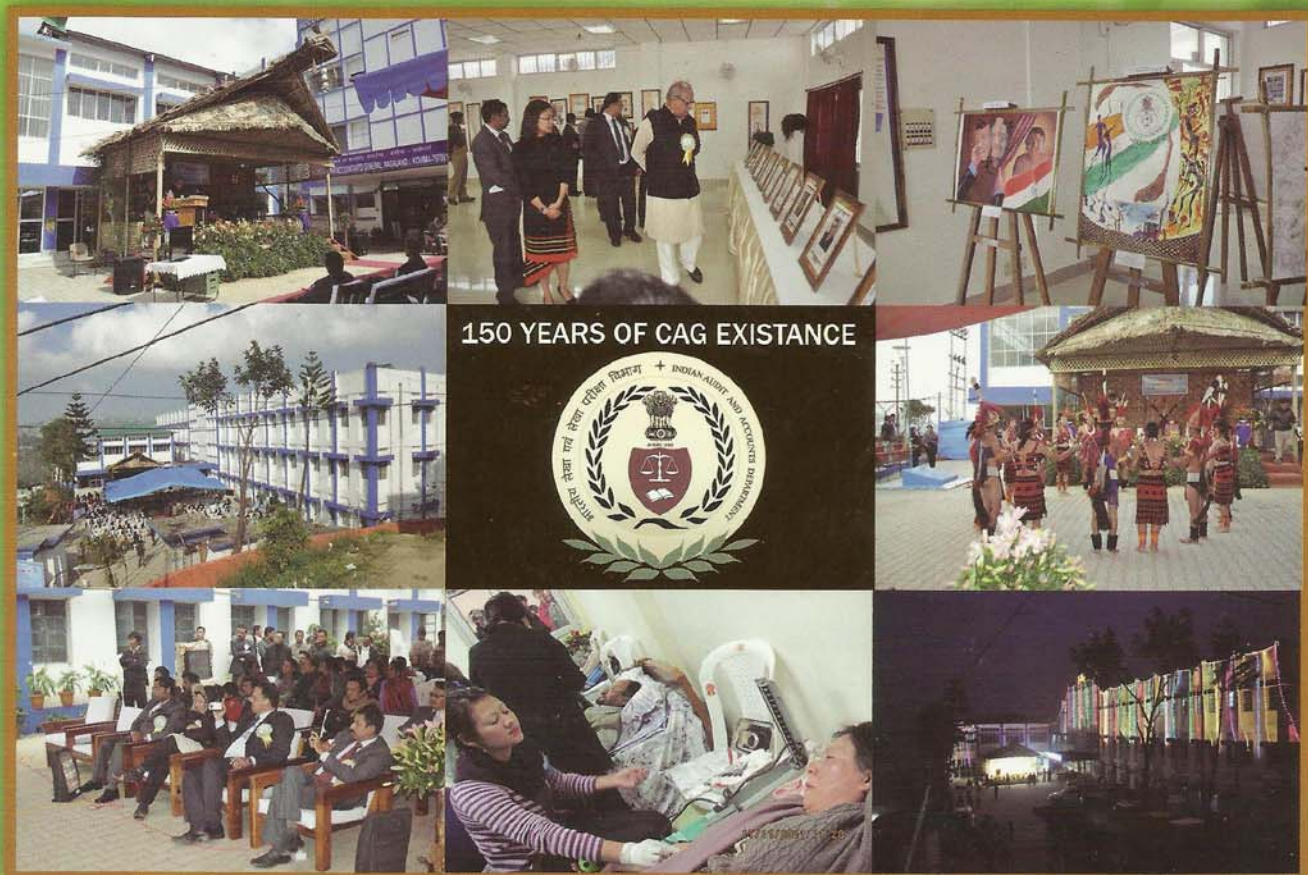


GOVERNMENT OF NAGALAND

ACCOUNTS AT A GLANCE

2010-2011



**ACCOUNTANT GENERAL
(ACCOUNTS AND ENTITLEMENTS)
NAGALAND :: KOHIMA**



Preface

The Annual Accounts of the State Government are prepared and examined 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 Service) Act, 1971 for being laid before the Legislature of the State.

The Annual Accounts consists of (a) Finance Accounts and (b) Appropriation Accounts.

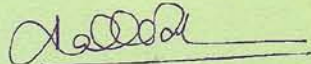
Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency fund and the Public Account. The Appropriation Accounts record the Grant-wise expenditure against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure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

The Accountant General (Accounts and Entitlements) prepares the State Finance Accounts and the Appropriation Accounts.

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

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

PLACE: KOHIMA
DATE : August 6, 2012



V. K. GIRIJAVALLABHAN
ACCOUNTANT GENERAL





Our Vision, Mission and Core Values

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

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognised for independent, credible, balanced and timely reporting on public finance and governance.

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

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

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

- ▶ Independence
- ▶ Objectivity
- ▶ Integrity
- ▶ reliability
- ▶ Professional Excellence
- ▶ Transparency
- ▶ Positive Approach



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OVERVIEW

1.1. Introduction

The Accountant General (Accounts and Entitlements), Nagaland compiles the accounts of receipts and expenditure of the Government of Nagaland. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions and advices of the Reserve Bank of India. Following such compilation, the Accountant General (A&E) prepares, annually, the Finance Accounts and the Appropriation Accounts, which are placed before the State Legislature after audit by the Accountant General (Civil Audit) Nagaland and certification by the Comptroller and Auditor General of India.

1.2. Structure of Accounts

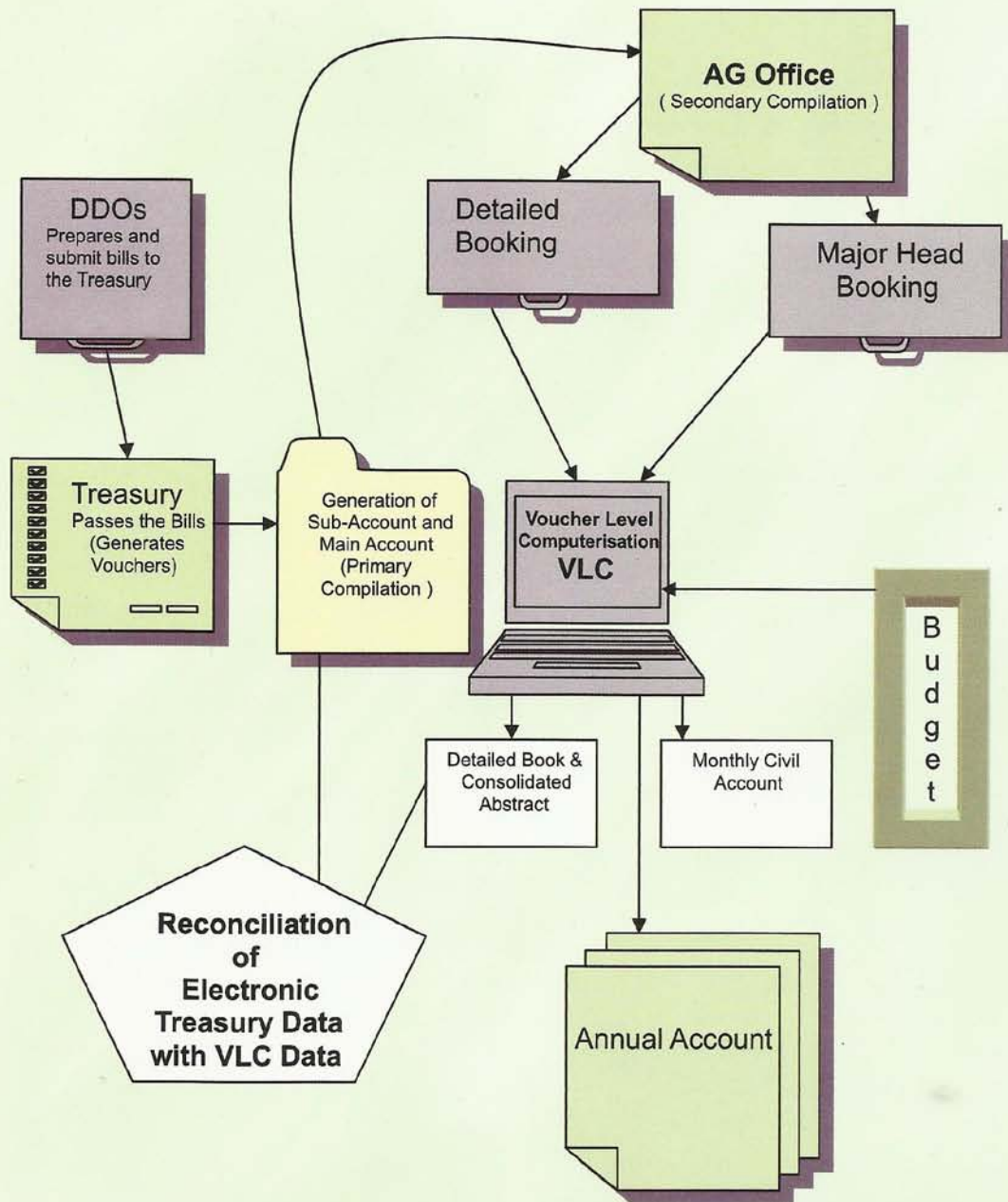
1.2.1. Government Accounts are kept in three parts:

Part - I CONSOLIDATED FUND	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances.
Part - II CONTINGENCY FUND	Intended to meet unforeseen expenditure not provided for in the budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
Part - III PUBLIC ACCOUNT	Comprises of Debt, Deposits, Advances Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivables of the Government. Remittances and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.



