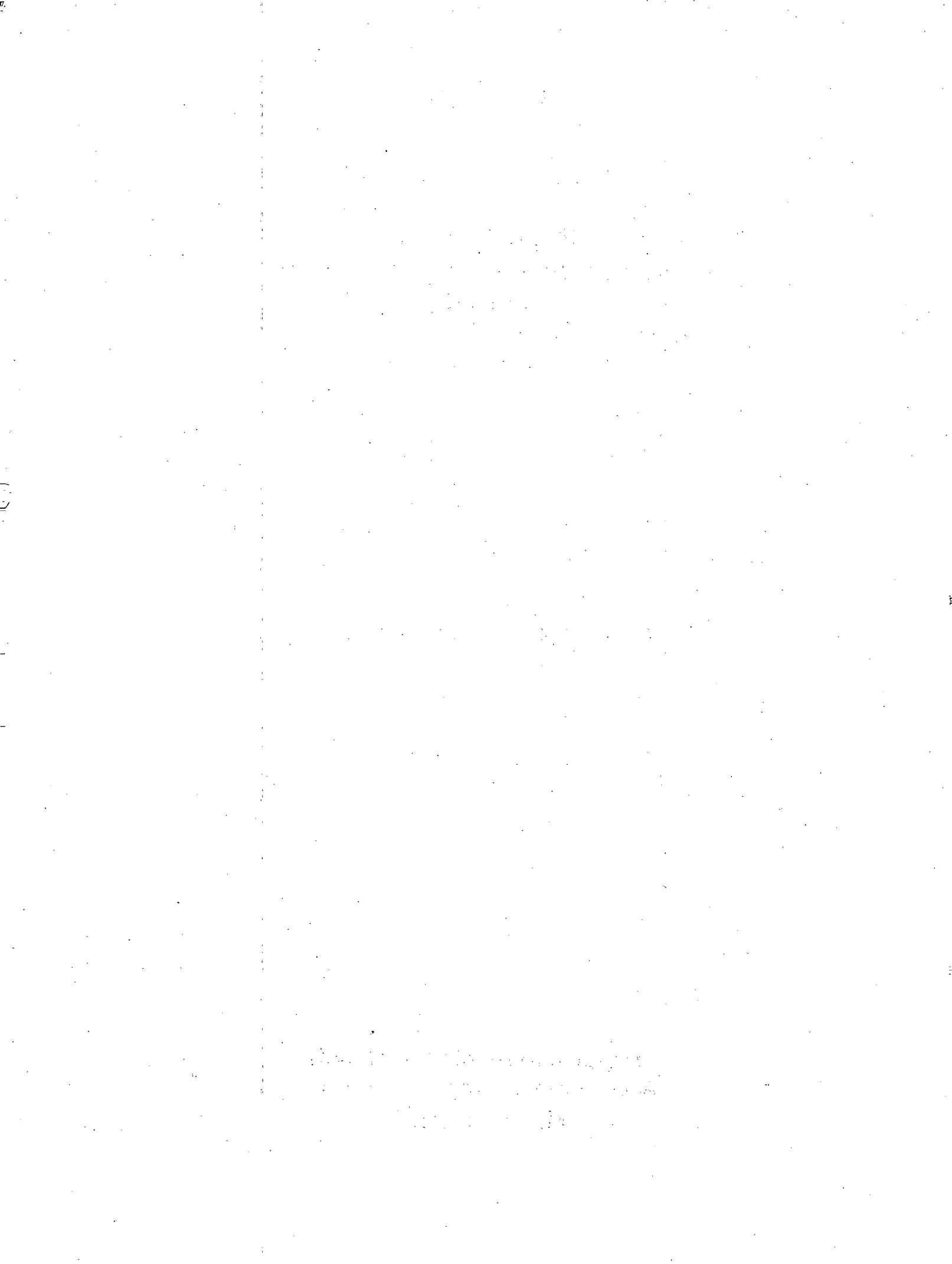


**Report of the
Comptroller and Auditor General
of India**

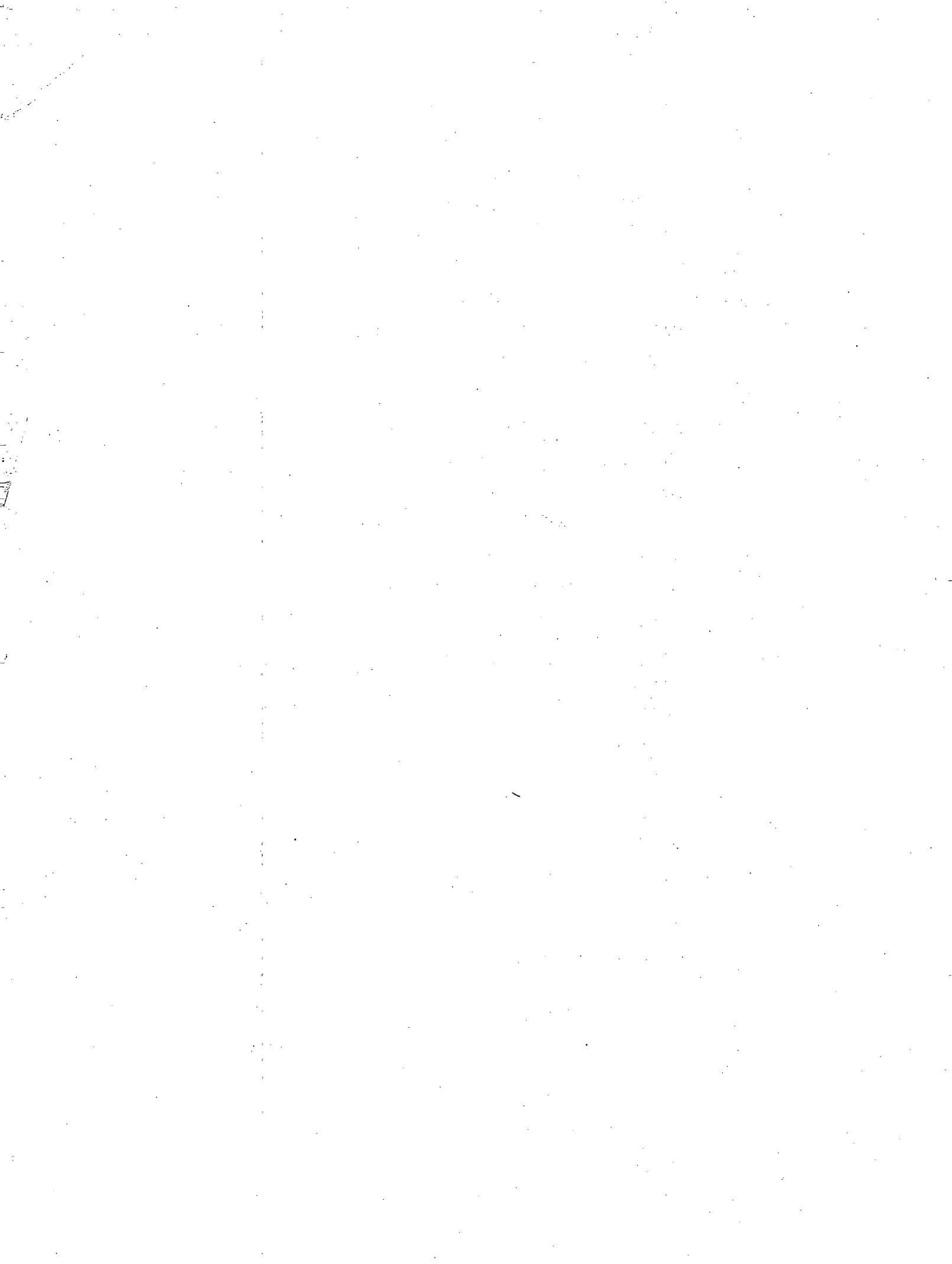
for the year ended March 2001

**Union Government (Civil)
Accounts of the Union Government
No.1 of 2002**



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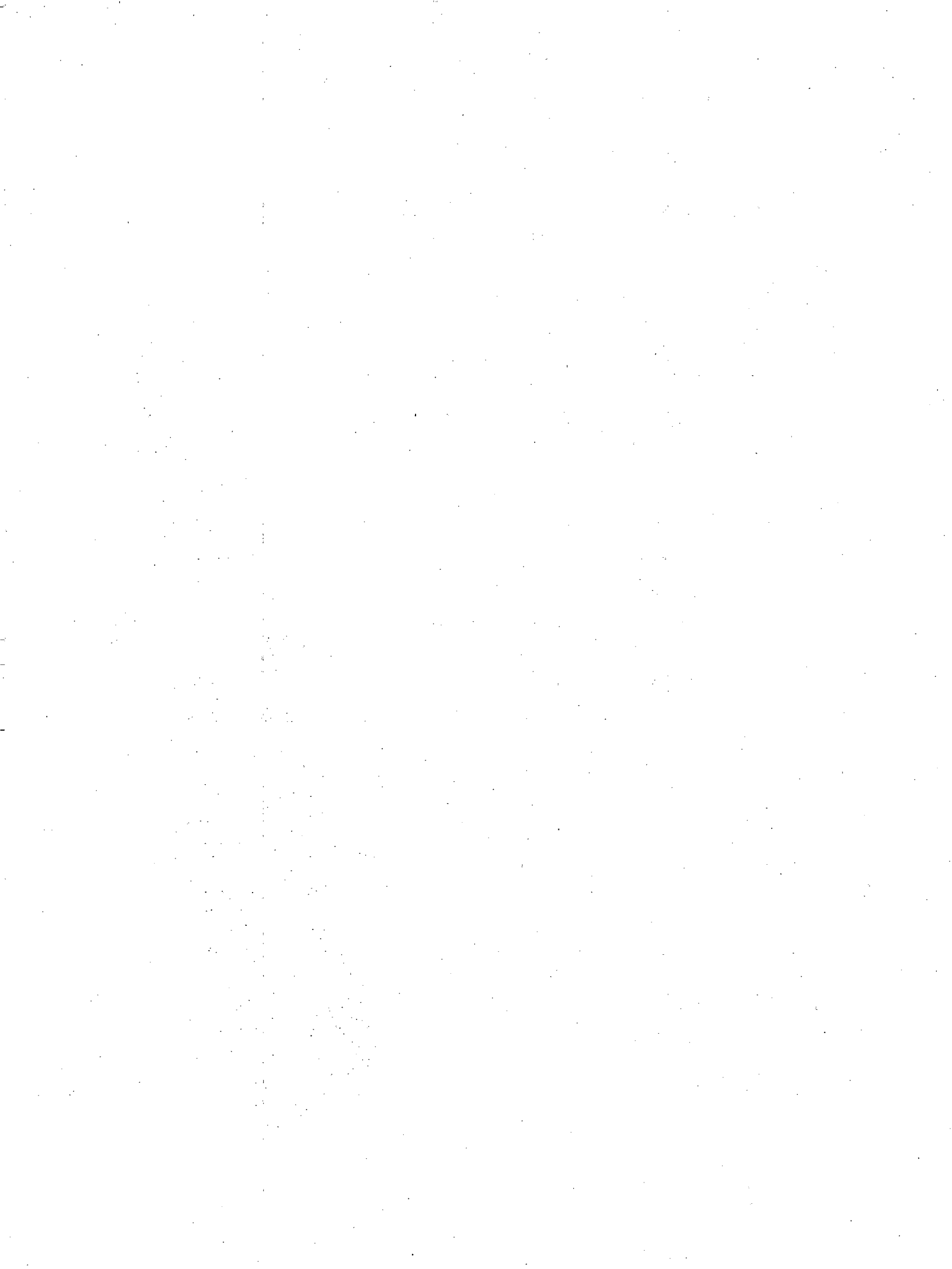


PREFACE

This Report for the year ended March 2001 has been prepared for submission to the President under Article 151 of the Constitution.

The Report includes matters arising from test audit of the Finance Accounts and the Appropriation Accounts of the Union Government for the year ended March 2001. 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 placed on the table of the Parliament for Union Government: Other Autonomous Bodies (No.4), Scientific Departments (No.5), Post and Telecommunications (No.6), Defence Services – Army and Ordnance Factories (No.7), Defence Services-Air Force and Navy (No.8), Railways (No.9 and 9A), Receipts of the Union Government – Indirect Taxes: Customs (No.10), Central Excise (No.11) and Direct Taxes (No.12 and 12 A).



HIGHLIGHTS OF THE UNION GOVERNMENT FINANCES AND ACCOUNTS: 2000-2001

This Report discusses government finances in the year 2000-2001 and also attempts to review its finances over a sixteen-year period beginning with the VII Five Year Plan (1985-1990).

The year 2000-2001 ended with a deficit of Rs.23925 crore in the Consolidated Fund of India (CFI), as compared to a surplus of Rs.151986 crore at the end of the year 1999-2000. The Union Government utilised the surplus of Rs.25123 crore available in Public Account for meeting its expenditure due to the deficit in the CFI. Fiscal imbalances continued to be a feature of Union Government finances in 2000-01. While the revenue deficit was 12.31 *per cent* higher than that budgeted, the fiscal deficit was 7.72 *per cent* higher than estimated. The revenue deficit was Rs.86611 crore which was 4 *per cent* of the GDP. The fiscal deficit at Rs.120874 crore was 5.58 *per cent* of GDP. Nearly 72 *per cent* of the fiscal deficit was utilised to meet revenue deficit.

The total receipts of the Union Government amounted to Rs.942985 crore in the year 2000-01. The Union Government's own receipts were Rs.326648 crore which constituted only 35 *per cent* of total receipts. The remaining 65 *per cent* came through borrowings. Revenue receipts recorded a modest growth of only 3.24 *per cent* in 2000-01. However, there was a significant increase in the relative share of revenue receipts in 2000-01 to 32.63 *per cent* of total receipts. Total revenue receipts in 2000-01 amounted to Rs.307724 crore.

Gross revenue of the Union Government as a percentage of GDP witnessed a continuous deceleration since the VII Plan (1985-1990). During the current year, the gross revenue/GDP ratio declined to 14.20 *per cent* in comparison to 15.23 *per cent* registered in the previous year. Net revenue, after providing for the States' share, as a percentage of GDP registered a sharp fall to 11.82 *per cent*. Overall tax/GDP ratio of the Union Government was around 8.70 *per cent* on an average during 1997-2001, which was 10-percentage points lower than the world average. While direct taxes had buoyancies greater than one during the period 1997-01, indirect taxes registered a buoyancy of 0.845 during the same period. This was largely due to a sharp fall in buoyancy of

customs duties during the period. Higher buoyancy in direct taxes was, however, not able to off set the deceleration in buoyancy of indirect taxes.

There was a decline in non-tax revenues during the current year with a total of Rs.119121 crore being realized. There was a sharp decline in the contribution of telecommunications during the year. Similarly, interest receipts also declined during the year. However, revenues from dividends and profits stood at Rs.13575 crore, registering a healthy growth of 42.10 *per cent*. Over the sixteen-year period commencing with the VII Plan (1985-90), non-tax revenue as a percentage to GDP remained stagnant at around 6 *per cent*.

The total expenditure of the Union Government in the current year was Rs.395834 crore. This encompasses revenue expenditure, capital expenditure and loans and advances. If repayment of debt and public account disbursements are also taken into account, the total disbursements of the Union Government stood at Rs.941787 crore during the year. However, in essence, the government was left with only around 31 *per cent* of its mobilised resources for non-interest expenditure.

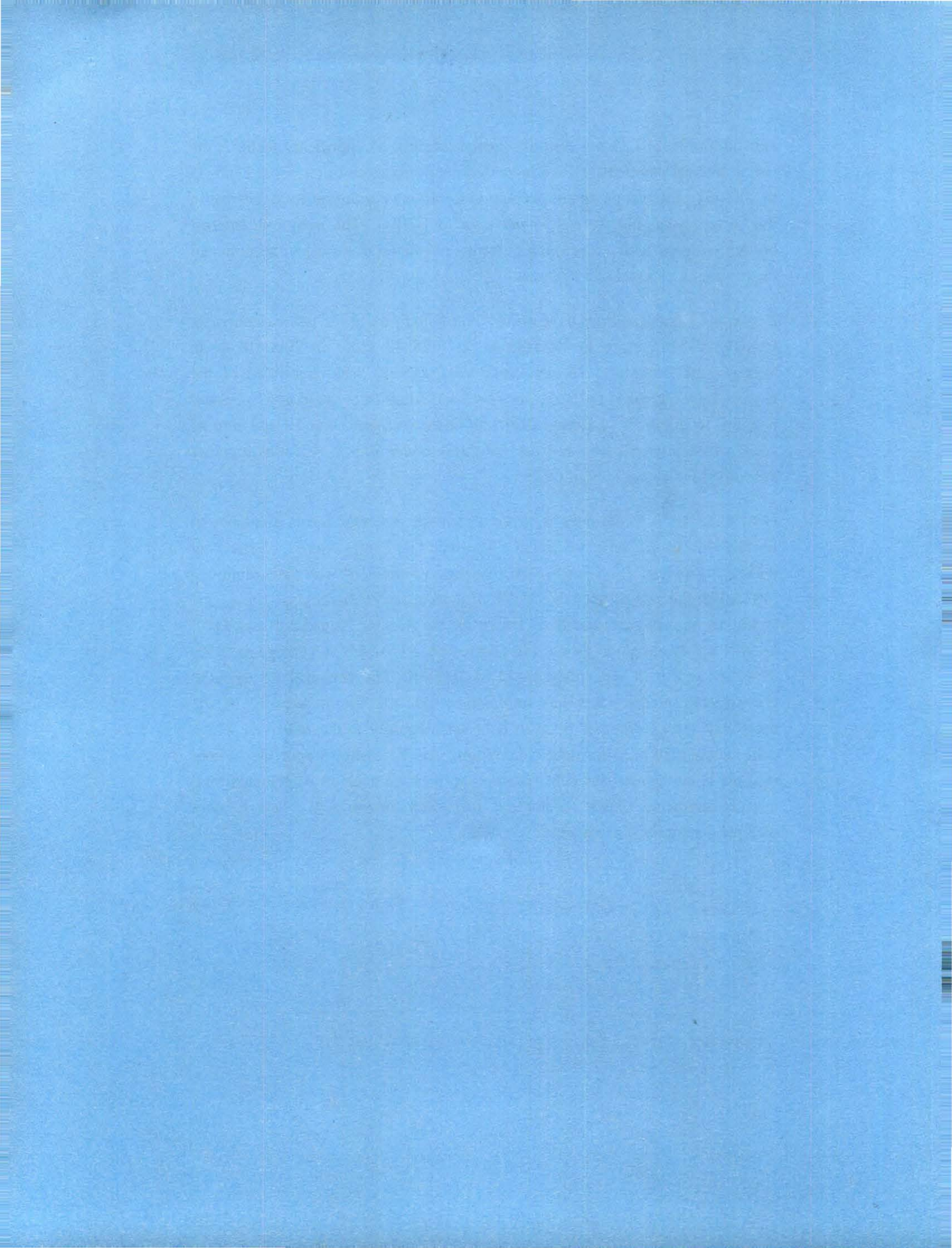
Overall government expenditure has tended to tilt towards non-asset forming revenue expenditure, which in the current year accounted for 87 *per cent* of total expenditure. During the first four years of the IX Plan, revenue expenditure averaged 83.22 *per cent* of total expenditure while capital expenditure averaged 6.99 *per cent* of aggregate expenditure. The same trend continued in 2000-01 when capital expenditure accounted for 6.42 *per cent* of total expenditure while loans and advances accounted for 7.01 *per cent*. The decline in the relative share of capital expenditure indicates that current consumption of the government is receiving priority over capital formation. In the context of plan expenditure, the capital component was low. Plan capital expenditure currently accounts for a mere 0.5 *per cent* of GDP and with the inclusion of loans and advances, the combined share increases to 1.46 *per cent*. Overall, the share of plan expenditure in aggregate expenditure declined from an average of 28.86 *per cent* during 1985-90 to 20.15 *per cent* during the period 1997-2001.

A significant part of revenue expenditure is transfer payments, which are mostly committed in nature. Interest payments, pensions, salaries and grants-in-aid fall in this category. In the first four years of the IX Plan (1997-2001), committed revenue expenditure accounted for 47.42 *per cent* of total revenue

expenditure and 61.19 *per cent* of revenue receipts. A significant factor is the rise in interest payments, which increased nearly fourteen times, from 1985-86 to 2000-01. Interest payments accounted for 40 *per cent* of revenue receipts in the current year and were 4.76 *per cent* of GDP. The mounting interest burden coupled with a declining current revenue/GDP ratio has accentuated the problems of fiscal management.

Aggregate fiscal liabilities have grown over nine times in the last sixteen years from Rs.137485 crore in 1985-86 to Rs.1238842 crore in 2000-01 at an average rate of around 16 *per cent*. In 2000-01, fiscal liabilities of the Government increased by 10.61 *per cent*. Total liabilities stood at 57 *per cent* of GDP in 2000-01. External debt liabilities were less than 10 *per cent* of GDP while internal debt and net liabilities under Public Account together accounted for 48 *per cent* of GDP.

Debt sustainability continues to be a critical issue given the heavy incidence of fiscal liabilities of the government. The debt/GDP ratio was 57.85 *per cent* during the period 1985-2001. The average nominal interest rate remained lower than the rate of growth of GDP at market prices thereby satisfying one condition of debt sustainability. However, the average spread between GDP growth and average interest rates has narrowed over seven percentage in 1992-97 to a mere 0.14 percentage point in 2000-01. The convergence of GDP growth and interest rates has implications for the future stability of the debt/GDP ratio. Another issue in debt sustainability is the extent to which debt receipts are used for debt redemption. An increasing proportion of debt receipts is being used for debt redemption, both on account of principal and interest payments. Debt redemption accounted for 96.15 *per cent* of debt receipts during the current year.



Chapter 1

UNION GOVERNMENT FINANCES – AN OVERVIEW

1.1 This chapter provides a broad perspective of the finances of the Union Government during the year 2000-01 and analyzes critical changes in major fiscal aggregates in the context of prevalent trends over 1985-2001. The chapter presents a summary of the position of the different accounts, with reference to the Consolidated Fund of India (CFI) and the Public Account for 2000-2001, and discusses relevant changes in the macro economy over the sixteen-year period beginning with VII Plan (1985-90).

1.2 Table 1.1 summarizes some key fiscal parameters relative to GDP during VII Plan (1985-90) and first four years of IX Plan 1997-2001 and in the last two years.

Table- 1.1: Broad Fiscal Parameters relative to GDP (*per cent*)

	1985-90	1997-2001	Change	1999-2000	2000-01	Change
Total Expenditure	23.44	19.38	-4.06	19.04	18.27	-0.77
Revenue Expenditure	16.34	16.11	-0.23	16.16	15.81	-0.35
Capital Expenditure	3.03	1.35	-1.68	1.48	1.17	-0.31
Loans and Advances	4.07	1.91	-2.16	1.40	1.28	-0.12
Major Components of Revenue expenditure						
Salary and Pensions	3.25	3.04	-0.21	3.24	2.75	-0.49
Interest Payments	3.18	4.58	1.40	4.83	4.76	-0.07
Components of Revenue receipts						
Tax Revenue	10.53	8.70	-1.83	8.78	8.7	-0.08
Non Tax Revenue	6.09	6.08	-0.01	6.45	5.50	-0.95
Total Revenue to the Union	13.95	12.48	-1.47	13.01	11.82	-1.19
Non Debt Capital receipts	1.30	0.84	-0.46	0.73	0.87	0.14
Fiscal imbalances						
Revenue deficit	2.39	3.62	1.23	3.15	4.00	0.85
Fiscal deficit	8.19	6.05	-2.14	5.30	5.58	0.28

1.3 The Union government finances are a paradox. Government expenditure has contracted but its fundamental problem appears intractable. With aggregate expenditure declining from an average of 23.44 *per cent* of GDP during the second half of 1980s (VII Plan- 1985-90), to an average of 19.38 *per cent* during the second half of 1990s- (IX Plan- 1997-2001), it was reasonable to expect that this extraordinary contraction of over four percentage points would engender a significant decline in the fiscal deficit. Unfortunately, fiscal deficit is no lower than the trend during the early 1980s and throughout the 1990s.

1.4 The Balance of Payments crisis of 1991 did focus some attention on the fiscal deficit. Unfortunately, as soon as the balance of payments issue was addressed, fiscal consolidation was largely left unattended. It is not surprising, therefore, that the fiscal deficit, far from retreating has become endemic. In a situation where over 70 *per cent* of revenue receipts are applied to meeting charged expenditure on interest payments, etc. government's control over its finances is limited. Similarly, of every rupee of borrowed funds, repayment of principal and interest account for over 96 *paise*. In short, both on revenue and capital accounts, government has very little freedom over the application of the enormous resources that flow to its coffers. This is not because of the level of expenditure, since as mentioned above, aggregate expenditures including salaries and pensions relative to GDP have declined, nor is it due to any increase in loans and advances, which again have retreated significantly from 4.07 *per cent* of GDP during 1985-90 to 1.91 *per cent* of GDP during the last four years or for that matter capital expenditure.

1.5 Indeed, the problem is not the high expenditure, but the absence of efficient tax collection. With the dismantling of controls and globalisation, non-tax revenues generated through an administered price mechanism will continue to diminish and cannot help Union finances. Tax revenues, which were expected to fill this void, have failed to do so. It has been brought out elsewhere in this Report that while other countries collect on an average 18 *per cent* or more of their GDP as taxes, our tax collection is less than two thirds of this figure. Considering that the fiscal deficit is around 6 *per cent* of GDP, a gradual increase in tax-GDP ratio by around 5 to 6 percentage points - well below the average mentioned above- could address the fiscal problem.

