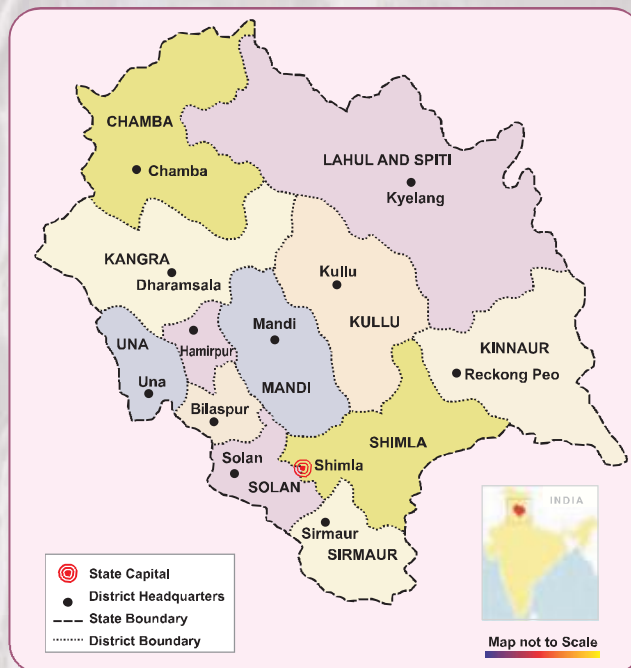




GOVERNMENT OF HIMACHAL PRADESH

Accounts At a Glance 2010-2011



**ACCOUNTANT GENERAL (A&E)
HIMACHAL PRADESH**

Government of Himachal Pradesh

ACCOUNTS AT A GLANCE
2010-11

ACCOUNTANT GENERAL
(Accounts and Entitlements)

HIMACHAL PRADESH , SHIMLA

PREFACE

I am happy to present the thirteenth issue of our annual publication, the 'Accounts at a Glance' of the Government of Himachal Pradesh for the year 2010-11. The purpose of this publication is to distil and make more accessible the body of information that is available in the Annual Finance and Appropriation Accounts prepared 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. 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 offer explanations for variations between the actual expenditure and the funds allocated.

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

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



(N.Goswami)
Accountant General (A&E)

Shimla
Date: 22.02.2012

Our email address: agaehimachalpradesh@cag.gov.in

Our Vision, Mission and Core Values

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.

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

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

Our core values 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

TABLE OF CONTENTS

		Page
Chapter1	Overview	
1.1	Introduction	1
1.2	Structure of Account	1-2
1.3	Finance Accounts and Appropriation Accounts	3-4
1.4	Sources and Application of Funds	4-6
1.5	Highlights of Accounts	7-8
1.6	What the Deficits and Surpluses indicate	8-10
Chapter 2	Receipts	
2.1	Introduction	11
2.2	Revenue Receipts	11-12
2.3	Trend of Receipts	13
2.4	Performance of State's own Tax Revenue collection	14
2.5	Efficiency of Tax collection	15
2.6	Trend in State's share of Union Taxes	15
2.7	Grants-in-Aid	16
2.8	Public Debt	16
Chapter 3	Expenditure	
3.1	Introduction	17
3.2	Revenue Expenditure	17-18
3.3	Capital Expenditure	19
Chapter 4	Plan and Non Plan Expenditure	
4.1	Distribution of Expenditure	20
4.2	Plan Expenditure	20-21
4.3	Non Plan Expenditure	22
4.4.	Committed Expenditure	23
Chapter 5	Appropriation Accounts	
5.1	Summary of Appropriation Accounts	24
5.2	Trend of Saving/Excess	24
5.3	Significant Savings	25-27
Chapter 6	Assets and Liabilities	
6.1	Assets	28
6.2	Debt and Liabilities	28-29
6.3	Guarantees	29
Chapter 7	Other Items	
7.1	Adverse Balances under Internal Debt	30
7.2	Loans and Advances by the State Government	30
7.3	Financial Assistances to local Bodies and others	30
7.4	Cash Balance and Investment of Cash Balance	31
7.5	Reconciliation of Accounts	31
7.6	Submission of Accounts by Treasuries	31
7.7	Abstract Contingent Bills/ Detailed Contingent Bills	31
7.8	Commitments on account of Incomplete capital works	32

Chapter 1

OVERVIEW

1.1 Introduction

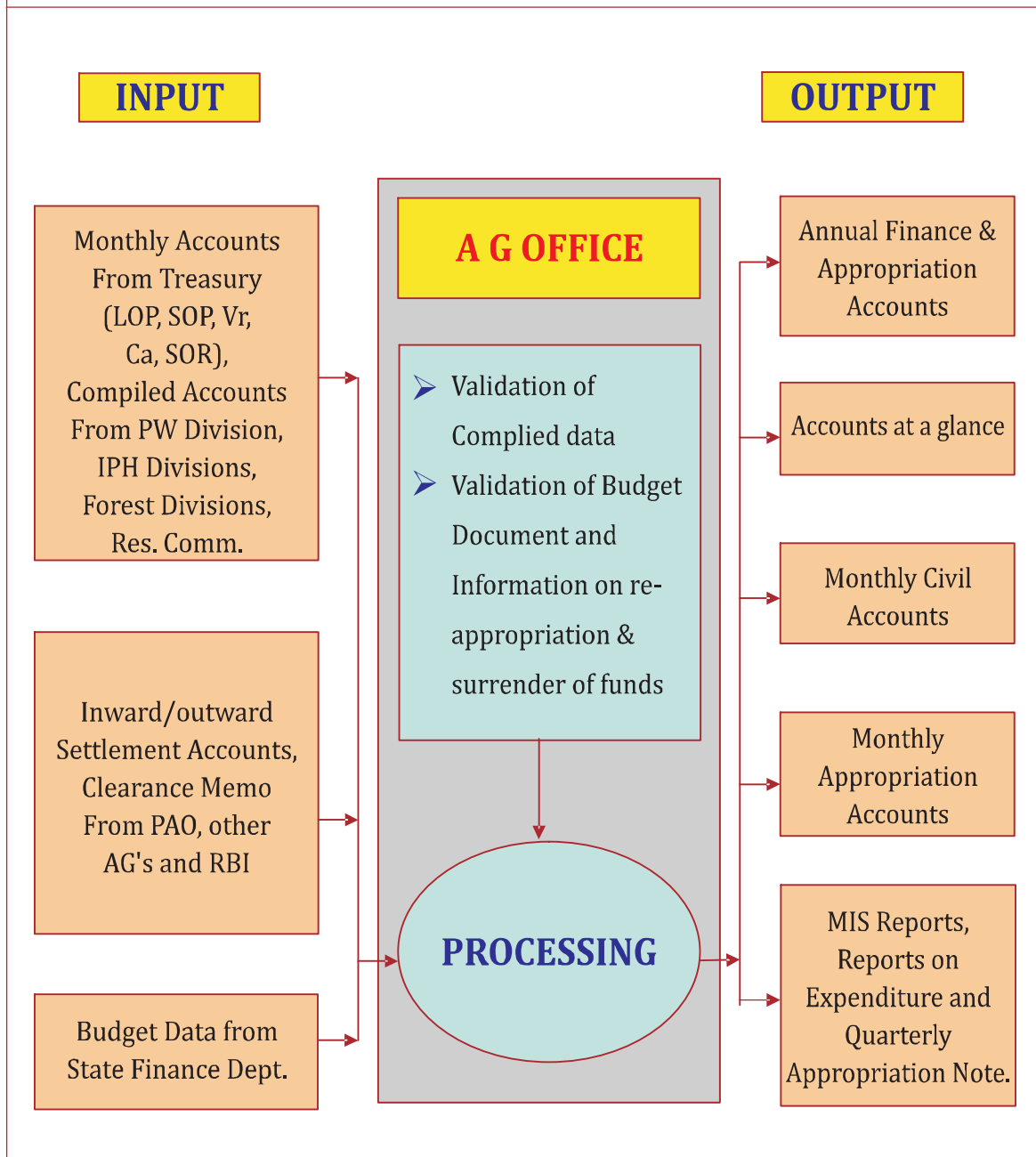
The Accountant General (Accounts and Entitlements), Himachal Pradesh collates, classifies analysis & accounts for receipts and expenditure of the Government of Himachal Pradesh. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works Divisions, Irrigation & 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 to the Government of H.P. along with a quarterly appreciation note on the important financial indicators, quality of expenditure of the Government. The Annual Finance Accounts and the Appropriation Accounts are placed before the State Legislature after audit by the Accountant General (Audit), H.P and certification by the Comptroller and Auditor General of India.

1.2 Structure of Accounts

1.2.1 *Government Accounts are kept in three parts :*

Part 1 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 2 CONTINGENCY FUND	The Contingency 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 crore.
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 Accounts 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.

Follow diagram for Accounts Compilation



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursement 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 have been 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 disbursement and 'Notes to accounts' containing summary of significant accounting policies, quality of accounts and other items, Volume II contains other summarized statements (Part-I), detailed Statements (Part-II) and appendices (Part-III).

Receipts and disbursement of the Government of Himachal Pradesh as depicted in the Finance Accounts 2010-11 are given below.

(₹ in crore)			
Receipts (Total:15962)	Revenue (Total: 12711)	Tax Revenue	5358
		Non Tax Revenue	1695
		Grants-in-aid	5658
	Capital (Total:3251)	Others Receipts	646
		Recovery of Loans and Advances	73
		Borrowing and other Liabilities*	2532
Disbursement (Total: 15962)	Revenue	13946	
	Capital	1789	
	Loans and Advances	227	

In addition to the expenditure approved for the year by the Himachal Pradesh Legislature, Government of India transfers funds directly to State Implementing Agencies/ Non Government Organization (NGOs) in the State for spending on various schemes and programmes. Such transfers (amounting to ₹1352 crore this year) are not reflected in the accounts of the State Government, but have been shown at Appendix VII in Volume II of the Finance Accounts.

