



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



ACCOUNTS at a Glance

for the year
2017-18



GOVERNMENT OF HIMACHAL PRADESH



Accounts at a Glance for the year 2017-18

**Accountant General
(Himachal Pradesh,
Accounts and Entitlement)**



GOVERNMENT OF HIMACHAL PRADESH

Preface

I am happy to present the twentieth issue of our annual publication, the 'Accounts at a glance' for the year 2017-18, which provides an overview of Governmental activities, as reflected in the Finance Accounts and Appropriation Accounts.

The Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by the State Legislature and depict explanations for variations between the actual expenditure and the funds allocated.

Finance and Appropriation Accounts are prepared annually by my office under the direction of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 for being laid before the Legislature of the State.

We look forward to suggestions.

Shimla
Date: 5th July, 2019



(Satish Kumar Garg)
Accountant General (A&E)

Our Vision, Mission and Core Values

VISION

(The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.)

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.

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.

MISSION

(Our mission enunciates our current role and describes what we are doing today.)

CORE VALUES

(Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance.)

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

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Chapter I

Overview

1.1 Introduction

The Accountant General (Accounts and Entitlements), Himachal Pradesh collates, classifies, compiles the accounts data rendered by multiple agencies, and prepares the accounts of the Government of Himachal Pradesh. The compilation is done from the initial accounts rendered by the District Treasuries, Public Works Divisions, Irrigation & Public Health Divisions, Forest Divisions, accounts rendered by the other states/ accounting offices and advices of Reserve Bank of India. Every month a Monthly Civil Account is presented by the office of the Accountant General (A&E) to the Government of Himachal Pradesh. The office of Accountant General (A&E) also submits a quarterly Appreciation Note on the important financial indicators and quality of expenditure of the Government. The Annual Finance Accounts and the Appropriation Accounts are placed before the State Legislature after audit by the Principal Accountant General (Audit), H.P and certification by the Comptroller and Auditor General of India.

1.2 Structure of Government Accounts

1.2.1 Government accounts are kept in three parts:

Structure of Government Accounts

● **Part 1** **CONSOLIDATED FUND**

All revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund.

All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), are met from this fund.

The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund. The corpus of this fund for the Government of Himachal Pradesh is ₹ 5.00 crore.

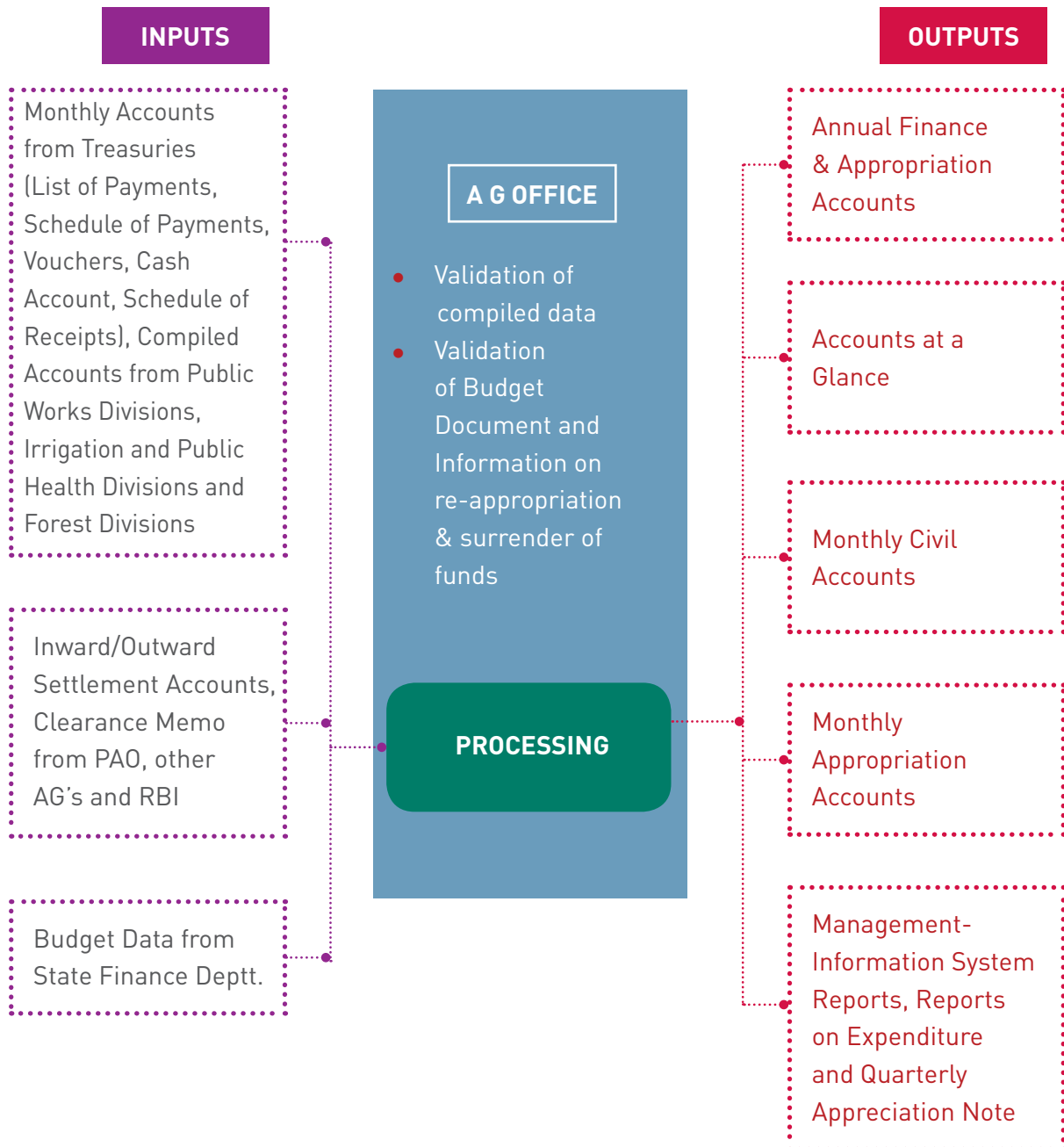
● **Part 2** **CONTINGENCY FUND**

● **Part 3** **PUBLIC ACCOUNT**

All public moneys received, other than those credited to the Consolidated Fund, are accounted for under the Public Account. In respect of such receipts, Government acts as a banker or trustee. The Public Account comprises: repayable like Small Savings and Provident Funds, Reserve Fund, Deposits and Advances, Suspense and Miscellaneous transaction (adjusting entries pending booking to final heads of account), Remittances between accounting entities, and Cash Balance.

1.2.2 Compilation of Accounts

Flow diagram for Accounts Compilation



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. Finance Accounts are prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarized statements of overall receipts and disbursements and 'Notes to Accounts' containing summary of significant accounting policies, comments on quality of accounts and other items. Volume II contains detailed statements (Part-I) and appendices (Part-II).

In addition to the expenditure approved for the year by the Himachal Pradesh Legislature, Government of India transfers substantially funds directly to State Implementing Agencies/ Non Government Organization (NGOs) in the State for various schemes and programmes. Such transfers (amounting to ₹ 902 crore this year) are not reflected in the accounts of the State Government, but have been shown at Appendix VI in Volume II of the Finance Accounts.

1.3.2 Financial highlight of year 2017-18

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2017-18.

Sl. No	Description	Budget Estimate 2017-18	Actuals 2017-18	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP (#)
1.	Tax Revenue (including central share) ^(a)	12765	11909	93	9
2.	Non-Tax Revenue	1602	2364	148	2
3.	Grants-in-aid & Contributions	13347	13094	98	10
4.	Revenue Receipts (1+2+3)	27714	27367	99	20
5.	Recovery of Loans & Advances	18	40	222	--**
6.	Other Receipts	--**	35	--**	--**
7.	Borrowings and other liabilities ^(b)	4956	3870	78	3
8.	Capital Receipts (5+6+7)	4974	3945	79	3
9.	Total Receipts (4+8)	32688	31312	96	23
10.	Revenue Expenditure	28755	27053*	94	20
11.	Expenditure on Interest Payments (out of Revenue Expenditure)	3500	3788	108	3
12.	Capital Expenditure	3475	3756	108	3
13.	Loans and Advances Disbursed^(a)	448	503	112	--**
14.	Total Expenditure (10+12+13)	32678	31312	96	23
15.	Revenue Deficit (-) / Revenue Surplus (+)(4-10)	(-)1041	(+)314	(+)130	--**
16.	Fiscal Deficit (4+5+6-14)	(-)4946	(-)3870	(-)78	(-)13

(a) Includes share of net (tax) proceed assigned to the state amounting to ₹ 4801 crore. (State Government Own Tax receipts were ₹ 47108 crore which was 5 per cent of GSDP).

(b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursement) of Public Account + Net of opening and closing balance.

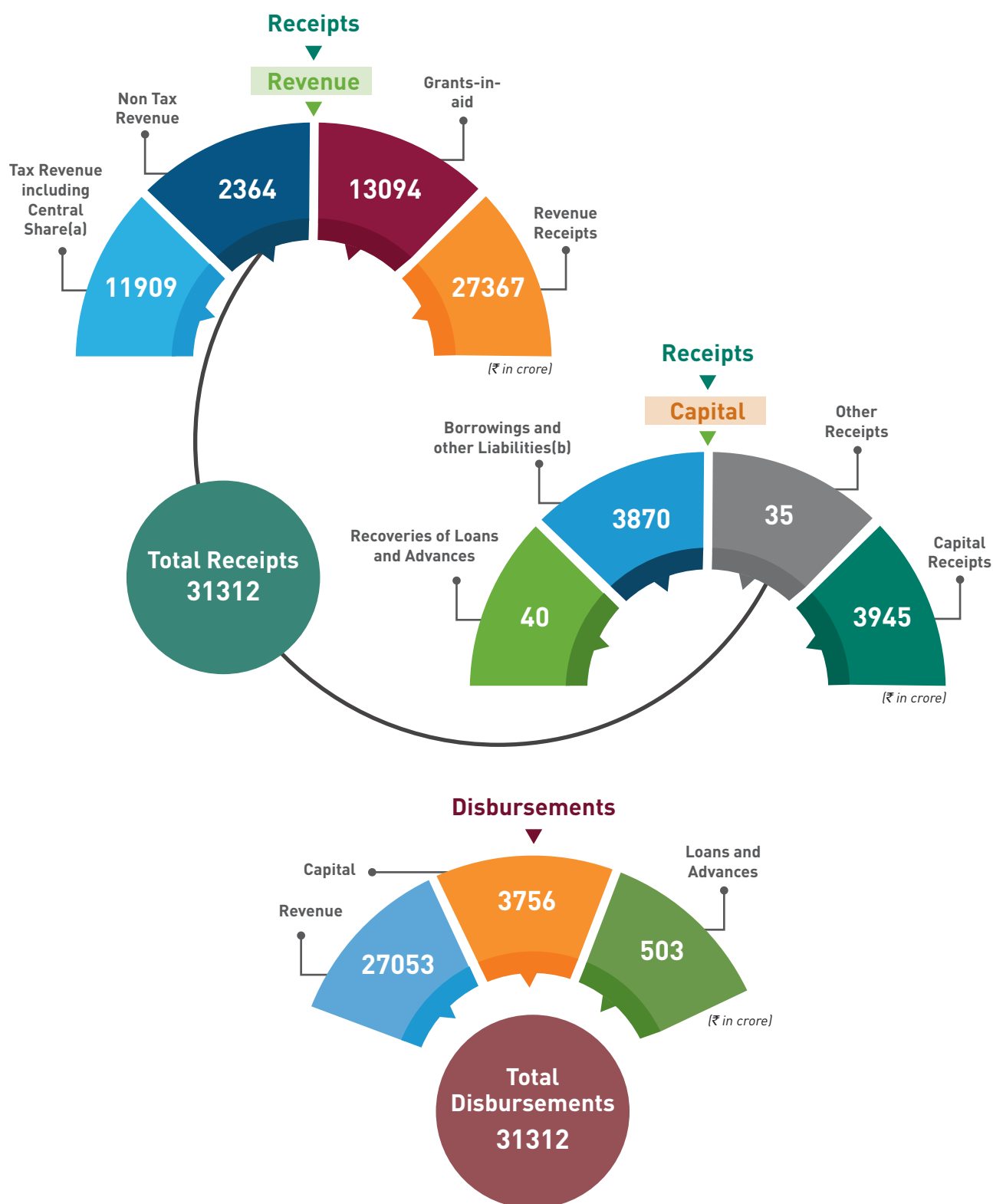
(c) Loans and advances Plan (₹ 375 crore) + Loans and advances Non Plan (₹ 128 crore)

GSDP figures (₹ 135914 crore) is taken from Economic and Statistic Department of Government of Himachal Pradesh as the same was not available on the web site of Ministry of Statistics and Programme Implementation Govt. of India.

* Includes an amount of ₹ 3 crore by way of book adjustment.

** Percentage is negligible hence shown as--.

Receipts and disbursement in year 2017-18



(a) Includes share of net (tax) proceed assigned to the state amounting to ₹ 4801 crore. [State Government Own Tax receipts were ₹ 7108 crore which was 5 per cent of GSDP]

(b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursement) of Public Account + Net of opening and closing balance.

1.3.3 Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with authorization of the Legislature. Barring certain expenditure specified in the Constitution as “charged” on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be “voted”. The budget of the Himachal Pradesh has 14 charged Appropriation and 32 voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriation authorized by the Legislature through the Appropriation Act of each year.

