

सत्यमेव जयते

Accounts at a glance for the year 2012-13



GOVERNMENT OF HIMACHAL PRADESH

Accounts at a glance
for the year 2012-13

Accountant General
(Accounts and Entitlement)

Government of Himachal Pradesh

Preface

I am happy to present the fifteenth issue of our annual publication, the 'Accounts at a Glance' for the year 2012-13. 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. The Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by the State Legislature and depict explanations for variations between the actual expenditure and the funds allocated.

'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.

Shimla

Date: 6.12.2013



(Sushil Kumar)

Accountant General (A&E)

Our Vision, Mission and Core Values

VISION: 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.

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

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

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

CORE VALUES:

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

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

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Chapter I

Overview

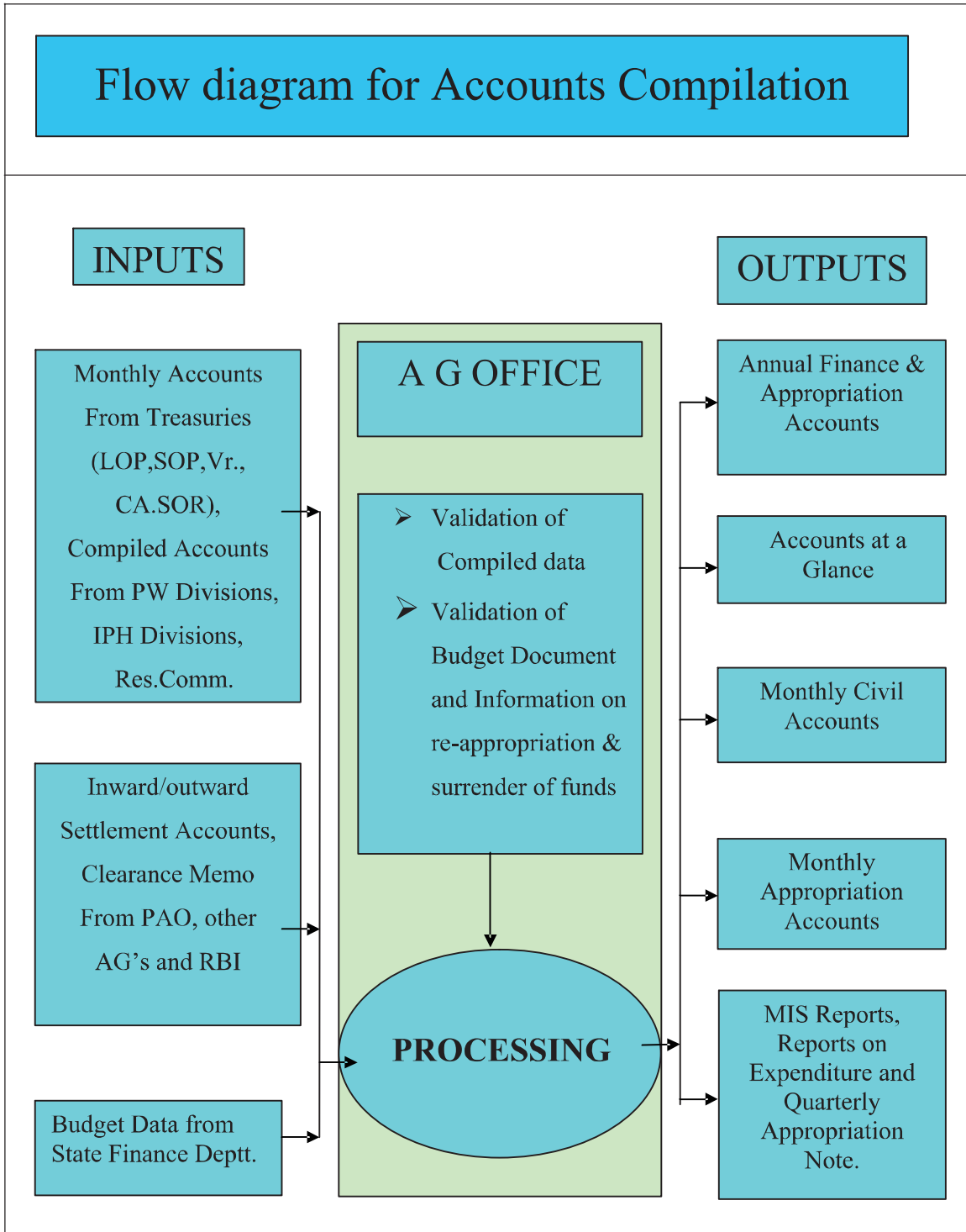
1.1 Introduction

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

1.2 Structure of government accounts

1.2.1 Government accounts are kept in three parts:

Structure of Government Accounts	
Part 1 CONSOLIDATED FUND	All revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund. All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), are met from this fund.
Part 2 CONTINGENCY FUND	The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund. The corpus of this fund for the Government of Himachal Pradesh is ₹ five 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 Account comprises: repayable like Small Savings and Provident Funds, Reserve Fund, Deposits and Advances, Suspense and Miscellaneous transaction (adjusting entries pending booking to final heads of account), Remittances between accounting entities, and Cash Balance.



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. Finance Accounts are prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarized statements of overall receipts and disbursements and 'Notes to Accounts' containing summary of significant accounting policies, 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 2012-13 are given below.

Receipts and disbursement in year 2012-13 (₹ in crore)			
Receipts	Total Receipts	18598	
	Revenue	Tax Revenue	6908
		Non Tax Revenue	1377
		Grants-in-aid	7313
		<i>Revenue Receipts</i>	15598
	Capital	Recovery of Loans and Advances	21
		Borrowing and other Liabilities*	2979
<i>Capital Receipts</i>		3000	
Disbursements	Total Disbursements	18598	
	Revenue	16174	
	Capital	1955	
	Loans and Advances	469	

* 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.

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 various schemes and programmes. Such transfers (amounting to ₹945 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.

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 13 Charged Appropriations 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 saving of ₹ 392 crore (2 per cent of estimates) and under-estimation of ₹ 447 crore (30 per cent of estimates) on reduction of expenditure. Certain grants, like those relating to Administration of Justice, Land Revenue and District Administration, Education, Health and Family Welfare, Agriculture, Planning and Backward Area Sub Plan, Rural Development, Tribal Development and Scheduled Caste Sub Plan showed substantial savings.

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 2012-13, Government of Himachal Pradesh did not resort to OD facilities and WMA.

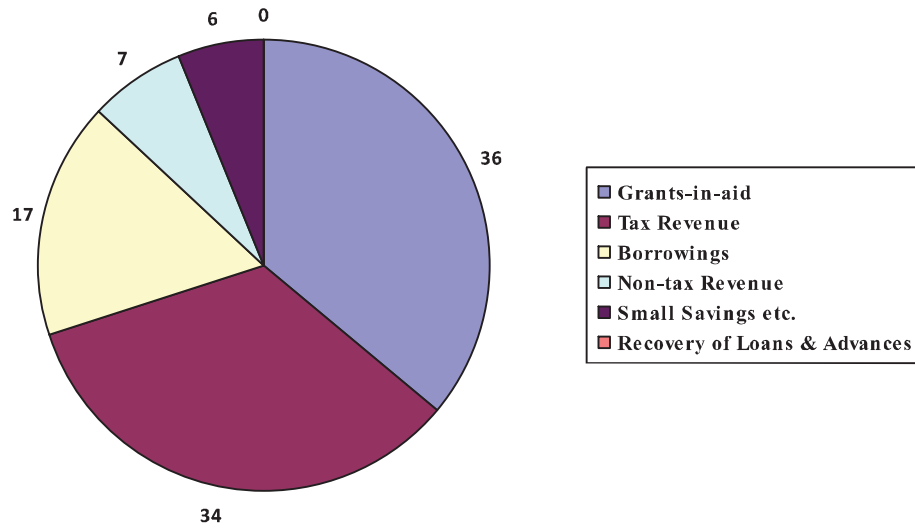
1.4.2 Fund flow statement

The state had a Revenue Deficit of ₹576 crore and a Fiscal Deficit of ₹2979 crore which were one per cent and four per cent of the Gross State Domestic Product (GSDP) respectively. The Fiscal Deficit constituted 16 per cent of total expenditure. The Fiscal Deficit was met from net Public Debt (₹1254 crore) increase in Public Account (₹1543 crore), and net increase of opening and closing cash balance (₹182 crore). Around 82 per cent of the revenue receipts (₹15598 crore) of the State Government was spent on committed expenditure like salaries (₹7066 crore) interest payments (₹2370 crore) and pensions (₹2747 crore) and subsidies (₹ 567crore).

