



सत्यमेव जयते

Accounts At A Glance 2017-18



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Uttar Pradesh

ACCOUNTS AT A GLANCE

Government of Uttar Pradesh

2017-18

Accountant General (A&E), Uttar Pradesh


Preface

This is the twentieth issue of our annual publication, the 'Accounts at a Glance' of the Government of Uttar Pradesh. The compilation has been prepared by my office under the directions of the Comptroller and Auditor General of India in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and is being placed before the Legislature in accordance with Article 151(2) of the Constitution of India.

The purpose of this publication is to provide a summarized overview and unique perspective of the financial performance of the Government of Uttar Pradesh during the year 2017-18.

The Accounts at a Glance presents the information contained in the Finance and Appropriation Accounts in a simple and logical manner through graphs, tables and brief explanations. Though the analysis in the report is based on the certified Finance and Appropriation Accounts, the same should be referred to for the precise figures.

We look forward to comments and suggestions that would help us in improving this publication.


(S. Ahladini Panda)
Accountant General

Place: Allahabad

Date: Sept 19, 2019

Our Vision, Mission and Core Values

The **Vision** of the institution of the Comptroller and Auditor General of India

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.

Our Mission

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders – the Legislature, the Executive and the Public – that public funds are being used efficiently and for the intended purposes.

Our Core values

- * Independence
- * Objectivity
- * Integrity
- * Reliability
- * Professional Excellence
- * Transparency
- * Positive Approach

Table of Contents

Para	Particulars	Page No.
	Highlights of the Accounts	
	Chapter I - Overview	
1.1	Introduction	1
1.2	Compilation of Accounts	1
1.3	Structure of Accounts	2
1.4	Accounts at a Glance (2017-18)	2
1.5	Finance Accounts	3
1.6	Appropriation Accounts	3
1.7	Sources and Application of funds	4
1.8	Where the Rupee came from	5
1.9	Where the Rupee went	5
	Chapter II - Fiscal Position of the State	
2.1	What do the Deficit and Surplus indicate?	6
2.2	Gross State Domestic Product and the factors affecting it	6
2.3	Deficits	7
2.4	Revenue Deficit/Surplus	7
2.5	Fiscal Deficit/Surplus	7
2.6	Debt Stock	8
2.7	Financing of the Fiscal Deficit	8
2.8	Achievement of UPFRBM Targets against the fiscal indicators	9
	Chapter III - Receipts	
3.1	Classification	10
3.2	Revenue Receipts	10
3.3	Trend of Revenue Receipts	11
3.4	Tax Revenue	11
3.4.1	Performance of State's Own Tax Revenue collection (Revenue Earning Efforts of the State)	13
3.4.2	Trend of State's share of Union Taxes	13
3.5	Efficiency of Tax Collection	14
3.6	Tax Buoyancy	14
3.7	Non-Tax Revenue	15
3.8	Grants-in-Aid and Contributions	15
	Chapter IV - Expenditure	
4.1	Introduction	16
4.2	Revenue Expenditure	16
4.2.1	Trend of Revenue Expenditure (2013-14 to 2017-18)	16
4.2.2	Sectoral Distribution of Revenue Expenditure during 2017-18	17

4.2.3	Major Components of Revenue Expenditure (2013-14 to 2017-18)	17
4.2.4	Financial Assistance to Local Bodies and others	18
4.3	Capital Expenditure	18
4.3.1	Sectoral Distribution of Capital Expenditure during 2017-18	19
4.3.2	Trend of Sectoral Distribution of Capital Expenditure	19
4.3.3	Proportion of Borrowed Funds spent on Capital Expenditure	20
4.3.4	Committed Expenditure	20
4.4	Development Expenditure	21
4.5	Loans and Advances by the State Government	21
Chapter V- Public Debt		
5.1	Introduction	23
5.2	Growth of Public Debt	23
5.3	Debt Service Ratio	24
5.4	Debt Sustainability of the State	24
Chapter VI - Appropriation Accounts		
6.1	Budget Provisions	26
6.2	Saving/Excess during the last past five years	26
6.3	Persistent Savings	27
6.4	Supplementary Provision of Funds	28
Chapter VII - Assets and Liabilities		
7.1	Introduction	29
7.2	Assets	30
7.2.1	Cash Balance and Investment of Cash Balance	30
7.2.2	Ways and Means Advances	30
7.2.3	Other Investment and Dividends	30
7.3	Liabilities	31
7.3.1	Increasing trend of outstanding liabilities of the State Government on account of Market Borrowings	31
7.4	Guarantees	32
Chapter VIII- Other Accounting Matters		
8.1	Compliance of Indian Accounting Standards formulated by GASAB	33
8.2	Implementation of IFMS-Mission Mode Project	33
8.3	Submission of Accounts by Treasuries/Departments	34
8.4	Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills	34
8.5	Utilisation Certificates Awaited	34
8.6	Reconciliation of Receipts and Expenditure	34
8.7	Non-closure and Reconciliation of PD Accounts	35
8.8	Lump Sum Provisions made by the State Government	35
8.9	Rush of Expenditure	35
8.10	Suspense Balances	36
8.11	Commitments on account of Incomplete Capital Works	36

Highlights of Accounts

1. **Saving /Excess against the budget provisions-** The Appropriation Act 2017-18 provided for gross expenditure of ₹4,28,645.12 crore under 93 Grants. Against this, the actual gross expenditure was ₹3,34,876.62 crore, resulting in net saving (i.e. saving over excess) of ₹93,768.50 crore (22 *per cent* of the total grant). Excess disbursements of ₹1,337.17 crore under four Grants requires authorization by the State Legislature.
2. **Non-Utilisation of supplementary provisions-** Under 59 Grants, the State Government received ₹11,388.17 crore as supplementary provisions (2.73 *per cent* of the original provisions of ₹4,17,256.95 crore) during 2017-18. However, the government could not utilize it for the intended purposes.
3. **Fiscal position of the State Government -** As against the norms fixed for revenue deficit (i.e. to be zero) by the UPFRBM Act 2004, the revenue surplus of the State was ₹12,551.93 crore i.e. 0.91 *per cent* of GSDP for 2017-18, and the fiscal deficit was ₹27,809.56 crore i.e. 2.02 *per cent* of GSDP vis-a-vis the target of 3 *per cent* of GSDP. Thus, the State Government achieved the target fixed by the Act during the year.
4. **Collection of Goods and Services tax –** The State earned goods and services tax (GST), introduced by GoI in 2017-18 (July 2017), amounting to ₹39,304.01 crore (2.86 *per cent* of GSDP) in 2017-18.
5. **Ways and Means Advances acquired by the State-** The State Government obtained ways and means advances (WMA) of ₹2,932.95 crore (₹2,757.93 crore as ordinary WMA and ₹175.02 crore as special WMA) from RBI to cover temporary mismatches in the cash flow of its receipts and payments during 2017-18.
6. **Debt and Liabilities of the State-** The total debt and liabilities as borrowings from internal and external sources and repayables under the Public Account was ₹4,67,842.18 crore (i.e. 34 *per cent* of GSDP) at the end of 2017-18 with an increase of ₹41,138.06 crore (i.e. three *per cent* of GSDP) over the previous year (2016-17).
7. **Contingent Liabilities of the State-** During 2017-18, the Government extended net guarantee of ₹26,486.90 crore to various PSUs / institutions as contingent liabilities of the State (i.e. 1.93 *per cent* of GSDP), which was beyond the limit fixed (i.e. 0.5 *per cent* of GDP) under the FRBM Act, 2003. However, the State Government has not fixed any limit for giving the guarantee in any financial year.

8. **Lending by the Government-** The Government advanced net loans and advances of ₹1,273.52 crore during 2017-18. The closing stock of advances mounted to ₹29,270.31 crore (i.e. 2.13 *per cent* of GSDP) at the end of the year with increasing trend in accumulation of balances over the years.
9. **Investment made by the Government-** The State Government invested ₹8,379.50 crore in Public Sector Undertakings (PSUs) and other institutions during 2017-18. The total government investment in these institutions stood at ₹1,04,778.71 crore (7.6 *per cent* of GSDP) as on 31 March, 2018 and received dividend of ₹30.84 crore during the year. Besides, the Government has also invested ₹11,159.38 crore in short and long-term securities out of its total cash balance of ₹11,481.15 crore as on 31 March, 2018.
10. **Utilisation Certificates awaited-** Against the grants given by the State Government upto 2017-18, utilisation certificates (UCs) amounting to ₹83,979.44 crore (153949 in number) were awaited as on 31 March 2018. Of these, 75% of wanting UCs pertained to three departments of the Government of Uttar Pradesh, viz., Social Welfare Department, Education Department (Primary Education) and Agriculture and other Allied Department.



1

Overview

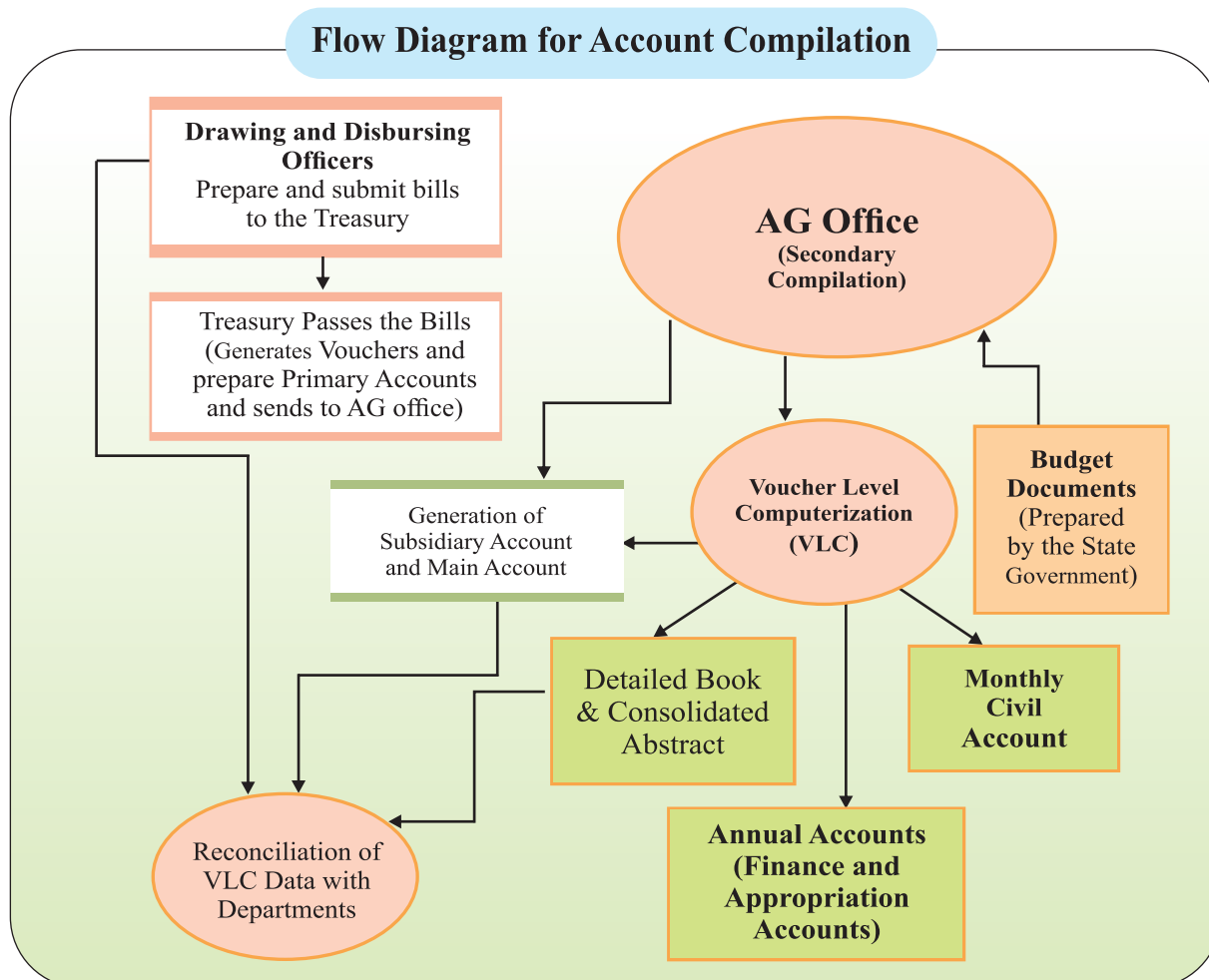
1.1 Introduction

Article 149 of the Constitution of India and Section 10 and 11 of Comptroller and Auditor General's DPC Act, 1971 mandates that the CAG is responsible for compiling the accounts of the State and preparation of their annual accounts from the accounts compiled.

Accordingly, the Accountant General (Accounts and Entitlements), Uttar Pradesh has been entrusted with the responsibility of preparation of the Annual Finance and Appropriation Accounts of the Government of Uttar Pradesh. These are prepared on the basis of monthly accounts compiled from the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions, advices of the Reserve Bank of India and other additional information received from Government of India and other State Governments.

