	109	411,601,863
	12&13	Agriculture and Horticulture				
2401-Crop Husbandry		2017-18	5	368,000,000	5	368,000,000
		2018-19	15	1,014,200,000	14	1,004,200,000
		2019-20	-	-	2	23,000,000
		Total	20	1,382,200,000	21	1,395,200,000

Sr. No.	Head of Account	Year	Utilisation Certificates due		Utilisation Certificates Outstanding/Closing Balance	
			No. of Items	Amount	No. of Items	Amount
1	2	3	4	5	6	7
	2402-Soil Conservation	2017-18	5	6,050,000	5	6,050,000
		2019-20	-	-	-	-
		Total	5	6,050,000	5	6,050,000
	2415-Agriculture Research & Education	2017-18	2	36,106,000	-	-
		2018-19	1	20,000,000	1	20,000,000
		2019-20	-	-	3	53,802,500
		Total	3	56,106,000	4	73,802,500
	2435-Other Agriculture Programme	2018-19	3	122,800,000	3	122,800,000
		2019-20	-	-	6	89,100,000
		Total	3	122,800,000	9	211,900,000
Total			31	1,567,156,000	39	1,686,952,500
Forests						
14	2406-Forestry and Wild Life	2017-18	1	2,920,000	-	-
		2018-19	18	69,947,264	9	20,867,767
		2019-20	-	-	62	200,007,455
	Total	19	72,867,264	71	220,875,222	
Ayurveda (Ayush)						
15	2210-Medical & Public Health	2016-17	13	20,184,806	13	20,184,806
		2017-18	20	238,981,300	20	238,981,300
		2018-19	49	967,975,774	15	240,004,000
		2019-20	-	-	64	802,664,500
		Total	82	1,227,141,880	112	1,301,834,606
	2211-Family Health	2019-20	-	-	62	2,197,317,651
Total	82	1,227,141,880	174	3,499,152,257		
Women & Child Development & SC, OBC and Minorities						
16&17	2225-Welfare of SC, ST & Other Backward Classes	2012-13	7	25,426,395	-	-
		2013-14	3	860,000	-	-
		2016-17	2	20,000,000	-	-
		2017-18	3	20,300,000	1	300,000
		2018-19	2	20,000,000	-	-
		2019-20	-	-	2	2,796,895
		Total	17	86,586,395	3	3,096,895
	2235-Social Security & Welfare	2015-16	2	25,000	-	-
		2016-17	5	7,719,205	1	3,410,040
		2017-18	100	91,274,196	71	61,788,086
		2018-19	307	172,763,326	302	172,583,326
		2019-20	-	-	331	184,651,922
		Total	414	271,781,727	705	422,433,374
	Total			431	358,368,122	708
Fisheries						
18	2405-Fisheries	2017-18	2	420,000	-	-
		2019-20	-	-	-	-
	Total	2	420,000	-	-	
Planning						
19	3451-Secretariat Economics Services	2017-18	8	290,307,972	1	8,424,396
		2018-19	14	191,129,560	-	-
	Total	22	481,437,532	1	8,424,396	
Sainik Welfare						
20	2075- Miscellaneous General Services	2018-19	18	25,974,405	6	2,500,818
		2019-20	-	-	25	39,808,241
	Total	18	25,974,405	31	42,309,059	
Revenue Department						
21	2029-Land Revenue	2016-17	7	3,500,000	1	500,000
		2017-18	23	14,602,000	18	10,031,000
		2018-19	29	25,602,000	22	20,546,000
		2019-20	-	-	-	-
	Total	59	43,704,000	41	31,077,000	

Sr. No.	Head of Account	Year	Utilisation Certificates due		Utilisation Certificates Outstanding/Closing Balance	
			No. of Items	Amount	No. of Items	Amount
1	2	3	4	5	6	7
22	Transport					
	3055-Road Transport	2019-20	-	-	1	1,500,000
	5055-Capital Outlay on Transport	2017-18	1	3,600,000	-	-
	Total		1	3,600,000	1	1,500,000
23	Labour & Employment					
	2230-Labour & Employment	2017-18	1	500,000	-	-
		2018-19	4	703,500,000	-	-
		2019-20	-	-	1	4,800,000
Total		5	704,000,000	1	4,800,000	
24	Jal Shakti Vibhag					
	2215-Water Supply & Sanitation	2017-18	7	68,308,000	-	-
		2018-19	4	92,687,000	4	92,687,000
		2019-20	-	-	4	70,626,000
Total		11	160,995,000	8	163,313,000	
25	Tribal Development					
	2251-Secretariat Social Services	2016-17	4	2,350,000	3	1,550,000
		2017-18	3	2,302,783	1	1,400,000
		2018-19	6	10,830,000	4	10,520,000
		2019-20	-	-	5	9,410,121
4225-Capital Outlay on welfare of SC, ST & OBC	2016-17	1	4,900,000	-	-	
Total		14	2,03,82,783	13	22,880,121	
26	Energy Department					
	2810-Non-Conventional Source of Energy	2017-18	3	1,600,000	3	1,600,000
		2018-19	4	2,000,000	4	2,000,000
Total		7	3,600,000	7	3,600,000	
27	Excise and Taxation Department					
	2040-Other Taxes & Duties	2019-20	-	-	1	79,530,599
	Total		-	-	1	79,530,599
	3604-Compensation and assignments to Local Bodies	2017-18	7	6,457,275	-	-
2018-19		11	11,469,153	-	-	
Total		18	17,926,428	1	79,530,599	
28	Environment Science and Technology					
	3425-Other Scientific Research	2019-20	-	-	1	1,000,000
	Total		-	-	1	1,000,000
	3435-Ecology Environment	2017-18	2	7,323,400	2	7,323,400
		2018-19	2	6,954,000	2	6,954,000
2019-20		-	-	8	12,700,000	
Total		4	14,277,400	13	2,79,77,400	
29	Himachal Pradesh Institute of Public Administration (HIPA)					
	2070-Other Administrative Service	2018-19	17	120,900,000	6	70,400,000
		2019-20	-	-	12	48,788,770
Total		17	120,900,000	18	119,188,770	
30	Police					
	2055-Police	2018-19	1	18,505,000	1	10,737,891
Total		1	18,505,000	1	10,737,891	
Grand Total:			2482	28,479,419,483	2,799	35,578,261,515

Appendix-4.2

(Reference: Paragraph 4.8)

Statement showing unspent balances in PDAs as on 31 March 2021

(in ₹)

