

Report of the Comptroller and Auditor General of India

State Finances Audit Report for the year ended 31 March 2022



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Andhra Pradesh
Report No. 1 of the year 2023

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Preface

This Report has been prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid before the Legislature of the State.

Chapter 1 of this Report contains the basis, approach and structure of the Report, structure of Government Accounts, Budgetary processes, compliance with Andhra Pradesh State Fiscal Responsibility and Budget Management (APFRBM) Act targets, trends in key fiscal parameters like Revenue Surplus/ Deficit, Fiscal Surplus/ Deficit, *etc.*, and Fiscal correction path.

Chapters 2 and 3 of the Report contain audit findings on matters arising from an examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March 2022. Information has been obtained from Government of Andhra Pradesh, wherever necessary.

Chapter 4 on ‘Quality of Accounts and Financial Reporting Practices’ provides an overview and status of the State Government’s compliance with various financial rules, procedures and directives during the current year.

Chapter 5 discusses the financial performance of Andhra Pradesh State Public Sector Undertakings (PSUs) and results of oversight role of the Comptroller and Auditor General of India (CAG) through monitoring the performance of Statutory Auditors and supplementary audit of accounts of the PSUs. Audit Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before the Legislature of Andhra Pradesh under provisions of Section 19A of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 (as amended).

The Reports containing the findings of Performance Audit and Compliance Audit in various Government departments, observations arising out of audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts are presented separately.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

1 The Report

Based on the audited accounts of the Government of Andhra Pradesh for the year ended March 2022, this Report provides an analytical review of the finances of the State Government.

2 Audit Findings

2.1 Fiscal Position

During 2021-22, Andhra Pradesh registered GSDP growth rate of 18.47 per cent.

State Government amended the APFRBM Act in December 2021. While enacting the targets/ceiling of fiscal parameters of the State for the years 2021-22 to 2025-26, the Government guarantees were excluded while calculating the targets/ceiling with reference to Outstanding total liabilities of the State to GSDP. The limit of annual incremental risk weighted guarantees which was 90 per cent of the Total Revenue Receipts (TRR) in the year preceding the current year was enhanced to 180 per cent to increase the fiscal space.

The fiscal parameters of the State as reflected in its Revenue, Fiscal and Primary Deficits were negative throughout the five-year period 2017-22.

There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have pushed up the Deficits to a further extent, as brought out in this Report as well as in the State Finances Audit Report of the CAG over the last few years.

Though, the outstanding liabilities were ostensibly below the targets prescribed in the revised APFRBM Act, these would be way more, if the liabilities of the State Government with regard to its extra-budgetary borrowings are taken into account. The liabilities of the State have been increasing year-on-year and majority of the borrowings during the year 2021-22 were utilised to balance Revenue Account of the State affecting asset creation in the State.

(Chapter 1)

2.2 Finances of the State

The State witnessed an increase of 28.53 per cent in Revenue Receipts during the year 2021-22 as compared to the previous year mainly due to increase in transfers from Government of India by 22.90 per cent.

State Government receipts were overstated to an extent of ₹ 319.02 crore due to misclassification of reduction of revenue expenditure as revenue receipts.

The State received compensation of ₹ 6,389 crore towards revenue loss due to GST implementation, partly as Grants (₹ 3,117 crore) and partly as back-to-back loans (₹ 3,272 crore) from GOI. The debt servicing of this loan would be done from the

collection of cess in the GST compensation Fund and hence, repayment obligation will not be on the other resources of State.

Revenue Expenditure increased by 4.25 per cent during 2021-22. State Government during 2021-22 lapsed unspent amount of ₹ 26,380 crore to Consolidated Fund of the State which resulted in reduction of Revenue Deficit and Fiscal Deficit when compared to previous year. State Government while lapsing the unspent balances has also lapsed the FC recommended health sector grants (₹ 488.15 crore) given by GoI. The action of State Government in lapsing these funds were in violation of GoI guidelines and also resulted in understatement of Revenue Expenditure and Revenue Deficit while creating an interest burden (₹ 11.33 crore for not transferring the funds) on Consolidated Fund of the State.

As against the GoI guidelines to transfer pass-through grants given for implementation of various centrally sponsored schemes to Single Nodal Account pertaining to those schemes, the State Government had lapsed the unutilised funds of ₹ 6,356 crore to the Consolidated Fund of the State as reduction of expenditure.

State Government has not reduced the assets in the books of Government Account in respect of assets transferred to AP Road Development Corporation and AP Water Resources Development Corporation which resulted in overstatement of Assets.

The share of capital expenditure (9.21 per cent of total expenditure) was lower in the State compared to General States average (14.41 per cent of total expenditure) affecting the physical capital formation with a cascading impact on economic growth in the long run.

The funds provided to State Disaster Response Fund (SDRF) were being kept idle from 2019-20 by transferring them to Personal deposit account illegally without being spent for drought relief as per sanctions was in violation of SDRF guidelines.

Outstanding Public Debt at the end of the year has increased by 6.97 per cent (₹ 24,257 crore) over the previous year. State Government has also a liability for off-budget borrowings of ₹ 1,18,394 crore and committed liability on account of pending payments of ₹ 17,804.20 crore to DISCOMs (towards electricity dues), pending payments towards irrigation projects and water supply schemes to the end of the year 2021-22 which it has not disclosed as part of its budget documents. This has the impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

(Chapter 2)

2.3 Budgetary Management

Sound budgetary management requires advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or large savings with reference to provisions made during the year, which point to flaws in expenditure monitoring and control. A majority of Controlling Officers did

not explain the reasons for variations in expenditure vis-à-vis allocations, to the Principal Accountant General (A&E), which affected the accountability mechanism of Government. This weakens legislative control over expending public finances.

State Government has to regularise an amount of ₹3,51,002.61 crore from the year 2004-05 to 2020-21. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds.

(Chapter 3)

2.4 Quality of Accounts and Financial Reporting practices

Operation of PD Accounts lacked clarity and transparency as huge amounts were shown to have been transferred to these accounts during the year but were not actually made available to the departmental officials for incurring expenditure. Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts without incurring actual expenditure, resulted in inflation of expenditure and lack of legislative scrutiny. It is imperative to curtail the usage of Personal Deposit Accounts to maintain the sanctity of budgetary process.

Non-submission of accounts by Autonomous Bodies, Development Bodies/Authorities and PSUs was in violation of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government Departments.

There were 1,99,616 adjustment transactions amounting to ₹11,237.61 crore relating to Personal Deposits carried out during the year 2021-22. These transactions were carried out centrally by Central Processing Cell (CPC) of CFMS, without routing through/obtaining necessary approvals of the Treasury as required by the provisions of the State Financial Code / Treasury Code. Further, adequate documentation was not visible on large number of adjustment transactions which affects the transparency in Government Accounts.

State Government deducted an amount of ₹1,351.47 crore from Finance Commission grants pertaining to Local Bodies towards electricity charges dues to DISCOMs during 2021-22. The action of the State Government in deducting the funds from Finance Commission grants without the consent of Local Bodies is in contravention to the Constitutional intent of autonomy to the Local Bodies.

(Chapter 4)

2.5 General Purpose Financial Report of State PSUs

As on 31 March 2022, there were 118 PSUs of which 97 are working PSUs and 21 are inactive PSUs in Andhra Pradesh under the audit jurisdiction of CAG. Out of 97 working PSUs, eleven PSUs were related to Power sector and 86 PSUs were related to other than power sector. Of these 97 working PSUs, 47 PSUs having arrears of accounts for less than three years as at the end of 30 September 2022. Based on the accounts and information furnished by PSUs, analysis of financial

performance of 34 working PSUs and financial position of 54 working PSUs have been covered in this Chapter.

During 2021-22, 34 PSUs registered an annual turnover of ₹ 86,101.03 crore, which was equal to 7.16 per cent of the GSDP of Andhra Pradesh.

As on 31 March 2022, the investment of the State Government in equity and long-term loans in 54 PSUs was ₹ 5,848.13 crore against total investment of ₹ 1,18,108.19 crore as on that date. The outstanding long terms loans of State Government in these PSUs as on 31 March 2022 increased to ₹ 881.81 crore from ₹ 593.46 crore during the year 2020-21.

Out of the 34 PSUs, 17 PSUs earned profits (₹ 1,483.96 crore), while 17 PSUs incurred losses (₹ 3,723.98 crore). As on 31 March 2022, the accumulated losses (₹ 26,531.43 crore) in 17 loss-making PSUs has completely eroded the net worth (₹ (-) 18,084.34 crore) of these PSUs. The maximum erosion of shareholders' funds was noticed in three State DISCOMs, where negative net worth of APSPDCL, APCPDCL and APEPDCL was ₹13,456.10 crore, ₹ 9,406.98 crore and ₹ 7,136.41 crore respectively as on 31 March 2022.

Out of the 97 working PSUs, Financial Statements for the year 2021-22 were received only from 14 PSUs up to 30 September 2022. Financial Statements of 44 PSUs were in arrears for three or more years. 21 PSUs have not even submitted their first accounts since their inception.

As a result of the audit of CAG during the period October 2021 to September 2022, Statutory Auditors of three PSUs revised their Audit Report. Significant comments highlighting inaccuracies in the Financial Statements impacting profitability by ₹ 25.54 crore and assets/ liabilities by ₹ 2,001.68 crore were issued.

(Chapter 5)

1.1 Profile of the State

Andhra Pradesh is the eighth largest State in the country in terms of geographical area (1,62,968 sq. kms). The State has a long coastline, spanning 974 kms. In terms of population, the State accounts for 4.09 *per cent* (4.93 crore) of the total population of the country, as per Census 2011. The per capita income of the State at current prices was ₹ 2,07,771 in 2021-22, which was higher than all India average of ₹ 1,49,848. General and financial data relating to the State is given in *Appendix 1.1*.

1.1.1 Gross State Domestic Product of Andhra Pradesh

Gross State Domestic Product (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 the 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 rate of Gross Domestic Product (GDP) of India and GSDP of the State at Current Prices (Base Year 2011-12) are given in **Table 1.1**

Table 1.1: Trends in growth rate of GSDP vis-à-vis GDP

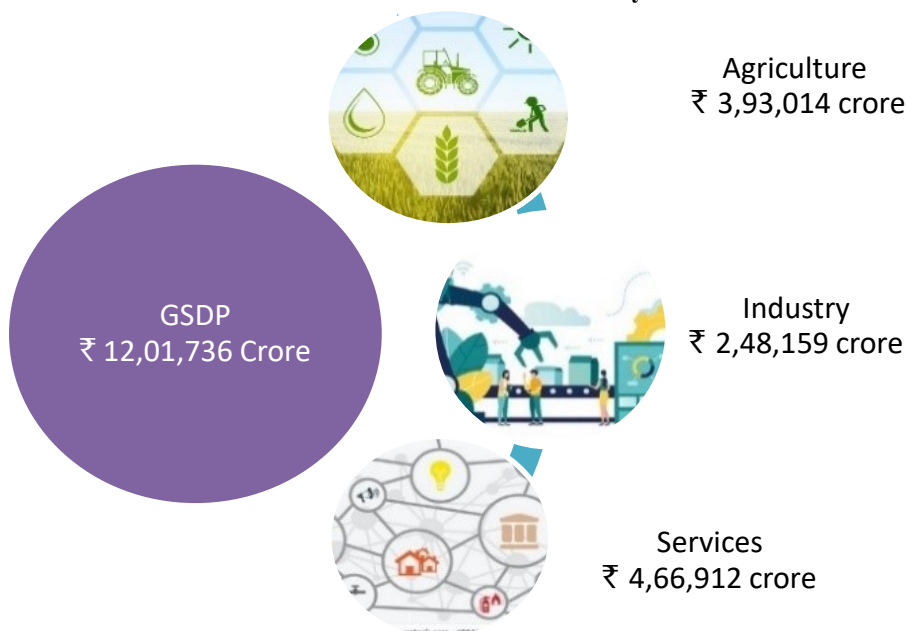
Year	2017-18	2018-19 (TRE)	2019-20 (SRE)	2020-21 (FRE)	2021-22 (PE)
GDP (₹ in crore)	1,70,90,042	1,88,99,668	2,00,74,856	1,98,00,914	2,36,64,637
Growth rate (<i>per cent</i>)	11.03	10.59	6.22	-1.36	19.51
GSDP (₹ in crore)	7,86,135	8,73,721	9,66,099	10,14,374	12,01,736
Growth rate (<i>per cent</i>)	14.86	11.14	10.57	5.00	18.47

Source: Ministry of Statistics and Programme Implementation, Government of India (MoSPI); TRE: Third Revised Estimates; SRE: Second Revised Estimates; FRE: First Revised Estimates; PE: Provisional Estimates.

As can be seen from the Table 1.1, the GSDP of Andhra Pradesh registered higher growth rate during the period 2017-18 to 2020-21 and reduced during the current year (2021-22) compared to the national growth rate. The reduction in the growth rate of GSDP of the State during 2020-21 was mainly due to economic turmoil caused by the global pandemic (Covid-19).

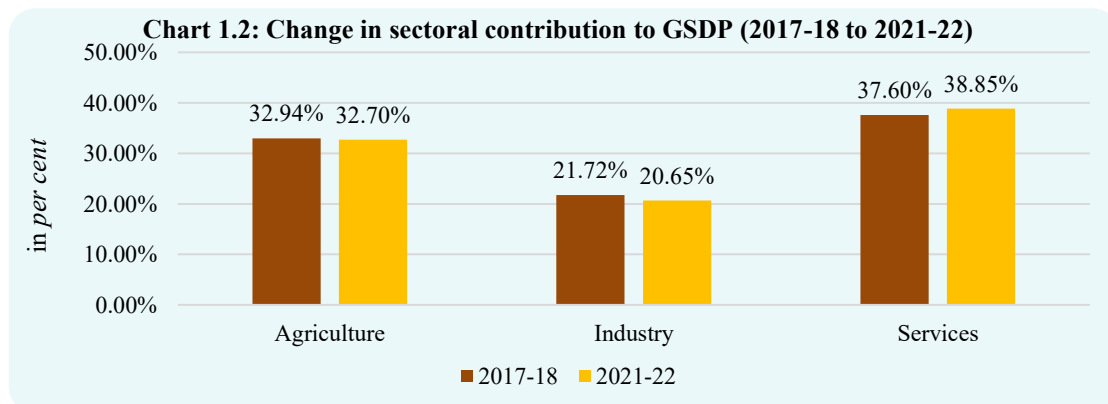
The GDP and GSDP are generally classified into primary, secondary and tertiary sectors, broadly corresponding to Agriculture, Industries and Services Sectors respectively. Sector wise GSDP for the year 2021-22 is depicted in *Chart 1.1*.

Chart 1.1: Sector wise GSDP for the year 2021-22



Source: Ministry of Statistics and Programme Implementation (MoSPI) ; Note: The contribution of Agriculture; Industry and Service sectors are only indicated in the Sector wise GSDP contributions chart and Taxes-subsidies on products were excluded

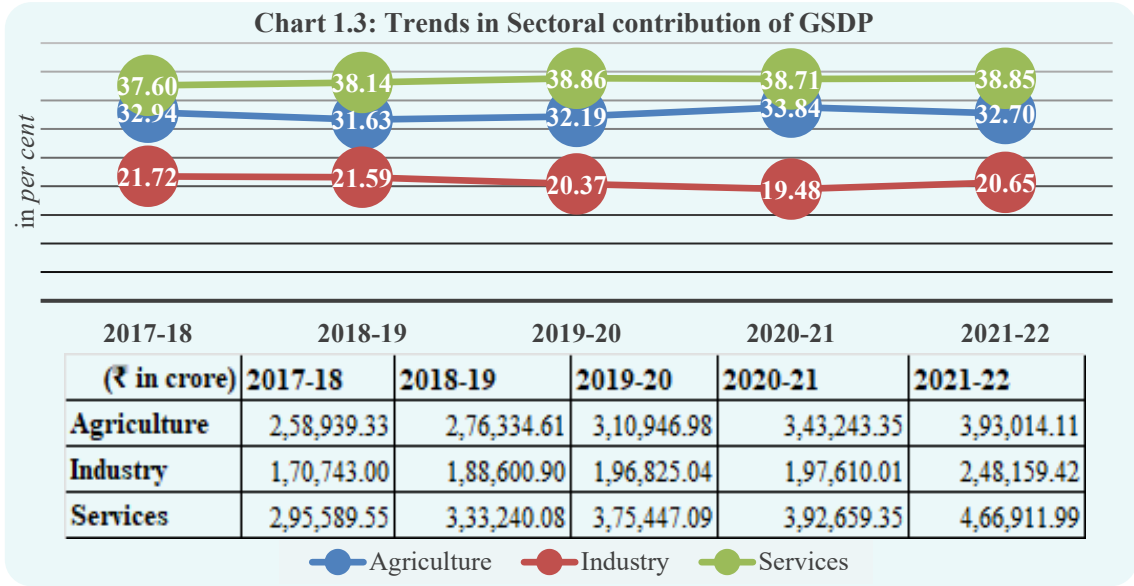
The contribution of various sectors to GSDP of the State during 2017-18 and 2021-22 is shown in **Chart 1.2**.



Source: Information obtained from website of Ministry of Statistics and Programme Implementation (MoSPI)

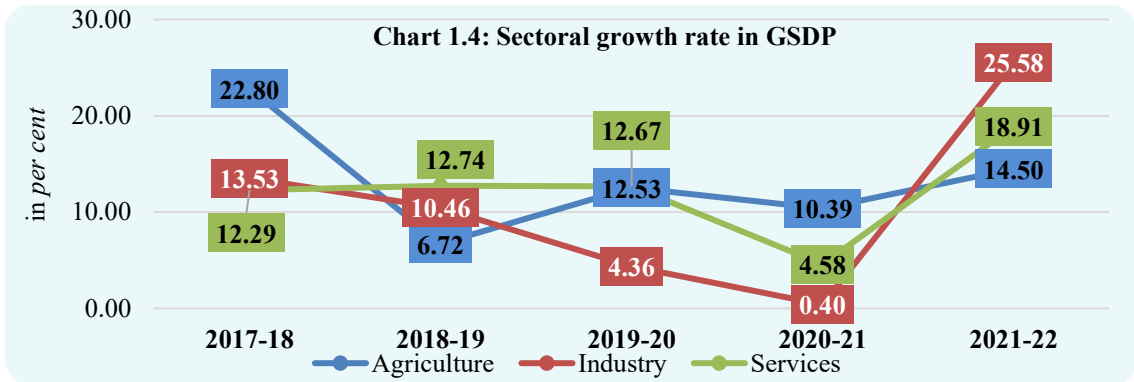
The Services sector was the major contributor to the State GSDP during 2021-22. However, the sectoral contribution of Agriculture and Industrial Sectors to GSDP slightly declined from 2017-18 to 2021-22.

The annual change in the contribution of Agriculture, Industrial and Service sectors to the GSDP over the five-year period 2017-18 to 2021-22 is depicted in **Chart 1.3**.



Source: Ministry of Statistics and Programme Implementation (MoSPI)

The Sector wise growth rate of GSDP is depicted in **Chart 1.4** below:



Source: Ministry of Statistics and Programme Implementation (MoSPI)

The State of Andhra Pradesh witnessed highest five-year GSDP growth rate of 18.47 per cent. During 2021-22, the overall growth in the sectors mentioned above led to increase in GSDP.

Industrial Sector which registered lowest growth during 2020-21 has recovered and grew by 25.58 per cent during 2021-22 when compared to previous year. The increase was mainly due to recovery of Construction sector (increased by 27 per cent) and Manufacturing sector (increased by 25 per cent) after Covid pandemic. The growth rate in Agricultural sector was attributed to increase in activities mainly under fishing, aquaculture (increased by 26 per cent) and crops & livestock (increased by 11 per cent).

Similarly, the increase in Services sector was mainly due to increased activities under trade, repairs, hotels & restaurants (increased by 23 per cent), transport, storage, communication & services related to broadcasting (increased by 21 per cent) and real estate (increased by 15 per cent) compared to previous year.

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) is prepared and submitted 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, from the compiled accounts and initial and subsidiary accounts rendered by the treasuries, the State Government offices and departments responsible for keeping of such accounts and statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit) 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: 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 Office of the Accountant General (Audit);
- Other data (accounting as well as MIS) with Departmental Authorities and Treasuries and
- GSDP data and other State related statistics from Ministry of Statistics and Programme Implementation.

The analysis is also carried out in the context of recommendations of the XIV and XV Finance Commissions (FC), Andhra Pradesh Fiscal Responsibility and Budget Management (APFRBM) Act, as amended from time to time and best practices and guidelines of the Government of India. An entry conference was held in September 2022 with the Special Chief Secretary to Government of Andhra Pradesh, Finance Department, wherein the audit approach followed in the preparation of SFAR was explained. Draft audit findings were discussed with the Special Chief Secretary to Government of Andhra Pradesh, Finance Department in January 2023 and the responses of the Government have been incorporated in the Report appropriately.

1.3 Report Structure

The SFAR is structured into the following five chapters:

Chapter – I	Overview 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 deficit/ surplus.
Chapter – II	Finances of the State 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 2017-18 to 2021-22, debt profile of the State and key Public Account transactions based on the Finance Accounts of the State.
Chapter - III	Budgetary Management This chapter is based on the Appropriation Accounts of the State and reviews the appropriations, allocative priorities of the State Government and reports on deviations from constitutional provisions relating to budgetary management.
Chapter - IV	Quality of Accounts & Financial Reporting Practices This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
Chapter - V	General Purpose Financial Reporting of State Public Sector Undertakings This chapter discusses financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies as revealed from their accounts.

1.4 Overview of Government Accounts structure

The Accounts of the Government are kept in three parts:

1. Consolidated Fund of the State

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 Reserve Bank of India 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

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 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.

3. Public Account of the State

Apart from the 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 items 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 consists of tax revenue, non-tax revenue, share of Union Taxes/Duties and grants from Government of India.

Revenue expenditure consists of all the expenditure of the Government which does 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).

Capital receipts consist of:

Debt receipts: Market Loans, Bonds, Loans from financial institutions, Net transactions under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;

Non-debt receipts: Proceeds from disinvestment, Recoveries of loans and advances;

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

The accounts classification system in Government is both functional and economic as explained below:

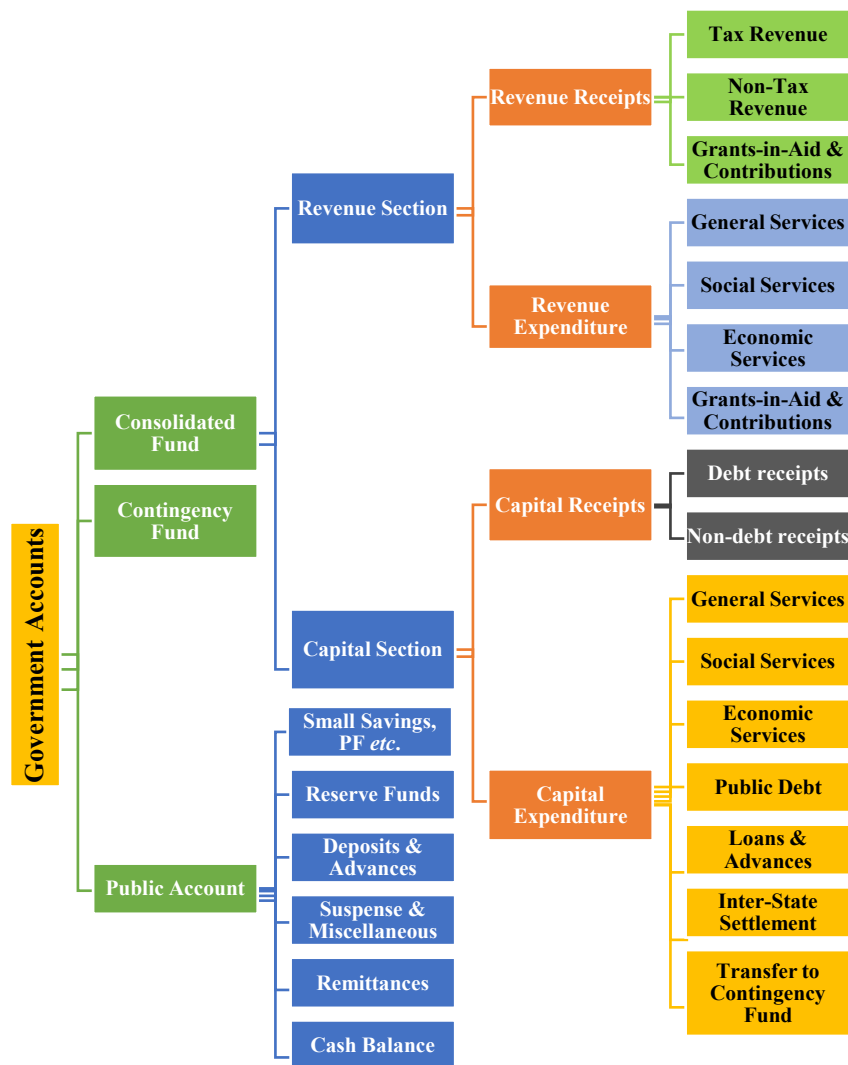
	Attribute of transaction	Classification
Standardised in List of Major and Minor Heads of Account of Union and States by Controller General of Accounts	Function - Education, Health, <i>etc.</i> / Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (3-digit)-
	Economic nature/Activity	Object Head- salary, minor works, <i>etc.</i> (3-digit)

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 'Education', 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.

A pictorial depiction of the structure of Government Accounts is given in **Chart 1.5:**

Chart 1.5: Pictorial depiction of the structure of Government Accounts



1.5 Budgetary Process

In terms of Article 202 of the Constitution of India, the Governor of Andhra Pradesh caused to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year 2021-22, in the form of an **Annual Financial Statement (AFS)** as a part of Budgetary Process.

In terms of Article 203, the AFS was submitted (March 2021) to the State Legislature in the form of 40 Demands for Grants/Appropriations and after approval of these, the Appropriation Bill was 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 ante**, the 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 2021-22, including various inter-governmental and other adjustments carried out by the Reserve Bank of India (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 2021-22 closely and analyse the actual receipts and expenditure during the year with reference to the projections made in the budget.

1.6 Snapshot of Finances of the State

The following table provides the details of actual financial position *vis-à-vis* Budget Estimates for the year 2021-22 and actuals of 2020-21. The time series data of Finances of the State is given in *Appendix 1.2*.

Table 1.2: Snapshot of Finances of the State

Sl. No	Components	2020-21			2021-22		Percentage of Actual to GSDP (in per cent)
		Actual	BE	Actual (Percentage of Actual to B.E.)	Actual	BE	
1	Tax Revenue	81,869	1,12,216	1,06,365(94.79)		8.85	
	a. Own Tax Revenue	57,409	85,281	70,979 (83.23)		5.91	
	b. Share of Union taxes/duties	24,460	26,935	35,386 (131.38)		2.94	
2	Non-Tax Revenue	3,395	7,050	5,017 (71.16)		0.42	
3	Grants-in-aid from GoI	31,872	57,931	39,170 (67.61)		3.26	
4	Revenue Receipts (1+2+3)	1,17,136	1,77,197	1,50,552 (84.96)		12.53	
5	Recovery of Loans and Advances	1,063	50	2,110 (4,220)		0.18	
6	Other Receipts	0	0	(-1 (---))		0.00	
7	Borrowings and other Liabilities (a)	55,171	36,148	25,013 (69.20)		2.08	
8	Capital Receipts (5+6+7)	56,234	36,198	27,122 (74.93)		2.26	
9	Total Receipts (4+8)	1,73,370	2,13,395	1,77,674 (83.26)		14.78	
10	Revenue Expenditure of which -	1,52,677	1,82,197	1,59,163 (87.36)		13.24	
11	Interest payments	20,018	22,740	22,165 (97.47)		1.84	
12	Capital Expenditure of which -	20,690	31,198	18,511 (59.33)		1.54	
13	Capital outlay	18,975	30,316	16,373 (54.01)		1.36	
14	Loans and advances	1,715	882	2,138 (242.40)		0.18	
15	Inter State Settlement	0	0	0 (0.00)		0.00	
16	Total Expenditure (10+12+15)	1,73,367	2,13,395	1,77,674 (83.26)		14.78	
17	Revenue Deficit (10-4)	35,541	5,000	8,611 (172.22)		0.72	
18	Fiscal Deficit {16-(4+5+6)}	55,168	36,148	25,013 (69.20)		2.08	
19	Primary Deficit (18-11)	35,150	13,408	2,848 (21.24)		0.24	

(a) 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.

(b) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed.

Note: The difference in total receipts (Sl.No.10) and total expenditure (Sl.No.17) during 2020-21 was due to proforma correction of ₹ 2.90 crore done in Cash Balance.

1.7 Snapshot 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 and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

The summarised position of Assets and Liabilities of the Government is given in **Table 1.3:**

Table 1.3: Summarised position of Assets and Liabilities of the State

Liabilities					Assets				
	2020-21 (₹ in crore)	2021-22 (₹ in crore)	Increase /Decrease (in per cent)		2020-21 (₹ in crore)	2021-22 (₹ in crore)	Increase /Decrease (in per cent)		
Consolidated Fund									
A	Internal Debt	2,56,088	2,91,951	14.00	a	Gross Capital Outlay	2,51,869	2,68,242	6.50
B	Loans and Advances from GoI ¹	14,171	17,672	24.71	b	Loans and Advances	33,421	33,449	0.08
	Contingency Fund	50	49	-2.00		Contingency Fund	0	0	0.00
Public Account									
A	Small Savings, Provident Fund etc.,	23,276	26,990	15.96	a	Advances	31	31	0.00
B	Deposits	53,334	36,856	(-) 30.90	b	Remittances	619	623	0.65
C	Reserve Funds	13,499	15,198	12.59	c	Suspense and Miscellaneous	236	236	0.00
D	Suspense and Miscellaneous	2,495	1,048	(-) 58.00					
						Cash Balance (including investment in Earmarked Funds)	10,491	12,326	17.49
						Total	2,96,667	3,14,907	6.15
						Deficit in Revenue Account	66,246	74,857	13.00
TOTAL	3,62,913	3,89,764	7.40	TOTAL	3,62,913	3,89,764	7.40		

Source: Finance Accounts of respective years

1.8 Fiscal Balance: Achievement of Deficit and total debt targets

Andhra Pradesh Fiscal Responsibility and Budget Management Act (APFRBM) was passed with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable

¹ Includes an amount of ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received towards back-to-back loan in lieu of GST compensation shortfall which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

level, establishing improved debt management and improving transparency in a medium-term framework. In this context, the Act provides quantitative targets to be adhered to by the State with regard to deficit measures and debt level.

1.8.1 Amendment of AP FRBM Act

Government of Andhra Pradesh enacted FRBM Act in October 2005. The FRBM Act was amended, and the targets of fiscal parameters were revised from time to time. The State Government amended the FRBM Act in December 2021.

As per the Section 9(2)(d) of AP FRBM Act 2005, the State Government should limit the amount of annual incremental risk weighted guarantees to 90 per cent of the TRR in the year preceding the current year.

Through the amendment of December 2021, the State Government revised the fiscal targets/projections for the years 2021-22 to 2025-26 and also increased the limit of annual incremental risk weighted guarantees which was 90 per cent of the Total Revenue Receipts (TRR) in the year preceding the current year to 180 per cent.

Though widening of limit of annual incremental risk weighted guarantees by two-fold may create some fiscal space to the State Government in the short run, in the long run it may create burden on the exchequer by way of debt servicing if the State resorts to borrow funds by using the increased limits.

1.8.2 AP FRBM targets on key Fiscal Parameters

The compliance of major fiscal parameters prescribed under APFRBM Act 2021 are shown in Table 1.4.

Table 1.4: Compliance with provisions of APFRBM Act

Fiscal Parameters	Fiscal projections set in revised APFRBM Act	Achievement (₹ in crore)				
		2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Deficit (-) / Surplus (+) (as percentage of GSDP)	2.5 per cent of GSDP from 2015-16 to 2019-20 and 4.5 per cent of GSDP for 2020-21; 3.6 per cent for the year 2021-22	-16,152 (-2.05)	-13,899 (-1.59)	-26,441 (-2.74)	-35,541 (-3.50)	-8,611 (-0.72)
		✓	✓	X	✓	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Five per cent of GSDP	-32,381 (-4.12)	-35,467 (-4.06)	-39,687 (-4.11)	-55,168 (-5.44)	-25,013 (-2.08)
		✓	✓	✓	X	✓
Ratio of total outstanding liabilities to GSDP (in per cent)	35 per cent of GSDP for the years 2015-16 to 2020-21 and 35.6 per cent of GSDP for the year 2021-22	28.46	29.47	31.24	34.33	31.00
		✓	✓	✓	✓	✓
Ratio of total outstanding liabilities to GSDP (in per cent) after taking into account the off – Budget borrowings		NA	NA	39.27	45.38	40.85

Source: Finance Accounts, Information provided by State Government; APFRBM Act 2021; *Note:* Outstanding Liabilities excludes an amount of ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources; NA; Not Available.

The purpose of GST compensation is to compensate States for loss of revenue arising on account of implementation of GST. During the year 2021-22, the State

Government has received GST compensation of ₹ 3,117.39 crore as Grants-in-Aid (GIA) from the GoI. Due to inadequate balance in GST Compensation fund, the GoI released an amount of ₹ 3,272.19 crore as back-to-back loan in lieu of shortfall in GST compensation which is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources. The revenue deficit of ₹ 8,611 crore and fiscal deficit of ₹ 25,013 crore of the State Government as depicted in the Finance Accounts 2021-22 should therefore, be read in conjunction with receipt of GST compensation of ₹ 3,272.19 crore as back-to-back loan with no repayment obligation on the State resources. Accordingly, Revenue Deficit and Fiscal Deficit would work out to ₹ 5,338.81 crore and ₹ 21,740.81 crore respectively during the year 2021-22, considering the debt receipt of ₹ 3,272.19 crore in lieu of shortfall in GST compensation.

A comparison of the major fiscal variables of the State with the targets set under State's Medium Term Fiscal Policy Statement (MTFPS) is given in **Table 1.5**.

Table 1.5: Actuals vis-à-vis projection in MTFP for 2021-22

(₹ in crore)				
Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2021-22)	Variation (in per cent)
1	Own Tax Revenue	73,690	70,979	-3.68
2	Non-Tax Revenue	5,451	5,017	-7.96
3	Share of Central Taxes	31,499	35,386	12.34
4	Grants -in-aid from GoI	43,632	39,170	-10.23
5	Revenue Receipts (1+2+3+4)	1,54,272	1,50,552	-2.41
6	Revenue Expenditure	1,73,818	1,59,163	-8.43
7	Revenue Deficit (-)/ Surplus (+) (5-6)	-19,546	-8,611	-55.94
8	Fiscal Deficit (-)/ Surplus (+)	-38,224	-25,013	-34.56
9	Debt-GSDP ratio (per cent)	32.51	31.00	-4.64
10	GSDP growth rate at current prices (per cent)	18.47	18.47	0.00

Source: Finance Accounts and MTFPS of the State of Andhra Pradesh 2021-22; **Note:** MTFPS for 2021-22 was placed in legislature during the budget session of 2022-23 based on the Revised Estimates of 2021-22; * Arrived at after exclusion of GST Compensation of ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received as back-to-back loans under debt receipts from the total outstanding liabilities as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

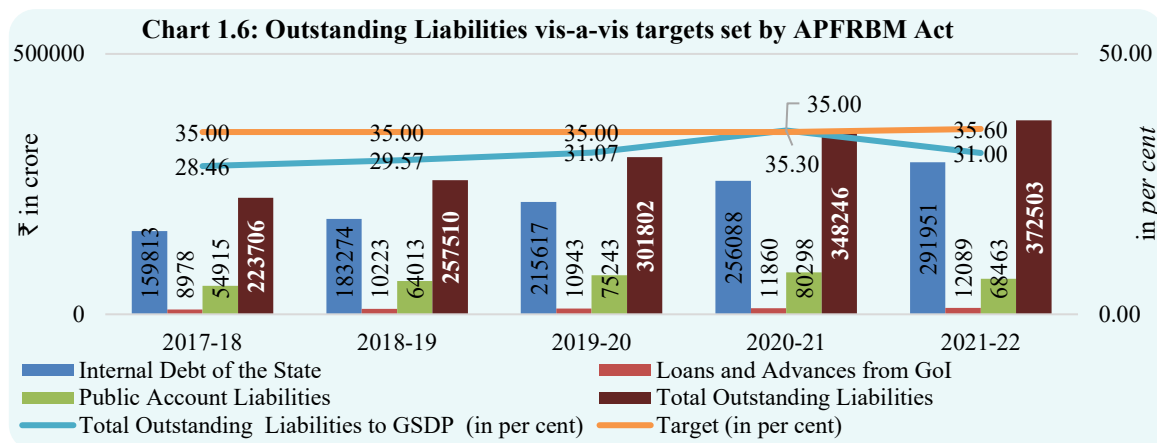
The MTFPS was prepared based on the Revised Estimates of 2021-22. Therefore, the actuals of the above parameters were close to the projections made in the MTFPS. However, as shown in **Table 1.2**, there were huge variations between actuals vis-à-vis Budget Estimates.

State Government replied that, the State faced multiple shocks – State bifurcation and Covid -19 disruptions. The Covid-19 pandemic had affected deficit indicators for GoI and other states which resulted in deficit indicators being negative over the past five-year period.

The State Government also replied that, sustained efforts were made to curtail the revenue and fiscal deficits and comply with the APFRBM targets. State Government stated that the revenue receipts had increased by 28.53 per cent during 2021-22 which resulted in substantial improvement in revenue and fiscal deficits for the year 2021-22.

1.8.2.1 Outstanding liabilities of State Government

The details of outstanding liabilities and their ratio to GSDP vis-à-vis the revised APFRBM targets are depicted in **Chart 1.6**.



Source: Finance Accounts; **Note:** Outstanding Liabilities excludes an amount of ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received towards back-to-back loan from GoI in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

The outstanding liabilities of the State showed an increasing trend during the five-year period 2017-22. It increased from ₹ 2,23,706 crore during 2017-18 to ₹ 3,72,503 crore during 2021-22 (an increase of 66.51 per cent).

Public Debt (Internal Debt and Loans and Advances from GoI) of the composite State of Andhra Pradesh was ₹ 1,66,522 crore as of 01 June 2014. Post bifurcation of the State with effect from 02 June 2014, the residual State of Andhra Pradesh was allocated a debt of ₹ 97,124 crore on population basis (58.32:41.68 ratio between AP and Telangana). As can be seen from the **chart 1.6**, the Public Debt has increased and stood at ₹ 3,04,040 crore as of end of March 2022 (an increase of 213 per cent over that of 2014-15).

The total outstanding liabilities of the State to GSDP during the year 2021-22 was within the target of 35.60 per cent. After considering the Off Budget Borrowings of the State (₹ 1,18,393.81 crore), the liabilities of the State will be 40.85 per cent of GSDP which is more than the target prescribed in APFRBM Act.

Understatement of Outstanding liabilities of the State Government

The State Government fixed the target of the total outstanding liabilities as a percentage of GSDP to 35.60 for the year ended 31 March 2022. However, while calculating the total outstanding liabilities to GSDP ratio the State Government excluded the liabilities on account of Guarantees.

As per FRBM Act, 2005 the term 'liabilities' also include the liabilities of PSUs/SPVs serviced out of State Budgets. The outstanding liabilities on account of the borrowings of the State Government PSUs/SPVs to the end of March 2022 was ₹ 1,18,393.81 crore (9.85 per cent of GSDP). These borrowings were not disclosed in Finance Accounts of the State Government.

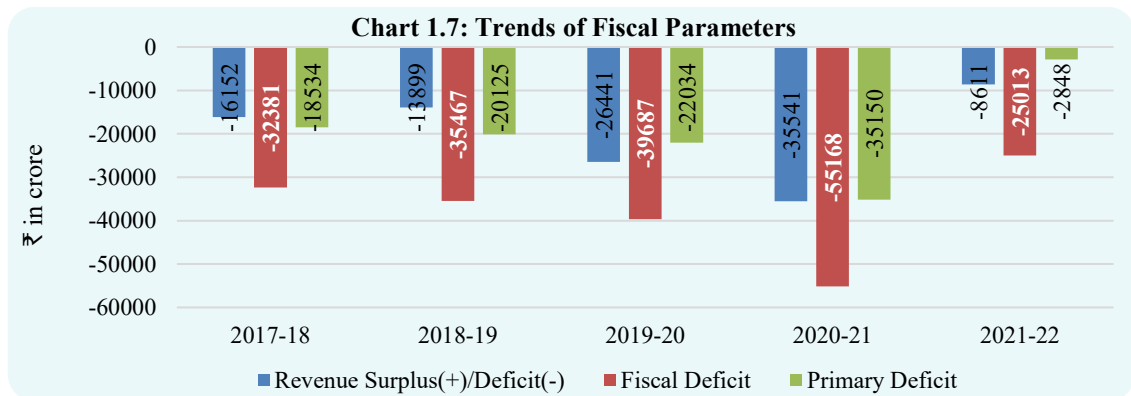
As per Section 6(i) of AP FRBM Rules 2006 the liabilities in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies *etc.*, are to be disclosed in the Budget. Audit observed that, State Government did not disclose the committed liabilities on account of pending payments of ₹ 17,804.20 crore to DISCOMs (towards electricity dues), pending payments towards irrigation projects and water supply schemes to the end of the year 2021-22. (*Refer para 4.3 of this Report*).

The State Government replied that, it has been following the cash accounting system, as per the prescribed rules on par with the other State Governments and the GoI due to which the bills payable as well as the bills receivable are not normally considered. Thus, Government stated that, the pending liabilities such as subsidies payable to the DISCOMs, contractor/suppliers' bills payable, etc. are not included as liabilities in statement no. 6 of the Finance Accounts and the same system is followed for the financial year 2022-23 & earlier as well.

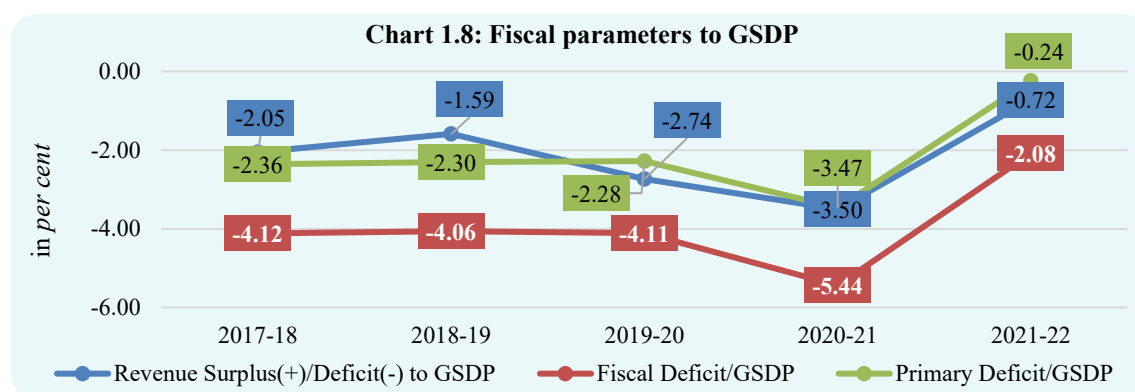
The reply of the Government is not acceptable due to the fact that as per the AP FRBM Rules² (June 2006) the State Government should disclose liability in respect of major works and contracts, committed liabilities in respect of land acquisition charges and claims on the State Government in respect of unpaid bills on works and supplies in Form D-9. This disclosure is not dependent on the basis of the accounting system used. Further, as per appendix XII of the Finance Accounts, the details of committed liabilities of the State Government should also be disclosed.

1.8.3 Trends of Surplus/Deficit

The trends of Surplus/Deficit and its percentage in GSDP of the State for the years 2017-18 to 2021-22 are shown in **Charts 1.7** and **1.8**.



² G.O.Ms.No.186, Finance (BG.I) Department dated 30 June 2006



Source: Finance Accounts of respective years.

The Revenue Deficit of the State showed fluctuating trend during the period 2017-22 and registered a five year high of ₹ 35,541 crore during 2020-21. During the year 2021-22, the revenue deficit of the State was ₹ 8,611 crore. The deficit was declined by 75.77 per cent when compared to 2020-21.

The Fiscal and Primary deficits were also declined during the year 2021-22 by 54.66 per cent and 91.89 per cent respectively when compared to the previous year.

As a percentage to GSDP, the deficits shown mixed trend during the period 2017-22 with lowest recorded during 2021-22 and highest in 2020-21.

Audit observations with regard to the deficits indicated in **Chart 1.7** above are as follows:

1.8.3.1 Revenue Deficit

Finance Commission (FC) assessed the Receipts and Expenditure of the State based on the forecast (estimates) made by the State and accorded the Post Devolution Revenue Deficit Grant (PDRDG) taking into consideration the differences among the States in fiscal capacity and expenditure need, including cost disabilities.

The XIV FC assessed the post-devolution Revenue Deficit and sanctioned ₹ 22,112 crore of Revenue Deficit grant for the period 2015-20.

XV FC also sanctioned ₹ 5,897 crore for the year 2020-21 and ₹ 30,497 crore of Revenue Deficit grant for the period 2021-26 in order to eliminate the projected Revenue Deficit.

The details of PDRDG received and Revenue Deficit for the years 2015-16 to 2021-22 are given in **Table 1.6**.

Table 1.6: Revenue Deficit - Actuals vis-à-vis Targets for the years 2015-22

(₹ in crore)				
Year	Projections of Revenue Deficit made in Macro Economic Framework Statement	Revenue Deficit projected by XIV and XV FC	PDRDG received as per the recommendations of XIV and XV FC	Revenue Deficit (After receipt of Post- devolution Grant)
XIV FC PERIOD				
2015-16	4,140	6,609	6,609	7,302
2016-17	4,598	4,930	4,930	17,231*
2017-18	4,018	4,430	4,430	16,152

Year	Projections of Revenue Deficit made in Macro Economic Framework Statement	Revenue Deficit projected by XIV and XV FC	PDRDG received as per the recommendations of XIV and XV FC	Revenue Deficit (After receipt of Post- devolution Grant)
2018-19	11,654	3,644	3,644	13,899
2019-20	26,647	2,499	2,499	26,441
XV FC PERIOD				
2020-21	34,927	5,897	5,897	35,541
2021-22	19,546	17,257	17,257	8,611

Source: Finance Accounts of respective years, XIV and XV FC reports; Macro Economic Framework Statement (MEFS) *Including an amount of ₹ 8,256 crore expended towards implementation of UDAY scheme during 2016-17.

The State Government could not contain the Revenue Deficit during 2015-22 despite receipt of PDRDG from GoI as per the recommendations of XIV and XV Finance Commissions. XV FC estimated ₹ 17,257 crore as Post Devolution Revenue Deficit of the State for the year 2021-22 based on the forecast (estimates) of the State and sanctioned the same as Revenue Deficit grant for the year 2021-22. Though, the State received ₹ 17,257 crore as PDRDG for the year 2021-22, the State was having a revenue deficit of ₹ 8,611 crore.

Revenue Deficit as a percentage of Total Revenue Receipts (TRR)³ decreased from 30.34 *per cent* in 2020-21 to 5.72 *per cent* during 2021-22. However, the revenue deficit of the State was higher when compared to Budget Estimates (₹ 5,000 crore) of the State Government during the year 2021-22.

During 2021-22 the revenue expenditure was decreased due to lapsing of unspent balances, recoveries of overpayments *etc.*, to the tune of ₹ 26,379.81 crore during March 2022. When compared to previous year, there was an overall decrease of revenue deficit by 75 *per cent* during the year 2021-22. The detailed analysis and audit observations on lapsing of funds was shown at *para 2.5.2* of Chapter 2 of this report.

1.8.4 Components of fiscal deficit and its financing pattern

The components and financing patterns of fiscal deficit are shown in **Table 1.7**.

Table 1.7: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22		
					Receipts	Disbursements	Net
Components of Fiscal Deficit (1 to 4)	(-)32,381	(-)35,467	(-)39,687	(-)55,168	1,52,661	1,77,674	(-)25,013
1. Revenue deficit	(-)16,152	(-)13,899	(-)26,441	-35,541	1,50,552	1,59,163	(-)8,611
2. Net Capital Expenditure	(-)13,491	(-)19,976	(-)12,242	-18,975	-1	16,373	(-)16,374
3. Net Loans and Advances	(-)2,730	(-)1,566	(-)1,001	-652	2,110	2,138	(-)28

³ Revenue Deficit to Total Revenue Receipts during 2020-21 = (₹35541 crore/₹117136 crore)*100 = 30.34 *per cent*

Revenue Deficit to Total Revenue Receipts during 2021-22 = (₹ 8611 crore /₹ 150552 crore)*100 = 5.72 *per cent*

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22		
					Receipts	Disbursements	Net
4. Net Inter-State settlement	(-8)	(-)26	(-)3	0	0	0	0
Financing Pattern of Fiscal Deficit							
a.Net Public Debt[#]	18,982	24,706	33,062	43,700	1,59,610	1,20,246	39,364
b.Net Public Account	9,973	12,628	12,929	7,268	-94,544	-82,028	(-)12,515
Small Savings, PF etc.	1,643	2,221	1,015	6,531	7907	4192	3714
Reserve Funds	728	2,181	1,957	497	2830	1131	1699
Deposits and Advances	4,608	10,160	8,970	-1,235	101496	117975	(-) 16478
Suspense and Misc.	337	(-)69	1,043	1,484	(-) 206788	(-) 205341	(-) 1446
Remittances	2,657	(-)1,865	(-)57	-9	11	15	(-) 4
c. Contingency Fund	0	0	0	0	0	1	(-)1
d. Increase (+)/Decrease (-) in Cash Balance	3,426	(-)1,867	(-)6,304	4,200	10,491	12,326	(-)1,835
Total (a to d)	32,381	35,467	39,687	55,168	-	-	25,013

Source: Finance Accounts of respective years. [#] Includes market borrowings and borrowings from LIC, GIC, NABARD, NCDC, NSSF and Ways and Means Advances.

Borrowed funds financed for meeting revenue expenditure create a liability for future years without creating any assets. In the year 2021-22, more than half of borrowed funds were applied to finance deficit on revenue account and clearing of public account liabilities to an extent of 22 per cent and 32 per cent respectively.

The State Government replied that the economy of the State of Andhra Pradesh suffered structural deficit on account of unjust, unfair and unscientific state bifurcation. Andhra Pradesh lost assets to Telangana on geographical basis, but inherited liabilities on population basis. It was also replied that, Andhra Pradesh also did not have the resources to meet the servicing of liabilities. GoAP has been ceaselessly pursuing with the Government of India regarding fulfilment of assurances given at the time of bifurcation such as award of Special Category Status, Revenue Deficit Grant for 2014-15, etc. The outbreak of Covid-19 pandemic further compounded the fiscal stress on the State. Further, in view of the above scenario the State Government has stated that it would be obvious that a part of borrowed funds would be used for deficit financing and clearing other accumulated liabilities.

1.8.5 Impact on Revenue and Fiscal deficits due to misclassifications and other factors

Misclassification of revenue expenditure as capital and off budget fiscal operations impact Revenue and Fiscal deficits of State. During the year 2021-22, due to misclassification of revenue expenditure under capital section, non-provisioning for interest payment and lapsing of a portion of borrowings of AP Water Resources Development Corporation (APWRDC) to Consolidated Fund led to an overall understatement of Revenue Deficit by ₹ 2,192.05 crore and understatement of Fiscal Deficit by ₹ 1,503.25 crore as detailed below.

Table 1.8: Understatement of Revenue Deficit and Fiscal Deficit

Particulars	(₹ in crore)	
	Impact on Revenue Deficit (Understated (+) / overstated (-))	Impact on Fiscal Deficit (Understated (+) / overstated (-))
Classification of Revenue expenditure as capital	(+ 688.80	---
Non provision of interest under Reserve Funds and Deposits	(+ 85.32	(+ 85.32
Lapsing of loan amount raised by the APWRDC into consolidated fund.	(+ 752.91	(+ 752.91
Non - release of pass-through Health sector Finance Commission grants	(+ 488.15	(+ 488.15
Non provision/payment of interest over Non - release of pass-through FC grants	(+ 11.33	(+ 11.33
Short release of Road Development Cess to AP Road Development Corporation (APRDC)	(+ 165.54	(+ 165.54
Total	(+ 2,192.05	(+ 1,503.25

Source: Finance Accounts;

After taking into account the above understatements, Revenue Deficit and Fiscal Deficits works out to ₹ 10,803.04 crore (₹ 8,610.99 crore plus ₹ 2,192.05 crore) and ₹ 26,515.99 crore (₹ 25,012.74 crore plus ₹ 1,503.25 crore) respectively. The Revenue Deficit and Fiscal Deficits as a percentage of GSDP were also increased to 0.90 per cent from 0.72 per cent and 2.21 per cent from 2.08 per cent.

1.9 Conclusion

During 2021-22, Andhra Pradesh registered GSDP growth rate of 18.47 per cent.

State Government amended the APFRBM Act in December 2021. While enacting the targets/ceiling of fiscal parameters of the State for the years 2021-22 to 2025-26, the Government guarantees were excluded while calculating the targets/ceiling with reference to Outstanding total liabilities of the State to GSDP. The limit of annual incremental risk weighted guarantees which was 90 per cent of the Total Revenue Receipts (TRR) in the year preceding the current year was enhanced to 180 per cent to increase the fiscal space.

The fiscal parameters of the State as reflected in its Revenue, Fiscal and Primary Deficits were negative throughout the five-year period 2017-22.

There were instances of misclassification of revenue transactions under capital section and non-accountal of other liabilities, which would have pushed up the Deficits to a further extent, as brought out in this Report as well as in the State Finances Audit Report of the CAG over the last few years.

Though, the outstanding liabilities were ostensibly below the targets prescribed in the revised APFRBM Act, these would be way more, if the liabilities of the State Government with regard to its extra-budgetary borrowings are taken into account. The liabilities of the State have been increasing year-on-year and majority of the borrowings during the year 2021-22 were utilised to balance Revenue Account of the State affecting asset creation in the State.

2.1 Introduction

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 five-year period 2017-18 to 2021-22, debt sustainability of the State and key Public Account transactions based on the Finance Accounts of the State.

2.2 Major changes in key fiscal aggregates during 2021-22 vis-à-vis 2020-21

This section gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year in comparison to the previous year. Each of these indicators would be analysed in the succeeding paragraphs.

Table 2.1: Changes in key fiscal aggregates in 2021-22 compared to 2020-21

Revenue Receipts	<ul style="list-style-type: none"> ➤ Revenue receipts of the State increased by 28.53 per cent ➤ Own tax receipts of the State increased by 23.64 per cent ➤ Own non-tax receipts increased by 47.78 per cent ➤ State's share of Union Taxes and Duties increased by 44.67 per cent ➤ Grants-in-Aid from Government of India increased by 22.90 per cent
Revenue Expenditure	<ul style="list-style-type: none"> ➤ Revenue expenditure increased by 4.25 per cent ➤ Revenue expenditure on General Services increased by 14.56 per cent ➤ Revenue expenditure on Social Services increased by 4.93 per cent ➤ Revenue expenditure on Economic Services decreased by 10.36 per cent
Capital Expenditure	<ul style="list-style-type: none"> ➤ Capital expenditure decreased by 13.71 per cent ➤ Capital expenditure on General Services decreased by 69.39 per cent ➤ Capital expenditure on Social Services increased by 22.31 per cent ➤ Capital expenditure on Economic Services increased by 10.26 per cent
Loans and Advances	<ul style="list-style-type: none"> ➤ Disbursement of Loans and Advances increased by 24.66 per cent ➤ Recoveries of Loans and Advances increased by 98.49 per cent
Public Debt	<ul style="list-style-type: none"> ➤ Public Debt Receipts decreased by 1.46 per cent ➤ Repayment of Public Debt increased by 1.67 per cent
Public Account	<ul style="list-style-type: none"> ➤ Public Account Receipts decreased by 134.31 per cent ➤ Disbursements of Public Account decreased by 130.57 per cent
Cash Balance	<ul style="list-style-type: none"> ➤ Cash balance increased by ₹ 1,835 crore (17.49 per cent) during 2021-22 compared to the previous year

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2021-22 with 2020-21 figures.

Table 2.2: Sources and Application of funds during 2020-21 and 2021-22

(₹ in crore)

	Particulars	2020-21	2021-22	Increase/ Decrease (in per cent)
Sources	Opening Cash Balance with RBI	14,691	10,491	(-) 28.59
	Revenue Receipts	1,17,136	1,50,552	28.53
	Capital Receipts	0	(-) 1	NA
	Recoveries of Loans and Advances	1,063	2,110	98.49
	Public Debt Receipts (Net)	43,700	39,364	(-) 9.92
	Public Account Receipts (Net)	7,268	(-) 12,515	(-) 272.19
	Total	1,83,858	1,90,001	3.34
Application	Revenue Expenditure	1,52,677	1,59,163	4.25
	Capital Expenditure	18,975	16,373	(-) 13.71
	Disbursement of Loans and Advances	1,715	2,138	24.66
	Inter State Settlement	0	0	0.00
	Contingency fund	0	1	NA
	Closing Cash Balance with RBI	10,491	12,326	17.49
	Total	1,83,858	1,90,001	3.34

Source: Finance Accounts 2021-22

The components of sources and application of funds in terms of percentage are shown in **Charts 2.1** and **2.2**.

Chart 2.1: Sources of Funds

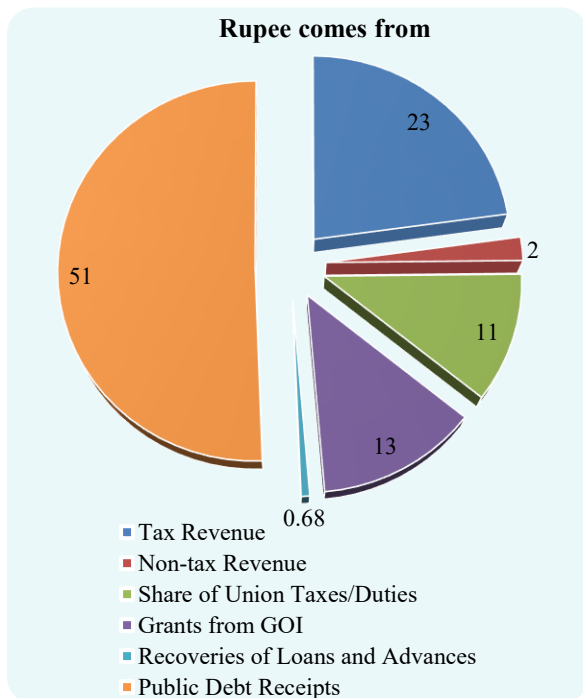
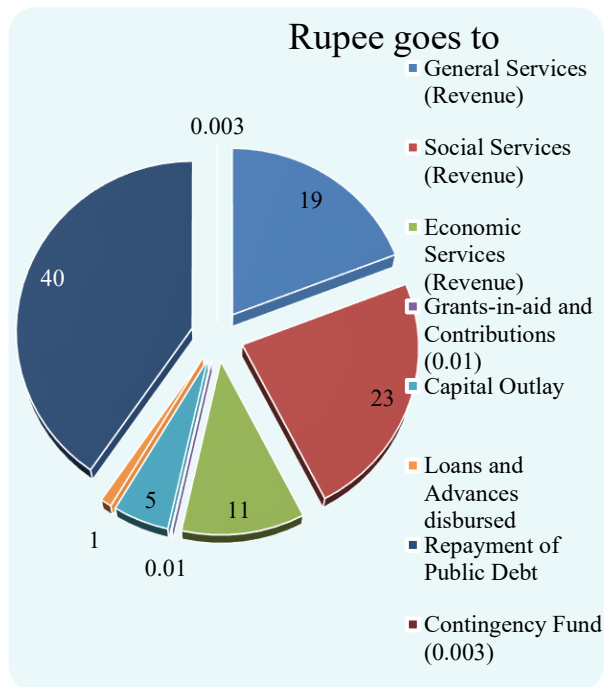


Chart 2.2: Application of Funds

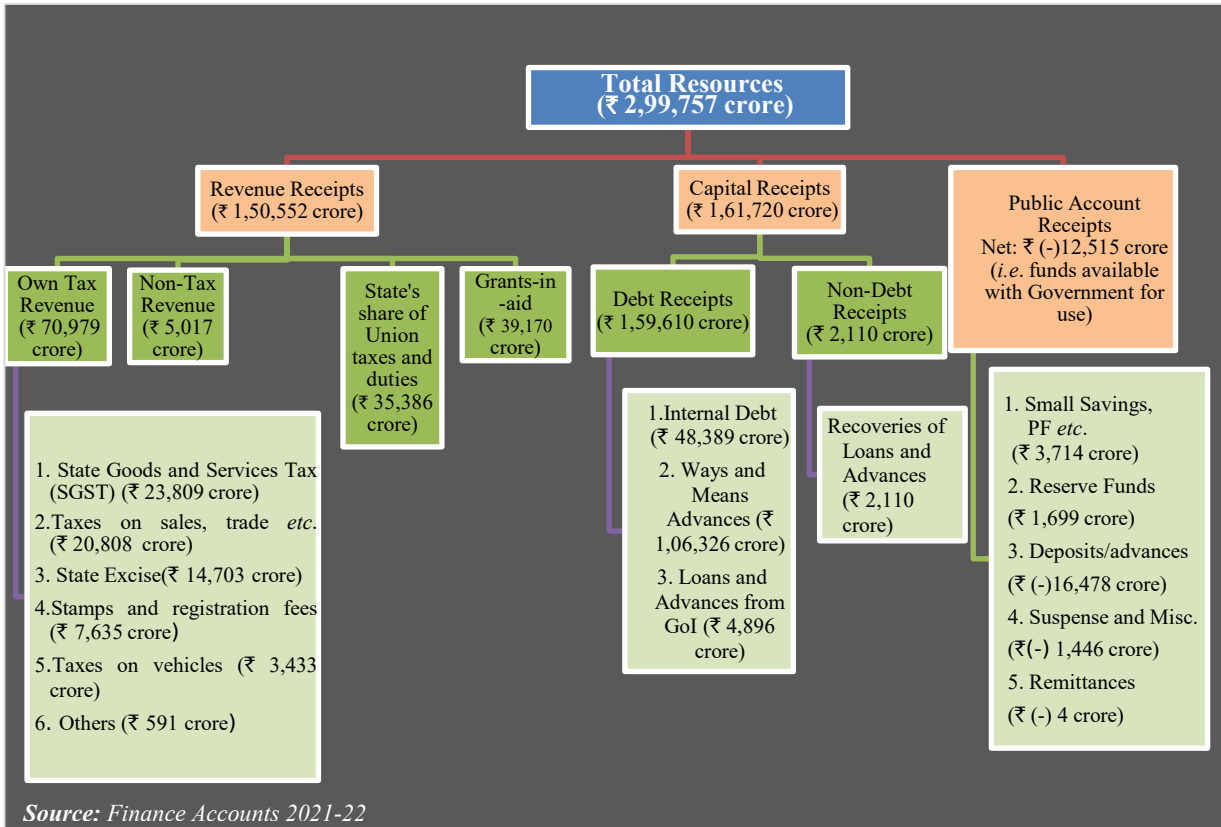


Source: Finance Accounts 2021-22

2.4 Resources of the State

The components and sub-components of resources of the State are given in **Chart 2.3**.