1.3.4 Efficiency on Budget Preparation

At the end of the year, the actual expenditure of the government of Himachal Pradesh against the budget (₹ 39112 crore) approved by the Legislature, showed a net excess of ₹ 114 crore (0.29 per cent) of estimates (₹ 2157 crore) and under-estimation of ₹ 843 crore (39.08 per cent of estimates) on excess of expenditure. Certain grants, like those relating to Land revenue, District Administration and Health and Family Welfare showed substantial excess.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to make good the deficiency in the minimum cash balance which the State Government is required to maintain with the Reserve Bank of India. Ways and Means advance of ₹ 400 crore was obtained and ₹ 400 crore was repaid during the year 2017-18.

1.4.2 Overdraft from the Reserve Bank of India

Overdraft is taken from the Reserve Bank of India while the limit of minimum cash balance falls below i.e. ₹ 0.55 crore, even after taking Ways and Means Advances which is required to be maintained with the Reserve Bank of India. During the year 2017-18 there was no overdraft of the State.

1.4.3 Fund flow statement

The state had a Revenue Surplus of ₹ 314 crore and a Fiscal Deficit of ₹ 3870 crore as on 31 March 2018. The Fiscal Deficit was met from net Public Debt (₹ 2100 crore) increase in Public Account (₹ 1672 crore) and net increase of opening and closing cash balance (₹ 98 crore). Around 74 per cent of the revenue receipts (₹ 27367 crore) of the State Government was spent on committed expenditure like salaries (₹ 10519 crore), interest payments (₹ 3788 crore), pensions (₹ 4709 crore), subsidies (₹ 907 crore) and wages (₹ 247 crore).

Sources and Application of Funds

(₹ in crore)

SOURCES	
Opening Cash Balance as on 1 April 2016	(-)443
Revenue Receipts	27367
Capital Receipts	35
Recovery of Loans and Advances	40
Public Debt	5600
Small Savings, Provident Funds etc.	3768
Reserves Fund & Sinking Funds	420
Deposits Received	2822
Civil Advances Repaid	52
Suspense Account	42993*
Remittances	6854
TOTAL	89508

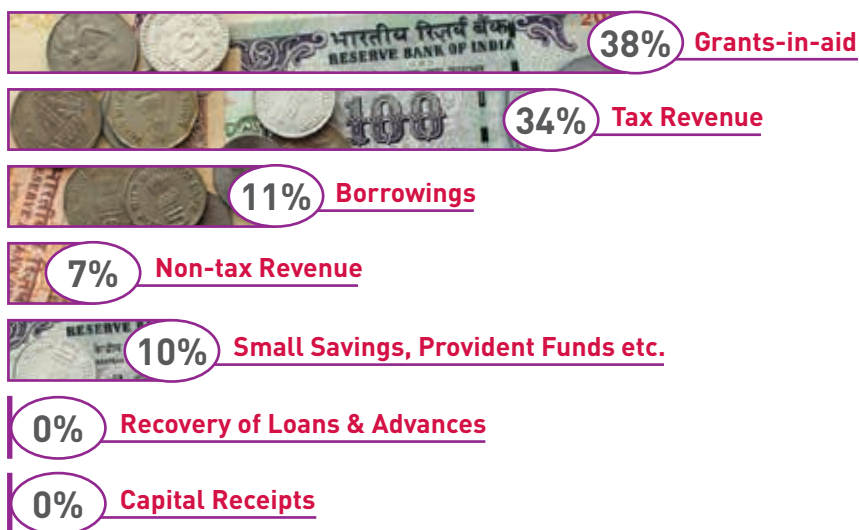
APPLICATION	
Revenue Expenditure	27053
Capital Expenditure	3756
Loans Given	503
Repayment of Public Debt	3500
Small Savings, Provident Funds etc.	2376
Reserves Fund & Sinking Funds	315
Deposits Repaid	2633
Civil Advances Given	52
Suspense Account	43076**
Remittances	6785
Closing Cash Balance as on 31 March 2017	(-)541
TOTAL	89508

* Includes ₹ 42230 crore on account of cash balances investment account.

** Includes ₹ 42194 crore on account of cash balances investment account.

1.4.4 Where the Rupee came from

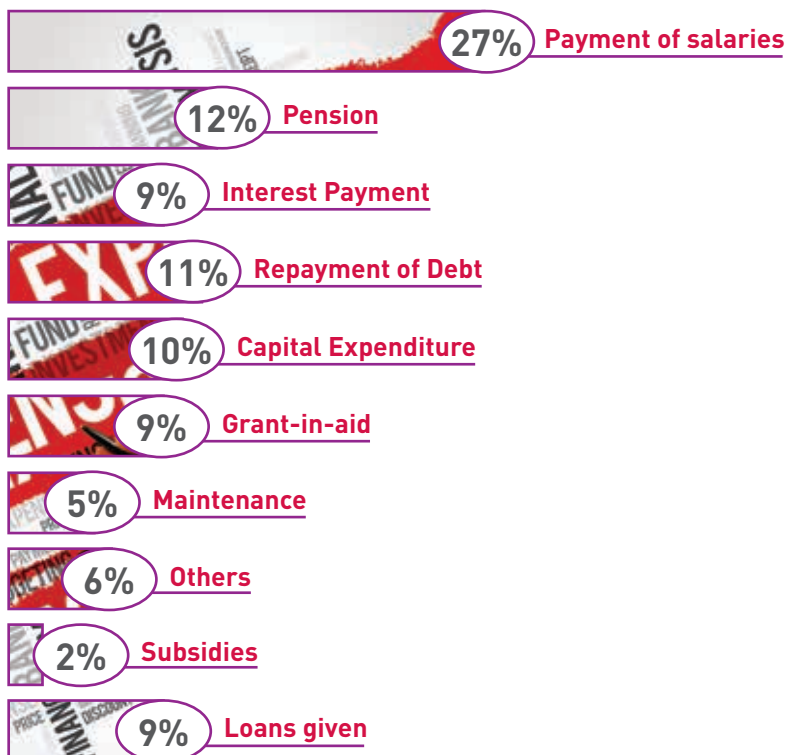
Actual Receipts



(Recovery of loans and advances was only ₹ 35 crore which is negligible hence value is shown as zero)

1.4.5 Where the Rupee went

Actual Expenditure



During the year 2017-18 revenue surplus of ₹ 314 crore (₹ 920 crore Surplus in 2016-17) and fiscal deficit of ₹ 3870 crore in 2017-18 (₹ 5840 crore deficit in 2016-17) represent 3 per cent and 5 per cent of the Gross State Domestic Product (GSDP) respectively. The fiscal deficit constituted 12 per cent of total expenditure.

What do the deficits and surpluses indicate?

DEFICIT

Refers to the gap between revenue and expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in financial management

Refers to the gap between revenue receipt and revenue expenditure. Revenue expenditure is required to maintain the existing establishment of government and ideally, should be fully met from revenue receipts.

REVENUE DEFICIT/ SURPLUS

FISCAL DEFICIT/ SURPLUS

Refers to the gap between total receipts (excluding borrowings) and total expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings and ideally should be invested in capital projects.

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

The Government of Himachal Pradesh has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005. As per this Act, the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2017-18 against fiscal targets laid down in the Act and rules framed there under, were as follows:-

Sr. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP*	
			Target	Achievement
1	Revenue Deficit	314 (Surplus)	Eliminate by 2011-12	Achieved during the year
2	Fiscal Deficit	3870	3.00 or less	Achieved during the year
3	Debt and other obligation	51031	32.82	37.55 per cent (not achieved)
4	Outstanding Guarantees	4394	Less than 40% of Revenue Receipt of previous Financial year	17 per cent (achieved)

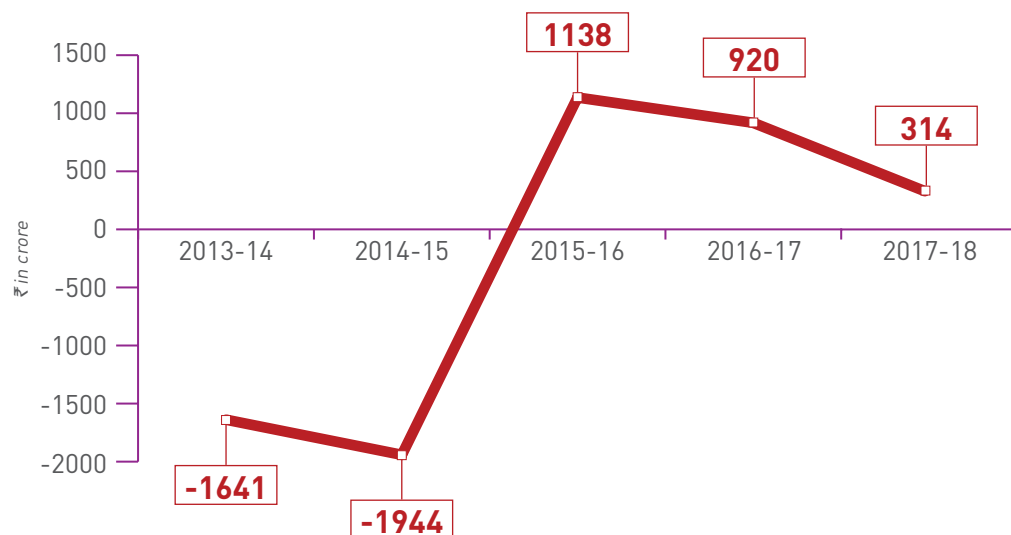
* Source: GSDP figure (₹ 135914 crore) is taken from Economic and Statistics Department, Government of Himachal Pradesh as the same was not available on the web site of Ministry of Statistics and Program Implementation, Government of India.

The State Government had made disclosures to the Legislature required under the Himachal Pradesh Fiscal Responsibility and Budget Management Rules, 2005.

The State Government had revenue surplus of ₹ 920 crore in 2016-17 and ₹ 314 crore during the year 2017-18 which was as per the target of FRBM Act. Fiscal deficit decreased by ₹ 1970 crore from ₹ 5840 crore in 2016-17 to ₹ 3870 crore in the current year and was to 2.85 per cent of GSDP which confirm the target of 3.00 per cent of FRMB Act. Against the target of reducing outstanding debt to 32.82 per cent of GSDP by the year 2017-18, the outstanding debt stood at ₹ 51031 crore as on 31 March 2018, being 37.55 per cent of GSDP. Similarly the target of maintaining amount of outstanding guarantees below 40 per cent of total revenue receipts of previous financial year, the amount of outstanding guarantees was ₹ 4394 crore as on 31 March 2018 equaling 17 per cent of total revenue receipt (₹ 26264 crore) of previous year i.e. 2016-17.

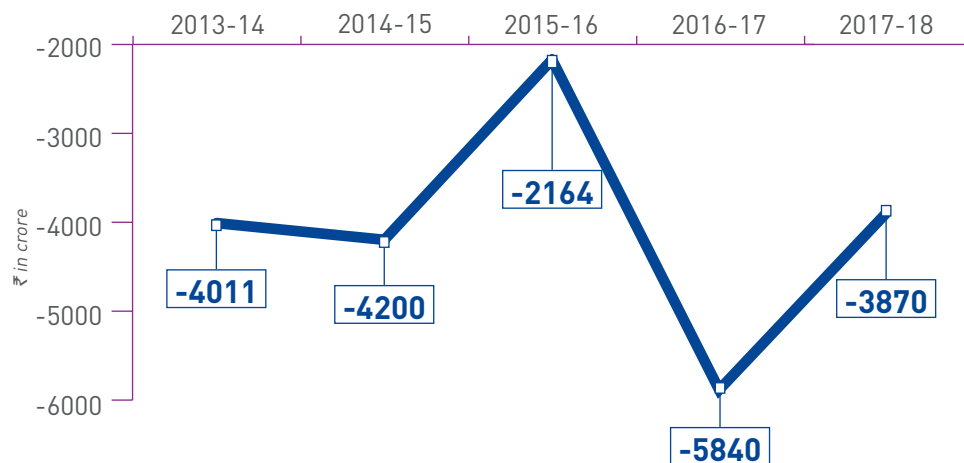
1.5.1 Trend of Revenue Deficit/ Surplus

Trend of Revenue Surplus/ Deficit



1.5.2 Trend of Fiscal Deficit

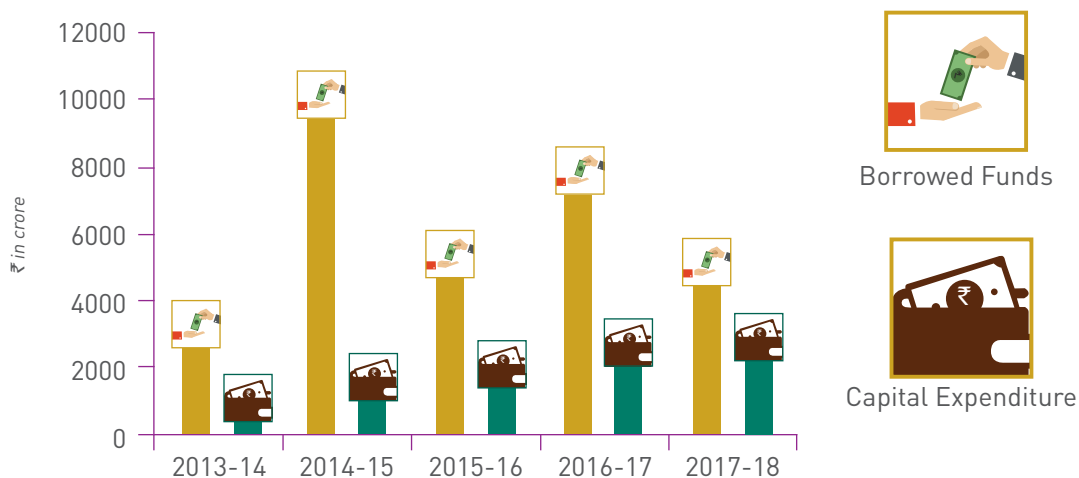
Trend of Fiscal Deficit



1.5.3 Proportion of borrowed funds spent on Capital Expenditure

(₹ in crore)

Year	Borrowed Fund	Capital Expenditure
2013-14	4,051	1,856
2014-15	10,877	2,473
2015-16	6,129	2,864
2016-17	8,603	3,499
2017-18	5,600	3,756



The governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 67 per cent of the borrowings of the current year (₹ 5600 crore) on capital expenditure (₹ 3756 crore). It would therefore appear that balance of borrowings in the public debt was utilized to repay the principal (₹ 3500 crore) and part of interest on public debt of previous years.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total receipts for 2017-18 was ₹ 31312 crore.