Sr. No.	Major Head	Name of Head	Treasury/DDO's Name	Unspent Balance
1	8443	106	Civil Judge (Sr. Division), Bilaspur	51,827.17
2	8443	106	Civil Judge (Jr. Div. Court No.1), Ghumarwin	257,017.45
3	8443	106	Civil Judge (Jr. Div. Court No.2), Ghumarwin	223,880.00
4	8443	106	Civil Judge (Jr. Div. Court No.3), Ghumarwin	108,680.00
5	8443	106	Civil Judge (Jr. Division), Bilaspur	155,355.00
6	8443	106	District and Session Judge, Bilaspur	313,061.00
7	8443	106	Chief Judicial Magistrate (CJM), Chamba	499,356.62
8	8443	106	Chief Judicial Magistrate (CJM), Dalhousie	79,915.00
9	8443	106	Himachal Pradesh High Court, Shimla (Shimla Capital)	2,374,709.00
10	8443	106	Indira Gandhi Medical College, Shimla (Shimla Capital)	1,539,049.00
11	8443	106	Indira Gandhi State Sports Complex, Shimla (Shimla Capital)	4,394,854.00
12	8443	106	Sub Judge, Hamirpur	653,065.00
13	8443	106	Sub Judge, Barsar	179,070.00
14	8443	106	Sub Judge, Nadaun	99,520.00
15	8443	106	Chief Judicial Magistrate (CJM), Kullu	537,588.00
16	8443	106	Sub Judge Banjar	36,260.00
17	8443	106	Chief Judicial Magistrate (CJM) Judge, Anni	70,064.00
18	8443	106	Sub Judge, Manali	165,323.00
19	8443	106	Sub Judge Ist Class, Kangra	116,029.00
20	8443	106	Sub Judge, Nurpur	226,128.00
21	8443	106	Sub Judge, Palampur	237,605.00
22	8443	106	Sub Judge, Dehra	224,327.60
23	8443	106	District and Session Judge, Kangra at Dharamshala	81,265.00
24	8443	106	Sub Judge, Jawali	89,850.00
25	8443	106	Sub Judge 2nd Division, Kangra	106,731.00
26	8443	106	Sub Judge, Dehra -II	86,186.00
27	8443	106	Sub Judge, Baijnath	117,150.00
28	8443	106	Chief Judicial Magistrate (CJM), Dharamshala	504,670.00
29	8443	106	Sub Judge, Indora	68,625.00
30	8443	106	Sr. Sub Judge, Kalpa	179,884.00
31	8443	106	Sr. Sub Judge, Sundernagar	252,593.00
32	8443	106	Sr. Sub Judge, Mandi	923,235.00
33	8443	106	Sr. Sub Judge, Sarkaghat	267,016.00
34	8443	106	Sr. Sub Judge, Jogindernagar	144,605.20
35	8443	106	Sr. Sub Judge, Karsog	99,234.00

Sr. No.	Major Head	Name of Head	Treasury/DDO's Name	Unspent Balance
36	8443	106	Director, Technical Education, Vocational and Industrial Training, HP Sundernagar	5,000.00
37	8443	106	Sr. Sub Judge, Gohar	126,710.00
38	8443	106	District and Session Judge, Shimla	524,603.00
39	8443	106	District and Session Judge, Kinnaur at Rampur	67,031.00
40	8443	106	Sub Judge, Rampur	200,765.00
41	8443	106	Sub Judge, Theog	156,785.00
42	8443	106	Sub-Divisional Officer (SDO), Dodra Kwar	0.10
43	8443	106	Sub Judge, Rohru	365,959.00
44	8443	106	Sr. Sub Judge, Shimla	733,966.00
45	8443	106	Sub Judge, Chopal	35,571.00
46	8443	106	Sub Judge Jubbal, Shimla	76,245.00
47	8443	106	Additional District and Session Judge, Kinnaur at Rampur	54,050.86
48	8443	106	District and Session Judge, Nahan	85,887.00
49	8443	106	Additional Session Judge, Nahan	165,374.00
50	8443	106	Sr. Sub Judge (Sr. Division), Nahan	319,845.00
51	8443	106	Civil Judge (Jr. Division), Ponta Sahib	199,159.00
52	8443	106	Civil Judge (Jr. Division), Rajgarh	53,962.00
53	8443	106	Civil Judge, Shillai	8,840.00
54	8443	106	Civil Judge, Kandaghat	58,101.00
55	8443	106	Additional District and Session Judge, Solan	156,860.00
56	8443	106	Civil Judge, Nalagarh	380,885.00
57	8443	106	Civil Judge Sr. Division, Solan	197,225.00
58	8443	106	Civil Judge, Arki	116,824.00
59	8443	106	Civil Judge Jr. Division, Solan	284,998.00
60	8443	106	District and Session Judge, Solan	99,528.00
61	8443	106	Civil Judge Junior Div., Kasauli	102,340.00
62	8443	106	Civil Judge Sr. Div., Kasauli	127,332.00
63	8443	106	Sr. Sub Judge, Una	828,728.00
64	8443	106	Jr. Sub Judge, Amb	498,377.00
65	8448	109	P.S. Kalpa	0.33
66	8448	109	P.S. Rohru	16,514.00
67	8448	109	P.S. Dodra Kwar	9,500.10
68	8448	109	P.S Solan	0.14
69	8448	109	P.S. Kandaghat	231,578.00
70	8448	109	P.S. Gagret	0.96
71	8448	109	P.S. Kunihar	0.30
72	8448	109	Nagar Panchayat, Mehatpur	481.00
73	8448	109	Nagar Panchayat, Santokhgarh	5,506.17
74	8448	109	P.S Nadaun	41,264.00
75	8443	106	AC to DC Dharamsala	
76	8448	106	Funds of ICAR	

Sr. No.	Major Head	Name of Head	Treasury/DDO's Name	Unspent Balance
77	8448	109	P.S. Sadar, Bilaspur	NIL
78	8448	109	P.S. Ghumarwin	
79	8448	109	P.S. Chamba	
80	8448	109	P.S. Bharmour	
81	8448	109	P.S. Tissa	
82	8448	109	P.S. Salooni	
83	8448	109	P.S. Bhattiyat	
84	8448	109	P.S. Kangra	
85	8448	109	P.S. Nagrota Bagwan	
86	8448	109	P.S. Nurpur	
87	8448	109	P.S. Rait	
88	8448	109	P.S. Indora	
89	8448	109	P.S. Dehra	
90	8448	109	P.S. Pragpur	
91	8448	109	P.S. Bhawarna	
92	8448	109	P.S. Lambagaon	
93	8448	109	P.S. Panchrukhi	
94	8448	109	P.S. Baijnath	
95	8448	109	P.S. Nagrota Surian	
96	8448	109	P.S. Mandi	
97	8448	109	P.S. Sundernagar	
98	8448	109	P.S. Jhanjehli	
99	8448	109	P.S. Karsog	
100	8448	109	P.S. Gopalpur	
101	8448	109	P.S. Gohar	
102	8448	109	P.S. Balh	
103	8448	109	P.S. Chopal	
104	8448	109	P.S. Jubbal	
105	8448	109	P.S. Chirgaon	
106	8448	109	P.S. Mashobra	
107	8448	109	P.S. Kullu	
108	8448	109	P.S. Nagar	
109	8448	109	P.S. Banjar	
110	8448	109	P.S. Jhandutta	
111	8448	109	P.S. Chauntra	
112	8448	109	P.S. Drang	
Total				2,17,99,524.00

Appendix 4.3

(Reference: Paragraph 4.15)

List of Autonomous bodies/authorities/ institutions

Sr. No.	Name of the body/authority		Section in which audit has been conducted
1	Himachal Pradesh Building and Other Construction Workers Welfare Board, Shimla	--	Audit conducted under Section 19(3) and SARs prepared.
2	HP Khadi and Village Industries Board	--	
3	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	--	
4	HP City Transport and Bus Stand Management and Development Authority	--	
5	HP State Electricity Regulatory Commission	Yes	
6	Himachal Pradesh State Veterinary Council, Shimla	Yes	
7	Himachal Pradesh Legal Service Authority, Shimla	Yes	
8	District Legal Service Authority, Hamirpur	Yes	
9	District Legal Service Authority, Bilaspur	Yes	
10	District Legal Service Authority, Nahan	Yes	
11	District Legal Service Authority, Una	Yes	
12	District Legal Service Authority, Shimla	Yes	
13	District Legal Service Authority, Kinnaur at Rampur	Yes	
14	District Legal Service Authority, Mandi	Yes	
15	District Legal Service Authority, Kullu	Yes	
16	District Legal Service Authority, Dharamshala at Kangra	Yes	
17	District Legal Service Authority, Solan	Yes	
18	District Legal Service Authority, Chamba	Yes	
19	Controller, CSK, HPKV, Palampur	--	
20	Dr. Y.S. Parmar Horticulture University, Nauni, Solan	Yes	
21	Seed and Organic Produce Certification Agency, Boileaganj, Shimla	Yes	
22	Livestock Development Board, Boileaganj, Shimla	Yes	
23	HP State Milkfed Co-operative, Totu, Shimla	--	
24	HP State Cooperative Marketing and Consumers Federation Ltd. (HIMFED)	--	
25	HP State Council for Science, Technology and Environment, Kasumpti, Shimla	Yes	
26	District Rural Development Authority, Hamirpur	--	

