

# **ACCOUNTS AT A GLANCE**

**2017-18**

**GOVERNMENT OF TELANGANA**



## PREFACE

The Annual Accounts of the State Government are prepared and examined under the directions 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 Service) Act, 1971, for being laid before the Legislature of the State. The Annual Accounts consist of (a) Finance Accounts and (b) Appropriation Accounts.

Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise gross expenditures approved by the State Legislature along with explanations for variations between the actual expenditure and the funds provided.

The Principal Accountant General (Accounts and Entitlement) prepares the State Finance Accounts and Appropriation accounts.


A combined reading of the Finance Accounts, Appropriation Accounts, the Report on State Finances and the Accounts at a Glance, will help the stakeholders comprehend more effectively the various facets of the finances of the Government of Telangana.

'Accounts at a Glance' provides a broad overview of Government activities as reflected in the Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

We look forward to suggestions that would help us in improving the publication.

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**Place: Hyderabad**  
**Date: 18 January 2019**

  
**(S.Snehalatha)**  
**Principal Accountant General (A&E)**  
**Telangana**



# 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 recognised for independent, credible, balanced and timely reporting on public finance 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 bench marks for assessing our performance.)*

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



## Table of Contents

<b>Chapter 1</b>	<b>Overview</b>	<b>Page</b>
1.1	Introduction	1
1.2	Structure of Accounts	1
1.3	Finance Accounts and Appropriation Accounts	2
1.4	Sources and Application of Funds	4
1.5	Highlights of Accounts	7
1.6	What the Deficit and Surplus indicate	8
<b>Chapter 2</b>	<b>Receipts</b>	
2.1	Introduction	11
2.2	Revenue Receipts	11
2.3	Trend of Revenue Receipts	13
2.4	Performance of State's own Tax Revenue Collection	15
2.5	Efficiency of Tax Collection	15
2.6	Trend in State's Share of Union Taxes	16
2.7	Goods and Services Tax	16
2.8	Grants in Aid	17
2.9	Public Debt	17
<b>Chapter 3</b>	<b>Expenditure</b>	
3.1	Introduction	19
3.2	Revenue Expenditure	19
3.3	Capital Expenditure	21
3.4	Committed Expenditure	22
<b>Chapter 4</b>	<b>Appropriation Accounts</b>	
4.1	Summary of Appropriation Accounts for 2017-18	24
4.2	Significant Savings	24
<b>Chapter 5</b>	<b>Assets and Liabilities</b>	
5.1	Assets	26
5.2	Debt and Liabilities	27
5.3	Guarantees	28
<b>Chapter 6</b>	<b>Other Items</b>	
6.1	Adverse Balances	29
6.2	Loans and Advances by the State Government	29
6.3	Financial Assistance to Local Bodies and Others	29
6.4	Submission of Accounts by Treasuries	30
6.5	A C Bills	30
6.6	Reconciliation of Accounts	31
6.7	Personal Deposit (PD) Accounts	31
6.8	Suspense and Remittance Balances	32
6.9	New Pension Scheme	33
6.10	Incomplete Capital Works	34
6.11	Rush of Expenditure	35





## **1.1 Introduction**

The Principal Accountant General (Accounts and Entitlements), Telangana compiles the accounts of receipts and expenditure of the Government of Telangana. This compilation is based on the initial accounts rendered by the District Treasuries and Pay and Accounts Offices (PAOs) of the State Government, information received from the Government of India and other State Governments on their financial transactions with the Government of Telangana and intimations (known as advices) of the Reserve Bank of India regarding changes to the State's Cash Balance. Based on these, the Principal Accountant General (A&E) furnishes the Monthly Civil Accounts to the Finance Department. At the end of the year, after audit by the Principal Accountant General (Audit), Telangana, and certification by the Comptroller and Auditor General of India, the Principal Accountant General (A&E) Telangana submits the Finance Accounts and the Appropriation Accounts of the State Government to the Governor for placing before the State Legislature.

## **1.2 Structure of Accounts**

### ***1.2.1 Government Accounts are kept in three parts:***

#### **Part I CONSOLIDATED FUND**

Comprises all receipts of the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon)

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

#### **Part II CONTINGENCY FUND**

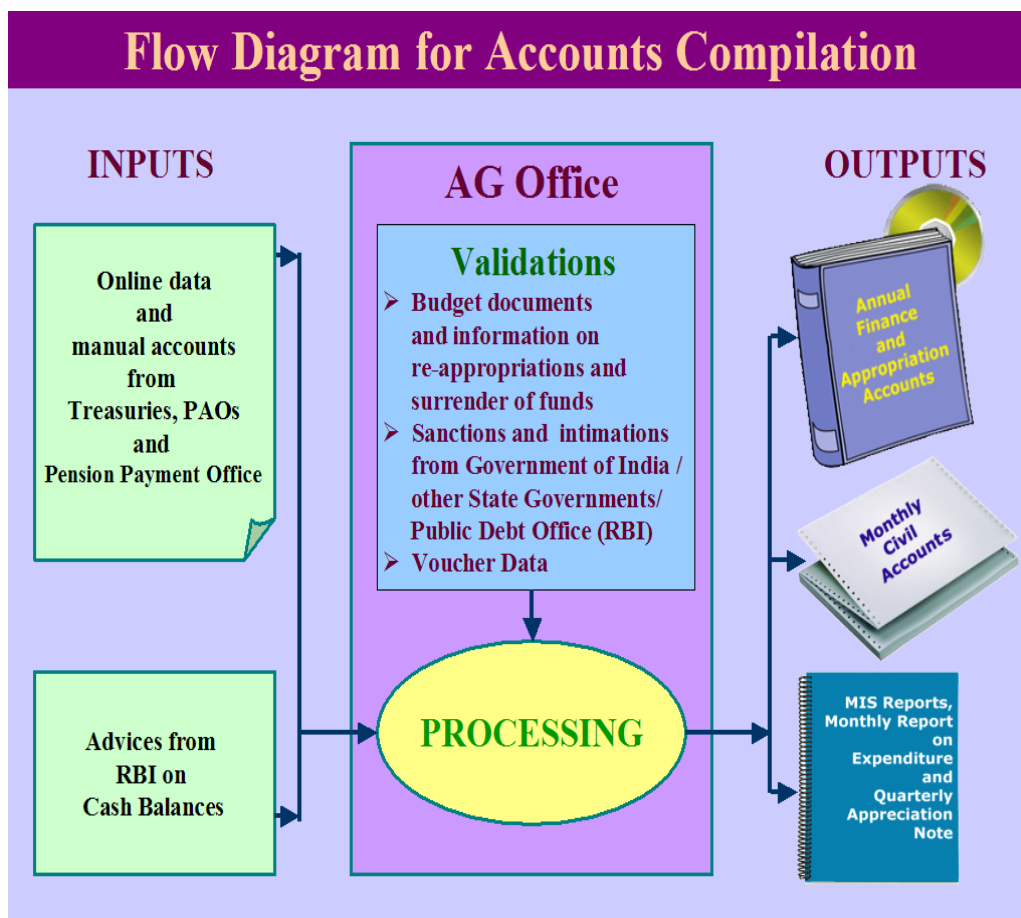
The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorisation by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund.

The corpus of this Fund for the Government of Telangana is ₹50 crore.

#### **Part III PUBLIC ACCOUNT**

In Public Account, the transactions relating to Debt (Other than those included in Part I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' shall be recorded. The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to 'Remittances', and 'Suspense' in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. The initial debits or credits to these heads will be cleared eventually by booking to the final heads of account.

## 1.2.2 Compilation of Accounts



## 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, summarised 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).

Receipts and Expenditure of the State Government during 2017-18 are as below:

(In ₹ Crore)

<b>Receipts</b> (Total: 1,15,662)	<b>Revenue</b> (Total : 88,824)	Tax Revenue	72,940
		Non Tax Revenue	7,825
		Grants-in-Aid & Contributions	8,059
	<b>Capital</b> (Total : 26,838)	Recovery of Loans and Advances	138
		Capital Receipts	...
		Borrowings and other Liabilities <sup>1</sup>	26,700
<b>Expenditure</b> (Total: 1,15,662)	<b>Revenue</b>		85,365
	<b>Capital</b>		23,902
	<b>Loans and Advances</b>		6,209
	<b>Inter State Settlement</b>		186

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

In addition to the Budget approved for the year by the Telangana Legislature, the Government of India transfers funds directly to State Implementing Agencies in the State for spending on various schemes and programmes. Such transfers (₹9,741 crore) 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 Appropriation Accounts**

Under Article 204(3) of the Constitution of India, no expenditure can be incurred by the Government except with the authorisation 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 Government of Telangana has 16 charged Appropriations and 40 voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriations authorised by the Legislature through the Appropriation Act of each year.

### **1.3.3 Efficiency on Budget Preparation**

At the end of the year, the expenditure of Government of Telangana against the budget approved by the Legislature amounting to ₹1,79,571 crore, resulted in a saving of ₹30,443

crore (17 per cent of estimates). Certain grants like Excise Administration (93 per cent under Capital), Commercial Taxes Administration (100 per cent under Capital), Home Administration (100 per cent under Loans, 61 percent under Capital), Housing (73 per cent under Revenue), Tribal Welfare (76 percent under Capital), Backward classes Welfare(100 per cent under Loans, 71 per cent under Capital, 42 per cent under Revenue), Animal Husbandry and Fisheries (92 per cent under Capital), Forest, Science, Technology & Environment (93 per cent under Capital), Co-operation (100 per cent under Loans), Rural Development (100 per cent under Capital) and Major and Medium Irrigation(96 per cent under Revenue) showed low spending.

## **1.4 Sources and Application of Funds**

### **1.4.1 Ways and Means Advances**

Reserve Bank of India (RBI) extends Special Drawing Facility/ Ways and Means Advances (WMA) to enable State Governments to tide over temporary shortfalls in their cash balances. During 2017-18, Government of Telangana has availed Special Drawing Facility for 204 days, amounting to ₹11,278 crore, Ways and Means Advances for 127 days amounting to ₹10,879 crore .

### **1.4.2 Overdraft from Reserve Bank of India**

Overdraft is taken from Reserve Bank of India while the limit of minimum cash balance falls below i.e ₹1.38crore, (even after taking ways and means advances) which is required to be maintained with the Reserve Bank of India. During the year 2017-18, Overdraft for 7 days amounting to ₹765 crore was availed by Government of Telangana.

### **1.4.3 Fund flow statement**

The state had a Revenue Surplus of ₹3,459crore and a Fiscal Deficit of ₹26,700crore as on 31 March 2018. The Fiscal Deficit was met from net Public Debt (₹21,682crore) increase in Public Account (₹5,263crore) and net increase of opening and closing cash balance {₹(-)245crore}. Around 52 per cent of the Revenue Receipts (₹88,824 crore) of the State Government was spent on Committed Expenditure like Salaries (₹23,003 crore), Interest Payments (₹10,835 crore) and Pensions (₹11,932 crore).