1.6 The fact that this has not occurred is discussed in this Report and in greater detail in the Reports on Direct and Indirect Taxes. An important issue is the dismal collection of taxes from the services sector, which has been the engine of growth during the nineties. Taxes levied on services have resulted in modest yields. Further, most of the tax collection occurs through self-assessment and advance payments and little credit can be given to the tax collection machinery. In this situation, the single most important issue in addressing the finances of the Union is to secure greater tax compliance.

Summarised Accounts of the Union Government

The year 2000-01 ended with a deficit of Rs 23,925 crore in the Consolidated Fund.

1.7 The CFI emerged with a deficit of Rs 23,925 crore at the end of 2000-01, while at the end of the previous year there was a surplus of Rs 151,986 crore in the CFI, due to an investment of Rs 185,200 crore, made from the National Small Savings Funds (NSSF) in Central Government securities. This investment included Rs 176,221 crore as opening balance of NSSF as on 1 April 1999, which formed part of the investment in Central Government Special Securities.

1.8 In 2000-01, the Union Government used of the surplus in Public Account of Rs 25,123 crore for meeting its expenditure, due to the deficit in the CFI. The surplus in Public Account was in addition to the amount of Rs 8,316 crore invested in Central Government securities from the NSSF.

1.9 Table 1.2 presents the summarized picture of the Union Government accounts over the years.

**The CAG's Report on
Union Government Accounts 2000-01**

Table 1.2: Summarised Accounts of the Union Government

(Rs in crore)

	1985-01	1985-90	1992-97	1997-01	1998-99	1999-00	2000-01
	(Average Annual)						
Receipts (CFI)	345488	188564	305299	670931	629584	829693	641421
Debt Repayment	161456	114851	126525	307082	322679	305088	269512
Net Receipt (CFI)	184032	73712	178774	363849	306905	524605	371909
Expenditure	196247	86398	203539	356755	347585	372619	395834
CFI Surplus/Deficit	-12215	-12685	-24765	7094	-40680	151986	-23925
Public Account Receipts	103217	43224	102117	198513	159818	214736	249876
Public Account Disbursements	90791	30342	77261	205236	118876	367612	224753
Surplus/Deficit	12426	12881	24855	-6724	40942	-152876	25123
Increase/Decrease in Cash Balances	210	196	91	370	236	-864	1198

(CFI Receipts and Expenditure are net of the share of the States in the Union Taxes)

1.10 Average annual receipts in CFI increased from an average of Rs 188,564 crore during 1985-90 to an average of Rs 670,931 crore during 1997-2001. However, on an average, over 45 per cent of these receipts were used for repayment of debt. CFI receipts, after the repayment of debt, continued to fall short of the total expenditure of the Union Government, all through these years, except during 1999-2000 due to NSSF. In other years, the surplus available in the Public Account was used to meet the balance expenditure.

Box 1.1: Union Government Funds and the Public Account

Consolidated Fund

All revenues received by the Union Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of India' established under Article 266(1) of the Constitution of India

Contingency Fund

Contingency Fund of India established under Article 267(1) of the Constitution is in the nature of an imprest placed at the disposal of the President to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Parliament. Approval of the legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Public Account

Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public monies thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the connected disbursements are also made therefrom.

1.11 Table 1.3 indicates the ratio of the Union Government receipts and expenditure relative to GDP. It would be seen that net receipts in CFI declined from an average of 19.98 *per cent* of GDP during 1985-90 to an average of 17.50 *per cent* of GDP during 1992-97. During 1997-2001, this ratio increased to an average of 19.49 *per cent*. This was largely due to a significant increase in the ratio in 1999-2000, on account of NSSF, which was an exogenous factor. CFI receipts net of repayment declined to 17.16 *per cent* of GDP in 2000-01. Total expenditure (comprising revenue expenditure, capital expenditure and loans and advances) also declined from an average of 23.44 *per cent* during 1985-90 to an average of 19.38 during 1997-2001. It further declined to a level of 18.27 *per cent* of GDP during 2000-01.

1.12 Central government expenditure, as a percentage of GDP, declined from 23.44 *per cent* (1985-90) to 19.38 *per cent* (1997-2001) and to 18.27 *per cent* during 2000-01. Declining receipts in CFI and declining surpluses in the Public Account were both responsible for this.

Table 1.3: CFI Net Receipts and Total Expenditure Relative to GDP (*per cent*)

	As percentage to GDP			Rate of Growth		
	CFI Receipts	Public Account Surplus	Total Expenditure	GDP	CFI Receipts	Expenditure
1985-2001	18.90	2.21	21.09	15.21	14.51	13.10
VII Plan (1985-90)	19.98	3.50	23.44	15.28	13.85	13.55
VIII Plan (1992-97)	17.50	2.42	19.91	16.54	11.59	11.87
IX Plan (1997-2001)	19.49	-0.10	19.38	12.37	18.58	8.26
Annual Values						
1998-99	17.45	2.33	19.77	15.49	21.80	11.77
1999-2000	26.81	-7.81	19.04	11.30	70.93	7.20
2000-01	17.16	1.16	18.27	10.72	-29.11	6.23

Finances of the Union Government: 2000-01

1.13 These declines notwithstanding, fiscal imbalances continued to be a feature of the Union Government finances in 2000-01. Both revenue and fiscal deficits were higher than that budgeted by the government. While revenue deficit was higher by 12.31 *per cent*, fiscal deficit was 7.72 *per cent* higher than what was budgeted.

**The CAG's Report on
Union Government Accounts 2000-01**

1.14 Table 1.4 summarises the position of the finances of the Union Government covering the budget estimates and actuals in terms of revenue receipts, capital receipts, public account receipts, and total disbursements. Actuals deviated significantly from the budgeted figures.

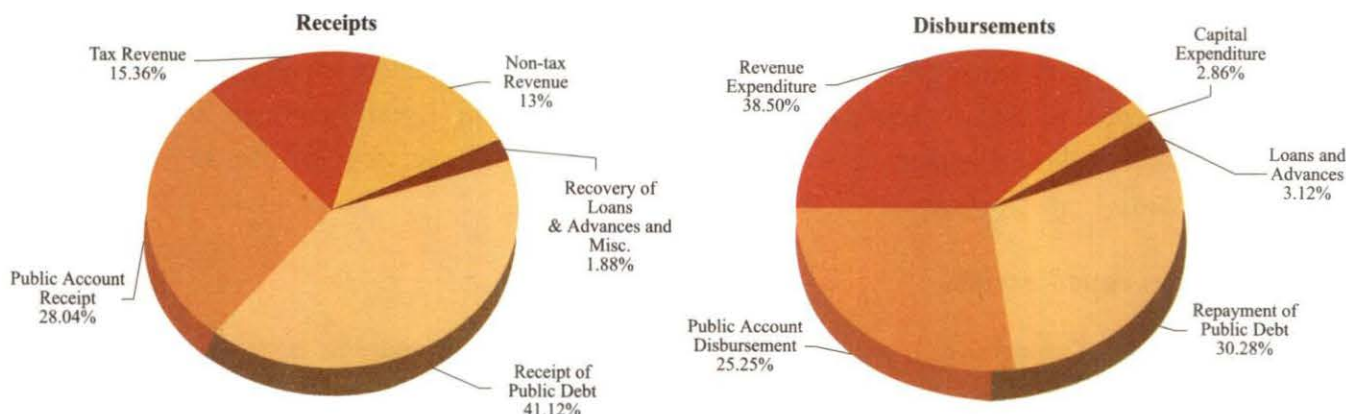
1.15 The imbalance in the revenue accounts was reflected in a revenue deficit, which was Rs 86,611 crore (4.0 per cent of GDP) as against the budgeted figure of Rs 77,120 crore. The overall imbalance resulted in fiscal deficit, which was Rs 120,874 crore (5.58 per cent of GDP) as against the budget provision of Rs 112,211 crore. Nearly 72 per cent of the fiscal deficit was utilised to meet revenue deficit.

Table 1.4: Union Government Finances 2000-01 - Budget and Actual

		<i>(Rs in crore)</i>			
		Budget Estimates	Actuals	Shortfall(-)/ Excess(+)	Deviation* (per cent)
1	Total Receipt of the Union Government (7+8)	917960	891297	-26663	-2.90
2	Revenue Receipts	276962	256036	-20926	-7.56
	Tax revenue	146209	136915	-9294	-6.36
	Non-tax revenue***	130753	119121	-11632	-8.90
3	Miscellaneous Capital receipts	10000	2125	-7875	-78.75
4	Recovery of Loans and Advances	15839	16799	960	6.06
5	Total revenue and Non Debt receipts (2+3+4)	302801	274960	-27841	-9.19
6	Receipt of Public Debt	441800	366461	-75339	-17.05
7	Total receipts in the CFI (5+6)	744601	641421	-103180	-13.86
8	Public Account Receipt	173359	249876	76517	44.14
9	Total disbursement by the Union Government (15+16)	917960	890099	-27861	-3.04
10	Revenue Expenditure	354082	342647	-11435	-3.23
11	Capital Expenditure	34160	25426	-8734	-25.57
12	Loans and Advances	26770	27761	991	3.70
13	Total expenditure of the Union Government (10+11+12)	415012	395834	-19178	-4.62
14	Repayment of Public Debt	354767	269512	-85255	-24.03
15	Total disbursement out of the CFI (13+14)	769779	665346	-104433	-13.57
16	Public Account Disbursement	148181	224753	76572	51.67
17	Revenue Deficit (10-2)	77120	86611	9491	12.31
18	Fiscal Deficit (13-5)	112211	120874	8663	7.72

* Deviation is estimated as (Budget Estimates-Actuals)/Budget Estimates x 100

Union Government Finances - An Overview



1.16 Tax, non-tax revenue and non-debt capital receipts, all under-performed in comparison to budgetary expectations. Both revenue and capital expenditure also fell short of the budget estimates. Deviation as percentage to the budget estimates was (-) 3.23 per cent for revenue expenditure and (-) 25.57 per cent for capital expenditure.

Box 1.2: Reporting Parameters

Fiscal aggregates like tax and non-tax revenues, revenue and capital expenditures, internal and external debt, and revenue and fiscal deficits have been presented as percentage to the GDP at current market prices. The New GDP series with 1993-94 as base as published by the Central Statistical Organisation has been used. Data up to 1998-99 are final estimates. For 1999-2000 and 2000-2001, quick and provisional estimates have been used respectively. Since the provisional estimates of 2000-01 did not indicate the GDP at market prices, the same was estimated using the rate of growth reported for GDP at factor cost.

For tax revenues, buoyancy estimates are given. The buoyancy indicates the responsiveness of a tax to percentage changes in the tax base. Here, buoyancies have been calculated with reference to the GDP series mentioned above.

For most series a Trend growth during 1985-2001 has been indicated. Further, trend growth over three plans, i.e. the Seventh Plan (1985-90); Eighth Plan (1992-97) and Ninth Plan (1997-2001) have also been indicated. While calculating these growth rates the first year of the Plan has been taken as the base year to estimate inter plan growth rates. This process eliminates the "low base bias" of the year immediately preceding the plan. Annual growth has been indicated for the three most recent years, i.e. 1998-99, 1999-2000 and 2000-01.

For most series, ratios with respect to GDP have also been indicated. As in the case of growth rates, average ratios have been used for the period 1985-2001 and plan periods separately for VII, VIII and IX Plan. Annual ratios of the three most recent years have also been indicated.

Union Government Finances 1985-2001 - Some Key Parameters

1.17 A detailed analysis of the Union Government finances covering the revenue receipts, expenditure, fiscal imbalances and fiscal liabilities are contained in Chapters 2 to 5 of this Report. An overview of the key parameters is presented below.

Revenue Receipts

1.18 Table 1.5 indicates the rate of growth and relative share as percentage to GDP of the tax, non-tax and total revenue receipts (net of share of the States in union taxes) over the plan periods.

Table 1.5: Key Parameters of the Union Government Revenue Receipts (per cent)

Year	Tax Revenue		Non-Tax Revenue		Total Revenue to the Union		GDP Growth
	A	B	A	B	A	B	
1985-2001	13.39	9.66	15.15	5.99	14.11	13.11	15.21
VII Plan (1985-90)	15.97	10.53	15.21	6.09	15.88	13.95	15.28
VIII Plan (1992-97)	15.89	9.34	14.66	5.97	15.61	12.74	16.54
IX Plan (1997-2001)	11.50	8.70	9.30	6.08	10.21	12.48	12.37
Annual Values							
1998-99	3.29	8.18	19.42	6.29	9.89	12.24	15.49
1999-2000	19.44	8.78	14.25	6.45	18.29	13.01	11.30
2000-01	9.81	8.70	-5.70	5.50	0.57	11.82	10.72

A:- Rate of Growth

B:- Relative Share as percentage to GDP

1.19 It would be observed that the average annual trend rate of growth of revenue receipts (including the tax and non-tax receipts) was comparatively lower than the growth of GDP. Further, there has been a deceleration in the growth rates over the plans. As a result, the ratio of tax receipts to GDP has declined from a trend average of 9.66 per cent (1985-2001) to 8.70 per cent during 1997-2001. Non-tax revenue also declined from an average of 6.09 per cent of GDP during 1985-90 to 5.50 per cent during 2000-01. Total revenue receipts to the Union as percentage to GDP also reached its peak at an average of 13.95 per cent during 1985-90 and then declined to an average of 12.48 per cent in 1997-2001. The decline was even sharper in the current year.

1.20 Tax revenue (inclusive of the States' share) of the Union witnessed a buoyancy of 0.888 during 1985-2001 indicating that for each percentage point increase in GDP, increase in tax revenue was only 0.88 *per cent*. While direct taxes had a buoyancy greater than one, a lower buoyancy of indirect taxes (both customs and excise duties), which accounted for nearly three fourths of the total tax revenue, resulted in a overall lower buoyancy for the gross tax receipts.

Expenditure

1.21 The Union Government's total expenditure (Table 1.6) also reflected a similar position. Rate of growth of total expenditure peaked to an average of 13.55 *per cent* during 1985-90, which gradually decelerated to 8.26 *per cent* during 1997-2001. Revenue and capital expenditures also showed similar trends. Loans and advances registered a negative trend growth of 11.91 *per cent* during 1997-2001 compared to earlier periods, partly since allocation of small saving proceeds is now routed through the NSSF and not through CFI as non-plan loans, as was the practice till 1998-99.

Table 1.6: Key Parameters of the Union Government Expenditure (*in per cent*)

	Revenue Expenditure		Capital Expenditure		Loans and Advances		Total Expenditure	
	A	B	A	B	A	B	A	B
1985-2001	14.94	16.02	7.13	2.20	7.03	2.87	13.10	21.09
VII Plan (1985-90)	16.49	16.34	8.87	3.03	6.01	4.07	13.55	23.44
VIII Plan (1992-97)	14.64	15.59	-8.44	2.03	11.91	2.29	11.87	19.91
IX Plan (1997-2001)	10.74	16.11	8.63	1.35	-11.91	1.91	8.26	19.38
Annual Values								
1998-99	8.03	15.69	24.6	1.43	31.36	2.65	11.77	19.77
1999-2000	14.67	16.16	15.17	1.48	-41.28	1.40	7.20	19.04
2000-01	8.35	15.81	-12.39	1.17	1.47	1.28	6.23	18.27

A: - Rate of Growth

B:- Relative Share as percentage to GDP

Fiscal Imbalances

1.22 Revenue and fiscal deficits of the Union Government over the years indicate diverging trends. While there was an increase in revenue deficit/GDP ratio from an average of 2.39 *per cent* during 1985-90 to an average of 3.62 *per cent* during 1997-2001 (revenue deficit/GDP ratio reached 4.0 *per cent*

during the current year), fiscal deficit as percentage to GDP declined from an average of 8.19 *per cent* during 1985-90 to an average of 6.05 *per cent* during 1997-2001 as indicated in Table 1.7. Revenue deficit accounts for an increasingly higher share of the overall fiscal deficit indicating deteriorating fiscal imbalances.

Table 1.7: Ratio of Revenue and Fiscal Deficit to GDP (*per cent*)

	Revenue Deficit	Fiscal Deficit	Revenue Deficit as % to Fiscal Deficit
1985-2001	2.90	6.89	43.77
VII Plan (1985-90)	2.39	8.19	29.43
VIII Plan (1992-97)	2.85	6.22	45.91
IX Plan (1997-2001)	3.62	6.05	60.33
Annual Values			
1998-99	3.44	6.44	53.45
1999-2000	3.15	5.30	59.41
2000-01	4.00	5.58	71.65

Fiscal Liabilities

1.23 During 1985-2001, the aggregate fiscal liabilities of the Union Government remained a little over 57 *per cent* of GDP. Though the rate of growth in aggregate liabilities indicated a decelerating trend, the ratio of liabilities to GDP did not benefit much from this deceleration as in the later period GDP growth itself witnessed a deceleration in nominal terms. However, average rate of interest on the outstanding liabilities continued to move upwards from an average of 7.02 *per cent* during 1985-90 to an average of 8.97 *per cent* during 1997-2001. In the current year (2000-2001) average interest rate, was moderated to 9.22 *per cent* compared to a level of 9.34 *per cent* reached a year earlier. However, as would be evident from the Table 1.8, most of the new debt was used for debt servicing leaving little scope for capital formation. The issue of debt sustainability has been discussed in greater detail in chapter 5 of the Report.

Table 1.8: Characteristics of the Union Government Fiscal Liabilities

	Rate of Growth of Total Liabilities	Total Liabilities/ GDP Ratio (per cent)	Average Rate of Interest	Ratio of Debt Repayment* / Debt Receipts (per cent)
1985-2001	15.96	57.85	7.92	91.74
VII Plan (1985-90)	18.04	53.57	7.02	89.44
VIII Plan (1992-97)	12.48	61.39	7.84	92.67
IX Plan (1997-01)	11.75	57.52	8.97	94.92
Annual Values				
1998-99	14.48	57.58	8.81	92.31
1999-2000	10.62	57.23	9.34	98.73
2000-01	10.57	57.17	9.22	96.15

* Debt repayment includes the principal and interest paid during the period

Disinvestment

1.24 Since 1991-92, government has been disinvesting its equity in select public sector units. The process of disinvestment, over the years, has moved from sale of the minority stake of PSUs shares to the financial institutions to strategic sale resulting in transfer of the majority stake. However, over the years, cross holding of equities has also continued as a disinvestment strategy. In paragraph 5.3.2 of the CAG's Report No. 1 of 2000, an observation regarding cross holding of equities amounting to Rs 4184 crore was made. In 2000-01 and 2001-02, government has continued to resort to this form of disinvestment, which only helps in showing a reduction in fiscal deficit, as it does not in any way alter the operating and management parameters of the PSUs. Use of disinvestments proceeds for current expenditure leads to the shrinkage of the asset-base to that extent without any corresponding reduction in fiscal liabilities. Disinvestment should not, therefore, be linked to temporary fiscal considerations.

Fiscal Marksmanship

1.25 The budget presents three sets of figures: (a) actuals for the preceding year, (b) revised estimates for the current year, and (c) budget estimates for the forthcoming financial year. Tables 1.9 and 1.10 indicate the deviation in various components of the Union Government finances.

1.26 Several reasons account for the departure of budget estimates from their corresponding realisations. Firstly, actuals may differ from the estimates because of unanticipated and random external events that affect growth of output and, therefore, tax bases. Secondly, methodological inadequacies may lead to underestimation or overestimation of expenditures or revenues. Thirdly, it is seen that often some critical parameters like the revenue and fiscal deficits are under estimated, while others like tax or non-tax revenue are over estimated.

1.27 Union Government has consistently underestimated its fiscal imbalances. In the last sixteen years, the Union Government under estimated its revenue deficit in thirteen years and the fiscal deficit in fifteen years. As would be seen from Table 1.9 below, actual deficits significantly differed from the budget estimates. The magnitude of these deviations as percentage to the budgeted figures also show an upward trend indicating continuing poor marksmanship by the government.

Table 1.9: Deviation in Actual and Budgeted Revenue and Fiscal Deficit (*per cent*)

	Revenue Deficit	Fiscal Deficit
1985-2001	30.21	20.41
VII Plan (1985-90)	23.77	14.44
VIII Plan (1992-97)	28.93	21.33
IX Plan (1997-2001)	40.03	29.94
Annual Deviation		
1998-99	26.00	24.47
1999-2000	25.42	27.74
2000-01	12.31	7.72

In calculating the average deviation, negative signs have been ignored.

1.28 Government also overestimated its revenue receipts and capital expenditure. Revenue receipts were overestimated in nine of the last sixteen years with the average deviation (Table 1.10) being around 4 *per cent*. The magnitude of these deviations was greater in tax revenue. In case of expenditure, the deviation was significantly higher for capital expenditure and actual expenditure usually fell short of the budget provisions (in the last ten out of sixteen years). Significant reduction in capital expenditure was invariably used for moderating aggregate expenditure growth.

Table 1.10: Deviation in components of Revenue Receipts and expenditure from the Budget Estimates (per cent)

Year	Revenue Receipt	Tax Revenue	NT Revenue	Revenue Expenditure	Capital Expenditure	Loans and Advances	Total Expenditure
1985-2001	3.51	5.33	3.44	3.41	11.89	12.15	4.13
VII Plan (1985-90)	3.27	5.31	3.76	5.06	15.76	10.01	5.24
VIII Plan (1992-97)	3.75	5.62	1.89	1.95	8.21	10.97	2.97
IX Plan (1997-2001)	4.19	6.44	4.95	3.90	11.74	14.02	4.75
Annual Deviation							
1998-99	(-) 3.00	(-) 7.78	4.98	1.72	(-) 10.54	28.57	3.46
1999-2000	0.67	(-) 2.84	5.37	4.37	(-) 5.35	10.56	3.99
2000-01	(-) 7.56	(-) 5.74	(-) 8.89	(-) 3.23	(-) 25.57	3.70	(-) 4.62

Quality and productivity of Expenditure

1.29 While resource constraints have been a major concern, an equally significant issue is the efficient and productive use of these resources, which has not been adequately addressed. CAG's Report No. 2 of 2002, Union Government (Civil) has highlighted the poor implementation, coupled with ineffective controls that have hindered the achievement of the objectives underlying different schemes and projects. More often than not, there are mismatches between allocation of resources and the ambitious nature of the schemes. Audit reviews on various schemes reflect the shortcomings manifested in a thin spread of resources, failure of implementing agencies to raise additional resources, indifferent and tardy execution of key activities and absence of any effective system of monitoring.

A Macro Economic Perspective: Some Broad Indicators

1.30 The Indian economy has been undergoing structural shifts with the share of agriculture and allied activities in GDP declining from an average of 34.14 per cent during 1985-90 to an average of 25.64 per cent during 1997-2001 (Table 1.11). As against this, the share of services has gone up from 45.39 per cent during 1985-90 to 52.30 per cent during 1997-2001.

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Table 1.11: Relative Sectoral Shares (*per cent to GDP*)

	Agriculture and Allied	Industry	Services
1985-2001	30.40	21.42	48.18
VII Plan (1985-90)	34.14	20.47	45.39
VIII Plan (1992-97)	29.91	21.86	48.23
IX Plan (1997-2001)	25.64	22.06	52.30
Annual Relative share			
1998-99	26.63	21.89	51.48
1999-2000	25.20	21.83	52.97
2000-01	24.01	21.85	54.15

Source: National Accounts Statistics 2001

1.31 The tax planning of the government does not seem to have responded to these changes in the Indian economy. The industrial sector, which constitutes the high magnitude of the tax base of important central taxes like the corporation tax and the Union excise duties accounted for only 20-22 *per cent* of GDP during 1985-2001. The services sector has not only constituted the largest segment of GDP, it has also witnessed the highest and the steadiest growth rate and offers itself as a more buoyant and less volatile source of tax revenue. However, its potential has remained largely untapped.

Macro Indicators of the Five Year Plans (1985-2001)

1.32 The targets and achievement in terms of some key macro indicators for VII, VIII and IX Plans are indicated in the Table 1.12.

Table 1.12: Macro Economic Targets & Achievements (*per cent*)

Plan Period		GDP Growth (%)	Domestic Savings	Capital Formation *	Current Account Deficit	Implicit ICOR
1985-90	ACTUAL	5.93	20.37	23.27	2.18	3.95
(1984-85 base)	TARGET	5.00	23.70	25.3	1.60	5.10
1992-97	ACTUAL	6.74	23.48	23.42	1.20	3.47
(1991-92 base)	TARGET	5.60	21.60	23.20	1.60	4.10
1997-2000	ACTUAL	5.96	22.59	22.27	1.08	3.73
(1996-97 base)	TARGET	6.50	26.10	28.20	2.10	4.30

(* Unadjusted for errors and omissions)

Source: National Accounts Statistics-2001 and relevant Plan Documents

1.33 During VII and VIII Plans, GDP growth exceeded the plan targets, despite a shortfall in the targeted saving and capital formation rates. In the Ninth Plan, in the first three years, there has been a shortfall in achievement of the growth target. With a downward revision in the GDP growth in 1999-2000 and a moderate growth in 2000-01 and 2001-02, the overall GDP growth during IX Plan will be significantly lower than the target. One of the contributing factors to this deceleration is a decline in the capital formation by the public sector and its negative savings.

