



सत्यमेव जयते

ACCOUNTS AT A GLANCE 2012-2013



GOVERNMENT OF NAGALAND

Preface

The Annual Accounts of the State Government are prepared and examined by the Accountant General (A&E) 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 shows 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 : 14 March 2014

ATHIKHO CHALAI
ACCOUNTANT GENERAL (A&E)

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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CHAPTER I

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 (Audit) Nagaland and certification by the Comptroller and Auditor General of India.

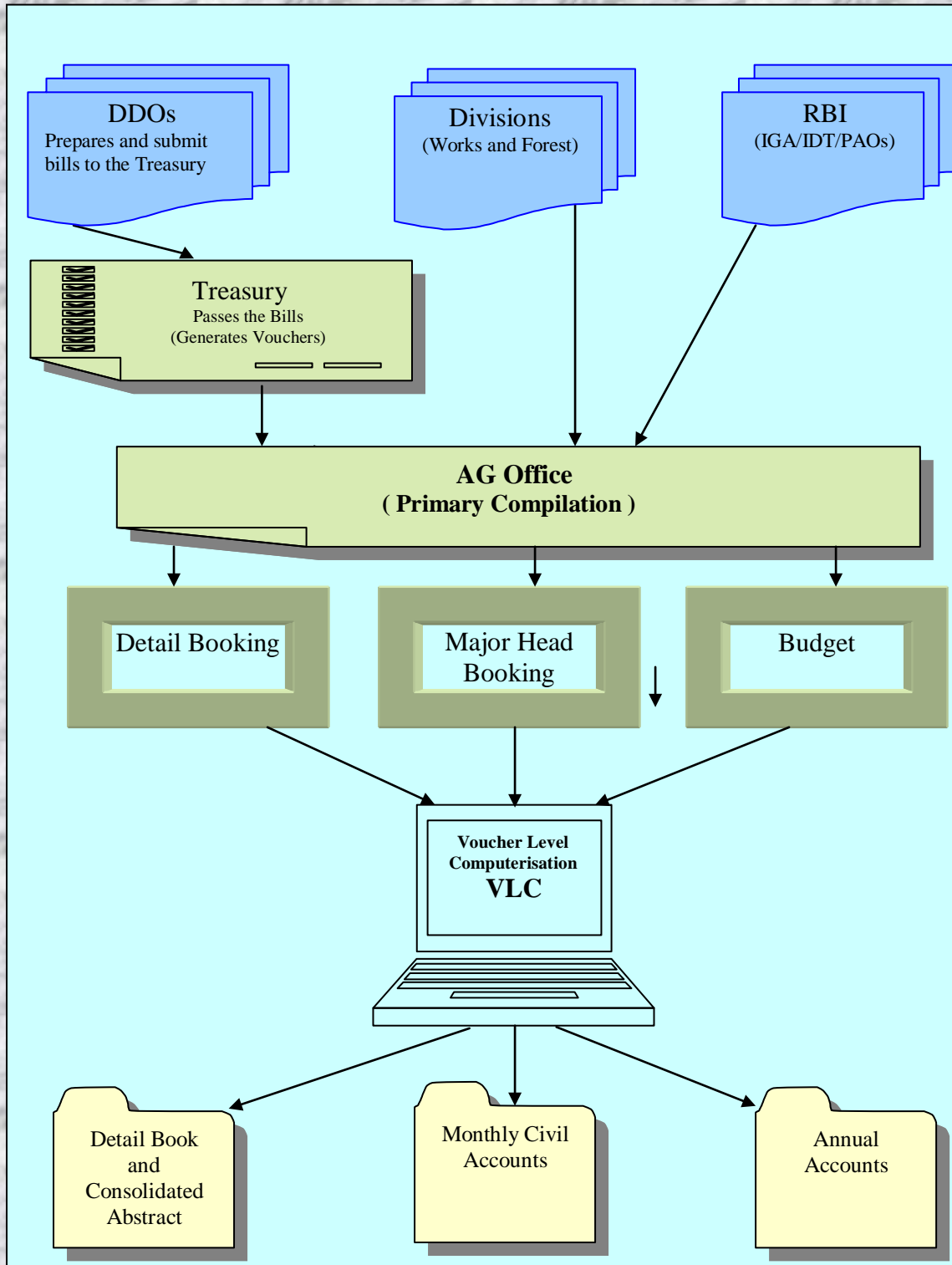
1.2 Structure of Accounts

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 - 1 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 - 2 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 2012-13 are given below.

(₹ in crore)

| | | | |
|---|------------------------------------|------------------------------------|------|
| Receipt (Total : 6858) | Revenue (Total : 6204) | Tax Revenue | 1257 |
| | | Non Tax Revenue | 207 |
| | | Grants-in-Aid | 4740 |
| | Capital (Total : 654) | Recovery of Loans and Advances | 1 |
| | | Borrowings and other Liabilities * | 653 |
| Disbursement (Total : 6858) | Revenue | 5601 | |
| | Capital | 1255 | |
| | Loans and Advances | 2 | |

* 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 ₹1267 crore (₹1284 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 2 charged Appropriations, 4 charged and voted and 76 voted Grants.

Appropriation Act, 2012-13, had projected gross provision of ₹10557 crore, including Supplementary Grants totaling ₹2645 crore, during the year. An amount of ₹54 crore was estimated as recoveries in reduction of expenditure.

Appropriation Accounts 2012-13, show disbursements aggregating ₹9240 crore against the aggregate budget provision of ₹10557 crore, resulting in saving of ₹1317 crore against Grant and Appropriations. There were excess of ₹166 crore in 24 Grants and Appropriation. The major excess ₹30 crore (16 per cent) was under PWD Roads and Bridges, ₹47 crore (14 per cent) under Power.

Recoveries in reduction of expenditure amounted to ₹38 crore (Actual) reflecting a decrease of ₹16 crore vis-à-vis budget estimates.

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 2012-13, the Government of Nagaland availed ₹1481 crore and ₹484 crore for WMA and OD facilities respectively. This has to be viewed against the fact that there were savings totaling ₹1317 crore in almost all 58 grants, resulting in a shortfall of 12 *per cent* in expenditure against estimates.

1.4.2 Fund flow statement

The State had a Revenue Surplus of ₹603 crore and a Fiscal Deficit of ₹653 crore representing 5 *per cent* and 5 *per cent* of the Gross State Domestic Product (GSDP)*. The Fiscal Deficit constituted 10 *per cent* of total expenditure. This deficit was met from Public Debt [₹387 crore (Credit)], increase in Public Account [₹167 crore (Credit)], and net of opening and closing cash balance [₹99 crore (Credit)]. Around 60 *per cent* of the revenue receipts (₹6204 crore) of the State Government was spent on committed expenditure like salaries (₹2604 crore), interest payments (₹451 crore) and pensions (₹677 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