2.2 Revenue Receipts

The revenue receipts of the government comprise three components viz. Tax Revenue, Non-tax Revenue and Grants-in-aid received from the Union Government.

● TAX REVENUE

Comprises taxes collected and retained by the state and State's share of Union Taxes under Article 280(3) of the Constitution.

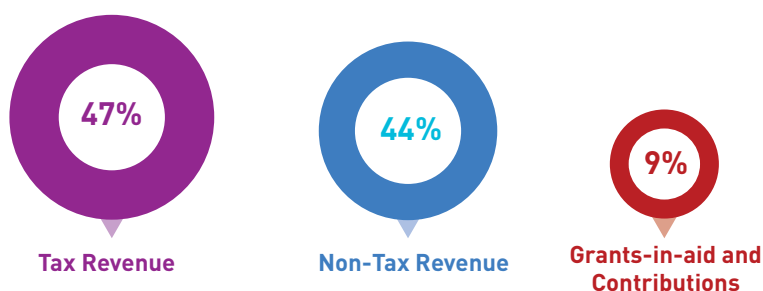
Includes interest receipts, dividend, profits, departmental receipts etc.

● NON-TAX REVENUE

● GRANTS-IN-AID

Grants-in-aid represent central assistance to the State Government from the Union Government. It also includes "External Grant Assistance" received from Foreign Government and channelized through the Union Government. In turn, the State Government also give Grants-in-aid to institutions like Panchayati Raj Institution, Autonomous bodies etc.

Revenue Receipts



2.2.1 Revenue Receipts Components (2017-18)

(₹ in crore)

Components	Actuals	Per Cent to Revenue Receipt
A. Tax Revenue*	11909	43
Goods and Service Tax	2386	8
Other Taxes on Income and Expenditure	2713	10
Taxes on Property and Capital Transactions	246	1
Taxes on Commodities and Services	6564	24
B. Non-Tax Revenue	2364	9
Interest Receipts, Dividend and Profits	596	2
General Services	195	1
Social Services	276	1
Economic Services	1297	5
C. Grants-in-aid & Contribution	13094	48
Total –Revenue Receipts	27367	100

* Includes share of net proceeds assigned to State (received from the Government of India)

2.2.2 Trend of Revenue Receipts

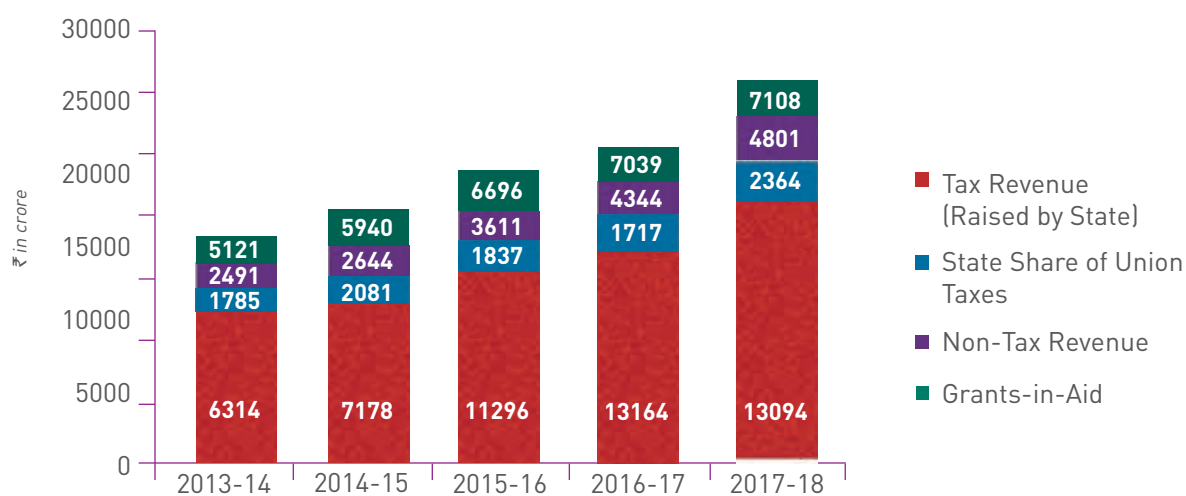
(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue (Raised by the State)	5121 (6)	5940 (6)	6696 (6)	7039 (6)	7108 (5)
State Share of Union Taxes/Duties	2491 (3)	2644 (3)	3611 (3)	4344 (3)	4801 (3)
Non-Tax Revenue	1785 (2)	2081 (2)	1837 (2)	1717 (1)	2364 (2)
Grants-in-aid	6314 (8)	7178 (8)	11296 (10)	13164 (11)	13094 (10)
Total Revenue Receipts	15711 (19)	17843 (19)	23440 (21)	26264 (21)	27367 (20)
GSDP	82585	95587	110511	124570	135914

Note: Figures in parentheses represent percentage to GSDP (Gross State Domestic Product). GSDP Figures for 2017-18 at current prices, as intimated by Department of Economic & Statistical Analysis, Himachal Pradesh.

Though the GSDP increased by 9 per cent in 2017-18 compared to previous year, growth in revenue receipt was only 4 per cent. The tax revenue increased by 5 per cent, the non-tax revenue increased by 38 per cent and the grants-in-aid decreased by 1 per cent compared to previous year, thus impacted the revenue receipt of the State adversely.

Trend of components of Revenue Receipts



2.3 Tax Revenue

(₹ in crore)

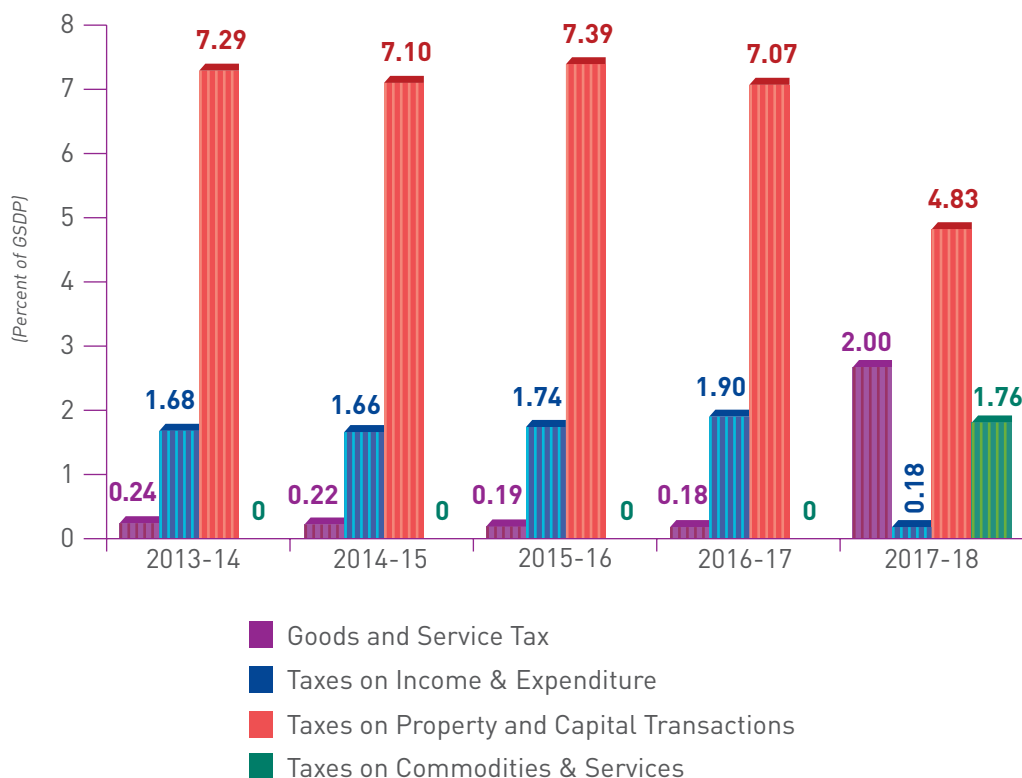
Sector-wise Tax Revenue					
	2013-14	2014-15	2015-16	2016-17	2017-18
a. Goods and Service Tax	NA *	NA *	NA *	NA *	2386 (2)
b. Taxes on Income and Expenditure	1390 (2)	1583 (2)	1922 (2)	2362 (2)	2713 (2)
c. Taxes on Property and Capital Transaction	200 --	210 --	213 --	220 --	246 --
d. Taxes on Commodities and Services	6022 (7)	6791 (7)	8172 (7)	8801 (7)	6564 (5)
Total Tax Revenue	7612 (9)	8584 (9)	10307 (9)	11383 (9)	11909 (9)
GSDP	82585	95587	110511	124570	135914

Note: Figures in parentheses represent percentage to GSDP.

* Not Applicable.

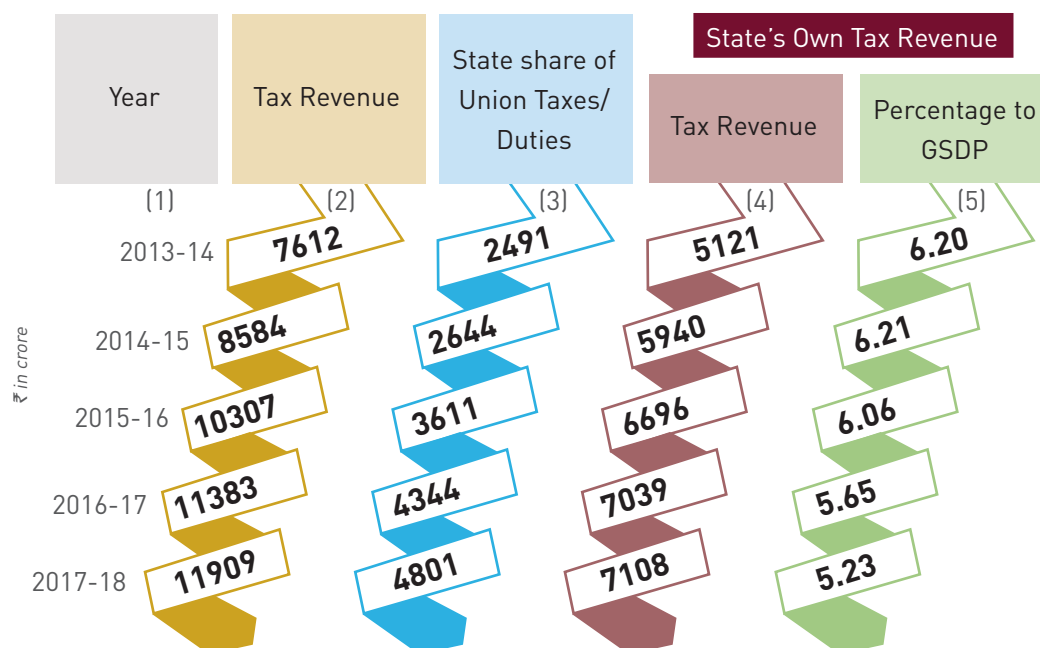
The increase in total tax revenue during 2017-18 was mainly attributable to allocation of State share from Govt. of India. {Collection under GST (₹ 1833 crore) Corporation Tax (₹ 1471 crore) and Taxes on Income other than corporation Tax (₹ 1242 crore)}.

Trend of Major Taxes in proportion to Gross State Domestic Product (GSDP)



2.3.1 State's own Tax and State's share of Union Taxes

Tax Revenue of the State Government comes from two sources viz. State's own tax collections and devolution of Union taxes.



Following table depicts the comparative position amount tax revenue received from the two sources over a period of five years:

(₹ in crore)

Description	2013-14	2014-15	2015-16	2016-17	2017-18
State's own Tax collection	5121	5940	6696	7039	7108
Devolution of Union Taxes	2491	2644	3611	4344	4801
Total Tax Revenue	7612	8584	10307	11383	11909
Percentage of State's own tax to total tax revenue	67	69	65	62	60

The proportion of State's own tax collection in overall tax revenue Increase 67 percent during the year 2013-14, 69 percent in 2014-15 and decreased to 65 percent in 2015-16, 62 percent in 2016-17 & again decreased to 60 percent in 2017-18.