Chart 2.3: Composition of Resources in 2021-22



During the year 2021-22, out of the total resources of ₹ 2,99,757 crore of the State Government, Revenue Receipts (₹ 1,50,552 crore) constituted 50.22 per cent, Capital Receipts (₹ 1,61,720 crore) constituted 53.95 per cent and net Public Account Receipts (₹ -12,515 crore) and (-) 4.17 per cent of the total resources.

2.4.1 Revenue receipts

The details of Revenue Receipts of the State Government were given in Statement 14 of the Finance Accounts. During 2021-22, the Revenue Receipts (₹ 1,50,552 crore) of the State increased by ₹ 33,416 crore (28.53 per cent) over the previous year (₹ 1,17,136 crore) and constituted 12.53 per cent of GSDP (₹ 12,01,736 crore).

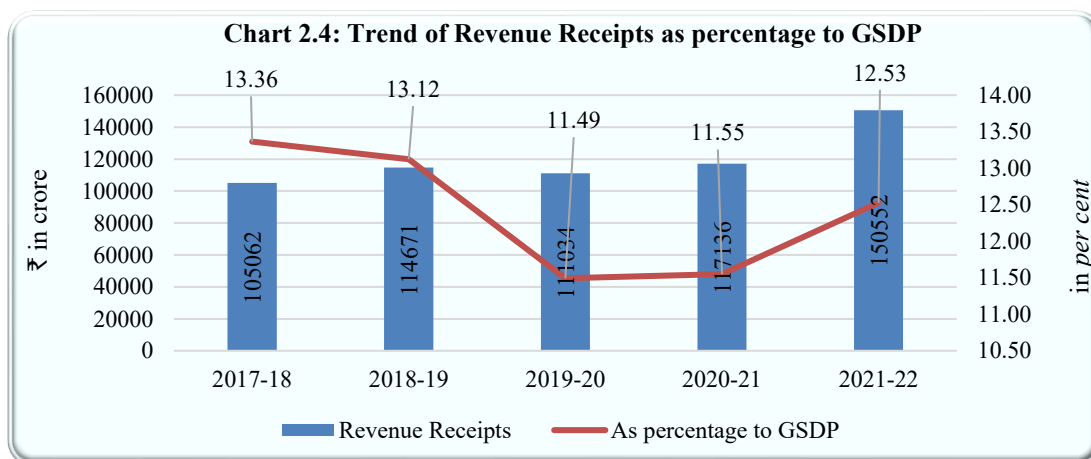
The trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP of the State over the five-year period 2017-22 are detailed in Table 2.3. Further, trends of Revenue Receipts vis-à-vis GSDP and the composition of revenue Receipts are depicted in *Charts 2.4* and *2.5* respectively.

Table 2.3: Trends in revenue receipts

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Receipts (RR) (₹ in crore)	1,05,062	1,14,671	1,11,034	1,17,136	1,50,552
Rate of growth of RR (per cent)	6.14	9.15	-3.17	5.50	28.53
Own Tax Revenue	49,486	58,031	57,601	57,409	70,979
Non-Tax Revenue	3,814	4,396	3,315	3,395	5,017
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue)	7.95	17.12	-2.42	-0.18	24.99

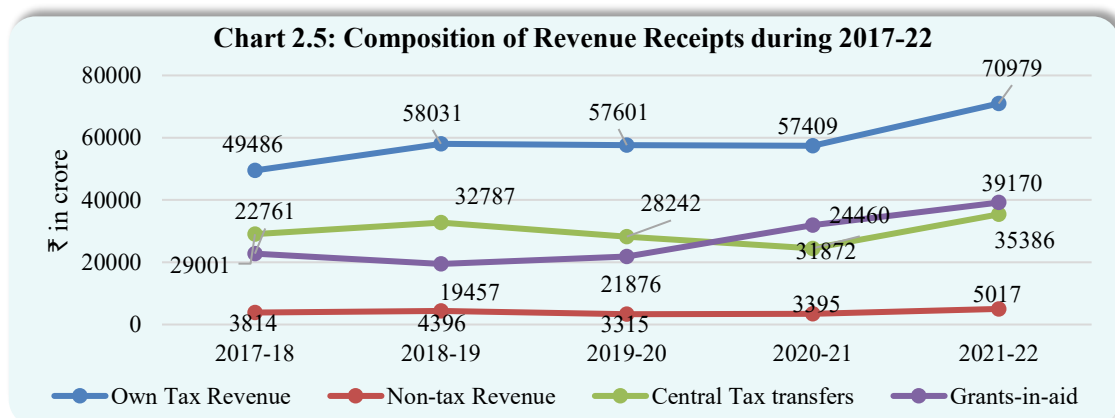
Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
<i>(per cent)</i>					
Gross State Domestic Product (₹ in crore) (2011-12 Series)	7,86,135	8,73,721	9,66,099	10,14,374	12,01,736
Rate of growth of GSDP (per cent)	14.86	11.14	10.57	5.00	18.47
RR/GSDP (per cent)	13.36	13.12	11.49	11.55	12.53
Buoyancy Ratios⁴					
Revenue Buoyancy w.r.t GSDP	0.41	0.82	-0.30	1.10	1.54
State's Own Revenue Buoyancy w.r.t GSDP	0.53	1.54	-0.23	-0.04	1.35

Source: Finance Accounts of respective years



Source: Finance Accounts of respective years

During the period 2017-22, the Revenue Receipts of the State Government had shown steady growth during the period from 2017-18 to 2020-21 except during 2018-19; but registered a steep growth in 2021-22 when compared to the previous year 2020-21. However, when compared to GSDP, the Revenue Receipts of the State showed decreasing trend for the years 2017-18 to 2019-20 and increasing trend for the years 2020-21 and 2021-22.



Source: Finance Accounts of respective years

⁴ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For example, revenue buoyancy with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

General trends relating to Revenue Receipts of the State are as follows:

1. During the five-year period of 2017-18 to 2021-22, the Revenue Receipts of the State increased by 45,490 crore (increase of 43.30 *per cent*) from ₹ 1,05,062 crore in 2017-18 to ₹ 1,50,552 crore in 2021-22. The increase of revenue was due to increase in tax revenue and grants-in-aid from Government of India.
2. The State Government's Own Tax Revenue (OTR) contributed for more than 40 *per cent* of the Revenue Receipts during the five-year period 2017-22. However, the share of State's OTR in Revenue Receipts declined from 52 *per cent* in 2019-20 to 47 *per cent* in 2021-22.
3. There was positive buoyancy of Revenue Receipts during the years 2017-18 to 2018-19 and 2020-21 to 2021-22 with the highest buoyancy registered during 2021-22. There was negative buoyancy in OTR during the years 2019-20 and 2020-21 which was mainly due to decrease in State's Own Revenue. During the year 2021-22, the buoyancy of OTR with respect to GSDP was positive.

Table 2.4 highlights the cases of significant increase or decrease in various Revenue Heads of Account during 2021-22 *vis-à-vis* the previous year.

Table 2.4: Revenue Receipts during 2021-22 compared to 2020-21

Major Heads of Accounts	2020-21	2021-22	Increase (+)/ Decrease (-) (in <i>per cent</i>)
	(₹ in crore)		
1601 – Grants -in-Aid from GoI	31,871.91	39,169.65	22.90
0006 – State Goods and Services Tax (SGST)	18,871.35	23,809.43	26.17
0005 – Central Goods and Services Tax (CGST)	7,223.87	10,452.88	44.70
0039 – State Excise	11,575.07	14,702.86	27.02
0021 - Taxes on Income Other than Corporation Tax	7,603.75	10,665.89	40.27
0037 - Customs	1,269.78	2,763.52	117.64
0202 - Education, Sports, Art and Culture	18.73	420.06	2,142.71
0250 - Other Social Services	1.51	15.80	946.36
0700 – Major Irrigation	113.97	380.78	234.11
1051 - Ports and Light Houses	13.07	0.00	-100.00
0042 - Taxes on Goods and Passengers	25.06	0.61	-97.56
0029 – Land Revenue	143.38	49.97	-65.15

- a. During the year 2021-22, there was an increase in receipts under Major Head 1601 – Grants-in-Aid due to enhanced releases under Post Devolution Revenue Deficit Grant (increased over previous year by ₹ 11,360.07 crore), releases on account of Revenue Deficit grant for the year 2014-15 (₹ 1,638.39 crore), Grants to Health Sector (₹ 488.15 crore) and Grants to State Disaster Mitigation Fund (₹ 223.80 crore) by GoI.
- b. The receipts under State Excise under Major Head – 0039 – also increased by ₹ 3,011.90 crore due to growth in sale of foreign liquors, spirits and malt liquor and upward revision of Additional Retail Excise Tax (ARET) rates from September 2020 onwards.
- c. The increase under the Major Head – 0006 (Minor Head 500 – receipts awaiting transfer to other minor heads) was mainly due to non-clearance of intermediary head

amount of ₹ 7,097.89 crore during 2021-22.

d. There was an increase in Revenue Receipts on account of CGST (MH 0005), Taxes on income other than Corporation Tax (MH 0021) and Customs (MH 0037) in 2021-22 when compared to the previous year. The increase was due to an increase in tax receipts.

e. The receipts under the Major Irrigation (MH 0700) in 2021-22 increased compared to the previous year. The majority of these receipts include amounts received through encashment of bank guarantee(s) due to non-fulfillment of contractual obligations.

f. During the year 2021-22, receipts under the major heads Ports and Light Houses (MH 1051) and Taxes on Goods and Passengers (MH 0042) decreased compared to the previous year. This was due to lesser realization of Shipping dues and Tax on entry of goods in local areas.

g. During the year 2020-21, Power companies have paid lease charges to State Government for the land allotted to them which was booked under Land revenue (MH 0029). As there were no such transactions during 2021-22, there was a reduction in receipts under this head during the year 2021-22.

Overstatement of Revenue Receipts of the State Government

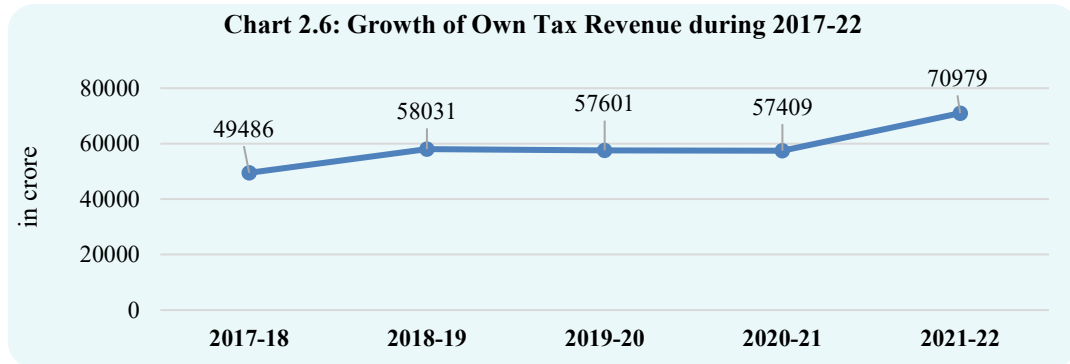
1. As per the provisions of List of Major and Minor Heads (LMMH), the amount released by the Government which remained unspent/undisbursed with the implementing agencies/ departments when remitted back, has to be taken as reduction of expenditure under respective Major head(s) where the expenditure was booked initially. During the year 2021-22, the Welfare Department remitted back an amount of ₹ 15.76 crore towards unspent/undisbursed amount of Scholarships to Backward Classes, Scheduled castes and Scheduled Tribes as receipts under the Major Head 0250 – other Social Services which resulted in overstatement of receipts under Consolidated Fund of the State to that extent.
2. Initially, the State Government expend towards teacher's salary under Samagra Siksha Abhiyan. Later, after the receipt of the amount from GoI, the amount will be depicted in the Government Account as a reduction of expenditure. During the year 2021-22, ₹ 303.26 crore was released by GoI towards reimbursement of teachers' salary under Samagra Siksha Abhiyan. This amount was remitted through challans by State Project Officer to revenue receipts under the Major Head 0202 instead of reduction of revenue expenditure under Major Head 2202. This has resulted in overstatement of revenue receipts.

2.4.1.1 State's Own Resources

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

A. Own Tax Revenue

Own tax revenues of the State consist of SGST, State Excise, Taxes on vehicles, Stamp Duty and Registration Fees, Land revenue, Taxes on goods and passengers, *etc.* During the year 2021-22, Own Tax Revenue was ₹ 70,979 crore which constituted 47.15 *per cent* of Revenue Receipts (₹ 1,50,552 crore). SGST was the major contributor to Own Tax Revenue with a share of 33.54 *per cent*. The trends of growth of Own Tax Revenue during 2017-22 is detailed in **Chart 2.6** and the major taxes and duties which contributed to Own Tax Revenue during 2017-22 are given in **Table 2.5**.



Source: Finance Accounts of respective years

Table 2.5: Components of State's Own Tax Revenue

	2017-18	2018-19	2019-20	2020-21	2021-22 (BE)	2021-22 (ACTUALS)
State Goods and Services Tax (SGST)	10,820	20,611	20,227	18,872	31,000	23,809
Taxes on Sales, trades etc.	25,335	21,914	21,410	17,800	24,500	20,808
State Excise	5,460	6,220	6,915	11,575	15,000	14,703
Taxes on Vehicles	3,039	3,341	3,279	2,966	5,000	3,433
Stamp duty and Registration fees	4,271	5,428	5,318	5,603	8,000	7,635
Land Revenue	107	57	21	143	172	50
Taxes on Goods and Passengers	5	26	36	25	34	1
Other Taxes⁵	449	434	395	425	1,575	540
Total	49,486	58,031	57,601	57,409	85,281	70,979

Source: Finance Accounts of respective years;

During the period 2017-22, State Goods and Services Tax (SGST), Taxes on Sales, trades and State Excise were the major contributors to Own Tax Revenue of the State with more than 84 *per cent* share.

Own Tax revenue during the year 2021-22 has been increased by ₹ 13,570 crore (23.63 *per cent*) over the previous year. The increase was mainly under (a) SGST by ₹ 4,937 crore (26.16 *per cent*) (b) Taxes on Sales, Trades *etc.* by ₹ 3,008 crore (16.90 *per cent*) and (c) State Excise by ₹ 3,128 crore (27.02 *per cent*).

⁵ Other Taxes include Taxes on Immovable Property other than Agricultural Land, Taxes and Duties on Electricity and Agricultural Income

(i) Goods and Services Tax (GST)

State Government had enacted and implemented Andhra Pradesh Goods and Services Tax (APGST) Act with effect from 01 July 2017. The GST has four components viz., (i) receipts by the Central GST (CGST); (ii) receipts by the State GST (SGST); (iii) a tax on inter-State supply of Goods or Services or both by the Central Government - Integrated GST (IGST)⁶ and (iv) GST Compensation Cess⁷. SGST is levied on intra-State supply of goods or services (except alcohol for human consumption and five specified petroleum products⁸).

Table 2.6: Components of State Goods and Services Tax (SGST)

State Goods and Services Tax (SGST)	2017-18	2018-19	2019-20	2020-21	2021-22
Tax	5,035	8,187	9,482	7,965	2,921
Input Tax Credit	4,469	8,817	9,729	7,637	9,941
Apportionment of IGST – Transfer-in of Tax Component	692	964	1,514	1,648	2,724
Others⁹	2,008	2,643	(-) 498	1,622	8,223
TOTAL	10,820	20,611	20,227	18,872	23,809

(₹ in crore)

Source: Finance Accounts of respective years

The increase in other receipts under SGST was mainly due to pending transfer of Receipts (₹ 7,096 crore) to other Minor Heads which is under reconciliation.

GST Compensation: According to GST (Compensation to the States) Act, 2017, the Central Government has to compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation payable to the State is to be calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. The protected revenue for any year of a State is to be calculated by applying the projected growth rate (14 per cent per annum) over the base year (2015-16) revenue of the State.

For the Andhra Pradesh State, the revenue on account of Sales Tax in the base year (2015-16) was ₹ 13,449.62 crore. Accordingly, the protected revenue for the year 2021-22 was ₹ 29,521.55 crore¹⁰.

During the year 2021-22, the State received an amount of ₹ 23,809.43 crore towards SGST. The GoI released ₹ 3,117.39 crore as GST compensation as against the shortfall in protected revenue. The GoI also released an amount of ₹ 3,272.19 crore

⁶ in respect of inter-State supply of Goods and Services, Integrated GST (IGST) is levied and collected by Government of India (GoI). The IGST so collected is apportioned between the Centre and the State where the goods and services are consumed

⁷ as per GST Compensation Cess Act, GST Compensation Cess is paid by GoI for a period of five years to the State in case the share of a State falls short of the revenue earned in the pre-GST regime

⁸ Petroleum crude, High speed diesel, Motor spirit (Petrol), Natural gas and Aviation turbine fuel

⁹ Others include Receipts awaiting transfer to other Minor heads, Advance apportionment from IGST, Fees, Interest and penalty.

¹⁰ Calculated at compounding increase of 14 per cent per annum for five years viz., 2016-22 from the base year revenue of ₹ 13,449.62 crore (i.e., ₹ 13,449.62 X 1.14⁶ = ₹ 29,521.55 crore)

during 2021-22 as ‘back-to-back loan in lieu of GST Compensation shortfall’ to the State, which would be serviced out of the GST Compensation Cess by GoI with no repayment obligation on the State resources.

B. State’s share of Union taxes

The Fifteenth Finance Commission (XV FC) in its Report for the year 2021-22 recommended to devolve 42 *per cent* of net proceeds of Union taxes to the States (i.e., divisible pool). However, due to the re-organisation of erstwhile Jammu and Kashmir State into Union Territories of Ladakh and Jammu & Kashmir the XV FC recommended that the aggregate share of States be reduced by one *per cent* to 41 *per cent* of the divisible pool and the remaining one *per cent* allocated to the above UTs. For devolution of net proceeds of taxes, other factors like population, area, forest and ecology, income distance criteria, demographic performance and tax efforts of the State were also considered.

Based upon the projected tax revenue of the Union Government and the shares derived from the horizontal devolution formula, XV FC derived the share of each State in absolute numbers. The XV FC projected tax devolution of ₹ 42,24,760 crore for the five year period 2021-26 to all States. Out of the projected tax devolution, the XV FC recommended a share of 4.047 *per cent* for Andhra Pradesh. Accordingly, Andhra Pradesh has been allocated an amount of ₹1,70,976 crore being 4.047 *per cent* of the total projected tax devolution during the five-year period 2021-26.

During 2021-22, the Central Tax transfers were ₹ 35,386 crore which constituted 23.50 *per cent* of the State Revenue receipts. Central Tax transfers increased from ₹ 24,461 crore during 2020-21 to ₹ 35,386 crore in 2021-22 and thus showed an increase of ₹ 10,925 crore.

Components of State’s share of Union Taxes during 2017-22 are given in **Table 2.7**.

Table 2.7: Components of State’s share of Union Taxes

Component of State’s share of Union taxes	XIV FC award period			XV FC award period	
	2017-18	2018-19	2019-20	2020-21	2021-22
Corporation Tax	8,880	11,401	9,630	7,413	9,437
Customs	2,926	2,324	1,790	1,270	2,764
Income Tax	7,498	8,397	7,545	7,603	10,666
Other Taxes and Duties on commodities and services	327	17	18	19	39
Service Tax	2,975	303	0	113	415
Wealth Tax	-	4	0	0	2
Union Excise Duties	3,059	1,544	1,245	818	1,610
CGST	409	8,092	8,014	7,224	10,453
IGST	2,927	646	0	0	0
Other Taxes on Income and Expenditure	-	59	0	0	0
Grand total	29,001	32,787	28,242	24,460	35,386
Devolution as percentage of Revenue Receipts of the State	27.60	28.59	25.44	20.88	23.50

Source: Finance Accounts of respective years;

The increase in devolution was mainly under CGST (by ₹ 3,229 crore – 44.57 per cent), Income Tax (by ₹ 3,063 crore – 40.29 per cent) and Corporation Tax (by ₹ 2,024 crore – 27.30 per cent).

C. Non-Tax Revenue

Non-tax revenue includes receipts from services rendered and supplies made by various Departments of Government and interest receipts. The non-tax revenue of ₹ 5,017 crore constituted 3.33 per cent of the total revenue receipts (₹ 1,50,552 crore) during the year 2021-22. The composition of non-tax revenue for 2021-22 is detailed in Table 2.8.

Table 2.8: Composition of Non-Tax Revenue

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	Spark Line
Interest Receipts	96	50	37	24	20	
Dividends & Profits	1	1	4	0.02	6	
Other Non-Tax Receipts	3,717	4,345	3,274	3,371	4,991	
a) Major Irrigation	161	94	122	114	381	
b) Forestry and Wild life	342	426	36	31	161	
c) Non-Ferrous Mining & Metallurgical Industries	2,156	2,211	1,897	2,256	2,983	
Total	3,814	4,396	3,315	3,395	5,017	

Source: Finance Accounts of respective years

(i) Interest receipts

During 2021-22, as against the budgeted estimates of ₹ 79 crore, an amount of ₹ 20 crore was received towards interest receipts which is lower than 75 per cent against projected amount. Out of ₹ 20 crore, miscellaneous interest receipts (₹ 15 crore) constituted 75 per cent of the receipts.

(ii) Dividend Receipts

During 2021-22, as against estimated amount of ₹ 9.69 crore towards dividend receipts, an amount of ₹ 5.73 crore was received towards dividends under MH 0050 which is lower than projected amount by 41 per cent.

(iii) Other Non-Tax Receipts

During the year 2021-22, Non-Ferrous Mining & Metallurgical Industries (₹ 2,983 crore – Mineral Concession Fee, Rents & Royalties, Mines Department etc.), Education, Sports, Art & Culture (₹ 420 crore), Major Irrigation (₹ 381 crore) and Medical & Public Health (₹ 216 crore) were the major contributors to Non-Tax revenue for the year 2021-22.

2.4.1.2 Grants-in-Aid from Government of India

The details of Grants-in-Aid from GoI and their composition during 2017-22 are given in Table 2.9.

Table 2.9: Grants-in-Aid from Government of India

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Non-Plan Grants/Finance Commission Grants	6,975	5,548	5,881	11,576	20,991
Grants for State Plan Schemes*	0	327	1	0	0
Grants for Central Plan Schemes*	(-)200 [#]	0	0	0	0
Grants for Centrally Sponsored Schemes	15,482	12,510	13,562	14,836	12,751
Other Transfers/Grants to States	504	1,072	2,432	5,460	5,428
(i) Compensation for loss of revenue arising out of implementation of GST	382	0	1,841	3,528	3,117
(ii) Other Receipts ¹¹	122	67	20	14	1,960
(iii) Transfer of States' portion of un-apportioned IGST of previous years	0	0	0	1,261	0
(iv) National Disaster Response Fund	0	1,005	571	657	351
Total	22,761	19,457	21,876	31,872	39,170
Percentage of increase (+)/decrease (-) over previous year	(-)2.51	(-)14.52	12.43	45.69	22.90
Total grants as a percentage of Revenue Receipts	21.66	16.97	19.70	27.21	26.02

*Source: Finance Accounts of respective years. [#]Minus figure due to clearing of outstanding amount under the head '8658-Suspense' pertaining to the year 2015-16 with reference to RBI's advice No.2334 dated 31 March 2016. This amount pertains to Grants towards Polavaram Project inadvertently given credit by the GoI in 2015-16 and also debited in the same year. AG (A&E), however, had given credit adjustment in 2015-16 and debit in 2017-18. * Grants under State and Central Plan Schemes were replaced by Centrally Sponsored Schemes from 2017-18 onwards.*

Out of the Grants of ₹ 12,751 crore for Centrally Sponsored Schemes during 2021-22, major amounts were given to:

- Mahatma Gandhi National Rural Employment Guarantee Scheme (₹ 3,199 crore- 23.35 per cent decrease over previous year),
- Sardar Patel Urban Housing Scheme (₹ 2,218 crore-16.33 per cent increase over previous year),
- Polavaram Project (₹ 1,898 crore-15.06 per cent decrease over previous year)
- National Health Mission (₹ 1,487 crore – 2.22 per cent increase over previous year).

(i) Finance Commission (FC) grants

The FC recommended devolution of funds under three types of grants-in-aid to States viz., Local Government, Disaster Management and Post-devolution Revenue Deficit. During the period 2020-21 to 2021-22, the details of amounts awarded, received and releases of State Government to Local Bodies during the XV FC are given vide **Table 2.10**.

¹¹ Additional Central Assistance for Left Wing Extremist (LWE) Districts, Compensation for loss of revenue on account of phasing out of Central Sales Tax (CST) and Revenue Deficit grant for the year 2014-15

Table 2.10: Finance Commission Grants

Transfers	Recommendation of the XV-FC 2020-21	Recommendation of the XV-FC 2021-26	2020-21		2021-22	
			Actual Release by GoI	Release by State Government	Actual Release by GoI	Release by State Government
LOCAL BODIES						
(i) Grants to PRIs	2,625.00	10,231.00	3,793.00	3,080.49 ¹²	969.50	1,343.53
ii) Grants to ULBs	1,264.00	5,231.00	767.00	632.00	1,157.35	1,008.60
Total Local Bodies	3,889.00	15,462.00	4,560.00	3,712.49	2,126.85	2,352.13
DISASTER MANAGEMENT						
State Disaster Response Fund*	1,491.00	6,183.00	1,119.00	1,491.00	1,119.00	1,491.00
REVENUE DEFICIT GRANT						
PDRDG	5,897.00	30,497.00	5,897.00	-	17,257.00	-
Grand Total	11,277.00		11,576.00		20,502.85	

Source: Finance Accounts and XIV and XV Finance Commissions reports. *SDRF includes State's share also.

2.4.2 Capital Receipts

Growth and composition of Capital Receipts of the State during 2017-22 are given in Table 2.11.

Table 2.11: Composition of Capital Receipts

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Capital Receipts (CR)*	74,114	98,257	1,16,783	1,63,038	1,61,719
Non-debt capital receipts	51	277	4,355	1,063	2,109
Miscellaneous Capital Receipts	0	0	0	0	(-)1
Recovery of Loans and Advances	51	277	4,355	1,063	2,110
Public Debt Receipts*	74,063	97,980	1,12,428	1,61,975	1,59,610
Internal Debt	73,117	95,990	1,10,398	1,57,412	1,54,714
Growth rate	23.70	31.28	15.01	42.59	(-)1.71
Loans and advances from GoI	946	1,990	2,030	4,563	4,896
Growth rate	16.22	110.36	2.01	124.78	7.30
Rate of growth of debt Capital Receipts	23.6	32.29	14.75	44.07	(-)1.46
Rate of growth of non-debt capital receipts	-97.49	443.14	1,472.20	(-)75.59	98.40
Rate of growth of GSDP	14.86	11.14	10.57	5.00	18.47
Rate of growth of Capital Receipts (per cent)	19.63	32.58	18.85	39.61	(-) 0.81

Source: Finance Accounts of respective years. *Includes Ways and Means Advances and Overdraft facility availed by the Government. Note: Loans and advances from GoI include ₹ 5,583.19 crore (2020-21: ₹ 2,311 crore and 2021-22: ₹ 3,272.19 crore) received as back-to-back loans under debt receipts from the total outstanding liabilities as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

During 2021-22, the State Government received an amount of ₹ 1,61,719 crore as Capital Receipts which constituted 53.95 per cent of the total receipts of ₹ 2,99,757

¹² As against the amount ₹ 3,793.28 crore received as Finance commission Grants for Rural Local Bodies, only ₹ 61.48 crore has been booked under "Grants-in-Aid paid in cash – Central Assistance including CSS and CS".

crore of the State. Out of the total Capital Receipts, the quantum of borrowings (₹ 1,59,610 crore) of the State Government was 98.70 per cent during the year. During the year 2021-22, the State Government borrowed ₹ 46,443 crore from open market and other financial institutions and received an amount of ₹ 4,896 crore as loans and advances from GoI. In addition to these borrowings, State Government availed an amount of ₹ 1,06,326 crore¹³ as Ways and Means Advances and Overdraft from the Reserve Bank of India.

2.4.3 State's performance in mobilisation of resources

State's performance in mobilization of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The XV FC projection of State resource mobilisation capacity, budget estimates *vis-à-vis* actuals during the year 2021-22 is given in **Table 2.12**.

Table 2.12: Tax and Non-tax receipts *vis-à-vis* projections

	XV FC projections	Budget Estimates	Actuals	Percentage variation of actual over	
	(₹ in crore)			FFC projections	Budget estimates
Own Tax revenue	72,406	85,281	70,979	-1.97	-16.77
Non-tax revenue	5,539	7,050	5,017	-9.42	-28.84

Source: Finance Accounts 2021-22; BE 2021-22; XV Finance Commission Report

It is evident from Table 2.12 that there was significant variance of total Revenue Receipts *viz.*, Own Tax Revenue as well as Non-tax revenue of the State *vis-à-vis* the projections made in the Budget Estimates of State Government during the year 2021-22.

However, when compared to projections of XV FC, the actual receipts under non-tax revenue remained lower during the year 2021-22.

State Government replied that, the revenue projections made by Finance Commissions have always been higher in the past too. Further, it was also replied that, the Budget Estimates for Revenue Receipts in 2021-22 were made expecting higher growth rate based on the economic situation prevailing during February 2021. However, the severe second Covid-19 wave in first and second quarter of FY 2021-22 had disrupted the revenue sources of the state. Hence, there was deviation from the anticipated receipts. State Government also responded that, despite of above issues, the State has achieved a steep growth rate of 23.64 per cent in tax revenue receipts in 2021-22.

2.5 Application of resources

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.

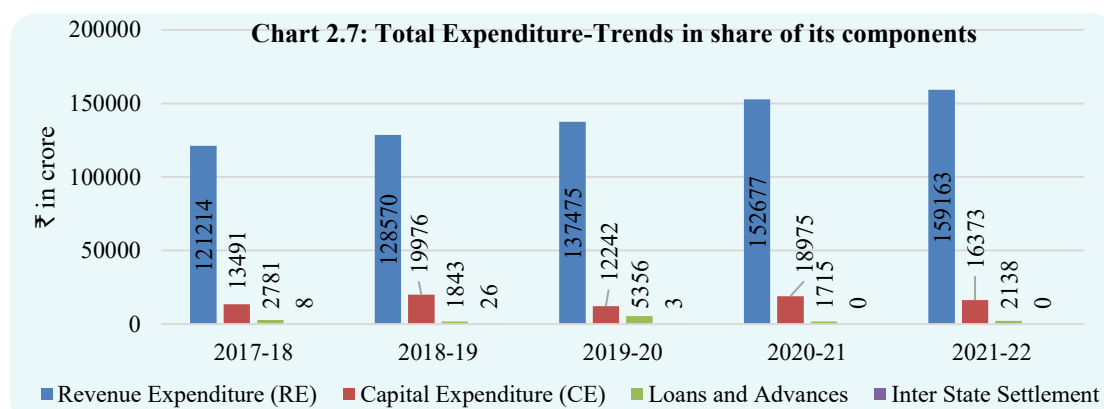
¹³ Special Drawing Facility (₹ 10,873.92 crore), Ways and Means Advances (₹ 48,596.31 crore) and Overdraft (₹ 46,855.37 crore)

2.5.1 Growth and composition of expenditure

The total expenditure in 2021-22 was ₹ 1,77,674 crore. **Chart 2.7** and **Table 2.13** presents the trends and composition of total expenditure during the years 2017 to 2022.

Table 2.13: Total Expenditure and its composition

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Total Expenditure (TE)	1,37,494	1,50,415	1,55,076	1,73,367	1,77,674
Revenue Expenditure (RE)	1,21,214	1,28,570	1,37,475	1,52,677	1,59,163
Capital Expenditure (CE)	13,491	19,976	12,242	18,975	16,373
Loans and Advances	2,781	1,843	5,356	1,715	2,138
Inter State Settlement	8	26	3	0	0
As a percentage of GSDP					
TE/GSDP	17.49	17.22	16.05	17.09	14.78
RE/GSDP	15.42	14.72	14.23	15.05	13.24
CE/GSDP	1.72	2.29	1.27	1.87	1.36
Loans and Advances/GSDP	0.35	0.21	0.55	0.17	0.18



Source: Finance Accounts of respective years

It can be seen from Table 2.13 and Chart 2.7 that during the five-year period 2017-18 to 2021-22 the total expenditure of the State increased by ₹ 40,180 crore from ₹ 1,37,494 crore to ₹ 1,77,674 crore and registered an increase of 29.22 per cent. Out of total expenditure of ₹ 7,94,026 crore during the five-year period 2017-22, revenue expenditure was ₹ 6,99,099 crore which was 88 per cent of total expenditure.

Similarly, it can also be seen that during the five-year period 2017-18 to 2021-22, the total Capital Expenditure was ₹ 81,057 crore and shown fluctuating trend, the highest expenditure being ₹ 19,976 crore in 2018-19 and the lowest expenditure was recorded during 2019-20 wherein only ₹ 12,242 crore was spent. When compared to Total Expenditure of ₹ 7,94,026 crore during the five-year period 2017-22, Capital Expenditure constituted only 10.21 per cent of the total expenditure which indicated that the State Governments' allocative priority for capital expenditure is very low.

During the five-year period 2017-18 to 2021-22, the Revenue Expenditure showed an increasing trend mainly on account of increase in expenditure on items viz., salaries, pensions, interest payments, Grants -in- Aid etc., which resulted in increase in expenditure from ₹ 1,21,214 crore to ₹ 1,59,163 crore.

When compared to 2020-21, the revenue expenditure increased by ₹ 6,486 crore from ₹ 1,52,677 crore to ₹ 1,59,163 crore and thereby registered an increase of 4.25 *per cent* during 2021-22.

During 2021-22 as against total expenditure of ₹ 1,77,674 crore, the capital expenditure of the State was ₹16,373 crore which constituted 9.21 *per cent*. However, when compared to 2020-21, the capital expenditure decreased by 14 *per cent* i.e., ₹ 2,602 crore during 2021-22.

Thus, increasing levels of revenue expenditure coupled with low level of Capital formation will have adverse impact on infrastructure development, industrial development, aggregate demand, employment generation, revenue generation *etc.*, of the State in the long run.

In terms of activities, the total expenditure of ₹ 1,77,674 crore of the State comprised of expenditure on General Services (including Interest Payments), Social services, Economic services and others. Relative shares of these components during 2021-22 are given in **Table 2.14**.

Table 2.14: Relative shares of various sectors of expenditure

Parameters	(in per cent)				
	2017-18	2018-19	2019-20	2020-21	2021-22
General Services	28.63	27.3	31.58	32.58	33.28
Social Services	45.13	44.64	45.24	41.15	42.65
Economic Services	24.15	26.79	19.71	26.23	24.05
Others (Grants to Local Bodies, Inter State Settlement and Loans and Advances)	2.09	1.27	3.47	0.04	0.02

Source: Finance Accounts of respective years

It can be seen from Table 2.14 that among sectoral allocations, Social Services was given major allocations during the five year period of 2017-18 to 2021-22 which includes Education, Health and Welfare activities *etc.* The major areas under Social Services Sector where substantial allocations and expenditure were observed are given in **Table 2.15**.

Table 2.15: Major areas of Expenditure under Social Services sector

Area of Expenditure	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Education, Sports, Art and Culture	20,017	19,587	26,643	24,205	25,796
Welfare of SCs, STs and other BCs, Social Welfare and Nutrition	25,893	28,334	28,146	30,314	29,304
Health and Family Welfare	6,389	7,400	7,538	9,511	11,271

Source: Finance Accounts of respective years

The above table indicates that in 2021-22, welfare activities constituted 16 *per cent* of total expenditure in the State and around 15 *per cent* was spent on Education, Sports, Art and Culture.

2.5.2 Reduction of Expenditure during 2021-22

State Government provides grants/funds to implement Centrally Sponsored Schemes, State Plan Schemes and other programmes/works. Centrally Sponsored Schemes (CSS) will be implemented by the State through funds received from GoI as grants-in-

aid (which were booked under Major Head 1601) and matching state share¹⁴. The State plan schemes will be implemented from the funds of State Government.

In case of CSS, initially GoI will provide grants for each scheme will be booked as receipts into Consolidated Fund of the State under Major Head 1601 (Revenue Receipts). Later, as per scheme guidelines the State Government will add the state share corresponding to central share and transfer the funds to implementing agencies by booking expenditure under respective major heads (either revenue or capital).

The funds will be utilised by the implementing agencies for the year either by transferring them to Personal Deposit Account (as a book adjustment without any cash flow) or bank account (as per guidelines in respect of some schemes). The unutilised funds to the end of the year will be withdrawn by the Government by way of reduction of expenditure which is lapsing of funds.

During the year 2021-22, the State Government lapsed such unutilised amount of ₹ 26,379.81 crore (₹ 25,256.40 crore from Revenue Heads and ₹ 1,123.41 crore from Capital Heads).

The details of lapsing of funds are provided below:

	Amount (₹ in crore)
Finance Commission grants	488.15
Central component of Centrally Sponsored Schemes	6,356.01
State component of Centrally Sponsored Schemes	3,540.91
State Schemes	7,762.17
Others	8,232.57

Audit observations on the lapsing of funds are detailed hereunder:

2.5.2.1 Lapsing of Finance Commission grants

The XV Finance Commission had recommended Health Sector grants to all the States for the period 2021-26 to strengthen and plug the critical gaps in the health care system at the primary health care level. During the period 2021-26, an amount of ₹ 2,601 crore was recommended for Andhra Pradesh and for the year 2021-22 the recommended amount was ₹ 490 crore. Accordingly, GoI transferred an amount of ₹ 488.15 crore to the State of Andhra Pradesh for the year 2021-22.

GoI has instructed that:

- State Government should transfer these without any deductions to implementing agencies within ten days of receipt of grant and has to pay penalty equivalent to interest chargeable over market loans during last financial year for the period after 10 days.
- It was also instructed to open a dedicated bank account which should be linked to PFMS for implementation of the schemes for the entire award period as recommended by the Finance Commission. As Finance

¹⁴ percentage of matching share will be different for each scheme as per scheme guidelines

Commission Grants are pass through Grants, the authority of these funds rests with respective ULBs/RLBs only.

The State Government received the grants on 12 November 2021 from GoI which were booked under Major Head 1601 – Grants-in-Aid from GoI (Revenue Receipts). State has to transfer these grants to dedicated bank account of implementing agencies which will be in link to PFMS by 21 November 2021 and has to pay penal interest¹⁵ after that as per guidelines of GoI.

Instead, State Government transferred these grants to implementing agencies on 15 February 2022 with a delay of 84 days (from 22 November 2021 to 14 February 2022) without paying any interest for the delayed period.

Further, it was observed that subsequently the State Government withdrew the entire grant amount of ₹ 488.15 crore on 31 March 2022 to the Revenue Account as reduction of expenditure. Due to lapsing of funds of Finance Commission (Health Sector) Grants by the State Government, the Health Sector Institutions which are critical entities for Human Development at primary level have been deprived of the GoI grants. The release/ revalidation particulars of the above grant during the subsequent year 2022-23 are awaited (December 2022).

Thus, the expenditure and deficits of the State were also understated to an extent of ₹ 499.48 crore (₹ 488.15 crore of grants and ₹ 11.33 crore¹⁶ of penalty for not transferring the grants).

2.5.2.2 Lapsing of Central Share of Centrally Sponsored Schemes

State Government regularly resorted to lapsing of pass-through grants provided by GoI towards implementation of various Centrally Sponsored Schemes to the revenue account despite this being pointed out by Audit regularly. During the year 2021-22, an amount of ₹ 6,356.01 crore was lapsed instead of transferring those funds to Single Nodal Accounts. The details of the schemes where major amounts (more than ₹ 100 crore) were lapsed are given in *Appendix 2.1*.

State Government stated that, most of these lapsed amounts pertaining to the Centrally Sponsored Schemes which are required to be transferred were already transferred to the SNA Accounts after reconciliation (January 2023).

2.5.2.3 Non provision of matching State Share to Centrally Sponsored Schemes

During 2021-22, the State Government did not release an amount of ₹ 3,540.91 crore pertaining to the matching state share which results in tardy implementation of the scheme.

¹⁵ Rate equivalent to average interest on market loans

¹⁶ Calculated on ₹ 488.15 crore for 129 days (from 22 November 2021 to 31 March 2022) with an average interest rate of 6.57 per cent on market loans of previous year

The details of schemes where the non-release was more than ₹ 100 crore is given below:

Table 2.16: Schemes to which matching state share was not provided

Name of the Scheme	Amount lapsed (₹ in crore)
Swachh Bharat Mission - Gramin	573.21
Smart Cities	571.25
Sub Mission on Agriculture mechanisation	344.68
Rashtriya Krushi Vikasa Yojana (RKVY)	313.61
National Health Mission (NHM)	200.60
NHM-NRHM Flexi pool	121.21
National Mission for Sustainable Agriculture (NMSA)	112.63
Swachh Bharath Mission - Construction of Community toilets in all Nagarapanchayats, Municipalities/Corporations	109.51

2.5.2.4 Withdrawal of funds pertaining to State Schemes

During the year 2021-22, the State Government did not release an amount of ₹ 7,762.17 crore pertaining to the State Plan Schemes. Details of schemes where major amounts were withheld are shown in the table below.

Table 2.17: State Schemes where funds were lapsed

Name of the Scheme	Amount lapsed (₹ in crore)
Subsidy on Rice (Human Resources Development)	2,497.50
YSR Pension Kanuka to Backward Classes	1,215.00
YSR Pension Kanuka	622.42
Combating Covid-19	458.54
Centralized Purchase of Drugs and Medicines	390.78
Assistance to District Water Management Agencies	340.32
Price Stabilization Fund	300.15

2.5.3 Revenue Expenditure

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

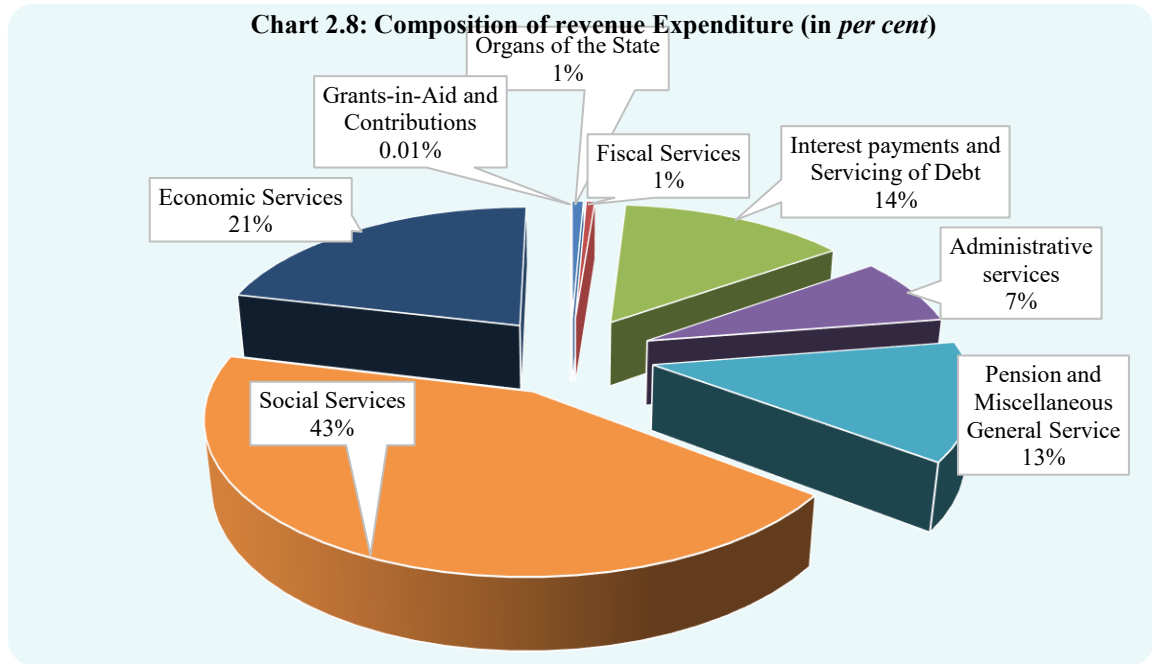
Revenue Expenditure (₹ 1,59,163 crore) was 15.47 per cent of GSDP and within the budget provision (₹ 1,82,197 crore) of 2021-22. It increased by 4.25 per cent during the year 2021-22 when compared to the revenue expenditure (₹ 1,52,677 crore) of previous year.

Table 2.18: Revenue Expenditure-Basic parameters

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE) (₹ in crore)	1,37,494	1,50,415	1,55,076	1,73,367	1,77,674
Revenue Expenditure (RE) (₹ in crore)	1,21,214	1,28,570	1,37,475	1,52,677	1,59,163
Rate of Growth of RE (in per cent)	4.30	6.07	6.93	11.06	4.25
Revenue Expenditure as percentage of TE	88.16	85.48	88.65	88.07	89.58
RE/GSDP (per cent)	15.42	14.72	14.23	15.05	13.24
RE as percentage of RR	115.37	112.12	123.81	130.34	105.72
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.29	0.54	0.66	2.21	0.23
Revenue Receipts (ratio)	0.70	0.66	-2.19	2.01	0.15

Source: Finance Accounts of respective years

The buoyancy of revenue expenditure w.r.t GSDP shows that the rise of one *per cent* of GSDP led to the rise of 0.23 *per cent* of Revenue Expenditure.



During the year 2021-22, Revenue Expenditure (₹ 1,59,163 crore) accounted for 88.07 *per cent* of the State's total expenditure (₹ 1,77,674 crore), which is in the nature of current consumption, leaving only 10.42 *per cent* for investment in infrastructure and asset creation. Further, 94.58 *per cent* of the Revenue Expenditure in 2021-22 was met from Revenue Receipts (₹ 1,50,552 crore). The remaining 5.41 *per cent* (₹ 8,611 crore) of Revenue Expenditure was financed from borrowed funds.

Table 2.19 highlights the cases of significant increase or decrease in various Revenue Heads of Account during 2021-22 *vis-à-vis* the previous year.

Table 2.19: Revenue Expenditure during 2021-22 compared to 2020-21

Major Heads of Accounts	2020-21	2021-22	Variation (in per cent)	Reasons
	(₹ in crore)			
2801 – Power	6,017.11	10,850.73	80.33	Increase in Assistance to AP TRANSCO, AP DISCOMS and increase in expenditure towards implementation of YSR nine hours free power supply
2052-Secretariat General Services	1,376.46	3,598.28	161.42	Increase in expenditure was due to eventual transfers of Additional Retail Excise Tax (ARET) from Consolidated Fund to the PD Account of AP State Development Corporation (APSDC) for meeting the debt obligations of APSDC through escrowed revenues.
2210- Medical and Public Health	5,557.96	7,306.04	31.45	Increase in expenditure was due to increased assistance to AP Vaidya Vidhana Parishad, YSR Arogyasri Health Care Trust and increased assistance for Prevention and Control of disease
2216 -Housing	1,190.68	2,177.41	82.87	Increase in expenditure was due to increased assistance to APTIDCO under Pradhan Mantri Awas Yojana (Urban)
2700- Major Irrigation	596.97	990.56	65.93	The increase in expenditure was due to assistance given to AP Water Resources Development

Major Heads of Accounts	2020-21	2021-22	Variation (in per cent)	Reasons
	₹ in crore)			
				Corporation for repayment of borrowings made by the Corporation
2236- Nutrition	1,375.74	1,766.09	28.37	Increase in expenditure towards Subsidy on Rice and Door delivery of rice under Public Distribution System.
3456-Civil Supplies	85.17	219.81	158.08	Increase in expenditure was due to assistance given to AP State Civil Supplies Corporation for repayment of borrowings made by the Corporation.
2852- Industries	193.07	307.02	59.02	Increase in expenditure was due to expenditure on account of Incentives for industrial promotion.
2401- Crop Husbandry	3,949.57	1,755.29	(-) 55.56	Reduction of expenditure was due to decline in expenditure under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) and due to decreased allocations under the schemes “YSR interest Free loans” and “Rashtriya Krishi Vikas Yojana (RKVY)”.
2515- Other Rural Development Programmes	8,079.69	6,332.85	(-) 21.62	Reduction of expenditure was due to decline in releases to Gram Panchayats.
2505- Rural Employment	4,526.09	2,927.62	(-) 35.32	Reduction of expenditure was due to reduction of expenditure under National Rural Employment Guarantee Scheme.
3451-Secretariat Economic Services	1,085.69	(-) 286.63	(-) 126.40	Reduction of expenditure was due to lapsing of unspent balances/loan proceeds of APWRDC.
2415- Agricultural research and Education	1,646.29	610.21	(-) 62.93	Reduction of expenditure was due to reduced assistance for “Rythu Saadhikaara Samstha”.
2245 – Relief on account of Natural Calamities	2,824.12	1,850.96	(-) 34.46	Reduction of expenditure was due to decrease in gratuitous relief under Drought.

2.5.3.1 Committed Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages and pensions. Upward trend in committed expenditure reduces the flexibility for State Government in allocation of expenditure for other priority sectors such as industries, infrastructure, medical and public health *etc.* Table 2.20 presents the expenditure on these components during 2017-22.

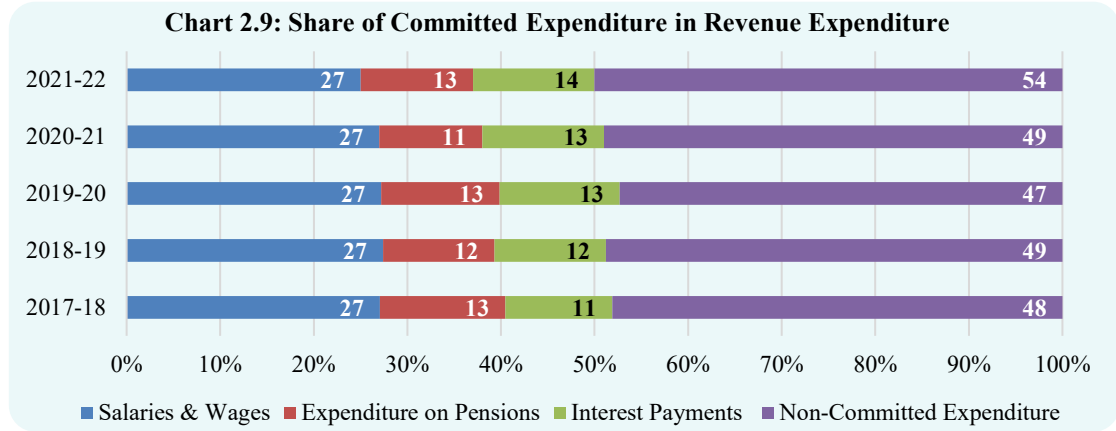
Table 2.20: Components of committed expenditure

(₹ in crore)					
Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
Salaries & Wages	32,816	35,240	36,934	40,582	42,738
Pensions	16,236	15,291	17,385	17,470	20,327
Interest Payments	13,847	15,342	17,653	20,018	22,165
Total	62,899	65,873	71,972	78,070	85,230
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	31.23	30.73	33.26	34.65	28.39
Pensions	15.45	13.33	15.66	14.91	13.50
Interest Payments	13.18	13.38	15.9	17.09	14.72
Total	59.87	57.45	64.82	66.65	56.61

Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	27.07	27.41	26.87	26.58	26.85
Pensions	13.39	11.89	12.65	11.44	12.77
Interest Payments	11.42	11.93	12.84	13.11	13.93
Total	51.89	51.24	52.35	51.13	53.54

Source: Finance Accounts of respective years and information furnished by O/o PAG (A&E) Andhra Pradesh;

Note: Salaries and wages also includes the salaries paid out of grants-in-aid and work charged establishment.



Salaries and wages

Expenditure on salaries and wages (₹ 42,738 crore) increased by 5.31 per cent during 2021-22 over the previous year (₹ 40,582 crore) and constituted 27 per cent of revenue expenditure.

Interest payments

During 2021-22, interest payments were to the tune of ₹ 22,165 crore (13.50 per cent of revenue receipts of ₹ 1,50,552 crore). Interest on Market Borrowings (₹ 19,214 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹ 976 crore) continued to be the major components of interest payments. There was an increase of ₹ 2,147 crore during 2021-22 when compared to the previous year.

Pensions

The expenditure on pension and other retirement benefits to State Government pensioners during the year was ₹ 20,327 crore and constituted 14.72 per cent of revenue receipts. When compared to the previous year, Superannuation and Retirement Allowances (₹ 10,975 crore), increased by ₹ 2,298 crore; Family Pensions (₹ 4,162 crore) increased by ₹ 1,095 crore and Gratuity (₹ 1,288 crore) decreased by ₹ 173 crore. Thus, there was an overall increase of ₹ 2,857 crore in expenditure on pensions during the year 2021-22.

2.5.3.2 National Pension System

State Government employees recruited on or after 01 September 2004 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. It is mandatory for employees to contribute 10 per cent of basic pay and dearness allowance every month towards NPS, which is to be matched by the State

Government. The Government must transfer these contribution amounts along with details of NPS/CPS subscribers to the National Securities Depository Limited (NSDL) and to the fund managers appointed by the NPS Trust.

Post bifurcation of the erstwhile composite State of Andhra Pradesh in 2014, there was an un-apportioned balance under NPS. After apportionments in the past years, the un-apportioned balance at the end of 2021-22 was ₹ 365.43 crore. There was no further apportionment during the year 2021-22.

Details of contributions by employees and Government and transfers to NSDL are shown in **Table 2.21**.

Table 2.21: Details of Contribution to NPS Deposit Account and transfer to NSDL

(₹ in crore)				
Opening Balance (A)	Employees' contribution (B)	Government Contribution (C)	Transfer to NSDL (D)	Closing Balance (A+B+C-D)
422.91	961.13	1,018.46	2,052.06	350.44

Source: Finance Accounts

The State Government was yet to transfer the balance amount of ₹ 715.87 crore (which includes un-apportioned balance of ₹ 365.43 crore) to NSDL as of 31 March 2022.

2.5.3.3 Subsidies

The details of department-wise subsidies during the five-year period 2017-18 to 2021-22 are given in **Table 2.22**.

Table 2.22: Department wise subsidies

(₹ in crore)					
Departments	2017-18	2018-19	2019-20	2020-21	2021-22
Civil Supplies	3,056	340	396	0.23	503
Energy	3,000	1,250	5,248	4,370	8,504
Agricultural and other Allied activities	838	408	381	214	4,161
Others ¹⁷	252	354	318	364	1,521
Total subsidy	7,146	2,352	6,343	4,948	14,689
Total Revenue Expenditure (RE)	1,21,214	1,28,570	1,37,475	1,52,677	1,59,163
Subsidy as a percentage of RE	5.9	1.83	4.61	3.24	9.23

Source: Finance Accounts of respective years

As seen from the table above, the total expenditure of ₹ 14,689 crore on subsidies during the year increased by ₹ 9,741 crore (196.86 per cent) compared to previous year (₹ 4,948 crore). Out of the total subsidy released to Energy Department during 2021-22, ₹ 8,006 crore (54.50 per cent) was towards implementation of YSR nine hours free power supply scheme. Agriculture Department accounted for subsidies of ₹ 4,161 crore (28.32 per cent). The share of subsidies to revenue expenditure was 9.23 per cent in 2021-22.

¹⁷ Industries and Commerce, Minority Welfare, Information Technology & Communication, Panchayat Raj, Social Welfare, Women, Child and Disabled Welfare and Backward Classes Welfare Departments

2.5.3.4 Financial Assistance to local bodies and other institutions

The quantum of financial assistance provided by the State Government to Local Bodies and other institutions by way of grants during 2017-22 is given in **Table 2.23**.

Table 2.23: Financial assistance to Local Bodies and other institutions

	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
(A) Local Bodies	11,217	12,132	14,566	16,830	17,011
Municipal Corporations and Municipalities	2,976	3,775	4,157	3,552	4,996
Zilla Parishads and other PR Institutions	8,241	8,357	10,409	13,278	12,015
(B) Others	41,874	48,663	45,349	56,837	49,071
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	9,974	9,613	10,048	10,967	10,987
Hospitals and Other Charitable Institutions	2,556	3,411	3,224	4,293	5,894
Development Authorities	21	6	5	12	6
Co-operative Institutions	564	543	9,487	981	11
Others ¹⁸	28,759	35,090	22,585	40,854	32,173
Total*	53,091	60,795	59,915	73,667	66,082
Assistance as percentage of R.E	43.80	47.29	43.58	48.25	41.52

*Source: Finance Accounts of respective years; * Includes Salaries paid out of Grants-in-Aid.*

Financial assistance extended to local bodies and other institutions in 2021-22 constituted 41.52 per cent of revenue expenditure. The major schemes/recipients (above ₹ 1,000 crore) of grants during the year are given in **Table 2.24**.

Table 2.24: Major schemes/recipients (above ₹ 1,000 crore)

	(₹ in crore)
Scheme/Recipients	Amount
YSR Pension Kanuka to Backward Classes	6,881.37
Teaching Grants to Zilla Praja Parishads	6,199.29
YSR Pension Kanuka	3,794.63
Mahatma Gandhi National Employment Guarantee Act	3,246.33
Assignment of ARET revenue to APSDC Ltd	3,220.25
YSR Pension Kanuka to Economically Backward Classes	2,927.84
Pradhan Manthri Awas Yojana (Urban)	2,499.58
Samagra Shiksha	1,865.30
Dr. YSR Aarogyasri Health Care Trust	1,758.94
Grama Sachivalayam	1,555.85
Finance Commission grants to PR Bodies	1,343.53
Combating Covid-19	1,325.18
Assistance to APDISCOMS	1,215.77
Village Volunteers	1,144.71
YSR Pension Kanuka to Kapus	1,077.59
Finance Commission Grants to Urban Local Bodies	1,008.60
Assistance to Andhra Pradesh Water Resource Development Corporation (APWRDC)	1,000.89

Source: Finance Accounts 2021-22 and information furnished by O/o PAG (A&E), Andhra Pradesh.

Constitution of State Finance Commission (SFC)

As per Article 243-I of Constitution of India, a State Finance Commission shall be

¹⁸ Others includes Development Agencies, Autonomous Bodies, Public Sector Undertakings, Non-Governmental Institutions, Institutions receiving one time grant etc.

constituted to review the financial position of the Local Bodies and to make recommendations to the Governor as to the principles which should govern the distribution between the State and the Local Bodies of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Local Bodies at all levels of their respective shares of such proceeds; the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Local Bodies; the grants in aid to the Local Bodies from the Consolidated Fund of the State; the measures needed to improve the financial position of the Local Bodies; any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Local Bodies.

