

सत्यमेव जयते

Accounts at a glance for the year 2013-14



GOVERNMENT OF HIMACHAL PRADESH

Accounts at a glance
for the year 2013-14

Accountant General
(Accounts and Entitlement)

Government of Himachal Pradesh

Preface

I am happy to present the sixteenth issue of our annual publication, the 'Accounts at a Glance' for the year 2013-14. 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: 29.12.2014



(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

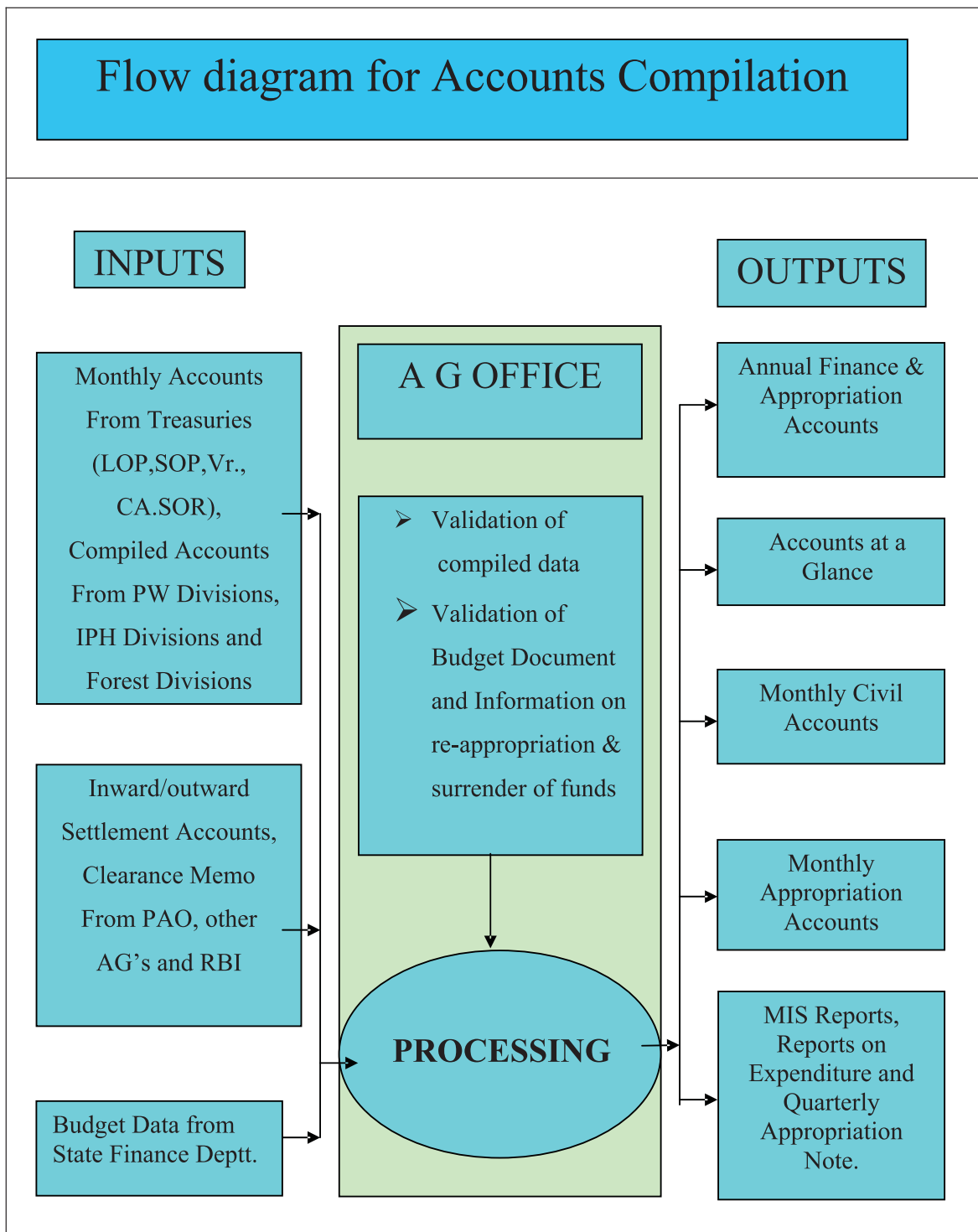
1.1 Introduction

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 ₹ 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 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, comments on 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 2013-14 are given below.

Receipts and disbursement in year 2013-14			(₹ in crore)
Receipts	Total Receipts		19739
	Revenue	Tax Revenue	7612
		Non Tax Revenue	1785
		<i>Grants-in-aid</i>	6314
		<i>Revenue Receipts</i>	15711
	Capital	Recoveries of Loans and Advances	17
		Borrowings and other Liabilities*	4011
<i>Capital Receipts</i>		4028	
Disbursements	Total Disbursements		19739
	Revenue		17352
	Capital		1856
	Loans and Advances		531

* *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 ₹1671 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 expenditures require to be “voted”. The budget of the Himachal Pradesh has 9 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 saving of ₹1815 crore (8 per cent of estimates) and under-estimation of ₹405 crore (25 per cent of estimates) on reduction of expenditure. Certain grants, like those relating to Public Works-Roads, Bridges and Buildings, Horticulture, Irrigation, Water Supply and Sanitation, Tribal Development showed substantial savings.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to make good the deficiency in the minimum cash balance which the State Government is required to maintain with the Reserve Bank of India. Ways and Means advance of ₹458 crore was obtained and ₹172 crore was repaid during the year 2013-14.

1.4.2 Overdraft from the Reserve Bank of India

Overdraft is taken from the Reserve Bank of India while the limit of minimum cash balance falls below i.e. ₹0.55 crore, which is required to be maintained with the Reserve bank of India. Overdraft amounting to ₹171 crore was obtained during the year 2013-14.

1.4.3 Fund flow statement

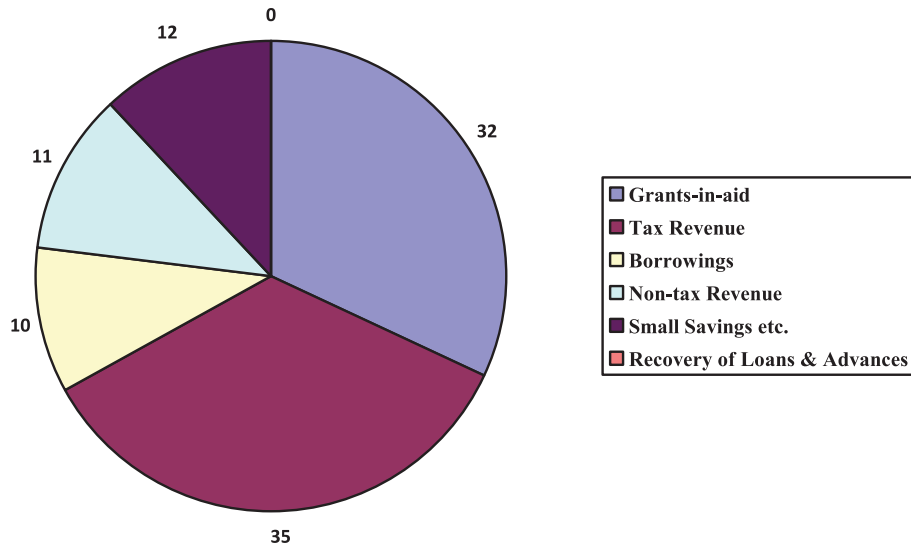
The state had a Revenue Deficit of ₹1641 crore and a Fiscal Deficit of ₹4011 crore as on 31 March 2014. The Fiscal Deficit was met from net Public Debt (₹2347 crore) increase in Public Account (₹1339 crore) and net increase of opening and closing cash balance (₹325 crore).