## Sources and Application of Funds

(In ₹ Crore)

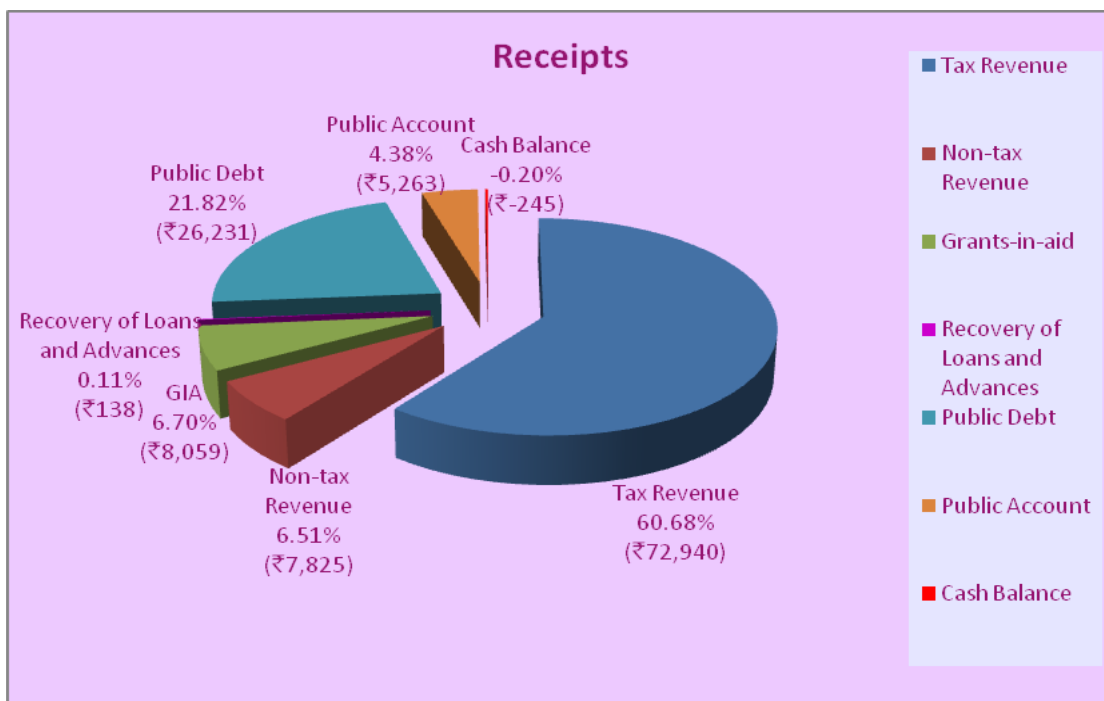
	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2017	(-)167
	Revenue Receipts	88,824
	Recovery of Loans & Advances	138
	Capital Receipts	...
	Public Debt <sup>1,3</sup>	26,231
	Small Savings, Provident Fund &Others <sup>1</sup>	2,495
<b>SOURCES</b>	Reserves & Sinking Funds <sup>1</sup>	1,015
	Deposits Received <sup>1</sup>	53,976
	Civil Advances Repaid <sup>1</sup>	73
	Suspense & Miscellaneous <sup>1,2</sup>	66,409
	Remittances <sup>1</sup>	20,555
	Contingency Fund	...
	<b>TOTAL</b>	<b>2,59,549</b>
	Revenue Expenditure	85,365
	Capital Expenditure	23,902
	Loans Given	6,209
	Repayment of Public Debt <sup>1,3</sup>	4,549
	Small Savings, Provident Fund &Others <sup>1</sup>	1,519
<b>APPLICATION</b>	Reserves & Sinking Funds <sup>1</sup>	1,097
	Deposits Spent <sup>1</sup>	48,116
	Civil Advances Given <sup>1</sup>	72
	Suspense & Miscellaneous <sup>1,2</sup>	69,207
	Remittances <sup>1</sup>	19,249
	Inter State Settlement	186
	Closing Cash Balance as on 31-03-2018	78
	<b>TOTAL</b>	<b>2,59,549</b>

1. Items are gross figures, and are eventually to be netted off, reducing the 'Total'.

2. The Suspense accounts include ₹40,052 crore invested in treasury bills which is shown on the 'Application' side, and ₹37,827 crore worth of treasury bills sold through the RBI (a process known as 'rediscounting' and/or 'matured value' of treasury bills) which is shown on the 'Sources' side.

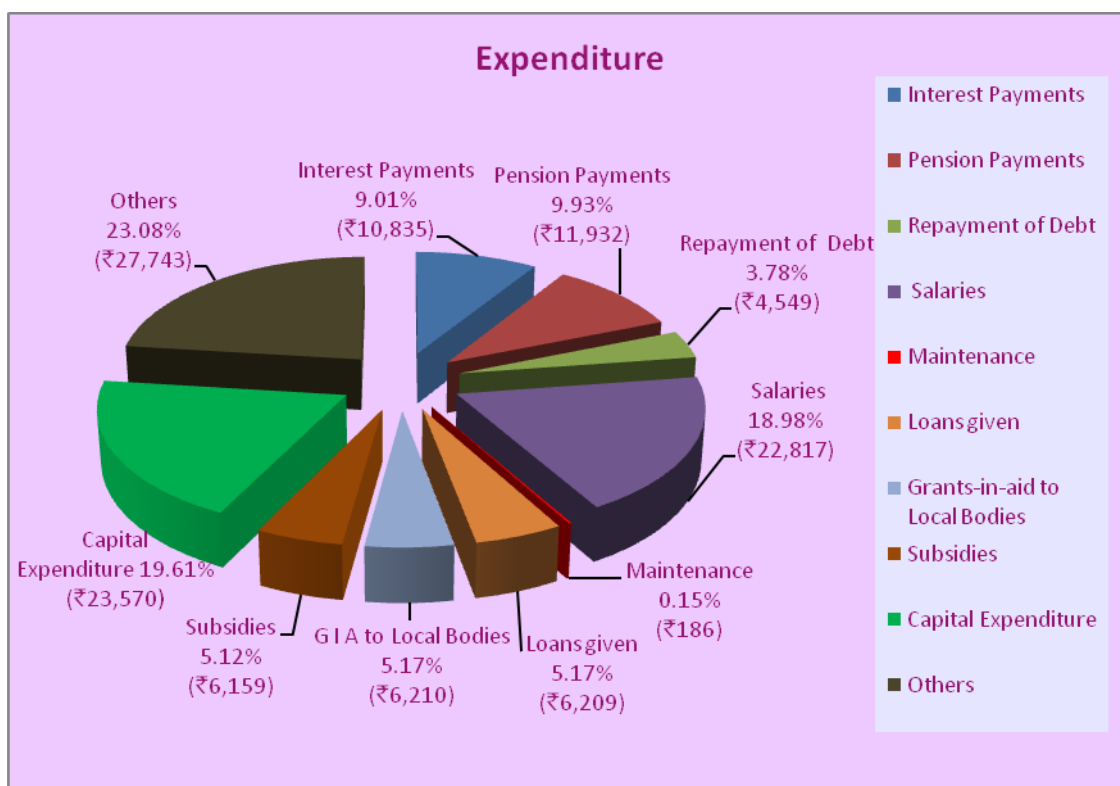
3. Public Debt does not include Receipt and Expenditure of Special drawing facility/ Ways and Means Advances/Overdraft

### 1.4.4 Where the Money came from



Note: Public Account and Cash Balance components above are taken as 'net' and not 'gross' as shown in the Sources & Application Table (Para 1.4). Public Debt does not include Receipt and Expenditure of Special Drawing facility/Ways and Means Advances/Overdraft.

### 1.4.5 Where the Money went



Note: Capital Expenditure excludes Maintenance (270/273) ₹35crore, Salaries and Wages (010/020) ₹297crore and includes Investments ₹3,290crore

## 1.5 Highlights of Accounts

(In ₹ Crore)

Component	B.E 2017-18	Actuals	Percentage of actual to	
			Budget Estimates	GSDP <sup>2</sup>
1. Tax Revenue <sup>1</sup>	79,264	72,940	92	10
2. Non-Tax Revenue	6,601	7,825	119	1
3. Grants-in-aid & Contributions	26,858	8,059	30	1
4. Revenue Receipts (1+2+3)	1,13,083	88,824	79	12
5. Recovery of Loans & Advances	5,807	138	2	...
6. Borrowings & Other Liabilities <sup>3</sup>	26,096	26,700	102	4
7. Capital Receipts (5+6)	31,903	26,838	84	4
8. Total Receipts (4+7)	1,44,986	1,15,662	80	15
9. Expenditure on Revenue Account	1,08,512	85,365	79	11
10. Interest Payments out of 10	11,139	10,835	97	1
11. Expenditure on Capital Account <sup>4</sup>	36,474	30,297	83	4
12. Total Expenditure <sup>5</sup> (9+11)	1,44,986	1,15,662	80	15
13. Revenue Surplus (4-9)	4,571	3,459	76	...
14. Fiscal Deficit (4+5-12)	26,096	26,700	102	4

1. Includes State's share of Union Taxes of ₹16,420 crore.
2. Gross State Domestic Product (GSDP) is a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time.( ₹7,52,230 crore) as provided by Ministry of Statistics and Programme Implementation.
3. Borrowings and other liabilities: Net (Receipts-Disbursements) of Public debt (₹21,682 crore) + Net of Contingency fund (Nil) + Net (Receipts- Disbursements) of Public Account (₹5,263 crore) + Net of Opening and Closing cash balance (₹(-)245 crore).
4. Expenditure on Capital Account includes Capital Expenditure (₹23,902 crore), Loans and Advances disbursed (₹6,209 crore) & Inter State Settlement (₹186 crore)
5. Expenditure does not include Public Debt (₹4,549 crore) as net of Public Debt has been taken under Borrowings and Liabilities.

## 1.6 What the Deficit and Surplus indicate

<b>Deficit</b>	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.
<b>Revenue Deficit /Surplus</b>	Refers to the 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.
<b>Fiscal Deficit/Surplus</b>	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. Ideally, the borrowings should be invested in capital projects.

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Prudent financial management involves the generation of an annual Revenue Surplus (Revenue Receipts exceeding Revenue Expenditure). The Twelfth Finance Commission recommended that States enact their own Fiscal Responsibility and Budget Management (FRBM) Acts committing them to achieving Revenue Surplus and limiting Fiscal Deficit to 3 per cent of GSDP. Government of Telangana has adapted “The Andhra Pradesh Fiscal Responsibility and Budget Management Act 2005” as “The Telangana Fiscal Responsibility and Budget Management Act 2005” in accordance with section 101 of Andhra Pradesh Reorganisation Act 2014 vide G.O.Ms.No.45, Law(F), dated 01 June, 2016.

