



सत्यमेव जयते

ACCOUNTS AT A GLANCE 2016-17



GOVERNMENT OF TAMIL NADU

ACCOUNTS AT A GLANCE

FOR THE YEAR 2016-17



GOVERNMENT OF TAMIL NADU

PREFACE

This is the nineteenth issue of our annual publication **“Accounts At A Glance”**.

The Annual Accounts (Finance Accounts and Appropriation Accounts) of the Government of Tamil Nadu are prepared under the directions of Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971, for being laid on the table of the Legislature of the State.

“Accounts At A Glance” provides a broad overview of Governmental activities, as reflected in Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs. It has been our endeavour to rely on the figures in the certified Finance Accounts and Appropriation Accounts. In case of any doubt, the figures in the certified annual accounts should be referred to.

We look forward to the readers’ views and suggestions that would help us in further improving the publication.

(ARUN GOYAL)
ACCOUNTANT GENERAL
(ACCOUNTS & ENTITLEMENTS)

Place: Chennai-18

Date:

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OVERVIEW

1.1. Introduction

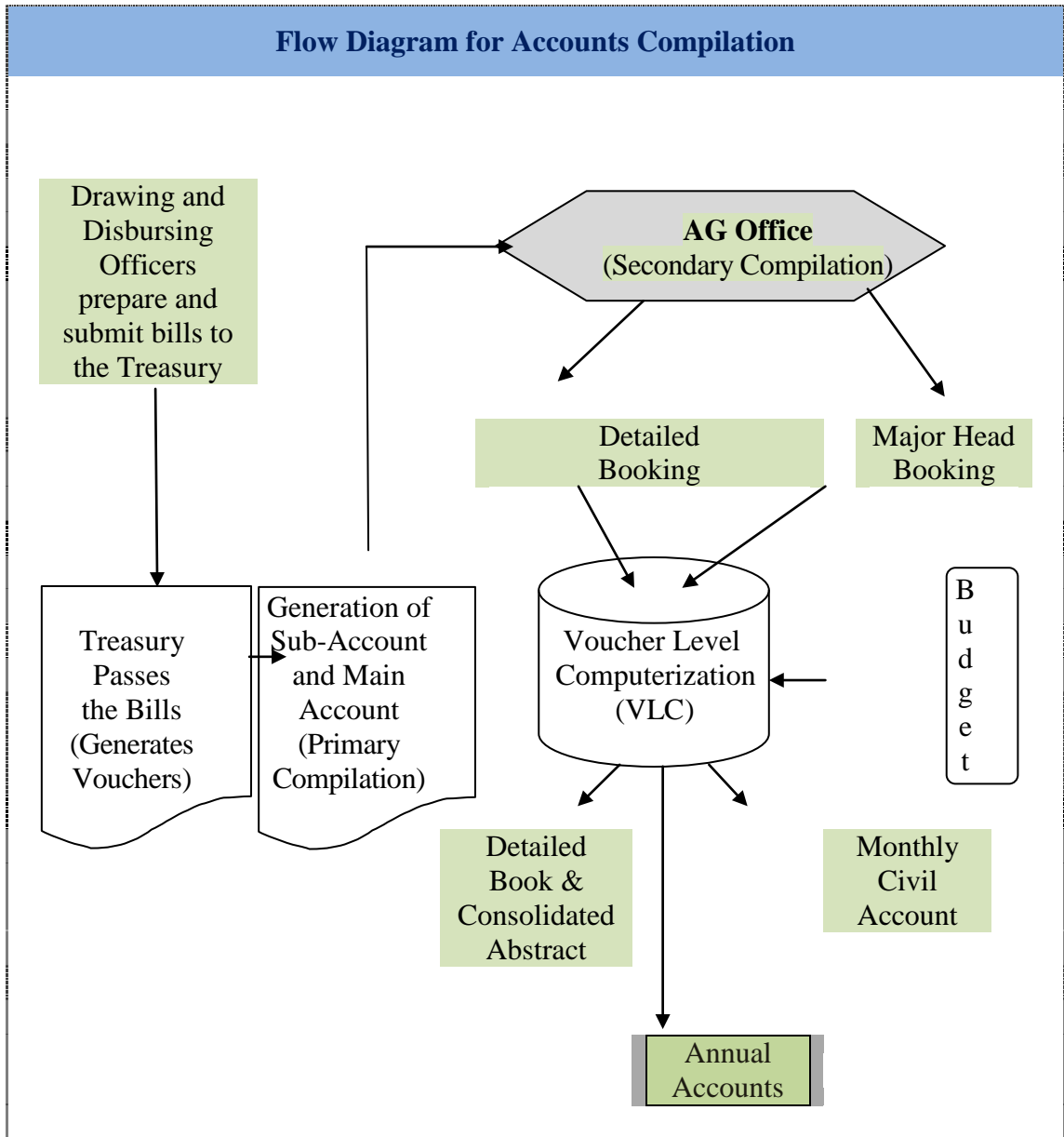
The Accountant General (Accounts and Entitlements), Tamil Nadu compiles the accounts of receipts and expenditure of the Government of Tamil Nadu. This compilation is based on initial accounts rendered by 32 District Treasuries, 09 Pay and Accounts Offices, 01 Pension Pay Office, Inter State transactions and advices of the Reserve Bank of India. The receipts and payments in respect of Public Works and Forest Divisions have been linked with treasuries since April 2016; hence, the accounts of Public Works and Forest Divisions have been compiled and rendered by treasuries. Following such compilation, the Accountant General (A&E) prepares the Finance Accounts and Appropriation Accounts annually, which are placed before the State Legislature after audit by the Principal Accountant General (General and Social Sector Audit) Tamil Nadu and certification by the Comptroller and Auditor General of India.

1.2. Structure of Accounts

1.2.1. Government Accounts are maintained in the following three parts:

Part I Consolidated Fund	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans & Advances.
Part II Contingency Fund	Intended to meet unforeseen expenditure not provided for in the budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
Part III Public Account	Comprises of Debts, Deposits, Advances, Remittances and Suspense transactions. Debts and Deposits represent repayable liabilities of the Government. Advances are receivables of the Government. Remittances and Suspense transactions are adjusting entries that are required to be cleared eventually by booking to final heads of account.

1.2.2. Compilation of Accounts



1.3. Finance Accounts and Appropriation Accounts

1.3.1. Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. The Finance Accounts have been prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarised statements of receipts & disbursements (revenue expenditure, capital expenditure, loans and advances and public debt), investments, guarantees, grants-in-aid and 'Notes to Accounts' containing summary of significant accounting policies, quality of accounts and other items; Volume II contains detailed statements (Part-I) and appendices (Part-II).

Receipts and disbursements of the Government of Tamil Nadu as depicted in the Finance Accounts 2016-17 are given below:-

(₹ in crore)			
Receipts (Total: 1,99,951)	Revenue (Total: 1,40,231)	Tax Revenue	1,10,479
		Non-tax Revenue	9,914
		Grants-in-aid	19,838
	Capital (Total:59,720)	Misc. Capital Receipts	1
		Recovery of Loans and Advances	3,548
		Borrowings and other Liabilities*	56,171
Disbursements (Total: 1,99,951)	Revenue	1,53,195	
	Capital	20,709	
	Loans and Advances	26,047	

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

In spite of the Government of India decision to release all assistance under CSS /ACA to the State Government and not to implementing agencies, Government of India continued to release funds to the implementing agencies. During 2016-17, ₹ 5694 crore was released which constitutes increase of 45.44 *per cent* over the amount released directly to implementing agencies in 2015-16. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts. Majority of direct transfers, during 2016-17, were made to Chennai Metro Rail Corporation (₹ 1,585.01 crore) & MGNREGA (₹ 1,349.25 crore).

1.3.2. Appropriation Accounts

The Appropriation Accounts supplement the Finance Accounts. They depict the expenditure of the State Government against amounts 'charged' on the Consolidated Fund or 'voted' by the State Legislature. There are 2 charged Appropriations and 54 voted Grants.

The Appropriation Act, 2016-17 had provisions for gross expenditure of ₹ 2,33,667 crore and reduction of expenditure (recoveries) of ₹ 2,046 crore. Against this, the actual gross expenditure was ₹ 2,11,642 crore and reduction of expenditure was ₹ 3,491 crore, resulting in under spending of ₹ 20,580 crore and under estimation of ₹ 1,445 crore on reduction of expenditure.

The Government of Tamil Nadu does not follow the system of drawal of Abstract Contingency (AC) bills in emergent situations followed by submission of Detailed Contingency (DC) bills, as is the practice in other States. Instead, the Drawing and Disbursing Officers (DDOs) have been empowered to draw Temporary Advances under Article 99 of Tamil Nadu Financial Code, Volume I. Accordingly, it is mandate on the part of DDOs to submit adjustment bills within three months from the date of drawal of such advances. Treasuries/PAOs monitor the settlement of adjustment bills against the Temporary Advances drawn and to report to the Accountant General every quarter regarding the outstanding Temporary Advances. However, there are 452 Nos. of outstanding Temporary Advances amounting to ₹183.86 crore remaining unadjusted as on 31 March 2017 as reported by the Commissioner of Treasuries and Accounts. The details, with year-wise break up of pendency are stated below.

(₹ in crore)

Period of pendency	No. of Items	Amount
More than 10 years	14	1.63
More than 5 years and less than 10 years	23	7.02
More than 1 year and less than 5 years	69	106.36
Less than 1 year	346	68.85
Total	452	183.86

Non-adjustment of outstanding advances beyond the stipulated time indicates lack of adequate financial controls and transparency in the management of the temporary advances.

1.4. Sources and Application of Funds

1.4.1. Ways and Means Advances

The Reserve Bank of India (RBI) extends the facility of Ways and Means Advances (WMA) to enable State Governments to maintain their liquidity. Overdraft (OD) facilities are provided when there is a shortfall in the agreed minimum cash balance (₹ 3.25 crore) maintained with the RBI. During 2016-17, the Government of Tamil Nadu did not resort to OD facilities and WMA.

1.4.2. Funds Flow Statement

The State had a revenue deficit of ₹ 12,964 crore which represents 1.0 *per cent* of the Gross State Domestic Product (GSDP)¹. The fiscal deficit of ₹ 56,171 crore (including UDAY ₹ 22,815 crore) worked out 4.3 *per cent* of the Gross State Domestic Product (GSDP)² and 28.09 *per cent* of total expenditure. The fiscal deficit was met from Public Debt (₹ 66,143 crore) and net decrease in Public Account (₹ 2,042 crore) and cash balance (₹ 251 crore). Around 57.69 *per cent* of the revenue receipts (₹ 1,40,231 crore) of the State Government was spent on committed expenditure (₹ 80,901 crore) like salaries (₹ 16,148 crore), interest payments (₹ 20,533 crore), pensions (₹ 19,275 crore), subsidies (₹ 16,092 crore), grants-in-aid (salary) (₹ 6,088 crore), social security and other pension (₹ 2,719 crore) and wages (₹ 46 crore).

