



सत्यमेव जयते

ACCOUNTS AT A GLANCE 2014-15



GOVERNMENT OF TAMIL NADU



ACCOUNTS AT A GLANCE FOR THE YEAR 2014-15



GOVERNMENT OF TAMIL NADU

PREFACE

This is the seventeenth issue of our annual publication “**Accounts At A Glance**”.

The Annual Accounts (Finance Accounts and Appropriation Accounts) of the Government of Tamil Nadu are prepared under the directions of Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for being laid on the table of the Legislature of the State.

“**Accounts At A Glance**” provides a broad overview of Governmental activities, as reflected in Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs. It has been our endeavour to rely on the figures in the certified Finance Accounts and Appropriation Accounts. In case of any doubt, the figures in the certified annual accounts should be referred to.

We look forward to the readers' views and suggestions that would help us in further improving the publication.



(ARUN GOYAL)
ACCOUNTANT GENERAL
(ACCOUNTS & ENTITLEMENTS)

Place : **Chennai**
Date : **03.02.2016**

Table of Contents

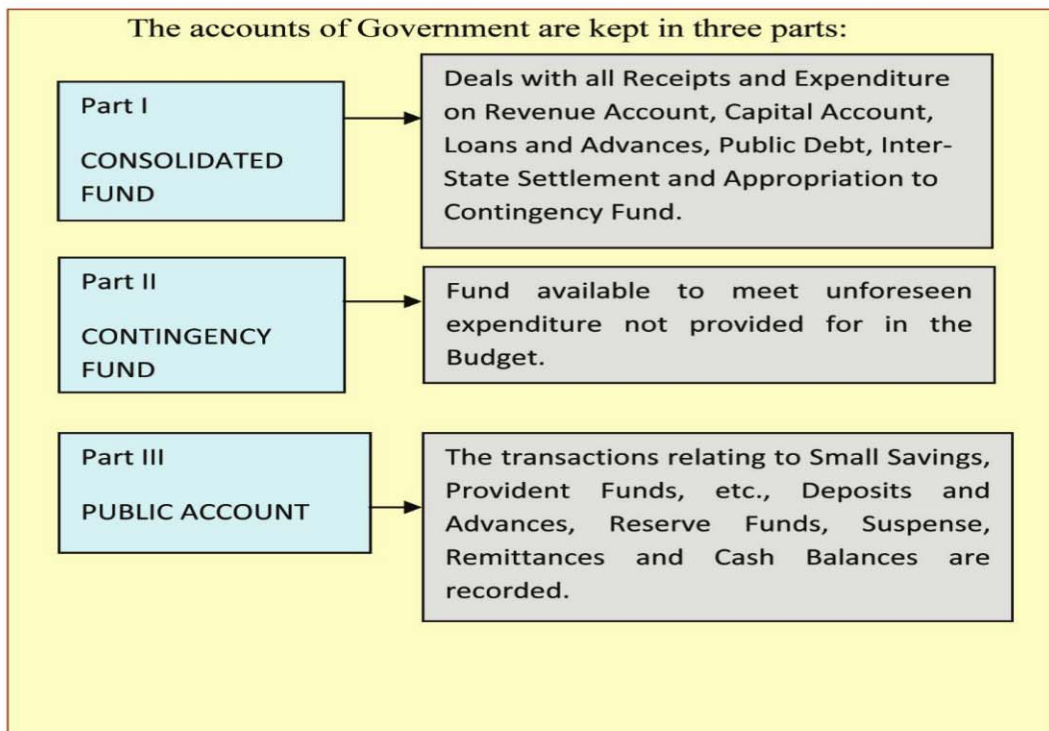
| Chapter I | Overview | Page |
|--------------------|---|-------------|
| 1.1 | Introduction | 1 |
| 1.2 | Structure of Accounts | 1 |
| 1.3 | Submission of Accounts by Accounts rendering Authorities/Units | 3 |
| 1.4 | Finance Accounts and Appropriation Accounts- What do they depict? | 3 |
| 1.5 | Sources and Application of Funds | 4 |
| 1.6 | Deficit – What do they indicate? | 8 |
| 1.7 | Highlights of Accounts | 11 |
| | | |
| Chapter II | Receipts | |
| 2.1 | Introduction | 12 |
| 2.2 | Revenue Receipts | 13 |
| 2.3 | Grants-in-aid/Central assistance | 14 |
| 2.4 | Capital Receipts | 16 |
| | | |
| Chapter III | Expenditure | |
| 3.1 | Introduction | 17 |
| 3.2 | Revenue Expenditure | 17 |
| 3.3 | Capital Expenditure | 17 |
| 3.4 | Plan and Non-Plan Expenditure | 19 |
| 3.5 | Trends in Revenue Expenditure | 21 |
| Chapter IV | Appropriation Accounts | |
| 4.1 | Importance of Appropriation Accounts | 23 |
| 4.2 | Highlights of Appropriation Accounts | 23 |
| 4.3 | Actual Net Expenditure – Reconciliation between Appropriation Accounts and Finance Accounts | 24 |
| 4.4 | Persistent Saving | 24 |
| | | |
| Chapter V | Assets and Liabilities | |
| 5.1 | Assets | 27 |
| 5.2 | Debt and Liabilities | 28 |
| 5.3 | Public Account | 30 |
| 5.4 | Interest Payments | 31 |
| 5.5 | Utilisation of Borrowed Funds | 32 |
| 5.6 | Ways and Means Advances | 32 |
| 5.7 | Guarantees | 33 |
| | | |
| Chapter VI | Other Items | |
| 6.1 | Loans and Advances by the State Government | 34 |
| 6.2 | Reconciliation of Accounts | 34 |
| 6.3 | General Cash Balances | 34 |

CHAPTER-I
OVERVIEW

1.1 Introduction

The monthly accounts of the Government of Tamil Nadu are compiled and consolidated from the accounts submitted by the District Treasuries, Pay and Accounts Offices, Public Works and Forest Divisions, etc., to the Accountant General (Accounts and Entitlements), Tamil Nadu, Chennai. The Finance Accounts and Appropriation Accounts are prepared annually by the Accountant General (Accounts & Entitlements) under the directions of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

1.2 Structure of Accounts



Part I Consolidated Fund: During 2014-15 total Receipts amounted to ₹15,09,50 crore comprising ₹12,24,20 crore Revenue Receipts (₹9,54,80 crore Tax revenue, ₹83,51 crore Non-Tax revenue and ₹1,85,89 crore Grants from Central Government) and ₹2,85,30 crore Net Capital Receipts consisting of Recovery of Loans and Advances (₹13,51 crore), Other Receipts (₹16 crore) and Borrowings and Other Liabilities (₹2,71,63 crore).

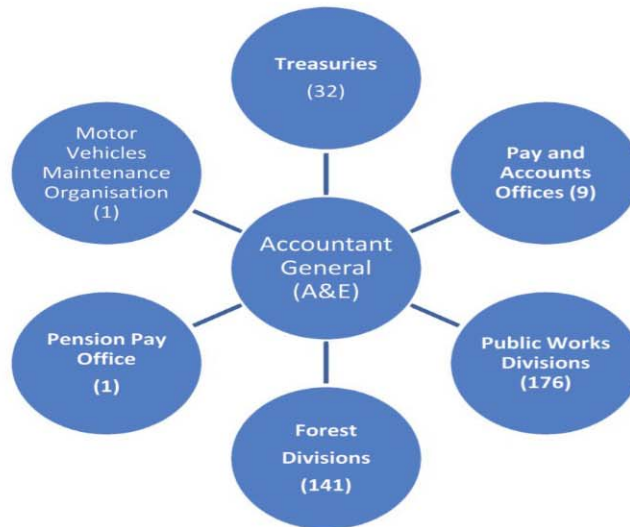
Disbursements during the year were ₹15,09,50 crore comprising ₹12,88,28 crore (85 per cent) on Revenue Account and ₹2,21,22 crore (15 per cent) on Capital Account. The Capital Account consists of Capital expenditure (₹1,78,03 crore) and Loans and Advances (₹43,19 crore).

Part II Contingency Fund: The Contingency Fund has a corpus of ₹1,50 crore. During the current year, a total of ₹48 crore was sanctioned from the Fund through various Government Orders. Entire amount was recouped to the Fund in three stages which includes ₹19 crore which remained unrecouped during the year 2013-14: (i) First Supplementary Estimate in August 2014 (₹34 crore) (ii) Second Supplementary Estimate in December 2014 (₹9 crore) and (iii) Final Supplementary Estimate in March 2015 (₹24 crore).

Part III Public Account: The transactions relating to Small Savings, Provident Funds, etc., Deposits and Advances, Reserve Funds, Suspense, Remittances and Cash Balances are recorded in the Public Account. The total liabilities on account of these as on 31 March 2015 was ₹19,65,89 crore and assets through cash balance investment was ₹1,19,64 crore. The State Government acts as a banker and trustee in respect of the amounts under Small Savings collections, Provident Funds and Deposits only.

1.3 Submission of Accounts by Accounts rendering Authorities/Units :

**Authorities/Units rendering accounts to Accountant General
(Accounts & Entitlements)**



During the year 2014-15, there was no significant delay in the rendition of accounts by Treasuries, Pay and Accounts Offices, Public Works Divisions and Forest Divisions. Vouchers for ₹1.21 crore were due to be received for the year 2014-15 from various Treasuries.

1.4 Finance Accounts and Appropriation Accounts - What do they depict?

Finance Accounts

Finance Accounts present the net receipts and outgoings of the Government for the year together with the financial results disclosed by the Revenue and Capital accounts, the accounts of the Public Debt and the Liabilities and Assets of the Government of Tamil Nadu as worked out from the balances recorded in the accounts.