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

1.3.2 *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 11 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.

At the end of the year, the actual expenditure of the government of Himachal Pradesh against the budget approved by the Legislature, showed a net excess of ₹796 crore (5% of estimates) and under-estimation of ₹778 crore (65% of estimates) on reduction of expenditure. Certain grants, like those relating to Land Revenue and District Administration, Public Works- Roads and Bridges, Irrigation, Water Supply and Sanitation showed substantial Excess.

An amount of ₹1.00 crore drawn through abstract contingent (AC) bills is outstanding as on 31st March 2011.

1.4 Sources and Application of Funds

1.4.1 *Ways and Means Advances*

The Reserve Bank of India (RBI) extends Ways and Means Advances (WMA) and Overdraft (OD) facilities to enable State Governments to tide over temporary shortfalls in their cash balances. During 2010-11, Government of Himachal Pradesh did not resort to OD facilities and WMA

1.4.2 *Fund flow statement*

The state had a Revenue Deficit of ₹1235 crore and a Fiscal Deficit of ₹2532 crore representing 2 % and 5 % of the Gross State Domestic Product (GSDP). The Fiscal Deficit constituted 16 % of total expenditure. The Fiscal Deficit was met from net Public Debt (₹1541crore) increase in Public Account (₹1021crore), and net decrease of opening and closing cash balance (₹30 crore). Around 78 % of the revenue receipts (₹12711crore) of the State Government was spent on committed expenditure like salaries (₹5824 crore) interest payments (₹1950 crore) and pensions (₹2105 crore)

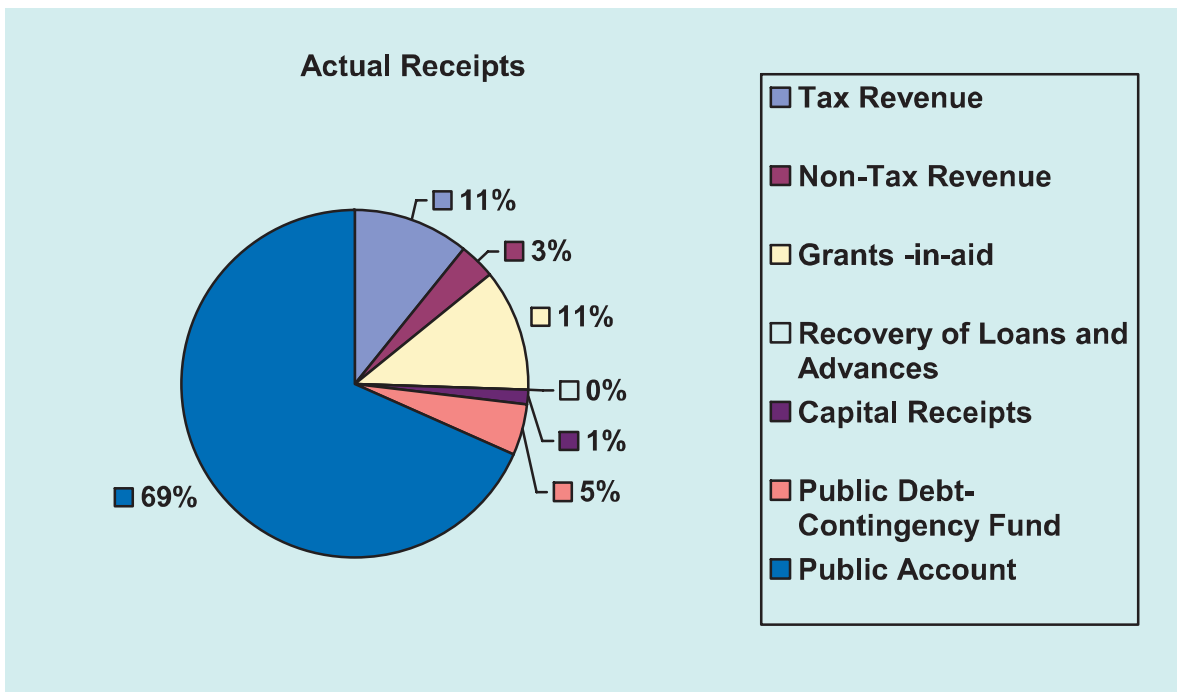
Table No. 1.4 - Sources and Application of Funds

(₹ in crore)

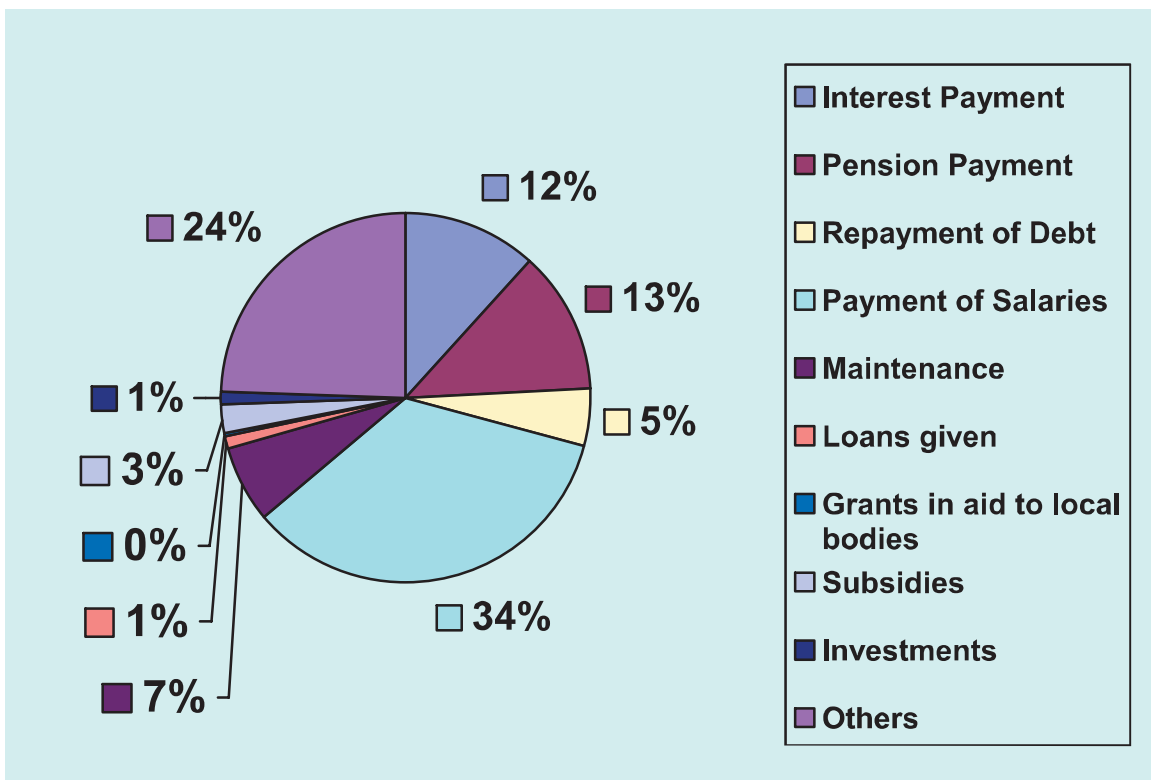
SOURCES	PARTICULARS	AMOUNT
	Opening cash balance as on 1.4.2010	(-) 302
	Revenue Receipts	12711
	Capital Receipts	646
	Recovery of Loans & Advances	73
	Public Debt	2411
	Small Savings Provident Fund & Others	2166
	Reserves & Sinking Funds	433
	Deposits Received	1505
	Civil Advances Repaid	125
	Suspense Account	25951
	Remittances	3864
	TOTAL	49583

APPLICATION	Revenue Expenditure	13946
	Capital Expenditure	1789
	Loans Given	227
	Repayment of Public Debt	870
	Small Savings Provident Fund & Others	1278
	Reserves & Sinking Funds	494
	Deposits Received	1172
	Civil Advances Given	125
	Suspense Account	26138
	Remittances	3816
	Closing Cash Balance as on 31.03.2011	(-) 272
	TOTAL	49583

1.4.3 *Where the Rupee came from*



1.4.4 *Where the Rupee went*



1.5 Highlight of Accounts

(₹ in crore)

Sl. No		B.E 2010-11	Actuals	Percentage of Actuals to B.E	Percentage of Actuals to GSDP (#)
1.	Tax Revenue (a)	4590	5358	117	10
2.	Non-Tax Revenue	1779	1695	95	3
3.	Grants-in-aid & Contributions	5220	5658	108	11
4.	Revenue Receipts (1+2+3)	11589	12711	110	24
5.	Recovery of Loans & Advances	26	73	281	--
6.	Other Receipts	--	646	--	1
7.	Borrowings and other liabilities (b)	2438	2532	104	5
8.	Capital Receipts (5+6+7)	2464	3251	132	6
9.	Total Receipts (4+8)	14053	15962	114	30
10.	Non-Plan Expenditure	10920	12314	113	23
11.	NPE on Revenue Account	10888	12294	113	23
12.	NPE on Interest Payments out of 11	2232	1950	87	4
13.	NPE on Capital Account (c)	32	20	63	--
14.	Plan Expenditure	3133	3648	116	7
15.	PE on Revenue Account	1205	1652	137	3
16.	PE on Capital Account ((d)	1928	1996	104	4
17.	Total Expenditure(10+14) (e)	14053	15962	114	30
18.	Revenue Expenditure(11+15)	12093	13946 *	115	27
19.	Capital Expenditure (13+16) (e)	1960	2016	103	4
20.	Revenue Deficit (-)/ Revenue Surplus (+) (18-4)	(-)504	(-) 1235*	(-)245	(-)2
21.	Fiscal Deficit (4+5+6-17)	(-)2438	(-) 2532*	(-)104	(-)5

(a) Includes Share of net proceed assigned to States for ₹1715 crore

(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) Includes ₹4 crore pertaining to Loans and Advances .