1.2.2 Compilation of Accounts

Flow Diagram for Account Compilation





1.3. Finance Accounts and Appropriation Accounts

1.3.1. Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. The Finance Accounts have been issued in two volumes, to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarised statements of overall receipts and disbursements and 'Notes to accounts' containing summary of significant accounting policies, quality of accounts and other items; Volume II contains other summarised statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

Receipts and disbursements of the government of Nagaland as depicted in the Finance Accounts 2010-11 are given below.

(₹ in crore)

Receipt (Total : 5,315)	Revenue (Total : 5,000)	Tax Revenue	917
		Non Tax Revenue	183
		Grants-in-Aid	3,900
	Capital (Total : 315)	Recovery of Loans and Advances	2
		Borrowings and other Liabilities *	313
Disbursement (Total : 5,315)	Revenue	4,188	
	Capital	1,123	
	Loans and Advances	4	

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



The Union Government transfers substantial funds directly to State Implementing Agencies/ NGOs for implementation of various schemes and programmes. This year, the Government of India directly released ₹1,036 crore (₹957 crore last year). Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix VII of Volume II of the Finance Accounts.

1.3.2. Appropriation Accounts

- ✧ The Appropriation Accounts bring out the expenditure of the State Government against amounts voted and charged by the State Legislature, and supplement the Finance Accounts. These comprise accounts of 6* charged Appropriations and 76* voted Grants.
- ✧ Appropriation Act, 2010-11, had projected gross provision of ₹6895 crore, including Supplementary Grants totaling ₹404 crore, during the year. An amount of ₹55 crore was estimated as recoveries in reduction of expenditure.
- ✧ Appropriation Accounts 2010-11, show disbursements aggregating ₹5615 crore against the aggregate budget provision of ₹6895 crore, resulting in saving of ₹1280 crore against Grant and Appropriations. There are excess of ₹91 crore in 18 Grants and Appropriation. The major excess ₹30 crore (32.90 per cent) was under PWD Roads and Bridges, ₹24 crore (26.96 per cent) under Civil Administration Work and ₹17 crore (18.75 per cent) under Police Engineering Project.
- ✧ Recoveries in reduction of expenditure amounted to ₹55 crore (BE) reflecting a decrease of ₹16 crore (actuals) vis-à-vis budget estimates.

* Out of total 82 Demands, 2 Demand (^D/_{No.} 1 & 4) consist of both charged Appropriation and voted Grants, {4(c) +76(v)+2(v) & (c)}



1.4. Sources and Application of Funds

1.4.1. Ways and Means Advances

The Reserve Bank of India (RBI) extends the facility of Ways and Means Advances (WMA) to enable State Governments to maintain their liquidity. Overdraft (OD) facilities are provided when there is a shortfall in the agreed minimum cash balance (₹0.25 crore) maintained with the RBI. During 2010-11, the Government of Nagaland did not resort to OD facilities and availed of WMA. This has to be viewed against the fact that there were savings totaling ₹1,280 crore in almost all 64 grants, resulting in a shortfall of 19 *per cent* in expenditure against estimates.

1.4.2. Fund flow statement

The State had a Revenue Surplus of ₹812 crore and a Fiscal Deficit of ₹313 crore representing 7 *per cent* and 3 *per cent* of the Gross State Domestic Product (GSDP)¹. The Fiscal Deficit constituted 6 *per cent* of total expenditure. This deficit was met from Public Debt (₹202 crore), increase in Public Account (₹107 crore), and net of opening and closing cash balance (₹4 crore). Around 6 *per cent* of the revenue receipts (₹5,000 crore) of the State Government was spent on committed expenditure like salaries (₹2,034 crore), interest payments (₹394 crore) and pensions (₹336 crore).

Except where indicated otherwise, GSDP figures used in this publication are adopted from the Economics and Statistics Department, Government of Nagaland



Sources and Application of Funds

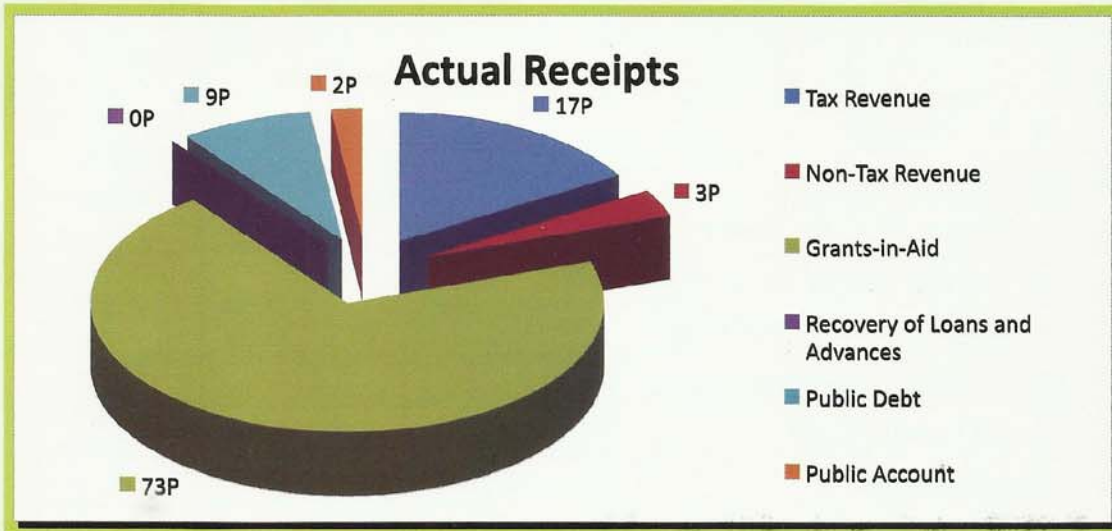
(₹ in crore)

	PARTICULARS	AMOUNT
SOURCES	Opening Cash Balance as on 1.4.2010	(-) 599
	Revenue Receipts	5,000
	Recovery of Loans & Advances	2
	Public Debt	463
	Small Savings Provident Fund & Others	192
	Reserves & Sinking Funds	41
	Deposits Received	528
	Civil Advances Repaid	18
	Suspense Account	8,598
	Remittances	1,472
	Contingency Fund	...
	TOTAL	15,715