Table 1.13: Ratio of Savings and Capital Formation to GDP (*per cent*)

	Gross Domestic Savings	Gross Capital Formation	Public Sector Savings	Public Sector Capital Formation	Current Account Deficit
1985-2000	22.14	23.08	1.47	8.60	1.57
VII Plan (1985-90)	20.37	23.27	2.39	10.11	2.18
VIII Plan (1992-97)	23.48	23.42	1.52	8.04	1.20
IX Plan (1997-2000)	22.59	22.27	-0.16	6.68	1.08
Relative Annual share					
1998-99	21.99	21.16	-0.82	6.37	0.95
1999-2000	22.26	22.71	-1.19	7.06	0.92

1.34 Public sector saving as percentage to GDP declined from an average of 2.39 *per cent* during 1985-90 to (-) 0.16 *per cent* during 1997-2000. Public sector capital formation also similarly declined from an average of 10.11 *per cent* of GDP to an average of 6.68 *per cent* over the same period. The current account deficit continued to supplement domestic savings and to facilitate larger capital formation. However, the continuous build up of foreign exchange reserves during VII and IX Plans did not let the current account deficit get reflected in increased capital formation, constraining the GDP growth to that extent.

Impact of the revision in GDP on Fiscal Parameters

1.35 The Central Statistical Organisation (CSO) on January 31, 2002 released the quick estimates of National Income for 2000-01, revising their earlier advance estimates released in June, 2001. CSO effected a downward revision in GDP for 1999-2000 and 2000-01. This revision has changed the basic fiscal parameters of the Union Government, particularly in terms of their

ratios to GDP. While the subsequent analysis of the Union Government finances is based on the earlier CSO releases, a summary highlighting the changes in key parameters is indicated in the Table 1.14.

Table 1.14: Broad Fiscal Parameters Relative to GDP (*per cent*)

	Pre-revised GDP		Revised GDP	
	1999-2000	2000-01	1999-2000	2000-01
Revenue Receipts	13.01	11.82	13.19	12.26
Tax Revenue	8.78	8.70	8.90	9.03
Non-Tax Revenue	6.45	5.50	6.55	5.71
Total expenditure	19.04	18.27	19.31	18.96
Revenue Expenditure	16.16	15.81	16.39	16.41
Capital expenditure	1.48	1.17	1.50	1.22
Revenue Deficit	3.15	4.00	3.19	4.15
Fiscal deficit	5.30	5.58	5.38	5.79
Fiscal Liabilities	57.23	57.17	58.04	59.33

1.36 The tax/GDP ratio, consequent upon a downward revision in GDP, increases from 8.70 *per cent* in 2000-01 to 9.03 *per cent*. Similarly, ratio of revenue receipts to a GDP also improves from 11.82 *per cent* to 12.26 *per cent*. However, there is a deterioration in the fiscal situation since the revenue and fiscal deficits increase to 4.15 *per cent* and 5.79 *per cent* of GDP respectively. Debt sustainability assumes even more significance since average interest rate at 9.22 *per cent* in 2000-01 for the first time exceeds the GDP growth of 8.2 *per cent*. Aggregate fiscal liabilities/GDP ratio increases to 59.33 *per cent* in 2000-01 from the pre revision assessed level of 57.17 *per cent*. The revised GDP figures further increases the vulnerability of the Union Government finances.

Chapter 2

RESOURCES: TRENDS AND COMPOSITION

Resources of the Union Government: 2000-01

2.1 Resources of the Union Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue and grants-in-aid and contributions. Tax revenue comprises proceeds of taxes and other duties levied by the Union Government viz. taxes on income and expenditure, customs, Union excise duties etc. Non-tax revenue comprises interest receipts, dividends and profits and income from various social and economic services provided by the Union Government. Capital receipts comprise debt receipts from internal and external sources as well as accruals in the public account and non-debt receipts in the form of loans and advances recovered and proceeds from disinvestment. Table 2.1 presents a summary of total receipts of the Union Government, which amounted to Rs 942,985 crore for the year 2000-01. Union Government's own receipts were Rs 326,648 crore, constituting only 35 per cent of the total receipts. The remaining 65 per cent came through borrowings.

Table 2.1: Resources of the Union Government

		<i>(Rs in crore)</i>
I	Revenue Receipts	307,724
II	Capital receipts	635,261
	a. Miscellaneous Receipts	2,125
	b. Recovery of Loans and Advances	16,799
	c. Debt receipts	366,461
III	Public Account Receipts	249,876
Total Receipts		942,985

Note: Revenue receipts include Rs 51688 crores, share of taxes and duties assigned to the States and not reflected in the Union Government's Finance Accounts.

Trends in Resources & Relative Performance

2.2 During the last sixteen years extending over almost three Plan periods, overall resources of the Union Government increased at a trend rate of 11.68 per cent, from Rs 225,568 crore in 1985-86 to Rs 942,985 crore in 2000-01. However, the relative performance of its various components has been uneven both across these components and over different time periods as would be evident from Table 2.2.

2.3 There was significant acceleration in the rate of growth in accrual of resources during the Eighth Five Year Plan (1987-92) at 14.87 per cent compared to 1.30 per cent during 1985-90 (VII Plan). While revenue receipts

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maintained a growth of 15.70 *per cent* during 1985-90, a negative growth of 10.35 *per cent* in debt receipts, moderated the growth of total receipts. In the first four years of the Ninth Plan (1997-2001), the growth decelerated to 8.42 *per cent*, showing very wide annual fluctuations. The decline was largely due to a negative growth in debt receipts in 2000-01. This happened because of the issue of the Union Government securities for the outstanding balances of small savings in the public account due to the creation of NSSF in 1999-2000. However, sharp deceleration in the growth of current receipts during 1997-2001, may be worrying. Revenue receipts recorded a modest growth of only 3.24 *per cent* in 2000-01.

Table 2.2: Components of Receipts: Trends

(Rs in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross Domestic product
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account		
1985-86	45314	3865	148329	28060	225568	277991
1995-96	179845	8396	180965	113006	482212	1188012
1997-98	231807	10508	376665	169620	788600	1522441
1998-99	254369	19063	395297	159818	828520	1758276
1999-2000	298076	14275	560823	214736	1087937	1956997
2000-01	307724*	18924	366461	249876	942985	2166869
Average Annual Trend Rate of Growth (<i>per cent</i>)						
1985-2001	14.07	10.18	9.71	14.43	11.68	15.21
VII Plan (1985-90)	15.70	9.35	-10.35	20.84	1.30	15.28
VIII Plan (1992-97)	15.41	0.01	15.98	14.43	14.87	16.54
IX Plan (1997-01)	10.61	15.90	2.71	15.69	8.42	12.37
Annual Rate of Growth (<i>per cent</i>)						
1998-99	9.73	81.41	4.95	-5.78	5.06	15.49
1999-2000	17.18	-25.12	41.87	34.36	31.31	11.30
2000-01	3.24	32.58	-34.66	16.36	-13.32	10.72

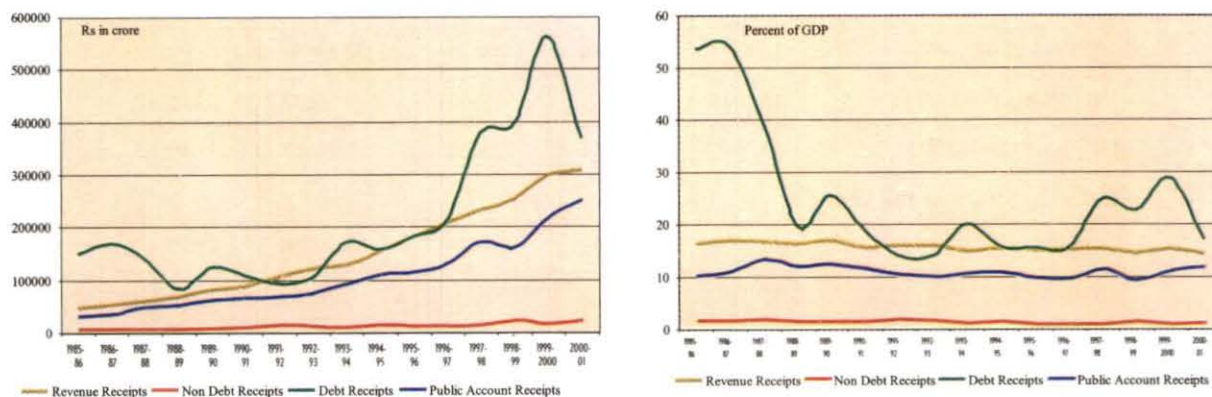
* includes share of taxes and duties to States (Rs 51688 crore)

2.4 The relative share of various components of resources (Table 2.3) has also undergone significant changes over the years. The share of revenue receipts increased from an average of 25.62 *per cent* of total receipts during 1985-90 to 36.44 *per cent* during 1992-97. This ratio declined to an average of 30.03 *per cent* during 1997-2001. There was, however, a significant acceleration in the relative share of the revenue receipts in 2000-01 to 32.63 *per cent*. This increase in relative share of the revenue receipts in 2000-01, should, however, be seen in context of a negative growth of 13.32 *per cent* in total receipts.

Table 2.3: Relative Shares of Different Components of Total Receipts

Period	Revenue Receipts	Capital Receipts			Total Receipts
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account	
1985-2001	31.40	2.15	44.99	21.47	100.00
VII Plan (1985-90)	25.62	1.97	54.43	17.98	100.00
VIII Plan (1992-97)	36.44	2.25	37.74	23.57	100.00
IX Plan (1997-2001)	30.03	1.74	46.47	21.76	100.00
Relative Share in the years					
1998-99	30.70	2.30	47.71	19.29	100.00
1999-2000	27.40	1.31	51.55	19.74	100.00
2000-01	32.63	2.01	38.86	26.50	100.00

Components of Receipts



2.5 The relative share of debt, comprising the market borrowings and other liabilities under the Consolidated Fund and public account accruals, declined from an average of around 72 per cent during 1985-90 (Seventh Five Year Plan) to 61 per cent during 1992-97 (Eighth Five Year Plan), to increase again to an average of 68 per cent during 1997-2001. The share of non-debt capital receipts, comprising of miscellaneous capital receipts, proceeds from disinvestments and recovery of loans and advances, continues to average around 2 per cent.

Access to Resources Relative to GDP

2.6 Overall access to resources by the Union Government as percentage to GDP (Table 2.4) declined sharply during the Eighth Five Year Plan from an

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average of 67.74 per cent (during the Seventh Five Year Plan (1985-90)) to 42.12 per cent during 1992-97. The decline in total receipt/GDP ratio continued for a decade from a peak of 82.93 per cent in 1986-87 to 40.47 per cent in 1996-97. This was partly due to a negative growth in capital receipts during 1986-88 and partly because of a higher GDP growth, outstripping the growth in total receipts during both these plans. There, however, was moderate increase in the average gross receipt/GDP ratio during 1997-2001. While there was a decline in revenue receipt/GDP ratio and public debt, there was increase in public account accruals. The sharp increase in the debt receipts/GDP ratio during this period was largely due to the shift of the public account liabilities to the Consolidated Fund. Neutralization of the impact of NSSF, which did not create any fresh receipts for the Union Government, resulted in a decline in this ratio to 33.96 per cent during 1997-2001.

Table 2.4: Receipts as percentage to GDP

Year	Revenue Receipts	Capital Receipts			Total Receipts
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account	
1985-2001	15.65	1.08	24.77	10.72	52.23
VII Plan (1985-90)	16.62	1.30	38.28	11.54	67.74
VIII Plan (1992-97)	15.30	0.95	15.94	9.93	42.12
IX Plan (1997-2001)	14.78	0.84	23.20	10.68	49.51
Relative Share in the years					
1998-99	14.47	1.08	22.48	9.09	47.12
1999-2000	15.23	0.73	28.66	10.97	55.59
2000-01	14.20	0.87	16.91	11.53	43.52

2.7 In 1997-98, Union Government introduced the concept of Ways and Means Advances (WMA) to overcome temporary mismatches in its receipt and disbursements. This accommodation, by its very nature, was temporary and did not envisage any increase in the capital receipts. In Finance Accounts, however, receipts and disbursements on account of WMA appear on gross basis, inflating both receipts and disbursements. To arrive at the actual access to additional resources by the Union Government, WMA needs to be reckoned on net basis. Table 2.5 indicates the impact of this netting on total receipts, relative share of debt receipts and the ratio of total receipts to GDP.

Resources: Trends and Composition

Table 2.5: Revised Receipts and its share to Capital Receipt and GDP

(Rs in crore)

Year	Total Receipts	WMA Receipts	WMA Disbursements	Revised Total Receipts	Share of Borrowed Receipts	Revised Receipt/GDP Ratio
					<i>(per cent)</i>	
1997-98	788600	17239	15239	773361	68.67	36.42
1998-99	828520	92257	91215	737705	62.91	32.15
1999-2000	1087936	124972	127032	784684	60.19	33.38
2000-01	942985	131300	126887	816098	59.97	33.89

Note: - In computing the Revised Total Receipts in 1999-2000, issue of securities of Rs 176,221 crore in favour of NSSF has also been deducted as this did not result in accrual of any additional receipts.

2.8 With the neutralization of the impacts of WMA and NSSF, the rate of growth in total receipts becomes positive. The share of the capital receipts as *per cent* to total receipts declines to around 65 *per cent* on an average during 1997-2001 from a level of 68 *per cent* earlier. The total receipt/GDP ratio also gets moderated to around 34 *per cent* from a level of around 50 *per cent* without this neutralization.

Revenue Receipts: Movement of Major Aggregates

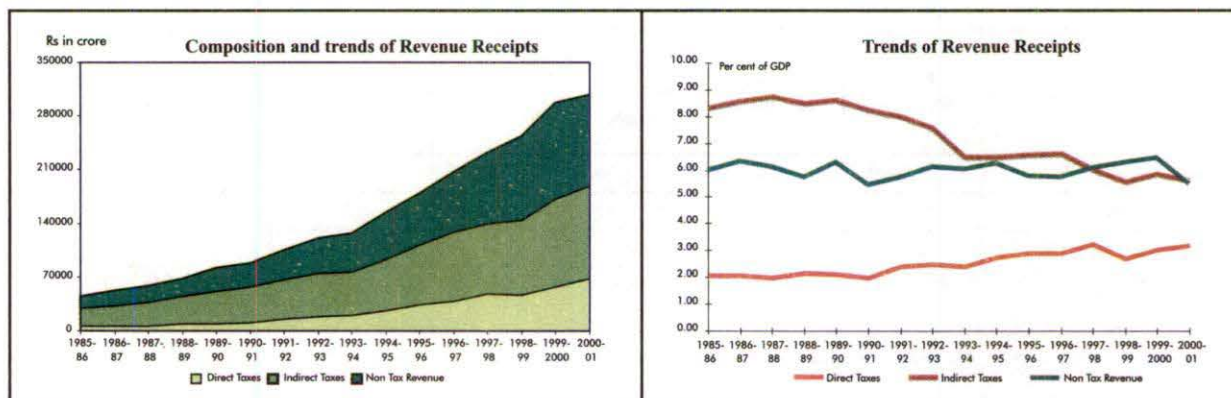
2.9 Overall revenue receipts of the Union Government increased nearly seven fold in last sixteen years (Table 2.6) from Rs 45,314 crore in 1985-86 to Rs 307,724 crore in 2000-01, spreading over nearly three plan periods with an average annual trend rate of 14.07 *per cent* as indicated in the Table 2.5.

Table- 2.6: Composition & trends of Revenue Receipts

(Rs in crore)

Year	Direct Tax	Indirect Tax	Total Tax	Non-tax Revenue	Gross Revenue	State Share	Net Revenue to the Union
1985-86	5603	23048	28651	16663	45314	7471	37843
1995-96	33564	77660	111224	68621	179845	29285	150560
1997-98	48260	90960	139220	92587	231807	35954	195853
1998-99	46600	97197	143797	110572	254369	39145	215224
1999-2000	57959	113794	171753	126323	298076	43481	254595
2000-2001	68305	120298	188603	119121	307724	51688	256036
Average Annual Trend Rate of growth (per cent)							
&							
1985-2001	19.29	11.39	13.39	15.15	14.07	13.85	14.11
VII Plan (1985-90)	16.29	15.89	15.97	15.21	15.70	14.73	15.88
VIII Plan (1992-97)	22.49	13.49	15.89	14.66	15.41	14.41	15.61
IX Plan (1997-2001)	13.43	10.48	11.5	9.30	10.61	12.68	10.21
Average Annual Rate of Growth (per cent)							
1998-99	-3.44	6.86	3.29	19.42	9.73	8.88	9.89
1999-2000	24.38	17.08	19.44	14.25	17.18	11.08	18.29
2000-01	17.85	5.72	9.81	-5.70	3.24	18.87	0.57

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2.10 There was, however, a general deceleration in the average annual rate of growth of the revenue receipts from 15.70 *per cent* during 1985-90 (VII Plan); to 15.41 *per cent* during 1992-97 (VIII Plan) and further to 10.61 *per cent* during 1997-2001 (IX Plan). The deceleration in growth was more pronounced in IX Plan. This deceleration is visible across all the three segments of current revenue, viz. the direct and indirect taxes and the non-tax revenue.

2.11 In case of direct taxes, trend annual growth rate declined from 22.49 *per cent* during 1992-97 to 13.43 *per cent* during 1997-2001. Higher growth of over 24 *per cent* in direct taxes during 1997-98 was on account of the VDIS, introduced as a one-time measure and later in 1999-2000 due to a low base. In case of indirect taxes, the decline was from 13.49 *per cent* to 10.48 *per cent* during this period.

2.12 Overall gross revenue of the Union Government recorded its lowest growth of 3.24 *per cent* in 2000-01. Non-tax revenue for the first time in last fifteen years, recorded a negative growth of 5.70 *per cent* during this year. The year 2000-01 being the first year of the implementation of the recommendation of the Eleventh Finance Commission, saw the share of States' in the gross tax revenue of the Union increase by 18.87 *per cent* compared to the previous year. As a result, the growth in the net current revenue further slipped to a bare 0.57 *per cent*.

2.13 Gross revenue of the Union Government as percentage to GDP also witnessed continuous deceleration as may be seen from Table 2.7.

Table 2.7: Revenue Receipts/GDP Ratio (*per cent*)

Year	Total Revenue receipts	Total Tax	Direct Tax	Indirect Tax	Non-tax Revenue	State Share	Net Revenue to Union
1985-2001	15.65	9.66	2.46	7.20	5.99	2.54	13.11
VII Plan (1985-90)	16.62	10.53	2.01	8.52	6.09	2.67	13.95
VIII Plan (1992-97)	15.30	9.34	2.62	6.71	5.97	2.56	12.74
IX Plan (1997-01)	14.78	8.70	2.98	5.72	6.08	2.30	12.48
Relative Share in the Years							
1998-99	14.47	8.18	2.65	5.53	6.29	2.23	12.24
1999-2000	15.23	8.78	2.96	5.81	6.45	2.22	13.01
2000-01	14.20	8.70	3.15	5.55	5.50	2.39	11.82

2.14 Gross revenue of the Union Government reached a level of 16.62 *per cent* of GDP during 1985-90 (VIIth Plan). However, since then, it declined to 15.30 *per cent* during 1992-97 and further to 14.78 *per cent* during 1997-2001. The gross revenue/GDP ratio declined further to 14.20 *per cent* during the current year. This decline is even sharper given the level of 15.23 *per cent* reached a year earlier. The net revenue, after providing for the share of the States, as percentage to GDP also had its sharpest fall in 2000-01, declining from 13.01 *per cent* reached a year earlier to 11.82 *per cent*.

2.15 Gross tax revenue also declined from an average of 10.53 *per cent* during 1985-90 to an average of 8.70 *per cent* during 1997-2001. While there was a moderate acceleration in direct tax/GDP ratio to 2.98 *per cent* during the Ninth Plan, indirect tax/GDP ratio declined from an average of 8.52 *per cent* during 1985-90 to an average of 5.72 *per cent* during 1997-2001. Though a decline in the indirect tax/GDP ratio was to some extent expected in view of ongoing reforms in that sphere, it ought to have been compensated by an increase in direct tax/GDP ratio for revenue neutrality, which, however, did not take place.

2.16 The proceeds of tax revenue assigned to States' as percentage to GDP also declined from an average of 2.67 *per cent* during 1985-90 to an average of 2.30 *per cent* during 1997-2001. The ratio, however, marginally increased to 2.39 *per cent* in 2000-01.

2.17 The overall tax/GDP ratio of the Union Government at 8.70 is around 10-*per centage* point lower than the world average of 18.70 *per cent* in 1998. (As reported in *World Development Indicators* and taken from IMF's *Government Finance Statistics Yearbook 2000*). Apart from the untapped potential in the current bases for direct and indirect taxes, the low tax/GDP ratio is also attributed to inadequate coverage of the services sectors, accounting for over 50 *per cent* of GDP, agriculture sector accounted for another 26 *per cent* of GDP and the revenue forgone under various tax saving devices.

Major Taxes: Relative Performance

2.18 The relative performance of different taxes has changed significantly over the years (Table 2.8). Corporate tax recorded the highest trend growth of 19.24 *per cent* during 1985-2001; followed by income tax, other taxes, excise duties and customs duties in that order.

Table 2.8: Components of Tax Revenue

(Rs in crore)

	Corporat ion Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others	Total
1985-86	2865	2511	9526	12956	0	793	28651
1995-96	16487	15592	35757	40187	861	2340	111224
1997-98	20016	17101	40193	47962	1586	12362	139220
1998-99	24529	20240	40668	53246	1957	3157	143797
1999-2000	30692	25655	48420	61902	2128	2956	171753
2000-01	35696	31764	47542	68526	2613	2462	188603
Average Annual trend Rate of Growth (per cent)							
1985-2001	19.24	18.53	11.25	11.41	-	11.50	13.39
VII Plan (1985-90)	14.28	19.34	17.31	14.56	-	16.74	15.97
VIII Plan (1992-97)	21.71	24.72	18.00	10.45	-	-2.50	15.89
IX Plan (1997-01)	21.65	23.30	7.02	12.99	23.37	-38.78	11.50
Average Annual Rate of Growth (per cent)							
1998-99	22.55	18.36	1.18	11.02	23.39	-74.46	3.29
1999-2000	25.13	26.75	19.06	16.26	8.74	-6.37	19.44
2000-01	16.30	23.81	-1.81	10.70	22.79	-16.71	9.81

2.19 Overall tax revenue of the Union Government achieved the highest annual growth of 15.97 *per cent* during the Seventh Five Year Plan (1985-90). A high growth of 19.34 *per cent* in income tax and a growth of 17.31 *per cent* in customs duties contributed to this growth. During VIII Plan, while the overall high growth was maintained, significant contribution came from corporation and income tax. In IX Plan, however, the high growth of earlier plans was not maintained. Deceleration in the rate of growth became quite sharp in 2000-01, and touched all the major taxes with the exception of service tax.

Tax Buoyancy

2.20 The increase in tax revenue, however, needs to be seen in terms of the tax potential and increase in the tax base. The CAG's Report No. 12 of 2002 on the Union Government (Direct Taxes) mentions that overall coverage of non-corporate assesses in the higher income groups continues to be around 50% of the potential. The gross income reported by the non-corporate assesses

in 1996-97 was only 8.86% of the aggregate personal income as per the National Account Statistics. However, an independent survey by NCAER (*National Council of Applied Economic Research - Household Income Survey 1998-99*) observed that top 5.70% of the households had access to nearly 26% of income. Income tax collections have continued to predominantly come from assesses with income of up to Rs 5 lakh. The increase in tax coverage has made little qualitative change in tax collection in terms of income categories, nor has it been able to widen the coverage in terms of overall national income. Similarly, in corporate tax, the coverage of companies registered continues to be around 50 per cent.

2.21 As a part of the fiscal reforms, and the overall liberalisation process, the customs duty rates have been rationalised and reduced substantially. However, a considerable amount of revenue is forgone under various export promotion schemes, which reached 45.6 per cent of the total duties collected in 2000-01. Some of these schemes, particularly the Duty Exemption Pass Book Scheme (DEPB) are proposed to be phased out from April 2002 being WTO non-compatible.

Table 2.9: Customs duty forgone

(Rs in crore)

Year	Customs duty collected	Total duty forgone under export promotion schemes	Duty forgone as per cent of customs receipts	Exports
1997-98	40193	13157	32.70	132703
1998-99	40668	15492	38.10	144436
1999-2000	48420	18166	37.50	162753
2000-01	47542	21658	45.60	205287

2.22 Though there has been an increase in exports, the ratio of the rate of growth of the duty forgone and the rate of growth of exports during this period has been only 0.853 indicating that for each one per cent increase in revenue forgone, rate of growth of exports has been only 0.85 per cent.

2.23 Further, over the years, the gap between the import figures as released by Director General of Commercial Intelligence and Statistics (DGCI&S) and the Reserve Bank of India has been increasing from around 6 per cent in 1992-93 to around 17 per cent in 1999-2000, and there has not yet been a satisfactory explanation. There is need for a comprehensive matching of the records of these two agencies.

2.24 The tax/GDP ratio is generally indicative of the extent of realisation of the tax potential. Table 2.10 below gives the trends of this ratio over the plans and on an annual basis for the most recent three years.

Table 2.10: Tax/GDP Ratio of Major Taxes

	<i>(per cent)</i>					
	Corpora- tion Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Other Taxes
1985-2001	1.22	1.11	3.10	3.89	0.04	0.29
VII Plan (1985-90)	1.01	0.95	3.69	4.61	0.00	0.28
VIII Plan (1992-97)	1.29	1.19	2.91	3.63	0.04	0.27
IX Plan (1997-2001)	1.48	1.26	2.41	3.13	0.11	0.31
Annual Tax/GDP Ratios						
1998-99	1.40	1.15	2.31	3.03	0.11	0.18
1999-2000	1.57	1.31	2.47	3.16	0.11	0.15
2000-01	1.65	1.47	2.19	3.16	0.12	0.11

2.25 The tax/GDP ratio for both customs and excise duties has been declining. Average customs duties/GDP ratio, which was 3.688 *per cent* during 1985-90, declined to 2.194 *per cent* by 2000-01. Similarly, the ratio for excise duties is now 3.162 as compared to 4.605 during 1985-90 (VII Plan).