¹ Except where indicated otherwise, GSDP figures used in this publication are adopted from the Economic Survey of the Planning Department, Government of India and as communicated by the Economic Adviser, O/o the Comptroller and Auditor General of India. GSDP - ₹12,98,511 crore.

Sources and Application of Funds

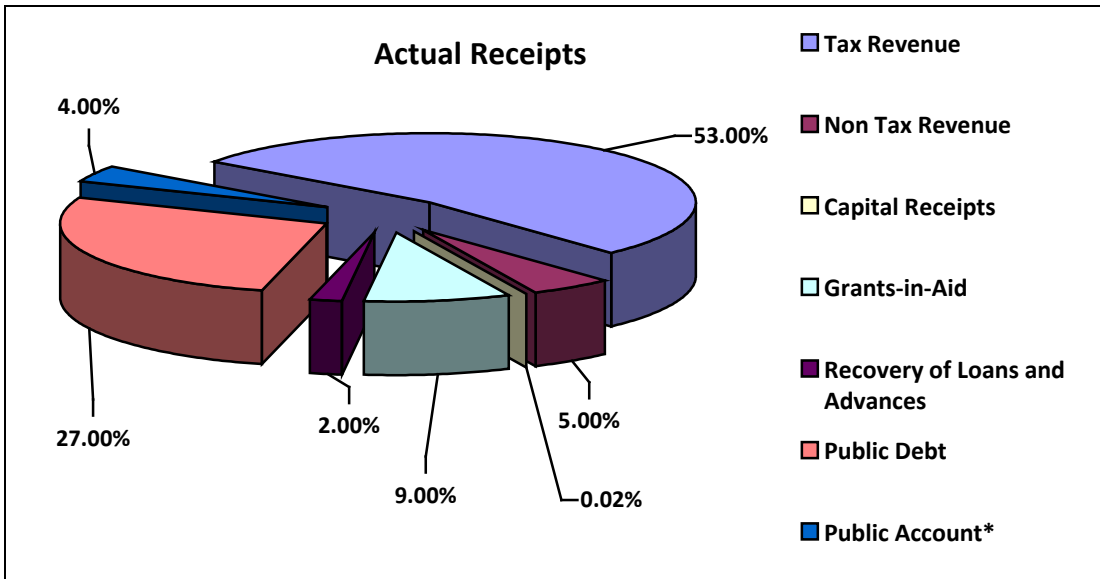
(₹ in crore)

	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2016	(-)38
	Revenue Receipts	1,40,231
	Capital Receipts	1
	Recovery of Loans and Advances	3,548
	Public Debt	66,143
SOURCES	Small Savings, Provident Fund and Others	8,107
	Reserve Funds	4,553
	Deposits Received	73,101
	Civil Advances Repaid	..
	Suspense Account*	4,36,684
	Remittances	19
	Contingency Fund	19
	TOTAL	7,32,368

	PARTICULARS	AMOUNT
	Revenue Expenditure	1,53,195
	Capital Expenditure	20,709
	Loans Given	26,047
	Repayment of Public Debt	8,200
	Small Savings, Provident Fund and Others	5,752
APPLICATION	Reserve Funds	4,515
	Deposits Spent	73,073
	Civil Advances Given	..
	Suspense Account*	4,40,199
	Remittances	967
	Closing Cash Balance as on 31.03.2017	(-) 289
	TOTAL	7,32,368

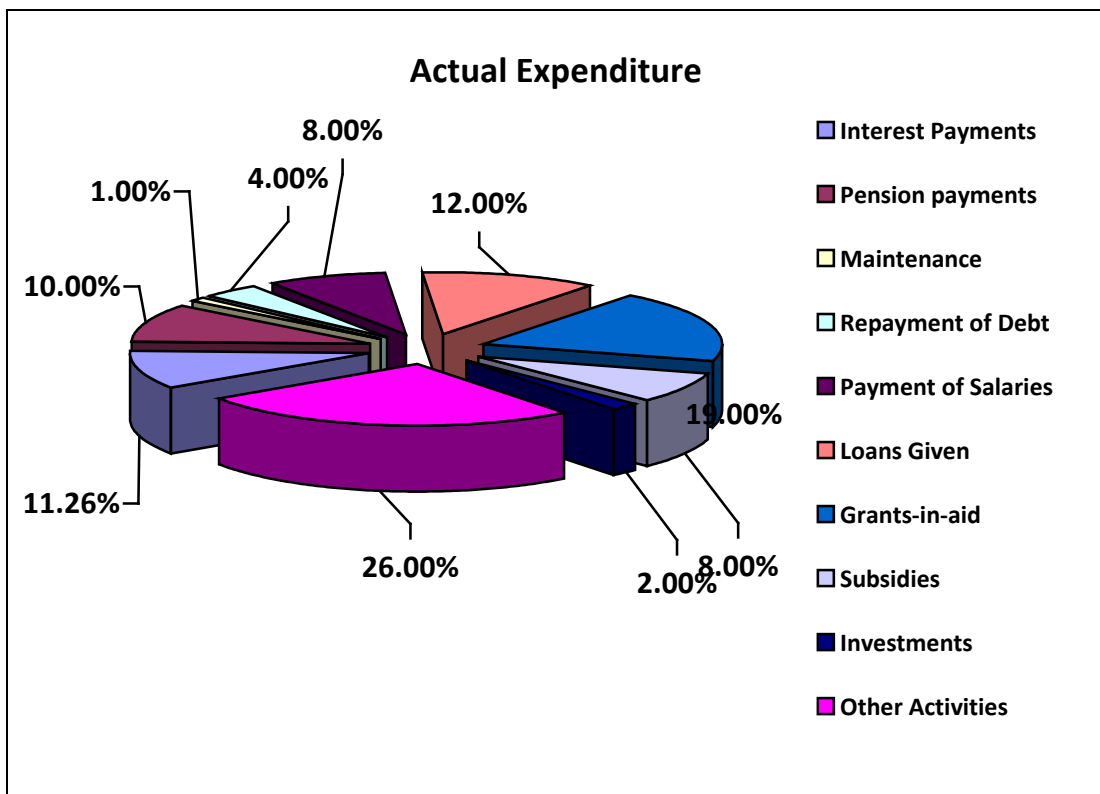
* The suspense account includes ₹ 3,08,727 crore invested in treasury bills and disbursement of departmental balances and permanent cash imprest which is shown on the "Application" side, and ₹ 3,02,998 crore worth of treasury bills sold through the RBI (a process known as "re-discounting") and receipts in departmental balance and permanent cash imprest which is shown on the "Sources" side. The net of such investment (₹ 5,728 crore) supplements the closing cash balance of the State Government.

1.4.3. Where the Rupee came from :



* Public account (including cash balance) component above is taken as net.

1.4.4. Where the Rupee went :



1.5. Highlights of Accounts

		Budget Estimates (B.E) 2016-17	Actuals	Percentage of Actuals to B.E	Percentage of Actuals to GSDP [@]
		(₹ in crore)			
1.	Tax Revenue*	1,13,710	1,10,479	97.2	8.5
2.	Non-Tax Revenue	9,724	9,914	102.0	0.8
3.	Grants-in-aid and Contributions	24,741	19,838	80.2	1.5
4.	Revenue Receipts (1+2+3)	1,48,175	1,40,231	94.6	10.8
5.	Capital Receipts	..	1	..	..
6.	Recoveries of Loans and Advances	982	3,548	361.3	0.3
7.	Net Borrowings and Other Liabilities	40,535	56,171	138.6	4.3
8.	Capital Receipts (5+6+7)	41,517	59,720	143.8	4.6
9.	Total Receipts (4+8)	1,89,692	1,99,951	105.4	15.4
10.	Non-Plan Expenditure (NPE)	1,21,630	1,43,478	117.9	11.0
11.	NPE on Revenue Account	1,18,877	1,17,889	99.2	9.1
12.	NPE on Interest Payments out of 11	20,450	20,533	100.0	1.6
13.	NPE on Capital Account	2,753	25,589	929.5	2.0
14.	Plan Expenditure (PE)	68,062	56,473	83.0	4.4
15.	PE on Revenue Account	45,153	35,306	78.2	2.7
16.	PE on Capital Account	22,909	21,167	92.4	1.6
17.	Total Expenditure (10+14)	1,89,692	1,99,951	105.4	15.4
18.	Expenditure on Revenue Account (11+15)	1,64,030	1,53,195	93.4	11.8
19.	Expenditure on Capital Account** (13+16)	25,662	46,756	182.2	3.6
20.	Revenue Deficit (-)/ Surplus (+) *** (4-18)	(-)15,855	(-)12,964	..	..
21.	Fiscal Deficit*** [17- (4+5+6)] = 7	(-)40,535	(-)33,356#	..	..

@ Broadly, sum of the products of all goods and services rendered by the State in monetary terms during a year before making any provision for Consumption of Fixed Capital (C.F.C.) is known as Gross State Domestic Product (₹12,98,511 crore).

* Includes share of net proceeds assigned to State received from the Government of India.

** Expenditure on Capital Account includes capital expenditure (₹ 20,709 crore) and Loans and Advances disbursed (₹ 26,047 crore).

*** The Revenue Deficit is the excess of revenue expenditure over revenue receipt. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including loans and advance disbursed) over the revenue receipts, recoveries of loans and advances and other receipts.

It excludes expenditure of ₹ 22,815 crore incurred by the State Government under Ujwal DISCOM Assurance Yojana (UDAY) in the form of loans to TANGEDCO.

Note: In respect of 18 Revenue Major Heads, the actual revenue realized was lower by ₹ 4,433.67 crore in comparison to budget estimates which worked out to 32.31 per cent (average short realization).

1.6. What do the Deficits and Surpluses indicate?

Deficit	Refers to the gap between Receipt and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence of Financial Management.
Revenue Deficit/ Surplus	Refers to the gap between Revenue Receipt and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
Fiscal Deficit/ Surplus	Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the borrowings should be invested in capital projects.

The trend of Revenue Surplus in 2011-12 and 2012-13 turned to Revenue Deficit from 2013-14 onwards. The Revenue Deficit during 2016-17 has increased to ₹12,964 crore from ₹11,985 crore in 2015-16, registering an increase of 8 *per cent* over previous year. It would be pertinent to note that as per the Tamil Nadu Fiscal Responsibility Act 2003 as amended in 2015, the revenue deficit was to be completely wiped out by 2016-17. While this was not achieved, the TNFR Act was amended in 2016 which extends time up to March 2020 to wipe out revenue deficit completely. Notwithstanding this, continued trend of revenue deficit from 2013-14 onwards indicates lack of adequate budgetary discipline which would result in possible debt trap in the coming years.

