

Paragraph	Table of Contents		Page
Preface			vii
<b>CHAPTER I: OVERVIEW</b>			
1.1		Profile of the State	1
	1.1.1	Gross State Domestic Product of the State	1
1.2		Basis and Approach to State Finances Audit Report	3
1.3		Report Structure	4
1.4		Overview of State Government Account Structure and Budgetary Processes	5
	1.4.1	Snapshot of Finances	8
	1.4.2	Snapshot of Assets and Liabilities of the Government	9
	1.4.3	Functioning of State Public Sector Undertakings	10
	1.4.3.1	Turnover of PSUs vis-à-vis GSDP	10
	1.4.3.2	Investment in State PSUs	11
	1.4.3.3	Budgetary Support to State PSUs	11
1.5		Fiscal Balance: Achievement of deficit and total debt targets	13
1.6		Deficits after examination of audit	16
<b>CHAPTER II: FINANCES OF THE STATE</b>			
2.1		Major changes in Key fiscal aggregates during 2019-20 vis-à-vis 2018-19	17
2.2		Sources and Application of Funds	18
2.3		Resources of the State	19
	2.3.1	Receipts of the State	20
	2.3.2	State's Revenue Receipts	20
	2.3.2.1	Trends and growth of Revenue Receipts	21
	2.3.2.2	State's Own Resources	23
	2.3.2.3	Transfers from the Centre	26
	2.3.3	Capital receipts	31
	2.3.4	State's performance in mobilization of resources	31
2.4		Application of resources	32
	2.4.1	Growth and composition of expenditure	32
	2.4.2	Revenue Expenditure	34
	2.4.2.1	Major changes in Revenue Expenditure	35
	2.4.2.2	Committed expenditure	35
	2.4.2.3	Undischarged liabilities in National Pension System	36
	2.4.2.4	Subsidies	37
	2.4.2.5	Financial Assistance by the State Government to Local Bodies and Other Institutions	38
	2.4.3	Capital Expenditure	39
	2.4.3.1	Major changes in Capital Expenditure	39
	2.4.3.2	Quality of capital expenditure	40
	2.4.4	Investment of State PSUs	43
	2.4.4.1	Return on Investment	43
	2.4.4.2	Return on Investment on the basis of historical cost of investment	45
	2.4.4.3	Return on Investment on the basis of Present Value of Investment	46
	2.4.4.4	PSU wise position of State Government investment	47
	2.4.4.5	Erosion of Net worth	49

*Table of Contents*

Paragraph	Table of Contents	Page
	2.4.4.6 Dividend Payout	50
	2.4.4.7 Return on Equity	50
	2.4.4.8 Return on Capital Employed	51
	2.4.4.9 Analysis of Long Term Loans of the PSUs	51
	2.4.4.10 Interest Coverage Ratio	51
	2.4.4.11 Debt Turnover Ratio	52
	2.4.4.12 Winding up of inactive State PSUs	52
	2.4.5 Expenditure priorities	53
	2.4.5.1 Object head-wise expenditure	54
2.5	Public Account	54
	2.5.1 Net Public Account Balances	54
	2.5.2 Reserve Funds	55
	2.5.2.1 Consolidated Sinking Fund	56
	2.5.2.2 State Disaster Response Fund	56
	2.5.2.3 Guarantee Redemption Fund	57
2.6	Debt Management	58
	2.6.1 Debt profile: Components	58
	2.6.2 Debt profile: Maturity and Repayment	63
2.7	Debt Sustainability Analysis	64
	2.7.1 Utilisation of borrowed funds	67
	2.7.2 Status of Guarantees – Contingent Liabilities	68
	2.7.3 Management of Cash Balances	70
2.8	Conclusion	72
2.9	Recommendations	73
<b>CHAPTER III: BUDGETARY MANAGEMENT</b>		
3.1	Budget Process	75
	3.1.1 Summary of total provisions, actual disbursements and savings during financial year	76
	3.1.2 Charged and voted disbursement	77
3.2	Appropriation Accounts	77
3.3	Comments on integrity of budgetary and accounting process	78
	3.3.1 Unnecessary or Excessive Supplementary Grants	78
	3.3.2 Advances from Contingency Fund	78
	3.3.3 Re-appropriations undertaken require prior Legislative authorisation	79
	3.3.4 Excessive or Unnecessary Re-appropriation	80
	3.3.5 Unspent amount and surrendered appropriations and/or huge Savings/Surrenders	80
	3.3.5.1 Persistent Savings	82
	3.3.5.2 Grants with “Nil” expenditure	82
	3.3.6 Excess expenditure and its regularization	83
	3.3.6.1 Excess expenditure relating to 2019-20	83
	3.3.6.2 Regularisation of excess expenditure of previous financial years	84
	3.3.6.3 Persistent Excess in certain Grants	85
	3.3.7 Grant-in-aid for creation of capital assets	85
3.4	Comments on transparency of Budgetary and Accounting process	86

