

**STATE FINANCES AUDIT REPORT
OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2023



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



उत्तराखण्ड शासन

GOVERNMENT OF UTTARAKHAND

Report No. 2 of the year 2024

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PREFACE

This Report has been prepared for submission to the Governor of the State of Uttarakhand under Article 151 of the Constitution.

Chapter-1 of this Report is an overview on profile of the State and fiscal status of the State, pre and post audit.

Chapters-2 and **3** of this Report contain audit observations on matters arising from the examination of the Finance Accounts and the Appropriation Accounts respectively, of the State Government for the year ended 31 March 2023.

Chapter-4 on Quality of Accounts and Financial Reporting provides an overview and status of the State Government's compliance with various financial rules, procedures and directives relating to financial reporting.

Chapter-5 discuss the financial performance of State Public Sector Enterprises (SPSEs) along with the details of loans, investments, budgetary supports made by GoU, GoI and others. It also presents the status of submission of Annual Accounts by the SPSEs.

The Report containing the findings of performance audit and audit of transactions in various departments, audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts, is presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About the Report

This Report of the CAG of India is on the State Finances for the year 2022-23. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 6.71 *per cent* from ₹ 2,30,314 crore in 2018-19 to ₹ 3,02,621 crore in 2022-23. Budget Outlay of the State grew at an average growth rate of 10.59 *per cent* from ₹ 48,037 crore in 2018-19 to ₹ 71,012 crore in 2022-23.

There was 11.19 *per cent* growth in GSDP over 2021-22. The revenue receipts grew at 14.00 *per cent* and the percentage of revenue receipts over GSDP improved from 15.82 *per cent* in 2021-22 to 16.22 *per cent* in 2022-23. The tax revenue increased by 15.10 *per cent* during the period and the State's own tax revenue increased by 20.65 *per cent*. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Uttarakhand increased from ₹ 46,810 crore in 2021-22 to ₹ 52,061 crore, increasing by 11.22 *per cent*. Of this, revenue expenditure showed 12.44 *per cent* increase from 2021-22. Revenue surplus increased from ₹ 4,128 crore to ₹ 5,310 crore registering 28.63 *per cent* increase over 2021-22, while fiscal deficit decreased from ₹ 3,736 crore in 2021-22 to ₹ 2,949 crore in 2022-23 decreasing by 21.07 *per cent*.

Receipt-Expenditure Mismatch

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of States' share in taxes, Grants in aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, etc).

From 2018-19 to 2022-23, revenue receipts grew from ₹ 31,216 crore to ₹ 49,083 crore, with an average annual growth rate of 12.93 *per cent*. Capital receipts decreased from ₹ 7,302 crore to ₹ 5,065 crore during this period. The share of Grants-in-aid in revenue receipts rose from 24.69 *per cent* in 2018-19 to 34.63 *per cent* in 2022-23, indicating increased reliance on support from the Government of India. The State Government

received ₹ 5,968.47 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2018-19 and 2022-23, revenue expenditure increased from ₹ 32,196 crore (13.98 *per cent* of GSDP) to ₹ 43,773 crore (14.46 *per cent* of GSDP). It consistently made up a significant portion (83 to 86 *per cent*) of the total expenditure during this period, growing at an average annual rate of 8.61 *per cent*.

Result of expenditure beyond means

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The revenue deficit of the State of ₹ 980 crore (0.43 *per cent* of GSDP) in the year 2018-19, however, changed to revenue surplus of ₹ 5,310 crore (1.75 *per cent* of GSDP) in the current year.

The State Government spent ₹ 8,194 crore only on capital account. This was 15.74 *per cent* of the total expenditure in the year 2022-23.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State decreased to ₹ 2,949 crore (0.97 *per cent* of GSDP) in 2022-23 from ₹ 7,320 crore (3.18 *per cent* of GSDP) in 2018-19.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 59 to 66 *per cent* of revenue expenditure during 2018-19 (66.46 *per cent*) and 2022-23 (58.94 *per cent*). The Committed expenditure increased at an average rate of 5.78 *per cent* i.e. from ₹ 21,396 crore in 2018-19 to ₹ 25,800 crore in 2022-23 {an increase of 8.77 *per cent* over 2021-22 (₹ 23,720 crore)}.

In addition to the committed expenditure, inflexible expenditure increased from 5.91 *per cent* to 8.51 *per cent* of revenue expenditure during 2018-19 to 2021-22, indicating a rising trend. The inflexible expenditure decreased from ₹ 3,311 crore in 2021-22 to ₹ 2,549 crore in 2022-23 registering a decrease of 23.01 *per cent*. The average growth of inflexible expenditure during the period from 2018-19 (₹ 1,903 crore) to 2022-23 (₹ 2,549 crore) was 8.17 *per cent*.

Taken together, the committed and inflexible expenditure in 2022-23 was ₹ 28,349 crore: 65 *per cent* of the revenue expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Subsidies in the non-committed expenditure

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 174 crore in 2018-2019 to ₹ 289 crore in 2022-23 i.e., from 0.54 *per cent* of the total revenue expenditure in 2018-19 to 0.66 *per cent* in 2022-23. Food subsidy under Food Storage and Warehousing (₹ 94 crore) constituted 33 *per cent* of the total subsidies during current year. Apart from this, the State Government also spent ₹ 83.17 crore on implicit subsidies.

Contingent Liabilities on account of Guarantees

In 2022-23, the Government provided guarantees against borrowings of ₹ 386 crore. No guarantee was invoked during the year. The State Government received ₹ 4.57 crore as Guarantee Commission.

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, etc. So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, etc. and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, etc.

FRBM requirements and compliance with fiscal parameters

The FRBM Act / Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be, and similarly outstanding guarantees are capped within one *per cent* of the GSDP of that particular year and new guarantee given during any year should not be more than 0.30 *per cent* of the GSDP of that year.

In 2022-23, revenue surplus was 1.75 *per cent* of GSDP against the limit of nil revenue deficit; fiscal deficit was 0.97 *per cent* as against the limit of 3.5 *per cent* of GSDP; debt was 24.08 *per cent* as against limit of 33.30 *per cent* of GSDP as prescribed under FRBM Act. Similarly, total outstanding guarantees as on 31 March 2023 was 117 crore which is 0.04 *per cent* of GSDP for the year and hence was within the FRBM ceiling. Further, guarantees given during the year were 0.13 *per cent* as against the target of 0.30 *per cent* of the GSDP.

As per the debt stabilisation analysis, the public debt of the Government of Uttarakhand has grown on an average rate of 6.71 *per cent* annually of the outstanding public debt between 2018-19 to 2022-23. Total Debt Liability-GSDP ratio of Uttarakhand has decreased from 25.20 *per cent* in 2018-19 to 24.08 *per cent* in 2022-23, which indicates that debt stabilisation may be possible.

The Domar gap (expressed as g-r) was negative during the COVID year (2020-21). However, during the years 2021-22 and 2022-23, the Domar gap turned positive due to

high growth rate in GSDP. Positive Domar gap due to high growth rate may also be seen with reference to low base for comparison in the previous year. Further, in 2021-22 and 2022-23, there is also a primary surplus of ₹ 1,203 crores and ₹ 2,155 crores respectively. This suggests that Public Debt as percentage of GSDP should converge to a stable level less than zero leading to public savings. A substantial proportion of public debt receipts was being used for repayment for borrowings, which ranged between 28 *per cent* and 81 *per cent* during the period 2018-2023.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In the Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 10.69 *per cent*. This was due to deviation up to ± 25 *per cent* in 26 grants, between ± 25 *per cent* and ± 50 *per cent* in five grants. In the Capital section, deviation in outturn compared with BE was (+) 1.58 *per cent*. This was due to deviation up to ± 25 *per cent* in 14 grants, between ± 25 *per cent* to ± 50 *per cent* in eight grants; and between ± 50 *per cent* to ± 100 *per cent* in six grants and equal to 100 *per cent* and above in two grants. No provision was made in respect of one grant of the Capital section.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In the Revenue section, deviation in outturn compared with Revised Estimates (RE) was (-) 11.74 *per cent*. This was due to deviation up to ± 25 *per cent* in 25 grants, between ± 25 *per cent* to ± 50 *per cent* in six grants. In the Capital section, deviation in outturn compared with RE was (-) 7.37 *per cent*. This was due to deviation up to ± 25 *per cent* in 19 grants, between ± 25 *per cent* and ± 50 *per cent* in six grants, between ± 50 *per cent* to ± 100 *per cent* in three grants and equal to 100 *per cent* and above in two grants. No provision was, however, made in respect of one grant in Capital section.

It was noticed that supplementary provisions of ₹ 3,355.57 crore during the year 2022-23 in 33 cases (more than ₹ ten crore in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were less than 12 *per cent*, there were deviations up to 25 *per cent* and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should need to deal with such deviations.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

Regularisation of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per article 204 and 205 (1) (b) of the constitution. It was observed that in 2022-23 there was excess expenditure of ₹ 896.53 crore under one grant which required regularisation. Further, excess disbursements of ₹ 47,758.16 crore pertaining to 2005-06 to 2021-22 were yet to be regularised.

Reconciliation

In terms of paragraph 109 of the Uttarakhand Budget Manual 2012, all the Controlling Officers are required to reconcile the Receipts and Expenditure of the Government with the figures recorded in the office of the Accountant General (Accounts and Entitlement) every month.

The State Government did not reconcile 5.85 *per cent* of the total expenditure and 0.47 *per cent* of the receipts.

Misclassification in accounts

It was noticed that an expenditure of ₹ 15.23 crore had been booked under Revenue section. This expenditure should have been booked under the Capital section as this expenditure pertains to major works and land purchase.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government partially complied the IGAS-1: Guarantees given by the Government; IGAS-2: Accounting and Classification of Grants-in-Aid; and IGAS-3: Loans and Advances made by the Government.

Operation of PD Accounts

Against the requirement of Treasury reconciling Personal Deposit (PD) Accounts with respective administrators, there was no reconciliation in one case. Also, despite the lapse of the authorised period, 25 PD Accounts were not closed and their balances were not transferred to the Consolidated Fund of the State as on 31st March 2023. Further, out of total 25 PD Accounts, 12 Accounts have nil balance, 11 PD accounts were inoperative for more than five years and 05 PD accounts were inoperative for more than three years.

Funds to Single Nodal Agency

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23 March 2021 had notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilisation of the funds released through SNA. For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorised to conduct Government business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA's account along with corresponding State share.

As per information available on the PFMS portal, the State Government received ₹ 4,916.41 crore, being Central share during the year, in its treasury accounts against which it transferred Central share of ₹ 4,988.15 crore, State share of ₹ 1,303.48 crore and ₹ 81.18 crore as unclassified amount to the SNAs. The total transfer of ₹ 6,372.81 crore was through Fully Vouched Contingent Bills. Detailed vouchers and supporting documents of actual expenditure were not received by AG office from the SNAs. As per information available on PFMS portal ₹ 3,331.68 crore are lying unspent in the bank accounts of SNAs as on 31 March 2023.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 268 outstanding UCs of ₹ 864.32 crore were pending as on 31st March 2023.

DC bills against AC bills

Similarly, despite the requirement of submitting Detailed Debit Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 74 AC bills of ₹ 11.36 crore were pending for submission of DC bills as on 31st March 2023, out of which 37 AC Bills amounting to ₹ 10.60 crore pertained to the period 2021-22.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS-1, 2 & 3; and non-supply of details of expenditure from SNAs have impacted the quality of accounts adversely.

Working of State Public Sector Undertakings

As on 31 March 2023, there were 33 State Public Sector Enterprises (SPSEs) in Uttarakhand, including four Statutory Corporations and 28 Government Companies (including nine inactive Government Companies) and one Government Controlled Other Companies under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by 24 SPSEs whose 282 accounts were in arrears. Out of the total profit of ₹ 232.20 crore earned by 12 working SPSEs, 80.39 per cent was

contributed by three SPSEs only. Out of total loss of ₹ 1,272.90 crore incurred by seven working SPSEs, loss of ₹ 1,223.64 crore was incurred by one SPSE (UPCL). The financial impact of CAG's significant comments on Government Companies issued during October 2022 to September 2023 on financial statements of SPSEs was ₹ 58.45 crore on profitability and ₹ 147.61 crore on the financial position. Further, financial impact of some of the significant comments issued by CAG on the financial statements of the Statutory Corporations where CAG is the sole/supplementary auditor, was ₹ 339.60 crore on the profitability and financial position-assets/liabilities.

The State Government may impress upon the managements of SPSEs to ensure timely submission of their financial statements. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature. The State Government may also analyse the reasons of losses in loss making SPSEs and initiate steps to make their operations efficient and profitable.

CHAPTER-1
OVERVIEW

CHAPTER-1

OVERVIEW

1.1 Profile of the State

Uttarakhand is spread over an area of 53,483 sq km out of which 46,035 sq km is hilly and 7,448 sq km is plain. The State has a forest area of 38,117 sq km (71 *per cent*). The State has been organised into 13 districts, which is further divided into 110 sub-divisions, 95 blocks and 15,745 inhabited villages. According to the 2011 Census of India, Uttarakhand has a population of 1.01 crore, making it the 20th most populous State in India. The population density of the State at 189 persons per sq.km. was lower than the national average of 382 persons per sq.km.

The social indicators, *viz.* literacy rate and rate of infant mortality at birth indicate that the State had better literacy rate (78.80 *per cent*) in 2022-23 and infant mortality rate (24 per 1,000 live birth) in 2022-23 than the All-India average (73.00 *per cent* and 28 per 1,000 live births). The percentage of Below Poverty Line (BPL) population in the State at 11.26 *per cent* was also well below the All-India Average (21.92) (*Appendix-1.1*).

1.1.1 Gross State Domestic Product of Uttarakhand

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 State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time. Changes in sectoral contribution to the GSDP are also important to understand the changing structure of the economy. Economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors.

The State has seen considerable economic growth in the past decade and the Compound Annual Growth Rate (CAGR) of its Gross State Domestic Product (GSDP) and Per Capita GSDP at current prices for the period 2013-14 to 2022-23 has been 8.18 *per cent* and 6.93 *per cent* respectively; it, however, was below the CAGR of All India GDP (10.34 *per cent*) and All India per capita GDP (9.12 *per cent*) (*Appendix-1.1*).

Trends in annual growth of Uttarakhand's GSDP (nominal) *vis-à-vis* GDP of the country are given in **Table-1.1**.

Table-1.1: Trends in growth of GDP and GSDP at Current Prices

Year	2018-19	2019-20	2020-21	2021-22♠	2022-23♥
(₹ in crore)					
INDIA					
GDP (2011-12 Series)	1,88,99,668	2,01,03,593	1,98,29,927	2,34,71,012	2,72,40,712
GVA	1,71,75,128	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over previous year at current prices (<i>per cent</i>)	10.59	6.37	-1.36	18.36	16.06
Growth rate of GVA over previous year at current prices (<i>per cent</i>)	10.77	7.02	-1.05	17.87	15.41
Per Capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983

Year	2018-19	2019-20	2020-21	2021-22♣	2022-23♥
UTTARAKHAND					
GSDP (2011-12 Series)	2,30,314	2,39,247	2,36,860	2,72,159	3,02,621
GSVA	2,13,350	2,23,436	2,22,675	2,57,629	2,87,193
Growth rate of GSDP over previous year at current prices (<i>per cent</i>)	4.58	3.88	-1.00	14.90	11.19
Growth rate of GSVA over previous year at current prices (<i>per cent</i>)	6.48	4.73	-0.34	15.70	11.48
Per Capita GSDP (in ₹)	2,07,714	2,13,289	2,08,761	2,37,321	2,61,173

Source of data: Ministry of Statistics and Programme Implementation and Directorate of Economics and Statistics, Uttarakhand. ♥provisional Estimate, ♣Revised Estimate.

As can be seen from the details above, the GSDP growth rate of Uttarakhand was higher than the National GDP growth rate only in the year 2020-21. However, for the years 2018-19, 2019-20, 2021-22 and 2022-23 it was lower than the national growth rate.

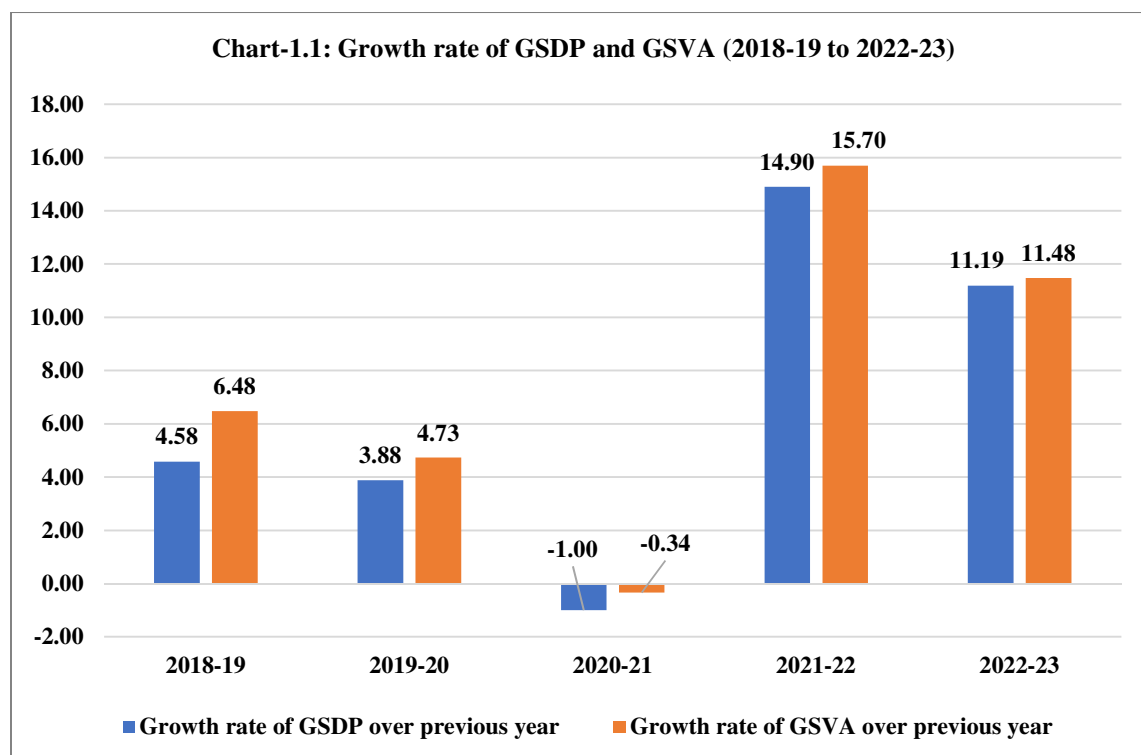
The Gross State Domestic Product (GSDP) at current prices grew at a growth rate of 11.19 *per cent* from ₹ 2,72,159 crore in 2021-22 to ₹ 3,02,621 crore in 2022-23 while as the GDP at current prices grew at a growth rate of 16.06 *per cent* from ₹ 2,34,71,012 crore in 2021-22 to ₹ 2,72,40,712 crore in 2022-23. Further, per capita GSDP of the State for the year 2022-23 was ₹ 2,61,173 while that of the country was ₹ 1,96,983. However, the growth in per Capita GSDP of the State (25.74 *per cent*) during the period 2018-19 to 2022-23 could not keep pace with the growth in per capita GDP of the country (38.31 *per cent*) during the same period. Per capita measures (GDP and GSDP) have been steadily increasing for both India and Uttarakhand, during 2018-19, 2019-20, 2021-22 and 2022-23 indicating an improvement in average income levels. However, during 2020-21 it declined. This could be due to the impact of Covid-19 pandemic in the country.

Gross Value Added (GVA) is being used for economic analysis by Gol and international organisations like IMF and World Bank as GVA is considered better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. While GDP can be and is also computed as the sum total of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending. reflecting essentially on the demand conditions in the economy. Both measures have differences in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation. From a policymaker's perspective it is therefore vital to have a comparison of the GVA and (Gross State Value Added) GSVA data for better analysis and making policy interventions.

The GVA of India and GSVA of Uttarakhand show a fluctuating pattern of growth over the given years. The GVA growth rate of India during the period 2018-19 to 2022-23 was in the range of -1.05 *per cent* to 17.87 *per cent* while as GSVA growth rate of Uttarakhand was in the range of -0.34 *per cent* to 15.70 *per cent* during 2018-19 to 2022-23. There is

variation in growth rates both in GVA and GSVA, with some years experiencing higher growth compared to others. The years 2021-22 and 2022-23 stand out as periods of significant growth in both GVA (2021-22: 17.87 *per cent* and 2022-23: 15.41 *per cent*) and GSVA (2021-22: 15.70 *per cent* and 2022-23: 11.48 *per cent*), possibly indicating increased economic activity during these years. The year 2020-21 had negative growth rates in both GVA and GSVA, which could be attributed to the impact of COVID-19 pandemic, or other local factors.

The trends of GSDP and GSVA for the period from 2018-19 to 2022-23 is indicated in the **Chart-1.1** below:

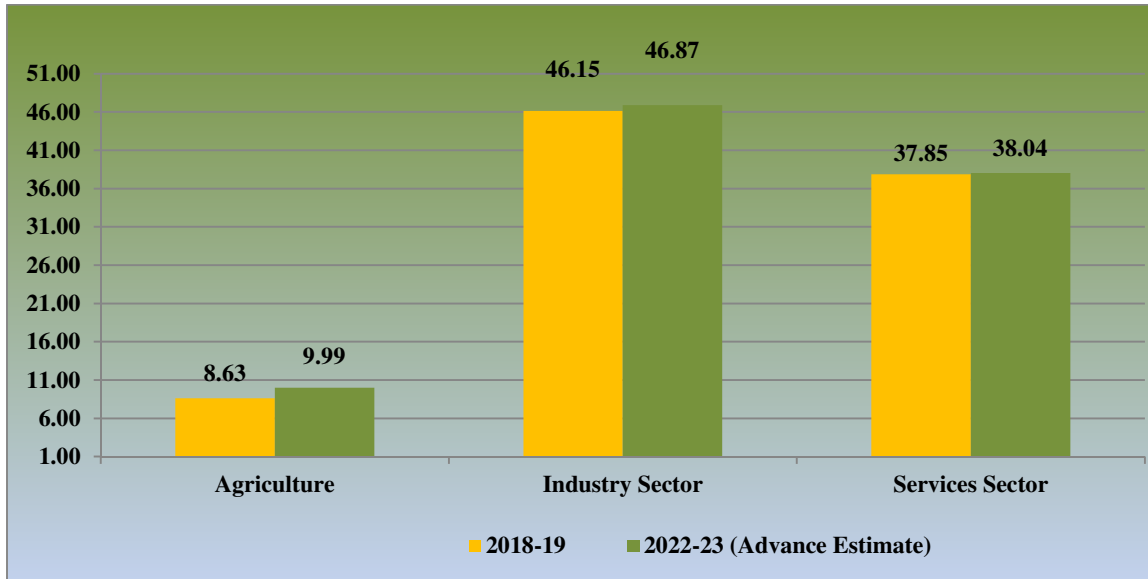


Source: SFAR Compilation & Directorate of Economics and Statistics, Uttarakhand.

1.1.2 Sectoral contribution to GSDP

Chart-1.2 reveals that during the five-year period from 2018-19 to 2022-23, there has been an increase in the relative shares of Agriculture, Industry and Service Sector in GSDP. The share of Agriculture Sector appreciated from 8.63 *per cent* in 2018-19 to 9.99 *per cent* in 2022-23 and share of Industry Sector showed meagre growth from 46.15 *per cent* in 2018-19 to 46.87 *per cent* in 2022-23. Further, share of Service Sector also appreciated from 37.85 *per cent* in 2018-19 to 38.04 *per cent* in 2022-23.

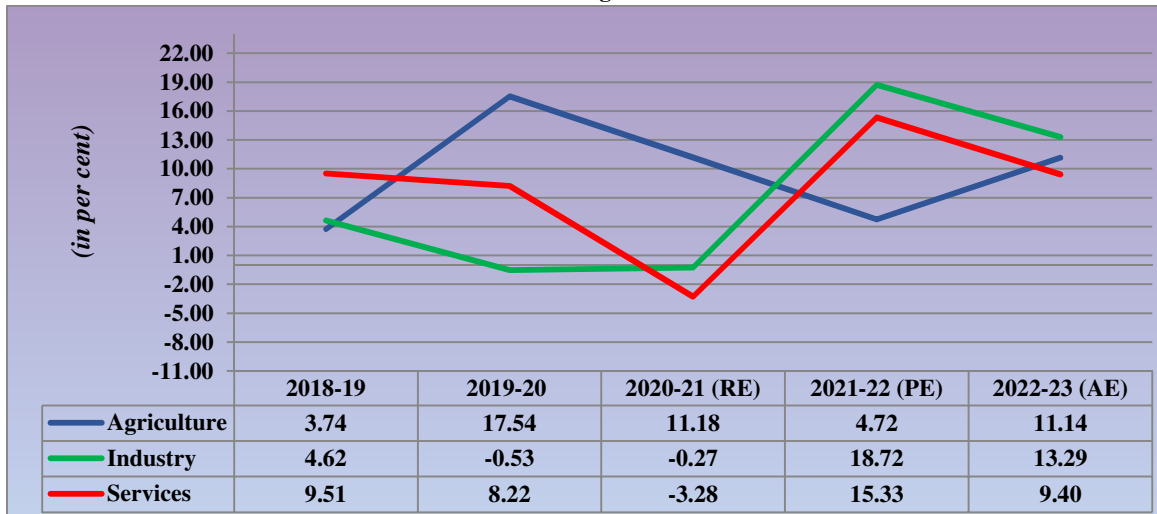
Chart-1.2: Change in sectoral contribution to GSDP (2018-19 to 2022-23)



Source of data: Directorate of Economics and Statistics, Uttarakhand.

Chart-1.3 shows that during 2022-23, the Industry sector and Services sectors saw decrease in growth rate, while Agriculture sector saw increase in growth rate as compared to previous year. The Agriculture sector showed increasing growth rate in all sub-sectors i.e., crops, livestock, forestry & logging and fishing & aquaculture. In Industry sector manufacturing sub-sector shows sharp declining growth as compared to previous year. Further, growth rate of Construction and other utility services sub sector under industry sector also declined as compared to previous year. In service sector, four sub-subsectors namely (i) Transport, storage, communication & services related to broadcasting, (ii) Trade, repair, hotels and restaurants and (iii) Public administration and (iv) real estate showed sharp decline growth while growth rate of financial services increased as compared to previous year.

Chart-1.3: Sectoral growth in GSDP



Source of data: Directorate of Economics and Statistics, Uttarakhand.

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) of Uttarakhand for the year ending 31 March 2023 has been prepared for submission to the Governor of Uttarakhand under Article 151 (2) of the Constitution of India.

Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the 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 for the year 2022-23 constitute the core data for this report. Other sources include the following:

- Budget of the State for the year 2022-23 forms an important source of data – both for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures.
- Results of audit carried out by the Office of the Principal Accountant General (Audit), Uttarakhand.
- Other data with Departmental Authorities and Treasuries (Accounting as well as Management Information System).
- GSDP data and other State related statistics; and
- Various Audit Reports of the CAG of India during 2018-23 have also been used to prepare this analysis/ commentary as appropriate.
- Information was also obtained from the State Government, where necessary.

The analysis has been carried out in the context of recommendations of the Fifteenth Finance Commission (FFC), Uttarakhand Fiscal Responsibility and Budget Management (UFRBM) Act 2023, best practices, and guidelines of the Government of India. An entry conference was held in September 2023 with the Additional Chief Secretary to the Government of Uttarakhand, Finance Department wherein the audit approach was explained. The draft Report was forwarded to the State Government in November 2023 for comments and Exit Conference was held in December 2023 wherein the audit findings were discussed. Replies of the Government have been incorporated in this Report at appropriate places.

1.3 Overview of Government Accounts Structure and Budgetary Processes

It is necessary to understand the structure of Government Accounts in order to appreciate the analysis of the finances of the State Government given in **Chapter-2** of this report. The Accounts of the State Government are kept in three parts:

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

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the 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 {Article 267(2) of the Constitution of India}

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

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

Apart from the above, all other public money 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 re-payables 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.

Budget Document

A statement of estimated receipts and expenditures of the government in respect of every financial year is to be presented before the House or Houses of the Legislature of the State (Article 202). 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 (Own Tax revenue plus share of Union Taxes/Duties), non-tax revenue and grants from Government of India.

Revenue Expenditure consists of all those expenditures of the government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government departments and various services, interest payments on debt taken 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 transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*
- **Non-Debt Receipts:** Proceeds from disinvestment, recoveries of loans and advances.

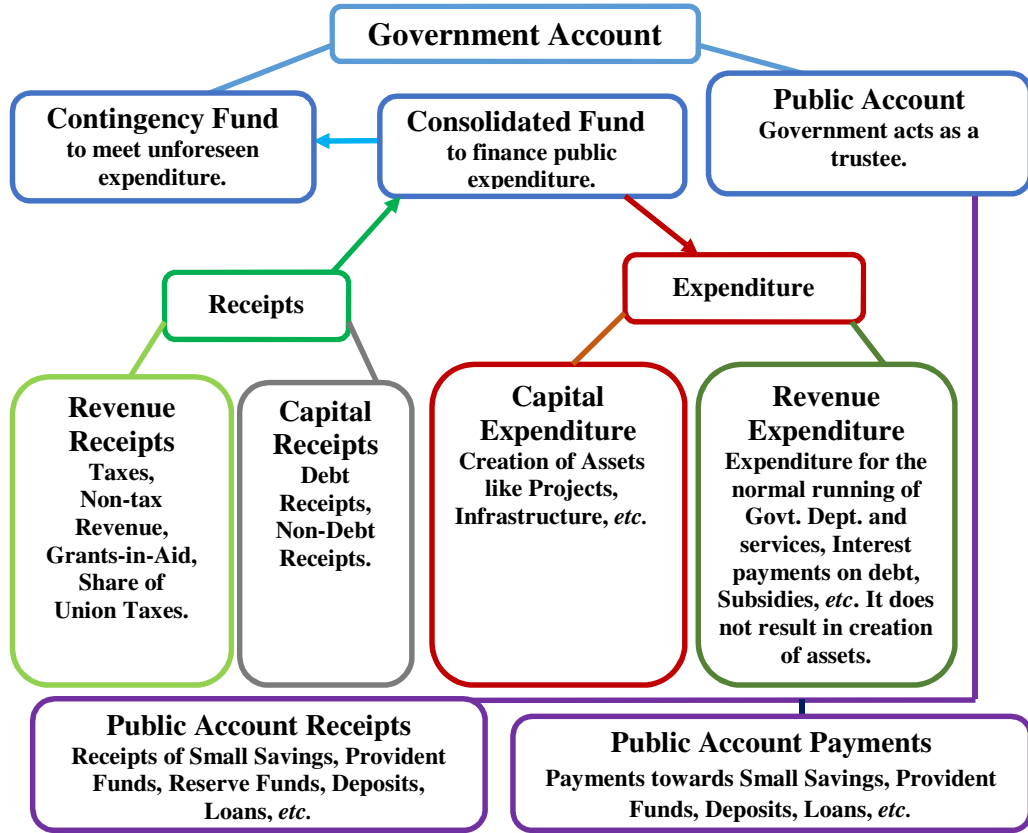
Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances given by the government to Public Sector Undertakings (PSUs) and other parties.

At present, we have an accounting classification system in government that is both functional and economic.

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

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

Structure of Government Accounts



Public Debt and Public Liability

In this Report 'Public Debt' has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loans given by Central Government etc. For this purpose, the major heads 6003 and 6004 - Public Debt have been taken into consideration.

Further, the transactions relating to 'Small Savings, Provident Fund, etc.', 'Reserve Funds' and 'Deposit and Advances' under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to 'Remittances' and 'Suspense' under Public Account, includes merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, 'Public Liability' has been taken to include the transactions under major heads 8001 to 8554 relating to 'Small Savings, Provident Fund, etc.', 'Reserve Funds' and 'Deposit and Advances' along with the transactions under major heads 6003 and 6004.

Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the

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

The Uttarakhand State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter-3** of this Report.

1.3.1 Snapshot of Finances

Table-1.2 provides the details of actual financial results *vis-à-vis* Budget Estimates for the year 2022-23 *vis-à-vis* actual of 2021-22.

Table-1.2: Comparison of Budget *vis-à-vis* Actuals

(₹ in crore)						
Sl. No.	Components	2021-22 (Actuals)	2022-23 (Budget Estimate)	2022-23 (Actuals)	Percentage of Actual to B.E.	Percentage of Actuals to GSDP
1.	Tax Revenue	24,082	24,500	27,719	113.14	9.16
(i)	Own Tax Revenue	14,176	15,370	17,102	111.27	5.65
(ii)	Share of Union Taxes/Duties	9,906	9,130	10,617	116.29	3.51
2.	Non-Tax Revenue	2,756	5,521	4,367	79.10	1.44
3.	Grants-in-aid and Contributions	16,219	21,453	16,997	79.23	5.62
4.	Revenue Receipts (1+2+3)	43,057	51,474	49,083	95.35	16.22
5.	Recovery of Loans and Advances	17	25	17	68.00	0.01
6.	Other Receipts	0	0	12	0.00	0.00
7.	Borrowings and other Liabilities (a)	3,736*	8,809	2,949	33.48	0.97
8.	Capital Receipts (5+6+7)	3,753	8,834	2,978	33.71	0.98
9.	Total Receipts (4+8)	46,810	60,308	52,061	86.33	17.20
10.	Revenue Expenditure	38,929	49,013	43,773	89.31	14.46
11.	Interest payments	4,939	6,018	5,104	84.81	1.69
12.	Capital Expenditure	7,881	10,990	8,288	75.41	2.74
13.	Capital outlay	7,534	10,840	8,194	75.59	2.71
14.	Loan and advances	347	150	94	62.67	0.03
15.	Total Expenditure (10+12)	46,810	60,003	52,061	86.76	17.20
16.	Revenue Deficit/ Surplus (-/+) (4-10)	4,128	2,461	5,310	215.77	1.75
17.	Fiscal Deficit {15-(4+5+6)}	3,736	8,504	2,949	34.68	0.97
18.	Primary Deficit/Surplus (-/+)	1,203	(-) 2,486	2,155	186.69	0.71

Source: Finance Accounts.

(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.

* Includes ₹ 3,333 crore as back-to-back loans from GoI in lieu of GST Compensation shortfall.

During the year 2022-23, the revenue receipts of the State, though increased by 14 per cent over the previous year, fell short by five per cent than the budget estimates. During the current year, there was excess of revenue receipts (₹ 49,083 crore) over revenue expenditure (₹ 43,773 crore), thereby resulting in a revenue surplus of ₹ 5,310 crore.

1.3.2 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. **Appendix-1.2** gives an abstract of such liabilities

and assets as on 31 March 2023, compared with the corresponding position of previous year. 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. Summarised position of Assets and Liabilities of the State is given in **Table-1.3** below:

Table-1.3: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
	2021-22	2022-23	Per cent increase		2021-22	2022-23	Per cent increase		
Consolidated Fund									
A	Internal Debt	53,759.17	53,558.43	-0.37	a	Gross Capital Outlay	71,858.97	80,053.48	11.40
B	Loans and Advances from GoI*	7,443.32	8,600.36	15.54	b	Loans and Advances	2,378.28	2,454.61	3.21
	Contingency Fund	231.34	321.50	38.97					
Public Account									
A	Small Savings, Provident Funds, etc.	9,330.63	9,453.58	1.32		Advances	0.42	0.42	0.00
B	Deposits	3,536.19	3,880.65	9.74		Cash balance (Including investment in Earmarked Fund)	3,837.19	2,318.65	-39.57
C	Reserve Funds	4,653.02	4,824.64	3.69					
D	Suspense and Miscellaneous	481.01	208.80	-56.59		Total	78,074.86	84,827.16	8.65
E	Remittances	71.01	88.23	24.25		Cumulative excess of Receipt over Expenditure	1,430.83	-3,890.97	-371.94
	Total	79,505.69	80,936.19	1.80		Total	79,505.69	80,936.19	1.80

Source: Finance Accounts.

* Till the financial year 2021-22, it includes back-to-back loan of ₹ 5649 crore, in lieu of GST compensation shortfall received from GoI.

1.4 Fiscal Balance: Achievement of Deficit and Total Debt Targets

When a government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture government deficit.

Deficits are financed by borrowing, giving rise to government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which adds to the stock of debt. If the government continues to borrow year after year, it leads to the accumulation of debt and the government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

By borrowing, the government transfers the burden of reduced consumption on future generations. This is because it borrows by issuing bonds to the people living at present but may decide to pay off the bonds some years later by raising taxes or reducing expenditure. Also, government borrowing from the people reduces the savings available to the private sector. To the extent that this reduces capital formation and growth, debt acts as a 'burden' on future generations.

However, if government deficits succeed in its goal of raising production, there will be more income and, therefore, more saving. In this case, both government and industry can borrow more. Also, if the government invests in infrastructure, future generations may be

better off, provided the return on such investments is greater than the rate of interest. The actual debt could be paid off by the growth in output. The debt should not then be considered burdensome. The growth in debt will have to be judged by the growth of the economy (State GDP) as a whole.

Government deficit can be reduced by an increase in taxes or reduction in expenditure. However, the major thrust was towards reduction in government expenditure. This could be achieved through making government activities more efficient through better planning of programmes and better administration.

1.4.1 FRBM Targets on Key Fiscal Parameters and Achievements thereon

With the objective of ensuring prudence in fiscal management, the State Government had passed Fiscal Responsibility and Budget Management Act, 2005 (FRBM), amended in 2011, 2016, 2020 and 2023. This was to be done by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium-term framework. In this context, the FRBM Act provides quantitative targets to be adhered by the State with regard to deficit measures and debt level.

As per GoI FRBM Act, the Union Government expanded its definition of Debt. Debt as per amendments in 2018 in the FRBM Act now includes public debt (internal and external debt), total outstanding liabilities on public account and 'such financial liabilities of any-body corporate or other entity owned or controlled by the Central Government, which the Government has to repay or service from the Annual Financial Statement (AFS), reduced by cash balance at the end of that date'.

As per Uttarakhand FRBM Act, 2005 the total outstanding debt/liabilities includes only liabilities upon the Consolidated Fund of the State and Public Account of the State.

As per the amendment to the FRBM Act in 2011 the State Government was required to reduce Fiscal Deficit to three *per cent* of the estimated GSDP by 2013-14 and maintain the same level thereafter. The FRBM Act amended in 2016 did not mention any target for Revenue Deficit. Further, the Act also envisaged that the State Government would limit the total outstanding debt to 25 *per cent* of GSDP.

The amendment to the FRBM Act in July 2020 incorporated the recommendations of the Fifteenth Finance Commission (FFC) relating to limit of Fiscal Deficit recommended for the State during its award for the year 2020-21. As per the Act, The Fiscal deficit of the State will provide stability of the annual limit of three *per cent* of GSDP. The State may get an additional limit of 0.50 *per cent* of GSDP for the year 2020-21. The State Government had not notified the FRBM Act for the year 2021-22, so we had assumed limit of Fiscal Deficit as 3.5 *per cent* of GSDP for the year 2021-22 as was already notified for the year 2020-21.

To ensure compliance to the recommendations of FFC and instructions of Government of India, the State Government further amended its FRBM Act in April 2023 to follow the

indicative path of fiscal deficit given by FFC. The FRBM Act included the recommendations of the FFC relating to limit of Fiscal Deficit recommended for the State during its award period for the year 2021-22 to 2025-26. The Fiscal Deficit of the State as percentage of the GSDP shall reduce with consistent compliance with the goals set up in the FRBM Act.

The Fiscal Deficit of the State as a *per cent* of Gross State Domestic Product (GSDP) for the financial year 2021-22 and 2022-23 shall not exceed 4.0 and 3.5 respectively. Further, the FRBM (Amendment) Act, 2023 provides that the total liabilities as a *per cent* of GSDP for the financial Year 2021-22 and 2022-23, shall not exceed 32.60 and 33.30 respectively. The targets relating to key fiscal parameters envisaged in the FRBM (Amendment) Act, 2023 and their achievement during the five year period from 2018-19 to 2022-23 are given in **Table-1.4**

Table-1.4: Compliance with provisions of FRBM Act

Fiscal Parameters ¹		Achievement (₹ in crore)				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-) / Surplus (+) (₹ in crore)	T	0	0	0	0	0
	A	(-) 980	(-) 2,136	(+) 1,114	(+) 4,128	(+) 5,310
		X	X	✓	✓	✓
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	T	3.00	3.00	3.50	4.00	3.50
	A	(-) 7,320 (3.18)	(-) 7,657 (3.20)	(-) 5,439 (2.30)	(-) 3,736 (1.37)	(-) 2,949 (0.97)
		X	X	✓	✓	✓
Ratio of total outstanding liability to GSDP (in per cent)	T	25	25	25	32.60	33.30
	A	25.20	27.58	30.16*	26.23*	24.08*
		X	X	X	✓	✓

Source: Finance Accounts and FRBM Act & XVth Finance Commission Report

* it excludes Back- to-back loans of ₹ 5,649 crore received till 2021-22 crore, in lieu of GST compensation shortfall received from GoI which was not to be treated as debt of the State for any norms as per GoI clarification².

The State did not achieve the target of revenue surplus and fiscal deficit during 2018-19 and 2019-20 but was successful in 2020-21 to 2022-23.

During the period from 2018-19 to 2020-21 outstanding debt of the State remained above the FRBM target of 25 *per cent* of GSDP i.e., it was above the norms prescribed in the FRBM Act, by 0.20 *per cent*, 2.58 *per cent*, 5.16 *per cent* respectively. However, during the years 2021-22 and 2022-23 outstanding debt as percentage of GSDP was below the FRBM target of 32.60 *per cent* and 33.30 *per cent* by 6.37 *per cent* and 9.22 *per cent* respectively.

Being the factual position, the Government accepted the facts during exit conference.

¹ Para 1.5 of the report depicts post audit factors of RD, FD and Outstanding Liabilities after considering misclassification between Revenue and Capital, non-transfer of Cess and short contribution to Reserve Funds, etc.

² Government of India, Ministry of Finance, Department of Expenditure letter No. F.No.40 (1) PF-S/ 2021-22 dated 10 December 2021.

1.4.2 Medium Term Fiscal Plan

As per the FRBM Act, the State Government has to lay before the State Legislature, a Five-Year Fiscal Plan along with the Annual Budget. The Medium-Term Fiscal Policy Statement (MTFPS) has to set forth a five-year rolling target for the prescribed fiscal indicators.

Table-1.5 indicates the variation between the projections made for 2022-23 in MTFPS presented to the State Legislature and Actuals of the year.

Table-1.5: Actuals vis-à-vis projection in MTFP for 2022-23

(₹ in crore)				
Sl.No.	Fiscal Variables	Projection as per MTFPS	Actuals (2022-23)	Variation (in per cent)
1.	Own Tax Revenue	16,952	17,102	0.88
2.	Non-Tax Revenue	4,977	4,367	-12.26
3.	Share of Central Taxes	10,568	10,617	0.46
4.	Grants-in-Aid from GoI	19,548	16,997	-13.05
5.	Revenue Receipts (1+2+3+4)	52,045	49,083	-5.69
6.	Revenue Expenditure	49,594	43,773	-11.74
7.	Revenue Deficit (-)/ Surplus (+) (5-6)	2,451	5,310	116.65
8.	Fiscal Deficit (-)/ Surplus (+)	-8,108	-2,949	-63.63
9.	Fiscal Deficit as percentage of GSDP	2.68	0.97	-1.71
10.	Debt-GSDP ratio (per cent)	28.11	24.08*	-4.03
11.	GSDP growth rate at current prices (per cent)	11.19	11.19	0.00

Source: Finance Accounts and Budget document of Uttarakhand 2022-23.

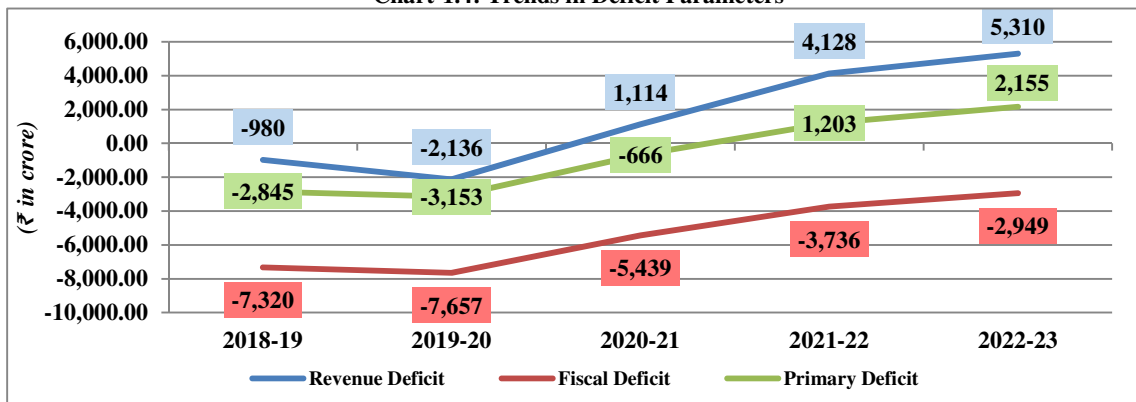
* It excludes Back- to-back loans of ₹ 5,649 crore, in lieu of GST compensation shortfall received from GoI during 2020-21 and 2021-22.

As can be seen from the above table, the State had projected Revenue Surplus of ₹ 2,451 crore in MTFPS during 2022-23, against which the State generated a surplus of ₹ 5,310 crore exceeding the anticipation by 116.65 per cent. Similarly, the target of Fiscal Deficit projected in MTFPS was ₹ 8,108 crore against which ₹ 2,949 crore Fiscal Deficit was achieved and was below the targets fixed in MTFPS by 63.63 per cent. Further, Fiscal Deficit as percentage of GSDP during 2022-23 was also below the targets fixed in MTFPS by 1.71 per cent. Projection relating to Debt-GSDP ratio was also met, as the year ended with a lower Debt to GSDP ratio and was below the targets projected in the MTFPS by 4.03 per cent.

1.4.3 Trends of Deficit/Surplus

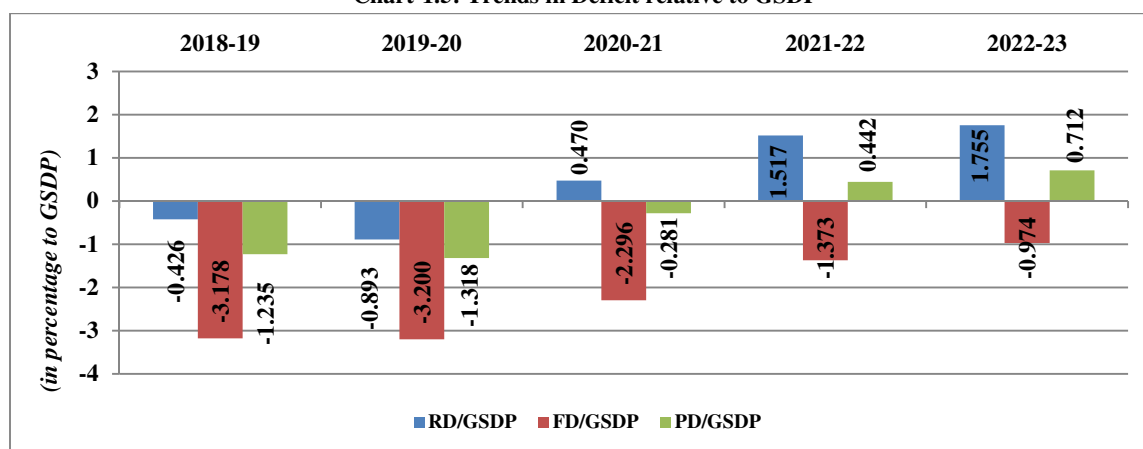
The State was able to achieve the targets specified by the FFC during 2022-23 with regard to the key fiscal parameters. It had a fiscal deficit of ₹ 2,949 crore during the year 2022-23, representing 0.97 per cent of the GSDP. The Primary Surplus of ₹ 1,203 crore during 2021-22 increased to ₹ 2,155 crore during the current year and the Revenue Surplus of ₹ 4,128 crore in 2021-22 increased to ₹ 5,310 crore during 2022-23. The trend of these Surplus/Deficit over the five-year period from 2018-19 to 2022-23 is depicted in **Chart-1.4** and trend in deficit relative to GSDP is given in **Chart-1.5**. Component and trend of Fiscal Liabilities and its percentage to GSDP is also given the **Chart-1.6**.

Chart-1.4: Trends in Deficit Parameters



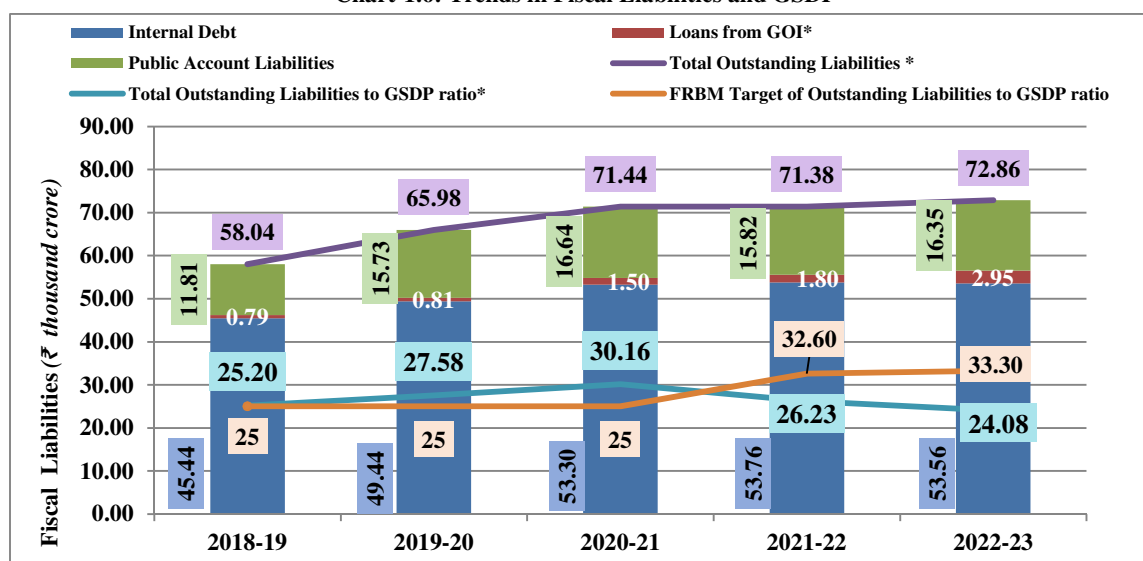
Source: Finance Accounts.

Chart-1.5: Trends in Deficit relative to GSDP



Source: Finance Accounts.

Chart-1.6: Trends in Fiscal Liabilities and GSDP



Source: Finance Accounts.

* It excludes Back- to-back loans of ₹ 2,316 crore till 2020-21 and ₹ 5,649 crore received till 2021-22, in lieu of GST compensation shortfall received from GoI.

As can be seen from the graph above, total Outstanding Liabilities grew by 25.54 *per cent* (excluding Back-to-Back loan from GoI in lieu of GST compensation) during the past five years and was above FRBM target during the period from 2018-19 to 2020-21. However, it was below the FRBM target of 32.60 *per cent* and 33.30 *per cent* during 2021-22 and 2022-23.

1.4.4 Performance of the State Government with respect to borrowings according to the limits fixed by the GoI

Article 293 (3) of the Constitution of India inter alia, provides that a State may not raise any loan without the consent of Government of India (GoI) if any part of a loan, which has been made to the State by GoI, is still outstanding.

The GoI, Ministry of Finance, Department of Expenditure fixed (March 2022) the net borrowing ceiling of the Uttarakhand State Government for the financial year 2022-23 as ₹ 8,620.00 crore and instructed the State Government to ensure that its incremental borrowings from all sources remained within this ceiling.

Additional borrowing ceiling of 0.50 *per cent*³ over and above the aforementioned ceiling of 3.50 *per cent* of GSDP was to be allowed to the State based on certain performances criteria in the Power Sector.

The said Net Borrowing Ceiling (NBC) covers all sources of borrowings, including Open Market Borrowings, Negotiated Loans from financial institutions, National Small Saving Fund Loans, Central Government loans including EAP loans, other liabilities arising out of Public Account transfer under Small Savings, Provident funds, Reserve Funds, Deposits etc. as reflected in Statement 6 of the State's Finance Accounts.

As per Statement 6 (Statement of Borrowings and Other Liabilities) of the Finance Accounts, incremental borrowings and other liabilities of the State Government were ₹ 1,485.34 crore (0.49 *per cent* of revised GSDP) during the financial year 2022-23 which remained within the borrowing ceiling of 3.5 *per cent* of GSDP (₹ 10,591.74 crore).

1.5 Deficits and Total Debt after Examination in Audit

As per the FRBM Act, the State Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits, ceiling on debt and on guarantees, etc. The Revenue Deficit and the Fiscal deficit as worked out for the State gets impacted due to various circumstances.

³ The State Government did not avail this additional borrowing limit of 0.50 *per cent* of GSDP, because while forwarding the component wise break up of consent sought under Article 293(3) of the Constitution of India to the Government of India in (July 2022) the State government did not mention this additional borrowing of 0.50 *per cent* of GSDP.

1.5.1 Post Audit - Deficits

In order to present a better picture of State Finances, States sometimes may classify revenue expenditure as capital expenditure and conduct off budget fiscal operations. Besides, deferment of clear-cut liabilities, non-recoupment of the Contingency Fund, not depositing Cess /royalty to Consolidated Fund, short contribution to New Pension Scheme, redemption funds, *etc.*, also impact the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification of revenue expenditure/capital outlay and/ or any such misclassification needs to be included and the impact of such irregularities needs to be reversed. Analysis of deficits after examination in audit are given in **Table-1.6**.

Table-1.6: Impact on Revenue and Fiscal Deficit, post examination by Audit during 2022-23

(₹ in crore)

Particulars	Impact on Revenue Surplus {Understated (+)/ overstated (-)}	Impact on Fiscal Deficit {Understated (+)/ overstated (-)}	Para Reference
Non-Transfer of Guarantee Commission fee to Public Account.	(-) 0.98	(+) 0.98	2.8.2.4
Major works booked under Revenue section instead of Capital.	(+) 15.23	--	2.6.3.2 (iii)
Extra payment of Interest liabilities against Reserve Funds and Deposit and Advances.	(+) 121.65	(-) 121.65	4.1
Less Contribution Towards NPS.	(-) 3.34	(+) 3.34	2.6.2.4
Non-accounting of Central Road Fund.	(-) 378.17	--	4.3 (C)
Non-Transfer of Green Energy Cess to Green Energy Fund.	(-) 72.00	(+) 72.00	5(B) (v) of NTA
Non-Recoupment of Contingency Fund during 2022-23.	(-) 147.49	(+) 178.50	--
Short Contribution to Guarantee Redemption Fund	(-) 64.87	(+) 64.87	5(ii)(B)(b) of NTA
Short Contribution to Consolidated Sinking Fund	(-) 285.12	(+) 285.12	5(ii)(B)(a) of NTA
Total	(-) 815.09	(+) 483.16	

Source: Finance Accounts and audit analysis.

After considering all the factors mentioned above, the Revenue Surplus would decrease from ₹ 5,310 crore to ₹ 4,495 crore and Fiscal Deficit would increase from ₹ 2,949 crore (Refer para 1.4.1) to ₹ 3,432 crore (1.13 per cent of GSDP), which would still be within mandated target of 3.5 per cent in FRBM act, 2005 (amended in 2023).

During exit conference, the Government said that corrective measures will be taken. Regarding non accounting of central road fund, non-transfer of green energy cess to green energy fund, short contribution to guarantee redemption fund and short contribution to consolidated sinking fund, the Government stated that guidelines in this regard will be reviewed and necessary action will be taken in future. Further, the Government stated that a committee will be formed for reconciliation / suggestions.

1.5.2 Post Audit – Total Public Debt

Public sector debt in its broadest definition comprises debt from:

- the government (including the central, social security funds, and extra-budgetary funds).
- financial public enterprises (including the central bank); and the non-financial public enterprises.
- long term obligations of government, such as unfunded liabilities of social security funds (when they are not explicitly recognised as part of general government debt).
- known and anticipated recognition of contingent liabilities (such as, from ongoing restructurings of financial institutions or from public-private partnerships where demand or other guarantees have been or are poised to be triggered).

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

As intimated by the State Government there were no cases of off-budget fiscal operations such as borrowings by State PSUs, Special Purpose Vehicles (SPVs), *etc.*, on behalf of the State Government where principal and / or interest are to be serviced out of the State budgets.

As per Uttarakhand FRBM Act, the total outstanding debt/liabilities means only the liabilities under the Consolidated Fund and Public Account of the State. The outstanding debt/liabilities can be split into various components as given in **Table-1.7**.

Table-1.7: Components of outstanding debt/liabilities as on 31 March 2023

Borrowings and other liabilities as per Finance Accounts	Amount (₹ in crore)	
	Pre-Audit	Post-Audit
Internal Debt (A)	53,558.43	53,558.43
Market Loans bearing interest	44,910.00	44,910.00
Market Loans not bearing interest	0.02	0.02
Compensation and other Bonds	0.77	0.77
Loans from other Institutions <i>etc.</i>	3,334.94	3,334.94
Special Securities issued to the National Small Savings Fund of the Central Government	5,312.70	5,312.70
Loans and Advances from Central Government (B)	8,600.36	2,951.36⁴
Non-Plan Loans	1.80	1.80
Loans for State Plan Schemes	377.36	377.36
Others	8,221.20	2,572.20
Liabilities upon Public Accounts (C)	16,350.25	16,350.25
Small Savings, Provident Funds <i>etc.</i>	9,453.58	9,453.58
Deposits	3,880.65	3,880.65
Reserve Funds	3,016.02	3,016.02
Total (A+B+C)	78,509.04	72,860.04

Source: Finance Accounts

⁴ The difference of ₹ 5,649 crore is due to accumulation of back-to-back loan (₹ 5,649 crore) in lieu of GST Compensation Shortfall up to FY 2021-22.

