



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Accounts at a Glance

for the year
2017-18



GOVERNMENT OF PUNJAB



Accounts at a Glance for the year 2017-18

Accountant General (Accounts and Entitlement) Punjab



GOVERNMENT OF PUNJAB

Preface

I am happy to present the Twentieth issue of our annual publication, the 'Accounts at a Glance' of the Government of Punjab. The purpose of this publication is to present a reader friendly summary of the voluminous information available in the Finance Accounts and Appropriation Accounts prepared by my office in accordance with Article 149 of the Constitution of India, read with Section 11 of Comptroller and Auditor General's (D.P.C.) Act, 1971. The annual accounts of the State consist 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. Appropriation Accounts record the grant-wise expenditure against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

'Accounts at a Glance' provides a broad overview of Governmental activities, as reflected in Finance Accounts and Appropriation Accounts. The information is presented through brief explanations, statements, graphs and time series analysis for providing accounting information to the stakeholders - the Legislature, the Executives and the Public. A reading of Finance Accounts, Appropriation Accounts of Government of Punjab and Report of the Comptroller and Auditor General on State Finances for the year 2017-18 together with Accounts at a Glance will help the stakeholders to appreciate the various aspects of State Finances in a more effective manner.

We look forward to readers' feedback that would help us in improving the publication.

Date: 1 November 2018
Chandigarh



Faisal Imam
Accountant General (A&E)
Punjab

Our Vision, Mission and Core Values

VISION

(The vision of SAI 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.

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.

MISSION

(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

Table of Contents

		Page No.
Chapter I	Overview	
1.1	Introduction	1
1.2	Structure of Government Accounts	2
1.3	Finance Accounts and Appropriation Accounts	4
1.4	Sources and Application of Funds	6
1.5	Deficit and Surplus	9
Chapter II	Receipts	
2.1	Introduction	12
2.2	Revenue Receipts	12
2.3	Tax Revenue.....	14
2.4	Efficiency of Tax collection	16
2.5	Trend in State's Share of Union Taxes/Duties	16
2.6	Grants-in-Aid	17
2.7	Public Debt	18
Chapter III	Expenditure	
3.1	Introduction	20
3.2	Revenue Expenditure	20
3.3	Capital Expenditure	22
3.4	Committed Expenditure	23
Chapter IV	Appropriation Accounts	
4.1	Summary of Appropriation Accounts for 2017-18	25
4.2	Trend of Saving/Excess during the past five years	25
4.3	Significant Savings	26

Chapter V	Assets and Liabilities	
5.1	Assets	28
5.2	Debt and Liabilities	29
5.3	Guarantees	30
Chapter VI	Other Items	
6.1	Advance Apportionment and Devolution of Un-apportioned Integrated Goods and Services Tax (IGST)	31
6.2	Outstanding Detailed Contingent (DC) Bills	31
6.3	Consolidated Sinking Fund	32
6.4	Guarantee Redemption Fund	32
6.5	Cash with Divisional Officers	32
6.6	Loans and Advances given by the State Government	33
6.7	Investments	33
6.8	Submission of Accounts by Accounts rendering units	33
6.9	Reconciliation of Accounts	34
6.10	New Pension Scheme	34
6.11	Status of Suspense Balances	35

Chapter I

Overview

1.1 Introduction

The office of the Accountant General (Accounts and Entitlement), Punjab collates, classifies, compiles the accounts data rendered by multiple agencies, and prepares the accounts of the Government of Punjab. The compilation is done from the initial accounts rendered by the District Treasuries, Public Works 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 Punjab. 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. Besides, Finance Accounts and Appropriation Accounts are prepared annually by the office of the Accountant General (A&E) in accordance with Article 149 of the Constitution of India read with Section 11 of Comptroller and Auditor General's (D.P.C.) Act, 1971, which are placed before the State Legislature after audit by the Principal Accountant General (Audit), Punjab 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.

The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorisation by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund.

The corpus of this fund for the Government of Punjab is ₹ 25.00 crore.

● Part 2 CONTINGENCY FUND

● Part 3 PUBLIC ACCOUNT

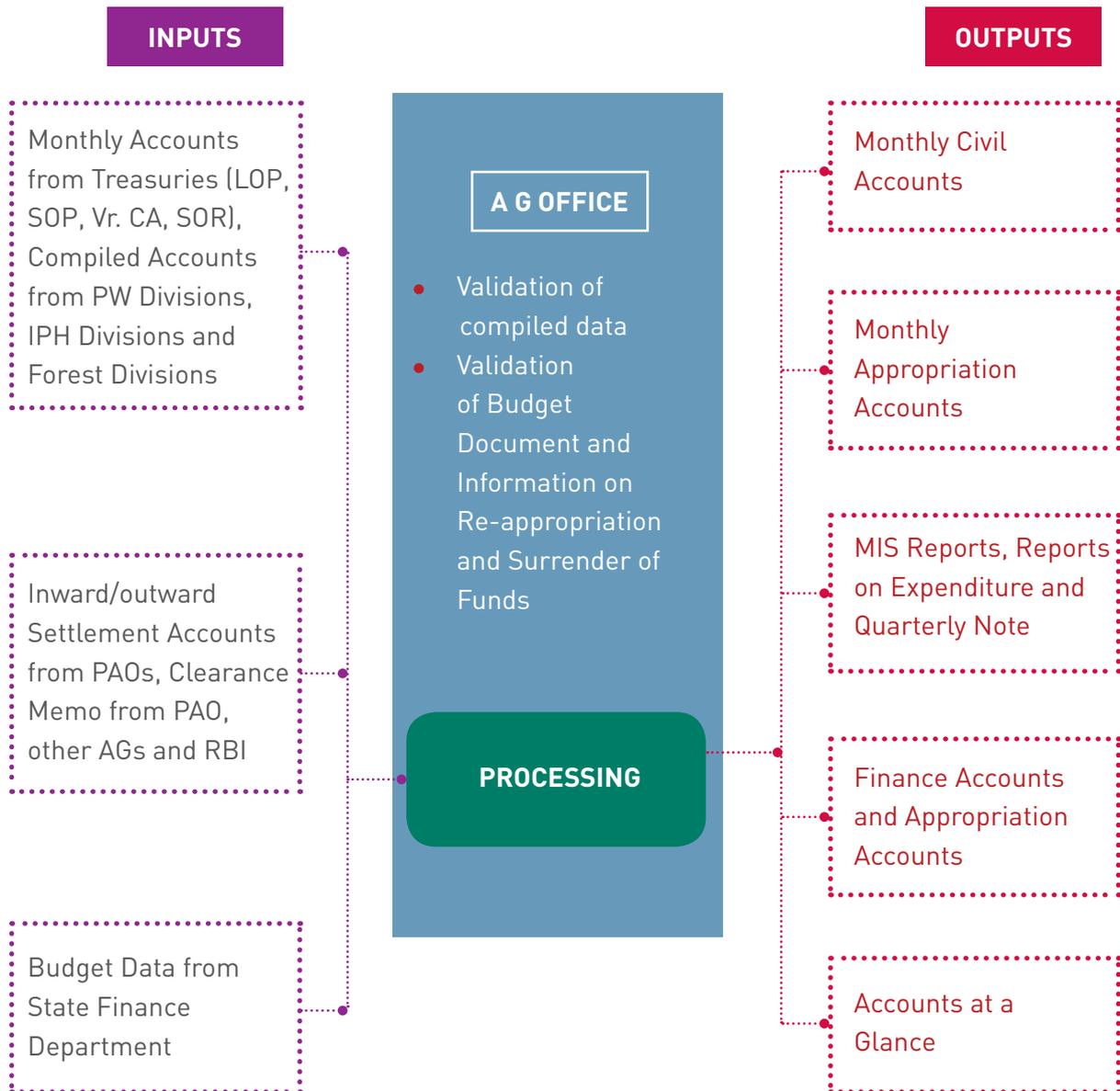
In Public Account, the transactions relating to Debt (Other than those included in Part I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' shall be recorded.

The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances).

The transactions relating to 'Remittances' and 'Suspense' in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. The initial debits or credits to these heads will be cleared eventually by booking to the final heads of accounts.

