

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1996

No. 1 OF 1997

**UNION GOVERNMENT (Civil)
ACCOUNTS OF THE UNION GOVERNMENT**

REPORT OF THE
COMMISSIONER AND ASSISTANT COMMISSIONER
OF THE BUREAU OF

THE YEAR ENDING MARCH 31, 1900
PART I

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LANDS

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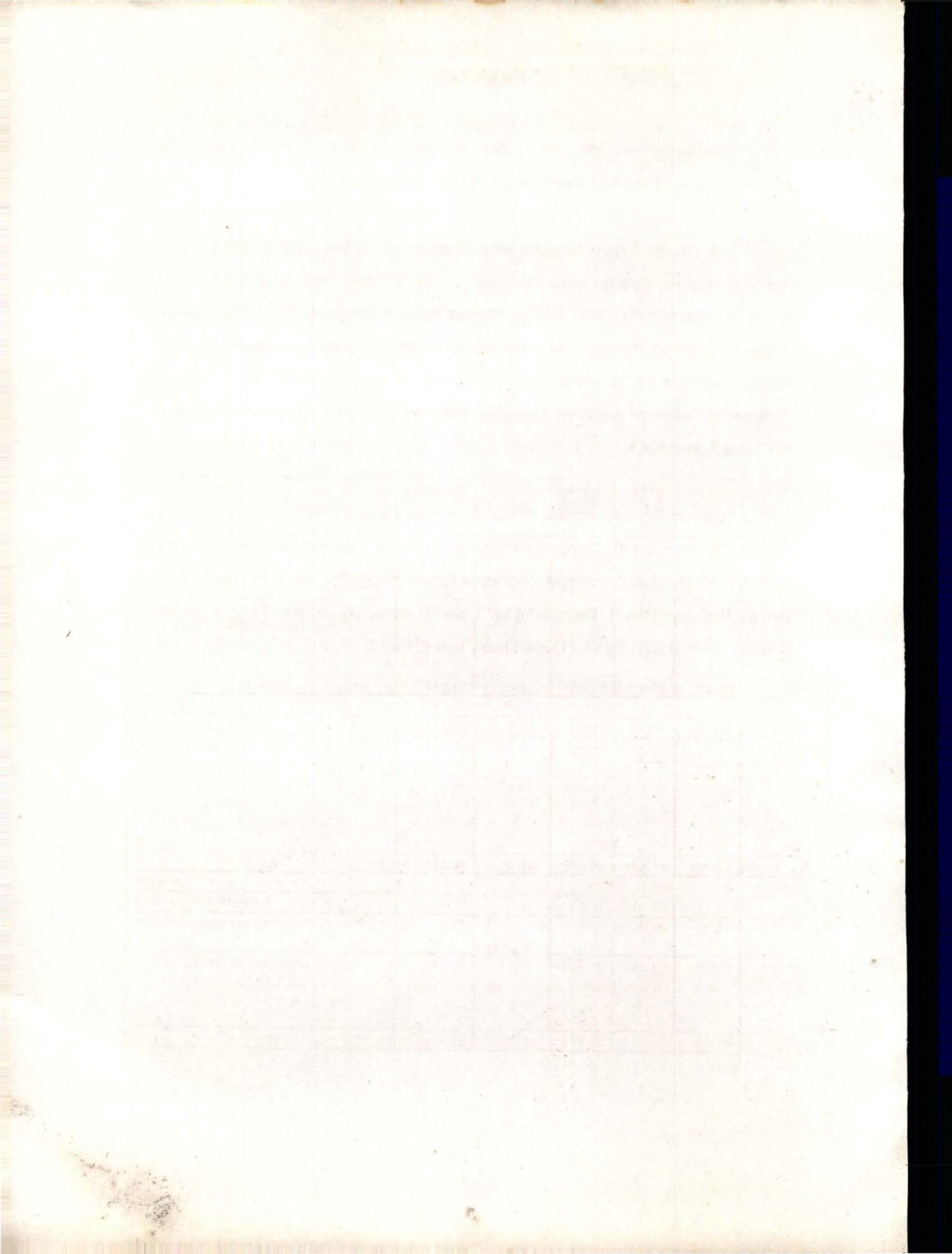
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PREFACE

This Report for the year ended 31 March 1996 has been prepared for submission to the President under Article 151 of the Constitution.

The present Report includes matters arising from test audit of the Finance Accounts and the Appropriation Accounts of the Union Government for the year ended 31 March 1996. Part I of the Report includes observations on the Finance Accounts and Part II covers the observations on the Appropriation Accounts. The observations arising from the audit of various financial transactions as well as performance audit of the Civil Ministries have been included separately in Report No.2 and Report No.3.

Separate Reports are also issued for Union Government Other Autonomous Bodies (No.4), Scientific Departments (No.5), Post and Telecommunications (No.6), Ministry of Defence-Army and Ordnance Factories (No.7), Air Force and Navy (No.8), Railways (No.9), Receipts of the Union Government-Indirect Taxes-Customs (No.10), Central Excise (No.11) and Direct Taxes (No.12).



OVERVIEW

PART I - FINANCE ACCOUNTS

Highlights of Accounts

During the year 1995-96 the total receipts of the Union Government aggregated to Rs 470939 crore out of which Rs 99950 crore came from taxes, Rs 68621 crore from non-tax receipts and Rs 302368 crore were capital receipts. Out of capital receipts of Rs 302368 crore, Rs 180966 crore came from Public Debt Receipts, Rs 111162 crore from receipt of Small Savings, Provident Fund, Reserve Funds, Deposits and Advances and Rs 10240 crore came from the recovery of Loans and Other Receipts. **60 per cent of the receipts of the Union Government came through borrowed or repayable funds.**

Total disbursements during the year was Rs 469283 crore. Out of this 56 per cent was applied towards servicing of debt and other liabilities, 32 per cent was spent for revenue expenditure other than interest payment and 12 per cent towards the capital expenditure including loans and advances etc. **More than half of the disbursements of the Union Government went for servicing the debt and other liabilities.**

At the end of the year, total debt burden of the Union Government became Rs 703566 crore taking external debt at the rate of exchange on 31 March 1996, which is 64 per cent of GDP at the current market rate. The fiscal deficit during 1995-96 was Rs 60244 crore, which is 5.48 per cent of GDP.

Revenue Receipts

Revenue receipts increased from Rs 146670 crore in 1994-95 to Rs 168571 crore in 1995-96. Of these, 59.3 per cent came from taxes and the rest came from non-tax receipts. As percentage of GDP revenue receipts declined from 16.20 per cent in 1991-92 to 15.34 per cent in 1995-96. Tax revenue increased to Rs 99950 crore in 1995-96 compared to Rs 83737 crore in 1994-95. Over this period the non-Tax Revenue increased from Rs 62932 crore to Rs 68621 crore. The share of tax revenue

to the total revenue receipts also declined by 3.1 *per cent* over this period. During the year 1995-96, the direct taxes and indirect taxes increased by 21 *per cent* and 19 *per cent* respectively, while the non-tax receipts increased by 9 *per cent* over the previous year.

Expenditure of the Union Government

Total expenditure of Union Government, excluding the repayment of debt, increased from Rs 220863 crore in 1994-95 to Rs 240656 crore in 1995-96. But as *percentage* of GDP it declined from 23.36 *per cent* in 1994-95 to 21.91 *per cent* in 1995-96.

As a proportion of total expenditure, the share of General Services increased from 35 *per cent* in 1991-92 to 39 *per cent* in 1995-96 but as *percentage* of GDP it remained constant at 8.55 *per cent*. Over the same period, Social Services as proportion of total expenditure increased from 3.11 *per cent* to 3.33 *per cent*, but as *percentage* of GDP, it declined from 0.75 to 0.73 *per cent*. Similarly, the Economic Services as proportion of total expenditure decreased marginally from 32.91 to 32.90 *per cent* and as *percentage* of GDP, it decreased from 7.94 *per cent* to 7.21 *per cent* over the same period.

Share of grants to States as *percentage* of total expenditure declined from 10.6 *per cent* in 1991-92 to 8.8 *per cent* in 1995-96. As *percentage* of GDP the transfer of resources to States declined from 7.47 *per cent* in 1991-92 to 6.31 *per cent* in 1995-96.

Revenue Expenditure

Revenue expenditure increased by 11.59 *per cent* over the previous year and accounted for 82 *per cent* of total expenditure during 1995-96. Interest payments during 1995-96 constituted 25 *per cent* of the revenue expenditure, absorbing 61 *per cent* of the Central Government tax revenues.

Major subsidies increased by 3.94 *per cent* from Rs 12388.59 crore in 1994-95 to Rs 12876.48 crore in 1995-96. Out of total subsidies, 52.3 *per cent* were on fertilisers.

Grants-in-aid to States and Union Territories constituted 10.9 *per cent* of revenue expenditure. In addition, grants are also released to statutory bodies, non government institutions etc. Utilisation certificates to the tune of Rs 3774 crore in respect of grants released upto September 1994 were outstanding at the end of March 1996.

Capital Expenditure

Capital expenditure declined by 9 *per cent*, from Rs 19266 crore in 1994-95 to Rs 17544 crore in 1995-96. As a *percentage* of total expenditure and GDP it declined by 1.43 and 0.44 *percentage* points respectively over the previous year.

The total investment of the Government (excluding that in the RBI) in statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, International Bodies etc. increased from Rs 71601 crore in 1994-95 to Rs 73814 crore on 31 March 1996, which constituted an increase of 3.09 *per cent*. The *percentage* of dividends and profits received also increased from 1.70 *per cent* in 1994-95 to 2.37 *per cent* in 1995-96.

Investment of the Union Government in Nationalised Banks in 1995-96 decreased from Rs 14753.73 crore in 1994-95 to Rs 13673.68 crore in 1995-96. This is due to writing down of investments in Dena Bank and Bank of India to the tune of Rs 1506 crore for adjustment of their losses. Return on Government's investment in Nationalised Banks fell short of even one *percentage* point in 1995-96, but the interest paid by the Government on the securities issued to the banks increased from 4.4 *per cent* in 1994-95 to 8.9 *per cent* in 1995-96.

Deficit

Overall deficit during 1995-96 was Rs 9808 crore, as against the budget estimates of Rs 5000 crore. Over the period from 1991-92 to 1995-96, the revenue

deficit increased from Rs 16261 crore to Rs 29731 crore. In absolute terms fiscal deficit increased from Rs 36325 crore to Rs 60244 crore over the same period. The fiscal deficit as *percentage* of GDP, however declined from 7.5 *per cent* in 1993-94 to 5.5 *per cent* in 1995-96.

Monetised deficit at the end of March 1996 was Rs 19855 crore. As *percentage* of fiscal deficit, monetised deficit worked out to 33 *per cent* as against 3.7 *per cent* during 1994-95.

Debt of the Union Government

Total liabilities of the Union Government increased from Rs 427322 crore in 1991-92 to Rs 703566 crore in 1995-96. The total indebtedness was 64 *per cent* of GDP during 1995-96.

During the period from 1991-92 to 1995-96, the internal debt increased from Rs 172750 crore to Rs 307869 crore, which is an increase of 78 *per cent*.

Outstanding market loans as *percentage* of internal debt increased from 49.13 *per cent* to 53.57 *per cent* over the previous year. Over the five year period, market loans increased from Rs 78003 crore to Rs 164935 crore, constituting an increase of 111 *per cent*.

91 days treasury bills,(excluding Ad-hoc T.Bills) an instrument for short term borrowing, increased from Rs 4855 crore in 1991-92 to Rs 14345 crore in 1995-96 constituting an increase of 195 *per cent* over the last five years. Ad-hoc treasury bills, which indicate the increase in money supply, increased from Rs 3985 crore in 1991-92 to Rs 29445 crore in 1995-96 constituting an increase of 639 *per cent*.

Other internal borrowings of the Union Government increased from Rs 144964 crore in 1991-92 to Rs 247115 crore in 1995-96, an increase of 70.5 *per cent*.

External debt at historical rates of exchange was Rs 51249 crore in 1995-96 and as *percentage* of GDP it worked out to 4.7 *per cent*. But at current rates of

exchange external debt as on 31 March 1996 worked out to Rs 148583 crore and 13.5 *per cent* of GDP. As on 31 March 1996, unutilised external assistance was to the tune of Rs 48574 crore and the country has to pay commitment charges on these amounts without actually utilising them.

Total outstanding guarantees of the Union Government increased from Rs 46744 crore in 1991-92 to Rs 65573 crore in 1995-96 constituting an increase of 40 *per cent*.

The increasing volume of public debt and consequent pressure on resources for the debt servicing has inevitable impact on other areas of expenditure and aspects of public finance. As a *percentage* of GDP expenditure on education remained at 0.26 *per cent* level over the period of the last five years and the expenditure on Health and Family Welfare as *percentage* of GDP declined from 0.10 *per cent* to 0.08 *per cent* over the same period. Defence expenditure also declined as a *percentage* of GDP from 2.74 *per cent* to 2.54 *per cent* over the same period.

In the year 1995-96, total expenditure of Union Government towards the debt repayment other than discharge of Ad-hoc and 91 days treasury bills was Rs 95785 crore, while the revenue receipts were only Rs 168571 crore. Therefore, 57 *per cent* of the revenue receipts was applied for repayment of debt and other liabilities. If the interest of Rs 50045 crore paid by the Government on borrowings and other liabilities is added to the repayment, it absorbed 87 *per cent* of the revenue receipts leaving only 13 *per cent* for meeting the Revenue and Capital expenditure.

On the other hand, if the debt service obligations relating to 91 days treasury bills are also added, the total outgo on debt servicing will outstrip the revenue receipts of the Government.

Other Observations on Accounts

The completeness and accuracy of Finance Accounts of the Union Government was affected by the following factors:

(a) Difference in the cash balance as shown in the Finance Accounts and as shown in the books of the Reserve Bank of India, which need to be reconciled ;

(b) Suspense balances, particularly under the heads 'PAO Suspense' and 'Suspense Account (Civil), which await accounting in the final receipt or service heads to which they pertain;

(c) Adverse balances under various heads of Debt, Deposit and Remittances indicating incorrect accounting;

(d) An amount of Rs 1385.44 crore, provisionally booked as 'Deposits', pending final accounting as 'Public Debt', but not so transferred, resulting in the understatement of the 'Public Debt'; and

(e) The external debt, which has been accounted at historical rates of exchange.

PART II - APPROPRIATION ACCOUNTS

Summary of Appropriation Accounts

During the year 1995-96 Central Government was authorised a sum of Rs 362902.81 crore as original and Rs 15896.19 crore as supplementary grants/appropriations. Against the total provision of Rs 378799.00 crore, total expenditure aggregated Rs 322027.31 crore, resulting in savings of Rs 56771.69 crore which is 14.99 *per cent* of total authorisation. Expenditure of Rs 87.28 crore has been incurred by the Departments without proper sanction.

Charged Expenditure

The charged expenditure constituted between 66 and 72 *per cent* of the total expenditure during 1991-96. Since charged expenditure is not subject to vote by Parliament, the scope of financial control by Parliament gets limited to relatively small portion of the total expenditure. If expenditure on salaries, which is also inflexible to a large extent is reckoned, only about 20 *per cent* of the total expenditure of the consolidated fund is effectively subject to vote by Parliament.

Excess Expenditure

Expenditure aggregating Rs 8.44 crore (actual excess Rs 84415433) under two Grants exceeded amounts authorised, requiring regularisation by Parliament.

Savings

In 20 cases of 15 Grants and three Appropriations, savings amounting to Rs 4324.77 crore and Rs 50190.35 crore respectively were in excess of Rs 100 crore. Large savings occurred in developmental areas like Agriculture, Health, Labour, Industrial Development, Power and Coal etc. In 41 cases involving 35 Grants and one Appropriation, savings amounting to Rs 1797.81 crore and Rs 25.62 crore respectively, were less than Rs 100 crore but in excess of Rs 20 crore. In case of nine Grants, saving exceeded 50 *per cent* of the budget provision.

In 19 voted Grants and 22 Appropriations, the entire savings amounting to Rs 116.58 crore and Rs 1971.42 crore respectively were not surrendered.

Against budgeted recoveries of Rs 6117.08 crore, actual recoveries were Rs 5623.64 crore.

Re-appropriations

In 52 sub-heads in 23 Grants / Appropriations, re-appropriation of Rs 365.82 crore was injudicious. In some cases, the final saving under these sub-heads was more than the amount re-appropriated to these heads and in other cases, final excesses under the sub-heads were more than the amount re-appropriated from these heads.

Expenditure on 'New Service'

In four cases under the Ministry of Water Resources, Department of Culture & Department of Health, expenditure to the tune of Rs 6.86 crore was incurred on 'New Service' or 'New Instrument of Service' without prior approval of Parliament or without reporting to Parliament.

Utilisation of Supplementary Grants

In 28 cases relating to 23 Grants, the supplementary grants amounting to Rs 525.34 crore remained wholly unutilised, as the expenditure under these Grants was even less than the original provision.

Supplementary provision of Rs 250 crore was obtained by the Ministry of Food in March 1996 for subsidy payable to Food Corporation of India (FCI) on food grains transactions. Against a budget provision of Rs 5250 crore and supplementary provision of Rs 250 crore, FCI incurred an expenditure of Rs 5377.31 crore and there was a saving of Rs 122.69 crore. Out of this, Rs 120.40 crore were surrendered in March 1996. Thus, the supplementary provision got voted by the Ministry, in March 1996, was over estimated.

Ministry of Health and Family Welfare

(a) Grant No. 39 - Department of Health

In revenue section (voted) net saving of Rs 84.50 crore exceeded the supplementary grant of Rs 23.89 crore. In capital section(charged) provision of Rs 0.02 crore remained wholly unutilised persistently during the year 1993-94 to 1995-96 in one case under the Major Head 7601 - Loans and Advances to State Governments.

Department of Health was provided Rs 1681.29 crore for revenue and capital expenses for prevention and control of diseases but the Department could utilise only Rs 1281.99 crore out of this fund leaving Rs 399.30 crore (i.e. nearly 24 *per cent* of the sanctioned provision) unutilised.

Funds provided to the State / Union Territory Governments under Centrally Sponsored Scheme of 'Prevention and Control of Disease' were not utilised to the extent of 10 to 100 *per cent* in respect of Kala Azar, National T.B. Control Programme, National AIDS Control Programme and Training Programme.

(b) Grant No. 40 - Department of Family Welfare :

In revenue section (voted) net saving of Rs 89.86 crore exceeded supplementary grant of Rs 71.64 crore. Under the Major Head 2211 - Family Welfare and Major Head 3601 - Grants-in-aid to State Governments, there were large savings of even more than 20 *per cent* of the provision during the year 1995-96.

Under the sub-head "D.1(6) - Family Welfare-Maternity and Child Health" the instructions of Finance Ministry regarding limitations on re-appropriation in excess of 25 *per cent* or Rs 1 crore, whichever was more, were not followed by the Department.

Ministry of Human Resource Development

In voted portion of the grant No. 46-Department of Education, there was net saving of Rs 408.81 crore during the year 1995-96 which constituted 40 *per cent* of the supplementary grant of Rs 1028.29 crore.

There was persistent and increasing trend of saving in "Elementary Education - Bihar Education Project", "Assistance to Non Government Secondary Schools - Vocationalisation of Education", "Other Expenditure - Technology Development Mission", "Other Adult Education Programme - Post Literacy and continuing Education Activities" during the years 1993-94, 1994-95 and 1995-96.

Other Grants

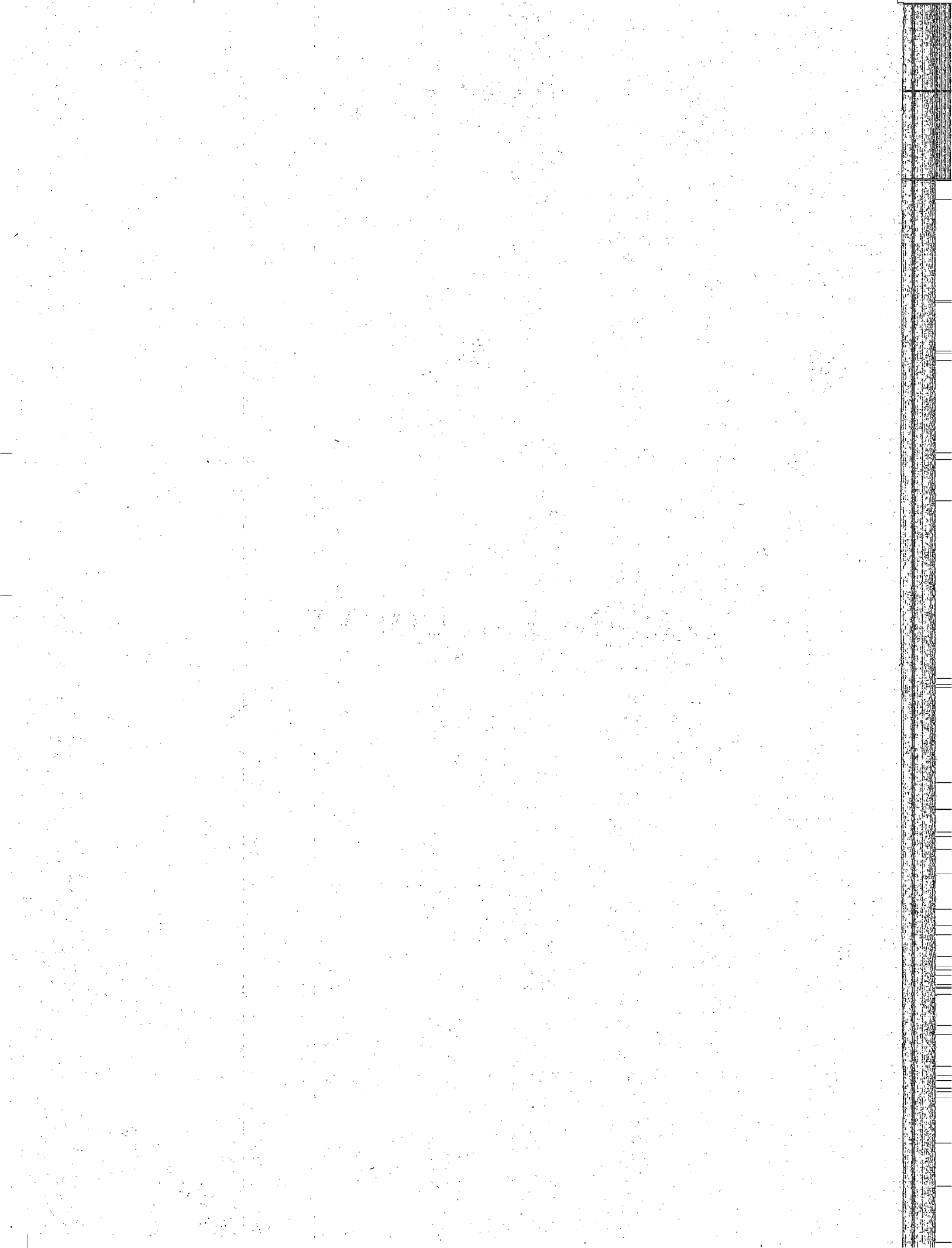
Scrutiny of headwise appropriation account relating to grant No. 66 - Planning for the year 1995-96 revealed that

(a) even though there were sufficient savings for re-appropriation, the Commission had incurred excess expenditure under Major Head "5475 - Capital outlay on other General Economic Services" without re-appropriating the funds from other units of appropriation.

(b) failure to carry out the adjustment of the value of gift material in recovery statement has resulted in exhibition of inflated expenditure to the extent of Rs 4.39 crore during 1995-96 in the accounts of the Government.

PART I

FINANCE ACCOUNTS



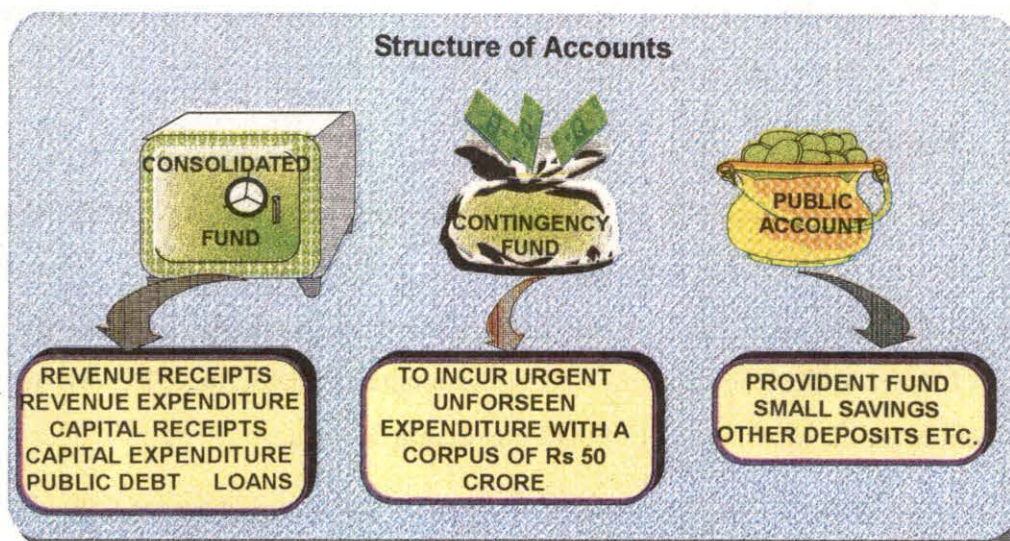
CHAPTER I

Introduction

1.1 Structure of Government Accounts

The accounts of the Government are kept in three parts: (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

All receipts of the Government from revenues, loans and recoveries of loans go into the Consolidated Fund, constituted under Article 266(1) of the Constitution of India. All expenditure of Government is incurred from this Fund and no amount can be withdrawn from the Fund without authorisation from Parliament. It consists of two main divisions, namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans etc.).



All other public moneys received by or on behalf of Government of India are credited to the Public Account of India constituted under Article 266(2) of the Constitution, including provident funds, small savings collections, other deposits, etc. which do not constitute normal receipts of Government. They continue to belong to the depositors, but are in the possession of Government for a specific period or purpose. Parliamentary authorisation for payments from the Public Account is not required.

Occasions may arise when Government has to incur urgent unforeseen expenditure pending authorisation from Parliament. The Contingency Fund created under Article 267(1) of the Constitution is in the nature of an imprest placed at the disposal of the President to meet such situations. Parliamentary approval is subsequently obtained for such expenditure and for transfer of an equivalent amount from the Consolidated Fund to the Contingency Fund. The corpus of this Fund authorised by the Parliament, at present, is Rs 50 crore.

1.2 Annual Accounts

The accounts of the Union Government are prepared in two volumes, viz., the Finance Accounts and Appropriation Accounts. The Finance Accounts present the details of all the transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts on the other hand, present the details of amounts actually spent by Government vis-à-vis the amounts authorised by the Parliament in the budget grants. Any expenditure in excess of the grants requires regularisation by the Parliament.

1.3 Audit Report

The Finance Accounts and the Appropriation Accounts as well as various transactions in these accounts are audited by the Comptroller & Auditor General of India in accordance with the CAG's (Duties, Powers & Conditions of Service) Act, 1971. CAG certifies the accounts and also submits separate Audit Reports to the President in terms of Article 151 of the Constitution of India.

CAG's reports for the year ended 31 March 1996 are structured as follows:

Report No.	Containing observations on
1 of 1997	Union Government (Civil) Volume I - Accounts of the Union Government
2 of 1997	Union Government (Civil) Volume II - Important cases noticed in course of the audit of transactions
3 of 1997	Union Government (Civil) Volume - III - Performance Reviews of Centrally Sponsored Schemes
4 of 1997	Union Government : Other Autonomous Bodies

Contd⇒

Report No.	Containing observations on
5 of 1997	Union Government : Scientific Departments
6 of 1997	Union Government : Post & Telecommunications
7 of 1997	Union Government : Defence Services(Army & Ordnance Factories)
8 of 1997	Union Government : Defence Services (Air Force & Navy)
9 of 1997	Union Government : Railways
10 of 1997	Union Government : Indirect Taxes (Customs)
11 of 1997	Union Government : Indirect Taxes (Central Excise)
12 of 1997	Union Government : Direct Taxes

In addition to these, several Reports are also submitted to the President on the working of public enterprises under the Union Government.

1.4 Finance Accounts

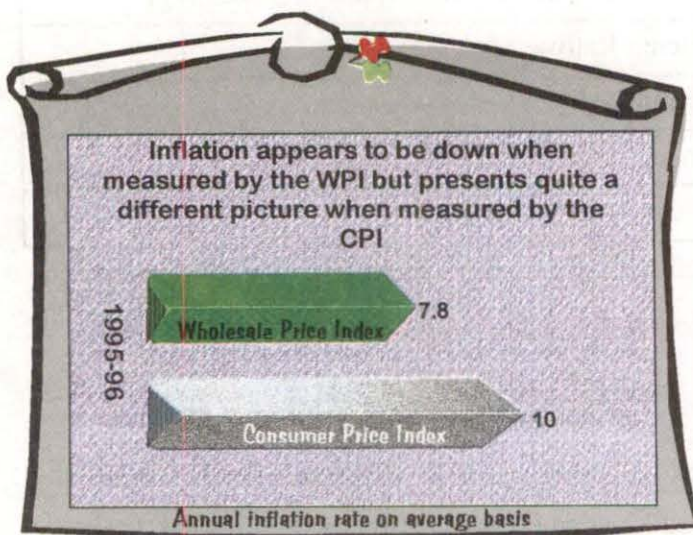
Unlike the Appropriation Accounts, which concerns itself with the expenditure out of the Consolidated Fund and its authorisation, the Finance Accounts deal with the details in all parts of Government accounts. They comprise the accounts of the Union Government as a whole, incorporating transactions of Civil Ministries, Defence, Posts, Telecommunications and Railways. They represent the accounts of receipts and outgoings from the Consolidated Fund of India and the Public Account along with the accounts of public debt and other liabilities as recorded in the accounts.

They are presented in two parts: Part I containing Summarised Statements and Part II containing Detailed Accounts and other statements. Apart from the summary of all the transactions in the Government Accounts, the Finance Accounts contain the following statements:

- (a) Summary of Debt Position
- (b) Loans and Advances by Union Government
- (c) Guarantees given by the Union Government
- (d) Summary of Balances

These are supported by detailed statements of Revenue receipts, Capital receipts, Revenue and Capital expenditure, investments made by Government and detailed account of debt liabilities and other public account transactions as well account of the Contingency Fund.

1.5 Price trends



As per the Reserve Bank of India's Annual Report 1995-96, the annual inflation rate measured in terms of the wholesale price index for all commodities on an end of period basis, declined from 10.4 per cent in 1994-95 to 5 per cent in 1995-96. However on average basis

it declined to only 7.8 per cent. The variation in the consumer price index was substantially higher during 1995-96 at 10 per cent on average basis. This analysis of the Union Government Finance Accounts should ideally be viewed in the context of these price trends.

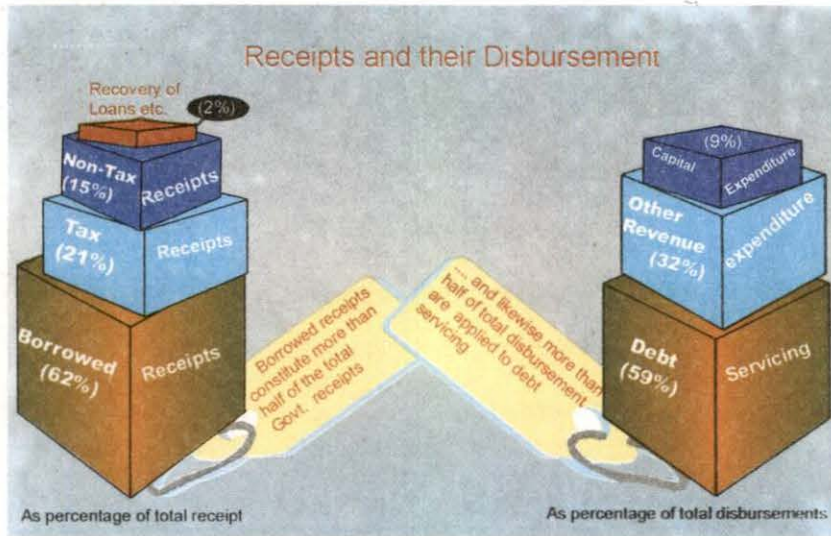
1.6 Analysis and Audit Findings

In the chapters that follow, an analysis of various important facets of Finance Accounts has been presented. Wherever possible, a trend spanning a period of five years has been presented for a balanced appreciation. The observations pertaining to the correctness and validity of accounts are based on the test check of accounts and detailed scrutiny in selected areas.

CHAPTER II

Overview of Accounts

2.1 Receipts and Disbursements

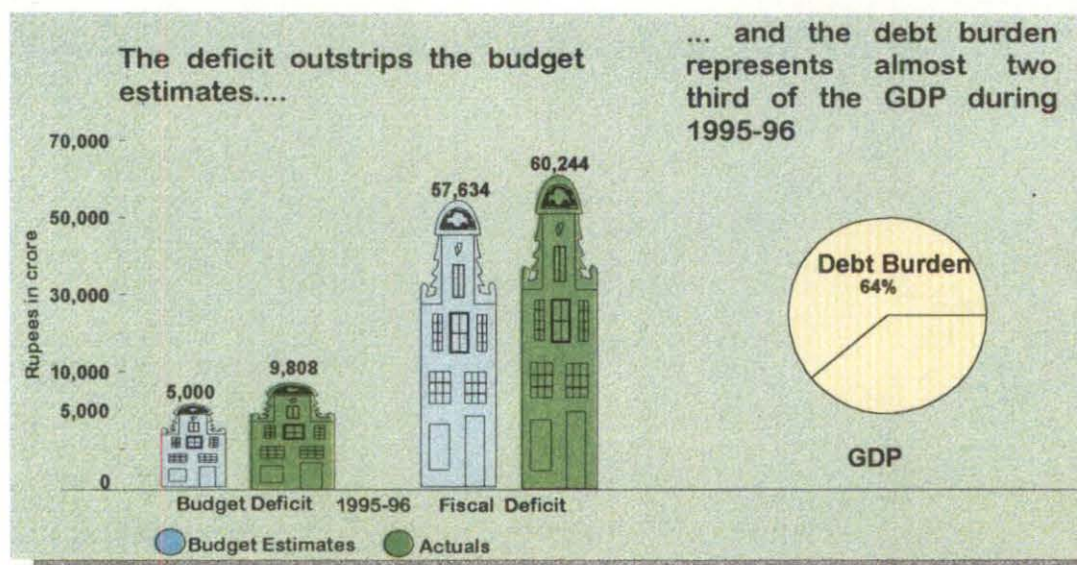


During 1995-96, total receipts of the Union Government aggregated to Rs 470939 crore, out of which Rs 99950 crore (21.2 per cent) came from taxes and

Rs 68621 crore (14.6 per cent) came from non-tax receipts. The balance Rs 302368 crore were capital receipts. Of these, Rs 180966 crore (38.4 per cent of total receipts) came from Public Debt receipts, Rs 111162 crore (23.6 per cent) from other liabilities such as Provident Funds, Small Savings, etc., Rs 6999 crore (1.5 per cent) from the recovery of Loans and Advances and Rs 1397 crore (0.30 per cent) from Miscellaneous Capital Receipts which includes disinvestment and Rs 1844 crore (0.39 per cent) from Suspense, Remittances and Miscellaneous. Thus, more than half of the receipts of the Union Government (60 per cent) came through borrowed or repayable funds.

Total disbursement during the year was Rs 469283 crore. Of this Rs 264208 crore (about 56 per cent) was applied towards servicing of debt and other liabilities (Rs 214163 crore Principal + Rs 50045 crore Interest). Out of the remaining 44 per cent, revenue expenditure other than interest payment was 32 per cent and capital expenditure including loans and advances etc. was 12 per cent. Thus, more than half of the total disbursements were for the servicing of debt and other liabilities.

2.2 Debt and Deficit



During 1995-96, the internal borrowings increased from Rs 487682 crore in 1994-95 to Rs 554984 crore. Similarly, the external debt increased from 50928 crore to Rs 51249 crore. The total debt burden of the Union Government at the end of the year 1995-96 was Rs 606232 crore (55 per cent of the GDP), taking the external debt at rates of exchange prevalent at the time of drawal. If the external debt is translated at the rate of exchange on 31 March 1996, the total debt burden will be Rs 703566 crore, which is 64 per cent of GDP at the current market rate.

The budgetary deficit for 1995-96 was estimated at Rs 5000 crore. However, the actual deficit was Rs 9808 crore, which was financed by the issue of 91-days Treasury Bills (*T-bills*). This does not take into account Government Securities worth Rs 5500 crore issued on 25 March 1996 and subscribed to entirely by R.B.I. The fiscal deficit estimated at Rs 57634 crore, actually ended up at Rs 60244 crore, which is 5.48 per cent of the GDP.

2.3 Impact of Debt on Sectoral Spending

The increasing burden of servicing of debt and other liabilities, claimed more than the entire revenue receipts of Union Government and constituted 56 per cent of the total disbursement. The compulsion to service debt while containing the deficit has been at the cost of key sectors where outlays have decelerated or in some cases contracted, a trend discussed in Chapter IV.

2.4 Reporting parameters

In all chapters in this report, for the facility of comparison, changes in receipts and expenditure of all sectors have been presented in terms of GDP at market prices* notified by the CSO in their Quick Estimates. For the earlier years the figures for GDP are the same as appeared in the CAG's Reports of the relevant year, to ensure the continuity of figures. All other figures from the Finance Accounts have been suitably rounded off, wherever necessary.

2.5 Summary of Financial Position

A detailed statement working out the financial position of the Union Government during the last five years is placed at Appendix I.

* Rs 1098576 crore

CHAPTER III

Receipts

3.1 Revenue receipts

Revenue receipts consist of tax revenue and other revenues. Tax revenue comprises proceeds of taxes and other duties levied by the Union Government. Other receipts mainly consist of interest and dividend on investments made by Government, fees and other receipts for services rendered by the Government.

An analysis of revenue receipts (excluding States' share of Income tax and Estate duty and Union territories' share of Estate duty on agricultural land) during the last five years shows the following :

Table 3.1(i) Growth of Revenue receipts

(Rupees in crore)

Year	Actual receipts	Increase over the previous year	% age increase	As % age of GDP
1991-92	99830	15427	18	16.20
1992-93	114220	14390	14	16.25
1993-94	119602	5382	5	14.93
1994-95	146670	27068	23	15.51
1995-96	168571	21901	15	15.34

Of the total receipts, Rs 99950 crore came from the taxes and the balance of Rs 68621 crore came from the non-tax receipts. Revenue receipts increased from Rs 146670 crore in 1994-95 to Rs 168571 crore in 1995-96. However, compared to the substantial increase of 18 *percentage* points in the year 1994-95, the increase in revenue receipts decelerated by 8 *percentage* points in 1995-96 over the previous year. As *percentage* of GDP the revenue receipts decreased from 16.20 *per cent* in 1991-92 to 15.34 *per cent* in 1995-96. The share of revenue receipts declined from 37.4 *per cent* in 1991-92 to 35.8 *per cent* during 1995-96.