The Total borrowing and liabilities at the end of the financial year 2022-23 mainly comprises of Internal Debt (68 *per cent*), Loans and Advances from Government of India (11 *per cent*) and liabilities under Public Account (21 *per cent*). Further, at the end of the year 2022-23, the overall liabilities of the State was 25.94 *per cent* of the GSDP which were within the normative assessment of 28.11 *per cent* under MTFP statement and within the norms of 33.30 *per cent* prescribed under FRBM Act of the State for the year 2022-23.

As can be seen from the **Table-1.7** above, total borrowing and liabilities during the year 2022-23 was overstated by ₹ 5,649 crore (1.87 *per cent* of GSDP). This was due to inclusion of Back-to-Back Loan of ₹ 5,649 crore received from GoI (during 2020-21 and 2021-22) in lieu of GST Compensation, which was not to be treated as debt of the State as its repayment is to be borne from the collection of Cess in the GST compensation fund by GoI and hence, the repayment will not be borne on the resources of the State. Further, non-accounting of Back-to-Back loan also let the overstatement of total borrowing and liabilities to the extent of ₹ 5,649 crore. By excluding this, Debt-GSDP ratio would reduce to 24.08 *per cent* of GSDP.

1.6 Conclusion

- The State had a Revenue Deficit of ₹ 980 crore in 2018-19 which further deteriorated in 2019-20 to ₹ 2,136 crore. During 2020-21 Revenue Deficit improved to Revenue Surplus of ₹ 1,114 crore. Revenue Surplus further improved in the year 2021-22 and it was ₹ 4,128 crore. During the current year the state experienced revenue surplus of ₹ 5,310 crore (1.75 *per cent* of GSDP). Revenue Surplus was overstated by ₹ 815 crore (15.35 *per cent*) on account of less contribution towards NPS, non-accounting of Central Road Fund, non-transfer of Green Energy Cess to Green Energy Fund, non-recoupment of Contingency Fund, short contribution to Guarantee Redemption Fund and Consolidated Sinking Fund, *etc.*
- During the current year, the fiscal deficit at ₹ 2,949 crore (0.97 *per cent* of GSDP) was within the normative target of 3.5 *per cent* of GSDP as fixed by the State Government in the FRBM Act for the year 2022-23. During the year, the Fiscal Deficit further improved on account of increase in Revenue Surplus during the year. Fiscal Deficit was understated by ₹ 483 crore (16.38 *per cent*), on account of less contribution towards NPS, non-transfer of Green Energy Cess to Green Energy Fund, non-recoupment of Contingency Fund, short contribution to Guarantee Redemption Fund and Consolidated Sinking Fund, *etc.* After considering understatement of ₹ 483 crore, the Fiscal Deficit would increase from ₹ 2,949 crore to ₹ 3,432 crore (1.13 *per cent* of GSDP), which would still be within mandated target of 3.5 *per cent* in FRBM act, 2005 (amended in 2023).

1.7 Recommendation

- *The State Government may take appropriate steps in avoiding misclassification of revenue expenditure/capital outlay, start proper accounting of Central Road Fund as per provisions, make mandated contribution to the reserve fund, and transfer Cess to its designated fund so that the correct financial position is depicted.*

CHAPTER-2
FINANCES OF THE STATE

CHAPTER-2

FINANCES OF THE STATE

This chapter provides a broad perspective of the finances of the State and analyses the critical changes in major fiscal aggregates relative to the previous year. It discusses the overall trend during the five year period from 2018-19 to 2022-23, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State.

2.1 Major changes in Key Fiscal Aggregates during 2022-23 vis-à-vis 2021-22

Table-2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during the Financial Year 2022-23, compared to the previous year. Each of these indicators has been analysed in the succeeding paragraphs.

Table-2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22

Revenue Receipts Increased by 14.00 per cent	<ul style="list-style-type: none"> ➤ Own Tax Receipts of the State increased by 20.65 per cent ➤ Own Non-Tax Receipts increased by 58.45 per cent ➤ State's Share of Union Taxes and Duties increased by 7.18 per cent ➤ Grants-in-Aid from Government of India increased by 4.80 per cent
Revenue Expenditure Increased by 12.44 per cent	<ul style="list-style-type: none"> ➤ Revenue Expenditure on General Services increased by 7.79 per cent ➤ Revenue Expenditure on Social Services increased by 16.59 per cent ➤ Revenue Expenditure on Economic Services increased by 8.77 per cent ➤ Expenditure on Grants-in-Aid increased by 32.53 per cent
Capital Receipts Increased by 21.56 per cent	<ul style="list-style-type: none"> ➤ Non-Debt Capital Receipt increased by 1.29 per cent ➤ Debt Capital Receipts increased by 21.64 per cent
Capital Expenditure Increased by 8.77 per cent	<ul style="list-style-type: none"> ➤ Capital Expenditure on General Services increased by 48.20 per cent ➤ Capital Expenditure on Social Services decreased by 11.01 per cent ➤ Capital Expenditure on Economic Services increased by 9.22 per cent
Loans and Advances Decreased by 71.49 per cent	<ul style="list-style-type: none"> ➤ Disbursements of Loans and Advances decreased by 72.91 per cent ➤ Recoveries of Loans and Advances increased by 1.29 per cent
Public Debt	<ul style="list-style-type: none"> ➤ Public Debt Receipts increased by 21.64 per cent* ➤ Repayment of Public Debt increased by 20.47 per cent
Public Account	<ul style="list-style-type: none"> ➤ Public Account Receipts increased by 12.61 per cent ➤ Public Account Disbursements increased by 10.98 per cent
Cash Balance	<ul style="list-style-type: none"> ➤ Cash Balance Decreased by 39.57 per cent

* Excluding ₹ 3,333 crore as back-to-back loans from GoI during 2021-22, in lieu of GST Compensation shortfall which are not to be repaid by the State Government from its sources.

2.2 Sources and Application of Funds

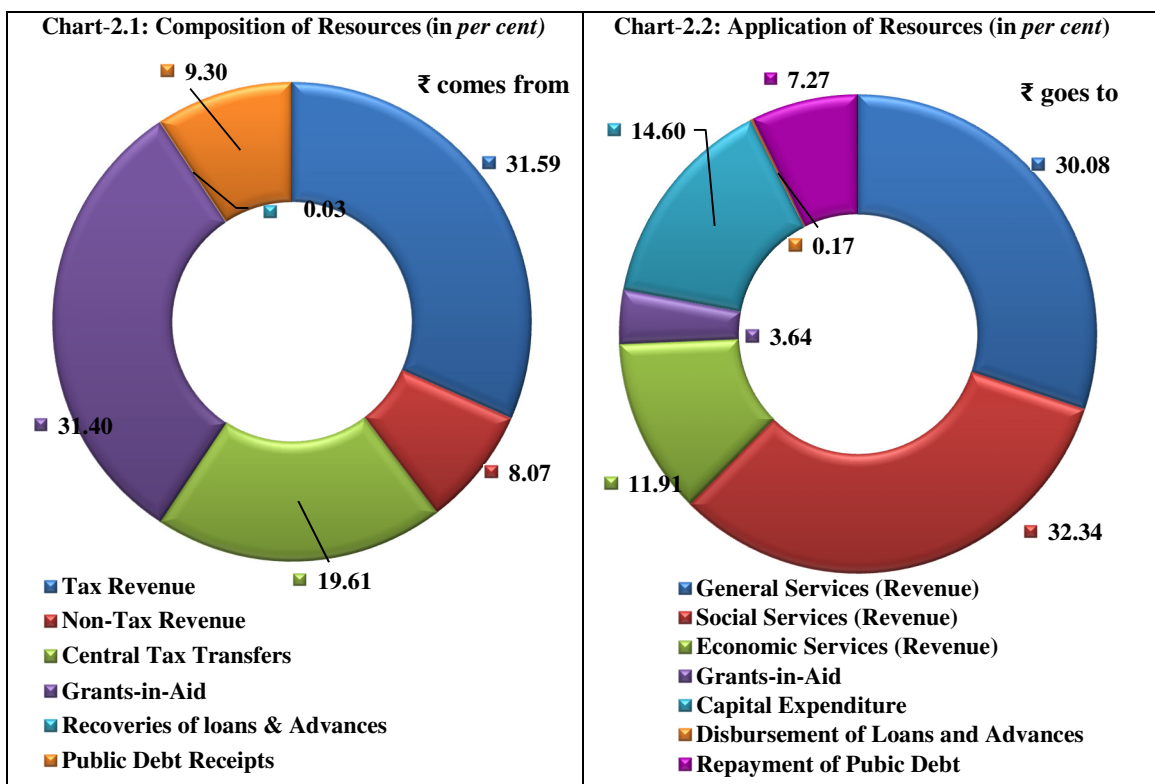
Table-2.2 compares the component of the sources and application of funds of the State during the Financial Year 2022-23 with 2021-22 in figures, while Growth of composition of resources is given in **Table-2.2(A)**. **Charts-2.1** and **2.2** give the details of where the “Receipts comes from” and “Expenditure goes to” during 2022-23 in terms of percentages.

Table-2.2: Details of Sources and Application of funds during 2021-22 and 2022-23.

(₹ in crore)

	Particulars	2021-22	2022-23	Increase/Decrease (in per cent)
Sources	Opening Cash Balance	3,575.97	3,837.19	7.30
	Revenue Receipts	43,056.99	49,082.70	13.99
	Misc. Capital Receipt	0.00	11.83	100
	Recoveries of Loans & Advances	17.08	17.30	1.29
	Public Debt Receipts (Net)	4,087.85	956.30	-76.61
	Public Account Receipts (Net)	(-) 314.67	384.04	-222.05
	Contingency Fund (Net)	223.88	90.16	-59.73
	Total	50,647.10	54,379.52	7.37
Application	Revenue Expenditure	38,928.95	43,772.73	12.44
	Capital Expenditure	7,533.50	8,194.51	8.77
	Disbursements of Loans & Advances	347.46	93.63	-73.05
	Closing Cash Balance with RBI	3,837.19	2,318.65	-39.57
	Total	50,647.10	54,379.52	7.37

Source: Finance Accounts.



Source: Finance Accounts.

Table-2.2 (A): Growth rate of Composition of Resources

Component	2021-22	2022-23	Rate of Growth
Tax Revenue	14,176	17,102	20.64
Non-tax Revenue	2,756	4,367	58.45
Central Tax Transfer	9,906	10,617	7.18
Grants-in-Aid	16,219	16,997	4.80
Recovery of Loans & Advances	17	17	0.00
Public Debt Receipts	7,473	5,036	(-32.61)

Source: Finance Accounts.

2.3 Resources of the State

Resources of the State are described below:

1. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).

2. Capital receipts (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

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

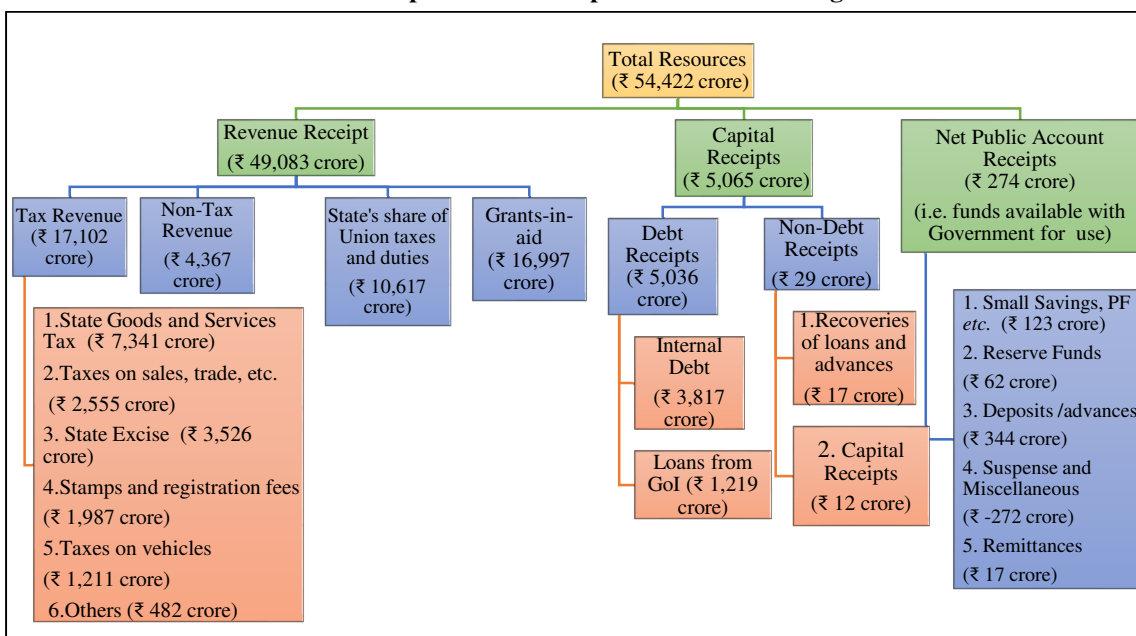
3. Net Public Accounts receipts: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc., which do not form part of the Consolidated Fund.

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

2.3.1 Receipts of the State

Composition of receipts of the State during 2022-23 is given in **Chart-2.3**.

Chart-2.3: Composition of receipts of the State during 2022-23



Out of total resources of ₹ 54,422 crore of the State Government during the year 2022-23, Revenue Receipts (₹ 49,083 crore) constituted 90.19 per cent, Capital Receipt (₹ 5,065 crore) constituted 9.31 per cent and net Public Account Receipts (₹ 274 crore) Constituted 0.50 per cent.

2.3.2 State's Revenue Receipts

2.3.2.1 Trends and Growth of Revenue Receipts

Table-2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2018-23. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts-2.4** and **2.5** respectively.

Table-2.3: Trend in Revenue Receipts

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Receipts (RR) (₹ in crore)	31,216	30,723	38,205	43,057	49,083
Budget Estimates (BE) (₹ in crore)	35,660	38,955	42,439	44,151	51,474
Rate of growth of RR (per cent)	15.17	(-) 1.58	24.35	12.70	14.00
State's Own Revenue (₹ in crore)	15,498	15,512	16,109	16,932	21,469
(i) Own Tax Revenue (₹ in crore)	12,188	11,513	11,938	14,176	17,102
(ii) Non-Tax Revenue (₹ in crore)	3,310	3,999	4,171	2,756	4,367
Grants-in aid from GoI	7,707	8,309	15,527	16,219	16,997
State's share of Union Tax and Duties (₹ in crore)	8,011	6,902	6,569	9,906	10,617
Rate of growth of Own Revenue (per cent)	29.85	0.09	3.85	5.11	26.80
Rate of growth of GIA (per cent)	(-) 4.68	7.81	86.87	4.46	4.80
Gross State Domestic Product (₹ in crore)	2,30,314	2,39,247	2,36,860	2,72,159	3,02,621
Rate of growth of GSDP (per cent)	4.58	3.88	(-)1.00	14.90	11.19
RR/BE (per cent)	87.54	78.87	90.02	97.52	95.35
RR/GSDP (per cent)	13.55	12.84	16.13	15.82	16.22
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t GSDP	3.31	NA	NA ²	0.85	1.25
State's Own Revenue Buoyancy w.r.t GSDP	6.52	0.02		0.34	2.39
Grants-in-aid buoyancy w.r.t GSDP	NA	2.01		0.30	0.43

Source: Finance Accounts, GSDP data has been obtained from SFAR Compilation by Economic Division, C&AG.

¹ Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

² NA represents negative figures due to negative growth of GIA, Revenue Receipts and GSDP during 2018-19, 2019-20 and 2020-21 respectively.

Chart-2.4: Trend of Revenue Receipts as a percentage of GSDP

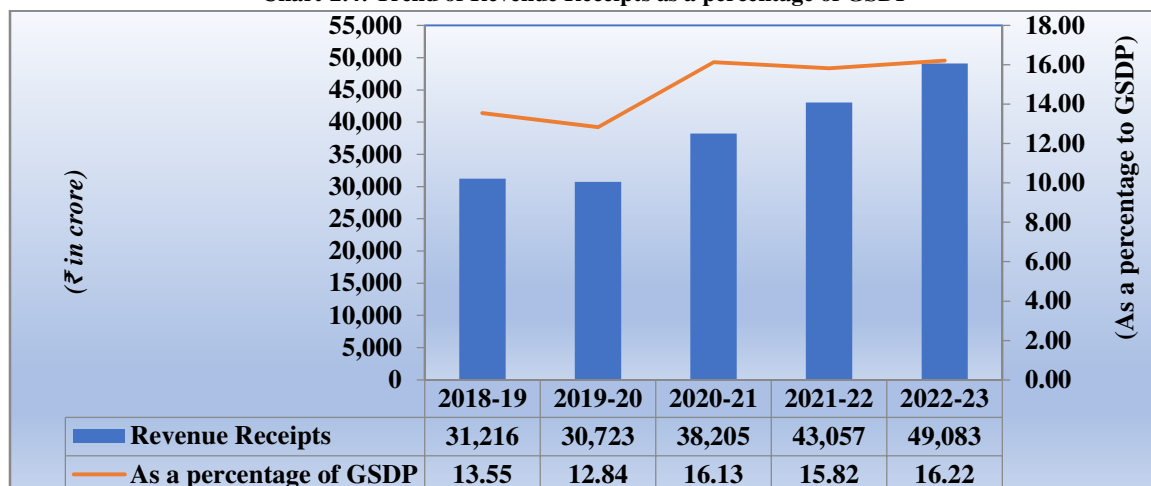
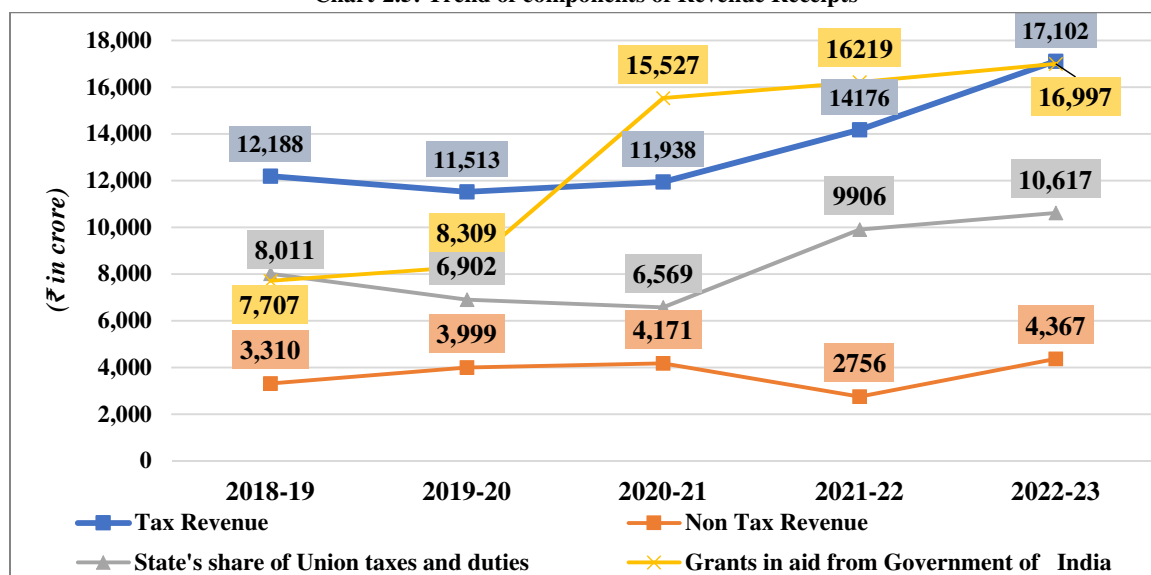


Chart-2.5: Trend of components of Revenue Receipts



- Revenue Receipts increased by 57.24 per cent from ₹ 31,216 crore in 2018-19 to ₹ 49,083 crore in 2022-23 at an annual average growth rate of 12.93 per cent. During 2022-23, Revenue Receipts increased by ₹ 6,026 crore (14.00 per cent) over the previous year, on account of increase in State's share of Union taxes and duties (₹ 711 crore), Own Tax Revenue (₹ 2,926 crore) and Grants-in-Aid (₹ 778.00 crore) and increase in State's Non-Tax Revenue (₹ 1,611 crore). Revenue Receipt as percentage of Budget Estimates increased from 87.54 per cent in 2018-19 to 95.35 per cent in 2022-23. However, it decreased partially by 2.17 per cent during 2022-23 as compared to previous year 2021-22.
- Grant-in-aid from GoI on the other hand increased by 120.54 per cent during the period 2018-19 to 2022-23. It, however, increased by ₹ 778 crore (4.80 per cent) as compared to 2021-22.

- About 43.74 *per cent* of the Revenue Receipts during 2022-23 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 56.26 *per cent*. Thus, Uttarakhand's fiscal position is largely dependent upon Central tax transfers and GIA.
- During the current year, there was a significant increase of 14 *per cent* (₹ 6,026 crore) in Revenue Receipts. The Revenue Expenditure on the other hand increased by 12.44 *per cent* (₹ 4,844 crore). This resulted in increase of Revenue surplus during the year. There was wide fluctuation in the revenue buoyancy w.r.t. GSDP of the State, over the period 2018-19 to 2022-23. The revenue buoyancy with reference to GSDP decreased from 3.31 *per cent* in 2018-19 to 1.25 *per cent* in 2022-23 whereas the State's own revenue buoyancy with reference to GSDP decreased considerably from 6.52 *per cent* in 2018-19 to 2.39 *per cent* in 2022-23. The fluctuating trend in own revenue buoyancy in 2018-23 was primarily due to fluctuation in GSDP of the State.
- Similarly, the Grant-in-aid buoyancy with reference to GSDP also showed a fluctuating trend during 2019-20 to 2022-23. During 2022-23 the Grant-in-aid buoyancy increased due to increase in the receipts of Grant-in-aid from Gol.

An increasing trend of Grants-in-Aid compared to own revenue buoyancy indicates more reliance, whereas a decreasing trend indicates less reliance on Gol support. Diversifying revenue sources and strengthening the local tax base are essential for sustainable fiscal stability and development.

2.3.3 State's Own Resources

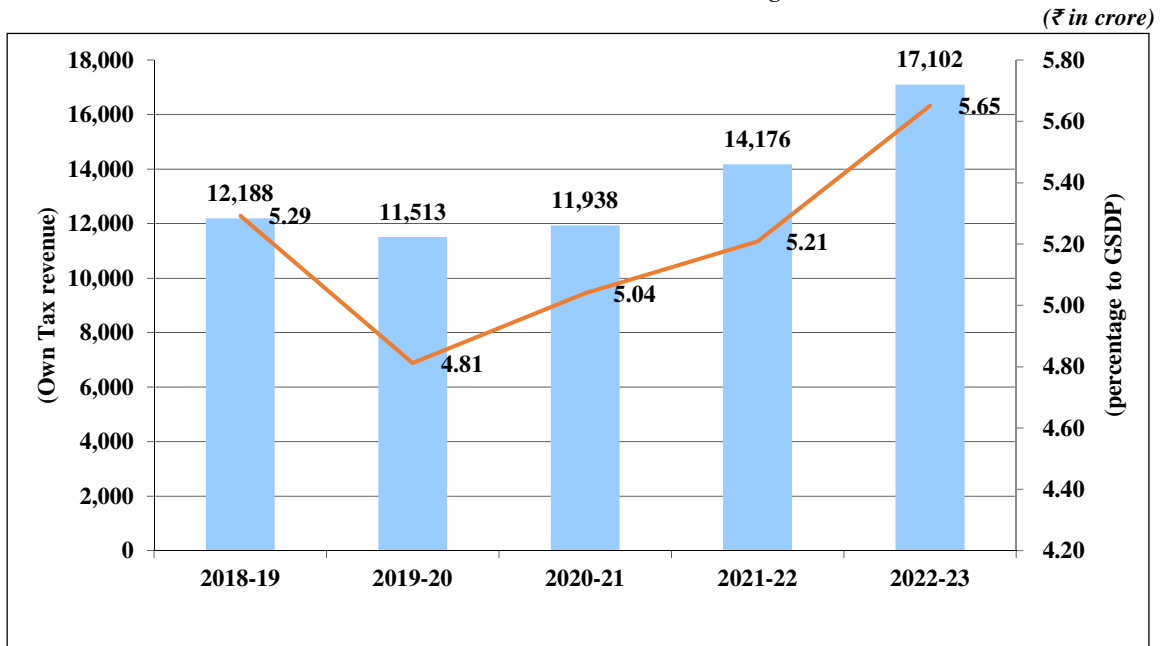
State's share in Central taxes is determined on the basis of recommendations of the Finance Commission; share of Grants-in-Aid is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, *etc.* State's performance in mobilisation of additional resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collections in respect of Tax Revenue and Non-Tax Revenue and their relative share in GSDP during 2018-23 are given in **Appendix-2.1**.

2.3.3.1 Own Tax Revenue

Own tax revenues of the State consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, *etc.* Figures of Own Tax Revenue of the State and its percentage to GSDP during the five-year period 2018-23 are given in the **Chart-2.6**.

Chart-2.6: Growth of Own Tax Revenue during 2018-23



The component-wise details of Own Tax Revenue collected during the years 2018-23 are in **Table-2.4**.

Table-2.4: Component-wise Own Tax Revenue during 2018-23

Heads	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
1. Taxes on Sales, Trades, etc.	1,883	1,811	1,858	2,302	2,555	
2. State Goods and Services Tax	4,802	4,931	5,053	5,973	7,341	
3. State Excise	2,871	2,727	2,966	3,258	3,526	
4. Taxes on Vehicle	909	908	741	889	1,211	
5. Stamps and Registration Fees	1,015	1,072	1,107	1,488	1,987	
6. Land Revenue	34	24	17	40	65	
7. Other Taxes	674	40	196	226	417	
Total	12,188	11,513	11,938	14,176	17,102	
Percentage of Own Tax Revenue to State's Own Revenue	78.64	74.22	74.11	83.72	79.66	
Percentage of Own Tax Revenue to Total Revenue Receipts	39.04	37.47	31.25	32.92	34.84	

Source: Finance Accounts.

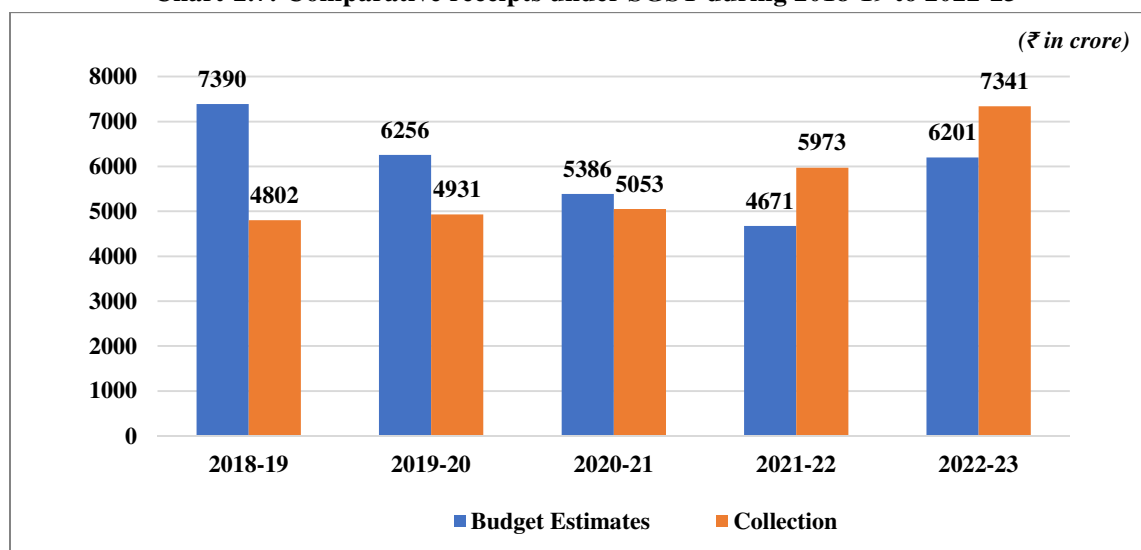
Own Tax Revenue of the State increased by ₹ 4,914 crore from ₹ 12,188 crore in 2018-19 to ₹ 17,102 crore in 2022-23 at an annual average rate of 11.49 per cent. During the current year, major contributors of Tax Revenue were State Goods and Services Tax (42.92 per cent), State Excise (20.62 per cent), Taxes on Sales, Trade, etc. (14.94 per cent)

and Stamp and Registration Fee (11.62 *per cent*). The Own Tax Revenue increased by ₹ 2,926 crore during the current year over the previous year. This increase was mainly on account of increase in State Goods and Services Tax (₹ 1,368 crore), Stamp and Registration Fee (₹ 499 crore), Taxes on Vehicles (₹ 322 crore), State Excise (₹ 268 crore) and Taxes on Sales, Trade, *etc.* (₹ 253 crore). However, the percentage of Own Tax Revenue to Total Revenue Receipts has declined from 39.04 to 34.84 *per cent* during last five years (2018-19 to 2022-23).

2.3.3.2 State Goods and Services Tax (SGST)

Twelve years after the implementation of Value Added Tax (VAT) in 2005, the Central Government rolled out the Goods and Services Tax (GST) on July 01, 2017. The Uttarakhand Goods and Services Tax (GST) Act, 2017 was passed by the State Legislature in May 2017 and came into effect from 01 July 2017.

Chart-2.7: Comparative receipts under SGST during 2018-19 to 2022-23



As is evident from the above table collection of SGST increased by ₹ 2,539 crore (52.87 *per cent*) from ₹4,802 crore in 2018-19 to ₹ 7,341 crore³ in 2022-23 at an annual growth rate of 37.96 *per cent*. It increased by ₹ 1,368 crore (22.90 *per cent*) during the current year over previous year 2021-22.

2.3.3.3 Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and affect ultimately the revenue deficit.

³ During the year 2022-23, there was no difference between the RBI's figures and figures booked in the Finance Accounts for State GST.

Arrears of Revenue

The arrears of revenue as on 31 March 2023 under Commercial taxes/VAT amounted to ₹ 8,061.87 crore, of which ₹ 3,592.19 crore (44.55 per cent) was outstanding for more than five years as detailed in **Table-2.5** below.

Table-2.5: Arrears of Revenue

Head of Revenue ⁴	Total amount outstanding as on 31 March of (₹ in crore)					Amount outstanding for more than five years as on 31 March of (₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23	2018-19	2019-20	2020-21	2021-22	2022-23
Commercial Taxes/VAT	NA	10,205.69	11,821.59	11,457.98	8,061.87	NA	3,227.82	3,968.17	4,495.01	3,592.19
State Excise	NA	67.51	NA	160.47	Info awaited	NA	67.29	NA	114.16	Info awaited
Total		10,273.20	11,821.59	11,618.45	8,061.87		3,295.11	3,968.17	4,609.17	3,592.19

Source: Commercial Tax & State Excise Department, Govt of Uttarakhand.

Total amount outstanding in respect of Commercial Tax/VAT has decreased from ₹ 10,205.69 crore in 2019-20 to ₹ 8,061.87 crore in 2022-23 while showing a fluctuating trend during 2019-23. In current year it has decreased by ₹ 3,396.11 crore (29.64 per cent) over previous year. Amount of revenue outstanding for more than 05 years has also shown a fluctuating trend and increased by ₹ 364.37 crore compared to 2019-20. However, it decreased by ₹ 902.82 crore (20.08 per cent) in current year 2022-23 from previous year. Thus, the State Government has to augment its efforts for recovery of revenue.

During exit conference, the Government stated that matter will be taken up with the concerned departments for early recovery of revenue.

Arrears in assessment

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed off during the year and the number of cases pending for finalisation at the end of the year as furnished by the State Tax Department are given in **Table-2.6** below:

Table-2.6: Arrears in Assessment

Head of revenue	Year	Opening balance (Nos. of Cases)	New cases due for assessment during the year	Total assessment due	Cases disposed off during the year	Balance at the end of the year	Percentage of disposal
Commercial Tax/VAT	2018-19	-----NA-----					
	2019-20	60,504	1,28,105	1,88,609	73,885	1,14,724	39
	2020-21	1,14,724	33,426	1,48,150	79,304	68,846	54
	2021-22	68,846	11,825	80,671	79,781	890	99
	2022-23	890	9,106	9,996	8,677	1,319	87
Commercial Tax/GST	2018-19	-----NA-----					
	2019-20	-----NA-----					
	2020-21	-----NA-----					
	2021-22	0	4,175	4,175	3,564	611	85
	2022-23	611	12,457	13,068	5,524	7,544	42

Source: Commercial Tax Department, Govt of Uttarakhand.

⁴ Based on information furnished by State Tax and State Excise Department. Information for the FY 2022-23 from Excise Department was not made available.

As is evident from the table above, cases balanced for disposal under VAT have reduced considerably during 2020-23. However, it has shown an increasing trend under GST. Total assessment due under GST has increased by 213 *per cent* over previous year 2021-22. However, percentage of disposal reduced to 42 *per cent* from 85 *per cent* in 2021-22.

Evasion of tax detected by Department, refund cases, etc.

The cases of evasion of tax detected by the Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money, *etc.* The details of evasion of tax detected by the State Tax Department are given in **Table-2.7** below.

Table-2.7: Evasion of Tax Detected

Head of revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	Total	No. of cases in which assessment/ investigation completed and additional demand with penalty <i>etc.</i>		No. of cases pending for finalisation as on 31 March 2023
				No. of cases	Amount of demand (₹ in crore)	
VAT				Nil		
GST	254	203	457	316	459.52	141

Source: Commercial Tax Department, Govt of Uttarakhand.

Refund Cases

The details of refund cases in some principal heads of Revenue are given in the **Table-2.8**.

Table-2.8: Details of Refund cases as on 31 March 2023

Sl. No.	Particular	GST		Commercial Tax/Vat	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	16	14.31	1,000	7.25
2.	Claims received during the year	1,390	334.86	622	176.06
3.	Refunds made during the year	1,100	306.20	1,036	170.28
4.	Refunds rejected during the year	225	29.58	56	5.62
5.	Balance outstanding at the end of year	81	13.39	530	7.41

Source: Commercial Tax Department, Govt of Uttarakhand.

As is evident from the table above, under GST 1,390 claims were received and 1,100 claims were settled during the year after paying ₹ 306.20 crore as refund, while under Commercial Tax/VAT 622 claims were received and 1,036 refund cases were settled after paying ₹ 170.28 crore as refund. Further, it was also found that refunds of ₹ 17.13 crore under Taxes on Sales, Trade. *etc.* (Major Head 2040) and ₹ 5.36 crore under Non-ferrous Mining and Metallurgical Industries (Major Head 2853) were made, whereas it should have been made under respective Receipts Heads.

2.3.3.4 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, *etc.* The component-wise details of Non-Tax Revenue collected during the years 2018-19 to 2022-23 are given in **Table-2.9**.

Table-2.9: Component-wise Non-Tax Revenue during 2018-19 to 2022-23

Heads	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Non-Ferrous Mining and Metallurgical Industries	480.86	396.75	506.41	575.01	472.13	
Forestry and Wild Life	368.73	410.16	512.27	511.55	474.93	
Interest receipts	55.70	47.81	98.52	403.55	759.04	
Education Sports Art and Culture	81.48	198.83	259.59	268.57	227.19	
Urban Development	1.22	35.57	15.08	190.98	30.99	
Medical and Public Health	99.57	183.84	168.75	177.85	188.50	
Power	186.67	0.30	70.35	111.23	72.46	
Contribution and Recoveries towards Pension and Other Retirement Benefits (1,50,803 pensioners)	1,714.70	2,492.90	2,109.78	61.57	1,711.37	
Dividend and Profit	18.69	14.08	41.02	35.05	25.07	
Others	302.26	218.57	388.80	420.60	404.87	
Total	3,309.88	3,998.81	4,170.57	2,755.96	4,366.55	
Percentage of Non-Tax Revenue to State's Own Revenue	21.36	25.78	25.89	16.28	20.34	
Percentage of Non-Tax Revenue to Total Revenue Receipts	10.60	13.02	10.92	6.40	8.90	

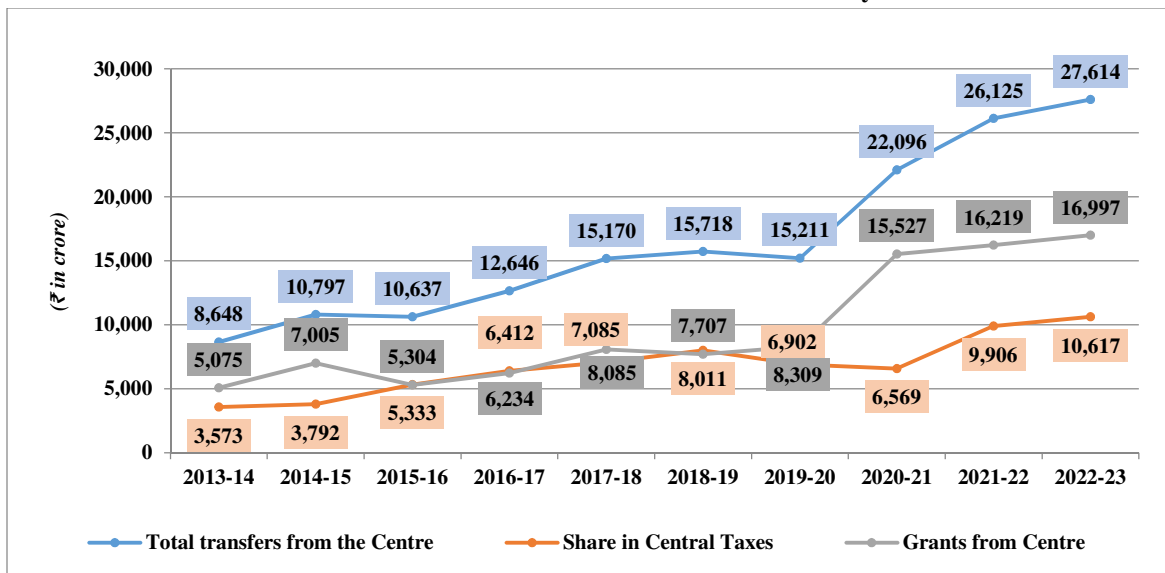
Source: Finance Accounts of respective years.

Non-Tax Revenue, ranged between six and 13 per cent of Total Revenue Receipts of the State during the five-year period from 2018-19 to 2022-23.

2.3.4 Central Transfers

The Central transfers mainly constitute (i) share in the net proceeds of Union Taxes and Duties and (ii) the Grants-in-aid. Consequent upon the recommendations of the Fourteenth Finance Commission, the grants for centrally sponsored schemes and centrally sponsored plan schemes are now being routed through State Budget. The transfers from Centre are dependent on Finance Commission recommendations. The trends in Central transfers for the last 10 years are shown in **Chart-2.8** given below.

Chart-2.8: Trends in Central Transfers for the last 10 years



2.3.4.1 Central Tax Transfer

The Fourteenth Finance Commission had recommended that the States' share of central taxes be increased to 42 *per cent* from 2015-16 onwards. Further, the share of Uttarakhand in the net proceeds of Central Taxes (excluding Service Tax) had been fixed at 1.052 *per cent*. However, the share was increased to 1.104 *per cent* for the year 2020-21 and to 1.118 *per cent* for the year 2021-22 and 2022-23 by the Fifteenth Finance Commission (FFC). The actual devolution *vis-à-vis* Finance Commission projections is given in **Table-2.10**.

Table-2.10: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections

(₹ in crore)

Year	Finance Commission projections	Projections in Finance Commission Report	Actual tax devolution	Difference
1.	2.	3.	4.	5. (4-3)
2013-14	1.120 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 1.138 <i>per cent</i> of net proceeds of shareable service tax (As per recommendations of Thirteenth FC)	3,727.00	3,573.38	(-) 153.62
2014-15		4,396.00	3,792.30	(-) 603.70
2015-16	1.052 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 1.068 <i>per cent</i> of net proceeds of shareable service tax (As per recommendations of Fourteenth FC)	6,112.00	5,333.19	(-) 778.81
2016-17		7,053.00	6,411.55	(-) 641.45
2017-18		8,150.00	7,084.91	(-) 1,065.09
2018-19		9,429.00	8,011.59	(-) 1,417.41
2019-20		10,921.00	6,901.54	(-) 4,019.46
2020-21	1.104 <i>per cent</i> of net proceeds of all shareable taxes (As per recommendations of Fifteenth FC)	9,441.00	6,568.72	(-) 2,872.28
2021-22	1.118 <i>per cent</i> of net proceeds of all shareable taxes (As per recommendations of Fifteenth FC's 2021-26 report)	7,363.05	9,906.25	2,543.20
2022-23		8,190.78 ⁵	10,617.00	2,426.22

Source: XV FC and Finance Accounts.

The details of Central tax transfers to the State during 2018-19 to 2022-23 are given in **Table-2.11**.

Table-2.11: Central Tax Transfers

(₹ in crore)

Head	2018-19	2019-20	2020-21	2021-22	2022-23
Corporation Tax	2,786.13	2,353.14	1,981.20	2,985.75	3,559.58
Customs	567.89	437.46	349.64	676.32	417.39
Income Tax	2,051.86	1,843.85	2,031.05	2,938.64	3,474.95
Other Taxes and Duties on commodities and services	4.14	4.37	4.69	9.47	17.47
Service Tax	73.45	00	28.21	127.78	16.62
Wealth Tax	1.02	0.1	00	0.62	0
Union Excise Duties	377.39	304.15	220.89	337.81	130.97
Other Taxes on Income and Expenditure	14.51	00	00	0.02	00
CGST	1,977.40	1,958.47	1,953.04	2,829.84	3,000.03
IGST	157.8	00	00	00	00
Total Central Tax Transfer	8,011.59	6,901.54	6,568.72	9,906.25	10,617.01

⁵ Tax devolution to States ₹ 732628*1.118% = ₹ 8,190.78

Head	2018-19	2019-20	2020-21	2021-22	2022-23
Percentage of (+) increase/ (-) decrease over previous year	13.08	(-) 13.86	(-) 4.82	50.81	7.17
Percentage of Central tax transfers to Revenue Receipts	25.67	22.46	17.19	23.01	21.63

Source: Finance Accounts of respective years.

Over the five-year period (2018-19 to 2022-23), Central tax transfers increased by 32.52 per cent from ₹ 8,012 crore in 2018-19 to ₹ 10,617 crore in 2022-23. During the current year, it increased by ₹ 711 crore (7.17 per cent) from previous year, mainly due to increased receipts in Corporation Tax (₹ 574 crore), Income Tax (₹ 536 crore) and CGST (₹ 170 crore). During the year Central Tax transfer constituted 21.63 per cent of the Revenue Receipts. Further, as detailed in **Table-2.10**, the State did not receive its share of Union Taxes and Duties as per projections in the Finance Commissions Reports (XIII, XIV & XV) from the period 2013-14 to 2020-21. However, during the year 2021-22 and 2022-23, the share in central taxes exceeded by ₹ 2,543 crore and ₹ 2,426 crore respectively from the XV FC projection.

2.3.4.2 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2018-19 to 2022-23 are detailed in **Table-2.12**.

Table-2.12: Grants-in-Aid from GoI

Head	2018-19	2019-20	2020-21	2021-22	2022-23
1.Grants for Centrally Sponsored Schemes	4,966	4,477	6,166	5,219	5,969
2. Finance Commission Grants	485	975	6,865	9,424	8,501
3. Other transfers/Grants to States	2,256	2,857	2,496	1,576	2,527
Total (1+2+3)	7,707	8,309	15,527	16,219	16,997
Percentage of increase over the previous year	(-) 5	8	87	4	5
Percentage of GIA to Revenue Receipts	25	27	41	38	35

Source: Finance Accounts of respective years.

Grants-in-Aid from GoI increased by ₹ 9,290 crore (120.54 per cent) from 2018-19 to 2022-23. However, it increased by ₹ 778 crore (4.80 per cent) during the year compared to the previous year. GIA constituted 35 per cent of Revenue Receipts during the year 2022-23. Finance Commission Grants (₹ 8,501 crore) provided during 2022-23 includes Revenue Deficit Grant (₹ 7,137 crore), grant for Local Bodies (₹ 479 crore), State Disaster Response Fund (SDRF) (₹ 787 crore) and State Disaster Mitigation Fund (₹ 98 crore). This constituted 50.01 per cent of total grants during the year. Grants for Centrally Sponsored Schemes (₹ 5,969 crore) to the State constituted 35.12 per cent of the total grants during the year.

Other grants received by the State during the year was mainly in respect of compensation for loss of revenue arising out of implementation of GST (₹ 2,136 crore).

2.3.4.3 Single Nodal Agency

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23-03-2021 had notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring utilisation of the funds released through SNA. For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorised to conduct Government business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA's account along with corresponding State share.

Examination of the reports of the PFMS Portal for the year 2022-23, audit noted the following:

- (i) In 19 CSS, GoI transferred ₹ 3,263.53 crore to the State against which it had released only ₹ 2,482.91 crore as Central Share to SNA's account resulted in less transfer of ₹ 780.62 crore whereas in 39 CSS, State transferred ₹ 853.87 crore in excess of GoI share.
- (ii) There were unspent balances of ₹ 3,331.68 crore in 110 State linked schemes during 2022-23.
- (iii) The State released funds of ₹ 675.96 crore in excess of its proportionate state share in 43 CSS.
- (iv) The State released less funds of ₹ 124.97 crore in 15 CSS with respect to its proportionate state share
- (v) Against ₹ 4,916.41 crore received from GoI during 2022-23 as Central Share, the State Government transferred Central share of ₹ 4,988.15 crore, State share of ₹ 1,303.48 crore and ₹ 81.18 crore as unclassified amount to the SNAs.

Detailed vouchers and supporting documents of actual expenditure were not received by Accountant General (A&E) office from SNAs.

2.3.4.4 Fifteenth Finance Commission Grants

As mentioned in the previous paragraph, FFC Grants were provided to the States for local bodies and State Disaster Response Fund. Details of grants provided by the GoI to the State in this regard during the year 2022-23 are given in **Table-2.13**.

Table-2.13: Grants-in-Aid released by GoI as per recommendation of XVFC

(₹ in crore)		
Transfers	Recommendations of the FFC for 2022-23	Actual Release from GoI during 2022-23
1. Local Bodies	657	478
(A) Grants to PRIs	440	307
(B) Grants to ULBs	217	171
2. Revenue Deficit Grant	7,137	7,137
3. Disaster Response Fund (Central Share)	984	886
5. Health Sector Grant	150	0.00
Grand Total	8,928	8,501

Source: Finance department, Uttarakhand.

It is clear from the above table that the State received less share than recommendations of FFC grants in PRIs, ULBs and Disaster Response Fund. However, State received its

complete share of Finance Commission in Revenue Deficit Grant. State did not receive ₹ 150 crore grant for Health Sector as recommended by the FFC.

2.4 Capital Receipts

Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. **Table-2.14** shows the trends in growth and composition of net Capital Receipts.

Table-2.14: Trends in growth and composition of net Capital Receipts

(₹ in crore)

Sources of State's Capital Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
1. Capital Receipts (Total)	7,302	6,167	9,810	7,490	5,065
1.1 Miscellaneous Capital Receipts	00	00	0.20	0	12
1.2 Recovery of Loans and Advance	27	19	23	17	17
1.3 Public Debt Receipts	7,275	6,148	9,787	7,473	5,036
Internal Debt	7,170	6,078	6,728	3,787	3,817
Growth Rate	(-) 3.26	(-) 15.23	10.69	(-) 43.71	0.79
Loans and Advance from GoI (Net)	105	70	3,059	3,686	1,219
Growth Rate	(-) 7.89	(-) 33.33	4,270.00	20.50	(-) 66.93
Rate of growth of debt Capital Receipts	(-) 3.34	(-) 15.49	59.19	(-) 23.64	(-) 32.61
Rate of growth of non-debt capital receipts	(-) 20.59	(-) 29.63	22.11	(-) 26.72	70.59
Rate of growth of GSDP	4.58	3.88	(-)1.00	14.90	11.19
Rate of growth of Capital Receipts (<i>per cent</i>)	(-) 3.41	(-) 15.54	59.08	(-) 23.65	(-) 32.38
Percentage of CR to Total Receipts	18.96	16.72	20.43	14.82	9.35

Source: Finance Accounts of respective years.

Capital Receipts decreased by ₹ 2,237 crore (30.64 *per cent*) from ₹ 7,302 crore in 2018-19 to ₹ 5,065 crore in 2022-23. It decreased by ₹ 2,425 crore (32.38 *per cent*) during the current year as compared to previous year mainly due to decrease in Loans and Advances from Government of India (₹ 2,467 crore).

Public debt receipts create future repayment obligation, and these are taken from Market, Financial Institutions and Central Government. During the five-year period 2018-23, 39.93 *per cent* of Public debt receipt (₹ 35,719 crore) taken during the period were utilised for repayment of Public Debt (₹ 14,261 crore) and the remaining 60.07 *per cent* was utilised for other purposes.

2.5 State's Performance in Mobilisation of Resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The Fifteenth Finance Commission (FFC) projections, the BEs and the Medium-Term Fiscal Policy Statement (MTFPS) projections *vis-à-vis* actual in respect of State's own resources during 2022-23 are given in **Table-2.15**.

Table-2.15: States Own resources: Projection *vis-à-vis* actual

(₹ in crore)

States Own resources	FFC projections	Budget Estimates	MTFPS projections	Actual	Percentage variation of actual over		
					FFC projections	Budget Estimates	MTFPS projection
Own Tax Revenue	13,796	15,371	16,952	17,102	23.96	11.26	0.88
Non-Tax Revenue	3,951	5,521	4,977	4,367	10.53	-20.90	-12.26

Source: FFC Report, Budget Document and Finance Accounts.

As shown in **Table 2.15**, the State's own tax revenue during 2022-23 was higher against the FFC projections, BEs and MTFPS by ₹ 3,306 crore, ₹ 1,731 crore and ₹ 150 crore respectively. Thus, the State was able to achieve its own targets of Own Tax Revenue, projected in the Budget and MTFPS.

The Non-tax revenue (NTR) during 2022-23 was higher by ₹ 416 crore as compared to the FFC projections. However, it was less by ₹ 1,154 crore and ₹ 610 crore respectively as against BEs and MTFPS projections. State was not able to achieve its own targets of Non-Tax Revenue, projected in the Budget and MTFPS.

2.6 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector.

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as revenue expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital expenditure.

Loans and Advances: Loans and advances by the Government to Public Sector Undertakings (PSU) and other parties.

The Total Expenditure, its composition and relative share in GSDP during the years 2018-19 to 2022-23 is presented in **Table-2.16**.

Table-2.16: Total Expenditure and its composition

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	38,563	38,399	43,667	46,810	52,061
Revenue Expenditure (RE)	32,196	32,859	37,091	38,929	43,773
Capital Expenditure (CE)	6,184	5,414	6,538	7,534	8,194
Loans and Advances	183	126	38	347	94
As a percentage of GSDP					
TE/GSDP	16.74	16.05	18.44	17.20	17.20
RE/GSDP	13.98	13.73	15.66	14.30	14.46
CE/GSDP	2.69	2.26	2.76	2.77	2.71
Loans and Advances/GSDP	0.08	0.05	0.02	0.13	0.03

Source: Finance Accounts.

The above table shows that Total Expenditure of the State increased by 35 per cent from ₹ 38,563 crore in 2018-19 to ₹ 52,061 crore in 2022-23. During the current year, it increased by 11.22 per cent over the previous year. As a percentage of GSDP, the Total Expenditure showed a fluctuating trend and remained in the range of 16 per cent to 18 per cent during 2018-19 to 2022-23.

Charts-2.9 depicts the trend of the share of components in Total Expenditure whereas **Chart-2.10** shows composition of total disbursement from Consolidated Fund for the year 2022-23.

Chart-2.9: Total Expenditure: Trends in share of its components (in per cent)

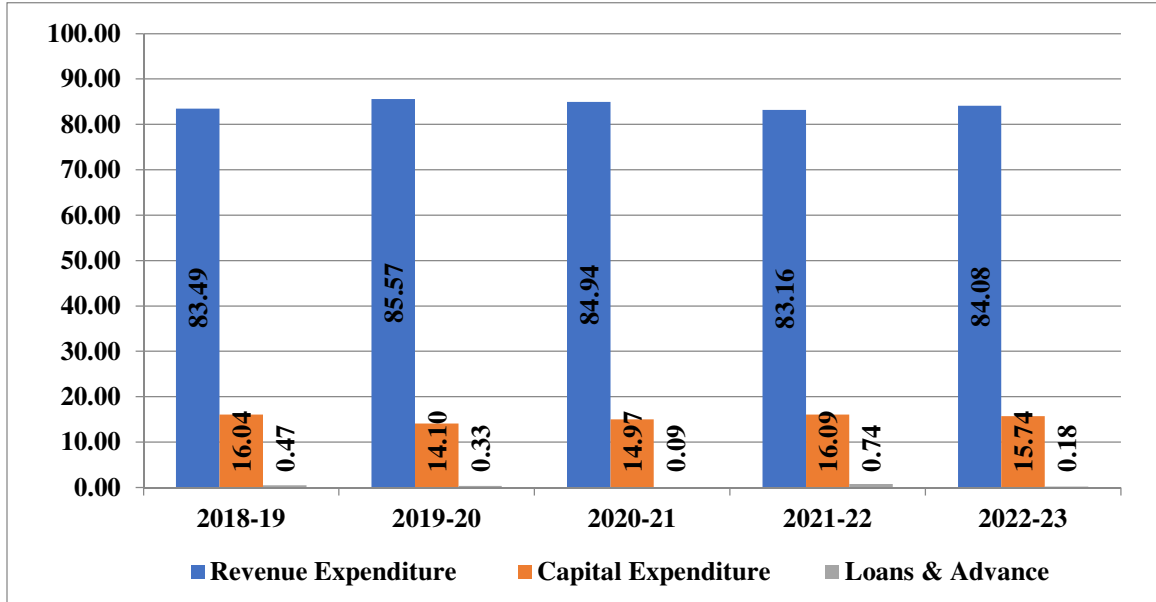
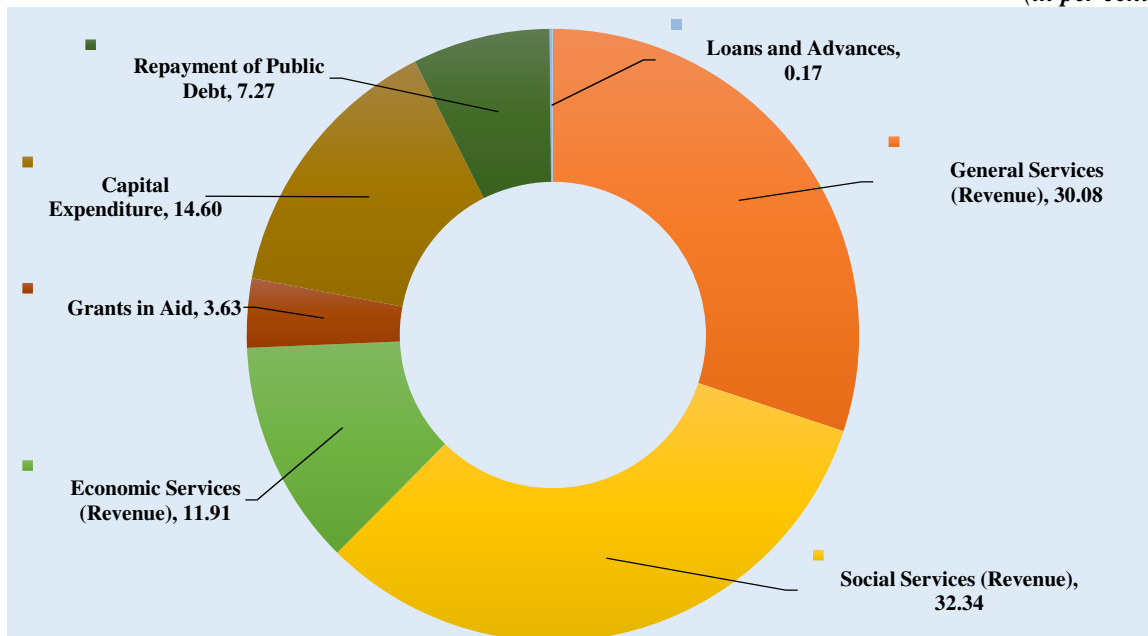


Chart-2.10: Composition of total disbursement from Consolidated Fund during 2022-23 (in per cent)



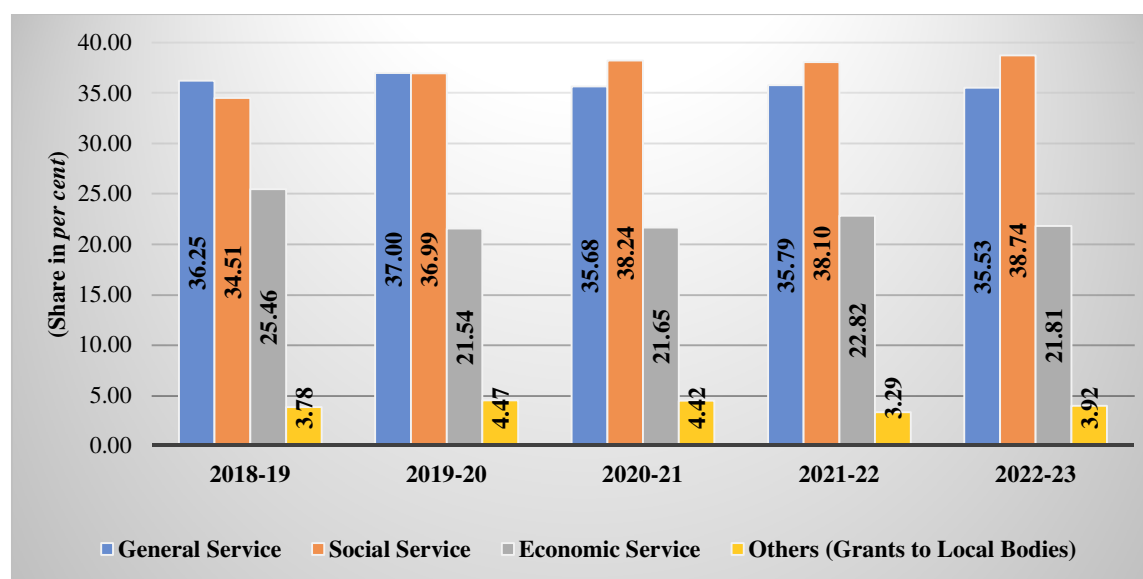
In terms of activities, the Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components in the Total Expenditure of ₹ 52,061 crore (refer **Appendix-2.1**) during 2022-23 is given in **Table-2.17**.

