



Accounts At A Glance For the year 2013-14



Government of Uttar Pradesh

Accounts At A Glance

2013-14

Government of Uttar Pradesh

REFACE

I am happy to present the sixteenth issue of our annual publication, the '**Accounts At A Glance**' of the Government of Uttar Pradesh. The purpose of this publication is to distil and make more accessible the voluminous information that is available in the annual Finance and Appropriation Accounts (total 1098 pages in this year) prepared by my office under the directions of the Comptroller and Auditor General of India in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 and is being placed before the Legislature in accordance with Article 149 of the Constitution of India.

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

We look forward to comments and suggestions that would help us in improving this publication.

(Neelesh Kumar Sah)
Accountant General (A&E)
Uttar Pradesh

Place: Allahabad
Date: 05 February 2015

Our Vision, Mission and Core Values

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

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

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

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

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

- * Independence
- * Objectivity
- * Integrity
- * Reliability
- * Professional Excellence
- * Transparency
- * Positive Approach



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OVERVIEW

1.1 Introduction

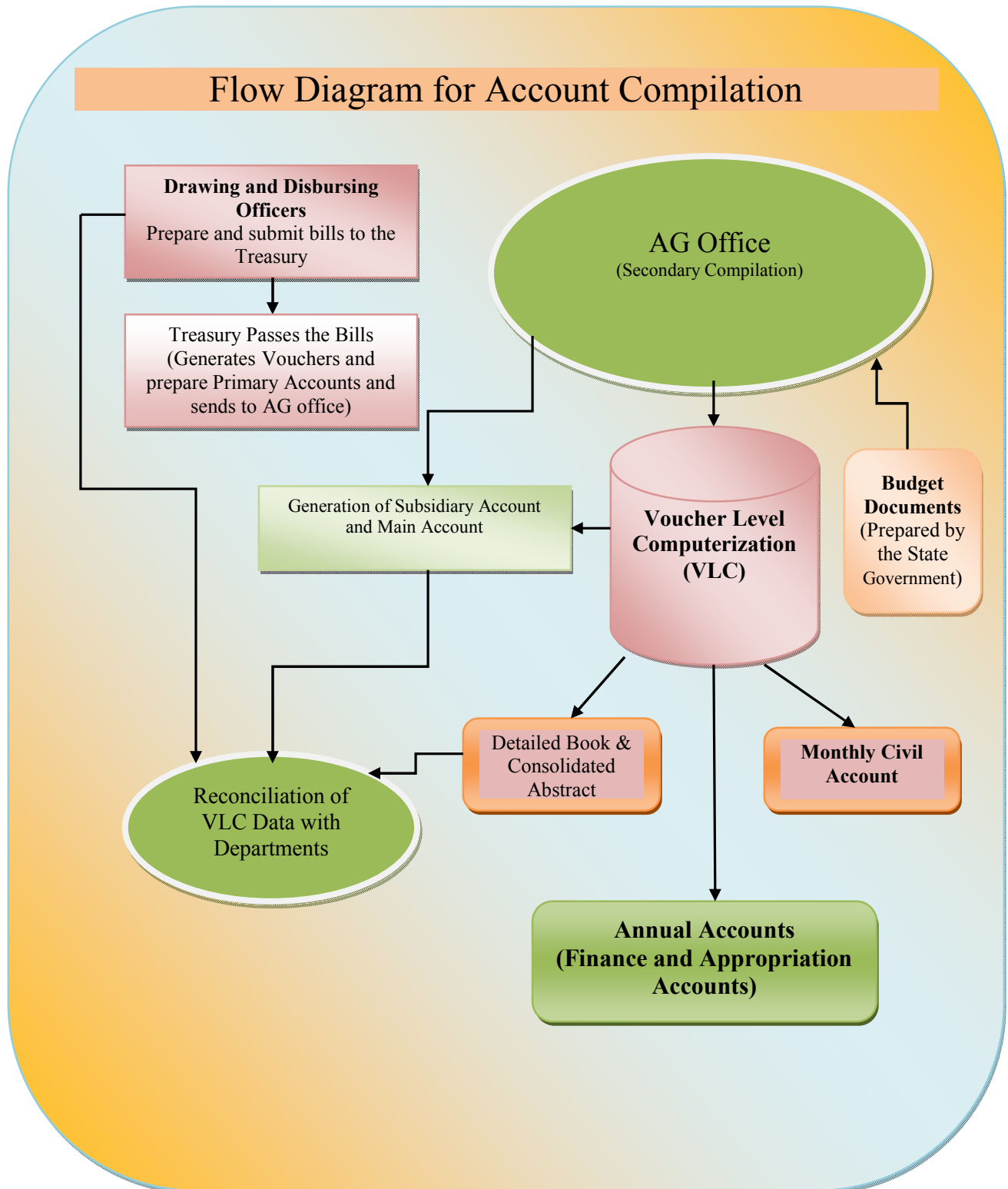
The Accountant General (Accounts and Entitlements), Uttar Pradesh compiles the accounts of receipts and expenditure of the Government of Uttar Pradesh (UP) (on monthly basis known as Monthly Civil Accounts). This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions, advices of the Reserve Bank of India and information received from Government of India and other State Governments on their financial transactions with the Government of UP. Following such compilation, the Accountant General (A&E) prepares, annually, the Finance Accounts and the Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General (General & Social Sector Audit) Uttar Pradesh and certification by the Comptroller and Auditor General of India.

1.2 Structure of Accounts

1.2.1 Government Accounts are kept in three parts:

<p>Part I CONSOLIDATED FUND</p>	<p>Comprises all the Receipts and Expenditures on Revenue and Capital Accounts, Public Debt and Loans and Advances.</p>
<p>Part II CONTINGENCY FUND</p>	<p>Intended to meet unforeseen expenditure, pending authorization by the Legislatures. Expenditure from this Fund is recouped subsequently from the Consolidated Fund. The corpus of this fund for the Government of UP is ₹ 600 crore.</p>
<p>Part III PUBLIC ACCOUNT</p>	<p>All public money received, other than those credited to Consolidated Fund, are accounted for under the Public Account. In respect of such receipts, Government acts as a banker or trustee. Comprises Small Savings and Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Remittances transactions. Small Savings and Provident Funds, Reserve Funds and Deposits represent repayable liabilities of the Government. Advances are receivables of the Government. Suspense and Remittance transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.</p>

1.2.2 Compilation of Accounts



1.3 Finance Accounts and Appropriation Accounts

1.3.1 Finance Accounts

The Finance Accounts depict the Receipts and Disbursements of the Government for the year, together with the financial results disclosed by the Revenue and Capital accounts, Public Debt and Public Account balances recorded in the accounts. The Finance Accounts have been 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, summarized 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 summarized statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

Receipts and Disbursements of the Government of Uttar Pradesh as depicted in the Finance Accounts 2013-14 are given below:

(₹ in crore)

Receipts (Total: 192,482.86)	Revenue (Total: 168,213.75)	Tax Revenue	129,358.78
		Non Tax Revenue	16,449.80
		Grants-in-Aid	22,405.17
	Capital (Total:24,269.11)	Recovery of Loans and Advances	589.57
		Borrowings and other Liabilities *	23,679.54
Disbursements (Total: 192,482.86)	Revenue	158,146.87	
	Capital	32,862.65	
	Loans and Advances	1,473.34	

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

The Union Government transfers substantial funds directly to State Implementing Agencies/NGOs for implementation of various schemes and programmes. This year, the Government of India directly released ₹ 12,282.27 crore (₹ 9,631.63 crore last year). Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix VII of Volume II of the Finance Accounts.

1.3.2 Appropriation Accounts

The Appropriation Accounts supplement the Finance Accounts. They depict the expenditure of the State Government against amounts 'Charged' on the Consolidated Fund or 'Voted' by the State Legislature. There are 43 charged Appropriations and 91 voted Grants in the State. The Appropriation Act, 2013-14, had provided for gross expenditure of ₹ 245,908.58 crore and reduction of expenditure (recoveries) of ₹ 13,975.24 crore. Against this, the actual gross expenditure was ₹ 210,701.63 crore and reduction of expenditure was ₹ 10,052.03 crore, resulting in net savings of ₹ 35,206.95 crore (14 *per cent*) and an over-estimation of ₹ 3,923.21 crore (28 *per cent*) on reduction of expenditure. Reduction of expenditure, under revenue and capital was less than estimates. The gross expenditure during the year includes ₹ 38.56 crore drawn on Abstract Contingent (AC) Bills, out of which ₹ 32.81 crore is still outstanding at the end of the year for want of supporting Detailed Contingent (DC) Bills. Normally, unspent balances under PD Accounts are to be transferred back to the Government Accounts at the end of the financial year. But the same has not been done in respect of 54 PD Accounts (under 8443-106) amounting to ₹ 2.47 crore by the holders at the end of year.

47 out of the 77 treasuries in the State informed that the 867 PD Accounts, maintained by them, had been reconciled. The status of reconciliation of the remaining 30 treasuries (maintaining 627 PD Accounts) has not been made available by respective treasuries.