The rise in revenue receipts during 1995-96 is mainly attributed to increase in corporation tax (Rs 2665 crore), taxes on income other than Corporation tax (Rs 849 crore), customs duty (Rs 8968 crore), union excise duties (Rs 2840 crore), interest tax (Rs 369 crore), service tax (Rs 454 crore), interest receipts (Rs 2623 crore), miscellaneous general receipts (Rs 218 crore), other communication service (Rs 1353 crore) and external grant assistance (Rs 147 crore). At the same time receipts from other fiscal services, dividends and profits and police registered a decline by Rs 123 crore, Rs 2998 crore and Rs 54 crore respectively during the same period. Customs duties from being an instrument of fiscal protection have become a key element in tax receipts.

3.2 Tax Revenue

The trend of the tax revenue during the last five years was as under :-

Table 3.2(i) Growth of Tax Revenue

(Rupees in crore)

Year	Tax Revenue*	As % age of GDP
1991-92	62257	10.11
1992-93	68579	9.76
1993-94	67975	8.49
1994-95	83737	8.86
1995-96	99950	9.10

* excluding the share of net proceeds of taxes on income other than Corporation Tax but includes share of Excise Duties assigned to States

Tax revenue increased from Rs 83737 crore in 1994-95 to Rs 99950 crore in 1995-96. However, as compared to the growth of tax revenue of 74 *per cent* during the five year period 1986-91, it came down to 61 *per cent* during 1991-96. The tax-revenue constituted on an average 10.4 *per cent* of GDP over a period of five years during 1986-91, but during the period 1991-96, it dropped to 9.26 *per cent* of GDP. The share of tax revenue to the total revenue receipts was 62.4 *per cent* in 1991-92 which declined to 59.3 *per cent* in 1995-96 despite an impressive increase of Rs 37693 crore in absolute terms.

Tax revenue had increased at an average rate of 15 per cent per annum between 1986-91, but slipped to 14 per cent during 1991-96. However, the increase in tax revenue in 1995-96 over that in 1994-95 was 19 per cent.

Detailed observations on tax revenue (direct and indirect) are contained in C&AG's Report No 10, 11 and 12 of 1997 on Revenue Receipts.

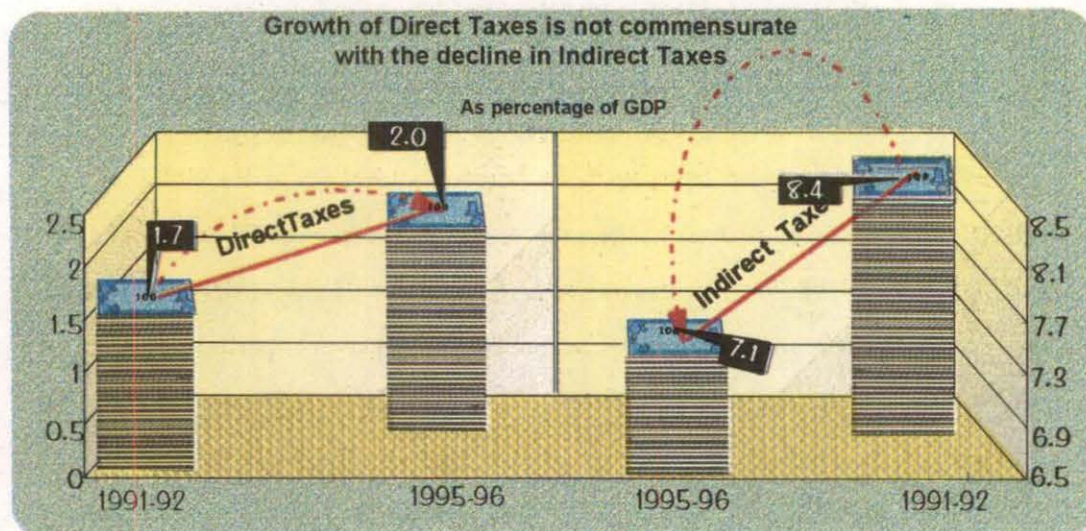
Table 3.2(ii) Growth of Direct and Indirect Taxes

(Rupees in crore)

Year	Direct* Taxes	As %age of GDP	As %age of tax revenues	Indirect Taxes	As %age of GDP	As %age of tax revenues
1991-92	10248	1.7	16.46	52009	8.4	83.54
1992-93	12082	1.7	17.62	56497	8.0	82.38
1993-94	12531	1.6	18.43	55444	6.9	81.57
1994-95	18411	1.9	21.99	65326	6.9	78.01
1995-96	22290	2.0	22.30	77660	7.1	77.70

* Excludes receipts from Land Revenue and Stamps and Registration

Direct taxes increased from Rs 18411 crore in 1994-95 to Rs 22290 crore in 1995-96 which constituted an increase of 21 per cent. At the same time the increase of indirect taxes was 19 per cent over the same period.



Direct Taxes as percentage of GDP increased from 1.7 per cent in 1991-92 to 2 per cent in 1995-96 which constituted an increase of 0.3 per cent. However, on the

other hand Indirect taxes decreased by 1.3 *percentage* points over the same period leading to decline in aggregate tax revenue to GDP.

3.3 Non-tax Revenue

Table 3.3 (i) : Growth of Non tax Revenue
(Rupees in crore)

Year	Non tax revenue*	As % age of GDP
1991-92	37574	6.1
1992-93	45641	6.4
1993-94	51627	6.5
1994-95	62932	6.7
1995-96	68621	6.2

* Includes External Grant Assistance and Aid Material and Equipment

During 1995-96 Non-tax revenues increased by Rs 5689 crore, which constituted an increase of about 9 *per cent* over the previous year. In this connection, the trend of dividends and profits over the last five years was as under :-

Table 3.3 (ii) : Dividend and Profits
(Rupees in crore)

Year	Amount	As %age of non-tax revenue
1991-92	1058	2.8
1992-93	2493	5.5
1993-94	2451	4.7
1994-95	8304	13.2
1995-96	5306	7.7

The sharp jump in dividends and profits as *percentage* of non-tax revenue from 4.7 *per cent* in 1993-94 to 13.2 *per cent* in 1994-95 was only on account of the RBI transferring Rs 5587 crore in 1994-95 to enable the Government to bear the exchange risk liabilities relating to *Foreign Currency Non-Residents Accounts (FCNRA) Deposits* without any additional budgetary provision. A transfer for the same purpose amounting to Rs 2058 crore was made in 1995-96. This addition is responsible for marked increase of not only the Non-tax revenue but also the *percentage* of dividends/ profits to the total investment of the Union Government.

CHAPTER IV

Expenditure of the Union Government

4.1 Trends of expenditure

As against 'total disbursements', which include the repayment of debt and public account payments, the term 'total expenditure' has been used in this report to denote all expenditure, both revenue and capital, out of the Consolidated Fund of India, excluding the repayment of debt.

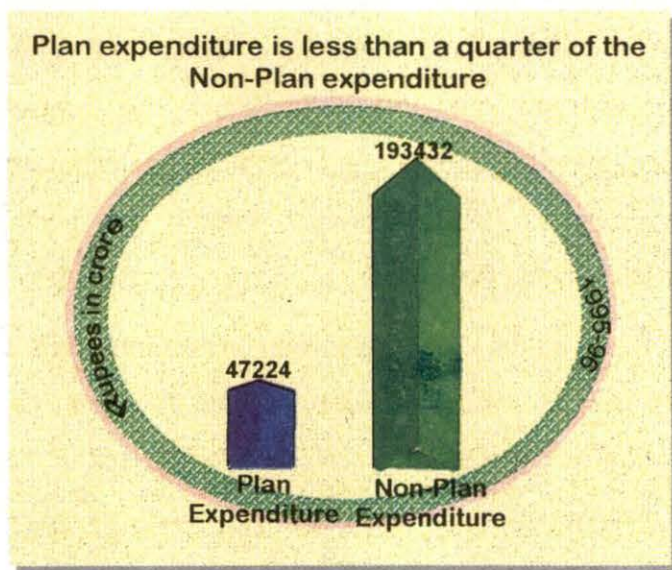
The trend of total expenditure out of the Consolidated Fund of India of the Union Government, excluding the repayment of debt, during the last five years was as under :

Table 4.1 : Total Expenditure of Union Government

(Rupees in crore)

Year	Revenue Expenditure		Capital Expenditure		Loans		Total Expenditure	As % age of GDP
	Plan	Non plan	Plan	Non Plan	Plan	Non Plan		
1991-92	15160	100931	6411	7500	10182	8521	148705	24.14
1992-93	19862	112932	7023	13563	10561	7058	170999	24.33
1993-94	24890	127427	10879	13771	13658	8216	198841	24.82
1994-95	28304	149395	10543	8723	12932	10966	220863	23.36
1995-96	29021	169281	5786	11758	12417	12393	240656	21.91

Total expenditure of Union Government increased from Rs 220863 crore in 1994-95 to Rs 240656 crore in 1995-96 which constituted an increase of 8.96 per cent over the previous year. However, as percentage of GDP it declined from 23.36 per cent in 1994-95 to 21.91 per cent in 1995-96. During 1995-96 the plan expenditure was 19.6 per cent of the total expenditure whereas the non-plan expenditure was 80.4 per cent i.e. more than four times the plan expenditure. It is noteworthy that plan expenditure as percentage of total expenditure dropped by 3.8 percentage points in 1995-96 as compared to 1994-95.



The total expenditure of Union Government declined from an average of 27 per cent of GDP during the period 1986-87 to 1990-91, to an average of 24 per cent between 1991-92 to 1995-96. Bulk of this 3 percentage point reduction was on account of reduction in the capital expenditure (including

loans and advances given by the Union Government) which has gone down from 7.1 per cent to 5.0 per cent of GDP. Over the five year period, the average share of capital expenditure (including loans) in the total expenditure sharply declined from 26.54 per cent during 1986-91 to 20.96 per cent during 1991-96.

As far as revenue expenditure is concerned, the interest payments which had gone up to an average of 3.61 per cent of GDP during 1986-91 further rose to an average of 4.51 per cent during 1991-96. On the other hand, revenue expenditure other than interest payments came down from 16 per cent of GDP on an average during 1986-91 to 14 per cent of GDP during 1991-96. Furthermore, interest payments as percentage of total expenditure increased from 17.9 per cent in 1991-92 to 20.8 per cent in 1995-96. On the other hand revenue expenditure excluding interest payments increased by 1.4 percentage points over the same period.

4.2 Sectoral expenditure

In the accounts of Union Government, the transactions are accounted under various heads which, in turn, are grouped into sectors. The expenditure heads are grouped into General Services, Social Services and Economic Services. Specific functions or services are grouped in a sector. For example, Education, Sports, Art and Culture, Health and Family Welfare, Water Supply and Sanitation, Housing and Urban Development etc. are grouped under Social Services. Similarly, Agriculture,

Rural Development, Irrigation and Flood Control, Energy, Industry and Mines, Transport Communication, Science, Technology and Environment, Tourism, Foreign Trade and Civil Supplies etc. are included in Economic Services. The General Services on the other hand include the expenditure on organs of State, Collection of Taxes on Commodities and Services, Fiscal Services, Interest Payments, Administrative Services, Defence Services and Pensions.

The sectoral classification, therefore, broadly indicates the expenditure on the group of specific functions and services. Grants-in-aid to State Governments represent a block of distinct expenditure, where detailed utilisation is reflected in the accounts of respective State Governments. These alongwith loans to State Governments have been analysed separately. A key trend has been movement towards providing services rather than in creation of assets.

The sectorwise trend of the expenditure presented on the above basis is analysed in the succeeding paragraphs.

Table 4.2 : Sectoral expenditure of Union Government

(Rupees in crore)

Sector ^o	1991-92	1992-93	1993-94	1994-95	1995-96
General Services ^φ	52671	61366	71913	81208	93934
As %age of total exp	35.42	35.89	36.17	36.77	39.03
As %age of GDP	8.55	8.73	8.98	8.59	8.55
Social Services	4621	5136	5642	6189	8006
As %age of total exp	3.11	3.00	2.84	2.80	3.33
As %age of GDP	0.75	0.73	0.70	0.65	0.73
Economic Services	48939	58304	70340	77861	79165
As %age of total exp	32.91	34.1	35.37	35.25	32.90
As %age of GDP	7.94	8.30	8.78	8.23	7.21

^o This classification excludes loans to foreign Governments and loans and advances and grant-in-aid to U.T. Governments, which do not fall distinctly under any specific group.

^φ This classification includes loans to Govt. servants and miscellaneous loans.

In absolute terms, the expenditure on General Services increased from Rs 52671 crore in 1991-92 to Rs 93934 crore in 1995-96, which constituted an increase of 78 per cent whereas the increase on Economic Services and Social Services was 62 per cent and 73 per cent respectively over the same period. As a proportion of total expenditure, the share of General Services increased from 35 per cent in 1991-92 to 39 per cent in 1995-96 but as percentage of GDP, it remained at around 8.55 per cent over the same period.

The share of Social Services to total expenditure increased from 3.11 per cent in 1991-92 to 3.33 per cent in 1995-96, but as percentage of GDP it declined from 0.75 per cent to 0.73 per cent.

The share of Economic Services which includes crucial infrastructure sectors like roads, coal, power etc. decreased from 35.25 per cent in 1994-95 to 32.90 per cent during 1995-96, which is close to 32.91 per cent registered in 1991-92. As percentage of GDP, it dropped from 8.23 per cent to 7.21 per cent over the same period, which was lower than 7.94 per cent registered five years earlier during 1991-92.

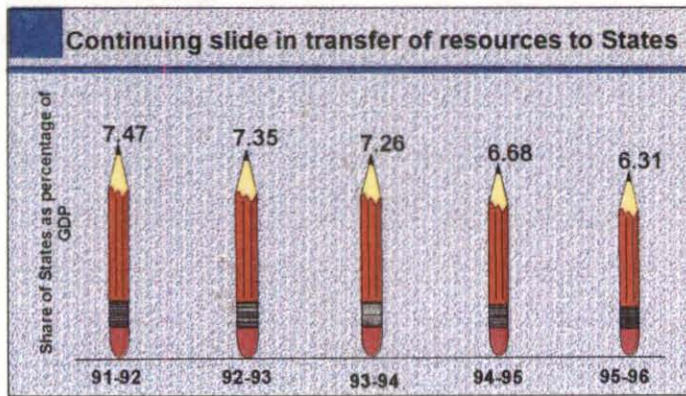
4.3 Transfers to States

In addition to share of tax revenue, Union Government provides assistance to State Governments in the form of grants and loans. For the last five years, the transfer of resources by the Centre to the States was as under:

Table 4.3 : Transfers to States

(Rupees in crore)

Year	Share of Income Tax	Share of Excise Duties	Grants	Loans	Total	Share of States as %age of GDP
1991-92	5104	12093	15700	13145	46042	7.47
1992-93	6059	14465	17830	13282	51636	7.35
1993-94	7768	14473	20830	15075	58146	7.26
1994-95	8560	16283	20047	18234	63124	6.68
1995-96	11274	18011	21287	18763	69335	6.31



The total share of resources transferred by the Union Government to States increased from Rs 46042 crore in 1991-92 to Rs 69335 crore in 1995-96, which constituted an increase of 50.6 per cent. However as

percentage of GDP there was a decline in transfer of resources from 7.47 per cent in 1991-92 to 6.31 per cent in 1995-96.

It is noteworthy that grants as percentage of total expenditure declined from 10.6 per cent in 1991-92 to 8.8 per cent in 1995-96. Similarly, loans also decreased from 8.8 per cent to 7.8 per cent over the same period. However, the States' share of taxes increased marginally as percentage of gross tax revenue from 25.5 per cent in 1991-92 to 26.3 per cent in 1995-96. Furthermore, in the year 1995-96, an amount of Rs 18763 crore were given to States as loans and advances by the Union Government while Rs 17669 crore were repaid by States' (repayment + interest) which constituted about 94 per cent of loans received by the State from the Union Government. Thus, the net accretion from this source to States' works out to 6 per cent of total loans advanced.

CHAPTER V

Revenue Expenditure

5.1 Trends of Revenue Expenditure

Revenue expenditure is for the normal running of Government departments and various services, interest charges on debt incurred by Government, subsidies, etc. Broadly speaking, expenditure which does not result in creation of assets is treated as revenue expenditure. All grants given to State Governments and other parties are also treated as revenue expenditure even though some of the grants may be for creation of assets.

Revenue expenditure increased from Rs 177699 crore in 1994-95 to Rs 198302 crore in 1995-96 which constituted an increase of 11.59 *per cent* over the previous year. The non-Plan revenue expenditure increased sharply by 13.3 *per cent* in 1995-96 over the previous year whereas the Plan expenditure increased by 2.5 *per cent* over the same period. Over the period of the last five years, the revenue expenditure registered an increase of Rs 82211 crore, which is an increase of 71 *per cent* over this period.

Table 5.1 : Revenue expenditure

(Rupees in crore)

Year	Revenue Expenditure			Increase over the previous year	Revenue expenditure as %age of GDP
	Plan	Non-Plan	Total		
1991-92	15160	100931	116091	13127	18.84
1992-93	19862	112932	132794	16703	18.89
1993-94	24890	127427	152317	19523	19.02
1994-95	28304	149395	177699	25382	18.79
1995-96	29021	169281	198302	20603	18.05

The increase of Rs 20603 crore in Revenue expenditure during 1995-96 over the previous year was mainly due to higher expenditure on Interest Payment (Rs 5985 crore), Defence Services (Rs 2506 crore), Payment of States' share of Excise Duties (Rs 1728 crore), Rural employment (Rs 1138 crore), Crop Husbandry (Rs 773 crore),

Grants-in-aid to State Governments (Rs 1240 crore), Police (Rs 423 crore), Pension and other retirement benefits (Rs 634 crore), General Education (Rs 697 crore) and Miscellaneous General Services (Rs 1081 crore).

At the same time Revenue expenditure decreased over the previous year in some areas. The major reductions were in other general economic service (Rs 3161 crore), foreign trade and export promotion (Rs 350 crore), other agricultural programmes (Rs 340 crore) and other fiscal services (Rs 123 crore).

Revenue expenditure accounted for 82 *per cent* of the total expenditure of the Union Government during 1995-96. Of the total expenditure which was 22 *per cent* of GDP, the share of Revenue expenditure to GDP was 18 *per cent*. Some important items of revenue expenditure are discussed in the succeeding paragraphs.

5.2 Interest payments

Total interest payments by the Union Government increased from Rs 44060 crore in 1994-95 to Rs 50045 crore in 1995-96 which constituted an increase of 13.6 *per cent* over the same period. This increase in interest payments was higher than the overall growth of revenue expenditure which was 11.6 *per cent* over the same period. During 1995-96, interest payments consumed 30 *per cent* of the total revenue receipts and was 25 *per cent* of the total revenue expenditure. The trend of interest payment during the last five years was as under :

Table 5.2 : Interest payments

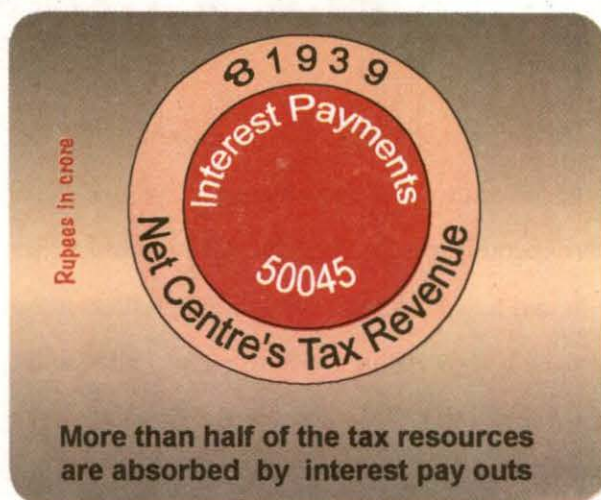
(Rupees in crore)

Year	Internal Debt	External Debt	Small Savings PFs	Others	Total	As %age of total tax revenue	As %age of GDP
1991-92	11317	2704	12083	492	26596	42.72	4.32
1992-93	13542	3529	13436	568	31075	45.31	4.42
1993-94	15587	3724	16936	494	36741	54.05	4.59
1994-95	19168	4026	20313	553	44060	52.62	4.66
1995-96	22179	4414	22531	921	50045	50.07	4.56

It would be observed from the above table that the total interest payments increased from Rs 26596 crore in 1991-92 to Rs 50045 crore in 1995-96 which constituted an increase of 88 *per cent* over the five year period. The *percentage* increase of interest payments over the five years period has been much higher than the overall increase of 71 *per cent* in the revenue expenditure. The increase in interest payment on internal debt was still higher at 96 *per cent* of which the increase in interest on market loans alone was 116 *per cent*.

Other interest payments i.e. on Reserve Funds and Deposits etc. increased from Rs 492 crore in 1991-92 to Rs 921 crore in 1995-96 which constituted an increase of 87 *per cent*. The interest payment on small savings also increased from Rs 12083 crore in 1991-92 to Rs 22531 crore in 1995-96 showing an increase of 86 *per cent*.

The payment of interest on external debt increased by 63 *per cent* from Rs 2704 crore in 1991-92 to Rs 4414 crore in 1995-96.



The interest payments are thus of principal importance constituting 25 *per cent* of the revenue expenditure and absorbing as much as 61 *per cent* of the Central Government's net tax revenues (i.e. exclusive of States' share of income tax and excise duties). They constitute presently

about 4.56 *per cent* of GDP, which is more than the total expenditure on defence services (2.54 *per cent* of GDP) and close to the net transfer of resources to the States (4.7 *per cent* of GDP).

5.3 Subsidies

The trend of item wise major subsidies for the last five years was as under :

Table 5.3 : Expenditure on major subsidies

(Rupees in crore)

	1991-92	1992-93	1993-94	1994-95	1995-96
Food Subsidy	2850.00	2800.00	5537.14	5100.00	5377.31
Subsidy on indigenous fertilizers	3500.00	4800.00	3800.00	4075.00	4300.00
Subsidy on imported fertilizers	1299.60	996.11	761.83	1166.00	1934.99
Payment to manufacturers/ Agencies for concessional sale of decontrolled fertilizers	-	-	-	516.76	500.00
Interest Subsidy	323.09	112.56	147.74	111.26	58.11
Assistance for export promotion and market development	1753.77	818.50	664.72	658.00	318.00
Subsidy to Railways towards dividend relief etc.	311.76	352.61	412.03	420.57	388.07
Debt relief to farmers	1425.00	1500.00	500.00	341.00	-----
Total	11455.22	11379.78	11823.46	12388.59	12876.48

Major subsidies increased by Rs 488 crore from Rs 12388.59 crore in 1994-95 to Rs 12876.48 crore in 1995-96 which constituted an increase of 3.94 *per cent*. However, as *percentage* of total revenue expenditure subsidies declined from 9.9 *per cent* in 1991-92 to 6.5 *per cent* in 1995-96 and as *percentage* of total expenditure they decreased from 7.7 *per cent* in 1991-92 to 5.4 *per cent* in 1995-96. Out of the total subsidies as much as 52.3 *per cent* were on fertilizers. It is noteworthy that subsidies on imported fertilizers increased from Rs 761.83 crore in 1993-94 to Rs 1934.99 crore in 1995-96 which constituted an increase of 154 *per cent*. The subsidy on imported fertilizer also exceeded the budget estimates 1995-96 by 17.3 *per cent*. The actual expenditure on this account was Rs 1935 crore as against the budget estimates of Rs 1650 crore.

5.4 Grants-in-aid

An important component of the revenue expenditure comprises of Grants-in-aid to States, Union Territories and others. The trend of the last five years of Grants-in-aid to States and UTs was as under :-

Table 5.4 : Grants-in-aid to States and Union Territories

(Rupees in crore)

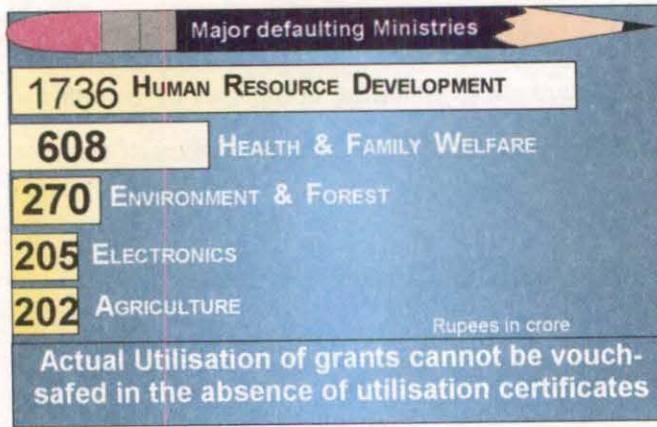
Year	Amount	As %age of Revenue Expenditure
1991-92	15805	13.6
1992-93	17943	13.5
1993-94	20956	13.8
1994-95	20297	11.4
1995-96	21577	10.9

It would be observed from the above table that the grants to States and Union Territory Governments ranged between 11 to 14 *per cent* during the period 1991-92 to 1995-96 as *percentage* of revenue expenditure.

In addition to the above, grants are also released to statutory bodies and non-Government institutions by the Union Government. Detailed observations on working of these bodies are contained in C&AG's Report No. 4 of 1997 on 'Other Autonomous Bodies'.

The certificate of utilisation of grants are required to be submitted by the sanctioning authorities i.e. by the respective Ministry or Department to the Controller of Accounts. The purpose of furnishing the certificate is to ensure that grants had been properly utilised for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions had been fulfilled.

29627 utilisation certificates relating to Rs 3774.41 crore in respect of grants released upto September 1994 from 29 Ministries/Departments were outstanding at



the end of March 1996 as given in Appendix-II. It will be revealed from the Appendix that utilisation certificates were outstanding upto 20 years. The Ministries/Departments of Personnel, Public Grievances & Pension (Training Division),

Law, Justice & Company Affairs, Welfare and Non-conventional Energy Sources did not furnish the information about outstanding utilisation certificates.

In the absence of utilisation certificates it cannot be ascertained whether the grants have been actually utilised for the purpose for which they were intended. Therefore, action is required to be taken for streamlining the procedure of watching the timely receipt of utilisation certificates and regulating the further release of grants only after satisfactory utilisation of the grants given earlier.

CHAPTER VI

Capital Expenditure

6.1 Trends of Capital expenditure

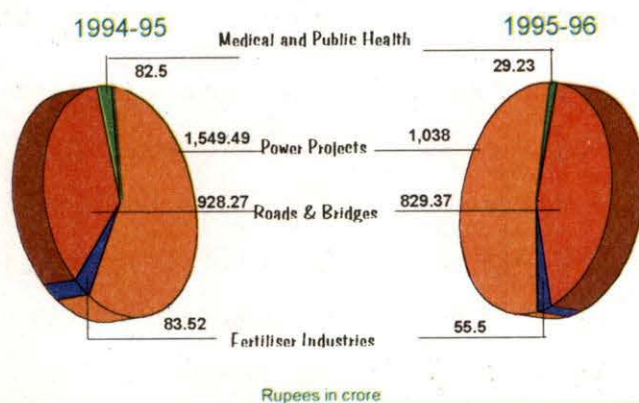
Assets are created mostly out of capital expenditure. In addition, financial assets arise from moneys invested in institutions or commercial undertaking (i.e. PSU and Corporation) and loans and advances. The trend of capital expenditure over the last five years was as under :

Table 6.1 : Capital expenditure

Year	Capital expenditure during the year (Rupees in crore)	%age Growth over the previous year	As %age of total Expenditure	As %age of GDP
1991-92	13911	3.91	9.35	2.26
1992-93	20586	47.98	12.03	2.93
1993-94	24650	19.74	12.40	3.08
1994-95	19266	(-) 21.84	8.72	2.04
1995-96	17544	(-)8.94	7.29	1.60

Capital expenditure of the Union Government came down from Rs 19266 crore in 1994-95 to Rs 17544 crore in 1995-96 which constituted a decline of 9 per cent over the previous year. As a percentage of total expenditure and of GDP, it

Capital Expenditure Cuts in vital development areas



declined by 1.43 and 0.44 percentage points respectively over the previous year. The Plan Capital expenditure suffered a reduction of 45 per cent as against a 35 per cent increase in the

non-Plan Capital expenditure during 1995-96 over the previous year.

The decline of capital expenditure over the previous year was noticed in many vital developmental areas successively for the last two years. The maximum decline of Rs 511 crore was on the power projects, followed by Rs 99 crore on roads and bridges and Rs 53 crore in medical and public health. Other important areas like family welfare, water supply and sanitation, social security and welfare, fertiliser industries and dairy development also recorded marginal decline over the previous year.

The major items of capital expenditure have been analysed in the succeeding paragraphs.

6.2 Investment and Returns

The details of investments by Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, international bodies etc. along with dividend received during the years 1991-92 to 1995-96 is given in Appendix-III.

The total investment (excluding Reserve Bank of India) of the Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, international bodies etc. increased from Rs 71601.21 crore on 31 March 1995 to Rs 73814.26 crore on 31 March 1996.

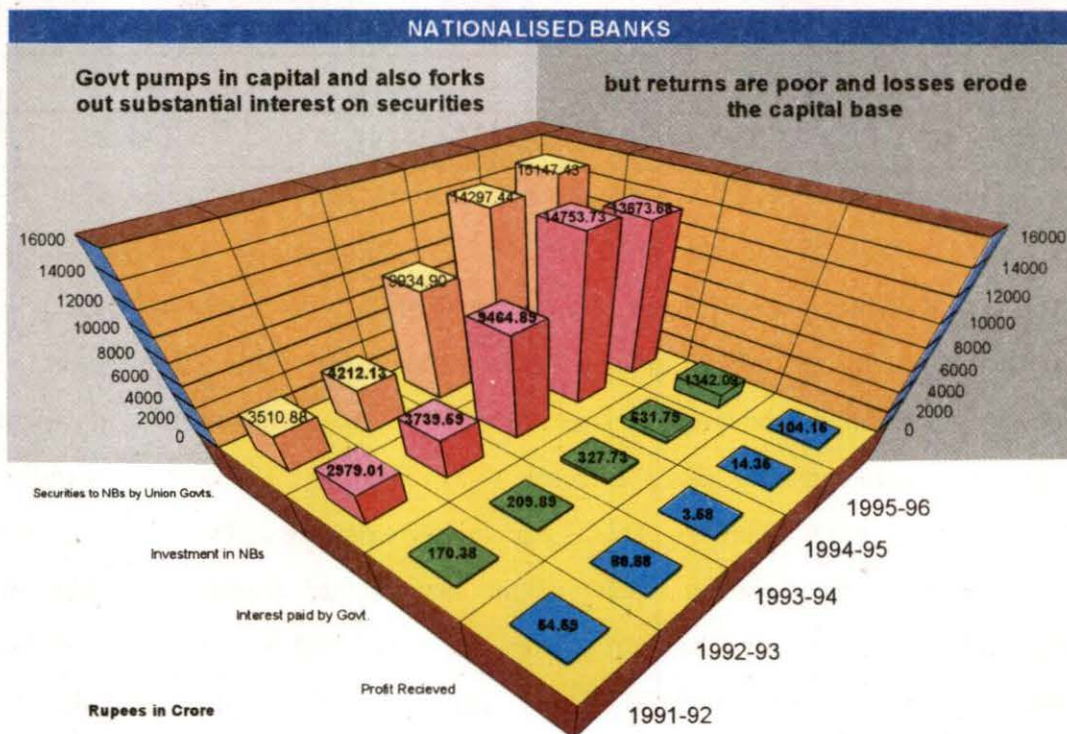
A dividend of Rs 1216.47 crore was received during 1995-96 against the investment of Rs 49737.75 crore in 238 Government companies and corporations, which was only 2.45 *per cent* of investment as on 31 March 1996.

The total dividend on investment of Rs 1435 crore in State co-operative banks and other banks (excluding nationalised banks, Industrial Development Bank and Reserve Bank) in 1995-96 was 1.13 *per cent* as compared to 1.36 *per cent* in 1994-95. From Rural Banks set up in 1975 no dividend has been received so far on the total investment of Rs 227 crore upto 31 March 1995. A further amount of Rs 245.00 crore has been invested in these banks during 1995-96. National Bank for Agriculture and

Rural Development (NABARD) and Industrial Reconstruction Bank of India in which Rs 449.00 crore (Rs 250 crore and Rs 199 crore respectively) were invested upto 1995-96, also did not pay any dividend.

Detailed observations on investments and returns in Government companies and corporations, to which the audit jurisdiction of the C&AG extends, are contained in C&AG's reports on Public Enterprises.

6.3 Budgetary support to Nationalised Banks



Budgetary support is provided to Nationalised Banks to increase their share capital. Presently, there are 19 Nationalised Banks wholly owned by the Central Government. Government has made an arrangement with Nationalised banks to re-invest amount released towards share capital in Government Securities thereby ensuring that such investment has no budgetary impact. This arrangement is of no help to the Banks because it does not enhance their capital except on paper.

The trend of dividends received from banks and interest paid by Government to banks on securities for last five years was as under:-

Table 6.3 : Budgetary support to Nationalised Banks (NBs)

(Rupees in crore)

Year	Investment in NBs as on 31 March	Dividends Received	Securities issued to NBs by Union Govt. as on 31 March	Interest paid by the Government
1991-92	2979.01	54.59	3510.88	170.38
1992-93	3739.59	80.88	4212.13	209.89
1993-94	9464.89	3.58	9934.90	327.73
1994-95	14753.73	14.35	14297.44	631.79
1995-96	13673.68	104.15	15147.43	1342.09

Investment of the Union Government in Nationalised Banks decreased by 7.3 *per cent* from Rs 14753.73 crore in 1994-95 to Rs 13673.68 crore in 1995-96. This is directly attributable to writing down of investments of Rs 1506 crore in Bank of India and Dena Bank during 1995-96 for adjustment of their losses. Furthermore, provision has been made in the budget estimates for 1996-97 for similar writing down of investments in Indian Bank (Rs 376 crore), Vijaya Bank (Rs 156 crore) and Indian Overseas Bank (Rs 1000 crore). This is particularly worrying as there is no distinct improvement in the financial results of the Nationalised Banks and return on Government's investments falls short of even one *per cent* of the total investment in 1995-96, but the rate of interest paid by the Government on the securities issued to the banks has escalated from 4.4 *per cent* in 1994-95 to almost 8.9 *per cent* in 1995-96. There is, therefore, need to identify the reasons for poor performance and to take adequate measures to improve returns on the investments made in this sector.

CHAPTER VII

Deficit

7.1 Deficit in Government Account

When the income of the Government in the form of tax and non-tax receipts falls short of the capital and revenue expenditure, the difference constitutes fiscal deficit. This deficit is financed by borrowing from various sources.

Fiscal deficit of the Union Government during the last five years has been fluctuating between 5.5 and 7.5 per cent of GDP and has been the lowest during the year 1995-96. In absolute terms it has been between Rs 36325 crore and Rs 60256 crore and was the highest during the year 1993-94. Deficits are worked out in different ways, by including or excluding specific elements of public expenditure or receipts. These are discussed in subsequent paragraphs.

7.2 Overall Deficit

Overall deficit, also known as budgetary deficit, refers to the excess of total expenditure over total receipts (both in the Consolidated Fund as well as the Public Account). This gap is financed by the issue of 91-days Treasury Bills (*T-Bills*) including ad hoc *T-bills* held by the Reserve Bank of India. *T-bills* are instruments issued by the Reserve Bank of India on behalf of the Central Government to raise short term loans intended to fill transient resource gap. Various aspects of *T-bills* as borrowing instrument have been discussed in Chapter VIII of this report.

During 1995-96 the break-up of the overall deficit was as under:-

Table 7.2 (i) : Break-up of the overall deficit

(Rupees in crore)

CONSOLIDATED FUND			
Receipt	Amount	Disbursement	Amount
Revenue	168571	Revenue	198302
Miscellaneous Capital receipts (including disinvestment)	1397	Capital	17544
Recovery of Loans & advances	6999	Loans & advances disbursement	24810
Public Debt (excluding 91 days <i>T-Bills</i>)	51124	Public Debt repayment (excluding 91 days <i>T-Bills</i>)	20868
Total	228091	Total	261524
A: Deficit in Consolidated Fund of India = Rs 33433 crore			
Public Account			
Small Savings, Provident Funds etc.	58879	Small Savings, Provident Funds etc.	37662
Deposits and Advances ♦	38376	Deposits and Advances	34552
Reserve Funds ♠	13907	Reserve Funds	13211
Suspense & Miscellaneous ϕ	1447	Suspense & Miscellaneous	3267
Remittances ψ	397	Remittances	689
Total	113006	Total	89381
B: Financed by PUBLIC ACCOUNT = Rs 23625 crore			
A-B: Budgetary Deficit (Overall Deficit) Rs 9808 crore			
Financed By			
	91 days <i>T-Bills</i> including ad-hocs (Net)		11463
Less :	Increase in cash balance		1655
	Overall Deficit		9808

♦ Includes Security Deposits, Deposits of Railways, Telephone Application Deposit, Postal Deposits, Forest Advances, Departmental Advances etc.

♠ Includes Depreciation Reserve Funds - Railways, Revenue Reserve Funds - Railways, Sugar Development Fund, Mines Welfare Funds, National Renewal Fund etc.

ϕ Includes amounts awaiting final adjustments in the accounts like Pay and Accounts Office Suspense, Suspense Account P&T, Defence, Railways and Tele-communications, Coinage Accounts, Cheques and Bills etc.

ψ Includes the money in transit like Money Orders, RBI Remittances, Small Coin Depot remittances, Mint remittances etc.

In other words, during 1995-96, even after spending all the tax revenues, non-tax receipts, borrowing, net proceeds of small savings, provident funds and reserve funds etc., the Government was still short of funds, which were obtained by issue of *T-bills*. The overall deficit was Rs 9808 crore as compared to Rs 961 crore during 1994-95. The overall deficit also exceeded the estimated deficit of Rs 5000 crore in the budget for 1995-96 by Rs 4808, crore which constituted an increase of 96 per cent.