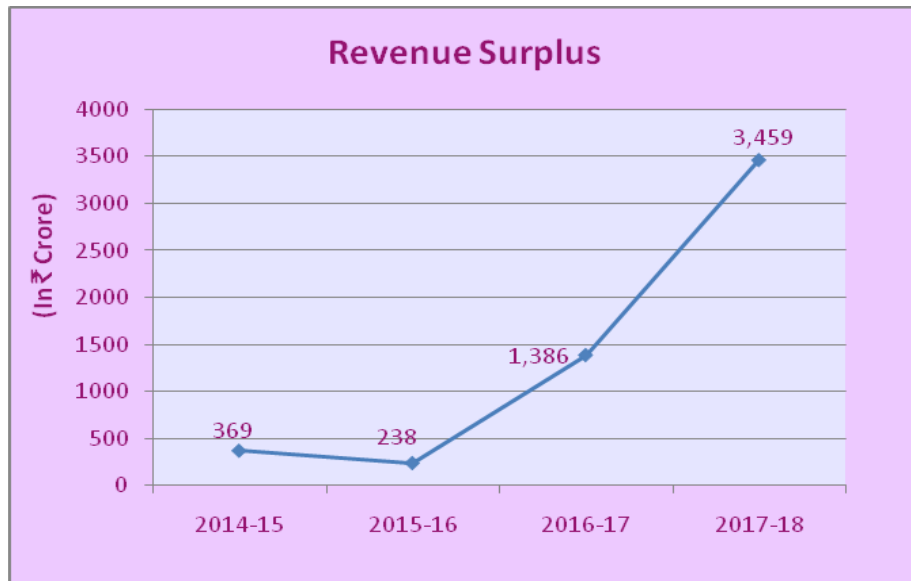
There is Revenue Surplus of ₹3,459 crore (₹1,386 crore in 2016-17) and Fiscal Deficit of ₹26,700 crore (₹35,280 crore in 2016-17) which are 0.46 per cent and 3.55 per cent of GSDP<sup>1</sup> respectively. The Fiscal Deficit constituted 23 per cent of total expenditure (₹1,15,662 crore). Around 52 per cent of the Revenue Receipts (₹88,824 crore) of the State Government was spent on Committed Expenditure like Salaries<sup>2</sup> (₹23,003 crore), Interest Payments (₹10,835 crore) and Pensions (₹11,932 crore).

<sup>1</sup> GSDP figure of ₹7,52,230 crore as provided by Ministry of Statistics and Programme Implementation.

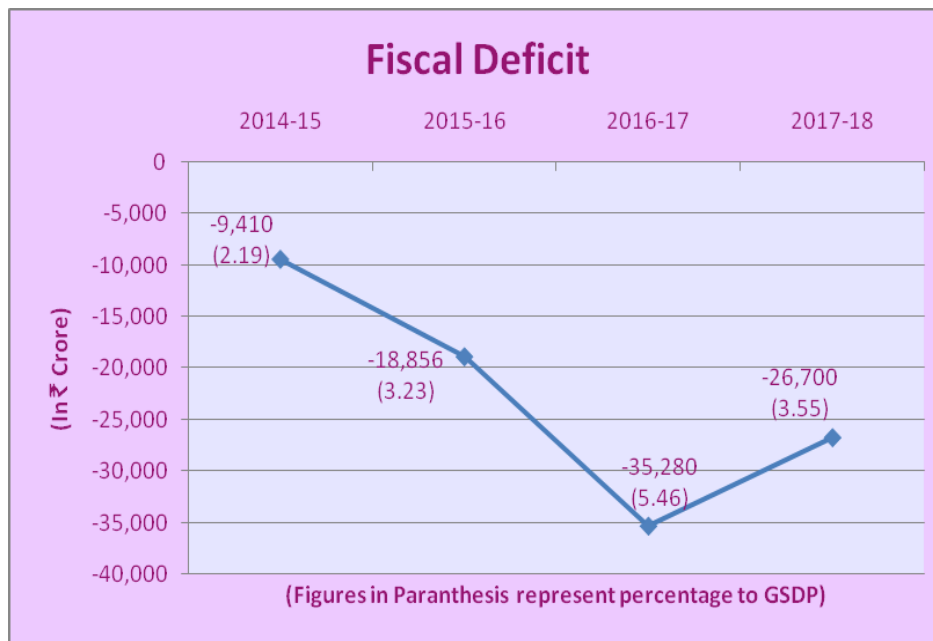
<sup>2</sup> Includes detailed heads 010-Salaries (₹19,920 crore), 020-Wages (₹64 crore), 030-Overtime allowance (nil), 270/273-Maintenance (₹186 crore) & 310/311-Grants-in-Aid towards salaries (₹2,833 crore).



### 1.6.1 Trend of Revenue Surplus



### 1.6.2 Trend of Fiscal Deficit



Note: GSDP figure as provided by Ministry of Statistics and Programme Implementation

### 1.6.3 Fiscal Responsibility and Budget Management (FRBM) Act, 2005

As per the Telangana Fiscal Responsibility and Budget Management (Telangana FRBM) Rules, 2006, the State Government shall, at the time of presenting the budget, make various disclosures. The budget of 2017-18 did not make the following disclosures: Weighted Average Interest Rate on State Government Liabilities, Statement of Assets, Tax Revenue raised but not realized, and Statement of Outstanding Miscellaneous Liabilities.

Targets fixed by the State Government in Telangana FRBM Act, 2005 and the rules framed there under, and ceilings fixed based on the recommendations of the Fourteenth Finance Commission, and achievements as per the accounts of 2017- 18 are given below:

Sl. No.	Targets for 2017-18	Achievements in 2017-18
1.	<b>Revenue Surplus:</b> To be maintained.	As per the Accounts, the Government of Telangana had a Revenue Surplus of ₹3,459.37 crore in 2017-18.
2.	<b>Fiscal Deficit:</b> Not to exceed 3.5 per cent of GSDP.	As per the Accounts, the Fiscal Deficit of Government of Telangana is ₹26,700.05 crore i.e. 3.55 per cent of GSDP during 2017-18.
3.	<b>Outstanding Liabilities:</b> The outstanding liabilities not to exceed 25 per cent of the GSDP as fixed for the financial year 2017-18 as given in Statement of Fiscal Policy presented to the Telangana State Legislature in March 2018.	The total outstanding liabilities of the State Government is ₹1,65,849.31 crore i.e. 22.05 per cent of GSDP for the year 2017-18.
4.	<b>Annual incremental risk weighted Guarantees:</b> Not to exceed 90 per cent of the Total Revenue Receipts (TRR) in the year preceding the current year.	Outstanding Guarantees as on 31 March 2018 of ₹41,891.79 crore is 50.58 per cent of TRR of ₹82,817.96 crore (in 2016-17).

Note: GSDP figure at current prices for 2017-18: ₹7,52,230 crore (Source: Advance Estimates - Ministry of Statistics and Programme Implementation as on 31.07.2018).

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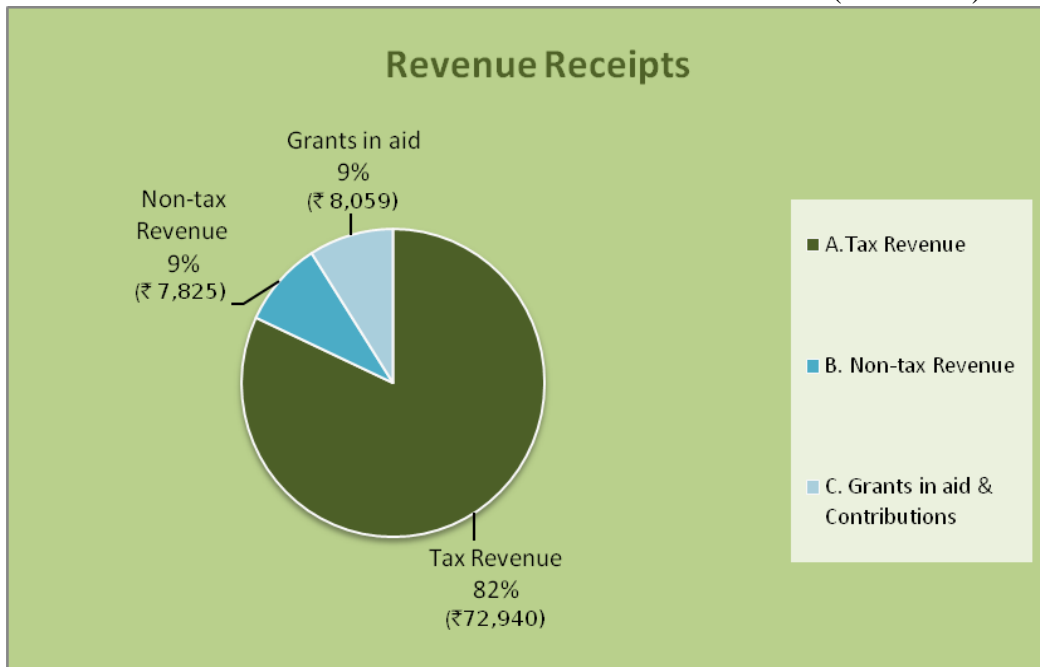
## 2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total receipts for 2017-18 were ₹1,15,662 crore against budget estimate of ₹1,44,986 crore.

## 2.2 Revenue Receipts

<b>Tax Revenue</b>	Comprises taxes collected and retained by the State and State's share of union taxes under Article 280(3) of the Constitution.
<b>Non-Tax Revenue</b>	Includes interest receipts, dividends, profits etc.
<b>Grants in Aid and Contributions</b>	Grants-in-aid represent 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. In turn, the State Government also gives Grants-in-aid to Panchayati Raj Institutions, Autonomous Bodies etc.

(In ₹ Crore)



### 2.2.1 Revenue Receipt Components (2017-18)

(In ₹ Crore)

Components	Actuals	Percentage to Revenue Receipt
<b>A. Tax Revenue</b>	<b>72,940</b>	<b>82</b>
Goods and Services Tax	14,961	17
Taxes on Income & Expenditure	9,683	11
Taxes on Property & Capital Transactions	4,313	5
Taxes on Commodities & Services	43,983	49
<b>B. Non-Tax Revenue</b>	<b>7,825</b>	<b>9</b>
Interest Receipts, Dividends and Profits	217	...
General Services	1,170	1
Social Services	711	1
Economic Services	5,727	7
<b>C. Grants-in-aid &amp; Contributions</b>	<b>8,059</b>	<b>9</b>
<b>Total – Revenue Receipts</b>	<b>88,824</b>	<b>100</b>

### 2.2.2 Major Contributors to Tax Revenue

(In ₹ Crore)

Components	Actuals	Percentage to GSDP
Goods and Services Tax	14,961	2
Corporation Tax	5,027	0.67
Taxes on Income other than Corporation Tax	4,245	0.56
Other Taxes on income and expenditure	411	0.05
Stamps and Registration fees	4,202	0.56
Customs	1,657	0.22
Union Excise Duties	1,732	0.23
State Excise	9,421	1.25
Taxes on Sales, Trade etc	25,106	3.34
Taxes on vehicles	3,589	0.48
Taxes and Duties on Electricity	397	0.05
Service Tax	1,872	0.25
Other Taxes and Duties on Commodities and services	120	0.02

During the year, Net Tax Revenue was less than Budget Estimates by ₹ 6,684 crore.