Around 84 *per cent* of the revenue receipts (₹15711 crore) of the State Government was spent on committed expenditure like salaries (₹7323 crore), interest payments (₹2481 crore), pensions (₹2855 crore) and subsidies (₹467 crore).

Sources and Application of Funds		
(₹ in crore)		
SOURCES	PARTICULARS	AMOUNT
	Opening cash balance as on 1 April 2013	(-)562
	Revenue Receipts	15711
	Capital Receipts	--
	Recovery of Loans and Advances	17
	Public Debt	4051
	Small Savings Provident Fund and Others	2772
	Reserves and Sinking Funds	153
	Deposits Received	1852
	Civil Advances Repaid	121
	Suspense Account	13427
	Remittances	4903
	TOTAL	42445

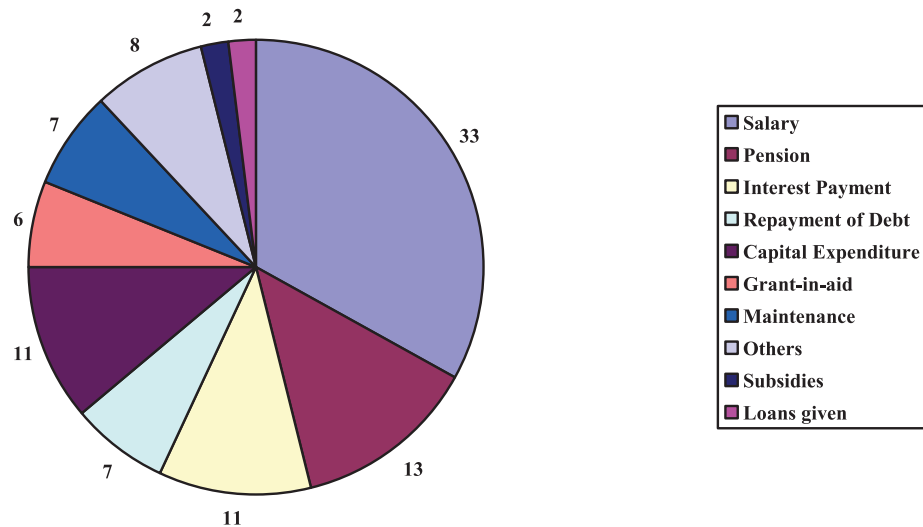
APPLICATION	Revenue Expenditure	17352
	Capital Expenditure	1856
	Loans Given	531
	Repayment of Public Debt	1704
	Small Savings Provident Fund and Others	1886
	Reserves and Sinking Funds	151
	Deposits Repaid	1645
	Civil Advances Given	121
	Suspense Account	13160
	Remittances	4926
	Closing Cash Balance as on 31 March 2014	(-)887
	TOTAL	42445

1.4.4 Where the Rupee came from



(Recovery of loans and advances were only ₹ 17 crore which is negligible hence value is shown as zero)

1.4.5 Where the Rupee went



1.5 Financial highlight of year 2013-14

(₹ in crore)

Sl. No.	Description	Budget Estimate. 2013-14	Actuals 2013-14	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP (#)
1.	Tax Revenue (a)	8090	7612	94	9
2.	Non-Tax Revenue	2393	1785	75	2
3.	Grants-in-aid and Contributions	7218	6314	87	8
4.	Revenue Receipts (1+2+3)	17701	15711*	89	19
5.	Recovery of Loans and Advances	28	17	61	--
6.	Other Receipts	--	--	--	--
7.	Borrowings and other liabilities (b)	2324	4011	173	5
8.	Capital Receipts (5+6+7)	2352	4028	171	5
9.	Total Receipts (4+8)	20053	19739	98	24
10.	Non-Plan Expenditure	15758	15327	97	19
11.	Non Plan Expenditure on Revenue Account	15727	14965	95	18
12.	Non-Plan Expenditure on Interest Payments out of Sl. No.11	2431	2481	102	3
13.	Non-Plan Expenditure on Capital Account (c)	30	362	1207	--
14.	Plan Expenditure	4295	4412	103	6
15.	Plan Expenditure on Revenue Account	1919	2387	124	3
16.	Plan Expenditure on Capital Account (d)	2375	2025	85	3
17.	Total Expenditure(10+14) (e)	20053	19739	98	24
18.	Revenue Expenditure(11+15)	17647	17352	98	21
19.	Capital Expenditure (13+16) (e)	2406	2387	99	3
20.	Revenue Deficit (-) / Revenue Surplus (+)(18-4)	(+)54	(-)1641	(-)3039	(-)2
21.	Fiscal Deficit (4+5+6-17)	(-)2324	(-)4011	(-)173	(-)5

(a) Includes share of net (tax) proceed assigned to the state amounting to ₹2491 crore. (State Government Own Tax receipts were ₹5121 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 ₹321 crore pertaining to Loans and Advances.

(d) Includes ₹210 crore pertaining to Loans and Advances.

(e) Expenditure on Capital Account includes Capital Expenditure (₹1856 crore) and Loans and Advances disbursed (₹ 531 crore).

GSDP figures (₹82585 crore) is taken from the web site of Ministry of Statistics and Programme Implementation as on 1 August 2014 and accepted by the Economic and Statistic Department /Government of Himachal Pradesh.

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

The revenue deficit of ₹1641 crore (₹576 crore deficit in 2012-13) and fiscal deficit of ₹4011 crore (₹2979 crore deficit in 2012-13) represent two *per cent* and five *per cent* of the Gross State Domestic Product (GSDP) respectively. The fiscal deficit constituted 20 *per cent* of 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 Fiscal Responsibility and Budget Management (FRBM) Act. 2005

The Government of Himachal Pradesh has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005. As per this Act, the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2013-14 against fiscal targets laid down in the Act and rules framed there under, were as follows:-.

Sr. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP*	
			Target	Achievement
1	Revenue Deficit	16,41.42	Eliminate by 2011-12	1.99
2	Fiscal Deficit	40,11.58	3.00	4.86
3	Debt	3,38,84.05	42.1	41.03

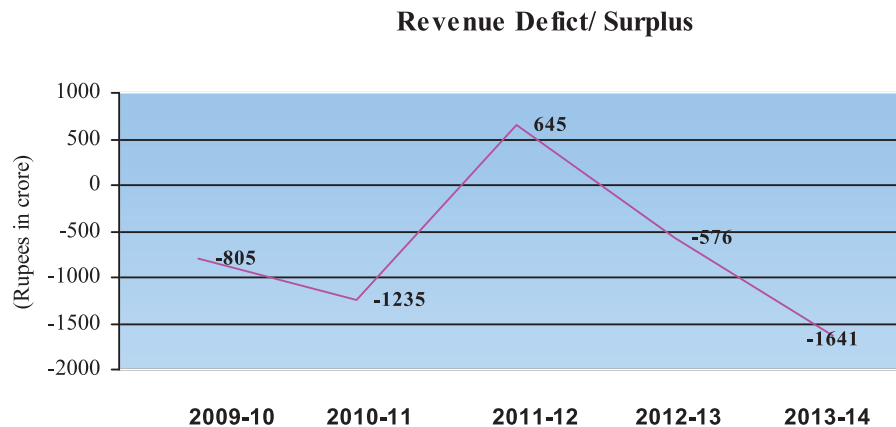
* Source: GSDP figure (₹82,585 crore) is taken from the web site of Ministry of Statistics and Program Implementation as on 1 August 2014 as accepted by Economic and Statistics Department, Government of Himachal Pradesh.