1.4 Sources and Application of funds

1.4.1 Ways and Means Advances

The Reserve Bank of India (RBI) extends the facility of Ways and Means Advances (WMA) to enable State Governments to maintain their liquidity. Overdraft (OD) facilities are also provided when there is a shortfall in the agreed minimum Cash Balance (₹ 4.71 crore) maintained with the RBI. During 2013-14, the Government of Uttar Pradesh did not resort to OD facilities. This has to be viewed against the fact that there were savings of ₹ 38,715.63 crore in 91 grants, resulting in a shortfall of 16 *per cent* in expenditure against estimates.

1.4.2 Fund flow statement

The State had a Revenue Surplus of ₹10,066.88 crore and a Fiscal Deficit of ₹ 23,679.54 crore representing 1*per cent* and 3 *per cent* of the Gross State Domestic Product (GSDP) ¹. The Fiscal Deficit constituted 12 *per cent* of total expenditure. This deficit was met from Public Debt (₹ 6,733.72 crore), increase in Public Account (₹15,653.27 crore), un-recouped contribution from the Contingency Fund (₹ 175.76 crore), and net of opening and closing cash balance (₹ -1,116.79 crore). Around 59 *per cent* of the Revenue Receipts (₹ 168,213.75 crore) of the State Government was spent on committed expenditure like salaries and wages (₹ 54,892.13 crore), interest payments (₹17,412.44 crore), pensions (₹ 19,521.21 crore) and subsidies (₹ 6,607.88 crore).

¹Except where indicated otherwise, GSDP figures used in this publication are adopted from Arthik Bodh Evam Sankhya Nideshak, Government of Uttar Pradesh. Lucknow.

Source and Application of Funds

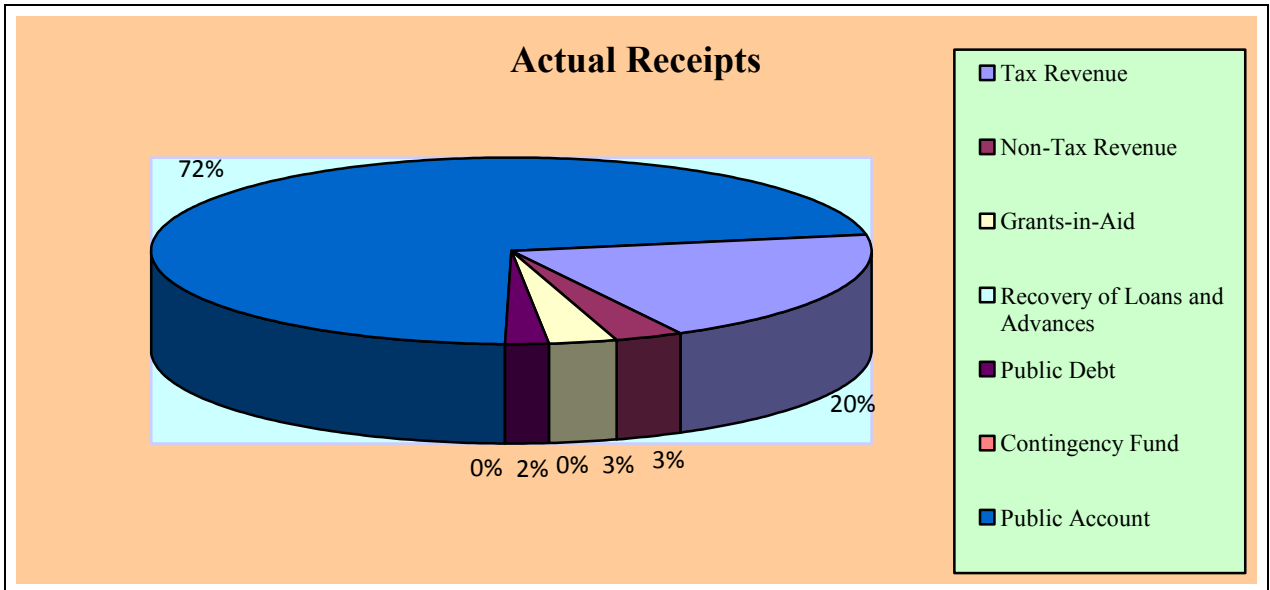
(₹ in crore)

SOURCES	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1.4.2013	(-) 39.52
	Revenue Receipts	168,213.75
	Recovery of Loans and Advances	589.57
	Public Debt	14,900.45
	Contingency Fund	262.32
	Small Savings, Provident Fund & Others	9,659.91
	Reserves & Sinking Funds	12,975.36
	Deposits Received	17,521.30
	Civil Advances Repaid	256.03
	Suspense Account	400,908.59
	Remittances	23,520.11
	Total	648,767.87

APPLICATION	Revenue Expenditure	158,146.87
	Capital Expenditure	32,862.65
	Loans given	1,473.34
	Repayment of Public Debt	8,166.74
	Contingency Fund	86.55
	Small Savings, Provident Funds and Others	7,297.12
	Reserves & Sinking Funds	5,021.15
	Deposits spent	12,483.80
	Civil Advances given	256.50
	Suspense Account	400,511.65
	Remittances	23,617.81
	Closing Cash Balance as on 31.3.2014	(-) 1,156.31
	Total	648,767.87

1.4.3 Where the Rupee came from

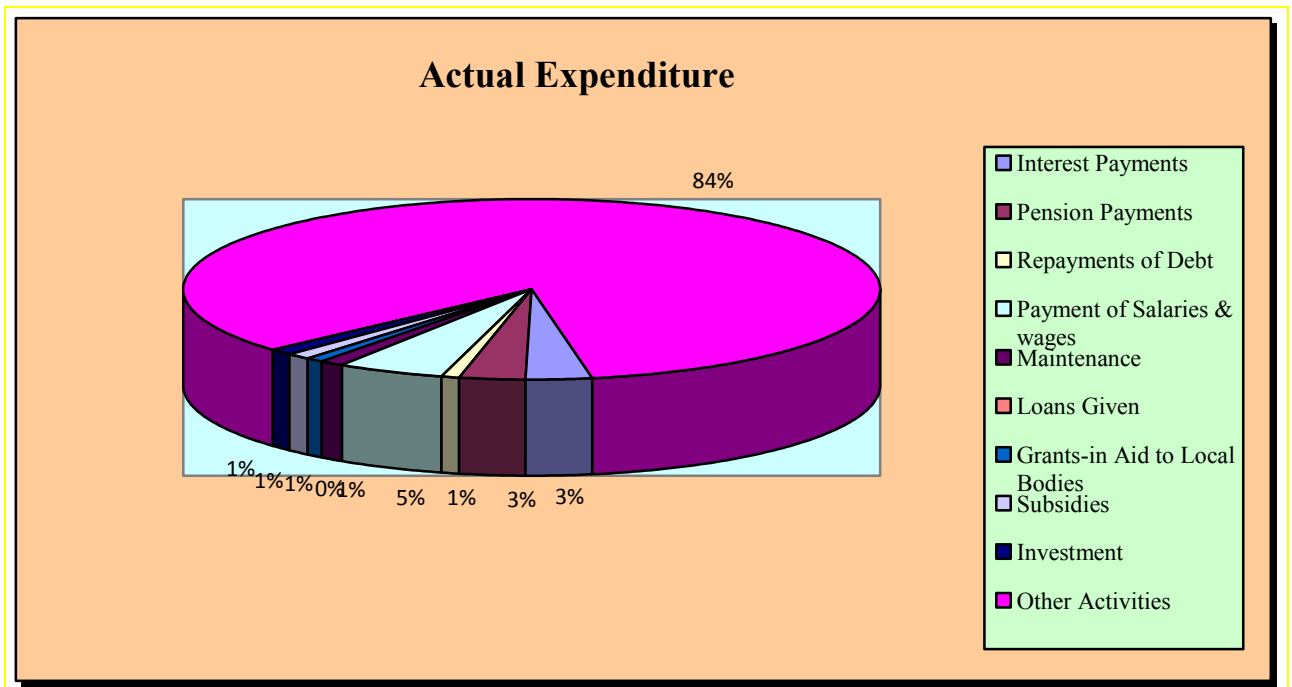
Source of fund (overall receipts) of the State Government during 2013-14 were ₹ 648,807.39 crore. Ratio of receipts under various components is shown in the chart below:



Note: Zero depicts negligible amount

1.4.4 Where the Rupee went

Application of fund (overall expenditure) of the State during 2013-14 were ₹ 649,924.18 crore. Ratio of expenditure under various components is shown in the chart below:



Note: Zero depicts negligible amount

1.5 Highlights of Accounts

(₹ in crore)