Sources and Application of Funds (₹ in crore)		
SOURCES	PARTICULARS	AMOUNT
	Opening cash balance as on 1 April 2012	(-)380
	Revenue Receipts	15598
	Capital Receipts	...
	Recovery of Loans & Advances	21
	Public Debt	3371
	Small Savings Provident Fund & Others	2832
	Reserves & Sinking Funds	188
	Deposits Received	1466
	Civil Advances Repaid	105
	Suspense Account	22471
	Remittances	4053
	TOTAL	49725

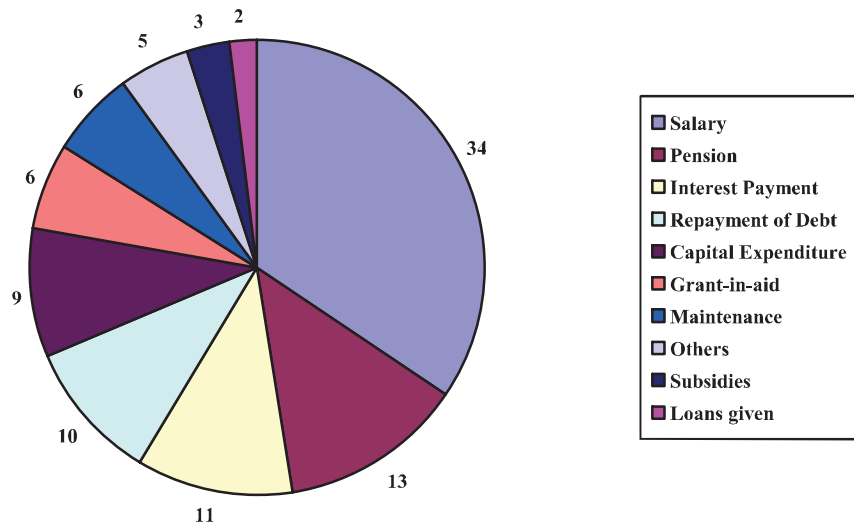
APPLICATION	Revenue Expenditure	16174
	Capital Expenditure	1955
	Loans Given	469
	Repayment of Public Debt	2117
	Small Savings Provident Fund & Others	1720
	Reserves & Sinking Funds	183
	Deposits Repaid	1622
	Civil Advances Given	105
	Suspense Account	21715
	Remittances	4227
	Closing Cash Balance as on 31 March 2013	(-)562
	TOTAL	49725

1.4.3 Where the Rupee came from



(Recovery of loans and advances were only ₹ 21 crore which is negligible hence value is shown as zero)

1.4.4 Where the Rupee went



1.5 Financial highlight of year 2012-13

(₹ in crore)

Sl. No	Description	B.E. 2012-13	Actuals 2012-13	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP (#)
1.	Tax Revenue (a)	7430	6908	93	10
2.	Non-Tax Revenue	2003	1377*	69	2
3.	Grants-in-aid & Contributions	6910	7313	106	10
4.	Revenue Receipts (1+2+3)	16343	15598*	95	22
5.	Recovery of Loans & Advances	25	21	84	...
6.	Other Receipts	..	...	...	...
7.	Borrowings and other liabilities (b)	1939	2979	154	4
8.	Capital Receipts (5+6+7)	1964	3000	153	4
9.	Total Receipts (4+8)	18307	18598	102	26
10.	Non-Plan Expenditure	14424	14499	101	20
11.	Non Plan Expenditure on Revenue Account	14329	14095	98	20
12.	Non-Plan Expenditure on Interest Payments out of Sl. No.11	2250	2370	105	3
13.	Non-Plan Expenditure on Capital Account (c)	95	404	425	1
14.	Plan Expenditure	3883	4099	106	6
15.	Plan Expenditure on Revenue Account	1640	2079	127	3
16.	Plan Expenditure on Capital Account (d)	2243	2020	90	3
17.	Total Expenditure(10+14) (e)	18307	18598	102	26
18.	Revenue Expenditure(11+15)	15969	16174	101	22
19.	Capital Expenditure (13+16) (e)	2338	2424	104	4
20.	Revenue Deficit (-)/ Revenue Surplus (+)(18-4)	(+)374	(-)576*	(-)154	(-)1
21.	Fiscal Deficit (4+5+6-17)	(-)1939	(-)2979*	(-)154	(-)4

- (a) Includes share of net (tax) proceed assigned to the state amounting to ₹2282 crore. (State government own Tax receipts were ₹4626 crore which was six *per cent* of GSDP)
- (b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursement) of Public Account + Net of opening and closing balance.
- (c) Includes ₹ 308 crore pertaining to Loans and Advances.
- (d) Includes ₹161 crore pertaining to Loans and Advances.
- (e) Expenditure on Capital Account includes Capital Expenditure (₹1955 crore) and Loans and Advances disbursed (₹ 469 crore).

GSDP figures (₹72076 crore) adopted from the Economic and Statistic Department Govt. of H.P

* Includes an amount of ₹7 crore by way of book adjustment.

The revenue deficit of ₹ 576 crore (₹ 645 crore surplus in 2011-12) and fiscal deficit of ₹2979 crore (₹1633 crore in 2011-12) represent one *per cent* and four *per cent* of the Gross State Domestic Product (GSDP) respectively. The fiscal deficit constituted 16 *per cent* total expenditure.

<i>What do the deficits and surpluses indicate?</i>	
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 receipt and revenue expenditure. Revenue expenditure is required to maintain the existing establishment of government and ideally, should be fully met from revenue receipts.
Fiscal Deficit/ Surplus	Refers to the gap between total receipts (excluding borrowings) and total expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings and ideally should be invested in capital projects.

1.6 Compliance with HP FRBM Act 2005

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 the states enact their own Fiscal Responsibility and Budget Management (FRBM) Acts committing themselves 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 was passed by the State Legislature in April 2005 and was subsequently amended in years 2011 and following targets have been set under the Act:

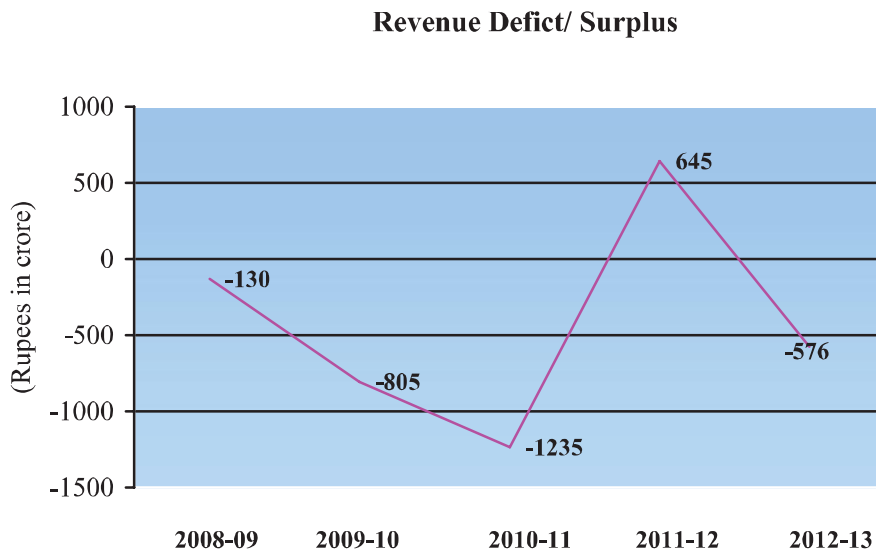
- (i) Eliminate revenue deficit by financial year 2011-12 and maintain revenue surplus thereafter.
- (ii) Reduce fiscal deficit to 3.5 per cent or less of GSDP by financial year 2010-11, 3 *per cent* or less of GSDP by financial year 2011-12 and maintain fiscal deficit at the level of 3 *per cent* or less of GSDP thereafter