Accordingly, three SFCs were constituted as detailed in **Table 2.25**.

Table 2.25: Constitution of State Finance Commission

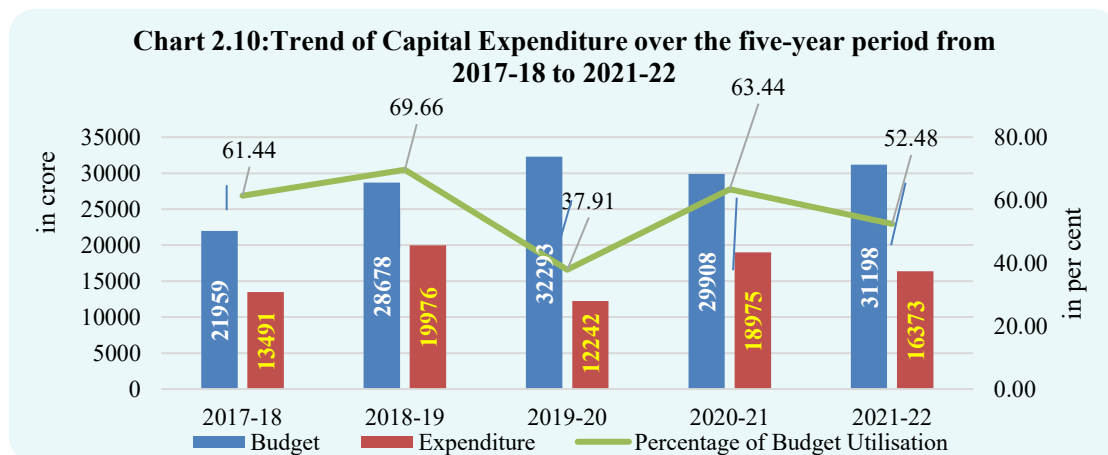
SFC	To be constituted	Actually Constituted	Delay	Date of Submission	Period Covered
First	By 31 March 1994	22 June 1994	03 months	Not Available	1997-98 to 1999-2000
Second	1999-2000	08 December 1998	-	Not Available	2000-01 to 2004-05
Third	2004-2005	29 December 2004	-	Not Available	2005-06 to 2009-10

The fourth SFC, to cover the period 2010-11 to 2015-16 which was constituted in May 2018 after the lapse of eight years instead of in 2009-10, had not submitted report to Governor as of September 2021. The dates of submission of SFC recommendations/report are not available with the Government/department.

2.5.4 Capital Expenditure

Capital Expenditure is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, *etc.* and is met from budgetary support and extra budgetary resources/Off Budget Borrowings.

The trend of Capital Expenditure during the five-year period 2017-22 is shown in **Chart 2.10**.



Source: Finance Accounts and Budget in brief of respective years

Capital Expenditure (₹ 16,373 crore) constituted 9.21 *per cent* of total expenditure (₹ 1,77,674 crore) and accounted for 1.36 *per cent* of GSDP during the year 2021-22. When compared with the projections made in the Budget Estimates (₹ 31,198 crore), the Capital expenditure constituted only 47.51 *per cent* of the Budget provisions. In all, there was a decrease of Capital expenditure by ₹ 2,602 crore (13.71 *per cent*) when compared to the previous year.

Out of the total Capital Expenditure of ₹ 16,373 crore of the State, an amount of ₹ 4,143.61 crore constituting 25.31 *per cent* was funded by the Government of India (CSS/CS/GIA) and 3.07 *per cent* (₹ 502 crore) was funded by the GoI as interest free loan under the scheme “Special Assistance to States for Capital Expenditure”. The loans were given to State Government to meet the capital expenditure during 2021-22.

Misclassification of Revenue Expenditure as Capital Expenditure:

As per Government Accounting Rule 30(1) read with note thereunder Capital expenditure shall broadly be defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent and expenditure on a temporary asset or expenditure on Grants-in-aid to local bodies or institutions (for the purpose of creating assets which will belong to these local bodies or institutions) cannot ordinarily be classifiable as capital expenditure. Ownership of assets is the key factor in determining whether the expenditure incurred on its acquisition can qualify to be classified as capital expenditure.

Government of Andhra Pradesh had planned to construct 25 lakh houses (14 lakh in rural areas including Urban Development Authorities and 11 lakh in urban areas) during the period 2019-20 to 2023-24 as part of “Navaratnalu”¹⁹ at an estimated project cost of ₹ 61,000 crore to provide pucca houses to all eligible beneficiaries. For implementing the scheme Government had issued orders on 08 July 2020 for acquisition of land and proposed to distribute house site pattas to 25 lakh beneficiaries. An amount of ₹ 138.45 crore has been booked as Capital Expenditure in Accounts for 2021-22 under YSR Gruha Vasathi scheme for this purpose.

As per the Socio-Economic Survey Report of Government of AP for the year 2021-22, the Government has planned to provide house sites to all the poor and needy and also register the land along with the house in the name of women of the household, for the above scheme.

As the land along with the house would be registered in the name of the beneficiary, the asset would belong to beneficiary, not the State Government and hence the expenditure was to be booked under Revenue expenditure Head.

Further, Capital Expenditure during the year 2021-22 was overstated by ₹ 688.80 crore due to incorrect booking of expenditure incurred towards Minor works and Grants-in-Aid, which was not in the nature of asset creation under Capital Heads.

¹⁹Nine welfare schemes promised during election and implemented by cross cutting nine themes covering Agriculture, Health, Education, Housing, Welfare and other sectors.

2.5.4.1 Major changes in Capital Expenditure

Table 2.26 highlights the cases of significant increase or decrease under various Heads of Account under capital expenditure during 2021-22 *vis-à-vis* the previous year.

Table 2.26: Capital expenditure during 2021-22 compared to 2020-21

Major Heads of Accounts	2020-21	2021-22	Variation (in per cent)	Reasons
	(₹ in crore)			
4700-Capital Outlay on Major Irrigation	3,587.48	5,401.64	50.57	Increase in expenditure under Polavaram project by ₹ 1,747.87 crore
4215-Capital Outlay on Water Supply and Sanitation	420.47	1,274.78	203.18	Increase in expenditure under “National Rural Drinking Water Programme” by ₹ 764.44 crore
4210-Capital Outlay on Medical and Public Health	449.85	1,033.18	129.67	Increase in expenditure was due to upgradation of hospitals under AP Vaidya Vidhana Parishad, Establishment of new medical colleges, establishment of new multispecialty hospital at Palasa.
4425-Capital Outlay on Co-operatives	25.49	340.85	1,237.19	Increase was due to investment of ₹ 295.00 crore by the State Government in AP Co-operative Bank
4401-Capital Outlay on Crop Husbandry	-58.28	184.54	-416.64	Increase in expenditure under Externally Aided Projects and projects under Rural Infrastructure Development Fund such as “YSR Agri testing labs”, KFW Germany – Zero based natural Farming and AP Drought Mitigation Project.
5475-Capital Outlay on other General Economic Services	201.11	391.22	94.53	Increased expenditure under Pulivendula Area Development Agency (PADA) and AP Fiber Grid
5054-Capital Outlay on Roads and Bridges	738.09	419.31	-43.19	Decrease in expenditure under R&B works
4875-Capital Outlay on other industries	434.66	-122.68	-128.22	Lapsing of Unspent balances
4515-Capital Outlay on Rural Development	1,734.69	699.27	-59.69	Reduction in expenditure under Panchayat Roads
4070-Capital Outlay on Administrative Services	6,304.20	1,671.09	-73.49	Reduction of expenditure under land acquisition for YSR Gruha Vasati.

2.5.5 Quality of Capital Expenditure

2.5.5.1 Overstatement of Assets

State Government through various Government orders had transferred (August 2018-September 2021) assets (Bridges, Roads, Irrigation Projects *etc.*) valuing ₹ 3,736.51 crore to AP Road Development Corporation and AP Water Resources Development Corporation to mobilize resources using these assets for improvement of road infrastructure and irrigation projects in the State of Andhra Pradesh as shown in table below. As the assets are transferred to an entity outside Government Account, the progressive figures of Capital Expenditure were to be reduced to that extent in the Government Accounts. However, it was noticed that the progressive expenditure on Capital Works in the accounts of the State Government has not been reduced to that extent which resulted in double accounting *viz.*, both in the books of State

Government as well as the above entities and to that extent there is overstatement of assets in the State Government Accounts.

Table 2.27: Amount of assets transferred

Name of the corporation to which assets were transferred	Authority for transfer	Amount involved (in crore)
AP Road Development Corporation	G.O.Ms.No.46, Transport, Roads and Buildings (Roads)Department dated 30.09.2021	392.50
AP Water Resources Development Corporation	G.O.Ms.No.86, Water Resources (Project-III) Department dated 06-08-2018 and G.O.Ms.No.5 Water Resources (Project-III) Department dated 08-01-2019	3,344.01

State Government replied that, the asset registers of APRDC, APWRDC and the Government of Andhra Pradesh are under reconciliation. Necessary action will be taken to avoid double accounting, if any, after reconciliation.

2.5.5.2 Investments and returns

As of 31 March 2022, the State Government invested ₹ 11,369.08 crore in Statutory Corporations (₹ 207.57 crore), Rural Banks (₹ 26.96 crore), Government Companies (₹ 8,295.40 crore), Joint Stock Companies (₹ 57.70 crore) and Co-operatives (₹ 2,783.38 crore). Out of these investments, ₹ 2,963.94 crore was invested after 02 June 2014 by Government of Andhra Pradesh, an amount of ₹ 3.93 crore was the investment out of Earmarked funds and ₹ 8,401.21 crore (73.90 per cent) was yet to be apportioned among the two successor States of Andhra Pradesh and Telangana.

The status of return on the amount invested in these Corporations/Companies is given in **Table 2.28**.

Table 2.28: Return on Investment

Investment/Return/Cost of Borrowings	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year (₹ in crore)	9,472	9,501	9,501	9,534	11,369
Return in the form of Dividend (₹ in crore)	1	1	4	0.01	5.73
Rate of Return (per cent)	0.01	0.01	0.04	0.0001	0.05
Average rate of interest on Government borrowing (in per cent)	6.52	6.37	6.31	6.16	6.15
Difference between Rate of return and interest rate (in per cent)	(-) 6.51	(-) 6.36	(-) 6.27	(-)6.16	(-)6.10
Difference between interest on Government borrowing and return on investment (₹ in crore)	13,846	15,341	17,649	20,018	22,159

Source: Finance Accounts of respective years

Government earned a return of ₹ 5.73 crore in the form of dividend in 2021-22 on its investments of ₹ 11,369 crore in various Corporations/Companies. The return on Government investment was very low at 0.05 per cent during 2021-22 as against the average rate of interest of 6.15 per cent paid by the Government on its borrowings during the same period and has proved to be a drag on the finances of the State.

2.5.5.3 Loans and Advances given by the State Government

In addition to investments in Co-operative Societies, Corporations and Companies, the State Government also provided loans and advances to institutions/organisations like

PSUs, Universities/ Academic Institutions, PRIs, ULBs and Urban Development Authorities, etc. **Table 2.29** presents the details of outstanding loans and advances during the last five years.

Table 2.29: Details of loans advanced by State Government

	(₹ in crore)				
Quantum of Loans/Interest Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Opening Balance (₹ in crore)	27,472	30,202	31,768	32,769	33,421
Amount advanced during the year (₹ in crore)	2,781	1,843	5,356	1,715	2,138
Amount recovered during the year (₹ in crore)	51	277	4,355	1,063	2,110
Closing Balance (₹ in crore)	30,202	31,768	32,769	33,421	33,449
Net addition (₹ in crore)	2,730	1,566	1,001	652	28
Interest Receipts on Loans and Advances (₹ in crore)	9	12	13	12	6
Interest receipts as percentage of outstanding loans and advances (in Per cent) (a)	0.03	0.04	0.04	0.04	0.02
Interest payments (₹ in crore)	13,847	15,342	17,653	20,018	22,165
Total Outstanding Liabilities (₹ in crore)	2,23,706	2,57,510	3,01,802	3,48,246*	3,72,503*
Interest payments as percentage to total Outstanding Liabilities of the State Government (b)	6.19	5.96	5.85	5.75	5.95
Difference between (a) and (b) (in Per cent)	(-) 6.16	(-) 5.92	(-) 5.81	(-) 5.71	(-) 5.93

Source: Finance Accounts of respective years; * Outstanding Debt excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

During the year 2021-22, an amount of ₹ 2,138 crore was disbursed towards loans and advances to various entities. Out of the loans disbursed by the State Government during the year 2021-22, AP State Beverages Corporation (₹ 1,000 crore) and APTRANSCO for 24X7 Power for all Project (₹ 485.16 crore) were the major recipients of loans.

In so far recovery of loans of ₹ 2,110 crore during 2021-22 was concerned, an amount of ₹ 2,056.38 crore was repaid by two entities viz., AP State Housing Corporation Limited (₹ 1,056.39 crore) and AP State Beverages Corporation Limited (₹ 1,000 crore) which constituted 97.46 per cent of recovery of loans during the year 2021-22.

Audit observed that, out of loan disbursals amounting to ₹ 2,138 crore, during 2021-22 an amount of ₹ 1,112.31 crore disbursed to seven²⁰ entities without prescribing any terms and conditions like rate of interest, number of instalments, etc., and from whom repayments of earlier loans (₹ 7,335.41 crore) were overdue.

Loans of ₹ 33,449 crore were outstanding as of 31 March 2022 from various entities. The earliest period to which arrears related was 2002.

²⁰ Loans for water supply and sanitation (₹ 2,732.98 crore was outstanding), Dairy Development (₹ 162.08 crore), Co-operation (₹ 391.06 crore), Power Project (₹ 3,415.71 crore), Civil Aviation (₹ 564.69 crore) and Other General Economic Services (₹ 68.87 crore)

2.5.5.4 Capital locked in incomplete projects

Blocking of funds on incomplete projects/works deprives the State of the intended benefits for prolonged periods. It may also result in increased outlays due to revision of the project costs due to changes in Standard Schedule of Rates (SSRs), factors of inflation *etc.* As majority of the irrigation projects are financed out of borrowed funds, the quantum of borrowings may also be increased and result in additional financial burden due to servicing of debt.

Age-wise and department-wise details of ongoing projects are given in **Tables 2.30** and **2.31** respectively.

Year of commencement of Project / work	No of incomplete Projects / works	Estimated cost	Expenditure (as on 31 March 2022)
Up to 2014-15	22	23,206	21,424
2015-16	5	2,513	1,015
2016-17	46	1,735	960
2017-18	45	4,265	1,634
2018-19	14	2,490	251
2019-20	4	266	5
2020-21	1	90	14
2021-22	1	123	855
Total	138	34,687	26,158

Department	No. of incomplete projects / works	Estimated cost	Expenditure
Roads	11	177	79
Bridges		Not Available	
Buildings		Not Available	
Irrigation	40	28,259	23,349
Water Supply Schemes and others	87	6,252	2,730
Total	138	34,687	26,158

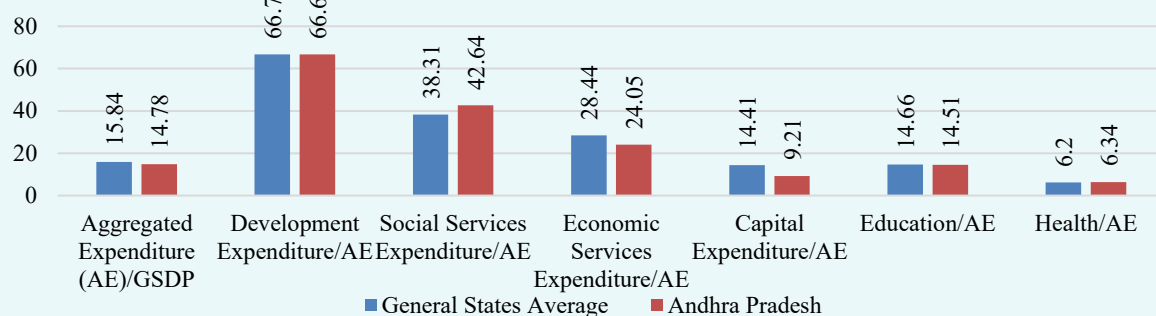
Source: Appendix IX of Finance Accounts 2021-22

Further, the State Government did not disclose financial results of any of the irrigation projects during the year 2021-22. As a result, there was no assurance of returns from public investments on irrigation and flood control.

2.5.6 Expenditure priorities

Enhancing human development levels require the State to step up its expenditure on key social services like education, health, *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) for a particular sector can be inferred if the ratios fall below the respective national averages. **Chart 2.11** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure during 2021-22, *vis-à-vis* the average of the General States (GS).

Chart 2.11: Prioritisation in Public Expenditure (in percentage)



Source: Finance Accounts of 2021-22 and data provided by Economic Advisor.

Audit observations in this regard are as follows:

- Development expenditure²¹ and expenditure on Social Services as a proportion of total expenditure were slightly higher in the State compared to the GS average and the expenditure on Economic Services as a proportion of total expenditure was lower than GS average.
- The share of expenditure on Education in the State as a proportion of total expenditure was lower and share of expenditure on Health was slightly higher than the corresponding GS average.
- The share of capital expenditure was lower in the State compared to the GS average affecting physical capital formation with a cascading impact on economic growth in the long run.

State Government has replied that, it has been making every effort to increase the physical capital formation in various sectors like education, health, power, ports, roads etc.

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 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 the Public Account. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.6.1 Net Public Account Balances

Component-wise net balances in Public Account of the State as of end of March of the year during the five-year period 2017-18 to 2021-22 are as follows:

²¹ Expenditure incurred on Social and Economic Services constitute Development Expenditure

Table 2.32: Public Account Balances (As on 31 March of the year)

(₹ in crore)

Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	-13,509	-15,730	-16,745	-23,276	-26,990
J. Reserve Funds	(a) Reserve Funds bearing Interest	-32	-576	-1,863	-1,685	-2,629
	(b) Reserve Funds not bearing Interest	-1,455	-2,107	-2,065	-2,002	-1,988
K. Deposits and Advances	(a) Deposits bearing Interest	-7,058	-7,275	-7,662	-708	-622
	(b) Deposits not bearing Interest	-32,861	-38,325	-46,907	-52,626	-36,234
	(c) Advances	30	31	31	31	31
L. Suspense and Miscellaneous	(b) Suspense	46	105	-938	-2,422	-976
	(c) Other Accounts	166	166	5,298	912	1,939
	(d) Accounts with Governments of Foreign Countries	0	0	0	0	0
	(e) Miscellaneous	0	0	0	0	0
	(a) Money Orders, and other Remittances	-1,383	500	510	511	516
M. Remittances	(b) Inter Governmental Adjustment Account	71	53	100	108	107
	TOTAL	-55,985	-63,158	-70,241	-81,157	-66,846

Source: Finance Accounts of 2021-22; Note: +ve denotes Debit Balances and -ve denotes credit balances;

2.6.1.1 Reserve Funds

Reserve Funds were created for specific and defined purposes under the Public Account of the State Government. These funds were met from contributions or grants from the Consolidated Fund of State. Out of the gross accumulated balance of ₹ 15,198.06 crore lying in these Funds as on 31 March 2022, ₹ 10,580.55 crore was invested in GoI Securities, leaving a net accumulated balance of ₹ 4,617.51 crore as on 31 March 2022. The transactions during the year 2021-22 under major reserve funds are detailed below:

Consolidated Sinking Fund

Sinking Fund was created in the year 1999-2000 for amortisation of State's liabilities. As per guidelines, the State Government may contribute annually to the Sinking Fund at 0.5 per cent of the outstanding liabilities at the end of the previous financial year. Accordingly, ₹ 1,741.23 crore was to be contributed in 2021-22 on the outstanding liabilities of ₹ 3,48,246 crore at the end of 2020-21. The State Government, however, did not make any contribution to the Fund during 2021-22.

The total accumulation of the Fund was ₹ 9,687.52 crore as on 31 March 2022 out of which ₹ 9,630.89 crore was invested. (₹ 8,931.89 crore as on 31 March 2021).

Guarantee Redemption Fund

As per guidelines of Reserve Bank of India, post bifurcation, the Government of Andhra Pradesh constituted²² (April 2018) the Guarantee Redemption Fund (GRF) to meet its obligation pertaining to the guarantees given by it on loans raised by bodies such as Public Sector Undertakings, Special Purpose Vehicles, *etc.*, outside of the State budget. In case of default by the borrower, these guarantees become liabilities of the State Government. As such, guarantees, generally, are contingent liabilities. As per guidelines, the Fund shall be setup by the State Government with an initial contribution of minimum one *per cent* of outstanding guarantees at the end of previous year. Thereafter, a minimum of 0.5 *per cent* of outstanding guarantees was envisaged as annual contribution to raise the Fund to a minimum level of three *per cent* in next five years and eventually to a level of five *per cent*.

The outstanding Guarantees as on 01 April 2021 were ₹ 91,330 crore. Against this, the Fund balance to the end of the year was ₹ 944.39 crore which was 1.03 *per cent* of outstanding Guarantees. The State Government has not contributed to the Fund during 2021-22.

State Disaster Mitigation Fund

Government of India in accordance with the recommendations of XV Finance Commission constituted State Disaster Mitigation Fund (SDMF) under Reserve Funds (8121-00-130) for the purpose of mitigation projects in respect of disasters covered under the State Disaster Response Fund and National Disaster Response Fund. The fund will be used for those local level and community based interventions, which reduce the risks and promote environment friendly settlements and livelihood practices.

GoI will contribute 75 *per cent* funds to SDMF and the balance 25 *per cent* of funds will be contributed by the State Governments. Accordingly, during the year 2021-22, GoI contributed ₹ 223.80 crore and State Government contributed its share of ₹ 74.40 crore towards State Disaster Mitigation Fund (SDMF) and the total amount of ₹ 298.20 crore was credited to the Head of Account-8121-00-130-000. However, there was no expenditure from the fund during the Financial Year 2021-22.

State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. In terms of the guidelines of the Fund, the Centre and States are required to contribute to the Fund in a certain proportion. The contributions are to be transferred to the Public Account to 'Major Head – 8121 – General and other reserve funds'. Expenditure during the year is incurred by operating 'Major Head – 2245 – Relief on account of Natural Calamities'.

²² G.O. Ms. No. 46, Finance (CM) Department, dated 17 April 2018

The State Government is required to pay interest on a half-yearly basis to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. The accretions to the SDRF together with the income earned on the investment of SDRF is to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

The SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and the provision for disaster preparedness, restoration, reconstruction. Mitigation should not be a part of SDRF. Such expenditure must be provided from the normal budgetary heads/ State Plan Funds, *etc.*

The State Government released its share of ₹ 298.40 crore during 2021-22 in addition to the funds received from GoI of ₹ 895.20 crore. The total accumulated balance was ₹ 1,545.03 crore including amount received towards National Disaster Response Fund (₹ 351.43 crore). Out of the total amount, ₹ 883.17 crore was expended for relief on natural calamities²³ as per Finance Accounts leaving a balance of ₹ 960.06 crore to the end of 31 March 2022.

The details of expenditure charged to State Disaster Response Fund are given in **Table 2.33**.

Table 2.33: Details of Expenditure charged to SDRF

(₹ in crore)			
Major Head of Account	Minor Head of Account	Expenditure during 2020-21	Expenditure during 2021-22
2245- Relief on Account of Natural Calamities 01- Drought	101-Gratuitous Relief	1,375	0.52
	102-Drinking water Supply	101	0.55
	104-Supply of Fodder	4	6.02
	282-Public Health	147	74.57
	Sub Total	1,627	81.66
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones <i>etc.</i>	101-Gratuitous Relief	1,055	672.65
	114-Assistance to Farmers for purchase of Agricultural inputs	0	0
	282-Public Health	219	212.94
	911- Deduct-Recoveries of Overpayments	0	-57.20
	Sub Total	1,274	828.39
2245- Relief on Account of Natural Calamities 80- General	001 Direction and Administration	2	2.07
	102-Management of Natural Disasters, Contingency Plans in disaster prone areas	6	6.03
	911- Deduct-Recoveries of Overpayments	0	0
	Sub-Total	9	8.10
	Grand Total	2,909	918.15
2245-05-State Disaster Response Fund	901- Deduct - Amount met from State Disaster Response Fund	2,243	883.17

Source: Finance Accounts of 2021-22

²³ Gratuitous relief in drought affected areas, Repairs and restoration of damaged roads and bridges, Assistance to farmers for purchase of Agricultural inputs *etc.*

During the year 2021-22, Government of Andhra Pradesh has received ₹ 1,843.23 crore towards SDRF (₹ 1,193.60 crore), SD MF (₹ 298.20 crore) and NDRF (₹ 351.43 crore) from Government of India.

State Government during the year 2019-20 transferred ₹1,100 crore to Personal Deposit Account of Directorate of Agriculture, Andhra Pradesh by showing expenditure under Major Head 2245 – Disaster Relief and Rehabilitation towards payment of Input Subsidy to farmers for Kharif as Gratuitous relief.

Later, State Government stated that these funds were demarcated for Covid pandemic related expenditure and would be utilised in the following financial year which is a violation of Appropriation Act.

Further, the guidelines²⁴ of State Disaster Response Fund allow adjustment of expenditure from the fund only for expenditure incurred on providing ‘immediate relief’. The State Government has however, transferred the funds from SDRF to Personal Deposit Account without spending for immediate relief and was lying unutilised in the Personal Deposit Account even till date (September 2022).

The action of State Government to transfer SDR Funds provided for immediate relief to drought hit farmers to PD Account and retaining those funds for more than two years was illegal. The glaring violation of established SDRF guidelines and procedures needs to be investigated and responsibility fixed on the concerned officials.

State Government in its reply (January 2023) stated that, these funds were transferred to SDRF during the financial year 2022-23 as per the directions of Honourable Supreme court.

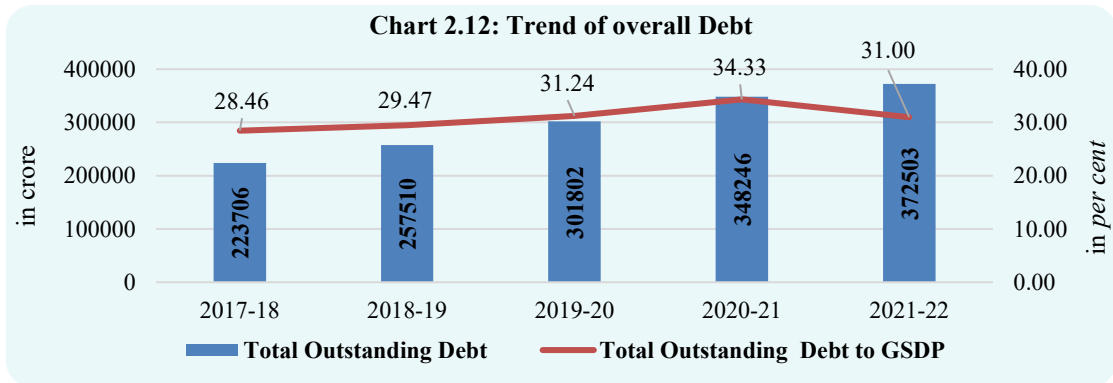
2.7 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government’s debt 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.

The total outstanding debt of the State Government at the end of 2021-22 was ₹ 3,72,503 crore²⁵. The trend of outstanding debt and ratio of debt to GSDP during the period 2017-22 is given in **Chart 2.12**.

²⁴ OM No. 33-5/2015-NDM-I, Disaster Management dated 30 July 2015

²⁵ Outstanding Debt excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources



Source: Finance Accounts of respective years; **Note:** Outstanding Debt during 2021-22 excludes an amount of ₹ 5,583 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

2.7.1 Debt profile

Total debt of the State Government consists of Internal debt of the State (market loans, Ways and Means Advances from RBI, Special securities issued to NSSF and loans from financial institutions *etc.*), loans and advances from the Central Government and Public Account liabilities of the State.

The details relating to total debt received, repaid, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2017-22 are given in **Table 2.34** and in **Chart 2.13**.

Table 2.34: Component wise debt trends

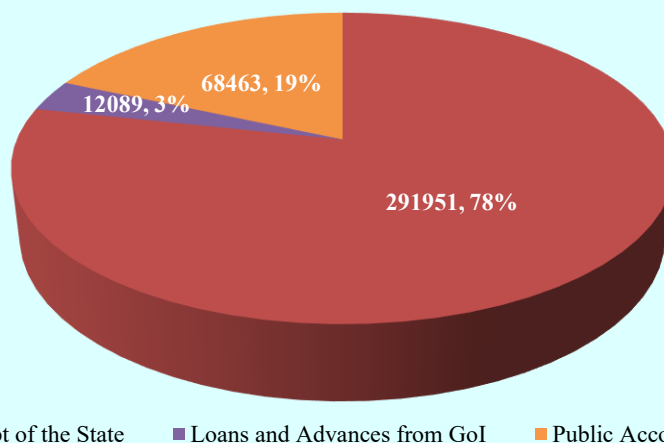
	2017-18	2018-19	2019-20	2020-21	2021-22	
Outstanding Debt (₹ in crore) (A)+(B)	2,23,706	2,57,510	3,01,802	3,48,246*	3,72,503*	
Public Debt (₹ in crore) (A)	<i>Internal Debt</i>	1,59,813	1,83,274	2,15,617	2,56,088	2,91,951
	<i>Loans from GoI</i>	8,978	10,223	10,942	11,860	12,089
Public Account Liabilities (₹ in crore) (B)	54,915	64,013	75,243	80,298	68,463	
Off-Budget Borrowings (OBB)	NA	NA	77,586	1,12,115	1,18,393	
Rate of growth of outstanding debt (in per cent)	11.12	15.11	17.20	15.39	6.97	
Gross State Domestic Product (GSDP)	7,86,135	8,73,721	9,66,099	10,14,374	12,01,736	
Debt/GSDP (in per cent)	28.46	29.47	31.24	34.33	31.00	
Debt/GSDP (in per cent) including OBB	NA	NA	39.27	45.38	40.85	
Total Debt Receipts (₹ in crore) (a)	1,33,687	1,36,084	1,57,859	2,13,050	1,65,877	
Total Debt Repayments (₹ in crore) (b)	1,08,853	97,940	1,13,197	1,64,296	1,38,347	
Total Debt Available (₹ in crore) (a-b)	24,834	38,144	44,662	48,754	27,530	
Debt Repayments/Debt Receipts (in per cent)	81.42	71.97	71.71	77.12	83.40	

Source: Finance Accounts of respective years; * Outstanding Debt excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources; NA: Not Available

The outstanding Public Debt at the end of the year has increased by 66.51 per cent (₹ 1,48,797 crore) from 2017-18 to 2021-22.

Component-wise break-up of debt is shown in **Chart 2.13**.

Chart 2.13: Break-up of Outstanding Debt at the end of FY 2021-22
(₹ in crore)

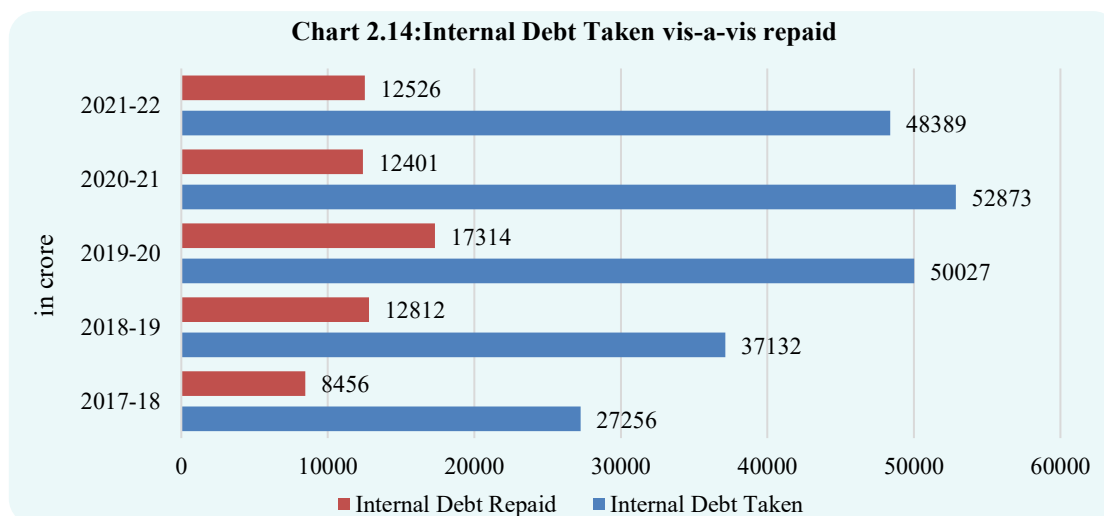


Source: Finance Accounts of 2021-22; **Note:** Outstanding Debt excludes an amount of ₹ 5,583.19 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

2.7.1.1 Internal Debt

Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), loans from financial institutions and special securities issued to NSSF, accounts for 78 per cent of the total outstanding debt.

The details of receipt and repayment of internal debt during the years 2017-22 are given in **Chart 2.14**.



Source: Finance Accounts of respective years

As on 31 March 2022, market borrowings (₹ 2,65,421 crore) formed a major portion (90.91 per cent) of the outstanding internal debt (₹ 2,91,951 crore) of the State Government, with interest rates ranging from 5.00 to 13.99 per cent. State Government paid an interest of ₹ 20,617.35 crore on Internal Debt. From the year 2017-18 to 2021-22, the borrowings under Internal Debt have increased by 77.54 per cent.

2.7.1.2 Loans from GoI

Loans from GoI (₹ 17,672 crore) accounted for 4.67 *per cent* of the total outstanding debt as on 31 March 2022. During the year 2021-22, State Government received an amount of ₹ 4,895.71 crore from GoI and paid an interest of ₹ 310.86 crore at interest rates ranging from 7.00 to 13.99 *per cent*.

Out of the total loan availed, an amount of ₹ 5,583.19 crore (₹ 2,311 crore for the year 2020-21 and ₹ 3,272.19 crore for the year 2021-22) has been released by GoI for shortfall arising out of GST implementation through issue of debt under a Special Window coordinated by Ministry of Finance²⁶. GoI decided that GST compensation of ₹ 5,583.19 crore given to the State as back-to-back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. During the year 2021-22, an amount of ₹ 501.79 crore has been borrowed from GoI as “Special Assistance as loan to States for Capital Expenditure”.

2.7.2 Per-capita liability

The per-capita liability of the State of Andhra Pradesh for the period 2017-22 is as below:

Table 2.35: Per-capita liability

Sl.No	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	Total outstanding debt/liabilities (₹ in crore)	2,23,706	2,57,510	3,01,802	3,48,246	3,72,503
2	Off Budget Borrowings (OBB) (₹ in crore)	NA	NA	77,586	1,12,115	1,18,393
3	Population (in crore)	5.10	5.13	5.16	5.19	5.29
4	Per capita liability (in ₹)	43,829	50,157	58,441	67,485	70,416
5 = (1+2)/3	Per capital Liability after inclusion of OBB (in ₹)	NA	NA	73,525	88,702	92,797

Source: Finance Accounts of respective years, Data from Economic Advisor and information furnished by State Government in respect of Off-Budget borrowings; *Note:* Outstanding Debt excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources; NA: Not Available

As seen from the above table that the per-capita liability of the State of Andhra Pradesh has increased by 61 *per cent* over the period of five years. The per capita liability on the people of Andhra Pradesh will be more after considering off budget borrowings.

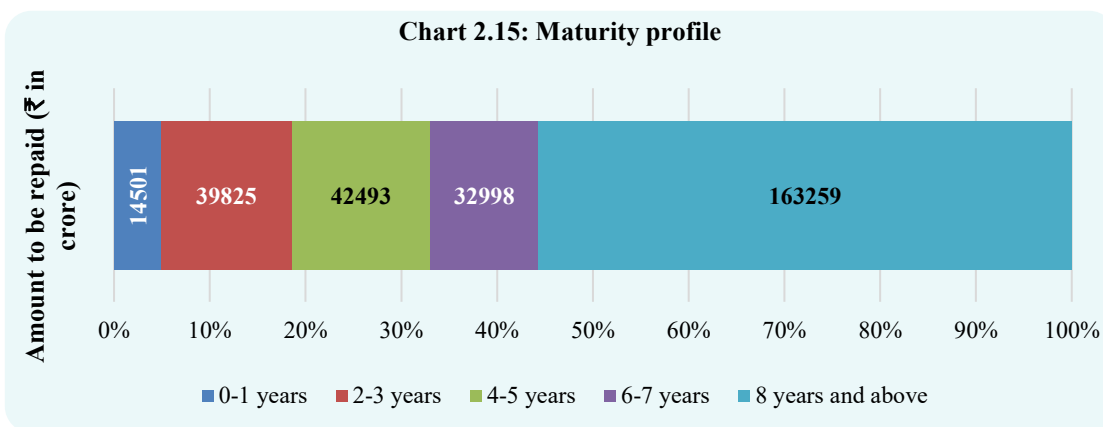
2.7.3 Debt Maturity profile

Debt maturity profile indicates commitment on the part of the Government for debt repayment or debt servicing in future years. The details of debt maturity profile are given in **Table 2.36** and **Chart 2.15**.

²⁶ GoI's letter No.F.No.40(1) PF-S/2021-22 dated 10 December 2021

Table 2.36: Maturity Profile of State Debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public Debt)
0 – 1	14,500.54	4.77
2 – 3	39,825.03	13.10
4 – 5	42,493.39	13.97
6 – 7	32,998.04	10.85
8 years and above	1,63,258.55	53.69
Others ²⁷	11,017.63	3.62
Total	3,04,093.18	



Source: Finance Accounts 2021-22;

The maturity profile of debt as on 31 March 2022 indicated that State would have to repay 42.69 *per cent* of debt (₹ 1,29,817 crore) within the next seven years. State Government has to augment its revenue resources keeping in view the increasing trend on reliance on borrowed funds for financing revenue/current expenditure and formulate a well thought debt management strategy. The issues on debt sustainability of the State are discussed in the subsequent paragraphs.

2.7.4 Debt Sustainability Analysis

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 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 servicing of debt through 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.

Table 2.37 shows the debt sustainability of the State according to these indicators for the five-year period from 2017-18 to 2021-22.

²⁷Payment schedule of this amount is not being maintained by the Accountant General (A&E). It includes loans taken from GoI as special assistance for shortfall in GST for which State will not be required to service the debt or to repay it from any other source

Table 2.37: Trends in Debt Sustainability Indicators

Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
Total Outstanding Debt* (₹ in crore)	2,23,706	2,57,510	3,01,802	3,48,246	3,72,503
Rate of growth of Outstanding Debt (in per cent)	11.12	15.11	17.20	15.39	6.97
GSDP (₹ in crore)	7,86,135	8,73,721	9,66,099	10,14,374	12,01,736
Rate of growth of GSDP (in per cent)	14.86	11.14	10.57	5.00	18.47
Debt/GSDP (in per cent)	28.46	29.47	31.24	34.33	31.00
Average interest rate of Outstanding Debt (in per cent)	6.52	6.37	6.31	6.16	6.15
Percentage of interest payment to Revenue Receipt (in per cent)	13.18	13.38	15.90	17.09	14.72
Percentage of Debt Repayment to Debt Receipt (in per cent)	81.42	71.97	71.71	77.12	83.40
Net Debt available to the State# (₹ in crore)	10,987	22,802	27,009	28,736	5,364
Net Debt available as per cent to Debt Receipts (in per cent)	8.22	16.76	17.11	13.49	1.97

*Source: Finance Accounts; *Outstanding Public Debt is the sum of outstanding balances under the heads 6003- Internal Debt and 6004- Loans and Advances from the Central Government; #Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt; Note: Outstanding Debt excludes an amount of ₹ 2,311 crore during 2020-21 and ₹ 3,272.19 crore during 2021-22 received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources*

2.7.4.1 Repayment of Debt and Interest

The projection of cash outflows due to amortization (Principal and Interest) of Public Debt for the next 10 years commencing from 2021-22 onwards is given below. The liabilities on account of Public Debt represent the amounts outstanding under MH 6003 and MH 6004 to the end of 31 March 2022 and the interest was calculated considering the interest rate prevailed at the time of raising of the OMBs/rate of interest as fixed by lending institutions on remaining loans.

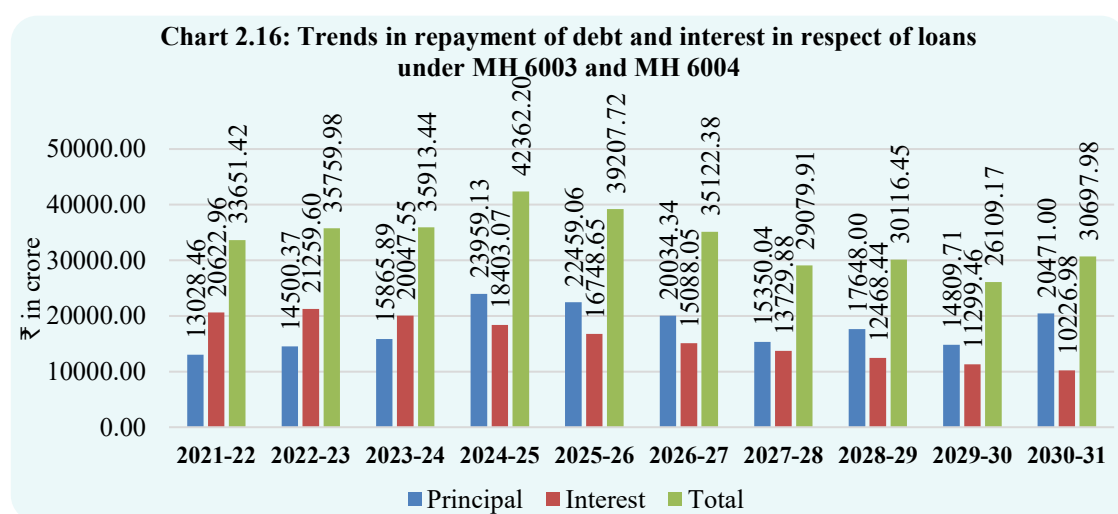
Table 2.38: Repayment of Debt and interest

Year	Repayment of Debt	Interest to be paid	Total
Repayment of principal from MH 6003 along with Interest			
2021-22	12,513.60	20,504.12	33,017.72
2022-23	13,985.53	21,219.33	35,204.86
2023-24	15,613.56	20,026.97	35,640.53
2024-25	23,854.57	18,393.58	42,248.15
2025-26	22,416.73	16,744.76	39,161.50
2026-27	20,010.09	15,085.82	35,095.90
2027-28	15,336.32	13,728.62	29,064.93
2028-29	17,642.44	12,467.94	30,110.39
2029-30	14,806.81	11,299.20	26,106.01
2030-31	20,470.55	10,226.94	30,697.49
TOTAL (MH 6003)	1,76,650.20	1,59,697.28	3,36,347.48
Repayment of principal from MH 6004 along with Interest			
2021-22	514.86	118.84	633.70
2022-23	514.84	40.27	555.12
2023-24	252.33	20.58	272.91
2024-25	104.56	9.49	114.05

Year	Repayment of Debt	Interest to be paid	Total
2025-26	42.33	3.89	46.22
2026-27	24.25	2.23	26.48
2027-28	13.72	1.26	14.98
2028-29	5.56	0.50	6.06
2029-30	2.90	0.26	3.16
2030-31	0.45	0.04	0.49
Back to Back loans	9,923.99	#	9,923.99
Total (MH 6004)	11,399.79	197.36	11,597.16
Grand Total	1,88,049.99	1,59,894.64	3,47,944.64

Source: Information furnished by O/o PAG (A&E); # Regarding the Back to Back loans repayments along with interest details are maintained by M/o Finance and subsequently, book adjustments are made in this office in the same month.

The trends in repayment of debt and interest are depicted in **Chart 2.16**.



It can be seen from the above chart that on the outstanding public debt to the end of 31 March 2022, the liability on account of public debt will attain its peak and an amount of ₹ 42,362.20 crore is to be provided during the year 2024-25 for meeting the debt servicing obligations. Though the trend of liability shown a gradual decline from 2026-27 onwards (except in 2028-29), it may not remain static and show increased trend due to States' continued dependence on OMBs year over year for financing its current expenditure instead of augmenting the revenues as well as probable receipts of Back-to-Back loans under MH 6004.

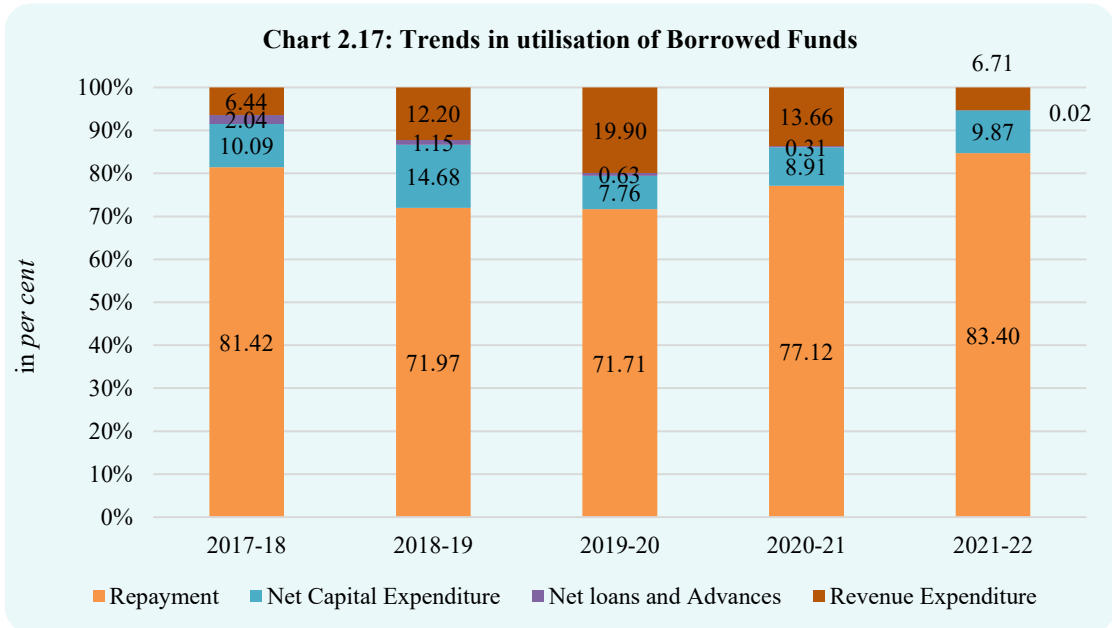
2.7.4.2 Application of borrowed funds

The trends in application of borrowed funds are depicted in **Table 2.39** and **Chart 2.17**.

Table 2.39: Trends in utilisation of borrowed funds

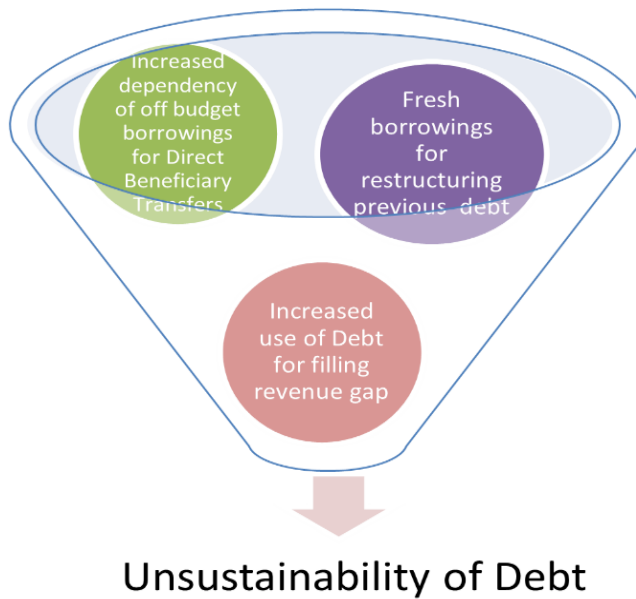
Year		2017-18	2018-19	2019-20	2020-21	2021-22
Total Borrowings	2	1,33,687	1,36,084	1,57,859	2,13,050	1,65,877
Repayment of earlier borrowings (Principal) (per cent)	3	1,08,853 (81.42)	97,940 (71.97)	1,13,197 (71.71)	1,64,296 (77.12)	1,38,347 (83.40)
Net capital expenditure (Per	4	13,491	19,976	12,242	18,975	16,373

Year		2017-18	2018-19	2019-20	2020-21	2021-22
cent)		(10.09)	(14.68)	(7.76)	(8.91)	(9.87)
Net loans and advances	5	2,730	1,566	1,001	652	28
Portion of Revenue expenditure met out of net available borrowings	6=2-3-4-5	8,613	16,602	31,419	29,127	11,129



Source: Finance Accounts of respective years

During the period 2017-22, the borrowed funds were mostly utilised for debt repayment and filling the gap of Revenue account, which reduces the productivity of the borrowed funds. In case, Off Budget Borrowings are taken into account, the stress over the finances of the State for repayment of debt will be on an explosive path and may lead to unsustainability of debt in future years.



- a. As per the targets fixed by AP FRBM Act for the year 2021-22, the Outstanding Debt shall not be more than 35.60 per cent of GSDP. The Outstanding Debt-GSDP ratio of the State Government was within the target viz., 31.00 per cent as of 31 March 2022. But it should be read with the fact that, the FRBM target was

prescribed by excluding the guarantee given by the Government through which most of the loans were being raised.

- b. During the five-year period 2017-18 to 2021-22, the Debt to GSDP ratio has shown increasing trend (except during 2021-22). Audit observed that the State Government resorted to borrowings through PSUs *viz.*, Corporations/PSUs/SPVs. In majority of the cases, the debt servicing for these loans is being done through either budgetary support or escrowing of revenue receipts. The issues of off-budget borrowing are discussed in the paragraphs 2.7.5 and 2.7.5.1. If the off-budget borrowings (which are 9.85 *per cent* of GSDP) and other committed liabilities are also taken into account, the Debt/GSDP ratio is 42.33 *per cent* of GSDP which exceeded the targets fixed for the year 2021-22 by 6.73 *per cent*.
- c. Ratio of Interest payments to Revenue Receipts has shown increased trend from 2017-18 to 2020-21; and slightly reduced during 2021-22 due to increased revenue receipts. Predominant part of borrowed funds is utilised for interest payments, thereby curtailing the scope of utilising the borrowed funds for productive expenditure.
- d. During the period 2017-18 to 2021-22, approximately 65 to 83 *per cent* of borrowed funds were utilised for repayment of debt which indicated the State's increased dependence on borrowed funds primarily for discharging the debt servicing obligations rather than for capital assets creation. Unless the borrowed funds are utilised for revenue augmentation through creation of capital assets/capital formation, with increased pressure on exchequer due to debt servicing; the debt of the State Government may become unsustainable and in the long run chances of State Government falling into debt trap could not be ruled out.

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current expenditure and repayment of interest on outstanding debt is not sustainable. Along with the borrowings raised, the State Government has been establishing Corporations/PSUs/SPVs to raise the funds as off budgetary borrowings from the market outside the ambit of FRBM Act to implement the State policies/works. This further increases the interest burden of the State Government.

State Government replied that, the economy of the State of Andhra Pradesh suffered structural deficit on account of unjust, unfair and unscientific state bifurcation. Andhra Pradesh lost assets to Telangana on geographical basis, but inherited liabilities on population basis. Andhra Pradesh also did not have the resources to meet the servicing of liabilities. GoAP has been ceaselessly pursuing with the Government of India regarding fulfilment of assurances given at the time of bifurcation such as award of Special Category Status, Revenue Deficit Grant for 2014-15, etc. The outbreak of Covid-19 pandemic further compounded the fiscal stress on the State. In this scenario, it would be inevitable that a part of borrowed funds would be used for meeting the debt servicing obligations.

2.7.5 Off-Budget Borrowings

The FRBM Act provides debt management framework through containing revenue and fiscal deficits. Prudential borrowing norms suggest that borrowed funds should be self-liquidating *viz.*, they should be deployed in such a manner that returns from borrowed funds are preferably able to meet cost of debt. It is, therefore, essential that there should be a policy framework for utilisation of borrowed funds considering the cost of borrowing as well as revenue augmentation.

Off-budget borrowings or off-budget financing refer to the use of those financial resources by the Government for meeting expenditure requirements in a particular year or years, which are not reflected in the budget for that year/those years for seeking grant/appropriation, hence remain outside legislative control. The State Government resorted to borrowing through the State PSUs *viz.*, Government owned or controlled public sector enterprises or departmental commercial undertakings. The PSUs raise loans from Banks and other Financial Institutions such as HUDCO *etc.*, for which State Government provides unconditional and irrevocable guarantee for servicing of the debt (in majority of the cases). Thus, these liabilities constitute the liabilities of the State Government. The servicing of these OBBs is being done through (a) payment of interest on recurrent basis through budget (b) repayment of the borrowings by releasing funds to the PSU concerned either in the form of assistance/grants-in-aid or loan by the State Government. In recent years, two State PSUs raised loans through Banks for which repayments were made by way of escrowing of revenues and the issue is discussed in the paragraph 2.7.5.1.

During the year 2021-22, an amount of ₹ 11,331.83 crore was incurred for the debt servicing of these off-budget borrowings. The outstanding liability on account of OBBs of the State Government were ₹ 1,18,393.81 crore to the end of 31 March 2022 and the details are given in **Table 2.40**.

Table 2.40: Off-Budget Borrowings to the end of March 2022

(₹ in crore)					
	Institution	Borrowings by institution as of March 2022	Guarantee provided by Government as of March 2022	Funds provided (in the form of grants) by Government for payment of interest / repayment of loan during 2021-22	Amount considered as OBB as of March 2022
Loans raised through guarantees of the State Government and are being repaid through budgetary support in form of Grants-in-aid/Loans from the State Government					
1	AP State Ware Housing Corporation	36.07	308.30	0.00	36.07
2	Rythu Sadhikara Samstha	895.84	2,000.00	119.00	895.84
3	Markfed	1,778.34	5,500.00	0.00	1,778.34
4	AP State Seeds Development Corporation	652.64	1,000.00	0.00	652.64
5	AP State Civil Supplies Corporation	31,026.08	37,000.00	140.00	31,026.08

	Institution	Borrowings by institution as of March 2022	Guarantee provided by Government as of March 2022	Funds provided (in the form of grants) by Government for payment of interest / repayment of loan during 2021-22	Amount considered as OBB as of March 2022
Loans raised through guarantees of the State Government and are being repaid through budgetary support in form of Grants-in-aid/Loans from the State Government					
6	AP Transmission Corporation	0.00	350.00	43.31	0.00
7	AP DISCOMs	7,489.85	11,120.00	408.23	7,489.85
8	AP GENCO	1,788.02	5,437.43	0.00	1,788.02
9	AP Power Development Corporation	610.00	1,000.00	0.00	610.00
10	AP Power Finance Corporation	18,115.07	15,741.33	219.03	18,115.07
11	AP State Beverages Corporation	0.00	1,400.00	1,000.00	0.00
12	AP State Housing Corporation	3,881.55	4,133.21	0.00	3,881.55
13	Bhogapuram Airport	769.86	854.00	171.85	769.86
14	Orvakallu Dagadathi Airport	166.66	200.00	0.00	166.66
15	AP Fibernet	206.92	300.00	65.00	206.92
16	AP State Finance Corporation	197.20	1,199.00	0.00	197.20
17	Director of Sugar and Cane Commissioner	30.37	555.45	0.00	30.37
18	AP Industrial Infrastructure Corporation	1,961.84	2,000.00	79.80	1,961.84
19	Nellore Municipal Corporation	493.72	995.00	151.37	493.72
20	Municipal Corporation of Tirupati	22.35	100.00	0.00	22.35
21	AP Township Infrastructure Development Corporation	5,278.36	13,267.51	664.16	5,278.36
22	Vijayawada Municipal Corporation	85.67	100.00	0.00	85.67
23	AP Urban Finance and Infrastructure Development Corporation	363.81	632.97	0.00	363.81
24	AP Capital Region Development Authority	3,738.00	7,060.00	531.08	3,738.00
25	AP Drinking Water Corporation	640.00	5,330.00	0.00	640.00
26	AP SCs Finance Corporation	336.47	533.85	0.00	336.47
27	AP State Road Transport Corporation	1,991.17	2,500.00	2,947.90	1,991.17
28	AP Water Resources	8,579.13	19,677.00	1,029.12	8,579.13

	Institution	Borrowings by institution as of March 2022	Guarantee provided by Government as of March 2022	Funds provided (in the form of grants) by Government for payment of interest / repayment of loan during 2021-22	Amount considered as OBB as of March 2022
Loans raised through guarantees of the State Government and are being repaid through budgetary support in form of Grants-in-aid/Loans from the State Government					
	Development Corporation				
29	AP Road Development Corporation	4,055.62	4,158.53	120.04	4,055.62
Loans raised by escrowing future revenues of Consolidated Fund of the State					
29A	AP Road Development Corporation	699.20	2,000.00	421.68	699.20
30	AP State Development Corporation	22,504.00	25,000.00	3,220.25	22,504.00
	TOTAL	1,18,393.81	1,71,453.60	11,331.83	1,18,393.81

Source: Information provided by respective State PSUs CFMS vouchers data for the year 2021-22 and information furnished by Finance Department, GoAP (January 2023).

Government of Andhra Pradesh did not disclose the off-budget borrowings (OBB) in the budget documents. The overall liability of the State including these outstanding Off-Budget Borrowings as on 31 March 2022 was ₹ 4,90,897 crore (₹ 3,72,503²⁸ crore and ₹ 1,18,394 crore) and this constitute 40.85 per cent of GSDP.

The Off Budget Borrowings of State Government for the financial years 2019-20 and 2020-21, reported in the respective SFARs, were ₹ 26,097 crore and ₹ 86,260 crore respectively. However, State Government furnished (January 2023) the details of borrowings of 30 corporations for the financial years 2019-20 and 2020-21 as ₹ 77,585.73 Crore and ₹ 1,12,114.90 Crore (Details given vide *Appendix 2.2*). There was net increase in off budget borrowings of the State Government to the tune of ₹ 6,278.91 crore when compared to previous year (as per the information furnished by the State Government - ₹ 1,12,114.90 crore) through these 30 corporations.

The OBBs of the State Government will have the effect of bypassing the Net Borrowing Ceiling (NBC) of the State. Such borrowings would have impact on important fiscal indicators under APFRBM such as the Revenue Deficit and Fiscal Deficit and also have the effect of surpassing the targets set under AP FRBM Act as amended from time to time and also affect the inter-generational equity. Non-disclosure of such liabilities in budget documents renders the financial position of the State Government opaque. If the State Government increasingly resorts to the OBBs without legislative approval to finance its expenditure, the liabilities of the State may increase substantially over a period time and limits the State Government's capacity for allocation of funds for capital assets/infrastructure development programmes in the State.

²⁸ Outstanding Liabilities excludes an amount of ₹ 2,311 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources.

State Government in its reply stated that, as per the APFRBM Act revised in 2021, the outstanding liabilities excluding government guarantees should be within 35.60 per cent of GSDP. Further, as per the 15th FC recommendations, the debt-GSDP target for the States shall be 32.60 per cent. The State replied that the outstanding liabilities have been contained to 31 per cent and also stated that the FRBM Act has been complied with.

It was also stated that, the liabilities of GoAP are disclosed as per the provisions of APFRBM Act. The details of government guarantees extended along with their liabilities are being regularly placed before the Legislature as a Statement of Fiscal Policy Framework along with the Budgetary Documents vide Form D4 and Form D5 of Fiscal Policy Statement.

The reply of the State Government in complying with the APFRBM Act was not acceptable as the section 2(l) of APFRBM Act clearly defines total liabilities as “the liabilities under the Consolidated Fund of the State and the Public Account of the State and shall also 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”. Further, GoI has informed²⁹ that Net Borrowing Ceiling should also include the off-budget borrowings and shall be considered as borrowings of the State under the article 293(3) of the constitution. Hence, the debt-GSDP ratio should be calculated by including the Off-budget borrowings which was more by 9.85 per cent than the targets prescribed by APFRBM Act.

2.7.5.1 Borrowings made by escrowing of revenues out of Consolidated Fund of the State

AP State Development Corporation

The State Government has established AP State Development Corporation (APSDC) with a mandate of planning, funding, and financing social and economic development projects and activities in Andhra Pradesh by identifying and dedicating the requisite resources comprising of existing and new revenue streams through the levy of Additional Retail Excise Tax (ARET) on consumable liquor and duly assign these revenues to the APSDC and deposit in escrow for raising loans for the benefit of the APSDC. The corporation is operating a PD Account wherein the loans raised by the Corporation are being credited and the loan funds are utilised for financing the Welfare Programmes of the State. Thus, the borrowed funds are applied for financing current expenditure. For meeting the debt repayment obligations, the ARET revenues are credited to the PD Account through provisioning budget in Expenditure Head-Revenue Account (HOA: 2052-00-090-11-31) and the amount was adjusted to the PD Account of the Corporation.