(d) Includes ₹223 crore pertaining to Loans and Advances .

(e) Expenditure on Capital Account includes Capital Expenditure (₹ 1789 crore) and Loans and Advances disbursed (₹227 crore).

GSDP figures (₹52426 crore) adopted from the Economic and Statistic Department Govt. of H.P

* Includes an amount of ₹700 crore (₹643 crore + ₹57 crore) by way of book adjustment.

The revenue deficit of ₹1235 crore (₹805 crore in 2009-10) and fiscal deficit ₹2532 crore (₹2784 crore in 2009-10) represents 2.36 % and 4.83 % of the Gross State Domestic Product (GSDP). The fiscal deficit constituted 16 % total expenditure. Around 73 % of the revenue receipts (₹12711 crore) of the State government was spent on committed expenditure like Salaries (₹5824 crore), interest payments (₹1950 crore) and pensions (₹2105 crore).

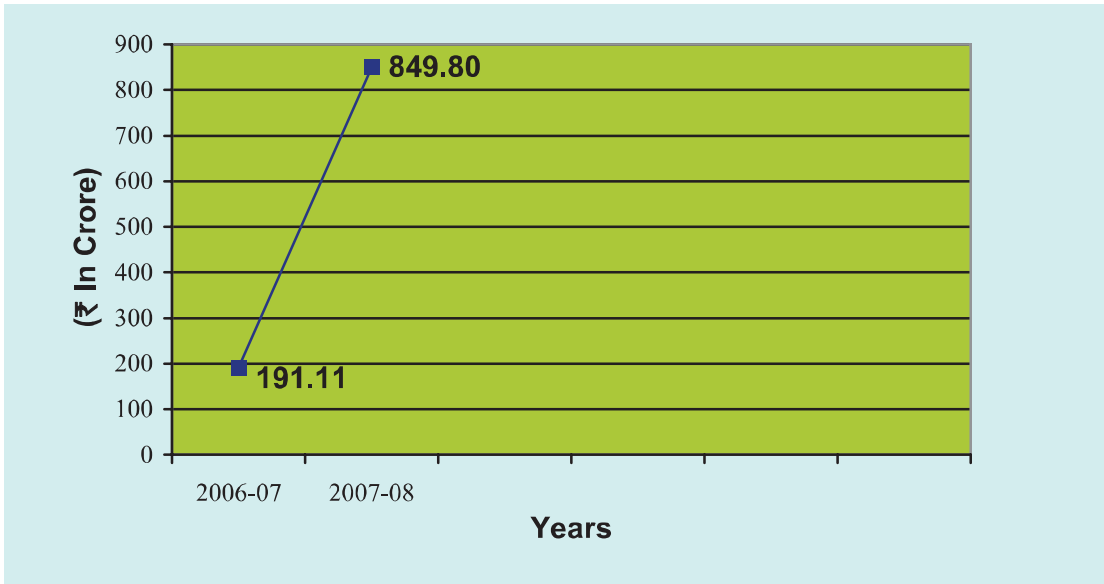
1.6 What do the Deficits and Surpluses indicates?

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
Revenue Deficit / Surplus	Refers to the gap between revenue and expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
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 should be invested in capital projects.

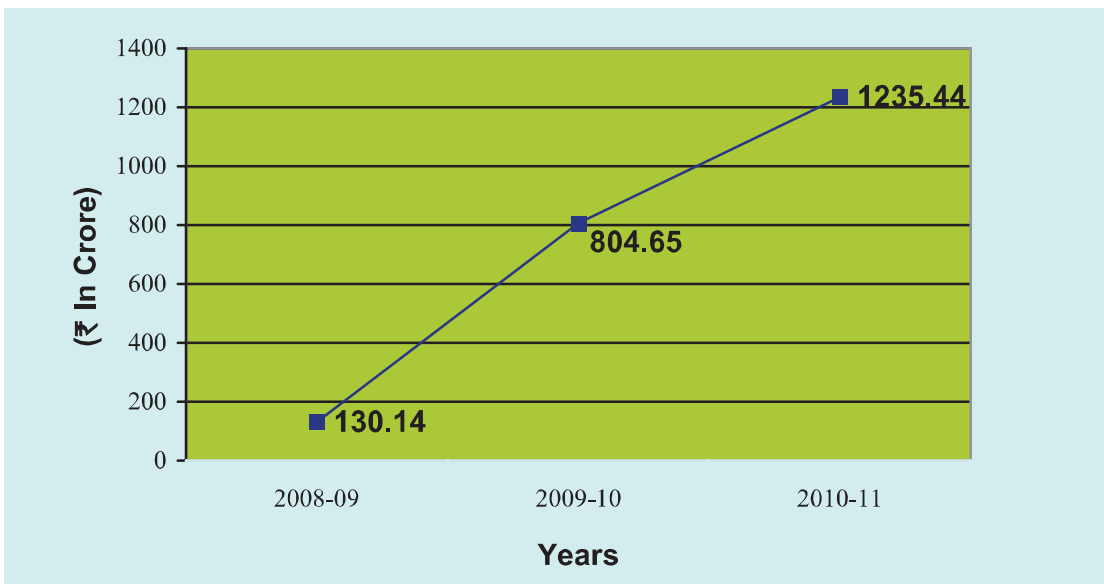
Deficit indicators, revenue augmentation and expenditure management are major yard sticks for judging the fiscal performance of the Government. The 12th Finance Commission had recommended that States enact their own Fiscal Responsibility and Budget Management (FRBM) Acts committing them to (i) reduce revenue deficit every financial year compared to previous financial year to eliminate revenue deficit by March, 2009 and generate revenue surplus thereafter (ii) progressively reduce fiscal deficit to bring it to three percent of Gross State Domestic Product (iii) progressively reduce its outstanding guarantees on long term debt, until it can cap outstanding risk weighted guarantees at eighty per cent of total revenue receipts in the preceding financial year for which actuals are available as per Finance Accounts. The FRBM Act has been amended by the State Govt vide Bill No.3 of 2011 which provides that (i) eliminate revenue deficit by financial year 2011-12 and maintain revenue surplus thereafter (ii) reduce fiscal deficit to 3.5. per cent or less of GSDP by financial year 2010-11, 3 per cent or less of GSDP by financial year 2011-12 and maintain fiscal deficit at the level of 3 per cent or less of GSDP thereafter (iii) reduce outstanding debt to 49.7 per cent, 44.4 per cent, 42.1 per cent and 40.1 per cent of GSDP by the financial year 2010-11,2011-12,2012-13,2013-14 and 2014-15 respectively (iv) maintain outstanding risk weighed guarantees on long term debt below 40 per cent of total revenue receipt in the preceding financial year for which actuals are available as per finance account. Although targets set for attaining the level of revenue and fiscal deficits in HPFRBM Act(pre revised) were achieved in 2006-07 (₹191.11crore) and 2007-08 (₹849.80 crore),the State had gone under revenue deficits 2008-09 (₹130.14 crore), 2009-10 (₹804.65 crore) and 2010-11 (₹1235.44 crore).In 2009-10 the State has revenue deficit of ₹ 804.65 crore which increased to ₹1235.44 crore (53 per cent) in the current year. Fiscal deficit decreased by ₹251.91 crore from ₹2783.91 crore in 2009-10 to ₹2532 crore in the current year (i.e. 4.83 per cent of GSDP) which is higher than the projections (3.50 per cent of GSDP) laid down in the amended FRBM Act. The target for reducing outstanding debt (₹18634 crore, 36% of GSDP) and to maintain amount of outstanding guarantees (₹3248 crore,26% of total revenue receipt(₹12711.00 crore) as per amended FRBM Act has been achieved.