(iii) Reduce outstanding debt to 49.7 per cent, 47.0 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

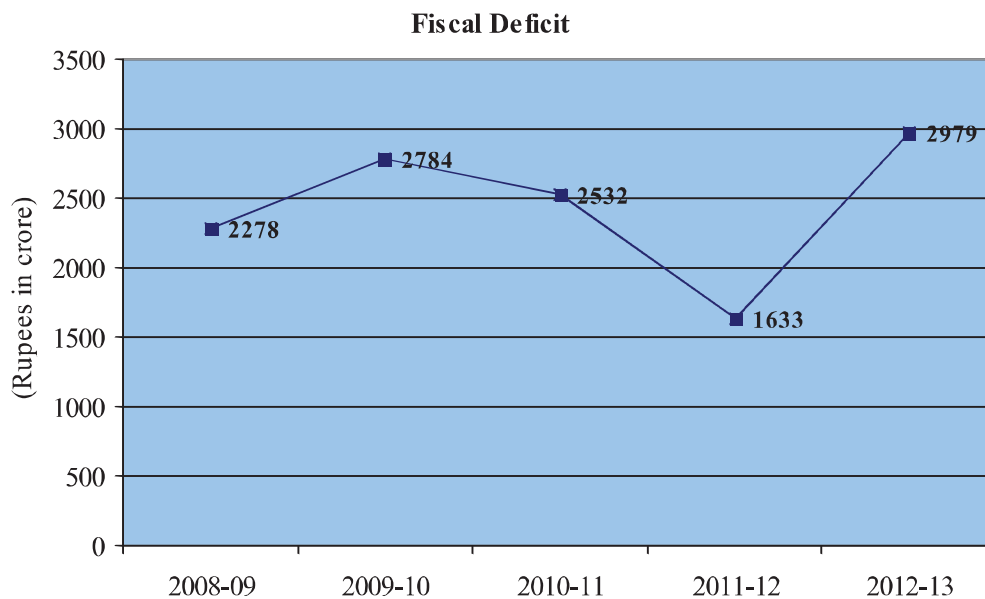
(iv) Maintain outstanding risk weighed guarantees on long term debt below forty per cent of total revenue receipt in the preceding financial year for which actuals are available as per finance account.

In 2011-12 the State had revenue surplus of ₹645 crore but during the year 2012-13 reverted back to revenue deficit of ₹576 crore. Fiscal deficit increased by ₹1346 crore from ₹1633 crore in 2011-12 to ₹2979 crore in the current year and was equal to four per cent of GSDP which is higher than the target of 3.50 per cent of GSDP laid down in the amended FRBM Act. The targets of reducing outstanding debt, which stood at ₹28615 crore as on 31 March 2013, being 40 per cent of GSDP and target of maintaining amount of outstanding guarantees which was ₹3353 crore as on 31 March 2013 equaling 23 per cent of total revenue receipt (₹14543 crore) of previous year i.e. 2011-12 have been achieved.

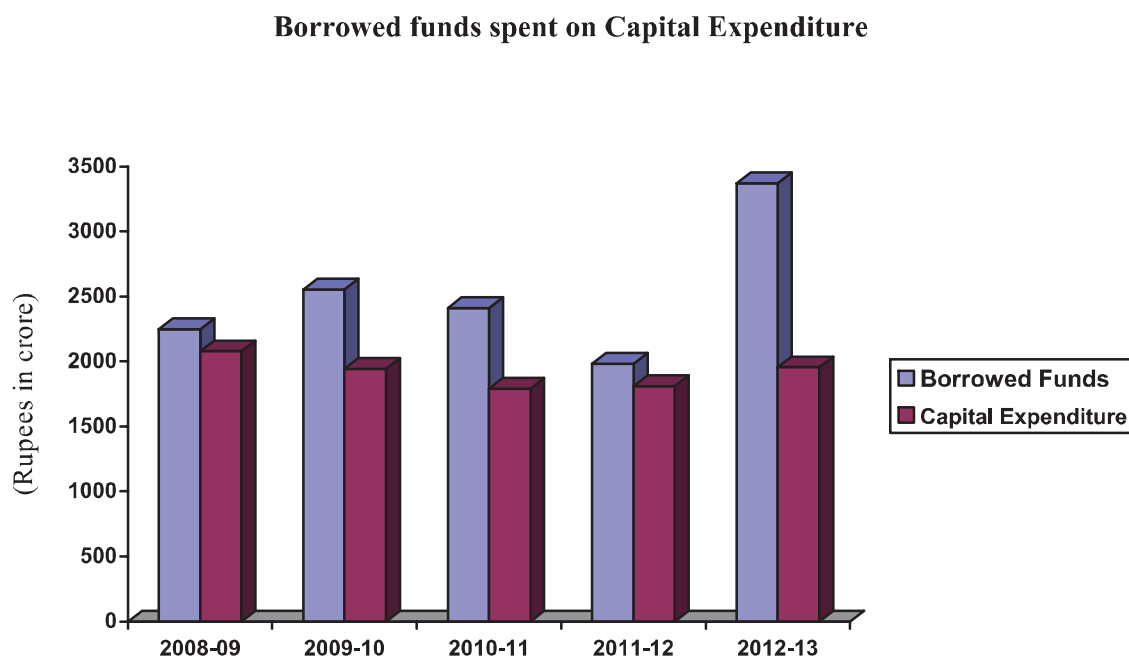
1.6.1 Trend of Revenue Deficit/ Surplus



1.6.2 Trend of Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital



The governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure. Thus assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 58 *per cent* of the borrowings of the current year (₹3371 crore) on capital expenditure (₹1955 crore). It would therefore appear that balance of borrowings in the public debt (₹2117 crore) was utilized to repay the principal and interest on public debt of previous years.

Chapter II

Receipts

2.1 Introduction

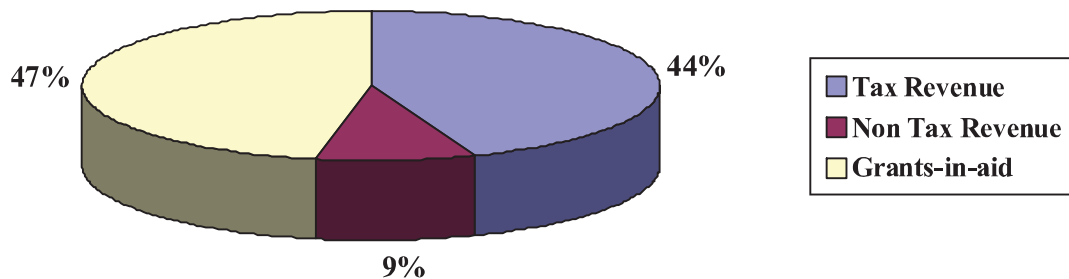
Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total receipts for 2012-13 were ₹18598 crore.

2.2 Revenue Receipts

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

Tax Revenue	Comprises taxes collected and retained by the state and State's share of Union Taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividend, profits, departmental receipts etc.
Grants-in -aid	Grants-in-aid represent central assistance to the State Government from the Union Government. It also includes "External Grant Assistance" received from Foreign Government and channelised through the Union Government. In turn, the State Government also give Grants-in-aid to institutions like Panchayati Raj Institution, Autonomous bodies etc.