Major variations between Actual Receipts and Budget Estimates (In ₹ Crore)

Actual Receipts was less than Budget Estimates		Actual Receipts was more than Budget Estimates	
Taxes on Income other than Corporation Tax	3	Taxes and Duties on Electricity	228
Other Taxes on income and expenditure	30	Taxes on Goods and Passengers	83
Land Revenue	11	State Excise	419
Taxes on Immovable Property other than Agricultural Land	30	Taxes on vehicles	589
Customs	662	Stamps and Registration Fees	830
Union Excise Duties	692	Corporation Tax	168
Taxes on Sales, Trade etc	21,394		
Service Tax	1,281		
Other Taxes and Duties on Commodities and services	232		

### 2.3 Trend of Revenue Receipts

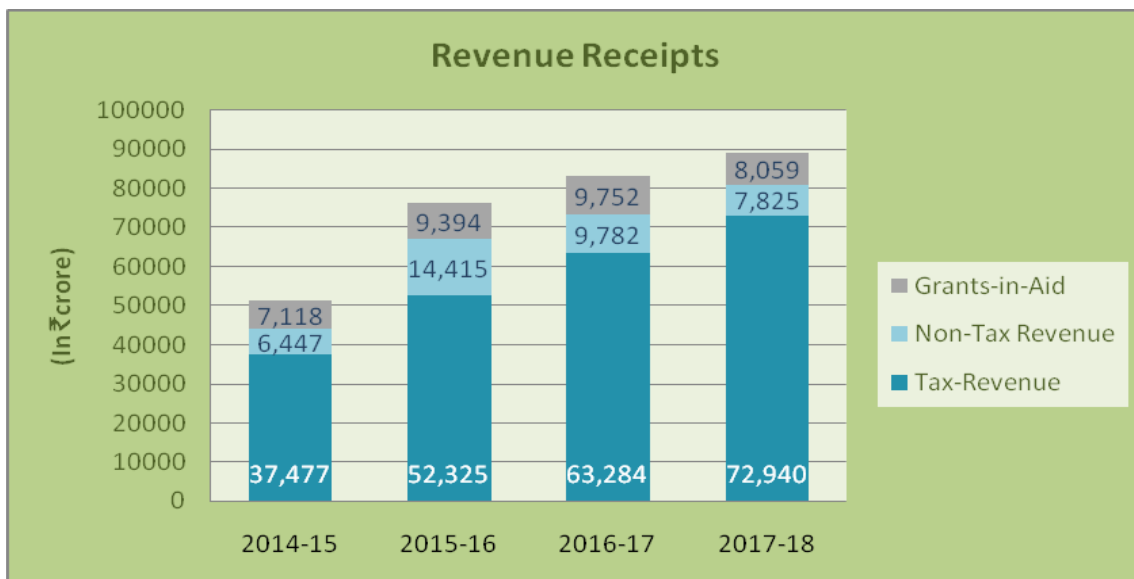
(In ₹ Crore)

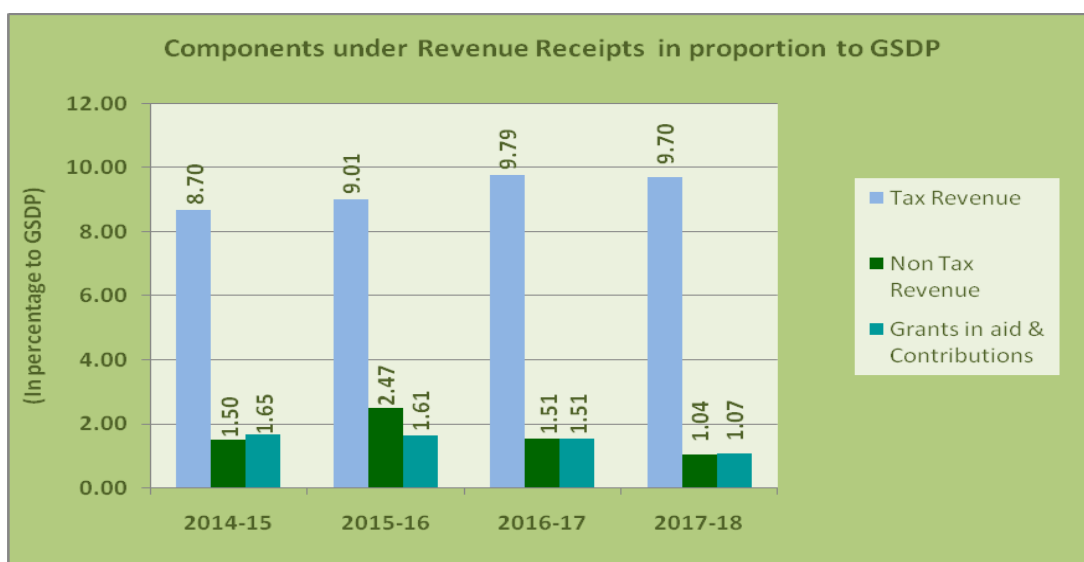
Components	2014-15	2015-16	2016-17	2017-18	Percentage increase/decrease
A. Tax Revenue	37,477 (8.70)	52,325 (8.97)	63,284 (9.79)	72,940 (9.70)	15
B. Non-Tax Revenue	6,447 (1.50)	14,415 (2.47)	9,782 (1.51)	7,825 (1.04)	(-)20
C. Grants-in-aid & Contributions	7,118 (1.65)	9,394 (1.61)	9,752 (1.51)	8,059 (1.07)	(-)17
<b>Total – Revenue Receipts</b>	<b>51,042</b> <b>(11.85)</b>	<b>76,134</b> <b>(13.06)</b>	<b>82,818</b> <b>(12.81)</b>	<b>88,824</b> <b>(11.81)</b>	<b>7</b>
<b>GSDP</b>	<b>4,30,599</b>	<b>5,83,117</b>	<b>6,46,265</b>	<b>7,52,230</b>	<b>16</b>

Note: (i) The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

(ii) GSDP figures as provided by the Ministry of Statistics and Programme Implementation.

(iii) Figures in parenthesis represent percentage to GSDP.





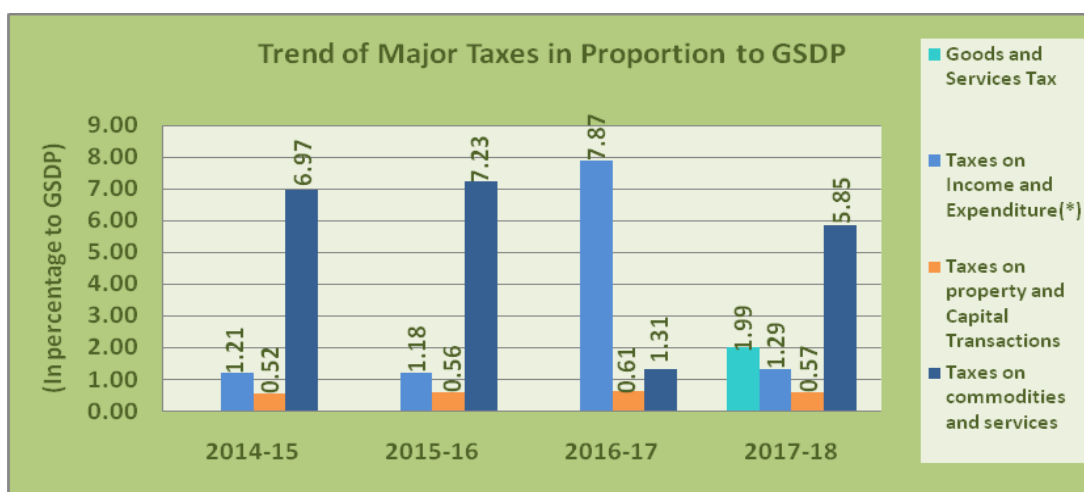
During 2017-18, The GSDP increased by 16 percent in comparison to previous year and growth in revenue collection was 7 per cent.

### 2.3.1 Sector-wise Tax Revenue

(In ₹ Crore)

Major Head description	2014-15	2015-16	2016-17	2017-18	Percentage Increase
Goods and Services Tax	...	...	...	14,961 (1.99)	...
Taxes on Income & Expenditure	5,215 (1.21)	6,904 (1.18)	8,459 (1.31)	9,683 (1.29)	14
Taxes on Property & Capital Transactions	2,243 (0.52)	3,286 (0.56)	3,962 (0.61)	4,313 (0.57)	9
Taxes on Commodities & Services	30,019 (6.97)	42,135 (7.23)	50,863 (7.87)	43,983 (5.85)	(-)14
<b>Total Tax Revenue</b>	<b>37,477 (8.70)</b>	<b>52,325 (8.97)</b>	<b>63,284 (9.79)</b>	<b>72,940 (9.70)</b>	<b>15</b>
<b>GSDP</b>	<b>4,30,599</b>	<b>5,83,117</b>	<b>6,46,265</b>	<b>7,52,230</b>	<b>16</b>

Note: (i) The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015  
(ii) GSDP figures as provided by the Ministry of Statistics and Programme Implementation..  
(iii) Figures in parenthesis represent percentage to GSDP



(\*) Primarily net proceeds of State's share of Union Taxes

## 2.4 Performance of State's Own Tax Revenue Collection

(In ₹ Crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			Amount	Percentage to GSDP
2014-15	37,477	8,188	29,289	6.8
2015-16	52,325	12,351	39,974	6.9
2016-17	63,284	14,877	48,407	7.5
2017-18	72,940	16,420	56,520	7.5

Note: (i) GSDP figures as provided by the Ministry of Statistics and Programme Implementation..

(ii) The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

The proportion of the State's Own Tax Revenue to GSDP is 7.5 per cent.

## 2.5 Efficiency of Tax Collection:

### A. Taxes on Property and Capital Transactions

(In ₹ Crore)

Description	2014-15	2015-16	2016-17	2017-18
Revenue collection*	2,235	3,285	3,951	4,313
Expenditure on collection	101	203	213	209
Cost of Collection (as % of Revenue collection)	4.52	6.18	5.39	4.85

Note: The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015

(\*) Excludes State's share of Union Taxes

### B. Taxes on Commodities and Services

(In ₹ Crore)

Description	2014-15	2015-16	2016-17	2017-18
Revenue collection*	26,785	36,330	44,070	38,721
Expenditure on collection	394	540	566	553
Cost of Collection (as % of Revenue collection)	1.47	1.49	1.28	1.43

Note: The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

(\*) Excludes State's share of Union Taxes

Taxes on Commodities and Services forms a major chunk of Tax revenue. The Tax collection efficiency on Property and Capital transactions is good. Tax collection efficiency on Commodities and Services needs to be improved.