The outstanding guarantees (as estimated by the State Government) on long term debt at the end of year was 28 *per cent* of revenue receipt of previous financial year, which was well within the target of 40 *per cent* of revenue receipt of previous financial year.

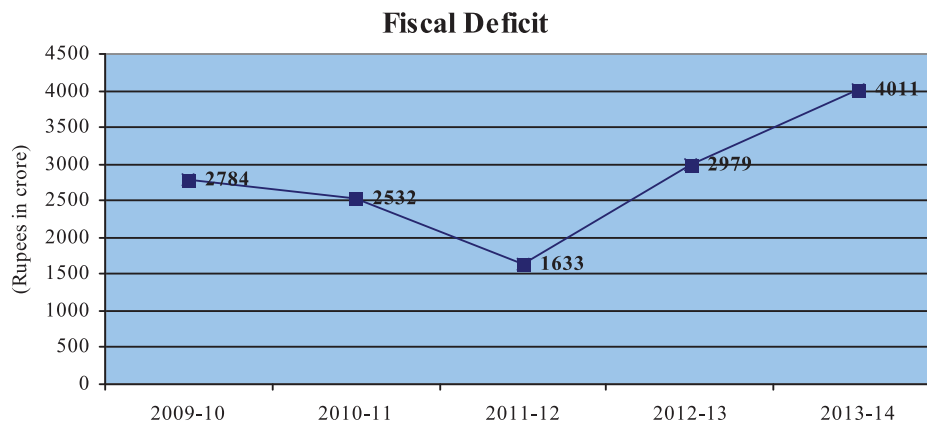
The State Government had made disclosures to the Legislature required under the Himachal Pradesh Fiscal Responsibility and Budget Management Rules, 2005.

In 2012-13 the State had revenue deficit of ₹576 crore which increased to ₹1641 crore during 2013-14. Fiscal deficit increased by ₹1032 crore from ₹2979 crore in 2012-13 to ₹4011 crore in the current year and was equal to 4.86 per cent of GSDP which was higher than the target of 3 per cent of GSDP laid down in the amended FRBM Act. Against the target of reducing outstanding debt to 42.1 per cent of GSDP by the year 2013-14, the outstanding debt stood at ₹33884 crore as on 31 March 2014, being 41.03 per cent of GSDP. Similarly the target of maintaining amount of outstanding guarantees below 40 per cent of total revenue receipts of previous financial year, the amount of outstanding guarantees was ₹4333 crore as on 31 March 2014 equalling 28 per cent of total revenue receipt (₹15598 crore) of previous year i.e. 2012-13.

1.6.1 Trend of Revenue Deficit/ Surplus

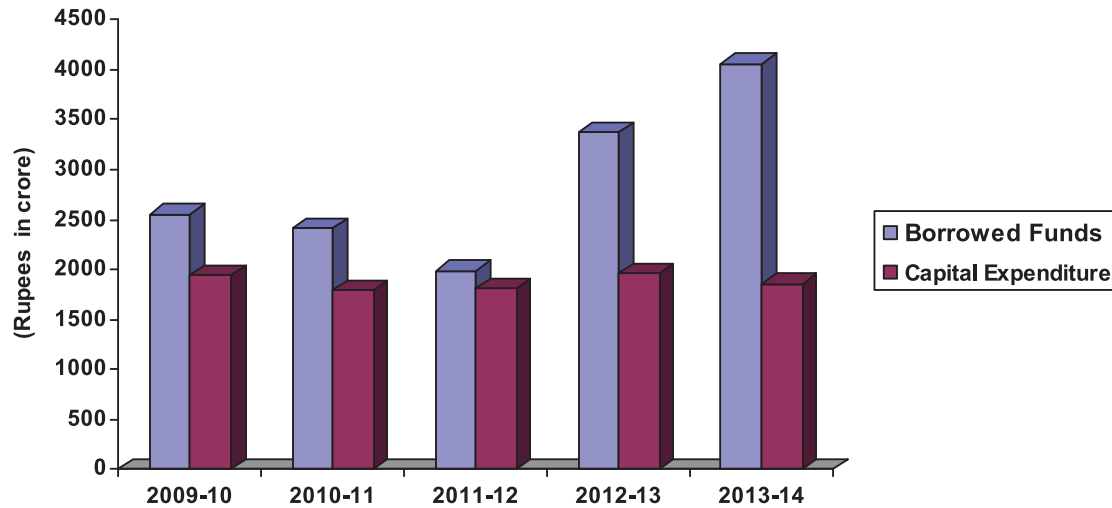


1.6.2 Trend of Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital

Borrowed funds spent on Capital Expenditure



The governments usually run fiscal deficits and borrow funds for capital/ assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 46 *per cent* of the borrowings of the current year (₹4051 crore) on capital expenditure (₹1856 crore). It would therefore appear that balance of borrowings in the public debt was utilized to repay the principal (₹1704 crore) and part of interest on public debt of previous years.

Chapter II

Receipts

2.1 Introduction

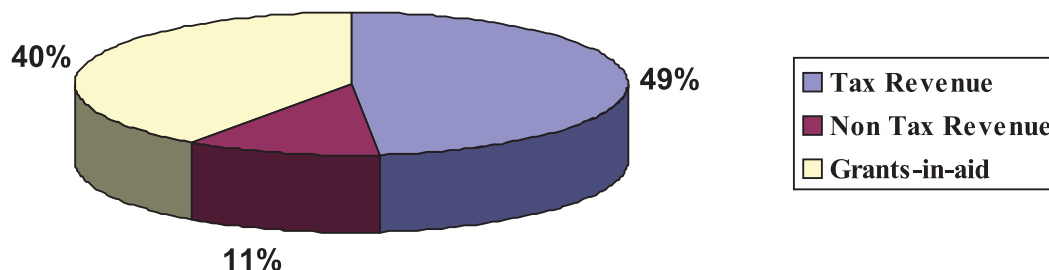
Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total receipts for 2013-14 was ₹19739 crore.

