

# CAG flags lack of financial info on KCR govt's irrigation projects

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**Hyderabad:** The Comptroller and Auditor General (CAG) has said the Telangana government did not disclose financial results of any irrigation project even as the state's total debt stood at nearly ₹1.43 lakh crore at the end of 2017-18, an 18% increase over the preceding year.

The CAG, in its 'State Finances Audit Report-2018' for Telangana tabled in the

Assembly on Sunday, recommended the state compile working results of major irrigation projects to assess benefits of persistent heavy outlays of the irriga-

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tion sector. "These working results should guide future investments," it suggested.

The audit body said that delays in completion of the ongoing projects had impacted quality of expenditure in a negative way. "This

also led to deprivation of intended benefits and economic growth. Delay in the execution of 19 irrigation projects caused cost escalation from ₹41, 201 crore to ₹1, 32, 928 crore. An amount of ₹70, 758 crore was spent on those incomplete irrigation projects so far," it added.

It also expressed concern that the interest payments by the government, relative to revenues, were higher at 12.19% against the target of 8.31% fixed by the 14th Finance Commission.



# Telangana's public debt stands at ₹1.43 lakh crore, reveals CAG report

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## KEY TAKEAWAYS FROM THE REPORT

► Revenue receipts (RR) and revenue expenditure (RE) have increased between fiscal years 2015-16 to 2017-18

► The growth rate of RR and RE decreased in 2017-18 in comparison to previous year

► Capital expenditure (CE) increased in FY 2016-17 but declined in 2017-18

► Fiscal deficit marginally exceeded the ceiling of 3.50% fixed by the 14th Finance Commission

► Government's contribution to National Pension System was short by Rs 49.87 crore

► Telangana maintained a mandatory minimum daily cash balance of ₹1.18 cr with RBI only for 161 days of the year

► Report observed delays in submission of actual accounts by autonomous bodies and authorities such as HMWS&SB and HMDA

► Persistent savings under medical health and in social welfare sectors indicate that schemes under these departments did not receive required priority

**₹730Cr**  
 available in the National Securities Depository Limited (NSDL) is to be divided between Andhra Pradesh and Telangana

### RELEASE DUES TO ENSURE TURNAROUND FOR DISCOMS

The CAG said that to ensure financial turnaround of DISCOMS, the government may release their dues as well as compensate them while implementing new policies. The report observed that losses from power sector (₹6,202 crore), accounted for 94% of the total losses (₹6,619 crore) incurred by state-run PSUs



**Hyderabad:** The Comptroller and Auditor General's (CAG) report on 'State Finances Audit Report' (2018) for Telangana revealed that the state's outstanding public debt increased by 18% to nearly ₹1.43 lakh crore in 2017-18 over the preceding year at a rate higher than gross state domestic product.

The report, introduced in the Assembly on Sunday, was the assessment of the state's financial performance in 2017-18. The CAG recommended the government undertake a study on future projects to measure fiscal commitments and the ability to meet them. As per the report, the state's interest payments compared to its revenue receipts stood at 12.19% as against a target of 8.31% fixed by 14th Finance Commission.

The ratio of debt repayment to tax revenue also increased from 6.84% in 2016-17 to 8% in 2017-18. "Majority profile of outstanding public debt as of March 2018 showed that 48% (₹65,740 crore) outstanding debt is to be repaid over next seven years," the report said. Guarantees worth ₹41,892 crore given by government till end of 2017-18 stood at 51% of the revenue receipts of previous year (₹ 82,818 crore) and within the 90% ceiling. It was noted that government was extending guarantees to bodies that have not finalised accounts.

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**Hyderabad:** The CAG report has revealed that while the state did well with its focus on development expenditure (₹84,006 crore) and capital expenditure (₹23,902 crore) compared to other general category states, it did lag behind on education spend.

The report said the burden of committed expenditure measured as the percentage of revenue expenditure. There was a steady rise due to an increase in interest payments and pension pay-

Revenue surplus was overstated by ₹3,743 crore and fiscal deficit was understated by ₹954 crore due to misclassification, non-contribution to statutory funds & classifying subsidies as loans

ments. Greater reliance on market borrowings by the government in recent years had led to an increase in liabilities due to interest payments.

Revenue receipts (₹88,824 crore) in 2017-18 increased by ₹6,006 crore (7.25%) over the

preceding year. However, they were lower than the budget estimates by ₹24,259 crore. The report recommended that the finance department rationalise budget preparation exercise to minimise the gap between budget estimates and actual spend. The report did go on to praise the efforts to decrease cost of collection of major taxes, which has been falling for the last three years.

The CAG also found that the state had registered a revenue surplus of ₹3,459 crore, while the fiscal deficit stood at ₹26,700 crore.

However, the revenue sur-

plus was overstated by ₹3,743 crore and fiscal deficit was understated by ₹954 crore due to misclassification, non-contribution to statutory funds and classifying subsidies as loans.

This resulted in a revenue deficit of ₹284 crore and fiscal deficit of ₹27,654 crore, which is 3.55% of the GSDP (₹7,52,230 crore). Outstanding liabilities were 22.05% of GSDP. The CAG observed that this was within the prescribed limit of 25% as per the state government's medium term fiscal policy statement (MFPS).

## Revenue receipts up by ₹6k cr over 2016-17