Revenue Receipts



2.2.1 Revenue Receipts Components (2012-13)

(₹ in crore)

Components	Actuals
A. Tax Revenue	6908
Taxes on Income & Expenditure	1310
Taxes on Property & Capital Transactions	198
Taxes on Commodities & Services	5400
B. Non-Tax Revenue	1377
Interest Receipts, Dividend and Profits	170
General Services	136
Social Services	181
Economic Services	890
C. Grants-in-aid & Contribution	7313
Total –Revenue Receipts	15598

2.2.2 Trend of Revenue Receipts

(₹ in crore)

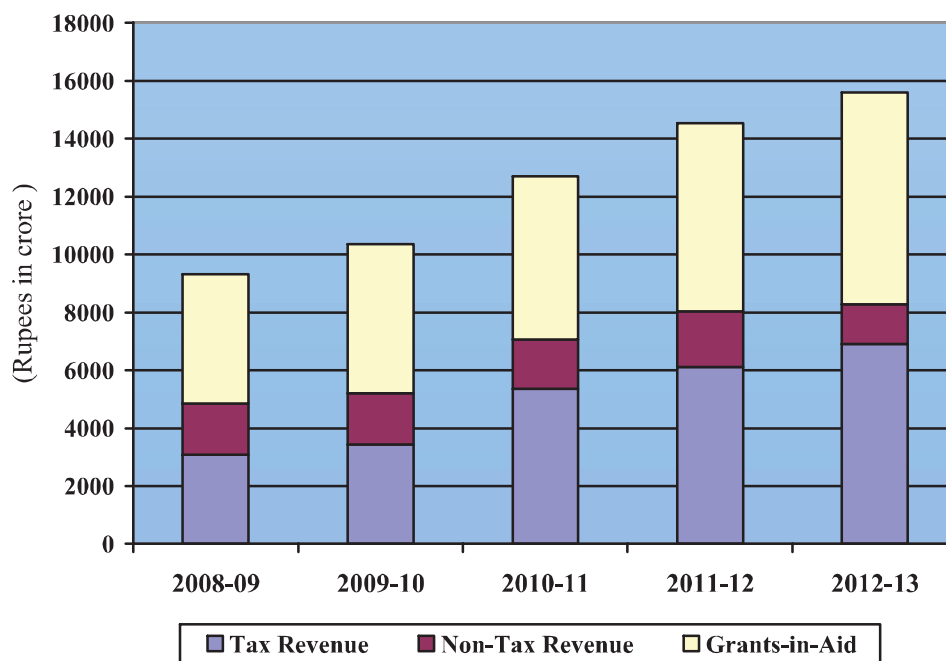
	2008-09	2009-10	2010-11	2011-12	2012-13
Tax Revenue	3080 (8)	3436 (8)	5358 (10)	6107 (10)	6908 (10)
Non-Tax Revenue	1756 (5)	1784 (4)	1695 (3)	1915 (3)	1377 (2)
Grants-in-aid	4472 (12)	5126 (12)	5658 (11)	6521 (10)	7313 (10)
Total Revenue Receipts	9308 (25)	10346 (24)	12711 (24)	14543 (23)	15598 (22)
GSDP	36940	42278	52426	63084	72076

Note: Figures in parentheses represent percentage to GSDP.

Though the GSDP increased by 14 per cent in 2012-13 compared to previous year, growth in revenue collection was only 7 per cent. While tax revenue increased by 13 per cent, non-tax revenues declined by 28 per cent. Significant increase were seen in collections under Taxes on

Sales Trade etc., Service Tax, Corporation Tax, Taxes and Duties on Electricity, Customs, Taxes on Income other than Corporation Tax, Taxes on Vehicles. The decline under Non- Tax Revenues mainly due to less collection under Power, Forestry & Wild Life and Miscellaneous General Services.

Components of Revenue Receipts as proportion to GSDP

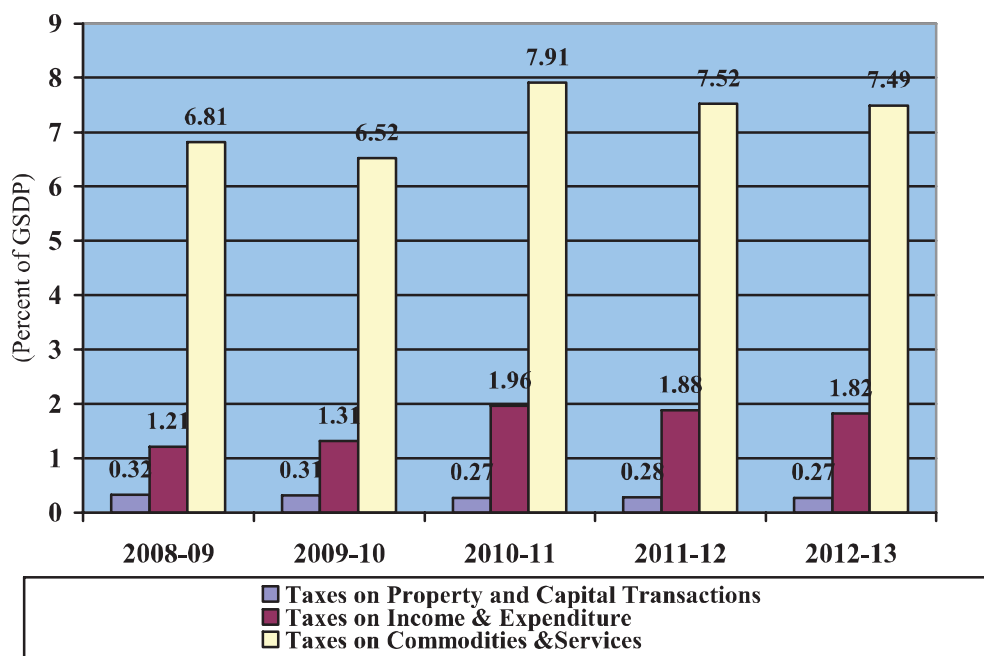


2.3 Tax Revenue

Sector-wise Tax Revenue					
	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Taxes on Income and Expenditure	447	552	1025	1186	1310
Taxes on Property and Capital Transaction	119	129	139	176	198
Taxes on Commodities and Services	2514	2755	4194	4745	5400
Total Tax Revenue	3080	3436	5358	6107	6908

The increase in total tax revenue during 2012-13 is mainly attributable to higher collection under Taxes on Sales Trade etc. (₹251 crore), Service Tax (₹95 crore), Taxes on Income other than Corporation Tax (₹ 91 crore), Taxes on Duties on Electricity (₹77 crore), Corporation Tax (₹33 crore) and Customs (₹ 33 crore).

Trend of Major Taxes in proportion to GSDP



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

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

(₹ 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)
2008-09	3080	837	2243	6.07
2009-10	3436	862	2574	6.09
2010-11	5358	1715	3643	6.95
2011-12	6107	1999	4108	6.51
2012-13	6908	2282	4626	6.42

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

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
State's own Tax collection	2243	2574	3643	4108	4626
Devolution of Union Taxes	837	862	1715	1999	2282
Total Tax Revenue	3080	3436	5358	6107	6908
Percentage of State's own tax to total Tax revenue	73	75	68	67	67

The proportion of State's own tax collection in overall tax revenue has shown a decreasing trend since 2009-10, though it shows a stable trend during the years 2011-12 and 2012-13.