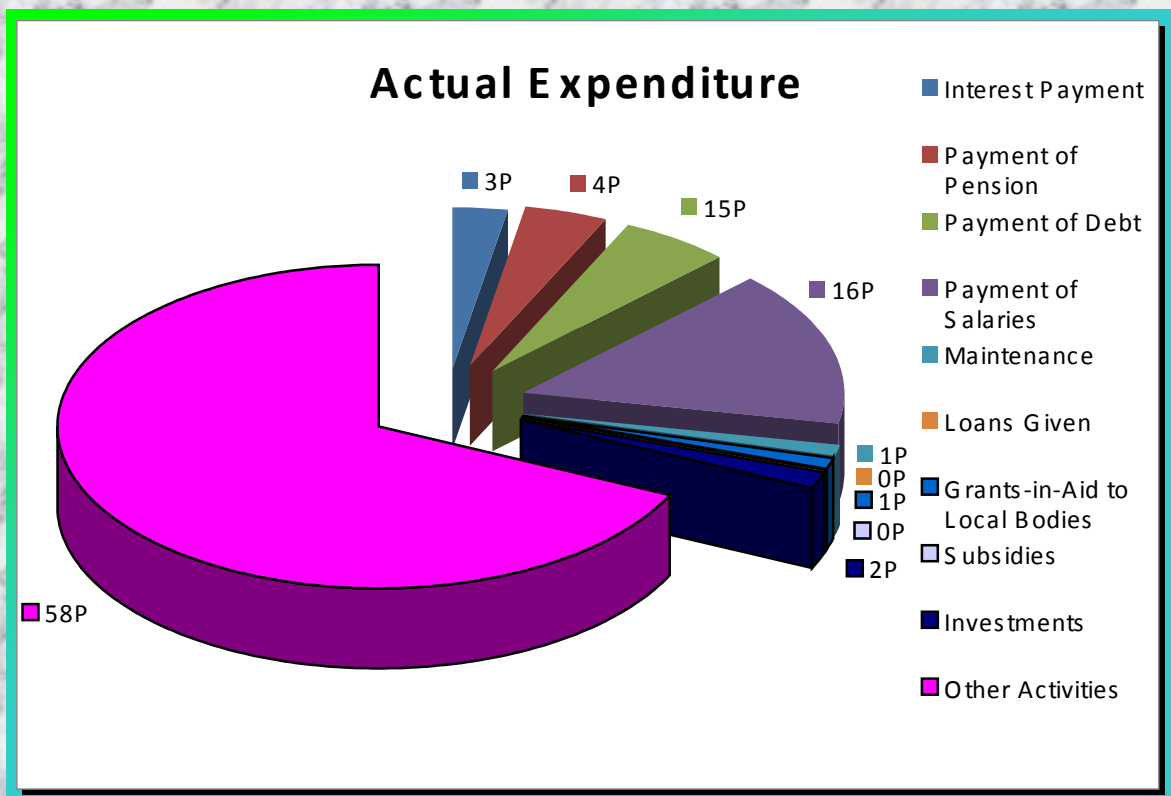
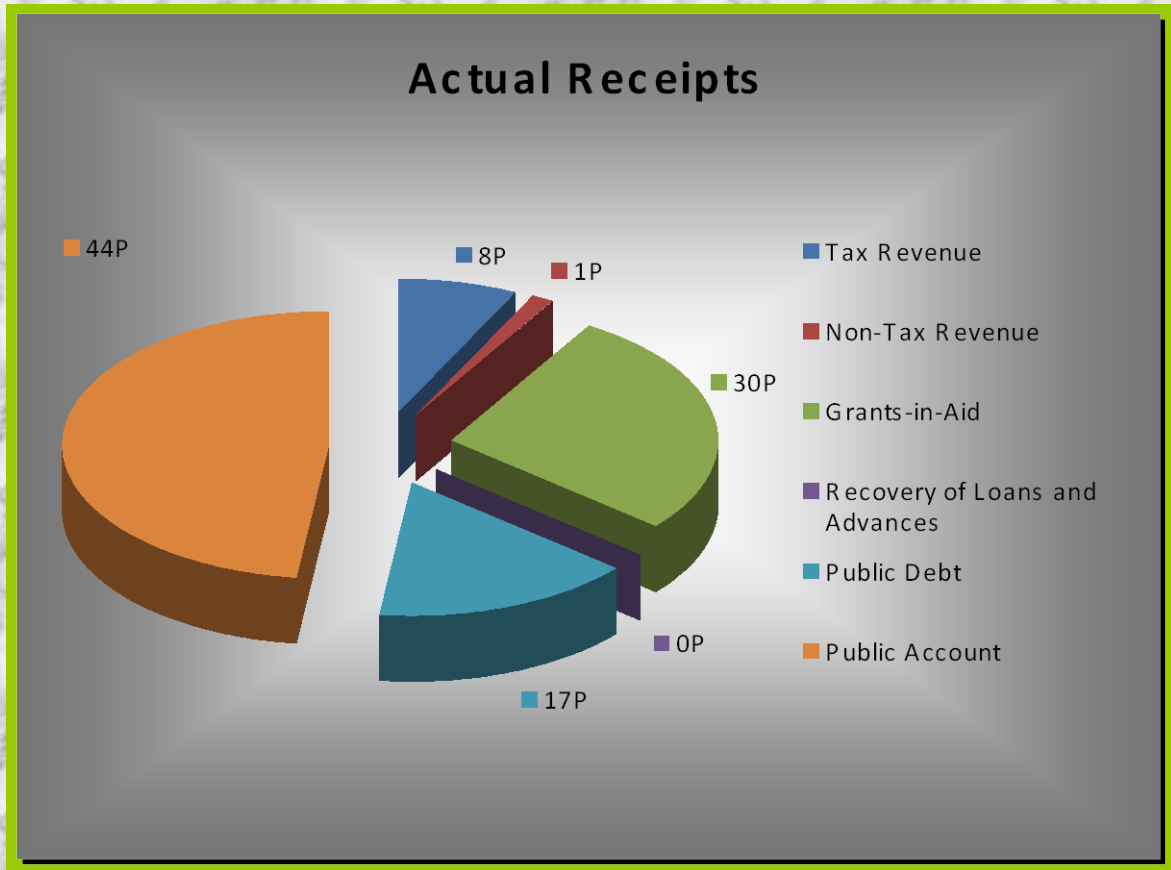
(₹ in crore)

| SOURCES | PARTICULARS | AMOUNT |
|---------|---------------------------------------|--------------|
| | Opening Cash Balance as on 01-04-2012 | (-) 199 |
| | Revenue Receipts | 6204 |
| | Recovery of Loans & Advances | 1 |
| | Public Debt | 2730 |
| | Small Savings Provident Fund & Others | 236 |
| | Reserves & Sinking Funds | 45 |
| | Deposits Received | 909 |
| | Civil Advances Repaid | 18 |
| | Suspense Account | 4039 |
| | Remittances | 1832 |
| | Contingency Fund | ... |
| | TOTAL | 15815 |

| | | |
|-------------|---------------------------------------|--------------|
| APPLICATION | Revenue Expenditure | 5601 |
| | Capital Expenditure | 1255 |
| | Loans Given | 2 |
| | Repayment of Public Debt | 2343 |
| | Small Savings Provident Fund & Others | 163 |
| | Reserves & Sinking Funds | 45 |
| | Deposits Spent | 701 |
| | Civil Advances Given | 18 |
| | Suspense Account | 4073 |
| | Remittances | 1912 |
| | Closing Cash Balance as on 31-03-2013 | (-)298 |
| | TOTAL | 15815 |

1.4.3 Where the Rupee comes from

1.4.4 Where the Rupee went



1.5 Highlights of Accounts

(₹ in crore)

| | B.E.2012-13 | Actuals | Percentage of actuals to B.E | Percentage of actuals to GSDP(\$) |
|--|-------------|---------|------------------------------|-----------------------------------|
| 1. Tax Revenue (@) | 1158 | 1257 | 109 | 9 |
| 2. Non-Tax Revenue | 202 | 207 | 102 | 2 |
| 3. Grants-in-aid & Contributions | 5162 | 4740 | 92 | 36 |
| 4. Revenue Receipts (1+2+3) | 6522 | 6204 | 95 | 47 |
| 5. Recovery of Loans and Advances | 4 | 1 | 25 | ... |
| 6. Borrowings & other Liabilities (A) | 509 | 653 | 128 | 5 |
| 7. Capital Receipts (5+6) | 513 | 654 | 127 | 5 |
| 8. Total Receipts(4+7) | 7035 | 6858 | 97 | 51 |
| 9. Non-Plan Expenditure (*) | 4417 | 4577 | 104 | 34 |
| 10. NPE on Revenue Account | 4410 | 4571 | 104 | 34 |
| 11. NPE on Interest Payments out of 10 | 493 | 451 | 91 | 3 |
| 12. NPE on Capital Account | 7 | 6 | 86 | ... |
| 13. Plan Expenditure (*) | 2618 | 2281 | 87 | 17 |
| 14. PE on Revenue Account | 874 | 1030 | 118 | 8 |
| 15. PE on Capital Account | 1744 | 1251 | 72 | 9 |
| 16. Total Expenditure (9+13) | 7035 | 6858 | 97 | 51 |
| 17. Revenue Expenditure (10+14) | 5284 | 5601 | 106 | 42 |
| 18. Capital Expenditure(12+15) (#) | 1751 | 1257 | 72 | 9 |
| 19. Revenue Surplus (4-17) | 1238 | 603 | 49 | 5 |
| 20. Fiscal Deficit (4+5-16) | (-)509 | (-)653 | 128 | 5 |

@ Includes State's share of Union Taxes/Duties of ₹917 crore.

(\$) GSDP figure ₹13322 crore adopted from the Economics and Statistics Department, Government of Nagaland.

(#) Expenditure on Capital Account includes Capital Expenditure budget (₹1751 crore) and Loans and Advances disbursed (₹0.40 crore).