The Finance Accounts and Appropriation Accounts are placed before the State Legislature after audit by the Principal Accountant General (General & Social Sector Audit) UP and certification by the CAG of India.

1.2 Compilation of Accounts



1.3 Structure of Accounts

Government Accounts are maintained in three parts:

Part I CONSOLIDATED FUND	It includes all revenues received and debt raised by the State Government, and the repayment of loans. All expenditure and disbursement of the Government including disbursement of loans and repayment of debt are met from this Fund.
Part II CONTINGENCY FUND	The Contingency Fund is in the nature of an imprest intended to meet unforeseen expenditure pending authorization by the State Legislature. Expenditure from this Fund is recouped subsequently from the Consolidated Fund. The corpus of this Fund for the Government of U.P. is ₹600 crore.
Part III PUBLIC ACCOUNT	All other public moneys received by or on behalf of the Government, where it acts as a banker or trustee, are credited to the Public Account. It comprises payables like Small Savings and Provident Funds, Reserve Funds, Deposits and Advances, and Suspense and Remittance heads (as transitory heads pending final booking).

1.4 Accounts at a Glance (2017-18)

Table 1.1 – Summary of Accounts

(₹ in crore)

Sl. No.	Items	B.E 2017-18	Actuals	Percentage of Actuals to B.E	Percentage of Actuals to GSDP
1.	Tax Revenue	2,32,908.41	2,18,332.14	93.74	15.87
2.	Non-Tax Revenue	18,436.71	19,794.86	107.37	1.44
3.	Grants-in-Aid & Contributions	68,052.31	40,648.45	59.73	2.95
4.	Revenue Receipts (1+2+3)	3,19,397.43	2,78,775.45	87.28	20.27
5.	Recovery of Loans and Advances	284.19	235.77	82.96	0.02
6.	Borrowings & Other Liabilities	54,351.95	27,809.56	51.17	2.02
7.	Capital Receipts (5+6)	54,636.14	28,045.33	51.33	2.04
8.	Total Receipts (4+7)	3,74,033.57	3,06,820.78	82.03	22.30
9.	Revenue Expenditure	3,13,891.72	2,66,223.52	84.81	19.35
10.	Capital Expenditure (excluding Loans & Advances)	57,612.62	39,087.97	67.85	2.84
11.	Total Expenditure (9+10)	3,71,504.34	3,05,311.49	82.18	22.19
12.	Loans and Advances disbursed	2,529.23	1,509.29	59.67	0.11
13.	Revenue Surplus (+)/Deficit (-) (4- 9)	5,005.71	12,551.93	227.98	0.91
14.	Fiscal Surplus (+)/Deficit (-) {(4+5)-(11+12)}	-54,351.95	-27,809.56	51.17	2.02

1.5 Finance Accounts

The Finance Accounts present the accounts of receipts and expenditure of the Government for the year, together with the financial results disclosed by the Revenue and Capital accounts, the accounts of the Public Debt, and the assets and liabilities of the State Government.

This is presented in two volumes. **Volume I** contains the certificate of the Comptroller and Auditor General of India, financial position, summarized statements on overall receipts and expenditure, 'Notes to Accounts' containing summary of significant accounting policies, quality of accounts and other disclosures. **Volume II** contains Detailed Statements (Part-I) and Appendices (Part-II).

Receipts and disbursements of the Government of Uttar Pradesh as depicted in the Finance Accounts 2017-18 are given below:

Table 1.2 - Receipts and Disbursements (2017-18)

(₹ in crore)			
Receipts (Total: 3,06,820.78)	Revenue (Total: 2,78,775.45)	States' own Tax Revenue	97,393.00
		States' Share of Union taxes & Duties	1,20,939.14
		Non-Tax Revenue	19,794.86
		Grants-in-Aid and Contributions	40,648.45
	Capital (Total: 28,045.33)	Recovery of Loans and Advances	235.77
		Borrowings and other Liabilities	27,809.56
Disbursements (Total: 3,06,820.78)	Revenue		2,66,223.52
	Capital		39,087.97
	Loans and Advances		1,509.29

1.6 Appropriation Accounts

The Appropriation Accounts present the expenditure incurred during the year as against the sums specified in the Appropriation Acts passed by the State Legislature under Article 204 and 205 of the Constitution of India.

The Accounts depict the expenditure of the State Government against amounts 'Charged' on the Consolidated Fund of the State and 'Voted' by the State Legislature. There are 93 Grants consisting of 52 Voted Grants, 01 Charged Appropriation and 40 Grants (both Voted and Charged) in the State.

The Appropriation Act 2017-18 made the budget provision of ₹4,28,645.12 crore for gross expenditure and that of ₹32,597.23 crore for reduction of expenditure (recoveries). Against this, the actual gross expenditure was ₹3,34,876.62 crore (78 *per cent* of total grant) and reduction of expenditure was ₹13,053.72 crore (40 *per cent* of B.E.). This resulted in a net saving of ₹93,768.50 crore (22 *per cent* of the total grant).

1.7 Sources and Application of funds

During the year 2017-18, the State Government had total financial resources of ₹9,89,828.86 crore. Of this, the Government collected ₹2,78,775.45 crore as revenue receipts, raised ₹47,416.56 crore as public debt and received ₹42,861.96 crore as Public Account receipts (excluding Suspense and Remittances). Public debt mainly comprised ₹41,600.00 crore as borrowings from market, ₹1780.45 crore from financial institutions ₹2,932.95 crore as ways and means advances from RBI and ₹1,103.16 crore as loan from GoI.

Against these resources, ₹3,05,311.49 crore was utilized for revenue and capital expenditure, ₹15,002.10 crore for repayment of public debt, ₹30,653.73 crore for payments from Public Account except suspense and remittance transactions. Financial position of the Government as the sources of funds and their application during 2017-18 has been described as below-

Table 1.3 - Sources and Application of Funds

(₹ in crore)

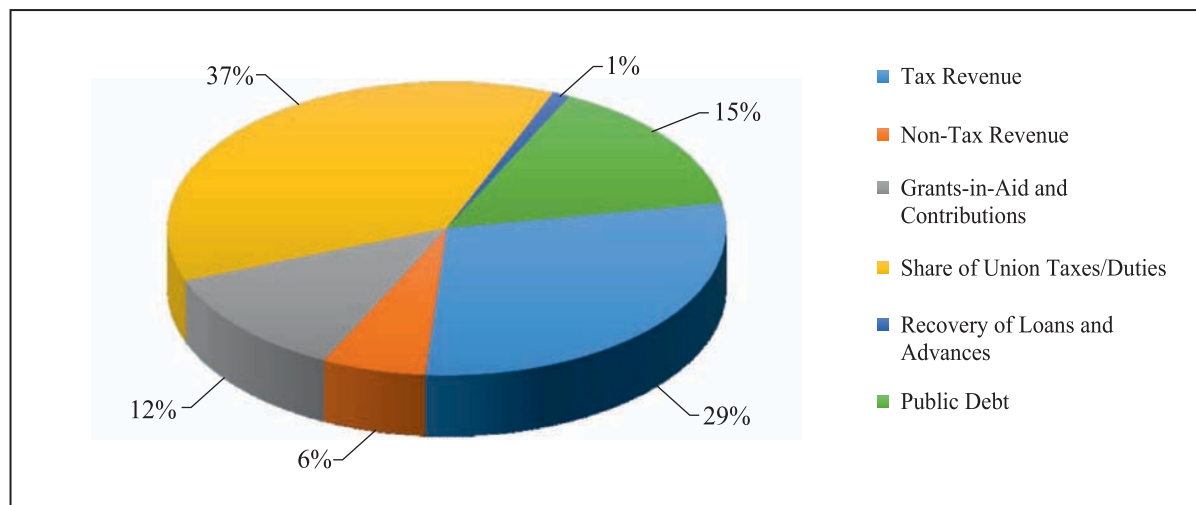
SOURCES	Opening Cash Balance as on 1.4.2017	(-) 1,280.65
	Consolidated Fund	
	Revenue Receipts	2,78,775.45
	Recovery of Loans and Advances	235.77
	Public Debt	47,416.56
	Contingency Fund	258.04
	Public Account	
	Small Savings, Provident Fund & Others	11,718.06
	Reserves & Sinking Funds	15,267.53
	Deposits Received	15,650.02
	Civil Advances Repaid	226.35
	Suspense Account	5,92,632.80
	Remittances	28,928.93
	Total	9,89,828.86
APPLICATION	Consolidated Fund	
	Revenue Expenditure	2,66,223.52
	Capital Expenditure	39,087.97
	Loans given	1,509.29
	Repayment of Public Debt	15,002.10
	Contingency Fund	413.00
	Public Account	
	Small Savings, Provident Funds and Others	9,187.94
	Reserves & Sinking Funds	7,002.81
	Deposits spent	14,240.92
	Civil Advances given	222.06
	Suspense Account	6,03,838.80
	Remittances	32,835.24
	Closing Cash Balance as on 31.3.2018	265.21
	Total	9,89,828.86

1.8 Where the Rupee came from

Total receipts under the Consolidated Fund of the State Government during 2017-18 i.e. sources of fund were ₹3,26,427.78 crore. Out of this, the major contributions were from share of union taxes (37 *per cent* of total receipts) and tax revenue (about 30 *per cent*) which increased by 3 *per cent* each over the previous year. Public debt decreased from 21 *per cent* in 2016-17 to 15 *per cent* in 2017-18.

The component –wise break up of receipts is shown in the chart below:

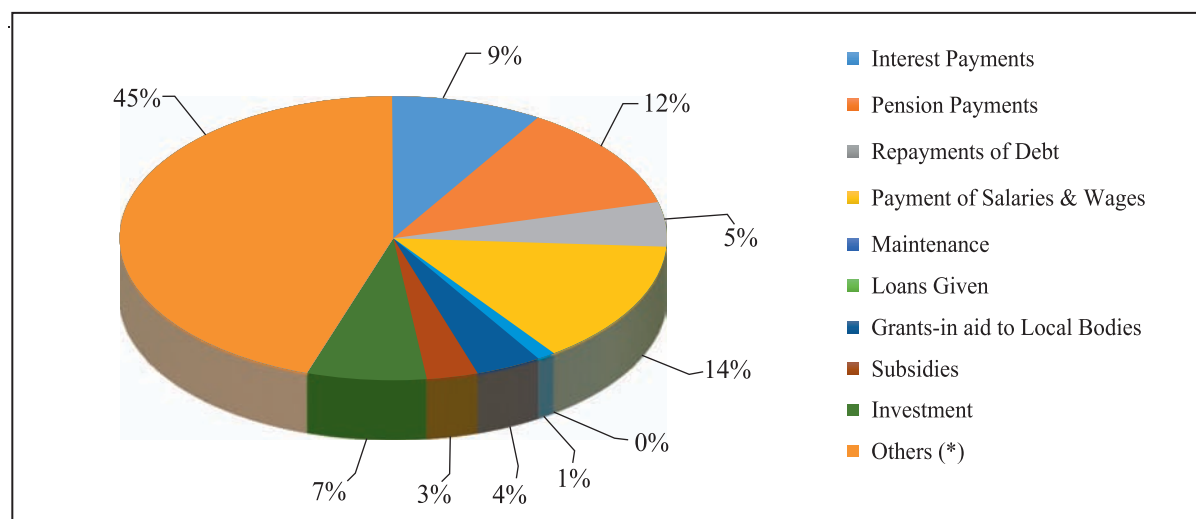
Graph 1.1 – Actual Receipts



1.9 Where the Rupee went

Total expenditure under the Consolidated Fund of the State Government during the year i.e. application of fund was ₹3,21,822.88 crore. The share of interest payment, pension and salaries payment increased by one to three *per cent*, while debt repayment and investment declined by one and three *per cent* respectively over the preceding year. The break-up of expenditure under various components is shown below:

Graph 1.2 – Actual Expenditure



(*) Includes expenses on different allowances and other expenses under various object heads (viz. Scholarship/stipend, Electricity etc.).