²⁹ GoI, Ministry of Finance Lr.No.40(2) PF-S/2022-23 dated 31 March 2022

AP Road Development Corporation

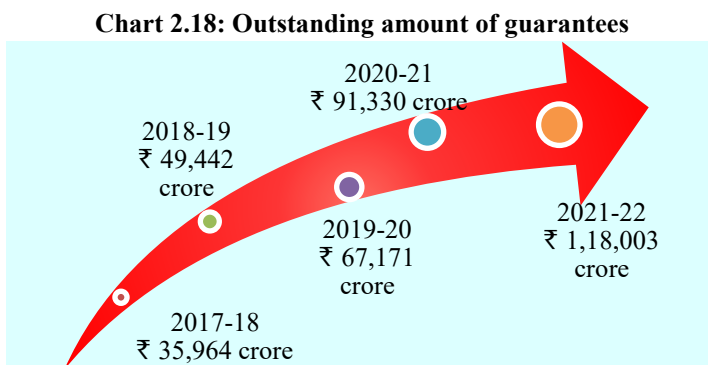
AP Road Development Corporation (APRDC) with the mandate of development and maintenance of roads in Andhra Pradesh raises loans on the back of sovereign guarantee given by the State Government. Further, State Government issued order³⁰ assigning the revenues realized through the ‘Road Development Cess’, collected at the point of first sale in the State at a rate of ₹ 1/- (one rupee only) per litre on Petrol and High-Speed Diesel to APRDC for raising and servicing new loans, servicing of the existing loans and maintenance & repair of damaged road stretches with paver patches. For meeting the debt repayment obligations, the road development cess collected was credited to escrow account of APRDC by provisioning budget in Expenditure Head-Revenue Account (HOA: 3054-04-105-00-35).

These two corporations have outstanding loan of ₹ 23,203.20 crore³¹ as of 31 March 2022 which are being financed through the revenues raised by the State and transferred to escrow accounts of these corporations for repayment of debt.

It is pertinent to mention that the above two corporations are not engaged in any revenue generation activities and are dependent on the State Government for financial support as well as to defray the debt obligations. Though the ARET Revenue/Road Cess form part of the revenue stream of the State Government, these resources are mainly used for financing the loans of the APSDC and APRDC. Hence, the outstanding liability or any new loans raised by these corporations are a direct charge on the Government’s revenue and are thus direct liability of the State Government.

2.8 Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The trends of outstanding Guarantees during the years 2017-18 to 2021-22 is given in **Chart 2.18**.



The State Government, in its FRBM Act, had committed to limit the amount of annual incremental guarantees to 180 per cent of the total revenue receipts in the year preceding the current year.

Source: Finance Accounts of respective years

The outstanding guarantees (₹ 1,18,003 crore) were 100.74 per cent of revenue receipts of previous year (₹ 1,17,136 crore) which is within the prescribed limits.

³⁰ G.O.Rt 120 Finance (FMU-TR&B) department dated 25 January 2021

³¹ Outstanding loans as of 31 March 2022 of APSDC: ₹ 22,504.00 crore and APRDC: ₹ 699.20 crore

Table 2.41: Ceiling vis-à-vis actual Guarantees

Guarantees	(₹in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Ceiling applicable to the outstanding amount of guarantees (90 per cent of the total revenue receipts in the year preceding the current year) up to the year 2020-21 and 180 per cent to the revenue receipts of the previous year for 2021-22	89,086	94,556	1,03,204	99,931	2,10,845
Actual amount of outstanding guarantees	35,964	49,442	67,171	91,330	1,18,003

Source: Finance Accounts of respective years

The outstanding guarantees increased by ₹ 26,673 crore from 2019-20 mainly due to guarantees issued to AP State Development Corporation (₹ 22,731.25 crore) and increase in guarantees for AP DISCOMs including AP Power Coordination Committee (by ₹ 4,804.49 crore).

The Government Order of 2003³² stipulated that the guarantee shall cover only the principal portion of the loan and not the interest thereon. Guarantees were, however, extended by the Government for the interest portion also on the loan amounting to ₹ 227.20 crore in respect of one borrowing entity³³. The State Government did not furnish specific reasons for extending guarantees for the interest also.

Guarantee commission is to be charged at 0.5 per cent per annum or two per cent consolidated for the entire guarantee period. During the year 2021-22, State Government had realised ₹ 39.05³⁴ crore as Guarantee commission as against the receivable amount of ₹ 1,922.80 crore.

2.9 Management of Cash Balances

As per an agreement with the Reserve Bank of India, the State Government has to maintain a minimum daily cash balance of ₹ 1.94 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by 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 revised by the RBI from time to time.

Table 2.42 depicts the cash balances and investments thereof by the State Government during the year.

³²G.O.Ms.No.446, Finance (DMC) Department dated 29 September 2003

³³ Director of Sugar and Cane Commissioner

³⁴ APSHCL remitted ₹ 39.05 crore and ₹ 26,084 was received from various institutions.

Table 2.42: Cash Balances and their Investment

	(₹ in crore)	
	Opening balance on 01/04/2021	Closing Balance on 31/03/2022
(a) General Cash Balance		
Cash in Treasuries	--	--
Deposits with Reserve Bank	(-) 70.04	(-) 31.72
Deposits with other Banks	1.34	1.34
Remittances in transit – Local	--	--
Total	(-) 68.70	(-) 30.38
Investments held in Cash Balance investment account	745.82	1,773.12
Total (a)	677.12	1,742.74
(b) Other Cash Balances and Investments		
Cash with Departmental officers viz., Public Works Department Officers, Forest Department Officers, District Collectors	1.03	1.03
Permanent advances for contingent expenditure with Departmental officers	1.64	1.64
Investment out of Earmarked Funds	9,811.53	10,580.54
Total (b)	9,814.20	10,583.21
Grand Total (a)+ (b)	10,491.32	12,325.95

Source: Finance Accounts 2021-22;

During the year 2021-22, the State Government maintained the minimum daily cash balance of ₹ 1.94 crore with the RBI for 43 days out of 365 days.

During the year 2021-22, the State Government had resorted to WMA, SDF and OD of ₹ 1,06,325.66 crore on 322 days to maintain its minimum cash balance (₹ 1.94 crore) with the RBI and repaid an amount of ₹ 1,06,325.66 crore along with an interest of ₹ 111.72 crore. State Government needs to strengthen its cash management system in a manner that would obviate the need to resort to WMA/SDF/OD frequently and reduce its interest expenditure.

Cash Balances of the State Government at the end of the current year increased by ₹ 1,834.63 crore from ₹ 10,491.32 crore in 2020-21 to ₹ 12,325.95 crore in 2021-22.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the Head '0049-Interest Receipts'. The State Government realised an interest of ₹ (-) 1.17 crore during 2021-22 from its investments in GoI Securities and Treasury Bills. The minus receipt was due to rediscounting of treasury bills in advance.

Out of the investment of ₹ 10,580.55 crore in earmarked funds, ₹ 9,630.90 crore was invested in Consolidated Sinking Fund and ₹ 944.50 crore in Guarantee Redemption Fund at the end of the year.

2.9.1 Cash Balance Investment Account

The details of Cash Balance Investment Account for the five-year period 2017-22 are given in **Table 2.43**.

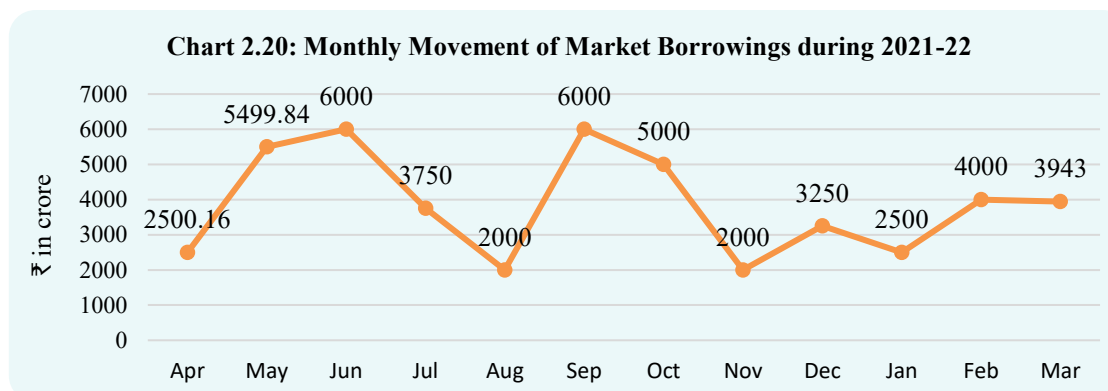
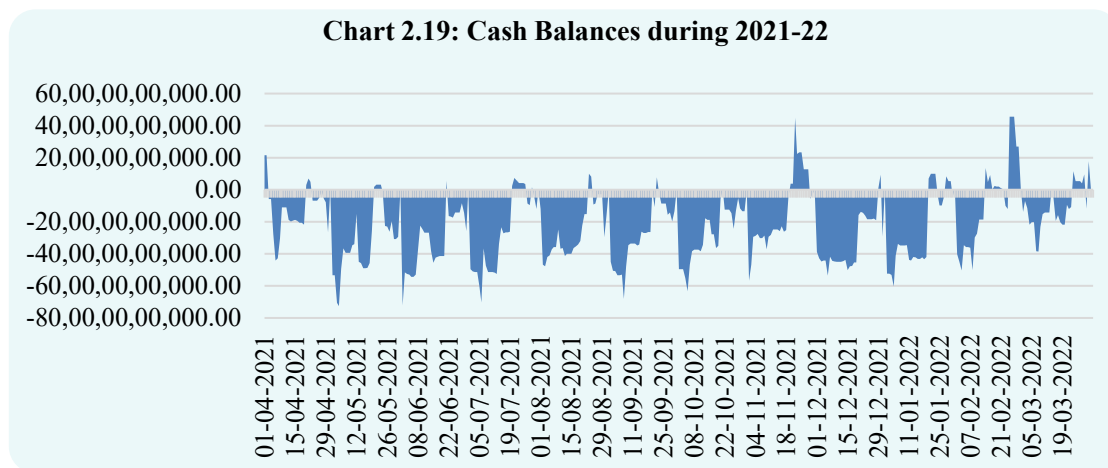
Table 2.43: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2017-18	3,697.92	0	(-) 3,697.92	45.29
2018-19	0	0	0	15.30
2019-20	0	5,132.71	5,132.71	21.65
2020-21	5,132.71	745.82	(-) 4,386.89	3.61
2021-22	745.82	1,773.11	1,027.22	(-) 1.17

Source: Finance Accounts 2021-22

Chart 2.19 shows the daily cash balance during 2021-22 of the State.



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

The above charts indicate that the negative cash balances led the State Government to resort to market loans as shown in **Chart 2.20** on several occasions during the year ranging from ₹ 2,000 crore (August 2021) to ₹ 6,000 crore (June and September 2021) as well as WMA throughout the year.

2.10 Apportionment of balances between Andhra Pradesh and Telangana

As per the Andhra Pradesh State Reorganisation Act, 2014, the balances under Cumulative Capital Expenditure, Loans and Advances, Public Debt and the balances under Public Account are to be apportioned between Andhra Pradesh and Telangana States. The status of apportionment as on 31 March 2022 is as under (details are in **Appendix 2.3**):

- As of 31 March 2022, an amount of ₹ 1,51,349.67 crore under Capital Heads, ₹ 28,099.69 crore under Loans and Advances, ₹ 4,474.04 crore under Deposits and Advances, ₹ 238 crore under Suspense and Miscellaneous and ₹ 310.24 crore under Remittances was yet to be apportioned between the two States even after more than eight years of bifurcation/re-organisation of the State. The whopping amount under Capital Head pertains to Major Irrigation (₹ 87,707.44 crore) and Roads and Bridges (₹ 17,182.87 crore). Amount under Loans and Advances pertains primarily to loans for housing (₹ 13,182.17 crore).

The assets and liabilities of the State Government as depicted in the Finance Accounts are affected to that extent.

State Government stated that it was regularly representing in various fora for the early bifurcation of Loans & Advances and the assets. It is also stated that the State Government is being forced to borrow more at higher rate of interest to repay the debt obligations of EAP projects pertaining to State of Telangana.

It is pertinent to mention that the AP Reorganization Act has apportioned the debt of the combined state on the basis of population only.

2.11 Conclusion

The State witnessed an increase of 28.53 per cent in Revenue Receipts during the year 2021-22 as compared to the previous year mainly due to increase in transfers from Government of India by 22.90 per cent.

State Government receipts were overstated to an extent of ₹ 319.02 crore due to misclassification of reduction of revenue expenditure as revenue receipts.

The State received compensation of ₹ 6,389 crore towards revenue loss due to GST implementation, partly as Grants (₹ 3,117 crore) and partly as back-to-back loans (₹ 3,272 crore) from GOI. The debt servicing of this loan would be done from the collection of cess in the GST compensation Fund and hence, repayment obligation will not be on the other resources of State.

Revenue Expenditure increased by 4.25 per cent during 2021-22. State Government during 2021-22 lapsed unspent amount of ₹ 26,380 crore to Consolidated Fund of the State which resulted in reduction of Revenue Deficit and Fiscal Deficit when compared to previous year. State Government while lapsing the unspent balances has also lapsed the FC recommended health sector grants (₹ 488.15 crore) given by GoI. The action of State Government in lapsing these funds were in violation of GoI guidelines and also resulted in understatement of Revenue Expenditure and Revenue Deficit while creating an interest burden (₹ 11.33 crore for not transferring the funds) on Consolidated Fund of the State.

As against the GoI guidelines to transfer pass-through grants given for implementation of various centrally sponsored schemes to Single Nodal Account pertaining to those schemes, the State Government had lapsed the unutilised funds of ₹ 6,356 crore to the Consolidated Fund of the State as reduction of expenditure.

State Government has not reduced the assets in the books of Government Account in respect of assets transferred to AP Road Development Corporation and AP Water Resources Development Corporation which resulted in overstatement of Assets.

The share of capital expenditure (9.21 per cent of total expenditure) was lower in the State compared to General States average (14.41 per cent of total expenditure) affecting the physical capital formation with a cascading impact on economic growth in the long run.

The funds provided to State Disaster Response Fund (SDRF) were being kept idle from 2019-20 by transferring them to Personal deposit account illegally without being spent for drought relief as per sanctions was in violation of SDRF guidelines.

Outstanding Public Debt at the end of the year has increased by 6.97 per cent (₹ 24,257 crore) over the previous year. State Government has also a liability for off-budget borrowings of ₹ 1,18,394 crore and committed liability on account of pending payments of ₹ 17,804.20 crore to DISCOMs (towards electricity dues), pending payments towards irrigation projects and water supply schemes to the end of the year 2021-22 which it has not disclosed as part of its budget documents. This has the impact of diluting public financial management and oversight role of the Legislature and placing major sources of funding of Government's crucial infrastructure projects beyond the control of the Legislature.

2.12 Recommendations

- 1. State Government needs to make stringent efforts to mobilise additional revenue resources to fund its various socio-economic developmental schemes rather than financing its revenue expenditure through debt.*
- 2. Capital expenditure needs to be increased significantly for infrastructure creation to provide stimulus for economic growth.*
- 3. State Government may place on record the debt servicing capacity of the institutions before providing guarantees / loans. Future guarantees / loans may be predicated on furnishing of the audited accounts of the concerned entities to whom guarantees are provided.*
- 4. State Government needs to disclose properly its off-budget borrowings by way of loans taken through Special Purpose Vehicles/ Public Sector Undertakings/ Autonomous Bodies for implementation of Government schemes, to ensure transparency and accountability with regard to fund management and compliance with FRBM norms.*

3.1 Introduction

Effective Budgeting 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.

3.2 Budget Preparation Process

The annual exercise of budgeting details the roadmap for efficient use of public resources. The Budget process commences with the issue of the comprehensive instructions for preparation of Budget Estimates by the Finance Department.

The Government of Andhra Pradesh follows a bottom up approach in budgeting. The process of budget preparation is broadly as follows:

- ❖ The budget estimates for receipts will be prepared based on the existing rates of taxes, duties and fees, *etc.* The arrears of collections which are likely to be collected in the current year will also be assessed.
- ❖ The estimate for expenditure includes administrative expenditure (Office Expenses, Vehicle Hire Charges *etc.*), schemes expenditure including Centrally Sponsored Schemes (CSS), NABARD, State Schemes, Works Expenditure.
- ❖ Estimating officers will furnish explanations for material variations between the Budget and Revised Estimates of the current year and the Budget Estimates for the ensuing year both under Receipts and Expenditure.
- ❖ The Administrative Departments of Secretariat will scrutinize the estimates of Departments under their control and forward proposals to the Finance Department for being presented to the State Legislature.

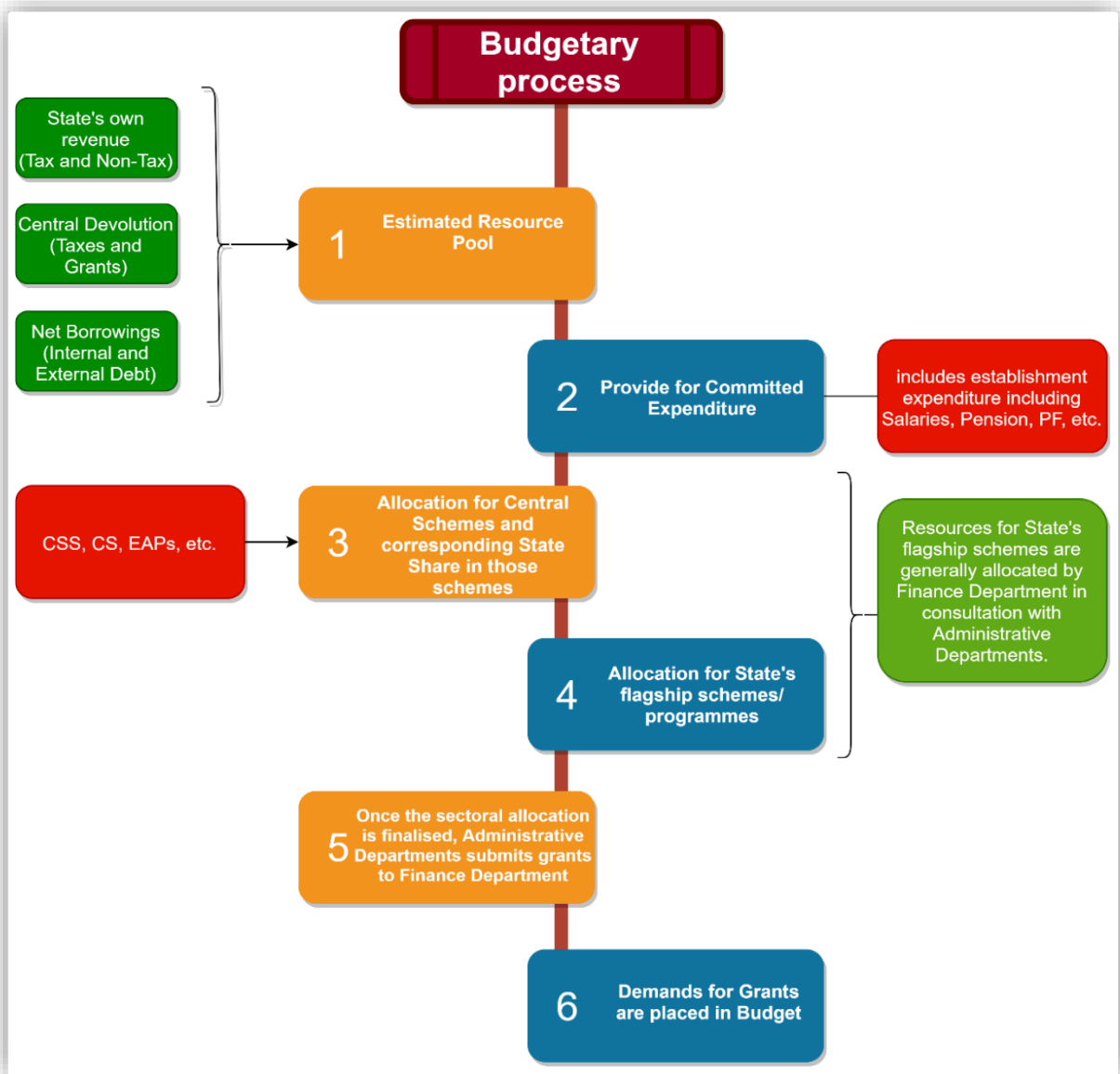
The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands for Grants/ Appropriations. Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

Supplementary or additional Grant/ Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/re-allocates funds from various Units of Appropriation where savings are anticipated, to Units where additional expenditure is envisaged (within the Grant³⁵/ Appropriation) under the same section³⁶ during the year.

³⁵ Grant means the amount voted by the Legislative Assembly in respect of a demand for grant

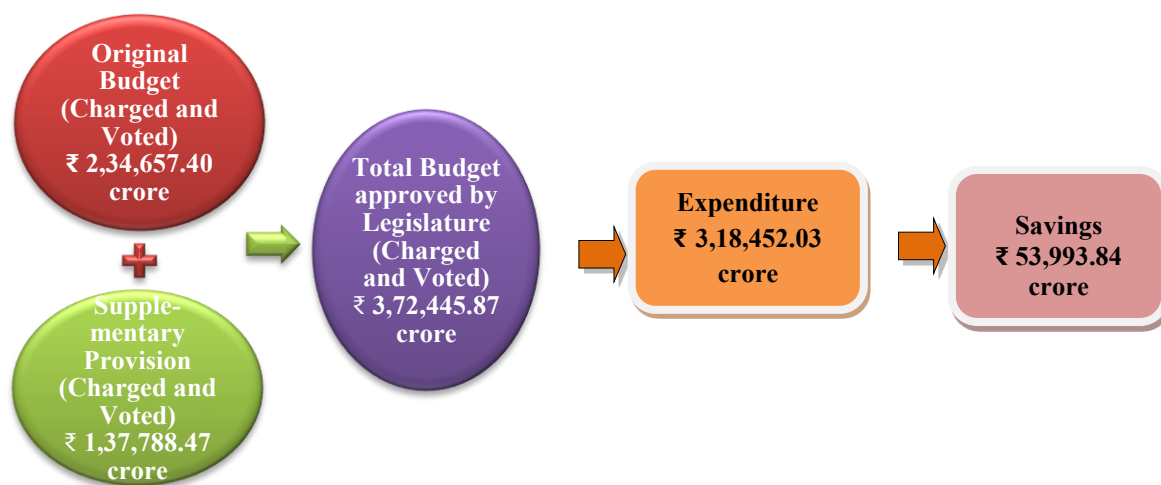
³⁶ Capital, Revenue or Loans

The budget preparation process in the State is given below:



The total amount approved by the State Legislature including the original and supplementary budgets, expenditure, and savings during the year 2021-22 is depicted in the *Chart 3.1*.

Chart 3.1: Summary of Budget and Expenditure of Andhra Pradesh for 2021-22



Approval by the Legislature

Implementation by the Government

Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts; **Note:** The supplementary provision includes an amount of ₹ 1,06,205.59 crore towards repayment of Ways and Means Advances.

3.3 Financial Accountability and Budget Review

The Finance Bill, Annual Financial Statement (Budget), and Demands for Grants are mandated by Articles 199, 202 and 203 of the Constitution of India respectively.

Article 199 of the Constitution of India deals with Money Bills. As per Article 202 of Constitution of India the Governor shall in respect of every financial year cause to be laid before the House or Houses of the Legislature of the State a statement of the estimated receipts and expenditure of the State for that year referred to as the “annual financial statement”. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the demand for grants are shown according to the accounting classification under Article 150 of the Constitution.

As per Article 203 and 204 of the Constitution of India, as soon as demands for grants have been made by the Assembly, a Bill is introduced to provide for the appropriation out of the Consolidated Fund of the State of all moneys required to meet (a) the grants so made by the Assembly; and (b) the expenditure charged on the Consolidated Fund of the State but not exceeding in any case the amount shown in the statement previously laid before the House or Houses. The expenditure charged on the Consolidated Fund of the State is not subjected to vote of the State Legislature.

Legislative authorization is the *sine qua non* for incurring 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 a financial year. As per article 204 of the Constitution, the Government can withdraw money from the Consolidated Fund only after Legislative approval. 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 therefrom 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 Charged Appropriation.

State Government in its reply informed that, instructions were issued to all the Finance (Finance Management Units) sections to ensure that while submitting proposals for supplementary estimates the additional amount sought for is actually required over and above the provision available to the Departments. State Government also replied that, it has instructed to examine that the correct estimation to be done to cover the actual expenditure.

3.3.1 Outcome Budget

Since the introduction of the Outcome Budget 2005-06 by the Union Government, several State Governments have followed suit to link their outlays to outputs and outcomes. The Thirteenth Finance Commission has suggested preparing outcome budgets at the level of actual spending and its consideration at the relevant level of Government. It also suggested the State Government could prepare Outcome Budgets in respect of expenditures incurred directly by them.

Government of Andhra Pradesh prepares an Outcome Budget every year, indicating the outputs expected to be achieved with regard to the outlays. However, while presenting the Budget for the year 2021-22 the State Government did not furnish the details of achievement of any of the performance parameters specified in the previous years' budget.

3.4 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of Grants voted and Appropriation Act passed under Articles 204 and 205 of the Constitution of India. These Accounts list the original budget provisions, supplementary grants, surrenders and re-appropriations distinctly. They also indicate actual Capital and Revenue Expenditure on various specified services, *vis-à-vis* those authorized by the Appropriation Act in respect of both Charged and Voted items of budget. Thus, the Appropriation Accounts facilitate the understanding of utilization of funds, the management of finances and monitoring of budgetary provisions, and are, therefore, complementary to the Finance Accounts.

3.4.1 Audit of Appropriations

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorization 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.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during the year 2021-22 is depicted below:

3.4.2 Summary of total provisions and actual expenditure during 2021-22

The summarised position of actual expenditure during 2021-22 against 40 demands (96 grants/ appropriations) is given in **Table 3.1**.

Table 3.1: Position of actual expenditure vis-à-vis allocation for the year 2021-22

(₹ in crore)								
Section	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Provision	Actual Expenditure	Savings (-) / Excess (+)	Total Surrenders made during the year	Percentage of Surrenders during month of March 2022
	1	2	3	4= (2+3)	5	6=(5-4)		
Voted	Revenue	1,63,868.50	24,813.76	1,88,682.26	1,56,136.65	(-)32,545.61	28,621.33	100
	Capital	31,484.91	4,614.16	36,099.07	17,476.03	(-)18,623.04	18,411.71	99.07
	Loans and Advances	881.51	613.76	1,495.27	2,138.05	(+)642.78	459.30	100
Total Voted		1,96,234.92	30,041.68	2,26,276.60	1,75,750.73	(-)50,525.87	47,492.24	99.64
Charged	Revenue	22,884.12	1,399.45	24,283.58	22,309.08	(-)1,974.50	13.62	100
	Capital	35.51	142.75	178.25	146.15	(-)32.10	32.11	100
	Public Debt Repayment	15,502.85	1,06,204.59	1,21,707.44	1,20,246.07	(-)1,461.37	1,392.94	0
Total Charged		38,422.48	1,07,746.79	1,46,169.27	1,42,701.30	(-)3,467.97	1,438.67	3.18
Grand Total		2,34,657.40	1,37,788.47	3,72,445.87	3,18,452.03	(-)53,993.84	48,930.91	96.80

Source: Appropriation Accounts of 2021-22. Note: The supplementary provision includes an amount of ₹1,06,205.59 crore towards repayment of Ways and Means Advances.

It can be seen from the **Table 3.1** that the total budget of 2021-22 was ₹ 3,72,445.87 crore and the actual gross expenditure during the year was ₹ 3,18,452.03 crore leaving an overall gross savings of ₹ 54,636.62 crore and gross excess of ₹ 642.78 crore across all grants, thus resulting in a net savings of ₹ 53,993.84 crore in 2021-22.

However, except for the Voted item of Loans and Advances, there were savings in almost every other Head of expenditure. The total saving in all the Heads other than

Loans and advances amounted to ₹ 54,636.62 crore which was 14.73 per cent of the allocation of ₹ 3,70,950.60 crore under those heads.

Public Debt repayment includes an amount of ₹ 1,06,325.66 crore towards repayment of Ways and Means Advances obtained during 2021-22.

The State Government incurred an amount of ₹ 2,812.79 crore without any budget provision during 2021-22. Details in this regard are given in **Table 3.4**.

Efficient management of tax administration/other receipts and public expenditure holds the key for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds, which they could have utilised.

3.4.3 Summary of total provisions, actual disbursements and savings during the year

The summarised position of total budget provision, disbursement and savings/excess with its further bifurcation into voted/charged is given in **Table 3.2**.

Table 3.2: Budget provision, disbursement and savings/excess during the financial year

(₹ in crore)					
Total Budget provision		Disbursements		Savings (-) / Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
2,26,276.60	1,46,169.27	1,75,750.73	1,42,701.30	(-)50,525.87	(-)3,467.97

Source: Appropriation Accounts of 2021-22

3.4.4 Charged and voted disbursements

The summarised position of disbursements and savings/ excess with further bifurcation into voted/charged for the last five years is given in **Table 3.3**.

Table 3.3: Disbursement and savings/excess during the last five years

Year	Disbursements		Savings (-) / Excess (+)	
	Voted	Charged	Voted	Charged
	2017-18	1,34,239.65	69,008.25	(-)33,512.20
2018-19	1,42,964.84	88,697.50	(-)73,951.20	62,566.03
2019-20	1,51,423.04	97,213.02	(-)66,725.06	67,082.27
2020-21	1,65,857.11	1,38,416.87	(-)56,003.14	1,04,760.28
2021-22	1,75,750.73	1,42,701.30	(-)50,525.87	(-)3,467.97

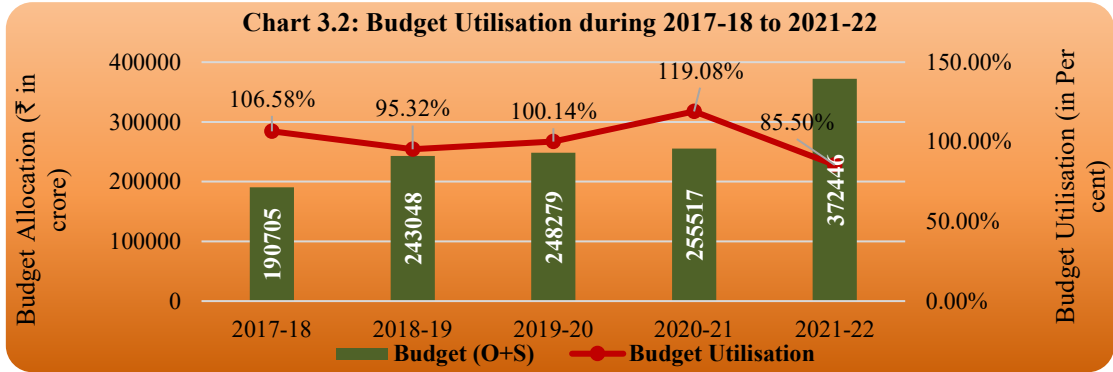
Source: Appropriation Accounts of respective years.

It is evident from the Table 3.3 that persistent savings occurred in voted section. During the five-year period for the first time savings occurred in charged section during the year 2021-22.

The State Government replied that it is constantly guiding all the departments not to propose for excess or supplementary grants. The Finance Department is also contemplating to avoid recurrence of such instances by incorporating necessary validations in the Budget Module of CFMS software.

3.5 Utilisation of Budgeted Funds

Utilisation of budgeted funds by the State during the five-year period from 2017-18 to 2021-22 is given in **Chart 3.2**.



Source: Appropriation Accounts of respective years

It can be seen from the chart 3.2 that, utilisation of Budget provisions shown fluctuating trend during the five-year period 2017-18 to 2021-22. The expenditure exceeded the budget provision during the years 2017-18, 2019-20 and 2020-21 and declined during 2018-19 and 2021-22. The above figures have to be read in conjunction with the analysis given in paragraph 3.4.2.

Excess over budget provision occurred under repayment of Ways and Means Advances (WMA) during the years 2017-18, 2019-20 and 2020-21 which resulted in overall excess expenditure during those years. During the years 2018-19 and 2021-22, State Government has provided supplementary provision for repayment of WMA which mainly resulted in decline of excess expenditure over budget provision in those years.

3.6 Missing/ Incomplete Explanation for variation from Budget

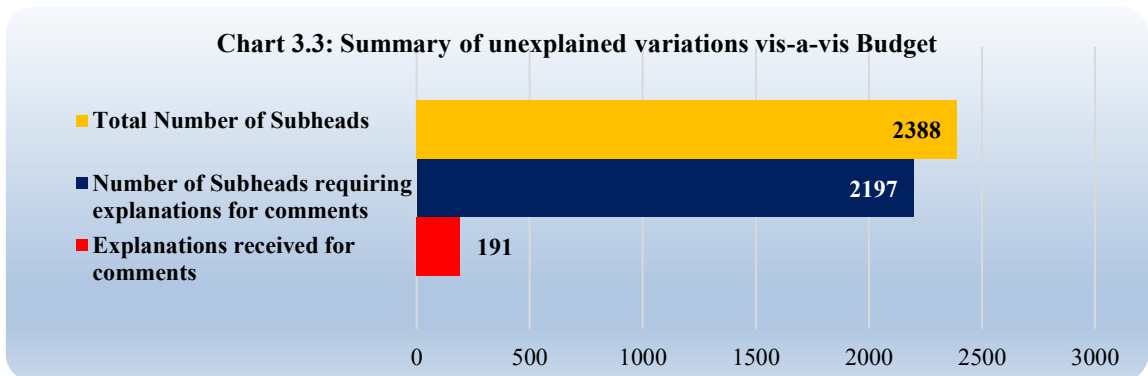
The following norms which have been approved by the PAC of Andhra Pradesh State Legislature in January 2013, have been adopted for comments on the Appropriation Accounts.

Whenever, excess expenditure or savings at Sub-Head level varies beyond the limits set by the Public Accounts Committee (PAC) comments on such variations are included the Appropriation Accounts.

Savings	<p>(a) When the overall savings under a grant or appropriation is less than five <i>per cent</i> of total provision, no comment is necessary. However, if the total provision under a grant/appropriation is ₹ 500 crore and above, comments on savings/excess under individual subheads are included when the savings/excess under individual subheads exceeds 10 <i>per cent</i> of the provision or ₹ 100 lakh whichever is higher.</p> <p>(b) When the overall saving under a grant or appropriation is five <i>per cent</i> or above of the total provision, comments on savings/excess against individual subheads are included when the savings/excess under individual subheads exceeds 10 <i>per cent</i> of the provision or ₹ 50 lakh whichever is higher.</p>
	<p>(a) When there is overall excess under a grant/appropriation even by a rupee, it requires regularisation by the Legislature.</p> <p>(b) Comments on excess under individual subheads are included only when</p>

Excess	the excess under individual sub-heads is ₹ 25 lakh and above. (c) Comments on savings (in excess grant) under individual sub-heads are included when the savings under individual sub-heads exceeds 10 <i>per cent</i> of the provision or ₹ 50 lakh whichever is higher.
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Principal Accountant General (A&E) forwarded the draft Appropriation Accounts to the Departments and sought the reasons/explanations for the excess/savings at Sub-head level. Audit of Appropriation Accounts of 2021-22 and analysis of the accounting data revealed that the Controlling Officers have not furnished explanation for the variations in the expenditure *vis-à-vis* budgeted allocation in about 92 *per cent* of cases. Out of 96 Grants/Appropriations, for 68 Grants/Appropriations reasons were not furnished by the Controlling Officers of Government Departments. In terms of the Sub-Heads involved, the total number of Sub-Heads in the accounts, those requiring explanation for variation and the Sub-Heads where explanations were received for variations from allocations are shown in **Chart 3.3**.



Source: Appropriation Accounts of Government of Andhra Pradesh for the year 2021-22.

Absence of explanation for variation between the budgeted allocation and its utilisation indicates limited control of Legislature over the State budget.

State Government replied that action will be taken to expedite necessary remarks from the concerned departments.

3.7 Comments on integrity of budgetary and accounting process

3.7.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this Article 204 of the Constitution. Expenditure on new scheme/service should not be done without provision of funds except after obtaining additional funds by reappropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State.

As per Article 205(1)(a) of the Constitution, ‘New Service’ means expenditure arising out of a new policy decision, not brought to the notice of State Legislature earlier, including a new activity or a new form of investment. ‘New Instrument of Service’ means relatively large expenditure arising out of important expansion of an existing activity.

As per Para 17.3.1 and 17.6.1(c) of AP Budget Manual, 2011, amount should not ordinarily be incurred on a scheme/service without provision of funds even through Re-appropriation.

During the year 2021-22, an amount of ₹ 2,812.79 crore was incurred in 19 cases (₹ one crore and above in each case) without budget provision. The grant-wise cases of one crore and above in which amount was incurred without budget provision (either original or supplementary) are detailed in **Table 3.4**.

Table 3.4: Cases where amount was incurred without budget provision (₹ one crore and above)

(₹ in crore)			
S. No.	Grant No. and Name	No. of cases	Expenditure
1	IV - General Administration and Elections	1	5.50
2	V - Revenue Registration and Relief	2	1,006.11
3	VIII - Transport Administration	1	5.80
4	IX - Fiscal Administration Planning Surveys and Statistics	6	1,523.05
5	XI - Roads Buildings and Ports	1	18.11
6	XII - School Education	1	2.63
7	XIV – Skill Development and Training	1	7.03
8	XVII-Municipal Administration and Urban Development	2	177.50
9	XXVII-Agriculture	1	3.55
10	XXXIII - Major and Medium Irrigation	1	29.23
11	XXXIV - Minor Irrigation	1	28.83
12	XXXV - Energy	1	5.45
Total		19	2,812.79

Source: Appropriation Accounts of 2021-22 and Grant Audit Registers of 2021-22 of office of the PAG (A&E), Andhra Pradesh.

State Government in its reply stated that, compared to last year, there is drop in the expenditure incurred without authority of Law. It was also replied that, the State Government while taking note of the observation, assured that action will be taken to prevent the recurrence of such instances in the future.

The reply of the State Government is not acceptable as an amount of ₹ 741.66 crore (excluding ways and means advances) was incurred during 2020-21 without any budget provision. During 2021-22, it was increased by ₹ 2,071.13 crore when compared to the previous year.

3.7.2 Misclassification of Revenue expenditure as Capital Expenditure

Misclassification of expenditure and receipts has a great impact on the integrity of the financial statements. Article 202 of the Constitution prescribes that, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called the “Annual Financial Statement” (or the “budget”), is to be laid before both the Houses of the State Legislature. The estimates of expenditure are classified under ‘charged’ (such expenditure as is not to be submitted to the vote of the Legislative Assembly under the provisions of the Constitution) and ‘voted’ items of expenditure separately. Annual Financial Statement distinguishes expenditure on revenue account from other expenditure.

State financial rules categorise the primary units of appropriation. There are specific object heads meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure. These object heads pertaining to booking of expenditure of capital nature should correspond with capital major heads only. However, there are instances involving a total amount of ₹ 688.80 crore (Minor works – ₹ 686.26 crore and Grants-in-Aid – ₹ 2.54 crore) where object heads of revenue nature were incorrectly operated with capital major heads.

Classification of expenditure of revenue nature as capital expenditure results in understatement of revenue expenditure/revenue deficit.

The cases where revenue expenditure was misclassified as capital expenditure (₹ one crore and above in each case) are detailed grant-wise in **Table 3.5**.

Table 3.5: Grant-wise cases of misclassification of revenue expenditure as capital expenditure during 2021-22 (₹ one crore and above in each case)

Sl.No.	Grant No. and Name	Expenditure (₹ in crore)
1	XI - Roads Buildings and Ports	
	a. 5054-04-337-06-18-270	2.00
2	XVII – Municipal Administration and Urban Development	
	a. 4217-60-051-03-10-310	2.05
3	XXXIII - Major and Medium Irrigation	
	a. 4700-01-120-11-27-270	391.15
	b. 4700-01-133-11-26-270	14.80
	c. 4700-01-135-11-26-270	48.86
	d. 4700-01-137-11-26-270	161.04
	e. 4700-01-147-11-28-270	8.34
	f. 4700-01-157-11-27-270	19.43
	g. 4700-01-158-11-26-270	14.72
	h. 4700-01-161-11-26-270	3.90
	i. 4700-01-181-11-27-270	4.01
	j. 4701-03-173-11-26-270	4.50
4	XXXIV - Minor Irrigation	
	a. 4702-00-101-11-12-270	9.89
	b. 4702-00-101-11-15-270	1.12

Source: Appropriation Accounts of 2021-22 and Grant Audit Register of 2021-22 compiled by O/o the PAG (A&E), AP.

It can be seen from the table 3.5, misclassification of revenue expenditure as capital expenditure occurred majorly in Grant XXXIII- Major and Medium Irrigation involving an amount of ₹ 670.93 crore.

The misclassification of revenue expenditure as capital expenditure increased by ₹ 540.82 crore over the previous year (₹147.98 crore).

3.8 Supplementary budget and opportunity cost

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year as is necessary to meet (i) Expenditure on Schemes of New Expenditure to be taken up within the current financial year; (ii) Inadequacy of provision; (iii) Fresh

expenditure but not technically “Schemes of New Expenditure.” and (iv) Omissions of provision.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation. In deserving cases which are unforeseen, and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularised by a Supplementary Grant or Appropriation and recouped to the Contingency fund.

3.8.1 Large supplementary Grant due to unrealistic budgetary projections

As per Para 13.7.1 of AP Budget Manual, budget estimates of the ensuing year should generally follow the revised estimates of the current year after allowing for any abnormal circumstances that have existed in the current year or are expected in the budget year.

During the year 2021-22, the State Government made supplementary provision of ₹ 1,37,788.47 crore in addition to the original provision of ₹ 2,34,657.40 crore. The supplementary provision included an amount of ₹ 1,06,205.59 crore (77 per cent of total supplementary provision) towards the repayment of Ways and Means Advances (WMA).

WMA is a facility to meet temporary mismatch between receipts and expenditure and is expected to help the State to meet the revenue gap. For the current year, the State Government resorted to WMA continuously for 139 days and overdraft for 164 days indicating poor efficacy in cash management as well as unrealistic estimation of receipts and expenditure.

The details of repayment of WMA and the amount provided in original and supplementary estimates to repay WMA for the period 2017-18 to 2021-22 are given in Table 3.6.

Table 3.6: Estimates vis-à-vis repayment of Ways and Means Advances

(₹ in crore)

Year	Repayment of WMA (% of increase)	Total provision			Total provision taken to repay WMA	
		Original (O)	Supplementary (S)	% of S to O	Original	Supplementary
2017-18	45,630.29 (56.51)	1,65,769.71	24,935.76	15.04	1,500	0
2018-19	59,729.01 (30.90)	1,93,924.00	49,123.51	25.33	1,500	0
2019-20	60,740.83 (1.69)	2,32,287.00	15,991.85	6.88	0	0
2020-21	1,04,539.24 (72.11)	2,28,734.15	26,782.39	11.71	0	0
2021-22	1,06,325.66 (1.71)	2,34,657.40	1,37,788.47	58.72	0	1,06,204.59

Note: Figures in parenthesis shows the increase over the previous year

There is an upward trend in repayment of WMA during 2017-18 to 2021-22. Accordingly, the State Government should have made provision for repayment of

WMA in the original estimates itself rather than in supplementary estimates, based on trend of WMA availed over the years. The State Government, however, did not provide any amount in the original estimate from 2019-20 to 2021-22 towards WMA. Even known expenditure outgoes are suppressed in the main budget to be provided for in subsequent supplementary provisions. The supplementary budget should normally be for unexpected items of expenditure or schemes taken up for compelling public interest.

Large supplementary provisions indicates that the Departments did not prepare estimates on a realistic basis. Further, the practice of supplementary provisions during the fiscal year even for known expenditure outgoes such as WMA, in addition to the main budget undercuts the sanctity of budgetary provisions.

3.8.2 Un-utilised supplementary provision

The details of grants in which the supplementary provision remained un-utilised are presented in **Table 3.7** and the cases where there was unutilised supplementary provision were detailed in *Appendix 3.1*.

Table 3.7: No. of grants/ appropriations in which supplementary provision (₹ one crore and above) remained un-utilised

S No.	Nature of Grant	No. of Cases	Original	Supplementary	Total Grant	Expenditure	(₹ in crore)
							Un-utilised Supplementary Grant
1	Revenue (Voted)	34	1,38,926.40	17,932.50	1,56,858.90	1,21,388.00	12,755.64
2	Revenue (Charged)	2	22,770.19	1,398.40	24,168.59	22,197.53	1,398.40
3	Capital (Voted)	23	27,109.69	4,614.08	31,723.77	14,422.25	2,730.98
4	Capital (Charged)	1	32.05	142.75	174.80	145.07	29.73
5	Loans (Voted)	3	486.47	613.76	1,100.23	767.92	282.41
6	Public Debt Charged (PDC)	1	15,502.85	1,06,204.60	1,21,707.45	1,20,246.10	1,461.37
Total		64	2,04,827.65	1,30,906.09	3,35,733.74	2,79,166.87	18,658.53

Source: Appropriation Accounts of 2021-22

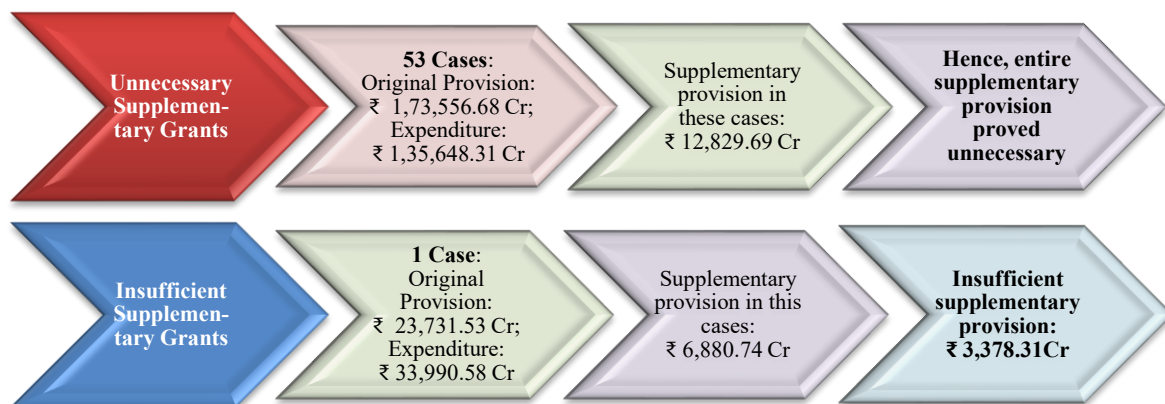
It is evident that out of the total supplementary provision of ₹1,30,906.09 crore, ₹ 18,658.53 crore (14.25 per cent) remained unutilised. State Government needs to examine the reasons for un-utilisation of allocated funds and take appropriate corrective action.

The Finance Department stated that it is constantly guiding all the departments not to propose excess supplementary grants.

3.8.3 Unnecessary/ Insufficient supplementary grants

The details of Unnecessary/ Insufficient Supplementary provisions, where Supplementary provision is more than or equal to ₹ one crore, are as detailed in *Chart 3.4*.

Chart 3.4: Unnecessary/ Insufficient Supplementary provision



Source: Appropriation Accounts of 2021-22.

Details of unnecessary/insufficient Supplementary provision are shown in *Appendix 3.2* and *Appendix 3.3* respectively.

Further, the supplementary grant of ₹ 6,880.74 crore was insufficient as the total provision (₹ 30,612.27 crore) was not adequate to meet the requirement (₹ 33,990.58 crore).

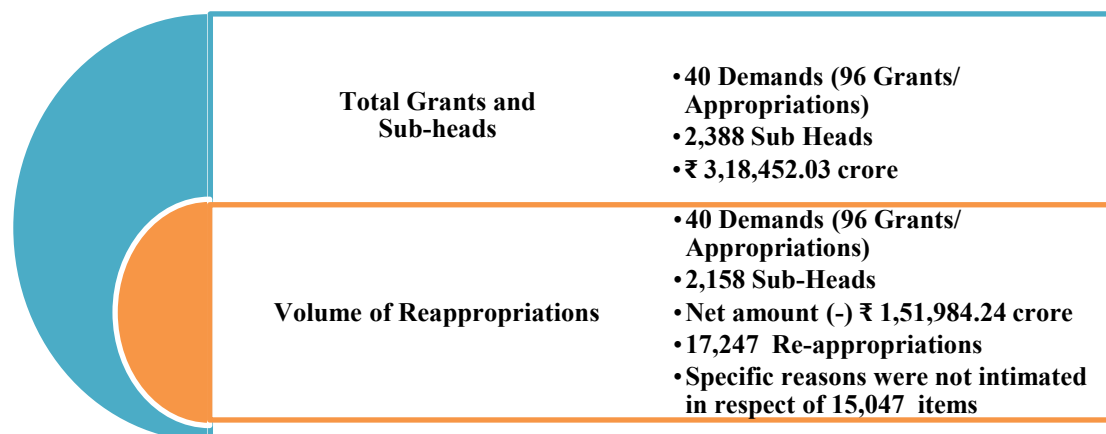
State Government replied that, necessary action will be taken to estimate realistic figures.

3.9 Re-appropriations

Re-appropriations are meant for transfer of savings from one scheme / unit to another within the same grant and under same section (*i.e.*, Capital, Revenue or Loans).

The details of Re-appropriations for the year 2021-22 are depicted in *Chart 3.5*.

Chart 3.5: Re-appropriation in the overall budget



Source: Appropriation Accounts of 2021-22 and Grant Audit Register 2021-22 compiled by O/o the PAG (A&E), AP.

3.9.1 Unnecessary/ Excessive/ In-sufficient re-appropriations

Details of unnecessary/excessive/insufficient re-appropriations are shown in *Appendix 3.4*, *Appendix 3.5* and *Appendix 3.6* respectively.

The cases in which the provision was excessive or unnecessary are presented in **Table 3.8**.

Table 3.8: Cases in which re-appropriation was excessive or unnecessary

(₹ in crore)							
Grant No. and Name	No. of cases	Original	Supplement ary	Re-appropriation	Net Provision	Expenditure	Unnecessary/ Excessive Re-appropriation
II - Governor and Council of Ministers	1	31.09	0.00	2.58	33.67	21.83	2.58
IX - Fiscal Administration Planning Surveys and Statistics	5	1,260.09	101.36	475.59	1,837.04	1,206.98	438.87
XII - School Education	3	113.01	4.35	20.83	138.19	126.88	7.13
XVI - Medical and Health	1	0.00	14.29	110.30	124.59	0.00	110.30
XXVII - Agriculture	1	43.13	0.00	1.75	44.88	14.75	1.75
XXXIII - Major and Medium Irrigation	2	170.83	1.92	4.58	177.33	166.53	4.58
Total	13	1,618.15	121.92	615.63	2,355.70	1,536.97	565.21

Source: Appropriation Accounts of 2021-22 and Grants Audit Register of 2021-22 compiled by O/o PAG (A&E), AP.

From the table 3.8, it is evident that re-appropriation of ₹ 565.21 crore was unnecessary/ excessive in 13 cases. Further, in four cases, the re-appropriation (more than ₹ one crore) of ₹ 2,912.84 crore was insufficient as the net provision (₹ 3,433.53 crore) was not adequate to meet the expenditure (₹ 7,012.95 crore) (**Appendix 3.6**).

Finance Department replied that the department has issued guidelines to all HoDs and FMUs to incorporate the reasons for excess and savings clearly and fully while issuing the orders of Re-appropriation. Further, the department has also stated that the same instructions reiterated in FY 2022-23 also and necessary validations are developed in the Budget Module in CFMS not to generate any re-apportion orders unless valid reasons are furnished.

3.9.2 Surrender in excess of savings

In six grants, against savings of ₹ 3,797.91 crore, an amount of ₹ 3,916.68 crore was surrendered which resulted in excess surrender (₹ one crore or more in each case) of ₹ 118.77 crore as detailed in **Table 3.9**.

Table 3.9: Surrender in excess of savings during 2021-22

(₹ in crore)						
Sl No.	Number and Name of the grant / appropriation	Total grant/ appropriation	Savings	Amount Surrendered	Amount Surrendered in excess	
Revenue Voted						
1	I - State Legislature	108.33	7.37	7.97	0.60	
2	IV - General Administration and Elections	834.01	74.14	84.02	9.88	
3	X - Home Administration	7,264.43	521.25	522.34	1.09	
4	XXXIII - Major and Medium Irrigation	1,628.30	91.29	96.38	5.09	
5	XXXV - Energy	14,006.56	3,103.16	3,205.14	101.98	
Revenue Charged						
6	I - State Legislature	2.74	0.70	0.83	0.13	
Total		23,844.37	3,797.91	3,916.68	118.77	

Source: Appropriation Accounts of 2021-22.

The State Government has stated that, proper care will be taken to ensure not to recur such instances in future.

3.9.3 Anticipated savings not surrendered

As per paragraph 17.2.2 of AP Budget Manual, savings should not be kept in reserve by the disbursing or controlling officer to meet possible unforeseen excesses under other heads or to cover new expenditure which would normally be provided for in the next year's estimates. All savings should, when they come to notice, be immediately surrendered to the Finance Department through the Administrative Department concerned with full explanations as to how they came about. A review of savings of grants and appropriations and surrender thereof revealed that out of total savings of ₹ 38,955.27 crore in 30 cases, only ₹ 29,221.75 crore was surrendered, leaving a balance of ₹ 9,733.52 crore which was not surrendered and the details of nature of grants are detailed in **Table 3.10**.

Table 3.10: No. of grants/ appropriations in which savings were not surrendered

(₹ in crore)						
Sl. No	Nature of the grant	No. of Cases	Total grant/ appropriation	Savings	Amount Surrendered	Savings which remained to be surrendered
1	Revenue (Voted)	22	1,25,015.59	28,899.60	21,460.56	7,439.04
2	Capital (Voted)	3	12,572.95	6,518.34	6,306.99	211.35
3	Loans (Voted)	2	295.04	106.50	57.20	49.30
4	Revenue (Charged)	2	24,154.84	1,969.46	4.06	1,965.40
5	PDC	1	1,21,707.44	1,461.37	1,392.94	68.43
Total		30	2,83,745.86	38,955.27	29,221.75	9,733.52

Source: Appropriation Accounts of 2021-22

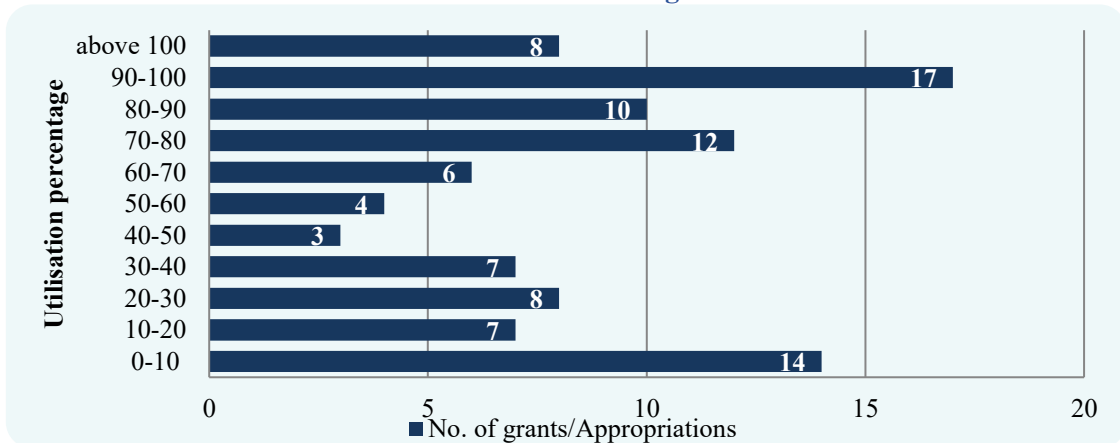
Out of 30 cases, there were savings of ₹ 9,730.15 crore in 23 cases (more than one crore) which were not surrendered. The details of are given in **Appendix 3.7**.

State Government stated that necessary instructions were issued to all departments to report the savings as soon as they occur, without waiting till the end of financial year.

3.10 Large and Persistent savings in Grants/ Appropriations

There were huge savings during 2021-22, with 40 out of 96 Grants/ Appropriations showing utilisation of less than or equal to 50 per cent of the budget allocation. The distribution of the number of Grants/Appropriations grouped by the extent of savings is as follows.

Chart 3.6: Utilisation of budget allocation



Source: Appropriation Accounts of 2021-22

As it is evident from the chart 3.6, out of 96 Grants/ Appropriations, 71 Grants/ Appropriations showed savings of more than 10 *per cent* of the budget allocation and for 3 Grants/ Appropriations, expenditure occurred though there is no budget allocation.

Of the 40 Grants/ Appropriations with budget utilisation of less than or equal to 50 *per cent*, 23 had shown similar low utilisation in at least four out of the last five years (2017-18 to 2021-22), which is indicative of systemic lacunae that warrants a close review by the Government to enable initiation of expeditious corrective measures. Utilisation of budgetary allocation in these 40 Grants/ Appropriations for the five-year period from 2017-18 to 2021-22 is shown in **Table 3.11**.

Table 3.11: Grants/ Appropriations where utilisation of budget was less than or equal to 50 *per cent*

(₹ in crore)

Sl. No.	Grant No.	Grants Details		Utilisation of budget provision (<i>in per cent</i>)					₹ in crore		
		Grant Name	Section	2017-18	2018-19	2019-20	2020-21	2021-22	No. of years	Budget 2021-22	Expenditure during 2021-22
1	III	Administration of Justice	CV	38.90	28.82	37.67	15.26	24.97	5	52.00	12.98
2	VII	Commercial Taxes Administration	CV	2.10	5.18	1.08	7.71	0.00	5	3.00	0.00
3	VIII	Transport Administration	CV	36.91	2.58	13.50	31.93	4.96	5	139.66	6.92
4	XI	Roads Buildings and Ports	RC	15.69	0.00	17.34	11.09	18.70	5	5.00	0.94
5	XI	Roads Buildings and Ports	CV	25.05	24.89	33.78	37.86	31.63	5	2623.17	829.58
6	XVI	Medical and Health	RC	0.00	0.00	47.37	0.00	10.55	5	0.11	0.01
7	XVI	Medical and Health	CV	36.21	30.10	7.65	21.17	42.72	5	2687.11	1147.90
8	XXIV	Minority Welfare	CV	0.00	1.77	6.94	0.00	7.29	5	16.47	1.20
9	XXV	Women Child and Disable Welfare	CV	41.85	22.52	10.76	7.12	4.05	5	537.69	21.79
10	XXXVIII	Civil Supplies Administration	CV	0.00	0.00	50.00	0.00	13.98	5	2.30	0.32
11	XI	Roads Buildings and Ports	CC	3.85	50.68	44.36	0.00	40.81	4	2.50	1.02
12	XIV	Skill Development and Training	CV	88.40	13.54	28.17	22.44	44.23	4	163.40	72.27
13	XV	Sports and Youth Services	CV	29.77	18.88	47.62	93.34	27.67	4	60.88	16.85
14	XVII	Municipal Administration and Urban Development	CV	25.25	62.36	31.93	21.88	35.38	4	1464.50	518.20
15	XIX	Information and Public Relations	CV	99.67	0.00	0.00	32.46	26.78	4	1.00	0.27
16	XXVII	Agriculture	CV	70.35	46.87	22.02	11.59	47.73	4	427.91	204.25
17	XXVIII	Animal Husbandry and Fisheries	CV	59.74	43.46	14.94	21.44	14.26	4	235.19	33.53
18	XXXII	Rural Development	CV	99.22	25.00	0.00	0.00	0.00	4	50.00	0.00
19	XXXIII	Major and Medium Irrigation	RC	100.00	33.33	0.00	0.00	0.00	4	0.06	0.00
20	XXXIII	Major and Medium Irrigation	CV	42.83	51.73	32.69	35.61	48.78	4	12278.95	5989.46

Sl. No.	Grants Details			Utilisation of budget provision (in per cent)					₹ in crore)		
	Grant No.	Grant Name	Section	2017-18	2018-19	2019-20	2020-21	2021-22	No. of years	Budget 2021-22	Expenditure during 2021-22
21	XXXIV	Minor Irrigation	CC	76.23	0.00	22.45	0.00	6.25	4	0.96	0.06
22	XXXVI	Industries and Commerce	CV	23.48	40.52	32.98	556.68	12.22	4	1541.37	188.34
23	XXXVIII	Civil Supplies Administration	RV	93.68	19.00	11.24	2.26	21.36	4	3698.30	789.92
24	IV	General Administration and Elections	CV	84.62	39.60	26.98	52.02	13.45	3	11.08	1.49
25	IX	Fiscal Administration Planning Surveys and Statistics	LV	47.95	161.70	7.90	494.66	24.27	3	65.03	15.78
26	X	Home Administration	CV	59.03	21.61	59.62	27.29	47.07	3	590.69	278.05
27	XIII	Higher Education	CV	65.19	27.01	60.27	16.40	47.23	3	407.67	192.54
28	XX	Labour and Employment	RV	89.54	81.69	45.61	37.12	43.20	3	711.94	307.56
29	XXI	Social Welfare	CV	51.57	21.15	31.89	57.75	22.23	3	291.70	64.83
30	XXII	Tribal Welfare	CV	64.79	40.88	47.87	68.78	40.40	3	149.77	60.50
31	XXIX	Forest Science Technology and Environment	CV	93.10	42.85	70.54	25.95	34.73	3	64.77	22.50
32	XXX	Cooperation	LV	0.00	0.00	57.88	100.00	35.16	3	92.38	32.48
33	XXXIV	Minor Irrigation	CV	48.18	80.98	83.25	47.45	42.60	3	766.68	326.60
34	XXXVI	Industries and Commerce	RV	78.21	21.51	32.92	67.05	43.67	3	2226.70	972.38
35	XXXIX	Information Technology and Communications	RV	76.71	41.67	23.64	79.78	48.39	3	189.02	91.48
36	V	Revenue Registration and Relief	CV	52.14	38.15	67.07	91.48	21.67	2	1666.31	361.08
37	XXIII	Backward Classes Welfare	CV	71.78	19.03	51.16	50.09	17.18	2	147.40	25.32
38	XXVIII	Animal Husbandry and Fisherie	LV	100.00	100.00	0.00	61.99	30.21	2	100.00	30.21
39	XXXIX	Information Technology and Communications	CV	103.05	61.58	0.00	65.48	23.05	2	66.61	15.36
40	XXVI	Administration of Religious Endowments	RV	95.84	87.17	86.28	71.55	26.83	1	412.47	110.67

Source: Appropriation Accounts of respective years.

