



**State Finances Audit Report  
of the  
Comptroller and Auditor General of India  
for the year ended 31 March 2020**



**लोकहितार्थं सत्यनिष्ठा**  
**Dedicated to Truth in Public Interest**

**Government of Gujarat**  
**Report No. 1 of the year 2021**



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of the  
Comptroller and Auditor General of India  
for the year ended 31 March 2020**

**GOVERNMENT OF GUJARAT  
Report No. 1 of the year 2021**

# Contents

		<b>Page</b>
Preface		v
Executive Summary		vii
<b>Chapter 1</b>		
<b>OVERVIEW</b>		
1.1	Profile of the State	1
1.2	Basis and Approach to State Finances Audit Report	4
1.3	Report Structure	5
1.4	Overview of Government Account Structure and Budgetary Processes	6
1.5	Fiscal Balance: Achievement of deficit and total debt targets	11
1.6	Deficit and Total Debt after examination in Audit	16
<b>Chapter 2</b>		
<b>FINANCES OF THE STATE</b>		
2.1	Major changes in key fiscal aggregates during 2019-20 compared to 2018-19	19
2.2	Sources and Application of Funds	19
2.3	Resources of the State	21
2.4	Application of Resources	37
2.5	Contingency Fund	63
2.6	Public Account	63
2.7	Debt Management	69
2.8	Debt Sustainability Analysis	76
2.9	Conclusion	82
2.10	Recommendations	83
<b>Chapter 3</b>		
<b>BUDGETARY MANAGEMENT</b>		
3.1	Budget Process	85
3.2	Appropriation Accounts	89
3.3	Comments on integrity of budgetary and accounting process	89
3.4	Comments on Transparency of Budgetary and Accounting Process	98

## Contents

		Page
3.5	Comments on Effectiveness of Budgetary and Accounting Process	99
3.6	Review of Selected Grants	106
3.7	Recommendations	116
<b>Chapter 4</b>		
<b>Quality of Accounts and Financial Reporting Practices</b>		
4.1	Funds outside Consolidated Fund or Public Account of the State	119
4.2	Non-inclusion of Clear Liabilities during the Financial Year	120
4.3	Non-discharge of Interest Liability towards Interest-bearing Deposits	122
4.4	Funds Transferred Directly to State Implementing Agencies	123
4.5	Deposits of Local Funds	124
4.6	Delay in Submission of Utilisation Certificates	125
4.7	Abstract Contingent Bills	128
4.8	Personal Deposit Accounts	129
4.9	Indiscriminate use of Minor Head 800	130
4.10	Outstanding Balances under Major Suspense and Debt, Deposit and Remittances Heads	132
4.11	Non-Reconciliation of Departmental Figures	135
4.12	Reconciliation of Cash Balances	136
4.13	Compliance with Indian Government Accounting Standards	136
4.14	Submission of Accounts/Separate Audit Reports of Autonomous Bodies	137
4.15	Departmental Commercial Undertakings/Corporations /Companies	138
4.16	Non-submission of details of loans and grants given to Bodies and Authorities	142
4.17	Timeliness and Quality of Accounts	143
4.18	Misappropriations, losses and defalcations	143
4.19	Follow-up action on State Finances Audit Report	144
4.20	Conclusion	144
4.21	Recommendations	145
<b>Appendices</b>		
Appendix 1.1	State Profile	147
Appendix 2.1	Time series data on the State Government finances	148

## Contents

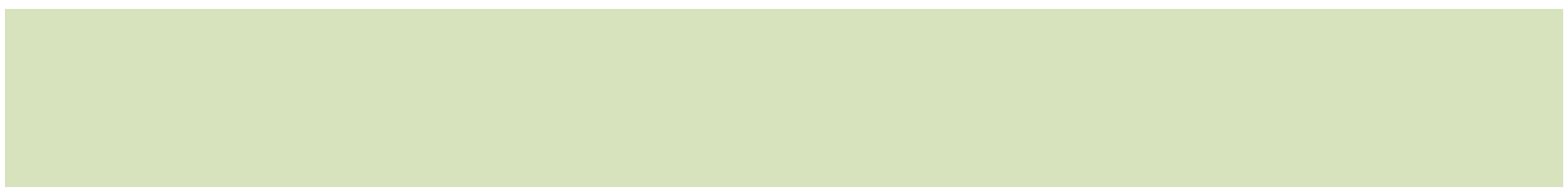
		Page
Appendix 3.1	Glossary of important Budget related terms	152
Appendix 3.2	Unnecessary Re-appropriation	155
Appendix 3.3	Statement showing Grants/Appropriations with Savings of ₹ 50 crore and above	157
Appendix 3.4	Excess expenditure of previous years requiring regularisation	159
Appendix 3.5	Limits set by the State PAC in October 1994	160
Appendix 3.6	Sub-Heads with variations beyond PAC specified limits and status of explanation	161
Appendix 3.7	Budget and Opportunity cost	164
Appendix 3.8	Sub-Heads where 100 <i>per cent</i> expenditure (₹ 10 crore and above) was incurred in March 2020	166
Appendix 4.1	Department-wise break-up of outstanding UCs for GIA paid up to 2018-19	168
Appendix 4.2	Department-wise details of pending DC bills up to 2019-20	169
Appendix 4.3	Year-wise details of pending DC bills up to 2019-20	170
Appendix 4.4	Statement showing pendency of Accounts and delay in placement of Separate Audit Reports (SARs) in State Legislature	171
Appendix 4.5	Statement showing arrears of financial statements and investment made by State Government during the year in SPSUs whose financial statements were in arrears	178
Appendix 4.6	Statement showing details of pendency in finalisation of Accounts by various Bodies and Authorities	184
Appendix 4.7	Department-wise/category-wise details of losses due to theft, misappropriation/loss of Government material and fire/accidents	192



# Preface

1. This Report has been prepared for submission to the Governor of Gujarat under Article 151 of the Constitution.
2. Chapter 1 of this Report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, trends in key fiscal parameters like revenue surplus/ deficit, fiscal surplus/deficit, etc.
3. Chapters 2 & 3 of the Report contain audit findings on matters arising from examination of the Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2020. Information has been obtained from Government of Gujarat, wherever necessary.
4. Chapter 4 on ‘Quality of Accounts & Financial Reporting Practices’ provides an overview and status of the State Government’s compliance with various financial rules, procedures and directives during 2019-20.
5. The Reports containing the findings of performance audit and audit of transactions in various Departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.





## Executive Summary

### Background

This State Finances Audit Report of the Government of Gujarat is being brought out with a view to objectively assess the financial performance of the State Government during 2019-20 and to provide the State Government and State Legislature with inputs, based on analysis of the financial data. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged in the Gujarat Fiscal Responsibility Act, 2005, Finance Commission Recommendations and the Budget Estimates of 2019-20 and other financial data obtained from various Government Departments.

### The Report

Based on the audited Accounts of the Government of Gujarat for the year ending March 2020, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in four Chapters.

**Chapter 1** describes the basis and approach to the Report and the underlying data provides an overview of structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.

**Chapter 2** provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the last five years, debt profile of the State and key Public Account transactions, based mainly on the Finance Accounts of the State.

**Chapter 3** is based on the Appropriation Accounts and gives a Grant-wise description of Appropriations and the manner in which the allocated resources were managed by the service delivery Departments.

**Chapter 4** is an inventory of the Government's compliance with various reporting requirements and financial rules.

The Report also has additional data collated from several other sources in support of the findings.

### Achievements of the State Government: A Brief Summary

The per capita income of Gujarat at ₹ 2,54,789 during 2019-20 was higher than the all-India average of ₹ 1,51,677.

The State achieved all the targets of major fiscal variables set under the Gujarat Fiscal Responsibility Act, 2005. The State has been revenue surplus since 2011-12. The ratio of fiscal deficit to Gross State Domestic Product (GSDP) at 1.48 *per cent* and public debt at 16.06 *per cent* were within the targets set under Gujarat Fiscal Responsibility Act, 2005.

Outstanding guarantees of the State at ₹ 4,462 crore during 2019-20 was much lower than the ceiling of ₹ 20,000 crore prescribed under the Gujarat State Guarantees Act, 1963. All the four State-owned power distribution companies (DISCOMS) achieved financial turnaround in 2005-06 and no financial assistance had been being provided by State Government under *Ujwal DISCOM Assurance Yojana (UDAY)* Scheme.

The percentage of non-tax revenue to revenue receipts of the State increased from 9.87 *per cent* in 2018-19 to 12.67 *per cent* in 2019-20.

The State has taken initiatives for better fiscal management by setting up of the Consolidated Sinking Fund to provide a cushion for repaying market loans and the Guarantee Redemption Fund to provide a cushion for servicing contingent liabilities.

The State Government, however, needs to improve its revenue receipts-GSDP ratio (8.59 *per cent*) which was lower than 9.06 *per cent* achieved during 2018-19. Also, the percentage of capital expenditure to total expenditure at 15.28 *per cent* during 2019-20 was lower than 17.26 *per cent* during 2018-19.

### Contents of the Report

#### Chapter 1

##### Overview

##### *Fiscal Position*

The State achieved the target of elimination of revenue deficit from 2011-12 onwards. There venue surplus at ₹ 1,945 crore in 2019-20 was lower than the projections made in the Medium-Term Fiscal Policy Statement (MTFPS) and 14<sup>th</sup> FC target for 2019-20.

At the end of 2019-20, fiscal deficit as percentage to GSDP stood at 1.48 *per cent*, which was within the limit of three *per cent* recommended by 14<sup>th</sup> FC and the Government's own projections of 1.84 *per cent* in MTFPS.

In the fiscal consolidation roadmap, the 14<sup>th</sup>FC had recommended the percentage of outstanding liabilities<sup>1</sup> to GSDP at 25.76 for 2019-20, against which, the actual outstanding liabilities stood at 18.96 *per cent*. The State Government could maintain the percentage of public debt to GSDP at 16.06 *per cent* during 2019-20 against the target of 15.69 *per cent* set out in MTFPS.

*(Paragraph 1.5.1)*

### ***Trends in Deficits***

During 2019-20, fiscal deficit decreased by ₹ 1,784 crore (6.77 *per cent*) from ₹ 26,365 crore in 2018-19 to ₹ 24,581 crore in 2019-20, on account of decrease in net capital expenditure by ₹ 2,453 crore and decrease in net loans and advances disbursed by ₹ 598 crore, offset by decrease in revenue surplus by ₹ 1,267 crore.

During 2019-20, primary deficit decreased by ₹ 4,050 crore from ₹ 6,182 crore in 2018-19 to ₹ 2,132 crore in 2019-20. This was due to decrease of ₹ 1,784 crore in fiscal deficit during the current year over the previous year, offset by an increase of ₹ 2,266 crore in interest payment.

*(Paragraph 1.5.3)*

Indian Government Accounting Standard (IGAS)-2 prescribes that grants-in-aid should be booked under revenue expenditure. However, during 2019-20, the State Government incorrectly budgeted and booked expenditure of ₹ 4.83 crore relating to grants-in-aid under the capital section instead of the revenue section.

The State Government did not discharge interest liabilities of ₹ 115.41 crore on State Disaster Response Fund, Deposits under Contributory Pension Scheme and Other than Contributory Pension Scheme. There was a shortfall in the State Government contribution to Consolidated Sinking Fund of ₹ 766.05 crore and non-transfer of Labour Cess of ₹ 1000.10 crore. This resulted in understatement of revenue expenditure and consequent overstatement of revenue surplus of ₹ 1,886.39 crore.

*(Paragraph 1.6.1)*

## **Chapter 2**

### **Finances of the State Government**

#### ***State's Own Resources***

During 2019-20, 68 *per cent* of revenue receipts came from State's own resources. The State's own tax revenue decreased by ₹ 1,095 crore (1.37 *per cent*) in 2019-20 over the previous year while non-tax revenue increased by ₹ 4,687 crore (34.93 *per cent*) over the previous year. The own

<sup>1</sup> Total Outstanding Liabilities include Public Debt and Public Account Liabilities. Public Debt includes only Internal Debt and Loans from Government of India. Public Account Liability includes liabilities under small saving funds, GPF, Reserve funds *etc.*

tax revenue in 2019-20 was lower than the budget estimates while non-tax revenue was higher than the budget estimates. The State Government was entitled for Goods and Services Tax compensation of ₹ 14,870.47 crore during the year 2019-20 to compensate for loss of revenue on implementation of Goods and Services Tax Act, 2017.

*(Paragraphs 2.3.2.1 and 2.3.2.2)*

### **Share of Union Taxes and Duties and Grants-in-Aid**

The State's share of union taxes stood at ₹ 20,232 crore in 2019-20, registering decrease in 13.87 per cent over the previous year. Grants-in-aid from GoI in 2019-20 increased by ₹ 6,507 crore (34.26 per cent) over the previous year. During 2019-20, 32 per cent of revenue receipts of the State came from GoI in the form of State's share of union taxes and grants-in-aid.

*(Paragraphs 2.3.2.3)*

### **Revenue Expenditure**

Revenue expenditure continuously increased from ₹ 95,779 crore in 2015-16 to ₹ 1,40,899 crore in 2019-20, with an increase of ₹ 8,109 crore (6.11 per cent) during 2019-20 over the previous year. Revenue expenditure as a percentage of GSDP decreased over the last five years (2015-20) and stood lowest at 8.47 per cent during 2019-20.

The share of revenue expenditure in total expenditure increased from 79.40 per cent in 2015-16 to 83.94 per cent in 2019-20.

*(Paragraph 2.4.2)*

### **Capital Expenditure**

Capital expenditure increased from ₹ 24,169 crore in 2015-16 to ₹ 25,650 crore in 2019-20, except for a decrease in 2016-17 and 2019-20.

The share of capital expenditure in total expenditure decreased from 20.04 per cent in 2015-16 to 15.28 per cent in 2019-20. During 2019-20, capital expenditure (₹ 25,650 crore) accounted for 59 per cent of the total public debt receipts (₹ 43,491 crore).

*(Paragraph 2.4.3)*

### **Investment and Returns**

As of 31 March 2020, the State Government invested ₹ 99,919 crore in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. Return on investments in these companies/corporations/institutions was 0.09 per cent during 2019-20 while the Government paid an average interest of 7.47 per cent on its borrowings during the same period.

*(Paragraph 2.4.3.4)*

As on 31 March 2020, the aggregate net worth of all the 88 State Public Sector Undertakings (SPSUs) was ₹ 1,27,069.45 crore against their paid-up capital of ₹ 1,05,856.96 crore. Investment in 88 SPSUs in the form of equity and long-term loans increased from ₹ 1,55,060 crore

in 2018-19 to ₹ 1,62,689 crore in 2019-20. Return on Equity in these SPSUs increased from (-) 0.44 *per cent* in 2017-18 to 2.03 *per cent* in 2019-20.

*(Paragraphs 2.4.3.2 and 2.4.3.4)*

### **Debt Profile: Components**

Total outstanding liabilities of the State grew from ₹ 2,21,090 crore in 2015-16 to ₹ 3,15,455 crore in 2019-20. In 2019-20, the outstanding liabilities grew at 10.36 *per cent* over the previous year. It comprised internal debt of ₹ 2,59,661 crore (82.31 *per cent*), public account liabilities of ₹ 48,361 crore (15.33 *per cent*) and loans and advances from GoI of ₹ 7,433 crore (2.36 *per cent*).

The percentage of total outstanding liabilities to GSDP continuously decreased from 21.49 *per cent* (2015-16) to 18.96 *per cent* (2019-20). The net availability of borrowed funds for current operations after debt redemption (principal and interest payments) was ₹ 7,162 crore during 2019-20.

*(Paragraph 2.7.1)*

### **Debt Sustainability**

Public Debt receipts increased from ₹ 23,486 crore in 2015-16 to ₹ 43,491 crore in 2019-20 and Public Debt repayments increased from ₹ 6,194 crore in 2015-16 to ₹ 16,702 crore in 2019-20. Thus, percentage of Public Debt repayment to Public Debt receipts has increased from 26.37 *per cent* to 38.40 *per cent*, indicating need to review sustainability of public debt of the State.

*(Paragraph 2.8.1.1)*

## **Chapter 3**

### **Budgetary Management**

Against total budgetary provision of ₹ 2,14,271 crore during 2019-20, an expenditure of ₹ 1,88,279 crore was incurred. This resulted in net savings of ₹ 25,992 crore (savings of ₹ 27,459 crore offset by an excess of ₹ 1,467 crore).

*(Paragraphs 3.1 and 3.1.1)*

Excess expenditure of ₹ 9,384.82 crore pertaining to the period from 2007-08 to 2019-20 had escaped legislative oversight, as it was pending regularisation as per Article 205 of the Constitution of India.

*(Paragraphs 3.3.5.1 and 3.3.5.3)*

Of the overall savings of ₹ 27,459.11 crore in 175 out of 192 Grants/Appropriations during 2019-20, 96 *per cent* savings amounting to ₹ 26,359.11 crore occurred in 48 Grants/Appropriations (₹ 50 crore and above in each case). During 2019-20, Supplementary provisions (₹ 50 crore or more in each case) aggregating ₹ 661.77 crore were made in three Grants, which proved unnecessary, as even the original provisions were not utilised.

*(Paragraphs 3.3.4.1 and 3.3.2)*

Substantial surrenders (exceeding ₹ 50 crore) were made in 44 out of 192 Grants/Appropriations. Against the total provision of ₹ 1,27,022.48 crore made under these 44 Grants/Appropriations, ₹ 25,838.06 crore was surrendered.

*(Paragraph 3.3.4.2)*

## Chapter 4

### Quality of Accounts and Financial Reporting Practices

As on March 2020, 2,807 utilisation certificates aggregating ₹ 4,403.39 crore in respect of grants disbursed up to 31 March 2019 remained outstanding, indicating lack of proper monitoring by the Departments in utilisation of grants given for specific purposes.

As on March 2020, there was pendency in submission of 4,567 detailed contingent bills amounting to ₹ 366.03 crore drawn on abstract contingent bills by various Departmental authorities.

Pendency of utilisation certificates and detailed contingent bills for long periods was fraught with the risk of fraud and misappropriation.

*(Paragraphs 4.6 and 4.7)*

There were 465 personal deposit accounts in operation in district treasuries with a closing balance of ₹ 795.41 crore as of 31 March 2020.

*(Paragraph 4.8)*

During 2019-20, expenditure aggregating ₹ 14,494.32 crore constituting 7.85 *per cent* of the total expenditure of the State was classified under Minor Head '800-Other Expenditure'. Similarly, revenue receipts aggregating ₹ 8,191.47 crore constituting 4.39 *per cent* of total receipts of the State were classified under omnibus Minor Head '800 – Other Receipts'.

Accounting of large items of expenditure and receipts under the omnibus Minor Head - 800 affects transparency in financial reporting, as it fails to indicate disaggregated information on specific activities of the Government separately in the accounts.

*(Paragraph 4.9)*

# CHAPTER 1

## Overview





## 1.1 Profile of the State

Gujarat is situated on the west coast of India, bounded by the Arabian Sea in the west and the States of Rajasthan in the north, Madhya Pradesh in the east and Maharashtra in the south. The State also shares an international border with Pakistan on the north-western fringe. It has a coastline of about 1,600 km., which is one third of India's mainland coastline. It is the seventh largest State in terms of geographical area (1,96,024 sq. km.) and the ninth largest by population. The State's population increased from 6.10 crore in 2011 to 6.94 crore in 2020, recording a decadal growth of 13.77 *per cent*. The percentage of population below poverty line was 16.6 *per cent* in 2011-12 as compared to the all-India average of 21.9 *per cent*. The Gross State Domestic Product (GSDP) in 2019-20 at current prices was ₹ 16,63,362 crore. The per capita GSDP of the State at ₹ 2,54,789 during 2019-20 was higher than all India average of ₹ 1,51,677 during the same period. The State's literacy rate was 78 *per cent* (as per 2011 census). The profile of the State is shown in **Appendix 1.1**.

### 1.1.1 Gross State Domestic Product of Gujarat

GSDP is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Trends in annual growth of Gujarat's GSDP (nominal) *vis-à-vis* that of the Nation are given in **Table 1.1**.

**Table 1.1: Trends in growth of GDP and GSDP**

(₹ in crore)					
Year	2015-16	2016-17	2017-18	2018-19	2019-20
National GDP (Base year 2011-12)	1,37,71,874	1,53,91,669	1,70,98,304 (2 <sup>nd</sup> RE)	1,89,71,237 (1 <sup>st</sup> RE)	2,03,39,849 (P)
Growth rate of GDP over previous year at current prices ( <i>per cent</i> )	10.46	11.76	11.09	10.95	7.21
State's GSDP (Base year 2011-12)	10,29,010	11,67,156	13,28,068 (P)	15,01,944 (Q)	16,63,362 (A)
Growth rate of GSDP over previous year at current prices ( <i>per cent</i> )	11.63	13.43	13.79	13.09	10.75

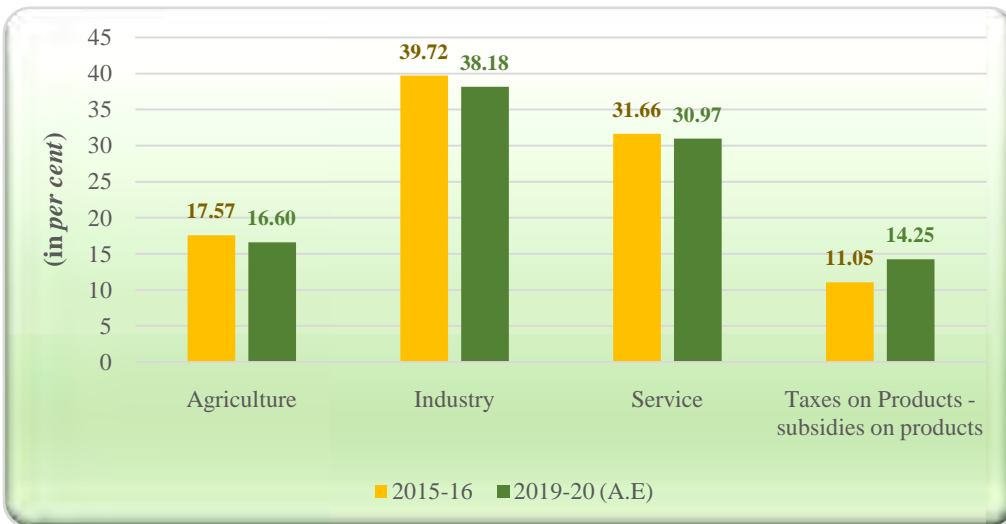
Source: Ministry of Statistics and Programme Implementation (MoSPI), Press release of 29 May 2020 of MoSPI and Directorate of Economics and Statistics, Gujarat

RE: Revised Estimates; (P): Provisional Estimates; (Q): Quick Estimates; (A): Advance Estimates

As can be seen from the details tabulated above, GSDP of Gujarat grew at a higher rate during the period 2015-16 to 2019-20 compared to the National growth rate. During 2019-20, the State as well as the Nation registered their lowest growth rate in five years.

**Chart 1.1** indicates the sectoral contribution to GSDP during the last five years (2015-20). As may be seen, there had been a significant decrease in the relative share of Industry in GSDP from 39.72 per cent in 2015-16 to 38.18 per cent in 2019-20. Similarly, decrease was seen in Agriculture and Services sectors too. However, the relative share of Taxes on products (minus subsidies) in GSDP increased during the same period.

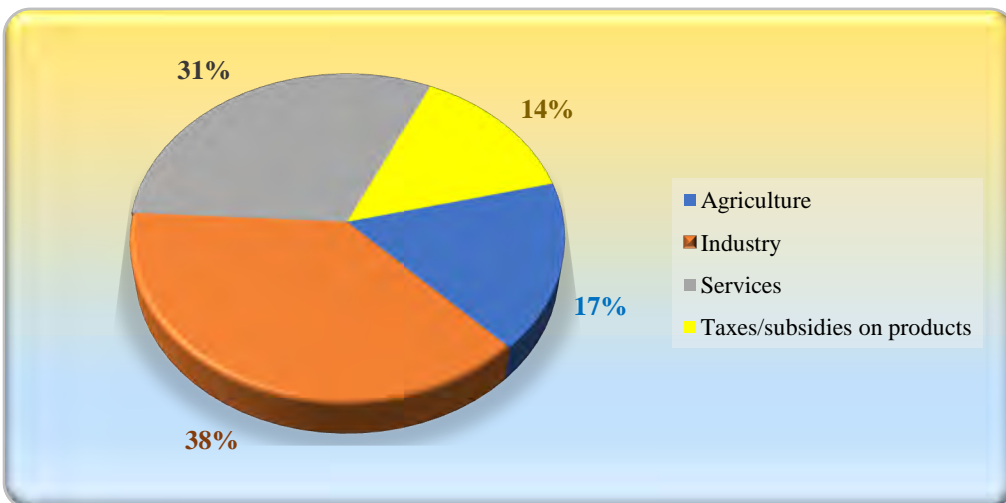
**Chart 1.1: Change in sectoral contribution to GSDP (2015-16 to 2019-20)**



Source of data: Directorate of Economics and Statistics, Gujarat

The sectoral contribution to GSDP of the State during 2019-20 is given in **Chart 1.2**.

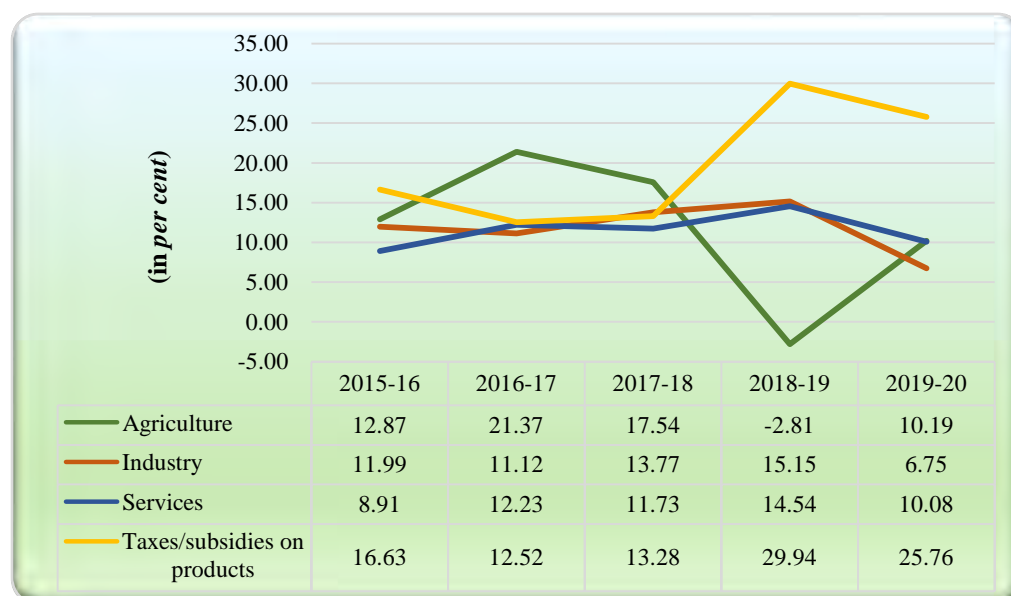
**Chart 1.2: Sectoral Contribution to GSDP during 2019-20**



Source of data: Directorate of Economics and Statistics, Gujarat

During 2019-20, while the sectoral growth rate of Industry, Services and Taxes on products decreased compared to the previous year, there was an increase in the growth rate of Agriculture sector in 2019-20 over 2018-19, as shown in **Chart 1.3**.

**Chart 1.3: Sectoral growth rate during 2015-20**



Source of data: Directorate of Economics and Statistics, Gujarat

### 1.1.1.1 Contribution of State Public Sector Undertakings to economy of the State

The State Public Sector Undertakings (SPSUs) play a vital role in the economy of the State. As on 31 March 2020, there were 88 SPSUs<sup>1</sup> which included four Statutory Corporations and 84 State Government Companies. Of the 88 SPSUs, four<sup>2</sup> SPSUs were listed on the stock exchange(s). 88 SPSUs include 16 inactive SPSUs. Apart from providing critical infrastructure for development of State's economy, the SPSUs also add significantly to the GSDP. The ratio of turnover of SPSUs to GSDP is indicative of the scale of SPSU activities in the economy of the State. The details of SPSUs' turnover *vis-à-vis* State's GSDP for the last five years (2015-20) are given in the **Table 1.2**.

<sup>1</sup> For more details, please refer to paragraph 2.4.3.2 and 4.15 of this Report.

<sup>2</sup> Gujarat Mineral Development Corporation Limited; Gujarat State Petronet Limited; Gujarat State Financial Corporation; and Gujarat Gas Limited

**Table 1.2: Details of turnover of SPSUs vis-à-vis GSDP**

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover <sup>3</sup> (₹ in crore)	1,11,036.50	1,11,953.31	1,25,827.15	1,48,487.47	1,54,020.09
Percentage change in turnover	4.21	0.83	12.39	18.01	3.73
GSDP of Gujarat (₹ in crore)	10,29,010	11,67,156	13,28,068 (P)	15,01,944 (Q)	16,63,362 (A)
Percentage change in GSDP	11.63	13.43	13.79	13.09	10.75
Percentage of turnover to GSDP	10.79	9.59	9.47	9.89	9.26

Source: Compiled based on turnover reported by SPSUs in the financial statements finalised in respective years and Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2019-20).

The turnover of SPSUs has recorded continuous increase over previous years. The increase in turnover ranged between 0.83 *per cent* and 18.01 *per cent* during the period 2015-20, whereas increase in GSDP ranged between 10.75 *per cent* and 13.79 *per cent* during the same period. The Compounded Annual Growth Rate (CAGR)<sup>4</sup> of GSDP was 12.53 *per cent* during last five years against which the turnover of SPSUs recorded lower CAGR of 7.65 *per cent* during the same period. As a result, the share of turnover of SPSUs to GSDP reduced from 10.79 *per cent* in 2015-16 to 9.26 *per cent* in 2019-20. Of the total turnover of ₹ 1,54,020.09 crore reported by 88 SPSUs in 2019-20, ₹ 50,660.75 crore pertained to 20 active SPSUs which finalized their financial statements for the year 2019-20. Two<sup>5</sup> active SPSUs did not submit their first Accounts. The remaining 50 active SPSUs reported a turnover of ₹ 1,03,325.64 crore in their last finalized financial statements.

## 1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the Reports of the Comptroller and Auditor General of India (CAG) relating to the Accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) of Gujarat for the year ending 31 March 2020 has been prepared by the CAG for submission to the Governor of Gujarat under Article 151 (2) of the Constitution of India.

Principal Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually. The Accounts are prepared from the vouchers, challans and initial and subsidiary Accounts rendered by the Treasuries, Offices and Departments responsible for keeping of such Accounts functioning under the control of the State Government,

<sup>3</sup> Turnovers of SPSUs are as per the latest finalised financial statements received up to 30 September of the respective year.

<sup>4</sup> CAGR is a useful method to measure growth rate over multiple time-period.

<sup>5</sup> Gujarat Unreserved Educational and Economic Development Corporation; and Gujarat Student Startup and Innovation Hub

and the Statements received from the Reserve Bank of India (RBI). These Accounts are audited independently by the Principal Accountant General (Audit-II), Gujarat and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- Budget of the State forms an important source of data – both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II), Gujarat at the State Secretariat as well as at the field level during the year;
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics from the Directorate of Economics and Statistics, Gujarat; and
- Various Audit Reports of the CAG.

The analysis has been carried out in the context of recommendations of the Fourteenth Finance Commission (14<sup>th</sup>FC), Gujarat Fiscal Responsibility Act, 2005, best practices and guidelines of the Government of India. Replies of the Government, where received, have been incorporated in this Report at appropriate places.

### 1.3 Report Structure

The SFAR is structured into the following four Chapters:

<b>Chapter - 1</b>	<b>Overview</b> <i>This Chapter describes the basis and approach to the Report, and the underlying data, provides an overview of structure of Government Accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.</i>
<b>Chapter - 2</b>	<b>Finances of the State</b> <i>This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.</i>
<b>Chapter - 3</b>	<b>Budgetary Management</b> <i>This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.</i>
<b>Chapter - 4</b>	<b>Quality of Accounts and Financial Reporting Practices</b> <i>This chapter discusses about the quality of Accounts rendered by various authorities of the State Government and issues of</i>

*non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.*

## 1.4 Overview of Government Account Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

### 1. Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from financial institutions, Special Securities issued to National Small Savings Fund *etc.*), Ways and Means advances extended by the RBI and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments *etc.*), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

### 2. Contingency Fund of the State (Article 267(2) of the Constitution of India)

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorization of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

### 3. Public Accounts of the State (Article 266(2) of the Constitution)

Apart from above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

**Revenue receipts** consist of tax revenue, non-tax revenue, share of Union Taxes/Duties, and grants from Government of India (GoI).

**Revenue expenditure** consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government Departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

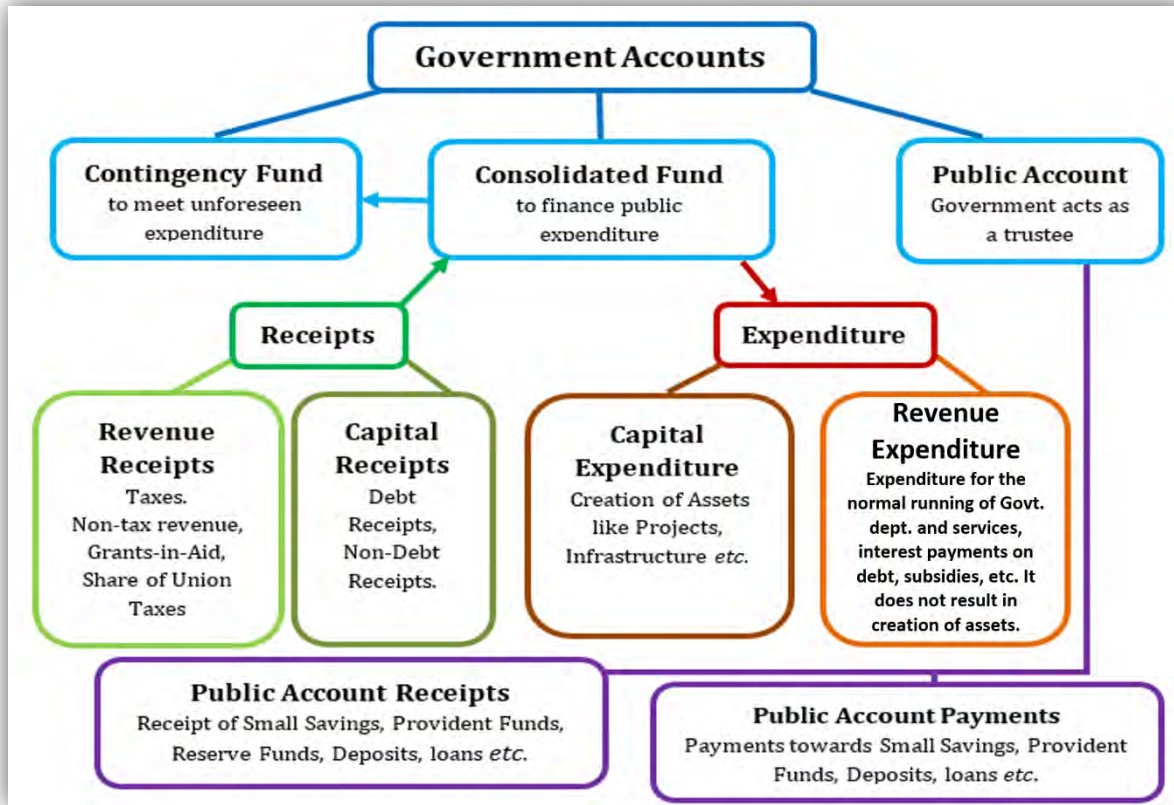
The **Capital Receipts** consist of:

- **Debt receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government *etc.*; and
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances.

**Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to the Public Sector Undertakings (PSUs) and other parties.



**Chart 1.4: Structure of Government Accounts**



Functional classification involves arranging the receipts and expenditure by economic categories, distinguishing the Government transactions into Sections like Revenue and Capital (including Public Debt, Loans and Advances), Sectors like Tax Revenue from other revenue and Grants-in-Aid, Sub-sectors like Taxes on Income and Expenditure, fiscal services, *etc.* On the expenditure side also, the transactions are classified into Sectors *viz.*, General Services, Economic Services, Social Services and Grants-in-Aid and contributions and sub-divided into Major Heads of account below these Sectors.

Major Heads of account falling within the Consolidated Fund generally correspond to 'Functions' of Government, such as 'Health', while Minor Heads subordinate to them identify the 'Programme' undertaken to achieve the objectives of the function represented by the Major Head. A programme may consist of a number of schemes or activities and these generally, correspond to 'Sub-heads' below the Minor head. 'Detailed head' below the Sub-head, is primarily meant for itemised control over expenditure and indicates the object or nature of expenditure on a scheme or activity in terms of inputs such as 'Salaries', 'Office Expenses', 'Grants-in-Aid', *etc.*

At present, there is an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	Classification
Standardized in LMMH <sup>6</sup> by CGA	Function- Education, Health, <i>etc.</i> /Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, <i>etc.</i> (2-digit)

The functional classification lets us know the Department, function, scheme or programme, and object of the expenditure. Economic classification helps organize these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for revenue receipts, 2 and 3 for revenue expenditure *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, while “salary” object head is revenue expenditure, “construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

Fund-based Government accounting coupled with functional and economic classification of transactions facilitates an in-depth analysis of Government activities/transactions and enables Legislative oversight over public finances.

## Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of the State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the financial year, in the form of an **Annual Financial Statement** (referred to as Budget).

In terms of Article 203, the Statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

As mentioned in Paragraph 1.2, Finance Accounts and Appropriation Accounts encompass the core data for preparation of the SFAR. These Accounts are based on actual receipts and expenditure of the State during the year 2019-20 including various inter-governmental and other adjustments carried out by the RBI. Considering that these receipts and expenditure are estimated in the budget and the expenditure has been approved by the State Legislature, it is important to study the budget of the State for 2019-20 closely and analyse the actual receipts and expenditure during the year with reference to the projections made in the budget.

<sup>6</sup> List of Major and Minor Heads of Account of Union and States

The Gujarat Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. While formulating its Budget for 2019-20, the State Government continued the focus on identifying budgetary interventions in priority areas with an emphasis on ‘Outcome budget’ (aligned to sustainable development goals set by the UN) and ‘Gender budget’.

Although the State has been preparing an ‘Outcome budget’ since 2014-15, it is yet to map the actual outcomes of various budgetary interventions with the corresponding projections made in the relevant budget. The achievement of actual outcomes as against those projected in Budget 2018-19 were thus, not placed before the Legislature as of March 2020.

Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

### 1.4.1 Snapshot of Finances

**Table 1.3** provides a snapshot of actual financial results for the year 2018-19 and 2019-20 *vis-à-vis* Budget Estimates (BE) for the year 2019-20.

**Table 1.3: Snapshot of actual financial results *vis-à-vis* Budget Estimates**

(₹ in crore)

Sr. No.	Components	2018-19	2019-20	2019-20	Percentage of Actuals to BE	Percentage of Actual to GSDP
		Actuals	Actuals	BE	2019-20	
1	Tax Revenue	80,102.74	79,007.50	99,062.99	79.75	4.75
2	Non-Tax Revenue	13,416.99	18,104.15	13,979.73	129.50	1.09
3	Share of Union taxes/duties	23,489.33	20,232.09	26,047.64	77.67	1.22
4	Grants-in-aid and Contributions	18,992.48	25,500.02	15,641.60	163.03	1.53
5	<b>Revenue Receipts (1+2+3+4)</b>	<b>1,36,001.54</b>	<b>1,42,843.76</b>	<b>1,54,731.96</b>	92.32	8.59
6	Recovery of Loans and Advances	151.37	329.67	286.00	115.27	0.02
7	Other Receipts	65.00	106.36	-	-	0.01
8	Borrowings and other Liabilities <sup>7</sup>	26,365.02	24,581.46	31,252.93	78.65	1.48
9	<b>Capital Receipts (6+7+8)</b>	<b>26,581.39</b>	<b>25,017.49</b>	<b>31,538.93</b>	79.32	1.50
10	<b>Total Receipts (5+9)</b>	<b>1,62,582.93</b>	<b>1,67,861.25</b>	<b>1,86,270.89</b>	90.12	10.09
11	<b>Revenue Expenditure, of which</b>	<b>1,32,789.57</b>	<b>1,40,898.91</b>	<b>1,51,857.99</b>	92.78	8.47
12	Interest payments	20,183.36	22,448.66	21,509.18	104.37	1.35
13	<b>Capital Expenditure, of which</b>	<b>29,793.37</b>	<b>26,962.33</b>	<b>34,412.91</b>	78.35	1.62
14	Capital outlay	28,061.90	25,650.61	32,806.57	78.19	1.54
15	Loan and advances	1,731.47	1,311.72	1,606.34	81.66	0.08
16	<b>Total Expenditure (11+13)</b>	<b>1,62,582.94</b>	<b>1,67,861.24</b>	<b>1,86,270.90</b>	90.12	10.09
17	<b>Revenue Deficit (-)/Surplus (+) (5-11)</b>	<b>(+)3,211.97</b>	<b>(+)1,944.85</b>	<b>(+)2,873.97</b>	67.67	0.12
18	<b>Fiscal Deficit {(5+6+7)-16}</b>	<b>(-)26,365.03</b>	<b>(-) 24,581.46</b>	<b>(-)31,252.94</b>	78.65	(-)1.48
19	<b>Primary Deficit (18-12)</b>	<b>(-)6,181.67</b>	<b>(-)2,132.80</b>	<b>(-)9,743.76</b>	21.89	(-)0.13

Source: Finance Accounts of respective years.

<sup>7</sup> Borrowings and other Liabilities = Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

## 1.4.2 Snapshots of Assets and Liabilities of the Government

Government Accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds. The assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. **Table 1.4** gives summarised position of assets and liabilities of the Government.

**Table 1.4: Summarised position of assets and liabilities**

(₹ in crore)

Liabilities					Assets				
		2018-19	2019-20	Per cent increase			2018-19	2019-20	Per cent increase
<b>Consolidated Fund</b>									
A	Internal Debt	2,32,874.70	2,59,661.04	11.50	a	Gross Capital Outlay	2,63,678.12	2,89,222.37	9.69
B	Loans and Advances from GoI	7,429.82	7,433.07	0.04	b	Loans and Advances	9,503.15	10,485.21	10.33
<b>Contingency Fund</b>									
	Contingency Fund	199.75	200	0.13		Contingency Fund	0.00	0.00	0.00
<b>Public Account</b>									
A	Small Savings, Provident Funds, etc.	10,608.63	10,601.21	-0.07	a	Advances	0.73	0.71	(-)2.74
B	Deposits	32,132.18	34,599.05	7.68	b	Suspense and Miscellaneous	202.94	1,865.70	819.34
C	Reserve Funds	15,503.27	16,832.75	8.58		<b>Cash balance (including investment in Earmarked Fund)</b>	<b>19,600.53</b>	<b>24,035.80</b>	<b>22.63</b>
D	Remittances	636.21	736.92	15.83					
						<b>Total</b>	<b>2,92,985.47</b>	<b>3,25,609.79</b>	<b>11.14</b>
						<b>Cumulative excess of expenditure over receipts<sup>8</sup></b>	<b>6,399.09</b>	<b>4,454.24</b>	<b>(-)30.39</b>
	<b>Total</b>	<b>2,99,384.56</b>	<b>3,30,064.03</b>	<b>10.25</b>		<b>Total</b>	<b>2,99,384.56</b>	<b>3,30,064.03</b>	<b>10.25</b>

Source: Finance Accounts of respective years.

## 1.5 Fiscal Balance: Achievement of deficit and total debt targets

When Government spends more than it collects by way of revenue, it incurs a deficit. Deficit is an indicator of prudent fiscal management of the Government. Further, the ways in which the deficit is financed, and the resources raised are applied, are important pointers to its fiscal health.

<sup>8</sup> Cumulative excess of expenditure over receipts = Cumulative excess of expenditure over receipts of previous year + Adjustment to clear old outstanding balances – Revenue surplus

This Section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under Gujarat Fiscal Responsibility Act/ Rules for the financial year 2019-20.

There are various measures that capture Government deficit, as indicated below:

<b>Revenue Deficit/ Surplus</b>	<i>Refers to the gap between Revenue Expenditure and Revenue Receipts.</i>
<b>Fiscal Deficit/ Surplus</b>	<i>This is the difference between the Revenue Receipts plus Non-debt Capital Receipts (NDCR) and the Total Expenditure. Fiscal Deficit is reflective of the total borrowing requirements of Government.</i>
<b>Primary Deficit/ Surplus</b>	<i>Refers to the Fiscal Deficit less Interest Payments. It tells how much of the Government's borrowings are going towards meeting expenses other than interest payments.</i>

Source: Budget at a Glance, Government of India 2018-19

### 1.5.1 Achievements *vis-a-vis* fiscal targets prescribed in State FRBM Act for the current year

State Government enacted the Gujarat Fiscal Responsibility Act, 2005 in line with the Union Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act) to ensure fiscal stability and sustainability, improve efficiency and transparency in management of public finances, enhance the availability of resources by achieving sufficient revenue surplus, reduce fiscal deficit and remove the impediments to effective conduct of fiscal policy and prudent debt management.

The Act was subsequently amended in 2009 and 2011. In 2011, it was amended to include the recommendations of the 13<sup>th</sup> Finance Commission.

The 14<sup>th</sup> FC for the period 2015-20 recommended a fiscal roadmap to consolidate the finances of the State Government from the financial year 2015-16 onwards. The targets for major fiscal variables set out by the 14<sup>th</sup> FC, Medium-term Fiscal Policy Statement (MTFPS)<sup>9</sup> and Gujarat Fiscal Responsibility Act for the year 2019-20 compared to actual achievement are depicted in **Table 1.5**.

<sup>9</sup> MTFPS, mandated by Gujarat Fiscal Responsibility Act, 2005, is presented as part of the general budget to the State Legislature every financial year. The Statement sets out three-year rolling targets for four specific fiscal indicators in relation to GSDP namely, (i) Revenue Deficit, (ii) Fiscal Deficit, (iii) Tax to GSDP ratio, and (iv) Total outstanding Debt at the end of the year.

**Table 1.5: Major fiscal variables- targets and achievements for 2019-20**

Fiscal variables	14 <sup>th</sup> FC targets for the State	Targets proposed in MTFPS	Targets set in Gujarat Fiscal Responsibility Act	Actual achievement (2019-20)
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	30,100	2,874	'Zero' by 2007-08	1,945
Fiscal Deficit/GSDP (in <i>per cent</i> )	3.00	1.84	3% by 2008-09	1.48
Ratio of total outstanding liabilities to GSDP(in <i>per cent</i> )	25.76	No target set	No target set	18.96
Ratio of Public debt to GSDP (in <i>per cent</i> )	No target set	15.69	27.10% by 2011-12	16.06
Outstanding Government Guarantees (₹ in crore)	No target set	Below 16,000	Below 16,000 by 2007-08	4,462.17
Interest Payment/Revenue Receipts (IP/RR)	12.80	13.90	No target set	15.72

Source: 14<sup>th</sup>FC Report, Budget Estimates and Finance Accounts for the year 2019-20

The State achieved 'zero' revenue deficit targets in 2011-12 and reported a revenue surplus thereafter. The revenue surplus stood at ₹ 1,945 crore in 2019-20 which was lower than the projections made in 14<sup>th</sup> FC.

At the end of 2019-20, fiscal deficit as a percentage of GSDP stood at 1.48 *per cent*, which was within the limit of three *per cent* recommended by the 14<sup>th</sup>FC as well as target set in Gujarat Fiscal Responsibility Act by State Government. The ratio of total outstanding liabilities to GSDP stood at 18.96 *per cent* was also within the limit of 25.76 *per cent* set by the 14<sup>th</sup>FC. The ratio of public debt to GSDP stood at 16.06 *per cent* and was well within the limit of 27.10 *per cent* set in GFRA.

Thus, the State was well within the targets specified by the 14<sup>th</sup>FC during 2019-20 with regard to the key fiscal parameters namely, fiscal deficit to GSDP ratio and ratio of total outstanding liabilities to GSDP. The State had a fiscal deficit of ₹ 24,581 crore during 2019-20, representing 1.48 *per cent* of the GSDP and constituting 14.64 *per cent* of total expenditure. Interest payments as a proportion to revenue receipts (which is an indicator of debt servicing capacity) stood at 15.72 *per cent* as against 14<sup>th</sup>FC target of 12.80 *per cent* and MTFPS target of 13.90 *per cent*.

### 1.5.2 Comparison of targets of fiscal parameters projected in MTFPS with actuals for the current year

Comparison of targets of fiscal parameters projected in MTFPS presented to the State Legislature in 2019-20 with actuals, and the extent of variation is shown in **Table 1.6**.



**Table 1.6: Actuals vis-à-vis projections made in MTFPS during 2019-20****(₹ in crore)**

Sr. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2019-20)	Variation (in per cent)
1	Own Tax Revenue	99,062.99	79,007.50	(-)20.25
2	Non-Tax Revenue	13,979.73	18,104.15	29.50
3	Share of Central Taxes	26,047.64	20,232.09	(-)22.33
4	Grants-in-Aid from GoI	15,641.60	25,500.02	63.03
5	Revenue Receipts (1+2+3+4)	1,54,731.96	1,42,843.76	(-)7.68
6	Capital Receipts <sup>10</sup>	43,215.01	43,927.35	1.65
7	Revenue Expenditure	1,51,857.99	1,40,898.91	(-)7.22
8	Revenue Deficit (-)/ Surplus (+) (5-6)	(+)2,873.97	(+)1,944.85	(-)32.36
9	Fiscal Deficit (-)/ Surplus (+)	(-)31,252.94	(-)24,581.46	(-)21.35
10	Primary Deficit (-)/Surplus (+)	(-)3,072.28	(-)2,132.80	(-)30.58
11	GSDP growth rate at current prices ( <i>per cent</i> )	13.29	10.75	-

Source: Budget Publication No. 30 for 2019-20 and Finance Accounts

As may be seen from the table above, the actual non-tax revenue and fiscal deficit improved significantly during 2019-20 vis-à-vis the projections made in MTFPS. However, the targets projected for tax revenue, share of Central taxes, revenue surplus and growth rate of GSDP were not met during 2019-20.

### 1.5.3 Trends analysis of achievements against fiscal targets

As per Gujarat Fiscal Responsibility Act, 2005, the State Government was to eliminate revenue deficit by 2007-08 and maintain revenue surplus thereafter; reduce fiscal deficit to three *per cent* of the estimated GSDP by 2008-09 and maintain the same level thereafter. The Act further envisaged that the State Government would limit the ratio of public debt to GSDP to 27.10 *per cent* by 2011-12 and maintain it there after. Furthermore, the State Government was expected to limit the outstanding guarantees to ₹ 16,000 crore by 2007-08.

A trend analysis of key fiscal parameters prescribed in Gujarat Fiscal Responsibility Act vis-à-vis achievements during the last five year (2015-20) is given in **Table 1.7**.

<sup>10</sup> Capital Receipts = Public Debt Receipts + Miscellaneous Capital Receipts + Recovery of Loans and Advances

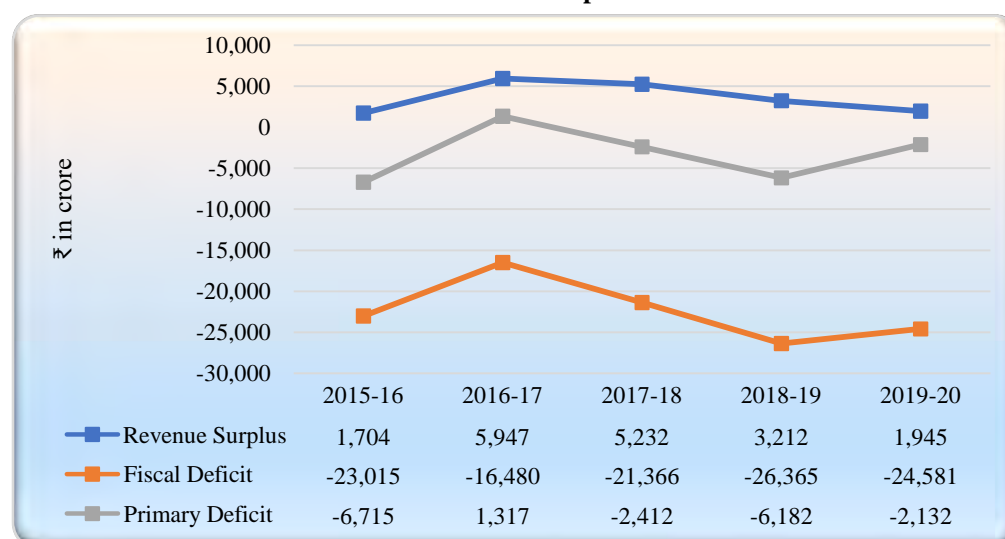
**Table 1.7: Trend analysis of key fiscal targets prescribed in the Act during 2015-20**

Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	1,704	5,947	5,232	3,212	1,945
		✓	✓	✓	✓	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three per cent	(-)23,015 (-2.24)	(-)16,480 (-1.43)	(-)21,366 (-1.63)	(-)26,365 (-1.76)	(-)24,581 (-1.48)
		✓	✓	✓	✓	✓
Ratio of total Public Debt to GSDP (per cent)	27.10 per cent	17.56	17.08	16.01	16.00	16.06
		✓	✓	✓	✓	✓
Outstanding Guarantees	Below ₹ 16,000 crore	5,236	4,804	4,834	4,699	4,462
		✓	✓	✓	✓	✓

Source: Budget Publication and Finance Accounts of respective years.

As could be seen, the State Government successfully achieved all the four key fiscal parameters envisaged in Gujarat Fiscal Responsibility Act during the last five years.

The trends in surplus/deficits over the five-year period (2015-20) is depicted in **Chart 1.5**; trends in surplus/deficit relative to GSDP is given in **Chart 1.6**; and trends of fiscal liabilities and GSDP is given in **Chart 1.7**.

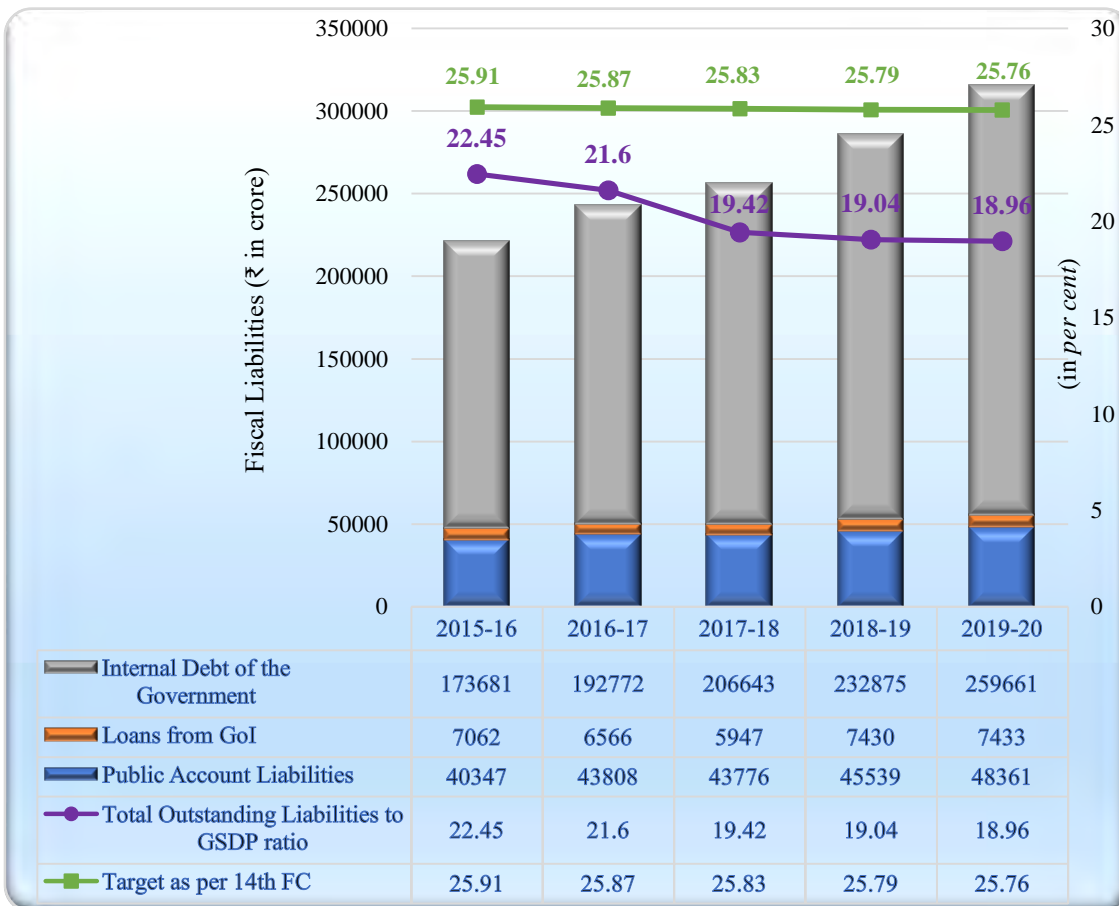
**Chart 1.5: Trends in Surplus/ Deficit**



**Chart 1.6: Trends in Surplus/Deficit relative to GSDP**



**Chart 1.7: Trends in fiscal liabilities and GSDP**



## 1.6 Deficit and Total Debt after examination in Audit

In order to present better picture of State Finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off budget fiscal operations.

### 1.6.1 Post Audit – Deficits

Misclassification of revenue expenditure as capital and off budget operations impacts deficit figures. Besides, deferment of clear-cut liabilities, non-deposition of cess/royalty to Consolidated Fund, short-contribution to New Pension Scheme, sinking and redemption funds *etc.* also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities need to be reversed.

**Table 1.8** assesses actual surplus/deficit after taking into account short/non-contribution to funds and incorrect classifications/booking by the State Government during 2019-20.

**Table 1.8: Actual Revenue and Fiscal Deficit**

Particulars	Impact on Revenue Surplus [Understated(-)/ Overstated(+)] (₹ in crore)	Impact on Fiscal Deficit (Understated) (₹in crore)
Grants-in-Aid booked under Capital Section instead of Revenue	(+) 4.83	--
Non-discharge of Interest liabilities	(+) 115.41	115.41
Shortfall in State Government contribution to Consolidated Sinking Fund	(+) 766.05	766.05
Non-transfer of Labour Cess	(+) 1,000.10	1,000.10
<b>Total</b>	<b>(+) 1,886.39</b>	<b>1,881.56</b>

Source: Finance Account for the year 2019-20

Indian Government Accounting Standards (IGAS)-2 prescribes that grant-in-aid should be booked under revenue expenditure. However, the State Government incorrectly budgeted and booked expenditure of ₹ 4.83 crore<sup>11</sup> relating to grants-in-aid under the capital section instead of the revenue section.