## 2.6 Trend in State's share of Union Taxes

(In ₹ Crore)

Major Head description	2014-15	2015-16	2016-17	2017-18	Percentage Increase
<b>(a) Goods and Services Tax</b>	...	...	...	<b>1,888</b>	...
Central Goods and Services Tax	...	...	...	231	...
Integrated Goods and Services Tax	...	...	...	1,657	...
<b>(b) Taxes on Income&amp;Expenditure</b>	<b>4,946</b>	<b>6,545</b>	<b>8,073</b>	<b>9,270</b>	<b>15</b>
Corporation Tax	2,885	3,870	4,763	5,026	6
Taxes on Income other than Corporation Tax	2,061	2,675	3,310	4,244	28
<b>(c) Taxes on Property &amp; Capital Transactions</b>	<b>8</b>	<b>1</b>	<b>11</b>	...	...
Taxes on Wealth	8	1	11	...	...
<b>(d) Taxes on Commodities &amp; Services</b>	<b>3,234</b>	<b>5,805</b>	<b>6,793</b>	<b>5,262</b>	<b>(-)22</b>
Customs	1,336	1,979	2,049	1,657	(-)19
Union Excise Duties	735	1,662	2,340	1,732	(-)26
Service Tax	1,163	2,153	2,404	1,873	(-)22
Other taxes and duties on commodities and services	...	11	...	...	...
<b>State's share of Union Taxes</b>	<b>8,188</b>	<b>12,351</b>	<b>14,877</b>	<b>16,420</b>	<b>10</b>
<b>Total Tax Revenue</b>	<b>37,477</b>	<b>52,325</b>	<b>63,284</b>	<b>72,940</b>	<b>15</b>
<b>Percentage of Union Taxes to total Tax Revenue</b>	<b>22</b>	<b>24</b>	<b>24</b>	<b>23</b>	<b>23</b>

Note: The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

## 2.7 Goods and Service Tax (GST)

Goods and Services Tax (GST) introduced with effect from 01.07.2017, is an **indirect tax** on the supply of goods and services. It replaces all indirect taxes levied on goods and services by the Central and State governments. The Act was passed in accordance with the provisions of Article 368 of the Constitution. It is a dual GST with the Centre and the States simultaneously levying tax on a common base. GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the States would be called State GST (SGST). An Integrated GST (IGST) would be levied on Inter-State supply (including stock transfers/Imports) of goods or services. GST is levied at rates to be mutually agreed upon by the Centre and the States on the recommendations of the GST Council. During the year an amount of ₹231 crore was received on account of CGST, an amount of ₹13,073 crore was received on account of SGST and ₹1,657 crore was received on account of IGST .

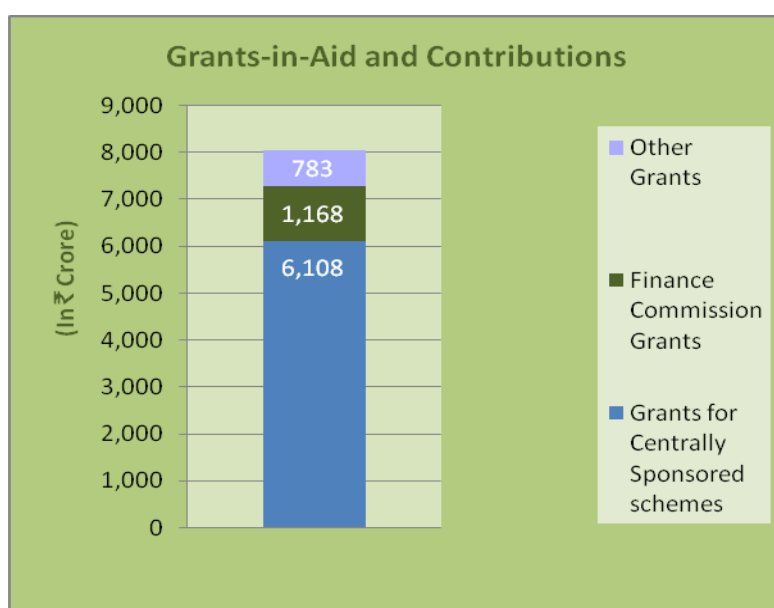


## 2.8 Grants-in-aid

Grants-in-aid represent assistance from the Government of India, and comprise,

- Centrally Sponsored Schemes (₹6,108 crore)
- Finance Commission Grants (₹1,168 crore)
- Other Transfer/Grants to States/Union Territories with legislatures (₹783 crore)

Total receipts during 2017-18 under Grants-in-aid were ₹ 8,059 crore. The share of Centrally Sponsored Schemes in total Grants-in-aid is 76 per cent, share of Finance Commission Grants is 14 per cent and Other Grants is 10 per cent in 2017-18.



## 2.9 Public Debt

*Trend of Public Debt (net) over the past 4 years*

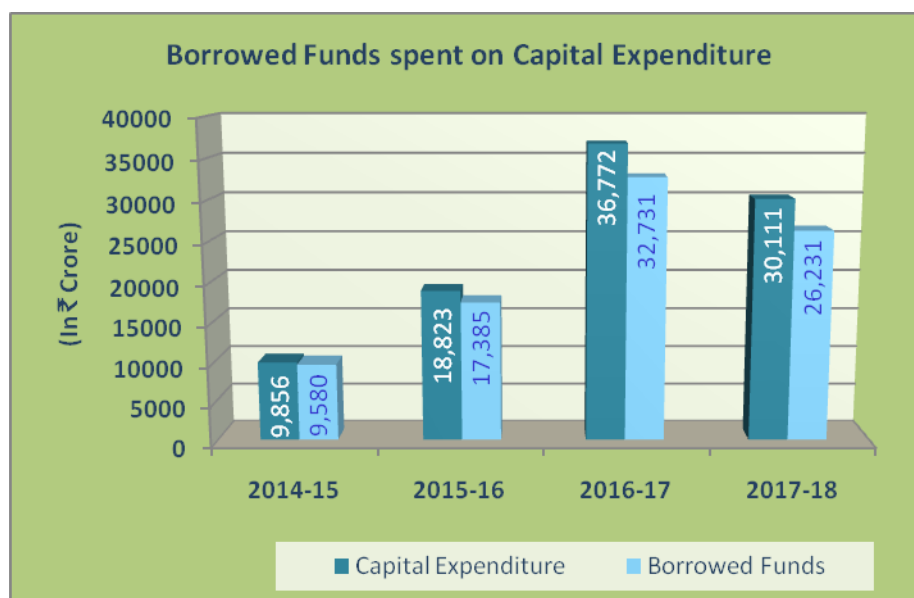
Description	(In ₹ Crore)			
	2014-15	2015-16	2016-17	2017-18
Internal Debt	7,767	13,882	29,058	21,457
Central Loans	86	770	192	225
<b>Total Public Debt</b>	<b>7,853</b>	<b>14,652</b>	<b>29,250</b>	<b>21,682</b>

Note: The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015

In 2017-18, 19 loans totalling ₹24,600 crore at interest rates varying from 7.16 per cent to 8.24 per cent repayable between the years 2032 and 2043 were raised from the open market. In addition, the State Government raised ₹994 crore from other financial institutions like LIC, GIC, NABARD etc., ₹22,922 crore as Ways and means advances. Thus the Internal Debt raised during the year was ₹48,516 crore. Repayments of Internal Debt of State Government

was ₹27,059 crore. Government also received ₹637 crore from Government of India as Loans and Advances and repayments on this account were ₹412 crore.

### 2.9.1 Proportion of borrowed funds to Capital Expenditure.



Note: Borrowed funds do not include Special drawing facility/Ways & Means Advances

The extent to which the Fiscal Deficit, as represented by borrowed funds, has been channelized towards the creation of capital assets is an indicator of prudent financial management. The entire borrowings of ₹26,231 crore in the year was utilised to meet Capital expenditure. In addition, an amount of ₹3,880 crore from revenue receipts was spent on capital expenditure, making the total capital expenditure ₹30,111 crores (Capital Expenditure ₹23,902 crore and Loans and Advances ₹6,209 crore).

Normally, Public Debt is discharged through the use of Revenue Surplus. The Revenue Surplus of the State Government for 2017-18 (₹3,459 crore) was insufficient to meet the Public Debt discharged during the year (₹4,549 crore) and was met from Internal Debt and loans from Central Government.

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## CHAPTER 3 EXPENDITURE

### 3.1 Introduction

Expenditure is classified as Revenue Expenditure (which is used to meet the day-to-day running of the Government), and Capital Expenditure (which is used to create permanent assets, or to enhance the utility of such assets or to reduce permanent liabilities). Expenditure is further classified under different services viz., General services, Social services and Economic Services.

<b>General Services</b>	<b>Includes Justice, Police, Jail, PWD, Pension etc.</b>
<b>Social Services</b>	<b>Includes Education, Health &amp; Family Welfare, Water Supply , Welfare of SC-ST etc.</b>
<b>Economic Services</b>	<b>Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.</b>
<b>Grants – in - Aid</b>	<b>Compensation and assignments to Local Bodies and Panchayat Raj Institutions</b>

### 3.2 Revenue Expenditure

The shortfall of Revenue Expenditure against budget estimates during the last four years is given below:

(In ₹ Crore)

<b>Description</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Budget Estimates	79,789	93,600	97,206	1,08,512
Actuals	50,673	75,896	81,432	85,365
Difference	29,116	17,704	15,774	23,147
Percent of gap over BE	36	19	16	21

Note: The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

The shortfall of Revenue Expenditure against budget estimates, is to be viewed in the light of the State Government's commitment under the FRBM Act, to generate a Revenue Surplus. The State had achieved a revenue surplus in the year and fulfilled the commitment made in FRBM Act 2005. Out of the total Revenue Expenditure an amount of ₹45,438 crore was on committed expenditure. This showed an increase of 16 per cent over previous year.