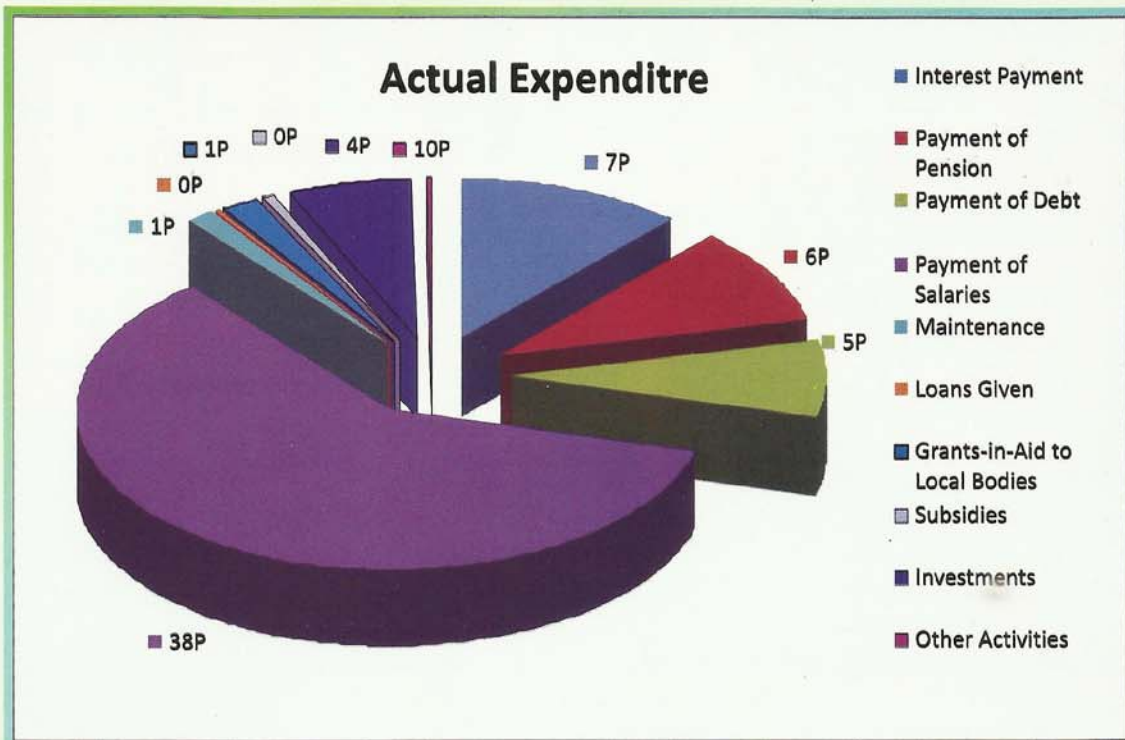
APPLICATION	Revenue Expenditure	4,188
	Capital Expenditure	1,123
	Loans Given	4
	Repayment of Public Debt	261
	Small Savings Provident Fund & Others	103
	Reserves & Sinking Funds	41
	Deposits Spent	448
	Civil Advances Given	17
	Suspense Account	8,558
	Remittances	1,575
	Closing Cash Balance as on 31.3.2011	(-) 603
	TOTAL	15,715



1.4.3 Where the Rupee comes from



1.4.4 Where the Rupee went





1.5. Highlights of Accounts

(₹ in crore)

	B.E.2010-11	Actuals	Percentage of actuals to B.E	Percentage of actuals to GSDP(\$)
1. Tax Revenue (@)	825	917	111	8
2. Non-Tax Revenue	159	183	115	2
3. Grants-in-aid & Contributions	3788	3900	103	33
4. Revenue Receipts (1+2+3)	4772	5000	105	42
5. Recovery of Loans and Advances	4	2	50	...
6. Borrowings & other Liabilities (A)	934	313	34	3
7. Capital Receipts (5+6)	938	315	34	3
8. Total Receipts(4+7)	5710	5315	93	45
9. Non-Plan Expenditure (*)	3362	3305	98	28
10. NPE on Revenue Account	3362	3305	98	28
11. NPE on Interest Payments out of 10	412	394	96	3
12. NPE on Capital Account	...	...	...	...
13. Plan Expenditure (*)	2348	2010	86	17
14. PE on Revenue Account	1059	883	83	7
15. PE on Capital Account	1289	1127	87	10
16. Total Expenditure (9+13)	5710	5315	93	45
17. Revenue Expenditure (10+14)	4421	4188	95	35
18. Capital Expenditure(12+15) (#)	1289	1127	87	10
19. Revenue Surplus (4-17)	351	812	231	7
20. Fiscal Deficit (4+5-16)	934	313	34	3

@ Includes State's share of Union Taxes/Duties of ₹689 crore.

(\$) GSDP figure ₹11823 crore adopted from the Economics and Statistics Department, Government of Nagaland.

(#) Expenditure on Capital Account includes Capital Expenditure (₹1123 crore) and Loans and Advances disbursed (₹4 crore).

(*) Expenditure includes ₹4 crore under Plan which pertains to Loans and Advances.

(A) Borrowings and other liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts- Disbursements) of Public Account + Net of Opening and Closing Cash Balance.



1.6 What the deficits and surpluses indicate?

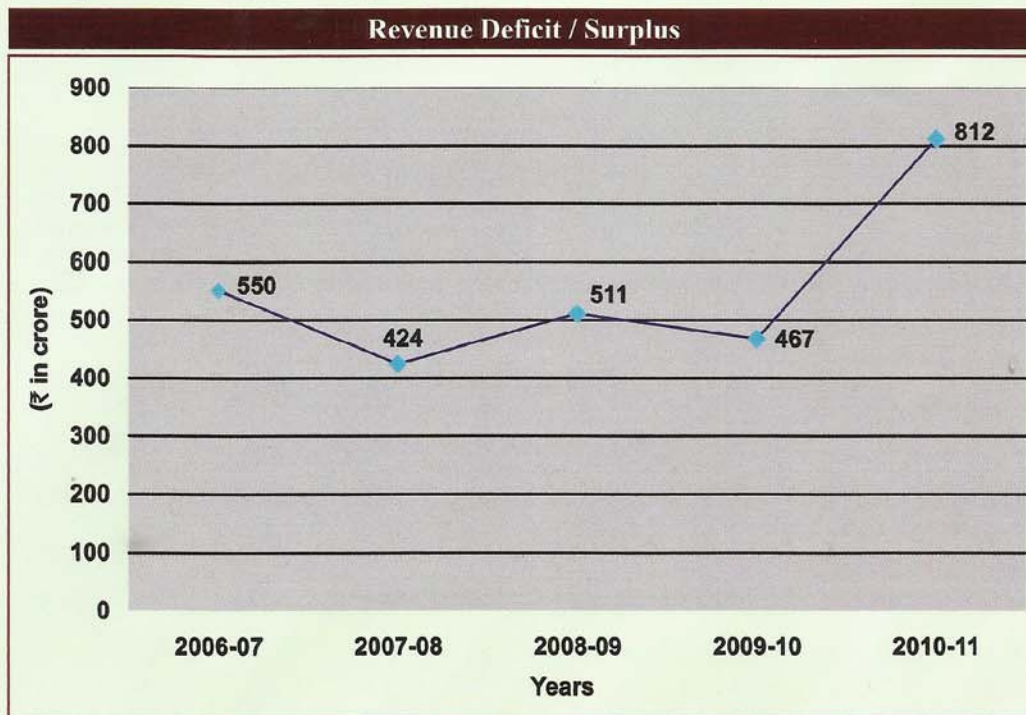
Deficit	Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financial and application of funds are important indicators of prudence in Financial Management
Revenue Deficit/Surplus	Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
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, the borrowings should be invested in capital projects

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The 12th Finance Commission had recommended that the States achieve revenue balanced by 2008-09 and reduce Gross Fiscal Deficit to 3 *per cent* of GSDP by 2009-10. In view of the economic slow-down, the Government of India further relaxed the acceptable ceiling for the Fiscal Deficit-GSDP ratio to 3.5 *per cent* in 2008-09 and to 4 *per cent* in 2009-10. To encourage State Governments to achieve these goals, the Government of India extended Debt Consolidation and Relief Facility (DCRF) to States, under which successful State Governments would receive relief on repayment of principal and/or interest.