(CV: Capital Voted, RV: Revenue Voted, LV: Loans Voted, RC: Revenue Charged, CC: Capital Charged)

During the year 2021-22, there was underutilisation of budget under four Capital grants viz., Major and Medium Irrigation (XXXIII), Agriculture (XXVII), Rural Development (XXXII), Roads and Buildings (XI) which affects infrastructure creation in the State. The percentage of savings and surrenders under these grants ranged from 52 to 100 per cent.

In the development of State, Capital Expenditure plays a vital role through creation of aggregate demand, employment *etc.* Hence, the underutilisation of Capital grants, especially, in the above mentioned critical sectors needs to be reviewed by the State Government.

Similarly, savings was observed during the year 2021-22 in Revenue Section primarily under the grants Medical & Health (XVI) (89 *per cent*), Civil Supplies Administration (XXXVII) (79 *per cent*) and Labour & Employment (XX) (57 *per cent*).

This may retard the progress of implementation of schemes relating to human development, upliftment of the rural population and quality of life in the rural areas.

3.11 Excess expenditure and its regularisation

As per Article 204 (3) of the Constitution of India, no money shall be withdrawn from Consolidated Fund of the State except under appropriations made by law passed in accordance with the provisions of this article. As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature.

3.11.1 Excess expenditure in current year

Excess expenditure, over budget provision of ₹ 4,551.82 crore, occurred in four grants and one appropriation during the year 2021-22 as shown in *Appendix 3.8*.

3.11.2 Regularisation of excess expenditure of previous financial years

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure is to be regularised after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). For this purpose, the Departments concerned are required to submit Explanatory Notes for excess expenditure to the PAC through Finance Department.

The excess expenditure over the allocation amounting to ₹ 3,51,002.61 crore pertaining to the years 2004-05 to 2020-21 was yet to be regularised as detailed in **Table 3.12**. Grant wise details are given in *Appendix 3.9*.

Table 3.12: Excess expenditure relating to previous years requiring regularisation

Year	Number of		Amount of Excess over Provision (₹ in crore)
	Grants	Appropriation	
2004-05	5	1	14.83
2005-06	10	3	585.82
2006-07	7	1	198.72
2007-08	7	3	201.30
2008-09	11	3	709.24
2009-10	10	2	109.74
2010-11	11	5	867.54
2011-12	5	2	188.59
2012-13	5	1	275.63

After bifurcation of the State, excess expenditure of ₹ 3,47,321.08 crore pertaining to the years 2014-15 to 2020-21 is yet to be regularised. Explanatory Notes (ENs) were furnished for only an amount of ₹ 51,678.49 crore against ₹ 3,47,321.08 crore by the concerned Administrative

2013-14	4	1	530.12
2014-15	26	2	13,134.68
2015-16	15	2	36,856.98
2016-17	4	1	1,686.83
2017-18	3	2	47,144.53
2018-19	2	2	64,005.68
2019-20	5	4	73,983.26
2020-21	5	3	1,10,509.12
Total	130	35	3,51,002.61

Departments/ Finance Department to Audit for excess expenditure requiring regularisation relating to the years 2014-15 to 2020-21 as detailed in **Appendix 3.10**.

Source: Appropriation Accounts of respective years

The PAC had discussed and recommended (February 2019) regularisation of the excess expenditure partially for the years 2014-15 and 2015-16 for an amount ₹ 272.91 crore and ₹ 55.98 crore respectively under Article 205 of the Constitution.

The State Government assured to take necessary action to regularise the excess expenditure.

3.12 Review of Selected grants

During 2021-22, two grants viz., (i) Medical and Health (Grant No.16) and (ii) Agriculture (Grant No.27) were selected for detailed audit to ascertain compliance with budgeting processes, utilization of funds, expenditure control mechanisms and implementation of schemes/programmes within these grants. Audit findings on these grants are discussed below:

3.12.1 Budget and Expenditure trends

Details of budgetary provisions, actual expenditure and savings/ excess for the year 2021-22 is shown in **Table 3.13**.

Table 3.13: Expenditure vis-à-vis Budget under 'Medical and Health and 'Agriculture' Grants during 2021-22

Year	Revenue			Capital		
	B	E	Savings (-)/ Excess(+)	B	E	Savings (-)/ Excess(+)
(₹ in crore)						
Medical and Health						
2021-22	13,392.30	10,427.14	(-) 2,965.16	2,687.11	1,147.90	(-) 1,539.21
Agriculture						
2021-22	11,057.70	7,449.36	(-) 3,608.34	427.91	204.25	(-) 223.66

Source: Appropriation Accounts of Government of AP for the year 2021-22, B: Budget {Original (+) Supplementary}, E: Expenditure;

Test check of schemes/ programmes under the above grants revealed that there was surrender of entire budget provision, incurring of amount less than 50 per cent of budget provisions etc., during the year 2021-22 which were discussed in the subsequent paragraphs.

3.12.2 Medical and Health

(i) Surrender of Entire Provision

In respect of 24 schemes listed in **Appendix 3.11**, entire budget provision of ₹ 721.13 crore was Surrendered/Re-appropriated during the year 2021-22. However, as seen from the re-appropriation orders, State Government had not furnished specific reasons for such Surrenders/Re-appropriations.

(ii) Expenditure less than 50 per cent of Budget Provision

During the year 2021-22, savings of more than 50 per cent were noticed in 19 schemes shown in *Appendix 3.12*. In respect of these schemes, more than 50 per cent of budget provision is re-appropriated/surrendered without specific reasons. For the above schemes, as against provision of ₹ 3,755.16 crore only an amount of ₹ 1,018.76 crore was incurred and ₹ 2,736.40 crore remained as savings. The percentage of savings in these schemes ranged from 55 to 98 per cent.

(iii) Under-utilisation/Non-utilisation of funds towards implementation of Schemes:

In respect of the following schemes (Table 3.14), the department underutilised the funds received thus effecting the implementation of schemes during the year 2021-22.

Table 3.14: Underutilisation of Schemes

(₹ in crore)				
Name of the Scheme – Purpose of release of funds	Budget Provided	Expenditure	Unutilised amount	Reasons
National Health Mission (Ayush) – procurement of essential drugs & medicines for Ayush Dispensaries and Strengthening of Medical Service and Education	73.62	0	73.62 (100 %)	Non constitution of Project Management Unit
National Health Mission (AP Vaidya Vidhana Parishad)- Containment, control and prevention of COVID-19	27.50	0	27.50 (100%)	Not furnished by the Department
Pradhan Mantri Matru Vandana Yojana	556.22	473.59	82.63 (14.86)	Not furnished by the Department

(iv) Non-transfer of Centrally Sponsored Scheme funds to Single Nodal Account

Government of India issued (March 2021) orders³⁷ prescribing the revised procedure for release of funds for the Centrally Sponsored Schemes (CSS) monitoring and their utilisation and the orders were effective from 01 July 2021.

As per the revised procedure, the funds in respect of CSS (GoI Share and Matching State Share) has to be credited into the Single Nodal Account (SNA), which is a bank account. The SNA is mapped to Public Financial Management System (PFMS) to facilitate monitoring and utilisation of funds as well as interest accretions on funds channelled through this bank account by respective Ministries of GoI.

Audit noticed that for implementing the National Tertiary Health care Scheme, the State Government had received an amount of ₹ 250 crore for the year 2021-22 for the implementation of the scheme and had not incurred any expenditure out of the funds received. However, the unspent balance of ₹ 250 crore was not transferred to the Single Nodal Account.

³⁷ GoI, Ministry of Finance, O.M. No. F.No.1 (13) PFMS/FCD/2020 dated 23 March 2021

(v) Lapsing of Finance Commission grants released for improvement of Health Sector

During November 2021, the State Government received an amount of ₹ 488.15 crore from Government of India for improvement of Health sector (as Sector specific grants) in the State based on the recommendations of the XV Finance Commission. The State Government transferred these funds to Medical and Health department in February 2022. Due to delay in transfer of funds to the implementing department, the grants could not be utilised for the envisaged purpose in the year 2021-22. It was also noticed that the State Government has lapsed these funds during March 2022 to Consolidated Fund of the State as year-end activity. Detailed para was given under *para 2.5.2.1*.

Lapsing of the Sector Specific grants/Pass through grants may have adverse impact on providing Health Services/non achievement of intended objectives of the schemes.

(vi) Anticipated savings not surrendered

As per paragraph 17.2.2 of Budget Manual, Controlling Officers have to surrender to the Finance Department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known.

It was noticed that an amount of ₹ 3,776.69 crore was surrendered on the last working day of the financial year *viz.*, 31 March 2022. Huge surrender of funds on the last day of the financial year was in violation of the Budget Manual and indicated incorrect projection of budget estimates.

3.12.3 Agriculture

(i) Surrender of Entire Provision

In respect of 16 schemes indicated vide *Appendix 3.13*, entire budget provision of ₹ 1,152.59 crore was Surrendered/Re-appropriated during the year 2021-22. However, as seen from the reappropriation orders, the State Government had not furnished specific reasons for surrender/re-appropriation of the entire budget provisions.

(ii) Expenditure less than 50 per cent of Budget Provision

During the year 2021-22, there was savings of more than 50 *per cent* in 23 schemes shown in *Appendix 3.14*. For the above schemes, as against budget provision of ₹ 2,664.72 crore only an amount of ₹ 684.87 crore was incurred and ₹ 1,979.85 crore remained as savings. The percentage of savings ranged from 50 to 99 *per cent*. It was also noticed that the budget provision for these schemes has been re-appropriated/surrendered without proper reasons. This may hinder the progress of scheme implementation.

(iii) Anticipated savings not surrendered before 31 March 2022

As per paragraph 17.2.2 of AP Budget Manual, Controlling Officers have to surrender to the Finance Department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement is known.

It was observed that during the year 2021-22 an amount of ₹ 2,015.87 crore was surrendered on 31 March 2022 i.e., on the last working day of the year.

The surrender of anticipated savings on the last day of the financial year was in violation of the Budget Manual and indicated incorrect projection of budget estimates.

3.13 Conclusion

Sound budgetary management requires advance planning and accurate estimation of revenues and expenditure. There were instances of incurring excess expenditure or large savings with reference to provisions made during the year, which point to flaws in expenditure monitoring and control. A majority of Controlling Officers did not explain the reasons for variations in expenditure vis-à-vis allocations, to the Principal Accountant General (A&E), which affected the accountability mechanism of Government. This weakens legislative control over expending public finances.

State Government has to regularise an amount of ₹ 3,51,002.61 crore from the year 2004-05 to 2020-21. Government needs to estimate its resources more realistically and manage its expenditure judiciously and ensure that prior Legislative sanction is obtained for anticipated requirement of additional funds.

3.14 Recommendations

- 1 State Government should ensure scrupulous compliance with constitutional provisions relating to Legislative authorisation of expenditure.*
- 2 State Government needs to formulate a realistic budget based on reliable assumptions of the needs of the Departments and their capacity to utilise the allocated resources. Departments need to be cautioned against persistent savings; and their budgets should be reviewed and varied in accordance with their ability to absorb the allocations.*
- 3 An appropriate control mechanism needs to be instituted by the Government 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 time frame.*
- 4 Controlling Officers need to be made aware of their responsibility to explain the variation 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

4.1 Introduction

A sound internal 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, including 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 during the current year.

4.2 Funds outside Consolidated Fund of the State

Article 266 (1), subject to the provisions of Article 267 of the Constitution of India, provides that all revenues received by the Government of a State, all loans raised by that Government by 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.

4.2.1 Building and other Construction Workers Welfare Cess

Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 aimed at providing safety, health and welfare measures for the benefit of building and other construction workers. GoI also enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess at the rate of one *per cent* of the cost of construction, as stipulated under the Buildings and Other Construction Workers Act, with the aim of improving the working conditions of workers and to provide financial aid to them and framed the relevant Rules under the above Acts. The Act, inter alia, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by all State Governments to exercise the powers conferred under the Act.

Accordingly, the State Government framed Andhra Pradesh Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 1999 and also constituted AP Building & Other Construction Workers Welfare Board (Board) on 30 April 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits.

Since the Board is an autonomous Body, total cess details are not depicted in Government Accounts. However, Labour Cess collected from the bills of Government Works executed by the Irrigation and Public Works departments is remitted by respective Pay and Accounts Officers (Works) to the Public Deposit Head of Account

of the Labour Board. The State Government also issued (April 2007 and December 2009) orders³⁸ for remittance of labour cess into Bank Account.

The transactions of labour cess were accounted under the HOA: 8342-00-120-00-09-000 -Deposits of Andhra Pradesh Building & Other Construction Workers Welfare Board upto 2018-19 and an amount of ₹ 13.97 crore was lying in the account. In addition to the Deposit Account, another new HOA: 8443-00-116-01-09-001 'Deposits of Building and other Construction Workers Welfare Board' was opened from the financial year 2019-20 for accounting for labour cess transactions. However, the State Government did not transfer the unutilised balance of ₹ 13.97 crore lying in the old Deposit Account to the newly opened deposit account. As the Administrator for operation of the Deposit Accounts is same and nature of transactions are same, operation of single Deposit account instead of two Deposit Accounts would render the reconciliation of transactions easier, besides giving a fair view of State Government Accounts.

It was also noticed that in the newly opened Deposit Account (HOA: 8443-00-116-01-09-001) an amount of ₹ 358.08 crore was available as opening balance (as on 01 April 2021). During the year 2021-22, an amount of ₹ 108.96 crore was collected towards labour cess and an amount of ₹ 1.27 crore was transferred/expended leaving a balance of ₹ 465.77 crore to the end of 31 March 2022.

Thus, the total balance available in the two Deposit Accounts mentioned above was ₹ 479.74 crore (₹465.77 crore under 8443-00-116-01-09-001 and ₹ 13.97 crore under 8342-00-120-00-09-000) as of 31 March 2022. Retention of the Labour Cess Collections in the Deposit Accounts without being transferred to the Bank Account resulted in inflation of liabilities of the State Government by ₹ 479.74 crore to the end of 31 March 2022.

The details of the amount of labour cess collected during the period 2017-22 are given in **Table 4.1**.

Table 4.1: Amount of Labour cess collected during 2017-22

Year	(₹ in crore)		
	Amount of cess collected by the State Government (As per Finance Accounts)	Amount of Cess collected directly by the Board	Total Amount of Cess collected
2017-18	30.65	259.69	290.34
2018-19	155.28	317.71	472.99
2019-20	62.49	342.99	405.48
2020-21	72.98	294.82	367.8
2021-22	108.96	359.69	468.65
Total	430.36	1,574.90	2,005.26

³⁸ G.O.Ms.No.111, Labour, Employment, Training and Factories (Lab II) Department dated 15 December 2009 read with G.O.Ms.No.42, Labour, Employment, Training and Factories (Lab II) Department dated 30 April 2007

The details of expenditure incurred by the Board on various welfare activities for the construction workers during the five-year period 2017-18 to 2021-22 are given in Table 4.2.

Table 4.2: Expenditure incurred by APBOCWW Board during 2017-22

Year	(₹ in crore)				
	Welfare Activities ³⁹	Administrative Expenses	Publicity	Loans and Advances	Total
2017-18	78.89	5.33	15.83	259.29	359.34
2018-19	70.04	6.47	52.40	209.63	338.54
2019-20	20.53	3.71	0.08	208.30	232.62
2020-21	0.63	6.99	0.48	804.84	812.94
2021-22	4.91	6.29	0.01	280.87	292.08
Total	175.00	28.79	68.80	1,762.93	2,035.52

During the period 2017-22, an amount of ₹ 2,005.26 crore was collected as Labour Cess by the APBOCWW Board and it spent ₹ 2,035.52 crore on various welfare schemes, Publicity and Loans & Advances etc., as detailed above.

4.2.2 State Compensatory Afforestation Fund

The Compensatory Afforestation Fund Act, 2016 and Compensatory Afforestation Fund Rules, 2018 provide for the establishment of a State level authority called "State Compensatory Afforestation Fund Management and Planning Authority". The Authority is to administer the amount received and utilise the monies for undertaking compensatory afforestation activities.

Accounting Arrangements:

The money received from the user agencies towards compensatory afforestation activities are to be credited in "State Compensatory Afforestation Deposits" under interest bearing deposits under Major Head 8336-103 (Civil Deposits). As per the provisions of the Act, 90 *per cent* of the money collected is to be transferred to the "State Compensatory Afforestation Fund (SCAF)" under Major Head 8121-129 and the balance 10 *per cent* is to be credited into the National Fund i.e., National Compensatory Afforestation Deposits under MH 8336-102. The applicable rate of interest on balances available under 'State Compensatory Afforestation Deposits' and 'State Compensatory Afforestation Fund' will be as per the rate declared by the Central Government on a year-to-year basis. The expenditure on various activities as envisaged in the Act is to be met under Major Head 2406.

Status of State Compensatory Afforestation Fund:

In terms of Compensatory Afforestation Act, 2016 Government of Andhra Pradesh established State Compensatory Afforestation Fund under Major Head 8121-General and other Reserve Funds – Minor Head 129 State Compensatory Afforestation Fund in the Public Account section (Part III of Government Accounts). During the year

³⁹ Marriage Gift, Maternity gift, Fatal Accident relief, Disability relief, Natural Death relief, Hospitalisation relief, Funeral Expenses, Relief to unregistered workers, Vocational training to workers, Atal Pension yojana, Scholarships to children of BOC workers etc.

2021-22, the State Government has not realised any amount towards compensatory afforestation activities and hence transfers to the Fund is nil. It was observed that the State Government has not provided any amount towards interest on the outstanding balance of ₹ 1,633.30 crore during the year 2021-22.

4.3 Pending liabilities during the financial year

Appendix IX of the Finance Accounts depicts the commitments of the Government and list of incomplete capital works, which, *inter-alia*, include pending payments to the end of March 2022. It was observed that an amount of ₹ 17,804.20 crore was pending payment from the State Government under various works and projects to the end of March 2022. The Details are given in **Table 4.3**.

Table 4.3: Pending payments as of March 2022

Sl. No.	Particulars	No. of Works / Projects/entities	Amount pending payment (₹ in crore)
1	Water Supply Schemes	37	136.35
2	Power Sector ⁴⁰	03	17,168.76
2	Irrigation	09	499.09
Total		37	17,804.20

Source: Finance Accounts and information furnished by various entities, accounts of PSUs for the year 2021-22.

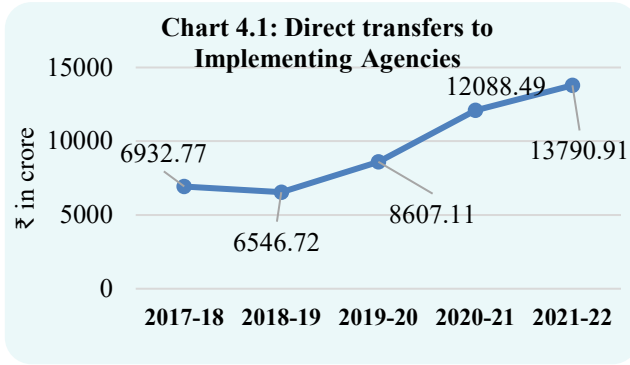
4.4 Funds transferred directly to State Implementing Agencies

Government of India transfers substantial funds directly to State Implementing Agencies/ Non-Governmental Organizations for implementation of various schemes and programmes. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts. As these funds are not routed through the State budget/ State Treasury system, Finance Accounts do not capture the flow of these funds or the related expenditure.

During the year 2021-22, GoI transferred ₹ 13,790.91 crore directly to State Implementing Agencies/Non-Governmental organisations concerning various Central Schemes/programmes, without routing these funds through the State budget.

The details of direct transfer of funds to implementing agencies during the period 2017-22 are given in **Chart 4.1**.

⁴⁰ AP Southern Power Distribution Company Limited – ₹ 8,788.55 crore; AP Central Power Distribution Corporation Limited – ₹ 3,008.57 crore; AP Eastern Power Distribution Company Limited – ₹ 5,371.64 crore



The increase in direct transfers was mainly under Food Subsidy (by ₹ 898.66 crore), Jal Jeevan Mission (₹ 791.06 crore), Livestock Health and disease control (₹ 92.48 crore) and Rashtriya Gokul Mission (₹ 62.41 crore).

Source: Finance Accounts 2021-22

The details of agencies that received funds more than ₹ 100 crore directly from GoI for implementing various developmental schemes during 2021-22 are shown in **Table 4.4.**

Table 4.4: Agencies that received funds directly from GoI during 2021-22 (above ₹ 100 crore)

Sl. No.	Schemes of Government of India	Implementing Agencies	GoI releases during 2021-22 (₹ in crore)
1	Food Subsidy	State Civil Supply corporation limited, Andhra Pradesh	9,323.38
2	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	Department of Real Time Governance, Andhra Pradesh	2,934.08
3	Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	AP State Water and Sanitation Mission	791.06
4	Assistance to State Agencies for intra State movement of food grains and FPS dealers' margin under NFSA	State Civil Supply Corporation Limited, Andhra Pradesh	122.37

Source: Finance Accounts 2021-22

4.5 Abstract Contingent bills

Financial Rules⁴¹ permit drawal of advances on Abstract Contingent bills (AC bills) for the purpose of meeting contingent expenditure for specified purposes. Treasury rules⁴² and State Government orders⁴³ stipulate that all advances drawn on AC bills should be adjusted by submitting the Detailed Countersigned Contingent bills (DCC Bills) with supporting vouchers within 90 days.

Out of total 622 AC bills amounting to ₹ 285.48 crore drawn during the year 2021-22, 203 AC bills amounting to ₹ 49.13 crore (32.64 per cent) were drawn in March 2022. To the end of 31 March 2022, DC Bills in respect of a total of 1,515 AC bills amounting to ₹ 1,531.35 crore were not received. Details of unadjusted AC bills as on 31 March 2022 pending submission of DC bills are shown in **Table 4.5.**

⁴¹ Article 102,108 and Appendix 8 of AP Financial code Volume I

⁴² SR18 (d) below TR 16 of AP Financial Code Volume I

⁴³ GO No.391, Fin(TFR) Dept, dt.22 March 2002 and G.O.507, Fin(TFR) Dept, dt.10 April 2002

Table 4.5: Pendency in submission of DC Bills

(₹ in crore)		
Year	No. of Unadjusted AC Bills	Amount (₹ in crore)
Up to 2017-18	340	145.93
2018-19	286	668.21
2019-20	294	132.32
2020-21	232	378.03
2021-22	363	206.86
Total	1,515	1,531.35

Expenditure against AC bills at the end of the year indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. 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 DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

The State Government replied that special efforts were taken in reducing the outstanding AC bills in the recent past. Out of the 1,515 AC bills mentioned by Audit, 1,447 AC bills are already cleared leaving only 68 bills as of January 2023. It was also stated that efforts are being taken to clear the remaining 68 bills.

4.6 Utilisation Certificates

Government gives grants to various bodies for specific purposes. Andhra Pradesh Financial rules⁴⁴ stipulate that where Grants-in-Aid are given for specific purposes, departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees, which after verification, should be forwarded to the Principal Accountant General (A&E), to ensure that the funds have been utilised for intended purposes. Non-submission/delay in submission of UCs weakens the control on utilization of funds and provides scope for mis-utilisation / misappropriation / diversion of funds.

State Government has not furnished the Utilisation Certificates to Principal Accountant General (A&E) in respect of the grants received from GoI nor the grants given by it to various entities or pass-through grants from GoI to various entities within the State as shown in **Tables 4.6** and **4.7**. Further, there was no mechanism in the State Government to watch the flow of pass-through grants provided by the GoI.

4.6.1 Grants-in-Aid received by the State Government from GoI

The GoI funds through Grants in Aid for implementing the Central Sector Schemes. Similarly, Finance Commission Grants are also being released by GoI which are in nature of pass-through grants. The details of Grants-in-Aid (GIA) received by the State Government from GoI during the period 2017-22 are given in **Table 4.6**.

⁴⁴ G.O.Ms.No.507, Finance (TFR) department dated 10 April 2002

Table 4.6: Details of Grants received by the State

Year	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Grants received by the State	22,761	19,457	21,876	31,872	39,170
%age of GIA to Revenue Receipts of the State	21.66	16.97	19.7	27.21	26.02

Source: Finance Accounts of respective years

4.6.2 Grants-in-Aid given by the State Government

The State Government is releasing Grants in Aid to various entities/departments for implementing various schemes/programmes of State Government *etc.* The details of Grants-in-Aid released by the State Government during the period 2017-22 are detailed vide **Table 4.7**.

Table 4.7: Details of Grants given by the State

Year	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Grants given by the State	53,091	60,795	59,915	73,667	66,082
%age of GIA to Revenue Expenditure of the State	43.8	47.25	43.58	48.25	41.52

Source: Finance Accounts of respective years

It was observed that the State Government has not furnished the UCs to Principal Accountant General (A&E) in respect of the above Grants for the years 2017-18 to 2020-21 and has furnished UCs for an amount of ₹ 9,837.15 crore (as per Finance Accounts 2021-22) for the year 2021-22. Non-furnishing of reply/information by the Departmental authorities as to how the Grants-in-Aid were spent over the years is a matter of concern, as it involves huge funds provided to them for implementation and there is no assurance that the intended objectives of the schemes financed through Grants-in-Aid were achieved. In the absence of accountability for expenditure relating to funds provided as far back as five years, the possibility of fraud and/or misappropriation of these funds cannot be ruled out.

Despite drawing attention of the State Government to this issue year after year in the Audit Reports of the CAG, there was no improvement. In view of the huge funds involved, there is a need for a suitable mechanism for monitoring of utilisation of grants, submission of UCs.

The State Government has replied that, Sub Treasury Officers will be insisted upon the UCs for the bills prepared in PD Accounts.

4.7 Personal Deposit Accounts

4.7.1 Personal Deposit Account framework

Personal Deposits (PD) are established in two ways:

- Under statutory provisions of the Government or created under any law or rule having the force of law by transferring funds from the Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments.

- Personal Deposit Accounts may also be opened in favour of specified Government Officers, by transferring funds from the Consolidated Fund of the State for discharging the liabilities of the State Government in respect of execution of various projects, schemes *etc.*

4.7.2 Operation of PD Accounts

As per the AP Financial Code, the purpose of PD Accounts is to enable the Drawing Officers to incur expenditure pertaining to a scheme for which funds are placed at their disposal by transfer from the Consolidated Fund of the State. As per Article 271 (iii) (4)⁴⁵ of the AP Financial Code, Personal Deposit Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State⁴⁶. The account may be opened again in the following year, if necessary, in the usual manner⁴⁷.

State Government issued (August 2019) Orders⁴⁸ prescribing the mechanism for opening and operation of PD accounts. These orders specified that PD accounts are virtual bank accounts that were conceptualised by the Government to facilitate smooth operations at the field level for scheme implementation. Funds are adjusted to the PD Accounts for specific purposes by debiting the service heads in the Consolidated Fund of the State and crediting the Personal Deposits under Major Head 8443-106-Personal Deposits. Unspent balances in the PD accounts, if any, at the end of the financial year should be lapsed by minus debiting the relevant service heads and debiting the PD accounts. As per these orders, Finance Department (Cash and Debt Management section of Finance Department) sanctions the opening of a PD Account and copy the same to Principal Accountant General (A&E).

4.7.3 Status of PD Accounts.

4.7.3.1 Status of PD Accounts as per Finance Accounts

The details of PD accounts operated during 2021-22 as per Finance Accounts are given in **Table 4.8**.

Table 4.8: Details of PD Accounts during 2021-22

(₹ in crore)			
Opening Balance as on 01 April 2021	Total amount transferred to PD accounts during 2021-22	Total withdrawals from PD Accounts during 2021-22	Closing Balance as on 31 March 2022
25,796.76	65,534.10	77,863.91	13,466.94

Source: Finance Accounts 2021-22; Note: Administrator wise details are not available in Finance Accounts

⁴⁵ Memo. No. 1596/Accts./5y-4, dated 31 December 1959

⁴⁶ Except, where personal deposits are created by Law or rules having the force of law for discharging the liabilities arising out of special enactments

⁴⁷ Personal Deposit Accounts in connection with the working of schemes of commercial and quasi-commercial nature and schemes whose transactions spread over more than one financial year, need not be closed at the end of the financial year. Such Deposit Accounts should be closed when the need for them ceases

⁴⁸ G.O.Ms.No.99, Finance (Cash and Debt Management) Department, dated 14 August 2019

4.7.4 Depositing the borrowings of the PSUs/Corporations into Public Accounts of the State

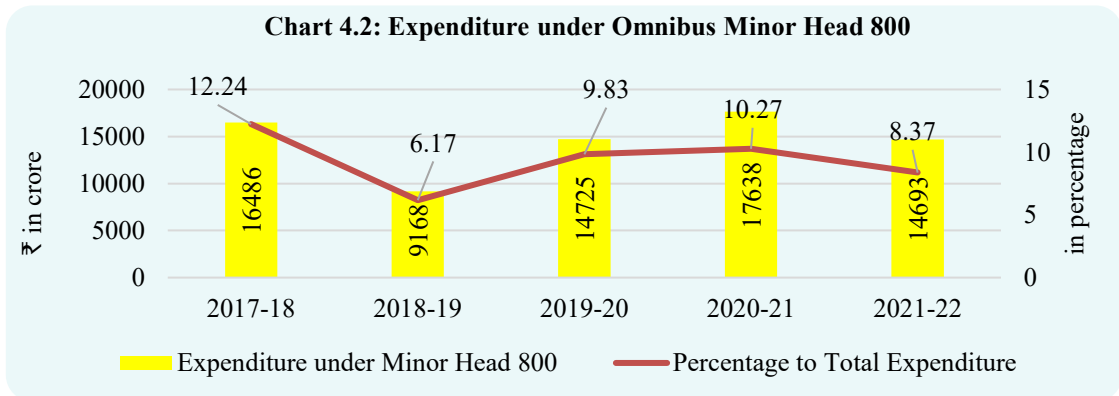
During the year 2020-21, the APWRDC has borrowed an amount of ₹ 903 crore from M/s Rural Electrification Corporation (REC) Limited with Government Guarantee to cover the repayments of the loan including the interest and other costs. This borrowed amount was deposited into the PD Account⁴⁹ of the Corporation. Thereafter, the said amount was transferred to another P.D. Account⁵⁰ on 29 July 2021. Out of the loan amount of ₹ 903 crore, an amount of ₹ 150.08 crore was incurred by APWRDC. The State Government had lapsed the remaining amount of ₹ 752.91 crore from the PD Account to the Consolidated Fund of the State.

This lapsing of borrowings of the corporation into Government account created an unauthorized receipt (receipt which was not in the notice of State legislature) and understated the expenditure and deficit of the State.

4.8 Use of Omnibus Minor Head 800

The omnibus Minor Head 800 relates to Other Receipts/ Other Expenditure and 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 Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Booking of receipts and expenditure under Minor Head 800 affects transparency and renders the accounts opaque.

During 2021-22, the State Government incurred an amount of ₹ 14,692.73 crore under Minor Head 800 under 39 Major Heads of Revenue and Capital sections, constituting 8.37 per cent of total expenditure. The extent of operation of Minor Head 800 - Other Expenditure, as a percentage of Total Expenditure during 2017-22 is given in **Chart 4.2**.



Source: Finance Accounts of respective years

⁴⁹ 8443-00-106-02-20-002-001 VN (DDO Code 27031226002, MD APWRDC) Palanadu Drought Mitigation project

⁵⁰ 8443-00-106-02-20-002-012 VN (Interlinking of Godavari-Penna now YSR Palanadu Drought Mitigation Project)

The usage of Minor Head 800 – Other Expenditure during 2017-22 shows a mixed trend ranging from 12.24 *per cent* during 2017-18 to 8.37 *per cent* during 2021-22 with highest in 2017-18 and lowest in 2018-19.

Instances (90 *per cent* and above) of substantial proportion of the expenditure within a given Major Head, classified under the Minor Head 800 – ‘Other Expenditure’, are given in **Table 4.9**.

Table 4.9: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2021-22

(₹ in crore)			
Major Head	Expenditure under Minor Head 800	Total Expenditure under Major Head	Percentage of MH 800 to total expenditure under Major Head
2875-Other industries	79.80	60.29 ⁵¹	132.36
5053-Capital Outlay on Civil Aviation	35.36	35.19 ⁵²	100.48
5452-Capital Outlay on Tourism	77.01	77.01	100.00
2801-Power	9,768.03	10,850.73	90.02

Source: Finance Accounts 2021-22

During the year 2021-22, the State Government classified receipts of ₹1,050.21 crore, pertaining to 42 Major Heads, under Minor Head ‘800 - Other Receipts’ which constituted 0.69 *per cent* of total receipts. When compared to the expenditure, the operation of Minor Head under Receipt Heads was low. In seven major heads (100 *per cent*) where the substantial proportion of receipts were classified under Minor Head 800 – ‘Other Receipts’, the details are given in **Table 4.10**.

Table 4.10: Significant receipts booked under Minor Head 800 – Other receipts during 2021-22

(₹ in lakh)			
Major Head	Receipts under Minor Head 800	Receipts under Major Head	Percentage of Total Receipts
1456-Civil Supplies	6.04	6.00	100.67
0701-Medium Irrigation	4.35	4.35	100.11
1054-Roads & Bridges	35.22	35.29	99.81
0425-Co-operation	36.99	37.37	98.97
0702-Minor Irrigation	1.47	1.52	96.63
0049-Interest Receipts	18.86	20.46	92.18
0215-Water Supply and Sanitation	6.33	6.98	90.69

Source: Finance Accounts of respective years

4.8.1 Usage of Minor Head 800 despite the availability of specific Minor Heads

The Omnibus Minor Head – 800 was operated despite the availability of Specific Minor Head in the cases detailed in **Table 4.11**.

⁵¹ Due to Deduct Recoveries on account of Overpayments the expenditure under Minor Head 800 was more than expenditure shown under Major Head.

⁵² Due to Deduct Recoveries on account of Overpayments the expenditure under Minor Head 800 was more than expenditure shown under Major Head.

Table 4.11: Use of Omnibus Minor Head 800 despite availability/ instruction to open specific Minor Heads

Classification under Minor Head 800	Description of Sub-head used	Related specific Minor Head to be used	Related Specific Minor Head Description	Amount (₹ in crore)
Receipts				
0700-01-800-02	Sale of water for other purposes	0700-01-103	Sale of water for other purposes	18.42
0202-04-800-01	Receipts of the Department of Archaeology	0202-04-101	Archives and Museums	0.15
Expenditure				
2875-60-800-11-17	AP Industrial Infrastructure Corporation	2875-60-190	Assistance to Public Sector and other Undertakings	79.80
2210-80-800-11-06	Centralised Purchase of Drugs and Medicine	2210-01-104	Medical Stores Depots	1.17
2801-05-800	YSR Nine hours free power Supply	2801-05	Under 2801-05: Each scheme should have separate minor head	6,970.90
2801-80/05-800 - 04/05/06/11/16	Assistance to AP TRANSCO, AP DISCOMs, AP Power Finance Corporation	2801-80-101	Assistance to electricity Boards	2,794.10

Classification of large amounts under the Minor Head 800 affects transparency in financial reporting as it would not indicate disaggregated information on different activities of the Government separately in the accounts and distorts proper analysis of allocative priorities and quality of expenditure.

The State Government in its reply stated that, it is constantly discouraging the use of Omnibus Minor Head 800 and minimizing the same keeping in view the observations of Accountant General.

4.9 Suspense and Remittance Balances

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. 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 in the nature of adjustments in 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.

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. The position of balances

under major suspense and remittance heads for the last three years is given in **Table 4.12**.

Table 4.12: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2019-20		2020-21		2021-22	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 - Suspense						
101- PAO Suspense	91.64	4.66	103.18	23.85	87.15	52.82
Net	Dr. 86.98		Dr. 79.33		Dr. 34.33	
102 - Suspense Account- Civil	101.95	257.72	436.71	1,862.94	797.36	339.39
Net	Cr. 155.57		Cr. 1,426.23		Dr. 457.97	
107 - Cash Settlement Suspense Account	0	0.45	0	0.45	0	0.45
Net	Cr. 0.45		Cr. 0.45		Cr. 0.45	
109 - Reserve Bank Suspense -Headquarters	13.71	7.92	14.2	8.5	14.19	8.5
Net	Dr. 5.78		Dr. 5.70		Dr. 5.69	
110 - Reserve Bank Suspense - CAO	216.97	83.03	148.54	71.18	178.94	71.38
Net	Dr. 133.93		Dr. 77.36		Dr. 107.56	
112 - Tax Deducted at Source (TDS) Suspense	886.67	1,907.21	886.67	2,044.16	0	1,452.69
Net	Cr. 1,020.54		Cr. 1,157.50		Cr.1,452.69	
123 - A.I.S Officers' Group Insurance Scheme	0	0.48	0	0.48	0	0.42
Net	Cr. 0.48		Cr. 0.48		Cr. 0.42	
139 - GST-Tax Deducted at Source Suspense	NA	NA	NA	NA	0	152.14
Net	NA		NA		Cr. 152.14	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	973.1	284.34	76,007.4	75,318.10	76,007.4	75,313.17
Net	Dr. 688.76		Dr. 689.30		Dr. 694.23	
103 - Forest Remittances	439.12	617.44	439.12	617.42	439.16	617.43
Net	Cr. 178.32		Cr. 178.27		Cr. 178.27	

Source: Finance Accounts of respective years

4.9.1 PAO Suspense

This Minor Head is intended for the initial record of inter-Governmental transactions arising in the books of a Central PAO, Separate Accounts Officers of Union Territories and by Accountant General where the other party involved is a PAO. Separate sub-heads are opened under this Minor Head for each Accounts Officer with whom transactions are to be settled. This Minor Head is operated for settlement of amounts received by the State from the Central Ministries/other Union Territories through Reserve Bank of India. Outstanding debit balances under this head indicate that payments have been made by the PAO on behalf of others which are yet to be recovered and credit balances represent the amounts yet to be paid.

As on 31 March 2022, there was a debit balance of ₹ 87.15 crore under this head of account. PAO Central Pensions, M/o Finance (₹ 37.99 crore), Regional PAO, M/o Shipping and Transport (₹ 30.10 crore) are the major entities from where State Government has to receive the funds.

4.9.2 Suspense Account (Civil)

This Minor Head is operated by the Accountant General to accommodate provisionally the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents viz., challans, vouchers *etc.* Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively. Outstanding debit balance under this head implies 'payment made' but could not be debited to the final head of expenditure for want of certain particulars and outstanding credit balance represents the 'receipts' which could not be credited to final receipt head of account for want of details.

To the end of 31 March 2022, major debit balance outstanding under this head was in respect of unclassified suspense of ₹ 369.15 crore and major Credit balance was in respect of other miscellaneous items payments of ₹ 216.54 crore.

4.9.3 Reserve Bank Suspense – CAO

Whenever transfer of substantial balances between Central and State Governments takes place on account of sanction of loan, Grants-in-aid *etc.*, this Minor Head is operated to record the transactions before taking them to their final Head of Account. In case of sanction of loan to the State Government, on receipt of sanction from the PAO of the Ministry concerned, the Accountant General gives credit to MH 6004 – Loans and Advances from the Central Government by debiting MH 8658 Suspense Account 110 RBS (CAO) and awaits adjustment memo from CAS, RBI, Nagpur. After receiving the adjustment memo from CAS, RBI, Nagpur the Suspense Account (Minor Head 110 – RBS (CAO) is cleared by minus debit to MH 8675-RBD-Minor Head 106 of the State. A credit balance under this Minor Head would mean that repayment of loan has not been taken to its final head and a debit balance means loan received from GoI was not booked under the concerned loan head (MH 6004).

As on 31 March 2022, there was a debit balance of ₹ 107.56 crore under this suspense head, awaiting adjustment under Major Head 6004.

4.9.4 Tax deducted at Source (TDS) suspense

This Minor Head is intended to accommodate receipts on account of Income tax deducted at source viz., interest payments on State Government securities, salary bills of State Government employees and pension bills *etc.*, by State Treasury officers/State Pay and Accounts Officers/ other Departmental officers who render compiled accounts of State Government as well as from interest payments on State Government securities made at Public Debt offices of the RBI in the books of the Accountant

General to enable them to settle transactions with Zonal Accounts Officers concerned of Central Board of Direct Taxes by means of Cheques/Bank Drafts.

As on 31 March 2022, the State Government had a credit balance of ₹ 1,452.69 crore under '8658-112 – TDS Suspense', which indicates that the tax recovered by the State Government is yet to be passed to Central Government.

4.9.5 GST - Tax deducted at Source (TDS) suspense

This Minor Head is intended to accommodate receipts on account of Goods and Service Tax deducted at source in the books of central PAO, separated accounts for Union territories and State Accountants General to enable them to settle the transactions with CBIC as per the instructions issued by the department of revenue from time to time.

As on 31 March 2022, the State Government had a credit balance of ₹ 152.14 crore under '8658-139 – TDS Suspense', which indicates that the tax recovered by the State Government is yet to be settled with CBIC.

4.9.6 Remittance Heads

The departmental officers in the Public Works Departments and Forest Departments in the State Government are empowered to handle the receipts and disbursements in the divisions. For that purpose, they are operating the head '8782-Cash Remittances'. The net debit balances under this head indicates more deposits of the money in the treasury/bank by the Public Work divisions whereas the net credit balance under this head indicates the un-encashed cheques or items of adjustments to be carried out by the divisions with other Accounts officers.

As on 31 March 2022, there was a debit balance of ₹ 694.23 crore under Public Works divisions and a credit balance of ₹ 178.27 crore under Forest Remittances.

4.9.7 Inoperative Reserve Funds

Reserve Funds are created for specific purposes by the Government out of their funds with subdivisions – one for the Funds bearing interest and the other for the Funds not bearing interest.

A test-check on these Funds showed that as of 31 March 2022, an amount of ₹ 10.39 crore under Reserve Fund bearing interest and ₹ 15.13 crore under Reserve Fund not bearing interest, were lying inoperative. Details are shown in the *Appendix 4.1*.

4.10 Compliance to Indian Government Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Andhra Pradesh in 2021-22 and deficiencies therein are detailed in **Table 4.13**.

Table 4.13: Compliance to Accounting Standards

Accounting Standard	Essence of IGAS	Compliance by State Government	Deficiencies noticed in compliance
IGAS 1: Guarantees given by the Government – Disclosure requirements	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.	Not Complied (Statement Nos. 9 and 20 of Finance Accounts)	Though sector-wise details were disclosed, class-wise details were not incorporated. The Government has disclosed the maximum amount of guarantees given during the year, but detailed information like number of guarantees invoked were not furnished. The Statements were incomplete to that extent. (Refer to Paragraph 2.8 for further audit findings on Guarantees)
IGAS 2: Accounting and Classification of Grants-in- Aid	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.	Not Complied (Statement No. 10 of Finance Accounts)	State Government made budgetary provision and classified GIA amounting to ₹ 2.54 crore under Capital Major Heads of Account, instead of under the Revenue Section during 2021-22. It did not also furnish any information regarding GIA paid in kind during the year. (Refer to Table 1.9 of Paragraph 1.8.4 for further audit findings on impact of classifying Grants in Aid under Capital Section) Non-compliance led to understatement of Revenue Deficit and overstatement of capital expenditure.
IGAS 3: Loans and Advances made by Governments	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.	Not Complied (Statement No. 18 of Finance Accounts)	Though the State Government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the details of overdue Principal and interest was not furnished. Confirmation of balances of individual Loanee was not furnished. (Refer to Paragraph 2.5.4.2 for further audit findings on Loans and Advances)

Source: Indian Government Accounting Standards and Finance Accounts

Non-Compliance with the Accounting Standards would impact the objective of financial statements to present a true and fair view of the financial position and cash flows apart from hindering fiscal transparency.

4.11 Submission of Annual Accounts by Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Section 19 or 20 of “Comptroller and Auditor General of India (Duties, Powers and Conditions of Service Act) 1971” (CAG’s DPC

Act).

There were 33 ABs coming under the audit purview as per Section 19 or 20 of the CAG's DPC Act, which were required to submit their Annual Accounts to CAG before 30 June every year. There was a delay in submission of accounts by such entities to Audit ranging from one to eight years as of September 2022. Details of the periods up to which accounts were due and rendered are given in *Appendix 4.2*. Age-wise details are shown in **Table 4.14**.

Table 4.14: Age-wise arrears of Annual Accounts

Sl.No	Delay in Number of Years	No. of Bodies / Authorities
1	Up to 1 year	14
2	2-3	02
3	4-5	06
4	6-7	06
5	8 or more	05
Total		33

Further, in order to identify the institutions⁵³ which attract audit under Sections 14 and 15 of the CAG's (DPC) Act 1971, Rule 88 of the Regulations on Audit and Accounts (2020) mandates the Government/Heads of Department to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose of such assistance and the total expenditure of the institutions. However, the same was not being furnished by the State Government/HoDs.

Annual accounts of 197 such authorities/bodies (1,531 Accounts) were not submitted to Audit as of September 2022. Details of the periods up to which accounts were due and rendered, based on the previous accounts received, are given in *Appendix 4.3*.

The State Government has replied that, the Autonomous Bodies, Development Bodies/Authorities will be advised to submit the Accounts at the earliest.

4.12 Submission of Annual Accounts of Public sector Undertakings (PSUs)

According to Section 395 of the Companies Act, 2013, every State Government shall cause an annual report on the working and affairs of the Government Company to be prepared within three months of its Annual General Meeting and as soon as may be after such preparation, lay before the House or both Houses of the State Legislature together with a copy of the audit report and comments upon or supplement by the Comptroller and Auditor General of India to the Audit Report.

Annual accounts of 83 PSUs (283 Accounts) were not submitted to Audit as of November 2022. Details of the periods up to which accounts were due and rendered, are given in *Appendix 4.4*.

Out of the 14 companies/Statutory Corporations, which submitted their Annual

⁵³Educational Institutions, Government Organisations, Autonomous bodies, etc.,

Accounts up to 2021-22, the details of investments of eight companies⁵⁴ were not reflected in Statement of Investments of Finance Accounts 2021-22. As per Annual Financial Statements furnished by the remaining six companies, the State Government has invested an amount of ₹ 2,767.35 crore and an amount of ₹ 77.93 crore was received as loan. However, as per Finance Accounts, the investments in these Companies were ₹ 2,299.54 crore and the outstanding loans against these companies including un-apportioned investments and loans prior to bifurcation were ₹ 44.27 crore (*Appendix 4.5*). Thus, there is a difference of ₹ 467.81 crore and ₹ 33.66 crore in respect of investments and loans respectively between the Finance Accounts of State Government and Annual Financial Statements of these Companies. There is a need for reconciliation of investments as per Government Accounts and as per the Annual Financial Statements of Government Companies and Statutory Corporations.

Delay in submission of Annual Accounts is being highlighted in the Audit Report. Due to delay in submission of annual accounts by the PSUs, release of the grants and loans disbursed to these Bodies/Authorities and expenditure therefrom cannot be vouchsafed in timely manner. As many of the PSUs are substantially financed with public funds, the State Government shall initiate action for timely finalisation and submission of accounts by the PSUs and evolve an action plan for clearance of arrears in finalisation of accounts.

The State Government has replied that, all the PSUs will be advised to submit the Accounts at the earliest.

4.13 Deposits of Local Funds

The Deposits of Local Funds under Andhra Pradesh Panchayat Act, 1994 provides that Zilla Praja Parishad (ZPP), Mandal Praja Parishad (MPP) and Gram/Village Panchayat (GP) would maintain ZPP, MPP and GP funds respectively (under the classification 8448 – Deposits of Local Funds – 109 – Panchayat Bodies Funds) which would include all the money realised or realisable under the Act and all monies otherwise received by the PRIs, such as Finance Commission grants of GOI, receipts on account of State Finance Commission awards as well as own revenue (composed of tax and non-tax receipts).

Andhra Pradesh Municipalities Act, 1965 envisages that the Municipal Fund is to be maintained by the Municipality concerned. All the money realised or realisable under the Act and all money otherwise received by the Municipalities are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds -102-Municipal Funds. The details of balances, receipts and payments under these funds are given in **Table 4.15**.

⁵⁴ (i) AP Heavy machinery and Engineering Limited (ii) Eastern Power Distribution Company of Andhra Pradesh Limited (iii) AP State Beverages Corporation Limited (iv) AP Metro rail Corporation Limited (v) Central Power Distribution Company of Andhra Pradesh (vi) Southern Power Distribution Company of Andhra Pradesh (vii) Godavari Gas private limited and (viii) AP Gas Distribution Corporation Limited

Table 4.15: Deposits of Local Funds

			(₹ in crore)				
Year	Sl.No		2017-18	2018-19	2019-20	2020-21	2021-22
Gram Panchayat/ Village Panchayat Fund (8448-109-01)	1	OB	2,104.93	1,825.39	1,540.04	2,888.32	2,650.05
	2	Receipts	2,185.08	1,764.20	2,717.07	4,255.93	3,444.21
	3	Payments	2,061.19	2,049.55	1,363.78	4,494.21	4,369.33
	4	CB	2,228.82	1,540.04	2,888.32	2,650.05	1,724.93
Mandal Praja Parishad Funds (8448-109-02)	5	OB	261.92	297.18	326.32	230.92	573.12
	6	Receipts	789.06	1036.6	372.01	468.69	481.90
	7	Payments	674.23	1007.47	467.40	126.49	192.67
	8	CB	376.75	326.32	230.92	573.12	862.36
Zilla Praja Parishad Funds (8448-109-03)	9	OB	886.67	786.09	437.69	504.95	810.30
	10	Receipts	475.16	194.63	261.53	579.87	497.71
	11	Payments	313.74	543.03	194.27	274.53	236.06
	12	CB	1048.09	437.69	504.95	810.3	1071.95
Total PRI Funds	13 (4+8+12)		3,653.65	2,304.05	3,624.25	4,033.47	3,659.24
Municipal Funds (8448-102)	14	OB	3,670.50	3,434.47	2,806.92	4,210.06	4,761.98
	15	Receipts	4,236.34	4,431.57	4,021.78	3,052.20	3,893.78
	16	Payments	4,276.79	5,059.12	2,618.64	2,500.28	5,224.59
	17	CB	3,630.05	2,806.92	4,210.06	4,761.98	3,431.17

Source: Finance Accounts of respective years; Note: Differences in CB of 2017-18 and OB of 2018-19 was due to apportionment of balances between Andhra Pradesh and Telangana

The balances in respect of Finance Commission grants received by Local Bodies to the end of the year 2021-22 are tabulated below:

Table 4.16: Deposits of Local Funds – FC grants

		(₹ in crore)
Institutions	Balance to the end of 31 March 2022	
Panchayat Raj Institutions (PRIs)		
Gram Panchayat/ Village Panchayat Fund	940.16	
Mandal Praja Parishad Funds	491.30	
Zilla Praja Parishad Funds	498.24	
Total PRIs	1,929.70	
Urban Local bodies (ULBs)		
Municipal Funds	818.88	
Municipal Corporation funds	808.02	
Total ULBs	1,626.90	

As can be seen from **Table 4.16**, an amount of ₹ 1,929.70 crore (52.73 per cent of total funds with PRIs) of FC grants was lying unspent under Municipal Funds are related to Finance Commission grants.

During the year 2021-22, in respect of Municipal Funds the closing balance of ₹ 3,431.17 crore under Municipal Funds includes ₹ 1,626.90 crore of FC grants and ₹ 987.50 crore of unspent amount of Centrally Sponsored Schemes.

4.14 Management of Finances and Financial Systems

(a) Adjustment transactions in violation of Statutory Accounting Procedures to the tune of ₹11,237.61 crore

As per SR 1 under TR 16 of Andhra Pradesh Treasury Code Volume I, any withdrawal from the Government Account shall be made by presenting at a Treasury, a bill or other voucher in the prescribed form. Every bill or other voucher shall contain full details as to the amount and the nature of the payment, classification, proper sanction by the competent authority, budget provision *etc.*

It is observed that 1,99,616 adjustment transactions amounting to ₹11,237.61 crore relating to Personal Deposits were carried out during the year 2021-22. The State Government facilitated these transactions through Central Processing Cell (CPC)⁵⁵ of Comprehensive Financial Management System upto February 2022 without routing through/obtaining necessary approvals of Treasury Officer concerned in deviation of procedure envisaged in the AP Treasury Code/Andhra Pradesh State Financial Code. Further, adequate documentation was not visible in a large number of these adjustment transactions. These transactions were, however, included in the monthly / annual accounts of the State Government during 2021-22. Details of the transactions are given below:

Table 4.17: Details of Adjustment Bills

Description (Adjustment bills)	Number of bills	Amount (in crore)
Transfer of funds from Consolidated Fund to PD Accounts Revalidation of unspent amounts lapsed during the previous year.	1,79,536	9,082.52
Transfer from one PD Account to another PD Account (Deduction of Electricity dues of PRIs and ULBs and transfer to DISCOMs).	20,014	1,351.47
Transfer from one PD Account to another PD Account (up gradation of RLBs to ULBs).	63	103.62
Transfer from one PD Account to another PD Account (MGNREGA Scheme).	3	700.00
Total	1,99,616	11,237.61

The State Government replied that, the above said transactions were only in nature of adjustment transactions without any actual cash outgo. The facility for making adjustment entries in the office of the CEO, APCFSS by routing the same through the Treasury was not available at that point of time in the CFMS software, as it was under development which was communicated to the O/o PAG (A&E) earlier.

It was also reiterated that the main reason for operation of these transactions was the non-availability of Treasury interface in the centralised processing software module in CFMS to facilitate the timely completion of these adjustment transactions.

⁵⁵ Central Processing Cell (CPC) is a vehicle formed for the purpose by the Finance Department of the State of Andhra Pradesh to implement the CFMS project. The State Financial code/ Treasury Code has not been updated to mandate a central / treasury role to the CPC for any bill type.

Nevertheless, all the supporting documents, details of DDO and the HoA, debit/credit details, date of transaction, etc., required for accounting & audit are displayed for all the subject transactions & the entire details can be viewed for each and every bill.

Further, the department replied that the development of software facility for making adjustment entries by routing through the Treasury was completed by end of 3rd quarter of FY 2021-22 under the guidance of DTA. This facility was deployed after extensive testing & thereafter the making of adjustment entries is completely stopped. And was also stated that all adjustment transactions mentioned in the Audit Report pertain to the period prior to the development & deployment of the software facility for making the same through the Treasury interface.

As per the Liquidity Infusion Scheme of GoI, one of the pre-conditions set (March 2021) by the Government of India for release of Tranche-II was that the State Government have to clear all its electricity dues to the Distribution Companies (DISCOMs).

The State Government Orders issued (March 2021) orders for deduction of the electricity charges at source from the Fourteenth Finance Commission Grants of Panchayati Raj Institutions (PRI). For this purpose, the Energy Department was authorised to operate the head of account for remittance of the amounts so recovered. During the year 2021-22 the State Government had deducted an amount of ₹ 1,351.47 crore from Finance Commission grants of Local Bodies. Though the pre-conditions of Liquidity Infusion Scheme prescribed for clearance of the DISCOMs' dues, no specific condition/provision exists to deduct the amounts from the Finance Commission Grants. The 14th Finance Commission had specifically stipulated that no conditions other than those fixed by the Commission should be imposed either by the Union or the State Government for the release of funds. GoI has also instructed that, State Government should transfer Finance Commission grants without any deductions to implementing agencies and has to pay penalty equivalent to interest chargeable over market loans during last financial year if not transferred.

In deviation of the above orders, State Government unilaterally deducted the electricity dues from the Finance Commission Grants due to which the Local Bodies were deprived of the funds to that extent.

The deduction of funds pertaining to the Local Bodies by the Finance Department is in contravention to the Constitutional intent of autonomy to the Local Bodies.

State Government replied that, due to non-payment of dues by most of the local bodies, DISCOMs entered into fiscal distress and prepared to exercise the option of disconnecting the power to the local bodies who were not paying their dues as per their rules. It was also replied that, as the disconnection would cause immense hardships to the people living in local bodies, State Government intervened and ensured that some of the dues pertaining to current consumption charges of local bodies were paid from the funds pertaining to FC Grants available with the local bodies and as part of initiatives to improve the financial health of power distribution

companies by GoI. State Government also replied that, it was needed to set up a State level mechanism for deduction of the funds to be transferred to local bodies towards payment of electricity charges of local bodies.

(b) Improper debiting of DA arrears of ₹413.73 crore from GPF accounts

The State Government issued orders⁵⁶ for adjustment of DA arrears to the GPF Accounts of State Government employees. Accordingly, an amount of ₹ 413.73 crore was credited to the GPF Subscribers' Account during July 2021 to November 2021. In March 2022, the State Government withdrew an amount of ₹ 413.73 crore in 62,003 bills unilaterally by debiting the Head of account '8009 – GPF through Central Processing Cell (CPC) of CFMS without routing through / obtaining necessary approvals of the Treasury.

The State Government, in their response (05 August 2022) stated that the credit bills of DA arrears were not originally passed for payment claiming that it was a technical glitch. In order to correct the erroneous credits, the entire set of credits were reversed centrally by CPC. In this regard, it is pertinent to mention that the said credits were already included in the Monthly Accounts and other subsidiary accounts rendered by the Treasuries / PAOs, which formed the basis for the posting of credits in the individual accounts of GPF subscribers by the PAG (A&E).

(c) Operation of Single Nodal Accounts

Government of India issued (March 2021) orders⁵⁷ prescribing the revised procedure for release of funds for the Centrally Sponsored Schemes (CSS) monitoring and their utilisation and the orders were effective from 01 July 2021.

As per the revised procedure, the funds in respect of CSS (GoI Share and Matching State Share) have to be credited into the Single Nodal Account (SNA), which is a bank account. The SNA is mapped to Public Financial Management System (PFMS) to facilitate monitoring and utilisation of funds as well as interest accretions on funds channeled through this bank account by respective Ministries of GoI. In accordance with the directions of Ministry of Finance, Government of India, funds received by the State Government under Centrally Sponsored Schemes are restricted for use by the State Government and was required to be transferred to concerned SNA's account within a period of 21 days of its receipt.

In compliance with GoI's directions, the State Government transferred CSS funds to SNA accounts to the tune of ₹ 12,111.52 crore during the year 2021-22. As on 31 March 2022, an amount of ₹ 1,390.58 crore, including both Central and State Share, remained unspent in SNA Accounts (as on 29 March 2022) in respect of 50 schemes.

⁵⁶ G.O.Ms.No.51 Finance (PC&TA) Department dated 31 July 2021 and G.O.Ms.No.94, Finance (PC&TA) Department dated 04 January 2022

⁵⁷ GoI, Ministry of Finance, O.M. No. F.No.1 (13) PFMS/FCD/2020 dated 23 March 2021

4.15 Timeliness and Quality of Accounts

Principal Accountant General (A&E) receives the compiled accounts of the State from 13 District Treasuries (DTOs), 19 Public Works Pay and Accounts Offices (PAO (W) (Building and Roads, Water Supply and Sanitation /Public Health Engineering, Panchayati Raj, Forest Divisions, Irrigation/Water Resource Division), three Pay and Accounts Offices, three Tungabhadra Divisions and Advices of the Reserve Bank of India. There was no exclusion of primary accounts during 2021-22.