As may be seen from the table above, there was an overstatement of revenue surplus by ₹ 1,886.39 crore during the year. Also, fiscal deficit was understated by ₹ 1,881.56 crore in 2019-20. Thus, the State's actual revenue surplus would stand at ₹ 58.46 crore<sup>12</sup> during 2019-20, if the items of non-contribution/short-contribution, non-discharge of liabilities and incorrect classification are factored in.

### 1.6.2 Post Audit – Total Public Debt

Public sector debt in its broadest definition comprises debt from:

- The Government (including the Central, the State, and local Governments, social security funds, and extra-budgetary funds);
- The non-financial public enterprises; and financial public enterprises (including the Central Bank);

<sup>11</sup> Refer paragraph 3.3.6; Chapter 3

<sup>12</sup> ₹ 1,944.85 crore - ₹ 1,886.39 crore

- Long-term obligations of Government, such as unfunded liabilities of social security funds (when they are not explicitly recognized as part of general Government debt); and
- Known and anticipated recognition of contingent liabilities (such as, from ongoing restructurings of financial institutions or from public-private partnerships where demand or other guarantees have been or are poised to be triggered).

For assessing debt sustainability, ideally, a broad public debt coverage is important. Moreover, gross debt is the appropriate concept as it measures the burden of financing of debt service obligations for which the Government is responsible. The availability of liquid financial assets mitigates, but may not eliminate, risks to debt sustainability (such as currency or maturity mismatches, and as some minimum levels of assets are required for normal Government operations).

The State of Gujarat defines “total outstanding debt/ liabilities” to include only liabilities upon the Consolidated Fund and Public Account of the State. On the other hand, Andhra Pradesh, Karnataka and Haryana define “total liabilities” to include borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the State budgets, apart from the liabilities under the Consolidated Fund of the State and the Public Account of the State.

*The State Government may consider depicting the borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees in “total outstanding debt/liabilities” where the principal and/or interest are to be serviced out of the State budget. This would render transparency to the Accounts and facilitate the State Government in assessing the clear liabilities in the event of default by the entities.*

# **CHAPTER 2**

## **Finances of the State**



This chapter provides a broad perspective on the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2015-16 to 2019-20, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

### 2.1 Major changes in key fiscal aggregates during 2019-20 compared to 2018-19

**Table 2.1** gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2019-20 compared to previous year.

**Table 2.1: Changes in key fiscal aggregates in 2019-20 compared to 2018-19**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>➤ Revenue Receipts of the State increased by 5.03 <i>per cent</i></li> <li>➤ Own Tax Receipts of the State decreased by 1.37 <i>per cent</i></li> <li>➤ Own Non-Tax Receipts increased by 34.93 <i>per cent</i></li> <li>➤ State's Share of Union Taxes and Duties decreased by 13.87 <i>per cent</i></li> <li>➤ Grants-in-Aid from Government of India increased by 34.26 <i>per cent</i></li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Revenue Expenditure increased by 6.11 <i>per cent</i></li> <li>➤ Revenue Expenditure on General Services increased by 3.38 <i>per cent</i></li> <li>➤ Revenue Expenditure on Social Services increased by 11.10 <i>per cent</i></li> <li>➤ Revenue Expenditure on Economic Services increased by 1.71 <i>per cent</i></li> <li>➤ Expenditure on Grants-in-Aid increased by 13.70 <i>per cent</i></li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>➤ Capital Expenditure decreased by 8.60 <i>per cent</i></li> <li>➤ Capital Expenditure on General Services decreased by 21.03 <i>per cent</i></li> <li>➤ Capital Expenditure on Social Services decreased by 19.76 <i>per cent</i></li> <li>➤ Capital Expenditure on Economic Services decreased by 3.63 <i>per cent</i></li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>➤ Disbursements of Loans and Advances decreased by 24.21 <i>per cent</i></li> <li>➤ Recoveries of Loans and Advances increased by 118.54 <i>per cent</i></li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>➤ Public Debt Receipts increased by 0.80 <i>per cent</i></li> <li>➤ Repayment of Public Debt increased by 8.23 <i>per cent</i></li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>➤ Public Account Receipts decreased by 0.81 <i>per cent</i></li> <li>➤ Public Account Disbursements decreased by 1.31 <i>per cent</i></li> </ul>

Each of the above indicators is analysed in the succeeding paragraphs.

### 2.2 Sources and Application of Funds

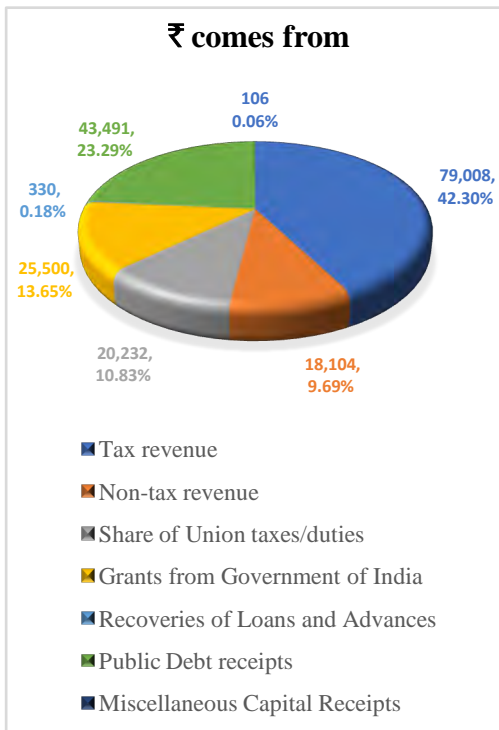
**Table 2.2** compares the sources and application of funds of the State during 2019-20 with 2018-19, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2019-20 in terms of percentages.

**Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20**

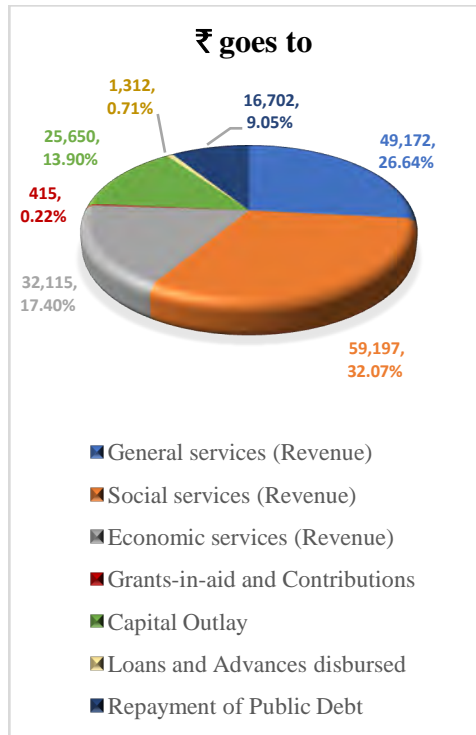
		(₹ in crore)		
	Particulars	2018-19	2019-20	Increase/ Decrease
<b>Sources</b>	Opening Cash Balance with RBI	16,529	19,601	3,072
	Revenue Receipts	1,36,002	1,42,844	6,842
	Recoveries of Loans & Advances	151	330	179
	Public Debt Receipts (Net)	27,714	26,789	(-)925
	Public Account Receipts (Net)	1,723	2,227	504
	Capital Receipts	65	106	41
	<b>Total</b>		<b>1,82,184</b>	<b>1,91,897</b>
<b>Application</b>	Revenue Expenditure	1,32,790	1,40,899	8,109
	Capital Expenditure	28,062	25,650	(-)2,412
	Disbursements of Loans & Advances	1,731	1,312	(-)419
	Closing Cash Balance with RBI	19,601	24,036	4,435
	<b>Total</b>		<b>1,82,184</b>	<b>1,91,897</b>

Source: Finance Accounts of the State Government of respective years.

**Chart 2.1: Composition of Resources**  
(₹ in crore)



**Chart 2.2: Application of Resources**  
(₹ in crore)



A time series data on the State Government finances for five-year period (2015-20) is given in **Appendix 2.1**.

## 2.3 Resources of the State

The resources of the State are described below:

1. **Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** comprise miscellaneous capital receipts, such as, proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

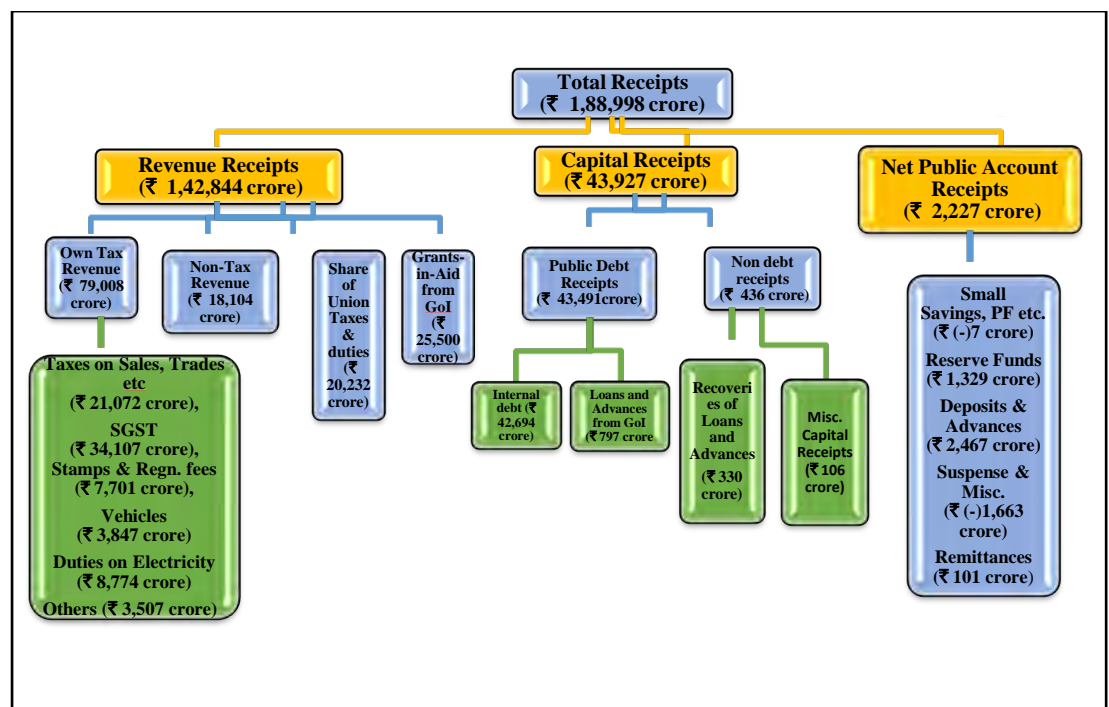
3. **Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions, such as, small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

### 2.3.1 Receipts of the State

Composition of receipts of the State during 2019-20 is as given in **Chart 2.3**.

Chart 2.3 Compositions of Receipts of the State during 2019-20





## 2.3.2 State's Revenue Receipts

This paragraph gives the trends in total revenue receipts and its components. It is followed by trends in the receipts bifurcated into State's own receipts and receipts from the Central Government.

### 2.3.2.1 Trends and Growth of Revenue Receipts

**Table 2.3** provides the trends and growth of revenue receipts as well as revenue buoyancy with respect to GSDP over the five-year period (2015-20). Further, trends in revenue receipts relative to GSDP, components of revenue receipts and monthly trend of components of revenue receipts are given in **Charts 2.4, 2.5** and **2.6** respectively.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Receipts (RR) (₹ in crore)	97,483	1,09,842	1,23,291	1,36,002	1,42,844
Rate of growth of RR ( <i>per cent</i> )	5.99	12.68	12.24	10.31	5.03
Own Tax Revenue (₹ in crore)	62,649	64,443	71,549	80,103	79,008
Non-Tax Revenue (₹ in crore)	10,194	13,346	15,074	13,417	18,104
Own Revenue (Own Tax and Non-tax Revenue) (₹ in crore)	72,843	77,789	86,623	93,520	97,112
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	2.77	6.79	11.36	7.96	3.84
Gross State Domestic Product (₹ in crore) (2011-12 Series)	10,29,010	11,67,156	13,28,068 (P)	15,01,944 (Q)	16,63,362 (A)
Rate of growth of GSDP ( <i>per cent</i> )	11.63	13.43	13.79	13.09	10.75
RR/GSDP ( <i>per cent</i> )	9.47	9.41	9.28	9.06	8.59
<b>Buoyancy Ratios<sup>1</sup></b>					
Revenue Buoyancy w.r.t GSDP	0.52	0.94	0.89	0.79	0.47
State's Own Revenue Buoyancy w.r.t GSDP	0.24	0.51	0.82	0.61	0.36

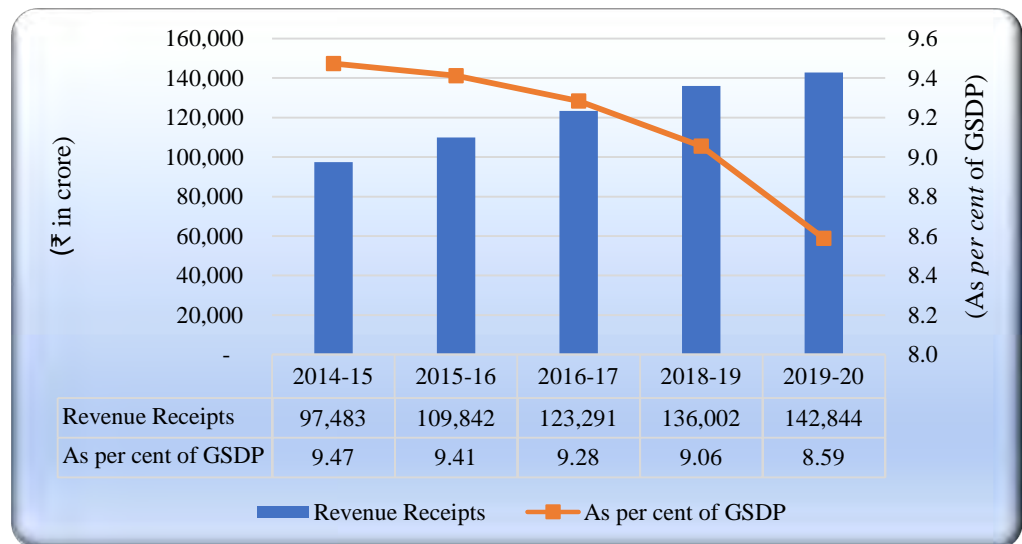
Source: Finance Accounts of the State Government of respective years.

Source (GSDP figures): Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2020-21)

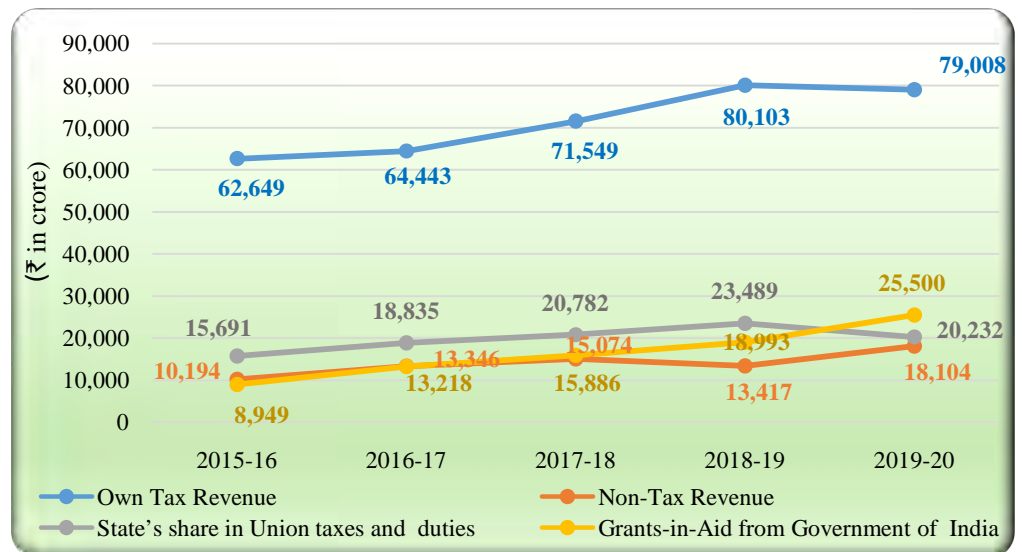
(P): Provisional Estimates; (Q): Quick Estimates, (A): Advance Estimates

<sup>1</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 0.47 implies that revenue receipts tend to increase by 0.47 percentage points, if the GSDP increases by one *per cent*.

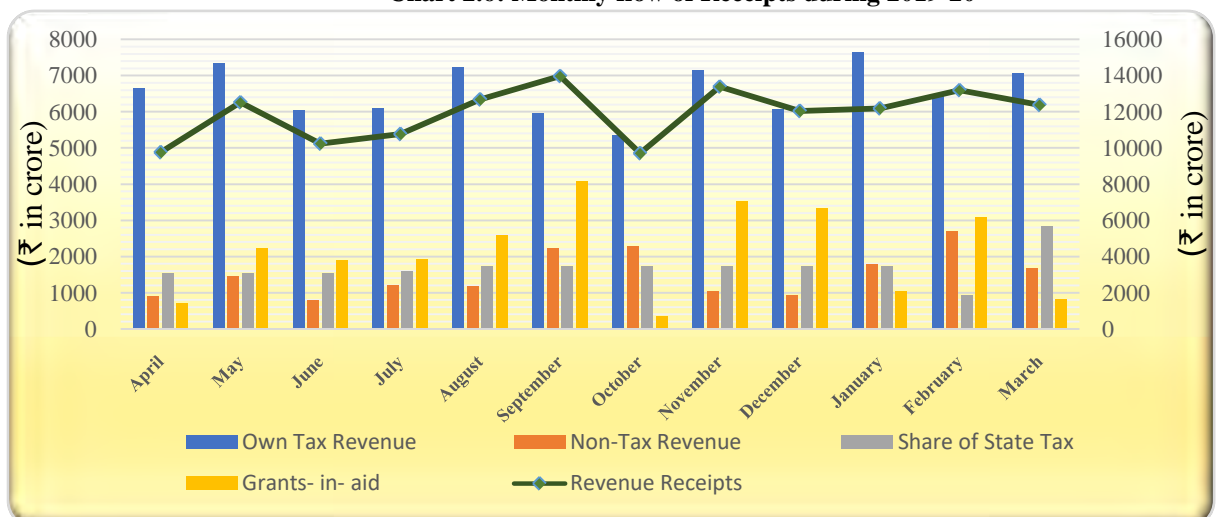
**Chart 2.4: Trend of Revenue Receipts**



**Chart 2.5: Trend of components of Revenue Receipts**



**Chart 2.6: Monthly flow of Receipts during 2019-20**



The trends in revenue receipts during 2015-20 revealed as follows:

- Revenue receipts increased by 46.53 *per cent* from ₹ 97,483 crore in 2015-16 to ₹ 1,42,844 crore in 2019-20 at Compound Annual Growth Rate (CAGR) of 10.02 *per cent*. During 2019-20, revenue receipts increased by ₹ 6,842 crore (5.03 *per cent*) over the previous year.
- A significant portion of revenue receipts (67.98 *per cent*) during 2019-20 came from the State's own resources, while central tax transfers and grants-in-aid together contributed 32.02 *per cent*.
- Table 2.3** shows that the percentage of revenue receipts to GSDP continuously decreased from 9.47 *per cent* in 2015-16 to 8.59 *per cent* in 2019-20, indicating that revenue receipts have not kept pace with the rate at which GSDP grew during 2015-20.

### 2.3.2.2 State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from Central Government are determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes *etc.*

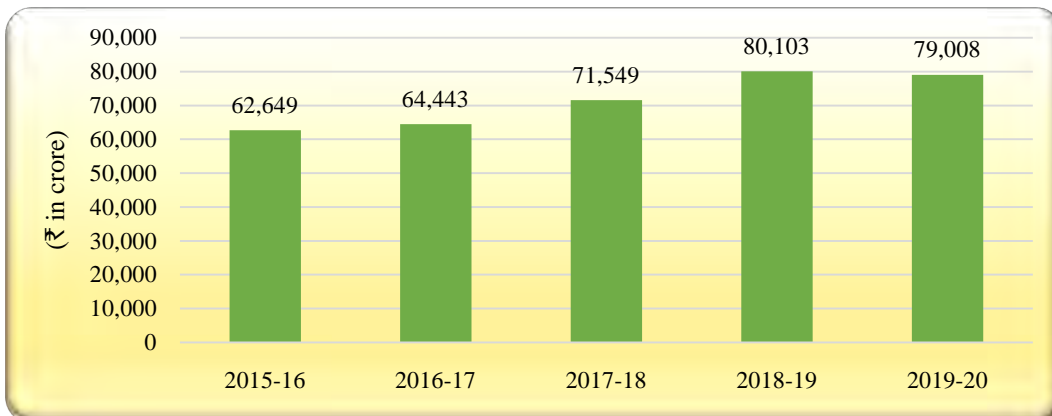
State's performance in mobilisation of additional resources is to be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

#### *State's Own Tax Revenue*

Own tax revenue of the State consists of State Goods and Services Tax (SGST), State excise, taxes on vehicles, stamp duty and registration, land revenue, taxes on goods and passengers *etc.*

The growth of State's own tax revenue during the last five years (2015-20) is shown in **Chart 2.7**.

**Chart 2.7: Growth of Own Tax Revenue during 2015-20**



The components of State's own tax revenue during 2015-20 are shown in **Table 2.4.**

**Table 2.4: Components of State's own tax revenue during 2015-20**

(₹ in crore)

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	
					Budget Estimates	Actuals
Sales tax/VAT	44,091.05	46,313.78	29,638.88	22,414.25	24,840.00	21,071.72
Entertainment tax and luxury tax	195.63	223.57	85.41	3.32	85.92	3.69
SGST	Nil	Nil	21,250.85	34,888.71	48,735.00	34,106.67
State excise	123.32	151.53	84.75	130.59	133.67	138.26
Stamp duty and registration fees	5,549.42	5,782.93	7,254.75	7,780.77	8,972.32	7,701.17
Land revenue	2,528.50	1,998.52	1,859.04	2,407.51	2,750.00	2,358.74
Taxes and duties on electricity	5,999.66	5,833.10	6,484.29	7,347.79	7,900.00	8,774.35
Taxes on vehicles and taxes on goods and passengers	3,273.17	3,279.35	4,016.72	4,235.33	4,625.00	3,895.29
Other taxes	888.66	859.93	874.72	894.47	1,021.08	957.61
<b>Own Tax Revenue</b>	<b>62,649.41</b>	<b>64,442.71</b>	<b>71,549.41</b>	<b>80,102.74</b>	<b>99062.99</b>	<b>79,007.50</b>
Tax revenue as a percentage of GSDP	6.09	5.52	5.39	5.33	5.82	4.75
Tax revenue as a percentage of revenue receipts	64.27	58.67	58.03	58.90	64.02	55.31

Source: Finance Accounts of the State Government of respective years and Budget Publication No.1 of the Government of Gujarat for the 2020-21

State's own tax revenue increased by ₹ 16,358.09 crore from ₹ 62,649.41 crore in 2015-16 to ₹ 79,007.50 crore in 2019-20 at CAGR of 5.97 per cent. During the current year, major contributors to tax revenue were SGST (43.17 per cent), sales tax/VAT (26.67 per cent), taxes and duties on electricity (11.11 per cent) and stamp duty and registration fees (9.75 per cent).

### *State Goods and Services Tax (SGST)*

Twelve years after the implementation of Value Added Tax (VAT) in 2006, the Union Government rolled out the Goods and Services Tax (GST) on 01 July 2017. The Gujarat Goods and Services Tax Act, 2017 was passed by the State Legislature in May 2017 and came into effect from 01 July 2017.

GST is levied on *intra-State* supply of goods or services (except alcohol for human consumption and five<sup>2</sup> specified petroleum products) and its components are shared by the Centre (CGST) and the State (SGST). Further, the Centre levies the Integrated GST (IGST) on *inter-State* supply of goods and services, and apportions the State's share of tax to the State where the goods or services are consumed.

The GoI's decision to provide Audit access to Pan-India data at GSTN premises was conveyed on 22 June 2020. The administrative action to implement the decision in Gujarat was taken in November 2020. The Accounts of Government of Gujarat for the year 2019-20 have, therefore, been certified on the basis of test audit, as was being done when records were being maintained manually, pending full implementation of GoI's decision to provide Audit access to GSTN data.

The GoI enacted the Goods and Services Tax (Compensation to States) Act, 2017 to compensate the States for the shortfall in revenue arising on account of implementation of GST, considering an annual growth of 14 *per cent* from the base year (2015-16), for a period of five years.

For the State of Gujarat, the audited base year (2015-16) revenue to be subsumed<sup>3</sup> by the GST regime was fixed by GoI at ₹ 28,856.39 crore. Thus, the protected revenue for Gujarat worked out to ₹ 48,737.29 crore<sup>4</sup> for the year 2019-20.

Trends in SGST collection during 2017-18, 2018-19 and 2019-20 are given in **Table 2.5**.

**Table 2.5: SGST receipts of Government of Gujarat**

(₹ in crore)				
State Goods and Services Tax (SGST)	2017-18 <sup>5</sup>	2018-19	2019-20	Increase in 2019-20 over 2018-19
Tax	14,882.77	23,160.01	25,169.82	(+)8.68
Apportionment of Taxes from IGST	615.60	806.74	962.08	(+)19.26
Others	5,752.48	10,921.96	7,974.77	(-)26.98
<b>SGST collection</b>	<b>21,250.85</b>	<b>34,888.71</b>	<b>34,106.67</b>	<b>(-)2.24</b>

Source: Finance Accounts of the State Government of respective years.

Against the protected revenue of ₹ 48,737.29 crore, the State Government earned a revenue of ₹ 33,866.82 crore<sup>6</sup> during 2019-20 and therefore, entitled to a compensation of ₹ 14,870.47 crore.

<sup>2</sup> Crude, high speed diesel, petrol, aviation turbine fuel and natural gas

<sup>3</sup> Taxes that have been subsumed under GST are: Value Added Tax, Central Sales Tax, Entertainment Tax, Luxury Tax, Entry tax, Cesses & Surcharges, Duties on Excise on medicinal and toilet preparations excluding VAT and CST on alcohol for human consumption and five specified petroleum products.

<sup>4</sup> Base year revenue of ₹ 28,856.39 crore escalated at compound rate of 14 *per cent* annually for four years (2016-17, 2017-18, 2018-19 and 2019-20) worked out to ₹ 48,737.29 crore for 2019-20.

<sup>5</sup> For the period with effect from July 01 2017 to March 2018.

<sup>6</sup> ₹ 34,106.67 crore (SGST) and (-) ₹ 239.85 crore (Net of subsumed VAT)

However, the State Government received grants-in-aid of ₹ 10,646.52 crore from GoI towards compensation till March 2020, which included ₹ 1,668 crore relating to the previous year. Therefore, the deficit in compensation stood at ₹ 5,891.95 crore<sup>7</sup>. Of the deficit of ₹ 5,891.95 crore, State Government received ₹ 5,822.48 crore (till November 2020) from GoI, leaving a net deficit of ₹ 69.47 crore for 2019-20 (December 2020).

### *Analysis of Arrears of Revenue*

The arrears of revenue indicate delayed realization of revenue due to the Government.

The arrears of revenue as on 31 March 2020 on VAT/sales tax and taxes and duties on electricity amounted to ₹ 54,222.61 crore of which, ₹ 23,684.14 crore was outstanding for more than five years, as detailed in the **Table 2.6**.

**Table 2.6: Arrears of revenue**

(₹ in crore)

Sr. No.	Head of Revenue	Total outstanding amount as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Remarks
1.	VAT/ Sales tax	54,062.00	23,551.41	Recovery certificates issued: ₹ 151.40 crore; recoveries stayed by High Court, other judicial authorities and Government: ₹ 17,619.40 crore; insolvency of dealers: ₹ 3,106.78 crore; other stages: ₹ 33,184.42 crore
2.	Taxes and duties on electricity	160.61	132.73	Recovery certificates issued: ₹ 45.47 crore; and stayed by Court: ₹ 87.26 crore; details for balance ₹ 27.88 crore was not provided by the Energy and Petrochemical Department.
	<b>Total</b>	<b>54,222.61</b>	<b>23,684.14</b>	

(Sources: Information furnished by the Departments)

Arrears of revenue in respect of stamp duty and registration fees; taxes on vehicles and taxes on goods and passengers; and oil and natural gas receipts (Director of Petroleum) have not been provided by concerned Departments despite being requested by Audit in May/September 2020.

### *Analysis of Arrears of Assessments*

The arrears of assessment indicate the potential revenue which is blocked due to delayed assessment.

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending

<sup>7</sup> ₹ 14,870.47 crore – (₹ 10,646.52 crore – ₹ 1,668 crore)

for finalisation at the end of the year, as furnished by the State Tax and Commercial Tax Department in respect of VAT/ sales tax and profession tax were as shown in **Table 2.7**.

**Table 2.7: Arrears of assessments**

(in numbers)

Head of Revenue	Opening balance	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	Balance at the end of the year as on 31 March 2020	Percentage of disposal (col.5 to 4)
VAT/Sales tax	3,62,848	7,043	3,69,891	6,183	3,63,708	1.67
Profession tax	27,515	5,782	33,297	327	32,970	0.98
<b>Total</b>	<b>3,90,363</b>	<b>12,825</b>	<b>4,03,188</b>	<b>6,510</b>	<b>3,96,678</b>	<b>1.61</b>

(Sources: Information furnished by the Departments)

It can be seen from the above table that disposal of the assessments during 2019-20 was 1.61 *per cent* while it 23.78 *per cent* in 2018-19<sup>8</sup>. The Department needs to make more efforts to dispose of the cases expeditiously.

### *Evasion of tax detected by the Departments*

The cases of evasion of tax detected by the Departments, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government,

The cases of evasion of tax detected by two Departments (Finance and Revenue), cases finalised and demands for additional tax raised, as reported by these Departments, are given in **Table 2.8**:

**Table 2.8: Cases of tax evasion**

(₹ in crore)

Sr. no.	Head of Revenue	Cases pending as on 01 April 2019	Cases detected during 2019-20	Total	Number of cases in which assessment/ investigation was completed and additional demand with penalty <i>etc.</i> was raised		Number of cases pending for finalisation as on 31 March 2020
					Number of cases	Amount of demand	
1	VAT/ Sales tax	306	218	524	170	1,289.69	354
2	Stamp duty and registration fees	1,255	-	1,255	79	19.43	1,176*
	<b>Total</b>	<b>1,561</b>	<b>218</b>	<b>1,779</b>	<b>249</b>	<b>1,309.12</b>	<b>1,530</b>

(Sources: Information furnished by the Departments)

\*Information pertains to Inspector General of Registration only and information from Superintendent of Stamp was awaited.

As could be seen, 86 *per cent* cases were pending for finalisation at the end of March 2020.

<sup>8</sup> Report No. 3 of the year 2020, Government of Gujarat

Other Departments *viz.*, Ports and Transport, Revenue (in respect of land revenue), Industries and Mines, Energy and Petrochemicals *etc.* did not furnish the details regarding evasion of tax/ revenue despite being requested by Audit in May/September 2020.

### ***Pendency of Refund Cases***

Promptness in disposal of refund cases is an important indicator of performance of the Departments.

The number of refund cases pending at the beginning of the year, claims received during the year, refunds allowed during the year and the cases pending at the close of the year, as reported by the Departments are given in **Table 2.9:**

**Table 2.9: Refund cases**

(₹ in crore)

Sr. No.	Particulars	GST		VAT/Sales tax		Stamp duty and registration fees**	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding as on 01 April 2019	1,093	162.95	6,906	1,238.94	-	-
2.	Claims received during the year	29,033	5,523.66	15,817	1,006.46	104	1.00
3.	Refunds made during the year	22,883	4,380.75	21,965	1,804.61	104	1.00
4.	Refunds rejected during the year	2,524	536.36	0	0	-	-
5.	Balance outstanding as on 31 March 2020	4,719	769.50	758	440.79	-	-

(Sources: Information furnished by the Departments)

\*\*Information pertains to Inspector General of Registration only and information from Superintendent of Stamps was awaited.

The Revenue Department (in respect of land revenue), Transport Department and Industries and Mines Department did not furnish the details of pendency of refund cases at the end of March 2020 despite being requested in May/September 2020.

### ***Non-Tax Revenue***

Non-tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts etc.

The major sources of non-tax revenue and their trend analysis for the last five years (2015-20) are indicated in **Table 2.10.**



**Table 2.10: Main components of State's non-tax revenue during 2015-20**

Revenue Head	(₹ in crore)					
	2015-16	2016-17	2017-18	2018-19	2019-20	
					Budget Estimates	Actuals
Interest receipts	843.00	2,580.10	1,081.44	1,611.71	1,296.00	2,331.15
Non-ferrous mining and metallurgical industries	3,350.19	3,746.50	8,988.62	4,863.00	5,880.00	4,147.91
Major and medium irrigation projects	1,028.42	1,086.10	1,211.52	1,326.95	1,433.74	1,365.02
Ports and light houses	922.24	933.49	967.59	1,153.35	1,498.28	1,361.26
Medical and public health	171.51	981.98	173.81	271.59	248.89	1,473.06
Police	219.82	248.88	318.01	312.19	385.19	467.53
Dividends & profits	96.06	110.10	96.29	120.03	132.23	89.00
Others	3,562.27	3,658.51	2,236.69	3,758.17	3,105.40	6,869.22
<b>Non-tax revenue</b>	<b>10,193.51</b>	<b>13,345.66</b>	<b>15,073.97</b>	<b>13,416.99</b>	<b>13,979.73</b>	<b>18,104.15</b>
Non-tax revenue as a percentage of GSDP	0.99	1.14	1.14	0.89	0.82	1.09
Non-tax revenue as a percentage of RR	10.46	12.15	12.23	9.87	9.03	12.67

Source: Finance Accounts of the State Government for the respective years and Budget Publication No.1 of the Government of Gujarat for the 2019-20.

The non-tax revenue, which ranged between 9.87 *per cent* and 12.67 *per cent* of revenue receipts of the State during the last five years, increased significantly by ₹ 4,687.16 crore (34.93 *per cent*) during 2019-20 over the previous year. The increase in non-tax revenue in 2019-20 over previous year was mainly due to more receipt in Medical and Public Health by ₹ 1,201.47 crore; Education, Sports, Art and Culture by ₹ 969.50 crore; Urban Development by ₹ 800.28 crore and interest receipts by ₹ 719.44 crore. The interest receipts were real accruals and not book adjustments.

The Water Resources Department is entrusted with the management of water resources. Receipts from supply of water for irrigation and non-irrigation (commercial/domestic use) purposes is the most important source of revenue for the Department. Section 30 of the Gujarat Irrigation and Drainage Act, 2013 lays down that State Government may determine the rates leviable for supply of canal water for irrigation and non-irrigation purposes. The rates of water charges so fixed are revised from time to time.

At the end of March 2020, water charges to the extent of ₹ 9,907.56 crore were outstanding, as shown in the **Table 2.11**.

**Table 2.11: Details of outstanding water charges at the end of March 2020**

(₹ in crore)

Financial Year	Outstanding water charges (cumulative)		
	Irrigation	Non-irrigation	Total
2017-18	333.42	7,835.15	8,168.57
2018-19	349.88	8,725.43	9,075.31
2019-20	354.85	9,552.71	9,907.56

Source: Information provided by the Department

It may be seen that outstanding water charges under irrigation as well as non-irrigation purposes had been increasing steadily over the last three years. The Department needs to take necessary steps to recover the dues.

### 2.3.2.3 Transfers from Centre

The two main components of transfers from the GoI are Central tax transfers (*i.e.*, State's share in Union taxes and duties) and Grants-in-aid. A trend analysis of transfers from the Centre during the last 10 years (2010-20) is shown in **Table 2.12**.

**Table 2.12: Transfers from Centre**

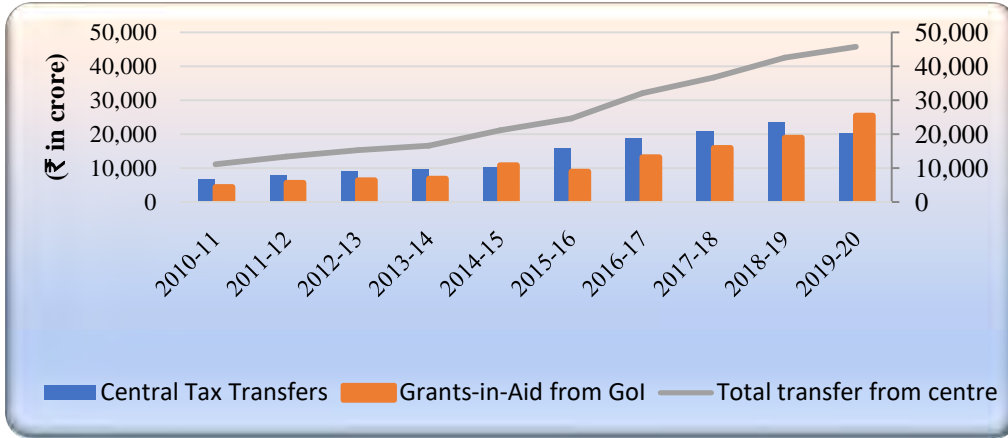
(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Central Tax Transfers	6,679.44	7,780.31	8,869.04	9,701.93	10,296.35	15,690.43	18,835.39	20,782.29	23,489.33	20,232.09
Grants-in-Aid	4,430.55	5,649.86	6,445.80	6,883.13	10,799.01	8,949.22	13,218.05	15,885.60	18,992.48	25,500.02
<b>Total</b>	<b>11,109.99</b>	<b>13,430.17</b>	<b>15,314.84</b>	<b>16,585.06</b>	<b>21,095.36</b>	<b>24,639.65</b>	<b>32,053.44</b>	<b>36,667.89</b>	<b>42,481.81</b>	<b>45,732.11</b>
Percentage increase over previous year	17.19	20.88	14.03	8.29	27.19	16.80	30.09	14.40	15.86	7.65
Total transfers from Centre as percentage of revenue receipts	21.22	21.33	20.36	20.74	22.94	25.28	29.18	29.74	31.24	32.02

Source: Finance Accounts of the State Government of respective years.

The transfers from Centre increased by 312 *per cent* from ₹ 11,109.99 crore in 2010-11 to ₹ 45,732.11 crore in 2019-20. The percentage increase over the previous year ranged between 7.65 *per cent* (2019-20) and 30.09 *per cent* (2016-17) during the ten-year period.

Chart 2.8: Trends in transfers from Centre



### Central tax transfers

The Fourteenth Finance Commission (14<sup>th</sup>FC) recommended that the States' share of Central taxes is to be increased to 42 per cent from 32 per cent recommended by the Thirteenth Finance Commission (13<sup>th</sup>FC). Gujarat's share in the net proceeds of Central tax and Service tax was fixed at 3.084 per cent and 3.172 per cent respectively by the 14<sup>th</sup>FC for the award period 2015-20. Actual devolution *vis-à-vis* Finance Commissions' projections is shown in **Table 2.13**.

**Table 2.13: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections**

(₹ in crore)

Year	Finance Commission projections	Projections in Finance Commission Report	Actual tax devolution	Difference
2010-11	Other than Service tax- 3.041 per cent & Service tax- 3.089 per cent (13 <sup>th</sup> FC)	9,541	6,679	2,862
2011-12		11,190	7,780	3,410
2012-13		13,199	8,869	4,330
2013-14		15,569	9,702	5,867
2014-15		18,365	10,296	8,069
2015-16	Other than Service tax- 3.084 per cent & Service tax- 3.172 per cent (14 <sup>th</sup> FC)	20,397	15,691	4,706
2016-17		23,463	18,835	4,628
2017-18		27,026	20,782	6,244
2018-19		31,166	23,489	7,677
2019-20		35,982	20,232	15,750

Source: Finance Commission Reports and Finance Accounts of the State Government of respective years.

The main components of Central tax transfers during 2015-20 are shown in **Table 2.14**.

Table 2.14: Components of Central tax transfers

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage change over previous year
<b>Direct Taxes</b>						
Corporation Tax	4,928.55	6,027.35	6,361.23	8,167.69	6,898.37	(-)15.55
Taxes on income other than Corporation Tax	3,423.89	4,189.02	5,371.41	6,015.16	5,405.35	(-)10.14
Taxes on Wealth	1.19	13.80	0	2.99	0.30	(-)89.97
<b>Sub-total</b>	<b>8,353.63</b>	<b>10,230.17</b>	<b>11,732.64</b>	<b>14,185.84</b>	<b>12,304.02</b>	<b>(-)13.27</b>
<b>Indirect Taxes</b>						
Central Goods and Services Tax	GST was implemented with effect from 01 July 2017		291.72	5,796.85	5,741.16	(-)0.96
Integrated Goods and Services Tax			2,097.04 <sup>9</sup>	462.60	0	(-)100.00
Customs	2,505.81	2,592.73	2,096.40	1,664.83	1,282.45	(-)22.97
Union Excise	2,087.30	2,960.67	2,191.29	1,106.37	891.64	(-)19.41
Service Tax	2,732.28	3,051.76	2,373.20	218.18	0	(-)100.00
Others	11.41	0.06	0	54.66	12.82	(-)76.55
<b>Sub-total</b>	<b>7,336.80</b>	<b>8,605.22</b>	<b>9,049.65</b>	<b>9,303.49</b>	<b>7,928.07</b>	<b>(-)14.78</b>
<b>Total</b>	<b>15,690.43</b>	<b>18,835.39</b>	<b>20,782.29</b>	<b>23,489.33</b>	<b>20,232.09</b>	<b>(-)13.87</b>
Percentage increase over the previous year	52.39	20.04	10.34	13.03	(-)13.87	
Central tax transfers as percentage of revenue receipts	16.10	17.15	16.86	17.27	14.16	

Source: Finance Accounts of the State Government of respective years.

The Central tax transfers at ₹ 20,232.09 crore in 2019-20 decreased by 13.87 per cent over the previous year. Both the components of Central tax transfers *i.e.*, direct taxes and indirect taxes also decreased by 13.27 per cent and 14.78 per cent respectively over the previous year. They also dipped in 2019-20 for the first time during the period 2015-20. No IGST share was released to the State during the year.

### *Grants-in-Aid from GoI*

The components of grants-in-aid received from GoI during 2015-20 are shown in **Table 2.15**.

<sup>9</sup> This includes advance apportionment of unsettled IGST on ad hoc basis (₹ 1,062 crore).

Table 2.15: Grants-in-aid from GoI

Particulars <sup>10</sup>	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Non-Plan Grants	2,179.28	3,192.93	0.00	0.00	0.00
Grants for State/Union Territory Plan Schemes	6,064.11	8,505.95	0.00	0.00	0.00
Grants for Central Plan Schemes	104.28	53.41	0.00	0.00	0.00
Grants for Centrally Sponsored plan schemes	601.55	1,465.76	0.00	0.00	0.00
Centrally Sponsored Schemes	0.00	0.00	8,942.08	8,784.58	8,724.64
Finance Commission grants	0.00	0.00	3,166.85	3,313.36	5,040.24
Other grants (including GST compensation)	0.00	0.00	3,776.67	6,894.54	11,735.14
<b>Total</b>	<b>8,949.22</b>	<b>13,218.05</b>	<b>15,885.60</b>	<b>18,992.48</b>	<b>25,500.02</b>
Percentage increase over previous year	(-)17.13	47.70	20.18	19.56	34.26
Total grants-in-aid as percentage of revenue receipts	9.18	12.03	12.88	13.96	17.85

Source: Finance Accounts of the State Government of respective years.

The grants-in-aid from GoI increased from ₹ 8,949.22 crore in 2015-16 to ₹ 25,500.02 crore in 2019-20. The nomenclature of plan and non-plan grants was removed with effect from the year 2017-18 and replaced by grants for Centrally Sponsored Schemes, Finance Commission grants and Other grants to States.

The grants-in-aid from GoI in 2019-20 increased by ₹ 6,507.54 crore (34.26 per cent) over the previous year. The increase was mainly due to increase in GST compensation by ₹ 4,497.52 crore, grants for urban local bodies by ₹ 684.06 crore, grants for rural local bodies by ₹ 605.97 crore and grants for state disaster response fund by ₹ 436.85 crore.

**Table 2.16** below shows the monthly grants-in-aid received and monthly closing balance of cash balance investment accounts.

**Table 2.16: Monthly grants-in-aid received and closing balance of cash balance investment account**

Month	(₹ in crore)	
	Grant-in-aid received	Closing balance of cash balance investment account
April 2019	706.96	10,105.80
May 2019	2,222.84	8,462.85
June 2019	1,889.86	7,078.25
July 2019	1,912.38	9,135.53
August 2019	2,578.31	9,736.93
September 2019	4,083.22	10,527.33
October 2019	349.74	5,295.53

<sup>10</sup> The Controller General of Accounts revised the classification of grants-in-aid with effect from financial year 2017-18.

Month	Grant-in-aid received	Closing balance of cash balance investment account
November 2019	3,509.89	9,348.80
December 2019	3,324.81	7,778.42
January 2020	1,038.13	9,851.49
February 2020	3,064.63	12,375.35
March 2020	819.25	10,347.99

Source: Monthly Civil Accounts of the State Government for the respective months.

### *Grants awarded by the Fourteenth Finance Commission*

The 14<sup>th</sup>FC recommended transfers of funds to the States in respect of three types of grants-in-aid viz., local Government, disaster management and post-devolution revenue deficit.

During 2019-20, Government of Gujarat received two types of grants from GoI i.e., grants for local Government and disaster management totalling ₹ 4,511 crore, against ₹ 5,220 crore of the awarded amount. Further, for the period 2015-20, it received ₹ 16,703 crore for these two grants, against ₹ 17,963 crore of the awarded amount. Being a revenue surplus State, the State Government was not eligible for post-devolution revenue deficit grants.

The details of amounts awarded and received during 2019-20 and 14<sup>th</sup>FC period (2015-20) are shown in **Table 2.17**.

**Table 2.17: Details of amounts awarded and received**

(₹ in crore)

Transfers	Recommendation of 14 <sup>th</sup> FC			Actual release by GoI			Release by State Government to implementing agencies		
	2015-16 to 2018-19	2019-20	Total (2015-20)	2015-16 to 2018-19	2019-20	Total (2015-20)	2015-16 to 2018-19	2019-20	Total (2015-20)
<b>Grants to PRIs</b>	<b>6,018</b>	<b>2,616</b>	<b>8,635</b>	<b>5,801</b>	<b>2,331</b>	<b>8,132</b>	<b>5,801</b>	<b>2,331</b>	<b>8,132</b>
(a) General Basic Grant	5,440	2,331	7,771	5,440	2,331	7,771	5,440	2,331	7,771
(b) General Performance Grants	579	285	863	361	0	361	361	0	361
<b>Grants to ULBs</b>	<b>4,447</b>	<b>1,961</b>	<b>6,407</b>	<b>4,113</b>	<b>1,538</b>	<b>5,651</b>	<b>4,113</b>	<b>1,538</b>	<b>5,651</b>
(a) General Basic Grant	3,588	1,538	5,126	3,577	1,538	5,115	3,577	1,538	5,115
(b) General Performance Grants	859	423	1,281	536	0	536	536	0	536
<b>Total for Local Bodies</b>	<b>10,465</b>	<b>4,577</b>	<b>15,042</b>	<b>9,914</b>	<b>3,869</b>	<b>13,783</b>	<b>9,914</b>	<b>3,869</b>	<b>13,783</b>
<b>State Disaster Response Fund</b>	<b>2,278</b>	<b>643</b>	<b>2,921</b>	<b>2,279</b>	<b>642</b>	<b>2,921</b>	<b>2,279</b>	<b>642</b>	<b>2,921</b>
<b>Grand Total</b>	<b>12,743</b>	<b>5,220</b>	<b>17,963</b>	<b>12,193</b>	<b>4,511</b>	<b>16,703</b>	<b>12,193</b>	<b>4,511</b>	<b>16,703</b>

Source: Finance Department of Government of Gujarat

It may be seen from the table above that while the Local Bodies received major portion of the general basic grants recommended by the 14<sup>th</sup>FC during

2015-20, they lost a substantial portion (₹ 1,247 crore) of general performance grants during the same period, due to non-fulfillment of conditions prescribed by the Ministry of Housing and Urban Affairs, GoI regarding service delivery benchmarks, increase in own revenue sources and completed audited annual accounts.

The concerned Departments<sup>11</sup> need to comply with the conditions attached with these grants and make sure that there is no loss of revenue/grants on this account.

### 2.3.3 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. The net public debt receipts after discharging public debt plus other capital receipts is the net capital receipts.

The following table shows the trends in growth and composition of net capital receipts.

**Table 2.18: Trends in growth and composition of net capital receipts**

(₹ in crore)					
Sources of State's capital receipts	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Capital receipts</b>	<b>23,611</b>	<b>28,074</b>	<b>27,299</b>	<b>43,362</b>	<b>43,927</b>
Public debt receipts	23,486	27,668	26,953	43,146	43,491
Public debt repayment	6,194	9,073	13,700	15,432	16,702
<b>Net Public Debt Receipts</b>	<b>17,292</b>	<b>18,595</b>	<b>13,253</b>	<b>27,714</b>	<b>26,789</b>
Miscellaneous capital receipts	0	240	0	65	106
Recovery of loans and advances	125	166	346	151	330
<b>Non-debt capital receipts</b>	<b>125</b>	<b>406</b>	<b>346</b>	<b>216</b>	<b>436</b>
<b>Net capital receipts</b>	<b>17,417</b>	<b>19,001</b>	<b>13,599</b>	<b>27,930</b>	<b>27,225</b>
Net internal debt	17,700	19,091	13,872	26,231	26,786
Growth rate ( <i>per cent</i> )	23.93	7.86	(-)27.34	89.09	2.12
Net loans and advances from GoI	(-)407	(-)496	(-)619	1,483	3
Growth rate ( <i>per cent</i> )	20.77	21.87	24.80	(-) 339.58	(-)99.80
Rate of growth of debt capital receipts ( <i>per cent</i> )	24.00	7.54	(-)28.73	109.11	(-)3.34
Rate of growth of non-debt capital receipts ( <i>per cent</i> )	(-)56.45	224.80	(-)14.78	(-)37.57	101.85
Rate of growth of GSDP ( <i>per cent</i> )	11.63	13.43	13.79	13.09	10.75
Rate of growth of capital receipts ( <i>per cent</i> )	22.38	9.09	(-)28.43	105.38	(-)2.53

Source: Finance Accounts of the State Government for the respective years

<sup>11</sup> Urban Development and Urban Housing Department and, Panchayats, Rural Housing and Rural Development Department

Capital receipts increased by 86 *per cent* from ₹ 23,611 crore in 2015-16 to ₹ 43,927 crore in 2019-20. However, it increased marginally by 1.3 *per cent* in 2019-20 over 2018-19. During 2019-20, 61 *per cent* of capital receipts came from net internal debt. Net capital receipts increased by 56.31 *per cent* from ₹ 17,417 crore in 2015-16 to ₹ 27,225 crore in 2019-20, mostly due to increase in net public debt receipts.

Public debt receipts create future repayment obligations. During the last five years (2015-20), 37 *per cent* of public debt receipts were used for repayment of public debts raised in earlier years while the remaining 63 *per cent* was used for creation of assets.

### 2.3.4 State's performance in mobilization of resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax revenue.

**Table 2.19: Tax and non-tax receipts vis-à-vis projections**

(₹ in crore)

	14 <sup>th</sup> FC projections	Budget estimates	Actual	Percentage variation of actual over	
				Budget estimates	14 <sup>th</sup> FC projections
Own tax revenue	1,46,452.00	99,062.99	79,007.50	(-)20.25	(-) 46.05
Non-tax revenue	18,262.00	13,979.73	18,104.15	29.50	(-) 0.86

As could be seen, while the State Government fell short of achieving the targets for own tax revenue set in the budget estimates and 14<sup>th</sup>FC by 20 *per cent* and 46 *per cent* respectively, it exceeded the budget estimates target for non-tax revenue by 30 *per cent*.

## 2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

### 2.4.1 Growth and composition of expenditure

The total expenditure, its composition and relative share in GSDP during the last five years (2015-20) is presented in **Table 2.20**.



Table 2.20: Total expenditure and its composition

(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Total expenditure (TE)</b>	<b>1,20,623</b>	<b>1,26,728</b>	<b>1,45,004</b>	<b>1,62,583</b>	<b>1,67,861</b>
Revenue expenditure (RE)	95,779	1,03,895	1,18,060	1,32,790	1,40,899
Capital expenditure (CE)	24,169	22,355	26,313	28,062	25,650
Loans and advances	675	478	631	1731	1312
<b>As a percentage of GSDP</b>					
TE/GSDP	11.72	10.86	10.92	10.82	10.09
RE/GSDP	9.31	8.90	8.89	8.84	8.47
CE/GSDP	2.35	1.92	1.98	1.87	1.54
Loans and advances/GSDP	0.07	0.04	0.05	0.12	0.08

Source: Finance Accounts of the State Government of respective years.

The above table shows that total expenditure of the State increased by 39.16 per cent from ₹ 1,20,623 crore in 2015-16 to ₹ 1,67,861 crore in 2019-20. During the year, it increased by 3.25 per cent over the previous year. As percentage of GSDP, total expenditure remained the lowest at 10.09 per cent in 2019-20 over the five-year period (2015-20).

Charts 2.9 and 2.10 present the trends in revenue expenditure and capital expenditure respectively over a period of five years (2015-20) whereas Chart 2.11 depicts the trend in the share of the components of total expenditure.

Chart 2.9: Trend of revenue expenditure during 2015-20

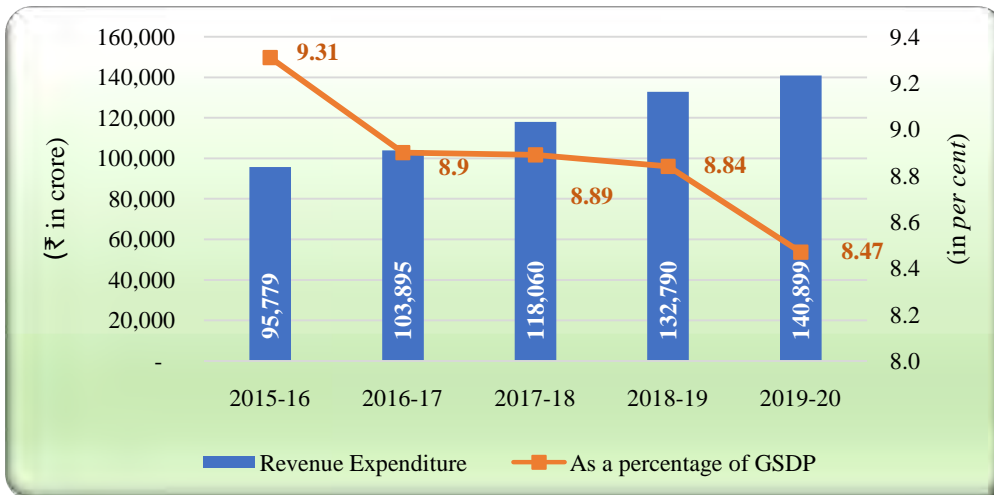


Chart 2.10: Trend of capital expenditure during 2015-20

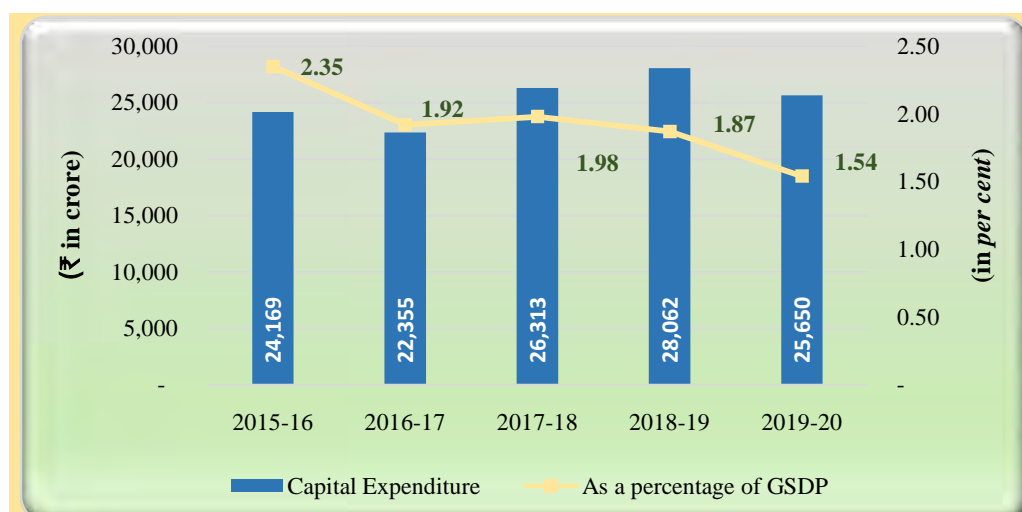
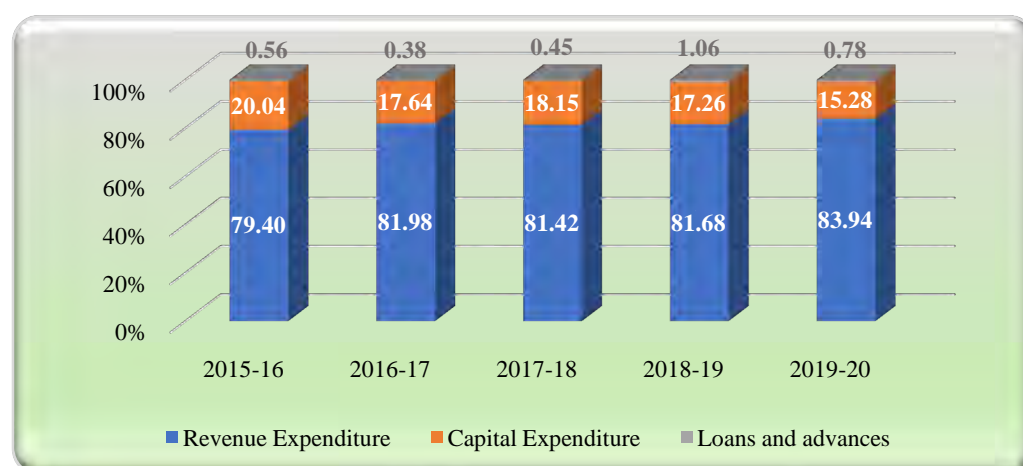


Chart 2.11: Trend in share of components of total expenditure



As is evident from the above charts, revenue expenditure had been a major component of total expenditure during 2015-20 and stood at 83.94 *per cent* in 2019-20. However, revenue expenditure as percentage of GSDP decreased from 9.31 *per cent* in 2015-16 to 8.47 *per cent* in 2019-20.

Trends in total expenditure in terms of activities namely, general services, social services, economic services, grants-in-aid and loans and advances during 2015-20 are as shown in **Table 2.21**.