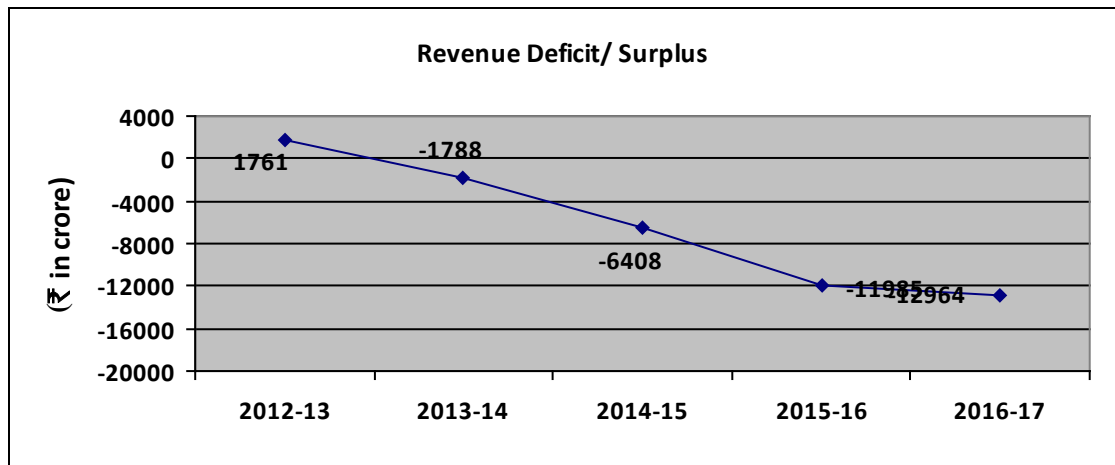
The Fiscal Deficit of the State during the year also increased to ₹ 33,356 crore (excluding ₹ 22,815 under UDAY) from ₹ 32,627 crore in 2015-16 as shown in chart 1.6.2. This constituted 2.6 *per cent* of GSDP.

As per Tamil Nadu Fiscal Responsibility Act, 2003, the Government has committed to reduce the ratio of Fiscal Deficit to Gross State Domestic Product (GSDP) every year by 0.25 per cent to 0.30 per cent beginning from Financial Year 2002-03 with medium term goal of not being more than 3 per cent of Fiscal Deficit to GSDP to be attained by 31 March 2012 and adhere to it thereafter.

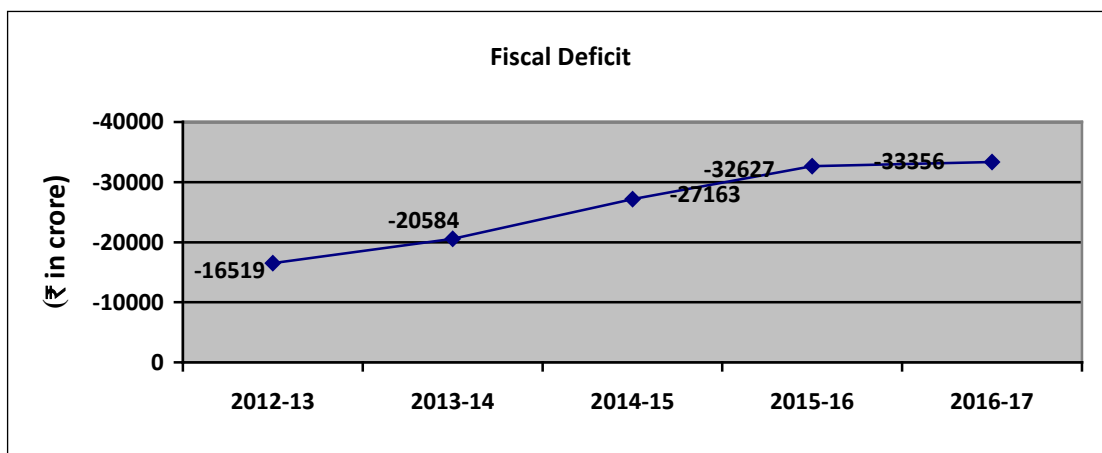
Fiscal deficit compared to GSDP for the years from 2009-10 to 2016-17 is indicated below

Year	Percentage of Fiscal Deficit to GSDP as compared to previous year	Increase/Decrease
2009-10	From 2.5 to 3.1	(+) 0.6
2010-11	3.1	No change
2011-12	From 3.1 to 2.7	(-) 0.4
2012-13	From 2.7 to 2.2	(-) 0.5
2013-14	From 2.2 to 2.4	(+) 0.2
2014-15	From 2.4 to 2.8	(+) 0.4
2015-16	From 2.8 to 2.7	(-) 0.1
2016-17	From 2.7 to 2.6	(-) 0.1

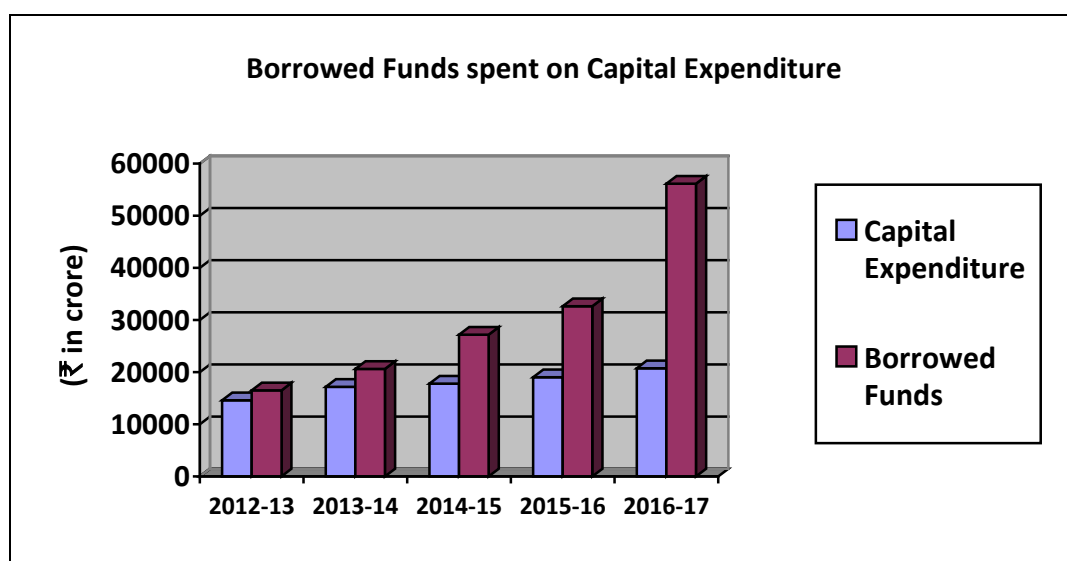
1.6.1. Trend of Revenue Deficit/ Surplus



1.6.2. Trend of Fiscal Deficit



1.6.3. Proportion of borrowed funds spent on Capital Expenditure



It is prudent to fully utilize borrowed funds for the creation of capital assets, and to use revenue receipts for the repayment of principal and interest thereon. However, the State Government had spent less expenditure on Capital account (₹ 20,709 crore) out of the borrowings of current year (₹ 66,143 crore) and remaining borrowings of ₹ 45,434 crore were mainly utilized to disburse loans (₹ 22,815 crore) to Power Companies under Ujwal DISCOM Assurance Yojana (UDAY); Market Loans (₹37,250); National Bank for Agricultural and Rural Development (NABARD) (₹2,187); external assistance (₹1,860) and other (₹2,031).

RECEIPTS

2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2016-17 were ₹1,99,951 crore.

2.2. Revenue Receipts

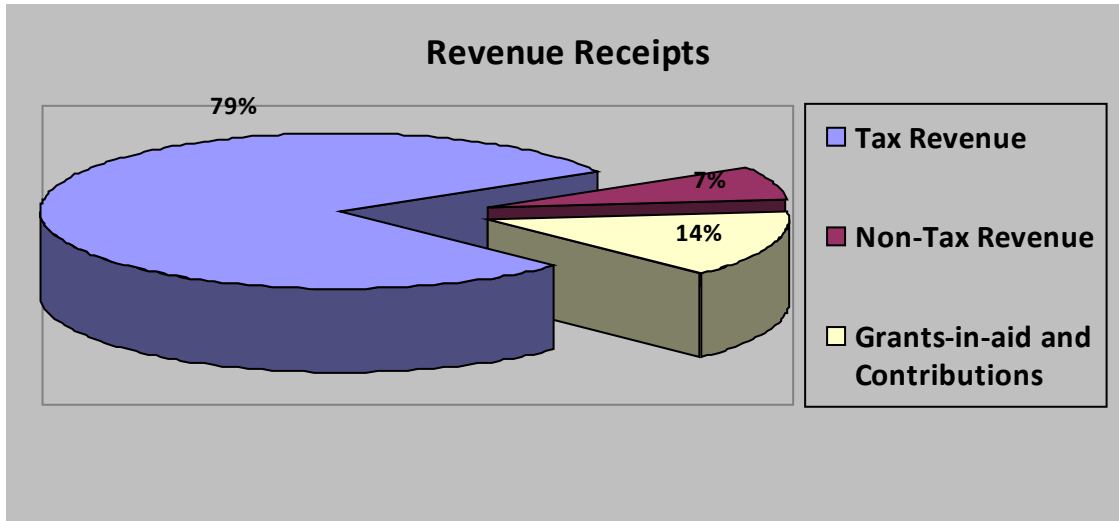
Tax Revenue	Comprises taxes collected and retained by the State and State's share of union taxes under Article 280(3) of the Constitution.
Non-Tax Revenue	Includes interest receipts, dividends, profits, royalties etc.
Grants-in-Aid	Essentially, a form of Central Assistance to the State Government from the Union Government includes 'External Grant Assistance' received from Foreign Governments and channelized through the Union Government. In turn, the State Government also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous Bodies etc.

2.2.1. Revenue Receipt Components (2016-17)

(₹ in crore)

Components	Actuals	Percentage to Total Revenue Receipt
Taxes on Income and Expenditure	13,327	9.50
Taxes on Property and Capital Transactions	7,418	5.29
Taxes on Commodities and Services	89,734	63.99
A. Tax Revenue *	1,10,479	78.78
Interest Receipts, Dividends and Profits	4,504	3.21
General Services	1,130	0.81
Social Services	2,806	2.00
Economic Services	1,474	1.05
B. Non-Tax Revenue	9,914	7.07
C. Grants-in-aid and Contributions	19,838	14.15
Total - Revenue Receipts (A+B+C)	1,40,231	100.00

* Includes share of net proceeds assigned to State received from the Government of India.



