



सत्यमेव जयते

Accounts at a Glance 2012-13



Government of Punjab



ACCOUNTS AT A GLANCE

2012-13

Government of 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.

MISSION: 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.

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

PREFACE

I am happy to present the Fifteenth 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 2012-13 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.



Namita Sekhon
Principal Accountant General (A&E)
Punjab

Date: 11 December 2013
Chandigarh

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OVERVIEW

1.1 Introduction

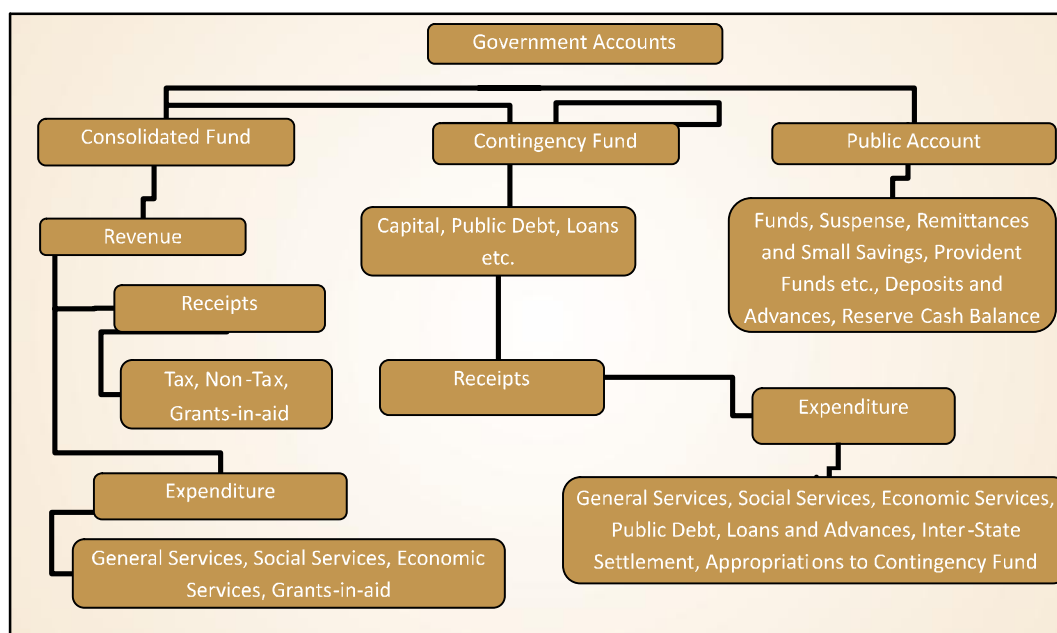
The office of the Principal Accountant General (A&E), Punjab compiles the monthly accounts of the State Government from the accounts submitted by the District Treasuries, Public Works Divisions, Forest Divisions and other accounting circles etc. Besides, Finance Accounts and Appropriation Accounts are prepared annually by the Principal Accountant General 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.

1.2 Structure of Government 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 receivable 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 Pictorial Representation of Structure of Government Accounts



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 of the Finance Accounts contains the Certificate of the Comptroller and Auditor General of India, Summary 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).

The Receipts and disbursements of the Government of Punjab as depicted in the Finance Accounts 2012-13 are given below:

(₹ In crore)

| | | | |
|----------------------------------|----------------------------|-----------------------------------|---------------|
| Receipts (41,571) | Revenue (32,051) | Tax Revenue | 26,646 |
| | | Non-Tax Revenue | 2,629 |
| | | Grants-in-aid | 2,776 |
| | Capital (9,520) | Recovery of Loans and Advances | 174 |
| | | Borrowings and other Liabilities* | 9,346 |
| Disbursements (41,571) | Revenue | | 39,458 |
| | Capital | | 1,916 |
| | Loans and Advances | | 197 |

* 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/Non- Government Organisations for implementation of various schemes and programmes. This year, the Government of India directly released ₹ 1,002 crore as compared to last year's release of ₹ 917 crore. Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government.

1.3.2 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 2012-13 expended in the year ended 31 March 2013 comprise accounts of 17 charged Appropriations and 29 voted Grants.

Appropriation Act, 2012-13 had projected gross expenditure of ₹ 67,457 crore, which includes the Supplementary Grants totalling ₹ 9,808 crore, voted by State Legislature during the year. No amount was projected as recoveries to be treated as reduction of expenditure.

Appropriation Accounts 2012-13 show disbursements aggregating ₹ 57,146 crore against the aggregate budget provision of ₹ 67,457 crore, resulting in savings of ₹ 10,311 crore (15 per cent) against 29 voted Grants and 17 charged Appropriations. However, savings of ₹ 5,589 crore (54 per cent) were under the Grants controlled by Departments of Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes (₹ 1,493 crore), Irrigation and Power (₹ 1,391 crore), Local Government, Housing and Urban Development (₹ 1,354 crore) and Education (₹ 1,351 crore).

Against the Nil projection of recoveries in reduction of expenditure in budget estimates, there were actual recoveries of ₹ 459 crore during 2012-13.

The Appropriation Accounts show that in the year 2012-13, there was actual expenditure of ₹ 57,146 crore, comprising ₹ 39,792 crore Revenue Expenditure, ₹ 2,041 crore Capital Expenditure, ₹ 15,116 crore Repayment of Debt, ₹ 197 crore Loans and Advances by the State Government. There were savings/excesses under Revenue, Capital, Public Debt and Loans and Advances with reference to total grants allocated by the State Legislature.

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 ₹ 107 crore was outstanding as on 31 March 2012 against Ways and Means Advances. During 2012-13, the Government of Punjab obtained ₹ 6,205 crore as Ways and Means Advances on sixty occasions. ₹ 6,154 crore were repaid during the year leaving a balance of ₹ 158 crore. ₹ 12.81 crore were paid as interest on these advances.

Moreover, Government has availed shortfall of ₹ 20 crore on thirteen occasions and overdraft of ₹ 5,268 crore on seventy four occasions. ₹ 5,288 crore were repaid during the year leaving a nil balance. However, this has to be viewed against the fact that there was saving of ₹ 10,311 crore in 29 grants out of total 30 grants which represents 15 per cent shortfall in expenditure against estimates.

1.4.2 Fund flow statement

The State had a Revenue Deficit of ₹ 7,407 crore and a Fiscal Deficit of ₹ 9,346 crore representing 2.52 per cent and 3.18 per cent of the Gross State Domestic Product (GSDP)¹ respectively. The Fiscal Deficit constituted 22.48 per cent of total expenditure. This deficit was met from Public Debt (₹ 7,051 crore), increase in Public Account (₹ 2,144 crore) and net of opening and closing cash balance (₹ 151 crore). Around 85 per cent of the revenue receipts (₹ 32,051 crore) of the State Government was spent on committed expenditure like salaries (₹13,902 crore), interest payments (₹ 6,831 crore) and pensions (₹ 5,966 crore).