Sr. No.	Name of the body/authority		Section in which audit has been conducted
27	District Rural Development Authority, Bilaspur	--	Audit conducted under Section 14 &15 and IRs are prepared and issued.
28	District Rural Development Authority, Nahan	--	
29	District Rural Development Authority, Una	--	
30	District Rural Development Authority, Shimla	--	
31	District Rural Development Authority, Kinnaur	--	
32	District Rural Development Authority, Mandi	--	
33	District Rural Development Authority, Kullu	--	
34	District Rural Development Authority, Dharamshala at Kangra	--	
35	District Rural Development Authority, Solan	--	
36	District Rural Development Authority, Chamba	--	
37	District Rural Development Authority, Keylong	--	
38	AIDS Control Society	--	
39	HP Nursing Reg. Council	--	
40	NRHM, Shimla	--	
41	Academy of Language, Art and Culture	--	
42	SC/ST Corporation, Solan	--	
43	Social Welfare Board, Shimla	--	
44	Council of Child Welfare, Shimla	--	
45	SSA, Shimla	--	
46	Himachal Pradesh University	--	
47	Rin Chen Zen Po Society, Kangra	--	
48	State Water & Sanitation Mission (HP)	--	
49	RMSA	--	
50	Employees State Insurance Society, Shimla	--	
51	RUSA	--	
52	State Disaster Management Authority	--	
53	HP Ayurveda and Unani Practitioner Board	--	

Appendix-5.1

(Reference: Paragraph 5.3)

Statement showing the name of all SPSEs, month and year of incorporation (including their brief description) as on 31 March 2021

Sr. No.	Sector & Name of the SPSE	Name of Administrative department	Month and year of incorporation	Brief Description of SPSE
1	2	3	4	5
STATE PUBLIC SECTOR ENTERPRISES (OTHER THAN POWER SECTOR)				
Agriculture and Allied				
1	Himachal Pradesh Agro-Industries Corporation Limited	Horticulture	September 1970	Company is engaged in manufacturing / trading of agricultural goods and other inputs, trading of cement, iron and steel, bitumen, tyres and tubes etc. for supplying to different Government Departments.
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	Horticulture	June 1974	To provide post-harvest facilities to the fruit growers of the State and to help them to get best returns for their produce from the market. It provides supplies of horticultural inputs, tools and implements, besides apple grading/packaging and storage facilities to the growers. The Company is engaged in procurement, processing, storage; and marketing of all types of surplus fruits.
3	Himachal Pradesh State Forest Development Corporation Limited	Forest	March 1974	The Company is engaged in exploitation and marketing of timber within the State; exploitation and processing of resin into rosin; turpentine oil and subsidiary products; and marketing thereof etc.
Finance				
4	Himachal Backward Classes Finance and Development Corporation	Social Justice & Empowerment	January 1994	The Company is engaged in providing financial assistance to socially and educationally backward classes and economically weaker sections in the State for setting up small industrial units and also for educational purposes.
5	Himachal Pradesh Mahila Vikas Nigam	Social Justice & Empowerment	April 1989	The company is engaged in providing financial assistance to women entrepreneurs and women co-operative societies in the State.
6	Himachal Pradesh Minorities Finance and Development Corporation	Social Justice & Empowerment	September 1996	To undertake the task of social, economic and educational upliftment of the socially and educationally backward minorities and other economically weaker sections among the minorities in the State; arrange training programmes for the promotion and improvement of literacy, education and professional skills of the aforesaid classes and sections so as to promote their social and economic development; to collect, compile and publish the related data for the aforesaid classes and sections; and provide and arrange financial assistance and professional know-how to the aforesaid classes and sections.
Infrastructure				
7	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited	Public Works	June 1999	Company was incorporated on 10.06.1999 under the Companies Act, 1956, with the main objective of developing Roads, Bridges & other infrastructure in the State of Himachal Pradesh and to act as a special purpose vehicle for resource mobilisation on behalf of the State Government for all infrastructures projects and also discharge obligations on this account on behalf of the State Government from revenue other receipts accruing to the State Government from such projects.
8	Dharamshala Smart City Limited	Urban Development	July 2016	To implement smart city projects in Dharamshala.

1	2	3	4	5
9	Shimla Smart City Limited	Urban Development	January 2018	To implement smart city projects in Shimla.
10	Himachal Pradesh State Industrial Development Corporation Limited	Industries	November 1966	The Company is engaged in promoting, establishing and administering industrial projects or enterprises for manufacture and production of plant and machinery, tools, equipment, chemical and substances which are likely to promote or advance the industrial development in Himachal Pradesh. It also aids, assists and finances any industrial Enterprise, project or enterprises, providing plots for Industrial Development on lease hold basis. Also, the Company undertakes civil works on behalf of various Government Departments, Autonomous Bodies and Corporation etc., on Deposit Works basis.
Manufacturing				
11	Himachal Pradesh General Industries Corporation Limited	Industries	November 1972	Company is engaged in the manufacturing of Country Liquor, furniture & fixtures and silk products. The maximum share of turnover of the Company is from the sale of country liquor.
Services				
12	Himachal Pradesh State Civil Supplies Corporation Limited	Food & Civil Supplies	September 1980	The Company is the nodal agency for supplying controlled commodities (wheat, rice, sugar, pulses, edible oil, salt and kerosene oil) through its wholesale go-downs to Fair Price Shops/ Retail Shops (Own/Other) for further distribution to ration card holders (BPL, APL and Antodaya) under the Targeted Public Distribution System (TPDS) of Central/ State subsidised schemes. It is also the implementing agency of various Central as well as State schemes like National Food Security Act, 2013 (NFSA) and Atal Vardi Yojana.
13	Himachal Pradesh State Electronics Development Corporation Limited	Information Technology	October 1984	The main function of the Company includes promotion of Computerisation in the State (particularly in the State Government departments and its Enterprises); development of software and procurement and supply of computer hardware, software and related electronic products; and office automation.
14	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	Industries	March 1974	To assist and promote the interests of the poor weavers and artisans of the State. The Corporation ensures the overall welfare of artisans and weavers by imparting training, design inputs, raw material, reviving the languishing crafts and providing them marketing facilities through its chain of emporia located within and outside the State.
15	Himachal Pradesh Tourism Development Corporation	Tourism & Civil Aviation	September 1972	To provide tourism services including accommodation, catering, transport facilities and sports activities with its mission to expand quality tourism infrastructure in the State and outside the State, in order to provide world class facilities to the tourists. Apart from this, the Engineering wing of the Company also undertakes deposit works for Government Departments, Autonomous bodies, and Corporations, etc.