Sl. No	Items	B.E 2013-14	Actuals	Percentage of actuals to B.E	Percentage of actuals to GSDP(\$)
1.	Tax Revenue @	140,651.00	129,358.78	91.97	14.53
2.	Non-Tax Revenue	13,182.48	16,449.80	124.79	1.85
3.	Grants-in-aid & Contributions	23,914.73	22,405.17	93.69	2.52
4.	Revenue Receipts(1+2+3)	177,748.21	168,213.75	94.64	18.89
5.	Recovery of Loans and Advances	951.83	589.57	61.94	0.07
6.	Borrowings & other Liabilities (A)	23,913.29	23,679.54	99.02	2.66
7.	Capital Receipts(5+6)	24,865.12	24,269.11	97.60	2.73
8.	Total Receipts (4+7)	202,613.33	192,482.86	95.00	21.62
9.	Non-Plan Expenditure (*)	135,596.80	129,394.62	95.43	14.53
10.	NPE on Revenue Account	132,134.15	126,489.47	95.73	14.21
11.	NPE on Interest Payments out of 10 above	17,054.54	17,412.44	102.10	1.96
12.	NPE on Capital Account	3,462.65	2,905.15	83.90	0.33
13.	Plan Expenditure (*)	67,016.53	63,088.24	94.14	7.09
14.	PE on Revenue Account	35,758.05	31,657.40	88.53	3.56
15.	PE on Capital Account	31,258.48	31,430.84	100.55	3.53
16.	Total Expenditure(9+13)	202,613.33	192,482.86	95.00	21.62
17.	Revenue Expenditure(10+14)	167,892.20	158,146.87	94.20	17.76
18.	Capital Expenditure(12+15) (#)	34,721.13	34,335.99	98.89	3.86
19.	Revenue Surplus(+)/Deficit(-)(4-17)	(+)9,856.01	(+)10,066.88	102.13	1.13
20.	Fiscal Surplus(+)/Deficit(-) (4+5-16)	(-)23,913.29	(-)23,679.54	99.02	2.66

@ Includes State's Share of Union Taxes of ₹ 62,776.70 crore

(\$) GSDP figure of ₹ 890,265.14 crore (advance) received from Arthik Bodh Evam Sankhya Nideshak, Uttar Pradesh, Lucknow.

(#) Expenditure on Capital Account includes Capital Expenditure (₹ 32,862.65 crore) and Loans and Advances disbursed (₹ 1,473.34 crore).

(*) Expenditure includes ₹ 650.62 crore under Non-Plan and ₹ 822.72 crore under Plan which pertains to Loans and Advances.

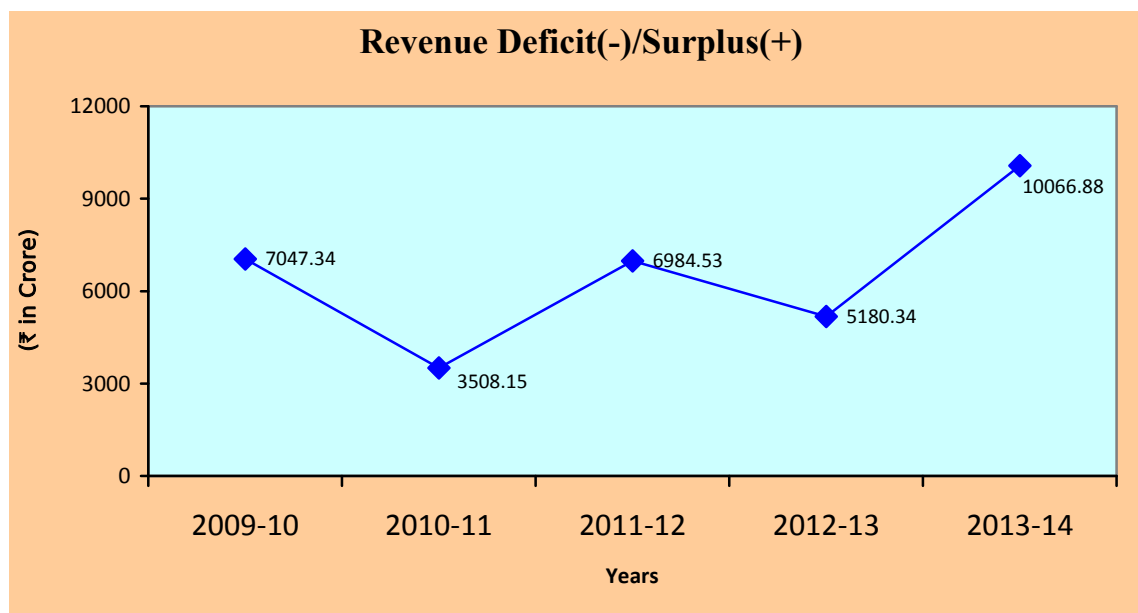
(A) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund+ Net (Receipts- Disbursements) of Public Accounts + Net of Opening and Closing Cash Balance.

1.6 What do the Deficits and Surpluses indicate?

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

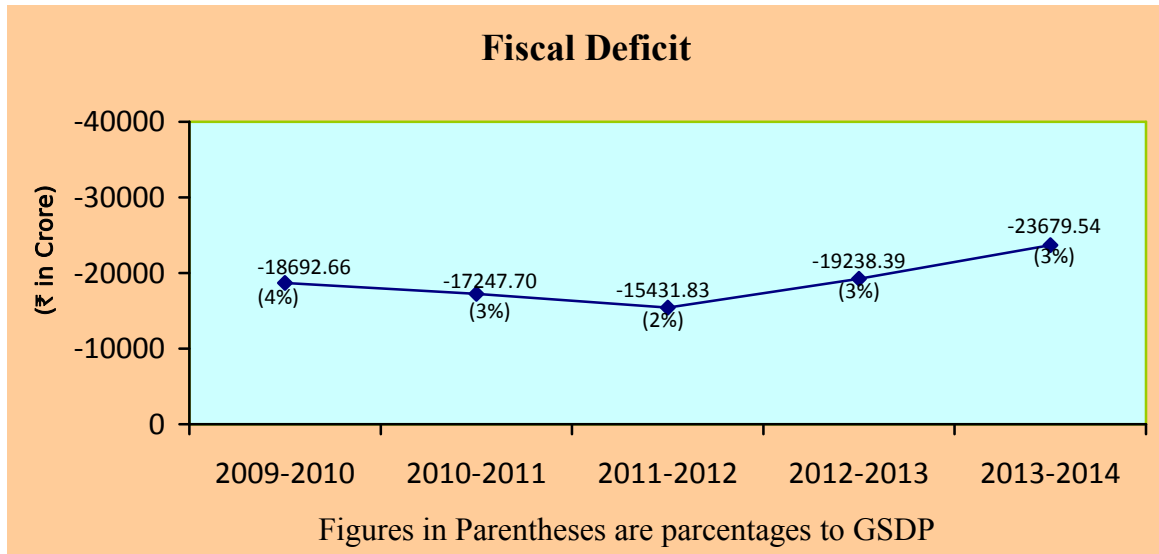
1.6.1 Trend of Revenue Deficit/ Surplus

Against the norm fixed in F.R.B.M. Act, ie, “Revenue deficit to be maintained up to Zero”, the State Government has maintained the Revenue Surplus during the last five years as shown in the chart below:



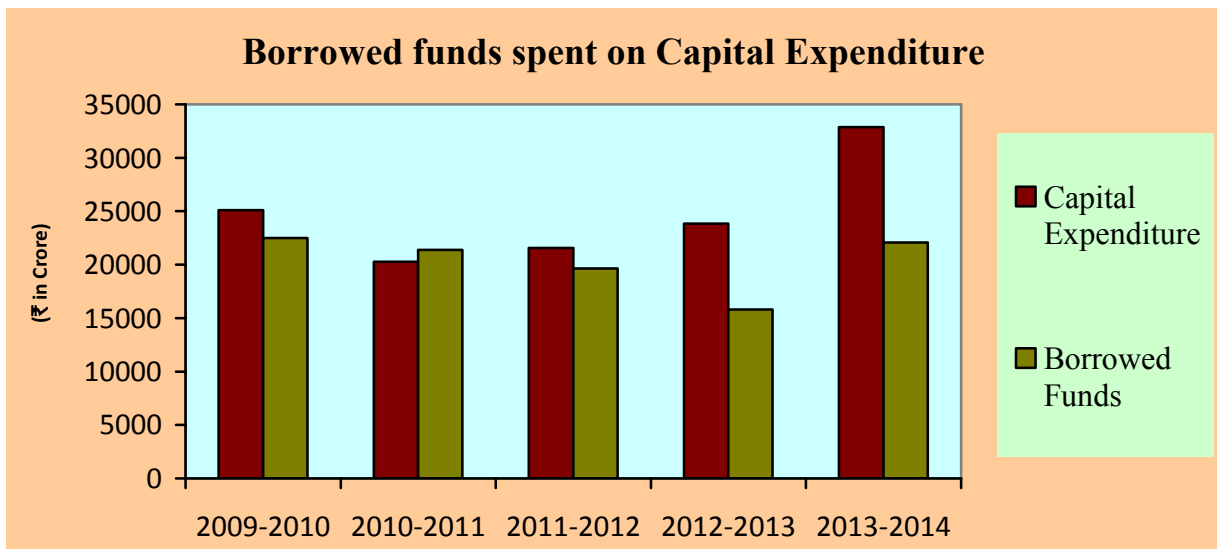
1.6.2 Trend of Fiscal Deficit

Similarly Fiscal Deficit has also been maintained up to not more than 3 *per cent* of G.S.D.P as per norm fixed in F.R.B.M. Act during the last five years as shown in the chart below:



1.6.3 Proportion of borrowed funds spent on Capital expenditure.

The Capital Expenditure is usually met from borrowed funds. 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 149 *per cent* of the borrowings of the current year (₹ 22,088.21 crore) on Capital Expenditure (₹ 32,862.65 crore). A chart showing comparison of borrowed funds spent on Capital expenditure is as under:



RECEIPTS

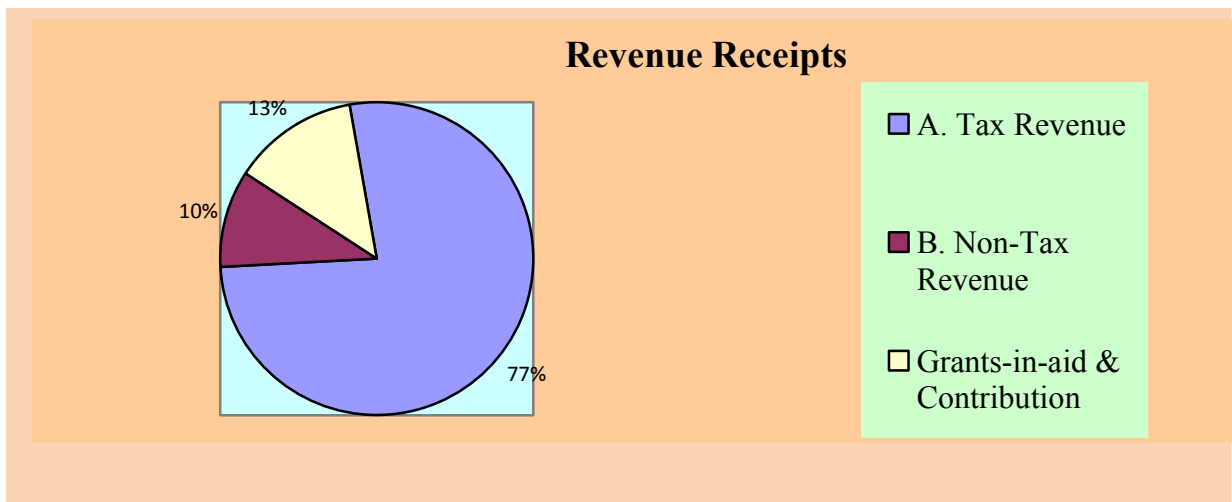
2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue receipts for 2013-14 were ₹ 168,213.75 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 & Equipment' received from foreign Governments and channelised through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.

Component wise position of total Revenue receipts of the State of ₹ 168,213.75 crore is shown in the chart below:



Revenue Receipt Components (2013-14)

(₹ in crore)

Components	Actuals
A. Tax Revenue	129,358.78
Taxes on Income & Expenditure	35,054.15
Taxes on Property & Capital Transactions	10,350.88
Taxes on Commodities & Services	83,953.75
B. Non-Tax Revenue	16,449.80
Fiscal Services	0.03
Interest Receipts, Dividends and Profits	1,624.58
General Services	3,907.02
Social Services	7,158.58
Economic Services	3,759.59
C. Grants-in aid & Contributions	22,405.17
Total- Revenue Receipts	168,213.75

2.3 Trend of Receipts

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Tax Revenues	65,674.27 (12)	84,573.90 (14)	102,964.38 (15)	115,596.21 (15)	129,358.78 (15)
Non-Tax Revenues	13,601.09 (3)	11,176.21 (2)	10,145.30 (1)	12,969.98 (2)	16,449.80 (2)
Grants-in-Aid	17,145.59 (3)	15,433.65 (3)	17,760.02 (3)	17,337.79 (2)	22,405.17 (2)
Total Revenue Receipts	96,420.95 (18)	111,183.76 (19)	130,869.70 (19)	145,903.98 (19)	168,213.75 (19)
GSDP(*)	523,394.18	600,285.72(a)	685,291.83(b)	782,285.34(c)	890,265.14(d)

Note: Figures in parentheses represent percentage to GSDP

(*) GSDP (Gross State Domestic Product) is the value of final goods and services produced during the year.

(a) Figure of GSDP for 2010-11 has been revised by the State Govt.

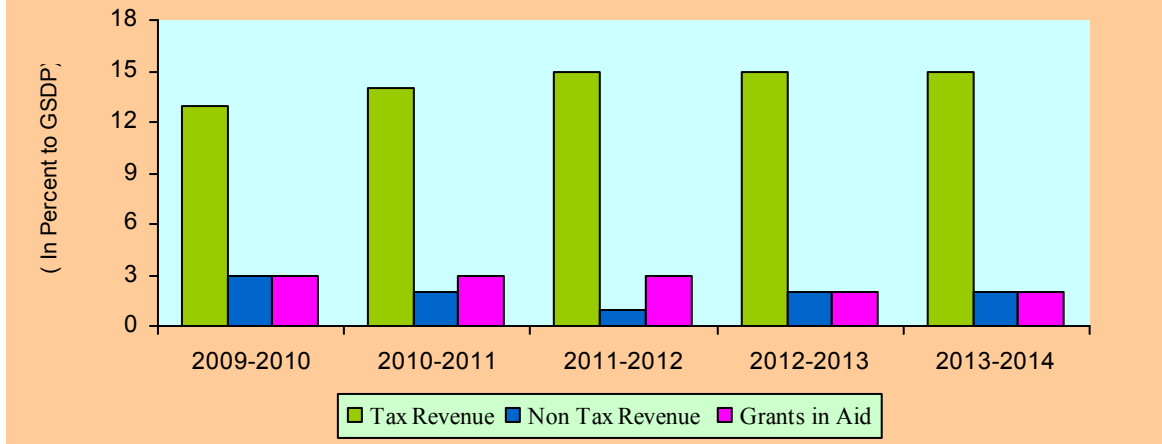
(b) Figure of GSDP for 2011-12 has been revised by the State Govt. and is provisional.

(c) Figure of GSDP for 2012-13 has been revised by the State Govt. and is quick.

(d) Figure of GSDP for 2013-14 is advance.

Though the GSDP increased by 14 *per cent* between 2012-13 and 2013-14, growth in revenue collection was 15 *per cent*, tax revenues increased by 12 Percent, non-tax revenues by 27 *per cent*, and 'Grants-in-aid from Central Government' by 29 *per cent* despite significant decrease in 'Miscellaneous General Services' (₹1,299.83crore) and 'Other Rural Development Programme' (₹115.94 crore).

Components under Revenue Receipts as proportion to GSDP



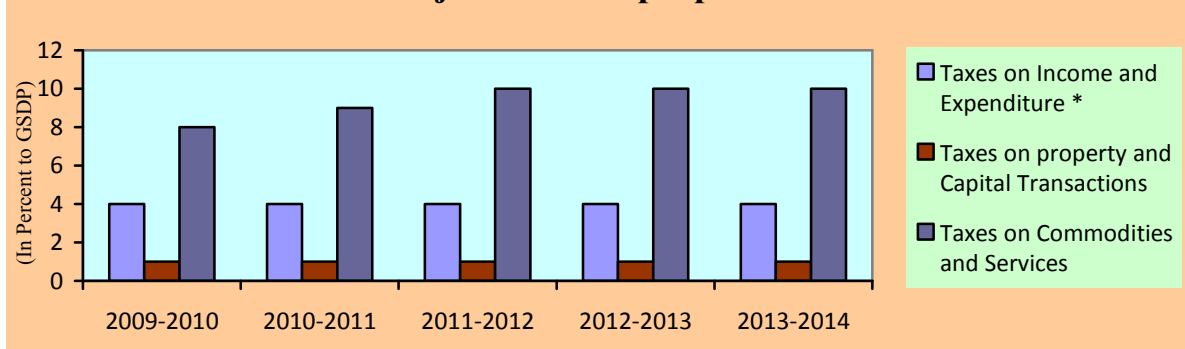
Sector-wise Tax Revenue

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Taxes on Income and Expenditure	20,395.89	25,845.27	29,916.21	33,053.72	35,054.15
Taxes on Property and Capital Transactions	5,254.98	7,143.46	8,261.60	9,581.69	10,350.88
Taxes on Commodities and Services	40,023.40	51,585.17	64,786.57	72,960.80	83,953.75
Total Tax Revenues	65,674.27	84,573.90	102,964.38	115,596.21	129,358.78

Substantial increasing trend in collection of Taxes on Commodities and Services during the last five years are mainly due to collections under Major Head 0040- Taxes on Sales, Trade etc.

Trend of Major Taxes in proportion to GSDP



(*) Primarily net proceeds of central Share to the State

2.4 Performance of State's own Tax Revenue collection

(₹ in crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			Amount	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2009-10	65,674.27	31,796.67	33,877.60	6
2010-11	84,573.90	43,464.05	41,109.85	7
2011-12	102,964.38	50,350.95	52,613.43	8
2012-13	115,596.21	57,497.85	58,098.36	7
2013-14	129,358.78	62,776.70	66,582.08	7

The State Government has maintained increasing trend of collections of Own Tax Revenue in accordance with its share of Union Taxes during the last five years.