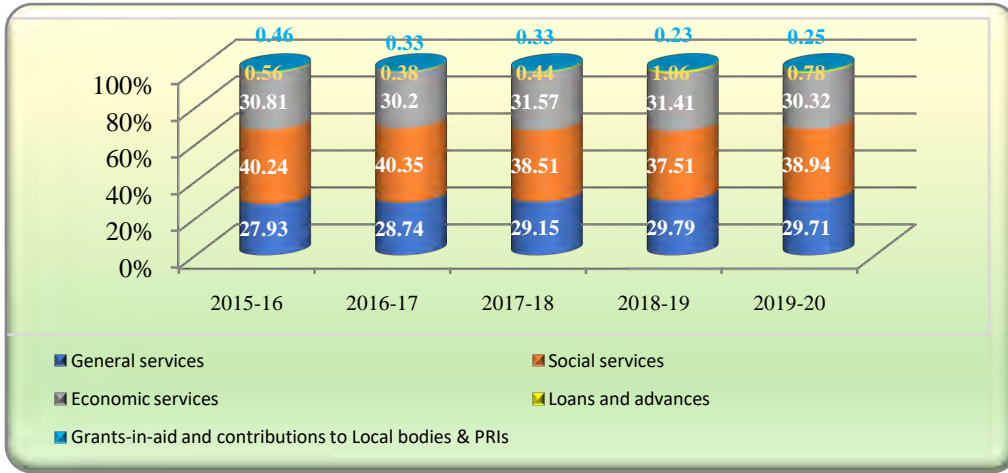
Table 2.21: Trends in total expenditure in terms of activities

Activities	(Share in per cent)				
	2015-16	2016-17	2017-18	2018-19	2019-20
General services	27.93	28.74	29.15	29.79	29.71
Social services	40.24	40.35	38.51	37.51	38.94
Economic services	30.81	30.20	31.57	31.41	30.32
Loans and advances	0.56	0.38	0.44	1.06	0.78
Grants-in-aid and contributions to local bodies & PRIs	0.46	0.33	0.33	0.23	0.25

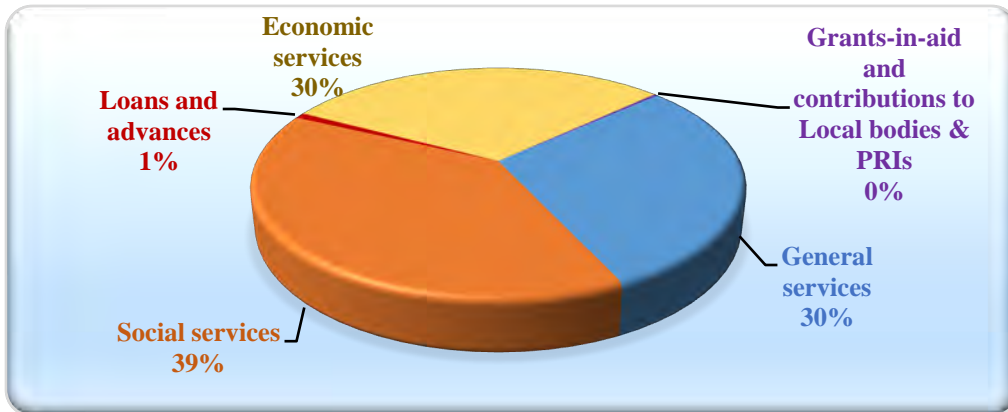
Source: Finance Accounts of the State Government of respective years.

**Chart 2.12** presents the trend of total expenditure in terms of activities during last five years (2015-20) and **Chart 2.13** presents the total expenditure in terms of activities during the current year (2019-20).

**Chart 2.12: Trend of total expenditure in terms of activities during 2015-20**



**Chart 2.13: Total expenditure in terms of activities during 2019-20**



The movement of the relative share of general, social and economic services exhibited stability during 2015-20, with marginal inter-year variations. As compared to 2015-16, the share of social services decreased by 1.3 *per cent* and the share of general services increased by 1.78 *per cent* during 2019-20.

### 2.4.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payments for past obligations. As such, it does not result in any addition to State’s infrastructure and service network.

The overall revenue expenditure, its rate of growth, its ratio to total expenditure and buoyancy *vis-à-vis* GSDP and revenue receipts during 2015-20 are as indicated in **Table 2.22**.

**Table 2.22: Trends of revenue expenditure**

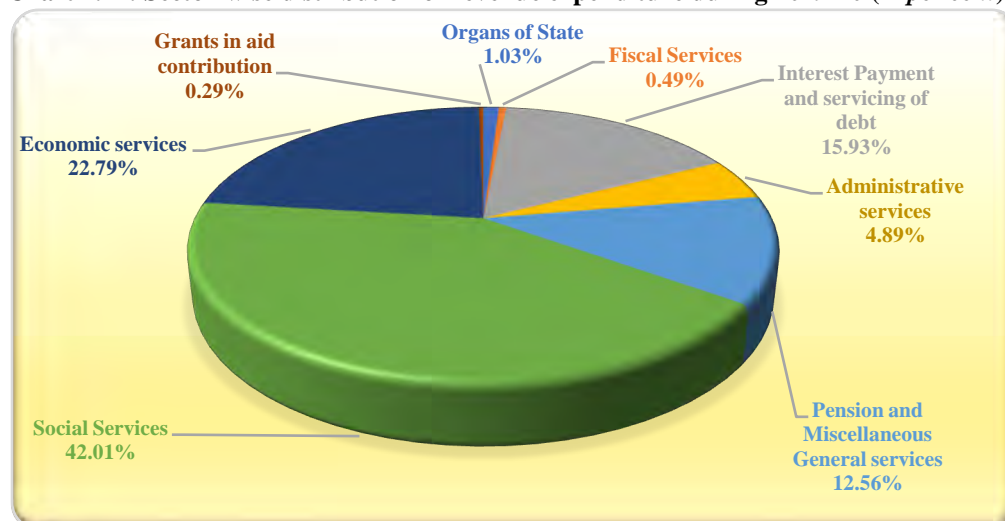
	2015-16	2016-17	2017-18	2018-19	2019-20
Total expenditure (TE) (₹ in crore)	1,20,623	1,26,728	1,45,004	1,62,583	1,67,861
<b>Revenue expenditure (RE) (₹ in crore)</b>	<b>95,779</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>1,32,790</b>	<b>1,40,899</b>
Growth of RE over previous year ( <i>per cent</i> )	10.53	8.47	13.63	12.48	6.11
RE/TE ( <i>per cent</i> )	79.40	81.98	81.42	81.68	83.94
RE/GSDP ( <i>per cent</i> )	9.31	8.90	8.89	8.84	8.47
RE/RR ( <i>per cent</i> )	98.25	94.59	95.76	97.64	98.64
<b>Buoyancy of revenue expenditure with</b>					
GSDP	0.91	0.63	0.99	0.95	0.57
Revenue receipts	1.76	0.67	1.11	1.21	1.21

Source: Finance Accounts of State Government of respective years.

Revenue expenditure increased continuously from ₹ 95,779 crore in 2015-16 to ₹ 1,40,899 crore in 2019-20 and grew by ₹ 8,109 crore (6.11 *per cent*) during 2019-20 over the previous year. The increase in revenue expenditure in 2019-20 over the previous year was mainly due to more expenditure on urban development by ₹ 2,284 crore, interest payments by ₹ 2,262 crore, industries by ₹ 825 crore and relief on account of natural calamities by ₹ 808 crore.

The rate of growth of revenue expenditure fluctuated widely with a low of 6.11 *per cent* in 2019-20 to a high of 13.63 *per cent* in 2017-18. Revenue expenditure as percentage of GSDP continuously decreased over the period 2015-20 and stood lowest at 8.47 *per cent* during 2019-20. Revenue expenditure as percentage of revenue receipts was 98.64 *per cent* during 2019-20.

The sector-wise distribution of revenue expenditure during 2019-20 is shown in **Chart 2.14**.

**Chart 2.14: Sector-wise distribution of revenue expenditure during 2019-20 (in per cent)**

### 2.4.2.1 Major changes in revenue expenditure

**Table 2.23** details the significant variations under various Heads of Account with regard to revenue expenditure of the State during the current year and the previous year.

**Table 2.23: Variations in revenue expenditure during 2019-20 compared to 2018-19**

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Variation (percentage)
2217- Urban Development	9,403.81	11,687.84	2,284.03 (24)
2049- Interest Payment	20,183.36	22,448.66	2,265.30 (11)
2852- Industries	2,526.35	3,351.09	824.74 (33)
2245- Relief on account of Natural Calamities	743.06	1,550.89	807.83 (109)
2801- Power	7,365.62	8,134.79	769.18 (10)
2235-Social Security and Welfare	1,136.57	1,897.49	760.92 (67)
2211-Family Welfare	1,806.59	2,518.60	712.01 (39)
2236-Nutrition	2,466.99	3,078.59	611.59 (25)
2202- General Education	22,733.83	23,330.82	596.99 (3)
2210- Medical and Public Health	6,120.42	6,697.38	576.96 (9)
2802-Petroleum	0.00	564.69	564.69
2071- Pensions and Other Retirement Benefits	18,295.44	17,662.59	(-)632.85 (3)
2401- Crop Husbandry	4,811.25	2,858.01	(-)1,953.24 (41)

Source: Finance Accounts of the State Government of respective years.

The table above indicates that revenue expenditure under Pensions and Other Retirement Benefits declined during the year, primarily due to the decrease in expenditure on superannuation and retirement allowances and commuted value of pensions. Crop Husbandry also recorded a decrease during 2019-20 compared to the previous year due to decline in expenditure relating to crop insurance.

### 2.4.2.2 Committed expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. Higher committed expenditure leaves the Government with lesser flexibility for development sector.

**Table 2.24** presents the trend of committed expenditure and its components during 2015-20.

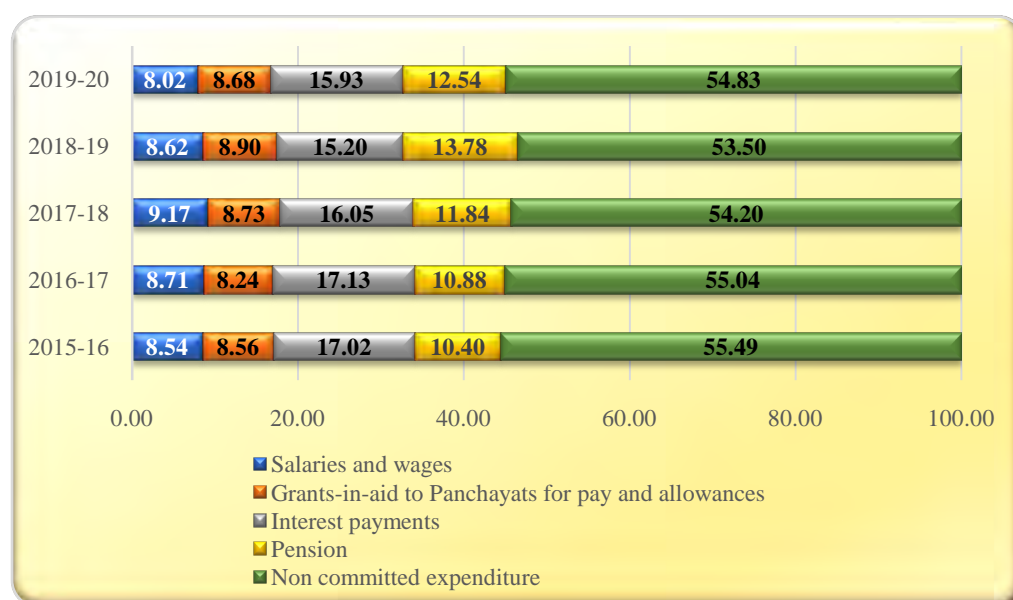
Table 2.24: Trend of committed expenditure and its components

(₹ in crore)

Components of committed expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries and wages	8,178	9,050	10,832	11,448	11,301
Grants-in-aid to Panchayats for pay and allowances	8,195	8,559	10,302	11,821	12,235
Interest payments	16,300	17,797	18,954	20,183	22,449
Pension	9,963	11,303	13,979	18,295	17,663
<b>Total committed expenditure</b>	<b>42,636</b>	<b>46,709</b>	<b>54,067</b>	<b>61,747</b>	<b>63,648</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
<b>Revenue Receipts</b>	<b>97,483</b>	<b>1,09,842</b>	<b>1,23,291</b>	<b>1,36,002</b>	<b>1,42,844</b>
Salaries and wages	8.39	8.24	8.79	8.42	7.91
Grants-in-aid to Panchayats for pay and allowances	8.41	7.79	8.36	8.69	8.57
Interest payments	16.72	16.21	15.37	14.84	15.72
Pension	10.22	10.29	11.34	13.45	12.37
<b>Total</b>	<b>43.74</b>	<b>42.52</b>	<b>43.85</b>	<b>45.40</b>	<b>44.56</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
<b>Revenue Expenditure</b>	<b>95,779</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>1,32,790</b>	<b>1,40,899</b>
Salaries and wages	8.54	8.71	9.17	8.62	8.02
Grants-in-aid to Panchayats for pay and allowances	8.56	8.24	8.73	8.90	8.68
Interest payments	17.02	17.13	16.05	15.20	15.93
Pension	10.40	10.88	11.84	13.78	12.54
<b>Total</b>	<b>44.52</b>	<b>44.96</b>	<b>45.80</b>	<b>46.50</b>	<b>45.17</b>

Source: Finance Accounts of the State Government of respective years.

Chart 2.15: Share of committed expenditure in total revenue expenditure (in per cent)



As percentage of revenue expenditure, committed expenditure remained around 45 *per cent* during 2015-20. After an initial increase from 44.52 *per cent* in 2015-16 to 46.50 *per cent* in 2018-19, it marginally decreased to 45.17 *per cent* in 2019-20. As percentage of revenue receipts, committed expenditure increased from 43.74 *per cent* in 2015-16 to 44.56 *per cent* in 2019-20. The share of non-committed revenue expenditure in total revenue expenditure increased marginally by 1.33 *per cent* in 2019-20 over 2018-19.

The components of committed expenditure are discussed in the succeeding paragraphs.

### ***Salaries and wages***

Expenditure on salaries and wages increased by ₹ 3,123 crore (38 *per cent*) from ₹ 8,178 crore in 2015-16 to ₹ 11,301 crore in 2019-20. It accounted for 7.91 *per cent* of revenue receipts and 8.02 *per cent* of revenue expenditure during 2019-20. Against the projection of ₹ 12,374 crore made in MTFPS for 2019-20, expenditure on Salaries and wages during 2019-20 was ₹ 11,301 crore.

### ***Grants-in-aid to Panchayats for pay and allowances***

Grants-in-aid to Panchayats for pay and allowances increased by ₹ 4,040 crore (49 *per cent*) from ₹ 8,195 crore in 2015-16 to ₹ 12,235 crore in 2019-20. It accounted for 8.68 *per cent* of revenue expenditure during 2019-20. As percentage of the revenue receipts, it increased slightly from 8.41 *per cent* in 2015-16 to 8.57 *per cent* in 2019-20.

### ***Interest payments***

Interest payments increased from ₹ 16,300 crore in 2015-16 to ₹ 22,449 crore in 2019-20. Interest payments increased by 11.23 *per cent* in 2019-20 over the previous year due to increased interest liability of ₹ 2,498 crore on market loans. During 2019-20, interest payments on market loans stood at 67.96 *per cent* of the total interest payments while interest payments on special securities issued to National Small Savings Fund accounted for 16.92 *per cent* of the total interest payments. As a percentage of the revenue receipts, expenditure on interest payments increased from 14.84 *per cent* in 2018-19 to 15.72 *per cent* in 2019-20. Also, the share of interest payment in revenue expenditure increased from 15.20 *per cent* in 2018-19 to 15.93 *per cent* in 2019-20.

### ***Pension payments***

There were 4.52 lakh pensioners<sup>12</sup> in Gujarat State (July 2019). Expenditure on pension continuously increased during 2015-19 but decreased by 3.45 *per cent* from ₹ 18,295 crore in 2018-19 to ₹ 17,663 crore in 2019-20, mainly on account of less payment of superannuation and retirement benefits

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<sup>12</sup> As per Fiscal Policy Strategy Statement under Gujarat Fiscal Responsibility Act, 2005 for 2019-20 (July 2019), there were 4.52 lakh pensioners in the State. These are pensioners of Gujarat Government and aided institutions and do not include Social Security Pension.



and commuted value of pension. Expenditure on pension in 2019-20 accounted for 12.37 *per cent* of the total revenue receipts of the State.

In its disclosures made under Gujarat Fiscal Responsibility Act, 2005, the State Government estimated (July 2019) the pension payments as percentage of revenue receipts at 10.66 *per cent*. However, it stood higher at 12.37 *per cent* in 2019-20.

### ***Undischarged liabilities under National Pension System***

The State Government introduced the ‘Defined Contribution Pension Scheme (National Pension System)’ with effect from 01 April 2005. As per the guidelines of the Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowance every month which is matched by the State Government and the entire amount is transferred to the designated fund manager through National Securities Depository Limited (NSDL)/Trustee Bank. The State Government signed (January 2009) agreements with the NPS trust for fund management of the Scheme and adopted (May 2009) the Central framework for implementation of the Scheme.

The employees’ contribution and the State share is credited to the Public Account<sup>13</sup> and then transferred to the NSDL. During the year 2019-20, the State Government collected ₹ 820.54 crore from the employees as contribution towards NPS and also contributed ₹ 814.53 crore as its share towards the Scheme. Further, against the total collected funds of ₹ 1,650.81 crore (including previous years’ balance of ₹ 15.74 crore), the State Government transferred ₹ 1,630.18 crore to NSDL, leaving a balance of ₹ 20.63 crore. The entire balance of ₹ 20.63 crore for the period 2019-20 was transferred to NSDL on 24 April 2020. During 2019-20, the Government also paid an interest of ₹ 1.60 crore to the fund manager for late/delayed transfer of funds.

### **2.4.2.3 Expenditure on subsidies**

Expenditure on subsidies increased by 6.67 *per cent* from ₹ 17,269 crore in 2018-19 to ₹ 18,420 crore in 2019-20. The major beneficiary Departments of subsidy during 2019-20 were: Energy and Petrochemicals; Industries and Mines; Agriculture, Farmer’s Welfare and Co-operation; and Social Justice and Empowerment.

Energy and Petrochemicals Department received a subsidy of ₹ 8,574.94 crore (47 *per cent*) of which, a major portion of ₹ 4,528 crore was on account of fuel price and power purchase adjustment charges, ₹ 1,600 crore for compensation in agriculture tariff and ₹ 1,008 crore for horse power based tariff to agriculturists.

In Industries and Mines Department, of the total subsidy of ₹ 4,295.89 crore (23 *per cent*), ₹ 1,500 crore was given for development of textile industry and ₹ 1,450.36 crore as assistance to the large industries.

<sup>13</sup> Major Head 8342-117 (Other Deposits- Defined Contribution Pension Scheme for Government Employees)



Of ₹ 1,877.37 crore (10 *per cent*) received as subsidy by Agriculture, Farmer's Welfare and Co-operation Department, ₹ 1,049.87 crore was given as financial assistance to farmers for subvention of interest.

The Gujarat State Road Transport Corporation was also given a subsidy of ₹ 321 crore to compensate for operations in uneconomic routes, student concession *setc.*

**Table 2.25: Expenditure trend of subsidies**

(₹ in crore)

Components of committed expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Subsidies	9,045	11,082	13,621	17,269	18,420
Total revenue receipts	97,483	1,09,842	1,23,291	1,36,002	1,42,844
Subsidies as a percentage of revenue receipts	9.28	10.09	11.05	12.70	12.90
Total revenue expenditure	95,779	1,03,895	1,18,060	1,32,790	1,40,899
Subsidies as a percentage of revenue expenditure	9.44	10.67	11.54	13.00	13.07

Source: Finance Accounts of the State Government of respective years.

#### 2.4.2.4 Financial assistance by the State Government to local bodies and other institutions

Financial assistance is provided by the State Government to local bodies and other institution by way of grants-in-aid to meet expenses on pay and allowances, other miscellaneous expenses and creation of capital assets.

**Table 2.26: Trend of financial assistance to local bodies**

(₹ in crore)

Financial assistance to institutions	2015-16	2016-17	2017-18	2018-19	2019-20
Panchayatiraj institutions	22,085	16,124	19,686	19,645	22,034
Urban local bodies	8,480	7,336	7,791	8,747	9,345
Public sector undertakings	55	77	74	79	84
Autonomous bodies	3,091	4,720	5,308	6,388	6,259
Non-Governmental organisations	2,625	990	1,091	1,096	1,197
Others	7,712	18,808	20,857	23,656	25,343
<b>Total</b>	<b>44,048</b>	<b>48,055</b>	<b>54,807</b>	<b>59,611</b>	<b>64,262</b>
Revenue expenditure	<b>95,779</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>1,32,790</b>	<b>1,40,899</b>
Assistance as percentage of revenue expenditure	<b>45.99</b>	<b>46.25</b>	<b>46.42</b>	<b>44.89</b>	<b>45.61</b>

Source: Finance Accounts of the State Government of respective years.

As can be seen from table above, financial assistance to local bodies and other institutions has continuously increased over the five-year period from ₹ 44,048 crore in 2015-16 to ₹ 64,262 crore in 2019-20.

Further, grantee institutions under 'Others' category received substantial financial assistance from the State Government (about 39 *per cent*) during the

last four of the five years (2016-20). However, recording of grantee institutions *en masse* under ‘Others’ category together with absence of details of assets created with the concerned grant-releasing Departments of the State Government was a matter of concern, as it rendered such transactions opaque. In this regard, observations of Audit may kindly be referred to in paragraph 3.6.2.5 (Chapter 3) and paragraph 4.6.1 (Chapter 4).

### 2.4.3 Capital Expenditure

Capital expenditure is the money spent on the acquisition of assets like land, buildings, machinery, equipment, as well as investment in shares. The overall capital expenditure, its growth over previous year and its percentage to GSDP during the last five years (2015-20) are indicated in **Table 2.27**.

**Table 2.27: Trend of capital expenditure during 2015-20**

	2015-16	2016-17	2017-18	2018-19	2019-20
Total expenditure (TE) (₹ in crore)	1,20,623	1,26,728	1,45,004	1,62,583	1,67,861
<b>Capital expenditure (CE) (₹ in crore)</b>	<b>24,169</b>	<b>22,355</b>	<b>26,313</b>	<b>28,062</b>	<b>25,650</b>
Growth of CE over previous year ( <i>per cent</i> )	0.05	-7.51	17.71	6.65	-8.60
CE/TE ( <i>per cent</i> )	20.04	17.64	18.15	17.26	15.28
CE/GSDP ( <i>per cent</i> )	2.35	1.92	1.98	1.87	1.54

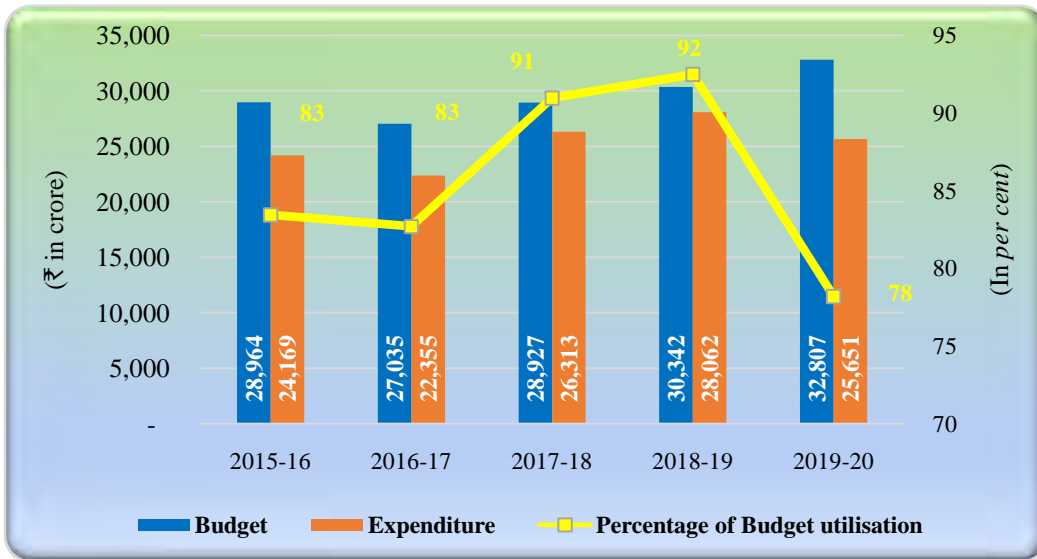
Source: Finance Accounts of the State Government of respective years.

Capital expenditure increased from ₹ 24,169 crore in 2015-16 to ₹ 25,650 crore in 2019-20, except for a decrease in 2016-17 and 2019-20. Of the total capital expenditure of ₹ 25,650 crore incurred in 2019-20, ₹ 8,464.18 crore or 33 *per cent* was spent on irrigation projects (major, medium and minor) followed by ₹ 3,399.46 crore (13 *per cent*) on power projects and ₹ 3,328.67 crore (13 *per cent*) on roads and bridges.

Decrease in capital expenditure by ₹ 2,411 crore during 2019-20 over the previous year was mainly on account of decrease in expenditure on Medium Irrigation by ₹ 1,458 crore, Medical and Public Health by ₹ 992 crore, Major Irrigation by ₹ 462 crore, Education, Sports, Art and Culture by ₹ 356 crore, offset by increase in expenditure on Power projects by ₹ 526 crore, Civil Aviation by ₹ 270 crore, and Roads and Bridges by ₹ 239 crore.

The State Government could not meet the budgetary allocation for capital expenditure in any year during the five-year period (2015-20). The trend of actual capital expenditure *vis-à-vis* budgetary allocation during 2015-20 are given in **Chart 2.16**.

Chart 2.16: Trend of capital expenditure vis-à-vis budgetary allocation during 2015-20



### 2.4.3.1 Major changes in capital expenditure

Table 2.28 highlights significant variations under various Heads of Account with regard to capital expenditure of the State during 2018-19 and 2019-20.

Table 2.28: Capital expenditure during 2019-20 compared to 2018-19

Major Heads of Accounts	(₹ in crore)			
	2018-19	2019-20	Variation	Variation (percentage)
4701- Capital Outlay on Medium Irrigation	5061.55	3603.21	(-) 1458.34	(-) 29
4210- Capital Outlay on Medical and Public Health	2049.73	1057.38	(-) 992.35	(-) 48
4801-Capital Outlay on Power Projects	2873.57	3399.46	525.89	18
4700- Capital Outlay on Major Irrigation	3886.23	3423.94	(-) 462.29	(-) 12
4202-Capital Outlay on Education, Sports, Art and Culture	915.17	559.38	(-) 355.78	(-) 39
5053-Capital Outlay on Civil Aviation	108.58	378.44	269.86	249
4059- Capital Outlay on Public Works	564.89	302.49	(-) 262.40	(-) 46
5054- Capital Outlay on Roads and Bridges	3089.68	3328.67	238.99	8
4055- Capital Outlay on Police	198.25	370.85	172.60	87
4216- Capital Outlay on Housing	698.77	569.37	(-) 129.40	(-) 19
4702- Capital Outlay on Minor Irrigation	1326.91	1437.03	110.12	8
4875-Capital Outlay on Other Industries	104.11	212.63	108.52	104
4250-Capital Outlay on other Social Services	317.98	216.24	(-) 101.74	(-) 32

Source: Finance Accounts of the State Government of respective years.

### 2.4.3.2 Investment in State Public Sector Undertakings

The State Public Sector Undertakings (SPSUs) include State Government Companies and Statutory Corporations. There were 88 Government Companies and Statutory Corporations in the State as at the end of 31 March

2020. This included 62 Government Companies, 22 Government Controlled Other Companies and four Statutory Corporations.

The term Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than fifty-one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a Company which is a subsidiary of a Government Company.

Besides, any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to as Government Controlled Other Companies.

The quantum of investment (in terms of equity and long-term loans) made in 88 Government Companies and Corporations at the end of 31 March 2020 was as indicated in **Table 2.29**.

**Table 2.29: Equity and loans in Government Companies and Corporations**

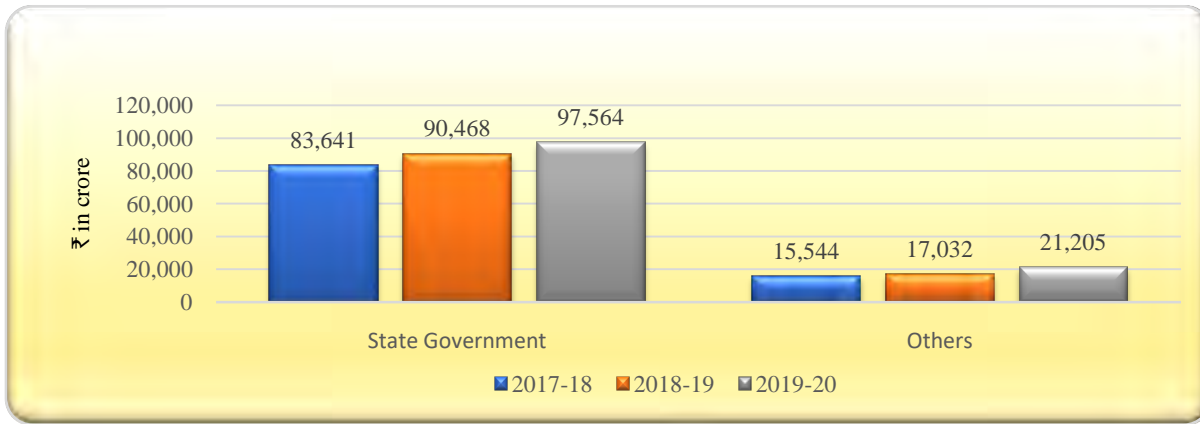
(₹ in crore)

Source of Investment	As on 31 March 2019			As on 31 March 2020		
	Equity	Long-Term Loans	Total	Equity	Long-Term Loans	Total
State Government	90,467.59	7,833.76	98,301.35	97,563.66	8,170.96	1,05,734.62
Central Government	2,910.42	2,607.93	5,518.35	3,509.61	3,940.61	7,450.22
Financial Institutions and Others	14,121.19	37,118.78	51,239.97	17,695.60	31,808.25	49,503.85
<b>Total Investment</b>	<b>1,07,499.20</b>	<b>47,560.47</b>	<b>1,55,059.67</b>	<b>1,18,768.87</b>	<b>43,919.82</b>	<b>1,62,688.69</b>
Percentage of investment of State Government to Total Investment	84.16	16.47	63.40	82.15	18.60	64.99

Source: Compiled based on information received from SPSUs.

As could be seen, the total equity investment in 88 SPSUs registered a net increase of ₹ 11,269.67 crore in 2019-20. The net increase in equity investment was largely due to additional equity investment of ₹ 7,205.01 crore in nine SPSUs during 2019-20.

Investment in equity by State Government and others in Government Companies and Corporations during last three years (2017-20) is depicted in **Chart 2.17**.

**Chart 2.17: Investment in Equity in Government Companies and Corporations**

Details of significant investments (investment of more than ₹ 200 crore) made by the State Government during 2019-20 in the paid-up capital of the SPSUs is given in **Table 2.30**.

**Table 2.30: Significant investments made by the State Government**

(₹ in crore)		
Name of SPSUs	Name of Department	Amount
<b>Statutory Corporations</b>		
Gujarat State Road Transport Corporation	Ports and Transport	259.92
<b>Government Companies</b>		
SardarSarovar Narmada Nigam Limited	Narmada Water Resources, Water Supply and Kalpsar	3,345.84
Gujarat UrjaVikas Nigam Limited	Energy and Petrochemicals	3,335.93
Dholera Industrial City Development Limited	Industries and Mines	260.20

Source: Compiled based on information received from SPSUs.

Out of 88 SPSUs, there were 44 SPSUs (including two<sup>14</sup> Statutory Corporation) which did not have any outstanding long-term loans.

The total long-term loans from all sources outstanding against 44 SPSUs as on 31 March 2020 was ₹ 43,919.82 crore. Compared to 31 March 2019, the long-term loans from all sources decreased by ₹ 3,640.65 crore as on 31 March 2020. Of the total loans of SPSUs (₹ 43,919.82 crore) as on 31 March 2020, loans from Central Government were ₹ 3,940.61 crore.

### 2.4.3.3 Budgetary support to State Public Sector Undertakings

The State Government provides financial support to SPSUs in various forms through annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, guarantee issued and guarantee commitment outstanding in respect of active SPSUs for the last three years ending March 2020 are given in **Table 2.31**.

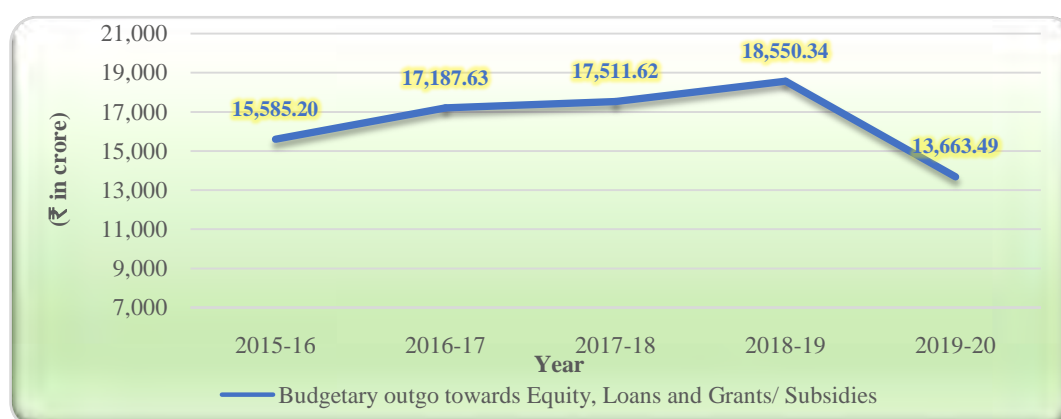
<sup>14</sup> Gujarat State Warehousing Corporation and Gujarat Industrial Development Corporation

**Table 2.31: Details of budgetary support to SPSUs during last three years**

Sl. No.	Particulars	(₹ in crore)					
		2017-18		2018-19		2019-20	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	14	8,739.64	12	6,826.14	10	7,275.23
2.	Loans given from budget	10	215.82	7	1,109.70	5	889.94
3.	Grants/Subsidy from budget	27	8,556.16	27	10,614.50	27	5,498.32
4.	<b>Total Outgo (1+2+3)</b>	-	<b>17,511.62</b>	-	<b>18,550.34</b>	-	<b>13,663.49</b>
5.	Guarantees issued during the year	1	120.50	2	57.32	-	-
6.	Guarantee Commitment outstanding at the end of the year	4	201.52	4	75.03	3	69.33

**Source:** Compiled based on information received from SPSUs.

The budgetary outgo towards equity, loans and grants/subsidies for past five years are shown in **Chart 2.18**.

**Chart 2.18: Budgetary outgo towards Equity, Loans and Grants/Subsidies**

The annual budgetary assistance to SPSUs ranged between ₹ 13,663.49 crore and ₹ 18,550.34 crore during the period 2015-20. The budgetary assistance of ₹ 13,663.49 crore provided during 2019-20 included loans, grants/subsidy and equity of ₹ 889.94 crore, ₹ 5,498.32 crore and ₹ 7,275.23 crore respectively. Sardar Sarovar Narmada Nigam Limited received the major share of equity funds (₹ 3,345.84 crore) from the budgetary outgo for acquisition of capital assets.

In order to enable the SPSUs to secure financial assistance from Banks and Financial Institutions, the State Government provides guarantee under the Gujarat State Guarantees Act, 1963. Such guarantees are given subject to the limits prescribed by the Constitution of India, for which guarantee fee is being charged. This fee varies from 0.25 to one *per cent per annum* as decided (31 December 1988) by the State Government. The guarantee commitment decreased from ₹ 201.52 crore in 2017-18 to ₹ 69.33 crore in 2019-20. Sardar Sarovar Narmada Nigam Limited paid guarantee fee of ₹ 0.17 crore during 2019-20.

### 2.4.3.4 Quality of Capital Expenditure

If the State Government continues to make investments in loss-making Government Companies whose net worth are completely eroded, the chances of realizing return on investment become remote. Similarly, experience has shown the inevitability of writing-off the loans given to loss-making Corporations and other bodies such as sugar mills, financial corporations *etc.* Requisite steps need to be taken to maintain transparency in such financial operations.

This section presents an analysis of investments and other capital expenditure undertaken by the State Government during the current year.

#### *Quality of investments in the companies, corporations and other bodies*

Statement No. 19 of Annual Finance Accounts of the State Government contains the details of investments made by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies. As of 31 March 2020, the State Government invested ₹ 99,919 crore in these companies/corporations/ institutions (**Table 2.32**).

**Table 2.32: Trend of returns on investments**

	(₹ in crore)				
Investments>Returns/Cost of Borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Statutory Corporations	2,119	2,656	3,249	3,488	3,752
Rural Banks	14	14	14	14	14
Government Companies	68,169	74,730	82,416	88,865	95,702
Municipalities Port Trusts	00 <sup>15</sup>	00	00	00	00
Co-operative institutions and Local Bodies	395	400	402	404	418
Other Joint Stock Companies and Partnerships	33	33	33	33	33
Investments at the end of the year	70,730	77,833	86,114	92,804	99,919
Returns/Dividend earned (₹ in crore)	96.06	110.10	96.30	120.03	88.99
Return on Investment ( <i>per cent</i> )	0.14	0.14	0.11	0.13	0.09
Average rate of interest on Government borrowings ( <i>per cent</i> )	7.69	7.67	7.59	7.44	7.47
Difference between average interest rate on Government borrowings and rate of return ( <i>per cent</i> )	7.55	7.53	7.48	7.31	7.38

Source: Finance Accounts of the State Government of respective years.

**Table 2.32** shows that the State Government's investments increased by ₹ 29,189 crore during 2015-20. During 2019-20, the State Government made an additional investment of ₹ 7,115 crore over the previous year which largely included ₹ 6,837 crore in Government Companies and ₹ 264 crore in Statutory Corporations. Of the ₹ 6,837 crore invested in Government Companies during 2019-20, ₹ 3,346 crore (49 *per cent*) was invested in Sardar Sarovar Narmada

<sup>15</sup> The investment was merely ₹ 0.03 lakh.



Nigam Limited and ₹ 3,286 crore (48 per cent) was invested in Gujarat Urja Vikas Nigam Limited.

The **Table 2.32** also shows that the average return on investments in these companies/corporations/institutions was 0.12 per cent<sup>16</sup> during 2015-20 while the Government paid an average interest of 7.57 per cent on its borrowings during the same period.

There were differences with regard to investment figures as per records of SPSUs and those appearing in the Finance Accounts. The State Government had been requested several times during 2019-20 to reconcile the differences. The reconciliation was awaited.

Investments during the year in loss-making companies and companies whose net worth has completely eroded are given in **Table 2.33** and **Table 2.34**.

**Table 2.33: Investments made in loss-making companies**

(₹ in crore)

Sr. No.	Company/ Corporation	Loss during the 2018-19	Investment made during the year	Cumulative investment as on 31 March 2020
1.	Sardar Sarovar Narmada Nigam Limited (SSNNL)	1,490.00	3,345.83	63,499.18

Source: Finance Accounts of the State Government for the year 2019-20

**Table 2.34: Investments made in companies whose net worth has completely eroded**

(₹ in crore)

Sr. No.	Company/ Corporation	Networth as on 31 March 2017	Investment made during the year	Cumulative investment as on 31 March 2020
1.	Gujarat State Road Transport Corporation (GSRTC)	(-)774.89	259.92	3,553.38

Source: Finance Accounts of the State Government for the year 2019-20

The additional investment of ₹ 7,115.52 crore made by the State Government during 2019-20 accounted for 27.74 per cent of the total capital expenditure (₹ 25,650 crore). This additional investment of ₹ 7,115.52 crore included an investment of ₹ 3,345.83 crore in SSNNL which had been booking losses since 2015-16, and ₹ 259.92 crore in GSRTC which had been booking losses since 1973-74. The SSNNL had accumulated losses of ₹ 5,128 crore at the end of 2018-19 while GSRTC had accumulated losses of ₹ 3,410.80 crore at the end of 2016-17. The GSRTC reported negative net worth to the tune of ₹ 774.89 crore as on its last balance sheet date.

<sup>16</sup> It is dividend earned on investments done by the State Government in statutory corporations, Government companies, rural banks, joint stock companies, co-operative institutions and local bodies.



As the chance of earning Return on Investment made in Companies incurring losses, and where their accumulated losses have resulted in erosion of the net-worth, is remote, the State Government may consider future payments to these Companies in the form of Grants instead of Share Capital, so as to reduce the disparity in investment *vis-à-vis* return.

### ***Profits earned by Government Companies/Corporations***

Forty three of 66 Government Companies/Corporations reported profits of ₹ 2,615.20 crore in 2019-20 *vis-à-vis* ₹ 2,155.96 crore reported by 42 Companies/Corporations in 2018-19. Of the 43 Companies, two<sup>17</sup> Companies reported profits in 2019-20, after incurring net losses in the previous year. Of the 22 Government Controlled Other Companies, nine Companies reported profits of ₹ 2,535.25 crore in 2019-20. The overall profit earned by 88 SPSUs was ₹ 2,584.33 crore.

### ***Losses incurred by Government Companies/Corporations***

Thirteen of 66 Government Companies/Corporations reported losses of ₹ 2,354.63 crore in 2019-20 *vis-à-vis* ₹ 2,531.89 crore reported by 12 Companies/Corporations in 2018-19. Of the 22 Government Controlled Other Companies, 10 Companies incurred losses of ₹ 211.49 crore during the year ended 31 March 2020. During 2018-19, seven Government Controlled Other Companies incurred losses of ₹ 78.64 crore.

Ten Government Companies/Corporations and three Government Controlled Other Companies did not report either profit or loss as per their latest finalized financial statements in 2019-20.

### ***Rate of Real Return on Government Investment***

In view of the significant investment by Government in the SPSUs, Rate of Real Return or RORR on such investment is essential from the perspective of State Government. Traditional calculation of Return on Investment (ROI) is based on historical cost of investment, which may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value (PV) of money. Therefore, in addition, RORR is calculated considering the PV of historical cost of investment. PV of the State Government investment was computed where funds had been infused by the State Government as equity, grants/subsidies and interest free loans since inception of these Companies till 31 March 2020.

The RORR of State Government investment in the SPSUs was computed on the basis of following assumptions:

- Interest free loans (IFL) have been considered as investment infusion by the State Government. However, in case of repayment of loans by

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<sup>17</sup> Gujarat Nomadic and De-notified Tribes Development Corporation and Gujarat Industrial Corridor Corporation Limited

SPSUs, the PV was calculated on the reduced balances of IFLs over the period

- The average rate of interest on State Government borrowings for the relevant financial year<sup>18</sup> was adopted as compound rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year.

Of the 66 SPSUs (Government Companies and Statutory Corporations), the State Government has made direct investment in 60 SPSUs. **Table 2.35** shows the RORR calculation of State Government investment in these 60 SPSUs considering the PV of historical cost of investments, since their inception till 2019-20.

**Table 2.35: Year-wise details of investments made by the State Government in SPSUs and their present value till 2019-20**

(₹ in crore)

Financial year	Present Value of investment at beginning of year	Amount infused by State Government during the year				Investment at the end of the year	Avg. rate of interest on Government borrowings (in percent)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings (+)/ losses (-) for the year
		Equity	Interest free loan/ (Net repayment)	Grants/ Subsidies for operation and administrative Expenditure	Total Investment					
1	2	3	4	5	6=3+4+5	7=2+6	8	9=7× [1+(8÷100)]	10= [7× (8÷100)]	11
Up to 2004-05	-	14,107.20	21.15	2,143.43	16,271.78	16,271.78	9.08	17,749.26	1,477.48	-
2005-06	17,749.26	3,124.54	0.05	2,432.36	5,556.95	23,306.21	8.06	25,184.69	1,878.48	405.37
2006-07	25,184.69	3,321.00	77.34 <sup>19</sup>	2,966.28	6,364.62	31,549.31	8.19	34,133.20	2,583.89	238.87
2007-08	34,133.20	3,218.23	-0.43	3,402.59	6,620.39	40,753.59	8.12	44,062.78	3,309.19	783.6
2008-09	44,062.78	5,524.94	-11.04	4,955.36	10,469.26	54,532.04	7.80	58,785.54	4,253.50	736.39
2009-10	58,785.54	2,326.56	15.73	5,430.18	7,772.47	66,558.01	7.64	71,643.04	5,085.03	684.98
2010-11	71,643.04	2,922.52	497.84	5,349.56	8,769.92	80,412.96	7.56	86,492.18	6,079.22	1,089.45
2011-12	86,492.19	3,824.42	130.67	4,517.76	8,472.85	94,965.04	7.63	1,02,210.87	7,245.83	1,636.27
2012-13	1,02,210.87	7,076.43	-8.74	6,777.61	13,845.30	1,16,056.17	7.66	1,24,946.07	8,889.90	1,823.74
2013-14	1,24,946.08	6,709.97	27.11	7,142.97	13,880.05	1,38,826.13	7.62	1,49,404.68	10,578.55	1,187.35
2014-15	1,49,404.68	6,713.58	333.35	7,752.47	14,799.40	1,64,204.08	7.76	1,76,946.32	12,742.24	873.79
2015-16	1,76,946.32	7,675.04	323.82	7,547.66	15,546.52	1,92,492.84	7.69	2,07,295.54	14,802.70	(-)1,105.34
2016-17	2,07,295.54	8,357.37	-84.3	8,635.57	16,908.64	2,24,204.18	7.67	2,41,400.64	17,196.46	(-)16,371.63
2017-18	2,41,400.63	8,739.64	41.25	8,556.16	17,337.05	2,58,737.68	7.59	2,78,375.87	19,638.19	(-)1,443.64
2018-19	2,78,375.88	6,826.14	926.03	10,614.50	18,366.67	2,96,742.55	7.44	3,18,820.20	22,077.65	(-)530.42
2019-20	3,18,820.20	7,275.23	512.10	5,498.32	13,285.65	3,32,105.85	7.47	3,56,914.16	24,808.31	(-)741.29
<b>Total</b>		<b>97,742.81</b>	<b>2,801.93</b>	<b>93,722.78</b>	<b>1,94,267.52</b>					

Source: Information provided by SPSUs

The table above shows that Companies where State Government has directly invested in equity had suffered net losses from 2015-16 onwards. Therefore, the RORR on State Government investment was 'Nil' from 2015-16 to 2019-20.

<sup>18</sup> The average rate of interest on Government borrowings was adopted from the Reports of the C&AG of India on State Finances for the relevant year.

Average rate for interest paid = Interest Payment ÷ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) ÷ 2] × 100

<sup>19</sup> This represents net interest free loan out of total investment of ₹ 227.34 crore, the remaining amount of ₹ 150 crore was converted to equity in 2006-07.

### Return on Equity of SPSUs

Return on Equity or ROE<sup>20</sup> is a measure of financial performance of Companies calculated by dividing net income by shareholders' equity. The consolidated ROE of 88 Government Companies and Corporations during last three years from 2017-18 to 2019-20 is given in **Table 2.36**.

**Table 2.36: Return on Equity**

Year	Net Profit after Tax (₹ in crore)	Shareholder fund (₹ in crore)	ROE (in percentage)
2017-18	(-)441.33	99,571.08	(-)0.44
2018-19	975.39	1,13,291.01	0.86
2019-20	2,584.33	1,27,069.45	2.03

Source: Information provided by SPSUs

As could be seen, ROE of 88 Government Companies and Corporations increased from (-) 0.44 *per cent* in 2017-18 to 2.03 *per cent* in 2019-20.

The ROE of 43 profit-making Companies was 4.22 *per cent* in 2019-20 as compared to 4.02 *per cent* in respect of 42 profit-making Companies in 2018-19. However, ROE of all the 66 Government Companies (including 13 loss-making and 10 zero-profit/loss Companies) was 0.23 *per cent* in 2019-20.

At the end of March 2020, ROE of nine profit-making Government Controlled Other Companies was 24.10 *per cent* while it was 18.12 *per cent* in respect of all the 22 Government Controlled Other companies.

### Erosion of capital in Government Companies

As on 31 March 2020, the aggregate net worth of all the 88 Government Companies and Corporations was ₹ 1,27,069.45 crore against their paid-up capital of ₹ 1,05,856.96 crore.

As on 31 March 2020, 35 Government Companies registered accumulated losses of ₹ 28,921.11 crore. Of the 35 SPSUs, 21 SPSUs incurred losses of ₹ 2,528.53 crore in 2019-20 while 14 SPSUs, though did not incur any losses (including zero profit) in 2019-20, had accumulated losses of ₹ 15,640.07 crore till March 2020. Eleven out of 35 SPSUs were under winding-up/closure/liquidation.

As on 31 March 2020, 20 out of 35 SPSUs reported negative net worth of ₹ 6,151.12 crore against equity investment of ₹ 4,191.48 crore. Of the 20 SPSUs with negative net worth, four SPSUs earned profit of ₹ 376.37 crore in 2019-20. These 20 SPSUs, whose capital had been completely eroded, had an outstanding loan from Government of Gujarat amounting to ₹ 4,281.15 crore as on 31 March 2020.

<sup>20</sup> Return on Equity = (Net Profit after Tax and preference Dividend/Equity) ×100; Where Equity = Paid up Capital + Free Reserves – Accumulated Losses – Deferred Revenue Expenditure

### *Quantum of loans and advances disbursed and recovered*

In addition to investments in Co-operative societies, Corporations and Companies, State Government has also provided loans and advances to many of these institutions/organisations.

**Table 2.37** presents the trend of outstanding loans and advances as on 31 March 2020 along with interest receipts *vis-à-vis* interest payments for the five-year period from 2015-16 to 2019-20.

**Table 2.37: Quantum of loans disbursed and recovered during five year**

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance	6,777	7,327	7,638	7,923	9,503
Amount advanced during the year	675	477	631	1,731	1,312
Amount recovered during the year	125	166	346	151	330
Closing Balance	7,327	7,638	7,923	9,503	10,485
Loans for which terms and conditions have not been settled	634	373	521	1,296	905
Net addition during the year	550	311	285	1,580	982
Interest Receipts on loans advanced	172	117	88	74	62
Interest receipts as a <i>percentage</i> of outstanding Loans and Advances	2.35	1.53	1.13	0.85	0.62
Interest payments	16,300	17,797	18,954	20,183	22,449
Average Rate of Interest paid on the outstanding borrowings of the Government ( <i>per cent</i> )	7.69	7.67	7.59	7.44	7.47
Difference between the rate of interest paid and rate of interest received ( <i>per cent</i> )	5.34	6.14	6.46	6.59	6.85

Source: Finance Accounts of the State Government of respective years.

The table shows that the total outstanding loans and advances increased from ₹ 9,503 crore in 2018-19 to ₹ 10,485 crore in 2019-20. Of the total loans advanced disbursed during the year (₹ 1,312 crore), ₹ 884 crore was advanced for social services, ₹ 379 crore for economic services and ₹ 49 crore was advanced for Miscellaneous purposes. Loans advanced under social services were used for urban development and welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities. Major portion of the loans advanced under economic services went to transport sector (₹ 277 crore) and power sector (₹ 101 crore).

Recovery of loans and advances increased by ₹ 179 crore from ₹ 151 crore in 2018-19 to ₹ 330 crore in 2019-20. However, interest receipts on loans and advances disbursed during the year decreased by ₹ 12 crore.

Further, of the total loans advanced during the year (₹ 1,312 crore), loans amounting ₹ 905 crore were disbursed by the Administrative Departments or

Finance Department without setting terms and conditions for repayments of loans and rate of interest payable.

Audit observed that due to poor financial condition, the GSRTC had not been able to deposit the passenger tax collected by it over the years to Government Account as well as pay the arrears of Seventh Pay commission to its employees. The passenger tax was being used by GSRTC to meet its expenses. The Administrative Department (Ports and Transport) with the approval of Finance Department treated (January and March 2020) the outstanding passenger tax as loans advanced to GSRTC (₹ 44.62 crore) and also extended (October 2019) loan of ₹ 232.46 crore for payment of Seventh Pay Commission dues to its employees. However, the relevant sanction orders do not prescribe repayment schedule and rate of interest payable by the GSRTC. As on 31 March 2020, GSRTC had an outstanding loan balance of ₹ 3,653 crore, which included ₹ 924.88 crore advanced during 2015-20.

### *Capital locked in incomplete projects*

Blocking of funds in incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods.

At the end of March 2020, 123 capital works, each valuing ₹ 10 crore or more and completion date of which was 31 March 2020, were incomplete on which an expenditure of ₹ 5,810.99 crore had been incurred. Year-wise and Department-wise details of incomplete projects are given in **Table 2.38** and **Table 2.39** respectively.

**Table 2.38: Age profile of incomplete projects as on 31 March 2020**

Year	No of incomplete projects	Estimated cost	Expenditure (as on 31 March 2020)
2013-14	1	30.11	16.91
2015-16	6	559.64	520.68
2016-17	16	526.64	323.29
2017-18	51	4,438.56	3,971.66
2018-19	48	2,167.26	977.81
2019-20	1	14.15	0.64
<b>Total</b>	<b>123</b>	<b>7,736.36</b>	<b>5,810.99</b>

**Table 2.39: Department-wise profile of incomplete projects as on 31 March 2020**

Department	No. of incomplete projects	Estimated cost	Expenditure
	(number)	(₹ in crore)	
Roads & Buildings	104	4,288.25	2,583.87
Narmada, Water Resources, Water Supply and Kalpsar	19	3,448.11	3,227.12
<b>Total</b>	<b>123</b>	<b>7,736.36</b>	<b>5,810.99</b>

Source: Appendix IX of Finance Accounts of the State Government for the year 2019-20.

It may be seen that as on 31 March 2020, the Roads and Buildings Department incurred 60.25 per cent on 104 incomplete projects while Narmada, Water Resources, Water Supply and Kalpsar Department spent 93.59 per cent on 19 incomplete projects (with reference to the initial budgeted costs).

### *Implementation of Ujwal DISCOM Assurance Yojana*

Ujwal DISCOM Assurance Yojana (UDAY) was launched by the GoI in November 2015 for operational and financial turnaround of State-owned power distribution companies (DISCOMs). UDAY envisaged signing of an agreement between State Governments, DISCOMs and GoI for stipulating the respective responsibilities of the parties for achieving operational and financial milestones as described in the Scheme, after which, the State Governments were to take over 75 per cent of outstanding debts of DISCOMs as on 30 September 2015 over two years i.e., 50 per cent in 2016-17 and 25 per cent in 2017-18.

The Government of Gujarat entered (February 2016) into a tripartite Memorandum of Understanding with four State-owned DISCOMs and GoI, but without the component of financial turnaround and financing of future losses and working capital, as all the four DISCOMs had already achieved financial turnaround in 2005-06. In view of this, no financial assistance had been provided by the State Government to the State DISCOMs during 2019-20 under UDAY Scheme.

#### **2.4.3.5 Resource availability of the State under Public Private Partnership projects**

Public Private Partnership (PPPs) is an arrangement between the Government or statutory entity and a private sector entity to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development.

As on 31 March 2020, the status of PPP projects in infrastructure sector was as indicated in **Table 2.40**.

**Table 2.40: Status of PPP projects in infrastructure sector**

Sr. No.	Sector	Projects completed		Projects under implementation		Planned for future	
		No.	Total investment	No.	Expenditure incurred	No.	Estimated cost
1.	Ports	55	51,619.53	16	14,535.95	5	1,734.00
2.	Power	6	11,350.00	1	43.30	9	12,745.00
3.	Roads	19	2,596.06	7	3,808.75	8	2,900.09
4.	Road Transport	7	923.01	11	750.18	4	419.81
5.	Railways	1	395.00	2	1,262.25	0	0
6.	Urban Development	84	1,877.87	46	4,894.73	46	1,999.61
7.	Water	0	0.00	0	0.00	2	5,000.00
8.	Logistic Parks	0	0.00	0	0.00	3	550.00
9.	Aviation	0	0.00	1	0.00	3	0.00
10.	IT, ITES and Biotech	3	5.12	3	255.00	1	100.00
11.	Agriculture	2	23.18	0	0.00	0	0.00
	<b>Total</b>	<b>177</b>	<b>68,789.77</b>	<b>87</b>	<b>25,550.16</b>	<b>81</b>	<b>25,448.51</b>

Source: Information provided by Gujarat Infrastructure Development Board



**Table 2.40** shows that out of 264 PPP projects valuing ₹ 94,340 crore in the infrastructure sector in Gujarat, 177 projects valuing ₹ 68,790 crore had been completed by March 2020. Major investments were in Urban Infrastructure sector where 84 projects have been completed and 46 projects were under implementation. Further, under the Ports sector, 55 projects valuing ₹ 51,620 crore have been completed and 16 projects with investment of ₹ 14,536 crore were in progress. The number of completed projects as on 31 March 2020 was the same as that of on 31 March 2019, indicating no projects were completed during the year 2019-20.

#### 2.4.4 Expenditure Priorities of the State

Availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. It is important for the State Government to take appropriate expenditure rationalisation by focusing more on development expenditure – which is expenditure on Social and Economic Services. Apart from improving the allocation towards development expenditure, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure and the proportion of revenue expenditure being spent on Education and Health Sectors. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

**Table 2.41** compares the fiscal priority of the State Government with that of General Category States (GCS) with regard to development expenditure, expenditure on Social and Economic Sectors, and capital expenditure during 2019-20, taking 2015-16 as the base year.

**Table 2.41: Expenditure Priority of the State in 2015-16 and 2019-20**

(in per cent)

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health/ AE
<b>Average (ratio) in 2015-16 of</b>							
<b>GCS</b>	16.97	36.09	34.19	70.29	14.81	15.68	4.79
<b>Gujarat</b>	11.72	40.36	31.21	71.57	20.04	15.96	5.91
<b>Average (ratio) in 2019-20 of</b>							
<b>GCS</b>	15.15	36.73	28.69	65.42	12.97	15.91	5.21
<b>Gujarat</b>	10.09	39.47	30.55	70.02	15.28	15.01	6.13

AE: Aggregate Expenditure (it is the Total Expenditure); DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.

Source: Finance Accounts of the State Government of respective years.

**Table 2.41** reveals the following:

- The percentage of total expenditure to GSDP in Gujarat was lower than GCS during 2015-16 and 2019-20.
- Development expenditure consists of both economic services expenditure and social services expenditure. Development expenditure as percentage of total expenditure in Gujarat was higher than GCS during 2015-16 and 2019-20.