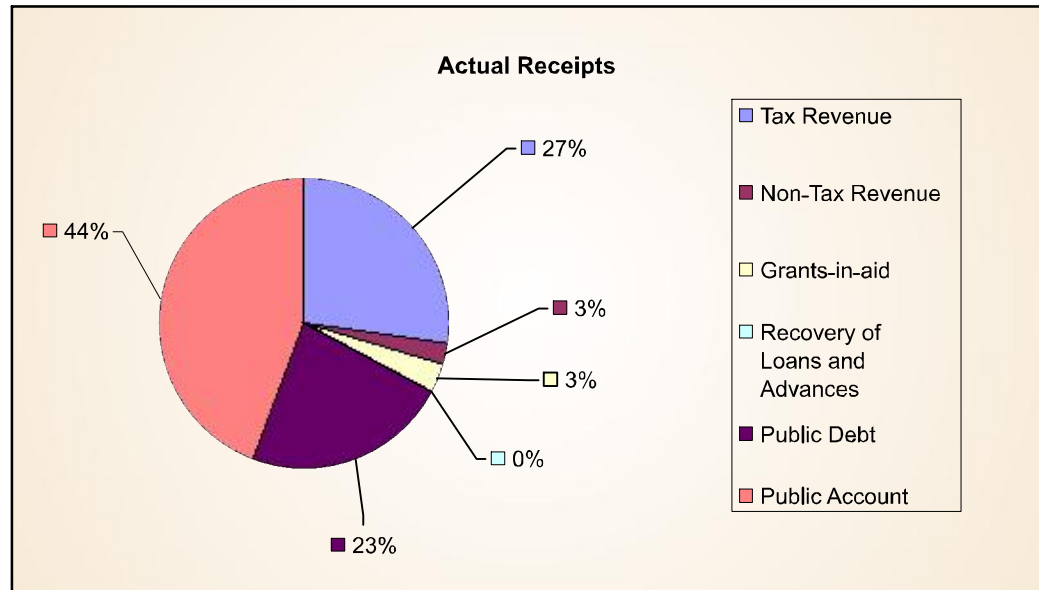
¹Advance figure of GSDP: ₹ 2, 93,815 crore.

Source and Application of Funds

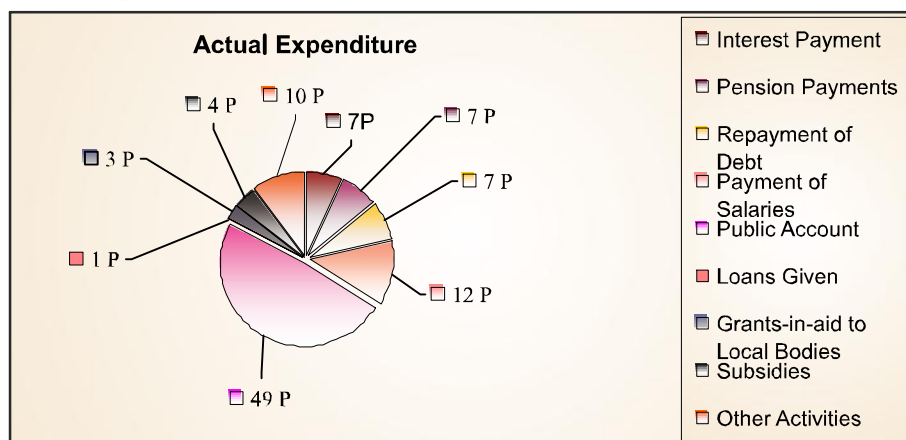
(₹ In crore)

| | PARTICULARS | AMOUNT |
|--------------------|--------------------------------------|---------------|
| | Opening Cash Balance as on 1.4.2012 | -730 |
| | Revenue Receipts | 32,051 |
| | Recovery of Loans and Advances | 174 |
| | Public Debt | 22,167 |
| | Small Savings, Provident Funds etc. | 3,206 |
| | Reserve Funds | 646 |
| SOURCE | Received Deposits | 3,790 |
| | Civil Advance Repaid | 93 |
| | Suspense Account | 34,468 |
| | Remittances | 1,505 |
| | Contingency Fund | .. |
| | Total | 97,370 |
| | Revenue Expenditure | 39,458 |
| | Capital Expenditure | 1,916 |
| | Loans Given | 197 |
| | Repayment of Public Debt | 15,116 |
| | Small Savings, Provident Funds etc. | 1,641 |
| | Reserve Funds | 13 |
| APPLICATION | Deposits Spent | 3,855 |
| | Civil Advance Given | 93 |
| | Suspense Account | 34,451 |
| | Remittances | 1,511 |
| | Closing Cash Balance as on 31.3.2013 | -881 |
| | Total | 97,370 |

1.4.3 Where the Rupee came from



1.4.4 Where the Rupee went



1.5 Highlights of Accounts

(₹ In crore)

| Sr. No. | Components | B.E. 2012-13 | Actual | Percentage of Actual to B.E. | Percentage of Actual to GSDP(e) |
|---------|--|---------------|---------------|------------------------------|---------------------------------|
| 1 | Tax Revenue (a) | 28,044 | 26,646 | 95 | 9 |
| 2 | Non-Tax Revenue | 5,275 | 2,629 | 50 | 1 |
| 3 | Grants-in-aid and Contributions | 4,724 | 2,776 | 59 | 1 |
| 4 | Revenue Receipts (1+2+3) | 38,043 | 32,051 | 84 | 11 |
| 5 | Recovery of Loans and Advances | 75 | 174 | 232 | .. |
| 6 | Other Receipts | .. | .. | .. | .. |
| 7 | Borrowings and other Liabilities (b) | 8,924 | 9,346 | 105 | 3 |
| 8 | Capital Receipts (5+6+7) | 8,999 | 9,520 | 106 | 3 |
| 9 | Total Receipts (4+8) | 47,042 | 41,571 | 88 | 14 |
| 10 | Non-Plan Expenditure (c) | 36,844 | 36,741 | 100 | 13 |
| 11 | NPE on Revenue Account | 36,512 | 36,395 | 100 | 12 |
| 12 | NPE on Interest Payments out of 11 | 6,662 | 6,831 | 103 | 2 |
| 13 | NPE on Capital Account | 332 | 346 | 104 | .. |
| 14 | Plan Expenditure (c) | 10,198 | 4,830 | 47 | 2 |
| 15 | PE on Revenue Account | 4,655 | 3,063 | 66 | 1 |
| 16 | PE on Capital Account | 5,543 | 1,767 | 32 | 1 |
| 17 | Total Expenditure (10+14) | 47,042 | 41,571 | 88 | 14 |
| 18 | Revenue Expenditure (11+15) | 41,167 | 39,458 | 96 | 13 |
| 19 | Capital Expenditure (13+16) (d) | 5,875 | 2,113 | 36 | 1 |
| 20 | Revenue Deficit (4-18) | -3,124 | -7,407 | 237 | 3 |
| 21 | Fiscal Deficit (4+5+6-17) | -8,924 | -9,346 | 105 | 3 |

- (a) Includes State's share of Union Taxes of ₹ 4,059 crore.
 (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) Includes ₹ 167 crore under Non-Plan and ₹ 30 crore under Plan which pertains to Loans and Advances.
 (d) Expenditure on Capital Account includes Capital Expenditure (₹ 1,916 crore) and Loans and Advances disbursed (₹ 197 crore).
 (e) Advance figure of GSDP ₹ 2,93,815 crore).

1.6 Deficit and Surplus

| | |
|---------------------------------|--|
| Deficit | Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management. |
| Revenue Deficit /Surplus | Refers to the gap between Revenue 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. Ideally, the borrowings should be invested in capital projects. |

1.6.1 Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The Thirteenth Finance Commission has recommended that the State achieve revenue balance by 2014-15 and reduce Gross Fiscal Deficit to 3 per cent of GSDP by 2014-15. It has recommended a Fiscal Consolidated Roadmap for Punjab. Accordingly, Revenue and Fiscal Deficit paths are as under:

(₹ In crore)

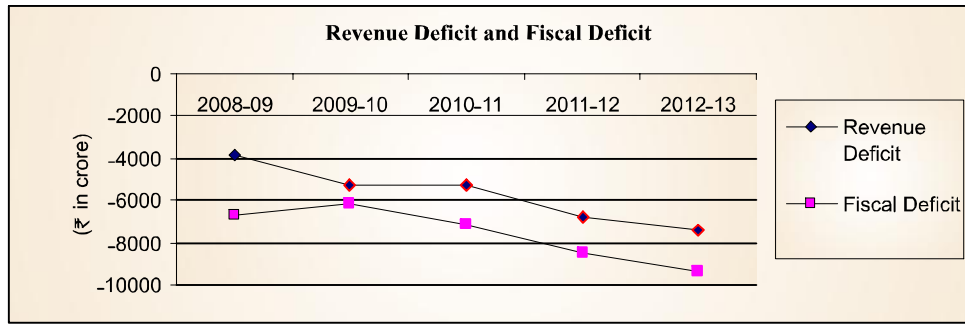
| Year | Percentage of Revenue Deficit to GSDP | Percentage of Fiscal Deficit to GSDP |
|---------|---------------------------------------|--------------------------------------|
| 2010-11 | * | 3.50 |
| 2011-12 | 1.80 | 3.50 |
| 2012-13 | 1.20 | 3.50 |
| 2013-14 | 0.60 | 3.00 |
| 2014-15 | 0.00 | 3.00 |

* Not prescribed by Thirteenth Finance Commission.