2.5 Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Collection	5,254.98	7,143.46	82,61.60	95,81.69	10,350.88
Expenditure on Collection	1,222.11	1,568.90	1,662.85	1,927.28	1,941.67
Efficiency of Tax Collection (Percentage)	23	22	20	20	19

B. Taxes on Commodities and Services

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Collection	40,023.40	51,585.17	64,786.57	72,960.80	83,953.75
Expenditure on Collection	1,155.49	1,440.15	1,135.07	1,349.75	665.16
Efficiency of Tax Collection (Percentage)	3	3	2	2	1

Taxes on commodities and services form a major chunk of Tax Revenue. Collection efficiency of Taxes on Commodities and Services was excellent during the last five years. However, the collection efficiency of taxes on property and capital transactions needs improvement.

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

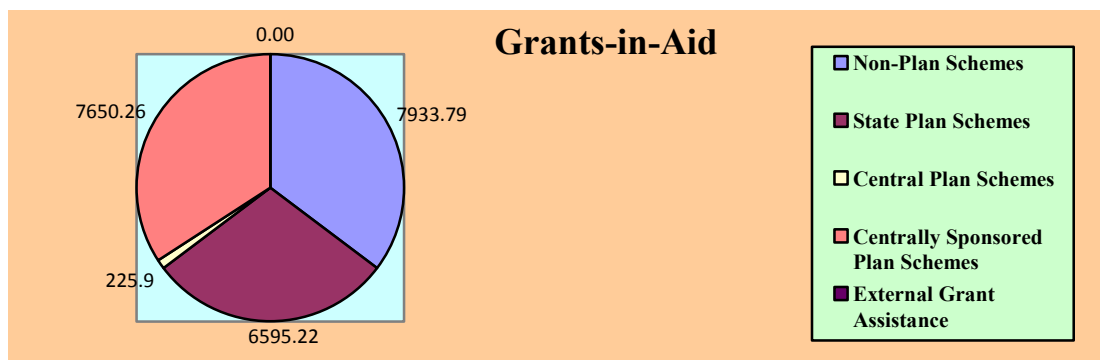
(₹ in crore)

Major Head description	2009-10	2010-11	2011-12	2012-13	2013-14
Corporation Tax	13,085.69	16,892.90	19,818.72	20,653.72	21,112.58
Taxes on Income other than Corporation Tax	7,289.26	8,926.93	10,067.03	12,365.05	13,902.00
Other Taxes on Income and Expenditure	0.00	0.00	0.00	0.00	0.00
Taxes on Wealth	29.61	34.64	76.51	34.87	57.96
Customs	4,450.18	7,557.41	8,730.00	9,554.78	10,242.68
Union Excise Duties	3,584.65	5,497.76	5,649.14	6,493.46	7,234.15
Service Tax	3,357.31	4,309.45	6,009.58	8,395.97	10,227.31
Other Taxes and Duties on Commodities and Services	(-)0.03	244.96	(-)0.03	0.00	0.02
State Share of Union Taxes	31,796.67	43,464.05	50,350.95	57,497.85	62,776.70
Total Tax Revenue	65,674.27	84,573.90	102,964.38	115,596.21	129,358.78
Percentage of Union Taxes to Total Tax Revenue	48	51	49	50	49

2.7 Grants-in-Aid

Grants-in-Aid represent assistance from the Government of India and External Grant Assistance and comprise, Grants for State Plan Schemes, Central Plan Schemes, Centrally Sponsored Schemes approved by the Planning Commission, State Non-plan Grants recommended by the Finance Commission and Grants from External Agencies. Total receipts during 2013-14 under Grants in Aid was ₹ 22,405.17 crore as shown below:

(₹ in crore)



The share of non-plan grants in total Grants-in-aid was 35 per cent during 2013-14, while, the share of grants for plan schemes was 65 per cent in 2013-14. As against a budget estimate of ₹ 16,991.62 crore of Union Share in State Plan Schemes, Central Plan Schemes and Centrally Sponsored Plan Schemes, the State Government has actually received ₹ 14,471.38 crore of Grants-in-Aid (85 per cent of BE).

2.8 Public Debt

Trend of Public Debt over the past five years

(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Internal Debt	15,737.68	14,948.00	12,363.65	8,010.12	7,809.13
Central Loans	(-)917.20	(-)937.00	(-)998.96	(-)1,099.21	(-) 1,075.42
Total Public Debt	14,820.48	14,011.00	11,364.69	6,910.91	6,733.71

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

In 2013-14, nine loans totaling ₹ 8,000.00 crore at interest rates varying from 7.60 *per cent* to 9.67 percent and redeemable in the year 2024 were raised at par.

Against the total Internal Debt of ₹ 14,510.55 crore of the State Government in 2013-14 plus the Central Loan Component of ₹ 389.90 crore received during this period, Capital Expenditure was ₹ 32,862.65 crore (226 *per cent*)

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

3.2 Revenue Expenditure

Revenue Expenditure of ₹ 158,146.87 crore for 2013-14 fell short of budget estimates by ₹ 9,745.33 crore due to less disbursement of ₹ 4,100.65 crore under Plan Expenditure and ₹ 5,644.68 crore under Non-plan Expenditure. This shortfall is to be viewed in the light of the shortfall of ₹ 9,534.46 crore (5 *per cent*) in revenue receipts and the need of the State to maintain a revenue surplus in terms of the Uttar Pradesh FRBM Act, 2004.

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

	2009-10	2010-11	2011-12	2012-13	(₹ in crore) 2013-14
Budget Estimates	92,866.65	111,066.21	125,793.66	152,963.61	167,892.20
Actuals	89,373.61	107,675.61	123,885.17	140,723.64	158,146.87
Gap	3,493.04	3,390.60	1,908.49	12,239.97	9,745.33
Percentage of Gap over BE	4	3	2	8	6

Compounding the shortfall (by 6 Percent) of Revenue Receipts against budget estimates, the State Government has faced with the problem of generating revenue surplus in terms of the FRBM Act. Nearly 62 percent of total Revenue Expenditure was incurred on committed Non-plan expenditure (salaries, pensions, interests etc.). Added to this was the fact that the Government of India released only 85 *per cent* of the estimated Grant-in-aid. The Plan expenditure has resultantly increased by 22 *per cent*, from ₹ 25,877.91 crore in 2012-13 to ₹ 31,657.40 crore in 2013-14.

3.2.1 Sectoral Distribution of Revenue Expenditure (2013-14)

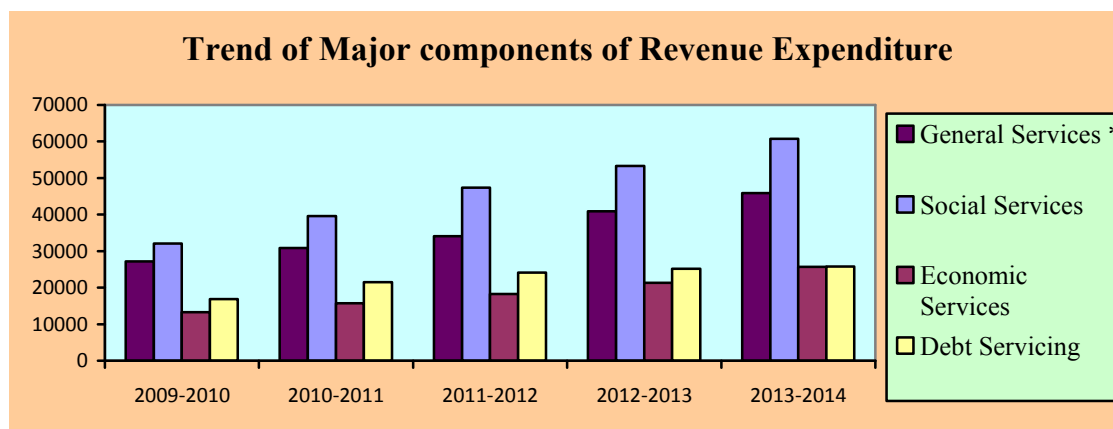
(₹ in crore)

Components	Amount	Percentage
A. Fiscal Services	2,625.63	2
(i) Collection of Taxes on Property and Capital transactions	1,941.67	1
(ii) Collection of Taxes on Commodities and Services	665.16	1
(iii) Other Fiscal Services	18.80	0
B. Organs of State	1,619.26	1
C. Interest Payments and Servicing of debt	25,776.69	16
D. Administrative Services	12,409.41	8
E. Pensions and Miscellaneous General Services	19,552.51	13
F. Social Services	60,756.28	38
G. Economic Services	25,710.72	16
H. Grants-in-aid and contributions	9,696.37	6
Total Expenditure (Revenue Account)	158,146.87	100

Expenditure on Interest Payment and Servicing of Debt needs to be reduced so that the expenditure under Economic Services may also be enhanced in accordance with expenditure on Social Services.

3.2.2 Major Components of Revenue Expenditure (2009-2014)

(₹ in crore)



- General Services excludes MH 2048 (Appropriation for Reduction or Avoidance of Debts), MH 2049 (Interest Payments) and includes MH 3604 Compensation and Assignment to Local Bodies and Panchayati Raj Institutions.

The expenditure on Economic Services (which includes important sectors like Rural Development, Agriculture and Irrigation) has marginal growth, as against a steady increase in General and Social services.