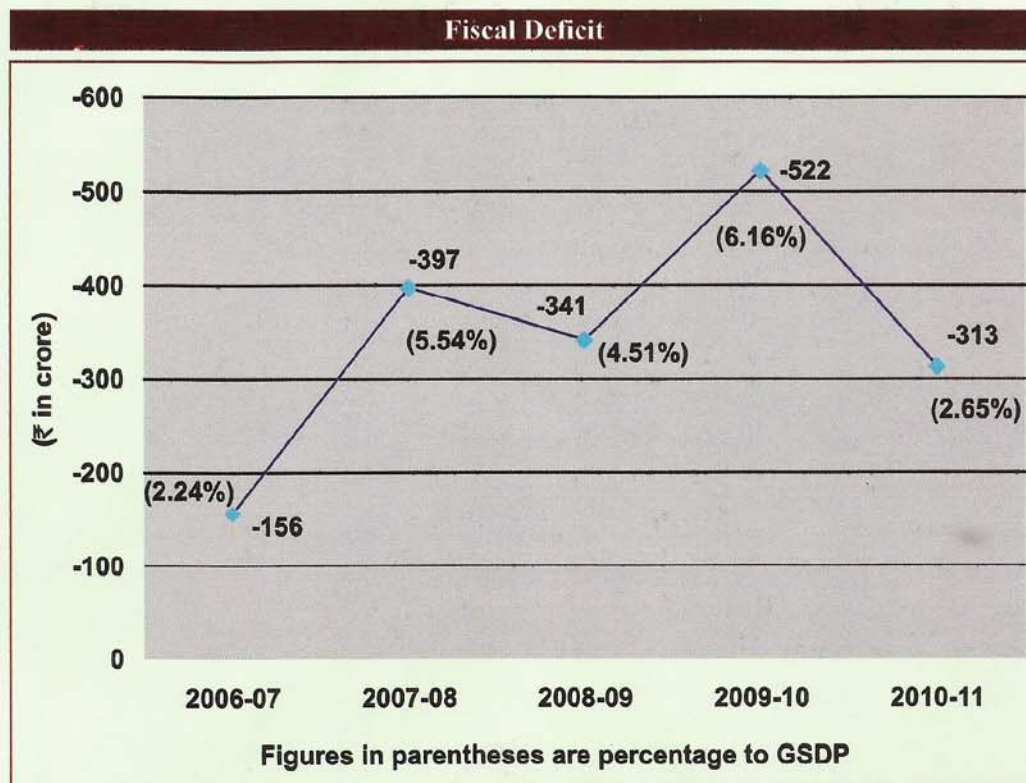
The State Government was successful in achieving the Revenue Surplus target as early as in 2006-07 and maintained it, thereafter. However, there is a difference of opinion between the State Government and the government of India on the calculation of percentage of Fiscal Deficit to GSDP. According to the State Government estimation, the ratio of Fiscal Deficit to GSDP ranged between 4.51 *per cent* in 2008-09 and 6.97 *per cent* (Budget Estimates) in 2009-10, the same, as per the Government of India, was 3.06 *per cent* in 2008-09 and 7.70 *per cent* (Budget Estimates) in 2009-10, and stood at ranged between 2.64 *per cent* and 7.90 *per cent* (Budget Estimates) of the estimated GSDP to the end of 2010-11.



1.6.1 Trend of Revenue Deficit / Surplus

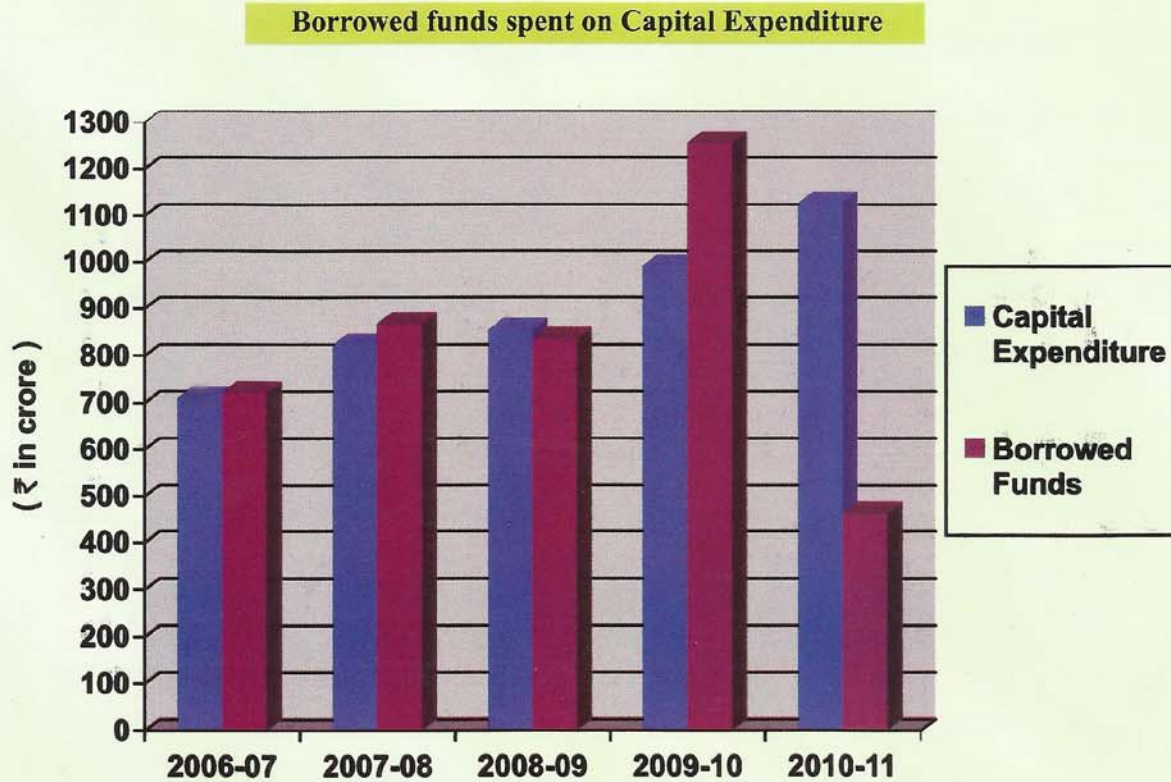


1.6.2 Trend of Fiscal Deficit





1.6.3. Proportion of borrowed funds spent on Capital expenditure.



It is desirable to fully utilise 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 243 per cent of the borrowings of the current year (₹463 crore) on capital expenditure (₹1,123 crore). It would therefore appear that 56 per cent of the public debt (₹261 crore) was utilised on the following to repay the principal and interest on public debt of previous years, to meet periodic shortfalls of revenues against expenditure in the current year, to maintain a positive cash balance at the end of the year and to invest in treasury bills.

RECEIPTS

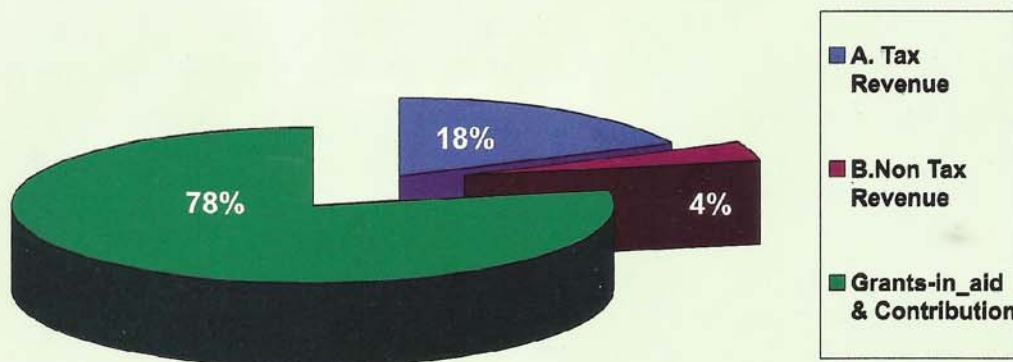
2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2010-11 were ₹5315 crore

2.2. Revenue Receipts

Tax Revenue	◇> Comprises taxes collected and retained by the State and States's share of Union taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	◇> Includes interest receipts, dividends, profits etc.
Grants-in-Aid	◇> Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material & Equipment' received from foreign Governments and channelised through the Union Government. In turn, the State Governments also give Grants -in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.

Revenue Receipts



**Revenue Receipt Components (2010-11)***(₹ in crore)*

COMPONENTS	ACTUALS
A. Tax Revenue	917
Taxes on Income & Expenditure	437
Taxes on Property & Capital Transactions	2
Taxes on Commodities & Services	478
B. Non-Tax Revenue	183
Interest Receipts, Dividends and Profits	14
General Services	51
Social Services	17
Economic Services	101
C. Grants-in-aid & Contributions	3,900
Total - Revenue Receipts	5,000



2.3. Trend of Receipts

(₹ in crore)

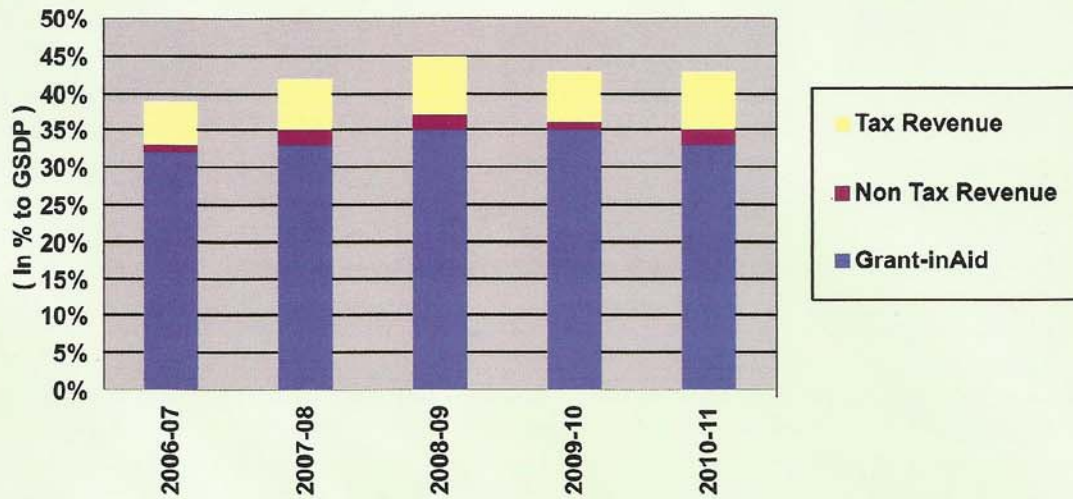
	2006-07	2007-08	2008-09	2009-10	2010-11
Tax Revenues	436 (6)	531 (7)	578 (8)	615 (7)	917 (8)
Non-Tax Revenues	91 (1)	120 (2)	181 (2)	126 (1)	183 (2)
Grants in Aid	2245 (32)	2345 (33)	2642 (35)	2979 (35)	3900 (33)
Total Revenue Receipts	2772 (40)	2996 (42)	3401 (45)	3720 (32)	5000 (42)
GSDP	6958	7169	7553	8474	11823