2

Fiscal Position of the State

2.1 What do the Deficit and Surplus indicate?

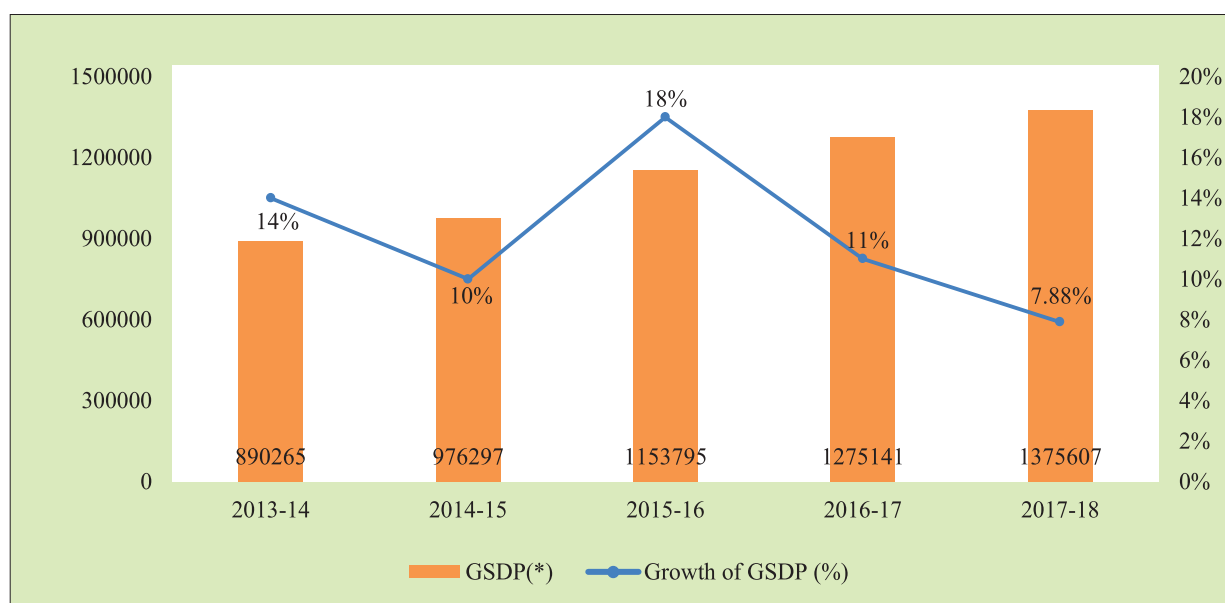
Deficit	Gap between revenue and expenditure.
Revenue Deficit/Surplus	Gap between revenue receipts and revenue expenditure. Revenue Expenditure is required to maintain the existing establishment of Government, and ideally should be fully met from revenue receipts.
Fiscal Deficit/Surplus	Gap between total receipts (excluding borrowings) and total expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the borrowings should be invested in capital projects.

2.2 Gross State Domestic Product and the factors affecting it

Gross State Domestic Product (GSDP) is the value of final goods and services produced within the boundaries of the State during the year. It is the measure of general activity level of an economy comprising of consumption of goods and services in the economy, investment in the economy and Government spending. Therefore, growth in these activities is what affects the GSDP.

The GSDP of the State of Uttar Pradesh for the year 2017-18 was ₹13,75,607 crore (as per revised estimate) with an increase of 7.88 *per cent* over 2016-17. GSDP growth was highest at 18 *per cent* in 2015-16 and declined to 7.88 *per cent* in 2017-18 during the last five years. The growth is presented below:

Graph 2.1 – GSDP Growth



(*) The figures of GSDP from 2013-14 to 2017-18 used in this publication are as depicted in the Finance Accounts of the State Government.

2.3 Deficits

The pattern of deficits and the debt stock over the last five years from 2013-14 to 2017-18 is depicted in the table below-

Table 2.1 – Trend of Deficits and Debt Stock (2013-18)

(₹ in crore)

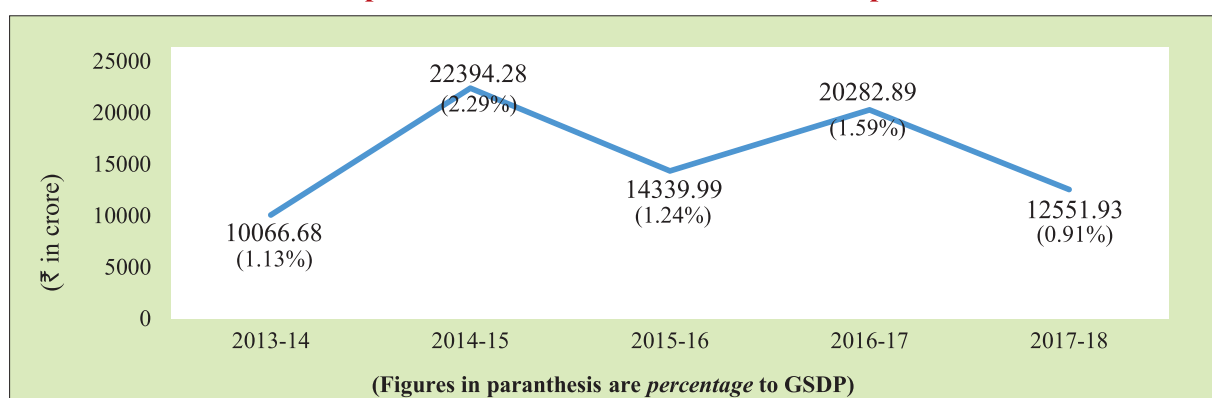
Financial Year	Fiscal Deficit(-)	Revenue Deficit (-)/Surplus(+)	GSDP
2013-14	-23,679.54 (3.00%)	10,066.88 (1.13%)	8,90,265.14
2014-15	-32,513.16 (3.33%)	22,394.28 (2.29%)	9,76,297.00
2015-16	-58,475.01 (5.07%)	14,339.99 (1.24%)	11,53,795.00
2016-17	-41,187.24 (3.23%)	20,202.89 (1.58%)	12,75,141.00
2017-18	-27,809.56 (2.02%)	12,551.93 (0.91%)	13,75,607.00

(Figures in parenthesis are percentage to GSDP)

2.4 Revenue Deficit/Surplus

As per the norms fixed in the Uttar Pradesh Fiscal Responsibility and Budget Management Act (UPFRBM. Act), 2004 “Revenue deficit is to be maintained up to Zero”. The State Government has maintained revenue surplus during the last five years as shown below:

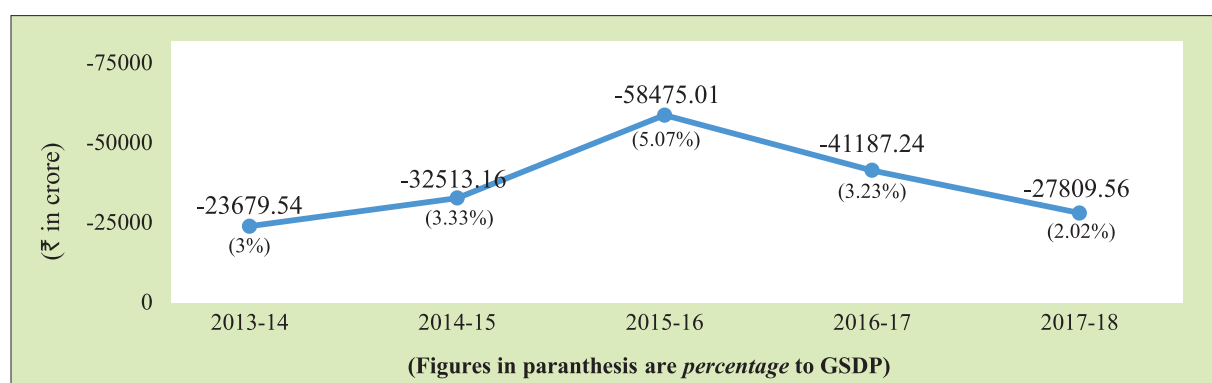
Graph 2.2 – Trend of Revenue Deficit/Surplus



2.5 Fiscal Deficit/Surplus

The State Government achieved the norms of fiscal deficit (i.e. not more than 3 per cent of GSDP) as fixed in UPFRBM Act, 2004 in 2017-18 as shown below:

Graph 2.3 – Trend of Fiscal Deficit/Surplus



2.6 Debt Stock

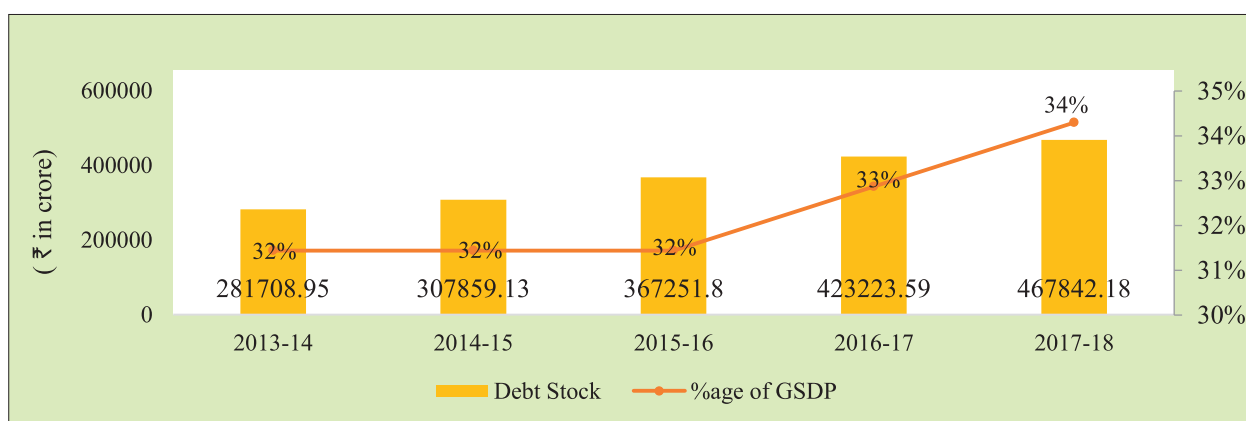
Debt stock comprises government borrowings and other liabilities arising under Public Account viz- small savings, provident funds, reserve funds, deposits etc. Debt stock of the Government was ₹2,81,708.95 crore in 2013-14 which increased to ₹4,67,842.18 crore by 66 *per cent* in 2017-18. In terms of GSDP, it increased by 2 *per cent* in 2017-18 with respect to 2013-14. This augmentation was mainly due to regular increase in internal borrowings of the Government (ranging between 11 to 31 *per cent*) over the preceding five years. The position of the debt stock of the government and trend in debt growth during the last five years is graphically represented as under-

Table 2.2 – Position of Debt Stock (2013-18)

(₹ in crore)

Financial Year	Government Borrowings (A)		Other liabilities (B)	Debt Stock (A+B)	GSDP
	Internal debt	GoI Loans			
2013-14	1,56,207.87	15,336.24	1,10,164.84	2,81,708.95	8,90,265.14
2014-15	1,83,191.54	14,461.65	1,10,205.94	3,07,859.13	9,76,297.00
2015-16	2,40,835.79	13,658.21	1,12,757.80	3,67,251.80	11,53,795.00
2016-17	2,88,626.78	13,249.62	1,21,347.19	4,23,223.59	12,75,141.00
2017-18	3,21,479.05	12,811.82	1,33,551.31	4,67,842.18	13,75,607.00

Graph 2.4 – Trend of Debt Growth



2.7 Financing of the Fiscal Deficit

The Fiscal deficit is financed mainly by borrowings and other liabilities. During 2017-18, the deficit of ₹27,809.56 crore was financed from the sources as shown in the table below-

Table 2.3 – Financing of Fiscal Deficit

(₹ in crore)

Net of Public Debt	32,414.46
Net of Contingency Fund	(-) 154.96
Net of Public Accounts	(-) 2,904.08
Net of opening and closing balances	(-) 1,545.86
Total	27,809.56

2.8 Achievement of UPFRBM Targets against the fiscal indicators

The UPFRBM Act, 2004 provides for ensuring fiscal discipline and long term macro-economic stability. As against the targets fixed under the Act, achievement indicating the fiscal position of the State is depicted in the table below-

Table 2.4 – Achievement of Fiscal Targets and Fiscal Position

Area	Target	Achievement (as on 31.03.2018)
Revenue Deficit	Zero	Revenue Surplus: ₹12,551.93 crore (0.91 <i>per cent</i> of GSDP).
Fiscal Deficit	Not more than 3 <i>per cent</i> of GSDP	₹27,809.56 crore (2.02 <i>per cent</i> of GSDP)
Debt Stock	28.6 <i>per cent</i> of GSDP	₹4,67,842.18 crore (34.01 <i>per cent</i> of GSDP)

(Revised Advance Estimate of GSDP for 2017-18: ₹13,75,607 crore at current prices).

Thus, the overall fiscal performance of the State has improved with the revenue account leading to surplus enabling a reduction of Fiscal deficit-GSDP ratio during 2017-18.



3

Receipts

3.1 Classification

Receipts of the State Government are classified into revenue receipts and capital receipts.

3.2 Revenue Receipts

The three main sources of the revenue receipts are:

Tax Revenue	Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividends and profits, and other departmental receipts.
Grants-in-aid and contributions	Essentially, a form of central assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material & Equipment' received from foreign governments and channelised through the Union Government.