3.3 Capital Expenditure

Capital disbursements for 2013-14 at 4 per cent of GSDP were less than budget estimates by ₹ 385.15 crore (less disbursement of ₹ 557.51 crore under Non-Plan Expenditure and excess disbursement of ₹ 172.36 crore under Plan Expenditure).

3.3.1 Sectoral Distribution of Capital Expenditure

During 2013-14, the Government spent ₹ 2,537.30 crore on various Projects (₹ 1,770.46 crore on Major Irrigation, ₹ 243.14 crore on Medium Irrigation, and ₹ 523.70 crore on Minor Irrigation). Apart from above, the Government spent ₹ 10,653.19 crore on Construction of Buildings, Roads and Bridges and invested ₹ 6,628.63 crore in various Corporations /Companies /Societies.

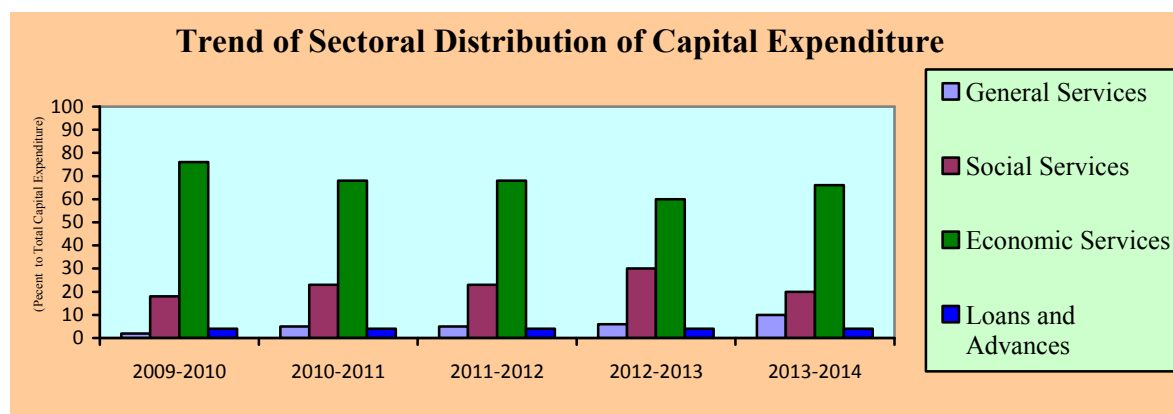
(₹ in crore)

Sl.No.	Sector	Amount	Percentage
1.	General Services-Police, Land Revenue etc.	3,463.35	10
2.	Social Services- Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.	6,759.50	20
3.	Economic Services- Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.,	22,639.80	66
4.	Loans and Advances Disbursed	1,473.34	4
Total		34,335.99	100

3.3.2 Sectoral Distribution of Capital Expenditure over the past five years

(₹ in crore)

Sl. No.	Sector	2009-10	2010-11	2011-12	2012-13	2013-15
1.	General Services	610.97	1,002.05	1,143.62	1,404.95	3,463.35
2.	Social Services	4,702.02	4,795.47	5,187.14	7,594.51	6,759.50
3.	Economic Services	19,778.24	14,475.28	15,243.20	14,834.83	22,639.80
4.	Loans and Advances	941.85	968.22	975.57	1,003.24	1,473.34
Total		26,033.08	21,241.02	22,549.53	24,837.53	34,335.99

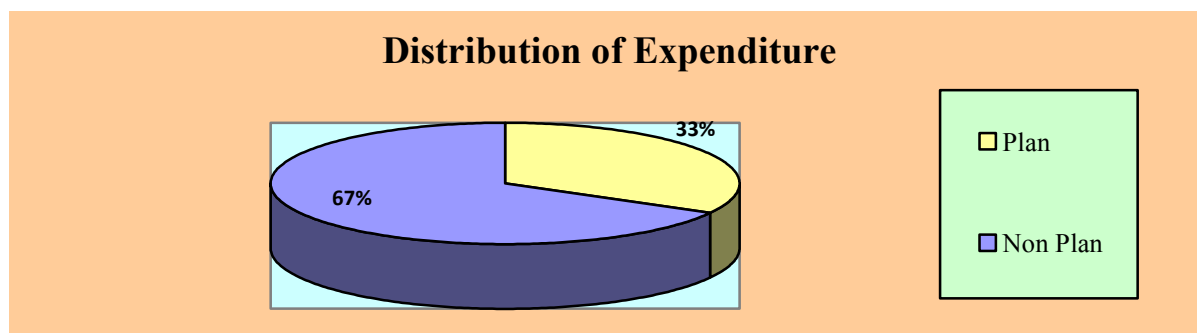


Expenditure under Social Sector which is indicative of development related spending reduced by 11 per cent during 2013-14 from 2012-13.

PLAN & NON PLAN EXPENDITURE

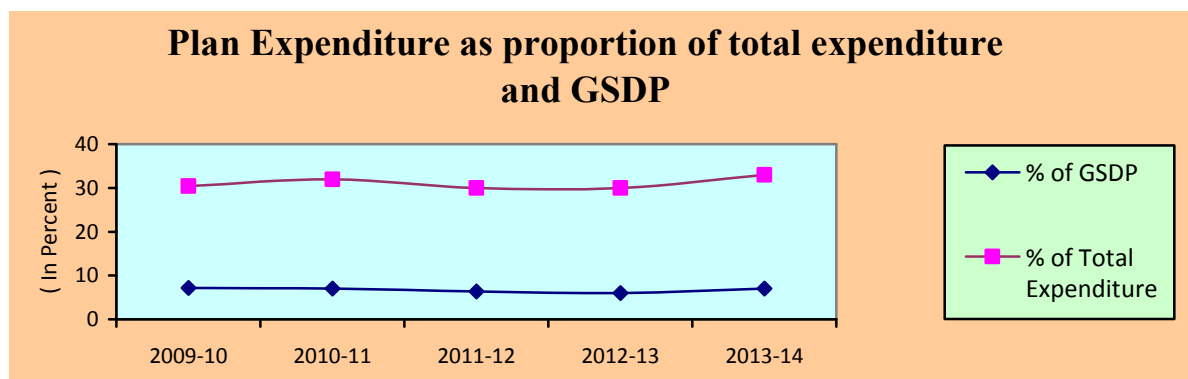
Revenue and Capital expenditure include Plan (State Plan, Central Plan and Centrally Sponsored Plan) expenditure and Non-Plan Expenditure.

4.1 Distribution of expenditure (2013-14)



4.2 Plan Expenditure

During 2013-14, Plan Expenditure, representing 33 *per cent* of total disbursements, was ₹ 63,088.24 crore (₹ 46,836.12 crore under State Plan, ₹ 15,429.40 crore under Centrally Sponsored Plan Schemes and ₹ 822.72 crore under Loans and Advances).



4.2.1 Plan expenditure under Capital Account

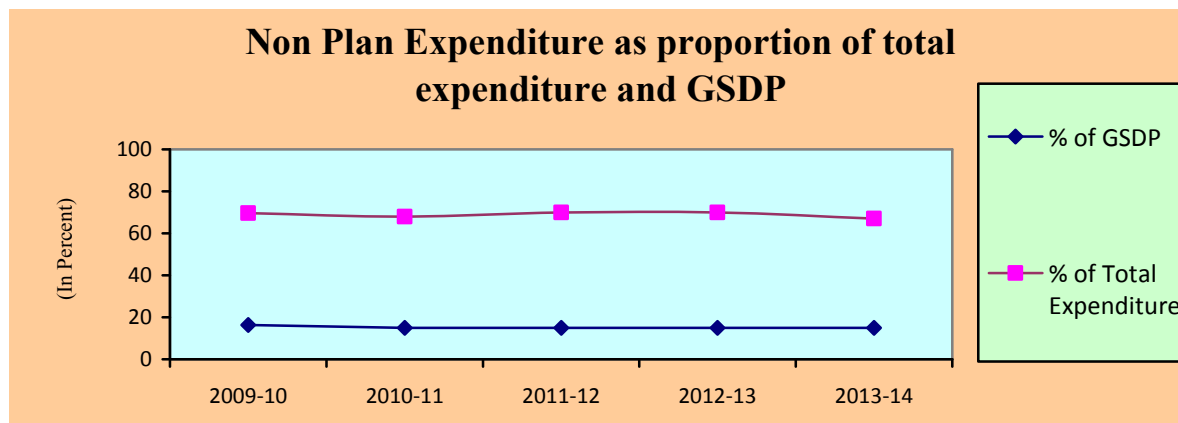
(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Total Capital Expenditure	26,033.08	21,241.02	22,549.53	24,837.53	34,335.99
Capital Expenditure (Plan)	19,433.51	20,198.36	21,149.58	22,992.25	31,430.84
Percentage of Capital Expenditure (Plan) to total Capital Expenditure	75	95	94	93	92

Against the net increase of overall liabilities (₹ 22,088.21 crore) during 2013-14, the State Government spent ₹ 34,335.99 crore (155.45 *per cent*) on Capital expenditure.