- The expenditure on social services as percentage of total expenditure in the State was higher than GCS during 2015-16 and 2019-20.
- The expenditure on economic services as percentage of total expenditure in the State was lower than GCS during 2015-16 but higher during 2019-20.
- As per Human Development Report brought out by United Nations Development Programme (UNDP) in 2020 (HDR 2020), Human Development Index of India was 0.655 whereas Gujarat stood at 0.681 during 2020.
- The State had a higher ratio of capital expenditure to total expenditure during 2015-16 and 2019-20, as compared to GCS. However, capital expenditure as percentage of total expenditure in the State declined from 20.04 *per cent* in 2015-16 to 15.28 *per cent* in 2019-20.
- Gujarat has given priority to health sector in 2015-16 and 2019-20 as compared to GCS. As per HDR 2020, Health Index of Gujarat at 0.786 was higher than that of India (0.768) in 2020.
- While the ratio of Education to total expenditure in Gujarat was better than GCS in 2015-16, it fell below the GCS in 2019-20. The State needs to increase the outlay on Education. As per HDR 2020, Educational Index of Gujarat at 0.558 was same as that of India in 2020.
- Total expenditure of the State to GSDP at 10.09 *per cent* indicates more private sector participation in the economy of the State during 2019-20.

### 2.4.5 Object Head-wise Expenditure

Finance Accounts depict transactions only up to the Minor Head level. Therefore, a drill-down view of budgetary allocations and the extent of expenditure incurred at the Object Head level is given in **Table 2.42**.

**Table 2.42: Object Head-wise expenditure *vis-à-vis* budget authorisation**

(₹ in crore)			
Head	Budget	Expenditure	Utilisation percentage
Grants-in-aid	65,638.19	61,554.89	93.78
Interest	22,564.95	22,235.44	98.54
Salaries	20,142.21	11,126.49	55.24
Subsidy	19,134.93	18,420.27	96.27
Repayment of Borrowings	16,654.70	16,701.76	100.28
Major Works	15,881.65	12,325.91	77.61
Pensionary Charges	12,525.33	11,923.78	95.20
Investments	9,237.21	6,933.81	75.06
Other Capital Expenditure	7,112.39	6,239.07	87.72
Grants to Local Bodies for creation of Capital Assets	5,970.93	2,707.36	45.34
Other Charges	3,568.03	3,401.81	95.34
Minor Works	2,418.15	2,105.08	87.05
Scholarships/Stipend	1,990.14	1,877.88	94.36

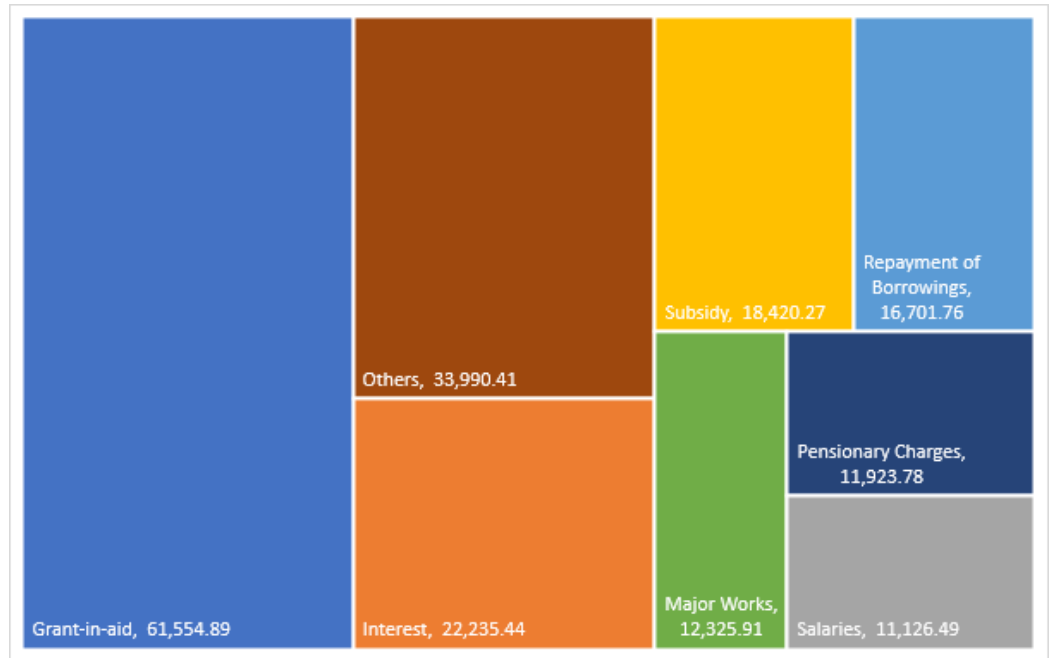


Head	Budget	Expenditure	Utilisation percentage
Loans and Advances	1,595.19	1,311.73	82.23
Supplies and Materials	1,449.91	1,399.49	96.52
Inter-Account Transfer	1,340.00	848.87	63.35
Machinery and Equipment	1,296.82	994.64	76.70
Office Expenses	1,007.23	722.87	71.77
Cost of Ration (Diet Charges)	848.82	322.25	37.96
Other Contractual Services	734.92	795.50	108.24
Motor Vehicles	658.05	372.32	56.58
Over Time Allowances	434.98	414.05	95.19
Wages	429.82	360.93	83.97
Contributions to Panchayats	335.00	2,154.84	643.24
Advertising and publicity	236.43	169.46	71.68
Professional Services	219.04	155.32	70.91
Domestic Travel Expenses	186.41	161.98	86.90
Petrol, Oil and Lubricants	115.77	101.45	87.63
Rent, Rates and Taxes	85.58	88.39	103.28
Arms and Ammunition	54.17	55.80	103.02
Clothing and Tentage	24.74	11.76	47.51
Publication	19.82	13.96	70.42
Secret Service Expenditure	6.67	6.48	97.17
Depreciation	2.80	2.80	100.00
Rewards	1.25	0.85	67.61
Foreign Travel Expenses	0.43	0.14	32.19
Others	348.56	259.51	74.45
<b>Total</b>	<b>2,14,271.22</b>	<b>1,88,278.95</b>	<b>87.87</b>

Source: Information provided by Office of the Principal Accountant General (A & E)

It may be seen that of the total budgetary allocation of ₹ 2,14,271.22 crore, the actual expenditure on various Object Heads during 2019-20 was ₹ 1,88,278.95 crore (88 *per cent*). Of the 37 Object heads mentioned above, budgetary allocation of more than 100 *per cent* was spent under five Heads. Under 24 Object Heads, budgetary allocation between 70 *per cent* and 100 *per cent* was spent, while in the remaining eight Object Heads, expenditure incurred was below 70 *per cent* of the budgetary allocation. A Tree Map of top eight Object Heads is shown below in **Chart 2.19**.

Chart 2.19: Object Head-wise expenditure



## 2.5 Contingency Fund

The Contingency Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State. The Contingency Fund of the Government of Gujarat has a corpus of ₹ 200 crore. During 2019-20, an amount of ₹ 54.74 crore was drawn out of the Contingency Fund and spent for meeting unforeseen expenditure. The entire amount was recouped before the closure of financial year.

## 2.6 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

### 2.6.1 Net Balances in Public Account

The component-wise net balances in Public Account of the State at the end of March 2020 were as follows:

**Table 2.43: Component-wise net balances in Public Account as of 31 March of the year**

(₹ in crore)

Sector	Sub-Sector	2015-16	2016-17	2017-18	2018-19	2019-20
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	9,527.31	10,059.86	10,400.17	10,608.63	10,601.21
J. Reserve Funds	(a) Reserve Funds bearing Interest	2,965.10	3,493.43	2,355.14	1,504.58	1,818.03
	(b) Reserve Funds not bearing Interest	11,298.64	12,186.10	12,576.73	13,998.70	15,014.72
K. Deposits and Advances	(a) Deposits bearing Interest	11,201.15	12,087.51	12,954.29	13,677.83	14,073.56
	(b) Deposits not bearing Interest	15,563.29	16,946.97	17,175.71	18,454.00	20,525.16
	(c) Advances	(-0.81)	(-0.81)	(-0.79)	(-0.73)	(-0.71)
L. Suspense and Miscellaneous	(a) Suspense	(-417.51)	(-434.57)	(-447.98)	(-516.66)	(-303.87)
	(b) Other Accounts <sup>21</sup>	2,022.98	460.99	972.81	314.30	(-1,561.23)
	(c) Accounts with Governments of Foreign Countries	(-0.59)	(-0.59)	(-0.59)	(-0.59)	(-0.59)
	(d) Miscellaneous	0.00	0.00	0.00	0.00	0.00
M. Remittances	(a) Money Orders, and other Remittances	831.42	763.28	969.48	637.47	738.56
	(b) Inter-Governmental Adjustment Account	(-2.29)	(-2.66)	(-1.26)	(-1.26)	(-1.64)
<b>TOTAL</b>		<b>52,988.69</b>	<b>55,559.51</b>	<b>56,953.71</b>	<b>58,676.27</b>	<b>60,903.20</b>

Source: Finance Accounts of the State Government of respective years.

Note: +ve denotes debit balance and -ve denotes credit balances

The yearly changes in composition of Public Account balances over the five-year period (2015-20) are given in **Chart 2.20**.

<sup>21</sup> Other Accounts under L - Suspense and Miscellaneous does not include Cash Balance Investment Account, Permanent Cash Imprest & Departmental Balances.

**Chart 2.20: Yearly changes in composition of Public Account balances**

₹ in crore)



## 2.6.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

There were 17 Reserve Funds earmarked for specific purpose during 2019-20 of which, four Reserve Funds bearing interest were having a balance of ₹ 1,818.03 crore, and 13 Funds were not interest bearing, having balance of ₹ 15,014.72 crore. The total accumulated balance in these funds as on 31 March 2020 was ₹ 16,832.75 crore of which, ₹ 13,672.22 crore was invested.

Of the 17 Reserve Funds, five Reserve Funds having a balance of ₹ 2.11 crore were inoperative, of which, four Reserve Funds (₹ 2.10 crore) were inoperative since 1999-2000 while one Reserve Fund (₹ 0.01 crore) was inoperative since 2014-15.

### 2.6.2.1 Consolidated Sinking Fund

The State Government constituted a Consolidated Sinking Fund (CSF) in 2003-04 for amortisation of outstanding liabilities. The RBI, which is responsible for administering the fund, issued guidelines enlarging the scope of CSF for including liabilities (Internal debt + Public Account Liabilities) of the Government from the financial year 2007-08. Further, as per latest guidelines (2017-18) for CSF issued by the State Government, the minimum corpus of the fund should be five *per cent* of State's outstanding liabilities from the year 2018-19 and thereafter to maintain it on rolling basis.

There was short-contribution in the CSF by ₹ 766.05 crore during 2019-20, as the closing balance in the fund was ₹ 13,526.15 crore against the minimum corpus of ₹ 14,292.20 crore. The State Government credited an accrued interest of ₹ 931.34 crore to the fund during 2019-20.

### 2.6.2.2 State Disaster Response Fund

As per recommendations of 13<sup>th</sup>FC, the State Government had been operating the State Disaster Response Fund (SDRF) since 2011-12. In terms of GoI guidelines (September 2010), the Central and State Governments were required to contribute to the fund in the ratio of 75:25.

As on 01 April 2019, the fund had an opening balance of ₹ 1,504.53 crore. During 2019-20, the State Government transferred ₹ 1,264.00 crore (₹ 886.80 crore Central share and ₹ 377.20 crore State share) to the fund. Of the total available balance of ₹ 2,768.53 crore, ₹ 2,435.15 crore<sup>22</sup> was incurred on natural calamities during the year from the fund balance, leaving ₹ 333.38 crore in the fund at end of March 2020.

Details of expenditure charged to SDRF during the year are given in **Table 2.44**.

**Table 2.44: Details of expenditure charged to SDRF**

(₹ in crore)		
Major Head of Account	Minor Head of Account	Expenditure during 2019-20
2245- Relief on Account of Natural Calamities 01- Drought	102-Drinking Water Supply	30.00
	104-Supply of Fodder	434.13
<b>Subtotal 01</b>		<b>464.13</b>
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	60.40
	105-Veterinary care	1.19
	111-Ex-gratia payments to bereaved families	19.08
	112- Evacuation of population	0.84
	113- Assistance for repairs/reconstruction of Houses	3.02
	122-Repairs and Restoration of Damaged Irrigation	2.22
	800-Other Expenditure	2,138.27
<b>Subtotal 02</b>		<b>2,225.02</b>
2245- Relief on Account of Natural Calamities 05-State Disaster Response Fund	101- Transfer to Reserve funds/ Deposit Accounts-State Disaster Response Fund	1,264.00
	901- Deduct - Amount met from State Disaster Response Fund	(-) 2,435.15
<b>Subtotal 05</b>		<b>(-) 1,171.15</b>

<sup>22</sup> Major Head 2245-05 (Relief on account of natural calamities-SDRF)

Major Head of Account	Minor Head of Account	Expenditure during 2019-20
2245- Relief on Account of Natural Calamities 80- General	001-Direction and Administration	7.29
	102-Management of Natural Disasters, Contingency Plans in disaster prone areas	7.20
	800-Other Expenditure	18.40
	911- Deduct-Recoveries of Overpayments	0.00
<b>Subtotal 80</b>		<b>32.89</b>
<b>Total 2245</b>		<b>1,550.89</b>
Expenditure incurred in conformity with items and norms of SDRF approved by SEC (Only the amount booked under 2245-01 and 2245-02 is admissible expenditure under SDRF)		<b>2,435.15</b>

Source: Finance Accounts of the State Government for the year 2019-20

In terms of the GoI guidelines, balances lying in the fund were required to be invested<sup>23</sup>, which was not done. The interest to be credited to the fund on the balances of earlier years had also not been estimated and credited by the State Government.

Further, as per para 17 of guidelines on Constitution and Administration of the SDRF, expenditure for providing immediate relief to the victims of State-specific natural disasters within the local context in the State, which are not included in the GoI notified list of disasters issued by MHA, as per approved norms, was to be met from SDRF within the limit of 10 *per cent* of the Fund available in SDRF. However, the State Government incurred an expenditure of ₹ 2,435.15 crore during the year, which constituted 88 *per cent* of the Fund available in SDRF.

Whether the State Government has notified the disasters on which expenditure had been done and reasons for exceeding the limit of 10 *per cent* needs clarification. Reply from the state Government in this regard was not received (December 2020).

### 2.6.2.3 Guarantee Redemption Fund

The Twelfth Finance Commission recommended setting up of a Guarantee Redemption Fund (GRF) to meet the contingent liabilities arising from the guarantees given by the Government. The Government of Gujarat has created a GRF for guarantees extended by it on loans taken by various entities like State Public Sector Undertakings, State Co-operative Societies *etc.* In terms of the guidelines of the RBI, which administers the Fund, the corpus of the Fund is to be gradually increased to the desirable level of five *per cent* of outstanding guarantees.

During 2019-20, the closing balance in the Fund was ₹ 736.26 crore against the minimum required corpus of ₹ 223.11 crore. The State Government credited an accrued interest of ₹ 36.63 crore to the Fund during 2019-20.

<sup>23</sup> The accretions to the SDRF are to be invested through RBI in Central Government dated securities; auctioned treasury bills; and interest earning deposits and certificates of deposits with scheduled commercial banks.

As on 31 March 2020, out of the total Fund of ₹ 736.26 crore, ₹ 472.53 crore was invested by the RBI.

### 2.6.3 Deposits and Advances

#### 2.6.3.1 Accounting of transactions relating to Central Road Fund

The GoI provides annual grants under the Central Road Fund (CRF) to the State Governments to incur expenditure on specific road projects. In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601 Grants-in-Aid”, and an equivalent amount transferred to the Public Account under Major Head “8449- Other Deposits 103 Subvention from Central Road Fund” by debiting the Revenue expenditure Major Head “3054 Roads and Bridges”. This process ensures that receipt of the grants do not result in overstatement of revenue surplus (or understatement of revenue deficits) in the Accounts. Expenditure on specific road works is initially booked under the relevant revenue or capital Major Head (Major Head 3054 or 5054) is to be subsequently adjusted from the Fund balance by way of minus debit under Major Heads 3054/5054 by corresponding debit to the Fund (Major Head 8449-103).

During 2019-20, the State Government received a grant of ₹ 718.87 crore from GoI under CRF which was accounted for in State’s Accounts under Major Head-1601 by following the extant accounting procedure. An expenditure of ₹ 697.58 crore was incurred on specific road works during the year, leaving a balance of ₹ 27.25 crore (including previous years’ balances) under the Deposit Head as on 31 March 2020.

#### 2.6.3.2 Non-transfer of Labour Cess to Labour Welfare Board

Under Section 3 of the Building and Other Construction Workers’ Welfare Cess Act, 1996, there shall be levied and collected a cess at such rate not exceeding two *per cent*, but not less than one *per cent* of the cost of construction incurred by an employer, as the Government may, by notification in the Official Gazette, from time to time, specify. As per Rule 5(3) of the Building and Other Construction Workers’ Welfare Cess Rules, 1998, the cess so collected is to be transferred to the Building and Other Construction Workers’ Welfare Board (Board) within 30 days of its collection.

Audit observed that in terms of the Building and Other Construction Workers’ Welfare Cess Act, 1996, the State Government levied and collected cess amounting to ₹ 3,013.95 crore during the period 2006-07 to 2019-20, and transferred ₹ 2,013.85 crore to Gujarat Building and Other Construction Workers’ Welfare Board as grants-in-aid, leaving a balance of ₹ 1,000.10 crore which had not been transferred as of 31 March 2020. Further, of ₹ 507.82 crore collected during 2019-20 as cess, only ₹ 165.28 crore was transferred to the Board, leaving a balance of ₹ 342.54 crore which was not transferred to the Board, in violation of the Building and Other Construction Workers’ Welfare Cess Rules, 1998.



### 2.6.3.3 Non-transfer of fines to Personal Ledger Account

The Government of Gujarat *vide* Resolution dated 01 July 2000 decided that a specified percentage of the income received during the year from the State urban areas through penalties under section 200 (1) of the Motor Vehicle Act shall be deposited in a Budget Head namely, Gujarat State Marg Suraksha Nidhi (GSMSN). The funds available under GSMSN were to be utilised for traffic management purposes.

For smooth functioning of GSMSN, a Personal Ledger Account (PLA) was opened in the name of the Director General and Inspector General of Police (DG & IGP), Gandhinagar with effect from March 2004. The DG & IGP were to collect various proposals for traffic management from different implementing authorities and incur expenditure from the PLA, after taking approval of Traffic Management Committee. In July 2006, the State Government decided to transfer 100 *per cent* fines to the PLA for better administration of GSMSN.

Scrutiny of budget estimates and Appropriation Accounts for the years 2012-13 to 2019-20, however, revealed a shortfall of 22 *per cent* between actual traffic fines collected and that transferred to PLA during the last eight years, as detailed in **Table 2.45**.

**Table 2.45: Shortfalls in transferring traffic fines to PLA**

Year	Revenue from traffic fines (₹ in crore)		Provision for PLA (₹ in crore)		
	BE	Actual collection	BE	Actual transfer	As percentage of actual collection
2012-13	45.00	52.82	20.50	17.88	33.85
2013-14	62.22	48.40	20.00	20.00	41.32
2014-15	56.40	75.71	25.00	25.00	33.02
2015-16	72.95	73.20	35.00	35.00	47.81
2016-17	85.65	84.17	40.00	25.00	29.70
2017-18	77.35	63.06	35.00	48.57	77.02
2018-19	113.78	109.62	200.00	98.00	89.40
2019-20	75.60	173.33	63.06	260.00	150.00
<b>Total</b>	<b>588.95</b>	<b>680.31</b>	<b>438.56</b>	<b>529.45</b>	<b>77.82</b>

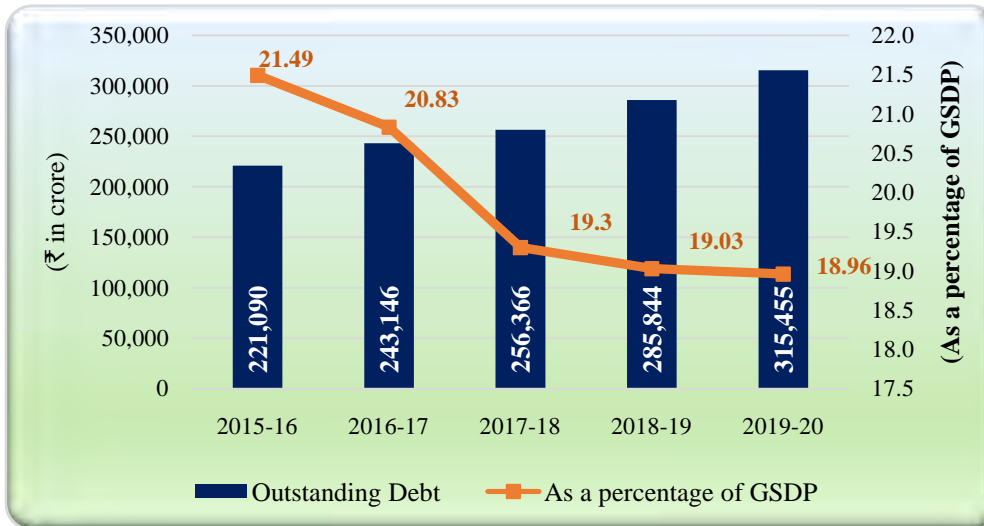
Source: Budget Estimates and Appropriation Accounts of respective years.

## 2.7 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.



Chart 2.21: Trend of outstanding debt



### 2.7.1 Debt Profile: Components

Total debt of the State Government typically constitutes the internal debt of the State<sup>24</sup>, loans and advances from the Central Government, and public account liabilities. The trend of total debt receipts, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period (2015-20) is given in **Table 2.46**.

Table 2.46: Component-wise trend of debt during 2015-20

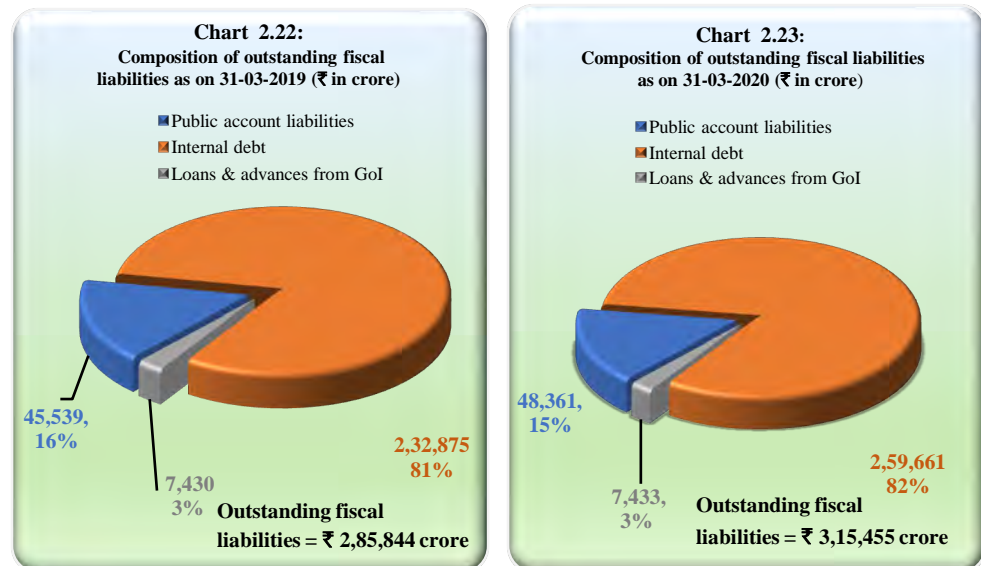
		(₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
<b>Total Outstanding Debt</b>		<b>2,21,090</b>	<b>2,43,146</b>	<b>2,56,366</b>	<b>2,85,844</b>	<b>3,15,455</b>
Public Debt	Internal Debt	1,73,681	1,92,772	2,06,643	2,32,875	2,59,661
	Loans from GoI	7,062	6,566	5,947	7,430	7,433
Public Account Liabilities		40,347	43,808	43,776	45,539	48,361
Rate of growth of outstanding debt (percentage)		9.28	9.98	5.44	11.50	10.36
Gross State Domestic Product (GSDP)		10,29,010	11,67,156	13,28,068	15,01,944	16,63,362
Debt/GSDP ( <i>per cent</i> )		21.49	20.83	19.30	19.03	18.96
Interest payments		16,300	17,797	18,954	20,183	22,449
Burden of interest payments (IP/RR)		16.72	16.20	15.37	14.84	15.72
Total Debt Receipts		70,239	72,224	81,158	1,02,963	1,02,300
Total Debt Repayments (Debt redemption)		51,462	50,168	67,938	73,486	72,689
<b>Total Debt Available</b>		<b>18,777</b>	<b>22,056</b>	<b>13,220</b>	<b>29,477</b>	<b>29,611</b>
<b>Debt Repayments/ Debt Receipts (<i>per cent</i>)</b>		<b>73.27</b>	<b>69.46</b>	<b>83.71</b>	<b>71.37</b>	<b>71.05</b>

Source: Finance Accounts of the State Government of respective years.

<sup>24</sup>Market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions *etc.*

**Table 2.46** shows that the total outstanding debt of the State Government increased from ₹ 2,85,844 crore in 2018-19 to ₹ 3,15,455 crore in 2019-20. However, debt to GSDP ratio had decreased consistently over the period of five years and stood at 18.96 *per cent* in 2019-20. This was well within the target of 25.76 *per cent* recommended by the 14<sup>th</sup> FC.

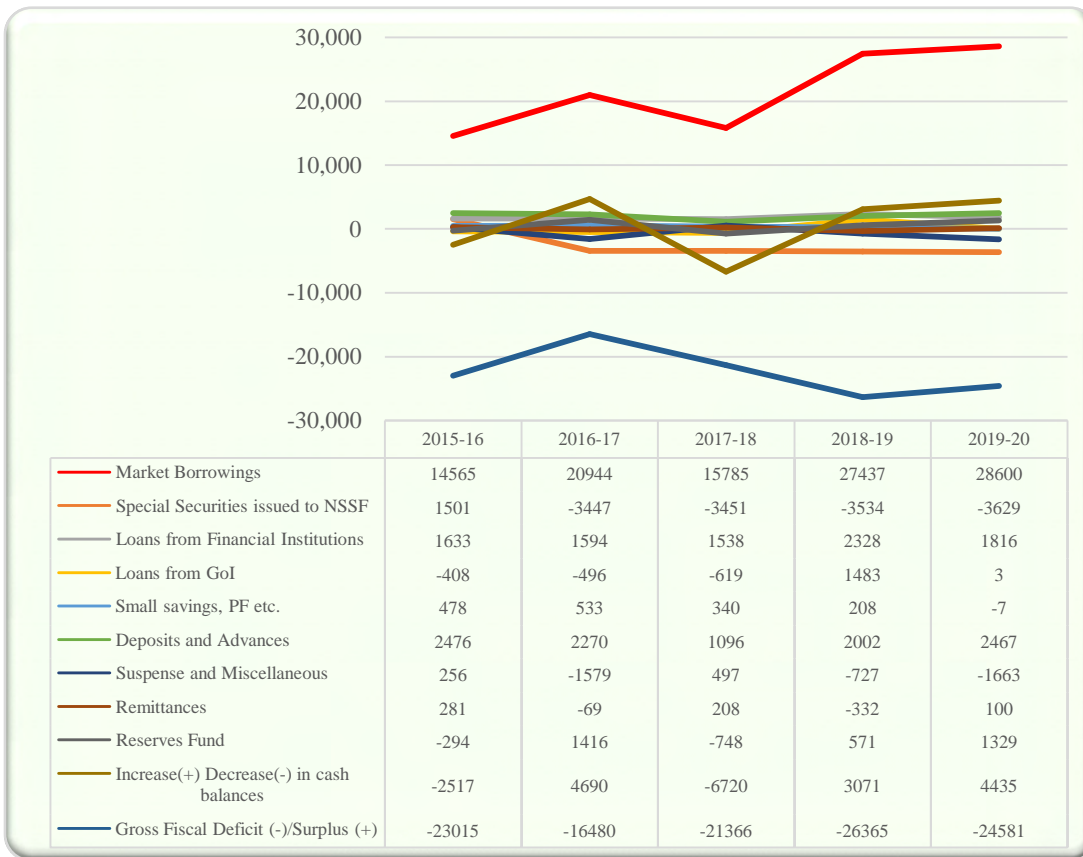
Component-wise break-up of outstanding debt or fiscal liabilities of the State Government at the end of March 2019 and March 2020 are shown in **Chart 2.22** and **Chart 2.23** respectively.



The charts above show that the internal debt of the State Government, which is primarily market borrowings through issue of State Development Loans, accounted for 81 *per cent* and 82 *per cent* of the total outstanding debt during 2018-19 and 2019-20 respectively.

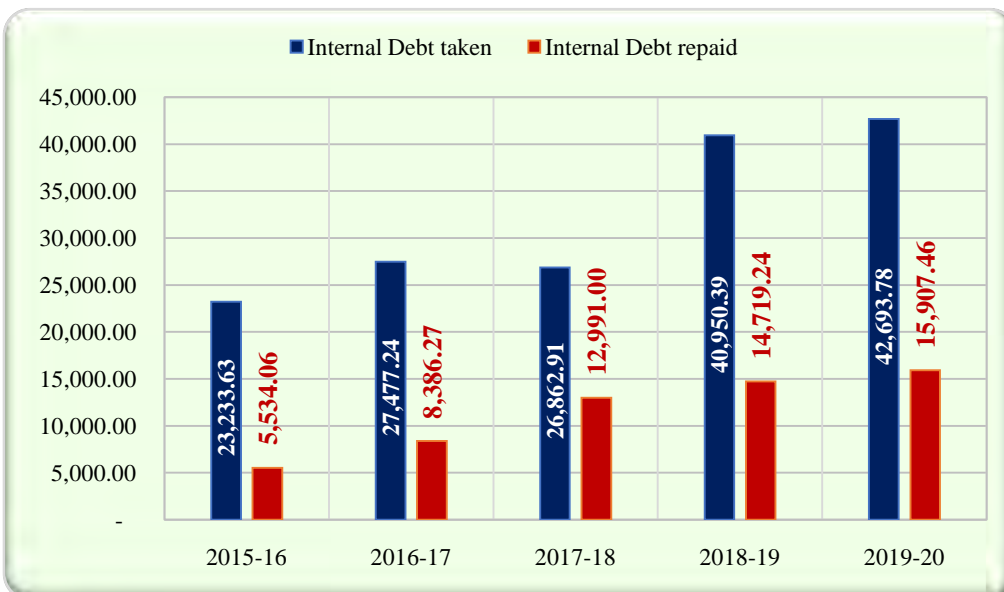
**Chart 2.24** below captures the trend of various sub-components of outstanding debt of the State Government during 2015-20 *i.e.*, internal debt, loans and advances from Central Government and public account liabilities.

**Chart 2.24: Components-wise debt trend**



**Chart 2.25** below shows the trend of internal debt taken by the State Government and repaid during the last five year (2015-20).

**Chart 2.25: Internal debt taken vis-à-vis repaid during 2015-20**



### 2.7.1.1 Components of fiscal deficit and its financing pattern

The share of revenue deficit in fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Persistently high ratio of revenue deficit to fiscal deficit indicates that the asset base of the State Government is continuously getting eroded and a part of the borrowing (fiscal liabilities) does not have any asset backup. Gujarat is revenue surplus state and as such, though the fiscal deficit has increased in absolute terms, the fiscal deficit-GSDP ratio improved from 2.24 in 2015-16 to 1.48 in 2019-20.

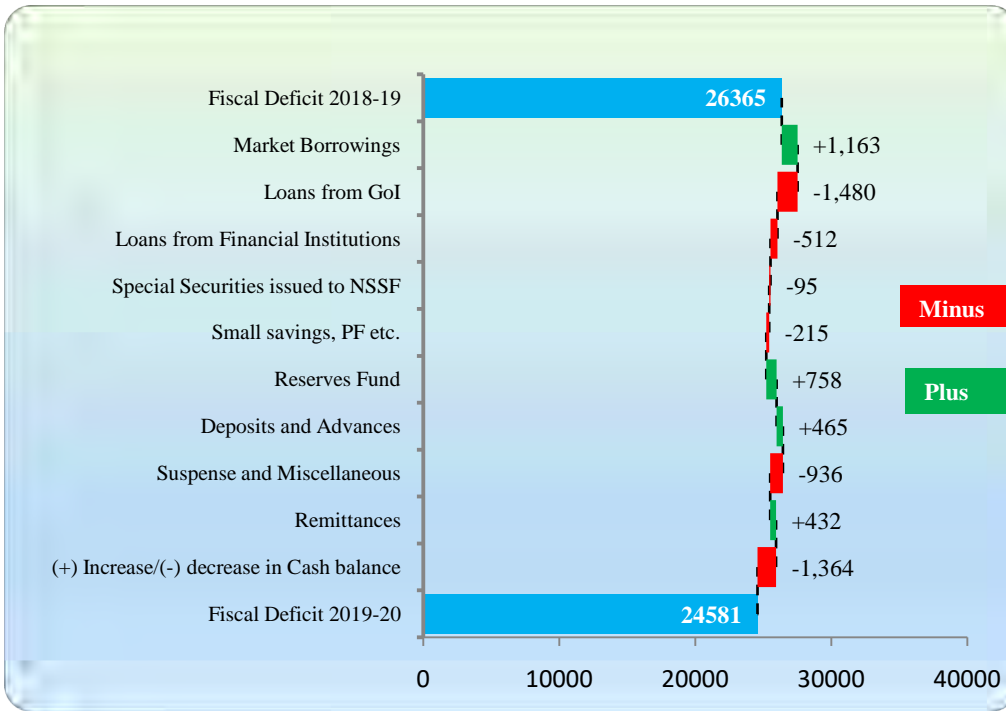
The financing pattern of fiscal deficit has undergone a compositional shift as reflected below in **Table 2.47**.

**Table 2.47: Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars		2015-16	2016-17	2017-18	2018-19	2019-20
<b>Fiscal Deficit (-)/Surplus (+)</b>		<b>(-)23,015</b>	<b>(-)16,480</b>	<b>(-)21,366</b>	<b>(-)26,365</b>	<b>(-)24,581</b>
<b>FD/GSDP (per cent)</b>		<b>(-)2.24</b>	<b>(-)1.41</b>	<b>(-)1.61</b>	<b>(-)1.76</b>	<b>(-)1.48</b>
<b>Composition of Fiscal Deficit/Surplus</b>						
1	Revenue Deficit (-)/Surplus(+)	1,704	5,947	5,232	3,212	1,945
2	Net Capital Expenditure	(-)24,169	(-)22,115	(-)26,313	(-)27,997	(-)25,544
3	Net Loans & Advances	(-)550	(-)312	(-)285	(-)1,580	(-)982
<b>Financing Pattern of Fiscal Deficit*</b>						
1	Market Borrowings	14,565	20,944	15,785	27,437	28,600
2	Special Securities issued to NSSF	1,501	(-)3,447	(-)3,451	(-)3,534	(-)3,629
3	Loans from Financial Institutions	1,633	1,594	1,538	2,328	1,816
4	Loans from GoI	(-)408	(-)496	(-)619	1,483	3
5	Small savings, PF etc.	478	533	340	208	(-)7
6	Deposits and Advances	2,476	2,270	1,096	2,002	2,467
7	Suspense and Miscellaneous	256	(-)1,579	497	(-)727	(-)1,663
8	Remittances	281	(-)69	208	(-)332	100
9	Reserves Fund	(-)294	1,416	(-)748	571	1,329
10	Contingency Fund	10	4	0	0	0
<b>Total</b>		<b>20,498</b>	<b>21,170</b>	<b>14,646</b>	<b>29,436</b>	<b>29,016</b>
Increase (+)/Decrease (-) in Cash Balance		<b>(-)2,517</b>	<b>(+)4,690</b>	<b>(-)6,720</b>	<b>(+)3,071</b>	<b>(+)4,435</b>
*All the figures are net of disbursements outflows during the year						

Source: Finance Accounts of the respective years.

**Chart 2.26: Financing of fiscal deficit expressed through a water flow chart (₹ in crore)**

The financing pattern of fiscal deficit (net of disbursements/outflows) during the year is shown in **Table 2.48**.

**Table 2.48: Receipts and disbursements of components financing the fiscal deficit**  
(₹ in crore)

Particulars		Receipt	Disbursement	Net
1	Market Borrowings	38,900	10,300	28,600
2	Loans from GOI	797	794	3
3	Special Securities issued to NSSF	0	3,629	(-)3,629
4	Loans from Financial Institutions	3,794	1,978	1,816
5	Small Savings, PF, etc.	2,237	2,244	(-)7
6	Deposits and Advances	52,489	50,022	2,467
7	Suspense and Miscellaneous	26,525	28,188	(-)1,663
8	Remittances	19,528	19,428	100
9	Reserve Fund	4,082	2,753	1,329
<b>10</b>	<b>Overall Deficit</b>	<b>1,48,352</b>	<b>1,19,336</b>	<b>(-)29,016</b>
11	Increase (+)/Decrease (-) in cash balance	1,82,222	1,86,657	4,435
<b>12</b>	<b>Gross Fiscal Deficit</b>	<b>3,30,574</b>	<b>3,05,993</b>	<b>(-)24,581</b>

Source: Finance Accounts of the year 2019-20.

## 2.7.2 Debt Profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing.

Public Debt consists of internal debt, and loans and advances received from GoI. The maturity profile of public debt of ₹ 2,67,094 crore comprising internal debt (₹ 2,59,661 crore) and loans and advances from GoI (₹ 7,433 crore), as per Statement No. 17 of the Finance Accounts for the year 2019-20, is as shown in **Table 2.49**.

**Table 2.49: Maturity profile of Public Debt**

Year of maturity	Maturity Profile	Amount			Maturity profile of outstanding Public Debt (in %)
		Internal Debt	Loans & Advances from GoI	Total outstanding Public Debt	
By 2020-21	0-1 year	17,140.35	748.89	17,889.23	6.70
Between 2021-22 & 2022-23	2-3 years	44,630.36	1,893.09	46,523.45	17.42
Between 2023-24 & 2024-25	4-5 years	44,542.99	1,774.47	46,317.46	17.34
Between 2025-26 & 2026-27	6-7 years	54,673.63	960.18	55,633.81	20.83
2027-28 onwards	Above 7 years	98,673.70	2,056.45	1,00,730.15	37.71
<b>Total</b>		<b>2,59,661.03</b>	<b>7,433.07</b>	<b>2,67,094.10</b>	<b>100.00</b>

Source: Finance Accounts of the State Government for the year 2019-20

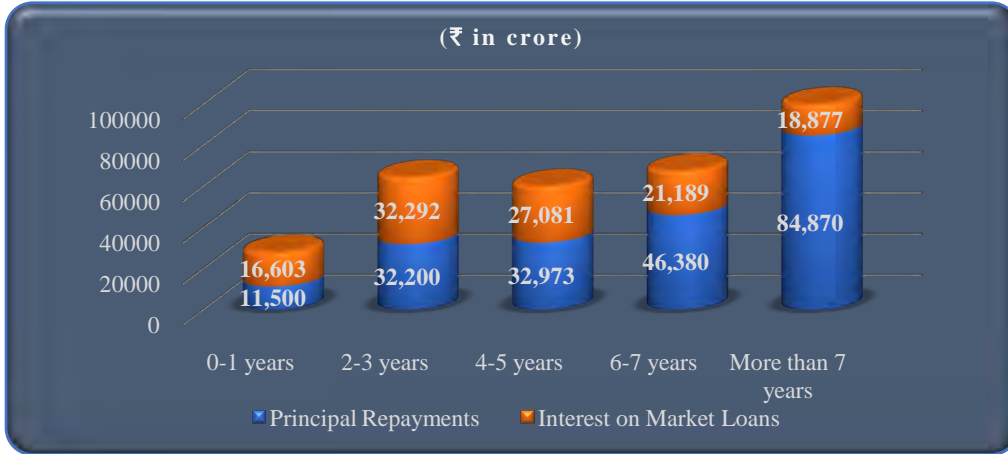
The maturity profile of outstanding stock of public debt as on 31 March 2020 indicates that 62 per cent of the total public debt (₹ 1,66,363.95 crore) would be repayable within the next seven years which may put a strain on the Government budget during that period. Remaining 38 per cent (₹ 1,00,730.15 crore) would become due for servicing after seven years. In view of the increasing committed expenditure on one hand and decreasing revenue surplus on the other, the State Government would have to work out a well-thought out borrowing-repayment strategy to avoid falling into a debt trap.

**Chart 2.27** shows the maturity profile of public debt and **Chart 2.28** the repayment schedule of market loans in the ensuing years.

**Chart 2.27: Maturity profile of Public Debt**



Chart 2.28: Repayment schedule of market loans



Source: Information received from Finance Department of Government of Gujarat

## 2.8 Debt Sustainability Analysis

### 2.8.1 Debt Sustainability

Debt is considered sustainable if the borrower, in this case the State, is in a position to service its debt now, and in future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

This section assesses the sustainability of debt of the State Government in terms of debt/GSDP ratio, fiscal deficit, burden of interest payments (measured by ratio of interest payments to revenue receipts) and maturity profile of the State Government debt.

#### 2.8.1.1 Trend in debt sustainability indicators

Table 2.50 shows the debt sustainability of the State for the five-year period beginning from 2015-16.

Table 2.50: Debt Sustainability: Indicators and Trends

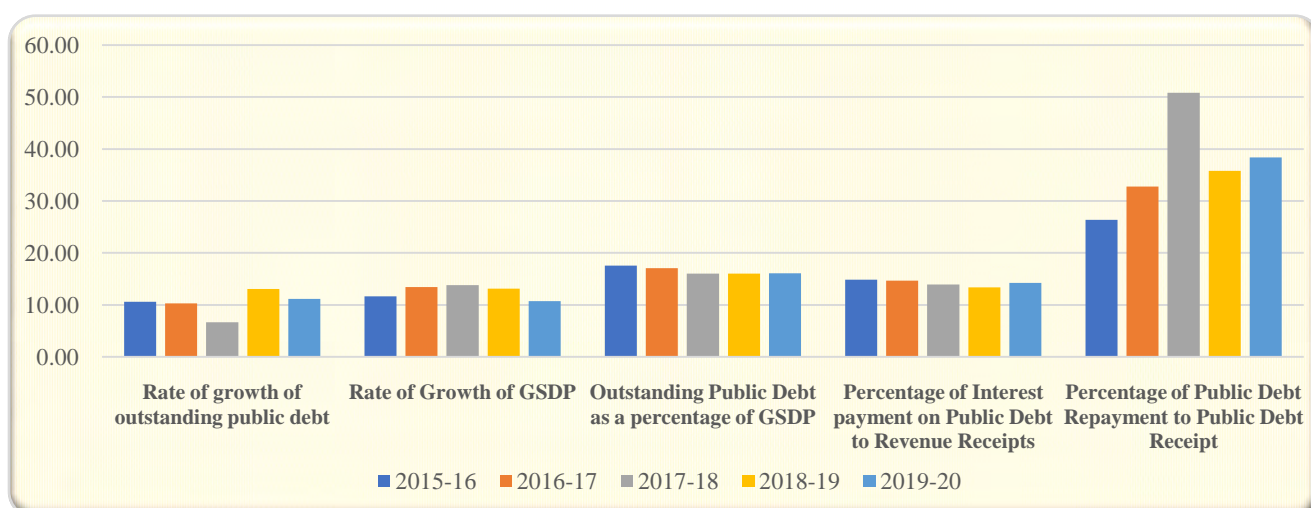
Indicators of Debt sustainability	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding Public Debt	180743	199338	212590	240305	267094
Rate of growth of outstanding public debt (percent)	10.58	10.29	6.65	13.04	11.15
Gross State Domestic Product (GSDP)	1029010	1167156	1328068	1501944	1663362
Rate of growth of GSDP (percent)	11.63	13.43	13.79	13.09	10.75
Public Debt/GSDP (per cent)	17.56	17.08	16.01	16.00	16.06
Public Debt Receipts	23,486	27,668	26,953	43,146	43,491
Public Debt Repayment	6,194	9,073	13,700	15,432	16,702
Interest payments on Public Debt	14480	16117	17178	18215	20338
Average interest rate on Outstanding	8.41	8.48	8.34	8.04	8.02



Indicators of Debt sustainability	2015-16	2016-17	2017-18	2018-19	2019-20
Public debt <sup>25</sup> ( <i>per cent</i> )					
Percentage of Interest Payment on Public Debt to Revenue Receipts	14.85	14.67	13.93	13.39	14.24
Percentage of Public Debt Repayment to Public Debt Receipts	26.37	32.79	50.83	35.77	38.40
Net Public Debt available to the State <sup>26</sup> (₹crore)	2812	2478	-3925	9499	6451
Available Public Debt as a percentage of Public Debt Receipts ( <i>per cent</i> )	11.97	8.96	-14.56	22.02	14.83

Source: Finance Accounts of the State Government for the respective years

Chart 2.29: Trends of Debt Sustainability indication



As can be seen from **Table 2.50**, the ratio of public debt to GSDP was within a range of 16 *per cent* to 17.56 *per cent* during 2015-20.

However, the burden of interest payment on public debt ranged from 13.39 *per cent* to 14.85 *per cent* of the revenue receipts. The percentage of public debt repayment to public debt receipts also increased over the previous year. This indicates the need to review sustainability of debt of the State.

During 2015-20, while GSDP grew at a CAGR of 12.76 *per cent*, the outstanding Public Debt has grown at a CAGR of 10.25 *per cent*.

## 2.8.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities having encumbrance on the Consolidated Fund of the State in cases of defaults by borrowers for whom guarantees have been extended by the State Government. Statement No. 20 of the Finance Accounts gives details of guarantees given by the State Government. Details in this compilation are prepared from the information furnished by State

<sup>25</sup> Interest paid/(OB of Public debt + CB of Public debt)/2

<sup>26</sup> Net Public Debt available to the State Government is calculated as excess of Public Debt receipts over Public Debt repayment and interest payment on Public Debt



Government. The maximum amount for which guarantees were given by State Government and outstanding guarantees for the last five years is given in **Table 2.51**.

**Table 2.51: Guarantees given by the Government of Gujarat**

(₹ in crore)

Guarantees	2015-16	2016-17	2017-18	2018-19	2019-20
Ceiling limit on Government Guarantees under Gujarat State Guarantees Act, 1963	20,000	20,000	20,000	20,000	20,000
Maximum amount guaranteed	11,333	11,333	11,796	11,796	11,747
Outstanding amount of guarantees	5,236	4,804	4,834	4,699	4,462
Percentage of outstanding amount of guarantees to total revenue receipts	5.37	4.37	3.92	3.46	3.12

Source: Finance Accounts of the State Government of respective years.

The Gujarat State Guarantees Act, 1963 prescribed capping of outstanding guarantees within the limit of ₹ 20,000 crore. During 2019-20, State Government extended guarantees amounting ₹ 10 crore. Of the total outstanding guarantees of ₹ 4,462 crore, 29 per cent (₹ 1,287 crore) were in respect of Sardar Sarovar Narmada Nigam Limited and 15 per cent (₹ 650 crore) were in respect of Gujarat Water Infrastructure Limited. The outstanding guarantees (₹ 4,462 crore) accounted for 3.12 per cent of the total revenue receipts of the State Government (₹ 1,42,844 crore) and were well within the limit of ₹ 16,000 crore prescribed under the Gujarat Fiscal Responsibility Act, 2005.

During 2019-20, State Government received ₹ 0.34 crore as guarantee fees from State level bodies, against the budget estimates of ₹ 3.24 crore. Further, no amount was paid by the State Government on account of invocation of guarantees during 2019-20.

### *Review of Guarantees*

The Finance Department *vide* its Circular of December 1998 prescribed the procedure to be followed by Administrative Departments with regard to guarantees given by the State Government.

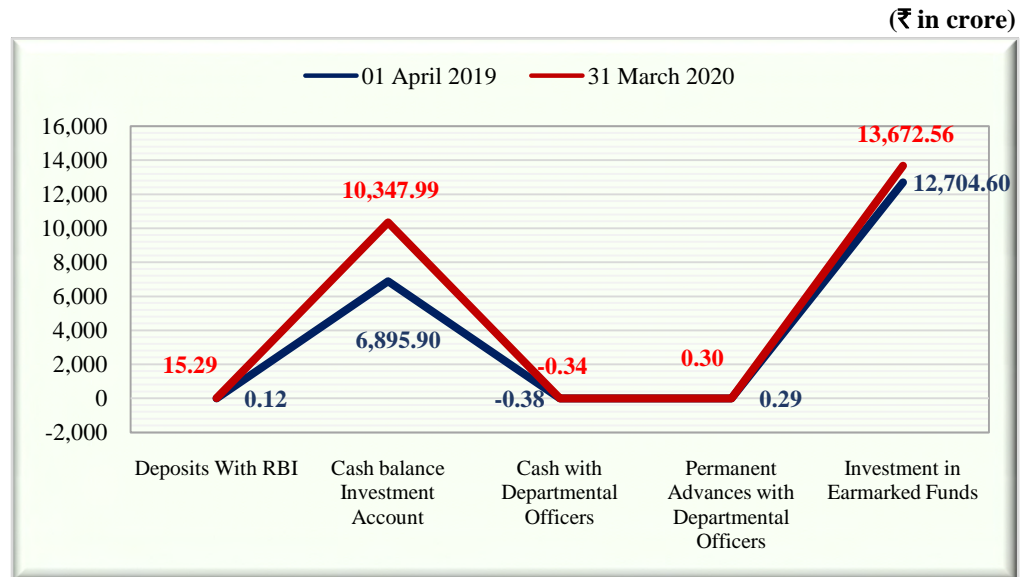
Sardar Sarovar Narmada Nigam Limited (SSNNL) raised term loans from various banks, and Government of Gujarat stood as guarantor for these loans. The guarantees to the extent of repayment of dues were vacated by Narmada, Water Resources, Water Supply and Kalpsar Department from time to time. Audit observed that as per Statement No. 20 of the Finance Accounts, guarantees for loans amounting to ₹ 1,286.51 crore were yet to be vacated. However, records of SSNNL showed that except for ₹ 70.79 crore, major portion of these loans had long been repaid, and NOCs issued by the banks, showing no outstanding balance against these loans.

It was also observed that guarantee register as prescribed in Government Circular (December 1998) was not maintained by the Department.

### 2.8.3 Management of Cash Balances

The details of opening and closing cash balances with Government of Gujarat as of 01 April 2019 and 31 March 2020 are shown in **Chart 2.30**.

**Chart 2.30: Opening and closing cash balances of financial year 2019-20**



As per an agreement with the RBI, the State Government has to maintain a minimum daily cash balance of ₹ 2.80 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is ₹ 19.15 crore with effect from 01 February 2016 and the limit of SWMA is revised by the Bank from time to time.

The State Government maintained the minimum daily cash balance with the RBI during 2019-20 and no WMA/SWMA/OD was availed of during the year.

#### 2.8.3.1 Investment of Cash Balances

Details of cash balances and investment made by the State Government out of cash balances during 2019-20 are shown in **Table 2.52**.

Table 2.52: Cash balances and investment of cash balances

(₹ in crore)			
Cash balances and investment of cash balances	Opening balance on 01/04/2019	Closing balance on 31/03/2020	Increase(+)/ Decrease(-)
<b>(A) General cash balance</b>			
Cash in Treasuries	0.00	0.00	0.00
Deposits with Reserve Bank of India	0.12	15.29	15.17
Remittances in Transit – Local	0.00	0.00	0.00
Investments held in Cash Balance Investment Account (Treasury Bills)	6,895.90	10,347.99	3,452.09
<b>Total (A)</b>	<b>6,896.02</b>	<b>10363.28</b>	<b>3,467.26</b>
<b>(B) Other Cash balances and investments</b>			
Cash with Departmental Officers viz. Public Works, Forest, District Collectors etc.	(-)0.38	(-)0.34	0.04
Permanent advances with Departmental Officers for contingent expenditure	0.29	0.30	0.01
Investment in earmarked funds	12,704.60	13,672.56	967.96
<b>Total (B)</b>	<b>12,704.51</b>	<b>13,672.52</b>	<b>968.01</b>
<b>Total Cash Balances (A)+ (B)</b>	<b>19,600.53</b>	<b>24,035.80</b>	<b>4,435.27</b>
<b>Interest realised<sup>27</sup></b>	<b>1,219</b>	<b>1,142</b>	<b>(-77)</b>

Source: Finance Accounts of the State Government for the year 2019-20.

The State Government's cash balances of ₹ 24,035.80 crore at the end of the current year showed an increase of ₹ 4,435.27 crore (22.63 per cent) over the previous year. Of the cash balances of ₹ 24,035.80 crore, ₹ 10,348 crore was invested in GoI Treasury Bills which earned an interest of ₹ 211 crore during the year. Further, ₹ 13,673 crore was invested in earmarked funds which earned an interest of ₹ 931 crore.

Due to adequate cash balance during 2018-19, the State Government did not avail of any Ways and Means Advance from the RBI for maintenance of its minimum cash balance.

The cash balance investments of the State during the five-year period (2015-20) are given below.

Table 2.53: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2015-16	12,401.93	8,945.52	(-)3,456.41	584.97
2016-17	8,945.52	12,749.99	3804.47	509.52
2017-18	12,749.99	5,198.09	(-)7551.90	553.79
2018-19	5,198.09	6,895.90	1697.81	234.24
2019-20	6,895.90	10,347.99	3452.09	211.33

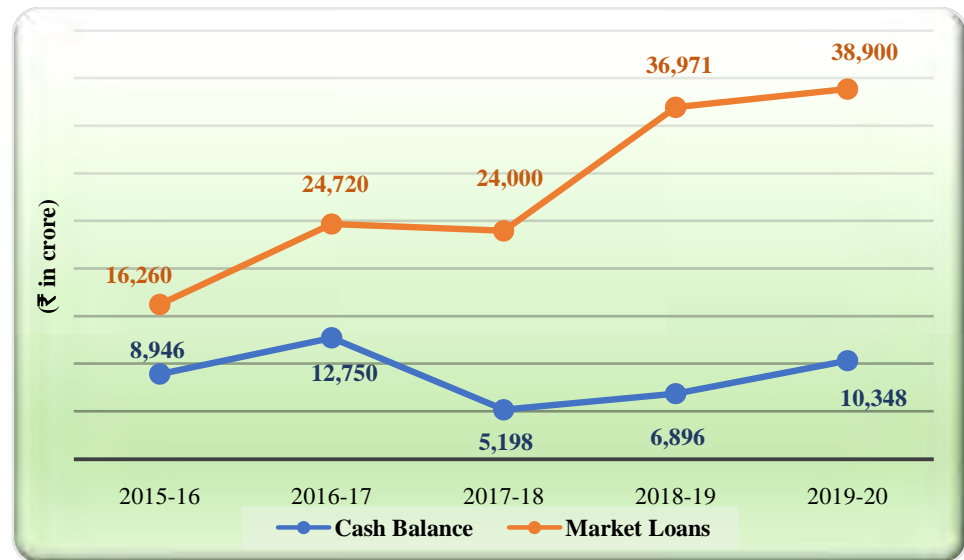
Source: Finance Accounts of the State Government for respective years

<sup>27</sup> Interest of ₹ 931 crore and ₹ 985 crore realized during 2019-20 and 2018-19 respectively on Sinking fund Investment (realized along with regular investment); hence, not included under MH 0049 plus interest on Cash Investment ₹ 211 crore and ₹ 234 crore

The trend analysis of the cash balance investment of the State Government during 2015-20 revealed that investment increased significantly during 2016-17 and 2019-20. During the current year, investments held in cash balance investment account stood at 5.05 *per cent* of the original budget estimates (₹ 2,04,815 crore).

**Chart 2.31** compares the balances available in the cash balance investment account and the market loans raised by the State Government during the period 2015-20. Market Loans were taken at higher interest rates whereas, investment in Treasury Bills yielded interest at lower rates.

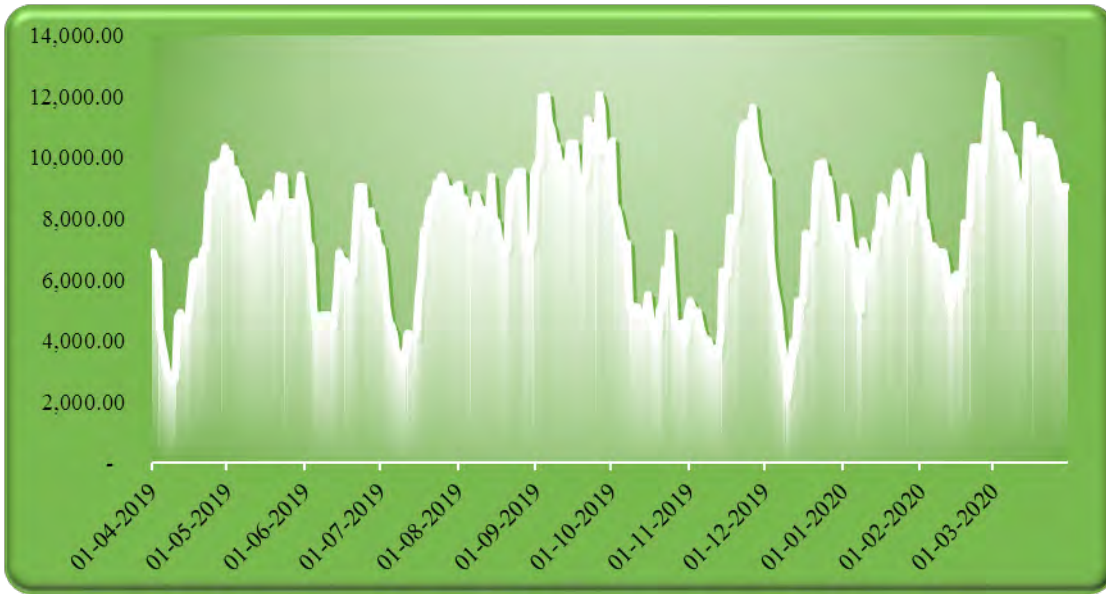
**Chart 2.31: Market loans raised vis-a-vis Investments held in Cash Balance Investment Account**



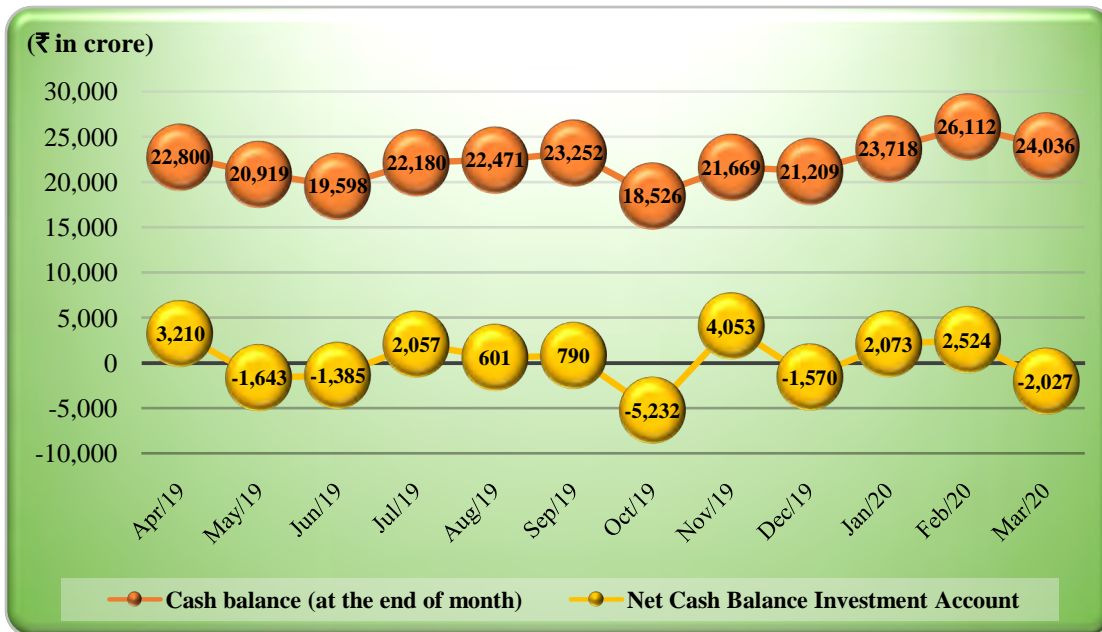
During 2019-20, the State Government raised ₹ 38,900 crore from the market, while at the same time, the balances available in cash balance investment account increased from ₹ 6,896 crore in 2018-19 to ₹ 10,348 crore in 2019-20, indicating that Government could have avoided the borrowings to that extent.