From April 2014 Government of India released Central Assistance for CSS/ACA Flagship Schemes directly to the State Government and these releases are classified as "Central Assistance to State Plans".

In 2014-15, the Government of India have directly released ₹13,06 crore to the State Implementing Agencies/Non Governmental Organisations, Central Bodies located in the State as well as various other organisations outside the purview of the Government of Tamil Nadu. Since these funds are not routed through State Budget, they are not reflected in the accounts of the Government of Tamil Nadu. These transfers, captured from Central Plan Schemes Monitoring System (CPSMS) portal of the Controller General of Accounts, Ministry of Finance and Government of India are exhibited in Appendix VI of Finance Accounts.

Appropriation Accounts

Appropriation Accounts bring out the gross expenditure of the State Government incurred from the Consolidated Fund of the State against amounts voted by the State Legislature and amounts charged on the Fund. The Appropriation Accounts supplement the Finance Accounts and comprise accounts of 56 Charged Appropriations and 54 Voted Grants.

Appropriation Act 2014-15 had projected for a gross expenditure of ₹18,28,04 crore, including the Supplementary Grants totaling ₹2,07,38 crore, voted by State Legislature during the year. An amount of ₹12,59 crore was projected as recoveries in reduction of expenditure.

Appropriation Accounts 2014-15 showed disbursements aggregating ₹16,05,77 crore against the aggregate budget provision of ₹18,28,04 crore, resulting in net saving of ₹2,22,27 crore against Grants and Appropriations.

Actual Recoveries in reduction of expenditure amounted to ₹31,39 crore reflecting an increase of ₹18,80 crore vis-à-vis Budget Estimate of ₹12,59 crore.

1.5 Sources and Application of Funds

During the year 2014-15, Government raised revenue of ₹12,37,71 crore, including recoveries of Loans and Advances of ₹13,51 crore, Miscellaneous Capital Receipt of ₹16 crore and debt of ₹3,10,80 crore. Total funds received in the Consolidated Fund of the State were ₹15,48,67 crore. Out of this ₹64,87 crore was utilized to repay Public Debt and ₹15,09,50 crore was spent on Government activities. Total expenditure from the Fund was ₹15,74,37 crore. This has resulted in a deficit of ₹25,70 crore. This together with Public Account surplus of ₹27,75 crore and recoupment to Contingency Fund of ₹19 crore had increased the Cash Balance by ₹2,24 crore.

Sources and Application of Funds

| SOURCES (₹ in crore) | PARTICULARS | AMOUNT |
|-------------------------|--------------------------------|-----------------|
| | Revenue Receipts | 12,24,20 |
| | Recovery of Loans and advances | 13,51 |
| | Miscellaneous Capital Receipts | 16 |
| | Public Debt | 3,10,80 |
| | Contingency Fund | 19 |
| | Public Account Surplus | 27,75 |
| | TOTAL | 15,76,61 |

| APPLICATION (₹ in crore) | PARTICULARS | AMOUNT |
|-----------------------------|--------------------------|-----------------|
| | Revenue Expenditure | 12,88,28 |
| | Loans given | 43,19 |
| | Capital Expenditure | 1,78,03 |
| | Repayment of Public Debt | 64,87 |
| | Contingency Fund | ... |
| | Cash Increase | 2,24 |
| | TOTAL | 15,76,61 |

The total receipts were sufficient to meet only 98.4 per cent of the total expenditure, leaving a Fiscal Deficit of ₹2,71,63 crore. The Revenue Deficit (difference between total Revenue Expenditure and total Revenue Receipts) for the year was ₹64,08 crore. In terms of GSDP (Gross State Domestic Product) Fiscal Deficit was 2.8 per cent of GSDP (₹97,67,03 crore) and Revenue Deficit was 0.7 per cent of GSDP.

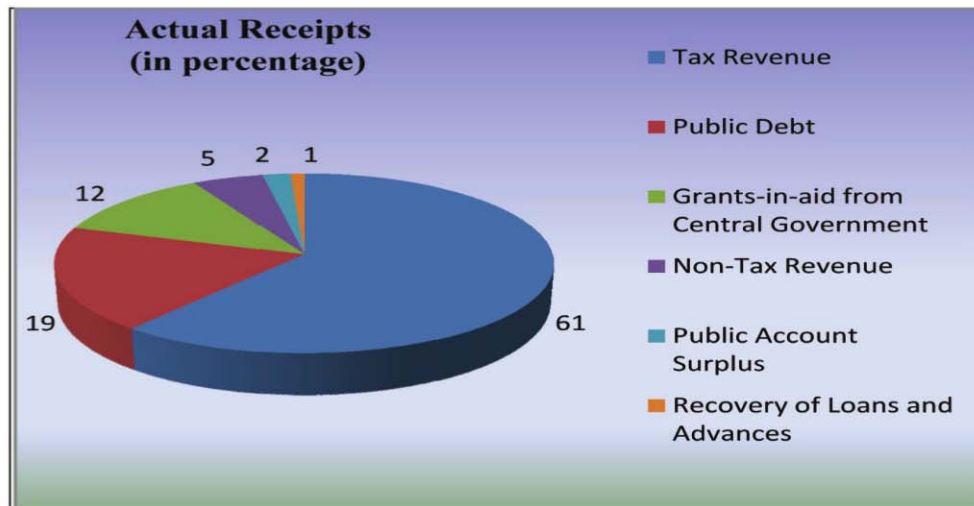
1.5.1 Sources Financing the Deficit

The Fiscal deficit of ₹2,71,63 crore was financed entirely from Public Debt.

1.5.2 Where the Rupee came from?

The total expenditure for the year 2014-15 was ₹15,76,61 crore. For every rupee spent, 78 paise came from Revenue Receipts (Tax Revenue (61 paise), Non-Tax Revenue (5 paise) and Grants-in-aid from Central Government (12 paise)), Public Debt (19 paise), Public Account Surplus (2 paise) and Recovery of Loans and Advances (1 paise) as depicted in Chart 1. Thus, the main sources of funds were Tax Revenue and Borrowings. The cumulative Public Debt at the end of 2014-15 stood at ₹16,46,34 crore (discussed in Para 5.2). The position is brought out in percentage terms in Chart 1.

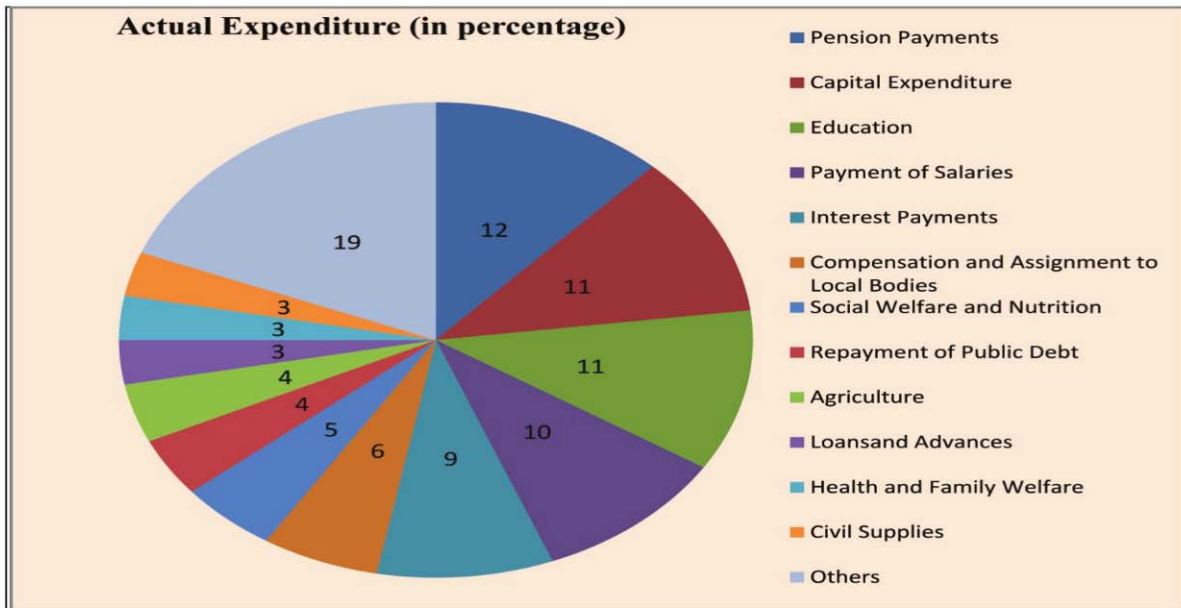
Chart 1



1.5.3 Where the Rupee went?

Based on the purpose of expenditure, it was classified into General Services, Social Services and Economic Services. Out of every rupee spent, 12 paise went for Pension Payments, 11 paise for Capital Expenditure, 11 paise for Education, 10 paise for payment of Salaries, 9 paise for Interest Payments, 6 paise for Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, 5 paise for Social Welfare and Nutrition, 4 paise for Repayment of Public Debt, 4 paise for Agriculture, 3 paise for Loans and Advances, 3 paise for Health and Family Welfare, 3 paise for Civil Supplies and the balance 19 paise for Others. The position is brought out in percentage terms in Chart 2.

Chart 2



1.6 Deficit - What do they indicate?

Deficit in Government represents gap between the revenue and expenditure. The kind of deficit, the ways of financing the deficit and application of funds are important indicators of the prudent financial management by Government.

A. Revenue Deficit :- Revenue Expenditure minus Revenue Receipts

As per the traditional theory of financial management, revenue expenditure is required to maintain the existing establishment of Government and should be met out of revenue receipts. During the year 2014-15 the Revenue Account resulted in a Deficit of ₹64,08 crore.