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

(₹ In crore)

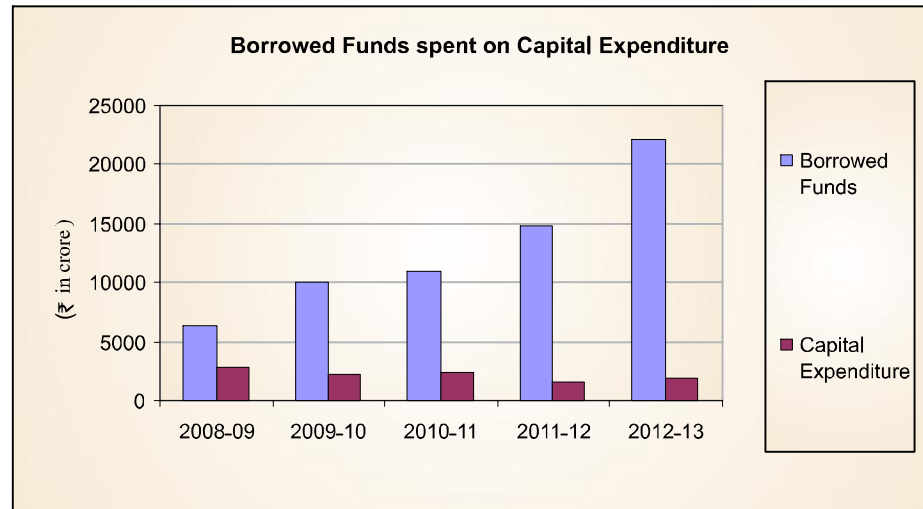
| Year | GSDP | Revenue Deficit | Percentage to GSDP | Fiscal Deficit | Percentage to GSDP |
|---------|----------|-----------------|--------------------|----------------|--------------------|
| 2008-09 | 1,74,039 | -3,856 | -2.22 | -6,690 | -3.84 |
| 2009-10 | 1,97,500 | -5,251 | -2.66 | -6,170 | -3.12 |
| 2010-11 | 2,26,204 | -5,289 | -2.34 | -7,143 | -3.16 |
| 2011-12 | 2,58,006 | -6,811 | -2.64 | -8,491 | -3.29 |
| 2012-13 | 2,93,815 | -7,407 | -2.52 | -9,346 | -3.18 |



1.6.3 Proportion of borrowed funds spent on Capital Expenditure

(₹ In crore)

| Year | Borrowed Funds | Capital Expenditure |
|---------|----------------|---------------------|
| 2008-09 | 6,432 | 2,858 |
| 2009-10 | 10,108 | 2,166 |
| 2010-11 | 10,934 | 2,384 |
| 2011-12 | 14,871 | 1,598 |
| 2012-13 | 22,167 | 1,916 |



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 9 per cent of the borrowings of the current year (₹ 22,167 crore) on capital expenditure (₹ 1,916 crore). It appears that 91 per cent of the public debt (₹ 20,251 crore) was utilised on the following: (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.

RECEIPTS

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2012-13 were ₹ 41,571 crore.

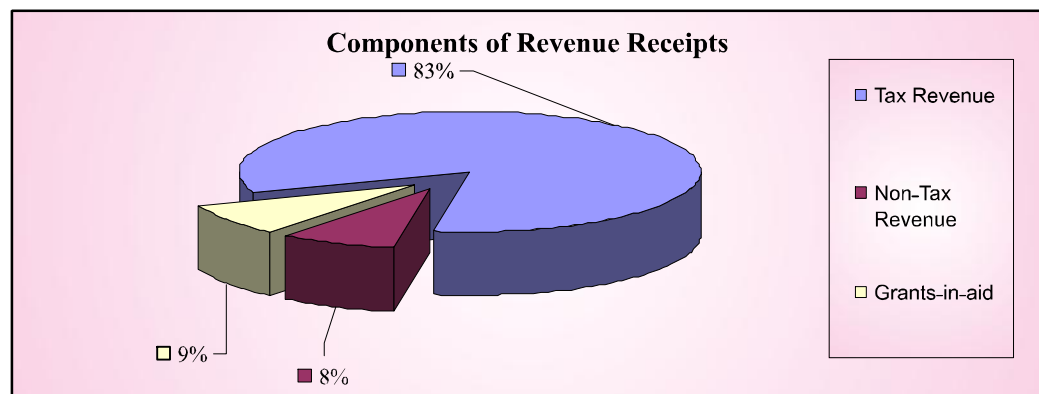
2.2 Revenue Receipts

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

Components of Revenue Receipts (2012-13)

(₹ In crore)

| | Components | Actual |
|-----------|--|---------------|
| A. | Tax Revenue | 26,646 |
| | Taxes on Income and Expenditure | 2,331 |
| | Taxes on Property and Capital Transactions | 2,960 |
| | Taxes on Commodities and Services | 21,355 |
| B. | Non-Tax Revenue | 2,629 |
| | Interest Receipts, Dividends and Profits | 171 |
| | General Services | 1,649 |
| | Social Services | 312 |
| | Economic Services | 497 |
| C. | Grants-in-aid and Contributions | 2,776 |
| | | |
| | Total | 32,051 |



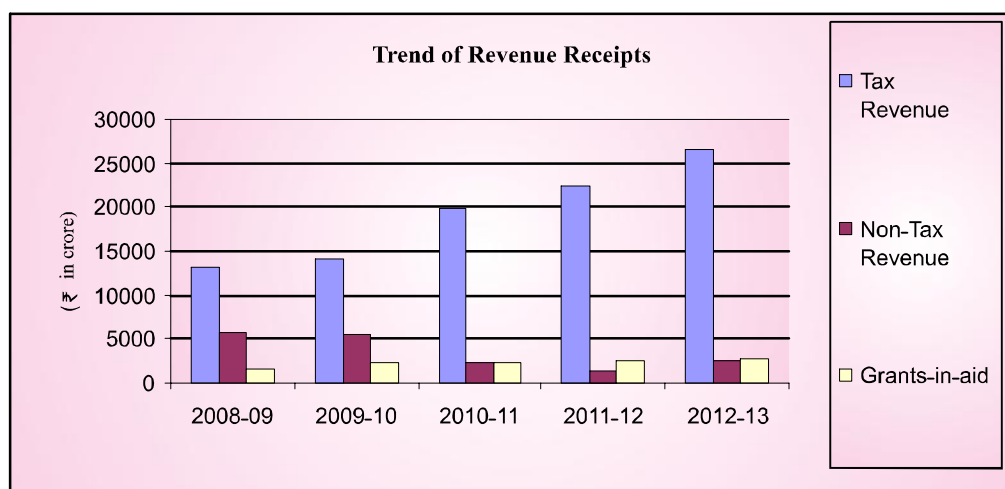
2.3 Trend of Revenue Receipts

(₹ In crore)

| Components | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| Tax Revenue | 13,234 (8) | 14,184 (7) | 19,879 (9) | 22,395 (9) | 26,646 (9) |
| Non-Tax Revenue | 5,784 (3) | 5,653 (3) | 5,330 (2) | 1,398 (1) | 2,629 (1) |
| Grants-in-aid | 1,695 (1) | 2,320 (1) | 2,399 (1) | 2,441 (1) | 2,776 (1) |
| Total | 20,713 (12) | 22,157 (11) | 27,608 (12) | 26,234 (10) | 32,051 (11) |
| GSDP | 1,74,039 | 1,97,500 | 2,26,204 | 2,58,006 | 2,93,815 |

Note: Figure in bracket represents percentage to GSDP.