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 (2013-14)

(₹ in crore)

Components	Actuals
A. Tax Revenue	7612
Taxes on Income and Expenditure	1390
Taxes on Property and Capital Transactions	200
Taxes on Commodities and Services	6022
B. Non-Tax Revenue	1785
Interest Receipts, Dividend and Profits	222
General Services	119
Social Services	225
Economic Services	1218
C. Grants-in-aid and Contribution	6314
Total –Revenue Receipts	15711

2.2.2 Trend of Revenue Receipts

(₹ in crore)

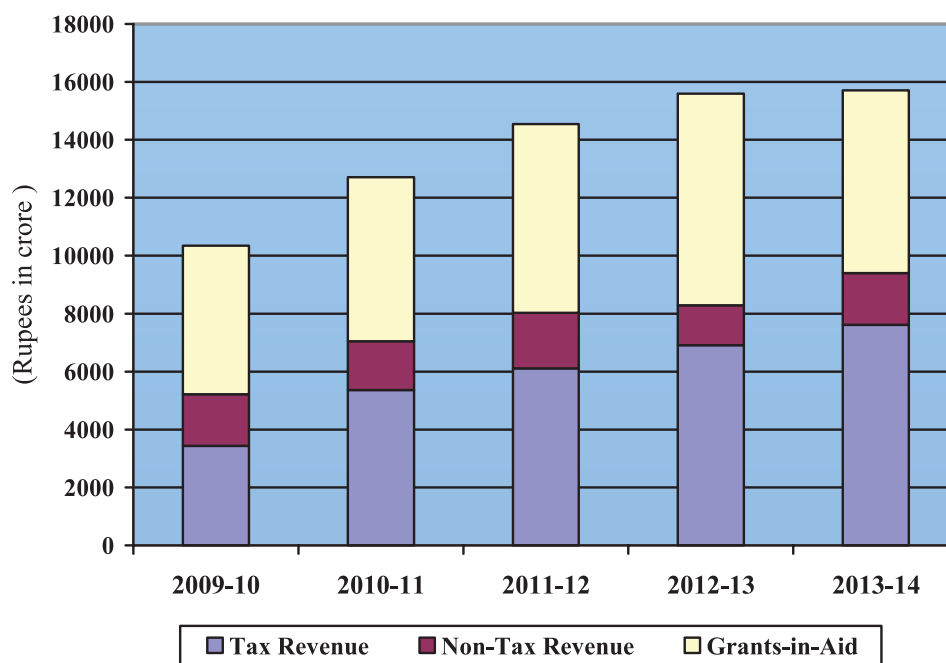
	2009-10	2010-11	2011-12	2012-13	2013-14
Tax Revenue	3436 (8)	5358 (10)	6107 (10)	6908 (10)	7612 (9)
Non-Tax Revenue	1784 (4)	1695 (3)	1915 (3)	1377 (2)	1785 (2)
Grants-in-aid	5126 (12)	5658 (11)	6521 (10)	7313 (10)	6314 (8)
Total Revenue Receipts	10346 (24)	12711 (24)	14543 (23)	15598 (22)	15711 (19)
GSDP	42278	52426	63084	72076	82585

Note: Figures in parentheses represent percentage to GSDP.

Though the GSDP increased by 15 per cent in 2013-14 compared to previous year, growth in revenue receipt was only 1 per cent. The tax revenue increased by 10 per cent, the non-tax

revenues increased by 30 per cent. The Grants-in-aid decreased by 14 per cent compared to previous year, thus impacted the revenue receipt of the State adversely. Significant increase were seen in collections under Taxes on Sales Trade etc., State Excise, Service Tax, Taxes on Income other than Corporation Tax, Corporation Tax, Taxes on Vehicles.

Components of Revenue Receipts as proportion to Gross State Domestic Product



2.3 Tax Revenue

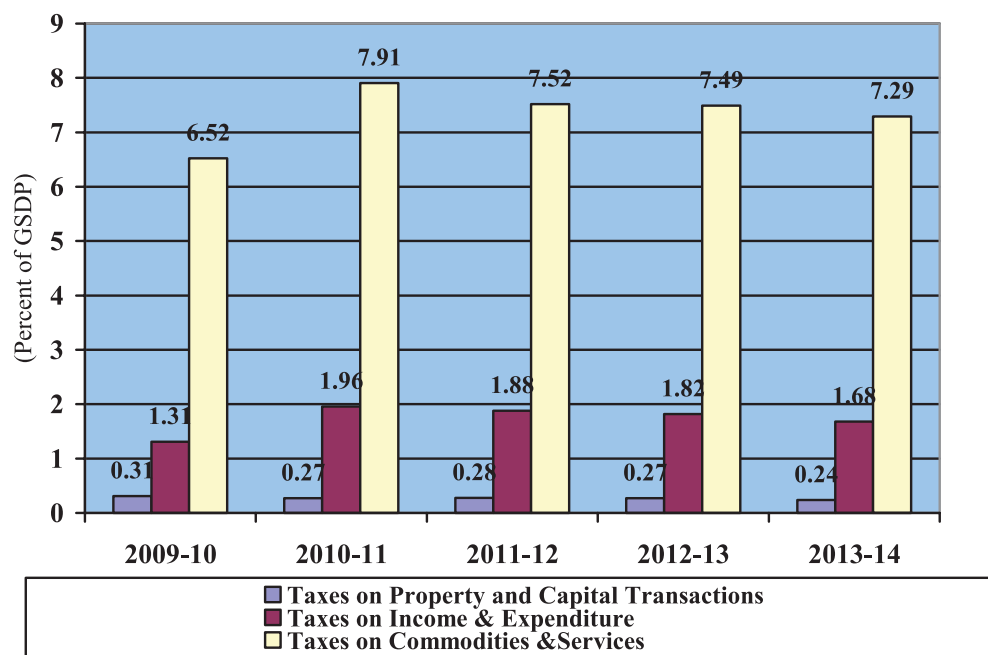
(₹ in crore)

Sector-wise Tax Revenue					
	2009-10	2010-11	2011-12	2012-13	2013-14
Taxes on Income and Expenditure	552	1025	1186	1310	1390
Taxes on Property and Capital Transaction	129	139	176	198	200
Taxes on Commodities and Services	2755	4194	4745	5400	6022
Total Tax Revenue	3436	5358	6107	6908	7612

The increase in total tax revenue during 2013-14 was mainly attributable to higher collection under Taxes on Sales Trade etc. (₹413 crore), State Excise (142 crore), Service Tax (₹73 crore),

Taxes on Income other than Corporation Tax (₹61 crore), Customs (₹28 crore) and Corporation Tax (₹18 crore).

Trend of Major Taxes in proportion to Gross State Domestic Product



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)
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
2013-14	7612	2491	5121	6.20

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

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
State's own Tax collection	2574	3643	4108	4626	5121
Devolution of Union Taxes	862	1715	1999	2282	2491
Total Tax Revenue	3436	5358	6107	6908	7612
Percentage of State's own tax to total Tax revenue	75	68	67	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, 2012-13 and 2013-14.

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

(₹ in crore)

Taxes	2009-10	2010-11	2011-12	2012-13	2013-14
1. Taxes on Sales, Trade etc.	1487	2101	2477	2728	3141
2. State Excise	500	562	707	810	952
3 Taxes on Vehicles	134	163	176	196	208
4. Stamp and Registration fees	113	133	155	173	187
5. Taxes and Duties on electricity	39	302	185	263	191
6. Land Revenue	15	5	18	24	10
7. Taxes on Goods and Passengers	89	93	94	101	105
8. Other Taxes	197	284	296	331	327
Total State's own Taxes	2574	3643	4108	4626	5121

2.4 Efficiency of Tax Collection

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
1. Taxes on Sales, Trade etc.					
Revenue collection	1487	2101	2477	2728	3141
Expenditure on collection	3	3	5	3	11
Efficiency of tax collection	0.20 %	0.14 %	0.20 %	0.12 %	0.35%
2. State Excise					
Revenue collection	500	562	707	810	952
Expenditure on collection	2	3	3	3	3
Efficiency of tax collection	0.40 %	0.53 %	0.42 %	0.37 %	0.32%
3. Taxes on Vehicles, Goods and Passengers					
Revenue collection	223	256	270	297	313
Expenditure on collection	20	24	25	30	32
Efficiency of tax collection	8.97 %	9.38 %	9.26 %	10.10 %	10.22%
4. Stamp and Registration Fee					
Revenue collection	113	133	155	173	187
Expenditure on collection	1	1	1	1	1
Efficiency of tax collection	0.88 %	0.75 %	0.65 %	0.58 %	0.53%