B. Fiscal Deficit:- Total Expenditure minus Total Receipts (Revenue Receipts plus Capital Receipts excluding Borrowings and other Liabilities)

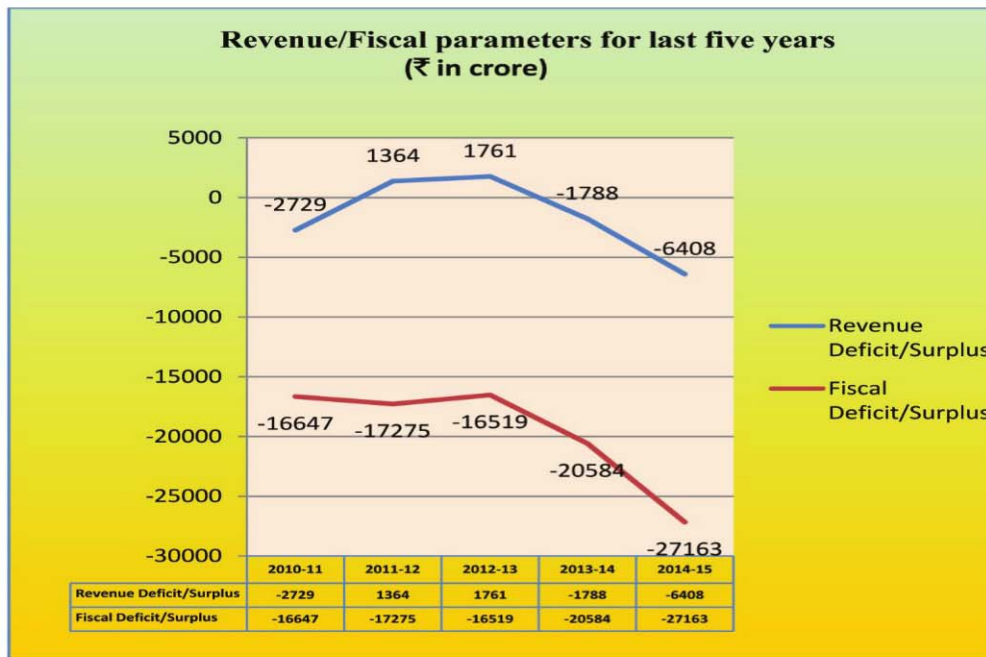
It is a measure of total expenditure which is financed by 'Borrowings'. During the year 2014-15, Fiscal Deficit comprising of Borrowings and other Liabilities was ₹2,71,63 crore.

1.6.1 Trend of Revenue Deficit / Surplus and Fiscal Deficit for the last five years is shown in the table below and Chart 3:

| Revenue/Fiscal Parameters | | | | |
|----------------------------------|--|--|---|---|
| Year | Revenue Deficit (-) / Surplus (+) (₹ in crore) | Percentage of Revenue Deficit (-) / Surplus (+) to GSDP* | Fiscal Deficit (-) / Surplus (+) (₹ in crore) | Percentage of Fiscal Deficit (-) / Surplus (+) to GSDP* |
| 2010-11 | -27,29 | -0.5 | -1,66,47 | -3.1 |
| 2011-12 | +13,64 | +0.2 | -1,72,75 | -2.7 |
| 2012-13 | +17,61 | +0.2 | -1,65,19 | -2.2 |
| 2013-14 | -17,88 | -0.2 | -2,05,84 | -2.4 |
| 2014-15 | -64,08 | -0.7 | -2,71,63 | -2.8 |

*GSDP: ₹97,67,03 crore

Chart 3



Revenue Surplus in 2011-12 and 2012-13 turned to Revenue Deficit from 2013-14.

The Tax Revenue in 2014-15 has increased by 6.6 per cent, Non-Tax Revenue decreased by 10.6 per cent and the Grants from Government of India increased by 103.8 per cent resulting in an overall increase in Revenue Receipts by 13.3 per cent as compared to previous year. There has been an overall increase of 17.3 per cent in Revenue Expenditure as compared to previous year contributing to net Revenue Deficit amounting to ₹64,08 crore at the end of the year.

The Fiscal Deficit of the State increased from ₹1,66,47 crore in 2010-11 to ₹2,71,63 crore in 2014-15 as shown in the Table at previous page.

The Fiscal Deficit for 2014-15 was ₹2,71,63 crore constituting 2.8 per cent of GSDP.

As per Tamil Nadu Fiscal Responsibility Act, 2003, the Government has committed to reduce the ratio of Fiscal Deficit to Gross State Domestic Product (GSDP) every year by 0.25 per cent to 0.30 per cent beginning from Financial Year 2002-03 with medium term goal of not being more than 3 per cent of Fiscal Deficit to GSDP to be attained by 31 March 2012 and adhere to it thereafter. In 2009-10, the ratio of Fiscal Deficit to GSDP had increased by 0.6 per cent as compared to 2008-09. In 2010-11, there was no change in the ratio, the actual deficit being 3.1 per cent, while in 2011-12, the Fiscal Deficit had reduced by 0.4 per cent to 2.7 per cent and in 2012-13, the Fiscal Deficit has further reduced by 0.5 per cent to 2.2 per cent of GSDP, but during 2013-14 Fiscal Deficit has increased by 0.2 per cent from 2.2 per cent to 2.4 per cent of GSDP. During 2014-15, Fiscal Deficit has increased by 0.4 per cent from 2.4 per cent to 2.8 per cent of GSDP.

It is desirable to fully utilize borrowed funds for the creation of Capital Assets and to use Revenue Receipts for the repayment of Principal and Interest. The State Government had achieved Revenue Surplus in 2011-12 and 2012-13 but in 2013-14 and 2014-15 it turned out to Revenue Deficit.

1.7 Highlights of Accounts

| Sl. No. | Particulars | B.E 2014-15 (₹ in crore) | Actuals | Percentage of Actuals to B.E |
|---------|--|-----------------------------|----------|------------------------------|
| 1 | Tax Revenue | 11,08,49 | 9,54,80 | 86.1 |
| 2 | Non-Tax Revenue | 80,84 | 83,51 | 103.3 |
| 3 | Grants from Central Government | 84,56 | 1,85,89 | 219.8 |
| 4 | Total Revenue Receipts | 12,73,89 | 12,24,20 | 96.1 |
| 5 | Recovery of Loans & Advances | 2,04 | 13,51 | 662.3 |
| 6 | Other Receipts | ... | 16 | ... |
| 7 | Borrowings and other liabilities (B) | 2,57,15 | 2,71,63 | 105.6 |
| 8 | Total Capital Receipts (A) | 2,59,19 | 2,85,30 | 110.1 |
| 9 | Total Receipts | 15,33,08 | 15,09,50 | 98.5 |
| 10 | Expenditure on Revenue Account | 12,71,00 | 12,88,28 | 101.4 |
| 11 | Expenditure on Capital Account (C) | 2,62,08 | 2,21,22 | 84.4 |
| 12 | Total Expenditure | 15,33,08 | 15,09,50 | 98.5 |
| 13 | Revenue Surplus (+)(4-10)/ Deficit (-) (10-4) | -2,89 | -64,08 | ... |
| 14 | Fiscal Deficit (4+5+6-12) | -2,57,15 | -2,71,63 | ... |

- (A) Capital Receipts: Recovery of Loans and Advances + Other Receipts+Borrowings and Other Liabilities.
- (B) Borrowings and Other Liabilities: Net (Receipts - Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Part III Public Account + Net of Opening and Closing Cash Balance.
- (C) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances Disbursed.

GSDP: ₹97,67,03 crore

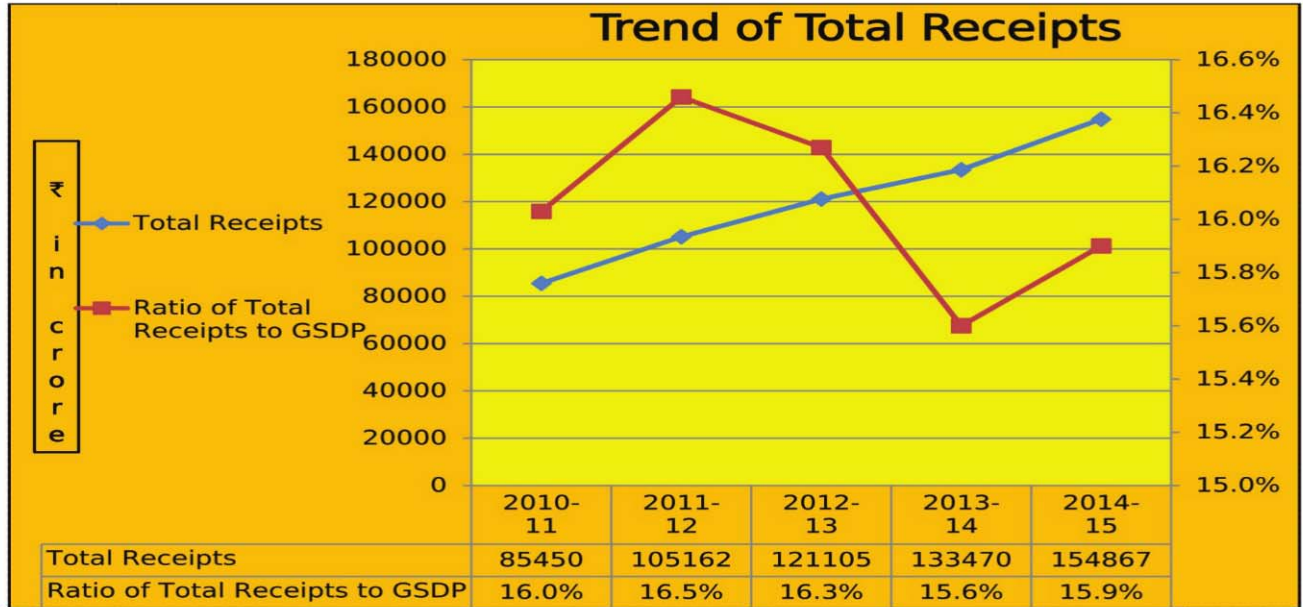
CHAPTER - II

RECEIPTS

2.1 Introduction

Total receipts for the current year were ₹15,48,67 crore (Revenue Receipts ₹12,24,20 crore and Capital Receipts ₹3,24,47crore) as shown in Chart 4. Based on their source, receipts of Government are classified into Revenue Receipts and Capital Receipts.