1.6.1 *Trend of Revenue Deficit / Surplus*

Revenue Surplus

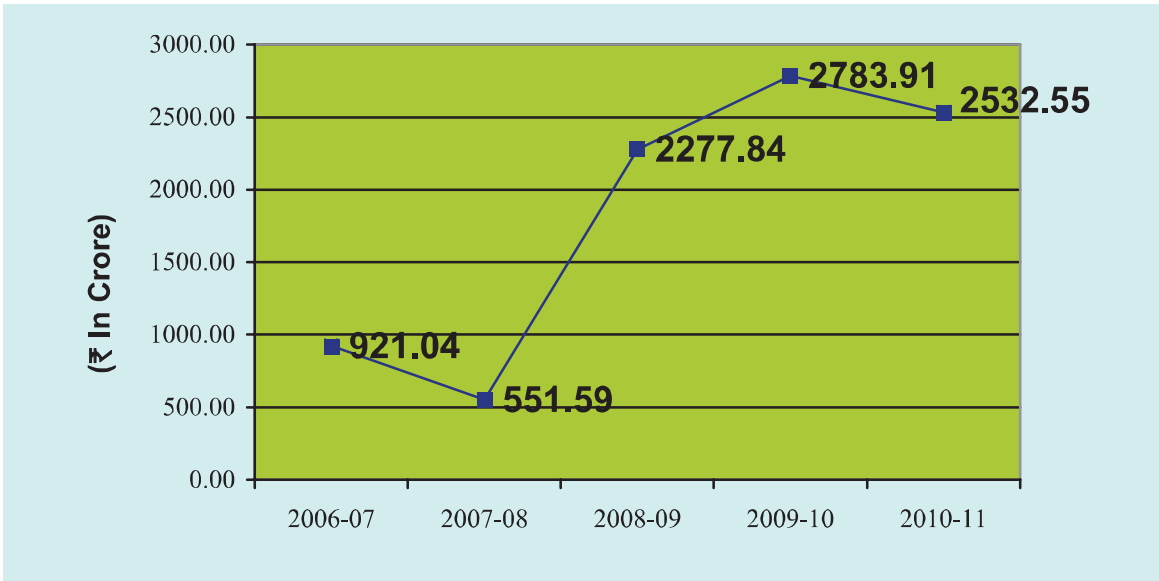


Revenue Deficit



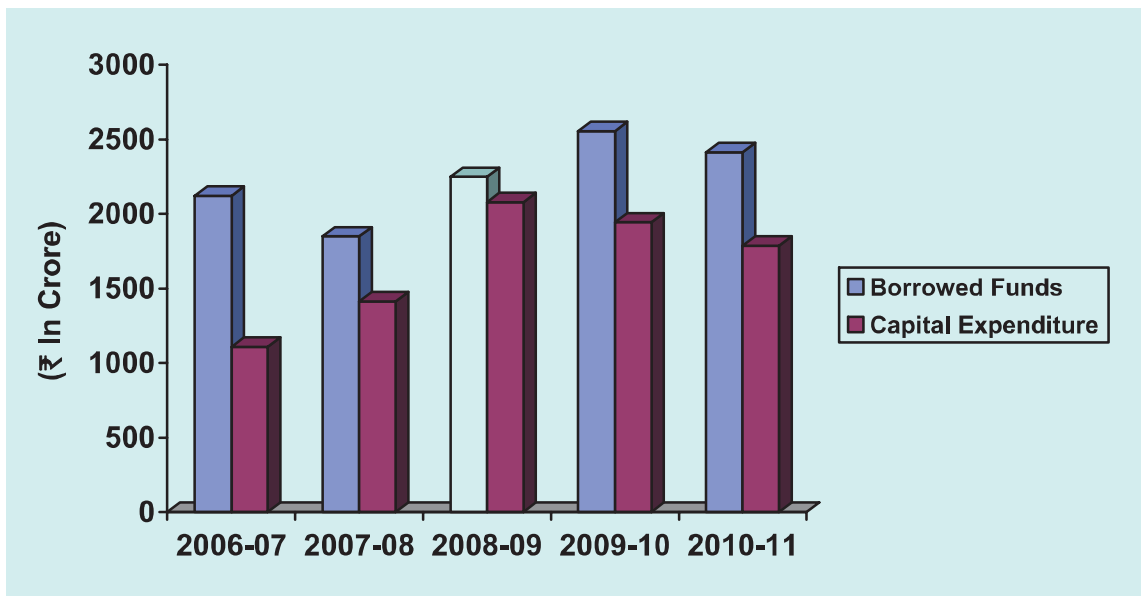
1.6.2 Trend of Fiscal Deficit

Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital

Borrowed funds spent on Capital Expenditure



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 74 % of the borrowings of the current year (₹2411crore) on capital expenditure (₹1789 crore). It would therefore appear that 26% of the public debt (₹870 crore) was utilized to repay the principal and interest on public debt of previous years.

Chapter 2

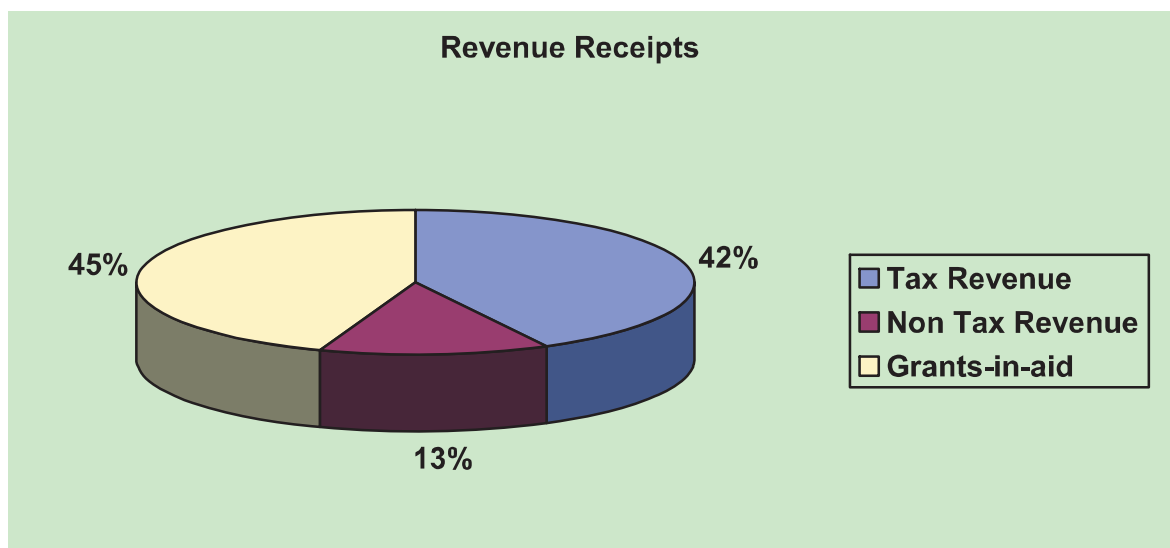
RECEIPTS

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2010-11 were ₹ 15962 crore.

2.2 Revenue Receipts

Tax Revenue	Comprises taxes collected and retained by the State and States share of Union Taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividend, profits etc.
Grants-in -aid	Grants- in- aid represent central assistance to the State Government from the Union Government. Includes “External Grant Assistance” received from Foreign Government and canalized 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 Components (2010-11)

(₹ in crore)

Components	Actuals
A. Tax Revenue	5358
Taxes on Income & Expenditure	1025
Taxes on Property & Capital Transactions	139
Taxes on Commodities & Services	4194
B. Non-Tax Revenue	1695
Interest Receipts, Dividend and Profits	134
General Services	103
Social Services	134
Economic Services	1324
C. Grants-in-aid & Contribution	5658
Total –Revenue Receipts	12711

Capital Receipts

(₹ in crore)

Component	Actuals
Miscellaneous Capital Receipts	646
Total – Capital Receipts	646

2.3 Trend of Receipts

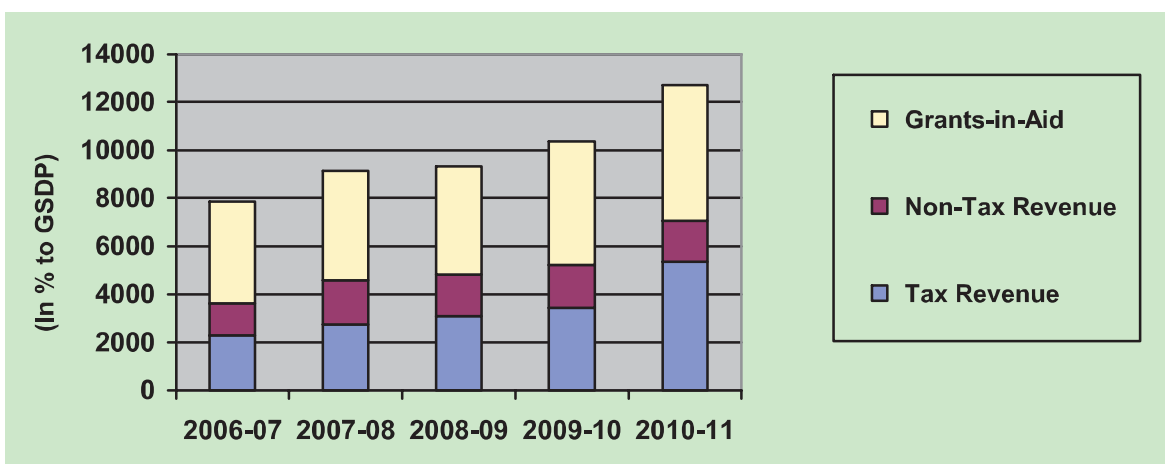
(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Tax Revenue	2285 (8)	2752 (9)	3080 (8)	3436 (8)	5358 (10)
Non-Tax Revenue	1337 (5)	1823 (6)	1756 (5)	1784 (4)	1695 (3)
Grants-in-aid	4213 (15)	4567 (14)	4472 (12)	5126 (12)	5658 (11)
Total Revenue Receipts	7835 (28)	9142 (29)	9308 (25)	10346 (24)	12711 (24)
GSDP	28358	31974	36940	42278	52426

Note: Figures in parentheses represents percentage to GSDP.(GSDP figures supplied by State Govt. time to time)

Though the GSDP increased by 24 % between 2009-10 to 2010-11, growth in revenue collection was only 23 % While tax revenue increased by 56 % , non-tax revenues declined by 5 % despite significant collections under Taxes on Sales Trade etc. , Corporation Tax, Taxes and Duties on Electricity, Custom, Taxes on Income other than Corporation Tax, Union Excise Duties, Other Taxes and Duties on commodities and Services, Service Tax, State Excise, Taxes on Vehicles, Non- Ferrous Mining and Metallurgical Industries. The decline under Non- Tax Revenues mainly due to less collection under Power, Industries, Dividend and Profit.