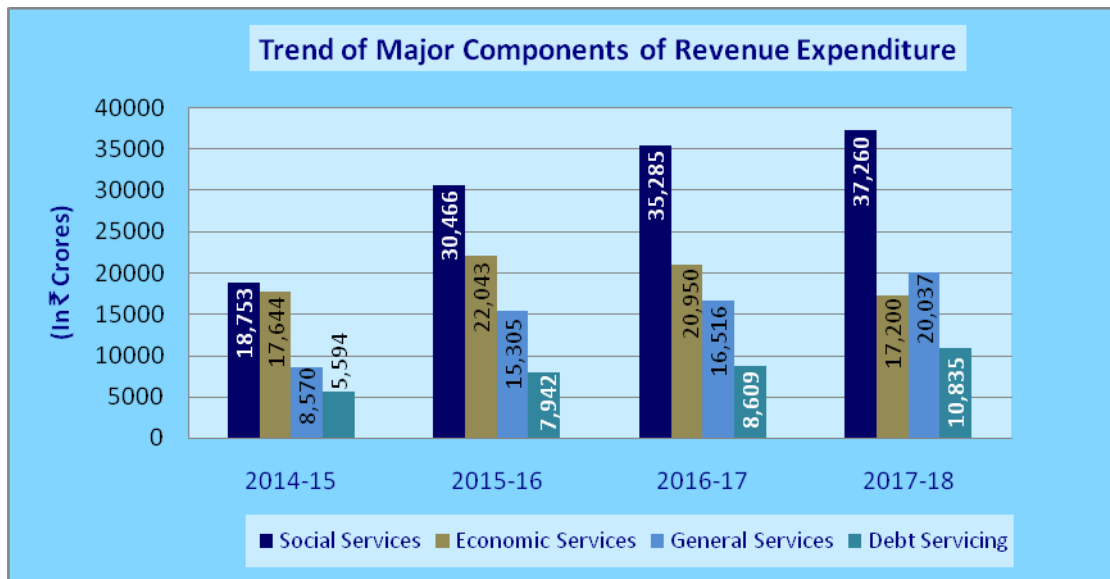
**3.2.1 Sectoral Distribution of Revenue Expenditure during the last four years was as follows:**

(In ₹ Crore)

	Component	2014-15	2015-16	2016-17	2017-18	Percentage Increase/ Decrease
<b>A.</b>	<b>General Services</b>	<b>14,164</b>	<b>23,247</b>	<b>25,125</b>	<b>30,872</b>	<b>23</b>
a.	Organs of State	389	595	655	651	(-)0.61
b.	Fiscal services	495	743	778	762	(-)2
(i)	Collection of Taxes on Property and Capital transactions	101	203	212	209	(-)1
(ii)	Collection of Taxes on Commodities and Services	394	540	566	553	(-)2
(iii)	Other Fiscal Services	...	...	...	...	...
c.	Interest Payments and Servicing of Debt	5,594	7,942	8,609	10,835	26
d.	Administrative Services	3,476	5,750	6,072	6,692	10
e.	Pensions and Miscellaneous General Services	4,210	8,217	9,011	11,932	32
<b>B.</b>	<b>Social Services</b>	<b>18,753</b>	<b>30,466</b>	<b>35,285</b>	<b>37,260</b>	<b>6</b>
<b>C.</b>	<b>Economic Services</b>	<b>17,644</b>	<b>22,043</b>	<b>20,950</b>	<b>17,200</b>	<b>(-)18</b>
<b>D.</b>	<b>Grants-in-aid and Contributions</b>	<b>112</b>	<b>140</b>	<b>72</b>	<b>33</b>	<b>(-)54</b>
<b>Total Expenditure (Revenue Account)</b>		<b>50,673</b>	<b>75,896</b>	<b>81,432</b>	<b>85,365</b>	<b>5</b>

Note: The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

**3.2.2 Major components of Revenue Expenditure**



Note: 1. The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015  
2. General Services does not include Debt Servicing

### 3.3 Capital Expenditure

Capital Expenditure is essential if the growth process is to be sustained. Capital disbursements during 2017-18 amounting to ₹23,902 crore (16 per cent of GSDP). The growth in Capital Expenditure has not kept pace with the steady growth of GSDP.

The table below shows the trend of Capital Expenditure to Budget and GSDP  
(In ₹ Crore)

Sl. No	Component	2014-15	2015-16	2016-17	2017-18
1.	Budget(B.E)	15,101	15,982	29,313	30,930
2.	Actual Expenditure	8,373	13,590	33,370	23,902
3.	Percentage of Actual Expenditure to B.E.	55	85	114	77
4.	Percentage of Growth in Capital Expenditure	...	35	146	(-)28
5.	GSDP	4,30,599	5,83,117	6,46,265	7,52,230
6.	Percentage of Growth of GSDP	...	35	11	16

Note: (i) Does not include expenditure on Loans and Advances. GSDP figure as provided by Ministry of Statistics and Programme Implementation.

(ii) The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

#### 3.3.1 Sectoral Distribution of Capital Expenditure

During 2017-18, Government spent ₹12,555 crore on various projects (₹10,988 crore on Major Irrigation, ₹207 crore on Medium Irrigation, and ₹1,360 crore on Minor Irrigation). Apart from the above, the Government spent ₹612 crore on construction of Buildings, ₹2,993 crore on construction of Roads and Bridges, ₹1,508 crore on Rural Water Supply Schemes, ₹3,290 crore on investment in various Corporations/Companies/Societies and ₹2,944 crore on other Capital Expenditure.

### 3.3.2 Comparative sectoral distribution of Capital and Revenue Expenditure over the last 4 Years (Non-Development Expenditure and Development Expenditure)

(In ₹ Crore)

		2014-15	2015-16	2016-17	2017-18	Percentage Increase/ Decrease
<b>Non-Development Expenditure</b>						
1.	General Services (Capital)	406	275	567	565	(-)0.35
	General Services (Revenue)	14,164	23,247	25,125	30,872	23
<b>Total Non-Development Expenditure</b>		<b>14,570</b>	<b>23,522</b>	<b>25,692</b>	<b>31,437</b>	<b>22</b>
<b>Development Expenditure</b>						
1.	Social Services (Capital)	904	2,152	3,162	2,851	(-)10
	Social Services (Revenue)	18,753	30,466	35,285	37,260	6
2.	Economic Services (Capital)	7,063	11,163	29,641	20,486	(-)31
	Economic Services (Revenue)	17,644	22,043	20,950	17,200	(-)18
3.	Grants – in – Aid and Compensation to Local Bodies (Revenue)	112	140	72	33	(-)54
<b>Total Development Expenditure</b>		<b>44,476</b>	<b>65,964</b>	<b>89,110</b>	<b>77,830</b>	<b>(-)13</b>
<b>Grand Total</b>		<b>59,046</b>	<b>89,486</b>	<b>1,14,802</b>	<b>1,09,267</b>	<b>(-)5</b>

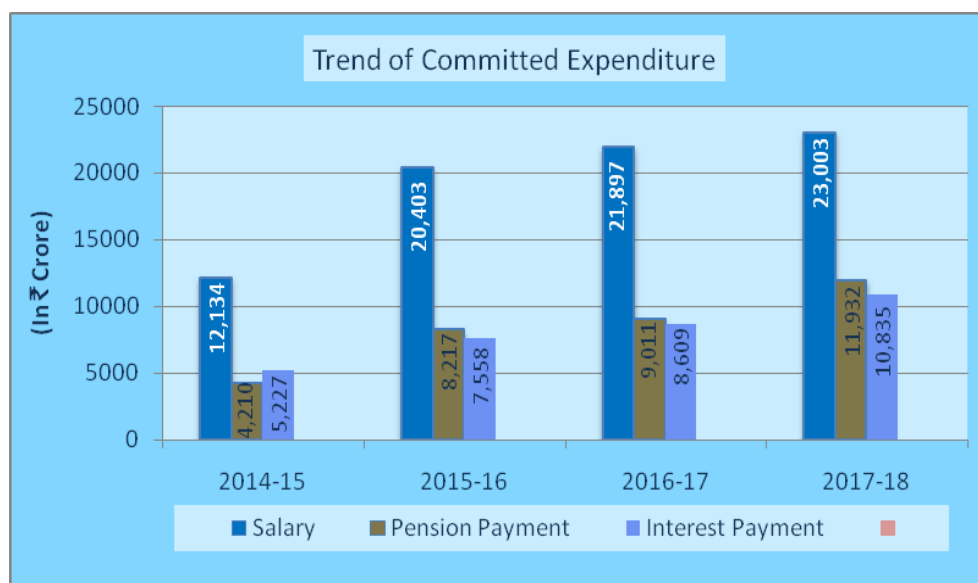
Note: i) Capital Expenditure does not include expenditure on loans and advances (₹6,209 crore)

ii) Revenue Expenditure does not include expenditure on Grants-in-aid (₹33 crore).

iii) The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

### 3.4 Committed Expenditure

Expenditure on Salaries, Interest Payments and Pensions is treated as Committed Expenditure for the Government. The total Committed Expenditure for the year 2017-18 is ₹45,770 crore which is 54 per cent of total Revenue Expenditure.



Note: i) Salary component includes detailed heads 010-Salaries, 020- Wages, 270/273- Work charged establishment & 310/311- Grants-in-Aid towards salaries.

ii) The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015

The ratio of Committed Expenditure to Revenue Expenditure and Revenue Receipts over the past four years is given below:

(In ₹ Crore)

<b>Component</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Percent Increase</b>
Committed expenditure	21,571	36,178	39,517	45,770	16
Revenue Expenditure	50,673	75,896	81,432	85,365	5
Revenue Receipts	51,042	76,134	82,818	88,824	7
Percentage of Committed Expenditure to Revenue Receipts	42	48	48	52	8
Percentage of Committed Expenditure to Revenue Expenditure	43	48	49	54	10

Note: The Figures of 2014-15 are for the period 02 June 2014 to 31 March 2015.

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## CHAPTER 4 APPROPRIATION ACCOUNTS

### 4.1 Summary of Appropriation Accounts for 2017-18

(In ₹ Crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Total	Actual Expenditure	Saving (-) Excess (+)	Surrender
1	<b>Revenue</b>						
	Voted	97,967	7,726	1,05,693	79,980	(-)25,713	(-)31,760
	Charged	10,750	11	10,761	11,048	(+)287	(-)560
	<b>Total</b>	<b>1,08,717</b>	<b>7,737</b>	<b>1,16,454</b>	<b>91,028</b>	<b>(-)25,426</b>	<b>(-)32,320</b>
2	<b>Capital</b>						
	Voted	31,035	19,327	50,362	24,202	(-)26,160	(-)22,065
	Charged	39	17	56	32	(-)24	(-)23
	<b>Total</b>	<b>31,074</b>	<b>19,344</b>	<b>50,418</b>	<b>24,234</b>	<b>(-)26,184</b>	<b>(-)22,088</b>
3	<b>Public Debt</b>						
	Charged	4,659	25	4,684	27,471	(+)22,787	...
	<b>Total</b>	<b>4,659</b>	<b>25</b>	<b>4,684</b>	<b>27,471</b>	<b>(+)22,787</b>	<b>...</b>
4	<b>Loans and Advances</b>						
	Voted	5,545	2,470	8,015	6,395	(-)1,620	(-)1,801
	<b>Total</b>	<b>5,545</b>	<b>2,470</b>	<b>8,015</b>	<b>6,395</b>	<b>(-)1,620</b>	<b>(-)1,801</b>
<b>Grand Total</b>		<b>1,49,995</b>	<b>29,576</b>	<b>1,79,571</b>	<b>1,49,128</b>	<b>(-)30,443</b>	<b>(-)56,209</b>

Note: Savings are with reference to budget estimates

### 4.2 Significant Savings

Substantial savings under a Grant indicates either non-implementation or slow implementation of certain schemes/ programmes.