1.2.2 Flow Diagram of Accounts Compilation

Flow Diagram of Accounts Compilation

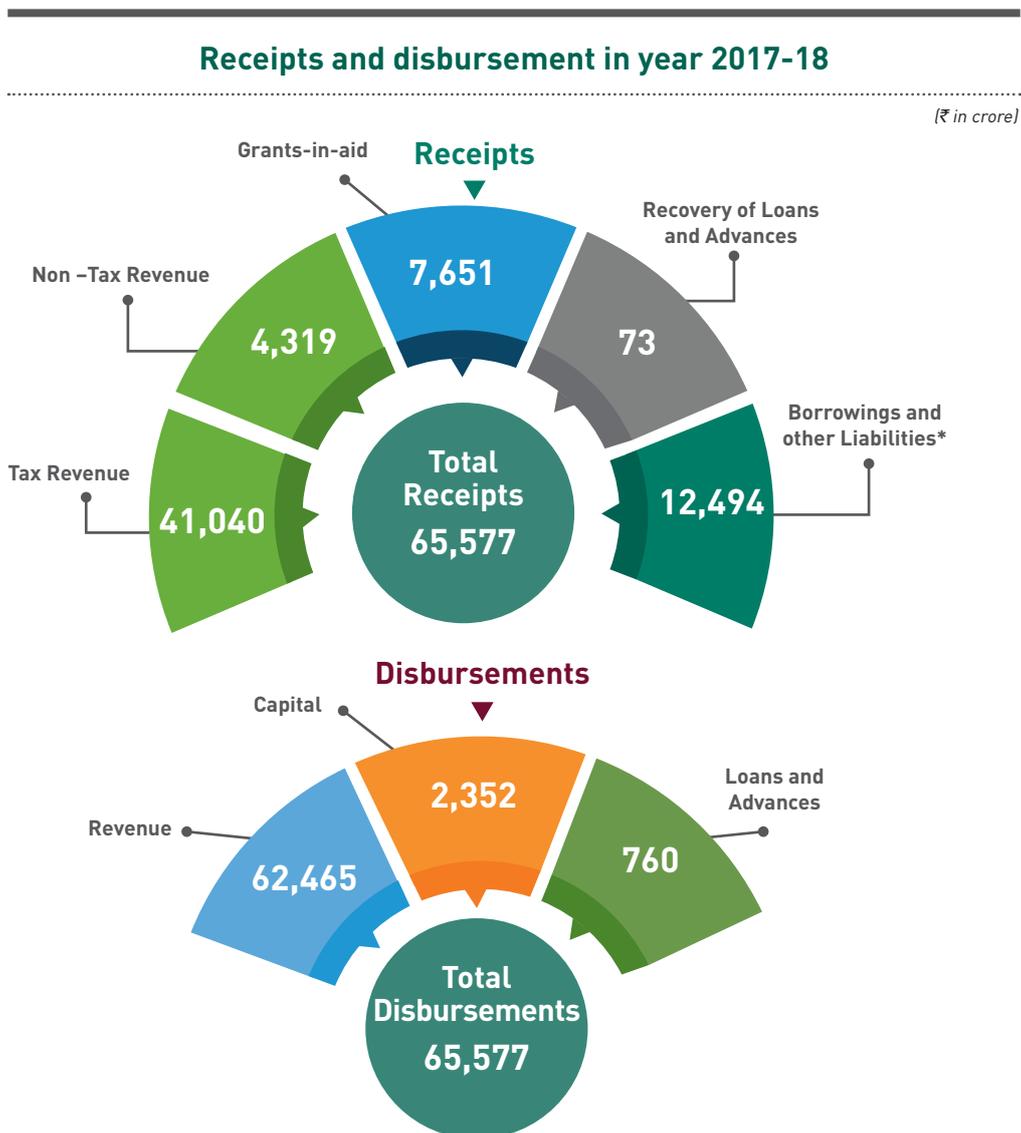


1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

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 have been prepared in two volumes to make them more comprehensive and informative. **Volume I** contains the Certificate of the Comptroller and Auditor General of India, the Guide to the Finance Accounts, 13 Statements which give summarised information on the financial position and transactions of the State Government for the current financial year, Notes to Accounts and Annexure to the Notes to Accounts. **Volume II** of the Finance Accounts contains two parts - 9 Detailed Statements in Part I and 12 Appendices in Part II.

The Receipts and Disbursements of the Government of Punjab as depicted in the Finance Accounts 2017-18 are given below:



* 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.

The Union Government transfers substantial funds directly to the State Implementing Agencies/ NGOs for implementation of various schemes and programmes. During the year 2017-18, the Government of India (GoI) released ₹ 2,048 crore directly to the implementing agencies in Punjab. Since these funds are not routed through the State Budget, these are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix V of Volume II of the Finance Accounts.

1.3.2 Financial Highlights of Accounts

The following table provides the details of actual financial results vis-a-vis Budget Estimates for the year 2017-18:

Sl. No.	Components	Budget Estimate 2017-18	Actuals 2017-18	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP (c)
1.	Tax Revenue	50,177	41,040 (a)	82	9
2.	Non-Tax Revenue	3,225	4,319	134	1
3.	Grants-in-aid and Contributions	6,678	7,651	115	2
4.	<i>Revenue Receipts (1+2+3)</i>	60,080	53,010	88	11
5.	Recovery of Loans and Advances	80	73	91	..
6.	Other Receipts	..	..	..	..
7.	Borrowings and other Liabilities (b)	23,092	12,494	54	3
8.	<i>Capital Receipts (5+6+7)</i>	23,172	12,567	54	3
9.	<i>Total Receipts (4+8)</i>	83,252	65,577	79	14
10.	<i>Revenue Expenditure</i>	74,865	62,465	83	13
11.	<i>Expenditure on Interest Payments (out of Revenue Expenditure)</i>	14,910	15,334	103	3
12.	<i>Capital Expenditure</i>	6,157	2,352	38	1
13.	<i>Loans and Advances Disbursed</i>	2,230	760	34	..
14.	<i>Total Expenditure (10+12)</i>	83,252	65,577	79	14
15.	<i>Revenue Deficit (4-10)</i>	14,785	9,455	64	2
16.	<i>Fiscal Deficit (4+5+6-14)</i>	23,092	12,494	54	3

(a) Includes ₹ 10,617 crore as State's share of Union Taxes.

(b) 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.

(c) Value of Estimated GSDP: ₹ 4,70,137 crore as per instructions issued by the Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-III dated 28 August 2017.

1.3.3 Appropriation Accounts

Appropriation Accounts bring out the Gross Expenditure (both Voted and Charged) of the State Government incurred from the Consolidated Fund for each financial year compared with the accounts of Voted Grants and Charged Appropriations for the different purposes as specified in the Schedules appended to the Appropriation Acts passed by the State Legislature under Article 204 and 205 of the Constitution of India. The Appropriation Accounts supplement the Finance Accounts. The Appropriation Accounts of the Government of Punjab for the year 2017-18 expended in the year ended 31 March 2018 comprise accounts of 23 Charged Appropriations and 29 Voted Grants.

1.3.4 Efficiency on Budget Preparation

Appropriation Act, 2017-18 had projected Gross Expenditure of ₹ 1,19,885 crore, which includes the Supplementary Grants totalling ₹ 1,647 crore, passed by State Legislature during the year. No amount was projected as recoveries to be treated as reduction of expenditure.

Appropriation Accounts 2017-18 show disbursements aggregating ₹ 1,01,117 crore against the aggregate budget provision of ₹ 1,19,885 crore, resulting in net saving of ₹ 18,768 crore (19 per cent). However, net saving of ₹ 11,893 crore was under the Grants controlled by Departments of Agriculture and Forests (₹ 3,744 crore), Local Government, Housing and Urban Development (₹ 2,824 crore), Irrigation and Power (₹ 2,075 crore), Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes (₹ 1,783 crore) and Education (₹ 1,467 crore). Against the Nil projection of recoveries in reduction of expenditure in budget estimates, there were actual recoveries of ₹ 571 crore during 2017-18.

The Appropriation Accounts show that in the year 2017-18, there was actual expenditure of ₹ 1,01,117 crore, comprising Revenue Expenditure of ₹ 62,854 crore, Capital Expenditure of ₹ 2,533 crore, Repayment of Debt of ₹ 34,970 crore and Loans and Advances given by the State Government amounting to ₹ 760 crore.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

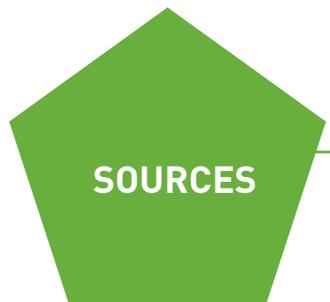
The Reserve Bank of India extends the facility of Ways and Means Advances to enable State Governments to maintain their liquidity. Overdraft facilities are provided when there is a shortfall in the agreed minimum cash balance which is ₹ 1.56 crore. An amount of ₹ 268 crore was outstanding as on 31 March 2017 as Ways and Means Advances. During 2017-18, the Government of Punjab obtained ₹ 19,495 crore as Ways and Means Advances on one hundred thirty six occasions out of which ₹ 19,061 crore were repaid during the year leaving a balance of ₹ 702 crore. ₹ 38 crore were paid as interest on these advances.

During 2017-18, Government had to avail shortfall of ₹ 33 crore on twenty one occasions and overdraft of ₹ 8,389 crore on fifty nine occasions. ₹ 8,422 crore were repaid during the year leaving nil balance. ₹ 11 crore were paid as interest on these shortfalls/overdrafts. The scenario reflects the dismal performance of the Government in Financial Management.

1.4.2 Fund Flow Statement

The State had a Revenue Deficit of ₹ 9,455 crore and a Fiscal Deficit of ₹ 12,494 crore representing 2.01 per cent and 2.66 per cent of the Gross State Domestic Product (GSDP) estimate¹ respectively. The Fiscal Deficit was around 19 per cent of Total Expenditure. This deficit was met from Public Debt (₹ 11,030 crore), increase in Public Account (₹ 1,757 crore) and net of opening and closing cash balance (₹ -293 crore). Around 85 per cent of the Revenue Receipts (₹ 53,010 crore) of the State Government was spent on Committed Expenditure like Salaries (₹ 19,430 crore), Interest Payments (₹ 15,334 crore) and Pensions (₹ 10,208 crore).

Sources and Application of Funds



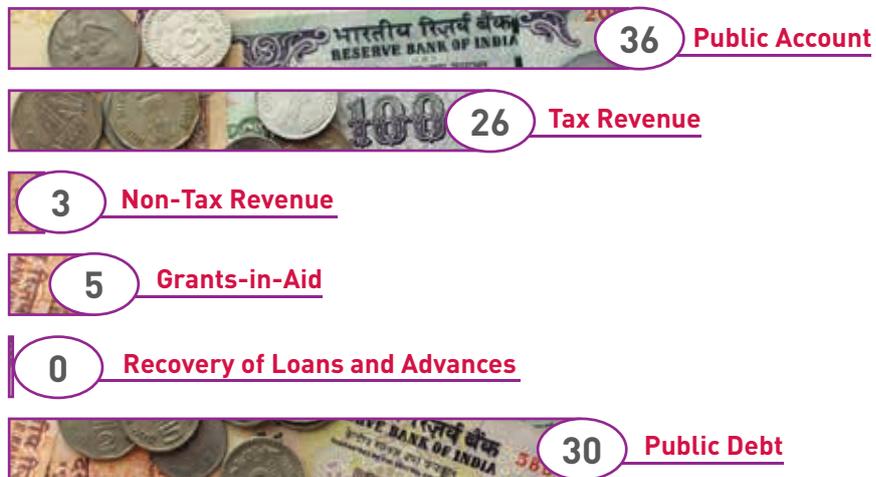
	(₹ in crore)
Opening Cash Balance as on 1.4.2017	-368
Revenue Receipts	53,010
Recovery of Loans and Advances	73
Public Debt	45,999
Small Savings, Provident Funds etc.	3,522
Reserve Funds	730
Deposits Received	3,112
Civil Advance Repaid	..
Suspense Account	48,011
Remittances	110
Contingency Fund	..
Total	1,54,199