During 2017-18, the total revenue receipts were ₹2,78,775.45 crore, of which tax revenue, non-tax revenue and grants-in-aid were 78, 7 and 15 *per cent* respectively. The receipts under various components of revenue were as follows:

Table 3.1 – Components of Revenue Receipts

(₹ in crore)

Components	Actuals
A. Tax Revenue	2,18,332.14
Goods and Service Tax	39,304.01
Taxes on Income & Expenditure	68,342.74
Taxes on Property & Capital Transactions	14,731.95
Taxes on Commodities & Services	95,953.44
B. Non-Tax Revenue	19,794.86
Fiscal Services	0.03
Interest Receipts, Dividends and Profits	1,124.22
General Services	6,806.21
Social Services	1,571.12
Economic Services	10,293.27
C. Grants-in aid & Contributions	40,648.45
Total	2,78,775.45

3.3 Trend of Revenue Receipts

Tax revenue and Grants-in-aid from Central Government increased by 12 *per cent* and 25 *per cent* respectively, however non-tax revenue decreased substantially by 32 *per cent* over the previous year. Growth in total revenue collection was about 9 *per cent*. Share of tax revenue to the total revenue receipts hovered around 73 to 78 *per cent* during the preceding five years as depicted below:

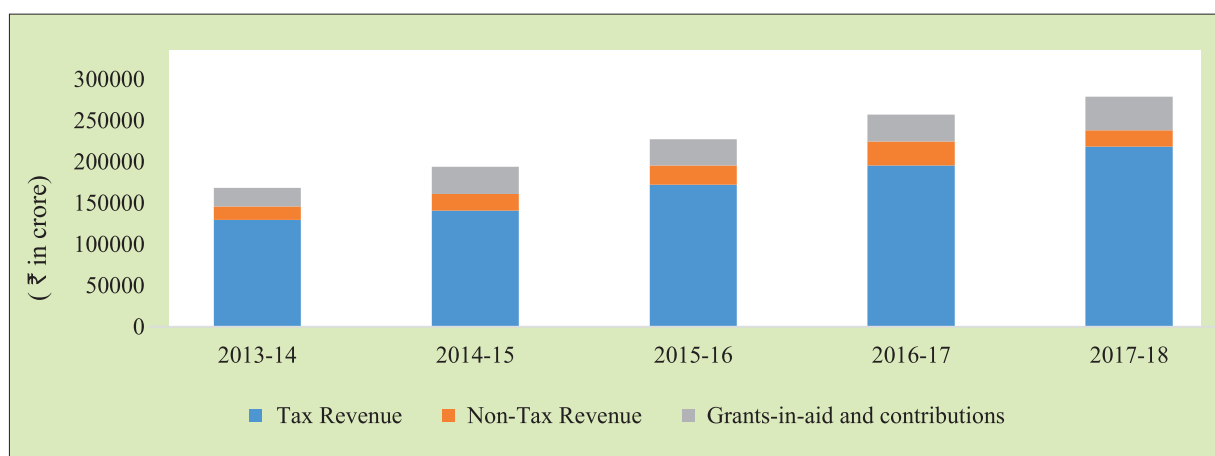
Table 3.2 Sector-wise Revenue Receipts (2013-18)

(₹ in crore)

Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue	1,29,358.78 (15)	1,40,795.33 (14)	1,72,079.95 (15)	1,95,394.21 (15)	2,18,332.14 (16)
Non-Tax Revenue	16,449.80 (2)	19,934.80 (2)	23,134.65 (2)	28,944.07 (2)	19,794.86 (1)
Grants-in-aid and Contributions	22,405.17 (2)	32,691.47 (3)	31,861.34 (3)	32,536.87 (3)	40,648.45 (3)
Total Revenue Receipts	1,68,213.75 (19)	1,93,421.60 (20)	2,27,075.94 (20)	2,56,875.15 (20)	2,78,775.45 (20)
GSDP	8,90,265.14	9,76,297.00	11,53,795.00	12,75,141.00	13,75,607.00

(Figures in parenthesis are percentage to GSDP)

Graph 3.1 –Trend of Revenue Receipts



3.4 Tax Revenue

Tax revenue comprises State's own tax revenue and State share of union taxes. During 2017-18, tax revenue of the State Government was ₹2,18,332.14 crore with an increase of about 12 *per cent* over the previous year. The major contributors to the tax revenue were Corporation Tax (17 *per cent*), Tax on Income other than Corporation Tax (14 *per cent*), Sales and Trade tax (14 *per cent*); and State GST (12 *per cent*).

GST is an indirect tax levied on supply of goods and services and has been implemented from July, 2017 in place of existing indirect taxes. The GST has three components – Central GST, State GST and Integrated GST levied on the basis of collection by the Central Government and the State Government on intra and inter-state sales.

The share of Major contributors to the tax revenue in 2017-18 was as below-

Table 3.3 – Major contributors to tax revenue (2017-18)

(₹ in crore)

Head of Account	Receipts	Per cent to GSDP*
Taxes on Sales, Trade etc	31,112.52	2.26
State Goods and Services Tax	25,373.96	1.84
State Excise	17,320.27	1.26
Stamps and Registration Fees	13,397.57	0.97
Corporation Tax	37,043.22	2.69
Taxes on Vehicles	6,403.65	0.47
Taxes on Income other than Corporation Tax	31,280.37	2.27
Customs	12,208.00	0.89
Union Excise Duties	12,760.80	0.93
Service Tax	13,718.81	1.00
Other Taxes and Duties on Commodities and Services	305.22	0.02
Taxes on Duties on Electricity	2,124.13	0.15

* GSDP for 2017-18: ₹ 13,75,607.00 crore {Source: Directorate of Economics & Statistics, U.P.}

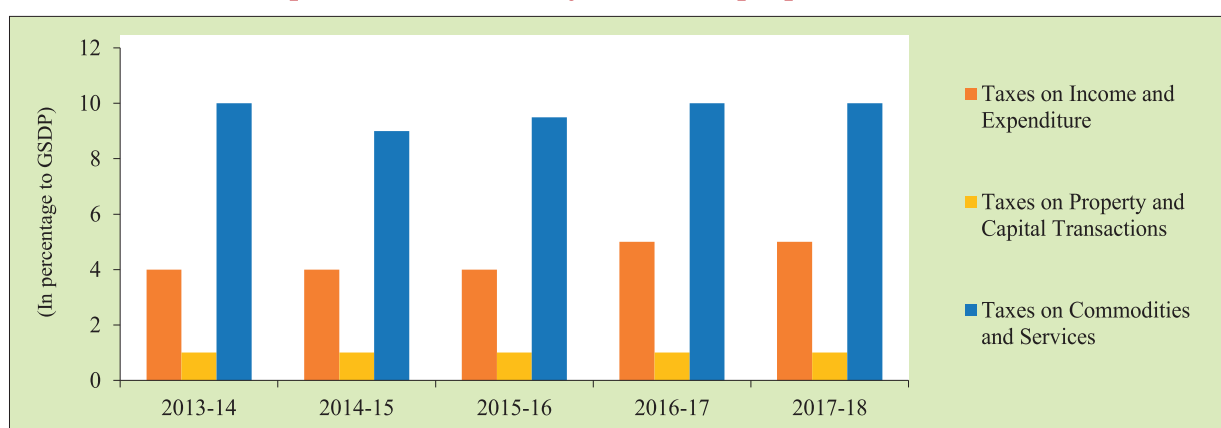
Tax revenue is further divided into sub sectors viz - taxes on property and capital transactions, income and expenditure, and commodities and services. Growth in these sectors over the last five years is depicted as below:

Table 3.4 – Sub Sector-wise Tax Revenue

(₹ in crore)

Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes on Income and Expenditure	35,054.15	39,922.48	48,468.96	59,548.63	68,342.74
Taxes on Property and Capital Transactions	10,350.88	12,393.38	12,916.75	12,405.07	14,731.95
Taxes on Commodities and Services(including Goods & Services)	83,953.75	88,479.47	1,10,694.24	1,23,440.51	1,35,257.45
Total Tax Revenue	1,29,358.78	1,40,795.33	1,72,079.95	1,95,394.21	2,18,332.14

Graph 3.2 - Trend of Major Taxes in proportion to GSDP



3.4.1 Performance of State's Own Tax Revenue Collection (Revenue Earning Efforts of the State)

Tax revenue comprises State's own tax revenue and State share of union taxes. During the period 2013-14 to 2017-18, the growth in the State's own receipts was 46 *per cent* and that of share of Union taxes was 93 *per cent*. Thus, the State government maintained an increasing trend of collection of tax revenue during the last five years as evidenced by the data given below:

Table 3.5 - Trend of Own Tax Revenue

(₹ in crore)

Financial Year	Tax Revenue	State Share of Union Taxes	State's Own Tax Revenue	
			Amount	%age to GSDP
2013-14	1,29,358.78	62,776.70	66,582.08	7
2014-15	1,40,795.33	66,622.91	74,172.42	8
2015-16	1,72,079.95	90,973.69	81,106.26	7
2016-17	1,95,394.21	1,09,428.29	85,965.92	7
2017-18	2,18,332.14	1,20,939.14	97,393.00	7

3.4.2 Trend of State's Share of Union Taxes

The proceed of the taxes levied by the Union are distributed between the States as per the recommendations of the Finance Commission under Article 238 to 273 of the Constitution of India.

Table 3.6 - State's Share of Union Taxes

(₹ in crore)

Major Head Description	2013-14	2014-15	2015-16	2016-17	2017-18
Goods & Services Tax	-	-	-	-	13,930.05
Corporation Tax	21,112.58	23,265.10	28,603.42	35,098.94	37,043.22
Taxes on Income other than Corporation Tax	13,902.00	16,613.52	19,814.58	24,393.87	31,280.37
Other Taxes on Income and Expenditure	0.00	0.56	0.69	0.02	0.00
Taxes on Wealth	57.96	62.81	7.73	81.01	(-)2.08*
Customs	10,242.68	10,774.84	14,586.98	15,098.21	12,208.00
Union Excise Duties	7,234.15	6,084.21	12,205.56	17,240.85	12,760.80
Service Tax	10,227.31	9,821.89	15,681.47	17,515.08	13,718.81
Other Taxes and Duties on Commodities and Services	0.02	(-)0.02	73.26	0.31	(-)0.03*
Total State Share of Union Taxes	62,776.70	66,622.91	90,973.69	1,09,428.29	1,20,939.14
Total Tax Revenue	1,29,358.78	1,40,795.33	1,72,079.95	1,95,394.21	2,18,332.14
Percentage of Union Taxes to Total Tax Revenue	49	47	53	56	55

(* Minus figure is due to refunds)

3.5 Efficiency of Tax Collection

Taxes on commodities and services form a major chunk of tax revenue. However, collection efficiency of taxes on property and capital transactions was about 19 *per cent*, whereas that on commodities and services was about 0.74 *per cent* during the last five years on an average.

Table 3.7 - Taxes on Property and Capital Transactions

(₹ in crore)

Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Collection	10,350.88	12,393.38	12,916.75	12,405.07	14,731.95
Expenditure on Collection	1,941.67	2,090.49	2,212.78	2,592.66	2,965.97
Efficiency of Tax Collection (Percentage)	19	17	17	21	20

Table 3.8- Taxes on Commodities and Services

(₹ in crore)

Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Collection	83,953.75	88,479.47	1,10,694.24	1,23,440.51	1,35,257.45
Expenditure on Collection	665.16	716.75	757.64	854.28	1,015.77
Efficiency of Tax Collection (Percentage)	0.79	0.81	0.68	0.69	0.75

3.6 Tax Buoyancy

Tax buoyancy is an indicator to measure efficiency and responsiveness of revenue mobilization in response to growth in the gross domestic product or national income. A tax is said to be buoyant, if the tax revenue increases more than a proportionate rise in national income or output. The responsiveness of tax revenue growth to change in GSDP during the last five years is depicted as below:

Table 3.9 -Tax Buoyancy (2013-14 to 2017-18)

(₹ in crore)

Description	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue	1,29,358.78	1,40,795.33	1,72,079.95	1,95,394.21	2,18,332.14
GSDP	8,90,265.14	9,76,297.00	11,53,795.00	12,75,141.00	13,75,607.00
Tax Buoyancy (i.e. % Change in tax receipts to % change in GSDP)	0.9	0.9	1.2	1.3	1.5

Tax buoyancy shows an increasing trend over the last four years. During 2017-18, it increased to 1.5 *per cent*, which implies that on one *per cent* increase in income, tax revenue became buoyant by 1.5 *per cent*.

3.7 Non-Tax Revenue

Non-tax revenue mainly accrues in the form of interest receipts, dividends etc. The contribution of non-tax revenue was about 14 *per cent* of total tax revenue of the Government during the period 2013-14 to 2016-17. However, it declined to 9 *per cent* in 2017-18. The trend of non-tax revenue to the total tax revenue receipts of the State Government during the last five years is represented as below:

Table 3.10 – Share of Non-Tax Revenue to Total Tax Revenue

(₹ in crore)

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Interest Receipts	1,619.35	2,302.82	632.78	1164.94	1093.38
Dividends	5.23	8.08	42.66	86.34	30.84
Other Non-Tax Receipts	14,825.22	17,623.90	22,459.21	27,692.79	18,670.64
Non-Tax Revenue	16,449.80	19,934.80	23,134.65	28,944.07	19,794.86
Total Tax Revenue	1,29,358.78	1,40,795.33	1,72,079.95	1,95,394.21	2,18,332.14
Percentage of Non-Tax Revenue to Total Tax Revenue	13	14	13	15	9

3.8 Grants-in-Aid and Contributions

Grants-in-aid and contributions represent assistance from the Government of India and external grant assistance. On merger of Plan and non-plan classification from 2017-18, the grants-in-aid and contributions have now been classified by the GoI as grants for Centrally Sponsored Schemes, Finance Commission grants and other grants to the State. During 2017-18, total receipts under Grants-in-aid and Contributions was ₹40,648.45 crore.