The substantial increase in the overall deficit from Rs 961 crore during 1994-95 to Rs 9808 crore in 1995-96 was on account of unabated increase in *ad hoc T-bills*, uniformly throughout the year 1995-96. The Government entered into with the RBI in September 1994 the landmark agreement to the effect that money financing of the deficit will be gradually brought down to nil by 1997-98. As per the agreement it had been agreed that the net issue for *ad hoc T-Bills* should *not exceed* Rs 6000 crore at the end of the financial year and Rs 9000 crore for more than ten continuous working days at any time during the financial year. The Government of India did not exceed 'within the year' ceiling during 1994-95. However, during 1995-96 the issue of *ad hoc T-Bills* exceeded 'within the year' ceiling of Rs 9000 crore stipulated under the framework of the agreement between the Central Government and the RBI as per the details given below :-

Table 7.2 (ii) : Ad hoc *T-bills* in excess of agreed ceiling

(Rupees in crore)	
	1995-96
Ist Quarter	10398
IInd Quarter	12445
IIIrd Quarter	10030
IVth Quarter	8844

Although as per the agreement the net issue of *ad hoc T-bills* at the end of the financial year should not exceed Rs 6000 crore, the Government was not able to manage within this ceiling, as the actual figure in this regard during March 1996 was Rs 11465 crore. This figure of *ad hoc T-bills* was reduced by converting Rs 5500 crore into loans maturing over a period of two to ten years at a rate of interest ranging

from 13.5 to 14 per cent. The entire amount of loan was solely subscribed by the RBI as the market could not absorb this amount.

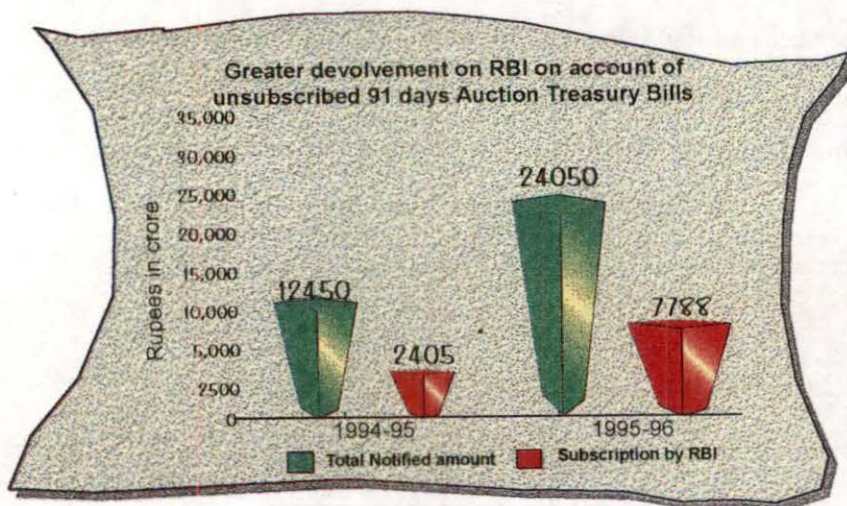
Furthermore, there was greater devolvement on RBI to subscribe to 91 Days Auction *T-bills*^φ during 1994-95 and 1995-96, as they were not fully subscribed:

Table 7.2 (iii) : Devolvement on RBI

(Rupees in crore)

Year	Total Notified amount	Subscription by RBI	%age of Col. 3 to Col. 2
1994-95	12450	2405	19.3
1995-96	24050	7788	32.4

It would be observed from the above table that the RBI subscription in Union Government 91 Days Auction *T-bills* increased from 19.3 per cent in 1994-95 to 32.4 per cent in 1995-96.



On account of this greater devolvement on RBI, there is little difference between borrowing from RBI by issuing ad hoc *T-bills* and borrowing against subscription

by RBI of 91 Days Auction *T-bills*. Furthermore, Rs 12655 crore devolved on RBI from Government's market borrowing programme. This mode of financing is no different to budgetary deficit and calls into question the concepts used.

7.3 Revenue Deficit

The revenue deficit is the gap between revenue receipts and revenue expenditure. The trend of revenue deficit for the last five years was as under:-

^φ 91 days Auction *T-Bills* were introduced from January 1993 in order to move towards market related rates and offering wider choice to investors.

Table 7.3 : Revenue Deficit**(Rupees in crore)**

Year	Revenue receipt	Revenue Expenditure	Revenue Deficit	As a %age of GDP
1991-92	99830	116091	16261	2.6
1992-93	114220	132794	18574	2.6
1993-94	119602	152317	32715	4.1
1994-95	146670	177699	31029	3.3
1995-96	168571	198302	29731	2.7

The revenue deficit increased from Rs 16261 crore in 1991-92 to Rs 29731 crore in 1995-96 since the growth of revenue expenditure was higher than that of revenue receipts. The increase of revenue receipts in 1995-96 over 1991-92 was 68.9 per cent whereas the growth of revenue expenditure was 70.8 per cent over the same period.

The revenue deficit as percentage of GDP increased from 2.6 per cent in 1991-92 to 2.7 per cent in 1995-96. However, it declined by 1.4 percentage points as compared to 1993-94.

7.4 Fiscal Deficit

Fiscal Deficit is defined as the excess of revenue and capital expenditure (including net loans and advances) over revenue receipts on the assumption that the capital expenditure of the government is to be financed ideally from revenue surplus. Fiscal deficit provides a measure of macro economic imbalance.

The fiscal deficit for the last five years was as under:

Table 7.4 (i): Fiscal Deficit**(Rupees in crore)**

Year	Fiscal Deficit*	As a % age of GDP
1991-92	36325	5.9
1992-93	40173	5.7
1993-94	60256	7.5
1994-95	57704	6.1
1995-96	60244	5.5

* Does not include component of IMF subscription (Rs 2595 crore) and investment in Nationalised banks (Rs 850 crore) as there is no cash outflow.

The fiscal deficit in absolute terms increased from Rs 36325 crore in 1991-92 to Rs 60244 crore in 1995-96, an increase of 66 *per cent*. The actual fiscal deficit in 1995-96 also exceeded the estimated fiscal deficit of Rs 57634 crore. The level of public borrowing would have been higher but for the receipts of Rs 10439 crore from the sale of public sector equity between 1991-92 and 1995-96.

During 1995-96 the fiscal deficit arose on account of the Government's necessity to borrow in order to meet the following expenditure :-

Table 7.4 (ii) : Expenditure Financed by Borrowings

(Rupees in crore)

Expenditure to be financed through borrowings	Amount
Revenue Expenditure	29731
Capital Expenditure	16147
Loans and Advances largely to State Governments	17811
Total	63689

In order to meet the above expenditure the Government sourced the borrowing through the following :-

Table 7.4 (iii) : Sources of Borrowings

(Rupees in crore)

Borrowings	Amount
91 days T-Bills *	9808
Public Debt (Net)	30256
Small Savings, Provident Fund etc. ^Φ	21217
Deposits & Advances ^Φ	3824
Reserve Funds ^Φ	696
Suspense & Miscellaneous ^Φ	(-) 1820
Remittances ^Φ	(-) 292
Total	63689

* 91 days T-Bills (Net) minus draw down of cash balances

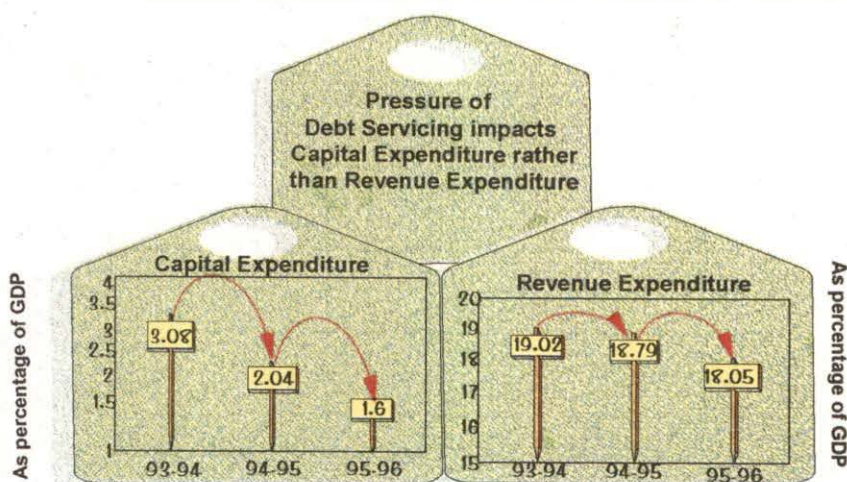
Φ As explained in Table 7.2(i).

An important aspect of the fiscal deficit is that its reduction as a percentage of GDP has been achieved through compression in capital expenditure. The trend of the last three years is given below :-

Table 7.4. (iv) : Impact of Fiscal Deficit

(Figures as %age of GDP)

Year	Fiscal Deficit	Revenue expenditure	Capital expenditure
1993-94	7.5	19.02	3.08
1994-95	6.1	18.79	2.04
1995-96	5.5	18.05	1.6



It would be observed from the above table that the fiscal deficit as percentage of GDP declined from 7.5 per cent in 1993-94 to 5.5 per cent in 1995-96 by reducing

the capital expenditure by 1.48 percentage points. On the other hand, decrease of revenue expenditure, which involved comparatively little adverse effect on growth, was merely 0.95 per cent over the same period. This pattern is also reflected in the fact that while the fiscal deficit in 1995-96 increased by 66 per cent over that in 1991-92, the revenue deficit increased by 83 per cent over the same period.

7.5 Primary Deficit

Primary deficit is measured by fiscal deficit less interest payments. The last five years trend of the primary deficit was as under :-

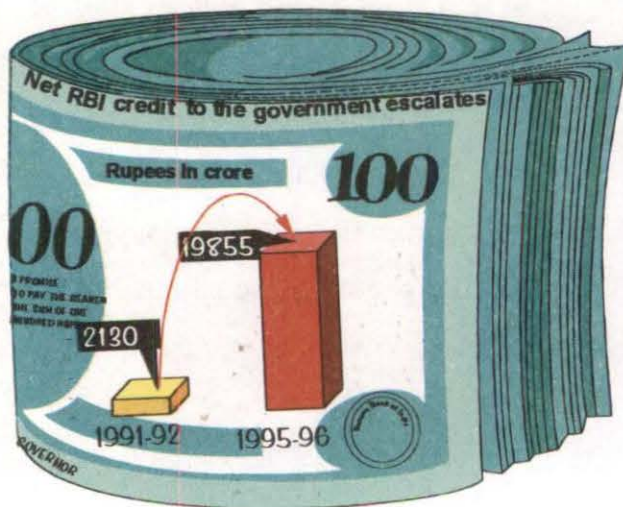
Table 7.5 : Primary Deficit

(Rupees in crore)		
Year	Amount	%age of GDP
1991-92	9729	1.6
1992-93	9098	1.3
1993-94	23515	2.9
1994-95	13644	1.4
1995-96	10199	0.9

The primary deficit of Rs 10199 crore was 181 *per cent* of the budget estimate of Rs 5634 crore.

As a percentage of GDP it declined from 1.4 *per cent* in 1994-95 to 0.9 *per cent* in 1995-96. It is seen that during the year 1995-96 the share of interest payments in the total expenditure of the Union Government has gone up by about 1 percentage point as compared to 1994-95. Since a larger portion of interest payment now gets excluded in the computation, the primary deficit has declined by 0.5 per cent.

7.6 Monetised Deficit



All deficits viz. overall, fiscal, primary and revenue deficit are directly derivable from the budget estimates of receipts and expenditure. On the other hand, monetised deficit goes beyond the government's budgetary operations. The monetised deficit represents increase in the net RBI credit to the

Union Government which is the sum of increases in the RBI's holdings of government debt plus any draw down by the government of its cash balance with RBI. Simply stated, the monetised deficit represents the expansion in money supply for the like amount by the RBI.

The last five years trend of the Monetised deficit was as under:-

Table 7.6 : Monetised Deficit

(Rupees in crore)

Year	Amount	As a % age of Fiscal deficit
1991-92	5508	15.16
1992-93	4257	10.60
1993-94	260	0.43
1994-95	2130	3.69
1995-96	19855	32.96

The monetised deficit at the end of March 1996 was Rs 19855 crore, which accounted for 33 *per cent* of the fiscal deficit as against 3.7 *per cent* during 1994-95. This extraordinary increase in monetised deficit impacted on the price front the results of which are more than visible during the current year 1996-97.

7.7 Debt and Deficit

The deficit is financed by debt in one form or other. The persistence of deficit in the account is, therefore, accompanied by increase of debt in the Government account. The quantum of internal and external debt and its impact have been analysed in the following chapter.

CHAPTER VIII

Debt of the Union Government

8.1 Internal Debt

Public Debt comprises Internal and External Debt. The term internal debt refers to regular loans from the public in India and is also termed as "Debt raised in India". It includes market loans, special securities issued to RBI, compensation and other bonds etc. In addition it also includes borrowing through *T-bills*, non interest bearing rupee securities issued to IMF, IBRD (World Bank) IDA, IFAD, African Development Bank and Asian Development Bank. The internal debt is accounted for in the Consolidated Fund of India.

The Internal Debt of the Union Government for the last five years was as under:-

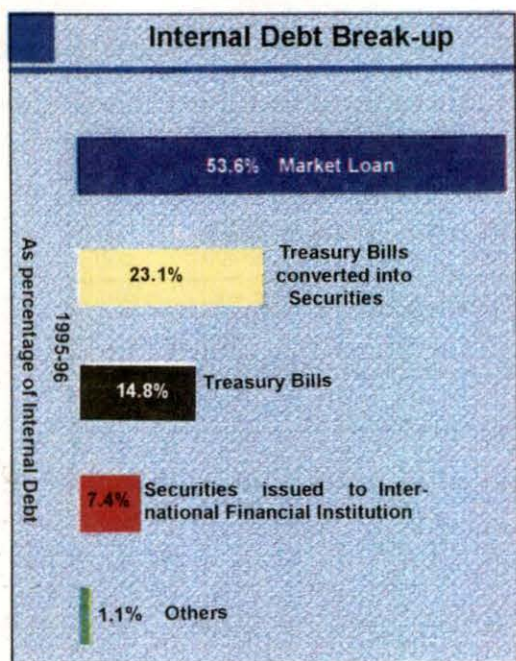
Table 8.1 : Growth of Internal Debt

(Rupees in crore)

	1995-96	1994-95	1993-94	1992-93	1991-92
Opening Balance	266467	245712	199100	172750	154004
Addition	174207	148556	159614	93754	82307
Repayment of principal	132805	127801	113002	67404	63561
Net Addition	41402	20755	46612	26350	18746
Closing Balance	307869	266467	245712	199100	172750
As %age of GDP	28.1	28.2	30.7	28.3	28

Total internal debt increased from Rs 172750 crore at the end of March 1992 to Rs 307869 crore at the end of March 1996 which constituted an increase of 78 per cent over 1991-92. Out of the total internal debt at the end of March 1996, Market

loans constituted 53.6 per cent (Rs 164935 crore), *T-bills* 14.8 per cent (Rs 45665 crore) and *T-bills* converted into securities 23.1 per cent (Rs 71000 crore). The



balance Rs 26269 crore was on account of Securities issued to International Financial Institutions :Rs 22771 crore (7.4 per cent), Compensation and Other Bonds etc. :Rs 2451 crore (0.8 per cent) and Special Securities issued to Reserve Bank of India :Rs 1047 crore (0.3 per cent).

8.2 Cost of Internal Debt

The interest rates on internal debt were higher during 1995-96 as compared to 1994-95 as given below:-

Table 8.2 (i) : Cost of Internal Debt

Govt. Securities with maturity period	Interest Rate (1994-95)	Interest Rate (1995-96)
10 year	12.35	14.00
7 year	12.08	13.80
5 year	12.71	13.85
3 year	11.00	13.65
364 days " <i>T-bills</i> "	9.41 to 11.94	12.08 to 13.16
91 days " <i>T-Bills</i> "	7.21 to 11.90	11.40 to 12.97

Interest payments on internal debt increased from 1.8 per cent of GDP in 1991-92 to 2 per cent of GDP in 1995-96, but total internal debt remained relatively constant at 28 per cent of GDP during the same period. This can be attributed to the

rising costs of raising money from the market in contrast to 1991-92 when the rate of interest on Government securities varied from 10.5 per cent to 12.5 per cent.

Furthermore, the real interest rates on 91 days *T-bills* after adjusting the rate of inflation rose from (-)9 per cent in 1991-92 to about 8 per cent in 1995-96 as shown in the table given below :-

Table 8.2 (ii): Real Interest Rate on Treasury Bills

Year	Interest Rate of 91 days <i>T-bills</i>	Inflation Rate	Real Interest Rate
1991-92	4.6	13.6	(-) 9.0
1995-96	12.97	5.0	(+) 7.97

8.3 Treasury Bills (*T-bills*)

A substantial part of the internal debt is held by *T-bills* and market borrowings.

T-bills are instruments issued by the Reserve Bank of India on behalf of the Central Government to raise short term loans intended to fill transient resource gaps. The volume of *T-bills* outstanding has grown substantially in recent years because of the large budget deficits and now constitute a significant portion of internal debt of the Union Government as indicated below:-

Table 8.3 : Internal Debt and *T-bills*

(Rupees in crore)

Year	Internal Debt	<i>T-bills</i>	%age of Col.3 to 2
1991-92	172750	12826	7.42
1992-93	199100	29390	14.76
1993-94	245712	40981	16.68
1994-95	266467	40492	15.20
1995-96	307869	45665	14.83

The percentage of *T-bills* in the Internal Debt increased from 7.42 per cent in 1991-92 to 16.68 per cent in 1993-94 which constituted an increase of 9.26

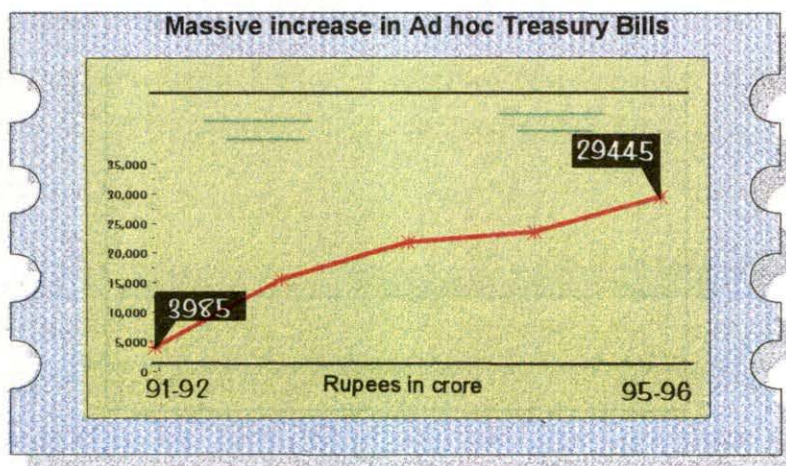
percentage points. However, it declined to 14.83 *per cent* in 1995-96. This is apparently due to increase in outstanding market loans which as percentage of the Internal Debt increased from 49.13 *per cent* in 1994-95 to 53.57 *per cent* in 1995-96.

At present there are two types of *T-bills*

- i) 91 days *T-bills*
- ii) 364 days *T-bills*

8.3.1 91 Days *T-bills*

- (i) Ad hoc *T-bills*



Ad hoc T-bills, in effect, means printing of currency notes leading to monetisation of the deficit. These instruments were created for the first

time in December 1941, as it was felt that a ways and means advance, if raised at that time could not have been repaid within a period of three months. As the Reserve Bank acts as a banker to the Union Government, it was necessary that for smooth conduct of its banking business the Union Government should maintain a minimum balance in its books with RBI. Under a working arrangement with the Reserve Bank of India, the minimum balance of Government with the Bank, with effect from 1953-54, is to be maintained at Rs 50 crore. Any deficiency in this balance on Friday of each week is made good generally by the creation of *ad hoc T-bills* in favour of the RBI.

The trend of *ad hoc T-bills* during the last five years was as under:

Table 8.3.1 (i) : *Ad hoc T-bills*

(Rupees in crore)

Year	Addition during the year	Discharge during the year	Outstanding amount of <i>Ad hoc T-bills</i> at the end of the year
1991-92	42975	42225	3985
1992-93	52775	41330	15430
1993-94	62930	56630	21730
1994-95	69895	68145	23480
1995-96	76790	70825	29445

It would be observed from the above table that there was a quantum jump in the growth of *Ad hoc T-bills*. *Ad hoc T-bills* increased from Rs 3985 crore at the end of 1991-92 to Rs 29445 crore at the end of 1995-96 which constituted a rise of 639 per cent over the last five years.

(ii) 91 days T-bills (Other than *ad hocs*)

These bills are issued at a pre-determined discount rate and are subscribed by Banks, Corporations, State Governments etc. for investment of their surplus cash. Further, 91 days Auction *T-bills* were introduced from January 1993 in order to move towards market related rates and offering wider choice to investors. The amount of bills offered and the date of auction is announced by the Reserve Bank of India from time to time. The bills are issued at a discounted price. The rate of discount and the corresponding issue price is determined at each auction. Successful bids up to the minimum discounted price determined at the auction are accepted. Other bids prices lower than the cut-off price are rejected. The Reserve Bank is at liberty to participate in the auction and buy part of the offer at par at the cut-off price in case the accepted bids fall short of the amount offered or the whole of the amount notified at a rate to be decided if all the bids are rejected.

The growth of 91 days *T-bills* (other than *Ad hocs*) over the last five years is as under :

Table 8.3.1 (ii) : 91 Days T-bills**(Rupees in crore)**

Year	Addition during the year	Discharge during the year	Amount
1991-92	15928	14791	4855
1992-93	20607	20279	5184
1993-94	39960	34278	10865
1994-95	39441	41459	8847
1995-96	53051	47553	14345

The above table shows that the balance of 91 days *T-bills* was Rs 4855 crore during 1991-92. The outstanding 91 days *T-bills* increased to Rs 14345 crore at the end of 1995-96, which constituted an increase of 195 per cent over the last five years.

(iii) 364 days T-bills

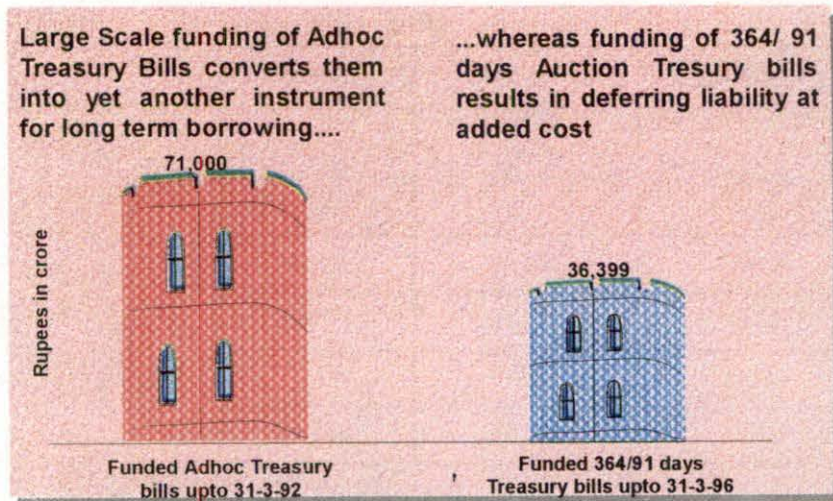
These bills were notified for issue on 28 April 1992. Any Indian resident inclusive of individual, firms, companies, corporate bodies, institutions except State Governments and Provident Funds can subscribe to these bills. The trend of these *T-bills* during the last four years was as under:-

Table 8.3.1 (iii) : 364 Days T-bills**(Rupees in crore)**

Year	Addition during the year	Discharge during the year	Balance at the end of the year
1992-93	8777	--	8777
1993-94	20323	20714	8386
1994-95	16857	17078	8165
1995-96	1875	8165	1875

It would be observed from the table that the balance of 364 days *T-bills* increased to Rs. 8386 crore in 1993-94, which came down to Rs 8165 crore during 1994-95 and further declined to Rs 1875 crore in 1995-96.

8.4 Funding of *Ad hoc T-bills*



A noteworthy development has been the Government's conversions of the outstanding *ad hocs* into dated securities, commonly known as 'funding'. Funded debt as distinguished from unfunded,

floating or current debt represents long term indebtedness of the Government i.e. it broadly comprises all bonds or other certificates of indebtedness not maturing for a year or more.

Since the increase in *ad hoc T-bills* resulted in a steady and permanent addition to the liability of the Union Government, there has been a systematic conversion of *ad hoc T-bills* to dated Government securities. At the end of March 1996, the *ad hoc T-bills* converted into securities held by RBI under such funding operations, amounted to Rs 71000 crore as per details given below:-

Table 8.4 (i) : *Ad hoc T-bills* converted into securities

(Rupees in crore)

Year of funding	Amount of <i>Ad hoc T-bills</i> funded
1981-82	3500
1986-87	15000
1987-88	17500
1990-91	30000
1991-92	5000
Total	71000

As the above conversions were into 4.6 per cent special securities with no specific date for maturity, the trend of the growth of liability on this account indicates that the *ad hocs* which were acknowledged as instruments for meeting short term needs of the Government have, in fact, been used as a long term financing instrument.

This would also be evident from the funding of maturing 364 days and 91 days Auction *T-bills* as is indicated below:-

Table 8.4 (ii) : Funding of 364/91 day *T-bills*

(Rupees in crore)

Year	364 days <i>T-bills</i>		91 days <i>T-bills</i>	
	Amount	Converted into dated stock	Amount	Converted into %age stock
1992-93	11226	12.50 per cent Government stock 2004	-	-
1993-94	6946	12.75 per cent Government stock 1996	4046	12 per cent Government stock 1995
1994-95	8078	11.75 per cent Government stock 2001	4417	12 per cent Government stock 1999
	101	11 per cent Government stock 1997	-	-
1995-96	1585	13.25 per cent Government stock 2000	-	-
Total	27936		8463	

As the above table shows these fundings would not only result in postponing the liability aggregating to Rs 36399 crore but would also result in additional liability on account of higher rates of interest on this stock. Thus *T-bills*, a purely short-term or *ad hoc* instrument is being utilised to add to the permanent debt.

8.5 Market Borrowings

The outstanding position of the market loans at the end of the last five years was as under:-

Table 8.5 (i) : Growth of Market Loans
(Rupees in crore)

Year	Amount outstanding	Interest Paid
1991-92	78003	7355
1992-93	81679	8147
1993-94	110608	9258
1994-95	130934	13480
1995-96	164935	15856

It would be observed from the above table that the outstanding amount of market loans increased from Rs 78003 crore at the end of 1991-92 to Rs 164935 crore at the end of March 1996 which constituted a steep increase of 111 *per cent*. The interest payments on market loans increased from Rs 7355 crore in 1991-92 to Rs 15856 crore in 1995-96, an escalation of 116 *per cent*.

As per RBI Annual Report 1995-96, the proportion of the short term loans (below 5 years) in the internal debt substantially increased from 20.7 *per cent* in 1992-93 to 64.9 *per cent* in 1995-96. Short term debt entails more frequent repayment obligations and amortisation problems as would be clear from repayment schedule of market loans, excluding the interest liability, of the Union Government for the next six years is as under:

Table 8.5 (ii) : Repayment schedule of market loans
(Rupees in crore)

Year	Amount
1995-96	5546
1996-97	7921
1997-98	10903
1998-99	9892
1999-2000	12353
2000-2001	14426
2001-2002	12464

During the next six years Union Government has to repay Rs 67959 crore as principal on existing market loans.

8.6 Other Internal liabilities

Besides borrowings accounted for in the Consolidated Fund of India, Small Savings, Provident Funds, Other Accounts (Special deposits, Non-Government Provident Funds etc.) Reserve Funds and Deposits form part of Public Account. The balances of Public Account are carried forward annually. The net addition to Small Savings, Provident Funds, Other Accounts, Reserve Funds and Deposits are utilised by the Government as resource, while adding substantially to the liability of the Government.

The trend of the last five years of these borrowings was as under:-

Table 8.6 : Growth of Other Internal liabilities
Small Savings

(Rupees in crore)

	1995-96	1994-95	1993-94	1992-93	1991-92
Opening Balance	81710	67284♣	60127♣	55755	50100
Addition	32810	34438	24731	17605	17252
Repayment of principal	22734	20012	17573	13232	11597
Closing Balance	91786	81710	67285	60128	55755
Provident Funds					
	1995-96	1994-95	1993-94	1992-93	1991-92
Opening Balance	24721*	20592	16877	13925*	11670
Addition	9561	8141	7132	5886	4796
Repayment of principal	4643	4008	3417	2934	2539
Closing Balance	29639	24725	20592	16877	13927
Other Accounts(Special Deposits and NonGovernment Provident Funds etc.)					
	1995-96	1994-95	1993-94	1992-93	1991-92
Opening Balance	85787	72477♣	59797	51818	45336
Addition	16508	16066	16243	11685	10053
Repayment of principal	10285	2756	3562	3706	3571
Closing Balance	92010	85787	72478	59797	51818

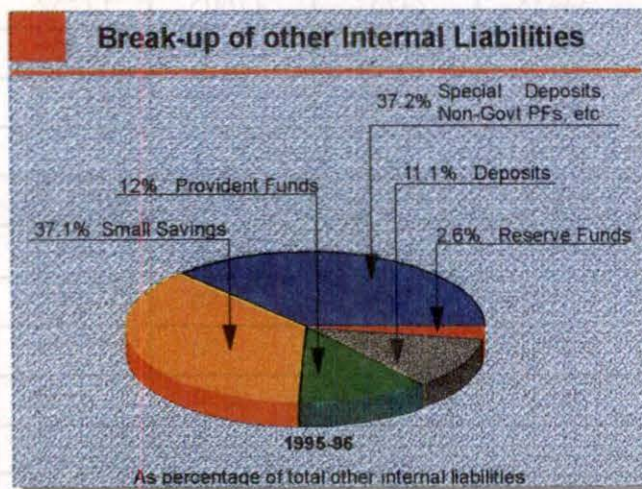
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Deposits					
	1995-96	1994-95	1993-94	1992-93	1991-92
Opening Balance	23325♣	20404	19895*	19906	18909
Addition	28031	25139	21914	21087	20027
Repayment of principal	24044	22217	21405	21112	19030
Closing Balance	27312	23326	20404	19881	19906
Reserve Funds					
	1995-96	1994-95	1993-94	1992-93	1991-92
Opening Balance	5672*	4153*	3872*	3560*	3013
Addition	13907	11356	9114	7574	5908
Repayment of principal	13211	9842	8834	7263	5363
Closing Balance	6368	5667	4152	3871	3558
Grand Total	247115	221215	184911	160554	144964
As %age of GDP	22.5	23.4	23.1	22.8	23.5

* Changes in opening balances due to prior period adjustment

♣ Changes in opening balances due to rounding

During 1995-96, the total other internal liabilities aggregated to Rs 247115 crore out of which, Rs 92010 crore (37.2 per cent) came from Special Deposits and



Non-Government Provident Funds etc. and Rs 91786 crore (37.1 per cent) came from Small Savings. The balance Rs 63319 crore was on account of Provident Funds :Rs 29639 crore (12 per cent), Deposits :Rs 27312 crore (11.1 per cent) and Reserve Funds :Rs 6368

crore (2.6 per cent). The total of other internal liabilities of the Union Government increased from Rs 144964 crore at the end of 1991-92 to Rs 247115 crore at the end of 1995-96, which constitutes an increase of 70.5 per cent. It is pertinent to note that Provident Funds, Reserve Funds and Special Deposits, Non-Government Provident

Funds etc. grew at a faster pace by 113 per cent, 79 per cent and 78 per cent respectively over the same period.

8.7 Debt servicing of the Internal Borrowings

The trend of debt servicing of the internal borrowings was as under:

Table 8.7 (i) : Net Inflow of Internal Debt

(Rupees in crore)

Year	Addition during the year	Debt servicing		Net inflow Amount	Net inflow % age
		Repayment	Interest		
1991-92	82307	63561	11317	7429	9.03
1992-93	93754	67404	13542	12808	13.66
1993-94	159614	113002	15587	31025	19.44
1994-95	148556	127801	19168	1587	1.07
1995-96	174207	132805	22179	19223	11.03

Table 8.7 (ii) : Net Inflow of Other Internal liabilities

(Rupees in crore)

Year	Addition during the year	Debt servicing		Net inflow Amount	Net inflow % age
		Repayment	Interest payment		
1991-92	58036	42100	12575	3361	5.79
1992-93	63837	48247	14004	1586	2.48
1993-94	79134	54791	17430	6913	8.74
1994-95	95140	58835	20866	15439	16.23
1995-96	100817	74917	23452	2448	2.43

It would be observed from the above table the net inflow of the internal debt, which was merely 1.07 per cent during 1994-95, increased to 11.03 per cent during 1995-96 but the net flow in the other internal borrowings which was 16.23 per cent in 1994-95 sharply declined to 2.43 per cent in 1995-96.

8.8 External Debt of the Union Government

The growth of outstanding external debt at the close of the last five years at historical exchange rates was as under :

Table 8.8 (i) : Growth of External Debt

(Rupees in crore)

	1995-96	1994-95	1993-94	1992-93	1991-92
Opening Balance	50931 [*]	47347 [*]	42271 [*]	36950 [*]	31527
Addition	6759	9050	10024	9625	8279
Repayment of principal	6441	5469	4950	4306	2858
Closing Balance	51249	50928	47345	42269	36948
As %age of GDP	4.7	5.4	5.9	6.0	6.0

^{*} Change in opening balances due to prior period adjustment

It would be observed from the above that the outstanding amount of external debt at historical rates of exchange as percentage of GDP decreased from 6 per cent 1991-92 to 4.7 per cent 1995-96. However, in absolute terms the external debt increased from Rs 36948 crore at the end of 1991-92 to Rs 51249 crore at the end of 1995-96 which constituted an increase of about 39 per cent. However, since repayments of principal and payment of interest is made at the current rate of exchange, the real magnitude of external debt is the value at the prevailing exchange rate. At current rates of exchange the external debt stood at Rs 148583 crore, which was 13.5 per cent of GDP at the end of 1995-96.

It is noteworthy that since 1994-95 external debt flows have turned negative as is indicated below :-

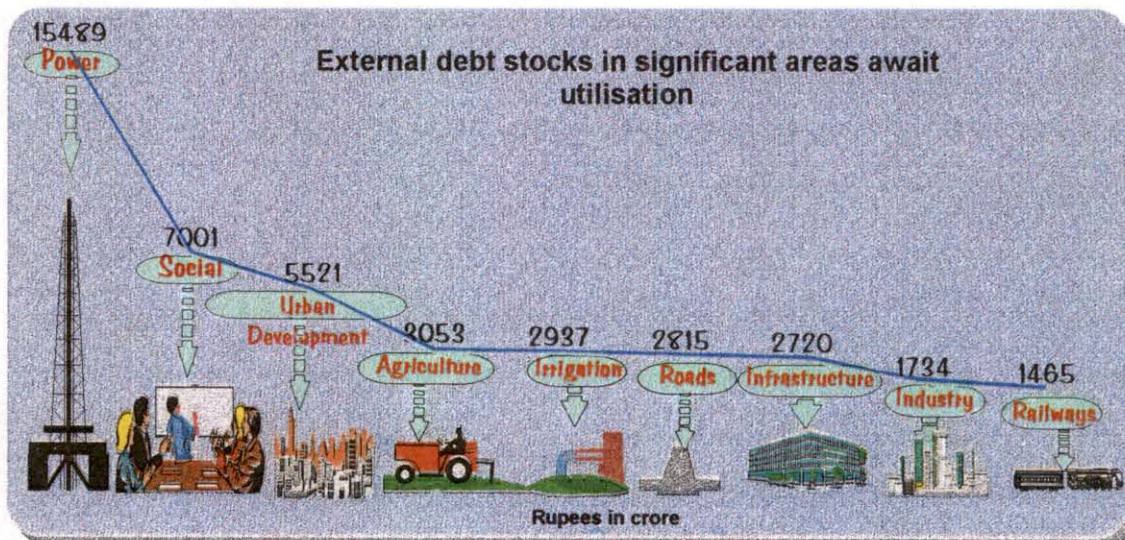
Table 8.8 (ii) : Net Inflow of External Debt

(Rupees in crore)

Year	Addition during the year	Debt servicing		Net inflow Amount	Net inflow % age
		Repayment	Interest		
1991-92	8279	2858	2704	2717	32.82
1992-93	9625	4306	3529	1790	18.60
1993-94	10024	4950	3724	1350	13.47
1994-95	9050	5469	4026	(-)445	(-)4.91
1995-96	6759	6441	4414	(-)4096	(-) 60.60

It would be observed from the above table that debt service payments as percentage of the inflow of external debt which was 67 per cent in 1991-92 shot up to 161 per cent in 1995-96 resulting in Rs 4096 crore of net outflow from the Union Government's resources.

Furthermore, the low rate of utilisation of external assistance (as on 31 March 1996, unutilised external assistance was of the order of Rs 48574 crore) is particularly worrying now, when net inflows have turned negative. Much of the unutilised external assistance is for projects in the infrastructure sector. The sectorwise details of unutilised external aid as on 31 March 1996 is given in Appendix IV.



The Standing Committee on Finance (1995-96) – Tenth Lok Sabha in their Thirteenth Report took a serious view of the fact that a significant portion of the country's external debt stocks is lying unutilised and the country has to pay commitment charges on these undrawn amounts. The Committee, therefore, felt that there was an urgent need to review these foreign aided projects so as to identify the reasons for delay in their implementation and that suitable steps should be taken to improve the utilisation of loans.

8.9 Indebtedness of the Union Government

The indebtedness of the Union Government for the last five years. was as under:-

Table 8.9 : Indebtedness of the Union Government

(Rupees in crore)

Year	Indebtedness including external debt at current exchange rate	As %age of GDP
1991-92	427322	69.4
1992-93	480467	68.4
1993-94	558421	69.7
1994-95	630071	66.6
1995-96	703566	64.0

It would be observed from the above table that the total indebtedness of the Union Government increased from Rs 427322 crore in 1991-92 to Rs 703566 crore in the year 1995-96. The total indebtedness of the Union Government was 64 *per cent* of the GDP at the end of the year 1995-96.

The above indebtedness of the Union Government is based on the Union Government Finance Accounts and is different from the external indebtedness of the country. In addition to the external debt exhibited in the Finance Accounts, there are other liabilities like public sector borrowings from abroad, imports funded from foreign loans, Non-Resident Indian (NRI) and other foreign currency (FC) deposits and accounts, commercial borrowings, as well as guarantees given by the Union Government which also contribute indirectly to the external debt of the country.