(*) Expenditure includes ₹2.00 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.

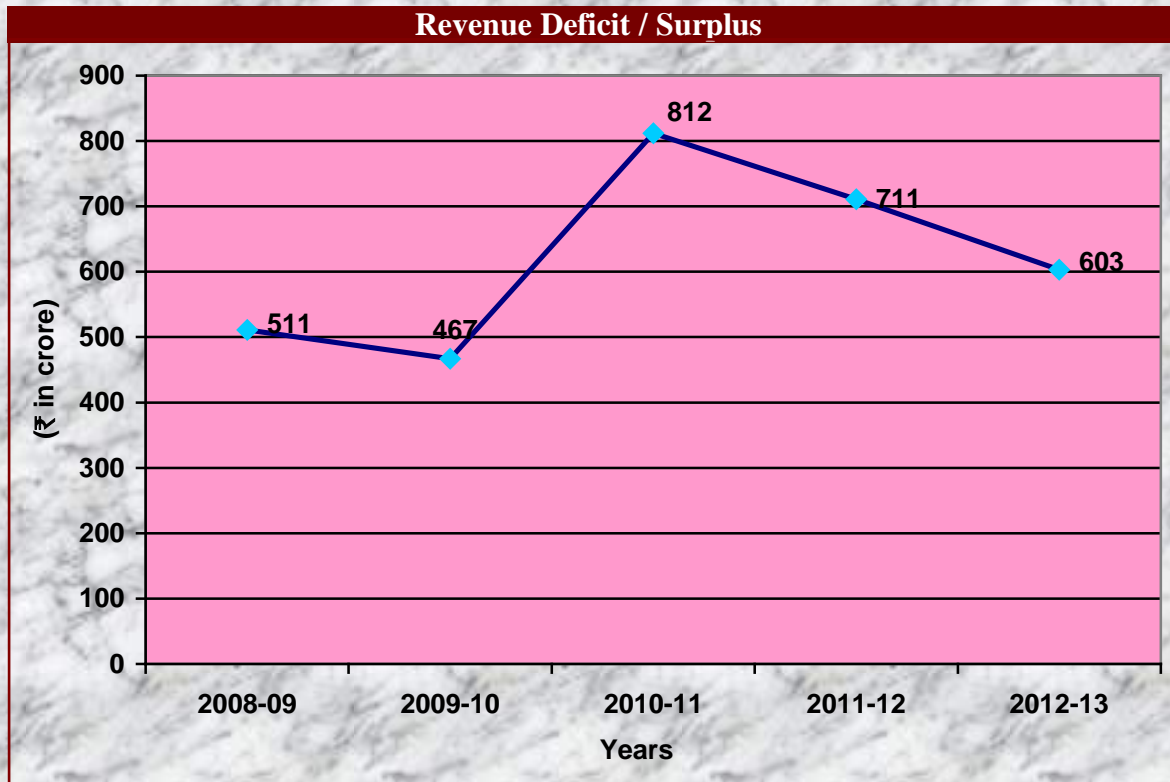
1.6 What the deficits and surpluses indicate?

| | |
|----------------------------|--|
| Deficit | Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed and application of funds are important indicators of prudence in Financial Management |
| Revenue Dedicit/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 |

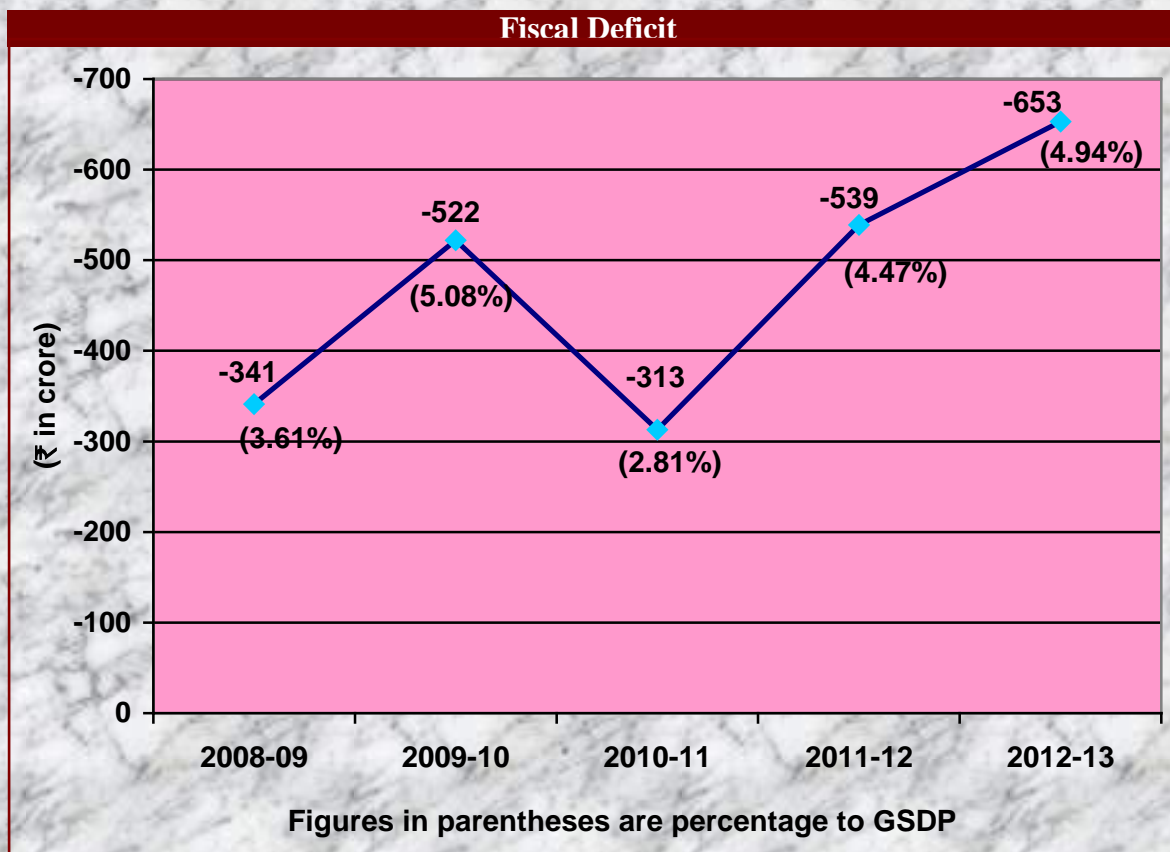
Deficit Indicators, Revenue Augmentation and Expenditure Management are major yardsticks for judging the fiscal performance of the Government. The 13th Finance Commission had recommended that the States achieve revenue balance by 2011-12 and increase Gross Fiscal Deficit to 4.91 *per cent* of GSDP by 2012-13. In view of the economic slow-down, the Government of India further relaxed the acceptable ceiling for the Fiscal Deficit-GSDP ratio to 3.50 *per cent* in 2011-12 and to 3.50 *per cent* in 2012-13. 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 2007-08 and maintained it. In respect of fiscal deficit 2012-13, State Government achieved 4.91 *per cent* of GSDP against 3.50 *per cent* of GSDP as recommended by the 13th Finance Commission.