4.3 Non-Plan Expenditure

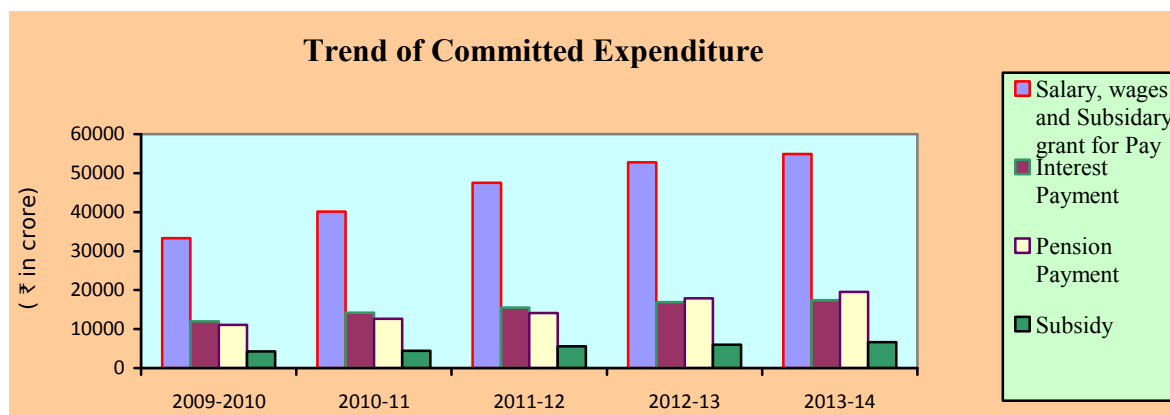
Non-Plan Expenditure during 2013-14, representing 67 per cent of total disbursements, was ₹ 129,394.62 crore, (₹ 126,489.47 crore under Revenue and ₹ 2,905.15 crore under Capital).



4.4 Committed Expenditure

(₹ in crore)

Component	2009-10	2010-11	2011-12	2012-13	2013-14
Committed Expenditure	60,685.06	71,429.90	82,729.90	93,559.62	98,433.66
Revenue Expenditure	89,373.61	107,675.61	123,885.17	140,723.64	158,146.87
Percentage of Committed Expenditure to Revenue Receipts	63	64	63	64	59
Percentage of Committed Expenditure to Revenue Expenditure	68	66	67	66	62



The upward trend on committed expenditure leaves the Government with lesser flexibility for development related spendings.

APPROPRIATION ACCOUNTS

The Appropriation Accounts presents accounts of the sums expended in the year compared with the sums specified in the Schedule appended to the Appropriation Acts passed under Articles 204 and 205 of the Constitution of India.

5.1 Summary of Appropriation Accounts for 2013-14

(₹ in crore)

Sl. No	Nature of expenditure	Original grant	Supplementary grant	Re- appropriation	Total	Actual expenditure	Savings (-) Excesses(+)
1	Revenue Voted	143,185.79	6,183.10	--	149,368.89	132,860.22	(-) 16,508.67
	Charged	26,326.27	70.99	--	26,397.26	26,041.56	(-) 355.70
2	Capital Voted	44,927.85	4,394.59	--	49,322.44	41,894.04	(-) 7,428.40
	Charged	194.93	7.50	--	202.43	265.73	(+) 63.30
3	Public Debt Charged	18,587.86	--	--	18,587.86	8,166.74	(-) 10,421.12
4	Loans and Advances Voted	1,953.73	75.97	--	2,029.70	1,473.34	(-) 556.36
Total		235,176.43	10,732.15	--	245,908.58	210,701.63	(-) 35,206.95

The State Government could not utilize 14.32 *per cent* (₹35,206.95 crore) against the total appropriation (Budget) (₹ 245,908.58) crore during 2013-14.

5.2 Trend of Savings/Excess during the past five years

(₹ in crore)

Year	Savings (-) / Excess(+)				Total
	Revenue	Capital	Public Debt.	Loans & Advances	
2009-10	(-)7,276.68	(-)3,472.01	(-)10,220.43	(-)542.30	(-)21,511.42
2010-11	(-)5,531.53	(-)7,506.18	(-)10,778.28	(-)106.14	(-)23,932.13
2011-12	(-)8,304.76	(-)5,586.52	(-)10,110.28	(-)504.57	(-)24,506.13
2012-13	(-)15,769.59	(-)3,657.71	(-)9,934.92	(-)339.48	(-)29,701.70
2013-14	(-) 16,864.37	(-) 7,365.10	(-) 10,421.12	(-) 556.36	(-) 35,206.95

Increasing trend of unutilized budget during the last five years is an indication of inadequate budgeting and/or monitoring of funds by the Government Departments.

5.3 Significant Savings

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

Some grants with persistent and significant savings are given below:

(₹ in crore)						
Grant	Nomenclature	2009-10	2010-11	2011-12	2012-13	2013-14
11	Agriculture and Other Allied Departments (Agriculture)	(-)753.22	(-)268.09	(-)867.29	(-)822.72	(-)1,066.71
14	Agriculture and Other Allied Departments (Panchayati Raj)	(-)351.92	(-)226.92	(-)235.76	(-)1,230.82	(-)462.06
21	Food and Civil Supplies Department	(-)1,627.58	(-)5,474.26	(-)1,921.82	(-)1,052.18	(-)5,165.76
32	Medical Department (Allopathy)	(-)568.46	(-)243.11	(-)292.92	(-)634.67	(-)755.32
37	Urban Development Department	(-)428.64	(-)1,398.91	(-)887.28	(-)976.50	(-)1,024.60
42	Judicial Department	(-)306.52	(-)349.42	(-)330.09	(-)282.95	(-)623.56
48	Minorities Welfare Department	(-)484.66	(-)437.57	(-)387.05	(-)269.00	(-)349.41
54	Public Works Department (Establishment)	(-)442.15	(-)396.56	(-)238.57	(-)681.46	(-)1,041.30
61	Finance Department (Debt Services and Other Expenditure)	(-)10,063.54	(-)9,518.37	(-)10,460.76	(-)11,867.38	(-)10,402.03
72	Education Department (Secondary Education)	(-)262.06	(-)785.87	(-)710.76	(-)1,276.79	(-)1,032.08
73	Education Department (Higher Education)	(-)114.05	(-)599.17	(-)765.05	(-)939.86	(-)533.63
83	Social Welfare Department (Special Component Plan for Scheduled Castes)	(-)1,015.85	(-)213.95	(-)1,207.91	(-)2,350.94	(-)1,839.78

During 2013-14, supplementary grants totaling ₹ 10,732.15 crore (5.09 per cent of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below:

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
11	Agriculture and Other Allied Departments (Agriculture)	<u>Revenue (Voted)</u> Capital(Voted)	2,582.08 965.80	112.79 4.95	2,098.77 500.21
13	Agriculture and Other Allied Departments (Rural Development)	<u>Revenue (Voted)</u> Capital (Voted)	1,571.20 2,532.79	0.10 100.00	1,370.20 2,487.02
26	Home Department (Police)	<u>Revenue(Voted)</u> Capital (Voted)	10,156.90 646.30	192.00 25.00	9,366.02 544.79
31	Medical Department (Medical Education and Training)	<u>Revenue (Voted)</u> Capital (Voted)	1,308.97 1,037.75	4.00 73.55	1,237.32 917.89
37	Urban Development Department	<u>Revenue (Voted)</u> Capital (Voted)	3,229.92 1,645.13	586.93 8.11	3,162.15 1,283.33
41	Election Department	Revenue (Voted)	135.17	109.56	117.25
51	Revenue Department (Relief on account of Natural Calamities)	Revenue (Voted)	472.37	218.23	455.12
52	Revenue Department (Board of Revenue and other Expenditure)	Revenue (Voted)	2,285.23	100.08	2,182.74
71	Education Department (Primary Education)	<u>Revenue (Voted)</u> Capital (Voted)	20,958.71 5.82	230.14 5.00	18,621.61 5.00
83	Social Welfare Department (Special Component Plan for Scheduled Castes)	Revenue (Voted)	8,042.74	720.10	7,447.11
94	Irrigation Department (Works)	<u>Revenue (Voted)</u> Capital (Voted)	2,181.43 4,829.57	544.07 290.27	1,986.73 3,363.50

CHAPTER VI

ASSETS AND LIABILITIES

6.1 Assets

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

Total investments as share capital in Non-financial Public Sector Undertakings (PSUs) stood at ₹ 52,466.73 crore at the end of 2013-14. However, dividends received during the year were ₹ 5.23 crore (i.e. 0.01 Percent) on investment. During 2013-14, investments increased by ₹ 6,628.63 crore, while dividend income decreased by ₹ 57.47 crore.

Cash Balance with RBI stood at ₹ (-) 39.52 crore on 31st March 2013 and decreased to ₹(-)1,156.31 crore at the end of March, 2014.

6.2 Debt and Liabilities

Article 293 of 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.