8.10 Guarantees given by Union Government

The position regarding the maximum amount of guarantees for which Government have entered into agreements and sums guaranteed outstanding at the end of the years 1991-92 to 1995-96 are given below :

Table 8.10 : Guarantees given by Union Government

(Rupees in crore)

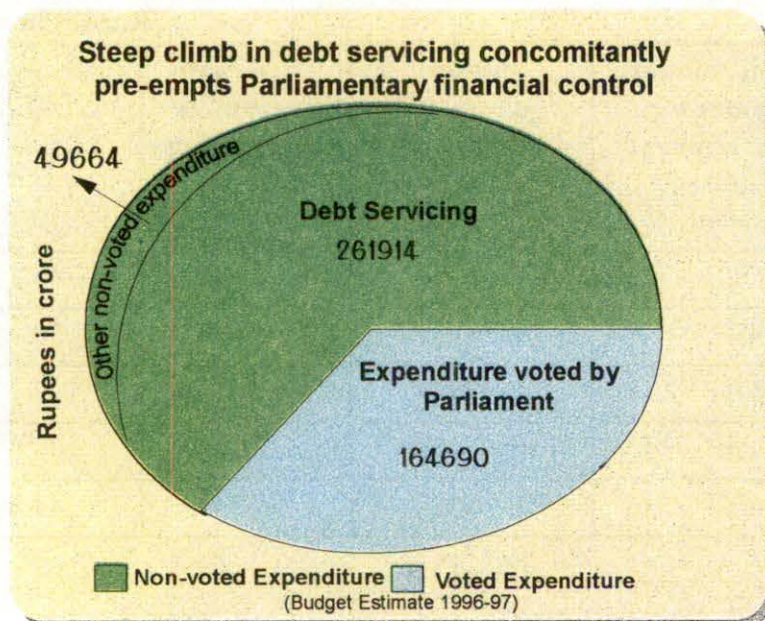
Position at the end of the year	Maximum amount of guarantee for which Government have entered into agreement	Sums guaranteed outstanding (Internal & External)	External guarantees outstanding	% age col.4 to col.3
1991-92	55063	46744	20908	44.7
1992-93	79552	58027	28988	50.0
1993-94	84738	62857	30626	48.7
1994-95	89563	63153	30268	47.9
1995-96	94761	65573	29345	44.8

It would be observed from the above table that the total outstanding guarantees of the Union Government (Internal + External) increased from Rs 46744 crore in 1991-92 to Rs 65573 crore in 1995-96 which constitutes an increase of 40 *per cent*. As on 31 March 1996, outstanding amount of external guarantee constituted 45 *per cent* of the total outstanding guarantees of the Union Government.

8.11 Impact of Public Debt

The ever increasing amount of public debt, has inevitable impact on other areas of expenditure and aspects of Public Finance. The committed liability towards debt service obligations account for nearly half of public expenditure and Government has to resort to more borrowings to meet the liability of debt servicing besides raising resources to meet the expenditure. Therefore, the requirements for increased spendings in various sectors have to be reconciled with the need to curb the expenditure and reduce deficit. Some of the aspects arising out of the impact of debt have been discussed in the subsequent paragraphs.

8.11.1 Parliamentary control over the Budget



As a result of the sharp rise in debt servicing an overwhelming proportion of the total disbursement out of the Consolidated Fund of India is charged on the Fund i.e. it is not subject to the vote by Parliament. Only about

one-third of the total budgetary expenditure is now within the ambit of the discretion of Parliament and is subjected to vote. During 1996-97 (BE) out of a total disbursement of Rs 476268 crore from the Consolidated Fund of India, 65 per cent amounting to Rs 311578 crore was charged. Of the charged expenditure, 85 per cent was applied towards debt service obligations i.e. to repay instalments of the loan and pay interest dues.

It is significant that the borrowed funds (Public Debt) of the Government increased from Rs 157607 crore in 1994-95 to Rs 180966 crore in 1995-96. In other words during 1995-96 more than half of the Consolidated Fund receipts amounting to Rs 357933 crore comprised of borrowed funds.

8.11.2 Slump in Capital Expenditure

There has been a slump in the capital expenditure which as percentage of GDP decreased from 3.1 per cent in 1993-94 to 1.6 per cent in 1995-96. Similarly, the percentage of capital expenditure as a proportion of total expenditure sharply dropped from 12.4 per cent in 1993-94 to 7.3 per cent in 1995-96. Besides, the Plan component of revenue expenditure also declined from 16.3 per cent in 1993-94 to

14.6 *per cent* in 1995-96. In terms of GDP, it came down from 3.11 *per cent* to 2.64 *per cent* over the same period.

8.11.3 Expenditure on Economic Services

The share of Economic Services which includes infrastructure like roads, coal, power etc. as percentage of total Union Government expenditure decreased from 35.4 *per cent* in 1993-94 to 32.9 *per cent* in 1995-96. Similarly, its share as a percentage of GDP declined from 8.8 *per cent* to 7.2 *per cent* over the same period.

8.11.4 Expenditure on Social Services

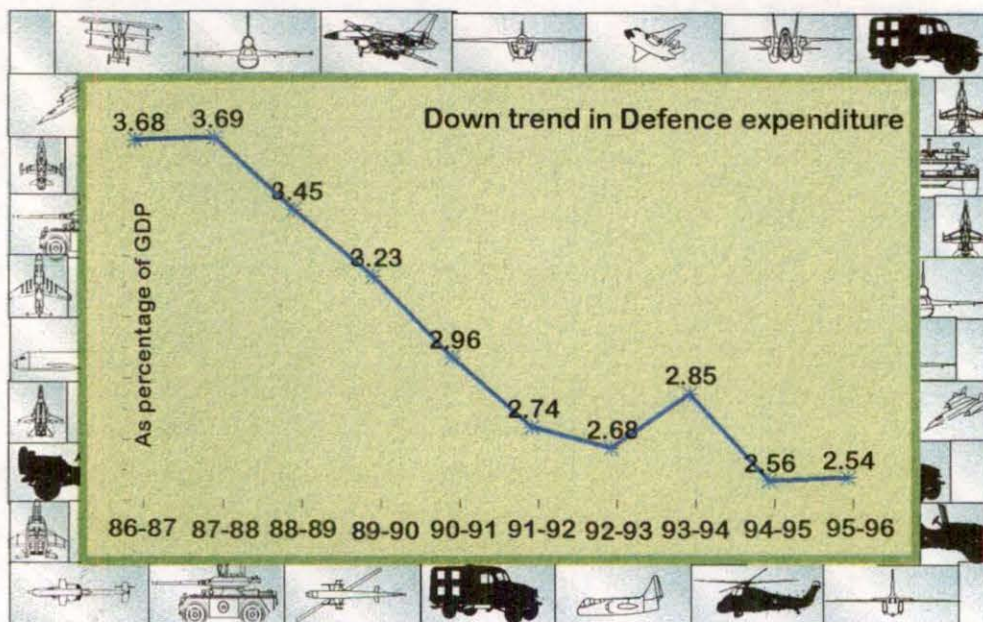
The share of Social Services to total expenditure declined from 3.11 *per cent* in 1991-92 to 2.80 *per cent* in 1994-95. Although this share increased to 3.33 *per cent* in 1995-96, yet as a percentage of GDP, the share of Social Services dropped from 0.75 *per cent* in 1991-92 to 0.73 *per cent* in 1995-96.

It is pertinent to mention that the expenditure on Education as percentage of total expenditure increased marginally from 1.08 *per cent* in 1991-92 to 1.18 *per cent* in 1995-96. As a percentage of GDP, expenditure on Education remained virtually at the same level of 0.26 *per cent* over the same period.

The cut in expenditure on Health and Family Welfare has been more severe, declining from 0.42 *per cent* of total expenditure in 1991-92 to 0.38 *per cent* in 1995-96. As a percentage of the GDP it declined from 0.10 *per cent* in 1991-92 to 0.08 *per cent* in 1995-96.

If inflation is taken into account, the expenditure in real terms on Social Services has declined further, thereby commending a smaller share out of Government resources. The general decline in application of funds to the Social Sector has also been due to savings in budgetary allocation to programmes in this Sector. It is noteworthy that allocations given in the budget for Education, Health and Family Welfare aggregating to Rs 640 crore could not be spent during 1995-96.

8.11.5 Defence Expenditure



The expenditure on defence services as percentage of GDP has been showing a declining trend over the years, as can be seen from the table below :-

Table 8.11.5 : Total Defence Expenditure

Period	As a % age of GDP	Period	As a % age of GDP
1986-87	3.68	1991-92	2.74
1987-88	3.69	1992-93	2.68
1988-89	3.45	1993-94	2.85
1989-90	3.23	1994-95	2.56
1990-91	2.96	1995-96	2.54

Average Defence Expenditure as a %age of GDP

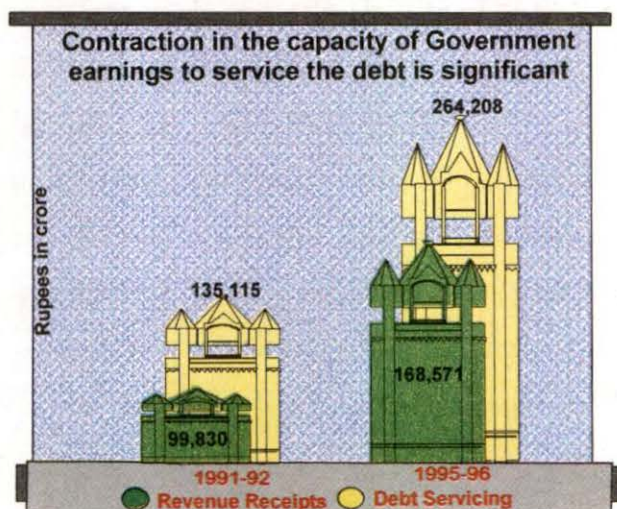
	1986-91	1991-96
Revenue expenditure	2.58	1.89
Capital expenditure	0.82	0.78
Total Defence expenditure	3.40	2.67

The above data reveal that there has been a continual downtrend in Defence expenditure as a percentage of GDP from 3.68 percentage points in 1986-87 to 2.54

percentage points in 1995-96. Significantly, there has also been a cut back in the average Defence capital expenditure as percentage of GDP from 0.82 *per cent* to 0.78 *per cent* between 1986-91 and 1991-96.

It is pertinent to note in this context that other non-plan General Services expenditure (excluding Interest Payment and Defence) grew by 75 *per cent* from 1991-92 to 1995-96. However, the growth of Defence expenditure was 65 *per cent* over the same period.

8.11.6 Debt and Government Earnings



The problem of finding resources is really crucial because the Government of India is in a situation wherein to meet expenditure on development or defence or even day-to-day administration, it is resorting to borrowings, as the total earnings of the Union Government are insufficient to meet even the debt service obligations (including those for 91 days *T-Bills*). During 1991-92, as against the total debt servicing liability of Rs 135115 crore, the total revenue receipts of the Union Government amounted to only Rs 99830 crore, i.e. only 74 *per cent* of repayment and interest obligations. This figure came down to 64 *per cent* with the debt service expenditure escalating to Rs 264208 crore and the revenue receipts rising only to the level of Rs 168571 crore. during 1995-96. Therefore, both for a part of debt servicing as well as for other expenditure of Government, it had to resort to borrowing or as in the recent past, sale of assets through disinvestment.

In case the debt service obligations in respect of 91 days Treasury Bills are excluded, even then the Government will be left with only 13 *per cent* of its revenue receipts after meeting the debt service obligations for market loans and other liabilities.

8.12 Ceiling on Borrowing

In view of this piquant situation wherein debt service obligations outstrip revenue receipts, debt receipts constitute more than half of the Government receipts and debt servicing absorbs more than half of the Government disbursement, there is an urgent need to pay closer attention to the crucial problem of debt management. The Union Government is empowered under Article 292 of the Constitution of India to "borrow upon the security of the Consolidated Fund of India, within such limits, if any, as may be fixed by Parliament by law." Clearly total borrowings should bear some proportion to the receipts in the Consolidated Fund of India. Fixing of such limits on the borrowing power of Government under this Article was recommended by the Public Accounts Committee in para 15 of their Ninth Report (1962-63-Third Lok Sabha), in para 5 of their Thirty-Sixth Report (1964-65-Third Lok Sabha) and in para 2.13 of their Fifty-Second Report (1965-66-Third Lok Sabha) as well as by the Estimates Committee in para 1.192 of their Twelfth Report (1991-92-Tenth Lok Sabha). In view of the ramifications of the debt situation it is desirable that a ceiling on borrowings be laid down and effectively implemented.

CHAPTER IX

Other Observations on Accounts

9.1 Nature of observations

The Finance Accounts of the Union Government are prepared in accordance with the Government Accounting Rules, 1990 and various other rules and instructions issued by the Central Government in this regard. The validity of the accounts is therefore adjudged in accordance with the observance of these rules and instructions. The correctness of the accounts, on the other hand, is to be judged on the basis of the completeness, reliability of accounts as revealed by supporting documents and procedures laid down and such other material as is noticed in the course of test check. This chapter contains observations pertaining to the correctness and validity of Finance Accounts and are therefore qualificatory in nature.

9.2 Reconciliation of Accounts

The figures exhibited in the Finance Accounts represent those figures of expenditure and receipt which have been booked in the books of various Pay and Accounts Offices and subsequently consolidated. Each of such transaction also represents the receipts and payments booked by the RBI into their books. At the end of the year the net effect of transactions in the Government Accounts is represented by 'Deposits with the RBI'. This figure, which is both in the books of Government as well as in the books of RBI, should normally tally. The difference, if any, between these two figures should be reconciled and explained satisfactorily to ensure the accuracy of the accounts.

Para 1.19.4 of the Civil Accounts Manual provides for the reconciliation of these figures. It is, however, noticed from the accounts that the figure of 'Deposits with the RBI' as on 31 March 1996, in the Finance accounts is shown as Rs 2832 crore, while that reported by the RBI was Rs 2499 crore, thereby showing a difference of Rs 333 crore between the two figures. The difference has not been reconciled.

A test check of the differences in the selected Civil Ministries reveal the position as detailed in Appendix V in respect of progressive differences of the RBI deposits upto the year 1995-96.

9.3 Suspense Balances

9.3.1 Balances under major Suspense accounts

Under suspense heads are recorded all such transactions as are ultimately cleared either by payment or recovery in cash or by book adjustment. All balances under Suspense heads have to be reviewed at short intervals so that it may be secured that no item remains unadjusted longer than is reasonably necessary to bring about its clearance in the ordinary course with due regard to the rules applicable to each case. There is therefore a need to clear these amounts expeditiously and classify them to appropriate heads of accounts. The figures lying under Suspense heads for the last five years are given below:

Table 9.3.1 (i) : Suspense Balances

(Rupees in crore)

Year	Amount (Net)
1991-92	Dr. 4625
1992-93	Dr. 5894
1993-94	Dr. 28085
1994-95	Dr. 7716
1995-96	Dr. 10320

It would be observed from the above table that the suspense balances during 1995-96 increased by Rs 2604 crore over the previous year which constituted an increase of 34 *per cent*. This suspense balance include Rs 3005 crore as discount sinking fund which constitute 29 *per cent* of the total suspense balance of Rs 10320 crore. The suspense balance on this account is essentially the outcome of the accounting procedure followed for this sinking fund. This fund was created for meeting the liability of payment of interest on Zero Coupon Bonds. The balance

under this head represent the balances of interest portion yet to be written off and 1/5th of the fund every year will be used for the payment of interest.

The Suspense balances on debit side represent expenditure items and those on credit side represent receipt items awaiting adjustments. In the Finance Accounts, both are merged and only the net figures are shown. The figures exhibited as net figures do not show the total dimension of the value of transactions awaiting adjustment on both sides.

The position of Suspense balances under major suspense heads for the last three years are given below:

Table 9.3.1 (ii) : Balances under Major Suspense heads

(Rupees in crore)

Heads of Account	Net Balance as on		
	31 March 1994	31 March 1995	31 March 1996
Pay and accounts Office Suspense (PAO suspense)	Dr. 436.50	Dr. 267.98	Dr. 217.19
Suspense A/C Civil	Dr. 829.02	Dr. 568.99	Dr. 456.84
Suspense A/C P&T	Dr.20573.09	Dr. 97.41	Dr. 48.64
Suspense Accounts Defence	Dr 914.95	Dr 635.18	Dr. 794.38
Suspense Accounts Railways	Dr 185.74	Dr 215.52	Dr. 121.30
Telecommunication Accounts office Suspense	Dr 1564.36	Dr 1830.01	Dr. 2017.58
Public Sector Bank Suspense	Dr. 528.55	Dr. 581.35	Dr. 498.73
Suspense Account for purchases abroad	Dr. 1539.50	Dr. 1426.68	Dr. 1848.78
Reserve Bank Suspense Central Accounts Office	Dr. 61.37	Cr. 48.49	Dr. 1039.45

The balances under 'Suspense Accounts for purchases abroad' and 'Reserve Bank Suspense- Central Accounts Office' have increased considerably during 1995-96. In respect of Reserve Bank Suspense, the Department of Economic Affairs has stated that an amount of Rs 913 crore was inadvertently misclassified in 1995-96 which has been rectified in 1996-97.

9.3.2 Suspense Account for Purchases Abroad

The minor head 'Suspense Account for Purchases Abroad' is operated in the books of Controller of Aid Accounts and Audit, Ministry of Finance, Department of Economic Affairs. In cases where imports under direct payment procedures by importers holding licences for imports are to be financed out of foreign loans and credit, the payment for imports is directly made by Government and the equal amount is kept under this suspense, till the payment is received from the importer. These balances are therefore cleared by payment of deposits by the importers in advance. The debit balances under this head will indicate the amount which is yet to be recovered from the importers, although the Government has already made the payment for these imports. A list showing selected importerwise details are given in Appendix-VI.

9.3.3 Ministry of External Affairs

Detailed scrutiny of suspense balances in the Ministry of External Affairs revealed the following position :-

(a) Pay and Accounts Office Suspense

Transactions under Pay and Accounts Office Suspense represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer which are eventually to be adjusted to the final heads of account in the books of the Accounts Officer against whom the "Pay and Accounts Office Suspense" has been operated.

The outstanding balances of Ministry of External Affairs under PAO Suspense has shown a downward trend in 1995-96 as compared to 1994-95. The outstanding balances which was Rs 104.10 crore (Dr.) in 1994-95 decreased to Rs 87.99 crore (Dr.) in 1995-96. This downward trend is mainly due to the limited operation of this Suspense head since 1993-94 for expenditure incurred by this Ministry on behalf of other Ministries/Departments. However, from the year-wise breakup of balances it was observed that the balances of earlier years were not being

cleared. The balance upto March 87 was Rs 9.44 crore (Dr) and Rs 4.70 crore (Cr). The Ministry needs to take urgent action to clear these items, since as stated by them all the details are available in relevant records.

Under this suspense head, the Ministry records the transactions regarding payments made by various missions towards visiting officials from Central and State Governments and are to be reimbursed later by the concerned Ministry/ State Governments. It was seen on examination of relevant files that the balances lying outstanding under PAO Suspense were due to the claims raised by the Ministry of External Affairs against various Ministries which could not be paid by the latter for want of sufficient details supporting the payments.

(b) Suspense Account (Civil)

Suspense Account (Civil) is operated for the accounting of transactions which for want of certain information or documents viz. vouchers, challans etc. cannot be taken to the final head of expenditure or receipt.

The balances of Rs 17.18 crore (Dr.) in 1995-96 under this head, pertaining to the Ministry of External Affairs was stated to be due to the challans and vouchers not having been received from various missions. The balances under this head, therefore, represent those transactions, where the cash balance has been affected but their effect has not been brought to account under the respective functional heads.

Prior to 1984-85, transactions of the same nature as presently booked under "Suspense Account (Civil)" were classified under a minor head called 'Departmental Adjusting Account'. Balances amounting to Rs 10.05 crore (Dr.) are outstanding under this minor head to the end of 31 March 1996. As the transactions pertaining to these balances are old, it will be more difficult to clear them with the passage of time as the relevant documents will not be easily available.

9.3.4 Ministry of Finance, Department of Economic Affairs

Detailed scrutiny of suspense balances in Department of Economic Affairs revealed as follows :

(a) Pay and Accounts Office Suspense

The balances under the head Pay and Accounts Office Suspense of Department of Economic Affairs were Rs 7.71 crore (Cr.) as on 31 March 1996. This debit balance represents the amounts spent on behalf of other Pay & Accounts Officers and is ultimately adjustable in their books of accounts against their budget.

(b) Suspense Account (Civil)

The balance under Suspense Account (Civil) of Ministry of Finance, Department of Economic Affairs was Rs 219.48 crore (Cr) as on 31 March 1996. The balance under this head was outstanding since 1986-87. The Department stated that out of this, an amount of Rs 212.52 crore (Cr.) belongs to 'value of one rupee note', which is an accounting adjustment, to watch the total amount of one-rupee note in circulation and carry out further adjustment when such notes are withdrawn. A proposal was stated to be under consideration for opening a new major head so that these balances could be transferred from this head.

(c) Public Sector Bank Suspense

As there is a time lag for a Government transaction carried out by the Bank to get reflected in Government cash balance this minor head is operated to account for transactions awaiting settlement. Debit balance under Public Sector Bank Suspense represents amounts owed by the Public Sector Banks to the Government. The net balance under this head increased from Rs 41.05 crore (Dr.) in 1994-95 to Rs 45.06 crore (Dr.) in 1995-96. Out of these balances, Rs 112.08 crore (Gross Debit) and Rs 63.53 crore (Gross Credit) pertain to period prior to 1991-92 which constitute the major portion of the balances. The Department stated that while some PAOWise details were available in respect of balances pertaining to the period prior to 1990-91, details in respect of others are being collected with a view to reconcile the old balances.

9.3.5 Impact of suspense balances

Suspense balances, particularly those under the heads which await final classification due to one reason or other, indicate those amounts, which are yet to be accounted under the appropriate functional heads. Therefore, to the extent, they exist in accounts, the Finance Accounts are incomplete and functional expenditure under various heads of accounts do not show the total expenditure under these heads.

9.4 Adverse Balances

9.4.1 Adverse Balances in accounts

The adverse balances are negative balances appearing under those heads of accounts where there cannot normally be a negative balance. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced. Such situations arise largely due to accounting errors or accounting situations arising out of rationalisation of the classification of accounts or administrative re-organisation breaking up one accounting unit into many. In the Finance Accounts of the Union Government for the year 1995-96 there are 61 cases of adverse balances under Debt, Deposit and Remittance heads. Out of these, 13 balances became adverse during the year 1995-96. 48 cases are continuing to occur in the Finance Accounts from earlier years. All these cases are qualified by a note mentioning that adverse balances are under investigation. In certain circumstances, the adverse balances may conceal irregularities or fraud. The major items of adverse balances are given in Appendix VII.

Action is required to be taken for rectification of the adverse balances in Finance Accounts under the Debt, Deposit and Remittances Heads so that the statements of balances held by the Government are correctly exhibited in the annual accounts. The accounting arrangements should also be streamlined to check the recurrence of such balances.

9.4.2 Ministry of External Affairs

A review was conducted on adverse balances of Ministry of External Affairs. There are four adverse balances in the finance accounts of 1995-96 pertaining to this Ministry.

Table 9.4.2 : Adverse Balances of Ministry of External Affairs

(Rupees in thousand)

1.	8443 - Civil Deposits - 113 - Deposits for purchases etc. abroad	(-) Cr 193987
2.	8443 - Civil Deposits - 117 - Deposits for work done to public bodies or private individuals	(-) Cr 136404
3.	7610 - Loans to Government Servants - 203 - Advances for purchase of other conveyances	(-) Dr 33
4.	7610 - Loans to Government Servants - 800 - Other Advances	(-) Dr 15

Adverse balance under Major Head 7610 - Loans to Government Servants is an uncommon phenomenon. The action taken to liquidate these balances and reasons for adverse balances were not furnished to audit. The other two adverse balances are discussed below:

(a) Civil Deposits-113 Deposits for purchases etc. abroad

This head accounts for transactions where the money is deposited in India for purchases abroad, by different departments. Negative balance will indicate that the deposits were not made prior to purchases as required and not made subsequently, even after the Government has made the payment in foreign exchange. Although there is no transaction under this head since 1992-93, the outstanding payments amounting to Rs. 19.39 crore need to be adjusted. The Ministry should initiate action to obtain from the concerned Missions abroad, the details of payments made in excess of deposits and obtain reimbursement of these amounts from the concerned Ministries/Departments.

(b) 8443 - Civil Deposits - 117 Deposits for work done for public bodies or private individuals

The public bodies or private non-government entities are supposed to deposit the cost of work in advance, if they want it to be executed through the Government agencies. Here also the negative balance will indicate that either the deposits have not been made at all or the cost of works has been exceeded and the cost have been borne by the Department without authorisation for funds. The detailed accounts indicating the names of the parties for whom the works were executed have not been maintained in proper form. Closing of such accounts has also not been done since 1992-93. Therefore, the amounts expended in excess of deposits on behalf of each public body and private individual were not readily available. It was seen that accounts of many Missions with Indian Council for Cultural Relations were showing negative (adverse) balances.

The Ministry should take adequate steps to locate the details of Rs 13.64 crore, the names of bodies on whose behalf the payments were made and realise the outstanding amounts in excess of deposits made by them.

9.4.3 Ministry of Finance, Department of Economic Affairs

A review was also conducted in the adverse balances in the Ministry of Finance, Department of Economic Affairs. A list of adverse balances in the Finance Accounts of the Department are enclosed in Appendix VIII. There are 25 adverse balances. Out of these 25 balances, 11 pertain to prior departmentalisation period and 1 balance is adverse since 1977-78. 4 balances have become adverse during 1995-96. Department should take effective steps to liquidate these adverse balances as early as possible because the follow up action becomes difficult in respect of balances of earlier years.

9.4.4 Impact of adverse balances

Adverse balances are the result of misclassifications errors or omissions which need a timely follow up by the Accounting authorities. To the extent they are present in the finance accounts, the accuracy of accounts stands compromised.

9.5 Unclaimed Market Loans to be transferred to Revenue

As per Rule 38 of Government Accounting Rules, 1990, read with Note 1 below the major head 6001, the unclaimed market loans are usually retained in Government Accounts as debt for 20 years from the date of discharge of the loans and after which these balances are to be transferred to revenue. As per statement 14A of Union Government Finance Accounts, an amount of Rs 10.26 crore (5 loans) was lying outstanding against various loans for more than 20 years which had not been credited to revenue. Action needs to be taken by the Chief Accounting Authorities for crediting these loans to revenue.

9.6 Review of balances

It is imperative that the Government should ascertain at regular intervals, its precise liabilities in respect of outstanding balances in the Public Accounts under various Debt, Deposit and Remittance heads. All Accounting Officers are therefore required to review and verify such balances and ascertain whether the correctness of the balances is accepted by the persons/ parties by whom the balances are owned or to whom these are due and are required to furnish annually, a detailed statement showing the unreconciled differences and the cases where acceptance of balances is awaited. The Principal Accounts Officer is required to send a consolidated report for the Ministry/ Department as a whole to the Controller General of Accounts by 15 October. The purpose of conducting this review is to ascertain the quality of maintenance of various books of accounts and reconcile the figures of Debt, Deposits and Remittances. It has been noticed that in respect of Civil Departments the review of balances for the year 1995-96 has been completed only for Department of Space, President's Secretariat and Rajya Sabha Secretariat. The remaining Principal Accounts Offices have not completed the review of balances and to that extent the accuracy of balances under Debt, Deposits and Remittance heads has not been verified.

9.7 Accounting of internal debt

As per accounting procedure, Principal Pay and Accounts Office, Ministry of Finance, Department of Economic Affairs should book the loans raised under

compensation and other bonds under the head '8449 - Other Deposits - 120 - Miscellaneous Deposits (compensation and other bonds)' on receipt of advices and clearance memos from Central Accounts Section, Nagpur. The advices will depict the daily cash subscriptions received under Government Account through Public Debt offices. RBI Central Office also sends statistical statements duly reconciled with RBI Central Accounts Section, Nagpur showing the amounts for which bonds have already been issued. On receipt of advice from RBI, the entry under the intermediary deposit head 8449 - Other Deposits is reversed transferring the amount to Major Head 6001 - Internal Debt - 106 - compensation and other Bonds.

However, since the final statistical statements from RBI were not received, this accounting procedure could not be completed by the Department resulting in accumulation of balances under the intermediary deposit head which is evident from the trend of balances for the past three years under the heads 6001-Internal debt-106 Compensation and other bonds shown in Statement No. 14 of Union Government Finance Accounts and 8449-Other Deposits-120-Miscellaneous Deposits as given below :-

Table 9.7 (i) : Non-clearance of balances

(Rupees in crore)

Heads of Account	A m o u n t		
	As on 31 March 1994	As on 31 March 1995	As on 31 March 1996
6001-106-Compensation and Other Bonds	1082.32	899.47	662.18
8449-Other Deposits-120-Miscellaneous Deposits	198.93	623.45	1385.44

The opening balance of a few such compensation bonds as given in Statement No. 14 A of Finance Accounts and RBI Central Office statements (which are to be reconciled with RBI Nagpur) are given below :

Table 9.7 (ii) : Balances to be reconciled with RBI

(Rupees in thousand)

Sl No	Name of Loan	Opening balance as on 1 April 1995	
		As per Statement 14 A	As per RBI Central Office
1.	9% Relief Bonds 1987	7780915	7868848
2.	10% Relief Bonds 1993	2544454	2563372
3.	7 year NRDB Bonds	84708	70355
4.	10 Year Annuity Deposit Certificates 1964 scheme	This loan is not shown in Finance Accounts of 1994-95 and 1995-96	135394
5.	10 Year Annuity Deposit Certificates 1966 Scheme	--do--	55698
6.	4.5% Ten Year Defence Certificate	--do--	34765
7.	9% Relief Bonds 1993	--do--	5878858
8.	7% Capital Investment Bonds	297582	568175
9.	15 Year Annuity Certificate	2327	4036

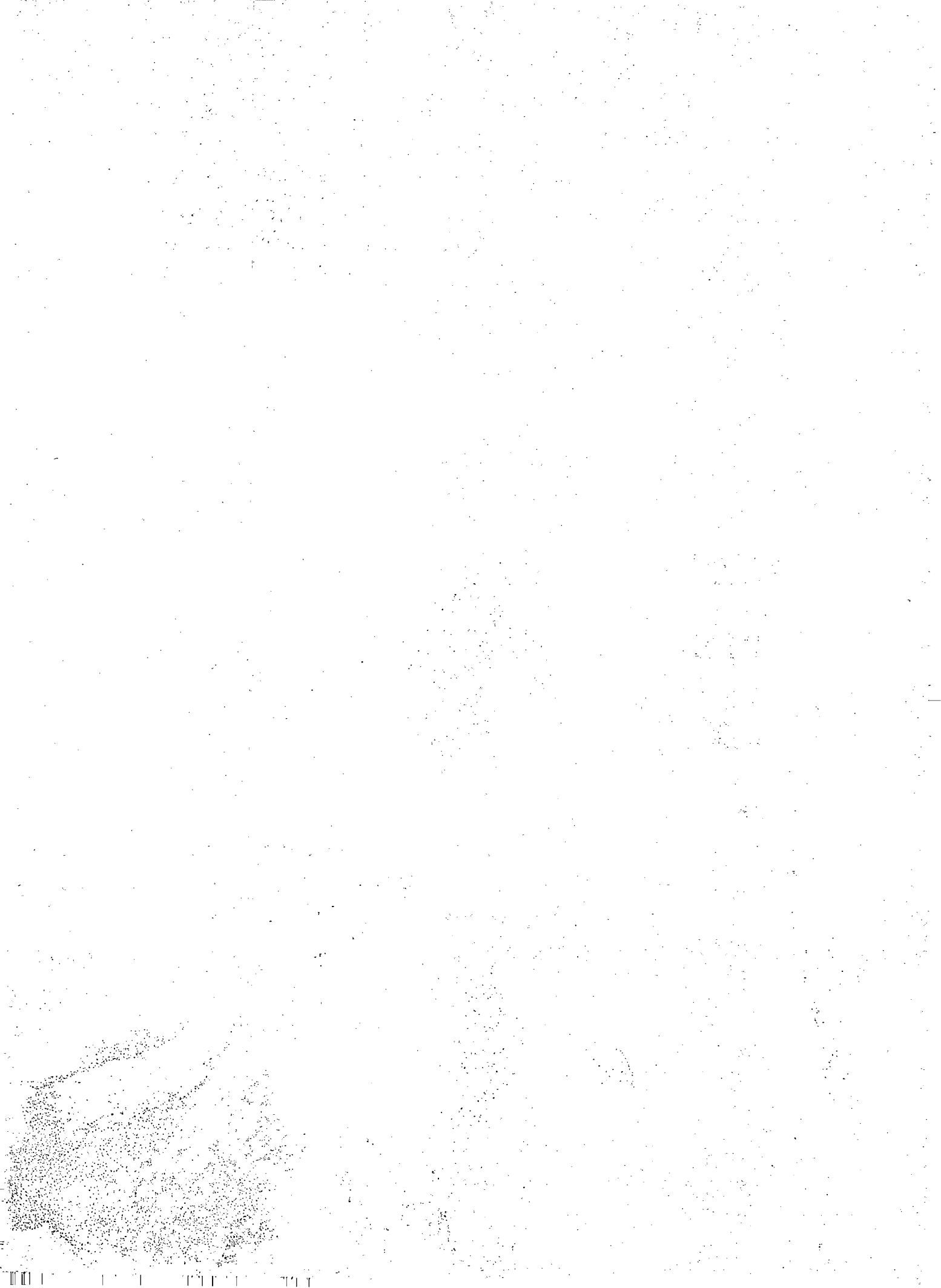
From the above details it is evident that because of non reconciliation of these figures by RBI Central Office, Bombay and RBI Central Accounts Section, Nagpur the internal debt shown in Statement No. 14 A of Union Government Finance Accounts remains understated.

9.8 Accounting of External Debt

External borrowings received by the Government of India from lender countries or institutions abroad are recorded in the Government Accounts at the historical rate of exchange, i.e. the rate prevailing on the date of transaction/receipt. The outstanding balances of loans are not reflected in Government Accounts with reference to subsequent changes in rates of exchange. On account of the subsequent changes in exchange rate, the repayments are higher than the amounts payable as worked out on the basis of accounts. To the extent of difference arising on account of

change in the rates of exchange, the external debt expressed as rupees in the Finance Accounts, stands understated.

The amount of external debt outstanding as on 31 March 1996, which is shown as Rs 51248.74 crore, and which had not been adjusted for exchange rate variations, works out to Rs 148582.73 crore, if adjusted for the exchange rate variations. To the extent of the difference, the external debt is understated in the Finance Accounts.



PART II

APPROPRIATION ACCOUNTS

PART II

APPROPRIATION ACCOUNTS

CHAPTER X

Summary of Appropriation Accounts and Audit Findings

Appropriation Accounts Union Government (Civil)			
Total No of Grants/ Appropriations	92	Departmentalised	88
		Non-Departmentalised	4
(Rupees in Crore)			
Total Provision 378799.00		Gross Expenditure 322027.31	
Original Provision 362902.81			
		1995-96	
Supplementary Provision 15896.19			
Provision 282078.82	←Charged→	Expenditure 231830.65	
Provision 96720.18	←Voted→	Expenditure 90196.66	
Provision 154912.06	←Revenue→	Expenditure 146852.54	
Provision 223886.94	←Capital→	Expenditure 175174.77	
Budgeted 6117.08	←Recoveries→	Actual 5623.64	
		Net Expenditure 316403.67	

10.1 Introduction

In accordance with the provisions of Article 114 of the Constitution of India, soon after the grants under Article 113 are made by the House of People, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of India. The Appropriation Act passed by Parliament contains authority to appropriate certain sums from the Consolidated Fund of India for the specified services. Subsequently supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 115 of the Constitution of India.

The Appropriation Acts include the expenditure which has been voted by Parliament on various grants in terms of Articles 114 and 115 of the Constitution of India and also include the expenditure which is required to be charged on the Consolidated Fund of India in terms of Article 112(3) as well as Article 293(2) of the Constitution of India. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-a-vis those authorised by the Appropriation Acts.

Five different Appropriation Accounts pertaining to different sectors of activities viz., Civil, Defence Services, Postal Services, Telecommunication Services and Railways are presented to Parliament. These Appropriation Accounts exhibit the total sanctioned grant / appropriation, actual expenditure and savings/excess for the grant/ appropriation as a whole during the financial year. The number of demands for grants/ appropriations obtained by the various Ministries/ Departments during 1995-96 under different sectors of activities are given below:

Sector of activity	No. of demands for grants/ appropriations
Civil	92
Defence Services	5
Postal Services	1
Telecommunication Services	1
Railways	16
Total:	115

The Appropriation Accounts in respect of the grants for Post and Telecommunication, Defence Services and Railways are prepared by the respective Ministries. The Appropriation Accounts (Civil) in respect of 92 grants and appropriations mentioned above are prepared by the Controller General of Accounts in Ministry of Finance.

10.2 Appropriation Audit

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and that the expenditure required to be charged under the provisions

of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

This part contains detailed audit observations on the Appropriation Accounts (Civil) prepared by the Controller General of Accounts for the year 1995-96. Audit findings in respect of the appropriation accounts of other sectors of activities as mentioned above, have been incorporated in CAG's Reports No. 6, 7 and 9 of 1997.

10.3 Appropriation Accounts (Civil)

A summary of Appropriation Accounts (Civil) of sums expended during the year ended 31 March 1996 compared with the several sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 1995-96 under Articles 114 and 115 of the Constitution of India, is given below:

Table 10.3: Authorisation and Expenditure

(Rupees in crore)

Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings
I. Revenue Voted	69473.01	8064.88	77537.89	73045.32	4492.57
II. Capital Voted	8721.57	3357.89	12079.46	11055.00	1024.46
III. Loans and Advances Voted	5765.53	1337.30	7102.83	6096.34	1006.49
Total Voted	83960.11	12760.07	96720.18	90196.66	6523.52
IV. Revenue Charged	77275.32	98.85	77374.17	73807.22	3566.95
V. Capital Charged	7.88	3.24	11.12	8.27	2.85
VI. Public Debt Charged	184928.28	--	184928.28	139245.95	45682.33
VII. Loans and Advances Charged	16731.22	3034.03	19765.25	18769.21	996.04
Total Charged	278942.70	3136.12	282078.82	231830.65	50248.17
Grand total	362902.81	15896.19	378799.00	322027.31	56771.69

Note: (1) In a demand for grants, provision for the charged expenditure is called appropriation and for voted expenditure, it is called grant.