2.2.2. Major contributors to Tax Revenue:-

(₹ in crore)

Components	Actuals	Percentage to GSDP
Taxes on Sales, Trade etc.	63,234	4.87
Corporation Tax	7,863	0.61
Taxes on Income other than Corporation Tax	5,464	0.42
State Excise	6,248	0.48
Service Tax	3,949	0.03
Union Excise Duties	4,120	0.31
Customs	3,124	0.24
Taxes on Vehicles	4,854	0.37
Stamps and Registration Fees	7,237	0.56

During the year, Net Tax Revenue was less than Budget Estimates by ₹ 3,230 crore. The major variations are as under:-

(₹ in crore)

Where Actual Receipts was less than Budget Estimates		Where Actual Receipt was more than Budget Estimates	
Taxes on Property and Capital Transactions	2,773	Taxes on Income and Expenditure	507
Taxes on Commodities and Services	965	Union Excise Duties	1,245
Taxes on Income other than Corporation Tax	134	Taxes on Vehicles	60
Stamps and Registration Fees	2,621		
Taxes on Sales, Trade, etc.,	1,601		
Corporation Tax	640		

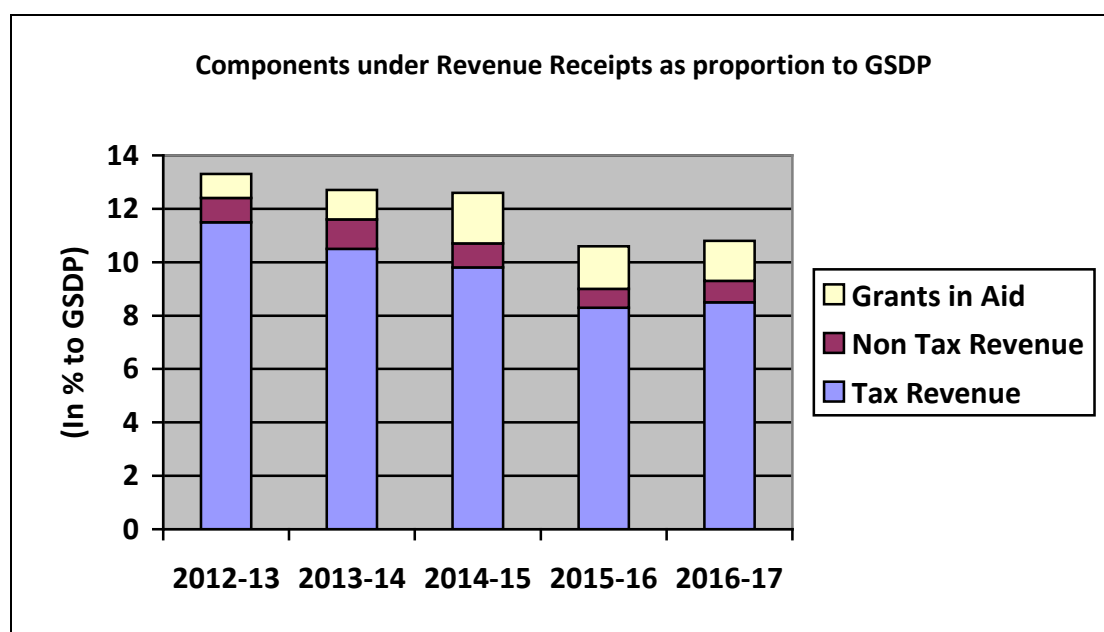
2.3. Trend of Receipts

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Tax Revenue	85,774 (11.5)	89,571 (10.5)	95,481 (9.8)	1,00,830 (8.3)	1,10,479 (8.5)
Non-Tax Revenue	6,554 (0.9)	9,343 (1.1)	8,351 (0.9)	8,918 (0.7)	9,914 (0.8)
Grants-in-aid	6,499 (0.9)	9,122 (1.1)	18,589 (1.9)	19,260 (1.6)	19,838 (1.5)
Total Revenue Receipt	98,827 (13.3)	1,08,036 (12.6)	1,22,421 (12.5)	1,29,008 (10.6)	1,40,231 (10.8)
GSDP	7,44,474	8,54,238	9,76,703	12,12,668	12,98,511

Note: Figures in parentheses represent *percentage to GSDP*.

During the year, the GSDP increased by 7.0 per cent and growth in total revenue collection was 8.7 per cent in comparison to previous year. The tax revenue increased by 9.6 per cent, Non Tax Revenue and Grants-in-aid increased by 11.2 per cent and 3.0 per cent respectively in comparison to previous year.

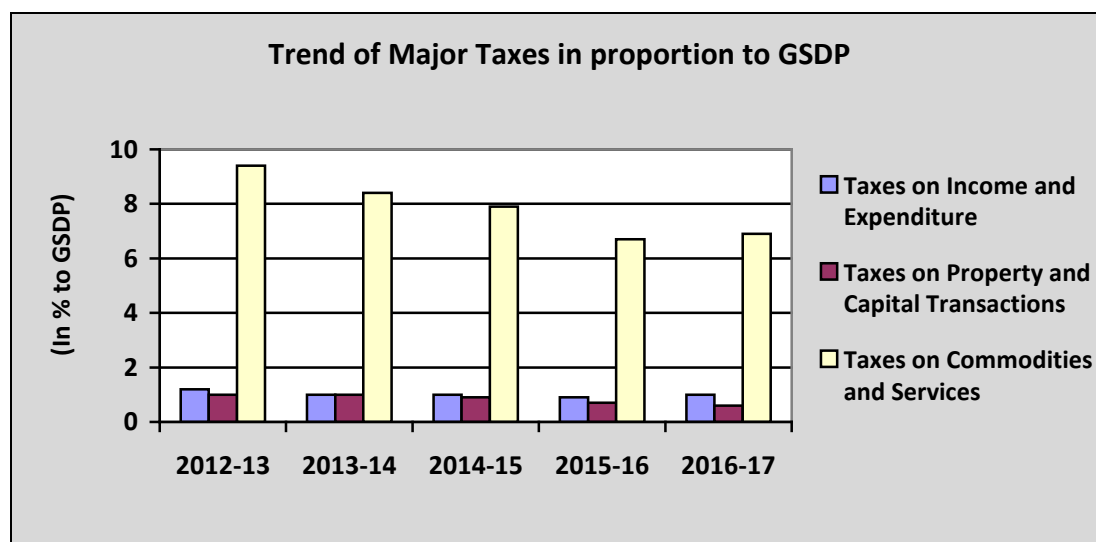


Sector-wise Tax Revenue

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Taxes on Income and Expenditure	8,838 (1.2)	8,840 (1.0)	10,071 (1.0)	10,783 (0.9)	13,327 (1.0)
Taxes on Property and Capital Transactions	7,802 (1.0)	8,550 (1.0)	8,559 (0.9)	8,989 (0.7)	7,418 (0.6)
Taxes on Commodities and Services	69,634 (9.4)	72,181 (8.4)	76,851 (7.9)	81,058 (6.7)	89,734 (6.9)
Total Tax Revenue	86,274 (11.6)	89,571 (10.5)	95,481 (9.8)	1,00,830 (8.3)	1,10,479 (8.5)
GSDP	7,44,474	8,54,238	9,76,703	12,12,668	12,98,511

Note: Figures in parentheses represent *percentage* to GSDP.



2.4. Performance of State's own tax revenue collection

(₹ in crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			₹	Percentage to GSDP
2012-13	85,774	14,866	70,908	9.5
2013-14	89,571	16,203	73,368	8.6
2014-15	95,481	17,185	78,296	8.0
2015-16	1,00,830	20,796	80,034	6.6
2016-17	1,10,479	24,537	85,942	6.6

2.5. Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue Collection	7,802	8,550	8,559	8,989	7,418
Expenditure on Collection	391	416	439	452	413
Efficiency of Tax Collection (in per cent)	5.0	4.9	5.1	5.0	5.6

B. Taxes on Commodities and Services

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue Collection	69,634	72,181	76,851	81,058	89,734
Expenditure on Collection	447	422	481	479	552
Efficiency of Tax Collection (in per cent)	1.0	1.0	1.0	1.0	1.0

Taxes on commodities and services form a major chunk of tax revenue. While Tax collection efficiency in respect of *Property and Capital Transactions* has marginally increased during 2016-17, it remained constant in respect of *Taxes on Commodities and Services*.

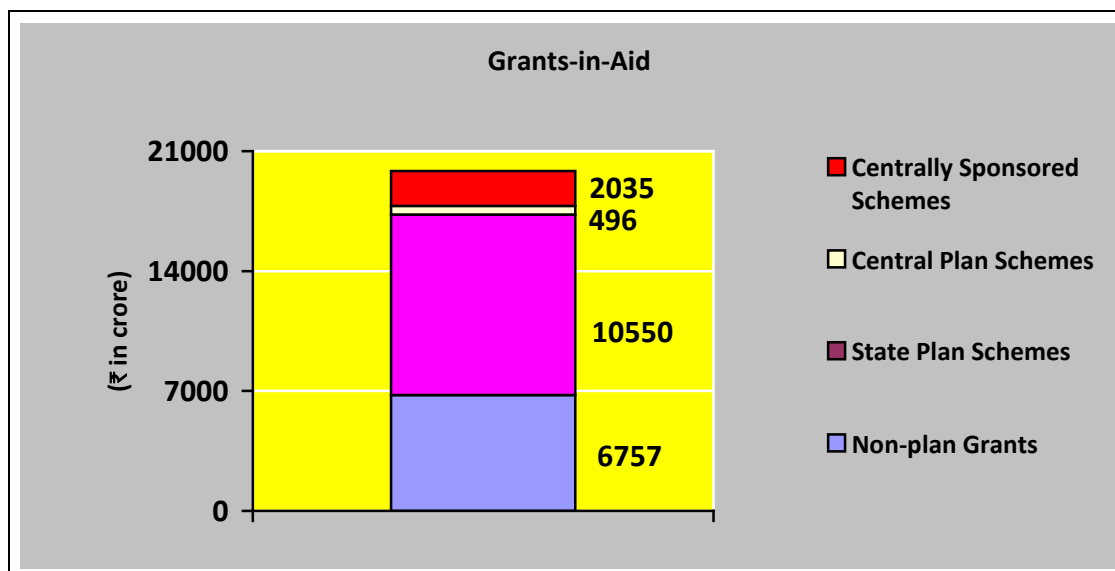
2.6. Trend in State's Share of Union Taxes during the past five years

(₹ in crore)

Major Head description	2012-13	2013-14	2014-15	2015-16	2016-17
Corporation Tax	5,216	5,332	5,875	6,380	7,863
Taxes on Income other than Corporation Tax	3,123	3,511	4,195	4,403	5,464
Taxes on Wealth	9	15	16	2	18
Customs	2,413	2,587	2,721	3,266	3,124
Union Excise Duties	1,640	1,827	1,536	2,749	4,120
Service Tax	2,120	2,583	2,480	3,535	3,949
Other Taxes and Duties on Commodities and Services	345	348	362	461	411
State Share of Union Taxes	14,866	16,203	17,185	20,796	24,537
Total Tax Revenue	85,774	89,571	95,481	1,00,830	1,10,479
Per cent of Union Taxes to Total Tax Revenue	17.3	18.1	18.0	21.0	22.2

2.7. Grants-in-Aid

Grants-in-Aid represent assistance from the Government of India and comprise grants for State Plan Schemes and Central Plan Schemes approved by the NITI Aayog and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2016-17 under Grants-in-aid were ₹ 19,838 crore as shown below:



2.8. Public Debt

Trend of Public Debt (net) over the past five years is as follows:

(₹ in crore)

Description	2012-13	2013-14	2014-15	2015-16	2016-17
Internal Debt	15,372	18,523	23,830	28,957	57,008
Central Loans	833	1,314	762	505	935
Total Public Debt	16,205	19,837	24,592	29,462	57,943

In 2016-17, 21 loans totaling ₹ 37,250 crore were raised at par at interest rates varying from 6.84 per cent to 8.07 per cent. Out of these loans, fifteen loans will redeem in 2026 and six will redeem in 2027.