Non-Submission of Utilisation Certificates, pendency in submission of Detailed Contingent Bills, Discrepancies in Personal Deposit Accounts and Non-adherence to Indian Government Accounting Standards by the State Government and managing transactions through back end of system affected the completeness, transparency and disclosure of Accounts.

4.16 Follow up action on Audit Reports

As per the instructions issued by Finance and Planning Department in November 1993, administrative departments are required to submit Explanatory Notes within three months of presentation of Audit Reports to Legislature, without waiting for any notice or call from Public Accounts Committee, duly indicating action taken or proposed to be taken.

Finance Department has not furnished the Explanatory Notes (ENs) for the State Finances Audit Reports for the years 2016-17 and 2017-18 as of December 2022. Recommendations of Public Accounts Committee (PAC) on Audit Reports on State Finances for the years 2014-15 and 2015-16 were placed before State Legislature on 06 February 2019.

4.17 Conclusion

Operation of PD Accounts lacked clarity and transparency as huge amounts were shown to have been transferred to these accounts during the year but were not actually made available to the departmental officials for incurring expenditure. Transferring of funds from Consolidated Fund of the State to Personal Deposit Accounts without incurring actual expenditure, resulted in inflation of expenditure and lack of legislative scrutiny. It is imperative to curtail the usage of Personal Deposit Accounts to maintain the sanctity of budgetary process.

Non-submission of accounts by Autonomous Bodies, Development Bodies/Authorities and PSUs was in violation of prescribed financial rules and directives. These point to inadequate internal controls and deficient monitoring mechanism of the State Government Departments.

There were 1,99,616 adjustment transactions amounting to ₹ 11,237.61 crore relating to Personal Deposits carried out during the year 2021-22. These transactions were carried out centrally by Central Processing Cell (CPC) of CFMS, without routing through/obtaining necessary approvals of the Treasury as required by the provisions of the State Financial Code / Treasury Code. Further, adequate documentation was

not visible on large number of adjustment transactions which affects the transparency in Government Accounts.

State Government deducted an amount of ₹1,351.47 crore from Finance Commission grants pertaining to Local Bodies towards electricity charges dues to DISCOMs during 2021-22. The action of the State Government in deducting the funds from Finance Commission grants without the consent of Local Bodies is in contravention to the Constitutional intent of autonomy to the Local Bodies.

4.18 Recommendations

- 1. 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 Utilisation Certificates and Detailed Countersigned Contingent bills.*
- 2. State Government should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in a time bound manner, to assess their financial position.*
- 3. State Government should discourage the use of omnibus Minor Head 800 and in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under this Head and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*
- 4. The operation of special bills/adjustment bills through backend of the CFMS bypassing the controls of the treasury system should be stopped and all the transactions should be made through the established standard operating procedure to maintain integrity of the system.*

Chapter 5 General Purpose Financial Report of State Public Sector Undertakings

5.1 Introduction

This Chapter presents the summary of financial performance of Government Companies, Government Controlled Other Companies and Statutory Corporations of Government of Andhra Pradesh as revealed from their accounts/ information furnished by them and results of oversight role of the Comptroller & Auditor General of India (CAG). It highlights some of significant comments issued as a result of supplementary audit of the accounts of the PSUs conducted by the CAG and the impact on comments issued by the CAG on the financial statements received during the current year in respect of the Statutory Corporations where CAG is the Sole Auditor.

State Public Sector Undertakings (PSUs) are established by Governments to carry out activities of commercial nature for the development of the State as well as to cater to the welfare of its people.

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by 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.

The Statutory Corporations are established by State Government and governed by their respective legislations.

Besides, any other company⁵⁸ 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 in this Report as Government Controlled Other Companies.

In this Report, PSUs encompass Government Companies, Government Controlled Other Companies and Statutory Corporations of Government of Andhra Pradesh (GoAP).

5.1.1 Mandate

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143 of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the provisions of Sections 139 (5) and (7) the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Government Companies and gives directions on the manner in

⁵⁸Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs (04.09.2014)

which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the Statutory Auditors under Section 143 of the Companies Act, 2013.

The statutes governing Statutory Corporations also require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

5.2 Number of State PSUs and status of accounts

As on 31 March 2022, there were 118 State PSUs in Andhra Pradesh State (including 11 Government Companies in Power Sector and 101 Government Companies, three Government Controlled Other Companies and three Statutory Corporations in other than power sector) under the audit jurisdiction of the CAG. Out of these 118 PSUs, 97 are working and 21 inactive PSUs⁵⁹. Further 97 working PSUs include 11 Power Sector PSUs and 86 PSUs of other Sectors. During the year 2021-22, six Government Companies came under the audit jurisdiction of CAG. Details are given in *Appendix-5.1*.

The nature of PSUs and the position of State PSUs as on 30 September 2022 are given in **Table 5.1**.

Table 5.1: Coverage and nature of PSUs

Nature of PSUs	Total No. of PSUs	Number of PSUs whose accounts were received as of 30 September 2022			
		Accounts up to			Total
		2021-22	2020-21	2019-20	
Government Companies	91	13	20	10	43
Government Controlled other Companies ⁶⁰	3	0	2	1	3
Statutory Corporations ⁶¹	3	1	0	0	1
Total Working PSUs	97	14	22	11	47
Inactive Government Companies	21	0	1	0	1
Grand Total	118	14	23	11	48

Source: Compiled based on accounts furnished by State PSUs.

Out of 97 working PSUs, accounts of 53 PSUs (including first accounts of six PSUs) were in arrears for less than three years and accounts of 44 PSUs were in arrears for three or more years as on 30 September 2022. Out of 53 PSUs, 47 PSUs submitted their Annual Accounts for various financial years i.e., 2019-20 to 2021-22, as mentioned in the above Table. This Chapter covered detailed analysis of financial performance of 34 working PSUs based on accounts and information furnished by the PSUs,. Further, this Chapter also covered analysis of investments and related financial position in respect of 54 working PSUs (including 34 PSUs), which furnished information pending finalisation of annual accounts. As on 30 September 2022,

⁵⁹Inactive PSUs are those which have effectively ceased to carry out their operations or under liquidation process.

⁶⁰Kakinada Smart City Corporation Limited, Greater Visakhapatnam Smart City Corporation Limited and Amaravati Smart & Sustainable City Corporation Limited.

⁶¹Andhra Pradesh State Road Transport Corporation, Andhra Pradesh State Financial Corporation and Andhra Pradesh State Warehousing Corporation.

21 PSUs out of 97 have not furnished their first accounts. Further, detailed analysis of 21 inactive PSUs has not been covered in this Chapter. The position of accounts of all 118 PSUs, both working and inactive as on 30 September 2022 is given in *Appendix-5.1*.

The figures in **Table 5.1** indicate position of accounts received as on 30 September 2022 i.e., the cutoff date for finalisation of accounts by PSUs (as explained in **Paragraph 5.5.2**)

5.2.1 Details of Inactive PSUs

As on 31 March 2022, there were 21 inactive PSUs⁶², compared to 19 inactive PSUs as on 31 March 2021. The total investment in these 21 inactive State PSUs was ₹ 240.51 crore. Out of 21 inactive PSUs, eight were reported to be in the process of liquidation for several decades, although Official Liquidator had already been appointed.

5.2.2 Summary of financial performance of PSUs

The summary of financial performance of 34 working State PSUs is given in **Table 5.2**.

Table 5.2: Summary of financial performance of working PSUs

Particulars	No. of State PSUs	Amount (₹ in crore)
Number of working PSUs	97	---
PSUs covered	34	---
Paid up capital	34	7,010.42
Long term loans	34	89,235.62
Net profit	17	1,483.96
Net loss	17	3,723.98
Zero profit/loss	--	--
Dividend Paid	2	1.05
Total assets	34	1,76,169.99
Net worth	34	(-) 16,535.20

Source: Annual Accounts and information furnished by State PSUs

5.3 Contribution of PSUs to the Economy of the State

The ratio of turnover of the State PSUs to the Gross State Domestic Product (GSDP) shows the contribution of PSUs to the economy of the State.

The details of turnover of the working PSUs and GSDP of Andhra Pradesh during three-year period ended 31 March 2022 are given in **Table 5.3**.

⁶² ABC NEXT (India) Private Limited and Rayalaseema Steel Corporation Limited ceased to carry out their operations.

Table 5.3: Details of turnover of working PSUs vis-a-vis GSDP of Andhra Pradesh

(₹ in crore)

S. No.	Sector	2021-22		2020-21		2019-20	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1	Power	8	57,651.52	8	50,306.31	7	57,073.24
2	Finance	5	3,169.45	5	1,562.11	4	1,015.64
3	Service	3	23,273.60	3	18,310.02	3	9,316.21
4	Infrastructure	8	289.97	8	238.36	8	169.29
5	Others	10	1,716.49	10	1,731.95	10	2,097.17
	Total turnover	34	86,101.03	34	72,148.75	32	69,671.55
	GSDP of Andhra Pradesh	--	12,01,736	--	10,14,374	--	9,66,099
	Percentage of turnover to GSDP of Andhra Pradesh	--	7.16	--	7.11	--	7.21

Source: GSDP figures as per Finance Accounts of GoAP of respective year and turnover figures as per annual accounts and information of PSUs

The contribution of PSUs to GSDP of Andhra Pradesh decreased to 7.16 per cent in 2021-22 compared to 7.21 per cent in 2019-20. Further, the turnover of these PSUs increased by 23.58 per cent during 2021-22 compared to turnover in 2019-20. During the last three years the compounded annual growth rate (CAGR) of GSDP was 11.53 per cent, while the CAGR of turnover of these working PSUs was 11.16 per cent.

The PSUs in Power Sector have contributed maximum turnover constituting 66.96 per cent followed by Service sectors contributing 27.03 per cent of the total turnover of 34 PSUs during 2021-22. While the PSUs in other sectors contributed less than four per cent each of the total turnover during 2021-22.

5.4 Investments in Government Companies and Statutory Corporation and Budgetary Support

As per the Accounts and Information furnished by 54 PSUs, analysis of equity and loans in these 54 working PSUs as at the end of 31 March 2022 is given in Table 5.4.

Table 5.4: Equity and long-term loans in working PSUs

(₹ in crore)

Sources of investment	As on 31.03.2022			As on 31.03.2021			As on 31.03.2020		
	Equity	Long term loans	Total	Equity	Long term loans	Total	Equity	Long term loans	Total
1.State Government	4,966.32	881.81	5,848.13	4,366.72	593.46	4,960.18	4,316.85	610.11	4,926.96
2.Central Government	102.91	0.41	103.32	102.91	0.41	103.32	2.91	0.00	2.91
3.State PSUs	2,079.21	8,897.61	10,976.82	2,028.73	5,603.30	7,632.03	1,577.91	4,103.89	5,681.80
4.Others ⁶³	1,355.52	99,824.39	1,01,179.91	1,318.47	95,047.94	96,366.41	967.75	84,690.80	85,658.55
Total	8,503.96	1,09,604.22	1,18,108.18	7,816.83	1,01,245.11	1,09,061.94	6,865.42	89,404.80	96,270.22

⁶³Financial Institutions, Banks and Central PSUs

Sources of investment	As on 31.03.2022			As on 31.03.2021			As on 31.03.2020		
	Equity	Long term loans	Total	Equity	Long term loans	Total	Equity	Long term loans	Total
Percentage of investment of State Government to total investment	58.40	0.80	4.95	55.86	0.59	4.55	62.88	0.68	5.12

Source: Annual Accounts and information of PSUs

Out of the total Equity holding, the Equity held by the State Government constituted 58.40 per cent for the year 2021-22. The Sector wise investment of State Government in 54 working PSUs during the three-year period 2019-20 to 2021-22 is given in Table 5.5.

Table 5.5: Sector wise investment of State Government in PSUs

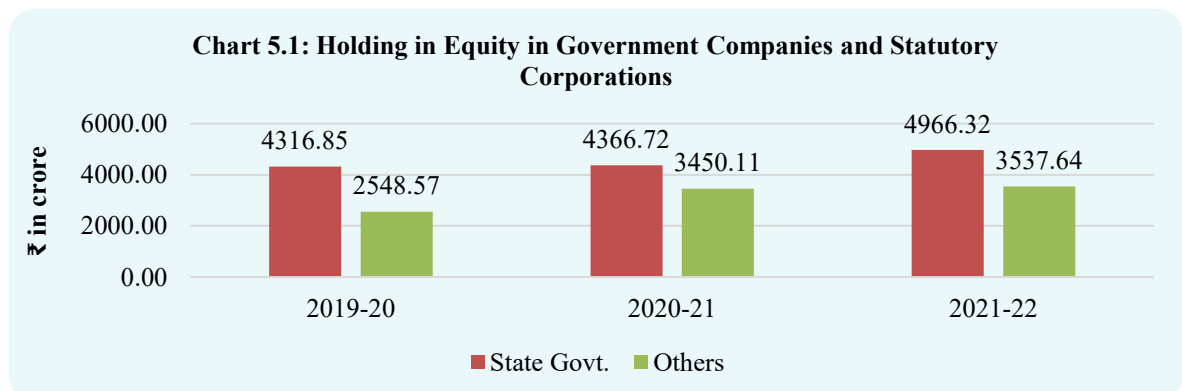
(₹ in crore)

Sector-wise Investment												
Nature of Sector	2021-22				2020-21				2019-20			
	No. of PSUs	Equity	Loans	Total	No. of PSUs	Equity	Loans	Total	No. of PSUs	Equity	Loans	Total
Power	9	3,141.60	629.98	3,771.58	9	3,141.50	380.86	3,522.36	8	3,141.50	396.59	3,538.09
Finance	7	1,251.94	45.34	1,297.28	7	651.94	45.34	697.28	5	602.07	47.28	649.35
Service	6	7.08	19.42	26.50	6	7.08	19.42	26.5	6	7.08	19.42	26.5
Infrastructure	18	448.30	0.16	448.46	18	448.80	0.16	448.96	18	448.80	8.06	456.86
Others	14	117.40	186.91	304.31	14	117.40	147.68	265.08	14	117.40	138.76	256.16
Total	54	4,966.32	881.81	5,848.13	54	4,366.72	593.46	4,960.18	51	4,316.85	610.11	4,926.96

Source: Annual Accounts and information of PSUs

As on 31 March 2022, the total investment of State Government in these 54 PSUs comprised of 84.92 per cent equity capital and 15.08 per cent long-term loans. The thrust of State Government's investment in PSUs was mainly in Power Sector PSUs which constituted 63.28 per cent of Equity and 71.44 per cent of Loans during 2021-22.

Holding in equity by State Government and Others (Central Government, Financial Institutions and Banks etc.) during the three years ended 31 March 2022 in working PSUs is depicted in Chart 5.1.



Details of significant holding (holding of more than ₹ 100 crore) of the State Government as at the end of March 2022 in the paid-up capital of the State PSUs is given in **Table 5.6**.

Table 5.6: Significant holding of the State Government

Sl. No.	Name of the State PSU	Name of the Department	Amount (₹ in crore)
Statutory Corporations			
1	Andhra Pradesh State Financial Corporation	Industries and Commerce	206.01
Government Companies			
2	Andhra Pradesh Power Generation Corporation Limited	Energy	2,106.80
3	Transmission Corporation of Andhra Pradesh Limited	Energy	454.44
4	Eastern Power Distribution Company of Andhra Pradesh Limited	Energy	121.23
5	Southern Power Distribution Company of Andhra Pradesh Limited	Energy	358.72
6	Andhra Pradesh Power Finance Corporation Limited	Energy	348.47
7	Andhra Pradesh State Financial Services Corporation Limited	Finance	602.00
	Total		4,197.67

Source: Annual Accounts and information of PSUs

We observed that out of the total equity investment by State Government in 54 PSUs, a significant amount i.e., 84.52 per cent was made in the above seven PSUs.

5.4.1 Budgetary support to PSUs

State Government provides financial support to the State PSUs in various forms through annual budget. Summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans converted to equity, interest written-off and outstanding guarantees of the State PSUs for the last three years ending March 2022 are given in **Table 5.7**.

Table 5.7: Statement showing details regarding budgetary support to PSUs

Sl. No	Particulars	2021-22		2020-21		2019-20	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
Power Sector PSUs							
(i)	Equity Capital Outgo	0	0.00	1	0.10	0	0.00
(ii)	Loans given	1	297.66	0	0.00	0	0.00
(iii)	Grants/Subsidies provided	2	2,646.37	3	737.24	2	1,472.77
(iv)	Total outgo (i+ii+iii)	3	2,944.03	4	737.34	2	1,472.77
(v)	Loan repayment written off	0	0.00	0	0.00	0	0.00
(vi)	Loans converted into equity	0	0.00	0	0.00	0	0.00
(vii)	Guarantees issued	2	1,458.79	2	2,982.00	0	0.00
(viii)	Guarantees commitment	3	4,272.08	3	2,918.68	2	1,544.37
Other than Power Sector PSUs							
(i)	Equity Capital Outgo	2	600.05	3	143.90	1	289.06
(ii)	Loans given	2	51.25	1	8.00	0	0.00
(iii)	Grants / Subsidies provided	10	2,109.13	8	3,435.27	10	1,989.37
(iv)	Total outgo (i+ii+iii)	14	2,760.43	12	3,587.17	11	2,278.43
(v)	Loan repayment written off	0	0.00	0	0.00	0	0.00
(vi)	Loans converted into equity	0	0.00	0	0.00	0	0.00
(vii)	Guarantees issued	2	3,168.00	1	1,000.00	1	15,741.33
(viii)	Guarantees commitment	6	11,476.86	7	15,726.65	1	6,741.33

Source: Information compiled as per information furnished by 51 PSUs

State Government helps the PSUs in raising loans from the banks and Public Financial Institutions by giving guarantee for repayment of principal and interest. As can be

seen from the above table, the budgetary support by State Government towards equity, loans and grants/subsidies ranged between ₹ 737.34 (2020-21) to ₹ 2,944.03 crore (2021-22) in Power Sector PSUs and ranged between ₹ 2,278.43 (2019-20) to ₹ 2,760.43 crore (2021-22) in Other than Power Sector PSUs. The major support of Grants/Subsidies of ₹ 2,645.87 crore (2021-22) was given to Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) in Power Sector, ₹ 706.04 crore to Andhra Pradesh Township and Infrastructure Development Corporation Limited (APTIDCO) and ₹ 1,278.72 crore to Andhra Pradesh State Kapu Welfare and Development Corporation Limited (APSKWDCL) in Other than power Sector by State Government, even the accounts of APSKWDCL were in arrears for the year 2017-18 to 2021-22.

The outstanding guarantee commitments given for PSUs increased from ₹ 2,918.68 crore in 2020-21 to ₹ 4,272.08 crore in 2021-22 of Power Sector PSUs and decreased from ₹ 15,726.65 crore in 2020-21 to ₹ 11,476.86 crore in 2021-22 in Other than Power Sector PSUs. The major guarantee commitments of ₹ 2,508.46 crore (2021-22) belongs to APEPDCL in Power Sector and of ₹ 7,277.20 crore to APTIDCO in Other than power Sector by State Government.

The State Government charges guarantee fee at the rate of 0.50 *per cent* per annum to two *per cent* consolidated for the entire guarantee period in case of loan availed by PSUs from banks / financial institutions. To the extent of information received from PSUs, guarantee fee of ₹ 39.40 crore have been paid by two PSUs viz APEPDCL, Andhra Pradesh Power Finance Corporation limited and ₹ 52.08 crore is payable by two PSUs viz Andhra Pradesh Road Transport Corporation, Andhra Pradesh State Finance Corporation to the Government as on 31 March 2022.

5.4.2 Restructuring, Disinvestment and Privatisation of PSUs

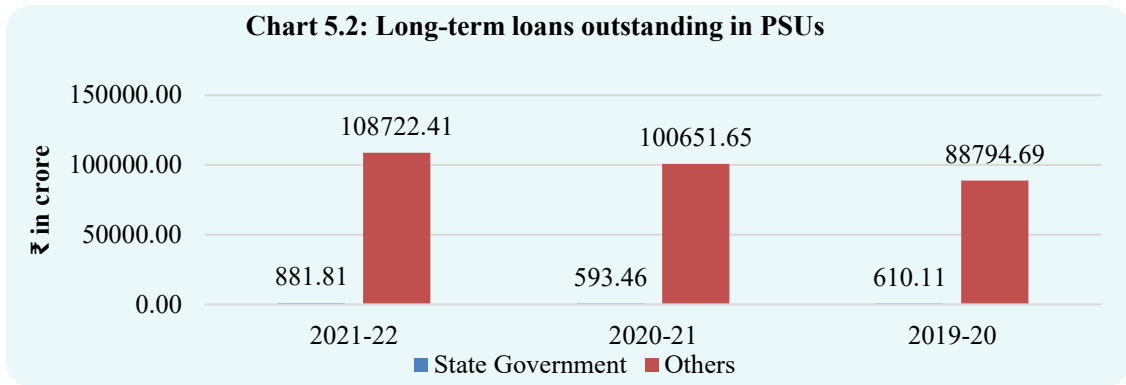
During the year 2021-22, there was neither disinvestment of any State PSUs nor was any PSU privatized.

5.4.3 Analysis of outstanding loans given to PSUs

5.4.3.1 Long-term loans outstanding as on 31 March 2022

As on 31 March 2022, the total long-term loans outstanding in 54 working PSUs from all sources was ₹ 1,09,604.22 crore. The outstanding long-term loans of PSUs registered an increase of ₹ 8,359.11 crore during 2021-22 (₹ 1,09,604.22 crore) from previous year 2020-21 (₹ 1,01,245.11 crore).

Out of the total outstanding loans as on 31 March 2022, loans from State Government were ₹ 881.81 crore of which significant amount (₹ 745.09 crore) pertained to three PSUs only viz., Transmission Corporation of Andhra Pradesh Limited (₹ 620.50 crore), Andhra Pradesh State Seeds Development Corporation Limited (₹ 77.93 crore) and YSR Steel Corporation Limited (₹ 46.66 crore). Year-wise details of outstanding long-term loans of PSUs is depicted in *Chart 5.2*.



5.4.3.2 Adequacy of assets to meet loan liabilities

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of long-term loans by value of total assets in 33 PSUs which had outstanding loans as on 31 March 2022 is given in **Table 5.8**.

Table 5.8: Coverage of long-term loans with total assets

Nature of State PSU	Positive Coverage			Percentage of assets to loans
	No. of PSUs	Long term loans	Assets	
		(₹ in crore)		
Government Companies	30	1,09,105.05	2,10,038.96	192.51
Government Controlled other companies	1	230.46	723.06	313.75
Statutory Corporations	2	268.71	2,634.27	980.34
Total	33	1,09,604.22	2,13,396.29	

Source: As per Annual Accounts and information of PSUs

It was observed that all 33 PSUs covered in this report have positive coverage.

5.4.3.3 Interest coverage

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An ICR below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative ICR of PSUs, which had outstanding loans during the period from 2019-20 to 2021-22 are given in **Table 5.9**.

Table 5.9: Interest Coverage Ratio

Year	Interest (₹ in crore)	EBIT (₹ in crore)	No. of State PSUs having liability of loan and interest	No. of State PSUs having ICR ≥ 1	No. of State PSUs having ICR < 1
Statutory Corporations					
2019-20	111.33	183.55	1	1	0
2020-21	71.25	162.85	1	1	0
2021-22	44.34	232.42	1	1	0
Government Companies					
2019-20	8,360.93	6,987.97	9	4	5
2020-21	7,462.30	8,125.04	9	5	4
2021-22	7,755.55	5,319.90	8	5	3

Total					
2019-20	8,472.26	7,171.52	10	5	5
2020-21	7,533.55	8,287.89	10	6	4
2021-22	7,799.89	5,552.32	9	6	3

Source: Annual Accounts and information of PSUs

It was observed that the number of PSUs with ICR more than one were increased during 2021-22 compared to 2019-20, whereas number of PSUs with ICR less than one decreased.

5.5 Returns from PSUs

5.5.1 Profit earned by PSUs

Out of 34 PSUs, 17 PSUs earned profits and 17 PSUs reported losses during the year 2021-22.

The overall profit of these 17 PSUs was ₹ 1,483.96 crore. The list of PSUs which earned profit of more than ₹ 25 crore during the year 2021-22 is given in **Table 5.10**.

Table 5.10: List of top profit-making PSUs during 2021-22

(₹ in crore)		
Sl. No.	Name of the State PSUs	Net Profit
1	Eastern Power Distribution Company of Andhra Pradesh Limited	396.78
2	Andhra Pradesh Mineral Development Corporation Limited	352.12
3	Transmission Corporation of Andhra Pradesh Limited	242.82
4	Andhra Pradesh Power Finance Corporation Limited	149.61
5	Andhra Pradesh State Financial Corporation	142.56
6	Andhra Pradesh State Beverages Corporation Limited	103.42
7	Andhra Pradesh State Warehousing Corporation	38.22
Total		1,425.53

Source: As per Annual Accounts and information of PSUs

It may be seen that seven PSUs contributed 96.06 per cent of the total profit earned by 17 PSUs during 2021-22.

During 2021-22, net profit of ₹ 1,472.61 crore constituting 99.24 per cent of total profit of State PSUs was contributed by 10 State PSUs. The details of the top three sectors, which contributed maximum profit during 2021-22 are summarised in **Table 5.11**.

Table 5.11: Top 3 sectors which contributed maximum profit during the year 2021-22

Sector	No. of profit earning State PSUs	Net profit earned (₹ in crore)	Percentage of Sector's profit to total State PSUs profit
Power	2	639.6	43.10
Others	3	355.30	23.94
Finance	4	292.61	19.72
Total	9	1,287.51	86.76

Source: As per Annual Accounts and information of PSUs

5.5.2 Losses incurred by PSUs

There were 17 PSUs, which reported losses during the year 2021-22. The losses incurred by PSUs increased from ₹ 1,123.82 crore in 2019-20 to ₹ 3,723.98 crore in

2021-22 as given in **Table 5.12**.

Table 5.12: Number of State PSUs that incurred losses

Year	No of State PSUs which incurred loss	Net loss for the year (₹ in crore)	Accumulated losses (₹ in crore)	Net worth (₹ in crore)
2019-20	16	1,123.82	10,191.40	(-)3,441.79
2020-21	18	202.85	2,659.28	234.93
2021-22	17	3,723.98	26,531.43	(-)18,084.34

Source: Annual Accounts and information of PSUs

Out of total loss of ₹ 3,723.98 crore incurred by 17 PSUs, loss of ₹ 3,387.91 crore was contributed by three PSUs. These top three loss making PSUs were Southern Power Distribution Company of Andhra Pradesh Limited (₹ 2,054.24 crore), Andhra Pradesh Central Power Distribution Corporation Limited (₹ 800.86 crore) and Andhra Pradesh Power Development Company Limited (₹ 532.81 crore).

The details of PSUs which have incurred losses of more than ₹ 25 crore are given in **Table 5.13**.

Table 5.13: State PSUs that incurred losses of more than ₹ 25 crore during 2021-22

Sl. No.	Name of PSU	Net loss (₹ in crore)
1	Southern Power Distribution Company of Andhra Pradesh Limited	2,054.24
2	Andhra Pradesh Central Power Distribution Corporation Limited	800.86
3	Andhra Pradesh Power Development Company Limited	532.81
4	Andhra Pradesh Power Generation Corporation Limited	208.77
5	Andhra Pradesh State Irrigation Development Corporation Limited	56.40
	Total	3,653.08

Source: As per Annual Accounts and information of PSUs

The above five PSUs contributed 98.10 per cent of the total losses reported by 17 PSUs during 2021-22.

5.5.3 Erosion of Net worth of PSUs

Net worth means the sum total of the paid-up capital, free reserves and surplus minus accumulated losses and deferred revenue expenditure. It is essentially a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment of the owners has been wiped out by accumulated losses and deferred revenue expenditure.

Out of 97 working PSUs, 76 PSUs are considered for this analysis as 21 PSUs have not submitted their First accounts. Of these 76 PSUs, 41 PSUs had accumulated losses of ₹ 57,356.89 crore, 29 PSUs had surplus of ₹ 7,513.16 crore and six PSUs had neither accumulated losses nor surplus, as per their latest accounts. Due to accumulated losses, the overall net worth of 76 PSUs was negative which stood at ₹ 49,843.73 crore against the shareholders' funds of ₹ 11,703.98 crore (Paid-up Capital: ₹ 8,064.91 crore + Free Reserves: ₹ 3,639.07 crore).

The shareholders' funds of 25 out of 76 PSUs had been completely eroded by accumulated losses as their net-worth was either zero or negative. The total net worth of these 25 PSUs was negative at ₹ 54,409.04 crore against paid up capital of

₹ 2,844.23 crore in these PSUs as per their latest financial statements.

Of these 25 PSUs whose shareholders' funds had been completely eroded (zero or negative net worth), the maximum erosion of shareholders' funds was noticed in three State DISCOMs, where negative net worth of APSPDCL, APCPDCL and APEPDCL was ₹ 13,456.10 crore, ₹ 9,406.98 crore and ₹ 7,136.41 crore respectively as on 31 March 2022. Further, of these 25 PSUs, 21 PSUs incurred losses of ₹ 21,175.79 crore, three PSUs earned profit of ₹ 397.83 crore, and one PSUs reported neither profit nor loss, as per their latest financial statements. State Government loans outstanding as on 31 March 2022 was ₹ 1,148.05 crore in respect of five PSUs having negative net worth. Details of PSUs having negative net worth as on 31 March 2022 are given in **Appendix-5.2**.

5.5.4 Dividend pay-out by PSUs

As per the guidelines issued (2002) by Public Enterprises Department, GoAP, no dividend shall be declared or paid by a Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with provisions of Companies Act. The guidelines, however, did not prescribe any fixed rate of dividend to be paid by the State PSUs.

During the year 2021-22, only two PSUs viz., Andhra Pradesh State Financial Corporation and Andhra Pradesh State Seeds Development Corporation paid dividend of ₹ 0.47 crore and ₹ 0.58 crore respectively.

5.5.5 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures company's long-term profitability and the efficiency with which total capital is employed by a company. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed⁶⁴.

PSU-wise details of ROCE for the period 2019-20 to 2021-22 are given in **Appendix-5.3**. The consolidated ROCE of working PSUs during respective year from 2019-20 to 2021-22 is given in **Table 5.14**.

Table 5.14: Return on Capital Employed of PSUs

Year	No. of PSUs	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (in percentage)
2019-20	32	8,073.37	68,407.10	11.80
2020-21	34	9,097.54	62,831.18	14.48
2021-22	34	6,944.60	72,700.42	9.55

Source: Annual Accounts and information furnished by PSUs

It was observed that ROCE of working State PSUs decreased from 11.80 per cent during 2019-20 to 9.55 per cent during 2021-22 as the EBIT decreased during 2021-22 compared to 2019-20.

⁶⁴ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses -deferred revenue expenditure

5.5.6 Return on Equity of PSUs

Return on Equity (RoE) is a measure of financial performance to assess how effectively the management is using company's assets to create profits and is calculated by dividing net income (i.e., net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a Company's shareholders if all assets were sold and all debts repaid. A positive shareholders' fund reveals that the company has enough assets to cover its liabilities while negative shareholders fund means that liabilities exceed its assets.

PSU wise details of RoE for the period 2019-20 to 2021-22 are given in *Appendix-5.4*. The consolidated RoE of working PSUs during the period from 2019-20 to 2021-22 is given in **Table 5.15**.

Table 5.15: Return on Equity of PSUs

Year	No. of PSUs	Net Profit/loss (₹ in crore)	Equity (₹ in crore)	ROE (in percentage)
2019-20	32	(-)415.52	6,278.79	(-)6.62
2020-21	34	352.30	6,323.29	5.57
2021-22	34	(-)2,240.02	7,010.42	(-)31.95

Source: Annual Accounts and information furnished by PSUs

The ROE of these PSUs decreased to (-) 31.95 per cent during 2021-22 compared to previous year 2020-21 due to losses reported by the PSUs in Power Sector.

5.5.7 Rate of Real Return on Investment

Rate of Real Return on Investment (RORR) measures the profitability and efficiency with which equity and similar non-interest-bearing capitals have been employed, after adjusting them for their time value, and assumes significance when compared with the conventional Rate of Return (ROR), which is calculated by dividing the Profit After Tax (PAT) by the sum of all such investments counted on historical cost basis.

In view of the significant investment by the Governments and Others in the PSUs, Rate of Real Return on such investment is essential. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the Rate of Real Return on the Investment since such calculations ignore the present value of money. Present Value (PV) of the investment has been computed to assess the Rate of Real Return on the PV of Investments in the PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2022, the past investments/year-wise funds infused in the PSUs have been compounded at the year-wise average rate of interest on government borrowings which is considered as the minimum cost of funds for the concerned year. There were no interest free loans during 2017-18 to 2021-22.

The PV of the investment in PSUs was computed on the basis of following assumptions;

- The equity infused minus disinvestment was reckoned as investment for calculating the RORR.
- The funds made available in the form of interest-free loans, have been reckoned as investment.
- The average rate of interest on Government borrowings for the concerned financial year was adopted as compounded rate for arriving at present value since they represent the cost incurred towards investment of funds for the year and therefore considered as the minimum expected RORR.

Table 5.16: Investment by the State Government, Central Government and Others and RORR for the period from 2017-18 to 2021-22

(₹ in crore)

Financial Year	PV of the total investment at the beginning of the year	Equity invested during the year by State Govt.	Equity Invested by Central Govt. and Others during the year	Infusion of Interest free loans by GoAP during the year	Infusion of Interest free loan by GoI & others during the year	Total Investment	Average Rate of Investment (per cent)	PV of the Total Investment at the end of the year	Minimum expected return	Total earnings/ losses for the year	Rate of Real RoI Considering PV of the investment (per cent)
(A)	(B)	(C)	(D)	(E)	(F)	(G)=(B+C+D+E+F)	(H)	(I)=(G)+(G*H)/100	(J)=(G*H)/100	(K)	(L)=K*100/I
2017-18	5,946.85	97.39	83.73	5.92	0.00	6,133.89	6.52	6,533.82	399.93	1,206.18	18.46
2018-19	6,533.82	0.00	46.51	0.03	0.00	6,580.36	6.37	6,999.53	419.17	(-)12,853.48	(-)183.63
2019-20	6,999.53	289.06	142.07	0.00	0.00	7,430.66	6.31	7,899.53	468.87	-904.82	(-)11.45
2020-21	7,899.53	42.40	0.00	0.00	0.00	7,941.93	6.16	8,431.16	489.22	220.66	2.62
2021-22	8,431.16	0.00	87.14	0.00	0.00	8,518.30	6.71	9,089.87	571.58	(-)1,823.78	(-)20.06
Total		428.85	359.44	5.95	0.00						

Source: Annual Accounts and information of PSUs.

Note: *Actual Equity and interest free loan at historical cost at the beginning of the year. The ROI for the year 2017-18 is on historical cost basis.

RORR declined to (-) 20.06 per cent in 2021-22 compared to 18.46 per cent in 2017-18. This was mainly on account of two PSUs in Power Sector viz., Southern Power Distribution Company of Andhra Pradesh Limited and Andhra Pradesh Power Development Company Limited which incurred huge losses in 2021-22.

Table 5.17: Consolidated RORR on present value of investments of 34 PSUs for the year 2021-22

Total Earnings/ Loss in 2021-22 (₹ in crore)	Investment by the State Government, Central Government and Others since 2017-18 to 2021-22 (₹ in crore)	Return on investment on the basis of historical value (in percentage)	Present value of investment at the end of 2021-22 (₹ in crore)	RORR on investment considering the present value of investments (in percentage)
(A)	(B)	(C)	(D)	(E)
Value of column (K) of above table	Total of OB of 2017-18+ Column (C to F)	(A)*100/(B)	Value of Column (I) of above table	(A)*100/(D)
(-),823.78	6,741.10 (5,946.85+428.85+359.44+5.95+0)	(-),27.05	9,089.87	(-),20.06

Source: Annual Accounts and information furnished by PSUs

5.5.8 Dues of APDISCOMs to Power Generation Companies

As on 31 March 2022, there are three Power Distribution Companies (DISCOMs) of Andhra Pradesh as mentioned in the **Appendix 5.1**. The outstanding dues from the AP DISCOMs to APGENCO, State Power Generation Company, and various Central Power Generation Companies like National Thermal Power Corporation (NTPC) and NTPC's subsidiaries, NPCIL (Kaiga Plant) and Neyveli Lignite Corporation Limited, etc., increased from ₹ 3,634.69 crore as on 31 March 2020 to ₹ 5,836.07 crore as on 31 March 2022, as detailed in below **Table 5.18**.

Table 5.18: Statement showing dues of APDISCOMs to State and Central Power Generation Companies during last three years

DISCOM Name	As on 31 March 2020			As on 31 March 2021			As on 31 March 2022		
	Amount dues	LPS*/Penalties etc.,	Total outstanding Dues	Amount dues	LPS*/Penalties etc.,	Total outstanding Dues	Amount dues	LPS*/Penalties etc.,	Total outstanding Dues
A. Dues from AP DISCOMs to State Generating Company (₹ in crore)									
APEPDCL	557.44	0.00	557.44	1049.29	0.00	1049.29	1599.51	0.00	1599.51
APSPDCL	1069.24	0.00	1069.24	1171.55	0.00	1171.55	1785.87	0.00	1785.87
APCPDCL	0.00	0.00	0.00	676.16	0.00	676.16	1030.72	0.00	1030.72
Total	1626.69	0.00	1626.69	2897.00	0.00	2897.00	4416.10	0.00	4416.10
B. Dues from AP DISCOMs to Central Generating Companies (₹ in crore)									
APEPDCL	292.17	55.86	348.03	405.64	67.58	473.22	363.07	28.25	391.31
APSPDCL	1513.97	145.99	1659.97	797.12	82.03	879.14	732.23	37.50	769.73
APCPDCL	0.00	0.00	0.00	280.04	46.40	326.45	239.59	19.34	258.93
Total	1806.14	201.86	2008.00	1482.80	196.01	1678.81	1334.88	85.09	1419.97
	3432.83	201.86	3634.69	4379.80	196.01	4575.81	5750.98	85.09	5836.07

Source: Information furnished by State PSUs/AP Power Coordination Committee. * Late Payment Surcharge.

As evident from the above Table, outstanding dues from APDISCOMs to State Power Generation Company and various Central Power Generation Companies increased

year-on-year basis by 25.89 *per cent* and 27.54 *per cent* as on 31 March 2021 and 2022 compared to previous year ended on that date respectively.

Further, outstanding dues of APDISCOMs to the Power Generation Companies would increase in future after considering the Late Payment Surcharge (LPS) on outstanding dues as on 31 March 2022 as per Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 notified on 3 June 2022 by the Union Ministry of Power, though LPS and penalties are shown as nil during the respective year.

5.6 Oversight Role of CAG

5.6.1 Appointment of statutory auditors of State PSUs by CAG

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company as per Section 139 (5)/(7) of the Companies Act, 2013 (Act), which stipulates that the statutory auditors, in case of a Government Company or Government Controlled Other Company, are to be appointed by the CAG within a period of 180 days from the commencement of the financial year and 60 days from the registration in case of first auditor. The CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report submitted to the State Legislature.

5.6.2 Submission of Accounts by PSUs

5.6.2.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). After such preparation, as soon as possible the Annual Report must be laid before the Legislative Assembly, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. 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.

Section 96 of the Companies Act, 2013 requires every Company to hold an 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 their consideration. Consequently, the Financial Statements need to be prepared and placed in the AGM by 30 September of the following year ended 31 March.

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 Companies Act, 2013.

5.6.2.2 Timeliness in preparation of accounts by PSUs

As on 31 March 2022, there were 118 State PSUs under the purview of CAG’s audit in Andhra Pradesh. Out of these 118 PSUs, 21 are inactive which are under either liquidation or defunct. Out of remaining 97 working PSUs (including three Statutory Corporations), a total of 14 working State Government Companies submitted their accounts for 2021-22 for audit by CAG on or before 30 September 2022. Annual Accounts of 83 PSUs including three Statutory Corporations were in arrears for various reasons. However, 39 State PSUs including one Statutory Corporation have submitted 52 annual accounts for the previous years by 30 September 2022. Details of arrears in submission of accounts as on 30 September 2022 are given in **Table 5.19**.

Table 5.19: Details of finalisation of accounts by PSUs

Particulars		Government Companies ⁶⁵		Statutory Corporations		Total PSUs	
Total number of PSUs on 31 March 2022		94		3		97	
Number of State PSUs which presented the accounts of 2021-22 for CAG’s audit by 30 September 2022		13		1		14	
Number of PSUs which submitted Accounts for previous years (Number of Accounts)		38(51)		1(1)		39(52)	
Break-up of Arrears of Accounts		Govt. Companies	No. of Accounts in Arrears	Statutory Corporations	No. of Accounts in Arrears	No. of PSUs	No. of Accounts in Arrears
Age-wise analysis of arrears against ‘Others’ category	One year (2021-22)	25	25	0	0	25	25
	Two years (2020-21 and 2021-22)	14	28	0	0	14	28
	Three years and more	42	220	2	10	44	232
Total		81	273	2	10	83	283

Source: Compiled based on the accounts received from PSUs

The list of the State PSUs and status of accounts in arrears is indicated in **Appendix 5.1**. Further, 232 accounts of 44 PSUs constituting 82 per cent of total accounts in arrears (283) were due for three and more years as on 30 September 2022. The matter was taken up with the respective PSUs and Administrative Department of Statutory Corporations concerned to clear the arrears. Audit of three Statutory Corporations viz., Andhra Pradesh Road Transport Corporation, Andhra Pradesh State Warehousing Corporation and Andhra Pradesh State Financial Corporation (APSFC) is conducted by the CAG as per provisions of relevant Act. Of the three Statutory Corporations, CAG is the sole auditor for Andhra Pradesh Road Transport Corporation. Of the three Statutory Corporations only APSFC has no Accounts in

⁶⁵Including Government controlled other companies

arrears. However, the last Separate Audit Report (SAR) of APSFC for the Year 2014-15 was laid before the State legislature in August 2016 and thereafter SARs up to 2019-20 are yet to be placed before the State legislature. The Annual Accounts of the two Statutory Corporations were in arrears (including financial year 2021-22) as on 30 September 2022.

5.6.3 CAG's oversight- Audit of annual accounts and supplementary audit

5.6.3.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, as recommended by the Institute of Chartered Accountants of India, after consultation with and after examination of the recommendations made by the National Financial Reporting Authority. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

5.6.3.2 Audit of accounts of Government Companies by Statutory Auditors

The Statutory Auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in the audit of public sector undertakings with the overall objective that the Statutory Auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- To issue directions to the Statutory Auditors under Section 143(5) of the Companies Act, 2013 and
- To supplement or comment upon the Statutory Auditor's Report under Section 143(6) of the Companies Act, 2013.

5.6.3.3 Supplementary audit of annual accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the Management of an entity.

The Statutory Auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the Statutory Auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, reported under Section 143 (6) of the Companies Act, 2013 are to be placed before the AGM of respective PSU.

5.7 Results of CAG's oversight role

5.7.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

As on 30 September 2022, 14 PSUs submitted their Financial Statements for the year 2021-22. Further, 39 PSUs submitted 52 Financial Statements/accounts for previous years spanning from 2016-2017 to 2020-21.

Of the 66 accounts, Non-Review Certificates were issued in respect of 18 accounts, and 12 accounts were reviewed by 30 September 2022. The audits in respect of 36 accounts were in progress by 30 September 2022. The results of the review are detailed below:

5.7.1.1 Amendment of Financial Statements

As a result of supplementary audit of the financial statements received during the period ended 30 September 2022 conducted by the CAG, none of the State PSUs has amended the Financial Statements before laying the same in the AGM.

5.7.1.2 Revision of Auditors Report

As a result of supplementary audit of the financial statements received during the period ended 30 September 2022 conducted by the CAG, the statutory auditors of three State PSUs viz Eastern Power Distribution Company of Andhra Pradesh Limited, Southern Power Distribution Company of Andhra Pradesh Limited and Andhra Pradesh Central Power Distribution Corporation Limited revised their report before laying of the Financial Statements of these Companies in their AGMs.

5.7.1.3 Significant comments of the CAG issued as supplement to the Statutory Auditors' Reports on State PSUs

Subsequent to the audit of the financial statements for the year 2021-22 and that of the financial statements for the previous years received by 30 September 2022, by Statutory Auditors, the CAG conducted 12 Supplementary Audits of the financial statements of the selected State PSUs. Some of the significant comments issued on financial statements of Government Companies, the financial impact of which on the profitability was ₹ 25.54 crore and on assets/liabilities was ₹ 2,001.68 crore, are given below.

Sl. No	Name of the Company	Comment
Comments on Profitability		
1	Andhra Pradesh Power Finance Corporation Limited	<p>Revenue from Operations</p> <p>Interest Income: ₹ 1,278.98 crore</p> <p>The Company recognized ₹ 2.04 crore of interest earned on Fixed Deposits of Company's funds. Instead of this, it should be accounted as other income. Subsequently, this has been resulted in overstatement of interest Income and Understatement of Other income by ₹ 2.04 crore.</p>
2	Andhra Pradesh Central Power Distribution Corporation Limited	<p>Other Income: ₹ 499.18 crore</p> <p>Amortization of Capital Contributions: ₹ 203.39 crore</p> <p>The Company recognized income of ₹ 31.38 crore towards Amortization of Capital Contributions additions of assets (Plant & Machinery, lines and cable networks, metering equipment) of ₹ 649.33 crore for the year instead of ₹ 7.88 crore calculated at weighted average rate of depreciation of 4.83 per cent based on the consumer contributions of ₹ 163.25 crore received during the year. This resulted in overstatement of Income and understatement of Deferred Capital contributions by ₹ 23.50 crore and corresponding overstatement of profit for the year by same amount.</p>
Comments on Financial Position		
1	Andhra Pradesh Power Finance Corporation Limited	<p>Financial Liabilities</p> <p>Other Non-Financial Liabilities: ₹ 90.86 crore</p> <p>The company recognized liabilities of ₹ 90.76 crore in Other Non-Financial Liabilities which should have been classified as financial liabilities in terms of Schedule III, Section 129 of Companies Act, 2013. This resulted in overstatement of Non-Financial Liabilities and understatement of Other Financial Liabilities by ₹ 90.76 crore.</p>
2	AP Rural Agriculture Power Limited	<p>Financial Assets</p> <p>Cash and Cash Equivalents: ₹ 9.30 crore</p> <p>The company recognized balance with banks amounting to ₹ 9.18 crore being the amount in Personal Deposit (PD) Account.</p>

Sl. No	Name of the Company	Comment
		<p>As PD account cannot be termed as equivalent to bank balance or cash and cash equivalents of the Company, the same should have been disclosed under 'Other Current Assets'. Incorrect classification resulted in overstatement of Cash and Cash Equivalents and understatement of Other Current Assets.</p> <p>Further, suitable disclosures on the restrictions on the withdrawal of the funds in PD account and sources of funds were not given.</p>
3	Andhra Pradesh Central Power Distribution Corporation Limited	<p>Non-current liabilities</p> <p>Long term provisions: ₹ 1,257.75 crore Provisions for employee benefits</p> <p>Pension & Gratuity: ₹ 1,218.96 crore</p> <p>As per the Actuarial Valuation report, the liability in respect of pension and gratuity benefits of employees on roll as on 01.02.1999 and employees retired before 01.02.1999 as on 31.03.2021 was ₹ 2,075.37 crore (Unit Trust) and ₹ 2,023.29 crore (Master Trust). However, in case of Unit Trust, the Company made provision of only ₹ 819.90 crore as against ₹ 2,075.37 crore assessed towards pension and gratuity benefits liability. This resulted in understatement of long-term provisions and employee benefit expenses by ₹ 1,255.47 crore and corresponding overstatement of Profit for the year by same amount.</p> <p>With respect to Master Trust, the Company neither made any provision nor disclosed the Master Trust provision liability in respect of the employees on rolls as on 01.02.1999.</p> <p>Earned Leave Encashment Trust: ₹ 24.12 crore</p> <p>The company understated Earned Leave Encashment by ₹ 506.91 crore due to provision of liability of ₹ 24.12 crore instead of ₹ 531.03 crore net liability assessed as per actuarial valuation as on 31 March 2021. This also resulted in overstatement of Profit for the year by ₹ 506.91 crore.</p> <p>Current Assets</p> <p>Cash and cash equivalents: ₹ 292.27 crore</p> <p>The Company recognized ₹ 139.36 crore of cash and cash equivalents as kept in Personal Deposit (PD) Account. Instead,</p>

Sl. No	Name of the Company	Comment
		<p>the same should have been shown under Other Current Assets as the same cannot be drawn without the concurrence of Finance Department. This resulted in overstatement of Cash and Cash Equivalents and understatement of Other Current Assets by ₹ 139.36 crore.</p> <p>Further, the Company did not disclose the restrictions on the amounts kept in PD account and the source of those funds in notes to accounts.</p>
Comments on Disclosures		
1	Transmission Corporation of Andhra Pradesh Limited	<p>Notes to the Standalone Financial Statements</p> <p>Other Equity</p> <p>The Company treated the funds received from Government of Andhra Pradesh (GoAP) towards Deposit contribution works for extension of electricity lines and substations for Lift irrigation schemes in line with other grants received and it included the same in “Other Equity” instead of “Grants”. This resulted in misclassification of an amount of ₹ 1,121.99 crore i.e., overstatement of “Other Equity” and understatement of “Grants” by ₹ 1,121.99 crore.</p>
2	AP Rural Agriculture Power Limited	<p>Notes to Financial Statements</p> <p>A case pending in Hon’ble High Court of Andhra Pradesh, wherein orders were passed directing the Company not to enter into any agreements in relation to draft Power Purchase Agreement (PPA) with successful bidders, until further orders regarding 6400 MW of solar power projects. However, this information is not disclosed in the Notes to Financial Statements.</p>

5.7.1.4 Management Letters

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of PSUs were reported as comments by the CAG under Section 143 (6) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the management through a ‘Management Letter’ for taking corrective action. The deficiencies generally related to (a) application and interpretation of accounting policies (b)

adjustments arising out of audit and (c) Inadequate disclosure or non-disclosure of certain information on which management of the concerned PSU gave assurances that corrective action would be taken in the subsequent year.

During the year, 'Management Letters' were issued to 12 PSUs. Details are given in **Appendix-5.5**.

5.8 Conclusion

As on 31 March 2022, there were 118 PSUs of which 97 are working PSUs and 21 are inactive PSUs in Andhra Pradesh under the audit jurisdiction of CAG. Out of 97 working PSUs, eleven PSUs were related to Power sector and 86 PSUs were related to other than power sector. Of these 97 working PSUs, 47 PSUs having arrears of accounts for less than three years as at the end of 30 September 2022. Based on the accounts and information furnished by PSUs, analysis of financial performance of 34 working PSUs and financial position of 54 working PSUs have been covered in this Chapter.

During 2021-22, 34 PSUs registered an annual turnover of ₹ 86,101.03 crore, which was equal to 7.16 per cent of the GSDP of Andhra Pradesh.

As on 31 March 2022, the investment of the State Government in equity and long-term loans in 54 PSUs was ₹ 5,848.13 crore against total investment of ₹ 1,18,108.19 crore as on that date. The outstanding long terms loans of State Government in these PSUs as on 31 March 2022 increased to ₹ 881.81 crore from ₹ 593.46 crore during the year 2020-21.

Out of the 34 PSUs, 17 PSUs earned profits (₹ 1,483.96 crore), while 17 PSUs incurred losses (₹ 3,723.98 crore). As on 31 March 2022, the accumulated losses (₹ 26,531.43 crore) in 17 loss-making PSUs has completely eroded the net worth (₹ (-) 18,084.34 crore) of these PSUs. The maximum erosion of shareholders' funds was noticed in three State DISCOMs, where negative net worth of APSPDCL, APCPDCL and APEPDCL was ₹13,456.10 crore, ₹ 9,406.98 crore and ₹ 7,136.41 crore respectively as on 31 March 2022.

Out of the 97 working PSUs, Financial Statements for the year 2021-22 were received only from 14 PSUs up to 30 September 2022. Financial Statements of 44 PSUs were in arrears for three or more years. 21 PSUs have not even submitted their first accounts since their inception.

As a result of the audit of CAG during the period October 2021 to September 2022, Statutory Auditors of three PSUs revised their Audit Report. Significant comments highlighting inaccuracies in the Financial Statements impacting profitability by ₹ 25.54 crore and assets/ liabilities by ₹ 2,001.68 crore were issued.

5.9 Recommendations

1. Government of Andhra Pradesh may review the functioning of all loss-making PSUs and take necessary steps to improve their financial performance.

2. *Government may issue necessary instructions to Administrative Departments to set targets for individual PSU to furnish the accounts in time and to strictly monitor the clearance of arrears and take steps expeditiously in order to liquidate the arrears in finalisation of accounts so as to ensure compliance of State PSUs with respective governing Acts.*
3. *Government may increase the transparency and disclosure of Budgetary Support given to State PSUs in the form of Grants/Subsidies and Guarantees, as well as Government Guarantees commission receivable from such PSUs in the Annual Accounts.*
4. *Government may review the inactive Government Companies and take appropriate decision on their revival / winding up.*

Vijayawada
The 3: 'O ct '4245



(INDU AGRAWAL)
Principal Accountant General (Audit)
Andhra Pradesh

Countersigned

New Delhi
The '42'O ct '4245



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix 1.1

Profile of State of Andhra Pradesh

(Refer Para 1.1, Page 1)

A				General Data	
Sl.No	Particulars			Figures	
1	Area			1,62,968 Sq.Km.	
2	Population				
	a.	As per 2001 Census (Composite State)		7.62 crore	
	b.	As per 2011 Census(After re-organisation of the State on 02 June 2014)		5.29 crore	
3	a.	Density of Population (as per 2001 Census) (Composite State) (All India Density = 325 persons per Sq. Km.)		277 persons per Sq.Km.	
	b.	Density of Population (After re-organisation of the State on 02 June 2014) (All India Density = 418persons per Sq.Km.)		325 persons per Sq.Km.	
4	Population Below Poverty Line (BPL) (All India Average=21.92 per cent)			9.20 per cent	
5	Literacy (as per 2011 Census) (All India Average=73.00 per cent)			67.00 per cent	
6	Infant Mortality (per 1000 live births) (All India Average = 28 per 1,000 live births)			24	
7	Life Expectancy at birth (All India Average = 69.40 years)			70	
8	Gross State Domestic Product (GSDP) 2021-22 at current price			₹ 12,01,736 crore	
9	Per capita GSDP CAGR (2012-13 to 2021-22) in per cent	Andhra Pradesh		11.99	
		General States		9.34	
10	GSDP CAGR (2012-13 to 2021-22) in per cent	Andhra Pradesh		12.65	
		General States		10.62	
11	Population Growth (2012-22) rate in per cent	Andhra Pradesh		6.08	
		General States		12.12	
B				Financial Data	
Particulars					
CAGR**				2020-21 to 2021-22	
				General States	Andhra Pradesh
(in per cent)					
a.	of Revenue Receipts			25.60	28.53
b.	of Own Tax Revenue			25.62	23.64
c.	of Non Tax Revenue			45.35	47.78
d.	of Total Expenditure			13.96	2.48
e.	of Capital Expenditure			25.59	(-) 13.71
f.	of Revenue Expenditure on Education			11.47	9.31
g.	of Revenue Expenditure on Health			19.71	13.00
h.	of Salary and Wages			11.23	5.31
i.	of Pension			11.88	16.35

Source: Economic Survey of Andhra Pradesh 2021-22; Data available in website of Ministry of Statistics and Programme implementation; Data provided by Economic Advisor to C&AG of India;

* Figures pertain to Composite State of Andhra Pradesh

** Compounded Annual Growth Rate

Appendix 1.2
Time Series Data on State Government Finances
(Refer Para 1.6, Page 8)

(₹ in crore)

	2017-18	2018-19	2019-20	2020-21	2021-22	
Part A. Receipts						
1	Revenue Receipts	105062	114671	111034	117136	150552
	(i) Own Tax Revenue	49486	58031	57601	57409	70979
	State Goods and Services Tax	10820	20611	20227	18872	23809
	Taxes on Sales, Trade, etc.	25335	21914	21410	17800	20808
	State Excise	5460	6220	6915	11575	14703
	Taxes on Vehicles	3039	3341	3279	2966	3433
	Stamps and Registration fees	4271	5428	5318	5603	7635
	Land Revenue	107	57	21	143	50
	Other Taxes	454	460	413	450	541
	(ii) Non-Tax Revenue	3814	4396	3315	3395	5017
	(iii) State's share in Union taxes and duties	29001	32787	28242	24460	35386
	(iv) Grants in aid from GOI	22761	19457	21876	31872	39170
2	Misc. Capital Receipts	0	0	0	0	-1
3	Recovery of Loans and Advances	51	277	4355	1063	2110
4	Total revenue and Non-debt capital receipts (1+2+3)	105113	114948	115389	118199	152661
5	Public Debt Receipts	74063	97980	112428	161975	159610
	Internal Debt (excluding Ways and Means Advances and Overdraft)	27256	36122	50027	52873	48388
	Transactions under Ways and Means Advances and Overdraft	45861	59868	60371	104539	106326
	Loans and Advances from Government of India	946	1990	2030	4563	4896
6	Total receipts in the Consolidated Fund (4+5)	179176	212928	227817	280174	312271
7	Contingency Fund receipts	0	0	9	0	0
8	Public Account receipts	156918	99704	195579	275595	(-)94543
9	Total receipts of Government (6+7+8)	336094	312632	423405	555769	217728
Part B. Expenditure/Disbursements						
10	Revenue Expenditure	121214	128570	137475	152677	159163
	General Services (including interest payments)	39075	40790	45222	48990	56124
	Social Services	59159	64280	68101	65988	69244
	Economic Services	22894	23459	24136	37679	33775
	Grants-in-aid and contributions	86	41	16	20	20
11	Capital Expenditure	13491	19976	12242	18975	16373
	General Services	283	275	3752	6498	1989
	Social Services	2891	2866	2056	5205	6366
	Economic Services	10317	16835	6434	7272	8018
12	Disbursement of Loans and Advances	2781	1843	5356	1715	2138
13	Inter State Settlement	8	26	3	0	0
14	Total (10+11+12+13)	137494	150415	155076	173367	177674

		2017-18	2018-19	2019-20	2020-21	2021-22
15	Repayment of Public debt	55081	73274	79366	118274	120246
	Internal Debt (excluding Ways and Means Advances and Overdraft)	8456	12800	17314	12401	12526
	Transactions under Ways and Means Advances and Overdraft	45630	59729	60741	104539	106326
	Loans and Advances from Government of India	995	745	1311	1334	1394
16	Appropriation to Contingency Fund	0	0	0	0	0
17	Total disbursement out of Consolidated Fund (14+15+16)	192575	223689	234442	291641	297920
18	Contingency Fund disbursements	0	0	9	0	1
19	Public Account disbursements	146945	87076	182650	268327	(-)82028
20	Total disbursements by the State (17+18+19)	339520	310765	417101	559968	215891
Part C. Deficits						
21	Revenue Deficit (-)/Surplus (+) (1-10)	(-)16152	(-)13899	(-)26441	(-)35541	(-)8611
22	Fiscal Deficit (-)/Surplus (+) (4-14)	(-)32381	(-)35467	(-)39687	(-)55168	(-)25013
23	Primary Deficit (-)/Surplus (+) (22-24)	(-)18534	(-)20125	(-)22034	(-)35150	(-)2848
Part D. Others						
24	Interest Payments (included in revenue expenditure)	13847	15342	17653	20018	22165
25	Arrears of Revenue	0	0	0	0	0
	Percentage of Tax & Non-Tax Revenue receipts	0	0	0	0	0
26	Financial Assistance to local bodies, other institutions etc.	53091	60795	59915	73667	66082
27	Ways and Means Advances/Overdraft availed (days)	231	250	221	331	322
28	Interest on Ways and Means Advances/Overdraft	44	65	66	83	112
29	Gross State Domestic Product (GSDP)^S	786135	873721	966099	1014374	1201736
30	Total Outstanding liabilities (year end)	223706	257510	301802	348246[@]	372503[@]
31	Outstanding guarantees[^] (year end)	35964	49442	67171	91330	118003
32	Number of incomplete projects	*	N.A	100 [#]	163 ^{&}	138 ^{&}
33	Capital blocked in incomplete projects	43,032 [*]	N.A	60,910 [#]	18,303 ^{&}	34,687 ^{&}
Part E: Fiscal Health Indicators (in per cent)						
I	Resource Mobilisation					
	Own Tax Revenue/GSDP	6.29	6.64	5.96	5.66	5.91
	Own Non-Tax Revenue/GSDP	0.49	0.50	0.34	0.33	0.42
	Central Transfers/GSDP	6.58	5.98	5.19	2.41	2.94
II	Expenditure Management					
	Total Expenditure/GSDP	17.49	17.22	16.05	17.09	14.78
	Total Expenditure/Revenue Receipts	130.87	131.17	139.67	148.00	118.02
	Revenue Expenditure/Total Expenditure	88.16	85.48	86.39	88.07	89.58
	Revenue Expenditure on Social Services/Total Expenditure	43.03	42.74	43.91	38.06	38.97

	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue Expenditure on Economic Services/Total Expenditure	16.65	15.60	15.56	21.73	19.01
Capital Expenditure/Total Expenditure	9.81	13.28	7.89	10.94	9.22
Capital Expenditure on Social and Economic Services/Total Expenditure	9.61	13.10	5.47	7.20	8.10
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	-2.05	-1.59	-2.74	-3.50	-0.72
Fiscal deficit/GSDP	-4.12	-4.06	-4.11	-5.44	-2.08
Primary deficit /GSDP	-2.36	-2.30	-2.28	-3.47	-0.24
Revenue deficit/Fiscal deficit	49.88	39.19	66.62	64.42	34.43
IV Management of total Outstanding Liabilities					
Total Outstanding Liabilities/GSDP	28.46	29.47	31.24	34.33	31.00
Total Outstanding Liabilities/RR	212.93	224.56	271.81	297.30	247.42
V Other Fiscal Health Indicators					
Return on Investment	0.01	0.01	0.04	0.02	0.05
Financial Assets/Liabilities	1.02	0.98	0.90	0.82	0.81

* State Government had furnished details only in respect of 27 Major and Medium Irrigation Projects. The information is not exhaustive but is as furnished by the Departmental authorities.