¹ Value of Estimated GSDP: ₹ 4,70,137 crore as per instructions issued by the Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-III dated 28 August 2017

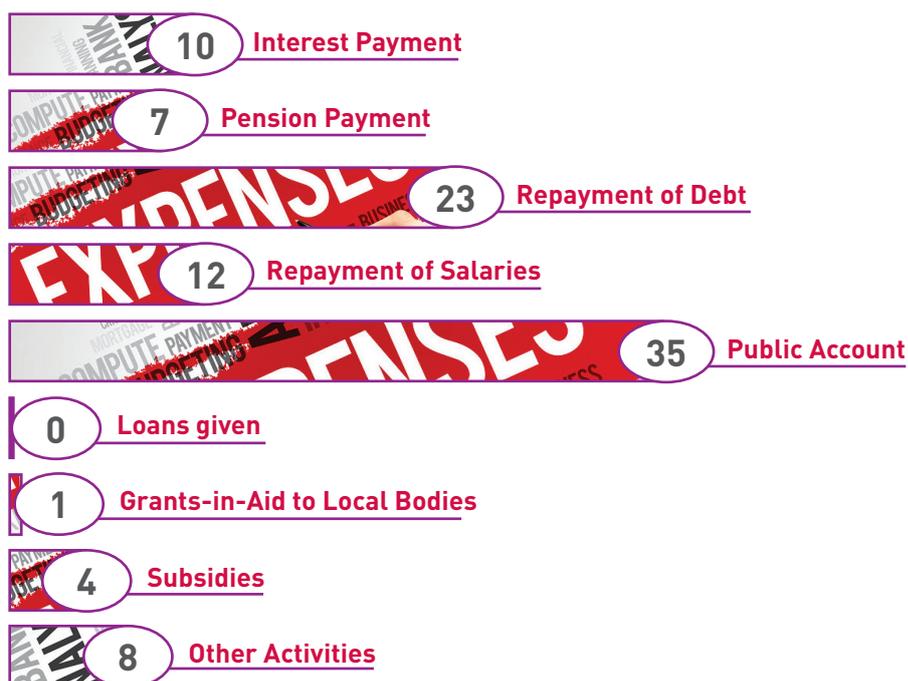


Revenue Expenditure	62,465
Capital Expenditure	2,352
Loans Given	760
Repayment of Public Debt	34,970
Small Savings, Provident Funds etc.	2,396
Reserve Funds	80
Deposits Spent	3,291
Civil Advance Given	..
Suspense Account	47,838
Remittances	122
Closing Cash Balance as on 31.3.2018	-75
Total	1,54,199

1.4.3 Where the Rupee came from



1.4.4 Where the Rupee went



1.5 Deficit and Surplus

What do 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.

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.

REVENUE DEFICIT/ SURPLUS

FISCAL DEFICIT/ SURPLUS

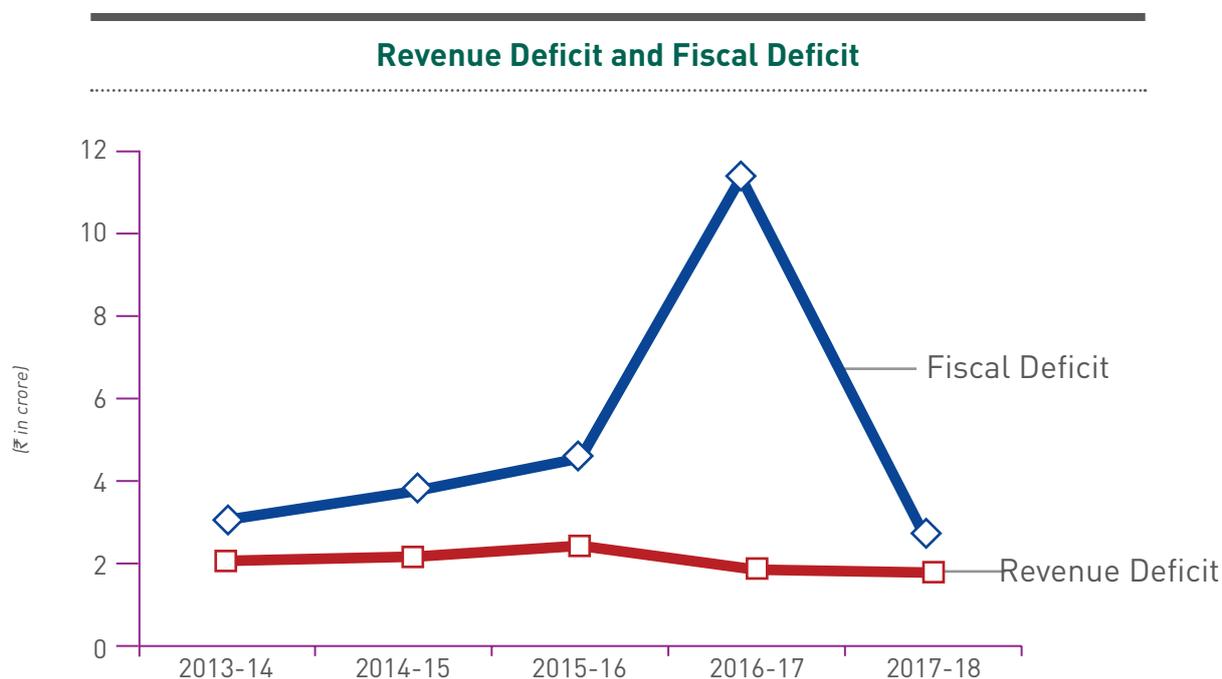
Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the borrowings should be invested in capital projects.

1.5.1 Trend of Revenue Deficit and Fiscal Deficit during the last five years is as under:

Year	GSDP (i)	Revenue Deficit	Percentage to GSDP	Fiscal Deficit	Percentage to GSDP
2013-14	3,32,147	6,537	1.97	8,791	2.65
2014-15	3,55,102	7,591	2.14	10,841	3.05
2015-16	3,90,087	8,550	2.19	17,360	4.45
2016-17	4,27,297	7,311	1.71	47,071	11.02
2017-18	4,70,137	9,455	2.01	12,494	2.66

Note:

(i) GSDP up to 2015-16 is based on the data taken from Economic and Statistical Organisation, Government of Punjab, whereas GSDP for 2016-17 and 2017-18 is estimated value conveyed vide Government of India, Ministry of Finance letter No. 40(6) PF-I/2009 Vol.-II dated 29 March 2016 and even No. Vol.-III dated 28 August 2017 respectively.



1.5.2 Punjab Fiscal Responsibility and Budget Management (PFRBM) Act

1.5.2.1 The State Government has not made the following disclosures as required under the existing PFRBM Act:

- (a) Significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of the prescribed fiscal indicators and (b) Contingent liabilities created by way of guarantees, all claims and commitments made by the State Government having potential budgetary implications, including revenue demands raised but not realized and tax arrears and liability incurred, but not paid.

1.5.2.2 Performance of the Government of Punjab for the year 2017-18 as depicted in the accounts vis-à-vis targets fixed in the PFRBM Act for Revenue Deficit and Fiscal Deficit and Fiscal Consolidation Roadmap recommended by Fourteenth Finance Commission for Debt is as under:

Sr. No.	Financial Parameter	Actual (₹ in crore)	Financial Parameter to GSDP* percentage Percentage to GSDP	
			Target	Achievement
1	Revenue Deficit	9,455	0.00	2.01
2	Fiscal Deficit	12,494	3.00	2.66
3	Debt	1,64,803	30.96	35.05

* Source: GSDP figure ₹ 4,70,137 crore, as per Government of India, Ministry of Finance letter dated 28 August 2017.

1.5.2.3 On the basis of Fiscal Deficit threshold limit of 3.00 per cent of GSDP estimate for 2017-18, net borrowing limit of ₹ 14,104 crore was fixed for Government of Punjab. However, net borrowings were ₹ 11,030 crore during 2017-18 and were within fixed target.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2017-18 were ₹ 65,577 crore.

2.2 Revenue Receipts

● TAX REVENUE

Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.

Includes interest receipts, dividends, profits etc.

● NON-TAX REVENUE

● GRANTS-IN-AID

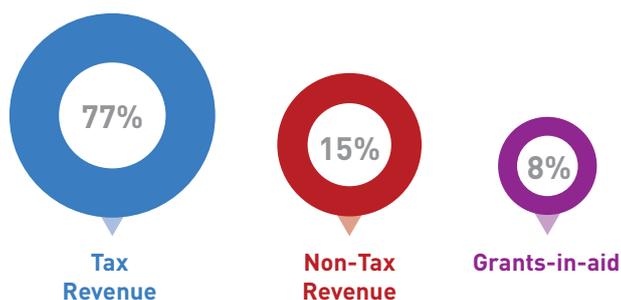
Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material and Equipment' received from Foreign Governments and channelized through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.