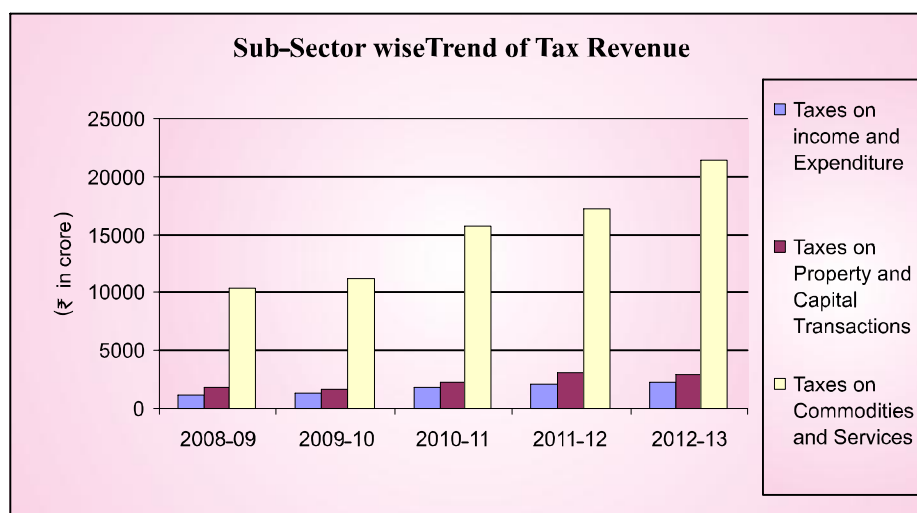
The ratio of Revenue Receipts to GSDP decreased from 12 per cent (2008-09) to 11 per cent (2012-13) whereas Revenue Receipts increased by 55 per cent during the same span.



Sub-Sector-wise Tax Revenue

(₹ In crore)

| Sub-Sector | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Taxes on Income and Expenditure | 1,113 | 1,374 | 1,823 | 2,110 | 2,331 |
| Taxes on Property and Capital Transactions | 1,746 | 1,569 | 2,340 | 3,109 | 2,960 |
| Taxes on Commodities and Services | 10,375 | 11,241 | 15,716 | 17,176 | 21,355 |
| Total Tax Revenue | 13,234 | 14,184 | 19,879 | 22,395 | 26,646 |



2.4 Performance of State's own Tax Revenue collection

(₹ In crore)

| Year | GSDP | Tax Revenue | State share of Union Taxes | State's Own Tax Revenue | |
|---------|----------|-------------|----------------------------|-------------------------|--------------------|
| | | | | Amount | Percentage to GSDP |
| 2008-09 | 1,74,039 | 13,234 | 2,084 | 11,150 | 6 |
| 2009-10 | 1,97,500 | 14,184 | 2,144 | 12,040 | 6 |
| 2010-11 | 2,26,204 | 19,879 | 3,051 | 16,828 | 7 |
| 2011-12 | 2,58,006 | 22,395 | 3,554 | 18,841 | 7 |
| 2012-13 | 2,93,815 | 26,646 | 4,059 | 22,587 | 8 |

2.5 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ In crore)

| Components | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Revenue Collection | 1,746 | 1,568 | 2,340 | 3,109 | 2,960 |
| Expenditure on Collection | 122 | 137 | 167 | 210 | 215 |
| Efficiency in per cent of Tax Collection | 7 | 9 | 7 | 7 | 7 |

B. Taxes on Commodities and Services

(₹ In crore)

| Components | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|
| Revenue collection | 10,375 | 11,241 | 15,716 | 17,176 | 21,355 |
| Expenditure on collection | 74 | 89 | 142 | 149 | 178 |
| Efficiency in per cent of Tax Collection | 1 | 1 | 1 | 1 | 1 |

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

(₹ In crore)

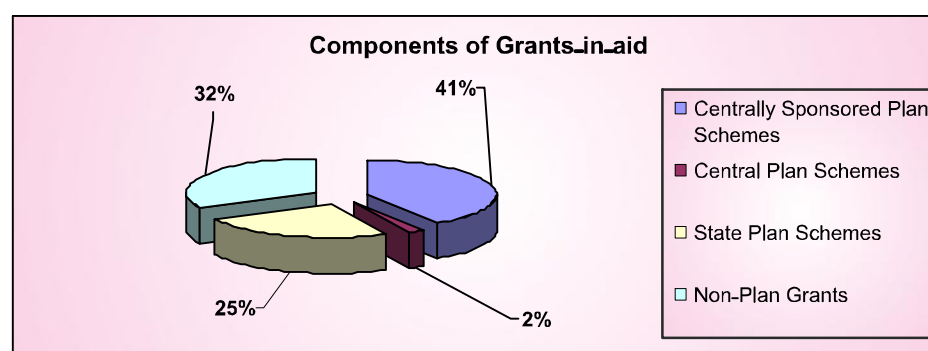
| Components | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------------|---------------|---------------|---------------|---------------|
| Corporation Tax | 684 | 882 | 1,193 | 1,399 | 1,458 |
| Taxes on Income other than Corporation Tax | 429 | 492 | 630 | 711 | 873 |
| Taxes on Wealth | 1 | 2 | 2 | 5 | 2 |
| Customs | 398 | 300 | 534 | 616 | 675 |
| Union Excise Duties | 347 | 242 | 388 | 399 | 458 |
| Service Tax | 225 | 226 | 304 | 424 | 593 |
| Total States Share of Union Taxes | 2,084 | 2,144 | 3,051 | 3,554 | 4,059 |
| Total Tax Revenue | 13,234 | 14,184 | 19,879 | 22,395 | 26,646 |
| Percentage of Union Taxes to Total Tax Revenue | 16 | 15 | 15 | 16 | 15 |

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 Plan 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 ₹ 2,776 crore as shown below:

(₹ In crore)

| Components | Amount |
|----------------------------------|--------------|
| Centrally Sponsored Plan Schemes | 1,136 |
| Central Plan Schemes | 61 |
| State Plan Schemes | 684 |
| Non-Plan Grants | 895 |
| Total- Grants-in-aid | 2,776 |



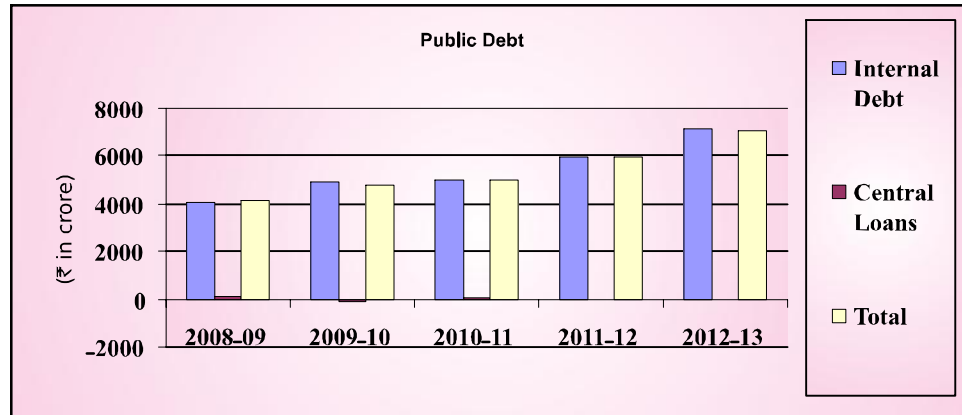
Grants-in-aid represent assistance from the Government of India, and comprise, It has been noticed that the share of Grants-in-aid under Central Plan and Centrally Sponsored Plan Schemes increased by 917 and 31 per cent respectively from 2011-12 whereas the share of Grants-in-aid under Plan Schemes decreased marginally during this period.