Note: Figures in parentheses represent percentage to GSDP

Though the GSDP increased by 40 per cent between 2009-10 and 2010-11, growth in revenue collection was only 34 per cent. While tax revenues increased by 49 per cent and non-tax revenues by 45 per cent. The State's own revenue under certain tax components, like taxes on sales, trade etc., (₹167 crore), taxes on vehicles (₹24 crore) and taxes on goods and passengers (₹6 crore) showed a higher trend. The increase in sales tax revenue by ₹35 crore from ₹132 crore in 2009-10 to ₹167 crore in 2010-11 was mainly on account of contribution of VAT representing around 75 per cent of incremental tax revenue of the State during the year. Increase in Non Tax Revenue in 2010-11 (₹57 crore) over the previous year was mainly on account of Police (₹34 crore), Miscellaneous General Services (₹5 crore) and interest Receipts (₹4 crore).



Components under Revenue Receipts as proportion to GSDP

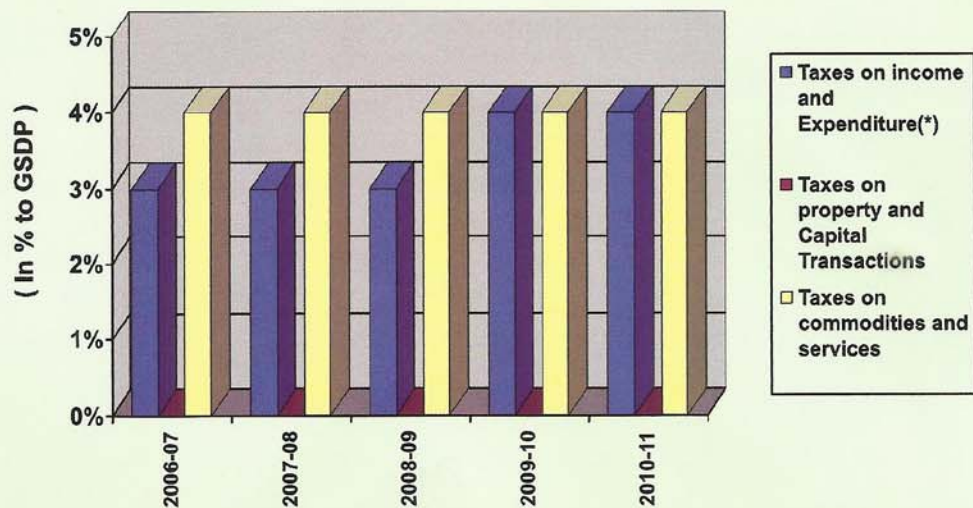


Sector-wise Tax Revenue

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	175	230	245	301	437
Taxes on Property and Capital Transactions	2	2	2	2	2
Taxes on Commodities and Services	259	299	331	312	478
Total Tax Revenues	436	531	578	615	917

Trend of Major Taxes in proportion to GSDP





2.4. Performance of State's own tax revenue collection

(₹ in crore)

Year	Tax Revenue	State Share of Union Taxes	State's Own Tax Revenue	
			Rupees	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2006-07	436	317	119	1.71 %
2007-08	531	400	131	1.83 %
2008-09	578	422	156	2.07 %
2009-10	615	434	181	2.14 %
2010-11	917	689	228	1.93 %

The ratio of the State's Own Tax buoyancy with respect to GSDP was 1.26 in 2006-07 which increased to 1.80 in 2010-11.

2.5. Efficiency of Tax Collection

A

Taxes on Property and Capital Transactions

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	2	2	2	2	2
Expenditure on Collection *	10	8	11	10	12

B

Taxes on Commodities and Services

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	259	299	331	312	478
Expenditure on Collection	13	14	16	18	25
Efficiency of Tax Collection	5%	5%	5%	6%	5%

Taxes on commodities and services form a major chunk of tax revenue. Tax collection efficiency is excellent. However, the collection efficiency of taxes on property and capital transactions can be improved.

* Since the cost of collection is much higher than the revenue collected, the efficiency of tax collection is not applicable.



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

(₹ in crore)

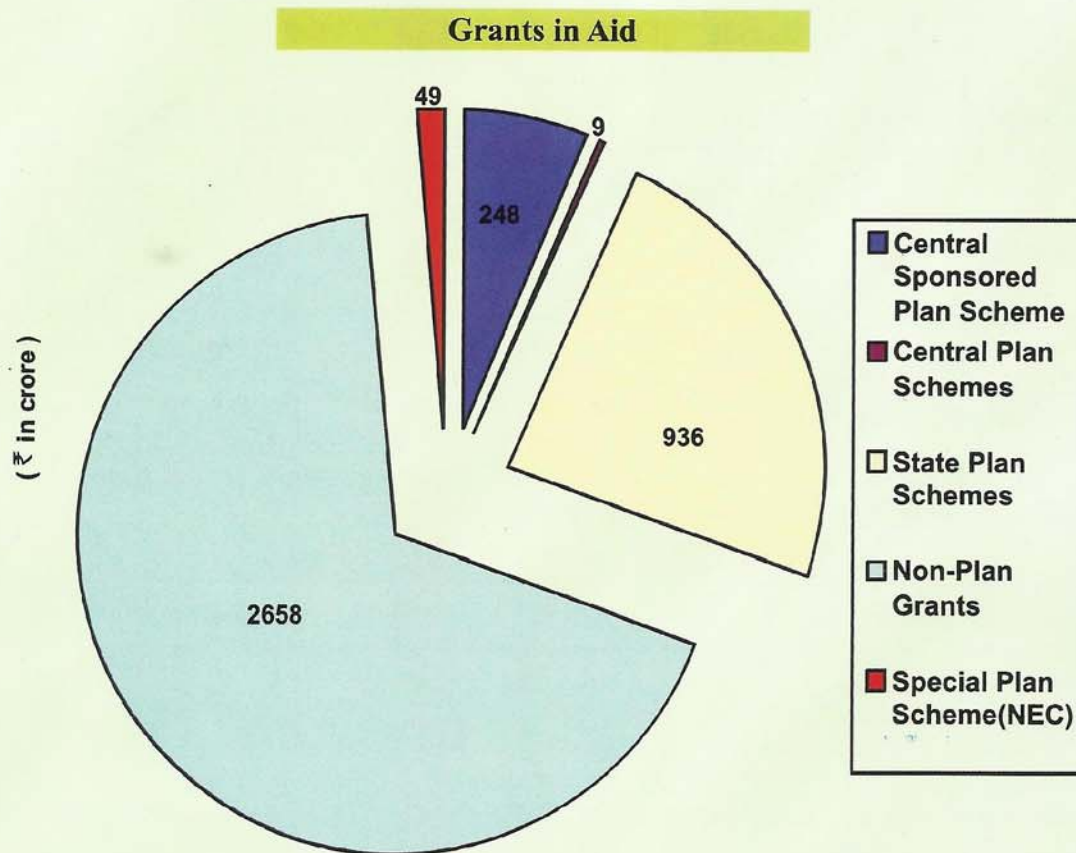
Major Head description	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation Tax	99	127	138	179	269
Taxes on Income other than Corporation Tax	60	85	87	99	142
Taxes on Wealth	...	...	...	...	1
Customs	62	76	81	68	121
Union Excise Duties	66	72	70	42	88
Service Tax	30	40	46	46	68
Other Taxes and Duties on Commodities and Services	...	...	...	...	...
State Share of Union Taxes	317	400	422	434	689
Total Tax Revenue	436	531	578	615	917
% of Union Taxes to Total Tax Revenue	73	75	73	71	75

Central tax transfer to the State increased by ₹255 crore 58.85 per cent from ₹434 crore in 2009-10 to ₹689 crore in 2010-11. The Percentage Share of State's Own Resources and the Central transfer in Revenue receipts of the State exhibited relative stability during the last five years (2006-11).