Components under Revenue Receipts as proportion to GSDP



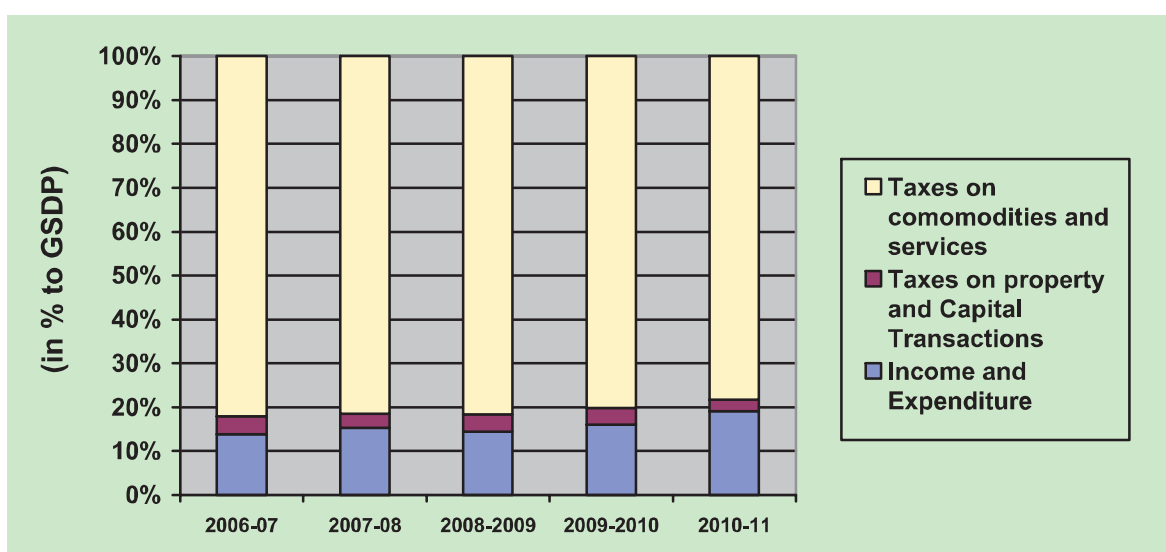
Sector-wise Tax Revenue

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	315	421	447	552	1025
Taxes on Property and Capital Transaction	95	89	119	129	139
Taxes on Commodities and Services	1875	2242	2514	2755	4194
Total Tax Revenue	2285	2752	3080	3436	5358

The increase in total tax revenue is mainly attributable to higher collection under Corporation Tax (₹671crore), Taxes on Income other than Corporation Tax(₹354 crore) Customs (₹300 crore), Union Excise Duties (₹ 218 crore) and Service Tax (₹171crore) .

Trend of Major Taxes in proportion to GSDP



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	
			Tax revenue	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2006-07	2285	629	1657	5.85
2007-08	2752	794	1958	6.12
2008-09	3080	837	2243	6.07
2009-10	3436	862	2574	6.09
2010-11	5358	1715	3643	6.95

2.5 Efficiency of Tax Collection

A. Taxes on Commodities and Services

	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	1875	2242	2514	2755	4194
Expenditure on Collection	19	21	22	26	33
Efficiency of Tax Collection	1%	9%	1%	1%	1%

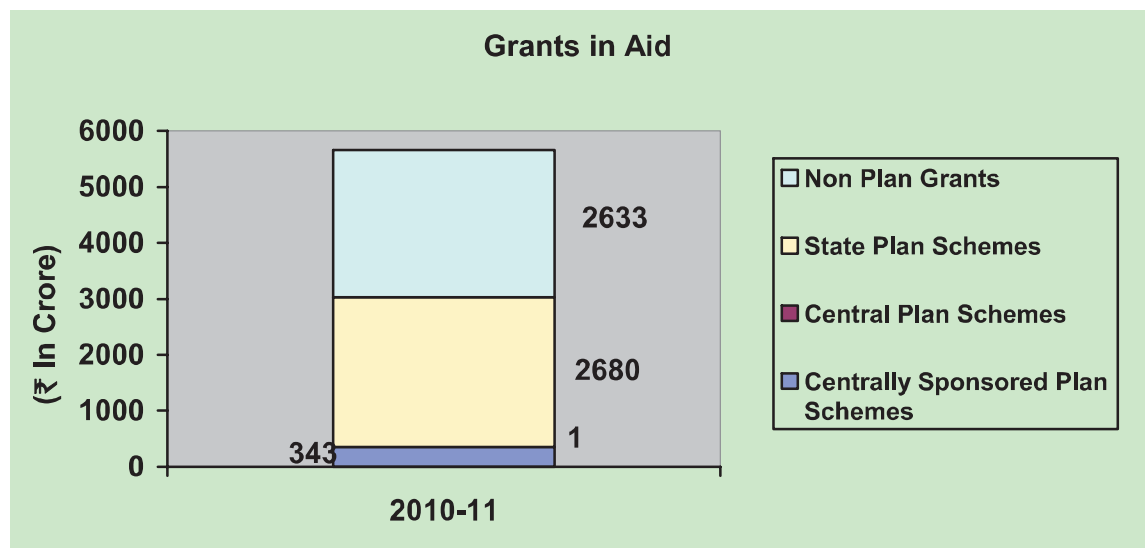
Taxes on Commodities and Services form a major chunk of tax revenue. The collection efficiency of taxes on property and capital transactions can be improved

2.6 Trend in State's share of Union Taxes over the past five years

	(₹ in crore)				
Major Head Description	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation Tax	196	252	275	355	671
Taxes on Income other than Corporation Tax	119	169	172	197	354
Taxes on Wealth	--	--	--	1	1
Customs	123	150	160	121	300
Union Excise Duties	130	143	140	97	218
Service Tax	60	79	90	91	171
Other Taxes and Duties on Commodities and services	--	--	--	--	--
State Share of Union Taxes	629	794	837	862	1715
Total Tax Revenue	2285	2752	3080	3436	5358
Percentage of Union Taxes to Total Tax Revenue	28	29	27	25	32

2.7 Grants -in-Aid

Grants-in-aid represent assistance from the Government of India, and comprises, Grant for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during 2010-2011 under Grants -in-aid were ₹ 5658 crore as shown below:



The Share of Non –Plan Grants in total Grants-in-aid increased from 40 % during 2009-10 to 47 % in 2010-2011, while, the share of Grants for Plan schemes declined from 60 % in 2009-10 to 53 % in 2010-11. As against budget estimate of ₹ 2621 crore of Union share in Plan schemes, the State Government has actually received ₹ 2680 crore of Grants-in-aid (101% of BE)

2.8 Public Debt

Trend of Public Debt over the past 5 years

Description	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Internal Debt	12132	13049	14456	16129	17694
Central Loans	1020	1015	971	984	960
Total	13152	14064	15427	17113	18654

In 2010-11, two loans totaling ₹645 crore at interest rates varying from 8.52% to 8.42% are redeemable in the year 2020-2021 were raised from the open market. In addition, the state Government raised ₹967 crore from the financial institution and ₹761 crore from the National Small Savings Fund (NSSF). Thus the Internal Debt aggregated to ₹2372 crore. Government also received ₹39 crore from Government of India as loans and advances.

Chapter 3

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.

General Services	Includes Justice, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply etc
Economic Services	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

The excess of revenue expenditure against budget estimates during the past five years is given below:-

	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Budget Estimates	6775	7556	9328	10222	12093
Actuals	7644	8292	9438	11151	13946
Gap	869	736	110	929	1853
Percentage of gap over BE	13	10	1	9	15

Around 71% of the total revenue expenditure was committed on Salaries (₹5824 crore) Interest Payment (₹1950 crore) and Pensions (₹2105 crore) which is the committed liability of the State Government.

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

	(₹ in crore)				
Component	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Expenditure	7644	8292	9438	11151	13946
Committed Revenue expenditure #	5545 (73)	6121 (74)	6867 (73)	7970 (71)	9880 (71)
Uncommitted Revenue Expenditure	2099	2171	2571	3181	4066

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has remained at more or less the same level over the past three years, even as total revenue receipts increased by 36.56 % from ₹9308 crore in 2008-09 to ₹12711 crore in 2010-11 and committed revenue expenditure increased by 23.95 % over the same period.

Note: Figures in parentheses represents percentage to Revenue Expenditure

Committed revenue expenditure includes expenditure on Salaries, Interest Payments and Pensions

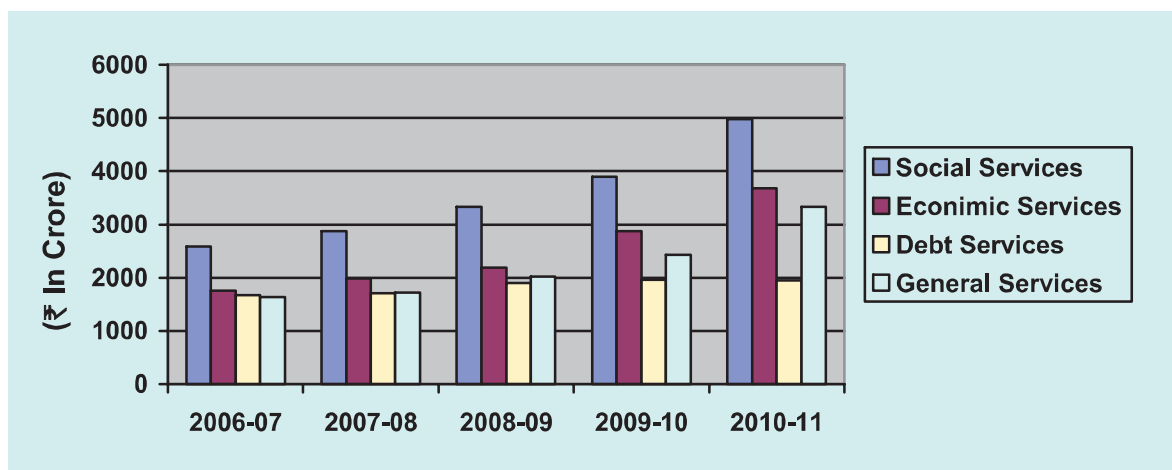
3.2.1 Sectoral distribution of Revenue Expenditure (2010-11)

(₹ in crore)

Components	Amount	Percentage
A. Organs of State	141	1
B. Fiscal Services	156	1
(i) Collection of Taxes on Property and Capital transaction	123	--
(ii) Collection of Taxes on Commodities and services	33	--
(iii) Other Fiscal Services	--	--
C. Interest Payments and Servicing of debt	1950	14
D. Administrative Services	915	7
E. Pensions and Miscellaneous General Services	2117	15
F. Social Services	4979	36
G. Economic Services	3682	26
H. Grants-in-aid	6	--
Total Expenditure (Revenue Accounts)	13946	100

3.2.2 Major components of Revenue Expenditure 2006-07 to 2010-11

Trend of Major components of Revenue Expenditure



The expenditure on Economic Services (Which includes important sectors like Rural Development, Agriculture and Irrigation) has gone down, as against steady increases in other services.