Table-2.17: Relative share of various sectors of expenditure

Parameters	(in percentage)				
	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	36.25	37.00	35.68	35.79	35.53
Social Services	34.51	36.99	38.24	38.10	38.74
Economic Services	25.46	21.54	21.65	22.82	21.81
Others (Grants to Local Bodies and Loans and Advances to Government Servants)	3.78	4.47	4.43	3.29	3.92

Chart-2.11 depicts trends of sectoral component in Total Expenditure for the period 2018-19 to 2022-23.

Chart-2.11: Total Expenditure: Expenditure by activity



The relative share of the above components of expenditure indicates that the shares of General Services and Economic Services in the Total Expenditure were partially decreased during 2022-23 over the previous year. However, the respective share of Social Services and others increased during the current year.

2.6.1 Revenue Expenditure

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

Revenue Expenditure formed on an average 84 per cent (ranging from 83 per cent to 86 per cent) of the total expenditure during the period 2018-19 to 2022-23. Rate of growth of Revenue Expenditure has displayed fluctuating trend during the five-year period 2018-19 to 2022-23. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy vis-à-vis GSDP and Revenue Receipts are indicated in Table-2.18. Trend of Revenue Expenditure and its percentage to GSDP is shown in Chart-2.12 whereas the sectoral distribution of Revenue Expenditure pertaining to 2022-23 is given in Chart-2.13.

Table-2.18: Revenue Expenditure – basic parameters

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	38,563	38,399	43,667	46,810	52,061
Revenue Expenditure (RE)	32,196	32,859	37,091	38,929	43,773
Rate of Growth of RE (<i>per cent</i>)	10.70	2.06	12.88	4.96	12.44
Revenue Expenditure as percentage of TE	83.49	85.57	84.94	83.16	84.08
RE/GSDP (<i>per cent</i>)	13.98	13.73	15.66	14.30	14.46
RE as percentage of RR	103.14	106.95	97.09	90.41	89.18
Buoyancy ⁶ of Revenue Expenditure with					
GSDP (ratio)	2.34	0.53	(-)12.88	0.33	1.11
Revenue Receipts (ratio)	0.71	(-)1.30	0.53	0.39	0.89

Source: Finance Accounts.

Chart-2.12: Trend of Revenue Expenditure during 2018-19 to 2022-23

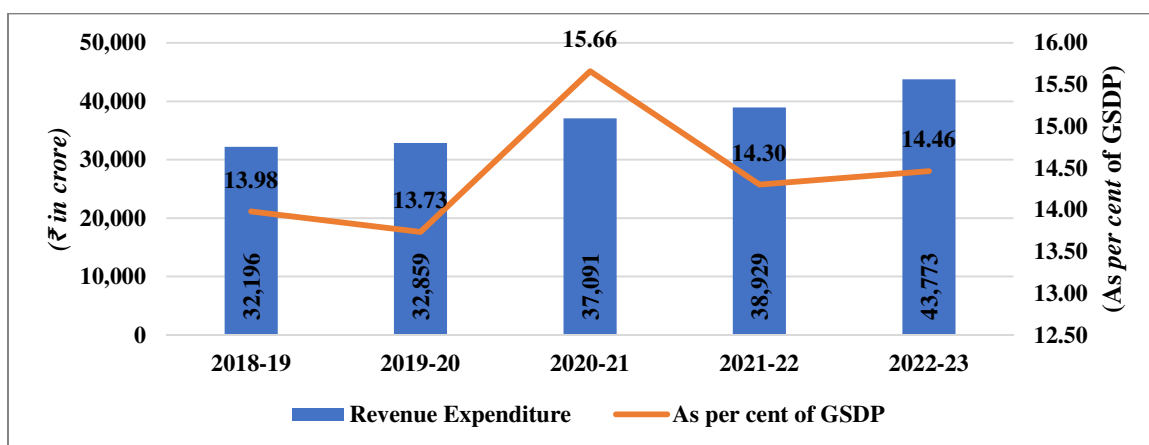
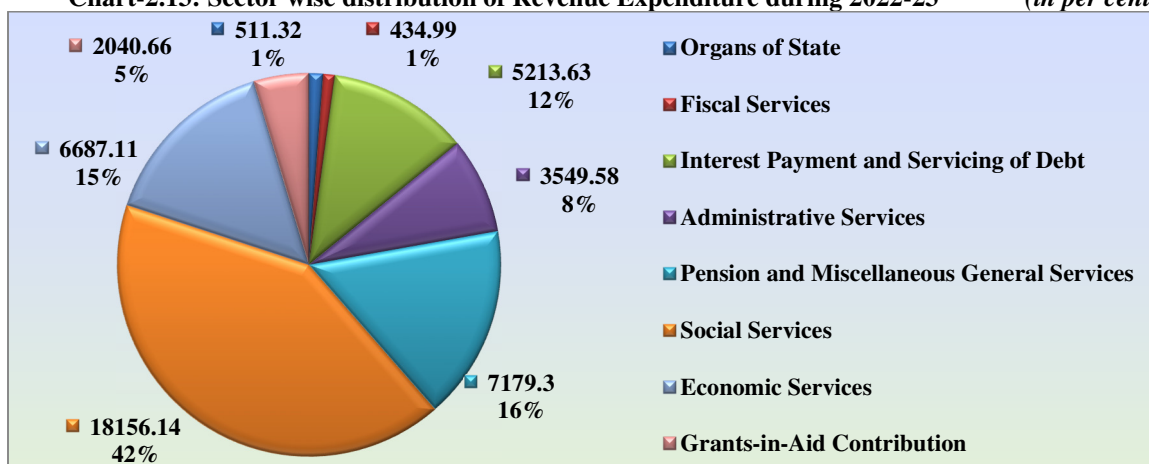


Chart-2.13: Sector wise distribution of Revenue Expenditure during 2022-23

(in per cent)



During 2022-23, Revenue Expenditure as a percentage of GSDP was higher than the previous year. It witnessed a significant increase of ₹ 4,844 crore (12.44 *per cent*) over the previous year. Revenue Expenditure was lower by ₹ 5,821 crore from the assessment made in Medium Term Fiscal Plan Statement (MTFPS) (₹ 49,594 crore).

⁶ Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

2.6.1.1 Major Changes in Revenue Expenditure

Table-2.19 details significant variations (more than ₹ 50 crore and 25 per cent) under various Heads of Account with regard to Revenue Expenditure of the State during the current year in comparison to the previous year. Some of the major programme/scheme with positive variations were (i) Medical and Public Health, (ii) Social Security and Welfare, (iii) Compensation and Assignments to Local Bodies and PRI, (iv) Rural Employment, (v) Urban Development, (vi) Water Supply and Sanitation, (vii) Other Administrative Services, (viii) Animal Husbandry, and (ix) Food Storage and Warehousing.

Further, it was found during scrutiny that revenue expenditure of ₹ 139.30 crore was made out of Contingency Fund for routine nature of transactions like Salary, Office Expenditure, Travel Expenses, Honorarium, Wages, Purchase of Fuel and Expenses on Food, etc. which was against the provisions of Uttarakhand Contingency Fund Act, 2001. This reflects poor budgeting by the State Government as routine nature of establishment expenditure was not forecasted and budgeted at the initial stage of preparation of Budget.

Table-2.19: Significant Variation in Revenue Expenditure during 2022-23 as compared to 2021-22

(₹ in crore)

Major Heads of Account		Expenditure		Variation	
		2021-22	2022-23	In amount	In percentage
2210	Medical and Public Health	2,590.16	3,548.04	957.89	36.98
2235	Social Security and Welfare	1,884.90	2,615.42	730.51	38.76
3604	Compensation and Assignments to LB and PRI	1,540.33	2,040.66	500.33	32.48
2505	Rural Employment	130.31	530.41	400.09	307.03
2217	Urban Development	100.87	302.77	201.89	200.14
2215	Water Supply and Sanitation	469.77	608.75	138.98	29.59
2070	Other Administrative Services	156.84	240.46	83.62	53.32
2403	Animal Husbandry	240.51	303.84	63.33	26.33
2408	Food Storage and Warehousing	88.51	143.60	55.09	62.24
2048	Appropriation for reduction or avoidance of debt	210.00	110.00	-100.00	-47.62
2220	Information and Publicity	383.84	167.85	-215.99	-56.27
2406	Forestry and Wildlife	1,131.60	775.67	-355.93	-31.45

Source: Finance Accounts of respective years.

The above table indicates heads of accounts with major variation (more than ₹ 50 crore and 25 per cent). The table also indicates that Revenue Expenditure under Information and Publicity and Forestry and Wildlife declined during the year and increased significantly in Rural Employment, Urban Development, Food Storage and Warehousing, Other Administrative Services, Social Security and Welfare, Medical and Public Health etc.

2.6.2 Committed Expenditure

The Committed Expenditure of the State Government on revenue account consists mainly of expenditure on salaries and wages, interest payments and pensions. It has first charge on Government resources. Upward trend in Committed Expenditure leaves the Government with lesser flexibility for overall development of various sectors. The FRBM Act of the State prescribes that there should be a Revenue Surplus; it is challenging to achieve it, given that a large proportion of Revenue Expenditure goes into committed items like salaries and wages, interest payments and pensions.

Apart from above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike variable transactions such as capital expenditure, etc. The following items may be considered as inflexible expenditure:

- (i) Devolution to local bodies - statutory devolutions to local bodies for pay and allowances (devolution / transfer for capital expenditure).
- (ii) Statutory requirements of contribution to Reserve Funds - Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation / Response Fund (SDMF/SDRF), etc.
- (iii) Recoupment of Contingency Fund - Amount recouped within the year.
- (iv) Transfer of cess to reserve fund / other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received - Amount of State share to be transferred to SNAs / spent by the State.
- (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - interest payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table-2.20** and share of committed expenditure in revenue expenditure is shown in **Chart-2.14**.

Table-2.20 presents the trends in the components of committed expenditure during 2018-19 to 2022-23. Share of Committed and Non-Committed Expenditure in total Revenue Expenditure is depicted through **Chart-2.14** during 2018-23.

Table-2.20: Components of Committed Expenditure

Year	2018-19	2019-20	2020-21	2021-22	2022-23
<i>(₹ in crore)</i>					
Components of Committed Expenditure					
Salaries & Wages	11,525	11,714	11,755	12,417	13,515
Interest Payments	4,475	4,504	4,773	4,939	5,104
Expenditure on Pensions	5,396	5,507	6,168	6,364	7,181
Total	21,396	21,725	22,696	23,720	25,800
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	36.92	38.13	30.77	28.84	27.53
Interest Payments	14.34	14.66	12.49	11.47	10.40
Expenditure on Pensions	17.29	17.92	16.14	14.78	14.63
Total	68.54	70.71	59.41	55.09	52.56
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	35.80	35.65	31.69	31.90	30.88
Interest Payments	13.90	13.71	12.87	12.69	11.66
Expenditure on Pensions	16.76	16.76	16.63	16.35	16.41
Total	66.46	66.12	61.19	60.93	58.94
Non-committed RE	10,800	11,134	14,395	15,209	17,973
Percentage of Non-committed Expenditure to RE	33.54	33.88	38.81	39.07	41.06
Percentage of Non-committed Expenditure to TE	28.01	29.00	32.97	32.49	34.52
Subsidies	174	35	139	145	289
Subsidies as percentage of non-committed expenditure	1.61	0.31	0.97	0.95	1.61
Components of Inflexible Expenditure					
Statutory devolution to local bodies	1,459	1,717	1,932	1,390	1,492
Contribution to Reserve Funds	0	150	150	210	110
Recoupment of Contingency Fund	217	94	2	436	269

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Transfer of Cess to Reserve Fund/Other body	187	0	70	72	72
Share contribution of CSS against the Central Fund received	NA	NA	548	1,047	728
Payment of interest on the balances of the Interest-Bearing Funds as if they could have been invested and payment of interest on public debt as charged expenditure- interest payment**	40	43	156	156	(-) 122*
Total	1,903	2,004	2,858	3,311	2,549
Inflexible Expenditure as a percentage of RR	6.10	6.52	7.48	7.69	5.19
Inflexible Expenditure as a percentage of RE	5.91	6.10	7.71	8.51	5.82

Source: Finance Accounts of respective years.

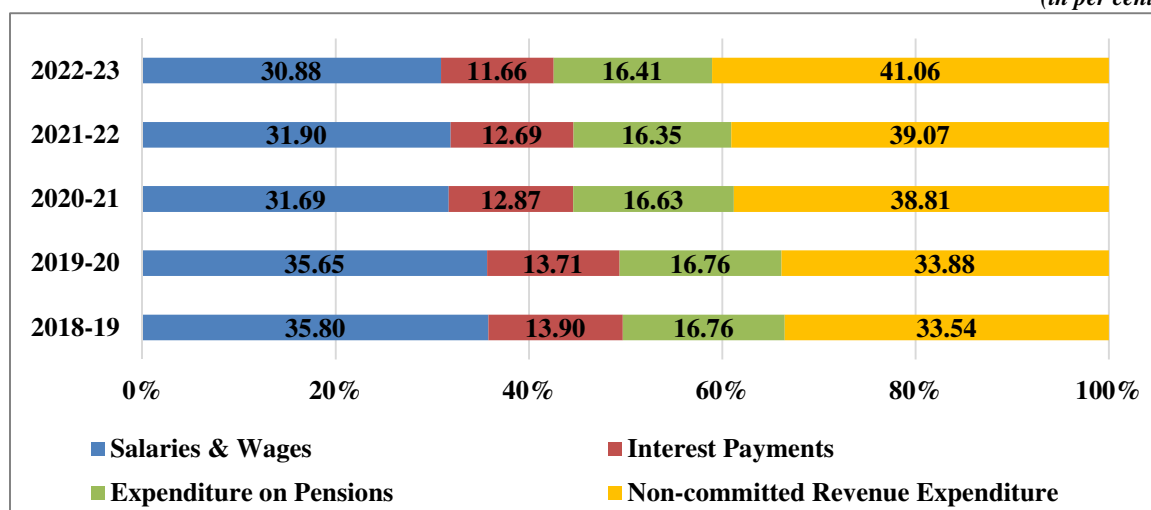
** Only Interest-Bearing Funds Liability is provided. Public Debt interest liability if any due is not available.

* Negative figure is due to excess payment of interest as during the year 2022-23 State Government had paid interest of ₹ 244.30 crore against due interest of ₹ 122.68 crore.

Table 2.20 shows that percentage of non-committed expenditure to revenue expenditure increased from 33.54 per cent in 2018-19 to 41.06 per cent in 2022-23 to which subsidies constituted proportion ranging from 0.31 per cent to 1.61 per cent.

Chart-2.14: Share of Committed and Non-Committed Expenditure in Revenue Expenditure

(in per cent)



Source: Finance Accounts

The Committed Expenditure as percentage of Revenue Expenditure decreased to 58.94 per cent in 2022-23 from 66.46 per cent in 2018-19. Accordingly, more funds were available for developmental and maintenance work. Similarly, Committed Expenditure as percentage of Revenue Receipts decreased from 68.54 per cent in 2018-19 to 52.56 per cent in 2022-23. Further, Non-Committed Expenditure as percentage of Total Expenditure it increased from 28.01 per cent in 2018-19 to 34.52 per cent in current year.

2.6.2.1 Other Committed Expenditure

Other Committed Expenditure of the State Government, on revenue account, consists of expenditure under Social Security and Welfare schemes such as old age pension scheme, Pension under social security scheme in addition to welfare of handicapped, child, women and aged infirm and destitute etc. Further, expenditure against payment of utility bills which includes expenses on electricity, water charges and telephone charges are also other committed expenditure. The following **Table-2.21** indicates other committed expenditure during last five years up to 2022-23.

Table 2.21: Components of Other Committed Expenditure

(₹ in crore)

Components of Other Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Social Security and Welfare ⁷	1,489.73	1,607.08	1,671.37	1,814.44	2,615.42
Utility Bill Payment	315.04	271.84	290.58	344.87	460.81
Total	1,804.77	1,878.92	1,961.95	2,159.31	3,076.23
As a percentage of Revenue Receipts (RR)					
Social Security and Welfare	4.77	5.23	4.37	4.21	5.33
Utility Bill Payment	1.01	0.88	0.76	0.80	0.94
Total	5.78	6.11	5.13	5.01	6.27
As a percentage of Revenue Expenditure (RE)					
Social Security and Welfare	4.63	4.89	4.51	4.66	5.97
Utility Bill Payment	0.98	0.83	0.78	0.89	1.05
Total	5.61	5.72	5.29	5.55	7.03

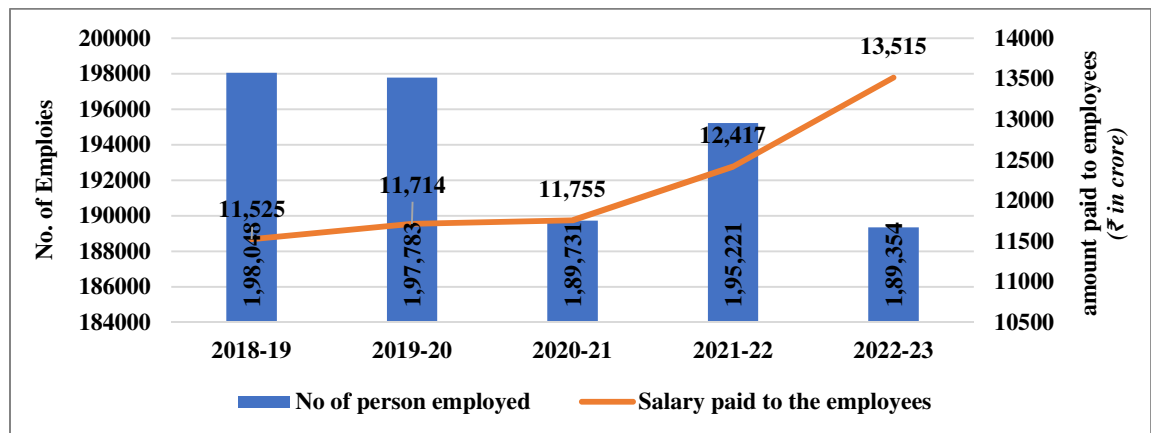
As is evident from above table that Other Committed Expenditure as percentage of Revenue Expenditure remained in the range of five per cent to seven per cent during 2018-19 to 2022-23.

2.6.2.2 Salaries and Wages

Share of salaries in the Revenue Expenditure was low during the current year relative to the previous year. Expenditure on salaries and wages accounted for 30.88 per cent of Revenue Expenditure during 2022-23 with a slight reduction (1.02 per cent) over previous year. Over the five-year period 2018-19 to 2022-23, it increased by ₹ 1,990 crore (17.27 per cent) from ₹ 11,525 crore in 2018-19 to ₹ 13,515 crore in 2022-23. Expenditure on salaries (₹ 13,515 crore) during 2022-23 was less by ₹ 3,831 crore compared to the projection of ₹ 17,346 crore made in MTFPS. In addition to salary expenditure, the State Government incurred ₹ 142.29 crore on professional and specialised services and ₹ 1,391.96 crore was given as grants-in-aid for Pay and Allowances and Other Expenses.

Comparison of number of employees and amount of salary paid during the period 2018-19 to 2022-23 is given in the **Chart-2.15**:

Chart-2.15: Comparison of number of employees and amount of salary paid



Source: Volume VI of Uttarakhand Budget and Finance Accounts

⁷ Includes expenditure towards Social Security Pension only from 2018-19 to 2021-22.

The number of employees in the State has shown a fluctuating trend during the period 2018-23. It increased by ₹ 5,490 crore (2.89 per cent) in 2021-22 and decreased by ₹ 5,857 crore (3.00 per cent) in 2022-23 over the respective previous years. However, expenditure on salary increased by ₹ 662 crore (5.63 per cent) and ₹ 1,098 crore (8.84 per cent) respectively. However, number of employees decreased by ₹ 8,694 crore (4.39 per cent) in comparison to 2018-19 whereas salary expenditure has increased by ₹ 1,990 crore (17.27 per cent).

2.6.2.3 Interest Payments

Interest Payments increased by ₹ 165 crore (3.34 per cent) from ₹ 4,939 crore in 2021-22 to ₹ 5,104 crore in 2022-23 mainly due to increase in interest payment on Market Loans by ₹ 101 crore, Miscellaneous interest payment by ₹ 150 crore and Interest on Deposits by ₹ 42 crore which was counterbalanced by decrease in Interest on Other Internal Debts by ₹ 28 crore, Interest on Special Securities issued to National Small Saving Fund (NSSF) by ₹ 75 crore, State Provident Fund by ₹ 34 crore. During the current year, the Interest Payments were made on internal debt (₹ 4,128 crore), Small Savings, Provident Fund, etc., (₹ 658 crore), Loans and Advances from Central Government (₹ 73 crore) and interest on Other Obligations (₹ 245 crore). The State government had to pay an amount of ₹ 63.59 crore as interest on GPF pertaining to Class IV employees during the current year.

Interest on Class-IV GPF accounts is being calculated notionally by the Accountant General (A&E), Uttarakhand in the absence of rendition of actual interest credited in each subscriber's account by all DDOs.

Interest Payments with reference to the projections of the State Government in its Budget and MTFPS are given in **Table-2.22**.

Table-2.22: Interest Payments vis-à-vis State's Projections

(₹ in crore)

Year	Actuals	Assessment made by the State Government in			
		Budget		MTFPS	
		Projection	Variation (per cent)	Projection	Variation (per cent)
2022-23	5,104	6,018	914 (15.19)	6,018	914 (15.19)

Source: Budget Document and Finance Accounts.

Above table indicates that the interest payments by State Government were well below its own projections made in Budget and MTFPS.

2.6.2.4 Pensions

Expenditure on pension payments was ₹ 7,181 crore in 2022-23, which constituted 14.63 per cent of the revenue receipts. During the current year, it increased by (₹ 817 crore) 12.84 per cent over the previous year and was above the projection made by the State Government in its Budget (₹ 6,703 crore) by ₹ 478 crore and was above by ₹ 248 crore projected in MTFPS (₹ 6,933 crore). During the year, Superannuation and Retirement Allowances and Commuted Value of Pensions together (₹ 2,764.98 crore) increased by ₹ 177.94 crore, Family Pensions (₹ 1,333.59 crore) increased by ₹ 28.53 crore, Leave

Encashment Benefits (₹ 330.45 crore) increased by ₹ 44.37 crore, and Government Contribution for Defined Contribution Pension Scheme (₹ 822.14 crore) increased by ₹ 114.61 crore, from those in 2021-22. This increase was counterbalanced by decrease in Pensions to Employees of State Aided Educational Institutions (₹ 1,173.93 crore) by ₹ 280.01 crore.

Pension payments *vis-à-vis* salary increased from 46.82 *per cent* in 2018-19 to 53.13 *per cent* in 2022-23. It also increased from 51.25 *per cent* in 2021-22 to 53.13 *per cent* in 2022-23 as given in **Table-2.23**.

Table 2.23: Pension payments as percentage of salary

Components	2018-19	2019-20	2020-21	2021-22	2022-23
Pension payments (₹ in crore)	5,396	5,507	6,168	6,364	7,181
Expenditure on Salary (₹ in crore)	11,525	11,714	11,755	12,417	13,515
Percentage of pension vis-a-vis salary	46.82	47.01	52.47	51.25	53.13

Liability under National Pension System

State Government employees recruited on or after 1 October 2005 are covered under the National Pension System (NPS), which is a Defined Contribution Pension Scheme. In terms of the Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowance and the Government contributes 14 *per cent* of the basic pay and dearness allowance. The State Government is responsible to deposit both employee's and employer's share with the designated authority *i.e.*, National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS.

During the year, total contribution to Defined Contribution Pension Scheme was ₹ 1,411.77 crore (Employee's contribution ₹ 589.63 crore and Government contribution ₹ 822.14 crore). The Government transferred ₹ 1,431.77 crore (including interest payment ₹ 20 crore) to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government contribution to NPS was less by ₹ 3.34 crore, which resulted in understatement of Revenue surplus and overstatement of Fiscal deficit to that extent.

During the year, ₹ 1,447.98 crore was transferred to NSDL/Trustee Bank. However, out of ₹ 83.21 crore to be transferred to NSDL at the end of 2021-22, an amount of ₹ 67 crore was still lying un-transferred at the end of 2022-23. Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities of the Government under the Scheme.

2.6.2.5 Subsidies

There was a significant increase in expenditure on subsidies during the year 2022-23 as compared to previous year as can be seen from the details given in **Table-2.24**. Subsidies as a percentage of Revenue Receipts decreased significantly from 0.56 *per cent* in 2018-19 to 0.11 *per cent* in 2019-20 but again increased to 0.36 *per cent* in 2020-21. It again increased to 0.59 *per cent* in 2022-23 after a nominal decline of 0.02 *per cent* in 2021-22. Further, subsidies as a percentage to Revenue Expenditure increased nominally from 0.54 *per cent* in 2018-19 to 0.66 *per cent* in 2022-23. However, it increased

significantly by 0.29 *per cent* during current years over the previous year. Further, there was a significant increase of ₹ 144 crore (99 *per cent*) in 2022-23 over previous year.

Table-2.24: Expenditure on subsidies during 2018-23

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Subsidies (₹ in crore)	174	35	139	145	289
Subsidies as a percentage of Revenue Receipts	0.56	0.11	0.36	0.34	0.59
Subsidies as a percentage of Revenue Expenditure	0.54	0.11	0.37	0.37	0.66

During 2022-23, the major schemes in which expenditure on subsidy was incurred were Deen Dayal Upadhyay Cooperative Farmer Welfare Scheme (₹ 45 crore), Food Storage and Warehousing (₹ 94 crore), Mukhya Mantri Swarojgaar Yojana (₹ 50 crore), Grant for EWS's Houses (₹ 22 crore), Grant to poor families for cooking gas (₹ 20 crore), Chief Minister Ghashiyari Welfare Scheme (₹ 10 crore), Polly House diversification and sprinkler water pump set scheme (₹ 9 crore), Loan for self-employment scheme and Homestay development plan of tourism sector (₹ 12 crore), Solar Photovoltaic programme (₹ 5 crore) and Discount on Sales of Khadi Clothes (₹ 5 crore). State Government had made a projection for subsidy of ₹ 378 crore in its Budget Estimates during 2022-23.

2.6.2.6 *Implicit Subsidy*

Implicit subsidy arises when the government provides social and economic goods/ services at a price lesser than the cost of goods and services incurred by the government. It can be indirect or in kind or can be given as concession. Implicit subsidy indirectly provided by the Government during 2018-23 is given in **Table-2.25**.

Table-2.25: Expenditure on implicit subsidies during 2018-23

Implicit Subsidies	2018-19	2019-20	2020-21	2021-22	2022-23
Crop Insurance	3.22	3.99	1.89	2.16	3.24
Assistance to Public Sector and other Undertakings	24.00	45.19	123.90	85.70	79.93
Total	27.22	49.18	125.79	87.86	83.17

The above **table-2.25** indicates that the State Government also provided subsidy in implicit form under Crop Husbandry for crop insurance amounting to ₹ 14.50 crore and assistance to public sector and other undertakings under Road Transport as compensation and Direct Benefit Transfer of free travel facility to senior citizens and girl students amounting to ₹ 358.72 crore during 2018-19 to 2022-23.

2.6.2.7 *Inflexible Expenditure*

The components of Inflexible expenditure which include others Statutory devolution to local bodies and contribution to Reserve Funds showed a continued increase during the period 2018-19 to 2022-23. As a percentage of revenue expenditure the inflexible expenditure remained in the range of six *per cent* to nine *per cent* during 2018-23. Further, the inflexible expenditure (₹ 2,549 crore) decreased by 23.01 *per cent* during 2022-23 over the previous year (₹ 3,311 crore).

2.6.2.8 *Financial assistance by the State Government to Local Bodies and Other Institutions*

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of

grants to local bodies and other institutions during the period 2018-19 to 2022-23 is presented in **Table-2.26**.

Table-2.26: Financial Assistance to Local Bodies etc.*(₹ in crore)*

Sl. No.	Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Educational Institutions (Aided Schools & Colleges, Universities)	544.70	573.62	1,531.82	901.68	1,079.12
2.	Municipal Corporations and Municipalities	717.07	902.05	976.91	734.27	1,044.05
3.	Zila Parishads and Other Panchayati Raj Institutions	742.25	814.62	955.29	655.97	996.62
4.	Development Agencies	555.82	494.84	539.27	483.71	523.97
5.	Hospitals and Other Charitable Institutions	436.19	353.03	552.66	630.04	1,068.47
6.	Energy (Non-conventional source of energy)	11.69	13.30	9.17	13.81	11.07
7.	Agriculture Research and Educational Institution, Land Reforms for updating land records and Wildlife Preservation	593.57	585.49	915.03	902.30	947.26
8.	Co-operatives	2.67	1.55	15.18	14.26	16.85
9.	Animal Husbandry, Dairy Development and Fisheries	41.80	51.17	55.77	70.97	76.63
10.	Secretariat Economic Services & Tourism	51.12	47.27	56.38	64.19	98.14
11.	Social Security & Welfare of Scheduled Castes, Scheduled Tribes & Other Backward Classes	216.54	238.66	250.85	178.48	433.53
12.	Other Institutions	552.36	724.60	582.44	1208.77	1,335.60
Total		4,465.78	4,800.18	6,440.77	5,858.45	7,631.31
<i>Assistance as per percentage of RE</i>		<i>13.87</i>	<i>14.61</i>	<i>17.36</i>	<i>15.05</i>	<i>17.43</i>
GIA on Salary (OH-05)		1,028.36	1,071.71	1,179.53	1,181.65	1,391.96
GIA for Creation of Capital Assets (OH-55)		485.48	383.01	(-431.63⁸)	706.10	450.47
GIA for non-salary (OH-56)		3,053.28	3,129.89	3,409.34	3,312.13	4,747.80
GIA given in kind		Information not provided by Government				

Source: Finance Accounts & V L C data of Accountant General (A&E), Uttarakhand.

The assistance during the current year increased by ₹ 1,772.86 crore over the previous year. Municipal Corporations, Municipalities, Zila Parishads and other Panchayati Raj Institutions together accounted for 26.74 per cent of the total financial assistance during the current year.

In May 2016, the Fourth State Finance Commission had recommended 11 per cent of State's Own Tax Revenue as the devolution amount to the Local Bodies. The amount to be devolved and the actual amount devolved during 2018-19 to 2022-23 is given in **Table-2.27**.

Table-2.27: Financial Assistance to Local Bodies vis-à-vis amount to be devolved*(₹ in crore)*

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
State Own tax Revenue (OTR)	12,188	11,513	11,938	14,176	17,103
Amount to be devolved (11 per cent of OTR for 2016-17 onwards)	1,340.68	1,266.43	1,313.18	1,559.36	1,881.33
Total amount devolved to Local Bodies	1,459.32	1,716.67	1,932.2	1,390.24	1,491.55
Actual Devolution to Local Bodies as percentage of OTR	<i>11.97</i>	<i>14.91</i>	<i>16.19</i>	<i>9.81</i>	<i>8.72</i>

Source: V.L.C. data of Accountant General (A&E), Uttarakhand and State Finance Commission's Recommendations.

It can be seen from above table that the actual devolution to Local Bodies partially increased in 2022-23 after significant decrease during 2021-22. The actual devolution during 2022-23 was less than the amount recommended by the State Finance Commission.

⁸ Minus figure represents expenditure on account of SDRF transferred to Public Account.

2.6.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings *etc.*

Total Capital Expenditure increased from ₹ 6,184 crore in 2018-19 to ₹ 8,194 crore in 2022-23. During the current year it increased by ₹ 660 crore (8.76 per cent). The Capital Expenditure incurred by the State during the year 2022-23 was lower than the projections made in the MTFPS targets (₹ 10,471 crore) and budget projections (₹ 10,840 crore) by ₹ 2,277 crore and ₹ 2,646 crore respectively. Details of Capital Expenditure *vis-à-vis* budget during the five-year period 2018-19 to 2022-23 are given in **Chart-2.16** and Trend of Capital Expenditure as *per cent* of GSDP and Total Expenditure is given in **Chart-2.17**.

Chart-2.16: Trend of Capital Expenditure over the five-year period from 2018-19 to 2022-23

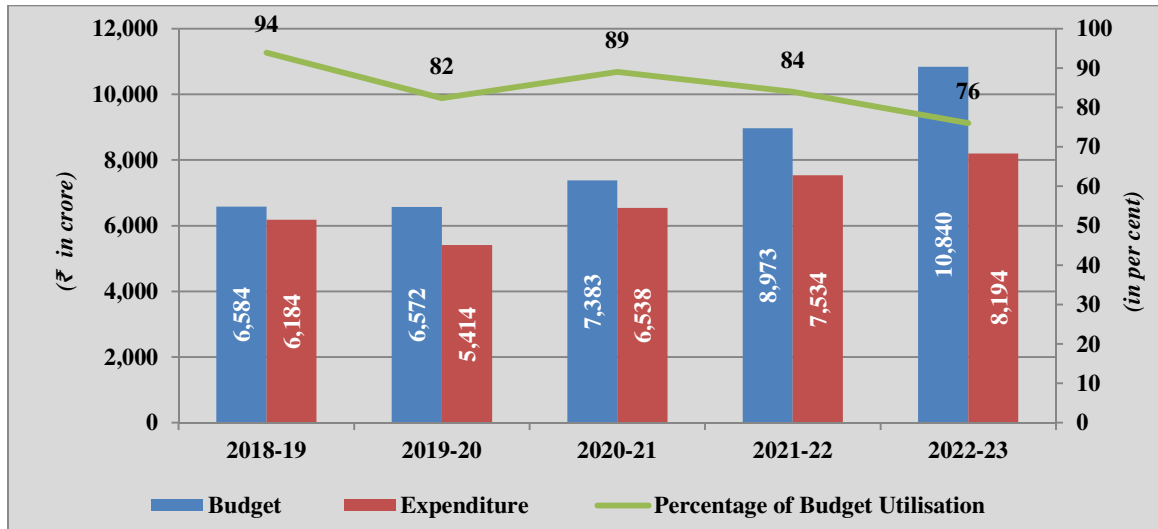
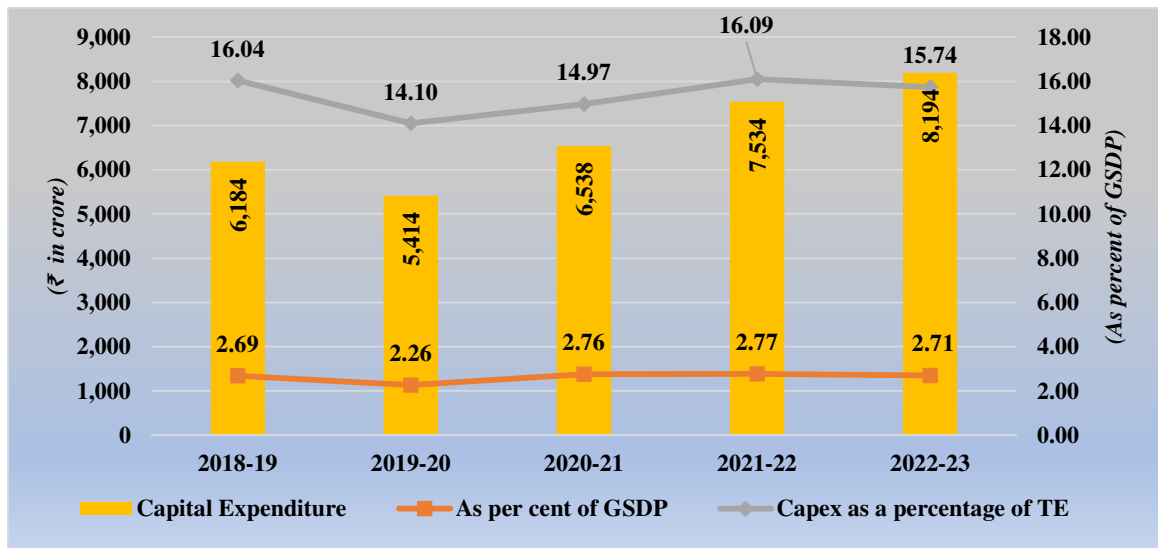


Chart-2.17: Trend of Capital Expenditure as *per cent* of GSDP and Total Expenditure



2.6.3.1 Major changes in Capital Expenditure

Table-2.28 highlights the cases of significant increase or decrease (more than ₹ 50 crore and 25 per cent) in various Heads of Account in Capital Expenditure during 2022-23 vis-à-vis the previous year. Further, trend of expenditure under these heads during 2018-23 is also depicted in table below:

Table-2.28: Capital Expenditure during 2018-23

Major Heads of Account		2018-19	2019-20	2020-21	2021-22	2022-23	Variation over Previous Year	Sparkline
4059	Capital Outlay on Public Works	439.35	339.32	733.66	1050.30	1554.94	504.64(48.05)	
4217	Capital Outlay on Urban Development	179.39	469.43	574.95	385.89	511.90	126.01(32.65)	
4202	Capital Outlay on Education, Sports, Art and Culture	154.33	290.10	398.37	361.46	476.89	115.43(31.93)	
5452	Capital Outlay on Tourism	57.98	88.91	123.91	111.23	192.88	81.65(73.41)	
4711	Capital Outlay on Flood Control Projects	79.54	105.75	82.10	97.51	178.28	80.77(82.83)	
4885	Other Capital Outlay on Industries and Minerals	0.00	0.00	0.00	0.00	72.02	72.02(--)	
4801	Capital Outlay on Power Projects	193.00	133.20	147.59	100.90	151.49	50.59(50.14)	
4408	Capital Outlay on Food Storage and Warehousing	944.48	569.19	71.29	493.97	285.32	(-)208.65(-42.24)	
4215	Capital Account of Water Supply and Sanitation	486.35	638.64	648.18	1059.87	550.20	(-)509.67(-48.09)	

The major scheme where substantial increase/ decrease over previous year was noticed was under Public Works, Flood Control Projects and Water Supply and Sanitation (Central Plan/ Centrally Sponsored Scheme) and Education, Sports, Art and Culture.

2.6.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are limited chances of return on investment. Similarly, experience has shown the inevitability of write off of the loans given to loss making corporations and other poorly run bodies in sectors such as sugar mills, financial corporations, etc. Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments undertaken by the Government during the current year.

(i) Quality of investments in the companies, corporations, and other bodies

Investments made and loan given to companies (e.g. Power Distribution Companies), corporations (e.g. Scheduled Caste and Scheduled Tribe Financial Corporations), and cooperatives (e.g. sugar mills), which are loss making and those where net worth is

completely eroded, is not sustainable. Return on investment in share capital invested in Public Sector Undertakings and history of repayment of loans given to various bodies are important indicators of quality of capital expenditure.

As per the Finance Accounts 2022-23, Government of Uttarakhand had invested ₹ 4,043.90 crore in one Statutory Corporation and 16 Government Companies, in the State as of 31 March 2023. The State Government earned a return of ₹ 25.07 crore on these investments during 2022-23. Year-wise details of investment by Government of Uttarakhand over the five-year period 2018-19 to 2022-23 are given in the **Table-2.29**.

Table-2.29: Details of Investment and return on Investment

	(₹ in crore)				
Investments/ Returns/Cost of borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year	3,402.45	3,534.95	3,683.54	3,818.94	4043.90
Return on investment	18.69	14.08	40.02	35.05	25.07
Return on investment (<i>per cent</i>)	0.55	0.40	1.09	0.92	0.62
Average rate of interest on Government borrowings (<i>per cent</i>)	8.15	7.26	6.83	6.55	6.56
Difference between return on investment (<i>per cent</i>) and average rate of interest	(-)7.60	(-)6.86	(-)5.74	(-)5.63	(-)5.94
Notional loss due to difference between interest rate of Government borrowings and return on investments	258.59	242.50	211.44	215.01	240.21

The average return on Uttarakhand Government's investment was negligible and ranged from 0.40 to 1.09 *per cent* of the investment (at historical cost) during 2018-19 to 2022-23. It decreased to 0.62 *per cent* during the year from 0.92 *per cent* of previous year. However, the Government paid an average interest rate of 7.07 *per cent* on its borrowings during 2018-19 to 2022-23.

During exit conference, the Government reiterated that return on investment in PSUs should not be seen as pure financial return. It should be seen as an economic return since Government invest in PSUs as a welfare measure to provide benefits to the common public and to promote economy. Audit requested the Government to share study, if any, done to calculate economic return of the PSUs.

The Government's emphasis on viewing return on investment in PSUs through an economic lens is valid, it's crucial to acknowledge the challenges and limitations that can affect the functionality and effectiveness of these departments in practice. Balancing welfare objectives with operational efficiency and market dynamics is essential for maximizing the benefits derived from Government investment in PSUs.

(ii) Reconciliation of balances

The figures in respect of equity, loans and guarantees outstanding as per records of SPSEs should agree with that of the figures appearing in the Finance Accounts of the GoU. In case the figures do not agree, the concerned SPSEs and the Finance Department should carry out reconciliation of the differences. The differences in figures of equity, loans and guarantees as on 31 March 2023 are given below in **Table-2.30**.

Table-2.30: Equity, Loans and Guarantees outstanding as per Finance Accounts vis-à-vis as per records of SPSEs

(₹ in crore)

Outstanding in respect of	As per Finance Accounts	As per records of SPSEs	Difference
A	B	C	(B-C)
Equity	4,043.90	3,989.52	54.38
Loan	731.13	935.51	(-) 204.38
Guarantee	33.45	101.18	(-) 67.73

Source: Compilation based on information received from power sector SPSEs and Finance Accounts.

The differences between the figures are persisting since last many years. The differences have arisen primarily due to the investment transactions being booked in Government accounts based on the vouchers received in the Office of the Principal Accountant General (A&E) and the details given in the Audit Reports obtained from the individual PSUs. The differences in investments made by the State Government in these PSUs are under reconciliation.

During exit conference, The Government stated that the balances will be reconciled.

(iii) Misclassification between Revenue and Capital Expenditure

During the year 2022-23, Government of Uttarakhand incorrectly booked expenditure of ₹ 14.71 crore (Major Works) and ₹ 0.52 crore (Land Purchase) under Revenue Section instead of Capital Section as has been determined from the purpose of expenditure. This led to overstatement of Revenue Expenditure to that extent.

During exit conference, the Government said that corrective measures will be taken.

(iv) Quantum of Loans disbursed and recovered during five years

In addition to investments in Co-operative societies, Corporations and Companies, the State Government also provided loans and advances to many institutions/organisations. **Table-2.31** presents the outstanding loans and advances as on 31 March 2023 along with interest receipts vis-à-vis interest payments during the five-year period from 2018-19 to 2022-23.

Table-2.31: Details of quantum of loans disbursed and recovered during 2018-23

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Opening Balance of loan outstanding	1,769.97	1,926.54	2,033.40	2,047.91	2,378.28
Amount advanced during the year	183.48	125.78	37.56	347.45	93.63
Amount recovered during the year	26.91	18.92	23.05	17.08	17.30
Closing Balance of loan outstanding	1,926.54	2,033.40	2,047.91	2,378.28	2,454.61
Net Addition	156.57	106.86	14.51	330.37	76.33
Interest Received	1.13	25.65	58.78	359.22	694.88 ⁹
Interest received as a percentage of outstanding Loans and Advances	0.06	1.33	2.89	17.54	29.22

⁹ Includes an amount of ₹ 660.16 crore pertaining to MH-6003-111 (Special Securities issued to NSSF) which was inadvertently booked/debited under MH-2049 during 2017-18 & 2018-19. The same was corrected through a TE by crediting MH-0049-800 during 2022-23.

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Average rate of interest paid on Government borrowing (<i>per cent</i>)	8.15	7.26	6.83	6.55	6.56
Difference between Interest Payments and Interest Received (<i>per cent</i>)	(-)8.09	(-)5.93	(-)3.94	10.99	22.66

The total amount of outstanding loans and advances as on 31 March 2023 was ₹ 2,454.61 crore. The amount of loans disbursed during the current year decreased by 73.05 *per cent* from ₹ 347.45 crore in 2021-22 to ₹ 93.63 crore in 2022-23. Within the Economic Services, major recipient was Cooperative Sector ₹ 74.59 crore followed by Transport Sector ₹ 17.76 crore.

Recovery of loans and advances showed no significant increase over previous year. However, interest receipts in this regard increased significantly during current year by ₹ 335.66 crore (93.44 *per cent*) from ₹ 359.22 crore during 2021-22 to ₹ 694.88 crore during 2022-23.

Scrutiny of the total outstanding loans revealed that there was no repayment by four sectors namely General Services (other Loans), Special Area Program, Water Supply, Sanitation, Housing and Urban Development and Transport sector as detailed in **Table-2.32** over last five years (up to March 2023). In one sector (Transport), additional loans (₹ 17.76 crore) had been extended despite no repayments, while, in Agriculture and Allied Activities additional loans (₹ 74.59 crore) had been extended despite minor repayments. The overall outstanding balance has increased over the years.

Table-2.32: Loan and Advances rolling for a long time

(₹ in crore)						
Sl. No.	Name of the Sector	2018-19	2019-20	2020-21	2021-22	2022-23
1.	General Services (Other Loans)	19.47	19.47	19.47	19.47	19.47
2.	Water Supply, Sanitation, Housing and Urban Development	42.09	42.09	42.09	42.09	42.09
3.	Agriculture and Allied Activities	1,011.24	1,119.57	1,117.47	1116.47	1,188.91
4.	Special Area Programme	503.16	503.16	503.16	503.16	503.16
5.	Transport	153.80	153.80	158.09	215.47	233.23
Total		1,729.76	1,838.09	1,840.28	1,896.66	1,986.86

During the period 2018-19 to 2022-23, an amount of ₹ 787.90 crore was advanced to different sectors by the Government while recoveries amounted to ₹ 103.26 crore. Recovery declined from 1.38 *per cent* of the amount outstanding at the beginning of the year and amount advanced during the year in 2018-19 to 0.70 *per cent* in 2022-23. During the current year, the amount repaid was ₹ 17.30 crore which stood at 0.73 *per cent* of the outstanding loans (₹ 2,378.28 crore) as on 31 March 2022.

During exit conference, the Government requested to audit for providing detailed breakup of outstanding loans under Agriculture and allied activities and Special Area Programme.

The Government should adopt a more holistic and proactive approach in clearing these outstanding loans and advances balances under these sectors since they are pending for a very long time.

(v) Capital Blocked in Incomplete/ongoing Projects

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds on incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to an extra burden in terms of servicing of debt and interest liabilities.

As per Finance Accounts of the State for the year 2022-23, there were 143 incomplete/ongoing projects of Public Works department as on 31 March 2023. Age profile of incomplete projects based on the year of sanction/year of start of these projects as on 31 March 2023 is given in **Table-2.33**.

Table-2.33: Age profile of incomplete projects as on 31 March 2023*(₹ in crore)*

Year	No of incomplete projects	Estimated cost	Expenditure	Financial Progress (in per cent)
Sanctioned Upto 2017-18	46	387.13	316.75	81.82
2018-19	7	22.05	10.43	47.27
2019-20	13	48.03	30.54	63.59
2020-21	18	103.49	72.55	70.10
2021-22	37	119.71	69.86	58.35
2022-23	13	79.23	50.05	63.17
Sanction/Start date not available	9	24.58	14.27	58.07
Total	143	784.22	564.45	71.98

Source: Finance Accounts.

Effective steps need to be taken to complete these projects without further delay to avoid cost overruns.

During exit conference, the Government stated that efforts will be made for early completion of the incomplete projects.

(vi) Resource availability of the State under Public Private Partnership Projects

Public Private Partnership is an arrangement between the government or statutory entity and a private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development. Details of the projects running in the State are given **Table-2.34** below.

Table-2.34: Sector/Department wise details of PPP Projects*(₹ in crore)*

Sl. No.	Sector	Completed		Ongoing	
		No.	Estimated Cost	No.	Estimated Cost
1.	Transport	3	71.42	3	63.76
2.	Energy	0	0	2	117.50
3.	Urban	5	441.73	5	364.55
4.	Tourism	3	25.00	1	35.00
5.	Health	6	84.40	0	0
6.	Agriculture	0	0	1	380.00
Total		17	622.55	12	960.81

Source: Uttarakhand Public Private Partnership Cell Dashboard (<http://www.upppc.org/projects/projects>).

2.7 Expenditure Priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

Table-2.35 compares the fiscal priority of the State Government with that of NE & Himalayan States with regard to development expenditure, expenditure on Social and Economic Sectors, and Capital Expenditure during 2022-23, taking 2018-19 as the base year.

Table-2.35: Fiscal Priority of the State in 2018-19 and 2022-23

(in per cent)

Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education/ AE	Health & FW/ AE
Average (ratio) in 2018-19 of							
NE & Himalayan	27.30	35.72	29.11	64.84	16.11	17.70	6.48
Uttarakhand	16.74	34.49	25.47	59.96	16.04	19.13	5.44
Average (ratio) in 2022-23 of							
NE & Himalayan	27.24	38.68	24.89	63.57	15.52	15.77	6.95
Uttarakhand	17.20	38.74	21.80	60.55	15.74	18.66	7.67
<i>AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.</i>							

Source: SFAR compilation based on data of NSO, MoSPI, etc.

A comparative study of Average Expenditure of Uttarakhand State in 2022-23 with that of 2018-19 indicates the following:

- The State Government's Aggregate Expenditure as a proportion of the GSDP in 2022-23 increased nominally by 0.46 percentage points as compared to 2018-19.
- Social Sector Expenditure as a proportion of AE in 2022-23 was higher by 4.25 percentage points as compared to 2018-19.
- Economic Sector Expenditure as proportion of AE was lesser by 3.67 percentage points in 2022-23 as compared to 2018-19.
- The proportion of Development Expenditure (DE) and Health Sector Expenditure in AE increased by 0.59 and 2.28 percentage points respectively in 2022-23 as compared to 2018-19.
- The proportion of Capital Expenditure (CE) and Education Expenditure in AE decreased marginally by 0.30 and 0.47 percentage points respectively in 2022-23 as compared to 2018-19.

Further comparative study of NE & Himalayan States Average and Uttarakhand's Average in 2022-23 with that of 2018-19 revealed the following:

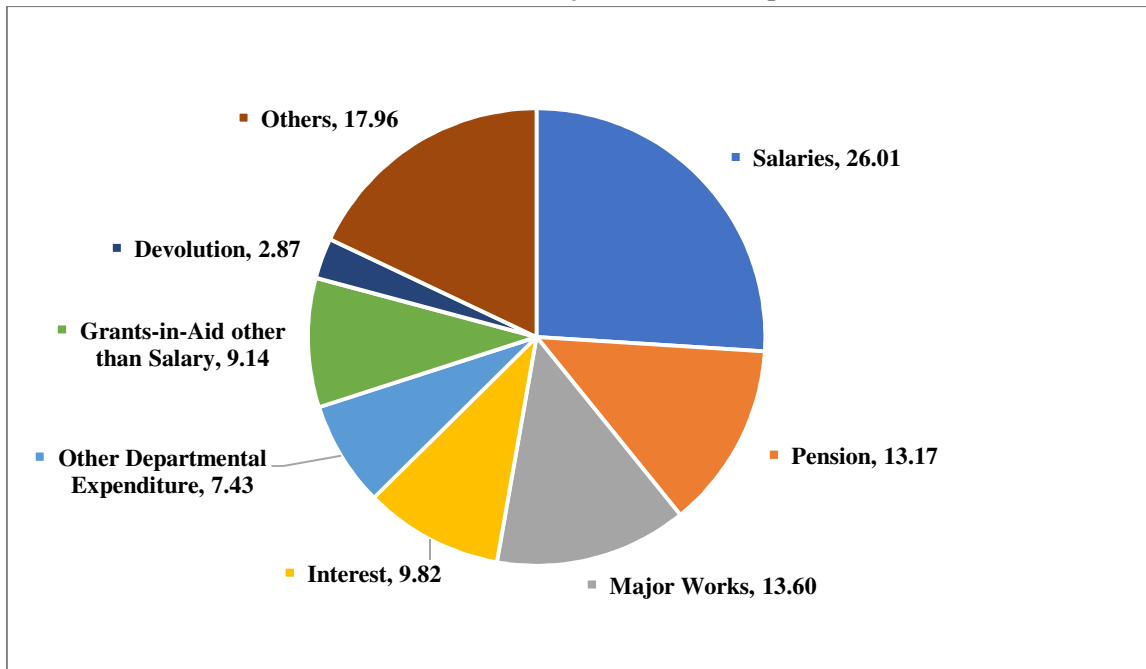
- Aggregate Expenditure (AE) as a proportion of GSDP in the State remained well below NE & Himalayan State’s average during both the years.
- Development Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of the NE & Himalayan state’s average during both the years.
- Social Sector Expenditure as a proportion of Aggregate Expenditure in the State was lower during 2018-19. However, it was slightly higher (0.06 percentage point) in 2022-23 as compared to NE & Himalayan state’s average.
- The Economic Sector Expenditure as a proportion of Aggregate Expenditure in the State was lower than that of NE & Himalayan state’s during both the years.
- Priority was accorded by the State Government to Education Expenditure and the ratio of Education Expenditure to Aggregate Expenditure was higher than that of the NE & Himalayan state’s average in both years.
- Expenditure under Health Sector as a proportion to Aggregate Expenditure was lower than NE & Himalayan average in 2018-19, however, it improved a lot and was higher by 0.72 percentage points in 2022-23.

During exit conference, the Government accepted the facts and stated that there was improvement in most indicators in comparison to 2018-19.

Object Head wise Expenditure

Object head wise expenditure gives information about the object/purpose of the expenditure. Details of Object head wise expenditure are provided in the **Chart-2.18**.

Chart-2.18: Details of Object Head wise expenditure



Source: Finance Accounts.

2.8 Public Account

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

2.8.1 Net Balances in Public Account

The component-wise net balances in Public Account of the State during the years (2018-19 to 2022-23) are given in **Table-2.36** below.

Table-2.36: Component-wise net balances in Public Account as of 31 March of the year

(₹ in crore)						
Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
I. Small Savings, Provident Funds, etc.		889.86	665.79	431.46	333.88	122.95
J. Reserve Funds	(a) Reserve Funds bearing Interest	112.77	2,759.12	89.90	(-) 467.57	58.04
	(b) Reserve Funds not bearing Interest	(-) 1.23	149.48	150.00	210	113.59
	Investment from RF	0	(-) 150.00	(-) 150.00	(-) 210	-110
	Total	111.54	2,758.60	89.90	(-) 467.57	61.63
K. Deposits and Advances	(a) Deposits bearing Interest	53.02	(-) 2.77	3.57	(-) 7.36	-12.79
	(b) Deposits not bearing Interest	(-) 64.08	504.35	378.43	(-) 673.73	357.25
	(c) Advances	0	0	0	0	0
	Total	(-) 11.06	501.58	382.00	(-) 681.09	344.46
L. Suspense and Miscellaneous	(a) Suspense	102.82	(-) 124.82	(-) 103.72	285.28	13.22
	(b) Other Accounts*	70.26	(-) 1,039.63	(-) 490.83	(-) 7.46	-285.41
	(c) Accounts with Governments of Foreign countries	(-) 0.01	0.04	0	0	0
	(d) Miscellaneous	0	0	0	0	0
	Total	173.07	(-) 1,164.41	(-) 594.55	277.82	-272.19
M. Remittances	(a) Money Orders, and other Remittances	(-) 4.5	(-) 4.38	0	(-) 0.04	(-)0.32
	(b) Inter- Governmental Adjustment Account	683.65	3.76	(-) 6.41	12.33	17.54
	Total	679.15	(-) 0.62	(-) 6.41	12.29	17.22
Grand Total		1,842.56	2,760.94	302.40	(-)524.67	274.07

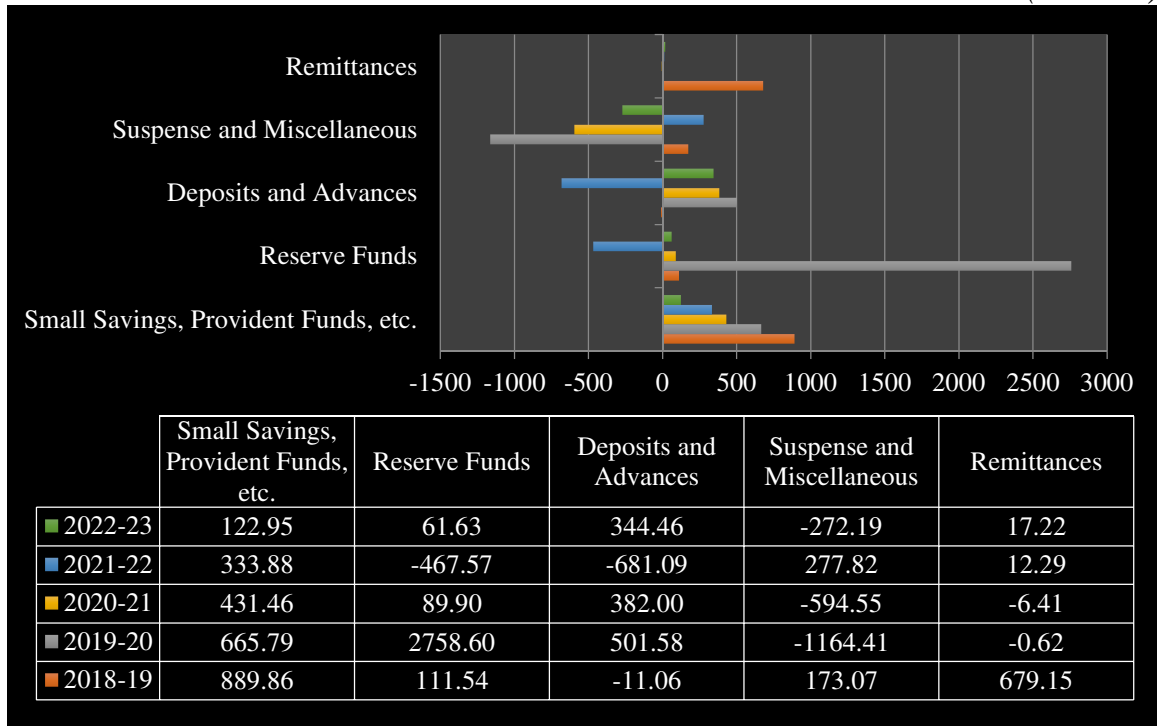
Note: -ve denotes debit balance and +ve denotes credit balances.