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

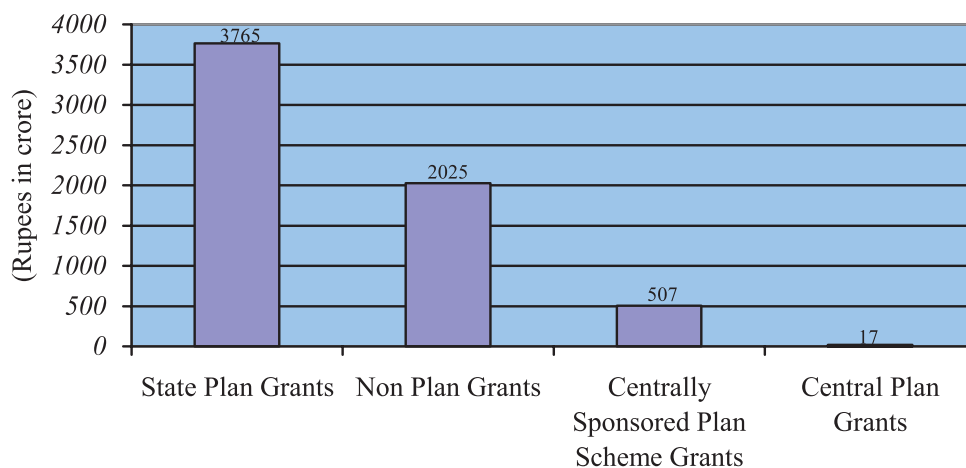
(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Corporation Tax	355	671	787	820	838
Taxes on Income other than Corporation Tax	197	354	400	491	552
Taxes on Wealth	1	1	3	1	2
Customs	121	300	347	379	406
Union Excise Duties	97	218	224	258	287
Service Tax	91	171	238	333	406
State's share of Union Taxes	862	1715	1999	2282	2491
Total Tax Revenue	3436	5358	6107	6908	7612
Percentage of Union Taxes to Total Tax Revenue	25	32	33	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 2013-14 under Grants -in-aid were ₹6314 crore as shown below:

Grants-in-aid



The share of Non-Plan Grants in total Grants-in-aid declined from 36 *per cent* during 2012-13 to 32 *per cent* in 2013-14, while the share of Grants for Plan schemes increased from 59 *per cent* in 2012-13 to 60 *per cent* in 2013-14. As against budget estimate of ₹4992 crore of Union share in Plan schemes, the State Government has actually received ₹3765 crore of Grants-in-aid (75 *per cent* of Budget Estimate)

2.7 Public Debt

Trend of position of Public Debt over the past five years

(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Internal Debt	16129	17694	18563	19747	22099
Central Loans	984	960	947	1018	1012
Total	17113	18654	19510	20765	23111

During the year 2013-14, ten loans totaling ₹2367 crore were raised from the open market at interest rates varying from 7.62 *per cent* to 9.75 *per cent* and the same are redeemable in the period between 2017-18 and 2023-24. In addition, the state Government raised loan of ₹379 crore from the financial institutions and ₹617 crore from the National Small Savings Fund (NSSF). An amount of ₹629 crore obtained from Ways and Means Advances (₹458) and Overdrafts (₹171) from the Reserve Bank of India. Thus the total Internal Debt raised by the Government during the year 2013-14 aggregated to ₹3991 crore. The Government also received ₹59 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 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)

	2009-10	2010-11	2011-12	2012-13	2013-14
Budget Estimates	10222	12093	14042	15969	17647
Actuals	11151	13946	13898	16174	17352
Gap	929	1853	(-)144	205	(-)295
Percentage of variation of Actuals against BE	9	15	(-)1	1	(-)2

Around 77 per cent of the total revenue expenditure was incurred of committed expenses viz. on Salaries and Wages (₹7545 crore) Interest payment (₹2481 crore) and Pensions (₹2855 crore) and subsidies (₹467 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	2009-10	2010-11	2011-12	2012-13	2013-14
Total Revenue Expenditure	11151	13946	13898	16174	17352
Committed Revenue Expenditure #	7970	9880	11027	12939	13348
<i>Percentage of Committed Revenue Expenditure to total Revenue Expenditure</i>	71	71	79	80	77
Uncommitted Revenue Expenditure	3181	4066	2871	3235	3995

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 expenditure increased by 52 per cent from ₹10346 crore in 2009-10 to ₹15711 crore in 2013-14 and committed revenue expenditure increased by 68 per cent over the same period.

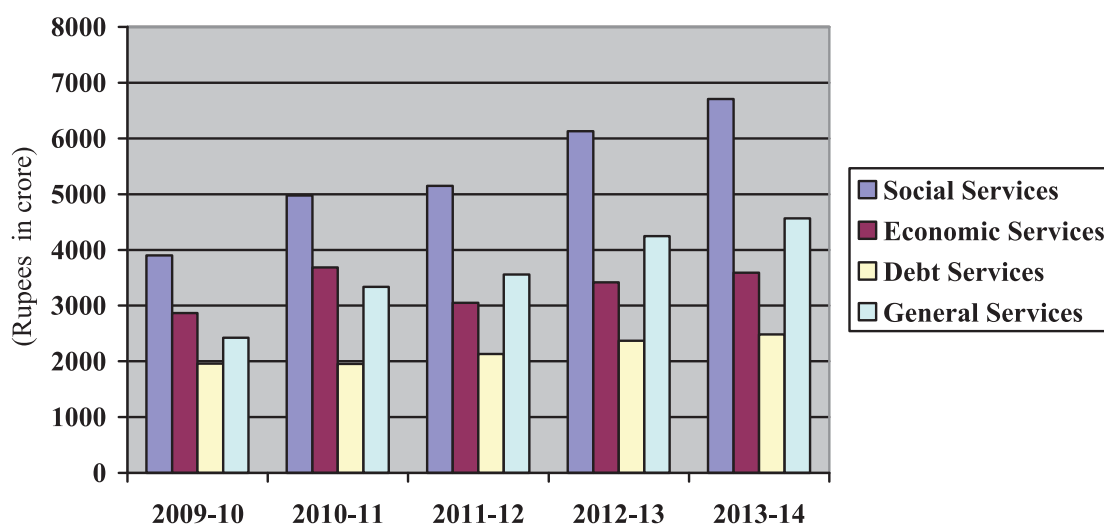
3.2.1 Sectoral distribution of Revenue Expenditure (2013-14)

(₹ in crore)

Components	Amount	Percentage
A. Organs of State	194	1
B. Fiscal Services	202	1
(i) Collection of Taxes on Property and Capital transaction	152	1
(ii) Collection of Taxes on Commodities and services	49	--
(iii) Other Fiscal Services	1	--
C. Interest Payments and Servicing of debt	2481	14
D. Administrative Services	1293	7
E. Pensions and Miscellaneous General Services	2877	17
F. Social Services	6706	38
G. Economic Services	3590	21
H. Grants-in-aid	9	--
Total Expenditure (Revenue Accounts)	17352	100

3.2.2 Major components of Revenue Expenditure 2009-10 to 2013-14

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 sustained. Capital disbursements during 2013-14 amounting for ₹1856 crore (2.25 per cent of GSDP) were less than Budget Estimates by ₹207 crore (less disbursement of ₹224 crore under plan expenditure and excess expenditure of ₹17 crore under non-plan). The growth in capital expenditure has not kept pace with the steady growth of GSDP since 2009-10 onwards and has almost remained stagnated.

