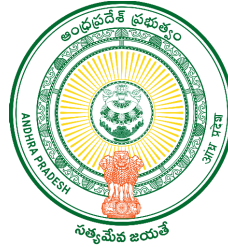


**Report of the
Comptroller and Auditor General of India**

**State Finances Audit Report
for the year ended 31 March 2023**



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Andhra Pradesh
Report No. 2 of the year 2024

Table of Contents

	Reference to	
	Paragraph	Page
<i>Preface</i>		vii
<i>Executive Summary</i>		ix
Chapter – 1 Overview		
Profile of the State	1.1	1
Basis and approach to State Finances Audit report	1.2	3
Overview of Government Accounts structure	1.3	4
Snapshot of Finances of the State	1.4	7
Snapshot of Assets and Liabilities of the Government	1.5	8
Fiscal Balance: Achievement of Deficit and total debt targets	1.6	9
Post Audit- Total Outstanding Debt/Liabilities	1.7	18
Conclusion	1.8	19
Chapter – 2 Finances of the State		
Introduction	2.1	21
Major changes in key fiscal aggregates during 2022-23 <i>vis-à-vis</i> 2021-22	2.2	21
Sources and Application of Funds	2.3	21
Resources of the State	2.4	22
Application of resources	2.5	35
Public Account	2.6	57
Liability Management	2.7	65
Guarantees-Contingent Liabilities	2.8	80
Management of Cash Balances	2.9	81
Apportionment of balances between Andhra Pradesh and Telangana	2.10	83
Conclusion	2.11	83
Recommendations	2.12	84
Chapter – 3 Budgetary Management		
Introduction	3.1	87
Budget Preparation Process	3.2	87
Financial Accountability and Budget Review	3.3	89
Appropriation Accounts	3.4	91
Utilisation of Budgeted Funds	3.5	94

	Reference to	
	Paragraph	Page
Missing/Incomplete Explanation for variation from Budget	3.6	104
Comments on integrity of budgetary and accounting process	3.7	105
Supplementary budget and opportunity cost	3.8	106
Re-appropriations	3.9	109
Excess expenditure and its regularisation	3.10	111
Review of Selected grants	3.11	112
Major Policy Initiatives	3.12	114
Conclusion	3.13	115
Recommendations	3.14	116
Chapter – 4 Quality of Accounts and Financial Reporting Practices		
Introduction	4.1	117
Non-discharge of liabilities in respect of interest towards interest bearing deposits/Reserve Funds	4.2	117
Pending liabilities of the State	4.3	119
Funds transferred directly to State Implementing Agencies	4.4	119
Abstract Contingent bills	4.5	120
Utilisation Certificates	4.6	121
Personal Deposit Accounts	4.7	122
Use of Omnibus Minor Head 800	4.8	124
Suspense and Remittance Balances	4.9	128
Compliance to Indian Government Accounting Standards	4.10	131
Submission of Annual Accounts by Autonomous Bodies	4.11	132
Submission of Annual Accounts of Public Sector Undertakings	4.12	133
Deposits of Local Funds	4.13	133
Timeliness and Quality of Accounts	4.14	135
Follow up action on Audit Reports	4.15	135
Conclusion	4.16	136
Recommendations	4.17	136
Chapter – 5 Working of State Public Sector Undertakings		
Introduction	5.1	137
Number of State PSUs and status of accounts	5.2	138
Contribution of PSUs to the economy of the State	5.3	139

	Reference to	
	Paragraph	Page
Investments in Government Companies and Statutory Corporations and Budgetary Support	5.4	140
Returns from Public Sector Undertakings	5.5	145
Oversight Role of CAG	5.6	152
Results of CAG's oversight role	5.7	155
Conclusion	5.8	160
Recommendations	5.9	161

Appendices

Sl. No.	Name of the Appendix	Page No.
1.1	Profile of the State of Andhra Pradesh	165
1.2	Time Series Data on State Government Finances	166
2.1	Schemes where unspent balance of ₹ 50 crore and above was lying in SNAs	169
2.2	Summarised position of Apportionment of Balances between Andhra Pradesh and Telangana as on 31 March 2023	170
3.1	Cases of un-utilised Supplementary provision (₹ one crore or more in each case)	171
3.2	Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary	174
3.3	Cases where Supplementary provision (₹ one crore or more in each case) proved insufficient	176
3.4	Cases where re-appropriation (₹ one crore or more in each case) proved unnecessary	176
3.5	Cases where re-appropriation (₹ one crore or more in each case) proved excessive	176
3.6	Cases where re-appropriation (₹ one crore or more in each case) proved insufficient	177
3.7	Cases where anticipated savings not surrendered (short surrender of ₹ one crore or more in each case)	177
3.8	Excess expenditure during 2022-23	178
3.9	Excess over provision of previous years requiring regularisation	178
3.10	Amount of excess expenditure relating to the years 2014-15 to 2021-22 for which Explanatory Notes were not furnished	181
3.11	Details of schemes where there was more than 50 <i>per cent</i> savings - Backward Classes Welfare Grant	182
4.1	Statement showing submission of accounts and status of Audit of Autonomous Bodies (Section 19,20 of DPC Act 1971)	183
4.2	Statement of Bodies and Authorities whose accounts have not been received (Section 14,15 of DPC Act 1971)	185
4.3	Statement of PSUs whose accounts have not been received	192
5.1	Statement showing list of Public Sector Undertakings (PSUs) of Andhra Pradesh under jurisdiction of CAG and status of their annual accounts as on 30 September 2023	197
5.2	Statement showing list of PSUs having negative Net Worth as on 31 March 2023	203

Sl. No.	Name of the Appendix	Page No.
5.3	Statement showing the Receipts and Expenditure of Eight PSUs having negative net worth	206
5.4	Details of Return on Capital Employed (ROCE) of State PSUs for the three years ended 31 March 2023	209
5.5	Statement showing Return on Equity (ROE) of State PSUs for the three years ended 31 March 2023	211
5.6	Statement showing list of PSUs where Management Letters were issued	213
5.7	Statement showing list of PSUs/Corporations where Statutory Auditors revised their report	213
6.1	Glossary of terms	215
6.2	Acronyms and Abbreviations	216

Preface

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

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

Chapters 2 and 3 of the Report contain audit findings on matters arising from an examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2023. Information has been obtained from Government of Andhra Pradesh, wherever necessary.

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

Chapter 5 discusses the financial performance of Andhra Pradesh State Public Sector Undertakings (PSUs) and results of oversight role of the Comptroller and Auditor General of India (CAG) through monitoring the performance of Statutory Auditors and supplementary audit of accounts of the PSUs. Audit Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before the Legislature of Andhra Pradesh under provisions of Section 19A of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 (as amended).

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

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

Executive Summary

About the Report

This Report of the CAG of India is on the State Finances for the year 2022-23. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew at an average annual growth rate of 11.01 *per cent* from ₹ 8,73,721 crore in 2018-19 to ₹ 13,17,728 crore in 2022-23.

There was 16.22 *per cent* growth in GSDP over 2021-22. The revenue receipts grew at 4.79 *percent* and the percentage of revenue receipts over GSDP decreased from 13.28 *per cent* in 2021-22 to 11.97 *per cent* in 2022-23. The tax revenue increased by 9.25 *per cent* during the period and the State's own tax revenue increased by 9.93 *per cent*. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Andhra Pradesh increased from ₹ 1,77,674 crore in 2021-22 to ₹ 2,10,272 crore increasing by 18.35 *per cent*. Of this, revenue expenditure showed 26.45 *per cent* increase from 2021-22. Revenue deficit increased from ₹ 8,611 crore to ₹ 43,487 crore registering 405.02 *per cent* increase over 2021-22. The increase was mainly due to increase in committed expenditure by ₹ 15,451 crore, financial assistance to local bodies and other institutions by ₹ 14,208 crore and subsidies by ₹ 8,315 crore when compared to previous year. Fiscal deficit increased from ₹ 25,013 crore in 2021-22 to ₹ 52,508 crore in 2022-23 increasing by 109.92 *per cent*.

Receipt-Expenditure Mismatch

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of States' share in Union taxes, Grants in aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, *etc.*).

From 2018-19 to 2022-23, revenue receipts grew from ₹ 1,14,671 crore to ₹ 1,57,768 crore, with an average annual growth rate of 8.91 *per cent*. Capital receipts also increased from ₹ 98,257 crore to ₹ 1,86,020 crore during this period. State Own Revenue (Tax and Non-Tax) was the major contributor to Revenue Receipts from the year 2018-19 to 2022-23 with more than 50 *per cent* share. The share of Grants-in-aid in revenue receipts rose from 16.97 *per cent* in 2018-19 to 22.91 *per cent* in 2022-23. The State Government received ₹ 18,037 crore as Central share for the Centrally

Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2018-19 and 2022-23, revenue expenditure increased from ₹ 1,28,570 crore (14.72 *per cent* of GSDP) to ₹ 2,01,255 crore (15.27 *per cent* of GSDP). It consistently made up a significant portion (85 to 95 *per cent*) of the total expenditure during this period, growing at an average annual rate of 12.17 *per cent*.

Result of expenditure beyond means

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The revenue deficit of the State increased to ₹ 43,487 crore (3.30 *per cent* of GSDP) in the current year from ₹ 13,899 crore (1.59 *per cent* of GSDP) in the year 2018-19.

The State Government spent ₹ 7,244 crore only on capital account. This was 3.45 *per cent* of the total expenditure in the year 2022-23. Capital expenditure was just 4.43 *per cent* of the total borrowings. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State increased to ₹ 52,508 crore (3.98 *per cent* of GSDP) in 2022-23 from ₹ 35,467 crore (4.06 *per cent* of GSDP) in 2018-19.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 51-54 *per cent* of revenue expenditure during 2018-19 (51 *per cent*) and 2022-23 (51 *per cent*). The Committed expenditure increased at an average annual rate of 11.60 *per cent* i.e. from ₹ 65,873 crore in 2018-19 to ₹ 1,01,943 crore in 2022-23 {an increase of 17.86 *per cent* over 2021-22 (₹ 86,492 crore)}.

Inflexible expenditure decreased from 6.11 *per cent* to 4.37 *per cent* of revenue expenditure during 2018-19 to 2022-23, indicating a declining trend. The inflexible expenditure increased from ₹ 8,332 crore in 2021-22 to ₹ 8,798 crore in 2022-23 registering an increase of 5.59 *per cent*. The average annual increase rate of inflexible expenditure during the period from 2018-19 (₹ 7,860 crore) to 2022-23 (₹ 8,798 crore) was 3.70 *per cent*.

Taken together, the committed and inflexible expenditure in 2022-23 was ₹ 1,10,741 crore; 55 *per cent* of the revenue expenditure. Upward trend on committed expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Subsidies constitute major portion of the non-committed expenditure

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 2,352 crore in 2018-19 to ₹ 23,004 crore in 2022-23 i.e., from 1.83

per cent of the total revenue expenditure in 2018-19 to 11.43 *per cent* in 2022-23. Power subsidies constituted a significant portion, ranging from 43 *per cent* to 88 *per cent* of the total subsidies during this period. Apart from this, the State Government also spent ₹ 3.31 crore on implicit subsidies during the year 2022-23.

Capital Expenditure

Capital Expenditure of the State Government constituted 3.45 *per cent* of total expenditure. As a proportion of GSDP, the Capital Expenditure was at five - year low during 2022-23 (0.55 *per cent*). When compared with the Budget Estimates (₹ 30,680 crore) of 2022-23, the actual capital expenditure was only 23.61 *per cent* of the projected amount. The Capital expenditure decreased by 55.76 *per cent* when compared to previous year and reduced by 63.74 *per cent* from 2018-19 to 2022-23.

Government of India released an amount of ₹ 6,105.56 crore in the form of interest free loan with a condition to utilise the funds on or before 31 March 2023 for the approved projects. However, due to non-furnishing of utilisation particulars by the State Government, Audit could not vouchsafe the expenditure or ensure the utilisation of funds for intended purposes.

The share of capital expenditure (3.45 *per cent* of total expenditure) was significantly lower in the State when compared to General States average (13.48 *per cent* of total expenditure) despite the receipt of substantial amounts from GoI towards Capital Expenditure. This affects the physical capital formation with a cascading impact on economic growth in the long run.

Off-budget borrowings

As on 31 March 2023, the State Government, through Public Sector Undertakings and para-statal, raised ₹ 1,28,048 crore as off-budget borrowings, which did not flow into the Consolidated Fund of the State but are required to be repaid and serviced through budget. In 2022-23, the State Government provided assistance / grants in aid of ₹ 15,499 crore for repayment and servicing of the off-budget borrowings. This was in addition of the repayment and interests paid on the borrowings by the Government.

Contingent Liabilities on account of Guarantees

In 2022-23, the Government provided guarantees against borrowings of ₹ 20,872 crore. State Government did not receive any guarantee commission against the receivable amount of ₹ 2,015 crore for the year 2022-23.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account. As per information available on the PFMS portal, ₹ 21,003.24 crore (₹ 14,755.53 crore share of the Government of India and ₹ 6,247.71 crore share of the State Government) was transferred to the SNAs during 2022-23. As per data available on PFMS Portal,

₹ 2,040.63 crore was lying unspent in the bank accounts of SNAs as on 31 March 2023. Detailed vouchers and supporting documents of actual expenditure were not received by the office of Accountant General (A&E) Andhra Pradesh from the SNAs.

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, *etc.* So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, *etc.* and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, *etc.*

FRBM requirements and compliance with fiscal parameters

The FRBM Act / Rules prescribe certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be, and similarly for guarantees as a percentage of revenue receipts of the previous year. (this may require change based on the parameter). In 2022-23, revenue deficit in GSDP was 3.30 *per cent* as against the limit of 3.30 *per cent*; fiscal deficit was 3.98 *per cent* as against the limit of 4.50 *per cent*; liability of the State was 32.17 *per cent* as against limit of 36.30 *per cent* and guarantees given were 92.24 *per cent* as against the prescribed limit of 180 *per cent*.

Further, if the quantum of the off-budget borrowings is included as part of debt, the overall liability (Includes Public Debt and Public Account Liabilities) of the Government was 41.89 *per cent* of the GSDP. Going by the fiscal trends, the State finances are heavily stressed.

As per the debt stabilisation analysis, the public debt of the Government of Andhra Pradesh has been increasing on an average at a rate of 16.52 *per cent* annually during the period 2018-19 to 2022-23. Public debt-GSDP ratio of Andhra Pradesh has increased from 22.15 *per cent* in 2018-19 to 27.05 *per cent* in 2022-23, which indicates that debt stabilisation may not be possible in near future.

Domar gap (g-r) was negative during covid years (2019-20 and 2020-21). However, in post covid years, the Domar gap turned positive due to high growth in GSDP. Positive Domar gap due to high growth rate in post covid years may also be seen with reference to low base for comparison in previous year due to covid. Further, during 2022-23, Domar gap showed contraction over previous year from 9.11 to 7.81.

Further, the primary deficit also registered increasing trend from 2018-19 to 2020-21. During 2021-22, the primary deficit remained lower but increased drastically during 2022-23. Therefore, the trends of strong economic growth (expressed as $g-r > 0$) by only observing the Domar gap in 2021-22 and 2022-23 cannot be conclusively generalized. Further, substantial proportion of public debt receipts was being used for repayment for borrowings, which ranged between 68.51 *per cent* and 83.40 *per cent* during the period 2018-2023. Thus, it becomes evident that depending solely on economic growth

(expressed as $g-r > 0$ from 2021-2023) would not suffice to cover the debt obligations of the State.

Going by the analysis and results as discussed above, the finances of the State of Andhra Pradesh is marked by increasing trend of liabilities (debt, guarantees, off-budget borrowings, etc.) which pose risk to target of debt stabilisation and debt sustainability.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In Revenue section, deviation in outturn compared with BE was (-) 3.67 per cent. This was due to deviation between 0 and ± 25 per cent in 26 grants, between ± 25 per cent to ± 50 per cent in seven grants, between ± 50 per cent to ± 100 per cent in six grants and equal to or more than 100 per cent in one grant.

In Capital section, deviation in outturn compared with BE was (-) 69.87 per cent. This was due to deviation between 0 and ± 25 per cent in two grants, between ± 25 per cent to ± 50 per cent in three grants, between ± 50 per cent to ± 100 per cent in 23 grants and equal to or more than 100 per cent in six grants. No Provision was, however, made in respect of one grant of the Capital section.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In Revenue section, deviation in outturn compared with RE was (-) 3.76 per cent. This was due to deviation between 0 and ± 25 per cent in 31 grants, between ± 25 per cent to ± 50 per cent in six grants, between ± 50 per cent to ± 100 per cent in one grant and equal to or more than 100 per cent in two grants.

In Capital section, deviation in outturn compared with RE was (-) 74.38 per cent. This was due to deviation between 0 and ± 25 per cent in 14 grants, between ± 25 per cent to ± 50 per cent in seven grants, between ± 50 per cent to ± 100 per cent in eight grants and equal to or more than 100 per cent in three grants.

It was noticed that supplementary provisions of ₹ 18,198.66 crore during the year 2022-23 in 48 cases (more than ₹ one crore in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Savings

There were huge savings during 2022-23, with 46 out of 97 Grants/ Appropriations showing utilisation of less than or equal to 50 per cent of the budget allocation mainly due to meeting the expenditure of the State through the State Corporations.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget as well as between the actual expenditure and

the final budget were 12 percent and 25 per cent respectively, there were deviations up to 50 per cent and even 100 per cent in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should need to deal with such deviations.

Misclassification in accounts

It was noticed that an amount of ₹ 713.14 crore under seven schemes was made under the wrong head of account.

Regularisation of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per article 204 and 205 (1) (b) of the constitution. It was observed that in 2022-23 there was excess expenditure of ₹ 4,027.42 crore under three grants which required regularization. Further, excess disbursements of ₹ 3,55,554.43 crore pertaining to 2004-05 and 2021-22 were yet to be regularized.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government did not make compliance with all IGAS: Guarantees, Classification of Grants-in-Aid, Loans and Advances made by the Government.

Utilisation Certificates against conditional grants

The status of outstanding UCs to the end of March 2023 could not be ascertained due to non-receipt of the relevant GOs/ sanctions from the State Government for which UCs are to be watched by Accountant General.

DC bills against AC bills

Similarly, despite the requirement of submitting Detailed Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 887 AC bills of ₹ 1,313.91 crore were pending for submission of DC bills as on 31st March 2023, out of which 539 AC Bills amounting to ₹ 1,135.83 crore pertained to the period upto 2021-22.

Non-Provision of interest on accounts of Zilla Parishad Provident Funds

The liability towards interest on accounts of ZPPFs was not being discharged by the Government on periodical basis or otherwise by making suitable provisions in the Budget Estimates, there is an understatement of revenue expenditure/revenue deficit as

well as accumulation of committed liability in future years.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS; funds remaining outside Government accounts; and non-supply of details of expenditure from SNAs have impacted the quality of accounts adversely.

Working of State Public Sector Undertakings

As on 31 March 2023, there were 124 State Public Sector Enterprises (SPSEs) in Andhra Pradesh, including three Statutory Corporations and 118 Government Companies (including 21 inactive Government Companies) and three Government Controlled Other Companies under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by 90 SPSEs out of 103 working SPSEs whose 342 accounts were in arrears. Out of the total profit of ₹ 2,786.83 crore earned by 14 working SPSEs, 97.66 per cent was contributed by Seven SPSEs. Out of total loss of ₹ 1,251.63 crore incurred by five working SPSEs, loss of ₹ 1,227.55 crore was incurred by one SPSE. The financial impact of CAG's comments issued during October 2022 to September 2023 on financial statements of SPSEs was ₹ 139.32 crore on profitability and ₹ 1,207.66 crore on the financial position.

The State Government may impress upon the managements of SPSEs to ensure timely submission of their financial statements. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature. The State Government may also analyse the reasons of losses in loss making SPSEs and initiate steps to make their operations efficient and profitable.

1.1 Profile of the State

Andhra Pradesh is the eighth largest State in the country in terms of geographical area (1,62,968 sq. kms). The State has a long coastline, spanning 974 kms. In terms of population, the State accounts for 4.08 *per cent* (4.94 crore) of the total population of the country, as per Census 2011. General data relating to the State is given in *Appendix 1.1*.

1.1.1 Gross State Domestic Product of the State

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 whereas Gross State Value Added (GSVA) is calculated by excluding taxes on the goods and services and adding subsidies to GSDP. 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.

Changes in sectoral contribution to the GSDP is also important to understand the changing structure of economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Services sectors.

Trends in GSDP compared to Gross Domestic Product (GDP) of India at Current Prices (Base Year 2011-12) are shown in **Table 1.1**; and trends in growth rate of GSDP *vis-à-vis* GSVA and sectoral growth in GSDP during the period 2018-19 to 2022-23 are depicted in *Charts 1.1* and *1.2* respectively.

Table 1.1: Trends in GSDP compared to the GDP (at current prices)

Year	2018-19	2019-20 (TRE)	2020-21 (SRE)	2021-22 (FRE)	2022-23 (SAE)/(PE)
India					
GDP (2011-12 Series) (₹ in crore)	1,88,99,668	2,01,03,593	1,98,29,927	2,34,71,012	2,72,40,712
Gross Value Added (GVA) (₹ in crore)	1,71,75,128	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over previous year (in <i>per cent</i>)	10.59	6.37	-1.36	18.36	16.06
Growth rate of GVA over previous year (in <i>per cent</i>)	10.77	7.02	-1.05	17.87	15.41
Per Capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983
Andhra Pradesh					
GSDP (2011-12 Series) (₹ in crore)	8,73,721	9,25,839	9,56,788	11,33,837	13,17,728
Gross State Value Added (₹ in crore)	7,98,176	8,62,848	8,85,575	10,40,187	12,14,961
Growth rate of GSDP over previous year (in <i>per cent</i>)	11.14	5.97	3.34	18.50	16.22

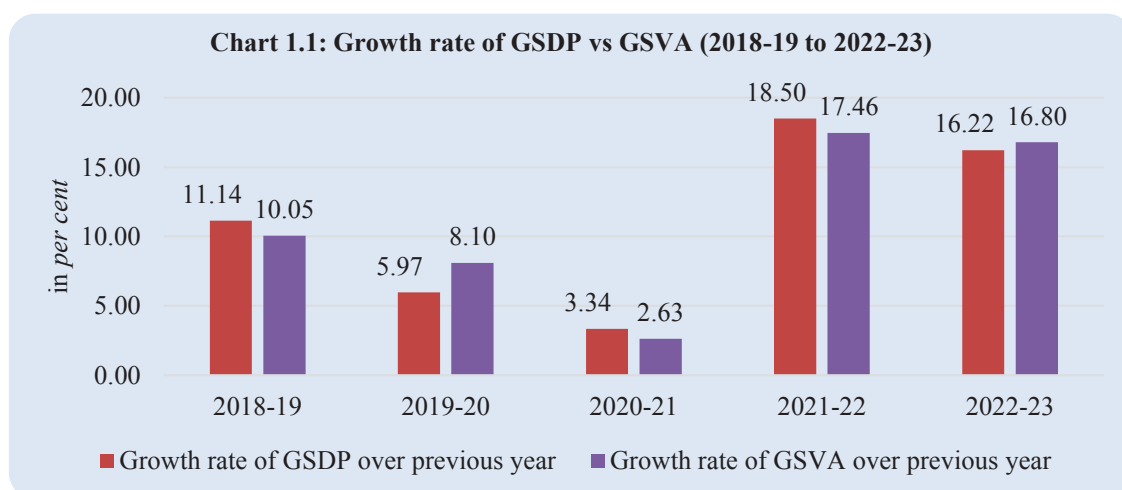
Year	2018-19	2019-20 (TRE)	2020-21 (SRE)	2021-22 (FRE)	2022-23 (SAE)/(PE)
Growth rate of GSVA over previous year (in per cent)	10.05	8.10	2.63	17.46	16.80
Per Capita GSDP (in ₹)	1,70,180	1,79,280	1,84,189	2,16,998	2,48,258

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

The Gross State Domestic Product (GSDP) in 2022-23 at current prices was ₹ 13,17,728 crore and the GDP in 2022-23 at current prices was ₹ 2,72,40,712 crore. Further, the per capita GSDP of the State for the year 2022-23 was ₹ 2,48,258 while the per capita GDP was ₹ 1,96,983. The CAGR in per capita GSDP of the State (9.90 per cent) during the period 2018-19 to 2022-23 was more when compared with CAGR of per capita GDP (8.45 per cent) during the same period. This is evidenced from the fact that the percentage of per capita GSDP which was 19.49 per cent more than the per capita GDP in 2018-19 had increased to 26.03 per cent more than the per capita GDP as at the end of 2022-23.

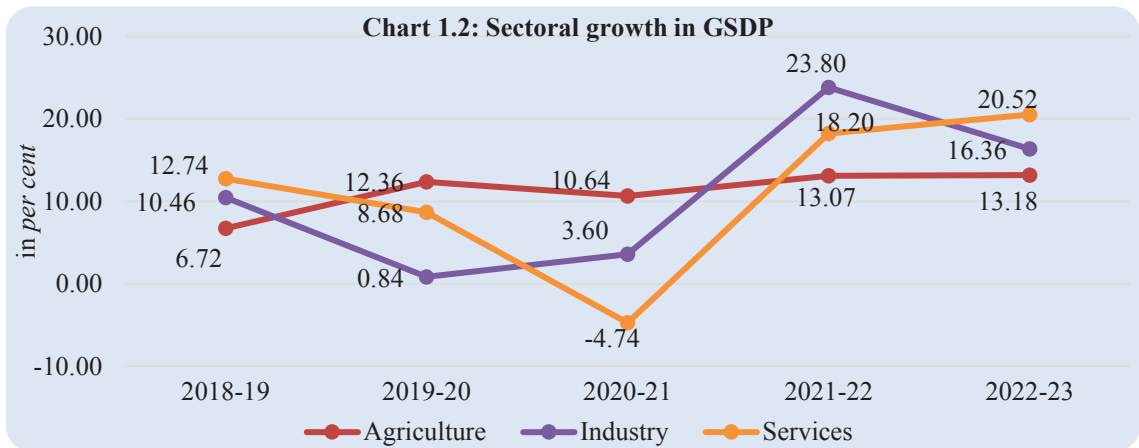
Gross Value Added (GVA) is being used for economic analysis by GoI and international organisations like IMF and World Bank. GVA is considered a better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. While GDP can be and is also computed as the sum total of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both measures have difference in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective it is therefore vital to have a comparison of the GVA and GSVA data for better analysis and making policy interventions.

The trends of GSDP and GSVA for the period from 2018-19 to 2022-23 is indicated in **Chart 1.1:**



Source: Ministry of Statistics and Programme Implementation (MoSPI)

The Sector wise growth rate of GSDP is depicted in **Chart 1.2**:



Source: Ministry of Statistics and Programme Implementation (MoSPI)

During 2022-23, Andhra Pradesh witnessed GSDP growth rate of 16.22 per cent mainly due to increase in growth rate of Services sector, which is due to increase in activities under Trade, Hotels, Transport and Real Estate. Agricultural & Allied sector growth rate increased marginally, and the increase was due to increased activities under Agriculture, Fisheries, Horticulture and Livestock. Though, Industrial sector registered growth due to increased activities under Electricity, gas, water supply & other utility services etc., after Covid-19, the growth rate of Construction, Mining & Quarrying and Manufacturing decreased substantially when compared to the previous year.

1.2 Basis and approach to State Finances Audit report

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

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

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

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

- GSDP data and other State related statistics from Ministry of Statistics and Programme Implementation.

The analysis is also carried out in the context of recommendations of the XIV and XV Finance Commissions (FC), Andhra Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, as amended from time to time and best practices and guidelines of the Government of India. An entry conference was held in August 2023 with the Special Chief Secretary to Government of Andhra Pradesh, Finance Department, wherein the audit approach followed in the preparation of SFAR was explained. Draft Audit findings were discussed with the Special Chief Secretary to Government of Andhra Pradesh, Finance Department in February 2024 and the responses of the Government have been incorporated in the Report accordingly.

1.3 Overview of Government Accounts structure

The Accounts of the Government are kept in three parts:

1. 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.

2. Contingency Fund of the State (Article 267(2) of the Constitution of India)

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

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

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

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

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

Capital receipts consist of:

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

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

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

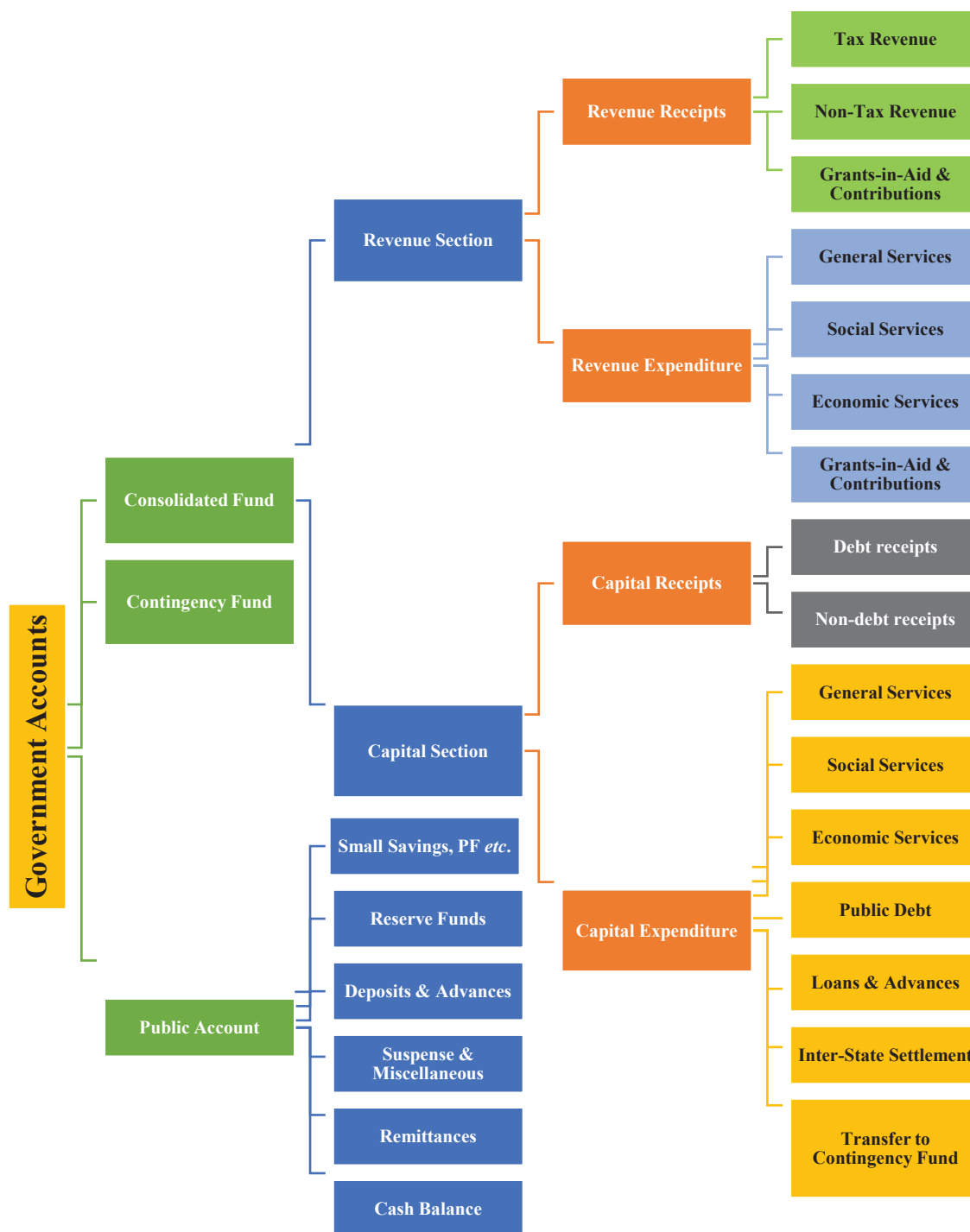
The accounts classification system in Government is both functional and economic as explained below:

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

The functional classification gives information about the department, function, scheme or programme, and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure, and 4 and 5 for capital expenditure, *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “salary” object head is revenue expenditure, “construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

A pictorial depiction of the structure of Government Accounts is given in **Chart 1.3:**

Chart 1.3: Pictorial depiction of the structure of Government Accounts



Public Debt and Public Liability: In this Report, 'Public Debt' has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), Loans given by Central Government, *etc.* For this purpose, the major heads 6003 and 6004 - Public Debt have been taken into consideration.

Further, the transactions relating to 'Small Savings, Provident Fund, *etc.*', 'Reserve Funds' and 'Deposit and Advances' under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to 'Remittances' and 'Suspense' under Public Account, includes merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, 'Public Liability' has been taken to include the transactions under major heads 8001 to 8554 relating to 'Small Savings, Provident Fund, *etc.*', 'Reserve Funds' and 'Deposit and Advances' along with the transactions under major heads 6003 and 6004.

Budgetary Process

In terms of Article 202 of the Constitution of India, the Governor of Andhra Pradesh caused to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year 2022-23, in the form of an **Annual Financial Statement (AFS)**.

In terms of Article 203, the State Government submitted AFS (March 2022) to the State Legislature in the form of 40 Demands for Grants/Appropriations and after approval of these, the Appropriation Bill was passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

1.4 Snapshot of Finances of the State

Table 1.2 shows the details of actual financial position *vis-à-vis* Budget Estimates and GSDP for the year 2022-23 and actuals of 2021-22. The time series data of Finances of the State is given in **Appendix 1.2**.

Table 1.2: Snapshot of Finances of the State

Sl. No	Components	2021-22			2022-23	
		Actual	BE	Actual	Actual (Percentage of Actual to B.E.)	Percentage of Actual to GSDP (in per cent)
1	Tax Revenue	1,06,365	1,24,100	1,16,202 (93.64)	8.82	
	a. Own Tax Revenue	70,979	91,050	78,026 (85.70)	5.92	
	b. Share of Union taxes/duties	35,386	33,050	38,177 (115.51)	2.90	
2	Non-Tax Revenue	5,017	11,092	5,417 (48.83)	0.41	
3	Grants-in-Aid from GoI	39,170	56,033	36,149 (64.51)	2.74	
4	Revenue Receipts (1+2+3)	1,50,552	1,91,225	1,57,768 (82.50)	11.97	
5	Recovery of Loans and Advances	2,110	37	-4 (-10.81)	0	
6	Other Receipts	(-1)	0	0	0	
7	Borrowings and other Liabilities (#)	25,013	48,724	52,508 (107.77)	3.98	
8	Capital Receipts (5+6+7)	27,122	48,761	52,504 (107.68)	3.98	
9	Total Receipts (4+8)	1,77,674	2,39,986	2,10,272 (87.62)	15.96	
10	Revenue Expenditure of which -	1,59,163	2,08,261	2,01,255 (96.64)	15.27	
11	Interest payments	22,165	21,340	25,492 (119.46)	1.93	
12	Capital Expenditure of which -	18,511	31,725	9,017 (28.42)	0.68	
13	Capital Outlay	16,373	30,680	7,244 (23.61)	0.55	
14	Loans and Advances	2,138	1,045	1,773 (169.67)	0.13	
15	Inter State Settlement	0	0	0	0	

Sl. No	Components	2021-22		2022-23		Percentage of Actual to GSDP (in per cent)
		Actual	BE	Actual	(Percentage of Actual to B.E.)	
16	Total Expenditure (10+12+15)	1,77,674	2,39,986	2,10,272 (87.62)		15.96
17	Revenue Deficit (4-10)	(-)8,611	(-)17,036	(-)43,487 (255.27)		3.30
18	Fiscal Deficit {(4+5+6)-16}	(-)25,013	(-)48,724	(-)52,508 (107.77)		3.98
19	Primary Deficit (11-18)	(-)2,848	(-)27,384	(-)27,016 (98.66)		2.05

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.

1.5 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 debt, loans and advances from Government of India, receipts from public account and reserve funds and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

Summarised position of Assets and Liabilities of the Government is depicted in **Table 1.3**.

Table 1.3: Summarised position of Assets and Liabilities of the State

Liabilities					Assets				
	2021-22 (₹ in crore)	2022-23 (₹ in crore)	Increase /Decrease (in per cent)		2021-22 (₹ in crore)	2022-23 (₹ in crore)	Increase /Decrease (in per cent)		
Consolidated Fund									
A	Internal Debt	2,91,951	3,37,530	15.61	a	Gross Outlay	2,68,242	2,75,486	2.70
B	Loans and Advances from GoI ¹	17,672	24,508	38.68	b	Loans and Advances	33,449	35,226	5.31
	Contingency Fund	49	50	2.04		Contingency Fund	0	0	0
Public Account									
A	Small Savings, Provident Fund etc.,	26,990	28,277	4.77	a	Advances	31	31	0
B	Deposits	36,856	32,763	(-)11.11	b	Remittances	623	643	3.21
C	Reserve Funds	15,198	17,852	17.46	c	Suspense and Miscellaneous	236	236	0
D	Suspense and Miscellaneous	1,048	1,311	25.10					
						Cash Balance (including investment in Earmarked Funds)	12,326	12,325	(-)0.01
						Total	3,14,907	3,23,947	2.87
						Deficit in Revenue Account	74,857	1,18,344	58.09
TOTAL	3,89,764	4,42,291	13.48	TOTAL	3,89,764	4,42,291	13.48		

Source: Finance Accounts of respective years

¹ Includes an amount of ₹ 5,583.19 crore received towards back-to-back loan in lieu of GST compensation shortfall which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

1.6 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.

Deficits are financed by borrowing, 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 entails the burden of reduced consumption on future generations. This is because it borrows by issuing bonds to the people living at present but may decide to pay off the bonds some twenty years later by raising taxes or reducing expenditure. Also, Government borrowing from the people reduces the savings available to the private sector. To that extent it 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. The debt should not then be considered burdensome. The growth in debt will have to be judged by 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 could be achieved through making Government activities more efficient through better planning of programmes and better administration.

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

1.6.1 Amendment of AP FRBM Act

Government of Andhra Pradesh enacted FRBM Act in October 2005. The FRBM Act was amended, and the targets of fiscal parameters were revised from time to time. The State Government amended the FRBM Act lastly in December 2021 and revised the fiscal targets/projections for the years 2021-22 to 2025-26.

1.6.2 AP FRBM targets on key Fiscal Parameters

Section 2(l) of APFRBM Act clearly defines total liabilities as “the liabilities under the Consolidated Fund of the State and the Public Account of the State and shall also include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/ or interest are to be serviced out of the State budgets”. However, the State Government fixed the target of the outstanding total liabilities as a *per cent* of GSDP by excluding Government Guarantees in contradiction to the definition of the term “total liabilities”.

The compliance of major fiscal parameters prescribed under APFRBM Act 2021 are shown in **Table 1.4**.

Table 1.4: Compliance with provisions of APFRBM Act

Fiscal Parameters	Fiscal projections set in revised APFRBM Act	Achievement (₹ in crore)				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-) / Surplus (+) (as percentage of GSDP)	2.5 per cent of GSDP for 2018-19 and 2019-20; 4.5 per cent for 2020-21; 3.6 per cent for 2021-22 and 3.3 per cent for 2022-23	-13,899 (-1.59)	-26,441 (-2.86)	-35,541 (-3.71)	-8,611 (-0.76)	-43,487 (-3.30)
		✓	✗	✓	✓	✓
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	5 per cent of GSDP for the years 2018-19 to 2021-22 and 4.5 per cent for 2022-23	-35,467 (-4.06)	-39,687 (-4.29)	-55,168 (-5.77)	-25,013 (-2.21)	-52,508 (-3.98)
		✓	✓	✗	✓	✓
Ratio of total outstanding liabilities excluding Government Guarantees to GSDP (in per cent)	35 per cent of GSDP for the years 2018-19 to 2020-21; 35.6 per cent of GSDP for the year 2021-22 and 36.3 per cent of GSDP for the year 2022-23	29.47	32.60	36.40	32.85	32.17
		✓	✓	✗	✓	✓
Ratio of total outstanding liabilities to GSDP (in per cent) after taking into account the off – Budget borrowings		NA	40.98	48.12	43.30	41.89

Source: Finance Accounts, Information provided by State Government; APFRBM Act 2021;

Note: Outstanding Liabilities excludes an amount of ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources; NA: Not Available.

A comparison of the major fiscal variables of the State with the targets set under State’s Medium Term Fiscal Policy Statement (MTFPS) is given in **Table 1.5**.

Table 1.5: Actuals vis-à-vis projection in MTFP for 2022-23

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2022-23)	Variation (in per cent)
1	Own Tax Revenue	84,389	78,026	(-)7.54
2	Non-Tax Revenue	6,511	5,417	(-)16.80
3	Share of Central Taxes	38,177	38,177	0.00
4	Grants -in-aid from GoI	47,371	36,149	(-)23.69
5	Revenue Receipts (1+2+3+4)	1,76,448	1,57,768	(-)10.59
6	Revenue Expenditure	2,05,556	2,01,255	(-)2.09
7	Revenue Deficit (-) / Surplus (+) (5-6)	(-)29,108	(-)43,487	49.40
8	Fiscal Deficit (-) / Surplus (+)	(-)47,717	(-)52,508	10.04

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2022-23)	Variation (in per cent)
9	Fiscal Deficit to GSDP ratio (<i>Per cent</i>)	3.62	3.98	9.94
10	Total Outstanding Liabilities-GSDP ratio (<i>per cent</i>) [^]	32.35	32.17	(-)0.56
11	GSDP growth rate at current prices (<i>per cent</i>)	16.22	16.22	0.00

Source: Finance Accounts and MTFPS of the Government of Andhra Pradesh 2022-23; Note: MTFPS for 2022-23 was placed in legislature during the budget session of 2023-24 based on the Revised Estimates of 2022-23

The MTFPS was prepared based on the Revised Estimates of 2022-23. Therefore, the actuals of the above parameters were close to the projections made in the MTFPS (Except Non-Tax Revenue, Grants-in-Aid from GoI and Revenue Deficit). However, as shown in **Table 1.2**, there were huge variations between actuals *vis-à-vis* Budget Estimates.

State Government replied that it had disclosed to GoI the liabilities arising out of guarantees where the principal and/ or interest are serviced out of the State budgets. The GoI has determined the Net Borrowing Ceiling of the State of Andhra Pradesh for the year 2022-23 and accorded consent for Open Market Borrowings under Article 293 (3) of the Constitution after taking into account such liabilities. There was no contradiction to the definition of “total liabilities”.

The reply is not tenable due to the fact that the State Government has amended the APFRBM Act in December 2021 wherein the targets for Outstanding liabilities to GSDP ratio were fixed after excluding the liabilities arising out of guarantees.

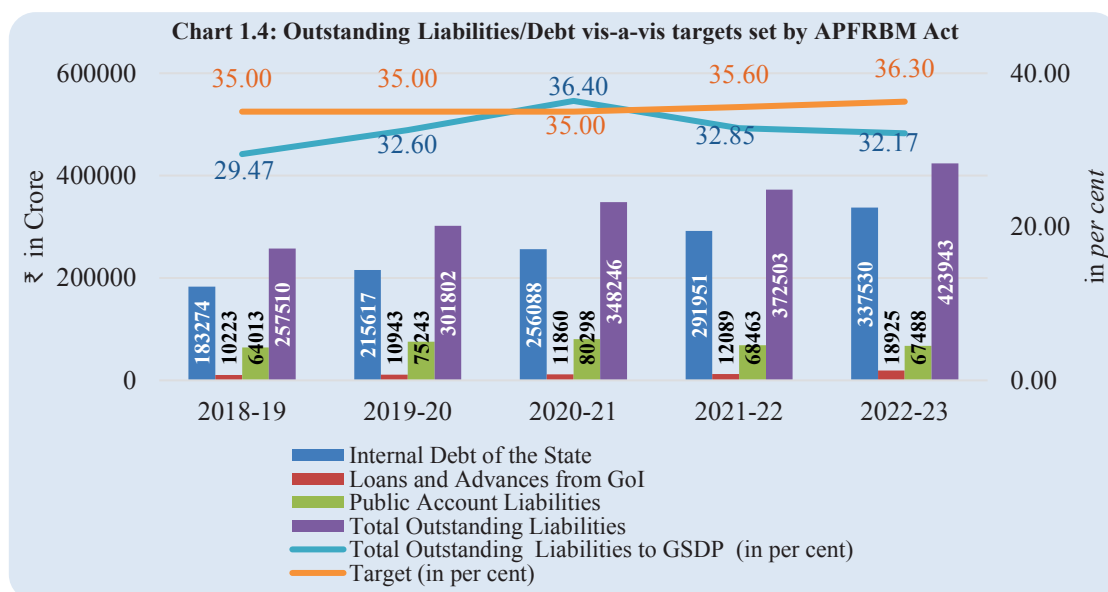
Further, State Government accepted that Net Borrowing Ceiling was fixed by considering the liabilities arising out of guarantees where the principal and/ or interest are serviced out of the State budgets. In this scenario the amendment of APFRBM Act in excluding liabilities arising out of guarantees where the principal and/ or interest are serviced out of the State budgets in fixing targets of Outstanding Liability to GSDP of the State results in underreporting of the Outstanding liabilities of the State and escapes Legislative oversight on State Finances.

As per Section 2(1) of APFRBM Act total liabilities are the liabilities under the Consolidated Fund of the State and the Public Account of the State and shall also include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/ or interest are to be serviced out of the State budget. Considering these liabilities into account, the ratio of Outstanding liabilities to GSDP were over and above the ceiling fixed under APFRBM Act. Further, as per Section 10(3) of APFRBM Act (Measures for fiscal transparency) whenever the State Government undertakes to unconditionally and substantially repay the principal amount and/or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

Hence, it is recommended to amend the targets of Outstanding liabilities to GSDP ratio in APFRBM Act by considering the liabilities arising out of guarantees where the principal and or interest are serviced out of the State budgets so as to make the targets in consonance with the definition of “liabilities” as defined in section 2(1) of APFRBM act as well as Section 10(3) (Measures for Fiscal Transparency) of the FRBM Act.

1.6.2.1 Outstanding liabilities of State Government

The details of outstanding liabilities and their ratio to GSDP *vis-à-vis* the revised APFRBM targets are depicted in **Chart 1.4**.



Source: Finance Accounts; **Note:** Outstanding Liabilities excludes an amount of ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received towards back-to-back loan from GoI in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

The total outstanding liabilities of the State increased by 64.63 per cent from ₹ 2,57,510 crore in 2018-19 to ₹ 4,23,943 crore in 2022-23.

Public Debt (Internal Debt and Loans and Advances from GoI) of the composite State of Andhra Pradesh was ₹ 1,66,522 crore as of 01 June 2014. Post bifurcation of the State with effect from 02 June 2014, the residual State of Andhra Pradesh was allocated a debt of ₹ 97,124 crore on population basis (58.32:41.68 ratio between Andhra Pradesh and Telangana). The Public Debt increased by 267 per cent from 2014-15 and stood at ₹ 3,56,455 crore to the end of March 2023.

During the year 2022-23, the outstanding liabilities of the State to GSDP (32.17 per cent) was within the target of 36.30 per cent. However, after considering the Off Budget Borrowings of the State (₹ 1,28,048 crore), total outstanding liabilities as percentage to GSDP (41.89 per cent) exceeded the target.

The State Government has disclosed (April 2023)² Off budget borrowings to the tune of ₹ 35,114 crore to Government of India to the end of the year 2022-23. However, it was noticed that the data furnished by the State differs from the actual OBB by ₹ 92,934 crore.

State Government replied that the ratio of total outstanding liabilities to GSDP *excluding Corporations borrowings with Government Guarantees* works out to 32.17 per cent. This was well within the APFRBM target of 36.30 per cent. Loans availed by some of the Corporations with Government Guarantee were being serviced by the

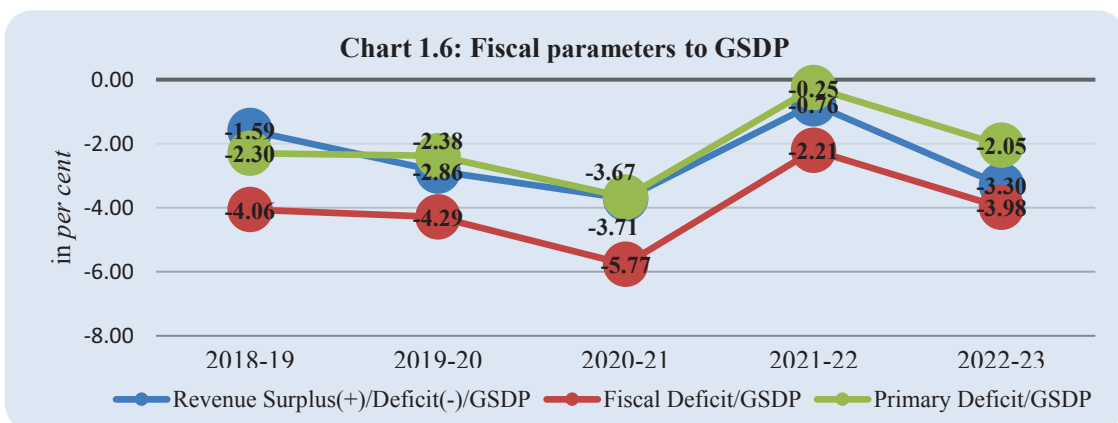
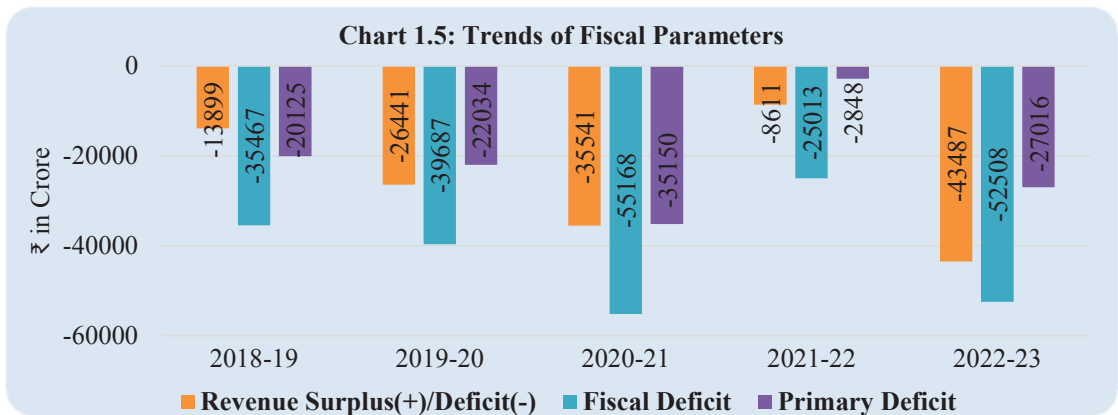
² Vide letter No.FIN01-BUGT0DSM/2/2023-CDM (C.NO.2035604) dated 17 April 2023

Corporations with their own resources. Therefore, these loans shall not be considered as the liabilities of the State Government. If the liabilities of such Corporations were excluded, the ratio of total outstanding liabilities to GSDP including the loans of PSUs where total repayment is being made by State Government would be well within the APFRBM target of 36.30 per cent.

The reply is not acceptable because as per Section 2(1) of APFRBM Act total liabilities are the liabilities under the Consolidated Fund of the State and the Public Account of the State and shall also include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/ or interest are to be serviced out of the State budget. It was observed from the CFMS vouchers data, annual accounts, information furnished by the PSUs, Budget Documents, Government Orders issued from time to time and Guarantee Deeds executed by the Government that the liabilities on account of Off Budget Borrowings works out to ₹ 1,28,048 crore as of 31 March 2023. After considering the Off Budget Borrowings (OBBs) of the State (₹ 1,28,048 crore) and liabilities arising out of pending payments, the total outstanding liabilities of the State were ₹ 5,79,621 crore which constituted 43.99 per cent of GSDP and 7.69 per cent more than the target prescribed in APFRBM Act to the end of 31 March 2023.

1.6.3 Trends of Surplus/Deficit

The trends of Surplus/Deficit and its percentage in GSDP of the State for the years 2018-19 to 2022-23 are shown in **Charts 1.5** and **1.6**.



Source: Finance Accounts of respective years.

The Revenue Deficit of the State increased drastically by 405.02 *per cent* over previous year and registered five year high for the period 2018-19 to 2022-23. The increase was mainly due to increase in committed expenditure by ₹ 15,451 crore, financial assistance to local bodies and other institutions by ₹ 14,208 crore and subsidies by ₹ 8,315 crore when compared to previous year.

Similarly, the Fiscal and Primary deficits were also increased during the year 2022-23 by 109.92 *per cent* and 848.60 *per cent* respectively, when compared to the previous year.

It can be seen from the charts 1.5 and 1.6 that during the year 2022-23, all the deficits were higher compared to previous year which indicated that the gap between resources of the State and expenditure has widened.

State Government replied that, though the Revenue Deficit and Fiscal Deficit were higher compared to previous year, they are within the limits of APFRBM Act in 2022-23.

State Government has understated the Revenue Deficit and Fiscal Deficit by ₹ 3,118.38 crore and ₹ 2,405.21 crore by non-provisioning of interest towards Reserve funds and deposits, short release of contribution towards its share of NPS, short release of GoI share received and matching State Share to SNA and short release of Road Development Cess to APRDC as mentioned in Para 1.6.5.

If the above said amounts have been transferred to respective accounts/funds, the revenue deficit would have exceeded the ceiling fixed under APFRBM Act by 0.24 *per cent*.

Audit observations with regard to the deficits indicated in **Chart 1.5** are as follows:

1.6.3.1 Revenue Deficit

Finance Commission (FC) assessed the Receipts and Expenditure of the State based on the forecast (estimates) made by the State and accorded the Post Devolution Revenue Deficit Grant (PDRDG) taking into consideration the differences among the States in fiscal capacity and expenditure need, including cost disabilities.

The XIV FC assessed the Post-Devolution Revenue Deficit and sanctioned an amount of ₹ 22,112 crore as Revenue Deficit grant for the period 2015-20. XV FC also sanctioned ₹ 5,897 crore for the year 2020-21 and ₹ 30,497 crore of Revenue Deficit grant for the period 2021-26 to eliminate the projected Revenue Deficit.

The details of PDRDG received and Revenue Deficit for the years 2015-16 to 2022-23 are given in **Table 1.6**.

Table 1.6: Revenue Deficit - Actuals vis-à-vis Targets for the years 2015-23

(₹ in crore)

Year	Projections of Revenue Deficit made in Macro Economic Framework Statement	Revenue Deficit projected by XIV / XV FC	PDRDG received as per the recommendations of XIV / XV FC	Revenue Deficit (Before receipt of Post-devolution Grant)	Revenue Deficit (After receipt of Post-devolution Grant)
XIV FC PERIOD					
2015-16	4,140	6,609	6,609	13,911	7,302
2016-17	4,598	4,930	4,930	22,161	17,231*
2017-18	4,018	4,430	4,430	20,582	16,152
2018-19	11,654	3,644	3,644	17,543	13,899
2019-20	26,647	2,499	2,499	28,940	26,441
XV FC PERIOD					
2020-21	34,927	5,897	5,897	41,438	35,541
2021-22	19,546	17,257	17,257	25,868	8,611
2022-23	29,108	10,549	10,549	54,036	43,487

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

Table 1.6 indicates that the State Government could not contain the Revenue Deficit during 2015-23 despite receipt of PDRDG from Government of India.

Revenue Deficit as a percentage of Total Revenue Receipts (TRR)³ increased from 5.72 per cent in 2021-22 to 27.56 per cent during 2022-23 and the revenue deficit of the State was higher when compared to Budget Estimates (₹ 17,036 crore) for the year 2022-23.

State Government replied that, the FC XIV could not properly assess the fiscal impact of state bifurcation. Similarly, the fiscal impact of Covid-19 could not be foreseen by FC-XV. Hence the projection of deficits by FC XIV and FC XV were at variance from the actual. As a result, despite receipt of post devolution revenue deficit grant, the State of Andhra Pradesh was revenue deficit during 2015 to 2023. Nevertheless, the State has adhered to the fiscal deficit targets set under APFRBM Act.

Finance Commission generally recommends the PDRDG based on the estimates provided by the State Government to FC for these years. The revenue expenditure was increasing at an average rate of 10.67 per cent during the last five years mainly due to increase in Committed expenditure and expenditure towards new welfare schemes such as YSR Asara, Amma Vodi, YSR Cheyutha etc. whereas the Revenue Receipts were increasing at an average rate of 8.47 per cent which is creating the Revenue gap. Further, for the year 2022-23, the actual revenue (Own tax and Non-Tax) of the State was 6.46 per cent less than the FC projections whereas it was less by 18.31 per cent from Budget Estimates showing that the FC projections were closer to the actuals than the State Budget Estimates. Hence, the reply of the State in this regard is not acceptable and is recommended to control the Revenue Expenditure to avoid higher stress on

³ Revenue Deficit to Total Revenue Receipts during 2021-22= (₹ 8611 crore / ₹ 150552 crore)*100 = 5.72 per cent

Revenue Deficit to Total Revenue Receipts during 2022-23=(₹ 43487 crore / ₹ 157768 crore)*100 = 27.56 per cent

Public Debt as the majority of the debt is being utilised for financing revenue expenditure.

1.6.4 Components of Fiscal Deficit and its financing pattern

The components and financing patterns of fiscal deficit are shown in Table 1.7.

Table 1.7: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23		
					Receipts	Disbursements	Net
Components of Fiscal Deficit (1 to 4)	(-35,467)	(-39,687)	(-55,168)	(-25,013)	1,57,764	2,10,272	(-52,508)
1. Revenue deficit	(-13,899)	(-26,441)	(-35,541)	(-8,611)	1,57,768	2,01,255	(-43,487)
2. Net Capital Expenditure	(-19,976)	(-12,242)	(-18,975)	(-16,374)	0	7,244	(-7,244)
3. Net Loans and Advances	(-1,566)	(-1,001)	(-652)	(-28)	(-4)	1,773	(-1,777)
4. Net Inter-State settlement	(-26)	(-3)	0	0	0	0	0
Financing Pattern of Fiscal Deficit							
a. Net Public Debt[#]	24,706	33,062	43,700	39,364	1,86,023	1,33,609	52,414
b. Net Public Account	12,628	12,929	7,268	(-12,515)	95,046	94,954	92
Small Savings, PF etc.	2,221	1,015	6,531	3,714	5,946	4,659	1,287
Reserve Funds	2,181	1,957	497	1,699	3,308	653	2,655
Deposits and Advances	10,160	8,970	(-1,235)	(-16,478)	85,508	89,600	(-4,092)
Suspense and Misc.	(-69)	1,043	1,484	(-1,446)	280	18	262
Remittances	(-1,865)	(-57)	(-9)	(-4)	4	24	(-20)
c. Contingency Fund	0	0	0	(-1)	1	0	1
d. Increase (+)/Decrease (-) in Cash Balance	(-1,867)	(-6,304)	4,200	(-1,835)	12,326	12,325	1
Total (a to d)	35,467	39,687	55,168	25,013	-	-	52,508

Source: Finance Accounts of respective years. [#] Includes market borrowings and borrowings from LIC, GIC, NABARD, NCDC, NSSF and Ways and Means Advances.

Borrowed funds financed for meeting revenue expenditure create a liability for future years without creating any assets. In the year 2022-23, 83 per cent of borrowed funds were applied to finance deficit on revenue account.

State Government replied that on account of the structural deficit suffered by the State of Andhra Pradesh due to unjust, unfair and unscientific state bifurcation, the State Government of Andhra Pradesh is forced to use a part of borrowed funds for deficit financing and clearing other accumulated liabilities. The GoAP is pursuing with GoI to fulfill all the assurances given to the State at the time of bifurcation like, according Special Category Status, industrial incentives, etc. to correct the historical injustice. State Government further stated that, till such time that the assurances are realised, there is bound to be pressure on balancing the borrowed funds with deficit financing on revenue account.

It is, however, pertinent to mention the fact that the State Government could not contain the revenue deficit despite receipt of ₹ 55,815 crore from 2015-16 to 2022-23 as Post Devolution Revenue Deficit grant and ₹ 3,615 crore⁴ as Revenue Deficit grant for the year 2014-15.

There was an average increase of revenue expenditure at the rate of 10.67 per cent

⁴ ₹ 1,976.50 crore received in the year 2016-17 and ₹ 1,638.39 crore received in the year 2021-22

during the last five years due to increase in Committed expenditure and expenditure towards welfare schemes such as YSR Asara, Amma Vodi, YSR Cheyutha *etc.* Further, during the year 2022-23, the gap between the revenue receipts and the revenue expenditure was higher due to which there was an exponential increase of 405 *per cent* in Revenue Deficit over the previous year.

In addition to the above, State Government transferred implementation of State sponsored welfare schemes such as YSR Aasara, AMMA Vodi, YSR Cheyutha and YSR pensions (partly) to AP State Beverages Corporation limited. Had the expenditure also been taken into account the Revenue Deficit would be more by ₹ 18,596 crore. Hence, State Government cannot attribute the issues relating to bifurcation alone as it could not contain huge revenue expenditure and increased committed expenditure.

1.6.5 Impact on Revenue and Fiscal Deficits due to misclassifications and other factors

As per the FRBM Act, the State Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits' ceiling on debt and on guarantees, *etc.* The Revenue Deficit and the Fiscal deficit as worked out for the State gets impacted due to various circumstances such as misclassification of revenue expenditure as capital and off budget fiscal operations. To arrive at actual deficit figures, the effect of misclassification of revenue expenditure/ capital outlay and/ or any such misclassification needs to be included and the impact of such irregularities needs to be reversed. During the year 2022-23, due to misclassification of revenue expenditure under capital section, non-provisioning for interest payment, short contribution of NPS and short transfer of cess led to an overall understatement of Revenue Deficit by ₹ 3,118.38 crore and understatement of Fiscal Deficit by ₹ 2,405.21 crore as detailed in **Table 1.8.**

Table 1.8: Understatement of Revenue Deficit and Fiscal Deficit

Particulars	₹ in crore)	
	Impact on Revenue Deficit (Understated (+) / overstated (-))	Impact on Fiscal Deficit (Understated (+) / overstated (-))
Classification of Revenue Expenditure as Capital	(+) 713.14	---
Non provision of interest under Reserve Funds and Deposits	(+) 151.51	(+) 151.51
Short Contribution of Government towards NPS	(+) 539.94	(+) 539.94
Short release of Road Development Cess to AP Road Development Corporation (APRDC)	(+) 27.59	(+) 27.59
Short release of GoI share received by the State and matching State share to SNA in respect of CSS	(+)1,686.17	(+)1,686.17
Total	(+) 3,118.35	(+) 2,405.21

Source: Finance Accounts 2022-23 and VLC data of Office of the PAG (A&E).

After taking into account the above understatements, Revenue Deficit and Fiscal Deficits works out to ₹ 46,605.84 crore (₹ 43,487.49 crore plus ₹ 3,118.35 crore) and ₹ 54,913.55 crore (₹ 52,508.34 crore plus ₹ 2,405.21 crore) respectively. The Revenue

and Fiscal Deficits as a percentage of GSDP were increased to 3.54 *per cent* from 3.30 *per cent* and 4.17 *per cent* from 3.98 *per cent* respectively.

1.7 Post Audit – Total Outstanding Debt/Liabilities

As per Section 2 (l) of AP FRBM Act, 2012, "total liabilities" means the liabilities under the Consolidated Fund of the State and the Public Account of the State and shall also include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/ or interest are to be serviced out of the State budgets.

The FRBM Act was amended in December 2021 and the State Government fixed the target of the total outstanding liabilities as a percentage of GSDP to 36.30 for the year ended 31 March 2023. However, while fixing the targets of the outstanding total liabilities-GSDP ratio in FRBM Act, the State Government excluded Government Guarantees.

The various components of Outstanding Debt/liabilities are depicted in **Table 1.9**.

Table 1.9: Components of Outstanding Debt/liabilities as on 31 March 2023

Borrowings and other liabilities as per Finance Accounts	Amount (₹ in crore)
Internal Debt (A)	3,37,530
Market Loan bearing interest	3,11,235
Compensation and other bonds	9,756
Loans from other institutions	8,727
Special Securities issued to the National Small savings fund of the Central Government	7,812
Loans and Advances from central Government (B)	18,925
Non-Plan Loans	13
Loans for State Plan Schemes	1,646
Others	17,266 ⁵
Liabilities upon Public Account (C)	67,488
Small Savings, provident Funds, <i>etc</i>	28,277
Deposits	32,764
Reserve Funds	6,447
Off-Budget Borrowings (D)	1,28,048
Loans of PSUs which does not have its own revenue resources and entire repayment is being made by State Government	63,718
Loans of PSUs which have its own revenue resources but repayment is being made by State Government	64,330
Total (A+B+C+D)	5,51,991

The Off-Budget borrowings of the State Government to the end of March 2023 were ₹ 1,28,048 crore (9.72 *per cent* of GSDP).

Further, as per Section 6(i) of AP FRBM Rules 2006 the liabilities in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies *etc.*, are to be disclosed in the Budget vide Form D-9 of Macro Economic Framework

⁵ Excludes an amount of ₹ 5,583.19 crore received towards back-to-back loan in lieu of GST compensation shortfall which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

Statement. Audit observed that, State Government did not disclose the committed liabilities on account of pending payments of ₹ 27,630 crore to DISCOMs (towards electricity and subsidy dues), irrigation projects and water supply schemes to the end of the year 2022-23. (Refer para 4.3 of this Report).

The outstanding liabilities of the State to GSDP during the year 2022-23 was 32.17 per cent and was within the target of 36.30 per cent. After considering the Off Budget Borrowings (OBBs) of the State (₹ 1,28,048 crore) and liabilities arising out of pending payments, the total outstanding liabilities of the State were ₹ 5,79,621 crore which constituted 43.99 per cent of GSDP and 7.69 per cent more than the target prescribed in APFRBM Act.

1.8 Conclusion

During 2022-23, Andhra Pradesh registered GSDP growth rate of 16.22 per cent.

While enacting the targets/ ceiling of fiscal parameters of the State for the years 2021-22 to 2025-26, the Government guarantees, which were defined as liabilities in the APFRBM Act, were excluded while calculating the targets/ ceiling of Outstanding total liabilities of the State to GSDP. This resulted in underreporting of actual liability position of the State.

The fiscal parameters of the State as reflected in its Revenue, Fiscal and Primary Deficits were negative throughout the five-year period 2018-23.

There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have pushed up the Deficits to a further extent, as brought out in this Report as well as in the State Finances Audit Report of the CAG over the last few years.

The outstanding liabilities though were within the targets prescribed in the revised APFRBM Act, these would be way more, if the liabilities of the State Government with regard to its off-budget borrowings and liabilities arising out of pending payments are taken into account.

The liabilities of the State have been increasing over the years and majority of the borrowings during the year 2022-23 were utilised to balance Revenue Account of the State affecting creation of capital assets in the State.

2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period 2018-19 to 2022-23, debt sustainability of the State and key Public Account transactions based on the Finance Accounts of the State.