*Other Accounts under L. Suspense and Miscellaneous exclude Departmental Balance, Permanent Cash Imprest & Cash Balance Investment Account.

The yearly changes in composition of balances in Public Account over the five-year period 2018-23 are given in **Chart-2.19**.

Chart-2.19: Yearly changes in composition of Public Account balances

₹ in crore)



As has been highlighted in **Table-2.36**, the component wise net-public account balances over the period 2018-19 to 2022-23 have shown fluctuating trend. The net public account balance increased by ₹ 798.74 crore, from ₹ (-) 524.67 crore in 2021-22 to ₹ 274.07 crore in 2022-23. This was due to increase in net Deposit and Advances (₹ 1,025.55 crore), net Reserve Funds (₹ 529.20 crore) and Remittances (₹ 4.93 crore) which was counterbalanced by decrease in Net Small Savings, Provident Fund, *etc.* (₹ 210.93 crore), Suspense and Miscellaneous (₹ 550.01 crore).

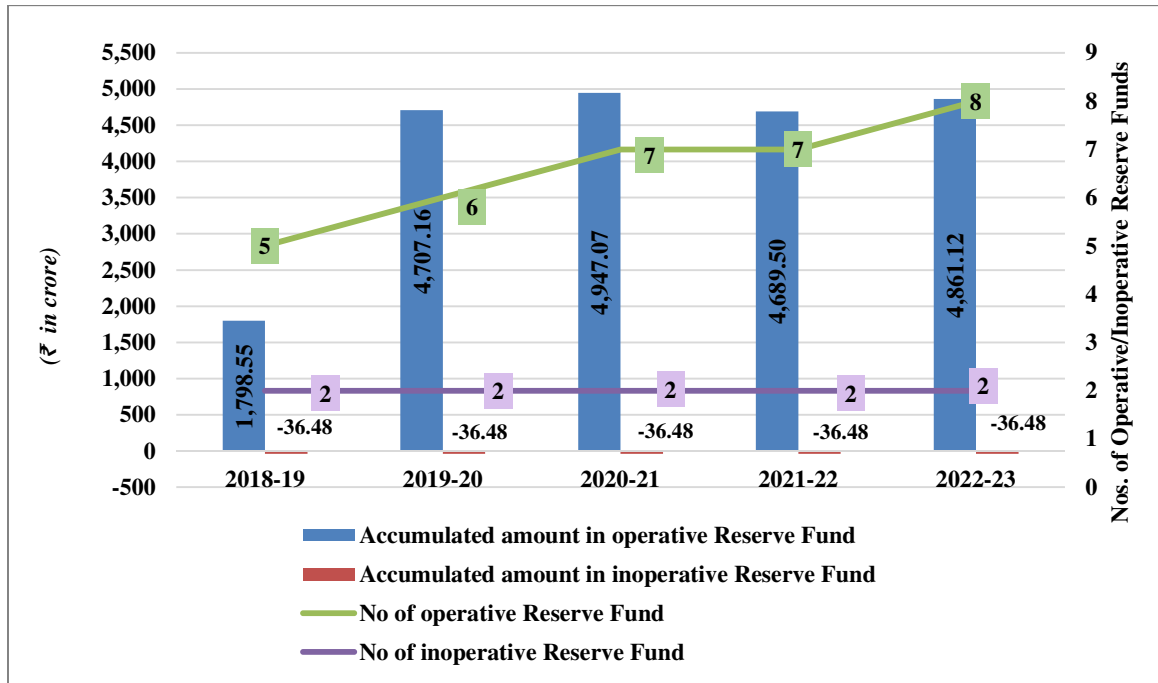
2.8.2 Reserve Funds

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

State Government operated ten Reserve Funds as on 31 March 2023 out of which three Reserve Fund are interest bearing (₹ 2,933.92 crore credit) and seven Reserve Funds are non-interest-bearing funds (₹ 1,890.72 crore credit). Out of these ten funds, two funds were inoperative (balance ₹ 36.48 crore debit) and eight funds are operative (balance ₹ 4,861.12 crore credit), of which ₹ 1,808.62 crore (37.21 per cent) was invested.

Trend of accumulated balances under operative and inoperative Reserve funds is shown in the **Chart-2.20** below.

Chart-2.20: Trend of Operative and Inoperative reserve funds



Note: Accumulation in inoperative Reserve Fund is debit figure hence shown in negative.

Details of transactions during the year in the Reserve Funds (active-inactive) are discussed below.

2.8.2.1 In-operative Reserve Funds

There are two Reserve Funds, which are in-operative since long. These two funds have a balance of ₹ 36.48 crore (Debit). The details of these in-operative funds are given in Table-2.37.

Table-2.37: Details of inoperative Reserve Funds

Sl. No.	Name of the Fund	Amount as on 31 st March 2023 (₹ in crore)	Year of Establishment	Inoperative since
1.	Development Funds for Educational Purposes	0.01 (Cr.)	2000-01	2007-08
2.	Electricity Development Funds	36.49 (Dr.)	2005-06	2015-16
Total		36.48 (Dr.)		

2.8.2.2 State Disaster Response Fund

Government of India replaced the existing Calamity Relief Fund in 2010-11 with the State Disaster Response Fund (SDRF). In terms of the guidelines of the Fund, the Centre and Special Category States like Uttarakhand are required to contribute to the Fund in the proportion of 90:10. As per the guidelines, these contributions are to be transferred to the Public Account under Major Head 8121. Expenditure during the year is incurred by operating Major Head 2245. Expenditure incurred during the year on disaster response is adjusted by debiting the Public Account with contra deduct debit to the Expenditure Major Head 2245. Government of India provides additional assistance from the National Disaster

Response Fund (NDRF) - when the balances available under SDRF are insufficient to meet the expenditure on account of natural calamities. The entire funds provided under the NDRF are incurred directly against the expenditure on natural calamities. Details of expenditure charged to SDRF for the year 2022-23 is given in the **Table-2.38** as well as details of SDRF is provided in the **Table-2.39**.

Table-2.38: Details of expenditure charged to SDRF

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2022-23
2245- Relief on Account of Natural Calamities 05- State Disaster Response Fund	101-Transfer to Reserve Funds and Deposit Accounts	1,748.80
	901- Deduct- Amount met from State Disaster Response Fund	(-) 874.40
	Sub Total	874.40
2245- Relief on Account of Natural Calamities 80- General	102- Management of Natural Disaster, Contingency Plans in disaster prone areas	50.66
	800-Other Expenditure	4.71
	Sub-Total	55.37
Grand Total		929.77

Source: Finance Accounts.

Table-2.39: Details of SDRF

(₹ in crore)

Opening balance (01 April 2022)	Contribution by Centre	State Share	Total	Amount set off (MH 2245-05)	Balance in the fund (31 March 2023)	Amount invested through RBI during the year
2.27	787.20	87.20	874.40	874.40	2.27	Nil

Source: Finance Accounts.

The State Government during the year neither made any investment from the SDRF nor provided any interest on the fund balance, in violation of SDRF guidelines.

During exit conference, the Government stated that figures will be reconciled and also intimated that efforts will be made to comply with the SDRF guidelines.

2.8.2.3 State Disaster Mitigation Fund (SDMF)

The State Disaster Mitigation Fund (SDMF) is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation project in respect of disaster covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disaster notified by the State Government from time to time. The State Government has created the SDMF, vide Notification No. 710/XVIII (2)/08-3(15)/2007 dated: 05 May 2008 under Major Head 8121-130- State Disaster Mitigation Fund. During the year 2022-23, the State Government received ₹ 98.40 crore from the Central Government. The State Government's share during the year is ₹ 21.80 crore. The State Government transferred ₹ 120.20 crore to the Fund. However, State withdrew an amount of ₹ 208.12 crore from the fund, by leaving balance

of ₹ 87.92 crore (debit balance). Moreover, central grant of ₹ 187.40 crore received during the year 2021-22, with matching state share was not transferred to the fund till date.

2.8.2.4 Guarantee Redemption Fund

The Government of Uttarakhand constituted 'Guarantee Redemption Fund' in 2006-07 for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued.

In terms of guidelines of Uttarakhand Gazette Notification dated December 2006, the State Government is required to contribute an amount equivalent to at least 1/5th of the outstanding invoked guarantees plus amount of guarantees likely to be invoked as a result of the incremental guarantees issued during the year. The funds are invested by the Reserve Bank of India.

The State Government informed that no Guarantee was invoked during 2022-23. An amount of ₹ 10.00 crore was contributed from the Consolidated Fund to the Guarantee Redemption Fund during the current year as against ₹ 74.87¹⁰ crore, required to contribute to the Fund. The short contribution of ₹ 64.87 crore has resulted in understatement of Revenue Expenditure. Further, against the receivable Guarantee commission fee of ₹ 23.45 crore, an amount of ₹ 4.57 crore was received resulting in short receipt of ₹ 18.88 crore as guarantee commission fees. Also, as per Uttarakhand Gazette Notification dated 19 December 2016, Guarantee fee received has to be deposited in Public Account under Guarantee Redemption Fund. However, out of ₹ 4.57 crore State Government booked ₹ 0.99 crore as Revenue Receipts. This resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

During exit conference, the Government stated that figures will be reconciled.

Average return from investments made out of Guarantee Redemption Fund during past five years was 7.86 per cent. Details of Guarantee Redemption Fund is provided in the **Table-2.40**.

Table-2.40: Details of Guarantee Redemption Fund

(₹ in crore)

Opening balance (01 April 2022)	Additions to the Fund (Contribution and interest)		Payments out of the Fund	Total balance in the Fund	Amount invested by RBI during the year	Closing balance (31 March 2023)
	Desired Level Contribution *	Actual Contribution Made				
153.92 (95.00 Principal & 58.92 Interest)	74.87 (374.34*1/5)	22.83 (10.00 Principal & 12.83 Interest)	Nil	176.75 (105.00+71.75)	176.75	Nil

Source: Finance Accounts.

¹⁰ 1/5th of amount of outstanding invoked guarantees plus amount of guarantees likely to be invoked as a result of the incremental guarantees issued during the year.

2.8.2.5 State Compensatory Afforestation Funds

The Uttarakhand State Compensatory Afforestation Fund was created in September 2018 by the Government of Uttarakhand to administer the amount received and utilize the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. Detailed guidelines for accounting under this Fund have been issued vide Ministry of Environment, Forest and Climate Change, Government of India in November 2018. The State Government has not so far adopted these guidelines and not followed the accounting procedure¹¹ given in the guidelines. During 2022-23, the State Government received ₹ 119.00 crore from National Compensatory Afforestation Deposit, as the share of Uttarakhand. During the year 2022-23, the State Government booked an amount of ₹ 256.68 crore (₹ 150.00 crore of interest + ₹ 106.68 crore of user charges) in State Compensatory Afforestation Fund under Major Head '8121-General and Other Reserve Fund'. An amount of ₹ 229.72 crore has been withdrawn from the fund leaving balance of ₹ 3,019.57 as on 31 March 2023.

2.8.3 Interest liabilities against Reserve Funds and Deposits Bearing Interest not discharged

Government is liable to pay/adjust interest in respect of balances under category J-Reserve Funds (a. Reserve Funds bearing interest) and K-Deposit and Advances (a. Deposits bearing interest), and for this purpose, specific Sub-Major Heads are provided in the List of Major and Minor Heads of Accounts.

Accordingly, ₹ 122.68 crore was the interest liabilities that the State Government is required to pay during the year 2022-23 as detailed in **Table-2.41**.

Table-2.41: Details of un-discharged liability of interest due in Reserve Funds and Deposits

(₹ in crore)					
Sector	Sub-sector	Rate of interest	Balance at the beginning of 2022-23	Interest due	Interest paid
J-Reserve Funds	(a) Reserve Funds bearing interest-SDRF	7.49 per cent (as per guideline of SDRF)	2.27	0.17	--
	(b) Reserve Fund bearing interest-SCAF	3.35 per cent (as informed by MoEFCC)	2,873.61	96.27	150.00*
K-Deposits and Advances	(c) Deposits bearing interest (excluding CPS MH-8342-117)	5.49 per cent (average of W&M interest rate)	370.33	20.33	74.33*
	Un-transferred amount under NPS (8342-117)	Interest calculated as per the rate of Interest 7.10 per cent notified by the Government / Payable to General Provident Fund	83.21	5.91	20.00*
Total Interest				122.68	244.33

Source: NTA to Finance Accounts 2022-23 Government of Uttarakhand

*Includes payments for past periods.

¹¹ These guidelines inter-alia states that the monies received by the State government from the user agencies shall be credited in "State Compensatory Afforestation Deposits" at Minor Head level below Major Head 8336 Civil Deposits. Out of it 90 per cent shall be transferred to the Major Head 8121-129 in Public Account of the State and 10 per cent in the National Fund. Similarly, the expenditure shall initially be booked under Major Head-2406 and then transferred to the Major Head 8121-129 in the Public Account by deduct entry in the concerned Major Head of account 2406.

During current year 2022-23, the State Government paid ₹ 244.33 crore as interest in lieu of ₹ 122.68 crore. The excess payment of ₹ 121.65 crore impacted the Revenue Surplus and Fiscal Deficit to that extent.

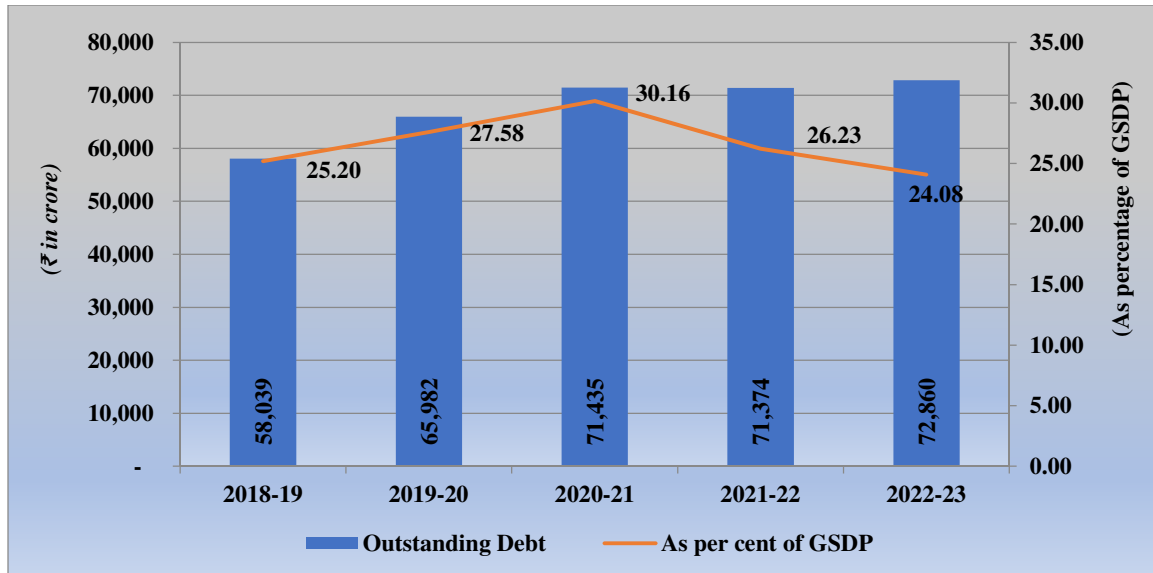
2.9 Public Liability Management

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

2.9.1 Trend of overall liability

The effective outstanding liability at the end of 2022-23 was ₹ 72,860 crore. Year wise overall liability during 2018-19 to 2022-23 is given in **Chart-2.21**.

Chart-2.21: Trend of overall Liability



Note: Accumulation of back-to-back loan of ₹ 5,649 crore (₹ 2,316 crore and ₹ 3,333 crore in respect of 2020-21 and 2021-22 respectively) in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification¹² this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

2.9.2 Liability profile: Components

Total debt of the State Government typically constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government and Public Account Liabilities. Total Liabilities as per FRBM Act of the Uttarakhand means the liabilities under the Consolidated Fund of the State and the Public Account of the State. The component wise debt trends are shown in **Table-2.42**.

¹² Government of India, Ministry of Finance, Department of Expenditure letter no. F.No.40 (1) PF-S/2021-22 dated 10 December 2021.

Table-2.42: Component wise Debt Trends

	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Total Liability	58,039	65,982	71,435	71,374	72,860
Public Debt	46,233	50,250	54,799	55,553	56,510
(i) Internal Debt	45,443	49,437	53,302	53,759	53,559
(ii) Loans from GoI	790	813	1,497	1,794	2,951
Liabilities on Public Account	11,806	15,732	16,636	15,821	16,350
(i) Small Savings, Provident Fund etc.	7,899	8,565	8,997	9,331	9,453
(ii) Reserve Fund	573	3,332	3,422	2,954	3,016
(iii) Deposit	3,334	3,835	4,217	3,536	3,881
Rate of growth of Outstanding Total Liability	11.98	13.69	8.26	(-) 0.09	2.08
Gross State Domestic Product (GSDP)	2,30,314	2,39,247	2,36,860	2,72,159	3,02,621
Liability/GSDP (per cent)	25.20	27.58	30.16	26.23	24.08
Borrowings and other Liabilities (as per Statement 6 of Finance Accounts)					
Total Receipts	22,225	22,194	23,327	16,326	18,188
Total Repayments	16,017	14,251	15,558	13,053	16,703
Net Funds Available	6,208	7,943	7,769	3,273	1,485
Repayment/Receipts (percentage)	72.07	64.21	66.70	79.95	91.84

Source: Finance Accounts.

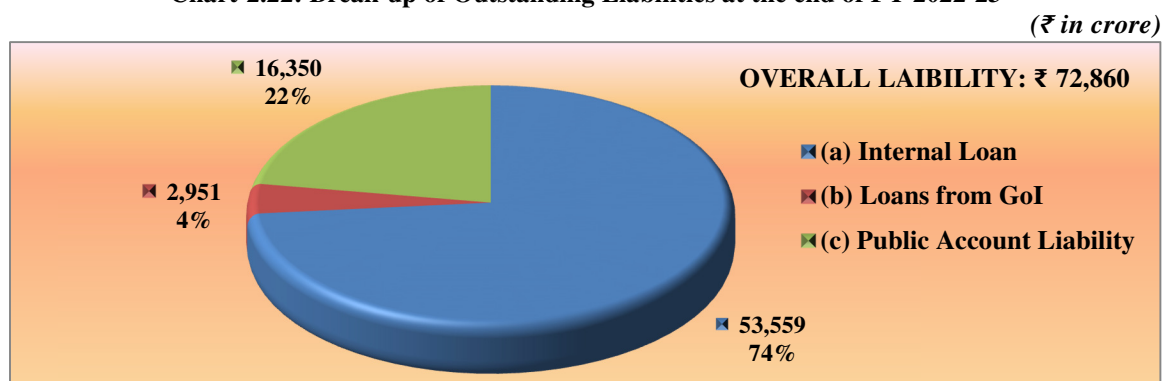
Note: Accumulation of back-to-back loan of ₹ 5,649 crore (₹ 2,316 crore and ₹ 3,333 crore in respect of 2020-21 and 2021-22 respectively) in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

Total liabilities of the State Government have increased by ₹ 14,821 crore (25.54 per cent) from ₹ 58,039 crore in 2018-19 to ₹ 72,860 crore in 2022-23. However, it increased by ₹ 1,486 crore (2.08 per cent) over the previous year. Further, Internal Debts decreased by ₹ 200 crore (- 0.37 per cent) and Loans from GoI increased by ₹ 1,157 crore (64.49 per cent) over the previous year. Liabilities on Public Account increased by ₹ 4,544 crore (38.49 per cent) during the period 2018-23. Further, liabilities on Public Account increased ₹ 529 crore (3.34 per cent) over the previous year due to marginal increase in all components of Public Account liabilities.

2.9.3 Breakup of Outstanding Overall Liability at the end of 2022-23

The total outstanding liability of the State Government at the end of 2022-23 was ₹ 72,860 crore. Internal debt, which is (₹ 53,559 crore), accounts for 74 per cent of the total outstanding debt. Component-wise break-up of debt is shown below in Chart-2.22.

Chart-2.22: Break-up of Outstanding Liabilities at the end of FY 2022-23



Note: Outstanding Total Liability excludes back-to-back loan of ₹ 5,649 crore, received from GoI up to FY 2021-22, in lieu of GST compensation shortfall.

2.9.4 Component wise debt trends

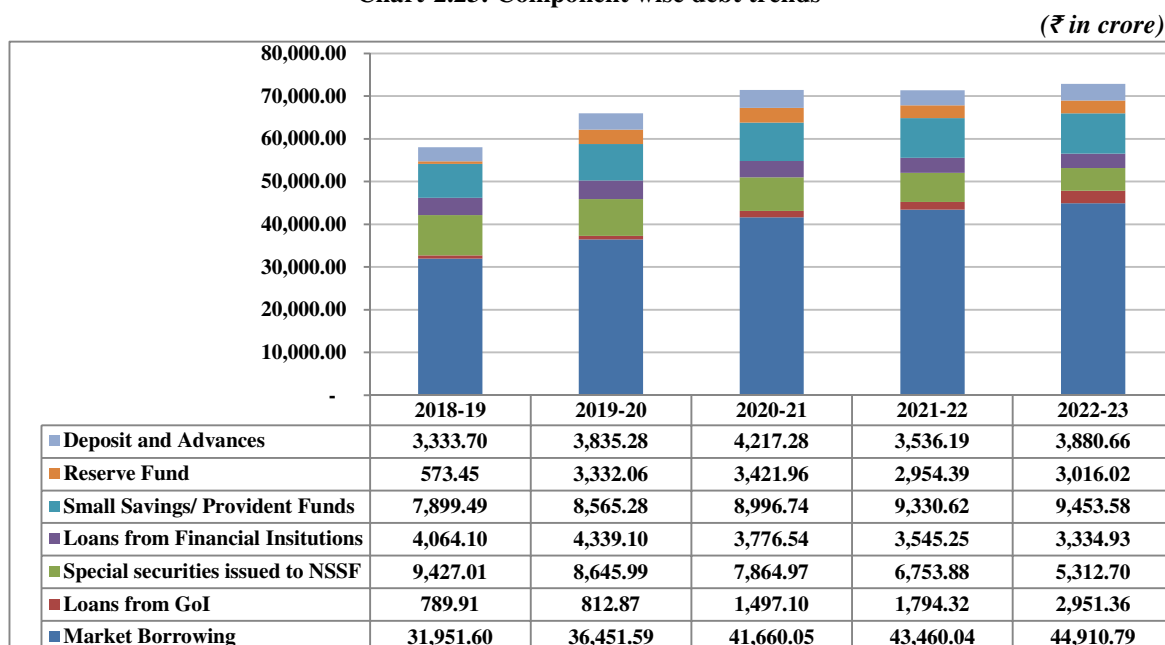
The debt trends comprising of internal debt, Loans from GoI, Public Account over the period 2018-19 to 2022-23 are highlighted in **Table-2.43** and **Chart-2.23** below.

Table-2.43: Component wise debt trends

(₹ in crore)

Year	Market Borrowing	Loa1s from GOI	Special securities issued to NSSF	Loans from Financial Institutions	Small Savings/ Provident Funds	Reserve Fund	Deposit and Advances
2018-19	31,951.60	789.91	9,427.01	4,064.10	7,899.49	573.45	3,333.70
2019-20	36,451.59	812.87	8,645.99	4,339.10	8,565.28	3,332.06	3,835.28
2020-21	41,660.05	1,497.10	7,864.97	3,776.54	8,996.74	3,421.96	4,217.28
2021-22	43,460.04	1,794.32	6,753.88	3,545.25	9,330.62	2,954.39	3,536.19
2022-23	44,910.79	2,951.36	5,312.70	3,334.93	9,453.58	3,016.02	3,880.66

Chart-2.23: Component wise debt trends

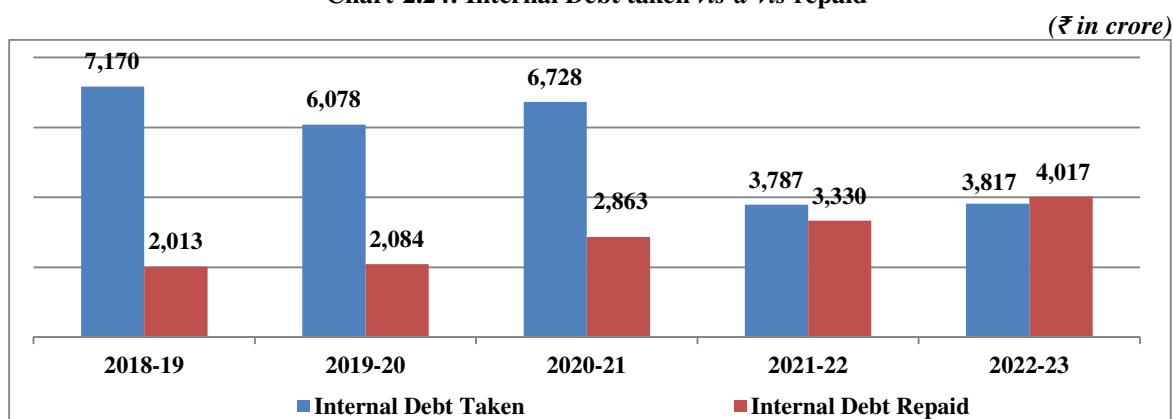


Note: Outstanding Total Liability excludes accumulation of back-to-back loan of ₹ 5,649 crore (₹ 3,333 crore and ₹ 2,316 crore i.r.o FY 2021-22 and 2020-21 respectively) in lieu of GST compensation shortfall.

2.9.5 Internal Debt taken vis-à-vis repaid

Composition of Internal Debt taken and repaid during 2018-19 to 2022-23 is given in **Chart-2.24**.

Chart-2.24: Internal Debt taken vis-à-vis repaid



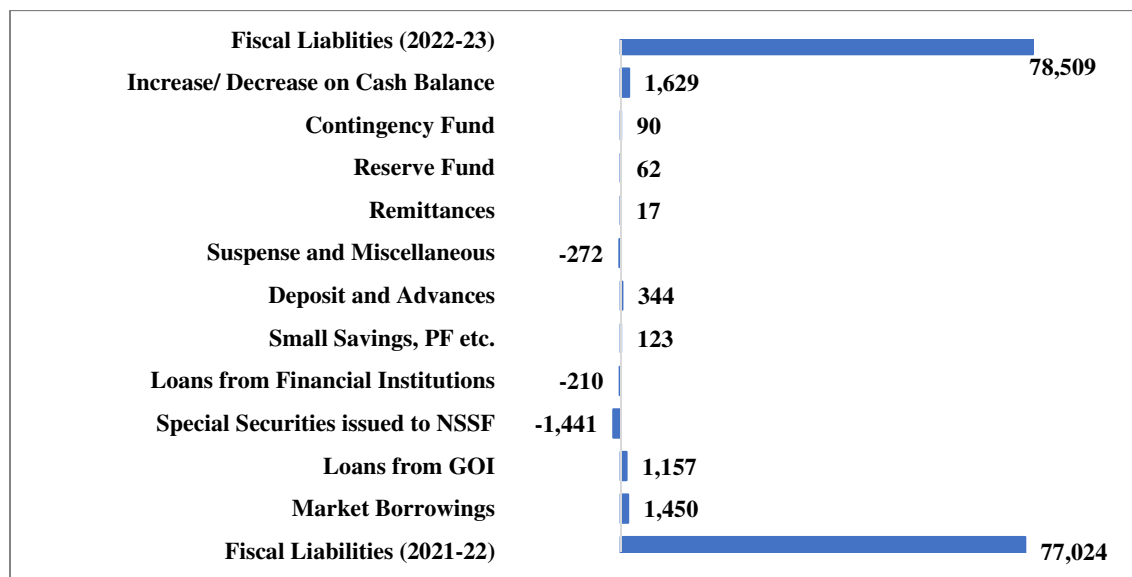
The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table-2.44**.

Table-2.44: Components of Fiscal Deficit and its Financing Pattern*(₹ in crore)*

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
A	Components of Fiscal Deficit (1 to 3)	(-) 7,320	(-) 7,657	(-) 5,439	(-) 3,736	(-)2,949
1.	Revenue Deficit (-)/ Surplus (+)	(-) 980	(-) 2,136	(+) 1,114	(+) 4,128	(+)5,310
2.	Net Capital Expenditure	(-) 6,184	(-) 5,414	(-) 6,538	(-) 7,534	(-)8,183
3.	Net Loans and Advances	(-) 156	(-) 107	(-) 14	(-) 330	(-)76
B	Financing Pattern of Fiscal Deficit					
1.	Net Public Debt	(+) 5,217	(+) 4,017	(+) 6,865	(+) 4088	(+)956
a.	Net Market Borrowings	(+) 5,289	(+) 4,500	(+) 5,209	(+) 1,800	(+)1,450
b.	Net Loans from GoI	(+) 61	(+) 23	(+) 3,000	(+) 3,630	(+)1,157
c.	Net Special Securities issued to NSSF	(-) 411	(-) 781	(-) 781	(-) 1,111	(-)1,441
d.	Net Loans from Financial Institutions ¹³	(+) 278	(+) 275	(-)563	(-) 231	(-)210
2.	Net Public Account	(+) 1,843	(+) 2,761	(+) 302	(-) 525	(+) 274
a.	Net Small Savings, PF, etc.	(+) 890	(+) 666	(+) 431	(+) 334	(+)123
b.	Net Deposits and Advances	(-) 11	(+) 501	(+) 382	(-) 681	(+)344
c.	Net Suspense and Misc.	(+) 173	(-) 1,164	(-) 595	(+) 278	(-)272
d.	Net Remittances	(+) 679	(-) 01	(-) 6	(+) 12	(+)17
e.	Net Reserve Fund	(+) 112	(+) 2,759	(+) 90	(-) 468	(+)62
3.	Net Contingency Fund	(+) 110	(+) 68	(-) 225	(+) 224	(+)90
4.	Accretion to Cash Balance	(+) 150	(+) 811	(-) 1,503	(-) 51	(+)1,629

Source: Finance Accounts of Government of Uttarakhand.

The fiscal deficit in 2022-23 was largely managed by Accretion to Cash Balance (55.24 per cent), Market Borrowings (49.17 per cent) and Loans from GoI (39.23 per cent). This was counter balanced by decline in Net Special Securities issued to NSSF (48.86 per cent). Financing of Fiscal Deficit during the year is depicted in **Chart-2.25** below:

Chart-2.25: Financing of Fiscal Deficit

¹³ Includes Net Ways and Means Advances

2.9.6 Debt profile: Maturity and Repayment

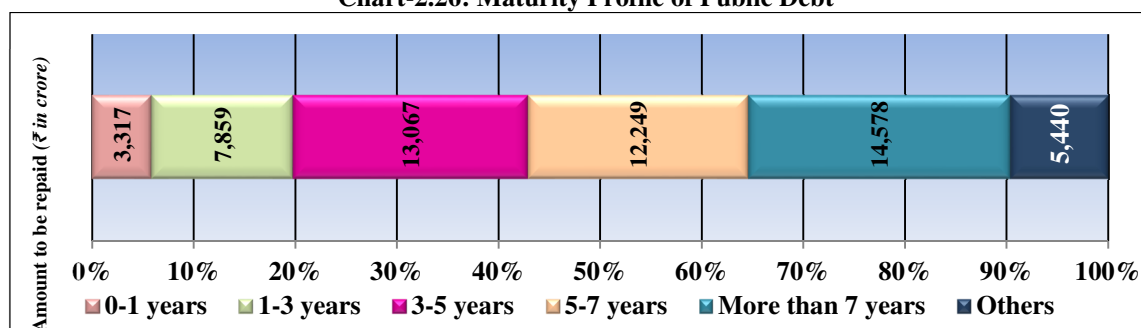
Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. The maturity profile of the State's outstanding loans and advances (public debt) is given in **Table-2.45** and **Chart-2.26**.

Table-2.45: Debt Maturity Profile of Repayment of Public Debt

Year of maturity	Maturity Profile (in years)	Amount			Per cent of total Public Debt
		Internal Debt	Loans & Advances from GoI	Total	
By 2023-24	0-1	3,248.00	68.63	3,316.63	5.87
Between 2024-25 & 2025-26	1-3	7,746.90	112.27	7,859.17	13.91
Between 2026-27 & 2027-28	3-5	12,956.57	110.52	13,067.09	23.12
Between 2028-29 & 2029-30	5-7	12,132.17	116.97	12,249.14	21.68
2030-31 onwards	Above 7	14,139.06	438.31	14,577.37	25.80
Others	NA	3,335.73	2,104.63	5,440.36	9.63
Total		53,558.43	2,951.33	56,509.76	100.01

Note: Loan from GoI excludes back loan of ₹ 5,649 crore, received from GoI till the year 2021-22, in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State.

Chart-2.26: Maturity Profile of Public Debt



The maturity profile of outstanding stock of public debt as on 31 March 2023 indicates that out of the outstanding public debt of ₹ 56,509.76 crore¹⁴, 64.58 per cent (₹ 36,492.04 crore) is payable within the next seven year while 25.80 per cent (₹ 14,577.37 crore) is in the maturity bracket of more than seven years. The maturity profile of the remaining 9.63 per cent is not available. It constitutes mainly Internal loans from financial institutions (GIC, LIC, SBI, NABARD, NCDC etc.) of ₹ 3,335.73 crore (5.37 per cent) and loans from GoI as Scheme for Special Assistance as Loan to State for Capital Expenditure ₹ 2,062.93 crore (3.32 per cent). Of the total outstanding public debt, internal debt (₹ 53,558.43 crore) consisting of market borrowings, loans from NABARD and special securities issued to NSSF etc. constituted 94.78 per cent. The amount of outstanding market loans and interest to be paid there on over the period of next ten years is detailed in **Table-2.46** and **Chart-2.27** below:

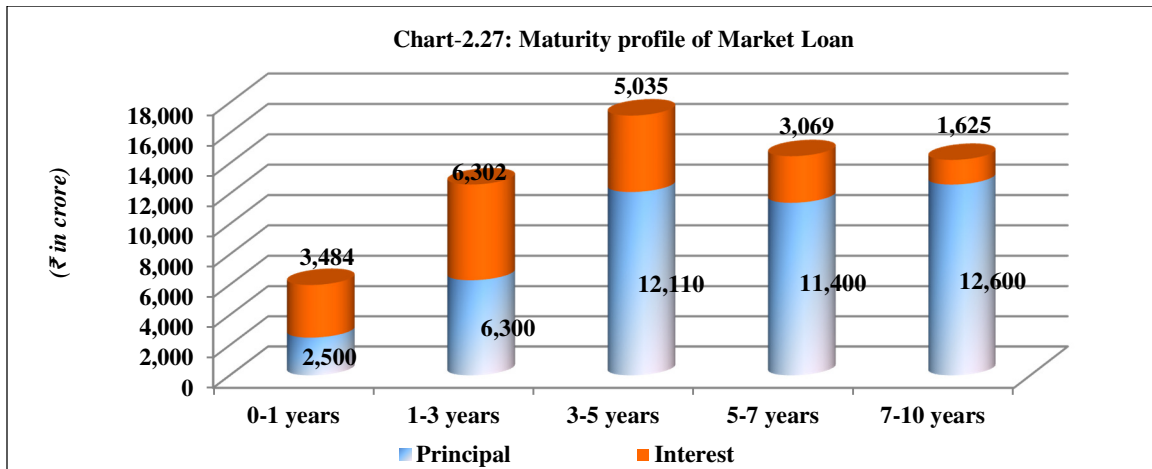
¹⁴ Excludes accumulation of back-to-back loan of ₹ 5,649 crore (₹ 3,333 crore and ₹ 2,316 crore i.r.o 2021-22 and 2020-21 respectively) in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State.

Table-2.46: Repayment of Debt and Interest

(₹ in crore)

Year	Repayment of		
	Public Debt (Market Loan)**	Interest	Total
2023-24	2,500	3,484.12	5,984.12
2024-25	2,400	3,256.22	5,656.22
2025-26	3,900	3,046.11	6,946.11
2026-27	5,450	2,721.57	8,171.57
2027-28	6,660	2,313.61	8,973.61
2028-29	6,300	1,798.72	8,098.72
2029-30	5,100	1,269.78	6,369.78
2030-31	6,200	901.81	7,101.81
2031-32	3,200	475.73	3,675.73
2032-33	3,200	247.25	3,447.25
Total	44,910	19,514.92	64,424.92

** Calculation of interest in respect of public debt components other than market loan is not feasible due to non-availability of information i.e. maturity profile and rate of interest in Finance Account.



Note: The maturity profile has been evolved for outstanding market loans as on 31 March 2023 and interest has been calculated up to the financial year in which the loans are going to be retired.

The State will have to repay ₹ 8,800 crore of market loans and pay interest of ₹ 9,786 crore in next three financial years i.e., up to 2025-26. In next two years up to 2027-28, ₹ 12,110 crore principal and interest of ₹ 5,035 crore will be payable. Annual outgo in shape of loan repayment and interest will be approximately ₹ 7,146.20 crore during next five years up to 2027-28.

In the period 2028-29 to 2032-33, loans of ₹ 24,000 crore and interest of ₹ 4,693.27 crore will be payable. As such the State will have to repay approximately ₹ 4,809.39 crore annually during the period 2027-28 to 2031-32. Current year repayment of loans including interest is ₹ 5,738.65 crore.

2.9.7 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters: Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. It is a complex issue and escapes easy assessment because it is inherently forward looking. It is an informed judgment on a known unknown. However, the higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a

higher debt requires a higher primary surplus to sustain it. A high level of debt raises a number of challenges:

- Large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- A high level of debt heightens an economy's vulnerability to interest rate and growth shocks.
- A high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (*i.e.*, being unable to fulfill borrowing requirements from private sources or being able to do so only at very high interest rates).
- High levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. Sustainability of Public debt ensures that it does not explode, and governments are not forced to significantly increase taxes, or decrease spending. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability is defined as the ability of the State to service its debt now and in future. Analysis of variations in debt sustainability indicators is given in **Table-2.47** and **Chart-2.28**.

Table-2.47: Debt Sustainability: Indicators and Trends

(₹ in crore)

Indicators of Debt Sustainability	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Public Debt	46,233	50,250	54,799**	55,553**	56,510**
Rate of growth of Outstanding Public Debt	12.72	8.69	9.05	1.38	1.72
State's GSDP	2,30,314	2,39,247	2,36,860	2,72,159	3,02,621
Growth rate of GSDP	4.58	3.88	(-) 1.00	14.90	11.19
Debt/GSDP Ratio	20.07	21.00	23.14	20.41	18.67
Debt maturity profile of repayment of State Debt-including default history, if any	1,464	1,099	1,601	2,237	2,594
Average Interest Rate of Outstanding Public Debt (per cent)	8.78	7.81	7.65	7.60	7.50
Interest payment on Public Debt	3,830	3,770	4,018	4,194	4,201
Revenue Deficit/Surplus without interest payment	2,850	1,634	5,132	8,322	9,511
Percentage of interest payment to Revenue Deficit/Surplus	390.81	176.50	360.68	101.60	79.11
Interest Payments/Revenue Receipts (per cent)	12.27	12.27	10.52	9.74	8.56
Percentage of Debt Repayment to Debt Receipts#	28.27	34.66	29.85	45.30	81.00
Net Debt available to the State*	1,388	247	2,848	(-)106	(-) 3,244
Net Debt available as per cent to Debt Receipts	19.08	4.02	29.10	(-)1.42	(-) 64.42
Primary Deficit (-)/Primary Surplus (+)	(-)2,845	(-)3,153	(-)666	1,203	2,155
Debt Stabilisation (Quantum spread^{\$} + Primary Deficit)	(-) 4,786.79	(-) 5,127.83	(-) 4,074.11	5,258.37	4240.22

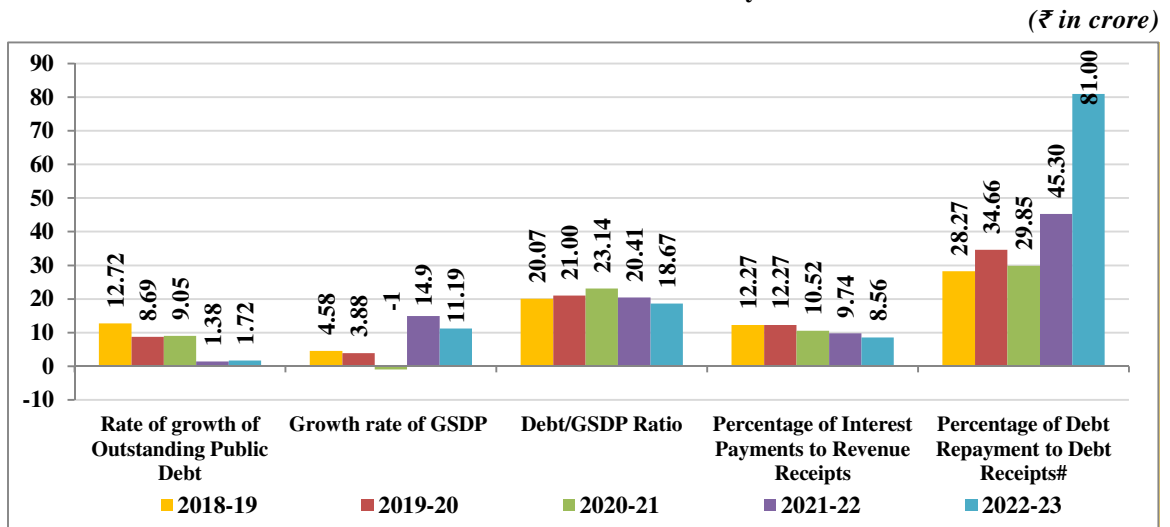
* Net Debt available to the State Government is calculated as Excess of Public Debt receipts over Public Debt repayment plus Interest Payment on Public Debt.

** This excludes accumulation of back-to-back loan of ₹ 5,649 crore up to FY 2021-22 (₹ 3,333 crore and ₹ 2,316 crore *i.r.o* F Y 2021-22 and 2020-21) respectively in lieu of GST compensation shortfall. The debt servicing of this loan would be done from the collection of cess in the GST compensation fund and hence, the repayment obligation will not be met from the other resources of the State

\$ Quantum Spread = (Outstanding Debt * (GSDP growth rate – Average Interest Rate of outstanding debt).

Excluding Ways & Means Advances

Chart-2.28: Trend of Debt Sustainability Indicator



Excluding Ways & Means Advances.

- A falling debt-GSDP ratio can be considered as leading towards stability. Debt-GSDP ratio rose from 20.07 per cent in 2018-19 to 23.14 per cent in 2020-21 which cannot be considered as leading towards stability. However, it fell from 20.41 per cent in 2021-22 to 18.67 per cent in 2022-23 which can be considered as leading towards stability. Also, debt stabilisation condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. **Table-2.47** shows that this trend had been negative during 2018-21 which indicates that debt-GSDP ratio would eventually be rising. However, during 2021-23 this trend had been positive hence Debt-GSDP ratio tend to be falling.
- Interest payments on Public Debt ranged between 79.11 per cent and 390.81 per cent of the Revenue Deficit / Revenue Surplus during 2018-23, which was substantially high.
- The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 8.56 per cent and 12.27 per cent during the period 2018-23.
- Higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayments to public debt receipts ranged between 28.27 per cent and 81.00 per cent during the period 2018-23.

Further, during the five-year period 2018-19 to 2022-23, GSDP has grown at a CAGR of 6.56 per cent and the outstanding public debt has grown at slightly higher CAGR of 6.62 per cent¹⁵.

¹⁵ Exclude B2B loan of ₹ 5,649 crore.

(B) An analysis on debt sustainability was carried out based on a study by E D Domar [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

g-r (g: real economic growth rate, r: real interest rate)	s < 0 (Primary Deficit)	s > 0 (Primary Surplus)
g-r>0 (strong economic growth)	Public Debt as percentage of GSDP should converge to a stable level greater than zero.	Public Debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
g-r<0 (slow economic growth)	Public Debt as percentage of GSDP should increase indefinitely without converging to a stable level.	Undefined situation

The results of applying the above parameters in the case of Uttarakhand, are shown in **Table-2.48**.

Table-2.48: Debt Sustainability Analysis based on Domar Model

Year	Real Growth (g)	Real interest (r)	Domar gap (g-r)	Primary Deficit (-) / surplus (+) (₹ in crore) (s)	Remarks
2018-19	2.83	4.65	(-) 1.82	(-) 2,845	g-r<0 and s<0: Public Debt as percentage of GSDP should increase indefinitely without converging to a stable level.
2019-20	1.97	0.90	1.07	(-) 3,155	g-r>0 and s<0: Public Debt as percentage of GSDP should converge to a stable level greater than zero.
2020-21	(-) 12.02	1.25	(-) 13.27	(-) 666	g-r<0 and s<0: Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.
2021-22	10.87	0.94	9.93	1,203	g-r>0 and s>0: Public Debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
2022-23	7.87	0.77	7.10	2,155	

Source: Directorate of Economic and Statistics Uttarakhand

Primary deficit or surplus in the analysis of the Domar model is crucial as it provides insights into the fiscal dynamics impacting public debt accumulation, government finances, and overall economic stability and growth prospects.

The above table reveals that:

- In 2018-19 and 2020-21 The Domar gap (g-r) is negative, indicating that the real growth rate is lower than the real interest rate and the primary deficit is negative. In this scenario, public debt as a percentage of GSDP is expected to increase indefinitely without converging to a stable level.
- The Domar gap (expressed as g-r) was negative during the COVID year (2020-21). However, during the years 2021-22 and 2022-23, the Domar gap turned positive due to high growth rate in GSDP. Positive Domar gap due to high growth rate may also be seen with reference to low base for comparison in the previous year.

- However, in 2021-22 and 2022-23, there is a primary surplus of ₹ 1,203 crores and ₹ 2,155 crores respectively. This suggests that Public Debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.

(C) Details of the achievements *vis-à-vis* targets set in the Central Finance Commission Report (FCR) are shown below:

Table 2.48(A): Achievements *vis-à-vis* Targets set in the FCR
(in per cent of GSDP)

Fiscal Parameters		Achievements <i>vis-à-vis</i> Targets set in the FCR				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-)/ Surplus (+)	T	00	00	00	00	00
	A	(-) 0.43	(-) 0.89	0.47	1.52	1.75
Fiscal Deficit (-)/Surplus (+)	T	(-) 3.25	(-) 3.25	(-) 4.5	(-) 4.00	(-) 3.5
	A	(-) 3.18	(-) 3.20	(-) 2.30	(-) 1.37	(-) 0.97
Ratio of total outstanding liability to GSDP	T	22.56	22.52	33.20	33.10	33.90
	A	25.20	27.58	30.16*	26.23*	24.08*

* This excludes accumulation of back-to-back loan of ₹ 5,649 crore up to FY 2021-22 (₹ 3,333 crore and ₹ 2,316 crore i.r.o F Y 2021-22 and 2020-21) respectively in lieu of GST compensation shortfall.

The ratio of revenue deficit improved with a positive change to revenue surplus from 2018-19 to 2022-23. Fiscal deficit-GSDP and Outstanding liability-GSDP ratio remained within the targets fixed by the Finance Commission during 2018-23.

Further, there has been a decrease in the committed expenditure as a percentage of the revenue receipts from 69 per cent in 2018-19 to 53 per cent in 2022-23. However, it has been consistently around 70 per cent during 2018-20 and 55 per cent during 2021-23 thereby showing the sufficient availability of revenue resources for other purposes including debt servicing.

2.9.8 Utilisation of Borrowed Funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. Trend of utilisation of borrowed funds during past five years are shown in the **Table-2.49** and **Chart-2.29** below.

Table-2.49: Utilisation of borrowed funds

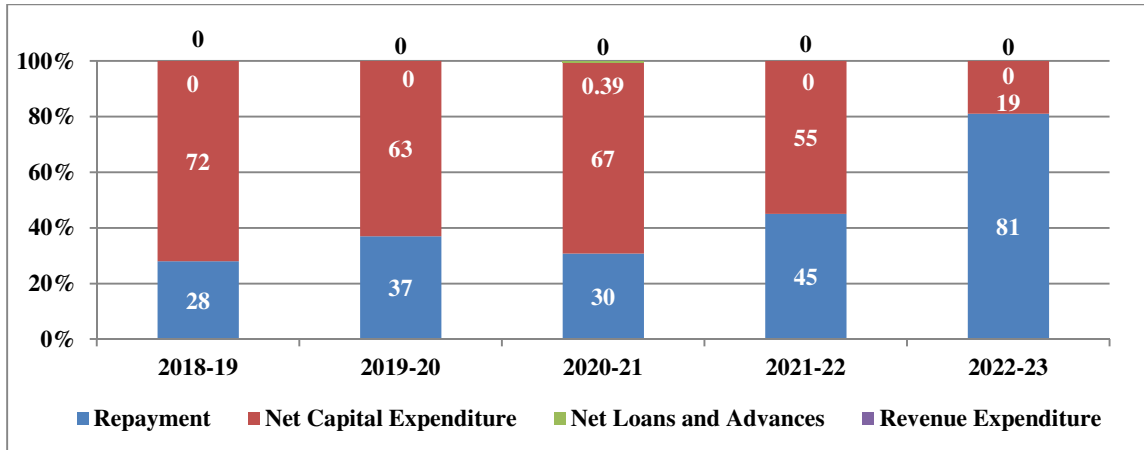
(₹ in crore)

Year	Total Borrowings	Repayment of earlier borrowings (percentage)	Net Capital expenditure* (percentage)	Net Loans and Advances disbursed (percentage)	Portion of Revenue expenditure met out of total borrowings (percentage)
2018-19	7,275	2,057 (28)	5,218 (72)	NA	NA
2019-20	5,834	2,131 (37)	3,703 (63)	NA	NA
2020-21	9,787	2,921 (30)	6,538 (67)	38 (0.39)	NA ¹⁶
2021-22	7,473	3385 (45)	4,088 (55)	NA	NA
2022-23	5,036	4,079 (81)	957 (19)	NA	NA

*Net Capital Expenditure = Total Capital Expenditure – Misc. Capital Receipts. NA- Not Applicable.

¹⁶ No Revenue Expenditure was met from borrowings as State had Revenue Surplus during 2020-21.

Chart-2.29: Trend of Utilisation of Borrowed Funds



In the Period 2018-23, State utilised 28 to 81 *per cent* of borrowings for repayment of earlier principal leaving less space for capital expenditure and net capital expenditure ranged between 19 *per cent* and 72 *per cent* of available borrowings. Further, expenditure on net capital expenditure came down from 72 *per cent* in 2018-19 to 19 *per cent* in 2022-23. As per the Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for capital expenditure. In 2022-23 which is the second year of the Finance Commission period, the State has a Revenue Surplus of ₹ 5,310 crore. During the current year 2022-23, the Government has resorted to less borrowings in the year compared to previous year.

2.10 Status of Guarantees – Contingent Liabilities

The statutory corporations, government companies, co-operatives institutions, financial institutions, autonomous bodies and authorities are distinct legal entities are responsible for their debts. Their financial obligations may be guaranteed by a government and thus the Government has a commitment to see that these are fulfilled. When these entities borrow directly from the market, it reduces a government’s budgetary support to them and the magnitude of the Government borrowings. However, it adds to the level of guarantees given by the government. Thus, Guarantees normally constitute contingent liabilities of the Government and are contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

The FRBM Act, 2005 prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of coming into force of such rule or law. However, the State Legislature (under Article 293 of the Constitution fixing the maximum limit within which the government could give guarantees on the security of the Consolidated Fund of the State) made the relevant provision in the amended FRBM, Act only in December 2016.

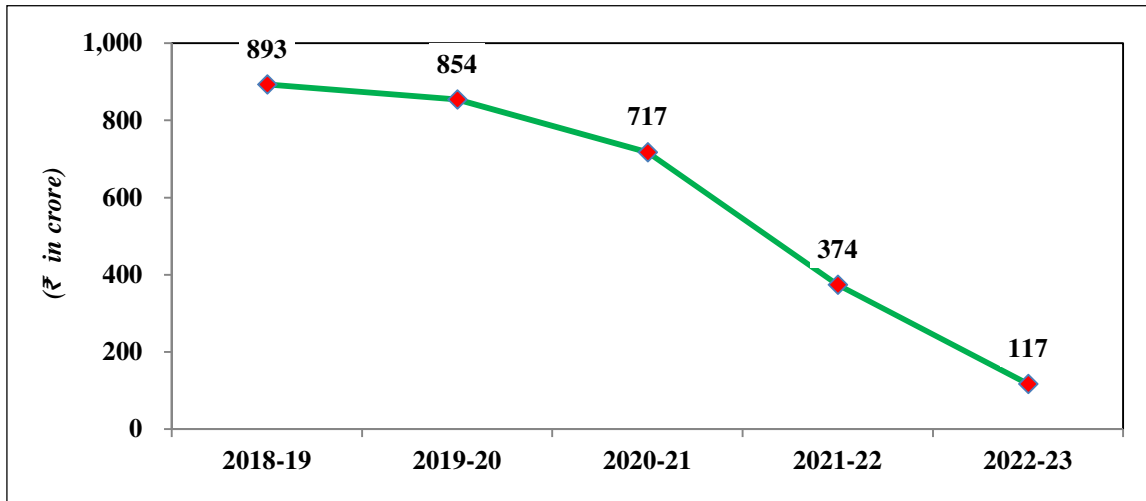
As per **Statement-9 & 20** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last five years are given in **Table-2.50** and **Chart-2.30**.

Table-2.50: Guarantees given by the Government of Uttarakhand

(*₹ in crore*)

Guarantees	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding amount of guarantees as on 31 st March	893	854	717	374	117
Ceiling fixed by the State Government Act	Outstanding guarantees capped within one <i>per cent</i> of the GSDP of that particular year. New guarantees given during any year should not be more than 0.3 <i>per cent</i> of the GSDP for that year.				
Additions during the year	251	NIL	402	418	386
Deletions during the year	75	188	713	761	643

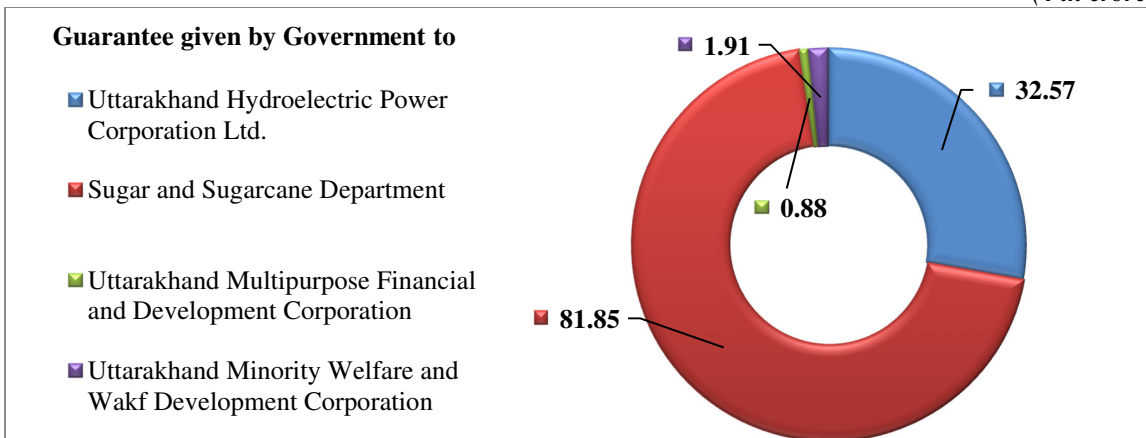
Chart-2.30: Status of Outstanding Guarantees



Source: Finance Accounts.