**Chart 2.32** shows the daily cash balance held in cash balance investment account during 2019-20 and **Chart 2.33** shows the month-wise movement of cash balance at the end of the month and net cash balance investments during 2019-20.

**Chart 2.32: Daily Cash balance held in cash balance investment account during 2019-20**  
(₹ in crore)



**Chart 2.33: Month-wise movement of Cash Balance (at the end of month) and net Cash Balance Investments during 2019-20**



## 2.9 Conclusion

The State Government registered an increase of 5.03 *per cent* in its revenue receipts during 2019-20 compared to the previous year. There had been a significant increase in State's non-tax revenue during 2019-20 over 2018-19. The buoyancy of State's own revenue with respect to GSDP during 2019-20 was lowest during the preceding four years (2016-20). The State was largely financed from its own resources, with 68 *per cent* of the revenue coming from its own sources.

Capital expenditure as a percentage of total expenditure decreased continuously over the last three years.

Development expenditure of the State as well as expenditure on health was more than that of the other General Category States while it was less in education sector.

The State Government had been able to control its committed expenditure but, expenditure on subsidy was increasing.

Despite adequate cash balance, the State Government resorted to market borrowings.

## **2.10 Recommendations**

- State Government needs to provide on priority, accurate information to the Principal Accountant General (A&E) with regard to the capital invested in projects, which are at various stages of completion for several years, as well as the complete and accurate details relating to its investment in PSUs;
- The State Government may consider developing a debt sustainability framework for achieving improved long-term sustainability in fiscal deficit management and to guide the borrowing decisions of the State in a way that matches their financing needs with current and prospective repayment;
- The State Government may ensure that Administrative Departments maintain the prescribed guarantee register and reconcile the guarantees invoked with the Office of the Principal Accountant General (A&E) periodically.



# **CHAPTER 3**

## **Budgetary Management**





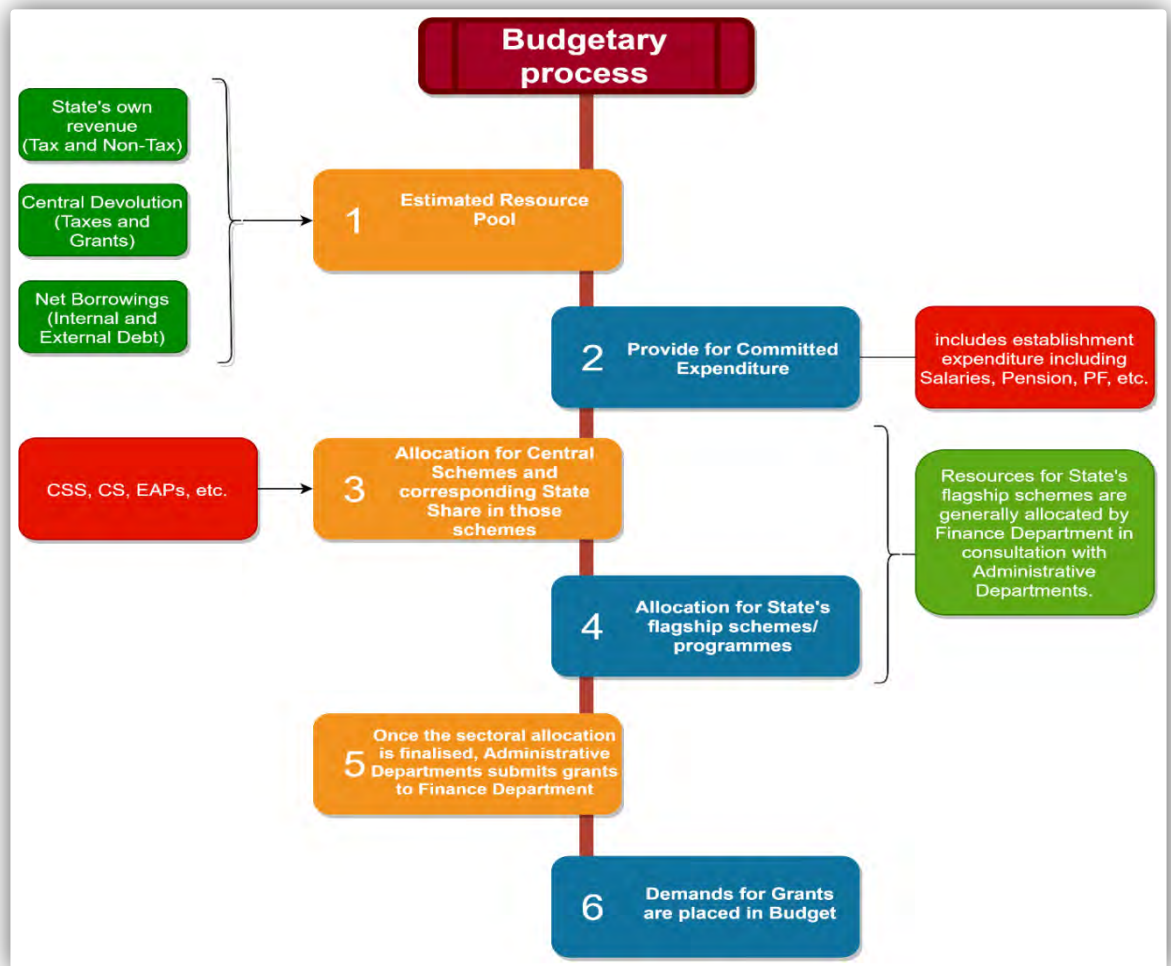
# Chapter 3 Budgetary Management

Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation during 2019-20.

## 3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in **Appendix 3.1**. The Budget process commences with the issue of the Budget Circular, normally in September each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is given in **Chart 3.1** below:

**Chart 3.1: Budget process**



*CSS: Centrally Sponsored Schemes; CS: Central Schemes; EAPS: Externally Aided Projects*

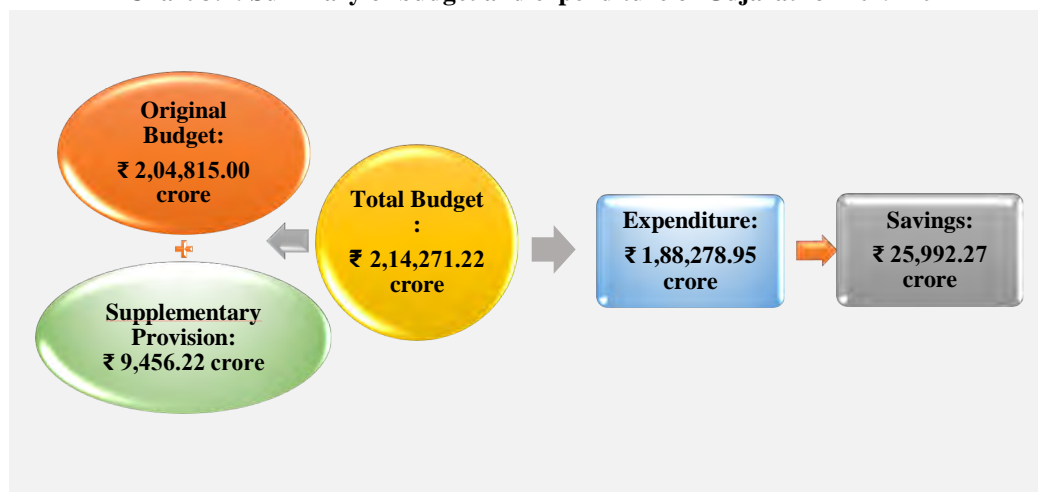
As per Gujarat Budget Manual, 1983, it is the responsibility of the Finance Department (FD) to prepare the annual statement of estimated receipts and expenditure and the supplementary estimates of expenditure for presentation to the Legislature. For the purpose of such preparation, the FD shall obtain from the Administrative Departments concerned the material on which to base the estimates. The Head of the Departments, on the basis of material furnished by their subordinate officers, prepare the estimates for which they are responsible and forward it to the appropriate Administrative Department of the Secretariat on prescribed dates. The FD consolidates the estimates approved by the Government. The exercise requires utmost foresight both in estimating revenue and in anticipating expenditure. The estimate should be as close and accurate as possible. The provision to be included in respect of each item should be based upon what is expected to be actually paid or spent under proper sanction during the year, including arrears of the previous year and should not merely be confined to the liabilities pertaining to the year.

Legislative authorization is the sine qua non for incurrence of all expenditure by the State Government. Appropriation Bill is a money bill that allows the Government to withdraw funds from the Consolidated Fund of India to meet its expenses during the course of a financial year. As per article 204 of the Constitution, the Government can withdraw money from the Consolidated Fund only after receiving approval from the Legislature. The Supplementary Statement of Expenditure, in accordance with Article 205 of the Constitution, includes Appropriation for (i) repayment to the Contingency Fund on account of advances authorised there from for incurring expenditure sanctioned by Government in anticipation of approval of the Legislature, (ii) Additional provision required for items already provided in the budget estimates for the current year, (iii) 'new expenditure' which requires specific approval of the Legislature, and (iv) adjustment in account for which provisions are necessary. After approval of Legislature, the Supplementary Statement of Expenditure becomes the Supplementary Grant.

Apart from Supplementary Grant, Re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Appropriation.

As per Appropriation Accounts for the year 2019-20, total amount approved by the State Legislature (both original and supplementary provisions), expenditure incurred and savings during 2019-20 was as depicted in **Chart 3.2** below:

Chart 3.2: Summary of budget and expenditure of Gujarat for 2019-20



Budget approved by the Legislature

Expenditure incurred by the State  
Government

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year

A summarised position of total budget provision, disbursements and savings/excess with its further bifurcation into voted/charged during 2019-20 is as shown below:

Table 3.1: Budget provision, disbursements and savings/excess during 2019-20

(₹ in crore)

Nature	Total Budget provision		Disbursements		Saving	
	Voted	Charged	Voted	Charged	Voted	Charged
Total	1,74,607.29	39,663.93	1,48,754.75	39,524.20	25,852.54	139.73

Source: Appropriation Accounts of 2019-20

### 3.1.2 Charged and voted disbursements

Break-up of total disbursements into charged and voted during 2019-20 and trend analysis of last five year (2015-20) is shown below:

Table 3.2: Budget disbursements and savings during 2015-20

(₹ in crore)

Year	Disbursements		Saving			
	Voted	Charged	Voted	Percentage	Charged	Percentage
2015-16	1,05,759.54	22,716.15	17,258.03	16.32	133.22	0.59
2016-17	1,09,654.59	27,110.80	19,041.15	17.36	4,544.52	16.76
2017-18	1,28,110.06	32,953.02	19,301.35	15.07	2,606.88	7.91
2018-19	1,44,463.86	36,015.81	19,732.04	13.66	364.25	1.01
2019-20	1,48,754.75	39,524.20	25,852.54	17.38	139.73	0.35

Source: Appropriation Accounts of respective years

As can be seen from the table above, budget disbursements under both voted and charged items are increasing. Similarly, savings under voted section have also shown an increasing trend during the last five years.

An analysis of savings/excesses under different Grants is shown in **Paragraph 3.3**.

### 3.1.3 Gender budget

The United Nation’s Agenda 2030 of Sustainable Development Goals (SDGs) is a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Among the 17 SDGs, Goal 5 is aimed to achieve gender equality and empower all women through ending all types of discrimination against women and girls. Gender equality is not only a basic human right but it is also crucial for sustainable future. The State Government has already prepared “Gujarat Sustainable Vision 2030” document spanning 17 SDGs including gender equality. To bring out desired outcome for women empowerment and gender equality, the State Government has been implementing many Schemes for development of women and girl child. Since financial year 2014-15, the State Government has been publishing “Gender Budget” comprising women-specific financial allocations.

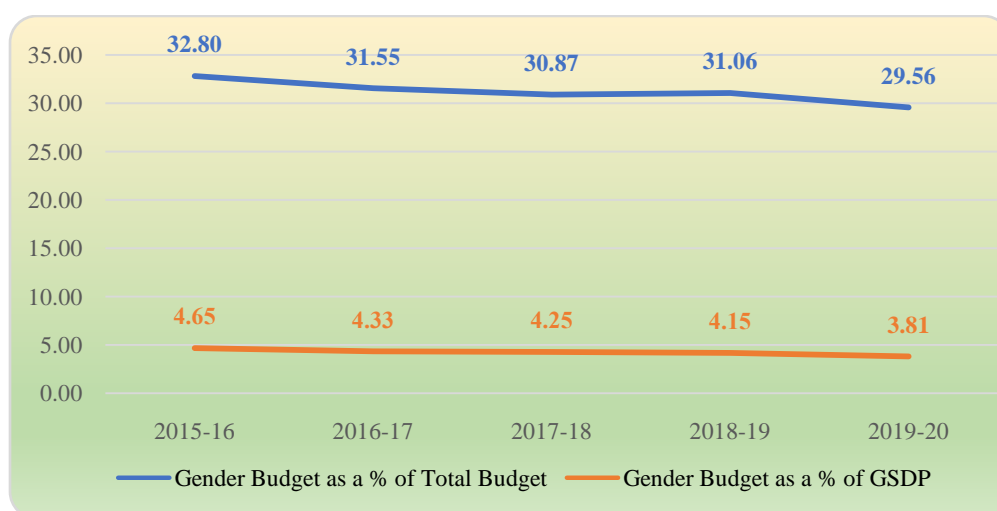
**Table 3.3** shows the details of allocations made by the State Government under gender budget during last five year (2015-20) whereas, **Chart 3.3** highlights the percentage of gender budget to total budget and GSDP during the same period.

**Table 3.3: Allocation under gender budget during 2015-20**

	2015-16	2016-17	2017-18	2018-19	2019-20
Gender Budget	47,845.98	50,584.57	56,491.89	62,302.93	63,341.07
Total Budget	1,45,866.94	1,60,351.05	1,82,971.32	2,00,575.97	2,14,271.22
GSDP	10,29,010	11,67,156	13,28,068	15,01,944	16,63,362

Source: Appropriation Accounts of respective years

**Chart 3.3: Gender budget as percentage of total budget and GSDP**



As could be seen, allocation under gender budget increased from ₹ 47,845.98 crore in 2015-16 to ₹ 63,341.07 crore in 2019-20. However, as percentage of total budget, the share of gender budget decreased from 32.80 in

2015-16 to 29.56 in 2019-20. Similarly, its share in GSDP also declined from 4.65 in 2015-16 to 3.81 in 2019-20.

## 3.2 Appropriation Accounts

Appropriation Accounts provide details of expenditure of the Government for the financial year, compared with the amounts of Grants Voted and Appropriations Charged for various purposes specified in the Schedules appended to Appropriation Act passed under Article 204 and 205 of the Constitution of India. These Accounts depict the original budget provision, Supplementary Grants, savings, surrenders and Re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act. Appropriation Accounts are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

## 3.3 Comments on integrity of budgetary and accounting process

### 3.3.1 Expenditure incurred without authority of law

As per Gujarat Budget Manual, 1983, no expenditure can be incurred under any Head without budget provision or in anticipation of a Supplementary Grant/ Appropriation or prior to provision of funds by Re-appropriation.

Audit scrutiny revealed that in two cases, expenditure in excess of ₹ one crore was incurred (totalling ₹ 11.07 crore) during 2019-20, without budget provision, as detailed in **Table 3.4**:

**Table 3.4: Summary of expenditure without budget provision during 2019-20**

(₹ in crore)			
Grant/ Appropriation	Description	Expenditure	Number of Schemes/ Sub-Heads
05	Co-operation	4.46	1
84	Non-Residential Buildings	6.61	1
<b>Total</b>		<b>11.07</b>	

Source: Appropriation Accounts of 2019-20

The Heads of Account where expenditure was incurred without budget provision during 2019-20 were as under:

**Table 3.5: Expenditure incurred without budget provision during 2019-20**

(₹ in crore)

Sl. No.	Grant No. and Heads of Account where expenditure was incurred without budget provision		Expenditure without Provision
1	05-6425-00-108-26	Loans to Sugar Co-operatives	4.46
2	84-4059-01-051-50	Check post building for Port and Transport Department	6.61

Source: Appropriation Accounts of 2019-20

Expenditure without budget provision is violation of financial regulations as well as the will of Legislature. This is also indicative of lack of financial discipline in Government Departments.

### 3.3.2 Unnecessary Supplementary provision

A Supplementary provision is an addition to the total original authorised provision and is obtained in the same manner in which the original provision is obtained.

During 2019-20, Supplementary provisions (₹ 50 crore or more in each case) aggregating ₹ 661.77 crore were made in three Grants, which proved unnecessary. Expenditure incurred in these three cases did not even reach the level of the original provision as detailed in **Table 3.6**:

**Table 3.6: Supplementary provision (₹ 50 crore or more in each case) proved unnecessary**

(₹ in crore)

Sl. No.	Number and name of the grant	Original provision	Actual expenditure	Savings out of original provision	Unnecessary supplementary provision
<b>Revenue – Voted</b>					
1	13-Power Projects	9,032.41	8,856.23	176.18	453.94
2	39-Medical & Public Health	5,790.63	5,670.76	119.87	139.97
3	40-Family Welfare	2,052.59	2,032.69	19.90	67.86
	<b>Total</b>	<b>16,875.63</b>	<b>16,559.68</b>	<b>315.95</b>	<b>661.77</b>

Source: Appropriation Accounts of 2019-20

### 3.3.3 Unnecessary Re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where need for additional funds is identified.

In 18 Sub-Heads, Re-appropriation of ₹ 272.86 crore proved unnecessary and resulted in savings of ₹ 437.57 crore (more than ₹ 10 lakh in each case), as detailed in **Appendix 3.2**.

Substantial savings of ₹ 437.57 crore, where Re-appropriation was resorted to, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

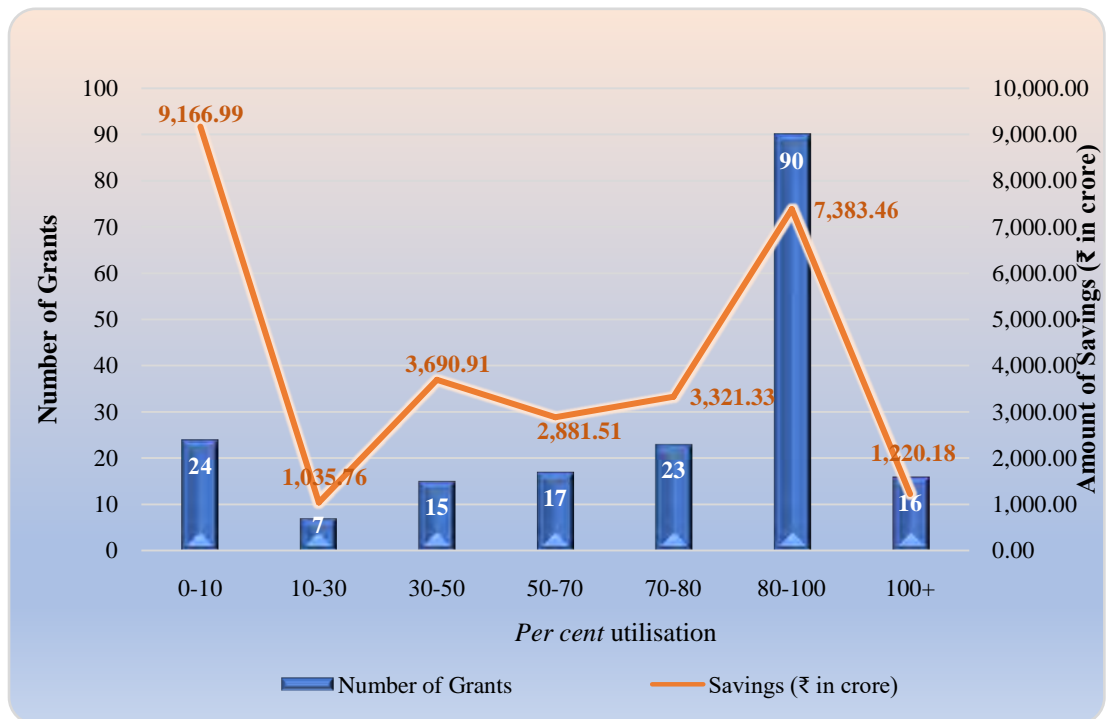
### 3.3.4 Unspent provisions and surrendered appropriations and/or large savings/surrenders

#### 3.3.4.1 Substantial savings due to low utilisation of budgetary provisions

There are 108 Demands for Grants being operated by 27 Departments of Government of Gujarat, which translated into 192 Grants/Appropriations<sup>1</sup> during 2019-20.

There was an overall gross savings of ₹ 27,459.11 crore in 175 out of 192 Grants/Appropriations during 2019-20 of which, 46 Grants/Appropriations showed utilisation of less than 50 *per cent* of the budget allocation. The distribution of Grants/Appropriations grouped by the extent of savings is as follows.

Chart 3.4: Grant-wise utilisation



In 23 out of 192 Grants/Appropriations where budget allocation was more than ₹ one crore and budget utilisation was less than 50 *per cent* during 2019-20, two Grants/Appropriations had demonstrated low utilisation consecutively during the last five years (2015-20) while three Grants/Appropriations had shown low utilisation in four of last five years (Table 3.7).

<sup>1</sup> Grant (Revenue Voted and Capital Voted); Appropriation (Revenue Charged and Capital Charged)



**Table: 3.7: Grants/Appropriations where budget utilisation was less than 50 per cent**

Sl. No.	Grant	2015-16	2016-17	2017-18	2018-19	2019-20	No. of Years <sup>2</sup>	Budget 2019-20	Total Budget (5 years)
		(in per cent)						(₹ in crore)	
1	0002-Agriculture Capital Voted	23.81	16.05	0.00	0.00	0.00	5	100.00	562.5
2	0003- Minor Irrigation, Soil Conservation and Area Development Revenue Voted	99.39	83.11	94.24	20.63	14.87	2	157.33	627.76
3	0003- Minor Irrigation, Soil Conservation and Area Development Capital Voted	100	95.01	103.26	0.00	1.69	2	92.15	478.47
4	0006- Fisheries Capital Voted	75.10	11.57	35.90	9.34	0.50	4	270.00	1141.95
5	0009- Education Capital Voted	55.65	73.83	51.61	55.95	39.55	1	579.98	4075.05
6	0011-Energy and Petro-chemical Dept. Revenue Voted	93.02	63.26	87.16	62.73	40.06	1	7.79	25.11
7	0019-Other Expenditure pertaining to Finance Dept. Revenue Voted	13.67	0.89	0.59	0.69	0.86	5	8770.73	34934.12
8	0047-Industries and Mines Revenue Voted	92.90	72.18	96.08	67.07	46.16	1	29.71	94.34
9	0049- Industries Capital Voted	30.93	33.33	66.24	98.67	37.24	3	591.76	1265.89
10	0050- Mines and Minerals Capital Voted	98.73	49.02	39.22	100	0.00	3	8.16	22.86
11	0056-Labour and employment Dept Revenue Voted	75.59	71.48	62.66	30.24	23.18	2	25.31	96.35
12	0057-Labour and Employment Capital Voted	62.04	27.84	45.71	15.16	16.45	4	25.55	360.65
13	0071-Rural Housing and Rural Development Revenue Voted	86.34	85.87	100	47.51	41.73	2	2572.17	9074.38
14	0073-Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Dept Capital Voted	95.04	66.11	21.45	1.42	0.00	3	2.20	15.74
15	0082-Other Expenditure pertaining to Revenue Dept. Revenue Voted	30.25	56.12	31.60	84.95	45.73	3	3.10	15.43
16	0084-Non-Residential Building Capital Voted	58.92	37.37	50.83	53.29	42.61	2	1268.71	6790.71
17	0084-Non-Residential Building Revenue	84.69	72.87	81.97	54.40	27	1	1.27	7.7

<sup>2</sup> Number of years where utilisation of budget was below 50 per cent

Sl. No.	Grant	2015-16	2016-17	2017-18	2018-19	2019-20	No. of Years <sup>2</sup>	Budget 2019-20	Total Budget (5 years)
		(in per cent)						₹ in crore	
	Charged								
18	0085-Residential Building Capital Voted	69.66	80.37	78.19	54.99	39.78	1	285.34	1326.52
19	0093-Welfare of Schedule Tribes Capital Voted	75.77	78.79	43.11	9.35	32.31	3	38.98	158.02
20	0096-Tribal Area Sub-Plan Capital Charged	44.83	82.66	27.25	33.33	42.91	4	1.00	3744.58
21	0096-Tribal Area Sub-Plan Revenue Charged	89.14	127.50	97.17	56.06	41.10	1	5.00	30.85
22	0101- Urban Housing Revenue Voted	72.68	97.01	46.07	67.96	47.98	2	994.44	3875.46
23	0108-Other Expenditure pertaining to Climate Change Dept. Revenue Voted	93.72	82.22	95.78	74.32	17.85	1	1046.09	1419.33

Source: Appropriation Accounts of respective years

Further, of the overall savings of ₹ 27,459.11 crore in 175 out of 192 Grants/Appropriations during 2019-20, 96 per cent savings amounting to ₹ 26,359.11 crore occurred in 48 Grants/Appropriations (₹ 50 crore and above in each case), as indicated in **Appendix 3.3**.

The situation warrants a close review by the State Government to enable initiation of expeditious corrective measures.

### 3.3.4.2 Substantial surrenders

In 44 out of 192 Grants/Appropriations, a major portion of original provision or supplementary provision was not required/used during the year, leading to substantial surrenders at the end of March 2020, as detailed in **Table 3.8**:

**Table 3.8: Details of surrender of funds in excess of ₹ 50 crore at the end of March 2020**

(₹ in crore)							
Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings(-) /Excess(+)	Amount Surrendered
1	0002-RV	3244.74	1006.89	4251.63	3312.13	(-)939.50	937.73
2	0002-CV	100.00	0	100	0	(-)100.00	100.00
3	0003-RV	157.33	0	157.33	23.39	(-)133.93	133.93
4	0003-CV	92.15	0	92.15	1.56	(-)90.59	90.59
5	0004-RV	796.70	0	796.70	534.13	(-)262.57	262.69
6	0006-RV	351.67	0	351.67	257.45	(-)94.22	94.14
7	0006-CV	270.00	0	270.00	1.35	(-)268.65	268.65
8	0009-CV	579.98	0	579.98	229.37	(-)350.61	305.12
9	0013-RV	9032.41	453.94	9486.35	8856.23	(-)630.12	630.12
10	0013-CV	3423.15	0	3423.15	2849.64	(-)573.51	573.51

Sr. No.	Grant No.	Original	Supp.	Total provision	Actual Expenditure	Savings(-) /Excess(+)	Amount Surrendered
11	0016-RV	320.53	0	320.53	235.61	(-)84.92	73.72
12	0018-RV	11721.07	0	11721.07	10563.00	(-)1158.07	1154.82
13	0019-RV	8770.72	0	8770.72	75.50	(-)8695.22	8693.78
14	0020-RC	20445.25	796.59	21241.84	21170.91	(-)70.92	63.65
15	0022-RV	648.32	0	648.32	357.57	(-)290.76	290.74
16	0026-RV	598.45	0	598.45	515.43	(-)83.02	82.98
17	0039-CV	1146.83	0	1146.83	962.52	(-)184.31	178.40
18	0043-RV	4977.65	0.50	4978.15	4746.67	(-)231.48	227.93
19	0046-CV	899.37	0	899.37	688.30	(-)211.07	211.06
20	0049-RV	4019.48	684.49	4703.97	4491.41	(-)212.56	211.21
21	0049-CV	591.76	0	591.76	220.36	(-)371.40	371.40
22	0057-RV	1026.40	0	1026.40	809.70	(-)216.70	216.50
23	0060-RV	930.62	0	930.62	832.90	(-)97.72	97.57
24	0065-CV	4600.00	0	4600.00	3018.39	(-)1581.62	1583.49
25	0066-RV	1267.81	0	1267.81	1158.76	(-)109.05	125.41
26	0066-CV	4153.11	0	4153.11	4107.45	(-)45.26	50.20
27	0067-CV	2631.84	0	2631.84	2368.30	(-)263.54	263.54
28	0070-RV	2943.25	0	2943.25	2487.33	(-)455.92	455.92
29	0071-RV	2572.17	0	2572.17	1073.45	(-)1498.72	1498.72
30	0074-CV	626.40	0	626.40	434.03	(-)192.37	424.83
31	0077-RV	326.07	0	326.07	235.26	(-)90.82	51.71
32	0079-RV	1829.29	2480.88	4310.17	3986.05	(-)324.12	347.14
33	0084-CV	1268.71	0	1268.71	540.60	(-)728.11	696.20
34	0085-CV	285.34	0	285.34	113.51	(-)171.84	167.25
35	0087-CV	311.91	0	311.91	181.18	(-)130.73	128.92
36	0092-CV	620.31	0	620.31	318.20	(-)302.11	302.06
37	0095-RV	4407.13	0	4407.13	3732.05	(-)675.08	643.12
38	0095-CV	870.52	0	870.52	647.89	(-)222.63	202.87
39	0096-RV	8675.16	0	8675.16	7940.55	(-)734.61	656.20
40	0096-CV	5305.30	0	5305.30	4121.73	(-)1183.56	1191.24
41	0098-RV	420.68	0	420.68	319.93	(-)100.74	93.15
42	0101-RV	994.44	0	994.44	477.15	(-)517.29	517.29
43	0106-RV	2299.08	0	2299.08	1990.35	(-)308.73	308.71
44	0108-RV	1046.09	0	1046.09	186.73	(-)859.36	859.85
<b>Total</b>		<b>1,21,599.19</b>	<b>5,423.29</b>	<b>1,27,022.48</b>	<b>1,01,174.02</b>	<b>(-)25,848.46</b>	<b>25,838.06</b>

Source: Appropriation Accounts of 2019-20; RV: Revenue voted, RC: Revenue Charged, CV: Capital Voted

Further, supplementary provisions of ₹ 5,423.29 crore made under six out of 44 grants/appropriations proved unnecessary, as ₹ 2,417.78 crore was surrendered from these six grants/appropriations.

Budget provisions sought and obtained by some Departments far in excess of actual requirement and their inability to utilise the same deprives allocation of resources to other priority sectors and also leads to poor Legislative control over public finances.

Further, as per paragraph 103 of Gujarat Budget Manual, 1983, the Controlling Officers should report all the anticipated savings with full details and reasons to the Administrative Departments.

In case of 45 Sub-Heads under 19 Grants (**Table 3.9**), Audit observed that Departments attributed the savings to COVID-19 lockdown. The justification was not convincing, as lockdown was effective from midnight of 24 March 2020.

**Table 3.9: Details of Sub-Heads and Grants where savings were attributed to lockdown**

Sr. No.	Grant number	Number of Sub-Heads (Schemes)
1	0001	01
2	0002	03
3	0004	07
4	0009	02
5	0011	01
6	0014	01
7	0021	01
8	0025	01
9	0026	01
10	0033	01
11	0046	05
12	0047	01
13	0077	01
14	0079	02
15	0082	01
16	0095	05
17	0096	05
18	0106	05
19	0108	01
<b>Total</b>	<b>19</b>	<b>45</b>

### 3.3.5 Excess expenditure and its regularisation

As per Article 205 of the Constitution of India, no money shall be drawn from the Consolidated Fund except under appropriation made by Law by the State Legislature.

#### 3.3.5.1 Excess expenditure during the year 2019-20

During 2019-20, there was an excess expenditure of ₹ 1,466.84 crore in four Grants/Appropriations requiring regularisation by the State Legislature (**Table 3.10**).

Table 3.10: Excess expenditure over provision during 2019-20 requiring regularisation

(₹ in crore)				
Grant No.	Name of Grant	Total Grant	Actual Expenditure	Excess Expenditure
<b>Revenue Voted</b>				
9	Education	28,848.50	29,463.92	615.42
73	Other Expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department	790.19	1,347.89	557.70
86	Roads and Bridges	3,393.05	3,639.71	246.66
<b>Capital Charged</b>				
20	Repayment of Debt pertaining to Finance Department and its Servicing	16,654.70	16,701.76	47.06
<b>Total</b>		<b>49,686.44</b>	<b>51,153.28</b>	<b>1,466.84</b>

Source: Appropriation Accounts of 2019-20

Excess expenditure over provision vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

### 3.3.5.2 Persistent excess in certain Grants

Persistent excess expenditure indicates that the budgetary control by the Departments is ineffective and budget estimates are not being prepared realistically. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a Rupee can be spent without prior Legislative authorisation and therefore, this needs to be viewed seriously. Further, the Public Accounts Committee had also recommended minimising the cases of excesses.

Audit, however, observed persistent excess in Grant No. 73 (Revenue Voted) during the last five year (2015-20), due to improper estimations at the time of budget preparation, as detailed in **Table 3.11**:

Table 3.11: Persistent excess

(₹ in crore)						
Sl. No.	Description of Grant/Appropriation	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Grant No. 73 – Other Expenditure pertaining to Panchayats, Rural Housing and Rural Development Department (Revenue Voted)					
	Grant	784.60	774.82	800.15	703.07	790.19
	Expenditure	816.13	897.06	1,127.87	1,463.84	1,347.89
	Excess	31.53	122.24	327.72	760.77	557.70

Source: Appropriation Accounts of respective years

The excess was observed under Sub-Head ‘Superannuation and Retirement Allowances to Panchayat Employees’, ‘Gratuities to Panchayat Employees’ and ‘Family Pension to Panchayat Employees’.

The State Government needs to maintain a robust database of Panchayat employees due for superannuation, in order to estimate the retirement benefits accurately.

### 3.3.5.3 Regularisation of excess expenditure of previous financial years

An excess expenditure of ₹ 7,917.98 crore incurred during the period 2007-08 to 2018-19 was yet to be regularised by the State Legislature. The details of excess expenditure of previous financial years requiring regularisation are shown in **Appendix 3.4**.

### 3.3.6 Grants-in-aid for creation of capital assets

Indian Government Accounting Standards (IGAS) 2 prescribes that Grants-in-aid (GIA) disbursed by a grantor shall be classified and accounted for as revenue expenditure in the financial statements of the grantor irrespective of the purpose for which the funds disbursed as GIA are to spent by the grantee.

Only in cases specifically authorised by the President of India on advice of the Comptroller and Auditor General of India can these be debited to a Capital Head of Account in the financial statements of the Government. Further, Rule 30(1) of Government Accounting Rules, 1990 prescribes that expenditure of a capital nature to be classified in capital section shall broadly be defined as expenditure incurred with the objective of increasing physical assets of a material and permanent character. Also, the assumptions underlying the fiscal indicators for the Gujarat Fiscal Responsibility Rules, 2006 stipulate inclusion of ‘major subsidies’ as expenditure on revenue account.

During 2019-20, State Government disbursed ₹ 4.83 crore as GIA to one Department under Capital Head of Account instead of classifying it as revenue expenditure under Revenue Head, in violation of IGAS 2. This is detailed in the **Table 3.12**.

**Table 3.12: Misclassification of GIA under Capital Head during 2019-20**

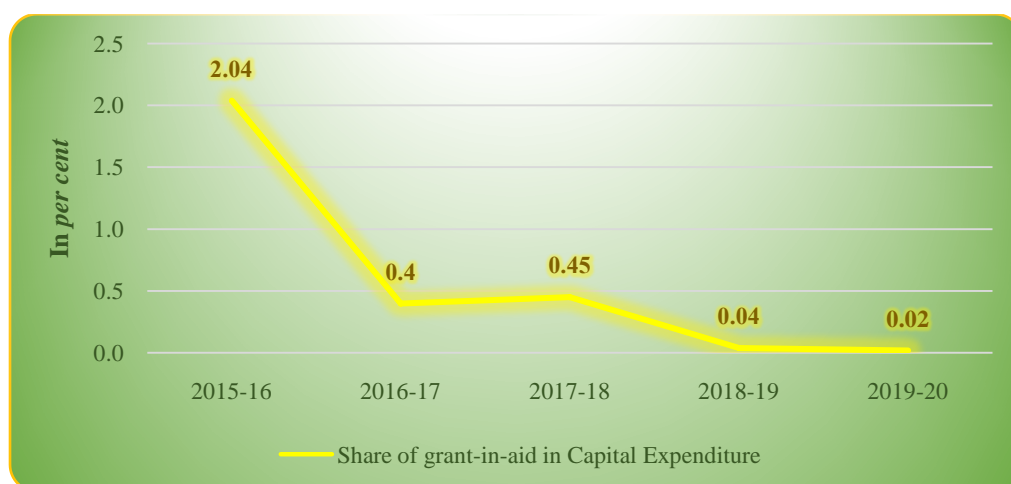
		(₹ in crore)
Sl. No.	Classification –Major Head	Grants-in-aid
1.	4059- Capital Outlay on Public Works	4.83
<b>Total</b>		<b>4.83</b>

Source: Appropriation Accounts of 2019-20

**Table 3.13: Extent of misclassification of GIA as capital expenditure during 2015-20**

(₹ in crore)					
Sl. No.	2015-16	2016-17	2017-18	2018-19	2019-20
GIA booked as Capital Expenditure	492.17	89.66	119.38	10.92	4.83
Total Capital Expenditure	24,169.44	22,355.39	26,313.20	28,061.90	25,650.61
Share of GIA in Capital Expenditure (In per cent)	2.04	0.40	0.45	0.04	0.02
Overstatement of Revenue Surplus (+) had expenditure from GIA been treated as Revenue Expenditure	(+) 492.17	(+) 89.66	(+) 119.38	(+) 10.92	(+) 4.83

Source: Appropriation Accounts of respective years

**Chart 3.5: Share of GIA in capital expenditure**

As can be seen from the Chart above, the share of GIA in capital expenditure has reduced over the last five years.

### 3.4 Comments on Transparency of Budgetary and Accounting Process

#### 3.4.1 Lump sum budgetary provisions

The Gujarat Budget Manual, 1983 prohibits lump sum provision in estimates except in cases where urgent measures are to be initiated for meeting emergent situations or for meeting preliminary expenses on a project/Scheme which has been accepted in-principle for being taken up in the financial year. Detailed explanation justifying the provision is required to be given in the Budget Note accompanying the lump sum estimates. Lump sum provision without identifying the exact object of expenditure affects transparency.

In case of Grant No. 19, it was observed that the FD has been allocating a lump sum budget provision every year from 2012-13 onwards under Major Head 2075 – ‘Liability on Account of Increase in Rate of Dearness Allowance’. However, the same was surrendered by the FD in the month of March every year, as detailed in **Table 3.14**:

**Table 3.14: Lump sum provision surrendered in complete**

(₹ in crore)

Year	Grant no.	Details of Head	Amount	Surrender/ Re Appropriation
2012-13	19	2075.00.001.01	2,500.00	2,500.00
2013-14	19	2075.00.001.01	3,000.00	3,000.00
2014-15	19	2075.00.001.01	3,500.00	3,500.00
2015-16	19	2075.00.001.01	3,500.00	3,500.00
2016-17	19	2075.00.001.01	4,500.00	4,500.00
2017-18	19	2075.00.001.01	6,000.00	6,000.00
2018-19	19	2075.00.001.01	7,000.00	7,000.00
2019-20	19	2075.00.001.01	7,500.00	7,500.00

Source: Appropriation Accounts of respective years

The action of FD was not in consonance with paragraph 38 of Gujarat Budget Manual, 1983 which provides that such provisions were to be made by the respective Departments in their budget estimates.

### 3.5 Comments on Effectiveness of Budgetary and Accounting Process

#### 3.5.1 Budget projection and gap between expectation and actual

The summarised position of budget including supplementary budget, actual expenditure, and excess/savings during 2019-20 against 192 Grants/Appropriations is given in **Table 3.15**.

**Table 3.15: Summarised position of expenditure vis-à-vis budget provision**  
(₹ in crore)

Voted/ Charged	Nature of expenditure	Budget (Original)	Budget (Supp)	Total Budget (O+S)	Actual Expenditure	Excess/ Saving(-)	Excess/ Saving %
<b>Voted</b>	Revenue	1,31,833.48	7,952.08	1,39,785.56	1,21,144.07	(-)18,641.49	(-)13.34
	Capital	32,964.01	248.67	33,212.68	26,298.95	(-)6,913.73	(-)20.82
	Loans and Advances	1,606.34	2.71	1,609.05	1,311.72	(-)297.33	(-)18.48
	<b>Total Voted</b>	<b>1,66,403.83</b>	<b>8,203.46</b>	<b>1,74,607.29</b>	<b>1,48,754.74</b>	<b>(-)25,852.55</b>	<b>(-)14.81</b>
<b>Charged</b>	Revenue	21,743.04	1,081.24	22,824.28	22,664.90	(-)159.38	(-) 0.70
	Capital	77.18	107.77	184.95	157.55	(-)27.40	(-)14.81
	Public Debt	16,590.95	63.75	16,654.70	16,701.76	47.06	0.28
	<b>Total Charged</b>	<b>38,411.17</b>	<b>1,252.76</b>	<b>39,663.93</b>	<b>39,524.21</b>	<b>(-)139.72</b>	<b>(-)0.35</b>
<b>Grand Total</b>		<b>2,04,815.00</b>	<b>9,456.22</b>	<b>2,14,271.22</b>	<b>1,88,278.95</b>	<b>(-)25,992.27</b>	<b>(-)12.13</b>

Source: Appropriation Accounts of 2019-20



**Table 3.16: Original budget, revised estimates and actual expenditure during 2015-20**

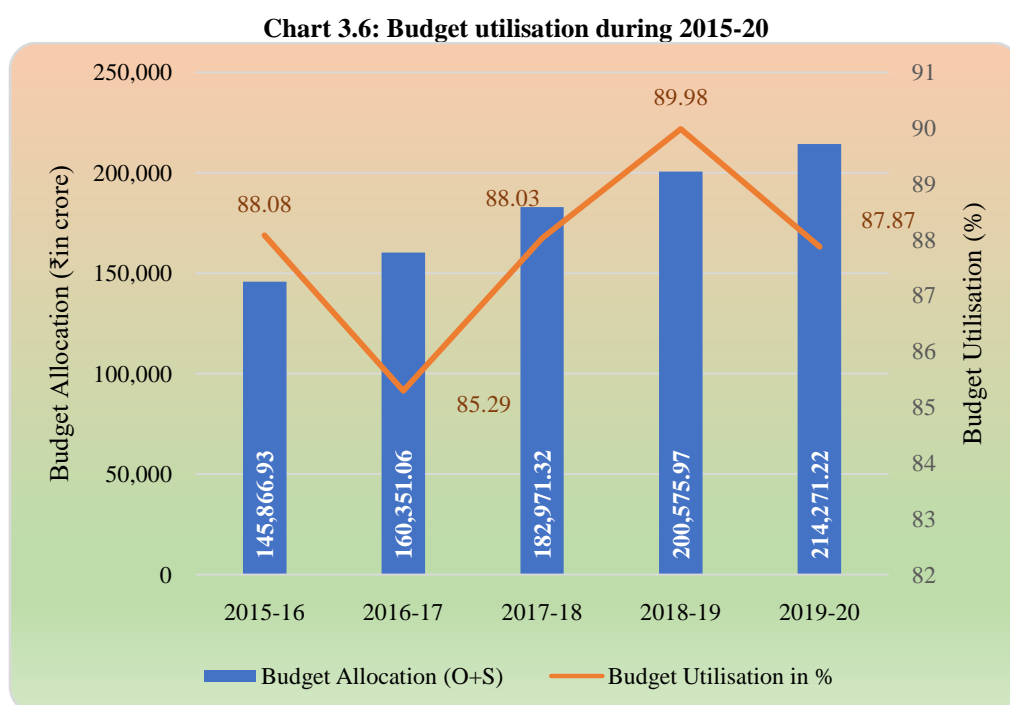
	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Original Budget	1,39,139.34	1,51,851.93	1,72,179.24	1,83,666.38	2,04,815.00
Supplementary Budget	6,727.59	8,499.13	10,792.08	16,909.59	9,456.22
Total Budget (Original + Supplementary)	1,45,866.93	1,60,351.06	1,82,971.32	2,00,575.97	2,14,271.22
Actual Expenditure	1,28,475.69	1,36,765.39	1,61,063.09	1,80,479.68	1,88,278.95
Saving(-) /excess (+)	(-) 17,391.24	(-) 23,585.67	(-) 21,908.23	(-) 20,096.29	(-) 25,992.27
Percentage of Saving	(-)11.92	(-)14.71	(-)11.97	(-)10.02	(-) 12.13

Source: Appropriation Accounts of for the respective years

As can be seen from the **Table 3.16**, there was an overall savings of 12.13 *per cent* during 2019-20 as compared to 10.02 *per cent* during 2018-19.

### 3.5.1.1 Sub-optimal utilisation of budgeted funds

Utilisation of budget by the State Government has been sub-optimal every year during the last five years. The extent of utilisation of budget during the last five years (2015-20) is shown in **Chart 3.6**:



As may be seen from the **Chart 3.6**, the State Government could utilise its budget provision to the extent of 89.98 *per cent* during the last five years. Large amounts of savings in allocated funds indicate both inaccurate assessments of requirement as well as inadequate capacity to utilise the funds for intended purposes.

### 3.5.1.2 Missing/incomplete explanations for variations from budgeted provisions

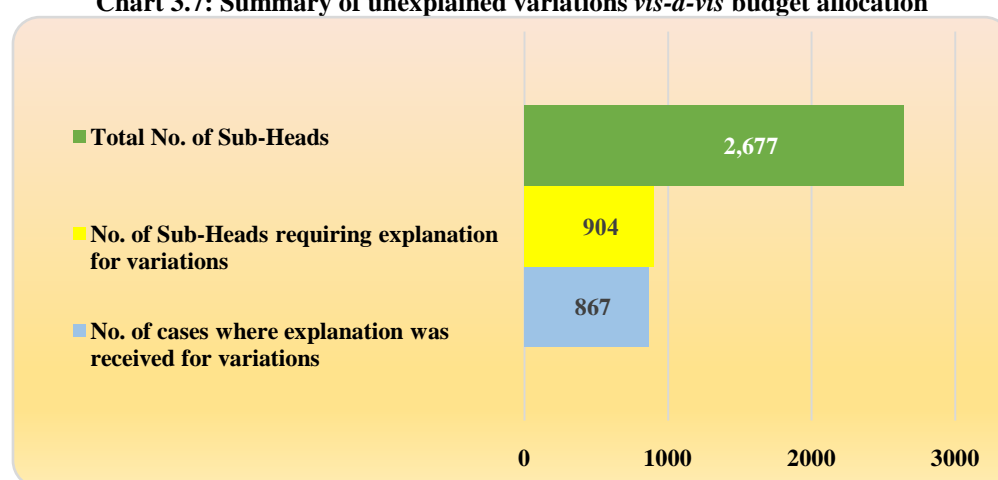
Apart from showing the expenditure against the approved budget, Appropriation Accounts also contain explanations provided by the concerned Departments for cases where the expenditure varies significantly from the budgeted provision (Original plus Supplementary). The limits beyond which such variations at the Sub-Head levels (unit of appropriation) are to be explained by the concerned Departments are set by the State Public Accounts Committee (PAC).

The Principal Accountant General (A&E) provides the draft Appropriation Accounts to the Controlling Officers of the Departments and seeks the reasons/explanations for the variations in expenditure with reference to approved budgetary allocations as per the limits set by the PAC. The limits set by the PAC in October 1994 are shown in **Appendix 3.5**.

Of the 192<sup>3</sup> Grants/ Appropriations, reasons for variation were required in respect of 125 Grants/Appropriations. Audit of Appropriation Accounts of 2019-20 and an analysis of the underlying accounting data revealed that the Controlling Officers did not provide explanations for the variations in expenditure *vis-à-vis* budgeted allocations in respect of 20 out of 125 Grants/Appropriations. In terms of Sub-heads, explanations for variations were not provided in 37 out of 904 sub-heads.

The total number of Sub-Heads, number of Sub-Heads requiring explanation for variations and the number of Sub-Heads where explanations were received are shown in **Chart 3.7**. The relevant details in this regard are indicated in **Appendix 3.6**.

**Chart 3.7: Summary of unexplained variations *vis-à-vis* budget allocation**



Absence of explanation for variations between the budgeted allocation and its utilisation inhibits Legislative control over budget as a means of ensuring financial accountability of the Government.

<sup>3</sup> Grant (Revenue Voted, Capital Voted), Appropriations (Revenue Charged, Capital Charged)

### 3.5.1.3 Budgetary deviations at primary unit of appropriation

Sub-Head is the primary unit of appropriation and the Appropriation Accounts accordingly bring out instances of deviations of expenditure from budgetary provision at Sub-Head level, as per the criteria specified by the PAC.

As detailed in **Chart 3.7** above, there are 2,677 such units of appropriation in the Appropriation Accounts of the State. The distribution of Sub-Heads by size and total budgetary allocation is given in **Table 3.17**.

**Table 3.17: Distribution of Sub-Heads by size and total budgetary allocation**

Budget Allocation (in ₹ )	Number of Sub-Heads	Share of Sub-Heads (per cent)	Total Budget (₹ in crore)	Share of Sub-heads in Budget (per cent)
Less than 15 lakh	486	18.15	12.75	0.01
15 lakh- 50 lakh	233	8.70	67.53	0.03
50 lakh- 1 crore	157	5.87	105.87	0.05
1 crore - 10 crore	749	27.98	2,751.08	1.28
10 crore - 100 crore	763	28.50	26,957.02	12.58
100 crore and more than 100 crore	289	10.80	1,84,376.97	86.05
<b>TOTAL</b>	<b>2,677</b>	<b>100</b>	<b>214,271.22</b>	<b>100.00</b>

Source: Appropriation Accounts of 2019-20

As can be seen from **Table 3.17**, around 11 *per cent* of the Sub-Heads account for 86 *per cent* of the total budgetary allocation while 18 *per cent* of the Sub-Heads account for merely 0.01 *per cent* of the total allocation. There is, thus, a need for rationalisation of unit of appropriation, both in terms of number of Heads and size of Heads, to increase Legislative control as well as make budget administration easier.

### 3.5.2 Budget and opportunity cost

At times, while obtaining original/supplementary provision, Departments report to Legislature large additional requirements for different purposes under various Schemes/activities; but finally end up spending less than the original budget provision and the supplementary provision or parts thereof. As a result, the unutilised funds cannot be made use of. At the same time, a number of Schemes remain incomplete for want of funds. Thus, the intended benefits of unfinished Schemes do not get extended to the public at large. This also leads to escalation in project costs.

However, in 23 Schemes under capital section (**Appendix 3.7**), it was observed that the concerned Departments could not utilise more than 50 *per cent* of the original provision leading to significant savings at the end of the year.

It was further observed from Appendix IX of Finance Accounts, Volume-II for the year 2019-20 that the Roads and Buildings Department and the Water Resources Department had 123 incomplete capital projects (estimated cost: ₹ 7,736.36 crore) with a progressive expenditure of ₹ 5,810.99 crore up to 31 March 2021. These projects were targeted to be completed between November 2015 and October 2020. Had there been proper planning, unutilised funds to the extent of ₹ 3,820 crore from 23 Schemes (**Appendix 3.7**) could have been allocated to these 123 projects in the beginning itself.

### 3.5.3 Major policy pronouncements in budget and their actual funding for ensuring implementation

Several policy initiatives taken up by the State Government are partially or not executed due to non-approval of Scheme guidelines/modalities, for want of administrative sanction, non-release of budget *etc.* This not only deprives the beneficiaries of the intended benefits; savings in such Schemes also divest other Departments of the funds which they could have utilised.

Appendix XI of Finance Accounts, Volume-II for the year 2019-20 gives the details of major policy decisions taken during the year or new Schemes proposed in the budget. During 2019-20, 13 new Schemes/major policy pronouncements were made by the State Government. Audit observed that of the 13 Schemes, 11 have been implemented while two Schemes did not commence, as shown in **Table 3.18**:

**Table 3.18: Details of Schemes for which provisions were made but no expenditure was incurred**

Sr. No.	Department	Scheme	Status	Remarks
1	Energy & Petrochemicals	Assistance for Subsidy for Development of Group Captive Rooftop/Ground Mounted Solar PV Projects for Residential Consumers (2810-00-102-07)	Approved outlay: ₹ 10 crores Revised outlay: ₹ 0.00 Actual expenditure: Nil	Surrendered due to non-finalisation of guidelines and non-publication of Government Resolution.
2	Industries & Mines	Capital Support for Gujarat Common Effluent Treatment Plant (CETP), Deep Sea Pipeline and Allied Infrastructure (4875-60-800-05)	Approved outlay: ₹ 500 crore Revised outlay: ₹ 0.00 Actual expenditure: Nil	The Industrial Associations were required to contribute 20-30 <i>per cent</i> of project cost. Several meetings were held but the modalities and time frames could not be finalised.

Source: Appropriation Accounts of 2019-20

The bottlenecks in implementations of new Schemes/major policy pronouncements need review.

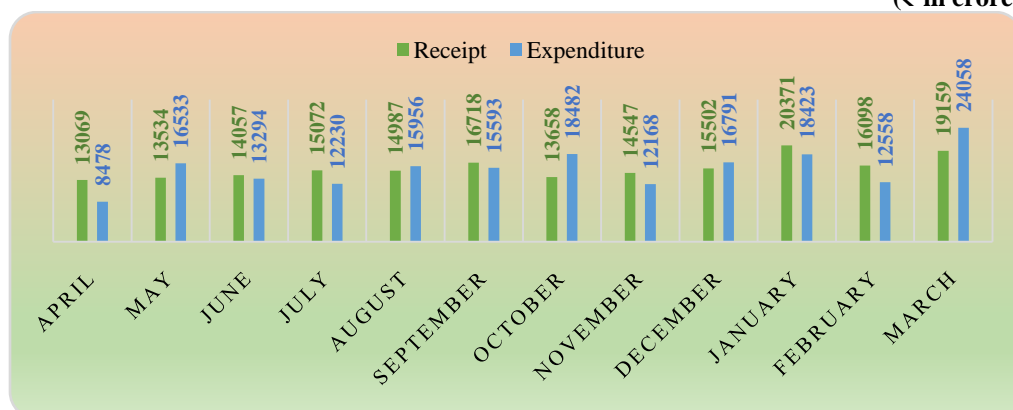
### 3.5.4 Rush of expenditure

As per Gujarat Budget Manual, 1983, rush of expenditure, particularly in the closing months of financial year, is a breach of financial propriety.

Monthly flow of receipts into the State exchequer and disbursements during 2019-20 is shown in **Chart 3.8**.

**Chart 3.8: Monthly receipts and expenditure during 2019-20**

(₹ in crore)



(Expenditure figures are net of recoveries)

As may be seen from the **Chart 3.8**, receipts were paced more or less evenly across all the months during the financial year 2019-20.

Major Heads where more than 50 per cent of the total expenditure (more than ₹ one crore in each case) was incurred in March 2020 alone are detailed in **Table 3.19**:

**Table 3.19: Quantum of expenditure in March 2020**

(₹ in crore)

Major Head	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total exp.	Expr. in March	Expr. in March as % of total expr.
2075	Miscellaneous General Services	0.07	0.49	12.32	24.69	37.57	22.67	60.33
2404	Dairy Development	0.03	0.10	2.68	40.01	42.82	24.92	58.19
2711	Flood Control and Drainage	0.94	4.13	2.74	16.35	24.16	14.12	58.46
2853	Non-ferrous Mining and Metallurgical Industries	22.68	48.24	25.92	199.25	296.09	175.19	59.17
4058	Capital Outlay on Stationery and Printing	0.00	0.00	0.00	6.82	6.82	6.82	100.00
4070	Capital Outlay on Other Administrative Services	0.00	0.00	0.00	10.55	10.55	9.98	94.55
4211	Capital Outlay on Family Welfare	0.00	1.66	0.00	8.40	10.06	8.40	83.50
4402	Capital Outlay on Soil and Water Conservation	0.21	0.21	0.19	1.95	2.56	1.63	63.64
4810	Capital Outlay on New and Renewable Energy	0.00	0.00	0.00	10.00	10.00	10.00	100.00
4875	Capital Outlay on Other Industries	3.66	0.00	31.92	177.06	212.63	161.80	76.09
6216	Loans for Housing	0.00	0.00	0.81	4.20	5.01	4.20	83.80
	<b>Total</b>	<b>27.60</b>	<b>54.83</b>	<b>76.58</b>	<b>499.36</b>	<b>658.27</b>	<b>439.73</b>	

Source: Information provided by O/o the PAG (A&E)

Thus, contrary to the spirit of financial regulation, a substantial quantum of expenditure was incurred by the State Government at the end of the financial year, indicating inadequate control over expenditure and poor budgetary management.

Further, of the total expenditure of ₹ 28,354.42 crore incurred under 1,879 Sub-Heads in March 2020, 100 per cent expenditure (₹ 3,450.67 crore) was incurred in March 2020 under 139 Sub-Heads. The details of 30 Sub-Heads (out of 139) where expenditure of ₹ 10 crore or more was incurred in March 2020 are depicted in **Appendix 3.8**.

Further, in case of expenditure done by Departments with respect to Grants placed at their disposal, it was observed that in four out of 108 Grants, more than 50 per cent of the total expenditure was incurred in March as shown in **Table 3.20**.