EXPENDITURE

3.1. Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue expenditure is used to meet the day-to-day running of the government. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Non-plan and Plan.

General Services	Includes Justice, Interest Payments, Police, Jail, PWD, Pension etc.
Social Services	Includes Education, Health and Family Welfare, Water Supply, Welfare of SC, ST, OBC and Minorities, Social Security, Nutrition and Relief on account of Natural Calamities etc.
Economic Services	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport, Science and Technology etc.

3.2. Revenue Expenditure

Revenue Expenditure of ₹ 1,53,195 crore for 2016-17 fell short of budget estimates by ₹ 10,835 crore due to less disbursement of ₹ 9,847 crore under Plan Expenditure and less disbursement by ₹ 988 crore under Non-plan Expenditure. The State Government had obtained supplementary grant of ₹ 33,739 crore (₹ 28,943 in February 2017 and ₹4,796 in March 2017) to meet increased expenditure on existing schemes as well on new services. However, actual expenditure was less than the original budget estimates.

The shortfall/ excess of revenue expenditure against budget estimates during the past five years is given below: (*₹ in crore*)

Description	2012-13	2013-14	2014-15	2015-16	2016-17
Budget Estimates	98,962	1,27,340	1,42,394	1,57,386	1,64,030
Actuals	97,067	1,09,825	1,28,828	1,40,993	1,53,195
Gap	1,895	17,515	13,566	16,393	10,835
Percentage of gap over BE	2.0	1.4	9.5	10.4	6.6

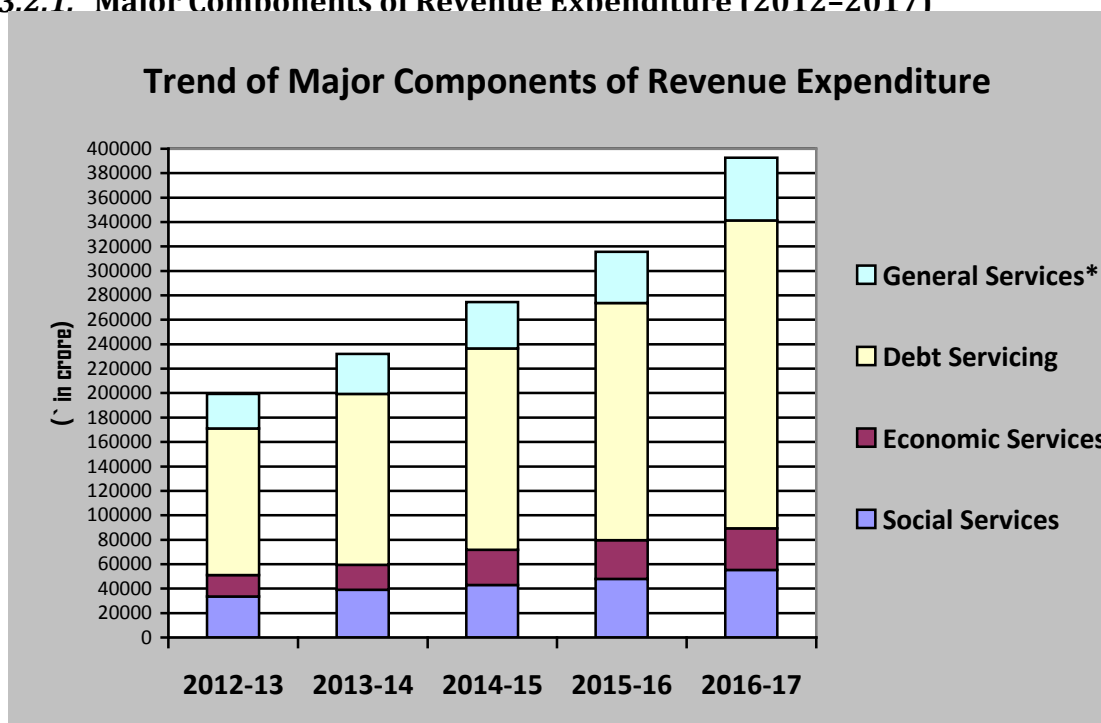
Around 10.5 per cent of the revenue expenditure was “committed” to Salaries (₹ 16,148 crore), Interest Payments (₹ 20,533 crore), Pensions (₹ 19,275 crore), Subsidies (₹ 16,092 crore), Grants-in-aid (Salary) (₹ 6,088 crore), Social Security and other Pensions (₹ 2,719 crore) and Wages (₹ 46 crore).

The position of committed and uncommitted revenue expenditure over the last five years is given below:

(₹ in crore)

Description	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue expenditure	97,067	1,09,825	1,28,828	1,40,993	1,53,195
Committed revenue expenditure*	53,622	59,022	65,514	71,670	80,901
Uncommitted revenue expenditure	43,445	50,803	63,314	69,323	72,294

3.2.1. Major Components of Revenue Expenditure (2012-2017)



* General Services excludes MH 2049 (Interest Payments) and includes MH 3604 (Compensation and assignment to Local Bodies and Panchayati Raj Institutions).

The expenditure increased in all sectors during the last five years.

3.2.2. Sectoral Distribution of Revenue Expenditure

Components	Amount (₹ in crore)	Percentage
A. Fiscal Services	973	0.6
Collection of Taxes on Property and Capital Transactions	413	0.2
Collection of Taxes on Commodities and Services	552	0.3
Other Fiscal Services	8	. .
B. Organs of State	1,381	0.9
C. Interest Payments and Servicing of Debt	20,918	13.6
D. Administrative Services	7,811	5.0
E. Pensions and Miscellaneous General Services	20,370	13.2
F. Social Services	55,297	36.0
G. Economic Services	33,979	22.1
H. Grants-in-aid and Contributions	12,466	8.1
Total Expenditure (Revenue Account)	1,53,195	100.0

3.3. Capital Expenditure

Capital disbursements of ₹ 20,709 crore for 2016-17, at 1.59 *per cent* of GSDP, fell short of budget estimates by ₹ 6,164 crore.

3.3.1. Sectoral Distribution of Capital Expenditure

During 2016-17, the State Government has spent ₹ 1,291 crore on various water supply and sanitation schemes, ₹ 5,755 crore on construction of roads & bridges and ₹937 crore on various irrigation projects (₹ 932 crore on major and medium irrigation, and ₹ 5 crore on minor irrigation). The Government has also invested ₹4,086 crore in various Company/ Corporations/ Co-operative Societies/ Banks etc during the year. The major portion of Government investment was in Tamil Nadu Generation Distribution Corporation Limited (TANGEDCO) to the tune of ₹ 4,523 crore.

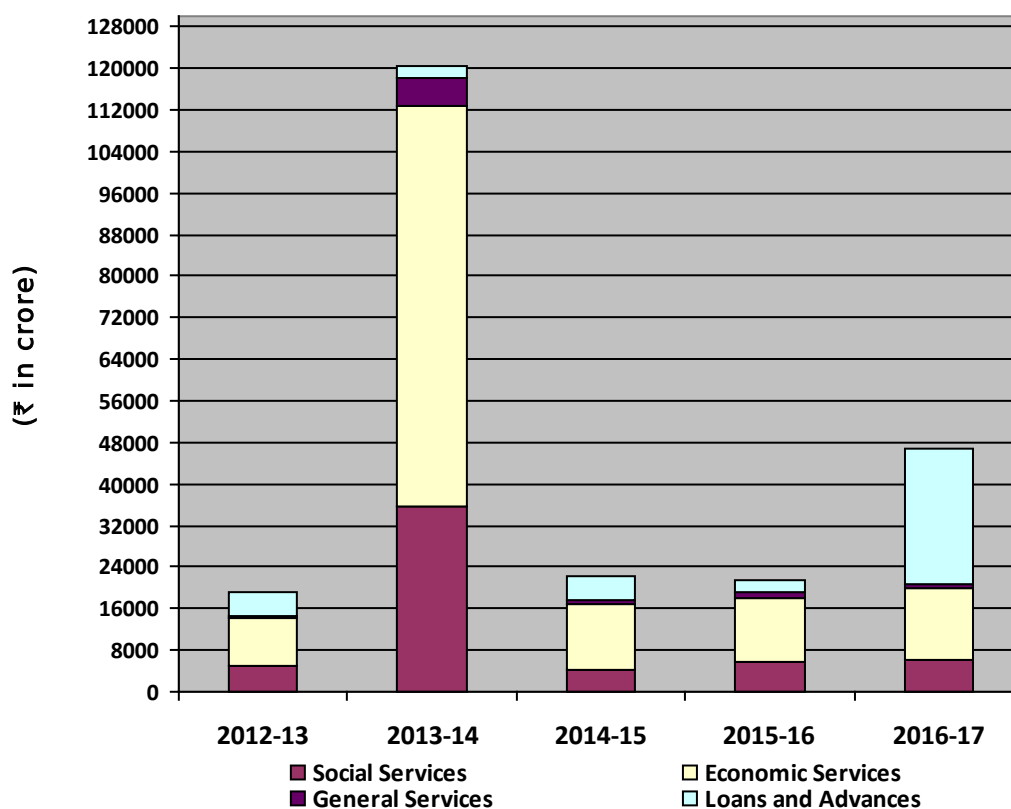
3.3.2. Sectoral Distribution of Capital Expenditure over the past five years

(₹ in crore)

Description	2012-13	2013-14	2014-15	2015-16	2016-17
General Services	457 (2.4)	5240 (4.4)	1,064 (4.8)	1,054 (4.9)	751 (1.6)
Social Services	5,150 (26.6)	35,685 (29.7)	4,234 (19.1)	5,660 (26.5)	6,041 (12.9)
Economic Services	8,961 (46.3)	77,064 (64.1)	12,505 (56.5)	12,280 (57.6)	13,917 (29.7)
Loans and Advances	4,769 (24.7)	2,242 (1.9)	4,319 (19.5)	2,331 (10.9)	26,047 (55.7)
Total	19,337	1,20,231	22,122	21,325	46,756

Note: Figures in parentheses represent *percentage* to total capital expenditure.