2.26 It is also appropriate to consider the buoyancy of different taxes with respect to GDP and their respective tax bases. The buoyancy coefficients indicate the percentage increase in the tax revenue following a one *per cent* increase in the GDP or the tax base. While a buoyancy of greater than one is desirable, a buoyancy of less than one indicates that the concerned tax may be regressive because as income increases, a lower part of that increase gets taxed. Table 2.11 indicates the buoyancies of major taxes during 1985-2001, a longer tenure of 16 years and three sub periods each coinciding with a plan.

Table 2.11: Buoyancy of Major Taxes

	Overall Buoyancy (1985-2001)	Buoyancy (1985-90)	Buoyancy (1992-97)	Buoyancy (1997-2001)	Buoyancy with Alternate Base
Gross Tax Revenue	0.888	1.039	0.967	0.912	
Direct Taxes	1.245	1.085	1.329	1.035	
Corporation Tax	1.242	0.946	1.288	1.674	1.175
Income Tax	1.201	1.251	1.447	1.774	1.136
Indirect Taxes	0.762	1.028	0.830	0.845	
Customs Duties	0.755	1.111	1.087	0.574	0.588
Excise Duties	0.762	0.955	0.651	1.038	0.762

2.27 GDP and its components are the bases for various taxes. Since the incidence of a tax falls on these specific components, these components are even more appropriate for the buoyancy estimates. In view of this, buoyancy

of these taxes has been calculated with reference to GDP and also with reference to these more appropriate tax bases. For corporation and income tax, non-agricultural income has been taken as a more appropriate tax base. Similarly, for customs and excise duties, imports and GDP from the manufacturing sector has been taken as the alternate bases.

2.28 Both corporation and income tax had improved buoyancies over the plan periods. Buoyancy of both corporate and income tax, however, declines with the alternate base, the non-agricultural income, which is a better proxy. Buoyancy for both customs and excise duties has remained below one. There has been a sharp fall in buoyancy of customs duties during 1997-2001, though there was hardly any change in the rates during this period. These duties had a buoyancy of greater than one during the Seventh and Eighth Five Year Plan. Decline in the buoyancy during 1992-97 (VIII Plan) was only moderate. It is also evident that higher buoyancy in the direct taxes has not been able to offset the deceleration in buoyancy of indirect taxes, leading to an overall tax buoyancy of less than one.

Non-Tax Revenue

2.29 Non-tax revenues of the Union Government consist mainly of returns on past investment including loans and advances and recovery of user charges from the services provided. Non-tax revenues constitute a little over one third of the current revenues of the Union Government. This ratio has witnessed a gradual acceleration over the last three Plans (Table 2.12). Within the non-tax revenue, relative share of interest receipts and profits/dividends has increased, while the share of revenues from railways has declined.

Table 2.12: Non Tax Revenue- Relative Shares (per cent)

Period/Year	Non-Tax revenue	Interest Receipts	Profits & Dividend	Railways	Telecom munication	Others
1985-2001	38.34	27.59	6.22	34.06	11.35	20.77
VII Plan (1985-90)	36.63	27.08	3.07	38.50	8.20	23.15
VIII Plan (1992-97)	39.01	27.36	7.83	32.86	12.90	19.05
IX Plan (1997-2001)	41.13	28.92	9.01	28.20	13.70	20.18
Relative Annual Shares (in per cent)						
1998-99	43.47	27.20	8.51	26.70	16.05	21.54
1999-2000	42.38	30.27	7.56	26.00	14.45	21.71
2000-01	38.71	30.83	11.40	29.28	8.54	19.95

2.30 Relative shares of the various components of non-tax revenue have undergone significant changes over the plans. The share of interest receipts and dividends put together has increased from an average of 30 per cent of total non-tax

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revenue during 1985-90 to an average of 38 *per cent* during 1997-2001. Though the share of telecommunications has increased over the plans, there has been a sharp deceleration in 2000-01. The share of Railways suffered a sharp deceleration from an average of 38.5 *per cent* during 1985-90 to an average of 28.2 *per cent* during 1997-2001.

2.31 The shift in the relative shares of the different components of non-tax revenue has continued in the last three years as well. There was a sharp increase in the relative share of dividends and profits to 11.4 *per cent* during 2000-01, share of telecommunications has declined from 14.45 *per cent* during 1999-2000 to 8.54 *per cent* in 2000-01, partly due to the corporatisation of the operations of the Department.

2.32 Major components of the non-tax revenues and the observed growth rates over the sub periods of the Three Plans are indicated in Table 2.13. Interest receipts and revenue from railways constituted nearly 60 *per cent* of the overall non-tax revenue. Though average annual rate of growth in interest receipts improved over the plan periods, in 2000-01, the growth was negative. This was due to a decline in interest receipts from Railways and public sector undertakings. Interest receipt from railways declined from Rs 1864 crore in 1999-2000 to Rs 282 crore in 2000-01. Similarly, interest receipts from public sector undertakings declined from Rs 4943 crore in 1999-2000 to Rs 3430 crore.

Table 2.13: Composition of Non-Tax Revenue- Trends

(Rs in crore)

	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Railways	Telecommunication	Other Services
1985-86	16663	4595	515	6591	1309	3653
1995-96	68621	18429	5306	22374	9761	12751
1997-98	92587	25343	7944	28518	14587	16195
1998-99	110572	30076	9411	29521	17744	23820
1999-2000	126323	38239	9553	32843	18257	27431
2000-2001	119121	36721	13575	34780	10175	23870
Average Annual trend growth rates (in per cent)						
1985-2001	15.15	15.78	27.28	12.06	20.33	13.67
VII Plan (1985-90)	15.21	13.84	23.00	12.15	24.62	16.77
VIII Plan (1992-97)	14.66	14.32	30.01	11.62	26.68	8.28
IX Plan (1997-2001)	9.30	14.48	17.61	7.37	-9.99	13.80
Annual Rate of Growth (per cent)						
1998-99	19.42	18.68	18.47	3.52	21.64	47.08
1999-2000	14.25	27.14	1.51	11.25	2.89	15.16
2000-01	-5.70	-3.97	42.10	6.20	-44.27	-13.35

2.33 Revenues from dividends and profit recorded a healthy growth of 42.10 *per cent* in 2000-01 and a long-term trend growth of 27.28 *per cent*. But

as has been explained later in this chapter, returns were grossly inadequate given the investment. There was a negative growth in revenue from telecommunication and average annual growth during 1997-2001 slipped to (-) 9.99 *per cent* due a negative growth of 44.27 *per cent* in 2000-01. Non-tax revenue from other sources also recorded a negative growth of 13.36 *per cent* in 2000-01. The combined impact of all these resulted an overall negative growth in non-tax revenue in 2000-01.

2.34 Overall trends, performance over the plans and annual non-tax revenue/GDP ratios are indicated in Table 2.14:

Table 2.14: Non-Tax Revenue/GDP Ratio

	Non Tax Revenue Total	Interest Receipts	Dividends and Profits	Railways	Telecommunication	Other Services
1985-2001	5.99	1.65	0.37	2.04	0.68	1.25
VII Plan (1985-90)	6.09	1.65	0.19	2.34	0.50	1.41
VIII Plan (1992-97)	5.97	1.63	0.47	1.96	0.77	1.14
IX Plan (1997-2001)	6.08	1.76	0.54	1.71	0.84	1.23
Annual non-tax revenue/GDP ratio						
1998-99	6.29	1.71	0.54	1.68	1.01	1.35
1999-2000	6.45	1.95	0.49	1.68	0.93	1.40
2000-01	5.50	1.69	0.63	1.61	0.47	1.10

2.35 Non-tax revenue as percentage to GDP remained stagnant at around 6 *per cent*. It had increased to a level of 6.3-6.5 *per cent* in 1998-99 and 1999-2000 due to increased revenue from telecommunication and petroleum. Decline in these revenues in 2000-01 led to a sharp fall in this ratio to 5.50 *per cent*.

Non-Debt Capital Receipts

2.36 Non-debt capital receipts consist of miscellaneous capital receipts (disinvestment) and recovery of loans and advances. Table 2.14 gives the details of non debt capital receipts from disinvestment and recovery of loans and advances given by Union Government to State and Union Territory governments, foreign governments, government corporations and non-government institutions and government servants.

2.37 The Union Government initiated the disinvestment process in 1991-92. The budget estimates and actual realisation of the proceeds from disinvestment

are indicated in Table 2.15. This table also indicates the estimates and actual recovery of loans and advances of the Union Government.

2.38 Notwithstanding the limitations of the disinvestment policy, the Government has over a decade been able to realize 38.02 per cent of its cumulative budget estimates in this regard. Government's recovery of loans and advances on the whole has been on target primarily because of a captive clientele.

Table 2.15: Realisation from Disinvestment & Recovery of Loans

(Rs in crore)

Year	Disinvestment			Recovery of Loans		
	Budget Estimates	Actual Realisation	Per cent Realisation	Budget Estimates	Actual Realisation	Per cent Realisation
1991-92	2500	3038	121.52	6778	7001	103.29
1992-93	2500	1961	78.44	7608	7678	100.92
1993-94	3500	-48	-1.37	8073	7611	94.28
1994-95	4000	5078	126.95	7831	6507	83.09
1995-96	7000	362	5.17	7862	6999	89.02
1996-97	5000	380	7.60	8184	8696	106.26
1997-98	4800	910	18.96	9916	9596	96.77
1998-99	5000	5369	107.38	11560	13189	114.09
1999-2000	10000	1723	17.23	13337	12551	94.11
2000-01	10000	1870	18.70	15839	16799	106.06
Overall	54300	20643	38.02	96988	96627	99.63

2.39 Other capital receipts consist of market borrowing and accruals in the public accounts, which are debt creating in nature and are discussed in later chapters.

Inadequate Returns on Investments

2.40 Appendix I presents 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 year 2000-01. The progressive total investment (excluding the RBI) of the government in statutory corporations, government companies, other joint stock companies, co-operative banks and societies, international bodies etc. increased from Rs 94898 crore on 31 March 2000 to Rs 99322 crore on 31 March 2001.

2.41 The Union Government received a dividend of Rs 3179.49 crore during 2000-01 on an investment of Rs 72921.05 crore (as on 31 March 2000) in 249 government companies and corporations, which was only 4.36 per cent of investment. Out of 249 PSUs, 83 paid dividend to the Union Government in 2000-01, as shown in Table 2.16.

Table 2.16 Sector-wise Number of PSUs Paying Dividend

Ministry	Number of PSUs.	PSUs paying dividend	Ministry	Number of PSUs.	PSUs paying dividend
Industry	50	4	Finance	5	2
Steel and Mines	16	7	Urban Affairs and Employment	4	1
Chemicals and Fertilizers	19	4	Atomic Energy	5	2
Home Affairs	16	2	Food & Civil Supply	3	1
Petroleum and Natural Gas	13	11	Health and Family Welfare	3	2
Agriculture	13	3	Electronics	3	1
Energy	13	9	Environment and Forest	3	1
Railways	13	4	Water Resources	3	1
Textiles	10	3	Science & Technology	2	Nil
Surface Transport	10	2	Food Processing	2	Nil
Commerce	8	5	Information and Broadcasting	2	2
Defence	8	7	Planning	2	Nil
Welfare	5	Nil	Rural Areas and Employment	2	Nil
Civil Aviation & Tourism	5	2	Human Resource Development	1	1
Communication	5	5	Space	1	1
Tribal Affairs	2	Nil	Social Justice and Empowerment	2	Nil
			Total	249	83

2.42 The major contributors of dividend were Oil and Natural Gas Corporation (Rs 780 crore), Indian Oil (Rs 255 crore), Gas Authority of India

(Rs 171 crore), Hindustan Petroleum (Rs 145 crore), Bharat Petroleum (Rs 124 crore), Power Finance Corporation (Rs 125 crore), Coal India Limited (Rs 116 crore), Mahanagar Telephone (Rs 106 crore), Oil India (Rs 105 crore), National Aluminium Company (Rs 112 crore), NTPC (Rs 350 crore), and Neyveli Lignite Corporation (Rs 118 crore). In most of these cases, product prices are administratively determined or regulated to varying degrees.

2.43 CAG's Report No. 1 (Commercial) of 2002 indicates that 94 companies under 22 Ministries/Departments have completely eroded an investment of Rs 12605.35 crore made in their equity capital of as a result of losses accumulated. Consequently, the net worth of these Companies at present is negative and recovery of the loans given by the Government and other agencies to these Companies has become doubtful.

2.44 A review in audit of prices of shares prevailing in the stock market in respect of 28 Government Companies listed in the various stock exchanges for which data was available also revealed that the total market value of their equity shares as on 31 March 2001 stood at Rs 86595.84 crore as compared to the total book value of Rs 100501 crore indicating an erosion of Rs 13905 crore in their value.

Chapter 3

APPLICATION OF RESOURCES: EXPENDITURE

The government has access to only 31 per cent of its mobilised resources for non-interest expenditures.

3.1 In this Report, 'total disbursements' include repayment of debt and public account payments, and the term 'total expenditure' denotes all expenditures, both revenue and capital, out of the Consolidated Fund of India, excluding the repayment of debt and public account payments. The government applied total resources of Rs 942,985 crore that it mobilized during 2000-01, to disbursements as shown in Table 3.1.

Table-3.1: Application of Resources

			<i>(Rs in crore)</i>
I	Resources available		942,985
II	Application of Resources		941,787
	a.	Repayment of Debt	269,512
		Internal Debt	259,689
		External Debt	9,823
	b.	Discharge of liabilities on Public Account	
		Small Savings and Provident Fund	126,464
		Reserve Fund	21,378
		Deposits	59,873
		Others	17,038
	c.	Actual Expenditure	395,834
		Revenue Expenditure	342,647
		Capital Expenditure	25,426
		Loans and Advances	27,761
	d.	Share of the States' in taxes	51,688
III	Increase in Cash Balances		1,198
	a.	Closing Cash Balances	3,853
	b.	Opening Cash Balances	2,655

3.2 The repayments of debt and discharge of Public Account liabilities accounted for 52.5 per cent of these resources, amounting to Rs 494,265 crore. After deducting interest payments amounting to Rs 103,224 crore and

providing for the States' share of the taxes, the government was left with only about 31 *per cent* of the mobilised resources for other expenditures.

Total Disbursement: Trends

3.3 During the last sixteen years, total disbursement of the Union Government increased from Rs 225,948 crore in 1985-86 to Rs 941,787 crore in 2000-01, at a trend rate of 10.83 *per cent* per annum. However, relative movements across the major expenditure groups and over different plan periods have been uneven as indicated in Table 3.2.

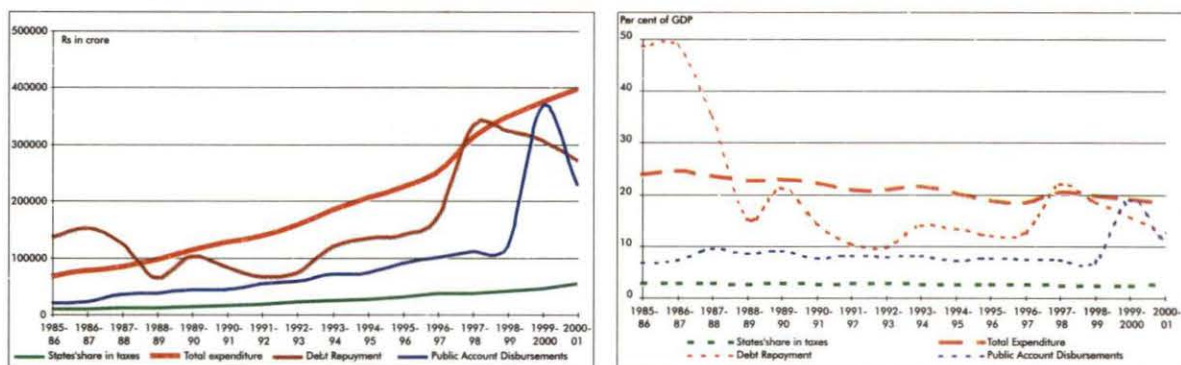
Table 3.2: Components of Total Disbursement

(Rs in crore)

	Total Expenditure	States' share in taxes	Repayment of Debt	Disbursement in Public Account	Total Disbursement	GDP (Market Price)
85-86	66112	7471	134312	18053	225948	277991
1995-96	222645	29285	139246	89381	480557	1188012
1997-98	310982	35954	331050	109704	787690	1522441
1998-99	347585	39145	322679	118876	828285	1758276
1999-2000	372619	43481	305088	367612	1088800	1956997
2000-01	395834	51688	269512	224753	941787	2166869
Average Annual Trend Rate of Growth (<i>in per cent</i>)						
1985-2001	13.10	13.85	8.24	17.44	11.68	15.21
VII Plan (1985-90)	13.55	14.73	-13.22	24.61	1.24	15.28
VIII Plan (1992-97)	11.87	14.41	20.90	14.32	14.84	16.54
IX Plan (1997-2001)	8.26	12.68	-6.51	38.83	8.43	12.37
Annual Rate of Growth (<i>in per cent</i>)						
1998-99	11.77	8.88	-2.53	8.36	5.15	15.49
1999-2000	7.20	11.08	-5.45	209.24	31.45	11.30
2000-01	6.23	18.87	-11.66	-38.86	-13.50	10.72

3.4 Total disbursements recorded their lowest average annual growth of 1.24 *per cent* during the VII Plan (1985-90). During this period, application of resources for the purpose of repayment of debt actually declined at an average annual rate of 13.22 *per cent*. Growth of total disbursement, however, significantly accelerated to 14.84 *per cent* during the VIII Plan (1992-97). During the first four years of the IX Plan (1997-2001), increase in total disbursement averaged 8.43 *per cent* per annum. Overall growth in total

Application of Resources: Expenditure



disbursement has remained lower than the growth in GDP. The only component of disbursement, which has grown faster than GDP, has been the disbursement from public account. Total expenditure of the Union government has a long-term trend growth of 13.10 *per cent* during 1985-2001. There was, however, a continuous deceleration in this growth.

3.5 In the current year, total disbursement recorded a negative growth of 13.50 *per cent*. But this negative growth must be seen in context of a sharp increase of 31.45 *per cent* in total disbursement in 1999-2000, due to the creation of NSSF and issue of the special securities by the Union government for the net outstanding balances of small savings.

3.6 The relative share of various expenditure components changed over the plans as would be seen from Table 3.3.

Table 3.3: Disbursement Components: Relative Share (*per cent*)

	Total Expenditure	States' Share in Taxes	Repayment of Debt	Disbursement from Public Account
1985-2001	42.01	5.10	35.82	17.07
VII Plan (1985-90)	35.99	4.11	47.28	12.63
VIII Plan (1992-97)	47.29	6.10	28.76	17.85
IX Plan (1997-2001)	39.42	4.69	34.41	21.48
Annual Relative Share				
1998-99	41.96	4.73	38.96	14.35
1999-2000	34.22	3.99	28.02	33.76
2000-01	42.03	5.49	28.62	23.86

3.7 The share of total expenditure, which had increased from an average of 35.99 *per cent* of total disbursement during 1985-90 to an average of 47.29 *per cent* during 1992-97, declined to an average of 43.68 during 1997-2001. A similar trend is exhibited by the disbursement on account of the share of the States' in Union taxes. Conversely, the combined share of disbursement from Public account and repayment of debt increased to an average of around 55 *per cent* during 1997-2001, from an average of around 47 *per cent* during 1992-97. In 2000-01, the ratio between the total expenditure including the share of the States' in the Union taxes and discharge of debt was 48:52, more or less similar to the trend ratio of 47:53.

3.8 The various components of expenditure as percent to GDP show a declining trend. Total expenditure/GDP ratio declined from an average of 23.44 *per cent* during the VII Plan (1985-90) to 19.38 *per cent* during the IX Plan (1997-2001). It further declined to 18.27 *per cent* in 2000-01.

Table 3.4: Components of Disbursement as percentage to GDP

	Total Expenditure	States' Share in Taxes	Repayment of Debt	Disbursement from Public Account	Total Disbursements
1985-2001	21.09	2.54	20.06	8.51	52.20
VII Plan (1985-90)	23.44	2.67	33.54	8.04	67.70
VIII Plan (1992-97)	19.91	2.56	12.13	7.51	42.11
IX Plan (1997-2001)	19.38	2.30	17.03	10.78	49.49
Annual Relative Share					
1998-99	19.77	2.23	18.35	6.76	47.11
1999-2000	19.04	2.22	15.59	18.78	55.64
2000-01	18.27	2.39	12.44	10.37	43.46

3.9 Total disbursement/GDP ratio shows a sharp deceleration from an average of 67.70 *per cent* during 1985-90 to an average of 42.11 *per cent* in 1992-97. This deceleration, as was indicated in the previous chapter, was due to a negative growth in capital receipt and disbursement during 1985-90. Disbursement/GDP ratio also shows wide annual fluctuations during 1997-2001. Increase in this ratio in 1999-2000, was, however, due to the creation of NSSF.

3.10 In 1997-98, to overcome temporary mismatches in receipts and disbursements, Ways and Means Advances (WMA) were introduced. Though accruals and disbursements of WMA were of short-term nature and generally self-liquidating within the year, their inclusion in receipts and disbursements have a tendency of inflating them. Overall disbursement, after netting the WMA disbursements, its share as percentage to GDP and the relative share of disbursement on account of debt and public account repayments are indicated in Table 3.5.

Table- 3.5: Revised Disbursement and its share to GDP

Year	Total Disbursement	WMA Disbursement	Revised Disbursement	Total Debt Disbursement/ Revised Disbursement	Revised Disbursement/ GDP
	<i>(Rs in crore)</i>			<i>(per cent)</i>	
1997-98	787690	15239	772451	55.09	50.74
1998-99	828285	91215	737070	47.53	41.92
1999-2000	1088800	127032	785547	47.03	40.14
2000-01	941787	126887	814900	45.08	37.61

Note- In computing the revised expenditure in 1999-2000, issue of securities of Rs 176,221 crore to NSSF has also been ignored.

3.11 With the neutralization of the impacts of WMA and the NSSF, total disbursements become more aligned, showing a positive growth in 2000-01. The total disbursement/GDP ratio declined to 37.61 *per cent* in 2000-01 and an average of 42.60 *per cent* during 1997-2001 from the earlier level of 43.46 *per cent* and 49.49 *per cent* respectively. The ratio between the total expenditure including the share of the States' in taxes and the disbursement for debt also improves to an average of 51:49 during 1997-2001 and to a level of 55:45 in the current year.

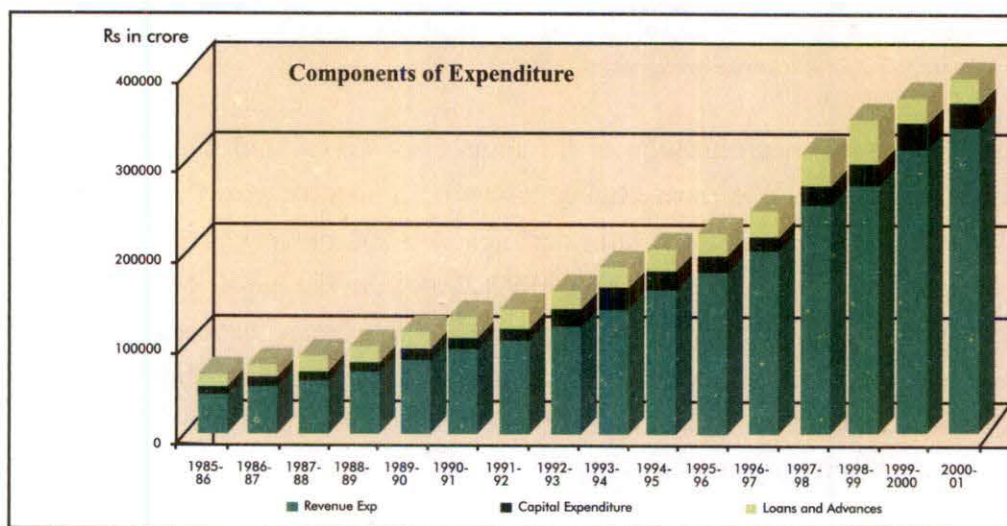
Expenditure: Main Aggregates

3.12 Table 3.6 presents a summary of the total expenditure of the Union government (excluding repayment of debt) and the observed trend growth rates over the plan periods.

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Table 3.6: Expenditure Components (Rs in crore)

	Revenue Expenditure	Capital Expenditure	Loans & Advances	Total Expenditure
1985-86	43407	8900	13805	66112
1995-96	180291	17544	24810	222645
1997-98	255286	20225	35471	310982
1998-99	275791	25200	46594	347585
1999-2000	316237	29023	27359	372619
2000-01	342647	25426	27761	395834
Average Annual Trend Growth rate (per cent)				
1985-2001	14.94	7.13	7.03	13.10
VII Plan (1985-90)	16.49	8.87	6.01	13.55
VIII Plan (1992-97)	14.64	-8.44	11.91	11.87
IX Plan (1997-2001)	10.74	8.63	-11.91	8.26
Annual Rate of Growth (per cent)				
1998-99	8.03	24.60	31.36	11.77
1999-2000	14.67	15.17	-41.28	7.20
2000-01	8.35	-12.39	1.47	-6.23



3.13 Appendix-II presents the figures of total expenditure during the last 25 years since 1976-77. Total expenditure of the Union Government (net of the States' share in taxes) increased nearly six times in the last sixteen years, recording an average annual trend growth of 13.10 per cent. Capital expenditure, however, grew at a lower rate of only 7.13 per cent during this period. Comparison of the relative growth rates over the three plan periods indicate that while revenue expenditure had

a positive growth, there were fluctuations in the growth of capital expenditure and loans and advances. The rate of growth of revenue expenditure also decelerated over the plans. It declined from an average of 16.49 *per cent* per annum during 1985-90 to an average of 14.64 *per cent* during 1992-97 and further to an average of 10.74 *per cent* during 1997-2001. Rate of growth of both capital expenditure and loans and advances remained lower than the overall expenditure growth, and more particularly in comparison to the growth in revenue expenditure. Over all growth in aggregate expenditure was moderated due to a comparatively lower growth of these components. During 1992-97, capital expenditure recorded a negative growth of 8.44 *per cent* per annum. Growth rates, however, became positive during 1997-2001. Loans and advances also witnessed a negative growth during 1997-2001. This was; however, due to shift to direct disbursement of the States' share of small savings collections from NSSF since 1999-2000, which were earlier routed through the Consolidated Fund.