**Table 3.20: Grants with more than 50 per cent expenditure in March**  
(Descending order of percentage) (₹ in crore)

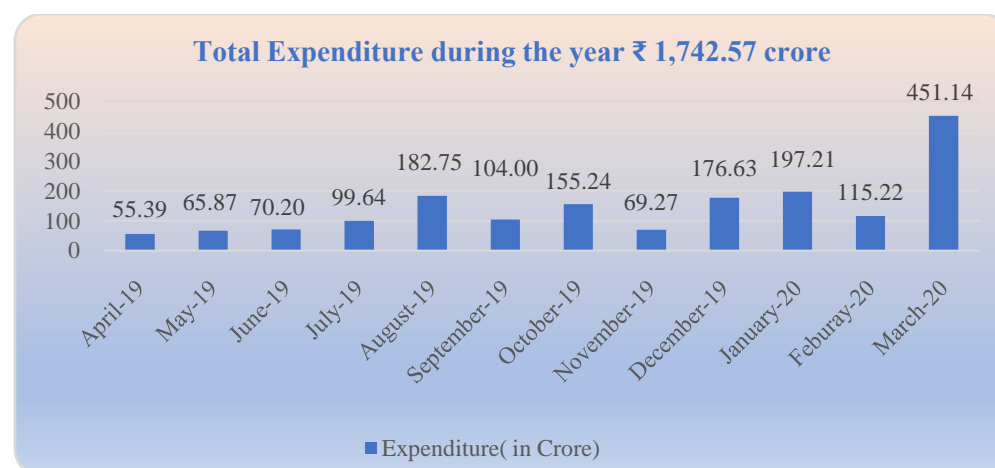
Sr. No	Grant No.	Description	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	0058	Other Expenditure Pertaining to Labour & Employment Department	0.00	0.00	0.00	0.05	0.05	0.05	100.00
2	0041	Other Expenditure Pertaining to Health & Family welfare Department	0.00	0.03	0.05	0.37	0.45	0.32	71.98
3	0072	Compensation and Assignments	0.00	9.36	19.07	91.01	119.44	82.08	68.72
4	0050	Mines and Minerals	22.68	48.24	25.92	199.25	296.09	175.19	59.17

Source: Information provided by O/o the PAG (A&E)

### 3.5.4.1 Departments registering more than 25 per cent expenditure in March

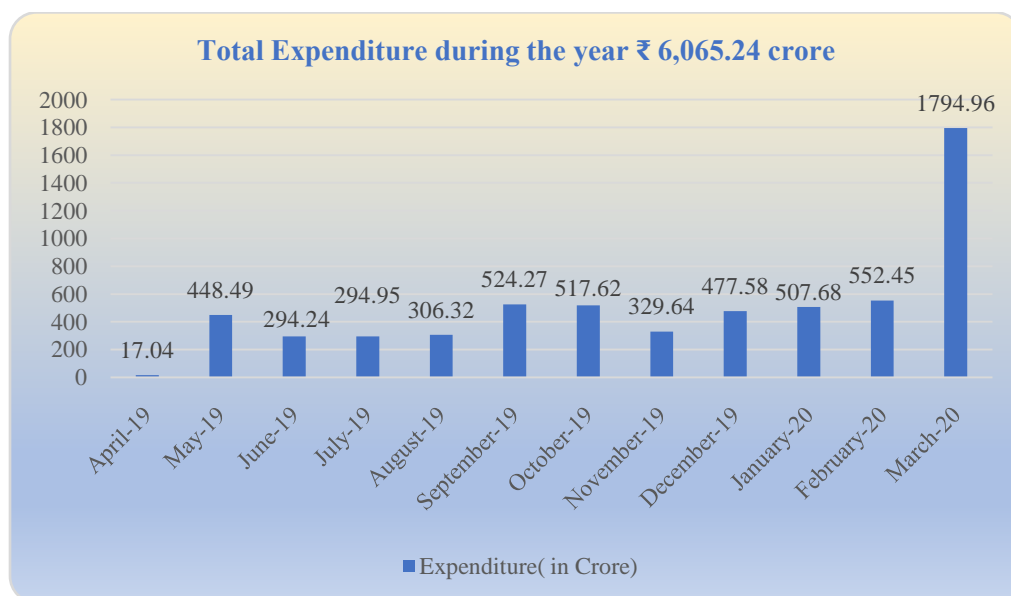
In three Departments namely, General Administration; Industries and Mines; and Science and Technology, more than 25 per cent of the total expenditure was incurred in March 2020 as shown in **Charts 3.9, 3.10 and 3.11**.

**Chart 3.9: Month wise expenditure of General Administration Department showing high percentage of expenditure in March 2020.**



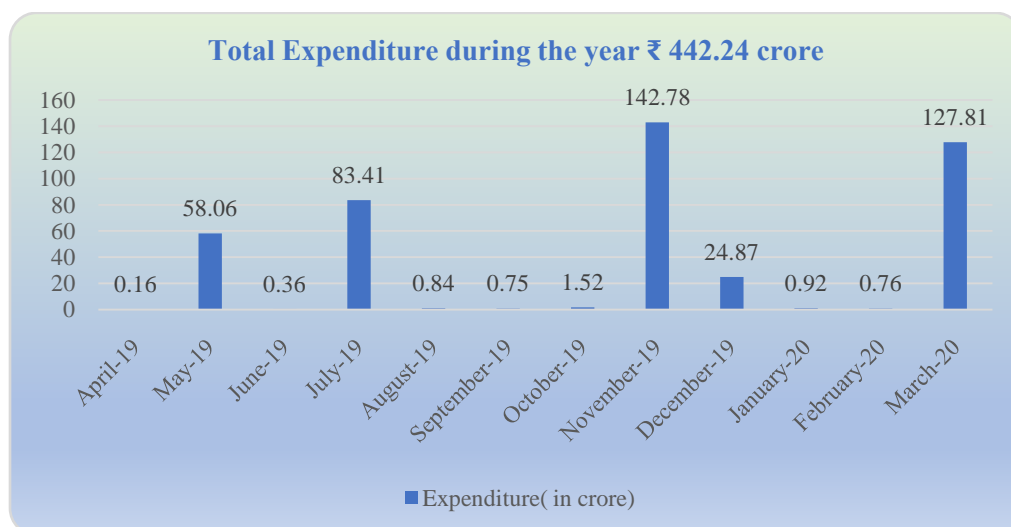
Source: Information provided by O/o the PAG (A&E)

**Chart 3.10: Month wise expenditure of Industries and Mines Department showing high percentage of expenditure in March 2020.**



Source: Information provided by O/o the PAG (A&E)

**Chart 3.11: Month wise expenditure of Science and Technology Department showing high percentage of expenditure in March 2020.**



Source: Information provided by O/o the PAG (A&E)

### 3.6 Review of Selected Grants

The Gujarat Budget Manual, 1983 provides that the authority administering a Grant is responsible for watching the progress of expenditure under its control and for keeping it within the sanctioned Grant or Appropriation. The duties and responsibilities of the authorities include preparing the estimates in time and accurately and also to ensure that the Grants placed at the disposal is spent only on the objects for which it has been provided and to surrender the savings if no longer required.

With a view to ascertaining how far the authorities were adhering to these instructions, Audit test-checked the records of the Administrative Departments/Controlling Officers operating Grant No. 13 (Power Projects)



under Energy and Petrochemicals Department and Grant No. 66 (Irrigation and Soil Conservation) under Narmada, Water Resources, Water Supply and Kalpsar Department for a period of three years from 2017-18 to 2019-20. The audit findings are discussed in the succeeding paragraphs.

### 3.6.1 Review of Grant No 13 - Power Projects

The Energy and Petrochemicals Department of Government of Gujarat contributes to all-round development of the State with a vision to provide quality power and piped natural gas at sustainable and economical rates to the people of Gujarat through increased generation, efficient transmission and distribution system. The Department is associated with various Companies engaged in the field of power, gas, fertilizer and non-conventional energy.

The Department receives funds under different Heads from the FD and releases the same to Gujarat Urja Vikas Nigam Limited (GUVNL), a holding Company of Power Sector PSUs for equity infusion into its six Subsidiary Companies<sup>4</sup>, reimburses power subsidy claims to GUVNL under different Schemes *etc.* The Department also provides Grants to independent institutions/autonomous bodies for promotion of Research and Development activities in non-conventional energy. The Grants are placed at the disposal of Chief Electrical Inspector of the district concerned for onward disbursement.

#### 3.6.1.1 Deviation from budgetary provisions

The budgetary allocations and expenditure incurred under Revenue and Capital Heads under Grant No 13 during 2017-20 is given in **Table 3.21**:

**Table 3.21: Deviation from the budgetary provisions under Grant No. 13**

(₹ in crore)

Year	Budgetary provisions			Expenditure	Excess(+)/ Savings(-)	% of unutilized provision
	Original	Supplementary	Total			
<b>Revenue Voted</b>						
2017-18	4,824.89	1,024.34	5,849.23	5,775.71	(-)73.52	1.26
2018-19	5,490.69	2,092.68	7,583.37	7,612.31	(+)28.94	(+)0.38
2019-20	9,032.41	453.94	9,486.35	8,856.23	(-)630.12	6.64
<b>Capital Voted</b>						
2017-18	2,717.24	0.00	2,717.24	2,516.88	(-)200.36	7.37
2018-19	2,561.39	508.00	3,069.39	3,052.95	(-)16.44	0.54
2019-20	3,423.15	0.00	3,423.15	2,849.64	(-)573.51	16.75

Source: Appropriation Accounts of 2017-18, 2018-19 and 2019-20

It may be seen from **Table 3.21** that the percentage of unutilised provision as the highest during 2019-20 both under Revenue Voted and Capital Voted

<sup>4</sup> Gujarat State Electricity Corporation Limited (GSEC), Gujarat Energy Transmission Corporation Limited (GETCO) and four power distribution utilities namely, Uttar Gujarat Vij Company Limited. (UGVCL), Madhya Gujarat Vij Company Limited (MGVCL), Dakshin Gujarat Vij Company Limited (DGVCL) and Paschim Gujarat Vij Company Limited (PGVCL)



Sections. Further, the excess expenditure of ₹ 28.94 crore under Revenue Voted Section during 2018-19 needs to be regularised under Article 205 of Constitution of India. The reasons for excess expenditure over budget provision were not furnished to Audit.

### 3.6.1.2 Surrender of entire budget provision

During 2018-19 and 2019-20, the Department made budget provision for three Schemes (**Table 3.22**) which could not be utilised during the year, leading to surrender of entire budget provision.

**Table 3.22: Surrender of entire budget provision**

Sr. No.	Scheme	Budget period	Status	Reasons for non-utilisation
1.	Assistance for Solar Project of Modhera Sun Temple and Town Project (Central Assistance Scheme)	2018-19	Budget: ₹ 12.03crore Actual expenditure: Nil	Subsequent to review by the visiting team of GoI in 2018-19, a revised proposal was sent by the State Government to GoI. However, no response was received from GoI.
		2019-20	Budget: ₹ 12.03 crore Actual expenditure: Nil	High tender prices quoted by Gujarat Power Corporation Limited (Implementing Agency), resulting in re-tendering. Land acquisition was also pending.
2.	Assistance for Subsidy for Development of Group Captive Rooftop/Ground Mounted Solar PV Projects for Residential Consumers	2019-20	Budget: ₹ 10 crore Actual expenditure: Nil	Scheme guidelines were yet to be finalised and the Government Resolution on the Scheme was yet to be published
3.	Assistance to Promote Adoption of Electric Vehicles	2019-20	Budget: ₹ 5 crore Actual expenditure: Nil	The State Policy to promote adoption of Electric Vehicles was yet to be finalised.

Source: Information furnished by the department

It is clear from above that budget provisions were made without adequate planning for the Schemes, resulting in surrender of entire provision.

### 3.6.1.3 Delay in settlement of reimbursement claims under an externally-aided project

The Department undertook an externally-aided project for evacuation of renewable energy namely, 'Green Energy Corridor' at a total cost of ₹ 1,962.12 crore. Gujarat Energy Transmission Corporation Limited (GETCO) was designated as the project executing agency. The project was to be funded in ratio of 40:40:20 through external assistance in the form of loans from KfW

of Germany (Euro 114 million or ₹ 798 crore), GoI (₹ 784.84 crore) and contribution by GETCO (₹ 379.28 crore) respectively.

The loan from Kfw was in accordance with the back-to-back lending guidelines of Ministry of Finance, GoI. Under the back-to-back arrangement, GETCO was to first incur the expenditure and then raise a claim to Kfw on reimbursement basis by submitting the Statement of Expenditure (SoE). Kfw in turn, was to disburse the loan to the GoI, who then causes these to be transferred to Government of Gujarat. The funds are thereafter remitted to GETCO by the State Government through issue of Government Resolution.

As per funds release orders of GoI, the State Government was required to release the external assistance to GETCO within seven days of receipt of the same from GoI. Audit, however, observed delays ranging between 32 days and 180 days in release of external assistance to GETCO by the State Government. Delayed settlement of reimbursement claims definitely had an adverse impact on the cash flow of GETCO to meet its financial obligations towards the project. The delays also indicated lack of effective monitoring in timely settlement of reimbursement claims of GETCO.

### 3.6.2 Review of Grant No. 66 – Irrigation and Soil Conservation

Narmada, Water resources, Water Supply and Kalpsar Department is assigned the function of planning, survey and investigation of water resources, construction, operation and maintenance of irrigation projects, flood control, water conservation, water data management, water supply and connected works *etc.* The executing Divisions prepare the budget estimates for the Divisional works every year and submit the same to the respective Superintending Engineers (SEs) who in turn submit budget estimates for their Circles to the Chief Engineers (CEs). The CEs in turn submit their proposals to the Secretary, Water Resources for further consolidation and submission to the FD.

#### 3.6.2.1 Deviations from budgetary provisions

The budgetary allocations and expenditure incurred under Revenue and Capital Heads under Grant No. 66 during 2017-20 is given in **Table 3.23**:

**Table 3.23: Deviations from budgetary provisions**

Year	Budgetary provision			Expenditure	Savings(-)	% of unutilized provision
	Original	Supplementary	Total			
<b>Revenue Voted</b>						
2017-18	1,141.11	0	1,141.11	991.99	(-) 149.12	13.07
2018-19	1,147.57	0	1,147.57	979.42	(-) 168.15	14.65
2019-20	1,267.81	0	1,267.81	1,158.76	(-) 109.05	8.60

Year	Budgetary provision			Expenditure	Savings(-)	% of unutilized provision
	Original	Supplementary	Total			
<b>Capital Voted</b>						
2017-18	3,487.47	0	3,487.47	3,423.67	(-) 63.80	1.83
2018-19	3,837.23	1,857.57	5,694.80	5,634.16	(-) 60.64	1.06
2019-20	4,153.11	0	4,153.11	4,107.45	(-) 45.66	1.10
<b>Revenue Charged</b>						
2019-20	1.89	3.26	5.15	4.95	(-)0.20	3.89
<b>Capital Charged</b>						
2017-18	40.00	50.00	90.00	67.78	(-) 22.22	24.69
2018-19	40.00	80.00	120.00	106.87	(-)13.13	10.94
2019-20	40.07	80.00	120.07	98.75	(-) 21.32	17.76

Sources: Appropriation Accounts of State Government for respective years

The Department attributed significant savings under Revenue Voted and Capital Voted Sections to vacant posts and retirements, slow progress of works, less demand from participants and beneficiaries, delay in approval of projects and tender process, delay in commencement of works due to unusual rains and cut imposed by FD.

### 3.6.2.2 Avoidable payment of interest

As per General Financial Rules, Government money should not be drawn from the Treasuries by the drawing officers unless required for immediate disbursement. Similarly, for projects taken up with borrowed money, borrowing should be avoided, until required, to avoid extra interest burden to the Government.

Audit observed that NABARD<sup>5</sup> sanctioned loans for two irrigation projects as shown in **Table 3.24** below:

**Table 3.24: NABARD financed projects**

(₹ in crore)						
Name of project sanctioned by NABARD	Total project outlay	Amount of loan sanctioned by NABARD	Date of sanction of loan	Date of commencement of project	Rate of interest charged by NABARD	Interest burden
Lift Irrigation Pipeline Project from Kadana Reservoir to Thakkarbapa (Patadungri) Pond in Mahisagar and Dahod Districts.	1,054.80	982.47	August 2016	17 May 2017	5.5 %.	5.98
SAUNI –Link 3 Package 4, 5 & 6 of Machhu to Und 3	1,751.90	1,497.13	August 2017	19 May 2017	4.75 %.	1.24

Source: Information provided by Narmada, Water resources, Water Supply and Kalpsar Department

<sup>5</sup> National Bank for Agriculture and Rural Development

Under both the projects, there was a provision for Mobilisation Advance (MA), which could be drawn and paid to contractors, only if demands for such advances are raised by the contractors. Scrutiny of relevant documents revealed the following:

- Though the contractor under the first project did not raise any demand for payment of MA, the Department applied for the same *suo moto* and NABARD released ₹ 196.49 crore towards MA on 23 January 2017. The Department spent only ₹ 80.76 crore up to 31 December 2017 and the remaining ₹ 115.73 crore was retained without any use. This resulted in an avoidable interest burden of ₹ 5.98 crore<sup>6</sup> on the State exchequer.
- Similarly, though not demanded by the contractor, the Department secured (05 September 2017) MA of ₹ 299.42 crore from NABARD under the second project and spent ₹ 218.16 crore upto 31 December 2017. The remaining ₹ 81.26 crore was retained without any use, resulting in an avoidable interest burden of ₹ 1.24 crore<sup>7</sup> on the State exchequer.

In both the cases, the Department did not furnish replies as of November 2020.

### 3.6.2.3 Delay in decretal payments

Budget planning for mandatory/statutory payments, payments for fulfilment of judgement *etc.* should be done in a careful manner to the extent possible without allowing possibility of violation of Rules/Laws/Judgements and inviting extra expenditure thereon. In Land Acquisition Reference (LAR) cases, if compensation is not paid to the original land owners after declaration of a Court judgement, interest at the rate of 15 *per cent per annum* is payable to the landowners from the date of judgement till the date of actual payment. Thus, extra care needs to be exercised in budgetary planning for such commitments.

Review of Grant No. 66 revealed that the Department had made significant payments of decretal amount (along with interest) as compensation to land owners towards land acquisition cases as under:

- As on 31 March 2020, payments against 293 LAR cases involving ₹ 100.95 crore in award amount were pending even after declaration of Court judgements. This carried an implicit interest liability of ₹ 248.95 crore till September 2020.
- In 63 LAR cases during 2019-20, payments were made after significant time lapse of 413 days to 4,089 days from the dates of declaration of Court judgements, leading to payment of avoidable interest<sup>8</sup> of ₹ 7.20 crore.

<sup>6</sup> Interest @ 5.5 *per cent* on ₹ 115.73 crore for 343 days (23 January 2017 to 31 December 2017)

<sup>7</sup> Interest @ 4.75 *per cent* on ₹ 81.25 crore for 118 days (5 September 2017 to 31 December 2017)

<sup>8</sup> As per Section 11 of Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, interest @ 9% for first year and @ 15% thereafter was payable.

This clearly indicated failure of monitoring mechanism in the Department to adhere to the timeframes prescribed in Court judgements for payment of compensation, leading to incurrence of significant interest liability.

The Department attributed (November 2020) the delays in payment of compensation to queries raised by the FD. The reply is not tenable, as Audit had observed delay of more than 10 years in some cases, which lacked rationale.

### **3.6.2.4 Parking of funds with Gujarat State Financial Services**

The FD vide its Circular of 29 October 2016 directed all the Public Sector Enterprises in the State to deposit their unutilised funds with Gujarat State Financial Services (GSFS) and credit the interest earned on these deposits to Government Account under the Major Head 0049 – Interest Receipts.

Scrutiny of Grants release orders revealed that Gujarat Water Resources Development Corporation (GWRDC)<sup>9</sup> had surplus funds of ₹ 268.71 crore parked/re-parked with GSFS during 2016-19. In spite of availability of funds, the Department made an additional provision of ₹ 212.33 crore for GWRDC during 2019-20 for implementation of various irrigation Schemes, which was approved by FD.

As per instructions of FD (August 2019), GWRDC surrendered (September 2019 to September 2020) ₹ 258.89 crore and utilised the remaining ₹ 9.82 crore. Thus, the demand for additional funds of ₹ 212.33 crore by the Department and its approval by FD was not justified.

The Department stated (November 2020) that funds were parked with GSFS as per FD's directives of October 2016. It added that interest rates offered by GSFS were higher than that offered by the banks and therefore, there was no loss to the Government.

The reply is not acceptable because, in order to fulfil its socio-economic obligations, the cash liquidity of the Government must always be strong. It should be ensured that funds allocated but not required immediately are not drawn by the Departments/Boards/Corporations from the Treasuries and kept idle/parked with banks, financial institutions *etc.* Parking of funds not only reduces cash liquidity and overall flexibility of the Government but also vitiates the budgetary planning. Parking of funds also deprives the cash-strapped Departments from spending on urgent and important objects while other Departments hold such funds for long, without these being put to any fruitful purpose.

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<sup>9</sup> GWRDC is functioning under Narmada, Water resources, Water Supply and Kalpsar Department and is responsible for ground water investigation, exploratory management and recharge works in the State of Gujarat.

In view of foregoing, the directives of FD to invest unutilised/surplus funds with GSFS do not appear to be in the best interest of the Government and needs to be reviewed.

### 3.6.2.5 Non-monitoring of Grants-in-aid released to Panchayats

Every year, the Department releases GIA to Panchayats for carrying out various functions assigned to them. The details of GIA released to Panchayats from Grant No. 66 during 2017-20 are shown in **Table 3.25** below:

**Table 3.25: GIA released to Panchayats from Grant No. 66 during 2017-20**

(₹ in lakh)		
Period	Head of account	Expenditure
2017-18	2702, 2711	152.51
2018-19	2702, 2711	131.90
2019-20	2702, 2711	128.42

Source: Information provided by Narmada, Water resources, Water Supply and Kalpsar Department

Audit scrutiny of relevant documents revealed the following:

- The Department did not carry out reconciliation of expenditure incurred by the Panchayats *vis-à-vis* GIA released to them during 2017-20.
- No monthly/quarterly/six-monthly or yearly statements of expenditure along with Treasury reconciliation statements were furnished by Panchayats in respect of these grants. Further, no statements were received from the DDOs of Panchayats certifying that the GIA have been utilised fully for the purpose these were released during 2017-20.

### 3.6.2.6 Significant savings under Centrally Sponsored Schemes

Planning for Centrally Sponsored Schemes (CSS) should be made in such a way that funds are optimally utilised and maximum benefits percolate to the people.

CSS from Grant No 66 are operated under three Major Heads. During 2019-20, there had been a mismatch between the provisions made and expenditure incurred, leading to substantial savings under four Sub-Heads, as shown in **Table 3.26** below:

Table 3.26: Saving under various CSS during 2019-20

(₹ in crore)					
Sr. No.	Sub-Head	Budget provision	Expenditure incurred	Excess (+)/ Savings (-)	Savings (%)
1.	2702 (03) (101) (11) Construction and deepening of wells and tanks 60:40	Central: 30.33 State: 43.85 Total: 74.18	23.11	(-)51.07	69
2.	2702 (80) (800) (14) Minor Irrigation Scheme 100% CSS	Central: 4.00 State: 0.00 Total: 4.00	1.50	(-)2.50	63
3.	4701 (41) (800) (01) Dam Rehabilitation and Improvement Programme (Externally Aided Programme) 70:30	Central: 3.50 State: 1.50 Total: 5.00	0	(-)5.00	100
4.	4702 (00)(800) (01) Contribution to GGRC for drip irrigation 60:40	Central: 250.00 State: 438.44 Total: 688.44	535.45	(-)152.99	22

Source: Information provided by Narmada, Water resources, Water Supply and Kalpsar Department

As could be seen, the percentage of savings ranged between 22 and 100 under these four Sub-Heads. Even in respect of the Sub-Head (refer Sr. No. 2 of Table 3.26) where Central contribution was 100 per cent, the Department incurred only 37 per cent expenditure. This showed that planning for execution of CSS was not adequate.

### 3.6.2.7 Inadequate budgetary control over Corporations/Bodies/Institutes

The Department has created a number of Corporations/Bodies/Institutes (entities) and releases GIA to them through budgetary provision for carrying out specific functions, as detailed in Table 3.27:

Table 3.27: Functions assigned to Corporations/Bodies/Institutes

Sr. No.	Name of entity	Functions assigned to entity by the Department
1.	Sardar Sarovar Narmada Nigam Limited (SSNNL)	Construction, operation and maintenance of Narmada Project.
2.	Water and Land Management Institute (WALMI)	Impart training on irrigation and connected topics to the officials of the Department and farmers.
3.	Gujarat Water Resources Development Corporation (GWRDC) Limited	Drilling of wells etc.
4.	Gujarat Green Revolution Company (GGRC) Limited	Spreading awareness on drip irrigation and sprinkler and all works related to subsidies granted by the Centre and the State on drip irrigation.
5.	Gujarat Engineering Research Institute (GERI)	Testing of materials used in road and irrigation works.



- The Department could not produce to Audit the Annual Accounts/Financial Statements/Utilisation Certificates for the years 2016-17, 2017-18 and 2018-19 which were expected to be furnished by the entities to the Department before release of next instalment of GIA. The Department, thus, continued to release GIA to the entities without verification of Accounts, Utilisation Certificates *etc.*
- The Department could also not furnish the cases of loss, fraud, misappropriation, defalcation *etc.* in these entities for the period 2017-20.

The Department needs to strengthen its internal controls to ensure that GIA are spent timely for the purpose these were released, and subsequent GIA should be released only on receipt of Audited Accounts and Utilisation Certificates *etc.*

### 3.6.2.8 Non-clearance of Suspense Account

The Accounts of the Government are kept on cash basis. Certain transactions that arise in Government Accounts, the receipts and payments of which cannot at once be taken on final Head of receipt or expenditure owing to lack of information as to the nature or for any other reasons, are to be booked temporarily under the 'Suspense Head'. On receipt of relevant details/information, these Heads of Accounts are finally cleared by minus debit or minus credit when the amounts are booked to their respective final Heads of Accounts. If these amounts remain uncleared, the balances under the Suspense Heads would accumulate and would not reflect Government's receipts and expenditure accurately. Debt, Deposit and Remittances Heads account for such transactions where the Government as a custodian of public money receives and holds such money in trust.

Thus, Suspense Heads are temporary Heads to be used for temporary booking of transactions and should be cleared promptly on receipt/fulfilment of missing details. It should not be used for permanent booking of transactions/expenditure.

Scrutiny of Appropriation Accounts for the years 2017-18, 2018-19 and 2019-20 revealed huge balances under Suspense Heads in Grant No. 66, as shown in **Table 3.28**:

**Table 3.28: Balances under Suspense Head during 2017-20**

(₹ in crore)

Sub-Head	Opening balance (Aggregate) Debit (+)/Credit (-)	Debits during the year	Credits during the year	Closing balance (Aggregate) Debit (+)/Credit (-)
<b>2017-18</b>				
Stock	(+)70.52	1.85	2.50	(+)69.87
Miscellaneous Works Advances	(+)5.91	0.00	0.00	(+)5.91
Workshop Suspense	(+) 34.70	1.28	0.00	(+)35.98
<b>Total</b>	<b>(+)111.13</b>	<b>3.13</b>	<b>2.50</b>	<b>(+)111.76</b>



Sub-Head	Opening balance (Aggregate) Debit (+)/Credit (-)	Debits during the year	Credits during the year	Closing balance (Aggregate) Debit (+)/Credit (-)
<b>2018-19</b>				
Stock	(+)69.87	0.00	0.08	(+)69.79
Miscellaneous Works Advances	(+)5.91	0.00	0.00	(+)5.91
Workshop Suspense	(+)35.98	1.08	0.00	(+)37.06
<b>Total</b>	<b>(+)111.76</b>	<b>1.08</b>	<b>0.08</b>	<b>(+)112.76</b>
<b>2019-20</b>				
Stock	(+)69.79	0.00	0.04	(+)69.75
Miscellaneous Works Advances	(+)5.91	0.00	0.00	(+)5.91
Workshop Suspense	(+)37.06	0.91	0.00	(+)37.97
<b>Total</b>	<b>112.76</b>	<b>0.91</b>	<b>0.04</b>	<b>(+)113.63</b>

Source: Appropriation Accounts of respective years

Audit observed that there was no reduction in the aggregate balances under Suspense Heads during 2017-20.

Further, Suspense Head 'Workshop Suspense' is widely used every year by DDOs for booking expenditure. The debits under this Minor Head were ₹ 1.28 crore in 2017-18, ₹ 1.08 crore in 2018-19 and ₹ 0.91 crore in 2019-20, without any corresponding credits. This shows inadequacy of efforts in clearance of huge balances under Suspense Heads.

The Chief Engineer (Mechanical) accepted (November 2020) that no steps were initiated for clearance of balances under Suspense Heads and that meeting would be held with DDOs and COs to collect details of transactions and clear Suspense balances pending for long.

### 3.7 Recommendations

The State Government may:

- formulate realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources;
- view seriously excess expenditure over grants approved by the Legislature and regularise it at the earliest.
- adopt good practices of Central Government, where Technical and Token Supplementary are encouraged, with Cash Supplementary being the last resort, after all options of utilising the savings has been exhausted.
- institute an appropriate control mechanism to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/Appropriation are controlled, and anticipated savings are identified and surrendered within the specified timeframe; and

- ensure that Controlling Officers are made accountable for variations in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts.



# **CHAPTER 4**

## **Quality of Accounts and Financial Reporting Practices**



## **Chapter 4 Quality of Accounts and Financial Reporting Practices**

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A sound financial reporting system and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives.

### **Issues Related to Completeness of Accounts**

#### **4.1 Funds outside Consolidated Fund or Public Account of the State**

Article 266 (1) of the Constitution of India, subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of Treasury Bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled the "Consolidated Fund" of the State. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

Section 9B of Government of India's Mines and Minerals (Development and Regulation) Amendment (MMDR) Act, 2015 stipulates that in any district affected by mining related operations, the State Government shall, by notification, establish a trust, as a non-profit body, to be called the District Mineral Foundation (DMF). The object of the DMF was to work for the interest and benefit of persons and areas affected by mining related operations in such manner as may be prescribed by the State Government. The composition and functions of the DMF shall be such as may be prescribed by the State Government.

Section 15A of MMDR Act, 2015 further stipulates that the State Government may prescribe the contribution/payment by all holders of concessions related to minor minerals of amounts to the DMF of the district in which the mining operations are carried on. In case of major minerals, the Ministry of Mines, GoI notifies the rate of contribution.

The Government of Gujarat framed (April 2016) Gujarat District Mineral Foundation (DMF) Rules to regulate the composition, functions and manner of working of leases of minor minerals. Provisions of these Rules were deemed to have been come into force from 12 January 2015.

As per information provided by the Commissioner of Geology and Mining working under the Industries and Mines Department of Government of Gujarat, the status of recovery of contributions in respect of major and minor minerals in the State up to 31 March 2020 was as shown in **Table 4.1**.

**Table 4.1: Collections under DMF**

(₹ in crore)

DMF Account		Royalty Income	Total DMF to be collected	Total DMF collected
Major minerals	16 districts	1,508.93	451.48	327.69
Minor Minerals	32 districts	3,656.18	365.62	260.34
<b>Total</b>		<b>5,165.11</b>	<b>817.10</b>	<b>588.03</b>

Source: Information provided by the Commissioner of Geology and Mining

Audit observed that each Geologist maintained separate savings account for major minerals, minor minerals and contingency fund. The amounts so collected were being credited to the saving accounts maintained by the Geologists, instead of the Public Account, in violation of Article 266(2) of the Constitution of India. Audit also observed shortfall in collection of DMF to the extent of ₹ 229.07 crore up to March 2020.

## 4.2 Non-inclusion of Clear Liabilities during the Financial Year

In years when Government revenues are under stress, there is a tendency on the part of State Governments to postpone certain payments due, especially in the last quarter of the financial year, to the next financial year(s). This could include subsidy related payments and other contracted payments for which bills have been submitted.

During Grant audit of Energy and Petrochemicals Department (Grant No. 13), it was observed that significant payments for power subsidies due to Gujarat Urja Vikas Nigam Limited (GUVNL), a holding Company of Power Sector PSUs, were in arrears, as discussed below.

### 4.2.1 Arrears in payment of power subsidies

As per Section 65 of Electricity Act 2003, subsidies by way of Gujarat Electricity Regulatory Commission (GERC) tariff compensation, Fuel Price and Power Purchase Adjustment (FPPPA) charges, Water Works and Horse Power-based tariff are required to be released by the State Government to power sector Companies at the beginning of the quarter.

Mention was made in the State Finances Report of the Comptroller and Auditor General of India (C&AG) for the year ended 31 March 2014 on Government of Gujarat (Paragraph No. 2.4.2) regarding large outstanding subsidy claims of GUVNL (₹ 3,313.42 crore) which had not been paid and accounted for by the State Government. The situation continues to be grim, as

the outstanding subsidies payable to GUVNL shot up to ₹ 5,938.78 crore by 31 March 2020. The details are shown in **Table 4.2**.

**Table 4.2: Total outstanding subsidies payable to GUVNL as on 31 March 2020**

(₹ in crore)

Sr. No.	Year	Opening balance	Claim amount	Subsidy released	Closing balance
1.	2017-18	5,883.78	6,072.37	5,566.75	6,389.40
2.	2018-19	6,389.40	7,814.40	7,119.29	7,084.51
3.	2019-20	7,084.51	6,704.99	7,849.72	5,939.78

Source: Information provided by Energy and Petrochemicals Department

The status of various components of subsidy payable to GUVNL was as under:

#### *Subsidy for horse power-based tariff on Agriculture*

This subsidy is given to keep tariff for agriculture consumers lower. The subsidy under this Head has been capped at ₹ 1,100 crore as per a policy decision taken on the recommendations of Asian Development Bank.

**Table 4.3: HP-based tariff on Agriculture**

(₹ in crore)

Year	Grant Head	Opening balance	Claim amount	Subsidy released	Closing balance
2017-18	2801-80-101-01	0.00	1100.00	1100.00	0.00
2018-19	2801-80-101-01	0.00	1100.00	1100.00	0.00
2019-20	2801-80-101-01	0.00	1100.00	1008.33	91.67

Source: Information provided by Energy and Petrochemicals Department

#### *Subsidy for GERC tariff compensation*

This subsidy is given by the State Government to GUVNL to subsidize the hike in agriculture tariff by GERC, instead of passing the same to agriculture consumers.

**Table 4.4: GERC tariff compensation**

(₹ in crore)

Year	Grant Head	Opening balance	Claim amount	Subsidy released	Closing balance
2017-18	2801-80-190-04	1,025.88	1,206.93	1,206.75	1,026.06
2018-19	2801-80-190-04	1,026.06	2,675.89	2,079.04	1,622.91
2019-20	2801-80-190-04	1,622.91	1,182.31	1,600.33	1,204.89

Source: Information provided by Energy and Petrochemicals Department



**Subsidy for fuel price and power purchase adjustment charges**

The subsidy is given to GUVNL for not passing the burden of fuel price and power purchase adjustment charges to the consumers.

**Table 4.5: Subsidy for fuel price and power purchase adjustment charges****(₹ in crore)**

Year	Grant Head	Opening balance	Claim amount	Subsidy released	Closing balance
2017-18	2801-80-190-05	4,462.62	3,125.09	2,745.00	4,842.71
2018-19	2801-80-190-05	4,842.71	3,415.45	3,200.25	5,057.91
2019-20	2801-80-190-05	5,057.91	3,802.39	4,527.83	4,332.47

Source: Information provided by Energy and Petrochemicals Department

**Water Works Subsidy**

The subsidy is given for supply of free electricity to water works connections of Panchayats.

**Table 4.6: Water works subsidy****(₹ in crore)**

Year	Grant Head	Opening balance	Claim amount	Subsidy released	Closing balance
2017-18	2801-80-101-04	395.28	640.35	515.00	520.63
2018-19	2801-80-101-04	520.63	623.06	740.00	403.69
2019-20	2801-80-101-04	403.69	620.29	713.23	310.75

Source: Information provided by Energy and Petrochemicals Department

Accumulation of outstanding subsidy claims, apart from impacting the financial position of power sector Companies, would put the State Government in a tight spot while allocating financial resources for future budgets.

### 4.3 Non-discharge of Interest Liability towards Interest-bearing Deposits

The State Government has a liability to provide and pay interest on the amounts in the interest-bearing Deposits (Major Head of Accounts 8336 and 8342). However, the State Government did not provide budgetary allocation for interest payments under Major Head 2049 (revenue expenditure), although there were balances in these Deposits as on 31 March 2019, as indicated in **Table 4.7**.

**Table 4.7: Non-discharge of interest liability towards interest-bearing Deposits**

(₹ in crore)

Sr. No.	Name of the interest-bearing Deposit	Balance as on 31 March 2019	Amount of interest not provisioned
1.	Deposit bearing interest (Other than Contributory Pension Scheme)	17.43	1.31
2.	Deposits bearing interest (Contributory Pension Scheme)	15.74	1.26
<b>Total</b>			<b>2.57</b>

Source: Finance Accounts for the year 2019-20

Non-discharge of interest liability would lead to reflection of increased revenue surplus and smaller closing balances under the relevant Deposit Account.

#### 4.4 Funds Transferred Directly to State Implementing Agencies

The Central Government had been transferring funds directly to the State implementing agencies for implementation of various Schemes/programmes in social and economic sectors. As these funds were not routed through the State budget/State Treasury System, the Annual Finance Accounts did not capture flow of such funds. Thus, to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

With effect from 01 April 2014, GoI decided to release all assistance for Centrally Sponsored Schemes/Additional Central Assistance to the State Governments. In Gujarat, however, transfer of Central funds directly to the State implementing agencies continued even during 2019-20 (Appendix VI of Finance Accounts, Volume-II refers). Year-wise details of such transfers from 2015-16 to 2019-20 are shown in **Table 4.8**.

**Table 4.8: Funds transferred to State implementing agencies by GoI**

Direct transfers to State implementing agencies	2015-16	2016-17	2017-18	2018-19	2019-20
Funds transferred (₹ in crore)	2,542.77	3,392.86	7,510.45	10,026.44	11,659.35

Source: Finance Accounts for the respective year

During 2019-20, GoI released ₹ 11,659.35 crore directly to implementing agencies, of which, ₹ 7,772.35 crore was released to 'State Government Implementing Agencies' and ₹ 3,887 crore to 'Other than State Government Implementing Agencies'. The Schemes involving major transfers of Central funds directly to State Implementing Agencies were Pradhan Mantri Kisan Samman Nidhi (₹ 3,133.52 crore), Metro-link Express for Gandhinagar and Ahmedabad (₹ 1,667.26 crore), Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 593.59 crore), Member of Parliament Local Area Development Scheme (₹ 182.50 crore) and Pradhan Mantri Matru Vandana Yojana (₹ 96.77 crore).

Details of various Agencies receiving ₹ 11,659.35 crore directly from the GoI during 2019-20 for implementing various developmental Schemes are shown in **Chart 4.1**.

**Chart 4.1: Implementing agencies that received funds directly from GoI during 2019-20**



Source: PFMS data for 2019-20

### 4.5 Deposits of Local Funds

There were 280 Personal Ledger Accounts (PLAs) being operated by 33 District Development Offices and 247 Taluka Development Offices under Panchayats, Rural Housing and Rural Development Department. The transactions under Zila Parishad Fund and Panchayat Samiti Fund during the last five years (2015-20) are as shown in **Table 4.9**.

**Table 4.9: Deposits in local funds**

(₹ in crore)

Year		2015-16	2016-17	2017-18	2018-19	2019-20
Zila Parishad Fund (8448-109-11)	Opening Balance	7,425.76	8,329.90	9,249.79	8,940.69	8,263.03
	Receipts	19,945.23	18,331.29	23,364.03	24,485.22	23,210.92
	Expenditure	19,041.09	17,411.39	23,673.13	25,162.88	22,652.46
	Closing Balance	8,329.90	9,249.79	8,940.69	8,263.03	8,821.48

Year		2015-16	2016-17	2017-18	2018-19	2019-20
Panchayat Samiti Fund (8448-109-12)	Opening Balance	3,313.34	3,865.33	3,680.94	3,845.12	4,138.24
	Receipts	13,408.44	12,352.71	16,300.28	16,526.91	15,349.79
	Expenditure	12,856.45	12,537.11	16,136.10	16,233.79	15,278.52
	Closing Balance	3,865.33	3,680.94	3,845.12	4,138.24	4,209.52
Closing Balance at the end of year		12,195.23	12,930.73	12,785.81	12,401.27	13,031.00

Source: Finance Accounts of respective years

As could be seen from **Table 4.9**, PLAs had an opening balance of ₹ 12,401.27 crore as on 01 April 2019. Receipts during the year were ₹ 38,560.71 crore while disbursements were ₹ 37,930.98 crore, leaving a huge unutilised balance of ₹ 13,031 crore at the end of March 2020.

Further, the Finance Accounts of Government of Gujarat do not capture the funds flow of 14,273 Gram Panchayats (i.e., opening balances, receipts, disbursements and closing balances), meaning thereby that these GPs were maintaining their Accounts in the Scheduled Banks (outside Government Accounts). The State Government also does not have any mechanism to ascertain the quantum of unutilised funds lying in the Accounts of GPs.

## Issues Related to Transparency

### 4.6 Delay in Submission of Utilisation Certificates

Gujarat Financial Rules, 1971<sup>1</sup> read with General Financial Rules<sup>2</sup> provide that every Grant-in-aid (GIA) made for a specified object is subject to the implied conditions such as, (i) the GIA shall be spent for the intended purpose, and within a reasonable time if no time-limit has been fixed by the sanctioning authority, and (ii) any portion of the GIA which is ultimately not required for expenditure for the purpose, shall be duly surrendered to the Government.

State Government authorities who have received conditional GIA are required to furnish Utilisation Certificates (UCs) to the Head of the Departments concerned about proper utilisation of GIA and after verification, these are required to be forwarded to the Principal Accountant General (A&E) within 12 months of the closure of the financial year in which the GIA was released, unless specified otherwise.

Audit scrutiny revealed that 2,807 UCs in respect of GIA aggregating ₹ 4,403.39 crore given to 21 Departments of the State Government during the period 2001-02 to 2018-19 had not been submitted. The status and age-wise details of delays in submission of UCs is given in **Table 4.10 and 4.11** respectively.

<sup>1</sup> Rule 154 and 155

<sup>2</sup> Rule 238 (1) of General Financial Rules, 2017

**Table 4.10: Status of submission of UCs**

Year	UCs cleared		UCs due for submission	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2017-18	635	2,255.66	1,982	2,564.04
2018-19	3,771	12,796.46	825	1,839.35
2019-20*	1,161	8,132.96	3,856	13,270.76
<b>Total</b>	<b>5,567</b>	<b>23,185.08</b>	<b>6,663</b>	<b>17,674.15</b>

\*UCs for GIA disbursed during 2019-20 would become due in 2020-21.

**Table 4.11: Age-wise arrears in submission of UCs**

Sr. No.	Range of delay (in years)	UCs pending	
		Number	Amount (₹ in crore)
1.	0-1 (2018-19)	825	1,839.3
2.	1-3(2016-18)	318	2,117.70
3.	3-5 (2014-16)	48	44.07
4.	5-7 (2012-14)	30	24.96
5.	7-9 (2010-12)	42	12.79
5.	10 and above (2001-10)	1,544	364.51
	<b>Total</b>	<b>2,807</b>	<b>4,403.39</b>

Source: Information compiled by Office of the Principal Accountant General (A&E)

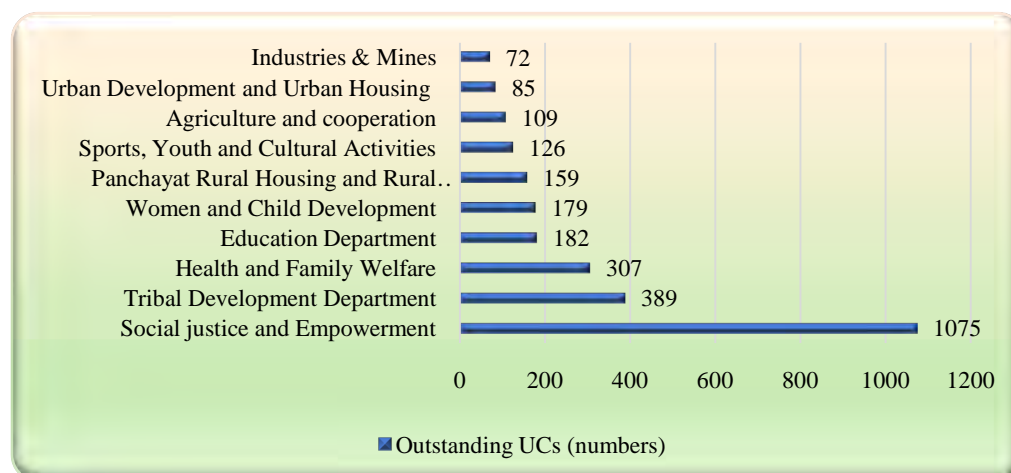
**Table 4.12: Year-wise break-up of pending UCs (₹ in crore)**

Year	No. of UCs	Amount
2001-02	477	40.90
2002-03	699	35.34
2003-04	208	4.92
2004-05	71	3.91
2005-06	37	2.33
2006-07	14	3.12
2007-08	23	29.73
2008-09	7	1.24
2009-10	8	243.02
2010-11	35	12.37
2011-12	7	0.42
2012-13	3	0.40
2013-14	27	24.56
2014-15	31	35.00
2015-16	17	9.07
2016-17	89	614.98
2017-18	229	1502.72
2018-19	825	1839.36
<b>Total</b>	<b>2,807</b>	<b>4,403.39</b>

The year-wise break-up of pending UCs with amount is tabulated alongside in **Table 4.12**. The Table revealed that around 49 per cent of outstanding UCs pertained to years 2001-02, 2002-03 and 2003-04. It is a matter of concern that the Departmental Authorities have not yet explained as to how ₹ 4,403.39 crore was spent over the years. In the absence of UCs, there is no assurance that money disbursed have been used for the purpose for which it was given. Moreover, high pendency of UCs was fraught with the risk of embezzlement, misappropriation and diversion of funds. The State Government may fix responsibility for inordinate delays in submission of UCs.

Department-wise break-up of outstanding UCs for GIA paid up to 2018-19 is shown in **Appendix 4.1** while the status of outstanding UCs in 10 major Departments is indicated in **Chart 4.2**.

**Chart 4.2: Outstanding UCs in 10 major Departments for GIA paid up to 31 March 2019**



#### 4.6.1 Recording of grantee institutions as “Others”

If GIA constitute a significant portion of the total expenditure of the State, it is essential that the Government provides the details and nature of the grantee institution to which it is providing funds, in the interest of transparency of Accounts.

In Gujarat, GIA constituted around 37 per cent of the State’s total expenditure during the last five years (2015-20), which is significant. Further, though the Finance Accounts<sup>3</sup> of the State Government for the last five years showed continuous increase<sup>4</sup> of GIA releases to various institutions classified under ‘Others’, the State Government did not devise any mechanism to assign institute codes to such institutions for monitoring the submission of UCs and verification of outstanding amount against each institution.

**Table 4.13** below shows the details of GIA released to ‘Others’ by the State Government during the last five years (2015-20).

**Table 4.13: Details of GIA released to ‘Others’ during 2015-20**

(₹ in crore)

Sl. No.	Year	Total expenditure	Total GIA released	GIA as percentage of total expenditure	GIA released to ‘Others’	GIA released to ‘Others’ as percentage of total GIA released
1.	2015-16	1,22,623.17	44,048.41	35.92	7,712.43	17.51
2.	2016-17	1,26,727.78	48,055.38	37.92	18,808.65	39.14
3.	2017-18	1,45,003.92	54,807.18	37.80	20,856.91	38.06
4.	2018-19	1,62,582.94	59,610.69	36.66	23,656.31	39.68
5.	2019-20	1,67,861.24	64,262.01	38.28	25,343.20	39.44

Source: Finance Accounts of respective years

<sup>3</sup>Statement No. 10 and Appendix III of Finance Accounts

<sup>4</sup>From ₹ 7,712.43 crore in 2015-16 to ₹ 25,343.20 crore in 2019-20

As may be seen from **Table 4.13**, of the total GIA of ₹ 64,262.01 crore released during 2019-20, ₹ 25,343.20 crore (39 *per cent*) crore was released to various institutions classified under ‘Others’.

## 4.7 Abstract Contingent Bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers are not available at the time of drawal, are made on Abstract Contingent (AC) bills. Initially made as advance, its subsequent adjustments are ensured through submission<sup>5</sup> of Detailed Contingent (DC) bills to the Principal Accountant General (A&E) within a stipulated period of three months from the date of drawal of AC bills.

Large scale drawal of funds on AC bills over the years without carrying out its adjustment/settlement for long period (through submission of DC bills) had been a matter of concern.

As of 31 March 2020, 22 Departments of Government of Gujarat did not submit DC bills for ₹ 366.03 crore against 4,567 AC Bills, as detailed in **Table 4.14**.

**Table 4.14: Status of pending DC bills against AC bills as of 31 March 2020**

(₹ in crore)

Year	AC bills drawn		DC bills received		Outstanding AC bills	
	No.	Amount	No.	Amount	No.	Amount
Up to 2017-18	2,20,543	6,486.45	2,18,587	6,402.72	1,956	83.73
2018-19	10,505	689.68	10,232	651.53	273	38.15
2019-20	6,584	833.05	4,246	588.90	2,338	244.15
<b>Total</b>	<b>2,37,632</b>	<b>8,009.18</b>	<b>2,33,065</b>	<b>7,643.15</b>	<b>4,567</b>	<b>366.03</b>

Source: Data compiled by O/o the Principal Accountant General (A&E)

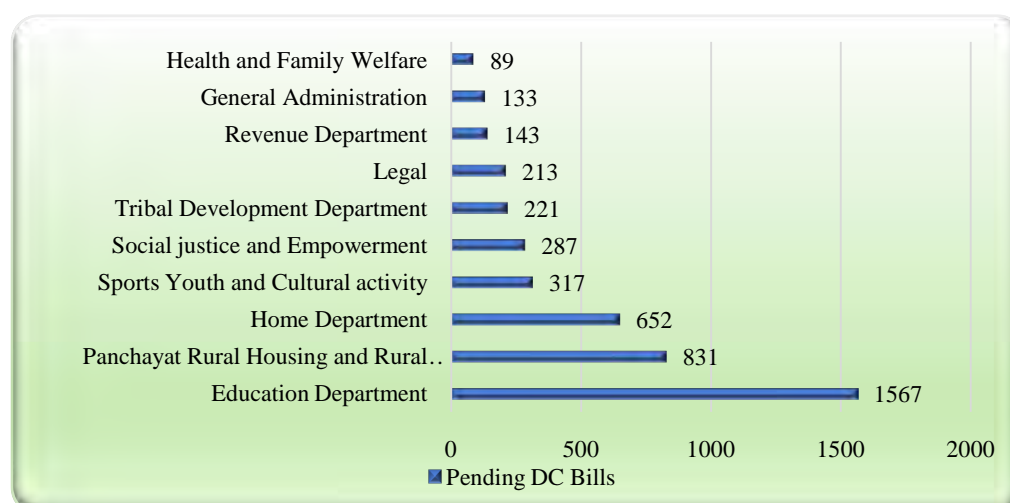
**Table 4.14** revealed that out of 6,584 AC bills for ₹ 833.05 crore drawn in 2019-20, 877 AC bills for ₹ 44.38 crore (5.32 *per cent*) were drawn in March 2020. Further, of the 877 AC bills drawn in March 2020, 26 AC bills for ₹ 0.57 crore were drawn on the last day of the financial year.

Expenditure against AC bills at the end of the year indicated poor public expenditure management and pointed to the drawals being done primarily to exhaust the budget provision.

The Department-wise details and year-wise details of pending DC bills up to 2019-20 are shown in **Appendix 4.2** and **Appendix 4.3** respectively. The status of pending DC bills in 10 major Departments is given in **Chart 4.3**.

<sup>5</sup>As per Rule 211 of Gujarat Treasury Rules, 2000



**Chart 4.3: Pending DC Bills in 10 major Departments**

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted to be correct or final.

## 4.8 Personal Deposit Accounts

A Personal Deposit (PD) Account is a device intended to facilitate an Administrator thereof to credit receipts into and effect withdrawals directly from the PD Account for a specific purpose. PD Account may be authorised to be opened only with the prior permission of the Department of the Government concerned. Transfer of funds to PD Accounts is booked under the service Major Heads concerned as final expenditure from the Consolidated Fund of the State. The Administrators are required to close such Accounts on the last working day of the financial year and transfer the unspent balances back to the Consolidated Fund, with the PD Accounts being reopened in the next year, if necessary.

**Table 4.15** provides the status of funds lying in PD Accounts on the last day of the financial year during 2015-20.

**Table 4.15: Parking of funds in Personal Deposit Accounts during 2015-20**

(₹ in crore)		
Year	No. of PD Accounts at the end of the year	Closing Balance
2015-16	489	410.84
2016-17	478	395.27
2017-18	482	447.41
2018-19	484	581.01
2019-20	465	795.41

Source: Finance Accounts of the State Government for the years 2015-20



The closing balances under PD Accounts have increased from ₹ 410.84 crore in 2015-16 to ₹ 795.41 crore during 2019-20. However, in terms of numbers, PD Accounts have decreased marginally from 489 in 2015-16 to 465 in 2019-20. These Accounts were not closed at the end of the financial year and the balances were not credited to the Consolidated Fund of the State. There was no inoperative PD account as on 31 March 2020. Three out of 465 PD Accounts have not been reconciled by the Treasury.

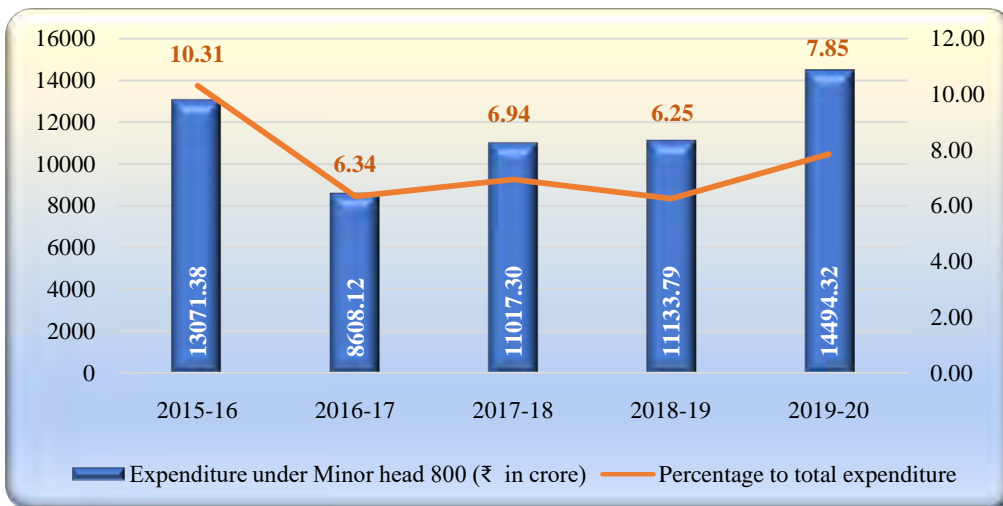
Non-transfer of unspent balances lying in PD Accounts to Consolidated Fund of the State entails the risk of misuse of public funds, fraud and misappropriation.

### 4.9 Indiscriminate use of Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the Accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Principal Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions, and renders the Accounts opaque.

The Government of Gujarat has extensively operated the Minor Head during the five-year period 2015-20. During 2019-20, the State Government booked an expenditure of ₹ 14,494.32 crore under Minor Head 800 under 63 revenue and capital Major Heads of Account, constituting 7.85 per cent of the total expenditure of ₹ 1,84,563 crore. The extent of operation of Minor Head 800 - ‘Other Expenditure’ as a percentage of total expenditure during 2015-20 is as given in **Chart 4.4**.

**Chart 4.4: Operation of Minor Head 800 –‘Other Expenditure’ during 2015-20**



**Chart 4.4** shows that the extent of operation of Minor Head 800 - ‘Other Expenditure’ as a percentage of total expenditure during 2015-20 ranged between 6.25 per cent and 10.31 per cent.

Instances of substantial proportion of expenditure (50 *per cent* or more) booked under Minor Head 800 – ‘Other Expenditure’ within a given Major Head during 2019-20 are as given in **Table 4.16**.

**Table: 4.16: Significant expenditure booked under Minor Head 800 – ‘Other Expenditure’ during 2019-20**

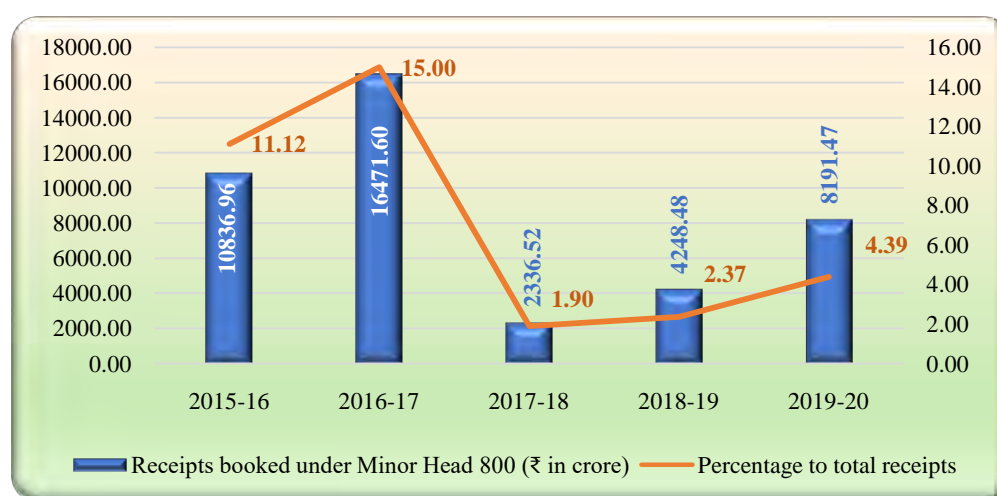
(₹ in crore)

Sr. No.	Major Head	Expenditure under Major Head	Expenditure under Minor Head 800	Percentage
1	2852 Industries	3,351.09	3,292.97	98.27
2	2853 Non-ferrous Mining and Metallurgical Industries	296.08	215.42	72.76
3	5053 Capital outlay on Civil aviation	378.44	260.59	68.86
4	2515 Other Rural Development Programmes	3,109.47	2,121.97	68.24
5	4055 Capital outlay on Police	370.85	243.36	65.62
6	2405 Fisheries	266.20	160.60	60.33
7	2701 Medium Irrigation	234.13	130.29	55.65

Source: Finance Accounts of the State Government for the year 2019-20

In the case of receipts, the operation of Minor Head 800 ranged from 1.90 *per cent* of total receipts in 2017-18 to a high of 15 *per cent* of total receipts during 2016-17. During 2019-20, the State Government classified receipts of ₹ 8,191.47 crore pertaining to 56 Major Heads under the Minor Head 800 – ‘Other Receipts’ which constituted 4.39 *per cent* of the total receipt of ₹ 1,86,771.11 crore. The extent of operation of Minor Head 800 – ‘Other Receipts’ as a percentage of total receipts during 2015-20 is as given in **Chart 4.5**.

**Chart 4.5: Operation of Minor Head 800 – ‘Other Receipts’ during 2015-20**



Instances of substantial proportion of receipts (50 *per cent* or more) booked under Minor Head 800 – ‘Other Receipts’ within a given Major Head during 2019-20 are as given in **Table 4.17**.