The amount of guarantees outstanding as on 31 March 2023 is ₹ 117 crore which comprises Power Sector (₹ 32 crore), Co-operatives (₹ 82 crore) and others (₹ three crore). Total outstanding guarantees as on 31 March 2023 was ₹ 117 crore which is 0.04 *per cent* of GSDP for the year and hence was within the FRBM ceiling. Company wise detail is given in the **Chart-2.31**.

Chart-2.31: Bodies in receipt of guarantees at the end of 31 March 2023

(*₹ in crore*)

Source: Finance Accounts.

No guarantee was invoked during the year. The information regarding maximum amount of guarantees, has not been made available by the State Government and hence, the statement is incomplete to that extent. The requirements of IGAS-1 have not been fully met in these statements. The State Government received ₹ 4.57 crore as Guarantee commission. Out of this ₹ 0.98 crore was received under Revenue Receipts instead of Guarantee Redemption Fund as per 'The Uttarakhand Ceiling on Government Guarantee Act, 2016' requiring that the guarantee commission received be taken to the corpus of the Fund.

2.11 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is revised by the Reserve Bank of India from time to time.

As per an agreement with the Reserve Bank of India, State Government has to maintain a minimum daily cash balance of ₹ 0.16 crore with the Bank. The limit for ordinary WMA to the State Government was ₹ 602 crore with effect from 01 April 2022 and the limit of SWMA is revised by the bank from time to time. During 2022-23, on 326 days, the State Government maintained the minimum daily cash balance with the Reserve Bank of India without taking any advance. SWMA and overdraft were availed on 36 days and three days respectively during the year.

2.11.1 Investment of Cash Balances

Table-2.51 depicts the cash balances and investments made out of these by the State Government during the year.

Table-2.51: Cash Balances and their investment

	Opening balance on 01 April 2022	Closing balance on 31 March 2023
<i>(₹ in crore)</i>		
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	112.47	(-)131.82
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	112.47	(-)131.82
Investments held in Cash Balance investment account	2,037.62	653.37
Total (A)	2,150.09	521.55
B. Other Cash Balances and Investments		
Cash with departmental officers viz., PWD, Forest Officers	(-) 10.71	(-) 10.71
Permanent advances for contingent expenditure with department officers	(-) 0.81	(-) 0.81
Investment in earmarked funds	1,698.62	1,808.62
Total (B)	1,687.10	1,797.10
Total (A + B)	3,837.19	2,318.65
Interest realised	34.23	44.17

Source: Finance Accounts.

Cash Balances of the State Government at the end of the current year decreased by ₹ 1,518.54 crore (39.57 per cent) from ₹ 3,837.19 crore in 2021-22 to ₹ 2,318.65 crore in 2022-23. This was mainly due to decrease in Investment held in Cash Balance Investment Account (₹ 1,384.25 crore) and Deposit with Reserve Bank (₹ 244.29 crore), which was partially counter balanced by increase in investment in earmarked fund (₹ 110 crore).

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 has earned an interest of ₹ 44.17 crore during 2022-23 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 1,808.62 crore in earmarked funds, ₹ 1,703.62 crore was invested in the Consolidated Sinking Fund and ₹ 105 crore in Guarantee Redemption Fund at the end of the year. The cash balance investments of the State during the five year period 2018-19 to 2022-23 are given in **Table-2.52**.

Table-2.52: Cash Balance Investment Account (Major Head-8673)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2018-19	385.49	247.48	(-) 138.01	10.49
2019-20	247.48	00	(-) 247.48	21.73
2020-21	00	1,931.57	(+) 1,931.57	32.01
2021-22	1,931.57	2,037.62	(+) 106.05	34.23
2022-23	2,037.62	653.37	(-)1384.25	44.17

(₹ in crore)

The trend analysis of the cash balance investment of the State Government during 2018-19 to 2022-23 revealed that investment increased during 2020-21 and 2021-22 after gradual decrease from 2018-19 and 2019-20. During the current year there was a closing balance of ₹ 653.37 crore lying under the major head Cash Balance Investment Account with a decrease of ₹ 1,384 crore (67.93 per cent).

Despite of the cash balance, the State Government took recourse to market loans leading to further accretion to cash balances without putting it to productive use.

Chart-2.32 compares the balances available in the Average Cash Balance and the Market Loans taken by the State during the period 2018-19 to 2022-23. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

Chart-2.32: Market loans vis-à-vis Average Cash Balance

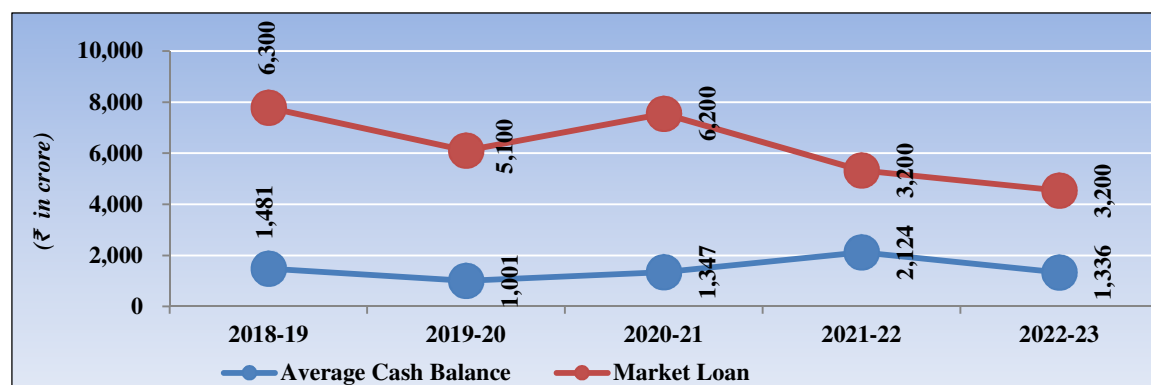
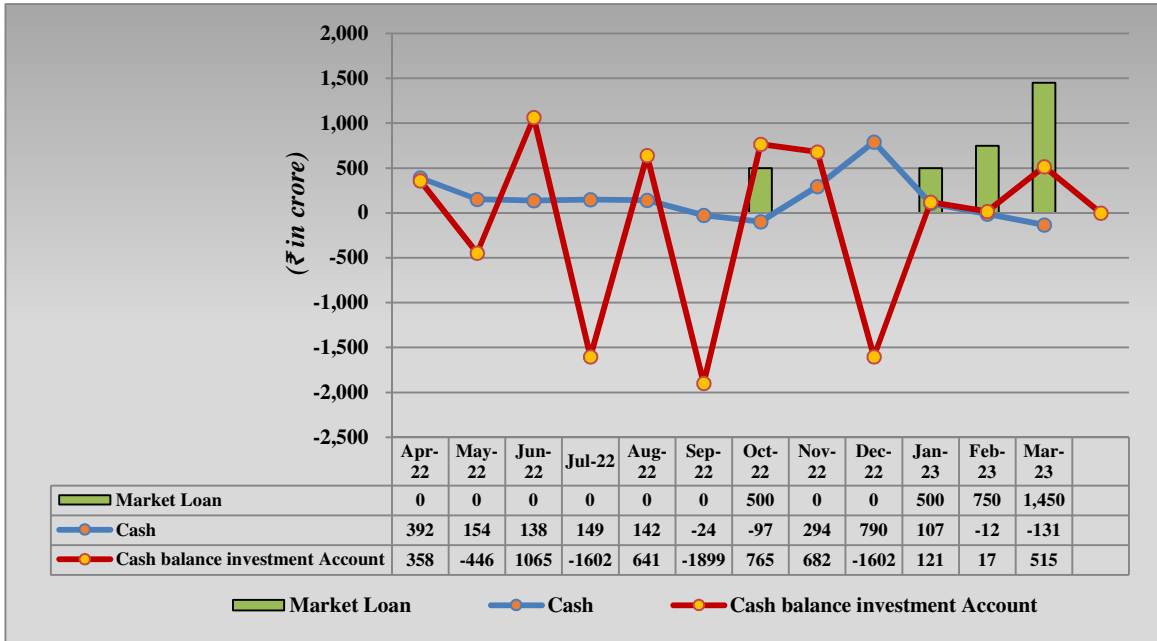


Chart-2.33 compares the month-wise Cash Balance Investment Account with the Cash Balances during 2022-23.

Chart-2.33: Month-wise movement of Cash Balances Investment Account and Cash Balance during 2022-23
(₹ in crore)



The preceding chart indicates that the State Government had taken recourse to market loans on four occasions (October 2022 and January, February and March 2023). During the year 2022-23, the State Government raised ₹ 3,200 crore from the market.

2.12 Conclusion

- During 2022-23, Revenue Receipts increased by ₹ 6,026 crore (14 per cent) over the previous year, on account of increase in Own Tax Revenue (₹ 2,926 crore), Own Non-tax Revenue (₹ 1,611 crore), State's Share in Union Taxes and Duties (₹ 711 crore) and Grants-in-Aid (₹ 778 crore).
- Revenue Expenditure formed on an average 84 per cent (ranging from 83 per cent to 86 per cent during 2018-23) of the total expenditure during the period 2018-23. Rate of growth of Revenue Expenditure has displayed slight fluctuating trend during the five year period 2018-23. The Committed Expenditure ranged between 59 per cent and 66 per cent of Revenue Expenditure, while it accounted for 53 per cent to 71 per cent of the Revenue Receipts of the State during the five year period 2018-23.
- Inflexible Expenditure ranged between six per cent and nine per cent of Revenue Expenditure, while it accounted for five per cent to eight per cent of the Revenue Receipts of the State during the five-year period 2018-23.
- Capital Expenditure increased by ₹ 661 crore (8.77 per cent) during the current year. The Capital Expenditure incurred by the State during the year 2022-23 was lower than the projections made in the MTFPS targets (₹ 10,471 crore) and budget projections (₹ 10,840 crore) by ₹ 2,276 crore and ₹ 2,645 crore respectively.

- The average return on the Uttarakhand Government's investment was negligible. During the current year, the amount recovered against the outstanding loans was ₹ 17.30 crore which stood at 0.73 *per cent* of the outstanding loans (₹ 2,378.28 crore) as on 31 March 2022.
- In the Education, Social and Health Sector, expenditure as a proportion of Aggregate Expenditure in the State was higher than the NE & Himalayan States average during 2022-23. Whereas, in Development and Economic Sector, expenditure as a proportion of Aggregate Expenditure in the State was lower than the NE & Himalayan States average during 2018-19 and 2022-23.
- As per Finance Accounts for the Year 2022-23, there were 143 incomplete/ongoing projects worth ₹ 784.22 crore under various divisions of Public Works as on 31 March 2023. Out of these 143 projects, 26 projects (estimated cost ₹ 317.87 crore) have a time overrun of two to six years from their target years of completion whereas 91 projects (estimated cost ₹ 323.49 crore) which were to be completed by 2022-23 are still incomplete. Further, target years of completion in respect of 20 projects (estimated cost ₹ 76.52 crore) are not known.
- Against the receivable Guarantee Commission fee of ₹ 23.44 crore, an amount of ₹ 4.57 crore was received resulting in short receipt of ₹ 18.87 crore as Guarantee Commission fees. The received Guarantee fee has to be deposited in Public Account under Guarantee Redemption Fund, while the State Government booked ₹ 0.99 crore as Revenue Receipts. This resulted in overstatement of Revenue Surplus to that extent.
- The total fiscal liabilities to GSDP ratio in 2022-23 decreased by 2.15 *per cent* over previous year and stood at 24.08 *per cent*, which was below the Fiscal Responsibility and Budget Management (FRBM) target of 33.30 *per cent*.

2.13 Recommendations

- *The State Government needs to settle the pending tax claims timely, settle arrears in assessment of taxes and recover the arrears of revenue and improve non-tax revenues towards better resource mobilisation;*
- *The State Government may explore ways of ensuring reasonable return on capital invested in profit making State Public Sector Undertakings in view of the substantial high cost of borrowings made by it;*
- *The State may increase allocation of resources on Development sector so as to bring it at par with NE & Himalayan States average;*
- *The State Government may ensure time-bound completion of the incomplete projects and ensure that there are no further cost overruns;*
- *The State Government may ensure the recoveries of Guarantee Commission fees and deposit it in the Guarantee Redemption Fund.*

CHAPTER-3
BUDGETARY MANAGEMENT

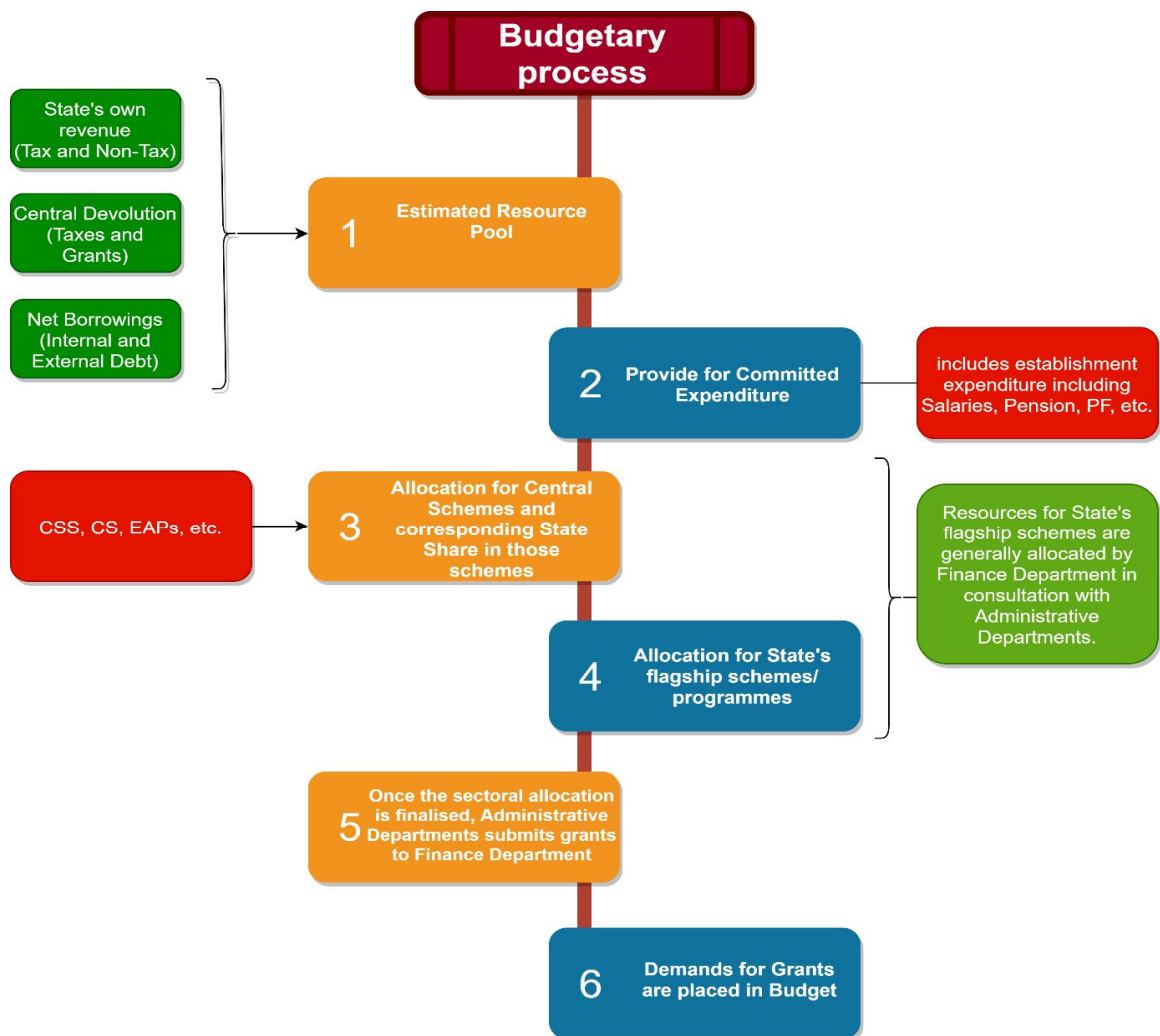
CHAPTER-3

BUDGETARY MANAGEMENT

This chapter deals with the review of integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants and the concomitant financial management.

3.1 Budget Process

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



3.2 Budget Preparation Process

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

Article 202 of Constitution of India requires laying of a statement of the estimated receipts and expenditure of the State for that year, as the "Annual Financial Statement" before the Legislature of the State. The Annual Financial Statement should show expenditure charged on consolidated fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure.

The annual financial statement also called general budget is placed prior to the commencement of the financial year in the State Legislature in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demand for Grants are shown according to the classification under Article 150 of the Constitution.

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with provisions of Article 204 of the constitution. Supplementary or Additional Grant or Appropriation is provided during the course of a financial year, in accordance with Article 205 of the Constitution. It is the provision for meeting expenditure in excess of the budgeted amount.

In Uttarakhand, Finance Department has the responsibility for preparing the Budget:

- Under the rules made by the Governor under Article 166 (2) and (3) of the Constitution and the instructions issued there-under, the Finance Department has been charged with the responsibility to prepare a statement of estimated receipts and expenditure, to be laid before the Legislature in each year. Although the material is supplied by the Heads of Departments and other officers, the actual preparation of the estimates and the budget thus falls upon the Finance Department, and it is solely the business and responsibility of that department to finalise the estimates of receipts and disbursements.
- The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and Demands¹ for Grants/Appropriations.
- 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 Grant/Appropriation) during the year.

Finance Department, Government of Uttarakhand every year issues letter thereby giving outline for Budget preparation. For preparation of Budget for the year 2022-23, a letter was issued on 28 October 2021 which inter-alia provides that:

- The correctness of budget estimates and responsibility thereof is clearly described in Para 16 (Chapter 3) of Budget Manual. State Government accounts are generally

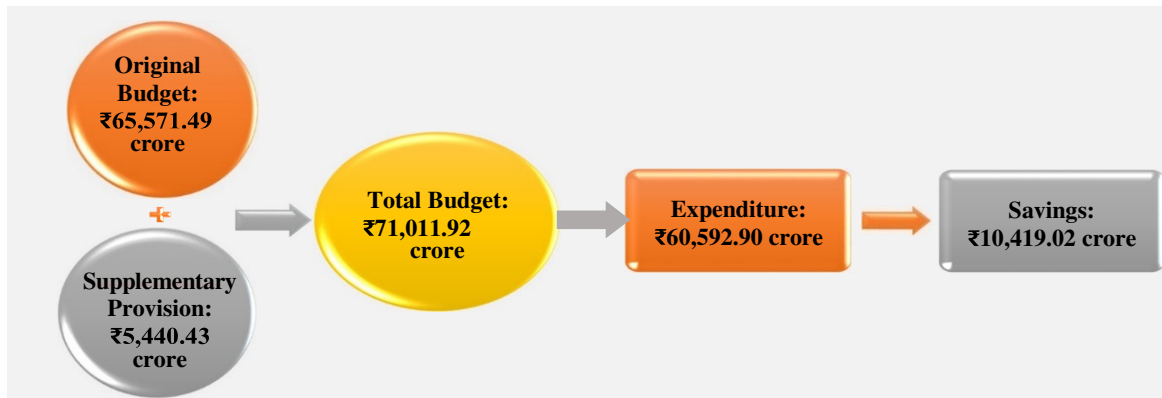
¹ There are 31 demands for Grants/Appropriations for 2022-23.

prepared on cash basis; therefore, the estimates should be framed after a careful and thorough consideration of all items of expenditure and of all sources of income and of every factor likely to affect the actual results.

- Para 17 (Chapter 3) of Budget Manual specifically provides that the budget estimates should, as a rule, be prepared on a gross and not on a net basis. The gross transactions in the case of both receipts and charges in each department should be entered separately. Receipts should be estimated on the receipt side and the expenditure on the expenditure side.
- The Heads of Departments and other estimating officers should prepare the estimates for each head of account with which they are concerned on the basis of the material obtained by them from subordinate officers and forward estimates to Administrative Departments with a copy to the Accountant General by the prescribed dates. The Accountant General furnishes the past actual, offers his comments, if any, and renders such assistance as may be reasonably asked for by the Finance Department.
- According to Para 31 (Chapter 5) of Budget Manual, lump-sum provision should not be generally made but where lump-sum provision is unavoidable, description of principal working head and related estimates should be given in remarks of the budget estimates.
- While estimating Capital Receipts, Recovery of Loan and Advances is a principal head. Therefore, while preparing these estimates, instalments of loans and advances given should be considered. The balance amount pending for recovery against previous outstanding loans and advances should be kept in view and their estimates should also be provided.
- Creation of new posts should not be made as far as possible and if it is unavoidable then creation of new posts should be limited to maximum one *per cent*.

The various components of budget are depicted in **Chart-3.1** below:

Chart-3.1: Summary of Budget and Expenditure of Uttarakhand for the year 2022-23



Authorisation by the Legislature

Implemented by the Government

Source: Based on the procedure prescribed in Uttarakhand Budget Manual and Appropriation Accounts.

3.2.1 Gender Budgeting

Gender Budgeting is the segmentation of Budgets to find out the gender-based outcomes of the Government Budget and it is the process of converting gender commitments into budgetary commitments. Gender Budget plays an important role in budgetary policy to fulfill the objective of equality. The allocation of resources for women and the quantification adequacy in the provisioned budget is assessed through gender budgeting. From the point of view of ensuring the participation of women in departmental schemes under the budget, it has been divided into two categories. The schemes which set the budget for 100 per cent women have been kept in category-1 and the schemes having more than 30 per cent have been kept in category-2.

Category wise Gender budget allocation and expenditure during 2022-23 is given in **Table-3.1** below:

Table: 3.1 Gender Budgeting

(₹ in crore)

Category	Allocation	Expenditure
Category-1	2,068.21	Information not provided by the State Government
Category-2	11,703.10	
Total	13,771.31	

Source: Gender Budget

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

A summarised position of total budget provision, disbursement and saving/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 (2022-23)

(₹ in crore)

Total Budget provision		Disbursements		Saving (-) /Excess (+)	
Voted	Charged	Voted	Charged	Voted	Charged
56,810.48	14,201.44	46,779.83	13,813.07	(-) 10,030.65	(-)388.37

Source: Appropriation Accounts.

3.2.3 Charged and voted disbursements.

Break-up of total disbursement into charged and voted during 2018-19 to 2022-23 is given in **Table-3.3**.

Table-3.3: Disbursement and Savings/Excess during 2018-19 to 2022-23

(₹ in crore)

Year	Disbursements		Saving/Excess	
	Voted	Charged	Voted	Charged
2018-19	34,617.56	14,778.29	(-) 4,950.03	(+) 6,308.38
2019-20	34,147.37	13,825.82	(-) 8,395.33	(+) 5,170.72
2020-21	38,726.01	1,3274.10	(-)9,201.42	(+)3,610.77
2021-22	41,619.58	9,074.77	(-)12,480.40	(-)1,837.65
2022-23	46,779.83	13,813.07	(-)10,030.65	(-)388.37

Source: Appropriation Accounts.

As it can be seen from above, there are consistent savings in the Voted segment during last five years 2018-19 to 2022-23 and consistent excesses in the Charged segment during

2018-19 to 2020-21. However, there is saving in the Charged segment during last two year 2021-22 to 2022-23.

3.2.4 Budget marksmanship

Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved.

Table: 3.4: Aggregate Budget Outturn against Budget Estimates

(₹ in crore)

Description	Original Budget approved (BE)	Actual Outturn	Difference between actual and BE*
(1)	(2)	(3)	(4)
Revenue	49,013.31	43,772.73	(-) 5,240.58
Capital	16,558.18	16,820.17	(+) 261.99
Total	65,571.49	60,592.90	(-) 4,978.59

*Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure.

In Revenue section, deviation in outturn compared with BE was (-) 10.69 per cent. This was due to deviation between 0 and ± 25 per cent in 26 grants, between ± 25 per cent and ± 50 per cent in five grants.

In Capital section, deviation in outturn compared with BE was (+) 1.58 per cent. This was due to deviation between 0 and ± 25 per cent in 14 grants, between ± 25 per cent and ± 50 per cent in eight grants, between ± 50 per cent and ± 100 per cent in six grants and equal to 100 per cent and above in two grants. However, no provision was made in respect of one grant (Grant No. 2) of the Capital section.

Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

Table: 3.5: Expenditure composition outturn against BE and RE

(₹ in crore)

Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference Between BE and RE	Difference Between Actual and RE*
(1)	(2)	(3)	(4)	(5)	(6)
Revenue	49,013.31	49,594.24	43,772.73	580.93	(-) 5821.51
Capital	16,558.18	18,159.41	16,820.17	1601.23	(-) 1,339.24
Total	65,571.49	67,753.65	60,592.90	2,182.16	(-) 7,160.75

*Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure.

In Revenue section, deviation in outturn compared with RE was (-) 11.74 per cent. This was due to deviation between 0 and ± 25 per cent in 25 grants, between ± 25 per cent and ± 50 per cent in six grants.

In Capital section, deviation in outturn compared with RE was (-) 7.37 per cent. This was due to deviation between 0 and ± 25 per cent in 19 grants, between ± 25 per cent and ± 50 per cent in six grants, between ± 50 per cent and ± 100 per cent in three grants and equal to 100 per cent and above in two grants. No provision was, however, made in respect of one grant (Grant no. 2) of the Capital section.

3.3 Appropriation Accounts

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3.1 Comments on integrity of budgetary and accounting process

3.3.1.1 Expenditure incurred with 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 the Article 204 of the Constitution. Expenditure on new scheme should not be incurred on a scheme/service without provision of funds except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. It was observed that during 2022-23 no scheme existed on which expenditure was incurred without budget provisions.

3.3.2 Misclassification of capital expenditure as revenue expenditure and vice versa

Misclassification of expenditures and receipts has a direct 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 accounts from other expenditure as explained in *Chapter-2*.

State financial rules categorize 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.

Classification of expenditure of revenue nature as capital expenditure or vice-versa, results in overstatement/understatement of revenue expenditure and revenue deficit/surplus. Details of misclassification of expenditure during the year 2022-23 are given in **Table-3.6** below:

Table-3.6: Details of misclassification of expenditure

Sl. No.	Number of the Grant and Head of Account	Type of Misclassification	Amount (₹ in crore)	Remarks
1.	27, 2406	Booking of capital into revenue	14.71	Expenditure on major works and land purchase met from revenue expenditure.
2.	12, 2210		0.52	
	Sub Total		15.23	

Analysis of data revealed that an expenditure of ₹ 15.23 crore had been booked under revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works and land purchase.

During exit conference, the Government said that corrective measures will be taken.

3.3.3 Unnecessary or excessive supplementary grants

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-

- Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- Inadequacy of provision.
- Fresh expenditure but not technically Schemes of New Expenditure.
- 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. Considerable Re-Appropriation from one Sub Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economy or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of the year. However, in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

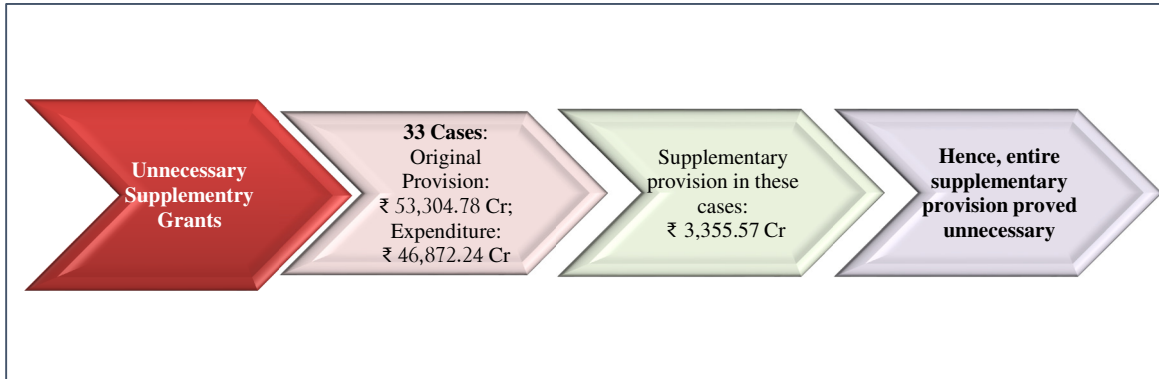
During the current year 2022-23, against total appropriation of ₹ 71,011.92 crore there was saving of ₹ 10,419.02 crore (14.67 per cent).

Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary are detailed in **Table-3.7** below:

Table-3.7: Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Provisions
Revenue (Voted)					
1.	03- Council of Ministry	48.80	10.50	38.15	21.15
2.	04-Judicial Administration	267.64	32.71	254.01	46.34
3.	06- Revenue and General Administration	2,080.92	112.07	1737.57	455.42
4.	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	10,874.35	336.42	10,378.74	832.03
5.	10- Police & Jail	2,377.05	24.41	2,186.01	215.45
6.	11 Education, Sports, Youth Welfare & Culture	10,014.99	82.18	9,103.26	993.91
7.	12-Medical, Health & Family Welfare	3,609.09	422.84	3,488.09	543.84
8.	13- Water Supply, Housing & Urban Development	891.56	91.49	888.09	94.96
9.	14-Information	127.09	51.70	167.26	11.53
10.	15-Welfare Schemes	2,669.31	316.55	2,285.00	700.86
11.	16-Labour & Employment	536.55	24.64	346.05	215.14
12.	17- Crop Husbandry & Research	1,155.30	38.63	959.41	234.52
13.	19-Rural Development	1161.44	250.34	1156.36	255.42
14.	22-Public Works	993.06	56.37	902.35	147.08
15.	23-Industries	360.61	30.00	325.25	65.36
16.	24 Transport	147.19	25.70	154.10	18.79
17.	25-Food	210.33	52.97	181.44	81.86
18.	29 -Horticulture Development	499.38	37.36	395.12	141.62
19.	30-Welfare of Scheduled Castes	1,702.85	36.08	1104.34	634.59
20.	31-Welfare of Scheduled Tribes	437.24	29.17	271.95	194.46
Total		40,164.75	2,062.13	36,322.55	5,904.33

Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Provisions
Revenue (Charged)					
1	07-Finance, Tax, Planning, Secretariat & Miscellaneous Services	6,271.34	200.00	5,217.68	1,253.66
Total		6,271.34	200.00	5,217.68	1,253.66
Capital (Voted)					
1	04-Judicial Administration	103.10	55.56	96.04	62.62
2	06- Revenue and General Administration	258.90-	15.45	234.20	40.15
3	11-Education, Sports, Youth Welfare & Culture	478.93	43.57	414.91	107.59
4	12-Medical, Health & Family Welfare	385.07	10.00	298.37	96.70
5	13-Water Supply, Housing & Urban Development	1219.29	294.67	1035.65	478.31
6	17- Crop Husbandry & Research	50.90	18.30	44.42	24.78
7	19-Rural Development	2,537.69	350.00	1,851.71	1,035.98
8	22-Public Works	1,345.80	220.00	1,235.14	330.66
9	23-Industries	87.46	72.10	120.40	39.16
10	28 Animal Husbandry	45.25	20.00	26.55	38.70
11	30 Welfare of Scheduled Castes	319.81	36.17	233.58	122.40
12	31 Welfare of Scheduled Tribes	139.59	13.18	107.08	45.69
Total		6,868.69	1,093.44	5,332.01	2,630.12
Grand Total		53,304.78	3,355.57	46,872.24	9,788.11



During exit conference, it was informed by the Government that the supplementary provisions are made in accordance with the legislative procedure for administrative needs and schemes of the time. Further, expenditure aspect will be monitored.

Details of cases where supplementary provision at scheme level (₹ 10 crore or more in each case) proved unnecessary are detailed in **Table-3.7(a)** below:

Table-3.7(a): Details of cases where supplementary provision at scheme level (₹ 10 crore or more in each case) proved unnecessary

(₹ in crore)

Grant No.	Name of the Scheme	Original	Supplementary	Re-appropriation	Total	Actual Expenditure	Saving out of Provisions
03	Chief Minister Discretionary Grant	30.00	10.00	0.00	40.00	28.85	11.15
04	Development of Infrastructural facilities for Judicial Works	80.00	50.00	0.00	130.00	80.00	50.00
06	Technical support and capacity development (World Bank Project AF)	210.00	10.00	0.00	220.00	187.00	33.00
07	Transfer of State Development Loans to Consolidated Debt Fund	200.00	200.00	0.00	400.00	100.00	300.00
12	National Urban Health Mission & PM Ayushman Bharat Health Infrastructure Mission	141.87	60.00	0.00	201.87	133.54	68.33
12	Medical College Allopathy	413.18	19.71	0.00	432.89	366.11	66.78
15	Honorarium given by the State Government on Integrated Child Development Scheme	160.28	24.44	0.00	184.72	151.46	33.26
15	Nanda Gaura Yojana	500.00	130.73	0.00	630.73	334.96	295.77
22	Work Done through Central Road Fund	340.00	70.00	0.00	410.00	334.34	75.66
29	Horticulture development	264.92	36.82	1.28	303.02	257.46	45.56
31	Integrated Child Development Project in ST areas (90 per cent CS) Saksham Anganwadi Service and Poshan 2.0	13.48	11.55	- 0.19	24.84	9.37	15.48
	Total	2353.73	623.25	1.09	2978.07	1983.09	994.99

Source: Budget Document and Appropriation Account

During the current year 2022-23, against total appropriation of ₹ 2,978.07 crore in these schemes there was saving of ₹ 994.99 crore (33.41 per cent). Against original appropriation of ₹ 2,353.73 crore, there was saving of ₹ 370.64 crore, therefore, supplementary provision of ₹ 623.25 crore proved unnecessary as saving of ₹ 994.99 crore was more than the supplementary provision of ₹ 623.25 crore.

3.4 Re-appropriations undertaken which require prior Legislative authorisation

Re-appropriation is the transfer of funds within a grant from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. No cases of Re-appropriation, which require prior Legislative authorisation, were noticed in Uttarakhand during the year 2022-23.

3.4.1 Unnecessary/excessive re-appropriation

There were six cases where Re-appropriation was five crore and above and final savings were ₹ five crore or more than re-appropriated amount as shown in **Table-3.8**:

Table-3.8: Excess/unnecessary re-appropriation

(₹ in crore)

Sl. No.	Grant No. and Head of accounts	Provisions				Actual Expenditure	Final Savings
		Original	Supplementary	Re-appropriation	Total		
1	06 Revenue & General Administration 2245-Relief on account Natural Calamities 08-State Disaster Mitigation Fund 797-Transfer to reserve Fund 03- Expenditure from state Disaster Mitigation Fund	291.47	0.00	135.25	426.72	208.12	218.60
2	07 Finance, Tax, Planning Secretariat & Miscellaneous Services 4059-Capital Outlay on Public Works 80-General 800-Other Expenditure 01-Centrally Sponsored Scheme	1200.00	0.00	163.49	1363.49	1072.85	290.64
3	15-Welfare Schemes 2235-Social Security and Welfare 02 Social Welfare 102 Child Welfare 95 State Share in Centrally Sponsored Scheme	50.83	37.97	6.44	95.24	25.61	69.63
4	19-Rural Development 2505Rural Employment 02 Rural Employment Guarantee Scheme 101 National Rural Employment Guarantee Scheme 01 Centrally Sponsored Scheme	170.00	137.64	29.08	336.72	316.75	19.97
5	19-Rural Development 4515-Capital Outlay on Other Rural Development Programmes 102-Community Development 05- Payment for excess expenditure under PMGSY	20.00	0.00	80.00	100.00	4.61	95.39
6	29- Horticulture Development 2401- Crop Husbandry 119- Horticulture and Vegetable Crops 98 NABARD Funded	13.80	0.00	9.73	23.53	12.36	11.17

Source: Appropriation Account

During 2022-23, the State Government re-appropriated ₹ 3,033.67 crore within the grants as provided in the Uttarakhand Budget Manual. Out of this, an amount of ₹ 90.88 crore was re-appropriated on the last working day of the financial year 2022-23 (31 March 2023). These re-appropriations in six cases (of savings more than ₹ five crore) proved unnecessary. Further, one case of re-appropriation amounting to ₹ 2.00 crore from Revenue Voted to Revenue Charged was noticed during 2022-23 which was not permissible according to the Budget Manual of Government of Uttarakhand. However, no case of re-appropriation from Capital to Revenue and vice-versa was noticed during the year 2022-23.

During exit conference, the Government said that re-appropriations are made as per the circumstances where necessary such as possibility of getting budget from Government of India etc. to ensure that such a situation does not arise on the last working day of the financial year. Further regarding re-appropriation from revenue voted to revenue charged, the Government stated that recurrence of such lapses will be avoided in future.

3.5 Unspent amount and surrendered appropriations and/or large savings/surrenders

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-tried check of average of previous actuals with known or reasonably foreseeable facts which may modify that average.

No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilised. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of last month's expenditure should enable a Controlling Officer to fix upon his final requirements with a reasonable degree of exactness.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts.

Details of grants having large savings (₹ 100 crore & above) are given below in **Table-3.9:**

Table-3.9: Details of Grants having large savings (₹ 100 crore & above) during the year
(₹ in crore)

Sl. No.	Number and name of the grant	Original	Supple-mentary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Savings excluding surrender
Revenue (Voted)								
1	6, Revenue & General Administration	2,080.92	112.07	2,192.99	1,737.57	455.42	20.77	455.42
2	7, Finance, Tax, Planning, Secretariat & Miscellaneous	10,874.35	336.42	11,210.77	10,378.74	832.03	7.42	832.03
3	10, Police & Jail	2,377.05	24.41	2,401.46	2,186.01	215.45	8.97	215.45
4	11 Education, Sports, Youth Welfare & Culture	10,014.99	82.18	10,097.17	9,103.26	993.91	9.84	993.91
5	12 Medical Health & Family Welfare	3,609.09	422.84	4,031.93	3,488.09	543.84	13.49	543.84
6	13 Water Supply, Housing & Urban Development	891.56	91.49	983.05	888.09	94.96	9.66	94.96
7	15 Welfare schemes	2,669.31	316.55	2,985.86	2,285.00	700.86	23.47	700.86
8	16 Labour & Employment	536.55	24.64	561.19	346.05	215.14	38.34	215.14
9	17 Crop Husbandry & Research	1,155.30	38.63	1,193.93	959.41	234.52	19.64	234.52
10	19 Rural Development	1161.44	250.34	1,411.78	1156.36	255.42	18.09	255.42
11	22-Public Works	993.06	56.37	1,049.43	902.35	147.08	14.02	147.08
12	29 Horticulture Development	499.38	37.36	536.74	395.12	141.62	26.39	141.62
13	30 Welfare of Scheduled Castes	1,702.85	36.08	1,738.93	1104.34	634.59	36.49	634.59
14	31 Welfare of Scheduled Tribes	437.24	29.17	466.41	271.95	194.46	41.69	194.46
Total		39,003.09	1,858.55	40,861.64	35,202.34	5,659.30	13.85	5,659.30
Revenue (Charged)								
1	7 Finance, Tax, Planning, Secretariat & Miscellaneous	6,271.34	200.00	6,471.34	5,217.68	1,253.66	19.37	1,253.66
Total		6,271.34	200.00	6,471.34	5,217.68	1,253.66	19.37	1,253.66

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual Expenditure	Saving/ Excess	Savings as percentage of total grant	Savings excluding surrender
Capital (Voted)								
1	6, Revenue & General Administration	258.90	15.45	274.35	234.20	40.15	14.63	40.15
2	11 Education, Sports, Youth Welfare & Culture	478.93	43.57	522.50	414.91	107.59	20.59	107.59
3	13 Water Supply, Housing & Urban Development	1,219.29	294.67	1513.96	1,035.66	478.30	31.59	478.30
4	19 Rural Development	2537.70	350.00	2887.70	1851.72	1035.98	35.88	1,035.98
5	22-Public Works	1345.80	220.00	1565.80	1235.14	330.66	21.12	330.66
6	30 Welfare of Scheduled Castes	319.81	36.17	355.98	233.58	122.40	34.38	122.40
Total		6,160.43	959.86	7,120.29	5,005.21	2,115.08	29.70	2,115.08
Grand Total		51,434.86	3,018.41	54,453.27	45,425.23	9,028.04	16.58	9,028.04

Source: Appropriation Account.

As is evident from table above, Government sought supplementary budget of ₹ 3,018.41 crore in 21 cases under 14 grants which proved unnecessary as there was already a saving of ₹ 6,009.63 crore (11.68 per cent) against the Original Budget. The Government did not surrender any amount under these grants. The reasons for savings were not given by the State Government.

3.5.1 Grants/Appropriations with budget utilisation of less than 50 per cent

Details of Grants/Appropriation with budget utilisation of less than 50 per cent during 2022-23 are given in the **Table-3.10**.

Table-3.10: Grants/Appropriations with budget utilisation of less than 50 per cent (in 2022-23)

Sl. No.	Grant No & Name	2018-2019 (percentage)	2019-2020 (percentage)	2020-2021 (percentage)	2021-2022 (percentage)	2022-2023 (percentage)	Number of Years	Budget 2022-23 (in crore)	Total Budget of last 5 Years (₹ in crore)
1	01 Legislature (Capital Voted)	99.84	76.93	17.29	15.00	8.33	3	12.00	82.70
2	08 Excise (Capital Voted)	No budget allocated, hence no utilisation				0	1	2.00	2.00
3	09 Public Service Commission (Capital Voted)	100	100	17.42	0	20.30	2	7.00	16.28
4	15 Welfare Schemes (Capital Voted)	47.17	64.14	47.87	31.33	46.03	4	134.89	584.12

Sl. No.	Grant No & Name	2018-2019 (percentage)	2019-2020 (percentage)	2020-2021 (percentage)	2021-2022 (percentage)	2022-2023 (percentage)	Number of Years	Budget 2022-23 (₹ in crore)	Total Budget of last 5 Years (₹ in crore)
5	20 Irrigation & Flood (Capital Voted)	78.16	52.23	36.00	31.28	46.71	3	759.87	3,400.66
6	20 Irrigation & Flood (Revenue Charged)	No budget allocated, hence no utilisation				13.87	1	3.00	3.00
7	21 Energy (Capital Voted)	76.95	39.60	48.32	139.39	29.35	3	451.44	1,751.16
8	28 Animal Husbandry (Capital Voted)	32.88	35.15	29.32	26.71	40.69	5	65.25	189.60
9	29 Horticulture Development (Capital Voted)	31.55	74.04	119.26	76.12	43.28	2	36.10	96.89

As has been detailed in **Table-3.10** above, underutilisation (less than 50 per cent) of budgetary provision was noticed in eight grants. Further, analysis revealed that one Department viz Welfare Schemes was not able to utilise 50 per cent of the budget allocation in four out of the last five years and the Department of Animal Husbandry was not able to utilise 50 per cent of the budget allocation in the last five years.

3.5.2 Details of surrenders of funds in excess of ₹ one crore

Details of surrender of funds in excess of ₹ one crore at the end of March are given in **Table-3.11**

Table-3.11: Details of surrender of funds in excess of ₹ one crore till 31st March

(₹ in crore)

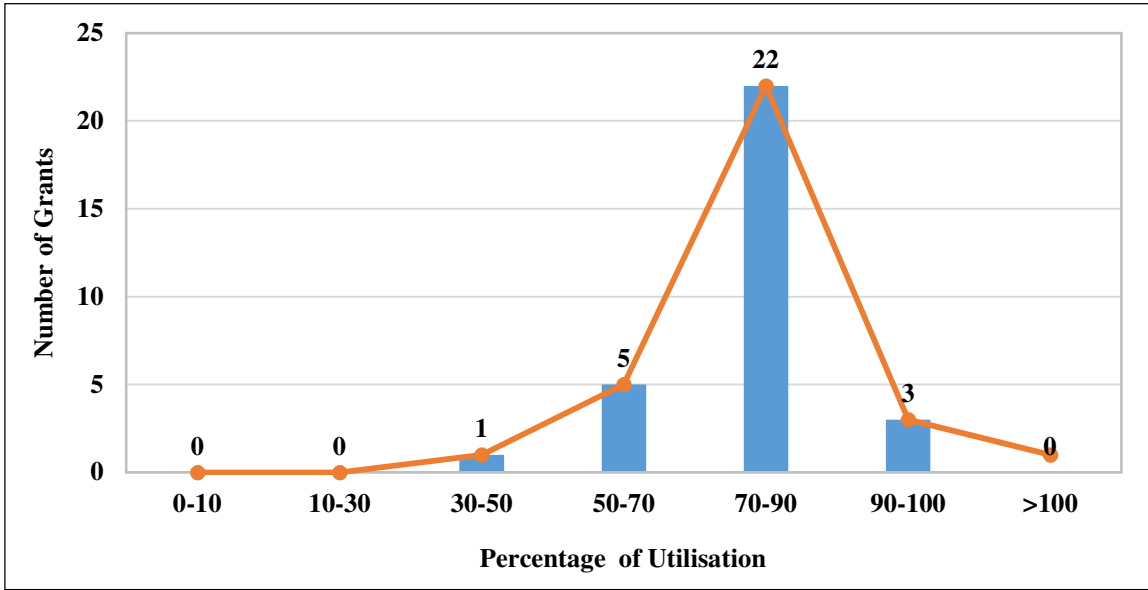
Sl. No.	Grant Number and Name	Original	Supplementary	Total provisions	Actual Expenditure	Saving (-) /Excess (+)	Amount Surrendered
-----NIL-----							

The State Government of Uttarakhand did not surrender any funds during the financial year 2022-23.

3.5.3 Distribution of the number of Grants/Appropriations grouped by the percentage of utilisation

Details of distribution of the number of Grants/Appropriations grouped by the percentage of utilisation are given in the **Chart-3.2** below:

Chart-3.2: Distribution of the number of Grants/Appropriations grouped by the percentage of utilisation



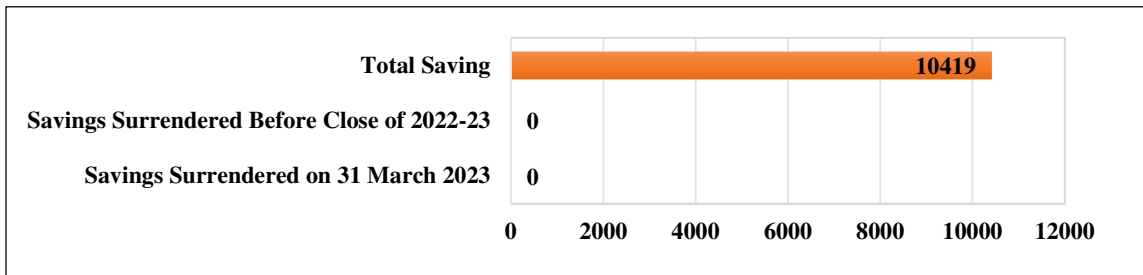
As is evident from chart above, in 22 Grants/Appropriations, the utilisation was between 70 to 90 *per cent* and in 5 grants, the utilisation was between 50 to 70 *per cent*, in one Grants/Appropriation utilisation was below 50 *per cent* and in three Grants/Appropriations namely, 07- Finance, Tax, Planning, Secretariat & Miscellaneous, 10-Police and Jail and 14-Information utilisation was above 90 *per cent* of the budget allocations.

3.5.4 Details of savings and surrenders before close of financial year 2022-23

Details of savings and surrenders before close of financial year 2022-23 are given in **Chart-3.3**:

Chart-3.3: Savings and surrenders before close of financial year 2022-23

(₹ in crore)

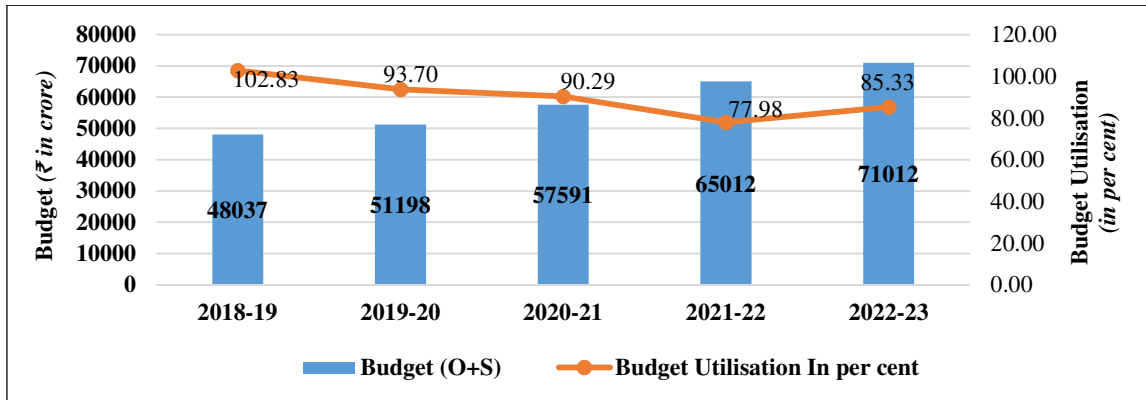


As is evident from above, there was a saving of ₹ 10,419 crore as compared to budget figures during the year 2022-23. However, the various Government departments did not propose any amount for surrender and no amount was surrendered by any department during 2022-23.

3.5.5 Budget allocation and its utilisation

Budget allocation (original & supplementary) and its utilisation is given in **Chart-3.4** below:

Chart: 3.4 Budget utilisation during 2018-19 to 2022-23



3.6 Excess expenditure and its regularisation

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature for the Financial year.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee. Failure to do so is in contravention of constitutional provisions and defeats the objective of ensuring accountability by the Legislature of the executive over utilisation of public money.

3.6.1 Excess expenditure relating to 2022-23

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. The summary of excess expenditure over the provision of the financial year is given in **Table-3.12**.

Table 3.12 Summary of excess disbursement over Grant/Appropriation during 2022-23

(₹ in crore)	
	Name of department/Grant
	07- Finance, Tax, Planning, Secretariat & Miscellaneous
Capital Charged	896.53
Total Excess	896.53

Source: Appropriation Account.

3.6.2 Details of Major Head wise disbursement over the authorisation

According to para 151 of Uttarakhand Budget Manual, under sub-clauses (b) of clause (1) and (2) of Article 205 of the Constitution of India, if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, demand for such excess amount has to be presented to the Legislative Assembly and is to be dealt with in the same way as if it were a demand for a grant.

Details of Major Head-wise disbursement over the authorisation from the Consolidated Fund of the State during the financial year 2022-23 are given in **Table-3.13**.

Table-3.13: Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State
(₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Re-appropriation	Total	Expenditure	Excess	Reasons for excess stated by the Department
1	2	3	4	5	6	7 = 5+6	8	9 = 8-7	10
1.	07	2052	Secretariat-General Services.	3.50	(-)0.23	3.27	4.06	0.79	Reasons not provided by the Department.
2.	07	6003	Internal debt of the State Government	7497.03	0.00	7497.03	8412.58	915.55	
3.	07	7615	Miscellaneous Loan	7578.24	0.00	7578.24	8474.77	896.53	
4.	24	7055	Loan for Road Transport	22.47	(-)16.47	6.00	17.76	11.76	
Total								1824.63	

Source: - Detailed Appropriation Accounts

3.6.3 Persistent excesses in certain Grants

A number of grants witness excess expenditure year after year. The persistent excess expenditure indicates that the budgetary control in the department as well as oversight by the Finance Department were ineffective and budget estimates were not prepared on realistic basis. Such repeated excess expenditure is in violation of the will of the State Legislature. Strictly, not a single rupee can be spent without prior legislative authorisation and, therefore, this has been a serious lapse on part of executives. Persistent excesses may be due to improper estimation at the time of preparation of budget. Persistent excesses were noticed in one grant during 2018-19 to 2022-23 is given in **Table-3.14** below:

Table 3.14: Details of excess noticed in one grants during 2018-19 to 2022-23

Sl. No.	Description of Grant/Appropriation	2018-19	2019-20	2020-21	2021-22	2022-23
01	Grant No.-07: Finance, Tax, Planning, Secretariat & Miscellaneous (Capital Charged)					
	Total Grant	3,182.00	2,876.31	3,503.31	No Excess	7,578.24
	Expenditure	10,230.14	9,096.03	8,269.59		8,474.77
	Total Excess	7,048.14	6,219.72	4,766.28		896.53
	Excess under WMA	7,072.64	5,865.36	4,561.42		1,195.47

Source:- Appropriation Accounts

As is evident from the table above, persistent excess were noticed in the Grant No. 07 Finance, Tax, Planning, Secretariat and Miscellaneous over period 2018-19 to 2020-21 and 2022-23. It was noticed that this persistent excess occurred due to major portion of excess in Ways and Means Advances during these years. The Government has not furnished any reasons for this.

3.6.4 Regularisation of excess expenditure of previous financial years

Paragraph 121 of Chapter XIII of the Uttarakhand Budget Manual envisages that if after the close of the year, it is revealed, through the Appropriation Accounts, that any expenditure was incurred under any Grant or Charged Appropriation in excess of the final appropriation for that year under that Grant or Charged Appropriation, the excess expenditure should be regularised, on the basis of the recommendation of the Committee on Public Accounts, by presenting to the Legislative Assembly, demands for excess grants as required under Article 205 (1) (b) of the Constitution. However, excess expenditure amounting to ₹ 47,758.16 crore pertaining to previous years from 2005-06 to 2021-22 was yet to be regularised by the State Legislature. Out of ₹ 47,758.16 crore, ₹ 27,722.40 crore pertains to excess under Ways and Means Advances and ₹ 19,041.88 crore pertains to excess under Grant number 17,25 and 29. The excess expenditure in Ways and Means Advances under Grant No. 7 (Finance, Tax, Planning, Secretariat and Miscellaneous Services) was due to repayment of Loans under Ways and Means Advances more than the Budget estimates. Further, excess expenditure reflected under Grant No. 17 (Agriculture Works and Research), Grant No. 25 (Food) and Grant No. 29 (Horticulture Development) was due to the fact that Budget estimates were prepared after netting of recoveries (budget estimates were prepared on net basis rather than on gross basis).

The year-wise amount of excess expenditure pending regularisation is summarised in **Table-3.15, Table-3.15 (A) and Table-3.15 (B)**.

Table-3.15: Details of year-wise amount of excess expenditure pending regularisation

(₹ in crore)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
2005-06	7	7,8,17,20,22,25 & 29	663.50	Not yet regularised
2006-07	6	7,17,20,22,25 & 29	935.92	
2007-08	6	7,17,20, 22,25 & 29	733.79	
2008-09	6	7,17,20,22,25 & 29	1,146.41	
2009-10	7	7,17,18,21,22,25 & 29	1,007.49	
2010-11	9	10,12,15,17,20,21,22,25 & 29	1,295.40	
2011-12	5	7,17,22,25 & 29	1,611.40	
2012-13	7	12,14,17,21,22,25 & 29	1,835.34	
2013-14	3	22,25 & 29	1,837.15	
2014-15	4	17,22, 25 & 29	1,922.80	
2015-16	4	17, 22, 25 & 29	2,334.24	
2016-17	4	07, 17, 25 & 29	5,457.33	
2017-18	6	07,17,20,22,25 & 27	6,413.38	
2018-19	3	07,19 & 25	8,464.98	
2019-20	03	07,17 & 25	7,214.48	
2020-21	06	07,17,18,19,25 & 29	4,884.55	
2021-22	--	---	0.00	
Total			47,758.16	

Source: Appropriation Accounts.

Table 3.15 (A): Details of year-wise amount of excess expenditure under Grant no. 17, 25 & 29 pending regularisation

(₹ in crore)

Year	No. of Grants	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
2005-06	3	17,25 and 29	492.66	Not yet regularised
2006-07	2	17, and 25	408.31	
2007-08	3	17,25 and 29	386.78	
2008-09	3	17,25 and 29	580.44	
2009-10	3	17,25 and 29	931.04	
2010-11	3	17,25 and 29	1,240.96	
2011-12	3	17,25 and 29	1,306.09	
2012-13	3	17,25 and 29	1,828.36	
2013-14	2	25 and 29	1,780.56	
2014-15	3	17,25 and 29	1,763.02	
2015-16	3	17,25 and 29	2,218.20	
2016-17	3	17,25 and 29	2,270.88	
2017-18	2	17, and 25	1,326.11	
2018-19	1	25	1,414.04	
2019-20	2	17, and 25	994.76	
2020-21	3	17,25 and 29	99.67	
Total			19,041.88	

Table 3.15 (B): Details of year-wise amount of excess expenditure under WMA pending regularisation

(₹ in crore)

Year	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts	Status of regularisation
2006-07	07	376.14	Not yet regularised
2007-08	07	311.94	
2008-09	07	475.86	
2009-10	07	199.81	
2010-11	07	5.87	
2011-12	07	431.17	
2016-17	07	3,291.28	
2017-18	07	5,130.91	
2018-19	07	7,072.64	
2019-20	07	5,865.36	
2020-21	07	4,561.42	
Total		27,722.40	

Source: Appropriation Accounts.

The State Government has not furnished any reasons for these excesses. Therefore, this is in violation of Articles 204 and 205 of the Constitution which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

During exit conference, the Government stated that the excess were of purely accounting in nature. The budgetary allocations under WMA are kept minimal so as not to inflate budget. It's essential for the Government to address excesses through transparent and accountable fiscal management practices while ensuring long-term planning and budgetary discipline.

3.7 Grant-in-aid for creation of capital asset

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given for specified purpose of supporting an institution including construction of assets.

As per Indian Government Accounting Standards 2 (IGAS 2), Grants-in-aid disbursed by a grantor to a grantee shall be classified and accounted for as revenue expenditure irrespective of the purpose for which the funds disbursed as Grants-in-aid are to be spent by the grantee, except in cases where it has been specifically authorised by President on the advice of the Comptroller and Auditor General of India.

It has been seen that Grants-in-aid for capital assets are sometimes classified as capital expenditure. This leads to understatement of revenue deficit.