1	2	3	4	5
16	Himachal Consultancy Organisation Limited		February 1977	HIMCON is a technical consultancy organisation and is a Government Controlled other Company under Companies Act and is audited by CAG. HIMCON is approved Training Partner with National Skill Development Corporation. HIMCON is empanelled with Ministry of Social Justice and Empowerment as its training partner on PAN India basis.
17	Himachal Pradesh Kaushal Vikas Nigam	Technical Education	September 2015	The main functions of the Company are to increase the capacity and capability of the system to deliver quality skill training and professional knowledge to the youth to enhance their ability and bridge the skill deficit with a view to meet ongoing market demand of skilled manpower. The main sources of income of the Company were Grant in Aid received from Central /State Government, share of administrative expenses for implementation of various skill training programme and interest earned on fixed deposits receipts / saving account.
18	Shimla Jal Prabandhan Nigam Limited	Urban Development	June 2018	To plan and implement the water supply and sewerage schemes in Shimla planning area. Its objectives are universal coverage of water and sewerage to every household, 24x7 continuous pressurised water supply, Promoting public health and environment, accountability and responsiveness to citizens and decentralised service delivery through autonomous and professional institutions.
19	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited	Tourism & Civil Aviation	April 2019	To undertake development and operation/maintenance of the “Development of Ropeway Service between Sri Anandpur Sahib Ji to Sri Naina Devi Ji” through Public Private Partnership on Design, Finance, Build, Operate and Transfer basis.
20	Ropeway and Rapid Transport System Development Corporation HP Limited	Transport	July 2019	To provide connectivity to remote/tribal areas of the State through ropeways; increase the tourism potential of various destinations in the State through innovative transport solutions; decongest urban hubs in the State through alternative transport solutions; and to develop quality infrastructure projects that contribute to the State’s growth story.
Statutory Corporations				
21	Himachal Pradesh Financial Corporation	Industries	April 1967	To promote industrial growth in the State by providing term loans to small and medium scale industries. The Corporation has stopped its lending activities completely from the year 2010 in furtherance to the decision of the State Cabinet taken on 18 August 2008.
22	Himachal Road Transport Corporation	Transport	September 1974	Major activity of the Corporation includes operation of buses in the State of Himachal Pradesh and in other States. Other activities of the Corporation include purchase of buses, spare parts, etc, collection of passenger taxes and deposition of special road taxes/passenger taxes of the state of Himachal Pradesh, Punjab, Uttarakhand and Haryana.

1	2	3	4	5
Inactive SPSEs				
23	Agro-Industrial Packaging India Limited	Horticulture	February 1987	It was involved in Manufacture of paper and paper products.
24	Himachal Worsted Mills Limited	Industries	October 1974	It was involved in Spinning, weaving and finishing of textiles and is under process of liquidation since 2000-01.
25	Himachal Pradesh Beverages Limited	Excise and Taxation	April 2016	The Company was set up as a limited Company of the Government of Himachal Pradesh in terms of the provisions of the Excise Announcement for the purpose of channelising sale of liquor in the State. Company discontinued its operations w.e.f 01 April 2018 consequent to the decision of Government of Himachal Pradesh (17 January 2018).
STATE PUBLIC SECTOR ENTERPRISES (POWER SECTOR)				
26	Himachal Pradesh State Electricity Board Limited	MPP and Power	December 2009	The Himachal Pradesh State Electricity Board has been re-organised as Himachal Pradesh State Electricity Board Limited w.e.f. 14.06.2010 under Companies Act, 1956. HPSEBL is responsible for the supply of Uninterrupted & Quality Power to all consumers in the State of Himachal Pradesh. Power is being supplied through a network of Transmission, Sub-Transmission & Distribution lines laid in the State.
27	Himachal Pradesh Power Corporation Limited	MPP and Power	December 2006	The Company has the objective to plan, promote and organise the development of power generation on behalf of Government of Himachal Pradesh.
28	Beas Valley Power Corporation Limited	MPP and Power	March 2003	Beas Valley Power Corporation Limited is a power generating utility with all the technical and organisational capabilities and is subsidiary of Himachal Pradesh State Electricity Board Limited. The Power Finance Corporation Limited has been providing financial assistance in the form of loan to UHL Stage-III Hydroelectric Project (100 MW). The entire equity share capital has been contributed by the HPSEBL.
29	Himachal Pradesh Power Transmission Corporation Limited	MPP and Power	August 2008	The Company came into existence on 27 August 2008 as a part of unbundling of erstwhile HPSEB and was conferred the status of State Transmission Utility in the year 2010. It has been entrusted the work of formulation/Updating and Execution of Transmission Master Plan of the State for strengthening of Transmission Network and Evacuation of Power from upcoming Hydro Electric Projects.

Appendix-5.2

(Reference: Paragraph 5.4.1)

Statement showing the investment of equity and long-term loans made by the State government/Others in SPSEs as on 31 March 2021

(₹ in crore)

Sr. No.	Name of the SPSEs	Detail of investment of equity and loan										Investment of GoHP (Equity + Loans)	Investment others (Equity + Loans)	Total equity plus loans	Total equity	Total loans
		Equity					Long term loan									
		GoHP	Central Govt.	CG/SG PSUs	Others	Total	GoHP	Central Govt.	CG/SG PSUs	Others	Total					
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	
STATE PUBLIC SECTOR ENTERPRISES (Other than Power Sector)																
Agriculture and Allied																
1	Himachal Pradesh Agro-Industries Corporation Limited	16.89	1.96	0.00	0.00	18.85	11.56	0.40	0.00	0.00	11.96	28.45	2.36	30.81	18.85	11.96
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	31.20	1.50	6.07	0.00	38.77	60.09	0.00	0.00	0.00	60.09	91.29	7.57	98.86	38.77	60.09
3	Himachal Pradesh State Forest Development Corporation Limited	11.71	0.00	0.00	0.00	11.71	0.00	0.00	0.00	0.00	0.00	11.71	0.00	11.71	11.71	0.00
4	Agro-Industrial Packaging India Limited	16.75	0.00	0.00	0.97	17.72	60.15	0.00	0.00	0.00	60.15	76.90	0.97	77.87	17.72	60.15
Total		76.55	3.46	6.07	0.97	87.05	131.80	0.40	0.00	0.00	132.20	208.35	10.90	219.25	87.05	132.20
Financing																
1	Himachal Backward Classes Finance & Development Corporation	15.97	0.00	0.00	0.00	15.97	0.07	0.00	20.98	0.00	21.05	16.04	20.98	37.02	15.97	21.05
2	Himachal Pradesh Mahila Vikas Nigam	14.51	0.10	0.00	0.00	14.51	0.00	0.00	0.00	0.00	0.00	14.51	0.10	13.86	14.61	0.00
3	Himachal Pradesh Minorities Finance & Development Corporation	14.84	0.00	0.00	0.00	14.84	0.00	0.00	37.37	0.00	37.37	14.84	37.37	52.21	14.84	37.37
4	Himachal Pradesh Financial Corporation	92.98	0.00	0.00	6.59	99.57	84.61	0.00	28.27	0.00	112.88	177.59	34.86	212.45	99.57	112.88
Total		138.30	0.10	0.00	6.59	144.99	84.68	0.00	86.62	0.00	171.30	222.98	93.31	316.29	144.99	171.30
Infrastructure																
1	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	25.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	25.00	25.00	0.00
2	Himachal Pradesh State Industrial Development Corporation Limited	30.82	0.00	0.00	0.00	30.82	0.00	0.00	0.00	0.00	0.00	30.82	0.00	30.82	30.82	0.00
3	Dharamshala Smart City Limited	0.00001	0.00	0.00033	0.00	0.00034	0.00	0.00	0.00	0.00	0.00	0.00001	0.00	0.00034	0.00034	0.00
4	Shimla Smart City Limited	0.0035	0.00	0.00	0.0035	0.007	0.00	0.00	0.00	0.00	0.00	0.0035	0.00	0.007	0.007	0.00
Total		55.82351	0.00	0.00033	0.0035	55.82734	0.00	0.00	0.00	0.00	0.00	55.82351	0.00	55.82734	55.82734	0.00