Trend of Major Components of Capital Expenditure

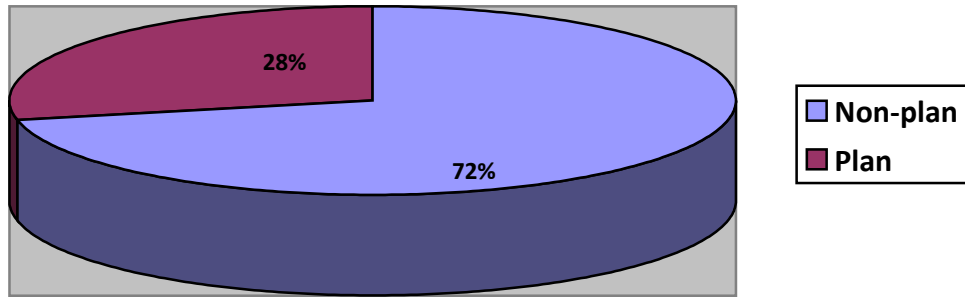


CHAPTER 4

PLAN & NON PLAN EXPENDITURE

4.1. Distribution of expenditure

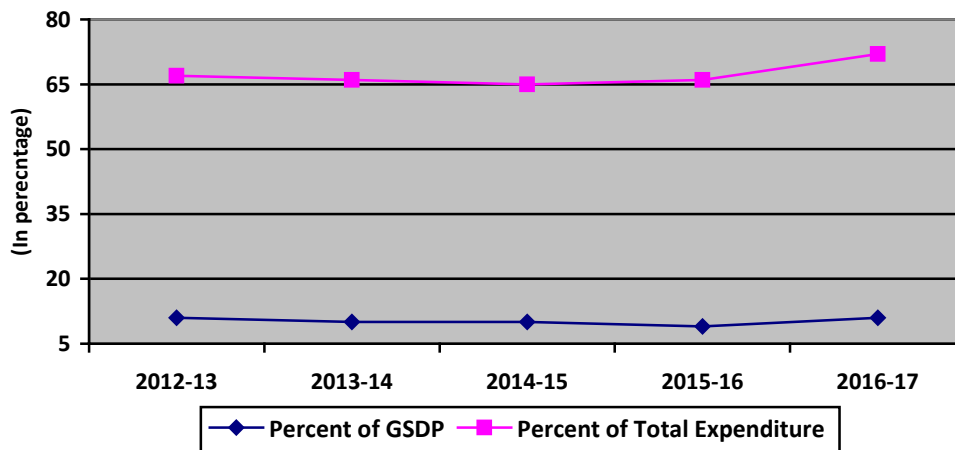
Distribution of Expenditure



4.2. Non-plan Expenditure

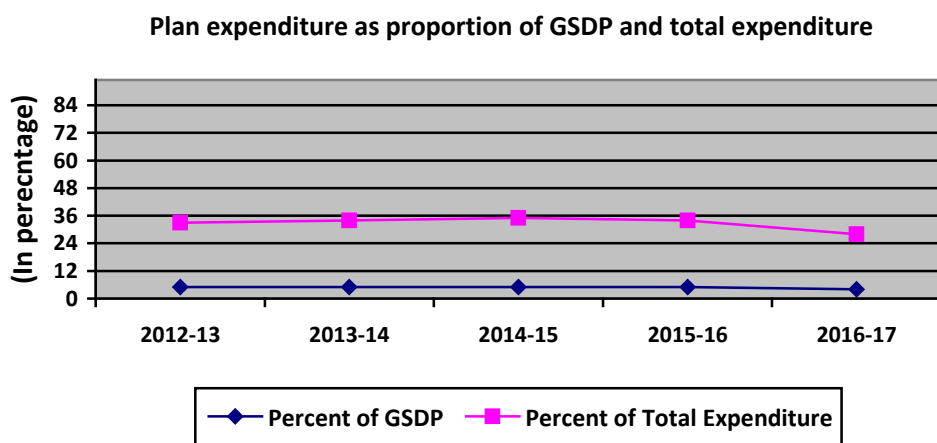
Non-plan expenditure during 2016-17, representing 71.8 per cent of total disbursements, was ₹ 1,43,478 crore (₹ 1,17,889 crore under Revenue, ₹415 crore under Capital and ₹ 25,174 crore under Loans and Advances).

Non-plan expenditure as proportion of GSDP and total expenditure



4.3. Plan Expenditure

During 2016-17, Plan expenditure, representing 28.2 per cent of total disbursements, was ₹ 56,473 crore (₹ 35,306 crore under Revenue, ₹ 20,294 crore under Capital and ₹ 873 crore under Loans and Advances).



4.3.1. Plan expenditure under Capital Account

(₹ in crore)

Description	2012-13	2013-14	2014-15	2015-16	2016-17
Total Capital Expenditure	19,337	19,415	22,122	21,326	46,756
Capital Expenditure (Plan)	14,351	16,872	17,272	18,411	20,294
Percentage of Capital Expenditure (Plan) to Total Capital Expenditure	74.2	86.9	78.1	86.3	43.4

4.3.2. Plan expenditure under Loans and Advances

Significant disbursement of Loans and Advances are as under:-

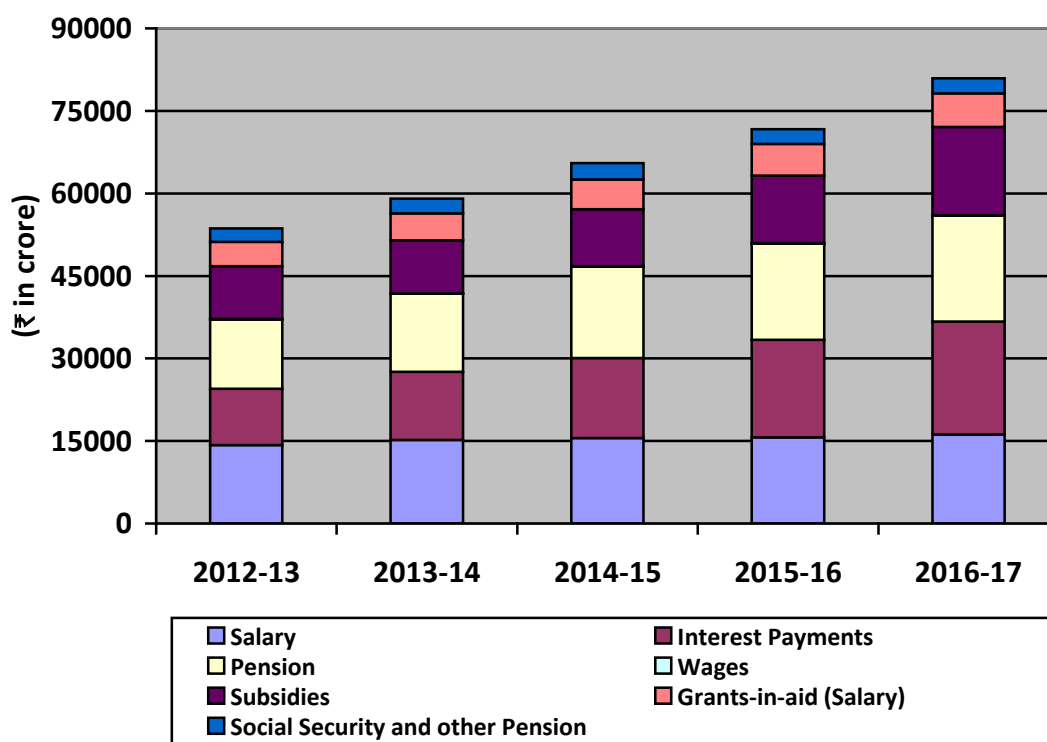
Major Heads	Amount (₹ in crore)	Purpose
6217. Loans for Urban Development	750	Loans to Chennai Metro Rail Corporation Limited (₹ 500 crores) and Loans to Tamil Nadu Urban Development Fund (₹ 250 crores)
6425. Loans for Co-operation	151	Loans to Co-operative Institutions and Bank –Controlled by the Commissioner of Sugar
6801. Loans for Power Projects	23,406	Loans to take over the debt of TANGEDCO under UDAY Scheme (₹22,815 crores) and loans to TANTRANSCO (₹ 591 crores)
6851. Loans for Village and Small Industries	210	Loan for Zero Liquid Discharge System
6860. Loans for Consumer Industries	300	Soft loans to Industrial units under structured assistance package
7055. Loans for Road Transport	57	Short term loan for State Road Transport Undertakings

4.4. Committed Expenditure

(₹ in crore)

Component	2012-13	2013-14	2014-15	2015-16	2016-17
Committed Revenue Expenditure	53,622	59,022	65,514	71,610	80,901
Revenue Expenditure	83,838	1,09,825	1,28,828	1,40,993	1,53,195
Committed Revenue expenditure to Revenue Receipts (In Per cent)	62.94	54.63	53.52	55.51	57.69
Committed Revenue expenditure to total Revenue Expenditure (In Per cent)	63.96	53.74	50.85	50.79	52.81

Trend of Committed Expenditure



The upward trend on committed expenditure leaves the government with lesser flexibility for developmental spending.

APPROPRIATION ACCOUNTS

5.1. Summary of Appropriation Accounts

(₹ in crore)

Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Saving (-) Excess (+)	Surrender
Revenue						
Voted	1,44,780	4,980	1,49,760	1,35,433	(-) 14,327	14,766
Charged	21,114	266	21,380	21,213	(-) 167	146
Capital						
Voted	22,533	4,497	27,030	20,728	(-) 6,302	6,328
Charged	16	7	23	21	(-) 2	..@
Public Debt						
Charged	8,192	15	8,207	8,200	(-) 7	2
Loans and Advances						
Voted	3,293	23,974	27,267	26,047	(-) 1,220	1,286
Appropriation to Contingency Fund						
Voted	..	..	..	..	..	..
Total	1,99,928	33,739	2,33,667	2,11,642	(-) 22,025	22,528

@ only 0.17 crore

5.2. Trends of under-spending / Excesses during the past five years

(₹ in crore)

Year	Saving (-)/ Excess (+)				Total
	Revenue	Capital	Public Debt	Loans and Advances	
2012-13	(-) 7,742	(-) 7,221	(-) 1,038	(-) 478	(-) 16,479
2013-14	(-) 14,303	(-) 7,704	(-) 2,982	(-) 1,027	(-) 26,016
2014-15	(-) 10,753	(-) 9,764	(-) 1,059	(-) 651	(-) 22,227
2015-16	(-) 12,274	(-) 7,821	(-) 951	(-) 1,579	(-) 22,625
2016-17	(-) 14,494	(-) 6,304	(-) 7	(-) 1,220	(-) 22,025

5.3 Significant under-spending of approved grants

Under-spending of approved grants indicates either non-implementation or delay in implementation of certain schemes/ programmes.