3.14 In 2000-01, capital expenditure again declined. The decline was due to decline in investment in General Financial and Trading Institutions from Rs 3058 crore in 1999-2000 (to Unit Trust of India for SUS-99) to Rs 12 crore in 2000-01. There was also a decline in investment in International financial Institutions from Rs 1854 crore in 1999-2000 to Rs 564 crore in 2000-01.

While all categories of Union government expenditure have shrunk compared to their ratio with GDP in 1985-90, the decline in the capital expenditure was most worrisome.

3.15 Total expenditure continued to decelerate relative to GDP over the plans, from 23.44 *per cent* on an average during VII Plan (1985-90) to an average of 19.38 *per cent* during first four years of IX Plan (1997-2001).

Table 3.7: Expenditure as percentage to GDP

	Net Revenue Expenditure	Capital Expenditure	Loans & Advances	Aggregate Expenditure
1985-2001	16.02	2.20	2.87	21.09
VII Plan (1985-90)	16.34	3.03	4.07	23.44
VIII Plan (1992-97)	15.59	2.03	2.29	19.91
IX Plan (1997-2001)	16.11	1.35	1.91	19.38
Annual Relative Percentage Shares				
1998-99	15.69	1.43	2.65	19.77
1999-2000	16.16	1.48	1.40	19.04
2000-01	15.81	1.17	1.28	18.27

3.16 As would be seen from Table 3.7, while the decline in the revenue expenditure was only moderate over the plans, (net revenue expenditure actually increased to an average of 16.11 *per cent* of GDP during 1997-2001 from an average of 15.59 *per cent* during 1992-97) it was relatively sharp for both capital expenditure and loans and advances. These two components together declined from 7.10 *per cent* of GDP during 1985-90 to an average of 3.26 *per cent* during 1997-2001, a decline of over 40 *per cent*. Both capital expenditure and loans and advances reached the lowest level to GDP of 1.17 and 1.28 *per cent* respectively in 2000-01. These two components became the variable of adjustment in the wake of fall in tax revenue relative to GDP.

The overall government expenditure, while declining has steadily tilted towards non-asset forming revenue expenditures, which in 2000-01 accounted for 87 *per cent* of the total expenditure.

3.17 Table 3.8 presents the relative share of the three components of expenditure over time. While the share of revenue expenditure increased continuously from an average of 72.90 *per cent* during 1987-92 to an average of 83.22 during 1997-2001, the share of capital expenditure and loans and advances declined. The shift towards revenue expenditure was further pronounced in first four years of IX Plan, reaching a level of 86.56 *per cent* in 2000-01. Capital expenditure now accounts for a meagre 6.42 *per cent* of aggregate expenditure and loans and advances another 7.01 *per cent*.

Table 3.8: Components of Expenditure - Relative share (*per cent*)

	Revenue Expenditure	Capital Expenditure	Loans & Advances	Total Expenditure
1985-2001	76.45	10.21	13.34	100.00
VII Plan (1985-90)	69.76	12.90	17.34	100.00
VIII Plan (1992-97)	78.46	10.02	11.52	100.00
IX Plan (1997-2001)	83.22	6.99	9.79	100.00
Annual Relative Percentage Shares				
1998-99	79.34	7.25	13.41	100.00
1999-2000	84.87	7.79	7.34	100.00
2000-01	86.56	6.42	7.01	100.00

3.18 Decline in relative share of capital expenditure indicates that the current consumption of the Union Government is vouching priority over capital formation. This, over the time may adversely affect the future income

generating capacity of the economy and may accentuate infrastructural bottlenecks.

Expenditures: Plan and Non-Plan

Capital component of plan expenditure during several years was dismally low. In the overall decline of capital expenditure, the decline in its plan component was sharper.

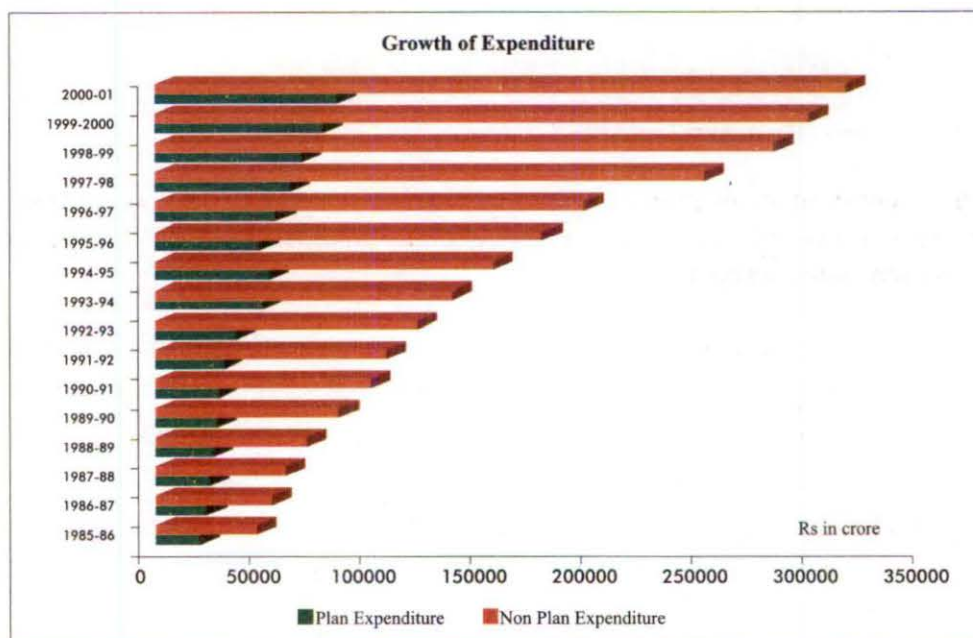
3.19 Plan expenditure normally relates to incremental development expenditure and involves both revenue and capital expenditure. It is desirable, however, that the share of capital expenditure should be sustained in plan expenditure. Non-plan expenditure, on the other hand, is normally devoted to maintaining the levels of services already achieved. Table 3.9 presents the growth and composition of plan and non-plan expenditure of the Union government.

Table 3.9: Components of Expenditure - Plan & Non plan

(Rs in crore)

	Plan Expenditure				Non-Plan Expenditure			
	Total	Revenue	Capital	Loans	Total	Revenue	Capital	Loans
1985-86	20308	6960	6685	6663	45804	36447	2215	7142
1995-96	47224	29021	5786	12417	175421	151270	11758	12393
1997-98	61809	35206	10126	16477	249173	220080	10099	18994
1998-99	67249	40550	8763	17936	280336	235241	16437	28658
1999-2000	76213	46831	9400	19982	296406	269406	19623	7377
2000-01	82897	51204	11153	20540	312937	291443	14273	7221
Average Annual Trend Growth Rate (in per cent)								
1985-2001	9.86	14.34	3.08	7.52	14.19	15.05	11.93	5.57
VII Plan (1985-90)	8.22	15.07	-1.23	9.00	15.72	16.75	29.64	2.61
VIII Plan (1992-97)	7.53	11.48	-4.45	7.28	13.24	15.27	-11.36	18.27
IX Plan (1997-2001)	10.58	13.52	3.67	8.00	7.67	10.28	12.92	-34.68
Annual Rate of Growth (per cent)								
1998-99	8.80	15.18	-13.46	8.85	12.51	6.89	62.76	50.88
1999-2000	13.33	15.49	7.27	11.41	5.73	14.52	19.38	-74.26
2000-01	8.77	9.34	18.65	2.79	5.58	8.18	-27.26	-2.11

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3.20 Over the longer period, the lower average annual growth of plan expenditure is apparent. The average annual growth of plan expenditure at 9.86 *per cent* during 1985-2001 is significantly lower than the non-plan growth of 14.19 *per cent* over the same period. There was, however, some acceleration in the overall growth in plan expenditure during the Ninth Plan. But despite this acceleration, rate of growth of the capital expenditure and loans and advances was much lower, indicating worsening of their relative position. Non-plan expenditure, on the other hand, increased at a much faster rate. Within the non-plan expenditure, revenue expenditure registered an even higher relative growth. Both non-plan capital expenditure and loans and advances recorded a negative growth in 2000-01. The decline in loans and advances was, however, due to the disbursement of small savings collection to the States through NSSF.

3.21 Table 3.10 indicates the components of plan and non-plan expenditure relative to GDP.

Table 3.10: Plan & Non plan Expenditure as percentage to GDP

	Plan Expenditure				Non-Plan Expenditure			
	Total	Revenue	Capital	Loans	Total	Revenue	Capital	Loans
1985-2001	5.21	2.51	1.14	1.56	15.88	13.51	1.06	1.31
VII Plan (1985-90)	6.77	2.63	1.89	2.26	16.66	13.71	1.14	1.81
VIII Plan (1992-97)	4.77	2.62	0.86	1.29	15.14	12.97	1.17	1.00
IX Plan (1997-2001)	3.90	2.34	0.54	1.02	15.47	13.76	0.81	0.90
Annual Relative Percentage Shares								
1998-99	3.82	2.31	0.50	1.02	15.94	13.38	0.93	1.63
1999-2000	3.89	2.39	0.48	1.02	15.15	13.77	1.00	0.38
2000-01	3.83	2.36	0.51	0.95	14.44	13.45	0.66	0.33

3.22 Plan capital expenditure now accounts for a mere 0.5 *per cent* of GDP, and even after the inclusion of loans and advances, the combined share increases to 1.46 *per cent*. The deceleration in their share is evident across the three sub periods coinciding with each of the three plans. Though there was a moderate deceleration in the share of non-plan expenditure, deceleration was more pronounced for capital expenditure and loans and advances.

3.23 Examination of the relative share of the various components of plan and non-plan expenditure over the three plans reconfirms the continuing deceleration in plan expenditure and its capital component. The overall share of plan expenditure in aggregate expenditure declined from an average of 28.86 *per cent* during 1985-90 to 20.15 *per cent* during 1997-2001. There was a marginal increase in its share to 20.94 *per cent* in 2000-01. As against that, the share of non-plan expenditure increased from 71.14 *per cent* to 79.85 *per cent* over the same time frame, as indicated in Table 3.11.

Table 3.11: Plan & Non Plan Expenditure- Relative Share

	Plan Expenditure				Non-Plan Expenditure			
	Total	Revenue	Capital	Loans	Total	Revenue	Capital	Loans
1985-2001	24.41	50.25	20.34	29.40	75.59	85.19	6.68	8.13
VII Plan (1985-90)	28.86	39.05	27.56	33.39	71.14	82.29	6.84	10.87
VIII Plan (1992-97)	23.86	55.40	17.46	27.14	76.14	85.75	7.63	6.62
IX Plan (1997-01)	20.15	60.12	13.80	26.08	79.85	89.07	5.27	5.66
Annual Relative Percentage Shares								
1998-99	19.35	60.30	13.03	26.67	80.65	83.91	5.86	10.22
1999-2000	20.45	61.45	12.33	26.22	79.55	90.89	6.62	2.49
2000-01	20.94	61.77	13.45	24.78	79.06	93.13	4.56	2.31

3.24 Within the plan expenditure, the share of capital expenditure and loans and advances declined from around 61 *per cent* to 40 *per cent* over the three plans. Non-plan expenditure depicts a similar pattern, with the share of non plan revenue expenditure inching up to 93.13 *per cent* in 2000-01 and capital expenditure and loans and advances declining to a level under 7 *per cent*.

3.25 In 2000-01, rate of growth of plan expenditure decelerated to 8.77 *per cent* compared to a trend rate of 9.86 *per cent* during 1985-2001. The deceleration was even sharper compared to the growth of 13.33 *per cent* in 1999-2000. Plan expenditure as percentage to GDP, declined to 3.83 *per cent* in 2000-01, as compared to a long-term trend of 5.21 *per cent* during 1985-2001. The overall share of plan expenditure in total expenditure declined to 20.94 *per cent* in 2000-01, compared to a trend share of 24.41 *per cent* during 1985-2001. Moreover, the distinction between plan and non-plan expenditure is getting blurred, especially for the loans and advances given to the States.

Sectoral Expenditure

3.26 Table 3.12 shows the movement of expenditure in general, social, and economic services. The trend growth rate for expenditure in general services was higher than the rate of growth of social and economic services. There was, however, a considerable increase in allocation for social services during VIII and IX Plan, with average annual growth moving up sharply from 5.19 *per cent* in 1985-90 to in the range of 15-18 *per cent* plus thereafter. But the

growth again slipped to 4.22 *per cent* in 2000-01. The deceleration in growth of expenditure for economic services in the current year was also equally significant.

Table 3.12: Sectoral Expenditure

	Social Services	Economic Services	General Services	Interest Payments	General Services net of Interest Payments
1985-86	3463	24942	20166	7512	12654
1995-96	8006	79165	93934	50045	43889
1997-98	12371	112540	124635	65637	58998
1998-99	15255	117946	146968	77882	69086
1999-2000	17919	125706	176843	94593	82250
2000-01	18675	127005	188890	103224	85666
Average Annual trend Rate of Growth (per cent)					
1985-2001	12.33	12.23	15.82	19.11	13.06
VII Plan (1985-90)	5.19	14.04	17.96	24.05	14.04
VIII Plan (1992-97)	18.42	8.93	14.86	17.44	12.03
IX Plan (1997-2001)	14.99	4.36	15.40	16.80	13.81
Annual Rate of Growth (per cent)					
1998-99	23.31	4.80	17.92	18.66	17.10
1999-2000	17.46	6.58	20.33	21.46	19.05
2000-01	4.22	1.03	6.81	9.12	4.15

Note: The sectoral classification excludes loans to foreign governments, state and union territory governments and revenue expenditure on account of grants-in-aid, which do not fall under any specific groups. Under general services, loans to the government employees have been included.

3.27 Interest payments have become the most significant component of expenditure under general services. Within general services, share of interest payments increased from around 35 *per cent* in 1985-86 to around 55 *per cent* in 2000-01. It has been the fastest growing component of expenditure with a trend growth of 19.11 *per cent* during 1985-2001.

3.28 An attempt has been made to view the trend in expenditure in these sectors relative to GDP and also in per capita terms at both the current prices and 1993-94 prices. The sectoral expenditure/GDP ratio is indicated in Table 3.13.

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Table 3.13 Sectoral Expenditure as percentage to GDP

	Social Services	Economic Services	General Services	Interest Payments	General Services net of Interest Payments
1985-2001	0.87	7.63	8.19	3.96	4.22
VII Plan (1985-90)	1.12	8.72	8.03	3.18	4.85
VIII Plan (1992-97)	0.67	7.30	8.07	4.27	3.80
IX Plan (1997-2001)	0.86	6.60	8.57	4.58	3.99
Annual Relative Sectoral Share as percentage to GDP					
1998-99	0.87	6.71	8.36	4.43	3.93
1999-2000	0.92	6.42	9.04	4.83	4.20
2000-01	0.86	5.86	8.72	4.76	3.95

3.29 The ratio of expenditure for economic services to GDP suffered net erosion from an average of 8.72 *per cent* during 1985-90 to 5.86 *per cent* in 2000-01. In social services, the ratio of 0.87 *per cent* during 1985-90 appeared to be getting restored, but it was still significantly lower than the ratio of 1.12 reached during the VII Plan (1985-1990). Overall sectoral trends in social and economic services are in conformity with a continuous decline in the total expenditure relative to GDP. Interest payments, on the other hand witnessed an increasing trend and increased from an average of 3.18 *per cent* to GDP during 1985-90 to 4.58 *per cent* during 1997-2001. Interest payments GDP ratio further increased to 4.76 *per cent* in 2000-01.

3.30 Table 3.14 gives the expenditure of the Union Government on social, economic and general services per capita at both the current prices and at constant 1993-94 prices.

Table 3.14: Per Capita Sectoral Expenditure (Rupees)

	Social Services	Economic Services	General Services	Social Services	Economic Services	General Services
	At Current Prices			At 1993-94 Prices		
1985-2001	87	758	429	85	747	416
VII Plan (1985-90)	51	407	226	90	707	394
VIII Plan (1992-97)	77	813	426	69	743	388
IX Plan (1997-2001)	163	1228	751	108	817	497
Annual Per Capita Expenditure						
1998-99	156	1210	709	105	813	476
1999-2000	181	1268	830	117	821	537
2000-01	185	1261	851	114	776	523

3.31 Expenditure of the Union Government on social services at constant 1993-94 prices averaged Rs 84.9 per person during 1985-2001, which increased to 107.7 during 1997-2001, after a sharp contraction to an average of Rs.69.1 per capita during 1992-97. Per capita expenditure on economic services increased moderately, average annual growth being less than one *per cent*. Per capita expenditure on general services net of interest payments also increased over the plans, both at current prices and at constant 1993-94 prices.

Revenue Expenditure: Trend and Components

3.32 A significant part of revenue expenditure is transfer payments which are mostly committed. Interest payments, pensions, salary and wages and grants-in-aid to states and union territories fall in this category. A part of the revenue expenditure is on account of the operating expenses of the departmental undertakings as their revenues are reckoned on gross basis.

3.33 Table 3.15 gives the expenditure incurred on various components of revenue expenditure. Except for pensions and interest payments, average trend growth of other components was comparatively low. Expenditure on salary recorded the highest growth of 33.84 *per cent* in 1997-98, consequent upon the implementation of the report of the Fifth Pay Commission. Growth has since tapered off. In fact, it became negative in 2000-01 (RE), due to some reduction in staff strength and partly due to the fact that earlier years had included some of the arrear payments consequent to pay revision after the implementation of the Fifth Pay Commission recommendations.

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Table 3.15: Revenue Expenditure and its Components

(Rs in crore)

	Revenue Expenditure	Salary	Interest Payments	Pensions*	Grants to States	Others
1985-86	43407	7454	7512	1350	6704	20387
1996-96	180291	23929	50045	6914	21287	78116
1997-98	255286	36229	65637	10008	29738	113674
1998-99	275791	41847	77882	13694	25081	117287
1999-2000	316237	45169	94593	18129	29012	129334
2000-01	342647	41168	103224	18496	36789	142970
Average Annual Trend Rate of Growth (per cent)						
1985-2001	14.94	13.09	19.11	18.09	11.57	14.05
VII Plan (1985-90)	16.49	13.73	24.05	25.00	8.52	16.06
VIII Plan (1992-97)	14.64	12.10	17.44	15.65	5.60	16.55
IX Plan (1997-2001)	10.74	4.71	16.80	23.65	8.15	8.17
Average Annual Rate of Growth (per cent)						
1998-99	8.03	15.51	18.66	36.83	-15.66	3.18
1999-2000	14.67	7.94	21.46	32.39	15.67	10.27
2000-01	8.35	-8.86	9.12	2.02	26.81	10.54

* includes Miscellaneous General Services

Note:- The expenditure on Salary is as given by the Pay Research Unit of the Department of Expenditure for the Civilian Staff and as indicated for the defence non civilian persons by the Defence Department.

3.34 Table 3.16 indicates the ratio of various components of revenue expenditure relative to GDP. Contrary to common perception, expenditure on salary relative to GDP declined over the plan periods. After reaching a level of 2.38 per cent in 1997-98, it witnessed a gradual decline since then. Interest payments on the other hand, increased relative to GDP and emerged as the most important component of revenue expenditure.

Table 3.16: Components of Revenue Expenditure Relative to GDP (per cent)

	Revenue Expenditure	Salary	Interest Payments	Pensions*	Grants to States	Others
1985-2001	16.02	2.34	3.96	0.63	2.07	7.01
VII Plan (1985-90)	16.34	2.67	3.18	0.58	2.30	7.61
VIII Plan (1992-97)	15.59	2.11	4.27	0.55	2.05	6.61
IX Plan (1997-2001)	16.11	2.24	4.58	0.80	1.64	6.84
Annual Revenue Expenditure /GDP Share (per cent)						
1998-99	15.69	2.38	4.43	0.78	1.43	6.67
1999-2000	16.16	2.31	4.83	0.93	1.48	6.61
2000-01	15.81	1.90	4.76	0.85	1.70	6.60

* includes Miscellaneous General Services

3.35 It is necessary to study the composition of revenue expenditure in terms of committed and other liabilities and their relation over time with the revenue expenditure and revenue receipts. Table 3.17 provides these details. Committed expenditure includes interest payments, salary and wages and pensions and miscellaneous expenditure. For both revenue receipts and revenue expenditure, the share of the States' in the tax receipts of the Union Government has been excluded.

Table 3.17: Share of Committed Revenue Expenditure to Revenue Expenditure, Revenue Receipts and Non-Debt Receipts (*per cent*)

	Revenue Expenditure	Revenue Receipts	Non Debt Receipts
1985-2001	43.34	53.16	49.19
VII Plan (1985-90)	39.30	46.04	42.13
VIII Plan (1992-97)	44.47	54.43	50.70
IX Plan (1997-2001)	47.42	61.19	57.28
Annual Percentages			
1998-99	48.38	61.99	56.95
1999-2000	49.93	62.02	58.72
2000-01	47.54	63.62	59.24

3.36 The increase in the share of the three committed liabilities over the plans is apparent. However, this was largely due to an increase in interest payments over the years, which is discussed below.

Interest Payments

3.37 Appendix-III presents the figures of total interest payments during the last 25 years. Interest payments increased nearly fourteen times from Rs 7,512 crore in 1985-86 to Rs 103,224 crore by 2000-01. In 2000-01, the increase in interest payments was a moderate 9.12 *per cent*. Relatively, it was the fastest growing component of expenditure. Some salient characteristics of interest payments are indicated in Table 3.18.

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Table 3.18: Selected Characteristics of Interest Payments (*per cent*)

	Annual Growth Rates	As per cent to			
		GDP	Revenue Expenditure	Revenue Receipts	Non-Debt receipts
1985-2001	19.11	3.96	24.81	30.50	28.25
VII Plan (1985-90)	24.05	3.18	19.43	22.77	20.84
VIII Plan (1992-97)	17.44	4.27	27.40	33.54	31.24
IX Plan (1997-2001)	16.80	4.58	28.50	36.79	34.44
Annual Features					
1998-99	18.66	4.43	28.24	36.19	33.24
1999-2000	21.46	4.83	29.91	37.15	35.18
2000-01	9.12	4.76	30.13	40.32	37.54

3.38 Interest payments increased from an average of 3.18 *per cent* of GDP during 1985-90 to 4.76 *per cent* by 2000-01. Interest payments now account for over 30 *per cent* of revenue expenditure and over 40 *per cent* of the revenue receipts. The mounting interest burden, with a declining current revenue/GDP ratio has accentuated the problems of fiscal management. It also resulted in a vicious circle of higher interest payments, increasing borrowings and curtailment of capital and revenue/income generating expenditure.

Management of Subsidies

3.39 Management of subsidies is one of the most complex issues of the government finances. Subsidies account for a significant share of government expenditure and are generally advocated for merit goods. The general impact of the subsidies is to lower the price of goods or inputs, which in turn makes it more affordable and encourages greater production and consumption.

3.40 Table 3.19 presents a view of the subsidies, which the government provided explicitly during the VIII and IX Plans on major items.

Table 3.19: Explicit Subsidies in the Union Government Budget

	Food and Sugar	Fertilizers	Export Promotion and Market Development	Others	Total subsidies	Subsidies/ GDP	Subsidies/ Revenue Expenditure
1992-97	4976	6088	571	1834	13469	1.32	8.55
1997-2001	9624	12197	536	2263	24619	1.32	8.27
Annual Values							
1998-99	9100	11596	573	3517	24786	1.41	8.99
1999-2000	9435	13463	520	2491	25909	1.31	8.19
2000-01	12060	13811	621	1784	28276	1.27	8.25

3.41 In absolute terms, explicit subsidies increased from an average of Rs 13,469 crore during 1992-97 to an average of Rs 24,619 crore during 1997-2001. Relative to GDP, subsidies continued to be an average of 1.32 per cent of GDP during the Eighth and Ninth Plan, indicating that there was no reduction in scale of the subsidies so far.

3.42 In addition to explicit subsidies, the Union Government also bears expenditure, which is in the nature of implicit subsidies. Budgetary support to financial institutions and Banks, inadequate returns from its investment in PSUs and inadequate recovery of user charges from the social and economic services that are provided by the government fall in the category of implicit subsidies.

3.43 CAG's Report No. 1 of 2001, Union Report (Civil), had mentioned the need for the government to activate the follow up action on the points raised in its Discussion Paper in May 1997. The government must consider appropriate revision of user charges in areas of education, agriculture, irrigation, industries, power and transportation and subsidy on food, so that the distortions in the economy because of maladministration of subsidies are contained.

Chapter 4

DEFICITS: MANAGEMENT OF FISCAL IMBALANCES

4.1 The budget deficit is an instrument of fiscal management. The different facets of the budget deficit indicate the different nature of fiscal imbalances. The annual budget indicates three types of deficits, viz. revenue, fiscal, and primary. This chapter discusses the nature and magnitude of these deficits, their trend over time and the manner of financing these deficits.