2.2 Major changes in key fiscal aggregates during 2022-23 vis-à-vis 2021-22

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

Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22

Revenue Receipts	↑ Revenue receipts of the State increased by 4.79 per cent
	↑ Own tax receipts of the State increased by 9.93 per cent
	↑ Own non-tax receipts increased by 7.96 per cent
	↑ State's share of Union Taxes and Duties increased by 7.89 per cent
	↓ Grants-in-Aid from Government of India decreased by 7.71 per cent
Revenue Expenditure	↑ Revenue expenditure increased by 26.45 per cent
	↑ Revenue expenditure on General Services increased by 13.68 per cent
	↑ Revenue expenditure on Social Services increased by 28.02 per cent
	↑ Revenue expenditure on Economic Services increased by 44.45 per cent
Capital Receipts	↑ Debt capital receipts increased by 16.55 per cent
	↓ Non-debt capital receipts decreased by 100.19 per cent
Capital Expenditure	↓ Capital expenditure decreased by 55.75 per cent
	↓ Capital expenditure on General Services decreased by 95.51 per cent
	↓ Capital expenditure on Social Services decreased by 92.97 per cent
	↓ Capital expenditure on Economic Services decreased by 16.35 per cent
Loans and Advances	↓ Disbursement of Loans and Advances decreased by 17.09 per cent
	↓ Recoveries of Loans and Advances decreased by 100.19 per cent
Public Debt	↑ Public Debt Receipts increased by 16.55 per cent
	↑ Repayment of Public Debt increased by 11.11 per cent
Public Account	↑ Public Account Receipts increased by 67.70 per cent
	↑ Disbursements of Public Account increased by 60.98 per cent
Cash Balance	↓ Cash balance decreased by ₹ 0.62 crore (0.01 per cent) during 2022-23 compared to the previous year

Source: Finance Accounts 2022-23 and 2021-22

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2022-23 with 2021-22 figures.

Table 2.2: Sources and Application of funds during 2021-22 and 2022-23

(₹ in crore)

	Particulars	2021-22	2022-23	Increase/ Decrease (in per cent)
Sources	Opening Cash Balance with RBI	10,491	12,326	17.49
	Revenue Receipts	1,50,552	1,57,768	4.79
	Capital Receipts	(-) 1	0	100.00
	Recoveries of Loans and Advances	2,110	(-)4	(-)100.19
	Public Debt Receipts (Net)	39,364	52,414	33.15
	Public Account Receipts (Net)	(-)12,515	92	100.74
	Contingency Fund	0	1	NA
	Total	1,90,001	2,22,597	17.16
Application	Revenue Expenditure	1,59,163	2,01,255	26.45
	Capital Expenditure	16,373	7,244	(-)55.76
	Disbursement of Loans and Advances	2,138	1,773	(-)17.12
	Inter State Settlement	0	0	NA
	Contingency Fund	1	0	(-)100.00
	Closing Cash Balance with RBI	12,326	12,325	0.00
	Total	1,90,001	2,22,597	17.16

Source: Finance Accounts 2022-23; NA: Not applicable

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

Chart 2.1: Sources of Funds

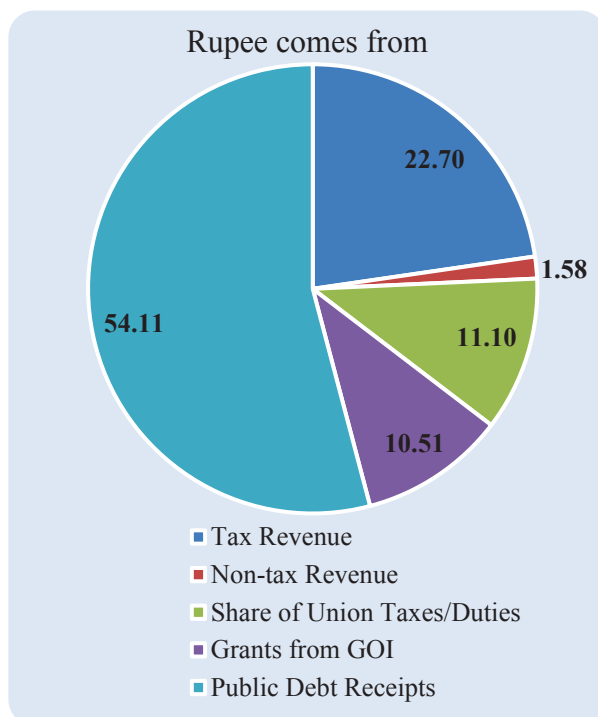
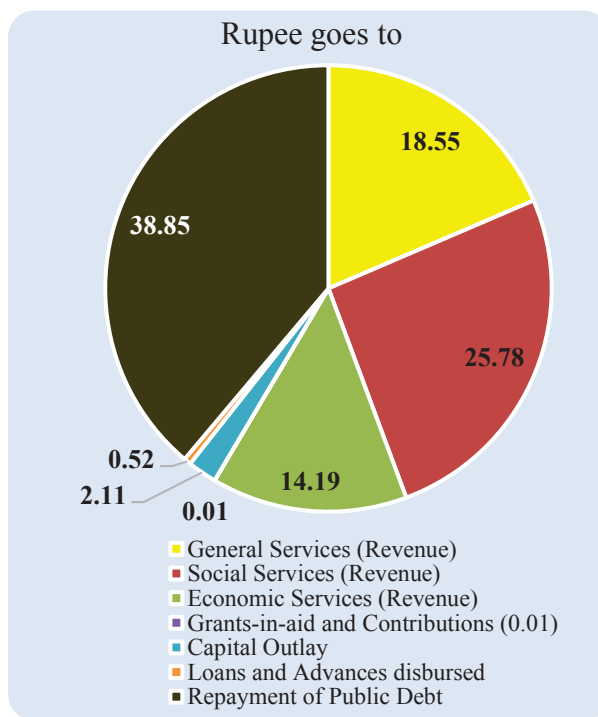


Chart 2.2: Application of Funds



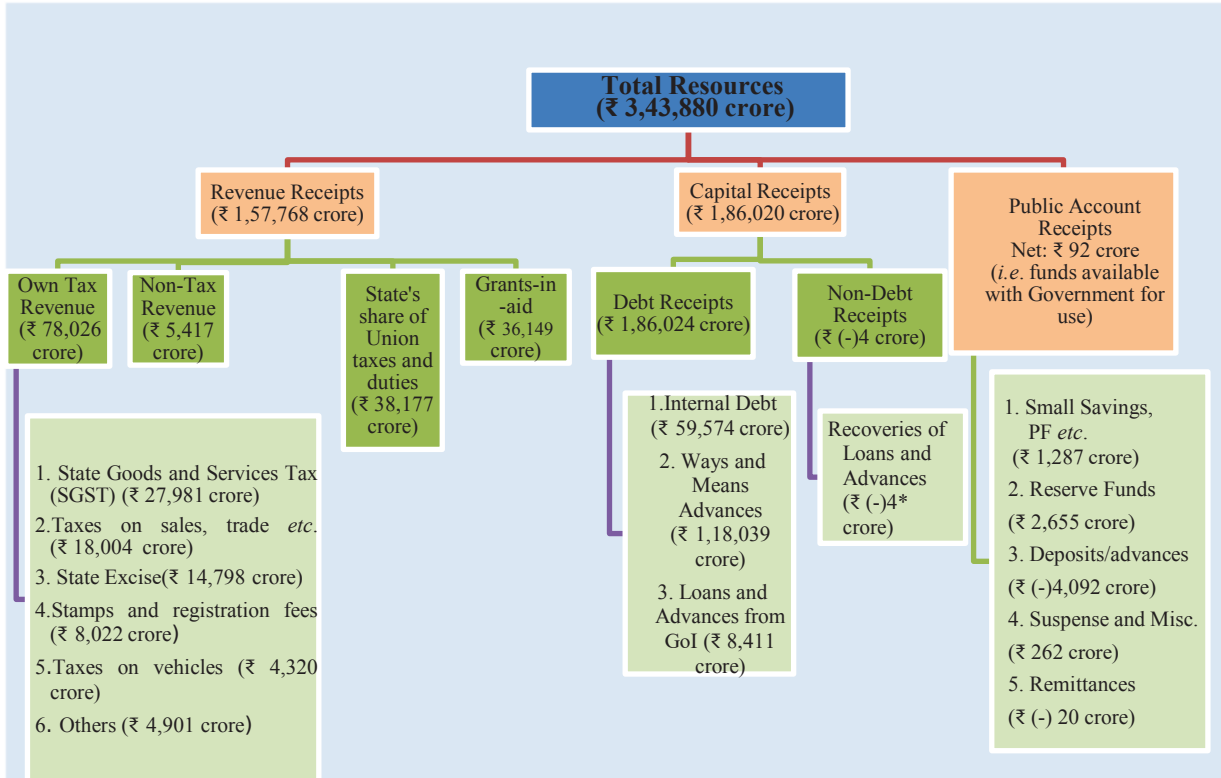
Source: Finance Accounts 2022-23;

Note: Recoveries of Loans and Advances was not included in the above chart being the negative figures

2.4 Resources of the State

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

Chart 2.3: Composition of Resources in 2022-23



Source: Finance Accounts 2022-23; * Minus figure resulted due to adjustment of excess repayment by APTRANSCO to the extent of ₹35.82 crore to the MH 0075 in order to clear the adverse balance appeared under MH 6801

During 2022-23, out of the total resources of the State Government, Revenue Receipts, Capital Receipts and Net Public Account Receipts constituted 45.88 per cent, 54.09 per cent and 0.03 per cent respectively.

The growth of each component of resources of the State compared to previous year is given in **Table 2.3** below:

Table 2.3: Comparison of Resources of the State with previous year

Sl.No	Component of Resource of the state	2021-22	2022-23	Increase (+)/Decrease (-) compared to Previous year (in Per cent)
		(₹ in crore)		
1	Revenue Receipts	1,50,552	1,57,768	4.79
(a)	Own Tax Revenue	70,979	78,026	9.93
i	State Goods and Services Tax (SGST)	23,809	27,981	17.52
ii	Taxes on Sales, trade etc.,	20,808	18,004	(-13.48)
iii	State Excise	14,703	14,798	0.65
iv	Stamps and Registration fees	7,635	8,022	5.07
v	Taxes on Vehicles	3,433	4,320	25.84
vi	Land Revenue	50	110	120
vii	Others	541	4791	785.58
(b)	Non-Tax Revenue	5,017	5,417	7.97
(c)	State's share of Union Taxes	35,386	38,177	7.89
(d)	Grants-in-Aid from GoI	39,170	36,149	(-7.71)
2	Capital Receipts	1,61,720	1,86,020	15.03
(a)	Debt receipts	1,59,610	1,86,024	16.55
i	Internal Debt	48,388	59,574	23.12

Sl.No	Component of Resource of the state	2021-22	2022-23	Increase (+)/Decrease (-) compared to Previous year (in Per cent)
		(₹ in crore)		
ii	Ways and means Advances	1,06,326	1,18,039	11.02
iii	Loans and advances from GoI	4,896	8,411	71.79
(b)	Non-Debt Capital Receipts	2,110	(-4)	(-100.19)
i	Recoveries of Loans and Advances	2,110	(-4)	(-100.19)
3	Public Account Receipts (Net)	(-12,515)	92	100.74
(a)	Small Savings, PF etc.,	3,714	1,287	(-65.35)
(b)	Reserve Funds	1,699	2,655	56.27
(c)	Deposits/Advances	(-16,478)	(-4,092)	75.17
(d)	Suspense and Miscellaneous	(-1,446)	262	(-118.12)
(e)	Remittances	(-4)	(-20)	(-400.00)
	Total Resources	2,99,757	3,43,880	14.72

Source: Finance Accounts of respective years

The trends and Growth of Revenue Receipts were discussed in subsequent paragraphs.

2.4.1 Revenue receipts

2.4.1.1 Trends and Growth of Revenue Receipts

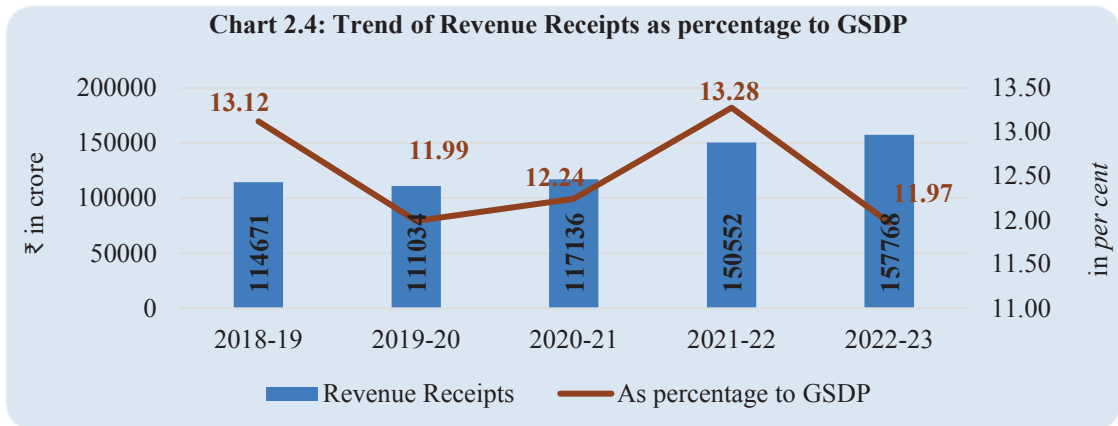
The trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP of the State over the period 2018-19 to 2022-23 are detailed in **Table 2.4**. Further, trends of Revenue Receipts vis-à-vis GSDP and the composition of revenue Receipts are depicted in **Charts 2.4** and **2.5** respectively.

Table 2.4: Trends in revenue receipts

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Receipts (RR) (₹ in crore)	1,14,671	1,11,034	1,17,136	1,50,552	1,57,768
Rate of growth of RR (per cent)	9.15	-3.17	5.50	28.53	4.79
Own Tax Revenue	58,031	57,601	57,409	70,979	78,026
Non-Tax Revenue	4,396	3,315	3,395	5,017	5,417
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	17.12	-2.42	-0.18	24.99	9.80
Grants-in-aid from GoI	19,457	21,876	31,872	39,170	36,149
Gross State Domestic Product (₹ in crore) (2011-12 Series)	8,73,721	9,25,839	9,56,788	11,33,837	13,17,728
Rate of growth of GSDP (per cent)	11.14	5.97	3.34	18.50	16.22
RR/GSDP (per cent)	13.12	11.99	12.24	13.28	11.97
Buoyancy Ratios⁶					
Revenue Buoyancy w.r.t GSDP	0.82	---	1.65	1.54	0.30
Estimated Revenue Receipts Buoyancy w.r.t GSDP as per Budget	2.15	2.50	-2.80	0.51	0.49
State's Own Tax Revenue Buoyancy w.r.t GSDP	1.55	---	---	1.28	0.61
Estimated State's Own Tax Revenue Buoyancy w.r.t GSDP as per Budget	1.97	2.53	-1.89	1.12	0.42

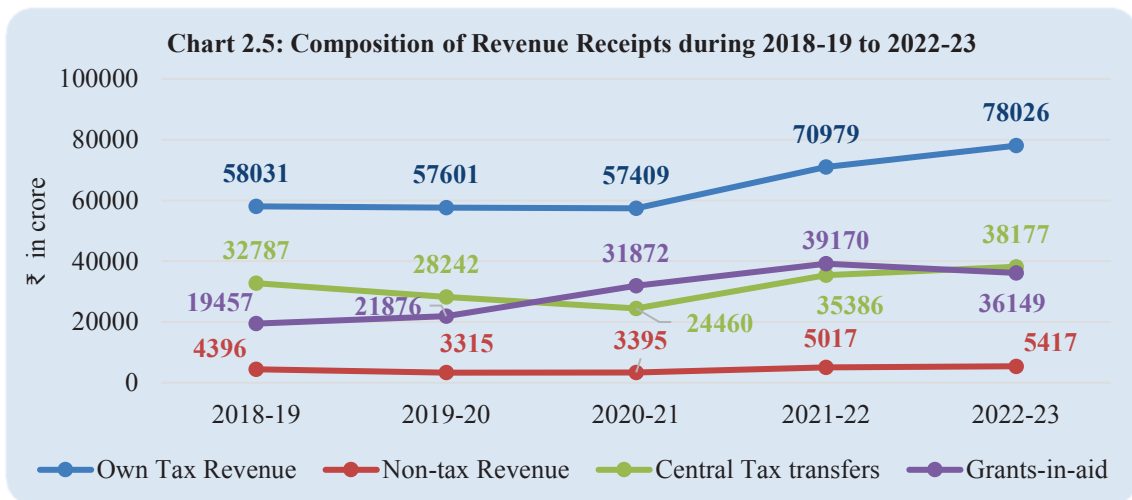
Source: Finance Accounts of respective years * Buoyancy ratio was not calculated due to negative growth rate in Revenue Receipts and own revenue

⁶ Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For example, 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.



Source: Finance Accounts of respective years

During 2022-23, the Revenue Receipts of the State increased by ₹ 7,216 crore (4.79 per cent) over the previous year and constituted 11.97 per cent of GSDP (₹ 13,17,728 crore). The Revenue Receipts showed a steady growth during the period from 2018-19 to 2022-23 except during 2019-20 where the receipts were marginally decreased. However, when compared to GSDP, the Revenue Receipts showed increase during the years 2018-19, 2020-21 and 2021-22 and declined during the years 2019-20 and 2022-23.



Source: Finance Accounts of respective years

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

1. During the period 2018-19 to 2022-23, the Revenue Receipts of the State increased by ₹ 43,097 crore (increase of 37.58 per cent) from ₹ 1,14,671 crore in 2018-19 to ₹ 1,57,768 crore in 2022-23. The increase of revenue was due to increase in tax revenue and receipts on account of grants-in-aid from Government of India.
2. The State Government's Own Tax Revenue (OTR) contributed more than 49 per cent of the Revenue Receipts during the period 2018-19 to 2022-23. However, the share of State's OTR in Revenue Receipts declined from 51 per cent in 2018-19 to 49 per cent in 2022-23.
3. The receipts on account of Grants-in-aid from GoI increased during the period from 2018-19 to 2021-22. However, during 2022-23 the Grants-in-Aid receipts from GoI declined by ₹ 3,021 crore (7.71 per cent) when compared to the previous year.

4. Revenue receipts registered highest buoyancy during the year 2020-21.
5. For the year 2022-23, the buoyancy of OTR with respect to the estimated OTR was higher whereas the buoyancy of overall Revenue Receipts was less than the estimated buoyancy of Revenue Receipts
6. The decrease in GIA during the current year 2022-23 over the previous year was mainly due to decrease in post devolution revenue deficit grant.
7. An increasing trend of Grants-in-Aid compared to own revenue buoyancy indicates more reliance and a decreasing trend indicates less reliance on GoI support. Diversifying revenue sources and strengthening the local tax base are essential for sustainable fiscal stability and development.

Table 2.5 highlights the cases of significant increase or decrease in various Revenue Heads of Account during 2022-23 *vis-à-vis* the previous year.

Table 2.5: Revenue Receipts during 2022-23 compared to 2021-22

Major Heads of Accounts	2021-22 (₹ in crore)	2022-23	Increase (+)/ Decrease (-) (in per cent)
0043 - Taxes and Duties on Electricity	11.66	4,242.55	(+) 36,285.51
1055 - Road Transport	0.00	978.17	-
0075 - Miscellaneous General Services	141.13	308.02	(+) 118.26
0029 - Land Revenue	49.97	109.76	(+) 119.65
0042 - Taxes on Goods and Passengers	0.61	12.20	(+) 1,892.07
0403 - Animal Husbandry	0.34	4.53	(+) 1,214.74
1601 - Grants-in-aid from Central Government	39,169.65	36,148.59	(-) 7.71
0700 - Major Irrigation	380.78	36.50	(-) 90.41
0040 - Taxes on Sales, Trade etc.	20,808.08	18,004.36	(-) 13.47

Source: Finance Accounts of respective years

- a. During 2022-23, there was an increase of ₹ 4,230.89 crore over the previous year under 'Taxes and Duties on Electricity (MH 0043)' due to change in rate of electricity duty from ₹ 0.06/kWh to ₹ 1/kWh for all commercial and industrial consumers by State Government⁷ and increase in recovery of electricity dues of yester years.
- b. The increase in receipts under Road Transport (MH 1055) was due to remittance of State Government's share of transport revenue of ₹ 978.17 crore by APSRTC.
- c. The increase under Miscellaneous General Services (MH-0075) was mainly due to lapsing of unclaimed deposits during 2022-23.
- d. The increase in receipts under Land Revenue (MH 0029) was majorly due to amount realised on alienation of lands on outright sale basis to Solar Energy Companies.
- e. The receipts under Taxes on Goods and Passengers (MH 0042) in 2022-23 increased by ₹ 11.58 crore compared to the previous year. The majority of these receipts (₹ 8.44 crore) were from a single entity⁸.

⁷ G.O.Ms.No.7, Energy (Power-III) Department dated 08 April 2022.

⁸ M/s. Azure Power India Private Limited.

f. The increase in receipts under Animal Husbandry (MH 0403) was mainly due to increase in receipts under Animal Feed Act.

g. During 2022-23, receipts on account of Grants-in-aid from GoI (MH 1601) decreased by ₹ 3,021 crore. The decrease was mainly due to reduction in Post Devolution Revenue Deficit Grants by ₹ 6,708 crore over the previous year which was partly offset by increase on account of other Grants – in -Aid.

h. During the year 2021-22, the receipts under MH 0700 were higher due to encashment of bank guarantee(s) of contractors for non-fulfilment of contractual obligations. However, there were no such transactions during 2022-23 and the receipts under this head declined.

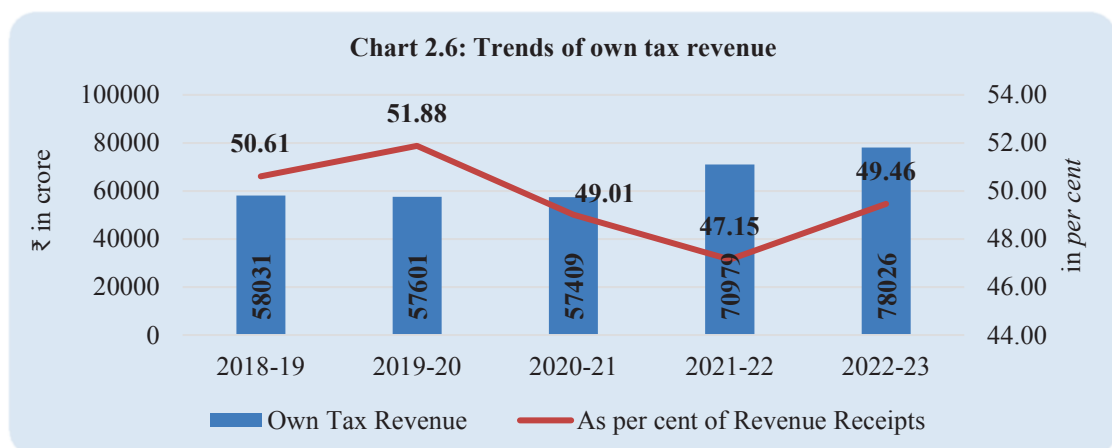
i. The receipts under Taxes on Sales, Trade *etc.* (MH 0040) decreased mainly due to decrease in receipts under “VAT on Foreign Liquor and Spirits” by ₹ 3,583.23 crore. This was due to rationalisation of VAT on liquor by the State Government⁹. *The issue is discussed in Box 2.1.*

2.4.1.2 State’s Own Resources

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

A. Own Tax Revenue

Own tax revenues of the State consist of SGST, State Excise, Taxes on vehicles, Stamp Duty and Registration Fees, Land revenue, Taxes on goods and passengers, *etc.* During 2022-23, Own Tax Revenue was ₹ 78,026 crore which constituted 49.46 *per cent* of Revenue Receipts (₹ 1,57,768 crore). SGST was the major contributor to Own Tax Revenue with a share of 35.86 *per cent*. The trend of growth of Own Tax Revenue during the period 2018-19 to 2022-23 is detailed in **Chart 2.6** and the major taxes and duties which contributed to Own Tax Revenue during the period 2018-19 to 2022-23 are shown in **Table 2.6**.



Source: Finance Accounts of respective years

⁹ G.O.Ms.No.312, Revenue (CT-II) Department, dated 09 November 2021.

Table 2.6: Components of State's Own Tax Revenue

	2018-19	2019-20	2020-21	2021-22	2022-23 (BE)	2022-23 (Actuals)
State Goods and Services Tax (SGST)	20,611	20,227	18,872	23,809	29,025	27,981
Taxes on Sales, trades etc.	21,914	21,410	17,800	20,808	28,481	18,004
State Excise	6,220	6,915	11,575	14,703	16,500	14,798
Taxes on Vehicles	3,341	3,279	2,966	3,433	6,000	4,320
Stamp duty and Registration fees	5,428	5,318	5,603	7,635	9,500	8,022
Land Revenue	57	21	143	50	48	110
Taxes on Goods and Passengers	26	36	25	1	5	12
Other Taxes¹⁰	434	395	425	540	1,491	4,779
Total	58,031	57,601	57,409	70,979	91,050	78,026

Source: Finance Accounts of respective years;

During the period 2018-19 to 2022-23, State Goods and Services Tax (SGST), Taxes on Sales, trades and State Excise were the major contributors to Own Tax Revenue of the State with more than 77 per cent share.

Own Tax revenue during the year 2022-23 increased by ₹ 7,047 crore (9.93 per cent) over the previous year. The increase was mainly under (a) SGST by ₹ 4,172 crore (17.52 per cent) (b) Taxes and Duties on Electricity by ₹ 4,231 crore (36,285.51 per cent) and (c) Taxes on Vehicles by ₹ 887 crore (25.84 per cent).

(i) State Goods and Services Tax (SGST)

SGST for the year 2022-23 was ₹ 27,981 crore which was less than the Budget Estimates (₹ 29,025 crore) by 3.60 per cent. As per the books of RBI the amount of SGST is ₹ 27,981 crore and as per the Finance Accounts the amount of SGST is ₹ 27,981 crore.

(ii) Audit of GST Receipts

The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. In case of Andhra Pradesh, which is a Model-II State, role-based access to back-end application was provided to the office of the Principal Accountant General (Audit), Andhra Pradesh in November 2020. However, the access was limited to their premises only and the matter of providing remote access was under consideration. The accounts for the year 2022-23 have, therefore, been certified on the basis of test audit, as was being done when records were being maintained manually, pending full implementation of the GoI's decision to provide Audit access to GSTN data.

(iii) Analysis of arrears of revenue

The arrears of revenue indicate delayed realisation of revenue due to the Government and deprive the State of potential revenue receipts and ultimately affect the revenue deficit.

¹⁰ Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income, Other Taxes and Duties on Commodities and Services.

Arrears of Revenue

As on 31 March 2023, the arrears of revenue in respect of principal heads of revenue were ₹ 18,079.03 crore, of which ₹ 12,152.67 crore were outstanding for more than five years as depicted in **Table 2.7**.

Table 2.7: Arrears of Revenue

(₹ in crore)			
Sl.No	Head of Revenue	Amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023
1	Taxes on Commodities & Services	8,168.04	3,869.19
2	Taxes and duties on electricity	6,270.92	5,996.83
3	Taxes on Vehicles	3,350.32	1,998.00
4	Land Revenue	286.69	286.69
5	Other Taxes on Income & Expenditure	3.06	1.96
Total		18,079.03	12,152.67

Source: Form D-8 of Statement of Fiscal Policy laid on the table of the A.P. State Legislature in March 2023 and information furnished by respective departments

(iv) Escrowing of Revenue by the State

AP State Development Corporation

The State Government established AP State Development Corporation (APSDC) with a mandate of planning, funding, and financing social and economic development projects and activities in Andhra Pradesh by identifying and dedicating the requisite resources comprising of existing and new revenue streams through the levy of Additional Retail Excise Tax (ARET) on consumable liquor and duly assign these revenues to the APSDC and deposit in escrow for raising loans for the benefit of the APSDC. The Corporation is operating a PD Account¹¹ wherein the loans raised by the Corporation were credited and the loan funds were utilised for financing the Welfare Programmes of the State. For meeting the debt repayment obligations, the ARET revenues are credited to the escrow account by providing budget in Expenditure Head Revenue Account (HOA: 2052-00-090-11-31). During 2022-23, an amount of ₹ 3,740.61 crore was transferred to the corporation's escrow account for meeting the debt servicing obligations.

AP Road Development Corporation

AP Road Development Corporation (APRDC) has the mandate of development and maintenance of roads in Andhra Pradesh and raises loans on the back of sovereign guarantee given by the State Government. Further, State Government issued order¹² assigning the revenues realised through the 'Road Development Cess', to APRDC for raising and servicing new loans, servicing of the existing loans and maintenance & repair of damaged road stretches with paver patches. For meeting the debt repayment obligations, the road development cess collected was credited to escrow account of APRDC. During 2022-23, the Government has collected ₹608.60 crore towards Road Development Cess and the amount was credited to the Consolidated Fund. However,

¹¹ PD Account Number : 8443001060220021001

¹² G.O.Rt 120 Finance (FMU-TR&B) department dated 25 January 2021

the State Government transferred an amount of ₹ 581.01 crore only to the Andhra Pradesh Road Development Corporation (APRDC) Escrow account leaving a balance of ₹ 27.59 crore yet to be transferred to the account of APRDC. The Road development Cess was discussed in *Para 2.6.1.2* in detail.

It is pertinent to mention that the above two corporations are not engaged in any revenue generation activities and are dependent on the State Government for financial support as well as to defray the debt obligations which will impact Net borrowing ceiling of the state.

B. State's share of Union taxes

The Fifteenth Finance Commission (XV FC) in its Report for the year 2021-22 recommended to devolve 42 *per cent* of net proceeds of Union taxes to the States (i.e., divisible pool). However, due to the re-organisation of erstwhile Jammu and Kashmir State into Union Territories of Ladakh and Jammu & Kashmir the XV FC recommended that the aggregate share of States be reduced by one *per cent* to 41 *per cent* of the divisible pool and the remaining one *per cent* allocated to the above UTs. For devolution of net proceeds of taxes, other factors like population, area, forest and ecology, income distance criteria, demographic performance and tax efforts of the State were also considered.

Based upon the projected tax revenue of the Union Government and the shares derived from the horizontal devolution formula, XV FC derived the share of each State in absolute numbers. The XV FC projected tax devolution of ₹ 42,24,760 crore for the five-year period 2021-26 to all States. Out of the projected tax devolution, the XV FC recommended a share of 4.047 *per cent* for Andhra Pradesh. Accordingly, Andhra Pradesh has been allocated an amount of ₹ 1,70,976 crore being 4.047 *per cent* of the total projected tax devolution during the five-year period 2021-26.

During 2022-23, Central Tax transfers were ₹ 38,177 crore which constituted 24.20 *per cent* of State's Revenue receipts. Central Tax transfers increased by ₹ 2,791 crore over previous year.

Components of State's share of Union Taxes during 2018-19 to 2022-23 are shown in **Table 2.8**.

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

Component of State's share of Union taxes	XIV FC award period		XV FC award period		
	2018-19	2019-20	2020-21	2021-22	2022-23
Corporation Tax	11,401	9,630	7,413	9,437	12,630
Customs	2,324	1,790	1,270	2,764	1,511
Income Tax	8,397	7,545	7,603	10,666	12,579
Other Taxes and Duties on commodities and services	17	18	19	39	63
Service Tax	303	0	113	415	60
Wealth Tax	4	0	0	2	0
Union Excise Duties	1,544	1,245	818	1,610	474
CGST	8,092	8,014	7,224	10,453	10860

Component of State's share of Union taxes	XIV FC award period		XV FC award period		
	2018-19	2019-20	2020-21	2021-22	2022-23
IGST	646	0	0	0	0
Other Taxes on Income and Expenditure	59	0	0	0	0
Grand total	32,787	28,242	24,460	35,386	38,177
Devolution as percentage of Revenue Receipts of the State	28.59	25.44	20.88	23.50	24.20

Source: Finance Accounts of respective years;

The increase in devolution was mainly under Corporation Tax (by ₹ 3,193 crore – 33.83 per cent), Income Tax (by ₹ 1,913 crore – 17.94 per cent) and CGST (by ₹ 407 crore – 3.89 per cent).

C. Non-Tax Revenue

Non-tax revenue includes receipts from services rendered and supplies made by various Departments of Government and interest receipts. During 2022-23, the non-tax revenue of ₹ 5,417 crore constituted 3.43 per cent of the total revenue receipts (₹ 1,57,768 crore). The composition of non-tax revenue for 2022-23 is detailed in Table 2.9.

Table 2.9: Composition of Non-Tax Revenue

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
						Spark Line
Interest Receipts	50	37	24	20	9	
Dividends & Profits	1	4	0	6	2	
Other Non-tax receipts	4345	3274	3371	4991	5406	
a) Road transport	0	0	0	0	978	
b) Miscellaneous General Services	138	158	236	141	308	
c) Police	225	212	206	190	241	
d) Non-Ferrous Mining & Metallurgical Industries	2211	1897	2256	2983	3024	
Total	4396	3315	3395	5017	5417	

Source: Finance Accounts of respective years

(i) Interest receipts

During 2022-23, an amount of ₹ nine crore was received towards interest receipts (MH 0049); as against estimated amount of ₹ 80 crore. Miscellaneous interest receipts (₹ six crore) were the major source of interest receipts.

(ii) Dividend Receipts

During 2022-23, an amount of ₹ two crore was received as Dividend Receipts (MH-0050) as against estimated amount of ₹ 28 crore. These receipts were only seven per cent of the amount projected in BEs.

(iii) Other Non-Tax Receipts

During 2022-23, Non-Ferrous Mining & Metallurgical Industries (₹ 3,024 crore); Road Transport (₹ 978 crore), Miscellaneous General Services (₹ 308 crore) and Police (₹ 241 crore) were the major contributors to Non-Tax revenue for the year 2022-23.

2.4.1.3 Grants-in-Aid from Government of India

The details of Grants-in-Aid from GoI and their composition during 2018-19 to 2022-23 are shown in **Table 2.10**.

Table 2.10: Grants-in-Aid from Government of India

Particulars	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
A. Non-Plan Grants/Finance Commission Grants	5,548	5,881	11,576	20,991	13,175
(i) Grants to Rural Local Bodies	859	2,039	3,793	970	948
(ii) Grants to Urban Local Bodies	587	1,019	767	1,157	736
(iii) Post Devolution Revenue Deficit Grant	3,644	2,499	5,897	17,257	10,549
(iv) Grants to State Disaster Response Fund	458	324	1,119	895	940
B. Grants for State Plan Schemes*	327	1	0	0	0
C. Grants for Central Plan Schemes*	0	0	0	0	0
D. Grants for Centrally Sponsored Schemes	12,510	13,562	14,836	12,751	18,037
E. Other Transfers/Grants to States	1,072	2,432	5,460	5,428	4,937
(i) Compensation for loss of revenue arising out of implementation of GST	0	1,841	3,528	3,117	4,570
(ii) Other Receipts ¹³	67	20	14	1,960	367
(iii) Transfer of States' portion of un-apportioned IGST of previous years	0	0	1,261	0	0
(iv) National Disaster Response Fund	1,005	571	657	351	0
Total	19,457	21,876	31,872	39,170	36,149
Percentage of increase (+)/decrease (-) over previous year	(-14.52)	12.43	45.69	22.90	(-7.71)
Total grants as a percentage of Revenue Receipts	16.97	19.70	27.21	26.02	22.91

*Source: Finance Accounts of respective years; * Grants under State and Central Plan Schemes were replaced by Centrally Sponsored Schemes from 2017-18 onwards.*

During 2022-23, out of Grants for implementing Centrally State Sponsored Schemes, major amounts were received for the following schemes:

- Pradhan Mantri Awas Yojana – PMAY Urban (₹ 5,955 crore -168.51 per cent increase over previous year)
- Mahatma Gandhi National Rural Employment Guarantee Act Scheme (₹ 3,129 crore- 2.19 per cent decrease over previous year),
- Polavaram Project (₹ 1,671 crore-11.96 per cent decrease over previous year)
- National Health Mission (₹ 1,484 crore – 0.20 per cent decrease over previous year).

A. Single Nodal Agency

Government of India, Ministry of Finance, vide letter No. 1(13) PFMS/FCD/2020 dated 23 March 2021 notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilisation of the funds released through Single Nodal Agency (SNA). For each CSS, SNA is set up with own Bank Account in a scheduled Commercial Bank authorised to conduct Government business by the State Government. As per the procedure, the State Government has to transfer the Central share received in its accounts to the concerned SNA's account along with matching State share.

¹³ Additional Central Assistance for Left Wing Extremist (LWE) Districts, Compensation for loss of revenue on account of phasing out of Central Sales Tax (CST) and Revenue Deficit grant for the year 2014-15

During 2022-23, the State Government received an amount of ₹ 15,666.70 crore being Central share in its Treasury Accounts. The amount also includes ₹ 240 crore for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme and 0.52 crore for Deendayal Antyodaya Yojana-National Urban Livelihood Mission (DAY-NULM) scheme received in April 2022 released by the Government of India on 31 March 2022 apart from the amount of ₹15,426.18 crore as per SNA report of PFMS portal.

As on 31 March 2023, the State Government transferred Central share of ₹ 14,755.53 crore received in Treasury Accounts and State share of ₹ 6,247.71 crore to the SNA accounts. The total amount of ₹ 21,003.24 crore was transferred to the SNAs through GIA bills only. Detailed vouchers and supporting documents of actual expenditure were not received by AG office from the SNAs. As informed by the State Government and confirmed from the SNA report of PFMS portal, ₹ 2,040.16 crore are lying unspent in the bank accounts of SNAs as on 31 March 2023.

Out of unspent balance of ₹ 2,040.16 crore lying in SNAs, majority of amounts was lying unspent under five schemes as detailed below in **Table 2.11**. The schemes where there was unspent balance of ₹ 50 crore and above are shown in **Appendix 2.1**.

Table 2.11: Unspent amount lying in SNA as on 31 March 2023

Sl.N o.	Name of the scheme	Amount (₹ in crore)
1	Pradhan Mantri Awas Yojana (Urban)	393.81
2	Swachh Bharath Mission (Urban)	149.76
3	Rashtriya Krishi Vikas Yojana	148.34
4	SAKSHAM Anganwadi 2.0	122.97
5	Post Matric Scholarships (Tribal)	100.14
Total		915.02

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

B. Finance Commission (FC) grants

The Finance Commission grants were provided to the States for local bodies, State Disaster response fund and Post Devolution Revenue Deficit Grant (PDRDG). During the period 2021-22 to 2022-23, the details of amounts awarded, received and releases of State Government to Local Bodies during the XV FC were shown vide **Table 2.12**.

Table 2.12: Finance Commission Grants

Transfers	Recommendation of the XV-FC 2021-22	2021-22		Recommendation of the XV-FC 2022-23	2022-23	
		Actual Release by GoI	Release by State Government		Actual Release by GoI	Release by State Government
LOCAL BODIES						
(i) Grants to PRIs	1,939.00	969.50	1,343.53	2,010.00	948.35	951.01
ii) Grants to ULBs	956.00	1,157.35	1,008.60	990.00	735.75	630.76
Total Local Bodies	2,895.00	2,126.85	2,352.13	3,000.00	1,684.10	1581.77
DISASTER MANAGEMENT						
State Disaster Response	1,119.00	1,119.00	1,491.00	1,175.00	940.00	1,253.34

Transfers	Recommendation of the XV-FC 2021-22	2021-22		Recommendation of the XV-FC 2022-23	2022-23	
		Actual Release by GoI	Release by State Government		Actual Release by GoI	Release by State Government
Fund*						
REVENUE DEFICIT GRANT						
PDRDG	17,257.00	17,257.00	-	10,549.00	10,549.00	-
Grand Total	21,271.00	20,502.85		14,724.00	13,173.10	

Source: Finance Accounts and XV Finance Commissions reports. * SDRF includes SDMF also.

2.4.2 Capital Receipts

Growth and composition of Capital Receipts of the State during the period 2018-19 to 2022-23 are shown in Table 2.13.

Table 2.13: Composition of Capital Receipts

Sources of State's Receipts	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Capital Receipts (CR)*	98,257	1,16,783	1,63,038	1,61,719	1,86,020
Non-debt capital receipts	277	4,355	1,063	2,109	(-4)
<i>Miscellaneous Capital Receipts</i>	0	0	0	(-1)	0
<i>Recovery of Loans and Advances</i>	277	4,355	1,063	2,110	(-4)
Public Debt Receipts*	97,980	1,12,428	1,61,975	1,59,610	1,86,024
Internal Debt	95,990	1,10,398	1,57,412	1,54,714	1,77,613
Growth rate	31.28	15.01	42.59	(-1.71)	14.80
Loans and advances from GoI	1,990	2,030	4,563	4,896	8,411
Growth rate	110.36	2.01	124.78	7.30	71.79
Rate of growth of debt Capital Receipts	32.29	14.75	44.07	(-1.46)	16.55
Rate of growth of non-debt capital receipts	443.14	1,472.20	(-75.59)	98.40	(-100.19)
Rate of growth of GSDP	11.14	5.97	3.34	18.50	16.22
Rate of growth of Capital Receipts (per cent)	32.58	18.85	39.61	(-) 0.81	15.03

Source: Finance Accounts of respective years. *Includes Ways and Means Advances and Overdraft facility availed by the Government. Note: Loans and advances from GoI include ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received as back-to-back loans under debt receipts from the total outstanding liabilities as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

During 2022-23, the State Government received an amount of ₹ 1,86,020 crore as Capital Receipts which constituted 54.11 per cent of the total receipts of ₹ 3,43,788 crore of the State. Substantially, the total Capital Receipts constitutes borrowings (₹ 1,86,020 crore) of the State Government during the year. During 2022-23, the State Government borrowed ₹ 59,574 crore from open market and other financial institutions and received an amount of ₹ 8,411 crore as loans and advances from GoI. In addition to these borrowings, State Government availed an amount of ₹ 1,18,039 crore¹⁴ as Ways and Means Advances and Overdraft from the Reserve Bank of India.

2.4.3 State's performance in mobilisation of resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The XV FC projection of State Own

¹⁴ Special Drawing Facility (₹ 10,420.58 crore), Ways and Means Advances (₹ 50,552.28 crore) and Overdraft (₹ 57,006.32 crore)

Tax Revenue and Non-Tax Revenue, budget estimates *vis-à-vis* actuals during 2022-23 is shown in **Table 2.14**.

Table 2.14: Tax and Non-tax receipts *vis-à-vis* projections

	XV FC projections	Budget Estimates	Actuals	Percentage variation of actual over	
	(₹ in crore)			FFC projections	Budget estimates
Own Tax revenue	82,961	91,050	78,026	-5.95	-14.30
Non-tax revenue	6,240	11,093	5,417	-13.19	-51.17

Source: Finance Accounts 2022-23; BE 2022-23; XV Finance Commission Report

It is evident from **Table 2.14** that during 2022-23, there was significant variance between revenue receipts of the State (Own Tax Revenue as well as Non-tax revenue) *vis-à-vis* the projections of XV FC and Budget Estimates.

During 2022-23, the receipts on account of Non-tax revenue were slightly lower than the projections made by XV FC; but when compared to BEs of the State Government, the Non-tax revenue receipts fell short by more than 50 *per cent* of BEs.

State Government replied that, the revenue projections made by Finance Commissions have always been higher in the past too. Further, the Budget Estimates for Revenue Receipts in 2022-23 were made expecting higher growth rate based on the economic situation prevailing during 2021-22. However, the state achieved a growth rate of 9.8 per cent in own revenue receipts in 2022-23.

The reply of the State Government is not acceptable due to the fact that the estimates of the State were higher than the projections of XV FC and the actuals were closer to FC projections than the Budget Estimates of the State. The State need to augment its revenue through efficient tax administration, optimal resource allocation across various sectors and infrastructure creation through Capital Expenditure.

2.5 Application of resources

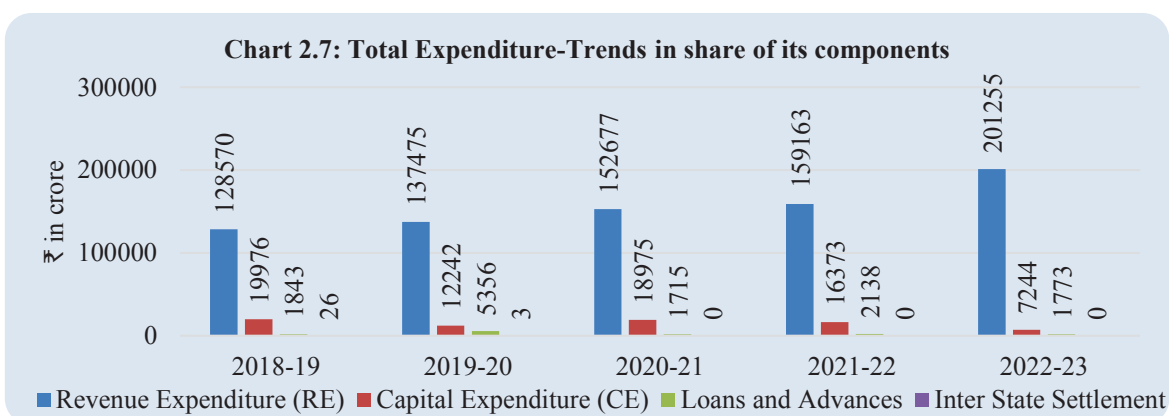
State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development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

2.5.1 Growth and composition of expenditure

The total expenditure in 2022-23 was ₹ 2,10,272 crore. **Chart 2.7** and **Table 2.15** presents the trends and composition of total expenditure during the years 2018 to 2023.

Table 2.15: Total Expenditure and its composition

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23 (₹ in crore)
Total Expenditure (TE)	1,50,415	1,55,076	1,73,367	1,77,674	2,10,272
Revenue Expenditure (RE)	1,28,570	1,37,475	1,52,677	1,59,163	2,01,255
Capital Expenditure (CE)	19,976	12,242	18,975	16,373	7,244
Loans and Advances	1,843	5,356	1,715	2,138	1,773
Inter State Settlement	26	3	0	0	0
As a percentage of GSDP					
TE/GSDP	17.22	16.75	18.12	15.67	15.96
RE/GSDP	14.72	14.85	15.96	14.04	15.27
CE/GSDP	2.29	1.32	1.98	1.44	0.55
Loans and Advances/GSDP	0.21	0.58	0.18	0.19	0.13



Source: Finance Accounts of respective years

It can be seen from **Table 2.15** and **Chart 2.7** that during the period 2018-19 to 2022-23, total expenditure of the State increased by ₹ 59,857 crore from ₹ 1,50,415 crore to ₹ 2,10,272 crore and registered an increase of 39.79 per cent. Out of total expenditure of ₹ 8,66,804 crore during the period 2018-19 to 2022-23, revenue expenditure was ₹ 7,79,140 crore (89.89 per cent) and capital expenditure was ₹ 74,810 crore (8.63 per cent).

During the period 2018-19 to 2022-23, revenue expenditure of the State showed an increasing trend mainly on account of salaries, pensions, interest payments, grants -in-aid releases etc. When compared to 2021-22, the revenue expenditure increased by ₹ 42,092 crore during 2022-23.

During the period 2018-19 to 2022-23, capital expenditure of the State was ₹ 74,810 crore which showed fluctuating trend with highest expenditure (₹ 19,976 crore) in 2018-19 and the lowest expenditure (₹ 7,244 crore) being recorded in 2022-23. The capital expenditure decreased by ₹ 9,129 crore when compared with previous year.

Thus, increasing levels of revenue expenditure coupled with low level of capital formation will have adverse impact on infrastructure development, industrial development, creation of demand, employment generation, revenue generation etc., of the State in the long run.

State Government while accepting the fact that capital expenditure leads to asset creation, stated that revenue expenditure also comprises of expenditure on rural

development, economic empowerment of weaker sections, power, transport, etc. which support income and business activities. Further, State Government stated that private industrial investments in Andhra Pradesh have been gaining momentum post COVID-19. The multiplier effect of these investments in terms of employment generation, revenue generation is expected to be realised in the coming years.

While acknowledging the fact of Revenue Expenditure comprises of expenditure on rural development, economic empowerment of weaker sections, power, transport, etc. which support income and business activities, it is pertinent to mention the fact that “every Rupee spent on capex leads to a cumulative multiplier effect of ₹ 4.8 in the economy, while for the revenue expenditure, every rupee of outlay leads to a cumulative multiplier of 0.96” (Source: Annual report of Department of Expenditure, Ministry of Finance, Government of India).

The State Government investment in capital assets acts as a catalyst for revenue generation and overall development of economy. During the year 2022-23, as against projected amount of ₹ 30,680 crore in the Budget Estimates only an amount of ₹ 7,244 crore was spent towards capital expenditure which constituted 23.61 per cent of estimated amount. The Capital Expenditure remained at meagre 0.55 per cent of GSDP during 2022-23. Hence, Audit is of opinion that since the benefits derived from revenue expenditure are short term in nature and the infrastructure creation through Capital Expenditure facilitates employment creation, augmentation of demand, revenue augmentation and pave the way for sustainability of economy in the long run, it is recommended to prioritise the budget allocations for Capital Expenditure.

In terms of activities, the total expenditure of ₹ 2,10,272 crore of the State comprised of expenditure on General Services (including Interest Payments), Social services, Economic services and others. Relative shares of these components during 2018-19 to 2022-23 are shown in **Table 2.16**.

Table 2.16: Relative shares of various sectors of expenditure

(in per cent)

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	27.3	31.58	32.58	33.27	30.38
Social Services	44.64	45.24	41.15	42.64	42.37
Economic Services	26.79	19.71	26.23	24.07	26.39
Others (Grants to Local Bodies, Inter State Settlement and Loans and Advances)	1.27	3.47	0.04	0.02	0.86

Source: Finance Accounts of respective years

It can be seen from **Table 2.16** that among sectoral allocations, major expenditure was incurred in Social Services sector. The major areas under Social Services Sector where substantial allocations and expenditure were observed are shown in **Table 2.17**.

Table 2.17: Major areas of Expenditure under Social Services sector

(₹ in crore)

Area of Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Education, Sports, Art and Culture	19,587	26,643	24,205	25,796	26,158
Welfare of SCs, STs and other BCs, Social Welfare and Nutrition	28,334	28,146	30,314	29,304	34,964
Health and Family Welfare	7,400	7,538	9,511	11,271	11,488

Source: Finance Accounts of respective years

The above table indicates that in 2022-23, Welfare of SCs, STs and other BCs, Social Welfare and Nutrition constituted 17 *per cent* of total expenditure of the State, around 12 *per cent* was spent on Education, Sports, Art and Culture and five *per cent* was on health and Family Welfare.

2.5.2 Reduction of Expenditure during 2022-23

2.5.2.1 Lapse of Grants received from GoI along with State Matching Share

Government of India releases funds relating to Central Assistance to State Development Schemes (other than direct transfers) to the Consolidated Fund of the State. Thereafter, the amount along with Matching State Share (Sharing pattern for the schemes is normally, 60:40, or 75:25 or 90:10 as the case may be) is to be transferred to the Single Nodal Accounts.

During 2022-23, State Government lapsed an amount of ₹ 1,741.36 crore (GoI Share: ₹ 905.69 crore and State share ₹ 835.67 crore) and the details of schemes where major amounts were lapsed (₹ 100 crore or more in each case) are given in **Table 2.18**.

Table 2.18: Lapse of Grants received from GoI along with State Matching Share

(₹ in crore)		
S.No.	Name of the Scheme	Amount
GoI Share (₹ 100 crore or more in each case)		
1	National Rural Drinking Water Programme / Jal Jeevan Mission	430.68
2	Rashtriya Uchchatar Shiksha Abhiyan	162.41
Matching State Share (₹ 100 crore or more in each case)		
3	National Rural Drinking Water Programme / Jal Jeevan Mission	453.67
4	Andhra Pradesh Scheduled Castes Corporations	110.81

Source: VLC Data, O/o PAG (A&E)

State Government stated (July 2023) that the lapsed amounts pertaining to the Centrally Sponsored Schemes which are required to be transferred were already transferred to the SNA accounts after reconciliation.

2.5.2.2 Lapsing of State Scheme Funds

State Sponsored Schemes are those schemes which are financed 100 *per cent* by the State Government from its own resources. The schemes funds will either be transferred to Bank Accounts or PD accounts for end use/disbursement.

It was observed that during the year 2022-23, the State Government lapsed an amount of ₹ 7,346.35 crore under the State Sponsored Schemes. The details of the schemes where major amounts (₹ 100 crore or more in each case) were lapsed are given in **Table 2.19**.

Table 2.19: Lapsing of State Scheme Funds

State Schemes (₹ 100 crore or more in each case)		Amount (₹ in crore)
1.	NAADU NEDU - Infrastructure Facilities in Schools	1,000.00
2.	YSR Pension Kanuka	901.69
3.	Dr. YSR Aarogyasri Health Care Trust	651.33
4.	Incentives for Industrial Promotion for Micro Small and Medium Enterprises (MSMEs)	450.00
5.	Centralised Purchase of Drugs and Medicines	391.36
6.	SU - BC-D Corporations	364.04

State Schemes (₹ 100 crore or more in each case)		Amount (₹ in crore)
7.	Incentives for Industrial Promotion	354.88
8.	YSR Pension Kanuka to Backward Classes	304.74
9.	Price Stabilisation Fund ₹ 3000 Cr. Recoupment	301.46
10.	Assistance to Andhra Pradesh Capital Region Development Authority	300.51
11.	SU - BC-B Corporations	271.53
12.	New Medical Colleges at Rajahmundry, Eluru & Nandyal	226.82
13.	SU - BC-A Corporations	215.59
14.	Andhra Pradesh Scheduled Castes Corporations	206.45
15.	Assistance to Andhra Pradesh Township & Infrastructure Development Corporation Ltd.	200.00
16.	Andhra Pradesh Kapu Welfare and Development Corporation	195.07
17.	Incentives to the S.C. Entrepreneurs for Industrial Promotion	175.00
18.	Andhra Pradesh Industrial Infrastructure Corporation	100.00

Source: VLC Data, O/o PAG (A&E)

Lapsing of funds pertaining to above schemes without being spent results in tardy implementation of the schemes. Further, scrutiny on utilisation of funds may not be possible, since as years passed there would be introduction of new schemes or merger or modification or discontinuance of existing schemes/policy drift by the Governments.

2.5.3 Revenue Expenditure

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

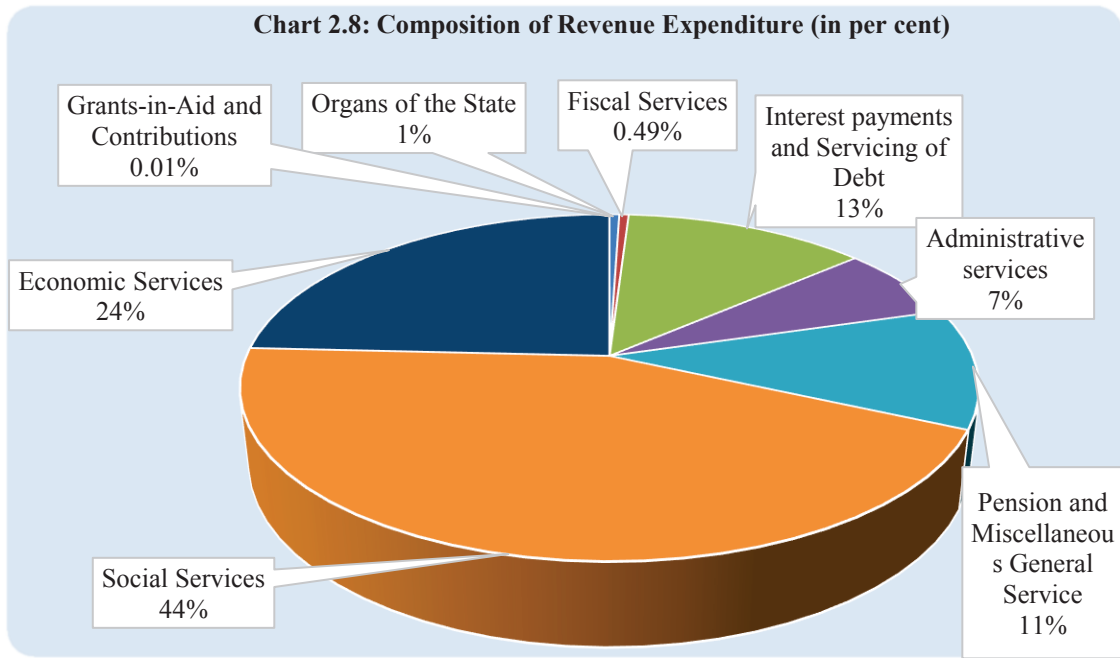
During 2022-23, Revenue Expenditure was 15.27 *per cent* when compared to the GSDP and remained within the budget provision (₹ 2,08,261 crore). It increased by 26.45 *per cent* when compared to the Revenue Expenditure of previous year.

Table 2.20: Revenue Expenditure-Basic parameters

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE) (₹ in crore)	1,50,415	1,55,076	1,73,367	1,77,674	2,10,272
Revenue Expenditure (RE) (₹ in crore)	1,28,570	1,37,475	1,52,677	1,59,163	2,01,255
Rate of Growth of RE (in per cent)	6.07	6.93	11.06	4.25	26.45
Revenue Expenditure as percentage of TE	85.48	88.65	88.07	89.58	95.71
RE/GSDP (per cent)	14.72	14.85	15.96	14.04	15.27
RE as percentage of RR	112.12	123.81	130.34	105.72	127.56
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.54	1.16	3.31	0.23	1.63
Revenue Receipts (ratio)	0.66	---*	2.01	0.15	5.52

Source: Finance Accounts of respective years; * Buoyancy ratio was not calculated due to negative growth rate in Revenue Receipts and own revenue

The buoyancy of revenue expenditure w.r.t GSDP shows that the rise of one *per cent* of GSDP led to the rise of 1.63 *per cent* of Revenue Expenditure. It was evident from the above that, the buoyancy of Revenue Expenditure w.r.t to Revenue Receipts was highest over the last five years and it shows that the Revenue Expenditure has increased by 5.52 *per cent* over one *per cent* increase in Revenue Receipts. It shows the increased dependency of the State over Public debt in meeting the Revenue Expenditure than the Capital Expenditure.



During 2022-23, Revenue Expenditure for 95.71 per cent of the State's total expenditure leaving only 4.29 per cent for investment in infrastructure and asset creation. Further, 78.39 per cent of the Revenue Expenditure in 2022-23 was met from Revenue Receipts (₹ 1,57,768 crore) and the remaining amount of ₹ 43,487 crore (21.61 per cent) was financed out of borrowed funds.

Table 2.21 highlights the cases of significant increase or decrease in various Revenue Heads of Account during 2022-23 vis-à-vis previous year.

Table 2.21: Revenue Expenditure during 2022-23 compared to 2021-22

Major Heads of Accounts	2021-22 (₹ in crore)	2022-23 (₹ in crore)	Variation (in per cent)	Reasons
2236 – Nutrition	1,766.09	9,108.04	415.72	Increase in expenditure was due to increase in subsidy on rice.
2801 – Power	10,850.73	18,007.97	65.96	Due to increase in assistance to power distribution and transmission companies towards repayment of loans and power subsidies.
2216 - Housing	2,177.41	8,358.63	283.88	Due to increase in expenditure towards Pradhan Mantri Awas Yojana – Urban (PMAY-U).
2401 – Crop Husbandry	1,755.29	4,585.40	161.23	Due to increase in expenditure towards YSR-PM Fasal Bima Yojana and Rashtriya Krishi Vikas Yojana (RKVY).
3451 – Secretariat Economic Services	-286.63	2,504.90	973.91	Increase in expenditure was mainly due to transfer of already incurred capital expenditure pertaining to Mana Badi - Naadu Nedu, Assistance to APRDC, APWRDC, AP Fibernet Limited etc.
2217 – Urban Development	4,414.85	5,836.19	32.19	Due to increase in assistance to APTIDCO.

Major Heads of Accounts	2021-22 (₹ in crore)	2022-23	Variation (in per cent)	Reasons
2230 - Labour, Employment and Skill Development	172.39	474.56	175.28	Due to increase in expenditure towards National Urban Livelihoods Mission (NULM) and YSR Bhima.
2501 – Special Programmes for Rural Development	-59.12	133.76	326.25	Increase in expenditure was due to increase in expenditure towards Integrated Watershed Development Program under PMKSY and assistance to AP Drinking Water Supply Corporation.
3456 – Civil Supplies	219.81	403.15	83.41	Due to increase in assistance to Civil Supplies Corporation towards food subsidy.
2405 – Fisheries	17.69	200.59	1,033.92	Due to transfer of funds pertaining to PM Matsya Sampada Yojana to SNA.
2408 - Food Storage and Warehousing	63.30	205.63	224.85	Due to increase in incentives towards food processing industries.
2851 - Village and Small Industries	498.71	98.02	-80.35	Decrease in expenditure was due to reduction of expenditure on account of Incentives for Industrial Promotion for Micro Small and Medium Enterprises (MSMEs).
2700 – Major Irrigation	990.56	619.53	-37.46	Decrease in expenditure was due to reduction in assistance to APWRDC.
2015 – Elections	188.39	-91.49	-148.56	Decrease in expenditure was due to deduct recoveries of overpayments under the head.
2852 – Industries	307.03	98.42	-67.94	Decrease in expenditure was due to reduction of expenditure on account of incentives for Industrial Promotion.

Source: Finance Accounts of respective years

2.5.3.1 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.

Apart from above, there are certain items of *inflexible expenditure* which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure, *etc.* For example, the following items may be considered as inflexible expenditure:

- (i) Devolution to local bodies - statutory devolutions to local bodies for pay and allowances (devolution / transfer for capital expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds - State Disaster Mitigation / Response Fund (SDMF/SDRF), *etc.*
- (iii) Recoupment of Contingency Fund - Amount recouped within the year.
- (iv) Transfer of cess to reserve fund / other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received - Amount of State share to be transferred to SNAs / spent by the State.
- (vi) Payment of interest on the balances of the interest-bearing funds as if they could

have been invested and payment of interest on public debt as charged expenditure - Interest Payment.

Upward trend in committed expenditure reduces the flexibility for State Government in allocation of expenditure for other priority sectors such as industries, infrastructure, medical and public health *etc.* **Table 2.22** presents the expenditure on these components during the period 2018-19 to 2022-23.

Table 2.22: Components of Committed and Inflexible expenditure

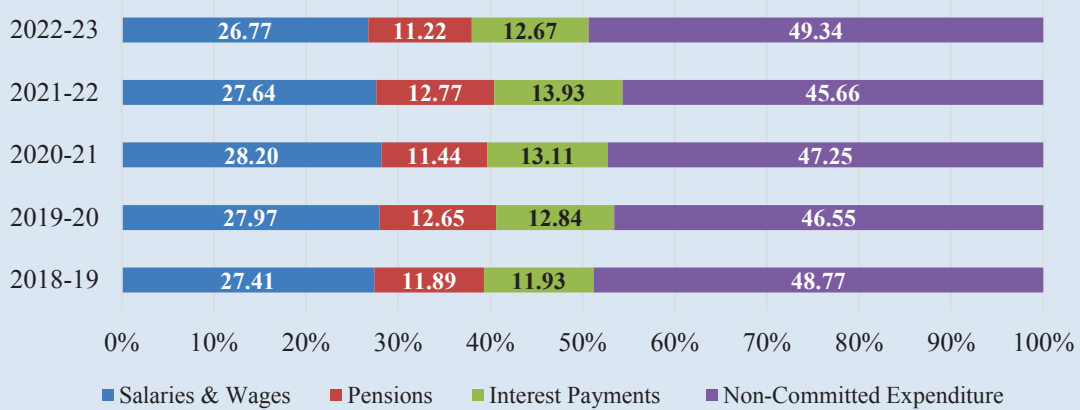
(₹ in crore)

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries & Wages	35,240	38,449	43,052	44,000	53,867
Pensions	15,291	17,385	17,470	20,327	22,584
Interest Payments	15,342	17,653	20,018	22,165	25,492
Total	65,873	73,487	80,540	86,492	1,01,943
Components of Inflexible Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Statutory devolution to local bodies	1,446	3,058	3,712	2,352	1,582
Contribution to Reserve Funds	401	210	372	298	313
Recoupment of Contingency Fund	0	9	0	0	1
Transfer of Cess to Reserve Fund / Other Body	0	0	244	421	581
Share contribution of CSS against the Central Fund received	6,013	5,024	5,619	5,261	6,321
Payment of Interest on the balances of the interest-bearing funds as if they could have been invested	0	0	0	0	0
Total	7,860	8,301	9,947	8,332	8,798
As a percentage of Revenue Receipts (RR)	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries & Wages	30.73	34.63	36.75	29.23	34.14
Pensions	13.33	15.66	14.91	13.50	14.31
Interest Payments	13.38	15.90	17.09	14.72	16.16
Total	57.45	66.18	68.76	57.45	64.62
Inflexible Expenditure	6.85	7.48	8.49	5.53	5.58
As a percentage of Revenue Expenditure (RE)	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries & Wages	27.41	27.97	28.20	27.64	26.77
Pensions	11.89	12.65	11.44	12.77	11.22
Interest Payments	11.93	12.84	13.11	13.93	12.67
Total	51.24	53.45	52.75	54.34	50.65
Inflexible Expenditure	6.11	6.04	6.52	5.23	4.37

Source: Finance Accounts of respective years and information furnished by O/o PAG (A&E) Andhra Pradesh.

Note: Salaries and wages also include the salaries paid out of grants-in-aid, work charged establishment and employer contribution towards Employee Health Scheme (EHS); The difference in the figures under Salaries & wages with previous reports was due to inclusion of additional salary components such as SDH-060 – “GIA-Salaries”, SDH – 070 “work Charged Establishment” *etc.*,

Chart 2.9: Share of Committed Expenditure in Revenue Expenditure



Salaries and wages

During 2022-23, expenditure on salaries and wages (₹ 53,867 crore) increased by 22.43 *per cent* (₹ 9,867 crore) over the previous year. The increase was mainly due to implementation of Revised Pay Scales to the State Government Employees.

Pensions

During 2022-23, expenditure on pension and other retirement benefits (₹ 22,584 crore) to State Government pensioners increased by 11.10 *per cent* (₹ 2,257 crore) over the previous year. When compared to the previous year, Superannuation and Retirement Allowances (₹ 12,658 crore), increased by ₹ 1,683 crore; Family Pensions (₹ 5,009 crore) increased by ₹ 848 crore and Commuted value of pensions (₹ 2,058 crore) increased by ₹ 984 crore.

Interest payments

During 2022-23, interest payments (₹ 25,492 crore) increased by 15.01 *per cent* (₹ 3,327 crore) over the previous year. Interest on Market Borrowings (₹ 21,510 crore), Interest on other Internal Debts (₹ 1,077 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹ 863 crore) were the major components of interest payments.

Inflexible Expenditure

The inflexible expenditure showed fluctuating trend during the period 2018-19 to 2022-23. As a percentage of revenue expenditure, the inflexible expenditure decreased from 6.11 *per cent* in 2018-19 to 4.37 *per cent* in 2022-23. During 2022-23, the inflexible expenditure (₹ 8,798 crore) increased by 5.59 *per cent* over the previous year (₹ 8,332 crore).

2.5.3.2 National Pension System

State Government employees recruited on or after 01 September 2004 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. It is mandatory for employees to contribute 10 *per cent* of basic pay and dearness allowance every month towards NPS, which is to be matched by the State Government.

The Government must transfer these contribution amounts along with details of NPS/CPS subscribers to the National Securities Depository Limited (NSDL) and to the fund managers appointed by the NPS Trust.

Post bifurcation of the erstwhile composite State of Andhra Pradesh in 2014, there was an un-apportioned balance under NPS. After apportionments in the past years, the un-apportioned balance at the end of 2022-23 was ₹ 365.43 crore. There was no further apportionment during 2022-23.