State Government had furnished details only in respect of 97 Major and Medium Irrigation Projects and 3 Housing projects. The information is not exhaustive but is as furnished by the Departmental authorities.

& The information is not exhaustive but is as furnished by the Departmental authorities.

^ as disclosed in Budget documents.

\$ GSDP data from Data available in website of Ministry of statistics and Programme implementation and Data provided by Economic Advisor to C&AG of India;

N.A: Not Available as State Government has not provided the data on Incomplete Projects

@ Outstanding Debt excludes an amount of ₹ 5,583 crore received towards back-to-back loan in lieu of GST compensation as it is to be serviced from cess collected in Compensation Fund with no repayment obligation on the State resources

Appendix 2.1
Lapsing of Central Share under Centrally Sponsored Schemes during 2021-22
(Refer Para 2.5.2.2, Page 35)

Name of the Scheme/Programme	Amount Lapsed
Smart Cities	442.35
Sub Mission on Agriculture mechanisation	426.07
Rashtriya Krushi Vikasa Yojana (RKVY)	349.82
Mahatma Gandhi National Employment Guarantee Act	342.37
Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Scheme	302.38
National Health Mission (NHM)	279.43
Swachh Bharat Mission - Gramin	261.76
Conversion of Rural PHCs into Health and Wellness Center	249.17
Diagnostic Infrastructure facilities in Urban Public Health Centers	249.17
Paramparagat Krishi Vikas Yojana	194.52
NHM-NRHM Flexi pool	187.48
Integrated Child Development Service (ICDS)	153.06
Public Health Units	134.39
Pradhan Mantri Jan Vikas Karyakram (PMJVK) for Minorities	132.37
Deen Dayal Upadhyaya Grameen Kaushalya Yojana	131.20
Tribal Sub Plan	129.58
Jagananna Gorumudda - Nutritious Meals Programme (MDM)	127.22
Pradhana Mantri Krishi Sinchayi Yojana (PMKSY)	127.07
National Urban Livelihood Mission (NULM)	107.95
Urban Health Wellness Centers	102.87

Appendix 2.2
Off-Budget borrowings of the State
(Refer Para 2.7.5, Page 63)

(₹ in crore)				
Sl.No	Name of the entity	Borrowings as on March 2020	Borrowings as on March 2021	Borrowings as on March 2022
1	AP State Ware Housing Corporation	119.27	66.62	36.07
2	Rythu Sadhikara Samstha	2,000.00	979.16	895.84
3	Markfed	200.00	197.92	1,778.34
4	AP State Seeds Development Corporation	1,000.00	556.33	652.64
5	AP State Civil Supplies Corporation	25,000.00	32,327.08	31,026.08
6	AP Transmission Corporation	5.20	0.00	0.00
7	AP DISCOMs	2,544.80	7,250.00	7,489.85
8	AP GENCO	1,562.75	1,788.02	1,788.02
9	AP Power Development Corporation	610.00	1,000.00	610.00
10	AP Power Finance Corporation	13,174.00	16,184.70	18,115.07
11	AP Beverages Corporation	1,400.00	1,308.49	0.00
12	AP State Housing Corporation	3,134.13	3,039.36	3,881.55
13	Bhogapuram Airport	726.50	785.31	769.86
14	Orvakallu Dagadathi Airport	186.10	172.22	166.66
15	AP Fibernet	300.00	206.92	206.92
16	AP State Finance Corporation	728.00	414.70	197.20
17	Director of Sugar and Cane Commissioner	200.00	30.37	30.37
18	AP Industrial Infrastructure Corporation	2,000.00	2,000.00	1,961.84
19	Nellore Municipal Corporation	594.23	594.23	493.72
20	Municipal Corporation of Tirupati	72.93	27.62	22.35
21	AP Township Infrastructure Development Corporation	5,262.87	5,702.47	5,278.36
22	Vijayawada Municipal Corporation	50.00	100.00	85.67
23	AP Urban Finance and Infrastructure Development Corporation	0.00	163.55	363.81
24	AP Capital Region Development Authority	4,060.00	4,009.00	3,738.00
25	AP Drinking Water Corporation	980.00	980.00	640.00
26	AP SCs Finance Corporation	525.67	375.35	336.47
27	AP State Road Transport Corporation	1,747.50	1,649.78	1,991.17
28	AP Water Resources Development Corporation	6,464.28	8,360.20	8,579.13
29	AP Road Development Corporation	2,937.50	3,345.50	4,055.62
Borrowings being repaid through escrowed revenues of State				
29A	AP Road Development Corporation	0	0	699.20
30	AP State Development Corporation	0.00	18,500.00	22,504.00
	Total	77,585.73	1,12,114.90	1,18,393.81

Source: Information furnished by the State Government (January 2023)

Appendix 2.3

Summarised position of Apportionment of Balances between Andhra Pradesh and
Telangana as on 31 March 2022

(Refer Para 2.10, Page 68)

(₹ in crore)

Sl. No	Head of Account	Balance as on 01 June 2014	Balance allocated to Telangana	Balance allocated to Andhra Pradesh	Balance yet to be apportioned as on 31 March 2022
1	Capital Heads	1,51,349.67	0	0	1,51,349.67
2	Public Debt	1,66,522.32	69,479.48	97,123.93	(-)81.09
3	Loans and Advances	28,099.69	0	0	28,099.69
4	Small Savings, Provident Funds	14,077.84	6,097.54	7,980.30	0
5	Reserve Funds	2,459.06	1,008.81	1,450.25	0
6	Deposits and Advances	17,082.77	4,478.89	8,129.84	4,474.04
7	Suspense and Miscellaneous	6,234.24	2,495.81	3,500.43	238.00
8	Remittances	339.47	2.32	26.92	310.23

Source: Finance Accounts of respective years.

Appendix 3.1

**Cases of un-utilised Supplementary provision (₹ one crore or more in each case)
(Refer Para 3.8.2, Page 82)**

(₹ in crore)								
Sl. No	Grant No.	Grant Name	Original	Supplementary	Total Grant	Expenditure	Savings	Un-utilised Supplementary Provision
Revenue Voted								
1	I	State Legislature	93.29	15.04	108.33	100.96	7.37	7.37
2	II	Governor and Council of Ministers	38.31	2.29	40.60	26.50	14.10	2.29
3	III	Administration of Justice	654.70	124.55	779.25	701.20	78.05	78.05
4	IV	General Administration and Elections	803.00	31.01	834.01	759.87	74.14	31.01
5	V	Revenue Registration and Relief	5,248.40	378.18	5,626.58	4,237.88	1,388.70	378.18
6	VII	Commercial Taxes Administration	352.59	19.45	372.04	338.36	33.67	19.45
7	VIII	Transport Administration	156.26	76.46	232.72	140.55	92.17	76.46
8	X	Home Administration	6,530.69	733.74	7,264.43	6,743.18	521.25	521.25
9	XI	Roads Buildings and Ports	5,015.49	386.58	5,402.07	4,746.31	655.77	386.58
10	XII	School Education	20,813.94	959.78	21,773.71	20,616.56	1,157.15	959.78
11	XIII	Higher Education	1,591.70	236.70	1,828.40	1,736.81	91.59	91.59
12	XIV	Skill Development and Training	740.90	9.91	750.81	509.61	241.20	9.91
13	XV	Sports and Youth Services	109.76	5.33	115.08	80.29	34.79	5.33
14	XVI	Medical and Health	11,365.71	2,026.48	13,392.19	10,427.13	2,965.06	2,026.48
15	XVII	Municipal Administration and Urban Development	7,364.38	727.25	8,091.63	5,449.31	2,642.32	727.25
16	XVIII	Housing	4,715.02	803.11	5,518.13	3,006.29	2,511.84	803.11
17	XXI	Social Welfare	5,436.55	251.41	5,687.96	4,393.71	1,294.25	251.41
18	XXII	Tribal Welfare	2,408.61	117.90	2,526.51	1,938.81	587.70	117.90
19	XXIII	Backward Classes Welfare	18,148.94	741.14	18,890.09	15,894.12	2,995.97	741.14
20	XXIV	Minority Welfare	1,424.80	18.71	1,443.51	1,047.08	396.43	18.71
21	XXV	Women Child and Disable Welfare	3,770.19	363.23	4,133.42	3,204.12	929.30	363.23
22	XXVI	Administration of Religious Endowments	270.39	142.08	412.47	110.67	301.80	142.08
23	XXVII	Agriculture	10,481.07	576.63	11,057.70	7,449.36	3,608.34	576.63

24	XXVIII	Animal Husbandry and Fisherie	1,217.51	177.97	1,395.48	932.47	463.01	177.97
25	XXIX	Forest Science Technology and Environment	745.26	6.21	751.48	382.74	368.74	6.21
26	XXX	Cooperation	162.38	20.84	183.22	149.13	34.09	20.84
27	XXXI	Panchayat Raj	9,220.99	258.00	9,478.98	7,094.61	2,384.38	258.00
28	XXXII	Rural Development	6,523.11	450.34	6,973.46	4,845.50	2,127.96	450.34
29	XXXIII	Major and Medium Irrigation	1,583.35	44.95	1,628.30	1,537.00	91.29	44.95
30	XXXV	Energy	6,138.31	7,868.25	14,006.56	10,903.40	3,103.16	3,103.16
31	XXXVI	Industries and Commerce	1,916.96	309.73	2,226.70	972.38	1,254.32	309.73
32	XXXVI I	Tourism Art and Culture	44.45	1.30	45.75	30.67	15.08	1.30
33	XXXVI II	Civil Supplies Administration	3,695.10	3.20	3,698.30	789.92	2,908.37	3.20
34	XXXIX	Information Technology and Communications	144.28	44.75	189.02	91.48	97.55	44.75
Revenue Charged								
35	II	Governor and Council of Ministers	17.63	1.12	18.75	13.08	5.67	1.12
36	IX	Fiscal Administration Planning Surveys and Statistics	22,752.56	1,397.28	24,149.84	22,184.45	1,965.39	1,397.28
Public Debt Charged								
37	IX	Fiscal Administration Planning Surveys and Statistics	15,502.85	1,06,204.59	1,21,707.44	1,20,246.07	1,461.37	1,461.37
Loans Voted								
38	XIII	Higher Education	-	1.00	1.00	-	1.00	1.00
39	XXX	Cooperation	82.38	10.00	92.38	32.48	59.90	10.00
40	XXXV	Energy	404.09	602.76	1,006.85	735.44	271.41	271.41
Capital Voted								
41	V	Revenue Registration and Relief	1,510.66	155.65	1,666.31	361.08	1,305.23	155.65
42	IX	Fiscal Administration Planning Surveys and Statistics	195.00	1,757.31	1,952.31	1,782.25	170.07	170.07
43	X	Home Administration	508.49	82.20	590.69	278.05	312.64	82.20
44	XI	Roads Buildings and Ports	2,597.17	26.00	2,623.17	829.58	1,793.59	26.00
45	XIII	Higher Education	381.46	26.21	407.67	192.54	215.13	26.21
46	XIV	Skill Development and Training	158.40	5.00	163.40	72.27	91.13	5.00

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47	XVI	Medical and Health	2,464.63	222.49	2,687.11	1,147.90	1,539.22	222.49
48	XVII	Municipal Administration and Urban Development	1,362.70	101.80	1,464.50	518.20	946.30	101.80
49	XXI	Social Welfare	171.70	120.00	291.70	64.83	226.87	120.00
50	XXII	Tribal Welfare	139.77	10.00	149.77	60.50	89.26	10.00
51	XXIV	Minority Welfare	9.21	7.26	16.47	1.20	15.27	7.26
52	XXV	Women Child and Disable Welfare	531.33	6.36	537.69	21.79	515.90	6.36
53	XXVII	Agriculture	426.70	1.21	427.91	204.25	223.66	1.21
54	XXVIII	Animal Husbandry and Fisheries	194.01	41.18	235.19	33.53	201.66	41.18
55	XXIX	Forest Science Technology and Environment	61.20	3.56	64.77	22.50	42.27	3.56
56	XXX	Cooperation	58.27	295.00	353.27	340.85	12.42	12.42
57	XXXI	Panchayat Raj	3,117.87	152.34	3,270.21	1,887.57	1,382.64	152.34
58	XXXIII	Major and Medium Irrigation	10,852.25	1,426.70	12,278.95	5,989.46	6,289.49	1,426.70
59	XXXIV	Minor Irrigation	708.08	58.61	766.68	326.60	440.08	58.61
60	XXXVI	Industries and Commerce	1,526.37	15.00	1,541.37	188.34	1,353.03	15.00
61	XXXVI I	Tourism Art and Culture	70.01	95.70	165.71	83.28	82.42	82.42
62	XXXVI II	Civil Supplies Administration	0.80	1.50	2.30	0.32	1.98	1.50
63	XXXIX	Information Technology and Communications	63.61	3.00	66.61	15.36	51.25	3.00
Capital Charged								
64	XXXIII	Major and Medium Irrigation	32.05	142.75	174.79	145.07	29.73	29.73
Total			2,04,827.64	1,30,906.08	3,35,733.70	2,79,166.82	56,566.89	18,658.53

Source: Appropriation Accounts of 2021-22

Appendix 3.2
Cases where Supplementary provision (₹ one crore or more in each case) proved unnecessary
(Refer Para 3.8.3, Page 83)

(₹ in crore)							
Sl. No	Grant No.	Grant Name	Original	Expenditure	Savings out of Original Provision	Saving(-)	Supplementary Provision
Revenue Voted							
1	II	Governor and Council of Ministers	38.31	26.50	11.81	14.10	2.29
2	IV	General Administration and Elections	803.00	759.87	43.13	74.14	31.01
3	V	Revenue Registration and Relief	5,248.40	4,237.88	1,010.52	1,388.70	378.18
4	VII	Commercial Taxes Administration	352.59	338.36	14.23	33.67	19.45
5	VIII	Transport Administration	156.26	140.55	15.71	92.17	76.46
6	XI	Roads Buildings and Ports	5,015.49	4,746.31	269.18	655.77	386.58
7	XII	School Education	20,813.94	20,616.56	197.38	1,157.15	959.78
8	XIV	Skill Development and Training	740.90	509.61	231.29	241.20	9.91
9	XV	Sports and Youth Services	109.76	80.29	29.47	34.79	5.33
10	XVI	Medical and Health	11,365.71	10,427.13	938.58	2,965.06	2,026.48
11	XVII	Municipal Administration and Urban Development	7,364.38	5,449.31	1,915.07	2,642.32	727.25
12	XVIII	Housing	4,715.02	3,006.29	1,708.73	2,511.84	803.11
13	XXI	Social Welfare	5,436.55	4,393.71	1,042.84	1,294.25	251.41
14	XXII	Tribal Welfare	2,408.61	1,938.81	469.80	587.70	117.90
15	XXIII	Backward Classes Welfare	18,148.94	15,894.12	2,254.82	2,995.97	741.14
16	XXIV	Minority Welfare	1,424.80	1,047.08	377.72	396.43	18.71
17	XXV	Women Child and Disable Welfare	3,770.19	3,204.12	566.07	929.30	363.23
18	XXVI	Administration of Religious Endowments	270.39	110.67	159.72	301.80	142.08
19	XXVII	Agriculture	10,481.07	7,449.36	3,031.71	3,608.34	576.63
20	XXVIII	Animal Husbandry and	1,217.51	932.47	285.04	463.01	177.97

Sl. No	Grant No.	Grant Name	Original	Expenditure	Savings out of Original Provision	Saving(-)	Supplementary Provision
		Fisheries					
21	XXIX	Forest Science Technology and Environment	745.26	382.74	362.52	368.74	6.21
22	XXX	Cooperation	162.38	149.13	13.25	34.09	20.84
23	XXXI	Panchayat Raj	9,220.99	7,094.61	2,126.38	2,384.38	258.00
24	XXXII	Rural Development	6,523.11	4,845.50	1,677.61	2,127.96	450.34
25	XXXIII	Major and Medium Irrigation	1,583.35	1,537.00	46.35	91.29	44.95
26	XXXVI	Industries and Commerce	1,916.96	972.38	944.58	1,254.32	309.73
27	XXXVII	Tourism Art and Culture	44.45	30.67	13.78	15.08	1.30
28	XXXVIII	Civil Supplies Administration	3,695.10	789.92	2,905.18	2,908.37	3.20
29	XXXIX	Information Technology and Communications	144.28	91.48	52.80	97.55	44.75
Revenue Charged							
30	II	Governor and Council of Ministers	17.63	13.08	4.55	5.67	1.12
31	IX	Fiscal Administration Planning Surveys and Statistics	22,752.56	22,184.45	568.11	1,965.39	1,397.28
Loans Voted							
32	XIII	Higher Education	0.00	0.00	0.00	1.00	1.00
33	XXX	Cooperation	82.38	32.48	49.90	59.90	10.00
Capital Voted							
34	V	Revenue Registration and Relief	1,510.66	361.08	1,149.58	1,305.23	155.65
35	X	Home Administration	508.49	278.05	230.44	312.64	82.20
36	XI	Roads Buildings and Ports	2,597.17	829.58	1,767.59	1,793.59	26.00
37	XIII	Higher Education	381.46	192.54	188.92	215.13	26.21
38	XIV	Skill Development and Training	158.40	72.27	86.13	91.13	5.00
39	XVI	Medical and Health	2,464.63	1,147.90	1,316.73	1,539.22	222.49
40	XVII	Municipal Administration and Urban	1,362.70	518.20	844.50	946.30	101.80

Sl. No	Grant No.	Grant Name	Original	Expenditure	Savings out of Original Provision	Saving(-)	Supplementary Provision
		Development					
41	XXI	Social Welfare	171.70	64.83	106.87	226.87	120.00
42	XXII	Tribal Welfare	139.77	60.50	79.27	89.26	10.00
43	XXIV	Minority Welfare	9.21	1.20	8.01	15.27	7.26
44	XXV	Women Child and Disable Welfare	531.33	21.79	509.54	515.90	6.36
45	XXVII	Agriculture	426.70	204.25	222.45	223.66	1.21
46	XXVIII	Animal Husbandry and Fisheries	194.01	33.53	160.48	201.66	41.18
47	XXIX	Forest Science Technology and Environment	61.20	22.50	38.70	42.27	3.56
48	XXXI	Panchayat Raj	3,117.87	1,887.57	1,230.30	1,382.64	152.34
49	XXXIII	Major and Medium Irrigation	10,852.25	5,989.46	4,862.79	6,289.49	1,426.70
50	XXXIV	Minor Irrigation	708.08	326.60	381.48	440.08	58.61
51	XXXVI	Industries and Commerce	1,526.37	188.34	1,338.03	1,353.03	15.00
52	XXXVIII	Civil Supplies Administration	0.80	0.32	0.48	1.98	1.50
53	XXXIX	Information Technology and Communications	63.61	15.36	48.25	51.25	3.00
Total			1,73,556.68	1,35,648.31	37,908.37	50,738.05	12,829.69

Source: Appropriation Accounts of 2021-22

Appendix 3.3

Cases where Supplementary provision (more than ₹ one crore) proved insufficient

(Refer Para 3.8.3, Page 83)

Sl. No	No. and Name of the Grant	Section	Original	Supplementary Provision	Total Grant	Expenditure	(₹ in crore)
							Excess
1	IX - Fiscal Administration on Planning Surveys and Statistics	RV	23,731.53	6,880.74	30,612.27	33,990.58	3,378.31

Source: Appropriation Accounts of 2021-22

Appendix 3.4

Cases where re-appropriation (more than ₹ one crore) proved unnecessary

(Refer Para 3.9.1, Page 83)

(₹ in crore)

Sl. No	Grant No. and Name of the Grant	Head of Account and Nomenclature	Original	Supplementary	Expenditure	Savings out of total provision	Re-appropriation
1	II - Governor and Council of Ministers	2013-00-101-(04)	31.09	0.00	21.83	9.26	2.58
2	IX - Fiscal Administration Planning Surveys and Statistics	2049-01-123-(04)	930.09	101.36	976.42	55.03	245.02
3	IX - Fiscal Administration Planning Surveys and Statistics	2049-04-101-(01)	70.00	0.00	44.24	25.76	44.24
4	IX - Fiscal Administration Planning Surveys and Statistics	2049-04-104-(04)	85.00	0.00	2.03	82.97	2.03
5	IX - Fiscal Administration Planning Surveys and Statistics	2049-04-109-(01)	100.00	0.00	72.57	27.43	72.58
6	XII - School Education	2202-04-200-06-(48)	2.30	0.00	0.14	2.16	2.30
7	XII - School Education	2202-04-200-12-(48)	3.45	0.00	1.43	2.02	3.45
8	XVI - Medical and Health	2210-01-110-04-(11)	0.00	14.29	0.00	14.29	110.30
9	XXVII – Agriculture	2401-00-796-12-(07)	43.13	0.00	14.75	28.38	1.75
10	XXXIII - Major and Medium Irrigation	2700-80-001-(01)	20.49	1.26	20.28	1.47	1.67
11	XXXIII - Major and Medium Irrigation	2700-80-001-(02)	150.34	0.66	146.25	4.76	2.91
Total			1435.89	117.57	1299.94	253.53	488.83

Source: Appropriation Accounts of 2021-22 and Grants Audit Register of 2021-22 compiled by O/o PAG (A&E), AP.

Appendix 3.5

Cases where re-appropriation (more than ₹ one crore) proved excessive

(Refer Para 3.9.1, Page 83)

(₹ in crore)

Sl. No	Grant No. and Name of the Grant	Head of Account and Nomenclature	Original	Supplementary	Re-appropriation	Net Provision	Expenditure	Final Saving i.e. Excessive Re-appropriation
1	IX - Fiscal Administration Planning Surveys and Statistics	2049-01-115-(04)	75.00	0.00	111.72	186.72	111.72	75.00
2	XII - School Education	2202-01-112-12-(05)	107.26	4.35	15.08	126.69	125.31	1.38
Total			182.26	4.35	126.80	313.41	237.03	76.38

Source: Appropriation Accounts of 2021-22 and Grants Audit Register of 2021-22 compiled by O/o PAG (A&E), AP.

Appendix 3.6

Cases where re-appropriation (more than ₹ one crore) proved insufficient

(Refer Para 3.9.1, Page 83 & 84)

(₹ in crore)

Sl. No	Grant No. and Name of the Grant	Head of Account and Nomenclature	Original	Supplementary	Re-appropriation	Net Provision	Expenditure	Final Excess(+)
1	IV - General Administration and Elections	2062-00-105-(19)	223.17	0.00	1.18	224.35	228.19	3.84
2	V - Revenue Registration and Relief	2053-00-093-(03)	101.04	0.00	3.31	104.35	108.75	4.40
3	IX - Fiscal Administration Planning Surveys and Statistics	2071-01-101-(24)	196.48	0.00	2897.26	3093.74	6647.18	3553.44
4	XXXIV - Minor Irrigation	2702-03-101-03-(10)	0.00	0.00	11.09	11.09	28.83	17.74
Total			520.69	0.00	2912.84	3433.53	7012.95	3579.42

Source: Appropriation Accounts of 2021-22 and Grants Audit Register of 2021-22 compiled by O/o PAG (A&E), AP.

Appendix 3.7

Cases where anticipated savings not surrendered (short surrender of ₹ one crore or more in each case)

(Refer Para 3.9.3, Page 85)

(₹ in crore)						
Sl. No	Grant No.	Grant Name	Total Grant	Saving(-)	Amount Surrendered	Savings which remained to be surrendered
Revenue Voted						
1	II	Governor and Council of Ministers	40.6	14.1	2.29	11.81
2	V	Revenue Registration and Relief	5626.58	1388.7	1376.62	12.08
3	XI	Roads Buildings and Ports	5402.07	655.77	620.94	34.83
4	XII	School Education	21773.71	1157.15	1153.18	3.97
5	XIV	Skill Development and Training	750.81	241.2	0	241.2
6	XVI	Medical and Health	13392.19	2965.06	2354.37	610.69
7	XVII	Municipal Administration and Urban Development	8091.63	2642.32	1562.16	1080.16
8	XXI	Social Welfare	5687.96	1294.25	1291.15	3.1
9	XXII	Tribal Welfare	2526.51	587.7	534.36	53.34
10	XXIII	Backward Classes Welfare	18890.09	2995.97	2989.71	6.26
11	XXV	Women Child and Disable Welfare	4133.42	929.3	867.32	61.98
12	XXVII	Agriculture	11057.7	3608.34	1792.21	1816.13
13	XXVIII	Animal Husbandry and Fisheries	1395.48	463.01	364.15	98.86
14	XXIX	Forest Science Technology and Environment	751.48	368.74	365.19	3.55
15	XXX	Cooperation	183.22	34.09	32.76	1.33
16	XXXI	Panchayat Raj	9478.98	2384.38	2196.39	187.99
17	XXXII	Rural Development	6973.46	2127.96	1651.53	476.43
18	XXXVIII	Civil Supplies Administration	3698.3	2908.37	175.87	2732.5
Revenue Charged						
19	IX	Fiscal Administration Planning Surveys and Statistics	24149.84	1965.39	0	1965.39
Public Debt Charged						
20	IX	Fiscal Administration Planning Surveys and Statistics	121707.44	1461.37	1392.94	68.43
Loans Voted						

21	IX	Fiscal Administration Planning Surveys and Statistics	65.03	49.25	0	49.25
Capital Voted						
22	XXI	Social Welfare	291.7	226.87	31.55	195.32
23	XXXIII	Major and Medium Irrigation	12278.95	6289.49	6273.94	15.55
Total			278347.15	36758.78	27028.63	9730.15

Source: Appropriation Accounts of 2021-22.

Appendix 3.8
Excess Expenditure during 2021-22
(Refer Para 3.11.1, Page 88)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant	Expenditure	Excess	Reasons for excess expenditure
1	V	Revenue Registration and Relief (RC)	0	4.39	4.39	Specific reasons for excess expenditure were not intimated by Government
2	V	Revenue Registration and Relief (LV)	0	1000	1000	
3	IX	Fiscal Administration Planning Surveys and Statistics (RV)	30612.27	33990.58	3378.31	
4	XVII	Municipal Administration and Urban Development (LV)	0	151.37	151.37	
5	XXXIV	Minor Irrigation (RV)	97.47	115.22	17.75	
Total			30709.74	35261.56	4551.82	

Source: Appropriation Accounts of 2021-22; RV-Revenue Voted; RC- Revenue Charged, PDC-Public Debt Charged.

Appendix 3.9
Excess over provision of previous years requiring regularisation
(Refer Para 3.11.2; page 88)

(₹ in crore)

Year	Number of Grants/Appropriations	Section	Grant/Appropriation numbers	Amount of excess
2004-05	5 Grants	Revenue:	VIII, XIX and XL	14.83
		Capital:	XVI	
		Loans:	XXXVI	
	1 Appropriation	Revenue:	XXXVI	
2005-06	10 Grants	Revenue:	X, XI, XIX and XXXI	585.82
		Capital:	VIII, XIII, XVII, XXXII and XXXIII	
		Loans:	XVII	
	3 Appropriations	Revenue:	II, XVI and XXVIII	
2006-07	7 Grants	Revenue:	IX, X, XI and XIV	198.72
		Capital:	XVII and XXIX	
		Loans:	XXVII	
	1 Appropriation	Revenue:	III	
2007-08	7 Grants	Revenue:	X, XI and XXXII	201.3
		Capital:	XVII, XXXIII and XXXV	
		Loans:	XXXVI	
	3 Appropriations	Revenue:	II, IV and XIV	
2008-09	11 Grants	Revenue:	II, V, XI, XXIV, XXVI and XXXI	709.24
		Capital:	XVII and XXXIX	
		Loans:	XIX, XXVII and XXXVI	
	3 Appropriations	Revenue:	II, III and XIII	
2009-10	10 Grants	Revenue:	III and XIX	109.74
		Capital:	IV, VII, X, XVII and XXIX	
		Loans:	XI, XVI and XVII	
	2 Appropriations	Revenue:	VII and XIII	
2010-11	11 Grants	Revenue:	X and XXIV	867.54
		Capital:	X, XVII, XXVII and XXXVI	
		Loans:	XI, XV, XVI, XVII and XXXV	
	5 Appropriations	Revenue:	IV, V, X and XVII	
		Capital:	XI	
2011-12	5 Grants	Revenue:	X and XXIV	188.59
		Capital:	XVII	
		Loans:	IX and XV	
	2 Appropriations	Revenue:	XXIII and XXV	
2012-13	5 Grants	Revenue:	X, XI, XVII and XXXIX	275.63

		Capital:	XXIX	
	1 Appropriation	Revenue:	XVI	
2013-14	4 Grants	Revenue:	X, XI	
		Capital:	XVII and XXIX	
	1 Appropriation	Revenue:	XVI	530.12
2014-15	26 Grants	Revenue:	II, V, VI, XI, XIX, XX, XXV, XXVI, XXVII, XXXI, XXXII, XXXIV, XXXV and XXXVI	
		Capital:	V, VIII, X, XI, XII, XVI, XVIII and XXXV	
		Loans:	IX, XVII, XXIX and XXXVI	
	2 Appropriations	Revenue:	III	
Loans:		IX	13,134.68	
2015-16	15 Grants	Revenue:	II, V, VII, IX, XI, XV, XIX, XX, XXX and XXXVIII	
		Capital:	XXIX and XXXIV	
		Loans:	IX, XVII and XXVIII	
	2 Appropriations	PDC:	IX and XL	36,856.98
2016-17	4 Grants	Revenue:	XI and XL	
		Capital:	XIV and XXIX	
	1 Appropriation	PDC:	IX	1,686.83
2017-18	3 Grants	Revenue:	II and XI	
		Capital:	XXXIX	
	2 Appropriations	Capital:	XXXI	
PDC:		IX	47,144.53	
2018-19	2 Grants	Revenue:	IX	
		Loans:	IX	
	2 Appropriations	Revenue:	IX	
PDC:		IX	64,005.68	
2019-20	5 Grants	Revenue:	IX, XVII, XXI, XXIII and XXIV	
	4 Appropriations	Revenue:	III, IX and XXXVI	
		PDC:	IX	73,983.26
2020-21	5 Grants	Revenue:	V, IX	
		Capital:	XXXVI	
		Loans:	IX, XVII	
	3 Appropriations	Revenue:	III, IX	
PDC:		IX	1,10,509.12	
Total				3,51,002.61

Source: Appropriation Accounts of respective years

Appendix 3.10
Amount of excess expenditure relating to the years 2014-15 to 2020-21
for which ENs were not furnished
(Refer Para 3.11.2; page 89)

(₹ in crore)

Year	Number of Grants/ Appropriations	Amount of Excess expenditure reported	Amount for which ENs furnished	Amount for which ENs are yet to be furnished to Audit
2014-15	26 Grants and 2 Appropriations	13,134.68	13,134.68	0.00
2015-16	15 Grants and 1 Appropriation	36,856.98	36,856.98	0.00
2016-17	4 Grants and 1 Appropriation	1,686.83	1,686.83	0.00
2017-18	3 Grants and 2 Appropriations	47,144.53	44,566.60	2,577.93
2018-19	2 Grants and 2 Appropriations	64,005.68	58,229.01	5,776.67
2019-20	5 Grants and 4 Appropriations	73,983.26	60,768.44	13,214.82
2020-21	5 Grants and 3 Appropriations	1,10,509.12	0.00	1,10,509.12
Total		3,47,321.08	2,15,242.54	1,32,078.54

Source: Appropriation Accounts of respective years and information compiled by O/o PAG(Audit), AP.

Appendix 3.11
Medical, Health and Family Welfare
Details of schemes where entire provision was surrendered
(Refer Para 3.12.2; page 89)

(₹ in crore)

	Head of Account and Description	Total Budget	Re-appropriation/ Surrender
1	Administration of Drugs Control Act		
	4210-04-200-12-04	10.49	10.49
	4210-04-200-06-04	13.84	13.84
2	Andhra Pradesh Emergency Response Services - 108 Ambulance Services		
	4211-00-103-11-11	3.00	3.00
3	Assistance to Andhra Pradesh Vaidya Vidhana Parishad		
	2210-01-01-00-05	2.00	2.00
4	Buildings		
	4210-04-107-11-74	3.00	3.00
5	Capacity Building for Developing Trauma care facilities in Government Hospitals on National Highways		
	2210-01-110-12-06	4.22	4.22
6	Centralized Purchase of Drugs and Medicines		
	2210-80-796-11-06	40.00	40.00
7	Construction of Food Testing Labs		
	4210-4-107-11-28	117.00	117.00
8	Construction of Sub Centres		
	4211-0-1-11-35	125.00	125.00
9	Dr. YSR Aarogyasri Health Care Trust		
	2210-1-1-6-9	200.00	200.00
10	Dr. YSR Kanti Velugu		
	2210-6-101-11-45	20.00	20.00
11	Homeopathic Hospitals and Dispensaries		

	Head of Account and Description	Total Budget	Re-appropriation/ Surrender
	2210-2-102—4	1.10	1.10
12	Kidney Research Centre, superspeciality hospital at Palasa, Srikakulam District		
	4210-3-105-11-27	10.00	10.00
13	Medical Buildings (NAADU-NEDU)		
	4210-3-105-7-21	2.00	2.00
14	Mobile Medical Units (104 Services)		
	4211-0-103-11-13	2.40	2.40
15	NAM Flexi pool (AP)		
	2210-2-1-12-23	1.55	1.55
16	NAM-AYUSH Services		
	2210-2-1-12-20	4.50	4.50
	2210-2-1-6-20	1.84	1.84
	2210-2-789-12-20	1.00	1.00
17	National Mission on AYUSH including Mission on Medicinal Plants		
	2210-2-789-6-7	4.42	4.42
	2210-2-796-6-7	1.27	1.27
18	National Programme for Prevention and Management of Burn Injuries		
	4210-3-105-12-8	12.47	12.47
	4210-3-105-6-8	8.32	8.32
19	NHM-Infrastructure Maintenance		
	2211-0-789-6-24	33.82	33.82
	2211-0-796-6-24	10.80	10.80
20	NHM-Non Communicable Disease(NCD- Flexi Pool)		
	2211-0-789-12-23	6.67	6.67
	2211-0-789-6-23	3.72	3.72
	2211-0-796-6-23	2.50	2.50
21	Non Communicable Disease(NCD- Flexi Pool)		
	2211-0-796-12-23	4.19	4.19
22	Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)		
	4210-1-110-6-10	15.00	15.00
23	Upgradation of Andhra Pradesh Vaidya Vidhana Parishad Hospitals (NAADU-NEDU)		
	4210-1-110-11-36	50.00	50.00
24	World Bank - Andhra Pradesh Health System Strengthening Project		
	4211-0-1-3-09	5.00	5.00
	TOTAL	721.13	721.13

Source: Grant Audit Register of Office of the PAG(A&E), Andhra Pradesh for the year 2021-22.

Appendix 3.12
Medical, Health and Family Welfare
Details of schemes where there was more than 50 per cent savings
(Refer Para 3.12.2; page 90)

(₹ in crore)

	Name of the Scheme/Programme	Total Budget	Expenditure	Savings	Savings (%)
1	Administration of Drugs Control Act*				
	4210-04-200-12-04	4.07	1.42	2.65	65.04
2	Centralized Purchase of Drugs and Medicines				
	2210-80-789-11-06	60.00	13.78	46.22	77.04
3	Covid19 Vaccination				
	2211-00-200-11-10	500.00	117.07	382.93	76.59
4	Headquarters Office				
	2210-01-01-00-01	20.00	3.16	16.84	84.21
5	Health Services				
	2210-06-101-00-04	1.00	0.44	0.56	56.32
6	Kidney Research Centre, super speciality hospital at Palasa, Srikakulam District				
	4210-03-105-11-27	40.00	10.70	29.30	73.25
7	Medical Buildings (NAADU-NEDU)				
	4210-03-105-11-21	605.88	183.60	422.28	69.70
8	NAADU NEDU - Strengthening of AYUSH Colleges				
	4210-03-200-11-05	25.00	6.19	18.81	75.25
9	NAADU NEDU - Infrastructure facilities for Hospitals				
	4210-02-110-11-04	500.00	155.24	344.76	68.95
10	National Disease Control Programme (NDCP flexi-pool)*				
	2211-00-796-12-22	3.32	0.24	3.08	92.78
11	National Health Mission (NHM)*				
	2211-00-200-12-6	4.37	0.56	3.81	87.25
	2211-0-789-12-17	208.02	37.80	170.22	81.83
12	National Mission on AYUSH including Mission on Medicinal Plants*				
	2210-2-1-12-7	34.41	5.45	28.95	84.15
13	NHM-National Disease Control Programme (NDCP flexi-pool)*				
	2211-0-789-12-22	5.29	0.55	4.74	89.61
	2211-0-789-6-22	2.19	0.37	1.83	83.29
	2211-0-796-6-22	1.91	0.16	1.75	91.60
14	NHM-Non-Communicable Disease (NCD- Flexi Pool)*				
	2211-0-200-12-23	49.69	4.22	45.47	91.51
	2211-0-200-6-23	33.13	4.80	28.33	85.51
15	NHM-NRHM Flexi pool*				
	2211-0-200-12-20	608.68	174.86	433.82	71.27
	2211-0-200-6-20	453.32	122.61	330.70	72.95
	2211-0-789-12-20	85.86	39.04	46.81	54.53
	2211-0-796-6-20	39.95	17.66	22.29	55.80
16	NHM-NUHM Flexi-pool*				
	2211-0-200-12-21	72.77	29.67	43.10	59.23
	2211-0-200-6-21	48.51	19.63	28.88	59.53
	2211-0-796-6-21	33.18	1.42	31.76	95.72
17	Providing additional Infrastructure to enhanced UG/PG Seats in Government Medical colleges*				
	4210-3-105-12-76	115.56	28.07	87.49	75.71

	Name of the Scheme/Programme	Total Budget	Expenditure	Savings	Savings (%)
	4210-3-105-6-76	72.00	13.60	58.40	81.11
18	Ayurvedic Hospitals and dispensaries				
	2210-2-101-00-4	1.07	0.02	1.05	97.71
19	Establishment of new Medical College along with Hospital in Plain Areas (NABARD-RIDF)#				
	4210-3-105-7-33	100.00	21.32	78.68	78.68
Grand Total		3,755.16	1,018.76	2,736.40	

*Source: Grant Audit Register of office of the PAG(A&E), Andhra Pradesh for the year 2021-22; * Centrally Sponsored Schemes; # Externally Aided Project*

Appendix 3.13

Agriculture

Details of schemes where entire provision was surrendered

(Refer Para 3.12.3; page 91)

(₹ in crore)

S.No.	Head of Account and Description	Total Budget	Re-appropriation/ Surrender
1	Agriculture Market Infrastructure Fund (AMIF)		
	4435-1-101-13-4	100.00	100.00
2	District Offices		
	2401-0-1-0-3	8.38	8.38
3	International Fund for Agriculture Development (IFAD) - Andhra Pradesh Drought Mitigation Project (APDMP)		
	4401-0-113-3-5	2.77	2.77
4	KFW Germany - Zero Based Natural Farming (ZBNF)		
	4401-0-113-3-7	17.68	17.68
5	National Mission for Sustainable Agriculture (NMSA)		
	2401-0-789-12-34	17.48	17.48
	2401-0-789-6-34	2.92	2.92
	2401-0-800-6-4	1.64	1.64
6	NFSM -OS - Targetted Rice Fallow Area (TRFA)		
	2401-0-114-12-70	5.64	5.64
	2401-0-114-6-70	3.76	3.76
	2401-0-789-12-70	1.24	1.24
7	NFSM-Oil Palm		
	2401-0-789-12-10	4.76	4.76
	2401-0-789-6-10	3.11	3.11
	2401-0-796-12-42	1.36	1.36
8	NFSM-Rice, Pulses, Coarse Cereals (Maize), Nutricereals		
	2401-0-800-6-67	5.30	5.30
9	PKVY-Bharatiya Prakritik Krishi Padhati (BPKP)		
	2401-0-789-12-72	1.13	1.13
	2401-0-800-12-72	5.81	5.81
	2401-0-800-6-72	3.88	3.88
10	Pradhana Mantri Krishi Sinchayi Yojana (PMKSY)		
	2401-0-796-6-11	8.88	8.88

	2401-0-800-12-11	124.42	124.42
	2401-0-800-6-11	82.95	82.95
11	Price Stabilization Fund		
	2435-1-101-11-5	500.00	500.00
12	Rainfed Area Development (RAD)		
	2401-0-789-12-53	1.93	1.93
	2401-0-789-6-53	1.28	1.28
	2401-0-800-12-53	9.15	9.15
	2401-0-800-6-53	6.10	6.10
13	Soil Health Card Scheme		
	2401-0-789-12-52	1.78	1.78
	2401-0-789-6-52	1.18	1.18
	2401-0-800-12-52	8.44	8.44
14	Soil Health Management		
	2401-0-800-12-55	2.82	2.82
	2401-0-800-6-55	1.16	1.16
15	Sub Mission on Agriculture mechanization		
	2401-0-789-6-46	31.66	31.66
	2401-0-796-12-46	38.88	38.88
	2401-0-800-6-46	143.83	143.83
16	YSR - PM Fasal Bima Yojana		
	2401-0-110-11-8	1.25	1.25
	Grand Total	1,152.59	1,152.59

Source: Grant Audit Register of office of the PAG(A&E), Andhra Pradesh for the year 2021-22.

Appendix 3.14

Agriculture

Details of schemes where there was more than 50 per cent savings
(Refer Para 3.12.3; page 91)

(₹ in crore)					
	Name of the Scheme	TOTAL BUDGET	EXPENDITURE	SAVINGS	Savings %
1	Construction of Agriculture College Buildings				
	4415-1-277-7-4	20.00	10.00	10.00	50.00
2	Development of Sericulture Industry in Tribal Areas				
	2851-0-796-11-36	2.52	0.49	2.04	80.74
3	District Offices				
	2401-0-1-0-3	17.17	5.66	11.50	67.01
4	Implementation of Sericulture Schemes				
	2851-0-107-11-5	9.01	3.43	5.58	61.92
	2851-0-107-6-5	17.68	0.66	17.02	96.26
	2851-0-789-6-6	2.81	0.07	2.74	97.64
	2851-0-796-6-6	1.65	0.08	1.57	95.44
5	National e- Governance Plan - Agriculture (NeGP-A)*				
	2401-0-789-12-51	1.71	0.64	1.07	62.48

	2401-0-789-6-51	1.14	0.36	0.78	68.67
	2401-0-800-12-51	3.34	1.41	1.94	57.98
	2401-0-800-6-51	5.17	1.10	4.08	78.82
6	National Food Security Mission*				
	2401-0-789-6-35	3.46	1.20	2.26	65.32
	2401-0-800-12-6	86.71	3.82	82.89	95.60
7	National Horticulture Mission*				
	2401-0-119-12-7	43.27	13.12	30.15	69.69
	2401-0-119-6-7	35.99	12.83	23.17	64.36
	2401-0-796-12-7	43.13	14.75	28.38	65.80
	2401-0-796-6-7	3.67	1.22	2.45	66.74
8	National Mission for Sustainable Agriculture (NMSA)*				
	2401-0-796-6-34	113.75	2.26	111.49	98.01
9	National Mission on Agricultural Extension & Technology*				
	2401-0-789-12-37	16.62	7.62	9.00	54.15
10	National Oil Seed and Oil Palm Mission (Oil Seeds)*				
	2401-0-789-12-36	5.10	1.74	3.36	65.81
	2401-0-789-6-36	6.45	1.59	4.86	75.36
11	NFSM-Oil Palm*				
	2401-0-114-12-10	20.67	2.79	17.88	86.51
	2401-0-114-6-10	13.78	5.01	8.78	63.67
	2401-0-796-6-10	96.71	41.16	55.55	57.44
12	NFSM-Rice, Pulses, Coarse Cereals (Maize), Nutricereals*				
	2401-0-789-12-67	1.59	0.10	1.49	93.82
	2401-0-789-6-67	1.80	0.45	1.35	74.82
	2401-0-800-12-67	7.56	0.30	7.26	96.00
13	Paramparagat Krishi Vikas Yojana*				
	2401-0-796-12-41	13.07	1.63	11.44	87.50
	2401-0-800-12-41	136.15	34.44	101.71	74.70
	2401-0-800-6-41	75.26	15.75	59.52	79.08
14	Pradhana Mantri Krishi Sinchayi Yojana (PMKSY)*				
	2401-0-789-12-11	36.54	5.17	31.37	85.85
	2401-0-789-6-11	31.60	6.42	25.18	79.69
	2401-0-796-12-11	15.61	0.17	15.45	98.94
15	Rain Shadow Areas Development Department				
	3451-0-90-0-26	98.29	49.14	49.14	50.00
16	Rashtriya Krushi Vikasa Yojana (RKVY)*				
	2401-0-789-12-27	78.62	10.55	68.07	86.58
	2401-0-789-6-27	65.84	8.62	57.23	86.91
	2401-0-800-12-5	304.70	45.25	259.45	85.15
	2401-0-800-6-5	231.16	12.33	218.83	94.67
17	Soil Health Card Scheme				
	2401-0-800-6-52	5.55	0.24	5.31	95.63
18	Sub Mission on Agricultural Extension (SMAE)*				
	2401-0-789-12-50	3.11	0.55	2.56	82.33

	2401-0-789-6-50	2.07	0.37	1.71	82.34
	2401-0-800-12-50	14.12	1.69	12.43	88.05
	2401-0-800-6-50	9.41	1.08	8.33	88.49
19	Sub Mission on Agriculture mechanization				
	2401-0-796-6-46	306.31	58.06	248.25	81.05
20	Submission on Seed and Planting Material (SMSP)				
	2401-0-800-6-56	4.45	0.06	4.39	98.69
21	Y.S.R Interest free Loans to Farmers				
	2401-0-800-0-30	500.00	244.00	256.00	51.20
22	YSR - Agri Testing Labs				
	2401-0-113-11-5	6.08	1.52	4.56	75.03
	4401-0-113-7-6	22.25	8.19	14.06	63.21
23	KFW Germany - Zero Based Natural Farming (ZBNF) [#]				
	4401-0-113-3-7	122.06	45.81	76.24	62.47
Grand Total		2,664.72	684.87	1,979.85	-

*Source: Grant Audit Register of office of the O/o PAG(A&E) for the year 2021-22; * Centrally Sponsored Schemes; # Externally Aided Project*

Appendix 4.1
(Inoperative Reserve Funds)
(Refer Para 4.9.7; page 106)

S.No	Classification	Amount (₹)	Year from which lying in-operative
Reserve Funds bearing interest			
1	8115-00-103-03	10,39,06,355	2008-09
2	8121-00-101-00	1,703	2012-13
3	8121-00-102-00	12	2012-13
	Total	10,39,08,070	
Reserve Funds not bearing interest			
4	8226-00-101-01	12,35,77,360	2013-14
5	8229-00-200-03	7,29,000	2003-04
6	8229-00-200-08	2,08,40,360	2009-10
7	8235-00-101-00	1,06,149	2008-09
8	8235-00-102-00	2,65,397	2008-09
9	8235-00-200-02	64,11,398	2002-03
10	8235-00-200-03	-6,60,684	2002-03
	Total	15,12,68,980	

Appendix 4.2

Statement showing submission of accounts and status of Audit of Autonomous Bodies (Section 19, 20 of DPC Act 1971)

(Refer Para 4.11, Page 108)

Sl. No.	Name of Body/Authority	Period of entrustment up to	Year up to which accounts were rendered	Placement of SAR in the Legislature	No. of accounts to be submitted to Audit
1	AP State Legal Services Authority, Vijayawada	NA	2020-21	Not placed in the Legislature	1 (2021-22)
2	District Legal Services Authority, Anantapur		2020-21		1 (2021-22)
3	District Legal Services Authority, Chittoor		2021-22		0
4	District Legal Services Authority, East Godavari		2020-21		1 (2021-22)
5	District Legal Services Authority, Guntur		2020-21		1 (2021-22)
6	District Legal Services Authority, Krishna		2020-21		1 (2021-22)
7	District Legal Services Authority, Kadapa		2020-21		1 (2021-22)
8	District Legal Services Authority, Kurnool		2020-21		1 (2021-22)
9	District Legal Services Authority, Nellore		2020-21		1 (2021-22)
10	District Legal Services Authority, Prakasam		2020-21		1 (2021-22)
11	District Legal Services Authority, Srikakulam		2020-21		1 (2021-22)
12	District Legal Services Authority, Visakhapatnam		2020-21		1 (2021-22)
13	District Legal Services Authority, Vizianagaram		2020-21		1 (2021-22)
14	District Legal Services Authority, West Godavari		2020-21		1 (2021-22)
15	Andhra Pradesh Electricity Regulatory Commission		2021-22		0
16	Andhra Pradesh Higher Education Regulatory and Monitoring Commission		2021-22		0
17	AP Building and Other Construction Workers Welfare Board, Hyderabad*		2014-15 (Up to 01.06.2014)		8 (2014-15 to 2021-22)
18	AP Real Estate Regulatory Authority		2018-19		3 (2019-20 & 2021-22)
19	Visakhapatnam Urban Development Authority (VUDA)	2021-22	2016-17	2014-15	5 (2017-18 to 2021-22)
20	Tirupathi Urban Development Authority (TUDA)	2021-22	2019-20	2017-18	2 (2018-19 & 2019-20)
21	Capital Region Development Authority (CRDA) (Formerly VGTMUDA), Vijayawada	2018-19	2016-17	Not placed in the Legislature	5 (2017-18 to 2021-22)
22	Putaparthi Urban Development Authority(PUDA)	2005-06	First Audit		17 (2005-06 to 2021-22)
23	Godavari Urban Development Authority (GUDA)	2021-22	First Audit		5 (2017-18 to 2021-22)
24	Kurnool Urban Development Authority (KUDA)	2021-22	First Audit		5 (2017-18 to 2021-22)
25	Machilipatnam Urban Development Authority (MUDA)	2021-22	First Audit		5 (2017-18 to 2021-22)
26	Nellore Urban Development Authority (NUDA)	2021-22	2021-22		0

27	Anantapuramu- Hindupur Urban Development Authority (AHUDA)	2021-22	2021-22		0
28	Integrated Tribal Development Agency, Kotaramachandrapuram	2021-22	2014-15	No Provision of placement before Legislature in bye-laws	7 (2015-16 to 2021-22)
29	Integrated Tribal Development Agency, Parvathipuram	2021-22	2015-16		6 (2016-17 to 2021-22)
30	Integrated Tribal Development Agency, Seethampeta	2021-22	2014-15		7 (2015-16 to 2021-22)
31	Integrated Tribal Development Agency, Paderu	2021-22	2014-15		7 (2015-16 to 2021-22)
32	Integrated Tribal Development Agency, Rampachodavaram	2021-22	2014-15		7 (2015-16 to 2021-22)
33	Integrated Tribal Development Agency, Srisailam	2021-22	2013-14		7 (2014-15 to 2021-22)
34	Integrated Tribal Development Agency, SPSR Nellore	2021-22	2011-12		10 (2012-13 to 2021-22)
35	Integrated Tribal Development Agency Plain Areas, Vijayawada	2021-22	2020-21		1 (2021-22)
36	Andhra Pradesh Vaidya Vidhana Parishad,(APVVP), Guntur	2019-20	2013-14	2007-08	8 (2014-15 to 2021-22)
37	Andhra Pradesh Khadi and Village Industries Board(APKVIB), Guntur	2019-20	2013-14	2013-14	8 (2014-15 to 2021-22)
38	Andhra Pradesh Compensatory Afforestation Fund Management and Planning Authority (APCAMPA), Guntur.	NA	2017-18	Not placed in the Legislature	4 (2018-19 to 2021-22)
Total					140

* Not applicable. Financial Audit is undertaken under Section 19 (2) of CAG's DPC Act.