2.3.2 Trend in State's Own Tax collection over the past five years

(₹ in crore)

Description	2013-14	2014-15	2015-16	2016-17	2017-18
State Goods and Service Tax	NA*	NA*	NA*	NA*	1833
Taxes on Sales, Trade etc.	3141	3660	3993	4382	2526
State Excise	952	1044	1131	1308	1311
Taxes on Vehicles	208	220	317	280	367
Stamp and Registration fees	187	191	206	209	229
Taxes and Duties on electricity	191	333	551	372	361
Land Revenue	10	17	7	8	17
Taxes on Goods and Passengers	105	110	115	121	112
Other Taxes	327	365	376	359	352
Total State's own Taxes	5121	5940	6696	7039	7108

* Not applicable

2.4 Cost of Tax Collection

(₹ in crore)

Taxes	2013-14	2014-15	2015-16	2016-17	2017-18
1. Taxes on Sales, Trade etc.					
Revenue collection	3141	3660	3993	4382	2526
Expenditure on collection	11	3	4	4	7
Cost of tax collection	0.35%	0.08%	0.10%	0.09%	0.28%
2. State Excise					
Revenue collection	952	1044	1131	1308	1311
Expenditure on collection	3	4	4	6	6
Cost of tax collection	0.32%	0.38%	0.35%	0.46%	0.46%
3. Taxes on Vehicles, Goods and Passengers					
Revenue collection	313	330	432	401	479
Expenditure on collection	32	37	41	42	48
Cost of tax collection	10.22%	11.21%	9.49%	10.47%	10.02%
4. Stamp and Registration Fee					
Revenue collection	187	191	206	209	229
Expenditure on collection	1	2	2	23	8
Cost of tax collection	0.53%	1.05%	0.97%	11.00%	3.49%

The expenditure on collection of Taxes on Vehicles, Goods and Passengers and Stamps and Registration was very high as compared to other taxes.

2.5 Trend in State's Share of Union Taxes over the past five years

(₹ in crore)

Description	2013-14	2014-15	2015-16	2016-17	2017-18
Central Goods & Service Tax (CGST)	NA*	NA*	NA*	NA*	68
Integrated Goods & Service Tax (IGST)	NA*	NA*	NA*	NA*	485
Corporation Tax	838	923	1136	1394	1471
Taxes on Income other than Corporation Tax	552	659	787	968	1242
Taxes on Wealth	2	3	Nil	3	Nil
Customs	406	428	579	600	485
Union Excise Duties	287	241	484	684	506
Service Tax	406	390	622	695	544
Other Taxes and Duties on Commodities and Services	Nil	Nil	3	Nil	Nil
<i>State's share of Union Taxes/Duties</i>	2491	2644	3611	4344	4801
<i>Total Tax Revenue</i>	7612	8584	10307	11383	11909
Percentage of Union Taxes to Total Tax Revenue	33	31	35	38	40

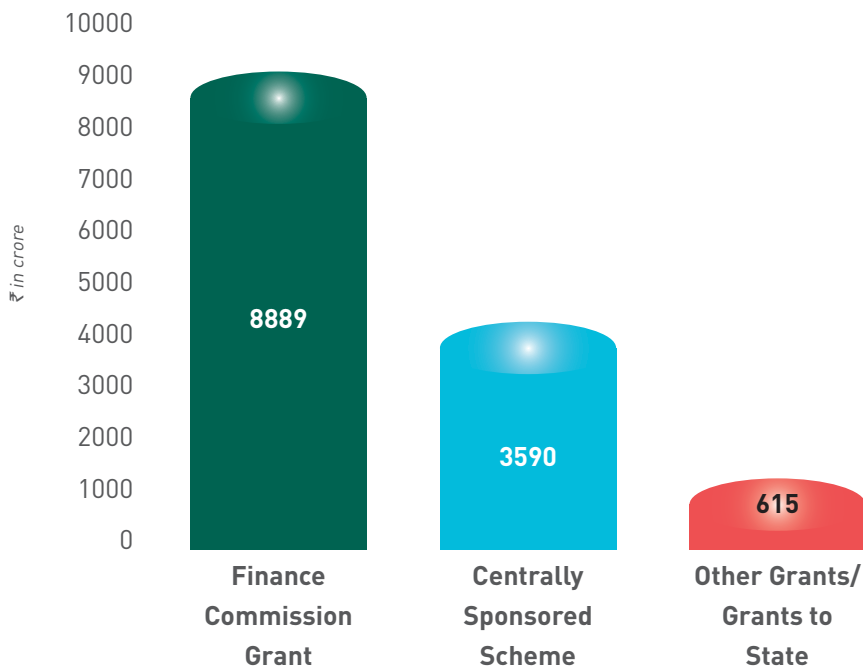
* Not applicable

Government of Himachal Pradesh received ranging between 31 per cent to 40 per cent share of total Tax Revenue from the net proceeds of all shareable Union taxes during the period 2013-14 to 2017-18.

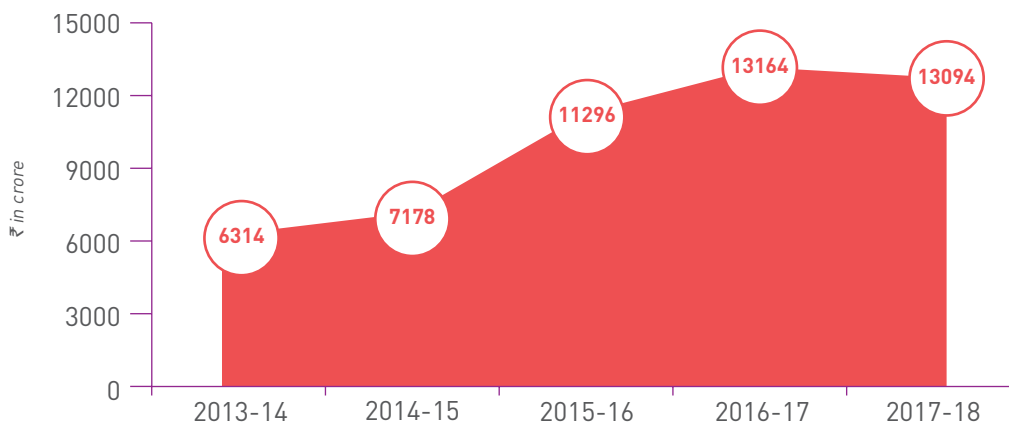
2.6 Grants-in-aid

Grants-in-aid represent assistance from the Government of India, and comprise, grant for Centrally Sponsored Schemes, Finance Commission Grants and other transfer / Grants to State/ Union Territory Legislatures. Total receipts during 2017-18 under Grants -in-aid were ₹ 13094 crore as shown below:

Grants-in-aid

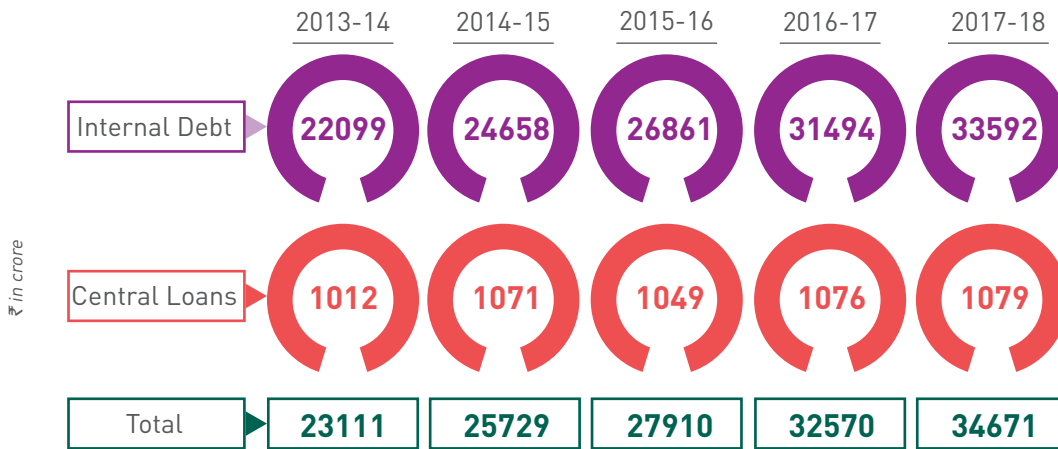


Trend of Grants-in-aid



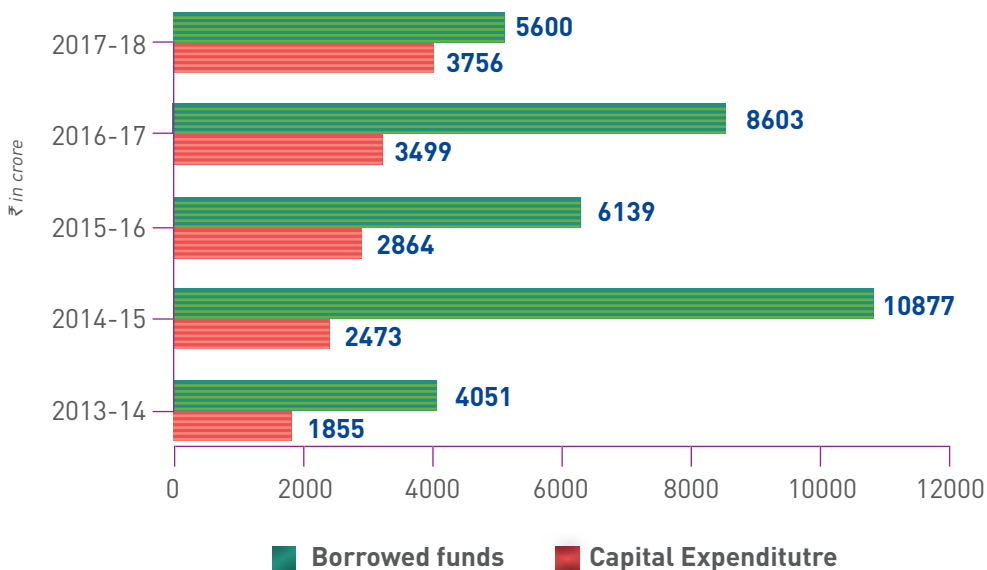
2.7 Public Debt

Trend of position of Public Debt over the past five years



During the year 2017-18, nine loans totaling ₹ 4600 crore were raised from the open market at interest rates varying from 7.54 per cent to 7.88 per cent and the same are redeemable during the period between 2021-2028. In addition, the State Government raised loan of ₹ 518 crore from the financial institutions. An amount of ₹ 400 crore obtained from Wage and Means Advances from the Reserve Bank of India. Thus, the total Internal Debt raised by the Government during the year 2017-18 aggregated to ₹ 5518 crore. The Government also received ₹ 82 crore from Government of India as loans and advances.

Borrowed funds viz-a-viz Capital Expenditure



Chapter III

Expenditure

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue expenditure is used to meet the day-to-day running of the organization. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

In Government accounts, the expenditure is classified at top level into three sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

GENERAL SERVICES

Includes Justice, Police, Jail, PWD, Interest, Pension etc.

Includes Education, Health & Family Welfare, Water Supply etc.

SOCIAL SERVICES

ECONOMIC SERVICES

Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

The shortfall of revenue expenditure against budget estimates as per Appropriation Accounts during the past five years is given below:

(₹ in crore)

Year	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Estimates	17647	19784	23488	26746	28756
Actuals	17352	19787	22303	25344	27053
Gap	(-)295	(+)3	(-)1185	(-)1402	(-)1703
Percentage of variation of Actuals against BE	(-)2	--	(-)5	(-)5	(-)6

(Source: Appropriation Accounts of respective years)

Around 75 per cent of the total revenue expenditure was incurred on committed expenses viz. on Salaries and Wages (₹ 10766 crore) Interest payment (₹ 3788 crore) and Pensions (₹ 4709 crore) and subsidies (₹ 907 crore) which is the committed liability of the State Government.