3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustainable. Capital disbursements during 2010-11 for ₹ 1789 crore (3.41% of GSDP), were less than Budget Estimates by ₹ 29 crore (excess disbursement of ₹ 44 crore under plan expenditure and less expenditure of ₹15 crore under non-plan). This has been the picture over the last five years, where capital expenditure (both budgeted and actuals) has not only not kept pace with the steady growth of GSDP but also it has been erratic and on occasions, declined. This can be seen from the table below:

(₹ in crore)

Sl.No.	Components	2006-07	2007-08	2008-09	2009-10	2010-11
1	Budget (B.E.)	760	1098	1931	1863	1760
2	Actual Expenditure(#)	1110	1413	2079	1943	1789
3	Percentage of Actual Expenditure to B.E.	146%	129%	108%	104%	102%
4	Growth in Capital Expenditure	35%	27%	47%	(-)8 %	(-) 8%
5	GSDP(*)	28358	31974	36940	42278	52426
6	Growth in GSDP	11%	13%	16%	14%	24%

3.3.1 Sectoral distribution of Capital Expenditure

During 2010-11, the Government spent ₹183 crore on various Irrigation Projects (₹21 crore on Major Irrigation, ₹41 crore on Medium Irrigation, ₹121 crore on Minor Irrigation). Apart from above, the Government spent ₹425 crore on construction of roads and bridges and invested ₹197 crore in various Corporation/ Companies/ Societies.

3.3.2. Comparative Sectoral distribution of capital and revenue expenditure over the past 5 years is illustrated below:

(₹ in crore)

Sl.No.	Sector	2006-07	2007-08	2008-09	2009-10	2010-11
1	General Services (Capital)	61	59	64	64	73
	General Services (Revenue)	3300	3429	3918	4377	5279
2	Social Services (Capital)	574	586	833	610	611
	Social Services (Revenue)	2586	2876	3332	3902	4979
3	Economic Services (Capital)	474	769	1182	1270	1104
	Economic Services (Revenue)	1755	1984	2184	2868	3682

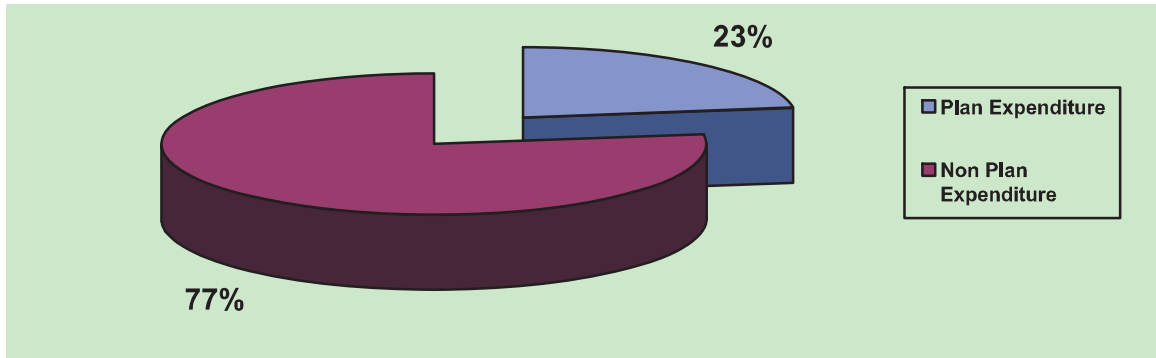
Does not include expenditure on Loans and Advances

*GSDP figures (₹52426 crore) adopted from the Economic and Statistic Department Govt. of H.P

Chapter 4

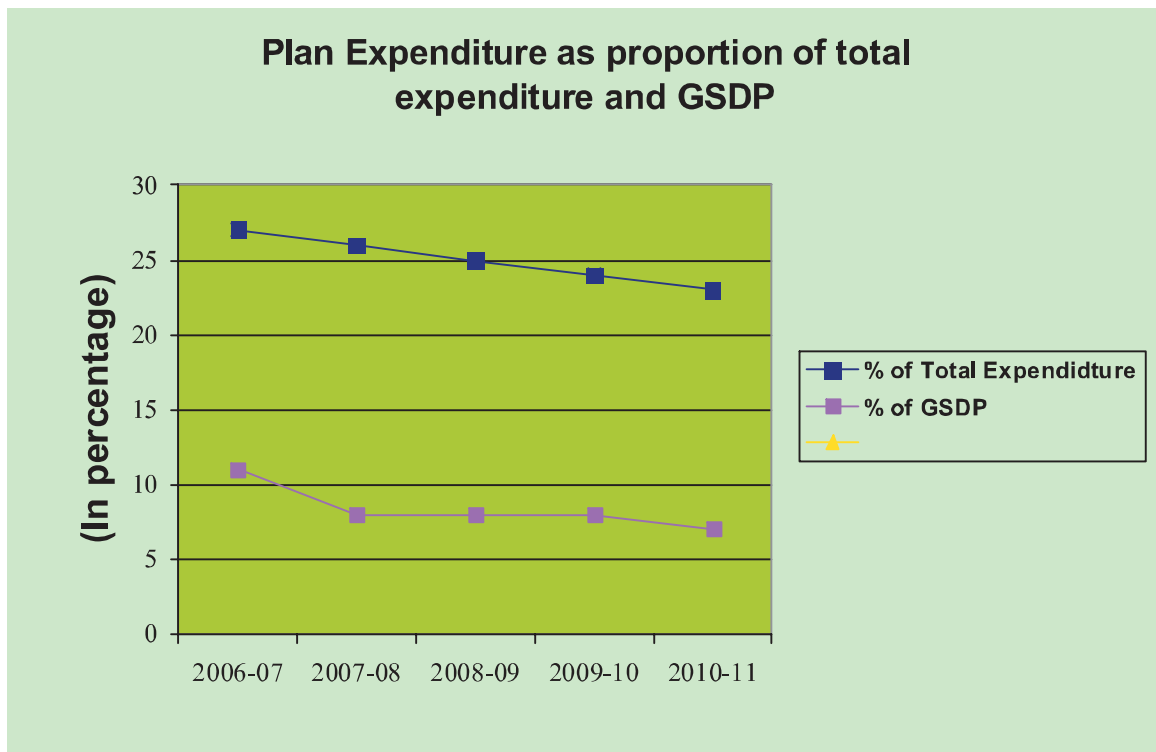
PLAN & NON PLAN EXPENDITURE

4.1 Distribution of expenditure (2010-2011)



4.2 Plan Expenditure

Plan expenditure (both revenue and capital) during 2010-11 was ₹3648 crore constituting 23 % of total disbursement of ₹15962 crore. This comprised ₹3026 crore under state plan, ₹ 400 crore under centrally sponsored/ central plan scheme and ₹ 222 crore on loans and advances.



Plan expenditure under the revenue sector increased from ₹1238 crore in 2009-10 to ₹1652 crore in 2010-11. In Capital sector it increased by 2 % , from ₹ 1962 crore in 2009-10 to ₹1996 crore in 2010-11, the share of Centrally Sponsored Schemes / Central Plan (Revenue ₹88 crore and Capital ₹235 crore) it increased from ₹ 453 crore in 2009-10 to ₹565 crore (Minor Irrigation etc., ₹1 crore and Roads & Bridges ₹ 5 crore) in 2010-11.

4.2.1. Plan Expenditure under Capital Account

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Total Capital Expenditure	1136	1427	2169	2013	2016
Capital Expenditure (Plan)	1067	1324	2006	1962	1996
Percentage of Capital Expenditure (Plan) to total Capital Expenditure	94	93	92	97	99