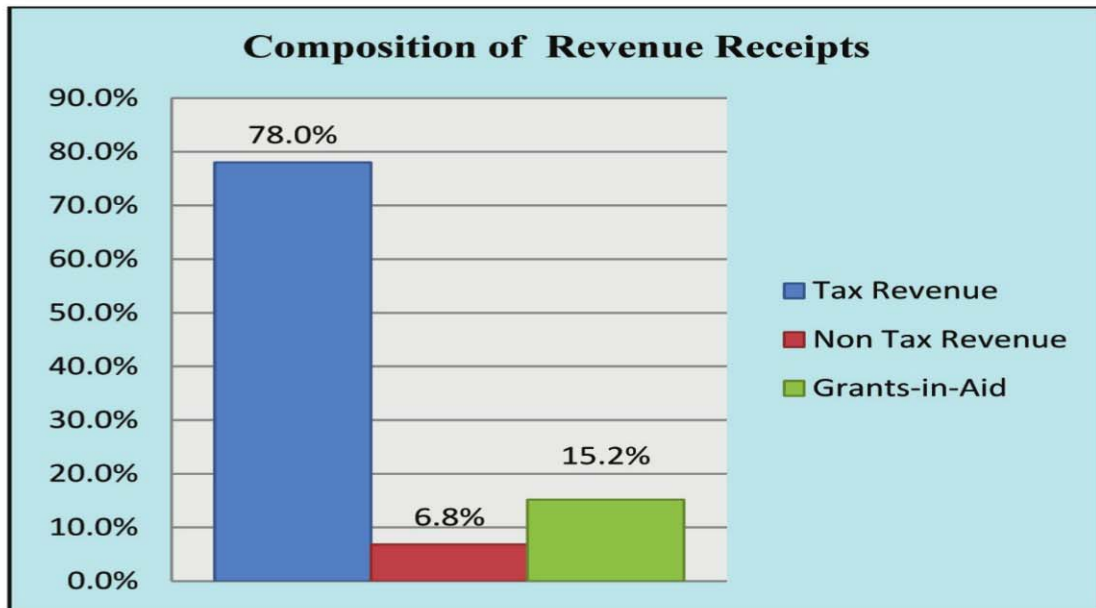
Chart 4



2.2 Revenue Receipts

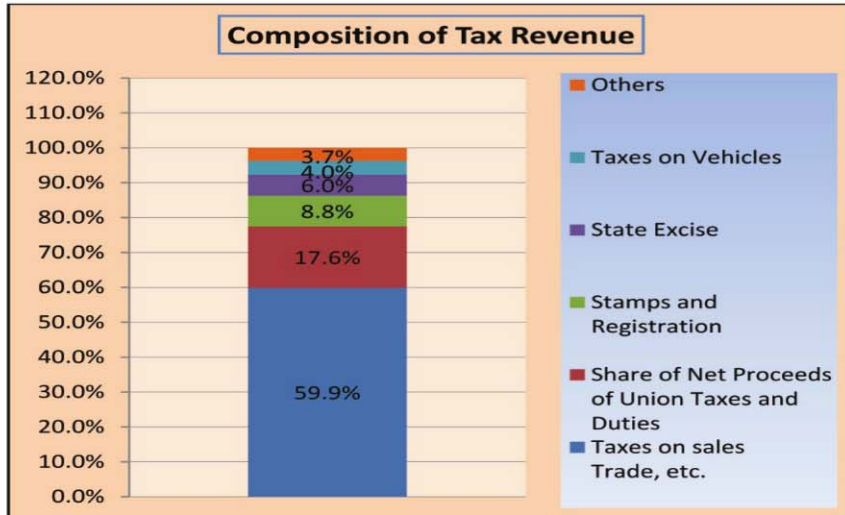
Tax Revenue of ₹9,54,80 crore and Non-Tax Revenue of ₹83,51 crore formed 9.8 per cent and 0.9 per cent respectively of GSDP. Revenue receipts include ₹1,85,89 crore received from Government of India as Grants-in-aid. The share of 'Tax Revenue' to 'Total Revenue Receipts' was 78 per cent, while 'Non-Tax Revenue' and 'Grants-in-Aid' accounted for 6.8 per cent and 15.2 per cent respectively as shown in Chart 5.

Chart 5



Tax Revenue included ₹1,68,24 crore representing 'Share of Net Proceeds of Union Taxes and Duties' assigned to the State (17.6 per cent). Major contributors to States' own Tax Revenue receipts were (i) Taxes on Sales, Trade, etc., ₹5,71,91 crore (59.9 per cent), (ii) State Excise ₹57,31 crore (6 per cent), (iii) Stamps and Registration Fees ₹83,62 crore (8.8 per cent), (iv) Taxes on Vehicles ₹38,29 crore (4 per cent) and (v) Others ₹35,43 crore (3.7 per cent) as shown in Chart 6.

Chart 6



Tax Revenue during the year was lesser than the Budget Estimate by ₹1,53,69 crore, the decrease being mainly under Corporation Tax, Stamps and Registration, Customs Duties, Union Excise Duties, State Excise, Taxes on Sales, Trade, etc., Taxes on Goods and Passengers, Taxes on Vehicles and Service Tax. Non-Tax Revenue during the year was higher than the Budget Estimate by ₹2,67 crore, mainly on account of more collection under Interest Receipts, Education, Sports, Art and Culture, Family Welfare, Housing, Crop Husbandry, Forestry and Wild Life, Other Rural Development Programme, Major and Medium Irrigation and Industries.

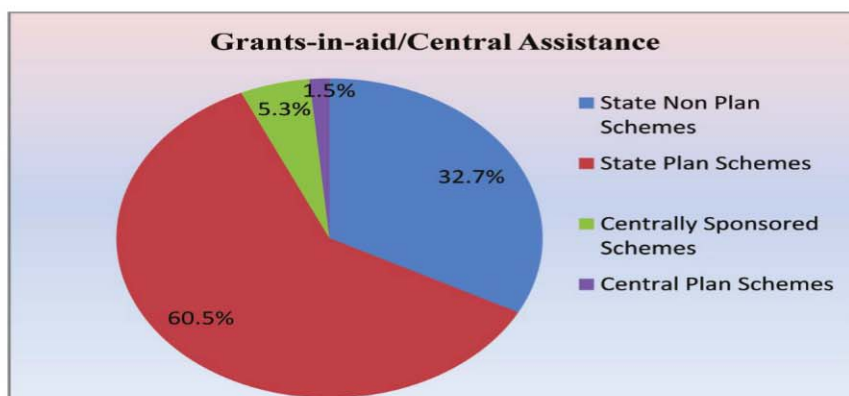
2.3 Grants-in-aid/Central assistance

This represents assistance received from Government of India in the form of Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by Planning Commission and State Non-plan Grants recommended by Finance Commissions. The total receipts

during the year 2014-15 were ₹1,85,89 crore which was more by 103.8 per cent of 2013-14 as shown in the table below and Chart 7.

| Item | Amount (₹ in crore) | Percentage to total Grant |
|--------------------------------|------------------------|---------------------------------|
| Non Plan Schemes | 60,78 | 32.7 |
| State Plan Schemes | 1,12,55 | 60.5 |
| Central Plan Schemes | 2,82 | 1.5 |
| Centrally Sponsored Schemes | 9,74 | 5.3 |
| Total | 1,85,89 | 100 |

Chart 7



2.4 Capital Receipts

The Capital Receipts are mainly Borrowings (exclusive of Liabilities), Recoveries of Loans and Advances made by Government and Miscellaneous Capital Receipts. The composition of the Capital Receipts for the year is as shown below:

| Item | Amount (₹ in crore) | Percentage to total Capital Receipts |
|--|------------------------|--|
| A. Public Debt | 3,10,80 | 95.8 |
| 1. Internal Debt | 2,95,63 | 91.1 |
| 2. Loans and Advances from Central Government | 15,17 | 4.7 |
| B. Recovery of Loans and Advances | 13,51 | 4.2 |
| C. Miscellaneous Capital Receipts | 16 | ... |
| Total | 3,24,47 | 100.0 |

CHAPTER - III

EXPENDITURE

3.1 Introduction

The expenditure of the Government consists of Revenue Expenditure and Capital Expenditure.

3.2 Revenue Expenditure

Revenue expenditure of ₹12,88,28 crore for the current year represents the amount spent on payment of Pension (₹1,96,13 crore), expenditure on Education, Sports, Art and Culture (₹1,78,51 crore), payment of Salaries (Pay ₹1,55,26 crore), payment of Interest (₹1,45,50 crore), expenditure on Social Welfare and Nutrition (₹79,92 crore), expenditure on Health and Family Welfare (₹48,61 crore) and others (₹4,84,35 crore). Revenue Expenditure (₹12,88,28 crore) was 13.2 per cent of GSDP. It was more than Budget Estimate by ₹17,28 crore (₹23,13 crore decrease under Non-Plan and ₹40,41 crore increase under Plan).