2.2.1 Revenue Receipts Components (2017-18)

(₹ in crore)

Components	Actuals
A. Tax Revenue	41,040
Goods and Services Tax	9,125
Taxes on Income and Expenditure	6,000
Taxes on Property and Capital Transactions	2,226
Taxes on Commodities and Services	23,689
B. Non-Tax Revenue	4,319
Interest Receipts, Dividends and Profits	1,410
General Services	1,836
Social Services	506
Economic Services	567
C. Grants-in-aid & Contributions	7,651
Total	53,010

Revenue Receipts



2.2.2 Trend of Revenue Receipts

(₹ in crore)

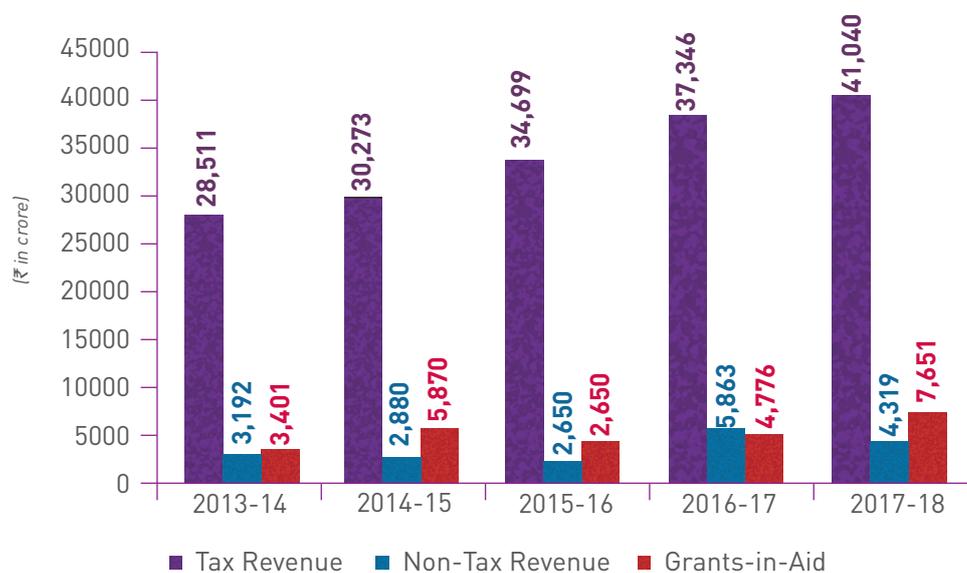
Components	2013-14	2014-15	2015-16	2016-17	2017-18
Tax Revenue	28,511 (9)	30,273 (9)	34,699 (9)	37,346 (9)	41,040 (9)
Non-Tax Revenue	3,192 (1)	2,880 (1)	2,650 (1)	5,863 (1)	4,319 (1)
Grants-in-aid	3,401 (1)	5,870 (2)	4,174 (1)	4,776 (1)	7,651 (2)
Total Revenue Receipts	35,104 (11)	39,023 (11)	41,523 (11)	47,985 (11)	53,010 (11)
GSDP (i)	3,32,147	3,55,102	3,90,087	4,27,297	4,70,137

Note: (i) Please refer Footnote below Para 1.5.1.

(ii) Figure in bracket represents percentage to GSDP.

The GSDP increased by 10 per cent during 2017-18 in comparison to 2016-17 and the Revenue Receipts also increased by 10 per cent during the corresponding period.

Trend of Components of Revenue Receipts

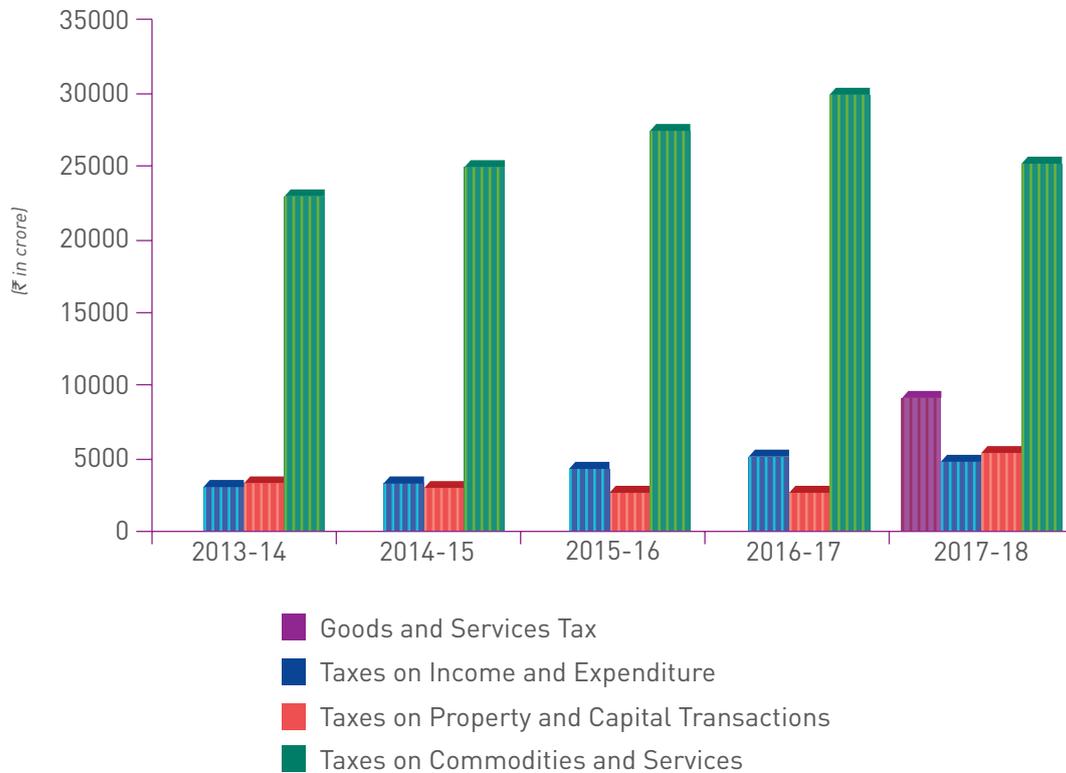


2.3 Tax Revenue

(₹ in crore)

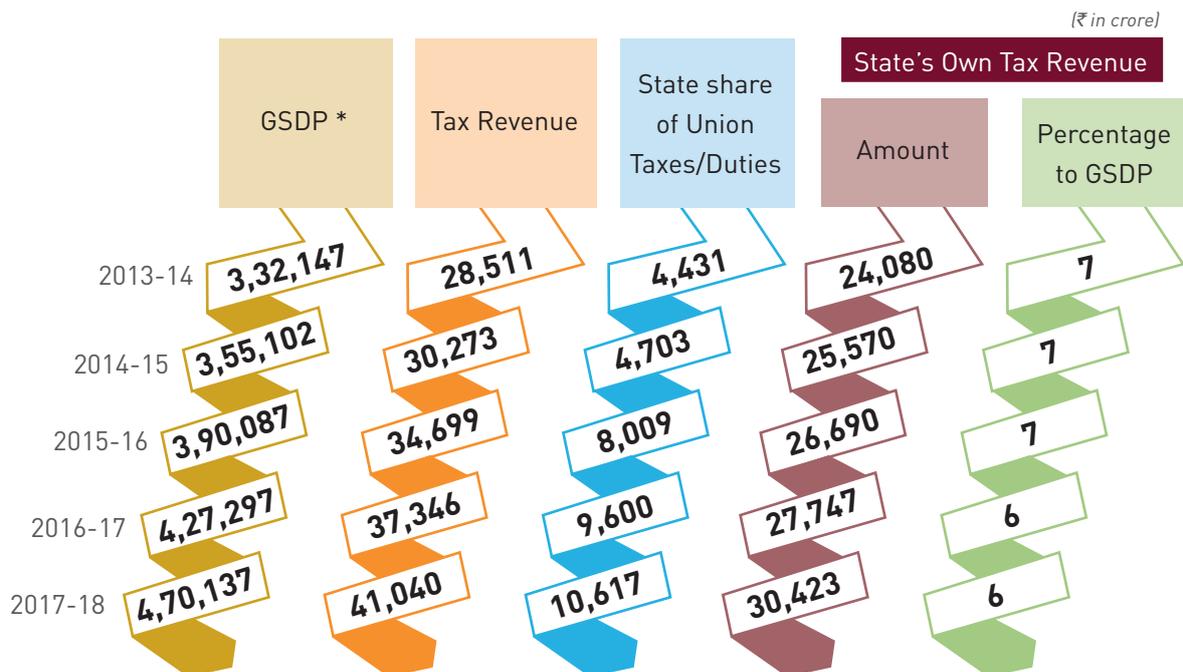
Sub-Sector-wise Tax Revenue					
Sub-Sector	2013-14	2014-15	2015-16	2016-17	2017-18
Goods and Services Tax	..	..	..	..	9,125
Taxes on Income and Expenditure	2,472	2,815	4,289	5,224	6,000
Taxes on Property and Capital Transactions	2,546	2,526	2,505	2,118	2,226
Taxes on Commodities and Services	23,493	24,932	27,905	30,004	23,689
Total Tax Revenue	28,511	30,273	34,699	37,346	41,040

Sub-Sector wise Trend of Tax Revenue



2.3.1 Performance of State's own Tax Revenue collection

Tax Revenue of the State Government comes from two sources viz. State's Own Tax collections and Devolution of Union Taxes.



* Please refer Footnote below Para 1.5.1.

2.4 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ in crore)

Components	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Collection	2,546	2,526	2,505	2,118	2,226
Expenditure on Collection	209	225	246	218	228
Efficiency in <i>per cent</i> of Tax Collection	8	9	10	10	10

B. Taxes on Commodities and Services

(₹ in crore)

Components	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue collection	23,493	24,932	27,905	30,004	23,689
Expenditure on collection	166	188	254	249	191
Efficiency in <i>per cent</i> of Tax Collection	1	1	1	1	1

2.5 Trend in State's Share of Union Taxes/Duties

(₹ in crore)