**Table: 4.17: Significant receipts booked under Minor Head 800 – ‘Other Receipts’ during 2019-20**

(₹ in crore)

Sr. No.	Major Head	Receipts under Major head	Receipts under Minor Head 800	Percentage
1	1425 Other Scientific Research	125.02	125.02	100.00
2	1452 Tourism	277.15	277.15	100.00
3	0702 Minor Irrigation	103.74	103.41	99.68
4	0215 Water Supply and Sanitation	260.81	258.89	99.26
5	0217 Urban Development	1,080.91	1,065.71	98.59
6	0401 Crop Husbandry	526.97	512.76	97.30
7	0515 Other Rural Development Programmes	280.29	269.08	96.00
8	0216 Housing	184.84	165.41	89.49
9	0049 Interest Receipts	2,331.14	2,058.23	88.29
10	0070 Other Administrative Services	356.61	296.13	83.04
11	0035 Taxes on Immovable Property Other than Agriculture Land	329.36	261.78	79.48
12	0250 Other Social Services	314.27	252.22	80.26
13	0210 Medical and Public Health	1,473.06	778.41	52.84

Source: Finance Accounts of the State Government for the year 2019-20

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

## Issues Related to Measurement

### 4.10 Outstanding Balances under Major Suspense and Debt, Deposit and Remittances Heads

Suspense heads are opened in Government Accounts to reflect transactions which cannot be booked to a final Head of Account for some reason or the other. These Heads of Accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final Heads of Accounts. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated, resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these Heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by

aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/Works and Forest Divisions *etc.*

The net balances under major Suspense and Remittance Heads for the last three years areas given in **Table 4.18**.

**Table 4.18: Balances under Suspense and Remittance Heads**

(₹ in crore)

Minor Head	2017-18		2018-19		2019-20	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<b>Major Head 8658 - Suspense</b>						
101 - PAO suspense	189.21	03.69	221.01	9.22	166.57	(-)5.17
<b>Net</b>	<b>Dr. 185.52</b>		<b>Dr. 211.79</b>		<b>Dr. 171.74</b>	
102 - Suspense Account-Civil	74.34	0.15	98.04	7.72	245.71	311.51
<b>Net</b>	<b>Dr. 74.19</b>		<b>Dr. 90.32</b>		<b>Cr. 65.80</b>	
109 - Reserve Bank Suspense -Headquarters	0.29	(-) 0.02	0.38	(-) 0.01	0.90	0.03
<b>Net</b>	<b>Dr.0.31</b>		<b>Dr. 0.39</b>		<b>Dr. 0.87</b>	
110 - Reserve Bank Suspense - CAO	242.23	0.00	242.23	0.00	206.27	0.01
<b>Net</b>	<b>Dr. 242.23</b>		<b>Dr. 242.23</b>		<b>Dr. 206.26</b>	
112 - Tax Deducted at Source (TDS) Suspense	0.00	55.02	0.00	28.83	0.00	9.32
<b>Net</b>	<b>Cr. 55.02</b>		<b>Cr. 28.83</b>		<b>Cr. 9.32</b>	
123 - A.I.S Officers' Group Insurance Scheme	0.08	0.11	0.04	0.08	0.40	0.18
<b>Net</b>	<b>Cr. 0.03</b>		<b>Cr. 0.04</b>		<b>Dr.0.22</b>	
<b>Major Head 8782-Cash Remittances</b>						
102 - P.W. Remittances	17,665.51	18,641.70	20,044.57	20,710.61	18,395.78	19,137.14
<b>Net</b>	<b>Cr. 976.19</b>		<b>Cr. 666.04</b>		<b>Cr. 741.36</b>	
103 - Forest Remittances	891.51	961.02	942.15	988.21	944.50	1,011.57
<b>Net</b>	<b>Cr. 69.51</b>		<b>Cr. 46.06</b>		<b>Cr. 67.07</b>	
108 Other Remittances	118.05	127.26	113.36	124.16	87.07	102.64
<b>Net</b>	<b>Cr. 9.21</b>		<b>Cr. 10.80</b>		<b>Cr. 15.57</b>	

Source: Finance Accounts for the year 2019-20

### *Pay and Accounts Office Suspense*

This Minor Head is operated for settlement of inter-Departmental and inter-Governmental transactions arising in the books of Pay and Accounts Offices (PAOs) and the Principal Accountant General (A&E). Transactions under this Minor Head represent either recoveries that have been effected or payments that have been made by an Accounts Officer on behalf of another Accounts Officer against whom the Minor Head 'PAO Suspense' has been operationalised. Credit under the head is cleared by 'minus credit' when

cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under 'PAO Suspense' is cleared by 'minus debit' on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under the Minor Head would mean that payments have been made by the Principal Accountant General (A&E) on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the Principal Accountant General (A&E) on behalf of a PAO, which are yet to be repaid/adjusted.

The net debit balance under this head decreased from ₹ 185.52. crore in 2017-18 to ₹ 171.74 crore in 2019-20.

### *Suspense Accounts (Civil)*

This transitory Minor Head is operated for accounting of transactions which, for want of certain information/documents *viz.* vouchers, *challans*, *etc.*, cannot be taken to the final head of expenditure or receipt. This Minor Head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents, the Minor Head is cleared by minus debit or minus credit by *per contra* debit or credit to the concerned Major/Sub-Major/Minor Heads of Accounts.

Outstanding debit balance under this Head would mean that payments were made which could not be debited to the final expenditure Head for want of details like vouchers. Outstanding credit balance would mean that amounts were received which could not be credited to the final receipt head for want of details.

The net credit balance as on 31 March 2020 under this Head was ₹ 65.80 crore, indicating that necessary details for classification of final receipt Head were not available.

### *Reserve Bank Suspense-Central Accounts Office*

This Head is operated for recording inter-Governmental transactions where monetary settlement between cash balances of two Governments is done by sending advice to the Central Accounts Section of the Reserve Bank of India (RBI).

This Head is cleared by transferring the amount to the final Head of Account on receipt of intimation of the monetary settlement having been carried out by the RBI. The main transactions which get settled through this Suspense Head are grants/loans received from the GoI and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI, and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments.

As on 31 March 2020, debit balance under this Head was ₹ 206.26 crore, indicating that few clearances were not made during the year.

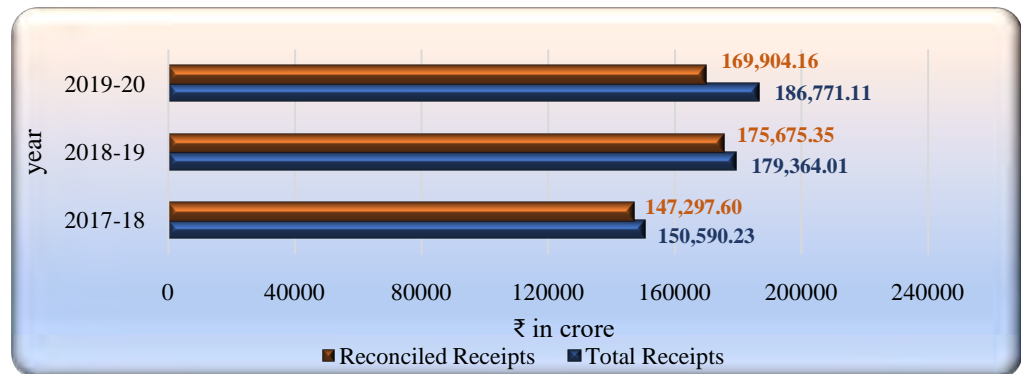
## 4.11 Non-Reconciliation of Departmental Figures

Financial Rules stipulate that receipts and expenditure recorded in the books of accounts of Controlling Officers (COs) be reconciled by them every month during the financial year with those recorded in the books of the Principal Accountant General (A&E). This enables the COs to (a) exercise effective control over expenditure, (b) manage their budgetary allocation efficiently, and (c) ensure accuracy of their accounts.

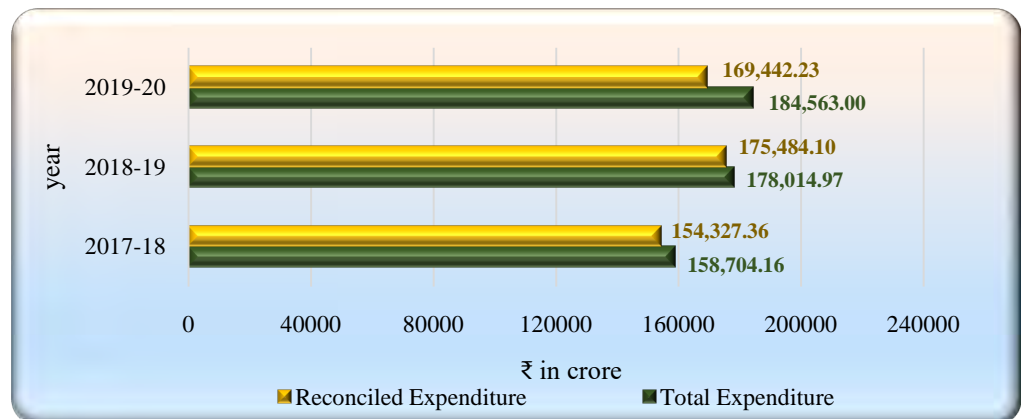
While 98 *per cent* of the receipts and 99 *per cent* of the disbursements were reconciled during 2018-19, this dipped significantly to 91 *per cent* for receipts and 92 *per cent* for disbursements during 2019-20.

The status of reconciliation of receipts and expenditure by the COs during the last three years (2017-20) is shown in **Chart 4.6** and **4.7** respectively.

**Chart 4.6: Status of reconciliation of receipts during last three years**



**Chart 4.7: Status of reconciliation of expenditure during the last three years**



Details of the extent of reconciliation done by the COs during the last three years are shown in **Table 4.19** (for receipts) and **Table 4.20** (for expenditure).

**Table 4.19: Status of reconciliation of receipts**

Year	Total Number of Controlling Officers	Fully Reconciled	Total Receipts	Reconciled Receipts	Percentage of Reconciliation
			(₹ in crore)		
2017-18	64	64	1,50,590.23	1,47,297.60	98
2018-19	80	72	1,79,364.01	1,75,675.35	98
2019-20	80	77	1,86,771.11	1,69,904.16	91

Source: Finance Accounts of respective years

**Table 4.20: Status of reconciliation of expenditure**

Year	Total Number of Controlling Officers	Fully Reconciled	Total Expenditure	Reconciled Expenditure	Percentage of Reconciliation
			(₹ in crore)		
2017-18	533	524	1,58,704.16	1,54,327.36	97
2018-19	527	527	1,78,014.97	1,75,484.10	99
2019-20	527	518	1,84,563.00	1,69,442.23	92

Source: Finance Accounts of respective years

The issue of non-reconciliation had been flagged in the previous State Finances Reports of the C&AG. However, there had not been any perceptible improvement in this regard even during 2019-20.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the Accounts, but also defeats the very objective of budgetary process.

## 4.12 Reconciliation of Cash Balances

As on 31 March 2020, there was a difference of ₹ 4.58 crore (Net credit), between the Cash Balance of the State Government, as per the books of Accounts of the Principal Accountant General (A&E), and the Cash Balance as reported by the RBI. The difference of ₹ 4.58 crore is due to erroneous reporting by the Agency Banks, Treasuries, RBI EDP Centre at Mumbai and other miscellaneous reasons.

## Issues Related to Disclosure

### 4.13 Compliance with Indian Government Accounting Standards

The Government Accounting Standards Advisory Board (GASAB), set up by the C&AG in 2002, has been formulating standards for Government accounting and financial reporting, to enhance accountability mechanisms. As of March 2020, three Indian Government Accounting Standards (IGAS) have been notified. The details of these standards and the extent of compliance to these by the Government of Gujarat in its financial statements for the year 2019-20 are given in **Table 4.21**.



**Table 4.21: Compliance with Indian Government Accounting Standards**

IGAS	Essence of IGAS	Status	Impact of non-compliance
<b>IGAS 1</b> <i>Guarantees given by Government – Disclosure requirements</i>	This standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partly complied	While the State Government has disclosed the maximum amount of guarantees given during the year, Sector-wise break-up of guarantee fee receivable has not been provided by the State Government. The reconciliation of guarantees has not been done by the Departments.
<b>IGAS 2</b> <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Largely complied	During 2019-20, Government of Gujarat incorrectly budgeted for and booked ₹ 4.83 crore of Grants-in-Aid under the Capital Section, instead of Revenue Section. The State Government has, however, taken corrective action and the quantum of mis-classification under capital Section has reduced over the years.
<b>IGAS 3</b> <i>Loans and Advances made by Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its financial statements to ensure complete, accurate and uniform accounting practices.	Partly complied	The State Government is required to confirm the loan balances and recoveries in arrears and loans sanctioned in perpetuity. Though the State Government has provided information relating to recoveries as on 31 March 2020, it has not confirmed the outstanding loan balances as well as 'loans in perpetuity' despite constant pursuance.

#### 4.14 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Several Autonomous Bodies (ABs) have been set up by the State Government in the fields of development, housing, *etc.* These ABs attract audit under Section 19(2), 19(3) and 20(1) of the C&AG's (DPC) Act, 1971. Accounts of 64 such ABs in the State are audited by the C&AG. These are audited with regard to their transactions, operational activities and Accounts, review of systems and procedures, internal management and financial controls, *etc.* Separate Audit Reports (SARs) in respect of each of the 64 ABs are required to be submitted to the State Government while SARs in respect of 37 of 64 ABs are required to be placed in the State Legislature.

Only seven of 64 ABs have submitted Accounts for the year 2019-20 while in case of 56 ABs, Accounts were in arrears. In the remaining one AB, which was closed in 2017-18, Accounts upto 2017-18 were furnished. Delay in



submission of Accounts by these 56 ABs ranged from five months to 149 months at the end of November 2020. A statement showing status of Accounts received<sup>6</sup> and placement of SARs in the State Legislature in respect of 64 ABs are shown in **Appendix 4.4**.

Break-up of delays in submission of Accounts (56 ABs) and tabling of SARs in Legislature (37 ABs) are shown in **Table 4.22**.

**Table 4.22: Delay in submission of Accounts and tabling of SARs in Legislature**

Submission of Accounts for Audit		Tabling of SAR in Legislature	
Period of delay (up to November 2020)	Number of Autonomous Bodies	Delay	Number of Autonomous Bodies
Up to 1 year	24	Up to 1 year	14
2 years	16	1 – 2 years	10
More than 2 years	16	More than 2 years	13
<b>Total</b>	<b>56</b>	<b>Total</b>	<b>37</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II)

Inordinate delay in submission of Accounts and tabling of SARs in the State Legislature resulted in delayed scrutiny of functioning of these Bodies, where Government investments are made. Further, necessary remedial action, if any, required to be taken by the Government was also delayed.

## 4.15 Departmental Commercial Undertakings/Corporations/Companies

### 4.15.1 Financial reporting framework

State Public Sector Undertakings (SPSUs) include State Government Companies and Statutory Corporations.

Government Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 (The Act) and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards.

The Statutory Corporations are required to prepare their Accounts in the format prescribed under the Rules, framed in consultation with the C&AG, and any other specific provision relating to Accounts in the Act governing such Corporations.

<sup>6</sup> Accounts are to be submitted by ABs within three months of closure of financial year *i.e.*, by 30 June every year.

### 4.15.2 Audit of Accounts of SPSUs by Statutory Auditors

The process of audit of Government Companies under the Act is governed by respective provisions of Sections 139 and 143<sup>7</sup> of the Act. According to Section 2(45) of the Act, a Government Company means any Company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a Company which is a subsidiary Company of such a Government Company.

Besides, any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to as Other Government Companies.

The C&AG appoints the Statutory Auditors of a Government Company and Other Government Companies under Section 139 (5) and (7) of the Act. Section 139 (5) of the Act provides that the Statutory Auditors in case of a Government Company or Other Government Companies are to be appointed by the C&AG within a period of one hundred and eighty days from the commencement of the financial year. Section 139 (7) of the Act provides that in case of Other Government Companies, the first Auditor is to be appointed by the C&AG within sixty days from the date of registration of the Company and in case C&AG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-Section 7 of Section 143 of the Act, the C&AG may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139 of the Act, if considered necessary, by an order, cause test audit to be conducted of the financial statements of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

Thus, a Government Company or any other Company owned or controlled directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments is subject to audit by the C&AG.

An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

### 4.15.3 Statutory Audit

The financial statements of a Government Company (as defined in Section 2(45) of the Act) are audited by the Statutory Auditors, who are appointed by

<sup>7</sup> As amended *vide* the Companies (Removal of Difficulties) Seventh Order 2014 dated 04 September 2014.

the C&AG as per the provisions of Section 139 (5) or (7) of the Act. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143 (5) of the Act. These financial statements are also subject to supplementary audit to be conducted by the C&AG within sixty days from the date of receipt of the Audit Report under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations is governed by their respective legislations. Of the four Statutory Corporations, the C&AG is the sole auditor of Gujarat Industrial Development Corporation (GIDC) and Gujarat State Road Transport Corporation (GSRTC). In respect of Gujarat State Warehousing Corporation (GSWC) and Gujarat State Financial Corporation (GSFC), the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

#### **4.15.4 Need for timely submission**

According to Section 394 and 395 of the Act, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before State Legislature with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the C&AG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilization of public funds invested in the companies from the Consolidated Fund of Gujarat.

Section 96 of the Companies Act 2013, requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited financial statement for the financial year has to be placed in the said AGM for consideration of the members.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including Directors of the Company responsible for non-compliance with the provisions of Section 129 of the Act.

#### **4.15.5 Timeliness in preparation of Accounts by Government Companies and Government Controlled Other Companies**

As of 31 March 2020, there were 62 Government Companies and 22 Government Controlled Other Companies under the purview of C&AG's audit. Of these, financial statements for the year 2019-20 were due from 61 Government Companies and 22 Government Controlled Other Companies. A total of nine Government Companies and 11 Government Controlled Other Companies submitted their financial statements for audit by the C&AG on or before 30 September 2020. Financial statements of 52 Government

Companies, 11 Government Controlled Other Companies were in arrears for various reasons.

Details of arrears in submission of Accounts of Government Companies and Government Controlled Other Companies are given in **Table 4.23**.

**Table 4.23:Details of arrears in submission of Accounts**

Particulars	Companies where C&AG conducts Supplementary Audit					
	Government Companies		Government Controlled Other Companies		Total	
<b>Total number of Companies as on 31 March 2020</b>	<b>62</b>		<b>22</b>		<b>84</b>	
	<b>Listed</b>	<b>Unlisted</b>	<b>Listed</b>	<b>Unlisted</b>	<b>Listed</b>	<b>Unlisted</b>
<b>Number of Listed/Unlisted Companies</b>	<b>1</b>	<b>61</b>	<b>2</b>	<b>20</b>	<b>3</b>	<b>81</b>
<b>Less: Companies from which financial statements for 2019-20 were not due<sup>8</sup></b>	-	1	-	-	-	1
Companies from which financial statements for 2019-20 were due	1	60	2	20	3	80
Companies which presented their financial statements for C&AG's audit by 30 September 2020	1	8	2	9	3	17
Companies with arrears in financial statements	-	52	-	11	-	63
<b>No. of financial statements in arrears</b>	-	178	-	26	-	204
Break- up of arrears	SPSUs under Liquidation		-	73	-	73
	Inactive SPSUs		-	44	-	63
	First financial statement not submitted		-	1	-	1
	'Others'		-	60	-	67
Age- wise analysis of arrears against 'Others' category	One year (2019-20)		-	28	-	35
	Two years (2018-19 and 2019-20)		-	10	-	10
	Three years and more		-	22	-	22

Source: Details furnished by SPSUs

The details of these Companies and arrears of financial statements are indicated in **Appendix 4.5 (Part A & B)**.

#### **4.15.6 Timeliness in preparation of Accounts by Statutory Corporations**

Of the two Statutory Corporations where CAG is the sole auditor, GSRTC has submitted financial statement up to the year 2016-17 and GIDC for the year 2018-19. In the remaining two Statutory Corporations where CAG conducts

<sup>8</sup> Excluding Gujarat Student Startup and Innovation Hub, whose financial statements were not due for the year 2019-20.

supplementary audit, GSFC has submitted financial statement for 2019-20 while GSWC has not submitted financial statements from 2015-16 onwards.

The details of four Statutory Corporations and arrears of financial statements are shown in **Appendix 4.5 (Part C)**.

## 4.16 Non-submission of details of loans and grants given to Bodies and Authorities

On the basis of Accounts furnished by different ABs, audit under Section 14 of the C&AG's (DPC) Act, 1971 is conducted. There are 214 Autonomous Bodies/Authorities covered under this Section. These are audited with regard to their transactions, operational activities and Accounts, review of systems/procedures, internal controls *etc.*

A total of 165 Accounts (including Accounts of earlier years) of 76 Bodies/Authorities were audited during 2019-20. One<sup>9</sup> of the 76 ABs had furnished its current Accounts for 2019-20. However, 969 Annual Accounts of 213 ABs due up to 2019-20 were not received as on 31 July 2020 by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II), Gujarat.

Details of 213 ABs which did not furnish Accounts are given in **Appendix 4.6** and their age-wise pendency is as shown in **Table 4.24**.

**Table 4.24: Age-wise arrears of Annual accounts due from Government Bodies**

Sr. No.	Pendency in number of years	Number of the Bodies/Authorities
1.	Less than one year	58
2.	1-3	39
3.	3-5	52
4.	5-10	43
5.	Above 10	21
<b>Total</b>		<b>213</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II)

**Table 4.24** above shows that the accounts of 64 ABs were in arrears for more than five years. In the absence of Annual Accounts, the accounting/utilisation of the grants and loans disbursed to these Bodies/Authorities could not be verified by Audit.

Non-submission of information regarding grants and loans paid to various institutions and non-furnishing of Accounts by them increase the risk of mis-utilisation of the funds. The Finance Department needs to keep a watch on such transfers.

<sup>9</sup> Gujarat Infrastructure Development Board, Gandhinagar

## 4.17 Timeliness and Quality of Accounts

The Accounts of the State Government are compiled by the Principal Accountant General (A&E) from the initial Accounts rendered by 33 District Treasuries, 138 Sub-Treasuries, 158 Public Works Divisions and 70 Forest Divisions, compiled Accounts of Pay and Accounts Offices at Gandhinagar and Ahmedabad and advices of the RBI. The Accounts are compiled from the vouchers, initial and subsidiary Accounts rendered by the Treasuries and other Account-rendering units and there were no pendency in receipt of Accounts.

### Other Issues

## 4.18 Misappropriations, losses and defalcations

Rule 33 of the General Financial Rules, 2017 provides that any loss or shortage of public money, revenue or receipts has to be immediately reported by the subordinate authority concerned to the next higher authority as well as to the Statutory Audit Officer and the concerned Principal Accounts Officer.

The State Government reported 171 cases of misappropriation, losses, defalcation *etc.* involving Government money of ₹ 17.22 crore (up to March 2020) on which final action was pending. Department-wise/category-wise details of losses due to theft, misappropriation/loss of Government material and fire/accidents pending at the end of March 2020 are given in **Appendix 4.7**. These are summarised in **Table 4.25**.

**Table 4.25: Details of theft, misappropriation and fire cases**

Category/Types	Number of cases	Amount involved (₹ in crore)
Theft	44	0.50
Misappropriation/loss of Government Material	106	15.85
Fire/Accident Cases	21	0.87
<b>Total</b>	<b>171</b>	<b>17.22</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II) from the data furnished by the concerned Departments.

The age profile of 171 pending case is summarised in **Table 4.26**.

**Table 4.26: Age profile of misappropriation, losses and defalcation cases**

Range of years	Number of cases	Amount(₹ in crore)
Up to 5	47	8.58
5 – 10	18	0.64
10 – 15	17	1.05
15 – 20	14	6.27
20 – 25	13	0.14
25 and above	62	0.54
<b>Total</b>	<b>171</b>	<b>17.22</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II) from data furnished by concerned Departments.

Of the 171 pending cases, 54 *per cent* pertained to Forest and Environment Department (38 cases), Narmada, Water Resources, Water Supply and Kalpsar Department (28 cases) and Revenue Department (26 cases).

First Information Reports (FIRs) were lodged in 123 of 171 cases. The remaining 48 cases<sup>10</sup> pertained to six Departments. Departmental proceedings in all the 48 cases of misappropriation were under progress. The concerned Departments need to file FIRs in these cases at the earliest.

Reasons for pendency of misappropriation, losses and defalcation are listed in **Table 4.27**.

**Table 4.27: Reasons for pendency of misappropriation, losses and defalcation**

Reasons for the delay/outstanding pending cases		Number of cases	Amount (₹ in crore)
1.	Awaiting Departmental and criminal investigation	45	2.81
2.	Departmental action initiated but not finalized	23	1.63
3.	Criminal proceedings finalized but execution of certificate for the recovery of the amount pending	4	0.66
4.	Awaiting orders for recovery or write off	41	0.48
5.	Pending in the courts of law	57	11.63
6.	Others	1	0.01
<b>Total</b>		<b>171</b>	<b>17.22</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit I) and Principal Accountant General (Audit II) from the data furnished by the concerned Departments.

As may be seen, 57 of 171 cases (33 *per cent*) were under legal adjudication.

## 4.19 Follow-up action on State Finances Audit Report

Though the Audit Reports of the C&AG on State Finances are being prepared from the year 2008-09 onwards and presented to the State Legislature, these have not been taken up by the Public Accounts Committee for discussion.

## 4.20 Conclusion

Indiscriminate operation of omnibus Minor Head 800 – Other Expenditure affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

Non-submission of UCs and DC bills by Departments for funds drawn for specific developmental programmes/projects and non-submission of Accounts by Autonomous Bodies and Authorities was violative of prescribed financial

<sup>10</sup> Forest and Environment – 20 cases; Health and Family Welfare – 01 case; Narmada, Water Resources, Water Supply and Kalpsar – 17 cases; Roads and Buildings – 06 cases; Education – 01 case; Panchayat, Rural Housing and Rural Development – 01 case; Revenue – 01 case; and Science and Technology – 01 case,

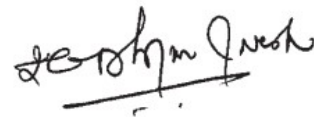


rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government.

Non-reconciliation of receipts and expenditure booked by the Controlling Officers of the State with the figures of the Principal Accountant General (A&E) reflects poorly on the internal control system within the Government and raises concerns relating to accuracy of accounts.

#### 4.21 Recommendations

- State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission of UCs, DC bills and Accounts for audit.
- State Government should discourage the use of omnibus Minor Head 800 and chalk out a specific timeframe in consultation with the Principal Accountant General (A&E), to identify appropriate Heads of Account to classify the transactions correctly in the books of Accounts.
- Internal control mechanism needs to be strengthened and the Government needs to ensure that the Controlling Officers reconcile their figures of receipts and expenditure with those of the Principal Accountant General (A&E) at prescribed intervals, to provide transparency and accuracy in accounting of Government transactions.



**(H. K. DHARMADARSHI)**  
Principal Accountant General (Audit-II),  
Gujarat

Ahmedabad  
The 20 September 2021

*Countersigned*



**(GIRISH CHANDRA MURMU)**  
Comptroller and Auditor General of India

New Delhi  
The 21 September 2021





# APPENDICES



**Appendix 1.1: State Profile**  
(Reference: Paragraph 1.1)

Sr. No.	Particulars	Unit	India	Gujarat
1.	Area	Sq. Km.	32,87,263	1,96,024
2.	Population (2011)	In crore	122.01	6.10
	Population projections (2020)	In crore	135.54	6.94
3.	Density of Population (2011)	Persons per Sq. Km.	382	308
4.	Population below poverty line (2011-12)	<i>per cent</i>	21.9	16.6
5.	Literacy (2011)	<i>per cent</i>	73.0	78.0
6.	Infant Mortality Rate (2017)	Per 1000 live births	33.0	30.0
7.	Life Expectancy at Birth (2014-18)	year	69.4	69.9
8.	Population Growth (2011 to 2020)	<i>per cent</i>	11.09	13.77
9.	GDP and GSDP (2019-20) at Current Prices (2011-12 Series)	(₹ in crore)	2,03,39,849	16,63,362

## Source:

1. Census of India 2011; Population projection for 2011-2036;
2. Economic Survey 2019-20;
3. Statement 3 of SRS Based Abridged Life Tables 2014-18;
4. All India GDP mentioned in MoSPI Press Release of 29<sup>th</sup> May 2020; and GSDP of Gujarat-Budget Publication No. 30 of Gujarat Fiscal Responsibility Act, 2005 (2020-21)

**APPENDIX 2.1**  
**Time series data on the State Government finances**  
**(Reference: Paragraph 2.2)**

	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
<b>1. Revenue receipts</b>	<b>97,483</b>	<b>1,09,842</b>	<b>1,23,291</b>	<b>1,36,002</b>	<b>1,42,844</b>
<b>(i) Tax revenue</b>	<b>62,649</b>	<b>64,443</b>	<b>71,549</b>	<b>80,103</b>	<b>79,008</b>
State Goods and Service Tax (SGST)	-	-	21,251	34,889	34,107
Taxes on agricultural income	-	-	-	-	-
Taxes on sales, trade, etc. (VAT/Sales Tax)	44,091	46,314	29,639	22,414	21,072
State excise	123	152	85	131	138
Taxes on vehicles	3,008	3,213	3,885	4,119	3,847
Stamps and registration fees	5,549	5,783	7,255	7,781	7,701
Land revenue	2,529	1,999	1,859	2408	2,359
Taxes on goods and passengers	265	66	131	117	48
Other taxes	7,084	6,916	7,444	8,244	9,736
<b>(ii) Non tax revenue</b>	<b>10,194</b>	<b>13,346</b>	<b>15,074</b>	<b>13,417</b>	<b>18,104</b>
<b>(iii) State's share of Union taxes and duties</b>	<b>15,691</b>	<b>18,835</b>	<b>20,782</b>	<b>23,489</b>	<b>20,232</b>
<b>(iv) Grants in aid from Government of India</b>	<b>8,949</b>	<b>13,218</b>	<b>15,886</b>	<b>18,993</b>	<b>25,500</b>
<b>2. Miscellaneous capital receipts</b>	<b>0.00</b>	<b>240</b>	<b>0</b>	<b>65</b>	<b>106</b>
<b>3. Recoveries of loans and advances</b>	<b>125</b>	<b>166</b>	<b>346</b>	<b>151</b>	<b>330</b>
General Services	-	-	-	-	-
Social Services	7	7	7	12	16
Economic Services	54	101	291	89	271
Loans to Government Servants and Miscellaneous Loans	64	58	48	50	43
<b>4. Total revenue and non-debt capital receipts (1+2+3)</b>	<b>97,608</b>	<b>1,10,248</b>	<b>1,23,637</b>	<b>136,218</b>	<b>1,43,280</b>
<b>5. Public debt receipts</b>	<b>23,486</b>	<b>27,668</b>	<b>26,953</b>	<b>43,146</b>	<b>43,491</b>
Internal debt (excluding ways and means advances and overdrafts)	23,234	27,477	26,863	40,950	42,694
Net transactions under ways and means advances and overdrafts	-	-	-	-	-
Loans and advances from Government of India	253	191	90	2196	797
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>1,21,094</b>	<b>1,37,916</b>	<b>1,50,590</b>	<b>179,364</b>	<b>1,86,771</b>
<b>7. Contingency fund receipts</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0.25</b>
<b>8. Public account receipts (Gross)</b>	<b>65,132</b>	<b>58,959</b>	<b>89,133</b>	<b>105,720</b>	<b>1,04,862</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>1,86,240</b>	<b>1,96,879</b>	<b>2,39,723</b>	<b>285,084</b>	<b>2,91,633</b>

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>PART B-Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>95,779</b>	<b>1,03,895</b>	<b>1,18,060</b>	<b>132,790</b>	<b>1,40,899</b>
Plan	32,224	36,709	-	-	-
Non plan	63,555	67,186	-	-	-
State Fund Expenditure	-	-	1,03,047	1,17,424	1,21,874
Central assistance including CSS/CS	-	-	15,013	15,366	19,025
General services (including interest payments)	32,876	35,804	41,402	47,564	49,172
Social services	42,120	44,926	49,039	53,285	59,197
Economic services	20,224	22,749	27,145	31,576	32,115
Grants-in-aid and contributions	559	416	474	365	415
<b>11. Capital expenditure</b>	<b>24,169</b>	<b>22,355</b>	<b>26,313</b>	<b>28,062</b>	<b>25,650</b>
Plan	24,093	22,302	-	-	-
Non plan	76	53	-	-	-
State Fund Expenditure	-	-	20,305	23,087	20,539
Central assistance including CSS/CS	-	-	6,008	4,975	5,111
General services	808	623	871	875	691
Social services	6,417	6,215	6,813	7,696	6,175
Economic services	16,944	15,517	18,630	19,491	18,784
<b>12. Disbursement of loans and advances</b>	<b>675</b>	<b>478</b>	<b>631</b>	<b>1,731</b>	<b>1,312</b>
General Services	-	-	-	-	-
Social Services	146	217	265	924	884
Economic Services	473	198	311	756	379
Loans to Government Servants and Miscellaneous Loans	56	63	55	51	49
<b>13. Total expenditure (10+11+12)</b>	<b>1,20,623</b>	<b>1,26,728</b>	<b>1,45,004</b>	<b>1,62,583</b>	<b>1,67,861</b>
<b>14. Repayments of public debt</b>	<b>6,194</b>	<b>9,073</b>	<b>13,700</b>	<b>15,432</b>	<b>16,702</b>
Internal debt (excluding Ways and Means Advances and Overdrafts)	5,534	8,386	12,991	14,719	15,908
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and advances from Government of India	660	687	709	713	794
<b>15. Appropriation to Contingency Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>1,26,817</b>	<b>1,35,801</b>	<b>1,58,704</b>	<b>1,78,015</b>	<b>1,84,563</b>
<b>17. Contingency fund disbursements</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>0.25</b>	<b>0</b>
<b>18. Public account disbursements</b>	<b>61,936</b>	<b>56,388</b>	<b>87,738</b>	<b>1,03,998</b>	<b>1,02,635</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>1,88,757</b>	<b>1,92,189</b>	<b>2,46,442</b>	<b>2,82,013</b>	<b>2,87,198</b>

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Part C- Deficits</b>					
20. Revenue deficit(-) / revenue surplus (+) (1-10)	(+)1,704	(+)5,947	(+)5,232	(+)3,212	(+)1,945
21. Fiscal deficit (-)/fiscal surplus (+) (4-13)	(-)23,015	(-)16,480	(-)21,366	(-)26,365	(-)24,581
22. Primary deficit(-)/primary surplus(+) (21+23)	(-)6,715	(+)1,317	(-)2,412	(-)6,182	(-)2,133
<b>Part D- Other data</b>					
23. Interest payments (included in revenue expenditure)	16,300	17,797	18,954	20,183	22,449
24. Financial assistance to local bodies etc.	44,048	48,055	54,807	59,611	64,262
25. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means advances/ overdraft	-	-	-	-	-
27. Gross State Domestic Product (GSDP) <sup>Φ</sup>	10,29,010	11,67,156	1328068(P)	1501944(Q)	1663362(A)
28. Outstanding fiscal liabilities (year-end)	2,21,090	2,43,146	2,56,366	2,85,844	3,15,455
29. Outstanding guarantees (year-end)	5,236	4,804	4,834	4,699	4,462
30. Maximum amount guaranteed (during the year)	11,333	11,333	11,796	11,796	11,747
31. Number of Incomplete Projects	70	65	96	118	123
32. Capital blocked in Incomplete Projects	4,910	6,060	4,278	2,207	5,811
<b>Part E- Fiscal Health Indicators</b>					
Own tax revenue/GSDP (per cent)	6.09	5.52	5.39	5.33	4.75
Own non-tax revenue/GSDP (per cent)	0.99	1.14	1.14	0.89	1.09
Central transfers/GSDP (per cent)	2.39	2.75	2.76	2.83	2.75
<b>II. Expenditure Management</b>					
Total expenditure/GSDP (per cent)	11.72	10.86	10.92	10.82	10.09
Total expenditure/revenue receipts	1.24	1.15	1.18	1.20	1.18
Revenue expenditure/total expenditure	0.79	0.82	0.81	0.82	0.84
Expenditure on social services/total expenditure	0.40	0.40	0.39	0.38	0.39
Expenditure on economic services/total expenditure	0.31	0.30	0.32	0.31	0.30
Capital expenditure/total	0.20	0.18	0.18	0.17	0.15

	2015-16	2016-17	2017-18	2018-19	2019-20
expenditure					
Capital expenditure on social and economic services/total expenditure	0.19	0.17	0.18	0.17	0.15
<b>III. Management of fiscal imbalances</b>					
Revenue deficit or surplus/GSDP ( <i>per cent</i> )	0.17	0.51	0.39	0.21	0.12
Fiscal deficit/GSDP ( <i>per cent</i> )	(-)2.24	(-)1.41	(-)1.61	(-)1.76	(-)1.48
Primary deficit (-) or surplus(+)/GSDP ( <i>per cent</i> )	(-)0.65	0.11	(-)0.18	(-)0.41	(-)0.13
Revenue deficit/fiscal deficit	(-)0.07	(-)0.36	(-)0.24	(-)0.12	(-)0.08
Primary revenue balance/GSDP ( <i>per cent</i> )	1.75	2.03	1.82	1.56	1.47
<b>IV. Management of fiscal liabilities</b>					
Fiscal liabilities/GSDP	0.21	0.21	0.19	0.19	0.19
Fiscal liabilities/RR ( <i>per cent</i> )	226.80	221.36	207.94	210.18	220.84
Primary deficit <i>vis-à-vis</i> quantum spread ( <i>per cent</i> )	(-)84.36	10.35	(-)16.01	(-)42.70	(-)22.74
Debt redemption (principal + interest) / total debt receipts	0.96	0.94	1.07	0.91	0.93
<b>V. Other Fiscal Health Indicators</b>					
Return on investment	0.14	0.14	0.11	0.13	0.09
Financial assets/liabilities	0.89	0.91	0.94	0.96	0.99

Source: Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No.30 of 2019-20)

Φ P= Provisional Estimates, Q= Quick Estimates, A= Advanced Estimates



## Appendix 3.1: Glossary of important Budget related terms

(Reference: Paragraph 3.1)

1. **'Accounts' or 'Actuals' of a year.** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. **'Administrative approval' of a scheme, proposal or work.** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. **'Annual financial statement'** – Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4. **'Appropriation'** - means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **'Consolidated Fund of India/ State-** All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. **'Contingency Fund'** is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorization by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. **'Controlling Officer (budget)'**- means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. **'Drawing and Disbursing Officer' (DDO)** – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10. **'Excess Grant'** – Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularization by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.
11. **'New Service'** – As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.

12. **'New Instrument of Service'**- means relatively large expenditure arising out of important expansion of an existing activity.
13. **'Public Accounts'**- means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
14. **'Reappropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **'Revised Estimate'** - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. **'Supplementary Demands for Grants'**- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
- a) **Cash Supplementary** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
  - b) There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilize the savings of one of the Sections for any other Section.
  - c) **Token Supplementary** allows to utilize the savings within the same section of the grant.
17. **'Major Head'** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
18. **'Sub-Major Head'** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.
19. **'Minor Head'** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
20. **'Sub-Head'** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. **'Major Work'** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.

22. ***‘Minor Work’*** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. ***‘Modified Grant or Appropriation’*** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. ***‘Supplementary or Additional Grant or Appropriation’*** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. ***‘Schedule of New Expenditure’*** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. ***‘Token demand’*** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

**Appendix 3.2: Unnecessary Re-appropriation**  
(Reference: Paragraph 3.3.3)

Sl. No.	Grant No.	Major Head	Minor Head	Sub-Head	Nomenclature	Provisions				Actual Expenditure	Final Savings
						Original	Supplementary	Re-appropriation	Total		
1	0039	2210	101	24	National Health Mission (60-40 Centrally)	94992.17	0	5,056.37	94992.17	92884.15	2,108.02
2	0009	2202	106	06	Maintenance Grant for Primary Education	1191173.92	84847.64	1,923.29	1276021.56	1274679.43	1,342.13
3	0039	2210	001	02	HLT-11 Directorate of Medical Education and Research	86789.93	3420.50	2,742.73	90210.43	89586.36	624.07
4	0096	2501	796	05	REM-7 Aajeevika (60-40 Centrally Sponsored Schemes)	30000.00	0	2,392.62	30000.00	2392.62	607.38
5	0084	2059	053	02	Other maintenance expenditure (material and others)	19900.00	0	849.99	19900.00	19858.82	41.18
6	0078	2053	196	01	Grant in aid to District Panchayats for Revenue Expenditure	3180.57	0	41.43	3180.57	3165.87	14.70
7	0096	2210	796	02	HLT-3 Strengthening beds Establishment at medical	9697.39	0	17.96	9697.39	9684.10	13.28
8	0106	2236	800	02	NTR-2 Integrated child Development Scheme (50-50)	37489.46	0	11,910.46	37489.46	9867.20	27,622.26
9	0071	2501	101	03	REM-1 Aajeevika (60-40 Centrally Sponsored Scheme)	9086.00	0	1,462.03	9086.00	1462.03	7,623.97
10	0039	2210	101	08	National Mission on AYUSH (60-40 Centrally Sponsored Scheme)	3000.00	0	370.00	3000.00	1793.43	1,206.57
11	0040	2211	101	01	HLT-117 Rural Family Planning Welfare Sub-Centres (60-40 CSS)	39500.00	0	185.00	39500.00	37688.34	1,811.66
12	0040	2211	103	01	HLT-67 Child Survival & Safe Motherhood Programme	1525.00	0	131.50	1525.00	1198.21	326.79

(₹ in lakh)

Sl. No.	Grant No.	Major Head	Minor Head	Sub-Head	Nomenclature	Provisions				Actual Expenditure	Final Savings
						Original	Supplementary	Re-appropriation	Total		
13	0095	2202	110	01	EDN-18 Regulated growth of Non-Government Secondary	3080.28	0	107.06	3080.28	2887.15	193.13
14	0077	2029	001	05	Grant-in-aid to (a) Panchayats against the receipt	340.88	0	59.12	340.88	274.83	66.05
15	0092	2225	277	01	OBC- 1 Incentives for Pre-Metric Education to OBC	4600.00	0	23.20	4600.00	4568.69	31.31
16	0088	2070	115	12	Expenditure on out-sourcing and up-keeping of Stat	1000.00	184.00	6.00	1184.00	1090.58	93.41
17	0039	2210	101	04	HLT-63 Education -Pharmacy Section in Government	84.68	0	6.00	84.68	64.07	20.60
18	0095	2225	800	03	SCW-21 Nagrik Cell (Centrally Sponsored Scheme	2500.00	0	0.80	2500.00	2489.62	10.38
<b>Total</b>						<b>1510940.28</b>	<b>88452.14</b>	<b>27,285.56</b>	<b>1599392.42</b>	<b>1555635.52</b>	<b>43,756.89</b>

Source: Appropriation Accounts 2019-20

**Appendix 3.3: Statement showing Grants/Appropriations with Savings of ₹ 50 crore and above**  
(Reference: Paragraph 3.3.4.1)

(₹ in crore)

Sl No.	Grant No.	Name of the Grant/Appropriation	Nature	Total Grant	Actual Expenditure	Savings
1	0002	Agriculture	Revenue Voted	4251.63	3312.13	939.50
2	0002	Agriculture	Capital Voted	100	0	100
3	0003	Minor Irrigation, Soil Conservation and Area Development	Revenue Voted	157.33	23.99	133.93
4	0003	Minor Irrigation, Soil Conservation and Area Development	Capital Voted	92.15	1.56	90.59
5	0004	Animal Husbandry	Revenue Voted	796.70	534.12	262.58
6	0006	Fisheries	Revenue Voted	351.67	257.45	94.22
7	0006	Fisheries	Capital Voted	270	1.35	268.65
8	0009	Education	Capital Voted	579.98	229.37	350.61
9	0013	Power Projects	Revenue Voted	9486.35	8856.23	630.12
10	0013	Power Projects	Capital Voted	3423.15	2849.64	573.51
11	0016	Tax Collection Charges (Finance Department)	Revenue Voted	320.53	235.61	84.92
12	0018	Pension and Other Retirement Benefits	Revenue Voted	11721.07	10563	1158.07
13	0019	Other Expenditure Pertaining to Finance Department)	Revenue Voted	8770.72	75.50	8695.22
14	0020	Repayment of Debt Pertaining to Finance Department and its servicing	Revenue Charged	21241.81	21170.91	70.92
15	0022	Civil Supplies	Revenue Voted	648.32	357.57	290.76
16	0026	Forests	Revenue Voted	598.45	515.43	83.02
17	0039	Medical and Public Health	Revenue Voted	5928.76	5670.57	258.19
18	0039	Medical and Public Health	Capital Voted	1146.83	962.51	184.31
19	0040	Family Welfare	Revenue Voted	2120.31	2032.69	87.62
20	0043	Police	Revenue Voted	4978.15	4746.67	231.48
21	0046	Other Expenditure Pertaining to Home Department	Capital Voted	899.37	688.30	211.07
22	0049	Industries	Revenue Voted	4703.98	4491.41	212.56
23	0049	Industries	Capital Voted	591.76	220.36	371.40
24	0057	Labour and Employment	Revenue Voted	1026.40	809.70	216.70
25	0060	Administration of Justice	Revenue Voted	930.62	832.90	97.72
26	0065	Narmada Development Scheme	Capital Voted	4600	3018.38	1581.62
27	0066	Irrigation and Soil Conservation	Revenue Voted	1267.81	1158.76	109.05
28	0067	Water Supply	Capital Voted	2631.84	2368.30	263.54
29	0070	Community Development	Revenue Voted	2943.25	2487.33	455.92
30	0071	Rural Housing and Rural Development	Revenue Voted	2572.17	1073.45	1498.72
31	0074	Transport	Capital Voted	626.40	434.03	192.37
32	0077	Tax Collection Charge	Revenue Voted	326.07	235.26	90.82

Sl No.	Grant No.	Name of the Grant/ Appropriation	Nature	Total Grant	Actual Expenditure	Savings
		(Revenue Department)				
33	0078	District Administration	Revenue Voted	557.86	457.69	100.17
34	0079	Relief On Account of Natural Calamities	Revenue Voted	4310.17	3986.05	324.12
35	0084	Non-Residential Building	Capital Voted	1268.71	540.60	728.11
36	0085	Residential Building	Revenue Voted	201.86	145.18	56.68
37	0085	Residential Building	Capital Voted	285.34	113.51	171.84
38	0087	Gujarat Capital Construction	Capital Voted	311.91	181.18	130.73
39	0092	Social Security and Welfare	Revenue Voted	2015.46	1961.79	53.67
40	0092	Social Security and Welfare	Capital Voted	620.31	318.20	302.11
41	0095	Schedule Castes Sub-Plan	Revenue Voted	4407.13	3732.05	675.08
42	0095	Schedule Castes Sub-Plan	Capital Voted	870.52	647.89	222.63
43	0096	Tribal Area Sub-Plan	Revenue Voted	8675.16	7940.55	734.61
44	0096	Tribal Area Sub-Plan	Capital Voted	5305.30	4121.73	1183.56
45	0098	Youth Services and Cultural Activities	Revenue Voted	420.68	319.93	100.74
46	0101	Urban Housing	Revenue Voted	994.44	477.15	517.29
47	0106	Other Expenditure Pertaining to Women and Child Development Department	Revenue Voted	2299.08	1990.35	308.73
48	0108	Other Expenditure Pertaining to Climate Change Department	Revenue Voted	1046.09	186.73	859.36
<b>Total</b>				<b>133693.6</b>	<b>107335.06</b>	<b>26359.11</b>

Source: Appropriation Accounts of 2019-20



**Appendix-3.4: Excess expenditure of previous years requiring regularisation**

(Reference: Paragraph 3.3.5.3)

(₹ in crore)				
Year	Number of Grants/Appropriations	Grant No./Appropriation No.	Amount of excess	Status of discussion by Public Accounts Committee
2007-08	40-Grants 3-Appropriations	Revenue Voted - 3, 5, 8, 9, 11, 12, 13, 15, 18, 21, 22, 23, 25, 26, 31, 38, 39, 40, 41, 44, 50, 51, 53, 55, 57, 61, 62, 64, 66, 73, 74, 75, 78, 80, 82, 84, 86, 87, 88, 95 Revenue Charged - 32, 84 Capital Charged - 81	1,055.38	Yet to be regularised.
2008-09	21-Grants 5-Appropriations	Revenue Voted - 5, 8, 9, 13, 21, 22, 23, 26, 38, 39, 41, 43, 44, 62, 66, 73, 79, 80, 86, 87, 104 Revenue Charged - 106 Capital Charged - 55, 58, 81, 86	347.05	Yet to be regularised.
2009-10	38-Grants 7-Appropriations	Revenue Voted - 1, 3, 5, 9, 10, 12, 17, 18, 21, 23, 26, 32, 39, 41, 43, 45, 46, 48, 55, 57, 61, 62, 64, 66, 69, 73, 75, 80, 84, 86, 87, 88, 96, 97, 101, 102 Capital Voted - 65, 93 Revenue Charged - 20, 32, 43, 68, 84 Capital Charged - 81, 86	1,010.86	Yet to be regularised.
2010-11	13-Grant 2-Appropriations	Revenue Voted - 10, 41, 51, 62, 66, 72, 73, 82, 86, 87, 88, 105 Capital Voted- 13 Revenue Charged- 71 Capital Charged- 81	120.25	Yet to be regularised.
2011-12	6-Grants 4-Appropriations	Revenue Voted-10, 18, 51, 82, 86 Capital Voted- 87 Revenue Charged - 26, 96 Capital Charged - 20, 81, 96	660.62	Yet to be regularised.
2012-13	6-Grants 4-Appropriations	Revenue Voted - 9, 12, 18, 73, 88 Capital Voted - 26 Revenue Charged - 26, 86, 88 Capital Charged - 81	247.59	Yet to be regularised.
2013-14	5-Grants 3-Appropriations	Revenue Voted - 9, 73, 88 Capital Voted - 26, 87 Revenue Charged - 26, 68 Capital Charged - 66	1,026.35	Yet to be regularised.
2014-15	4-Grants 3-Appropriation	Revenue Voted - 73, 85, 88 Capital Voted - 26 Revenue Charged - 19, 43, 81	144.45	Yet to be regularised.
2015-16	1 Grants 3 Appropriations	Revenue Voted - 73 Revenue Charged - 26, 39 Capital Charged - 20	299.09	Yet to be regularised.
2016-17	6 Grants 4 Appropriations	Revenue Voted - 9, 67, 73, 83 Capital Voted - 10, 41 Revenue Charged - 74, 96, 106 Capital Charged - 96	278.11	Yet to be regularised.
2017-18	2 Grants 1 Appropriation	Revenue Voted - 73 Capital Voted - 3 Revenue Charged - 18	333.99	Yet to be regularised.
2018-19	4 Grants 1 Appropriation	Revenue Voted - 9, 13, 73, 86 Revenue Charged - 18	2,394.24	Yet to be regularised.
<b>Total</b>			<b>7,917.98</b>	

Source: Appropriation Accounts of respective years



## Appendix 3.5: Limits set by the State PAC in October 1994

(Reference: Paragraph 3.5.1.2)

<b>Saving</b>	<p>1. If a grant / appropriation has an overall saving of less than 5 per cent of the total provision made there under, no notes or comments on savings/excesses are necessary under individual sub-heads. For this purpose Revenue (Voted), Revenue (Charged), Capital (Voted) and Capital (Charged) should be treated as separate grant / appropriation.</p> <p>2. Even in case; where the overall saving is 5 per cent or more under a grant / appropriation</p> <p style="margin-left: 20px;">A. No explanation is necessary for saving/excess in respect of the sub-heads where the saving/excess is 10 per cent of the provision made there under or less ;</p> <p style="margin-left: 20px;">B. Even if the saving/excess under sub-head is more than 10 percent of the total provision made there under, no explanation need be given in the Appropriation Accounts :-</p> <p style="margin-left: 40px;">i. if the total provision under 'Revenue Voted' below a grant is ;</p> <p style="margin-left: 60px;">1. more than ₹ 30 crores and the saving/excess under sub-head is less than ₹ 30 lakhs;</p> <p style="margin-left: 60px;">2. between ₹ 10 crores and ₹ 30 crores and the saving/excess under a sub-head is less than ₹ 20 lakhs;</p> <p style="margin-left: 60px;">3. less than ₹ 10 crores and savings/excess under a sub-head is less than ₹ 10 lakhs.</p> <p style="margin-left: 40px;">ii. if the total provision under 'Capital Voted' below grant is</p> <p style="margin-left: 60px;">1. more than ₹ 20 crores and the savings/excess under a sub-head is less than ₹ 25 lakhs;</p> <p style="margin-left: 60px;">2. between ₹ 10 crores and ₹ 20 crores and the saving/excess under sub-head is less than ₹ 20 lakhs;</p> <p style="margin-left: 60px;">3. less than ₹ 10 crores and he saving/excess under a sub -head is less than ₹ 10 lakhs.</p> <p style="margin-left: 40px;">iii. In respect of 'Revenue Charged' and 'Capital Charged' if the saving/excesses under a sub-head is less than ₹ 5 lakhs.</p>
<b>Excess</b>	<p>If under a grant/appropriation expenditure incurred is more than the provision made there under, the excess requires regularisation.</p> <p>However, in the Appropriation Accounts explanations for excesses/savings under sub-heads need be given only as provided below;</p> <p style="margin-left: 20px;">1. Explanation need be given if the excess under a sub-head exceeds 10 per cent of the provision made there- under and the excess is more than ₹ 5 lakhs.</p> <p>In the following cases even if the excess is less than 10 per cent provision explanation may be given in the Appropriation Accounts:-</p> <p style="margin-left: 20px;">A. If the total provision under 'Revenue Voted' below a grant is :-</p> <p style="margin-left: 40px;">i. More than ₹ 30 crores and excess under a sub-heads is more than ₹ 30 lakhs;</p> <p style="margin-left: 40px;">ii. Between ₹ 10 crores and ₹ 30 crores and the excess under a sub-head is more than ₹ 20 lakhs</p> <p style="margin-left: 40px;">iii. Less than ₹ 10 crores and the excess under a sub-head is more than ₹ 5 lakhs;</p> <p style="margin-left: 20px;">B. If the total provision under 'Capital Voted' below a grants is :-</p> <p style="margin-left: 40px;">i. More than ₹ 20 crores and excess under a sub-heads is more than ₹ 25 lakhs</p> <p style="margin-left: 40px;">ii. Between ₹ 10 crores and ₹ 20 crores and excess under a sub head is more than ₹ 15 lakhs.</p> <p style="margin-left: 40px;">iii. Less than ₹ 10 crores and the excess under a sub-head is more than ₹ 5 lakhs</p> <p style="margin-left: 20px;">C. In respect of 'Revenue Charged' and 'Capital Charged', if the excess under a subhead is more than ₹ 5 lakhs;</p> <p>2. Explanations for savings under sub-heads may be given as per the forgoing provision for giving explanations for savings under sub-heads under a grant/appropriation where there is an overall saving.</p>

**Appendix 3.6: Sub-Heads with variations beyond PAC specified limits and status of explanation**  
(Reference: Paragraph 3.5.1.2)

Grant	Total Sub-Heads	Sub-Heads requiring explanation	Sub-Heads where explanations were given
01 Agriculture and Co-Operation Department	2	1	1
02 Agriculture	73	32	31
03 Minor Irrigation, Soil Conservation and Area Develop	9	8	8
04 Animal Husbandry	24	20	19
05 Co-operation	34	4	4
06 Fisheries	16	9	9
07 Other Expenditure Pertaining to Agriculture an Co-operation Department	2	1	1
08 Education Department	2	1	1
09 Education	112	54	53
10 Other Expenditure Pertaining to Education Department	9	0	0
11 Energy and Petro-Chemicals Department	3	2	2
12 Tax Collection Charges (Energy and Petro-Chemicals Department)	1	0	0
13 Power Projects	34	16	16
14 Other Expenditure Pertaining to Energy and Petro-Chemicals Department	4	1	1
15 Finance Department	2	1	1
16 Tax Collection Charges (Finance Department)	6	3	3
17 Treasury and Accounts Administration	6	3	3
18 Pension and Other Retirement Benefits	13	4	4
19 Other Expenditure Pertaining to Finance Department	18	8	7
20 Repayment of Debt Pertaining to Finance Department	71	4	2
21 Food, Civil Supplies and Consumer Affairs Department	4	3	3
22 Civil Supplies	20	9	9
23 Food	12	9	9
24 Other Expenditure Pertaining to Food, Civil Supplies and Consumer Affairs Department	2	0	0
25 Forests and Environment Department	2	2	2
26 Forests	35	7	6
27 Environment	5	3	3
28 Other Expenditure Pertaining to Forest and Environment Department	2	0	0
29 Governor	16	1	1
30 Council of Ministers	1	0	0
31 Elections	9	5	5
32 Public Service Commission	3	0	0
33 General Administration Department	14	5	5
34 Economic Advice and Statistics	6	0	0
35 Other Expenditure Pertaining to General Administration Department	18	5	5
36 State Legislature	6	2	2
37 Loans and Advances to Government Servants in Gujarat Legislature Secretariat	2	1	1
38 Health and Family Welfare Department	3	1	1
39 Medical and Public Health	138	7	6
40 Family Welfare	22	0	0
41 Other expenditure pertaining to Health and Family Welfare Department	3	0	0
42 Home Department	5	2	2

Grant	Total Sub-Heads	Sub-Heads requiring explanation	Sub-Heads where explanations were given
43 Police	41	0	0
44 Jails	6	3	3
45 State Excise	4	1	1
46 Other expenditure Pertaining to Home Department	36	9	9
47 Industries and Mines Department	2	2	2
48 Stationery and Printing	8	0	0
49 Industries	61	4	4
50 Mines and Minerals	7	6	6
51 Tourism	11	1	1
52 Other Expenditure Pertaining to Industries and Mines Department	12	0	0
53 Information and Broadcasting Department	2	1	1
54 Information and Publicity	7	3	3
55 Other expenditure pertaining to Information and Broadcasting Department	5	1	1
56 Labour and Employment Department	1	1	1
57 Labour and Employment	34	15	15
58 Other expenditure Pertaining to Labour and Employment Department	2	0	0
59 Legal Department	2	1	1
60 Administration of Justice	24	17	16
61 Other expenditure Pertaining to Legal Department	11	5	5
62 Legislative and Parliamentary Affairs Department	3	1	1
63 Other expenditure Pertaining to Legislative and Parliamentary Affairs Department	2	0	0
64 Narmada, Water Resources, water Supply and Kalpsar Department	2	1	1
65 Narmada Development Scheme	6	2	2
66 Irrigation and Soil Conservation	139	36	35
67 Water Supply	16	7	7
68 Other Expenditure Pertaining to Narmada, Water Resources, Water Supply and Kalpsar Department	4	2	2
69 Panchayats, Rural Housing and Rural Development	3	1	1
70 Community Development	30	12	12
71 Rural Housing and Rural Development	24	9	7
72 Compensation and Assignments	12	5	5
73 Other expenditure Pertaining to Panchayats, Rural Housing and Rural Development Department	16	9	6
74 Transport	10	5	5
75 Other Expenditure Pertaining to Ports and Transports Department	7	4	4
76 Revenue Department	6	4	4
77 Tax Collection Charges (Revenue Department)	41	17	17
78 District Administration	10	6	5
79 Relief On Account of Natural Calamities	91	18	18
80 Dang District	37	4	4
81 Compensation and Assignment	15	0	0
82 Other Expenditure Pertaining to Revenue Department	7	4	4
83 Roads and Building Department	4	2	2
84 Non-Residential building	58	47	46
85 Residential Building	15	10	8
86 Roads and Bridges	32	16	13
87 Gujarat Capital Construction Scheme	8	5	5
88 Other Expenditure Pertaining to Roads and Building	10	2	2