3.3 Capital Expenditure

Expenditure of a Capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of reducing recurring liabilities. Such expenditure during the year 2014-15 was ₹2,86,09 crore as shown in the table below:

SECTOR-WISE CAPITAL EXPENDITURE

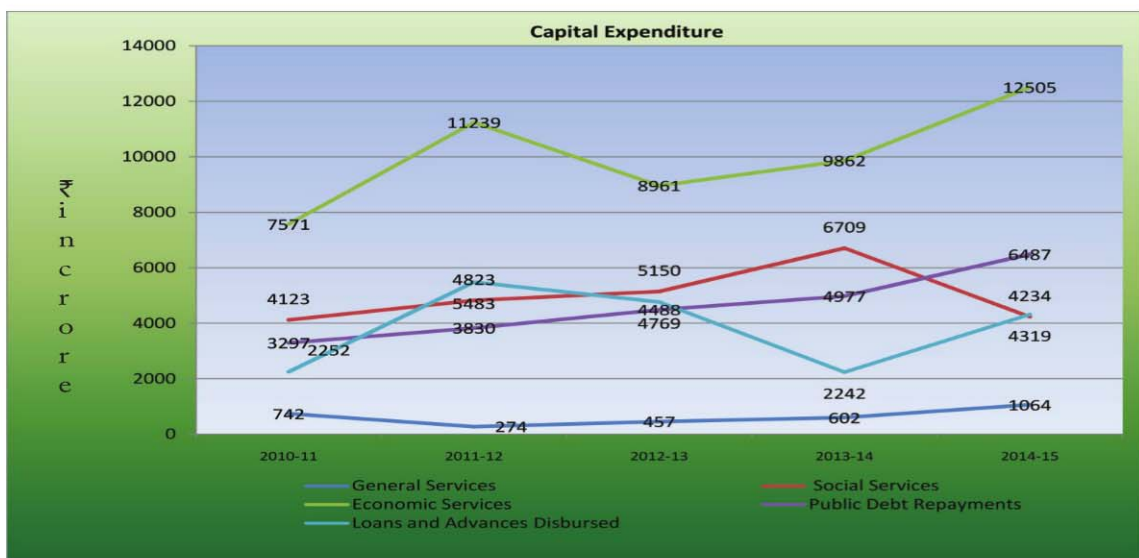
| Sector | Amount (₹ in crore) | Percentage to Total Capital Expenditure |
|--|------------------------|---|
| 1. General Services - Police, Public Works etc. | 10,64 | 3.7 |
| 2. Social Services - Education, Health and Family Welfare, Water Supply, Welfare of SC/STs etc. | 42,34 | 14.8 |
| 3. Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc. | 1,25,05 | 43.7 |
| 4. Repayment of Public Debt | 64,87 | 22.7 |
| (a) Internal Debt of the State Government | 57,33 | 20.0 |
| (b) Loans and Advances from the Central Government | 7,54 | 2.7 |
| 5. Loans and Advances Disbursed | 43,19 | 15.1 |
| Total | 2,86,09 | 100.0 |

Out of the total Capital expenditure, 3.7 per cent was spent under General Services, 14.8 per cent under Social Services, 43.7 per cent under Economic Services, 22.7 per cent for repayment of Public Debt and 15.1 per cent for disbursement of Loans and Advances during the year 2014-15.

3.3.1 Trend in Capital Expenditure

Compared to the previous year, there was increase in Capital Expenditure in 2014-15 on General Services, Economic Services and Disbursement of Loans and Advances while the expenditure on Social Services and Repayment of Public Debt decreased as shown in the Chart 8 below:

Chart 8



3.4. Plan and Non-Plan Expenditure

Based on the purpose and nature of expenditure, the expenditure is further segregated into Plan and Non-plan.

3.4.1 Plan Expenditure (Revenue, Capital and Loans and Advances)

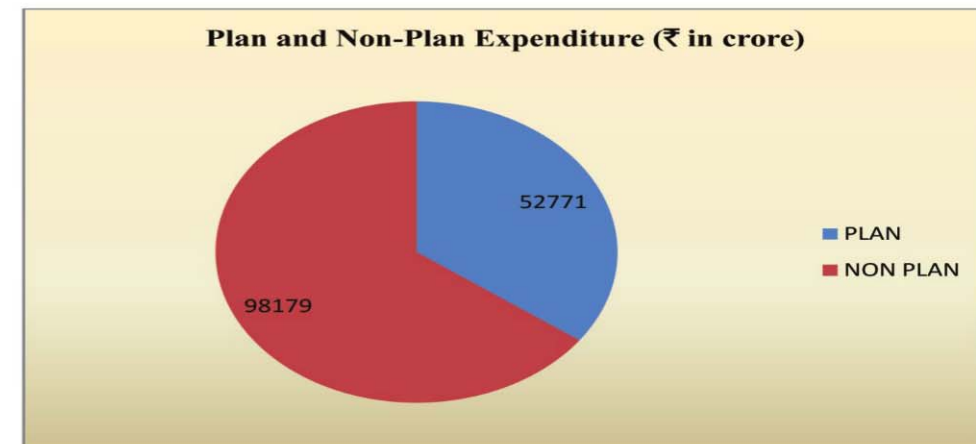
During the year 2014-15, Plan Expenditure representing 35 per cent of total disbursements, was ₹5,27,71 crore (₹5,00,51 crore under State Plan and ₹27,20 crore under Centrally Sponsored Schemes).

3.4.2 Non-Plan Expenditure (Revenue, Capital and Loans and Advances)

Non-Plan Expenditure during 2014-15 representing 65 per cent of total disbursements was ₹9,81,79 crore, consisting of ₹9,46,68 crore under Revenue and ₹35,11 crore under Capital and Loans and Advances.

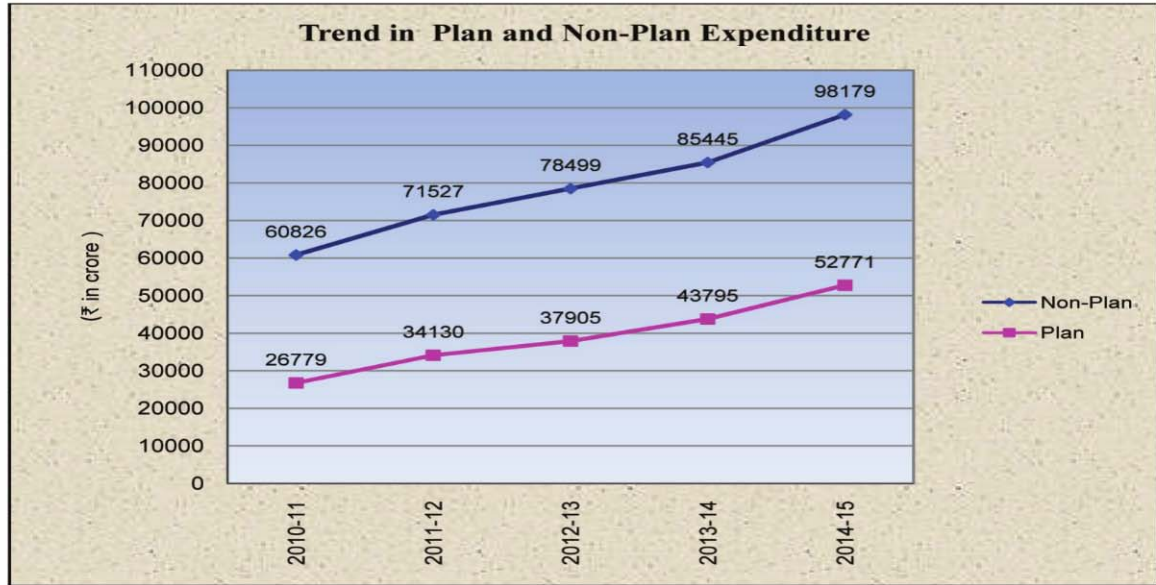
The following pie-chart shows the distribution of Expenditure under Plan and Non-Plan (Revenue, Capital and Loans and Advances) for the year 2014-15:

Chart 9



3.4.3 Trend in total Plan and Non-Plan expenditure under Revenue and Capital sections for the past five years from 2010-11 to 2014-15 is depicted in Chart 10.

Chart 10



3.5 Trends In Revenue Expenditure

Trends in Revenue expenditure under Administrative Services and a few key sub-sectors under General, Social and Economic Services for the past five years from 2010-11 to 2014-15 are depicted in Charts 11 to 14:

Chart 11

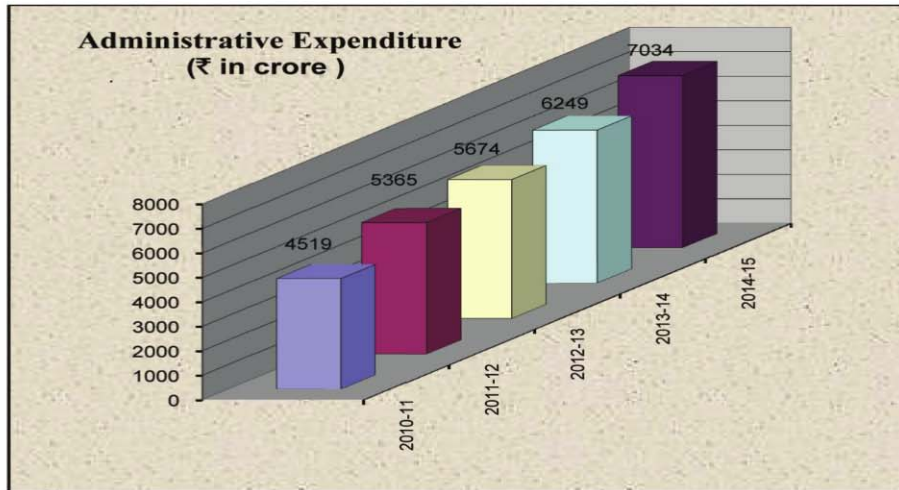


Chart 12

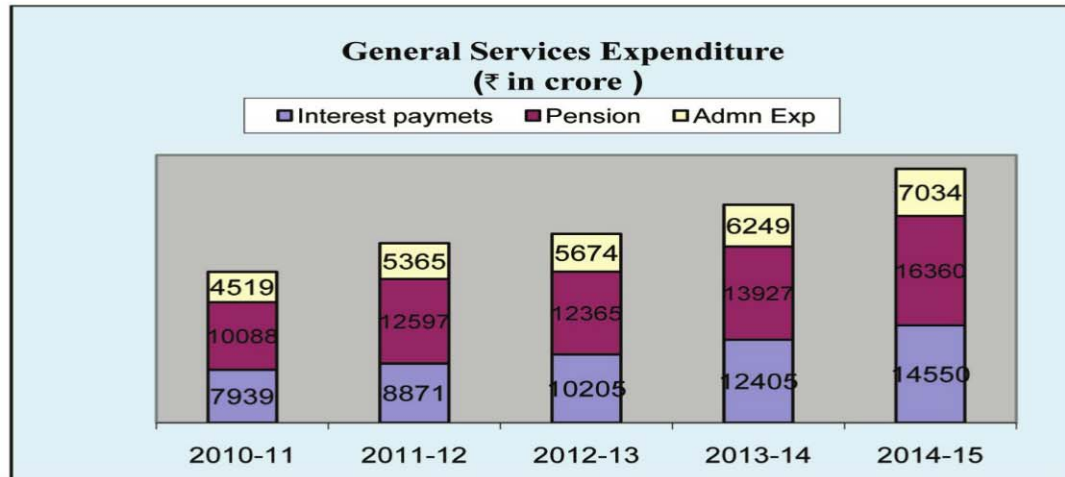


Chart 13

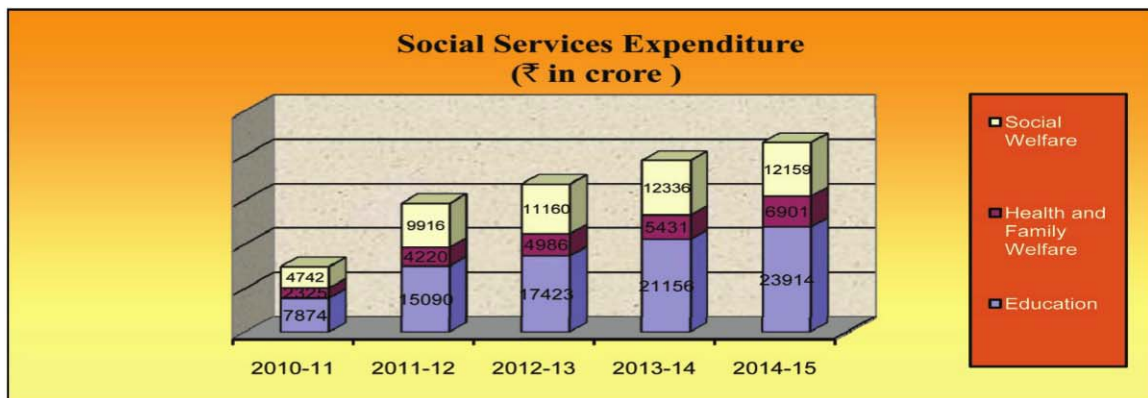
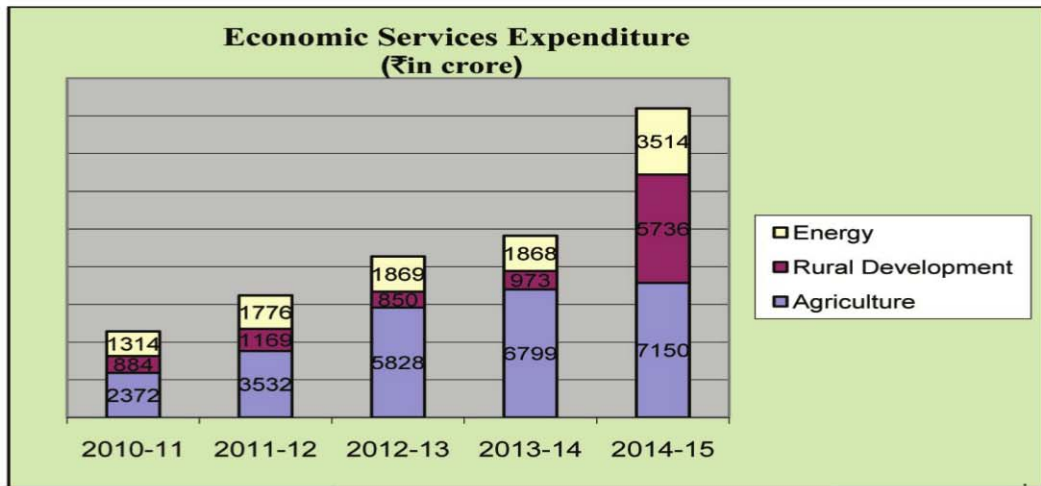


Chart 14



CHAPTER - IV
APPROPRIATION ACCOUNTS

4.1 Importance of Appropriation Accounts

The Appropriation Act passed by the State Legislature under Articles 204 and 205 of the Constitution of India provides the authority to the Government to withdraw specified sums from the Consolidated Fund of the State for specified activities of the State Government.

The Appropriation Accounts show that in the year 2014-15, there was an expenditure of ₹16,05,77 crore comprising of ₹13,16,41 crore Revenue Expenditure, ₹1,81,29 crore Capital Expenditure, ₹64,88 crore Repayment of Public Debt and ₹43,19 crore Loans and Advances. There was saving / excess under Revenue / Capital / Public Debt / Loans and Advances with reference to total grants allocated by the State Legislature.

4.2 Highlights of Appropriation Accounts

(₹ in crore)

| Sl. No. | Nature of expenditure | Original grant (a) | Supplementary grant (b) | Total (c) | Actual expenditure (d) | Saving(-) Excess(+) (e) |
|--------------|---------------------------------|-----------------------|----------------------------|---------------------|---------------------------|-------------------------------|
| 1 | Revenue Voted Charged | 11,29,34 1,53,27 | 1,39,46 1,87 | 12,68,80 1,55,14 | 11,61,67 1,54,74 | (-)1,07,13 (-)40 |
| 2 | Capital Voted Charged | 2,37,81 1 | 40,51 60 | 2,78,32 61 | 1,80,70 59 | (-)97,62 (-)2 |
| 3 | Public Debt Charged | 75,00 | 47 | 75,47 | 64,88 | (-)10,59 |
| 4 | Loans and Advances Voted | 25,23 | 24,47 | 49,70 | 43,19 | (-)6,51 |
| Total | | 16,20,66 | 2,07,38 | 18,28,04 | 16,05,77 | (-)2,22,27 |

Though the ultimate saving in different Grants totaled ₹2,22,27 crore, ₹2,30,58 crore was surrendered by the departments at the end of the year indicating that the assessment of their requirement was not accurate.

4.3 Actual net expenditure - Reconciliation between Appropriation Accounts and Finance Accounts

The actual net expenditure fell short of the estimated expenditure by ₹2,03,47 crore as shown in the table below:

(₹ in crore)

| Details | Budget Estimates | Actual Expenditure | Saving |
|---|------------------|--------------------|-------------------|
| Gross Expenditure (as per Appropriation Accounts) | 18,28,04 | 16,05,77 | (-)2,22,27 |
| Recoveries | 12,59 | 31,39 | (+)18,80 |
| Net expenditure (as per Finance Accounts) | 18,15,45 | 15,74,38 | (-)2,03,47 |

4.4 Persistent Saving

There has been persistent saving of more than 5 per cent of total provision under Revenue grants/appropriations in 12 Departments during the past five years and in the current year 8 Departments where major persistent saving has occurred are listed below:

- ❖ Industries Department (Grant No.27) - Saving in the grant was 59.73 per cent to total grant during the year 2014-15. The saving fluctuated between 19.10 per cent and 96.30 per cent during the preceding five years.
- ❖ Commercial Taxes Department (Grant No.10) - Saving in the grant was 33.78 per cent to total grant during the year 2014-15. The saving fluctuated between 15.10 per cent and 24.10 per cent during the preceding five years.
- ❖ Forests (Environment and Forests Department) (Grant No.54) - Saving in the grant was 22.80 per cent to total grant during the year 2014-15. The saving fluctuated between 5.04 per cent and 17.81 per cent during the preceding five years.

- ❖ Labour Welfare Department (Grant No.32) - Saving in the grant was 20.30 per cent to total grant during the year 2014-15. The saving fluctuated between 8.63 per cent and 15.13 per cent during the preceding five years.
- ❖ Municipal Administration and Water Supply Department (Grant No.34) - Saving in the grant was 18.93 per cent to total grant during the year 2014-15. The saving fluctuated between 5.63 per cent and 16.20 per cent during the preceding five years.
- ❖ Governor and Council of Ministers (Grant No.2) - Saving in the grant was 18.31 per cent to total grant during the year 2014-15. The saving fluctuated between 6.40 per cent and 22.60 per cent during the preceding five years.
- ❖ Backward Classes, Most Backward Classes and Minorities Welfare Department (Grant No.9) - Saving in the grant was 13.52 per cent to total grant during the year 2014-15. The saving fluctuated between 8.40 per cent and 13.00 per cent during the preceding five years.
- ❖ Planning, Development and Special Initiatives Department (Grant No.36) - Saving in the grant was 10.69 per cent to total grant during the year 2014-15. The saving fluctuated between 11.12 per cent and 37.50 per cent during the preceding five years.