1.6.1 Trend of Revenue Deficit / Surplus

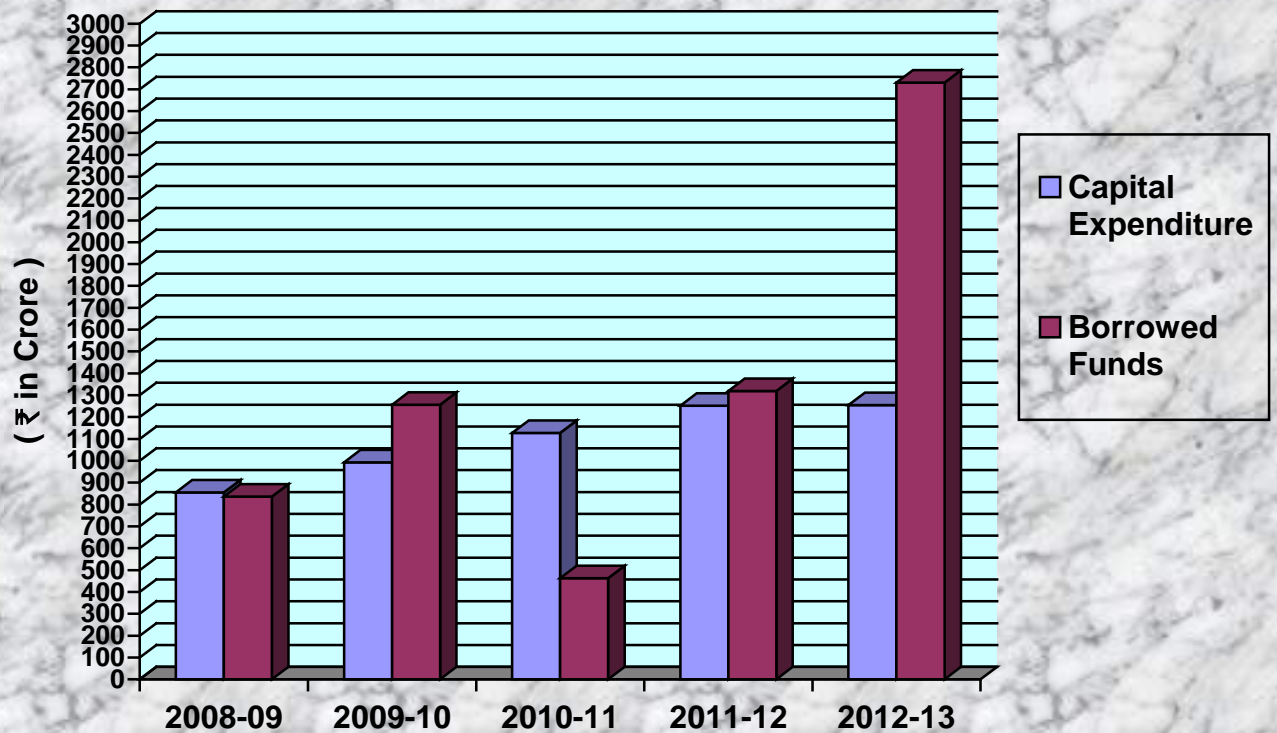


1.6.2 Trend of Fiscal Deficit



1.6.3 Proportion of borrowed funds spent on Capital expenditure.

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 Government, however, spent 46 % of the borrowings of the current year (₹2730 crore) on capital expenditure (₹1255 crore) and 86 % of the public debt (₹2343 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.

CHAPTER II

RECEIPTS

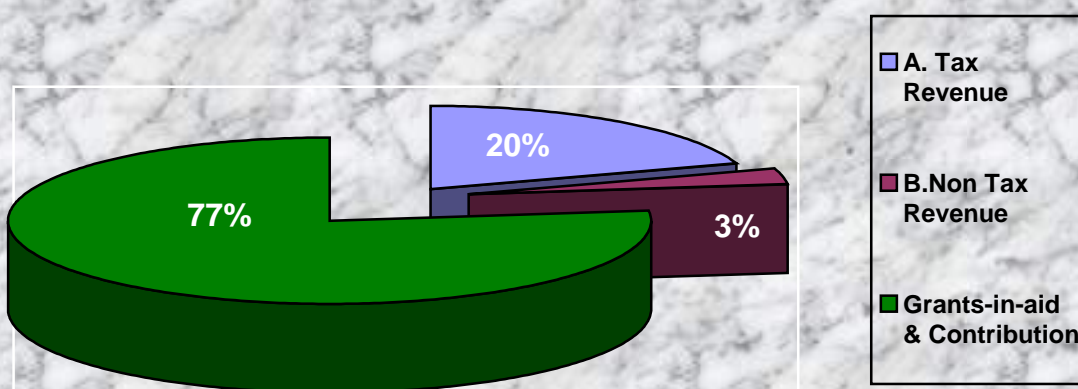
2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2012-13 were ₹6858 crore.

2.2 Revenue Receipts

| | |
|-----------------|---|
| Tax Revenue | ◇ ➤ Comprises Taxes and Duties collected and retained by the State and State's share of Union Taxes and Duties 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 (2012-13)

(₹ in crore)

| Components | Actuals |
|---|---------|
| A. Tax Revenue | 1257 |
| Taxes on Income & Expenditure | 554 |
| Taxes on Property & Capital Transactions | 3 |
| Taxes on Commodities & Services | 700 |
| B. Non-Tax Revenue | 207 |
| Interest Receipts, Dividends and Profits | 6 |
| General Services | 19 |
| Social Services | 53 |
| Economic Services | 129 |
| C. Grants-in-aid & Contributions | 4740 |
| Total - Revenue Receipts | 6204 |

2.3 Trend of Receipts

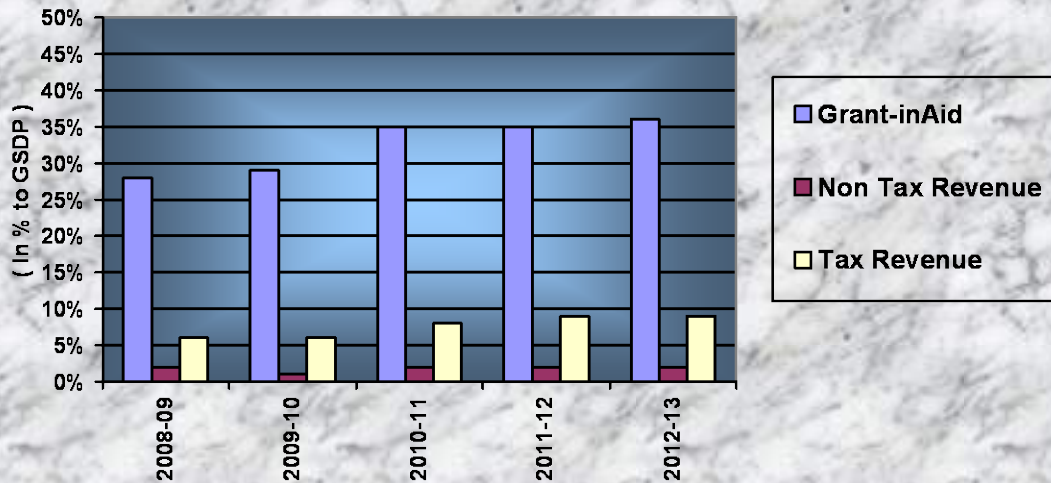
(₹ in Crore)

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Tax Revenue | 578 (6) | 615 (6) | 917 (8) | 1,107 (9) | 1,257 (9) |
| Non-Tax Revenue | 181 (2) | 126 (1) | 183 (2) | 233 (2) | 207 (2) |
| Grants in Aid | 2,642 (28) | 2,979 (28) | 3,900 (34) | 4,246 (35) | 4,740 (36) |
| Total Revenue Receipts | 3,401 (36) | 3,720 (35) | 5,000 (44) | 5,586 (46) | 6,204 (47) |
| GSDP | 9,436 | 10,527 | 11,315 | 12,272 | 13,322 |

Note: Figures in parentheses represent percentage to GSDP

Though the GSDP increased by 9 % between 2011-12 and 2012-13, growth in revenue collection was 11 %. While tax revenues increased by 14 % non-tax revenues decreased by 11 %. The State's own revenue under certain tax components, like taxes on sales, trade etc., (₹257 crore), taxes on vehicles (₹42 crore) and taxes on goods and passengers (₹7 crore) showed a higher trend. The increase in sales tax revenue by ₹26 crore from ₹231 crore in 2011-12 to ₹257 crore in 2012-13 was mainly on account of contribution of VAT representing around 72 % of incremental tax revenue of the State during the year. Decrease in Non Tax Revenue in 2012-13 (₹26 crore) over the previous year was mainly on account of Police (₹23 crore), Miscellaneous General Services (₹22 crore) and Interest Receipts (₹4 crore).