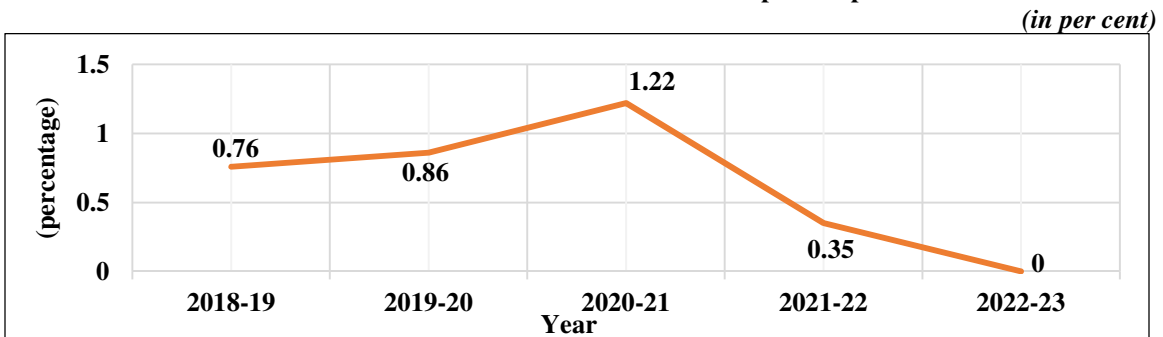
Details of Grants-in-aid classified as Capital Expenditure for the period 2018-19 to 2022-23 are given in the **Table-3.16**.

Table-3.16: Details of Grants-in-aid classified as Capital Expenditure

Particulars	₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
GIA booked as Capital Expenditure	47.00	46.00	80.00	26.00	0.00
Total Capital Expenditure	6, 184.00	5, 414.00	6, 538.00	7,533.00	8,195.00
Share of GIA in Capital Expenditure (in per cent)	0.76	0.86	1.22	0.35	0.00
Impact on Revenue Deficit (-)/Revenue Surplus (+), if expenditure from GIA is treated as Revenue Expenditure	(-) 1, 027	(-) 2, 182	(+)1, 034	(+)4,102	(+)5,310

Details of share of Grants-in-aid in Capital Expenditure is given in the **Chart-3.5** below:

Chart-3.5: Details of share of Grants-in-aid in Capital Expenditure



The State Government has continued to book Grants-in-aid as capital expenditure over the period 2018-19 to 2021-22. This has resulted in understatement of revenue deficit for the year 2018-19 and 2019-20 and overstatement of revenue surplus for the year 2020-21 and 2021-22. However, no Grants-in-aid was booked as capital expenditure during 2022-23.

Comments on transparency of budgetary and accounting process: Lump Sum budgetary provisions

As per Para 31 (Chapter 5) of Budget Manual, it is provided that Lump Sum provisions should not, as a rule, be made in the estimates. However, Uttarakhand Government made Lump Sum Budgetary provision of ₹ 789.18 crore during 2022-23 for schemes like Lump Sum Grant for Chief Minister’s announcement, Lump Sum amount for implementation of District Plan.

Further, the Government incurred an expenditure of ₹ 3,861.44 crore under object head “Other Departmental Expenditure” despite availability of 24 object heads.

3.8 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance 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 competing developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilised.

The summarised position of original and supplementary provision *vis-à-vis* actual expenditure during 2022-23 in respect of 31 Grants/Appropriations is given in **Table-3.17**.

Table-3.17: Summarised position of Original/Supplementary Provisions *vis-à-vis* Actual Expenditure during 2022-23

(₹ in crore)

	Nature of expenditure	Original Grant/Appropriation	Supplementary Grant/Appropriation	Total	Actual expenditure	Net of Savings (-) Excess (+)	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	42,594.08	2,072.46	44,666.54	38,434.43	(-)6,232.11		
	II. Capital	10,840.27	1,154.00	11,994.27	8,251.77	(-)3,742.50		
	III. Loans & Advances	149.67	0.00	149.67	93.63	56.04		
	Total	53,584.02	3,226.46	56,810.48	46,779.83	(-)10,030.65		
Charged	IV. Revenue	6,419.23	203.97	6,623.20	5,338.30	(-)1,284.90	0	0
	V Capital	0	0	0	0	0		
	VI Public Debt- Repayment	5,568.24	2,010.00	7,578.24	8,474.77	(+)896.53		
	Total	11,987.47	2213.97	14,201.44	13,813.07	388.37		
	Appropriation to Contingency Fund (if any)	0	0	0	0	0		
	Grand Total	65,571.49	5,440.43	71,011.92	60,592.90	10,419.02		

Source: Appropriation Accounts.

As shown above, there was an overall net saving of ₹ 10,419.02 crore from budgetary figures which was the result of saving of ₹ 11,315.55 crore in Grants and Appropriations, offset by excess of ₹ 896.53 crore. Further, no surrenders were made during the year 2022-23.

Details of Original Budget, Revised Estimate and Actual Expenditure during 2018-19 to 2022-23 are given in **Table-3.18**.

Table-3.18: Original Budget, Revised Estimate and Actual Expenditure during 2018-19 to 2022-23

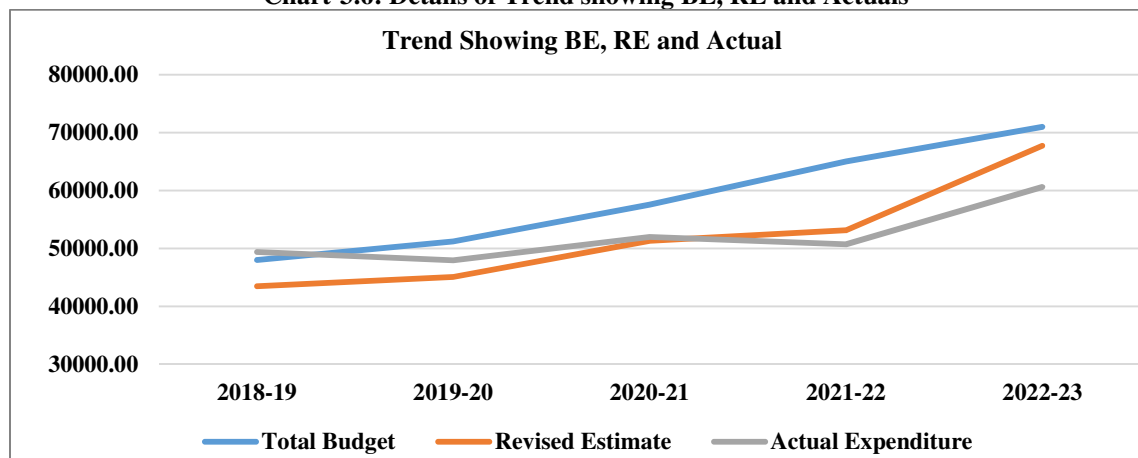
(₹ in crore)

	2018-19	2019-20	2020-21	2021- 22	2022-23
Original Budget	45, 585.09	48, 663.90	53, 526.97	57,937.83	65,571.49
Supplementary Budget	2, 452.40	2, 533.90	4,063.79	7,074.57	5,440.43
Total Budget (TB)	48,037.49	51,197.80	57,590.76	65,012.40	71,011.92
Revised Estimate (RE)	43,460.93	45,081.50	51, 343.15	53,130.62	67,753.65
Actual Expenditure (AE)	49,395.84	47,973.19	52, 000.11	50,694.35	60,592.90
Saving (-) /Excess(+)	(+) 1, 358.35	(-)3, 224.61	(-)5, 590.65	(-)14318.05	(-)10,419.02
Percentage of Supplementary to the Original Provision	5.38	5.21	7.59	12.21	8.30
Percentage of overall Saving/Excess to the overall provision	NA	6.30	9.71	22.02	14.67
TB-RE	4,576.56	6,116.30	6,247.61	11,881.78	3,258.27
RE-AE	(+)5,934.91	(+)2,891.69	(+)656.96	(-)2,436.27	(-)7,160.75
(TB-RE) as per cent of TB	9.53	11.95	10.85	18.28	4.59
(RE-AE) as per cent of TB	(+) 12.35	(+) 5.65	(+)1.14	(-)3.75	(-)10.08

Source: - Appropriation Accounts and Budget documents of respective years.

Table 3.18 shows that supplementary provision of ₹ 5,440.43 crore during 2022-23 constituted 8.30 per cent of the original provision as against 12.21 per cent in the previous year.

Chart-3.6: Details of Trend showing BE, RE and Actuals



From the above **Table-3.18**, it can be seen that over the years from 2018-19 to 2022-23, the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. The gap between the RE and the TB showed an increasing trend wherein during the first four years, the gap was in the range of 9.53 per cent to 18.28 per cent. However, during the current year 2022-23 it sharply declined to 4.59 per cent indicating larger/smaller estimation error.

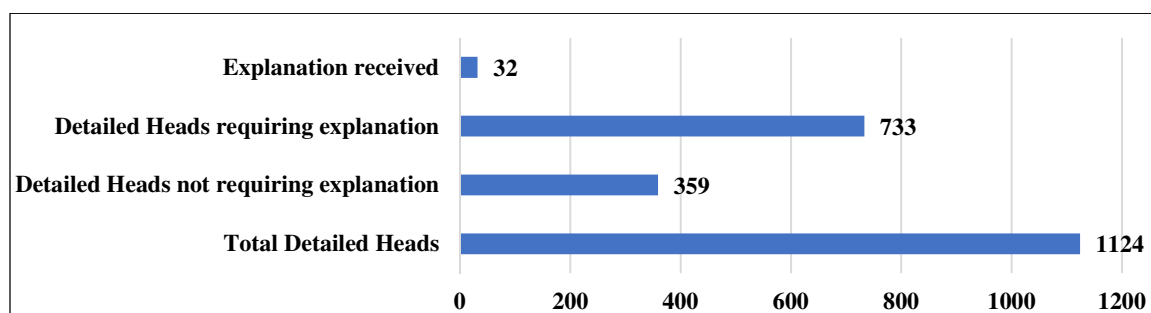
In terms of percentage, the RE was 9.53 per cent lower than the TB in 2018-19 which increased to 18.28 per cent in 2021-22. However, it declined to 4.59 per cent in 2022-23.

Further, the percentage of Actual Expenditure (AE) during the period 2018-19 to 2020-21 was also higher than the RE and it ranged between 1.14 *per cent* to 12.35 *per cent* during the period 2018-19 to 2020-21. Further, the percentage of AE during the years 2021-22 and 2022-23 was lower than RE by 3.75 *per cent* and 10.08 *per cent* respectively. As such, the supplementary provision was required in the year 2018-19 because AE was higher than the original provision. However, during the years 2019-20 to 2022-23 supplementary provisions proved unnecessary since the expenditure did not come up even to the level of original budget provisions.

This reflects that budgetary allocations were based on unrealistic proposals as Budget Estimates of the State were always inflated, and the Actual Expenditure was less than the budgetary provisions during the last four years.

A summary of Explanation for variation in Appropriation accounts is given in the **Chart-3.7** below:

Chart-3.7: Summary of Explanation for Variation in Appropriation Accounts



During 2022-23, the State Government booked the expenditure under 1,124 detailed heads below different Major Heads of accounts under 31 Grants and Appropriations. Out of 1,124 detailed heads, variation (20 *per cent* or more) against the total budget provision was noticed in 765 detailed heads. Out of 765 detailed heads explanation was received only in 32 detailed heads. However, 733 detailed heads further required explanation. Further, out of 1,124 detailed heads justification was not required in respect of 359 detailed heads, as the variation in these detailed heads were below 20 *per cent*.

3.9 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments report to legislature for large additional requirement for different purposes under various schemes/activities; but finally, they are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. At the same time, some of the schemes remain incomplete for want of funds. Thus, the intended benefits of the unfinished schemes are not extended to the public in such cases. Further, this leads to escalation of project cost.

The Government also announces several new policies/schemes for implementation through the Finance Minister (FM) Budget Speech and other budget documents which are either for that Financial Year *i.e.*, one-time activity or are of recurring nature.

Details of un-utilised funds under capital voted section are given in **Table-3.19**.

Table-3.19: Details of un-utilised funds under capital voted section

(₹ in crore)

Sl. No.	Number/ Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital (Voted)						
1	04- Judicial Administration	103.10	55.56	158.66	96.04	62.62
2	06-Revenue and General Administration	258.90	15.45	274.35	234.20	40.15
3	11-Education, Sports, Youth Welfare & Culture	478.93	43.57	522.50	414.91	107.59
4	12- Medical Health & Family Welfare	385.07	10.00	395.07	298.37	96.70
5	13- Water Supply, Housing & Urban Development	1219.29	294.67	1513.96	1035.66	478.30
6	17-Crop Husbandry & Research	50.90	18.30	69.20	44.42	24.78
7	18- Co-operative	82.00	5.00	87.00	73.00	14.00
8	19/Rural Development	2537.69	350.00	2887.69	1851.71	1035.98
9	22- Public Works	1345.80	220.00	1565.80	1235.14	330.66
10	23-Industries	87.46	72.10	159.56	120.40	39.16
11	28- Animal Husbandry	45.25	20.00	65.25	26.55	38.70
12	30- Welfare of Scheduled Castes	319.81	36.17	355.98	233.58	122.40
13	31- Welfare of Scheduled Tribes	139.59	13.18	152.77	107.08	45.69
Total		6950.69	1098.44	8049.13	5675.02	2374.11

Source: Appropriation Account

Due to unavailability of data from State Government in respect of schemes/projects which could not be completed for want of funds during the year, it could not be ascertained in audit whether savings of ₹ 2,374.11 crore under capital section could have been utilised for the completion of those schemes/projects.

3.10 Adherence of Financial Power in relation to re-appropriation

Audit analysis of re-appropriation orders revealed that all the re-appropriations were issued by the Finance Department, Government of Uttarakhand. Re-appropriations to the tune of ₹ 3,033.67 crore was made within the Grant and within the schemes contemplated in the Original Budget. However, one case of re-appropriation amounting to ₹ 2.00 crore from Revenue Voted to Revenue Charged was noticed during 2022-23. However, no case of re-appropriation from Capital to Revenue and vice-versa was noticed during the year 2022-23. No case of re-appropriation was made after the close of the financial year.

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

Several policy initiatives taken up by the Uttarakhand Government are wholly or partially not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, non-release of budget, etc. This deprives the beneficiaries of intended benefits.

It was observed that under nine schemes (₹ 10 crore or more in each scheme) there was revised outlay of ₹ 365.07 crore but no expenditure was incurred resulting in non-implementation of schemes as shown in **Table-3.20** below:

Table-3.20: Details of the scheme for which provision (₹ 10 crore and above) was made but was either withdrawn or no expenditure was incurred

(₹ in crore)				
Sl. No.	Grant No.	Name of the Scheme	Approved Outlay (O+S)	Revised Outlay (after re-appropriation)
1	01-Legislature	Construction of Summer Legislative Assembly in Gairsen.	10.00	0.01
2	07-Finance, Tax, Planning, Secretariat, and Miscellaneous Services	Market Loan received in the financial Year 22-23	300.00	300.00
3		Interest on State Disaster response Fund	55.00	55.00
4	11-Education, Sports, Youth Welfare & Culture	Grant to Shrine Board	10.00	10.00
5	12-Medical, Health & Family Welfare	Eja-Boi Shagun Scheme for Maternity in the State	1,489.95	0.01
6	13-Water Supply Housing & Urban Development	Infrastructure Work in Gairsen	10.00	0.01
7	15-Welfare Schemes	Chief Minister Anganwadi Building Construction & Up-gradation Scheme	20.00	0.01
8	27-Forest	support to Tiger Foundation	12.00	0.01
9	29-Horticulture Development	Import of Seedling for Dense Plantation	14.00	0.02
Total			1,920.95	365.07

Source: Budget document 2022-23 & 2023-24

Further, under six schemes, there was approved outlay of ₹ 274.75 crore which was fully withdrawn in revised outlay as shown in **Table-3.21** below: This reflects that budgetary allocations were based on unrealistic proposals.

Table-3.21: Details of the scheme for which provisions (₹ five crore and above) was made but were withdrawn fully through re-appropriation

(₹ in crore)

Sl. No.	Grant No.	Name of the Scheme	Approved Outlay	Reasons for withdrawal
1	07- Finance, Tax, Planning, Secretariat, and Miscellaneous Services	Project Funded by USDAID	40.00	Reduction in provision through reappropriation by ₹ 40.00 crore was due to saving in Grants-in-aid other than salary
2.		Retirement Benefits of different Departments State Employees & Officials (One Time)	200.00	Due to saving in Pension / Gratification/other Retirement Benefits
3	12-Medical, Health & Family Welfare	Establishment of Nursing College	6.85	Due to Saving in Major Works
4	13-Water Supply Housing & Urban Development	Water Meter in Urban areas.	11.00	Due to Saving in Equipment, Machine & Accessories.
5	17-Crop Husbandry & Research	Integrated Agricultural Village Scheme	12.00	Due to Saving in Other departmental Expenditure
6	24-Transport	Establishment of ISBT at Haldwani (SPA)	5.00	Reduction in provision through reappropriation by ₹ 5.00 crore was due to saving in Major Works
Total			274.75	

3.12 Rush of expenditure

Paragraph 183 of chapter XVII of Uttarakhand Budget Manual stipulates that rush of expenditure in the closing month of the financial year should be avoided. For sound financial management, uniform pace of expenditure should be maintained. Contrary to this, expenditure exceeding 50 per cent of the total expenditure for the year 2022-23 was incurred in March 2023 in respect of 8 Major Heads as listed in **Table-3.22** below:

Table-3.22: Major Heads where more than 50 per cent of expenditure was incurred in March alone (In percentage)

(₹ in crore)

Sl. No.	Major Head	Description	Ist Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	2801	Power	0	0.06	0.03	0.40	0.49	0.38	77.55
2	4059	Capital Outlay on Public Works	99.19	196.58	59.64	1199.53	1554.94	834.23	53.65
3	4225	Capital Outlay on Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	0.48	0.85	0.63	55.03	56.99	41.49	72.80
4	4235	Capital Outlay on Social Security and Welfare	15.76	0	0.26	27.55	43.57	26.38	60.55

Sl. No.	Major Head	Description	Ist Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
5	4403	Capital Outlay on Animal Husbandry	1.40	2.71	0	13.46	17.57	10.97	62.44
6	4406	Capital Outlay on Forestry and Wild Life	0	2.66	7.88	46.06	56.60	38.97	68.85
7	4701	Capital Outlay on Medium Irrigation	0	0.15	1.01	4.70	5.86	4.31	73.55
8	4711	Capital Outlay on Flood Control Projects	2.20	34.07	28.52	113.49	178.28	94.06	52.76
Total			119.03	237.08	97.97	1,460.22	1,914.30	1,050.79	54.89

The monthly pace of expenditure was not uniform as was required under the Uttarakhand Budget Manual, as 76.28 per cent of expenditure under eight Major Heads was incurred in the last quarter of the financial year 2022-23 while as 54.89 per cent of expenditure was incurred in the month of March, 2023.

During exit conference, the Government intimated that corrective measures will be taken in future.

Government funds should be spent evenly throughout the year. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure. The State Government has not prescribed any quarter-wise percentages for incurring expenditure during the year, so as to regulate the expenditure in a phased manner. The quarterly details of expenditures incurred across all Grants are shown in the following table:

Table-3.23: Statement showing Quarter Wise Expenditure for all Major Heads in all Grants during 2022-23

(₹ in crore)

Grant No.	Description	Allocation during 22-23	Expenditure					Total Expenditure during 22-23	Expenditure in 4 th Qtr as percentage of Total Expenditure	Expenditure in March 23 as percentage of Total Expenditure
			1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	In March			
1	Legislature	96.83	15.12	18.65	18.08	18.52	5.70	70.37	26.31	8.10
2	Governor	14.98	3.55	2.59	3.24	3.58	1.43	12.96	27.62	11.03
3	Council of Ministry	109.50	2.88	10.36	29.07	43.58	26.80	85.89	50.74	31.20
4	Judicial Administration	526.80	89.67	138.21	87.21	89.74	32.49	404.83	22.17	8.03
5	Election	97.87	4.77	28.87	20.28	30.60	19.98	84.52	36.20	23.64
6	Revenue and General Administration	2469.97	137.37	848.66	188.83	799.36	139.79	1974.22	40.49	7.08

Grant No.	Description	Allocation during 22-23	Expenditure					Total Expenditure during 22-23	Expenditure in 4 th Qtr as percentage of Total Expenditure	Expenditure in March 23 as percentage of Total Expenditure
			1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	In March			
7	Finance, Tax, Planning, Secretariat & Miscellaneous Services	26796.48	4188.14	4291.42	6153.64	10605.12	4247.71	25238.32	42.02	16.83
8	Excise	40.42	7.76	7.96	9.37	7.39	3.29	32.48	22.75	10.13
9	Public Service Commission	75.63	29.53	15.40	7.36	9.10	2.75	61.39	14.82	4.48
10	Police & Jail	2447.96	568.46	525.04	565.36	573.20	274.30	2232.06	25.68	12.29
11	Education, Sports, Youth Welfare & Culture	10619.67	2085.25	2183.55	2712.17	2537.22	1239.12	9518.19	26.66	13.02
12	Medical, Health & Family Welfare	4427.01	746.01	1105.98	833.94	1100.54	616.99	3786.47	29.07	16.29
13	Water Supply, Housing & Urban Development	2497.01	169.31	508.27	380.98	865.17	322.60	1923.73	44.97	16.77
14	Information	179.79	20.35	27.46	40.75	78.70	65.52	167.26	47.05	39.17
15	Welfare Schemes	3120.75	342.04	752.53	418.29	834.22	496.76	2347.08	35.54	21.17
16	Labour & Employment	629.97	69.40	143.11	94.07	87.80	45.48	394.38	22.26	11.53
17	Crop Husbandry & Research	1263.14	147.08	317.72	261.43	253.93	180.73	980.16	25.91	18.44
18	Co-Operative	211.80	33.81	101.36	25.56	25.17	11.38	185.90	13.54	6.12
19	Rural Development	4299.48	320.92	612.32	1060.90	1013.94	361.41	3008.08	33.71	12.01
20	Irrigation & Flood	1329.19	93.72	202.32	188.18	365.32	200.37	849.54	43.00	23.59
21	Energy	482.75	3.00	21.06	61.99	63.11	6.39	149.16	42.31	4.28
22	Public Works	2626.02	289.04	419.96	497.44	937.37	579.74	2143.81	43.72	27.04
23	Industries	550.18	57.02	60.17	78.53	249.94	96.94	445.66	56.08	21.75
24	Transport	362.75	31.31	58.22	83.29	120.93	61.31	293.75	41.17	20.87
25	Food	587.30	14.23	337.43	-4.51	119.60	106.38	466.75	25.62	22.79
26	Tourism	357.09	55.3	30.81	54.69	171.05	50.66	311.85	54.85	16.24
27	Forest	943.24	122.44	139.56	243.09	309.36	147.27	814.45	37.98	18.08
28	Animal Husbandry	559.42	72.98	107.52	117.94	132.33	73.92	430.77	30.72	17.16
29	Horticulture Development	574.83	71.68	98.92	72.08	161.98	74.73	404.66	40.03	18.47
30	Welfare of Scheduled Castes	2094.91	141.58	251.50	319.37	625.46	368.98	1337.91	46.75	27.58
31	Welfare of Scheduled Tribes	619.18	47.50	60.21	88.77	182.57	100.90	379.05	48.17	26.62
Total		71,011.92	9,981.22	13,427.14	14,711.39	22,415.90	9,961.82	60,535.65²		

Source: VLC Data

The above table revealed that out of 31 Grants, in three Grants expenditure of 50 per cent and above was incurred in the fourth quarter as percentage of Total Expenditure, while as

² This excludes and amount of ₹ 57.25 crore towards recoveries.

in 11 Grants expenditure of 40 *per cent* and above was incurred in the fourth quarter as percentage of Total Expenditure during 2022-23.

Out of 31 Grants, in 11 Grants expenditure of 20 *per cent* or more was incurred in March 2023 as percentage of Total Expenditure incurred during 2022-23.

Due to non-availability of quarter wise expenditure limit prescribed by the State Government, compliance to the quarterly expenditure could not be commented upon.

3.13 Review of selected grants

3.13.1 Outcome of Review of Selected Grants

A review of receipts and expenditure under Grant Number 15: Welfare Schemes, 16: Labour and Employment for the period 2020-21 to 2022-23 revealed the following position.

Grant Number 15 Welfare Schemes

This Grant pertains to Welfare Schemes being operated in the State of Uttarakhand and is headed by Secretary Social Welfare and Women and Child Development. Under this Grant, the Departments of Director Social Welfare, Director Women Welfare and Integrated Child Development Scheme and Soldier welfare are functioning. These Departments implement welfare schemes for upliftment of Scheduled Caste, Scheduled Tribes, other Backward Classes, Women's welfare, disabled and weaker sections of the society. It mainly, implements pension plans, scholarships, marriage grants, Atal Awas Yojana to SC, pension to helpless, old aged and disabled.

A. Revenue Expenditure

The overall revenue expenditure showed increase during 2021-22 by 10.12 *per cent* and further increased by 38.85 *per cent* during 2022-23 over the previous year, as summarised in the **Table-3.24**.

Table-3.24: Summarised position of actual expenditure *vis-à-vis* original provision during 2020-21 to 2022-23

(₹ in crore)

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
2225-Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities 2235-Social Security and Welfare 2251-Secretariat-Social Services	2018-19	1,594.74	114.69	1,709.43	1,341.83	367.60	21.50	--
	2019-20	1,748.77	110.44	1,859.21	1,444.05	415.16	22.38	7.62
	2020-21	1,890.59	82.36	1972.95	1494.45	478.50	24.25	3.49
	2021-22	1,880.83	462.61	2343.44	1645.71	697.73	29.77	10.12
	2022-23	2,669.31	316.55	2985.86	2285.00	700.86	23.47	38.85
Total		9,784.24	1,086.65	10,870.89	8,211.04	2,659.85	24.47	-

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2018-19 to 2022-23. There was unnecessary supplementary provision of ₹ 1086.65 crore in 2018-19 to 2022-23, as against the original allotment of ₹ 9,784.24 crores, the actual expenditure was ₹ 8,211.04 crores as such there was already a saving of ₹ 1,573.20 crores in these years. Further, in six sub head/schemes under Social Security and Welfare³ (Child Welfare CSS, Honorarium given by the State Govt. on integrated Child Development Scheme, State share in Child Welfare CSS, Women Welfare CSS, Nanda Gaura Yojana and Soldier Welfare) the supplementary provision of ₹ 229.37 crore was unnecessary as the final savings under these subheads/schemes were ₹ 650.89 crore⁴ which was more than the supplementary provisions.

Test check of expenditure incurred under certain Major Heads below this grant for the last three years showed that the pattern of expenditure varied during these years. The variation of more than ₹ 20 crore has been taken as base. The details are shown in **Table-3.25** below:

Table-3.25: Trends of major variations in expenditure over previous years in grant

Sl. No.	Scheme Name ⁵	Expenditure (in lakh)			Variation (in lakh)		Variation in per cent	
		Financial Year	2020-21	2021-22	2022-23	2021-22	2022-23	2021-22
1	Child Welfare-Central Plan / Centrally Sponsored Scheme	33,715.09	39,943.47	25538.46	6228.38	14405.01	18.47	-36.06
2	Child Welfare-Under ICDS Projects State Honorarium (State Plan)	8048.12	10740.67	15146.24	2692.55	4405.57	33.46	41.02
3	Women's Welfare-Nanda Gaura Yojana	10496.96	6000.00	33496.22	-4496.96	27496.22	-42.84	458.27
4	Pensions Under Social Security Schemes-Old Age Pension Under Social Securities	44566.39	35252.73	44535.05	-9313.66	9282.32	-20.90	26.33

Source: Detailed Appropriation Accounts.

B. Capital Expenditure

The overall capital expenditure decreased by 53.66 per cent during 2021-22 and increased by 84.19 per cent during 2022-23 over the previous year, as summarised below in **Table-3.26**.

³ (2235-02-102-01, ₹ 25.92 Crore, 2235-02-102-03, ₹ 24.44 crore, 2235-02-102-95, ₹ 37.97 crore, 2235-02-103-01, ₹ 7.76 crore, 2235-02-103-29, ₹ 130.73 crore and 2235-60-200-03, ₹ 2.55 crore)

⁴ (2235-02-102-01, ₹ 239.54 Crore, 2235-02-102-03, ₹ 33.26 crore, 2235-02-102-95, ₹ 69.63 crore, 2235-02-103-01, ₹ 7.76 crore, 2235-02-103-29, ₹ 295.77 crore and 2235-60-200-03, ₹ 4.93 crore)

⁵ 2235-02-102-01, 2235-02-102-03, 2235-02-103-29 and 2235-60-102-05

Table-3.26: Summarised position of actual expenditure vis-à-vis original /supplementary provision during 2020-21 to 2022-23

(₹ in crore)

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
4225-Capital Outlay on Welfare of Schedule Castes, Scheduled Tribes, Other Backward Classes and Minorities	2018-19	71.29	9.00	80.29	37.87	42.42	52.83	--
	2019-20	88.90	20.46	109.36	70.14	39.22	35.86	85.21
	2020-21	123.50	28.48	151.98	72.75	79.23	52.13	3.72
	2021-22	107.60	0.00	107.60	33.71	73.89	68.67	-53.66
4235-Capital Outlay on Social Security and Welfare 4250-Capital Outlay on Other Social Services	2022-23	134.89	0.00	134.89	62.09	72.80	53.97	84.19
Total		526.18	57.94	584.12	276.56	307.56	52.65	-

Source: Appropriation Accounts.

It is evident from the above table, that there were persistent savings in the years, 2018-19 to 2022-23. During the period 2018-19 to 2022-23, supplementary provisions of ₹ 57.94 crore proved unnecessary as the original provision (₹ 526.18 crore) was far more than the actual expenditure of ₹ 276.56 crore.

C. Non-utilisation of entire provision

Test check of sub-heads/schemes revealed that there was persistent savings during the period 2020-21 to 2022-23 in one welfare scheme as the department had not been able to utilize the entire budget allocation during these three years. Details are given in **Table-3.27**.

Table-3.27: Summarised position of non-utilisation of entire provision during 2020-21 to 2022-23

(₹ in lakh)

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1.	2020-21	Welfare of Minorities Education Scholarship to minority community student from class 1 to 10	2225-04-277-02	203.00	0.00	203.00
2	2021-22	Welfare of Minorities, Education Scholarship to minority community student from class 1 to 10.	2225-04-277-02	203.00	0.00	203.00
3	2022-23	Welfare of Minorities, Education Scholarship to minority community student from class 1 to 10.	2225-04-277-02	203.00	0.00	203.00
Total						609.00

Source: Detailed Appropriation Accounts.

During exit conference, the Government stated that the matter will be taken up with the concerned department.

D. Central and State Schemes under the Grant:

Expenditure under Central and State Schemes under the Grant (₹ five crore and more) is given in **Table-3.28**.

Table-3.28 Central Scheme Expenditure (₹ five crore and more)

(₹ in crore)

Sl. No.	Name of Scheme	Head of Account	Amount received from GoI (PFMS)	Budget Provision	Amount Released To H.O.D	Expenditure	Saving
1.	Indira Gandhi Rashtriya Vridha pension	2235-03-101-01-00-57	105.98	59.81	59.81	59.81	0.00
2.	Post matric Scholarship for OBC Students	2225-03-102-01-02-45	14.99	11.09	6.73	6.73	4.36

In the Indira Gandhi Rashtriya Vridha Pension Scheme, the entire budget provision of ₹ 59.81 crore was disbursed to the Head of the Department by 31 March 2023, and this entire sum was utilised, leaving no unspent balance by year-end. However, while the Central Government released a total of ₹ 105.98 crore throughout the year, a lesser amount was actually disbursed to the Head of the Department.

Similarly, under the Post-Matric Scholarship for OBC Students, despite a budget provision of ₹ 11.09 crore, the Central Government released ₹ 8.01 crore on 28 December 2022 and ₹ 6.98 crore on 30 March 2023. However, the State Government only released ₹ 6.73 crore to the Director of Social Welfare on 01 February 2023, despite having received the full amount from the Central Government. Consequently, the Head of the Department utilised the entire ₹ 6.73 crore received from the State Government.

During exit conference, the Government accepted the facts and stated that balance amount might have been given from State Schemes as advance.

The following State schemes (₹ five crore and more) were analysed for intent of budget and expenditure during 2022-23.

Table-3.29: State Scheme Expenditure (₹ five crore and more)

(₹ in crore)

Sl. No.	Name of Scheme	Head of Account	Budget Provision	Amount Released To H.O.D	Expenditure	Saving
1.	Divyang Pension, Tilu Rauteli Pension, Dwarf Pension for disabled children from birth to 18 years	2235-02-101-20-00-57	116.05	116.05	114.71	1.34
2.	Indira Gandhi Rashtriya Vridha pension	2235-03-101-95-00-57	229.19	229.19	229.19	0.00
3.	Old-age pension under social security	2235-60-102-05-00	403.53	403.03	401.56	1.47
4.	Farmer scheme pension	2235-60-102-06-00	34.17	34.17	33.84	0.33

Sl. No.	Name of Scheme	Head of Account	Budget Provision	Amount Released To H.O.D	Expenditure	Saving
5.	Indira Gandhi Rashtriya Divyang Vidhawa Pension State Share	2235-03-102-95-02	35.88	32.12	32.12	0.00
6.	Destitute widows Pension	2235-02-103-15-00-57	246.79	246.79	238.87	7.92
7.	Grant for fooding facilities to women whose Husbands have Abandoned/ destitute women, mentally challenged	2235-02-103-20-00-57	9.97	9.97	9.60	0.36

Source: Budget document & Appropriation Account

In State Schemes at Serial No. 1, 3 and 4, the savings occurred due to less number of applications received during the year. In two schemes, i.e., Destitute Widow pension (Sl. No.6) and Grant for fooding facilities to women whose husbands have abandoned them/destitute women, Mentally Challenged Women (Sl. No. 7) the savings were due to the fact that amount was received by them at the end of the financial year (i.e., on 31 March 2023).

E. DDO own Account Transfer

Every expenditure booked in the Annual Accounts needs to be checked for assurance of final execution of the fund. Upon reviewing of IFMS data and other documents, it was revealed that an amount of ₹ 514.41 crore (2235- ₹ 508.83 crore and 2225- ₹ 5.58) was transferred by DDO's into their own accounts under this Grant during 2022-23. These own bank account transfers are also required to be monitored.

F. Receipts

The overall position of revenue receipts under Major Head 0235 of the selected grant during 2020-21 to 2022-23 is summarised in **Table-3.30**.

Table-3.30: Position of revenue receipts under Major Head 0235 of the Grant

Head of Account	Year	BE	RE	Actual Receipts	₹ in crore	
					Excess (+)/Shortfall (-) from RE	Per cent variation to RE
0235-Social Security and Welfare	2020-21	0.61	0.71	7.83	7.12	1002.82
	2021-22	0.76	32.76	31.57	-1.19	-3.63
	2022-23	0.84	1.95	1.06	-0.89	-45.64

Source: Budget and Finance Accounts

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years as given in **Table-3.31**.

Table-3.31: Summarised position of Receipts during 2020-21 to 2022-23

(₹ in crore)

Sl. No.	Head of Account	Year	BE	RE	Actual Receipts	Excess (+)/	Percentage variation to RE
						Shortfall (-)	
1	0235-60-800-Other Receipt	2020-21	0.61	0.71	7.83	7.12	1002.82
		2021-22	0.76	32.76	31.57	-1.19	-3.63
		2022-23	0.84	1.95	1.06	-0.89	-45.64

Source: Budget and Finance Accounts.

Analysis of receipts under Grant Number 15 showed that there is only one Minor Head i.e. 800-Other Receipts, under which the receipts are booked.

Grant Number 16: Labour & Employment

This Grant is being operated by Secretary Labour and Employment. In the context of commitments under the constitutional, statutory and conventions of the International Labour Organisation, details of the major functions and responsibilities of the department are as follows:-

To ensure enforcement of various labour laws enacted by the Central and State Government. Industrial Planning (Standing Orders) Act, especially regarding minimum wage and salary payment, workers' compensation payment, equal wage payment to male and female workers for equal work, ensuring maternal benefits as well as complaints of sexual harassment at workplaces. To ensure necessary action under:

- i. To ensure gratuity payment, bonus payment, benefits of inter-state and contract workers etc. and social security benefits to the workers.
- ii. To ensure compliance with the relevant laws and instructions of the Honorable Supreme Court for the abolition of child/bondage system.
- iii. Role in promoting Ease of doing Business
 - a. Enforcement of Various Labour Acts.
 - b. Help for maintaining industrial peace in the State.
 - c. Registration /Licensing under various Labour Acts.
 - d. Payments after settlement of claims under various Labour Acts.
 - e. Identification of child labours and taking action in respect of violators and admission of identified child labours to schools etc.

A. Revenue Expenditure

The overall revenue expenditure increased during 2021-22 by 0.35 per cent and further increased by 2.98 per cent during 2022-23 over the previous year, as summarised below in Table-3.32.

Table-3.32: Summary of actual expenditure vis-à-vis original provision during 2020-21 to 2022-23
(₹ in crore)

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
2210-Medical and Public Health 2230-Labour, Employment and Skill Development	2018-19	342.92	25.25	368.17	221.60	146.57	39.81	--
	2019-20	386.68	48.54	435.22	288.78	146.44	33.65	30.32
	2020-21	355.23	135.37	490.60	334.85	155.75	31.75	15.95
	2021-22	394.92	0.74	395.66	336.03	59.63	15.07	0.35
	2022-23	536.55	24.65	561.20	346.05	215.15	38.34	2.98
Total		2,016.30	234.55	2,250.85	1,527.31	723.54	32.15	--

Source: Appropriation Accounts

It is evident from the above table that there were persistent savings during 2018-19 to 2022-23. During this period, supplementary provision of ₹ 234.55 crore proved unnecessary as the original provision (₹ 2,016.30 crore) was more than the actual expenditure of ₹ 1,527.31 crore. Test-check of expenditure incurred under certain Major Heads below this grant for the last three years showed that the pattern of expenditure varied during these years.

B. Capital Expenditure

The overall Capital Expenditure showed an increase of 42.68 per cent during 2021-22 as compared to 2020-21 and decrease of 5.49 per cent in 2022-23 over the previous year, as summarised below in **Table-3.33**.

Table-3.33: Summarised position of actual expenditure vis-à-vis original provision during 2020-21 to 2022-23

Major Head of Account	Year	Original Provision	Supplementary Provision	Total	Actual Expenditure	Saving	In per cent	
							Saving	Variation in expenditure over last year
4259-Capital Outlay on Public Works 4216-Capital Outlay on Housing	2018-19	12.00	2.00	14.00	10.96	3.04	21.71	--
	2019-20	15.34	0.00	15.34	4.22	11.12	72.49	-61.50
	2020-21	35.00	10.00	45.00	35.85	9.15	20.33	749.53
	2021-22	92.01	25.00	117.01	51.15	65.86	56.29	42.68
	2022-23	68.77	0.00	68.77	48.34	20.43	29.71	(-)5.49
Total		223.12	37.00	260.12	150.52	109.60	42.13	

Source: Appropriation Accounts.

It is evident from the above that there were persistent savings during 2018-19 to 2022-23. During this period, supplementary provision of ₹ 37.00 crore proved unnecessary as the original provision (₹ 223.12 crore) was more than the actual expenditure of ₹ 150.52 crore. There was no inappropriate expenditure pattern at sub head level within the Minor Heads of the Grant for schemes outlays of more than ₹ 20 crore.

C. Non-utilisation of the entire provision

Test check of certain sub-heads revealed that the Department did not utilize the entire provision during 2020-21 to 2022-23 at the end of the year (₹ one crore and above) as given in **Table-3.34**.

Table-3.34: Summarised position of non-utilisation of entire provision during 2020-21 to 2022-23*(₹ in lakh)*

Sl. No.	Year	Name of the Scheme	Head of Account	Original	Supplementary	Saving
1	2020-21	Chief Manister Shikshuta scheme	2230-03-102-05	200.00	0.00	200.00
2		General Training NABARD Funded	4216-80-003-98	600.00	0.00	600.00
3	2021-22	Chief Minister Shikshuta scheme.	2230-03-102-05	200.00	0.00	200.00
4	2022-23	Labour Welfare Central Plan / Centrally Sponsored Scheme	2430-01-103-01	450.00	0.00	450.00
5		Training of Craftsmen and Supervisors Central Plan / Centrally Sponsored Scheme	2230-03-003-01	2,277.73	0.00	2,277.73
6		Training of Craftsmen and Supervisors State Share in CSS	2230-03-003-95	180.17	0.00	180.17
7		Apprenticeship Training CSS	2230-03-102-01	2,400.00	0.00	2,400.00

Source: Detailed Appropriation Accounts

During exit conference, the Government accepted the facts and stated that matter will be taken up with the concerned departments.

D. Central Schemes under the Grant:

Expenditure under Central Schemes under the Grant (₹ four crore and more) is given in **Table-3.35**.

Table-3.35: Central Scheme Expenditure (₹ four crore and more)*(₹ in crore)*

Sl. No	Name of Scheme	Head of Account	Budget Provision	Expenditure	Saving
1	Work force development for model economy	4059-60-051-97-01-53	50.00	35.00	15.00
2	Construction of ITI Building	4216-80-003-98-01-53	14.77	9.91	4.86
3	Work force development for model economy	2230-03-003-97-01-56	150.00	10.00	140.00

Source: Appropriation Account.

In Work Force Development for Model Economy, savings occurred due to upgradation/change of standards and material was not received in the year 2022-23. Due to non-submission of Utilisation Certificate the funds were not released to the construction agency as such savings occurred in the construction of ITI building. In respect of Work force development for Model Economy at Sl. No.-3, no reasons were furnished by the department for savings.

E. DDO own Account Transfer

Every expenditure booked in the Annual Accounts needs to be checked for assurance of final execution of the fund. Upon reviewing of IFMS data and other documents, it was revealed that an amount of ₹ 22.62 crore (2210- ₹ 22.62 crore) was transferred by DDO's into their own accounts under this Grant during 2022-23. These own bank account transfers are also required to be monitored.

F. Receipts

The overall position of revenue receipts under Major Head 0210 and 0230 of the grant during 2020-21 to 2022-23 is summarised in **Table-3.36**.

Table-3.36: Position of revenue receipts under 0210, 0230, Major Head of the grant

(₹ in crore)

Head of Account		BE	RE	Actual Receipts	Excess (+)/Shortfall (-)	Percentage variation to RE
0210-Medical and Public Health	2020-21	125.67	130.67	168.62	37.95	29.04
	2021-22	131.67	161.67	177.85	16.18	10.01
	2022-23	145.29	209.17	188.50	-20.67	-9.88
0230- Labour, Employment and Skill Development	2020-21	29.26	12.26	15.28	3.02	24.63
	2021-22	15.26	13.70	7.44	-6.26	-45.69
	2022-23	14.39	14.43	16.27	1.84	12.75

Source: Budget and Finance Accounts.

However, test check of certain heads revealed lower/higher estimation in the subsequent years as compared to actual receipts in previous years based on receipt ₹ 10 crore and above as given in **Table-3.37**.

Table-3.37: Position of Receipts under Major Head-0210, 0230

(₹ in crore)

SI No.	Head of Account	Year	BE	RE	Actual Receipts	Excess (+)/	Percentage variation to RE
						Shortfall (-)	
1.	0210-01-020 (Receipts from patients for Hospital and dispensary services)	2020-21	13.25	13.25	12.54	-0.71	-5.36
		2021-22	11.25	11.25	9.97	-1.28	-11.38
		2022-23	12.38	11.25	12.09	0.84	7.47
2.	0210-01-101 (Receipts from Employees State Insurance Scheme)	2020-21	3.20	6.20	85.07	78.87	1272.10
		2021-22	70.20	77.20	123.93	46.73	60.53
		2022-23	77.22	120.20	95.62	-24.58	-20.45
3.	0210-01-800 (Other Receipts)	2020-21	60.54	60.54	5.56	-54.98	-90.82
		2021-22	2.54	2.54	11.48	8.94	351.97
		2022-23	3.24	7.04	13.42	6.38	90.63
4.	0210-03-105 (Allopathy)	2020-21	42.00	42.00	56.81	14.81	35.26
		2021-22	42.00	55.00	19.77	-35.23	-64.05
		2022-23	46.20	55.00	55.29	0.29	0.53
5.	0230-00-104 (Fees realised under Factories Act)	2020-21	6.00	2.00	6.66	4.66	233.00
		2021-22	6.00	6.00	2.62	-3.38	-56.33
		2022-23	6.60	6.00	10.09	4.09	68.17

Source: Budget and Finance Accounts

Analysis of receipts under Grant Number 16 showed that there are five Minor Heads in two⁶ Major Heads under which the receipts are booked.

⁶ 0210-Medical and Public Health, 0230-Labour, and Employment.

3.14 Central and State Schemes Expenditure

The following Central and State programmes/Schemes were chosen and checked to assess budget intent for the year 2022-23.

Table-3.38 Central Scheme Expenditure

(₹ in crore)

Sl. No.	GoI Scheme Name	Budget	Release from GoI	Allocation to DDO in State	Total Allocation	Expenditure	Savings (-) / Excess (+)
1	Grants in Aid for State Disaster Response Fund	1,884.05	787.20	0.00	787.20	874.40	(+)87.20
2	Additional Central Assistance for Externally Aided Project	1,431.08	949.18	6.55	955.73	703.10	(-)252.63
3	Flexible pool for RCH and Health system strengthening, National Health Programme & National Urban Health Mission	1,253.94	432.52	124.19	556.71	887.15	(+)330.44
4	Pradhan Mantri Gram Sadak Yojana	2,307.00	1,297.16	0.00	1,297.16	1,483.78	(+)189.62
5	Samagra Shiksha	1,621.23	704.39	0.00	704.39	553.47	(-)150.92
6	Saksham Anganwadi Poshan 2.0	799.35	425.84	43.69	469.53	308.04	(-)161.49
Total		9,296.65	4,596.29	174.43	4,770.72	4,809.94	(+) 39.22

Source: PFMS Data

During the year 2022-23, the State Government received ₹ 4,596.29 crore from Central Government against budget estimate of ₹ 9,296.65 crore in respect of six major Schemes and ₹ 174.43 crore was allocated to DDOs from State funds. Expenditure of ₹ 4,809.94 crore was incurred which was 100.82 per cent of the total allocation of ₹ 4,770.72 crore during the year.

Table-3.39: State Scheme Expenditure

(₹ in crore)

State Programmes/Schemes			
Sl. No.	Name of Scheme	Budget Provision	Expenditure
1	Eeja -Boi Shagun Scheme for Pregnant in State.	14.90	0.00
2	Nanda Gaura Scheme.	630.73	334.96
3	Veer Chandra Singh Garhwali Tourism Self Employment Scheme.	11.00	8.08

Source: Finance Accounts

The data in above table in respect of State Programmes/Schemes show varying levels of expenditure, with the Nanda Gaura Scheme and Veer Chandra Singh Garhwali Tourism Self Employment Scheme having a notable utilisation of funds, while as Eeja -Boi Shagun Scheme for Pregnant in State reported nil expenditure, which needs to be addressed. Further, the State Government should periodically collect, analyse and use information to

actively manage performance, maximize positive impacts of these programs and minimize the risk of adverse impacts.

In summary, the analysis of budget provisions and expenditures suggests that most GoI programs and schemes are adequately funded, indicating a strong budgetary intent in various sectors. However, some state schemes have not utilised their allocated funds fully, which may require further attention and monitoring.

3.15 Conclusion

- During 2022-23, there was an overall saving of ₹ 10,419.02 crore against the total grants and appropriations of ₹ 71,011.92 crore.
- Supplementary provision of ₹ 3,355.57 crore obtained in 33 cases proved unnecessary. Re-appropriation of funds in six cases was made injudiciously resulting in savings of more than five crore over provisions.
- One case of re-appropriation amounting to ₹ 2.00 crore from Revenue Voted to Revenue Charged was noticed during 2022-23 which was not permissible according to the Budget Manual of Government of Uttarakhand.
- Excess expenditure amounting to ₹ 47,758.16 crore (including Ways and Means Advance ₹ 27,722.40 crore and ₹19,041.88 crore of Grant No. 17, 25 and 29) pertaining to the years 2005-06 to 2021-22 was done without Legislative approval, yet to be regularised by the State Legislature.
- Expenditure of ₹ 15.23 crore had been booked under revenue section. This expenditure should have been booked under the capital section as this expenditure pertained to the major works and land purchase, which ordinarily ought to have been booked under the capital section.

3.16 Recommendations

- *The State Government should be more realistic in its budgetary estimates and ensure efficient control mechanisms to curtail savings;*
- *The State Government may assess the savings and surrender the amount well before the close of the financial year so that they can be effectively utilised in other areas/schemes.*

CHAPTER-4
QUALITY OF ACCOUNTS AND FINANCIAL
REPORTING PRACTICES

CHAPTER-4

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

This chapter provides an overview on the quality of accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures, and directives with regard to completeness, transparency, measurement and disclosure.

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, therefore, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities including strategic planning and decision-making.

4.1 Issues related to completeness of accounts

4.1.1 Status and Impact of discharged liability of interest towards interest bearing deposits and reserve funds

The Government has a liability to provide and pay interest on the amounts in the interest-bearing deposits and reserve funds. During 2022-23 the Government discharged its liability against all interest-bearing deposits and reserve funds except SDRF as detailed in **Table-4.1** below.

Table-4.1: Discharge of liability in respect of interest towards interest bearing deposits

(₹ in crore)

Sl. No.	Name of the Interest-bearing deposit	Balance as on 1 April 2022	Rate of Interest	Interest due	Amount of Interest paid
1.	Reserve Funds bearing Interest State Disaster Response Fund (SDRF) under MH 8121-121	2.27	7.49 per cent (as per guidelines of SDRF)	0.17	--
2	Reserve Funds bearing Interest State Compensatory Afforestation Fund under MH 8121-129	2,873.61	3.35 per cent (as informed by GoI Ministry of Environment, Forest and Climate Change)	96.27	150.00*
3.	Deposits bearing Interest excluding Defined Contribution Pension Scheme under MH 8342-117	370.33	5.49 per cent (taking average Ways and Means interest rate as 5.49 per cent for the year 2022-23)	20.33	74.33*
4.	Un-transferred amount of NPS (Defined Contribution Pension Scheme under MH 8342-117)	83.21	7.10 per cent notified by the Government /payable to General Provident Fund	5.91	20.00*
Total		3,329.42		122.68	244.33

Source: NTA to Finance Accounts 2022-23 Government of Uttarakhand

*Includes payments for past periods.

During current year 2022-23, the State Government paid ₹ 244.33 crore as interest in lieu of ₹ 122.68 crore. The excess payment of ₹ 121.65 crore impacted the Revenue Surplus and Fiscal Deficit to that extent.

4.1.2 Funds transferred to implementing agencies

The Union Government transfers substantial funds directly to Implementing Agencies (IAs)/ Non-Governmental Organisations for implementation of various schemes and Programmes. These transfers are exhibited in Appendix-VI of Volume-II of the Finance Accounts.

As per the Public Finance Management System (PFMS) portal of the Controller General of Accounts, GoI transferred ₹ 4,335.37 crore directly under 161 schemes to 410 IAs in Uttarakhand during 2022-23 for implementing various CSS and other schemes. The direct transfers of funds to IAs decreased by 10.16 per cent from ₹ 4,825.65 crore in 2021- 22 to ₹ 4,335.37 crore in 2022-23. Out of 161 schemes, there were seven schemes under which IAs received funds more than ₹ 50 crore which was the 91.60 per cent (₹ 3,971.00 crore) of the total amount transferred during the year. The details are given in the **Table-4.2** below.

Table-4.2: Implementing agencies which received funds (more than ₹ 50 crore) directly from GoI during 2022-23

			(₹ in crore)
Sl. No.	Name of the Scheme of GoI	Name of the Implementing Agency	Fund transferred by GoI during 2022-23
1.	Ayushman Bharat -Pradhan Mantri Jan Arogya Yojna	Atal Ayushman Uttarakhand Yojna	65.11
2.	Food Subsidy for Decentralised Procurement of Food grains under National Food Security Act	Commissioner, Food & Civil Supplies Department, Uttarakhand	1212.25
3.	Jal Jivan Mission /National Rural Drinking Water Mission	State Water and Sanitation Mission Uttarakhand, Himalayan Institute for Environment Ecology & Development, Indian Institute of Technology Roorkee, Uttarakhand, Himalayan Institute Hospital Trust, Dev Rishi Educational Society, Center for Good Governance	1210.66
4.	Mahatma Gandhi National Rural Guarantee Program	Uttarakhand Rajya Rozgaar Guarantee Sanstha	440.61
5.	National Highway Authority of India	Heyday Communication, Hillways Construction Company Pvt. Ltd., Prabhagiya Logging Parbhandhak, Uttarakhand Van Vikas Nigam etc.	64.32
6.	Pradhan Mantri Swasthya Suraksha Yojana	All India Institute of Medical Sciences, Rishikesh	505.30
7.	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture, Uttarakhand	472.75
Total			3971.00

The details of the aggregate amount transferred to implementing agencies during the last three years are indicated in the **Table-4.3**.

Table-4.3: Funds transferred to Implementing Agencies

Direct transfers to implementing agencies	2020-21	2021-22	2022-23
Funds transferred (₹ in crore)	4,056.80	4,825.65	4,335.37

4.1.3 Deposit of Local Funds

The Uttarakhand Panchayati Raj Act, 2016 (section 40, 80 and 119) provides for keeping the Panchayat Bodies Fund in Government Treasury and sub-treasury or in any Nationalised Bank, Local Bank, Cooperative Bank and Post office. Similarly, the Uttar Pradesh Municipalities Act, 1916 (Section 115) as adopted by Uttarakhand also provides for keeping the Municipal Fund (for ULBs) in Government Treasury or sub-treasury or in State Bank of India or Cooperative Bank or Scheduled Bank. On review of the Finance Accounts, it was noticed that there were transactions under the Municipal Fund as detailed in **Table-4.4** below.

Table-4.4: Deposit of Local Funds

Year		2018-19	2019-20	2020-21	2021-22	2022-23
Panchayat Bodies Fund (8448-109)	Opening Balance	14.62	14.79	14.79	14.79	14.79
	Receipt	0.17	0.00	0.00	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	Closing Balance	14.79	14.79	14.79	14.79	14.79
	Per cent Utilisation	0	0	0	0	0
Municipal Fund (8448-102)	Opening Balance	236.59	340.59	441.61	495.41	211.56
	Receipt	711.61	835.76	941.81	660.00	906.40
	Expenditure	607.61	734.74	888.01	943.86	882.95
	Closing Balance	340.59	441.61	495.41	211.56	235.01
	Per cent Utilisation	64.08	62.46	64.19	81.69	78.98

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand

As is evident from **Table-4.4** above, the Panchayat Bodies Fund has been almost inoperative since inception. However, Municipal Fund is in operation and had an accumulated balance of ₹ 235.01 crore as on 31 March 2023.

4.2 Issues related to transparency

4.2.1 Delay in submission of Utilisation Certificates¹

Rule 369 (H) of Uttarakhand Financial Handbook Volume 5 Part-1 provides that for the conditional grants provided for specific purpose, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees in such form as agreed by the Accountant General (Accounts and Entitlement) and should be forwarded to the Accountant General (Accounts and Entitlement) within 12 months from the date of their sanction unless specified otherwise. Only those UCs under Object Head 56 and 69, Major

¹ Status of UCs against ₹ 5,198.27 crore (Grants-in-aid for creation of capital assets = ₹ 450.47 crore and grants-in-aid other than salary ₹ 4,747.80 crore) pertaining to 2022-23 was awaited from Grant Controlling Officers.

Head 3604 are watched by AG(A&E) in which sanction order specifically provides him to watch the UCs.

A total number of 536 UCs amounting to ₹ 2,247.39 crore was pending as of March 2023. The age-wise position as regards submission of UCs has been summarised in **Table-4.5**.

Table-4.5: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2020-21	201	1,636.69	338	1,016.32	82	764.04	457	1,888.97
2021-22	457	1,888.97	301	1,180.92	136	498.89	622	2,571.00
2022-23	622	2,571.00	268*	1,383.06	354	1706.67	536 ²	2,247.39

Source: AG (A&E), Uttarakhand

* Except where the sanction order specifies otherwise, UCs in respect of Grants-in-aid drawn during 2022-23 become due only in 2023-24.

The Departmental officers did not submit 268 UCs due for submission by March 2023 in respect of which grants amounting to ₹ 864.32 crore was given up to March 2022 for specific purposes. Out of above, 19 UCs amounting to ₹ 6.29 crore were received up to 31 August 2023. All the UCs which were pending related to the Panchayati Raj Institutions/Urban Local Bodies. The year wise break-up of outstanding UCs as on 31 March 2023 is given in **Table-4.6** below.

Table-4.6: Year wise break up of outstanding UCs as on 31.03.2023

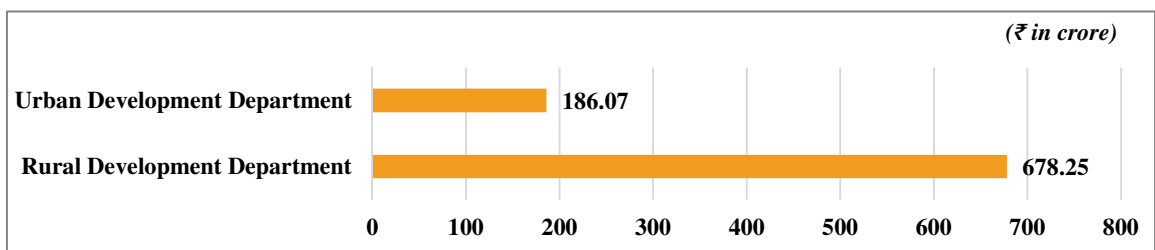
Year in which GIA is due for submission by	No. of Outstanding UCs	Amount (₹ in crore)
Up to 2021-22	01	20.29
2022-23	267	844.03
Total	268	864.32

Pending UCs as on 31 March 2023 includes an amount of ₹ 496.83 crore pertaining to Centrally Sponsored Schemes and ₹ 367.49 crore pertaining to State Schemes.