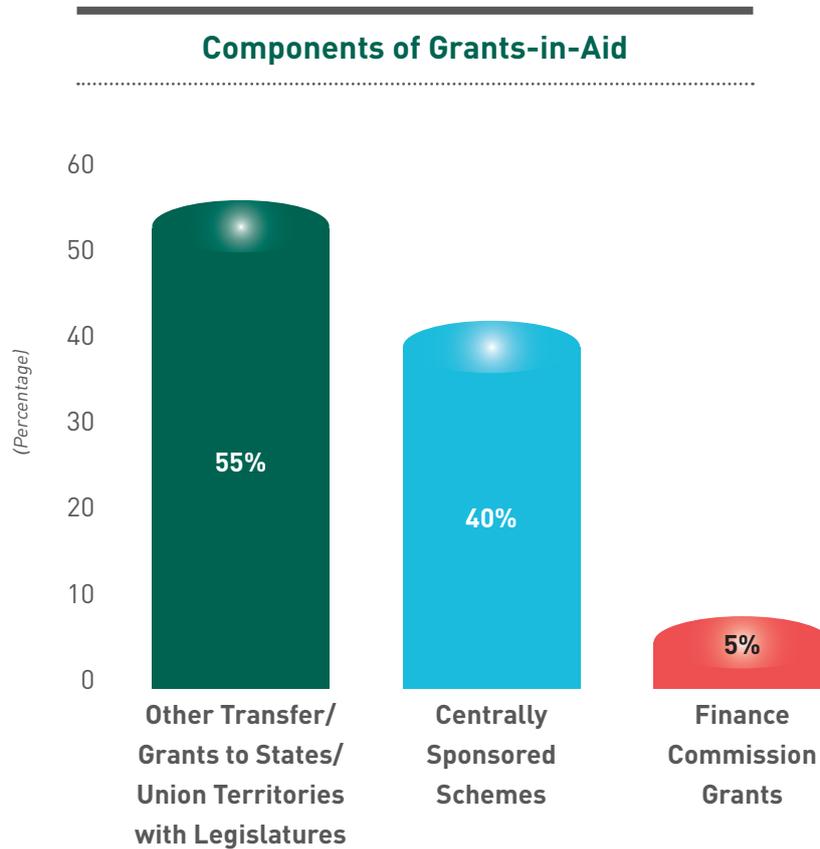
Components	2013-14	2014-15	2015-16	2016-17	2017-18
Central Goods and Services Tax	..	..	..	..	152
Integrated Goods and Services Tax	..	..	..	..	1,072
Corporation Tax	1,490	1,642	2,528	3,082	3,253
Taxes on Income other than Corporation Tax	981	1,173	1,761	2,142	2,747
Taxes on Wealth	4	4	1	7	..
Customs	723	761	1,282	1,326	1,072
Union Excise Duties	511	430	1,063	1,514	1,120
Service Tax	722	693	1,369	1,529	1,201
Other Taxes and Duties on Commodities and Services	..	..	5	..	..
Total State's Share of Union Taxes	4,431	4,703	8,009	9,600	10,617
Total Tax Revenue	28,511	30,273	34,699	37,346	41,040
Percentage of Union Taxes to Total Tax Revenue	16	16	23	26	26

2.6 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 Plan Schemes approved by the Planning Commission and State Non-Plan Grants recommended by the Finance Commission. Total receipts during 2017-18 under Grants-in-aid were ₹ 7,651 crore as shown below:

(₹ in crore)

Components	Amount
Centrally Sponsored Plan Schemes	-1
Centrally Sponsored Schemes	3,096
Finance Commission Grants	356
Other Transfer/ Grants to States/ Union Territories with Legislatures	4,200
Total- Grants-in-aid	7,651



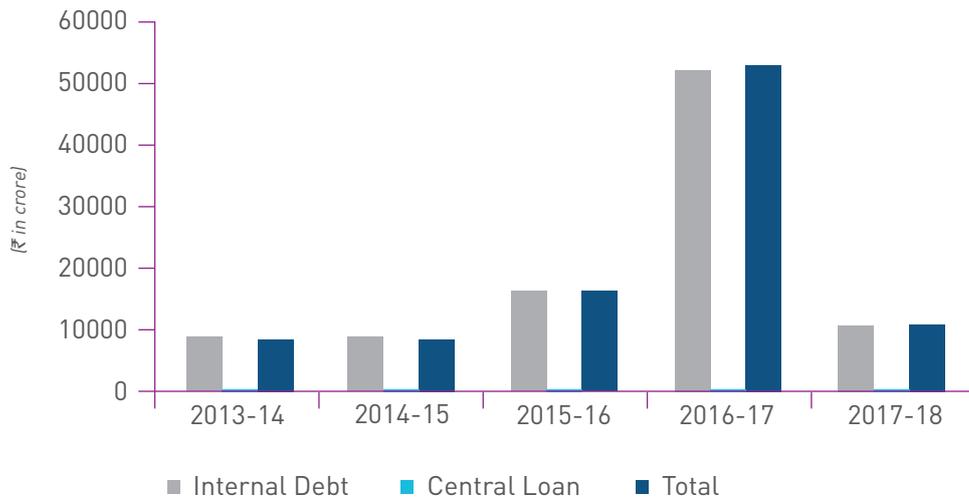
2.7 Public Debt

(₹ in crore)



Note: Negative figure indicates that repayment is in excess of receipts.

Public Debt



During 2017-18, 28 Market Loans totalling ₹ 17,470 crore at interest rates varying from 7.20 per cent to 8.44 per cent redeemable in the year 2027 and 2028 were raised.

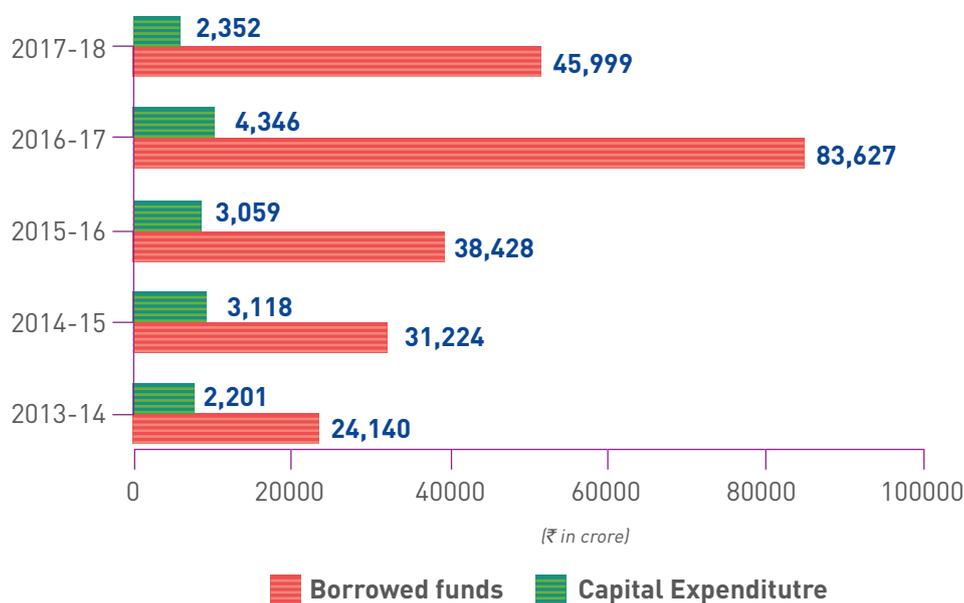
Against the total Internal Debt of ₹ 45,539 crore and the Central Loan of ₹ 460 crore of the State Government during 2017-18, Capital Expenditure was only ₹ 2,352 crore (5 per cent), indicating that the rest of the Public Debt was used for non-development purposes.

2.7.1 Proportion of borrowed funds spent on Capital Expenditure

(₹ in crore)

Year	Borrowed Funds	Capital Expenditure
2013-14	24,140	2,201
2014-15	31,224	3,118
2015-16	38,428	3,059
2016-17	83,627	4,346
2017-18	45,999	2,352

Borrowed Funds spent on Capital Expenditure



The governments usually run Fiscal Deficits and borrow funds for capital/ assets formation or 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 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 only 5 per cent of the borrowings of the current year (₹ 45,999 crore) on Capital Expenditure (₹ 2,352 crore). It appears that 95 per cent of the Public Debt (₹ 43,647 crore) was utilised (i) to repay the principal and interest on public debt of previous years and (ii) to meet periodic shortfalls of revenues against expenditure in the current year.

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 organisation. Capital Expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities.

GENERAL SERVICES

Includes Justice, Police, Jail, PWD, Pension etc.

Includes Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc.

SOCIAL SERVICES

ECONOMIC SERVICES

Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

3.2 Revenue Expenditure

Revenue Expenditure of ₹ 62,465 crore for 2017-18 fell short of budget estimates by ₹ 12,400 crore.

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

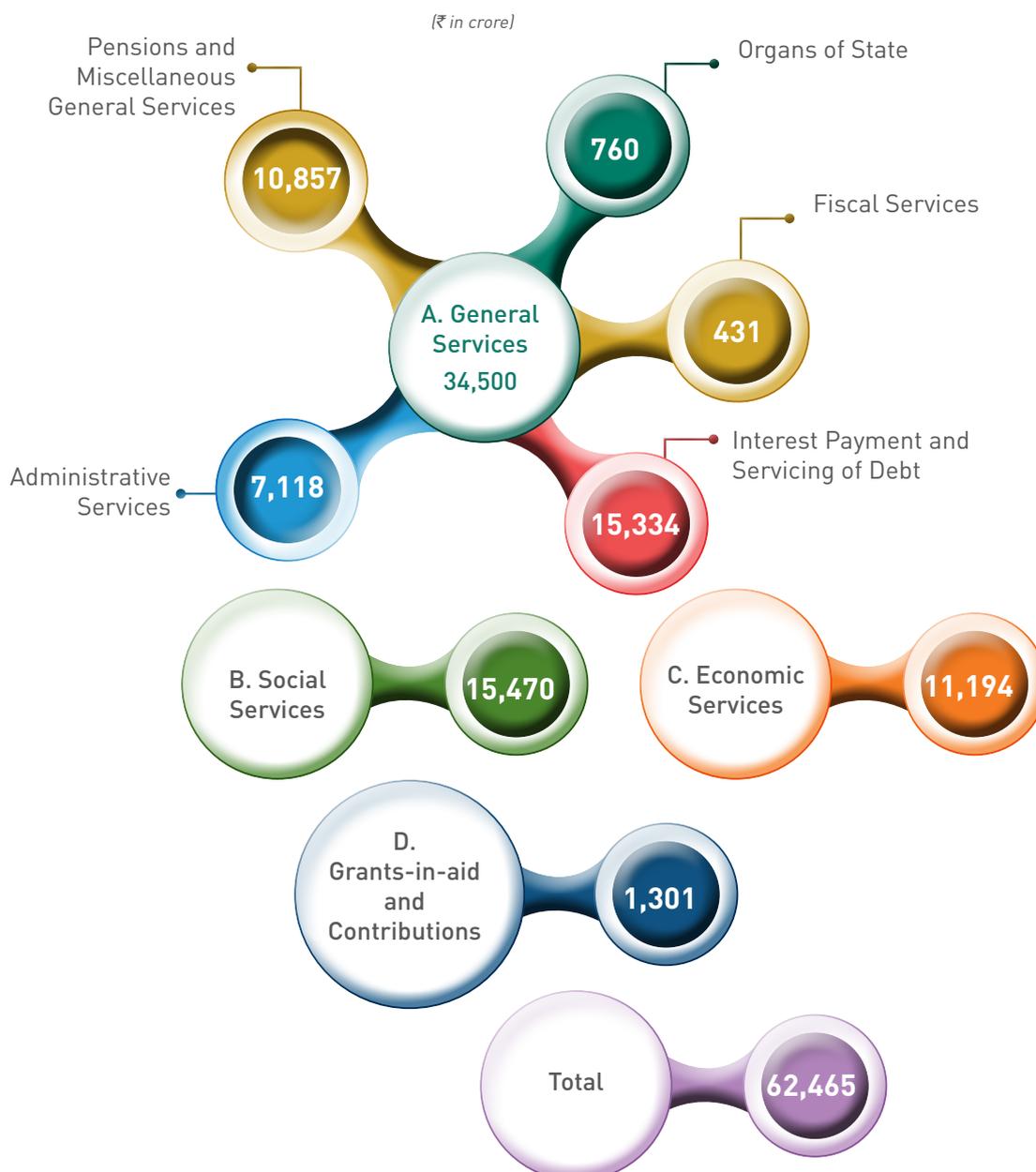
(₹ in crore)