The position of committed and uncommitted revenue expenditure over the last five years is given below:

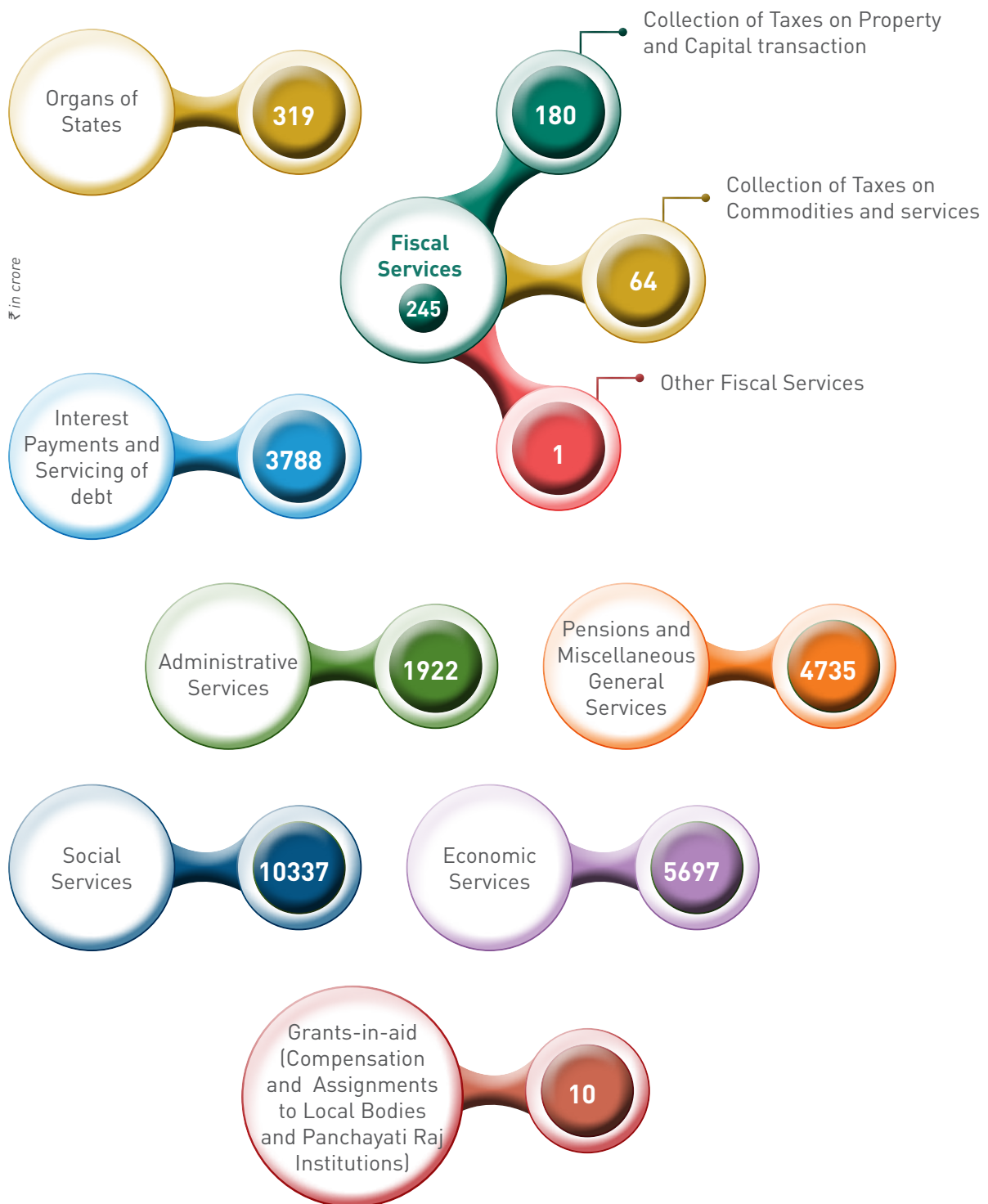
(₹ in crore)

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Total revenue expenditure	17352	19787	22303	25344	27053
Committed revenue expenditure #	13348	14982	16511	17919	20170
Percentage of committed revenue expenditure to total revenue expenditure	77	76	74	71	75
Uncommitted revenue expenditure	4004	4805	5792	7425	6883

Committed revenue expenditure includes expenditure on Salaries & Wages, Interest Payments, Pensions and Subsidies.

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has increased by 72 per cent from ₹ 4004 crore. in 2013-14 to ₹ 6883 crore in 2017-18. The total revenue expenditure increased by 56 per cent from ₹ 17352 crore in 2013-14 to ₹ 27053 crore in 2017-18 and committed revenue expenditure increased by 51 per cent over the same period.

3.2.1 Sectoral distribution of Revenue Expenditure (2017-18)

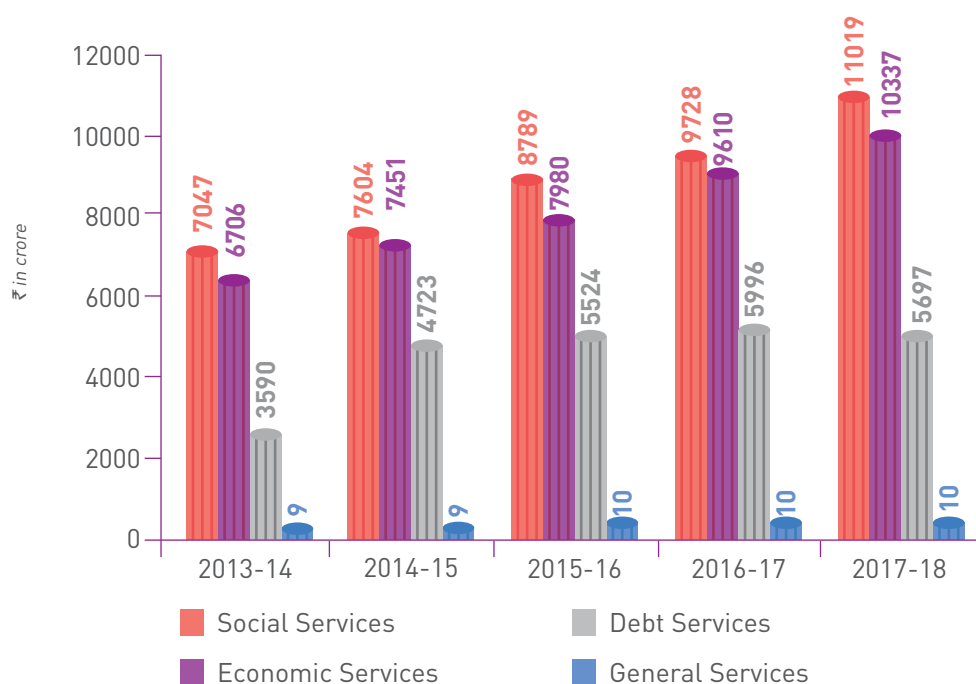


3.2.2 Major components of Revenue Expenditure 2013-14 to 2017-18

(₹ in crore)

Sector	2013-14	2014-15	2015-16	2016-17	2017-18
General Services	7047	7604	8789	9728	11019
Social Services	6706	7451	7980	9610	10337
Economic Service	3590	4723	5524	5996	5697
Grants-in-aid and Contribution	9	9	10	10	10

Trend of major components of Revenue Expenditure



3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustained. Capital disbursements during 2017-18 amounting for ₹ 3756 crore (3 per cent of GSDP) were excess than Budget Estimates by ₹ 281 crore (excess disbursement of ₹ 249 crore under plan expenditure and excess expenditure of ₹ 32 crore under non-plan). The growth in capital expenditure has not kept pace with the steady growth of GSDP since 2013-14 onwards. This can be seen from the table below:-

(₹ in crore)

S.No.	Components	2013-14	2014-15	2015-16	2016-17	2017-18
1	Budget (B.E.)	2063	1952	2951	3190	3475
2	Actual Expenditure (#)	1856	2473	2864	3499	3756
3	Percentage of Actual Exp. to B.E.	90	127	97	110	108
4	Yearly growth in Capital Expenditure	(-)5%	33%	16%	22%	7%
5	GSDP	82585	95587	110511	124570	135914
6	Yearly growth in GSDP	15%	16%	16%	13%	9%

(#) Does not include expenditure on Loans and Advances.

3.3.1 Sectoral distribution of Capital Expenditure

During 2017-18, the Government spent ₹ 174 crore on various Irrigation Projects (₹ 8 crore on Medium Irrigation and ₹ 166 crore on Minor Irrigation). Apart from above, the Government spent ₹ 1532 crore on construction of roads and bridges and invested ₹ 70 crore in Statutory Corporations/ Boards, ₹ 171 crore in Government and other Companies and Co-operative societies, During the year share capital amounting to ₹ 2 crore was redeemed by Co-operative Banks and Societies.

3.3.2 Sectoral distribution of Capital Expenditure over the past five years

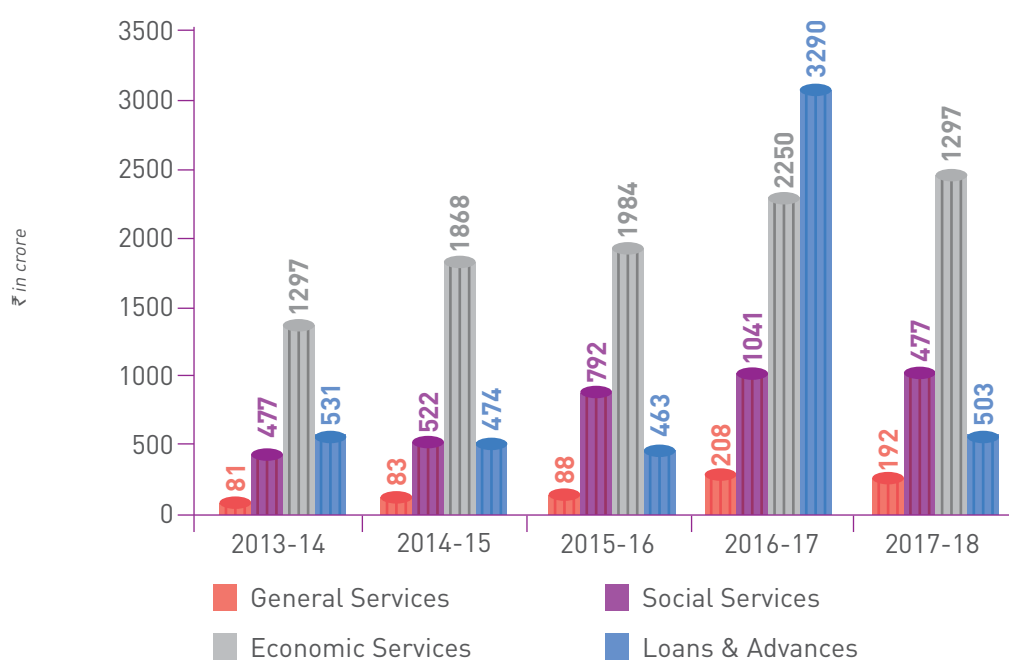
The comparative sectoral distribution of capital and revenue expenditure over the past five years is illustrated below:

(₹ in crore)

Sector	2013-14	2014-15	2015-16	2016-17	2017-18
General Services	81 (3)	83 (3)	88 (3)	208 (3)	192 (5)
Social Services	477 (20)	522 (18)	792 (24)	1041 (15)	1135 (27)
Economic Services	1297 (54)	1868 (63)	1984 (60)	2250 (33)	2429 (57)
Loans and Advances	531 (22)	474 (16)	463 (14)	3290 (48)	503 (12)

Note: Figures in parentheses represent percentage to total capital expenditure.

Trend of Sectoral Distribution of Capital Expenditure



3.3.3 Sectoral distribution of Capital and Revenue Expenditure

The comparative sectoral distribution of capital and revenue expenditure over the past five years is illustrated below:

(₹ in crore)

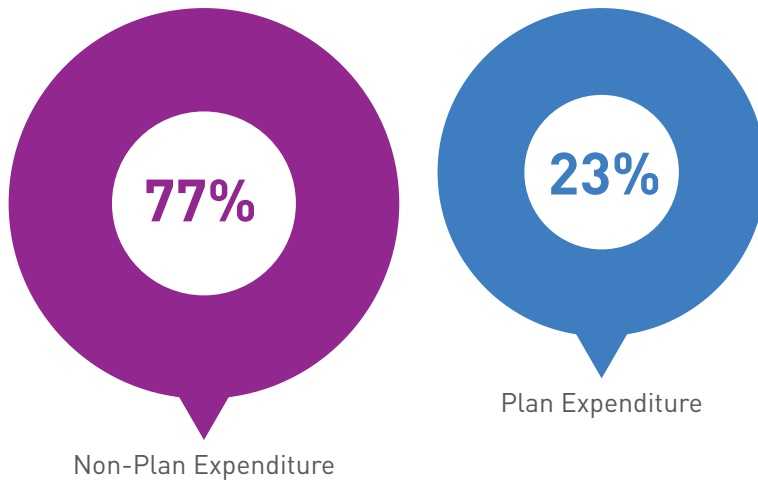
S.No.	Sector		2013-14	2014-15	2015-16	2016-17	2017-18
(A)	General Services	Capital	81	83	88	208	192
		Revenue	7047	7604	8789	9728	11019
(B)	Social Services	Capital	477	522	792	1041	1135
		Revenue	6706	7451	7980	9610	10337
(C)	Economic Service	Capital	1297	1868	1984	2250	2429
		Revenue	3590	4723	5524	5996	5697
(D)	Grants-in-aid and Contribution	Capital	NA*	NA*	NA*	NA*	NA*
		Revenue	9	9	10	10	10

*Not Applicable

Chapter IV

Plan and Non-Plan Expenditure

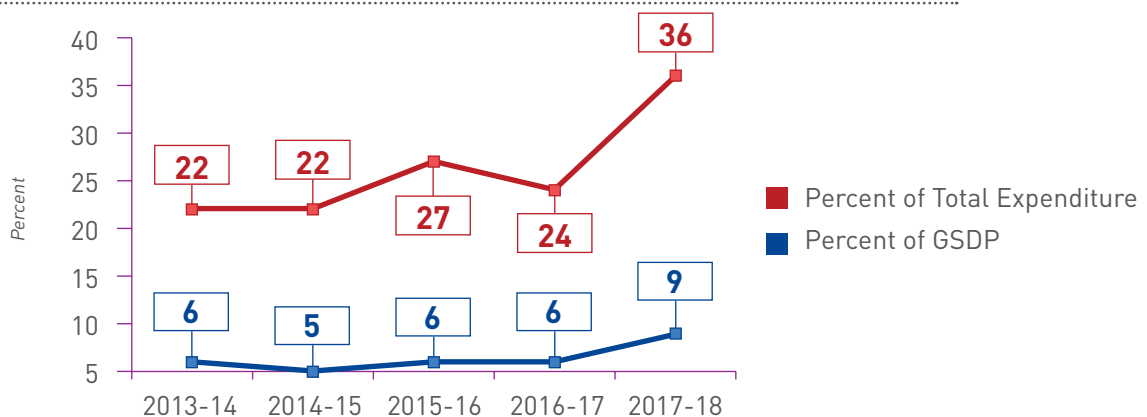
4.1 Distribution of Expenditure



4.2 Plan Expenditure

Plan expenditure (both revenue, capital and loans and advances) during 2017-18 was ₹ 7244 crore constituting 23 per cent of total expenditure of ₹ 31312 crore. This comprised ₹ 4382 crore under state plan, ₹ 2862 crore under centrally sponsored/ central plans scheme.