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the intended purpose for which these were sanctioned. The pendency of UCs was fraught with the risk of misappropriation of funds.

During exit conference, the Government apprised that matter will be pursued with the concerned departments.

Chart-4.1: Department wise outstanding UCs as on 31 March 2023



² Includes one UC amounting to ₹ 20.29 crore (State Schemes), 267 UCs amounting to ₹ 844.03 crore (CSS=₹ 496.83 crore and State schemes=₹ 347.20 crore) and 268 UCs amounting to ₹1383.07 crore (CSS= ₹ 464.65 crore and State schemes= ₹ 918.42 crore) due for submission by 2021-22, 2022-23 and 2023-24 respectively.

In addition to above grants, grants-in-aid as detailed in **Table-4.7** below were also given to various institutions. The Controlling Officers were supposed to watch utilisation/end use of said grants. The Controlling Officers have not furnished status of receipt of UCs by them against above grants.

Table-4.7: Grant-in-Aid (Other than ULB/PRI)

(₹ in crore)					
Sl. No.	Object Head	Object of Expenditure	2020-21	2021-22	2022-23
1.	05	Grants in Aid for Pay, Allowance and Other Expenses	1,179.53	1,181.65	1,391.96
2.	55	Grants-in-Aid for Capital Asset	-----	706.10	450.47
3.	56	Grants-in-Aid other than Salary	34,09.34	3,312.13	4,747.80
		Total	4,588.87	5,199.88	6,590.23

During exit conference, the Government accepted the facts and stated that major portion of these grants pertains to Object Head 05- Grants-in-aid for pay, allowance and other expenses (₹ 1391.96 crore). The UCs of the rest amount (₹ 5198.27 crore) will be pursued with the concerned departments.

4.2.2 Abstract Contingent Bills

Year-wise details of pendency of Detailed Countersigned Contingent (DCC) bills against the Abstract Contingent (AC) bills for the years up to 2022-23 are given in **Table-4.8** below.

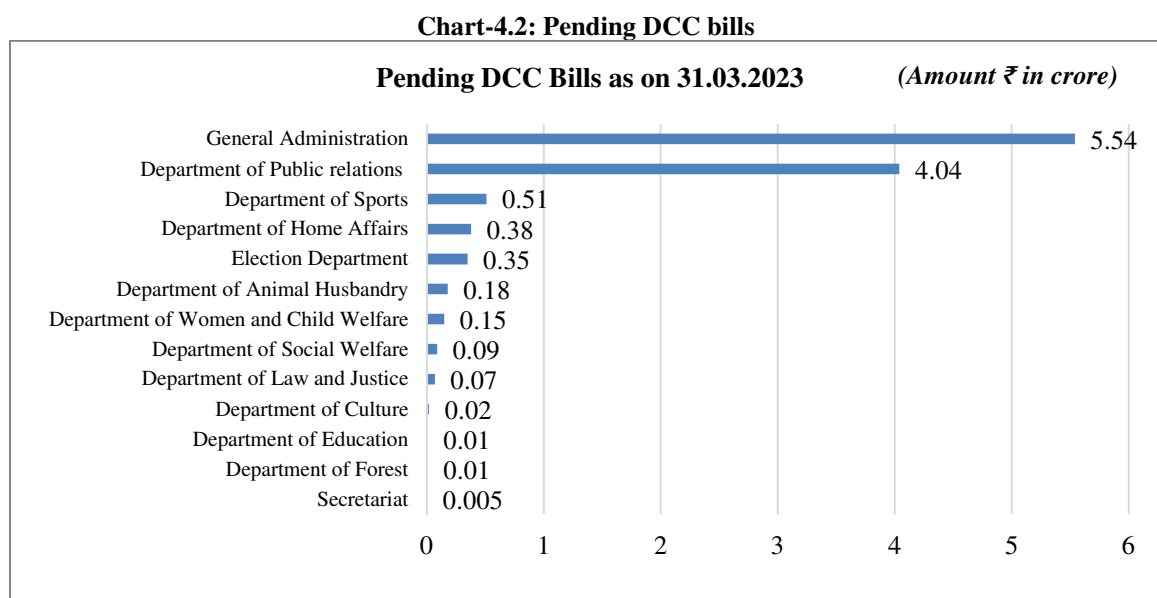
Table-4.8: Pendency in submission of DCC bills against the AC bills

(₹ in crore)								
Year	Opening Balance		Addition		Clearance		Closing Balance	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Up to 2020-21	37	3.01	78	5.67	38	5.24	77	3.44
2021-22	77	3.44	321	93.46	155	69.57	243	27.33
2022-23	243	27.33	271	8.97	440	24.94	74	11.36

Source: Data compiled by the office of the AG (A&E), Uttarakhand

Table-4.8 reveals that during 2022-23, 271 AC bills were drawn for an amount of ₹ 8.97 crore and 440 DCC bills for an amount of ₹ 24.94 crore were submitted during the year. There were 74 AC Bills amounting to ₹ 11.36 crore outstanding as on March 2023. Outstanding 74 DCC Bills include 37 bills amounting to ₹ 10.60 crore pertaining to the year 2021-22. However, 11 DCC bills amounting to ₹ 1.06 crore were received up to 31 August 2023 which includes one DCC bill amounting to ₹ 0.91 crore out of ₹ 10.60 crore for the year 2021-22 and 10 DCC bills amounting to ₹ 0.15 crore out of ₹ 0.76 crore for the year 2022-23.

The status of pending DCC bills in respect of all departments is given in **Chart-4.2**.



Advances drawn and not accounted for increase the possibility of wastage/ misappropriation/malfeasance, *etc.* and, therefore, requires close monitoring for ensuring submission of DCC 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.

During exit conference, the Government accepted the facts and assured to address the issue on priority basis.

4.2.3 Funds transferred to DDO's own accounts and working agencies

Normal expenditure takes place on fully vouched contingent bills which establish receipt of material or utilisation of resources. In this context, the transfer of funds from treasury to DDO's own bank account or that of working agencies represent notional expenditure which requires close monitoring similar to Abstract Contingent bills and Grants-in-Aid bills. As of now there is no check in the government accounting system to identify and flag such transactions. **Table-4.9** below gives the details.

Table-4.9: Funds transferred to own account and working agencies

Particular	(₹ in crore)	
	2022-23	
Transferred to DDOs own account	787.12	
Transferred to working agencies	5,135.89	
Total	5,923.01	

Source: Calculated by Audit from IFMS database

During exit conference, the Government intimated that the matter will be examined.

4.2.4 Personal Deposit Accounts/Personal Ledger Account

The government is authorised to open Personal Deposit (PD) Accounts in order to deposit money by transferring funds from the Consolidated Fund for discharging liabilities of the

Government. The provisions of para 340(a) of Financial Handbook Volume-5 (Part-1) authorises the departmental officers to open personal deposit accounts. However, the funds shall be withdrawn only if required for immediate payment and shall not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Besides, the practice of withdrawing funds with a view to avoiding lapse of Budget grant and placing such moneys as deposits in the Public Account or with Bank is forbidden.

At the end of 2022-23, unspent balances of ₹ 129.28 crore in 25 PD Accounts remained un-transferred to the Consolidated Fund of State. The status of PD Accounts during 2022-23 is given in **Table-4.10**.

Table-4.10: Status of PD Accounts (MH 8443-106) during 2022-23

(₹ in crore)

Opening Balance as on 01 April 2022		Addition during the year		Closed/Withdrawal during the year		Closing Balance as on 31 March 2023	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
45	188.07	0	5.85	20	64.64	25	129.28

During exit conference, the Government stated that out of 25 PD accounts, 16 accounts have been closed and only nine accounts with balance of ₹ 12.02 crore are pending as on date which will be closed very soon.

The following table provides the status of funds lying in PD Account 8443-106 District Magistrate (DM), Dehradun on the last day of the financial year during the period 2018-23.

Table-4.11: Parking of funds in Personal Deposit Account of DM Dehradun during 2018-19 to 2022-23

(₹ in crore)

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Funds parked in PDA	98.36	96.18	97.68	97.68	95.92*

*The PD account of DM Dehradun has been closed in June 2023.

The State had 25 Personal Deposit Accounts with a closing balance of ₹ 129.28 crore as on 31 March 2023. An amount of ₹ 95.92 crore (74.20 per cent) related to one Personal Deposit Account of District Magistrate, Dehradun was lying as on 31st March 2023. The Account was being operated upon after the prior approval of Accountant General (Accounts and Entitlement). However, the same was required to be closed at the end of financial year and the unspent balances transferred to the Consolidated Fund. The PD account of DM Dehradun was closed in June 2023.

Table-4.12: Top five PDA/PLA holder other than DM Dehradun

(₹ in crore)

Sl. No.	Name of the Department	Name & Designation of the Administrator in whose name the PDA/PLA is sanctioned	Operational since	Year of which last renewal	Amount parked
1.	Meladhikari, Kumbh Mela, Haridwar	Meladhikari, Kumbh Mela, Haridwar	06/09/2021	2022-23	16.74
2.	Police Mahanirikshak Mukhyalya, Dehradun	Police Mahanirikshak mukhyalya, Dehradun	27/02/2013	2022-23	4.20

Sl. No.	Name of the Department	Name & Designation of the Administrator in whose name the PDA/PLA is sanctioned	Operational since	Year of which last renewal	Amount parked
3.	Nideshak Chikitsa Shiksha Nideshalay, Dehradun	Nideshak chikitsa shiksha nideshalay, Dehradun	18/11/2014	2022-23	2.90
4.	Nideshak Shehri Vikas Nidehsaly, cyber Treasury	Nideshak Shehri Vikas Nidehsaly, cyber Treasury	08/08/2011	2017-18	2.70
5.	Mahanideshak, soochna evm lok sampark vibhaag, dehradun	Mahanideshak, soochna evm lok sampark vibhaag, dehradun	27/03/2019	2018-19	2.22

Source: Office of the Accountant General (A&E), Uttarakhand

In the above Table-4.12, except DM Dehradun, the other Top five PDA/PLA account holders are given.

Table-4.13: Details of Operative/ Inoperative PD Accounts

Sl. No.	Year of last renewal	No. of PD Accounts	Amount parked in the Accounts (₹ in crore)	No. of PD Accounts which have nil balance
1.	2013-14	4	0.18	3
2.	2014-15	3	0.00	3
3.	2015-16	1	0.00	1
4.	2017-18	3	4.46	0
6.	2018-19	2	2.22	1
7.	2019-20	3	0.00	3
8.	2021-22	3	1.09	1
9.	2022-23	6	119.59	0
Total		25	127.54*	12

Source: Office of the Accountant General (A&E), Uttarakhand (IFMS data)

*The total PD accounts and amount against these accounts differs with that of finance accounts figures.

Out of total 25 PD Accounts, 12 Accounts have nil balance. 11 PD accounts were inoperative for more than five years and five PD accounts were inoperative for more than three years. As per general financial rule, the amounts held under these deposits should have been transferred to the Consolidated Fund of the State. The accounts having nil balance had not been closed at the end of the year (31 March 2023).

4.2.5 Inoperative and non-reconciled PD Accounts

The details of inoperative PD Accounts of Cyber Treasury, Dehradun are shown in Table-4.14 below.

Table-4.14: Inoperative PD Accounts (other than 8443-106) of Cyber Treasury, Dehradun

(₹ in lakh)

Sl. No.	Head	Name of PDA Holder	Closing Balance	Date of last transaction
1.	8448-00-120	Finance Officer/Basic Education Fund Dehradun	11.04	26.10.2016
Total			11.04	

Source: Chief Treasury Office, Dehradun

As is evident from table above, there was one inoperative PD Account other than 8443-106 having a balance of ₹ 11.04 lakh as on March 2023. As per paragraph 10(2) of the

Uttar Pradesh Personal Account Deposits Rules, 1998 (applicable to Uttarakhand), the accounts which are not operated for more than three years should be closed and the amounts held under these accounts should be credited to the Government Account. No transaction was carried out in one account for the last three years or more. Therefore, an amount of ₹ 11.04 lakh should have been credited to the Government Account.

4.2.6 Use of Minor head 800

Minor Head 800 relating to Other Receipts/Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. Routine operation of Minor Head 800 should be discouraged since it renders the accounts opaque.

During 2022-23, an amount of ₹ 1,625.33 crore under 32 Major Heads of accounts, constituting 3.13 per cent of the total Revenue and Capital expenditure (₹ 51,967.24 crore) was classified under the Minor Head-800 'Other Expenditure' in the accounts. Similarly, ₹ 1,778.39 crore³ under 45 Major Heads of Account, constituting 3.62 per cent (excluding 3.38 per cent of pension apportionment) of the total Receipts (₹ 49,082.70 crore) was classified under the Minor Head-800 'Other Receipts' in the accounts.

Meanwhile, classification of expenditure under Minor Head-800 has sharply come down in the last ten years. In 2011-12, 26.50 per cent of expenditure was booked under Minor Head 800-Other Expenditure, while it has come down to 3.13 per cent of the total expenditure in 2022-23. Similarly, in 2011-12, 9.25 per cent of the total receipts were booked under Minor Head 800-Other Receipts, while it has come down to 3.62 per cent (excluding 3.38 per cent of pension apportionment) of the total receipts in 2022-23.

Sub head wise details of expenditure and receipts (more than ₹ 20 crore) booked under Minor Head '800-Other Receipts' and Minor Head-800 'Other Expenditure' are depicted in

Table-4.15:

Table-4.15: Details of Minor Head 800-Other Receipts and Other Expenditure at Sub Head level (more than ₹ 20 crore)

(₹ in crore)

"800-Other Receipts"					"800-Other Expenditure"				
Sl. No.	Major Head	Minor Head	Sub Head	Amount	Grant	Major Head	Minor Head	Sub Head	Amount
1	0049	800	12	681.62	0007	4059	800	01	1071.57
2	0039	800	00	275.73	0003	4059	800	02	47.74
3	0406	800	03	98.39	0018	2425	800	31	45.00
4	0406	800	01	92.14	0012	2210	800	11	43.20
5	0801	800	01	73.56	0015	4235	800	04	35.76
6	0070	800	06	69.01	0013	4216	800	02	35.00

³ Excludes ₹ 1,659.46 crore (3.38 per cent of Total Receipts) as apportionment of Pension from Uttar Pradesh State for the year 2018-19 booked under 800-Other Receipts during 2022-23.

“800-Other Receipts”					“800-Other Expenditure					
Sl. No.	Major Head	Minor Head	Sub Head	Amount	Grant	Major Head	Minor Head	Sub Head	Amount	
7	0029	800	08	45.96	0030	4225	800	03	29.71	
8	0039	800	05	42.12	0007	4059	800	17	27.30	
9	0030	800	01	33.71	-	-	-	-	-	
10	0217	800	99	30.98	-	-	-	-	-	
11	0425	800	03	28.41	-	-	-	-	-	
12	0059	800	99	27.22	-	-	-	-	-	
13	0211	800	02	27.02	-	-	-	-	-	
14	0801	800	02	25.00	-	-	-	-	-	
15	0853	800	01	21.88	-	-	-	-	-	
Total				1,572.75		Total				1,335.28

Instances where significant amount (20 per cent or more and exceeding ₹ five crore) of the receipts and expenditure was classified under Minor Head '800-Other Receipts' and '800-Other Expenditure' during the year 2022-23 are depicted in **Table-4.16**.

Table-4.16: Significant amount booked under Minor Head- ‘800-Other Receipts/Expenditure’ during 2022-23

(₹ in crore)

Sl. No.	“800-Other Receipts”				“800-Other Expenditure”			
	Major Head	Total Receipts	Booking under Minor Head 800	Percentage of Receipts	Major Head	Total Expenditure	Booking under Minor Head 800	Percentage of Expenditure
1.	0029-Land Revenue	64.98	50.96	78.42	2040- Taxes on Sales, Trade etc.	20.32	18.41	90.60
2.	0049-Interest Receipts	759.04	694.88	91.55	2425-Co-operation	122.90	79.64	64.80
3.	0055-Police	29.72	16.86	56.73	4047- Capital Outlay on other Fiscal Services	16.64	16.64	100.00
4.	0059-Public Works	51.01	41.78	81.91	4059-Capital outlay on Public Works	1554.94*	1127.42	72.51
5.	0070-Other Administrative Services	110.23	78.34	71.07	4216-Capital Outlay on Housing	66.37	53.03	79.90
6.	0210-Medical and Public Health	188.50	14.08	7.47	4225-Capital Outlay on Welfare of SC, ST, OBC & Minorities	57.00	47.64	83.58
7.	0211- Family Welfare	27.03	27.03	100.00	4235-Capital Outlay on Social Security & Welfare	43.57	35.96	82.53
8.	0217-Urban Development	30.99	30.99	100.00	4401-Capital Outlay on Crop Husbandry	27.02	6.69	24.76
9.	0401- Crop Husbandry	7.03	4.98	70.84	4859-Capital Outlay on Telecommunication and Electronic Industries	30.47	15.37	50.44
10.	0406- Forestry and Wildlife	474.93	203.57	42.86	-	-	-	-
11.	0425-Co-Operation	28.74	28.74	100.00	-	-	-	-

Sl. No.	"800-Other Receipts"				"800-Other Expenditure"			
	Major Head	Total Receipts	Booking under Minor Head 800	Percentage of Receipts	Major Head	Total Expenditure	Booking under Minor Head 800	Percentage of Expenditure
12.	0435- Other Agricultural Programmes	14.02	14.02	100.00	-	-	-	-
13.	0515-Other Rural Development Programme	14.68	8.49	57.83	-	-	-	-
14.	0801-Power	72.46	32.79	45.25	-	-	-	-
	Total	1873.36	1247.51	66.59	Total	1939.23	1400.80	72.23

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand

* Excludes an amount of ₹ 15.64 crore taken from the Contingency Fund in 2022-23 and remaining un-recouped till the close of the year.

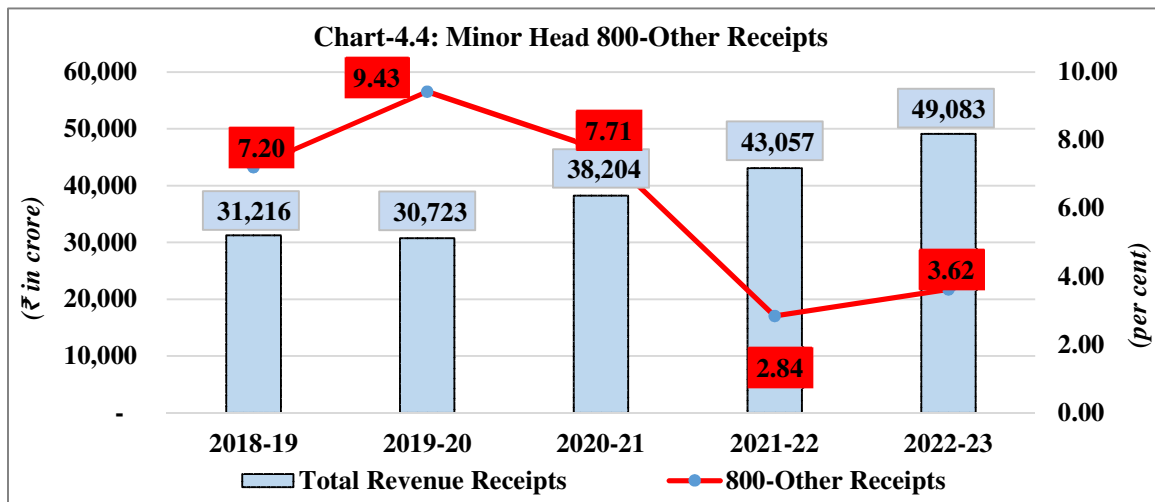
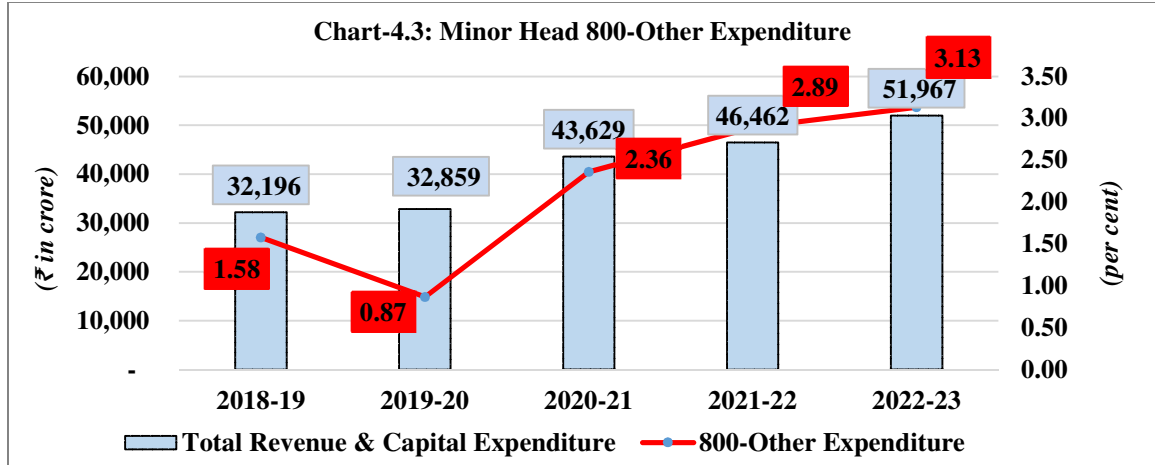
As is evident from above table, around 66.59 per cent of receipts in respect of 14 Major Heads pertaining to Department of Finance, Police, Public Works, Health, Urban Development, Forest, Agriculture, Rural Development, were booked under '800- Other Receipts'. Similarly, 72.23 per cent of total expenditure pertaining to nine Major Heads pertaining to Department of Commercial Tax, Co-operation, Public works, Housing, Minority Welfare, Crop Husbandry and Telecommunication was booked under the '800-Other Expenditure'. Classification of large amounts booked under the Minor Head '800-Other Receipts/Expenditure' affects the transparency/fair picture in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Some of the transactions booked under Minor Head 800 is given below:

- Construction of tourist guest house at Gangolihat, in district Pithoragarh was booked in Minor Head 800-other expenditure under Major Head 5452 -Capital expenditure on Tourism. However, keeping the nature of the transaction in view the same should have been booked under 5452-01-102 (tourist accommodation).
- Expenditure has been booked in Minor Head 800-Indian Partnership Act, Society Chit Fund Act, under Major Head 2047- Other Fiscal Services. Whereas according to the nature of the transaction, it was to be booked under Major Head 3475-00-200 Other General Economic Services (Regulation of other Business Undertakings).
- Under Major Head 0049-interest receipts, booking has been done for Assistant Registrar Cooperative Societies in Minor head 800-other receipts. Whereas according to the list of Major and Minor Heads of accounts, it was to be booked under Minor Head-195 (Interest from Cooperative Societies) in place Minor Head 800.

During exit conference, the Government intimated that maximum major heads as suggested by AG have been corrected during the year 2022-23. Further, efforts will be made to minimize the use of Minor Head-800 in future.

The extent of operation of Minor Head-800, as a percentage of Total Expenditure and Receipts during 2018-19 to 2022-23 is given in **Chart-4.3** and **Chart-4.4**.



4.3 Issues related to measurement

4.3.1 Outstanding balance under major Suspense and Remittance heads

a) Suspense and Remittance Balances

Table below gives nature of transactions of debit and credit balances under the Major Head 8658-Suspense Account.

Name of Minor Head	Debit side	Credit side
	Nature of transactions	Nature of transactions
101-Pay and Accounts Office-Suspense	When Pay and Accounts offices of States and Union Territories makes payments on behalf of Central Government.	When Central Government's Pay and Accounts Office makes payment on behalf of the State Government
102-Suspense Accounts (Civil)	This meant to be operated upon in the books of AG to incorporate difference noticed between figures in Treasury Lists of Payments/Cash Accounts, and the schedules of payments/receipts accompanying thereto.	The amounts initially kept under this sub-head will be cleared and taken to the heads of accounts concerned when the differences are settled on receipts of necessary clarifications/wanting schedules etc. from the Treasury Officers.

Name of Minor Head	Debit side	Credit side
	Nature of transactions	Nature of transactions
107- Cash Settlement Suspense Account	This minor head will be used for settlement or transactions between public works divisions rendering accounts to the same Accountant General	When one Public Works Division gives material to another Division of the State Government
110-Reserve Bank Suspense-Central Accounts Office	On receipt of the advice the Central Accounts Office of the Reserve Bank of India, Nagpur debits the balances of State Government and passes on the credit to the Central Government under intimation to the Principal Accounts Office concerned	This minor head is used by the Principal Accounts Office etc at the time of issuing advice to the RBI, Central Accounts Section, Nagpur to effect transfer from the balances of Central Government (Civil) to that of the State Government
112-Tax Deducted at Source (TDS) Suspense	When Accounting Authority (AG, Uttarakhand) will make the payment to Central Government	When TDS in accordance with Income Tax is deducted by DDOs of Uttarakhand Government
113-Provident Fund Suspense	This head is cleared on tracing of original transaction	When a credit or debit is given to a GPF subscriber pending tracing of original transaction
117-Transaction on behalf of Reserve Bank	Receipts and payments relating to RBI appearing in Government accounts should be debited in the first instance to this minor head	Receipts and payments relating to RBI appearing in Government accounts should be credited in the first instance to this minor head
123-All India Service (A.I.S.) Officers Group Insurance Scheme	Payments towards Central Government Employees Group Insurance Scheme made to A.I.S. Officers of a State cadre shall be classified under the subhead	Deductions/recoveries towards Central Government Employees Group Insurance Scheme made from A.I.S. Officers of a State cadre shall be classified under the subhead
129-Material Purchase Settlement Suspense Account	This Minor Head will be operated for direct purchases of stores in cases where payment has not been made in the same month in which stores have been received	When a Public Works Division / Office of the State Government procured material through erstwhile Directorate of Supplies and Disposal of the Government of India. Such transactions have stopped taking place since 1993.
102-Public Works Remittances /103- Forest Remittances	When a Public Works Division/ Forest Division deposits money into a treasury. With implementation of IFMS from April 2019 this head is no longer being operated.	When a Public Works Division /Forest Division makes any payment through treasury. With implementation of IFMS from April 2019 this head is no longer being operated.
8793-Inter State Suspense Account	When Uttarakhand Government receives payment for pensions paid to Pensioners of other states	When Uttarakhand Government makes payment to Pensioners of other states

The Finance Accounts reflect the net balances under Suspense and Remittance heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of Suspense and

Remittance items depends upon the details furnished by the State Treasuries/Works and Forest Division, etc. The position of gross figures under major Suspense and Remittance heads for the last three years is given in **Table-4.17**.

Table-4.17: Balances under Suspense and Remittance Heads

(₹ in crore)

Name of Minor Head	2020-21		2021-22		2022-23	
	Dr	Cr	Dr	Cr	Dr	Cr
8658-Suspense Accounts						
101-Pay and Accounts Office-Suspense	115.24	23.40	189.52	89.34	331.64	186.11
Net	(Dr) 91.84		(Dr)100.16		(Dr) 145.53	
102-Suspense Accounts (Civil)	574.13	379.40	289.18	386.82	295.03	392.38
Net	(Dr) 194.73		(Cr) 97.64		(Cr) 97.35	
107- Cash Settlement Suspense Account	81.39	0.26	99.71	0.26	1233.79	1133.42
Net	(Dr) 81.13		(Dr) 99.45		(Dr) 100.37	
110-Reserve Bank Suspense-Central Accounts Office	214.67	219.61	221.31	219.61	224.32	219.61
Net	(Cr) 4.94		(Dr) 1.70		(Dr) 4.71	
112-Tax Deducted at Source (TDS) Suspense	28.03	241.27	28.03	267.44	28.03	330.23
Net	(Cr) 213.24		(Cr) 239.41		(Cr) 302.20	
113-Provident Fund Suspense	24.75	24.64	24.75	24.64	24.75	24.64
Net	(Dr) 0.11		(Dr) 0.11		(Dr) 0.11	
117-Transaction on behalf of Reserve Bank	18.12	20.33	18.12	20.33	18.12	20.33
Net	(Cr) 2.21		(Cr) 2.21		(Cr) 2.21	
123-I.A.S. Officers Group Insurance Scheme	0.32	0.57	0.34	0.61	0.36	0.64
Net	(Cr) 0.25		(Cr) 0.27		(Cr) 0.28	
129-Material Purchase Settlement Suspense Account	0.03	(-) 0.73	0.03	(-)0.73	0.03	(-)0.73
Net	(Dr) 0.76		(Dr) 0.76		(Dr) 0.76	
8782- Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer						
102-Public Works Remittances	296.13	372.74	296.13	372.70	296.45	372.70
Net	(Cr) 76.61		(Cr) 76.57		(Cr) 76.24	
103- Forest Remittances	107.23	166.95	107.23	166.95	107.23	166.95
Net	(Cr) 59.72		(Cr) 59.72		(Cr) 59.72	
8793-Inter State Suspense Account	2095.05	2014.10	2083.81	2015.19	2067.53	2316.45
Net	(Dr) 80.95		(Dr) 68.62		(Dr) 51.08	

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand

Analysis of various minor heads under Suspense has been discussed below:

The Suspense balances (Debit/Credit) under the Minor Heads 101-PAO Suspense, 102-Suspense Account (Civil) and 112-Tax Deducted at Source (TDS) Suspense under Major Head 8658-Suspense Account appearing in the Finance Accounts for the year 2022-23 are detailed below:

Pay and Accounts Office - Suspense (Minor Head 101): This Minor Head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of Pay and Accounts Offices (PAOs) under the Union Government, PAOs of the Union Territories and the Accountants General (Accounts and Entitlement) of the states. The outstanding net debit balance (31 March 2023) under this head was ₹ 145.53 crore against debit balance of ₹ 100.16 crore at end of the previous year. The receipts constituted 35.95 *per cent* and disbursements constituted 64.05 *per cent* during the year 2022-23. Outstanding debit balance under this head means that payments have been made by the PAO on behalf of other PAO, which are yet to be recovered.

Suspense Account - Civil (Minor Head 102): The transactions which cannot be taken to final head of expenditure/receipt accounts for want of certain information/documents (challans, vouchers, etc.) are initially booked under this suspense head. During the year, an amount of ₹ 295.03 crore (42.92 *per cent*) had been made out of the minor head and an amount ₹ 392.38 crore (57.08 *per cent*) had been booked under this minor head, there by leaving a credit balance of ₹ 97.35 crore outstanding as of 31 March 2023 against a debit balance of ₹ 97.64 crore during 2022-23.

Tax Deducted at Source (TDS) Suspense - (Minor Head 112): This Minor Head is intended to accommodate receipts on account of Income tax deducted at source These credits are to be cleared by the end of each financial year and credited to the Income Tax (IT) Department. During the year 2022-23, an amount of ₹ 28.03 crore (7.82 *per cent*) was released from the Minor Head 112 against a credit of ₹ 330.23 crore (92.18 *per cent*). This means that an amount of ₹ 302.20 crore was lying un-credited to the IT department as of March 2023. However, the credit balance at end of the year 2022-23 was more as compared to the year 2021-22 (₹ 239.41 crore).

b) Major Head Cheques and Bills (MH 8670)

This head is used to record transactions relating to issue of Cheques and their encashment subsequently. With implementation of e-payment system of RBI (e-Kuber) this head is being used to record value of e-payment advice and its subsequent clearance.

Credit balance under MH 8670 Cheques and Bills indicates Cheques issued but remaining un-encashed. The opening balance as on 01 April 2022 was ₹ 349.72 crore (Credit). During 2022-23, Cheques worth ₹ 49,375.90 crore were issued, against which Cheques worth ₹ 49,661.31 crore were encashed, leaving a closing balance of ₹ 64.31 crore (Credit) as on 31 March 2023. The closing balance represents expenditure originally booked in various financial years under different functional Major Heads, which has not resulted in any cash outflow to the Government of Uttarakhand till 31 March 2023.

c) Central Road and Infrastructure Fund (CRIF)

Government of India provides annual grants under the CRIF to the State Government to incur expenditure on specific road projects. In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601

Grants-in-Aid”. Thereafter the amount so received is to be transferred by the State Government to the Public Account under Major Head “8449-Other Deposits-103 Subvention from Central Road Fund”, through functional Major Head. This process ensures that receipt of the grants do not result in overstatement of Revenue Surplus or understatement of Revenue Deficit in the accounts. The expenditure on prescribed road works under CRF will first be accounted for under the relevant Capital or Revenue Expenditure section (Major Heads 5054 or 3054) and reimbursed out of the Public Account under Major Head 8449 as a deduct expenditure to the concerned Major Head (5054 or 3054 as the case may be).

During the year 2022-23, Government of India released ₹ 378.17 crore from Central Road Fund to State Government.

However, prescribed accounting procedure of booking the amount under the Major Head 8449-103 through the functional Major Head was not followed and during the year the state government incurred expenditure of ₹ 334.34 crore under Major Head 5054-04-337 which was ₹ 43.83 crore less than the amount received under Major Head 1601-06-104 Grant from Central Road Fund. This resulted in overstatement of Revenue surplus by ₹ 378.17 crore while having no impact on Fiscal Surplus/Deficit.

d) Adverse Balance of Loans and Advances

Minus balances appearing in the accounts during the year are given in **Table-4.18** below.

Table-4.18: Minus balances appearing under Major Heads 6851 and 7610

(₹ in crore)

Major Heads	Major Head Description	Minus balance
6851	Loans for Village and small Industries	(-)0.18
7610	Loans to Government Servants	(-)20.08

These Loans were disbursed by Government of Uttar Pradesh before formation of Uttarakhand State. The repayment of these Loans are being booked under above mentioned Heads as such adverse balances are reflected in the Accounts. These adverse balances are under review.

4.3.2 Non-reconciliation of Departmental figures

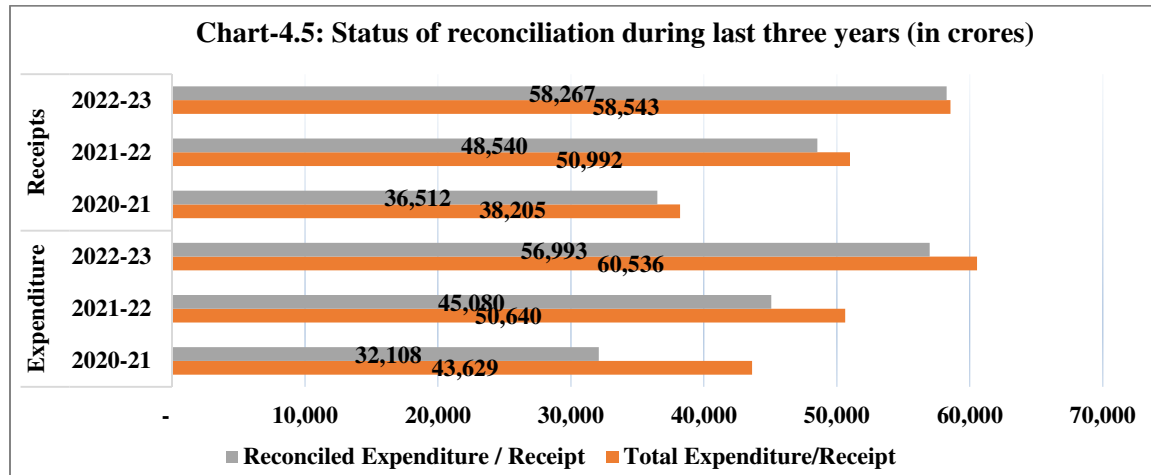
In terms of paragraph 109 of the Uttarakhand Budget Manual 2012, all the Controlling Officers are required to reconcile the Receipts and Expenditure of the Government with the figures recorded in the office of the Accountant General (Accounts and Entitlement) every month. This is to enable the Controlling Officers to exercise effective control over expenditure and manage their budgetary allocation efficiently and ensure accuracy of their accounts.

During the year 2022-23, in respect of expenditure, reconciliation was completed by 62 Chief Controlling Officers (CCOs) (fully by 56 CCOs and partially by 06 CCOs). Out of 62 CCOs (100 per cent) reconciliation covering expenditure of ₹ 56,992.72 crore (94.15 per cent of total expenditure of ₹ 60,535.64 crore⁴) was carried out. Further, in

⁴ Total Expenditure ₹ 60,535.64 crore includes disbursement of Loans and Advances of ₹ 93.63 crore & Repayment of Public debt ₹ 8,474.77 crore.

respect of receipts, out of 48 CCOs, reconciliation was carried out by 44 CCOs (fully by 37 CCOs and partially by 07 CCOs). Reconciliation of receipts covering ₹ 58,266.57 crore (99.53 per cent of total receipts of ₹ 58,542.90 crore⁵) was carried out during the year 2022-23.

The status of reconciliation of receipts and expenditure figures by the Controlling Officers during the period 2020-21 to 2022-23 is shown in **Chart-4.5**.



The details relating to the number of Controlling Officers and the extent of reconciliation during the last three years are given in **Table-4.19**.

Table-4.19: Status of Reconciliation of Receipts and Expenditure figures

(₹ in crore)

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Receipts/Expenditure	Reconciled Receipts/Expenditure	Percentage of Reconciliation
Receipts							
2020-21	48	03	23	22	38,204.56	36,512.20	95.57
2021-22	48	03	29	16	50,992.06	48,540.27	95.19
2022-23	48	37	07	04	58,542.90	58,266.57	99.53
Expenditure							
2020-21	62	12	41	09	43,629.24	32,107.80	73.59
2021-22	62	11	46	05	50,640.06	45,079.86	89.02
2022-23	62	56	06	00	60,535.64	56,992.72	94.15

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand and information furnished by Accountant General (A&E) Uttarakhand.

Reconciliation and verification of figures is an important tool of financial management. Failure to adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process. The reconciliation during 2022-23 in respect of expenditure figures has appreciated to 94.15 per cent against 89.02 per cent in 2021-22.

⁵ Total Receipt ₹ 58,542.90 crore includes Recoveries of Loans and Advances ₹ 17.08 crore & Public debt Receipt ₹ 9,431.07 crore.

During exit conference, the Government intimated that there was improvement in reconciliation of receipt and expenditure figures with AG (A&E) during 2022-23.

4.3.3 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2023 as per books of Accounts of the Accountant General (Accounts and Entitlement), Uttarakhand was ₹ 131.82 crore (credit) and that reported by the RBI was ₹ 0.85 crore (credit). There was a net difference of ₹ 130.97 crore (credit) between the Cash balance as worked out by the Accountant General (Accounts and Entitlement), Uttarakhand and as reported by the Reserve Bank of India (RBI). This difference was on account of non-receipt of scrolls, *etc.* The office of the Accountant General (Accounts and Entitlement), Uttarakhand stated that the matter was under consideration with the RBI and Treasuries for the reconciliation of the same.

4.4 Issues related to disclosure

4.4.1 Compliance with Accounting Standards

Government of India has notified three Indian Government Accounting Standards (IGAS). The compliance of the existing Accounting Standards by the State Government is detailed in the **Table-4.20**.

Table-4.20: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
1.	IGAS- 1: <i>Guarantees given by the Government</i>	This Standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially complied (Statement 9 and 20 of Finance Accounts)	The information regarding maximum amount of guarantees has not been made available by the State Government. Further, detailed information like number of guarantees for each institution was not furnished. Hence, the statement is incomplete to that extent.
2.	IGAS- 2: <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partially complied (Statement 10 and Appendix-III of Finance Accounts)	The State Government gives Grants-in-Aid to various bodies for various purposes and schemes. Details of Grants-in-Aid given by the State Government are shown in Statement 10 and Appendix-III of the Finance Accounts as per the requirement of IGAS-2. However, information on the Grants-in-Aid in kind has not been provided by the State Government. Hence, the requirement of IGAS-2 has not been fulfilled to that extent.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
3.	IGAS- 3: <i>Loans & Advances made by the Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices	Partially complied (Statement 7 and 18 of Finance Accounts)	Statements 7 and 18 of the Finance Accounts on Loans and Advances given by the Government have been prepared as per the requirements of IGAS 3, to the extent furnished by the State Government except for loans, if any, that were sanctioned in perpetuity.

During exit conference, the Government stated that compliance in this regard will be made in future.

4.4.2 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, 1971 the Governor/Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of anybody or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Audit Certificate is issued in case of above-mentioned autonomous bodies and authorities provided CAG is the sole auditor. Thus, these bodies and authorities are required to prepare annual accounts and submit these to the Accountant General (Audit). Apart from Audit Certificate, on the completion of financial audit, the audit office issues Separate Audit Report (SAR) that is part of the Audit Certificate on the accounts. These SARs are to be placed before the State Legislature. Details of arrears of accounts of authorities are given in the **Table-4.21** below.

Table-4.21: Arrears of accounts of Bodies or Authorities

Sl. No.	Name of Body or Authority	Accounts Pending Since	No. of accounts pending up to 2022-23
1.	Uttarakhand Jal Sansthan	2020-21	03
2.	Uttarakhand Real Estate Regulatory Authority	2022-23	01
3.	Uttarakhand Building and Other Construction Workers Welfare Board	2005-06	17

It can be seen from **Table-4.21** that accounts of three authorities are pending for one to 17 years.

4.4.3 Non-submission of details of grants/loans given to bodies and authorities

To identify the institutions, which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/ Heads of the Departments are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose for which the assistance was granted and the total expenditure of the institutions. Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Government and the Heads of Departments which sanction grants and/or loans to bodies or authorities, shall furnish to the Audit Office, by the end of July every year, a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

The Government, however, did not furnish the information pertaining to grants aggregating ₹ 10 lakh or more for the Autonomous Bodies/Authorities in the State of Uttarakhand. Non-furnishing of information was in violation of Regulations on Audit and Accounts, (Amendments) 2020. On review of Statement number 4 of the Finance Account for the year 2022-23, it was observed that the various Departments had given Grant-in-aid for Capital Assets (object head 55) and Grants-in-aid other than salary (object head 56) amounting to ₹ 450.47 crore and ₹ 4,747.80 crore respectively during 2022-23.

4.4.4 Timeliness and Quality of Accounts

During 2022-23, all the account rendering entities (Treasuries, Public Works and Forest Divisions and Pay and Account Office, New Delhi), who render their monthly accounts to Accountant General (Accounts and Entitlement), had rendered their accounts in time and there was no case of exclusion.

4.5 Other issues

4.5.1 Misappropriations, losses, thefts etc.

As per the provisions of Financial Handbook Vol-V part-I Rule 82 & Appendix XIX B, DDOs are supposed to intimate offices of the Accountants General (Audit) and (A& E) the details of losses. During the year 2022-23 no case of misappropriations, losses, theft etc. were reported by the DDOs.

4.5.2 Follow up Action on State Finances Audit Report

Public Accounts Committee of the State Legislature had not discussed the State Finances Audit Reports since their preparation.

4.6 Conclusion

- The departmental officers did not submit 268 Utilisation Certificates (due for submission by March 2023) to the Accountant General (Accounts and Entitlement), Uttarakhand in respect of the grants of ₹ 864.32 crore given up to March 2022 for specific purposes. As of March 2023, 74 Abstract Contingent bills amounting to

₹ 11.36 crore were outstanding. Non-submission of Utilisation Certificates and Detailed Countersigned Contingent bills drawn for specific purposes and non-submission of Accounts by Autonomous Bodies/Public Sector Undertakings were violative of prescribed financial rules and directives. These point to lack of internal controls and deficient monitoring mechanism of the State Government.

- During 2022-23, reconciliation of receipts and expenditure by the Chief Controlling Officers was 99.53 and 94.15 *per cent* respectively.
- Expenditure of ₹ 1,625.33 crore and receipts of ₹ 1,778.39⁶ crore were booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' under various Major Heads affecting the transparency in financial reporting. Routine operation of Minor Head 800- Other Expenditure/Other Receipts should be discouraged since it renders the accounts opaque.
- The State Government has yet not fully implemented the notified Indian Government Accounting Standards in the State, thereby, compromising on the quality of financial reporting.

4.7 Recommendations

- *The Government should ensure timely submission of Utilisation Certificates by the grantees in respect of grants released for specific purposes and furnishing of Detailed Countersigned Contingent bills by the departments;*
- *The Government should strengthen its internal control mechanism to ensure that the controlling officers reconcile their figures of expenditure with those of Accountant General (Accounts and Entitlement) at prescribed intervals;*
- *The State Government should discourage the operation of Minor Head 800 and chalk out a specific time frame in consultation with the Accountant General (Accounts and Entitlement), to identify appropriate heads of account to classify the transaction correctly in the books of accounts;*
- *The State Government should take steps to fully implement the Indian Government Accounting Standards in the State to improve the quality of financial reporting.*

⁶ Excludes ₹ 1,659.46 crore as apportionment of Pension from Uttar Pradesh State for the year 2018-19 booked under 800-Other Receipts.

CHAPTER-5
STATE PUBLIC SECTOR ENTERPRISES

CHAPTER-5

STATE PUBLIC SECTOR ENTERPRISES

This chapter discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). Impact of significant comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) has also been discussed.

5.1 Definition of Government Companies

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.

Besides, any other company¹ 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.

5.2 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) 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 Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

5.3 SPSEs and their contribution to the GSDP of the State

SPSEs consist of State Government Companies and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2023, there were 33 SPSEs in Uttarakhand, including four² Statutory Corporations and

¹ Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs *vide* Gazette Notification dated 4 November 2014.

² Uttarakhand Parivahan Nigam, Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam, Uttarakhand Forest Development Corporation and Uttarakhand State Warehousing Corporation

28 Government Companies (including nine inactive government companies³) and one⁴ Government Controlled Other Companies (GCOCs) under the audit jurisdiction of the CAG. The names of these SPSEs are given in *Appendix-5.1*. None of the SPSE was listed on the stock exchange.

During exit conference, the Government accepted the facts.

There are nine inactive SPSEs (including seven under liquidation) in the State. These inactive SPSEs have investment of ₹ 36.19 crore, towards capital ₹ 12.31 crore (State Government: ₹ 9.54 crore and Others: ₹ 2.77 crore) and long-term loans ₹ 23.88 crore (State Government: ₹ 5.15 crore and Others: ₹ 18.73 crore). This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State.

A ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. The details of turnover of working SPSEs are given in *Appendix-5.2*. Turnover of working SPSEs and GSDP for a period of three years ending 31 March 2023 are given in **Table-5.1**.

Table-5.1: Details of turnover of SPSEs vis-à-vis GSDP of Uttarakhand

(₹ in crore)			
Particulars	2020-21	2021-22♣	2022-23♥
Turnover			
Power Sector SPSEs	7735.80	8483.51	9936.49
Other SPSEs	2324.25	2513.40	2513.40
Total	10060.05	10996.91	12449.89
GSDP of Uttarakhand	236860.00	272159.00	302621.00
Percentage of Turnover to GSDP of Uttarakhand			
Power Sector SPSEs	3.27	3.12	3.28
Other SPSEs	0.98	0.92	0.83
Total	4.25	4.04	4.11

Source: Ministry of Statistics and Programme implementation and Directorate of Economics and Statistics, Uttarakhand. ♥Provisional Estimate, ♣Revised Estimate

The contribution of SPSEs to the GSDP of Uttarakhand increased to 4.11 per cent in 2022-23 in comparison to 4.04 per cent in 2021-22. The contribution of Power sector SPSEs to the GSDP was 3.28 per cent in 2022-23.

Other sector SPSEs contribution to the GSDP though was minimal (from 0.92 to 0.83 per cent) but were having staff of 8,958⁵ employees (Permanent/on deputation/contract basis). As on 31 March 2023, State Government had investment of ₹ 687.97 crore (Equity ₹ 334.23 crore and long-term loans ₹ 353.74 crore) in these SPSEs. In addition to it, ₹ 4,082.56 crore of Grants and Subsidies was provided to nine of these SPSEs by Government of Uttarakhand (GoU) during the period 2020-23.

³ Inactive SPSEs are those which have ceased to carry out their operations.

⁴ Uttarakhand Seeds and Tarai Development Corporation.

⁵ Includes 6,800 employees in four SPSEs namely Uttarakhand Parivahan Nigam, Uttarakhand Forest Development Corporation, Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam and Garhwal Mandal Vikas Nigam Limited.

5.4 Investment in SPSEs and Budgetary Support

5.4.1 Equity holding and Loans in SPSEs

The sector wise Total Equity, Equity Contribution by State Government and Long-Term Loans including the loans given by State Government in 21 working SPSEs (excluding three⁶ working companies, where no investment was made by the State Government) as on 31 March 2023 is given below in **Table-5.2**.

Table-5.2: Sector-wise investment in SPSEs

Particulars	Investment ⁷ (₹ in crore)					Percentage of Total Equity and Long-Term Loans
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans	
Power Sector SPSEs	3660.29	3655.29	4431.50	581.77	8091.79	90.49
Other SPSEs	375.67	334.23	474.49	353.74	850.16	9.51
Total	4035.96	3989.52	4905.99	935.51	8941.95	100

Source: Information as per financial statement and furnished by the SPSEs.

The thrust of SPSEs investment was mainly on power sector SPSEs which had received as much as 90.49 per cent (₹ 8,091.79 crore) of total investment of ₹ 8,941.95 crore as on 31 March 2023. The State Government share was 55.08 per cent (₹ 4,925.03 crore) of total investment of ₹ 8,941.95 crore. Further, the investment made by State Government in SPSEs are also discussed in Paragraph 2.6.3.2(ii).

During exit conference, the Government accepted the facts.

5.4.2 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was no case of disinvestment, restructuring and privatisation of working as well as in-active SPSEs.

5.5 Returns from SPSEs

5.5.1 Profit earned by SPSEs

The number of SPSEs⁸ that earned profit was 12 in 2022-23 which was same as in 2021-22. The profit earned decreased to ₹ 232.20 crore in 2022-23 from ₹ 257.19 crore in 2021-22.

The top three SPSEs which contributed maximum profit are summarised in **Table-5.3**.

⁶ Uttarakhand Forest Development Corporation, SIIDCUL Plastic Park Limited and NICDC Uttarakhand Industrial Township Limited

⁷ Investment includes equity and long-term loans.

⁸ Accounts received upto 30 September 2023.

Table-5.3: Top three SPSEs which contributed maximum profit

Name of SPSE	Net profit (₹ in crore)	Percentage of profit to total profit of SPSEs
UJVN Limited	117.76	50.71
Uttarakhand Forest Development Corporation	48.65	20.95
Kichha Sugar Company Limited	20.26	8.73
Total	186.67	80.39

Source: Latest Financial Statements of SPSEs

These three SPSEs alone had contributed as much as 80.39 per cent of the total profit (₹ 232.20 crore) earned by 12 SPSEs during 2022-23. Net profit ratio⁹ of SPSEs is depicted in **Table-5.4**.

Table-5.4: Net Profit Ratio of SPSEs

(₹ in crore)

Sector	Net Profit	Turnover	Net profit Ratio (in per cent)
Power Sector SPSEs	(-)1088.76	9936.49	-
Other SPSEs	48.06	2513.40	1.91
Total	(-)1040.70	12449.89	-

Source: Latest Financial Statement of SPSEs.

5.5.2 Dividend paid by SPSEs

The GoU has not formulated any dividend policy under which SPSEs are required to pay a minimum return on the paid-up share capital contributed by the State Government. The dividend paid by SPSEs is shown in **Table-5.5**.

Table-5.5: Dividend Payout by SPSEs

(₹ in crore)

Year	Particulars	No. of SPSEs which declared dividend	Paid Up Capital	Net Profit	Dividend Declared
1		2	3	4	5
2020-21	Power Sector SPSEs	2	1941.65	178.56	45.01
	Other SPSEs	-	-	-	-
	Total	2	1941.65	178.56	45.01
2021-22	Power Sector SPSEs	1	1372.68	121.86	30.00
	Other SPSEs	-	-	-	-
	Total	1	1372.68	121.86	30.00
2022-23	Power Sector SPSEs	2	2120.38	134.88	25.01
	Other SPSEs	-	-	-	-
	Total	2	2120.38	134.88	25.01

Source: Latest Financial Statement of SPSEs.

During 2022-23, out of 12 SPSEs which earned profits as per their latest finalised accounts, only two SPSEs namely UJVN Limited and Power Transmission Corporation of Uttarakhand Limited (PTCUL) paid/declared dividend. UJVN Limited and PTCUL

⁹ Net Profit/Turnover *100

had paid/declared dividend at the rate of 1.50 *per cent* and 1.46 *per cent* respectively of their retained earnings during 2022-23. None of the other 10 profit making SPSEs had declared/paid dividend during 2022-23.

During exit conference, the Government accepted the findings.

5.6 Debt Servicing

5.6.1 Interest Coverage Ratio

Interest coverage ratio 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 interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in SPSEs which had interest burden are given below in **Table-5.6**.

Table-5.6: Interest coverage ratio of SPSEs

Year	Particulars	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of SPSEs having liability of loans from Government, and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2020-21	Power Sector SPSEs	246.94	308.32	3	2	1
	Other SPSEs	58.85	6.15	9	4	5
	Total	305.79	314.47	12	6	6
2021-22	Power Sector SPSEs	280.12	464.13	3	3	0
	Other SPSEs	59.14	54.01	9	5	4
	Total	339.26	518.14	12	8	4
2022-23	Power Sector SPSEs	380.20	(-)666.83	3	2	1
	Other SPSEs	59.14	54.01	9	5	4
	Total	439.34	(-)612.82	12	7	5

Source: Latest Financial Statement of SPSEs.

It was observed that out of three SPSEs pertaining to Power Sector which had the liability of loans, two had interest coverage ratio of more than one and one had interest coverage ratio of less than one during 2022-23. However, in case of Other SPSEs, which have the liability of loans, only five SPSEs had interest coverage ratio of more than one and remaining four SPSEs had interest coverage ratio of less than one. Thus, these SPSEs were not generating sufficient revenues to meet their expenses on interest.

5.7 Financial performance of SPSEs

5.7.1 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed¹⁰. The details of RoCE during the period from 2020-21 to 2022-23 are given below in **Table-5.7**.

Table-5.7: Return on Capital Employed

Year	Particulars	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (in per cent)
2020-21	Power Sector SPSEs	308.32	5601.92	5.50
	Other SPSEs	69.91	370.82	18.85
	Total	378.23	5972.74	6.33
2021-22	Power Sector SPSEs	464.13	5769.31	8.04
	Others SPSEs	119.81	366.14	32.72
	Total	583.94	6135.45	9.52
2022-23	Power Sector SPSEs	(-)666.83	4475.66	(-)14.90
	Others SPSEs	120.76	366.08	32.99
	Total	(-)546.07	4841.74	(-)11.28

Source: Latest Financial Statement of working SPSEs

It was observed that RoCE was positive during 2020-21 to 2021-22, however the same was negative in 2022-23. The RoCE reduced in 2022-23 as compared to 2021-22 due to decrease in EBIT and Capital Employed resulting from exceptional loss in Uttarakhand Power Corporation Limited (UPCL) due to higher power purchase cost.

5.7.2 Return on Equity by SPSEs

Return on Equity (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profits. RoE 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.

The Return on Equity¹¹ (RoE) of the profit earning 12 working SPSEs stood at 5.07 per cent in 2022-23. The overall RoE in all the 19¹² working SPSEs including seven loss making SPSEs was negative in 2022-23.

¹⁰ Capital Employed=Paid up Share Capital +Free Reserves and surplus +Long term loans-Accumulated losses -Deferred Revenue Expenditure.

¹¹ Return on equity = (Net Profit after Tax/Shareholder's Equity) X 100 where Shareholder's equity = paid up capital +free reserves-accumulated losses-deferred revenue expenditure.

¹² Excluding five SPSEs out of which three SPSEs (SIIDCUL Plastic Park Limited, NICDC Uttarakhand Industrial Township Limited and Eco Tourism Development Corporation of Uttarakhand) have not submitted their accounts and two SPSEs (Dehradun Smart City Limited and Kishau Corporation Limited) have zero turnover.

Shareholders' fund is calculated by adding paid up capital and free reserves minus 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 paid. A positive shareholder's fund reveals that the company has enough assets to cover its liabilities while negative shareholder equity means liabilities exceed assets.

The details of Shareholders' Fund and RoE relating to working SPSEs are given below in **Table-5.8**.

Table-5.8: Return on Equity relating to SPSEs

Year	Particulars	Net Income (₹ in crore)	Shareholders' Fund (₹ in crore)	ROE (Percentage)
2020-21	Power Sector SPSEs	26.81	1023.69	2.62
	Others SPSEs	(-)2.13	(-)215.33	-
	Total	24.68	808.36	3.05
2021-22	Power Sector SPSEs	138.45	1227.04	11.28
	Others SPSEs	47.28	(-)219.23	-
	Total	185.73	1007.81	18.43
2022-23	Power Sector SPSEs	(-)1088.76	44.16	-
	Others SPSEs	48.06	(-)219.29	-
	Total	(-)1040.70	(-)175.13	-

Source: As per latest finalised accounts of SPSEs

During 2020-21 and 2021-22, overall RoE was positive attributable to two¹³ Power sector SPSEs reporting profits. However, during 2022-23 RoE could not be ascertained as the overall net income of SPSEs was negative mainly due to loss suffered by one SPSE i.e. UPCL of ₹ 1,223.64 crore for the year 2022-23.

5.7.3 Rate of Return on the basis of Present Value of Investment

In order to bring the historical cost of investment to its present value at the end of each year upto 31 March 2023, the past investments/ year-wise funds infused by the State Government in the SPSEs have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free loans and grants/subsidies for operational and management expenses, if any less: disinvestments since inception of these Companies till 31 March 2023.