Components under Revenue Receipts as proportion to GSDP

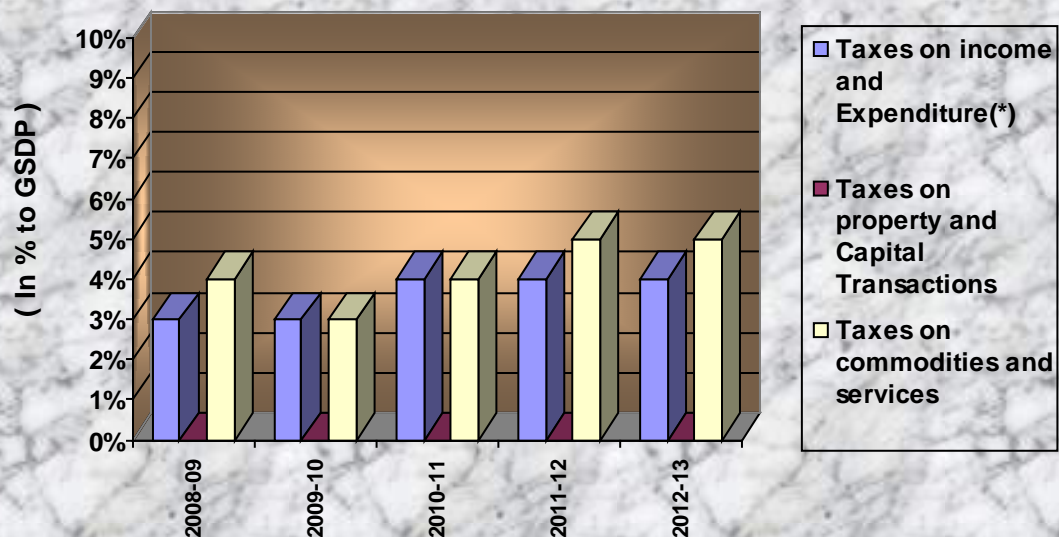


Sector-wise Tax Revenue

(₹ in crore)

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|
| Taxes on Income and Expenditure | 245 | 301 | 437 | 504 | 554 |
| Taxes on Property and Capital Transactions | 2 | 2 | 2 | 4 | 3 |
| Taxes on Commodities and Services | 331 | 312 | 478 | 599 | 700 |
| Total Tax Revenue | 578 | 615 | 917 | 1107 | 1257 |

Trend of Major Taxes in proportion to GSDP



(*) Primarily net proceeds of Central share to the State.

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) |
| 2008-09 | 578 | 422 | 156 | 1.65 % |
| 2009-10 | 615 | 434 | 181 | 1.76 % |
| 2010-11 | 917 | 689 | 228 | 2.05 % |
| 2011-12 | 1,107 | 803 | 304 | 2.52% |
| 2012-13 | 1,257 | 917 | 340 | 2.55 % |

The ratio of the State's Own Tax buoyancy with respect to GSDP was 4% in 2011-12 which decreased to 1% in 2012-13.

2.5 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ in crore)

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Collection | 2 | 2 | 2 | 4 | 3 |
| Expenditure on Collection | 11 | 10 | 12 | 0 | 0 |

B. Taxes on Commodities and Services

(₹ in crore)

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|------------------------------|---------|---------|---------|---------|---------|
| Revenue Collection | 331 | 312 | 478 | 599 | 700 |
| Expenditure on Collection | 16 | 18 | 25 | 12 | 12 |
| Efficiency of Tax Collection | 5 % | 6 % | 5 % | 2% | 2% |

Taxes on commodities and services form a major chunk of tax revenue. Tax collection efficiency is excellent. In respect of taxes on property and capital transactions expenditure on tax collection was higher than the tax collected.

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

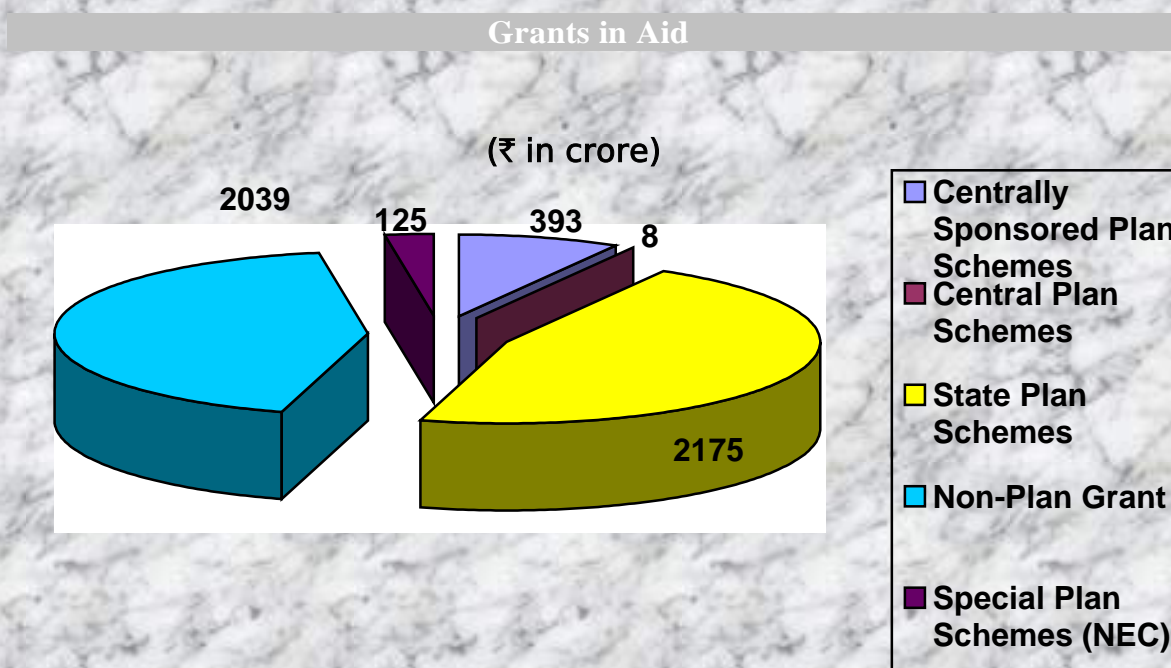
(₹ in crore)

| Major Head Description | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|
| Corporation Tax | 138 | 179 | 269 | 316 | 330 |
| Taxes on Income other than Corporation Tax | 87 | 99 | 142 | 161 | 197 |
| Taxes on Wealth | ... | ... | 1 | 1 | ... |
| Customs | 81 | 68 | 121 | 139 | 152 |
| Union Excise Duties | 70 | 42 | 88 | 90 | 104 |
| Service Tax | 46 | 46 | 68 | 96 | 133 |
| Other Taxes and Duties on Commodities and Services | ... | ... | ... | ... | 1 |
| State Share of Union Taxes | 422 | 434 | 689 | 803 | 917 |
| Total Tax Revenue | 578 | 615 | 917 | 1,107 | 1257 |
| % of Union Taxes to Total Tax Revenue | 73 | 71 | 75 | 73 | 73 |

Central tax transfer to the State increased by ₹114 crore (14 *per cent*) from ₹803 crore in 2011-12 to ₹917 crore in 2012-13. 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 (2008-13).

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 2012-13 under Grants in Aid were ₹4740 crore as shown below:



Grants-in-aid from Govt. of India have increased by ₹494 crore (12 per cent) from ₹4246 crore in 2011-12 to ₹4740 crore in 2012-13 contributing 76 % of the total Revenue Receipts during 2012-13. This increase was due to enhanced grants for Non-plan grants (₹207 crore), State Plan Schemes (₹317 crore),and Grants for Special Plan Schemes (NEC) (₹40 crore).

2.8 Public Debt

Trend of Public Debt over past 5 years

| Description | (₹ in crore) | | | | |
|-------------------|----------------|---------|---------|---------|---------|
| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Internal Debt | 468 | 568 | 225 | 538 | 409 |
| Central Loans | (-)22 | (-)37 | (-)23 | (-) 18 | (-)22 |
| Total Public Debt | 446 | 531 | 202 | 520 | 387 |

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

In 2012-13, four loans totaling ₹655 crore at interest rates varying from 8.55 *per cent* to 8.98 *per cent* and redeemable in the years 2022-2023 were raised at par.

Against the net internal debt of ₹ 409 crore (receipt ₹2730 crore – repayment ₹2321 crore) of State Government in 2012-13, capital expenditure was ₹1255 crore indicating that the rest of the capital expenditure was made from Revenue of the Government.

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 State Government. 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, Co-operation, Energy, Industries, Transport etc. |

3.2 Revenue Expenditure

Revenue expenditure of the State had increased by ₹2711 crore, (94 per cent) from ₹2890 crore in 2008-09 to ₹5601 crore in 2012-13 at a compound annual growth rate of 15 per cent.