Plan Expenditure as proportion of Total Expenditure and Gross State Domestic Product



Plan expenditure under the revenue sector decreased by 17 per cent from ₹ 4520 crore in 2016-17 to ₹ 3772 crore in 2017-18. In capital sector it witnessed increase of 10 per cent from ₹ 3115 crore in 2016-17 to ₹ 3416 crore in 2017-18. The share of Centrally Sponsored Schemes/ Central Plan (Revenue ₹ 1914 crore and Capital ₹ 891 crore) in Plan expenditure decreased from ₹ 3439 crore in 2016-17 to ₹ 2805 crore in 2017-18.

4.2.1. Plan Expenditure under Capital Account

	2012-13	2013-14	2014-15	2015-16	2016-17
Total Capital Expenditure	2387	2947	2864	3499	3756
Capital Expenditure (Plan)	2025	2884	2764	6275	3472*
Percentage of Capital Expenditure (Plan) to total Capital Expenditure	85	98	97	89	92

* Includes Loans and Advances of ₹ 375 crore

4.2.2. Plan expenditure on Loans and Advances

Significant disbursements of Loans and Advances were as under:

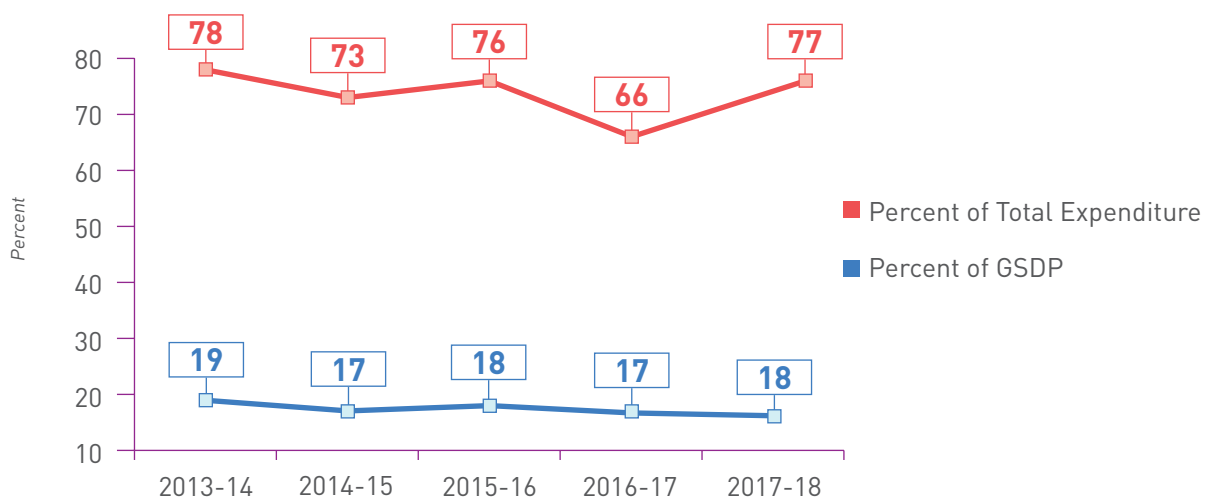
Major Heads	Amount (₹ in crore)	Purpose
6425 Loans for Cooperative	57	Integrated cooperative Development Project.
6801 Loans for Power Projects	317	Loans given to various power projects
7610 Loans to Government Servents etc.	1	House building advance to Government Servants
Total	375	

4.3 Non-Plan Expenditure

Non plan expenditure (both revenue, capital and loans and advances) during 2017-18 was ₹ 24068 crore constituting 77 per cent of total expenditure of ₹ 31312 crore. This comprised ₹ 23546 crore under state non plan, ₹ 75 crore under centrally sponsored/ central non plans scheme and ₹ 128 crore on Loans and Advances. The expenditure on salary and wages amounting to ₹ 10766 crore was 45 per cent of Non-plan expenditure.

The expenditure on salary and wages amounting to ₹ 10766 crore was 45 per cent of total Non-plan expenditure.

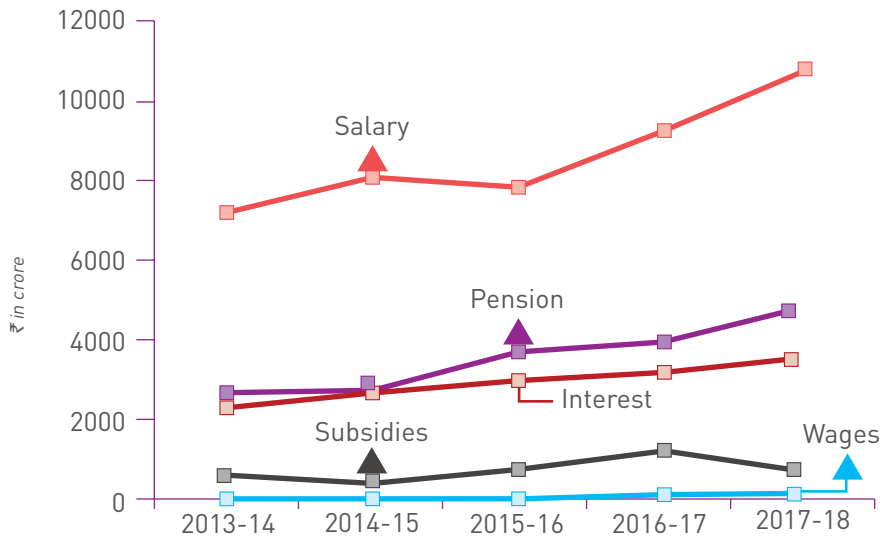
Non-Plan Expenditure as proportion of Total Expenditure and Gross State Domestic Product



4.4 Committed Expenditure

Expenditure on salaries, pensions and interest payments showed increase in 2017-18 over the previous year, mainly on account of revision of pay and pension.

Trend of Committed Expenditure



The trend of committed expenditure to in comparison to revenue expenditure and revenue receipt over the past five years is depicted below:

(₹ in crore)

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Committed Expenditure	13348	14982	16511	17919	20170
Revenue Expenditure	17352	19787	22303	25344	27053
Revenue Receipts	15711	17843	23440	26264	27367
Percentage of committed expenditure to Revenue Receipts	85	84	70	68	74
Percentage of committed expenditure to Revenue Expenditure	77	76	74	71	75

The committed expenditure increased by 51 per cent from 2013-14 to 2017-18 while revenue expenditure registered the growth of 56 per cent during the same period, leaving the Government with lesser flexibility in development spending.

Chapter V

Appropriation Accounts

5.1 Summary of Appropriation Accounts for 2017-18

(₹ in crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Surrender (by way of re-appropriation)	Total Budget	Actual expenditure (Net)	Savings(-) Excesses(+)
1.	Revenue	25203	1660	3889	22974	23205	(+)231
	Charged	3553	327	5	3875	3848	(-)27
2.	Capital	3475	625	263	3837	3733	(-)104
	Charged	0	19	0	19	23	(+)4
3.	Public Debt	3105	395	0	3500	3500	0
4.	Loans and Advances						
	Voted	448	302	257	493	503	(+)10
	Total (V)	29126	2587	4409	27304	27441	(+)137
	Charged	6658	741	5	7394	7371	(-)23

5.2 Trend of Saving / Excess during the past five years

(₹ in crore)

Year	Savings (-) Excess (+)				
	Revenue	Capital	Public Debt	Loan & Advances	Total
2013-14	(-)1670	(-)70	(-)220	(+)81	(-)1879
2014-15	(-)1465	(-)73	(+)967	(+)87	(-)484
2015-16	(+)31	(+)35	(+)2319	(+)138	(+)2523
2016-17	(-)2544	(+)69	(+)56	(+)2889	(+)470
2017-18	(+)204	(-)100	--	(+)10	(+)114

5.3 Significant Savings

Substantial Savings under a grant indicates either non-implementation or slow implementation of certain schemes/ programs.

Some grants with persistent and significant net savings are given below:

(₹ in crore)

Grant No.	Nomenclature	2013-14	2014-15	2015-16	2016-17	2017-18
1	Vidhan Sabha	--	--	--	--	3
3	Administration of Justice	17	6	13	15	12
4	General Administration	--	12	17	13	14
5	Land Revenue and District Administration	--	36	--	87	--
6	Excise and Taxation	--	--	4	2	7
7	Police and Other rganisation	22	10	73	51	82
8	Education	343	385	1076	866	665
9	Health and Family welfare	117	158	367	299	216
10	Public Works- Roads Bridges and Buildings	77	18	78	46	42
11	Agriculture	--	--	38	27	11
12	Horticulture	--	--	--	--	103
13	Irrigation,Water Supply and Sanitation	--	--	--	--	119
14	Animal Husbandry Dairy Development and Fisheries	17	7	35	35	45
15	Planning and Backward Area Sub Plan	22	12	31	47	30
16	Forest and Wild Life	7	3	33	61	88
18	Industries Minerals Supplies and Information Technology	12	5	12	9	11
19	Social Justice and Empowerment	--	--	47	25	60
20	Rural Development	60	110	209	122	403
21	Co-operation	4	5	8	10	3
22	Food and Civil Supplies	11	28	48	41	55
23	Power Development	283	--	1	146	383
25	Road and Water Transport			1	1	2
27	Labour Employment and Training	79	62	64	77	206
28	Urban Development, Town and Country Planning and Housing	--	6	--	42	125
29	Finance	496	587	229	87	304
30	Miscellaneous General Services	--	--	14	14	8
31	Tribal Area Sub Plan	72	13	123	198	301
32	Scheduled Caste Sub Plan	107	26	32	420	236

The persistent huge savings under Education, Rural development, Power development, Finance, Tribal area sub-plan, Scheduled Caste sub-plan, Health and family welfare, and Labour Employment and Training is on account of schemes which though approved by the legislature have been given lesser priority during implementation. This can be attributed either to increase budget estimation or the government's desire to keep its fiscal deficit below the ceiling.

During 2017-18 supplementary grants totaling ₹ 3328 crore (9.56 per cent of total expenditure) proved to be unnecessary in some cases. A few instances where there were savings at the end of the year even against original allocation are given below:-

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
05	2029-Land Revenue 103-Land Record 02-District Establishment Charges Non-Plan	Revenue	115	5	97
05	2053-District Administration 093-District Establishment 01- General Establishment Plan	Revenue	129	25	127
05	2053-District Administration 094-Other Establishment 01- Sub Divisional Establishment Non-Plan	Revenue	16	3	15
06	2045-Other Taxes and Duties on Commodities and Services 104-Collection Charges- Taxes Goods and Passengers 02- District Establishment Non-Plan	Revenue	41	1	40
07	2055-Police 001- Direction and Administration 01-Directorate Non-Plan	Revenue	17	1	15
07	2055-Police 101-Criminal Investigation and Vigilance 01-Criminal Investigation Non-Plan	Revenue	39	1	37
09	2210-Medical and Public Health 01-Urban Health Services- Allopathy 110-Hospital and Dispensaries 03-Urban Health Plan	Revenue	49	2	45

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
09	2210-Medical and Public Health 04-Rural Health Services- Other System of Medicine 101-Ayurveda 02- Ayurvedic Dispensary Non-Plan	Revenue	89	2	84
10	2215-Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply programme 02- Maintenance and Repairs of Urban Water Supply Schemes in Various Districts Non-Plan	Revenue	269	20	241

A few instances where there was less expenditure at the end of the year even after Supplementary allocations were made are given below:-

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
16	2406-Forestry and Wild life 01-Forestry 001-Direction and Administration 09-Himachal Pradesh Forest for Prosperity Project Plan	Revenue	0	4	3
16	2406-Forestry and Wild life 01-Forestry 001-Direction and Administration 37-Integrated Development Project for Source Sustainability and Climate Resilient Rain Fed agriculture Plan	Revenue	0	10	6
19	2235- Social Security and Welfare 60- Other Social Security and Welfare Programme 800- Other Expenditure 06- Pensioners of Fund Reserved with Finance Department Non-Plan	Revenue	35	6	0

An expenditure of ₹ 68 crore in three cases where funds were allocated directly by bye-passing the legislature i.e. through re-appropriation instead of Original/Supplementary budget are given below:-

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supple- mentary	Re- Appropriation	Actuals Expenditure
08	2202- General Education 80- General 107- Scholarships 08- Post Matric Scholarship to Other Backward Classes Plan	Revenue	--	--	6	6
29	2049- Interest Payments 01-Interest on internal Debt 101- Interest on Market loan B1- 7.91% Himachal Pradesh State Development Loan 2027 Non-Plan	Revenue	--	--	55	55
29	2049- Interest Payments 01-Interest on internal Debt 101- Interest on Market loan B2- 7.62% Himachal Pradesh State Development Loan 2027 Non-Plan	Revenue	--	--	53	7

Chapter VI

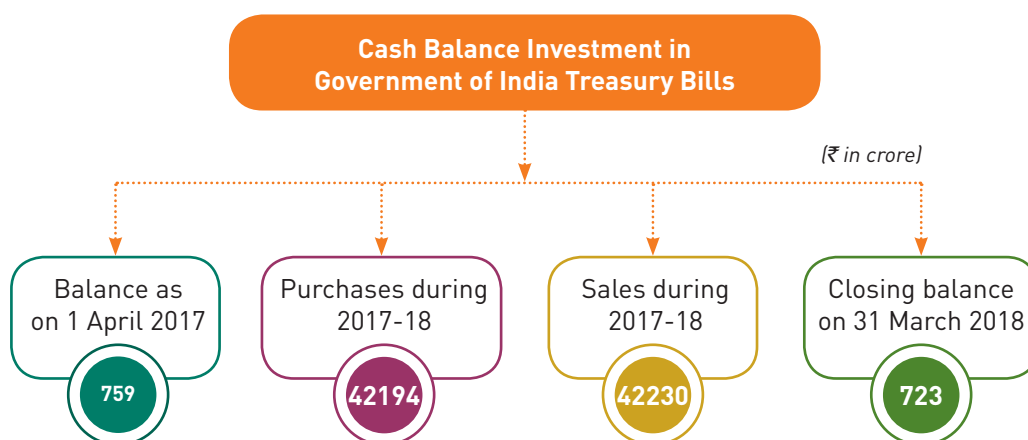
Assets and Liabilities

6.1 Assets

The existing forms of accounts do not clearly depict valuation of Government assets like land, building etc., except the year of acquisition/ purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations.