Details of the Public Debt and total Liabilities of the State Government during the last five years were as under:

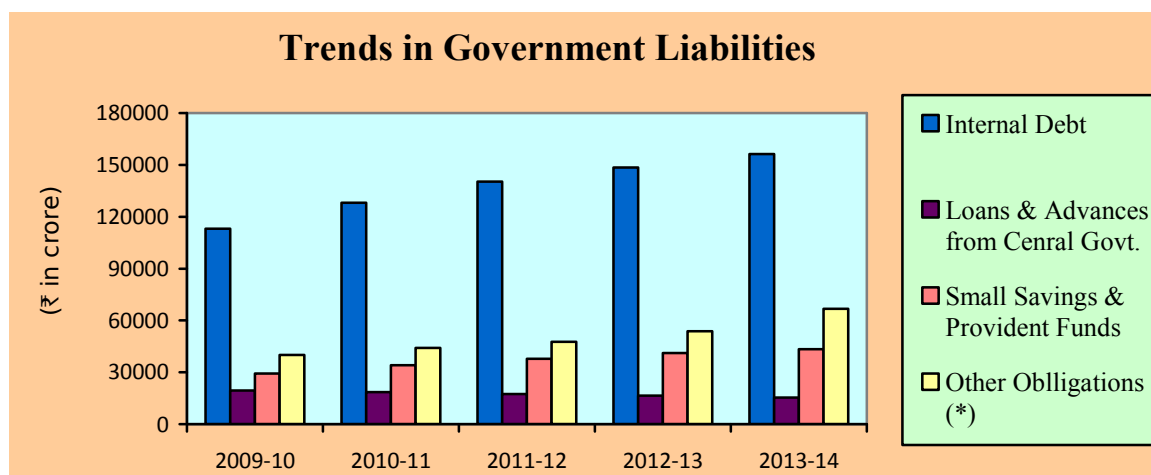
(₹ in crore)

Year	Public Debt	Percent to GSDP	Public Account (*)	Percent to GSDP	Total Liabilities	Percent to GSDP
2009-10	132,523.80	25	69,196.58	13	201,720.38	39
2010-11	146,534.80	24	78,250.45	13	224,785.25	37
2011-12	157,899.49	23	85,329.65	12	243,229.14	35
2012-13	164,810.40	21	94,810.34	12	259,620.74	33
2013-14	171,544.11	19	110,164.84	12	281,708.95	32

(*) Excludes suspense and remittance balances.

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

There is a net increase of ₹ 22,088.21 crore (9 Per cent) in Public Debt and other Liabilities as compared to 2012-13.



* Interest not bearing obligations such as Deposits of Local Funds, other Earmarked Funds, etc.

6.3 Guarantees

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

(₹ in Crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of year	
		Principal	Interest
2009-10	29,311.36	19,592.26	445.88
2010-11	29,778.16	20,162.03	0.00
2011-12	29,628.83	21,659.16	92.85
2012-13	50,459.12	43,336.66	0.00
2013-14	69,752.00	62,223.91	598.42

OTHER ITEMS

7.1 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2013-14 was ₹12,456.21 crore. Of this, Loans and Advances to Government Corporations/ Companies, non-Government Institutes and Local Bodies amounted to ₹ 12,243.28 crore. Recovery of Principal aggregating to ₹ 973.08 crore and Interest amounting to ₹ 560.56 crore was in arrears at the end of 31st March 2014.

7.2 Financial Assistance to Local Bodies and others

During the past five years, Grants in Aid to Local Bodies etc., increased from ₹25,053.52 crore in 2009-10 to ₹ 45,576.17 crore in 2013-14. Grants to Zilla Parishads, Panchayat Samiti and Municipalities (₹5,504.81 crore) represented 12 percent of total grants given during the year.

Details of Grants-in-Aid for the past 5 years were as under.

(₹ in crore)

Year	Zilla Parishad	Municipalities	Panchayat Samiti	Others	Total
2009-10	1,878.21	2,461.07	491.54	20,222.70	25,053.52
2010-11	959.26	1,389.57		*28,400.49	30,749.32
2011-12	2,922.91	2,706.58		*33,584.82	39,214.31
2012-13	326.98	2,198.98	1,307.92	39,377.78	43,211.66
2013-14	725.79	1,863.50	2,915.52	40,071.36	45,576.17

(*) Represent combined figures of Panchayat Samiti and Others during 2010-11 & 2011-12.

7.3 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 st April 2013	As on 31 st March 2014	Net increase (+) / decrease (-)
Cash Balances	(-)39.52	(-) 1,156.31	1,116.79
Investments from cash balance (GOI Try. Bills)	15,198.72	5,164.46	(-) 10,034.26
Investment from Earmarked Fund balances-			
(a) Depreciation Reserve Fund	44.42	44.42	0.00
(b) Famine Relief Fund	0.78	0.78	0.00
(c) Other Funds	0.00	0.00	0.00
Interest realised on Investment of Cash Balances	760.27	1,126.34	366.07

State Government had a negative closing cash balance at the end of 2011-12 to 2013-14, despite utilising its Cash Balances and Earmarked Fund balances towards Investments. Interest receipt on these Investments was, however, increased by 48 *per cent*.

7.4 Reconciliation of accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Accountant General (Accounts and Entitlements). This exercise is to be conducted by respective Heads of Departments. The reconciliation of accounts of many departments was in arrears. In 2013-14, 100 Percent of the total expenditure and total receipt approximate was reconciled. The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCOs) of different departments is given below:

PARTICULARS	TOTAL NO. OF CCOs	FULLY RECONCILED	PARTIALLY RECONCILED	NOT RECONCILED
EXPENDITURE	167	163	02	02
RECEIPTS	44	40	03	01
TOTAL	211	203	05	03

Some Chronic Defaulters in Reconciliation are listed below.

Sl.No.	Name of the Department /Chief Controlling Officer	Year/Years pending
1	Director, Agriculture Department U.P., Lucknow	2013-14
2	Secretary, Planning Department U.P, Lucknow	2013-14
3	Director General, Medical and Health Services U.P, Lucknow	2013-14
4	Director, Local Bodies U.P, Lucknow	2013-14
5	Chief Forest Conservator, Forest Department, U.P. Lucknow	2011-12to2013-14
6	Secretary, Rural Development/ Commissioner, Rural Development, U.P. Lucknow	2012-13&2013-14

7.5 Submission of Accounts by Treasuries

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

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

When money is required in advance or the Drawing and Disbursing Officers (DDOs) are not able to calculate the exact amounts required, they are permitted to draw money without supporting documents through AC bills. Such AC bills are required to be settled, within a maximum of 30 days, through submission of DC bills. The fact that to the end of 31st March

2014, 7032 DC bills amounting to ₹ 115.96 crore was outstanding, indicates that these instructions have not been followed.

7.7 Rush of Expenditure

The financial rules stipulate that rush of expenditure, particularly in the closing month of the financial year, shall be regarded as a breach of financial regularity and should be avoided. It is observed however, that certain departments indulged in this practice to the tune of 51 per cent to 100 Per cent of total expenditure incurred in March, as follows:

(₹ in crore)

Head of A/c	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March 2014	% of 3/2014 w.r.t. total expenditure of the department for 2013-14
2048	Appropriation for Reduction or avoidance of Debt	0.00	0.00	0.00	8,364.25	8,364.25	8,364.25	100
2215	Water Supply and Sanitation	30.57	49.22	48.89	353.28	481.96	289.21	60
2700	Major Irrigation	37.63	31.93	84.49	344.08	498.13	102.07	20
2852	Industries	9.24	18.12	29.07	165.32	221.75	143.44	65
4055	Capital Outlay on Police	13.70	48.64	120.55	361.90	544.79	273.33	51
4070	Capital Outlay on Administrative Services	0.10	40.48	18.30	109.42	168.30	101.22	60
4075	Capital Outlay on Miscellaneous General Services	0.00	0.00	0.00	2,000.00	2,000.00	2,000.00	100
4202	Capital Outlay on Education, Sports, Art and Culture	15.37	103.35	88.84	531.70	739.26	330.36	51
4217	Capital Outlay on Urban Development	0.20	25.91	33.36	674.68	734.15	552.47	75
4235	Capital Outlay on Social Security and Welfare	32.15	123.32	31.36	764.09	950.92	637.21	67
4250	Capital Outlay on Other Social Services	0.00	0.66	5.75	231.68	238.09	183.50	77
5053	Capital Outlay on Civil aviation	0.00	11.05	20.85	158.10	190.00	146.69	77

7.8 Commitments on account of Incomplete Capital Works

A total expenditure of ₹ 3,032.42 crore was incurred upto the year 2013-14 by the State Government on various incomplete projects against an estimated cost of ₹ 4,548.90 crore. During 2013-14 a total expenditure of ₹ 852.84 crore was incurred by the State Government on various projects taken up by Engineering departments. Payments to the tune of ₹ 1,055.07 crore was due to be paid to the end of 31-03-2014. A summarised view on commitments on account of 'Incomplete Capital Works' is furnished below:

(₹ in crore)

Sl. No.	Category of Works	Estimated Cost of Work	Expenditure during the year	Progressive expenditure to the end of the year	Pending Payments	Estimated Cost after revision
1.	Road Work/Bridges	3,703.67	723.16	1,472.34	923.59	3,719.53
2.	Irrigation Projects	845.23	129.68	1,560.08	131.48	1,809.43
Total		4,548.90	852.84	3,032.42	1,055.07	5,528.96

- Note: i) Detailed information towards commitments on Incomplete Capital Works is available in Appendix X of Finance Accounts 2013-14.
ii) The figures exhibited in the above table are compiled from the data provided by various Divisions/Departments.

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