This can be seen from the table below:

(₹ in crore)

S.No.	Components	2009-10	2010-11	2011-12	2012-13	2013-14
1	Budget (B.E.)	1863	1760	1498	1970	2063
2	Actual Expenditure(#)	1943	1789	1810	1955	1856
3	Percentage of Actual Exp. to B.E.	104	102	121	99	90
4	Yearly growth in Capital Expenditure	(-7%)	(-8%)	1%	8%	(-5%)
5	GSDP	42278	52426	63084	72076	82585
6	Yearly growth in GSDP	14%	24%	20%	14%	15%

(#) Does not include expenditure on Loans and Advances

3.3.1 Sectoral distribution of Capital Expenditure

During 2013-14, the Government spent ₹135 crore on various Irrigation Projects (₹38 crore on Medium Irrigation, ₹97 crore on Minor Irrigation). Apart from above, the Government spent ₹686 crore on construction of roads and bridges and invested ₹74.20 crore in Statutory Corporations/Boards, ₹193.47 crore in Government and other Companies, and ₹0.47 crore in Cooperative societies. During the year, share capital amounting to ₹9.12 crore was redeemed by Co-operative Bank, ₹1.61 crore by Co-operative 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:

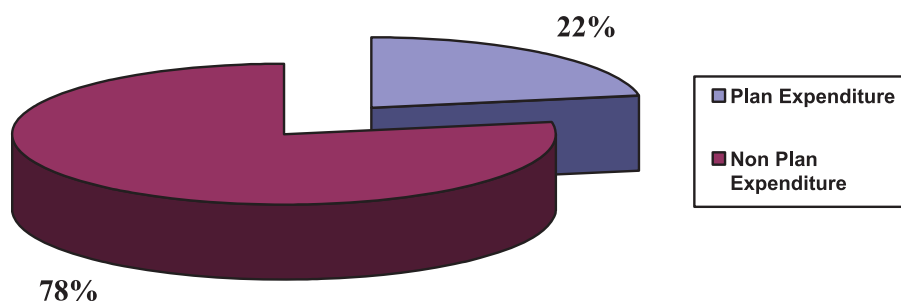
(₹ in crore)

S.No.	Sector		2009-10	2010-11	2011-12	2012-13	2013-14
1	General Services	Capital	64	73	73	74	81
		Revenue	4377	5279	5690	6618	7047
2	Social Services	Capital	610	611	372	436	477
		Revenue	3902	4979	5147	6131	6706
3	Economic Service	Capital	1270	1104	1365	1445	1297
		Revenue	2868	3682	3049	3418	3590

Chapter IV

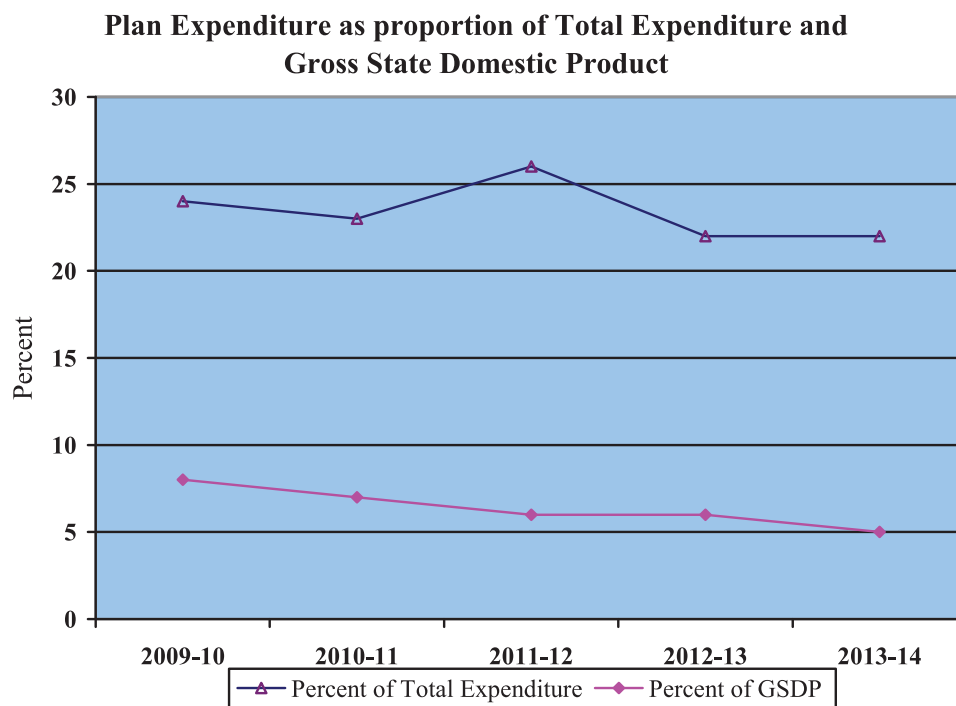
Plan and Non-plan Expenditure

4.1 Distribution of expenditure



4.2 Plan Expenditure

Plan expenditure (both revenue and capital) during 2013-14 was ₹4412 crore constituting 22 per cent of total disbursement of ₹19739 crore. This comprised ₹3780 crore under state plan, ₹422 crore under centrally sponsored/ central plans scheme and ₹210 crore on loans and advances.



Plan expenditure under the revenue sector increased by 15 *per cent* from ₹2079 crore in 2012-13 to ₹2387 crore in 2013-14. In capital sector it witnessed marginal increase of 0.25 *per cent*, from ₹2020 crore in 2012-13 to ₹2025 crore in 2013-14. The share of Centrally Sponsored Schemes/ Central Plan (Revenue ₹422 crore and Capital ₹27 crore) in Plan expenditure increased from ₹447 crore in 2012-13 to ₹449 crore in 2013-14.

4.2.1. Plan Expenditure under Capital Account

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Total Capital Expenditure	2013	2016	2303	2424	2387
Capital Expenditure (Plan)	1962	1996	2242	2020	2025
Percentage of Capital Expenditure (Plan) to total Capital Expenditure	97	99	97	83	85

4.2.2. Plan expenditure on Loans and Advances

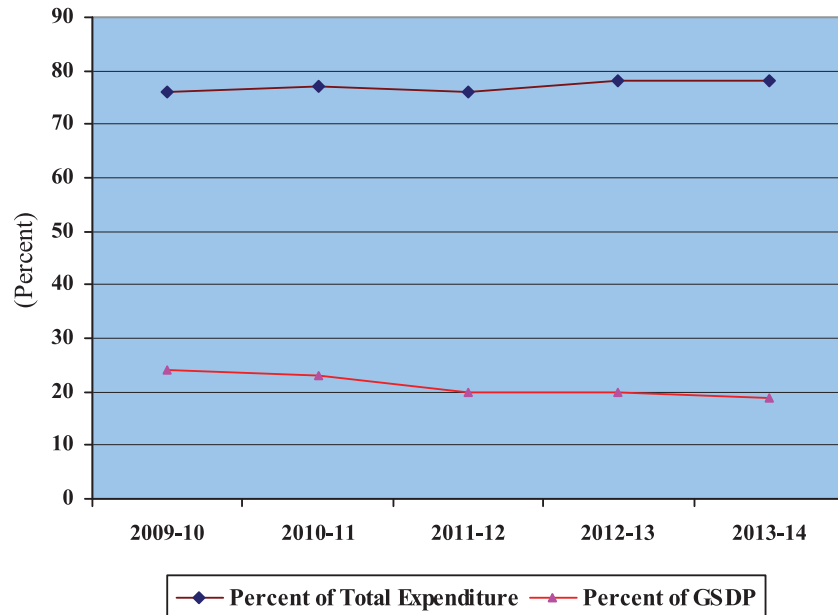
Significant disbursements of Loans and Advances were as under:

Major Heads	Amount (₹ in crore)	Purpose
6801 Loans for Power Project	467	Loans given to Himachal Pradesh Power Corporation for clean energy Development Project (Transmission)
6425 Loans for Co-operation	37	Loans given for implementation of ICDP (Integrated Co-operative Development Programme) Bilaspur, Hamirpur, Sirmour for second year under centrally sponsored scheme.
6885-Other Loans to Industries & Minerals	16	Redemption of bonds of HPFC guaranteed by the State Government

4.3 Non-Plan Expenditure.

Non-Plan expenditure during 2013-14, representing 78 *per cent* of total disbursement of ₹19739 crore was ₹15327 crore (₹14965 crore under Revenue and ₹362 crore under Capital). Non-Plan expenditure under capital includes ₹321 crore on account of Loans and Advances disbursed. The expenditure on salary and wages amounting to ₹7545 crore was 49 *per cent* of total Non-Plan expenditure.

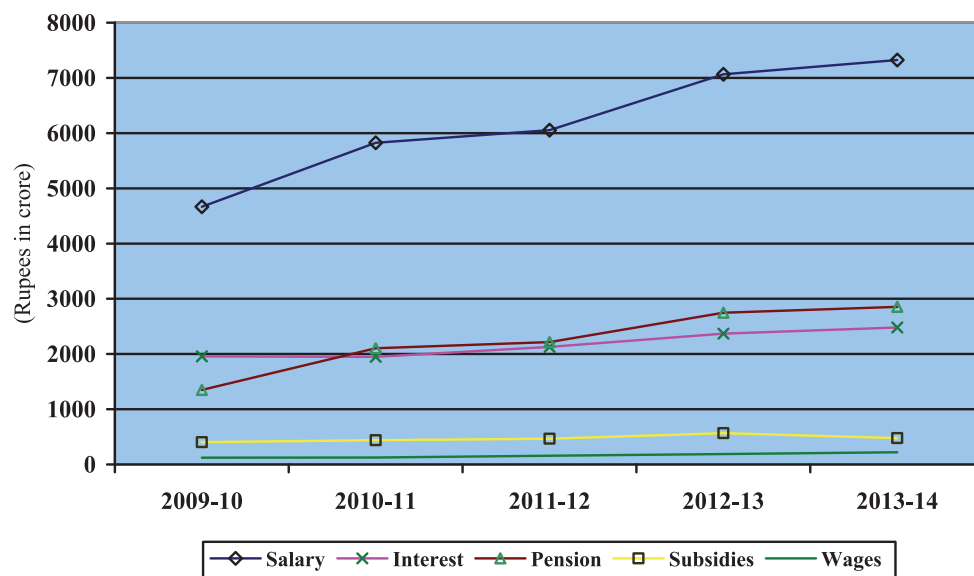
Non-Plan Expenditure as proportion of Total Expenditure and Gross State Domestic Product



4.4 Committed Expenditure

Expenditure on salaries, pensions and interest payments showed increase in 2013-14 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	2009-10	2010-11	2011-12	2012-13	2013-14
Committed Expenditure	8092	10318	11027	12939	13348
Revenue Expenditure	11151	13946	13898	16174	17352
Revenue Receipts	10346	12711	14543	15598	15711
Percentage of committed expenditure to Revenue Receipts	78	81	76	83	85
Percentage of committed expenditure to Revenue Expenditure	73	74	79	80	77

The committed expenditure increased by 65 per cent from 2009-10 to 2013-14 while revenue expenditure registered the growth of 56 per cent during the same period, leaving the Government with lesser flexibility in development spending.

Chapter V

Appropriation Accounts

5.1 Summary of Appropriation Accounts for 2013-14

(₹ 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	16716	910	1144	16482	14829	(-)1653
	Charged	2473	74	6	2541	2524	(-)17
	Capital						
2.	Voted	2105	116	300	1921	1851	(-)70
	Charged		5		5	5	..
3.	Public Debt Charged	1714	210	..	1924	1704	(-)220
4.	Loans and Advances Voted	342	186	78	450	531	+81
	Total	23350	1501	1528	23323	21444	(-)1879

5.2 Trend of Savings / Excess during the past five years

(₹ in crore)

Year	Savings(-) Excess (+)				
	Revenue	Capital	Public Debt	Loan & Advances	Total
2009-10	(-) 391	(-)215	(+) 49	(+) 62	(-) 496
2010-11	(+) 321	(-) 158	(-) 10	(+) 135	(+) 289
2011-12	(-) 914	(-) 57	(+) 30	(+) 131	(-)809
2012-13	(-) 1169	(-) 41	(+) 180	(+) 94	(-) 937
2013-14	(-)1670	(-)70	(-)220	(+)81	(-)1879

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	2009-10	2010-11	2011-12	2012-13	2013-14
3	Administration of Justice	--	19	18	15	17
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	22
8	Education	35	64	--	120	343
9	Health and Family welfare	--	--	22	64	117
10	Public Works- Roads, Bridges and Buildings	--	--	--	45	77
11	Agriculture	--	--	--	40	25
12	Horticulture	--	--	--	5	7
13	Irrigation, Water Supply and Sanitation	--	--	--	--	88
14	Animal Husbandry, Dairy Development and Fisheries	--	--	--	--	17
15	Planning and Backward Area Sub Plan	24	35	--	19	22
16	Forest and Wild Life	--	--	--	10	7
18	Industries, Minerals, Supplies and Information Technology	--	--	--	--	12
19	Social Justice and Empowerment	--	--	--	--	11
20	Rural Development	--	--	--	--	60
21	Co-operation	--	--	--	--	4
22	Food and Civil Supplies	--	26	--	--	11
23	Power Development	63	--	--	40	283
25	Road and Water Transport	--	19	--	--	2
27	Labour Employment and Training	--	--	--	--	79
28	Urban Development, Town and Country Planning and Housing	14	27	--	8	--

(₹ in crore)

Grant	Nomenclature	2009-10	2010-11	2011-12	2012-13	2013-14
29	Finance	162	238	--	38	496
31	Tribal Area Sub Plan	--	--	39	33	72
32	Scheduled Caste Sub Plan	10	11	16	84	107