Total investment as share capital in non-financial public sector undertakings (PSUs) stood at ₹ 232 crore at the end of the year of 2017-18. However, dividends received during the year were ₹ 256 crore (i.e. 7 per cent) on total investment (₹ 3533 crore). At the end of the year 2017-18, investments increased by ₹ 239 crore and dividend income decreased by ₹ 34 crore.

Cash Balance with RBI stood at ₹ (-)443 crore on 1 April 2017 and increased to ₹ 541 crore at the end of March 2018. In addition, Government had invested an amount of ₹ 41210 crore on 145 occasions in 14 days Treasury Bills and ₹ 985 crore in 91 days Treasury Bills and rediscounted Treasury Bills worth ₹ 41245 crore on 224 occasions and ₹ 985 crore rediscounted on 2 occasion during 2017-18. The position of investment during the year 2017-18 is depicted in the table given below:



6.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund. Government of India determines, from time to time, the limit up to which State Government can borrow from the market. The limit for 2017-18 was ₹ 4600 crore. Against this Government of Himachal Pradesh has availed open market borrowing for ₹ 4600 crore.

Details of the Public Debt and total liabilities of the State Government are as under:

(₹ in crore)

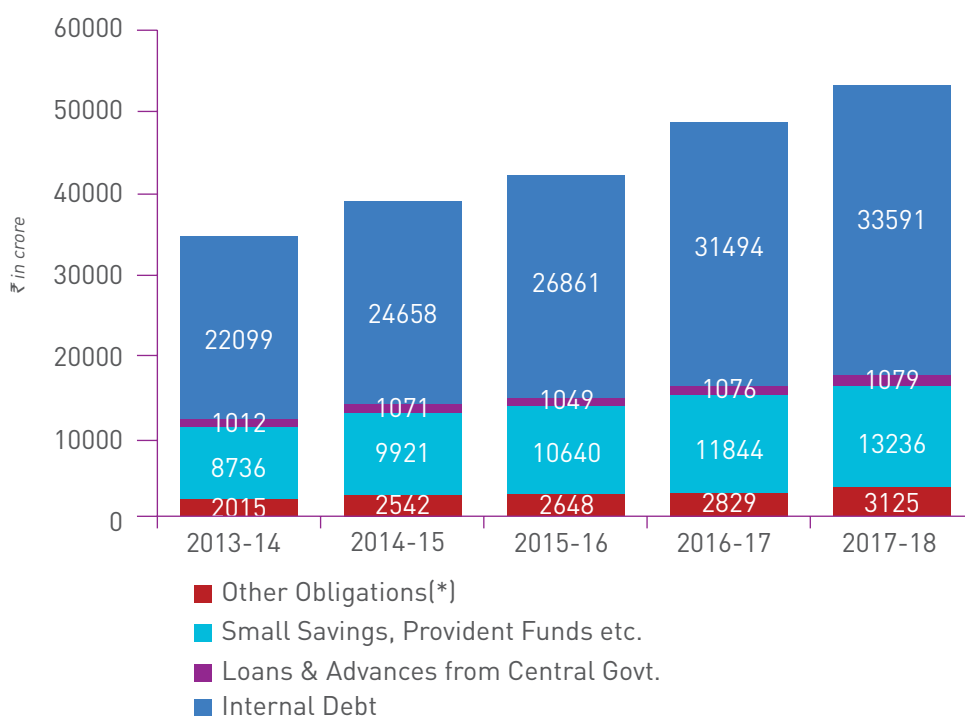
Year	Public Debt	Per cent of GSDP	Public Account*	Per cent of GSDP	Total Liabilities	Per cent of GSDP
2013-14	23111	28	10773	13	33884	41
2014-15	25729	27	12463	13	38192	40
2015-16	27910	25	13287	12	41197	37
2016-17	32570	26	14674	12	47244	38
2017-18	34671	26	16360	12	51031	38

* Excludes suspense and remittance balance.

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

Public Debt and other liabilities showed a net increase of ₹ 3787 crore (8 per cent) over the previous year.

Trend in Government Liabilities



(*) Interest & Non-interest bearing obligations such as deposits of Local Funds, other earmarked funds, etc.

6.3 Guarantees

In addition to directly raising loans, State Governments also guarantee loans raised by Government companies and corporation from the market and financial institution for implementation of various plan schemes and programmes. These guarantees are projected outside the State Budget. The position of guarantees by the State Government for the re-payment of loans (payment of principal and interest thereon) raised by statutory corporation, government companies, corporations, cooperative societies etc., is given below:-

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
2013-14	9316	4333*	NA#
2014-15	9316	4281*	NA#
2015-16	9658	3714*	NA#
2016-17	12320	4550*	NA#
2017-18	8848	4394*	NA#

* Inclusive of Principal and Interest.

Note: Details are available Statement No 20 of Finance Accounts and these are based on information received from the State Government, Finance Department.

Not Applicable

Chapter VII

Other Items

7.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, the State Government also guarantees loans raised by government companies and corporations from the market and financial institutions for implementation of various plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, the loan repayments appear in Government account, resulting in irreconcilable adverse balances and under statement of liabilities in Government accounts. As on 31 March 2018 no adverse balance is appearing in favour H.P State.

7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2017-18 was ₹ 6507 crore. Out of this, loans and advances to government corporation/ companies, non-government institutions and local bodies amounted to ₹ 503 crore. Recovery of principal aggregating to ₹ 97 crore was in arrears at the end of 31 March 2018. The information relating to recovery of interest in arrear was not made available by the State Government. During 2017-18 only ₹ 40 crore was received towards repayment of loans and advances, out of which ₹ 7 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would help the Government improve its fiscal position.

7.3 Financial Assistances to Local Bodies and Others

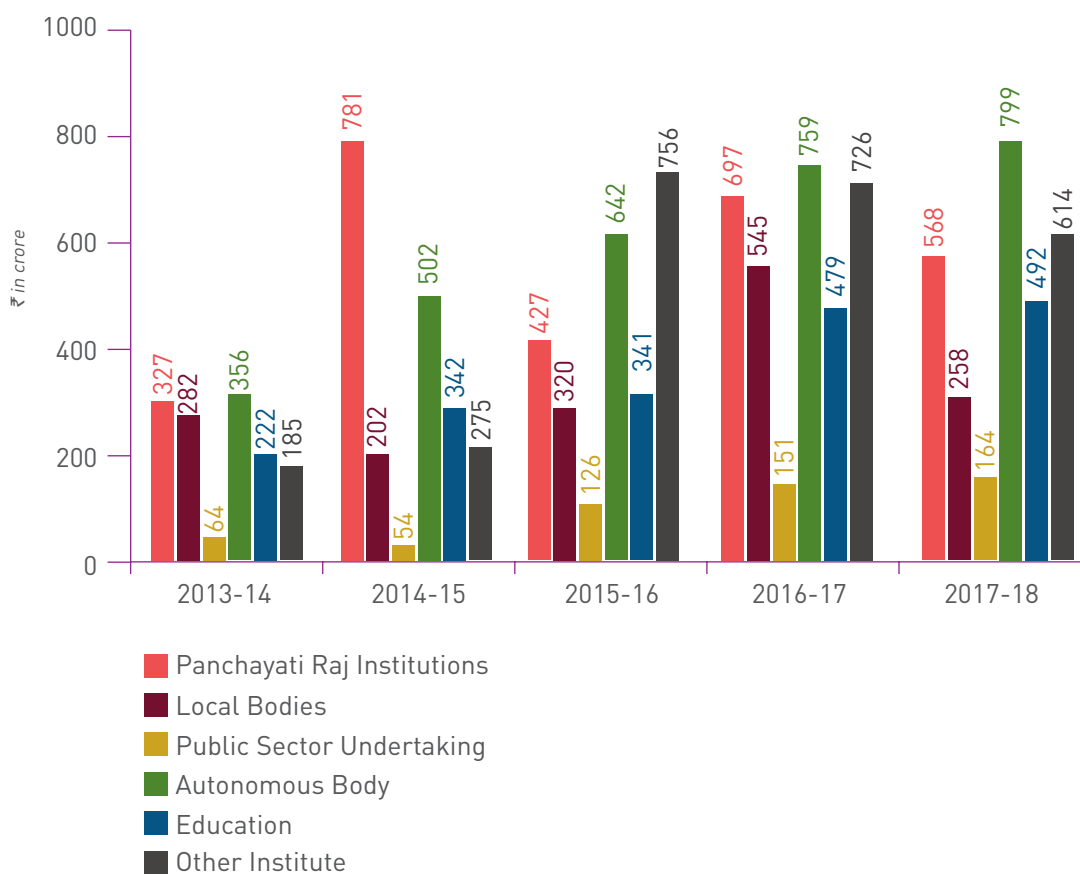
Grants-in-aid given to local bodies, autonomous bodies etc. increased from ₹ 1438 crore in 2013-14 to ₹ 2895 crore in 2017-18. Grants to Zilla Parishads and Panchayat Raj Institutions, Municipal Corporations and Municipalities (₹ 1030 crore) represent 36 per cent of total grants given during the year.

Details of Grants-in-aid for the past five years are as under:-

(₹ in crore)

S. No	Name of Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
1	Panchayati Raj Institutions	327	781	427	697	568
2	Local Bodies	282	202	320	545	258
3	Public Sector Undertaking	64	54	126	151	164
4	Autonomous Body	356	502	642	759	799
5	Education	222	342	341	479	492
6	Other Institute	185	275	756	726	614
	Total	1438	2156	2612	3357	2895*

* Includes ₹ 1 crore on account of Grant-in-aid capital expenditure.



Details of Grants-in-aid given for Creation of Assets for the past 5 years are as under:-

(₹ in crore)

S. No	Name of Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
1	Zilla Parishads	76	88	--	--	15
2	Panchayati Samities	46	54	--	--	11
3	Gram Panchayat	57	51	208	321	326
4	Municipal Corporations	19	76	79	245	43
5	Municipalities	136	14	62	143	28
6	Educational Institution	--	10	--	1	--
7	Development Agencies	10	10	15	35	38
8	Statutory Corporations	--	--	10	10	10
9	Cooperative Institution	1	1	--	1	1
10	Social Welfare	--	8	--	--	--
11	Universities	--	--	2	--	--
12	Others	86	101	159	-218	201
	Total	431	413	535	974	673

7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2017	As on 31 March 2018	Net increase(+)/ decrease(-)
Cash Balances	(-)443	(-)541	(+)98
Investment from cash balance (Government of India Treasury Bills)	759	724	(-)35
Investment from earmarked fund balances	--	--	--
(a) Sinking Fund	--	--	--
(b) Guarantee Redemption Fund	--	--	--
(c) Other Funds	--	--	--
Interest realized during the year	53	81	(+)28

State Government had a negative closing cash balance at the end of 31 March 2018. Interest receipt on the investment of cash balance has increased by 53 per cent from ₹ 53 crore to ₹ 81 crore in 2017-18.

7.5 Reconciliation of Receipt and Expenditure

Chief Controlling Officers (CCOs)/ Controlling Officers (COs) are required to reconcile the receipts and expenditure figures of the Government with the figures accounted for by the Accountant General (A&E). Such reconciliation has been completed by all CCOs/COs for both receipts and expenditure.

7.6 Submission of Accounts by Accounts rendering units

The Finance Accounts 2017-18 present the transactions of the Government of Himachal Pradesh for the period 1st April 2017 to 31 March 2018. The accounts of receipts and expenditure of the Government of Himachal Pradesh have been compiled based on the initial accounts rendered by 18 District Treasuries, 79 Public Works. Divisions 86 Forest Divisions, 52 Irrigation and Public Health Divisions and Advices of the Reserve Bank of India. Rendition of monthly accounts by the Accounts Rendering Units of the State Government was satisfactory and no accounts remained excluded at the end of the Financial Year.

7.7 Advance payments

Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money in advance and submit adjustment bills thereafter. However, the State Government has not introduced a system for identifying such adjustment vouchers, following which, the Accountant General (A&E) is unable to certify whether all advances have been settled and that there is no misappropriation or fraud. Over the years, the Accountant General (A&E) has been requesting the State Government to adopt the mode of Abstract Contingent (AC) bills and subsequent submission of Detailed Countersigned Contingent (DC) bills (vouchers in support of final expenditure) prevalent in the Central Government and other States to ensure greater transparency. However, the State Government has now identified the departments authorized to operate AC (Abstract Contingent) bills from 2017-18 onwards.