2.3.2 Trend in state's own Tax collection over the past five years

(₹ in crore)

Taxes	2008-09	2009-10	2010-11	2011-12	2012-13
1. Taxes on Sales, Trade etc.	1246	1487	2101	2477	2728
2. State Excise	432	500	562	707	810
3 Taxes on Vehicles	136	134	163	176	196
4. Stamp and Registration fees	98	113	133	155	173
5. Taxes and Duties on electricity	79	39	302	185	263
6. Land Revenue	20	15	5	18	24
7. Taxes on Goods and Passengers	62	89	93	94	101
8. Other Taxes	170	197	284	296	331
Total State's own Taxes	2243	2574	3643	4108	4626

2.4 Efficiency of Tax Collection

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
1. Taxes on Sales, Trade etc.					
Revenue collection	1246	1487	2101	2477	2728
Expenditure on collection	1	3	3	5	3
Efficiency of tax collection	0.08 %	0.20 %	0.14 %	0.20 %	0.12 %
2. State Excise					
Revenue collection	432	500	562	707	810
Expenditure on collection	2	2	3	3	3
Efficiency of tax collection	0.46 %	0.40 %	0.53 %	0.42 %	0.37 %
3. Taxes on Vehicles, Goods and Passengers					
Revenue collection	198	223	256	270	297
Expenditure on collection	17	20	24	25	30
Efficiency of tax collection	8.58 %	8.97 %	9.38 %	9.26 %	10.10 %
4. Stamp and Registration Fee					
Revenue collection	98	113	133	155	173
Expenditure on collection	1	1	1	1	1
Efficiency of tax collection	1.02 %	0.88 %	0.75 %	0.65 %	0.58 %

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

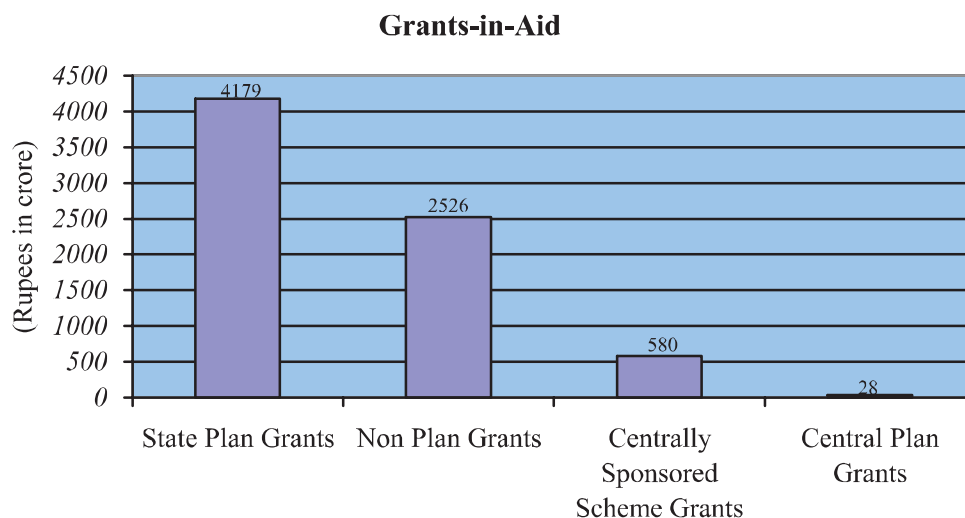
2.5 Trend in state's share of Union Taxes over the past five years

(₹ in crore)

Description	2008-09	2009-10	2010-11	2011-12	2012-13
Corporation Tax	275	355	671	787	820
Taxes on Income other than Corporation Tax	172	197	354	400	491
Taxes on Wealth	—	1	1	3	1
Customs	160	121	300	347	379
Union Excise Duties	140	97	218	224	258
Service Tax	90	91	171	238	333
State's share of Union Taxes	837	862	1715	1999	2282
Total Tax Revenue	3080	3436	5358	6107	6908
Percentage of Union Taxes to Total Tax Revenue	27	25	32	33	33

2.6 Grants -in-Aid

Grants-in-aid represent assistance from the Government of India, and comprise, grant for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and Non-Plan Grants recommended by the Finance Commission. Total receipts during 2012-13 under Grants -in-aid were ₹7313 crore as shown below:



The share of Non-Plan Grants in total Grants-in-aid declined from 41 *per cent* during 2011-12 to 36 *per cent* in 2012-13, while the share of Grants for Plan schemes increased from 51 *per cent* in 2011-12 to 59 *per cent* in 2012-13. As against budget estimate of ₹4245 crore of Union share in Plan schemes, the State Government has actually received ₹4179 crore of Grants-in-aid (98 *per cent* of BE)

2.7 Public Debt

Trend of Public Debt over the past five years

(₹ in crore)

Description	2008-09	2009-10	2010-11	2011-12	2012-13
Internal Debt	14456	16129	17694	18563	19747
Central Loans	971	984	960	947	1018
Total	15427	17113	18654	19510	20765

During the year 2012-13, seven loans totaling ₹2360 crore were raised from the open market at interest rates varying from 8.42 *per cent* to 8.92 *per cent* and the same are redeemable in the period between 2016-17 and 2022-23. In addition, the state Government raised loan of ₹408 crore from the financial institutions and ₹471 crore from the National Small Savings Fund (NSSF). Thus the total Internal Debt raised by the Government during the year 2012-13 aggregated to ₹3239 crore. The Government also received ₹132 crore from Government of India as loans and advances.

Chapter III

Expenditure

3.1 Introduction

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

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

General Services	Includes Justice, Police, Jail, PWD, Interest, Pension etc.
Social Services	Includes Education, Health & Family Welfare, Water Supply
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)

	2008-09	2009-10	2010-11	2011-12	2012-13
Budget Estimates	9328	10222	12093	14042	15969
Actuals	9438	11151	13946	13898	16174
Gap	110	929	1853	(-)144	205
Percentage of variation of Actuals against BE	1	9	15	(-)1	1

Around 80 per cent of the total revenue expenditure was committed on Salaries and Wages (₹7255 crore) Interest payment (₹2370 crore) and Pensions (₹2747 crore) and subsidies (₹567 crore) which is the committed liability of the State Government.

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

(₹ in crore)

Component	2008-09	2009-10	2010-11	2011-12	2012-13
Total revenue expenditure	9438	11151	13946	13898	16174
Committed revenue expenditure #	6867	7970	9880	11027	12939
<i>Percentage of committed revenue expenditure to total revenue expenditure</i>	73	71	71	79	80
Uncommitted revenue expenditure	2571	3181	4066	2871	3235

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

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has remained at more or less the same level over the past three years, even as total revenue receipts increased by 68 per cent from ₹9308 crore in 2008-09 to ₹15598 crore in 2012-13 and committed revenue expenditure increased by 88 per cent over the same period.

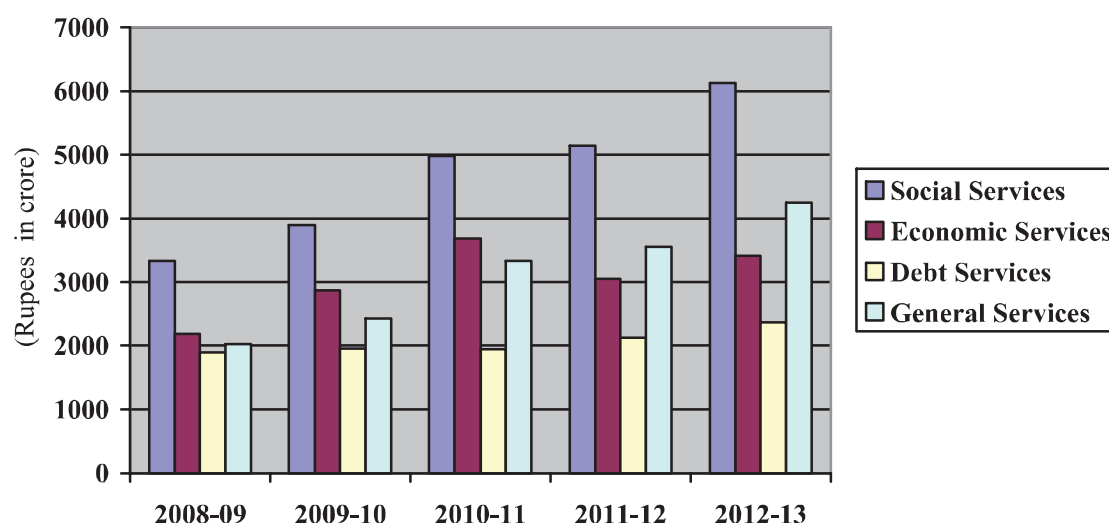
3.2.1 Sectoral distribution of Revenue Expenditure (2012-13)

(₹ in crore)

Components	Amount	Percentage
A. Organs of State	181	1
B. Fiscal Services	191	1
(i) Collection of Taxes on Property and Capital transaction	151	1
(ii) Collection of Taxes on Commodities and services	39	...
(iii) Other Fiscal Services	1	...
C. Interest Payments and Servicing of debt	2370	15
D. Administrative Services	1118	7
E. Pensions and Miscellaneous General Services	2758	17
F. Social Services	6131	38
G. Economic Services	3418	21
H. Grants-in-aid	7	...
Total Expenditure (Revenue Accounts)	16174	100

3.2.2 Major components of Revenue Expenditure 2008-09 to 2012-13

Trend of Major components of Revenue Expenditure



The expenditure on all the sectors has shown increasing trend.