2.7 Grants in Aid

Grants in Aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2010-11 under Grants in Aid were ₹3900 crore as shown below:



Grants-in-aid from Govt. of India have increased by ₹921 crore 30.92 per cent from ₹2979 crore in 2009-10 to ₹3900 crore in 2010-11 contributing 78 per cent of the total Revenue Receipts during 2010-11. This increase was due to enhanced grants for Non-Plan Grants (₹1197 crore) offset by decrease in Grants for State Plan Schemes (₹105 crore), Grants for Central Plan Scheme (₹136 crore) Centrally Sponsored Plan Schemes (₹27 crore) and Grants for Special Plan Schemes (₹9 crore)



2.8. Public Debt

Trend of Public Debt over past 5 years

(₹ in crore)

Description	2006-07	2007-08	2008-09	2009-10	2010-11
Internal Debt	298	254	468	568	225
Central Loans	(-)17	(-)15	(-)22	(-)37	(-)23
Total Public Debt	281	239	446	531	202

Note: Negative figures indicate that repayment is in excess of receipts.

In 2010-11, four loans totaling ₹355 crore at interest rates varying from 8.07 per cent to 8.50 per cent and redeemable in the years 2020-2021 were raised at par.

Against the total internal debt of ₹463 crore of the State Government in 2010-11 received during this period, capital expenditure was only ₹1123 crore indicating that the rest of the Capital expenditure was made from Revenue of the Government.

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 organisation. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

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

3.2. Revenue Expenditure

Revenue expenditure of the State had increased by ₹1,966 crore, (88.46 per cent) from ₹2,222 crore in 2006-07 to ₹4,188 crore in 2010-11 at a compound annual growth rate of 13.51 per cent. Both Non Plan Revenue Expenditure (NPRE) and Plan Revenue Expenditure (PRE) have shown an increase over the period 2006-11. Of the total increase of ₹935 crore in revenue expenditure during 2010-11, over the previous year, increase in NPRE contributed 68.46 per cent (₹ 640 crore) while PRE accounted for the remaining 31.54 per cent (₹295 crore). The actual NPRE exceeded the normative assessment made by XIII-FC by ₹829 crore (33.50 per cent) but was less than the assessment made by the State in FCR by ₹80 crore (2.37 per cent).



The shortfall of budget estimates against expenditure under Revenue section during the past four years is given below:

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Budget Estimates	2,190	2,454	2,678	3,170	4,421
Actuals	2,222	2,572	2,890	3,252	4,188
Gap	32	188	212	82	(-) 233
% of gap over BE	1	8	8	3	5

Nearly 66 *per cent* of total revenue expenditure was committed to Non-Plan Expenditure (salaries, pensions etc.). Both Non Plan revenue expenditure and Plan revenue expenditure have shown an increase over the period 2006-2011. Of the total increase of ₹ 935 crore in revenue expenditure during 2010-11 over the previous year, increase on NPPE contributed 68.46 *per cent* (₹ 640 crore) while PRE accounted for the remaining 31.54 *per cent* (₹ 295 crore). The actual NPPE exceeded the normative assessment made by XIII- FC by ₹ 829 crore (33.50 *per cent*) but less than the assessment made by the State in FCR by ₹ 80.04 crore (2.37 *per cent*).



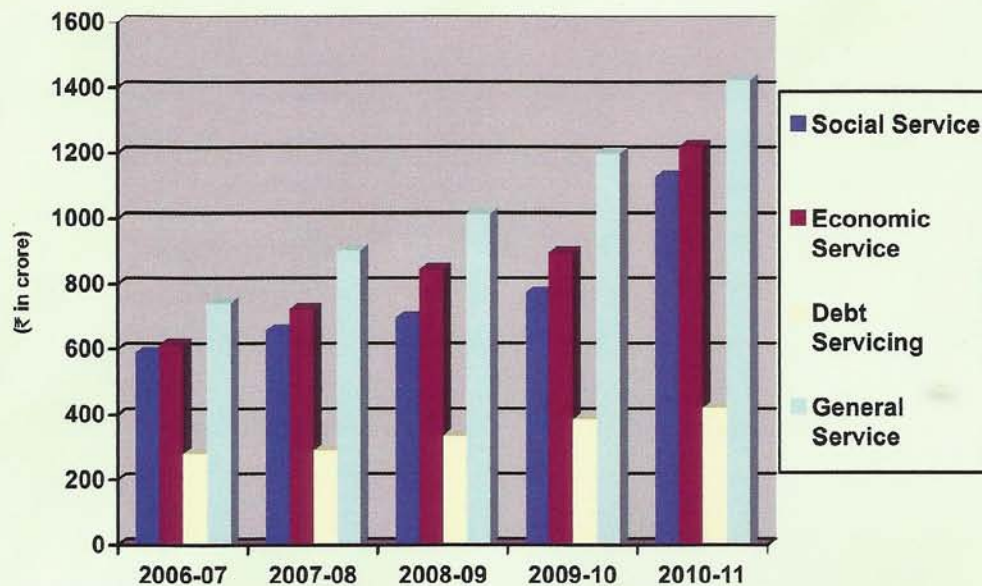
3.2.1 Sectoral distribution of Revenue Expenditure (2010-11)

(₹ in crore)

Components	Amount	Percentage
A. Fiscal Services	37	1
(i) Collection of Taxes on Property and Capital transactions	12	...
(ii) Collection of Taxes on Commodities and Services	25	...
(iii) Other Fiscal Services	...	...
B. Organs of State	45	1
C. Interest Payments and Servicing of debt	420	10
D. Administrative Services	1002	24
E. Pensions and Miscellaneous General Services	339	8
F. Social Services	1126	27
G. Economic Services	1219	29
H. Grants-in-aid and Contributions	...	...
Total Expenditure (Revenue Account)	4188	100

3.2.1 Major Component of Revenue Expenditure (2006-2011)

Trend of Major Component of Revenue Expenditure



* General Services excludes MH 2048 (Appropriation for reduction or avoidance of debt), MH 2049 (Interest payments)



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

3.3. Capital Expenditure

Capital disbursements for 2010-11 at 10 *per cent* of GSDP were less than Budget Estimates by ₹ 162 crore less disbursement under Plan Expenditure.

3.3.1. Sectoral distribution of Capital Expenditure

During 2010-11, Government spent ₹ 1123 crore excluding loans and advances and had invested ₹ 213 crore in various Corporations/Companies and Societies at the end of March 2011. The average returns on this investment was nil during the last five years while the Govt. paid an average interest rate of 7.68 *per cent* on its borrowing during 2010-11.

(₹ in crore)

Sl.No	Sector	Amount	Percentage
1	General Services - Police, Land Revenue etc.	217	19
2	Social Services - Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.	306	27
3	Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	600	54
4	Loans and Advances Disbursed	4	...
Total		1127	100

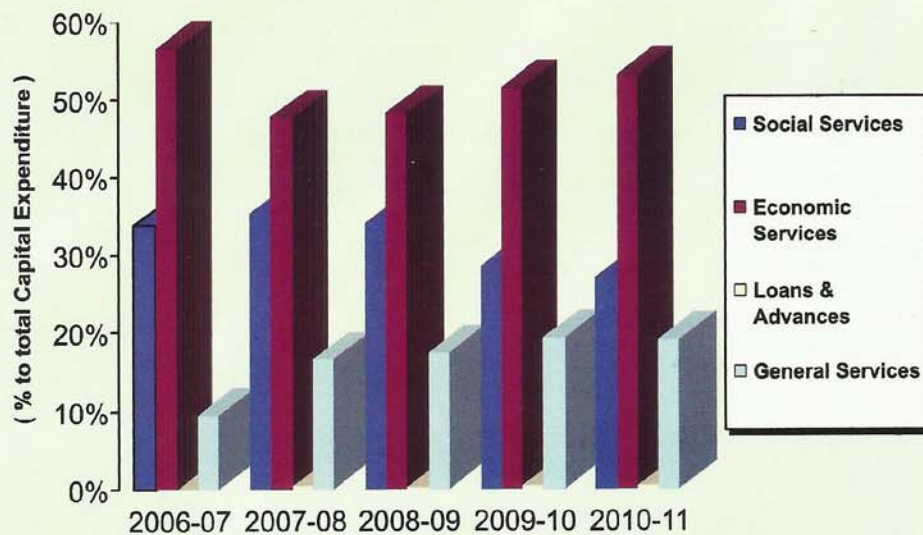


3.3.2 Sectoral distribution of capital expenditure over the past 5 years

(₹ in crore)