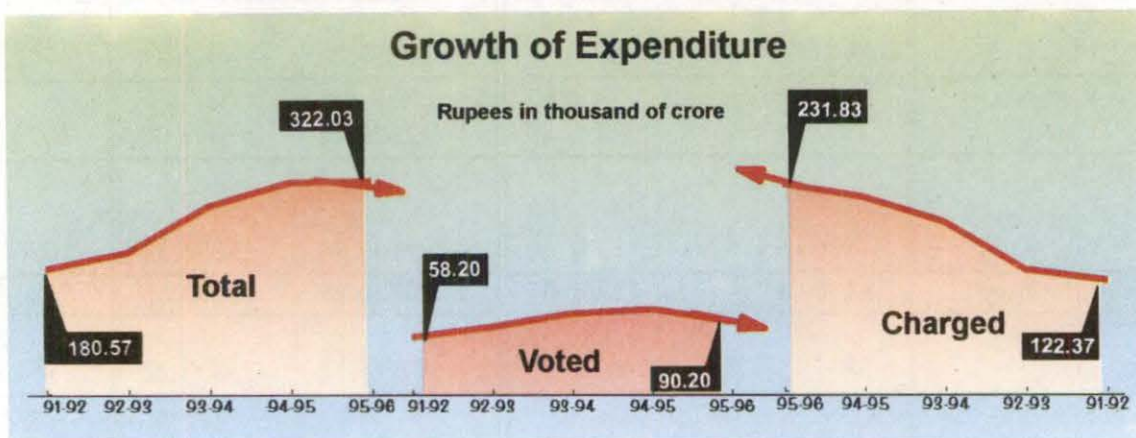
(2) Excludes Posts & Telecommunications, Defence Services and Railways; details given separately in C&AG's Reports Nos. 6, 7 and 9 of 1997.

The overall savings of Rs 56771.69 crore was more than three times the supplementary grant of Rs 15896.19 crore and constituted 14.99 per cent of the total provision of Rs 378799 crore, as compared to 12.93 per cent of the total provision of the last year.

10.4 Charged and Voted expenditure

The detail of the amounts of the expenditure actually incurred against approved demands (grants and appropriations) of the Civil Ministries/Departments for the year 1991-92 to 1995-96 is given in Annexure I. It would be seen that during the last five years 66 to 72 per cent of the expenditure was charged on the Consolidated Fund of India.

Total expenditure of the Government has increased from Rs 180575 crore to Rs 322027 crore during the last five years from 1991-92 to 1995-96. Charged expenditure in civil sector has increased from Rs 122373 crore to Rs 231831 crore whereas voted expenditure has increased from Rs 58202 crore to Rs 90196 crore. A graphic review is illustrated below:



The charged expenditure of civil ministries during 1995-96 was mainly on account of interest payments (Rs 50045 crore), repayment of debt (Rs 139246 crore), transfers to States and Union Territory Governments (Rs 41674 crore) and others (Rs 866 crore) and constituted 72 per cent of the total expenditure. Since charged expenditure is not subject to vote by the Parliament, the scope of financial control by the Parliament gets limited to only about 28 per cent of the total disbursement. If the expenditure on salary and allowances is also added to it, only about 20 per cent of the

total disbursement of the Consolidated Fund of India is effectively voted by the Parliament.

10.5 Results of Appropriation Audit

The overall saving as mentioned in para 10.3 above was the net result of savings in 208 cases and excess in two cases as shown below:

Table 10.5: Net Savings in selected Grants/Appropriations

(Rupees in crore)

Grants and Appropriations affected	Savings		Excess		Net savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted	4501.00	2030.96	8.43	0.01	4492.57	2030.95
No. of grants	83	65	1	1	--	--
Charged	3566.95	46681.22	--	--	3566.95	46681.22
No. of Appropriations	41	19	--	--	--	--

The original provision obtained for the year 1995-96 (Rs 362902.81 crore) was 8.31 *per cent* more than that obtained for the year 1994-95 (Rs 335044.48 crore). However, the supplementary grants and appropriations obtained in the year 1995-96 was 4.38 *per cent* of the original grants and appropriations, as against 4.21 *per cent* during the year 1994-95.

10.6 Expenditure incurred without Sanction

In accordance with the provisions of Rule 6 of General Financial Rules, 'Subject to the provisions of Article, 266(3), 267(1) and 283(1) of the Constitution, no authority may incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from Government account unless such expenditure or transfer, as the case may be, has been sanctioned by general or special order of the Government or by any authority to which power has been duly delegated in this behalf.

Scrutiny of Annexure 'B' of the appropriation accounts for the year 1995-96 revealed that expenditure on 358 items aggregating Rs 87.28 crore as detailed in Annexure II to this Chapter has been incurred by Ministry of Finance and Ministry of

Surface Transport without proper sanction in contravention of the aforesaid rule of GFR. The Controller General of Accounts, while certifying the expenditure has excluded this amount. Action needs to be taken to obtain appropriate sanction to regularise this expenditure.

10.7 Expenditure incurred in the month of March

As per Note 3 of Rule 69 of General Financial Rules, rush of expenditure particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Contrary to the above provision, test check in Audit revealed that in a number of cases more than 50 *per cent* of the total expenditure was incurred in the month of March 1996. A few instances are indicated in Appendix IX.

The expenditure incurred in March 1996 in respect of 101 Major Heads pertaining to 41 Grants/Appropriations constituted 79.98 *per cent* of the total expenditure in these grants/appropriations. Similarly, the expenditure incurred in March 1995 in respect of 104 Major Heads pertaining to 38 Grants/Appropriations constituted 72.83 *per cent* of the total expenditure.

The details in Appendix IX would indicate that in respect of almost all expenditure on grants, loans and investments, the funds are released only in the month of March. It is necessary to consider the functional impact of this practice. It should also be ascertained whether this practice has any impact on the overall targets of development, which takes into account the utilisation of these funds during the financial year for which these are voted or appropriated.

Since the funds released in March to various organisations can not be constructively spent during the year, it is not possible to conclude whether these funds were applied for the purpose for which they were authorised. It is also leading to a tendency to deposit the money in Personal Ledger Accounts/Banks

10.8 Analysis and Audit findings

In the chapters that follow, an analysis of various facets of Appropriation Accounts has been presented. It includes an analysis of excess expenditure requiring

authorisation by Parliament, savings requiring explanation, reappropriations, utilisation of supplementary grants and detailed observations in respect of the Ministries selected for indepth examination. In respect of crucial areas of expenditure, trends over the past few years has been presented for a balanced appreciation.

Annexure I
(Refers to Paragraph 10.4)
Proportion of Charged and Voted Expenditure
(Civil Sector)

(Rupees in crore)

Sl. No	Year	Authorisation					Expenditure				
		Voted	Charged	Total	%age of Voted	%age of Charged	Voted	Charged	Total	%age of Voted	%age of Charged
1	2	3	4	5	6	7	8	9	10	11	12
1.	1991-92	63814	142537	206351	31	69	58202	122373	180575	32	68
2.	1992-93	74367	141321	215688	34	66	68904	134672	203576	34	66
3.	1993-94	88069	203866	291935	30	70	82497	188621	271118	30	70
4.	1994-95	94380	254781	349161	27	73	87054	216958	304012	29	71
5.	1995-96	96720	282079	378799	26	74	90196	231831	322027	28	72

Annexure II
(Refers to Paragraph 10.6)
Statement of miscellaneous expenditure held under objection

Ministry/Department	Number and Name of grant	No. of items	Total expenditure held under objection
(In thousands of rupees)			
A. Items of objections each amounting to Rupees one lakh or more			
Finance	34 - Revenue	9	37,24
	36 - Indirect Taxes	1	1,40
Surface Transport	77 - Roads	249	8655,34*
	Total(A)	259	8693,98
B. Items of objections each amounting to less than Rupees one lakh			
Finance	34-Revenue	10	4,34
	36-Indirect Taxes	3	1,58
Surface Transport	77-Roads	86	28,41*
	Total(B)	99	34,33
	Total(A)+(B)	358	8728,31

* Expenditure relates to National Highways Works, the execution of which is entrusted to State/Union Territory Governments.

CHAPTER XI Excess Expenditure

Excess Expenditure in Two Grants (Civil)	
Revenue (Voted) →	Rs 8,43,16,283
Capital (voted) →	Rs 99,150
Total Excess →	Rs 8,44,15,433

11.1 Excess expenditure over Grants/Appropriations

According to the provisions of the Financial rules, no expenditure should be incurred which might have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year even after obtaining a supplementary grant or an advance from the Contingency Fund. It was, however, observed that in the revenue section, there was an excess of Rs 8,43,16,283 over the authorised sums in one grant. Excess in capital section amounted to Rs 99150 in one grant. Details of these grants are given below:

Table 11.1 : Excess expenditure over Grants/Appropriations

Sl. No.	Grant	Total grant	Actual expenditure	Amount of excess(%)	Contributing reasons as stated by Government
Revenue - Voted					
Rupees					
1.	81- Public Works	379,75,00,000	388,18,16,283	843,16,283 (2.22)	Due to procurement of more steel and cement to cope up with the demand of ongoing works; undertaking more unavoidable works and escalation of cost of materials and labour; filling up of vacant posts and to meet enhanced interim relief, dearness allowance and bonus; unavoidable expenditure on urgent works and rise in price of repairs of vehicles, old tools and plants.
<pre> graph TD OG([Original Grant 362.76]) --> P1((+)) SG([Supplementary Grant 16.99]) --> P1 P1 --> TG([Total Grant 379.75]) TG --> P2((-)) AE([Actual Expenditure 388.18]) --> P2 P2 --> NE[Net Excess 8.43] </pre>					
	Total Revenue Voted	379,75,00,000	388,18,16,283	8,43,16,283	

Contd ⇨

Sl. No.	Grant	Total grant	Actual expenditure	Amount of excess(%)	Contributing reasons as stated by Government
Capital- Voted		Rupees			
2.	65 - Ministry of Petroleum and Natural Gas	1034,86,00,000	1034,86,99,150	99,150 (0.001)	The net marginal excess occurred due to rounding off error arising out of issue of Bonus Shares to Government by the Oil and Natural Gas Corporation Limited.
	Total Capital Voted	1034,86,00,000	1034,86,99,150	99,150	

11.1.1 Analysis of excess expenditure

(a) Grant No. 81-Public Works

On scrutiny of the Appropriation accounts relating to the Department of Public Works for the year 1995-96, it was noticed that against a budget provision of Rs 379.75 crore under Revenue Section, the Department incurred an expenditure of Rs 394.75 crore thereby exceeding the sanctioned provisions by Rs 15.00 crore. The details of sub-head under which excess expenditure was incurred are as under :

Major Head 2059

(Rupees in crore)

Sub-Head	Total Grant	Actual Expenses	Excess
A.1(2) - Maintenance & Repairs Voted			
O 69.00	71.80	75.71	3.91
S 2.80			
A.1(3) - Construction A.1(3)(1) - Major Works	1.00	1.83	0.83
A.1(5) - Suspense A.1(5)(1) - Stock	112.00	120.87	8.87
A.1(5)(2) - Misc. Works Adv.			
O 7.00	4.00	4.52	0.52
R - 3.00			

Contd ⇒

Sub-Head	Total Grant	Actual Expenses	Excess
A.2 - Other Building A.2(1) - Maintenance & Repairs A.2(1)(1) - Minor Works Voted			
O 15.00 S 0.85	15.85	21.80	5.95

O = Original Provision ; S = Supplementary Provision ; R = Re-appropriation

The excess expenditure under A.1(5)(1) - Stock was attributed by the Ministry to procurement of more steel and cement to cope up with the demand of ongoing works.

It was, however, observed from final accounts received in December 1996 that the expenditure of Rs 120.87 crore against the head A.1(5)(1) - stock had been reduced to Rs 114.26 crore by making a journal entry for transfer of expenditure to the extent of Rs 6.43 crore to the "Material Purchase Settlement Suspense Account" under the Major head "8658 Suspense Account" in the Public Account of India.

The transfer of this expenditure was in violation of accounting procedure for stores transactions in Public Works Accounts.

Thus, the action of Department in irregularly transferring Rs 6.43 crore to the suspense Head 8658 was not in conformity with the prescribed procedure and had the effect of reducing the expenditure under the final Sub head A.1(5)(1) - Stock, which in turn had an impact of reducing the net excess to Rs 8.43 crore under the grant.

(b) Grant No. 65- Ministry of Petroleum and Natural Gas

The provision was made in the Capital Section (Voted) of the grant under Major Head '4802' - Capital Outlay on Petroleum below 'Exploration and Production of crude oil and Gas- Investment in Public Sectors other Undertaking- Oil & Natural Gas Coporation Ltd' by obtaining supplementary grant of Rs 1030.57 crore during the last batch of the supplementary for issue of bonus shares and it was reported to the

Parliament that the expenditure to the tune of Rs 1034.86 crore would be incurred by re-appropriating the balance of Rs 4.29 crore from saving within the grant. The expenditure ultimately incurred, however, was Rs 1034.87 crore resulting in net excess of Rs 0.01 crore (Actual excess Rs 99,150).

It is noteworthy that in both the cases there was excess expenditure despite obtaining supplementary grants.

These cases detailed above, where moneys have been spent in excess of the amount authorised for the services for that year, require regularisation under Article 115(1)(b) of the Constitution of India.

CHAPTER-XII

Savings

More than Rs 100 Crore in 20 cases	☞	In 15 Grants & 3 Appropriations
Between Rs 20 Crore to 100 Crore in 41 cases	☞	In 35 Grants & one Appropriation
Exceeded 50 per cent of budget provision	☞	9 Grants

12.1 Savings under various grants/appropriations

Savings in the grant or appropriation indicate that the expenditure could not be incurred as estimated, anticipated and planned. They are indicative of poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. As already mentioned in para 10.3 above, the overall savings in the budget of Government (other than Posts, Telecommunications, Railways and Defence Services) totalled Rs 56771.69 crore. Out of this, savings of Rs 41622.18 crore were due to less discharge of 91 days treasury bills consequent upon less issue of the treasury bills than what was estimated. The total savings also included Rs 439.28 crore on account of less payment of interest on 91 days treasury bills for the same reason. Excluding these two, the effective saving was Rs 14710.23 crore.

A detailed scrutiny of the Appropriation Accounts reveals that certain Grants and Appropriations such as Power, Atomic Energy, Water Resources, Ports, Lighthouses and Shipping, Interest Payments, Repayment of Debt etc. have been registering savings which are not only persistent but display an increasing trend which continued during the year 1995-96. Such large scale savings are indicative of the need on the part of these ministries to review their requirements of funds. Necessary steps need to be taken to make the budgetary exercise more realistic, not only to minimise large scale variations between the estimates and actuals but also to gainfully utilize

the scarce resources to meet the competing demands of various sectors of the economy.

12.2 Savings of Rs 100 crore or more

The Public Accounts Committee in para 1.24 of their 60th Report (Tenth Lok Sabha) presented in February 1994 commented on the sharp increase in the savings as compared to the sanctioned provision. The Committee desired that Ministry of Finance should take the issue seriously with appropriate measures to overcome the unfortunate situation of large savings and also desired that detailed explanatory note in respect of savings from a grant or appropriation during each year involving Rs 100 crore and above be furnished to the Committee. The cases where savings of Rs 100 crore and above occurred are given in Table 12.2 below:

Table 12.2 : Savings exceeding Rs 100 crore under various Grants/Appropriations

Sl. No	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
Voted Grants				
Revenue				
1	I-Agriculture**	206.70 (13.50%)	Post-budget decision to release the funds direct to the implementing agencies by the donor agency; Non-approval of the scheme/project by Expenditure Finance Committee; Non-finalisation of the programme by donor agency; Non-receipt of the proposal of funds by the implementing agency; Less than anticipated procurement of Copra owing to higher rating prices than support pricing level; Less demand of funds by the implementing agencies owing to adjustment of available balances; Non-release of funds to the Advanced Training Centres owing to completion of their project period.	Strengthening and Development of Integrated Pest Management in India Export Enhancement Programme of Horticulture Produce Foreign Aided Projects of Horticulture Assistance to Small Farmers Agri-Business Consortium Grants for Central Plan Schemes Contribution to Price Support Operation Reserve Fund of N.A.F.E.D. Development of Oil Seeds Sustainable Development of Sugarcane Based Cropping Horticulture and Vegetable Crops Extension and Farmers Training Grants for Centrally Sponsored Plan Schemes

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Sl. No	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
2	15-Ministry of Defence	101.33 (4.97%)	Shortfall in purchase of stores; Reduction in overtime allowance and enforcement of economy measures; Less number of personnel opting for voluntary retirement scheme than anticipated.	Miscellaneous General Services Voluntary Retirement Scheme
3	24-Department of Economic Affairs*	882.34 (25.36%)	Less payment of interest; Non-setting up/ non-functioning of recovery tribunals, less tours, economy measures; Less claims received than anticipated; Less requirement of funds by RBI; Less payments made for subsidy and less exchange loss adjusted by RBI and non-finalisation of claims.	Interest on deposits under Compulsory Deposit (Income Tax Payer) Scheme 1974 Debts Recovery Tribunal Insurance Scheme for the poor through GIC etc. Subsidy to railways towards dividend relief Exchange losses and Foreign Currency Accounts Scheme
4	26-Payments to Financial Institutions	153.37 (6.48%)	Less requirement of funds owing to variation in the rate of periodic charges payable against draws from the International Monetary Fund than anticipated; Non-completion of international negotiations on funds fourth replenishment; Less disbursement of funds by external agencies than anticipated; Less amount required for re-imbursment owing to less utilisation of external assistance than anticipated; Less amount required for payment of subsidy towards interest differential owing to less claims than anticipated; Post budget decision not to release the amount pending review of performance of IDBI; Less claims received than anticipated towards compensation for the loss by exchange involved in utilisation of foreign lines of credit by ICICI and HDFC.	Other Fiscal Services Agricultural Financial Institutions Other Outlays on Industries and Minerals Shipping General Financial and Trading Institutions International Financial Institutions Other General Economic Services

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Sl. No	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
5	28-Transfer to State and Union Territory Governments****	277.38 (2.87%)	Less than anticipated loans written off; Shortfall in performance of the State Governments and non-receipt of expenditure details of Centrally Sponsored Schemes; Less claims by State Governments based on estimates furnished by Ministry of Railways.	Loans to State Governments Written Off in terms of recommendation of the Tenth Finance Commission. Grants for State Plan Schemes Railway Safety Works Fund
6	37-Ministry of Food	139.71 (2.46%)	Non-filling up of vacant posts and economy measures; Poor Offtake food grains and less re-imburement owing to non-production of Auditors Certificate on amount of storage losses; Non-payment of advance; Less receipt of entitled applications than anticipated owing to non-completion of prescribed formalities for settlement of their subsidy/grants-in-aid claims.	Secretariat-Economic Services Subsidy payable to Food Corporation of India on Food grain transaction Save grain Campaign Subsidy for Maintenance of Buffer Stock of Sugar Grants-in-Aid for Development of Sugar Industry
7	46-Department of Education	408.81 (10.96%)	Non Expansion of the project laying more emphasis on qualitative improvement; Adjustment of unspent balance of previous year lying with Society; Non-release of funds to Andhra Pradesh and West Bengal owing to non-settlement of some fundamental issues raised by Overseas Development Association; Late formulation of scheme and consequently late starting of the National Programme of Nutritional Support to Primary Education in number of States/Union Territories; Delay in construction of building of Central Institute of Vocational Education at Bhopal; Transfer back to Kendriya Vidyalaya Sangthan for setting up five Zonal Institutes of Education Training; Economy measures; Non-receipt of viable proposals; Non-completion of formalities required for drawal of grants; Non-acceptance of revised rates of scholarships/stipends; Non-approval of one mission, namely Natural Hazard Mitigation; Non-finalisation of modalities of the scheme.	Bihar Education Project Lok Jumbish/Rajasthan Project District Primary Education Programme National Programme of Nutritional Support to Primary Education Vocationalisation of Education Setting up of Model Schools Special Project for Eradication of Illiteracy Programmes for Apprenticeship Training Scholarships and stipends-Technology Development Mission Centrally Sponsored Plan Schemes Adult Education Rural Functional Literacy Programmes Post-Literacy and Continuing Educational Activities Computer Education in Schools

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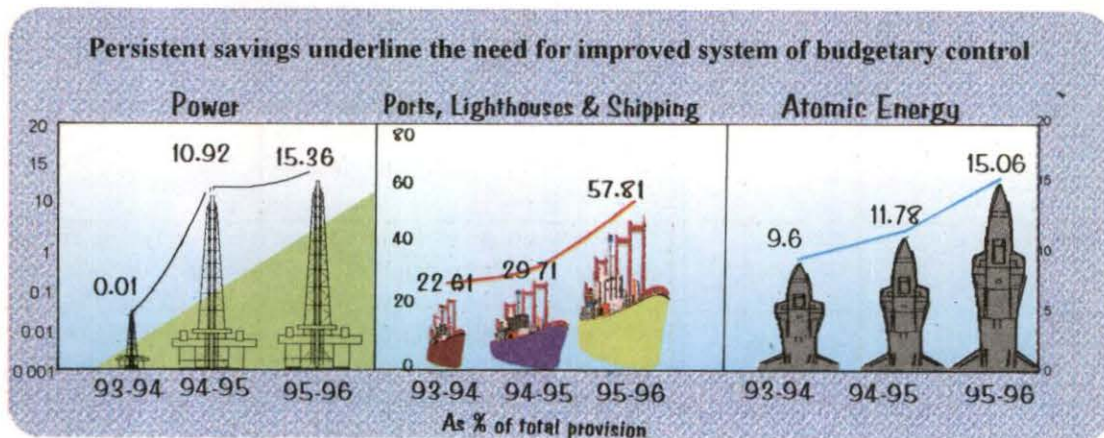
Sl. No	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
8	50-Department of Industrial Development**	504.00 (61.40%)	Non-finalisation of machinery/equipment by the experts/consultants and non-approval of modified conditions of construction of Faculty Residence Block; Less workers opting for Voluntary Retirement Scheme; Non-finalisation of Area Regeneration Schemes by the Cabinet Committee of Economic Affairs; Delayed adjustment aid material received from the Government of Denmark; Non-approval of interest payment resulting in release of principal amount only.	National Institute of Design Transfer to National Renewal Fund Counselling retraining and Area Regeneration Schemes Human Resources Development for Cement Industries Payment to IRBI in lieu of funds given by them to India Machinery Ltd.
9	70-Department of Rural Development	303.02 (3.67%)	Non-receipt of claims from Union Territories owing to non-taking up of any project for supply of safe drinking water; Non-approval of the scheme owing to non-receipt of comments/news from other Departments/Ministries; Non-approval of the programme by the Cabinet for inclusion in DPAP Areas; Post-budget decision to merge Rural Housing Programme with Indira Awas Yojana; Slow implementation of the scheme to provide social benefits to the people below poverty line; Less requirement of funds owing to inadequate number of projects approved by Research Advisory Committee; Non-finalisation of adequate number of proposals; Less requirement of funds owing to less number of projects received from Non-Governmental Organisations; Less requirement of funds than anticipated by some implementing agencies owing to non-fulfilment of certain conditions for release of funds; Non-receipt of adequate proposals for release of funds from State Governments; Inability to accelerate the pace of on-going projects and bring-up new projects to water quality problems.	Rural Water Supply Programme Development of Rural Haats at Panchayat Level National Social Assistance Scheme Sanitation Services - Assistance to Council for Advancement of People's Action and Rural Technology Subsidy to District Rural Development Agencies Jawahar Rozgar Yojana Development of Women and Children in Rural Areas Rajiv Gandhi National Drinking Water Mission

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Sl. No	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
10	79-Ministry of Textile****	114.17 (18.59%)	Excess carry over of unutilised schemes of previous years and non-approval of certain schemes; Non-receipt of complete proposals from the State Governments and other implementing agencies owing to slow progress; Non-fulfilment of stipulated conditions; Matching shares could not be provided by State Governments owing to late approval of amendments in the Market Development Assistance Guidelines; Non-achievement of targets for production of Janata cloth; Non-receipt of any claim from the State governments.	Development of Silk Industry Transfer to Jute Special Development Fund Village and Small Industries Handloom Industries, Jute Special Development Fund.
Voted Grants - Capital				
11	10-Ministry of Coal**	143.74 (29.79%)	Non-approval of projects/ schemes; Less supply of material from foreign suppliers and non receipt of bills of supplies made; Lower requirement of the scheme could be met from internal resources of the company.	Loans for Power Projects Loans for Coal and Lignite (Externally Aided Projects/ Schemes)
12	26-Payment to Financial Institutions*	283.87 (6.00%)	Less amount required for Central Government share towards subscription to Regional Rural Banks and Nationalised Banks; Less amount required towards investment on account of exchange rate adopted by the Asian Development Bank; Non-finalisation of decision regarding IV replenishment of African Development Fund; Non-receipt of demand for payment during the financial year; Less amount required for re-imburement owing to less disbursement of foreign assistance by the external agencies than anticipated.	Investments in Agricultural Financial Institutions, General Financial and Trading Institutions and International Financial Institutions Loans to Agricultural Financial Institutions and Industrial Financial Institutions

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Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
13	29-Loans to Government Servants etc.	112.02 (38.10%)	Less receipt of applications for loans from Government servants than anticipated.	House Building Advances Advances for purchase of Motor Conveyances Advances for purchase of other Conveyance



14	69-Ministry of Power*	432.46 (15.36%)	Non-receipt of proposal for release of funds from Government of Madhya Pradesh for proportionate release of Government of India share in resources gap; Non-release of funds as equity pending decision to increase in the authorised share capital; Slow progress of work owing to various stoppages/interruptions by the local people and construction work of Cofferdam affected by Uttarakhand agitation; Non-commissioning of Temperature scanner and postponement of final payment of some completed works owing to non-clearance of P.G.Test; Late construction of Dam during the first quarter owing to land slide; Non-clearance of revised cost estimates; Weak financial health and delay in finalisation of contract of civil works.	Sardar Sarovar Scheme National Hydro Electric Power Corporation of India (Externally Aided Projects/ Schemes) Tehri Hydro Development Corporation Badarpur Thermal Power Project North Eastern Electric Power Corporation Ltd (Externally Aided Project/ Scheme) Loans to Naphtha Jhakri Power Corporation Damodar Valley Corporation and Rural Electrification Corporation
15	78-Ports, Lighthouses and Shipping	161.41 (57.81%)	Non-sanctioning of the scheme; Non-receipt of proposal for funds; Non-acceptance of very low tender cost for dredging; Non-finalisation	Loans to Public Sector and Other Undertakings (Major Ports) Construction of landing facilities and jetties

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Sl. No	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
			of the contract; Non-commissioning of certain works owing to unfavourable weather; Non-utilisation of funds owing to non-approval of revised cost estimates by the Government; Delay in acquisition of land for construction of residential accommodation; Non-receipt of proposal for acquisition of equipments; Post-budget decision to curtail the plan allocation ; Delay in award of contract owing to delay in pre-qualification evaluation by the consultant; Less receipt of proposals.	Construction and Development of Light-houses and other Navigational Aids Other Expenditure Buildings Training and Welfare Schemes to the benefit of seamen of Merchant Navy Training Survey Vessels Shipping Corporation of India Ltd
16	85-Atomic Energy	100.44 (15.06%)	Delay in finalisation of joint venture projects; Postponement of procurement of certain raw materials and less expenditure on maintenance; Reduced expenditure on materials and supplies owing to revision in delivery schedule/ reduction in consultancy charges; Transfer of products based on actual production; Reduction of financial assistance payable to undertakings; Slow progress of works; Delay in receipt of equipments; Non-materialisation of import of some machines and equipments.	Investment in Public Sector and Other Undertakings Heavy Water Production Nuclear Fuel Complex Fuel Reprocessing Development of Materials and crystals
Charged Appropriations - Revenue				
17	27-Interest Payments****	1954.97 (3.76%)	Less issue of Treasury Bills than anticipated; Less payment of interest owing to less Bonds presented by the holders; Less draws and partly due to less authorisation than anticipated; Favourable fluctuations in the rate of exchange; Payment of less interest than anticipated on NSC VIII issue; Kisan Vikas Patra and Indra Vikas Patra; Less claims of interest received than anticipated consequent upon decisions to reduce the <i>percentage</i> of fresh accretion to put in Special Deposit Scheme; Less payment of interest on deposit schemes than anticipated; Rescheduling of Special Account of O.I.E.T.A.I.; Less Surplus available for	Treasury Bills and connected securities issued to the Reserve Bank of India Interest on 364 days Treasury Bills Interest on other Internal Debts Interest on Loans from Asian Development Bank Interest on Loans from Kuwait Fund for Arab Economic Development Interest on Loans from Government of Netherlands Interest on Loans from the Agency for International Development, USA Interest on Small Savings, Provident Fund etc. Interest on Telecom Capital Reserve Fund

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Sl. No	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions affected
			appropriation to the Capital Reserve Fund owing to transfer of licence fee from Development of Telematics Revenues to General Revenues.	
18	28-Transfer to State and Union Territory Governments	1599.38 (6.46%)	Post-Budget decision to divert the whole appropriation to new Major Head; Adjustment of the recovery made on the basis of certified figures of C&AG for the year 1992-93 and lower collection to Excise Duties than anticipated.	Grants-in-aid to State Governments Payment of States share of Union Excise Duties (Charged)
Capital				
19	28-Transfers to State and Union Territory Governments****	953.67 (4.89%)	Non-receipt of claims for Sardar Sarovar Project and Non-receipt of expenditure details of transferred Centrally Sponsored Schemes from State Governments; Less ways and Means Advances to State Governments than anticipated.	Loans for State Plan Schemes Ways and Means Advances
20	30 -Repayment of Debt****	45682.33 (24.70%)	Non-preference of claims for repayment; Lesser discharge and cancellation of 91 days treasury bills than anticipated; Non-encashment of securities owing to no demand; Revision of encashment schedule, suspension of one instalment and reduction in the amounts of two instalments; Less bonds presented for encashment by the holders than anticipated; Final payment made in March 1995; Non-receipt of repayment schedules.	Market Loans 91 Days Treasury Bills 364 Days Treasury Bills African Development Fund Securities issued to International Financial Institutions 7% Capital investment Bonds Special Bearer Bonds Loans from United Arab Emirates, Saudi Fund for Development

* Each star indicates savings of Rs 100 crore or more under the same grant/appropriation for one preceding year

The above details show that there were 20 cases of which 15 Grants and three Appropriations involving Rs 4324.77 crore and Rs 50190.35 crore (including saving of Rs 41622 crore due to lesser discharge and cancellation of 91 days Treasury Bills) respectively where the savings were in excess of Rs 100 crore. It will also be seen that large savings occurred in developmental areas like agriculture, health, labour, industrial development, power, coal etc. The contributory reasons attributed for the savings by the Ministries/Departments also reveal that some of the schemes in these areas as planned during the year, failed to materialise.

12.3 Savings between Rs 20 crore and Rs 100 crore

Apart from the above cases, there were 41 cases relating to 35 Grants and one case relating to one Appropriation where savings in each case were less than Rs 100 crore but in excess of Rs 20 crore amounting to Rs 1797.81 crore and Rs 25.62 crore respectively. Details of these cases are given in the Table 12.3 below:

Table 12.3 : Savings between Rs 20 crore and Rs 100 crore

(Rupees in crore)

Sl. No.	Ministry/ Department	Grant	Amount of Saving (% of provision)
Voted Grants - Revenue			
1	Ministry of Agriculture	2-Other Services of Department of Agriculture and Cooperation	30.32 (13.60%)
2	-do-	4-Department of Animal Husbandry and Dairying	41.00 (13.83%)
3	Ministry of Chemicals and Fertilizers	5-Department of Chemicals and Petro-chemicals	32.14 (13.29%)
4	Ministry of Civil Aviation and Tourism	7-Department of Civil Aviation	20.86 (19.64%)
5	Ministry of Coal	10-Ministry of Coal	39.75 (22.68%)
6	Ministry of Commerce	11-Department of Commerce	77.85 (12.25%)
7	Ministry of Environment and Forests	22-Ministry of Environment and Forests	58.60 (13.68%)
8	Ministry of External Affairs	23-Ministry of External Affairs	70.24 (5.89%)
9	Ministry of Finance	25-Currency, Coinage and Stamps	30.52 (4.50%)
10	Ministry of Health and Family Welfare	39-Department of Health	84.50 (7.58%)
11	--do--	40-Department of Family Welfare	89.86 (4.57%)
12	Ministry of Home Affairs	43-Police	29.89 (0.90%)
13	--do--	44-Other Expenditure of the Ministry of Home Affairs	26.38 (7.06%)
14	Ministry of Industry	53-Department of Small Scale Industries and Agro and Rural Industries	63.22 (9.54%)
15	Ministry of Labour	56-Ministry of Labour	49.01 (8.48%)

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(Rupees in crore)

Sl. No.	Ministry/ Department	Grant	Amount of Saving (% of provision)
16	Ministry of Law, Justice and Company Affairs	57-Law and Justice	31.00 (8.42%)
17	--do--	62-Ministry of Non-Conventional Energy Sources	55.75 (24.85%)
18	Ministry of Planning and Programme Implementation	66-Planning	27.28 (23.96%)
19	--do--	68-Department of Programme Implementation	26.17 (3.31%)
20	Ministry of Power	69-Ministry of Power	45.54 (7.73%)
21	Ministry of Urban Development	80-Urban Development and Housing	20.86 (3.84%)
22	--do--	82-Stationary and Printing	48.71 (34.52%)
23	Ministry of Water Resources	83-Ministry of Water Resources	50.43 (13.45%)
24	Ministry of Welfare	84-Ministry of Welfare	33.53 (4.94%)
25	Department of Electronics	87-Department of Electronics	27.31 (17.22%)
26	Department of Space	89-Department of Space	25.62 (3.08%)
27	Ministry of Home Affairs - Union Territories (Without Legislature)	95-Andaman and Nicobar Island	36.47 (10.69%)
Voted Grants - Capital			
28	Ministry of Agriculture	2 - Other Services of Department of Agriculture and Cooperation	26.29 (8.61%)
29	--do--	4 - Department of Animal Husbandry and Dairying	57.19 (29.24%)
30	Ministry of Commerce	11 - Department of Commerce	20.06 (23.19%)
31	Ministry of Finance	24 - Department of Economic Affairs	49.85 (30.03%)
32	--do--	25 - Currency, Coinage and Stamps	38.32 (10.65%)
33	--do--	28 - Transfers to State and Union Territory Governments	50.80 (6.39%)
34	--do--	35 - Direct Taxes	49.93 (29.45%)
35	Ministry of Food	37 - Ministry of Food	89.98 (54.16%)

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(Rupees in crore)

Sl. No.	Ministry	Grant	Amount of Saving (% of provision)
36	Ministry of Health and Family Welfare	39 - Department of Health	55.15 (13.48%)
37	Ministry of Home Affairs	43 - Police	23.45 (5.64%)
38	Ministry of Industry	51 - Department of Heavy Industry	38.10 (10.54%)
39	Ministry of Steel	75 - Ministry of Steel	52.05 (17.98%)
40	Ministry of Surface Transport	77 - Roads	44.36 (4.67%)
41	Ministry of Urban Development	81 - Public Works	29.47 (14.16%)
Charged Appropriation - Capital			
1	Ministry of Urban Development	80 - Urban Development and Housing	25.62 (67.42%)

12.4 Other Savings

Apart from these cases, in case of nine Grants, the savings exceeded 50 per cent of the budget provision. The details are given below :

Table 12.4 : Other Savings

(Rupees in crore)

Sl. No	Ministry/ Department	Grant	Amount of Savings (% of provision)
Revenue			
1	Ministry of Industry	50 - Department of Industrial Development	504.00* (61.41%)
Capital			
1	Ministry of Agriculture	1 - Agriculture	6.98 (61.04%)
2	Ministry of Civil Supplies, Consumer Affairs and Public Distribution	9 - Ministry of Civil Supplies, Consumer Affairs and Public Distribution	0.57 (62.07%)
3	Ministry of Environment and Forest	22 - Ministry of Environment and Forest	3.61 (50.75%)
4	Ministry of Finance	34 - Department of Revenue	4.17 (77.73%)
5	Ministry of Food	37 - Ministry of Food	89.98** (54.16%)
6	Ministry of Industry	50 - Department of Industrial Development	1.05 (76.64%)
7	Ministry of Planning and Programme Implementation	67 - Department of Statistics	3.42 (59.27%)

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(Rupees in crore)

Sl. No	Ministry/ Department	Grant	Amount of Savings (% of provision)
8	Ministry of Surface Transport	78 - Ports, Lighthouses and Shipping	161.41* (57.81%)
9	Department of Electronics	87 - Department of Electronics	11.45 (53.19%)

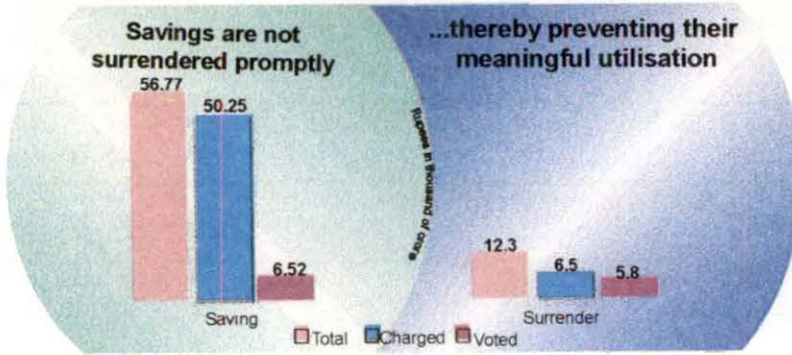
* Also included in Table 12.2 ** Also included in Table 12.3

12.5 Surrender of savings

		<i>Rupees in crore</i>
Final Savings	→	Rs 56771.69
Saving under the 'charged heads	→	Rs 50248.17
Saving under the 'voted' heads	→	Rs 6523.52
Amount Surrendered	→	Rs 12307.44
Charged	→	Rs 6525.87
Voted	→	Rs 5781.57

'Surrender' is a budgetary device by which the portion of grant or appropriation not utilised by the spending department gets communicated to the Ministry of Finance and accepted by the latter, which can be reallocated to any other sector. According to the provisions of the General Financial Rule 69, savings in a Grant or Appropriation are to be surrendered to Government as soon as these are foreseen without waiting for the last day of the year. Savings should also not be held in reserve for possible future excess.

In the Accounts for the year 1995-96, final savings amounting to Rs 56771.69 crore was registered. In charged appropriations, the final savings were Rs 50248.17 crore (included saving of Rs 41622.18 crore due to lesser discharge and cancellation of 91 days treasury bills) against which the amount surrendered was Rs 6525.87 crore only, out of which 99.93 per cent (Rs 6521.29 crore) was surrendered on the last day of the financial year.