A few grants with significant savings (percentage of budget allocation) are given below:

(In ₹ Crore)

Grant	Nomenclature	Budget allocation	Actual Expenditure	Percentage of Savings to Budget Allocation
XI	Roads, Buildings & Ports	6,317	3,500	45
XIII	Higher Education	2,217	1,411	36
XVI	Medical and Health	6,447	4,521	30
XVII	Municipal Administration and Urban Development	4,613	1,528	67
XVIII	Housing	4,715	2,489	47
XXII	Tribal Welfare	7,643	4,895	36
XXIII	Backward Classes Welfare	5,331	2,866	46
XXXIII	Major & Medium Irrigation	22,331	11,236	50
XXXVI	Industries and Commerce	1,562	733	53



The huge savings under Municipal Administration and Urban Development and Industries and Commerce indicates that schemes envisaged in the Budget, had been given lesser priority during implementation either due to conservative approach of the Government to attain the fiscal targets or the shortfall is purely due to inaccuracy in budget estimation process of the department.

During 2017-18, Supplementary Provision for ₹29,576crore (20 per cent of total expenditure) was obtained and in few cases it was proved unnecessary. A few instances, where there were significant savings at the end of the year as against original allocations itself are given below:

(In ₹ Crore)

Grant	Nomenclature	Section	Original Grant	Actual Expenditure	Savings	Supplementary Grant
III	Administration of Justice	Revenue	760	524	236	7
V	Revenue, Registration and Relief	Revenue	1,533	1,294	239	375
X	Home Administration	Capital	721	399	322	293
XIII	Higher Education	Revenue	2,056	1,332	724	69
XVI	Medical and Health	Revenue	5,196	3,983	1,213	284
XVII	Municipal Administration and Urban Development	Revenue	3,302	1,528	1,774	1,312
XX	Labour and Employment	Revenue	619	581	38	182
XXI	Social Welfare	Capital Revenue	888 9,491	296 5,829	592 3,662	123 150
XXII	Tribal Welfare	Capital Revenue	888 5,224	345 3,750	543 1,474	556 174
XXIII	Backward Classes Welfare	Capital Revenue	458 4,513	174 2,691	284 1,822	152 109
XXIV	Minority Welfare	Capital	1,242	982	260	111
XXVII	Agriculture	Revenue	5,397	4,362	4,035	309
XXIX	Forest, Science, Technology	Capital	50	10	40	90
XXXI	Panchayat Raj	Capital	4,787	2,689	2,098	1,783
XXXIII	Major and Medium Irrigation	Capital	12,542	11,218	1,324	9,749
XXXIV	Minor Irrigation	Capital	2,254	1,358	896	56
XXXV	Energy	Revenue	3,605	3,396	209	294
XXXVI	Industries and Commerce	Revenue	744	629	115	495
XXXVII	Civil Supplies Administration	Revenue	1,808	1,524	284	254

Note: Savings = Original – Actual Expenditure

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## CHAPTER 5 ASSETS AND LIABILITIES

### 5.1 Assets

The existing form of accounts do not clearly depict valuation of Government assets like land, buildings etc., except in 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 except to the limited extent shown by the rate of interest and period of existing loans.

#### 5.1.1 Investments and returns

Total Investments as share capital in Companies, Corporations etc. stood at ₹16,365 crore at the end of 2017-2018. There was an increase in investments by ₹3,290 crore. An amount of ₹101 crore (0.62 per cent of investment) was received as dividend.

#### 5.1.2 Cash Balance and investment of Cash Balances

Cash balance with the RBI stood at ₹(-)167 crore on 01 April 2017 and was ₹78 crore at the end of March 2018. Government had invested an amount of ₹40,052 crore in 14 days treasury bills in 2017-18 and rediscounted bills worth ₹37,827 crore.

(In ₹ Crore)

Component	As on 01 April 2017	As on 31 March 2018	Net increase (+)/ decrease (-)
<b>Cash Balance</b>	<b>(-)167(Dr)</b>	<b>78 (Dr)</b>	<b>245</b>
<b>Investments from Cash Balance (GOI Treasury Bills)</b>	<b>53 (Dr)</b>	<b>2,277 (Dr)</b>	<b>2,224</b>
<b>Other Cash Balances</b>			
i) Departmental Balances	...	...	...
ii) Permanent Cash Imprest	...	...	...
<b>Investment from Earmarked fund balances</b>	<b>4,278 (Dr)</b>	<b>4,637 (Dr)</b>	<b>359</b>
(a) Sinking Fund	3,735 (Dr)	4,046 (Dr)	311
(b) Guarantee Redemption	542 (Dr)	587 (Dr)	45
(c) Other Funds	1 (Dr)	4 (Dr)	3
<b>Interest realised</b>	<b>380 (Cr)</b>	<b>385 (Cr)</b>	<b>5</b>

State Government invested ₹6,914 crore from cash balances and earmarked funds (Consolidated Sinking Fund, Guarantee Redemption Fund etc.) balances. Interest receipt on these investments was ₹385 crore.

## 5.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within set limits as may be fixed by State required from time to time. Govt of Telangana during 2017-18 borrowed ₹24,600 crore.

Closing Balance of Public Debt and Total Liabilities of the State Government are as under:

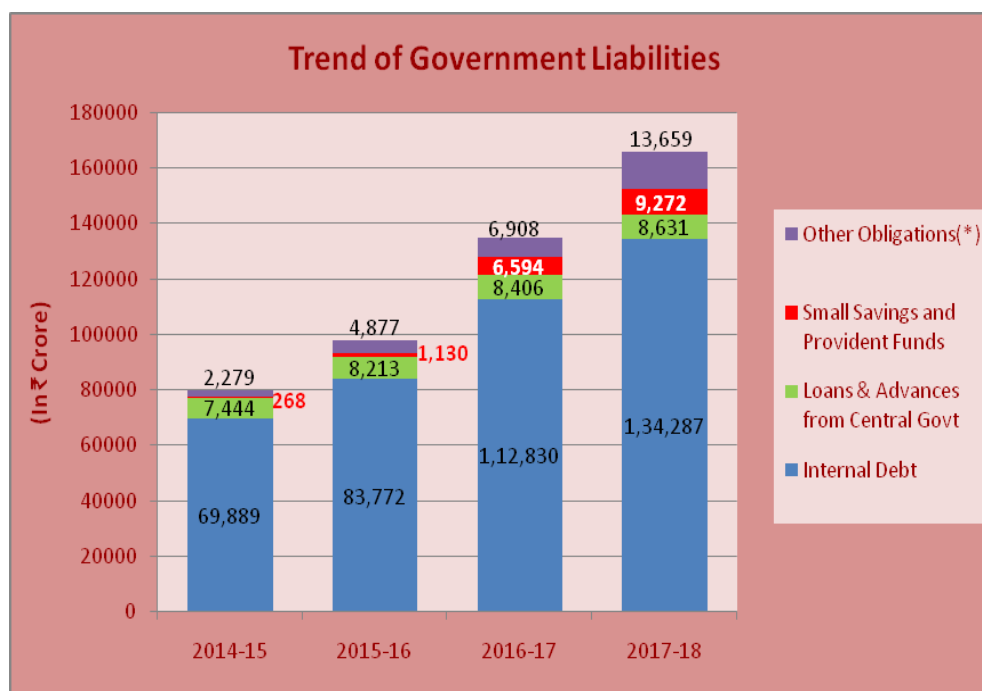
( In ₹ Crore)

Year	Public Debt	Percentage to GSDP	Public Account <sup>(*)</sup>	Percentage to GSDP	Total Liabilities	Percentage to GSDP
2014-15	77,333	18	2,547	1	79,880	19
2015-16	91,985	16	6,007	1	97,992	17
2016-17	1,21,236	19	13,502	2	1,34,738	21
2017-18	1,42,918	19	22,931	3	1,65,849	22

(\*) Excludes Suspense and Remittance balances.

Note: Figures are progressive balances to end of the year. Percentage to GSDP figures as provided by the Ministry of Statistics and Programme Implementation.

Public Debt and Other Liabilities showed a net increase of ₹31,111 crore (23 per cent) over the previous year.



Note: Public Debt comprises of Internal Debt and Loans and Advances from Central Government

(\*) Includes interest & non-interest bearing obligations such as Deposits of local funds, other Earmarked Funds etc.,

### 5.3 Guarantees

The Guarantees given by the State Government to Statutory Corporations, Government Companies, Corporations, Cooperative Societies etc., are given below:

(In ₹ Crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 March	
		Principal	Interest
2014-15	21,240	18,265	365
2015-16	28,094	26,619	365
2016-17	31,871	29,965	70
2017-18	41,892	41,892	71

Note: Details are available at Statement No.20 and are based on information received from the State Government and where available, from the respective institutions

Guarantee fees is payable by the Organization availing guarantee at 0.5 per cent p.a. of amount guaranteed or 2 per cent for the amount guaranteed for the entire guarantee period. As on 31 March 2018, none of the recipients of guarantee paid any Guarantee Fee during the year.

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## 6.1 Adverse Balances

Borrowings of the 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 loans repayments appear in Government Account, resulting in irreconcilable adverse balances and understatement of liabilities in Government accounts.

As on 31 March 2018, an adverse balance of ₹326 crore exists under Public Debt. Out of this, ₹149 crore represents loans availed of by the Telangana Power Finance Corporation and ₹149 crore pertains to loans from Telangana TRANSCO Bonds. The Accountant General (A&E) has been requesting the State Government to provide adequate budget provision under 'MH 2801-Power' to clear the adverse balance under MH 6003 either by transferring an equivalent credit to MH 6003 or by reclassifying the entire Debit Balance under MH 6003 as expenditure under MH 2801-Power.

## 6.2 Loans and Advances by the State Government

The total Loans and Advances made by the State Government at the end of 2017-18 was ₹15,869 crore. Of this, Loans and Advances to Government Corporations/ Companies, Non-Government Institutions and Local Bodies amounted to ₹15,772 crore and interest in arrears to end of March, 2018 is ₹916 crore. During 2017-18 only ₹138 crore (1 percent) has been received towards repayment of Loans and Advances, out of which ₹70 crore relates to repayment of loans given to Government Servants. Effective steps to recover the outstanding loans would facilitate the Government to maintain better fiscal position.

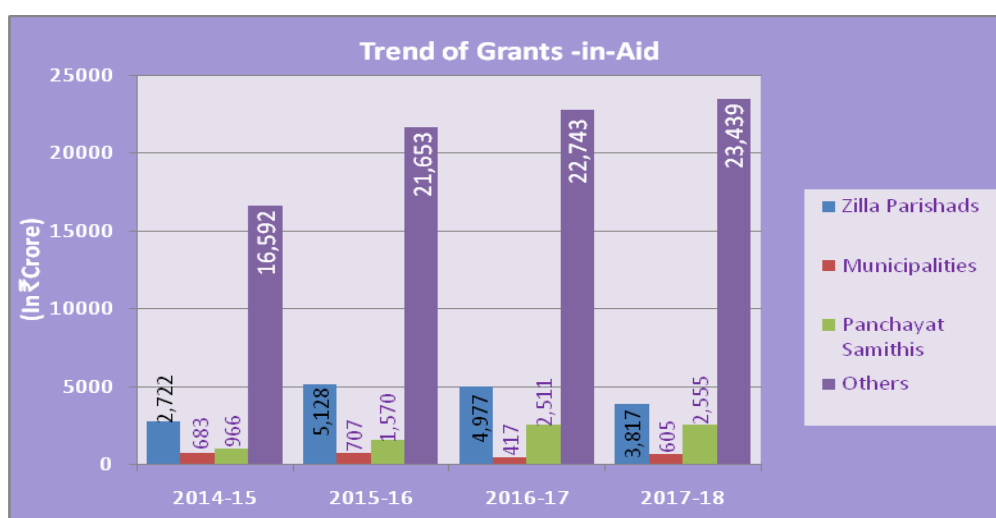
## 6.3 Financial assistance to Local Bodies and others

During 2017-18, Grants-in-aid to Zilla Parishads, Panchayat Samitis, Gram Panchayats and Municipalities totalling to ₹6,977 crore represented 23 per cent of the total grants given during the year.