Components	2013-14	2014-15	2015-16	2016-17	2017-18
Budget Estimates	44,412	49,147	52,623	58,164	74,865
Actual Expenditure	41,641	46,614	50,073	55,296	62,465
Gap	2,771	2,533	2,550	2,868	12,400
Percentage of Gap over BE	6	5	5	5	17

3.2.1 Sectoral distribution of Revenue Expenditure (2017-18)

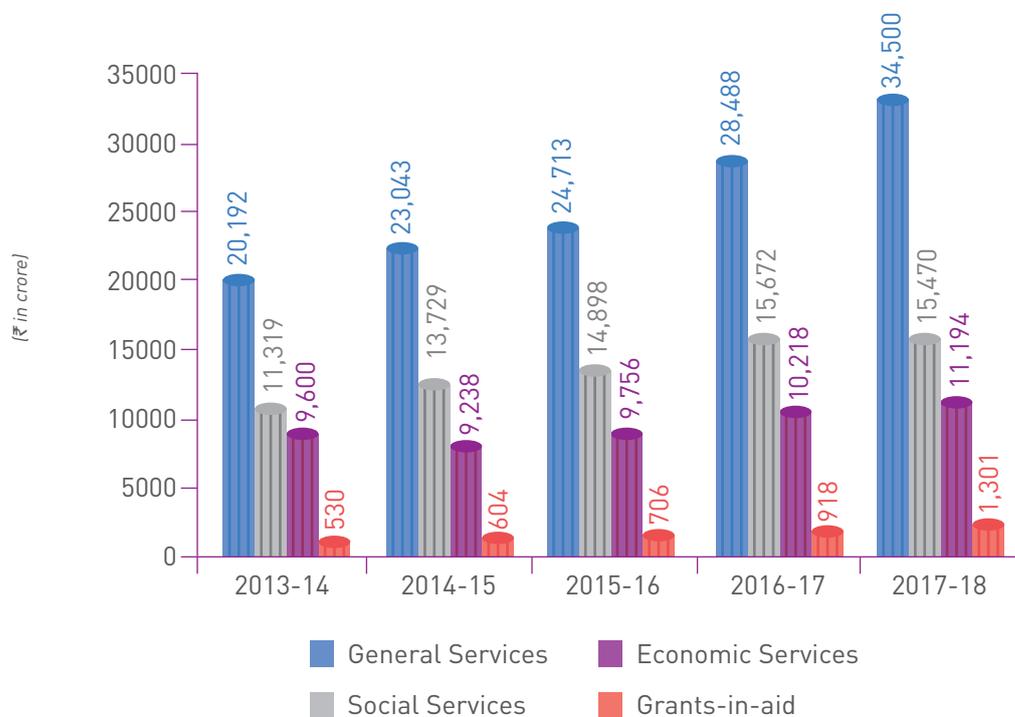
(₹ in crore)

Sr. No.	Component	2014-15	2015-16
A.	General Services	34,500	55
A.1	Organs of State	760	1
A.2	Fiscal Services	431	1
A.3	Interest Payment and Servicing of Debt	15,334	25
A.4	Administrative Services	7,118	11
A.5	Pensions and Miscellaneous General Services	10,857	17
B.	Social Services	15,470	25
C.	Economic Services	11,194	18
D.	Grants-in-aid and Contributions	1,301	2
	Total	62,465	100



3.2.2 Trends of Major Components of Revenue Expenditure

Trend of major components of Revenue Expenditure



3.3 Capital Expenditure

Capital disbursements for 2017-18 at 1 per cent of GSDP were less than Budget Estimates by ₹ 5,275 crore.

3.3.1 Sectoral distribution of Capital Expenditure

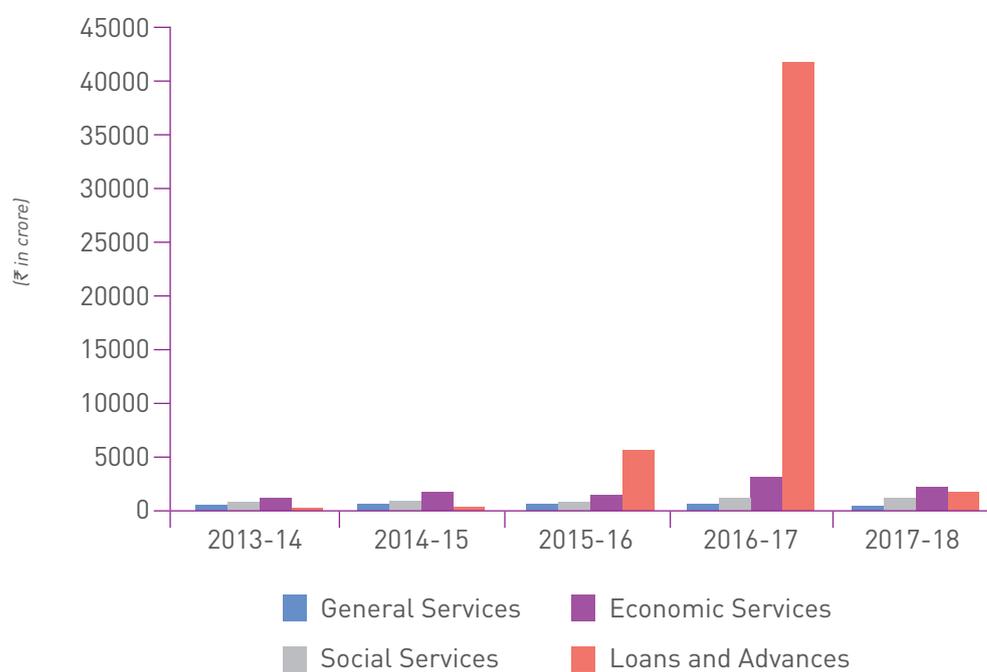
Sr. No.	Sector	Amount (₹ in crore)	Percentage
A	General Services - Police, Public Works, etc.	180	6
B	Social Services-Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc.	916	30
C	Economic Services-Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	1,256	40
D	Loans and Advances Disbursed	760	24
	Total	3,112	100

3.3.2 Sector wise distribution of Capital Expenditure over the past 5 years

(₹ in crore)

Year	General Services	Social Services	Economic Services	Loans and Advances	Total
2013-14	219	930	1,052	165	2,366
2014-15	252	795	2,071	270	3,388
2015-16	253	828	1,978	5,969	9,028
2016-17	249	1,087	3,010	41,364	45,710
2017-18	180	916	1,256	760	3,112

Sector wise distribution of Capital Expenditure

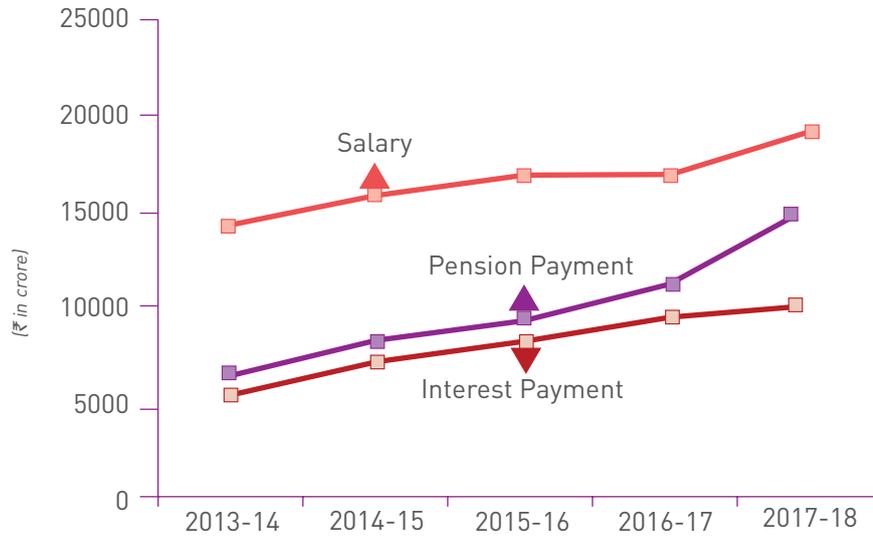


3.4 Committed Expenditure

(₹ in crore)

Year	Salary	Interest	Pension	Total
2013-14	14,591	7,820	6,277	28,688
2014-15	16,034	8,960	7,249	32,243
2015-16	17,163	9,782	7,833	34,778
2016-17	17,707	11,642	8,773	38,122
2017-18	19,430	15,334	10,208	44,972

Trend of Committed Expenditure



Committed Expenditure Vs Revenue Expenditure and Revenue Receipts

Component	2013-14	2014-15	2015-16	2016-17	2017-18
Committed Expenditure	28,688	32,243	34,778	38,122	44,972
Revenue Receipts	35,104	39,023	41,523	47,985	53,010
Percentage of Committed Expenditure to Revenue Receipts	82	83	84	79	85
Revenue Expenditure	41,641	46,614	50,073	55,296	62,465
Percentage of Committed Expenditure to Revenue Expenditure	69	69	69	69	72

The step upward trend on committed expenditure leaves the Government with lesser flexibility for development sector.