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1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	
Manufacture																
1	Himachal Pradesh General Industries Corporation Limited	7.04	0.00	0.08	0.04	7.16	2.97	0.00	0.00	0.00	2.97	10.01	0.12	10.13	7.16	2.97
2	Himachal Worsted Mills Limited	0.00	0.00	0.00	0.92	0.92	0.00	0.00	0.00	0.00	0.00	0.00	0.92	0.92	0.92	0.00
Total		7.04	0.00	0.08	0.96	8.08	2.97	0.00	0.00	0.00	2.97	10.01	1.04	11.05	8.08	2.97
Services																
1	Himachal Pradesh State Civil Supplies Corporation Limited	3.52	0.00	0.00	0.00	3.52	0.00	0.00	0.00	0.00	0.00	3.52	0.00	3.52	3.52	0.00
2	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	9.22	0.03	0.00	0.00	9.25	0.00	0.00	0.00	0.00	0.00	9.22	0.03	9.25	9.25	0.00
3	Himachal Pradesh Tourism Development Corporation	12.30	0.00	0.00	0.00	12.30	0.00	0.00	0.00	0.00	0.00	12.30	0.00	12.30	12.30	0.00
4	Himachal Pradesh Kaushal Vikas Nigam	0.007	0.00	0.00	0.00	0.007	0.00	0.00	0.00	0.00	0.00	0.007	0.00	0.007	0.007	0.00
5	Shimla Jal Prabandhan Nigam Limited	0.05	0.00	0.00	0.05	0.10	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.10	0.10	0.00
6	Himachal Consultancy Organisation Limited	0.00	0.00	0.03	0.15	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.18	0.18	0.00
7	Sri Naina Devi Ji& Sri Anandpur Sahib Ji Ropeway Limited	0.50	0.00	0.00	0.50	1.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	1.00	1.00	0.00
8	Ropeway and Rapid Transport System Development Corporation HP Limited	0.005	0.00	0.00	0.00	0.005	0.00	0.00	0.00	0.00	0.00	0.005	0.00	0.005	0.005	0.00
9	Himachal Pradesh State Electronics Development Corporation Limited	3.72	0.00	0.00	0.00	3.72	0.05	0.00	0.00	0.00	0.05	3.77	0.00	3.77	3.72	0.05
10	Himachal Road Transport Corporation	904.12	15.44	0.00	0.00	919.56	0.00	0.00	0.00	42.56	42.56	904.12	58.00	962.12	919.56	42.56
11	Himachal Pradesh Beverage Limited	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00	1.00	0.00
Sector total		934.442	15.47	0.03	0.07	950.642	0.05	0.00	0.00	42.56	42.61	934.492	58.76	993.252	950.642	42.61
Total (Government Companies - Other than Power Sector)		1,212.16	19.03	6.18	9.22	1,246.59	219.50	0.40	86.62	42.56	349.08	1,431.66	164.01	1,595.67	1,246.59	349.08
STATE PUBLIC SECTOR ENTERPRISES (Power Sector)																
1	Himachal Pradesh State Electricity Board Limited	807.23	0.00	0.00	0.00	807.23	2,971.67	0.00	0.00	2,574.85	5,546.52	3,778.90	2,574.85	6,353.75	807.23	5,546.52
2	Beas Valley Power Corporation Limited	0.00	0.00	300.00	0.00	300.00	0.00	0.00	1,589.17	0.00	1,589.17	0.00	1,889.17	1,889.17	300.00	1,589.17
3	Himachal Pradesh Power Corporation Limited	924.84	0.00	130.78	1,187.14	2,242.76	2,534.91	0.00	0.00	158.91	2,693.82	3,459.75	1,476.83	4,936.58	2,242.76	2,693.82
4	Himachal Pradesh Power Transmission Corporation Limited	355.50	0.00	0.00	108.70	464.20	1,716.48	0.00	0.00	90.21	1,806.69	2,071.98	198.91	2,270.89	464.20	1,806.69
Sector Total		2,087.58	0.00	430.78	1,295.84	3,814.19	7,223.06	0.00	1,589.17	2,823.97	11,636.20	9,310.63	6,139.76	15,450.39	3,814.19	11,636.20
Grand total of all SPSEs		3,299.73	19.03	436.96	1,305.06	5,060.78	7,442.56	0.40	1,675.79	2,866.53	11,985.28	10,742.29	6,303.770	17,046.06	5,060.78	11,985.28

Appendix-5.3

(Reference: Paragraph 5.5.1)

Summarised financial results of SPSEs for the latest year for which accounts were finalised as of 30 November 2021

(₹ in crore)

Sr. No.	Name of the SPSEs	Year of Account	Year in which finalised	Paid-up Capital	Long-term loans outstanding	Total Assets	Turnover	Accumulated Profit (+)/ Loss (-)	Net Profit (+)/ Loss (-) after interest & Tax	Interest	Income Tax	Profit (+)/ Loss (-) before interest & Tax	Net worth	Capital Employed	Manpower
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11	12	13	14	15	16
A	Working Government Companies														
Agriculture and Allied															
1	Himachal Pradesh Agro-Industries Corporation Limited	2019-20	2021-22	18.85	11.56	38.80	69.09	(-) 14.03	(-)2.74	0.07	0.00	(-)2.67	4.82	16.38	26
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	2019-20	2021-22	38.77	60.09	152.60	88.50	(-) 85.10	2.67	1.71	0.00	4.38	(-)46.33	13.76	200
3	Himachal Pradesh State Forest Development Corporation Limited	2017-18	2021-22	11.71	13.13	179.75	181.13	(-)114.02	(-)16.58	2.51	0.00	(-)14.07	(-)102.31	(-)89.18	1,321
Total				69.33	84.78	371.15	338.72	(-) 213.15	(-) 16.65	4.29	0.00	(-)12.36	(-)143.82	(-)59.04	1,547
Financing															
4	Himachal Backward Classes Finance & Development Corporation	2013-14	2017-18	11.00	15.00	34.58	2.73	7.36	1.07	0.35	0.00	1.42	18.36	33.36	16
5	Himachal Pradesh Mahila Vikas Nigam	2015-16	2020-21	9.19	0	11.83	0.74	2.00	0.50	0	0.00	0.50	11.19	11.19	7
6	Himachal Pradesh Minorities Finance & Development Corporation	2014-15	2021-22	9.92	17.74	31.21	0.88	(-)4.75	0.03	0.52	0.00	0.55	5.17	22.91	17
		2015-16		10.59	20.40	32.77	1.11	(-)5.44	(-)0.69	0.67	0.00	(-)0.02	5.15	25.55	
Total				30.78	35.40	79.18	4.58	3.92	0.88	1.02	0.00	1.90	34.70	70.10	40
Infrastructure															
7	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited	2019-20	2021-22	25.00	0.00	362.20	0.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00	30
8	Himachal Pradesh State Industrial Development Corporation Limited	2018-19	2021-22	30.82	0.00	397.55	88.34	58.52	9.69	0.00	4.39	14.08	89.34	89.34	131
9	Dharamshala Smart City Limited	2017-18	2021-22	0.00034	0.00	224.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00034	0.00034	39
10	Shimla Smart City Limited	1st Account not received		0.007	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.007	0.007	19
Total				55.83	0.00	984.41	88.34	58.52	9.69	0.00	4.39	14.08	114.35	114.35	219
Manufacture															
11	Himachal Pradesh General Industries Corporation Limited	2019-20	2021-22	7.16	2.97	62.04	61.32	37.45	5.06	0.21	2.07	7.34	44.61	47.58	102
Total				7.16	2.97	62.04	61.32	37.45	5.06	0.21	2.07	7.34	44.61	47.58	102
Services															
12	Himachal Pradesh State Civil Supplies Corporation Limited	2018-19	2020-21	3.51	0.00	521.94	1,359.11	35.13	1.18	0.83	0.65	2.66	38.64	38.64	779
13	Himachal Pradesh State Electronics Development Corporation Limited	2019-20	2020-21	3.72	0.05	74.29	73.62	9.87	1.93	0.00	0.73	2.66	13.59	13.64	38
14	Himachal Pradesh State Handicrafts & Handloom Corporation Limited	2018-19	2020-21	9.25	0.00	22.95	27.27	(-)13.97	1.28	0.06	0.20	1.54	(-)4.72	(-)4.72	28