4.2.2. Plan Expenditure on Loans and Advances

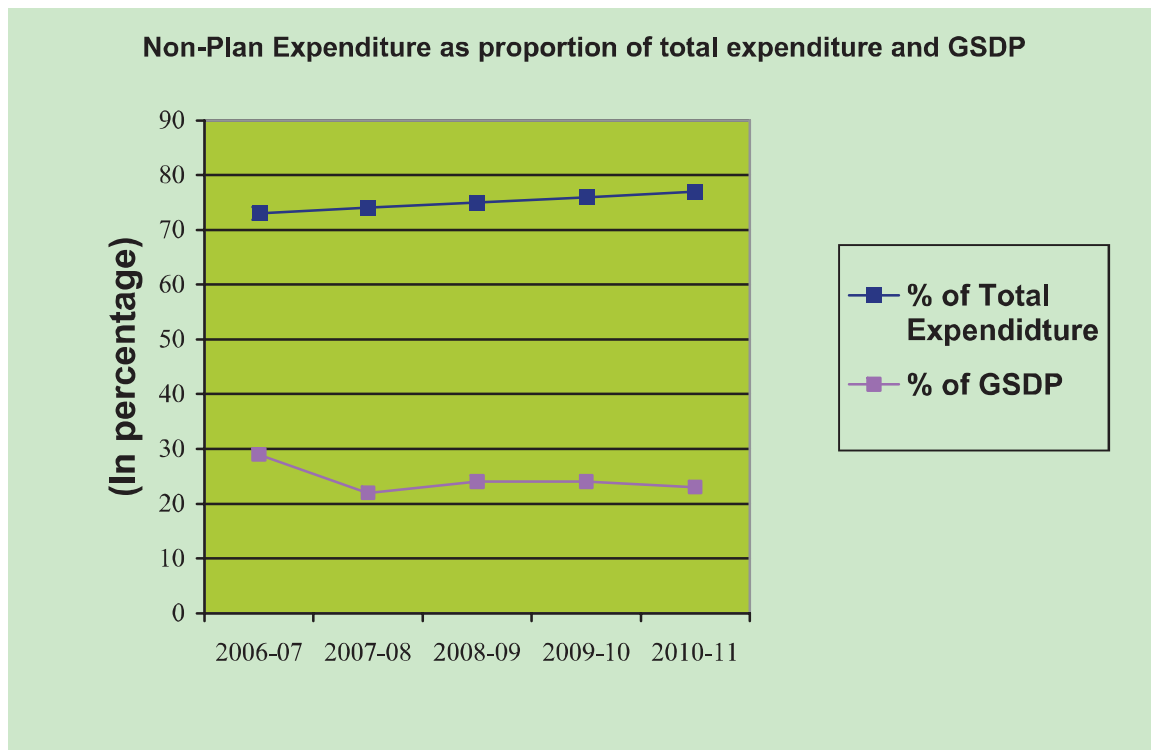
Significant disbursements of Loans and Advances were as under:

(₹ in crore)

Major Heads	Amount	Purpose
6801 Loans for power Project	193	Loans given to H.P Power Corporation for Hydel Electric Generation
6425 Loans for Co-operation	24	Loans given for (a) Marketing and distribution activities (b) In shape of margin money and share capital (c) Machinery and equipment, Furniture Fixture etc.

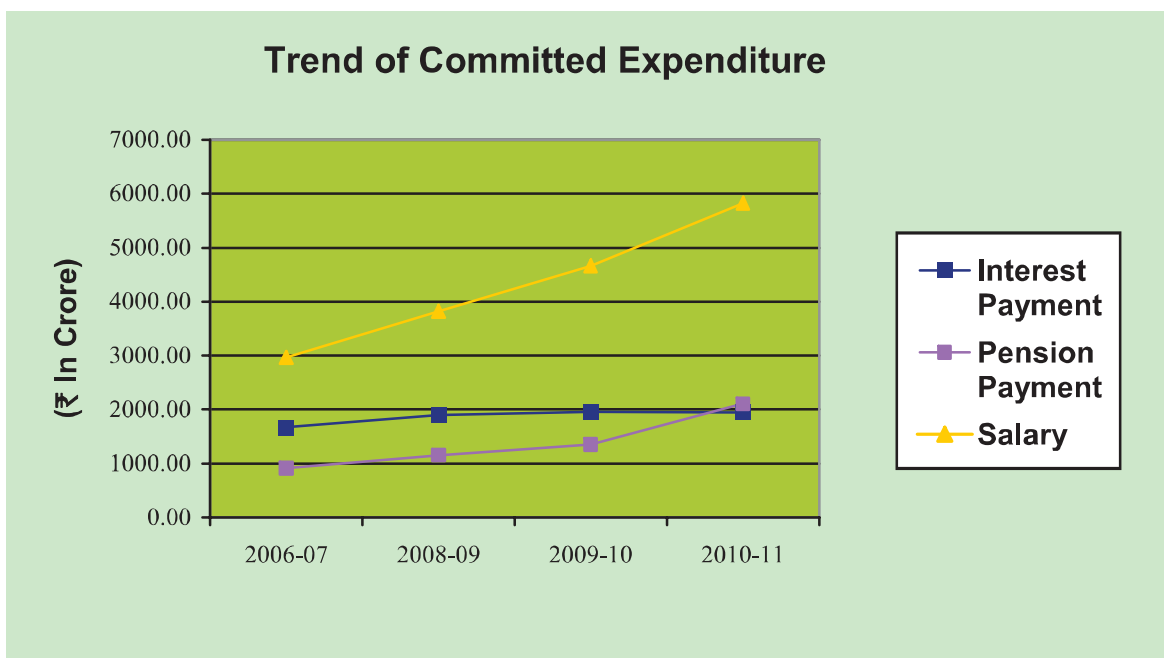
4.3 Non-Plan Expenditure

Non Plan Expenditure during 2010-11, representing 77 % of total disbursement was ₹12314 crore (₹12294 crore under Revenue and ₹ 20 crore under Capital). Non-plan expenditure under capital includes ₹4 crore on Loans and Advances disbursed. Out of ₹704 crore (6 % of Non-plan expenditure) spent on maintenance, ₹658 crore (94 %) constituted salaries and wages.



4.4 Committed Expenditure

Salaries and pensions showed a steep increase of 25 % and 56 % respectively in 2010-11, mainly on account of revision of pay and Pension



The trend of committed expenditure to revenue expenditure over the past five years is given below:

Component	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure*	5545	6121	6867	7970	9879
Revenue Expenditure	7644	8292	9438	11151	13946
Revenue Receipts	7835	9142	9308	10346	12711
Percentage of committed expenditure to Revenue Receipts	71	67	74	77	78
Percentage of committed expenditure to Revenue Expenditure	73	74	73	71	71

* Committed expenditure includes expenditure on Salaries, Interest Payment and Pensions.

The pace of increase of committed expenditure (78%) over the past five years was more than the pace of increase in revenue expenditure (82%), leaving the Government with lesser flexibility for development spending.

Chapter 5

APPROPRIATION ACCOUNTS

5.1 Summary of Appropriation Accounts for 2010-11

(₹ in crore)

Sl. No	Nature of expenditure	Original grant	Supple- mentary grant	Re-appropriation		Total Budget	Actual expenditure (Net)	Savings(-) Excesses(+)
				Surrender	Recovery			
1.	Revenue Voted	10995.61	808.99	154.81	1157.50	10492.28	11965.11	(+)1472.83
	Charged	2255.31	8.71	288.95	--	1975.07	1980.94	(+)5.87
2.	Capital Voted	1925.65	114.63	100.42	42.32	1897.54	1780.25	(-) 117.29
	Charged	--	6.64	--	--	6.64	8.74	(+)2.10
3.	Public Debt Charged	1026.04	--	146.70	--	879.34	869.64	(-) 9.70
4.	Loans and Advances Voted	68.13	25.16	1.62	--	91.67	226.56	(+)134.89
	Total	16270.74	964.12	692.50	1199.82	15342.55	16831.24	(+)1488.70

5.2 Trend of Savings / Excess during the past five years

(₹ in crore)

Year	Savings(-) Excess (+)				Total
	Revenue	Capital	Public Debt	Loan & Advances	
2006-07	(+)494.03	(+)13.06	(+)171.00	(+)0.18	(+)678.27
2007-08	(+)290.32	(-)100.82	(-)59.89	(+)0.52	(+)130.13
2008-09	(+)84.13	(-)329.33	(+)0.23	(-)0.13	(-)245.10
2009-10	(+)682.01	(-)262.15	(-)1.00	(+)22.46	(+)441.32
2010-11	(+)1779.57	(-)199.27	(-)9.70	(+)3.20	(+)1573.80

5.3 Significant Savings

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

Some grants with persistent and significant net savings above ₹ one crore are given below:

(₹ in crore)

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
3	Administration of Justice	--	--	--	--	19.21
8	Education	--	--	225.35	34.50	64.10
15	Planning and Backward Area Sub Plan	42.17	--	15.37	23.84	35.39
22	Food and Civil Supplies	--	--	--	--	25.65
23	Power Development	15.00	17.69	52.93	62.56	--
25	Road and Water Transport	--	--	37.24	--	18.70
28	Urban Development, Town and Country Planning and Housing	8.37	--	--	14.41	27.46
29	Finance	--	247.54	345.26	161.98	238.06
32	Scheduled Caste Sub Plan	--	75.51	7.72	9.68	11.09

The persistent huge savings under minor irrigation 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 2010-11, Supplementary grants totaling ₹964.12 crore (5.13% 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	Nomenclature	Section	Original	Supplementary	Actual Expenditure
05	2029-land Revenue 103- Land Records 02- District Establishment Charges S00N-NP	Rev.	70.16	1.42	66.75
05	2245- Relief on Account of Natural Calamities 05- State Disaster Response Fund 101- Transfer to Reserve Funds and Deposit Account- State Disaster Response Fund 01- State Disaster Response Fund (Inter Account Transfer)- Non-Plan	Rev.	28.30	17.55	13.08
08	2202-General Education 80- General 107- Scholarships 10- Scholarship to OBC Student under Elementary Education C50N-P	Rev.	0	0.12	0
09	2210- Medical and Public Health 01- Urban Health Services- Allopathy 001- Direction & Administration 01- Directorate S00N-NP	Rev.	13.38	0.16	13.19
09	2211- Family Welfare 102- Urban Family Welfare Services 01- Family Welfare Centre in Urban Areas S00N-NP	Rev.	9.36	0.09	8.74
13	4711- Capital Outlay on Flood Control Projects 01- Flood Control 800- Other Expenditure 08- Channelisation of Bata River S00N-P	Cap.	11.10	4.56	0
31	2029- Land Revenue 796- Tribal Area Sub Plan 01- Expenditure on Distt. Establishment S00N-NP	Rev.	2.55	0.21	2.43