In the voted grants, the final savings under the Revenue and Capital Section were Rs 4492.57 crore and Rs 2030.95 crore against which the amount surrendered were only Rs 3988.89 crore and

Rs 1792.68 crore respectively. Out of the amounts surrendered, Rs 3421.74 crore and Rs 1438.80 crore respectively were surrendered in these sections on the last day of the financial year.

In 19 voted Grants and 22 Appropriations, the entire savings amounting to Rs 116.58 crore and Rs 1971.42 crore respectively were not surrendered. Savings were partly surrendered in many cases. Details of major variations where savings greater than 20 per cent of the provision and amounting to more than Rs 1.00 crore were not surrendered, are given in Appendix X. It is noteworthy that the proportion of savings not surrendered to the total savings under various Grants and Appropriations was 78.32 per cent which amounted to Rs 44464.25 crore.

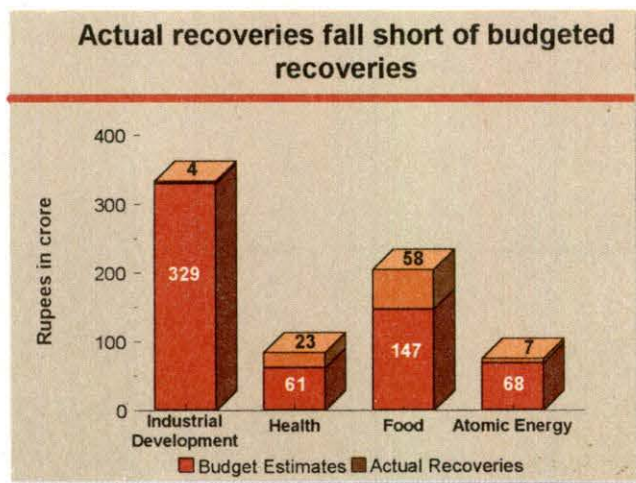
12.6 Recoveries in reduction of expenditure

	(Rupees in Crore)
Estimated Recoveries	Rs 6117.08
Actual Recoveries	Rs 5623.64

The Demands for Grants are for the gross amount of expenditure i.e. inclusive of recoveries arising from use of stores etc. procured in the past or expenditure transferred to other Departments or Ministries. While appropriation audit is done by comparing the gross expenditure with the gross amount of Grant, the excess and shortfall in recoveries indicate inaccurate estimation of recoveries and defective budgetary assumption. It also ultimately alters the amount of expenditure finally

booked under the relevant service head in the Finance Accounts and has the effect of increasing the net expenditure.

In the revenue section against estimated recoveries of Rs 3252.24 crore, actual recoveries were Rs 2838.94 crore. In the capital section, against estimated recoveries of Rs 2864.84 crore, actual recoveries were Rs 2784.70 crore. Grant-wise details of major variations involving more than 20 *per cent* of the original estimates and not less than Rs 5.00 crore are given in Appendix XI. There is, therefore, need to strengthening budgetary control in this regard.



A scrutiny of Grant of Ministry of Civil Supplies, Consumer Affairs and Public Distribution and Department of Industrial Development for the year 1995-96 revealed that variations between budgeted recoveries and recoveries adjusted in reduction of

expenditure in the revenue section, were 94 *per cent* and 98.84 *per cent* respectively. Similarly the variations in the Capital Section in respect of Grant of Ministry of Food and Atomic Energy were 60.84 *per cent* and 89.93 *per cent* respectively.

CHAPTER XIII

Re-appropriations

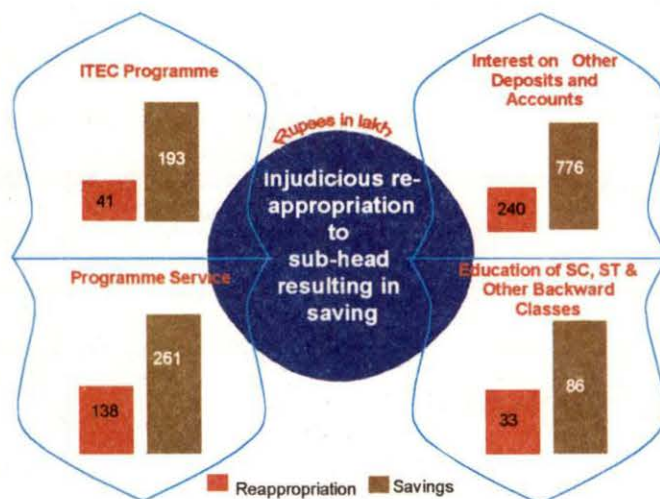
	No of Cases	Amount (Rupees in Crore)
Re-appropriation was not necessary	40	340.68
Re-appropriation done without adequate funds	12	25.14
Re-appropriation without prior approval of Ministry of Finance	7	10.71
Department of Health and Family Welfare (Refer to Chapter XVI)	4	5.79
Re-appropriation beyond delegated Powers	2	0.58

13.1 Injudicious re-appropriation

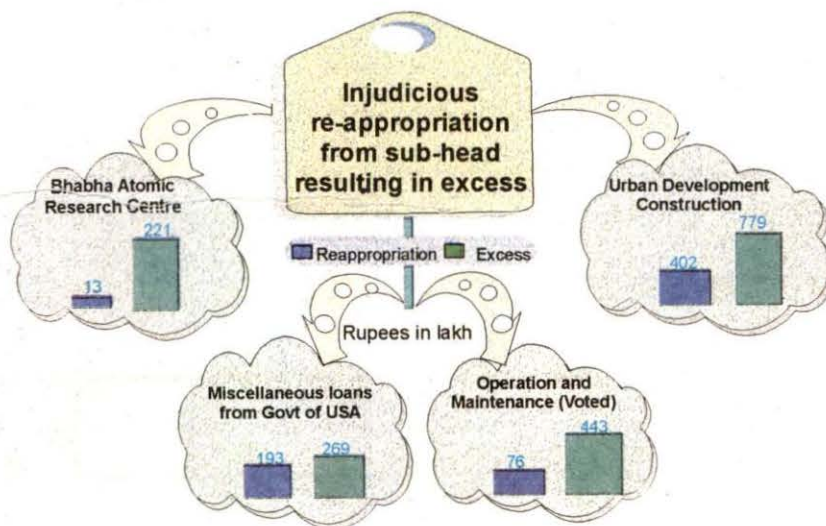
A Grant or Appropriation for expenditure is distributed by sub-heads or standard objects (called primary units) under which it is accounted. Re-appropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that savings can be affected in the unit of appropriation.

During test check of the accounts for 1995-96, it was observed that in the case of 52 sub-heads in 23 Grants/Appropriation (details are given in Appendix XII), re-appropriation amounting to Rs 365.82 crore was injudicious as the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate and consequently there was final saving under the sub-head. Under the sub-heads ITEC Programme, Interest on Other Deposits and Accounts, Programme Services and Education pertaining to Grant/Appropriation of Ministry of External

Affairs, Interest Payments, Broadcasting Services and Ministry of Welfare respectively, re-appropriation was more than adequate resulting in final savings under these sub-heads. A graphic review is illustrated below :



Similarly, there was injudicious re-appropriation wherein the original provision from which funds were transferred, was inadequate and there was final excess under that sub-head. Under the sub-heads Miscellaneous Loans from the Government of U.S.A., Operation and Maintenance (Voted), Development Construction and Bhabha Atomic Research Centre pertaining to Grant/Appropriation, Repayment of Debt, Broadcasting Services, Urban Development and Housing and Atomic Energy respectively, re-appropriation was injudicious as there was final excess in these sub-heads. A graphic review is illustrated below :



There is, therefore, need to exercise due caution by the Ministries/ Departments so that re-appropriations are not made without conducting a proper and close scrutiny of the expenditure incurred or likely to be incurred.

13.2 Irregular re-appropriation of funds

(i) As per the extent instructions, any re-appropriation order issued during the year which has the effect of increasing budget provision by more than 25 per cent or Rs one crore whichever is more under a sub-head should be reported to Parliament along with the last batch of Supplementary Demands. Any order of re-appropriation issued by the Ministry after presentation of the last batch of Supplementary Demands, exceeding the above limit would require prior approval of the Secretary/Additional Secretary, Department of Expenditure.

There has been noticeable improvement during 1995-96 in compliance to this instruction relating to limitation on powers for reappropriation issued on the recommendation of PAC. Only one case of infringement of instruction came to notice in the test check by Audit during 1995-96 which has been mentioned in sub para 16.2.4 of this Report.

(ii) In the context of the efforts to keep the fiscal deficit under control, Ministry of Finance had prescribed that all re-appropriations which would have the effect of increasing the budget provision by more than Rs one crore under the sub-head, should be made only with the prior approval of the Secretary (Expenditure).

On test check of accounts in the following cases the re-appropriation during 1995-96 exceeded the limit of Rs one crore for which approval of Secretary (Expenditure) was not obtained. Two such cases of re-appropriation in respect of Ministry of Health have been included in paragraph 16.1.6.1.

Table 13.2 : Re-appropriation without prior approval of Ministry of Finance

Sl. No.	No. and Name of Grant	Major Head	Sub-head	Amount (Rs in crore)		Remarks
1	41-Ministry of Home Affairs	3454-Census, Survey and Statistics	E. 1(2)(1)-Computer System for processing Census Data	O	7.42	At the instance of Audit ex-post-facto approval of Secretary, Ministry of
				R	1.65	
			E.1(3)(2)- Abstraction and Compilation	O	14.78	Finance (Department of Expenditure) was obtained in October, 1996.
				R	1.00	

Contd. ⇨

Sl. No.	No. and Name of Grant	Major Head	Sub-head	Amount (Rs in crore)		Remarks
2.	49-Department of Women and Child Development	2235-Social Security & Welfare	B.1(2)(7)- Support to Employment Programme	O	16.00	At the instance of Audit ex-post-facto approval of Secretary, Ministry of Finance (Department of Expenditure) was obtained in December, 1996.
			R	1.24		
3.	50 - Department of Industrial Development	3451 - Secretariat Economic Service	A.1-Secretariat Department of Industrial Development	O	10.79	At the instance of Audit, the proposal of the Department for ex-post-facto approval was considered and agreed to by the Ministry of Finance (Department of Expenditure) in August, 1996.
				R	1.03	
4.	55 - Broadcasting Services	2221 - Broadcasting	A.1(1)-Direction & Administration	O	12.80	Ministry stated, in December 1996, that these are minor heads and as such prior approval of Secretary (Expenditure) was not required which is not acceptable because these are minor heads as well as sub-heads.
			R	2.69		
			A.2(1)-Direction & Administration	O	8.63	
				R	1.65	

O= Original Provision; S=Supplementary Provision; R=Re appropriation

13.3 Irregular re-appropriation of funds under administrative expenses

13.3.1 Election Commission

As per para 4.3.1 of the Delegation of Financial Powers adopted by the Election Commission of India vide order No. 191/1/92 dated 27th October, 1992, the Commission shall exercise full powers in relation to appropriations and re-appropriations within a grant and these powers would apply also among provision made for administrative costs i.e. Salaries, T.A. etc. under a grant subject to the total provisions made under a grant for administrative expenses not being augmented.

It was noticed from the Headwise Appropriation Accounts of Grant No. 58 - Election Commission for the year 1995-96 that an amount of Rs 43.45 lakh had been

re-appropriated from the head C.1(2)-Voters Awareness to the head C.1(1) - Election Commission - Establishment. Thus, the total provision made under the grant for administrative expenses had been augmented, which was irregular.

Election Commission, while admitting the irregularity, stated, in February 1997, that the Voter's Awareness Programme being still in its early stages, the entire policy for the same needed a fresh look. Accordingly, the Commission could not spend funds allocated for this scheme during the year. At the same time, there was urgent need for considerable augmentation of facilities within the Commission including strengthening of infrastructure for the massive electoral exercise due immediately after the financial year. Accordingly, the funds required for this component were augmented by way of re-appropriation from the scheme of Voter Awareness Programme.

13.3.2 Ministry of Labour

As per Government of India's decision 7 below Rule 10 of Delegation of Financial Power Rules, re-appropriation of funds from head "salaries" to other heads of expenditure could be made only with the prior approval of Ministry of Finance.

Ministry of Labour had re-appropriated Rs 14.68 lakh from head "salary" to other heads of accounts vide re-appropriation order G-25018/1/96-BP dated 30-3-96, ignoring the codal provisions/ restrictions.

On being pointed out by Audit, Ministry stated, in December 1996, that a proposal for post-facto approval of Ministry of Finance had already been mooted and the approval was awaited. Thus, re-appropriation of funds without prior approval of Ministry of Finance was irregular and in contravention of the rules.

CHAPTER XIV

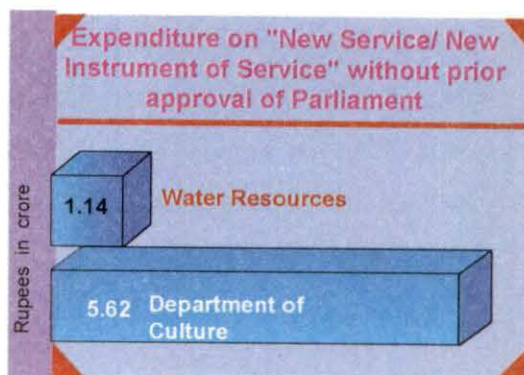
Expenditure on 'New Service'

New Service without approval of Parliament	(Rupees in crore)
Department of Culture	5.62
Ministry of Water Resource	1.14
Department of Health (refers to Chapter XVI)	0.10

14.1 Expenditure on "New Service/New Instrument of Service"

On the recommendations of the Public Accounts Committee, Government has prescribed certain financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires prior approval of Parliament.

In the following cases although the prescribed limit had exceeded the budget provisions, Ministries did not obtain prior approval of Parliament.



14.2 Department of Health

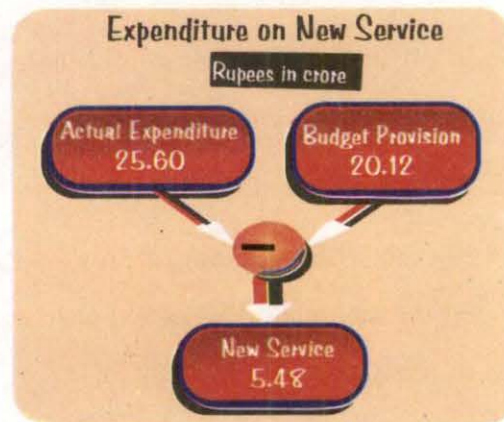
Against the sanctioned provision of Rs 55 lakh towards grants to Central Council for Research in Yoga and Naturopathy, Department of Health paid Rs 65.20 lakh to the Council. Payment of excess amount of Rs 10.20 lakh exceeded the prescribed limit of Rs 10 lakh for which prior approval of Parliament was required, but the Department did not obtain such approval. As such, payment of excess amount attracted the provisions of "New Service/New Instrument of Service". Ministry stated, in November 1996, that error has occurred due to over sight and noted it for future compliance.

14.3 Department of Culture

Test check of headwise appropriation accounts in respect of Grant No. 48 - Department of Culture for the year 1995-96 revealed as under :

14.3.1 Grants to Khuda Baksh Oriental Public Library : Against the sanctioned provision of Rs 0.69 crore towards the grants to Khuda Baksh Oriental Public Library, Patna, the Department of Culture paid grants-in-aid of Rs 0.83 crore to the Library. Payment of excess amount of Rs 0.14 crore exceeded the limit of Rs 0.10 crore, as prescribed vide Government of India Decision No 1/(II)(F) below Rule 10 of Delegation of Financial Power Rules, for which prior approval of Parliament was required. The Department did not obtain such approval. The payment of excess amount attracted the provision of "New Service/ New Instrument of Service".

14.3.2 Grants to National Council of Science Museum : Against the sanctioned provision of Rs 20.12 crore towards the grants to National Council of Science Museum, Calcutta, the Department paid grants-in-aid of Rs 25.60 crore to the Council. Payments of excess amount of Rs 5.48 crore (Rs 3.00 crore for Science City and Rs 2.48 crore for Panorama Museum, Kurukshetra) has exceeded the prescribed limit of 10 per cent of the budget provision or Rs two crore, whichever is less, for which prior approval of Parliament was required. The Department, however, did not obtain approval of Parliament and as such payment of excess amount attracted the provisions of "New Service/New Instrument of Service".



14.4 Ministry of Water Resources

During the test check in Audit of the Appropriation Accounts of the Grant No. 83 - Ministry of Water Resources for the year 1995-96, it was noticed that the Ministry had incurred an expenditure of Rs 5.10 crore towards grants-in-aid to National Institute of Hydrology, Roorkee against the budget provision of Rs 3.96

crore. The additional expenditure of Rs 1.14 crore which was in excess of the prescribed limit of 10 *per cent* of the budget provision was met by re-appropriation within the grant without prior approval of Parliament. During 1994-95 also, the additional expenditure of Rs 1.12 crore met by re-appropriation towards grants-in-aid to National Institute of Hydrology, Roorkee had exceeded the prescribed limit of 10 *per cent* of the budget provision for which prior approval of Parliament was not obtained by the Ministry. The case was reported in paragraph 2.13 of the Comptroller and Auditor General's Report No.1 of 1996-Union Government (Civil).

CHAPTER XV

Utilisation of Supplementary Grants

1	Supplementary provision obtained but not utilised 23 Grants	Rs 525.34 Crore
2	Sub-heads within the Grant where Supplementary Provision remained completely un-utilised 8 cases	Rs 19.48 Crore (Revenue)

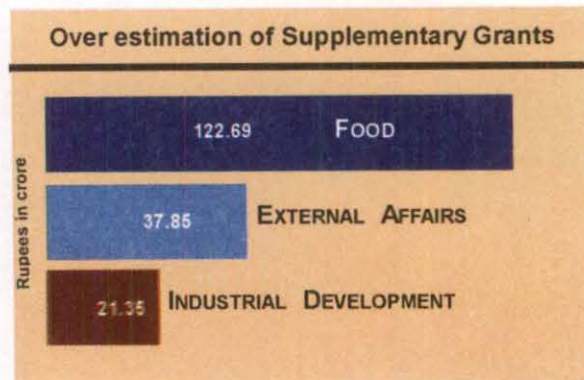
15.1 Estimation of supplementary grant/appropriation

If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.

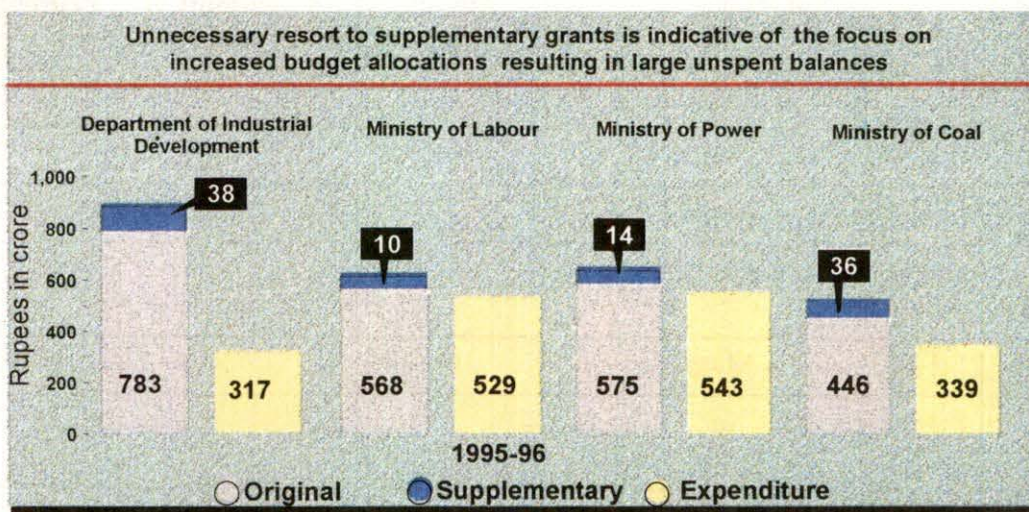
While obtaining the supplementary grant, Ministry has to keep in view the resources available or likely to be available

during the year and exercise due caution while forecasting its additional budgetary requirement of funds and seeking supplementary provision. Resort to supplementary demands should only be in exceptional and urgent cases.

It is noteworthy that in 28 cases relating to 23 grants (details of which are given in Appendix XIII) although the supplementary provisions were obtained in anticipation of higher expenditure, the final expenditure was even less than the original grants. Thus, the entire amount of supplementary provision amounting to Rs 525.34 crore proved to be unnecessary.



Under the grants pertaining to Industrial Development, Labour, Power and



Coal, against the original provision of Rs 783 crore, Rs 568 crore, Rs 575 crore and Rs 446 crore, the concerned Ministries have obtained the supplementary grants amounting to Rs 38 crore, Rs 10 crore, Rs 14 crore and Rs 36 crore respectively against which expenditure of Rs 317 crore, Rs 529 crore, Rs 543 crore and Rs 339 crore respectively have been incurred. As the expenditure under these grants was less than the original provision, the supplementary grants proved to be unnecessary.

Therefore, there is need to assess the requirement of the supplementary grants judiciously.

15.2 Ministry of External Affairs

While scrutinising the headwise appropriation accounts in respect of Grant No. 23 - Ministry of External Affairs for the year 1995-96, it was noticed that the Ministry of External Affairs had obtained supplementary grant under different sub-heads which remained unutilised to the extent of more than Rupees one crore in each case as detailed below :

(Rupees in crore)

Sl. No.	Sub-Head	Amount of Supplementary	Amount of Savings	Percentage
1.	B.8(1) -Special delegation	3.28	4.60	100
2.	F.1(1)(2)-Aid to Bhutan	40.00	10.09	25
3.	F.1(1)(3)-Aid to Nepal	5.00	3.53	71
4.	F.1(1)(5)-Sri Lanka other aid programme	4.93	5.73	100
5.	F.1(1)(7)-Aid to Myanmar	10.46	10.39	99
6.	F.1(1)(10)-Aid for Disaster Relief	5.00	3.81	76
7.	F.1(2)(5)-Aid under Africa Fund	1.82	6.35	100
8.	DDI-Loans to Government of Bangladesh	4.99	4.98	100

On being pointed out by audit, the Ministry stated, in January 1997, that saving was due to non-drawal/non-adjustment of amount by Ministry of Defence for training of Sri Lanka pilots and aid to Nepal, delay in meeting of committee on Non-Plan Expenditure for the Tamu-Kalemeyo Road Project between India and Myanmar, non-supply of disaster relief supplies by the supplier, delay in concluding the agreement on the part of Government of Bangladesh for Railway Signalling Project, non-completion of formalities for aid to Angola under Africa Fund, delay in implementation of various projects in Bhutan, sending of smaller number of High Level delegations and delayed dates fixed by the UNO.

The Ministry further stated in March 1997 that it was extremely difficult to estimate accurately the requirements under the Aid Heads, as decision to give or defer aid depends on various political considerations and imperatives.

15.3 Ministry of Food

15.3.1 On test check of the appropriation accounts in respect of Grant No. 37 - Ministry of Food for the year 1995-96, it was noticed that a supplementary provision of Rs 250 crore had been obtained by the Ministry in March 1996 under the sub-head

“C.1(4)(1) - Subsidy payable to Food Corporation of India on Foodgrain Transactions” below Food Subsidies for Public and Other Undertakings under the Major Head ‘2408’ - Food Storage and Warehousing against a budget provision of Rs 5250 crore for meeting additional expenditure on payment of Food Corporation of India towards food subsidy. The department incurred an expenditure of Rs 5377.31 crore only under the above sub-head and there was a saving of Rs 122.69 crore out of which Rs 120.40 crore were surrendered in March 1996. The reasons for saving were attributed mainly to poor off-take of foodgrains and non-production of auditor’s certificate on account of storage losses by Food Corporation of India. Since, these reasons were available to the Ministry before the supplementary grant was obtained, the supplementary provision could have been reduced by the amount not likely to be utilised.

15.4 Ministry of Industry

15.4.1 Grant No. 50 - Department of Industrial Development

On test check of the Appropriation Accounts in respect of Grant No 50 - Department of Industrial Development for the year 1995-96, it was noticed that a supplementary provision of Rs 25 crore was obtained by the Ministry in August 1995 for meeting expenditure on counselling, retraining and area regeneration schemes for industrial workers affected by structural adjustment. The Ministry, however, incurred an actual expenditure of Rs 3.65 crore only under the above scheme. Out of the total supplementary provision of Rs 25 crore, the Ministry surrendered Rs 21.20 crore in March 1996. The surrender of saving under the above scheme was attributed to non-finalisation of Area Regeneration Schemes by the Cabinet Committee of Economic Affairs. The supplementary provision to the extent of Rs 21.35 crore got voted by the Ministry in August 1995, under the above scheme without ensuring the prospects of finalisation of Area Regeneration Schemes by the Cabinet Committee of Economic Affairs, was, therefore, over estimated.

15.4.2 Grant No. 51 - Department of Heavy Industry

On test check of the Appropriation Accounts in respect of Grant No. 51- Department of Heavy Industry for the year 1995-96, it was noticed that a supplementary provision of Rs two crore was obtained by the Ministry in August 1995 under the sub-head "B.4(2)(1)(1) - Hindustan Paper Corporation" against nil budget provision for providing assistance for implementation of Voluntary Retirement Scheme in Public Sector Enterprises. The entire supplementary provision remained unutilised.

Similarly, a supplementary provision of Rs two crore had been obtained by the Ministry in August 1995 under the sub-head "B.4(2)(1)(2) - NEPA Ltd." for providing assistance for implementation of Voluntary Retirement Scheme in Public Sector Enterprises. The entire supplementary provision remained unutilised.

In both the above cases, reasons for non-utilisation were attributed to non-exercising of options for the voluntary retirement by the employees. The supplementary provision to the extent of Rs four crore was obtained by the Ministry in August 1995, under the above two sub-heads without proper assessment of the number of cases of voluntary retirement by the employees, was, therefore, overestimated.

15.4.3 Department of Public Enterprises

On test check of the Appropriation Accounts in respect of Grant No. 52 Department of Public Enterprises for the year 1995-96, it was noticed that a supplementary provision of Rs 0.95 crore had been obtained by the Ministry in March 1996 for meeting expenditure on advertisement and publicity in connection with disinvestment of Government's equity holdings in public sector enterprises under the sub-head "C.1(1) - Payment to ICICI for services in the operation of PSUs disinvestment scheme". The entire supplementary provision, however, remained unutilised. The reasons for non-utilisation of the above supplementary provision were attributed to inability to obtain sanction from the competent authority. Absence of timely action by the Department resulted in the supplementary provision of Rs 0.95 crore under the above scheme remaining unspent.

15.5 Ministry of Mines

On test check of the Appropriation Accounts in respect of Grant No. 61 - Ministry of Mines for the year 1995-96, it was noticed that a supplementary provision of Rs eight crore had been obtained by the Ministry in August 1995 under the sub-head B.2(7)(1)(1) "Bharat Gold Mines Limited" against nil budget provision for meeting expenditure towards grants for implementation of voluntary retirement scheme in public sector undertakings . The Ministry, however, incurred an expenditure of Rs two crore only under the above sub-head. Out of the saving of Rs. six crore, an amount of Rs 4.72 crore was surrendered by the Ministry in March 1996 and the remaining Rs 1.28 crore was re-appropriated to other sub-heads in March 1996.

Similarly, a supplementary provision of Rs 2.50 crore had been obtained by the Ministry in August 1995 under the sub-head B.2(7)(1)(3) - 'Mineral Exploration Corporation Limited' against nil provision towards grants for implementation of Voluntary Retirement Scheme in Public Sector Undertakings. The entire supplementary provision was surrendered by the Ministry in March 1996.

In both the above cases, reasons for saving were attributed to non-exercising of option for voluntary retirement by the employees. The supplementary provision to the extent of Rs 8.50 crore got voted by the Ministry in August 1995, under the above two sub-heads without proper assessment of the number of cases of voluntary retirement by the employees were thus over-estimated.

15.6 Ministry of Textiles

On test check of the Appropriation Accounts in respect of Grant No 79 - Ministry of Textiles for the year 1995-96, it was noticed that the supplementary provision of Rs two crore towards "Grants to Jute Corporation of India for Voluntary Retirement Scheme" obtained by the Ministry in August 1995, remained wholly unutilised since the funds released to Jute Corporation of India even during the previous year had not been utilised. The Supplementary grants of Rs two crore under the above scheme was, therefore, obtained by the Ministry without ascertaining utilisation of funds released in previous years.

CHAPTER XVI

Ministry of Health and Family Welfare

Revenue Section (Voted)	
Net Saving	Rs 84.50 crore
Exceeded Supplementary Grant	Rs 23.89 crore

Capital Section (Voted)	
Net Saving	Rs 55.15 crore
Exceeded Supplementary Grant	Rs 41.84 crore

Saving in Prevention and Control of Diseases.

1. Kala Azar
2. National T.B. Control Programme
3. National AIDS Control Programme
4. Training Programme

16. Introduction

This Ministry comprises of two departments i.e. Department of Health and Department of Family Welfare and administers two grants. It plays a vital role in disease control, curative health programme and family welfare. Its programmes/projects are mainly in central sector or as centrally sponsored.

16.1 Grant No. 39-Department of Health

This grant included provisions for the Secretariat of the Department of Health, its attached subordinate offices, comprehensive medical care to Central Government employees at Delhi and 20 other cities, three peripheral towns at Delhi, Central Hospitals and Dispensaries, Medical Educational Training Research Centres, Health Institutions with medical and public health matters including prevention and control of diseases, food adulteration and drug control.

16.1.1 Overall Position

During the year 1995-96, the overall position of grant No. 39-Department of Health in Revenue and Capital Section (Voted & Charged), regarding total provision (including supplementary grant), actual expenditure, saving and surrender, was as under:

Table 16.1.1: overall position of the grant

(Rupees in crore)

Provision	Total Provision	Actual Expenditure	Saving	Surrender
Revenue Section (Charged)				
O.	0.03	4.03	3.15	0.88
S.	4.00			
Revenue Section (Voted)				
O.	1091.04	1114.93	1030.43	84.50
S.	23.89			
Capital Section (Charged)				
O.	0.02	0.02	--	0.02
S.	--			
Capital Section (Voted)				
O.	367.41	409.25	354.10	55.15
S.	41.84			

16.1.2 Expenditure Management

In Revenue Section (Voted) during the year 1995-96, there was gross saving of Rs 152.24 crore, which had been off set by excess of Rs 67.74 crore under other heads resulting in net saving of Rs 84.50 crore, exceeded the supplementary grant of Rs 23.89 crore. During the year 1993-94, saving of Rs 95.04 crore had also exceeded the supplementary grant of Rs 66.48 crore, while during year 1994-95 saving of Rs 198.05 crore constituted 96 *per cent* of the supplementary grant of Rs 205.89 crore.

In Capital Section (Voted), during the year 1995-96 gross saving of Rs 69.43 crore, which had been off set by excess of Rs 14.28 crore resulting in net saving of Rs 55.15 crore, exceeded the supplementary grant of Rs 41.84 crore. During the year 1993-94, saving of Rs 25.59 crore also exceeded the supplementary grant of Rs 22.11 crore, while during the year 1994-95 saving of Rs 46.14 crore constituted 72 *per cent* of the supplementary grant of Rs 64.00 crore.

In Capital Section (Charged), provision of Rs 0.02 crore remained wholly unutilised persistently during the year 1993-94 to 1995-96 in one case under the Major Head 7601- Loans and Advances to State Governments (Charged).

The scrutiny of the account revealed that Department surrendered the savings that occurred under both the sections mostly at the fag end of the financial year.

The above state of affairs of obtaining unnecessary supplementary grant, saving and surrender year after year showed deficient financial management as the Ministry failed to exercise due foresightedness while forecasting their monetary requirements with the result substantial persistent saving had taken place.

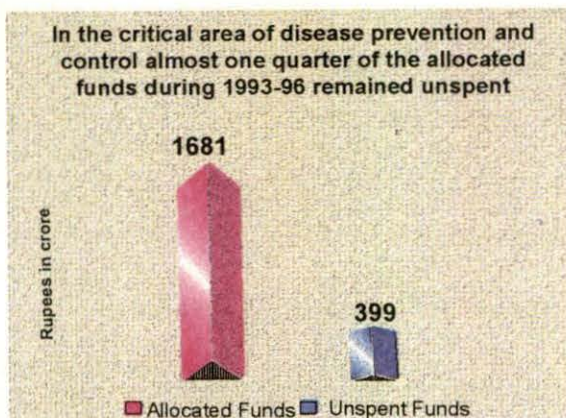
16.1.3 Persistent Savings

During the last three years i.e. 1993-94 to 1995-96, the Department was provided Rs 1681.29 crore for Revenue and Capital expenses for prevention and control of diseases but the Department could utilise Rs 1281.99 crore out of this fund leaving Rs 399.30 crore (i.e. nearly 24 per cent of the sanctioned provision) unutilised. The year wise details of the funds provided, utilised and saving were as under:

Table 16.1.3: Savings under 'Prevention and Control of Diseases'

(Rupees in crore)

	Original	Supple- mentary	Total Provi- sion	Actual Utilis- ation	Saving	Perce- ntage of Saving
1993-94						
C.4(3)-Public Health	34.18	0.73	34.91	29.07	5.84	17
D.1(2)-Grants for Central Plan Schemes	52.54	-	52.54	27.36	25.18	48
D.2(2) Grants for Centrally E.2(1) Sponsored Plan Schemes AA.2(1)-Capital Outlay on Public Health	352.07	16.08	368.15	296.67	71.48	19
Total	438.79	16.81	455.60	353.10	102.50	22
1994-95						
C.4(3)- Public Health	51.54	7.87	59.41	46.97	12.44	21
D.1(2) -Grants for Central Plan Schemes	0.75	26.00	26.75	1.75	25.00	93
D.2(2) Grants for Centrally E.2(1) Sponsored Plan Schemes AA.2(1) -Capital Outlay on Public Health	470.80	37.00	507.80	355.02	152.78	30
Total	523.09	70.87	593.96	403.74	190.22	32
1995-96						
C.4(3)- Public Health	62.37	-	62.37	48.86	13.51	22
D.1(2) -Grants for Central Plan Schemes	1.17	-	1.17	0.40	0.77	66
D.2(2) Grants for Centrally E.2(1) Sponsored Plan Schemes AA.2(1) -Capital Outlay on Public Health	551.18	17.01	568.19	475.89	92.30	16
Total	614.72	17.01	631.73	525.15	106.58	17



From the above table, it would be seen that the Department of Health was unable to spend the allocated funds. Some of the schemes effected were as under:

16.1.3.1 Kala Azar

To prevent and control the disease, the Department had made the following provisions during the years 1993-94 to 1995-96 in Revenue and Capital Sections as under:

Table 16.1.3.1: Savings under 'Kala Azar Programme'

(Rupees in crore)

Year/Major Head	Sanctioned Provision	Actual Expenditure	Savings	Percentage of Savings
1993-94				
M.H.3601-Grants-in-aid to State Governments	20.00	18.64	1.36	7
M.H. 4210-Capital Outlay on Public Health	20.00	20.00	Nil	Nil
1994-95				
M.H.3601-Grants-in-aid to State Governments	20.00	5.77	14.23	71
M.H. 4210-Capital Outlay on Public Health	20.00	6.31	13.69	68
1995-96				
M.H.3601-Grants-in-aid to State Governments	20.00	11.12	8.88	44
M.H. 4210-Capital Outlay on Public Health	20.00	9.49	10.51	53

Non-utilisation during the year 1994-95 and 1995-96 were attributed due to less demand of funds by the State Government of Bihar.

16.1.3.2 National T.B. Control Programme

Tuberculosis being a major public health problem both in rural and urban areas of the country, Department of Health has been making flexible budget provision both under revenue and capital section of the grant for the prevention and control of disease through State / Union Territory Governments. Under this programme, anti-

T.B. drugs for free treatment of the T.B. patients are being supplied to the T.B. clinics run by the State Governments as a Centrally Sponsored Scheme.

For the last three years from 1993-94 to 1995-96 the detail of the funds provided to the State/Union Territory Governments under Centrally Sponsored Plan Schemes of Prevention and Control of Disease was as under:

Table 16.1.3.2: Savings under 'National T.B. Control Programme'

(Rupees in crore)

Year/Major Head	Sanctioned provision	Actual Expenditure	Saving	Percentage of Saving
1993-94				
M.H.3601-Grants-in-aid to State Governments	32.93	15.47	17.46	53
M.H.4210-Capital Outlay on Public Health	32.50	18.07	14.43	44
1994-95				
M.H.3601/3602-Grants-in-aid to State/Union Territory Governments	40.50	-	40.50	100
M.H.4210-Capital Outlay on Public Health	45.00	40.44	4.56	10
1995-96				
M.H.3601/3602-Grants-in-aid to State/Union Territory Governments	44.39	38.36	6.03	14
M.H.4210-Capital Outlay on Public Health	48.01	14.43	33.58	70

From the above, it would be seen that the funds provided for the scheme remained unutilised to the extent of 10 to 100 *per cent*. The reasons for saving during all these years had been attributed mainly to the purchase of less equipments and anti T.B. drugs, non-adjustment of grants, materials supplied in earlier years owing to non-receipt of timely information from field offices.