There has been no instance of persistent excess to the end of 2014-15 in any grant/appropriation.

CHAPTER - V

ASSETS AND LIABILITIES

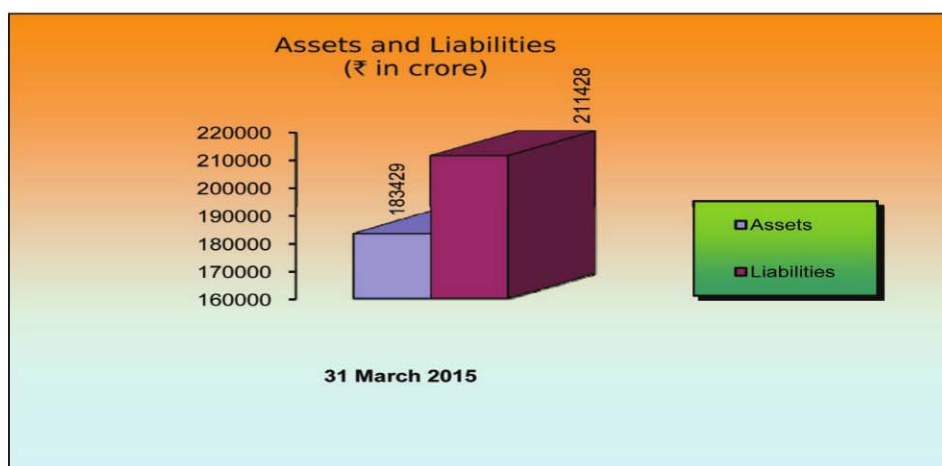
Government has valuable assets in the form of Land, Buildings and Factories, etc. Most of these assets of the Government do not easily lend themselves to an accurate valuation and Government accounts do not exhibit comprehensive value of fixed assets like Land, Buildings, etc. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government.

**Assets and Liabilities and the Statement of Balances
(Position as on 31.03.2015)**

| Assets | ₹ in crore | Liabilities | ₹ in crore |
|----------------------------|-----------------|--|-----------------|
| Capital Expenditure | | | |
| General Services | 63,11 | Internal Debt | 15,17,36 |
| Social Services | 4,12,95 | External Debt | ... |
| Economic Services | 8,98,57 | Loans from Central Government | 1,28,98 |
| Total | 13,74,63 | Small Savings | 1,53,32 |
| Loans and Advances | | Reserve Fund | 61,86 |
| General Services | ... | Others | 2,35,50 |
| Social Services | 58,50 | Other Receipts | 16,88 |
| Economic Services | 1,37,53 | Cash Balances | 38 |
| Total | 1,96,03 | Total Liabilities (Available Funds) | 21,14,28 |
| Cash Balance | ... | Cumulative Resource Gap | 2,79,99 |
| Investments | 2,63,63 | | ... |
| Total Assets | 18,34,29 | Resource Use | 18,34,29 |

The following Chart shows the position of Assets and Liabilities as on 31 March 2015.

Chart 15



5.1 Assets

Out of the expenditure as on 31 March 2015, total investments as share capital in non-financial Public Sector Undertakings (PSU) was ₹ 2,30,65 crore.

1. Dividend received during the year was ₹99 crore (0.4 per cent on investment). During 2014-15, investments in PSUs increased by ₹33,41 crore and dividend income increased by ₹24 crore over the previous year.
2. The expenditure on capital account towards creation of assets was as follows: Agriculture and Allied Activities: ₹1,07,43 crore, Police: ₹28,71 crore, Education, Sports, Art and Culture: ₹36,19 crore, Health and Family Welfare: ₹37,62 crore, Water Supply and Sanitation and Housing and Urban Development: ₹2,98,31 crore, Public Works: ₹30,13 crore, Irrigation and Flood Control : ₹1,17,63 crore, Transport : ₹3,65,25 crore and on Other Departments: ₹3,36,65 crore.
3. The Cash Balance as on 31 March 2015 was (-)₹38 crore and the cash balance investment was ₹1,19,64 crore. Other investments from out of earmarked funds were ₹1,43,99 crore.

5.2 Debt and Liabilities

Outstanding Public Debt at the end of 31 March 2015 was ₹16,46,34 crore, comprising of internal debt ₹15,17,36 crore and Loans and Advances from Central Government ₹1,28,98 crore. Other liabilities accounted under Public Account were ₹3,19,55 crore.

As per the Tamil Nadu Fiscal Responsibility Act, 2003, the Government has committed to reduce the ratio of revenue deficit to revenue receipt every year by 3 per cent to 5 per cent depending upon the economic situation in that year to a level below 5 per cent by 31 March 2008, eliminate revenue deficit by 2011-12 and maintain Revenue Surplus thereafter. In 2011-12 and 2012-13 Revenue Account has resulted in Revenue Surplus. In 2013-14 and 2014-15 Revenue Account has resulted in Revenue Deficit.

On the Fiscal side, the Government committed to reduce the ratio of Fiscal Deficit to GSDP every year by 0.25 per cent to 0.30 per cent beginning from financial year 2002-03 with medium term goal of not being more than 3 per cent of fiscal deficit to GSDP to be attained by 31 March 2012 and adhere to it thereafter.

During 2009-10, the Fiscal Deficit had increased by 0.6 per cent compared to 2008-09. During 2010-11, there was no change in the ratio, the actual increase being 3.1 per cent, while in 2011-12, the Fiscal Deficit had reduced by 0.4 per cent to 2.7 per cent and in 2012-13, the Fiscal Deficit had further reduced by 0.5 per cent to 2.2 per cent. In 2013-14 Fiscal Deficit has increased by 0.2 per cent from 2.2 per cent to 2.4 per cent of GSDP. During 2014-15 Fiscal Deficit has increased by 0.4 per cent from 2.4 per cent to 2.8 per cent of GSDP.

Liabilities of the State Government increased by ₹7,89,43 crore from ₹11,76,46 crore in 2010-11 to ₹19,65,89 crore during 2014-15. Public Debt comprising Internal Debt of the State Government and Loans and Advances from the Central Government increased by ₹7,35,84 crore from ₹9,10,50 crore in 2010-11 to ₹16,46,34 crore at the end of the current year.

Details of the Public Debt and total liabilities of the State Government as on 31 March of each year for the past five years are as follows:

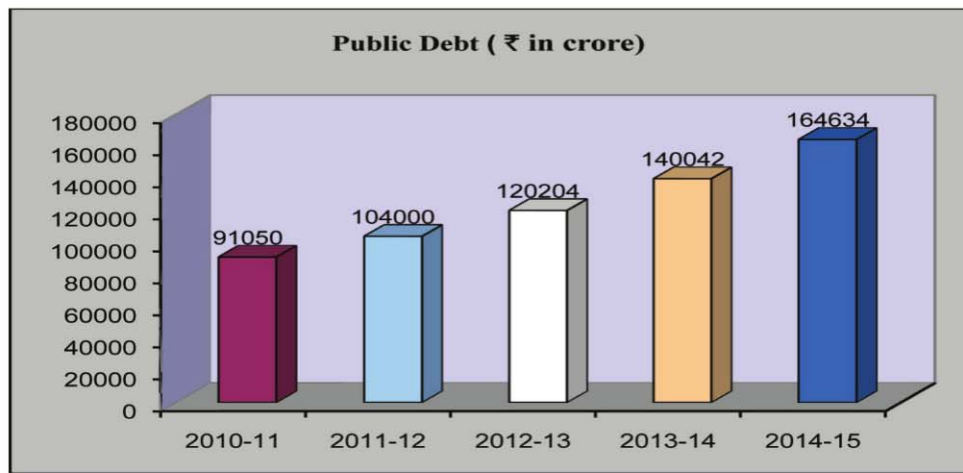
GSDP : ₹97,67,03 crore

| Year | (₹ in crore) | | | | | | | Total Liabilities to GSDP (in per cent) |
|---------|---------------|--|-------------------|--------------|-----------------|---------------------|-------------------|---|
| | Internal Debt | Loans and advances from Central Government | Total Public Debt | Small Saving | Provident Funds | Other Obligations * | Total Liabilities | |
| 2010-11 | 8,16,57 | 93,93 | 9,10,50 | 2,62 | 1,00,33 | 1,63,01 | 11,76,46 | 22.1 |
| 2011-12 | 9,40,12 | 99,88 | 10,40,00 | 2,76 | 1,11,37 | 1,55,48 | 13,09,61 | 20.5 |
| 2012-13 | 10,93,83 | 1,08,21 | 12,02,04 | 2,94 | 1,24,53 | 1,15,16 | 14,44,67 | 19.4 |
| 2013-14 | 12,79,06 | 1,21,36 | 14,00,42 | 3,14 | 1,36,95 | 1,62,00 | 17,02,51 | 19.9 |
| 2014-15 | 15,17,36 | 1,28,98 | 16,46,34 | 3,31 | 1,50,01 | 1,66,23 | 19,65,89 | 20.1 |

* Includes Trusts and Endowments, Reserve Funds, Deposits, Suspense and Remittances.

Trend in Cumulative Public Debt (Progressive figures) in the past five years from 2010-11 to 2014-15 is depicted in Chart 16.

Chart 16



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. Under Article 293 (3), the State Government can raise loans only with the consent of Government of India, if any loan is outstanding or if there is any outstanding loan for which Government of India has stood guarantee. The Government of India had consented to the State Government for raising open market borrowings upto ₹2,55,50 crore during 2014-15.