3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustainable. Capital disbursements during 2012-13 for ₹1955 crore (2.71 per cent of GSDP) were less than Budget Estimates by ₹15 crore (less disbursement of ₹23 crore under plan expenditure and excess expenditure of ₹8 crore under non-plan). The growth in capital expenditure has not kept pace with the steady growth of GSDP during the years 2009-10 to 2010-11, though there was marginal growth in capital expenditure in years 2011-12 and 2012-13. This can be seen from the table below:

(₹ in crore)						
S.No.	Components	2008-09	2009-10	2010-11	2011-12	2012-13
1	Budget (B.E.)	1931	1863	1760	1498	1970
2	Actual Expenditure(#)	2079	1943	1789	1810	1955
3	Percentage of Actual Exp. to B.E.	108	104	102	121	99
4	Yearly growth in Capital Expenditure	47%	(-7%)	(-8%)	1%	8%
5	GSDP(*)	36940	42278	52426	63084	72076
6	Yearly growth in GSDP	16%	14%	24%	20%	14%

(#) Does not include expenditure on Loans and Advances

*GSDP figures (₹ 72076 crore) adopted from the Economics and Statistic Department Govt. of H.P.

3.3.1 Sectoral distribution of Capital Expenditure

During 2012-13, the Government spent ₹190 crore on various Irrigation Projects (₹49 crore on Medium Irrigation, ₹141 crore on Minor Irrigation). Apart from above, the Government spent ₹689 crore on construction of roads and bridges and invested ₹368 crore in various Corporation/ Companies/ Societies.

3.3.2 Sectoral distribution of capital and revenue expenditure

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

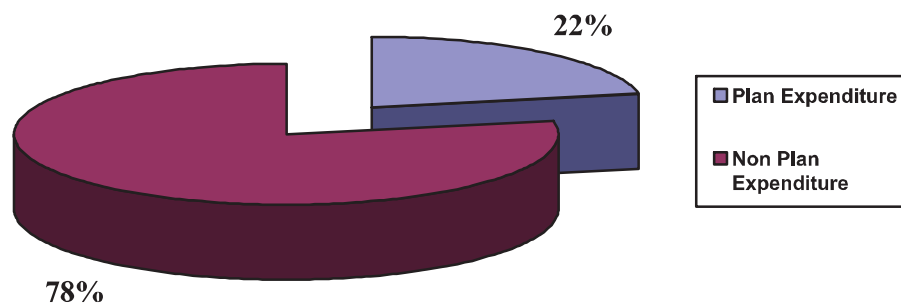
(₹ in crore)

S.No.	Sector		2008-09	2009-10	2010-11	2011-12	2012-13
1	General Services	Capital	64	64	73	73	74
		Revenue	3918	4377	5279	5690	6618
2	Social Services	Capital	833	610	611	372	436
		Revenue	3332	3902	4979	5147	6131
3	Economic Service	Capital	1182	1270	1104	1365	1445
		Revenue	2184	2868	3682	3049	3418

Chapter IV

Plan and Non-plan Expenditure

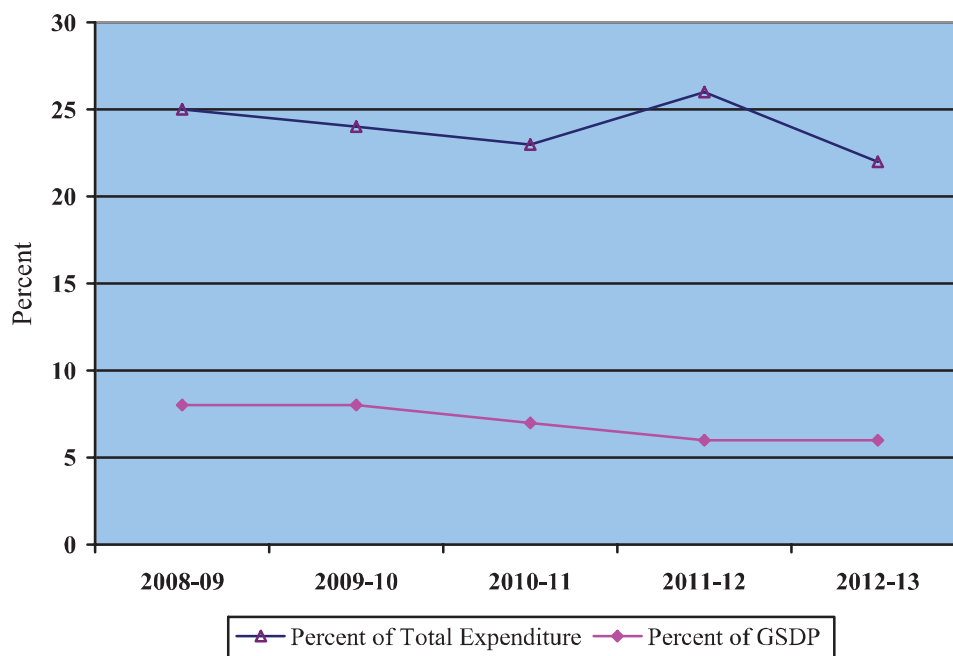
4.1 Distribution of expenditure (2012-13)



4.2 Plan Expenditure

Plan expenditure (both revenue and capital) during 2012-13 was ₹ 4099 crore constituting 22 per cent of total disbursement of ₹18598 crore. This comprised ₹3491 crore under state plan, ₹447 crore under centrally sponsored/ central plans scheme and ₹161 crore on loans and advances.

Plan Expenditure as proportion of Total Expenditure & GSDP



Plan expenditure under the revenue sector decreased by three *per cent* from ₹1701 crore in 2011-12 to ₹1653 crore in 2012-13. In capital sector it decreased by 10 *per cent*, from ₹2242 crore in 2011-12 to ₹2020 crore in 2012-13. The share of Centrally Sponsored Schemes/ Central Plan (Revenue ₹426 crore and Capital ₹21 crore) in Plan expenditure increased from ₹431 crore in 2011-12 to ₹447 crore.

4.2.1. Plan Expenditure under Capital Account

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Total Capital Expenditure	2169	2013	2016	2303	2424
Capital Expenditure (Plan)	2006	1962	1996	2242	2020
Percentage of Capital Expenditure (Plan) to total Capital Expenditure	92	97	99	97	83

4.2.2. Plan expenditure on Loans and Advances

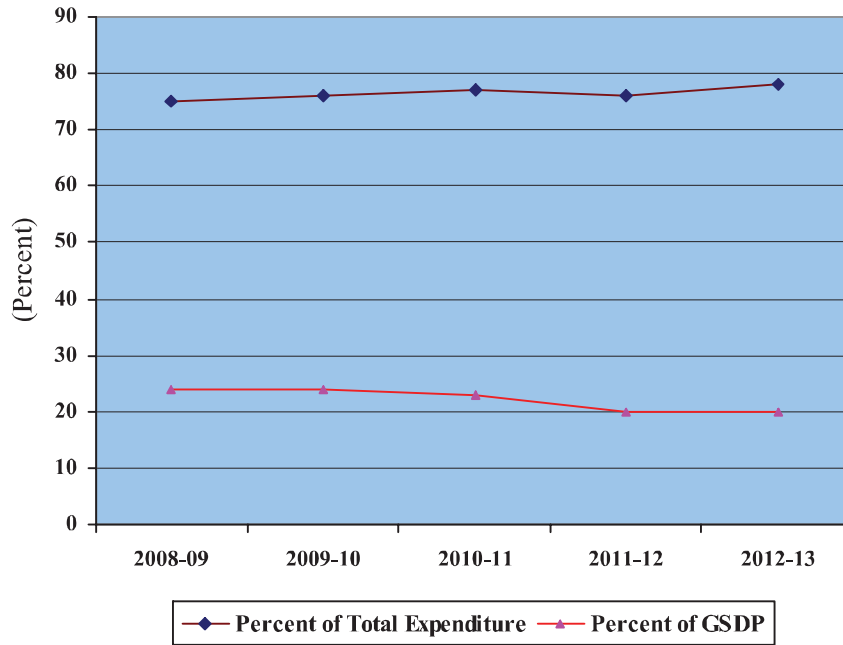
Significant disbursements of Loans and Advances were as under:

Major Heads	Amount (₹ in crore)	Purpose
6801 Loans for power Project	443	Loans given to HP Power Corporation for hydro electricity generation
6885-Other Loans to Industries & Minerals	12	Redemption of bonds of HPFC guaranteed by the State Government

4.3 Non-plan Expenditure

Non-plan expenditure during 2012-13, representing 78 *per cent* of total disbursement of ₹18598 crore was ₹14499 crore (₹14095 crore under Revenue and ₹404 crore under Capital). Non-plan expenditure under capital includes ₹ 308 crore on account of Loans and Advances disbursed. The expenditure on salary and wages amounting to ₹7255 crore was 50 *per cent* of total Non-plan expenditure.

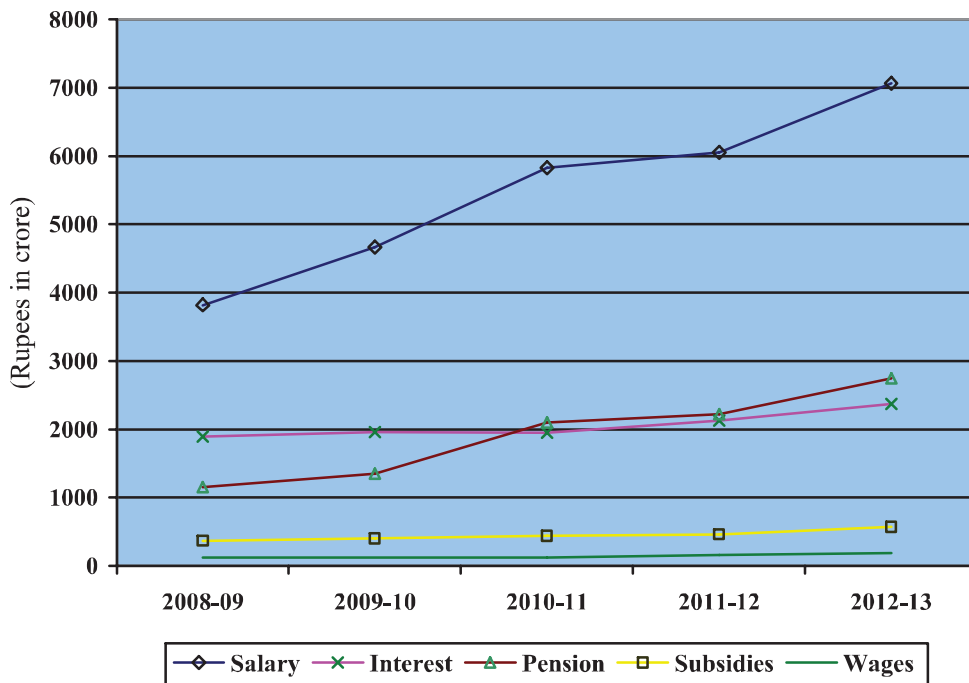
Non-Plan Expenditure as proportion of Total Expenditure and GSDP



4.4 Committed Expenditure

Salaries and pensions showed a steep increase of 17 per cent and 24 per cent respectively in 2012-13 over the previous year, mainly on account of revision of pay and pension.

Trend of Committed Expenditure



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

(₹ in crore)

Component	2008-09	2009-10	2010-11	2011-12	2012-13
Committed Expenditure	6987	8092	10318	11027	12939
Revenue Expenditure	9438	11151	13946	13898	16174
Revenue Receipts	9308	10346	12711	14543	15598
Percentage of committed expenditure to Revenue Receipts	75	78	81	76	83
Percentage of committed expenditure to Revenue Expenditure	74	73	74	79	80

The committed expenditure increased by 88 *per cent* from 2008-09 to 2012-13 while revenue expenditure registered the growth of 71 *per cent* during the same period, leaving the Government with lesser flexibility in development spending.

Chapter V

Appropriation Accounts

5.1 Summary of Appropriation Accounts for 2012-13

(₹ in crore)

Sl. No	Nature of expenditure	Original grant	Supplementary grant	Surrender (by way of re-appropriation)	Total Budget	Actual expenditure (Net)	Savings(-) Excesses(+)
1.	Revenue Voted Charged	15137 2287	677 50	765 44	15050 2294	13764 2411	(-)1286 (+)117
2.	Capital Voted Charged	2009 --	122 4	140 --	1992 4	1951 4	(-)41 --
3.	Public Debt Charged	1937	--	--	1937	2117	(+)180
4.	Loans and Advances Voted	367	16	9	374	469	(+)94
	Total	21738	870	957	21651	20715	(-)936

5.2 Trend of Savings / Excess during the past five years

(₹ in crore)

Year	Savings(-) Excess (+)				
	Revenue	Capital	Public Debt	Loan & Advances	Total
2008-09	(-) 6,54.50	(-) 36.84	(+) 0.20	(-) 0.22	(-) 6,91.36
2009-10	(-) 3,91.17	(-)2,15.45	(+) 48.63	(+) 62.35	(-) 4,95.64
2010-11	(+) 3,21.19	(-) 1,57.51	(-) 9.70	(+) 1,34.89	(+) 2,88.87
2011-12	(-) 9,13.94	(-) 56.69	(+) 30.46	(+) 1,30.96	(-)8,09.21
2012-13	(-) 11,69.37	(-) 41.17	(+) 1,79.66	(+) 94.32	(-) 9,36.56

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 are given below:

(₹ in crore)

Grant	Nomenclature	2008-09	2009-10	2010-11	2011-12	2012-13
3	Administration of Justice	--	--	19	18	15
4	General Administration	--	--	--	16	4
5	Land Revenue and District Administration	--	--	--	66	27
6	Excise and Taxation	--	--	--	--	8
7	Police and Other Organisation	--	--	--	35	3
8	Education	225	35	64	--	120
9	Health and Family welfare	--	--	--	22	64
10	Public Works- Roads, Bridges and Buildings	--	--	--	--	45
11	Agriculture	--	--	--	--	40
12	Horticulture	--	--	--	--	5
15	Planning and Backward Area Sub Plan	15	24	35	--	19
16	Forest and Wild Life	--	--	--	--	10
20	Revenue Department	--	2	4	75	73
22	Food and Civil Supplies	--	--	26	--	--
23	Power Development	53	63	--	--	40
25	Road and Water Transport	37	--	19	--	--
28	Urban Development, Town and Country Planning and Housing	--	14	27	--	8
29	Finance	345	162	238	--	38
31	Tribal Area Sub Plan	--	--	--	39	33
32	Scheduled Caste Sub Plan	8	10	11	16	84

The persistent huge savings under minor irrigation was on account of schemes for which funds were approved by the legislature, have been given lesser priority during implementation. This can be attributed either to inflated budget estimation or the Government's desire to keep its fiscal deficit below the ceiling.