2.8 Public Debt

(₹ In crore)

| Year | Internal Debt | Central Loans | Total |
|---------|---------------|---------------|-------|
| 2008-09 | 4,039 | 105 | 4,144 |
| 2009-10 | 4,902 | -103 | 4,799 |
| 2010-11 | 4,974 | 8 | 4,982 |
| 2011-12 | 5,962 | -38 | 5,924 |
| 2012-13 | 7,099 | -49 | 7,050 |

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



During 2012-13, 13 loans totalling ₹ 9,700 crore at interest rates varying from 8.51 per cent to 9.17 per cent redeemable in the year 2022 and 2023 were raised.

Against the total internal debt of ₹ 21,945 crore of the State Government in 2012-13 and the central loan of ₹ 222 crore received during this period, capital expenditure was only ₹ 1,916 crore (9 per cent), indicating that the rest of the public debt was used for non-development purposes.

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 and 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 ₹ 39,458 crore for 2012-13 fell short of budget estimates by ₹ 1,709 crore due to less disbursement of ₹1,592 crore under Plan Expenditure and ₹ 117 crore under Non-Plan Expenditure.

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

| Components | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---------------------------|---------|---------|---------|---------|---------|
| Budget Estimates | 25,261 | 30,306 | 33,406 | 35,406 | 41,167 |
| Actual Expenditure | 24,569 | 27,408 | 32,897 | 33,045 | 39,458 |
| Gap | 692 | 2,898 | 509 | 2,361 | 1,709 |
| Percentage of Gap over BE | 3 | 10 | 2 | 7 | 4 |

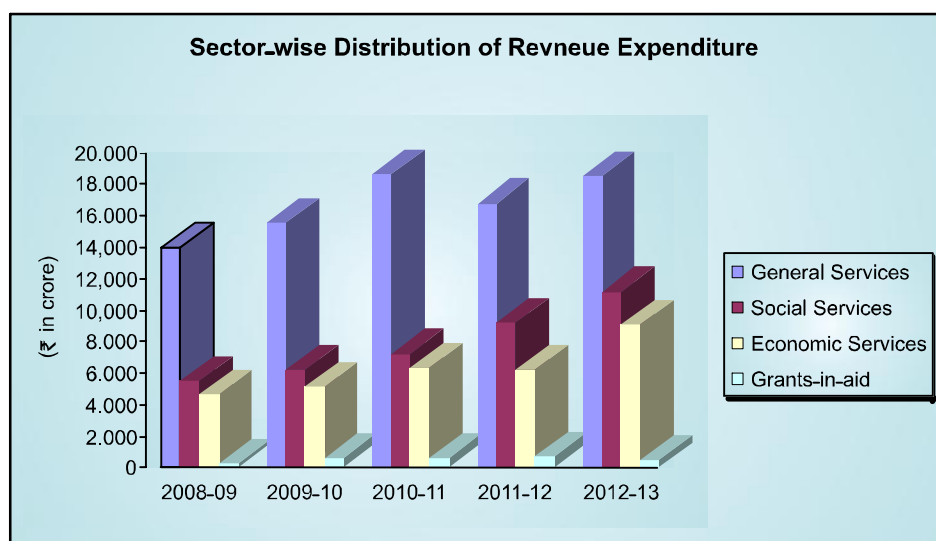
3.2.1 Sector wise Distribution of Revenue Expenditure (2012-13)

| Sr. No. | Component | Amount | Percentage |
|---------|---|---------------|------------|
| A. | General Services | 18,572 | 47 |
| A.1 | Organs of State | 491 | 1 |
| A.2 | Fiscal Services | 7,232 | 19 |
| A.3 | Administrative Services | 4,797 | 12 |
| A.4 | Pensions and Miscellaneous General Services | 6,052 | 15 |
| B. | Social Services | 11,190 | 29 |
| C. | Economic Services | 9,152 | 23 |
| D. | Grants-in-aid and Contributions | 544 | 1 |
| | Total | 39,458 | 100 |

3.2.2 Trends of Major components of Revenue Expenditure

(₹ In crore)

| Year | General Services | Social Services | Economic Services | Grants-in-aid |
|---------|------------------|-----------------|-------------------|---------------|
| 2008-09 | 14,032 | 5,483 | 4,744 | 310 |
| 2009-10 | 15,525 | 6,217 | 5,219 | 447 |
| 2010-11 | 18,598 | 7,261 | 6,399 | 639 |
| 2011-12 | 16,788 | 9,246 | 6,264 | 747 |
| 2012-13 | 18,572 | 11,190 | 9,152 | 544 |



3.3 Capital Expenditure

Capital disbursements for 2012-13 at 1 per cent of GSDP were less than Budget Estimates by ₹ 3,762 crore (less disbursement of ₹ 3,776 crore under Plan Expenditure and excess disbursement of ₹ 14 crore under Non-Plan expenditure).

3.3.1 Sectoral distribution of Capital Expenditure

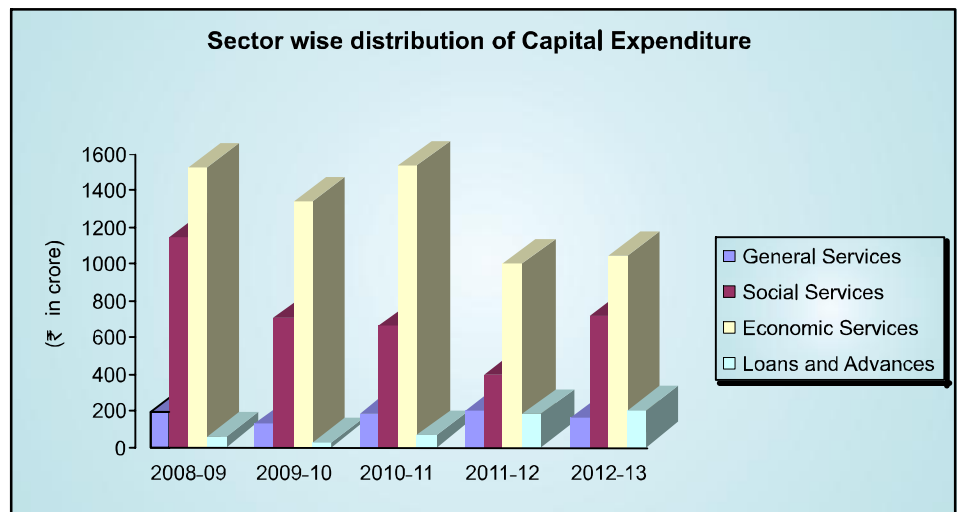
(₹ In crore)

| Sr. No | Sector | Amount | Percentage |
|--------|--|--------------|------------|
| A. | General Services - Police, Public Works, etc. | 162 | 8 |
| B. | Social Services-Education, Health and Family Welfare, Water Supply, Welfare of SC/ST etc. | 716 | 34 |
| C. | Economic Services-Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc. | 1,038 | 49 |
| F. | Loans and Advances Disbursed | 197 | 9 |
| | Total | 2,113 | 100 |