4.2 Table 4.1 presents the break-up of the deficit during 2000-01. There was a deficit in the CFI amounting to Rs 23925 crore and a surplus in the Public Account amounting to Rs 25123 crore. The excess of this surplus amounting to Rs 1,198 crore represented addition to the closing cash balances.

Table 4.1: Deficits in Government Account

<i>(Rs in crore)</i>					
CONSOLIDATED FUND					
Receipt	Amount			Disbursement	Amount
Revenue	256,036	Revenue deficit	86,611	Revenue	342,647
Non-debt Capital Receipts	2,125			Capital	25,426
Recovery of loans & advances	16,799			Loans & advances disbursement	27,761
Sub total CFI (other than public debt)	274,960			Sub total CFI (other than Public Debt)	395,834
Public debt	366,461	Fiscal deficit	120,874	Public debt repayment	269,512
Total (CFI)	641,421	A: Deficit in CFI	23,925		665,346
PUBLIC ACCOUNT					
Small savings, provident funds etc.	140,856			Small savings, provident funds etc.	126,464
Deposits and advances ¹	70,400			Deposits and advances	59,873
Reserve funds	21,742			Reserve funds	21,378
Suspense & miscellaneous	13,344			Suspense & miscellaneous	16,735
Remittances	3,534			Remittances	303
Total Public Account	249,876	B: Surplus in Public Account:	25,123		224,753
Increase in cash balance {B-A} = 1,198					
<ol style="list-style-type: none"> 1. Includes Security Deposits of Railways Telephone Application Deposits, Postal Deposits, Forest Advances, Departmental Advances etc. 2. Includes Depreciation Reserve Funds – Railways, Revenue Reserve Funds - Railways, Sugar Development Funds, Mines Welfare Funds, National Renewal Funds etc. 3. Includes amounts awaiting final adjustments in the accounts like Pay and Accounts Office Suspense, Suspense Account P&T, Defence, Railways and Tele-communication, Coinage Accounts, Cheques and Bills etc. 4. Includes money in transit like Money Orders, RBI Remittances, Small Coin Depot remittances, Mint remittances etc 					

Fiscal deficit was not only unduly high during 2000-01; it was used predominantly for meeting revenue expenditure.

4.3 The surpluses and deficits in Consolidated Fund or Public Account only indicate the excess of receipts or disbursements in these accounts and these do not constitute fiscal deficits or surpluses. Fiscal deficit of the Union Government indicates the excess of its total expenditure consisting of revenue and capital expenditures and loans and advances over its non-debt receipts. In the year 2000-01, total expenditure of the Union government at Rs 395,834 crore exceeded its non-debt receipts by Rs 120,874 crore. The fiscal deficit, at this level, was 5.58 *per cent* of GDP. The Union government resorted to borrowings from internal and external sources as also from the Public Account to meet this deficit.

4.4 There was also a revenue deficit as revenue receipts fell short of the revenue expenditure by Rs 86,611 crore. Revenue deficit accounted for nearly 72 *per cent* of the fiscal deficit.

Deficits: Trends

4.5 Fiscal imbalances are both transient and structural. Transient imbalances result from temporary mismatches in revenue and expenditures of the Union Government, management of which requires accommodation in the nature of ways and means advances. These transient mismatches, largely of a cyclical nature, may at times go beyond an accounting time frame of a year, but there could be an automatic correction. However, persisting imbalances are structural and more difficult to address. These may arise from the inability to raise revenues or contain expenditure or a combination of both. As was indicated in the previous two chapters, fiscal imbalances is largely due to poor tax compliance.

4.6 Fiscal deficit represents the draft of the Union Government from the economy and a net transfer of resources in its favour. This transfer, however, results in creation of fiscal liabilities for the Union government. This makes the issue of debt sustainability critically dependent on the fiscal deficit and the application of resources so arranged. Fiscal deficit and current account deficit are also inter-linked and existence of the former essentially spills over to the later.

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4.7 Table 4.2 indicates the trend in various facets of fiscal imbalances together with the trends of revenue and expenditure. Appendix-IV presents deficit for the last 25 years. Revenue deficit of the Union government increased from Rs 5564 crore in 1985-86 to Rs 86,611 crore in 2000-01, nearly sixteen times in sixteen years (1985-2001), at an annual trend rate of 18.73 *per cent*. Revenue deficit was not only a permanent feature of the Union government finances, it has risen faster compared to both revenue receipts and revenue expenditure.

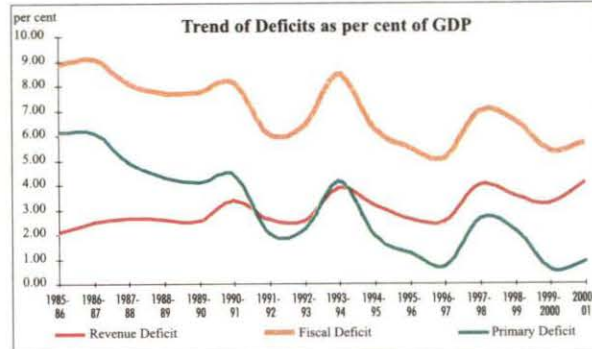
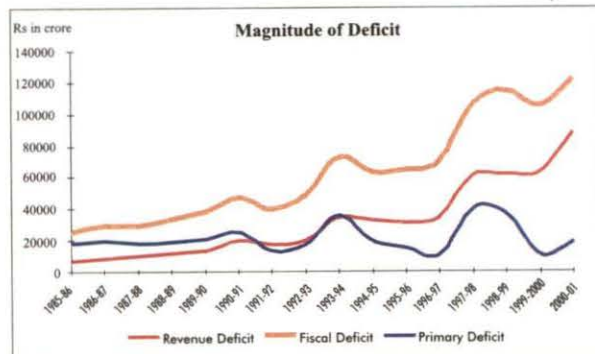
Table 4.2: Magnitude of Deficits

(Rs in crore)

	Revenue Receipts	Non-Debt Receipts	Revenue Expenditure	Total Expenditure	Interest Payments	Revenue Deficit	Fiscal Deficit	Primary Deficit
1985-86	37843	41708	43407	66112	7512	5564	24404	16892
1995-96	150560	158956	180291	222645	50045	29731	63689	13644
1997-98	195853	206361	255286	310982	65637	59433	104621	38984
1998-99	215224	234287	275791	347585	77882	60567	113298	35416
1999-2000	254595	268869	316237	372619	94593	61642	103750	9157
2000-01	256036	274960	342647	395834	103224	86611	120874	17650
Average Annual Trend Rate of Growth (per cent)								
1985-2001	14.11	13.83	14.94	13.10	19.11	18.73	11.61	0.00
1985-90	15.88	15.33	16.49	13.55	24.05	20.33	10.33	2.37
1992-97	15.61	14.51	14.64	11.87	17.44	10.88	6.42	19.36
1997-2001	10.21	10.50	10.74	8.26	16.80	12.16	3.51	31.13
Annual Rate of Growth (per cent)								
1998-99	9.89	13.53	8.03	11.77	18.66	1.91	8.31	-9.15
1999-2000	18.29	14.76	14.67	7.20	21.46	1.77	-8.43	-74.14
2000-01	0.57	2.27	8.35	6.23	9.12	40.51	16.51	92.75

Negative signs have been omitted for all deficits.

4.8 Fiscal deficit recorded a comparatively lower growth of 11.62 *per cent* during 1985-2001. But this lower growth offers no comfort as in absolute terms it increased nearly five fold from Rs 24,404 crore in 1985-86 to Rs 120,874 crore in 2000-01. The comparatively lower growth in fiscal deficit was due to a relatively lower growth of capital expenditure, which moderated



the growth in total expenditure of the Union government. Primary deficit, which indicates fiscal deficit net of the interest payments, show a negative trend growth. But this was due to a much faster increase in interest payments, which averaged 19.11 *per cent* per annum during 1985-2001. Appendix-V presents the fiscal deficit and interest payment for the last 25 years.

4.9 The comparative picture of the three deficits over the Five Year plans indicates a mixed trend. Revenue deficit witnessed a deceleration in the average annual growth rates during the VIII Plan (1992-97) compared to the earlier plan. However, during the IX Plan, growth further accelerated. In case of the fiscal deficit, average annual rate of growth continued to decelerate over the plans. Average annual growth of fiscal deficit declined to 3.51 *per cent* during 1997-2001, compared to a growth of 10.33 *per cent* during 1985-90 and 6.42 *per cent* during 1992-97.

4.10 In 2000-01, all the three variants of deficit accelerated. In case of revenue deficit, the increase was of the order of 40.51 *per cent*, as against a modest growth of 1.77 *per cent* a year earlier in 1999-2000. The fiscal deficit, which had recorded a negative growth of 8.43 *per cent* in 1999-2000, grew by 16.51 *per cent*. In the primary deficit, the rate of growth at 92.75 *per cent* was even higher. This indicates a further deterioration in the fiscal situation in 2000-01.

Revenue Deficit

4.11 Revenue deficit represents government's dis-saving and inter-temporally, a shift to present consumption. Of the three variants of deficit,

persistent revenue deficit is considered most undesirable in view of its adverse impact on capital formation by the government.

4.12 Table 4.3 summarises the magnitude of the revenue deficit relative to revenue receipts, revenue expenditure and GDP over the plans and during the last three years.

Table 4.3: Revenue Deficit Relative to GDP, Revenue Receipts & Expenditure

	GDP	Revenue Receipts	Revenue Expenditure
1985-2001	2.90	22.38	18.12
VII Plan (1985-90)	2.39	17.14	14.62
VIII Plan (1992-97)	2.85	22.45	18.22
IX Plan (1997-01)	3.62	29.13	22.50
Annual Relative Share (per cent)			
1998-99	3.44	28.14	21.96
1999-2000	3.15	24.21	19.49
2000-01	4.00	33.83	25.28

4.13 Revenue deficit increased from an average of 2.39 *per cent* of GDP during the Seventh Five Year Plan (1985-90) to an average of 3.62 *per cent* during the Ninth Plan (1997-2001). It was around 17 *per cent* of the revenue receipts and around 15 *per cent* of revenue expenditure during 1985-90. The ratio of revenue deficit to revenue receipts/expenditure indicates the increase/decrease in revenue receipts/expenditure that was needed to completely eliminate the deficit. These ratios show a continuous increase over the two successive plans. During 1997-2001, revenue deficit was 29 *per cent* of revenue receipts and around 22 *per cent* of revenue expenditure, indicating that nearly a quarter of revenue expenditure was financed by additional fiscal liabilities. All these ratios were on the rise indicating continuing deterioration in the revenue deficit situation and increasing fiscal imbalances.

4.14 There was a further deterioration of the revenue deficit situation in 2000-01. It reached a level of 4 *per cent* of GDP and accounted for 25.28 *per cent* of revenue expenditure. The growing revenue deficit indicated increasing dependence on debt for meeting even the current expenses.

Fiscal Deficit

4.15 Table 4.4 indicates the ratio of fiscal deficit to GDP, non-debt receipts and total expenditure over the plans and during the last three years.

Table 4.4: Ratio of Fiscal deficit to GDP, Non-debt Receipts and Total Expenditure

	<i>(per cent)</i>		
	GDP	Non-Debt Receipts	Aggregate Expenditure
1985-2001	6.89	48.43	32.45
VII Plan (1985-90)	8.19	53.74	34.92
VIII Plan (1992-97)	6.22	45.59	31.06
IX Plan (1997-01)	6.05	45.40	31.16
<i>Annual Relative Share (per cent)</i>			
1998-99	6.44	48.37	32.60
1999-2000	5.30	38.59	27.84
2000-01	5.58	43.96	30.54

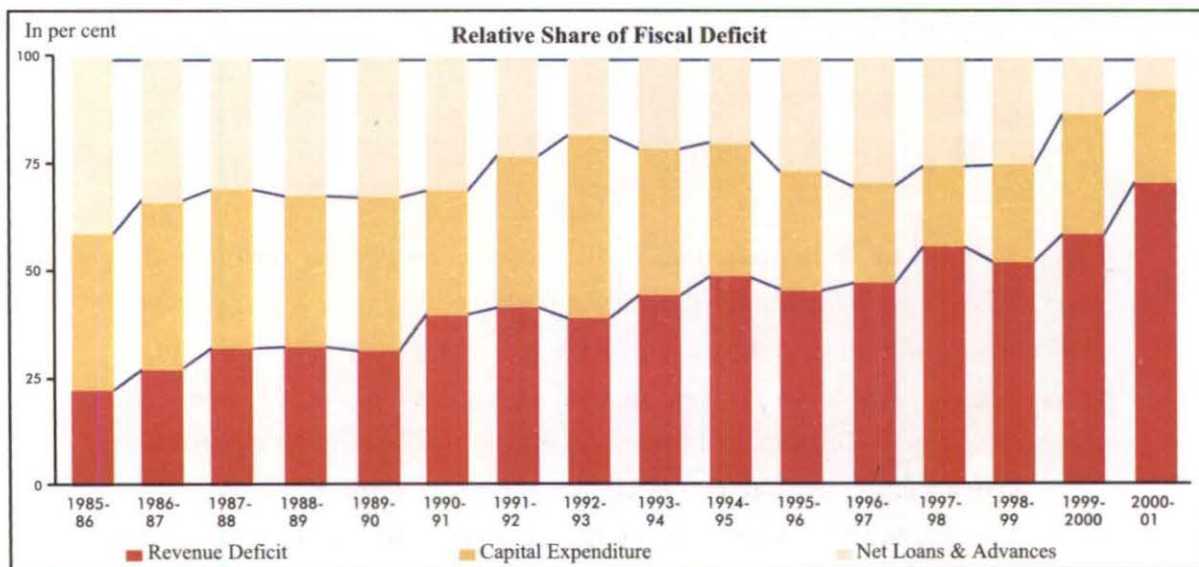
4.16 The ratio of fiscal deficit to GDP shows a continuous decline, when compared over the three Plans. It declined from an average of 8.19 *per cent* of GDP during 1985-90 to an average of 6.05 *per cent* during 1997-2001. Fiscal deficit financed nearly 35 *per cent* of total expenditure during 1985-90. This ratio marginally declined to 31.16 *per cent* during 1997-2001. As a percentage to non-debt receipts, fiscal deficit declined from an average of 53.74 *per cent* during 1985-90 to an average of 45.40 during 1997-2001. This ratio indicates the increase in non-debt receipts that would have been needed to meet the expenditure levels.

4.17 In 2000-01, though the fiscal deficit/GDP ratio at 5.58 *per cent* remained lower compared to the trend value, it worsened compared to a level of 5.30 *per cent* reached in 1999-2000. Fiscal deficit financed 30.54 *per cent* of total expenditure, as against 27.84 *per cent* in 1999-2000.

4.18 It is necessary to study the components of fiscal deficit and their movement over the plan periods.

Table 4.5: Components of Fiscal Deficit- Relative Share

	Revenue Deficit	Capital Expenditure	Net Loans & Advances
1985-2001	43.77	31.24	24.99
VII Plan (1985-90)	29.43	36.91	33.66
VIII Plan (1992-97)	45.91	31.93	22.16
IX Plan (1997-01)	60.33	22.64	17.02
Annual Relative Share (per cent)			
1998-99	53.45	22.24	24.31
1999-2000	59.41	27.97	12.61
2000-01	71.65	21.04	7.31



4.19 Revenue deficit accounted for 43.77 *per cent* of the fiscal deficit over 1985-2001. This ratio witnessed a continuous increase over the plans. From an average of 29.43 *per cent* during 1985-90, it increased to 60.33 *per cent* during 1997-2001. Ideally, even capital expenditure of the Government should be financed from revenue surpluses. If such surplus is not available, fiscal deficit should be used to finance the capital expenditures so that income-generating assets are created to match the increasing liabilities. These assets could be serviced from the income/revenue generated by them. But continuous recourse to fiscal deficit for meeting the current expenses is not desirable.

4.20 In 2000-01, revenue deficit accounted for 71.65 per cent of the fiscal deficit. Capital expenditure accounted for 21.04 per cent and the balance 7.31 per cent was utilized for making loans and advances. Expenditure financed by borrowings during the last 25 years is given in Appendix-VI.

4.21 Adequate financial accommodation is required to meet the fiscal deficit. Raising debt and use of Public Account funds are two options in meeting the deficit, and have been resorted to in varying degrees over the years for this purpose. Table 4.6 indicates the manner of financing the fiscal deficit.

Table 4.6: Financing of Fiscal deficit- Components and relative Share

(Rs in crore)

Period	Fiscal deficit	Financing of Fiscal Deficit			Relative Share (per cent)		
		Internal Debt	External Debt	Public Account Receipts	Internal Debt	External Debt	Public Account Receipts
1985-2001	61869	46572	3082	12426	75.30	5.00	20.10
1985-1990	29957	14931	2341	12881	49.80	7.80	43.00
1992-1997	62565	34345	3458	24855	54.90	5.50	39.70
1997-2001	110636	114805	2927	-6724	103.80	2.60	-6.10
Annual Values							
1998-99	113298	70699	1920	40942	62.40	1.70	36.10
1999-2000	103749	254554	1180	-152876	245.40	-1.10	-147.40
2000-01	120874	89444	7505	25123	74.00	6.20	20.80

Relative share may not add up to 100 as the excess/shortfalls were adjusted in increase/decrease of the cash balances.

4.22 The Union Government's dependence on the three sources of financial accommodation for meeting the deficit has varied over the years. On a long term basis, about a fifth of the accommodation has come from public account. Internal debt accounted for 75 per cent of the overall accommodation for bridging the gap between revenue and expenditure of the Union government. External debt financed only 5 per cent of fiscal deficit. The comparison of the sources over the plans indicates that while the share of internal debt has increased; the dependence on Public Account funds has reduced. However, the year 1999-2000 was exceptional since accommodation from Public Account was negative, owing to creation of the NSSF. The accommodation further reached a level of 20.8 per cent in 2000-01.

Impact of NSSF on Fiscal Deficit

4.23 In 1999-2000, Union government constituted National Small Saving Fund (NSSF) for bringing in greater transparency in transactions relating to the small savings and public provident fund. With the constitution of this Fund, part of the net collections, which hitherto was passed through CFI, was routed through NSSF. This reduced the Union government's loans and advances. Further, interest on small savings and management costs were also a part of the revenue expenditure of the Union government. Though the Union government continues to pay the interest on the special securities issued in lieu of the net balances, the difference between the interest paid to the individual subscribers and the current interest liability represents under provision in this regard. This results in under estimation of the fiscal deficit of the Union government as indicated in Table 4.7:

Table 4.7: Impact of NSSF on Fiscal Deficit

		<i>(Rs in crore)</i>	
		1999-2000	2000-01
1	Opening Balance	176,221	973
2	Collections	75,435	88,468
3	Interest Receipt	20,265	24,877
4	Total additions	95,700	113,345
5	Repayment	36,864	43,111
6	Investment	212,137	41,581
	(a) Union Government Securities	<i>185,200</i>	<i>8,316</i>
	(b) State Government securities	<i>26,937</i>	<i>33,265</i>
7	Interest Paid	20,198	26,347
8	Management Cost	1,749	2,430
9	Total Outflow	270,948	113,469
10	Closing Balance	973	849
11	Impact on Fiscal Deficit (7-3)+6b+8	28,619	37,165
12	Fiscal deficit with NSSF	103749	120874
13	Total Fiscal Deficit would have been without NSSF (11 + 12)	132,368	158,039
14	Fiscal deficit as percentage to GDP	7.29	7.09

4.24 Reassessed fiscal deficit in 1999-2000 would climb up to 7.29 per cent of GDP. The revised fiscal deficit in 2000-01 would become 7.09 per cent of

GDP as against the earlier figure of 5.58 *per cent*. The under estimation of fiscal deficit in 2000-01 works out to be around 1.5 *per cent* of GDP. This would also impact on primary deficit by the same magnitude in absolute terms and also relative to GDP.

Primary Deficit

4.25 Table 4.8 indicates the ratio of primary deficit to GDP, non-debt receipts of the Union Government and revenue expenditure. Primary deficit/GDP ratio declined from an average of 5.02 *per cent* during 1985-90 to a level of 0.81 *per cent* in 2000-01. After an improvement in the primary deficit/GDP ratio in 1999-2000, there was a slippage in the current year.

Table 4.8: Primary deficit- Selected Ratios

Period/Year	GDP	Non-Debt Receipts	Revenue Expenditure
1985-2001	2.93	20.17	18.13
VII Plan (1985-90)	5.02	32.90	30.78
VIII Plan (1992-97)	1.96	14.35	12.39
IX Plan (1997-01)	1.46	10.96	9.04
Annual Values			
1998-99	2.02	15.13	12.85
1999-2000	0.47	3.41	2.90
2000-01	0.81	6.42	5.15

Non-Debt Receipts of the Union Government include – Revenue Receipts (net of the share of the States' in Union taxes and the non-debt capital receipts.

4.26 Improvement in primary deficit would indicate a better outlook for the future, as the revenue receipts and non-debt capital receipts would cover current operations. However, in 2000-01, the primary deficit increased together with a decline in non-interest payments, which was a disturbing situation.

Chapter 5

MANAGEMENT OF FISCAL LIABILITIES

5.1 Fiscal liabilities of the Union Government arise due to borrowings from internal or external sources and withdrawals from the public account maintained by the government. Government is required to incur these liabilities to meet resource requirements for repayment of debt; discharge of liabilities on the public account, capital expenditure and such revenue requirements as may remain uncovered by revenue receipts.

5.2 Management of these fiscal liabilities calls for working out a suitable mix of alternative debt instruments, such as internal debt, external debt, withdrawals from public account and borrowing from the Central bank. Internal debt puts pressure on the interest rates and may lead to crowding out of private investment. External debt has a bearing on the exchange rate. Borrowing from the RBI may influence money supply and inflation. Owing to interdependence of economic variables, the effects of borrowing from any channel may spread across to various sectors and prices.

Aggregate Fiscal Liabilities: Trends and Composition

5.3 Table 5.1 presents aggregate liabilities of the government including internal debt and external debt reckoned both at the current rate of exchange and at the historic rate (the rate at which the debt was originally contracted) and the Public Account at the end of the financial year over the last sixteen years. A distinction needs to be made between external debt at current exchange rates and external debt at historical exchange rates as the former gives a correct picture of the outstanding liabilities in rupee terms.

Table 5.1: Aggregate Fiscal Liabilities- Trends & Composition

(Rs in crore)

	Internal Debt	External Debt*	Total Debt	Public Account Liabilities	Total liabilities	External Debt	Total liabilities
						(Historic Rate)	
1985-86	71039	18153	89192	48292	137485	18153	137485
1995-96	307869	148583	456452	247115	703567	51249	606233
1997-98	388998	161442	550441	333964	884405	55332	778294
1998-99	459696	177934	637632	374856	1012486	57254	891806
1999-2000	714254	186075	900329	219720	1120049	58437	992411
2000-01	803698	190017	993715	245127	1238842	65945	1114770
Average Annual Trend Rate of growth (in per cent)							
1985-2001	16.43	19.86	17.21	12.87	15.96	8.90	14.73
VII Plan (1985-90)	16.65	11.95	15.74	21.97	18.04	11.95	18.04
VIII Plan (1992-97)	14.13	5.88	11.27	14.80	12.48	5.95	13.62
IX Plan (1997-01)	29.92	5.48	23.58	-13.64	11.75	5.62	12.57
Annual rate of growth (in per cent)							
1998-99	18.17	10.22	15.84	12.24	14.48	3.47	14.58
1999-2000	55.37	4.58	41.20	-41.39	10.62	2.07	11.28
2000-01	12.52	2.12	10.37	11.56	10.61	12.85	12.33

* at current rate

5.4 Appendix-VII gives the total liability of the government for the last 25 years since 1976-77. Aggregate fiscal liabilities have grown over nine times in the last sixteen years from Rs 137,485 crore in 1985-86 to Rs 1238,842 crore in 2000-01, at an average trend rate of around 16 per cent. The rate of growth, however, decelerated over the plans. From an average annual growth of 18.04 per cent during the Seventh Plan (1985-90), the annual average growth of aggregate fiscal liabilities declined to 11.75 per cent during IX Plan so far (1997-2001). On a long-term trend, external debt at the current exchange rate grew faster, but that was because the depiction of the external debt in terms of the current rate as distinct from the historic rate commenced only from 1991-92. Growth of external debt sharply decelerated to less than an average of six per cent over VIII and IX Plan periods. The rate of growth in external debt at current and historic rate had nearly converged during this period. Liabilities on Public Account grew at an average trend rate of 12.87 per cent during 1985-2001. The growth turned negative during 1997-2001,

due to the creation of NSSF in 1999-2000 and issue of securities for the outstanding balances. Aggregate fiscal liabilities, however, remained unaffected by this accounting change.

5.5 In 2000-01, fiscal liabilities of the Union Government increased by 10.61 *per cent*, compared to the long-term trend growth of 15.96 *per cent*. Increase in liabilities of external debt at current exchange rate was 2.12 *per cent*. Increase in external debt liability at current exchange rate was, however, lower than the liabilities reckoned at the historic rate, because for the external loans, which have not been fully paid, exchange losses on account of the depreciation are still to be adjusted. This results in carrying of negative external debt liabilities for these loans in Finance Accounts. The external debt liabilities at the current exchange rate do not show negative balances. Liabilities on account of internal debt and Public Account recorded a growth of 12.52 and 11.56 *per cent* respectively.