Details of contributions by employees and Government and transfers to NSDL were showed in **Table 2.23**.

Table 2.23: Details of Contribution to NPS Deposit Account and transfer to NSDL

(₹ in crore)

Year	Details of contribution received				Details of funds transferred			
	Employees Share	Government Share	Short (+) / Excess (-) contribution made by Government (2-3)	Total contribution (2+3)	Funds transferred to current account of Treasury (for further transfer to NSDL)	Funds paid to Beneficiaries	Net Refunds (+) and Re-submission (-)	Short Transfer {(5+8)-(6+7)}
1	2	3	4	5	6	7	8	9
2014-15	276.48	300.58	-24.1	577.06	830.45	Not Available		
2015-16	491.46	494.84	-3.38	986.3	1056.66			
2016-17	580.39	529.78	50.61	1,110.17	1,076.47			
2017-18	668.42	696.72	-28.3	1,365.14	1,397.58			
2018-19	765.02	320.58	444.44	1,085.60	652.89			
2019-20	782.05	969.93	-187.88	1,751.98	1,694.11			
2020-21	798.73	864.33	-65.6	1,663.06	1,961.65			
2021-22	968.34	1,018.46	-50.12	1,986.80	2,052.06			
2022-23	1,512.55	972.61	539.94	2,485.16	2,324.26			

Source: Information furnished by O/o PAG (A&E); NA: Not Available

During the year 2022-23, total contribution to Defined Contribution Pension Scheme (NPS) was ₹ 2,485.16 crore (Employees' contribution ₹ 1,512.55 crore and Government's contribution ₹ 972.61 crore including ₹ 8.06 crore on account of foreign service employers' contribution which was remitted to Public Account). The State Government parks the NPS accumulations in a Current Account of bank and transfer the amount to NSDL/ Trustee Bank from the Current Account of bank. The State Government transferred an amount of ₹ 2,930.97 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme and transferred ₹ 2,770.07 crore to the current account.

Out of the amount ₹ 2,770.07 crore transferred, ₹ 445.81 crore was remitted back to MH 2071 through various challans by the Government (Treasuries), resulting in short transfer by Government to NSDL. Thus, the amount transferred by the State Government to NSDL was only ₹ 2,324.26 crore (₹ 2770.07 crore - ₹ 445.81 crore). The closing balance of ₹ 511.34 crore (excluding un-apportioned balance) under MH: 8342-117 is yet to be transferred to NSDL. Unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities of the Government under the Scheme. The State Government's contribution to the NPS was less by ₹ 539.94 crore (₹ 1,512.55 crore-₹ 972.61 crore), which resulted in understatement of Revenue Expenditure to that extent.

2.5.3.3 Subsidies

The details of department-wise subsidies during the period 2018-19 to 2022-23 are shown in **Table 2.24**.

Table 2.24: Department wise subsidies for the period 2018-19 to 2022-23

Departments	2018-19	2019-20	2020-21	2021-22	2022-23
Civil Supplies	340	396	0.23	503	7,404
Energy	1,250	5,248	4,370	8,504	9,966
Agricultural and other Allied activities	408	381	214	4,161	4,325
Others ¹⁵	354	318	364	1,521	1,399
Total subsidy	2,352	6,343	4,948	14,689	23,004
Total Revenue Expenditure (RE)	1,28,570	1,37,475	1,52,677	1,59,163	2,01,255
Subsidy as a percentage of RE	1.83	4.61	3.24	9.23	11.43

Source: Finance Accounts of respective years

As seen from the table above, the expenditure of ₹ 23,004 crore on subsidies (excluding implicit subsidies) during the year increased by ₹ 8,315 crore (56.61 per cent) when compared to previous year (₹ 14,689 crore). The increase was mainly due to increase in Subsidy on Rice (Civil Supplies department) by ₹ 6,896 crore over the previous year. Out of the total subsidy released to Energy Department during 2022-23, ₹ 9,351 crore (93.83 per cent) was towards implementation of YSR nine hours free power supply scheme. Civil Supplies, Energy and Agriculture Departments together accounted for 94.31 per cent of total subsidies.

Implicit Subsidies

Implicit subsidies arise when the Government provides social and economic goods/services at a price lesser than the cost of goods and services incurred by the Government. It can be indirect or in kind or can be given as concessions.

The details of implicit subsidies during 2022-23 are depicted in **Table 2.25**.

Table 2.25: Details of implicit subsidies during 2022-23

S.No.	Scheme	Amount
1	Diesel Subsidy to Fishermen Boats	3.31

Source: Finance Accounts

Considering the above implicit subsidy amount of ₹ 3.31 crore in addition to the amount of ₹ 23,004 crore shown in **Table 2.24**, the expenditure on account of total subsidies by the Government would be ₹ 23,007 crore, which was 11.43 per cent of the total expenditure.

2.5.3.4 Financial Assistance to local bodies and other institutions

The quantum of financial assistance provided by the State Government to Local Bodies and other institutions by way of grants (including Grants-in-aid received from GoI) during the period 2018-19 to 2022-23 is shown in **Table 2.26**.

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

Table 2.26: Financial assistance to Local Bodies and other institutions

	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Local Bodies	12,132	14,566	16,830	17,011	25,664
Municipal Corporations and Municipalities	3,775	4,157	3,552	4,996	11,757
Zilla Parishads and other PR Institutions	8,357	10,409	13,278	12,015	13,907
(B) Others	48,663	45,349	56,837	49,071	54,626
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	9,613	10,048	10,967	10,987	12,302
Hospitals and Other Charitable Institutions	3,411	3,224	4,293	5,894	5,338
Development Authorities	6	5	12	6	6
Co-operative Institutions	543	9,487	981	11	1,707
Others ¹⁶	35,090	22,585	40,854	32,173	35,273
Total*	60,795	59,915	73,667	66,082	80,290
GIA on Salary	9,952	11,637	13,354	13,108	17,065
GIA for creation of Capital Assets	3,301	655	509	844	1,171
GIA for Non-Salary	47,542	47,623	59,804	52,130	62,054
GIA given in kind	Information not provided by State Government				
Assistance as percentage of R.E	47.29	43.58	48.25	41.52	39.89

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

Financial assistance extended to local bodies and other institutions in 2022-23 increased by 21.50 per cent (₹ 14,208 crore) when compared to the previous year mainly due to

- (i) Increase in financial assistance to Municipal Corporations and Municipalities by 135.33 per cent (₹ 6,761 crore).
- (ii) Increase in financial assistance to Pradhan Manthri Awas Yojana (Urban) by 199.48 per cent (₹ 4,987 crore) for servicing of debt of APTIDCO and for creation of capital assets.
- (iii) Financial Assistance of ₹ 3,876 crore to DISCOMS under Revenue Compensation Grant (losses under Power Sector Reforms).
- (iv) Increase in financial assistance to Andhra Pradesh Kapu Welfare and Development Corporation by 280.10 per cent (₹ 2,557 crore).
- (v) Increase in Assistance to Andhra Pradesh Transmission Corporation Ltd. for servicing of Vidyut Bonds by 282.00 per cent (₹ 1,788 crore).
- (vi) Increase in Teaching Grants to Zilla Praja Parishads by 22.04 per cent (₹ 1,366 crore).
- (vii) Increase in financial assistance to Andhra Pradesh Scheduled Castes Corporation by 147.02 per cent (₹ 1,012 crore).

The major schemes/recipients (above ₹ 1,000 crore) of grants during the year are shown in Table 2.27.

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

Table 2.27: Major schemes/recipients (above ₹ 1,000 crore)

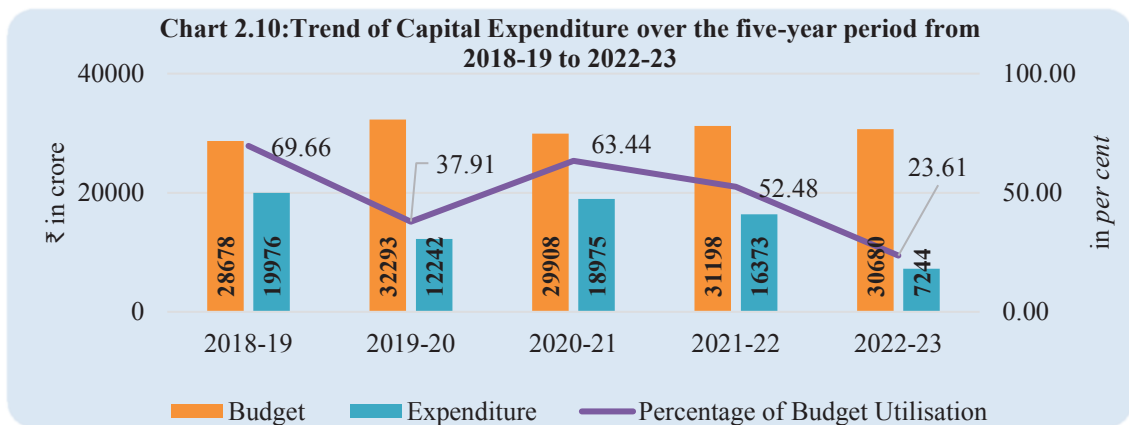
Scheme/Recipients	Amount (₹ in crore)
Teaching Grants to Zilla Praja Parishads	7,565.62
Pradhan Manthri Awas Yojana (Urban)	7,487.05
Assistance to DISCOMS under Revenue Compensation Grant (losses under Power Sector Reforms)	3,875.92
Assignment of ARET revenue to APSDC Ltd	3,740.61
Andhra Pradesh Kapu Welfare and Development Corporation	3,470.13
Mahatma Gandhi National Rural Employment Guarantee Act	3,377.47
Assistance to Andhra Pradesh Transmission Corporation ltd. for servicing of Vidyut Bonds	2,421.54
Grama Sachivalayam	2,331.73
YSR Pension Kanuka to Backward Classes	1,961.04
YSR Pension Kanuka	1,820.65
SU - BC-A Corporations	1,800.65
Andhra Pradesh Scheduled Castes Corporations	1,700.10
SU - BC-D Corporations	1,697.86
Assistance to APDISCOMS	1,670.65
SU - BC-B Corporations	1,578.08
Dr. YSR Aarogyasri Health Care Trust	1,548.67
Assistance to Andhra Pradesh Township & Infrastructure Development Corporation Ltd., (APTIDCO)	1,361.87
Samagra Shiksha	1,348.02
NHM (NUHM & NRHM)	1,232.67
Village Volunteers	1,183.80
Assistance to Andhra Pradesh Water Resource Development Corporation (APWRDC)	1,177.09
Andhra Pradesh Reddy Welfare and Development Corporation	1,109.12
Andhra Pradesh Kamma Welfare and Development Corporation	1,012.11

Source: Finance Accounts 2022-23 and information furnished by O/o PAG (A&E), Andhra Pradesh.

2.5.4 Capital Expenditure

Capital Expenditure is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc. and usually met from revenue surplus/borrowed funds.

The trend of Capital Expenditure during the period 2018-19 to 2022-23 was shown in **Chart 2.10**.



Source: Finance Accounts and Budget in brief of respective years

During 2022-23, Capital expenditure (₹ 7,244 crore) of the State Government constituted 3.45 per cent of total expenditure (₹ 2,10,272 crore). As a proportion of GSDP, the Capital Expenditure was very low at 0.55 per cent during 2022-23. When compared with the BEs (₹ 30,680 crore) of 2022-23, the actual capital expenditure was

only 23.61 per cent of the projected amount. The Capital expenditure decreased by 55.76 per cent when compared to the previous year and reduced by 63.74 per cent from 2018-19 to 2022-23.

2.5.4.1 Special Scheme to States for Capital Investments

Government of India has launched “Scheme for Special Assistance to States for Capital Investment” during 2020-21 for increase in capital expenditure in all states. As part of the scheme, GoI will provide financial assistance in the form of 50-year interest free loan to all states.

During 2022-23, GOI released an amount of ₹ 6,105.56 crore and issued Guidelines vide F.No.44/PF-S/2022-23 (CAPEX) dated 06 April 2022. As per the guidelines, the above scheme has seven parts. The component-wise release of funds is given in **Table 2.28**.

Table 2.28: Component wise release of funds

Part	Nature	Amount received from GoI (in crore)
I	Projects approved by the GoI	3,238.00
II	PM Gati Shakti Nirman	202.00
III	Pradhan Mantri Gram Sadak Yojana	229.75
IV	Incentives for Digitisation	65.63
V	Optical Fibre Cable	126.00
VI	Urban Reforms	643.07
VII	Disinvestment and Monetisation	0.00
VIII	Others	1,601.11
Total		6,105.56

As per scheme guidelines, State Finance Secretary has to furnish Utilisation Certificates for the projects approved under this scheme to GoI.

Further, during the year 2022-23, State Government has also received an amount of ₹ 1,000.68 crore towards State Roads (from Central Road Fund) and Pradhan Mantri Gram Sadak Yojana apart from Special assistance to Capital Investments.

During 2022-23, State Government spent ₹ 7,244.13 crore towards Capital creation. On test check of vouchers, it was noticed that the Capital expenditure detailed in **Table 2.29** below was met from resources other than the funds released under the “Scheme for Special Assistance to States for Capital Investment” and hence the above scheme was not applicable to these works/projects:

Table 2.29: Expenditure that cannot be met from Special Scheme to States for Capital Investments

Type of Capital Expenditure	Amount (₹ in crore)	Reasons
Externally Aided Projects (GSH 03)	774.54	Reimbursable as back-to-back loans from GoI
Works/projects under Rural Infrastructure Development Fund (GSH 07)	596.22	Met from Rural Infrastructure Development Fund
Polavaram Project	930.42	Reimbursable expenditure from GoI
Road Works	70.17	Amount being met from Central Road Fund
Works financed by grants from GoI	251.04	Grants were already received by GoAP
Total	2,622.39	

Source: Statement 16 of Finance Accounts

It is evident from the above that, the State Government has not spent the entire amount of ₹ 6,105.56 crore received from GoI towards Capital Expenditure.

State Government had not furnished the list of projects approved by GoI as part of above scheme and the copies of Utilisation Certificates for the expenditure met from the above scheme funds to audit despite several requests.

The State Government replied (November 2023) that all the amounts received have been released to Departments/Project Implementing Agencies for the intended purpose and the Finance Department is in the process of obtaining the UCs from various agencies for submission to GoI. Further, State Government stated that, a copy of the UCs would be furnished to the office of Principal Accountant General (Audit) as soon as the same is submitted to GoI.

Though the State Government in its reply stated that all the amounts received in respect of “Scheme for Special Assistance to States for Capital Investment” have been released to departments/project implementing agencies for intended purpose, State Government had not furnished supporting documents (February 2024) for the above said releases to audit despite several requests. Further it is pertinent to mention that, after excluding the expenditure as shown in table 2.28 above which was met from other resources than this scheme, the Expenditure fell short of the releases from GoI. This clearly shows that State Government has not spent the entire amount of ₹ 6,105.56 crore received from GoI.

Further, the Department of Expenditure¹⁷, Ministry of Finance, GoI while sanctioning second and additional instalment of funds towards Special Scheme for Capital Expenditure, clearly mentioned that, the Finance Department, State of Andhra Pradesh¹⁸ has submitted consolidated Utilisation Certificates along with the details of expenditure towards the schemes approved by DoE. Hence, the reply of the Finance Department stating that “Utilisation certificates are being obtained from the concerned executing agencies for onward transmission to GoI” is not acceptable.

In view of the above, in the absence of information and records, audit cannot ascertain the correctness of utilisation of above funds and the possibility of diversion of above funds cannot be ruled out.

2.5.4.2 Misclassification of Revenue Expenditure as Capital Expenditure:

As per Government Accounting Rule 30(1) read with note thereunder Capital expenditure shall broadly be defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent nature and expenditure on a temporary asset or expenditure on Grants-in-aid to local bodies or institutions (for the purpose of creating assets which will belong to these local bodies or institutions) cannot ordinarily be classifiable as capital expenditure. Ownership of assets is the key factor in determining whether the expenditure incurred on its acquisition can qualify to be

¹⁷ vide letter F.No.44 (1)/PF-S/2022-23 (capex)-Andhra Pradesh – SACE 42 & 48

¹⁸ vide letters FIN01-FMU0MISC/91/2021-FMU-WR-I (1361559) dated 16.12.2022 and FIN01/2/2023-CASP-FC dated 15.02.2023

classified as capital expenditure.

Government of Andhra Pradesh planned to construct 25 lakh houses (14 lakh in rural areas including Urban Development Authorities and 11 lakh in urban areas) during the period 2019-20 to 2023-24 as part of “Navaratnalu”¹⁹ at an estimated project cost of ₹ 61,000 crore to provide pucca houses to all eligible beneficiaries. For implementing the scheme, Government issued orders on 08 July 2020 for acquisition of land and proposed to distribute house site pattas to 25 lakh beneficiaries. An amount of ₹ 100.48 crore was booked as Capital Expenditure in Accounts for 2022-23 under YSR Gruha Vasathi scheme for this purpose.

As per the scheme guidelines, the Government has planned to provide house sites to all the poor and needy and also register the land along with the house in the name of women of the household, for the above scheme.

As the land along with the house would be registered in the name of the beneficiary, the asset would belong to beneficiary, not the State Government and hence the expenditure was to be booked under Revenue expenditure Head.

Further, Capital Expenditure during 2022-23 was overstated by ₹ 713.14 crore due to incorrect booking of expenditure incurred towards Minor works and Grants-in-Aid, which was not in the nature of asset creation under Capital Heads.

2.5.4.3 Major changes in Capital Expenditure

Table 2.30 highlights the cases of significant increase or decrease under various Heads of Account under capital expenditure during 2022-23 vis-à-vis the previous year.

Table 2.30: Capital expenditure during 2022-23 compared to 2021-22

Major Heads of Accounts	2021-22	2022-23	Variation	Reasons
	(₹ in crore)		(in per cent)	
4515 - Capital Outlay on other Rural Development Programmes	699.27	1,217.99	74.18	Increase in expenditure was due to increase in expenditure under PMGSY.
4702 - Capital Outlay on Minor Irrigation	326.60	667.99	104.53	Increase in expenditure was due to Construction and Restoration of Minor Irrigation Sources.
4405 - Capital Outlay on Fisheries	4.67	94.08	1,914.56	Increase in expenditure was due to Construction of Fish Landing Centers/jetties under PMMSY.
5053 - Capital Outlay on Civil Aviation	35.19	117.37	233.53	Increase in expenditure was due to increase in releases from State for construction of airports.
4059 - Capital Outlay on Public Works	48.77	112.73	131.15	Due to increase in expenditure under construction of court and office buildings.
4202 - Capital Outlay on Education, Sports, Art and Culture	3,175.65	64.08	-97.98	Decrease was due to transfer of expenditure pertaining to “Mana Badi – Naadu Nedu” to Revenue Account.

¹⁹Nine welfare schemes promised during election and implemented by cross cutting nine themes covering Agriculture, Health, Education, Housing, Welfare and other sectors.

Major Heads of Accounts	2021-22	2022-23	Variation	Reasons
	(₹ in crore)		(in per cent)	
4215 - Capital Outlay on Water Supply and Sanitation	1,274.78	-786.83	-161.72	Decrease in expenditure was mainly due to lapsing of bills pertaining to Jal Jeevan Mission/NRDWP.
4700 - Capital Outlay on Major Irrigation	5,401.64	3,518.80	-34.86	Decrease in expenditure was due to reduction of amount incurred towards Telugu Ganga and Polavaram projects.
4070 - Capital Outlay on other Administrative Services	1,671.09	75.10	-95.51	Decrease in expenditure was majorly under Investments under AP State Development Corporation and AP State Financial Services Corporation Limited
4210 - Capital Outlay on Medical and Public Health	1,033.18	512.26	-50.42	Decrease in expenditure was mainly due to reduction of amount incurred towards Medical Buildings (Naadu Nedu), Establishment of New Medical Colleges and increase in deduct recoveries.
4425 - Capital Outlay on Co-operation	340.85	-51.71	-115.17	Decrease in expenditure was mainly due to withdrawal of funds given to co-operatives.
4055 - Capital Outlay on Police	268.55	-98.60	-136.72	Decrease in expenditure was mainly due to lapsing of bills pertaining to Modernisation of Police Forces scheme.
4401 - Capital Outlay on Crop Husbandry	184.54	17.59	-90.47	Decrease in expenditure was due to reduction of amount incurred towards YSR - Agri Testing Labs, KFW Germany - Zero Based Natural Farming scheme.
4250 - Capital Outlay on other Social Services	204.13	92.54	-54.77	Decrease in expenditure was due to reduction of amount incurred towards schemes - Resilient Electric Network by APEPDCL, WB (World Bank) - Andhra Pradesh Disaster Recovery Project - Technical support for Risk Reduction & response preparedness.

Source: Finance Accounts of respective years

2.5.5 Quality of Capital Expenditure

2.5.5.1 Investments and returns

As of 31 March 2023, the State Government invested ₹ 11,369 crore in Statutory Corporations (₹ 205.57 crore), Rural Banks (₹ 26.96 crore), Government Companies (₹ 8,293.40 crore), Joint Stock Companies (₹ 57.77 crore) and Co-operatives (₹ 2,783.38 crore). Out of these investments, ₹ 2,963.94 crore was invested after 02 June 2014 by Government of Andhra Pradesh, an amount of ₹ 3.93 crore was the investment out of Earmarked funds and ₹ 8,401.21 crore (73.90 per cent) was yet to be apportioned among the two successor States of Andhra Pradesh and Telangana.

The status of return on the amount invested in these Corporations/Companies is shown in **Table 2.31**. During 2022-23, State Government did not spend any amount towards investments.

Table 2.31: Return on Investment

Investment/Return/Cost of Borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year (₹ in crore)	9,501	9,501	9,534	11,369	11,369
Return in the form of Dividend (₹ in crore)	1	4	0.01	5.73	1.59
Rate of Return (<i>per cent</i>)	0.01	0.04	0.0001	0.05	0.014
Average rate of interest on Government borrowing (in <i>per cent</i>)	6.37	6.31	6.16	6.15	6.40
Difference between Rate of return and interest rate (in <i>per cent</i>)	(-) 6.36	(-) 6.27	(-)6.16	(-)6.10	(-)6.39
Difference between interest on Government borrowing and return on investment (₹ in crore)	15,341	17,649	20,018	22,159	25,490

Source: Finance Accounts of respective years

State Government earned an amount of ₹ 1.59 crore as dividend in 2022-23 on its investments of ₹ 11,369 crore in various Corporations/Companies. The return on Government investment was very low and remained at 0.014 *per cent* during 2022-23 as against the average rate of interest of 6.40 *per cent* paid by the Government on its borrowings during the same period and has proved to be a drag on the finances of the State.

2.5.5.2 Loans and Advances given by the State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government also provided loans and advances to institutions/organisations like PSUs, Universities/ Academic Institutions, PRIs, ULBs and Urban Development Authorities, *etc.* **Table 2.32** presents the details of outstanding loans and advances during the last five years.

Table 2.32: Details of loans advanced by State Government

Quantum of Loans/Interest Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
Opening Balance (₹ in crore)	30,202	31,768	32,769	33,421	33,449
Amount advanced during the year (₹ in crore)	1,843	5,356	1,715	2,138	1,773
Amount recovered during the year (₹ in crore)	277	4,355	1,063	2,110	(-)4 ²⁰
Closing Balance (₹ in crore)	31,768	32,769	33,421	33,449	35,226
Net addition (₹ in crore)	1,566	1,001	652	28	1,777
Interest Receipts on Loans and Advances (₹ in crore)	12	13	12	6	6
Interest receipts as percentage of outstanding loans and advances (in <i>Per cent</i>) (a)	0.04	0.04	0.04	0.02	0.02
Interest payments (₹ in crore)	15,342	17,653	20,018	22,165	25,492
Total Outstanding Liabilities [^] (₹ in crore)	2,57,510	3,01,802	3,48,246*	3,72,503*	4,23,943*
Interest payments as percentage to total Outstanding Liabilities of the State Government (b)	5.96	5.85	5.75	5.95	6.01
Difference between (a) and (b) (in <i>Per cent</i>)	(-) 5.92	(-) 5.81	(-) 5.71	(-) 5.93	(-) 5.99

Source: Finance Accounts of respective years; * Outstanding Debt excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources; ^The total outstanding liability amount for the years 2019-20 to 2022-23 excludes of Loans of PSUs where total repayment is being made by State Government.

²⁰ Minus figure resulted due to amount written off to the extent of ₹ 35.82 crore in order to clear the adverse balances appeared under MH 6801 which is due to repayment of remittances by APTRANSCO after bifurcation.

During 2022-23, an amount of ₹ 1,773 crore was disbursed towards loans and advances to various entities. Out of the loans disbursed by the State Government, AP State Beverages Corporation Limited (₹ 1,412.62 crore) and AP Airport Development Corporation Limited (₹ 171.45 crore) were the major recipients of loans. It was observed that loans to APSBCL and APADCL were disbursed without prescribing any terms and conditions for repayment *viz.*, applicable rate of interest, number of instalments of repayment, moratorium if any *etc.*

Loans of ₹ 35,225.97 crore were outstanding as of 31 March 2023 from various entities. The earliest period to which arrears related was 2002.

2.5.5.3 Capital locked in incomplete projects

Blocking of funds on incomplete projects/works deprives the State of the intended benefits for prolonged periods. It may also result in increased outlays due to revision of the project costs due to changes in Standard Schedule of Rates (SSRs), factors of inflation *etc.* As majority of the irrigation projects are financed out of borrowed funds, the quantum of borrowings would also be increased and result in additional financial burden to the State exchequer.

Age-wise and department-wise details of ongoing projects are shown in **Tables 2.33** and **2.34** respectively.

Year of commencement of Project / work	No of incomplete Projects / works	Estimated cost	Expenditure (as on 31 March 2023)
Up to 2014-15	96	52,856	65,038
2015-16	6	561	212
2016-17	17	802	579
2017-18	54	24,106	2,006
2018-19	71	10,847	2,218
2019-20	51	10,440	1,852
2020-21	33	1,516	257
2021-22	95	32,668	2,201
2022-23	86	3,601	629
Total	509	1,37,397	74,992

Department	No. of incomplete projects / works	Estimated cost	Expenditure (as on 31 March 2023)
Roads	120	4,011	321
Bridges	21	412	84
Irrigation	266	1,23,505	72,584
Water Supply Schemes and others	102	9,469	2,003
Total	509	1,37,397	74,992

Source: Appendix-IX of Finance Accounts 2022-23; Information furnished by State Government Departments (as of September 2023)

Further, the State Government did not disclose financial results of any of the irrigation projects during 2022-23. As a result, there was no assurance of returns from public investments on irrigation and flood control.

State Government replied that post state bifurcation, the State economy has become more agrarian with the share of primary sector in GSV A increasing from 33 per cent in 2014-15 to 38.80 per cent in 2022-23. The state has to focus on strengthening the

primary sector through public investments in irrigation and flood control projects and the private sector does not participate in making investments in the primary sector for uncertainty about return on capital. Further State Government replied that, the State Government cannot shy away from the commitment of development of irrigation projects and all efforts were being made to ensure completion of ongoing projects so as the citizens can realise the returns from these investments.

While considering the reply of the State Government in making the efforts to ensure completion of ongoing projects, it is to mention that, as of 31 March 2023, the State has raised off budget borrowings to the tune of ₹ 15,226.36 crore through AP Road Development Corporation and AP Water Resources Development Corporation towards Roads & Bridges and Irrigation projects.

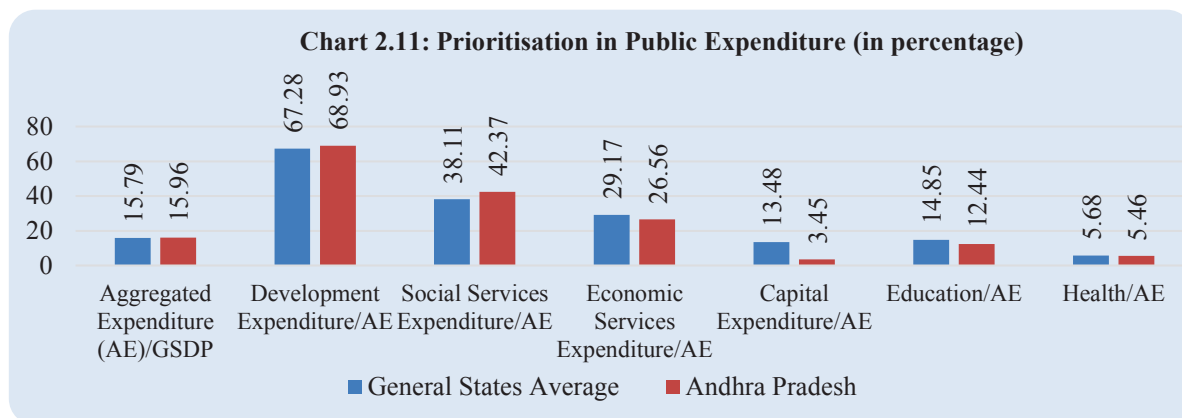
The State Government has expended ₹ 14,914.19 crore towards implementation of Road Works under Central Road Fund, Pradhan Mantri Gram Sadak Yojana, Accelerated Irrigation Benefit Programme, Polavaram Project and Special Scheme for Capital Expenditure out of the total released amount of ₹ 19,082.16 crore by GoI from 2018-19 to 2022-23.

Further, the Capital Expenditure has been mostly on decreasing trend over the past five years though there were substantial releases from GoI.

It is evident from the above that, the prioritization of the State Government has been shifted from Capital Expenditure to Revenue Expenditure and it is recommended to use the borrowed funds for increase in the creation/completion of capital assets to avoid blocking of funds and unnecessary increase in revision of project costs.

2.5.6 Expenditure priorities

Enhancing human development levels require the State to step up its expenditure on key social services like education, health, *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) for a particular sector can be inferred if the ratios fall below the respective national averages. **Chart 2.11** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2022-23, *vis-à-vis* the average of the General States (GS).



Source: Finance Accounts of 2022-23 and data provided by Economic Advisor.

Audit observations in this regard are as follows:

- Development expenditure²¹ and expenditure on Social Services as a proportion of total expenditure were higher in the State compared to the GS average and the expenditure on Economic Services as a proportion of total expenditure was lower than GS average.
- The share of expenditure on Education and Health & Family Welfare in the State as a proportion of total expenditure was lower than the corresponding GS average impacting the human resource development in the State.
- Though State Government had received substantial amounts from GoI towards Capital Expenditure during the year, the share of capital expenditure was significantly lower in the State compared to the GS average affecting physical capital formation with a cascading impact on economic growth in the long run.

Box 2.1: Issue of Non-Convertible Debentures (NCDs) by AP State Beverages Corporation Limited (APSBCL) with State Government Guarantee and utilisation of the proceeds of NCDs for implementation of State Welfare Schemes

Andhra Pradesh State Beverages Corporation Limited

Andhra Pradesh State Beverages Corporation Limited was formed (July 2015)²² on for-profit basis as per Companies Act, with objectives of dealing in all kinds of alcohol, all other beverages and mineral waters suitable for human consumption as well as rectified spirits, all kinds of alcohol and other spirits suitable for industrial use.

State Government issued orders²³ granting (August 2019) exclusive privilege to APSBCL for retailing in Indian Made Foreign Liquor (IMFL) and Foreign Liquor (FL) by shop in the whole State of Andhra Pradesh w.e.f. 01 October 2019. As per the State Government Orders²⁴ (September 2019), APBCL was allowed to collect four *per cent* special margin on the issue price of IMFL and FL to meet the operational expenditure of retailing of IMFL and FL. Subsequently, State Government issued (October 2020) orders²⁵ increasing the rate of special margin money to six *per cent*.

As per the State Government Orders²⁶ (October 2020), the revenue realised from sale of IMFL, FL and Beer at retail outlets is to be apportioned as below:

Sl. No	Component	Transfer/ Retention	Remarks
1.	Excise Duty/ Countervailing Duty (ED/ CD)	Transfer to Consolidated	-
2.	Value Added Tax (VAT)	Fund of the	-
3.	Additional Excise Duty (AED)	State	-

²¹ Expenditure incurred on Social and Economic Services constitute Development Expenditure

²² vide G.O. Ms.No.272 Revenue (Excise.III) Department dated 16 July 2015

²³ Vide Act No 23 of 2019 notified vide AP extra Ordinary Gazette dated 17 August 2019

²⁴ G.O. MS No 423 Revenue (Excise.II) Department dated 30 September 2019

²⁵ vide G.O. MS No.294 Revenue (Excise) department dated 1 October 2020

²⁶ G.O. MS No.294 Revenue (Excise) department dated 1 October 2020

4.	Retail Excise Tax (RET) @ 4% of Issue Price		-
5.	Additional Retail Excise Tax (ARET)		-
6.	Assessment Fee		-
7.	Basic price	Retained by APSBCL	Subsequently paid to the Distillers/ Breweries
8.	Addl. Privilege Fee		Five per cent of the Amount to be transferred subsequently to Sports Authority of Andhra Pradesh and 95 per cent to Chief Minister's Relief Fund
9.	Special Privilege Fee		
10.	APSBCL Retail Margin		-
11.	APSBCL Wholesale Remuneration		-
12.	Special Margin		Utilised for meeting the expenses on State Government Schemes and repayment of loans raised by the company to implement the State Government Schemes

State Government through an amendment²⁷ (December 2021) included a new objective for utilisation of income of APSBCL exclusively to promote the interests of the members of Scheduled Castes, Scheduled Tribes and Backward Classes in the State of Andhra Pradesh by implementation of welfare schemes such as Amma Vodi, YSR Asara, YSR Cheyutha, YSR Pension Kanuka *etc.*

Thereafter, State Government issued orders²⁸ providing Guarantee for an amount of ₹ 12,000 crore raised by APSBCL through issue of listed/unlisted non-convertible cumulative debentures (NCDs) during 2022-23 for implementing the welfare schemes. Further, with a view to reduce the alcohol consumption in the State, State Government reduced (November 2021)²⁹ VAT on liquor without altering the MRP and levied Special Margin which resulted in reduction of revenue to the State exchequer on account of excise duties and increase of income to APSBCL. State Government also issued orders³⁰ that in case Special Margin Money is not sufficient, State Government will provide necessary support. Thus, the borrowings of APSBCL constituted a liability to the State Government.

During the years 2021-22 and 2022-23, APSBCL spent an amount of ₹ 2,588.68 crore and ₹ 18,595.99 crore respectively for welfare schemes and the details are discussed in para 3.5.1 of Chapter 3.

It is pertinent to mention that as per Article 293(3) of Constitution of India, State Government can borrow funds on the security of Consolidated Fund of the State only with the permission of the Central Government. Further, as per Government Accounting Rules, the borrowed funds should ideally be applied for creation of Capital Assets.

As discussed in para 3.5.1, State Government initially established AP State Development Corporation during 2020-21 for implementation of various welfare schemes and issued guarantees for raising a loan amount of ₹ 25,000 crore. The repayments of borrowings of APSDC are being met out of escrowed revenues of the State. Similarly, in 2022-23, State

²⁷ Act 31 of 2021 dated 29 December 2021.

²⁸ G.O.Ms.No.415 Revenue (Excise) department dated 27 May 2022.

²⁹ G.O.Ms.No.313 Revenue (Excise) Department dated 9 November 2021

³⁰ G.O.Ms.No.415 Revenue(Excise)Department dated 27 May 2022.

Government provided guarantee for the NCDs floated by APSBCL for implementation of the welfare schemes. These borrowings were kept outside the ambit of Article 293(3)³¹ of the Constitution of India and not considered while calculating adherence to the ceiling on outstanding liabilities fixed under FRBM Act.

Audit is of opinion that while implementation of welfare schemes for the needy and downtrodden cannot be disputed, the expenditure on such schemes should be in consonance with the resources of the State. The State Government has continuously witnessed revenue deficits for the past five years from 2018-19 to 2022-23. The public debt as well as off budget borrowings have also increased year over year. Hence, mobilisation of funds by using Corporations and utilisation of such funds for financing welfare schemes of the State would result in undue stress on the State's exchequer and State Government would be left with few resources for infrastructure creation.

Due to these practices, on the one hand, authorisation of State Legislature was bypassed for expenditure on those schemes for which expenditure was met through Corporations and on the other hand there was under reporting of borrowings of the State for arriving at the Net Borrowing Ceiling (NBC) as per the GoI norms.

Further, Audit is of the opinion that the Special Margin Money should also form part of the revenues of the State and should have been credited to the State Consolidated Fund; instead of treating the same as 'Income' of the Corporation. The expenditure for implementing the above welfare schemes should have been met from CFS with the approval of the State Legislature *viz.*, after voting of Grants/Appropriations by the State Legislature and Appropriation Act.

2.6 Public Account

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

2.6.1 Net Public Account Balances

Component-wise net balances in Public Account of the State as at the end of March of the year during the five-year period 2018-19 to 2022-23 are as follows:

³¹ A State may not without the consent of the Government of India raise any loan if there is still outstanding any part of a loan which has been made to the State by the Government of India or by its predecessor Government, or in respect of which a guarantee has been given by the Government of India or by its predecessor Government.

Table 2.35: Public Account Balances (As on 31 March of the year)

(₹ in crore)						
Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-15,730	-16,745	-23,276	-26,990	-28,277
J. Reserve Funds	(a) Reserve Funds bearing Interest	-576	-1,863	-1,685	-2,629	-4,457
	(b) Reserve Funds not bearing Interest	-2,107	-2,065	-2,002	-1,988	-1,990
K. Deposits and Advances	(a) Deposits bearing Interest	-7,275	-7,662	-708	-622	-865
	(b) Deposits not bearing Interest	-38,325	-46,907	-52,626	-36,234	-31,898
	(c) Advances	31	31	31	31	31
L. Suspense and Miscellaneous	(b) Suspense	105	-938	-2,422	-976	-1,238
	(c) Other Accounts	166	5,298	912	1,939	1,102
	(d) Accounts with Governments of Foreign Countries	0	0	0	0	0
	(e) Miscellaneous	0	0	0	0	0
M. Remittances	(a) Money Orders, and other Remittances	500	510	511	516	516
	(b) Inter Governmental Adjustment Account	53	100	108	107	127
TOTAL		-63,158	-70,241	-81,157	-66,846	-66,949

Source: Finance Accounts of respective years; Note: +ve denotes Debit Balances and -ve denotes credit balances;

2.6.1.1 Reserve Funds

Reserve Funds were created for specific and defined purposes under the Public Account of the State Government. These funds were met from contributions or grants from the Consolidated Fund of State. Out of the gross accumulated balance of ₹ 17,852.20 crore lying in these Funds as on 31 March 2023, ₹ 11,405.26 crore was invested in GoI Securities, leaving a net accumulated balance of ₹ 6,446.94 crore as on 31 March 2023. The transactions during 2022-23 under major reserve funds are detailed below:

Consolidated Sinking Fund

The Government of Andhra Pradesh set up the Consolidated Sinking Fund for amortization of loans in 1999-2000. According to the guidelines of the Fund, States may contribute a minimum of 0.5 per cent of their outstanding liabilities (internal debt + public account) as at the end of the previous year to the Consolidated Sinking Fund. Out of the desirable contribution of ₹ 1,802.07 crore, an amount of ₹ 752.01 crore towards the net interest was re-invested by the State Government. Thus, there was a short contribution of ₹ 1,050.06 crore. The total accumulation of the Fund was ₹ 10,439.53 crore as on 31 March 2023 out of which ₹ 10,382.90 crore was invested (₹ 9,687.52 crore as on 31 March 2022).

Guarantee Redemption Fund

As per guidelines of Reserve Bank of India, post bifurcation, the Government of Andhra Pradesh constituted³² (April 2018) the Guarantee Redemption Fund (GRF) to meet its obligation pertaining to the guarantees given by it on loans raised by bodies such as Public Sector Undertakings, Special Purpose Vehicles, *etc.*, outside of the State budget. In case of default by the borrower, these guarantees become liabilities of the State Government. As such, guarantees, generally, are contingent liabilities. As per guidelines, the Fund shall be setup by the State Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of previous year. Thereafter, a minimum of 0.5 *per cent* of outstanding guarantees was envisaged as annual contribution to raise the Fund to a minimum level of three *per cent* in next five years and eventually to a level of five *per cent*.

The outstanding Guarantees as on 01 April 2022 were ₹ 1,18,003 crore. Against this, the Fund balance to the end of the year was ₹ 1,017.10 crore which was 0.86 *per cent* of outstanding Guarantees. The State Government did not contribute any amount to the Fund during 2022-23.

State Disaster Mitigation Fund

As per the recommendations of XV Finance Commission, Government of India constituted State Disaster Mitigation Fund (SDMF) under Reserve Funds (8121-00-130) for the purpose of mitigation projects in respect of disasters covered under the National Disaster Response Fund (NDRF) and State Disaster Response Fund (SDRF). The fund will be used for those local level and community based interventions, which reduce the risks and promote environment friendly settlements and livelihood practices.

GoI would contribute 75 *per cent* funds to SDMF and the balance 25 *per cent* of funds would be contributed by the State Governments. During 2022-23, the State Government did not receive any amount from the GoI under SDMF. The balance lying in the fund at the end of 31 March 2023 was ₹ 297.82 crore.

State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. As per the guidelines of the Fund, the Centre and State Governments are required to contribute to the Fund the ratio of 75:25 (General category States) The contributions are to be transferred to the Public Account to ‘Major Head – 8121 – General and other reserve funds’. Expenditure during the year is incurred by operating ‘Major Head – 2245 – Relief on account of Natural Calamities’.

The State Government is required to pay interest on a half-yearly basis to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. The accretions to the SDRF together with the income earned on the investment of SDRF is

³² G.O. Ms. No. 46, Finance (CM) Department, dated 17 April 2018

to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

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

The balance lying in the SDRF as on 01 April 2022 was ₹ 661.86 crore (which includes an amount of ₹ 351.43 crore received towards NDRF).

During 2022-23, GoI released an amount of ₹ 940 crore towards its share and State Government also released its share of ₹ 313.34 crore to SDRF. In compliance to the Honourable Supreme Court Orders³³ (July 2022), State Government also transferred ₹ 1,100.00 crore which was diverted to the PD Account of Directorate of Agriculture during 2019-20 to the SDRF.

Thus, the total accumulated balance under SDRF was ₹ 3,015.20 crore. Out of the total amount, ₹ 445.35 crore was expended for relief on natural calamities³⁴ leaving a balance of ₹ 2,569.85 crore to the end of 31 March 2023.

The details of expenditure charged to SDRF are shown in **Table 2.36**.

Table 2.36: Details of Expenditure charged to SDRF

(₹ in crore)			
Major Head of Account	Minor Head of Account	Expenditure during 2021-22	Expenditure during 2022-23
2245- Relief on Account of Natural Calamities	101-Gratuitous Relief	0.52	0.00
	102-Drinking water Supply	0.55	0.00
	104-Supply of Fodder	6.02	0.00
	282-Public Health	74.57	28.47
	911- Deduct-Recoveries of Overpayments	0.00	-3.72
	Sub Total	81.66	24.75
01- Drought	101-Gratuitous Relief	672.65	415.05
	104-Supply of Fodder	0.00	2.52
	106- Repairs and restoration of damaged roads and bridges	0.00	55.33
	122- Repairs and restoration of damaged irrigation and flood control works	0.00	42.24
	282-Public Health	212.94	0.81
	911- Deduct-Recoveries of Overpayments	-57.20	-95.36
Sub Total	828.39	420.59	
2245- Relief on Account of Natural Calamities	001 Direction and Administration	2.07	2.31
	102-Management of Natural Disasters, Contingency Plans in disaster prone areas	6.03	7.01
	911- Deduct-Recoveries of Overpayments	0	-1.30
	Sub-Total	8.10	8.02
80- General			

³³ M.A.No.647 of 2022 in Writ Petition (C) No. 539 of 2021 dated 18 July 2022.

³⁴ Gratuitous relief in floods and cyclone affected areas, Repairs and restoration of damaged roads and bridges, Repairs and restoration of damaged irrigation and flood control works etc.(as per Finance Accounts)

Major Head of Account	Minor Head of Account	Expenditure during 2021-22	Expenditure during 2022-23
	Grand Total	918.15	453.36
2245-05-State Disaster Response Fund	101-Transfer to Reserve Funds and Deposit Accounts-State Disaster Response Fund	0.00	1,253.34
	901-Deduct-Amount met from State Disaster Response Fund	883.17	445.35

Source: Finance Accounts of 2022-23

The State Government did not pay any interest on the balance of ₹ 960.06 crore pertaining to SDRF (₹ 661.86 crore) and SD MF (₹ 298.20 crore). The state Government has to pay an interest of ₹ 71.91 crore as per SDRF guidelines for the above balances. The details are given in the Table 4.1 of Chapter 4.

2.6.1.2 Funds outside Consolidated Fund/Public Account of the State and dedicated funds

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

A. Building and other Construction Workers Welfare Cess

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

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

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

of the Labour Board. The State Government also issued (April 2007 and December 2009) orders³⁵ for remittance of labour cess into Bank Account.

The transactions of labour cess were being accounted under the HOA: 8342-00-120-00-09-000 -Deposits of Andhra Pradesh Building & Other Construction Workers Welfare Board up to 2018-19 and an amount of ₹ 13.97 crore was lying in the account. In addition to the Deposit Account, another HOA: 8443-00-116-01-09-001 ‘Deposits of Building and other Construction Workers Welfare Board’ was opened from the financial year 2019-20 for accounting for labour cess transactions. However, the State Government did not transfer the unutilised balance of ₹ 13.97 crore lying in the old Deposit Account to the newly opened deposit account. As the Administrator for operation of the Deposit Accounts is same and nature of transactions are same, operation of single Deposit account instead of two Deposit Accounts would render the reconciliation of transactions easier, besides giving a fair view of State Government Accounts.

It was also noticed that in the newly opened Deposit Account (HOA: 8443-00-116-01-09-001) an amount of ₹ 465.77 crore was available as opening balance (as on 01 April 2022). During 2022-23, State Government collected an amount of ₹ 73.77 crore labour cess and an amount of ₹ 1.35 crore was transferred/expended leaving a balance of ₹ 538.19 crore to the end of 31 March 2023.

Thus, the total balance available in the two Deposit Accounts mentioned above was ₹ 552.16 crore (₹ 538.19 crore under 8443-00-116-01-09-001 and ₹ 13.97 crore under 8342-00-120-00-09-000) as of 31 March 2023. Due to non-transfer of the labour cess to the Bank Account of APBOCWFB, there was a liability of ₹ 552.16 crore to the State Government to the end of 31 March 2023.

The details of the amount of labour cess collected during the period 2018-19 to 2022-23 are shown in **Table 2.37**.

Table 2.37: Amount of Labour cess collected from 2018-19 to 2022-23

Year	(₹ in crore)		
	Amount of cess collected by the State Government (As per Finance Accounts)	Amount of Cess collected directly by the Board	Total Amount of Cess collected
2018-19	155.28	317.71	472.99
2019-20	62.49	342.99	405.48
2020-21	72.98	294.82	367.8
2021-22	108.96	359.69	468.65
2022-23	73.77	417.71	491.48
Total	473.48	1,732.92	2,206.40

Source: Data furnished by the Board

The details of expenditure incurred by the Board on various welfare activities for the construction workers during the five-year period 2018-19 to 2022-23 are shown in **Table 2.38**.

³⁵ G.O.Ms.No.111, Labour, Employment, Training and Factories (Lab II) Department dated 15 December 2009 read with G.O.Ms.No.42, Labour, Employment, Training and Factories (Lab II) Department dated 30 April 2007

Table 2.38: Expenditure incurred by APBOCWW Board during 2018-19 to 2022-23

Year	(in crore)				
	Welfare Activities ³⁶	Administrative Expenses	Publicity	Loans and Advances	Total
2018-19	70.04	6.47	52.40	209.63	338.54
2019-20	20.53	3.71	0.08	208.30	232.62
2020-21	0.63	6.99	0.48	804.84	812.94
2021-22	4.91	6.29	0.01	280.87	292.08
2022-23	0.02	7.26	0	329.53	336.81
Total	96.13	30.72	52.97	1,833.17	2,012.99

Source: Data furnished by the Board

During the period 2018-19 to 2022-23, an amount of ₹ 2,206.40 crore was collected as Labour Cess by the APBOCWW Board and it spent ₹ 2,012.99 crore on various welfare schemes, Publicity and Loans & Advances *etc.*, as detailed above.

B. Road Development Cess

Government of Andhra Pradesh amended³⁷ (December 2020) AP Value Added Tax (APVAT) Act, 2005 inserting a new section 4(B) (1). As per the amended Act, a Cess namely “Road Development Cess” @ Re.1/- (one rupee only) per liter on Petrol and High-Speed Diesel shall be levied and collected from every dealer at the point of first sale in the State.

The proceeds of the Road Development Cess shall be first credited to the Consolidated Fund of the State (HOA: 0040-00-102-00-10-001(Petrol) and 0040-00-102-00-10-002 (High Speed Diesel)) and shall be transferred to the Andhra Pradesh Road Development Corporation (APRDC) Escrow account³⁸ by debiting the expenditure under the HOA 3054-04-105-00-35-310-312.

During 2022-23, the Government has collected ₹608.60 crore towards Road Development Cess and the amount was credited to the Consolidated Fund. However, the State Government transferred an amount of ₹ 581.01 crore only to the Andhra Pradesh Road Development Corporation (APRDC) account leaving a balance of ₹27.59 crore yet to be transferred to the account of APRDC. It is pertinent to mention that since the enactment of RD Cess Act, the total amount of Cess to be transferred to the account of APRDC was ₹ 1,440.58 crore as of 31 March 2023 and the State Government has transferred an amount of ₹ 1,245.84 crore with a short release of ₹ 194.74 crore to the end of 31 March 2023.

³⁶ Marriage Gift, Maternity Gift, Fatal Accident relief, Disability relief, Natural Death relief, Hospitalisation relief, Funeral Expenses, Relief to unregistered workers, Vocational training to workers, Atal Pension yojana, Scholarships to children of BOC workers *etc.*

³⁷ Act No.40 of 2020 dated 29 December 2020 and the provisions of the Act deemed to be come into force from 18 September 2020.

³⁸ G.O.Rt.No. 14, Finance (FMU-TR&B) Department dated 24 January 2022, 100 *per cent* of the revenues collected under ‘Road Development Cess’ shall be transferred to Andhra Pradesh Road Development Corporation (APRDC) Escrow account instead of PD Account

C. Central Road Infrastructure Fund

Government of India enacted Central Road Fund Act³⁹ for development and maintenance of National Highways, Railway projects improvement of safety in Railways, State and Rural roads and other infrastructure. The fund will be operated through levy and collection of cess, a duty of excise and a duty of customs on motor spirit commonly known as petrol and high-speed diesel oil and for other matters connected therewith.

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI's Gazette notification dated 31 March 2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure *etc.*

As per the LMMH, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449-Other Deposits-Subventions from Central Road and Infrastructure Fund through functional Major Head(s). In the State Government Accounts, a head of account is opened for operation of CRIF.

During 2022-23, State Government received grants of ₹ 356.55 crore towards CRIF and transferred the entire amount to the Central Road Infrastructure Fund Account under Major Head 8449-Other Deposits. As of 31 March 2023, an amount of ₹ 636.66 crore is available as balance under the fund.

D. State Compensatory Afforestation Fund

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

Accounting Arrangements:

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

³⁹ Act No. 54 of 2000 dated 27 December 2000

year-to-year basis. The expenditure on various activities as envisaged in the Act is to be met initially under Major Head 2406 and the expenditure would be debited to the SCAF by way of deduct recoveries to the functional head.

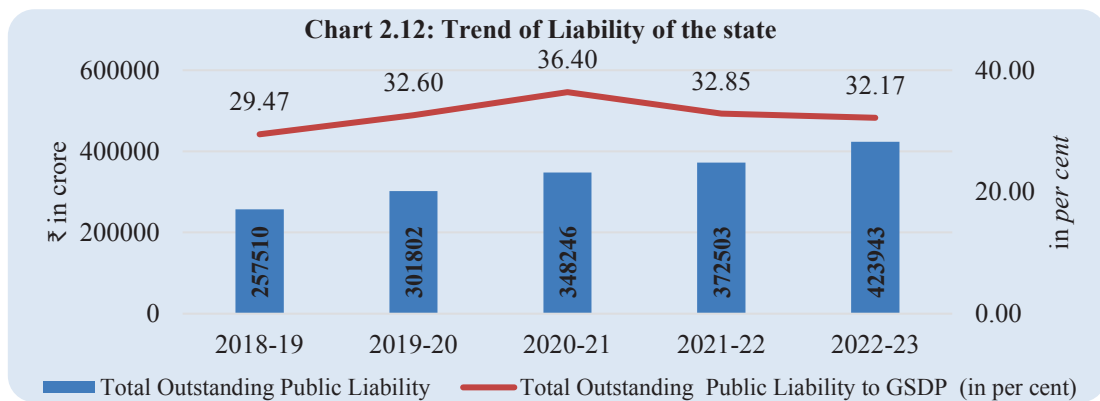
Status of State Compensatory Afforestation Fund:

In terms of Compensatory Afforestation Act, 2016 Government of Andhra Pradesh established State Compensatory Afforestation Fund under Major Head 8121-General and other Reserve Funds – Minor Head 129 State Compensatory Afforestation Fund in the Public Account section (Part III of Government Accounts). During 2022-23, the State Government did not receive any amount towards compensatory afforestation activities and hence transfer to the Fund is nil. It was observed that the State Government did not provide any amount towards interest on the outstanding balance of ₹ 1,552.37 crore during 2022-23.

2.7 Liability Management

Management of State's Liability is the process of establishing and executing a strategy for managing the Government's liabilities 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 any other annual budget announcements.

The total outstanding liabilities of the State Government at the end of 2022-23 was ₹ 4,23,943 crore⁴⁰. The trend of outstanding public liability and ratio of debt to GSDP during the period 2018-19 to 2022-23 is shown in **Chart 2.12**.



Source: Finance Accounts of respective years; **Note:** Total Outstanding Public Liability during 2021-22 excludes an amount of ₹ 5,583 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources;

2.7.1 Liability profile

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

⁴⁰ Outstanding Public Liability excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

The breakup of total liability during the period 2018-19 to 2022-23 are shown in **Table 2.39** and in **Chart 2.13**.

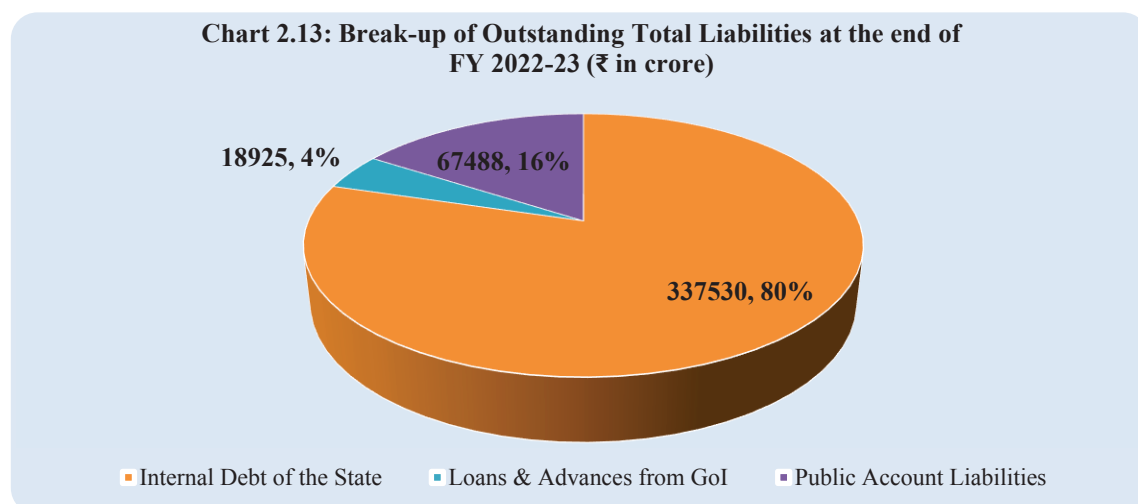
Table 2.39: Component wise Liability trends

	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Total Liabilities (₹ in crore) (A)+(B)	2,57,510	3,01,802	3,48,246*	3,72,503*	4,23,943*
Public Debt (₹ in crore) (A)					
Internal Debt	1,83,274	2,15,617	2,56,088	2,91,951	3,37,530
Loans from GoI	10,223	10,942	11,860	12,089	18,925
Public Account Liabilities (₹ in crore) (B)	64,013	75,243	80,298	68,463	67,488
Off-Budget Borrowings (OBB)	NA	77,586	1,12,115	1,18,393	1,28,048
Rate of growth of outstanding liabilities (in per cent)	15.11	17.20	15.39	6.97	13.81
Gross State Domestic Product (GSDP) (₹ in crore)	8,73,721	9,25,839	9,56,788	11,33,837	13,17,728
Liability/GSDP (in per cent)	29.47	32.60	36.40	32.85	32.17
Liability/GSDP (in per cent) including OBB	NA	40.98	48.12	43.30	41.89
Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)					
Total Receipts (₹ in crore) (a)	1,36,084	1,57,859	2,13,050	1,65,877	1,63,370
Total Repayments (₹ in crore) (b)	97,940	1,13,197	1,64,296	1,38,347	1,11,931
Net funds Available (₹ in crore) (a-b)	38,144	44,662	48,754	27,530	51,439
Repayments/Receipts (in per cent)	71.97	71.71	77.12	83.40	68.51

Source: Finance Accounts of respective years; * Outstanding Total Liabilities excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources; NA: Not Available.

The outstanding total liabilities of the State increased by 64.63 per cent (₹ 1,66,433 crore) from 2018-19 to 2022-23. Public Debt of the State increased by 84.22 per cent (₹ 1,62,958 crore) during the period 2018-19 to 2022-23 wherein Internal debt increased by 84.17 per cent (₹ 1,54,256 crore) and Loans from GoI increased by 85.12 per cent (₹ 8,702 crore).

Component-wise break-up of outstanding total liabilities is shown in **Chart 2.13**.

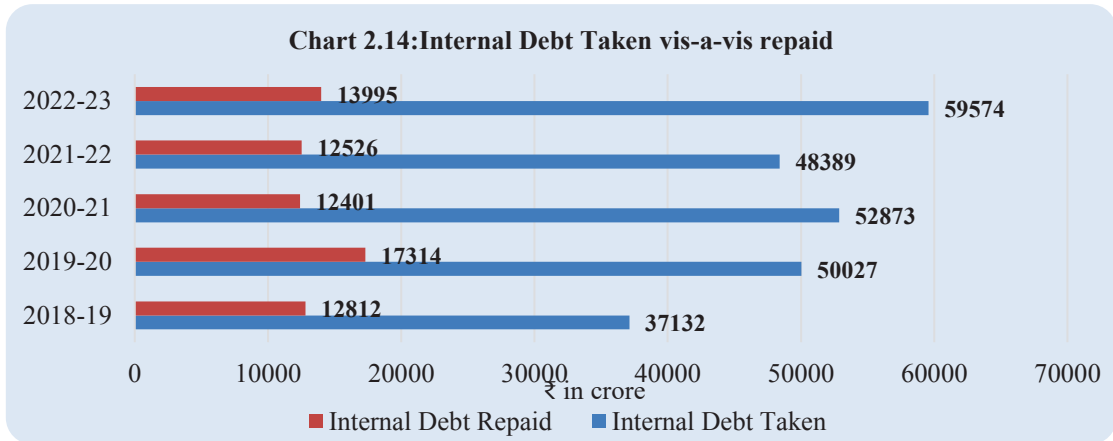


Source: Finance Accounts of 2022-23; **Note:** Outstanding Total liabilities excludes an amount of ₹ 5,583.19 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

2.7.1.1 Internal Debt

Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), loans from financial institutions and special securities issued to NSSF, accounts for 80 *per cent* of the outstanding total liabilities.

The details of receipt and repayment of internal debt during the years 2018-19 to 2022-23 are shown in **Chart 2.14**.



Source: Finance Accounts of respective years

As on 31 March 2023, market borrowings (₹ 3,11,235 crore) constituted a major portion (92.21 *per cent*) of the outstanding internal debt (₹ 3,37,530 crore) of the State Government, with interest rates ranging from 5.00 to 13.99 *per cent*. State Government paid an interest of ₹ 23,670.21 crore on Internal Debt. From the year 2018-19 to 2022-23, the borrowings under Internal Debt have increased by ₹ 1,54,256 crore (84.17 *per cent*).

Retention of loan and subsidy amounts released by National Cooperative Development Corporation (NCDC).

National Cooperative Development Corporation had released an amount of ₹ 385.71 crore⁴¹ for implementation of Integrated Cooperative Development Project (ICDP) and Small Ruminant Development during the period 2017-18 to 2022-23.

It was observed that out of the amount of ₹ 385.71 crore, an amount of ₹ 38.58 crore only was transferred to Cooperatives (Implementing agencies) and the balance amount of ₹ 347.13 crore was retained by the State Government. The retention of loan and subsidy amounts would retard the progress of implementation of the schemes.

2.7.1.2 Loans from GoI

Loans from GoI (₹ 24,508.31 crore) accounted for 5.71 *per cent* of the total outstanding liability as on 31 March 2023. During 2022-23, State Government received an amount of ₹ 8,410.67 crore from GoI and paid an interest of ₹ 493.82 crore at interest rates ranging from 7.00 to 13.99 *per cent*.

Out of the total loan availed, an amount of ₹ 5,583.19 crore (₹ 2,311 crore for the year

⁴¹ Loan amount: ₹ 332.35 crore and Subsidy: ₹ 53.36 crore.

2020-21 and ₹ 3,272.19 crore for the year 2021-22) has been released by GoI for shortfall arising out of GST implementation through issue of debt under a Special Window coordinated by Ministry of Finance⁴². GoI decided that GST compensation of ₹ 5,583.19 crore given to the State as back-to-back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

2.7.2 Per-capita liability

The per-capita liability of the State of Andhra Pradesh for the period 2018-19 to 2022-23 is as follows.

Table 2.40: Per-capita liability

Sl.No	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1	Total outstanding liabilities (₹ in crore)	2,57,510	3,01,802	3,48,246	3,72,503	4,23,943
2	Off Budget Borrowings (OBB) (₹ in crore)	NA	77,586	1,12,115	1,18,393	1,28,048
3	Population (in crore)	5.13	5.16	5.19	5.23	5.32
4	Per capita liability (in ₹)	50,157	58,441	67,485	71,224	79,689
5 = (1+2)/3	Per capital Liability after inclusion of OBB (in ₹)	NA	73,525	88,702	93,862	1,03,758

Source: Finance Accounts of respective years, Data from Economic Advisor and Information furnished by Finance Department, State Government PSUs, CFMS vouchers data for the year 2022-23 in respect of Off-Budget borrowings; *Note:* Total Outstanding Liabilities excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources; NA: Not Available.

It can be seen from the above table that per-capita liability of the State of Andhra Pradesh showed steady increase during the period 2018-19 to 2022-23 and stood at ₹ 79,689. However, after taking into account the OBBs of ₹ 1,28,048 crore to the end of 31 March 2023, per-capita liability works out to ₹ 1,03,758.

2.7.3 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters; Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

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

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

⁴² GoI's letter No.F.No.40(1) PF-S/2021-22 dated 10 December 2021.

Table 2.41 shows the debt sustainability of the State according to these indicators for the five-year period from 2018-19 to 2022-23.

Table 2.41: Trends in Debt Sustainability Indicators

(₹ in crore)					
Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Public Debt* (As on 31 st March of the year)	1,93,497	2,26,559	2,67,948	3,04,040	3,56,455
Rate of Growth of Outstanding Public Debt	14.64	17.09	18.27	13.47	17.24
GSDP	8,73,721	9,25,839	9,56,788	11,33,837	13,17,728
Rate of Growth of GSDP	11.14	5.97	3.34	18.50	16.22
Public Debt/GSDP	22.15	24.47	28.00	26.82	27.05
Public Debt Repayment	13,545	18,625	13,735	13,920	15,570
Average interest rate on Public Debt[#]	7.91	7.86	7.62	7.32	7.32
Interest Payment on Public Debt [^]	14,326	16,498	18,839	20,928	24,164
Revenue deficit (-)/surplus (+) without interest payment on public debt	427	-9,943	-16,702	12,317	-19,323
Revenue deficit due to interest payments on public debt (in per cent)	103.07	62.40	53.01	243.04	55.57
Percentage of Interest Payments on public debt to Revenue Receipts	12.49	14.86	16.08	13.90	15.32
Percentage of Public Debt Repayments to Public Debt Receipts	35.54	35.78	23.91	26.12	22.90
Net Public Debt available to the State[@]	10,241	16,934	24,861	18,436	28,251
Net Debt available as per cent to Debt Receipts	26.87	32.53	43.29	34.60	41.55
Primary deficit (-)/ Primary surplus (+)	-20,125	-22,034	-35,150	-2,848	-27,016
Quantum Spread	6,250	-4,282	-11,468	33,992	31,724
Debt Stabilisation (Quantum spread[§] + Primary Deficit)	-13,875	-26,316	-46,618	31,144	4,708

Source: Finance Accounts; Debt sustainability analysis includes transactions under MH-6003 and MH-6004.

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

[#]Average interest rate on public debt = Interest paid on public debt/((Opening balance of public debt + Closing balance of public debt)/2) in per cent; [@]Net public debt available to the State Government is calculated as excess of public debt receipts over public debt repayment and interest payment on public debt

[§]Quantum spread = Outstanding public debt*(GSDP growth rate – Average interest rate on public debt)

Note: Outstanding Debt excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

[^]Includes the amount repaid under MH 2049-01: Interest on Internal Debt and MH 2049-04: Interest on Loans and Advances from Central Government.

During the period 2018-19 to 2022-23, interest payments on Public Debt ranged between 53.01 per cent (2020-21) to 243.04 per cent (2021-22) of the Revenue Deficit. This was substantially high and shows that servicing of debt became major cause of Revenue Deficit.

The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 12.49 per cent and 16.08 per cent during the period 2018-19 to 2022-23, which was also high.

Higher the ratio of public debt repayments to public debt receipts, the greater the

proportion of debt utilised for debt servicing rather than productive expenditure. Ratio of public debt repayments to public debt receipts ranged between 22.90 per cent and 35.78 per cent during the period 2018-23, which depicts that substantial amount of the public debt was used for repayment of earlier debt leaving less space for application of borrowed funds for creation of capital assets.

In the five-year period from 2018-19 to 2022-23, the debt-GSDP ratio ranged between 22.15 per cent (2018-19) and 28.00 per cent (2020-21) mostly showed an increasing trend except during 2021-22. The primary deficit was negative throughout the five-year period and showed an increasing trend except during 2021-22 which was mainly due to lapsing of funds to the Consolidated Fund of the State

(B) An analysis on debt sustainability was carried out based on a study by E.D Domar⁴³ [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

g-r (g-real economic growth rate; r-real interest rate)	s < 0 (primary deficit)	s > 0 (primary surplus)
g-r > 0 (strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than zero	Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings
g-r < 0 (slow economic growth)	Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level	Undefined situation

The results of applying the above parameters in the case of State of Andhra Pradesh, are shown in **Table 2.42**

Table 2.42: Debt sustainability analysis based on Domar Model

Year	Real Growth (g)	Real interest (r)	g-r (Domar gap)	Primary Deficit (-) / Surplus (+) (₹ in crore)	Remarks
2018-19	5.36	6.81	-1.45	-20,125	As g-r<0 and s<0; Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.
2019-20	3.7	4.36	-0.66	-22,034	
2020-21	-2.48	-1.38	-1.1	-35,150	
2021-22	11.23	2.12	9.11	-2,848	As g-r>0 and s<0; Public debt as percentage of GSDP should converge to a stable level greater than zero.
2022-23	7.02	-0.79	7.81	-27,016	

Note: Real Growth rate calculated for GSDP at constant prices
Real interest rate is the nominal interest rate adjusted for inflation.