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 2013-14, Supplementary grants totaling ₹1501 crore (6.40% 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
10	2059- Public Works 80- General 001- Direction and Administration 01-Direction Non-Plan	Revenue	17	--	12
10	2059- Public Works 80- General 053- Maintenance and Repairs 03- Execution Non-Plan	Revenue	96	1	77
10	2059- Public Works 80- General 053- Maintenance and Repairs 04- Expenditure on Non Residential Buildings Non-Plan	Revenue	25	--	18
10	2059- Public Works 80- General 053- Maintenance and Repairs 05- Work Charged Staff Converted into Regular Establishment Non-Plan	Revenue	67	4	68
10	3054- Roads and Bridges 03- State Highways 103- Maintenance and Repairs 10-Execution Non-Plan	Revenue	125	1	97

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
10	3054-Roads and Bridges 04- District and Other Roads 105- Maintenance and Repairs 07-Work Charged Staff Converted into Regular Establishment- Road Works Non-Plan	Revenue	453	1	401
31	3054-Roads and Bridges 04- District and Other Roads 796- Tribal Area Sub Plan 01- Expenditure on Establishment under Rural Roads and Bridges Programme Non-Plan	Revenue	13	1	9
31	3054- Roads and Bridges 04- District and Other Roads 796- Tribal Area Sub Plan 02- Expenditure on work Charged Converted into Regular Establishment Non-Plan	Revenue	51	5	46

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
10	3054-Roads and Bridges 03-State Highways 103-Maintenance and Repairs 12-Work Charged Staff Converted into Regular Establishment Machinery and Equipment Non-Plan	Revenue	42	4	48
11	2401-Crop Husbandry 109-Extension and Farmers Training 25-Normal Extension Activities Plan	Revenue	5	3	10
23	6801-Loans for Power Projects 190-Loans to Public Sector and Other Undertakings 01-Loan to Himachal Pradesh Power Corporation Plan	Capital	163	119	302

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 ₹1589 crore at the end of the year of 2013-14. However, dividends received during the year were ₹103 crore (i.e. 13 *per cent*) on total investment. During 2013-14, investments increased by ₹258 crore while dividend income increased by ₹3 crore.

Cash Balance with RBI stood at (-) ₹562 crore on 1 April 2013 and increased to ₹ (-) 887 crore at the end of March 2014. In addition, Government had invested an amount of ₹12662 crore on 112 occasions in Treasury Bills and rediscounted Treasury Bills worth ₹12928 crore on 210 occasions during 2013-14. The position of investment during the year 2013-14 is depicted in the table given below:

(₹ in crore)

Cash Balance Investment in Government of India Treasury Bills			
Balance as on 1 April 2013	Purchases during 2013-14	Sales during 2013-14	Closing balance on 31 March 2014
266	12662	12928	--

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 2013-14 was ₹2448 crore. Against this Government of Himachal Pradesh has availed open market borrowing for ₹2367 crore.

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

(₹ in crore)

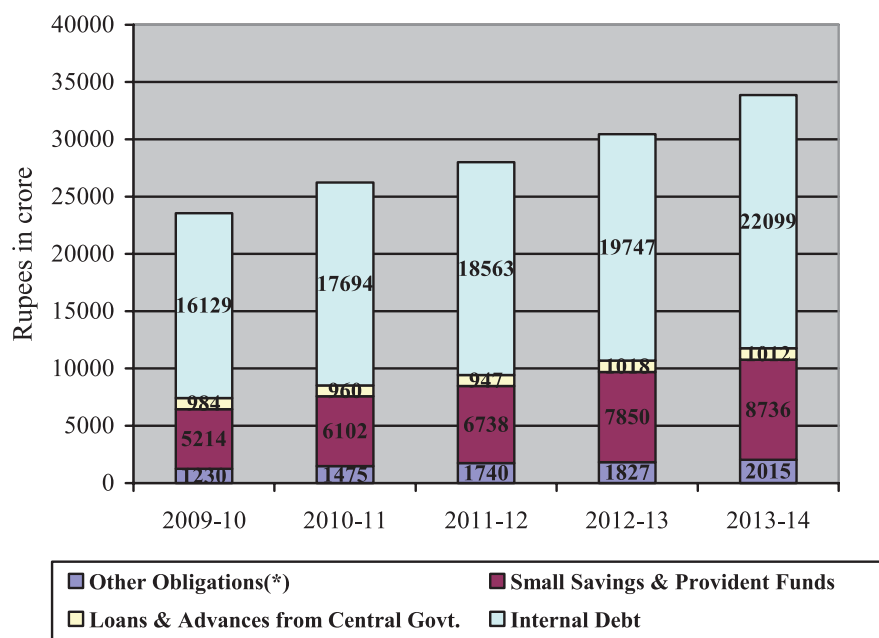
Year	Public Debt	Per cent of GSDP	Public Account*	Per cent of GSDP	Total Liabilities	Per cent of GSDP
2009-10	17113	40	6599	13	23712	56
2010-11	18654	36	7759	15	26413	50
2011-12	19511	31	8717	14	28228	45
2012-13	20765	29	9677	13	30442	42
2013-14	23111	28	10773	13	33884	41

* 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 ₹3442 crore (11 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 out

side 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
2009-10	4361	1924	25
2010-11	6232	3248	662
2011-12	6208	3316*	...
2012-13	9455	3353*	...
2013-14	9316	4333*	...

* 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 2014 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 2013-14 was ₹1913 crore. Out of this, loans and advances to government corporation/ companies, non-government institutions and local bodies amounted to ₹1327 crore. Recovery of principal aggregating to ₹80 crore was in arrears at the end of 31 March 2014. The information relating to recovery of interest in arrear was not made available by the State Government. During 2013-14 only ₹17 crore was towards repayment of loans and advances, out of which ₹10 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 ₹718 crore in 2009-10 to ₹1438 crore in 2013-14. Grants to Zilla Parishads and Panchayat Raj Institutions, Municipal Corporations and Municipalities (₹609 crore) represent 42 *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.		2009-10	2010-11	2011-12	2012-13	2013-14
1	Zilla Parishads & Panchayati Raj Institutions	218	256	264	262	327
2	Municipal Corporations & Municipalities	116	92	123	173	282
3	Universities & Educational Institution	231	311	315	401	447
4	Development Agencies	49	52	47	43	52
5	Hospital & Others Charitable Institutes	41	48	70	86	95
6	Other Institute	63	90	162	238	235
	Total	718	849	981	1203	1438

7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2013	As on 31 March 2014	Net increase(+)/ decrease (-)
Cash Balances	(-) 295	(-)887	(+)592
Investment from cash balance (GOI Treasury Bills)	266	...	(-)266
Investment from earmarked fund balances
(a) Sinking Fund
(b) Guarantee Redemption Fund
Interest realized during the year	41	24	(-)17

State Government had a negative closing cash balance at the end of 31 March 2014. Interest receipt on the investment of cash balance has decreased by 41 *per cent* from ₹41 crore to ₹24 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 Accounts rendering units

The accounts of receipts and expenditure of the Government of Himachal Pradesh have been compiled based on the initial accounts rendered by 16 District Treasuries, 74 Public Works

Division, 88 Forest Divisions, 53 Irrigation and Public Health Divisions and Advices of the Reserve Bank of India. Rendition of monthly accounts by the Accounts Rendering Units of the State Government was satisfactory and no accounts remained excluded at the end of the Financial Year.

7.7 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 ₹130 crore as per Appendix IX in Volume II of the Finance Accounts was incurred up to the year 2013-14 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 19 *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	63	1	66
2	Water supply Scheme (1)	4	--	12	--	10
3	Building Works (3)	63	2	55	--	--
	Total	109	4	130	1	76

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