During 2012-13, Supplementary grants totaling ₹870 crore (3.84 per cent of total expenditure) proved to be unnecessary in some cases. A few instances where there were savings at the end of the year even against original allocation are given below:

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
05	2053-District Administration 093-District Establishment 01-General Establishment Non Plan	Revenue	86	9	85
9	2210-Medical and Public Health 02-Urban Health Services – Other Systems of Medicine 001-Direction and Administration 02-District Establishment Non-Plan	Revenue	53	91	49
32	2515-Other Rural Development Programmes 789- Special Component Plan for Scheduled Castes 02-Backward Region Grant Fund Plan	Revenue	8	1	7

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

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
18	6885-Loans for Other Industries and Minerals 01-Loans to Industrial Financial Institutions 190-Loans to Public Sector and Other Undertakings Non-Plan	Capital	--	5	12
31	2059-Public Works 01-Office Buildings 796-Tribal Area Sub Plan 09-Expenditure under Suspense (Misc. Pub Works Advances) Non-Plan	Revenue	5	1	10

Chapter VI

Assets and Liabilities

6.1 Assets

The existing forms 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 ₹1329 crore at the end of the year of 2012-13. However, dividends received during the year were ₹100 crore (i.e. 4 *per cent*) on total investment. During 2012-13, investments increased by ₹319 crore while dividend income increased by ₹14 crore.

Cash Balance with RBI stood at (-) ₹380 crore on 1 April 2012 and increased to ₹ (-) 562 crore at the end of March 2013. In addition, Government had invested an amount of ₹21287 crore on 129 occasions in Treasury Bills and rediscounted Treasury Bills worth ₹21969 crore on 233 occasions during 2012-13. The position of investment during the year 2012-13 is depicted in the table given below:

(₹ in crore)

Cash Balance Investment in Government of India Treasury Bills			
Balance as on 1 April 2012	Purchases during 2012-13	Sales during 2012-13	Closing balance on 31 March 2013
949	21287	21969	266

The investment had decreased by ₹ 683 crore at the end of year.

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 2012-13 is

₹2019 crore. Against this Government of Himachal Pradesh has availed open market borrowing for ₹2360 crore.

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

(₹ in crore)

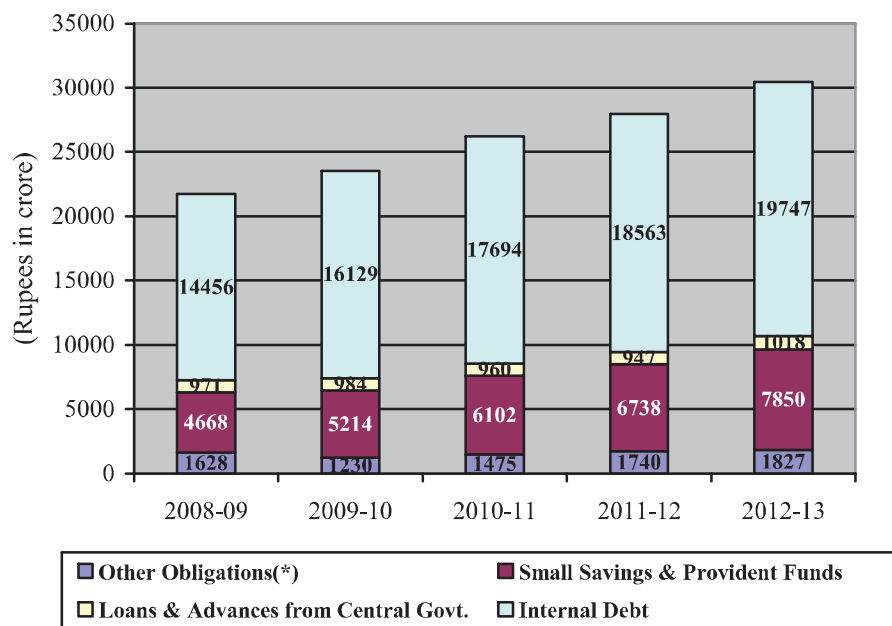
Year	Public Debt	Per cent of GSDP	Public Account*	Per cent of GSDP	Total Liabilities	Per cent of GSDP
2008-09	15427	42	6391	17	21818	59
2009-10	17113	40	6599	13	23712	56
2010-11	18654	36	7759	15	26413	50
2011-12	19511	31	8717	14	28228	45
2012-13	20765	29	9677	13	30442	42

* Excludes suspense and remittance balance.

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

Public Debt and other liabilities showed a net increase of ₹2214 crore (8 per cent) over the previous year.

Trend in Government Liabilities



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

6.3 Guarantees

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

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
2008-09	6076	2254	37
2009-10	4361	1924	25
2010-11	6232	3248	662
2011-12	6208	3316*	...
2012-13	9455	3353*	...

* Inclusive of Principal and Interest.

Chapter VII

Other Items

7.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, the State Government also guarantees loans raised by government companies and corporations from the market and financial institutions for implementation of various plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, the loan repayments appear in Government account, resulting in irreconcilable adverse balances and under statement of liabilities in Government accounts. As on 31 March 2013 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 2012-13 was ₹ 1399 crore. Out of this, loans and advances to government corporation/ companies, non-government institutions and local bodies amounted to ₹ 936 crore. Recovery of principal aggregating to ₹ 80 crore was in arrears at the end of 31 March 2013. The information relating to recovery of interest in arrear was not made available by the State Government. During 2012-13 only ₹21 crore has been received towards repayment of loans and advances, out of which ₹11 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would help the Government improve its fiscal position.

7.3 Financial assistances to local bodies and others

Grants-in-aid given to local bodies, autonomous bodies etc. increased from ₹582 crore in 2008-09 to ₹1203 crore in 2012-13. Grants to Zilla Parishads, Panchayat Raj Institutions, Municipal Corporations and Municipalities (₹435 crore) represent 36 *per cent* of total grants given during the year.

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

(₹ in crore)

S. No		2008-09	2009-10	2010-11	2011-12	2012-13
1	Zilla Parishads & Panchayati Raj Institutions	188	218	256	264	262
2	Municipal Corporations & Municipalities	82	116	92	123	173
3	Universities & Educational Institution	204	231	311	315	401
4	Development Agencies	44	49	52	47	43
5	Hospital & Others Charitable Institutes	5	41	48	70	86
6	Other Institute	59	63	90	162	238
	Total	582	718	849	981	1203

7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2012	As on 31 March 2013	Net increase(+) / decrease (-)
Cash Balances	569	(-) 295	(-) 864
Investment from cash balance (GOI Treasury Bills)	949	266	(-) 683
Investment from earmarked fund balances	...	...	...
(a) Sinking Fund	...	...	...
(b) Guarantee Redemption Fund	...	...	...
Interest realized during the year	56	41	(-)15

State Government had a negative closing cash balance at the end of 31 March 2013. Interest receipt on the investment of cash balance has decreased by 27 per cent from ₹ 56 crore to ₹ 41 crore.

7.5 Reconciliation of Accounts

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

7.6 Submission of Accounts by Treasuries

During the year, 180 treasury accounts were rendered by District Treasuries and 2604 accounts were rendered by 127 Public Works/ Irrigation and Public Health Divisions and 90 Forest Divisions. There was no case of exclusion of accounts during the year. The monthly Civil Accounts were rendered on due dates to State Government during the year.

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

Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money in advance and submit adjustment bills thereafter. However, the State Government has not introduced a system of marking such adjustment vouchers, following which, the Accountant General is unable to certify whether all advances have been settled and that there is no misappropriation/ fraud. Over the past many years, the Accountant General (A&E) has been requesting the State Government to adopt the mode of Abstract Contingency Bills and subsequent submission of Detailed Contingency (DC) Bills (vouchers in support of final expenditure) prevalent in the Central Government and other States. The matter remains unresolved.

7.8 Commitments on account of Incomplete Capital works

A total expenditure of ₹115 crore as per Appendix X in Volume II of the Finance Accounts (2012-13) was incurred up to the year 2012-13 by the State Government on various incomplete projects against an original estimated cost of ₹109 crore.

The original estimated cost (₹109 crore) had escalated by 39 *per cent* on various projects. Abnormal increase in revised estimates was 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 (No. of works)	Estimated cost of work	Expenditure during the year	Progressive expenditure to the end of the year	Pending payments	Estimated cost after revision
1	Sewerage Scheme (8)	42	2	61	--	78
2	Water supply Scheme (1)	4	--	12	--	10
3	Building Works (3)	63	4	42	6	63
	Total	109	6	115	6	151