16.1.3.3 National AIDS Control Programme

AIDS (Acquired Immuno Deficiency Syndrome) has emerged as one of the important public health problem in recent years. For tackling multi-faceted problems associated with HIV Infection and AIDS, the Government had taken up in hand a project for prevention and control of AIDS with substantial assistance by way of grants to the State/Union Territory Governments. Details of funds provided and released during the last three years 1993-94 to 1995-96 was as under:

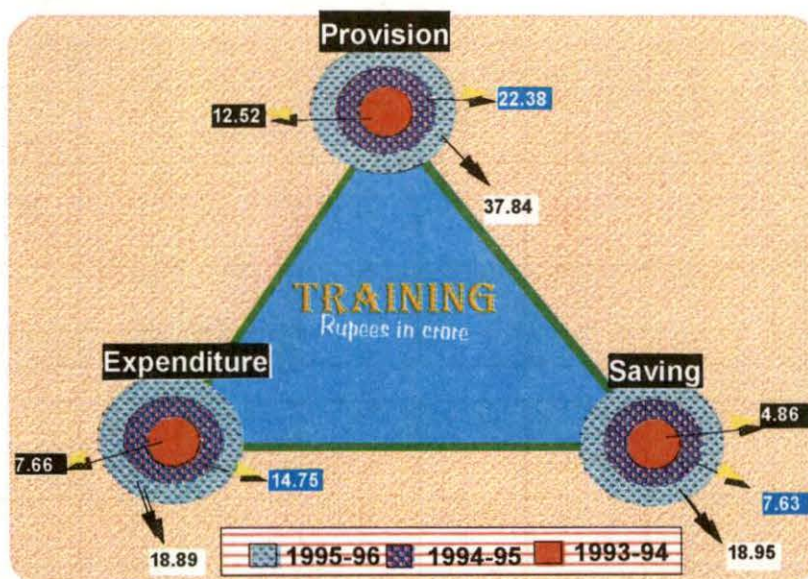
Table 16.1.3.3 : Savings under 'National AIDS Control Programme'

(Rupees in crore)

Year/Major Head	Sanctioned provision	Actual Expenditure	Saving	Percentage of Saving
1993-94				
M.H.4210-Capital Outlay on Public Health	20.00	18.04	1.96	10
1994-95				
M.H.3601/3602-Grants-in-aid to State/Union Territory Governments	49.54	36.11	13.43	27
M.H.4210-Capital Outlay on Public Health	38.26	8.83	29.43	77
1995-96				
M.H.3601/3602-Grants-in-aid to State/Union Territory Governments	58.73	39.58	19.15	33
M.H.4210-Capital Outlay on Public Health	20.33	6.53	13.80	68

It would be seen that 10 to 77 per cent of the sanctioned provision remained unutilised, which is indicative of the achievement of the Department in the prevention and control of such a serious problem. Reasons attributed for savings were mainly less procurement of materials and drugs, non-adjustment of materials supplied to the States in earlier years and less requirement of funds by the States.

16.1.3.4 Training



Besides, the Central Sector Schemes and Centrally Sponsored Schemes, Department of Health also provides assistance/resources for imparting training to different institutes. Details of the budget provision, actual expenditure and savings for the last three years for this purpose were as under :

Table 16.1.3.4 : Savings under 'C.4(2) - Training'

(Rupees in crore)

Year	Original	Supple- mentary	Total Sanctioned provision	Actual Expen- diture	Saving	Percentage of saving to total provision
1993-94	11.99	0.53	12.52	7.66	4.86	39
1994-95	21.87	0.51	22.38	14.75	7.63	34
1995-96	37.84	-	37.84	18.89	18.95	50

There was saving ranging from 34 to 50 per cent during these years mainly due to non-conducting of requisite number of workshops/training programmes, slow implementation of the programme by the voluntary health services, less requirement of funds by the State/Union Territory Governments, less purchase of material and equipments etc.

16.1.3.5 National Malaria Eradication Programme

The above savings were partially offset by excess expenditure incurred through the State/Union Territory Governments for implementation of National Malaria Eradication Programme (NMEP) as detailed below :

Table 16.1.3.5 : Excess under 'National Malaria Eradication Programme'

(Rupees in crore)

Years Major Head	Sanctioned Provision			Actual Expenditure			Savings/Excess		
	NMEP (Rural)	NMEP (Urban)	Total	NMEP (Rural)	NMEP (Urban)	Total	NMEP (Rural)	NMEP (Urban)	Total
1993-94									
M.H.3601-Grants-in-aid to State Governments	73.54	11.37	84.91	81.86	5.46	87.32	+8.32	- 5.91	+2.41
M.H.4210-Capital Outlay on Public Health	75.65	10.00	85.65	79.96	5.73	85.69	+4.31	- 4.27	+0.04
									+2.45
1994-95									
M.H.3601/3602-Grants-in-aid to State/Union Territory Governments	93.28	8.72	102.00	90.10	8.97	99.07	-3.18	+ 0.25	-2.93
M.H.4210-Capital Outlay on Public Health	76.54	9.16	85.70	90.02	8.40	98.42	+13.48	- 0.76	+12.72
									+9.79
1995-96									
M.H.3601/3602--Grants-in-aid to State/Union Territory Governments	104.07	9.44	113.51	100.39	12.34	112.73	-3.68	+2.90	-0.78
M.H.4210-Capital Outlay on Public Health	95.75	9.58	105.33	106.17	9.58	115.75	+10.42	-	+10.42
									+9.64

The excess expenditure, among other reasons, is also attributed to increasing incidence of malaria in rural areas.

16.1.3.6 Impact of savings

Training is imparted to train the personnel in the field of control of diseases. Savings to the extent 34 to 50 *per cent* during 1993-94 to 1995-96 revealed that requisite training has not been imparted to the personnel to run the different programmes of national importance for prevention and control of diseases.

The persistent saving ranging from 10 to 100 *per cent* under Kala Azar, National T.B. Control Programme and National Aids Control Programme indicated that there was slackness on the part of the State/Union Territory Governments in implementation of the schemes or the budget estimates were framed without proper monitoring and periodical review of the trends of expenditure.

16.1.4 Over estimation of supplementary grant

Supplementary grant of Rs 13.78 crore was obtained in March 1996 under Major Head "4210-Capital Outlay on Medical and Public Health-Bulk purchase of Materials and Equipments for Leprosy Control Programme". The supplementary grant to the extent of Rs 7.48 crore remained unutilised, out of which an amount of Rs 7.00 crore was surrendered on 31 March 1996.

The Ministry stated, in February 1997, that due to late finalisation of supply orders owing to late receipt of funds, the funds could not be utilised fully so the amount of Rs 7.00 crore was surrendered.

Since the additional funds were demanded as supplementary grants, the Ministry was aware that the funds will be received late. It is, therefore, not clear how that can be the major reason for saving.

16.1.5 Erroneous depiction in Headwise Appropriation Accounts

As per provisions of Civil Accounts Manual and instructions issued by the Controller General of Accounts, Ministry of Finance from time to time, the headwise appropriation accounts are to be prepared on the basis of detailed demands for grants

reconciling the figures and nomenclature with the demand for grants, supplementary demands and Appropriation Acts passed by the Parliament. Total sanctioned provision under each section and each portion (Charged and Voted) of the grant should tally with the provision finally approved by Parliament by passing last Appropriation Act for the financial year.

While scrutinising the headwise appropriation accounts of Department of Health with reference to demands for grant and supplementary demands, it was noticed that against the provisions (original plus supplementary) of Rs 1114.93 crore finally approved by Parliament, the Department had shown Rs 1113.47 crore under Revenue Section (Voted) of the grant, which has resulted in short depiction of Rs 1.46 crore. Similarly, against the total sanctioned provisions (original plus supplementary) of Rs 409.25 crore, the Department had shown Rs 410.71 crore, resulting in excess depiction of Rs 1.46 crore under the Capital Section (Voted) of the grant. This is due to the fact that Department of Health had re-appropriated Rs 1.86 crore from Revenue to Capital Section under Major Head 4216 (Plan)- BB Capital outlay on Housing and an amount of Rs 0.40 crore from Major Head 4210-AA-Capital outlay on Medical Health" had been re-appropriated from Capital to Revenue Section. The net re-appropriation of fund of Rs 1.46 crore from Revenue to Capital Section was not permissible under rule 10 of Delegation of Financial Powers Rules.

16.1.6 Irregular re-appropriation of funds

16.1.6.1 On test check of headwise appropriation accounts of Department of Health, it was noticed that the re-appropriation limit of Rs one crore exceeded under the following two sub heads for which prior approval of the Secretary (Expenditure) was not obtained. However, the Ministry stated, in February 1997, that ex-post-facto approval of Secretary (Expenditure) has been obtained in November 1996.

(Rupees in crore)

S.No	Sub-Head	Amount re-appropriated
1.	C.4(3)(2)-National Institute of Communicable disease	1.49
2.	D1(1)(1)-Cancer Research and Treatment Programme	1.11

The fact, however, remains that the Ministry had not followed the instructions of the Ministry of Finance relating to limitations of re-appropriation.

16.1.6.2 As per provisions of paragraph 4.8.1 of Civil Accounts Manual, the value of Materials, Equipments and other commodities received from foreign countries etc. as aid, without involving any cash inflow or outflow should be taken as a receipt under major head 1606-Aid materials and equipments' by a corresponding debit to the major head "3606-Aid materials and Equipments". When the material or equipment are allocated for use by Government Departments or given as grants-in-aid to private bodies etc. the value thereof should be debited to the relevant major head by a deduct entry, to the head '3606-Aid materials and equipment'.

Department of Health had obtained supplementary grant of Rs 23.86 crore under sub-head F.5(1)-Assistance from Federal Republic of Germany for strengthening of Hospital and P.H.Cs., below major head "3606-Aid Materials and Equipments" **for making accounting adjustment in respect of external grant assistance to be received in kind.** The supplementary grant was to be matched by recoveries resulting 'no cash outflow' from the Government Account. The supplementary grant for this purpose remained unutilised to the extent of Rs 16.76 crore under the sub-head, which was re-appropriated **for payment** of grants-in-aid and other expenses **involving cash outflow** under major head "2210-Medical and Public Health" in March 1996.

The Ministry stated, in February 1997, that due to non-finalisation of the additional proposal by the donor agency, the funds could not be utilised and they were transferred to other programmes for proper utilisation in the public interest.

The reply of the Ministry is not acceptable as the supplementary grant had been obtained for making accounting adjustment in respect of external grant assistance received in kind and transfer of provision to other activities involving cash outflow was irregular.

16.1.7 Expenditure on New Service/ New Instrument of Service

A case involving payment of excess amount of Rs 10.20 lakh towards grant to

Central Council of Research in Yoga and Naturopathy attracted the provisions of "New Service/New Instrument of Service". Details of the case have been mentioned in paragraph 14.2 of Chapter XIV of this report.

16.2 Grant No. 40 - Department of Family Welfare

1. Net Saving	Rs 89.86 crore
Exceeded Supplementary Grant	Rs 71.64 crore
2. Large Scale Saving in specific sub-heads in Revenue Section (Voted)	Rs 174.07 crore
3. Irregular re-appropriation	Rs 1.51 crore

This grant included provisions for the secretariat of Department of Family Welfare, and its subordinate offices. Provision for Family Welfare Services, Education, Training and Research, and Supplies for different methods of Family Planning Services/Projects, Commercial distribution and distribution through other Departments and voluntary organisations of conventional contraceptives.

16.2.1 Overall Position

During the year 1995-96 the overall position of Grant No. 40 - Department of Family Welfare in Revenue and Capital Section (Voted) regarding total provision (including supplementary grant), actual expenditure, savings/excess and surrender was as under:

Table 16.2.1 : Overall Position of the grant

(Rupees in crore)					
Provisions		Total provision	Actual Expenditure	Savings	Amount Surrendered
Revenue section (Voted)					
O.	1895.36	1967.00	1877.14	89.86	87.58
S.	71.64				
Capital Section (Voted)					
O.	0.15	0.15	0.08	0.07	Nil
S.	Nil				

16.2.2 Overall savings

During the year 1995-96 in Revenue Section (Voted) there was gross savings of Rs 200.43 crore, which had been offset by excess of Rs 110.57 crore resulting in net savings of Rs 89.86 crore. The net savings exceeded the supplementary grant of Rs 71.64 crore. Thus, savings could not be visualised by the Department even at the time of last batch (March 1996) of Supplementary demands for grants while obtaining the supplementary grant of Rs 71.63 crore. The scrutiny of the account revealed that the Department have surrendered the savings, that occurred under both the sections, mostly at the fag end of the financial year.

The Ministry stated, in February 1997, that supplementary grant was obtained to meet the requirement of additional fund for implementing the Pulse Polio Immunisation Programme despite the surrender which was made under the direction of Ministry of Finance.

16.2.3 Savings under specific sub-heads

While scrutinising the headwise Appropriation Accounts for the year 1995-96, it was noticed that in the following sub-heads there was large scale savings even more than 20 per cent of the provision.

Table 16.2.3 : Savings under various schemes

(Rupees in crore)

Sl. No.	Sub-head	Total Provision	Saving (Percentage)	Reasons Communicated by Ministry
Major Head 2211 - Family Welfare				
1.	B.11(1) - Free Supply of Family Planning Material	105.70	25.69 (24)	Non implementation of new contraceptive scheme as the contraceptive was not according to the needs of the people.
2.	B.11(2) - Social Marketing of Nirodh	30.00	18.36 (61)	Less expenditure on publicity and non-filling up of vacant posts.
3.	B.11(3) - Social Marketing of Oral Pills	10.00	5.90 (59)	Less expenditure on publicity of Oral Pills.

Contd⇒

Sl. No.	Sub-head	Total Provision	Saving (Percentage)	Reasons Communicated by Ministry
4.	B.13 - Other expenditure	63.25	42.75 (68)	Non-implementation/ approval of any new initiatives/schemes and projects and less expenditure on procurement of vehicles.
Major Head 3601 - Grants in aid to State Governments				
1.	C.2(10) - Family Welfare Selected Area project (including India Population Project)	235.00	58.92 (25)	Less requirement of grants by State Governments owing to slow progress of implementation of Area Project and excess release of funds during the previous years.
2.	C.2(11) - Family Welfare Other Services and Supplies	106.08	22.45 (21)	Less demand of contraceptive from the States and also non-implementation of the scheme.
	Total		174.07	

From the above large scale savings it would appear that proper monitoring and timely evaluation of the schemes has not been done by the Ministry which led to the set-back to the schemes.

16.2.4 Irregular re-appropriation of funds

16.2.4.1 On test check of the Appropriation Accounts it was noticed that under the sub-head "D.1(6)-Family Welfare-Maternity and Child Health" the re-appropriation of Rs 1.51 crore exceeded the twin limits of Rs one crore and 25 per cent of the sanctioned provision of Rs 1.58 crore, for which the Ministry had neither reported the augmentation of funds by re-appropriation to Parliament in the last batch of Supplementary Demands for grants (March 1996) nor obtained prior approval of the Secretary/Additional Secretary (Expenditure).

16.2.4.2 On test check of the Appropriation Accounts it was noticed that under

the sub-head "B.9(3)-Expenditure through media units of Ministry of Information and Broadcasting" the re-appropriation of funds of Rs 1.68 crore exceeded the limit of Rupees one crore for which the Department had not obtained the prior approval of Secretary (Expenditure).

On being pointed out by Audit, the Ministry obtained, in October 1996, ex-post- facto approval of the Secretary (Expenditure) in respect of both the cases. Obtaining of approval after incurring expenditure instead of prior approval was not consistent with the instructions of Ministry of Finance, since it did not serve the purpose for which the instructions were issued.

CHAPTER XVII

Ministry of Human Resource Development

- i) Persistent Saving
 - a) General Education
 - b) Secondary Education
 - c) Technical Education
- ii) Over Estimation of supplementary grant of Rs 201.51 Crore
- iii) Persistent Saving for last three years in Capital Section

17 Introduction

Ministry of Human Resource Development consists of Department of Education, Culture, Youth Affairs and Sports, and Women and Child Development. Of these, Department of Education aims for Development of human potential in the area of education consolidating efforts towards basic education for all, to make education relevant to the need of community and also to meet new challenges of liberalisation and globalisation of the economy in the area of adult literacy, primary education, decentralisation of management of education, vocational education and technical education.

17.1 Grant No.46-Department of Education

This grant included the provision of secretariat expenditure and expenditure on subordinate offices - General education, elementary, secondary, adult, university and higher education, Technical education, development of languages including Sanskrit, National Scholarship Scheme, Sports and Youth services etc.

17.1.1 Overall Position

The overall position of Grant No. 46 - Department of Education under voted portion of Revenue and voted and charged portion of Capital Section in respect of total provision (including supplementary grant), actual expenditure, savings/excess and surrender for the year 1995-96 was as under:

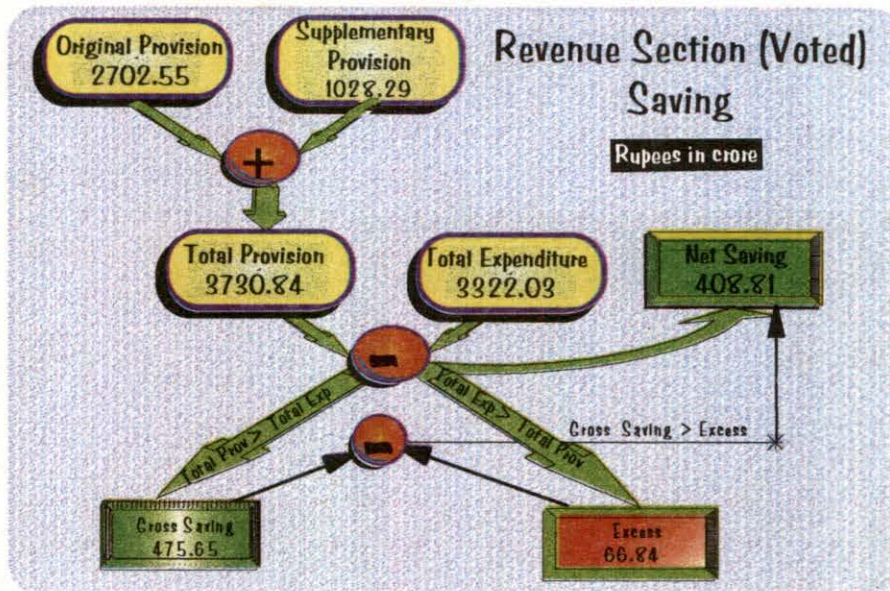
Table 17.1.1 : Overall position of the grant

(Rupees in crore)

Provision	Total Provision	Actual Expenditure	Saving	Surrender
Revenue Section (Voted)				
O.	2702.55	3322.03	408.81	402.00
S.	1028.29			
Capital Section (Charged)				
O.	1.00	--	1.00	1.00
S.	-			
Capital Section (Voted)				
O.	0.52	0.50	0.02	0.02
S.	--			

(a) Revenue Section

In the voted portion of the grant, there was gross saving of Rs 475.65 crore during 1995-96 which was partially off set by excess expenditure of Rs 66.84 crore under other heads resulting in net saving of Rs 408.81 crore and constituted 40 per cent of the supplementary grant of Rs 1028.29 crore.



Savings of over Rs 408 crore in the voted portion of the Revenue Section, against the supplementary provision of Rs 1028.29 crore reflected inaccurate budgetary assumption and deficient budgetary control.

(b) Capital Section

Under charged portion of the grant the entire appropriation of Rs 2.85 crore, Rs 2.85 crore and Rs one crore remained persistently unutilised during 1993-94, 1994-95 and 1995-96 respectively under Major Head "7601 - Loans and Advances to State Governments" due to the scheme still being under review.

Scrutiny of the accounts revealed that the Department had surrendered the savings, that occurred under both the sections, mostly at the fag end of financial year.

17.1.2 Persistent savings

In the following sub heads/schemes persistent savings occurred during the years.

Table 17.1.2 : Persistent savings under various schemes

Revenue Section

(Rupees in crore)

Sub heads/Schemes	1993-94	1994-95	1995-96	Reasons as attributed by the Ministry							
Major head - 2202 General Education											
Elementary Education	4.00	10.00	30.00	Non-expansion of Bihar Education Project (1995-96). Less requirement than anticipated owing to restriction on annual plan (1993-94, 94-95).							
Other Expenditure- Bihar Education Project	(20%)	(50%)	(100%)								
<div data-bbox="213 1265 900 1782" data-label="Figure"> <p>Saving in Elementary Education Programme</p> <table border="1"> <caption>Saving in Elementary Education Programme</caption> <thead> <tr> <th>Year</th> <th>Percentage of Total Provision</th> </tr> </thead> <tbody> <tr> <td>1993-94</td> <td>20%</td> </tr> <tr> <td>1994-95</td> <td>50%</td> </tr> <tr> <td>1995-96</td> <td>100%</td> </tr> </tbody> </table> </div>					Year	Percentage of Total Provision	1993-94	20%	1994-95	50%	1995-96
Year	Percentage of Total Provision										
1993-94	20%										
1994-95	50%										
1995-96	100%										

Contd ⇒

Sub-heads/Schemes	1993-94	1994-95	1995-96	Reasons as attributed by the Ministry
Secondary Education Assistance to Non Government Secondary Schools Vocationalisation of Education	1.69 (49%)	5.31 (89%)	7.58 (95%)	Delay in construction of building of Central Institute of Vocationalisation Education at Bhopal (1995-96). Delay in construction of building of Central Institute of Vocationalisation Education at Bhopal and Adjustment of unspent balance with UTs (1994-95). Due to receipt of less demand than anticipated from UTs (without legislatures and Central Institute of Vocational Education (1993-94).
Major head - 2203 Technical Education				
Other Expenditure- Technology Development Mission	--	7.56 (23%)	5.55 (28%)	Non approval of natural hazard mitigation mission.
Major head - 3601 Grants-in-aid to State Governments				
Grants for Centrally sponsored plan schemes- Adult Education -Other Adult Education Programme- Post literacy and continuing Education activities	4.22 (32%)	6.49 (37%)	56.17 (86%)	Non finalisation of modalities of scheme and less receipt of proposal from some states (1995-96). Saving was due to adjustment of unspent balance of Previous year (1994-95) and less proposals from States (1993-94).

Since in most of the cases the persistent savings occurred under the grants-in-aid provided to State Governments or other organisations, there is need to enquire into efficiency of their utilisation and review the extent of provisions made for this purpose in future.

17.1.3 Irregular/unauthorised release of funds to avoid savings

Ministry of Human Resource Development (Department of Education) had obtained a token supplementary grant of Rs one lakh under Major Head 2203 Technical Education, in the last batch of supplementary grant stating that this was required for providing non-plan grant assistance to various Indian Institutes of Science and Technology for matching grant and for meeting force majeure etc. on their part. The token grant implied that the amount could be augmented by re-appropriation and the funds could be applied for the same purpose for which the token grant was authorised. However, in the course of examination of accounts it was found that out of the total funds of Rs 41.83 crore augmented for the above purposes Rs 10.92 crore were released on adhoc basis to be utilised during the next year and Rs 6.30 crore were used for other purposes such as upgradation of library, purchase of CD ROM and hostel buildings etc.

Ministry stated, in January 1997, that due to non-finalisation of procedure for force majeure which required indepth study, the grant was released on adhoc basis and considering the immediate requirement of funds by the Institutes, grant for upgradation of library, hostel buildings etc. were released.

The reply of the Ministry is not tenable. The adhoc grants were released on the last day of the year with the condition that these are not to be utilised till receipt of further communication from the Ministry, thereby implying utilisation in the next year. Rs 6.30 crore released for upgradation of library, purchase of CD ROM and hostel buildings etc. and non-plan grant for next year amounting to Rs 10.92 crore were not the same purpose as was stated in the supplementary demand for grants.

17.1.4 Over estimation of Supplementary grant

Test check of headwise Appropriation Accounts revealed that the Department had obtained supplementary grant of Rs 1.50 crore under sub-head C.4(2) for providing additional grant assistance to the Rajiv Gandhi Foundation for village library project. The Department could not even spend the original provision and there was saving of Rs 5.18 crore including supplementary grant of Rs 1.50 crore. Further,

Ministry had obtained supplementary grant of Rs 205.94 crore under sub-head C.1(2)(14) for District Primary Education Programme and Rs 611.79 crore under sub-head C.1(2)(15) for launching of a country-wide programme of Nutritional Support to Primary Education which, however, remained unutilised to the extent of Rs 29.43 crore and Rs 170.58 crore respectively. The Department attributed (January, 1997) the reasons for saving under sub-head C.1(2)(14) - District Primary Education Programme, to non-finalisation of expected agreement with the funding agency for the State of Andhra Pradesh and West Bengal as was originally anticipated and under sub-head C.1(2)(15)-National Programme of Nutritional Support to Primary Education to late formulation of scheme and consequently late starting of the programme in a number of States/Union Territories.

CHAPTER XVIII

Other Grants

18 Ministry of Finance

18.1 Grant No. 34 - Department of Revenue

Unrealistic budgeting

As per instructions contained in Appendix-3 to Rule 53 of General Financial Rules, Ministries/Departments are required to prepare their budget estimates/revised estimates by headwise account, keeping in view the trends of expenditure over the previous years. Due attention to considerations of economy must be paid, while all inescapable and foreseeable expenditure are provided for, care should be taken that the estimates are not influenced by under-optimism.

While scrutinising the Appropriation Accounts it was seen that under Capital head '4875-Capital outlay on other Industries-Opium and Alkaloid Industries', savings for the last three years ranged from 84 *per cent* to 93 *per cent* of the sanctioned provision as detailed below:

Table 18.1 : Savings under the grant

(Rupees in crore)

Year	Sanctioned provision	Actual Expenditure	Saving	Percentage of saving	Amount Surrendered
1993-94	1.39	0.10	1.29	93%	1.01
1994-95	3.47	0.57	2.90	84%	2.58
1995-96	5.36	0.58	4.78	89%	3.35

Savings as mentioned by the Department were mainly attributed to non-completion of work by CPWD, non-receipt of bills from DGS&D for purchase of machines and non-contribution of programme during 1993-94; non-construction of residential staff quarters and non-taking up of modernisation programme for improvement of technology in industry during 1994-95 and non-receipt of preliminary estimates report from CPWD for construction of Neemach Alkaloid

Factory Colony; non-receipt of claims from CPWD for work done and due to abandonment of modernisation programme.

18.2 Grant No. 66 - Planning

18.2.1 Excess Expenditure without re-appropriation of fund

A grant is distributed by sub-heads or standard objects (called primary unit) under which it is accounted for. Re-appropriation of funds can take place between primary units of appropriation within a grant before the close of the financial year to which such grant relates. As per delegation of Financial Power Rules, heads of Departments have the powers to re-appropriate the funds upto Rupees one crore from one sub-head/primary unit to another sub-head/primary unit of appropriation.

As per provisions of Annexure 'A' to the note 3 under Rule 66 of the General Financial rules, it is an important part of the function of the Accounts offices to see that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In cases where the existing provision is not sufficient to cover the payment, PAO can make payment only on receipt of an assurance in writing from the Head of Department controlling the grant so that necessary funds to accommodate the expenditure will be provided by issue of re-appropriation orders etc.

Scrutiny of headwise Appropriation Accounts relating to Grant No. 66-Planning for the year 1995-96 revealed that in spite of sufficient savings available for re-appropriation, the Commission incurred excess expenditure under the following heads under Major Head "5475-Capital outlay on other General Economic Services" without re-appropriating the funds from other units of appropriation. It is not clear as to how the PAO had admitted payments without provision under these heads.

Table 18.2.1 : Excess expenditure without re-appropriation**(Rupees in crore)**

Sl. No.	Sub-Head	Sanctioned provision	Actual Expenditure	Net excess without re-appropriation
1.	AA1.(1)(1)-National Informatics Programme NICNET and New District Centres	7.60	9.56	1.96
2.	AA.1(1)(9)-Project Court-IS	1.00	2.01	1.01

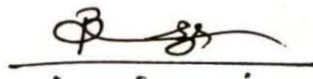
Excess over the sanctioned provision without re-appropriation shows lack of control over the progress of expenditure on the part of Accounting authorities as well as the controlling officer.

18.2.2 Non-adjustment of value of aid materials and equipments

As per provisions of paragraph 4.8.1 of Civil Accounts Manual, the value of materials, equipments and other commodities received from foreign countries etc. as aid, without involving any cash inflow or outflow should be taken as a receipt under major head "1606-Aid Materials and Equipments" by a corresponding debit to the major head "3606-Aid Materials and Equipments". When the materials or equipments are allocated for use by Government Departments or given as grants-in-aid to private bodies etc. the value thereof should be debited to the relevant major head by a deduct entry.

Scrutiny of headwise Appropriation Accounts for the year 1995-96 in respect of Grant No.66-Planning revealed that the Planning Commission received gift of materials and equipments for computer projects worth Rs 4.39 crore from Government of Norway and accounted for the amount under Major Head "3606-Aid Materials and Equipments-Assistance from Government of Norway-Value of Gift materials and Equipments for Computer Projects". The accounts, thus, show an expenditure to this extent. Since there is no cash flow in such transactions, this is required to be reduced by a like amount as soon as the equipment gets allocated to the user. Such adjustment was not carried out by the Department and shown in recovery statement.

Non-adjustment of value of gift material in recovery statement has resulted in exhibition of inflated expenditure to the extent of Rs 4.39 crore during 1995-96 in the accounts of Union Government.



(B.M.OZA)
Director General of Audit
Central Revenues

New Delhi
The 2 APRIL 1997

Countersigned



(V.K.SHUNGLU)
Comptroller and Auditor General of India

New Delhi
The 4 APRIL 1997



APPENDIX I
(Refers to paragraph 2.5)

Overall Financial Position as emerging from the Finance Accounts

(Rupees in crore)

Sl.No.	Particulars	1995-96	1994-95	1993-94	1992-93	1991-92
1	Revenue Receipts	168571 (15.34)	146670 (15.51)	119602 (14.93)	114220 (16.25)	99830 (16.20)
	a) Tax Revenue	99950 (9.10)	83737 (8.86)	67975 (8.49)	68579 (9.76)	62257 (10.11)
	b) Non-tax revenue	68621 (6.25)	62932 (6.66)	51627 (6.45)	45641 (6.49)	37574 (6.10)
2	Capital Receipts	302368 (27.52)	277392 (29.33)	266953 (33.33)	185845 (26.44)	167149 (27.13)
	a) Recovery of loans	6999 (0.64)	6507 (0.69)	7611 (0.95)	7678 (1.09)	7002 (1.14)
	b) Misc. Capital Receipts	1397 (0.13)	5607 (0.59)	(-) 48 (-0.00)	1961 (0.28)	3038 (0.49)
	c) Public debt receipts	180966 (16.47)	157607 (16.67)	169637 (21.18)	103379 (14.71)	90586 (14.70)
	d) Receipt of small savings, Provident Funds, Reserve Funds, Deposits & Advances	111162 (10.12)	104126 (11.01)	87677 (10.95)	71558 (10.18)	65029 (10.56)
	e) Suspense, Misc. & Remittances	1844 (0.17)	3545 (0.37)	2076 (0.26)	1269 (0.18)	1494 (0.24)
3	Total Receipts (1 + 2)	470939 (42.87)	424062 (44.85)	386555 (48.26)	300065 (42.69)	266979 (43.34)
4	Non-Plan Expenditure	181039 (16.48)	158117 (16.72)	141198 (17.63)	126495 (18.00)	108431 (17.60)
	a) On revenue account	169281 (15.41)	149395 (15.80)	127427 (15.91)	112932 (16.07)	100931 (16.38)
	b) On capital account	11758 (1.07)	8723 (0.92)	13771 (1.72)	13563 (1.93)	7500 (1.22)
5	Plan expenditure	34807 (3.17)	38847 (4.11)	35769 (4.47)	26885 (3.83)	21570 (3.50)
	a) On revenue account	29021 (2.64)	28304 (2.99)	24890 (3.11)	19862 (2.83)	15160 (2.46)

Contd →

Sl.No.	Particulars	1995-96	1994-95	1993-94	1992-93	1991-92
	b) On capital account	5786 (0.53)	10543 (1.11)	10879 (1.36)	7023 (1.00)	6410 (1.04)
6	Total expenditure	469283 (42.72)	425291 (44.98)	385532 (48.13)	300604 (42.77)	266948 (43.33)
	a) Revenue expenditure	198302 (18.05)	177699 (18.79)	152317 (19.02)	132794 (18.89)	116091 (18.84)
	b) Capital expenditure	17544 (1.60)	19266 (2.04)	24650 (3.08)	20586 (2.93)	13911 (2.26)
	c) Disbursement of loans	24810 (2.26)	23898 (2.53)	21874 (2.73)	17619 (2.51)	18703 (3.04)
	d) Repayment of debt	139246 (12.68)	133271 (14.09)	117951 (14.72)	71710 (10.20)	66419 (10.78)
	e) Repayment of small savings, Provident Funds, Reserve Funds, Deposits & disbursement of Advances	85425 (7.78)	67998 (7.19)	63444 (7.92)	55706 (7.93)	49336 (8.01)
	f) Suspense, Misc., & Remittances	3956 (0.36)	3159 (0.29)	5296 (0.66)	2189 (0.31)	2488 (0.40)
7	Revenue deficit	29731 (2.71)	31029 (3.28)	32715 (4.08)	18574 (2.64)	16261 (2.64)
8	Budget deficit	9808 (0.89)	961 (0.10)	10960 (1.37)	12312 (1.75)	6855 (1.11)
9	Fiscal deficit	60244 (5.48)	57704 (6.10)	60256 (7.52)	40173 (5.72)	36325 (5.90)
10	Primary deficit	10199 (0.93)	13644 (1.44)	23515 (2.94)	9098 (1.29)	9729 (1.58)
11	Monetised Deficit	19855 (1.81)	2130 (0.23)	260 (0.03)	14257 (2.03)	5508 (0.89)

Note : Figures in brackets are percentages to GDP at current market price.

APPENDIX II
(Refers to paragraph 5.4)
Outstanding Utilisation Certificates

(Rupees in crore)

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1996 in respect of grants released upto September 1994	Amount	Earliest year of pendency of grants
1	Agriculture	449	202.30	1976-77
2	Andaman and Nicobar Islands	281	11.31	1980-81
3	Atomic Energy	34	0.40	1985-86
4	Commerce and Textiles			
	i) Commerce	93	100.81	1984-85
	ii) Development Commissioner of Handicraft, Delhi	477	9.88	1978-79
5	Central Board of Direct Taxes	25	0.03	1988-89
6	Civil Supplies, Consumers Affairs and Public Distribution	34	29.21	1981-82
7	Chemicals and Fertilizers			
	i) Fertilizers	03	5.00	1991-92
	ii) Chemicals and Petrochemicals	58	40.91	1991-92
8	Electronics	1488	205.09	1983-84
9	Environment & Forests	4265	270.47	1980-81
10	Ocean Development	864	61.19	1983-84
11	External Affairs	23	2.95	1987-88
12	Finance-			
	i) Revenue	1	0.09	1994-95
	ii) Economic Affairs*	21	6.34	1990-91
13	Food	5	0.19	1994-95
14	Food Processing Industries	219	22.27	1988-89

Contd ⇒

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1996 in respect of grants released upto September 1994	Amount	Earliest year of pendency of grants
15	Health & Family Welfare			
	(i) Family Welfare	852	49.03	1976-77
	(ii) Health	1446	558.48	1976-77
16	Home Affairs	58	0.11	1987-88
17	Human Resource Development			
	i) Education	7638	961.97	1977-78
	ii) Women and Child Development	5350	581.43	1986-87
	iii) Youth Affairs and Sports	1895	64.61	1987-88
	iv) Culture	2676	127.90	1982-83
18	Industry			
	i) Heavy Industry	1	0.10	1991-92
	ii) Small scale Industries and Agro Rural Industries	71	134.82	1993-94
	iii) Industrial Development and Industrial Policy & Promotion	31	6.86	1993-94
19	Information & Broadcasting	10	1.12	1982-83
20	Labour	179	3.44	1979-80
21	Mines	1	0.01	1992-93
22	Planning and Statistics			
	i) Statistics	5	70.90	1993-94
	ii) Planning Commission and National Informatics Centre	162	13.37	1990-91
23	Power	156	24.91	1984-85
24	Rural Areas and Employment	54	52.55	1989-90
25	Space	252	3.87	1976-77

Contd ⇒

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1996 in respect of grants released upto September 1994	Amount	Earliest year of pendency of grants
26	Surface Transport	18	4.49	1992-93
27	Urban Affairs and Employment	353	138.13	1981-82
28	Water Resources	68	7.86	1985-86
29	Geological Survey of India (Ministry of Mines)	11	0.01	1991-92
	Total	29627	3774.41	

* Does not include outstanding utilisation certificates in respect of Banking Division PAO, ERIS and Banking.