4

Expenditure

4.1 Introduction

Government expenditure is classified as revenue expenditure and capital expenditure. Revenue expenditure is used to meet the day-to-day running of the organisation. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. During the year 2017-18, out of the total expenditure of ₹3,05,311.49 crore, revenue expenditure comprised 87 *per cent* and capital 13 *per cent*.

Expenditure is categorised into sectors:

General Services	Includes Law & Justice, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

4.2 Revenue Expenditure

During the year, the actual revenue expenditure was ₹2,66,223.52 crore as against the budget estimates of ₹3,13,891.72 crore. Thus, there was a shortfall of 15 *per cent* against the budget during the year. This gap ranged between 11 to 16 *per cent* during the last five years except 2013-14 as given below:

Table 4.1 - Gap between Budget and Revenue Expenditure

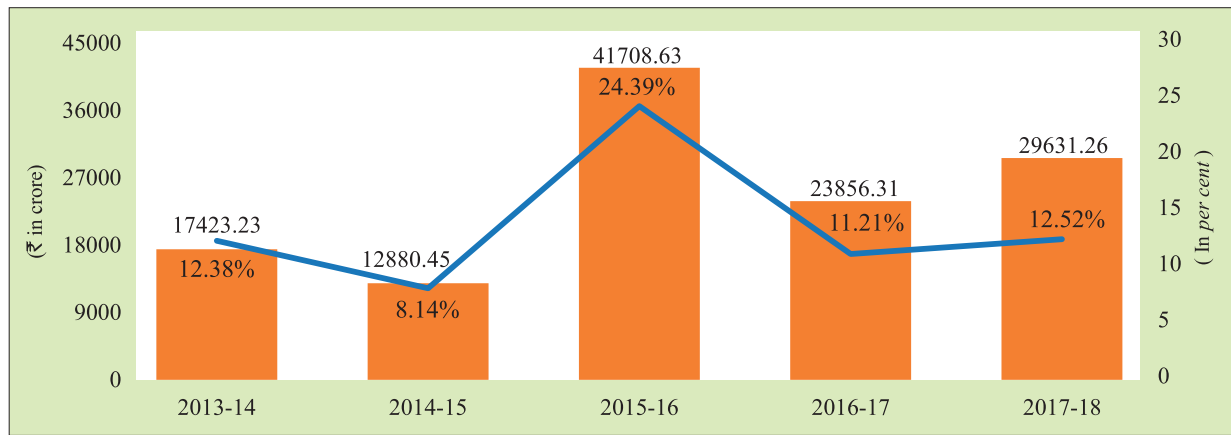
(₹ in crore)

Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Estimate	1,67,892.20	2,04,051.85	2,45,126.81	2,66,758.60	3,13,891.72
Actuals	1,58,146.87	1,71,027.32	2,12,735.95	2,36,592.26	2,66,223.52
Gap	9,745.33	33,024.53	32,390.86	30,166.34	47,668.20
Percentage of Gap over BE	6	16	13	11	15

4.2.1 Trend of Revenue Expenditure (2013-14 to 2017-18)

Growth in revenue expenditure remained almost the same (i.e. about 11 *per cent*) in the last five financial years except in 2015-16. The graph below shows the trend of variation in expenditure along with its percentage increase:

Graph 4.1 - Growth in Revenue Expenditure



4.2.2 Sectoral Distribution of Revenue Expenditure during 2017-18

Table 4.2- Sector wise Revenue Expenditure

(₹ in crore)

Components	Amount	Percentage
A. Fiscal Services	4,009.56	2
B. Organs of State	2,547.37	1
C. Interest Payments and Servicing of Debt	41,368.06	15
D. Administrative Services	19,338.33	7
E. Pensions and Miscellaneous General Services	38,518.36	14
F. Social Services	84,251.68	33
G. Economic Services *	64,634.76	24
H. Grants-in-aid and Contributions	11,555.41	4
Total Expenditure (Revenue Account)	2,66,223.52	100

(* Includes important sectors like Industries, Rural Development, Agriculture and Irrigation etc.)

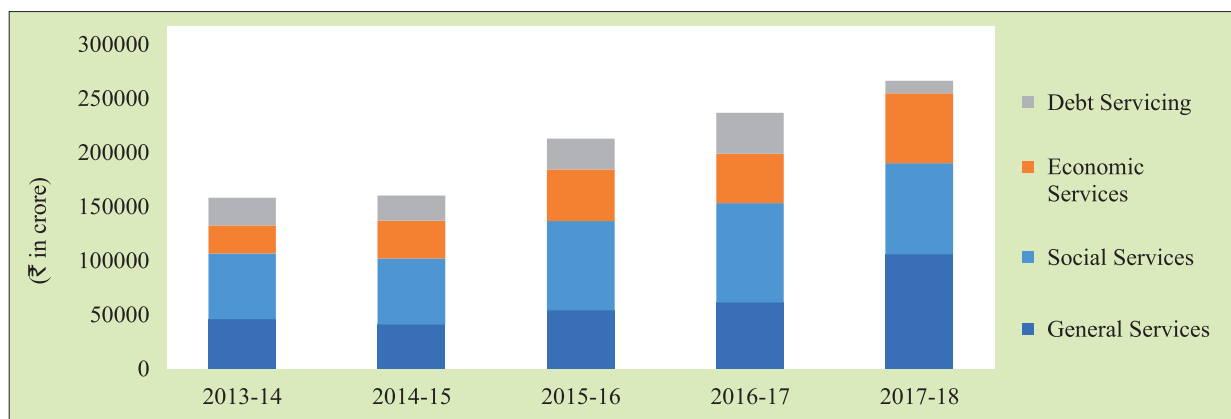
4.2.3 Major Components of Revenue Expenditure (2013-14 to 2017-18)

There was a steady growth in expenditure on Economic Services by about 38 *per cent* over the preceding five years except 2016-17, as compared to expenditure on General and Social Services.

The trend over five years from 2013-14 to 2017-18 is shown below:

Graph 4.2 -Trend of Major Components of Revenue Expenditure

(₹ in crore)



4.2.4 Financial Assistance to Local Bodies and Others

The grants-in-aid to PRIs increased to 11 *per cent* in the year 2017-18 from 9 *per cent* in 2016-17, whereas grants to ULBs remain constant at one *per cent* during last three years. The grants-in-aid provided by the State Government to Panchayati Raj Institutions (PRI), Urban Local Bodies (ULBs) and other institutions during the last five years have been depicted as under-

Table 4.3- Grants-in-Aid given by the State Government during 2013-14 to 2017-18

(₹ in crore)

Financial Year	Panchayati Rai Institutions (PRI)	Urban Local Bodies (ULBs)	Other Institutions (viz. PSUs, Autonomous Bodies, NGOs etc)	Total Grants
2013-14	3,641.31 (8)	1,863.50 (4)	40,071.36 (88)	45,576.17
2014-15	2,334.18 (4)	908.78 (2)	48,997.69 (94)	52,240.65
2015-16	3,069.63 (4)	598.84 (1)	73,400.05 (95)	77,068.52
2016-17	7,572.31 (9)	1,002.05 (1)	73,803.20 (90)	82,377.56
2017-18	10,096.44 (11)	1,208.46 (1)	80,916.06 (88)	92,220.96

(Figures in parenthesis are percentage to total grants)

4.3 Capital Expenditure

Capital expenditure of ₹40,597.26 crore (including loans and advances disbursed) for 2017-18 was less than the budget estimate (₹60,141.85 crore) by ₹19,544.59 crore (32 *per cent*).

The Gap between BE and AE shows the fluctuation during the last five years as below-

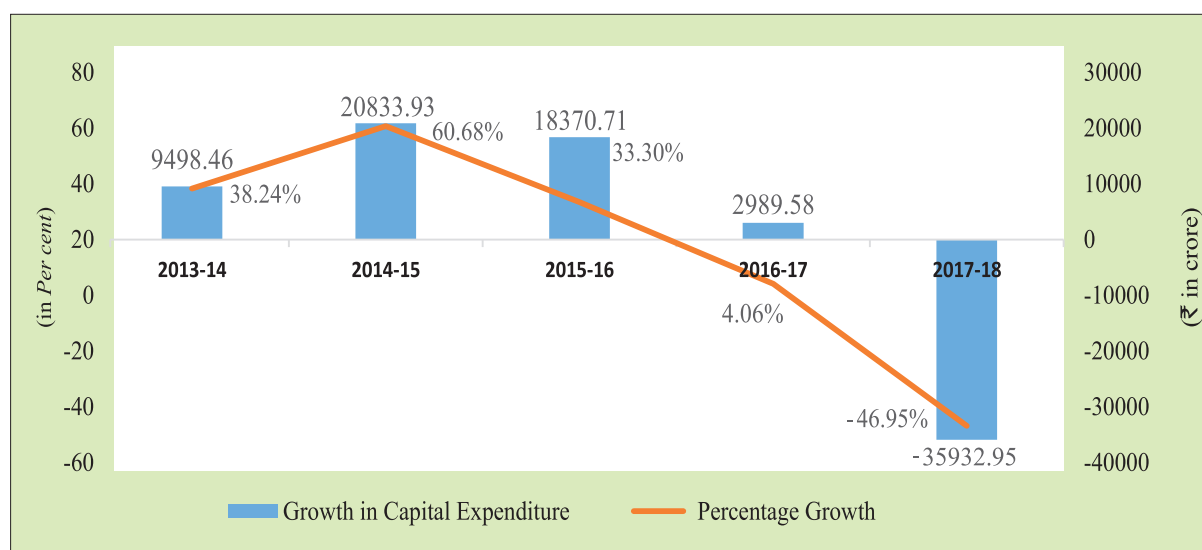
Table 4.4 - Gap between Budget and Capital Expenditure (2013-14 to 2017-18)

(₹ in crore)

Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Estimate (BE)	34,721.13	66,125.00	83,757.95	91,694.66	60,141.85
Actual Expenditure (AE)	34,335.99	55,169.92	73,540.63	76,530.21	40,597.26
Gap	385.14	10,955.08	10,217.32	15,164.45	19,544.59
Percentage of Gap over BE	1	17	12	17	32

The capital expenditure, which is indicative of development related spending, decreased by 47 *per cent* in 2017-18 over that of the previous year. The graph reflects the trend of increase and decrease in capital expenditure during the last five years as below-

Graph 4.3 - Growth in Capital Expenditure



4.3.1 Sectoral Distribution of Capital Expenditure during 2017-18

Table 4.5– Sector wise Capital Expenditure

(₹ in crore)

Sl. No.	Sector	Amount	Percentage
1.	General Services -Police, Land Revenue etc.	2,775.78	7
2.	Social Services - Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.	11,625.13	28
3.	Economic Services -Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.,	24,687.06	61
4.	Loans and Advances Disbursed	1,509.29	4
Total		40,597.26	100

4.3.2 Trend of Sectoral Distribution of Capital Expenditure

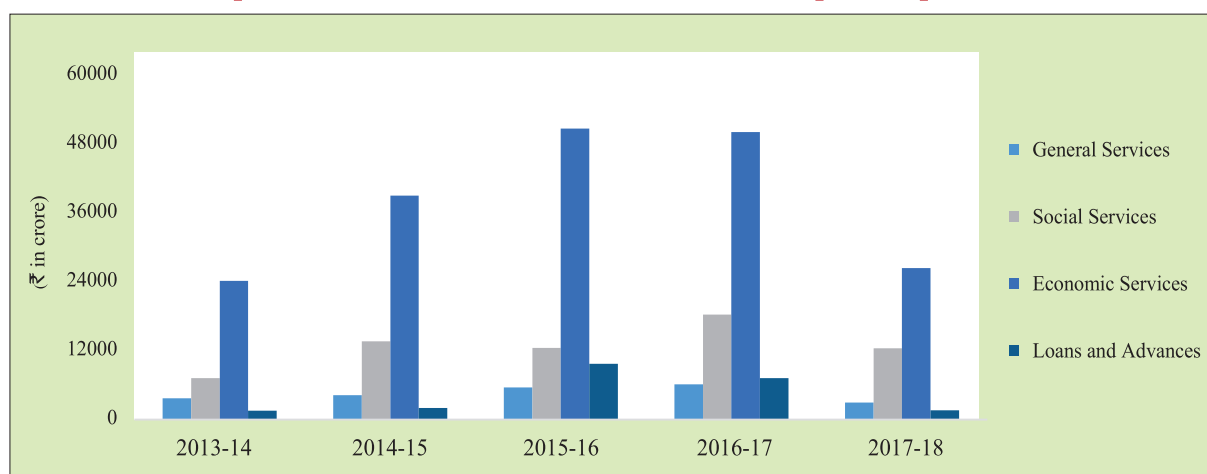
Table 4.6- Sector wise Capital Expenditure over the last five years

(₹ in crore)