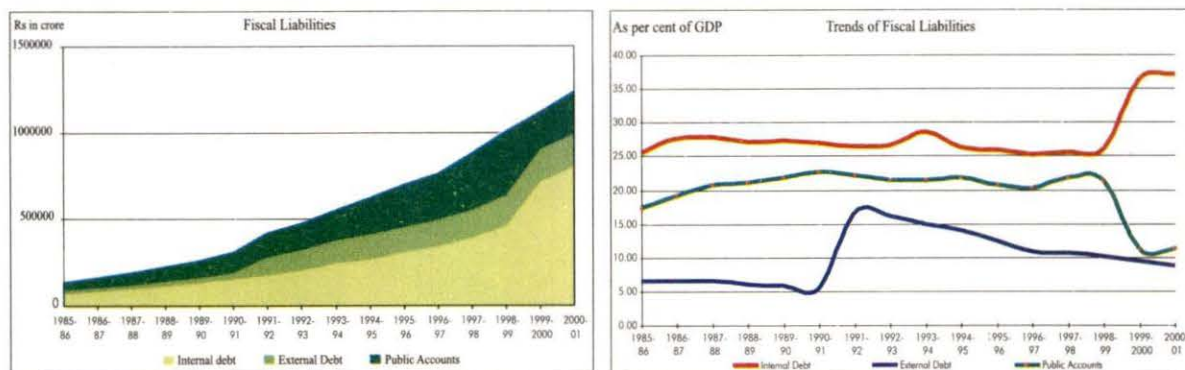
Fiscal Liabilities relative to GDP

5.6 Table 5.2 gives the overall fiscal liabilities of the Union Government relative to the GDP. Total fiscal liabilities were stabilising at 57-58 *per cent* to GDP, after reaching an average of 61.39 *per cent* of GDP during 1992-97. Debt/GDP Ratio (debt inclusive of the public account liabilities) peaked during 1991-92 when it reached 65.43 *per cent*. At the historic exchange rate, overall fiscal liabilities were little over 51 *per cent* of GDP. External debt liabilities are now less than 10 *per cent* of GDP, while internal debt and liabilities on account of Public account together are 48 *per cent* to GDP.

Table 5.2: Fiscal Liabilities Relative to GDP (*in per cent*)

	Internal debt	External Debt	Total Debt	Public Account Liabilities	Total liabilities	External Debt	Total liabilities
						(Historic Rate)	
1985-2001	27.94	10.08	38.03	19.82	57.85	5.01	52.77
VII Plan (1985-90)	27.14	6.31	33.45	20.12	53.57	6.31	53.57
VIII Plan (1992-97)	26.52	13.70	40.22	21.17	61.39	4.89	52.59
IX Plan (1997-01)	31.32	9.75	41.07	16.44	57.52	3.23	51.00
Annual Relative Share							
1998-99	26.14	10.12	36.26	21.32	57.58	3.26	50.72
1999-2000	36.50	9.51	46.01	11.23	57.23	2.99	50.71
2000-01	37.09	8.77	45.86	11.29	57.17	3.04	51.43

Management of Fiscal Liabilities



5.7 It is now increasingly felt that the debt/GDP ratio may not be an appropriate indicator of the magnitude of the fiscal liabilities. It may be more appropriate to look at the debt relative to the revenue receipts of the Union Government, which indicates the extent of the access that the government has over the GDP. Table 5.3 gives the ratio of outstanding fiscal liabilities as percentage to the non-debt receipts, revenue receipts and uncommitted receipts.

Table- 5.3: Outstanding Liabilities as percentage to Non-Debt Receipt, Revenue Receipt and Uncommitted Receipt

	Non-Debt Receipt	Revenue Receipt	Uncommitted Receipt
1985-2001	409.72	443.05	971.49
VII Plan (1985-90)	351.32	384.02	713.85
VIII Plan (1992-97)	448.89	482.18	1061.46
IX Plan (1997-01)	431.97	461.41	1194.77
Annual Relative Share			
1998-99	432.16	470.43	1237.75
1999-2000	416.58	439.93	1158.22
2000-01	450.55	483.71	1329.97

Note:- Non-Debt Receipt is Revenue Receipt (net of the States' share in taxes and non-debt capital receipts). Uncommitted receipt is the Revenue Receipt (net of the States' share in taxes) minus the committed liabilities of salary, pensions and interest payments.

5.8 It would be evident from the table above that while debt/GDP ratio after increasing during VIII Plan (1992-97), stabilised to the trend level in the recent years, it is no so with the debt/receipt ratios. The ratio of debt to

uncommitted receipts continued to increase over the plans. All the three ratios rose very sharply in the current year, with values significantly above the trends. Outstanding liabilities grew much faster compared to the receipts. Rate of growth of revenue receipts in 2000-01 was just 0.57 *per cent* compared to the growth of 10.61 *per cent* in fiscal liabilities.

Fiscal Liabilities- Relative Share

5.9 Internal debt is now the most significant component of total liabilities of the Union Government accounting for nearly 65 *per cent* of the total. Liabilities on Public Account constitutes another 20 *per cent* and external debt constitutes the balance 15 *per cent*. Table 5.4 indicates the relative share of various components of fiscal liabilities and shifts in their shares over the three plan periods.

Table 5.4: Fiscal Liabilities – Relative Share (*in per cent*)

	Internal Debt	External Debt	Total Debt	Liabilities in Public Account
1985-2001	48.57	17.10	65.67	34.33
VII Plan(1985-90)	50.69	11.81	62.49	37.51
VIII Plan(1992-97)	43.24	22.22	65.46	34.54
IX Plan (1997-01)	54.51	16.95	71.46	28.54
Relative Annual Share				
1998-99	45.40	17.57	62.98	37.02
1999-2000	63.77	16.61	80.38	19.62
2000-01	64.89	15.34	80.24	19.76

5.10 Overall share of debt (internal and external debt) in aggregate fiscal liabilities increased from an average of 62.49 *per cent* during 1985-90 to an average of 71.46 during 1997-2001. It further increased to a little over 80 *per cent* during the last two years. The relative share of the Public Account liabilities declined from 37.51 *per cent* during 1985-90 to an average of 28.54 *per cent* during 1997-2001. It further declined to under 20 *per cent* during 1999-2000 and 2000-2001. The decline in its share during 1997-2001, particularly in 1999-2000, as indicated earlier, was on account of NSSF.

Debt Sustainability

5.11 The heavy incidence of fiscal liabilities of the Union Government raises the issue of its stability and sustainability. Debt (inclusive of the public account liabilities) is considered sustainable if the debt/GDP ratio does not grow to explosive proportion. A necessary condition for this stability is that the average interest rate on total debt should be less than the rate of growth of GDP.

5.12 The debt/GDP ratio of the Union Government was generally stable during the last three years. The debt/GDP ratio at 57.15 per cent in 2000-01 is also comparable with the long-term trend ratio of 57.85 per cent during 1985-2001. The average interest rate (nominal) on total debt over time, as indicated in Table 5.5 remained lower than the rate of growth of GDP at the market prices. Hence, the necessary condition of debt sustainability was satisfied.

Table 5.5: Average Interest Rate on fiscal liabilities (in per cent)

	Internal Debt	External Debt	Total Debt	Rate of growth of GDP
1985-2001	8.84	7.07	7.92	15.21
VII Plan (1985-90)	7.37	4.68	7.02	15.28
VIII Plan (1992-97)	9.29	8.75	7.84	16.54
IX Plan (1997-01)	10.36	7.72	8.97	12.37
Annual Interest Rate and growth rate of GDP (per cent)				
1998-99	10.17	7.89	8.81	15.49
1999-2000	10.79	7.87	9.34	11.30
2000-01	10.58	7.55	9.22	10.72

Note: - Debt includes the outstanding liabilities on public account.

Average interest rate is = Interest paid/Outstanding Liabilities at the beginning of the year*100

5.13 It needs, however, to be seen that, though the average rate of interest on outstanding liabilities of the Union Government remained lower than the rate of growth of output, the spread between these two rates has narrowed. Average spread between the GDP growth and average interest rates on internal debt declined from over seven percentage points in 1992-97 to a mere 0.14 percentage point in 2000-01. This indicates that the comfort level on debt sustainability is marginal. Further, the convergence of the GDP growth and interest rates has direct implication for the stability of debt/GDP ratio further.

5.14 The positive spread between rate of growth of GDP and the average interest rate alone may not suffice for sustainability, because it does not ensure that the initial stock of debt would be equal to the present discounted value of the primary surpluses in the future. Alternatively, debt sustainability may mean the primary surplus that may be necessary annually which at a given discount rate would make it equal to the initial stock (current) of debt. Table 5.6 gives the required primary surplus at varying discount rates and over different time horizons.

Table 5.6: Required Primary Surplus

(Rs in crore)

Discount Factor	Time Horizon			
	10 years	15 years	20 years	30 years
9.0 per cent	192,977	153,642	135,669	120,547
9.5 per cent	197,245	158,205	140,536	125,927
10.0 per cent	201,553	162,825	145,469	131,375
10.5 per cent	205,903	167,499	150,464	136,885

5.15 Union Government had a negative primary surplus (primary deficit) during 1985-2001, which averaged 2.93 per cent of GDP. Primary surplus was a negative Rs 17,650 crore in 2000-01 or equal to 0.81 per cent of GDP. The generation of the primary surplus of the order indicated above at varying discount rates and over different time horizons would need non-debt revenue receipt of the Union Government to increase to around 19-20 per cent of GDP, from the present level of 12.69 per cent.

5.16 Based on an alternative approach to sustainability, which involves “discounting the nominal stock of government debt with an appropriate interest rate and assessing the stationarity of the resultant discounted series”, Reserve Bank of India in their current issue of Currency and Finance has also found the government debt to be unsustainable.

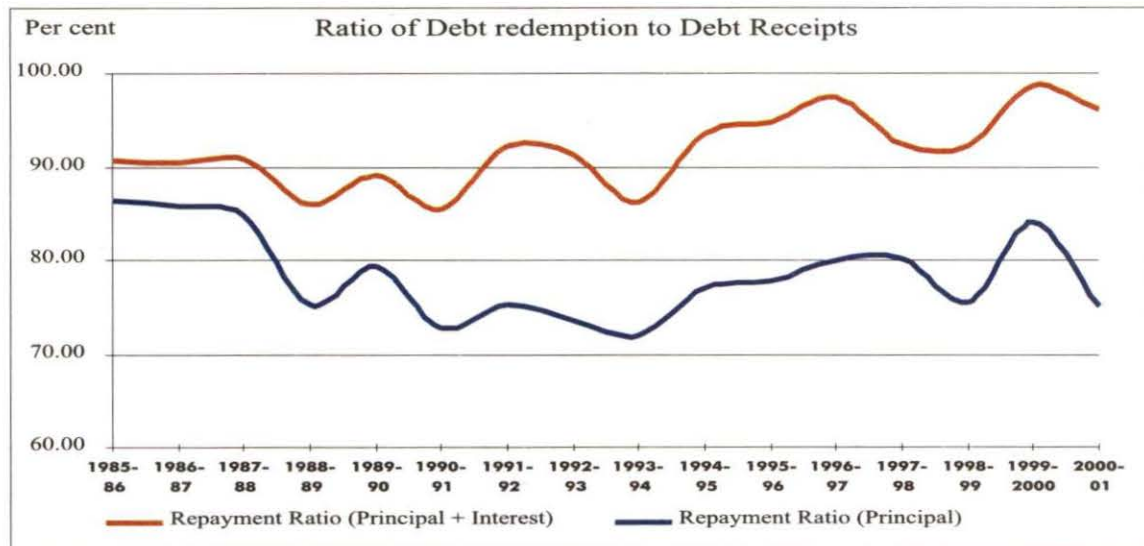
5.17 Another issue in debt sustainability the ratio of the debt redemption to total debt receipts. A higher ratio would indicate that to that extent debt receipts are used in debt redemption, there is no net accrual of resources.

Table 5.7 gives the ratio of debt redemption to debt receipts over 1985-2001 and over three plan periods.

Table – 5.7: Ratio of Debt redemption to Debt Receipts

	Debt Receipts	Debt Repayment (Principal)	Debt Repayment (Principal+ Interest)	Debt Repayment/ Debt Receipts	Debt Repayment (2)/ Debt Receipts
	<i>(Rs in crore)</i>			<i>(per cent)</i>	
1985-2001	291801	229724	271653	78.42	91.74
VII Plan (1985-90)	175347	145194	157202	82.34	89.44
VIII Plan (1992-97)	266443	203787	248066	76.05	92.67
IX Plan (1997-01)	533230	422225	507559	78.71	94.92
Annual Values					
1998-99	463900	350340	428222	75.52	92.31
1999-2000	648527	545668	640261	84.14	98.73
2000-01	489448	367378	470602	75.06	96.15

Debt receipt and payments are average of the years indicated and is net of Ways and Means Advances.



5.18 It would be seen that an increasing proportion of gross receipts was used for debt redemption, either for payment of the principal or the interest. This ratio has moved to 96.15 per cent during 2000-01; with IX Plan average of 94.92 per cent indicating that almost the entire debt receipts were used for

debt servicing. The ratio also shows an increasing trend over the plans, from an average of 89.44 *per cent* during 1985-90 to an average of 92.67 *per cent* during 1992-97. This further increased to 94.92 *per cent* during 1997-2001 pointing to a continuous deterioration.

5.19 Debt sustainability also needs to be examined from the angle of the end use of resources raised through debt. If debt is used to create income generating assets, it would enhance debt servicing capabilities. However, between 1985-2001, 44.73 *per cent* of the incremental liabilities had no matching assets as these liabilities were used to meet the excess of revenue expenditure over revenue receipts.

Internal Debt

5.20 Internal debt of the Union Government consists of market borrowings, borrowings from Reserve Bank of India through Treasury Bills and special dated/undated securities, special securities issued to the International Agencies, securities issued for the net small saving balances and other bonds etc Table 5.8 indicates the trends in internal debt over the years.

Table- 5.8: Internal Debt – Trends

(Rs in crore)

	Opening Balance	Receipts	Repayments	Net addition	Closing Balance
1985-86	58537	146184	133682	12502	71039
1995-96	266467	174207	132805	41402	307869
1997-98	344474	353567	309043	44524	388998
1998-99	388998	294068	223369	70699	459699
1999-2000	459699	423898	169343	254555	714254
2000-01	714254	222246	132802	89444	803698
Average Annual Trend Rate of Growth (per cent)					
1985-2001	16.11	7.54	4.69	16.46	16.43
VII Plan (1985-90)	18.18	-11.03	-13.61	8.78	16.65
VIII Plan (1992-97)	15.57	17.44	21.39	5.54	14.13
IX Plan (1997-01)	26.55	-9.76	-24.50	40.13	29.92
Annual Rate of Growth (per cent)					
1998-99	12.93	-16.83	-27.72	58.79	18.17
1999-2000	18.17	44.15	-24.19	260.05	55.37
2000-01	55.37	-47.57	-21.58	-64.86	12.52

Receipts and payments are net of Ways and Means Advances. Net balances on WMA have been taken on receipt side.

5.21 Overall, internal debt increased nearly 12 times during the last sixteen years from Rs 71,039 crore in 1985-86 to Rs 803,698 crore in 2000-01, at an average annual rate of 16.43 *per cent*. The rate of growth of debt declined to 14.13 *per cent* during VIII Plan (1992-1997). During IX Plan (1997-2001), the rate of growth further accelerated to 29.92 *per cent*. This was partly due to conversion of public account liabilities of small savings into special securities. Compared to the trend rate of growth during 1985-2001 and also with the growth during 1999-2000, internal debt recorded a moderate growth of 12.52 *per cent* in 2000-01.

Internal Debt – Market Loans

5.22 Market borrowing consists of raising of funds through dated stock certificates/bonds maturing after specific periods and carrying specific rates of interest. Table 5.9 indicates the growth of market loans over time.

Table- 5.9: Market Borrowings –Trends

<i>(Rs in crore)</i>					
	Opening Balance	Receipts	Repayments	Net addition	Closing Balance
1985-86	30467	5543	659	4884	35351
1995-96	130934	39548	5547	34001	164935
1997-98	204027	43389	10891	32498	236525
1998-99	236525	83753	14766	68987	305512
1999-2000	305512	86609	16332	70277	375789
2000-01	375861	100206	27274	72932	448793
Average Annual Trend Rate of Growth (<i>per cent</i>)					
1985-2001	17.74	22.74	29.50	21.40	18.32
VII Plan (1985-90)	15.80	11.05	-6.03	13.12	15.48
VIII Plan (1992-97)	21.77	45.06	72.44	41.29	22.44
IX Plan (1997-01)	23.23	28.98	33.04	27.68	23.72
Annual Rate of Growth (<i>per cent</i>)					
1998-99	15.93	93.03	35.58	112.28	29.17
1999-2000	29.17	3.41	10.61	1.87	23.00
2000-01	23.03	15.70	67.00	3.78	19.43

5.23 Gross receipts from market loans grew from Rs.5543 crore in 1985-86 to Rs.100, 206 crore in 2000-2001, at an average annual rate of 22.74 *per cent*. Net outstanding market borrowing increased by 18.32 *per cent* during this

period, with rate of growth of repayments at 29.50 *per cent* outstripping the receipts. Incremental debt or net additions recorded their highest annual increase during 1998-99 due to a sharp increase in new borrowings.

5.24 Weighted average maturity of the market loans increased from an average of 7.7 years in 1998-99 to an average of 10.6 years in 2000-01. As a result, repayment obligations were staggered. Average annual repayments as indicated in Table 5.10 vary from 6 to 9 *per cent* of the outstanding liabilities. While increase in the weighted maturity period may avoid the problem of bunching and rollovers, in a situation of softening interest rates, it results in government holding high cost debt instruments.

Table 5.10: Repayment Schedule of Market Loans

(Rs in crore)

Year	Amount Due for Redemption
2001-02	26499
2002-03	27420
2003-04	32909
2004-05	34316
2005-06	32631
2006-07	38494
2007-08	34151

5.25 Despite the shift to market related interest rate structure for government securities, a large volume of market debt continues to devolve on RBI. Table 5.11, which gives the devolvement of market borrowing on RBI in the last five years clearly indicates that this percentage has increased from 13.70 *per cent* in 1996-97 to 31.05 *per cent* in 2000-01.

Table 5.11: Devolvement of Market Borrowing on RBI

(Rs in crore)

Year	Gross Market Borrowing	Amount Devolving on RBI	Amount devolved as <i>per cent</i> to Gross Borrowing
1996-97	26998	3698	13.70
1997-98	43389	13028	30.03
1998-99	83753	38205	45.62
1999-2000	86609	27000	31.17
2000-01	100206	31115	31.05

Internal Debt- Other Instruments

5.26 Besides market loans, other instruments of internal debt are the treasury bills, special dated/undated securities, securities issued to international agencies etc. Overall outstanding liabilities of internal debt other than market borrowing are indicated in Table 5.12.

Table-5.12: Internal Debt- Other Instruments- Trends

(Rs in crore)

	Opening Balance	Receipts	Repayments	Net addition	Closing Balance
1985-86	28070	140641	133023	7618	35688
1995-96	135533	134659	127258	7401	142934
1997-98	140448	310178	298152	12026	152474
1998-99	152474	210315	208603	1712	154186
1999-2000	154186	337289	153011	184278	338464
2000-01	338393	122040	105528	16512	354905
Average Annual Trend Rate of Growth (per cent)					
1985-2001	14.10	5.09	3.78	4.47	14.26
VII Plan (1985-90)	20.58	-12.30	-13.66	5.44	17.75
VIII Plan (1992-97)	10.14	14.74	20.22	-12.96	7.04
IX Plan (1997-01)	30.33	-20.75	-29.01	75.58	39.39
Annual Rate of Growth (per cent)					
1998-99	8.56	-32.20	-30.03	-85.76	1.12
1999-2000	1.12	60.37	-26.65	10663.90	119.52
2000-01	119.47	-63.82	-31.03	-91.04	4.86

5.27 Liabilities of other internal debt increased over 10 times during last sixteen years from Rs.35, 688 crore in 1985-86 to Rs.354, 905 crore in 2000-2001, at an average annual rate of 14.26 per cent. Outstanding internal debt liabilities other than market borrowings recorded their highest growth of 39.39 per cent during 1997-2001. The rate of growth moderated to 4.86 per cent in 2000-01. This low growth, however, should be seen in the context of abnormally high growth a year earlier on account of NSSF.

5.28 There was a policy shift in the Union Government access to funds through various instruments during 1997-2001. With the introduction of the "ways and means (W&M) advances" and 14 days Treasury Bills for short term and temporary financial accommodation in 1997-98, use of other treasury bills

for raising funds declined. For other than temporary mismatches, Government resorted to long-term market borrowing. The Government, therefore, converted *ad hoc* and tap treasury bills amounting to Rs 50,818 crore into market and other securities in 1997-98. In 1999-2000, Government also issued special securities for outstanding small saving balances consequent to the creation of NSSF. As a result, nearly 83 *per cent* of the internal debt liabilities of the Union Government net of the market borrowing now consist of these securities. The other major component of these liabilities is the securities issued to International Financial Institutions, which in 2000-01 accounted for another 7 *per cent*. Special securities issued to RBI, Compensation and other Bonds and net balances on W&M advances are the other components of these liabilities.

5.29 These changes in the approach to the fiscal accommodation were intended to bring greater transparency and fiscal discipline. But there has hardly been any evidence of this discipline. There however has been an increase in the interest cost. The government converted its *ad hoc* treasury bills up to special securities at an interest rate of 4.6 *per cent* without any specific date of maturity. The government also converted 91 and 364 days treasury bills up to dated stock at interest rates ranging between 11 to 13.25 *per cent* during 1992-96. These conversions amounted to a total of Rs 158217 crore.

5.30 The Government paid higher interest to the RBI in the nineties for two reasons: firstly, a significant portion of the market borrowing devolved on the RBI; secondly, the system of *ad hoc* treasury bills was replaced by the ways and means advances. These changes entailed higher interest costs as explained in the following paragraphs. The nineties also witnessed a sharp growth in transfers of the RBI's surplus to the government as an endogenous resource transfer. Thus, the payment of higher interest by the government to the RBI and transfer of surplus by the RBI to the government amounted to little else than completion of a fruitless accounting circuit.

Ways and Means Advances

5.31 The Union Government and the Reserve Bank of India signed an agreement in March 1997 to discontinue issuing *ad-hoc* treasury bills to replenish Union Government's cash balance with effect from 1 April 1997. The Union Government could now meet temporary mismatches between

receipts and expenditure through W&M advances provided by the RBI, with their size and cost being determined on the basis of mutual agreement. Amounts drawn beyond the ways and means advances limit are to be treated as overdraft. For 1999-00, W&M advances were fixed at Rs 11000 crore and Rs 7000 crore for the first half (April-September) and second half (October-March) respectively. The interest rate for W&M advances for fiscal 1999-00 was linked to the bank rates and fixed at 8 *per cent* per annum. The rate of interest and minimum balance required to be maintained with the Reserve Bank effective April 1, 2000 were to be same as those in 1999-00. For overdraft, the rate of interest was fixed at 10 *per cent* per annum. The transition from ad-hoc treasury bills to the W&M advances implies the elimination of automatic monetisation of fiscal deficit. Unlike *ad hoc* treasury bills, W&M advances are not a source of financing fiscal deficit. As per the agreement, these advances are to be fully paid within three months from the date of making the advances. When 75 *per cent* of the W&M advances are utilized, RBI would float fresh government securities. Table 5.13 gives details of cumulative amounts of W&M advances obtained by the Union Government for the last four years, since the introduction of this system.

Table 5.13: Ways and Means Advances

<i>(Rs in crore)</i>				
Year	Opening Balance	Addition during the Year	Discharge during the Year	Outstanding Ways and Means Advances
1997-98	--	17239	15239	2000
1998-99	2000	92257	91215	3042
1999-2000	3042	124972	127032	982
2000-01	982	131300	126887	5395

5.32 The system of W&M advances was introduced with a view to imposing fiscal discipline on the government. The government resorted to the advances on a continuous basis for the major part of the year because of mismatches in expenditure and receipts. The outstanding W&M advances availed by the Centre from the Reserve Bank, at Rs 5395 crore, as at end-March 2001 was higher than Rs 982 crore, as at end-march 2000. The Government took recourse to W&M advances for the major part of the year except for a few days between August-September 2000 and December 2000-March 2001. The surplus recorded was automatically invested by the Reserve bank in dated securities from its own portfolio. The Government resorted to

overdrafts (ODs) on seven occasions in the first half and on four occasions in the second half for periods ranging from 1 to 6 days.

5.33 Table 5.14 provides details of interest paid and the rate of interest applicable on the various short-term borrowing instruments for the last five years. In the first year of the changed system using W&M advances, the interest paid on it was nominal, as the government depended for resources heavily on 14-days treasury bills and 364-days treasury bills and did not take much recourse to these advances. Besides, the rate of interest on these advances was also very low at 3.80 *per cent* in 1997-98. In 1999-00, the rate of interest on the W&M advances was linked to bank rate, which was fixed at 8 *per cent* per annum for advances within the limits and 10 *per cent* per annum, for overdrafts. During 2000-01, an outgo of interest amounting to Rs 419 crore resulted from the continuous recourse to ways and means advance and overdrafts on eleven occasions.

Table 5.14: Interest Paid and Rate of Interest on Short-Term Borrowings

Year	Interest Paid (Rs in crore)				Rate of Interest (per cent)			
	Treasury Bills							
	Ad-hoc	14-Days	91-Days	WMA	Ad-hoc	14-Days	91-Days	WMA
1995-96	*	--	*2621	--	4.6	--	12.66	--
1996-97	*	--	*2879	--	4.6	--	9.67	--
1997-98	--	357	213	24	--	5.83	6.80	3.80 ** (5.80)
1998-99	--	270	427	410	--	7.79	8.57	9 (11)
1999-2000	--	227	179	479	--	8.23	9.03	8 (10)
2000-01	--	123	154	419	--	8.23	8.98	8 (10)

Interest paid on ad-hoc T bills, Tap T bills and 91-days auction T bills do not appear separately in detailed demands for grants.