Grant	Total Sub-Heads	Sub-Heads requiring explanation	Sub-Heads where explanations were given
Department			
89 Science and Technology Department	9	2	2
90 Other expenditure pertaining to Science and Technology Department	19	5	4
91 Social Justice and Empowerment to Science and technology Department	3	2	2
92 Social Security and Welfare	75	2	2
94 Other Expenditure Pertaining to Social Justice and Empowerment Department	2	1	1
95 Scheduled Castes Sub-Plan	252	125	120
93 Welfare of Scheduled Tribes	57	2	2
96 Tribal Area Sub-Plan	410	167	159
97 Sports Youth and Cultural Activities Department	4	3	3
98 Youth Services and Cultural Activities	38	14	13
99 Other Expenditure Pertaining to Sports, Youth and cultural Activities Department	4	1	1
100 Urban Development and Urban Housing Department	1	1	1
101 Urban Housing	29	15	15
102 Urban Development	56	0	0
103 Compensation Assignment and Tax Collection Charges	4	0	0
104 Other Expenditure Pertaining to Urban Development and Urban Housing Department	2	0	0
105 Women and Child Development Department	2	1	1
106 Other Expenditure Pertaining to Women and Child Development Department	51	26	26
107 Climate Change Department	1	1	1
108 Other Expenditure Pertaining to Climate Change Department	5	3	3
<b>Total</b>	<b>2677</b>	<b>904</b>	<b>867</b>

**Appendix 3.7: Budget and Opportunity cost**  
(Reference: Paragraph 3.5.2)

Sl. No.	Grant No.	Account	Scheme	Original allocation	Actual expenditure	Unutilized funds	Unutilized funds(Percentage)
<b>Capital (Voted)</b>							
1	2	4401-00-103-01	Construction Activity under RIDF Scheme	100.00	0.00	100.00	100.00
2	6	5051-02-200-01	FSH-6 Construction of docks, berths and Jetties (75% PCSS)	210.00	0.00	210.00	100.00
3	13	4810-00-101-01	Capital support of Gujarat State Electricity Corp. Ltd. For establishment of solar PV Projects on Government Wasteland in the vicinity of GETCO Sub Stations.	500.00	0.00	500.00	100.00
4	49	4875-60-800-05	Capital support for Gujarat Common Effluent Treatment Plant (CEPT), Deep-Sea pipeline and Allied infrastructure.	500.00	0.00	500.00	100.00
5	6	5051-02-200-05	FSH-19 Providing infrastructure at Minor Ports.	60.00	1.35	58.65	97.75
6	66	4702-00-101-03	Construction of Barrage on River Narmada Near village Bhadbhut	130.00	10.47	119.53	91.95
7	67	4215-01-101-04	Reuse of Treated Waste Water	199.00	20.00	179.00	89.95
8	84	4225-03-277-42	Buildings	54.82	8.77	46.05	84.00
9	84	4202-01-202-42	EDN-21 Buildings	117.99	20.35	97.64	82.75
10	96	4202-01-796-42	EDN-21 Buildings	93.10	17.87	75.23	80.81
11	85	4216-01-700-26	Provision for construction of residential quarters for collector , Prant officer and Mamlatdar	62.94	12.35	50.59	80.38
12	85	4216-01-106-05	Construction of residential Buildings for Legal Department (PCSS)	74.79	16.85	57.94	77.47
13	95	4225-01-277-02	SCW-30 Construction of Govt. Hostel for Boys (100% CSS)	76.75	17.62	59.13	77.04
14	95	4202-01-201-04	EDN-113 Facilities should be provided for infrastructure of all the primary school in state (60-40 PCSS)	52.16	15.44	36.72	70.40
15	84	4202-01-203-42	EDN-29 Buildings	101.63	30.36	71.27	70.13

Sl. No.	Grant	Account	Scheme	Original allocation	Actual expenditure	Unutilized funds	Unutilized funds(Percentage)
16	84	4202-02-105-42	EDN-29 Buildings	151.15	47.90	103.25	68.31
17	9	4202-01-201-06	EDN-113 Sarva Siksha Abhiyan (Including support from Finance Commission) (60-40 PCSS)	501.01	166.87	334.14	66.69
18	74	5055-00-190-01	RTS(1) Capital Construction to Gujarat State Road Transport corporation	523.46	176.57	346.89	66.27
19	96	4202-01-796-43	Works (Education Department) ( 60-40 PCSS)	135.54	50.54	85.00	62.71
20	84	4059-01-051-42	Roads and Building Department office Building	53.22	20.50	32.72	61.48
21	87	4217-01-051-01	UDP-26 Residential Buildings	211.20	87.26	123.94	58.68
22	96	4215-01-796-10	Augmentation in tap connectivity in Rural Areas	148.00	65.00	83.00	56.08
23	96	4215-01-796-09	Rural water Supply Programme	1,049.60	500.00	549.60	52.36
	<b>Total</b>			<b>5,106.36</b>	<b>1,286.07</b>	<b>3,820.29</b>	

Source: Appropriation Accounts of 2019-20

**APPENDIX 3.8: Sub-Heads where 100 per cent expenditure (₹ 10 crore and above) was incurred in March 2020**  
(Reference: Paragraph 3.5.4)

Sr.No.	Grant No.	Head of Account( Up to Sub-Head)	100% expenditure incurred during March (₹ in Crore)
1	0002	2401-00-105-33- Corpus Fund for Chemical Fertilizer	21.11
2	0004	2403-00-102-16- National Livestock Mission (60-40 Partially Centrally Sponsored Scheme)	10.58
3	0009	2049-60-101-01-Intrest on Provident Fund of the Staff and Teachers of Non-Government Secondary Schools	190.00
4	0009	2049-60-101-02-Intrest on Provident Fund of the Staff and Teachers of Non-Government Colleges	14.50
5	0009	2049-60-101-03-Intrest on Provident Fund of the establishment of Universities	40.00
6	0009	4202-01-201-01- EDN-2 Construction of Class Rooms.	55.01
7	0013	4810-00-190-01- Capital support to Gujarat Urja Vikas Nigam Ltd for establishment of Solar PV projects on Government Wasteland in the vicinity of GETCO Sub station	10.00
8	0020	2049-03-104-01- Interest on General Provident Fund (Other than Class-IV employees)	585.36
9	0020	2049-03-104-02- Interest on General Provident Fund of Class IV employees	40.94
10	0020	2049-03-104-07-Interest on Provident Fund of Rojamadard Employees	24.31
11	0020	2049-03-108-02-Savings fund	143.84
12	0020	2049-03-108-03-Interest on Balance of Insurance Fund	11.91
13	0039	2210-02-101-08-National Mission on AYUSH (60-40 Centrally Sponsored Scheme)	17.93
14	0039	4210-01-110-44-Provision for Furniture, Motor Vehicle (60-40 Partially Centrally Sponsored Scheme)	43.25
15	0067	4215-01-101-04-Reuse of Treated Waste Water	20.00
16	0071	2049-60-101-01-Interest on Provident Fund Deposit of Panchayats	400.00
17	0072	3604-00-101-01-Grants-in-aid to Village Panchayats (under Section 219 of Gujarat Panchayat Act 1993)	20.74
18	0072	3604-00-101-02-Grants-in-aid to Taluka Panchayats ( under Section 219 of Gujarat Panchayat Act 1993)	10.37
19	0079	2245-02-101-02-Setting up of Relief Camps Sheds	40.00

Sr.No.	Grant No.	Head of Account( Up to Sub-Head)	100% expenditure incurred during March (₹ in Crore)
20	0079	2245-05-101-01-Contribution of Central Government. for State Disaster Response Fund	886.80
21	0079	2245-05-101-02-Contribution of State Government. for State Disaster Response Fund	377.20
22	0086	3054-80-001-05-Expenditure Transferred on Pro-rata basis from Major head-2059	11.74
23	0089	2052-00-090-09-S.T.P.-11 Allocation of fund for Integrated Financial Management System (IFMS)	29.88
24	0089	2052-00-090-12-Gujarat Fiber Grid Network-Bharat Net	10.00
25	0096	4210-03-796-44-Provision for Furniture, Motor Vehicle	10.09
26	0101	2049-60-101-01-Interest on Provident Fund Deposits of Municipal Corporations	115.00
27	0101	2049-60-101-02-Interest on Provident Fund Deposits of Municipalities	25.00
28	0101	2049-60-101-03-Interest on Deposits of Provident Fund of employees of Municipal School Board	53.00
29	0102	4217-60-800-01-Capital Support to Gujarat Urban Development Company	32.71
30	0103	2202-01-797-01-Transfer to Education Cess Fund	30.00

Source: Appropriation Accounts of 2019-20



**Appendix 4.1**  
**Department-wise break-up of outstanding UCs for GIA**  
**paid up to 2018-19**

(Reference: Paragraph 4.6)

(₹ in crore)

Sr. No.	Name of Department	No. of pending UCs	Amount
1.	Agriculture, Farmer's Welfare and Cooperation	109	1768.49
2.	Climate Change	1	3.70
3.	Women and Child Development	179	20.43
4.	Education Department	182	486.92
5.	Energy & Petrochemicals	8	365.71
6.	Food & Civil Supplies	6	6.47
7.	Forest & Environment	6	0.23
8.	General Administration	3	4.44
9.	Health and Family Welfare	307	37.86
10.	Home Department	38	108.66
11.	Industries & Mines	72	31.11
12.	Labour & Employment	35	1.23
13.	Legal Department	12	0.16
14.	Narmada, Water resources, Water Supply and Kalpsar	8	21.85
15.	Panchayat Rural Housing and Rural Development	159	70.07
16.	Revenue Department	6	1.38
17.	Social justice and Empowerment	1075	302.72
18.	Science and Technology	1	0.40
19.	Sports, Youth and Cultural Activities	126	12.60
20.	Urban Development and Urban Housing	85	353.26
21.	Tribal Development Department	389	805.70
<b>Total</b>		<b>2,807</b>	<b>4,403.39</b>

Source: Information provided by O/o the Principal Accountant General (A&E), Gujarat

## Appendix 4.2

## Department-wise details of pending DC bills up to 2019-20

(Reference: Paragraph 4.7)

Sr. No.	Name of Department	No. of pending DC bills	Amount (₹ in crore)
1.	Agriculture farmer's welfare and cooperation	5	0.08
2.	Women and Child Development	27	149.49
3.	Education Department	1,567	32.21
4.	Food and Civil Supplies	8	0.51
5.	Finance	19	0.05
6.	General Administration	133	31.14
7.	Gujarat Legislature secretariat	1	0.00*
8.	Health and Family Welfare	89	0.66
9.	Home Department	652	56.83
10.	Industries & Mines	25	23.06
11.	Information Broadcasting and Tourism	11	0.03
12.	Labour and Employment	6	0.06
13.	Legal Department	213	0.48
14.	Narmada, Water Resources, Water Supply and Kalpsar	7	0.12
15.	Panchayat Rural Housing and Rural Development	831	14.92
16.	Roads and Buildings	2	0.00*
17.	Revenue Department	143	33.29
18.	Social Justice and Empowerment	287	4.71
19.	Sports, Youth and Cultural Activities	317	14.12
20.	Tribal Development Department	221	4.19
21.	Science and Technology	1	0.00*
22.	Legislative and Parliamentary Affairs	2	0.08
<b>Total</b>		<b>4,567</b>	<b>366.03</b>

Source: Information provided by O/o the Principal Accountant General (A&amp;E), Gujarat

\* Amount is less than ₹ 50,000; hencerounded off to zero

**Appendix 4.3**  
**Year-wise details of pending DC Bills upto 2019-20**  
(Reference: Paragraph 4.7)

Year	No. of pending DC Bills	Amount (₹ in crore)
2000-01	109	1.20
2001-02	145	2.72
2002-03	175	1.14
2003-04	205	0.88
2004-05	91	0.87
2005-06	116	1.42
2006-07	156	1.32
2007-08	96	1.41
2008-09	94	0.87
2009-10	62	1.20
2010-11	134	3.60
2011-12	107	2.53
2012-13	56	1.99
2013-14	60	1.23
2014-15	35	1.09
2015-16	85	3.25
2016-17	151	54.07
2017-18	79	2.93
2018-19	273	38.15
2019-20	2338	244.14
<b>Total</b>	<b>4,567</b>	<b>366.03</b>

Source: Information provided by O/o the Principal Accountant General (A&E), Gujarat

**APPENDIX 4.4**  
**Statement showing pendency of Accounts and delay in**  
**Placement of Separate Audit Reports (SARs) in State Legislature**

(Reference: Paragraph 4.14)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be paced in the Legislature / Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of Accounts not submitted to Audit up to November 2020 (in months)#
<b>Legal Department</b>							
1.	Gujarat State Legal Service Authority, Ahmedabad	Not required	19 (2)	2016-17	2016-17	Yes/ 06-02-2019/ Date awaited	2017-18(29) 2018-19(17) 2019-20(5)
2.	Gujarat State Legal Services Authority, Navsari	Not required	19 (2)	2015-16	2015-16	Yes/ 21/11/2017/ Date awaited	2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
3.	District Legal Services Authority, Valsad	Not required	19 (2)	2017-18	2017-18	Yes/ 06/02/2019/ Date awaited	2018-19(17) 2019-20(5)
4.	District Legal Services Authority, Rajkot	Not required	19 (2)	2019-20	2018-19	Yes/ 23.10.2020/ Date awaited	No Delay
5.	District Legal Services Authority, Patan	Not required	19 (2)	2018-19	2017-18	Yes/ 23.10.2020/ Date awaited	2019-20(5)
6.	District Legal Services Authority, Jamnagar	Not required	19 (2)	2017-18	2017-18	Yes/ 23.10.2020/ Date awaited	2018-19(17) 2019-20(5)
7.	District Legal Services Authority, Mehsana	Not required	19 (2)	2018-19	2018-19	Yes/ 20.10.2020/ Date awaited	2019-20(5)
8.	District Legal Services Authority, Palanpur	Not required	19 (2)	2015-16	2015-16	Yes/ 19-04-2018/ Date awaited	2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
9.	District Legal Services Authority, Bharuch	Not required	19 (2)	2015-16	2015-16	Yes/ 06.12.2016/ Date awaited	2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
10.	District Legal Services Authority, Junagadh	Not required	19 (2)	2019-20	2018-19	Yes/ 20.10.2020/ Date awaited	No Delay

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be paced in the Legislature / Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of Accounts not submitted to Audit up to November 2020 (in months) <sup>#</sup>
11.	District Legal Services Authority, TapiVyara	Not required	19 (2)	2018-19	2018-19	Yes/ 23.10.2020/ Date awaited	2019-20(5)
12.	District Legal Services Authority, Anand	Not required	19 (2)	2017-18	2017-18	Yes/ 23.10.2020/ Date awaited	2018-19(17) 2019-20(5)
13.	District Legal Services Authority, KhedaNadiad	Not required	19 (2)	2015-16	2015-16	Yes/ 01-02-2017/ Date awaited	2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
14.	District Legal Services Authority, Gandhinagar	Not required	19 (2)	2018-19	2018-19	Yes/ 23.10.2020/ Date awaited	2019-20(5)
15.	District Legal Services Authority, Athwalines, Surat	Not required	19 (2)	2018-19	2018-19	Yes/ 23.10.2020/ Date awaited	2019-20(5)
16.	District Legal Services Authority, Himmatnagar	Not required	19 (2)	2017-18	2017-18	Yes/ 10/01/2019/ Date awaited	2018-19(17) 2019-20(5)
17.	District Legal Services Authority, Dahod	Not required	19 (2)	2017-18	2017-18	Yes/ 23.10.2020/ Date awaited	2018-19(17) 2019-20(5)
18.	District Legal Services Authority, Amreli	Not required	19 (2)	2018-19	2018-19	Yes/ 23.10.2020/ Date awaited	2019-20(5)
19.	District Legal Services Authority, Kutch, Bhuj	Not required	19 (2)	2017-18	2017-18	Yes/ 23.10.2020/ Date awaited	2018-19(17) 2019-20(5)
20.	District Legal Services Authority, Bhavnagar	Not required	19 (2)	2015-16	2015-16	Yes/ 04-06-2018/ Date awaited	2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
21.	District Legal Services Authority, Vadodara	Not required	19 (2)	2014-15	2014-15	Yes/ 19-06-2017/ Date awaited	2015-16(53) 2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be paced in the Legislature / Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of Accounts not submitted to Audit up to November 2020 (in months)#
22.	District Legal Services Authority, Godhra	Not required	19 (2)	2018-19	2017-18	Yes/ 10/05/2019/ Date awaited	2019-20(5)
23.	District Legal Services Authority, Surendranagar	Not required	19 (2)	2017-18	2017-18	Yes/ 23-10-2020/ Date awaited	2018-19(17) 2019-20(5)
24.	District Legal Services Authority, Ahmedabad Rural	Not required	19 (2)	2015-16	2015-16	Yes/ 20-09-2017/ Date awaited	2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
25.	District Legal Services Authority, Rajpipla	Not required	19 (2)	2015-16	2015-16	Yes/ 24-11-2017/ Date awaited	2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
26.	District Legal Services Authority, Porbandar	Not required	19 (2)	2017-18	2017-18	Yes/ 23-10-2020/ Date awaited	2018-19(17) 2019-20(5)
27	District Legal Services Authority, Jamkhambhaliya	Not required	19 (2)	2018-19	--	Yes NA NA	2019-20
<b>Home Department</b>							
28.	Gujarat State Human Rights Commission, Gandhinagar	Not required	19 (2)	2006-07	2006-07	Yes/ 10-02-2010/ Date awaited	2007-08(149) 2008-09(137) 2009-10(125) 2010-11(113) 2011-12(101) 2012-13(89) 2013-14(77) 2014-15 (65) 2015-16 (53) 2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
<b>Energy and Petro-chemicals Department</b>							
29.	Gujarat Electricity Regulatory Commission	Not required	19 (2)	2019-20	2019-20	Yes/ 24-09-2020 Date awaited	No delay

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be paced in the Legislature / Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of Accounts not submitted to Audit up to November 2020 (in months)#
<b>Ports and Transport Department</b>							
30.	Gujarat Maritime Board	2021-22	20 (1)	2019-20	2018-19	Yes/ 16.10.2020 Date awaited	No delay
<b>Labour and Employment Department</b>							
31.	Gujarat Building and other Construction Workers' Welfare Board, Ahmedabad	Not required	19 (2)	2016-17	2012-13	Yes/ 14-09-2016/ Date awaited	2017-18(29) 2018-19(17) 2019-20(5)
<b>Urban Development and Urban Housing Department</b>							
32.	Gujarat Rural Housing Board, Gandhinagar	2022-23	19 (3)	2018-19	2018-19	Yes/ 26/02/2020 Date awaited	2019-20(5)
33.	Gujarat Housing Board, Ahmedabad	2021-22	19 (3)	2018-19	2018-19	Yes/ 28/04/2020/ Date awaited	2019-20(5)
34.	Gujarat Slum Clearance cell	2021-22	19 (3)	2018-19	2017-18	Yes/ 14/06/2019 Date awaited	2019-20(5)
35.	Gujarat Municipal Finance Board, Gandhinagar	2023-24	20 (1)	2019-20	2018-19	Yes/ 16/12/2019/ Date awaited	No delay
36.	Water and Sanitation Management Organisation, Gandhinagar	2020-21	20 (1)	2018-19	2018-19	No/ 22/07/2020/ Not required	2019-20(5)
37.	Ahmedabad Urban Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 12/03/2019/ Not required	2019-20(5)
38.	Vadodara Urban Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 22/02/2019/ Not required	2019-20(5)
39.	Rajkot Urban Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 10/05/2019 Not Required	2018-19(17) 2019-20(5)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be paced in the Legislature / Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of Accounts not submitted to Audit up to November 2020 (in months)#
40.	Surat Urban Development Authority	2021-22	20 (1)	2018-19	2016-17	No/ 20/03/2019/ Not required	2019-20(5)
41.	Jamnagar Area Development Authority	2021-22	20 (1)	2018-19	2016-17	No/ 16/11/2018/ Not required	2019-20(5)
42.	Bhavnagar Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 06/02/2019/ Not required	2018-19(17) 2019-20(5)
43.	Bhuj Area Development Authority	2021-22	20 (1)	2017-18	2008-09	No/ 23-08-2010/ Not required	2018-19(17) 2019-20(5)
44.	Rapar Area Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 06/02/2019/ Not required	2019-20(5)
45.	Gandhinagar Urban Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 11/01/2019/ Not required	2019-20(5)
46.	Anjar Area Development Authority	2021-22	20 (1)	2018-19	2008-09	No/ 19-08-2010/ Not required	2019-20(5)
47.	Bhachau Area Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 28/03/2019/ Not required	2019-20(5)
48*	Vadinar Area Development Authority	2021-22	20 (1)	2017-18	2014-15	No/ 01-03-2017/ Not required	No delay*
49.	Junagadh Area Development Authority	2021-22	20 (1)	2017-18	2016-17	No/ 13-08-2018/ Not required	2018-19(17) 2019-20(5)
50.	Ambaji Area Development Authority	2021-22	20 (1)	2019-20	2017-18	No/ 28/02/2019/ Not required	No Delay
51.	Alang Area Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 28/03/2019/ Not required	2019-20(5)
52.	Bharuch / Ankleshwar Urban Area Development Authority.	2021-22	20 (1)	2017-18	2015-16	No/ 16/11/2018/ Not required	2018-19(17) 2019-20(5)



Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be paced in the Legislature / Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of Accounts not submitted to Audit up to November 2020 (in months)#
53.	Morbi / Vankaner Urban Area Development Authority	2021-22	20 (1)	2016-17	2016-17	No/ 11-07-2018/ Not required	2017-18(29) 2018-19(17) 2019-20(5)
54.	Anand /Vallabh Vidyannagar / Karamsad Urban Area Development Authority.	2021-22	20 (1)	2017-18	2016-17	No/ 23-05-2018/ Not required	2018-19(17) 2019-20(5)
55.	Surendranagar / Dudhrej / Wadhavan Urban Area Development Authority.	2021-22	20 (1)	2018-19	2014-15	No/ 10-01-2017/ Not required	2019-20(5)
56*.	Himatnagar Urban Area Development Authority	2021-22	20 (1)	2017-18	--	No/ ---/ Not required	2018-19(17) 2019-20(5)
57.	G.I.F.T. Urban Area Development Authority	2021-22	20 (1)	2018-19	2017-18	No/ 10/05/2019/ Not required	2019-20(5)
58*.	Shamlaji Urban Area Development Authority	2021-22	20 (1)	2014-15	2014-15	No/ 16/06/2017/ Not required	2015-16(53) 2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)
59.	Khambhalia Urban Area Development Authority	2021-22	20 (1)	2017-18	2017-18	No/ 14/03/2019/ Not required	2018-19(17) 2019-20(5)
60.	Navsari Area Development Authority, Navsari	2021-22	20 (1)	2018-19	2017-18	No/ 17/06/2019/ Not required	2019-20(5)
61*.	Bardoli Area Development Authority, Bardoli	2021-22	20 (1)	NA	NA	No/ NA/ NA	2017-18(29) 2018-19(17) 2019-20(5)
62*.	Khajod Area Development Authority, Khajod	2021-22	20 (1)	NA	NA	No/ NA/ NA	2017-18(29) 2018-19(17) 2019-20(5)

Sr. No.	Name of Body	Period of entrustment (up to)	Audited under Section	Year up to which Accounts submitted to Audit	Period up to which SAR issued to the State Government	Whether SAR required to be paced in the Legislature / Date of issue of SAR by Audit to State Government/ Date of placement of SAR	Period of delay in respect of Accounts not submitted to Audit up to November 2020 (in months)#
63	Gujarat Real Estate Regularity Authority, Gandhinagar	Not required	19 (2)	2019-20	2018-19	Yes 24.10.2019 Date Awaited	No delay
<b>Forests and Environment Department</b>							
64.	Gujarat State CAMPA	Audit is conducted based on the supreme court judgement (2010)	20 (1)	2013-14	2013-14	Yes/ 15-11/2019 No information	2014-15 (65) 2015-16 (53) 2016-17(41) 2017-18(29) 2018-19(17) 2019-20(5)

Source: Information compiled by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II)

# Accounts of a financial year are to be submitted latest by 30 June every year

- \*Sr. No. 48: Vadinar Area Development Authority ceases to exist as per notification of Government of Gujarat dated 30 March 2017.
- \*Sr. No. 56: Accounts for the year 2013-14 to 2017-18 were received in July 2019. However, Accounts for the year 2012-13 was still pending.
- \*Sr.No. 58: Accounts for the year 2014-15 only has been submitted. However, Accounts for the year 2012-13 and 2013-14 were still awaited.
- \*Sr. No. 61 & 62: These are newly entrusted Authorities from 2017-18 as per Government of Gujarat Resolution No. UDA-102013-1758-V dated 15 December 2017. The Accounts were due from 2017-18.

**Appendix 4.5**  
**Statement showing arrears of financial statements and investment made by State Government during the year in SPSUs**  
**whose financial statements were in arrears**  
**(Reference: Paragraph 4.15.5 and 4.15.6)**

(Figures in columns 4 and 7 to 9 are in ₹ crore)

Sr. No.	Name of the Company	Last finalised FS	Paid-up Capital <sup>#</sup>	FSs in arrears	No. of FSs in arrears	Investment made by State Government during the year in SPSUs whose FSs were in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
<b>A</b>	<b>Active Government Companies</b>							
1	Gujarat Agro Industries Corporation Limited (Standalone)	2016-17	8.08	2019-20 2018-19 2017-18	3	-	-	1,061.27
	Gujarat Agro Industries Corporation Limited (Consolidated) <sup>1</sup>	2016-17		2017-18 to 2019-20	3	-	-	-
2	Gujarat ISP Services Limited	2018-19	0.10	2019-20	1	-	-	-
3	Gujarat State Land Development Corporation Limited	2016-17	5.88	2019-20 2018-19 2017-18	3	-	-	34.39 81.29 668.58

<sup>1</sup> The Standalone and Consolidated Financial Statements are submitted simultaneously, hence it is counted as single for purpose of Table 4.23

Sr. No.	Name of the Company	Last finalised FS	Paid-up Capital <sup>#</sup>	FSs in arrears	No. of FSs in arrears	Investment made by State Government during the year in SPSUs whose FSs were in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
4	Gujarat Sheep and Wool Development Corporation Limited	2018-19	4.31	2019-20	1	-	-	7.09
5	Gujarat Industrial Investment Corporation Limited (Standalone)	2018-19	256.98	2019-20	1	-	-	-
	Gujarat Industrial Investment Corporation Limited (Consolidated)	2018-19		2019-20	1	-	-	-
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	2017-18	12.06	2019-20	2	-	-	57.57
				2018-19		-	-	51.03
7	Gujarat Women Economic Development Corporation Limited	2016-17	7.02	2019-20	3	-	-	14.27
				2018-19		-	-	7.57
				2017-18		-	-	-
8	Gujarat Minorities Finance and Development Corporation Limited	2017-18	20.00	2019-20	2	-	-	-
				2018-19		-	1.50	-
9	Gujarat Gopalak Development Corporation Limited	2016-17	13.41	2019-20	3	-	-	-
				2018-19		1.00	14.00	1.06
				2017-18		0.50	4.00	0.75
10	Gujarat Safai Kamdar Vikas Nigam Limited	2016-17	14.09	2017-18 to 2019-20	3	-	-	-
11	Gujarat Thakor and Koli Vikas Nigam Limited	2018-19	14.11	2019-20	1	1.00	18.00	1.00
12	Gujarat Livelihood Promotion Company Limited	2017-18	0.05	2019-20	2	-	-	75.74
				2018-19				
13	Dr. Ambedkar Antyodaya Development Corporation	2017-18	5.00	2019-20	2	-	10.00	-
				2018-19		1.00	5.00	-

Sr. No.	Name of the Company	Last finalised FS	Paid-up Capital <sup>#</sup>	FSs in arrears	No. of FSs in arrears	Investment made by State Government during the year in SPSUs whose FSs were in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
14	Gujarat Nomadic and Denotified Tribes Development Corporation	2018-19	4.00	2019-20	1	1.00	12.00	0.50
15	Sardar Sarovar Narmada Nigam Limited	2018-19	60,644.28	2019-20	1	3345.84	-	-
16	Gujarat Growth Centres Development Corporation Limited	2018-19	36.35	2019-20	1	-	-	-
17	Gujarat Urban Development Company Limited (Standalone)	2018-19	26.00	2019-20	1	-	-	-
	Gujarat Urban Development Company Limited (Consolidated)	2018-19		2019-20	1	-	-	-
18	Gujarat Water Infrastructure Limited	2018-19	155.02	2019-20	1	5.42	-	1009.04
19	Gujarat State Aviation Infrastructure Company Limited	2016-17	0.05	2019-20	3	-	-	427.80
				2018-19		-	-	-
				2017-18		-	-	-
20	Diamond Research and Mercantile City Limited	2018-19	65.00	2019-20	1	-	-	-
21	Dholera Industrial City Development Limited	2018-19	3562.33	2019-20	1	260.20	-	-
22	Gujarat Metro Rail Corporation Limited	2018-19	2568.21	2019-20	1	-	572.10	33.33
23	Gujarat Water Resources Development Corporation Limited	2015-16	31.49	2019-20	4	-	-	41.91
				2018-19		-	-	50.00
				2017-18		-	-	-
				2016-17		-	-	-
24	Gujarat State Forest Development Corporation Limited	2018-19	6.32	2019-20	1	-	-	-
25	Gujarat Rural Industries Marketing Corporation Limited	2018-19	13.00	2019-20	1	-	-	3.06
26	Gujarat Ports Infrastructure and Development Company Limited	2018-19	18.00	2019-20	1	-	-	-

Sr. No.	Name of the Company	Last finalised FS	Paid-up Capital <sup>#</sup>	FSs in arrears	No. of FSs in arrears	Investment made by State Government during the year in SPSUs whose FSs were in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
27	Gujarat State Civil Supplies Corporation Limited	2017-18	70.00	2019-20	2	-	-	-
				2018-19		-	-	-
28	Tourism Corporation of Gujarat Limited	2018-19	20.00	2019-20	1	-	-	471.20
29	Gujarat Informatics Limited (Standalone)	2018-19	18.51	2019-20	1	-	-	-
	Gujarat Informatics Limited (Consolidated)	2018-19		2019-20	1	-	-	-
30	Dahej SEZ Limited	2018-19	46.05	2019-20	1	-	-	-
31	Guj-Tour Development Company Limited	2018-19	18.40	2019-20	1	-	-	-
32	Gujarat Medical Services Corporation Limited (Standalone)	2018-19	2.50	2019-20	1	-	-	-
	Gujarat Medical Services Corporation Limited (Consolidated)	2018-19		2019-20	1	-	-	-
33	Sarigam Clean Initiative	2018-19	38.01	2019-20	1	-	-	-
34	Gujarat Fibre Grid Network Limited	2018-19	0.10	2019-20	1	-	-	-
35	Narmada Clean Tech	2018-19	85.57	2019-20	1	-	-	2.51
36	Gujarat State Road Development Corporation Limited	2018-19	5.00	2019-20	1	-	-	174.53
37	GSPC LNG Limited	2018-19	332.63	2019-20	1	50.00	-	-
38	GSPC Offshore Limited	2018-19	0.05	2019-20	1	-	-	-
39	Gujarat Industrial and Technical Consultancy Limited	2018-19	0.20	2019-20	1	-	-	-
40	Gujarat State Police Housing Corporation Limited	2018-19	50.00	2019-20	1	-	-	545.54
41	Gujarat Unreserved Education & Economical Development	-	-	2019-20	1	-	-	-
42	Gujarat Power Corporation Limited	2018-19	491.69	2019-20	1	13.33	-	-
43	Gujarat State Electricity Corporation Limited \$	2018-19	2127.80	2019-20	1	-	-	-

Sr. No.	Name of the Company	Last finalised FS	Paid-up Capital <sup>#</sup>	FSs in arrears	No. of FSs in arrears	Investment made by State Government during the year in SPSUs whose FSs were in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
44	Gujarat Energy Transmission Corporation Limited	2018-19	724.24	2019-20	1	(12.50)	-	15.23
45	Madhya Gujarat Vij Company Limited	2018-19	425.51	2019-20	1	-	-	-
46	Paschim Gujarat Vij Company Limited	2018-19	6316.26	2019-20	1	-	-	-
47	Uttar Gujarat Vij Company Limited	2018-19	556.33	2019-20	1	-	-	80.73
48	Gujarat Urja Vikas Nigam Limited (Standalone)	2018-19	20,169.83	2019-20	1	3335.93	-	10.03
	Gujarat Urja Vikas Nigam Limited (Consolidated)	2018-19		2019-20	1	-	-	-
<b>Total A (Active Government Companies)</b>			<b>98,989.82</b>		<b>76</b>	<b>7,002.72</b>	<b>636.60</b>	<b>4,927.02</b>
<b>B</b>	<b>Inactive Government Companies</b>							
1	Gujarat Fisheries Development Corporation Limited	1998-99	1.94	1999-00 to 2019-20	21	-	-	-
2	Gujarat Small Industries Corporation Limited (under liquidation)	2006-07	4.00	2007-08 to 2019-20	13	-	-	-
3	Gujarat Leather Industries Limited (under liquidation)	2001-02	1.50	2002-03 to 2019-20	18	-	-	-
4	Infrastructure Finance Company Gujarat Limited	2010-11	2.50	2011-12 to 2019-20	9	-	-	-
5	Gujarat State Construction Corporation Limited	2015-16	5.00	2016-17 to 2019-20	4	-	-	-
6	Gujarat State Rural Development Corporation Limited	2016-17	0.58	2017-18 to 2019-20	3	-	-	-
7	Gujarat State Textile Corporation Limited (under liquidation)	1996-97	46.46	1997-98 to 2019-20	23	-	-	-
8	Gujarat State Machine Tools Limited	2018-19	0.54	2019-20	1	-	-	-
9	Gujarat Communications and Electronics Limited (under liquidation)	2000-01	12.45	2001-02 to 2019-20	19	-	-	-
10	Gujarat Trans-Receiver Limited	2018-19	0.29	2019-20	1	-	-	-
11	Gujarat Industrial Corridor Corporation Limited	2018-19	10.00	2019-20	1	-	-	-

Sr. No.	Name of the Company	Last finalised FS	Paid-up Capital <sup>#</sup>	FSs in arrears	No. of FSs in arrears	Investment made by State Government during the year in SPSUs whose FSs were in arrears			
						Equity	Loans	Grants	
1	2	3	4	5	6	7	8	9	
12	Naini Coal Company Limited	2011-12	0.05	2012-13 to 2019-20	8	-	-	-	
13	Gujarat Foundation for Mental Health and Allied Sciences	2010-11	0.02	2011-12 to 2019-20	9	-	-	-	
14	BISAG Satellite Communication	2014-15	39.08	2015-16 to 2019-20	5	-	-	-	
15	Gujarat Dairy Development Corporation Limited	2018-19	10.46	2019-20	1	-	-	-	
<b>Total B (Arrears Inactive Government Companies)</b>						<b>136</b>	<b>-</b>	<b>-</b>	
<b>C Active Statutory Corporations</b>									
1	Gujarat State Warehousing Corporation	2014-15	4.00	2015-16 to 2019-20	5	-	-	-	
2	Gujarat Industrial Development Corporation	2018-19	0.00	2019-20	1	-	-	140.24	
3	Gujarat State Road Transport Corporation	2016-17	2,635.91	2019-20	3	259.92	277.09	544.98	
				2018-19		214.49	112.66	578.98	
				2017-18		573.83	68.69	668.10	
<b>Total C (Active Statutory Corporations)</b>						<b>9</b>	<b>1,048.24</b>	<b>458.44</b>	<b>1,932.30</b>
<b>Grand Total (A+B+C)</b>						<b>221</b>	<b>8,050.96</b>	<b>1,095.04</b>	<b>6,859.32</b>

Source: The Appendix has been prepared on the basis of information provided by the SPSUs.

FSs= Financial Statements

# Paid-up capital includes share application money pending allotment.

NR= Information not received.



**Appendix 4.6**  
**Statement showing details of pendency in finalisation of Accounts by**  
**various Bodies and Authorities**  
**(Reference: Paragraph 4.16)**

Sr. No.	Name of AB and year from which Accounts have not been received up to 2019-20	Grants-in-aid releasing Department
<b>2004-05 onwards</b>		
1.	Akshar Purushottam Arogya Mandir, Vadodara	Health and Family Welfare
<b>2005-06 onwards</b>		
1.	Seth Vadilal Sarabhai General Hospital and Sheth Chinai Maternity Hospital, Ahmedabad	Health and Family Welfare
2	K J Mehta TB Hospital, Bhavnagar	Health and Family Welfare
<b>2006-07 onwards</b>		
1.	Forest Development Agency, S.K. Himatnagar (North)	Forests and Environment
2	Forest Development Agency, Surendranagar	Forests and Environment
3	G.K. General Hospital, Kutch	Health and Family Welfare
4	Gujarat Council of Education Research & Technology, Gandhinagar	Education
5	Gujarat Sahitya Academy, Gandhinagar	Sports, Youth and Cultural Activities
6	Gujarat Secondary and Higher Secondary Education Examination Board, Gandhinagar	Education
<b>2007-08 onwards</b>		
1	Gujarat State Sangeet Natak Academy, Gandhinagar	Sports, Youth and Cultural Activities
<b>2008-09 onwards</b>		
1.	Forest Development Agency, Jamnagar;	Forests and Environment
2	Forest Development Agency, Rajkot	Forests and Environment
3	Forest Development Agency, S.K. Himatnagar (South)	Forests and Environment
4	Nashabandi Mandal, Gujarat	Health and Family Welfare
5	Narayan Eye Hospital (Arogya Dham Sanchalit) Halol Panchmahal	Health and Family Welfare
6	Shantilal Shah College of Pharmacy, Bhavnagar	Education
7	Sports Authority of Gujarat, Gandhinagar	Sports, Youth and Cultural Activities
8	Sureksha Setu Society, Bhavnagar	Home
9	Sureksha Setu Society, Surendranagar	Home
<b>2009-10 onwards</b>		
1.	Mandvi Taluka Kshaya Nivaran Sangh, Kutch	Health and Family Welfare
2	J.S. Ayurved Mahavidalaya & P.T. Patel Ayurved Hospital, Nadiad	Health and Family Welfare
<b>2010-11 onwards</b>		
1.	Bhavan's Shri C T Sutaria ITI, Kheda	Labour and Employment
<b>2011-12 onwards</b>		
1.	Gujarat State Lalit Kala Academy, Ahmedabad	Sports, Youth and Cultural

Sr. No.	Name of AB and year from which Accounts have not been received up to 2019-20	Grants-in-aid releasing Department
		Activities
2.	Navsari Agriculture University, Navsari	Agriculture, Farmer's Welfare and Co-operation
<b>2012-13 onwards</b>		
1.	Bhavan's Shri Swaminarayan Technical Institute, Kheda	Education
2	Forest Development Agency, Gandhinagar	Forests and Environment
3	Forest Development Agency, Vyara	Forests and Environment
4	Forest Development Agency, Patan	Forests and Environment
5	Forest Development Agency, Kheda	Forests and Environment;
6	Forest Development Agency, Gir (East)	Forests and Environment
7	Forest Development Agency, Gir (West)	Forests and Environment
8	Forest Development Agency, Valsad South	Forest and Environment
<b>2013-14 onwards</b>		
1.	Bala Hanuman Ayurved Mahavidalaya, Masa, Gandhinagar	Education
2.	Dr. Dayaram Patel Pharmacy College, Surat	Education
3.	Gujarat Council of Secondary Education, Gandhinagar	Education
4.	Gujarat Landless Laborers & Halpati Housing Board, Gandhinagar	Panchayats, Rural Housing and Rural Development
5.	Gujarat Medicinal Plants Board, Gandhinagar	Health and Family Welfare
6.	Gujarat Scheduled Castes Development Corporation, Gandhinagar	Social Justice and Empowerment
7.	ITI College (Swaminarayan Sanchalit), Panchmahal Lunawada	Labour and Employment
8.	Rajesh Mehta Technical School for Blind, C/o Blind People's Association, Ahmedabad	Social Justice and Empowerment
9.	Rogi Kalyan Samiti, Civil Hospital Asarwa Ahmedabad	Health and Family Welfare
10.	Rogi Kalyan Samiti Guru Gobindsinh, Jamnagar	Health and Family Welfare;
11.	Rogi Kalyan Samiti, New Civil Hospital, Surat	Health and Family Welfare
12.	Rogi Kalyan Samiti, Sir T. General Hospital, Bhavnagar	Health and Family Welfare
13.	Sardar Vallabhbhai Patel Memorial Society Ahmedabad	Sports, Youth and Cultural Activities
14.	School of Architecture, CEPT University, Ahmedabad	Education
15.	School of Building Science & Technology, CEPT University, Ahmedabad	Education
16.	School of Interior Design, CEPT University, Ahmedabad	Education
17.	School of Planning CEPT University Ahmedabad	Education
18.	Sentinel Surveillance Unit, Surat	Health and Family Welfare
19.	State Health Society, Commissionerate of Health, Medical Services and Medical Education, Gandhinagar	Health and Family Welfare
20.	Sureksha Setu Society, Narmada	Home
21.	Sureksha Setu Society State level, Gandhinagar	Home
22.	Veraval People's Cooperative Bank Silver Jubilee Industrial Training Centre, Veraval	Labour and Employment

Sr. No.	Name of AB and year from which Accounts have not been received up to 2019-20	Grants-in-aid releasing Department
<b>2014-15 onwards</b>		
1.	Anand Agriculture University, Anand	Agriculture, Farmer's Welfare and Co-operation
2	Chikhali Education Societies Grants-in-Aid Industrial Training Centre, Navsari	Labour and Employment
3	Forest Development Agency, Chhota Udepur	Forest and Environment
4	Forest Development Agency, Kutch (East)	Forest and Environment
5	Forest Development Agency, Kutch (West)	Forest and Environment
6	Gujarat Energy Development Agency, Gandhinagar	Climate Change
7	Gujarat University, Ahmedabad	Education
8	Sureksha Setu Society, Kheda	Home
9	Sureksha Setu Society, Vadodara	Home
10	Gujarat Rural Workers Welfare Board, Gandhinagar	Social Justice and Empowerment
<b>2015-16 onwards</b>		
1.	Apang Manav Mandal, Ahmedabad	Social Justice and Empowerment
2.	Forest Development Agency, Godhra	Forests and Environment
3.	Forest Development Agency, Surat	Forests and Environment
4.	Gujarat School Quality Accreditation Council, Gandhinagar	Education
5.	Gujarat State Social Welfare Board, Ahmedabad	Social Justice and Empowerment
6.	Gujarat State Tribal Development Residential Educational Institutions Society, Gandhinagar	Tribal Development
7.	Krantiguru Shyamji Krishna Verma Kutch University, Bhuj-Kutch	Education
8.	Smt. B.H. Shah Karjanwala Industrial Training Institute, Surat	Labour and Employment
9.	Sardar Krushinagar Dantiwada Agriculture University	Agriculture, Farmer's Welfare and Co-operation
10.	Unorganised Labour Welfare Board, Gandhinagar	Labour and Employment
<b>2016-17 onwards</b>		
1.	AIDS Control Society (Ahmedabad Municipal Corporation) Ahmedabad	Health and Family Welfare
2.	Anand Homoeopathic Medical College & Research Institute, Anand	Health and Family Welfare
3.	Andh Apang Kalyan Kendra, Ahmedabad	Social Justice and Empowerment
4.	Bhagwat Vidyapith Ashok ITI Krishnadham, Ahmedabad-380060	Labour and Employment
5.	Dr. V.H. Dave Homoeopathic Medical College & Hospital, Anand	Education
6.	Forest Development Agency, Ahwa (Dang South)	Forests and Environment
7.	Forest Development Agency, Dang North	Forests and Environment
8.	Children's University, Gandhinagar	Education
9.	Forest Development Agency, (Devgadhbaria) Dahod	Forests and Environment
10.	Forest Development Agency, Junagadh	Forests and Environment
11.	Forest Development Agency, (Narmada) Rajpipla East	Forests and Environment

Sr. No.	Name of AB and year from which Accounts have not been received up to 2019-20	Grants-in-aid releasing Department
12.	Forest Development Agency, Valsad (North)	Forests and Environment
13.	Gandhi Lincoln Hospital, Deesa, Palanpur	Health and Family Welfare
14.	Gau Sewa & Gaucher Development Board	Agriculture, Farmer's Welfare and Co-operation
15.	Gujarat Mineral Research & Development Society	Industries and Mines
16.	Gujarat State Biotechnology Mission	Science & Technology
17.	Medical College Development Committee, Surat	Health and Family Welfare
18.	Medical College Development Society, Vadodara	Health and Family Welfare
19.	Methodist Technical Institute, Sama Road, Vadodara	Education
20.	P.D. Malviya College of Commerce, Rajkot	Education
21.	Gujarat Council of Science & Technology, Gandhinagar	Science & Technology
22.	Gujarat Knowledge Society, Directorate of Technical Education, Gandhinagar	Science & Technology
23.	Gujarat State Haj Committee Gandhinagar	General Administration
24.	Gujarat State Watershed Management Agency (GSWMA), Gandhinagar	Panchayats, Rural Housing and Rural Development
25.	Gurjareshwar Kumarpal Jain Sarvoday Technical Institute, Dabhoi, Vadodara	Labour and Employment
26.	International Centre for Entrepreneurship and Career Development, Ahmedabad	Education
27.	Junagadh Municipal Corporation	Urban Development and Housing
28.	K.V. Patel I.T.I, Chansama, Patan	Labour and Employment
29.	Kacheria Mojilal Gordhandas General Hospital, Balasinor	Health and Family Welfare
30.	Raksha Shakti University, Ahmedabad	Home
31.	S.K. Patel Industrial Training Institute, Kadi	Labour and Employment
32.	Sabarmati Ashram Preservation & Memorial Trust Gandhi Smarak, Ahmedabad	Sports, Youth and Cultural Activities
33.	Sanjivani Hospital At& Post Chaithan, Surat	Health and Family Welfare
34.	Sardar Smarak Hospital Bardoli, Surat	Health and Family Welfare
35.	Sardar Patel Institute of Economic & Social Research, Ahmedabad	Education
36.	Sarvajani Hospital & Maternity Home, Gozaria, Mehsana	Health and Family Welfare
37.	Seth J.B. Upadhyay Deaf - Mute School, Talod, Sabarkantha	Social Justice and Empowerment
38.	Shivanand Mission, Saurashtra Central Hospital, Virnagar, Rajkot	Health and Family Welfare
39.	Smt. A.J. Savla Homeopathic Medical College, Mehsana	Health and Family Welfare
40.	Society for Education Welfare & Action (Rural), Jhagadia, Bharuch	Social Justice and Empowerment
41.	Trimurti Hospital, Bavla, Ahmedabad	Health and Family Welfare
42.	Water and Land Management Institute, Anand	Narmada, Water Resources, Water Supply and Kalpsar
<b>2017-18 onwards</b>		
1	Bhagubhai Mafatlal Hospital (Sevashram), Bharuch	Health and Family Welfare
2	Centre for Social Studies, Veer Narmad South Gujarat	Education

Sr. No.	Name of AB and year from which Accounts have not been received up to 2019-20	Grants-in-aid releasing Department
	University Campus, Surat	
3	Centre for Entrepreneurship Development, Gandhinagar	Industries and Mines
4	Gujarat Ecology Education & Research (GEER) Foundation, Gandhinagar	Forests and Environment
5	Gujarat Environment Management Institute(GEMI), Gandhinagar	Forests and Environment
6	Gujarat Forensic Sciences University, Gandhinagar	Home
7	Gujarat Medical Education and Research Society (GMERS), Gandhinagar	Health and Family Welfare
8	Gujarat Livestock Development Board, Gandhinagar	Agriculture, Farmer's Welfare and Co-operation
9	Gujarat National Law University, Koba, Gandhinagar	Legal Department
10	Gujarat Pavitra Yatratham Vikas Board	Industries and Mines
11	Gujarat Pollution Control Board, Gandhinagar	Forests and Environment
12	Gujarat Press Academy, Gandhinagar	Information and Broadcasting
13	Gujarat Rajya Khadi Gramodyog Board	Industries and Mines
14	D.S. Patel Industrial Technical Institute, Sunav, Anand	Education
15	Development support Agency of Gujarat, Tribal Development Department, Gandhinagar	Tribal Development
16	Electronic Quality Development Centre, Ahmedabad	Industries and Mines
17	Forest Development Agency, Banaskantha	Forests and Environment
18	Forest Development Agency, Bhavnagar	Forests and Environment
19	Gujarat State Non-Resident Gujaratis' Foundation, Gandhinagar	General Administration
20	Gujarat Technological University, Ahmedabad	Education
21	Industrial Extension Bureau (iNDEXTb)	Industries and Mines
22	Industrial Extension Cottage (iNDEXT-C)	Industries and Mines
23	Institute of Kidney Diseases & Research Centre, Ahmedabad	Health and Family Welfare
24	Junagadh Agriculture University, Junagadh	Agriculture, Farmer's Welfare and Co-operation
25	Shree Pragna Chakshu Mahila Sevakunj, Surendranagar	Health and Family Welfare
26	Jan Shikshan Sansthan, Surat	Education
<b>2018-19</b>		
1	Gujarat Council of Science City, Ahmedabad	Science and Technology
2	Gujarat Information Commission, Karmayogi Bhavan, Gandhinagar	Information and Broadcasting
3	Gujarat Matikam Kalakari & Rural Technology Institute	Industries and Mines
4	Gujarat Social Infrastructure Development Society (GSIDS), Directorate of Economics & Statistics, Gandhinagar	Urban Development and Urban Housing
5	Gujarat Water Supply and Sewerage Board, Gandhinagar	Narmada, Water Resources, Water Supply and Kalpsar
6	Institute for Post Graduate Teaching & Research in Ayurveda (IPGTRA), Chanakya Bhavan, Jamnagar	Education
7	Institute of Seismological Research	Science and Technology

Sr. No.	Name of AB and year from which Accounts have not been received up to 2019-20	Grants-in-aid releasing Department
8	Sardar Vallabhbhai Patel Rashtriya Ekta Trust (SVPRET), Gandhinagar	Narmada, Water Resources, Water Supply and Kalpsar
9	Gujarat Institute of Educational Technology, Gujarat University Campus, Ahmedabad	Education
10	Indian Institute of Teachers Education, Gandhinagar	Education
11	Hemchandracharya North Gujarat University, Patan	Education
12	Shamlaji Hospital, Aravali	Health and Family Welfare
13	State Literacy Mission Authority, Gandhinagar	Education
<b>2019-20</b>		
1	A.R. College of Pharmacy & G.H. Patel Institute of Pharmacy, Vallabh Vidyanagar, Anand	Education
2	Adult Training Centre (Trust) for the Blind, Ahmedabad	Social Justice and Empowerment
3	Andh Kanya Prakash Gruh, Ahmedabad	Social Justice and Empowerment
4	B.M. Institute of Mental Health, Ahmedabad	Social Justice and Empowerment
5	B.S. Nathwani T.B. Hospital, Keshod, Junagadh	Health and Family Welfare
6	B.V. Patel Pharmaceutical Education Research Development (PERD) Centre, Ahmedabad	Education
7	Bhavnagar University, Sardar Vallabhbhai Patel Campus, Bhavnagar	Education
8	Birla Vishwakarma Mahavidyalaya Engineering, College, Vallabh Vidyanagar	Education
9	Blind Welfare Council, Dahod	Social Justice and Empowerment
10	Blind Men's/Peoples Association, Ahmedabad	Social Justice and Empowerment
11	C.L. Patel Technical Institute, Pij, Nadiad	Education
12	Cambay General Hospital, Khambhat	Health and Family Welfare
13	Chimanlal Nagindas Technical Centre, Ahmedabad	Education
14	Dharmsinh Desai Institute of Technology, Nadiad	Education
15	Dr. Rasiklal Shah Sarvajanic Hospital, Sabarkantha	Health and Family Welfare
16	Employment Extension Bureau, Gandhinagar	Labour and Employment
17	GIA Industrial Training Centre Morva-Rena, Panchmahal	Labour and Employment
18	Gujarat Backward Classes Development Corporation, Dr.Jivraj Mehta Bhavan, Gandhinagar	Social Justice and Empowerment
19	Gujarat Cancer & Research Centre, Civil Hospital Campus, Asarwa, Ahmedabad	Health and Family Welfare
20	Gujarat Council of Elementary(Primary) Education, Gandhinagar	Education
21	Gujarat Homoeopathic Medical College, Savli, Vadodara	Education
22	Gujarat State AIDS Control Society, Meghaninagar, Ahmedabad	Health and Family Welfare
23	Gujarat State Child Protection Society, Birsa Munda Bhawan, Gandhinagar	Social Justice and Empowerment
24	Gujarat State Council for Blood Transfusion, New Mental Hospital Complex, Meghaninagar, Ahmedabad	Health and Family Welfare
25	Gujarat Urban Development Mission, Gandhinagar	Urban Development and Urban Housing



Sr. No.	Name of AB and year from which Accounts have not been received up to 2019-20	Grants-in-aid releasing Department
26	Gujarat Horticulture Mission, Gandhinagar	Agriculture, Farmer's Welfare and Co-operation
27	Janak Smarak Hospital, Vyara, Tapi	Health and Family Welfare
28	L.M. College of Pharmacy, Navrangpura, Ahmedabad	Education
29	Lions Cancer Detection Centre Trust, Surat	Health and Family Welfare
30	M.N. College of Pharmacy, Khambhat, Anand	Education
31	Maharaja Sayajirao University, Fatehgunj, Vadodara	Education
32	Mahatma Gandhi Labour Institute, Ahmedabad	Labour & Employment Department
33	Maniben Pithawala I.T.I Navyug College, Surat	Labour and Employment
34	O.H. Nazar Ayurved Mahavidalaya and Ayurved Hospital, Surat	Education
35	R. B. Patel Technical Institute, At & Post Satem, Taluka & Dist Navsari	Education
36	R. K. Patel Technical Institute, Station Road, Vaso, Taluka Nadiad, Dist Kheda	Education
37	Ravishankar Maharaj Eye Hospital, Gujarat Blind Relief & Health Association, Anand	Health and Family Welfare
38	Revabai General Hospital, Sardhav, Gandhinagar	Health and Family Welfare
39	Rogi Kalyan Samiti, Government Spine Institute, New Civil Hospital Ahmedabad	Health and Family Welfare
40	Rogi Kalyan Samiti, Pandit Deen DayalUpadhyay College, Rajkot	Health and Family Welfare
41	Sardar Patel University, Vallabh Vidyanagar, Anand	Education
42	School for Deaf - Mutes Society, Ahmedabad	Social Justice and Empowerment
43	Sharda School for the Mentally Retarded Children, Ahmedabad	Social Justice and Empowerment
44	Shree Kathiawar Nirashrit Balashram, Rajkot	Social Justice and Empowerment
45	Gujarat Industrial Research and Development Agency, Vadodara	Industries and Mines
46	Saurashtra University, University Road, Rajkot	Education
47	Tolani Foundation Gandhidham Polytechnic, Adipur, Kutch	Education
48	Tribal Research & Training Institute Gujarat Vidyapith, Ahmedabad	Tribal Development
49	U.N. Mehta Institute of Cardiology and Research Centre, Civil Hospital Campus, Ahmedabad	Health and Family Welfare
50	Veer Narmad South Gujarat University, Surat	Education
51	Vitthalbhai Patel & Rajratna P.T. Patel Science College, Anand	Education
52	Xavier Technical Institute, Vadodara	Education
53	Disable Welfare Trust of India, Unara, Surat	Social Justice and Empowerment
54	Gujarat Ayurved University, Chanakya Bhavan, Jamnagar	Education
55	Shrimant Fatehsinh Rao Gaekwad General Hospital, Bayad, Sabarkantha	Health and Family Welfare
56	Knowledge Consortium of Gujarat, Ahmedabad	Education Department

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<b>Sr. No.</b>	<b>Name of AB and year from which Accounts have not been received up to 2019-20</b>	<b>Grants-in-aid releasing Department</b>
57	Bhailalbai & Bhikhabhai Institute of Technology, Vidyanaagar	Education
58	R.K. Patel Technical (ITI), Petlad, Anand	Labour and Employment

Source: Information compiled by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II)



## APPENDIX 4.7

**Department-wise/category-wise details of losses due to theft, misappropriation/loss of Government material and fire/accidents**

(Reference: Paragraph 4.18)

Name of Department	Theft cases		Misappropriation/ Loss of Government material		Fire/Accident cases		Total	
	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)	No. of cases	Amount (₹ in lakh)
Agriculture, Farmer's Welfare and Co-operation	1	3.21	1	1.41	0	0	2	4.62
Education	8	4.75	9	478.98	0	0	17	483.73
Food, Civil Supplies and Consumer Affairs	1	0.11	1	61.65	0	0	2	61.76
Forests & Environment	9	3.63	9	17.9	20	79.46	38	100.99
Health and Family Welfare	7	7.49	5	142.82	0	0	12	150.31
Home	0	0	13	128.34	0	0	13	128.34
Industries and Mines	1	0.46	2	77.62	0	0	3	78.08
Labour Employment	1	5.13	1	4	0	0	2	9.13
Legal	1	11.68	5	3.53	1	8	7	23.21
Narmada Water Resources, Water Supply and Kalpsar	11	6.09	17	38.07	0	0	28	44.16
Ports and Transport	0	0	2	5.79	0	0	2	5.79
Roads and Buildings	3	1.57	5	348.5	0	0	8	350.07
Revenue	1	5.86	25	8.6	0	0	26	14.46
Panchayats, Rural Housing and Rural Development	0	0	6	68.62	0	0	6	68.62
Science and Technology	0	0	1	12.68	0	0	1	12.68
Social Justice and Empowerment	0	0	1	14.87	0	0	1	14.87
Tribal Development	0	0	1	147.19	0	0	1	147.19
Urban Development and Urban Housing	0	0	2	24.4	0	0	2	24.40
<b>Total</b>	<b>44</b>	<b>49.98</b>	<b>106</b>	<b>1584.97</b>	<b>21</b>	<b>87.46</b>	<b>171</b>	<b>1722.41</b>

Source: Information compiled by Offices of the Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II) from data furnished by concerned Departments.



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