⁴³ Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

The debt sustainability analysis using Domar model was made considering the transactions under Public Debt *viz.*, MH 6003 and MH 6004. During the period from 2018-19 to 2022-23, the State had a primary deficit which ranged from ₹ 2,848 crore to ₹ 35,150 crore.

Domar gap (g minus r) remained negative during the period 2018-19 to 2020-21 and remained positive during the years 2021-22 and 2022-23. Thus, as per the Domar model analysis of Debt sustainability, it can be construed that the public debt would converge to a stable level greater than zero.

Domar gap ($g-r$) was negative during covid years (2019-20 and 2020-21). However, in post covid years, the Domar gap turned positive due to high growth in GSDP. Positive Domar gap due to high growth rate in post covid years may also be seen with reference to low base for comparison in previous year due to covid. Further, during 2022-23, Domar gap showed contraction over previous year from 9.11 to 7.81.

Further, the primary deficit also registered increasing trend from 2018-19 to 2020-21. During 2021-22, the primary deficit remained lower but increased drastically during 2022-23. Therefore, the trends of strong economic growth (expressed as $g-r > 0$) by only observing the Domar gap in 2021-22 and 2022-23 cannot be conclusively generalized.

However, an area of concern remains with the present debt position. Debt raised is not utilised for servicing its capital obligations but is used mainly for servicing its debt liabilities (68.51 *per cent*) and financing the revenue deficit (25.96 *per cent*). The fiscal deficit had been contained by compressing capital expenditure. Less expenditure on the capital sector may lead to decline in the real growth rate in the near future, in that case, as per the Domar model, the debt may increase indefinitely without converging to a stable level.

Moreover, other factors such as Public Account liabilities, Off-Budget borrowings and any other un-inventoried losses of revenue also have to be reckoned in assessing the debt sustainability / stability of the State as these cannot be determined statistically; they have not been factored in the analysis.

C) Details of the achievements *vis-a-vis* targets set in the FRBM Act are shown in **Table 2.43**.

Table 2.43: Achievements *vis-a-vis* targets set in the FRBM Act

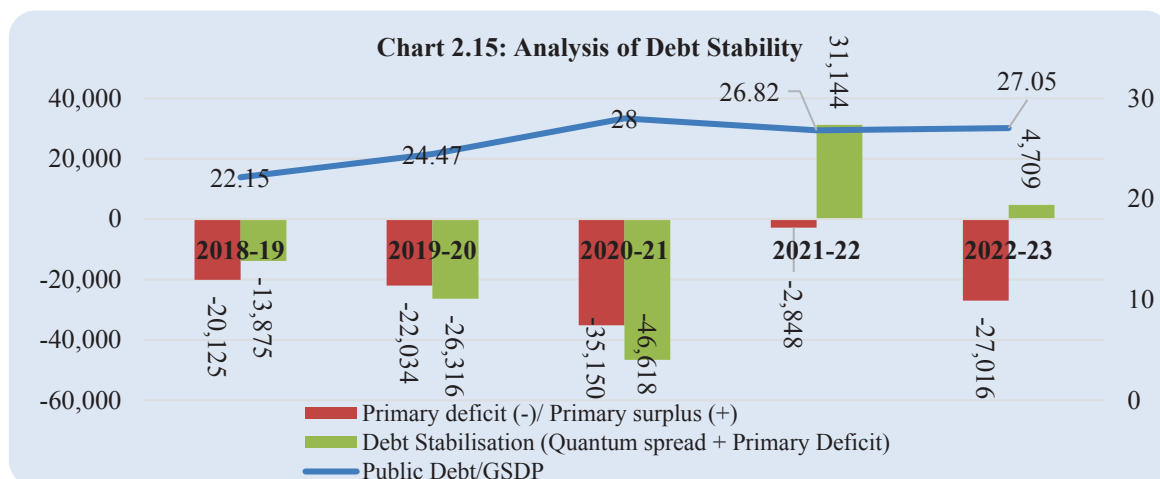
Fiscal Parameters		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-) / Surplus (+) (as percentage of GSDP)	Target	(-) 2.5	(-) 2.5	(-) 4.5	(-) 3.6	(-) 3.3
	Achievement	(-) 1.59	(-) 2.86	(-) 3.71	(-) 0.76	(-) 3.3
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Target	(-) 5	(-) 5	(-) 5	(-) 5	(-) 4.5
	Achievement	(-) 4.06	(-) 4.29	(-) 5.77	(-) 2.21	(-) 3.98
Ratio of total outstanding liabilities to GSDP (in per cent)	Target	35.00	35.00	35.00	35.6	36.30
	Achievement	29.47	32.60	36.40	32.85	32.17
Guarantees in terms of per cent of Revenue receipts of previous year	Target	90	90	90	180	180
	Achievement	47.06	58.58	82.25	100.74	92.24

Revenue deficit as a percentage of GSDP increased from 1.59 to 3.30 while outstanding liabilities as a percentage of GSDP increased from 29.47 to 32.17. Although, the outstanding liabilities/GSDP ratio remained within the targets fixed in the FRBM Act, it would exceed the target set for the year 2022-23, if the off-budget borrowings and unpaid liabilities were considered. The guarantees given by the State Government were within the limits prescribed in the FRBM Act during the period 2018-19 to 2022-23.

Further, the committed expenditure as a percentage of the revenue receipts increased from 57.45 per cent in 2018-19 to 64.62 per cent in 2022-23 resulting in the limited availability of revenue resources for other purposes.

Fiscal sustainability risk:

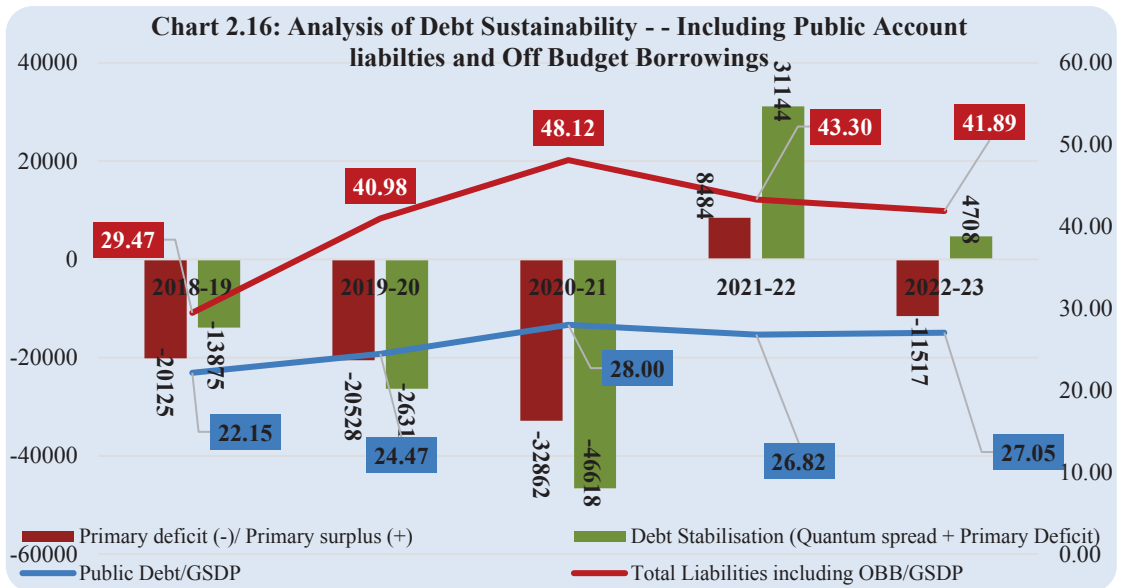
A necessary condition for debt stability states that if the rate of growth of GSDP exceed the interest rate of Public Debt, the debt-GSDP ratio is likely to be eventually falling and stable provided primary balances are either zero or positive or moderately negative. Thus, if quantum spread together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



As seen from the above chart, though the State of Andhra Pradesh has witnessed high growth in economy post COVID, the debt has also increased at the same pace resulting in increasing trend of Debt-GSDP ratio. With Debt-GSDP ratio mostly on increasing trend and with negative primary balances, the stability of Debt is unlikely.

Further, underreporting of expenditure and servicing of Off-Budget borrowings substantially through State’s resources leads to undue stress on future revenues of State and may eventually renders State Government’s debt unsustainable.

The fiscal position after including the Public Account Liabilities, Off Budget Borrowings which have been discharged through the revenues of the State is shown in **Chart 2.16**.



Note: For the year 2018-19, data on Off Budget borrowings were not available in this office.

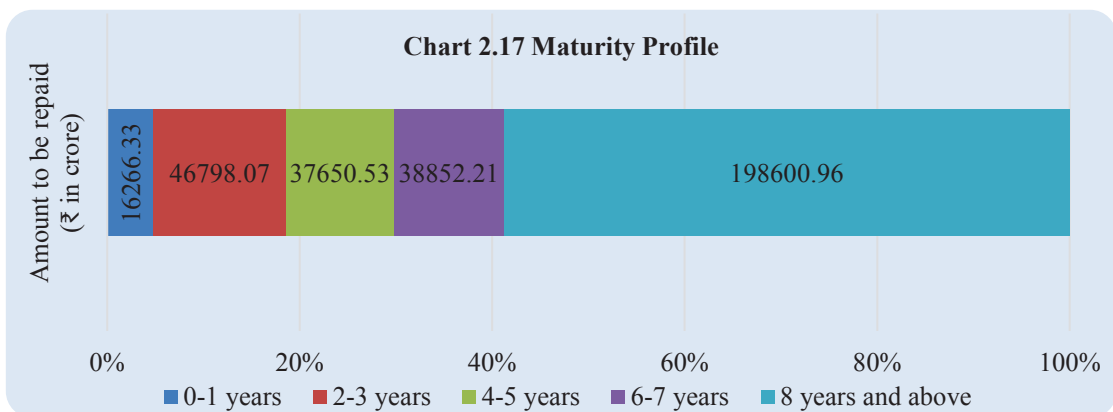
2.7.3.1 Debt Maturity profile

Debt maturity profile indicates commitment on the part of the Government for debt repayment or debt servicing in future years.

Table 2.44: Maturity Profile of State Debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public Debt)
0 – 1	16,266.33	4.56
2 – 3	46,798.07	13.13
4 – 5	37,650.53	10.56
6 – 7	38,852.21	10.90
8 years and above	1,98,600.96	55.70
Others ⁴⁴	18,364.85	5.15
Total	3,56,532.94	

Source: Finance Accounts 2022-23;



The maturity profile of debt as on 31 March 2023 indicated that State would have to repay 39.15 per cent of debt (₹ 1,39,567.14 crore) within the next seven years. State Government has to augment its revenue resources keeping in view the increasing

⁴⁴Payment schedule of this amount is not being maintained by the Accountant General (A&E). It includes loans taken from GoI as special assistance for shortfall in GST for which State will not be required to service the debt or to repay it from any other source

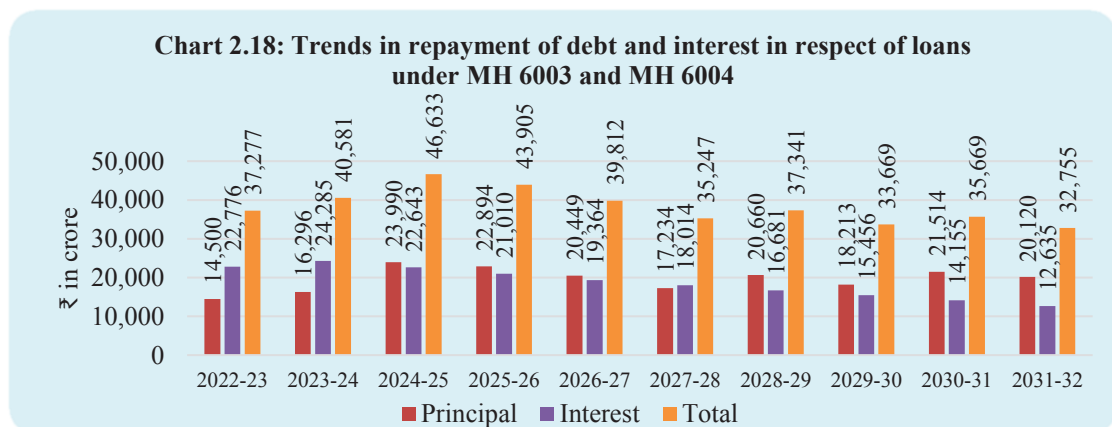
dependency on borrowed funds for financing revenue/current expenditure and formulate a debt management strategy. The issues on debt sustainability of the State are discussed in the subsequent paragraphs.

Table 2.45 and **Chart 2.18** show the year-wise repayment schedule during next 10 years of the Public Debt outstanding as on 31 March 2023.

Table 2.45: Repayment of Debt and interest

(₹ in crore)			
Year	Repayment of Debt	Interest to be paid	Total
<i>Repayment of principal from MH 6003 along with Interest</i>			
2022-23	13,985.53	22,697.86	36,683.39
2023-24	16,043.36	24,246.77	40,290.12
2024-25	23,885.88	22,625.30	46,511.18
2025-26	22,852.06	21,001.93	43,853.99
2026-27	20,424.27	19,359.27	39,783.54
2027-28	17,219.91	18,011.42	35,231.33
2028-29	20,654.34	16,680.50	37,334.83
2029-30	18,209.95	15,455.55	33,665.50
2030-31	21,513.54	14,154.44	35,667.99
2031-32	20,119.88	12,634.76	32,754.64
TOTAL (MH 6003)	1,94,908.72	1,86,867.79	3,81,776.51
<i>Repayment of principal from MH 6004 along with Interest</i>			
2022-23	514.85	78.57	593.41
2023-24	252.22	38.30	290.51
2024-25	104.56	17.72	122.28
2025-26	42.33	8.22	50.55
2026-27	24.24	4.33	28.58
2027-28	13.72	2.10	15.83
2028-29	5.56	0.84	6.40
2029-30	2.90	0.34	3.24
2030-31	0.45	0.08	0.53
2031-32	0.27	0.04	0.31
Back to Back loans	11,169.25	#	11,169.25
Total (MH 6004)	12,130.36	150.54	12,280.90
Grand Total	2,07,039.08	1,87,018.33	3,94,057.41

Source: Information furnished by O/o PAG (A&E); # Regarding the Back to Back loans repayments along with interest details are maintained by M/o Finance and subsequently, book adjustments are made in O/o PAG (A&E) in the same month.



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

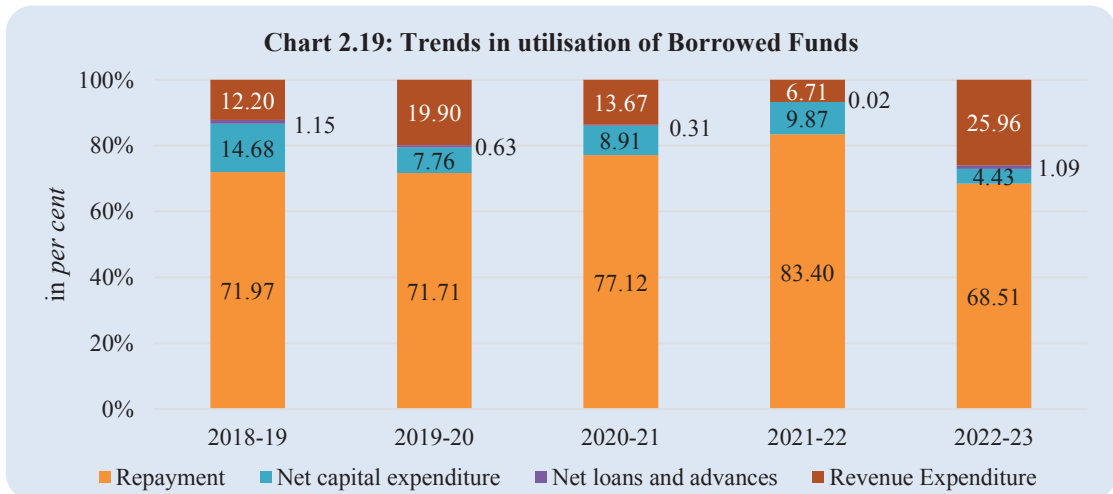
It can be seen from the above chart that on the outstanding public debt to the end of 31 March 2023, the liability on account of public debt will attain its peak during the year 2024-25 and an amount of ₹ 46,633 crore is to be provided for meeting the debt servicing obligations. Though the trend of liability showed a gradual decline from 2024-25 onwards (except during the years 2028-29 and 2030-31), it may not remain static and may show increasing trend due to States' continued dependence on Open Market Borrowings as well as probable receipts on account of Back-to-Back loans from GoI.

2.7.3.2 Application of borrowed funds

The trends in application of borrowed funds are depicted in **Table 2.46** and **Chart 2.19**.

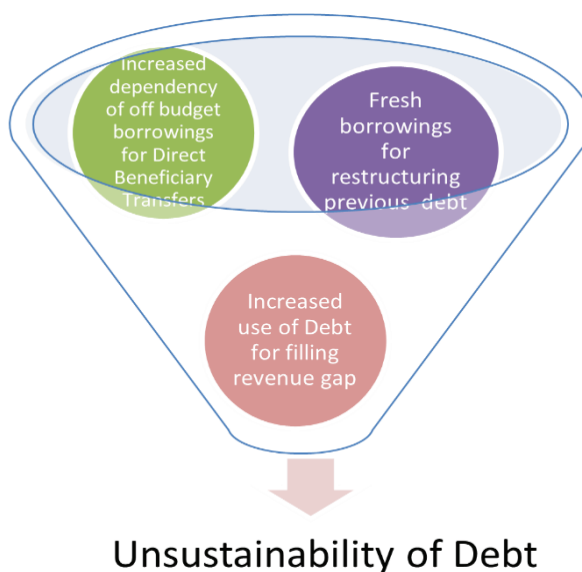
Table 2.46: Trends in utilisation of borrowed funds

Year	₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Total Borrowings (a)	1,36,084	1,57,859	2,13,050	1,65,877	1,63,370
Repayment of earlier borrowings (Principal) (per cent) (b)	97,940 (71.97)	1,13,197 (71.71)	1,64,296 (77.12)	1,38,347 (83.40)	1,11,931 (68.51)
Net capital expenditure (Per cent) (c)	19,976 (14.68)	12,242 (7.76)	18,975 (8.91)	16,373 (9.87)	7,244 (4.43)
Net loans and advances (d)	1,566	1,001	652	28	1,777
Portion of Revenue expenditure met out of net available borrowings (a)-{(b)+(c)+(d)}	16,602	31,419	29,127	11,129	42,418
Interest Payments	15,342 (11.27)	17,653 (11.18)	20,018 (9.40)	22,165 (13.36)	25,492 (15.60)



Source: Finance Accounts of respective years

During the period 2018-19 to 2022-23, the borrowed funds were mostly utilised for debt repayment and filling the gap of Revenue account, which reduces the productivity of the borrowed funds. If the Off Budget Borrowings are taken into account, the stress on the finances of the State for repayment of debt will be substantial and may lead to unsustainability of debt in future years.



- a. As per the targets fixed by AP FRBM Act for the year 2022-23, the Outstanding Debt shall not be more than 36.30 *per cent* of GSDP. The Outstanding Debt-GSDP ratio of the State Government was within the target *viz.*, 32.17 *per cent* as of 31 March 2023.
- b. During the five-year period 2018-19 to 2022-23, the Debt to GSDP ratio has shown fluctuating trend. Audit observed that the State Government resorted to borrowings through PSUs *viz.*, Corporations/PSUs/SPVs. In majority of the cases, the debt servicing for these loans is being done through either budgetary support or escrowing of revenue receipts. The issue of off-budget borrowings is discussed in the paragraph 2.7.5. If the off-budget borrowings (which are 9.72 *per cent* of GSDP) and other committed liabilities are also taken into account, the Liability/GSDP ratio is 43.99 *per cent* of GSDP which exceeded the targets fixed for the year 2022-23 by 7.69 *per cent*.
- c. Ratio of Interest payments to Revenue Receipts has shown increased trend from 2018-19 to 2022-23 (except during the year 2021-22). Predominant part of borrowed funds is utilised for interest payments, thereby curtailing the scope of utilisation of the borrowed funds for capital expenditure.
- d. During the period 2018-19 to 2022-23, approximately 75 *per cent* of borrowed funds were utilised for repayment of debt which indicated the State's increased dependence on borrowed funds primarily for discharging the debt servicing obligations rather than for capital assets creation. Unless the borrowed funds are utilised for revenue augmentation through creation of capital assets/capital formation, the debt of the State Government may become unsustainable and in the long run, the chances of State Government falling into debt trap could not be ruled out.

As per the Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for capital expenditure. Borrowed funds should ideally be used to fund capital creation and

developmental activities. The utilisation of borrowed funds for meeting current expenditure and repayment of interest on outstanding debt renders the debt being unsustainable.

In 2022-23, which was the second year of the XV Finance Commission period, the State Government was not able to reduce the revenue deficit and relied on borrowed funds for financing its current expenditure.

Apart from Public Debt, the State Government through various Corporations /PSUs/SPVs raised funds as off budgetary borrowings from banks/debentures outside the ambit of FRBM Act to implement State welfare schemes which further increased the debt burden on the State Government. These issues are discussed in the succeeding paras.

State Government replied that the State could manage debt servicing during the very difficult periods of less revenues and higher debt imposed on the State due to State bifurcation, coupled with the unprecedented impact of the COVID-19 pandemic.

Further, it has also replied that, the GSDP had grown at 16.22 per cent and own revenues at 9.8 per cent in 2022-23. Therefore, it may not be difficult to service the debt in future as well.

The following facts should be taken into consideration while assessing the sustainability of debt.

Revenue Expenditure increased by 26.45 per cent whereas there was an increase of 4.79 per cent in Revenue Receipts. The gap in Revenue account is met from the borrowings of the State. Capital Expenditure which has high multiplier effect in revenue generation than the Revenue Expenditure decreased by 55.75 per cent over the previous year. Revenue Deficit grew by 405.02 per cent which has been financed by Public Debt to a larger extent. State of Andhra Pradesh extended guarantees with budgetary support for certain corporations and financed Capital Expenditure through the borrowings of these Corporations viz., APWRDC, APRDC etc., which created additional burden on State exchequer on account of repayment obligation. State Government has been implementing welfare schemes through the borrowings raised by APSDC and APSBCL and given guarantee for an amount of ₹ 37,000 crore to the end of 31 March 2023. The repayments are being met through escrowing/assignment of revenues (in respect of APSDC)/income (Special Margin Money and others in respect of APSBCL) due to which the revenue was foregone.

In addition to the regular principal and interest payments for Public Debt and Public Account liabilities there was an additional burden on State Exchequer on account of the repayment of borrowings of PSUs for which State Government gave unconditional and irrevocable guarantees through budgetary support and the details were shown in **Table 2.45**. Due to the above scenario there was increase in the Interest payments (IP) to Revenue Receipts (RR) ratio. The committed expenditure⁴⁵ constitutes 50.66 per cent

⁴⁵ Salaries and Wages, Interest Payments and Pensions

of total revenue receipts and is increasing at an average of 11 *per cent* every year.

Hence, audit is of the opinion that, though the Own Revenues are increasing at nine per cent, interest payments and other committed expenditure were increasing at a pace higher than the growth rate of revenue receipts with the additional stress on State revenues created on account of Off Budget borrowings. This may have adverse impact on allocation of funds for Capital Expenditure and result in higher revenue deficits in future. During 2022-23, 68.51 *per cent* of the borrowed funds were applied for repayment of previous debt. Hence, all the above instances indicate the debt of the State unsustainable.

2.7.4 Off-Budget Borrowings

As per Section 2(1) of AP FRBM Act as amended from time to time the liabilities of the State include:

- (i) Liability on Consolidated Fund of the State i.e., Internal debt of the State (market loans, Ways and Means Advances from RBI, Special securities issued to NSSF and loans from financial institutions *etc.*), loans and advances from the Central Government
- (ii) Public Account liabilities of the State and
- (iii) Borrowings by the Public Sector Undertakings, Special Purpose Vehicles and other equivalent instruments including guarantees where the principal and/ or interest are to be serviced out of the State budgets.

As per Section 10(3) (Measures for Fiscal Transparency) of the FRBM Act, whenever the State Government undertakes to unconditionally and substantially repay the principal amount and/ or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

During 2022-23, an amount of ₹ 15,499.41 crore was spent for repayments on account of off-budget borrowings. The outstanding liability on account of OBBs of the State Government were ₹ 1,28,047.52 crore to the end of 31 March 2023 and the details are shown in **Table 2.47**.

Table 2.47: Off-Budget Borrowings to the end of March 2023

(₹ in crore)

Sl. No.	Institution	Borrowings by institution as of March 2023	Guarantee provided by Government as of December 2022	Funds provided (in the form of grants) by Government for payment of interest / repayment of loan during 2022-23	Amount considered as OBB as of March 2023
Entities which do not have source of revenue and the borrowings are being repaid by State Government through Budgetary Support					
1	AP Township and Infrastructure Development Corporation	5,263.50	7,277.20	861.87	5,263.50
2	AP State Housing Corporation Limited	3,547.25	4,133.21	474.69	3,547.25

Sl. No.	Institution	Borrowings by institution as of March 2023	Guarantee provided by Government as of December 2022	Funds provided (in the form of grants) by Government for payment of interest / repayment of loan during 2022-23	Amount considered as OBB as of March 2023
3	AP Airport Development Corporation (Bhogapuram Airport and Orvakallu Dagadarthi Airport)	844.61	1,054.00	171.45	844.61
4	AP State Development Corporation	21,450.00	25,000.00	3,740.61	21,450.00
5	AP Capital Region Development Authority	3,955.00	16,600.00	200.00	3,955.00
6	AP Road Development Corporation	5,266.37	6,158.53	856.88	5,266.37
7	Rythu Sadhikara Samstha	805.59	2,000.00	147.08	805.59
8	AP Water resources Development Corporation	8,684.09	19,677.00	1,171.41	8,684.09
9	AP Power Finance Corporation	13,901.19	18,126.33	2,421.54	13,901.19
Entities which have source of revenue, but the borrowings are being repaid by State Government through Budgetary Support					
10	AP Drinking Water Supply Corporation	640.00	640.00	48.75	640.00
11	AP Fibernet	191.58	300.00	125.54	191.58
12	AP DISCOMs including APPCC	26,466.24	31,194.92	1,670.65	26,466.24
13	AP Industrial Infrastructure Corporation	1,664.48	2,000.00	0.00	1,664.48
14	AP State Civil Supplies Corporation Limited (Subsidy)	35,100.00	32,000.00	3,568.93	35,100.00
15	MARKFED	267.62	850.00	40.00	267.62
Total		1,28,047.52	1,67,011.69	15,499.41	1,28,047.52

Source: Information furnished by Finance Department, State Government PSUs, CFMS vouchers data for the year 2022-23 (September 2023).

Government of Andhra Pradesh did not disclose the details of OBBs in the budget documents. The overall liability of the State including the OBBs outstanding as on 31 March 2023 was ₹ 5,51,991 crore (₹ 4,23,943 crore⁴⁶ and ₹ 1,28,048 crore) and this constituted 41.89 per cent of GSDP.

The OBBs of the State Government will have the effect of bypassing the Net Borrowing Ceiling (NBC) of the State. Further, the State Government has reported⁴⁷ its off-budget borrowings as ₹ 35,114 crore to Government of India for computing the Net Borrowing Ceiling for the year 2023-24. Post Audit it was observed that, the actual off budget borrowings were ₹ 1,28,048 crore and considering the off-budget borrowings of the State, the liabilities exceeded the targets fixed under APFRBM Act.

⁴⁶ Total Outstanding Liabilities excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

⁴⁷ Vide letter No.FIN01-BUGT0DSM/2/2023-CDM (C.NO.2035604) dated 17 April 2023

Non-disclosure of such liabilities in budget documents renders the financial position of the State Government opaque. If the State Government increasingly resorts to OBBs, the liabilities of the State may increase substantially over a period time and limit the State Government’s capacity for allocation of funds for other development expenditure or overcoming the revenue and fiscal deficits.

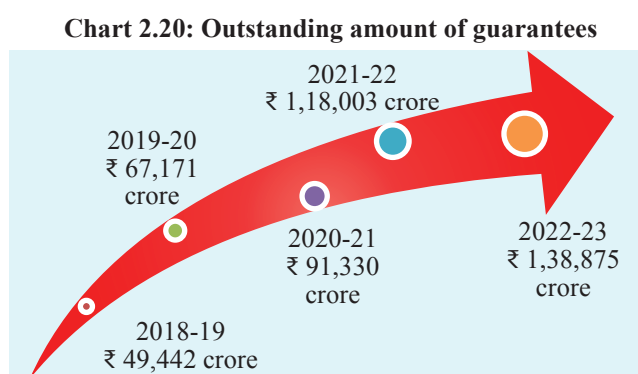
State Government replied that it has disclosed all the borrowings made by the corporations with government guarantees as part of budget documents Vol. V/2.

The reply of the State Government is not acceptable due to the fact that as per Section 10(3) of APFRBM Act, whenever the State Government undertakes to unconditionally and substantially repay the principal amount and/or pay the interest of any separate legal entity, it has to reflect such liability as the borrowings of the State.

The budget document Volume V-2 depicts the status and information regarding the Guarantees issued by Government of Andhra Pradesh to various PSUs/Other entities on calendar year basis viz., January to December. The State Government did not disclose the liabilities on account of borrowings of PSUs and other entities (entity wise information) for which unconditional guarantee with repayment of principal and interest was provided by the State Government which affects the transparency of accounts of the State Government.

2.8 Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended. The trends of outstanding Guarantees during the years 2018-19 to 2022-23 is shown in **Chart 2.20**.



As per the FRBM Act, State Government is committed to limit the amount of annual incremental risk weighted guarantees to 180 per cent of the total revenue receipts in the year preceding the current year and were within the limits.

Source: Finance Accounts of respective years

Table 2.48: Ceiling vis-à-vis actual Guarantees

Guarantees	(₹in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Ceiling applicable to the annual incremental risk weighted guarantees (90 per cent of the total revenue receipts in the year preceding the current year) up to the year 2020-21 and 180 per cent to the revenue receipts of the previous year from 2021-22	94,556	1,03,204	99,931	2,10,845	2,70,994
Actual amount of outstanding guarantees	49,442	67,171	91,330	1,18,003	1,38,875

Source: Finance Accounts of respective years and AP FRBM Act; Note: Guarantees position of the state represents to the end of December of that year.

The outstanding guarantees to the end of the year 2022-2023 increased by ₹ 20,872 crore over the previous year. The increase in guarantees was majorly due to extension of guarantees to AP DISCOMs including AP Power Coordination Committee (by ₹ 9,382.38 crore) and A.P. State Beverages Corporation Ltd. (by ₹ 8,189.75 crore) by the State Government.

As per the State Government orders⁴⁸ (September 2003), Guarantee commission is to be charged at 0.5 *per cent* per annum or two *per cent* consolidated for the entire guarantee period. During 2022-23, State Government did not receive any guarantee commission against the receivable amount of ₹ 2,015.42 crore.

2.9 Management of Cash Balances

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

Table 2.49 depicts the cash balances and investments thereof by the State Government during the year.

Table 2.49: Cash Balances and their Investment

	(₹ in crore)	
	Opening balance on 01/04/2022	Closing Balance on 31/03/2023
(a) General Cash Balance		
Cash in Treasuries	--	--
Deposits with Reserve Bank	(-) 31.72	(-) 20.47
Deposits with other Banks	1.34	1.34
Remittances in transit – Local	--	--
Total	(-) 30.38	(-) 19.12
Investments held in Cash Balance investment account	1,773.12	936.50
Total (a)	1,742.74	917.38
(b) Other Cash Balances and Investments		
Cash with Departmental officers <i>viz.</i> , Public Works Department Officers, Forest Department Officers, District Collectors	1.03	1.03
Permanent advances for contingent expenditure with Departmental officers	1.64	1.66
Investment out of Earmarked Funds	10,580.54	11,405.26
Total (b)	10,583.21	11,407.95
Grand Total (a)+ (b)	12,325.95	12,325.33

Source: Finance Accounts 2022-23;

During 2022-23, the State Government maintained the minimum daily cash balance of ₹ 1.94 crore with the RBI for 24 days only out of 365 days.

During 2022-23, the State Government resorted to WMA, Special Drawing Facility and OD of ₹ 1,18,039.18 crore on 341 days to maintain its minimum cash balance (₹ 1.94

⁴⁸ G.O.Ms.No.446, Finance (DCM) Department dated 29 September 2003

crore) with the RBI and repaid an amount of ₹ 1,18,039.18 crore along with an interest of ₹ 148.60 crore. State Government needs to strengthen its cash management system in a manner that would obviate the need to resort to WMA/SDF/OD frequently and reduce its interest expenditure.

Cash Balances of the State Government at the end of the current year decreased by ₹ 0.62 crore from ₹ 12,325.95 crore in 2021-22 to ₹ 12,325.33 crore in 2022-23.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the Head '0049-Interest Receipts'. The net earnings on account of interest remained negative (₹ (-) 0.11 crore) during 2022-23 from State Government investments in GoI Securities and Treasury Bills which was due to rediscounting of treasury bills in advance.

Out of the investment of ₹ 11,405.27 crore in earmarked funds, ₹ 10,382.90 crore was invested in Consolidated Sinking Fund and ₹ 1,017.10 crore in Guarantee Redemption Fund as of 31 March 2023.

2.9.1 Cash Balance Investment Account

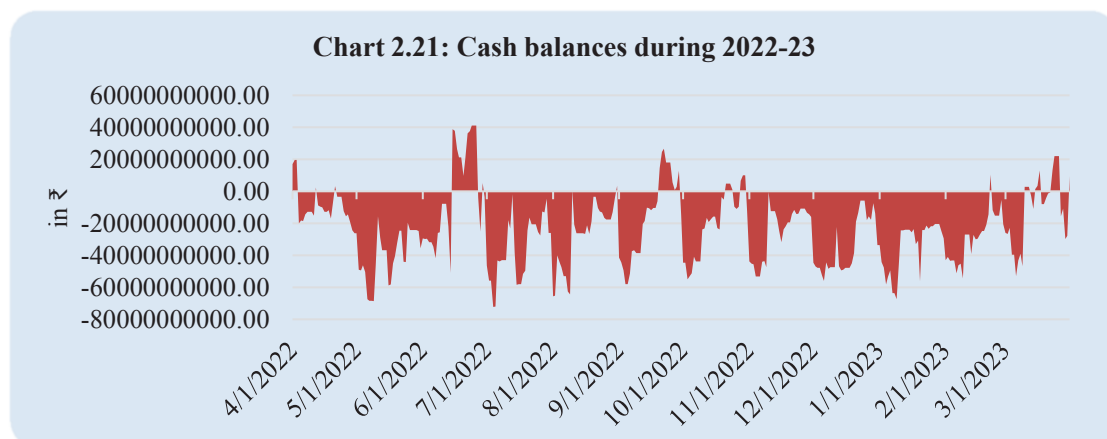
The details of Cash Balance Investment Account for the period 2018-19 to 2022-23 are shown in **Table 2.50**.

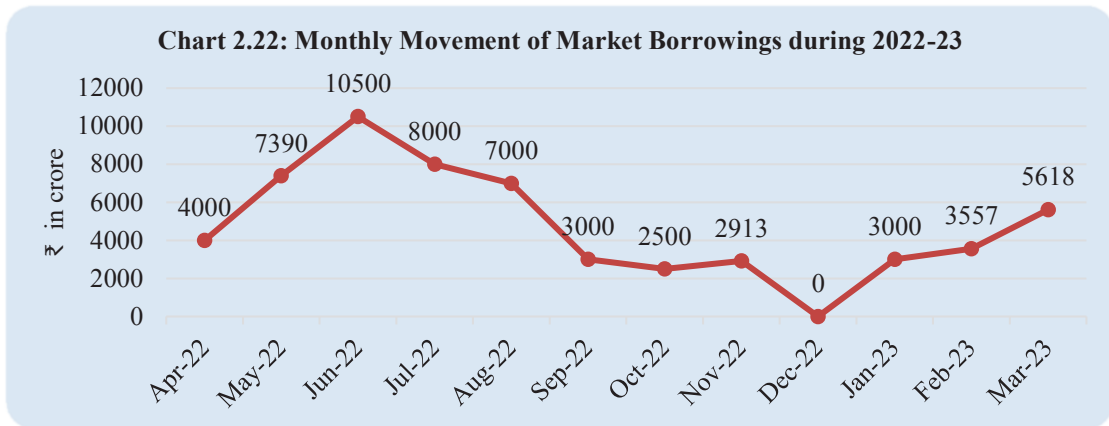
Table 2.50: Cash Balance Investment Account (Major Head-8673)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2018-19	0	0	0	15.30
2019-20	0	5,132.71	5,132.71	21.65
2020-21	5,132.71	745.82	(-) 4,386.89	3.61
2021-22	745.82	1,773.11	1,027.22	(-) 1.17
2022-23	1,773.11	936.50	(-) 836.61	(-) 0.11

Source: Finance Accounts 2022-23

Chart 2.21 shows the daily cash balance during 2022-23 of the State.





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

The above charts indicate that the negative cash balances led the State Government to resort to market loans as shown in **Chart 2.22** on several occasions during the year ranging from ₹ 2,500 crore (October 2022) to ₹ 10,500 crore (June 2022) as well as WMA throughout the year. During June 2022 the increase in cash balance was due to crediting of the proceeds on issue of debentures (₹ 8,305 crore) to the PD Account of APBCL on 16 June 2022.

2.10 Apportionment of balances between Andhra Pradesh and Telangana

As per the Andhra Pradesh State Reorganisation Act, 2014, the balances under Cumulative Capital Expenditure, Loans and Advances, Public Debt and the balances under Public Account are to be apportioned between Andhra Pradesh and Telangana States. The status of apportionment as on 31 March 2023 is as under (details are in **Appendix 2.2**):

- As of 31 March 2023, an amount of ₹ 1,51,349.67 crore under Capital Heads, ₹ 28,099.69 crore under Loans and Advances, ₹ 4,474.04 crore under Deposits and Advances, ₹ 238 crore under Suspense and Miscellaneous and ₹ 310.24 crore under Remittances was yet to be apportioned between the two States even after more than nine years of bifurcation/re-organisation of the State. The whopping amount under Capital Head pertains to Major Irrigation (₹ 87,707.44 crore) and Roads and Bridges (₹ 17,182.87 crore). Amount under Loans and Advances pertains primarily to loans for housing (₹ 13,182.17 crore).

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

2.11 Conclusion

The State witnessed an increase of 4.79 per cent in Revenue Receipts during the year 2022-23 as compared to the previous year mainly due to increase in Own Tax Revenue by 9.93 per cent and increase in State share of Union Taxes by 7.89 per cent.

Revenue Expenditure increased by 26.45 per cent during 2022-23. The increase in Salaries & Wages (by 22.43 per cent), Subsidies (by 56.61 per cent) and Grants to local

bodies and implementation of schemes (by 21.50 per cent) led to overall increase in Revenue Expenditure.

Capital Expenditure of the State Government constituted 3.45 per cent of total expenditure. As a proportion of GSDP, the Capital Expenditure was at five - year low during 2022-23 (0.55 per cent). When compared with the Budget Estimates (₹ 30,680 crore) of 2022-23, the actual capital expenditure was only 23.61 per cent of the projected amount. The Capital expenditure decreased by 55.76 per cent when compared to previous year and reduced by 63.74 per cent from 2018-19 to 2022-23.

Government of India released an amount of ₹ 6,105.56 crore in the form of interest free loan with a condition to utilise the funds on or before 31 March 2023 for the approved projects. However, due to non-furnishing of utilisation particulars by the State Government Audit could not vouchsafe the expenditure or ensure the utilisation of funds for intended purposes.

The share of capital expenditure (3.45 per cent of total expenditure) was significantly lower in the State when compared to General States average (13.48 per cent of total expenditure) despite the receipt of substantial amounts from GoI towards Capital Expenditure. This affects the physical capital formation with a cascading impact on economic growth in the long run.

Outstanding Liabilities of the state to the end of the year was ₹ 4,23,943 crore. The outstanding liabilities have increased by 13.81 per cent (₹ 51,440 crore) over the previous year and stood at 32.17 per cent of GSDP which was within the FRBM target of 36.30 per cent.

However, State Government has also a liability for off-budget borrowings of ₹ 1,28,048 crore and committed liability on account of pending payments of ₹ 27,630 crore to the end of the year 2022-23 which was not disclosed in its budget documents. Considering these liabilities, the total liabilities exceeded the FRBM target by 7.69 per cent of GSDP. This has an impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

Though the State of Andhra Pradesh has witnessed high growth in economy post COVID, the debt has also increased at the same pace resulting in increasing trend of Debt-GSDP ratio.

As the Debt-GSDP ratio is mostly on increasing trend and with negative primary balances, the stability of Debt is unlikely. Further, Off-Budget borrowings and underreporting of expenditure and deficits lead to undue stress on future revenues of State and also raise questions on the stability of debt.

2.12 Recommendations

1. State Government needs to make stringent efforts to mobilise additional revenue resources to fund its various socio-economic developmental schemes rather than financing its revenue expenditure through debt and off budget borrowings.

2. *Capital expenditure needs to be increased significantly for infrastructure creation to provide stimulus for economic growth.*
3. *State Government has to ensure that the debt servicing capacity of the institutions before providing guarantees / loans. Future guarantees / loans may be predicated on furnishing of the audited accounts of the concerned entities to whom guarantees are provided.*
4. *State Government should fully disclose the liabilities on account of loans taken through Special Purpose Vehicles/ Public Sector Undertakings/ Autonomous Bodies for which payment is made through budgetary support, to ensure transparency and accountability with regard to fund management and compliance with FRBM norms.*

3.1 Introduction

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

3.2 Budget Preparation Process

The annual exercise of budgeting details the roadmap for efficient use of public resources. The Budget process commences with the issue of the comprehensive instructions for preparation of Budget Estimates by the Finance Department.

The Government of Andhra Pradesh follows a bottom-up approach in budgeting. The process of budget preparation is broadly as follows:

- ❖ The budget estimates for receipts will be prepared based on the existing rates of taxes, duties and fees, *etc.* The arrears of collections which are likely to be collected in the current year will also be assessed.
- ❖ The budget estimates for expenditure includes administrative expenditure (Office Expenses, Vehicle Hire Charges *etc.*), schemes expenditure including Centrally Assisted State Plan Schemes (CSS), NABARD, Normal State plan Schemes, Works Expenditure.
- ❖ Estimating officers will furnish explanations for material variations between the Budget and Revised Estimates of the current year and the Budget Estimates for the ensuing year both under Receipts and Expenditure.
- ❖ The Administrative Departments of Secretariat will scrutinise the estimates of Departments under their control and forward proposals to the Finance Department for being presented to the State Legislature.

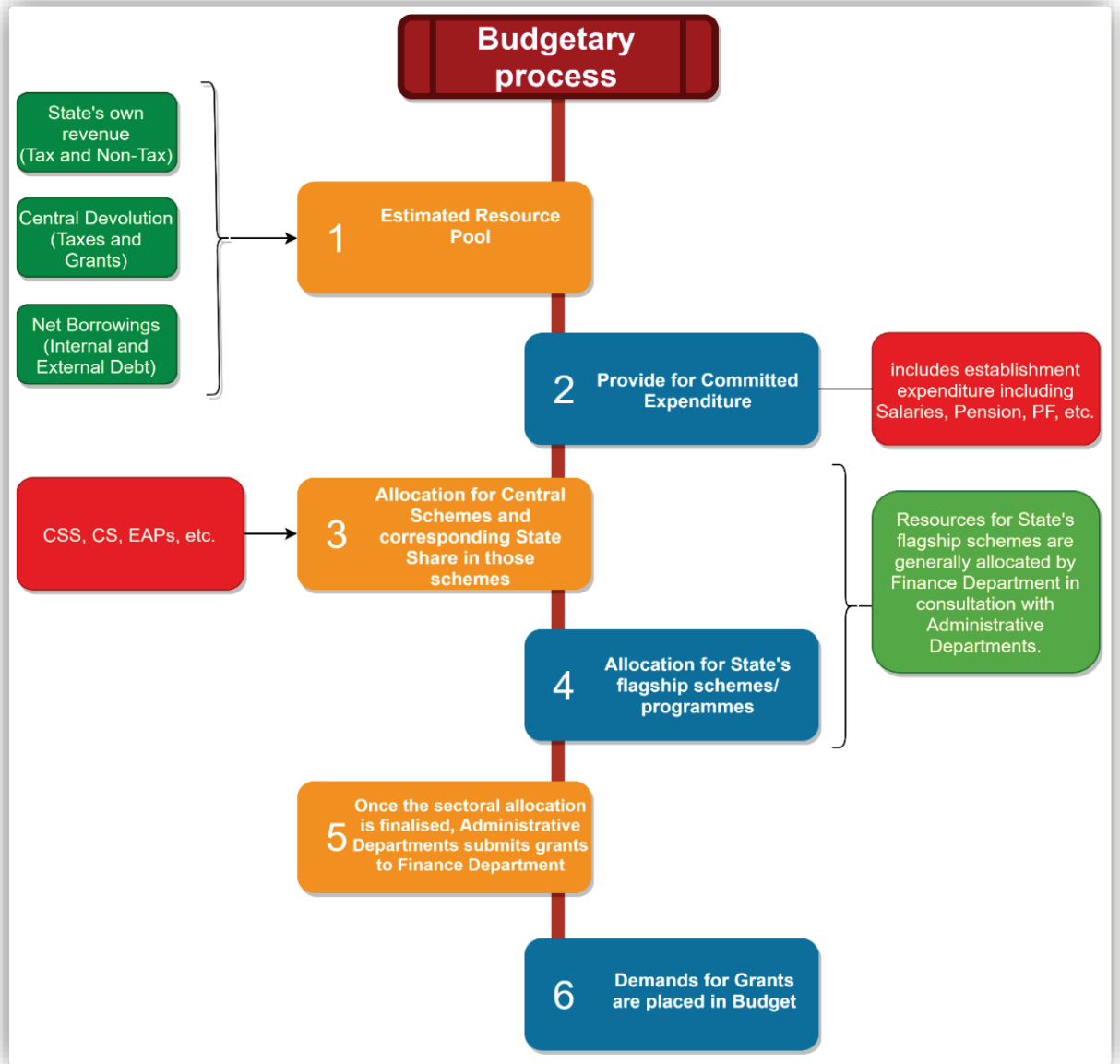
The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands for Grants/Appropriations. Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing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

Supplementary or additional Grant/ Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant⁴⁹/ Appropriation) under the same section⁵⁰ during the year.

⁴⁹ Grant means the amount voted by the Legislative Assembly in respect of a demand for grant

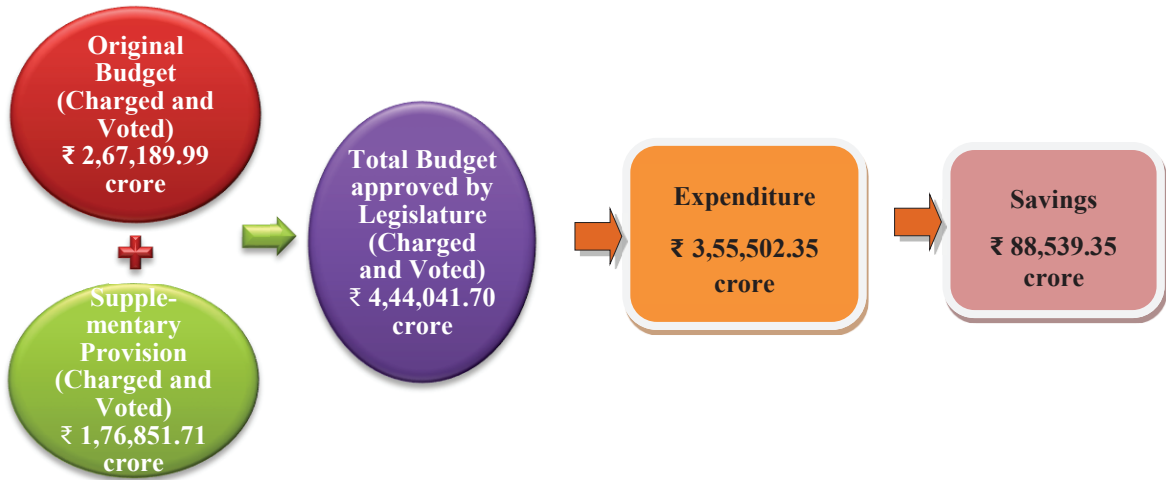
⁵⁰ Capital, Revenue or Loans

The budget preparation process in the State is given below:



The total amount approved by the State Legislature including the original and supplementary budgets, expenditure, and savings during the year 2022-23 is depicted in the *Chart 3.1*.

Chart 3.1: Summary of Budget and Expenditure of Andhra Pradesh for 2022-23



Approval by the Legislature

Implementation by the Government

Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts; **Note:** The supplementary provision includes an amount of ₹ 1,30,000.00 crore towards repayment of Ways and Means Advances.

3.3 Financial Accountability and Budget Review

The Finance Bill, Annual Financial Statement (Budget), and Demands for Grants are mandated by Articles 199, 202 and 203 of the Constitution of India respectively.

Article 199 of the Constitution of India deals with Money Bills. As per Article 202 of Constitution of India the Governor shall in respect of every financial year cause to be laid before the House or Houses of the Legislature of the State a statement of the estimated receipts and expenditure of the State for that year referred to as the “annual financial statement”. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the demand for grants are shown according to the accounting classification under Article 150 of the Constitution.

As per Article 203 and 204 of the Constitution of India, as soon as demands for grants have been made by the Assembly, a Bill is introduced to provide for the appropriation out of the Consolidated Fund of the State of all moneys required to meet (a) the grants so made by the Assembly; and (b) the expenditure charged on the Consolidated Fund of the State but not exceeding in any case the amount shown in the statement previously laid before the House or Houses. The expenditure charged on the Consolidated Fund of the State is not subjected to vote of the State Legislature.

Legislative authorisation is the *sine qua non* for incurring all expenditure by the State Government. Appropriation Bill is a Money Bill that allows the Government to withdraw funds from the Consolidated Fund of India to meet its expenses during a financial year. As per article 204 of the Constitution, the Government can withdraw money from the Consolidated Fund only after Legislative approval. The Supplementary Statement of Expenditure, in accordance with Article 205 of the Constitution, includes Appropriation

for (i) repayment to the Contingency Fund on account of advances authorised therefrom for incurring expenditure sanctioned by Government in anticipation of approval of the Legislature, (ii) additional provision required for items already provided in the budget estimates for the current year, (iii) 'new expenditure' which requires specific approval of the Legislature, and (iv) adjustment in account for which provisions are necessary. After approval of Legislature, the supplementary Statement of Expenditure becomes the Supplementary Grant.

Apart from a supplementary grant, re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation.

3.3.1 Gender Budget

Government of Andhra Pradesh adopted Gender Budgeting to mainstream gender in its planning and budgetary process. Gender Budget statement was classified into two Parts viz., Part A and Part B. During the year 2022-23, State Government allocated an amount of ₹ 55,015.20 crore under Part A and Part B.

Part A - reflects schemes where budget allocation was 100 *per cent* towards women and girls' beneficiaries. Under Part A, State Government allocated an amount of ₹ 27,697.57 crore (50.35 *per cent*) and majority of allocation was made for the schemes of Housing, School Education, Social Welfare and BC Welfare Departments, Society for Elimination of Rural Employment and Poverty (SERP) and Mission for Elimination of Poverty in Municipal Areas (MEPMA).

Part B reflects composite schemes where 30 to 99 *per cent* of the budget was allocated to women and girls' beneficiaries. The total number of schemes covered under Gender Budget were 49, out of which 17 schemes were under Part A and 32 schemes were under Part B. Under Part B, State Government allocated an amount of ₹ 27,317.63 crore (49.65 *per cent*) and majority of the schemes were under Agriculture, Health, Medical & Family Welfare Department, Women, Children, Differently Abled & Senior Citizens and Panchayat Raj & Rural Development Departments.

Out of 49 schemes under Gender Budget, 'YSR Pension Kanuka' scheme had the highest allocation of ₹ 10,620.00 crore.

3.3.2 Child Budget

Child Budgeting is a specifically targeted Public Finance Management (PFM) tool to integrate the concerns related to children in the policy planning and budgetary frameworks. Budgetary allocation and expenditure on children have been made by the State under various schemes and programs which reach children of different ages, either directly or indirectly.

The Child Budget statement was classified into two parts viz., Part A (100 *per cent* targeted towards child beneficiaries) and Part B (30 to 99 *per cent* of the budget was

allocated to child beneficiaries). The total number of schemes covered under Child Budget were 33 out of which 15 schemes were under Part A and 18 schemes were under Part B. During the financial year 2022-23, State Government allocated an amount of ₹ 16,903.17 crore under Child Budget.

State Government allocated a total amount of ₹ 13,117.69 crore (77.60 per cent of Child Budget) under Part A out of which major allocations were made to Women, Children, Differently Abled & Senior Citizens, School Education, Higher Education, Social Welfare Departments.

State Government allocated an amount of ₹ 3,785.48 crore (22.40 per cent Child Budget) under Part B and major allocations were made to Health, Medical & Family Welfare, Women, Children, Differently Abled & Senior Citizens and Food & Civil Supplies Departments.

Out of 33 schemes of Child Budget, Mana Badi – Nadu Nedu scheme had the highest allocation of ₹ 3,500.00 crore.

3.3.3 Outcome Budget

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

Government of Andhra Pradesh prepares an Outcome Budget every year, indicating the outputs expected to be achieved with regard to the outlays. However, while presenting the Budget for the year 2022-23 the State Government did not furnish the details of achievement of any of the performance parameters specified in the previous years' budget.

3.4 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of Grants voted and Appropriation Act passed under Articles 204 and 205 of the Constitution of India. These Accounts list the original budget provisions, supplementary grants, surrenders and re-appropriations distinctly. They also indicate actual Capital and Revenue Expenditure on various specified services, *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Thus, the Appropriation Accounts facilitate the understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions, and are, therefore, complementary to the Finance Accounts.

3.4.1 Audit of Appropriations

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorisation given under the Appropriation Act and that the expenditure required to be

charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during the year 2022-23 is depicted below:

3.4.2 Summary of total provisions and actual expenditure during 2022-23

The summarised position of actual expenditure during 2022-23 against 40 demands (97 grants/ appropriations) is given in **Table 3.1**.

Table 3.1: Position of actual expenditure vis-à-vis allocation for the year 2022-23
(₹ in crore)

Section	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Provision	Actual Expenditure	Savings (-) / Excess (+)	Surrender during March	
							Amount	Per cent
	1	2	3	4= (2+3)	5	6= (5-4)		
Voted	Revenue	1,97,061.93	37,709.83	2,34,771.76	1,85,054.10	(-)49,717.66	49,807.31	99.77
	Capital	30,995.49	7,169.70	38,165.19	9,327.48	(-)28,837.71	28,739.24	99.65
	Loans and Advances	1,045.55	1,824.89	2,870.44	1,772.63	(-)1,097.81	1,040.02	100
Total Voted		2,29,102.97	46,704.42	2,75,807.39	1,96,154.21	(-)79,653.18	79,586.57	99.73
Charged	Revenue	21,732.73	106.76	21,839.49	25,700.87	(+)3,861.38	104.61	100
	Capital	84.11	36.77	120.88	38.04	(-)82.84	82.84	100
	Public Debt Repayment	16,270.18	1,30,003.76	1,46,273.94	1,33,609.23	(-)12,664.71	12,664.82	100
Total Charged		38,087.02	1,30,147.29	1,68,234.31	1,59,348.14	(-)8,886.17	12,852.27	100
Grand Total		2,67,189.99	1,76,851.71	4,44,041.70	3,55,502.35	(-)88,539.35	92,438.84	99.77

Source: Appropriation Accounts of 2022-23. Note: The supplementary provision includes an amount of ₹ 1,30,000.00 crore towards repayment of Ways and Means Advances.

It can be seen from **Table 3.1** that for the year 2022-23, the total budget of the State Government was ₹ 4,44,041.70 crore and the gross expenditure was ₹ 3,55,502.35 crore leaving an overall gross savings of ₹ 92,400.73 crore and gross excess of ₹ 3,861.38 crore across all grants, which resulted in net savings of ₹ 88,539.35 crore.

There was savings in every head of account except for the Revenue 'Charged' section. The total savings in all the heads of account other than Revenue 'Charged' section was ₹ 92,400.73 crore and constituted 21.89 per cent of the allocation of ₹ 4,22,202.21 crore under those heads.

Public Debt repayments include an amount of ₹ 1,18,039.18 crore towards repayment of Ways and Means Advances obtained during 2022-23.

During the year 2022-23, the State Government incurred an expenditure of ₹ 3,278.98 crore in 26 cases (₹ one crore and above in each case) without any budget provision for which details are given in **Table 3.8**.

Efficient management of tax administration/other receipts and public expenditure holds the key for achievement of various fiscal indicators. Budgetary allocations based on

unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and internal controls lead to sub-optimal allocation among various developmental needs.

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

The summarised position of total budget provision, disbursement and savings/excess with its further bifurcation into voted/charged for the year 2022-23 is given in **Table 3.2**.

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

(₹ in crore)

Total Budget Provision		Disbursements		Savings (-) / Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
2,75,807.39	1,68,234.31	1,96,154.21	1,59,348.14	(-)79,653.18	(-)8,886.17

Source: Appropriation Accounts of 2022-23.

3.4.4 Charged and Voted disbursements

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

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

(₹ in crore)

Year	Disbursements		Savings (-) / Excess (+)	
	Voted	Charged	Voted	Charged
2018-19	1,42,964.84	88,697.50	(-)73,951.20	62,566.03
2019-20	1,51,423.04	97,213.02	(-)66,725.06	67,082.27
2020-21	1,65,857.11	1,38,416.87	(-)56,003.14	1,04,760.28
2021-22	1,75,750.73	1,42,701.30	(-)50,525.87	(-)3,467.97
2022-23	1,96,154.21	1,59,348.14	(-)79,653.18	(-)8,886.17

Source: Appropriation Accounts of respective years.

It was evident from the **Table 3.3** that in 'Voted' section persistent savings occurred during the entire five-year period from 2018-19 to 2022-23. In 'Charged' section, savings occurred in the second consecutive financial year also.

3.4.5 Budget marksmanship

3.4.5.1 Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and more than approved.

Table 3.4: Aggregate Budget Outturn

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*
Revenue	2,18,794.66	2,10,754.97	(-) 8,039.69
Capital	31,079.60	9,365.52	(-) 21,714.08
Total	2,49,874.26	2,20,120.49	(-) 29,753.77

*Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure.

In Revenue section, deviation in outturn compared with BE was (-) 3.67 per cent. This was due to deviation between 0 and ± 25 per cent in 26 grants, between ± 25 per cent to ± 50 per cent in seven grants, between ± 50 per cent to ± 100 per cent in six grants and equal to or more than 100 per cent in one grant.

In Capital section, deviation in outturn compared with BE was (-) 69.87 per cent. This was due to deviation between 0 and ± 25 per cent in two grants, between ± 25 per cent to ± 50 per cent in three grants, between ± 50 per cent to ± 100 per cent in 23 grants and equal to or more than 100 per cent in six grants. No Provision was, however, made in respect of one grant of the Capital section.

3.4.5.2 Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

Table 3.5: Expenditure Composition Outturn

(₹ in crore)					
Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference between RE & BE	Difference between Actual and RE*
(1)	(2)	(3)	(4)	(5) = (3)-(2)	(6) = (4)-(3)
Revenue	2,18,794.66	2,18,989.80	2,10,754.97	195.14	(-) 8,234.83
Capital	31,079.60	36,559.34	9,365.52	5,479.74	(-) 27,193.82
Total	2,49,874.26	2,55,549.14	2,20,120.49	5,674.88	(-) 35,428.65

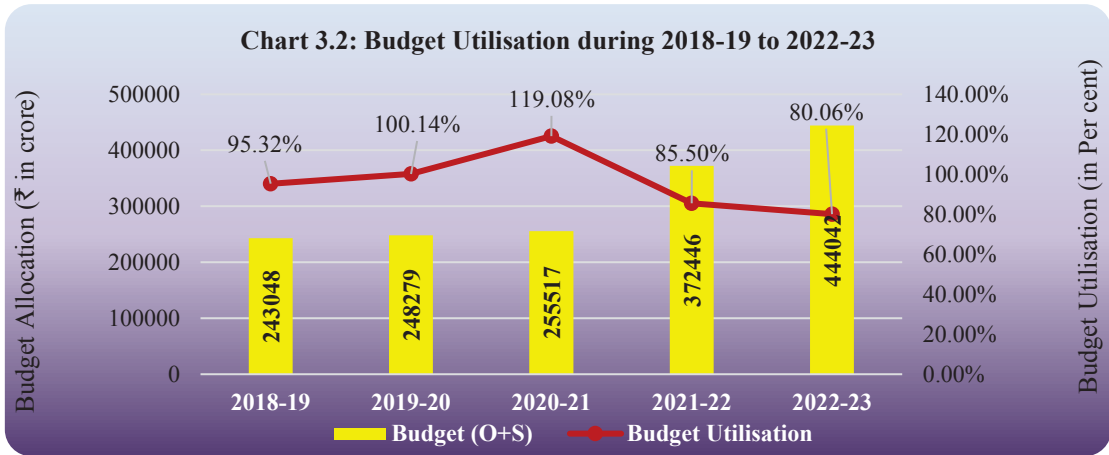
*Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure.

In Revenue section, deviation in outturn compared with RE was (-) 3.76 per cent. This was due to deviation between 0 and ± 25 per cent in 31 grants, between ± 25 per cent to ± 50 per cent in six grants, between ± 50 per cent to ± 100 per cent in one grant and equal to or more than 100 per cent in two grants.

In Capital section, deviation in outturn compared with RE was (-) 74.38 per cent. This was due to deviation between 0 and ± 25 per cent in 14 grants, between ± 25 per cent to ± 50 per cent in seven grants, between ± 50 per cent to ± 100 per cent in eight grants and equal to or more than 100 per cent in three grants.

3.5 Utilisation of Budgeted Funds

Utilisation of budgeted funds by the State during the five-year period from 2018-19 to 2022-23 is depicted in **Chart 3.2**.



Source: Appropriation Accounts of respective years

It can be seen from **Chart 3.2** that the utilisation of Budget provisions showed fluctuating trend during the period 2018-19 to 2022-23. The percentage of utilisation of Budget showed increasing trend during the period from 2018-19 to 2020-21 but registered declining trend during the years 2021-22 to 2022-23. The deviation of more than 14 to 19 *per cent* between the budget and its actual utilisation indicated that the projections made in the budget estimates in the years 2021-22 and 2022-23 were either unrealistic or inflated. The above figures have to be read in conjunction with the analysis given in paragraph 3.5.1.

Excess over budget provision occurred under repayment of Ways and Means Advances (WMA) during the years 2019-20 and 2020-21 which resulted in overall excess expenditure during those years. During the years 2018-19, 2021-22 and 2022-23, State Government has provided supplementary provision for repayment of WMA which mainly resulted in decline of excess expenditure over budget provision in those years.

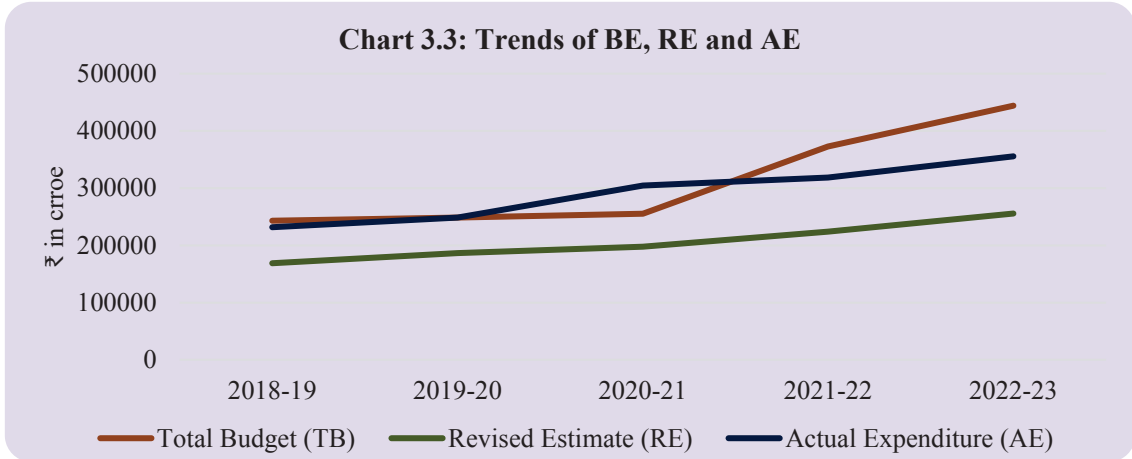
Trends in the original budget, revised estimate, actual expenditure for the period 2018-23 are given in **Table 3.6**.

Table 3.6: Original Budget, Revised Estimate and Actual Expenditure during 2018-23
(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Original Budget	1,93,924.00	2,32,387.00	2,28,734.45	2,34,657.40	2,67,189.99
Supplementary Budget	49,123.51	15,991.85	26,782.39	1,37,788.47	1,76,851.71
Total Budget (TB)	2,43,047.51	2,48,278.85	2,55,516.84	3,72,445.87	4,44,041.70
Revised Estimate (RE)	1,68,713.43	1,86,515.07	1,97,803.61	2,23,768.52	2,55,549.14
Actual Expenditure (AE)	2,31,662.34	2,48,636.06	3,04,273.98	3,18,452.03	3,55,502.35
Savings (-)/Excess (+)	(-)11,385.17	(+)357.21	(+)48,757.15	(-)53,993.84	(-)88,539.35
Percentage of supplementary to the original provision	25.33	6.88	11.71	58.72	66.19
Percentage of overall saving/excess to the overall provision	-4.68	0.14	19.08	-14.50	-19.94
TB-RE	74,334.08	61,763.78	57,713.23	1,48,677.35	1,88,492.56
RE-AE	(-)62,948.91	(-)62,120.99	(-)1,06,470.37	(-)94,683.51	(-)99,953.21
(TB-RE) as % of TB	30.58	24.88	22.59	39.92	42.45
(RE-AE) as % of TB	-25.90	-25.02	-41.67	-25.42	-22.51

Source: Annual Financial Statement and Appropriation Accounts of respective years.

It can be seen from **Table 3.6** that the supplementary provision of ₹ 1,76,851.71 crore constituted 66.19 per cent of original provision during 2022-23 which was the highest during the period 2018-19 to 2022-23. This was due to large supplementary provisions under repayment of ways and means under Public Debt Charged section which were discussed in **Para 3.8.1**.



It can be seen from **Chart 3.3** that during the period from 2018-19 to 2022-23, the Revised Estimates (RE) was lower than the Total Budget (TB) of the State. The gap between RE and TB was less during the period 2018-19 to 2020-21; but widened during the years 2021-22 and 2022-23. The increase was mainly due to provision for repayment of Ways and Means advances in the Supplementary Estimates.