Chapter IV

Appropriation Accounts

4.1 Summary of Appropriation Accounts for 2017-18

(₹ in crore)

Sr. No.	Nature of Expenditure	Original grant	Supplementary grant	Total Budget	Actual Expenditure	Savings(-) Excesses(+)
1.	Revenue					
	Voted	59,746	930	60,676	47,324	-13,352
	Charged	15,119	276	15,395	15,530	+135
2.	Capital					
	Voted	6,157	397	6,554	2,533	-4,021
3.	Public Debt					
	Charged	34,986	44	35,030	34,970	-60
4.	Loans and Advances					
	Voted	2,230	..	2,230	760	-1,470
	Total	1,18,238	1,647	1,19,885	1,01,117	-18,768

4.2 Trend of Saving / Excess during the past five years

(₹ in crore)

Year	Savings (-) / Excess (+)				
	Revenue	Capital	Public Debt	Loans & Advances	Total
2013-14	-6,554	-5,758	-305	-253	-12,870
2014-15	-6,652	-3,143	+1,402	-57	-8,450
2015-16	-6,571	-2,374	+953	-5,186	-13,178
2016-17	-9,630	-2,054	+921	+33,163	+22,400
2017-18	-13,217	-4,021	-60	-1,470	-18,768

4.3 Significant savings

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

Some grants with persistent and significant saving are as given below:

(₹ in crore)

Grant No.	Nomenclature	2013-14	2014-15	2015-16	2016-17	2017-18
13	Industries	87	63	69	72	83
17	Local Government, Housing and Urban Development	75	52	14	55	61
19	Planning	53	22	82	30	84
24	Science, Technology and Environment	92	58	50	74	88

During 2017-18, Supplementary Grants totalling ₹ 1,647 crore 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 No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
1	Agriculture and Forests	Revenue (V)	10,577	80	6,923
5	Education	Revenue (V)	10,164	362	9,317
9	Food and Supplies	Revenue (V)	718	5	213
10	General Administration	Revenue (V)	291	10	287
11	Health and Family Welfare	Revenue (V)	3,437	91	2,828
12	Home Affairs and Justice	Revenue (C) Capital (V)	6,519 175	180 14	6,434 100
13	Industries	Revenue (V)	314	3	56
15	Irrigation and Power	Revenue (V)	3,891	94	2,500
21	Public Works	Capital (V)	1,831	324	1,437
22	Revenue and Rehabilitation	Revenue (V)	1,408	12	1,027
23	Rural Development and Panchayat	Revenue (V)	1,265	53	532

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 No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
8	Finance	Revenue (C)	14,911	264	15,334
21	Public Works	Revenue (V)	1,059	26	1,349

Chapter V

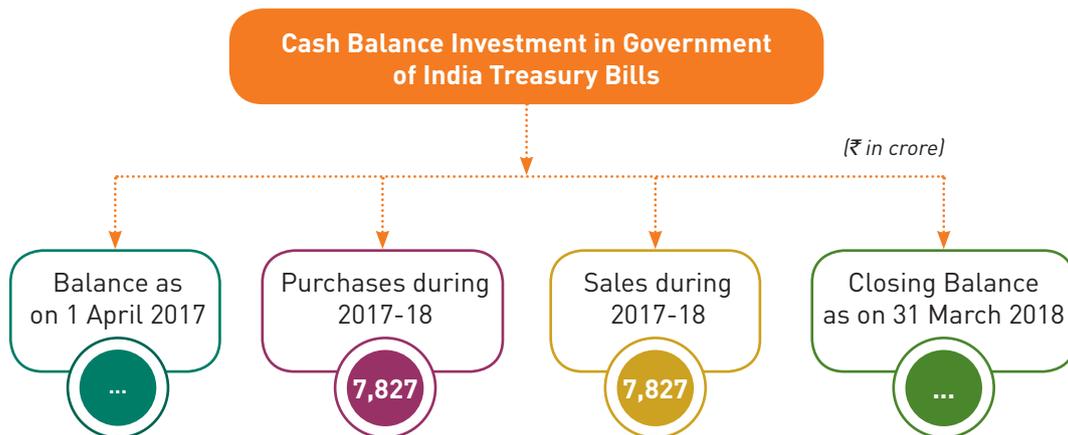
Assets and Liabilities

5.1 Assets

The existing form of accounts does not easily depict valuation of Government assets like Land, Building 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 investment stood at ₹ 4,189 crore at the end of 2017-18. Dividend on these investments amounting to ₹ 4.45 crore was received during the year which was more by ₹ 0.57 crore than the dividend received during 2016-17. ₹ 104 crore were invested during 2017-18.

Cash Balance with Reserve Bank of India stood at ₹ -368 crore on 1 April 2017 and ₹ -75 crore on 31 March 2018.



5.2 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 may be from time to time fixed by the State Legislature.

Outstanding Public Debt as on 31 March 2018 was ₹ 1,64,803 crore comprising Internal Debt of ₹ 1,60,785 crore and Loans and Advances from Central Government ₹ 4,018 crore. Other liabilities accounted under Public Account were ₹ 30,349 crore.

The State also acts as a banker and trustee in respect of deposits like small savings, provident funds and deposits etc. There was an overall increase of ₹ 1,597 crore in respects of such liabilities of State Government during 2017-18.

Interest payment on debt and other liabilities totalling ₹ 15,334 crore constituted 25 per cent of Revenue Expenditure of ₹ 62,465 crore. Interest payment on Public Debts was ₹ 13,293 crore (interest on Internal Debt ₹ 13,133 crore and interest on Loans and Advances from Central Government ₹ 160 crore). Expenditure on account of interest payment has increased by ₹ 3,692 crore during 2017-18 as compared to 2016-17.

Internal Debt of ₹ 45,539 crore raised during 2017-18 was mainly used for (i) discharge of debt obligations (₹ 34,634 crore) and (ii) payment of interest (₹ 13,133 crore).

Details of the Public Debt and Total Liabilities of the State Government are as under:

(₹ in crore)

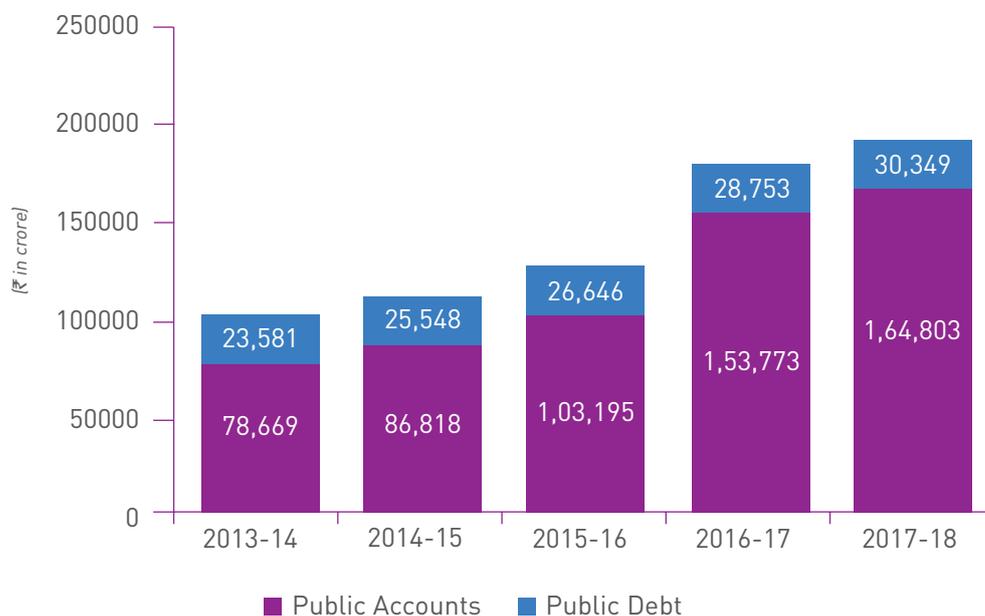
Year	GSDP*	Public Debt	Percentage to GSDP	Public Account	Percentage to GSDP	Total Liability**	Percentage to GSDP
2013-14	3,32,147	78,669	24	23,581	7	1,02,275	31
2014-15	3,55,102	86,818	24	25,548	7	1,12,391	32
2015-16	3,90,087	1,03,195	26	26,646	7	1,29,866	33
2016-17	4,27,297	1,53,773	36	28,753	7	1,82,551	43
2017-18	4,70,137	1,64,803	35	30,349	6	1,95,177	42

* Please refer Footnote below Para 1.5.1.

** includes ₹ 25 crore pertaining to Contingency Fund.

There is a net increase of ₹ 92,902 crore (91 per cent) in Net Liabilities during the last five years.

Trend in Government Liabilities



5.3 Guarantees

Maximum amount guaranteed by the State Government during the year 2017-18 was ₹ 14,214 crore for repayment of loans raised by Statutory Corporations/ Boards, Government Companies, Local Bodies, Co-operative Banks and Societies whereas Outstanding amount as on 31 March 2018 was ₹ 20,617 crore. Further, an amount of ₹ 277 crore was payable as Guarantee Fee in 2017-18. Against this, only three entities paid an amount of ₹ 28 crore as Guarantee Fee.