Sl. No.	Sector	2013-14	2014-15	2015-16	2016-17	2017-18
1.	General Services	3,463.35	4,008.68	5,259.07	5,727.30	2,775.78
2.	Social Services	6,759.50	12,754.72	11,706.77	17,150.47	11,625.13
3.	Economic Services	22,639.80	36,533.88	47,456.88	46,911.35	24,687.06
4.	Loans and Advances	1,473.34	1,872.64	9,117.91	6,741.09	1,509.29
Total		34,335.99	55,169.92	73,540.63	76,530.21	40,597.26

The trend of sectoral distribution of capital expenditure is graphically represented as below-

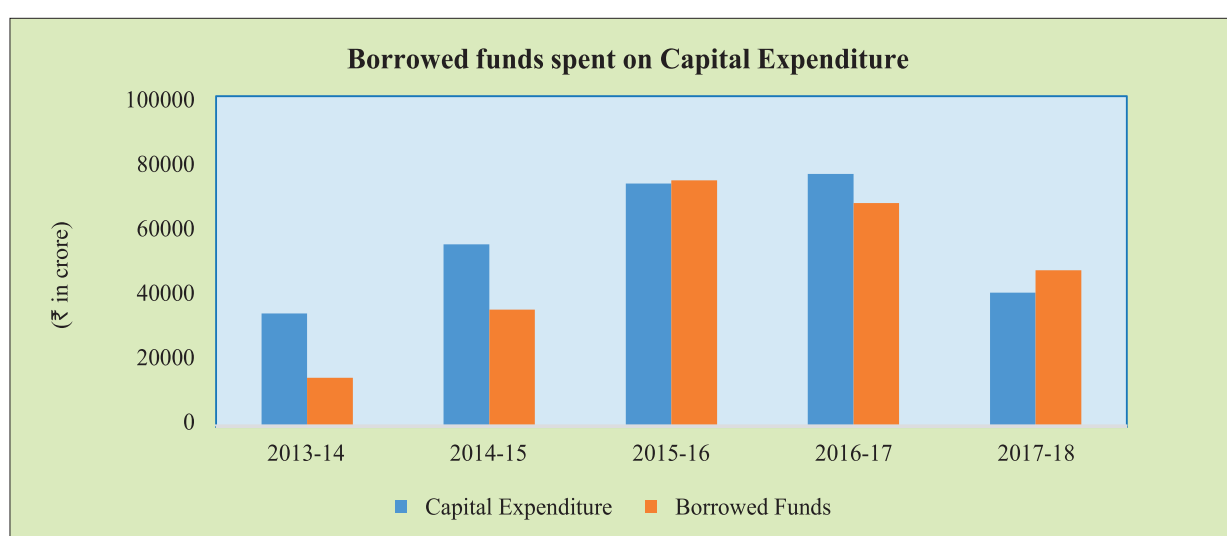
Graph 4.4 -Trend of Sectoral Distribution of Capital Expenditure



4.3.3 Proportion of Borrowed Funds spent on Capital Expenditure

Borrowed funds are meant for meeting capital expenditure for creation of capital assets. The State Government borrowed an amount of ₹47,416.56 crore from market, financial institutions, RBI and Government of India etc. during 2017-18 and utilised 85.62 *per cent* of the borrowings for meeting capital expenditure (₹40,597.26 crore) during the year leaving ₹6,819.30 crore unutilized. On the other hand, the Government invested an amount of ₹8,991.15 crore (net) in treasury bills in 2017-18. It indicates that the Government utilized the unspent borrowings for investment purposes. A chart showing comparison of borrowed funds spent on capital expenditure during the last five years is as under:

Graph 4.5 - Borrowed funds spent on Capital Expenditure



4.3.4 Committed Expenditure

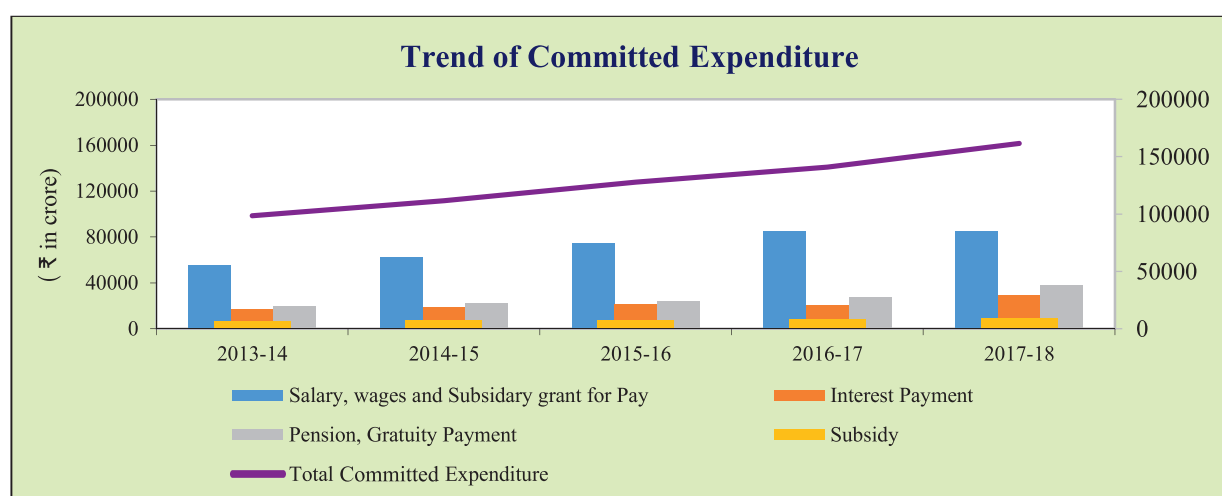
Committed expenditure is defined as the expenditure incurred on interest payment, salaries and wages, pension and subsidy. High committed expenditure leaves the Government with less flexibility for development related spending.

Table 4.7-Trend of Committed Expenditure (2013-14 to 2017-18)

(₹ in crore)

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Committed Expenditure	98,433.66	1,11,566.03	1,27,728.12	1,48,209.09	1,61,489.74
Revenue Expenditure	1,58,146.87	1,71,027.32	2,12,735.95	2,36,592.26	2,66,223.52
Percentage of Committed Expenditure to Revenue Receipts	59	58	56	58	58
Percentage of Committed Expenditure to Revenue Expenditure	62	65	60	63	61

The trend shows that the committed expenditure of the Government hovered around 60 to 65 *per cent* of the revenue expenditure in the last five financial years.

Graph 4.6 -Trend of Committed Expenditure

4.4 Development Expenditure

Any expenditure incurred on activities directly related to economic and social development of the State is Development Expenditure. It signifies the extent to which resources has been utilized for development of the State. It includes expenditure on Social Services and Economic Services on Revenue and Capital Accounts, and Loans and Advances given by the State Government on these services; for example, expenditure incurred on Education, Health Care, Scientific Research, Infrastructure etc.

It indicates that the development expenditure hovered around 61 to 70 *per cent* of total expenditure during the preceding five years.

4.5 Loans and Advances by the State Government

The State Government gives loans and advances to Government Corporations/ Companies, Local Bodies, Non-Government Institutions/Organisation etc. The outstanding balance of loans and advances of these institutions was ₹29,720.31 crore as on 31 March 2018.

The Government was required to reconcile the loan figures depicted in the Finance Accounts with those of the concerned loanees viz. PSUs and other bodies and institutions.

However, it was awaited. As a sequel, there are adverse balances in a few heads as depicted in the Finance Accounts (Statement-18).

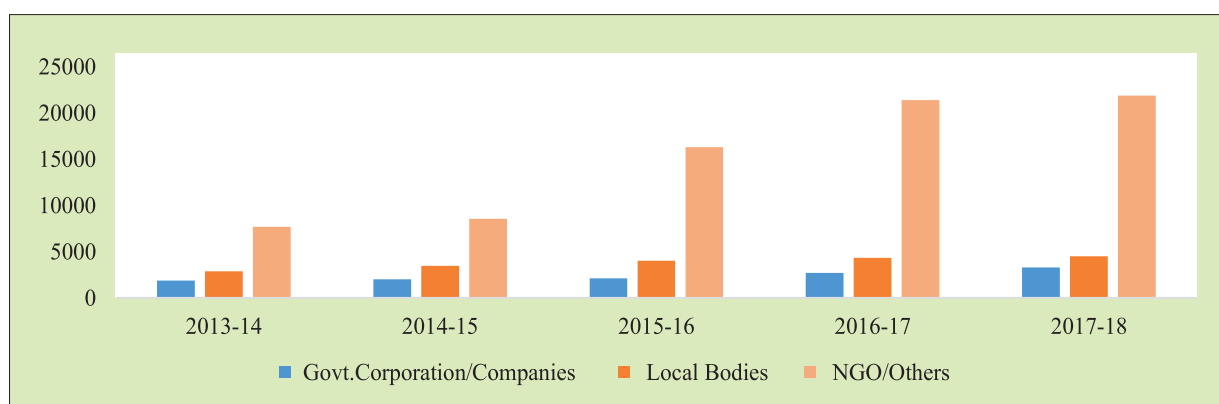
The table below represents the institution wise position of outstanding loans and advances given by the State Government.

Table 4.8- Loans and Advances by the State Government

(₹ in crore)

As on 31 March	Govt. Corporation/ Companies	Local Bodies	NGO/Others
2013-14	1,881.70	2,885.91	7,688.60
2014-15	2,029.56	3,478.67	8,558.14
2015-16	2,111.56	4,025.44	16,321.55
2016-17	2,711.95	4,355.21	21,379.63
2017-18	3,304.54	4,518.04	21,897.73

Graph 4.7- Outstanding Loans and Advances as on 31 March 2018



5

Public Debt

5.1 Introduction

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

Borrowings are required to meet capital expenditure, repayment of debt, discharge of other liabilities that are not met by the receipts of the Government. Public debt comprises the borrowings from market, financial institutions like SBI, NABARD, HUDCO, ways and means advances from RBI etc. (Internal Debt), and the loans and advances received from GoI.

In 2017-18, total public debt (₹3,34,290.87 crore) comprised internal debt about 96 *per cent* and GoI loans 4 *per cent* thereof.

5.2 Growth of Public Debt

Public debt of the State Government increased from 19 *per cent* of GSDP in 2013-14 to 24 *per cent* in 2017-18 mainly due to increase in internal debt. GoI loans came down by 16 *per cent* in 2017-18 with respect to 2013-14, while internal debts escalated by 106 *per cent*.

The increase in internal debt is mainly due to borrowings from market in the form of State Development loans. The market borrowings constituted 57 *per cent* of the total internal debt in 2013-14, which increased to 63 *per cent* in 2017-18. Thus, increasing trend in market borrowings has led to an increasing trend in government liabilities over the years. The growth of public debt during the preceding five years is depicted as below-

Table 5.1- Growth of Public Debt

(₹ in crore)				
Financial Year	Internal Debt (A) (market borrowings out of total Internal debt)	GoI loan (B)	Public Debt (A+B)	Per cent to GSDP
2013-14	1,56,207.87 (89,157.50)	15,336.24	1,71,544.11	19
2014-15	1,83,191.54 (1,02,670.13)	14,461.64	1,97,653.18	20
2015-16	2,40,835.79 (1,27,970.97)	13,658.21	2,54,494.00	22
2016-17	2,88,626.78 (1,64,875.39)	13,249.62	3,01,876.40	24
2017-18	3,21,479.05 (2,02,053.39)	12,811.82	3,34,290.87	24

Note: Figures are progressive balance to end of the year.

5.3 Debt Service Ratio

Debt Service is the amount that is required to cover the repayment of interest and principal on a debt for a particular period.

Debt Service Ratio is defined as net income divided by total debt Service. It is a measure of the cash flow available to pay current obligations. The Debt Service Ratio helps to determine the borrower's ability to make debt service payments.

The total debt service decreased from 3.4 *per cent* of GSDP in 2016-17 to 2.9 *per cent* in 2017-18.

Table 5.2- Debt servicing as Percentage of GSDP

(₹ in crore)

Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18
Repayment of Debt	8,166.74 (0.92)	9,411.21 (0.96)	17,672.76 (1.53)	20,302.67 (1.59)	15,002.10 (1.09)
Interest Paid	13,960.80 (1.57)	15,117.78 (1.55)	17,607.99 (1.52)	23,205.64 (1.82)	25,414.82 (1.85)
Total Debt Service	22,127.54 (2.5)	24,528.99 (2.5)	35,280.75 (3.0)	43,508.31 (3.4)	40,416.92 (2.9)
GSDP	8,90,265.14	9,76,297.00	11,53,795.00	12,75,141.00	13,75,607.00

(Figures in parenthesis are percentage to GSDP)

5.4 Debt Sustainability of the State

Public debt of the State Government increased substantially by 94.87 *per cent* in 2017-18 over the outstanding debt in 2013-14, whereas the economy in terms of GSDP grew by 54.52 *per cent*. The debt to GSDP ratio rose from 19 *per cent* in 2013-14 to 24 *per cent* in 2017-18. The debt repayment was an average of 8 *per cent* of total tax revenue and 33 *per cent* of debt receipts during the preceding last five years.