SI No	Sector	2006-07	2007-08	2008-09	2009-10	2010-11
1	General Services	67	137	149	193	217
2	Social Services	241	291	292	285	306
3	Economic Services	402	393	412	511	600
4	Loans and Advances	...	3	2	4	4
Total		710	824	855	993	1127

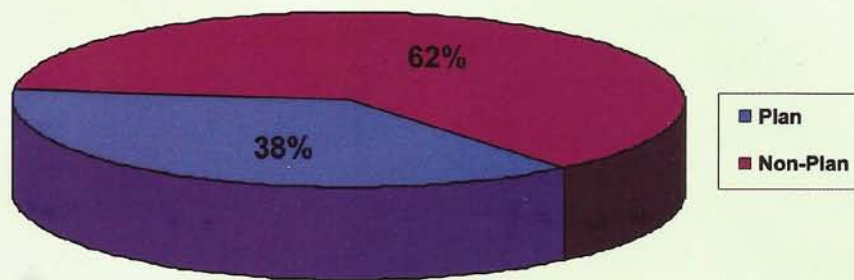
Trend of Sectoral Distribution of Capital Expenditure



PLAN & NON PLAN EXPENDITURE

4.1 Distribution of expenditure (2010-2011)

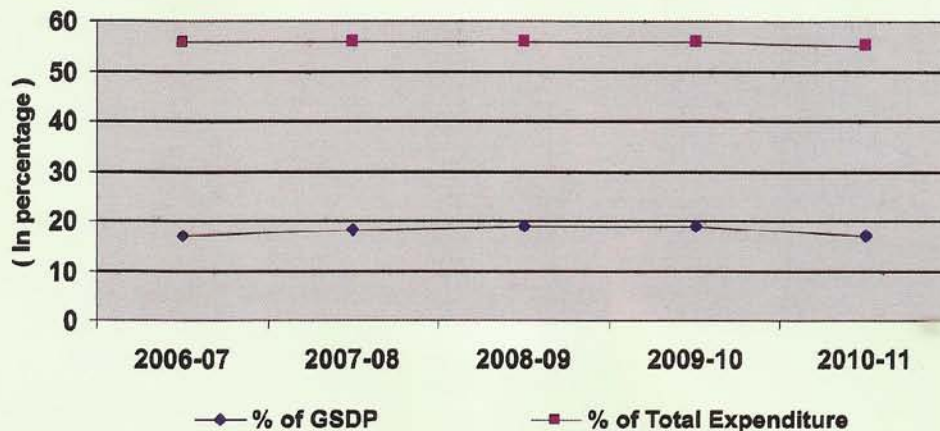
Distribution of Expenditure



4.2 Plan Expenditure

During 2010-2011, Plan Expenditure, representing 38 percent of total disbursements, was ₹2,010 crore (₹ 1,609 crore under State Plan, ₹ 397 crore under Centrally Sponsored Plan Schemes and ₹ 4 crore under Loans and Advances)

Plan Expenditure As proportion of total expenditure and GSDP





4.2.1 Plan Expenditure under Capital Account

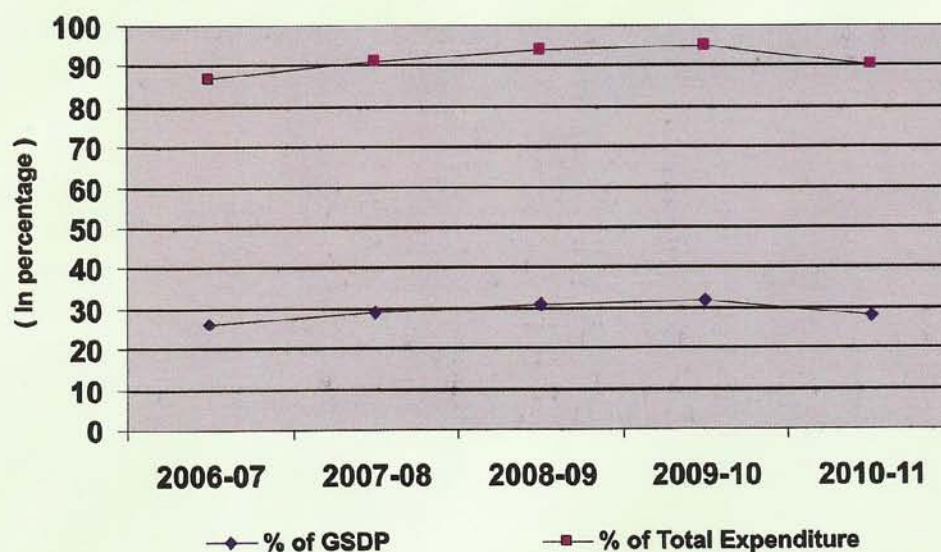
(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Total Capital Expenditure	710	824	855	993	1127
Capital Expenditure (Plan)	695	812	854	980	1127
% of Capital Expenditure (Plan) to Total Capital Expenditure	98	99	100	99	100

4.3 Non - Plan Expenditure

Non-Plan Expenditure during 2010-2011, representing 62 percent of total disbursements, was ₹ 3,305 crore under Revenue.

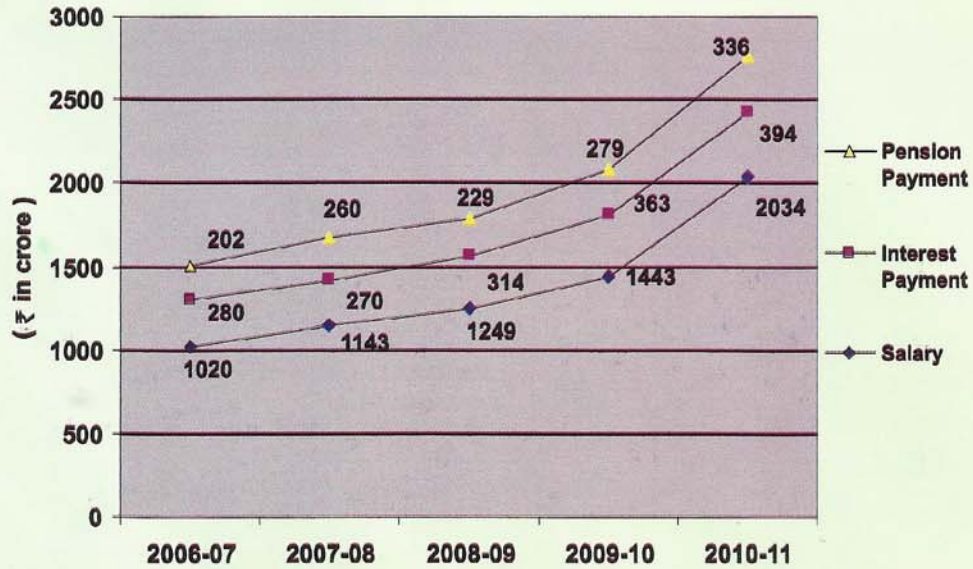
Non - Plan Expenditure as proportion of total expenditure and GSDP





4.4. Committed Expenditure

Trend of Committed Expenditure



(₹ in crore)

Component	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure	1502	1673	1792	2085	2764
Revenue Expenditure	2222	2572	2890	3252	4188
% of committed expenditure to Revenue Receipts	54	56	53	56	55
% of committed expenditure to Revenue expenditure	68	65	62	64	66

The steep upward trend on committed expenditure leaves the government with lesser flexibility for developmental spending.

APPROPRIATION ACCOUNTS

5.1. Summary of Appropriation Accounts for 2010-11

(₹ in crore)

Sl No.	Nature of Expenditure	Original grant	Supplementary grant	Re-appropriation	Total	Actual expenditure	Savings(-) Excesses(+)
1	Revenue Voted	3973	275		4248	3795	(-)453
	Charged	448	2		450	432	(-)18
2	Capital Voted	1283	127	...	1410	1123	(-)287
	Charged	...					
3	Public Debt Charged	781	...	...	781	261	(-)520
4	Loans and Advances Voted	6	...	...	6	4	(-)2
	Total	6491	404	...	6895	5615	(-)1280

5.2. Trend of Savings/Excess during the past five years

(₹ in crore)

Year	Savings(-) / Excess (+)				Total
	Revenue	Capital	Public Debt.	Loans & Advances	
2006-07	(-)146	(-)159	(-)147	...	(-)152
2007-08	(-)170	(-)316	(-)54	(-)6	(-)546
2008-09	(-)251	(-)382	(-)324	(-)7	(-)964
2009-10	(-)339	(-)639	(-)45	...	(-)1023
2010-11	(-)471	(-)287	(-)520	(-)2	(-)1280



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 savings are given below:

Revenue/Capital Section

(₹ in crore)

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
27	Planning Machinery	44%	58%	69%	82%	30%
35	Medical, Public Health and Family Welfare	13%	7%	20%	9%	2%
36	Urban Development	20%	14%	38%	58%	64%
55	Power Projects	26%	29%	8%	12%	9%
75	Servicing of Debt.	18%	9%	32%	5%	44%

During 2010-11, supplementary grants totalling ₹37 crore (8 per cent of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below.