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

| | (₹ in crore) | | | | |
|------------------|----------------|---------|---------|---------|---------|
| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Budget Estimates | 2,678 | 3,170 | 4,421 | 4,652 | 5,284 |
| Actuals | 2,890 | 3,252 | 4,188 | 4,876 | 5,601 |
| Gap | 212 | 82 | (-) 233 | 224 | 317 |
| % of gap over BE | 8 | 3 | (-)5 | 5 | 6 |

Nearly 67 per cent of total revenue expenditure of the State Government was spent on committed expenditure like salaries, interest payments and pensions. Both Non Plan revenue expenditure and Plan revenue expenditure have shown an increase over the period 2008-2013. Of the total increase of ₹ 725 crore in revenue expenditure during 2012-13 over the previous year, increase on NPPE contributed 71 per cent (₹517 crore) while decrease in PRE accounted for 29 per cent (₹209 crore). The actual NPPE exceeded the normative assessment made by XIII- FC by ₹ 1584 crore (53 per cent) and also assessment made by the State in FCR by ₹3 crore (0.06 per cent).

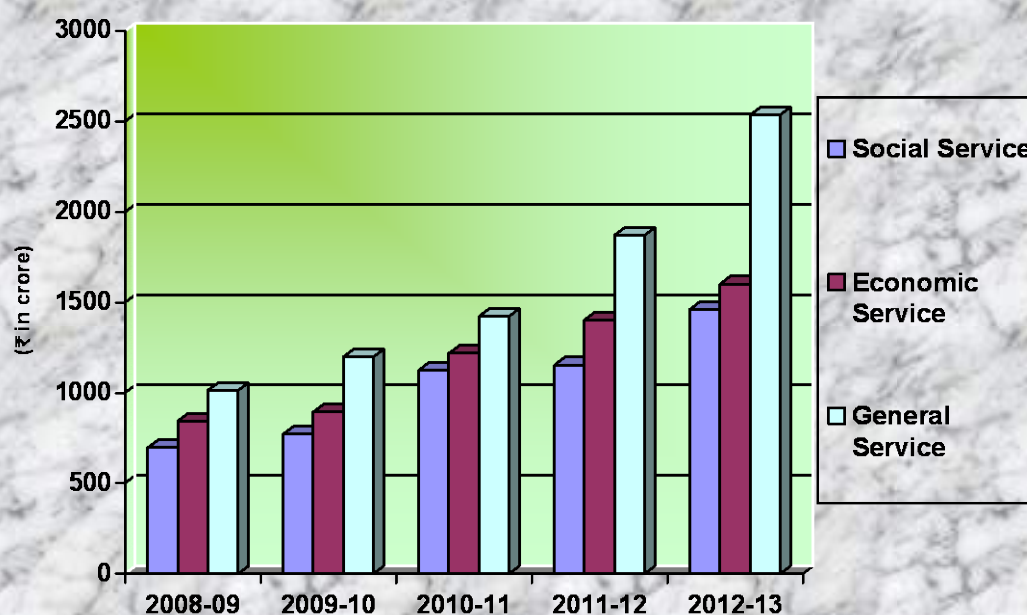
3.2.1 Sectoral distribution of Revenue Expenditure (2012-13)

(₹ in crore)

| Components | Amount | Percentage |
|--|--------|------------|
| A. Fiscal Services | 46 | 1 |
| (i) Collection of Taxes on Property and Capital transactions | 14 | .. |
| (ii) Collection of Taxes on Commodities and Services | 32 | 1 |
| (iii) Other Fiscal Services | .. | .. |
| B. Organs of State | 76 | 1 |
| C. Interest Payments and Servicing of debt | 481 | 9 |
| D. Administrative Services | 1254 | 22 |
| E. Pensions and Miscellaneous General Services | 680 | 12 |
| F. Social Services | 1462 | 26 |
| G. Economic Services | 1602 | 29 |
| H. Grants-in-aid and Contributions | | |
| Total Expenditure (Revenue Account) | 5601 | 100 |

3.2.1 Major Component of Revenue Expenditure (2008-2013)

Trend of Major Component of Revenue Expenditure



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

3.3 Capital Expenditure

Capital disbursements for 2012-13 at 9 *per cent* of GSDP were less than Budget Estimates by ₹494 crore due to less disbursement under Plan Expenditure on capital account.

3.3.1 Sectoral distribution of Capital Expenditure

During 2012-13, Government spent ₹1255 crore excluding loans and advances and had invested ₹243 crore in various Corporations/ Companies and Societies at the end of March 2013. The average returns on this investment was nil during the last five years while the Govt. paid an average interest rate of 6 *per cent* on its borrowing during 2012-13.

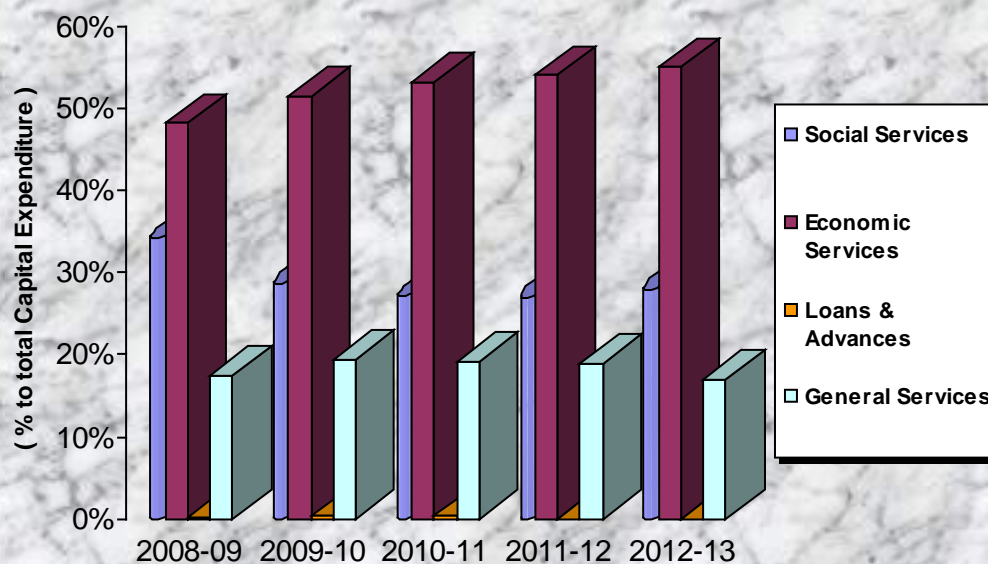
| (₹ in crore) | | | |
|----------------|--|-------------|------------|
| SI.No. | Sector | Amount | Percentage |
| 1 | General Services-Police, Land Revenue etc. | 211 | 17 |
| 2 | Social Services-Education, Health & Family Welfare, Water Supply,, Welfare of SC/ST etc. | 347 | 28 |
| 3 | Economic Services-Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc. | 697 | 55 |
| 4 | Loans and Advances Disbursed | 2 | ... |
| Total | | 1257 | 100 |

3.3.2 Sectoral distribution of capital expenditure over the past 5 years

(₹ in crore)

| Sl No | Sector | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--------------|--------------------|------------|------------|-------------|-------------|-------------|
| 1 | General Services | 149 | 193 | 217 | 235 | 211 |
| 2 | Social Services | 292 | 285 | 306 | 339 | 347 |
| 3 | Economic Services | 412 | 511 | 600 | 675 | 697 |
| 4 | Loans and Advances | 2 | 4 | 4 | 2 | 2 |
| Total | | 855 | 993 | 1127 | 1251 | 1257 |