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

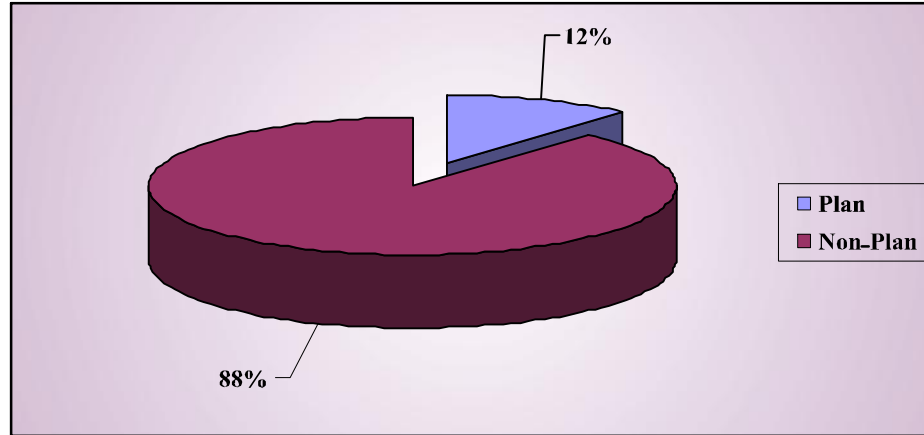
(₹ In crore)

| Year | General Services | Social Services | Economic Services | Loans and Advances | Total |
|---------|------------------|-----------------|-------------------|--------------------|-------|
| 2008-09 | 187 | 1,145 | 1,526 | 55 | 2,913 |
| 2009-10 | 126 | 699 | 1,341 | 29 | 2,195 |
| 2010-11 | 185 | 663 | 1,536 | 68 | 2,452 |
| 2011-12 | 196 | 398 | 1,004 | 177 | 1,775 |
| 2012-13 | 162 | 716 | 1,038 | 197 | 2,113 |



PLAN AND NON-PLAN EXPENDITURE

4.1 Distribution of Plan and Non-Plan Expenditure



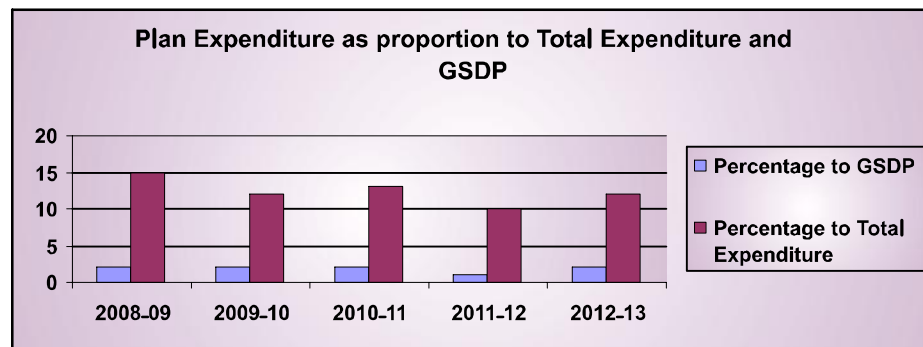
4.2 Plan Expenditure

During 2012-13, Plan Expenditure, representing 12 per cent of total disbursements, was ₹ 4,830 crore (₹ 4,107 crore under State Plan, ₹ 693 crore under Centrally Sponsored Plan Schemes and ₹ 30 crore under Loans and Advances).

Plan Expenditure as proportion to GSDP and Total Expenditure

(₹ In crore)

| Year | Plan Expenditure | GSDP | Percentage to GSDP | Total Expenditure | Percentage to Total Expenditure |
|---------|------------------|----------|--------------------|-------------------|---------------------------------|
| 2008-09 | 4,031 | 1,74,039 | 2 | 27,482 | 15 |
| 2009-10 | 3,404 | 1,97,500 | 2 | 29,603 | 11 |
| 2010-11 | 4,498 | 2,26,204 | 2 | 35,349 | 13 |
| 2011-12 | 3,366 | 2,58,006 | 1 | 34,821 | 10 |
| 2012-13 | 4,830 | 2,93,815 | 2 | 41,571 | 12 |



4.2.1 Plan Expenditure under Capital Account

(₹ In crore)

| Year | Plan - Capital Expenditure | Total –Capital Expenditure | Percentage of Plan-Capital Expenditure to Total Capital Expenditure |
|---------|----------------------------|----------------------------|---|
| 2008-09 | 2,602 | 2,858 | 91 |
| 2009-10 | 1,980 | 2,166 | 91 |
| 2010-11 | 2,166 | 2,384 | 91 |
| 2011-12 | 1,361 | 1,775 | 77 |
| 2012-13 | 1,767 | 2,113 | 84 |

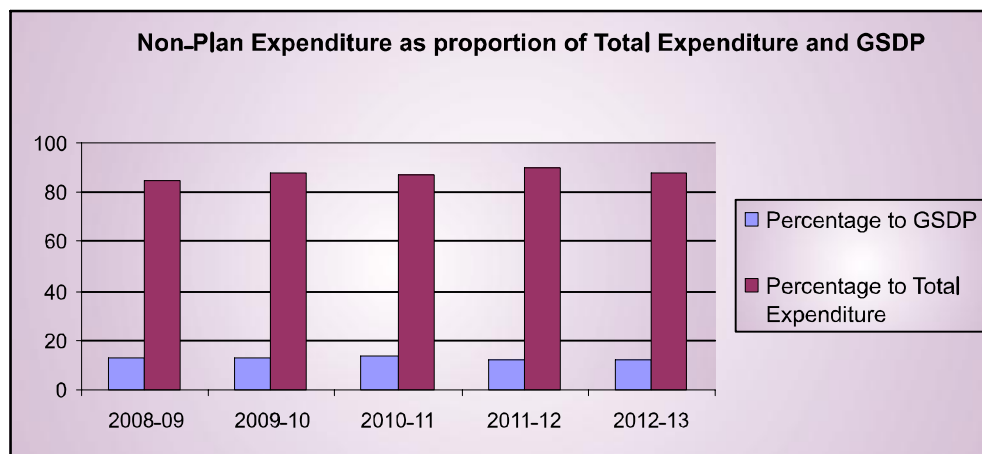
4.3 Non-Plan Expenditure

Non-Plan Expenditure during 2012-13 representing 88 per cent of total disbursements, was ₹ 36,741 crore (₹ 36,395 crore under Revenue and ₹ 346 crore under Capital).

Non- Plan Expenditure as proportion to GSDP and Total Expenditure

(₹ In crore)

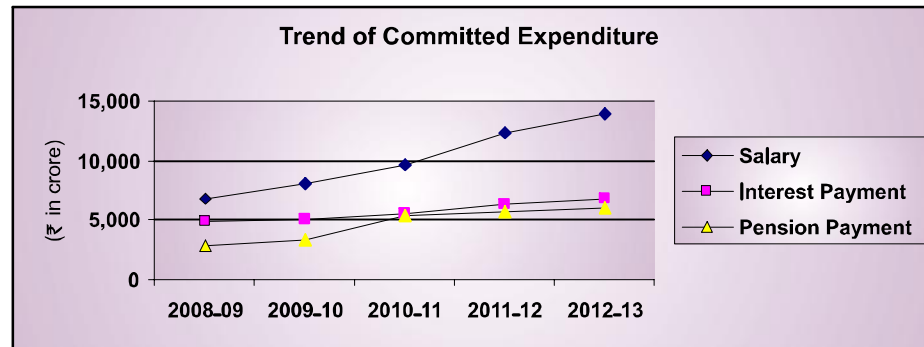
| Year | Non -Plan Expenditure | GSDP | Percentage to GSDP | Total Expenditure | Percentage to Total Expenditure |
|---------|-----------------------|----------|--------------------|-------------------|---------------------------------|
| 2008-09 | 23,451 | 1,74,039 | 13 | 27,482 | 85 |
| 2009-10 | 26,199 | 1,97,500 | 13 | 29,603 | 88 |
| 2010-11 | 30,851 | 2,26,204 | 14 | 35,349 | 87 |
| 2011-12 | 31,454 | 2,58,006 | 12 | 34,820 | 90 |
| 2012-13 | 36,741 | 2,93,815 | 13 | 41,571 | 88 |