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
9	Taxes on vehicles	Capital	7	4	7
11	District Administration and Special Welfare Schemes	Revenue	104	7	94
33	Youth Resource and Sports	Capital	43	4	40
35	Medical, Public Health and Family Welfare	Capital	45	1	41
36	Urban Development	Capital	152	6	53
48	Agriculture	Revenue	125	6	96
51	Fisheries	Revenue	22	1	21
52	Forest	Capital	34	6	12
59	Irrigation and Flood Control	Revenue	166	2	113

ASSETS AND LIABILITIES

6.1. Assets

The existing form of accounts do not easily depict valuation of Government assets like land, buildings etc., except in the year of acquisition/purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

Total investments as share capital in various public sector undertakings (PSUs) stood at ₹ 213 crore at the end of 2010-11. However, dividends received during the year were ₹ Nil on investment. During 2010-11, investments increased by ₹21 crore, as compared to 2009-10.

Cash Balance with RBI stood at ₹ (-)603 crore on 31st March 2011 and increased to ₹(-)4 crore at the end of March, 2011.

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 of the State within such limits, if any, as maybe from time to time fixed by the State Legislature.

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

(₹ in crore)

Year	Public Debt	% to GSDP	Public Account(*)	% to GSDP	Total Liabilities	% to GSDP
2006-07	2922	25	635	5	3557	30
2007-08	3161	27	724	6	3885	33
2008-09	3607	31	1000	8	4607	39
2009-10	4138	35	1323	11	5461	46
2010-11	4340	37	1524	13	5864	50

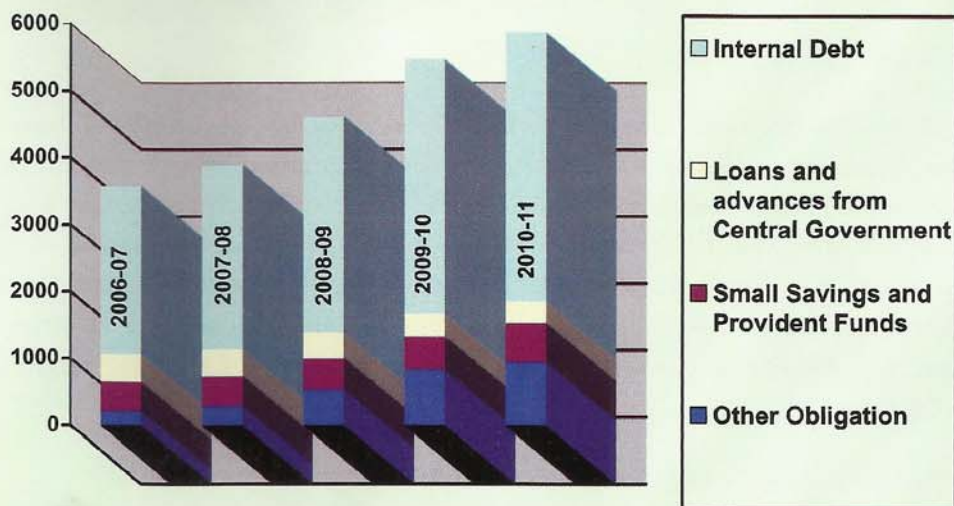
(*) Excludes suspense and remittance balances.

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

There is a net increase of ₹403 crore (7 per cent) in Public Debt and Other liabilities as compared to 2009-10.



Trends in Government Liabilities



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

The fiscal liabilities to GSDP (48.83 per cent) was 13.97 per cent lower than the assessment made by the Government in its Medium Term Fiscal policy Statement (MTFPS). (62.80 per cent) and 7.97 per cent lower than the norm of 56.80 per cent recommended by the XIII-FC for the year 2010-11.

6.3 Guarantees

The position of guarantees by the State Government for the payment of loans and capital and payment of interest thereon raised by Statutory Corporations, Government Companies, Corporations, Cooperative Societies, etc., is given below.

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 st March 2011	
		Principal	Interest
2006-07	...	7	...
2007-08	...	7	...
2008-09	26	33	...
2009-10	20	53	...
2010-11	2	55	...

OTHER ITEMS

7.1 Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, the loan repayments appear in Government account, resulting in irreconcilable adverse balances and understatement of liabilities in Government accounts. As on March 31st 2011, the adverse balances amounted to ₹4,035 crore.

7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2010-2011 was ₹26 crore. Of this, Loans and Advances to Government Corporations/ Companies, non-Government Institutes and Co-operative Societies amounted to ₹24 crore. Recovery of Principal aggregating to ₹2 crore and Interest amounting to ₹0.46 crore at the end of 31st March 2011.

7.3 Financial assistance to local bodies and others

The total assistance to local bodies decreased by ₹31 crore (31.77 per cent) from ₹99 crore in 2009-10 to ₹67 crore in 2010-11. The assistance declined by ₹36 crore (57.30 per cent) from ₹62 crore in 2009-10 to ₹27 crore in 2010-11 in respect of development agencies and ₹13 crore (70.17 per cent) from ₹18 crore in 2009-10 to ₹6 crore in 2010-11 in respect of educational institutions.

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

(₹ in crore)

Year	Educational Institutions (Aided Schools, Aided Colleges, Universities etc.)	Co-Operation	Municipal Council	Development Agencies	Hospital and Other Charitable Institutions	Old age Pension scheme	Other Institutions	Total
2006-07	3	...	...	...	8	...	23	34
2007-08	2	...	...	29	9	...	2	42
2008-09	15	...	2	40	10	...	8	75
2009-10	19	...	1	62	11	...	6	99
2010-11	5	3	...	26	13	17	3	67



7.4 Cash Balance and investment of Cash Balance

(₹ in crore)

Component	As on 1 st April 2010	As on 31 st March 2011	Net increase (+)/ decrease (-)
Cash Balances	(-)599	(-)603	(-)4
Investments from cash balance (GOI Treasury Bills)	311	274	(-)37
Investment from earmarked fund balances	90	122	(+)32
(a) Sinking Fund	71	96	(+)25
(b) Guarantee Redemption Fund	3	4	(+)1
(c) Other Funds	16	22	(+)6
Interest realized	11	16	(+)5

State Government had a debit closing cash balance at the end of 2010-11.

7.5 Reconciliation of accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Accountant General (Accounts and Entitlements). This exercise is to be conducted by respective Heads of Departments. In 2010-11, the quantum of expenditure reconciled was for a value of ₹5324 crore as against the total expenditure (Revenue and Capital) of ₹5350 crore which works out to 99.51 *per cent*. On the receipt side, the amount reconciled was a value of ₹4991 crore as against the total receipts (Revenue and Capital) of ₹5000 crore which works out to 99.82 *per cent*. The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCO) of different departments is given below:

PARTICULARS	TOTAL No. OF CCOs	FULLY RECONCILED	PARTIALLY RECONCILED	NOT RECONCILED
EXPENDITURE	82	78	1	3
RECEIPTS	82	78	1	3
TOTAL	82	78	1	3



Some chronic defaulters in reconciliation are listed below.

SI No.	Name of the Department / Chief Controlling Officer	Year / Years pending
1	Administrative Training Institute	2010-11
2	Municipal Administration	2010-11
3	State Council of Educational Research and Training	2010-11

7.6 Submission of accounts by Treasuries

The rendition of initial accounts by the Treasuries is satisfactory. However, submission of accounts of the Public Works and Forest Departments should improve.

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

When money is required in advance or the Drawing and Disbursing Officers (DDOs) are not able to calculate the exact amounts required, they are permitted to draw money without supporting documents through AC bills. Such AC bills are required to be settled, within a maximum of 90 days, through submission of DC bills. The fact that to the end of 31st March 2011, 32 DC bills amounting to ₹5 crore was outstanding, indicates that these instructions have not been followed.



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