The increasing trend of raising debt is likely to pile up a huge debt stock comprising about 30 *per cent* of GSDP after next five years entailing a heavy debt distress on the state economy. This fiscal situation may result in augmentation of debt liabilities and reduction of capital expenditure i.e. development related spending.

Table 5.3- Indicators of Debt Sustainability of the State

(₹ in crore)

Indicators of Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding Debt	1,71,544.11	1,97,653.18	2,54,494.00	3,01,876.40	3,34,290.87
Rate of growth of Outstanding Debt	4.09	15.22	28.76	18.62	10.74
GSDP	8,90,265.14	9,76,297.00	11,53,795.00	12,75,141.00	13,75,607.00
Rate of growth of GSDP	15.66	9.66	18.18	10.52	7.88
Debt/GSDP ratio	0.19	0.20	0.22	0.24	0.24
Average interest rate of outstanding debt	9.65	9.65	9.65	9.30	9.20
Interest Payment/ Revenue Receipts	0.08	0.08	0.08	0.09	0.09
Debt Repayment/Tax Revenue	0.06	0.07	0.10	0.10	0.07
Debt Repayment/Debt Receipts	0.55	0.26	0.24	0.30	0.32
Net Debt available to State (Public Debt received(-) Total Debt Service)	-7,227.09	10,991.29	39,232.83	24,176.76	6,999.64

6

Appropriation Accounts

6.1 Budget Provisions

During 2017-18, the State Legislature approved a total provision of ₹4,28,645.12 crore under 93 grants (including supplementary grants). Against which, the actual expenditure was ₹3,34,876.62 crore (78.12 *per cent* of the total provision). Of which, total charged expenditure was 16.97 *per cent* and voted 83.03 *per cent*. Summary of the Appropriation Accounts for the year 2017-18 is given below-

Table 6.1- Summary of Appropriation Accounts for 2017-18

(₹ in crore)

Sl. No	Nature of Expenditure	Original Grant	Supplementary Grant(*)	Total	Actual Expenditure	Saving (-) Excess (+)	% of Total Grant
1	Revenue Voted	2,78,996.35	6,772.77	2,85,769.12	2,26,083.41	(-) 59,685.71	20.89
	Charged	45,916.15	0.32	45,916.47	41,805.71	(-) 4,110.76	8.95
2	Capital Voted	68,044.16	4,355.01	72,399.17	50,464.12	(-)21,935.05	30.30
	Charged	16.81	0.00	16.81	11.99	(-) 4.82	28.67
3	Public Debt Voted	45.20	0.00	45.20	0.00	(-) 45.20	100.00
	Charged	21,965.03	4.09	21,969.12	15,002.10	(-) 6,967.02	31.71
4	Loans and Advances Voted	2,273.25	255.98	2,529.23	1,509.29	(-) 1,019.94	40.33
Total		4,17,256.95	11,388.17	4,28,645.12	3,34,876.62	(-) 93,768.50	21.88

(*) Supplementary Grants were provided under 59 grants.

6.2 Saving/Excess during the last five years

During the year 2017-18, saving was ₹93,768.50 crore. Saving/Excess under Revenue and Capital Expenditure heads, Public Debt and Loans and Advances over the last five years have been depicted as follows:

Table 6.2- Saving/Excess during 2013-14 to 2017-18

(₹ in crore)

Financial Year	Saving (-) / Excess (+)				Total Saving / Excess	% of Total Grant
	Revenue	Capital	Public Debt	Loans & Advances		
2013-14	(-)16,864.37	(-) 7,365.10	(-) 10,421.12	(-) 556.36	(-)35,206.95	14.32
2014-15	(-)32,485.37	(-)9,033.93	(-)9,972.67	(-)551.53	(-)52,043.50	17.13
2015-16	(-)32,416.34	(-)7,499.85	(-)3,713.76	(-)763.72	(-)44,393.67	12.24
2016-17	(-)29,234.42	(-)13,248.19	(+)4,790.18	(-)903.60	(-)38,596.03	9.95
2017-18	(-)63,796.47	(-)21,939.87	(-)7,012.22	(-)1,019.94	(-)93,768.50	21.88

There was a significant saving of about 22 *per cent* in 2017-18 which was 12 *per cent* more than that in the previous year.

6.3 Persistent Savings

Persistent savings under a Grant indicate either slow or non-implementation of certain schemes / programmes. Some of the grants under which significant savings occurred are as follows:

Table 6.3-Savings under Grants during the year 2013-14 to 2017-18

(₹ in crore)

Grant Nos.	Nomenclature	2013-14	2014-15	2015-16	2016-17	2017-18
07	Industries Department (Heavy and Medium Industries)	74.54	502.19	142.11	2,490.67	1,293.18
14	Agriculture and Other Allied Departments (Panchayati Raj)	462.06	2,442.76	3,256.90	96.54	1,293.33
26	Home Department (Police)	1,109.94	1,105.50	1,628.93	1,338.67	1,288.38
32	Medical Department (Allopathy)	755.32	766.20	1,043.21	1,369.74	1,092.69
35	Medical Department (Family Welfare)	201.96	1,263.73	1,414.98	1,452.59	884.58
37	Urban Development Department	1,024.60	2,843.98	1,565.68	2,791.05	6,090.72
42	Judicial Department	623.56	527.99	589.02	1,057.41	1,357.83
44	Tourism Department	44.50	19.41	28.04	155.57	2,037.36
48	Minorities Welfare Department	349.41	1,455.84	1,488.25	1,318.78	1,194.73
49	Women and Child Welfare Department	273.59	470.28	1,134.95	1,142.41	2,376.87
54	Public Works Department (Establishment)	1,041.30	1,265.71	1,384.05	1,778.41	996.65
71	Education Department (Primary Education)	2,573.05	4,488.39	3,773.38	3,691.07	17,678.96
83	Social Welfare Department (Special Component Plan for Scheduled Castes)	1,839.78	4,144.70	3,664.49	4,182.19	7,211.07
94	Irrigation Department (Works)	2,500.11	1,415.30	851.04	1,746.58	742.09

(Note: In Appropriation Accounts, savings have been depicted with minus sign.)

6.4 Supplementary Provision of Funds

Supplementary Grants authorized under Article 205 of the Constitution of India, of ₹11,388.17 crore (3.40 *per cent* of total expenditure) proved unfruitful during 2017-18. A few instances where there were significant savings at the end of the year even against original allocations are given below:

Table 6.4-Unutilised Supplementary Provisions

(₹ in crore)

Grant No.	Nomenclature	Section	Original B.E.	Supplementary B.E.	Actual Expenditure
07	Industries Department (Heavy and Medium Industries)	Capital (Voted)	1,859.47	158.36	1,304.07
13	Agriculture and Other Allied Departments (Rural Development)	Capital (Voted)	13,046.22	4,153.39	8,282.55
24	Cane Development Department (Sugar Industry)	Capital (Voted)	691.10	249.92	560.60
26	Home Department (Police)	Revenue (Voted)	15,419.02	152.41	14,356.14
32	Medical Department (Allopathy)	Revenue (Voted)	5,838.65	101.94	5,073.42
35	Medical Department (Family Welfare)	Revenue (Voted)	4,887.04	291.59	4,320.49
37	Urban Development Department	Revenue (Voted)	11,743.51	50.80	6,219.47
		Capital (Voted)	1,445.50	100.00	1,029.62
42	Judicial Department	Capital (Voted)	1,367.78	300.00	812.52
58	Public Works Department (Communications-Roads)	Capital (Voted)	10,571.75	519.40	6,528.62
71	Education Department (Primary Education)	Revenue (Voted)	49,788.58	401.85	32,696.66
81	Social Welfare Department (Tribal Welfare)	Revenue (Voted)	261.84	146.11	257.44
83	Social Welfare Department (Special Component Plan for Scheduled Castes)	Revenue (Voted)	17,094.91	697.83	12,219.00
		Capital (Voted)	5,570.18	1,393.88	5,326.72
94	Irrigation Department (Works)	Revenue (Voted)	3,209.11	100.00	3,146.71
		Capital (Voted)	3,710.71	140.67	3,275.42

7

Assets and Liabilities

7.1 Introduction

The Assets and liabilities of the State Government (as on March 31, 2018 and March 31, 2017) as exhibited in Statement No. 1 of the Finance Accounts of the year 2017-18 and 2016-17 respectively is depicted below-

Table 7.1-Assets and Liabilities of the State Government

(₹ in crore)

Assets			Liabilities		
	As on March 31, 2018	As on March 31, 2017		As on March 31, 2018	As on March 31, 2017
Cash (including RBD with RBI, Investment of Cash Balance, Investment from Earmarked Funds etc)	11,481.15	943.91	Internal Debt	3,21,479.05	2,88,626.78
Capital Expenditure including Investments	4,59,403.68	4,20,315.71	Loans and Advances from Central Government	12,811.82	13,249.62
Contingency Fund (un-recouped)	463.08	308.12	Contingency Fund(Corpus)	600.00	600.00
Loans &Advances	29,720.31	28,446.79	Liabilities on Public Account	1,33,551.32	1,24,827.92
Advances with Departmental Officers	87.29	91.58			
Suspense & Miscellaneous Balances	3,304.21	1,089.59			
Remittances Balances	425.76				
Cumulative excess of Expenditure over Receipts	--	--	Cumulative excess of Receipts over Expenditure	36,443.29	23,891.38
Total	5,04,885.48	4,51,195.70		5,04,885.48	4,51,195.70

7.2 Assets

The existing form of accounts depicts valuation of physical assets and financial assets at historical cost i.e. the value in the year of acquisition/purchase. The Government assets mainly comprise the cash balance and investments of cash balance, progressive capital expenditure, balance of loans and advances, civil advances and balance outstanding under remittances.

7.2.1 Cash Balance and Investment of Cash Balance

The State Government had a cash balance of ₹11,481.15 crore as on 31.03.2018, which was higher by ₹10,537.24 crore as compared to 2016-17. This was mainly due to increase in cash balance of ₹1,545.86 crore and investment of cash balance (of ₹8,991.15 crore) in government securities during the year.

7.2.2 Ways and Means Advances

The Reserve Bank of India (RBI) extends the facility of Ways and Means Advances (WMA) to enable State Governments to maintain their liquidity. Overdraft (OD) facilities are also provided when there is a shortfall in the agreed minimum cash balance (₹4.71 crore) maintained with the RBI. The Government of Uttar Pradesh has availed special WMA of ₹175.02 crore for two days and ordinary WMA of ₹2,757.93 crore for three days during the year 2017-18.

Table 7.2- Position of Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April, 2017	As on 31 March, 2018	Net increase (+) / decrease
Cash Balance	(-)1,280.65(*)	265.21	1,545.86
Investments from Cash Balance (GOI Try. Bills)	2,168.23	11,159.38	8,991.15
Other Cash Balance (including cash with departmental officers and permanent cash imprest)	11.13	11.36	0.23
Investment from Earmarked Fund Balances-			
(a) Depreciation Reserve Fund	44.42	44.42	0.00
(b) Famine Relief Fund	0.78	0.78	0.00
Interest realised on Investment of Cash Balance	598.54	487.71	110.83

(*) Minus figure represents credit balance in favour of State Government.

7.2.3 Others Investment and Dividends

The Government invested in equity shares of Statutory Corporations, Government Companies, Co-operative Societies and other institutions, which stood at ₹1,04,778.71 crore in 2017-18. There was an increase of ₹8,378.66 crore over that of previous year. The dividends therefrom during the year were ₹30.84 crore (i.e. 0.03 *per cent* on this investment).