The PV of the State Government investment in SPSEs was computed on the basis of following assumptions:

- Interest free loans have been considered as investment infusion by the State Government as no amount of interest free loans have been repaid by SPSEs. Further, in those cases where interest free loans given to the SPSEs were later

¹³ UJVN Limited and PTCUL

converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.

- The average rate of interest on Government borrowings for the concerned financial year¹⁴ was adopted as compounded rate for arriving at PV since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government.

SPSE wise position of State Government investment in the 21 SPSEs (excluding three¹⁵ SPSEs where no investment was made by the State Government) in the form of equity and interest free loans on historical cost basis for the period from 2001-02 to 2022-23 have been given in **Appendix-5.3**.

The consolidated position of the PV of the State Government investment and the total earnings relating to 22 SPSEs (excluding two¹⁶ SPSEs) for the same period is indicated below in **Table-5.9**.

Table-5.9: Year-wise details of investment by the State Government and its present value (PV) of Government investment for the period from 2001-02 to 2022-23

(₹ in crore)

Financial Year	Present value of total investment at the beginning of the year	Equity Infused by the State Government during the year	Interest Free loans given by the State Government during the year	Interest Free loans converted during the year	Grants/ subsidies given by State Government for operational and Management Expenditure	Total Investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings (in %)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year ¹⁷	Total earning for the year ¹⁸
i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii
						vii=iii+iv+v+vi	viii=ii+vii		x=viii*(1+ix/100)	xi=x-viii	
OB		37.75	0.00	0.00	0.00	37.75	37.75	0.00	37.75		
2001-02	37.75	18.20	0.00	0.00	0.00	18.20	55.95	8.36	60.63	4.68	-30.78
2002-03	60.63	18.30	3.72	0.00	0.00	22.02	82.65	10.40	91.24	8.60	-17.19
2003-04	91.24	14.68	0.00	0.00	0.25	14.93	106.17	8.51	115.21	9.04	-48.12
2004-05	115.21	195.37	0.00	0.00	0.40	195.77	310.98	9.10	339.28	28.30	-189.20
2005-06	339.28	263.90	9.72	0.00	1.88	275.50	614.78	7.47	660.70	45.92	-135.13
2006-07	660.70	144.35	-0.25	0.00	4.50	148.60	809.30	7.79	872.35	63.04	-178.02
2007-08	872.35	232.42	23.42	0.00	4.20	260.04	1132.39	7.99	1222.86	90.48	-194.93
2008-09	1222.86	73.58	5.49	0.00	6.75	85.82	1308.68	7.75	1410.11	101.42	-311.25
2009-10	1410.11	697.83	0.00	0.00	9.18	707.01	2117.12	7.64	2278.86	161.75	-505.96
2010-11	2278.86	31.78	0.00	0.00	0.37	32.15	2311.01	7.34	2480.64	169.63	-172.58
2011-12	2480.64	44.00	100.52	0.00	3.40	147.92	2628.56	7.83	2834.38	205.82	-35.39

¹⁴ The average rate of interest on Government borrowing was adopted from the reports of the CAG on State Finances (Government of Uttarakhand) for the concerned year wherein the average rate for interest paid +Interest payment/ {(Amount of previous year's Fiscal Liabilities + Current years' Fiscal Liabilities)/2} *100

¹⁵ Uttarakhand Forest Development Corporation, SIIDCUL Plastic Park and NICDC Uttarakhand Industrial Township Limited.

¹⁶ SIIDCUL Plastic Park and NICDC Uttarakhand Industrial Township Limited.

¹⁷ Present value of total investment at the end of the year less: Total investment at the end of the year.

¹⁸ Total Earnings for the year depict total of net earnings (profit/loss) as per latest finalised Accounts relating to those 22 SPSEs where funds were infused by the State Government.

2012-13	2834.38	518.41	25.00	0.00	2.20	545.61	3379.99	8.50	3667.29	287.30	-53.95
2013-14	3667.29	259.91	10.00	0.00	4.59	274.50	3941.79	7.57	4240.18	298.39	289.80
2014-15	4240.18	330.82	1.00	158.86	6.25	179.21	4419.39	7.73	4761.01	341.62	-179.42
2015-16	4761.01	208.94	8.00	0.00	22.85	239.79	5000.80	8.19	5410.37	409.57	94.96
2016-17	5410.37	130.10	0.00	0.00	16.96	147.06	5557.43	8.91	6052.59	495.17	-203.35
2017-18	6052.59	53.15	0.00	0.00	63.01	116.16	6168.75	8.27	6678.91	510.16	-236.69
2018-19	6678.91	194.03	0.00	0.00	234.02	428.05	7106.96	8.15	7686.17	579.22	-578.67
2019-20	7686.17	133.34	0.00	0.00	222.90	356.24	8042.41	7.26	8626.29	583.88	-208.34
2020-21	8626.29	147.58	0.00	0.00	214.51	362.09	8988.38	6.83	9602.29	613.91	24.68
2021-22	9602.29	107.81	0.00	0.00	202.01	309.82	9912.11	6.55	10561.35	649.24	185.73
2022-23	10561.35	133.27	0.00	0.00	166.15	299.42	10860.77	6.56	11573.24	712.47	-1040.70
Total		3989.52	186.62	158.86	1186.38						

The balance of investment by the State Government in the SPSEs at the end of the year 2022-23 increased to ₹ 10,860.77 crore in 2022-23 from ₹ 55.95 crore at the end of 2001-02. The State Government made further investment in shape of equity (₹ 3,951.77 crore) and interest free loans (₹ 186.62 crore) and grants/subsidies for operational and management expenses (₹ 1,186.38 crore) during the period 2001-02 to 2022-23 in these SPSEs. The PV of funds infused by the State Government upto 31 March 2023 amounted to ₹ 11,573.24 crore. During all the years 2001-02 to 2022-23, total earnings remained below the minimum expected return to recover cost of funds infused in these SPSEs.

5.8 SPSEs incurring losses

5.8.1 Losses incurred

There were seven working SPSEs that incurred losses as per their latest finalised accounts. The State Government Investment in these SPSEs was ₹ 2001.94 crore (Equity: ₹ 1785.43 crore and Long Term Loan: ₹ 216.51 crore) as on March 2023. Out of these seven SPSEs, State Government Investment was ₹ 1531.50 crore (76.50 per cent) in one SPSE *i.e.* UPCL. The losses incurred by seven SPSEs increased to ₹ 1,272.90 crore in 2022-23 as compared to loss of ₹ 230.14 crore incurred by nine SPSEs in 2020-21. The loss in one Power Sector SPSE (UPCL) increased from ₹ 151.75 crore in 2020-21 to ₹ 1,223.64 crore in 2022-23 as given below in **Table 5.10**.

Table-5.10: Number of SPSEs that incurred losses during 2020-21 to 2022-23

(₹ in crore)

Year	Particulars	No of lossmaking SPSEs	Net loss for the year	Accumulated loss	Net Worth ¹⁹
2020-21	Power Sector SPSEs	01	(-)151.75	(-)3851.01	(-)2376.10
	Other SPSEs	08	(-)78.39	(-)1550.37	(-)1267.22
	Total	09	(-)230.14	(-)5401.38	(-)3643.32
2021-22	Power Sector SPSEs	01	(-)21.42	(-)3872.44	(-)2382.53
	Other SPSEs	06	(-)50.04	(-)1271.89	(-)1007.13
	Total	07	(-)71.46	(-)5144.33	(-)3389.66
2022-23	Power Sector SPSEs	01	(-)1223.64	(-)5288.07	(-)3758.16
	Other SPSEs	06	(-)49.26	(-)1271.95	(-)1007.19
	Total	07	(-)1272.90	(-)6560.02	(-)4765.35

Source: As per latest finalised accounts of SPSEs

¹⁹ Net worth = Paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

In 2022-23, out of total loss of ₹ 1,272.90 crore incurred by seven SPSEs, loss of ₹ 1,223.64 crore was attributed to one Power Sector SPSE (UPCL).

5.8.2 Erosion of Capital in SPSEs

As on 31 March 2023, there were eight SPSEs with accumulated losses of ₹ 6,892.07 crore as given in **Appendix-5.4**. Of these, six SPSEs incurred losses amounting to ₹ 1,264.97 crore as per latest finalised accounts as of 30 September 2023.

The net worth of six SPSEs out of these eight had been completely eroded by accumulated losses and their net worth was negative. The net worth of these six SPSEs has remained negative for a period ranging from five to 22 years. The net worth of these six SPSEs was (-) ₹ 4,787.16 crore against equity investment of ₹ 1,796.68 crore as on 31 March 2023. Out of six SPSEs, whose capital had eroded, two²⁰ had earned profit of ₹ 22.83 crore during 2022-23. Out of six, there were five SPSEs with outstanding Government loan of ₹ 317.24 crore as on 31 March 2023 as detailed in **Table-5.11**.

Table-5.11: Details of SPSEs whose net worth has eroded as per their latest finalised accounts

(₹ in crore)

Sl. No.	Name of SPSE	Latest year of Account	Total Paid up capital	Net profit (+)/(-) after Interest and Tax	Accumulated Losses	Net worth	Period since when Net Worth has remained negative	State ²¹ Government Equity as on 31 March 2023	State ²¹ Government Loans as on 31 March 2023
1	Uttarakhand Power Corporation Limited	2022-23	1529.91	(-)1223.64	(-)5288.07	(-)3758.16	2001-02	1529.91	1.59
2	Doiwala Sugar Company Limited ²²	2021-22	6.00	(-)16.59	(-)441.65	(-)435.65	2002-03	6.00	127.99
3	Kichha Sugar Company Limited ²²	2021-22	17.99	20.26	(-)294.40	(-)276.41	2002-03	17.54	119.32
4	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Limited ²²	2022-23	0.10	(-)0.06	(-)3.10	(-)3.06	2018-19	0.10	0.00

²⁰ Kichha Sugar Company Limited and Uttarakhand Seeds & Tarai Development Corporation Limited.

²¹ These figures are part of total investment figures in para no. 5.4.1.

²² During 2022-23, State Government had provided grant and subsidies of ₹ 106.16 crore (Doiwala Sugar Company Limited- ₹ 61.27 crore, Kichha Sugar Company Limited- ₹ 36.39 crore and Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Limited – ₹ 8.50 crore for payment of liabilities/ establishment expenses.

Sl. No.	Name of SPSE	Latest year of Account	Total Paid up capital	Net profit (+)/ (-) after Interest and Tax	Accumulated Losses	Net worth	Period since when Net Worth has remained negative	State ²¹ Government Equity as on 31 March 2023	State ²¹ Government Loans as on 31 March 2023
5	Uttarakhand Seed & Tarai Development Corporation Limited	2020-21	4.08	2.57	(-)24.84	(-)20.76	2015-16	1.20	19.50
6	Uttarakhand Parivahan Nigam	2019-20	238.60	(-)3.87	(-)531.72	(-)293.12	2003-04	229.36	48.84
Grand Total			1796.68	(-)1221.33	(-)6583.84	(-)4787.16		1784.11	317.24

Source: As per latest finalised accounts of SPSEs

5.9 Audit of State Public Sector Enterprises

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. 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 be submitted to the Legislature.

5.10 Appointment of statutory auditors of State Public Sector Enterprises by CAG

Sections 139 (5) of the Companies Act, 2013 provides 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.

5.11 Submission of accounts by State Public Sector Enterprises

5.11.1 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 Meeting²³ (AGM). As soon as may be after such preparation, the Annual Report must be laid before Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

²³ In case of first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the Company and in any other case within a period of six months, from the date of closing of the financial year *i.e.* 30 September.

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.

The annual accounts of various SPSEs were pending as on 30 September 2023, as detailed in the following paragraph.

5.11.2 Timeliness in preparation of accounts by SPSEs

As of 31 March 2023, there were 29 SPSEs²⁴ under the purview of CAG's audit. Of these, accounts for the year 2022-23 were due from 29 SPSEs including seven²⁵ under liquidation. However, only five SPSEs submitted their accounts for the year 2022-23 for audit by CAG by 30 September 2023. 282 Accounts of 24 SPSEs were in arrears, as detailed in **Appendix-5.5**, for various reasons. Details of arrears in submission of accounts of SPSEs are given in **Table-5.12**.

Table-5.12: Details of arrears in submission of accounts

Particulars	SPSEs	Number of Accounts	
Total number of Companies under the purview of CAG's audit as on 31.03.2023	29	--	
Less: New Companies from which accounts for 2022-23 were not due	0	0	
Number of companies from which accounts for 2022-23 were due	29	29	
Number of companies which presented the accounts for the year 2022-23 for CAG's audit by 30 September 2023	5	5	
Number of accounts in arrears	24	282	
Break- up of Arrears	(i) Under Liquidation	07	152
	(ii) Defunct	02	59
	(iii) Others	15	71
Age-wise analysis of arrears against 'Others' category	One year (2022-23)	07	07
	Two years (2021-22 and 2022-23)	01	02
	Three years and more	07	62

Source: Complied on the basis of annual accounts received in the office of Principal Accountant General (Audit) Uttarakhand.

During exit conference, the Government stated that the letters will be written to MDs of the concerned SPSEs for early submission of accounts.

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of four²⁶ statutory corporations is conducted by the CAG and out of these, for three²⁷ Statutory Corporations, CAG is the sole auditor. No Statutory Corporations presented the accounts for the year 2022-23 for audit before 30 September 2023. As on 30 September 2023, 10 accounts of four Statutory Corporations were in arrears.

²⁴ Excluding four Statutory Corporations discussed in paragraph 5.11.3.

²⁵ UPAl; Uttar Pradesh Digitals Limited (UPDL), a subsidiary of KMVN Limited; Kumtron Limited (KUMTRON), a subsidiary of HILTRON; Uttar Pradesh Hill Electronics Corporation Limited (HILTRON), Uttar Pradesh Hill Phones Limited (UPHPL), a subsidiary of HILTRON; Uttar Pradesh Hill Quartz Limited (UPHQL), a subsidiary of HILTRON; Garhwal Anusuchit Janjati Vikas Nigam Limited (GAJVNL), a subsidiary of Garhwal Limited.

²⁶ Uttarakhand State Warehousing Corporation, Uttarakhand Parivahan Nigam, Uttarakhand Forest Development Corporation and Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam.

²⁷ Uttarakhand Parivahan Nigam, Uttarakhand Forest Development Corporation and Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam.

5.12 CAG's oversight - Audit of accounts and supplementary audit

5.12.1 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, in consultation with National Advisory Committee on Accounting Standards renamed as National Financial Reporting Authority²⁸. 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.

5.12.2 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 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
- supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The primary 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 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, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

²⁸ Effective from 01 October 2018

5.13 Result of CAG's oversight role

5.13.1 Audit of accounts of Government Companies under Section 143 of the Companies Act, 2013

22 Financial Statements (FSs) for the year 2022-23 and previous years were received from 14 SPSEs from 01 October 2022 to 30 September 2023. 17 FSs of 12²⁹ SPSEs were reviewed in audit by the CAG and Non-Review Certificate (NRC) was issued for the five FSs of three SPSEs. The results of the review are detailed below:

5.13.2 Significant comments of the CAG issued as supplement to the Statutory Auditors' Reports on Government Companies

Subsequent to the audit of the FSs for the year 2022-23 and previous years by the Statutory Auditors, the CAG conducted supplementary audit of the FSs of 12 Government Companies. Some of the significant comments issued on these FSs indicating the financial impact of ₹ 58.45 crore on the profitability and ₹ 147.61 crore on the financial position-assets/liabilities are as detailed in *Appendix-5.6 & 5.7*.

5.13.3 Statutory Corporations where CAG is the sole/ supplementary auditor

Some of the significant comments issued by the CAG on the financial statements of the Statutory Corporations where CAG is the sole/supplementary auditor, indicating the financial impact of ₹ 339.60 crore on the profitability and financial position-assets/liabilities, are as detailed in *Appendix-5.8*.

5.14 Conclusion

As on 31 March 2023, there were 33 SPSEs including four Statutory Corporations. Out of 33 SPSEs, there are nine inactive SPSEs. SPSEs did not adhere to the prescribed timeline regarding submission of their Financial Statements. There were 282 accounts of 24 SPSEs in arrears.

Out of the total profit of ₹ 232.20 crore earned by 12 SPSEs, 80.39 per cent was contributed by three SPSEs. Out of total loss of ₹ 1,272.90 crore incurred by seven SPSEs, loss of ₹ 1,223.64 crore was incurred by one SPSEs (UPCL). Out of 12 SPSEs which earned profits as per the latest finalised accounts, only two SPSEs declared dividend.

5.15 Recommendations

- *State Government may impress upon the management of SPSEs to ensure timely submission of their Financial Statements. As many as 282 accounts of 24 SPSEs were in arrears;*
- *The State Government may frame a dividend policy to ensure return on Equity investment made;*

²⁹ One company- Kishau Corporation Limited is included herein, and also in SPSEs, in which, NRC was issued as Two FSs of this company for the year 2021-22 and 2022-23 were received. One FSs (2021-22) was reviewed in audit, and NRC was issued for the other FSs (2022-23).

- *The nine inactive SPSEs are neither contributing to State economy nor meeting the intended objectives. Out of nine, seven SPSEs are under liquidation and the process of liquidation may be expedited. The GoU may take decision regarding commencement of liquidation process in respect of two SPSEs which are inactive for a considerable period;*
- *State Government may analyse the reasons of losses in those SPSEs whose net worth has been eroded, by implementing measures to enhance their efficiency and profitability and further decide on continuation of their operations.*

Dehradun
The 10 April 2024



(PRAVINDRA YADAV)
Principal Accountant General (Audit),
Uttarakhand

Countersigned



New Delhi
The 26 April 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix-1.1
(Reference: Paragraph 1.1 & 1.1.1; Page 1)
State Profile

Sl. No.	Particulars		Figures
1.	Area		53,483 Sq km
	a.	Hill	46,035 Sq km
	b.	Plain	7,448 Sq km
	c.	Forest	38,117 Sq km
2.	Districts (10 Hilly area and 3 Plain area)		13 Districts
3.	Population*		
	a.	As per 2001 Census	84.89 lakh
	b.	As per 2011 Census	100.86 lakh
4.	a.	Density of Population (as per 2001 Census) (All India Density = 324 persons per Sq Km)	159 person per Sq km
	b.	Density of Population (as per 2011 Census) (All India Density = 382 persons per Sq Km)	189 person per Sq km
5.	Population Below Poverty Line (BPL) (All India Average = 21.92 per cent)		11.26 per cent
6.	a.	Literacy (as per 2001 Census) (All India Average = 64.80 per cent)	71.62 per cent
	b.	Literacy (as per 2011 Census) (All India Average = 73.00 per cent)	78.80 per cent
7.	Infant mortality (per 1,000 live births) (All India Average = 28 per 1,000 live births)		24
8.	Life Expectancy at Birth (All India Average = 70.00)		70.60
9.	HDI Value Uttarakhand (HDR 2021) (All India Average = 0.633)		0.72
10.	Gross State Domestic Product (GSDP) 2022-23 at current prices (₹ in crore)		3,02,621
11.	Per capita GSDP CAGR (2012-22) at current prices	Uttarakhand	6.93
	Per capita GDP CAGR (2012-22) at current prices	All India	9.12
12.	GSDP CAGR (2012-22) at current price	Uttarakhand	8.18
	GDP CAGR (2012-22) at current price	All India	10.34
13.	Population Growth (2012-2022)	Uttarakhand	12.39
		All India	11.68

*Source: Directorate of Economics and Statistics, Uttarakhand, SFAR compilation based on data from National Statistical Office, Ministry of Statistical and Programme Implementation.

Appendix-1.2
(Referred to in paragraphs 1.3.2 page 09)
Summarised financial position of the Government of Uttarakhand
as on 31 March 2023

(₹ in crore)

LIABILITIES	As on 31.03.2022	As on 31.03.2023
Internal Debt	53,759.16	53,558.43
Market Loans bearing interest	43,460.00	44,910.00
Market Loans not bearing interest	0.03	0.02
Loans from Life Insurance Corporation of India	1.50	1.50
Loans from Other institutions	10,297.63	8,646.91
Ways and Means Advances and Overdraft from Reserve Bank of India	--	--
Loans and Advances from Government of India	7,443.32	8,600.36
Non-Plan Loans	2.23	1.80
Loans for State Plan Schemes	428.72	377.36
Pre 1984-85 Loans	0.53	0.53
Other Loans for State	7,011.84	8,220.67
Contingency Fund (Corpus)	500.00	500.00
Small Savings, Provident Fund etc.	9,330.63	9,453.58
Deposits	3,536.19	3,880.66
Reserve Funds	4,653.02	4,824.64
Suspense and Miscellaneous Balances	--	--
Remittance Balances	--	--
Cumulative excess of Receipts over Expenditure	--	3,890.97
Total	79,222.32	84,708.64
ASSETS		
Gross Capital Outlay on Fixed Assets -	71,858.97	80,053.48
Investments in shares of Companies, Corporations, etc.	3,818.94	4,043.90
Other Capital Expenditure	68,040.03	76,009.58
Contingency Fund (Un-recouped)	268.66	178.50
Loans and Advances -	2,378.28	2,454.61
Loans for Power Projects	498.98	484.58
Other Development Loans	1,896.48	1,986.69
Loans to Government servants and miscellaneous loans	(-)17.18	(-)16.66
Advances with Departmental Officers	0.42	0.42
Remittance Balances	(-)71.01	(-)88.23
Cash	3,837.18	2,318.65
Cash in Treasuries and local remittances	--	--
Departmental Cash Balance	(-)10.71	(-)10.71
Permanent Advances/Cash Imprest	(-)0.81	(-)0.81
Cash Balance Investments	2037.62	653.37
Deposits with Reserve Bank of India	112.46	(-)131.82
Investments from Earmarked Funds	1,698.62	1,808.62
Suspense and Miscellaneous Balances	(-)481.01	(-)208.79
Cumulative excess of Expenditure over Receipts	1,430.83	--
Total	79,222.32	84,708.64

Appendix-2.1
(Reference: Paragraphs 2.3.3 and 2.6; Pages 26 and 37)
Time series data on the State Government Finances

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23	
Part A. Receipts						
I. Revenue Receipts	31,216	30,723	38,205	43,057	49,083	
(i) Tax Revenue	12,188 (39)	11,513 (37)	11,938 (31)	14,176 (33)	17,102(35)	
SGST	4,802 (39)	4,931 (43)	5,053 (42)	5,973 (42)	7,341(43)	
Taxes on Sales, Trade etc.	1,883 (15)	1,811 (16)	1,858 (16)	2,302 (16)	2,555(15)	
State Excise	2,871 (24)	2,727 (24)	2,966 (25)	3,258 (23)	3,526(21)	
Taxes on Vehicles	909 (8)	908 (8)	741 (6)	889 (6)	1,211(7)	
Stamps and Registration fees	1,015 (8)	1,072 (9)	1,107 (9)	1,488 (10)	1,987(12)	
Land Revenue	34 (--)	24 (--)	17 (0)	40 (0)	65(0)	
Taxes on Goods and Passengers	--	--	00 (0)	00 (0)	00(0)	
Others	674 (6)	40 (--)	196 (2)	226 (2)	417(2)	
(ii) Non Tax Revenue	3,310 (10)	3,999 (13)	4,171 (11)	2756 (6)	4,367(9)	
(iii)State's share of Union taxes and duties	8,011 (26)	6,902 (22)	6,569 (17)	9906 (23)	10,617(22)	
(iv)Grants in aid from Government of India	7,707 (25)	8,309 (27)	15,527 (41)	16,219 (38)	16,997(35)	
2. Miscellaneous Capital Receipts	0.01	--	0.20	--	11.83	
3. Recoveries of Loans and Advances	27	19	23	17	17	
4. Total Revenue and Non debt capital receipts (1+2+3)	31,243	30,742	38,228	43,074	49,112	
5. Public Debt Receipts	7,275	6,148	9,787	4,140	5,036	
Internal Debt (excluding Ways and Means Advances and Overdrafts)	7,170 (99)	5,765 (94)	6,728 (69)	3,787 (51)	3,817(76)	
Net transactions under Ways and Means Advances and Overdrafts	--	313 (05)	--	--	--	
Loans and Advances from Government of India	105 (1)	70 (01)	3,059 (31)	3,686 (49)	1,219(24)	
6. Total Receipts in the Consolidated Fund (4+5)	38,518	36,890	48,015	47,214	54,148	
7. Contingency Fund Receipts	217	94	02	436	269	
8. Public Account Receipts	41,790	45,330	47,563	52,779	59,433	
9. Total Receipts of the State (6+7+8)	80,525	82,314	95,580	1,03,762	1,13,850	
Part B. Expenditure/Disbursement¹						
10. Revenue Expenditure	32,196	32,859	37,091	38,929	43,773	
Plan	State Fund Expenditure	28,296 (88)	28,893 (88)	32,678 (88)	35,870 (92)	39,452(90)
Non-Plan	Central Assistance	3,900 (12)	3,966 (12)	4,413 (12)	3059 (8)	4,321(10)
General Services (Including interest payments)		13,525 (42)	13,844 (42)	14,826 (40)	15,668 (40)	16,889(39)
Social Services		12,209 (38)	12,593(39)	14,762 (40)	15,573 (40)	18,156(41)
Economic Services		5,003 (16)	4,704(14)	5,571 (15)	6,148 (16)	6,687(15)
Grants-in-aid and contributions		1,459 (4)	1,717 (5)	1,932 (5)	1,540 (4)	2,041(5)
11. Capital Expenditure	6,184	5,414	6,538	7,534	8,194	
Plan	State Fund Expenditure	3,533 (57)	3,055 (56)	3,192 (49)	4,335 (58)	4,398(54)
Non-Plan	Central Assistance	2,651 (43)	2,359 (44)	3,346 (51)	3,199 (42)	3,797(46)
General Services		454 (7)	362 (7)	755 (11)	1,085 (14)	1,608(20)
Social Services		1,099 (18)	1,610 (30)	1,938 (30)	2,262 (30)	2,013(24)
Economic Services		4,631 (75)	3,442 (63)	3,845 (59)	4,187 (56)	4,573(56)

¹ From 2017-18, Plan and Non-Plan bifurcation of funding has been discontinued and is being bifurcated in State Fund Expenditure and Central Assistance.

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	2018-19	2019-20	2020-21	2021-22	2022-23
12. Disbursement of Loans and Advances	183	126	38	347	94
13. Total Expenditure of the State (10+11+12)	38,563	38,399	43,667	46,810	52,061
14. Repayments of Public Debt	2,057	2,131	2,921	3,386	4,079
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2,013	2,084	2,550	3,330	4,017
Net transactions under Ways and Means Advances and Overdraft	--	--	313	--	--
Loans and Advances from Govt. of India	44	47	58	56	62
15. Appropriation to Contingency Fund	0	0	0	0	0
16. Total disbursement out of Consolidated Fund (13+14+15)	40,620	40,530	46,588	50,196	56,140
17. Contingency Fund disbursements	107	26	226	212	179
18. Public Account disbursements	39,947	42,569	47,261	53,304	59,159
19. Total disbursement by the State (16+17+18)	80,674	83,125	94,075	1,03,712	1,15,478
Part C. Deficits/Surplus					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	(-) 980	(-) 2,136	(+) 1,114	(+) 4,128	(+)5,310
21. Fiscal Deficit (4-13)	7,320	7,657	5,439	3,736	2,949
22. Primary Deficit(-)/Primary Surplus (+) (21+23)	(-) 2,845	(-) 3,153	(-) 666	1,203	2,155
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	4,475	4,504	4,773	4,939	5,104
24. Financial Assistance to local bodies etc.	4,466	4,800	6,441	5,858	7,631
25. Ways and Means Advances/Overdraft availed (days)	167	140	96	6	39
26. Interest on Ways and Means Advances/ Overdraft	6.08	5.18	5.21	0.06	2.23
27. Gross State Domestic Product (GSDP)[@]	2,30,314	2,39,247	2,36,860	2,72,159	3,02,621
28. Outstanding Fiscal liabilities (year end)	58,039	65,982	73,751	77,024	78,509
29. Outstanding guarantees (year end) (excluding interest)	1,311	854	729	374	117
30. Maximum amount guaranteed (year end)	2,105	NA	NA	NA	407
31. Number of incomplete projects	202	210	143	75	143
32. Capital blocked in incomplete projects (₹ in crore)	480.30	627.08	437.61	357.00	564.00
Part E. Fiscal Health Indicators (in ratios)					
I Resource Mobilisation					
Own Tax revenue/GSDP	0.053	0.048	0.053	0.053	0.057
Own Non-Tax Revenue/GSDP	0.014	0.017	0.018	0.010	0.014
Central Transfers/GSDP	0.068	0.064	0.098	0.097	0.091
II Expenditure Management					
Total Expenditure/GSDP	0.167	0.160	0.193	0.174	0.172
Total Expenditure/Revenue Receipts	1.24	1.25	1.14	1.09	1.06
Revenue Expenditure/Total Expenditure	0.83	0.86	0.85	0.83	0.84

* Note: Changed Proforma.

	2018-19	2019-20	2020-21	2021-22	2022-23
Expenditure on Social Services/Total Expenditure	0.35	0.37	0.38	0.38	0.39
Expenditure on Economic Services/Total Expenditure	0.25	0.21	0.22	0.22	0.22
Capital Expenditure/Total Expenditure	0.16	0.14	0.15	0.16	0.16
Capital Expenditure on Social and Economic Services/Total Expenditure	0.15	0.13	0.13	0.14	0.13
<i>III Management of Fiscal Imbalances</i>					
Revenue deficit (surplus)/GSDP	(-)0.004	(-)0.009	0.005	0.015	0.018
Fiscal deficit/GSDP	(-)0.032	(-)0.032	(-)0.024	(-)0.014	(-)0.010
Primary Deficit (surplus) /GSDP	(-) 0.012	(-)0.013	(-)0.003	0.004	0.007
Revenue Surplus (Deficit) /Fiscal Deficit	(+) 0.134	(+) 0.279	(-) 0.205	(-) 1.105	(-)1.801
Net Primary Revenue Balance/GSDP	(-) 0.023	(-)0.028	(-)0.016	(-)0.002	0.003
<i>IV Management of Fiscal Liabilities</i>					
Fiscal Liabilities/GSDP	0.25	0.28	0.33	0.29	0.26
Fiscal Liabilities/RR	1.86	2.15	1.93	1.79	1.60
Debt Repayment to Debt Receipts (in per cent)	28.27	34.66	29.85	45.31	81.00
<i>V Other Fiscal Health Indicators</i>					
Return on Investment	18.69	14.08	40.02	35.05	25.07
Financial Assets/Liabilities	0.93	0.90	0.93	0.98	1.05

Figures in brackets represent percentages (rounded) to total of each sub-heading.

@ GSDP at current price figures taken from SFAR Compilation by Economic Division, C&AG.

Appendix-3.1
(Reference: Paragraph 3.1; Page 79)
Glossary of important Budget related terms

Sl. No.	Terms	Description
1.	Accounts' or 'actuals' of a year	The amounts of receipts and disbursements for the financial year beginning on April 1st and ending on March 31st following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2.	'Administrative approval' of a scheme, proposal, or work	The formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3.	Annual Financial Statement	Referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.
4.	Appropriation	The amount authorised by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5.	Charged Expenditure	Such expenditure which is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6.	Consolidated Fund of India/ State	All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7.	Contingency Fund	It is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive/Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Parliament/State Legislature. The amount drawn from the Contingency Fund is recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8.	Controlling Officer (Budget)	An officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9.	Drawing and Disbursing Officer	Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function
10.	Excess Grant	Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularisation by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.
11.	Public Accounts	Means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
12.	Re-Appropriation	Means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
13.	Revised Estimate	An estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.

Sl. No.	Terms	Description
14.	Supplementary Demands for Grants	Means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorised in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
15.	Major Head	Means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.
16.	Sub-Major Head	Means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head
17.	Minor Head	Means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.
18.	Sub-Head	Means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
19.	Major Work	Means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
20.	Minor Work	Means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
21.	Modified Grant or Appropriation	Means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
22.	Supplementary or Additional Grant or Appropriation	Means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
23.	Schedule of New Expenditure	Means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.

Appendix-5.1
(Referred to in paragraph 5.3 Page 142)
List of State Public Sector Enterprises

Sr. No.	State Public Sector Enterprises	Remarks
Power Sector SPSEs		
1.	Uttarakhand Power Corporation Limited	Working
2.	Power Transmission Corporation of Uttarakhand Limited	Working
3.	UJVN Limited	Working
4.	Kishau Corporation Limited	Working
Other Sector SPSEs		
5.	Uttarakhand Bahuudeshiya Vitta Evam Vikas Nigam Limited	Working
6.	Kumaon Mandal Vikas Nigam Limited	Working
7.	Garhwal Mandal Vikas Nigam Limited	Working
8.	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	Working
9.	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited	Working
10.	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	Working
11.	Dehradun Smart City Limited	Working
12.	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	Working
13.	Uttarakhand Purv Sainik Kalyan Nigam Limited	Working
14.	Doiwala Sugar Company Limited	Working
15.	Kichha Sugar Company Limited	Working
16.	Uttarakhand Project Development and Construction Corporation Limited	Working
17.	Uttarakhand Seeds & Tarai Development Corporation Limited	Working
18.	Uttarakhand Parivahan Nigam	Working
19.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	Working
20.	Uttarakhand Forest Development Corporation	Working
21.	Uttarakhand State Warehousing Corporation	Working
22.	Eco-tourism Development Corporation of Uttarakhand Limited	Working
23.	NICDC Uttarakhand Industrial Township Limited	Working
24.	SIIDCUL Plastic Park Limited	Working
25.	Trans Cables Limited (Subsidiary of KMVN Limited)	Inactive
26.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of KMVN Limited)	Inactive
27.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of GMVN Limited)	Inactive- under liquidation
28.	Uttar Pradesh Hill Electronics Corporation Limited (HILTRON)	Inactive- under liquidation
29.	Kumtron Limited (Subsidiary of HILTRON)	Inactive- under liquidation
30.	Uttar Pradesh Hill Phone Limited (Subsidiary of HILTRON)	Inactive- under liquidation
31.	Uttar Pradesh Hill Quartz Limited (Subsidiary of HILTRON)	Inactive- under liquidation
32.	Uttar Pradesh Digital Limited under liquidation	Inactive- under liquidation
33.	UPAI	Inactive- under liquidation

Appendix-5.2

(Referred to in paragraph 5.3; page 142)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2023

(₹ in crore)

Sl. No.	Name of the SPSE	Period of accounts	Paid up Capital	Long Term Loans	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Finance Cost	Turn over	Capital employed	Net Worth	Accumulated Profit/ loss
A	Power Sector SPSE										
1	Uttarakhand Power Corporation Limited	2022-23	1529.91	1243.02	-1050.42	-1223.64	150.37	8554.30	-2515.14	-3758.16	-5288.07
2	Power Transmission Corporation of Uttarakhand Limited	2022-23	723.88	1074.63	109.31	17.12	82.31	372.68	2140.18	1065.55	341.67
3	UJVN Limited	2022-23	1396.50	2113.85	274.28	117.76	147.52	1009.51	4840.62	2726.77	1330.27
4	Kishau Corporation Limited	2021-22	10.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00	0.00
	Total of Power Sector (A)		3660.29	4431.50	-666.83	-1088.76	380.20	9936.49	4475.66	44.16	-3616.13
B	Other Sector SPSE										
5	Bridge, Ropeway, Tunnel and other Infrastructure Development Corporation of Uttarakhand Limited earlier known as Uttarakhand State Infrastructure Development Corporation Limited	2020-21	4.00	0.00	6.28	4.52	0.00	107.72	19.57	19.57	15.57
6	Doiwala Sugar Company Limited	2021-22	6.00	131.14	5.33	-16.59	21.92	99.92	-304.51	-435.65	-441.65
7	Kichha Sugar Company Limited	2021-22	17.99	119.32	38.61	20.26	18.35	207.40	-157.09	-276.41	-294.40
8	Uttarakhand Purv Sainik Kalyan Nigam Limited	2021-22	1.00	0.00	9.76	9.76	0.00	499.51	78.72	78.72	77.72
9	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	2022-23	0.10	0.00	-0.06	-0.06	0.00	0.00	-3.06	-3.06	-3.16
10	Dehradun Smart City Limited	2021-22	0.40	0.00	0.00	0.00	0.00	0.00	0.40	0.40	0.00
11	Uttarakhand Project Development and Construction Corporation Limited	2021-22	1.07	0.00	0.18	0.16	0.00	11.53	1.50	1.50	0.43
12	Uttarakhand Seeds & Tarai Development Corporation Limited	2020-21	4.08	10.00	4.98	2.57	1.85	33.15	-10.76	-20.76	-24.84
13	Kumaon Mandal Vikas Nigam Limited	2005-06	13.42	0.43	0.91	-1.51	1.21	100.49	13.18	12.75	-0.67

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Sl. No.	Name of the SPSE	Period of accounts	Paid up Capital	Long Term Loans	Net profit/ loss before dividend, interest & tax	Net profit/ loss after dividend, interest & tax	Finance Cost	Turn over	Capital employed	Net Worth	Accumulated Profit/ loss
14	Garhwal Mandal Vikas Nigam Limited	2016-17	6.64	9.79	-7.64	-7.93	0.29	192.36	29.24	19.45	12.81
15	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2017-18	28.50	196.15	20.65	5.91	6.95	16.77	622.88	426.73	398.23
16	Uttarakhand Bahudeshiya Vitta Evam Vikas Nigam Limited	2010-11	15.29	1.63	1.11	0.92	0.10	1.13	21.37	19.74	4.45
17	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2008-09	2.65	10.90	1.01	0.89	0.12	0.34	14.68	3.78	1.13
18	Uttarakhand Parivahan Nigam	2019-20	238.60	30.54	-3.87	-3.87	0.00	369.70	-262.58	-293.12	-531.72
19	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	0.00	75.47	-10.95	-19.30	8.35	152.00	-232.09	-307.56	-307.56
20	Uttarakhand Forest Development Corporation	2020-21	0.00	0.00	48.65	48.65	0.00	705.12	507.99	507.99	507.99
21	Uttarakhand State Warehousing Corporation	2018-19	0.37	0.00	5.81	3.68	0.00	16.26	26.64	26.64	26.27
22	SIIDCUL Plastic Park Limited (Accounts Not Received)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Ecotourism Development Corporation of Uttarakhand (Accounts not received)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	NICDC Uttarakhand Industrial Township Limited (Accounts Not Received)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total of Other Sector (B)		340.11	585.37	120.76	48.06	59.14	2513.40	366.08	-219.29	-559.40
	Grand Total (A+B)		4000.40	5016.87	-546.07	-1040.70	439.34	12449.89	4841.74	-175.13	-4175.53

Appendix-5.3
(Referred to in paragraph 5.7.3; page 148)
Statement showing State Government funds infused in SPSEs during the period from 2001-02 to 2022-23

(₹ in crore)

Sl. No.	1		2		3		4		5		6		7		8	
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
2000-01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.54	0.00	0.00	0.00	0.00	0.00
2001-02	5.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00
2002-03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
2003-04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004-05	0.00	0.00	29.30	0.00	139.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005-06	0.00	0.00	13.86	0.00	227.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006-07	0.00	0.00	22.56	0.00	97.42	0.00	0.00	0.00	0.00	0.00	0.00	-0.25	0.00	0.00	0.00	0.00
2007-08	0.00	0.00	38.95	0.00	190.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2008-09	0.00	0.00	19.70	0.00	52.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00
2009-10	572.00	0.00	49.81	0.00	73.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.95	0.00
2010-11	0.00	0.00	15.12	0.00	16.59	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	38.11	0.00	3.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00
2012-13	391.91	0.00	56.33	0.00	68.11	0.00	0.00	0.00	0.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	39.99	0.00	16.60	0.00	202.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014-15	68.00	0.00	95.15	0.00	8.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015-16	161.13	0.00	25.56	0.00	21.80	0.00	0.00	0.00	0.05	0.00	0.00	8.00	0.00	0.00	0.00	0.00
2016-17	46.00	0.00	37.00	0.00	47.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2017-18	22.00	0.00	15.83	0.00	15.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	122.88	0.00	47.00	0.00	23.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2019-20	16.00	0.00	44.00	0.00	73.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2020-21	30.00	0.00	70.00	0.00	42.59	0.00	4.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021-22	15.00	0.00	20.00	0.00	65.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022-23	40.00	0.00	69.00	0.00	23.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	1529.91	0.00	723.88	0.00	1396.50	0.00	5.00	0.00	1.07	0.00	17.54	8.75	6.00	0.00	4.00	0.00

Source: Information provided by SPSEs

Sl. No.	9		10		11		12		13		14		15		16	
Year	Uttarakhand Purv Sainik Kalyan Nigam Limited		Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Ltd.		Dehradun Smart City Limited		Uttarakhand Seeds and Tarai Development Corporation Ltd.		Kumaon Mandal Vikas Nigam		Garhwal Mandal Vikas Nigam		SIIDCUL		Uttarakhand Bahudeshiya Vitta Evam Vikas Nigam Limited	
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL
2000-01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.42	0.00	6.79	0.00	0.00	0.00	0.00	0.00
2001-02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.20
2002-03	0.00	0.00	0.00	0.00	0.00	0.00	1.20	0.00	0.00	0.79	0.00	0.00	16.00	0.00	1.10	0.00
2003-04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	1.68	0.00
2004-05	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.71	0.00
2005-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.47	0.00	0.00	0.00	0.00	0.76	0.00
2006-07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.22	0.00
2007-08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.92	0.00	0.00	0.00	0.00	1.22	0.00
2008-09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.49	0.00	0.00	0.00	0.00	0.00	0.00
2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2010-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.41	0.00	0.00	0.00	0.00	1.22	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.11	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.11	0.00
2014-15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.71	0.00
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.00
2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.15	0.00	0.00	0.00	0.00	0.00
2017-18	0.00	0.00	0.10	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.02	0.00
2019-20	0.00	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2021-22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022-23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	1.00	0.00	0.10	0.00	0.20	0.00	1.20	0.00	13.42	16.08	6.64	0.00	26.00	0.00	17.46	0.00

Sl. No.	17		18		19		20		21		Total		Grand Total
Year	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam		Eco Tourism Development Corporation of Uttarakhand Ltd.		Uttarakhand Parivahan Nigam		Uttarakhand State Warehousing Corporation		Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam		Equity	IFL	
	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	Equity	IFL	
2000-01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37.75	0.00	37.75
2001-02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.20	0.00	18.20
2002-03	0.00	0.00	0.00	0.00	0.00	1.93	0.00	0.00	0.00	0.00	18.30	3.72	22.02
2003-04	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00	14.68	0.00	14.68
2004-05	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	195.37	0.00	195.37
2005-06	1.50	0.00	0.00	0.00	20.00	4.25	0.00	0.00	0.00	0.00	263.90	9.72	273.62
2006-07	0.15	0.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00	0.00	144.35	-0.25	144.10
2007-08	1.00	0.00	0.00	0.00	1.00	19.50	0.00	0.00	0.00	0.00	232.42	23.42	255.84
2008-09	0.00	0.00	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.00	73.58	5.49	79.07
2009-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	697.83	0.00	697.83
2010-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.78	0.00	31.78
2011-12	0.00	0.00	0.00	0.00	0.00	100.11	0.00	0.00	0.00	0.00	44.00	100.52	144.52
2012-13	0.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	518.41	25.00	543.41
2013-14	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	259.91	10.00	269.91
2014-15	0.00	0.00	0.00	0.00	158.86	1.00	0.00	0.00	0.00	0.00	330.82	1.00	331.82
2015-16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	208.94	8.00	216.94
2016-17	0.00	0.00	0.05	0.00	0.00	0.00	0.19	0.00	0.00	0.00	130.10	0.00	130.10
2017-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53.15	0.00	53.15
2018-19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	194.03	0.00	194.03
2019-20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	133.34	0.00	133.34
2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147.58	0.00	147.58
2021-22	6.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	107.81	0.00	107.81
2022-23	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	133.27	0.00	133.27
Total	10.00	0.00	0.05	0.00	229.36	161.79	0.19	0.00	0.00	0.00	3989.52	186.62	4176.14

Appendix-5.4

(Referred to in paragraph 5.8.2; page 150)

Details of SPSEs have accumulated losses as per their latest finalised accounts

(₹ in crore)

Sl. No.	Name of the SPSE	Period of Accounts	Year in which finalised	Capital as per finalised account	Loan as per finalised account	Net profit/loss after dividend, interest & tax	Capital employed	Net Worth	Accumulated Profit/loss
A Government Companies									
1	Uttarakhand Power Corporation Limited	2022-23	2023-24	1529.91	1243.02	-1223.64	-2515.14	-3758.16	-5288.07
2	Doiwala Sugar Company Limited	2021-22	2022-23	6.00	131.14	-16.59	-304.51	-435.65	-441.65
3	Kichha Sugar Company Limited	2021-22	2022-23	17.99	119.32	20.26	-157.09	-276.41	-294.40
4	Uttarakhand Metro Rail, Urban Infrastructure & Building Construction Corporation Limited	2022-23	2023-24	0.10	0.00	-0.06	-3.06	-3.06	-3.16
5	Uttarakhand Seeds & Tarai Development Corporation Limited	2020-21	2021-22	4.08	10.00	2.57	-10.76	-20.76	-24.84
6	Kumaon Mandal Vikas Nigam Limited	2005-06	2016-17	13.42	0.43	-1.51	13.18	12.75	-0.67
	Total of Government Companies (A)			1571.50	1503.91	-1218.97	-2977.38	-4481.29	-6052.79
Statutory Corporation									
7	Uttarakhand Parivahan Nigam	2019-20	2023-24	238.60	30.54	-3.87	-262.58	-293.12	-531.72
8	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2021-22	2022-23	0.00	75.47	-19.30	-232.09	-307.56	-307.56
	Total of Statutory Corporation (B)			238.60	106.01	-23.17	-494.67	-600.68	-839.28
	Grand Total (A+B)			1810.10	1609.92	-1242.14	-3472.05	-5081.97	-6892.07

Appendix-5.5
(Referred to in paragraph 5.11.2 Page 152)
Information regarding accounts in arrear of State Public Sector Enterprises

Sl. No.	Name of Company	Year for which Accounts are in arrear	No of Accounts in arrear	Status of Company
1	Dehradun Smart City Limited	2022-23	01	Working
2	Uttarakhand Purv Sainik Kalyan Nigam Limited	2022-23	01	Working
3	Doiwala Sugar Company Limited	2022-23	01	Working
4	Kichha Sugar Company Limited	2022-23	01	Working
5	Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Limited	2021-22 to 2022-23	02	Working
6	Uttarakhand Project Development and Construction Corporation Limited	2022-23	01	Working
7	Uttarakhand Seeds & Tarai Development Corporation Limited	2022-23	01	Working
8	State Infrastructure and Industrial Development Corporation of Uttarakhand Limited	2018-19 to 2022-23	05	Working
9	Garhwal Mandal Vikas Nigam Limited	2017-18 to 2022-23	06	Working
10	Kumaon Mandal Vikas Nigam Limited	2006-07 to 2022-23	17	Working
11	Uttarakhand Bahuudeshiya Vitta Evam Vikas Nigam Limited	2012-13 to 2022-23	11	Working
12	Uttarakhand Alpsankhyak Kalyan Tatha Wakf Vikas Nigam	2009-10 to 2022-23	14	Working
13	SIIDCUL Plastic Park Limited	2020-21 to 2022-23	3	Working
14	Ecotourism Development Corporation of Uttarakhand Limited	2017-18 to 2022-23	6	Working
15	NICDC Uttarakhand Industrial Township Limited	2022-23	1	Working
	Total		71	
16	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of KMVN Limited)	1987-88 to 2022-23	36	Non-Working
17	Trans cables Limited (Subsidiary of KMVN Limited)	2001 to 2002-23	23	Non-Working
	Total		59	
	Under liquidation State Public Sector Undertaking			
18	Uttar Pradesh Hill Electronics Corporation Limited	2014-15 to 2022-23	09	
19	Kumtron Limited (Subsidiary of HILTRON)	1990-91 to 2022-23	33	
20	Uttar Pradesh Hill Phone Limited (Subsidiary of HILTRON)	1987-88 to 2022-23	36	
21	Uttar Pradesh Hill Quartz Limited (Subsidiary of HILTRON)	1989-90 to 2022-23	34	
22	Uttar Pradesh Digitals Limited (Subsidiary of KMVN Limited)	1997-98 to 2022-23	26	
23	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of GMVN Limited)	2009-10 to 2022-23	14	
24	UPAI	-		
	Total		152	

Appendix-5.6
(Referred to in paragraph 5.13.2 Page 154)
Impact of the Comments on the Profitability of Government Companies

Sl. No.	Name of the Company	Comments
1	UJVN Limited (2022-23)	<ul style="list-style-type: none"> The Company did not provide for an amount of ₹ 29.51 crore being payable to UPCL and HPCL in compliance of the tariff order of Uttarakhand Electricity Regulatory Commission issued on 30 March 2023. This resulted in understatement of Other Current Liabilities and Operating and Direct Expenses by ₹ 29.51 crore. Consequently, Profit for the year was overstated to the same extent.
2	UPCL (2022-23)	<ul style="list-style-type: none"> Non-accounting of supplementary bills of ₹ 12.54 crore raised by National Hydroelectric Power Corporation Limited for the period 2014-15 to 2022-23 resulted in understatement of Purchase Cost of Electricity and Current Liabilities by ₹ 12.54 crore, each. Consequently, the loss for the year was also understated to the same extent. The Company has not booked ₹ 15.21 crore as provision for compensation payable to consumers on account of non-compliance of Regulations of Standard of Performance, 2007 issued by Uttarakhand Electricity Regulatory Commission (UERC). This resulted in understatement of Current Liabilities and Other Administrative Expenses by ₹ 15.21 crore, each. Consequently, Loss for the year was also understated to the same extent.
3	Doiwala Sugar Company Ltd. (2021-22)	<ul style="list-style-type: none"> The Company had not provided for ₹ 0.86 crore being the amount of guarantee fee payable to the Government of Uttarakhand (GoU) on account of Cash Credit Limit. This resulted in understatement of 'Short-Term Provisions' as well as 'Loss' for the year by ₹ 0.86 crore.
4	Kichha Sugar Company Ltd. (2021-22)	<ul style="list-style-type: none"> The Company had short provided ₹ 0.33 crore being the amount of guarantee fee payable to the Government of Uttarakhand (GoU) on account of Cash Credit Limit. This resulted in understatement of 'Short-Term Provisions' as well as 'Loss' for the year by ₹ 0.33 crore.

Appendix-5.7
(Referred to in paragraph 5.13.2 Page 154)
Impact of the Comments on Financial Position of Government Companies

Sl. No.	Name of the Company	Comments
1.	UJVN Limited (2022-23)	<ul style="list-style-type: none"> The Company has not booked ₹ 16.05 crore payable to the contractors on account of balance works of Vyasi Project, which resulted in understatement of Other Current Liabilities as well as Property, Plant and Equipment by ₹ 16.05 crore.
2	UPCL (2022-23)	<ul style="list-style-type: none"> The scrap/damaged material amounting to ₹ 1.27 crore was included in Capital Inventory. Provision for diminution in value of this Inventory was not made in the accounts. This resulted in overstatement of Capital Inventory and understatement of Provision for diminution in value of Inventory by ₹ 1.27 crore, each. Consequently, Loss for the year was also understated to the same extent.
3	PTCUL (2022-23)	<ul style="list-style-type: none"> The inclusion of ₹ 84.11 crore being the cost of 220 KV Gas Insulated Substation at Baram in Property, Plant and Equipment which was not commissioned as on 31 March 2023, was against the Significant Accounting Policy of the Company. The same should have been accounted as Capital Work in Progress. Further, depreciation of ₹ 2.29 crore was also charged. This resulted in overstatement of Property, Plant and Equipment by ₹ 81.82 crore and depreciation by ₹ 2.29 crore and understatement of Capital Work in Progress by ₹ 84.11 crore. Consequently, Profit for the year was also understated by ₹ 2.29 crore. Non-accounting of Price Variation bills of ₹ 36.52 crore pertaining to the works of four projects executed prior to 31 March 2023 resulted in understatement of Provision by ₹ 36.52 crore, Capital Work in Progress by ₹ 27.90 crore, Property, Plant and Equipment by ₹ 8.18 crore and Depreciation by ₹ 44 lakh. Consequently, this also resulted in overstatement of Profit for the year by ₹ 44 lakh.
4	Dehradun Smart City Limited (2021-22)	<ul style="list-style-type: none"> The Company has not booked an expenditure of ₹ 8.56 crore pertaining to Doon Integrated Command and Control Centre (DICCC) Project. This resulted in understatement of Capital Work in Progress and Other Long-Term Liabilities (unutilised Grant) by ₹ 8.56 crore, each. The depiction of grant utilised for the completed works of Smart Schools and Digitisation of Collectorate office as unutilised grant resulted in overstatement of 'Other Long-Term Liabilities' (unutilised Grant) as well as Capital Work in Progress by ₹ 3.83 crore, each.

Appendix-5.8

(Referred to in paragraph 5.13.3 Page 154)

Impact of the Comments on the profitability and financial position of Statutory Corporations

Uttarakhand Transport Corporation (2019-20)

- The Corporation booked salary & wages of drivers & conductors, incentive *etc.* amounting to ₹ 8.05 crore in the Passenger Amenity Fund instead of charging the same to the Profit and Loss account. This resulted in understatement of Passenger Amenity Fund and Operating Expenses by ₹ 8.05 crore, each. Consequently, Loss for the year has also been understated by ₹ 8.05 crore.
- The Cash Balance of Corporation does not include ₹ 2.37 crore being amount realised from forfeited Bank Guarantee (₹ 1.00 crore) and Auto Sweep Bank Account (₹ 0.97 crore) and Tax Deducted at Source (₹ 0.40 crore) wrongly reduced from FD balance instead of booking against respective account. This resulted in understatement of Cash with Treasuries (FD) by ₹ 2.37 crore, Other Income by ₹ 1.00 crore, Current Liabilities by ₹ 0.40 crore and overstatement of Cash with Bank by ₹ 0.97 crore. Consequently, Loss for the year has also been overstated by ₹ 1.00 crore.
- Balance amount of the subsidy claim of ₹ 77.94 crore for losses on account of operating buses in hilly areas receivable from GoU was not accounted for in books of accounts. This resulted in understatement of Sundry Debtors (Government Department) and understatement of Income by ₹ 77.94 crore, each. Consequently, Loss for the year has also been overstated to the same extent.
- The claim of ₹ 4.78 crore receivable for reimbursement against concession provided to special category passengers was incorrectly booked as Current Liability instead of Income in accounts. This resulted in overstatement of Current Liabilities and understatement of Other Income by ₹ 4.78 crore, each. Consequently, Loss for the year has also been overstated to the same extent.

Uttarakhand Forest Development Corporation (2020-21)

- Non-inclusion of dead rent amounting to ₹ 14.87 crore (including interest amounting to ₹ 3.60 crore) payable to the Mining Department for the year 2019-20 and 2020-21 resulted in understatement of expenses payable and overstatement of profit by ₹ 14.87 crore.
- The Construction- in -progress included completed works of boundary wall amounting to ₹ 7.00 crore. The same should have been capitalised & depreciated. For the same works, bills amounting to ₹ 0.59 crore were also due for payment as on 31 March 2021 which were not accounted for. This resulted in understatement of

Building by ₹ 7.59 crore and overstatement of Construction-in-progress by ₹ 7.00 crore and understatement of Current Liabilities by ₹ 0.59 crore. Further, non-charging of depreciation on the said building also resulted in overstatement of Building as well as Profit by ₹ 1.10 crore.

- The Corporation has not provided for ₹ 1.99 crore being recovery against shortage of material from the employees retired long back. This has resulted in overstatement of Shortage of material- under investigation, as well as Profit and understatement of Provision by ₹ 1.99 crore.

Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (2021-22)

- The Nigam has not provided for interest of ₹ 50.42 crore payable on loan taken from Government of Uttarakhand (GoU) during the period 2002-03 to 2008-09. This resulted in understatement of Current Liabilities and Interest expenditure by ₹ 50.42 crore, each. Consequently, deficit for the year was also understated by the same extent.
- Non-accounting of running bills of ₹ 42.04 crore payable to the contractors against the works executed during the year 2021-22 has resulted in understatement of Current Liabilities & Provisions as well as Work-in-Progress by ₹ 42.04 crore, each.
- The Nigam failed to adjust the completed works amounting to ₹ 129.55 crore, which were handed over to the various Agencies/Departments. This resulted in overstatement of Work in Progress as well as Capital Grant from Government by ₹ 129.55 crore, each.

Appendix-6.1
Glossary of terms

Sl. No.	Terms	Description
1.	State Implementing Agency	State Implementing Agency includes any Organisations/Institutions including Non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State Implementation Society for SSA and State Health Mission for NRHM etc.
2.	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
3.	Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of 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>
4.	Internal Debt	Comprising mainly Market Loans and Special Securities issued to the National Small Savings Fund (NSS) by the State Government.
5.	Core Public and Merit goods	<i>Core public goods</i> are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. <i>Merit goods</i> are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation etc.
6.	Development Expenditure	The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised 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.
7.	Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a current debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
8.	Debt Stabilisation	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be current or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.
9.	Sufficiency of Non-debt receipts (Resource Gap)	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

Sl. No.	Terms	Description
10.	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.
11.	Non debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
12.	Net Debt Available	Excess of Public Debt receipts and Loans and Advances receipt over Public Debt repayment, Loans and Advances Disbursements and Interest Payment on Public debt.

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