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1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
15	Himachal Pradesh Tourism Development Corporation	2015-16	2016-17	12.30	0.00	73.99	90.89	(-)22.08	1.40	0.31	0.34	2.05	(-)9.78	(-)9.78	1,703
16	Himachal Pradesh Kaushal Vikas Nigam	2018-19	2020-21	0.007	0.00	93.92	0.00	4.19	2.70	0.00	0.00	2.70	4.197	4.197	33
17	Himachal Consultancy Organisation Limited	2019-20	2020-21	0.18	0.00	3.79	5.95	1.64	0.70	0.00	0.00	0.70	1.82	1.82	32
18	Shimla Jal Prabandhan Nigam Limited	2019-20	2021-22	0.10	0.00	374.08	138.72	0.00	0.00	0.00	0.00	0.00	0.10	0.10	330
		2020-21	2021-22	0.10	0.00	357.00	120.73	0.00	0.00	0.00	0.00	0.00	0.10	0.10	
19	Ropeway and Rapid Transport System Development Corporation HP Limited	2019-20	2021-22	0.01	0.20	9.23	0.09	0.00	0.00	0.00	0.00	0.00	0.01	0.21	31
20	Sri Naina Devi Ji & Sri Anandpur Sahib Ji Ropeway Limited	1 st Account not received		1.00							0.00		1.00	1.00	5
Sector total				30.077	0.24	1,157.11	1,677.66	14.78	9.19	1.20	1.92	12.31	44.85	45.09	2,979
Grand Total A				193.17434	123.39	2,653.89	2,170.62	(-) 98.48	8.17	6.72	8.38	23.27	94.68934	218.0793	4,887
B	Statutory Corporations														
Financing															
1	Himachal Pradesh Financial Corporation	2017-18	2018-19	99.57	102.16	319.94	2.55	(-)166.56	(-)5.50	7.62	0.00	2.12	(-)66.99	35.17	14
Sector total				99.57	102.16	319.94	2.55	(-)166.56	(-)5.50	7.62	0.00	2.12	(-)66.99	35.17	14
Services															
2	Himachal Road Transport Corporation	2019-20	2021-22	858.87	75.47	873.29	1,127.79	(-)1,533.70	(-)146.43	15.24	0.00	(-)131.19	(-)674.83	(-)599.36	9,890
Sector total				858.87	75.47	873.29	1,127.79	(-)1,533.70	(-)146.43	15.24	0.00	(-)131.19	(-)674.83	(-)599.36	9,890
Total B				958.44	177.63	1,193.23	1,130.34	(-)1,700.26	(-)151.93	22.86	0.00	(-)129.07	(-)741.82	(-)564.19	9,904
Grand Total A and B				1,151.6143	301.02	3,847.12	3,300.96	(-)1,798.74	(-)143.76	29.58	8.38	(-)105.80	(-)647.13	(-)346.11	14,791
C	Inactive Government Companies														
Agriculture and Allied															
1	Agro-Industrial Packaging India Limited	2013-14	2014-15	17.72	60.15	1.33	0.00	(-)78.23	(-)0.04	0.00	0.00	(-)0.04	(-)60.51	(-)0.36	1
Total				17.72	60.15	1.33	0.00	(-)78.23	(-)0.04	0.00	0.00	(-)0.04	(-)60.51	(-)0.36	1
Manufacture															
2	Himachal Worsted Mills Limited	2000-01	2001-02	0.92	0	0	0.00	(-)5.44	(-)0.01	0.00	0.00	(-)0.01	(-)4.52	(-)4.52	-
Total				0.92	0	0	0.00	(-)5.44	(-)0.01	0.00	0.00	(-)0.01	(-)4.52	(-)4.52	-
Services															
3	Himachal Pradesh Beverage Limited	2016-17	2018-19	1.00	0	124.35	543.97	9.49	9.49	0.00	4.78	14.27	10.49	10.49	10
Sector total				1.00	0	124.35	543.97	9.49	9.49	0.00	4.78	14.27	10.49	10.49	10
Total C				19.64	60.15	125.68	543.97	(-)74.18	9.44	0.00	0.00	14.22	(-)54.54	5.61	11
Grand Total A, B and C				1,171.2543	361.17	3,972.80	3,844.93	(-)1,872.92	(-)134.32	29.58	13.16	(-)91.58	(-)701.67	(-)340.50	14,802
D	Power Sector														
1	Himachal Pradesh State Electricity Board Limited	2018-19	2021-22	720.55	4,807.41	9,416.24	7,040.35	(-)1,531.50	3.56	408.63	0.00	412.19	(-)810.95	3,996.46	18,491
		2019-20		756.46	5,303.28	10,182.00	6,875.16	(-)1,520.59	10.91	450.11	0.00	461.02	(-)764.13	4,539.15	
		2020-21		807.23	5,546.52	10,561.86	6,548.60	(-)1,705.92	(-)185.32	476.22	0.00	290.90	(-)898.69	4,647.83	
2	Himachal Pradesh Power Transmission Corporation Limited	2019-20	2021-22	380.20	1,590.65	2,560.79	21.28	(-)108.37	(-)55.31	11.04	0.00	(-)44.27	271.83	1,862.48	331
3	Himachal Pradesh Power Corporation Limited	2018-19	2021-22	2,015.56	1,597.95	6,786.49	188.55	(-)221.99	(-)105.98	129.80	0.00	23.82	1,793.57	3,391.52	533
4	Beas Valley Power Corporation Limited	2019-20	2021-22	300.00	1,517.54	1,927.48	0.00	0.00	0.00	0.00	0.00	0.00	300.00	1,817.54	111
		2020-21		300.00	1,589.17	2,095.21	0.00	0.00	0.00	0.00	0.00	0.00	300.00	1,889.17	
Sector Total				3,502.99	10,324.29	22,004.35	6,758.43	(-)2,036.28	(-)346.61	617.06	0.00	270.45	1,466.71	11,791.00	19,466
Grand total of All SPSEs				4,674.24	10,685.46	25,977.15	10,603.36	(-)3,909.20	(-)480.93	646.64	13.16	178.87	765.04	11,450.50	34,268

Note: Highlighted figures of Himachal Pradesh Minorities Finance & Development Corporation, Shimla Jal Prabandhan Nigam Limited, Himachal Pradesh State Electricity Board Limited and Beas Valley Power Corporation Limited is not included in the Sector Total and Grand Total.