Revised Estimates were lower than actual expenditure during the five-year period of 2018-23, the variation between the Revised Estimates and Actual Expenditure was higher in the year 2020-21.

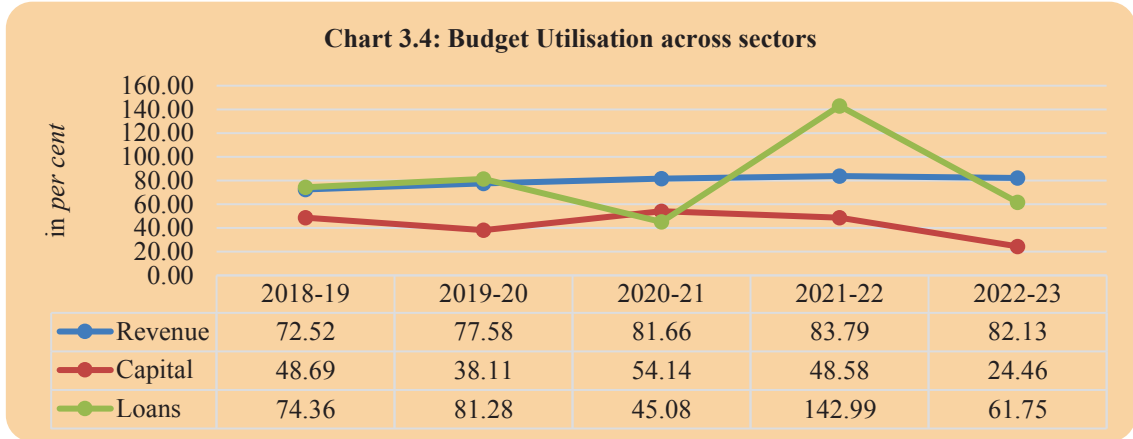
It can be seen from **Table 3.6**, that the variation between Total Budget and Actual Expenditure was minimum during the years 2018-19 and 2019-20. However, during the period 2020-21 to 2022-23, there was greater variation between the total budget and actual expenditure. This was due to huge provisioning of funds in the Budget Estimates for State Sponsored schemes and utilisation of funds available with the Corporations/State PSUs which resulted in inflated budget estimates as discussed in succeeding paragraphs. This also indicated that the estimating officers did not prepare the BEs on realistic basis as well as inadequate scrutiny at HODs level.

State Government replied that the Finance Department follows a rigorous exercise for preparation of budget estimates. All Departments are required to justify each budget proposal put forth by them. The Finance Department scrutinises each budget proposal in context of actual expenditure in the past five years under the same Head of Account. Thus, the budget estimates are kept close to the actuals of preceding years, except where proper justification is provided for higher allocation by respective Departments. Further, the variation between BE and actuals also arises because the flow of revenues does not always keep pace with expenditure obligations. As a result, some of the budgeted expenditure may not be incurred due to want of resources.

The reply of the State was not acceptable, as the majority of the savings during 2022-23 was due to meeting the State expenditure through the borrowings of State PSUs/Corporations as detailed in Para 3.5.1.2.

3.5.1 Budget Utilisation across sectors

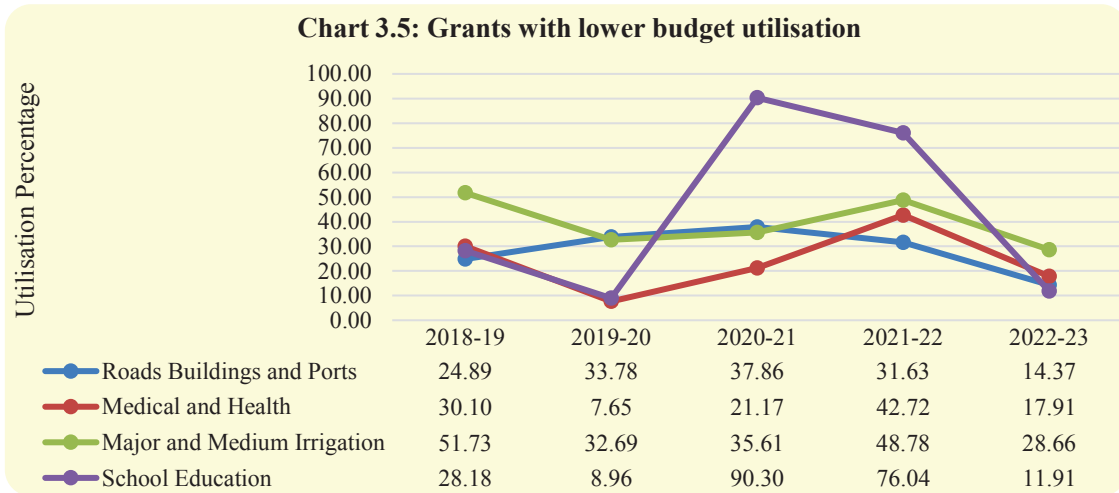
The percentage of Budget Utilisation across sectors for the five-year period from 2018-19 to 2022-23 is depicted in **Chart 3.4**.



It can be seen from **Chart 3.4** that under Revenue sector, the utilisation of budget showed increasing trend between 2018-19 to 2021-22 and there was marginal decline during 2022-23. In Capital sector, there was underutilisation of budget which ranged from 24-55 *per cent* of budget allocation during the period 2018-19 to 2022-23. The utilisation of budget provisions under Capital Sector for creation of assets was not encouraging and the provisions under Capital Sector were inflated during the five-year period 2018-23. During the year 2022-23, the expenditure in Capital sector registered all-time low of 24.46 *per cent* against budget provision.

3.5.1.1 Substantial savings under capital Sector

Substantial savings of budget was noticed under Capital sector in four grants *viz.*, Major and Medium Irrigation (savings of ₹ 9,034 crore), School Education (savings of ₹ 3,541 crore) Medical & Health (savings of ₹ 3,383 crore) and Roads & Buildings (Savings of ₹ 2,737 crore). The trend of utilisation of budget under these grants for the period 2018-23 is depicted in **Chart 3.5**.



During the year 2022-23, the utilisation of budget for the above-mentioned grants was very low; especially, under School Education grant utilisation of budget registered steep decline when compared to the previous year mainly due transfer of expenditure from the major Head 4202 to Major head 3451 – Special Development Package funds from GoI (Revenue Expenditure).

3.5.1.2 Underutilisation of budget and inflated budget estimates due to implementation of State Schemes through State Corporations

State Government is implementing Central Sector as well as schemes which were fully funded by State Government and the expenditure is being booked under various Major Heads of Expenditure (Revenue Account) section of Government Accounts. It was observed that the State Government made provisions in the Budget Estimates under various Major Heads of Expenditure (Revenue Account) for the implementation of schemes such as Amma Vodi, YSR Asara, YSR Cheyutha and YSR Pension Kanuka and transferred their implementation to AP State Development Corporation (APSDC) and AP State Beverages Corporation Limited (APSBCL). This resulted in inflation of Budget Estimates and the issues were discussed in detail hereunder.

The allocation of budget vis-à-vis amount met from Consolidated Fund of the State (CFS)/APSDC/APSBCL for Amma Vodi, YSR Asara, YSR Cheyutha and YSR Pension Kanuka schemes for the period 2019-20 to 2022-23 is indicated below:

a. During the year 2019-20:

Name of the Scheme	(₹ in crore)		
	Budget provided in Consolidated Fund of the State	Expenditure met out of Consolidated Fund of the State	Expenditure met from APSDC/APSBCL
Amma Vodi	6,455.8	6,349.48	0
YSR Pension Kanuka	15,858.71	14,689.46	0
Total	22,314.51	21,038.94	0

During 2019-20, the State Government provided an amount of ₹ 22,314.51 crore in the Budget Estimates for Amma Vodi and YSR Pension Kanuka Schemes and incurred an amount of ₹ 21,038.94 crore for the schemes from Consolidated Fund of the State.

b. During the year 2020-21:

(₹ in crore)			
Name of the Scheme	Budget provided in Consolidated Fund of the State	Expenditure met out of Consolidated Fund of the State	Expenditure met from APSDC
Amma Vodi	5,975.04	0	6,228.41
YSR Aasara	6,284.39	0	6,227.88
YSR Cheyutha	3,000.50	0	4,667.79
YSR Pension Kanuka	15,924.60	16,711.34	0
Total	31,184.53	16,711.34	17,124.08

During the year 2020-21, State Government allocated an amount of ₹ 31,184.53 crore for implementation of the four schemes⁵¹ mentioned and incurred an amount ₹ 16,711.34 crore (53.58 per cent) on “YSR Pension Kanuka” scheme which resulted in savings of 46.42 per cent.

During 2020-21, State Government provided Guarantee⁵² to APSDC for raising a loan amount of ₹ 25,000 crore from Financial Institutions. State Government incurred an amount of ₹ 17,124.08 crore for implementation of the remaining three schemes, viz. “Amma Vodi”, “YSR Aasara”, “YSR Cheyutha” from loan proceeds of AP State Development Corporation during 2020-21. The borrowings of the APSDC are being serviced through escrowing the revenues of the State.

c. During the year 2021-22:

(₹ in crore)			
Name of the Scheme	Budget provided in Consolidated Fund of the State	Expenditure met out of Consolidated Fund of the State	Expenditure met from APSDC/APSBCL
Amma Vodi	0	0	266.10
YSR Aasara	0	0	6,732.89
YSR Cheyutha	0	0	4,102.49
YSR Pension Kanuka	16,624.56	14,681.45	2,228.44
Total	16,624.56	14,681.45	13,329.92

During the year 2021-22, State Government provided an amount of ₹ 16,624.56 crore towards ‘YSR Pension Kanuka’ scheme and incurred an amount of ₹ 14,681.45 crore from CFS.

In addition to the above amount, State Government also incurred an amount of ₹ 2,288.44 crore through APSBCL⁵³ for implementing YSR Pension Kanuka Scheme and an amount

⁵¹ Out of four schemes, State Government launched two schemes viz., YSR Aasara and YSR Cheyutha from the year 2020-21 onwards vide G.O.Ms.Nos. 654 and 636 of Panchayat raj and Rural Development dated 21 August 2020 and 12 June 2020 respectively..

⁵² G.O.Ms.No.89, Finance(C&DM) Department dated 2 November 2020.

⁵³ State PSU dealing with selling of Indian Made foreign liquor and foreign liquor; State Government amended the Andhra Pradesh (Regulation of Trade in Indian Made Foreign Liquor, Foreign Liquor) Act, 1993 vide Act no. 31 of 2021 dated 29 December 2021 and entrusted the implementation of the schemes such as “Amma Vodi”, “YSR Aasara”, “YSR Cheyutha” to APSBCL for the benefit of Backward Classes, Scheduled Caste and Scheduled Tribe beneficiaries

of ₹ 11,101.48 crore for Amma vodi, YSR Asara and YSR Cheyutha from APSDC.

d. During the year 2022-23:

Name of the Scheme	(₹ in crore)		
	Budget provided in Consolidated Fund of the State	Expenditure met out of Consolidated Fund of the State	Expenditure met from APSBCL
Amma Vodi	6,600.35	2,060.53	4,509.89
YSR Aasara	6,400.00	0	3,596.79
YSR Cheyutha	4,100.00	4,535.03	21.38
YSR Pension Kanuka	13,117.31	3,811.69	10,467.93
Total	30,217.66	10,407.25	18,595.99

During the year 2022-23, State Government provided an amount of ₹ 30,217.66 crore in the Budget Estimates for implementation of the above schemes and incurred an amount of ₹ 10,407.25 crore (34.44 per cent of budget provision) towards YSR Pension Kanuka, Amma Vodi and YSR Cheyutha from CFS.

State Government issued orders⁵⁴ (May 2022) for issuance of Non-Convertible Debentures (NCDs) for ₹12,000 crore and it was proposed to utilise the proceeds of NCDs for welfare programmes of the State Government.

State Government issued orders (May 2022)⁵⁵ for retention of the cash discounts and the interest earned on Excise Duty remitted in advance to the APSBCL account for servicing the loans(s) availed by the Corporation. State Government permitted APSBCL through the above orders to retain the amounts realised as Special margin money (*detailed in Box 2.1 of Chapter 2*) during the course of its business of sale of liquor to retail consumers and other licensees as APSBCL's own income.

During 2022-23, APSBCL spent an amount of ₹ 18,595.99 crore towards YSR Pension Kanuka, Amma Vodi; YSR Cheyutha and YSR Aasara. The expenditure for implementing the above schemes should have been met from CFS with the approval of the State Legislature *viz.*, after voting of Grants/Appropriations by the State Legislature and passing of Appropriation Act.

As per Article 202 of the Constitution of India, Budget Documents or Annual Financial Statement (AFS) represent the amount proposed to be met from the CFS. If the State is implementing the schemes through Corporations (Other than Consolidated Fund of the State), the proposed expenditure for the schemes should not ideally be included in the Budget Estimates.

Due to the inclusion of the expenditure estimates of Amma Vodi, YSR Aasara, YSR Cheyutha and YSR Pension Kanuka (Partly) in the budget estimates and incurring of amounts from sources other than CFS resulted in inflation of budgetary estimates of the State.

⁵⁴ G.O.Ms.No.415, Revenue (Excise)Department dated 27 May 2022 for execution of tripartite agreement between Government of Andhra Pradesh, issuer (APSBCL) and the debenture trustee i.e., M/s Beacon Trusteeship Limited

⁵⁵ G.O.Ms.No.414, Revenue (Excise) Department dated 27 May 2022.

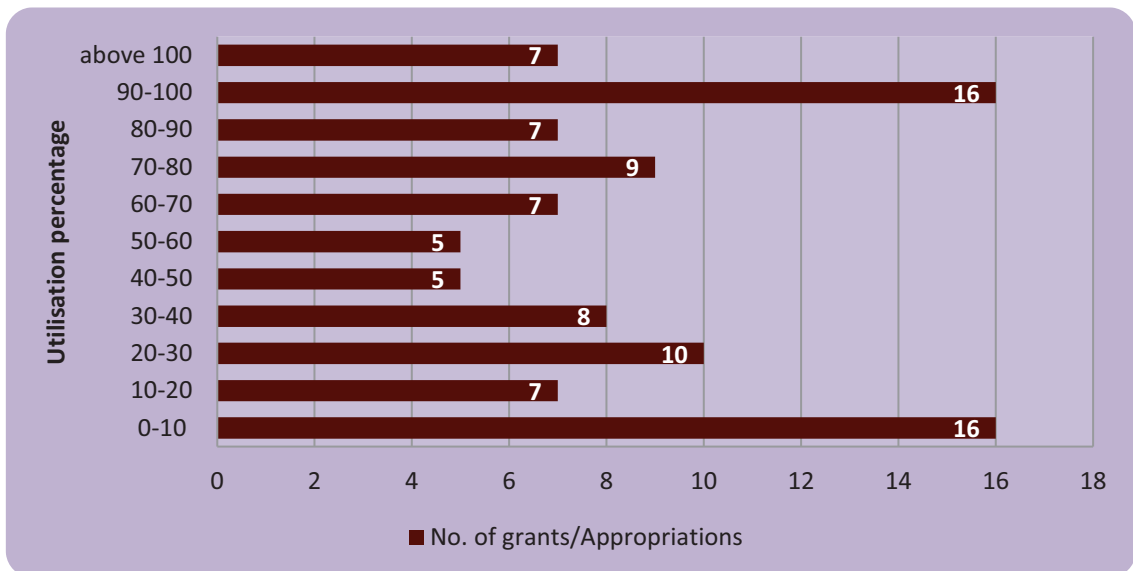
Besides such practices may result in:

- Underreporting of State scheme expenditure (Revenue Expenditure) and borrowings to meet that expenditure as the expenditure is being met from the Corporations funds which is not reflected in the Annual Accounts of the State Government;
- Rendering the expenditure of State Government opaque;
- Inaccuracies in provisioning of funds in the Budget Estimates;
- Increased dependence on the sale of liquor, as the future revenues of the State Government from liquor sales are escrowed for the repayment of the PSUs' borrowings. Moreover, the revenue earned through liquor sales is subject to the fiscal policies of the State Government and cannot be accurately predicted.

3.5.2 Large and Persistent savings in Grants/ Appropriations

During the year 2022-23, there was utilisation of less than or equal to 50 *per cent* of the budget allocation in 46 out of 97 Grants/ Appropriations resulting in huge savings in those grants. The distribution of the number of Grants/Appropriations grouped by the extent of budget utilisation is as follows.

Chart 3.6: Utilisation of budget allocation



Source: Appropriation Accounts of 2022-23.

It was also evident from **Chart 3.6**, out of 97 Grants/Appropriations, there was savings of more than 10 *per cent* of the budget allocation in 74 Grants/ Appropriations. Further, there was nil expenditure out of allocated budget in 12 Grants/ Appropriations.

Of the 97 Grants/Appropriations, in 46 grants/ appropriations there was budget utilisation of less than or equal to 50 *per cent* in 2022-23, out of 46 grants/ appropriations in 12 Grants/Appropriations there was less than 50 *per cent* utilisation of budget in the last five years (2018-19 to 2022-23) which was indicative of systemic lacunae in utilisation of budget as well as preparation of budget estimates that warrants a close review and initiation of expeditious corrective measures by the State Government. Utilisation of budgetary allocation in these 46 Grants/ Appropriations for the five-year period from 2018-19 to 2022-23 is shown in **Table 3.7**.

Table 3.7: Grants/ Appropriations where utilisation of budget was less than or equal to 50 per cent

(₹ in crore)

Sl. No.	Grant Details			Utilisation of Budget Provision (in per cent)					No. of Years	Budget 2022-23	Expenditure during 2022-23
	Grant No.	Grant Name	Section	2018-19	2019-20	2020-21	2021-22	2022-23			
1	VII	Commercial Taxes Administration	CV	5.18	1.08	7.80	0.00	0.00	5	1.00	0.00
2	VIII	Transport Administration	CV	2.58	13.50	32.00	4.95	0.00	5	127.70	0.00
3	XI	Roads and Buildings	RC	0.00	17.34	10.96	18.80	22.92	5	5.06	1.16
4	XI	Roads and Buildings	CV	24.89	33.78	37.86	31.63	14.37	5	3196.33	459.24
5	XIV	Skill Development and Training	CV	13.54	28.17	22.44	44.23	33.80	5	167.01	56.45
6	XVI	Medical and Health	CV	30.10	7.65	21.17	42.72	17.91	5	4121.56	738.12
7	XIX	Information and Public Relations	CV	0.00	0.00	32.00	27.00	14.00	5	1.00	0.14
8	XXV	Women, Child and Disabled Welfare	CV	22.52	10.76	7.12	4.05	6.05	5	277.35	16.77
9	XXVII	Agriculture	CV	46.87	22.02	11.59	47.73	12.58	5	350.48	44.10
10	XXVIII	Animal Husbandry and Fisheries	CV	43.46	14.94	21.44	14.26	45.96	5	243.32	111.83
11	XXXIV	Minor Irrigation	CC	0.00	22.45	0.00	6.25	0.00	5	0.16	0.00
12	XXXVII I	Civil Supplies Administration	CV	0.00	50.00	0.00	13.91	2.35	5	1.70	0.04
13	IV	General Administration and Elections	CV	39.60	26.98	52.04	13.45	22.84	4	20.58	4.70
14	X	Home Administration	CV	21.61	59.62	27.29	47.07	32.97	4	372.25	122.73
15	XI	Roads and Buildings	CC	50.68	44.36	0.00	40.80	0.00	4	2.50	0.00
16	XIII	Higher Education	CV	27.01	60.27	16.40	47.23	14.41	4	510.05	73.52
17	XV	Sports and Youth Services	CV	18.88	47.62	93.33	27.68	25.19	4	44.42	11.19
18	XVI	Medical and Health	RC	0.00	47.37	-	9.09	0.00	4	0.10	0.00
19	XVII	Municipal Administration and Urban Development	CV	62.36	31.93	21.88	35.38	21.79	4	1761.14	383.69
20	XX	Labour, Factories, Boilers and Insurance Medical Services	RV	81.69	45.61	37.12	43.20	36.06	4	773.15	278.80
21	XXI	Social Welfare	CV	21.15	31.89	57.76	22.22	34.28	4	295.00	101.12
22	XXII	Tribal Welfare	CV	40.88	47.87	68.78	40.40	42.67	4	93.14	39.74
23	XXIX	Forest, Science, Technology and Environment	CV	42.85	70.54	25.95	34.74	39.78	4	50.81	20.21
24	XXX	Co-operation	CV	2.85	0.00	14.59	96.48	0.00	4	61.50	0.00
25	XXXII	Rural Development	CV	25.00	-	0.00	0.00	0.38	4	50.00	0.19
26	XXXIII	Major and Medium Irrigation	CV	51.73	32.69	35.61	48.78	28.66	4	12663.40	3629.56
27	XXXVI	Industries & Commerce, Infrastructure and Investment	RV	21.51	32.92	67.05	43.67	29.95	4	2021.67	605.43
28	XXXVI	Industries & Commerce, Infrastructure and Investment	CV	40.52	32.98	556.68	12.22	10.13	4	2203.31	223.14
29	XXXVII	Tourism, Art and Culture	CV	23.52	41.91	16.63	50.26	20.52	4	289.34	59.38

Sl. No.	Grant Details			Utilisation of Budget Provision (in per cent)					No. of Years	Budget 2022-23	Expenditure during 2022-23
	Grant No.	Grant Name	Section	2018-19	2019-20	2020-21	2021-22	2022-23			
30	V	Revenue, Registration and Relief	CV	38.15	67.07	91.48	21.67	27.42	3	873.73	239.54
31	IX	Fiscal Administration, Planning, Surveys and Statistics	CV	56.40	4.65	9.65	91.29	30.59	3	1380.00	422.13
32	IX	Fiscal Administration, Planning, Surveys and Statistics	LV	161.70	7.90	494.66	24.27	20.54	3	75.55	15.52
33	XII	School Education	CV	28.18	8.96	90.30	76.04	11.91	3	4020.17	478.92
34	XX	Labour, Factories, Boilers and Insurance Medical Services	CV	0.03	8.74	-	-	0.00	3	20.00	0.00
35	XXIII	Backward Classes Welfare	CV	19.03	51.16	50.08	17.18	31.50	3	145.00	45.67
36	XXX	Co-operation	LV	0.00	57.88	100.00	35.16	0.00	3	59.70	-18.09
37	XXXIII	Major and Medium Irrigation	CC	25.94	67.13	23.82	83.00	32.18	3	118.22	38.04
38	XXXV	Energy	LV	31.63	98.45	10.53	73.04	0.00	3	700.00	0.00
39	XXXIX	Information Technology, Electronics and Communications	CV	61.58	0.00	65.48	23.06	21.49	3	70.14	15.07
40	XIII	Higher Education	LV	-	-	-	0.00	0.00	2	2.00	0.00
41	XXI	Social Welfare	RV	50.24	104.14	45.09	77.25	44.10	2	9053.50	3992.86
42	XXIII	Backward Classes Welfare	RV	44.67	111.09	51.97	84.14	48.17	2	31373.99	15113.08
43	XXVIII	Animal Husbandry and Fisheries	LV	100.00	-	62.00	30.21	1.63	2	13.52	0.22
44	XXXV	Energy	CV	63.66	-	0.00	92.73	0.00	2	100.00	0.00
45	I	State Legislature	CV	-	-	-	-	0.00	1	1.00	0.00
46	XXXI	Panchayat Raj	CV	54.96	71.14	72.82	57.72	40.17	1	3226.95	1296.24

Source: Appropriation Accounts of respective years; **Note:** (CV: Capital Voted, RV: Revenue Voted, LV: Loans Voted, RC: Revenue Charged, CC: Capital Charged)

In the development of State, Capital expenditure plays a vital role through creation of permanent assets and employment opportunities *etc.* During the year 2022-23, there was underutilisation of budget under four Capital grants *viz.*, Major and Medium Irrigation (XXXIII), Agriculture (XXVII), Rural Development (XXXII), Roads and Buildings (XI). The percentage of savings and surrenders under these grants ranged from 52 to 100 *per cent.*

Similarly, during the year 2022-23, savings were observed in Revenue Section primarily under the grants Labour & Employment (XX) (64 *per cent*), Industries and Commerce (70 *per cent*) and Backward Classes Welfare (XXIII) (52 *per cent*).

The underutilisation of Revenue/Capital grants in the above-mentioned sectors may retard employment generation opportunities, human development, progress of upliftment of the backward classes *etc.*

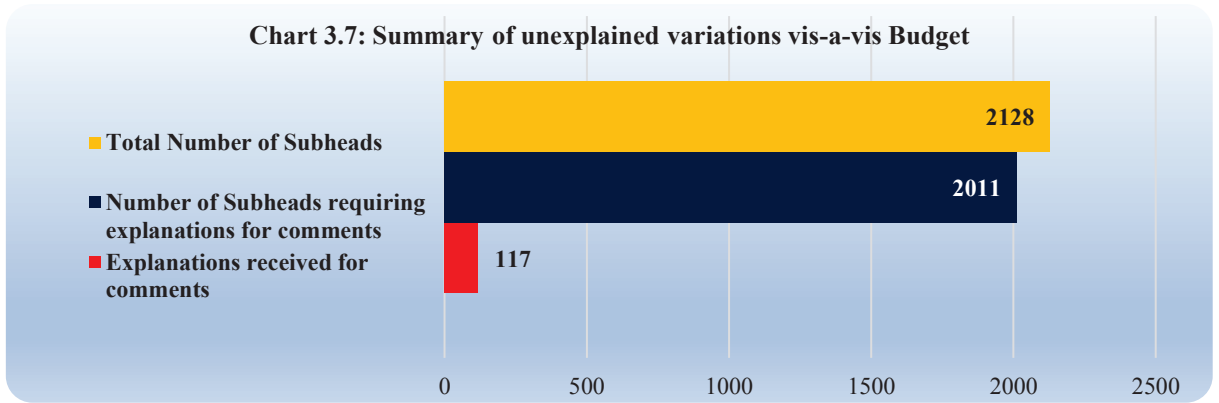
3.6 Missing/ Incomplete Explanation for variation from Budget

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

Whenever excess expenditure or savings at Sub-Head level varies beyond the limits set by the Public Accounts Committee (PAC), comments on such variations are included in the Appropriation Accounts.

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

Principal Accountant General (A&E) forwarded the draft Appropriation Accounts to the Departments and sought the reasons/explanations for the excess/savings at Sub-head level. Audit of Appropriation Accounts of 2022-23 and analysis of the accounting data revealed that the Controlling Officers have not furnished explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 94.50 *per cent* of cases. Out of 97 Grants/Appropriations, for 69 Grants/Appropriations reasons were not furnished by the Controlling Officers of Government Departments. In terms of the Sub-Heads involved, the total number of Sub-Heads in the accounts, those requiring explanation for variation and the Sub-Heads where explanations were received for variations from allocations are shown in **Chart 3.7**.



Source: Appropriation Accounts of Government of Andhra Pradesh for the year 2022-23.

Absence of explanation for variation between the budgeted allocation and its utilisation dilutes control of the Legislature over the State budget.

3.7 Comments on integrity of budgetary and accounting process

3.7.1 Expenditure incurred without authority of law.

As per Article 205(1)(a) of the Constitution, ‘New Service’ means expenditure arising out of a new policy decision, not brought to the notice of State Legislature earlier, including a new activity or a new form of investment. ‘New Instrument of Service’ means relatively large expenditure arising out of important expansion of an existing activity. As per Para 17.3.1 and 17.6.1(c) of AP Budget Manual, 2011, amount should not ordinarily be incurred on a scheme/service without provision of funds even through re-appropriation.

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this Article 204 of the Constitution. Expenditure on new scheme/service should not be done without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

During the year 2022-23, an amount of ₹ 3,278.98 crore was spent in 26 cases (₹ one crore and above in each case) without budget provision and legislative authorisation. The grant-wise cases of one crore and above in which amount was incurred without budget provision (either original or supplementary) are detailed in **Table 3.8**.

Table 3.8: Cases where amount was incurred without budget provision (₹ one crore and above)

S. No.	Grant No. and Name	No. of cases	(₹ in crore)
			Expenditure
1	V – Revenue, Registration and Relief	8	545.46
2	IX - Fiscal Administration, Planning, Surveys and Statistics	11	2,573.79
3	XVII- Municipal Administration and Urban Development	1	5.00
4	XXIII- Backward Classes Welfare	1	65.56
5	XXVI- Administration of Religious Endowments	1	1.64
6	XXVII-Agriculture	3	76.89
7	XXXV - Energy	1	10.64
Total		26	3,278.98

Source: Appropriation Accounts of 2022-23 and Grant Audit Registers of 2022-23 of O/o the PAG (A&E), Andhra Pradesh.

3.7.2 Misclassification of Revenue expenditure as Capital Expenditure

Misclassification of expenditure 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. However, there were instances involving a total amount of ₹ 713.14 crore (Minor works – ₹ 710.49 crore and Grants-in-Aid – ₹ 2.70 crore) where object heads of revenue nature were incorrectly operated with capital major heads.

Classification of expenditure of revenue nature as Capital Expenditure results in understatement of revenue expenditure/revenue deficit.

The grant wise details of expenditure, where Revenue Expenditure was misclassified as capital expenditure (₹ one crore and above in each case) are given in **Table 3.9**.

Table 3.9: Grant-wise cases of misclassification of revenue expenditure as capital expenditure during 2022-23 (₹ one crore and above in each case)

(₹ in crore)		
Sl. No.	Grant No. and Name	Expenditure
1	XVII- Municipal Administration and Urban Development	
	a. 4217-60-051-03-10-310	2.16
2	XXXIII - Major and Medium Irrigation	
	a. 4700-01-135-11-26-270	1.98
	b. 4700-01-137-11-26-270	674.80
	c. 4700-01-147-11-28-270	5.05
	d. 4700-01-158-11-26-270	18.27
	e. 4700-01-161-11-26-270	1.71
	f. 4701-03-173-11-26-270	3.98

Source: Appropriation Accounts of 2022-23 and Grant Audit Register of 2022-23 compiled by O/o the PAG (A&E), AP.

As can be seen from the **Table 3.9**, the misclassification of Revenue Expenditure as Capital Expenditure occurred majorly in Grant XXXIII- Major and Medium Irrigation involving an amount of ₹ 705.79 crore. During the year 2022-23, the misclassification of revenue expenditure as capital expenditure increased by ₹ 22.14 crore when compared to the previous year (₹ 685.81 crore).

State Government replied that, the expenditure pertains to an ongoing project and is classified as capital and the Government stated that there were no misclassifications.

3.8 Supplementary budget and opportunity cost

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year as is necessary to meet (i) Expenditure on Schemes of New Expenditure to be taken up within the current financial year; (ii) Inadequacy of provision; (iii) Fresh expenditure but not technically “Schemes of New Expenditure.” and (iv) Omissions of provision.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation. In deserving cases which are unforeseen, and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularised by a Supplementary Grant or Appropriation and recouped to the Contingency fund. The observations relating to utilisation of grants are discussed in the subsequent paragraphs.

3.8.1 Large Supplementary Grant due to unrealistic budgetary projections

WMA is a facility to meet temporary mismatch between receipts and expenditure and is expected to help the State to meet the revenue gap. During the year 2022-23, State Government resorted to WMA continuously for 166 days and overdraft for 152 days indicating poor efficacy in cash management as well as unrealistic estimation of receipts and expenditure.

Further, the State Government made supplementary provision of ₹ 1,76,851.71 crore in addition to the original provision of ₹ 2,67,189.99 crore. The supplementary provision included an amount of ₹ 1,30,000.00 crore (73.51 *per cent* of total supplementary provision) towards the repayment of Ways and Means Advances (WMA).

The details of repayment of WMA and the amount provided in original and supplementary estimates to repay WMA for the period 2018-19 to 2022-23 are given in **Table 3.10**.

Table 3.10: Estimates vis-à-vis repayment of Ways and Means Advances

Year	Repayment of WMA (% of increase)	Total Budget Provision			Total Provision for repayment of WMA	
		Original (O)	Supplementary (S)	% of S to O	Original	Supplementary
2018-19	59,729.01 (30.90)	1,93,924.00	49,123.51	25.33	1,500	0
2019-20	60,740.83 (1.69)	2,32,287.00	15,991.85	6.88	0	0
2020-21	1,04,539.24 (72.11)	2,28,734.15	26,782.39	11.71	0	0
2021-22	1,06,325.66 (1.71)	2,34,657.40	1,37,788.47	58.72	0	1,06,205.59
2022-23	1,18,039.18 (11.02)	2,67,189.99	1,76,851.71	66.19	0	1,30,000.00

Note: Figures in parenthesis shows the increase over the previous year

It can be seen from **Table 3.10** that there was an upward trend in repayment of WMA during 2018-19 to 2022-23. Accordingly, the State Government should have made provision for repayment of WMA in the original estimates itself rather than in supplementary estimates, based on trend of WMA availed over the years. The State

Government, however, did not provide any amount in the original estimate from 2019-20 to 2022-23 towards WMA.

Large supplementary provisions indicates that the Departments did not prepare estimates on a realistic basis. Further, the practice of supplementary provisions during the fiscal year even for known outgoes such as WMA, in addition to the main budget undercuts the sanctity of budgetary provisions.

3.8.2 Un-utilised supplementary provision

The details of grants in which the supplementary provision of ₹ one crore and above remained un-utilised are shown in **Table 3.11** and the cases where there was unutilised supplementary provision are detailed in **Appendix 3.1**.

Table 3.11: No. of grants/ appropriations in which supplementary provision (₹ one crore and above in each case) remained un-utilised

(₹ in crore)							
S No.	Nature of Grant	No. of Cases	Original	Supplementary	Total Grant	Expenditure	Un-utilised Supplementary Grant
1	Revenue (Voted)	32	1,59,941.69	31,643.47	1,91,585.16	1,43,764.55	14,828.48
2	Revenue (Charged)	1	40.96	22.93	63.89	60.50	3.39
3	Capital (Voted)	24	29,580.01	7,169.70	36,749.71	8,991.99	7,069.68
4	Capital (Charged)	1	81.45	36.77	118.22	38.04	36.77
5	Loans (Voted)	4	270.00	412.27	682.27	344.49	299.69
6	Public Debt Charged (PDC)	1	16,270.18	1,30,003.76	1,46,273.94	1,33,609.23	12,664.71
Total		63	2,06,184.29	1,69,288.90	3,75,473.19	2,86,808.80	34,902.72

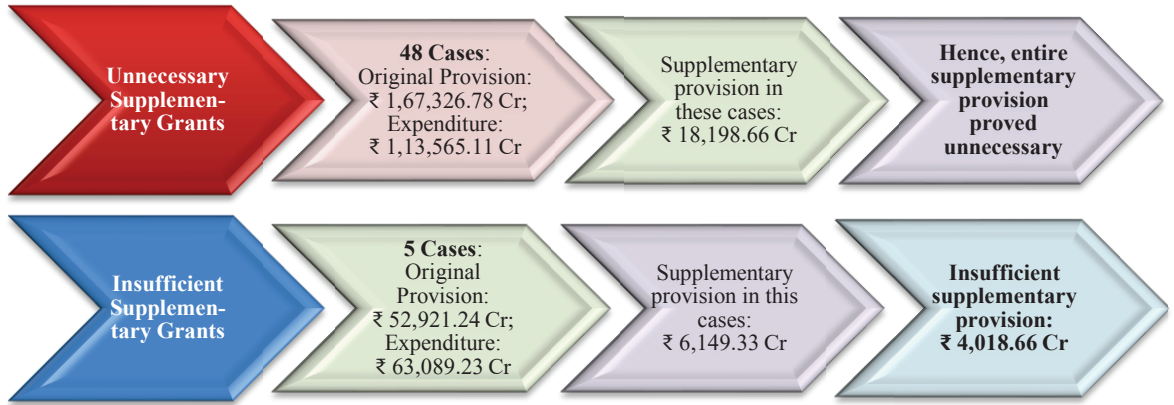
Source: Appropriation Accounts of 2022-23.

It can be seen from **Table 3.11** that out of the total supplementary provision of ₹ 1,69,288.90 crore an amount of ₹ 34,902.72 crore which constituted 20.62 per cent remained unutilised during the year 2022-23. State Government needs to examine the reasons for non-utilisation of supplementary allocations and take appropriate corrective action.

3.8.3 Unnecessary/Insufficient supplementary grants

The details of Unnecessary/ Insufficient Supplementary provisions, where Supplementary provision is more than or equal to ₹ one crore, are detailed in **Chart 3.8**.

Chart 3.8: Unnecessary/ Insufficient Supplementary provision (₹ one crore or more in each case)



Source: Appropriation Accounts of 2022-23.

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

As can be seen from **Chart 3.8**, supplementary grant of ₹ 6,149.33 crore was insufficient as the total provision (₹ 59,070.57 crore) was not adequate to meet the expenditure (₹ 63,089.23 crore).

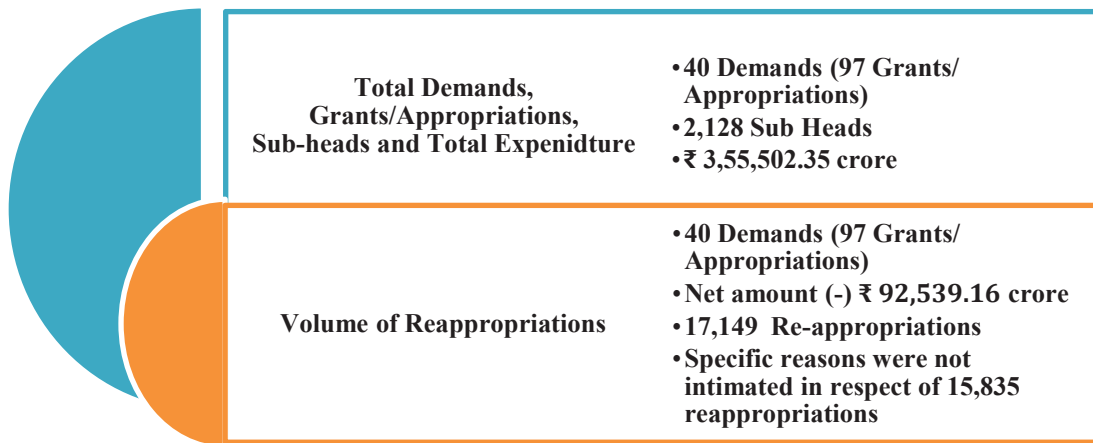
State Government replied that, the officials concerned will be sensitised to avoid for supplementary estimates which are unnecessary.

3.9 Re-appropriations

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

The details of Re-appropriations for the year 2022-23 are depicted in *Chart 3.9*.

Chart 3.9: Re-appropriation in the overall budget



Source: Appropriation Accounts of 2022-23, Grant Audit Register 2022-23 compiled by O/o the PAG (A&E), AP and Reappropriation orders issued by Finance Department.

3.9.1 Unnecessary/ Excessive/ In-sufficient re-appropriations

The instances of unnecessary/excessive/insufficient re-appropriations were noticed

during 2022-23 and the details are given in *Appendix 3.4*, *Appendix 3.5* and *Appendix 3.6* respectively.

Unnecessary/Excessive re-appropriation

It was observed from the Appropriation Accounts that in two Grants involving two sub heads an amount of ₹ 34.33 crore was originally provided and an amount of ₹ 7.60 crore was additionally provided by way of reappropriation of funds. But original provision was not fully utilised in these heads, which rendered the reappropriation of funds unnecessary. In all, there was savings of ₹7.88 crore under these grants; the details are given vide *Appendix 3.4 and Appendix 3.5*.

Insufficient re-appropriation

Further, in six cases, the re-appropriation (₹ one crore and above in each case) of ₹ 3,352.56 crore was insufficient as the net provision (₹ 7,637.31 crore) was not adequate to meet the expenditure (₹ 7,814.26 crore) The details are given in *Appendix 3.6*.

3.9.2 Surrender in excess of savings

In four grants, against savings of ₹ 3,077.41 crore, an amount of ₹ 3,197.44 crore was surrendered which resulted in excess surrender (₹ one crore or more in each case) of ₹ 120.03 crore as detailed in **Table 3.12** which needs reconciliation of budgetary allocation vis-à-vis expenditure.

Table 3.12: Surrender in excess of savings during 2022-23

(₹ in crore)					
Sl No.	Number and Name of the grant / appropriation	Total grant/ appropriation	Savings	Amount Surrendered	Amount Surrendered in excess
Revenue Voted					
1	X - Home Administration	7,423.17	193.25	195.63	2.38
2	XIII - Higher Education	2,131.23	0.00	21.02	21.02
3	XXVII - Agriculture	12,610.23	2,884.16	2,888.70	4.54
Revenue Charged					
4	IX - Fiscal Administration, Planning, Surveys and Statistics	21,655.18	0.00	92.09	92.09
Total		43,819.81	3,077.41	3,197.44	120.03

Source: Appropriation Accounts of 2022-23.

The surrender of grants in excess of savings was observed in ‘Home Administration Grant (Grant No. X)’ in the second consecutive year also.

3.9.3 Anticipated savings not surrendered

As per paragraph 17.2.2 of AP Budget Manual, savings should not be kept in reserve by the disbursing or controlling officer to meet possible unforeseen excesses under other heads or to cover new expenditure which would normally be provided for in the next year’s estimates. All savings should, when they come to notice, be immediately surrendered to the Finance Department through the Administrative Department concerned with full explanations as to how they came about. A review of savings of

grants and appropriations and surrender thereof revealed that out of total savings of ₹ 49,607.50 crore in 32 cases, ₹ 49,358.36 crore was surrendered, leaving a balance of ₹ 249.14 crore which remain un-surrendered and the details of nature of grants are given in **Table 3.13**.

Table 3.13: No. of grants/ appropriations in which savings were not surrendered

(₹ in crore)						
Sl. No	Nature of the grant	No. of Cases	Total grant/ appropriation	Savings	Amount Surrendered	Savings which remained to be surrendered
1	Capital (Voted)	11	12,381.49	9,868.85	9,761.74	107.11
2	Loans (Voted)	1	59.70	77.79	20.00	57.79
3	Revenue (Charged)	2	63.96	3.40	3.38	0.02
4	Revenue (Voted)	18	1,38,753.63	39,657.46	39,573.24	84.22
Total		32	1,51,258.78	49,607.50	49,358.36	249.14

Source: Appropriation Accounts of 2022-23.

Out of un-surrendered amount of ₹ 249.14 crore, the details of un-surrendered cases involving an amount of ₹ 245.66 crore (₹ one crore or more in each case) are given in **Appendix 3.7**.

3.10 Excess expenditure and its regularisation

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

3.10.1 Excess expenditure in current year

Excess expenditure, over budget provision of ₹ 4,027.42 crore, occurred in four grants and three appropriations during the year 2022-23 and the details are given in **Appendix 3.8**.

3.10.2 Regularisation of excess expenditure of previous financial years

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure is to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to the PAC through Finance Department.

The excess expenditure over the allocation amounting to ₹ 3,55,554.43 crore pertaining to the years 2004-05 to 2021-22 was yet to be regularised as detailed in **Table 3.14**. Grant wise details are given in **Appendix 3.9**.

Table 3.14: Excess expenditure relating to previous years requiring regularisation

Year	Number of		Amount of Excess over Provision (₹ in crore)
	Grants	Appropriation	
2004-05	5	1	14.83
2005-06	10	3	585.82
2006-07	7	1	198.72
2007-08	7	3	201.30
2008-09	11	3	709.24
2009-10	10	2	109.74
2010-11	11	5	867.54
2011-12	5	2	188.59
2012-13	5	1	275.63
2013-14	4	1	530.12
2014-15	26	2	13,134.68
2015-16	15	2	36,856.98
2016-17	4	1	1,686.83
2017-18	3	2	47,144.53
2018-19	2	2	64,005.68
2019-20	5	4	73,983.26
2020-21	5	3	1,10,509.12
2021-22	4	1	4,551.82
Total	130	35	3,55,554.43

Source: Appropriation Accounts of respective years

After bifurcation of the State, excess expenditure of ₹ 3,51,872.90 crore pertaining to the years 2014-15 to 2021-22 was yet to be regularised. Explanatory Notes (ENs) were furnished for only an amount of ₹ 2,15,242.54 crore to Audit as against excess expenditure of ₹ 3,51,872.90 crore made by the concerned Administrative Departments / Finance Department. The details of excess expenditure requiring regularisation relating to the years 2014-15 to 2021-22 are detailed in **Appendix 3.10**.

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

State Government replied that the Explanatory Notes furnished by the administrative departments for the regularisation of excess expenditure for an amount of ₹ 51,678.49 crore for the FYs 2014-15, 2015-16 and 2016-17 and vetted by the PAG have been forwarded to the Secretary Legislature for placing before the Legislature for regularisation after obtaining the recommendation of the Public Account Committee. Government also replied that the Explanatory Notes for the FYs 2017-18, 2018-19, 2019-20 & 2020-21 would be submitted immediately after regularisation by the Public Account Committee of the excess expenditure for the FYs 2014-15, 2015-16 and 2016-17. The Explanatory Notes for FY 2021-22 have been forwarded to concerned administrative departments for their remarks and return was awaited.

3.11 Review of Selected grants

During 2022-23, two grants viz., (i) Backward Classes Welfare (Grant No. XXIII) and (ii) Energy (Grant No. XXXV) were selected for detailed audit to ascertain compliance with budgeting processes, utilisation of funds, expenditure control mechanisms and implementation of schemes/programmes within these grants. Audit findings on these grants are discussed below:

3.11.1 Budget and Expenditure trends

Details of budgetary provisions, actual expenditure and savings/ excess for the year 2022-23 is shown in **Table 3.15**.

Table 3.15: Expenditure vis-à-vis Budget under ‘Backward Classes Welfare’ and ‘Energy’ Grants for the year 2022-23

(₹ in crore)				
Section	Total Budget	Expenditure	Savings (-)/ Excess (+)	Percentage of Savings/Excess
Backward Classes Welfare				
Revenue	31,373.99	15,113.08	(-)16,260.91	(-) 51.83
Capital	145.00	45.67	(-) 99.33	(-) 68.50
Energy				
Revenue	20,488.51	17,989.99	(-) 2,498.51	(-) 12.19
Capital	100.00	0	(-) 100.00	(-) 100.00
Loans	700.00	0	(-) 700.00	(-) 100.00

Source: Appropriation Accounts of Government of AP for the year 2022-23, Total Budget= Budget {Original (+) Supplementary}

Test check of schemes/ programmes under the above grants revealed that there was surrender of entire budget provision, incurring of amount less than 50 per cent of budget provisions etc., during the year 2022-23 which were discussed in the subsequent paragraphs.

3.11.2 Backward Classes Welfare

(i) Surrender of Entire Provision

In respect of six schemes as given **Table 3.16**, the entire budget provision of ₹ 48.66 crore was Surrendered/Re-appropriated during the year 2022-23 under the following heads of account.

Table 3.16: Cases of non-utilisation of entire provision

(₹ in crore)				
	Head of Account and Description	Total Budget	Re-appropriation/ Surrender	Reasons for Surrender as furnished by Department
1	Headquarters Office 2225-03-001-00-01	0.01	0.01	Due to nil demand, the entire provision was surrendered.
2	Government Hostels 2225-03-277-00-07	13.40	13.40	Bill submitted to PAO and was migrated to 2023-24 for payment.
3	College Hostels for Boys and Girls 2225-03-277-11-22	0.03	0.03	Due to nil demand, the entire provision was surrendered.
4	Scheme for Development of (OBC) Other Backward Classes and denotified, Nomadic and Semi-nomadic Tribes 2225-03-277-12-10 2225-03-277-06-10	21.12 3.88	21.12 3.88	Amount was re-appropriated to new Head of Account
5	BC Welfare Department (Secretariat) 2251-00-90-00-17	0.01	0.01	Due to non-procurement of hardware & peripherals and non-appointment of legal officials for the department the budget was unutilised and surrendered.
6	Department of Economically Weaker Sections (EWS) welfare 2251-00-90-00-48	10.20	10.20	Due to appointment of total staff under the EWS Department only during January 2023 and due to non-receipt of proposals, the entire budget was surrendered.
	Total	48.66	48.66	

Source: Grant Audit Register of O/o PAG (A&E), 2022-23 and information furnished by the Department.

(ii) Expenditure less than 50 per cent of Budget Provision

During the year 2022-23, savings of more than 50 per cent were noticed in 15 schemes shown in **Appendix 3.11**. In respect of these schemes, more than 50 per cent of budget provision was re-appropriated/surrendered without specific reasons. For the above schemes, as against provision of ₹ 20,602.77 crore, only an expenditure of ₹ 7,159.87 crore was incurred and ₹ 13,442.90 crore remained as savings. The percentage of savings in these schemes ranged from 51 to 96 per cent.

The savings in the grant were mainly due to implementation of schemes through AP State Beverages Corporation Limited from the borrowings of the Corporation while making provisions in Budget Estimates (The issue was discussed in detail at para 3.5.1.1).

3.11.3 Energy

(i) Surrender of Entire Provision

In respect of six schemes indicated in **Table 3.17**, entire budget provision of ₹ 1,894.14 crore was Surrendered/Re-appropriated during the year 2022-23. However, as seen from the reappropriation orders, the State Government had not furnished specific reasons for surrender/re-appropriation of the entire budget provisions.

Table 3.17: Cases of non-utilisation of Entire provision

(₹ in crore)			
	Head of Account and Description	Total Budget	Re-appropriation/ Surrender
1	2801-05-800-00-12: Assistance to DISCOMs for taking over of FRP Bonds	636.54	-636.54
2	2801-80-800-00-05: AP Electricity Regulatory Commission	4.75	-4.75
3	3451-00-090-00-11: Energy Department Secretariat	402.85	-402.85
4	3451-00-092-00-39: AP State Fibernet Limited	50.00	-50.00
5	5475-00-115-11-05: Andhra Pradesh Fibre Grid	100.00	-100.00
6	WB & AIIB (World Bank & Asian Infrastructure Investment Bank) – Loans for APTRANSCO for 24X7 Power for all Project		
	6801-00-205-03-11	543.13	-543.13
	6801-00-789-03-11	119.56	-119.56
	6801-00-796-03-11	37.31	-37.31
	Total	1,894.14	1,894.14

Source: Grant Audit Register of O/o PAG (A&E), 2022-23.

3.12 Major Policy Initiatives

State Government in its budget depicted a list of important schemes/programmes which are being implemented in the State. The expenditure *vis-à-vis* the budget provision in respect of the schemes with more than ₹ 1,000 crore budget provision are detailed in **Table 3.18**.

Table 3.18: Expenditure vis-à-vis budget provision of important schemes

(₹ in crore)					
S.No	Name of the Scheme	Budget	Expenditure	Savings/Excess	% of Savings/excess
1	YSR Pension Kanuka	13,117.31	3,811.69	-9,305.62	-70.94
2	YSR Nine Hours Free Supply	10,470.28	9,351.13	-1,119.15	-10.68
3	Subsidy on Rice	7,468.85	7,398.39	-70.46	-0.94
4	Amma Vodi	6,600.35	2,060.53	-4,539.82	-68.78
5	YSR Aasara	6,400.00	0	-6,400.00	-100
6	Mahatma Gandhi National Rural Employment Guarantee Programme	5,553.01	3,377.47	-2,175.54	-39.17
7	YSR Cheyutha	4,100.00	4,535.03	435.03	10.61
8	YSR Rythu Bharosa	3,998.52	3,998.51	-0.01	0.00
9	Manabadi Naadu Nedu	3,500.00	0	-3,500.00	-100
10	YSR Fasal Bima Yojana	2,979.85	2,848.18	-131.67	-4.41
11	Samagra Siksha	2,588.25	1,799.30	-788.95	-30.48
12	Jal Jeevan Mission	1,363.33	41.76	-1,321.57	-96.93

It is evident from the above table there were savings in 10 out of 12 test checked schemes ranging from one *per cent* to 100 *per cent* of non-utilisation of budget provision rendering the budget process unrealistic.

On verification of schemes with more than 50 *per cent* savings, majority of the savings were noticed under:

- Mana Badi Naadu Nedu⁵⁶ (100 *per cent* of savings) which was mainly due transfer of expenditure from the major Head 4202 to Major head 3451 – Special Development Package funds from GoI (Revenue Expenditure).
- Jal Jeevan Mission (96.93 *per cent* of savings) was mainly due to lapsing of funds.
- YSR Aasara (100 *per cent* of Savings), YSR Pension Kanuka (70.94 *per cent* of savings) and Amma Vodi (68.78 *per cent* of savings) was due to implementation of schemes through AP State Beverages Corporation limited.

3.13 Conclusion

The State Government utilised only 80.06 per cent of total grants/ appropriations during 2022-23 which indicated inadequate budget preparation as well as scrutiny of budget proposals by the Estimating Officers and Head of Departments concerned.

There were huge savings during 2022-23, with 46 out of 97 Grants/ Appropriations showing utilisation of less than or equal to 50 per cent of the budget allocation mainly due to meeting the expenditure of the State through the State Corporations.

Supplementary provision was unnecessary in 48 cases (₹ one crore and above in each case) amounting to ₹ 18,198.66 crore and was insufficient in 5 cases (₹ one crore and above in each case) amounting to ₹ 4,018.66 crore.

An amount of ₹ 3,278.98 crore was incurred during the year 2022-23 in 26 cases (₹ one crore and above in each case) without any budget provision either in the original

⁵⁶ Scheme for improving infrastructure facilities in the schools

estimates or supplementary demands.

State Government has to get regularised an excess expenditure over the allocation amounting to ₹ 3,55,554.43 crore from the year 2004-05 to 2021-22 and ₹ 4,027.42 crore for the year 2022-23 from the State Legislature.

3.14 Recommendations

- 1 Government should prepare realistic budget estimates, backed with correct assessment for availability of resources and potential to expend, to avoid large savings and supplementary provisions.*
- 2 An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the grant/ appropriation are controlled and anticipated savings are identified and surrendered within the specified timeframe so that the funds can be utilised for other development activities.*
- 3 Government should make concerted efforts to ensure that instances of unnecessary supplementary provisions are avoided.*
- 4 Government should view excess expenditure over legislative approval seriously, hold accountable those responsible for it and regularise all such excess expenditure through due process.*

Chapter 4 Quality of Accounts and Financial Reporting Practices

4.1 Introduction

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

4.2 Non-discharge of liabilities in respect of interest towards interest bearing deposits/Reserve Funds

Government has a liability to pay/adjust interest in respect of balances under category J -Reserve Funds (a. Reserve Funds bearing interest) and K-Deposit and Advances (a. Deposits bearing interest) and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Account.

Details of these Funds/Deposits and interests paid by the Government during the year 2022-23 are given in **Table 4.1**.

Table 4.1: Details of Non-discharge of liabilities in respect of interest towards interest bearing deposits/Reserve Funds

Funds/Deposits	Balance on 1 April 2022	Basis for calculation of interest	(₹ in crore)		
			Interest due	Interest paid	Interest short paid
Defined Contribution Pension Scheme for Government Employees	715.87	Interest calculated as per the rate of interest notified by the Government/payable to General Provident Fund i.e. <i>7.1 per cent</i>	24.88	NIL	24.88
State Compensatory Afforestation Deposit	1,633.30	Interest rate adopted as <i>3.35 per cent</i> p.a as per order No. 4-28/2019-NPPt.2 dated 11 January 2022 of Environment, Forest & Climate Change	54.72	NIL	54.72
State Disaster Response Fund	661.86	As per circulars issued by the Ministry of Home Affairs (DM Division)(No.32-3/2010-NDM-I) (Interest rate adopted as <i>7.49 per cent</i> as of 31 March 2023 to the SDRF at the rate applicable to Overdraft under Overdraft Regulation Guidelines of the RBI)	49.57	NIL	49.57

Funds/Deposits	Balance on 1 April 2022	Basis for calculation of interest	Interest due	Interest paid	Interest short paid
State Disaster Mitigation Fund	298.20	As per circulars issued by the Ministry of Home Affairs (DM Division)(No.33-02/2020-NDM-I) (Interest rate adopted as 7.49 per cent as of 31 March 2023 to the SDMF at the rate applicable to Overdraft under Overdraft Regulation Guidelines of the RBI)	22.34	NIL	22.34
Total			151.51	NIL	151.51

Non-payment/short payment of the interest amounting to ₹ 151.51 crore has resulted in understatement of Revenue expenditure by ₹ 151.51 crore.

(A) Non-provision of interest on Zilla Parishad Provident Fund

The deductions on account of Zilla Parishad Provident Fund (ZPPF) subscriptions of Zilla Parishad employees were credited under the MH 8338 up to the year 2019-20. From the year 2020-21 onwards, as per Government orders⁵⁷, GPF transactions of Zilla Parishad employees are being classified under MH 8009 which is an interest-bearing deposit account.

The individual Provident Fund accounts are maintained by the Chief Executive Officer of the Zilla Parishad concerned. The Zilla Parishad employees on retirement/death/resignation are being paid the PF balances outstanding at their credit along with the accumulated interest as final payments. As the subscriptions on account of ZPPF are credited in interest bearing deposit accounts, the State Government is required to pay interest on these subscriptions as was being done to the State Government employees where the GPF subscriptions also being credited under the MH 8009. For State Government employees the interest is being credited at the end of each financial year through annual periodical adjustments wherein provisions are being made under MH 2049.

However, it was observed that the State Government did not credit the interest on annual basis through annual adjustments or otherwise on the balances outstanding to the credit of ZPPF subscription accounts up to the year 2022-23.

It is pertinent to mention that as per Article 303 of APFC Volume I, the State Government will act as a banker for the ZPPF funds. Non-provisioning and non-crediting of interest on an annual basis to the ZPPF subscribers PF Accounts will result in accumulation of liabilities on this account. As complete data on the interest is not furnished by the State Government, the liability on account of the interest to ZPPF Accounts could not be ascertained in Audit to the end of March 2023.

⁵⁷ G.O.Ms.99 Finance (Cash & Debt Management) Department dated 14 August 2019

As the liability towards interest on accounts of ZPPFs was not being discharged by the Government on periodical basis or otherwise by making suitable provisions in the Budget Estimates, there is an understatement of revenue expenditure/revenue deficit as well as accumulation of committed liability in future years.

4.3 Pending liabilities of the state

Appendix IX of the Finance Accounts depicts the commitments of the Government and list of incomplete capital works, which, *inter-alia*, include pending payments to the end of March 2023. It was observed that an amount of ₹ 27,630.30 crore was pending payment from the State Government under various works and projects to the end of March 2023. The Details are given in **Table 4.2**.

Table 4.2: Pending payments as of March 2023

Sl. No.	Particulars	No. of Works / Projects/entities	Amount pending payment (₹ in crore)
1	Power Sector ⁵⁸	03	22,817.05
2	Irrigation & Command Area Development, Flood Control	266	4,054.99
3	Water Supply Schemes	102	310.61
4	Roads	120	240.17
5	APSRTC	01	181.33
6	Bridges	21	26.15
Total			27,630.30

Source: Finance Accounts and information furnished by various entities, accounts of PSUs for the year 2022-23. Note: The above information is prepared based on the information produced by State Departments/Entities etc. and is not exhaustive.

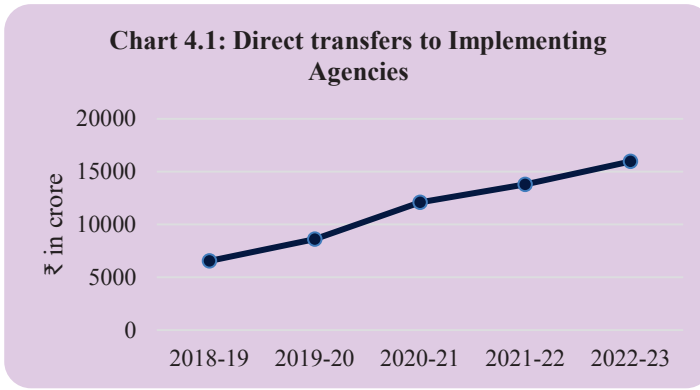
4.4 Funds transferred directly to State Implementing Agencies

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

During the year 2022-23, GoI transferred ₹ 15,962.92 crore directly to State Implementing Agencies/Non-Governmental organisations concerning various Central Schemes/programmes, without routing these funds through the State budget.

The details of direct transfer of funds to implementing agencies during the period 2018-23 are given in **Chart 4.1**.

⁵⁸ AP Southern Power Distribution Company Limited – ₹ 14,352.97 crore; AP Central Power Distribution Corporation Limited – ₹ 4,047.76 crore; AP Eastern Power Distribution Company Limited – ₹ 4,416.32 crore



The increase in direct transfers was mainly under MNREGA (by ₹ 5,173.34 crore), Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY) (₹ 480.89 crore) and Promotion of Bulk Drug parks (₹ 225 crore).

Source: Finance Accounts 2022-23

The details of agencies that received funds more than ₹ 100 crore directly from GoI for implementing various developmental schemes during 2022-23 are shown in Table 4.3.

Table 4.3: Agencies that received funds directly from GoI during 2022-23 (above ₹ 100 crore)

Sl. No.	Schemes of Government of India	Implementing Agencies	GoI releases during 2022-23 (₹ in crore)
1	Food Subsidy	Andhra Pradesh State Civil Supplies Corporation	6,635.97
2	Mahatma Gandhi National Rural Guarantee Program	Commissioner, Panchayat raj and Rural development	5,173.34
3	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	Department of Real Time Governance, Andhra Pradesh	2,953.39
4	Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)	Dr. YSR Aarogyasri Health Care Trust - Ayushman Bharat PM-JAY	480.89
5	Promotion of Bulk Drug parks	Andhra Pradesh Bulk Drug Infrastructure Corporation Limited	225.00

Source: Appendix VI of Finance Accounts 2022-23

4.5 Abstract Contingent bills

Financial Rules⁵⁹ permit drawal of advances on Abstract Contingent bills (AC bills) for the purpose of meeting contingent expenditure for specified purposes. Treasury rules⁶⁰ and State Government orders⁶¹ stipulate that all advances drawn on AC bills should be adjusted by submitting the Detailed Countersigned Contingent bills (DCC Bills) with supporting vouchers within 90 days.

Out of total 453 AC bills amounting to ₹ 214.04 crore drawn during the year 2022-23, 279 AC bills amounting to ₹ 23.77 crore (11.10 per cent) were drawn in March 2023. DC Bills in respect of a total of 887 AC bills amounting to ₹ 1,313.91 crore were not received to the end of 31 March 2023.

⁵⁹ Article 102,108 and Appendix 8 of AP Financial code Volume I

⁶⁰ SR18 (d) below TR 16 of AP Financial Code Volume I

⁶¹ GO No.391, Fin (TFR) department, dated 22 March 2002 and G.O.507, Fin (TFR) department, dated 10 April 2002

Details of unadjusted AC bills as pending submission of DC bills are shown in **Table 4.4**.

Table 4.4: Pendency in submission of DC Bills

Year	No. of Unadjusted AC Bills	Amount (₹ in crore)
up to 2018-19	329	726.27
2019-20	85	51.06
2020-21	65	269.92
2021-22	60	88.57
2022-23	348	178.09
Total	887	1,313.91

The age wise analysis of pending DC bills is given in **Table 4.5** below.

Table 4.5: Age analysis of Pending DC Bills

Years	No. of Unadjusted AC Bills	Amount (₹ in crore)
0 to 1 year	348	178.09
2 to 3 years	125	358.49
4 to 6 years	246	695.04
6 years and above	168	82.29
Total	887	1313.91

It is evident from the above that, out of the total pending DC bills, majority number of bills pertains to the year 2022-23, whereas, in terms of the amount majority of the pending DC bills for adjustment pertains to the year 2018-19.

Further, out of total pending DC bills, majority of the bills due for adjustment pertains to the AC bills drawn four to six years ago.

Expenditure against AC bills to the end of 31 March 2023 indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

State Government stated that special efforts were made in reducing the outstanding AC bills in the recent past. Efforts are being made to also clear the remaining AC bills.

4.6 Utilisation Certificates

Government gives grants to various bodies for specific purposes. Andhra Pradesh Financial rules⁶² stipulate that where Grants-in-Aid are given for specific purposes, departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees, which after verification, should be forwarded to the Principal Accountant General (A&E), to ensure that the funds have been utilised for intended purposes.

⁶² G.O.Ms.No.507, Finance (TFR) department dated 10 April 2002

As per Article 211-A of the APFC Volume I, Utilisation Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within a year from the date of receipt.

The status of outstanding UCs to the end of March 2023 could not be ascertained due to non-receipt of the relevant GOs/ sanctions for which UCs are to be watched by Accountant General.

Non-availability of information as to how the Grants-in-Aid were spent over the years is a matter of concern, as it involves huge funds provided to grantee institutions for implementation of various schemes and there is no assurance that the intended objectives of the schemes financed through Grants-in-Aid were achieved. In the absence of accountability for expenditure relating to funds provided dated back to five years, the possibility of fraud and/or misappropriation of these funds cannot be ruled out.

Despite drawing attention of the State Government to the issue year after year in the Audit Reports of the CAG, there was no improvement in forwarding relevant GOs/sanctions for which UCs are to be watched by Accountant General. In view of the huge funds involved, there is a need for a suitable mechanism for monitoring of utilisation of grants, submission of UCs.

4.7 Personal Deposit Accounts

4.7.1 Personal Deposit Account framework

Personal Deposits (PD) are established in two ways:

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

4.7.2 Operation of PD Accounts

As per the AP Financial Code, the purpose of PD Accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme for which funds are placed at their disposal by transfer from the Consolidated Fund of the State. As per Article 271 (iii) (4)⁶³ of the AP Financial Code, Personal Deposit Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State⁶⁴. The account may be opened again

⁶³ Memo. No. 1596/Accts./5y-4, dated 31 December 1959

⁶⁴ Except, where personal deposits are created by Law or rules having the force of law for discharging the liabilities arising out of special enactments

in the following year, if necessary, in the usual manner⁶⁵.

State Government issued (August 2019) Orders⁶⁶ prescribing the mechanism for opening and operation of PD accounts. These orders specified that PD accounts are virtual bank accounts that were conceptualised by the Government to facilitate smooth operations at the field level for scheme implementation. Funds are adjusted to the PD Accounts for specific purposes by debiting the service heads in the Consolidated Fund of the State and crediting the Personal Deposits. Unspent balances in the PD accounts, if any, at the end of the financial year should be lapsed by minus debiting the relevant service heads and debiting the PD accounts. As per these orders, Finance Department (Cash and Debt Management section of Finance Department) sanctions the opening of a PD Account and forwards copy of the same to Principal Accountant General (A&E).

4.7.3 Status of PD Accounts

The details of PD accounts operated during 2022-23 as per Finance Accounts are given in **Table 4.6**.