(₹ in crore)

	At the end of the year	Maximum Amount Guaranteed	Amount outstanding at the end of the year
2013-14		52,934	58,802
2014-15		45,347	66,893
2015-16		31,066	56,752
2016-17		15,534	20,608
2017-18		14,214	20,617

Chapter VI

Other Items

6.1 Advance Apportionment and Devolution of Un-apportioned Integrated Goods and Services Tax (IGST)

As per sanction orders issued by the Ministry of Finance, Government of India, an amount of ₹ 633 crore was received on account of Advance Apportionment of IGST and an amount of ₹ 1,072 crore was devolved to the Government of Punjab, on the basis of the recommendations of the Fourteenth Finance Commission.

6.2 Outstanding Detailed Contingent (DC) Bills

Drawing and Disbursing officers are authorized to draw sums of money by preparing Abstract Contingent (AC) bills by debiting Service Heads. They are required to present Detailed Contingent (DC) bills duly countersigned by the Controlling Officer in all these cases within six months under Rule 274 of Punjab Treasury Rules as amended vide instructions issued by State Government on 11 November and 19 December 2016. Prolonged non-submission of supporting DC bills renders the expenditure under AC Bills opaque.

Details of outstanding DC bills as on 31 March 2018 are given under:

Year	Outstanding Detailed Contingent Bills	
	Number	Amount (₹ in crore)
Up to 2015-16	132	218
2016-17	256	527
2017-18	26	17
Total	414	762

Out of 626 AC bills amounting to ₹ 1,542 crore drawn during 2017-18, 251 AC bills amounting to ₹ 748 crore (49 per cent) were drawn in March 2018.

6.3 Consolidated Sinking Fund

The Government of Punjab constituted a Consolidated Sinking Fund vide order dated 20 December 2006 with the objective to redeem its outstanding liabilities commencing from the financial year 2011-12. The State Government is to contribute every year minimum 0.50 *per cent* of the outstanding liabilities at the end of the previous financial year. Contribution to this Fund out of borrowings from the Reserve Bank is not permissible. As on 31 March 2017, the outstanding liabilities of the Government of Punjab were ₹ 1,82,526 crore. Accordingly, the State Government was required to contribute a minimum of ₹ 913 crore (0.50 *per cent*) during 2017-18. However, the State Government has not made the minimum contribution of ₹ 5,325 crore to the said Fund since its inception.

6.4 Guarantee Redemption Fund (GRF)

In terms of recommendation of the Twelfth Finance Commission, the State Government introduced the 'Guarantee Redemption Fund Scheme' in December 2007 (revised on 8 January 2014 with effect from the financial year 2013-14 and further revised on 23 October 2017 with effect from the financial year 2017-18) with the objective to meet its obligations arising out of the Guarantees extended to State level entities. As per the guidelines, the Fund shall be set up by the Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of the previous year and thereafter minimum 0.50 *per cent* every year to achieve a minimum level of 3.00 *per cent* in next five years. State Government has not contributed even the minimum amount of ₹ 1,732 crore to the Fund since 2013-14.

6.5 Cash with Divisional Officers

State Government letter No.15/147/80 FEIV (2) 6310 dated 11 July 1988 details the accounting procedure for Deposit Works. As per prescribed procedure, Minor Head 108-Public Works Deposits under Major Head 8443-Civil Deposits will record receipt of funds on account of Deposit Works with contra debit to Minor Head 102- Public Works Remittances under Major Head 8782-Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer, on depositing the funds in the treasury and vice-versa for withdrawal of funds for payments.

However, Divisional Officers account for the receipts of funds for Deposit Works under Minor Head 108-Public Works Deposits below Major Head 8443-Civil Deposits by contra debit to Minor Head 101-Civil under Major Head 8671-Departmental Balances and vice versa for making payments and such receipts are deposited in banks instead of treasury.

State Government revised the above procedure vide letter No. TA(DDI-Meeting) 2015/1761 dated 2 March 2015, wherein it was stated that in respect of Deposit Works related to non-Government agencies, the PWD - DDOs will deposit the funds in the accounts to be opened at the Treasury under head '8443 - Civil Deposits 108 - PW Deposit'. The PWD - DDOs can draw funds from their deposit accounts in treasury by presenting bills to the Treasury for related Deposit Works under the same head of account i.e. 8443 - Civil Deposits 108 - PW Deposit.

The violation of the prescribed procedure by Divisional Officers has resulted in accumulation of an amount of ₹ 562 crore under Major Head 8671 - Departmental Balances as on 31 March 2018. Inclusion of balance amount of ₹ 762 crore (Debit) as on 1 April 2017 and net transactions amounting to ₹ 200 crore (Credit) under Major Head 8671 during 2017-18 in the net daily Cash Balance would have reduced the interest paid by the State Government on Ways and Means Advances/Overdrafts.

6.6 Loans and Advances given by the State Government

Total Loans and Advances made by the State Government at the end of 2017-18 was ₹ 50,169 crore. During the year 2017-18, the State Government disbursed ₹ 760 crore as Loans and Advances. State Government received ₹ 40 crore towards repayment of Loans and Advances by Government Servants and ₹ 33 crore as repayment of other outstanding loans and advances (₹ 49,470 crore as on 31 March 2017) which is 0.15 *per cent* of total outstanding loans and advances i.e. ₹ 49,482 crore. Effective steps to recover the outstanding loans and advances would help the Government improve its fiscal position.

6.7 Investments

Government has its holdings in 9 Statutory Corporations/ Boards, 24 Government Companies, 15 Joint Stock Companies and 7653 Co-operative Banks and Societies. During 2017-18, Government of Punjab has made an additional investment of ₹ 104 crore in 2 entities. Dividend of ₹ 4.45 crore (0.11 *per cent* of invested amount of ₹ 4,189 crore) was received during the year 2017-18. ₹ 3.74 crore (84.04 *per cent*) of the total dividend was received from Punjab Small Industries and Export Corporation Limited, Chandigarh (₹ 2.49 crore) and Punjab State Container and Warehousing Corporation Limited, Chandigarh (₹ 1.25 crore). Details are given in Statement No. 8 and 19. However, investment figures require confirmation from the State Government as no reconciliation has been done.

6.8 Submission of Accounts by Accounts rendering units

The accounts of receipts and expenditure of the Government of Punjab have been compiled based on the initial accounts rendered by the 21 District Treasuries, 146 Public Works Divisions (91 Buildings and Roads, 55 Water Supply and Sanitation), 73 Irrigation Divisions, 39 Forest Divisions and Advices of the Reserve Bank of India. While there were delays ranging from 01 day to 12 days in the rendition of monthly accounts by some treasuries and divisions during the year, no account has been excluded at the end of the Financial Year.

6.9 Reconciliation of Accounts

The Head of the Department and the Accountant General (A&E) are jointly responsible for reconciling differences and correcting misclassifications. Such reconciliation has been completed by all the all Chief Controlling Officers (CCOs) responsible for Expenditure and Receipt Heads.

6.10 New Pension Scheme

State Government employees recruited on or after 1 January 2004 are eligible for the New Pension Scheme.

New Restructured Defined Contribution Pension Scheme is governed by Government of Punjab letter dated 12 December 2006 as amended by letter dated 25 May 2011. In terms of the Scheme, the employee contributes 10 *per cent* of his monthly salary and dearness allowance which is matched by the State Government as employer share and the entire amount is transferred to designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank. As per provisions of the scheme, during 2017-18, employees' contribution of ₹ 533 crore was transferred to Major Head 8342-117 in Public Account as per prescribed procedure. Government's contribution of ₹ 521 crore towards New Pension Scheme was transferred directly to the NSDL/Trustee Bank, debiting Major Head 2071-117 Defined Contributory Pension Scheme. During the year, an amount of ₹ 15 crore was credited to Major Head 8342-117 towards interest payment at the rate of 8.00 *per cent* as stipulated in the Government Memo dated 12 July 2010 on delayed transfer of NPS balances of legacy period till 31 March 2011. However, State Government is liable to pay interest for the period from 2011-12 to 2017-18 for the fund balance which could not be transferred to NSDL/Trustee Bank within the stipulated period at the corresponding interest rates applicable to the General Provident Fund subscribers.

During the year, against the balance of ₹ 739 crore (OB: ₹ 191 crore + employees' contribution during the year of ₹ 533 crore + interest payment of ₹ 15 crore) lying under Major Head 8342-117 in the Public Account, the State Government transferred only ₹ 538 crore to NSDL/Trustee Bank from fund, leaving a balance of ₹ 201 crore as on 31 March 2018, which could not be transferred to the fund managers for want of complete particulars of the employees.

Uncollected and untransferred amounts with accrued interest represent outstanding liabilities of the State Government under the Scheme.

6.11 Status of Suspense Balances

Details of outstanding balances under Major Head 8658-Suspense Account is as under:

(₹ in crore)

Head of Account		2015-16		2016-17		2017-18	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
1		2	3	4	5	6	7
8658	Suspense Account -						
101	Pay and Accounts Office-Suspense	29.98	1.21	43.74	11.76	70.63	4.44
Net Debit (Dr.) / Credit (Cr.)		28.77 Dr.		31.98 Dr.		66.19 Dr.	
102	Suspense Account-(Civil)	0.22	..	0.34	0.04	0.19	..
Net Debit (Dr.) / Credit (Cr.)		0.22 Dr.		0.30 Dr.		0.19 Dr.	
109	Reserve Bank Suspense-(Headquarters)	0.08	..	..	0.60	0.04	..
Net Debit (Dr.) / Credit (Cr.)		0.08 Dr.		0.60 Cr.		0.04 Dr.	
110	Reserve Bank Suspense- (Central Accounts Office)	37.34	..	12.72	..	..	..
Net Debit (Dr.) / Credit (Cr.)		37.34 Dr.		12.72 Dr.		..	
112	Tax Deducted at Source (TDS) Suspense	..	25.56	..	20.53	..	15.42
Net Debit (Dr.) / Credit (Cr.)		25.56 Cr.		20.53 Cr.		15.42 Cr.	
123	ALS Officers' Group Insurance Scheme	..	0.17	..	0.13	..	0.14
Net Debit (Dr.) / Credit (Cr.)		0.17 Cr.		0.13 Cr.		0.14 Cr.	

© **COMPTROLLER AND AUDITOR GENERAL OF INDIA**
2018
www.cag.gov.in

www.agpunjab.gov.in