4.4 Committed Expenditure

(₹ In crore)

| Year | Salary | Interest | Pension | Total |
|---------|--------|----------|---------|--------|
| 2008-09 | 6,745 | 4,902 | 2,830 | 14,477 |
| 2009-10 | 8,131 | 5,011 | 3,357 | 16,499 |
| 2010-11 | 9,635 | 5,515 | 5,309 | 20,459 |
| 2011-12 | 12,274 | 6,280 | 5,657 | 24,211 |
| 2012-13 | 13,902 | 6,831 | 5,966 | 26,699 |



4.4.1 Committed Expenditure Vs Revenue Expenditure and Revenue Receipts

(₹ In crore)

| Component | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|------------------------------------|---------|---------|---------|---------|---------|
| Committed Expenditure | 14,477 | 16,499 | 20,459 | 24,211 | 26,699 |
| Revenue Receipts | 20,713 | 22,157 | 27,608 | 26,234 | 32,051 |
| Percentage of Committed | 70 | 74 | 74 | 92 | 85 |
| Expenditure to Revenue Receipts | | | | | |
| Revenue Expenditure | 24,569 | 27,408 | 32,897 | 33,045 | 39,458 |
| Percentage of Committed | 59 | 60 | 62 | 73 | 69 |
| Expenditure to Revenue Expenditure | | | | | |

The steep upward trend on committed expenditure leaves the government with lesser flexibility for development sector.

APPROPRIATION ACCOUNTS

5.1 Summary of Appropriation Accounts

(₹ In crore)

| Sr. No | Nature of Expenditure | Original Grant | Supplementary Grant | Total | Actual Expenditure | Savings (-) Excess (+) |
|--------|---------------------------|----------------|---------------------|---------------|--------------------|------------------------|
| 1 | Revenue | | | | | |
| | Voted | 34,374 | 4,499 | 38,873 | 32,780 | -6,093 |
| | Charged | 6,793 | 384 | 7,177 | 7,012 | -165 |
| | Capital | | | | | |
| 2 | Voted | 5,815 | 680 | 6,495 | 2,041 | -4,454 |
| | Charged | .. | .. | .. | .. | .. |
| 3 | Public Debt | | | | | |
| | Charged | 10,606 | 4,056 | 14,662 | 15,116 | +454 |
| 4 | Loans and Advances | | | | | |
| | Voted | 61 | 189 | 250 | 197 | -53 |
| | Total | 57,649 | 9,808 | 67,457 | 57,146 | -10,311 |

5.2 Trend of Saving/Excess

(₹ In crore)

| Year | Revenue | Capital | Public Debt | Loans and Advances | Total |
|---------|---------|---------|-------------|--------------------|---------|
| 2008-09 | -2,072 | -1,947 | -158 | +18 | -4,159 |
| 2009-10 | -3,598 | -1,784 | -1,054 | -14 | -6,450 |
| 2010-11 | -1,753 | -1,464 | -1,477 | +1 | -4,693 |
| 2011-12 | -4,402 | -3,822 | +322 | .. | -7,902 |
| 2012-13 | -6,258 | -4,454 | +454 | -53 | -10,311 |

Note: Saving as (-) and Excess as (+).

5.3 Significant Savings

Substantial Savings under grants indicate either non-implementation or slow implementation of certain schemes/programmes.

Some grants with persistent and significant saving are as under :

(₹ In crore)

| Grant | Nomenclature | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---------|--------------------------------------|---------|---------|---------|---------|---------|
| 4 | Defence Services Wel fare | 39 | 29 | 34 | 40 | 58 |
| 9 18 | Food and Supplies | 64 | 83 | 82 | 48 | 59 |
| | Personnel and Administrative Reforms | 51 | 50 | 32 | 31 | 52 |
| 24 | Science, Technology and Environment | 73 | 91 | 95 | 84 | 79 |

During 2012-13, Supplementary Grants totalling ₹ 9,808 crore (17 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 No. | Nomenclature | Section | Original | Supplementary | Actual Expenditure |
|-----------|--|----------------------------|--------------|---------------|--------------------|
| 1 | Agriculture and Forests | Revenue (V) | 852 | 153 | 767 |
| 2 | Animal Husbandry and Fisheries | Revenue (V) Capital (V) | 418 55 | 27 11 | 387 10 |
| 4 | Defence Services Welfare | Revenue (V) | 33 | 21 | 29 |
| 5 | Education | Capital (V) | 254 | 174 | 103 |
| 7 | Excise and Taxation | Revenue (V) | 181 | 8 | 145 |
| 8 | Finance | Capital (V) | 1,055 | 17 | 52 |
| 9 | Food and Supplies | Revenue (V) | 840 | 3 | 343 |
| 11 | Health and Family Welfare | Revenue (V) Capital (V) | 2,214 189 | 145 215 | 1,823 92 |
| 15 | Irrigation and Power | Capital (V) | 966 | 23 | 545 |
| 18 | Personnel and Administrative Reforms | Revenue (V) | 17 | 2 | 15 |
| 19 | Planning | Capital (V) | 116 | 11 | 87 |
| 21 | Public Works Social and Women | Capital (V) Revenue (V) | 677 | 211 | 628 |
| 25 | Welfare and Welfare of Scheduled Castes and Backward Classes | | 2,589 | 316 | 2,011 |
| 27 | Technical Education and Industrial Training | Capital (V) | 152 | 2 | 35 |

ASSETS AND LIABILITIES

6.1. 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.

6.1.1 Investments

Total investments stood at ₹ 3,833 crore at the end of 2012-13. Dividend on these investments amounting to ₹ 0.33 crore was received during the year as compared to dividend of ₹ 1.73 crore received during 2011-12. However no fresh investment was made during 2012-13.

6.1.2 Cash Balance

Cash Balance with Reserve Bank of India stood at ₹ 730 crore on 31 March 2012 and decreased to ₹ -881 crore as on 31 March 2013.

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

Outstanding Public Debt as on 31 March 2013 was ₹ 71,212 crore comprising internal debt of ₹ 68,002 crore and loans and advances from Central Government ₹ 3,210 crore. Other liabilities accounted under Public Account were ₹ 21,306 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 ₹ 2,170 crore in respects of such liabilities of State Government during 2012-13.

Interest payments on debt and other liabilities totalling ₹ 6,831 crore constituted 17 per cent of Revenue Expenditure of ₹ 39,458 crore. Interest payments on Public Debts were ₹ 5,458 crore (interest on Internal Debt ₹ 5,266 crore and interest on Loans and Advances from Central Government ₹ 192 crore). Expenditure on account of interest payments increased by ₹ 551 crore during 2012-13 as compared to 2011-12.

Internal Debt of ₹ 21,945 crore raised during 2012-13 was mainly used for (i) discharge of debt obligations ₹ 14,845 crore and (ii) payment of interest ₹ 5,266 crore.

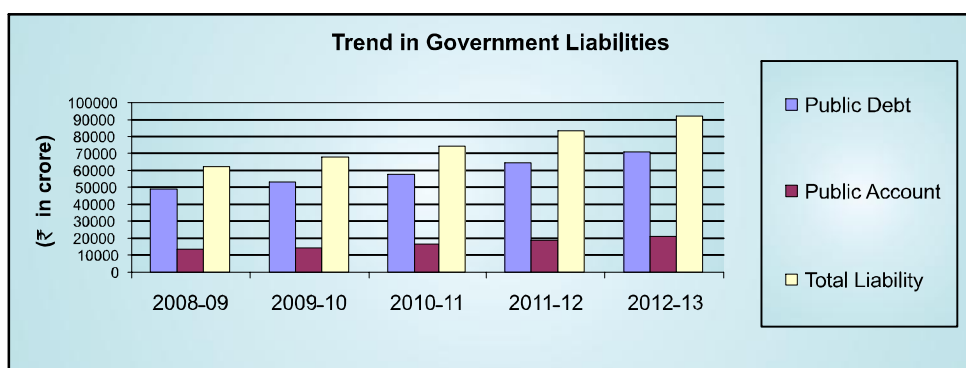
Details of the Public Debt and Total Liabilities of the State Government are as under:

(₹ In crore)

| Year | GSDP | Public Debt | Percentage to GSDP | Public Account | Percentage to GSDP | Total Liability* | Percentage to GSDP |
|---------|----------|-------------|--------------------|----------------|--------------------|------------------|--------------------|
| 2008-09 | 1,74,039 | 48,453 | 28 | 13,486 | 8 | 61,964 | 36 |
| 2009-10 | 1,97,500 | 53,253 | 27 | 14,834 | 8 | 68,112 | 34 |
| 2010-11 | 2,26,204 | 58,237 | 26 | 16,638 | 7 | 74,900 | 33 |
| 2011-12 | 2,58,006 | 64,161 | 25 | 19,136 | 7 | 83,322 | 32 |
| 2012-13 | 2,93,815 | 71,212 | 24 | 21,306 | 7 | 92,543 | 31 |

* includes ₹ 25 crore pertaining to Contingency Fund.