7.8 Status of Suspense Balances and Remittances Balances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items shown as gross debit and credit balances under Major Head-8658-Suspense Account and 8782-Remittances for the last five years is given on next page.

(₹ in crore)

Name of Minor Head	2013-14		2014-15		2015-16		2016-17		2017-18	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658-Suspense Accounts										
101-Pay and Accounts Office-Suspense	36	18	45	23	56	18	77	30	86	37
Net	18 Dr.		22 Dr.		38 Dr.		47 Dr.		49 Dr.	
102-Suspense Account (Civil)	145	142	139	132	195	212	275	275	171	164
Net	3 Dr.		7 Dr.		17 Cr.		-nil-		7 Dr.	
110-Reserve Bank Suspense-Central Accounts Office	36	9	36	36	0	0	0	0	0	0
Net	27 Dr.		-nil-		-nil-		-nil-		-nil-	
112-Tax Deducted at Source (TDS) Suspense	243	275	264	286	285	303	380	395	400	454
Net	32 Cr.		22 Cr.		18 Cr.		15 Cr.		54 Cr.	
129-Material Purchase Settlement Suspense Account	61	343	69	371	144	407	176	399	271	348
Net	282 Cr.		302 Cr.		263 Cr.		223 Cr.		77 Cr.	
(b) 8782-Cash Remittances and adjustments between rendering accounts to the same Accounts Office										
102-Public Works Remittances	4285	4464	4322	4507	4801	5144	6342	6652	6668	7037
Net	178 Cr.		184 Cr.		343 Cr.		310 Cr.		368 Cr.	
103-Forest Remittances	640	667	217	250	190	212	139	163	120	151
Net	27 Cr.		33 Cr.		22 Cr.		24 Cr.		31 Cr.	
105-Reserve Bank of India Remittance	2	---	2	---	2	---	2	---	2	---
Net	2 Dr.		2 Dr.		2 Dr.		2 Dr.		2 Dr.	

7.9 Status of Outstanding Utilization Certificate

In terms of Rule 157 of the Himachal Pradesh Financial Rules, 1971 (Revised in 2009), where grants are sanctioned for specific purposes, the departmental officers concerned should obtain Utilization Certificates (UCs) from the grantees, which, after verification, should be forwarded to the Accountant General (A&E) within the dates specified in the sanction. Such Grants-in-aid are accounted for under the respective major heads of account. The status of outstanding

UCs as per the records of the O/o the Accountant General (A&E), HP is given below:

Year (*)	Number of Utilization Certificates awaited	Amount (₹ in crore)
Up to 2015-2016	759	462
2016-2017	392	540
2017-18	1559	1798
Total	2710	2800

(* The year mentioned above relates to "Due year" i.e., after 12 months of actual drawal).

79 per cent of wanting UCs pertains to seven departments viz Rural Development (1182 UCs: ₹ 1201 crore), Excise and Taxation Department (Compensation and assignment to local bodies) (258 UCs : ₹ 10 crore), Social Security and Welfare (163 UCs: ₹ 27 crore), Housing (153 UCs: ₹ 60 crore) and Art and Culture (132 UCs: ₹ 5 crore), Forestry and Wildlife (131 UCs: ₹ 7 Crore) and Urban Development (126 UCs: ₹ 455 crore) as on 31 March 2018.

7.10 Commitments on account of Incomplete Capital works

A total expenditure of ₹ 176 crore was incurred up to the year 2017-18 by the State Government on 11 incomplete projects, each involving ₹ 5 crore and above, against original estimated cost of ₹ 241 crore as detailed in Appendix IX in Volume II of the Finance Accounts.

A summarized view on commitments on account of 'Incomplete Capital Works' is furnished below:-

(₹ in crore)

Sl No.	Category of works (No. of works)	Estimated cost of work	Expenditure during the year	Progressive expenditure to the end of the year	Pending payments	Estimated cost after revision
1	Sewerage Scheme (5)	32	--	60	--	117
2	Water supply Scheme (3)	27	2	28	--	27
3	Building Works (2)	176	10	82	--	176
4	Road & Bridges (1)	6	1	6	--	6
	Total	241	13	176	--	326

7.11 New Pension Scheme

The Expenditure during the year on pension and other retirement benefits to State Government employees recruited on or before 14 May 2003 was ₹ 4,503.53 crore (including ₹ 364.09 crore of leave encashment benefit), constituting 16.64 per cent of the total revenue expenditure of ₹ 27,053.16 crore). State Government employees recruited with effect from 15 May 2003 are eligible for the Defined Contribution Pension Scheme.

As per prescribed procedure, both the contributions (employer and employee) are to be initially credited to the Public Account under Major Head 8342-Other Deposits-117 Defined Contribution Pension Scheme for Government Employees. Thereafter, the entire amount is to be transferred to the National Securities Depository Limited (NSDL)/Trustee Bank through the designated fund manager in the same year itself.

During the year 2017-18, the State Government received ₹ 261 crore towards Employees contribution. Considering a matching grant of ₹ 261 crore as State Government share and taking into account the opening balance of ₹ 8 crore available in Public Account under the head 8342, a total amount of ₹ 530 crore was to be transferred to NSDL. As per information received from NSDL, a total amount of ₹ 530 crore was credited during the year. Out of ₹ 530 crores transferred to NSDL on account of Pension contribution only ₹ 341 crores (comprising of Opening balance ₹ 8 crores, Employee contribution ₹ 261 crores and Govt. Contribution ₹ 71 crores and Closing Balance ₹ 1 crore) has been routed through the Government account following the prescribed accounting procedure. The balance amount of ₹ 189 crores (₹ 530 crores – ₹ 341 crores) has been paid directly by the State Government to NSDL and is not reflected in Government accounts.

7.12 Personal Deposit Accounts

Under Rule 12.7 of the Himachal Pradesh Financial Rules Vol-I, 1971 Personal Deposit (PD) accounts are operated by transferring amounts from the Consolidated Fund to be utilized for specific purposes and booked as final expenditure against the concerned service Major Heads without any actual cash flow. Unspent balances lying in PD accounts are required to be transferred back to the Consolidated Fund on the last working day of the financial year, and reopened next year, if necessary. This Rule has not been followed by the State Government, despite persistent correspondence over the past many years. During the year 2017-18 out of 113 Personal Deposit Accounts as on 01-04-2017, of ₹ 325 Crore, one account amounting to ₹ 316 crore was closed. Details of balances in Personal Deposit Accounts are as under:

(₹ in crore)

PD Accounts as on 01.04.2017		PD Accounts opened during the year 2017-18	PD Accounts closed during the year 2017-18	Additions during the year	Disbursements during the year	Closing Balance		Operative Accounts		Inoperative Accounts	
No.	Amt.					No.	Amt.	No.	Amt.	No.	Amt.
113	325	Nil	1	1	8	112	3	110	3	02	0.27

(i) Amount lying unspent for more than one year – Nil-

(ii) Amount lying unspent for more than three years - ₹ 0.27 crore (inoperative since 2010-11)

7.13 Investment

The State Government invests in the equity and shares of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. As per the accounts, the investment of State Government in 67 entities was ₹ 3533 crore as on 31 March, 2018 on which an amount of ₹ 256 crore was received as dividend/interest (i.e 7 per cent of total investments). Out of these ₹ 253 crore was received as dividend/interest from a Central Government Company i.e Satluj Jal Vidyut Nigam (Previously Nathpa Jhakri Power Corporation) wherein invested amount was ₹ 1098 crore. The rest dividend/interest amount of ₹ 2 crore was received on invested amount of ₹ 2435 crore in 66 entities, as per details given in Statement 19. However, these figures require confirmation from the State Government as no reconciliation has been done with these entities.

7.14 Rush of Expenditure

Rush of expenditure, particularly in the closing months of the financial year shall be avoided in terms of Rule 41(3) of Himachal Pradesh Financial Rules 1971 (Revised-2009). The Administrative Departments shall ensure that both the Non-Plan and Plan budget of the respective departments is allowed to be spent in a controlled manner i.e. 25 per cent in the 4th quarter.

The trend of expenditure incurred during the last quarter, month of March and last three days of March 2018 as compared to the total expenditure during 2017-18 is as under:

(₹ in crore)

Total Expenditure During 2017-18	Expenditure incurred during January to March 2018	Expenditure incurred in March 2018	Expenditure incurred during last three days of March 2018	Percentage of total expenditure incurred during		
				Jan to March 2018	March 2018	Last three days of March 2018
30809	11335	6962	1254	37	23	4

An amount of ₹ 6961 crores, which was almost one fourth of the total expenditure (i.e. 23%) was incurred in the month of March 2018. Out of this an amount of ₹ 1254 crore had been booked as expenditure during the last three days based on expenditure sanctions. In the absence of voucher/sub voucher it cannot be ascertained whether the expenditure has been incurred or not.

7.15 Status of Reserve Funds

Detailed information on reserve funds and the investments from the earmarked funds is available in Statements 21 and 22 respectively. There were three Reserve Funds (i.e. 8121-General and other Reserve Fund- ₹ 8 crore, 8229-Development and welfare funds- ₹ 316 crore, 8235-General and other Reserve Funds- ₹ 1 crore) earmarked for specific purposes, having accumulated balance of ₹ 325 crore as on 31 March, 2018. No investment was made by the State Government from Reserve Fund balances.

7.15.1 Consolidated Sinking Fund

In terms of the recommendations of the Twelfth Finance Commission, State Governments were required to create Consolidated Sinking Fund to be administered by the Reserve Bank of India (RBI) for redemption of outstanding liabilities.

As per RBI's guidelines of 2006, the State Government was required to make minimum annual contributions to the Fund at the rate of 0.5 per cent of the outstanding liabilities at the end of the previous financial year. Outstanding liabilities are defined as comprising Internal Debt and Public Account liabilities (Statement No. 6) of the State Government. The State Government has however, not created Consolidated Sinking Fund and accordingly contribution to the extent of ₹ 236 crore (0.5 percent of outstanding liabilities of ₹ 47244 crore as on 31 March 2017) were not made to Consolidated Sinking Fund during 2017-18.

7.15.2 Guarantee Redemption Fund

The State Government was also required to set up Guarantee Redemption Fund as per recommendation of Twelfth Finance Commission to meet the contingent liabilities arising from the guarantees given, and make minimum annual contributions to the Fund at the rate of 0.5 per cent of the outstanding guarantees as at the end of the previous year. The Government of Himachal Pradesh has, however, not created Guarantee Redemption Fund. Based on the figures provided by 14 guaranteed entities/State Government, the outstanding guarantees amounted to ₹ 4550 crore as on 31 March 2017, on which contribution of ₹ 23 crore was not made to the fund during the year 2017-18.

7.15.3 State Disaster Response Fund/National Disaster Response Fund

(i) The Thirteenth Finance Commission (TFC) had made provision of funds for the State Disaster Response Fund (SDRF) in its recommendations. In terms of the guidelines, the Centre and the State Governments are required to contribute to the Fund in the proportion of 90:10. During 2017-18, the State Government received ₹ 234 crore towards Central Government share of 90 per cent contribution to SDRF. The State Government released ₹ 26 crore against its own share of ₹ 26 crore. Out of total corpus of ₹ 261 crore (₹ 1 crore opening balance plus ₹ 260 crore transferred from Major Head 2245-Relief), the State Government adjusted ₹ 252 crore

towards expenditure on account of natural calamities leaving a balance of ₹ 8 crore in the fund under Major Head 8121-General and other Reserve Funds-122-State Disaster Response Fund as on 31 March 2018.

In terms of guideline issued by the Ministry of Home Affairs, Government of India on 28 September 2010 and 30 July 2015, fund balances are required to be invested in specified instruments. However, State Government did not invest funds received under SDRF. The State Government is also required to pay interest at the rate applicable to over draft (Regulation guidelines of RBI) on half yearly basis to the SDRF, which was not done by the State Government.

(ii) In terms of guidelines issued on 30 July 2015, certain natural calamities require expenditure in excess of the balance available under SDRF, which will qualify for immediate relief assistance from NDRF. The State Government received ₹ 63 crore under NDRF and an expenditure of ₹ 62 crore has been incurred under Major Head 2245-Relief on account of Natural Calamities, leaving unspent balance of ₹ 1 crore in the fund under Major Head 8235-General and other Reserve Funds-125-National Disaster Response Fund as on 31 March 2018.

7.16 Accounting of Building and Other Construction Workers Welfare Cess

No rules have been framed by the Government of Himachal Pradesh for accounting of Labour Cess. No sub head has been provided by the Government for booking the collection of Labour Cess. The labour cess collected by B & R/ IPH Department is being booked under 8443- Civil Deposit – 108 – Public Works Deposits without routing through consolidated fund of Himachal Pradesh. Since the Public Works Deposits do not have any sub head below it, it is not possible to segregate the amount paid to the Labour Welfare Board.

During the year 2017-18 ₹ 28 crore were collected and ₹ 20 crore were disbursed from 8443- Deposit on account of labour cess by B & R/IPH Division of the State.

7.17 Compliance with Accounting Standards

Three Indian Government Accounting Standards(IGASs) have been notified by Government of India. They are mainly:

- (i) Guarantees given by Governments: Disclosure Requirements (IGAS-1)
- (ii) Accounting Classification of Grants-in-Aid (IGAS-2)
- (iii) Loans and Advances made by the Governments (IGAS-3)

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