Some grants with persistent under-spending are given below:

(₹ in crore)

Grant No.	Nomenclature	2012-13	2013-14	2014-15	2015-16	2016-17
001	State Legislature(Revenue)	4	8	4	4	6
002	Governor and Council of Ministers (Revenue)	2	2	6	8	7
004	Adi-draavidar and Tribal Welfare Department (Capital)	90	51	110	119	197
005	Agriculture Department(Capital)	30	40	55	115	62
009	Backward Classes, Most Backward Classes & Minorities Welfare Department (Revenue)	94	99	116	159	190
010	Commercial Taxes Department (Revenue)	70	53	138	43	38
012	Co-operation (Co-operation, Food and Consumer Protection Department) (Capital)	66	139	52	101	28
013	Food and Consumer Protection (Co-operation, Food and Consumer Protection Department) (Capital)	20	533	389	233	229
014	Energy Department (Revenue)	2125	3507	814	1577	891
015	Environment(Environment and Forests Department) (Capital)	109	93	18	28	13
016	Finance Department (Capital)	1000	2000	2000	1980	1970
021	Highways and Minor Ports Department (Capital)	726	552	1539	1589	1349
025	Motor Vehicles Act – Administration (Home, Prohibition and Excise Department)(Revenue)	20	82	44	93	22
	(Capital)	80	52	16	6	4
029	Tourism, Art and Culture (Tourism, Culture and Religious Endowments Department) (Revenue)	11	33	8	8	7
	(Capital)	10	25	47	135	34
032	Labour and Employment Department (Revenue)	94	76	175	218	142

033	Law Department (Revenue)	3	3	5	3	3
034	Municipal Administration and Water Supply Department (Capital)	1180	329	923	1370	557
035	Personnel and Administrative Reforms Department (Revenue)	8	5	4	10	15
038	Public Department (Revenue)	43	79	78	53	115
040	Buildings (Public Works Department) (Capital)	543	782	947	1187	642
042	Rural Development and Panchayat Raj Department (Revenue)	885	1371	1861	981	5650
044	Micro, Small and Medium Enterprises Department (Revenue)	41	79	102	37	18
	(Capital)	2	49	46	45	48
045	Social Welfare and Nutritious Meal Programme Department (Revenue)	579	618	308	264	333
054	Forests (Environment and Forests Department) (Revenue)	45	69	97	177	169
	(Capital)	24	40	70	61	44
	TOTAL	7,904	10,769	9,972	10,604	12,783

It would be observed that there has been consistent under-utilization of grants during last five year and this has increased to ₹12,783 crore during 2016-17. Persistent under-utilization of grants needs critical review for proper budgeting.

Notwithstanding above under utilization, even supplementary grants amounting ₹43.52 crore (0.02 per cent of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year against original allocations. A few instances are given below:

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
003	Administration of Justice	Revenue	184.79	0.23	172.96
004	Adi-dravidar and Tribal Welfare	Revenue	249.10	4.59	224.77
010	Commercial Taxes Department	Revenue	229.29	2.31	225.88
016	Finance Department	Revenue	119.01	@	115.54

022	Police (Home, Prohibition and Excise Department)	Revenue	2,528.19	36.14	2,345.93
024	Prisons(Home, Prohibition and Excise Department)	Revenue	209.09	@@	183.24
038	Public Department	Revenue	4.17	0.25	3.99
	TOTAL		4,595.64	43.52	3,272.31

@ Rs.5,000/- only

@@ Rs.22,000/- only

ASSETS AND LIABILITIES

6.1. Assets

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

6.1.1. Investments and Returns

Total investments as share capital in non-financial public sector undertakings (PSU's) stood at ₹ 29,811 crore at the end of 2016-17. However, dividends received during the year was ₹ 156 crore (0.52 per cent) on investment. During 2016-17, investments increased by ₹ 4,086 crore (net) and income from dividend increased by ₹ 59 crore. The major investment was made in Power Companies (₹ 4,523 crore).

6.1.2. Cash Balance and investment of Cash Balances

Cash Balance with RBI stood at ₹ (-) 38 crore on 31 March 2016 and further increased to ₹ (-) 289 crore at the end of March, 2017. The position of cash balance and investment of cash balance is as under:

(₹ in crore)

Component	As on 1st April 2016	As on 31st March 2017	Net increase(+)/ decrease(-)
Cash Balances	(-)38	(-) 289	(-) 251
Investments from cash balance (GoI Treasury Bills)	9,416	15,144	(+)5,728
Other cash balances	12	12	..
(a) Departmental Balances	4	4	..
(b) Permanent Cash imprest	8	8	..
Investment from earmarked fund balances	18,872	23,654	(+) 4,782
(a) Guarantee Redemption Fund	183	199	(+) 16
(b) Other Funds	18,689	23,455	(+)4,766
Interest realized*	488	522	(-) 34

*It includes interest on investments out of Guarantee Redemption Fund.

6.1.3. Loans and Advances by the State Government

Total loans and advances made by the State Government at the end of 2016-17 was ₹ 26,047 crore. During 2016-17, ₹ 3,548 crore has been received towards repayment of loans and advances, out of which major repayments relates to Electricity Schemes (₹ 2,848 crore), Loans for Co-operatives (₹ 181 crore), Loans for Transport Services (₹ 92 crore), Loans for Urban Development (₹ 131 crore), Loans for Dairy Development (₹ 29 crore), Loans for Water Supply and Sanitation (₹ 18 crore). Effective steps to recover the outstanding loans would help the Government's fiscal position.

Information regarding recoveries in arrears in respect of principal and interest is required to be furnished by the concerned departments every year to the Accountant General by June. During 2016-17, 42 statements out of 228 have not been received from 25 departments.

6.2. Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be fixed from time to time by the State Legislature.

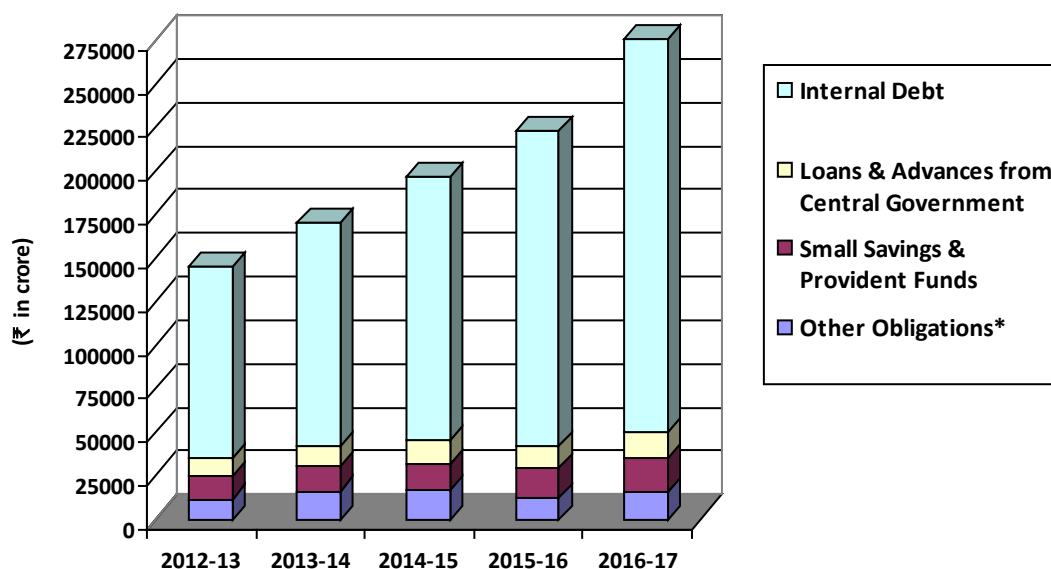
Details of Public Debt and other liabilities of the State Government are as under (Figures are progressive balances to end of the year):

(₹ in crore)

Year	Public Debt	Percentage to GSDP	Public Account*	Percentage to GSDP	Total Liabilities	Percentage to GSDP
2012-13	1,20,204	16.2	17,789	2.4	1,59,703	21.5
2013-14	1,40,042	16.4	17,359	2.0	1,82,644	21.4
2014-15	1,00,511	10.3	17,807	1.8	2,11,428	21.7
2015-16	1,94,096	16.0	19,540	1.6	2,46,069	20.3
2016-17	2,52,039	19.4	31,355	2.4	2,83,394	21.8

* Excludes Advances, Suspense & Miscellaneous and Remittance balances.

Government Liabilities



* Other Obligations includes Reserve Funds and Deposits.

Public debt and other liabilities of the Government jumped from 18.39 *per cent* of GSDP at the end of 2015-16 to 20.07 *per cent* of GSDP at the end of 2016-17. The Public Debt to GSDP ratio, however, was within the FRBM target of 25.2 *per cent*.

6.3. Guarantees (Contingent Liabilities)

In addition to directly raising loans, State Governments also guarantee loans raised by Government companies and corporations from the market and financial institutions for implementation of various plan schemes and programmes. These guarantees are projected outside the State budget. The position of guarantees by the State Government for repayment of loans (payment of principal and interest thereon) raised by Statutory Corporations, Government Companies, Corporations, Co-operative Societies, etc., is given below:

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed	Guarantees outstanding at the end of year
2012-13	..	24,070
2013-14	..	49,499
2014-15	2,841	53,698
2015-16	1,935	51,586
2016-17	9,128	29,145

Note: Details are available at Statement No. 20 of Finance Accounts and these are based on information received from the State Government and from the respective institutions.

Guarantee fees are calculated at 0.01 *per cent* to 1.00 *per cent* per annum. During 2016-17, the State Government received ₹ 14 crore to the Guarantee Redemption Fund and out of total balance of ₹ 231 crore, ₹ 199 crore was invested.

OTHER ITEMS

7.1 Financial assistance to local bodies and others

During the past five years, Grants-in-aid to local bodies etc., increased from ₹ 20,879 crore in 2012-13 to ₹ 39,397 crore in 2016-17. Grants to Zila Parishads, Panchayat Samitis and Municipalities (₹ 11,216 crore) represented 28.47 per cent of total grants given during the year. Details of Grants in aid released in last 5 years are as under:-

(₹ in crore)

Year	Zila Parishads	Municipalities and Municipal Corporations	Gram Panchayats and Panchayat Samitis	Others	Total
2012-13	325	2,513	5,124	12,917	20,879
2013-14	327	2,618	4,979	15,462	23,386
2014-15	342	3,108	5,560	23,913	32,923
2015-16	347	2,872	6,298	25,196	34,713
2016-17	377	3,617	7,222	28,181	39,397

7.2. Transfer of Funds to the Savings Bank Accounts of the DDOs

It has been the practice in the treasury accounting system to draw huge funds from the treasuries for implementation of various schemes / programmes and disbursement of financial assistance to the beneficiaries. The monies so drawn are credited into saving bank accounts of different DDOs for further utilization. This has been resulting in parking of Government money outside the purview of Treasury / Government Accounts. Further, there is no system of rendering of accounts (with vouchers) to the Accountant General (A&E) for the actual expenditure incurred out of the funds from these bank accounts. *Complete details of all such funds continuing to be parked outside the Government account are not available.*

7.3 State Disaster Response Fund (SDRF) /

National Disaster Response Fund (NDRF)

During the year 2016-17, the State Government transferred ₹713.00 crore to SDRF Account towards natural calamities (*central share of ₹534.75 crore and State share of ₹178.25 crore*). Further, in terms of the SDRF/NDRF guidelines, the Government of India provided additional financial assistance of ₹365.67 crore from the NDRF to the SDRF towards flood 2015 and this was also transferred to SDRF account. Further, the

State Government also provided ₹1,285.31 crore out of its budget under major head 2245- *Relief on Natural Calamities*. The State Government reported that an amount of ₹2,363.98 has been expended and accounted under major head 2245-Natural Calamities.