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

(₹ in Crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
7	2055- Police 109- District Police 01- District Executive Force S00N-NP	Rev.	166.61	34.74	208.48
9	2210- Medical and Public Health 02- Urban Health Services – Other System of Medicine 001- Direction and Administration 02- District Establishment S00N-NP	Rev.	36.24	0.38	42.75
9	2210- Medical and Public Health 04- Rural Health Services – Other System of Medicine 101- Ayurveda 02- Ayurvedic Dispensary S00N-NP	Rev.	31.65	4.66	49.52
9	2210- Medical and Public Health 05- Medical Education, Training and Research 105- Allopathy 01- Indira Gandhi Medical College Shimla S00N-NP	Rev.	56.54	8.69	79.59
11	2401- Crop Husbandry 800- Other Expenditure 13- Rashtriya Krishi Vikas Yojna S0NA-P	Rev.	6.04	21.00	34.25
13	2215- Water Supply 01- Water Supply 101- Urban Water Supply Programme 02- Maintenance and Repair of Urban Water Supply Scheme in various Districts S00N-NP	Rev.	108.26	7.27	128.00
13	2702- Minor Irrigation 80- General 001- Direction and Administration 02- Work Charged Staff Converted into Regular Establishment S00N-NP	Rev.	83.68	15.37	112.27
14	2403- Animal Husbandry 101- Veterinary Services and Animal Health 01- Hospital and Dispensary S00N-NP	Rev.	91.24	10.74	113.51

Chapter 6

ASSETS AND LIABILITIES

6.1 Assets

The existing form of accounts do not easily 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 ₹168 crore at the end of the year of 2010-11. However, dividends received during the year were ₹64 crore (i.e. 2 %) on total investment. During 2010-11, investments increased by ₹201 crore while dividend income decreased by ₹ 9 crore .

Cash Balance with RBI stood at (-) ₹302 crore on 31st March 2010 and decreased to ₹272 crore at the end of March, 2011. In addition, Government had invested an amount of ₹25861 crore in 166 occasion in Treasury Bills and rediscounted Treasury Bills worth ₹25537 crore in 282 occasions during 2010-11. The net of such investment (₹324 crore) supplements the closing cash balance of the State Government.

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 2010-11 is ₹645 crore. Against this Government of Himachal Pradesh has availed open market borrowing for ₹645 crore.

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

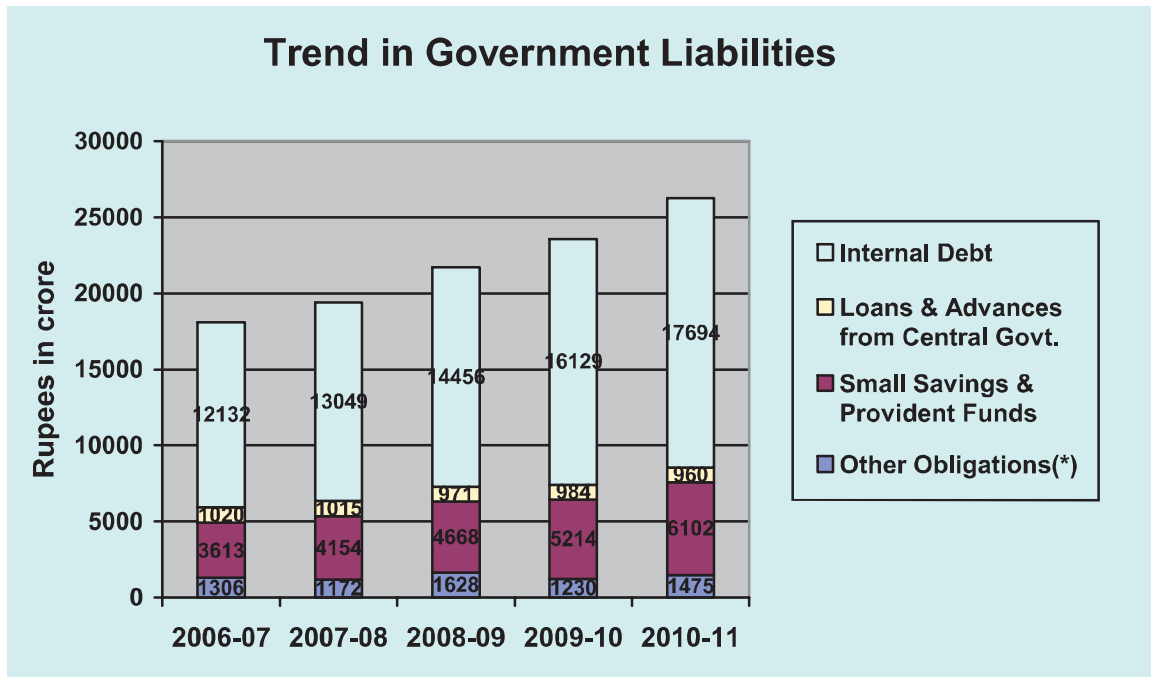
(₹ in crore)

Year	Public Debt	% to GSDP	Public Account(*)	% to GSDP	Total Liabilities	% to GSDP
2006-07	13152	46	4919	17	18071	64
2007-08	14064	44	5354	17	19418	61
2008-09	15427	42	6391	17	21818	59
2009-10	17113	40	6599	13	23712	56
2010-11	18654	36	7759	15	26413	50

Public Debt and other liabilities showed a net increase of ₹2701 crore (11 %) over the year.

(*) Excludes suspense and remittance balance.

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



(*) 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 as on 31 st March 2011	
		Principal	Interest
2006-07	6347	2852	125
2007-08	6450	2594	38
2008-09	6076	2254	37
2009-10	4361	1924	25
2010-11	6232	3248	662

Chapter 7

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, State Governments also guarantee 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 March 31st 2011, 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 2010-11 was ₹483 crore. Out of this, Loans and Advances to Government Corporation / Companies, Non-Government Institutes and Local Bodies amounted to ₹435 crore. Recovery of Principal aggregating to ₹4 crore and Interest amounting to ₹1 crore is in arrears at the end of 31st March 2011. During 2010-11 only ₹73 crore has been received towards repayment of loans and advances, out of which ₹12 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would help the Government fiscal position.

7.3 Financial assistances to local bodies and others

During past five years, Grants- in-aid to local bodies etc., increased from ₹399 crore in 2006-07 to ₹849 crore in 2010-11. Grants to Zilla Parishads, Panchayat Raj Institution and Municipal Corporation & Municipalities (₹348 crore) represents 41 percent of total Grants given during the year.

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

Sr. No.		2006-07	2007-08	2008-09	2009-10	2010-11
1	Zillaparishads & Panchayati Raj Institution	101	134	188	218	256
2	Municipal Corporation & Municipalities	47	71	82	116	92
3	Universities & Educational Institution	117	176	204	231	311
4	Development Agencies	93	38	44	49	52
5	Hospital & Others Charitable Institute	--	--	5	41	48
6	Other Institute	41	48	59	63	90
	Total	399	467	582	718	849

7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 st April 2010	As on 31 st March 2011	Net increase(+) / decrease (-)
Cash Balances	281	635	(+)354
Investment from cash balance (GOI Treasury Bills)	583	907	(+)324
Investment from earmarked fund balances	--	--	--
(a) Sinking Fund	--	--	--
(b) Guarantee Redemption Fund	--	--	--
(c) Other Funds	--	--	--
Interest realized	64	50	(-) 14

State Government had a positive closing cash balance at the end of 31st March 2011, despite utilizing its cash balances and earmarked fund balances towards investment . Interest receipts on these investments has decreased to 22%.

7.5 Reconciliation of accounts

All Drawing and Disbursing Officers 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 100% by the DDOs for a net value of ₹15735 crore of the total expenditure of the Government and ₹13356 crore of total receipts of the Government for the year 2010-11.

7.6 Submission of accounts by Treasuries

180 treasuries accounts rendered by District Treasuries, 127 Public Works/ Irrigation and Public Health division and 88 Forest Division rendered 5682 accounts during the year. The delay ranging from 1 to 7 days has been noticed in rendition of monthly accounts by the Treasury officers particularly from Pangi, Kangra, Nahan, Mandi and Una treasuries.

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

When Money is required in advance or the Drawing and Disbursing Officers (DDOs) are not able to calculate the exact amounts required, they are permitted to draw money without supporting documents through AC bills. Such AC Bills are required to be settled within specific period through submission of Detailed Contingency Bills (vouchers in support of final expenditure). The fact that to end of 31st March 2011, 22 AC Bills amounting to ₹ 0.68 crore for the year 2008-09 and 1 AC Bill for the year 2009-10 have not been received within the same financial year. The age wise details is given below:

(₹ in crore)

Year	Number of AC Bills awaited	Amount involved
2008-09	22	1
2009-10	1	< 1 crore*
2010-11#	--	--

*Amounting to ₹10000/-(Rupees ten thousand only)

#Abstract contingent bills were drawn in the same format as that of a regular bill and not differentiated by the State Govt.

7.8 Commitments on account of Incomplete Capital works

A total expenditure of ₹ 86 crore as per Appendix X in Volume II of the Finance Accounts (2010-11) was incurred up to the year 2010-11 by the State Government on various incomplete projects against an estimated cost of ₹ 37 crore.

The original estimated cost (₹ 37 crore) was escalated by 281 % on various projects. Abnormal increase in revised estimates is noticed in respect of sewerage schemes and water supply schemes. A summarized view on commitments on account of ‘ Incomplete Capital Works’ is furnished below:

(₹ 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	Sewerage Scheme	29	6	64	1	85
2	Water supply Scheme	8	1	22	-	19
	Total	37	7	86	1	104 #

Revised estimates for ₹32 crore being processed (₹72 crore +₹32 crore)