Table 4.6: Details of PD Accounts during 2022-23

(₹ in crore)			
Opening Balance as on 01 April 2022	Total amount transferred to PD accounts during 2022-23	Total withdrawals from PD Accounts during 2022-23	Closing Balance as on 31 March 2023
13,466.94	67,135.25	69,377.32	11,224.87

Source: Finance Accounts 2022-23; Note: Administrator wise details are not available in Finance Accounts

4.7.4 Observations on operation of PD Accounts

The credit balances in the PD Accounts represent liabilities of the State Government. On review of some of the PD Accounts, it was observed that certain entities deposited (other than amount adjusted from Consolidated Fund of the State or Lapsed funds) huge amounts by way of challans into Government Account (PD Accounts of PSUs) from their internal resources, loans raised or for ways and means adjustment. The State Government has to repay an amount of ₹ 1,491.81 crore to the entities concerned as of 31 March 2023. The details are given in **Table 4.7** below:

⁶⁵ Personal Deposit Accounts in connection with the working of schemes of commercial and quasi-commercial nature and schemes whose transactions spread over more than one financial year, need not be closed at the end of the financial year. Such Deposit Accounts should be closed when the need for them ceases

⁶⁶ G.O.Ms.No.99, Finance (Cash and Debt Management) Department, dated 14 August 2019

Table 4.7: Details of amounts remitted by the Corporations and other entities and amount outstanding as on 31 March 2023

Name of the entity	Year of deposit	Head of account to which the amount was credited	Amount Deposited into PD Account by way of challans	Amount repaid by the Government (as of 31 March 2023)		Amount to be repaid by the Government*
				Amount repaid by the Government	Amount to be repaid by the Government*	
Streenidhi Cooperative Credit Federation	2019-20 and 2020-21	8443-00-106-01-20-179-001	950	400	550	
AP State Civil Supplies Corporation	2022-23	8443-00-106-11-20-059-001	1,800	1,600	200	
AP Power Development Company Limited (APPDCL)	2022-23	8443-00-106-01-20-164-001	100	0	100	
APGENCO	2022-23	8443-00-106-01-20-165-001	100	0	100	
AP Water Resource Development Corporation - Godavari Pennar Interlinking Project (Phase -I)	2022-23	8443-00-106-02-20-002-012	415	16*	399	
AP Water Resource Development Corporation - (Chintalapudi Lift Irrigation Scheme)*	2021-22	8443-00-106-02-20-002-008	375.65	232.83*	142.81	
Total			6,910.65	5,418.84	1,491.81	

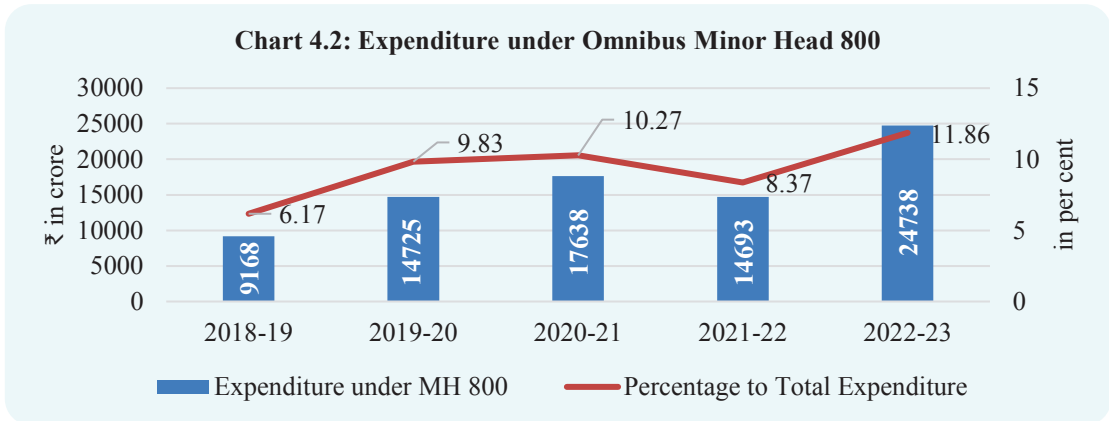
*Represents expenditure incurred from loan amount.

The State Government operates the PD Accounts in non-interest bearing Deposits Section of Government Account. Thus, the PSUs/Other Corporations/Other entities who remitted amounts to deposit accounts are foregoing the benefit of interest on the funds transferred to Government Account.

4.8 Use of Omnibus Minor Head 800

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

During 2022-23, the State Government incurred an expenditure of ₹ 24,738.17 crore (68.37 per cent increase compared to previous year) from Minor Head 800 under 43 Major Heads of Revenue and Capital sections, constituting 11.86 per cent of total expenditure. The extent of operation of Minor Head 800 - Other Expenditure, as a percentage of Total Expenditure during 2018-23 is given in **Chart 4.2**.



Source: Finance Accounts of respective years

During the period 2018-19 to 2022-23, the trend of expenditure booked under ‘Minor Head 800 – Other Expenditure’ fluctuated from year to year and ranged from 6.17 per cent to 11.86 per cent of the total expenditure.

Instances (50 per cent and above of the expenditure booked under a major head) where substantial proportion of the expenditure within a given Major Head was classified under the omnibus Minor Head 800 – ‘Other Expenditure’ during 2022-23 are shown in **Table 4.8**.

Table 4.8: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2022-23

(₹ in crore)			
Major Head	Expenditure under Minor Head 800	Total Expenditure under Major Head	Percentage of MH 800 to total expenditure under Major Head
4875-Capital Outlay on other Industries	105.30	105.30	100.00
5452-Capital Outlay on Tourism	53.56	53.56	100.00
2801-Power	15,696.42	18,007.97	87.16
2702-Minor Irrigation	60.86	96.66	62.96
4070-Capital Outlay on Other Administrative Services	47.03	75.10	62.62
2236-Nutrition	5,427.12	9,108.04	59.59
2852-Industries	55.48	98.42	56.37

Source: Finance Accounts 2022-23

During 2022-23, the State Government classified receipts of ₹ 2,269.40 crore (116.09 per cent increase compared to previous year) pertaining to 43 Major Heads, under omnibus Minor Head ‘800 - Other Receipts.’ These receipts constituted 1.44 per cent of the total receipts. The details where substantial proportion of receipts (50 per cent and above of the receipts booked under a Major Head) were classified under Minor Head 800 – ‘Other Receipts’ are shown in **Table 4.9**.

Table 4.9: Significant receipts booked under Minor Head 800 – Other receipts during 2022-23

(₹ in lakh)			
Major Head	Receipts under Minor Head 800	Receipts under Major Head	Percentage of Total Receipts
1456-Civil Supplies	10.00	10.00	100.00
0235-Social Security and Welfare	1.05	1.05	100.00
0701-Medium Irrigation	1.22	1.22	100.00
0801-Power	3.92	3.92	100.00
1055-Road Transport	978.17	978.17	100.00
1054-Roads and Bridges	35.14	35.17	99.91
0425-Co-operation	16.27	16.35	99.51
0029-Land Revenue	106.89	109.76	97.39
0059-Public Works	6.24	6.60	94.47
0215-Water Supply and Sanitation	8.59	9.60	89.47
0401-Crop Husbandry	3.42	4.11	83.40
0049-Interest Receipts	6.30	9.10	69.23
0700-Major Irrigation	19.75	36.50	54.11

Source: Finance Accounts 2022-23

4.8.1 Usage of Minor Head 800 despite the availability of specific Minor Heads

It was observed that Omnibus Minor Head – 800 was operated despite the availability of Specific Minor Head in the test checked cases mentioned in **Table 4.10**.

Table 4.10: Use of Omnibus Minor Head 800 despite availability/ instruction to open specific Minor Heads

Classification under Minor Head 800	Description of Sub-head used	Related specific Minor Head to be used	Related Specific Minor Head Description	Amount (₹ in crore)
Receipts				
0029-00-800-81	Other Receipts	0029-00-101	Land Revenue	96.89
0700-01-800-02/03	Sale of water for other purposes	0700-01-103	Sale of water for other purposes	10.78
0049-04-800-01	Interest on Loans to Government Servants	0049-04-118	Interest on Loans to Government Servants	3.25
0049-04-800-22	Miscellaneous Interest Receipts	Minor Head 801 of each service head	Interest or other earnings from grantee on Unspent Balances	2.10
0215-01-800-02	Collection of payments for services rendered under Chief Engineer (Public Health)	0215-01-104/501	Service fee	3.37
0701-01-800-81	Other Receipts	0701-01-101/102/108	Sale of water/Indirect receipts	1.22
0202-04-800-01	Receipts of the Department of Archaeology	0202-04-101	Archives and Museums	0.29
Expenditure				
2801-80/05-800 - 04/05/06/11/16	Assistance to AP TRANSCO,	2801-80-101	Assistance to Electricity Boards	8,583.33

Classification under Minor Head 800	Description of Sub-head used	Related specific Minor Head to be used	Related Specific Minor Head Description	Amount (₹ in crore)
	DISCOMs, AP Power Finance Corporation			
2801-05-800	YSR Nine hours free power Supply	2801-05	Under 2801-05: Each scheme should have separate minor head	7,113.09
2401-00-800	All agriculture related schemes	2401-103/104/108/109/114/119	Schemes can be implemented under respective type of crops	846.20
2225-01-800	Providing free power supply to SC Households	2801-05	Under 2801-05: Each scheme should have separate minor head	292.49
2210-80-800-11-06	Centralised Purchase of Drugs and Medicine	2210-01-104	Medical Stores Depots	104.33
2216-03-800	Pradhan Mantri Awas Yojana (Grameen)	2216-03	Each class of scheme will be a minor head under respective sub major head	80.00
2250-00-800-11-08	Development Works in Sri Durga Malleswara Swamy Varla Devasthanam	2250-00-103	Upkeep of Shrines, Temples etc	70.00
2852-80-800	Incentives of Industrial Promotion	2852-80-104	Industrial Promotion	55.48
2701-80-800-07	Investigation on Minor Irrigation Schemes including Master Plan	2701-80-005	Investigation	38.42
2701-80-800-07	General Establishment, Chief Engineer, Minor Irrigation	2701-80-001	Direction and Administration	22.44
4225-02/80-800	Construction of Buildings for Integrated Residential Schools, Construction of Buildings for Hostels and Residential Schools	4225-00-277	Education	18.92
5475-00-800-11/13/43	Infrastructure Facilities for Development of IT, IT Infrastructure at newly formed Districts	5475-00-115	Financial Support to Infrastructure Development	13.33
2700-80-800-30	Assistance to APWRDC	2700-80-190	Assistance to Public Sector Undertakings	5.68

Classification of large amounts under the Minor Head 800 affects transparency in financial reporting as it would not indicate disaggregated information on different activities of the Government separately in the accounts and distorts proper analysis of allocative priorities and quality of expenditure.

State Government replied that GoAP made consistent efforts to reduce classification of expenditure under Minor Head 800 and reduced booking expenditure substantially under Minor Head 800. It was also stated that though the expenditure was booked under Minor Head 800, there was no loss of information as the details of expenditure are captured through Sub Head and Detailed Heads. A separate team headed by Joint Director (Budget) was nominated to identify all the remaining items of Minor Head 800 operated during 2023-24 and provide correct Head of Account in consultation with PAG (A&E) and no such items will be reflected in the Accounts of 2023-24 by the end of March 2024.

4.9 Suspense and Remittance Balances

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

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

Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. The position of balances under major suspense and remittance heads for the last three years is given in **Table 4.11**.

Table 4.11: Balances under Suspense and Remittance Heads

Minor Head	2020-21		2021-22		2022-23	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 - Suspense						
101- PAO Suspense	103.18	23.85	87.15	52.82	92.49	4.41
Net	Dr. 79.33		Dr. 34.33		Dr. 88.08	
102 - Suspense Account- Civil	436.71	1,862.94	797.36	339.39	275.62	173.82
Net	Cr. 1,426.23		Dr. 457.97		Dr. 101.80	
107 - Cash Settlement Suspense Account	0	0.45	0	0.45	0	0.45
Net	Cr. 0.45		Cr. 0.45		Cr. 0.45	
109 - Reserve Bank Suspense -Headquarters	14.2	8.50	14.19	8.50	13.02	8.17
Net	Dr. 5.70		Dr. 5.69		Dr. 4.85	
110 - Reserve Bank Suspense - CAO	148.54	71.18	178.94	71.38	163.54	70.34
Net	Dr. 77.36		Dr. 107.56		Dr. 93.20	

(₹ in crore)

Minor Head	2020-21		2021-22		2022-23	
112 - Tax Deducted at Source (TDS) Suspense	886.67	2,044.16	0	1,452.69	0	1,450.49
Net	Cr. 1,157.50		Cr.1,452.69		Cr. 1,450.49	
123 - A.I.S Officers' Group Insurance Scheme	0	0.48	0	0.42	0	0.45
Net	Cr. 0.48		Cr. 0.42		Cr. 0.45	
139 - GST-Tax Deducted at Source Suspense	NA	NA	0	152.14	0	74.78
Net	NA		Cr. 152.14		Cr. 74.78	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	76,007.40	75,318.10	76,007.40	75,313.17	75,981.24	75,286.95
Net	Dr. 689.30		Dr. 694.23		Dr. 694.29	
103 - Forest Remittances	439.12	617.42	439.16	617.43	439.16	617.43
Net	Cr. 178.27		Cr. 178.27		Cr. 178.27	

Source: Finance Accounts of respective years

4.9.1 PAO Suspense

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

As on 31 March 2023, there was a debit balance of ₹ 92.49 crore (increased by ₹ 5.34 crore over previous year) and the credit balance of ₹ 4.41 crore (decreased by ₹ 48.41 crore over previous year) under this head of account. PAO Central Pensions, M/o Finance (₹ 44.83 crore), Regional PAO, M/o Shipping and Transport (₹ 54.11 crore) are the major entities from where State Government has to receive the funds. PAO, Department of Mines, New Delhi (₹ 4.40 crore) is the major entity to which State Government has to make the payments.

4.9.2 Suspense Account (Civil)

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

of account for want of details.

The outstanding debit balance as on 31 March 2023 was ₹ 275.62 crore and the credit balance was ₹ 173.82 crore which decreased by ₹ 521.74 crore and ₹ 165.57 crore respectively. To the end of 31 March 2023, major debit balance outstanding under this head was in respect of Tungabhadra Project suspense of ₹ 203.40 crore and major Credit balance was in respect of other items payments of ₹ 67.96 crore and Unclassified Suspense of ₹ 64.48 crore.

4.9.3 Reserve Bank Suspense – CAO

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

As on 31 March 2023, the outstanding debit and credit balances under this head were ₹ 163.54 crore (decreased by ₹ 15.40 crore over previous year) and ₹ 70.34 crore (decreased by ₹ 1.24 crore over previous year) respectively awaiting adjustments.

4.9.4 Tax deducted at Source (TDS) suspense

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

As on 31 March 2023, the State Government had a credit balance of ₹ 1,450.49 crore under ‘8658-112 – TDS Suspense’, which indicates that the tax recovered by the State Government is yet to be passed to Central Government.

4.9.5 GST - Tax deducted at Source (TDS) suspense

This Minor Head is intended to accommodate receipts on account of Goods and Services Tax (GST) deducted at source, in the books of Central P.A.O., separated Accounts Offices of Union Territories and State Accountants General to enable them to

settle transactions with Central Board of Indirect Taxes and Customs (CBIC) as per instructions issued by Department of Revenue from time to time.

As on 31 March 2023, the State Government had a credit balance of ₹ 74.78 crore under '8658-139 – TDS Suspense', which indicates that the tax recovered by the State Government is yet to be passed to CBIC.

4.9.6 Remittance Heads

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

As on 31 March 2023, there was a debit balance of ₹ 694.29 crore under Public Works divisions and a credit balance of ₹ 178.27 crore under Forest Remittances.

4.10 Compliance to Indian Government Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Andhra Pradesh in 2022-23 and deficiencies therein are detailed in **Table 4.12**.

Table 4.12: Compliance to Accounting Standards

Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
IGAS 1: Guarantees given by the Government – Disclosure requirements	This standard requires the government to disclose the maximum guaranteed amount given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Not Complied (Statement Nos. 9 and 20 of Finance Accounts)	Though sector-wise details were disclosed, class-wise details were not incorporated. The Government has disclosed the maximum guaranteed amount given during the year, but detailed information like number of guarantees invoked were not furnished. The Statements were incomplete to that extent. (<i>Refer to Paragraph 2.8</i> for further audit findings on Guarantees)
IGAS 2: Accounting and Classification of Grants-in- Aid	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the	Not Complied (Statement No. 10 of Finance Accounts)	State Government made budgetary provision and classified GIA amounting to ₹ 2.70 crore under Capital Major Heads of Account, instead of under the Revenue Section during 2022-23.

Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
	grantee, irrespective of the end use.		It did not also furnish any information regarding GIA paid in kind during the year. (<i>Refer to Paragraph 3.7.2</i> for further audit findings on impact of classifying Grants in Aid under Capital Section) Non-compliance led to understatement of Revenue Deficit and overstatement of capital expenditure.
IGAS 3: Loans and Advances made by Governments	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Not Complied (Statement No. 18 of Finance Accounts)	Though the State Government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the details of overdue Principal and interest was not furnished. Confirmation of balances of individual Loanee was not furnished. (<i>Refer to Paragraph 2.5.5.2</i> for further audit findings on Loans and Advances)

Source: Indian Government Accounting Standards and Finance Accounts

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

4.11 Submission of Annual Accounts by Autonomous Bodies

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

There were 42 ABs coming under the audit purview as per Section 19 or 20 of the CAG’s DPC Act, which were required to submit their Annual Accounts to CAG before 30 June every year. There was a delay in submission of accounts by such entities to Audit ranging from one to eight years as of 30 September 2023. Details of the periods up to which accounts were due and rendered are given in *Appendix 4.1*. Age-wise details are shown in **Table 4.13**.

Table 4.13: Age-wise arrears of Annual Accounts

Sl.No	Delay in Number of Years	No. of Bodies / Authorities	Number of Accounts due
1	Up to 1 year	09	09
2	2-3	10	25
3	4-5	09	32
4	6-7	06	37

Sl.No	Delay in Number of Years	No. of Bodies / Authorities	Number of Accounts due
5	8 or more	08	80
	Total	42	183

Further, in order to identify the institutions⁶⁷ which attract audit under Sections 14 and 15 of the CAG's (DPC) Act 1971, Rule 88 of the Regulations on Audit and Accounts (2020) mandates the Government/Heads of Department to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose of such assistance and the total expenditure of the institutions. However, the same was not being furnished by the State Government/HoDs.

Annual accounts of 198 such authorities/bodies (1,764 Accounts) were not submitted to Audit as of August 2023. Details of the periods up to which accounts were due and rendered, based on the previous accounts received, are given in **Appendix 4.2**.

The State Government replied that the Autonomous Bodies, Development Bodies/Authorities would be advised to submit the Accounts at the earliest.

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

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

Annual accounts of 90 PSUs (342 Accounts) out of 103 PSUs were not submitted to Audit as of 30 September 2023. Details of the periods up to which accounts were due and rendered, are given in **Appendix 4.3**.

Due to delay in submission of annual accounts by the PSUs, release of the grants and loans disbursed to these Bodies/Authorities and expenditure therefrom cannot be vouchsafed in timely manner. As many of the PSUs are substantially financed from public funds, the State Government shall initiate action for timely finalisation and submission of accounts by the PSUs and evolve an action plan for clearance of arrears in finalisation of accounts.

The State Government has replied that all the PSUs would be advised to submit the Accounts at the earliest.

4.13 Deposits of Local Funds

The Deposits of Local Funds under Andhra Pradesh Panchayat Act, 1994 provides that Zilla Praja Parishad (ZPP), Mandal Praja Parishad (MPP) and Gram/Village Panchayat (GP) would maintain ZPP, MPP and GP funds respectively (under the classification 8448 – Deposits of Local Funds – 109 – Panchayat Bodies Funds) which would include

⁶⁷Educational Institutions, Government Organisations, Autonomous bodies, etc.,

all the money realised or realisable under the Act and all monies otherwise received by the PRIs, such as Finance Commission grants of GOI, receipts on account of State Finance Commission awards as well as own revenue (composed of tax and non-tax receipts).

Andhra Pradesh Municipalities Act, 1965 envisages that the Municipal Fund is to be maintained by the Municipality concerned. All the money realised or realisable under the Act and all money otherwise received by the Municipalities are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds -102-Municipal Funds. The details of balances, receipts and payments under these funds are given in **Table 4.14**.

Table 4.14: Deposits of Local Funds

			(₹ in crore)				
Year	Sl.No		2018-19	2019-20	2020-21	2021-22	2022-23
Gram Panchayat/ Village Panchayat Fund (8448-109-01)	1	OB	1,825.39	1,540.04	2,888.32	2,650.05	1,724.93
	2	Receipts	1,764.20	2,717.07	4,255.93	3,444.21	1,941.91
	3	Payments	2,049.55	1,363.78	4,494.21	4,369.33	2,647.56
	4	CB	1,540.04	2,888.32	2,650.05	1,724.93	1,019.28
Mandal Praja Parishad Funds (8448-109-02)	5	OB	297.18	326.32	230.92	573.12	862.36
	6	Receipts	1036.6	372.01	468.69	481.90	402.32
	7	Payments	1007.47	467.40	126.49	192.67	497.35
	8	CB	326.32	230.92	573.12	862.36	767.33
Zilla Praja Parishad Funds (8448-109-03)	9	OB	786.09	437.69	504.95	810.30	1071.95
	10	Receipts	194.63	261.53	579.87	497.71	387.24
	11	Payments	543.03	194.27	274.53	236.06	521.47
	12	CB	437.69	504.95	810.3	1071.95	937.71
Total PRI Funds	13 (4+8+12)		2,304.05	3,624.25	4,033.47	3,659.24	2,724.32
Municipal Funds (8448-102)	14	OB	3,434.47	2,806.92	4,210.06	4,761.98	3,431.17
	15	Receipts	4,431.57	4,021.78	3,052.20	3,893.78	3,453.81
	16	Payments	5,059.12	2,618.64	2,500.28	5,224.59	2,677.51
	17	CB	2,806.92	4,210.06	4,761.98	3,431.17	4,207.48

Source: Finance Accounts of respective years;

The balances in respect of Finance Commission grants received by Local Bodies to the end of the year 2022-23 are tabulated below:

Table 4.15: Deposits of Local Funds – FC grants

			(₹ in crore)	
Institutions		Balance to the end of 31 March 2022	Balance to the end of 31 March 2023	
Panchayat Raj Institutions (PRIs)				
Gram Panchayat/ Village Panchayat Fund		940.16	340.68	
Mandal Praja Parishad Funds		491.30	378.80	
Zilla Praja Parishad Funds		498.24	247.34	
Total PRIs		1,929.70	974.82	
Urban Local bodies (ULBs)				
Municipal Funds		818.88	755.49	
Municipal Corporation funds		808.02	1,118.22	
Total ULBs		1,626.90	1,873.71	

As can be seen from **Table 4.14**, an amount of ₹ 974.82 crore (35.78 per cent of total funds with PRIs) of FC grants was lying unspent under Municipal Funds.

During the year 2022-23, in respect of total Municipal Funds (PRIs+ULBs) the closing balance of ₹ 4,207.48 crore includes ₹ 1,873.71 crore of FC grants.

4.14 Timeliness and Quality of Accounts

Principal Accountant General (A&E) receives the compiled accounts of the State from 26 District Treasuries, 13 Combined District Treasuries (united districts prior to district reorganisation), 38 Public Works Pay and Accounts Offices (PAO (W)) (Roads and Buildings, Water Supply and Sanitation /Public Health Engineering, Panchayat Raj, Forest Divisions, Irrigation / Water Resources Divisions), three Pay and Accounts Offices and Advices of the Reserve Bank of India. There was no exclusion of primary accounts during 2022-23.

Non availability of information and data on Submission of Utilisation Certificates, pendency in submission of Detailed Contingent Bills, Increased usage of Minor Head 800 and Non-adherence to Indian Government Accounting Standards by the State Government affected the completeness, transparency and disclosure of Accounts.

State Government in its reply stated that with the introduction of Comprehensive Financial Management System (CFMS) all the transactions and expenditure details are traceable to the Government as well as Office of the Principal Accountant General. Further, substantial improvement was made in submission of detailed vouchers for contingent bills and all the Accounting Standards are being followed by the State Government.

While appreciating the fact of making transactions traceable to the Government as well as PAG, the transactions still lacks certain documents such as Utilisation Certificates and increase in usage of Minor Head 800 despite availability of specific minor heads and non-adherence to IGAS affects the quality and transparency in accounts.

4.15 Follow up action on Audit Reports

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

Finance Department has not furnished the Explanatory Notes (ENs) for the State Finances Audit Reports for the years 2016-17 to 2021-22 as of September 2023. Recommendations of Public Accounts Committee (PAC) on Audit Reports on State Finances for the years 2014-15 and 2015-16 were placed before State Legislature on 06 February 2019.

4.16 Conclusion

Non-payment/short payment of the interest amounting to interest bearing Reserve Funds/Deposits has resulted in understatement of Revenue expenditure by ₹ 151.51 crore.

The liability towards interest on accounts of ZPPFs was not being discharged by the Government on periodical basis or otherwise by making suitable provisions in the Budget Estimates, there is an understatement of revenue expenditure/revenue deficit as well as accumulation of committed liability in future years.

Operation of the PD Accounts in non-interest bearing Deposits Section of Government Account resulted in foregoing of interest on the funds transferred and deposited to Government Account by the Local Bodies/PSUs/Other Corporations/Other entities.

Classification of large amounts under the Minor Head 800 affects transparency in financial reporting as it would not indicate disaggregated information on different activities of the Government separately in the accounts and distorts proper analysis of allocative priorities and quality of expenditure.

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

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

Non availability of information and data on Submission of Utilisation Certificates, pendency in submission of Detailed Contingent Bills, Increased usage of Minor Head 800 and Non-adherence to Indian Government Accounting Standards by the State Government affected the completeness, transparency and disclosure of Accounts.

4.17 Recommendations

- 1. State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission of Utilisation Certificates and Detailed Countersigned Contingent bills.*
- 2. State Government should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in a time bound manner.*
- 3. State Government should discourage the use of omnibus Minor Head 800 and in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under this Head and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*

Chapter 5 Working of State Public Sector Undertakings

5.1 Introduction

This Chapter presents the summary of financial performance of Government Companies, Government Controlled Other Companies and Statutory Corporations of Government of Andhra Pradesh (GoAP) as revealed from their accounts/ information furnished by them and results of oversight role of the Comptroller & Auditor General of India (CAG). It highlights some of the significant comments issued as a result of supplementary audit of the accounts of the State Public Sector Undertakings (PSUs) conducted by the CAG and the impact on comments issued by the CAG on the financial statements received during the current year in respect of the Statutory Corporations where the CAG is the Sole Auditor.

The State PSUs are established by Government to carry out activities of commercial nature for the development of the State as well as to cater to the welfare of its people.

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a Company which is a subsidiary of a Government Company.

The Statutory Corporations are established by State Government and governed by their respective legislations.

Besides, any other company⁶⁸ owned or controlled, directly or indirectly, by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

In this Report, PSUs encompass Government Companies, Government Controlled Other Companies and Statutory Corporations of GoAP.

5.1.1 Mandate

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143 of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made there under. Under the provisions of Sections 139 (5) and (7) of Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Government Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the Statutory Auditors under Section 143 of the Companies Act, 2013.

The statutes governing Statutory Corporations also require that their accounts be audited

⁶⁸ Companies (Removal of Difficulties) Seventh Order, 2014 issued (04 September 2014) by Ministry of Corporate Affairs

by CAG and a report be submitted to the State Legislature.

5.2 Number of State PSUs and status of accounts

As on 31 March 2023, there were 124 State PSUs in Andhra Pradesh State (including 11 Government Companies in Power Sector and 107 Government Companies, three Government Controlled Other Companies and three Statutory Corporations in other than Power Sector) under the audit jurisdiction of CAG. Out of these 124 PSUs, 103 were working and 21 inactive PSUs⁶⁹. Further, 103 working PSUs include 11 Power Sector PSUs and 92 PSUs of other Sectors. During the year 2022-23, six⁷⁰ Government Companies came under the audit jurisdiction of CAG as detailed in *Appendix 5.1*. The nature and the position of State PSUs as on 30 September 2023 are given in **Table 5.1**.

Table 5.1: Coverage and nature of Public Sector Undertakings

Nature of PSUs	Total Number of PSUs	Number of PSUs whose accounts were received as of 30 September 2023			
		Accounts up to			Total
		2022-23	2021-22	2020-21	
Government Companies	97	12	18	6	36
Government Controlled other Companies ⁷¹	3	0	1	1	2
Statutory Corporations ⁷²	3	1	2	0	3
Total Working PSUs	103	13	21	7	41
Inactive Government Companies	21	0	1	1	2
Grand Total	124	13	22	8	43

Source: As compiled by office of PAG (Audit), Andhra Pradesh.

Out of 103 working PSUs, 45 PSUs (including first accounts of four⁷³ PSUs) were in arrears for less than three years and accounts of 58 PSUs were in arrears for three or more years as on 30 September 2023. Out of 45 PSUs, 41 PSUs have submitted their annual accounts for various financial years *i.e.*, 2020-21 to 2022-23 as mentioned in the above table. During the audit period, 13 PSUs submitted the accounts for the year 2022-23 and seven PSUs submitted information related to financial matters pending finalisation of annual accounts. Hence, this chapter covers detailed analysis of financial performance of 20 working PSUs based on accounts (13 PSUs) and information (seven PSUs) furnished as specified above. The chapter also covers analysis of investment and relevant financial position of the said 20 PSUs. As on 30 September 2023, 27 out of 103 PSUs have not furnished their first accounts. Further, detailed analysis of 21 inactive PSUs has not been covered in this Chapter. The position of accounts of all 124 PSUs, both working and inactive as on 30 September 2023 is given in *Appendix 5.1*.

⁶⁹Inactive PSUs are those which have effectively ceased to carry out their operations or under liquidation process

⁷⁰Andhra Pradesh Bulk Drugs & Infrastructure Corporation Limited, Bhavanapadu Port Development Corporation Limited, Machilipatnam Port Development Corporation Limited, Mark up Private Limited, Meat Development Corporation of Andhra Pradesh & Ramayapatnam Port Development Corporation Limited

⁷¹Kakinada Smart City Corporation Limited, Greater Visakhapatnam Smart City Corporation Limited and Amaravati Smart & Sustainable City Corporation Limited

⁷²Andhra Pradesh State Road Transport Corporation, Andhra Pradesh State Financial Corporation and Andhra Pradesh State Warehousing Corporation

⁷³Andhra Pradesh Farmers E-Vikraya Corporation Limited, Andhra Pradesh Medical Education and Research Corporation Limited, Mark up Private Limited, Kadapa Steel Corporation Limited

The figures in **Table 5.1** indicate position of accounts received as on 30 September 2023 *i.e.*, the original cutoff date for finalisation of accounts by PSUs (as explained in Paragraph 5.6.2.2).

5.2.1 Details of Inactive Public Sector Undertakings

The 21 inactive PSUs in existence as on 31 March 2022, were continued to be inactive as on 31 March 2023. The total investment in these 21 inactive PSUs was ₹240.51 crore. Out of 21 inactive PSUs, eight were reported to be in the process of liquidation for several decades, though Official Liquidator was appointed during the period April 1988 to June 2014. However, one⁷⁴ of the PSUs furnished its financial statements upto the financial year 2021-22.

5.2.2 Summary of financial performance of Public Sector Undertakings

The summary of financial performance of 20 working PSUs was as given in **Table 5.2**.

Table 5.2: Summary of financial performance of working PSUs

Description	Number of PSUs	Amount (₹ in crore)
Number of working PSUs	103	--
State PSUs covered	20	--
Paid up capital	20	6,032.22
Long term loans	20	1,00,728.97
Net profit	14	2,786.83
Net loss	5	1,251.63
Zero profit/loss	1	0
Dividend Paid	0	0
Total assets	13 ⁷⁵	1,58,747.26
Net Worth	20	(-22,882.28)

Source: As per Annual Accounts and information furnished by PSUs

5.3 Contribution of PSUs to the economy of the State

The ratio of turnover of the State PSUs to the Gross State Domestic Product (GSDP) shows the contribution of PSUs to the economy of the State.

The details of turnover of the working PSUs and GSDP of Andhra Pradesh during three-year period ended 31 March 2023 are given in **Table 5.3**.

Table 5.3: Details of turnover of working PSUs vis-a-vis GSDP of Andhra Pradesh

Sl. No.	Sector	2022-23		2021-22		2020-21	
		Number of PSUs	Amount (₹ in crore)	Number of PSUs	Amount (₹ in crore)	Number of PSUs	Amount (₹ in crore)
1	Power	7	71,266.97	7	55,804.99	7	48,443.31
2	Finance	3	2,098.92	3	1,934.34	3	1,557.55
3	Service	2	736.00	2	121.04	2	152.88
4	Infrastructure	1	60.20	1	28.31	1	10.36
5	Others	7	14,014.74	7	7,565.72	7	19,059.58
Total turnover		20	88,176.83	20	65,454.40	20	69,223.68
GSDP of Andhra Pradesh		--	13,17,728.00	--	11,33,837.00	--	9,56,788.00
Percentage of turnover to GSDP		--	6.69	--	5.77	--	7.24

Source: GSDP figures sourced from National Statistical Office, Ministry of Statistics and Programme Implementation (MoSPI) and turnover figures as per annual accounts and information of PSUs

⁷⁴ ABC (NEXT) India Private Limited

⁷⁵ information pertains to Finalised Accounts of 2022-23

The contribution of PSUs to GSDP of Andhra Pradesh decreased to 6.69 *per cent* in 2022-23 compared to 7.24 *per cent* in 2020-21. Further, the turnover of these PSUs increased by 27.38 *per cent* during 2022-23 compared to turnover in 2020-21 and increased by 34.71 *per cent* compared to 2021-22. During the last three years the compounded annual growth rate (CAGR) of GSDP was 17.36 *per cent*, while CAGR of turnover of these working PSUs was 12.86 *per cent*.

The PSUs in Power Sector have contributed maximum turnover constituting 80.82 *per cent* of the total turnover of 20 PSUs during 2022-23. While the PSUs in other sectors contributed less than 20 *per cent* of the total turnover during 2022-23.

5.4 Investments in Government Companies and Statutory Corporations and Budgetary Support

As per the Accounts and information furnished by 20 PSUs, analysis of equity and loans of these 20 working PSUs as at the end of 31 March 2023 was as given in **Table 5.4**.

Table 5.4: Equity and long-term loans in working PSUs

Sl. No.	Sources of Investment	As on 31.03.2023			As on 31.03.2022			As on 31.03.2021		
		Equity	Long term loans	Total	Equity	Long term loans	Total	Equity	Long term loans	Total
1.	State Government	3,959.81	1,574.61	5,534.42	3,960.05	134.56	4,094.61	3,360.05	95.33	3,455.38
2.	Central Government Companies	1.03	0.00	1.03	0.50	0.00	0.50	0.50	0.00	0.50
3.	State PSUs	1,469.52	7,958.61	9,428.13	1,461.35	8,768.30	10,229.65	1,441.27	5,494.49	6,935.76
4.	Others (Financial Institutions, Banks and Central PSUs)	601.87	91,195.75	91,797.62	599.52	68,070.04	68,669.56	592.47	62,728.24	63,320.71
5.	Total	6,032.23	1,00,728.97	1,06,761.20	6,021.42	76,972.90	82,994.32	5,394.29	68,318.06	73,712.35
6.	Percentage of investment of State Government to total investment	65.64	1.56	5.18	65.77	0.17	4.93	62.29	0.14	4.69

Source: As per Annual Accounts and information furnished by PSUs

Out of the total Equity holding, the Equity held by the State Government constituted 65.64 *per cent* for the year 2022-23. The Sector wise investment of State Government in working PSUs during the three-year period 2020-21 to 2022-23 was as given in **Table 5.5**.

Table 5.5: Sector wise investment of State Government in PSUs

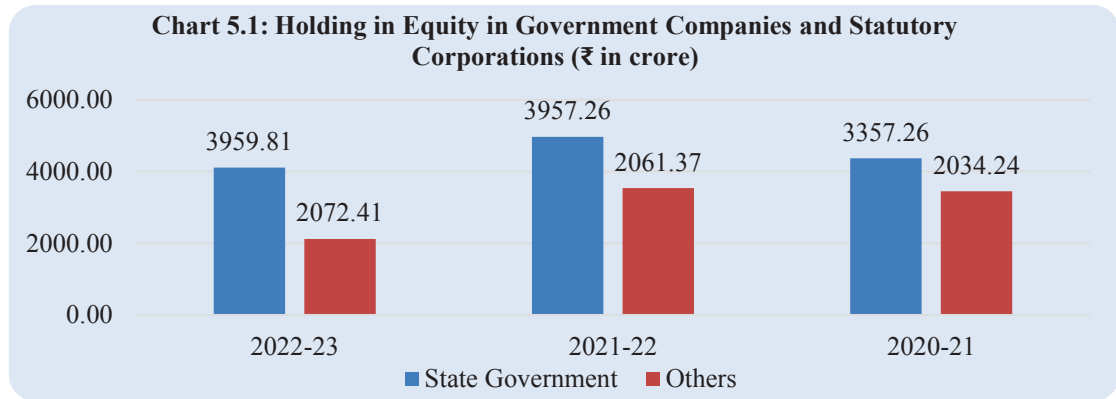
(₹ in crore)

Nature of Sector	Sector-wise Investment											
	2022-23				2021-22				2020-21			
	No. of PSUs	Equity	Loans	Total	No. of PSUs	Equity	Loans	Total	No. of PSUs	Equity	Loans	Total
Power	7	2,687.04	34.09	2,721.13	7	2,687.04	9.48	2,696.52	7	2,687.04	9.48	2,696.52
Finance	3	1,158.93	0.00	1,158.93	3	1,156.38	0.00	1,156.38	3	556.38	0.00	556.38
Service	2	3.94	-	3.94	2	6.73	0.00	6.73	2	6.73	0.00	6.73
Infrastructure	1	0.00	0.00	0.00	1	0.00	0.00	0.00	1	0.00	0.00	0.00
Others	7	109.90	1540.52	1,650.42	7	109.90	125.08	234.98	7	109.90	85.85	195.75
Total	20	3,959.81	1,574.61	5,534.42	20	3,960.05	134.56	4,094.61	20	3,360.05	95.33	3,455.38

Source: As per Annual Accounts and information of PSUs

As on 31 March 2023, the total investment in these 20 PSUs comprised of 71.55 per cent of equity capital and 28.45 per cent of long-term loans. The thrust of State Government's investment in PSUs was mainly in Power Sector PSUs which constituted 67.86 per cent of equity and 2.16 per cent of loans during 2022-23.

Holding in equity by State Government and Others (Central Government, Financial Institutions and Banks etc.) during the three years ended 31 March 2023 in working PSUs is depicted in **Chart 5.1**.



Details of significant holding (holding of more than ₹100 crore) of the State Government as at the end of March 2023 in the paid-up capital of the State PSUs is given in **Table 5.6**.

Table 5.6: Significant holding of the State Government

Sl. No.	Name of the State PSU	Name of the Department	Amount (₹ in crore)
Statutory Corporations			
1	Andhra Pradesh State Financial Corporation	Industries and Commerce	206.01
Government Companies			
2	Andhra Pradesh Power Generation Corporation Limited	Energy	2,106.80
3	Eastern Power Distribution Company of Andhra Pradesh Limited	Energy	121.23
4	Southern Power Distribution Company of Andhra Pradesh Limited	Energy	358.72
5	Andhra Pradesh Power Finance Corporation Limited	Finance	350.92
6	Andhra Pradesh State Financial Services Corporation Limited	Finance	602.00
Total			3,745.68

Source: As per Annual Accounts and information of PSUs

We observed that out of the total equity investment by State Government in 20 PSUs, a significant amount i.e., 94.59 per cent was made in the above PSUs.

5.4.1 Budgetary support to Public Sector Undertakings

State Government provides financial support to the State PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans converted to equity, interest written-off and outstanding guarantees of the 20 test checked State PSUs for the last three years ending March 2023 are given in the **Table 5.7**.

Table 5.7: Statement showing details regarding budgetary support to PSUs

Sl. No	Particulars	2022-23		2021-22		2020-21	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
Power Sector PSUs							
(i)	Equity Capital Outgo	0	0	0	0	0	0
(ii)	Loans given ⁷⁶	1	5.33	0	0	0	0
(iii)	Grants/Subsidy ⁷⁷ provided	3	9,674.52	3	8,241.77	3	7,974.24
(iv)	Total outgo (i+ii+iii)	4	9,679.85	3	8,241.77	3	7,974.24
(v)	Loan repayment written off	0	0	0	0	0	0
(vi)	Loans converted into equity	0	0	0	0	0	0
(vii)	Guarantees issued	3	23,223.47	3	4,058.46	4	11,982.00
(viii)	Guarantees commitment	5	30,292.39	5	17,701.85	4	17,530.21
Other than Power Sector PSUs							
(i)	Equity Capital Outgo ⁷⁸	1	2.55	1	600.00	1	42.40
(ii)	Loans given ⁷⁹	2	1,415.93	1	38.75	1	7.92
(iii)	Grants/Subsidy ⁸⁰ provided	2	8.57	2	6.52	2	7.35
(iv)	Total outgo (i+ii+iii)	5	1,427.05	4	645.27	4	57.67
(v)	Loan repayment written off	0	0	0	0	0	0
(vi)	Loans converted into equity	0	0	0	0	0	0
(vii)	Guarantees issued	1	231.69	1	2,558.00	3	5,149.20
(viii)	Guarantees commitment	3	11,865.66	4	2,208.57	4	4,937.76

Source: Information compiled to the extent of information received from the PSUs

State Government helps the PSUs in raising loans from the banks and Public Financial Institutions by giving guarantee for repayment of principal and interest. As can be seen from the above table, the budgetary support by State Government towards equity, loans and grants/subsidy ranged between ₹7,974.24 crore (2020-21) to ₹9,679.85 crore (2022-

⁷⁶ as per Government account, loan given during 2020-23 was nil

⁷⁷ as per Government account, grant and subsidy provided was 2020-21: ₹4,274.21 crore, 2021-22: ₹9,462.03 crore and 2022-23: ₹15,223.64 crore

⁷⁸ as per Government account, equity capital outgo was 2020-21: ₹two crore, 2022-23: nil

⁷⁹ as per Government account, loans given was 2020-21: ₹1,000 crore, 2021-22: ₹1,000 crore and 2022-23: ₹1,412.62 crore

⁸⁰ as per Government account, grants and subsidy provided was 2020-21: ₹558.13 crore, 2021-22: ₹450.09 crore and 2022-23: ₹7.42 crore

23) in Power Sector PSUs and ranged between ₹57.67 crore (2020-21) to ₹1,427.05 crore (2022-23) in Other than Power Sector PSUs. The major support of grants/subsidies of ₹4,100.40 crore (2021-22) and ₹5,001.86 crore (2022-23) was to Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) in Power Sector and ₹6.57 crore⁸¹ (2022-23) and ₹3.82 crore (2021-22) to Andhra Pradesh State Film, Television and Theatre Development Corporation Limited in Other than Power Sector by State Government.

The outstanding guarantee commitments given for PSUs increased from ₹17,530.21 crore in 2020-21 to ₹30,292.39 crore in 2022-23 of Power Sector PSUs. The same also increased from ₹4,937.76 crore (2020-21) to ₹11,865.66 crore (2022-23) in Other than Power Sector PSUs. The major guarantee commitments of ₹15,780.95 crore (2022-23) belongs to APSPDCL in Power Sector and of ₹10,939.72 crore to Andhra Pradesh Power Finance Corporation (APPFC) in other than Power Sector by State Government.

The State Government charges guarantee fee at the rate of 0.50 *per cent* per annum to two *per cent* consolidated for the entire guarantee period in case of loan availed by PSUs from banks / financial institutions. To the extent of information received from PSUs, guarantee fee of ₹30.21 crore is paid/payable by three⁸² PSUs to the Government as on 31 March 2023.

5.4.2 Restructuring, Disinvestment and Privatisation of PSUs

During the year 2022-23, there was neither disinvestment of any State PSUs nor was any PSU privatised.

5.4.3 Analysis of outstanding loans given to PSUs

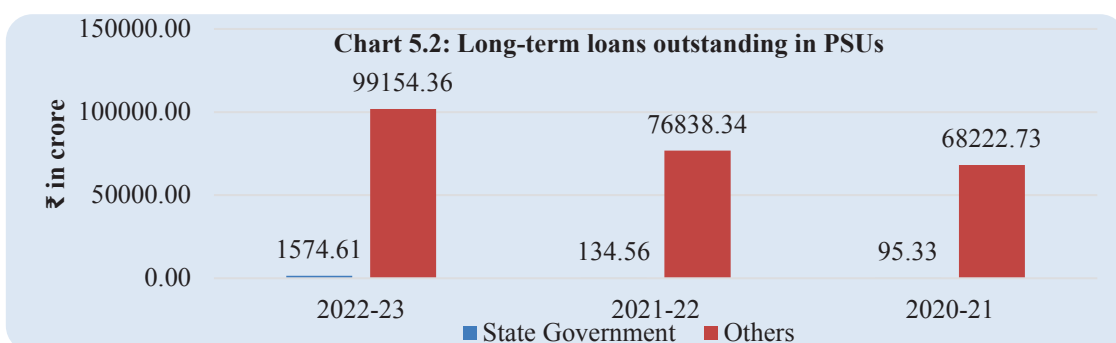
5.4.3.1 Long-term loans outstanding as on 31 March 2023

As on 31 March 2023, the total long-term loans outstanding in 20 working PSUs from all sources was ₹1,00,728.97 crore. The outstanding long-term loans of PSUs registered an increase of ₹23,756.07 crore (2022-23: ₹1,00,728.97 crore - 2021-22: ₹76,972.90 crore).

Out of the total outstanding loans as on 31 March 2023, loans from State Government were ₹1,574.61 crore of which significant amount (₹1,412.62 crore) pertained to Andhra Pradesh State Beverages Corporation Limited. Year-wise (2020-21 to 2022-23) details of outstanding long-term loans of PSUs is depicted in **Chart 5.2**.

⁸¹ as per Government account, grants and subsidy provided was 2022-23: ₹5.71 crore and 2021-22: ₹2.86 crore

⁸² Andhra Pradesh Power Development Corporation Limited, Andhra Pradesh Power Finance Corporation Limited & Andhra Pradesh State Financial Corporation Limited



5.4.3.2 Adequacy of assets to meet loan liabilities

Ratio of total assets to total debt is one of the methods used to determine whether an entity 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 20 PSUs which had outstanding loans as on 31 March 2023 was as given in **Table 5.8**.

Table 5.8: Coverage of long-term loans with total assets

Nature of State PSU	Positive Coverage			
	Number of PSUs	Long term loans	Assets ⁸³	Percentage of assets to loans
		(₹ in crore)		
Government Companies	12	98,224.29	1,56,771.41	1.60
Statutory Corporations	1	45.01	1,975.85	43.90
Total	13	98,269.30	1,58,747.26	1.62

Source: As per Annual Accounts and information of PSUs

Audit noticed that all 20 PSUs covered in this report have positive coverage.

5.4.3.3 Interest coverage

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An ICR below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio of PSUs, which had outstanding loans during the period from 2020-21 to 2022-23 are given in **Table 5.9**.

Table 5.9: Showing Interest Coverage Ratio

Year	Interest (₹ in crore)	EBIT (₹ in crore)	Number of State PSUs having liability of loan and interest	Number of State PSUs having ICR ≥ 1	Number of State PSUs having ICR < 1
Government Companies					
2020-21	7,046.99	7,404.67	11	5	6
2021-22	7,811.69	4,687.50	11	6	5
2022-23	10,257.77	9,820.88	11	9	2
Statutory Corporations					
2020-21	74.48	189.30	2	2	0
2021-22	48.12	274.42	2	2	0
2022-23	22.52	309.66	2	2	0

⁸³ Assets of only 13 PSUs of which Accounts were finalised

Year	Interest (₹ in crore)	EBIT (₹ in crore)	Number of State PSUs having liability of loan and interest	Number of State PSUs having ICR \geq 1	Number of State PSUs having ICR $<$ 1
Total					
2020-21	7,121.47	7,593.97	13	7	6
2021-22	7,859.81	4,961.92	13	8	5
2022-23	10,280.29	10,130.54	13	11	2

Source: As per Annual Accounts and information of PSUs

It could be seen from above that the number of PSUs with ICR equal to or more than one has increased from seven in 2020-21 to 11 in 2022-23.

5.5 Returns from Public Sector Undertakings

5.5.1 Profit earned by Public Sector Undertakings

Out of 20 PSUs, 14 PSUs earned profits and five PSUs reported losses while one was at break even during the year 2022-23. The overall profit of these 14 PSUs was ₹ 2,786.83 crore. The list of PSUs which earned profit of more than ₹25 crore during the year 2022-23 is given in **Table 5.10**.

Table 5.10: List of top profit-making PSUs during 2022-23

Sl.No.	Name of the State PSUs	Net Profit (₹in crore)
1	Andhra Pradesh Southern Power Distribution Company of Limited	1233.80
2	Andhra Pradesh Central Power Distribution Corporation Limited	482.16
3	Andhra Pradesh State Beverages Corporation Limited	339.72
4	Andhra Pradesh Power Generation Corporation Limited	258.05
5	Andhra Pradesh Power Finance Corporation Limited	192.72
6	Andhra Pradesh State Financial Corporation Limited	186.34
7	Andhra Pradesh State Financial Services Corporation Limited	28.86
Total		2,721.65

Source: As per Annual Accounts and information of PSUs

It may be seen that seven PSUs contributed 97.66 per cent of the total profit earned by 14 PSUs during 2022-23.

The details of top three sectors, which contributed maximum profit during 2022-23 are summarised in **Table 5.11**.

Table 5.11: Top three sectors which contributed maximum profit during the year 2022-23

Sector	Number of profit earning State PSUs	Net profit earned (₹ in crore)	Percentage of Sector's profit to total State PSUs profit
Power	5	2,003.06	71.88
Others	4	369.29	13.25
Finance	3	407.92	14.64
Total	12	2,780.27	99.77

Source: As per Annual Accounts and information of PSUs

5.5.2 Losses incurred by Public Sector Undertakings

There were five PSUs, which reported losses during the year 2022-23. The losses incurred by PSUs increased from ₹ 151 crore in 2020-21 to ₹ 1,251.63 crore in 2022-23 as given in **Table 5.12**.

Table 5.12: Number of State PSUs that incurred losses

(₹ in crore)				
Year	Number of State PSUs which incurred loss	Net loss for the year	Accumulated losses	Net worth
2020-21	9	(-) 151.00	2,263.97	122.38
2021-22	9	(-)3,637.66	26,006.34	(-)18,100.17
2022-23	5	(-)1,251.63	4,039.91	(-)1,766.53

Source: As per Annual Accounts and information of PSUs

Out of total loss of ₹ 1,251.63 crore incurred by five PSUs, loss of ₹ 1,227.55 crore was contributed by one PSU i.e., Andhra Pradesh Power Development Company Limited.

5.5.3 Erosion of net worth of Public Sector Undertakings

Net worth means the sum total of the paid-up capital, free reserves and surplus minus accumulated losses and deferred revenue expenditure. It is essentially a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment of the owners has been wiped out by accumulated losses and deferred revenue expenditure.

Out of the 103 working PSUs, 76 PSUs were considered for this analysis as 27 PSUs have not submitted their first accounts. Of these 76 PSUs, 44 PSUs had accumulated losses of ₹73,786.62 crore, 26 PSUs had surplus of ₹9,908.35 crore and six PSUs had neither accumulated losses nor surplus, as per their last available accounts. Due to the accumulated losses, the overall net worth of these 76 PSUs was negative which stood at ₹51,767.87 crore against the shareholders' funds of ₹12,110.40 crore (Paid-up Capital: ₹11,228.36 crore + Free Reserves: ₹882.04 crore).

Out of the 20 PSUs for which detailed analysis of financial performance was covered at Para 5.2 *supra*, nine PSUs had accumulated losses of ₹ 33,585.23 crore, six PSUs had surplus of ₹ 3,955.37 crore and five PSUs had neither accumulated losses nor surplus, as per their latest accounts. Due to these accumulated losses, the overall net worth of these 20 PSUs was negative at ₹22,882.28 crore against the shareholders' funds of ₹ 6747.58 crore (Paid-up Capital: ₹6,032.22 crore + Free Reserves: ₹715.36 crore). Out of these nine PSUs which had accumulated losses, the major portion was due to the losses in three Power Distribution Companies (DISCOMs) of ₹ 29,544.74 (87.97 per cent) and one Power Generation PSU of ₹ 3,863.65 crore (11.50 per cent). However, the long-term viability of these DISCOMs could not be commented upon as the same are presently monopolies in their areas of operations and the revenue recovery is dependent on various factors like reduction of their aggregate technical and commercial losses, decisions of Sector Regulator *viz.*, Andhra Pradesh Electricity Regulatory Commission (APERC), operational efficiencies, *etc.* Similarly, in case of Andhra Pradesh Power Development Company Limited and Amaravati Development Corporation Limited, their viability would be dependent on the tariff orders of APERC, and the business given by the State Government respectively. Andhra Pradesh Energy University (APEU), which was incorporated in June 2016, did not furnish its financial statements since the first year of incorporation. Based on the information furnished by APEU, it did not have any major operations since incorporation. In this context, the need for continuation of APEU needs to be looked into by the State Government.

The investment of the State Government during the last three years in these nine PSUs which had accumulated losses were as below:

Table 5.13: Statement showing details regarding budgetary support to PSUs which had accumulated losses

Sl. No	Particulars	2022-23		2021-22		2020-21	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
Power Sector PSUs							
(i)	Equity Capital Outgo	0	0	0	0	0	0
(ii)	Loans given ⁸⁴	1	5.33	0	0	0	0
(iii)	Grants/Subsidy ⁸⁵ provided	3	9,674.52	3	8,241.77	3	7,974.24
(iv)	Total outgo (i+ii+iii)		9,679.85		8,241.77		7,974.24
(v)	Loan repayment written off	0	0	0	0	0	0
(vi)	Loans converted into equity	0	0	0	0	0	0
(vii)	Guarantees issued	3	23,223.47	3	4,058.46	3	11,570.00
(viii)	Guarantees commitment	3	28,476.94	3	15,938.76	3	15,667.40
Other than Power Sector PSUs							
(i)	Equity Capital Outgo	0	0	0	0	0	0
(ii)	Loans given ⁸⁶	1	3.31	1	38.75	1	7.92
(iii)	Grants/Subsidy ⁸⁷ provided	1	2.00	1	2.70	1	3.60
(iv)	Total outgo (i+ii+iii)		5.31		41.45		11.52
(v)	Loan repayment written off	0	0	0	0	0	0
(vi)	Loans converted into equity	0	0	0	0	0	0
(vii)	Guarantees issued	0	0	0	0	0	0
(viii)	Guarantees commitment	0	0	0	0	0	0

Source: Information compiled to the extent of information received from the PSUs

As could be seen from the **Table 5.13**, major portion of the budgetary support was to three DISCOMs in the form of grants towards tariff subsidies.

The shareholders' funds of 31 out of 76 PSUs had been completely eroded by accumulated losses as their net-worth was either zero or negative. The total net worth of these 31 PSUs was negative at ₹68,261.11 crore against paid up capital of ₹5,420.73 crore in these PSUs as per their last financial statements.

Of these 31 PSUs whose shareholders' funds had been completely eroded (zero or negative net worth), the maximum erosion of shareholders' funds was noticed in Andhra Pradesh State Development Corporation Limited having negative net worth of ₹23,819.60 crore along with three DISCOMs whereas negative net worth of APSPDCL,

⁸⁴ as per Government account, loan given during 2020-23 was nil

⁸⁵ as per Government account, grant and subsidy provided was 2020-21: ₹4,274.21 crore, 2021-22: ₹9,462.03 crore and 2022-23: ₹15,223.64 crore

⁸⁶ as per Government account, loans given was 2020-21: ₹1,000 crore, 2021-22: ₹1,000 crore and 2022-23: ₹1,412.62 crore

⁸⁷ as per Government account, grants and subsidy provided was 2020-21: ₹3.60 crore, 2021-22: ₹1.24 crore and 2022-23: ₹1.71 crore

APCPDCL and APEPDCL was ₹12,222.29 crore, ₹9,725.69 crore and ₹7,116.71 crore respectively as on 31 March 2023. Further, of these 31 PSUs, 24 PSUs incurred losses of ₹14,603.79 crore, five PSUs earned profit of ₹1,737.10 crore, and two PSUs reported neither profit nor loss, as per their last financial statements. State Government loans outstanding as per the last available accounts/ latest information furnished by PSUs was ₹126.53 crore in respect of five⁸⁸ out of 31 PSUs having negative net worth. Details of PSUs having negative net worth as on 31 March 2023 are given in **Appendix 5.2**.

The age-wise analysis of the accounts in arrears of all the 103 working PSUs and the 31 PSUs whose net worth had been eroded is as below:

Table 5.14: Statement showing the accounts in arrears for all working PSUs and PSUs whose net worth is eroded

Category	Number of PSUs	Pending for (years)				
		Nil	1-2	3-5	6-10	11 and more
Working PSUs	103	13	32	37	19	2
Total No of Accounts in arrears for Working PSUs		0	43	138	133	28
No of PSUs whose net worth had been eroded	31	5	12	12	2	0
Total No of Accounts in arrears for PSUs whose net worth had been eroded		0	15	43	15	0

Source: Last available financial statements of the PSUs

As could be seen from **Table 5.14**, while 43 accounts of 32 PSUs are in arrears for less than three years, 299 accounts of 58 PSUs are in arrears for three or more than three years. Of these 58 PSUs, two PSUs are having 28 accounts in arrears in total for more than a decade. Only 13 of the 103 PSUs does not have any arrears of accounts and have finalised their accounts till 2022-23.

In case of PSUs whose net worth had been eroded, 26 out of the 31 PSUs are not regularly submitting their accounts. Out of these 26 PSUs, 15 accounts of 12 PSUs are in arrears for less than three years and 58 accounts of 14 PSUs are in arrears for three or more than three years. This indicates poor oversight by the Board of Directors in spite of ineffective performance of these PSUs.

Out of the 20 PSUs for which detailed analysis of financial performance was covered at Para 5.2 *supra*, the shareholders' funds of eight PSUs had been completely eroded by accumulated losses and their net worth was negative. The total net worth of these eight PSUs was negative at ₹30,918.52 crore against paid up capital of ₹2,653.48 crore in these PSUs as per their latest financial statements. Further, of these eight PSUs, four PSUs incurred losses of ₹1,247.82 crore, three PSUs earned profit of ₹1,735.66 crore, and one PSU reported neither profit nor loss, as per their latest financial statements. State Government loans outstanding as per the last available accounts/latest information furnished by PSUs was ₹84.06 crore in respect of three out of these eight PSUs.

The details of the receipts and expenditure of these eight PSUs as per their last available accounts are given in **Appendix 5.3**. As could be seen there from, the total income

⁸⁸ excluding Andhra Pradesh State Road Transport Corporation (APSRTC) as revised accounts not yet received till cutoff date i.e. 30.09.2023 subsequent to suspension of audit

earned by these eight PSUs was not sufficient to meet the total expenditure excluding Depreciation & Amortisation Expenses. However, the three DISCOMs had met the shortfall from the revenue subsidies and grants received during the year from the State Government. In case of Andhra Pradesh Power Development Company Limited, the shortfall was met from the amounts realised against the previous years' trade receivables. While Andhra Pradesh Metro Rail Corporation Limited and Amaravati Development Corporation Limited met the shortfall from the proceeds realised from sale of their investments, YSR Steel Corporation Limited created long term and short term payables in the Balance Sheet towards the shortfall.

5.5.4 Dividend pay-out by Public Sector Undertakings

As per the guidelines issued (2002) by Public Enterprises Department, GoAP, no dividend shall be declared or paid by a Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with provisions of Companies Act. The guidelines, however, did not prescribe any fixed rate of dividend to be paid by the State PSUs.

During the year 2022-23, none of the PSUs paid any dividend.

5.5.5 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures company's long-term profitability and the efficiency with which total capital is employed by a company. The ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed⁸⁹.

The PSU-wise details of ROCE for the period 2020-21 to 2022-23 are given in *Appendix 5.4*. The consolidated ROCE of working PSUs during respective year from 2020-21 to 2022-23 is given in **Table 5.15**.

Table 5.15: Return on Capital Employed of PSUs

Year	Number of PSUs	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (in percentage)
2020-21	20	7,627.45	45,272.64	16.85
2021-22	20	5,119.88	53,295.26	9.61
2022-23	20	10,166.63	77,846.35	13.06

Source: As per Annual Accounts and information of PSUs

It was observed that ROCE of working State PSUs decreased from 16.85 *per cent* during 2020-21 to 13.06 *per cent* during 2022-23. However, Capital Employed increased by ₹ 32,573.71 crore during 2022-23 compared to that of 2020-21.

5.5.6 Return on Equity of PSUs

Return on Equity (RoE) is a measure of financial performance to assess how effectively the management is using company's assets to create profits and is calculated by dividing net income (*i.e.*, net profit after taxes) by shareholders' fund. It is expressed as

⁸⁹ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses – deferred revenue expenditure

a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

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

The PSU wise details of ROE for the period 2020-21 to 2022-23 are given in **Appendix 5.5**. The consolidated ROE of working PSUs during the period from 2020-21 to 2022-23 is given in **Table 5.16**.

Table 5.16: Return on Equity of PSUs

Year	Number of PSUs	Net Profit/loss (₹ in crore)	Equity (₹ in crore)	ROE (in percentage)
2020-21	20	82.25	5,391.49	1.53
2021-22	20	(-)2,775.88	6,018.62	(-)46.12
2022-23	20	1,535.20	6,032.22	25.45

Source: As per Annual Accounts and information of PSUs

The ROE of these PSUs increased to 25.45 *per cent* during 2022-23 compared to previous year 2021-22 due to increase in profits reported by the PSUs in Power Sector.

5.5.7 Rate of Real Return on Investment

Rate of Real Return on Investment (RORR) measures the profitability and efficiency with which equity and similar non-interest-bearing capitals have been employed, after adjusting them for their time value, and assumes significance when compared with the conventional Rate of Return (ROR), which is calculated by dividing the Profit After Tax (PAT) by the sum of all such investments counted on historical cost basis.

In view of the significant investment by the Governments and Others in the PSUs, Rate of Real Return on such investment is essential. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the Rate of Real Return on the Investment since such calculations ignore the present value of money. Present Value (PV) of the investment has been computed to assess the Rate of Real Return on the PV of investments in the PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2023, the past investments/ year-wise funds infused in the PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds for the concerned year. There were no interest free loans during 2018-19 to 2022-23.

The PV of the investment in PSUs was computed on the basis of following assumptions;

- The equity infused minus disinvestment reckoned as investment for calculating RORR.
- The funds made available in the form of interest-free loans, have been reckoned

as investment.

- The average rate of interest on Government borrowings for the concerned financial year was adopted as compounded rate for arriving at present value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected RORR.

Table 5.17: Year wise details of investment in 20 PSUs by the State Government, Central Government and Others and RORR from 2018-19 to 2022-23

(₹ in crore)

Financial Year	PV of the total investment at the beginning of the year	Equity invested during the year by GoAP	Equity Invested by GoI and Others during the year	Infusion of Interest free loan by GoAP during the year	Infusion of Interest free loan by GoI & others during the year	Total Investment	Average Rate of Investment (per cent)	PV of the Total Investment at the end of the year	Minimum expected return	Total earnings/ losses for the year	Rate of Real RoI Considering PV of the investment (per cent)
(A)	(B)	(C)	(D)	(E)	(F)	(G)=(B+C+D+E+F)	(H)	(I)=(G)+((C*H)/100)	(J)=(G*H)/100	(K)	(L)=K*100/I
2018-19	5,332.39	0.00	21.50	0.00	0.00	5,353.89	6.37	5,694.93	341.04	(-)12,837.73	(-)225.42
2019-20	5,694.93	289.16	30.33	0.00	0.00	6,014.42	6.31	6,393.93	379.51	(-)789.36	(-)12.35
2020-21	6,393.93	44.40	0.00	7.92	0.00	6,446.25	6.16	6,843.34	397.09	68.08	0.99
2021-22	6,843.34	600.00	27.14	38.75	0.00	7,509.23	6.15	7,971.05	461.82	(-)2,789.05	(-)34.99
2022-23	7,971.04	2.55	11.04	3.31	0.00	7,987.94	6.40	8,499.17	511.23	1,535.20	18.06
Total		936.11	90.01	49.98	0.00	33,311.73		35,402.42		(-)14,812.86	

Source: Annual Accounts and information of PSUs; **Note:** Actual Equity and interest free loan at historical cost at the beginning of the year.

RORR has been increased to 18.06 per cent in 2022-23 compared to (-) 225.42 per cent of 2018-19. This was mainly on account of increase in profit of four PSUs, three in Power Sector viz., APSPDCL, APGENCO and APCPDCL and one in non-power sector, Andhra Pradesh State Beverages Corporation Limited. Eastern Power Distribution Company Limited of Andhra Pradesh, Andhra Pradesh State Financial Corporation and Andhra Pradesh Power Finance Corporation continued to report profits in 2022-23.

Table 5.18: Consolidated RORR on present value of investments of 20 PSUs for the year 2022-23

Total Earnings/ Loss in 2022-23 (₹ in crore)	Investment by the State Government, Central Government and Others since 2018-19 to 2022-23 (₹ in crore)	Return on investment on the basis of historical value (in percentage)	Present value of investment at the end of 2022-23 (₹ in crore)	RORR on investment considering the present value of investments (in percentage)
(A)	(B)	(C)	(D)	(E)
Value of column (K) of above table	Total of OB of 2018-19+ Column (C to F)	(A)*100/(B)	Value of Column (I) of above table	(A)*100/(D)
1,535.20	6,408.49 5,332.39+936.11+90.01+49.98+0	23.96	8,499.17	18.06

Source: As per Annual Accounts and information of PSUs

5.5.8 Dues of APDISCOMs to Power Generation Companies

As on 31 March 2023, there are three Power Distribution Companies (DISCOMs) of Andhra Pradesh as mentioned in the **Appendix-5.1**. The outstanding dues from Andhra Pradesh DISCOMs to APGENCO, State Power Generation Company, and various Central Power Generation Companies like National Thermal Power Corporation (NTPC) and NTPC's subsidiaries, Nuclear Power Corporation of India Limited (Kaiga

Plant) and Neyveli Lignite Corporation Limited, etc., decreased from ₹4,575.81 crore as on 31 March 2021 to ₹3,479.75 crore as on 31 March 2023, as detailed in below Table 5.19.

Table 5.19: Statement showing dues of APDISCOMs to State and Central Power Generation Companies during last three years

DISCOM Name	As on 31 March 2021			As on 31 March 2022			As on 31 March 2023		
	Amount dues	LPS*/ Penalties etc.	Total outstanding dues	Amount dues	LPS*/ Penalties etc.	Total outstanding dues	Amount dues	LPS*/ Penalties etc.	Total outstanding dues
A. Dues from AP DISCOMs to State Power Generating Company (₹ in crore)									
APEPDCL	1,049.29	0.00	1,049.29	1,599.50	0.00	1,599.50	706.21	0.00	706.21
APSPDCL	1,171.55	0.00	1,171.55	1,785.86	0.00	1,785.86	788.50	0.00	788.50
APCPDCL	676.16	0.00	676.16	1,030.71	0.00	1,030.71	455.08	0.00	455.08
Total	2,897.00	0.00	2,897.00	4,416.07	0.00	4,416.07	1,949.79	0.00	1,949.79
B. Dues from AP DISCOMs to Central Power Generating Companies (₹ in crore)									
APEPDCL	405.64	67.58	473.22	363.07	28.25	391.32	553.32	0.00	553.32
APSPDCL	797.12	82.03	879.15	732.23	37.50	769.73	618.86	0.00	618.86
APCPDCL	280.04	46.40	326.44	239.59	19.34	258.93	357.78	0.00	357.78
Total	1,482.80	196.01	1,678.81	1,334.89	85.09	1,419.98	1,529.96	0.00	1,529.96
	4,379.80	196.01	4,575.81	5,750.96	85.09	5,836.04	3,479.75	0.00	3,479.75

*Source: Information furnished by State PSUs/AP Power Coordination Committee; * Late Payment Surcharge.*

As evident from the above Table, outstanding dues from APDISCOMs to State Power Generation Company and various Central Power Generation Companies decreased by 23.95 per cent and 40.37 per cent as on 31 March 2023 as compared to figures on financial year ended March 2021 and 2022 respectively.