Trend of Sectoral Distribution of Capital Expenditure

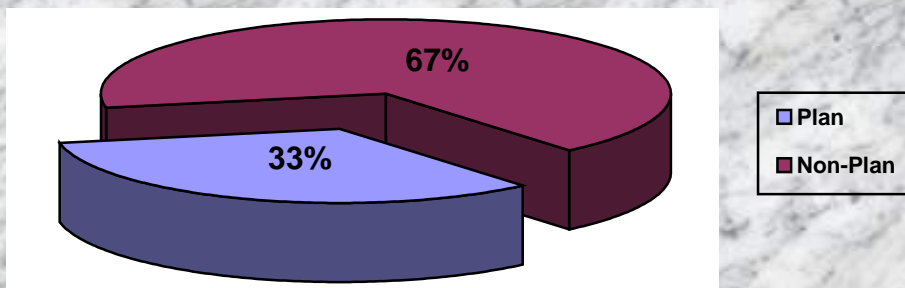


CHAPTER IV

PLAN & NON PLAN EXPENDITURE

4.1 Distribution of expenditure (2012-2013)

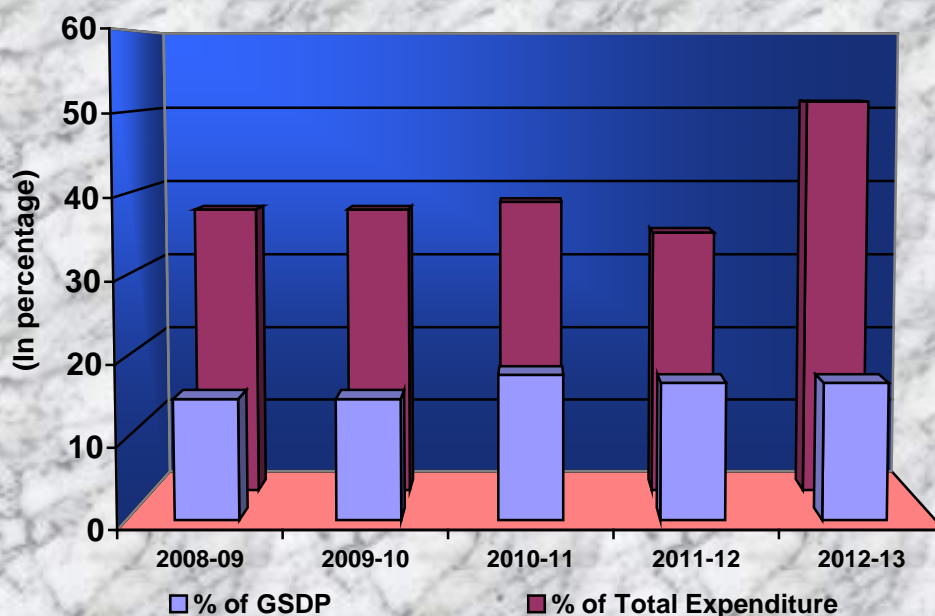
Distribution of Expenditure



4.2 Plan Expenditure

During 2012-2013, Plan Expenditure, representing 33 *per cent* of total disbursements, was ₹2281 crore, (₹1,855 crore under State Plan and ₹424 crore under Centrally Sponsored Plan Schemes and ₹2 crore under Loans and Advances).

Plan Expenditure As proportion of total expenditure and GSDP



4.2.1 Plan Expenditure under Capital Account

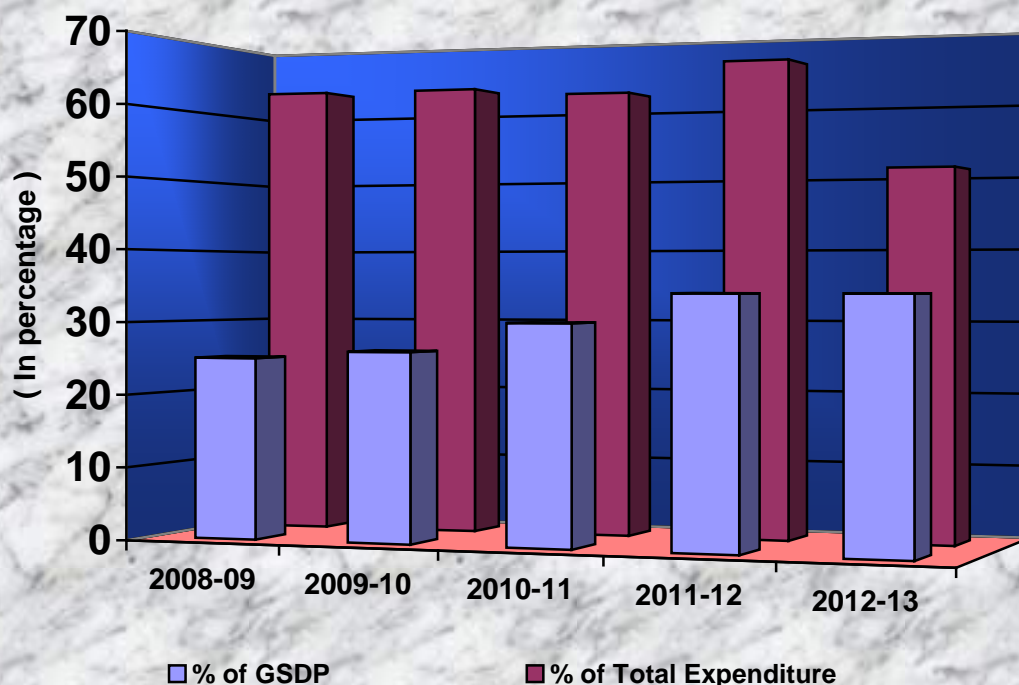
(₹ in crore)

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Total Capital Expenditure | 855 | 993 | 1,127 | 1,251 | 1257 |
| Capital Expenditure (Plan) | 854 | 980 | 1,127 | 1,251 | 1251 |
| % of Capital Expenditure (Plan) to Total Capital Expenditure | 100 | 99 | 100 | 100 | 100 |

4.3 Non - Plan Expenditure

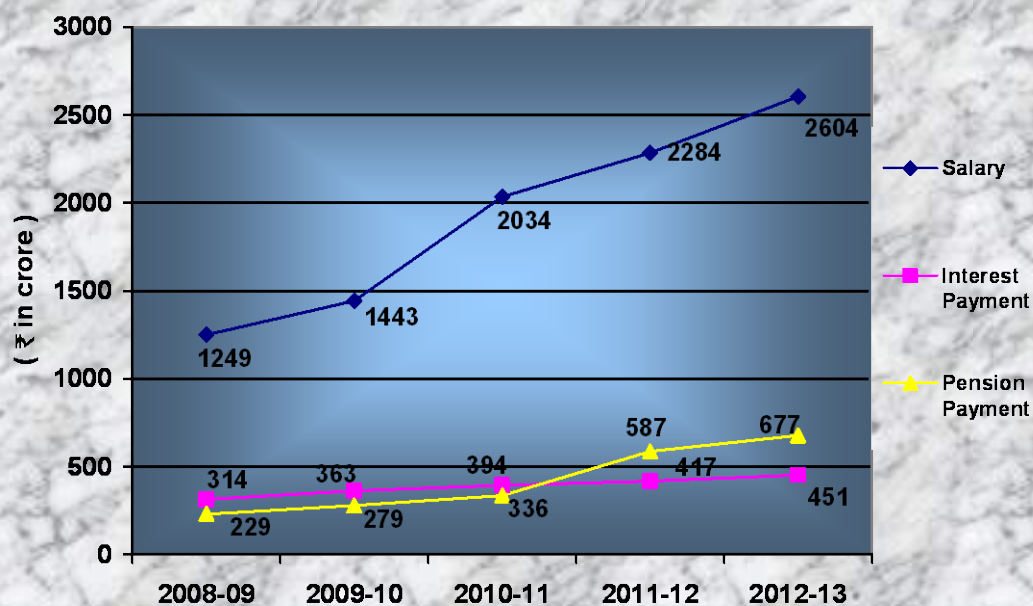
Non-Plan Expenditure during 2012-2013, representing 67 per cent of total disbursements, was ₹4,571 crore under Revenue Account.

Non Plan Expenditure as proportion of total expenditure and GSDP



4.4 Committed Expenditure

Trend of Committed Expenditure



| (₹ in crore) | | | | | |
|---|---------|---------|---------|---------|---------|
| Component | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Committed Expenditure | 1792 | 2085 | 2764 | 3288 | 3732 |
| Revenue Expenditure | 2890 | 3252 | 4188 | 4876 | 5601 |
| % of committed expenditure to Revenue Receipts | 53 | 56 | 55 | 59 | 60 |
| % of committed expenditure to Revenue expenditure | 62 | 64 | 66 | 67 | 67 |

The steep upward trend on committed expenditure leaves the government with lesser flexibility for developmental 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 | Re-appropriation | Total | Actual expenditure | Savings(-) Excesses(+) |
|--------|--------------------------|----------------|---------------------|------------------|-------------|--------------------|------------------------|
| 1 | Revenue Voted Charged | 4747 537 | 578 3 | | 5325 540 | 5143 497 | (-)182 (-)43 |
| 2 | Capital Voted Charged | 1748 ... | 608 ... | | 2356 ... | 1255 ... | (-)1101 ... |
| 3 | Public Debt Charged | 877 | 1456 | ... | 2333 | 2343 | (+)10 |
| 4 | Loans and Advances Voted | 3 | ... | ... | 3 | 2 | (-)1 |
| | Total | 7912 | 2645 | ... | 10557 | 9240 | (-)1317 |