Appendix-5.4

(Reference: Paragraph 5.7.3)

Statement showing the funds infused in SPSEs by the State Government as on 01 April 1999 and from 1999-2000 to 2020-21

(₹ in crore)

	Upto 1999-2000	2000-2001	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
STATE PUBLIC SECTOR ENTERPRISES (Other than Power Sector)																								
AGRICULTURE AND ALLIED																								
1	Himachal Pradesh Agro-Industries Corporation Limited																							
Equity	9.84	-	-	-	-	-	-	-	-	-	-	-	-	-	7.05	-	-	-	-	-	-	-	-	16.89
IFL	-	-	-	-	-	-	-	-	-	-	-	2.50	-	2.54	-	-	6.52	-	-	-	-	-	-	11.56
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited																							
Equity	10.23	-	-	-	-	-	-	-	-	-	20.97	-	-	-	-	-	-	-	-	-	-	-	-	31.20
IFL	-	-	-	-	-	-	-	-	0.00	-	-	7.00	5.00	-	14.54	3.55	-	8.00	10.00	-	-	-	-	48.09
3	Himachal Pradesh State Forest Development Corporation Limited																							
Equity	11.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.71
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																						Grand Total Agriculture and Allied	59.80	
																							59.65	
FINANCING																								
4	Himachal Backward Classes Finance and Development Corporation																							
Equity	1.57	0.40	0.65	0.80	1.20	1.00	0.50	1.20	0.90	1.10	0.86	-	-	0.28	0.00	0.80	0.67	0.54	0.75	1.00	-	-	1.75	15.97
IFL	0.01	0.01	-	-	-	-	0.15	-	-	-0.10	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07
5	Himachal Pradesh Mahila Vikas Nigam																							
Equity	1.25	-	0.10	0.2214	0.30	0.30	0.30	0.40	0.85	0.85	1.08	0.30	1.14	-	0.60	0.65	0.75	0.75	0.80	1.77	1.35	0.75	-	14.51
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Himachal Pradesh Minorities Finance and Development Corporation																							
Equity	0.75	0.17	0.25	0.40	0.40	0.40	0.49	0.40	0.53	1.02	1.08	1.16	0.50	0.64	1.30	0.53	0.64	0.75	-	1.68	-	-	1.75	14.84
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																						Grand Total Financing	45.32	
																							0.07	
INFRASTRUCTURE																								
7	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited																							
Equity	5.00	20.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.00
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Himachal Pradesh State Industrial Development Corporation Limited																							
Equity	29.59	-	-	-	-	-	-	-	-	-	-	1.23	-	-	-	-	-	-	-	-	-	-	-	30.82
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Dharamshala Smart City Limited																							
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00001	-	-	-	-	-	0.00001
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Shimla Smart City Limited																							
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0035	-	-	-	-	0.0035
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																						Grand Total Infrastructure	55.83	
MANUFACTURE																								
11	Himachal Pradesh General Industries Corporation Limited																							
Equity	4.98	-	-	-	-	2.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.04
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																						Grand Total Manufacture	7.04	

State Finances Audit Report for the year ended 31 March 2021

	Upto 1999-2000	2000-2001	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
SERVICES																							
12	Himachal Pradesh State Civil Supplies Corporation Limited																						
Equity	3.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.52
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Himachal Pradesh State Electronics Development Corporation Limited																						
Equity	3.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.72
IFL	0.48	1.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1.93	0.05
14	Himachal Pradesh State Handicrafts and Handloom Corporation Limited																						
Equity	4.09	0.01	0.01	-	-	-	-	-	4.61	-	-	-	-	0.50	-	-	-	-	-	-	-	-	9.22
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Himachal Pradesh Tourism Development Corporation																						
Equity	12.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.30
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
O&AE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38.21	38.21
16	Himachal Pradesh Kaushal Vikas Nigam																						
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.007	-	-	-	-	-	-	0.007
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Shimla Jal Prabandhan Nigam Limited																						
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	0.05
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
O&AE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114.89	180.13	295.02
18	Ropeway and Rapid Transport System Development Corporation HP Limited																						
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.005	-	0.005
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
O&AE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.50	7.50
19	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited																						
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50	-	0.50
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																						Grand Total Services	29.322
																							0.055
																							340.73
STATUTORY CORPORATION (FINANCING)																							
20	Himachal Pradesh Financial Corporation																						
Equity	21.58	-	-	-	-	-	-	-	-	20.00	51.00	-	-	-	-	-	-	-	-	0.40	-	-	92.98
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.83	2.83
																						Grand Total Financing	92.98
																							2.83
STATUTORY CORPORATION (SERVICE)																							
21	Himachal Road Transport Corporation																						
Equity	163.16	11.90	12.00	11.01	26.70	12.30	12.30	12.30	31.49	31.00	42.18	31.92	25.30	43.00	58.00	42.95	41.20	45.00	50.00	59.00	79.39	62.02	904.12
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																						Grand Total Service	904.12
INACTIVE AGRICULTURE AND ALLIED & SERVICE																							
22	Agro-Industrial Packaging India Limited																						
Equity	16.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.75
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Himachal Pradesh Beverages Limited																						
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	-	-	1.00
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
																						Grand Total Agriculture and Allied	17.75

	Upto 1999-2000	2000-2001	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Total Equity	300.04	32.48	13.01	12.43	28.60	16.06	13.59	14.30	38.38	53.97	117.17	34.61	26.94	44.42	66.95	44.94	43.26	48.04	51.56	63.90	81.25	66.27	1,212.16	
Total IFL	0.49	1.51	0.00	0.0000	0.00	0.00	0.15	0.00	0.00	- 0.10	0.00	0.00	9.50	5.00	2.54	14.54	3.55	6.52	8.00	10.00	-	0.90	62.60	
O & AE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114.89	225.84	340.73
Grand Total	300.53	33.99	13.01	12.4314	28.60	16.06	13.74	14.30	38.38	53.87	117.17	34.61	36.44	49.42	69.49	59.48	46.81	54.56	59.56	73.90	196.14	69.10	1,615.49	
STATE PUBLIC SECTOR ENTERPRISES (Power Sector)																								
1	Himachal Pradesh Power Corporation Limited																							
Equity	-	-	-	-	-	-	-	-	80.11	241.32	242.41	75.76	48.05	202.18	180	193.31	91.25	133.28	137.12	160.00	165.00	62.21	2,011.99	
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-537.15	-	-	-550.00	-	-	-	-	-	-	-	-1087.15
2	Himachal Pradesh Power Transmission Corporation Limited																							
Equity	-	-	-	-	-	-	-	-	-	11.00	45.70	60.00	50.00	5.78	8.00	25.96	32.79	19.51	27.71	40.00	53.75	84.00	464.20	
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-108.70	-	-	-	-	-	-	-	-	-	-	-108.70
3	Himachal Pradesh State Electricity Board Limited																							
Equity	-	-	-	-	-	-	-	-	-	-	396.52	0	50.00	31.75	75.00	50.00	50.00	17.28	50.00	35.91	50.77	807.23		
IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
O & AE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.00	11.00	
Disinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	-	-	-	-	-	-	-	-	80.11	252.32	288.11	532.28	98.05	257.96	219.75	294.27	174.04	202.79	182.11	250.00	254.66	196.98	3,283.42	
Total IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total O&AE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114.89	225.84	340.73
Total Disinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-645.85	-	-	-550.00	-	-	-	-	-	-	-	-1,195.85
Grand Total	-	-	-	-	-	-	-	-	80.11	252.32	288.11	532.28	-547.96	257.96	219.75	-255.73	174.04	202.78	182.11	2,560.00	254.66	207.98	2,098.57	
Total Equity	300.04	32.48	13.01	12.43	28.60	16.06	13.59	14.30	118.49	306.29	405.28	566.89	124.99	302.38	286.70	339.21	217.30	250.83	233.67	313.90	335.91	263.25	4,495.58	
Total IFL	0.49	1.51	-	-	-	-	0.15	-	-	-0.10	-	-	9.50	5.00	2.54	14.54	3.55	6.52	8.00	10.00	-	0.90	62.60	
Total O&AE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114.89	236.84	351.73
Total Disinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-645.85	-	-	-550.00	-	-	-	-	-	-	-	-1,195.85
G.G. Total	300.53	33.99	13.01	12.43	28.60	16.06	13.74	14.30	118.49	306.19	405.28	566.89	-511.36	307.38	289.24	-196.25	220.85	257.35	241.67	323.90	450.80	500.99	3,714.06	