Further, outstanding dues of APDISCOMs to the Power Generation Companies would increase in future after considering the Late Payment Surcharge (LPS) on outstanding dues as on 31 March 2023 as per Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 notified on 03 June 2022 by the Union Ministry of Power, though LPS and penalties were shown as nil during the respective year.

5.6 Oversight Role of CAG

5.6.1 Appointment of statutory auditors of State PSUs by CAG

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company as per Section 139 (5)/ (7) of the Companies Act, 2013 (Act), which stipulates that the statutory auditors, in case of a Government Company or Government Controlled Other Company, are to be appointed by the CAG within a period of 180 days from the commencement of the financial year and 60 days from the registration in case of first auditor. The CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report submitted to the State Legislature.

5.6.2 Submission of Accounts by PSUs

5.6.2.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). After such preparation, as soon as possible the Annual Report must be laid before the Legislative Assembly, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. 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.

Section 96 of the Companies Act, 2013 requires every Company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Consequently, the Financial Statements need to be prepared and placed in the AGM by 30 September of the following year ended 31 March.

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.

5.6.2.2 Timeliness in preparation of accounts by Public Sector Undertakings

As on 31 March 2023, there were 124 State PSUs under the purview of CAG's audit in Andhra Pradesh. Out of these 124 PSUs, 21 were inactive which were either under liquidation or defunct. Out of remaining 103 working PSUs (including three Statutory Corporations), a total of 13 working State Government Companies submitted their accounts for 2022-23 for audit by CAG on or before 30 September 2023. Annual Accounts of 90 PSUs including two Statutory Corporations were in arrears for various reasons. However, 28 State PSUs including two Statutory Corporations have submitted 50 annual accounts for the previous years by 30 September 2023. Details of arrears in submission of accounts as on 30 September 2023 are given in **Table 5.20**.

Table 5.20: Details of finalisation of accounts by PSUs

Particulars	Government Companies ⁹⁰	Statutory Corporations	Total PSUs
Total number of PSUs on 31 March 2023	100	3	103
Number of State PSUs which presented the accounts of 2022-23 for CAG's audit by 30 September 2023	12	1	13
Number of PSUs which submitted Accounts for previous years (Number of Accounts)	26(40)	2(10) ⁹¹	28(50)

⁹⁰including Government controlled other companies

⁹¹ the Annual Accounts of APSWC for the year 2015-16 which were received on 25.08.2022 were also included in this report

Particulars		Government Companies ⁹⁰		Statutory Corporations		Total PSUs	
		Government Companies	Number of Accounts in Arrears	Statutory Corporations	Number of Accounts in Arrears	Number of PSUs	Number of Accounts in Arrears
Age-wise analysis of arrears against 'Others' category	One year (2022-23)	19	19	2	2	21	21
	Two years (2021-22 and 2022-23)	11	22	--	--	11	22
	Three years and more	58	299	--	--	58	299
Total		88	340	2	2	90	342

Source: As compiled by office of PAG (Audit), Andhra Pradesh.

The list of the State PSUs and status of accounts in arrears is indicated in **Appendix-5.1**. Further, 299 accounts of 58 PSUs constituting 87.43 per cent of total accounts in arrears (342) were due for three and more years as on 30 September 2023. The matter was taken up with the respective PSUs and Administrative Department of Statutory Corporations concerned to clear the arrears. In this regard a meeting was conducted in November 2023 with Nodal Authority, Finance Department, GoAP, to coordinate and have oversight on the Statutory compliance of State PSUs. Audit of three Statutory Corporations viz., Andhra Pradesh State Road Transport Corporation, Andhra Pradesh State Warehousing Corporation (APSWC) and Andhra Pradesh State Financial Corporation (APSFC) is conducted by the CAG as per provisions of relevant Act. Of the three Statutory Corporations, CAG is the sole auditor for Andhra Pradesh Road Transport Corporation. Of the three Statutory Corporation only APSFC has no Accounts in arrears. However, last Separate Audit Report (SAR) of APSFC for the year 2020-21 was laid before the State legislature in September 2023 and thereafter SARs of 2021-22 was yet to be placed before the State legislature. The SAR of APSWC for the year 2014-15 was laid before State Legislature in November 2020. The SARs of APSRTC for the years 2014-15 to 2018-19 were laid before State Legislature in November 2021. The Annual Accounts of the APSRTC and APSWC were in arrears (for the financial year 2022-23) as on 30 September 2023.

5.6.3 CAG's oversight- Audit of annual accounts and supplementary audit

5.6.3.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, as recommended by the Institute of Chartered Accountants of India, after consultation with and after examination of the recommendations made by the National Financial Reporting Authority. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

5.6.3.2 Audit of accounts of Government Companies by Statutory Auditors

The Statutory Auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report

thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the Statutory Auditors in the audit of PSUs 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.

5.6.3.3 *Supplementary audit of annual accounts of Government Companies*

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act lies with the Management of an entity.

The Statutory Auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the Statutory Auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, reported under Section 143 (6) of the Companies Act, 2013 are to be placed before the AGM of respective PSU.

5.7 Results of CAG's oversight role

5.7.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

As on 30 September 2023, 13 PSUs submitted their Financial Statements for the year 2022-23. Further, 28 PSUs submitted 50 Financial Statements/accounts for previous years spanning from 2014-15 to 2021-22.

Of the 69⁹² accounts received during the period (October 2022 to September 2023), Supplementary Audit and issue of CAG Comments in respect of 20 Accounts have been completed (14 accounts-final Comments and six Accounts- Nil comments) and Non-Review Certificate (NRC) was issued for 11 accounts. Further, of the 36⁹³ accounts pending at the beginning of October 2022, for 32 Accounts CAG comments were issued (27 Accounts-Final Comments, five Accounts- Nil Comments) and NRC was issued for

⁹² includes three Accounts of inactive PSU i.e. ABC(Next) India Private Limited and also includes three revised accounts of three entities i.e. Andhra Pradesh State Fiber Net Limited, Andhra Pradesh State Irrigation Development Corporation Limited and Bio Valley Incubation Council

⁹³ refer to Para 5.7.1 of SFAR for the year 2021-22

two Accounts while Audit certificates of two accounts is under progress. Thus, in total, issue of CAG comments for 40 Accounts is at various stages of which 38 were received during the year and two were of the previous period. The results of the review are detailed below:

5.7.1.1 *Amendment of Financial Statements*

As a result of supplementary audit of the financial statements received during the period ended 30 September 2023 conducted by the CAG, three⁹⁴ (excluding one⁹⁵) of the State PSUs has amended the Financial Statements before laying the same in the Annual General Meeting.

5.7.1.2 *Revision of Auditors Report*

As a result of supplementary audit of the financial statements received/processed during the period ended 30 September 2023 conducted by the CAG, the statutory auditors of 11 State PSUs as detailed in *Appendix 5.6* revised their report before laying the Financial Statements of these Companies in their AGMs.

5.7.1.3 *Significant comments of the CAG issued as supplement to the Statutory Auditors' Reports on State PSUs*

Subsequent to the audit of the financial statements for the year 2022-23 and that of the financial statements for the previous years received by 30 September 2023, by Statutory Auditors, the CAG conducted 52⁹⁶ Supplementary Audits of the financial statements of the selected State PSUs. Some of the significant comments issued on financial statements of Government Companies, the financial impact of which on the profitability was ₹139.32 crore and on assets/liabilities was ₹1,207.66 crore are given below.

Sl. No	Name of the Company	Comment
Comments on Profitability		
1	Andhra Pradesh Power Finance Corporation Limited	<p>Statement of Profit and Loss</p> <p>Expenses</p> <p>Impairment on Financial Assets (Note 23): NIL</p> <p>Balance of loans amounting to ₹13,901.19 crore (Note-6) as on 31 March 2023 includes ₹570.50 crore and ₹810.75 crore loans given to APGENCO and APPDCL respectively. 'Provision on Standards Assets' at 0.40 <i>per cent</i> required to be created⁹⁷ against such loan amount. As per Master Direction⁹⁸ provision was provided as disclosed under Note-32. The Board resolved (178th meeting held on 31 March 2023) to extend the moratorium period by one year and the</p>

⁹⁴ APSFL, APSIDCL, BVIC for the previous years, but not current year

⁹⁵ APIIC (refer to Para 5.7.1 of SFAR for the year 2021-22)

⁹⁶ out of 52 accounts for which audit was conducted, 20 accounts were received during 01.10.2022 to 30.09.2023 remaining 32 were received prior to 01.10.2022

⁹⁷ as per the RBI/DNBR/ 2016-17/45

⁹⁸ DNBR.PD.008/03.10.119/ 2016-17

Sl. No	Name of the Company	Comment
		<p>above said loans were restructured.</p> <p>As per master direction read with Prudential Framework for Resolution⁹⁹ of Stressed Assets ‘restructuring’ includes alteration in the payment period. Hence, upon restructuring of the said two loans, such assets should have been reclassified as the Sub-standard assets. Provision on the Sub-standard assets at 10 <i>per cent</i> should have been recognised as per the provisions of Para12 and 13 of the Master direction of Reserve Bank of India. Accordingly, the balance short provision for the sub-standard assets at 9.60 <i>per cent</i> on these two loans works out to ₹132.60 crore (after netting the 0.40 <i>per cent</i>). This resulted in understatement of the Provision for Standard Assets by ₹132.60 crore with corresponding overstatement of Profit for the year to that extent.</p> <p>Revenue from Operations Other Income (Note 20): ₹4.09 lakh</p> <p>The above does not include ₹19.19 lakh (excluding GST amount of ₹3.46 lakh) towards pre-closure charges at the rate of 0.5 <i>per cent</i> on ₹45.30 crore (out of total ICD of ₹500 crore) of Inter Corporate Deposits (ICDs) withdrawn by Andhra Pradesh Solar Power Corporation Private limited before maturity date. There was neither disclosure of such waiver nor approval of the competent authority / Board of Directors of the Company for waiver of pre-closure charges as on reporting date. Thus, omission to account for the pre-closure charges resulted in understatement of Receivables by ₹22.65 lakh (including GST amount of ₹3.46 lakh) and Profit for the year by ₹19.19 lakh.</p>
2	Transmission Corporation of Andhra Pradesh Limited	<p>Revenues Other Income (Note 21 A) – ₹187.25 crore Supervision charges – ₹44.73 crore</p> <p>The above was overstated by ₹6.53 crore due to incorrect inclusion of development charges collected from four consumers, instead of under Grants (Non-government consumer contributions). This has resulted in overstatement of Profit for the year and understatement of Grants by ₹6.53 crore.</p>
Comments on Financial Position		
1	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	<p>Balance Sheet Assets Current assets Trade receivables (Note 16): ₹28.95 crore</p> <p>During 2019-20 and 2020-21, the Company recognised trade receivables of ₹1.35 crore and ₹1.64 crore respectively from AP DISCOMs towards expenditure incurred by the Company on account</p>

⁹⁹ DBR.No.BP.BC.45/ 21.04.048/2018-19 dated 07.06.2019

Sl. No	Name of the Company	Comment
		<p>of Feasibility and DPRs in connection with Pumped Storage Projects (PSP), as disclosed in the Note-28(6) to the Financial Statements for 2021-22.</p> <p>However, contrary to this, the expenditure incurred amounting to ₹8.27 crore by the Company in connection with PSPs during the current year was not recognised as receivables from DISCOMs, which was not in line with Government orders also. Hence, this resulted in understatement of Trade receivable and overstatement of Loss for the year by ₹8.27 crore.</p>
2	Transmission Corporation of Andhra Pradesh Limited	<p>Equity and Liability</p> <p>Equity</p> <p>Other Equity (Note-11B): ₹3,133.57crore</p> <p>A reference is invited to Comment No. B (2) on the financial statements for the year ended 31 March 2020 and Comment No. A(1) on the financial statements for the year ended 31 March 2021. Though the Company treated the funds received from Government of Andhra Pradesh (GoAP) towards Deposit contribution works for extension of electricity lines and substations for Lift Irrigation schemes (as detailed in Note 34 and 35) in line with other grants received (as per Note 1(h)), it included the same in “Other Equity” (Note 11B) instead of “Grants” (Note12).</p> <p>This has resulted in misclassification of accounts with overstatement of “Other Equity” and understatement of “Grants” by ₹1,168.76 crore.</p> <p>Grants (Note12) – ₹1,287.03 crore</p> <p>A reference is invited to Note 1 (h) of the Financial Statements wherein it was stated that the grants related to depreciable assets are recognised in profit or loss account over the period and in the proportion in which depreciation expense on those assets is recognised.</p> <p>The company capitalised the assets to the extent of ₹154.05 crore acquired from Solar Energy Corporation of India Limited SECI (₹120 crore) and Power System Development Fund (PSDF) (₹34.05 crore) grants to the end of March 2022 and provided depreciation there on to the extent of ₹30.63 crore. Though the said assets were depreciated over the period, the grants were not amortised with equivalent amount of depreciation in line with the stated accounting policy.</p> <p>This has resulted in overstatement of grants by ₹30.63 crore and of Other Income and Profit for the year by ₹30.63 crore with consequential understatement of “Other equity” by same amount.</p>
Comments on Disclosures		
1	Godavari Gas Private Limited	<p>Capital work-in-progress (Note-6): ₹235.45 crore</p> <p>According to Division-II (Ind AS) of Schedule III (as amended in March 2021) and the provisions of Section 129 of the Companies Act 2013, Capital Work-in-Progress (CWIP) ageing schedule (Projects in progress and Projects temporarily suspended) in the prescribed format</p>

Sl. No	Name of the Company	Comment
		<p>shall be given in financial statements. Further, CWIP whose completion is overdue or has exceeded its cost compared to its original plan, CWIP completion schedule shall be given separately. As on 31 March 2023, the balance of CWIP disclosed on the face of Balance Sheet and Note-6 was ₹235.45 crore (previous year: ₹221.56 crore) constituting 77.01 <i>per cent</i> of total Property, Plant & Equipment (PPE) as on reporting date.</p> <p>However, the ageing Schedule of CWIP was not disclosed in the financial statements for the year, which is a deviation from the provisions of the Companies Act, 2013. Though the Management should disclose the reasons for deviation and impact, the same has not been complied with.</p> <p>Trade receivables (Note-9): ₹4.48 crore</p> <p>According to Division-II (Ind AS) of Schedule III (as amended in March 2021) and the provisions of Section 129 of the Companies Act 2013, Trade Receivables ageing Schedule in the prescribed format shall be given in financial statements. Further, similar information shall be given for Trade Receivables where no due date of payment is specified, in that case disclosure shall be from the date of the transaction and unbilled dues shall be disclosed separately.</p> <p>However, the ageing Schedule of Trade Receivables was not disclosed in the financial statements for the year, which is a deviation from the provisions of the Companies Act, 2013. Though the Management should disclose the reasons for deviation and impact, the same has not been complied with.</p>
2	Andhra Pradesh Power Finance Corporation Limited	<p>The Company recognised interest income of ₹406.41 crore as interest serviced by the Government of Andhra Pradesh (GoAP) towards Debt Securities. The company had neither borrowed nor any loan was outstanding from the State Government as per Note-6 (Loans). Hence, the Company should have disclosed the basis for receiving the interest from the Government and the nature of income to the extent of ₹406.41 crore, apart from disclosure in Note-37A.</p> <p>As per the RBI Master direction dated 01.09.2016, NBFC shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as per categories considering the period for which principal or interest payment or any other amount wholly or partly overdue. Though ageing schedule of the trade receivables was disclosed, the Company has not adhered to the provisions of RBI Master direction, since loans assets on which the amount of interest and principal has not been received during the last six months was neither disclosed nor classified as SMA.</p>

5.7.1.4 Management Letters

One of the objectives of financial audit is to establish communication on audit matters

arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of PSUs were reported as comments by the CAG under Section 143 (6) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the management through a 'Management Letter' for taking corrective action. The deficiencies generally related to (a) application and interpretation of accounting policies (b) adjustments arising out of audit and (c) Inadequate disclosure or non-disclosure of certain information on which management of the concerned PSU gave assurances that corrective action would be taken in the subsequent year.

During the year, 43 'Management Letters' were issued to 35 PSUs as detailed in *Appendix 5.7*.

5.8 Conclusion

As on 31 March 2023, there were 124 PSUs of which 103 are working PSUs and 21 are inactive PSUs in Andhra Pradesh under the audit jurisdiction of CAG. Out of 103 working PSUs, eleven PSUs were related to Power sector and 92 PSUs were related to other than power sector. Of these 103 working PSUs, 45¹⁰⁰ PSUs were having arrears of accounts for less than three years as at the end of 30 September 2023. Based on the accounts and information furnished by PSUs, analysis of financial performance and financial position of 20 working PSUs have been covered.

During 2022-23, 20 PSUs registered an annual turnover of ₹ 88,176.83 crore, which was equal to 6.69 per cent of the GSDP of Andhra Pradesh.

As on 31 March 2023, the investment of the State Government in equity and long-term loans in 20 PSUs was ₹ 5,534.42 crore against total investment of ₹ 1,06,761.20 crore. The outstanding long terms loans of State Government in these PSUs as on 31 March 2023 was ₹ 1,574.61 crore.

Out of the 20 PSUs, 14 PSUs earned profits (₹ 2,786.83 crore), while five PSUs incurred losses (₹ 1,251.63 crore). As on 31 March 2023, five PSUs had accumulated losses of ₹ 4,039.91 crore in these loss-making PSUs.

Out of the 103 working PSUs, Financial Statements for the year 2022-23 were received only from 13 PSUs up to 30 September 2023. Financial Statements of 58 PSUs were in arrears for three or more years.

As a result of the audit of CAG during the period October 2022 to September 2023, Statutory Auditors of 11¹⁰¹ PSUs revised their Audit Report. Significant comments

¹⁰⁰ including 27 PSUs of which have not submitted their first accounts since their inception

¹⁰¹ excluding three PSUs i.e. AMTZ Medi Valley Incubation Council, Andhra Pradesh State Agro Industrial Development Corporation Limited, New and Renewable energy development Corporation of Andhra Pradesh of which accounts were received before the cutoff date i.e. 01 October 2022.

highlighting inaccuracies in the Financial Statements impacting profitability by ₹139.32 crore and assets/ liabilities by ₹1,207.66 crore were issued.

5.9 Recommendations

- a) Government of Andhra Pradesh may review the functioning of all loss-making PSUs and take necessary steps to improve their financial performance.
- b) Government may issue necessary instructions to Administrative Departments to set targets for individual PSUs to furnish the accounts in time and to strictly monitor the clearance of arrears and take steps expeditiously in order to liquidate the arrears in finalisation of account so as to ensure compliance of State PSUs with respective governing Acts.
- c) Government may increase transparency and disclosure of Budgetary Support given to State PSUs in the form of Grants/Subsidies and Guarantees, as well as Government Guarantees commission receivable from such PSUs in the Annual Accounts.
- d) Government may review the inactive Government Companies and take appropriate decision on their revival / winding up.

Vijayawada
The 12 JUL 2024

इन्दु अग्रवाल
(INDU AGRAWAL)
Principal Accountant General (Audit)
Andhra Pradesh

Countersigned

New Delhi
The 15 JUL 2024


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

Profile of State of Andhra Pradesh

(Refer Para 1.1, Page 1)

A			General Data	
Sl.No	Particulars		Figures	
1	Area		1,62,968 Sq.Km.	
2	Population			
	a.	As per 2001 Census (Composite State)	7.62 crore	
	b.	As per 2011 Census (After re-organisation of the State on 02 June 2014)	4.94 crore	
3	a.	Density of Population (as per 2001 Census) (Composite State) (All India Density = 325 persons per Sq. Km.)	277 persons per Sq.Km.	
	b.	Density of Population (After re-organisation of the State on 02 June 2014) (All India Density = 418persons per Sq.Km.)	325 persons per Sq.Km.	
4	Population Below Poverty Line (BPL) (All India Average=21.92 per cent)		9.20 per cent	
5	Literacy (as per 2011 Census) (All India Average=73.00 per cent)		67.00 per cent	
6	Infant Mortality (per 1000 live births) (All India Average = 28 per 1,000 live births)		24	
7	Life Expectancy at birth (All India Average = 70 years)		70.60	
8	Gross State Domestic Product (GSDP) 2022-23 at current prices		₹ 13,17,728 crore	
9	Per capita GSDP CAGR (2013-14 to 2022-23) in per cent	Andhra Pradesh	11.51	
		General States	9.38	
10	GSDP CAGR (2013-14 to 2022-23) in per cent	Andhra Pradesh	12.29	
		General States	10.57	
11	Population Growth (2013-23) rate in per cent	Andhra Pradesh	5.69	
		General States	11.57	
B			Financial Data	
			Particulars	
			2021-22 to 2022-23	
CAGR*			General States	Andhra Pradesh
			(in per cent)	
a.	of Revenue Receipts		13.41	4.79
b.	of Own Tax Revenue		19.78	9.93
c.	of Non Tax Revenue		12.94	7.96
d.	of Total Expenditure		12.53	18.35
e.	of Capital Expenditure		18.93	-55.76
f.	of Revenue Expenditure on Education		13.21	15.40
g.	of Revenue Expenditure on Health		0.88	8.19
h.	of Salary and Wages		8.52	22.43
i.	of Pension		11.38	11.10

Source: Economic Survey of Andhra Pradesh 2022-23; Data available in website of Ministry of Statistics and Programme implementation; Data provided by Economic Advisor to C&AG of India;

* Compounded Annual Growth Rate

Appendix 1.2
Time Series Data on State Government Finances
(Refer Para 1.4, Page 7)

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23	
Part A. Receipts						
1	Revenue Receipts	114671	111034	117136	150552	157768
	(i) Own Tax Revenue	58031	57601	57409	70979	78026
	State Goods and Services Tax	20611	20227	18872	23809	27981
	Taxes on Sales, Trade, etc.	21914	21410	17800	20808	18004
	State Excise	6220	6915	11575	14703	14798
	Taxes on Vehicles	3341	3279	2966	3433	4320
	Stamps and Registration fees	5428	5318	5603	7635	8022
	Land Revenue	57	21	143	50	110
	Other Taxes	460	413	450	541	4791
	(ii) Non-Tax Revenue	4396	3315	3395	5017	5417
	(iii) State's share in Union taxes and duties	32787	28242	24460	35386	38177
	(iv) Grants in aid from GOI	19457	21876	31872	39170	36149
2	Misc. Capital Receipts	0	0	0	-1	0
3	Recovery of Loans and Advances	277	4355	1063	2110	-4
4	Total revenue and Non-debt capital receipts (1+2+3)	114948	115389	118199	152661	157764
5	Public Debt Receipts	97980	112428	161975	159610	186024
	Internal Debt (excluding Ways and Means Advances and Overdraft)	36122	50027	52873	48388	59574
	Transactions under Ways and Means Advances and Overdraft	59868	60371	104539	106326	118039
	Loans and Advances from Government of India	1990	2030	4563	4896	8411
6	Total receipts in the Consolidated Fund (4+5)	212928	227817	280174	312271	343788
7	Contingency Fund receipts	0	9	0	0	1
8	Public Account receipts	99704	195579	275595	(-)94543	(-)95046
9	Total receipts of Government (6+7+8)	312632	423405	555769	217728	248743
Part B. Expenditure/Disbursements						
10	Revenue Expenditure	128570	137475	152677	159163	201255
	General Services (including interest payments)	40790	45222	48990	56124	63800
	Social Services	64280	68101	65988	69244	88648
	Economic Services	23459	24136	37679	33775	48788
	Grants-in-aid and contributions	41	16	20	20	20
11	Capital Expenditure	19976	12242	18975	16373	7244
	General Services	275	3752	6498	1989	89
	Social Services	2866	2056	5205	6366	448
	Economic Services	16835	6434	7272	8018	6707
12	Disbursement of Loans and Advances	1843	5356	1715	2138	1773
13	Inter State Settlement	26	3	0	0	0
14	Total (10+11+12+13)	150415	155076	173367	177674	210272

		2018-19	2019-20	2020-21	2021-22	2022-23
15	Repayment of Public debt	73274	79366	118274	120246	133609
	Internal Debt (excluding Ways and Means Advances and Overdraft)	12800	17314	12401	12526	13995
	Transactions under Ways and Means Advances and Overdraft	59729	60741	104539	106326	118039
	Loans and Advances from Government of India	745	1311	1334	1394	1575
16	Appropriation to Contingency Fund	0	0	0	0	0
17	Total disbursement out of Consolidated Fund (14+15+16)	223689	234442	291641	297920	343881
18	Contingency Fund disbursements	0	9	0	1	0
19	Public Account disbursements	87076	182650	268327	(-)82028	(-)94954
20	Total disbursements by the State (17+18+19)	310765	417101	559968	215891	248927
Part C. Deficits						
21	Revenue Deficit (-)/Surplus (+) (1-10)	(-)13899	(-)26441	(-)35541	(-)8611	(-)43487
22	Fiscal Deficit (-)/Surplus (+) (4-14)	(-)35467	(-)39687	(-)55168	(-)25013	(-)52508
23	Primary Deficit (-)/Surplus (+) (22-24)	(-)20125	(-)22034	(-)35150	(-)2848	(-)27016
Part D. Others						
24	Interest Payments (included in revenue expenditure)	15342	17653	20018	22165	25492
25	Arrears of Revenue	NA	NA	NA	NA	12,153
	Percentage of Tax & Non-Tax Revenue receipts	NA	NA	NA	NA	14.56
26	Financial Assistance to local bodies, other institutions etc.	60795	59915	73667	66082	80290
27	Ways and Means Advances/Overdraft availed (days)	250	221	331	322	341
28	Interest on Ways and Means Advances/Overdraft	65	66	83	112	149
29	Gross State Domestic Product (GSDP)^s	873721	925839	956788	1133837	1317728
30	Total Outstanding liabilities (year end)	257510	301802	348246[@]	372503[@]	423943[@]
31	Outstanding guarantees[^] (year end)	49442	67171	91330	118003	138875
32	Number of incomplete projects^{&}	N.A	100	163	138	509
33	Capital blocked in incomplete projects^{&}	N.A	60,910	18,303	34,687	74,992
Part E: Fiscal Health Indicators (in per cent)						
I	Resource Mobilisation					
	Own Tax Revenue/GSDP	6.64	6.22	6.00	6.26	5.92
	Own Non-Tax Revenue/GSDP	0.50	0.36	0.35	0.44	0.41
	Central Transfers/GSDP	5.98	5.41	5.89	6.58	5.64
II	Expenditure Management					
	Total Expenditure/GSDP	17.22	16.75	18.12	15.67	15.96
	Total Expenditure/Revenue Receipts	131.17	139.67	148.00	118.02	133.28
	Revenue Expenditure/Total Expenditure	85.48	86.39	88.07	89.58	95.71
	Revenue Expenditure on Social Services/Total Expenditure	42.74	43.91	38.06	38.97	42.16
	Revenue Expenditure on Economic Services/Total Expenditure	15.60	15.56	21.73	19.01	23.20

	2018-19	2019-20	2020-21	2021-22	2022-23
Capital Expenditure/Total Expenditure	13.28	7.89	10.94	9.22	3.45
Capital Expenditure on Social and Economic Services/Total Expenditure	13.10	5.47	7.20	8.10	3.40
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	-1.59	-2.86	-3.71	-0.76	-3.30
Fiscal deficit/GSDP	-4.06	-4.29	-5.77	-2.21	-3.98
Primary deficit /GSDP	-2.30	-2.38	-3.67	-0.25	-2.05
Revenue deficit/Fiscal deficit	39.19	66.62	64.42	34.43	82.82
IV Management of total Outstanding Liabilities					
Total Outstanding Liabilities/GSDP	29.47	32.60	36.40	32.85	32.17
Total Outstanding Liabilities/RR	224.56	271.81	297.30	247.42	268.71
V Other Fiscal Health Indicators					
Return on Investment	0.01	0.04	0.00	0.05	0.01
Financial Assets/Liabilities	0.98	0.90	0.82	0.81	0.73

& The information is not exhaustive but is as furnished by the Departmental authorities.

^ as disclosed in Budget documents.

\$ GSDP data from Data available in website of Ministry of statistics and Programme implementation and Data provided by Economic Advisor to C&AG of India;

N.A: Not Available as State Government has not provided the data on Incomplete Projects

@ Outstanding Debt excludes an amount of ₹ 5,583 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

Appendix 2.1

**Schemes where unspent balance of ₹ 50 crore and above was lying in SNAs
(Refer Para 2.4.1.3 (A), Page 33)**

(₹ in crore)

S.No	Name of the scheme	Unspent amount lying in SNA as on 31 March 2023
1	Pradhan Mantri Awas Yojana (Urban)	393.81
2	Swachh Bharath Mission (Urban)	149.76
3	Rashtriya Krishi Vikas Yojana	148.34
4	SAKSHAM Anganwadi	122.97
5	Post Matric Scholarships (Tribal)	100.14
6	Swachh Bharath Mission (Rural)	87.97
7	Pradhan Mantri Matsya Sampada Yojana	84.09
8	Urban Rejuvenation Mission	82.14
9	National Ayush Mission	73.39
10	Flexible Pool for RCH & Health System Strengthening, National Health Programme and national urban health Mission	66.82
11	Rashtriya Gram Swaraj Yojana	64.71
12	Samagra Siksha Abhiyan	56.46
13	National Urban Livelihood Mission	53.33
14	Pre Matric Scholarships for SCs	53.08
15	Rashtriya Uchhathar Siksha Abhiyan	52.48

Appendix 2.2

Summarised position of Apportionment of Balances between Andhra Pradesh and Telangana as on 31 March 2023

(Refer Para 2.10, Page 83)

(₹ in crore)

Sl. No	Head of Account	Balance as on 01 June 2014	Balance allocated to Telangana	Balance allocated to Andhra Pradesh	Balance yet to be apportioned as on 31 March 2023
1	Capital Heads	1,51,349.67	0	0	1,51,349.67
2	Public Debt	1,66,522.32	69,479.48	97,123.93	(-)81.09
3	Loans and Advances	28,099.69	0	0	28,099.69
4	Small Savings, Provident Funds	14,077.84	6,097.54	7,980.30	0
5	Reserve Funds	2,459.06	1,008.81	1,450.25	0
6	Deposits and Advances	17,082.77	4,478.89	8,129.84	4,474.04
7	Suspense and Miscellaneous	6,234.24	2,495.81	3,500.43	238.00
8	Remittances	339.47	2.32	26.92	310.23

Source: Finance Accounts of respective years.

Appendix 3.1
Cases of un-utilised Supplementary provision (₹ one crore or more in each case)
(Refer Para 3.8.2, Page 108)

(₹ in crore)								
Sl. No	Grant No.	Grant Name	Original	Supplementary	Total Grant	Expenditure	Saving(-)	Un-utilised Supplementary Provision
Revenue Voted								
1	I	State Legislature	104.24	4.24	108.48	106	2.48	2.48
2	III	Administration of Justice	772.32	154.07	926.39	847.43	78.96	78.96
3	IV	General Administration and Elections	697.37	140.28	837.65	769.47	68.18	68.18
4	VII	Commercial Taxes Administration	375.2	29.71	404.91	389.48	15.43	15.43
5	X	Home Administration	7320.77	102.4	7423.17	7229.92	193.25	102.4
6	XI	Roads and Buildings	5450.35	404.66	5855.01	5107.99	747.02	404.66
7	XII	School Education	23796.22	1519.28	25315.5	23293.65	2021.85	1519.28
8	XIV	Skill Development and Training	844.32	4.45	848.77	706.31	142.46	4.45
9	XV	Sports and Youth Services	116.46	3.94	120.4	95.77	24.63	3.94
10	XVI	Medical and Health	11671.65	2428.36	14100.01	10906.53	3193.48	2428.36
11	XVII	Municipal Administration and Urban Development	7113.54	2387.83	9501.37	6222.66	3278.71	2387.83
12	XVIII	Housing	4791.69	3784.48	8576.17	8355.77	220.4	220.4
13	XIX	Information and Public Relations	253.22	39.37	292.59	207.98	84.61	39.37
14	XX	Labour, Factories, Boilers and Insurance Medical Services	770.04	3.11	773.15	278.8	494.35	3.11
15	XXI	Social Welfare	8950.28	103.22	9053.5	3992.86	5060.64	103.22
16	XXII	Tribal Welfare	3409.85	75.71	3485.56	2116.79	1368.77	75.71
17	XXIII	Backward Classes Welfare	31018.66	355.33	31373.99	15113.08	16260.91	355.33
18	XXIV	Minority Welfare	2060.94	44.1	2105.04	1464.33	640.71	44.1
19	XXV	Women, Child and Disabled Welfare	4110.3	368.23	4478.53	3214.27	1264.26	368.23
20	XXVI	Administration of Religious Endowments	211.4	70	281.4	166.69	114.71	70
21	XXVII	Agriculture	10803.37	1806.86	12610.23	9726.07	2884.16	1806.86
22	XXVIII	Animal Husbandry and Fisheries	1372.03	129.7	1501.73	1237.7	264.03	129.7
23	XXIX	Forest, Science, Technology and Environment	636.66	10.18	646.84	396.13	250.71	10.18

24	XXX	Co-operation	208.59	2.27	210.86	179.68	31.18	2.27
25	XXXI	Panchayat Raj	9298.85	870.34	10169.19	7512.48	2656.71	870.34
26	XXXII	Rural Development	6972.72	776.18	7748.9	5446.17	2302.73	776.18
27	XXXIII	Major and Medium Irrigation	1592.82	352.42	1945.24	1840.68	104.56	104.56
28	XXXV	Energy	9487.72	11000.79	20488.51	17990	2498.51	2498.51
29	XXXVI	Industries & Commerce, Infrastructure and Investment	1823.2	198.47	2021.67	605.43	1416.24	198.47
30	XXXVII	Tourism, Art and Culture	41.29	36.89	78.18	50.22	27.96	27.96
31	XXXVIII	Civil Supplies Administration	3717.55	4395.25	8112.8	8027.65	85.15	85.15
32	XXXIX	Information Technology, Electronics and Communications	148.07	41.35	189.42	166.56	22.86	22.86
Revenue Charged								
33	IV	General Administration and Elections	40.96	22.93	63.89	60.50	3.39	3.39
Public Debt Charged								
34	IX	Fiscal Administration, Planning, Surveys and Statistics	16270.18	130003.76	146273.94	133609.23	12664.71	12664.71
Loans Voted								
35	XIII	Higher Education	0.00	2.00	2.00	0.00	2.00	2
36	XXVIII	Animal Husbandry and Fisheries	0.00	13.52	13.52	0.22	13.30	13.3
37	XXX	Co-operation	20.00	39.70	59.70	-18.09	77.79	39.7
38	XXXVI	Industries & Commerce, Infrastructure and Investment	250.00	357.05	607.05	362.36	244.69	244.69
Capital Voted								
39	I	State Legislature	0.00	1.00	1.00	0.00	1.00	1
40	III	Administration of Justice	77.00	25.00	102.00	55.76	46.24	25
41	IV	General Administration and Elections	10.58	10.00	20.58	4.70	15.88	10
42	IX	Fiscal Administration, Planning Surveys and Statistics	495.00	885.00	1380.00	422.13	957.87	885
43	X	Home Administration	266.05	106.20	372.25	122.73	249.52	106.2
44	XI	Roads and Buildings	3171.44	24.89	3196.33	459.24	2737.09	24.89
45	XII	School Education	3910.43	109.74	4020.17	478.92	3541.25	109.74
46	XIII	Higher Education	362.44	147.61	510.05	73.52	436.53	147.61
47	XIV	Skill Development and Training	125.59	41.42	167.01	56.45	110.56	41.42

48	XV	Sports and Youth Services	43.23	1.19	44.42	11.19	33.23	1.19
49	XVI	Medical and Health	3712.51	409.05	4121.56	738.12	3383.44	409.05
50	XVII	Municipal Administration and Urban Development	1682.79	78.35	1761.14	383.69	1377.45	78.35
51	XXI	Social Welfare	275.00	20.00	295.00	101.12	193.88	20
52	XXV	Women, Child and Disabled Welfare	212.57	64.78	277.35	16.77	260.58	64.78
53	XXVII	Agriculture	295.74	54.74	350.48	44.10	306.38	54.74
54	XXVIII	Animal Husbandry and Fisheries	197.02	46.30	243.32	111.83	131.49	46.3
55	XXIX	Forest, Science, Technology and Environment	48.70	2.11	50.81	20.21	30.60	2.11
56	XXX	Co-operation	60.00	1.50	61.50	0.00	61.50	1.5
57	XXXI	Panchayat Raj	2921.12	305.83	3226.95	1296.24	1930.71	305.83
58	XXXIII	Major and Medium Irrigation	9166.81	3496.59	12663.40	3629.56	9033.84	3496.59
59	XXXIV	Minor Irrigation	568.10	753.50	1321.60	668.12	653.48	653.48
60	XXXVI	Industries & Commerce, Infrastructure and Investment	1824.49	378.82	2203.31	223.14	1980.17	378.82
61	XXXVII	Tourism, Art and Culture	89.34	200.00	289.34	59.38	229.96	200
62	XXXIX	Information Technology, Electronics and Communications	64.06	6.08	70.14	15.07	55.07	6.08
Capital Charged								
63	XXXIII	Major and Medium Irrigation	81.45	36.77	118.22	38.04	80.18	36.77
Total			2,06,184.30	1,69,288.90	3,75,473.20	2,86,808.80	88,664.39	34,902.72

Source: Appropriation Accounts of 2022-23.

Appendix 3.2

Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary

(Refer Para 3.8.3, Page 109)

(₹ in crore)

Sl. No	Grant No.	Grant Name	Original	Expenditure	Savings out of Original Provision	Saving(-)	Supplementary Provision
Revenue Voted							
1	X	Home Administration	7320.77	7229.92	90.85	193.25	102.40
2	XI	Roads and Buildings	5450.35	5107.99	342.36	747.02	404.66
3	XII	School Education	23796.22	23293.65	502.57	2021.85	1519.28
4	XIV	Skill Development and Training	844.32	706.31	138.01	142.46	4.45
5	XV	Sports and Youth Services	116.46	95.77	20.69	24.63	3.94
6	XVI	Medical and Health	11671.65	10906.53	765.12	3193.48	2428.36
7	XVII	Municipal Administration and Urban Development	7113.54	6222.66	890.88	3278.71	2387.83
8	XIX	Information and Public Relations	253.22	207.98	45.24	84.61	39.37
9	XX	Labour, Factories, Boilers and Insurance Medical Services	770.04	278.80	491.24	494.35	3.11
10	XXI	Social Welfare	8950.28	3992.86	4957.42	5060.64	103.22
11	XXII	Tribal Welfare	3409.85	2116.79	1293.06	1368.77	75.71
12	XXIII	Backward Classes Welfare	31018.66	15113.08	15905.58	16260.91	355.33
13	XXIV	Minority Welfare	2060.94	1464.33	596.61	640.71	44.10
14	XXV	Women, Child and Disabled Welfare	4110.30	3214.27	896.03	1264.26	368.23
15	XXVI	Administration of Religious Endowments	211.40	166.69	44.71	114.71	70.00
16	XXVII	Agriculture	10803.37	9726.07	1077.30	2884.16	1806.86
17	XXVIII	Animal Husbandry and Fisheries	1372.03	1237.70	134.33	264.03	129.70
18	XXIX	Forest, Science, Technology and Environment	636.66	396.13	240.53	250.71	10.18
19	XXX	Co-operation	208.59	179.68	28.91	31.18	2.27
20	XXXI	Panchayat Raj	9298.85	7512.48	1786.37	2656.71	870.34
21	XXXII	Rural Development	6972.72	5446.17	1526.55	2302.73	776.18
22	XXXVI	Industries & Commerce, Infrastructure and Investment	1823.20	605.43	1217.77	1416.24	198.47
Capital Voted							
23	I	State Legislature	0.00	0.00	0.00	1.00	1.00
24	III	Administration of Justice	77.00	55.76	21.24	46.24	25.00
25	IV	General Administration and Elections	10.58	4.70	5.88	15.88	10.00
26	IX	Fiscal Administration, Planning, Surveys and Statistics	495.00	422.13	72.87	957.87	885.00
27	X	Home Administration	266.05	122.73	143.32	249.52	106.20
28	XI	Roads and Buildings	3171.44	459.24	2712.20	2737.09	24.89
29	XII	School Education	3910.43	478.92	3431.51	3541.25	109.74
30	XIII	Higher Education	362.44	73.52	288.92	436.53	147.61

31	XIV	Skill Development and Training	125.59	56.45	69.14	110.56	41.42
32	XV	Sports and Youth Services	43.23	11.19	32.04	33.23	1.19
33	XVI	Medical and Health	3712.51	738.12	2974.39	3383.44	409.05
34	XVII	Municipal Administration and Urban Development	1682.79	383.69	1299.10	1377.45	78.35
35	XXI	Social Welfare	275.00	101.12	173.88	193.88	20.00
36	XXV	Women, Child and Disabled Welfare	212.57	16.77	195.80	260.58	64.78
37	XXVII	Agriculture	295.74	44.10	251.64	306.38	54.74
38	XXVIII	Animal Husbandry and Fisheries	197.02	111.83	85.19	131.49	46.30
39	XXIX	Forest, Science, Technology and Environment	48.70	20.21	28.49	30.60	2.11
40	XXX	Co-operation	60.00	0.00	60.00	61.50	1.50
41	XXXI	Panchayat Raj	2921.12	1296.24	1624.88	1930.71	305.83
42	XXXIII	Major and Medium Irrigation	9166.81	3629.56	5537.25	9033.84	3496.59
43	XXXVI	Industries & Commerce, Infrastructure and Investment	1824.49	223.14	1601.35	1980.17	378.82
44	XXXVII	Tourism, Art and Culture	89.34	59.38	29.96	229.96	200.00
45	XXXIX	Information Technology, Electronics and Communications	64.06	15.07	48.99	55.07	6.08
Loans Voted							
46	XIII	Higher Education	0.00	0.00	0.00	2.00	2.00
47	XXX	Co-operation	20.00	-18.09	38.09	77.79	39.70
Capital Charged							
48	XXXIII	Major and Medium Irrigation	81.45	38.04	43.41	80.18	36.77
Total			1,67,326.78	1,13,565.11	53,761.67	71,960.33	18,198.66

Source: Appropriation Accounts of 2022-23.

Appendix 3.3

Cases where Supplementary provision (₹ one crore or more in each case) proved insufficient

(Refer Para 3.8.3, Page 109)

							(₹ in crore)	
Sl. No	Grant No.	Grant Name	Original	Supplementary Provision	Total Grant	Expenditure	Excess Expenditure/Shortfall in budget provision	
Revenue Charged								
1	III	Administration of Justice	74.71	11.41	86.12	103.34	17.22	
2	V	Revenue, Registration and Relief	0.00	5.46	5.46	9.16	3.70	
3	IX	Fiscal Administration, Planning, Surveys and Statistics	21,588.78	66.40	21,655.18	25,508.18	3,853.00	
Revenue Voted								
4	IX	Fiscal Administration, Planning, Surveys and Statistics	29,605.89	5,586.69	35,192.58	35,249.63	57.05	
5	XIII	Higher Education	1,651.86	479.37	2,131.23	2,218.92	87.69	
Total			52,921.24	6,149.33	59,070.57	63,089.23	4,018.66	

Source: Appropriation Accounts of 2022-23.

Appendix 3.4

Cases where re-appropriation (₹ one crore or more in each case) proved unnecessary

(Refer Para 3.9.1, Page 110)

							(₹ in crore)	
Sl. No	Grant No. and Name of the Grant	Head of Account and Nomenclature	Original	Supplementary	Expenditure	Savings out of total provision	Re-appropriation	
1	XXXIV - Minor Irrigation	4702-00-789-11-(23)	0.94	0.00	0.71	0.23	1.81	
2	XXXV - Energy	2801-01-103-(04)	33.39	0.00	33.34	0.04	5.79	

Source: Appropriation Accounts of 2022-23 and Grants Audit Register of 2022-23 compiled by O/o PAG (A&E).

Appendix 3.5

Cases where re-appropriation (₹ one crore or more in each case) proved excessive

(Refer Para 3.9.1, Page 110)

								(₹ in crore)	
Sl. No	Grant No. and Name of the Grant	Head of Account and Nomenclature	Original	Supplementary	Re-appropriation	Net Provision	Expenditure	Final Saving i.e. Excessive Re-appropriation	
1	XXXIV - Minor Irrigation	4702-00-789-11-(23)	0.94	0.00	1.81	2.75	0.71	2.05	
2	XXXV - Energy	2801-01-103-(04)	33.39	0.00	5.79	39.18	33.34	5.83	

Source: Appropriation Accounts of 2022-23 and Grants Audit Register of 2022-23 compiled by O/o PAG (A&E)

Appendix 3.6

Cases where re-appropriation (₹ one crore or more in each case) proved insufficient

(Refer Para 3.9.1, Page 110)

(₹ in crore)

Sl. No	Grant No. and Name of the Grant	Head of Account and Nomenclature	Original	Supplementary	Re-appropriation	Net Provision	Expenditure	Final Excess(+)
1	V - Revenue, Registration and Relief	2053-00-093-(03)	125.12	5.46	12.52	143.09	146.80	3.71
2	IX - Fiscal Administration, Planning, Surveys and Statistics	2049-01-115-(04)	100.00	0.00	43.71	143.71	148.60	4.89
3	IX - Fiscal Administration, Planning, Surveys and Statistics	2071-01-101-(24)	362.09	3,000.00	3,142.25	6,504.33	6,562.42	58.09
4	XIII - Higher Education	2202-03-103-(07)	645.01	0.00	61.14	706.16	751.14	44.98
5	XIII - Higher Education	2202-03-104-(06)	46.08	0.00	91.92	138.00	195.33	57.33
6	XXIV - Minority Welfare	4225-80-800-11-(05)	1.00	0.00	1.02	2.02	9.98	7.96
Total			1,279.30	3,005.46	3,352.56	7,637.31	7,814.26	176.95

Source: Appropriation Accounts of 2022-23 and Grants Audit Register of 2022-23 compiled by O/o PAG (A&E).

Appendix 3.7

Cases where anticipated savings not surrendered (short surrender of ₹ one crore or more in each case)

(Refer Para 3.9.3, Page 111)

(₹ in crore)

Sl. No	Grant No.	Grant Name	Total Grant	Saving(-)	Amount Surrendered	Savings which remained to be surrendered
Revenue Voted						
1	IV	General Administration and Elections	837.65	68.18	67.02	1.16
2	XI	Roads and Buildings	5,855.01	747.02	679.57	67.45
3	XII	School Education	25,315.50	2,021.85	2,012.57	9.28
4	XXXV	Energy	20,488.51	2,498.51	2,492.68	5.83
Capital Voted						
5	XVI	Medical and Health	4,121.56	3,383.44	3,344.79	38.65
6	XXXIV	Minor Irrigation	1,321.60	653.48	610.27	43.21
7	XXXVI	Industries & Commerce, Infrastructure and Investment	2,203.31	1,980.17	1,978.41	1.76
8	XXXVII	Tourism, Art and Culture	289.34	229.96	209.43	20.53
Loans Voted						
9	XXX	Co-operation	59.70	77.79	20.00	57.79
Total			60,492.18	11,660.40	11,414.74	245.66

Source: Appropriation Accounts of 2022-23.

Appendix 3.8
Excess Expenditure during 2022-23
(Refer Para 3.10.1, Page 111)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant	Expenditure	Excess	Reasons for excess expenditure
1	II	Governor and Council of Ministers (RV)	27.90	28.71	0.81	
2	III	Administration of Justice (RC)	86.12	103.34	17.22	Specific reasons for excess expenditure were not intimated by Government
3	V	Revenue, Registration and Relief (RC)	5.46	9.16	3.70	
4	IX	Fiscal Administration, Planning, Surveys and Statistics (RV)	35,192.58	35,249.63	57.05	
5	IX	Fiscal Administration, Planning, Surveys and Statistics (RC)	21,655.18	25,508.18	3,853.00	
6	XIII	Higher Education (RV)	2,131.23	2,218.92	87.69	
7	XXIV	Minority Welfare (CV)	2.21	10.17	7.96	
Total			59,100.69	63,128.11	4,027.42	

Source: Appropriation Accounts of 2022-23; RV- Revenue Voted, RC- Revenue Charged, CV- Capital Voted.

Appendix 3.9
Excess over provision of previous years requiring regularisation
(Refer Para 3.10.2; page 111)

(₹ in crore)

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of Excess
2004-05	5 Grants	Revenue:	VIII, XIX and XL	
		Capital:	XVI	
		Loans:	XXXVI	
	1 Appropriation	Revenue:	XXXVI	14.83
2005-06	10 Grants	Revenue:	X, XI, XIX and XXXI	
		Capital:	VIII, XIII, XVII, XXXII and XXXIII	
		Loans:	XVII	
	3 Appropriations	Revenue:	II, XVI and XXVIII	585.82
2006-07	7 Grants	Revenue:	IX, X, XI and XIV	
		Capital:	XVII and XXIX	
		Loans:	XXVII	
	1 Appropriation	Revenue:	III	198.72
2007-08	7 Grants	Revenue:	X, XI and XXXII	
		Capital:	XVII, XXXIII and XXXV	
		Loans:	XXXVI	
	3 Appropriations	Revenue:	II, IV and XIV	201.3
2008-09	11 Grants	Revenue:	II, V, XI, XXIV, XXVI and XXXI	
		Capital:	XVII and XXXIX	
				709.24

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of Excess
		Loans:	XIX, XXVII and XXXVI	
	3 Appropriations	Revenue:	II, III and XIII	
2009-10	10 Grants	Revenue:	III and XIX	109.74
		Capital:	IV, VII, X, XVII and XXIX	
		Loans:	XI, XVI and XVII	
	2 Appropriations	Revenue:	VII and XIII	
2010-11	11 Grants	Revenue:	X and XXIV	867.54
		Capital:	X, XVII, XXVII and XXXVI	
		Loans:	XI, XV, XVI, XVII and XXXV	
	5 Appropriations	Revenue:	IV, V, X and XVII	
		Capital:	XI	
2011-12	5 Grants	Revenue:	X and XXIV	188.59
		Capital:	XVII	
		Loans:	IX and XV	
	2 Appropriations	Revenue:	XXIII and XXV	
2012-13	5 Grants	Revenue:	X, XI, XVII and XXXIX	275.63
		Capital:	XXIX	
	1 Appropriation	Revenue:	XVI	
2013-14	4 Grants	Revenue:	X, XI	530.12
		Capital:	XVII and XXIX	
	1 Appropriation	Revenue:	XVI	
2014-15	26 Grants	Revenue:	II, V, VI, XI, XIX, XX, XXV, XXVI, XXVII, XXXI, XXXII, XXXIV, XXXV and XXXVI	13,134.68
		Capital:	V, VIII, X, XI, XII, XVI, XVIII and XXXV	
		Loans:	IX, XVII, XXIX and XXXVI	
	2 Appropriations	Revenue:	III	
		Loans:	IX	
2015-16	15 Grants	Revenue:	II, V, VII, IX, XI, XV, XIX, XX, XXX and XXXVIII	36,856.98
		Capital:	XXIX and XXXIV	
		Loans:	IX, XVII and XXVIII	
	2 Appropriations	PDC:	IX and XL	
2016-17	4 Grants	Revenue:	XI and XL	1,686.83
		Capital:	XIV and XXIX	
	1 Appropriation	PDC:	IX	
2017-18	3 Grants	Revenue:	II and XI	47,144.53
		Capital:	XXXIX	
	2 Appropriations	Capital:	XXXI	

Year	Number of Grants/ Appropriations	Section	Grant/Appropriation numbers	Amount of Excess
		PDC:	IX	
2018-19	2 Grants	Revenue:	IX	64,005.68
		Loans:	IX	
	2 Appropriations	Revenue:	IX	
		PDC:	IX	
2019-20	5 Grants	Revenue:	IX, XVII, XXI, XXIII and XXIV	73,983.26
		4 Appropriations	Revenue:	
	PDC:		IX	
	2020-21	5 Grants	Revenue:	
Capital:			XXXVI	
Loans:			IX and XVII	
3 Appropriations		Revenue:	III and IX	
		PDC:	IX	
2021-22	4 Grants	Revenue:	IX and XXXIV	4,551.82
		Loans:	V and XVII	
	1 Appropriation	Revenue:	V	
		Total		

Source: Appropriation Accounts of respective years

Appendix 3.10
Amount of excess expenditure relating to the years 2014-15 to 2021-22
for which ENs were not furnished
(Refer Para 3.10.2; page 112)

(₹ in crore)

Year	Number of Grants/ Appropriations	Amount of Excess expenditure reported	Amount for which ENs furnished	Amount for which ENs are yet to be furnished to Audit
2014-15	26 Grants and 2 Appropriations	13,134.68	13,134.68	0.00
2015-16	15 Grants and 1 Appropriation	36,856.98	36,856.98	0.00
2016-17	4 Grants and 1 Appropriation	1,686.83	1,686.83	0.00
2017-18	3 Grants and 2 Appropriations	47,144.53	44,566.60	2,577.93
2018-19	2 Grants and 2 Appropriations	64,005.68	58,229.01	5,776.67
2019-20	5 Grants and 4 Appropriations	73,983.26	60,768.44	13,214.82
2020-21	5 Grants and 3 Appropriations	1,10,509.12	0.00	1,10,509.12
2021-22	4 Grants and 1 Appropriation	4,551.82	0.00	4,551.82
Total		3,51,872.90	2,15,242.54	1,36,630.36

Source: Appropriation Accounts of respective years and information compiled by O/o PAG(Audit), AP.

Appendix 3.11

Backward Classes Welfare

Details of schemes where there was more than 50 per cent savings

(Refer Para 3.11.2 (ii); page 114)

(₹ in crore)

Scheme/Project/Programme & Head of Account	Total Provision	Expenditure	Savings	Percentage of Savings
2225-03-001-00-04-Andhra Pradesh Commission for Backward Classes	1.57	0.54	-1.04	-65.79
2225-03-277-11-34-Videshi Vidyadharana for Higher Studies in Overseas Universities	2.29	0.10	-2.19	-95.64
2251-00-090-00-48-Department of Economically Weaker Sections (EWS) Welfare	2.74	0.11	-2.64	-96.14
2225-80-190-11-31-Andhra Pradesh Kapu Welfare and Development Corporation	6.04	0.70	-5.34	-88.47
2225-03-190-00-04-Financial Assistance to Andhra Pradesh State Backward Classes Co-operative Finance Corporation	10.64	5.20	-5.43	-51.08
2225-03-277-00-07-Government Hostels	17.20	7.33	-9.87	-57.36
4225-03-277-07-77-Construction of Buildings for Mahatma Jyothiba Phule Residential Schools	20.00	5.15	-14.85	-74.24
4225-03-800-11-05-Construction of Community Halls for BCs	25.00	1.36	-23.64	-94.55
4225-03-277-11-74-Buildings	100.00	39.16	-60.84	-60.84
2225-80-190-11-28-Andhra Pradesh Arya Vysya Welfare and Development Corporation	885.36	356.53	-528.83	-59.73
2225-03-190-11-51-SU - BC-E Corporations	945.08	404.34	-540.74	-57.22
2225-03-190-11-49-SU - BC-B Corporations	3,354.50	1,575.02	-1,779.49	-53.05
2225-80-190-11-25-Andhra Pradesh Reddy Welfare and Development Corporation	3,091.80	1,109.12	-1,982.68	-64.13
2225-03-190-11-50-SU - BC-D Corporations	3,729.18	1,694.17	-2,035.01	-54.57
2225-03-102-11-53-YSR Pension Kanuka to Backward Classes	8,411.36	1,961.04	-6,450.32	-76.69
Total	20,602.77	7,159.87	-13,442.90	-65.25

Appendix 4.1
Statement showing submission of accounts and status of Audit of Autonomous
Bodies (Section 19, 20 of DPC Act 1971)
(Refer Para 4.11, Page 132)

Sl. No.	Name of Body/Authority	Period of entrustment up to	Year up to which accounts were rendered	Placement of SAR in the Legislature	No. of accounts to be submitted to Audit
1.	AP State Legal Services Authority, Vijayawada	Not required as per Section 18 of Legal Services Act, 1987	2020-21	Not placed in the Legislature	2 (2021-22 & 2022-23)
2.	District Legal Services Authority, Chittoor		2021-22		1 (2022-23)
3.	District Legal Services Authority, Krishna		2020-21		2 (2021-22 & 2022-23)
4.	District Legal Services Authority, Kadapa		2020-21		2 (2021-22 & 2022-23)
5.	District Legal Services Authority, Kurnool		2020-21		2 (2021-22 & 2022-23)
6.	District Legal Services Authority, Nellore		2020-21		2 (2021-22 & 2022-23)
7.	District Legal Services Authority, Visakhapatnam		2021-22		1 (2022-23)
8.	District Legal Services Authority, Vizianagaram		2021-22		1 (2022-23)
9.	District Legal Services Authority, West Godavari		2021-22		1 (2022-23)
10.	AP Building and Other Construction Workers Welfare Board		2014-15 (Up to 01.06.2014)	Not placed in the Legislature	9 {(2014-15 (2.6.2014 to 31.03.2015) to 2022-23)}
11.	AP Real Estate Regulatory Authority			2018-19	...
12.	Visakhapatnam Urban Development Authority (VUDA)	2021-22	2016-17	2014-15	6 (2017-18 to 2022-23)
13.	Tirupati Urban Development Authority (TUDA)	2021-22	2019-20	2017-18	3 (2020-21 to 2022-23)
14.	Andhra Pradesh Capital Region Development Authority (APCRDA) Vijayawada	2018-19	2016-17	2016-17	6 (2017-18 to 2022-23)
15.	Puttaparthi Urban Development Authority (PUDA)	2026-27	*	*	18 (2005-06 to 2022-23)
16.	Kurnool Urban Development Authority (KUDA)	2026-27			2 (2021-22 & 2022-23)
17.	Machilipatnam Urban Development Authority (MUDA)	2026-27			6 (2017-18 to 2022-23)
18.	Nellore Urban Development Authority (NUDA)	2026-27			1(2022-23)
19.	Integrated Tribal Development Agency, Kotaramachandrapuram	2021-22	2016-17		6 (2017-18 to 2022-23)
20.	Integrated Tribal Development Agency, Parvathipuram	2021-22	2015-16		7 (2016-17 to 2022-23)
21.	Integrated Tribal Development Agency, Seethampeta	2021-22	2014-15		8 (2015-16 to 2022-23)
22.	Integrated Tribal Development Agency, Paderu	2021-22	2014-15		8 (2015-16 to 2022-23)

Sl. No.	Name of Body/Authority	Period of entrustment up to	Year up to which accounts were rendered	Placement of SAR in the Legislature	No. of accounts to be submitted to Audit
23.	Integrated Tribal Development Agency, Rampachodavaram	2021-22	2014-15		8 (2015-16 to 2022-23)
24.	Integrated Tribal Development Agency, Srisailam	2021-22	2019-20		3 (2020-21 to 2020-21)
25.	Integrated Tribal Development Agency, Nellore	2021-22	2011-12		11 (2012-13 to 2022-23)
26.	Integrated Tribal Development Agency Plain Areas, Vijayawada	2021-22	2020-21		2 (2021-22 & 2022-23)
27.	Andhra Pradesh Vaidya Vidhana Parishad,(APVVP), Guntur	2019-20	2013-14	2007-08	9(2014-15 to 2022-23)
28.	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority (AP CAMPA), Guntur	2018-19	2019-20	No Provision of placement in legislature as per CAMPA guidelines	3 (2020-21 to 2022-23)
29.	Andhra Pradesh Higher Education Regulatory and Monitoring Commission	NA	2021-22	2021-22	1 (2022-23)
30.	Annamayya Urban Development Authority, Kadapa	2019-20 onwards	NA	NA	4 (2019-20 to 2022-23)
31.	Eluru Urban Development Authority	2019-20 onwards	NA	NA	4 (2019-20 to 2022-23)
32.	Ongole Urban Development Authority	2019-20 onwards	NA	NA	4 (2019-20 to 2022-23)
33.	Srikakulam Urban Development Authority	2019-20 onwards	NA	NA	4 (2019-20 to 2022-23)
34.	Bobbili Urban Development Authority	2019-20 onwards	NA	NA	4 (2019-20 to 2022-23)
35.	Chittor Urban Development Authority	2019-20 onwards	NA	NA	4 (2019-20 to 2022-23)
36.	Palamaneru-Kuppam-Madanapalli Urban Development Authority	2019-20 onwards	NA	NA	4 (2019-20 to 2022-23)
37.	Rajamahendravaram Urban Development Authority	2021-22 onwards	NA	NA	2 (2021-22 to 2022-23)
38.	Baptla Urban Development Authority	2026-27	NA	NA	1 (2022-23)
39.	Palnadu Urban Development Authority	2026-27	NA	NA	1 (2022-23)
40.	Amalapuram Urban Development Authority	2026-27	NA	NA	1 (2022-23)
41.	Kakinada Urban Development Authority	2026-27	NA	NA	6 (2017-18 to 2022-23)
42.	Andhra Pradesh Khadi and Village Industries board	2019-20	2013-14	2013-14	9 (2014-15 to 2022-23)

NA: Not Available

*Note- In respect of PUDA, though the accounts were submitted, details regarding constitution of Board Resolutions passed *etc.* have not been received. The same was communicated to the Authority for furnishing and the same are awaited. Till such time this is treated as non-submission of Accounts

APCAMPA-Central Government notified that the CAMPA Act, 2016 come into force w.e.f 30.09.2018 the arrears of accounts is treated due till the year 2019-20. In this regard, the audit entrusted as such by the Parliament in nature and does not require re-entrustment.