Appendix 4.3
Statement of Bodies and Authorities whose accounts have not been received
(Section 14, 15 of DPC Act 1971)
(Refer Para 4.11, Page 108)

Sl. No.	Name of Body/Authority	Years for which accounts had not been received	No of annual accounts in arrears of August 2022
1	Dr. B.R. Ambedkar University, Etcherla, Srikakulam(Dt.)	2021-22	1
2	Andhra University, Visakhapatnam	2020-21 & 2021-22	2
3	Adikavi Nannaya University, Rajamahendravaram	2021-22	1
4	Jawaharlal Nehru Technology University, Kakinada	2016-17 to 2021-22	6
5	Krishna University, Machilipatnam	2016-17, 2020-21 to 2021-22	3
6	Rajiv Gandhi University of Knowledge Technologies, Nuzvid, Krishna (Dt)	2017-18 to 2021-22	5
7	Acharya Nagarjuna University, Guntur	2021-22	1
8	Vikrama Simhapuri University, Nellore	2021-22	1
9	Sri Padmavathi Mahila Viswa Vidyalayam, Tirupati	2021-22	1
10	Sri Venkateswara University, Tirupati	2021-22	1
11	Yogi Vemana University, Kadapa	2021-22	1
12	Rayalaseema University, Kurnool	2017-18 to 2021-22	5
13	JNTU, Kakinada	2020-21 & 2021-22	2
14	Jawaharlal Nehru Technological University, (JNTU) Ananthapuram	2018-19 to 2021-22	4
15	AP Educational Welfare Infrastructure Development Corporation	2014-15 to 2021-22	8
16	The SPD, Andhra Pradesh Sarva Siksha Abhiyan (Rajiv Vidya Mission)	2020-21 & 2021-22	2
17	Andhra Pradesh Residential Educational Institutes Society	2020-21 & 2021-22	2
18	Andhra Pradesh State Literacy mission Authority	2020-21 & 2021-22	2
19	Andhra Pradesh Open School Society.	2021-22	1
20	State Institute of Educational Technology, Ramanthapur, Hyderabad	2016-17 to 2021-22	6
21	Andhra Pradesh Telugu Academy	2016-17 to 2021-22	6
22	Andhra Pradesh Hindi Academy	2015-16, 2018-19 to 2021-22	5
23	Andhra Pradesh State Council of Higher Education	2020-21 & 2021-22	2
24	Andhra Pradesh Govt Text Book Press	2016-17 to 2021-22.	6
25	SBSYM Degree College, Kasibugga, Srikakulam	2013-14 to 2021-22	9
26	Rajah RSRK Rangarao College, Bobbili, Vizianagaram	2018-19 to 2021-22	4
27	Maharajah's College for Women Vizianagaram	2012-13, 2019-20 to 2021-22	4
28	S.V. Degree College, Parvathipuram	2008-09 to 2021-22	14
29	SDS College of Arts & Applied Sciences, Vizianagaram	2011-12 to 2018-19, 2021-22	9
30	Maharajah's Autonomous College (Men),	1997-98 to 2021-22	25

	Vizianagaram		
31	A.M.A.L College, Anakapalli, Visakhapatnam	2016-17 to 2021-22	6
32	St. Joseph's college for Women , Visakhapatnam	2020-21 & 2021-22	2
33	PVR Trust College, Kakinada	2016-17 to 2021-22	6
34	Mrs. AVN Degree College Visakhapatnam	2020-21 & 2021-22	2
35	Mrs.AVN College, Visakhapatnam (II Shift)	2021-22	1
36	Dr. L.B Degree College Visakhapatnam	2014-15, 2017-18 to 2021-22	6
37	Sri Adinarayana Women's Degree College, Anakapally, Vishakhapatnam	2008-09 to 2021-22	14
38	B.V Kendriya Degree College, Visakhapatnam	2015-16 to 2021-22	7
39	Sri Venkateshwara Vidyapeeth VMC Degree College, Vishakhapatnam	2008-09 to 2021-22	14
40	St. Josheph's College for Women (A), Visakhapatnam	2020-21 & 2021-22	2
41	S.K.B.R College, Amalapuram	2020-21 & 2021-22	2
42	VSM College Ramchandrapuram	2017-18 to 2021-22	5
43	SKR College for women Rajamahendravaram	2012-13, 2015-16, 2021-22	3
44	MSN Degree College, Kakinada	2017-18 to 2021-22	5
45	MVJS & RVR Degree College, Malkipuram E.G	2010-11 to 2021-22	12
46	SKVT Degree College Rajamahendravaram	2020-21 & 2021-22	2
47	Ideal Degree College Kakinada	2020-21 & 2021-22	2
48	PVR Trust Degree College, Kakinada	2016-17 to 2021-22	6
49	GBR Degree College Anaparthi	2018-19 to 2021-22	4
50	C.R Reddy College, Eluru	2021-22	1
51	C.R Reddy College, Eluru, (Evening)	2020-21 & 2021-22	2
52	Sri Yerramilli Narayanamurthy College, Narsapur	2011-12 to 2021-22	11
53	Ch S.D. St. Theresa's College for women, Eluru	2020-21 & 2021-22	2
54	BGBS Women's College, Narsapur	2001-02 to 2021-22	21
55	SVKP & Dr KS Raju Arts & Science College, Penugonda, West Godavari Dist.	2020-21 & 2021-22	2
56	KGRL College, Bhimavaram	2020-21 & 2021-22	2
57	Sri VSS Arts and Science College, Attili	2013-14 to 2021-22	9
58	DRG Women Degree College, Tadepalligudem, W.G. (Dist)	2008-09 to 2021-22	14
59	SMBTAV & SN Degree College, Veeravasaram, West Godavari District	2012-13 to 2021-22	10
60	Smt K. Sarojini Devi Women's College, Tanku W.G	2020-21 & 2021-22	2
61	The Hindu College, Machilipatnam	2015-16 to 2021-22	7
62	Andhra Jateeya Kalasala Machilipatnam	2014-15 to 2021-22	8
63	ANR Degree College, Gudivada	2020-21 & 2021-22	2
64	Maris Stella College, Vijayawada	2017-18 to 2021-22	5
65	Andhra Loyola College Vijayawada	2010-11, 2017-18 to 2021-22	6
66	KBN College, Vijayawada	2020-21 & 2021-22	2
67	Noble College, Machilipatnam	2003-04 to 2021-22	19
68	Dharma Apparao College, Nuzvid, Krishna District..	2012-13 to 2021-22	10

69	SGS College, Vidyanagar, Jaggayyapet, Krishna Dist.	2007-08 to 2021-22	15
70	VKR College, Buddhavaram, Gannavaram (mondal), Krishna Dist.	2020-21 & 2021-22	2
71	KTR Women's College, Gudiwada	2020-21 & 2021-22	2
72	Satavahana Degree College, Eluru Road, Vijayawada	2011-12 to 2021-22	11
73	Montessori Mahila Kalasala Vijayawada	2016-17 to 2021-22	6
74	SAS College, Vijayawada	2008-09 to 2021-22	14
75	AG & SG Degree College, Vuyyuru, Krishna Dist.	2016-17 to 2021-22	6
76	PBS Junior College, Vijayawada	2020-21 & 2021-22	2
77	PBS Degree College, Vijayawada	2011-12 to 2021-22	11
78	Sri Padmavathi Mahila Hindu Kalasala, Machilipatnam	2019-20 to 2021-22	3
79	KVR College, Nandigama, Krishna Dist.	2017-18 to 2021-22	5
80	Sri Sarada Degree College, Vijayawada	2008-09 to 2021-22	14
81	Sardar Gowthu Latchanna Degree, College Vijayawada	2008-09 to 2021-22	14
82	Saptagiri College, Vijayawada	2008-09 to 2021-22	14
83	Sri DMS Mahila Kalasala, Vijayawada	2006-07 to 2021-22	16
84	Sri Chaparla Satyanarayana College, Gudlavalleru	2002-03 to 2021-22	20
85	AC College, Guntur	2008-09 to 2021-22	14
86	AC Evening College, Guntur	2008-09 to 2021-22	14
87	Sri Subbaraya & Narayana College Narasaraopet	2000-01 to 2021-22	22
88	VSR and NVR College, Tenali	2015-16 to 2021-22	7
89	PBN College, Nidubrolu, Guntur Dist.	2017-18 to 2021-22	5
90	Bapatla Arts & Science College, Bapatla Guntur Dist.	2010-11 to 2021-22	12
91	SKRBR College, Narasaraopet, Guntur Dist.	2015-16 to 2021-22	7
92	JKC College, Guntur	2020-21 & 2021-22	2
93	Chundi Ranganayakulu College, Chilkaluripet, Guntur	2006-07 to 2021-22	16
94	Pedanandipadu College of Arts and Science, Pedanandipadu	2018-19 to 2021-22	4
95	Raja Vasireddy Venkatadri Nayudu College, Dharanikota, Amaravati	2017-18 to 2021-22	5
96	TJPS College, Guntur	2009-10, 2018-19 to 2021-22	5
97	DRN & SCVS College, Pasumarru, Chilkaluripet	2006-07 to 2021-22	16
98	VTJM & IVTR College – Mangalagiri	2005-06 to 2021-22	17
99	AGKN Degree College, Sattenapalli, Guntur (Dist)	2008-09 to 2021-22	14
100	SGHR & MCMR College, Guntur	2008-09 to 2021-22	14
101	KVR & MKR Degree College, Khajiplaem, Guntur Dist.	2020-21 & 2021-22	2
102	Dr. KRRM College, Duggirala, Guntur (Dist)	2020-21 & 2021-22	2
103	M.V.G.R.R. Degree College, Bhattiprolu, Guntur Dist.	2013-14 to 2021-22	9
104	Smt. NBR Rao College, Narasaraopet, Guntur (Dist)	2008-09 to 2021-22	14
105	A.P Residential Degree College Nagarjunasagar, Guntur	2020-21 & 2021-22	2

106	Andhra Muslim College, Guntur	2020-21 & 2021-22	2
107	Dr KVK Murthy Sanskrit College, Guntur	2020-21 & 2021-22	2
108	VRS & YRN College, Chirala	2020-21 & 2021-22	2
109	CSR Sarma College, Ongole	2014-15 to 2021-22	8
110	Sri VKP College, Podili, Prakasam	2015-16 to 2021-22	7
111	SVKP College, Markapur	2019-20 to 2021-22	3
112	SV Arts & Science College, Giddalur	2003-04, 2005-06, 2008-09 & 2009-10, 2011-12 to 2021-22	15
113	VVM College, Ongole	1995-96 to 2021-22	27
114	Bandla Bapaiah Hindu College, Vetapalem, Ongole	2018-19 to 2021-22	4
115	V.R College (Day), Nellore	2017-18 to 2021-22	5
116	V.R College (Evening), Nellore	2012-13 to 2021-22	10
117	Jawahar Bharathi Degree College, Kavali	2020-21 & 2021-22	2
118	NBKR College, Vidyanagar, Nellore(Dist)	2008-09 to 2021-22	14
119	Sri Sarvodaya College, Nellore	2020-21 & 2021-22	2
120	Dr. SRJ College, Atmakur, Nellore(Dist)	2008-09 to 2021-22	14
121	Duvvuru Ramanamma Womens Degree College, Gudur, Nellore dist.	2019-20 to 2021-22	3
122	Sri Venugopala Swamy Degree College, Nellore	2008-09 to 2021-22	14
123	S.V Arts College, Tirupathi	2008-09 to 2021-22	14
124	Sri Padmavathi Womens Degree College, Tirupathi	2008-09 to 2021-22	14
125	B.T College, (Day), Madanapalle	2020-21 & 2021-22	2
126	B.T College (Evening), Madanapalle	2018-19 to 2021-22	4
127	Sri Govindaraja Swamy Arts College, Tirupathi	1995-96 to 2021-22	27
128	Sri Balasiva Yogendra Maharaja Degree College, Mydukur, YSR District	2008-09 to 2021-22	14
129	YS Raja Reddy Degree College, Pulivendula, YSR District (Loyola Degree College)	2019-20 to 2021-22	3
130	Sri B Veera Reddy Degree College, Badvel, YSR District	2008-09 to 2021-22	14
131	SKSC Degree College, Proddatur, YSR District	2008-09 to 2021-22	14
132	VRS Degree College, Veerapanayanapally, YSR District	2008-09 to 2021-22	14
133	Sri YSR Memorial College, YSR District	2017-18 to 2021-22	5
134	DAW College for Women, Proddatur, YSR District	2008-09 to 2021-22	14
135	SV Degree College, YSR District	2008-09 to 2021-22	14
136	DNR College, Bhimavaram	2020-21	1
137	SLS Degree College, Pullareddypeta, YSR District	2008-09 to 2021-22	14
138	Osmania College, Kurnool	2007-08 to 2021-22	15
139	Adoni Arts and Science College, Adoni	2013-14 to 2021-22	9
140	STBC College Kurnool	1995-96 to 2021-22	27
141	Neelam Sanjeeva Reddy Arts & Science College, Velgode, Kurnool	2020-21 & 2021-22	2
142	SV Arts, Commerce & Science College Chagalmarri, Kurnool Dist.	2016-17 to 2021-22	6
143	Sri Ankala Reddy Memorial College of Education, Allagadda, Kurnool(Dist)	2015-16, 2018-19 to 2021- 22	5
144	Sri Ramakrishna Degree College, Nandyal,	2008-09 to 2021-22	14

	Kurnool(Dist)		
145	Sri Balasiva Yogendra Maharaja degree College, Kurnool	2007-08 to 2021-22	15
146	Islamiah College, Kurnool	2001-02 to 2021-22	21
147	SDGS College, Hindupur, Ananthapur	2009-10 to 2021-22	13
148	Sri Sai Baba National Degree College, Ananthapur	2020-21 & 2021-22	2
149	SSGS (Aided) Degree College, Guntkal Ananthapur	2020-21 & 2021-22	2
150	SMVM Polytechnic College, Tanuku (WG Dt.)	2018-19 to 2020-21	3
151	Ideal Junior College, Kakinada	2020-21 & 2021-22	2
152	Siddhartha Junior College, Vijayawada	2020-21 & 2021-22	2
153	LDG Aided Junior College, Dharmapuri, Vizianagaram	2013-14 to 2021-22	9
154	Sri Ram Aided Junior College, Garividi, Vizianagaram (Dt)	2014-15 to 2021-22	8
155	Veerawasaram Educational Committee Junior College, Veerwasaram W.G Dist.	2013-14 to 2021-22	9
156	Smt. Kondepoti Sarojani Devi Mahila Kalasala, Tanuku W.G Dist.	2020-21 & 2021-22	2
157	Gollu Venkanna Mahila Junior College, Bhimavaram W.G Dist.	2013-14 to 2021-22	9
158	D.R Goenka Womens Junior College, Tadepalligudem, W.G Dist.	2013-14 to 2021-22	9
159	Smt. Panna Devi Vahini Theosophical Junior College, Eluru	2013-14 to 2021-22	9
160	SRYSP Junior College, Challapalli Krishna Dist.	2013-14 to 2021-22	9
161	GA & K Abhyudaya Junior College, Vijayawada	2013-14 to 2021-22	9
162	SCS Junior College, Kanumolu, Hanuman Junction.	2013-14 to 2021-22	9
163	BHH Girls Junior College, Brodipet Guntur	2013-14 to 2021-22	9
164	Kommineni Seshaiyah Junior College, ponnur Guntur Dist	2013-14 to 2021-22	9
165	Mahaveer Memorial Junior College, R Agraharam, Guntur	2013-14 to 2021-22	9
166	Sri Malam Subaya & NagaLakshmana Junior College, Prathipadu Guntur Dist.	2013-14 to 2021-22	9
167	Gunturu Chelamayeea Sadu Subramaniyam Junior College, Sangadiguda Guntur	2013-14 to 2021-22	9
168	St. Mary's Junior College, Kurnool	2012-13 to 2021-22	10
169	Zilla Grandhalaya Samstha, Srikakulam	2018-19 to 2021-22	4
170	Zilla Grandhalaya Samstha, Vizianagaram	2019-20 to 2021-22	3
171	Zilla Grandhalaya Samstha, Viskhapatnam	2020-21 & 2021-22	2
172	Zilla Grandhalaya Samstha, Kakinada E.G	2014-15 to 2021-22	8
173	Zilla Grandhalaya Samstha, Eluru W.G	2014-15 to 2021-22	8
174	Zilla Grandhalaya Samstha, Machlipatnam, Krishna Dist	2015-16 to 2021-22	7
175	Zilla Grandhalaya Samstha, Guntur	2014-15, 2018-19 to 2021-22	5
176	Zilla Grandhalaya Samstha, Ongole Prakasam	2015-16 to 2021-22	7
177	Zilla Grandhalaya Samstha, Nellore	2020-21 & 2021-22	2
178	Zilla Grandhalaya Samstha, Chittor	2018-19 to 2021-22	4
179	Zilla Grandhalaya Samstha, Kadapa	2014-15 to 2021-22	8

180	Zilla Grandhalaya Samstha, Kurnool	2020-21 & 2021-22	2
181	Zilla Grandhalaya Samstha, Ananthapur	2020-21 & 2021-22	2
182	Zilla Grandhalaya Samstha, Srikakulam	2018-19 to 2021-22	4
183	Sri Venkateswara Vedic University, Tirupati	2008-09 to 2021-22	14
184	JMJ College for Women, Tenali	2020-21	1
185	Zilla Saksharatha Samithi, Anantapur	1997-98 to 2009-10, 2016-17 & 2017-18, 2020-21 & 2021-22	17
186	Zilla Saksharatha Samithi, Chittoor	2018-19 to 2021-22	4
187	Zilla Saksharatha Samithi, Kakinada	2017-18 to 2021-22	5
188	Zilla Saksharatha Samithi, Guntur	2006-07 to 2021-22	16
189	Zilla Saksharatha Samithi, Kadapa	2001-01 to 2009-10, 2018-19 to 2021-22	13
190	Zilla Saksharatha Samithi, Machilipatnam	2013-14 to 2021-22	9
191	Zilla Saksharatha Samithi, Kurnool	2018-19 to 2021-22	4
192	Zilla Saksharatha Samithi, Nellore	1998-99 to 2009-10, 2018-19 to 2021-22	16
193	Zilla Saksharatha Samithi, Ongole	2018-19 to 2021-22	4
194	Zilla Saksharatha Samithi, Srikakulam	2001-02 to 2005-06, 2018-19 to 2021-22	9
195	Zilla Saksharatha Samithi, Visakhapatnam	2001-02 to 2021-22	21
196	Zilla Saksharatha Samithi, Vizianagaram	2001-02 to 2021-22	21
197	Zilla Saksharatha Samithi, West Godavari	2018-19 to 2021-22	4

Appendix 4.4
Statement of PSUs whose accounts have not been received
(Refer Para 4.12, Page 108)

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
Power Sector PSUs					
1	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	21-10-1969	2020-21	2021-22	1
2	Andhra Pradesh Power Generation Corporation Limited	29-12-1998	2021-22	Nil	0
3	Transmission Corporation of Andhra Pradesh Limited	29-12-1998	2020-21	2021-22	1
4	Eastern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2021-22	Nil	0
5	Southern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2021-22	Nil	0
6	Andhra Pradesh Tribal Power Company Limited	05-07-2002	2016-17	2017-18 to 2021-22	5
7	Andhra Pradesh Power Development Company Limited	01-03-2006	2021-22	Nil	0
8	Energy University of Andhra Pradesh	16-06-2016	FN	2016-17 to 2021-22	6
9	Andhra Pradesh State Energy Efficiency Development Corporation Limited	30-08-2016	2020-21	2021-22	1
10	Andhra Pradesh Central Power Distribution Corporation Limited	24-12-2019	2021-22	Nil	0
11	AP Rural Agriculture Power Limited	03-03-2020	2020-21	2021-22	1
Non-Power Sector PSUs					
12	Andhra Pradesh State Financial Corporation	01-11-1956	2021-22	Nil	0
13	Andhra Pradesh State Road Transport Corporation	11-01-1958	2018-19	2019-20 to 2021-22	3
14	Andhra Pradesh State Warehousing Corporation	05-08-1958	2014-15 (10 months)	2015-16 to 2021-22	7

15	Andhra Pradesh Industrial Development Corporation Limited	16-12-1960	2013-14	2014-15 2021-22	to	8
16	Andhra Pradesh Mineral Development Corporation Limited	24-02-1961	2016-17	2017-18 2021-22	to	5
17	Andhra Pradesh State Agro Industries Development Corporation Limited	05-03-1968	2020-21	2021-22		1
18	Andhra Pradesh Trade Promotion Corporation Limited	05-06-1970	2016-17	2017-18 2021-22	to	5
19	Andhra Pradesh State Police Housing Corporation Limited	29-05-1971	2018-19	2019-20 2021-22	to	3
20	Andhra Pradesh Industrial Infrastructure Corporation Limited	26-09-1973	2020-21	2021-22		1
21	Leather Industries Development Corporation of Andhra Pradesh	04-10-1973	2016-17	2017-18 2021-22	to	5
22	Andhra Pradesh State Irrigation Development Corporation Limited	07-09-1974	2020-21	2021-22		1
23	Andhra Pradesh State Civil Supplies Corporation Limited	31-12-1974	2020-21	2021-22		1
24	Andhra Pradesh Forest Development Corporation Limited	16-06-1975	2015-16	2016-17 2021-22	to	6
25	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	10-10-1975	2021-22	Nil		0
26	Andhra Pradesh Tourism Development Corporation Limited	18-02-1976	2019-20	2020-21 2021-22	and	2
27	Andhra Pradesh State Seeds Development Corporation Limited	26-03-1976	2021-22	Nil		0
28	Andhra Pradesh Heavy Machinery and Engineering Limited	01-09-1976	2021-22	Nil		0
29	Andhra Pradesh State Housing Corporation Limited	05-07-1979	2013-14 (14 months)	2014-15 2021-22	to	8

30	Andhra Pradesh Handicrafts Development Corporation Limited	10-11-1981	2013-14	2014-15 2021-22	to	8
31	Andhra Pradesh Technology Services Limited	17-01-1985	2019-20	2020-21 2021-22	and	2
32	Andhra Pradesh State Minorities Finance Corporation Limited	19-01-1985	2020-21	2021-22		1
33	Andhra Pradesh Beverages Corporation Limited	23-07-1986	2015-16	2016-17 2021-22	to	6
34	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	12-01-1993	2020-21	2021-22		1
35	Andhra Pradesh Power Finance Corporation Limited	12-07-2000	2021-22	Nil		0
36	Vizag Apparel Park For Export	31-03-2004	2017-18	2018-19 2021-22	to	4
37	Infrastructure Corporation of Andhra Pradesh Limited	31-05-2005	2019-20	2020-21 2021-22	and	2
38	Overseas Manpower Company Andhra Pradesh Limited	10-01-2006	2019-20	2020-21 2021-22	and	2
39	Andhra Pradesh Aviation Corporation Limited	31-03-2006	FN	2006-07 2021-22	to	16
40	Andhra Pradesh Rajiv Swagruha Corporation Limited	09-08-2007	2014-15 (2 months)	2014-15 (10 months) 2021-22	to	8
41	Krishnapatnam International Leather Complex Private Limited	19-08-2008	2017-18	2018-19 2021-22	to	4
42	Andhra Pradesh Centre for Advanced Research on Livestock Limited	11-11-2008	2018-19	2019-20 2021-22	to	3
43	Ongole Iron Ore Mining Company Private Limited	11-05-2009	2019-20	2020-21 2021-22	and	2
44	Andhra Pradesh Gas Infrastructure Corporation Private Limited	02-09-2009	2019-20	2020-21 2021-22	and	2
45	Andhra Pradesh State Christian (Minorities) Finance Corporation	11-02-2010	2013-14 (14 months)	2014-15 2021-22	to	8

46	Andhra Pradesh Gas Distribution Corporation Limited	10-01-2011	2021-22	Nil		0
47	Visakhapatnam Urban Transport Company Limited	19-01-2012	2016-17	2017-18 2021-22	to	5
48	Vijayawada Urban Transport Company Limited	31-01-2012	FN	2012-13 2021-22	to	10
49	Andhra Pradesh State Skill Development Corporation	07-10-2014	2018-19	2019-20 2021-22	to	3
50	Rythu Sadhikara Samstha	17-10-2014	2017-18	2018-19 2021-22	to	4
51	Andhra Pradesh Brahmin Welfare Corporation	05-12-2014	2018-19	2019-20 2021-22	to	3
52	Andhra Pradesh Mahila Sadhikara Samstha	30-03-2015	2017-18	2018-19 2021-22	to	4
53	Andhra Pradesh Greening and Beautification Corporation	13-04-2015	2020-21	2021-22		1
54	Swachha Andhra Corporation	01-05-2015	2018-19	2019-20 2021-22	to	3
55	Amaravati Development Corporation Limited	21-05-2015	2020-21	2021-22		1
56	Andhra Pradesh Airports Development Corporation Limited	03-08-2015	2017-18	2018-19 2021-22	to	4
57	Andhra Pradesh State Beverages Corporation Limited	12-08-2015	2021-22	Nil		0
58	Andhra Pradesh State Fibernet Limited	12-10-2015	2017-18	2018-19 2021-22	to	4
59	Andhra Pradesh Metro Rail Corporation Limited	29-10-2015	2021-22	Nil		0
60	Andhra Pradesh State Kapu Welfare and Development Corporation Limited	04-11-2015	2016-17	2017-18 2021-22	to	5
61	Prakasam National Investment & Manufacturing Zone Limited	22-01-2016	FN	2016-17 2021-22	to	6
62	Kakinada Smart City Corporation Limited	07-03-2016	2020-21	2021-22		1
63	Greater Visakhapatnam Smart City Corporation Limited	11-03-2016	2019-20	2020-21 2021-22	and	2

64	Andhra Pradesh Medtech Zone Limited	30-04-2016	2017-18	2018-19 2021-22	to	4
65	APIIC Food Park (Krishna District) Limited	06-06-2016	FN	2016-17 2021-22	to	6
66	AP Towers Limited	05-07-2016	2017-18	2018-19 2021-22	to	4
67	Andhra Pradesh Township and Infrastructure Development Corporation Limited	04-08-2016	2020-21	2021-22		1
68	Atchutapuram Effluent Treatment Limited	09-08-2016	2019-20	2020-21 2021-22	and	2
69	Godavari Gas Private Limited	27-09-2016	2021-22	Nil		0
70	Andhra Pradesh Center for Financial System & Services	08-11-2016	2020-21	2021-22		1
71	Eluru Smart City Corporation Limited	17-03-2017	FN	2017-18 2021-22	to	5
72	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited	28-03-2017	FN	2017-18 2021-22	to	5
73	Ongole Smart City Corporation Limited	07-04-2017	FN	2017-18 2021-22	to	5
74	Bhavani Island Tourism Corporation Limited	19-04-2017	FN	2020-21 2021-22	and	2
75	Andhra Pradesh Most Backward classes welfare and development corporation	31-07-2017	FN	2017-18 2021-22	to	5
76	Andhra Pradesh Drinking Water Supply Corporation Limited	10-11-2017	FN	2017-18 2021-22	to	5
77	Amaravati Smart & Sustainable City Corporation Limited	21-11-2017	2020-21	2021-22		1
78	Andhra Pradesh State Mega Seeds Park Limited	13-04-2018	FN	2018-19 2021-22	to	4
79	AIC-AMTZ Medi Valley Incubation Council	29-06-2018	2020-21	2021-22		1
80	Andhra Pradesh MSME Development Corporation	16-07-2018	2018-19	2019-20 2021-22	to	3
81	NICDIT Krishnapatnam Industrial City Development Limited	07-08-2018	2020-21	2021-22		1

82	Visakhapatnam Industrial Node Development Corporation Limited	04-09-2018	FN	2018-19 2021-22	to	4
83	Chittoor Industrial Node Development Corporation Limited	10-10-2018	FN	2018-19 2021-22	to	4
84	Bio Valley Incubation Council	22-10-2018	2020-21	2021-22		1
85	AP Drones Corporation Private Limited	12-11-2018	FN	2018-19 2021-22	to	4
86	Andhra Pradesh Digital Corporation Limited	29-11-2018	2019-20	2020-21 2021-22	and	2
87	Foundation for Leadership, Excellence and Governance	03-12-2018	2019-20	2020-21 2021-22	and	2
88	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	07-01-2019	2020-21	2021-22		1
89	Andhra Pradesh State Economically Backward classes welfare and development corporation	10-04-2019	FN	2019-20 2021-22	to	3
90	YSR Steel Corporation Limited	21-11-2019	2019-20	2020-21 2021-22	and	2
91	Andhra Pradesh Environment Management Corporation Limited	13-01-2020	FN	2020-21 2021-22	and	2
92	Andhra Pradesh State Financial Services Corporation Limited	04-04-2020	2020-21	2021-22		1
93	Andhra Pradesh General Insurance Corporation Limited	07-06-2020	FN	2020-21 2021-22	and	2
94	Andhra Pradesh State Development Corporation limited	05-09-2020	2020-21	2021-22		1
95	Andhra Pradesh Medical Education and Research Corporation Limited	24-02-2021	FN	2021-22		1
96	Andhra Pradesh Farmers E-Vikraya Corporation Limited	18-06-2021	FN	2021-22		1
97	Kadapa Steel Corporation	22-07-2021	FN	2021-22		1
Total						283

Appendix 4.5
List of Companies which are reflected in Statement 19 of Finance Accounts

(Refer paragraph 4.12; page 109)

PSU	As per Accounts of PSUs		As per Finance Accounts of the State Government		Difference in Equity	Difference in Loans
	Investment made by State Government	Outstanding Loans (Given by State Government)	Investment made by State Government	Outstanding Loans (Given by State Government)		
	(1)	(2)	(3)	(4)	(3)-(1)	(4)-(2)
Andhra Pradesh Power Development Company Limited	100	0	99.90	0	-0.1	0
Andhra Pradesh Power Generation Corporation Limited	2106.80	0	2106.80	0	0	0
Andhra Pradesh State Film Television & Theatre Development Corporation Limited	3.63	0	6.45	44.27	2.82	44.27
Andhra Pradesh Power Finance Corporation Limited	348.37	0	27	0	-321.37	0
AP State Seed Development Corporation	1.56	77.93	0.92	0	-0.64	-77.93
Andhra Pradesh State Financial Corporation	206.99	0	58.47	0	-148.52	0
Total	2,767.35	77.93	2,299.54	44.27	-467.81	-33.66

Appendix-5.1

Statement showing list of Public Sector Undertakings (PSUs) of Andhra Pradesh under audit jurisdiction of CAG and status of their annual accounts as on 30 September 2022

(Refer Paragraph 5.2, 5.5.8,5.6.2.2 pages 118,119,130 and 132)

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
Power Sector PSUs					
1	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	21-10-1969	2020-21	2021-22	1
2	Andhra Pradesh Power Generation Corporation Limited	29-12-1998	2021-22	Nil	0
3	Transmission Corporation of Andhra Pradesh Limited	29-12-1998	2020-21	2021-22	1
4	Eastern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2021-22	Nil	0
5	Southern Power Distribution Company of Andhra Pradesh Limited	30-03-2000	2021-22	Nil	0
6	Andhra Pradesh Tribal Power Company Limited	05-07-2002	2016-17	2017-18 to 2021-22	5
7	Andhra Pradesh Power Development Company Limited	01-03-2006	2021-22	Nil	0
8	Energy University of Andhra Pradesh	16-06-2016	FN	2016-17 to 2021-22	6
9	Andhra Pradesh State Energy Efficiency Development Corporation Limited	30-08-2016	2020-21	2021-22	1
10	Andhra Pradesh Central Power Distribution Corporation Limited	24-12-2019	2021-22	Nil	0
11	AP Rural Agriculture Power Limited	03-03-2020	2020-21	2021-22	1
Non-Power Sector PSUs					
12	Andhra Pradesh State Financial Corporation	01-11-1956	2021-22	Nil	0
13	Andhra Pradesh State Road Transport Corporation	11-01-1958	2018-19	2019-20 to 2021-22	3
14	Andhra Pradesh State Warehousing Corporation	05-08-1958	2014-15 (10 months)	2015-16 to 2021-22	7
15	Andhra Pradesh Industrial Development Corporation Limited	16-12-1960	2013-14	2014-15 to 2021-22	8
16	Andhra Pradesh Mineral Development Corporation Limited	24-02-1961	2016-17	2017-18 to 2021-22	5
17	Andhra Pradesh State Agro Industries Development Corporation Limited	05-03-1968	2020-21	2021-22	1
18	Andhra Pradesh Trade Promotion Corporation Limited	05-06-1970	2016-17	2017-18 to 2021-22	5
19	Andhra Pradesh State Police Housing Corporation Limited	29-05-1971	2018-19	2019-20 to 2021-22	3

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
20	Andhra Pradesh Industrial Infrastructure Corporation Limited	26-09-1973	2020-21	2021-22	1
21	Leather Industries Development Corporation of Andhra Pradesh	04-10-1973	2016-17	2017-18 to 2021-22	5
22	Andhra Pradesh State Irrigation Development Corporation Limited	07-09-1974	2020-21	2021-22	1
23	Andhra Pradesh State Civil Supplies Corporation Limited	31-12-1974	2020-21	2021-22	1
24	Andhra Pradesh Forest Development Corporation Limited	16-06-1975	2015-16	2016-17 to 2021-22	6
25	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	10-10-1975	2021-22	Nil	0
26	Andhra Pradesh Tourism Development Corporation Limited	18-02-1976	2019-20	2020-21 and 2021-22	2
27	Andhra Pradesh State Seeds Development Corporation Limited	26-03-1976	2021-22	Nil	0
28	Andhra Pradesh Heavy Machinery and Engineering Limited	01-09-1976	2021-22	Nil	0
29	Andhra Pradesh State Housing Corporation Limited	05-07-1979	2013-14 (14 months)	2014-15 to 2021-22	8
30	Andhra Pradesh Handicrafts Development Corporation Limited	10-11-1981	2013-14	2014-15 to 2021-22	8
31	Andhra Pradesh Technology Services Limited	17-01-1985	2019-20	2020-21 and 2021-22	2
32	Andhra Pradesh State Minorities Finance Corporation Limited	19-01-1985	2020-21	2021-22	1
33	Andhra Pradesh Beverages Corporation Limited	23-07-1986	2015-16	2016-17 to 2021-22	6
34	Andhra Pradesh Urban Finance Infrastructure Development Corporation Limited	12-01-1993	2020-21	2021-22	1
35	Andhra Pradesh Power Finance Corporation Limited	12-07-2000	2021-22	Nil	0
36	Vizag Apparel Park For Export	31-03-2004	2017-18	2018-19 to 2021-22	4
37	Infrastructure Corporation of Andhra Pradesh Limited	31-05-2005	2019-20	2020-21 and 2021-22	2
38	Overseas Manpower Company Andhra Pradesh Limited	10-01-2006	2019-20	2020-21 and 2021-22	2
39	Andhra Pradesh Aviation Corporation Limited	31-03-2006	FN	2006-07 to 2021-22	16
40	Andhra Pradesh Rajiv Swagruha Corporation Limited	09-08-2007	2014-15 (2 months)	2014-15 (10 months) to 2021-22	8
41	Krishnapatnam International Leather Complex Private Limited	19-08-2008	2017-18	2018-19 to 2021-22	4
42	Andhra Pradesh Centre for Advanced Research on Livestock Limited	11-11-2008	2018-19	2019-20 to 2021-22	3
43	Ongole Iron Ore Mining Company Private Limited	11-05-2009	2019-20	2020-21 and 2021-22	2

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
44	Andhra Pradesh Gas Infrastructure Corporation Private Limited	02-09-2009	2019-20	2020-21 and 2021-22	2
45	Andhra Pradesh State Christian (Minorities) Finance Corporation	11-02-2010	2013-14 (14 months)	2014-15 to 2021-22	8
46	Andhra Pradesh Gas Distribution Corporation Limited	10-01-2011	2021-22	Nil	0
47	Visakhapatnam Urban Transport Company Limited	19-01-2012	2016-17	2017-18 to 2021-22	5
48	Vijayawada Urban Transport Company Limited	31-01-2012	FN	2012-13 to 2021-22	10
49	Andhra Pradesh State Skill Development Corporation	07-10-2014	2018-19	2019-20 to 2021-22	3
50	Rythu Sadhikara Samstha	17-10-2014	2017-18	2018-19 to 2021-22	4
51	Andhra Pradesh Brahmin Welfare Corporation	05-12-2014	2018-19	2019-20 to 2021-22	3
52	Andhra Pradesh Mahila Sadhikara Samstha	30-03-2015	2017-18	2018-19 to 2021-22	4
53	Andhra Pradesh Greening and Beautification Corporation	13-04-2015	2020-21	2021-22	1
54	Swachha Andhra Corporation	01-05-2015	2018-19	2019-20 to 2021-22	3
55	Amaravati Development Corporation Limited	21-05-2015	2020-21	2021-22	1
56	Andhra Pradesh Airports Development Corporation Limited	03-08-2015	2017-18	2018-19 to 2021-22	4
57	Andhra Pradesh State Beverages Corporation Limited	12-08-2015	2021-22	Nil	0
58	Andhra Pradesh State Fibernet Limited	12-10-2015	2017-18	2018-19 to 2021-22	4
59	Andhra Pradesh Metro Rail Corporation Limited	29-10-2015	2021-22	Nil	0
60	Andhra Pradesh State Kapu Welfare and Development Corporation Limited	04-11-2015	2016-17	2017-18 to 2021-22	5
61	Prakasam National Investment & Manufacturing Zone Limited	22-01-2016	FN	2016-17 to 2021-22	6
62	Kakinada Smart City Corporation Limited	07-03-2016	2020-21	2021-22	1
63	Greater Visakhapatnam Smart City Corporation Limited	11-03-2016	2019-20	2020-21 and 2021-22	2
64	Andhra Pradesh Medtech Zone Limited	30-04-2016	2017-18	2018-19 to 2021-22	4
65	APIIC Food Park (Krishna District) Limited	06-06-2016	FN	2016-17 to 2021-22	6
66	AP Towers Limited	05-07-2016	2017-18	2018-19 to 2021-22	4
67	Andhra Pradesh Township and Infrastructure Development Corporation Limited	04-08-2016	2020-21	2021-22	1
68	Atchutapuram Effluent Treatment	09-08-2016	2019-20	2020-21 and	2

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
	Limited			2021-22	
69	Godavari Gas Private Limited	27-09-2016	2021-22	Nil	0
70	Andhra Pradesh Center for Financial System & Services	08-11-2016	2020-21	2021-22	1
71	Eluru Smart City Corporation Limited	17-03-2017	FN	2017-18 to 2021-22	5
72	Andhra Pradesh Economic Cities Promotion and Development Corporation Limited	28-03-2017	FN	2017-18 to 2021-22	5
73	Ongole Smart City Corporation Limited	07-04-2017	FN	2017-18 to 2021-22	5
74	Bhavani Island Tourism Corporation Limited	19-04-2017	FN	2020-21 and 2021-22	2
75	Andhra Pradesh Most Backward classes welfare and development corporation	31-07-2017	FN	2017-18 to 2021-22	5
76	Andhra Pradesh Drinking Water Supply Corporation Limited	10-11-2017	FN	2017-18 to 2021-22	5
77	Amaravati Smart & Sustainable City Corporation Limited	21-11-2017	2020-21	2021-22	1
78	Andhra Pradesh State Mega Seeds Park Limited	13-04-2018	FN	2018-19 to 2021-22	4
79	AIC-AMTZ Medi Valley Incubation Council	29-06-2018	2020-21	2021-22	1
80	Andhra Pradesh MSME Development Corporation	16-07-2018	2018-19	2019-20 to 2021-22	3
81	NICDIT Krishnapatnam Industrial City Development Limited	07-08-2018	2020-21	2021-22	1
82	Visakhapatnam Industrial Node Development Corporation Limited	04-09-2018	FN	2018-19 to 2021-22	4
83	Chittoor Industrial Node Development Corporation Limited	10-10-2018	FN	2018-19 to 2021-22	4
84	Bio Valley Incubation Council	22-10-2018	2020-21	2021-22	1
85	AP Drones Corporation Private Limited	12-11-2018	FN	2018-19 to 2021-22	4
86	Andhra Pradesh Digital Corporation Limited	29-11-2018	2019-20	2020-21 and 2021-22	2
87	Foundation for Leadership, Excellence and Governance	03-12-2018	2019-20	2020-21 and 2021-22	2
88	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	07-01-2019	2020-21	2021-22	1
89	Andhra Pradesh State Economically Backward classes welfare and development corporation	10-04-2019	FN	2019-20 to 2021-22	3
90	YSR Steel Corporation Limited	21-11-2019	2019-20	2020-21 and 2021-22	2
91	Andhra Pradesh Environment Management Corporation Limited	13-01-2020	FN	2020-21 and 2021-22	2
92	Andhra Pradesh State Financial	04-04-2020	2020-21	2021-22	1

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
	Services Corporation Limited				
93	Andhra Pradesh General Insurance Corporation Limited	07-06-2020	FN	2020-21 and 2021-22	2
94	Andhra Pradesh State Development Corporation limited	05-09-2020	2020-21	2021-22	1
95	Andhra Pradesh Medical Education and Research Corporation Limited	24-02-2021	FN	2021-22	1
96	Andhra Pradesh Farmers E-Vikraya Corporation Limited	18-06-2021	FN	2021-22	1
97	Kadapa Steel Corporation	22-07-2021	FN	2021-22	1
	Inactive PSUs				
98	Andhra Pradesh Fisheries Corporation Limited	07-05-1974	2002-03	2003-04 to 2021-22	19
99	A.P Small Scale Industrial Development Corporation Limited	01-03-1961	2001-02	2002-03 to 2021-22	20
100	Andhra Pradesh Essential Commodities Corporation Limited	21-04-1981	2020-21	2021-22	1
101	Proddutur Milk Foods Limited	23-10-1978	1983-84	1984-85 to 2021-22	38
102	Andhra Pradesh Dairy Development Corporation Limited	07-02-1974	2013-14	2014-15 to 2021-22	8
103	Andhra Pradesh Meat Development Corporation Limited	31-10-1977	2014-15 (10M) Revised	2015-16 to 2021-22	7
104	Andhra Pradesh Electronics Development Corporation Limited	28-11-1980	2002-03	2003-04 to 2021-22	19
105	Apronix Communications Limited	27-02-1984	NA*	NA*	--
106	Hyderabad Chemicals and Fertilizers Limited	30-09-1942	1984-85	1985-86 to 2021-22	37
107	Andhra Pradesh Automobile Tyres & Tubes Limited	20-07-1972	1992-93	1993-94 to 2021-22	29
108	Golkonda Abrasives Limited	26-08-1976	1997-98	1998-99 to 2021-22	24
109	Allwyn Auto Limited	31-05-1993	1994-95	1995-96 to 2021-22	27
110	Allwyn Watches Limited	19-03-1993	1998-99	1999-00 to 2021-22	23
111	Andhra Pradesh Steels Limited	16-11-1973	1992-93	1993-94 to 2021-22	29
112	Marine and Communication Electronics (India) Limited	29-08-1977	1992-93	1993-94 to 2021-22	29
113	Republic Forge Company Limited	15-04-1957	1991-92	1992-93 to 2021-22	30
114	Krishi Engineering Limited	24-10-1960	1984-85	1985-86 to 2021-22	37
115	PJ Chemicals Limited	14-05-1979	1989-90	1990-91 to 2021-22	32

Sl No.	Name of the PSUs	Date of Incorporation	Accounts finalized upto	Year for which accounts were not finalised/ received	Number of Accounts in arrears
116	Vidyut Steels Limited	01-01-1994	1985-86	1986-87 to 2021-22	36
117	ABC NEXT (India) Private Limited	03-03-2017	2018-19	2019-20 to 2021-22	3
118	Rayalaseema Steel Corporation Limited	24-12-2018	2018-19	2019-20 to 2021-22	3

FN: First Accounts not received.

NA: Not applicable

Note 1: PSUs at Sl.No.62,63 & 77 are Government Controlled Other Companies.

Note 2: PSUs at Sl.No. 75,89,91,95 to 97 came under the purview of CAG during 2021-22.

Note 3: PSUs at Sl.No.109 to 116 of Inactive PSUs of Non-Power Sector are under liquidation.

Appendix-5.2

Statement showing list of PSUs having negative Net Worth as on 31 March 2022

(Refer Para 5.5.3, page 127)

	Name of the State PSU	Latest year of finalised accounts	Total Paid up Capital	Net Profit (+)/ Loss(-)	Accumulated losses	Net Worth	Equity by SG	Outstanding Loans given by SG
1	2	3	4	5	6	7	8	9
1	Andhra Pradesh Rajiv Swagruha Corporation Limited	2014-15 (up to 01.06.2014)	0.05	-10.97	62.5	-62.45	0.05	0
2	Amaravati Development Corporation Limited	2020-21	100	-7.15	121.48	-21.48	100	0
3	Andhra Pradesh Metro Rail Corporation Limited	2021-22	5	0.6	11.81	-6.81	5	0
4	Andhra Pradesh Urban Finance Infrastructure Development Corporation Ltd	2020-21	0.15	0	0.17	-0.02	0.15	0
5	Andhra Pradesh Centre for Advanced Research on Livestock Limited	2018-19	0.01	-0.84	2.56	-2.55	0.01	0
6	AP Rural Agriculture Power Limited	2020-21	0.1	-0.54	0.54	-0.44	0.1	0
7	Andhra Pradesh Power Development Company Limited	2021-22	2068.28	-532.81	2636.1	-567.82	100	0
8	Andhra Pradesh Central Power Distribution Corporation Limited	2021-22	0.1	-800.86	9407.08	-9406.98	0.1	0
9	Eastern Power Distribution Company of Andhra Pradesh Limited	2021-22	121.23	396.78	7257.64	-7136.41	121.23	0
10	Southern Power Distribution Company of Andhra Pradesh Limited	2021-22	358.72	-2054.24	13814.82	-13456.1	358.72	9.48
11	Leather Industries Development Corporation of Andhra Pradesh	2016-17	2.27	-1.93	53.78	-51.51	2.27	2.99
12	Andhra Pradesh Medtech Zone Limited	2017-18	0.01	-1.42	1.89	-1.88	0.01	0
13	Krishnapatnam International Leather Complex Private Limited	2017-18	0.1	-0.61	6.05	-5.95	0	0
14	AIC-AMTZ Medi Valley Incubation Council	2020-21	0.01	0.45	0.45	-0.44	0	0
15	Bio Valley Incubation Council	2020-21	0	-0.75	3.04	-3.04	0	0
16	Ongole Iron Ore Mining Company Private Ltd.	2019-20	0.11	-0.06	0.53	-0.42	0	0

	Name of the State PSU	Latest year of finalised accounts	Total Paid up Capital	Net Profit (+)/ Loss(-)	Accumulated losses	Net Worth	Equity by SG	Outstanding Loans given by SG
17	YSR Steel Corporation Limited	2019-20	0.1	-2.32	2.32	-2.22	0.1	46.66
18	Andhra Pradesh State Fibernet Limited	2017-18	7	-86.12	101.51	-92.51	7	0
19	Andhra Pradesh Digital Corporation Limited	2019-20	0.01	-1.19	1.52	-1.51	0	0
20	Andhra Pradesh Gas Infrastructure Corporation Private Limited	2019-20	55.44	-15.4	136.73	-81.29	0	0
21	Andhra Pradesh Center for Financial System and Services	2020-21	4.9	-12.3	21.82	-16.92	4.9	39.48
22	Andhra Pradesh State Development Corporation limited	2020-21	5.47	-16681.9	16681.93	-16676.46	5.47	0
23	Foundation for Leadership, Excellence and Governance	2019-20	0.01	-3.06	3.49	-3.48	0.01	0
24	Andhra Pradesh State Road Transport Corporation	2018-19	115.15	-961.28	6925.5	-6810.35	79.54	1049.44
25	Andhra Pradesh MSME Development Corporation	2018-19	0.01	-0.01	0.01	0.00	0.01	0.00
			2844.23		57255.27	(-) 54409.04	784.67	1148.05

Appendix-5.3

Details of Return on Capital Employed (ROCE) of State PSUs for the three years ended
31 March 2022

(Refer Para 5.5.5, page 127)

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
1	Andhra Pradesh State Financial Corporation	232.42	1004.33	23.14	162.85	1201.96	13.55	183.55	1449.41	12.66
2	Andhra Pradesh State Warehousing Corporation	42.00	72.78	57.71	26.45	123.75	21.37	25.38	124.06	20.46
3	Andhra Pradesh Industrial Development Corporation Limited	11.64	206.20	5.65	8.88	172.57	5.15	8.04	180.46	4.46
4	Andhra Pradesh Mineral Development Corporation Limited	487.67	1871.07	26.06	140.27	2363.46	5.93	628.02	2197.37	28.58
5	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	-23.13	49.95	-46.31	-19.02	76.28	-24.93	4.26	92.09	4.63
6	Andhra Pradesh State Irrigation Development Corporation Limited	-56.40	-7.16	--	-9.44	106.08	-8.90	-1.59	106.08	-1.50
7	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	0.30	4.92	6.10	0.22	4.83	4.55	0.20	4.86	4.12
8	Andhra Pradesh Tourism Development Corporation Limited	15.95	29.66	53.78	-2.94	14.56	-20.19	3.12	20.73	15.05
9	Andhra Pradesh State	26.29	112.00	23.47	13.88	97.96	14.17	20.04	93.63	21.40

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
	Seeds Development Corporation Limited									
10	Andhra Pradesh Heavy Machinery and Engineering Limited	-3.32	40.34	-8.23	-6.37	43.10	-14.78	-3.26	50.61	-6.44
11	Andhra Pradesh Handicrafts Development Corporation Limited	0.95	12.61	7.53	-3.57	11.17	-31.96	2.32	14.74	15.74
12	Andhra Pradesh Technology Services Limited	8.78	91.18	9.63	22.18	84.94	26.11	11.07	66.81	16.57
13	Andhra Pradesh State Minorities Finance Corporation Limited	0.35	100.51	0.35	3.46	73.27	4.72	2.20	69.81	3.15
14	Andhra Pradesh Power Generation Corporation Limited	2255.10	20481.80	11.01	2686.39	21206.92	12.67	3619.10	37378.81	9.68
15	Transmission Corporation of Andhra Pradesh Limited	780.59	10785.91	7.24	765.23	7943.04	9.63	675.97	7938.74	8.51
16	Eastern Power Distribution Company of Andhra Pradesh Limited	1340.62	818.95	163.70	674.61	-1311.86	-51.42	444.93	-3249.59	-13.69
17	Southern Power Distribution Company of Andhra Pradesh Limited	-1134.38	2184.43	-51.93	963.15	99.45	968.48	1308.14	-6459.22	-20.25
18	Andhra Pradesh Power Finance	1541.90	12189.35	12.65	1212.54	9883.78	12.27	82.86	5308.71	1.56

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
	Corporation Limited									
19	Overseas Manpower Company Andhra Pradesh Limited	3.02	8.14	37.10	0.27	5.91	4.57	0.46	4.74	9.70
20	Andhra Pradesh Power Development Company Limited	457.54	16837.66	2.72	1143.77	17426.31	6.56	840.07	17006.11	4.94
21	Andhra Pradesh Gas Distribution Corporation Limited	-0.98	225.26	-0.44	11.02	231.86	4.75	-2.68	335.99	-0.80
22	Andhra Pradesh State Skill Development Corporation	-8.74	182.23	-4.80	-2.53	190.97	-1.32	-79.54	193.50	-41.11
23	Amaravati Development Corporation Limited	-3.02	-24.50	--	-7.17	-21.48	--	-25.14	-14.33	--
24	Andhra Pradesh State Beverages Corporation Limited	219.66	146.47	149.97	91.22	43.05	211.89	5.90	47.35	12.46
25	Andhra Pradesh State Fibernet Limited	29.38	187.86	15.64	20.70	198.71	10.42	-78.52	23.59	- 332.85
26	Andhra Pradesh Metro Rail Corporation Limited	0.60	-6.81	-8.81	-6.64	-7.42	--	-0.16	-0.77	--
27	Andhra Pradesh Township and Infrastructure Development Corporation Limited	565.65	5757.22	9.83	543.40	6204.58	8.76	404.55	5263.88	7.69
28	Godavari Gas Private Limited	5.48	252.99	2.17	-1.00	216.19	-0.46	-0.46	164.11	-0.28
29	Foundation for Leadership, Excellence	-0.48	-4.92	--	-0.96	0.01	- 9600.00	-3.06	-3.48	--

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (per cent)
	and Governance									
30	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	0.90	21.00	4.29	-0.36	8.07	-4.46	-0.08	0.42	-19.05
31	YSR Steel Corporation Limited	-5.44	84.79	-6.42	-1.82	34.14	-5.33	-2.32	-2.22	--
32	Andhra Pradesh Central Power Distribution Corporation Limited	73.05	-1607.86	-4.54	669.33	-3896.60	-17.18	0.00	0.10	0.00
33	AP Rural Agriculture Power Limited	-0.51	-0.95	--	-0.54	-0.44	--	--	--	--
34	Andhra Pradesh State Financial Services Corporation Limited	81.16	593.01	13.69	0.08	2.06	3.88	--	--	--
	Total	6944.60	72700.42	9.55	9097.54	62831.18	14.48	8073.37	68407.10	11.80

Appendix-5.4

Statement showing Return on Equity (ROE) of State PSUs for the three years ended 31 March 2022

(Refer Para 5.5.6, page 128)

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
1	Andhra Pradesh State Financial Corporation	206.01	142.56	69.20	206.01	73.57	35.71	206.01	70.08	34.02
2	Andhra Pradesh State Warehousing Corporation	5.23	38.22	730.78	5.23	22.60	432.12	5.23	20.17	385.66
3	Andhra Pradesh Industrial Development Corporation Limited	96.23	11.64	12.10	96.23	8.88	9.23	96.23	8.04	8.35
4	Andhra Pradesh Mineral Development Corporation Limited	6.31	352.12	5580.35	6.31	104.24	1651.98	6.31	463.07	7338.67
5	New and Renewable Energy Development Corporation of Andhra Pradesh Limited	0.22	-23.21	-10550.00	0.22	-15.81	-7186.36	0.22	3.08	1400.00
6	Andhra Pradesh State Irrigation Development Corporation Limited	78.04	-56.40	-72.27	78.04	-9.44	-12.10	78.04	-1.59	-2.04
7	Andhra Pradesh State Film Television & Theatre Development Corporation Limited	3.63	0.09	2.48	3.63	-0.03	-0.83	3.63	-0.08	-2.20
8	Andhra Pradesh Tourism Development Corporation	2.18	15.90	729.36	2.18	-3.24	-148.62	2.18	2.38	109.17

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
	Limited									
9	Andhra Pradesh State Seeds Development Corporation Limited	1.57	19.54	1244.59	1.57	9.78	622.93	1.57	5.92	377.07
10	Andhra Pradesh Heavy Machinery and Engineering Limited	17.27	-2.65	-15.34	17.27	-7.48	-43.31	17.27	-3.14	-18.18
11	Andhra Pradesh Handicrafts Development Corporation Limited	2.00	0.95	47.50	2.00	-3.57	-178.50	2.00	1.68	84.00
12	Andhra Pradesh Technology Services Limited	3.10	6.23	200.97	3.10	18.28	589.68	3.10	8.05	259.68
13	Andhra Pradesh State Minorities Finance Corporation Limited	81.56	0.35	0.43	81.56	3.46	4.24	81.56	2.20	2.70
14	Andhra Pradesh Power Generation Corporation Limited	2106.80	-208.77	-9.91	2106.80	15.81	0.75	2106.80	-289.26	-13.73
15	Transmission Corporation of Andhra Pradesh Limited	454.44	242.82	53.43	454.44	216.42	47.62	454.44	115.03	25.31
16	Eastern Power Distribution Company of Andhra Pradesh Limited	121.23	396.78	327.30	121.23	39.94	32.95	121.23	-152.36	-125.68
17	Southern Power Distribution Company of Andhra	358.72	-2054.24	-572.66	358.72	1.59	0.44	358.72	1.10	0.31

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
	Pradesh Limited									
18	Andhra Pradesh Power Finance Corporation Limited	348.37	149.61	42.95	348.37	36.18	10.39	305.97	3.42	1.12
19	Overseas Manpower Company Andhra Pradesh Limited	0.05	2.23	4460.00	0.05	0.20	400.00	0.05	0.34	680.00
20	Andhra Pradesh Power Development Company Limited	2068.28	-532.81	-25.76	2068.28	-106.92	-5.17	2068.28	-431.26	-20.85
21	Andhra Pradesh Gas Distribution Corporation Limited	236.74	-1.30	-0.55	176.74	-0.71	-0.40	176.74	-4.71	-2.66
22	Andhra Pradesh State Skill Development Corporation	8.37	-8.74	-104.42	8.37	-2.53	-30.23	8.37	-79.54	-950.30
23	Amaravati Development Corporation Limited	100.00	-3.02	-3.02	100.00	-7.15	-7.15	100.00	-25.25	-25.25
24	Andhra Pradesh State Beverages Corporation Limited	0.05	103.42	206840.00	0.05	-4.30	-8600.00	0.05	3.74	7480.00
25	Andhra Pradesh State Fibernet Limited	7.00	-10.84	-154.86	7.00	-26.59	-379.86	7.00	-128.26	-1832.29
26	Andhra Pradesh Metro Rail Corporation Limited	5.00	0.60	12.00	5.00	-6.64	-132.80	5.00	-0.16	-3.20
27	Andhra Pradesh Township and Infrastructure Development Corporation	0.25	-5.40	-2160.00	0.25	1.47	588.00	0.25	-0.25	-100.00

Sl. No.	Name of the PSU	2021-22			2020-21			2019-20		
		Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)	Equity (₹ in crore)	Net Profit/Loss after Tax (₹ in crore)	ROE (per cent)
	Limited									
28	Godavari Gas Private Limited	88.96	-0.26	-0.29	61.83	-4.76	-7.70	61.83	-2.50	-4.04
29	Foundation for Leadership, Excellence and Governance	0.01	-0.48	-4800.00	0.01	-0.96	-9600.00	0.01	-3.06	-30600.00
30	Andhra Pradesh Maritime Infrastructure Development Corporation Limited	0.50	0.90	180.00	0.50	-0.36	-72.00	0.50	-0.08	-16.00
31	YSR Steel Corporation Limited	0.10	-5.44	-5440.00	0.10	-1.82	-1820.00	0.10	-2.32	-2320.00
32	Andhra Pradesh Central Power Distribution Corporation Limited	0.10	-800.86	-800860.00	0.10	2.67	2670.00	0.10	0.00	0.00
33	AP Rural Agriculture Power Limited	0.10	-0.51	-510.00	0.10	-0.54	-540.00	--	--	--
34	Andhra Pradesh State Financial Services Corporation Limited	602.00	-9.05	-1.50	2.00	0.06	3.00	--	--	--
	Total	7010.42	-2240.02	-31.95	6323.29	352.30	5.57	6278.79	-415.52	-6.62

Appendix-5.5**Statement showing list of PSUs where Management Letters were issued****(Refer Para 5.7.1.4, page 138)**

Sl.No.	Name of the PSU	Year of Accounts
1	Andhra Pradesh Power Finance Corporation Limited	2020-21
2	Transmission Corporation of Andhra Pradesh Limited	2020-21
3	Godavari Gas Private Limited	2020-21
4	Andhra Pradesh Green Energy Corporation Limited	2020-21
5	Andhra Pradesh State Civil Supplies Corp. Ltd	2020-21
6	Eastern Power Distribution Company of Andhra Pradesh Limited	2021-22
7	Southern Power Distribution Company of Andhra Pradesh Limited	2021-22
8	Andhra Pradesh Central Power distribution Corporation Limited	2021-22
9	Southern Power Distribution Company of Andhra Pradesh Limited	2020-21
10	Andhra Pradesh Central Power Distribution Corporation Limited	2020-21
11	Andhra Pradesh Gas Distribution Corporation Limited	2020-21
12	Andhra Pradesh State Financial Services Corporation	2020-21

Appendix 6.1

Glossary of terms

Terms	Basis of calculation
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's Total Outstanding Liabilities} + \text{Current year's Total Outstanding Liabilities}) / 2] * 100$
Buoyancy of a parameter	Rate of Growth of parameter/GSDP Growth Rate
Buoyancy of a parameter (X) with respect to another parameter(Y)	Rate of Growth of parameter(X)/ Rate of Growth of parameter(Y)
Development Expenditure	Social Services + Economic Services
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Primary Deficit	Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State during the course of the year (Fiscal Deficit – Interest payments)
Rate of growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure

Terms	Description
Average interest rate	Average interest rate is defined as the percentage of interest payment made to average financial liabilities of the State during the year (sum of opening and closing balances of total Outstanding Liabilities/2) X 100
Buoyancy ratio	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 at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one <i>per cent</i>
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices
Development expenditure	The analysis of the expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances are categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.
Debt sustainability	Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time. It means that rise in fiscal deficit should match with the increase in the State's capacity to service the incremental debt from additional revenues generated from the use of such debt in creating income generating capital assets.
Inter-State Settlement	This is intended to provide for the accounting of sums due by one State Government to another under the financial settlement on the setting up of new States or under the States Re-organisation Acts as well as the financial settlement between the centre and foreign countries.
Net availability of Borrowed funds	Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Appendix 6.2

Acronyms and Abbreviations

Acronym	Full Form
A&E	Accounts & Entitlement
ABC	Andhra Pradesh Brahmin Corporation
AC	Abstract Contingent
AG	Accountant General
AGM	Annual General Meeting
AIC-AMTZ	Atal Incubation Centre - Andhra Pradesh MedTech Zone
AP	Andhra Pradesh Fiscal Responsibility and Budget Management
APBM	Andhra Pradesh Budget Manual
APBOCWW	Andhra Pradesh Building and Other Constructions Workers Welfare Board
APCFSS	Andhra Pradesh Centre for Financial Systems Services
APFRBM	Andhra Pradesh Fiscal Responsibility and Budget Management
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APKVIB	Andhra Pradesh Khadi and Village Industries Board
APMARKFED	Andhra Pradesh Market Federation
APSCSCL	Andhra Pradesh State Civil Supplies Corporation Limited
APSDCL	Andhra Pradesh State Development Corporation Limited
APSEB	Andhra Pradesh State Electricity Board
APSHCL	Andhra Pradesh State Housing Corporation Limited
APSPDCL	Andhra Pradesh Southern Power Distribution Corporation Limited
APSWREIS	Andhra Pradesh Social Welfare Residential Educational Institutions Society
APTRANSCO	Andhra Pradesh Transmission corporation
APTWREIS	Andhra Pradesh Tribal Welfare Residential Educational Institutions Society
APUFIDC	Andhra Pradesh Urban Finance and Infrastructure Development Corporation
APVVP	Andhra Pradesh Vaidhya Vidhana Parishad
APWRDC	Andhra Pradesh Water Resources Development Corporation
ARET	Additional Retail Excise Tax
AS	Accounting Standard
BRO	Budget Release Order
CAG	Comptroller and Auditor General
CAGR	Compound Annual Growth Rate
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CAO	Chief Administrative Officer
CAS	Central Accounts Section
CASDS	Central Assistance to the State Development Schemes
CASP	Central Assisted State Plan

Acronym	Full Form
CC	Capital Charged
CCO	Chief Controlling Officer
CE	Capital Expenditure
CEFARM	Centre for Forest and Natural. Resource Management Studies
CERC	Central Electricity Regulatory Commission
CFMS	Comprehensive Financial Management System
CFS	Consolidated Fund of the State
CGST	Central Goods and Services Tax
Covid-19	Corona Virus Disease-2019
CRDA	Capital Region Development Authority
CSS	Centrally Sponsored Schemes
CV	Capital Voted
DA	Dearness Allowance
DC	Detailed Contingent
DCC	Detailed Countersigned Contingent
DDO	Drawing and Disbursing Officer
DISCOMS	Distribution Companies
DPC	Duties, Powers and Conditions
DSRA	Debt Service Reserve Account
DTA	Director of Treasuries and Accounts
EAP	Externally Aided Projects
EBC	Economically Backward Class
EBIT	Earnings Before Interest and Taxes
EN	Explanatory Notes
FC	Finance Commission
FPS	Fiscal Policy Statement
FY	Financial Year
GS	General States
GDP	Gross Domestic Product
GIA	Grants-In-Aid
GO	Government Order
GOAP	Government of Andhra Pradesh
GOI	Government of India
GP	Gram Panchayat
GRF	Guarantee Redemption Fund
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
HOA	Head Of Account
HOD	Head Of Department
HQ	Head Quarters

Acronym	Full Form
IALA	Industrial Area Local Authority
ICAI	Institute of Chartered Accountants of India
ICPS	Integrated Child Protection Scheme
ICR	Interest coverage ratio
IFSC	Indian Financial System Code
IGAS	Indian Government Accounting Standards
IGST	Integrated Goods and Services Tax
LED	Light Emitting Diode
LIS	Lift Irrigation System
LV	Loan Voted
LWE	Left Wing Extremism
MDM	Mid Day Meal
MEFS	Macro-Economic Framework Statement
MH	Major Head
MIS	Management Information System
MPP	Mandal Praja Parishad
MSME	Medium, Small and Micro Enterprises
MSP	Minimum Support Price
MSS	Matching Share of the State
MT	Metric Tonnes
MTFPS	Medium Term Fiscal Policy Statement
NBA	Nirmal Bharat Abhiyan
NBC	Net Borrowing Ceiling
NDRF	National Disaster Response Force
NFSA	National Food Security Act
NHM	National Health Mission
NICDIT	National Industrial Corridor Development and Implementation Trust
NMSA	National Mission for Sustainable Agriculture
NPS	National Pension System
NRDWP	National Rural Drinking Water Project
NRLM	National Rural Livelihood Mission
NSDL	National Securities Depository Limited
NSSF	National Small Savings Fund
OBB	Off-Budget Borrowings
OBC	Other Backward Class
OD	Over Draft
PAC	Public Accounts Committee
PAO	Pay and Accounts Officer
PAT	Profit After Tax
PD	Personal Deposit

Acronym	Full Form
PDC	Public Debt Charged
PDS	Public Distribution System
PF	Provident Fund
PLA	Padhna Likhna Abhiyan
PMAGY	Pradhan Mantri Adarsh Gram Yojana
PMC	Project Monitoring Consultancy
PMGSY	Pradhan Mantri Gram Sadak Yojana
PM-KISAN	Prime Minister Kisan Samman Nidhi
PRI	Panchayat Raj Institutions
PSU	Public Sector Undertaking
PV	Present Value
RBD	Reserve Bank Deposits
RBI	Reserve Bank of India
RBS	Reserve Bank Suspense
RC	Revenue Charged
RE	Revenue Expenditure
RGSA	Rashtriya Gram Swaraj Abhiyan
RKVY	Rashtriya Krishi Vikas Yojana
RLB	Rural Local Bodies
RMSA	Rashtriya Madhyamika Shiksha Abhiyan
ROCE	Return on Capital Employed
ROE	Return on Equity
ROG	Rate of Growth
ROI	Return on investment
ROR	Rate of Return
RORR	Rate of Real Return on Investment
RV	Revenue Voted
SAMETI	State Agricultural Management & Extension Training Institute
SAPNET	Society for Andhra Pradesh Network
SC	Scheduled Caste
SCAF	State Compensatory Afforestation Fund
SCERT	State Council of Educational Research and Training
SDF	Special Drawing Facility
SDL	State Development Loans
SDRF	State Disaster Response Fund
SERIFED	Sericulture Federartion
SERP	Society for Elimination of Rural Poverty
SGST	State Goods and Services Tax
SPV	Special Purpose Vehicle
ST	Scheduled Tribe

Acronym	Full Form
SWMA	Special Ways and Means Advances
TDS	Tax Deducted at Source
TE	Total Expenditure
UC	Utilisation Certificate
ULB	Urban Local Bodies
UT	Union Territory
VLC	Voucher Level Computerisation
WALAMTARI	Water and Land Management Training and Research Institute
WMA	Ways and Means Advances
YSR	Yuvajana Shramika Rythu
ZPP	Zilla Praja Parishad

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