In addition to above, the Government of India also provided an amount of ₹ 1,447.99 crore from NDRF for transfer to SDRF towards drought (kharif) of 2016-17. It was however, observed that this amount was not transferred to SDRF account impacting the revenue deficit by like amount.

In regard to disbursement of these financial assistance, it was noted that, in deviation of SDRF / NDRF guidelines, an amount of ₹ 333 crore of financial assistance have been transferred to the saving bank accounts of the DDOs instead of disbursement of *individual beneficiary-oriented* assistance by direct transfer to bank account as directed by Government of India. This has resulted in irregular diversion of huge Government money outside the Treasury /Government Accounts. Though the entire amounts have been accounted as spent, the Treasuries /PAOs have not enclosed any spent vouchers / supporting documents along with the monthly accounts to validate the expenditure.

7.4 Transfer of funds to Personal Deposit (PD) Accounts

As per the provisions contained under Article 269 of Tamil Nadu Financial Code Volume I, the Government is authorized to open PD Accounts where money is deposited to be utilized for specific purposes. These PD Accounts are managed by designated Administrators. On the basis of sanctions received from the State Government, the Accountant General (A&E) authorizes the transfer of funds from the Consolidated Fund to the concerned PD Account under Part III-Public Account. These PD accounts are required to be closed at the end of the year. The money kept outside the Consolidated Fund Account i.e. under Part III Public Account will have an impact in maintaining the “*Revenue Deficit / Surplus*” of the State budget. Further, details of expenditure incurred from the PD Accounts along with supporting vouchers are not received in Accountant General (A&E)’ office.

During 2016-17, were issued by A.G for operation of 78 PD accounts amounting to ₹2,581.68 crore. Out of this, only 19 accounts (₹37.05 crore) inclusive of 14 PD accounts relating to previous year were closed at the end of March 2017. Balance 73 PD accounts amounting to ₹ 2,547.57 crore were not closed at the end of March 2017. There were no inoperative PD accounts during the year

In respect of one PD account operated for distribution of free Gold Coins under Thalikku Thangam scheme (Gold for Mangalsutra), an expenditure of ₹203.89 crore was incurred towards procurement of gold coins. Out of this, the gold coins procured of the value of ₹64.66 crore and weighing 215.536 kgs have not been distributed but remained in Treasury Strong rooms as on date 31st March 2017.

7.5 Non-transfer of funds to Pension Fund Regulatory & Development Authority (PFRDA)

As per the provisions of Defined Contribution Pension Scheme (DCPS) introduced in April 2003, the total accumulation of the fund including interest thereon are to be transferred to Pension Fund Regulatory and Development Authority (PFRDA) or any other agency authorized for this purpose and to designate a Fund Manager. However, even after the lapse of more than 10 years, the Government of Tamil Nadu has not transferred these accumulations to the PFRDA by designating a Fund Manager. Instead, out of ₹17,958.31 crore accumulated in the Funds since inception, the State Government has invested ₹17,955.20 crore in 91 days Non-Competitive Treasury Bills and earned an interest of ₹868.09 crore (*average interest 4.83 per cent*) as against interest payment of ₹1,080.48 crore towards DCPS contributions. Consequently, the extra financial burden to the Government towards interest payment worked out to ₹212.39 crore.

7.6 Reconciliation of accounts

With a view to exercise effective control of expenditure by keeping it within the budget grants and to ensure accuracy of accounting, all Chief Controlling Officers (CCOs) are required to reconcile the receipts and expenditure **recorded** in their books every month during the financial year with the figures **compiled** by the Accountant General (A&E). Such reconciliation relating to Receipts amounting to ₹43,804.73 crore has been completed which accounts for 31.24 *per cent* of total Revenue Receipts of ₹1,40,231.13 crore. Similarly, Expenditure amounting to ₹1,32,268.41 crore representing 76.06 *per cent* of total expenditure of ₹1,73,904.75 crore (*Revenue expenditure ₹1,53,195.26 crore + Capital expenditure ₹20,709.49 crore*).

7.7 Utilisation Certificates for Grants-in-Aid

Utilisation Certificates (UCs), in respect of grants provided for specific purposes should be obtained by departmental officers from grantees, which, after verification, should be forwarded to the Accountant General (A&E) within 18 months from the date of their sanction unless specified otherwise. UCs outstanding beyond the specified periods indicates absence of assurance on utilisation of the grants for intended purposes. Outstanding position of UCs is as follows:

Year	Number of Utilisation Certificate awaited	Amount (₹ in crore)
Up to 2014-15	-	-
2015-16	2	3.93
2016-17	24	207.50
Total	26	211.43

7.8 Outstanding Temporary Advances:

The Government of Tamil Nadu does not follow the system of drawal of Abstract Contingency (AC) bills in emergent situations followed by submission of Detailed Contingency (DC) bills, as is the practice in other States. Instead, the Drawing and Disbursing Officers (DDOs) have been empowered to draw Temporary Advances under Article 99 of Tamil Nadu Financial Code, Volume I. Accordingly, it is mandate on the part of DDOs to submit adjustment bills within three months from the date of drawal of such advances. However, there are 452 Nos. of outstanding Temporary Advances amounting to ₹ 183.86 crore remaining unadjusted beyond the stipulated period as on 31 March 2017 as reported by the Commissioner of Treasuries and Accounts. Out of this, an amount of ₹ 82.37 crore is outstanding for more than one year to ten year and above.

7.9 Direct transfer of Central Scheme Funds to State implementing Agencies

In spite of the Government of India's decision to release all assistance under CSSs/ACA to the State Government and not to implementing agencies, Government of India, during 2016-17, had released ₹5,694.40 crore directly to the implementing agencies in Tamil Nadu. Compared to 2015-16, the direct transfer of funds to implementing agencies have increased by 45.46 *per cent* in 2016-17.

7.10 Return Payment under Electronic Clearance Services (Return ECS):

Payments made by Treasuries and PAOs through Electronic Clearance Services (ECS) also remain un-credited to recipients' bank accounts mainly due to incorrect account numbers which do not match with the records of the Bank. In such cases, the concerned banks return the details of amounts not credited to the recipients to the Treasuries and PAOs, who are expected to take it to the concerned service Major Head under Part I where the amount was originally debited. However, as on 31 March 2017, an amount of ₹228.89 crore representing such return ECS amount was kept under Part III Public Accounts for want of original service head details resulting in overstatement of expenditure to that extent under the respective service major heads.

7.11 Rush of expenditure

The financial rules stipulate that rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided. However, the expenditure incurred under eight Heads of Account (100 *per cent*) during March 2017 of the total expenditure indicating a tendency to utilize the budget at the close of the financial year.

The flow of expenditure during the four quarters of 2016-17 in the above mentioned Heads was as below:

Head of Account	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March	Percentage of 3/2017 w.r.t. total expenditure of 2016-17
		(₹ in crore)						
4801	Energy	..	..	..	4,523	4,523	4,523	100
2245	Natural Calamities	..	..	..	1,773	1,773	1,773	100
4217	Municipal Administration	..	..	..	241	241	241	100
2202	School Education	..	..	..	165	165	165	100
5055	Road Transport	..	..	..	150	150	150	100
2225	Backward Classes and Minority Welfare	..	..	..	74	74	74	100
2515	Rural Development and Panchayati Raj	..	..	..	53	53	53	100
2401	Agriculture	..	..	..	49	49	49	100

7.12 Submission of accounts by Treasuries

In Tamil Nadu, the treasuries compile the accounts from the vouchers (primary compilation) which, along with the vouchers, are then furnished to the Accountant General (A&E) for secondary compilation. There were no exclusion of accounts in 2016-17. IFHRMS is yet to be implemented in the State.

7.13 Commitments on account of Incomplete Capital Works

During the year 2016-17, 80 projects costing more than ₹ 10 crore each were not completed. Out of total revised cost estimate of ₹ 14,633 crore, the progressive expenditure incurred on these projects up to 2016-17 was ₹ 2,945 crore. The commitment of the State government on these incomplete projects worked out to ₹11,688 crore.

7.14 Ujwal DISCOM Assurance Yojana (UDAY)

Ujwal DISCOM Assurance Yojana (UDAY), a scheme for the financial turnaround of Power Distribution Companies (DISCOMs), was introduced by the Government of India in 2015 with an objective to improve the operational and financial efficiency of the State DISCOMs. According to the scheme, participating States would undertake to achieve operational and financial turnaround of DISCOMs with various measures outlined in UDAY scheme. As per the UDAY scheme, the participating State Government should take over 75 per cent of the debt (as on 30 September 2015) of the Power Distribution companies (DISCOM). Though Government of Tamil Nadu did not show any interest in the first phase of its implementation, has later decided to join the Scheme from 9 January 2017.

The Government had raised Loans to the extent of ₹22,815 crore during February-March 2017 by issuing Non Statutory Liquidity Ratio Bonds (Non-SLR) through RBI Nagpur. Subsequently, the entire amount was directly transferred to TANGEDCO as loan by debiting Tamil Nadu Government Account and contra credit to TANGEDCO (6801-00-190-AH). This was in contravention to the Tripartite Memorandum of Understanding of the Scheme wherein Government of Tamil Nadu undertook to transfer ₹4,563 crore in the form of grants and ₹18,252 crore in the form of interest free loan to TANGEDCO during 2016-17. Since the entire assistance under UDAY scheme was treated as 'Loan' by the State Government (G.O-Ms.No.12) Energy (C2) Department dated 06.03.2017), it had no impact in the 'Revenue Deficit' of the State during 2016-17.

7.15 Non-receipt of vouchers & List of Payment for the expenditure booked in the accounts

As recorded in the Objection Book Register for the year 2016-17, it is observed that 1,712 vouchers valuing ₹ 262.57 crore were found wanting from the various accounts rendering units (Treasuries / PAOs) to the Accountant General (A&E) in support of the expenditure booked in the accounts. Though the concerned Treasuries / PAOs were reminded, the wanting vouchers have not been furnished to Accountant General (July 2017).

7.16 Revenue Budgetary Performance:

In respect of 18 Revenue Major Heads, the actual revenue realized was ₹9,286.98 crore in comparison to budget estimate of ₹13,720.65 which was lower by ₹4,433.67 crore registering an average short realization of 32.31 *per cent*.

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