Appendix 4.2
Statement of Bodies and Authorities whose accounts have not been received
(Section 14, 15 of DPC Act 1971)
(Refer Para 4.11, Page 133)

Sl. No.	Name of the Authority/Body	Years for which accounts had not been received	No. of annual accounts in arrears as of August 2023
1	JMJ College for Women, Tenali	2020-21,	1
2	Adikavi Nannaya University, Rajamahendravaram	2021-22, 2022-23	2
3	Acharya Nagarjuna University, Guntur	2021-22, 2022-23	2
4	Vikrama Simhapuri University, Nellore	2021-22, 2022-23	2
5	Sri Padmavathi Mahila Viswa Vidyalayam, Tirupati	2021-22, 2022-23	2
6	Sri Venkateswara University, Tirupati	2021-22, 2022-23	2
7	Yogi Vemana University, Kadapa	2021-22, 2022-23	2
8	Andhra Pradesh Open School Society.	2021-22, 2022-23	2
9	Mrs. AVN Degree College Visakhapatnam	2021-22, 2022-23	2
10	Mrs.AVN College, Visakhapatnam (II Shift)	2021-22, 2022-23	2
11	C.R Reddy College, Eluru	2021-22, 2022-23	2
12	Jawahar Bharathi Degree College, Kavali	2020-21 to 2022-23	2
13	DNR College, Bhimavaram	2020-21 to 2022-23	2
14	Andhra University, Visakhapatnam	2020-21 to 2022-23	3
15	JNTU, Kakinada	2020-21, 2021-22, 2022-23	3
16	The SPD, Andhra Pradesh Sarva Siksha Abhiyan (Rajiv Vidya Mission)	2020-21, 2021-22, 2022-23	3
17	Andhra Pradesh Residential Educational Institutes Society	2020-21, 2021-22, 2022-23	3
18	Andhra Pradesh State Literacy mission Authority	2020-21, 2021-22, 2022-23	3
19	Andhra Pradesh State Council of Higher Education	2020-21, 2021-22, 2022-23	3
20	St. Joseph's College for Women, Visakhapatnam	2020-21, 2021-22, 2022-23	3
21	St. Josheph's College for Women (A), Visakhapatnam	2020-21, 2021-22, 2022-23	3
22	S.K.B.R College, Amalapuram	2020-21, 2021-22, 2022-23	3
23	SKVT Degree College Rajamahendravaram	2020-21, 2021-22, 2022-23	3
24	Ideal Degree College, Kakinada	2020-21, 2021-22, 2022-23	3
25	C.R Reddy College, Eluru (Evening)	2020-21, 2021-22, 2022-23	3
26	Ch S.D. St. Theresa's College for women, Eluru	2020-21, 2021-22, 2022-23	3

27	SVKP & Dr KS Raju Arts & Science College, Penugonda.	2020-21, 2021-22, 2022-23	3
28	Smt K. Sarojini Devi Womens' College, Tanuku.	2020-21, 2021-22, 2022-23	3
29	ANR Degree College, Gudivada	2020-21, 2021-22, 2022-23	3
30	KBN College, Vijayawada	2020-21 to 2022-23	3
31	VKR College, Buddhavaram, Gannavaram Mandal.	2020-21 to 2022-23	3
32	KTR Women's College, Gudivada	2020-21 to 2022-23	3
33	PBS Junior College, Vijayawada	2020-21 to 2022-23	3
34	JKC College, Guntur	2020-21, 2021-22, 2022-23	3
35	KVR & MKR Degree College, Khajiplaem, Guntur Dist.	2020-21, 2021-22, 2022-23	3
36	A.P Residential Degree College Nagarjunasagar, Guntur	2020-21 to 2022-23	3
37	Andhra Muslim College, Guntur	2020-21 to 2022-23	3
38	Dr KVK Murthy Sanskrit College, Guntur	2020-21 to 2022-23	3
39	VRS & YRN College, Chirala	2020-21 to 2022-23	3
40	Sri Sarvodaya College, Nellore	2020-21 to 2022-23	3
41	Neelam Sanjeeva Reddy Arts & Science College, Velgode, Kurnool	2020-21 to 2022-23	3
42	Sri Sai Baba National Degree College, Ananthapur	2020-21 to 2022-23	3
43	SSGS (Aided) Degree College, Guntakal Ananthapur	2020-21 to 2022-23	3
44	Ideal Junior College, Kakinada	2020-21 to 2022-23	3
45	Siddhartha Junior College, Vijayawada	2020-21, 2021-22, 2022-23	3
46	Smt. Kondepoti Sarojani Devi Mahila Kalasala, Tanuku W.G Dist.	2020-21 to 2022-23	3
47	Zilla Grandhalaya Samstha, Visakhapatnam	2020-21 to 2022-23	3
48	Zilla Grandhalaya Samstha, Nellore	2020-21 to 2022-23	3
49	Zilla Grandhalaya Samstha, Kurnool	2020-21 to 2022-23	3
50	Zilla Grandhalaya Samstha, Ananthapur	2020-21 to 2022-23	3
51	Krishna University, Machilipatnam	2016-17, 2020-21, 2021-22, 2022-23	4
52	Damodaram Sanjevaiah National Law University, Visakhapatnam	2018-19, 2019-20, 2020-21, 2022-23	4
53	Sri Padmavathi Mahila Hindu Kalasala, Machilipatnam	2019-20 to 2022-23	4
54	SVKP College, Markapur	2019-20 to 2022-23	4
55	Duvvuru Ramanamma Womens Degree College, Gudur	2019-20 to 2022-23	4
56	YS Raja Reddy Degree College, Pulivendula, Kadapa (Loyola Degree College)	2019-20, 2020-21, 2021-22, 2022-23	4
57	SMVM Polytechnic College, Tanuku (WG Dt.)	2018-19 to 2022-23	4

58	Zilla Grandhalaya Samstha, Vizianagaram	2019-20 to 2022-23	4
59	Jawaharlal Nehru Technological University, Ananthapuram	2018-19 to 2022-23	5
60	Rajah RSRK Rangarao College, Bobbili	2018-19 to 2022-23	5
61	Maharajah's College for Women Vizianagaram	2012-13, 2019-20, 2020-21, 2021-22, 2022-23	5
62	SKR College for Women Rajamahendravaram	2012-13, 2015-16, 2020-21, 2021-22, 2022-23	5
63	GBR Degree College, Anaparthi	2018-19 to 2022-23	5
64	KGRL College, Bhimavaram	2018-19 to 2022-23	5
65	Pedanandipadu College of Arts and Science, Pedanandipadu	2018-19 to 2022-23	5
66	Dr. KRRM College, Duggirala	2018-19 to 2022-23	5
67	Bandla Bapaiah Hindu College, Vetapalem, Ongole	2018-19 to 2022-23	5
68	Zilla Grandhalaya Samstha, Srikakulam	2018-19 to 2022-23	5
69	Zilla Grandhalaya Samstha, Chittoor	2018-19 to 2022-23	5
70	Zilla Grandhalaya Samstha, Srikakulam	2018-19 to 2022-23	5
71	Zilla Saksharatha Samithi, Chittoor	2018-19 to 2022-23	5
72	Zilla Saksharatha Samithi, Kurnool	2018-19 to 2022-23	5
73	Zilla Saksharatha Samithi, Ongole	2018-19 to 2022-23	5
74	Zilla Saksharatha Samithi, West Godavari	2018-19 to 2022-23	5
75	Rajiv Gandhi University of Knowledge Technologies, Nuzvid.	2017-18 to 2022-23	6
76	Rayalaseema University, Kurnool	2017-18 to 2022-23	6
77	Andhra Pradesh Hindi Academy	2015-16, 2018-19 to 2022-23	6
78	VSM College Ramchandrapuram	2017-18 to 2022-23	6
79	MSN Degree College, Kakinada	2017-18 to 2022-23	6
80	Maris Stella College, Vijayawada	2017-18 to 2022-23	6
81	KVR College, Nandigama.	2017-18 to 2022-23	6
82	PBN College, Nidubrolu.	2017-18 to 2022-23	6
83	TJPS College, Guntur	2009-10 to 2022-23	6
84	V.R College (Day), Nellore	2017-18 to 2022-23	6
85	B.T College, (Day), Madanapalle	2017-18 to 2022-23	6
86	B.T College (Evening), Madanapalle	2017-18 to 2022-23	6
87	Sri YSR Memorial College, Kadapa	2017-18 to 2022-23	6
88	Sri Ankala Reddy Memorial College of Education, Allagadda, Kurnool(Dist)	2015-16 to 2022-23	6
89	Zilla Grandhalaya Samstha, Guntur	2014-15 to 2022-23	6
90	Zilla Saksharatha Samithi, Kakinada	2017-18 to 2022-23	6
91	Jawaharlal Nehru Technology University, Kakinada	2016-17 to 2022-23	7
92	State Institute of Educational Technology	2016-17 to 2022-23	7
93	Andhra Pradesh Telugu Academy	2016-17 to 2022-23	7

94	Andhra Pradesh Govt Text Book Press	2016-17 to 2022-23	7
95	A.M.A.L College, Anakapalli, Visakhapatnam	2016-17 to 2022-23	7
96	PVR Trust College, Kakinada	2016-17 to 2022-23	7
97	PVR Trust Degree College, Kakinada	2016-17 to 2022-23	7
98	Andhra Loyola College, Vijayawada	2010-11 to 2022-23	7
99	Montessori Mahila Kalasala, Vijayawada	2016-17 to 2022-23	7
100	AG & SG Degree College, Vuyyuru.	2016-17 to 2022-23	7
101	SV Arts, Commerce & Science College Chagalmarri.	2016-17 to 2022-23	7
102	Dr. B.R. Ambedkar University, Etcherla,	2015-16 to 2022-23	8
103	B.V Kendriya Degree College, Visakhapatnam	2015-16 to 2022-23	8
104	The Hindu College, Machilipatnam	2015-16 to 2022-23	8
105	VSR and NVR College, Tenali	2015-16 to 2022-23	8
106	SKRBR College, Narasaraopet, Guntur Dist.	2015-16 to 2022-23	8
107	Raja Vasireddy Venkatadri Nayudu College, Dharanikota, Amaravati	2015-16 to 2022-23	8
108	Sri VKP College, Podili	2015-16 to 2022-23	8
109	Zilla Grandhalaya Samstha, Machilipatnam.	2015-16 to 2022-23	8
110	Zilla Grandhalaya Samstha, Ongole Prakasam	2015-16 to 2022-23	8
111	AP Educational Welfare Infrastructure Development Corporation	2014-15 to 2022-23	9
112	Andhra Jateeya Kalasala Machilipatnam	2014-15 to 2022-23	9
113	CSR Sarma College, Ongole	2014-15 to 2022-23	9
114	Sri Ram Aided Junior College, Garividi, Vizianagaram	2014-15 to 2022-23	9
115	Zilla Grandhalaya Samstha, Kakinada	2014-15 to 2022-23	9
116	Zilla Grandhalaya Samstha, Eluru	2014-15 to 2022-23	9
117	Zilla Grandhalaya Samstha, Kadapa	2014-15 to 2022-23	9
118	SBSYM Degree College, Kasibugga.	2013-14 to 2022-23	10
119	Sri VSS Arts and Science College, Attili	2013-14 to 2022-23	10
120	M.V.G.R.R. Degree College, Bhattiprolu, Guntur Dist.	2013-14 to 2022-23	10
121	LDG Aided Junior College, Dharmapuri, Vizianagaram	2013-14 to 2022-23	10
122	Veerawasaram Educational Committee Junior College, Veerwasaram	2013-14 to 2022-23	10
123	Gollu Venkanna Mahila Junior College, Bhimavaram.	2013-14 to 2022-23	10
124	D.R Goenka Womens Junior College, Tadepalligudem.	2013-14 to 2022-23	10
125	Smt. Panna Devi Vahini Theosophical Junior College, Eluru	2013-14 to 2022-23	10

126	SRYSP Junior College, Challapalli.	2013-14 to 2022-23	10
127	GA & K Abhyudaya Junior College, Vijayawada	2013-14 to 2022-23	10
128	SCS Junior College, Kanumolu, Hanuman Junction.	2013-14 to 2022-23	10
129	BHH Girls Junior College, Brodipet Guntur	2013-14 to 2022-23	10
130	Kommineni Seshaiyah Junior College, Kurnool.	2013-14 to 2022-23	10
131	Mahaveer Memorial Junior College, R Agraharam, Guntur	2013-14 to 2022-23	10
132	Sri Malam Subaya & NagaLakshmana Junior College, Prathipadu Guntur District.	2013-14 to 2022-23	10
133	Gunturu Chelamayeea Sadu Subramaniyam Junior College, Sangadiguda, Guntur	2013-14 to 2022-23	10
134	Zilla Saksharatha Samithi, Machilipatnam	2013-14 to 2022-23	10
135	Zilla Saksharatha Samithi, Srikakulam	2001-02 to 2005-06 and 2018-19 to 2022-23	10
136	SMBTAV & SN Degree College, Veeravasaram, West Godavari District	2012-13 to 2022-23	11
137	Dharma Apparao College, Nuzvid	2012-13 to 2022-23	11
138	V.R College (Evening), Nellore	2012-13 to 2022-23	11
139	Adoni Arts and Science College, Adoni	2012-13,2013-14, 2014-15 to 2022-23	11
140	St. Mary's Junior College, Kurnool	2012-13 to 2022-23	11
141	SDS College of Arts & Applied Sciences, Vizianagaram	2011-12 to 2022-23	12
142	Sri Yerramilli Narayanamurthy College, Narsapur	2011-12 to 2022-23	12
143	PBS Degree College, Vijayawada	2011-12 to 2022-23	12
144	MVJS & RVR Degree College, Malkipuram	2010-11 to 2022-23	13
145	Bapatla Arts & Science College, Bapatla	2010 -11 to2022-23	13
146	SDGS College, Hindupur, Ananthapur	2009-10 to 2022-23	14
147	Sri Venkateswara Vedic University, Tirupati	2008-09 to 2022-23	14
148	Zilla Saksharatha Samithi, Kadapa	2001-01 to 2009-10, 2018-19 to 2022-23	14
149	S.V. Degree College, Parvathipuram	2008-09 to 2022-23	15
150	Dr. L.B Degree College Visakhapatnam	2008-09 to 2022-23	15
151	Sri Adinarayana Women's Degree College, Anakapally	2008-09 to 2022-23	15
152	Sri Venkateshwara Vidyapeeth VMC Degree College, Vishakhapatnam	2008-09 to 2022-23	15
153	DRG Women Degree College, Tadepalligudem	2008-09 to 2022-23	15
154	SAS College, Vijayawada	2008-09 to 2022-23	15

155	Sri Sarada Degree College, Vijayawada	2008-09 to 2022-23	15
156	Sardar Gowthu Latchanna Degree, College, Vijayawada	2008-09 to 2022-23	15
157	Saptagiri College, Vijayawada	2008-09 to 2022-23	15
158	AC College, Guntur	2008-09 to 2022-23	15
159	AC Evening College, Guntur	2008-09 to 2022-23	15
160	AGKN Degree College, Sattenapalli	2008-09 to 2022-23	15
161	SGHR & MCMR College, Guntur	2008-09 to 2022-23	15
162	Smt. NBR Rao College, Narasaraopet	2008-09 to 2022-23	15
163	NBKR College, Vidyanagar, Nellore	2008-09 to 2022-23	15
164	Dr. SRJ College, Atmakur, SPSR Nellore District	2008-09 to 2022-23	15
165	Sri Venugopala Swamy Degree College, Nellore	2008-09 to 2022-23	15
166	S.V Arts College, Tirupati	2008-09 to 2022-23	15
167	Sri Padmavathi Womens' Degree College, Tirupati	2008-09 to 2022-23	15
168	Sri Balasiva Yogendra Maharaja Degree College, Mydukur.	2008-09 to 2022-23	15
169	Sri B Veera Reddy Degree College, Badvel	2008-09 to 2022-23	15
170	SKSC Degree College, Proddatur	2008-09 to 2022-23	15
171	VRS Degree College, Veerapanayanapally.	2008-09 to 2022-23	15
172	DAW College for Women, Proddatur	2008-09 to 2022-23	15
173	SV Degree College, Kadapa	2008-09 to 2022-23	15
174	SLS Degree College, Pullareddypeta	2008-09 to 2022-23	15
175	Sri Ramakrishna Degree College, Nandyal	2008-09 to 2022-23	15
176	SGS College, Vidyanagar, Jaggayyapet	2007-08 to 2022-23	16
177	SV Arts & Science College, Giddalur	2003-04 to 2022-23	16
178	Osmania College, Kurnool	2007-08 to 2022-23	16
179	Sri Balasiva Yogendra Maharaja degree College, Kurnool	2007-08 to 2022-23	16
180	Satavahana Degree College, Eluru Road, Vijayawada	2006-07 to 2022-23	17
181	Sri DMS Mahila Kalasala, Vijayawada	2006-07 to 2022-23	17
182	Chundi Ranganayakulu College, Chilkaluripet.	2006-07 to 2022-23	17
183	DRN & SCVS College, Pasumarru, Chilkaluripet	2006-07 to 2022-23	17
184	Zilla Saksharatha Samithi, Guntur	2006-07 to 2022-23	17
185	Zilla Saksharatha Samithi, Nellore	1998-99 to 2009-10, 2018-19 to 2022-23	17
186	VTJM & IVTR College – Mangalagiri	2005-06 to 2022-23	18

187	Zilla Saksharatha Samithi, Anantapur	1997-98 to 2009-10 and 2016-17 to 2022-23	18
188	Noble College, Machilipatnam	2003-04 to 2022-23	20
189	Sri Chaparla Satyanarayana College, Gudlavalleru	2002-03 to 2022-23	21
190	BGBS Womens' College, Narsapur	2001-02 to 2022-23	22
191	Islamiah College, Kurnool	2001-02 to 2022-23	22
192	Zilla Saksharatha Samithi, Visakhapatnam	2001-02 to 2022-23	22
193	Zilla Saksharatha Samithi, Vizianagaram	2001-02 to 2022-23	22
194	Sri Subbaraya & Narayana College Narasaraopet	2000-01 to 2022-23	23
195	Maharajah's Autonomous College (Men), Vizianagaram	1997-98 to 2022-23	26
196	VVM College, Ongole	1995-96 to 2022-23	28
197	Sri Govindaraja Swamy Arts College, Tirupati	1995-96 to 2022-23	28
198	STBC College, Kurnool	1995-96 to 2022-23	28
	Total		1764

Appendix 4.3
Statement of PSUs whose accounts have not been received
(Refer Para 4.12, Page 133)

SL. No.	Name of State PSU	Date of Incorporation	Accounts Finalised Up to	Year for which Accounts were not finalise/ received	Number of Accounts in arrears
1	Andhra Pradesh Tribal Power Company Limited	05-07-2002	2021-22	2022-23	1
2	Andhra Pradesh Power Development Company Limited	01-03-2006	2022-23	0	0
3	Andhra Pradesh Power Generation Corporation Limited	29-12-1998	2022-23	0	0
4	Andhra Pradesh Rural Agriculture Power Limited	03-03-2020	2021-22	2022-23	1
5	Andhra Pradesh State Energy Efficiency Development Corporation Limited	30-08-2016	2021-22	2022-23	1
6	Andhra Pradesh Central Power Distribution Corporation Limited	24-12-2019	2022-23	0	0
7	Eastern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2022-23	0	0
8	Energy University of Andhra Pradesh	16-06-2016	FN	2016-17 to 2022-23	7
9	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	21-10-1969	2022-23	0	0
10	Southern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2022-23	0	0
11	Transmission Corporation of Andhra Pradesh Limited	29-12-1998	2021-22	2022-23	1
12	Andhra Pradesh Brahmin Welfare Corporation	05-12-2014	2021-22	2022-23	1
13	Andhra Pradesh Mahila Sadhikara Samstha	30-03-2015	FN	2015-16 to 2022-23	8
14	Andhra Pradesh Medical Education and Research Corporation Limited	24-02-2021	FN	2021-22 & 2022-23	2
15	Andhra Pradesh Most Backward Classes Welfare and Development Corporation	31-07-2017	FN	2017-18 to 2022-23	6
16	Andhra Pradesh State Christian (Minorities) Finance Corporation	11-02-2010	2013-14	2014-15 to 2022-23	9
17	Andhra Pradesh State Economically Backward Classes Welfare and Development Corporation	10-04-2019	FN	2019-20 to 2022-23	4
18	Andhra Pradesh State Kapu Welfare And Development Corporation limited	04-11-2015	2016-17	2017-18 to 2022-23	6
19	Andhra Pradesh State Minorities Finance Corporation Limited	19-01-1985	2021-22	2022-23	1

20	Andhra Pradesh State Skill Development Corporation	07-10-2014	2019-20	2020-21 to 2022-23	3
21	Andhra Pradesh Tourism Development Corporation Limited	18-02-1976	2019-20	2020-21 to 2022-23	3
22	Bhavani Island Tourism Corporation Limited	19-04-2017	FN	2017-18 to 2022-23	6
23	Overseas Manpower Company Andhra Pradesh Limited	10-01-2006	2019-20	2020-21 to 2022-23	3
24	AIC-AMTZ Medi Valley Incubation Council	29-06-2018	2020-21	2021-22 & 2022-23	2
25	Andhra Pradesh Airports Development Corporation Limited	03-08-2015	2017-18	2018-19 to 2022-23	5
26	Andhra Pradesh Aviation Corporation Limited	31-03-2006	FN	2006-07 to 2022-23	17
27	Andhra Pradesh Centre for Advanced Research on Livestock Limited	11-11-2008	2018-19	2019-20 to 2022-23	4
28	Andhra Pradesh Digital Corporation Limited	29-11-2018	2019-20	2020-21 to 2022-23	3
29	Andhra Pradesh Drones Corporation Limited	12-11-2018	2018-19	2019-20 to 2022-23	4
30	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited	28-03-2017	FN	2017-18 to 2022-23	6
31	Andhra Pradesh Farmers E-Vikraya Corporation Limited	18-06-2021	FN	2021-22 & 2022-23	2
32	Andhra Pradesh Gas Distribution Corporation Limited	10-01-2011	2021-22	2022-23	1
33	Andhra Pradesh Gas Infrastructure Corporation private Limited	02-09-2009	2019-20	2020-21 to 2022-23	3
34	Andhra Pradesh Handicrafts Development Corporation Limited	10-11-1981	2013-14	2014-15 to 2022-23	9
35	Andhra Pradesh Heavy Machinery and Engineering Limited	01-09-1976	2021-22	2022-23	1
36	Andhra Pradesh Industrial Development Corporation Limited	16-12-1960	2013-14	2014-15 to 2022-23	9
37	Andhra Pradesh Industrial Infrastructure Corporation Limited	26-09-1973	2021-22	2022-23	1
38	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	07-01-2019	2021-22	2022-23	1
39	Andhra Pradesh Medtech Zone Limited	30-04-2016	2019-20	2020-21 to 2022-23	3
40	Andhra Pradesh Mineral Development Corporation Limited	24-02-1961	2019-20	2020-21 to 2022-23	3
41	Andhra Pradesh MSME Development Corporation	16-07-2018	2018-19	2019-20 to 2022-23	4

42	Andhra Pradesh Power Finance Corporation Limited	12-07-2000	2022-23	0	0
43	Andhra Pradesh State Agro Industries Development Corporation Limited	05-03-1968	2020-21	2021-22 & 2022-23	2
44	Andhra Pradesh State Civil Supplies Corporation Limited	31-12-1974	2020-21	2021-22 & 2022-23	2
45	Andhra Pradesh State Fibernet Limited	12-10-2015	2019-20	2020-21 to 2022-23	3
46	Andhra Pradesh State Financial Corporation	01-11-1956	2022-23	0	0
47	Andhra Pradesh State Irrigation Development Corporation Limited	07-09-1974	2021-22	2022-23	1
48	Andhra Pradesh State Mega Seeds Park Limited	13-04-2018	FN	2018-19 to 2022-23	5
49	Andhra Pradesh State Road Transport Corporation	11-01-1958	2021-22	2022-23	1
50	Andhra Pradesh State Seeds Development Corporation Limited	26-03-1976	2022-23	0	0
51	Andhra Pradesh State Warehousing Corporation	05-08-1958	2021-22	2022-23	1
52	Andhra Pradesh Technology Services Limited	17-01-1985	2021-22	2022-23	1
53	Andhra Pradesh Trade Promotion Corporation Limited	05-06-1970	2017-18	2018-19 to 2022-23	5
54	AP Bulk Drugs & Infrastructure Corporation Limited	12-09-2020	FN	2020-21 to 2022-23	3
55	AP Towers Limited	05-07-2016	2017-18	2018-19 to 2022-23	5
56	APIIC Food Park (Krishna District) Limited	06-06-2016	FN	2016-17 to 2022-23	7
57	Atchutapuram Effluent treatment Limited	09-08-2016	2019-20	2020-21 to 2022-23	3
58	Bhavanapadu Port Development Corporation Limited.	20-04-2020	FN	2020-21 to 2022-23	3
59	Bio Valley Incubation Council	22-10-2018	2020-21	2021-22 & 2022-23	2
60	Chittoor Industrial Node Development Corporation Limited	10-10-2018	FN	2018-19 to 2022-23	5
61	Godavari Gas Private Limited	27-09-2016	2022-23	0	0
62	Infrastructure Corporation of Andhra Pradesh Limited	31-05-2005	2019-20	2020-21 to 2022-23	3
63	Kadapa Steel Corporation Limited	22-07-2021	FN	2021-22 & 2022-23	2
64	Krishnapatnam International Leather Complex Private Limited	19-08-2008	2017-18	2018-19 to 2022-23	5
65	Leather Industries Development Corporation of Andhra Pradesh	04-10-1973	2016-17	2017-18 to 2022-23	6

66	Machilipatnam Port Development Corporation Limited	18-04-2020	FN	2020-21 to 2022-23	3
67	Mark up Private Limited	25-09-2021	FN	2021-22 & 2022-23	2
68	Meat Development Corporation of Andhra Pradesh	23-05-2018	FN	2018-19 to 2022-23	5
69	NICDIT Krishnapatnam Industrial City Development Limited	07-08-2018	2021-22	2022-23	1
70	Ongole Iron Ore Mining Company Private Limited	11-05-2009	2019-20	2020-21 to 2022-23	3
71	Prakasam National Investment & Manufacturing Zone Limited	22-01-2016	FN	2016-17 to 2022-23	7
72	Ramyapatnam Port Development Corporation Limited	18-04-2020	FN	2020-21 to 2022-23	3
73	Rythu Sadhikara Samstha	17-10-2014	2018-19	2019-20 to 2022-23	4
74	Visakhapatnam Industrial Node Development Corporation Limited	04-09-2018	FN	2018-19 to 2022-23	5
75	Vizag Apparel Park For Export	31-03-2004	2017-18	2018-19 to 2022-23	5
76	YSR Steel Corporation Limited	21-11-2019	2019-20	2020-21 to 2022-23	3
77	Andhra Pradesh Environment Management Corporation Limited	13-01-2020	FN	2020-21 to 2022-23	3
78	Andhra Pradesh General Insurance Corporation Limited	07-06-2020	FN	2020-21 to 2022-23	3
79	Andhra Pradesh Beverages Corporation Limited	23-07-1986	2015-16	2016-17 to 2022-23	7
80	Andhra Pradesh Forest Development Corporation Limited	16-06-1975	2015-16	2016-17 to 2022-23	7
81	Andhra Pradesh State Beverages Corporation Limited	12-08-2015	2022-23	0	0
82	Andhra Pradesh State Development Corporation Limited	05-09-2020	2021-22	2022-23	1
83	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	10-10-1975	2022-23	0	0
84	Andhra Pradesh State Financial Services Corporation Limited	04-04-2020	2021-22	2022-23	1
85	Andhra Pradesh State Police Housing Corporation Limited	29-05-1971	2018-19	2019-20 to 2022-23	4
86	Foundation for Leadership, Excellence and Governance	03-12-2018	2019-20	2020-21 to 2022-23	3
87	Andhra Pradesh Center for Financial System & Services	08-11-2016	2020-21	2021-22 & 2022-23	2
88	Andhra Pradesh Drinking Water Supply Corporation limited	10-11-2017	FN	2017-18 to 2022-23	6
89	Amaravati Development Corporation Limited	21-05-2015	2021-22	2022-23	1

90	Amaravati Smart & Sustainable City Corporation Limited	21-11-2017	2020-21	2021-22 & 2022-23	2
91	Andhra Pradesh Greening and Beautification Corporation Limited	13-04-2015	2020-21	2021-22 & 2022-23	2
92	Andhra Pradesh Metro Rail Corporation Limited	29-10-2015	2022-23	0	0
93	Andhra Pradesh Township and Infrastructure Development Corporation limited	04-08-2016	2021-22	2022-23	1
94	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	12-01-1993	2021-22	2022-23	1
95	Greater Visakhapatnam Smart City Corporation Limited	11-03-2016	2019-20	2020-21 to 2022-23	3
96	Kakinada Smart City Corporation Limited	07-03-2016	2021-22	2022-23	1
97	Andhra Pradesh State Housing Corporation Limited	05-07-1979	2017-18	2018-19 to 2022-23	5
98	Swaccha Andhra Corporation Limited	01-05-2015	2018-19	2019-20 to 2022-23	4
99	Ongole Smart City Corporation Limited	07-04-2017	FN	2017-18 to 2022-23	6
100	Eluru Smart City Corporation Limited	17-03-2017	FN	2017-18 to 2022-23	6
101	Andhra Pradesh Rajiv Swagruha Corporation Limited	09-08-2007	2013-14	2014-15 (from 02.06.2014) to 2022-23	9
102	Vijayawada Urban Transport Company Limited	31-01-2012	FN	2012-13 to 2022-23	11
103	Visakhapatnam Urban Transport Company Limited	19-01-2012	2016-17	2017-18 to 2022-23	6
Total					342

Appendix 5.1

Statement showing list of Public Sector Undertakings of Andhra Pradesh under jurisdiction of C&AG and status of their annual accounts as on 30th September 2023

(Refer Para No. 5.2, 5.5.8, 5.6.2.2, Pages 138, 139, 152 & 154)

SL. No.	Name of State PSU	Date of Incorporation	Accounts Finalised Up to	Year for which Accounts were not finalise/ received	Number of Accounts in arrears
Power Sector PSUs					
1	Andhra Pradesh Tribal Power Company Limited	05-07-2002	2021-22	2022-23	1
2	Andhra Pradesh Power Development Company Limited	01-03-2006	2022-23	0	0
3	Andhra Pradesh Power Generation Corporation Limited	29-12-1998	2022-23	0	0
4	Andhra Pradesh Rural Agriculture Power Limited	03-03-2020	2021-22	2022-23	1
5	Andhra Pradesh State Energy Efficiency Development Corporation Limited	30-08-2016	2021-22	2022-23	1
6	Andhra Pradesh Central Power Distribution Corporation Limited	24-12-2019	2022-23	0	0
7	Eastern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2022-23	0	0
8	Energy University of Andhra Pradesh	16-06-2016	FN	2016-17 to 2022-23	7
9	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	21-10-1969	2022-23	0	0
10	Southern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2022-23	0	0
11	Transmission Corporation of Andhra Pradesh Limited	29-12-1998	2021-22	2022-23	1
Non-Power Sector PSUs					
12	Andhra Pradesh Brahmin Welfare Corporation	05-12-2014	2021-22	2022-23	1
13	Andhra Pradesh Mahila Sadhikara Samstha	30-03-2015	FN	2015-16 to 2022-23	8
14	Andhra Pradesh Medical Education and Research Corporation Limited	24-02-2021	FN	2021-22 & 2022-23	2
15	Andhra Pradesh Most Backward Classes Welfare and Development Corporation	31-07-2017	FN	2017-18 to 2022-23	6
16	Andhra Pradesh State Christian (Minorities) Finance Corporation	11-02-2010	2013-14	2014-15 to 2022-23	9
17	Andhra Pradesh State Economically Backward Classes Welfare and Development Corporation	10-04-2019	FN	2019-20 to 2022-23	4

SL. No.	Name of State PSU	Date of Incorporation	Accounts Finalised Up to	Year for which Accounts were not finalise/ received	Number of Accounts in arrears
18	Andhra Pradesh State Kapu Welfare And Development Corporation limited	04-11-2015	2016-17	2017-18 to 2022-23	6
19	Andhra Pradesh State Minorities Finance Corporation Limited	19-01-1985	2021-22	2022-23	1
20	Andhra Pradesh State Skill Development Corporation	07-10-2014	2019-20	2020-21 to 2022-23	3
21	Andhra Pradesh Tourism Development Corporation Limited	18-02-1976	2019-20	2020-21 to 2022-23	3
22	Bhavani Island Tourism Corporation Limited	19-04-2017	FN	2017-18 to 2022-23	6
23	Overseas Manpower Company Andhra Pradesh Limited	10-01-2006	2019-20	2020-21 to 2022-23	3
24	AIC-AMTZ Medi Valley Incubation Council	29-06-2018	2020-21	2021-22 & 2022-23	2
25	Andhra Pradesh Airports Development Corporation Limited	03-08-2015	2017-18	2018-19 to 2022-23	5
26	Andhra Pradesh Aviation Corporation Limited	31-03-2006	FN	2006-07 to 2022-23	17
27	Andhra Pradesh Centre for Advanced Research on Livestock Limited	11-11-2008	2018-19	2019-20 to 2022-23	4
28	Andhra Pradesh Digital Corporation Limited	29-11-2018	2019-20	2020-21 to 2022-23	3
29	Andhra Pradesh Drones Corporation Limited	12-11-2018	2018-19	2019-20 to 2022-23	4
30	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited	28-03-2017	FN	2017-18 to 2022-23	6
31	Andhra Pradesh Farmers E-Vikraya Corporation Limited	18-06-2021	FN	2021-22 & 2022-23	2
32	Andhra Pradesh Gas Distribution Corporation Limited	10-01-2011	2021-22	2022-23	1
33	Andhra Pradesh Gas Infrastructure Corporation private Limited	02-09-2009	2019-20	2020-21 to 2022-23	3
34	Andhra Pradesh Handicrafts Development Corporation Limited	10-11-1981	2013-14	2014-15 to 2022-23	9
35	Andhra Pradesh Heavy Machinery and Engineering Limited	01-09-1976	2021-22	2022-23	1
36	Andhra Pradesh Industrial Development Corporation Limited	16-12-1960	2013-14	2014-15 to 2022-23	9
37	Andhra Pradesh Industrial Infrastructure Corporation Limited	26-09-1973	2021-22	2022-23	1

SL. No.	Name of State PSU	Date of Incorporation	Accounts Finalised Up to	Year for which Accounts were not finalise/ received	Number of Accounts in arrears
38	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	07-01-2019	2021-22	2022-23	1
39	Andhra Pradesh Medtech Zone Limited	30-04-2016	2019-20	2020-21 to 2022-23	3
40	Andhra Pradesh Mineral Development Corporation Limited	24-02-1961	2019-20	2020-21 to 2022-23	3
41	Andhra Pradesh MSME Development Corporation	16-07-2018	2018-19	2019-20 to 2022-23	4
42	Andhra Pradesh Power Finance Corporation Limited	12-07-2000	2022-23	0	0
43	Andhra Pradesh State Agro Industries Development Corporation Limited	05-03-1968	2020-21	2021-22 & 2022-23	2
44	Andhra Pradesh State Civil Supplies Corporation Limited	31-12-1974	2020-21	2021-22 & 2022-23	2
45	Andhra Pradesh State Fibernet Limited	12-10-2015	2019-20	2020-21 to 2022-23	3
46	Andhra Pradesh State Financial Corporation	01-11-1956	2022-23	0	0
47	Andhra Pradesh State Irrigation Development Corporation Limited	07-09-1974	2021-22	2022-23	1
48	Andhra Pradesh State Mega Seeds Park Limited	13-04-2018	FN	2018-19 to 2022-23	5
49	Andhra Pradesh State Road Transport Corporation	11-01-1958	2021-22	2022-23	1
50	Andhra Pradesh State Seeds Development Corporation Limited	26-03-1976	2022-23	0	0
51	Andhra Pradesh State Warehousing Corporation	05-08-1958	2021-22	2022-23	1
52	Andhra Pradesh Technology Services Limited	17-01-1985	2021-22	2022-23	1
53	Andhra Pradesh Trade Promotion Corporation Limited	05-06-1970	2017-18	2018-19 to 2022-23	5
54	AP Bulk Drugs & Infrastructure Corporation Limited	12-09-2020	FN	2020-21 to 2022-23	3
55	AP Towers Limited	05-07-2016	2017-18	2018-19 to 2022-23	5
56	APIIC Food Park (Krishna District) Limited	06-06-2016	FN	2016-17 to 2022-23	7
57	Atchutapuram Effluent treatment Limited	09-08-2016	2019-20	2020-21 to 2022-23	3
58	Bhavanapadu Port Development Corporation Limited.	20-04-2020	FN	2020-21 to 2022-23	3
59	Bio Valley Incubation Council	22-10-2018	2020-21	2021-22 & 2022-23	2
60	Chittoor Industrial Node Development Corporation	10-10-2018	FN	2018-19 to 2022-23	5

SL. No.	Name of State PSU	Date of Incorporation	Accounts Finalised Up to	Year for which Accounts were not finalise/ received	Number of Accounts in arrears
	Limited				
61	Godavari Gas Private Limited	27-09-2016	2022-23	0	0
62	Infrastructure Corporation of Andhra Pradesh Limited	31-05-2005	2019-20	2020-21 to 2022-23	3
63	Kadapa Steel Corporation Limited	22-07-2021	FN	2021-22 & 2022-23	2
64	Krishnapatnam International Leather Complex Private Limited	19-08-2008	2017-18	2018-19 to 2022-23	5
65	Leather Industries Development Corporation of Andhra Pradesh	04-10-1973	2016-17	2017-18 to 2022-23	6
66	Machilipatnam Port Development Corporation Limited	18-04-2020	FN	2020-21 to 2022-23	3
67	Mark up Private Limited	25-09-2021	FN	2021-22 & 2022-23	2
68	Meat Development Corporation of Andhra Pradesh	23-05-2018	FN	2018-19 to 2022-23	5
69	NICDIT Krishnapatnam Industrial City Development Limited	07-08-2018	2021-22	2022-23	1
70	Ongole Iron Ore Mining Company Private Limited	11-05-2009	2019-20	2020-21 to 2022-23	3
71	Prakasam National Investment & Manufacturing Zone Limited	22-01-2016	FN	2016-17 to 2022-23	7
72	Ramyapatnam Port Development Corporation Limited	18-04-2020	FN	2020-21 to 2022-23	3
73	Rythu Sadhikara Samstha	17-10-2014	2018-19	2019-20 to 2022-23	4
74	Visakhapatnam Industrial Node Development Corporation Limited	04-09-2018	FN	2018-19 to 2022-23	5
75	Vizag Apparel Park For Export	31-03-2004	2017-18	2018-19 to 2022-23	5
76	YSR Steel Corporation Limited	21-11-2019	2019-20	2020-21 to 2022-23	3
77	Andhra Pradesh Environment Management Corporation Limited	13-01-2020	FN	2020-21 to 2022-23	3
78	Andhra Pradesh General Insurance Corporation Limited	07-06-2020	FN	2020-21 to 2022-23	3
79	Andhra Pradesh Beverages Corporation Limited	23-07-1986	2015-16	2016-17 to 2022-23	7
80	Andhra Pradesh Forest Development Corporation Limited	16-06-1975	2015-16	2016-17 to 2022-23	7
81	Andhra Pradesh State Beverages Corporation Limited	12-08-2015	2022-23	0	0
82	Andhra Pradesh State Development Corporation Limited	05-09-2020	2021-22	2022-23	1

SL. No.	Name of State PSU	Date of Incorporation	Accounts Finalised Up to	Year for which Accounts were not finalise/ received	Number of Accounts in arrears
83	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	10-10-1975	2022-23	0	0
84	Andhra Pradesh State Financial Services Corporation Limited	04-04-2020	2021-22	2022-23	1
85	Andhra Pradesh State Police Housing Corporation Limited	29-05-1971	2018-19	2019-20 to 2022-23	4
86	Foundation for Leadership, Excellence and Governance	03-12-2018	2019-20	2020-21 to 2022-23	3
87	Andhra Pradesh Center for Financial System & Services	08-11-2016	2020-21	2021-22 & 2022-23	2
88	Andhra Pradesh Drinking Water Supply Corporation limited	10-11-2017	FN	2017-18 to 2022-23	6
89	Amaravati Development Corporation Limited	21-05-2015	2021-22	2022-23	1
90	Amaravati Smart & Sustainable City Corporation Limited	21-11-2017	2020-21	2021-22 & 2022-23	2
91	Andhra Pradesh Greening and Beautification Corporation Limited	13-04-2015	2020-21	2021-22 & 2022-23	2
92	Andhra Pradesh Metro Rail Corporation Limited	29-10-2015	2022-23	0	0
93	Andhra Pradesh Township and Infrastructure Development Corporation limited	04-08-2016	2021-22	2022-23	1
94	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	12-01-1993	2021-22	2022-23	1
95	Greater Visakhapatnam Smart City Corporation Limited	11-03-2016	2019-20	2020-21 to 2022-23	3
96	Kakinada Smart City Corporation Limited	07-03-2016	2021-22	2022-23	1
97	Andhra Pradesh State Housing Corporation Limited	05-07-1979	2017-18	2018-19 to 2022-23	5
98	Swaccha Andhra Corporation Limited	01-05-2015	2018-19	2019-20 to 2022-23	4
99	Ongole Smart City Corporation Limited	07-04-2017	FN	2017-18 to 2022-23	6
100	Eluru Smart City Corporation Limited	17-03-2017	FN	2017-18 to 2022-23	6
101	Andhra Pradesh Rajiv Swagruha Corporation Limited	09-08-2007	2013-14	2014-15 (from 02.06.2014) to 2022-23	9
102	Vijayawada Urban Transport Company Limited	31-01-2012	FN	2012-13 to 2022-23	11
103	Visakhapatnam Urban Transport Company Limited	19-01-2012	2016-17	2017-18 to 2022-23	6
Inactive PSUs					
1	ABC NEXT (India) Private Limited	03-03-2017	2021-22	2022-23	1

SL. No.	Name of State PSU	Date of Incorporation	Accounts Finalised Up to	Year for which Accounts were not finalise/ received	Number of Accounts in arrears
2	Rayalaseema Steel Corporation Limited	24-12-2018	2018-19	2019-20 to 2022-23	4
3	Andhra Pradesh Fisheries Corporation Limited	07-05-1974	2002-03	2003-04 to 2022-23	20
4	A.P Small Scale Industrial Development Corporation Limited	01-03-1961	2001-02	2002-03 to 2022-23	21
5	Andhra Pradesh Essential Commodities Corporation Limited	21-04-1981	2020-21	2021-22 to 2022-23	2
6	Proddutur Milk Foods Limited	23-10-1978	1983-84	1984-85 to 2022-23	39
7	Andhra Pradesh Dairy Development Corporation Limited	07-02-1974	2013-14	2014-15 to 2022-23	9
8	Andhra Pradesh Meat Development Corporation Limited	31-10-1977	2014-15 (10M) Revised	2015-16 to 2022-23	8
9	Andhra Pradesh Electronics Development Corporation Limited	28-11-1980	2002-03	2003-04 to 2022-23	20
10	Aptronix Communications Limited	27-02-1984	NA*	NA*	--
11	Hyderabad Chemicals and Fertilizers Limited	30-09-1942	1984-85	1985-86 to 2022-23	38
12	Andhra Pradesh Automobile Tyres & Tubes Limited	20-07-1972	1992-93	1993-94 to 2022-23	30
13	Golkonda Abrasives Limited	26-08-1976	1997-98	1998-99 to 2022-23	25
14	Allwyn Auto Limited	31-05-1993	1994-95	1995-96 to 2022-23	28
15	Allwyn Watches Limited	19-03-1993	1998-99	1999-00 to 2022-23	24
16	Andhra Pradesh Steels Limited	16-11-1973	1992-93	1993-94 to 2022-23	30
17	Marine and Communication Electronics (India) Limited	29-08-1977	1992-93	1993-94 to 2022-23	30
18	Republic Forge Company Limited	15-04-1957	1991-92	1992-93 to 2022-23	31
19	Krishi Engineering Limited	24-10-1960	1984-85	1985-86 to 2022-23	38
20	PJ Chemicals Limited	14-05-1979	1989-90	1990-91 to 2022-23	33
21	Vidyut Steels Limited	01-01-1994	1985-86	1986-87 to 2022-23	37

Appendix 5.2
Statement showing list of PSUs having negative Net Worth as on 31st March 2023

(Refer Para No. 5.5.3, Page 148)

Sl. No.	Name of the PSUs	Latest Year of Finalised Accounts	Total Paid up Capital	Net Profit (+)	Accumulated Losses	Net Worth	Equity by SG	Outstanding Loans by SG
1	Andhra Pradesh Power Development Company Limited	2022-23	2,068.28	(-),1,227.55	3,863.65	(-),1,795.37	100.00	0.00
2	Andhra Pradesh Rural Agriculture Power Limited	2021-22	0.10	(-),0.53	1.07	(-),0.97	0.00	0.00
3	Andhra Pradesh Central Power Distribution Corporation Limited	2022-23	0.10	482.16	9,725.79	(-),9,725.69	0.10	0.00
4	Eastern Power Distribution Company of Andhra Pradesh Limited	2022-23	121.23	19.70	7,237.94	(-),7,116.71	121.23	0.00
5	Southern Power Distribution Company of Andhra Pradesh Limited	2022-23	358.72	1,233.80	12,581.01	(-),12,222.29	358.72	9.48
6	Andhra Pradesh State Minorities Finance Corporation Limited	2021-22	2.92	0.98	14.38	(-),11.46	2.92	0.00
7	AIC-AMTZ Medi Valley Incubation Council	2020-21	0.01	0.45	0.45	(-),0.44	0.00	0.00
8	Andhra Pradesh Centre for Advanced Research on Livestock Limited	2018-19	0.01	(-),0.84	2.56	(-),2.55	0.01	0.00
9	Andhra Pradesh Digital Corporation Limited	2019-20	0.01	(-),1.19	1.52	(-),1.51	0.00	0.00
10	Andhra Pradesh Drones Corporation Limited	2018-19	0.01	(-),0.20	0.20	(-),0.19	0.00	0.00
11	Andhra Pradesh Gas Infrastructure Corporation private Limited	2019-20	55.44	(-),15.40	136.73	(-),81.29	0.00	0.00

State Finances Audit Report for the year ended 31 March 2023

Sl. No.	Name of the PSUs	Latest Year of Finalised Accounts	Total Paid up Capital	Net Profit (+)	Accumulated Losses	Net Worth	Equity by SG	Outstanding Loans by SG
12	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	2021-22	0.50	(-)0.91	1.34	(-)0.84	0.50	0.00
13	Andhra Pradesh Medtech Zone Limited	2019-20	0.01	(-)58.45	90.62	(-)90.61	0.01	0.00
14	Andhra Pradesh State Fibernet Limited	2019-20	7.00	(-)142.83	385.68	(-)376.68	7.00	0.00
15	Andhra Pradesh State Irrigation Development Corporation Limited	2021-22	78.04	(-)23.12	109.50	(-)31.46	77.48	0.00
16	Andhra Pradesh State Road Transport Corporation	2021-22	115.15	(-)2,674.11	6,925.50	(-)6,810.35	79.54	NA
17	Bio Valley Incubation Council	2020-21	0.00	(-)0.75	3.04	(-)3.04	0.00	0.00
18	Krishnapatnam International Leather Complex Private Limited	2017-18	0.10	(-)0.61	6.05	(-)5.95	0.00	0.00
19	Leather Industries Development Corporation of Andhra Pradesh	2016-17	2.27	(-)1.93	53.78	(-)51.51	2.27	2.99
20	Ongole Iron Ore Mining Company Private Limited	2019-20	0.11	(-)0.06	0.53	(-)0.42	0.00	0.00
21	YSR Steel Corporation Limited	2019-20	0.1	(-)2.32	2.32	(-)2.22	0.1	46.66
22	Andhra Pradesh State Development Corporation Limited	2021-22	2,500.00	(-)9,637.69	26,319.62	(-)23,819.62	2500.00	0.00
23	Foundation for Leadership, Excellence and Governance	2019-20	0.01	(-)3.06	3.49	(-)3.48	0.01	0
24	Andhra Pradesh Center for Financial System and Services	2020-21	4.90	(-)12.30	21.82	(-)16.92	4.90	39.48
25	Amaravati Development Corporation Limited	2021-22	100	(-)302	124.5	(-)24.5	100	0
26	Andhra Pradesh Metro Rail Corporation Limited	2022-23	5.00	(-)3.12	14.93	(-)9.93	5.00	0.00

Sl. No.	Name of the PSUs	Latest Year of Finalised Accounts	Total Paid up Capital	Net Profit (+)	Accumulated Losses	Net Worth	Equity by SG	Outstanding Loans by SG
27	Andhra Pradesh Township and Infrastructure Development Corporation limited	2021-22	0.25	(-)5.40	3.17	(-)2.92	0.25	0
28	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	2021-22	0.15	0.00	0.17	(-)0.02	0.15	0.00
29	Andhra Pradesh State Housing Corporation Limited	2017-18	0.25	(-)478.45	5,989.96	(-)5,989.71	0.25	0
30	Andhra Pradesh Rajiv Swagruha Corporation Limited	2013-14	0.05	(-)10.97	62.50	(-)62.45	0.05	0.00
31	Andhra Pradesh MSME Development Corporation	2018-19	0.01	0	0.01	0	0.01	0
			5,420.73		73,683.84	(-)68,261.11	3,360.50	98.61

Appendix 5.3

Statement showing the Receipts and Expenditure of Eight PSUs having negative net worth
(Refer Paragraph 5.5.3, page 149)

(₹ in Lakh)

Particulars	Eastern Power Distribution Company of Andhra Pradesh Limited	Southern Power Distribution Company of Andhra Pradesh Limited	Andhra Pradesh Central Power Corporation Limited	Andhra Pradesh Development Company Limited	Andhra Pradesh Metro Rail Corporation	Amaravati Development Corporation Limited	YSR Steel Corporation Limited (erstwhile High Grade Steel Corporation Limited)	Andhra Pradesh Energy University
Revenue								
Revenue from operations	1646466.68	1904815.00	1061273.00	278287.00	0.00	0.00	0.00	0.00
Other Income	87490.15	150736.00	76953.00	897.00	233.54	347.00	2.11	0.00
Total Income excluding Revenue and subsidies and Grants	1733956.83	2055551.00	1138226.00	279184.00	233.54	347.00	2.11	0.00
Revenue and Subsidies and Grants	207463.47	481612.00	178661.00	0.00	0.00	0.00	0.00	0.00
Total Income	1941420.30	2537163.00	1316887.00	279184.00	233.54	347.00	2.11	0.00
Expenses								
Cost of Power Purchase	1661465.44	1964354.00	1014710.00	0.00	0.00	0.00	0.00	0.00

Particulars	Eastern Power Distribution Company of Andhra Pradesh Limited	Southern Power Distribution Company of Andhra Pradesh Limited	Andhra Pradesh Central Power Corporation Limited	Andhra Pradesh Development Company Limited	Andhra Pradesh Metro Rail Corporation	Amaravati Development Corporation Limited	YSR Steel Corporation Limited (erstwhile High Grade Steel Corporation Limited)	Andhra Pradesh Energy University
Material Consumed	0.00	0.00	0.00	200518.00	0.00	0.00	0.00	0.00
Employee benefit expenses	109118.62	264973.00	131946.00	10909.00	90.92	600.00	0.00	0.00
Financial Cost	112384.79	152734.00	93762.00	145380.00	0.00	0.00	0.00	0.00
Other Expenses	18136.12	73492.00	25316.00	11752.00	144.92	118.00	234.14	0.10
Expenditure excluding Depreciation and Amortization Expenses	1901104.97	2455553.00	1265734.00	368559.00	235.84	718.00	234.14	0.10
Depreciation and Amortization Expenses	38345.79	81484.00	50989.00	33380.00	9.50	35.00	0.00	0.00
Total Expenses	1939450.76	2537037.00	1316723.00	401939.00	245.34	753.00	234.14	0.10
Profit Before Exceptional and Extra Ordinary Items	1969.54	126.00	164.00	-122755.00	-11.80	-406.00	-232.03	-0.10
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before Tax	1969.54	123380.00	48216.00	-122755.00	-11.80	-406.00	-232.03	-0.10

Particulars	Eastern Power Distribution Company of Andhra Pradesh Limited	Southern Power Distribution Company of Andhra Pradesh Limited	Andhra Pradesh Central Power Corporation Limited	Andhra Pradesh Development Company Limited	Andhra Pradesh Metro Rail Corporation	Amaravati Development Corporation Limited	YSR Steel Corporation Limited (erstwhile High Grade Steel Corporation Limited)	Andhra Pradesh Energy University
Tax Expense:	0.00	0.00	0.00	0.00	-0.02	0.00	0.00	0.00
Profit (Loss) from the continuing operations	1969.54	123380.00	48216.00	-122755.00	-11.82	-406.00	-232.03	-0.10
Shortfall in Total Income (excluding revenue subsidies and grants) in the meeting the Liabilities/ Establishment Expenditure	-167148.14	-400002.00	-127508.00	-89375.00	-2.30	-371.00	-232.03	-0.10

Source: Latest available financial statements of the PSUs/ Information furnished by the PSUs

Appendix 5.4
Details of Return on Capital Employed (ROCE) of State PSUs for the three years ended 31 March 2023
(Refer Para No. 5.5.5, Page 149)

Sl. No.	Name of the PSU	2022-23			2021-22			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT	Capital Employed (₹ in crore)	ROCE (per cent)
1	Andhra Pradesh State Financial Corporation	268.06	973.19	27.54	232.42	1004.33	23.14	162.85	1201.96	13.55
2	Andhra Pradesh State Warehousing Corporation	41.60	365.08	11.39	42.00	72.78	57.71	26.45	123.75	21.37
3	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	10.64	67.07	15.86	-23.13	49.95	-46.31	-19.02	76.28	-24.93
4	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	0.37	5.05	7.33	0.30	4.92	6.10	0.22	4.83	4.55
5	Andhra Pradesh State Seeds Development Corporation Limited	70.26	114.91	61.14	26.29	112.00	23.47	13.88	97.96	14.17
6	Andhra Pradesh Handicrafts Development Corporation Limited	8.22	18.94	43.40	0.95	12.61	7.53	-3.57	11.17	-31.96
7	Andhra Pradesh Technology Services Limited ¹⁰²	7.28	1.09	666.48	8.78	88.39	9.93	22.18	82.15	27.00
8	Andhra Pradesh Power Generation Corporation Limited	3,329.97	20,185.10	16.50	2,255.10	20,481.80	11.01	2,686.39	21,206.92	12.67
9	Eastern Power Distribution Company of Andhra Pradesh Limited	1,143.54	1,632.17	70.06	1,340.62	818.95	163.70	674.61	(-)1311.86	-51.42
10	Southern Power Distribution Company of Andhra Pradesh Limited	1,528.60	9,724.75	15.72	(-) 1,134.38	2,184.43	(-) 51.93	963.15	99.45	968.48
11	Andhra Pradesh Power Finance Corporation Limited	1,567.15	13,914.39	11.26	1,541.90	12,189.35	12.65	1,212.54	9,883.78	12.27
12	Andhra Pradesh Power Development Company Limited	226.25	14,360.01	1.58	457.54	16,837.66	2.72	1143.77	17426.31	6.56

¹⁰² previous year figures of Equity was inadvertently, rupees in lakh considered as rupees in crore, now rectified

State Finances Audit Report for the year ended 31 March 2023

Sl. No.	Name of the PSU	2022-23			2021-22			2020-21		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT	Capital Employed (₹ in crore)	ROCE (per cent)
13	Amaravati Development Corporation Limited	(-)12.50	2,245.95	(-)0.56	(-)3.02	(-)24.50	12.33	(-)7.17	(-)21.48	33.38
14	Andhra Pradesh Metro Rail Corporation Limited	-3.12	(-)9.93	31.42	0.60	(-)6.81	(-)8.81	(-)6.64	(-)7.42	89.49
15	Godavari Gas Private Limited	4.71	270.42	1.74	5.48	252.99	2.17	(-)1.00	216.19	(-)0.46
16	YSR Steel Corporation Limited	(-)4.65	79.78	(-)5.83	(-)5.44	84.79	(-)6.42	(-)1.82	34.14	(-)5.33
17	Andhra Pradesh Central Power Distribution Corporation Limited	939.26	(-)102.73	(-)914.30	73.05	(-)1,607.86	(-)4.54	669.33	(-)3,896.60	(-)17.18
18	Andhra Pradesh State Beverages Corporation Limited	1,000.13	13,379.49	7.48	219.66	146.47	149.97	91.22	43.05	211.89
19	Andhra Pradesh State Financial Services Corporation Limited	40.86	621.62	6.57	81.16	593.01	13.69	0.08	2.06	3.88
20	Andhra Pradesh Energy University	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	10,166.63	77,846.35	13.06	5,119.88	53,295.26	9.61	7,627.45	45,272.64	16.85

Appendix 5.5
Statement Showing Return on Equity (ROE) of State PSUs for the three years ended 31 March 2023
(Refer Para No.5.5.6, Page 150)

Sl. No.	Name of the PSU	2022-23			2021-22			2020-21		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
1	Andhra Pradesh State Financial Corporation	206.01	186.34	90.45	206.01	142.56	69.20	206.01	73.57	35.71
2	Andhra Pradesh State Warehousing Corporation	5.23	19.79	378.46	5.23	42.00	803.06	5.23	35.37	676.29
3	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	0.22	9.35	4,251.91	0.22	(-)23.21	(-) 10,550.00	0.22	(-)15.81	(-) 7,186.36
4	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	3.63	0.13	3.49	3.63	0.09	2.48	3.63	(-)0.03	(-)0.83
5	Andhra Pradesh State Seeds Development Corporation Limited	1.56	2.93	187.51	1.56	19.54	1,252.56	1.56	9.78	626.92
6	Andhra Pradesh Handicrafts Development Corporation Limited	2.00	6.85	342.50	2.00	0.95	47.50	2.00	(-)3.57	(-) 178.50
7	Andhra Pradesh Technology Services Limited ¹⁰³	0.31	6.43	2,074.19	0.31	6.23	2,009.68	0.31	18.28	5,896.77
8	Andhra Pradesh Power Generation Corporation Limited	2106.80	258.05	12.25	2,106.80	(-)208.77	(-)9.91	2,106.80	15.81	0.75
9	Eastern Power Distribution Company of Andhra Pradesh Limited	121.23	19.70	16.25	121.23	396.78	327.30	121.23	39.94	32.95
10	Southern Power Distribution Company of Andhra Pradesh Limited	358.72	1,233.80	343.95	358.72	(-)2,054.24	(-)572.66	358.72	1.59	0.44
11	Andhra Pradesh Power Finance Corporation Limited	350.92	192.72	54.92	348.37	149.61	42.95	348.37	36.18	10.39

¹⁰³ Previous year inadvertently, rupees in lakh was considered as rupees in crore, now rectified

State Finances Audit Report for the year ended 31 March 2023

Sl. No.	Name of the PSU	2022-23			2021-22			2020-21		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
12	Andhra Pradesh Power Development Company Limited	2,068.28	(-1,227.55)	(-59.35)	2,068.28	(-532.81)	(-25.76)	2,068.28	(-106.92)	-5.17
13	Amaravati Development Corporation Limited	100.00	(-12.50)	(-12.50)	100.00	(-3.02)	(-3.02)	100.00	(-7.15)	(-7.15)
14	Andhra Pradesh Metro Rail Corporation Limited	5.00	(-3.12)	(-62.40)	5.00	0.60	12.00	5.00	(-6.64)	(-132.80)
15	Godavari Gas Private Limited	100.00	(-3.82)	(-3.82)	88.96	(-0.26)	(-0.29)	61.83	(-4.76)	(-7.70)
16	YSR Steel Corporation Limited	0.10	(-4.65)	(-4,647.00)	0.10	(-5.44)	(-5440.00)	0.10	(-1.82)	(-1,820.00)
17	Andhra Pradesh Central Power Distribution Corporation Limited	0.10	482.16	4,82,160.00	0.10	(-800.86)	(-)	0.10	2.67	2,670.00
18	Andhra Pradesh State Beverages Corporation Limited	0.05	339.72	6,79,434.80	0.05	103.42	206,840.00	0.05	(-4.30)	(-8600.00)
19	Andhra Pradesh State Financial Services Corporation Limited	602.00	28.86	4.79	602.00	(-9.05)	(-1.50)	2.00	0.06	3.00
20	Andhra Pradesh Energy University	0.05	0.00	0.00	0.05	0.00	0.00	0.05	0.00	0.00
	Total	6,032.22	1,535.20	25.45	6,018.62	(-2,775.88)	(-46.12)	5,391.49	82.25	1.53

Appendix-5.6**Statement showing list of PSUs/Corporations where Statutory Auditors revised their report****(Refer Para No. 5.7.1.2, Page 156)**

Sl. No.	Name of the PSU/Corporation	Financial Year
1	Andhra Pradesh State Fibernet Limited (Revised Accounts)	2017-18
2	Andhra Pradesh State Irrigation Development Corporation Limited (Revised Accounts)	2020-21
3	Andhra Pradesh Trade Promotion Corporation Limited	2017-18
4	AP Industrial Infrastructure Corporation Limited (Standalone & Consolidated) (Revised)	2019-20
5	Andhra Pradesh Southern Power Development Corporation Limited	2022-23
6	Andhra Pradesh Eastern Power Distribution Corporation Limited	2022-23
7	Andhra Pradesh State Energy Efficiency Development Corporation Limited	2021-22
8	Andhra Pradesh Central Power Distribution Corporation Limited	2022-23
9	Bio Valley Incubation Council	2020-21
10	Andhra Pradesh Gas Distribution Corporation Limited (Standalone & Consolidated)	2021-22
11	Andhra Pradesh Township and Infrastructure Development Corporation Limited	2021-22

Appendix-5.7**Statement showing list of PSUs where Management Letters were issued****(Refer Para No. 5.7.1.4, Page 161)**

Sl. No.	Name of the PSU/Corporation	Year of Accounts
1	Amaravati Development Corporation Limited	2021-22
2	AMTZ- Medi Valley Incubation Council	2020-21
3	Andhra Pradesh Central Power Distribution Corporation Limited	2022-23
4	Andhra Pradesh Eastern Power Distribution Corporation Limited	2022-23
5	Andhra Pradesh Mineral Development Corporation Limited (Standalone & Consolidated)	2016-17
6	Andhra Pradesh Power Finance Corporation Limited	2021-22
7	Andhra Pradesh Power Generation Corporation Limited (Standalone & Consolidated)	2021-22
8	Andhra Pradesh Southern Power Distribution Corporation Limited	2022-23
9	Andhra Pradesh State Agro industrial Development Corporation Limited	2020-21
10	Andhra Pradesh State Energy Efficiency Development Corporation Limited	2021-22
11	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	2022-23
12	Andhra Pradesh State Financial Corporation	2020-21

Sl. No.	Name of the PSU/Corporation	Year of Accounts
13	Andhra Pradesh State Financial Corporation	2021-22
14	Andhra Pradesh State Financial Services Corporation Limited	2021-22
15	Andhra Pradesh State Housing Corporation Limited	2014-15 (02.06.2014 to 31.03.2015)
16	Andhra Pradesh State Irrigation Development Corporation Limited (Revised Accounts)	2020-21
17	Andhra Pradesh State Minorities Finance Corporation Limited	2021-22
18	Andhra Pradesh State Seeds Development Corporation Limited	2020-21
19	Andhra Pradesh State Warehousing Corporation	2016-17
20	Andhra Pradesh State Warehousing Corporation	2017-18
21	Andhra Pradesh Technology services Limited	2019-20
22	Andhra Pradesh Trade Promotion Corporation Limited	2017-18
23	Andhra Pradesh Tribal Power Company Limited	2020-21
24	Andhra Pradesh Tribal Power Company Limited	2019-20
25	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	2021-22
26	AP Township and Infrastructure Development Corporation Limited	2021-22
27	Kakinada Smart City Corporation Limited	2021-22
28	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	2021-22
29	NICDIT Krishnapatnam Industrial City Development Limited	2021-22
30	Transmission Corporation of Andhra Pradesh Limited	2021-22
31	Amaravati Smart & Sustainable city Corporation Limited	2018-19
32	Amaravati Smart & Sustainable city Corporation Limited	2019-20
33	Amaravati Smart & Sustainable city Corporation Limited	2020-21
34	Kakinada Smart City Corporation Limited	2020-21
35	Swachha Andhra Corporation Limited	2018-19
36	AP Greening Beautification Corporation limited	2020-21
37	Andhra Pradesh Gas Distribution Corporation Limited	2021-22
38	Andhra Pradesh Township and Infrastructure Development Corporation Limited	2020-21
39	Andhra Pradesh State Beverages Corporation Limited	2019-20
40	Andhra Pradesh State Beverages Corporation Limited	2020-21
41	Godavari Gas Private Limited	2021-22
42	Andhra Pradesh Power Development Company Limited	2021-22
43	Andhra Pradesh State Seeds Development Corporation Limited	2021-22

Appendix 6.1

Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	Interest payment/[(Amount of previous year's Total Outstanding Liabilities + Current year's Total Outstanding Liabilities)/2] * 100
Buoyancy of a parameter	Rate of Growth of parameter/GSDP Growth Rate
Buoyancy of a parameter (X) with respect to another parameter(Y)	Rate of Growth of parameter(X)/ Rate of Growth of parameter(Y)
Development Expenditure	Social Services + Economic Services
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received/[(opening balance + Closing balance of Loans and Advances)/2] * 100
Primary Deficit	Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State during the course of the year (Fiscal Deficit – Interest payments)
Rate of growth (ROG)	[(Current year Amount/Previous year Amount)-1] * 100
Revenue Deficit	Revenue Receipts – Revenue Expenditure

Terms	Description
Average interest rate	Average interest rate is defined as the percentage of interest payment made to average financial liabilities of the State during the year (sum of opening and closing balances of total Outstanding Liabilities/2) X 100
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
Development expenditure	The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are categorised into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
Debt sustainability	Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It means that rise in fiscal deficit should match with the increase in the State's capacity to service the incremental debt from additional revenues generated from the use of such debt in creating income generating capital assets.
Inter-State Settlement	This is intended to provide for the accounting of sums due by one State Government to another under the financial settlement on the setting up of new States or under the States Re-organisation Acts as well as the financial settlement between the centre and foreign countries.
Net availability of Borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Appendix 6.2

Acronyms and Abbreviations

Acronym	Full Form
A&E	Accounts & Entitlement
ABC	Andhra Pradesh Brahmin Corporation
AC	Abstract Contingent
AG	Accountant General
AGM	Annual General Meeting
AIC-AMTZ	Atal Incubation Centre - Andhra Pradesh MedTech Zone
APFRBM	Andhra Pradesh Fiscal Responsibility and Budget Management
APBM	Andhra Pradesh Budget Manual
APBOCWW	Andhra Pradesh Building and Other Constructions Workers Welfare Board
APCFSS	Andhra Pradesh Centre for Financial Systems and Services
APFRBM	Andhra Pradesh Fiscal Responsibility and Budget Management
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APKVIB	Andhra Pradesh Khadi and Village Industries Board
APMARKFED	Andhra Pradesh Marketing Federation
APSCSCL	Andhra Pradesh State Civil Supplies Corporation Limited
APSDCL	Andhra Pradesh State Development Corporation Limited
APSEB	Andhra Pradesh State Electricity Board
APSHCL	Andhra Pradesh State Housing Corporation Limited
APSPDCL	Andhra Pradesh Southern Power Distribution Corporation Limited
APSWREIS	Andhra Pradesh Social Welfare Residential Educational Institutions Society
APTRANSCO	Andhra Pradesh Transmission Corporation
APTWREIS	Andhra Pradesh Tribal Welfare Residential Educational Institutions Society
APUFIDC	Andhra Pradesh Urban Finance and Infrastructure Development Corporation
APVVP	Andhra Pradesh Vaidhya Vidhana Parishad
APWRDC	Andhra Pradesh Water Resources Development Corporation
ARET	Additional Retail Excise Tax
AS	Accounting Standard
BRO	Budget Release Order
CAG	Comptroller and Auditor General
CAGR	Compound Annual Growth Rate
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CAO	Chief Administrative Officer
CAS	Central Accounts Section
CASDS	Central Assistance to the State Development Schemes
CASP	Central Assisted State Plan

Acronym	Full Form
CC	Capital Charged
CCO	Chief Controlling Officer
CE	Capital Expenditure
CEFARM	Centre for Forest and Natural. Resource Management Studies
CERC	Central Electricity Regulatory Commission
CFMS	Comprehensive Financial Management System
CFS	Consolidated Fund of the State
CGST	Central Goods and Services Tax
Covid-19	Corona Virus Disease-2019
CRDA	Capital Region Development Authority
CSS	Centrally Sponsored Schemes
CV	Capital Voted
DA	Dearness Allowance
DC	Detailed Contingent
DCC	Detailed Countersigned Contingent
DDO	Drawing and Disbursing Officer
DISCOMS	Distribution Companies
DPC	Duties, Powers and Conditions
DSRA	Debt Service Reserve Account
DTA	Director of Treasuries and Accounts
EAP	Externally Aided Projects
EBC	Economically Backward Class
EBIT	Earnings Before Interest and Taxes
EN	Explanatory Notes
FC	Finance Commission
FPS	Fiscal Policy Statement
FY	Financial Year
GS	General States
GDP	Gross Domestic Product
GIA	Grants-In-Aid
GO	Government Order
GOAP	Government of Andhra Pradesh
GOI	Government of India
GP	Gram Panchayat
GRF	Guarantee Redemption Fund
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
HOA	Head Of Account
HOD	Head Of Department
HQ	Head Quarters

Acronym	Full Form
ICAI	Institute of Chartered Accountants of India
ICR	Interest coverage ratio
IFSC	Indian Financial System Code
IGAS	Indian Government Accounting Standards
IGST	Integrated Goods and Services Tax
LED	Light Emitting Diode
LIS	Lift Irrigation System
LV	Loan Voted
LWE	Left Wing Extremism
MDM	Mid Day Meal
MEFS	Macro-Economic Framework Statement
MH	Major Head
MIS	Management Information System
MPP	Mandal Praja Parishad
MSME	Medium, Small and Micro Enterprises
MSP	Minimum Support Price
MSS	Matching Share of the State
MT	Metric Tonnes
MTFPS	Medium Term Fiscal Policy Statement
NBC	Net Borrowing Ceiling
NDRF	National Disaster Response Force
NFSA	National Food Security Act
NHM	National Health Mission
NICDIT	National Industrial Corridor Development and Implementation Trust
NPS	National Pension System
NRDWP	National Rural Drinking Water Project
NRLM	National Rural Livelihood Mission
NSDL	Natonal Securities Depository Limited
NSSF	National Small Savings Fund
OBB	Off-Budget Borrowings
OBC	Other Backward Class
OD	Over Draft
PAC	Public Accounts Committee
PAO	Pay and Accounts Officer
PAT	Profit After Tax
PDC	Public Debt Charged
PDS	Public Distribution System
PF	Provident Fund
PMC	Project Monitoring Consultancy
PMGSY	Pradhan Mantri Gram Sadak Yojana

Acronym	Full Form
PM-KISAN	Prime Minister Kisan Samman Nidhi
PRI	Panchayat Raj Institutions
PSU	Public Sector Undertaking
PV	Present Value
RBD	Reserve Bank Deposits
RBI	Reserve Bank of India
RC	Revenue Charged
RE	Revenue Expenditure
RKVY	Rashtriya Krishi Vikas Yojana
RLB	Rural Local Bodies
ROCE	Return on Capital Employed
ROE	Return on Equity
ROG	Rate of Growth
ROI	Return on investment
ROR	Rate of Return
RORR	Rate of Real Return on Investment
RV	Revenue Voted
SAMETI	State Agricultural Management & Extension Training Institute
SAPNET	Society for Andhra Pradesh Network
SC	Scheduled Caste
SCAF	State Compensatory Afforestation Fund
SCERT	State Council of Educational Research and Training
SDF	Special Drawing Facility
SDL	State Development Loans
SDRF	State Disaster Response Fund
SERP	Society for Elimination of Rural Poverty
SGST	State Goods and Services Tax
SPV	Special Purpose Vehicle
ST	Scheduled Tribe
SWMA	Special Ways and Means Advances
TDS	Tax Deducted at Source
TE	Total Expenditure
UC	Utilisation Certificate
ULB	Urban Local Bodies
UT	Union Territory
VLC	Voucher Level Computerisation
WMA	Ways and Means Advances
YSR	Yuvajana Shramika Rythu
ZPP	Zilla Praja Parishad

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