Paragraph	Table of Contents	Page
3.4.1	Lump Sum Budgetary provisions	86
3.5	Comments on effectiveness of Budgetary and Accounting process	87
3.5.1	Budget projection and gap between expectation and actual	87
3.5.2	Financial power being flouted –in relation to re-appropriation	89
3.5.2.1	Flow of expenditure	89
3.5.3	Review of selected grants	90
3.5.3.1	Budget and Expenditure	91
3.5.3.2	Substantial savings under Sub-heads	92
3.5.3.3	Surrender of entire provision	93
3.5.3.4	Drawals of huge amounts (above ₹ 50 lakhs) during February and March 2020 to avoid lapse of Grant I-03	94
3.5.3.5	Persistent savings	95
3.6	Conclusion	95
3.7	Recommendations	95
<b>CHAPTER IV: QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES</b>		
4.1	Funds outside Consolidated Fund or Public Account of the State	97
4.2	Non-discharge of liability in respect of interest towards interest bearing deposits	98
4.3	Funds transferred directly to State implementing agencies	98
4.4	Delay in submission of Utilisation Certificates	100
4.4.1	Recording of Grantee Institution as “Others”	101
4.5	Abstract Contingent bills	101
4.6	Personal Deposit Accounts	102
4.6.1	Inoperative Personal Deposit Accounts	103
4.7	Indiscriminate use of Minor head 800	103
4.8	Outstanding balance under major Suspense and DDR heads	105
4.9	Non-reconciliation of Departmental figures	107
4.9.1	Non –reconciliation of PSU figures with Finance Accounts	108
4.10	Reconciliation of Cash Balances	108
4.11	Compliance with Accounting Standards	108
4.12	Submission of Accounts/Separate Audit Reports of Autonomous Bodies	109
4.13	Departmental Commercial Undertakings/Corporations/Companies	111
4.13.1	Submission of accounts by State PSUs	112
4.14	Non-submission of details of grants/loans given to bodies and authorities	113
4.15	Timeliness and Quality of Accounts	114
4.16	Misappropriations, losses, thefts, etc	115
4.17	Comment on Accounts of State PSUs	115
4.18	Follow up action on State Finances Audit Report	116
4.19	Conclusions	116
4.20	Recommendations	117

*Table of Contents*

	<b>Appendices</b>	<b>Reference to Paragraph</b>	<b>Page</b>
1.1	Time Series Data on State Government Finances	1.4.1	119
1.2	Compounded Annual Growth rate of Financial Parameters	1.4.1	122
1.3	Position of equity and outstanding loans relating to State Public Sector Undertakings as on 31 March 2020	1.4.3.2, 2.4.4, 2.4.4.2	123
2.1	Summarized financial results of State Public Sector Undertakings for the latest year for which accounts were finalized	2.4.4, 2.4.4.1, 2.4.4.5	129
2.2	Details of Inactive Companies	2.4.4.12	134
3.1	Glossary of important Budget related terms	3.1	135
3.2	Grants/Appropriations closed with excess supplementary provisions during 2019-20	3.3.1	137
3.3	Unnecessary re-appropriation of Funds above ₹ 10 crore during 2019-20	3.3.4, 3.3.6.3	139
3.4	Grants/Appropriations which closed with savings of more than ₹ 10 crore each and more than 20 per cent of the total provisions	3.3.5	140
3.5	Grants/Appropriations having large savings (above ₹ 100 crore) during the year 2019-20	3.3.5	143
3.6	Grants which closed with savings of more than ₹ 100 crore persistently during 2015-16 to 2019-20	3.3.5.1	146
3.7	Excess expenditure remaining un-regularized	3.3.6.2	148
3.8	Sub-head wise persistent excess over provision	3.3.6.3	149
3.9	Rush of expenditure during the last quarter and last month of 2019-20	3.5.2.1	152
4.1	Department-wise breakup of outstanding utilisation certificates	4.4	154
4.2	Details of pending Detailed Contingent Bills up to 2019-20	4.5	155
4.3	Delay in submission of Accounts/Audit Reports by Autonomous Bodies	4.12	156
4.4	Status of finalisation of Accounts and Government investments in Departmentally managed Commercial and Quasi-Commercial Undertakings	4.13	160
4.5	Statement showing position of State Government investments in working State PSUs, Accounts of which are in arrears	4.13.1	162
4.6	Department-wise/category-wise details of losses to Government due to theft, misappropriation/loss of Government material	4.16	164