There is a net increase of ₹ 30,579 crore (49 per cent) in Net Liabilities during the last five years.



6.3 Guarantees

Maximum amount guaranteed by the State Government during the year 2012-13 was ₹ 59,146 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 2013 was ₹ 58,102 crore. Further an amount of ₹ 2,67.30 crore was payable as Guarantee Fee in 2012-13. Against this, only five entities paid ₹ 45.26 crore as Guarantee Fee.

GENERAL

7.1 Disclosures under the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003

The State Government has not made the following disclosures as required under the FRBM 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 realised and tax arrears, and liability incurred, but not paid.

The Government of Punjab amended the FRBM Act, 2003 in March 2011 in order to formulate the fiscal correction path to meet the targets set by the Thirteenth Finance Commission/ Government of India and to avail of the benefits of interest relief and release of State Specific Grants. Performance of the Government of Punjab for the year 2012-13 as depicted in the accounts vis-à-vis targets fixed by the Thirteenth Finance Commission is as under:

| Sr. No. | Financial Parameter | Actual (₹ in crore) | Ratio to GSDP* | |
|---------|---------------------|------------------------|----------------|-------------|
| | | | Target | Achievement |
| 1 | Revenue Deficit | 7,407 | 1.20 | 2.52 |
| 2 | Fiscal Deficit | 9,346 | 3.50 | 3.18 |
| 3 | Debt | 92,282 | 41.00 | 31.41 |

* Advance figure of GSDP: ₹ 2.93,815 crore

7.2 Outstanding Utilization Certificates (UCs) against Grants-in-Aid sanctioned by the State Government

The Punjab Financial Rules prescribe that, where grants are sanctioned for specific purposes, the departmental officers concerned should obtain Utilization Certificates (UCs) from the grantees, which, after verification, should be forwarded to the Principal Accountant General (A&E) within the dates specified in the sanction. Grants-in-Aid given by the Government are accounted for under the respective major heads of account. Delayed submission and non submission of UCs makes it difficult to ensure that the funds have been utilized for the intended purposes. Most of the outstanding UCs are awaited from the departments of Education, Rural Development, Health and Family Welfare and Sports. The position of outstanding UCs is as under:

(₹ In crore)

| Year in which due | Number of UCs awaited | Amount |
|-------------------|-----------------------|----------------|
| Up to 2010-11 | 20 | 1,30.11 |
| 2011-12 | 15 | 16.14 |
| 2012-13 | 130* | 2,39.93 |
| Total | 165 | 3,86.18 |

(*Except where the sanction orders state otherwise, utilisation certificates in respect of grants disbursed during 2012-13 become due only during 2013-14).

7.3 Outstanding Abstract Contingent (AC) bills

Drawing and disbursing officers are authorised to draw sums of money by preparing Abstract Contingent (AC) bills by debiting Service heads. They are required to present Detailed Contingent (DC) bills (vouchers in support of final expenditure) in all these cases within a specific period. Prolonged non-submission of supporting DC bills renders the expenditure under AC bills opaque. Details of outstanding AC bills as on 31 March 2013 are given under:

(₹ In crore)

| Year | Abstract Contingent Bills Drawn | | Detailed Contingent Bills Received | | Outstanding Abstract Contingent Bills | |
|--------------|---------------------------------|-----------------|------------------------------------|----------------|---------------------------------------|----------------|
| | Number | Amount | Number | Amount | Number | Amount |
| 2010-11 | 1,108 | 8,29.02 | 549 | 6,20.33 | 559 | 2,08.69 |
| 2011-12 | 704 | 4,85.68 | 539 | 3,15.45 | 165 | 1,70.23 |
| 2012-13 | 114 | 2,91.96 | 53 | 14.04 | 61 | 2,77.92 |
| Total | 1,926 | 16,06.66 | 1,141 | 9,49.82 | 785 | 6,56.84 |

Out of ₹ 2,91.96 crore drawn against AC bills in 2012-13, 49 AC bills amounting to ₹ 1,04.78 crore were drawn in March 2013 alone, out of which, 38 AC bills of ₹ 81.49 crore drawn on the last day of the financial year. Significant expenditure against AC bills in March, especially on the last day of March, indicates that the drawl was primarily to exhaust the budget and reveals inadequate budgetary control.

7.4 Loans and Advances

Except in respect of loans and advances to Government servants, where the Principal Accountant General (A&E) maintains detailed accounts, confirmation has been sought, but not received, from the concerned departmental authorities in respect of all other loans and advances. Information regarding loans, for which terms and conditions

are yet to be settled, is also awaited from the State Government. During 2012-13, apart from repayment of loans by Government servants, the State Government only depicted ₹ 98.78 crore as repayment of outstanding loans (₹ 2,429.39 crore as on 31 March 2013), of which, ₹ 87.94 crore was a non-cash transaction (book adjustment) in respect of the Punjab State Power Corporation Limited where the loan given in earlier years to the Corporation was converted to subsidy.

7.5 Non furnishing of information

The Finance Accounts do not contain the following information that was required by the Twelfth Finance Commission, since these have not been furnished by the State Government: (a) Data in respect of Committed Liabilities of the State; (b) Loans and Advances made by the State Government, repayment of Loans in arrears from the Loanee Entities, Government Companies and Others, and Sector-wise Interest Payment in arrears from Loanee Entities. Consequently, the requirements of IGAS-3 have also not been met.

7.6 Parking of Funds outside the Consolidated Fund

Article 266 of the Constitution of India stipulates, inter alia, that all revenues received by the concerned Union and State Governments will form part of the Consolidated Fund of the Union and the States respectively, from which, no moneys shall be appropriated, except in accordance with the law and for the purposes and in the manner provided in the Constitution. Over the years, the Government of Punjab has created five funds, viz., (i) Punjab Infrastructure Development Fund, (ii) Punjab Municipal Fund, (iii) Punjab Road Development Fund, (iv) Punjab Education Development Fund and (v) Account of Punjab Live Stock Development Board. The first four Funds have been created by Acts of the Legislature, while the fifth has been created by a notification of the Punjab Government. The moneys received into the Funds constitute part of the Consolidated Fund of the State, but do not appear in the accounts rendered to the Principal Accountant General (A&E). Similarly, the disbursements from the Funds are not depicted in the accounts rendered to the Principal Accountant General (A&E). Consequently, since the receipts to and disbursements from these Funds do not appear in the Finance Accounts, the Revenue Receipts of the State Government are understated and the depiction of Revenue Expenditure incomplete; also, the impact of these Funds on the Revenue Surplus/ Deficit and Fiscal Deficit of the State Government is not depicted.

7.7 Guarantee Redemption Fund

The State Government created the 'Guarantee Redemption Fund Scheme' in December 2007. Despite the large outstanding guarantees (₹ 58,102 crore as on 31 March 2013), the State Government has not contributed any amount to the Fund since its inception.