7.3 Liabilities

Liabilities of the Government include Internal Debt, Loans from GoI and Small Savings, Reserve Funds and other Deposits in the Public Accounts. These liabilities are 'Debt Stock of the State Government which escalated by ₹41,138.06 crore (about 10 *per cent*) as against the previous year. Position of the debt stock during the last five years were as under:

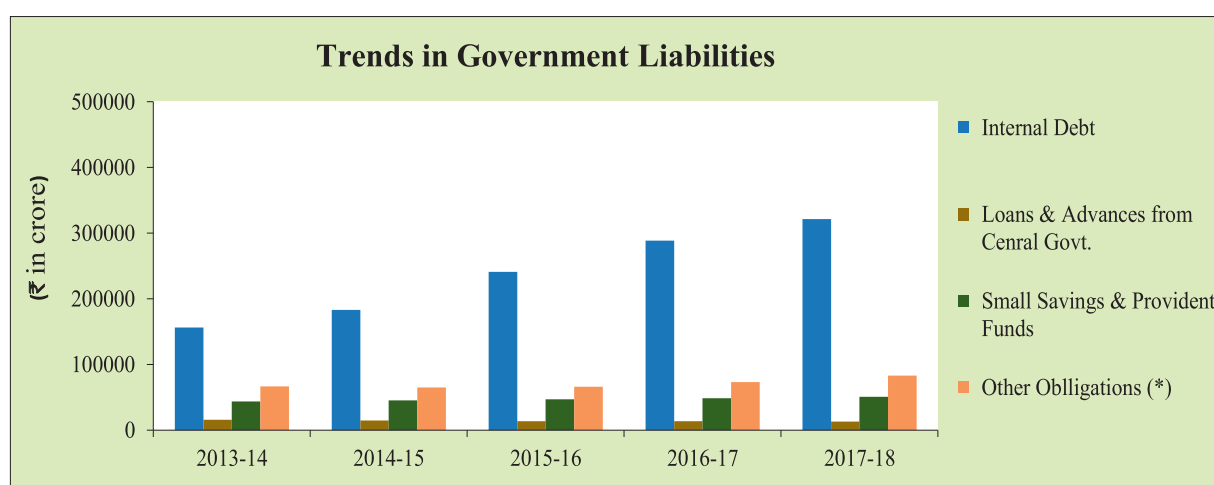
Table 7.3-Trend of State's Liabilities during the year 2013-14 to 2017-18

(₹ in crore)

Financial Year	Public Debt	Per cent to GSDP	Total Public Account Liabilities	Per cent to GSDP	Total Debt Stock	Per cent to GSDP
2013-14	1,71,544.11	19	1,11,486.62	13	2,83,030.73	32
2014-15	1,97,653.18	20	1,13,135.31	12	3,10,788.49	32
2015-16	2,54,494.00	22	1,15,453.81	10	3,69,947.81	32
2016-17	3,01,876.40	24	1,24,827.73	10	4,26,704.13	33
2017-18	3,34,290.87	24	1,33,551.32	10	4,67,842.19	34

Note: Figures are progressive balance to end of the year.

Graph 7.1-Trends in Government Liabilities



(*) Interest not bearing obligations such as Deposits of Local Funds, other Earmarked Funds, etc.

The increasing trend is due to the exponential increase in internal debt of the State Government during the period 2013-14 to 2017-18.

7.3.1 Increasing trend of outstanding liabilities of the State Government on account of Market Borrowings

As per the procedure adopted by the State Government for amortisation of the market borrowings, the State Government makes provisions for reduction or avoidance of debt under Major Head 2048 and appropriates it to Sinking Fund under Major Head 8222 by way of book transfer. Out of this Fund, an amount equivalent to repayment of market borrowings is transferred and credited to Revenue Account (Major Head 0075) under Consolidated Fund. The data relating to the amounts appropriated to Sinking Fund and further transfers from this Fund to Revenue Account during the previous five years have depicted below –

Table 7.4- Trend of State's Outstanding Liabilities due to Market Borrowings

(₹ in crore)

Financial Year	Market Borrowings	Amount appropriated to Sinking Fund	Transfer from Sinking Fund to Revenue Account (equivalent to repayment of market borrowings)	Balance under Sinking Fund (as on 31 March)
2013-14	8,000.00	8,364.25	2,945.98	40,252.71
2014-15	17,500.00	4,500.00	3,987.81	40,764.90
2015-16	30,000.00	6,966.78	4,699.04	43,042.64
2016-17	41,050.00	10,772.35	4,145.61	49,659.38
2017-18	41,600.00	12,332.23	4,422.00	57,469.01

It is evident from the above position of market borrowings that—

- Appropriation to Sinking Fund in excess of repayment of market borrowings over the years have led to cause increasing liabilities of the State. That is why the state liabilities of ₹40,252.71 crore in 2013-14 reached to ₹57,469.01 crore in 2017-18.
- Book transfer of the amount equivalent to repayment of market borrowings to Revenue Account overstates the revenue surplus of the State Government in a financial year. In 2017-18, the revenue surplus overstated by ₹4,422.00 crore.
- Such transfers are in the nature of book transfer, so no amount is available to be invested in government securities as per the guidelines for operation of Sinking Funds as stipulated in the List of Major and Minor Heads of Accounts of the Union and States.

Besides, the State Government has not created the Consolidated Sinking Fund for discharge of outstanding liabilities of the State as recommended by the twelfth Finance Commission.

7.4 Guarantees

The position of Guarantees given by the State Government as against the repayment of loans and payment of interest thereon raised by Statutory Corporations, Government Companies, Corporations, Co-operative Societies etc. is given below:

Table 7.5- Position of Guarantees during 2013-14 to 2017-18

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of year	
		Principal	Interest
2013-14	69,752.00	62,223.91	598.42
2014-15	78,023.21	70,281.15	458.48
2015-16	78,825.64	57,159.87	458.48
2016-17	66,702.20	55,825.49	#
2017-18	74,303.03	74,841.22	#

(#) Information not furnished by the State Government.

The net guarantee of ₹26,486.90 crore was given by the State Government during 2017-18 (i.e. 1.93 *per cent* of GSDP), which was beyond the limit fixed (i.e. 0.5 *per cent* of GDP) under the FRBM Act, 2003. However, the State Government has not fixed any limit for giving the guarantee in any financial year.



8

Other Accounting Issues

8.1 Compliance of Indian Accounting Standards formulated by GASAB

The Government Accounting Standard Advisory Board (GASAB) has formulated three Indian Government Accounting Standards (IGASs) viz- Guarantees given by Governments: Disclosure Requirements (IGAS-I), Accounting Classification of Grants-in-Aid (IGAS-II), and Loans and Advances made by the Governments (IGAS-III).

In adherence with these standards, disclosures about the guarantees given by the State Government to various institutions have been exhibited in the Statement 9 and 20 of the Finance Accounts of the Government of Uttar Pradesh. However, the State Government has not created the Guarantee Redemption Fund for discharging the obligations arising out of guarantees executed. Besides, under the extant provisions of FRBM Act, 2003, additional guarantee should not be given in respect of any loan on security of Consolidated Fund of India in excess of one half *per cent* of GDP in any financial year. The State Government executed the net guarantees of ₹26,486.90 crore during 2017-18 (i.e. 1.93 *per cent* of GSDP). However, the State Government has not fixed any limit for giving the guarantee in any financial year.

The information relating to Grants-in-Aid paid in cash and in kind, as available, have been disclosed in the Statement 10 and Appendix III of the Finance Accounts, and the grants have been classified in the state accounts in accordance with the stipulated principles except a few cases which were referred to the State Government. As regards Loans and Advances made by the State Government, the position relating to outstanding balances of loans, arrears of principal and interest etc. is depicted in Statements 7, 18 and Appendix VII of the aforesaid accounts.

8.2 Implementation of Integrated Financial Management System (IFMS) -Mission Mode Project

Under the National e-Governance Plan (July, 2010), the State Treasury Computerisation as a Mission Mode Project was to be implemented by the State Governments with aim to provide greater accuracy and transparency in budgeting and accounting processes. The State Accountants General (A&E), as Stakeholder, were required to work in line with the State Governments in designing the computer processes relating to capture of treasury data and compilation process and implementation of the project.

In due course of implementation of IFMS in the State of Uttar Pradesh, data (of receipts & expenditure) from 80 treasuries out of 82 is fetched electronically (through central server of the State Government) in VLC Server in the Accountant General's office. The Monthly Civil Accounts (MCA) are generated after compilation of the said treasury data and are submitted to the State Government every month.

8.3 Submission of Accounts by Treasuries/Departments

The initial accounts of all the treasuries were rendered timely during the year. Rendition of monthly accounts by Public Works and Forest Divisions were not satisfactory as receipt of these accounts were delayed from 2 to 15 days from the scheduled date of their receipt. However, no account was excluded at the end of the year.

8.4 Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills

In exceptional situations where money is required in advance or the Drawing and Disbursing Officers (DDOs) are not able to calculate the exact amounts required, they are permitted to draw money through AC bills without supporting documents. Such AC bills are required to be settled by submission of DC bills to the Accountant General (A&E) within a maximum of 30 days. As on 31 March 2018, 3497 AC bills amounting to ₹33.33 crore were outstanding for want of DC bills.

The major share of DC bills were awaited from the following Departments of the State Government:

1. Personnel Department (Public Service Commission)	05 bills of ₹7.10 crore
2. Secretariat Administration Department	127 bills of ₹ 7.00 crore
3. Education Department (Higher Education)	153 bills of ₹3.62 crore

8.5 Utilisation Certificates Awaited

For grants sanctioned for specific purposes, the departmental officers concerned should obtain Utilization Certificate (UCs) from the grantee, which after verification should be forwarded to the Accountant General (A&E). Non-submission of UCs does not ensure that the funds released have been utilized for the intended purposes.

As on 31 March 2018, UCs (153949 in number) of ₹83,979.44 crore were awaited. The departments from which the major share of UCs were awaited are:

1. Social Welfare Department	31582 UCs of ₹10,409.94 crore.
2. Education Department (Primary Education)	19044 UCs of ₹8,739.89 crore.
3. Agriculture and other Allied Department	3527 UCs of ₹6,662.95 crore.
4. Educational Department (Secondary Education)	10576 UCs of ₹2,673.41 crore.

8.6 Reconciliation of Receipts and Expenditure

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Accountant General (Accounts and Entitlements). This exercise is required to be conducted by respective Chief Controlling Officers (CCOs).

In 2017-18, nearly all the expenditure and receipts figures (99.50 *per cent*) were reconciled. The status of reconciliation of the figures at the end of March 2018 is given below:

Table 8.1- Position of Reconciliation

Particulars	Total Nos. of CCOs	Nos. of CCOs who reconciled	Nos. of CCOs who didn't reconcile
Expenditure	170	166	4
Receipt	45	43	2

8.7 Non-closure and Reconciliation of Personal Deposit (PD) Accounts

Personal Deposit (PD) accounts are opened for specific purposes in consultation with the Accountant General by transfer of funds, which is booked as expenditure against the Consolidated Fund of the State. If there is no transactions in any PD account for three years, it is required to be closed on the advice of the Accountant General and unspent balances remitted back to Government Accounts.

As on 31 March 2018, there were 1328 PD accounts with a balance of ₹4,688.14 crore. Out of these, 687 were operative and 641 were inoperative. The inoperative accounts with unspent balance of ₹108.70 crore were required to be closed, but the same has not been done by the State Government so far.

These accounts were also required to be reconciled by the respective treasuries. At the end of the year (2017-18), only 17 out of 77 treasuries in the State informed that the PD accounts maintained by them had been reconciled. The status of reconciliation of the remaining 60 treasuries has not been made available by them.

8.8 Lump sum Provisions made by the State Government

The State Government made lump sum provisions of ₹8,648.73 crore under various heads in its Budget 2017-18 in anticipation of future expenditure without indicating scheme details, and incurred expenditure amounting to ₹3,452.95 crore (39.92 *per cent* of the provisions) there against. In such cases, it was required on the part of the Government to re-appropriate the provisions well in advance against the specific schemes (Sub Heads). In previous year (2016-17), an expenditure of ₹7,250.38 crore was also incurred as against lump sum provisions of ₹7,945.10 crore. However, the State Government agreed in principle to curtail the lump sum provisions (June 2018).

8.9 Rush of Expenditure

The financial rules (FHB volume VI and UPFRBM Act, 2004) stipulate that rush of expenditure, particularly in the closing month of the financial year, shall be regarded as a breach of financial regularity and should be avoided. Expenditure for the last quarter is required to be restricted to the ceiling of 33 *per cent* of total provisions for the year, while last month expenditure should be within 15 *per cent* ceiling. It was observed that in March 2018, the expenditure was 21.79 *per cent*, while in other eleven months the expenditure never crossed 10 *per cent* of total expenditure.

8.10 Suspense Balances

Items of receipts and payments which cannot be taken to final head of receipt or expenditure owing to lack of information as to nature or for any other reason are booked temporarily under the Major Head 8658-Suspense Accounts. These are cleared by minus debit or minus credit as the case may be on receipt of details/information. The position of balances under Suspense and Remittance Heads as on March 31, 2018 was as under-

Table 8.2-Suspense Balances

(₹ in crore)

Head	Debit	Credit
8658-Suspense Accounts-		
101- Pay and Accounts Office Suspense	0.00	10.84
Net	Cr 10.84	
102-Suspense Accounts (Civil)	19.70	0.00
Net	Dr 19.70	
110- Reserve Bank Suspense-Central Accounts Office	66.74	11.77
Net	Dr 54.97	
8793- Inter State Suspense Account	35.67	0.03
Net	Dr 35.64	

8.11 Commitments on account of Incomplete Capital Works

The State Government had undertaken various capital works /projects (1065) relating to road works/bridges and irrigation projects executed by PWD and Irrigation Departments. These were required to be completed by 2017-18 or before, instead they were incomplete. A summarized view on commitments on account of 'Incomplete Capital Works' is given below:

Table 8.3-Incomplete Capital Works

(₹ in crore)

Sl. No.	Category of Works	Estimated Cost of Work	Expenditure during the year	Progressive Expenditure to the end of the year	Pending Payments
1.	Road Work/Bridges and Irrigation Projects etc.	18,297.51	2,310.96	11,194.81	7,352.05

- Note: i) Detailed information towards commitments on Incomplete Capital Works is available in Appendix IX of Finance Accounts 2017-18.
- ii) The figures exhibited in the above table are compiled from the data as provided by various Divisions/Departments.

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