Details of Grants-in-aid during for the past four years are given below .

(In ₹ Crore)

Year	Zilla Parishads	Municipalities	Panchayat Samithis	Others	Total
2014-15	2,722	683	966	16,592	20,963
2015-16	5,128	707	1,570	21,653	29,058
2016-17	4,977	417	2,511	22,743	30,648
2017-18	3,817	605	2,555	23,439	30,416
Percent Increase/Decrease	(-23)	45	2	3	(-1)



#### 6.4 Submission of Accounts by Treasuries

All the initial accounts were rendered by Treasuries and Pay and Accounts Officers (PAOs) of the Public Works and Forest departments during the year and no accounts were excluded.

#### 6.5 A.C. Bills

In terms of the provisions of the Andhra Pradesh Financial Code (APFC) Drawing and Disbursing officers are authorised to draw sums of money by presenting Abstract Contingent (AC) bills by debiting service heads. As per Government orders Detailed Contingent (DC) bills are required to be presented subsequently along with supporting documents within a period of 90 days. Delayed submission or prolonged submission of supporting DC bills, renders the expenditure under AC bills opaque.

Details of unadjusted AC Bills as on 31 March 2018 pending for submission of DC Bills are given below:

(In ₹ Crore)		
Year	Number of pending DC bills	Amount
Upto 2015-16	1,383	220.04
2016-17	447	42.40
2017-18	334	18.02
<b>Total</b>	<b>2,164</b>	<b>280.46</b>

## 6.6 Reconciliation of accounts

AG (A&E) receives compiled accounts each month from the Treasuries and Pay and Accounts Officers (PAOs). Funds are placed at the disposal of Chief Controlling Officers (CCOs) for incurring expenditure. Accuracy of the accounts maintained by the CCOs is an important requirement for effective budgetary control. The Financial Rules stipulate that CCOs should reconcile the receipts and expenditure recorded in their books every month with that recorded by the AG (A&E). During the year 2017-18, out of total 248 CCOs, 83 CCOs have fully reconciled and 125 CCOs have partially reconciled an amount of ₹ 71,306.15 crore which works out to 65.26 *per cent* of total expenditure of ₹1,09,265.75 crore. On the receipts side, out of 26 CCOs, 4 CCOs have fully reconciled and 1 CCOs has partially reconciled an amount of ₹47,007.78 crore which works out to 52.92 *per cent* of total receipts of ₹88,824.09 crore.

The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCOs) of different departments is given below:

Particulars	Total No. of Certificates Due From CCOs	Fully Reconciled	Partially Reconciled	Not Reconciled
EXPENDITURE	4,061	1,008	1,014	2,039
RECEIPTS	529	48	9	472
<b>TOTAL</b>	<b>4,590</b>	<b>1,056</b>	<b>1,023</b>	<b>2,511</b>

## 6.7 Personal Deposit (PD) Accounts

As per Andhra Pradesh Financial Code (APFC), the purpose of PD accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State. As per orders of Government vide GO.Ms.No.43 dated 22 April 2000, funds released during a particular financial year shall lapse by 31 March of the following year (lapsable deposits under category 'C') and the administrators of PD accounts are required to close such accounts and transfer the unspent balances back to the Government account. Further, PD account administrators are required to reconcile their balances with those of Treasury accounts.

The status of PD Accounts during the year 2017-18 is given below:

(In ₹ crore)

Opening Balance as on 01 April 2017		Addition during the year 2017-18		Withdrawals during the year 2017-18		Closing Balance as on 31 March 2018	
Nmber	Amount	No. of PD A/cs opened	Deposits made in PD A/cs including new accounts	Number	Amuount	No. of PD A/cs	Amount
28087	9,438.71	191	50,118.15	556	47,463.03	27722	12,093.83

Note: OB differs from CB of previous year due to lapsed amounts of Rs.1433.92 crore of 2016-17 omitted previously.

The exact number and amount of lapsable unspent balances against these PD Accounts could not be provided by the State Government.

As per Article 271 of AP Financial Code as adapted by Telangana, the State Government is required to close all the PD accounts remaining inoperative for more than three years. 1170 PD Accounts with an outstanding balance of ₹315.43 crore were inoperative for more than three years as on 31 March 2018. The balances in respect of these PD Accounts shall be lapsed to Government Account during 2018-19.

## 6.8 Suspense and Remittance Balances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on details furnished by the State Treasuries/ Works and Forest Divisions / PAOs etc.



Details of significant outstanding Suspense and Remittance balances are given below:

(In ₹ Crore)

Name of the Minor Head	2016-17		2017-18	
	Dr	Cr	Dr	Cr
<b>8658 – Suspense Accounts</b>				
101-Pay and Accounts Office Suspense	100.16	6.63	102.06	1.57
<b>Net</b>	<b>(Dr) 93.53</b>		<b>(Dr)100.49</b>	
102-Suspense Accounts (Civil)	13.83	0.36	13.97	0.48
<b>Net</b>	<b>(Dr) 13.47</b>		<b>(Dr)13.49</b>	
109-Reserve Bank suspense Headquarters	0.67	3.97	0.00	6.27
<b>Net</b>	<b>(Cr) 3.30</b>		<b>(Cr)6.27</b>	
110-Reserve Bank Suspense-Central Accounts Office	133.67	102.15	16.97	29.04
<b>Net</b>	<b>(Dr) 31.52</b>		<b>(Cr)12.07</b>	
112-Tax Deducted at source (TDS) Suspense	0.00	145.87	0.01	1,21.51
<b>Net</b>	<b>(Cr) 1,45.87</b>		<b>(Cr)1,21.50</b>	
123- AIS officers Group Insurance Scheme	...	0.01	0.14	0.15
<b>Net</b>	<b>(Cr) 0.01</b>		<b>(Cr)0.01</b>	
<b>8782 – Cash Remittances and Adjustments between officers rendering accounts to the same</b>				
102 – Public Works Remittances	44,431.61	44,495.23	6,71,91.11	6,70,40.93
<b>Net</b>	<b>(Cr)63.62</b>		<b>(Dr)1,50.18</b>	
103 – Forest Remittances	29.66	105.43	11,70.28	13,43.69
<b>Net</b>	<b>(Cr)75.77</b>		<b>(Cr)173.41</b>	
<b>8793 – Inter-State Suspense Account</b>	1,427.18	0.09	38.45	31.38
<b>Net</b>	<b>(Dr)1,427.09</b>		<b>(Dr)7.07</b>	

## 6.9 New Pension Scheme

State Government employees recruited on or after 01 September 2004 are covered under the New Pension Scheme (NPS) which is a defined contribution pension scheme. In terms of the Scheme, the employee contributes 10 per cent of his monthly salary and dearness allowances, which is matched by the State Government and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/

Trustee Bank. The actual amount payable by the employees and the matching Government contribution has not been estimated. Consequently, the actual liability of the employees and the Government under the Scheme is not ascertainable. During the period 01 April 2017 to 31 March 2018, ₹11,931.66crore (13.98 per cent of total revenue expenditure) was incurred on “Pension and Other Retirement benefits” to State Government employees recruited on or before 01 September 2004.

As against employees contribution of ₹481.61 crore during the year, the State Government contributed ₹431.74 crore and the total amount of ₹913.35 crore has been deposited under MH 8342-117 Defined Contribution Pension Scheme. Out of the total available balance of ₹1,091.79 crore (including opening balance of ₹177.12 crore as on 01 April 2017), an amount of ₹926.89 crore has been transferred to NSDL/Trustee Bank during 2017-18, leaving a balance of ₹164.90 crore in the fund as on 31 March 2018 which has not been transferred to NSDL/Trustee Bank. Un-transferred amount, with accrued interest represents outstanding liabilities under the Scheme, have not been estimated.

### 6.10 Commitments on Account of Incomplete Capital Works

A total expenditure of ₹75,400 crore was incurred upto the year 2017-18 by the State Government on various incomplete projects costing rupees one crore or more against an estimated cost of ₹1,19,710 crore. The estimated cost was further revised to ₹1,92,806 crore to end of 2017-18. During 2017-18 a total expenditure of ₹21,524crore was incurred by the State Government on various projects taken up by engineering departments. An amount of ₹7,261 crore was due to be paid to the end of 31-03-2018. The original estimated cost (₹1,19,710 crore) increased by 61 per cent in revised estimates on various projects.

Details of incomplete projects costing rupees one crore or more as on 31 March 2018 are as follows.

(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	Estimated cost after Revision
1.	Roads	3,659	207	1,516	2,143	3,709
2.	Bridges	463	94	152	311	463
3.	Buildings	91	25	32	59	91
4.	Others	1,15,497	21,198	73,700	4,748	1,88,543
	<b>TOTAL</b>	<b>1,19,710</b>	<b>21,524</b>	<b>75,400</b>	<b>7,261</b>	<b>1,92,806</b>

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

## 6.11 Rush of Expenditure

The financial rules 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. However, the expenditure incurred under thirteen Major Heads of account during March 2018 ranged between 37 per cent and 100 per cent of the total expenditure during the year indicating a tendency to utilize the budget at the close of the financial year.

The flow of expenditure during the four quarters of 2017-18 is given below:

(In ₹ Crore)

Head of Account	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total	During March	% of 3/2018 to Total Expenditure
2030	Stamps and Registration	15.03	21.08	13.45	54.77	104.33	41.72	39.99
2402	Soil and Water Conservation	2.13	4.45	13.43	60.69	80.70	31.70	39.28
2851	Village and Small Industries	23.72	27.54	69.22	125.12	245.60	11.57	47.10
3604	Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	0.00	2.82	7.24	22.94	33.00	16.05	48.62
4055	Capital Outlay on Police	43.46	30.58	48.16	266.03	388.23	174.16	44.86
4058	Capital Outlay on Stationery and Printing	...	0.05	...	0.03	0.08	0.03	40.33
4220	Capital Outlay on Information and Publicity	...	...	...	13.78	13.78	13.78	100
4401	Capital Outlay on Crop Husbandry	0.81	0.34	2.19	228.83	232.17	22.88	98.55
4406	Capital Outlay on Forestry and Wild Life	15.89	31.96	64.40	(-102.28)	9.97	4.74	47.59

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