5.3 Public Account

The State Government also acts as a banker and trustee in respect of the amounts under Small Savings Collections, Provident Funds and Deposits. There was an overall increase of ₹4,48 crore in respect of such liabilities of State Government during 2014-15 and the balance to the end of the year was ₹1,78,07 crore, as indicated in the table below:

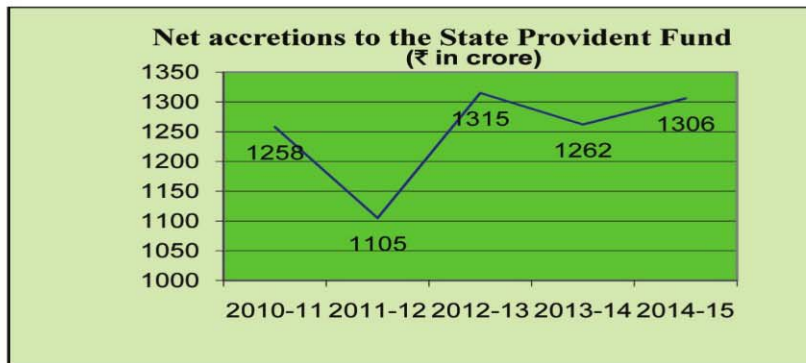
(₹ in crore)

| Year | Opening Balance | Receipts | Payments | Closing Balance |
|-----------|-----------------|----------|----------|-----------------|
| 2010-2011 | 77,11 | 2,71,91 | 2,44,91 | 1,04,11 |
| 2011-2012 | 1,04,11 | 3,08,10 | 2,79,70 | 1,32,51 |
| 2012-2013 | 1,32,51 | 3,49,76 | 3,04,38 | 1,77,89 |
| 2013-2014 | 1,77,89 | 4,04,40 | 4,08,70 | 1,73,59 |
| 2014-2015 | 1,73,59 | 5,90,01 | 5,85,53 | 1,78,07 |

5.3.1 State Provident Fund

Receipts were more than the payments during the years 2010-11 to 2014-15 resulting in affirmative accretion to the Fund as shown in Chart 17.

Chart 17



5.4 Interest Payments

Interest payments on debt and other liabilities totalling ₹1,45,50 crore constituted 11.3 per cent of revenue expenditure of ₹12,88,28 crore. Interest payments on Public Debt were ₹1,26,18 crore (₹1,21,30 crore on Internal Debt and ₹4,88 Crore on Loans and Advances from Central Government) and ₹19,32 crore on other Liabilities (Charts 18 and 19). Expenditure on account of Interest Payments increased by ₹21,45 crore during 2014-15.

Chart 18

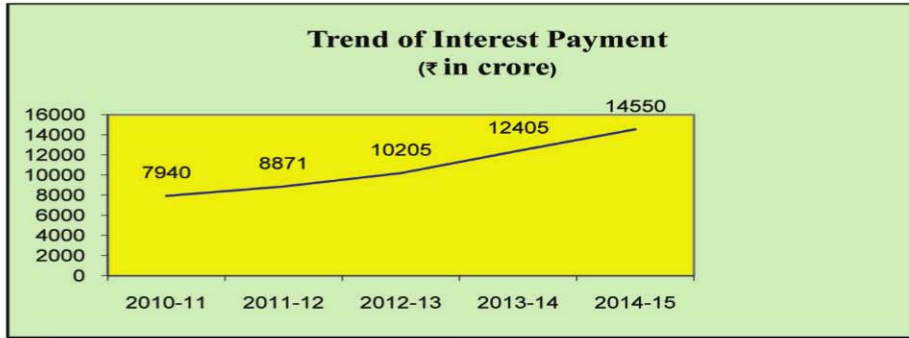
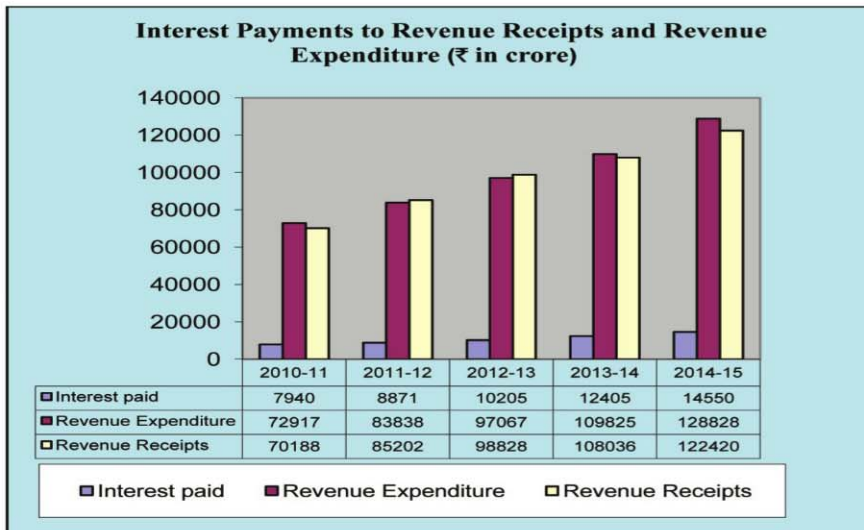


Chart 19



5.5 Utilisation of Borrowed Funds

The new debt contracted during the year 2014-15 was ₹3,10,80 crore constituting 20.1 per cent of the total receipts of ₹15,48,67 crore (Revenue Receipts: ₹12,24,20 crore and Capital Receipts: ₹3,24,47 crore). The borrowings were mainly for repayment of old debt and payment of interest thereon. The position representing new debt contracted and repayment of old debt for the three years is indicated below:

| Year | New Debt Contracted (₹ in crore) | New Debt to Total Debt at the end of the year (in per cent) | Repayment of old debt to Total Debt (in per cent) |
|---------|-------------------------------------|--|--|
| 2012-13 | 2,12,20 | 17.6 | 4.2 |
| 2013-14 | 2,48,15 | 17.7 | 3.4 |
| 2014-15 | 3,10,80 | 18.9 | 4.1 |

The interest paid for repayment of debt during the year was ₹1,26,18 crore while it was ₹ 19,32 crore towards other obligations.

5.6 Ways and Means Advances

A State Government, may in order to maintain and sustain its liquidity position, obtain Ways and Means Advances from the Reserve Bank of India and thereafter, draws upon the overdraft facility whenever there is shortfall in the agreed minimum cash balance in its account with the Reserve Bank of India. The Government of Tamil Nadu is required to maintain a minimum cash balance of ₹325 lakh with Reserve Bank of India on a daily basis. There was no occasion for resorting to Ways and Means Advances or drawal of Overdraft from 2010-11 to 2014-15.

The position in this regard for the past five years is as under:

| Particulars | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|------------|------------|------------|------------|------------|
| i) Number of days on which minimum balance was maintained | | | | | |
| a) Without obtaining any advance | 365 | 365 | 366 | 365 | 365 |
| b) By obtaining Normal Ways and Means Advances | -- | -- | -- | -- | .. |
| c) By obtaining Special Ways and Means Advances | -- | -- | -- | -- | .. |
| Total | 365 | 365 | 366 | 365 | 365 |
| ii) Number of days on which overdraft was taken | -- | -- | -- | -- | .. |

5.7 Guarantees

The position of guarantees by the State Government for the payment of Loans and Capital raised by Statutory Corporations and Boards, Government Companies, Co-operative Institutions, etc. is given below. From the year 2012-13 the figures furnished by the Government form the basis while for the previous years the figures represent those received from the Institutions.

| At the end of the year | Amount Guaranteed (Principal only) | Amount outstanding | |
|------------------------|------------------------------------|--------------------|--|
| | | Principal | |
| 2010-2011 | 8,10 | 1,59,54 | |
| 2011-2012 | 71,27 | 97,51 | |
| 2012-2013 | ... | 2,40,70 | |
| 2013-2014 | ... | 4,94,99 | |
| 2014-2015 | ... | 5,36,98 | |

CHAPTER - VI

OTHER ITEMS

6.1 Loans and Advances by the State Government:

Total Loans and Advances made by the State Government at the end of 31 March 2015 was ₹2,09,54 crore. Recovery of principal amount aggregating to ₹1,96,03 crore was outstanding at the end of 31 March 2015.

Total Loans and Advances to Government Corporations / Companies, Non-Government Institutions, Local Bodies, Co-operatives, etc., at the end of 31 March 2015 was ₹1,51,50 crore. The recovery of principal amounting to ₹1,40,41 crore was in arrears at the end of March 2015.

6.2 Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the departmental figures with the figures in the books of Accountant General (Accounts and Entitlements).

Further, the reconciliation of accounts figures is to be done monthly. Before annual accounts are finalised, the Departments reconcile their account figures with those booked in accounts compiled by the Accountant General (Accounts & Entitlements). For the year 2014-15, 99.9 per cent reconciliation has been completed for expenditure and 99.9 per cent for receipts (as on October 2015).

6.3 General Cash Balances

The closing cash balance according to the Reserve Bank of India was ₹60.8 crore (Net debit) against the general cash balance of ₹55.3 crore (Net credit) reflected in State Government accounts. Following subsequent reconciliation, the net difference for the year stood at ₹5.5 crore (net debit).

Cash in Treasuries and Remittances in Transit amounted to ₹17 crore. Investments held in the Cash Balance Investment Account as on 31 March 2015 were ₹1,19,64 crore. Other cash balances and investments comprising cash with departmental officers (₹2 crore), Permanent Advances with departmental officers (₹8 crore) and Investment of earmarked funds (₹1,43,99 crore) as on 31 March 2015 amounted to ₹1,44,09 crore.

The closing Cash Balance of the State Government increased from (-)₹2,62 crore of the previous year to (-)₹38 crore as on 31 March 2015.

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
2015
www.cag.gov.in**

www.agae.tn.nic.in