Appendix-5.5

(Reference: Paragraph 5.12.2)

List of SPSEs whose accounts are in arrears with number of accounts in arrears as of 30 November 2021

Sr. No.	Name of SPSEs whose accounts are in arrears as of 30 November 2021 and accounts finalised up to	No. of accounts are in arrears
1	Himachal Pradesh Agro-Industries Corporation Limited (2019-20)	1
2	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2019-20)	1
3	Himachal Pradesh State Forest Development Corporation Limited (2017-18)	3
4	Himachal Backward Classes Finance and Development Corporation (2013-14)	7
5	Himachal Pradesh Mahila Vikas Nigam (2015-16)	5
6	Himachal Pradesh Minorities Finance and Development Corporation (2015-16)	5
7	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited (2019-20)	1
8	Himachal Pradesh State Industrial Development Corporation Limited (2018-19)	2
9	Dharamshala Smart City Limited (2017-18)	3
10	Shimla Smart City Limited (newly created January 2019)	3
11	Himachal Pradesh General Industries Corporation Limited (2019-20)	1
12	Himachal Pradesh Power Corporation Limited (2018-19)	2
13	Himachal Pradesh Power Transmission Corporation Limited (2019-20)	1
14	Himachal Pradesh State Civil Supplies Corporation Limited (2018-19)	2
15	Himachal Pradesh State Electronics Development Corporation Limited (2019-20)	1
16	Himachal Pradesh State Handicrafts and Handloom Corporation Limited (2018-19)	2
17	Himachal Pradesh Tourism Development Corporation (2015-16)	5
18	Himachal Pradesh Kaushal Vikas Nigam (2018-19)	2
19	Himachal Consultancy Organisation Limited (2019-20)	1
20	Sri Naina Devi Ji and Sri Anandpur Sahib Ji Ropeway Limited (Incorporated during 2019-20)	2
21	Ropeway and Rapid Transport System Development Corporation HP Limited (2019-20)	1
22	Himachal Pradesh Beverage Limited (2016-17)	4
23	Agro-Industrial Packaging India Limited (2013-14)	7
Grand Total		62

Appendix-5.6

(Reference: Paragraph 5.14.4)

List of SPSEs where Supplementary Audit was conducted

Sr. No.	Name of SPSEs (Year of Accounts finalised)	No. of accounts finalised between 01 January 2021 and 30 November 2021
1	Beas Valley Power Corporation Limited (2019-20 & 2020-21)	2
2	Himachal Pradesh Power Transmission Corporation Limited (2019-20)	1
3	Himachal Pradesh Power Corporation Limited (2018-19)	1
4	Himachal Pradesh State Electricity Board Limited (2018-19, 2019-20 & 2020-21)	3
5	Himachal Pradesh General Industries Corporation Limited (2019-20)	1
6	Himachal Pradesh State Electronics Development Corporation Limited (2019-20)	1
7	Shimla Jal Prabandhan Nigam Limited (2019-20 & 2020-21)	2
8	Himachal Pradesh Agro-Industries Corporation Limited (2019-20)	1
9	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2019-20)	1
10	Himachal Pradesh State Forest Development Corporation Limited (2017-18)	1
11	Himachal Consultancy Organisation Limited (2019-20)	1
12	Ropeway and Rapid Transport System Development Corporation HP Limited (2019-20)	1
13	Himachal Pradesh Minorities and Finance Development Corporation (2014-15 & 2015-16)	2
14	Himachal Pradesh State Industrial Development Corporation Limited (2018-19)	1
15	Himachal Pradesh Road and Other Infrastructure Development Corporation Limited (2019-20)	1
16	Himachal Pradesh State Civil Supplies Corporation Limited (2018-19)	1
17	Dharamshala Smart City Limited (2017-18)	1
18	Himachal Pradesh State Handicrafts and Handloom Corporation Limited (2018-19)	1
Grand Total		23

Appendix-5.7

(Reference: Paragraph 5.15)

List of SPSEs where statutory auditors reported that companies did not comply with mandatory Accounting Standards/Ind Accounting Standards

Sl. No.	Name of the Company (Year of Accounts finalised)	Number of Accounting Standard (AS)/ Ind AS
1	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2019-20)	AS 15 (01)
2	Himachal Pradesh Civil Supplies Corporation Limited (2018-19)	AS - 4,5, 15, 17, 22 (5)
3	Himachal Pradesh State Forest Development Corporation (2017-18)	AS -2, 4, 5, 9, 15, 17, 20, 22, 28, 29 (10)
4	Himachal Pradesh Minorities Finance and Development Corporation (2014-15)	AS-15, 28 (02)
5	Himachal Pradesh Minorities Finance and Development Corporation (2015-16)	AS-15, 28 (02)
6	Himachal Pradesh Power Transmission Corporation Limited (2019-20)	Ind AS – 8 (01)
7	Himachal Pradesh State Electricity Board Limited (2018-19)	Ind AS -101, 18, 19, 16, 17, 36, 37, 7 (8)
8	Himachal Pradesh State Electricity Board Limited (2019-20)	Ind AS - 1, 20, 19, 37, 10, 113, 109, 107, 12, 8, 14, 116, & 40 (13)
9	Himachal Pradesh State Electricity Board Limited (2020-21)	Ind AS 1, 8, 10, 12, 14, 19, 20, 36, 37, 40, 13, 109, 107, 116 (14)

Appendix-5.8

(Reference: Paragraph 5.16)

List of SPSEs where Management Letters were issued

Sl. No.	Name of Company (Year of accounts finalised)	Number of Management Letters issued
1	Himachal Pradesh Minorities Finance and Development Corporation (2014-15 & 2015-16)	02
2	Dharamshala Smart City Limited (2017-18)	01
3	Himachal Pradesh State Forest Development Corporation Limited (2017-18)	01
4	Himachal Pradesh Civil Supplies Corporation Limited (2018-19)	01
5	Himachal Pradesh State Electricity Board Limited (2018-19 & 2019-20)	02
6	Himachal Pradesh State Electronics Development Corporation Limited (2019-20)	01
7	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2019-20)	01
8	Himachal Pradesh Agro-Industries Corporation Limited (2019-20)	01
9	Shimla Jal Prabandhan Nigam Limited (2020-21)	01
Grand Total		11

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