5.2 Trend of Savings/Excess during the past five years

(₹ in crore)

| Year | Savings(-) / Excess (+) | | | | Total |
|---------|-------------------------|---------|--------------|------------------|---------|
| | Revenue | Capital | Public Debt. | Loans & Advances | |
| 2008-09 | (-)251 | (-)382 | (-)324 | (-)7 | (-)964 |
| 2009-10 | (-)339 | (-)639 | (-)45 | ... | (-)1023 |
| 2010-11 | (-)471 | (-)287 | (-)520 | (-)2 | (-)1280 |
| 2011-12 | (-)319 | (-)526 | (-)17 | (-)3 | (-)865 |
| 2012-13 | (-)225 | (-)1101 | (+)10 | (-)1 | (-)1317 |

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 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-------|--------------------|---------|---------|---------|---------|---------|
| 27 | Planning Machinery | 69% | 82% | 30% | 61% | 67% |
| 36 | Urban Development | 38% | 58% | 64% | 41% | 63% |

During 2012-13, supplementary grants totalling ₹2645 crore (29 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 |
|-------|---|---------|----------|---------------|--------------------|
| 11 | District Administration and Special Welfare Schemes | Revenue | 164 | 3 | 109 |
| 35 | Medical, Public Health and Family Welfare | Capital | 25 | 19 | 22 |
| 36 | Urban development | Capital | 152 | 26 | 61 |
| 55 | Power | Capital | 91 | 48 | 82 |
| 58 | Roads and Bridges | Capital | 310 | 293 | 332 |
| 77 | Development of under developed areas | Capital | 93 | 51 | 83 |

CHAPTER VI

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 ₹ 243 crore at the end of 2012-13. However, dividends received during the year were ₹ Nil on investment. During 2012-13, investments increased by ₹15 crore, as compared to 2011-12.

Cash Balance with RBI stood at ₹ (-)298 crore on 31st March 2013 and was increased by ₹99 crore as compared to previous year's closing.

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)

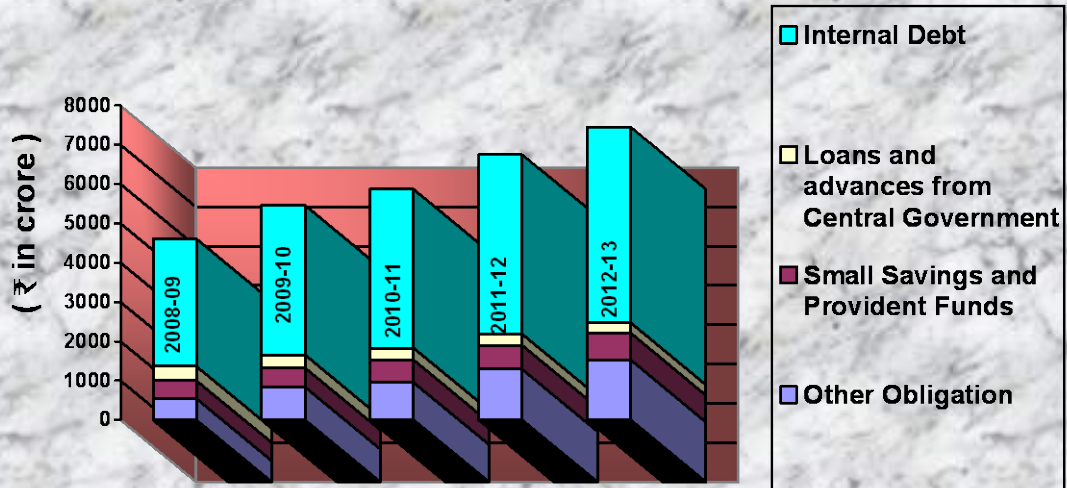
| Year | Public Debt | % to GSDP | Public Account(*) | % to GSDP | Total Liabilities | % to GSDP |
|---------|-------------|-----------|-------------------|-----------|-------------------|-----------|
| 2008-09 | 3607 | 38 | 1000 | 11 | 4607 | 49 |
| 2009-10 | 4138 | 39 | 1323 | 13 | 5461 | 52 |
| 2010-11 | 4340 | 38 | 1524 | 13 | 5864 | 52 |
| 2011-12 | 4860 | 40 | 1898 | 15 | 6758 | 55 |
| 2012-13 | 5247 | 39 | 2205 | 17 | 7452 | 56 |

(*) Excludes suspense and remittance balances.

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

There is a net increase of ₹694 crore (10 per cent) in Public Debt and Other liabilities as compared to 2011-12.

Trends in Government Liabilities



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

The fiscal liabilities to GSDP (56 per cent) was 6 per cent more than the assessment made by the Government in its Medium Term Fiscal policy Statement (MTFPS) (50 per cent) and 1 per cent higher than the norm of 55 per cent recommended by the XIII-FC for the year 2012-13.

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 March 2013 | |
|------------------------|---|--|----------|
| | | Principal | Interest |
| 2008-09 | 26 | 33 | ... |
| 2009-10 | 20 | 53 | ... |
| 2010-11 | 2 | 55 | ... |
| 2011-12 | 10 | 65 | ... |
| 2012-13 | 5 | 70 | ... |

CHAPTER VII

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 2013, the adverse balances amounted to ₹4980 crore.

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 ₹27 crore. Of this, Loans and Advances to Government Corporations/ Companies, non-Government Institutes and Co-operative Societies amounted to ₹25 crore. Recovery of Principal aggregating to ₹1 crore and Interest amounting to ₹2 crore at the end of 31st March 2013.

7.3 Financial assistance to local bodies and others

The total assistance to local bodies increased by ₹68 crore (41 per cent) from ₹165 crore in 2011-12 to ₹233 crore in 2012-13. The assistance increased by ₹45 crore (750 per cent) from ₹6 crore in 2011-12 to ₹51 crore in 2012-13 in respect of educational institutions whereas it declined by ₹5 crore (100%) from ₹5 crore in 2011-12 to ₹Nil in 2012-13 in respect of Special Area Programme.

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

(₹ in crore)

| Year | Eduational Institutions (Aided Schools, Aided Colleges, Universities etc.) | Co-Operation | Municipal Council | Development Agencies | Hospital and Other Charitable Institutions | Old age Pension scheme | Other Institutions | Special Area Programme | Total |
|---------|---|--------------|-------------------|----------------------|--|------------------------|--------------------|------------------------|-------|
| 2008-09 | 15 | ... | 2 | 40 | 10 | ... | 8 | 0 | 75 |
| 2009-10 | 19 | ... | 1 | 62 | 11 | ... | 6 | 0 | 99 |
| 2010-11 | 5 | 3 | ... | 27 | 13 | 17 | 38 | 0 | 103 |
| 2011-12 | 6 | 7 | 3 | 28 | 15 | 1 | 100 | 5 | 165 |
| 2012-13 | 51 | 8 | ... | 29 | 16 | 17 | 112 | 0 | 233 |

7.4 Cash Balance and investment of Cash Balance

(₹ in crore)

| Component | As on 1st April 2012 | As on 31st March 2013 | Net increase (+)/ decrease (-) |
|--|----------------------|-----------------------|--------------------------------|
| Cash Balances | (-)199 | (-)298 | (+)99 |
| Investments from cash balance (GOI Treasury Bills) | | ... | .. |
| Investment from earmarked fund balances | 151 | 176 | (+)25 |
| (a) Sinking Fund | 124 | 154 | (+)30 |
| (b) Guarantee Redemption Fund | 5 | 6 | (+)1 |
| (c) Other Funds | 22 | 15 | (-)7 |
| Interest realized | 7 | 3 | (-)4 |

State Government had a debit closing cash balance at the end of 2012-13.

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 2012-13, the quantum of expenditure reconciled was for a value of ₹6858 crore as against the total expenditure (Revenue and Capital) of ₹6858 crore which works out to 100 *per cent*. On the receipt side, the amount reconciled was a value of ₹6205 crore as against the total receipts (Revenue and Capital) of ₹6205 crore which works out to 100 *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 | 82 | ... | ... |
| RECEIPTS | 82 | 82 | | ... |
| TOTAL | 82 | 82 | ... | ... |

7.6 Submission of accounts by Treasuries

The rendition of initial accounts by the Treasuries were satisfactory. However, submission of accounts of the Public Works and Forest Departments needs improvement.

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 2013, 155 DC bills amounting to ₹160 crore was outstanding, indicates that these instructions have not been followed.



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