APPENDIX III

(Refers to paragraph 6.2)

Returns on Investment*

(Rupees in crore)

Sl. No.	Investment at the end of the year	1991-92	1992-93	1993-94	1994-95	1995-96
1	Public Sector Undertakings & Statutory Corporations					
i	Total Investment	40121.26	41858.23	44116.15	47070.59	49737.75
ii	Share of dividend	367.19	592.45	633.07	823.78	1216.46
iii	Percentage of dividend	0.92	1.42	1.44	1.75	2.45
2	Nationalised Banks					
i	Total investment	2979.01	3739.59	9464.89	14753.73	13673.68
ii	Share of profits	54.59	80.88	3.58	14.35	104.15
iii	Percentage of profits	1.83	2.16	0.04	0.10	0.76
3	Life Insurance Corporation of India					
i	Total investment	5.00	5.00	5.00	5.00	5.00
ii	Share of surplus profits	90.04	100.06	118.53	140.35	161.28
iii	Percentage of surplus profits	1800.00	2001.20	2370.60	2807.00	3225.60
4	General Insurance Corporation					
i	Total Investment	107.50	107.50	215.00	215.00	215.00
ii	Share of dividend	26.88	32.37	26.94	53.76	53.81
iii	Percentage of dividend	25.00	30.11	12.53	25.00	25.03
5	Industrial Development Bank of India					
i	Total investment	753.00	753.00	753.00	753.00	670.00
ii	Share of surplus profits	92.64	93.00	112.95	120.48	146.83
iii	Percentage of profits	12.30	12.35	15.00	16.00	21.91
6	State Co-operative Banks and other banks					
i	Total Investment	590.10	644.67	690.74	1045.60	1434.86
ii	Dividend received	9.01	10.00	12.39	14.20	16.28
i	Percentage of dividend	1.53	1.55	1.79	1.36	1.13

Contd =>

Sl. No.	Investment at the end of the year	1991-92	1992-93	1993-94	1994-95	1995-96
7	Co-operative Societies					
i	Total Investment	681.91	723.72	726.69	695.92	696.50
ii	Dividend received	41.40	61.01	45.74	49.58	49.52
iii	Percentage of dividend	6.07	8.43	6.29	7.12	7.11
8	Cooperative Credit Societies					
i	Total Investment	0.19	0.19	0.19	0.05	0.07
ii	Dividend received	NA	NA	NA	NA	NA
iii	Percentage of dividend	NA	NA	NA	NA	NA
9	International Bodies					
i	Total Investment	660.45	679.81	718.85	751.31	1070.39
10	Under Construction					
i	Total Investment	3316.71	3520.93	6309.51	6311.01	6311.01
I	Total Investment	49215.13	52032.64	63000.02	71601.21	73814.26
II	Dividend received	681.75	969.77	953.20	1216.50	1748.33
III	Percentage of dividend/ profits	1.39	1.86	1.51	1.70	2.37

* Excludes Reserve Bank of India

APPENDIX IV
(Refers to paragraph 8.8)

Unutilised loans - sectorwise

(Rupees in crore)

Sl. No.	Sector	Unutilised loans at current rate
1	Power	15489.10
2	Social	7001.09
3	Urban Development	5521.11
4	Others	3171.51
5	Agriculture	3053.02
6	Irrigation	2936.90
7	Roads	2815.25
8	Infrastructure	2719.92
9	Industry	1733.72
10	Railways	1465.43
11	Fertiliser	664.42
12	General	510.14
13	Structural Adjustment	569.56
14	Ports	389.87
15	Oil	200.86
16	Coal	186.94
17	Telecom	113.40
18	Energy	31.36
	Total	48573.60

APPENDIX V
(Refers to paragraph 9.2)

Unreconciled Balances of Civil Ministries

(Rupees in crore)

Name of the Ministries/ Departments	Unreconciled Debit Balances	Name of the Ministries/ Departments	Unreconciled Credit Balances
Welfare	52.07	Finance (Eco. Affairs)	54.87
Chemical & Petro- Chemical	42.68	Education	42.79
Supply	37.53	Rural Development	26.56
Agriculture	35.00	Home Affairs	26.45
NCT Delhi	30.74	C.P.A.O.	19.95
Andaman & Nicobar Admn.	23.95	C.B.D.T.	17.33
Urban Affairs & Employment	16.88	Aid, Accounts & Audit	9.53
Law & Justice	9.41	Food	9.10
Water Resources	7.24	Art & Culture	9.03
N.C.E.S.	6.62	Finance (Revenue)	7.62
P.P.G. & Pension	6.24	Finance (Exp.)	7.53
IA & AD	3.68	Industries	4.46
C.B.E.C.	3.58	Petroleum & Natural Gas	0.74
Surface Transport	0.69	Tourism & Civil Aviation	0.40
Environment & Forest	0.29	Coal	0.37
Information & Broadcasting	0.23	Rajya Sabha	0.17
External Affairs	0.13	Statistics	0.17
Lok Sabha	0.08	Labour	0.14
		Civil Supplies	0.14
		Mines	0.08
		Planning Commission	0.07
		Science & Technology	0.02
Total	277.04	Total	237.52

APPENDIX VI

(Refers to paragraph 9.3.2)

Major amounts owned by Importers as on 31 March 1996

(Rupees in crore)

Sl. No.	Country	Name of the Importer	Amount	Period
1	Austria	Tamil Nadu Magnetics Salem	8.66	1989-91
2	Denmark	Windmill Farms Project	34.12	1990-91
3	ADB	Videsh Sanchar Nigam, Bombay	5.50	1991-92 to 1995-96
	ADB	Coal India Project	7.47	1994-95
	ADB	Hindustan Cables	15.29	1995-96
	ADB	Railway Project	8.44	1995-96
4	Sweden	N.H.P.C.	53.34	1992-93 to 1995-96
5	Sweden	M.S.E.B.	59.86	1995-96
6	E.E.C.	M.M.T.C.	17.84	1989-90
7	France	Telecom	4.57	1985-86 to 1991-92
8	France	Pawan Hans Helicopter	63.42	1986-87 to 1988-89
9	France	N.H.P.C.	12.19	1991-92 to 1992-93
10	France	C.I.L.	12.40	1993-94 to 1995-96
11	Japan	N.T.P.C., New Delhi	53.99	1992-93 to 1994-95
12	Japan	ANPARA (UPSEB)	123.03	1993-94 to 1995-96
13	Japan	Fishery Project, Kerala	28.33	1993-94
14	U. K.	Helicopter Corporation of India Ltd., New Delhi	21.91	1985-86 & 1986-87
15	U.K.	Pawan Hans Ltd.	45.30	1987-88 & 1988-89
16	U.K.	Hindustan Zinc, Aid	106.53	1989-90 to 1995-96
17	USSR	N.T.P.C.	54.22	1985-86 to 1993-94

APPENDIX VII
(Refers to paragraph 9.4.1)

Major items of Adverse Balances

(Rupees in crore)

Name of the Ministry/Department	Head of Account	Balances as on 31 March 1996
Ministry of Finance, Department of Economic Affairs, Controller of Aid Accounts and Audit	(i)6002-201-Loan from Abu Dhabi	Dr 20.13
	(ii)6002-203-Loan from Belgium	Dr 14.61
	(iii)6002-218-Loan from Kuwait	Dr 37.33
	(iv)6002-221-Loan from OPEC Spl. Fund	Dr 54.80
	(v)6002-224-Loan from Saudi Fund for Development	Dr 73.83
	(vi)6002-225-Loan from U.K (Bearing interest)	Dr 55.64
	(vii)6002-225-Loan from U.K.(not bearing interest)	Dr 224.18
	(viii)6002-226-Loan from the Agency for International Development USA	Dr 272.28
	(ix)6002-227 Loan from USA under PL-480	Dr 61.36
	(x)6002-231 Loan from UAE	Dr 53.03
	(xi)8449-115-Advance Deposits for IBRD aided projects	Dr 312.51
	(xii)8449-116-Advance Deposits for US AID aided Projects	Dr 15.67
	(xiii)8012-00-112-Deposits by Kundremukh Iron Ore Co. Ltd.	Dr 578.95
Information and Broadcasting	8670-00-105 IRLA cheques	Dr 45.48
Department of Posts	8001-104-Cumulative Time Deposits	Dr 132.80
	8002-104 Defence Saving Certificates	Dr 29.90
	8002-00-106 National Development Bonds	Dr 1.34
Ministry of Civil Supplies, Consumer Affairs and Public Distribution	7475-103-Civil Supplies	Cr 0.77
Ministry of Food	8449-Misc. Deposits	Dr 1.08

APPENDIX VIII
(Refers to paragraph 9.4.3)

Adverse balances of Ministry of Finance
Department of Economic Affairs

Statement No.14

(Rupees in thousands)

Sl. No.	Head of Account	Balances as on 31 March 1996	Remarks
1	8001-102-State Saving Bank Deposits	16 Dr	The Department has replied that these adverse balances are due to adoption of balances of prior departmentalised period and as all efforts to locate the particular item which resulted in adverse balance has not borne results.
2	8001-103-Fixed Time Deposits	571 Dr	----do---
3	8001-104 Cumulative Time Deposits	3 Dr	----do---
4	8002-102 State Saving Certificates	9361 Dr	----do---
5	8002-103 Treasury Saving Deposit Certificate	65635 Dr	----do---
6	8002-104 Defence Saving Certificates	6837 Dr	----do---
7	National Development Bonds	24146 Dr	----do---
8	8012-105 Special Securities to Foreign Government under bilateral agreement	100 Dr	Adverse since 1993-94. Adverse balance is due to mistake in payment scroll by RBI during 1993-94 Letter written by the Department to RBI for necessary correction.
9	8012-105 Special securities issued to U.T.I.	338833 Dr	Adverse balance exists since 1991-92. As per reply from the department the adverse balances were due to misclassification and has been rectified in January 1997.

Contd. ⇨

Statement No.13

Sl. No.	Head of Account	Balances as on 31 March 1996	Remarks
10	8443-104-Civil Courts Deposits	55 Dr	The Department has replied that this adverse balance has been rectified in February 1997
11	8443-106- Personal Deposits	285 Dr	Adverse since 1995-96. The Department has replied that the adverse balance has been cleared in October 1996.
12	8443-800 Other Deposits	4395 Dr	Adverse balance continuing since 1977-78.
13	8448-104 Funds of Insurance Association of India	17 Dr	Adverse balance is continuing from the year 1983-84.
14	8656-104 Bronze and Copper Coinage Account	21957 Cr	Pre-departmentalisation balance.
15	8656-105-Nickel Coinage Account	56429 Cr	Adverse since 1994-95
16	8670-103 Departmental Cheques	267131 Dr	Adverse since 1988-89. The Department has replied that the concerned PAO (PAO IGM Bombay) has been asked by the Department to liquidate this adverse balance.

Statement No.14A

17	6001-101-Market Loans bearing interest 6.50 Loan 1995	768 Dr	Adverse since 1995-96.
18	6001-101-Market Loans not bearing interest 4.25 National Defence Bonds 1972	178 Dr	Adverse since 1991-92.
19	5.5 Loan 1992	9195 Dr	Adverse since 1992-93.
20	6001-106- Compensation and other Bonds P.P.Bonds 1964	3840 Dr	Adverse balances due to adoption of prior departmentalisation balances. The Department has replied that the matter has been taken up with Ministry of Finance to provide a foot note in the list of Major and Minor heads below 106-Compensation and other bonds to enable to accommodate the write off of the bond balances.

Contd. ⇨

Sl. No.	Head of Account	Balances as on 31 March 1996	Remarks
21	5 year Interest free prize bonds 1965	13514 Dr	-do-
22	Loan from LIC	4547 Dr	-do-
23	Special Bearer Bonds 1991	17238 Dr	Adverse since 1995-96.

Statement No. 15

24	7605-Loans to Foreign Govt. 098-Loans to Bangladesh	6471 Cr	Adverse since 1994-95.
25	7605-Loans to Foreign Govt. 057-Loans to UAR	20253 Cr	Adverse since 1995-96.

APPENDIX IX
(Refers to Paragraph 10.7)
Rush of expenditure during the month of March

(Rupees in lakh)

Sl. No.	Description of the Grant and Major Head	Total expenditure	Expenditure in March	Percentage of expenditure in March to Total expenditure
1	2	3	4	5
1	2-Other Services of Department of Agriculture and Co-operation			
	2405-Fisheries	1692	946	56
	2425-Cooperation	2350	1727	73
	3601-Grant-in-aid to State Governments	13274	7796	59
	3602-Grant-in-aid to Union Territory Governments	132	131	99
	4405-Capital Outlay on Fisheries	346	251	73
	7602-Loans and Advances to U.T. Governments	4	4	100
2	4-Department of Animal Husbandry and Dairying			
	3601-Grants-in-aid to State Governments	7281	4297	59
	3606-Aid Materials and Equipments	346	346	100
	6404-Loans for Diary Development	13789	8508	62
3	7-Department of Civil Aviation			
	3053-Civil Aviation	6199	5084	82
	3601-Grants-in-aid to State Governments	1906	1878	99
	5053-Capital Outlay on Civil Aviation	2471	2353	95
	7053-Loans for Civil Aviation	1700	1700	100
4	9-Ministry of Civil Suppliers Consumer Affairs and Public Distribution			
	2852-Industries	262	132	50
	3602-Grants-in-aid to Union Territory Governments	64	64	100
	5475-Capital Outlay on Other General Economic Services	19	16	84
	7475-Loans for Other General Economic Services	16	16	100
5	11-Department of Commerce			
	3475-Other General Economic Services	2213	2213	100
	3601-Grants-in-aid to State Governments	1000	1000	100
	5453-Capital Outlay on Foreign Trade and Export Promotions	5291	3049	58
	6407-Loans for Plantations	1353	1353	100
6	23-Ministry of External Affairs			
	3605-Technical and Economic Cooperation with other Countries	20355	10810	53
7	24-Department of Economic Affairs			
	2235-Social Security and Welfare	2169	1765	81
	3075-Other Transport Services	38807	38807	100
	6885-Loans for Other Industries and Minerals	94	88	94
	7052-Loans for Shipping	85	85	100
	7475-Loans for Other General Economic Services	3000	3000	100

Contd ⇨

Sl. No.	Description of the Grant and Major Head	Total expenditure	Expenditure in March	Percentage of expenditure in March to Total expenditure
8	26-Payments to Financial Institutions			
	2416-Agricultural Financial Institutions	38	38	100
	2885-Other Outlays on Industries and Minerals	8297	8004	96
	3052-Shipping	91	90	99
	3465-General Financial and Trading Institution	533	477	90
	3475-Other General Economic Services	159468	157168	99
	4416-Investments in Agricultural Financial Institutions	32957	24457	74
	5465-Investments in General Financial and Trading Institutions	85032	85032	100
	5466-Investments in International Financial Institutions	291407	259499	89
	6416-Loans to Agricultural Financial Institutions	2044	1432	70
	6885-Loans for Other Industries and Minerals	26684	18879	71
9	28-Transfers to State and Union Territory Governments			
	2245-Relief on Account of National Calamities	22500	22500	100
10	34-Department of Revenue			
	4216-Capital Outlay on Housing	61	61	100
11	38-Ministry of Food Processing Industries			
	2405-Fisheries	1610	918	57
	4405-Capital Outlay on Fisheries	32	30	94
	4860-Capital Outlay on Consumer Industries	200	100	50
12	39-Departments of Health			
	3601-Grants-in-aid to State Governments	28605	17307	61
	3602-Grants-in-aid to Union Territory Governments	682	526	77
	3606-Aid Materials & Equipments	710	710	100
13	40-Department of Family Welfare			
	3606-Aid Material and Equipments	5875	5875	100
14	41-Ministry of Home Affairs			
	2250-Other Social Services	32	27	84
15	43-Police			
	7601-Loans and Advances to State Governments	3326	2160	65
16	44-Other Expenditure of the Ministry of Home Affairs			
	2056-Jails	35	30	86
	3053-Civil Aviation	120	120	100
	7601-Loans and Advances to State Governments	816	461	56
17	47-Department of Youth Affairs and Sports			
	3601-Grants-in-aid to State Governments	3172	1581	50

Contd →

Sl. No.	Description of the Grant and Major Head	Total expenditure	Expenditure in March	Percentage of expenditure in March to Total expenditure
18	49-Department of Women and Child Development			
	2235-Social Security and Welfare	19375	11728	58
	3602-Grants-in-Aid to Union Territory Governments	723	402	56
19	52-Development of Public Enterprises			
	2852-Industries	27	27	100
20	53-Department of Small Scale Industries and Agro and Rural Industries			
	3601-Grants-in-aid to State Governments	651	356	55
	6851-Loans for village and Small Industries	29105	26635	92
21	54-Ministry of Information and Broadcasting			
	6220-Loans for Information and Publicity	275	200	73
22	55-Broadcasting Services			
	2221-Broadcasting	128015	71360	56
	4221-Capital Outlay on Broadcasting (charged)	165	130	79
	4221-Capital Outlay on Broadcasting (Voted)	29284	26438	90
23	57-Ministry of Law and Justice			
	2014-Administration of Justice	1639	1129	69
	2015-Elections	25118	24085	96
24	62-Ministry of Non-Conventional Energy Sources			
	6810-Loans for Non-Conventional Sources of Energy	5149	5149	100
25	64-Ministry of Personnel, Public Grievances and Pension			
	4055-Capital Outlay on police	171	171	100
	7601-Loans and Advances to State Govts.	600	600	100
26	65-Ministry of Petroleum and Natural Gas			
	4802-Capital Outlay in Petroleum	103487	103487	100
27	66-Planning			
	3601-Grants-in-Aid to State Governments	83	83	100
	3606-Aid Materials and Equipments	439	439	100
28	67-Department of Statistics			
	3601-Grants-in-Aid to State Governments	84	84	100
29	69-Ministry of Power			
	3601-Grants-in-Aid to State Governments	10	10	100
	4801-Capital Outlay on Power Projects	71409	45243	63
	6801-Loans for Power Projects	166932	98511	59
	7601-Loans and Advances to State Governments	330	330	100
30	70-Department of Rural Development			
	2216-Housing	4501	4489	100
31	72-Department of Science and Technology			
	5425 - Capital Outlay on other Scientific and Environmental Research	649	431	66
	5455 - Capital outlay on Meteorology	2280	1509	66

Contd ⇒

Sl No.	Description of the Grant and Major Head	Total expenditure	Expenditure in March	Percentage of expenditure in March to Total expenditure
32	73-Department of Scientific and Industrial Research			
	4859-Capital outlay on Telecommunication and Electronic Industries	377	327	87
	5425-Capital outlay on other Scientific and Environmental Research	15	15	100
	6859-Loans for Telecommunication and Electronic Industries	377	327	87
	7425-Loans for other Scientific Research	15	15	100
33	75-Ministry of Steel			
	4852-Capital Outlay on Iron & Steel Industries	397	340	86
34	76-Ministry of Surface Transport			
	3055-Road Transport	1257	733	58
35	77-Roads			
	3054-Roads and Bridges	39572	21923	55
	7601-Loans and Advances to State Governments	2300	2150	93
36	78-Ports, Light houses and Shipping			
	2852-Industries	2531	1683	66
	7051-Loans for Ports and Light houses	2533	2308	91
37	80-Urban Development and Housing			
	3475-Other General Economic Services	83	78	94
	4215-Capital Outlay on Water Supply and Sanitation	800	800	100
	4217-Capital Outlay on Urban Development	4300	2800	65
	6215-Loans for Water Supply and Sanitation	1755	1508	86
	6216-Loans for Housing	600	600	100
38	81-Public Works			
	4404-Capital Outlay on Dairy Development	36	25	69
	6217-Loans for Urban Development	1300	1300	100
39	83-Ministry of Water Resources			
	3601-Grants-in-aid to State Governments	12379	7474	60
	4711-Capital Outlay on Flood Control Project	461	461	100
40	87-Department of Electronics			
	2852-Industries	11458	5714	49.87
	3601-Grants-in-aid to State Governments	1	1	100
41	85-Atomic Energy			
	2852-Industries (charged)	3	3	100
	6859-Loans for Telecommunication and Electronics Industries	724	624	86
	7475-Loans for Other General Economic Services	20	20	100
	Total	1474340	1179156	79.98

APPENDIX X
(Refers to paragraph 12.5)
Surrender of funds

Instances of savings, greater than 20 per cent and more than Rs one crore only, partly surrendered are given below:

(Rupees in crore)

Sl. No.	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage not surrendered
Revenue-Voted					
1	4 - Department of Animal Husbandry and Dairying	41.00	31.22	9.78	23.85
2.	7 - Department of Civil Aviation	20.86	10.65	10.21	48.95
3	9 - Ministry of Civil Supplies, Consumer Affairs and Public Distribution	12.54	2.59	9.95	79.35
4	11 - Department of Commerce	77.85	52.11	25.74	33.06
5	22 - Ministry of Environment and Forests	58.60	39.75	18.85	32.17
6	23 - Ministry of External Affairs	70.24	51.67	18.57	26.44
7	25 - Currency, Coinage and Stamps	30.52	4.69	25.83	84.63
8	32 - Pension	5.34	-	5.34	100.00
9	34 - Department of Revenue	5.38	0.06	5.32	98.88
10	35 - Direct Taxes	9.68	1.80	7.88	81.40
11	36 - Indirect Taxes	7.60	--	7.60	100.00
12	39 - Department of Health	84.50	56.71	27.79	32.89
13	41 - Ministry of Home Affairs	4.38	-	4.38	100.00
14	43- Police	29.89	8.26	21.63	72.37
15	48 - Department of Culture	4.19	0.77	3.42	81.62
16	51 - Department of Heavy Industry	9.97	-	9.97	100.00
17	52 - Department of Public Enterprises	1.18	0.14	1.04	88.14
18	72 - Department of Science and Technology	12.88	6.68	6.20	48.14
19	73 - Department of Scientific and Industrial Research	6.13	4.00	2.13	34.75
20	74 - Department of Bio-technology	10.92	8.38	2.54	23.26
21	77 - Roads	15.62	0.28	15.34	98.21
	79 - Ministry of Textiles	114.17	75.05	39.12	34.26
	90 - Lok Sabha	5.34	3.08	2.26	42.32
	95 - Andaman and Nicobar Islands	36.47	-	36.47	100.00
	96 - Dadra and Nagar Haveli	1.79	0.43	1.36	75.98
Revenue - Charged					
26	25 - Currency, Coinage and Stamps	2.17	0.60	1.57	72.35
27	27 - Interest Payments	1954.97	-	1954.97	100.00
Capital-Voted					
28	1 - Agriculture	6.98	2.95	4.03	57.74
29	22 - Ministry of Environment and Forests	3.61	1.76	1.85	51.25
30	29 - Loans to Government Servants etc.	112.02	61.30	50.72	45.27

Contd ⇨

Sl. No.	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage not surrendered
31	36 - Indirect Taxes	2.81	-	2.81	100.00
32	39 - Department of Health	55.15	17.55	37.60	68.18
33	43 - Police	23.45	-	23.45	100.00
34	51 - Department of Heavy Industry	38.10	28.61	9.49	24.91
35	55 - Broadcasting Services	9.31	5.76	3.55	38.13
36	77 - Roads	44.36	22.42	21.94	49.46
37	79 - Ministry of Textiles	8.07	-	8.07	100.00
38	81 - Public Works	29.47	6.78	22.69	76.99
39	83 - Ministry of Water Resources	2.82	0.95	1.87	66.31
Capital-Charged					
40	30 - Repayment of Debt	45682.33	3955.55	41726.78	91.34
41	43 - Police	2.09	-	2.09	100.00
42	77 - Roads	9.00	-	9.00	100.00
43	80 - Urban Development and Housing	25.62	4.37	21.25	82.94

APPENDIX XI
(Refers to paragraph 12.6)
Major variations in recoveries

Details of major variations between budgeted recoveries and actuals adjusted in reduction of expenditure

(Rupees in crore)

Sl. No.	Grant	Budget estimates	Actual recoveries	Variation	
				Amount	Percentage
Short recoveries against budget estimates					
Revenue					
1	4 - Department of Animal Husbandry and Dairying	6.08	3.46	2.62	43.09
2	7 - Department of Civil Aviation	10.73	0.12	10.61	98.88
3	9 - Ministry of Civil Supplies, Consumer Affairs and Public Distribution	12.00	0.72	11.28	94.00
4	15 - Ministry of Defence	10.00	4.00	6.00	60.00
5	28 - Transfers to State and Union Territory Governments	6.00	0.58	5.42	90.33
6	34 - Department of Revenue	20.30	5.49	14.81	72.96
7	37 - Ministry of Food	25.50	10.52	14.98	58.75
8	39 - Ministry of Health	60.52	23.10	37.42	61.83
9	43 - Police	31.39	21.93	9.46	30.14
10	50 - Department of Industrial Development	328.73	3.81	324.92	98.84
11	54 - Ministry of Information and Broadcasting	16.11	6.57	9.54	59.22
12	61 - Ministry of Mines	22.40	13.24	9.16	40.89
13	66 - Planning	4.88	1.00	3.88	79.51
14	76 - Ministry of Surface Transport	22.06	7.07	14.99	67.95
15	77 - Roads	28.30	16.03	12.27	43.36
16	78-Ports, Lighthouses and Shipping	7.85	3.33	4.52	57.58
17	79 - Ministry of Textiles	81.01	61.86	19.15	23.64
18	82 - Stationery and Printing	66.09	42.66	23.43	35.45
19	83 - Ministry of Water Resources	27.33	19.50	7.83	28.65
20	87 - Department of Electronics	18.80	7.48	11.32	60.21
Capital					
21	10-Ministry of Coal	15.00	7.00	8.00	53.33
22	37-Ministry of Food	147.03	57.57	89.46	60.84
23	78-Ports, Lighthouses and Shipping	33.35	16.09	17.26	51.75
24	85-Atomic Energy	67.91	6.84	61.07	89.93
Excess recoveries against budget estimates					
Revenue					
1	5 - Department of Chemicals and Petro-Chemicals	14.01	139.43	125.42	895.22
Capital					
2	25 - Currency, Coinage and Stamps	143.50	209.42	65.92	45.94

APPENDIX XII
(Refers to Paragraph 13.1)
Cases of injudicious re-appropriation

1. Significant Cases of major re-appropriation which were injudicious on account of non-utilisation

(Rupees in lakh)

Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to the sub-head	Amount of final saving under the sub-head after re-appropriation
1	3 - Department of Agricultural Research and Education	2415-Agricultural Research and Education	B.1(1)(2)-Research Institutes	190.00	262.00
		-do-	B.2(1)(1)-Central Soil and Water Conservation Research and Training Institute	8.00	57.00
		-do	B.3(1)(2)-Research Institutes	53.00	256.00
		-do-	B.4(1)(1)-Research Institutes	27.00	52.00
		-do--	B.5(1)(1)-Research Institutes	40.00	126.00
2	4-Department of Animal Husbandry and Dairying	2404-Dairy Development	C.1(8)(1)-Grants-in-aid to Union Territories without legislature	91.00	91.00
3	11-Department of Commerce	3451-Secretariat Economic services	A.1(1)-Department of Commerce	100.00	153.97
4	23-Ministry of External Affairs	3605-Technical and Economic Co-operation with other countries	F.1(2)(1)-ITEC Programme	41.00	193.20
5	24-Department of Economic Affairs	2047-Other Fiscal Services	B.3(1)-Interest on Deposits under Compulsory Deposit (Income tax Payers) Scheme 1974	6000.00	6524.00
		-do	B.3(2)-Advertisement charges for market Loans, Bonds etc.	160.00	160.00
6	25-Currency, Coinage and Stamps	2046--Currency Coinage and Mints	A.1(2)-Operation and Maintenance	853.00	1895.63
7	27-Interest Payments	2049-Interest Payments	A.1(7)-Interest on other Internal Debts	455.00	2597.46
		-do-	A.2(23)-Interest on loans from Agency for International Development, U.S.A	1418.46	1524.06
		-do-	A.3(2)-Interest on Savings Certificates	9332.69	136659.22
		-do-	A.3(11)-Interest on other Deposits and Accounts	240.00	776.07
		-do-	A.4(4)-Interest on Telecom Capital Reserve Fund	9491.52	11636.23
8	30-Repayment of Debt	6001-Internal Debt of Central government	AA.7(6)-Special Bearer Bonds	1000.00	1657.56
		-do-	AA.7(8)-7% Capital Investment Bonds	2300.00	2912.79
		-do-	AA.7(9)-9% Relief Bonds, 1987	0.95	390.93
		6002-External Debt	BB.15-Loans from the Government of United Kingdom	119.63	136.73

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Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to the sub-head	Amount of final saving under the sub-head after re-appropriation
9	36-Indirect Taxes	2038-Union Excise Duties	B.2(1)-Collectorate Headquarters	190.99	267.05
10	43-Police	2055-Police	A.6(2)-Border Check Posts	2.53	52.36
11	44-Other expenditure of Ministry of Home Affairs	3601-Grants-in-aid to State Governments -do-	G.1(3)(1)-Relief grants	107.00	170.01
			G.2(1)-Schemes of North Eastern Council	409.68	768.64
12	55-Broadcasting Services	2221-Broadcasting -do- 4221-Capital Outlay on Broadcasting	A.2(3)(1)-TV Commercial Services	0.53	492.10
			A.2(4)-Programme Services	138.18	260.74
			AA.1(5)(1)-Establishment	24.00	56.37
13	72-Department of Science and Technology	3455-Meteorology	C.4-Satellite Services	24.92	212.51
14	81-Public Works	2059-Public Works 4059-Capital Outlay on Public Works -do- 4401-Capital Outlay on Crop Husbandry(Agriculture)	A.3(1)(2)(2)-Work Charged Staff converted into Regular Establishment	112.73	170.01
			AA.2(1)(8)-Lok Sabha	250.00	395.49
			AA.2(1)(11) Personnel and Training	37.00	185.64
			FF.1-Plant Protection	100.00	102.37
15	83-Ministry of Water Resources	3601-Grants-in-aid to State Governments	G.2(2)(1)-Flood Proofing Programmes in North Bihar	100.00	150.00
16	84-Ministry of Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	C.2(2)-Education	33.00	85.94
17	85-Atomic Energy	3401-Atomic Energy Research 4861-Capital Outlay on Atomic Energy Industries	C.1(13)-Assistance to Universities, Research Institutions /Societies and Non-Government Institutions	34.00	86.54
			CC.1(5)(9)-Less cost of Finished Product	500.00	2221.00
18	86-Nuclear Power Schemes	2801-Power	A.1(3)(3)-Operational Expenses of waste Immobilization Plant at Tarapur	8.00	58.26
19	95-Andaman & Nicobar Islands	2202-General Education 2059-Public Works 2070 - Other Administrative Services	J.1(1)(1)-Government Primary Schools	.48	139.50
			V.3(1)(5)(1)-Stock	51.66	1144.59
			A.10(4)(1)- Protection and Control	22.32	52.31
			Total	34068.27	

2. Cases of re-appropriation to other sub-heads under which the expenditure finally showed excess over the balance provision

(Rupees in lakh)

Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to other sub-head	Amount of excess after re-appropriation
1	23-Ministry of External Affairs	2052-Secretariat-General Services	A.1(1)-Ministry of External Affairs	619.58	1084.07
2	27-Interest Payments	2049-Interest Payments	A.2(25)-Interest on other Miscellaneous Loans from the Government of U.S.A.	64.72	79.73
3	30-Repayment of Debt	6002-External Debt	BB.18-Miscellaneous Loans from the Government of U.S.A.	192.87	269.11
4	39-Department of Health	2210-Medical and Public Health	C.4(3)(6)(3)-National T.B. Control Programme and Supply of Anti T.B. Drugs to T.B. Clinics	148.00	147.39
5	41-Ministry of Home Affairs	4059-Capital Outlay on Public Works	AA.1(1)(1)-Major Works	3.00	60.10
6	55-Broadcasting Services	2221-Broadcasting -do-	A.1(2)-Operation and Maintenance (Voted) A.1(4)-Programme Services (Voted)	76.24 55.76	443.35 489.02
7	61-Ministry of Mines	2853-Non-ferrous Mining and Metallurgical Industries	B.1(8)-Other Expenditure	55.89	138.50
8	80-Urban Development and Housing	4216-Capital Outlay on Housing	BB.1(1)(1)-Urban Development Construction	402.00	778.55
9	85-Atomic Energy	2852-Industries 4861-Capital outlay on Atomic Energy Industries	B.1(7)(1)-Bhabha Atomic Research Centre CC.1 (6)- Feed Stock Material	13.00 848.00	221.25 2432.71
10	95-Andaman and Nicobar Islands	3051-Ports and Light Houses	R.2(1)(3)(1)-Government Dockyard	34.33	94.01
			Total 2	2513.39	
			Total (1+2)	36581.66	
			Total (Rupees in Crore)	365.82	

APPENDIX XIII

(Refers to paragraph 15.1)

Cases of unnecessary supplementary grants/appropriations

(Rupees in lakh)

Sl. No.	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
Revenue Voted					
Ministry of Agriculture					
1	1-Ministry of Agriculture	141078	12001	132409.36	20669.64
2	4-Department of Animal Husbandry and Dairying	28676	966	25541.74	4100.26
Ministry of Defence					
3.	15- Ministry of Defence	202676	1000	193543.11	10132.89
Ministry of Health And Family Welfare					
4	39-Department of Health	109104	2389	103043.35	8449.65
5	40-Department of Family Welfare	189536	7164	187713.69	8986.31
Department of Industry					
6	50-Department of Industrial Development	78260	3816	31676.23	50399.77
7	52-Department of Public Enterprises	162	111	154.90	118.10
8	53-Department of Small Scale Industries and Agro and Rural Industries	65503	762	59942.55	6322.45
Ministry of Labour					
9	56-Ministry of Labour	56779	1000	52878.09	4900.91
Ministry of Law, Justice & Company Affairs					
10	57-Law and Justice	35162	1656	33717.52	3100.48
Ministry of Power					
11	69-Ministry of Power	57522	1365	54333.42	4553.58
Ministry of Textiles					
12	79-Ministry of Textiles	54923	6502	50007.65	11417.35
Ministry of Water Resources					
13	83-Ministry of Water Resources	37000	500	32456.70	5043.30
	Total	1056381	39232	957418.31	138194.69
Revenue Charged					
Ministry of Finance					
14	25-Currency, Coinage & Stamps	88	195	65.63	217.37
15	28-Transfers to State and Union Territory Governments	2473300	920	2314282.00	159938.00
Ministry of Home Affairs					
16	43-Police	52	20	48.16	23.84
	Total	2473440	1135	2314395.79	160179.21

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Sl. No.	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
Capital Voted					
Ministry of Coal					
17	10-Ministry of Coal	44619	3637	33882.12	14373.88
Ministry of Defence					
18	15-Ministry of Defence	2052	94	1800.23	345.77
Ministry of Health and Family welfare					
19	39-Department of Health	36741	4184	35409.52	5515.48
Ministry of Home Affairs					
20	43-Police	41451	117	39223.30	2344.70
Ministry of Information and Broadcasting					
21	54-Ministry of Information and Broadcasting	1886	175	1464.96	596.04
Ministry of Surface Transport					
22	77-Roads	94471	537	90571.92	4436.08
23	78-Ports, Light houses and Shipping	27231	688	11778.09	16140.91
Ministry of Urban Development					
24	80-Urban Development and Housing	19760	1254	19414.57	1599.43
25	81-Public Works	19511	1305	17869.33	2946.67
Total		287722	11991	251414.04	48298.96
Capital Charged					
Ministry of Home Affairs					
26	43-Police	3590	20	3400.57	209.43
27	44-Other Expenditure of the Ministry of Home Affairs	817	100	816.04	100.96
Ministry of Urban Development					
28	80-Urban Development and Housing	3744	56	1238.43	2561.57
Total		8151	176	5455.04	2871.96
Grand Total		3825694	52534	3528683.18	349544.82
Grand Total (Rs in Crore)		38256.94	525.34	35286.83	3495.45

GLOSSARY *

Adverse Balances	Balances in loans, deposits, advances or remittances indicating incorrect accounting
Amortisation	The retirement of debt by serial payments of principal and interest, usually over a period of time.
Appropriation	Appropriation means assignment to meet specified expenditure, of funds included in a primary unit of appropriation
Appropriation Bill	As soon as may be after the grants under Article 113 have been made by the House of the People there shall be introduced a bill to provide for the appropriation out of the Consolidated Fund of India of all money required to meet (a) the grants so made by the House of People (b) the expenditure charged upon Consolidated Fund of India but not exceeding in any case the amount shown in the statement previously laid before the Parliament.
Appropriation Act	When appropriation bill has been passed by the Parliament it shall be presented to the President and after his assent to the Bill it becomes an act.
Appropriation Accounts	Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Parliament in the budget grants under each Voted grant and Charged appropriation vis-a-vis the actual expenditure incurred against each and the savings or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Parliament.
Budgeted Recoveries Actual Recoveries	The demand for grants are for the Gross amount of Expenditure i.e. inclusive of recoveries arising from use of stores etc. procured in past or expenditure transferred to other department or Ministry are called budgeted recoveries. And recoveries actually made there against during the financial year (in excess or short) is termed as recoveries adjusted.
Book of Demand for Grants	<p>Demand for grants shall be, for gross amount of expenditure to be incurred and shall show recoveries to be taken in reduction of expenditure separately by way of foot notes, presented to Parliament at two levels. The main Demands for Grants are presented by the Ministry of Finance alongwith the Annual Financial statement. The detailed Demand for Grants are laid on the table of Lok Sabha by the concerned Ministries a few days in advance of the discussion of the respective Ministry's demand in that House.</p> <p>As the demands for grants are for gross expenditure and the Annual Financial Statement gives the net amount to be expended under each head, the total of the two should be reconciled after adjustment of the recoveries taken in accounts in reduction of gross expenditure.</p>

Book of Supplementary Grant	If the amount authorised by any law made in accordance with the provisions of article 114 to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115(1) of the Constitution.
Consolidated Fund of India(CFI)	The fund constituted under Article 266(1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans etc.). See also Public Account.
Contingency Fund of India	Parliament may by law establish a contingency fund in the nature of an imprest to be entitled "The Contingency fund of India" into which shall be paid from time to time such sums as may be determined by such law, and the said fund shall be replaced at the disposal of the President to enable advances to be made by him out of such fund for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under article 115 or article 116.
Capital and Revenue Section	Capital section contains the provisions for expenditure which generally met from receipt of a capital, debt, deposit, or banking character as distinguished from the Revenue Section, Expenditure under which derived from taxes, duties, fees, fines and similar items of current income including extra ordinary receipts. It is open to Government to meet Capital expenditure from ordinary revenues provided there are sufficient revenue resources to cover this liability.
Charged Appropriation	Sums required to meet expenditure 'Charged' on Consolidated fund under Article 112(3) of the Constitution is called charged Appropriation.
Voted Grants	Sums required to meet other expenditure for which vote of Parliament is required under article 113(2) of the Constitution is called voted grant.
Debt service	Payments to creditor(s) of matured principal and of interest. It usually includes service charges, etc.
External Debt	Debt contracted by the Government from abroad, mostly in foreign currency and also mostly from World Bank(IBRD, IDA, etc.).
Excess Grant	In cases where expenditure in individual 'segment' of grant/appropriation, i.e. Revenue (Charged) Revenue (voted), Capital(Charged) and Capital(Voted), exceeds the authorisation as

such the grant/appropriation is termed as excess grant.

Fiscal Deficit	Excess of Capital and Revenue Expenditure over Revenue Receipts and recoveries of Loans and Advances.
Guarantee	Guarantees given by the Government of India in respect of the sums borrowed by any State Government or organisation for payment in rupees or in foreign currency. Such guarantees constitute contingent liability of Union Government.
Internal Debt	Internal Debt comprises of regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
Major Head	The main unit of classification in account is known as Major Head. A four digit code has been allotted to the Major Head, the first digit indicating whether the major head is a receipt head or Revenue expenditure head or Capital expenditure head or Loan head.
Minor Head	Three digit code has been allotted to the Minor Head starting from "001" under each sub Major, head/Major head(where there is no sub major head).
Monetised Deficit	Net RBI credit to Government of India
New Service	Government has prescribed certain financial limits for different categories of expenditure beyond which the expenditure constitute "new service/new instrument of service".
Original Grant	The amount provided for the sanctioned budget for any service in a financial year is called original grant or appropriation.
Public Account	All moneys other than those included in the Consolidated Fund, received by or on behalf of Government of India are credited to the Public Account of India [Article 266(2) of the Constitution of India]. It includes transactions relating to 'debt' other than those included in the Consolidated Fund of India. Public Account transactions are not subject to vote/appropriation by Parliament and the balances are carried forward.
Public Debt (of India)	Borrowing by the Government of India internally as well as externally.
Reappropriation	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Reconciliation of Accounts	The process of proving the accounts by reconciling the cash balance in the books of Government with that of RBI
Saving	When expenditure falls short of budget provision it results into saving.

Stock	A form of Government security held as stock certificate and not transferable by endorsement and delivery but by executing a transfer deed and by registering the transfer in the books of the Public Debt Office.
Surrender of Saving	Department of the Central Government shall surrender to the Finance Ministry, before the close of the financial year, all the anticipated savings noticed in the grants or appropriations controlled by them. The Finance Ministry shall communicate the acceptance of such surrenders as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the Financial year.
Suspence Balances	Balances pertaining to the transactions in Government accounts, which are awaiting final accounting.
Treasury Bills	A form of security by which Government borrows money for short periods, say 91 days, but of late even upto 364 days. These are issued to Reserve Bank of India. <i>Ad hoc</i> Treasury Bills are without specified maturity and resorted to when prescribed limits are exceeded.

★ The explanation of technical words and phrases is mostly in the restrictive context of this Audit Report.