*** In the absence of the quarterly average implicit yield of 91-days auction treasury bills, the annual average implicit yield has been taken into account for determining the rate of interest.*

Note: Figures in bracket denote interest in cases of overdraft.

External Debt of the Union Government

5.34 Table 5.15 indicates the growth of outstanding external debt at the close of the financial years at historical and current exchange rates over the years.

Table 5.15 – External Debt – Trends

(Rs in crore)

	Opening Balance	Fresh Loans	Repay-ments	Net Addition	Closing Balance	Closing Balance at Current Exchange Rate
1985-86	16638	2145	630	1515	18153	18153
1995-96	50928	6759	6441	318	51249	148583
1997-98	54239	7859	6768	1091	55332	161442
1998-99	55332	10014	8095	1919	57254	177934
1999-2000	57254	9893	8713	1180	58437	186075
2000-01	58440	17328	9823	7505	65945	190017
Average Annual Trend Rate of Growth (per cent)						
1985-2001	9.47	10.75	19.71	-1.14	8.90	19.86
VII Plan (1985-90)	11.85	18.96	30.54	13.20	11.95	11.95
VIII Plan (1992-97)	8.77	-4.04	11.64	-32.45	5.95	5.88
IX Plan (1997-01)	2.61	26.62	12.65	69.88	5.62	5.48
Annual Rate of Growth (per cent)						
1998-99	2.02	27.42	19.61	75.89	3.47	10.22
1999-2000	3.47	-1.21	7.63	-38.51	2.07	4.58
2000-01	2.07	75.15	12.74	536.02	12.85	2.12

5.35 The Finance Accounts record the fresh loans at the prevailing exchange rates. Repayment of principal and interest subsequently are recorded at the then prevailing exchange rates. However, till such time an individual loan is fully paid, exchange losses on account of the depreciation are not adjusted. This results in these loans carrying an adverse balance, which depress the overall stock of debt at the historic exchange rate. Outstanding external debt balances are separately converted into their rupee equivalent at the current exchange rate, but since the adjustment on account of exchange loss is kept pending during the currency of the loan, the outstanding balances at the historic rate remain only a balancing entry.

5.36 Comparison of the trend growth over Plans, reveal that rate of growth of new loans had become negative during 1992-97. It had, however, accelerated to 26.62 *per cent* during 1997-2001. Repayments of the external debt recorded a growth of 19.71 *per cent* over 1985-2001, the highest growth of 30.54 *per cent* being observed during 1985-90.

Net inflow of external debt

5.37 While the outstanding external debt liabilities have been growing over time, net inflows of the funds turned negative, particularly since 1994-95. Table 5.16 shows net inflows of external debt (addition during the year minus repayment of principal and payment of interest) during the last decade. However, net inflow as *per cent* of debt servicing again became positive at 17.84 *per cent* in 2000-01

Table 5.16: Net Inflow of External Debt

Year	Addition During the Year	Debt Servicing		Net Inflow	Net Inflow <i>per cent</i> of Addition
		Repayment	Interest Payment		
1990-91	5339	2159	1834	1346	25.21
1991-92	8279	2858	2704	2717	32.82
1992-93	9625	4306	3529	1790	18.6
1993-94	10024	4950	3724	1350	13.47
1994-95	9051	5469	4026	(-) 444	(-) 4.91
1995-96	6759	6441	4414	(-) 4096	(-) 60.60
1996-97	9535	6547	4223	(-) 1235	(-) 12.95
1997-98	7859	6768	4110	(-) 3019	(-) 38.41
1998-99	10014	8095	4364	(-) 2445	(-) 24.42
1999-2000	9893	8713	4508	(-) 3428	(-) 34.65
2000-01	17328	9823	4414	3091	17.84

Unutilised Committed External Assistance

5.38 As on 31 March 2001, unutilised committed external assistance was of the order of Rs 55764 crore. The low rate of utilisation of external assistance is particularly worrying. Much of the unutilised external assistance is for projects in the infrastructure sector (details in Appendix-VIII).

Large amounts of committed external assistance remain unutilised, necessitating avoidable commitment charges.

5.39 Table 5.17 shows that large amounts of committed external assistance have remained unutilised. 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 is lying unutilised and that the country had to pay commitment charges on these undrawn amounts. The Committee 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 recommended that suitable steps be taken to improve the utilisation of loans.

Table 5.17 Unutilised Committed External Assistance

(Rs in crore)

Year	Amount
1990-91	50551
1991-92	70826
1992-93	74587
1993-94	46003
1994-95	48347
1995-96	48574
1996-97	44771
1997-98	47031
1998-99	50157
1999-2000	56917
2000-01	55764

5.40 The Public Accounts Committee, in paragraph 2.35 of its Fifty Fifth Report (Fourth Lok Sabha) and the Estimates Committee in paragraph 4.38 of its Eleventh Report (Fourth Lok Sabha) expressed concern on the payment of commitment charges. Commitment charges are to be paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head interest obligation. Table 5.18 indicates charges paid to various bodies/governments during the last ten years.

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Table 5.18: Commitment Charges

(Rs in crore)

Year	ADB	France	Germany	IBRD	Sweden	Total
1990-91	7.73	1.34	2.63	31.14	19.89	62.73
1991-92	13.07	1.05	4.03	40.23	0.99	59.40
1992-93	21.68	1.22	4.59	40.18	0.72	68.39
1993-94	29.04	0.41	4.15	34.79	1.31	69.70
1994-95	31.80	0.22	2.57	24.25	0.79	59.63
1995-96	35.37	0.30	2.43	20.12	0.72	58.94
1996-97	31.66	0.27	2.09	21.41	0.48	55.91
1997-98	25.74	0.25	1.60	22.06	--	49.65
1998-99	22.83	0.21	0.66	23.89	--	47.59
1999-2000	15.71	0.36	0.37	25.33	--	41.77
2000-01	13.52	0.27	0.19	26.25	--	40.23

5.41 A scrutiny of the Revolving Fund Accounts in the office of the Controller of Aid Accounts and Audit revealed that three IBRD assisted World Bank Projects were not completed in time which resulted in avoidable payment of additional commitment charges of US\$ 1989827 (Rs 8.55 crore) as per details given below. Timely completion of these projects could have saved the Union Government this additional burden as seen in Table 5.19.

Table 5.19: Avoidable commitment charges

Loan Number	Name of the Project	Stipulated Date of Completion	Date of Completion Extended by	Additional Amount of Commitment Charges (In US \$)
3334-OIN	Industrial Pollution Control Project	30.07.1998	31.03.1999	36821.43
3024-OIN	Naptha Jhakri Power Project	31.12.1997	31.03.2002	961235.81
3237-OIN	Northern Region Transmission Project	30.09.1998	30.09.2000	991769.88
Total Additional Commitment Charges				1989827.12

Fiscal Liabilities- Public Account

5.42 The management of public accounts consisting of NSSF, provident funds, insurance funds, pension funds, deposits and advances and suspense accounts; is largely a intermediation function of the Union Government. The Government is only a custodian of these balances and not an owner. The net

surpluses available in the public accounts are, however, utilized by the Government to meet its expenditure requirements and, as such, add to its fiscal liabilities.

5.43 The net increment to Public Account balance provides funds to the government. Utilisation of withdrawals from it needs to be administered in a manner such that returns, at the least, balance the costs. In recent years, the Union Government has been drawing progressively larger amounts from the public account. Large accumulations in public account have also helped the government to finance a significant part of its fiscal deficit.

5.44 Table 5.20 provides the trend of these liabilities and the observed growth rates over different sub periods.

Table 5.20 – Fiscal liability of Public Accounts – Trends

(Rs in crore)

	Opening Balance	Receipts	Repayments	Net addition	Closing Balance
1985-86	38268	24065	14040	10025	48293
1995-96	221215	100817	74917	25900	247115
1997-98	276516*	145480	88033	57447	333963
1998-99	333963	136241	95348	40893	374856
1999-2000	374856	188621	343757	- 155136	219720
2000-01	219720	212111	186704	25407	245127
Average Annual Trend Rate of Growth (per cent)					
1985-2001	15.09	14.29	18.02	--	12.87
VII Plan (1985-90)	23.64	21.76	26.13	14.79	21.97
VIII Plan (1992-97)	14.87	14.21	14.14	14.68	14.80
IX Plan (1997-01)	- 5.58	15.68	42.44	--	- 13.60
Annual Rate of Growth (per cent)					
1998-99	20.78	- 6.35	8.31	- 28.82	12.24
1999-2000	12.24	38.45	260.53	--	- 41.39
2000-01	- 41.39	12.45	- 45.69	--	11.56

* Difference in opening balance is due to prior period adjustment.

5.45 Total outstanding liabilities of the Union Government in public accounts increased from Rs 48,293 crore in 1985-86 to Rs 374,856 crore in 1998-99. The creation of NSSF in 1999-2000, transferred part of the liabilities on public account to the Consolidated Fund, resulting in a decline in the liabilities in public account to Rs 219,720 crore in 1999-2000. Overall public account liabilities increased by 11.39 per cent in 2000-01 to reach a level of

Rs 244,745 crore constituting nearly 20 per cent of the aggregate fiscal liabilities of the Union Government.

Non-credit of lapsed deposit

5.46 As per paragraph 10.14 of the Public Debt Office Manual, the outstanding balance of a loan notified for discharge, will be written off and credited to revenue by the Public Debt Office on the expiry of 20 years from the date of discharge, after obtaining the necessary orders from the Government. Scrutiny of the records of the Public Debt Office, New Delhi, for the period ended June 2001 revealed that an amount of Rs 1.00 crore on account of lapsed deposit and 35.73 kg of gold worth Rs 1.51 crore were lying unclaimed for more than 20 years as shown in Table 5.21.

Table 5.21: Non-credit of lapsed deposit (As on 30.6.2001)

Sl. No.	Central Govt. Loans	Amount in Rupees
1.	4-1/2 % T.S.D.C.	11,10,800
2.	15 Years Annuity Certificate (2 nd Series)	21,10,045
3.	3% Loan, 1896 - 97	4,15,000
4.	3% Conversion Loan 1946 (Balances of Pakistan are also included)	61,62,800
5.	4 % Loan, 1979	20,500
6.	4 % Loan, 1980	1,62,800
7.	7% Gold Bonds, 1980	210
8.	NDGB 1980 'A' Series	21,796 gm
9.	NDGB 1980 'B' Series'	13,937 gm
	35,733 gm*	150,97,193
	Total	250,79,348

*@ Rs 4225 per 10 gm as on 31.3.2001.

5.47 On this being pointed out in Audit, the facts were confirmed by the Public Debt Office RBI, New Delhi (July 2001).

Growth in Contingent Liabilities of the Union Government

5.48 Government gives guarantees to promote certain economic enterprises by reducing the credit risk for investors, especially in those activities where the nature of investment is characterised by long gestation periods. While guarantees do not form part of debt as conventionally measured, in the eventuality of default, this has the potential of aggravating the debt position of

the government. The issue of guarantees assumes significance in the context of the growing need for infrastructure and participation by the private sector in projects requiring large investments.

5.49 Table 5.22 gives the position regarding the maximum amount of guarantees and sums guaranteed outstanding at the end of the financial year during 1991-92 to 2000-01.

Table 5.22: Guarantees Given by Union Government

(Rs in crore)

Position at the end of the year	Maximum amount of guarantee for which government have entered into Agreement	Sums Guaranteed Outstanding (Internal and External)	External Guarantees Outstanding	External Guarantees Outstanding as % to sums Guaranteed Outstanding
1991-92	55063	46744	20908	44.73
1992-93	79552	58027	28988	50.00
1993-94	84738	62857	30626	48.72
1994-95	89563	63153	30268	47.93
1995-96	94761	65573	29345	44.75
1996-97	124705	69748	30839	44.21
1997-98	122044	73877	33445	45.27
1998-99	125210	74606	36530	48.96
1999-2000	144438	83954	47663	56.77
2000-01	135678	86862	55664	64.08

5.50 Outstanding guarantees recorded a trend growth of 7.1 *per cent* during 1991-2001. These contingent liabilities as on 31 March 2001 were nearly 7 *per cent* of the aggregate fiscal liabilities of the Union Government. Total outstanding guarantees were nearly 4 *per cent* of GDP and 34 *per cent* of the revenue receipts that accrued to the union.

5.51 Ministries/Departments of the government are required to levy guarantee fee at the rate of one *per cent* on internal and 1.2 *per cent* on external borrowings as per the instructions of the Union Government. Guarantee fee was to be levied on the date of guarantee and thereafter on 1 April every year. Where the guarantee fee is not paid on due date, it should be charged at double the normal rate. Table 5.23 indicates that the recoveries of guarantee fee have not been effectively made, resulting in short recoveries, despite the instructions of the Union Government.

Table 5.23: Guarantee Fee

(Rs in crore)

Year	Sums guaranteed outstanding			Guarantee fee due			Total guarantee fee received	As % to total outstanding guarantee
	Internal	External	Total	Internal	External	Total		
1991-92	25836	20908	46744	258	251	509	2	--
1992-93	29039	28988	58027	290	348	638	41	0.07
1993-94	32231	30626	62857	322	368	690	82	0.13
1994-95	32885	30268	63153	329	363	692	194	0.31
1995-96	36228	29345	65573	362	352	714	167	0.25
1996-97	38909	30839	69748	389	370	759	146	0.21
1997-98	40432	33445	73877	404	401	805	221	0.3
1998-99	38076	36530	74606	381	438	819	320	0.43
1999-2000	36291	47663	83954	363	572	935	280	0.33
2000-01	31197	55664	86862	312	668	980	542	0.62

Non-recovery of Guarantee fees

5.52 Article 292 of the Constitution empowers the Union Government to give guarantees in respect of loans raised by the Financial Institutions within such limits, as may be fixed from time to time by an Act of Parliament. In lieu of such guarantees, the Government shall charge guarantee fee from the financial Institutions at the rates prescribed, from time to time.

5.53 It was noticed from the records of the Ministry of Finance that guarantees amounting to Rs 29288.79 crore were outstanding against 7 financial Institutions as on 31 March 2000. No records of guarantee fees due, recovered and outstanding against these institutions was available with the Ministry. Table 5.24 indicates that an amount of Rs 397.87 crore, as guarantee fee including penal interest was outstanding and recoverable against 5 institutions till 31.3.2001, as per information furnished by the Chief Controller of Accounts, Ministry of Finance, Department of Economic Affairs in July 2001.

Table 5.24: Guarantee fee recoverable

(Rs in crore)

Sl No	Name of Institution	Amount of Guarantee outstanding	Amount of Guarantee Fee recoverable as per date of sanction	Amount of Guarantee including Penal interest
1.	NHB	1571.47	27.16	54.33
2.	IFCI	2289.20	37.05	74.10
3.	EXIM	579.45	4.30	8.69
4.	IDBI	11014.75	102.17	204.33
5.	ICICI	6334.24	28.21	56.42
6.	SIDBI	6454.99		
7.	IIBI	10044.69		
	Total	29288.79	189.89	397.87

5.54 The actual amount recoverable on account of guarantee fees could not be verified, as the ministry was not maintaining any record. Further, the guarantee fee shown outstanding by CCA was based on the principal amount of loans and did not include interest on repayment of loans, whereas such interest should also be charged.

5.55 Failure of Ministry to recover an amount of Rs 397.87 crore, due and recoverable from five institutions has resulted in the amount not being available for use by the Government.

5.56 Ministry stated in October 2001 that the substantial amount of guarantee fee relates to guarantees issued prior to 1988 and the issue was examined in 1995 by banking Division. It was decided that the guarantees should be kept out of the purview of the Budget Division letter of 1992. As regards the guarantee issued after 1988, Ministry stated that the matter was under consideration and the final decision would be conveyed in due course.

5.57 The contention of the Ministry is not acceptable since the Ministry had not maintained any record indicating the guarantees issued prior to 1988.

Ceiling on Borrowings and Parliamentary Control

The government has not fixed a limit on borrowing with the approval of Parliament despite recommendations from the Public Accounts Committee and the Estimates Committee.

5.58 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 CFI. The Public Accounts Committee (PAC) had recommended the fixation of such a limit on the borrowing power of government under this Article vide para 15 of their Ninth Report (1962-63-Third Lok Sabha), para 5 of their Thirty-Sixth Report (1964-65-Third Lok Sabha) and para 2.13 of their Fifty-Second Report (1965-66-Third Lok Sabha). The Estimates Committee in para 1.192 of their Twelfth Report (1991-92-Tenth Lok Sabha) had also made similar recommendations. Presently, 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. Evidently, the recommendations of the PAC and the Estimates Committee only underscore the urgent need to contain debt. However, the government has so far not acted on these recommendations and has not fixed any limit on its borrowing, with the approval of the Parliament.

5.59 As a result of the sharp rise in debt servicing, an overwhelming proportion of the total disbursement out of the CFI is charged on the Fund, i.e., it is not subject to the vote by Parliament. Less than one-third of the total budgetary expenditure is now within the ambit of the discretion of Parliament and is subjected to vote. During 2000-01, out of a total disbursement of Rs 665346 crore, Rs 405296 crore was charged. Only 39 *per cent* was voted by the Parliament. 61 *per cent* of the total disbursement was applied towards debt service obligations, i.e., loan repayment and interest payment.

Chapter 6

QUALITY OF GOVERNMENT ACCOUNTS

6.1 The Controller General of Accounts (CGA), in the Department of Expenditure, Ministry of Finance is the apex accounting authority for Union civil accounts. He is responsible for consolidation of monthly accounts of the Union government and for overseeing the observance of the required standards of accounting by the Central civil accounts offices. He obtains the details from the Controllers of accounts of the civil ministries for preparation of annual accounts of the union government, viz. summary civil appropriation accounts, and finance accounts including summary transactions of defence, railway, post and telecommunications.

Unreconciled accounts balance with the RBI

6.2 Table 6.1 shows the progressive position of the year-end unreconciled government balances with those of the RBI. The CGA needs to give an explanatory note to the finance accounts for the unreconciled balances at the end of the financial year. CGA stated in October 2001 that the matter had been taken up with the RBI and that the reply would be forwarded to Audit in due course.

Table 6.1: Variation in Book Figure and Accounts Figure of RBI

(Rs in crore)

Year	Deposits with RBI		
	As per Finance Accounts	As per RBI	Difference
1995-96	2832	2499	333
1996-97	2377	2071	306
1997-98	3289	2679	610
1998-99	3525	2927	598
1999-2000	2661	2223	438
2000-01	3858	3623	235

Outstanding balances in suspense heads

6.3 The RBI is the banker of the government and other authorised public sector banks function as the RBI's agents while handling government

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transactions. The government books certain transactions of receipts and payments, which cannot be booked to a final head of account due to lack of information as to their nature, or for other reasons, in intermediate heads of account known as 'suspense heads' pending their final classification. Table 6.2 presents outstanding balances in suspense heads as on 31 March 2001. The quality of maintenance of accounts needs to be improved to ensure that the balances in the suspense heads are kept to the bare minimum and to suitably annotate Finance Accounts, at respective places, as to the reasons.

Table 6.2: Outstanding balances under major suspense heads

(Rs in crore)

Heads of account	Net Balance as on 31 March						
	1995	1996	1997	1998	1999	2000	2001
1. Suspense (PAO Suspense)	Dr. 267.98	Dr. 217.19	Dr. 262.9	Dr. 201.60	Dr.10.11	Cr. 281.11	Dr. 318.75
2. Suspense Accounts (Civil)	Dr. 568.99	Dr. 456.84	Dr. 354.84	Dr. 488.82	Dr. 529.89	Dr. 794.84	Dr. 506.94
3. Suspense Accounts (Postal)	Dr. 97.41	Dr. 48.64	Dr. 68.66	Dr. 760.17	Dr. 471.38	Dr. 93.97	Dr. 100.99
4. Suspense Accounts (Defence)	Dr. 635.18	Dr. 794.38	Dr 980.42	Dr.1621.72	Dr. 2417.07	Dr. 111.11	Cr. 628.67
5. Suspense Accounts (Railways)	Dr. 215.52	Dr. 121.3	Dr. 145.08	Dr. 163.79	Dr. 286.6	Dr. 175.26	Dr. 372.79
6. Suspense Accounts (Telecom)	Dr. 1830.01	Dr. 2017.58	Dr. 1700.10	Dr. 1398.71	Dr. 1586.46	Dr. 1563.57	Dr. 923.75
7. Public Sector Bank Suspense	Dr. 581.35	Dr. 498.73	Dr. 563.28	Dr. 498.86	Dr. 742.77	Dr. 806.43	Dr. 586.55
8. Suspense Account for purchases abroad	Dr. 1426.68	Dr. 1848.78	Dr. 2151.68	Dr. 1336.52	Dr. 1850.71	Dr. 1895.20	Dr. 1675.43
9. Reserve Bank Suspense (HQ)	Cr. 178.12	Cr. 172.77	Cr. 198.95	Cr. 369.32	Cr. 369.38	Cr. 173.52	Dr. 172.20
10. Reserve Bank Suspense (CAO)	Cr. 48.49	Dr. 1039.45	Dr. 1.41	Cr. 23.94	Cr. 55.86	Dr. 67.85	Dr. 38.64
11. Cash settlement Suspense	Dr. 186.40	Dr. 191.38	Dr. 205.26	Dr. 258.15	Dr. 226.16	Dr. 222.18	Dr. 224.53
12. Discount sinking fund	Dr. 2005.61	Dr. 3004.91	Dr. 4273.09	Dr. 3218.69	Dr. 1967.6	Dr. 794.94	---
13. Others	Dr. 127.48	Dr. 253.59	Dr. 1007.33	Dr. 1238.23	Dr. 930.49	Dr. 837.62	Dr. 863.85
Total	Dr. 7716	Dr. 10320	Dr. 11515	Dr. 10792	Dr. 10594	Dr. 6908.34	Dr. 5155.75

Suspense Account for Purchases Abroad

6.4 The government makes direct payment for imports financed out of foreign loans and credit, by importers holding license for imports, under a 'direct payment procedure'. The Controller of Aid Accounts and Audit in the Department of Economic Affairs of the Ministry of Finance, keeps accounts of these transactions and operates the minor head 'Suspense Account for Purchases Abroad' for the purpose. These suspense balances must be cleared by payment of advance deposits by the importers. The importers have to pay interest on delayed payments, under the licensing agreements. At the end of 2000-01, suspense account for purchases abroad reflected a debit balance of Rs 1675.43 crore. Main defaulters were as follows: Pawan Hans Ltd. – Rs 57.44 crore; Railway Board - Rs 17.01 crore; Rayala Seema Thermal Power Project - Rs 57.35 crore, Helicopter Corporation of India - Rs 67.23 crore, Ministry of Health and Family Welfare - Rs 27.38 crore; Paradeep Post Trust – Rs 13.70; Department of Agriculture Research and Education (DC) – Rs 34.77; Power Grid Corporation of India Ltd – Rs 326.40 crore; Coal India Ltd (WB) – Rs 20.90 crore; Grid Corporation India Ltd Orissa – Rs 12.19 crore; Ministry of surface Transport – Rs 31.53 crore; Lady Harding Medical College and Associated Hospital – Rs 16.29 crore; Fisheries State Project Unit, Bihar – Rs 10.67 crore; Chennai Metropolitan Water Supply and Sewage Board – Rs 16.06; Bakreshwar Thermal Power Project West Bengal – Rs 27.84 crore; A.P. Transmission Co Ltd. – Rs 14.30 crore,; Delhi Water Supply & Sewage U (MCD) Delhi – R 30.86 crore; Pyrites Phosphates and Chemicals Ltd – Rs 24.94 crore.. Appendix-IX gives the details. The government needs to activate recovery of its dues from the importers and clear the outstanding debits in the suspense account.

Adverse Balances

6.5 Adverse balances arise largely due to accounting errors or accounting situations arising out of rationalisation of the classification of accounts or administrative re-organisation, which break up one accounting unit into many. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced. The Union finance accounts for the year 2000-01 indicated 56 cases of adverse balances, as shown in Appendix-X. Out of these, 13 balances became adverse during the year 2000-01. Out of 43 old cases, four balances are adverse ever

since 1976-77, i.e. pre departmentalised period and 39 balances are adverse from 1979-89 to 1999-00. The CGA stated in October 2001 that the adverse balances pertaining to loans largely arose because of the exchange fluctuations, and were being finally written off after full repayment of loans. In the remaining cases, the matter was being followed up with the concerned ministries. The CGA had been annotating all the adverse balances in the finance accounts as being 'under investigation'. It would be desirable to provide suitable explanatory memorandum in the Finance Accounts as to the progressive status of the adverse balances in each case, to improve the quality of accounts, including those cases as might have been hidden during consolidation.

Outstanding under 'Cheques and Bills'

6.6 This head is an intermediary accounting device for initial record of transactions, which are eventually to be cleared/withdrawn. Under the scheme of departmentalisation of accounts, payment of claims against government is made by the PAOs of different Ministries/Departments by cheques drawn on branches of the RBI or PSU Banks accredited to the Ministry/Department. When claims are preferred in the appropriate bill form to the PAO/Departmental Officer, the payment is authorised through issue of cheques, after exercising the prescribed checks and recording of pay order by the PAO/Departmental officer. At the end of each month, the major head 8670-Cheques and Bills is credited by the total amount of the cheques delivered. On receipt of date-wise monthly statement and monthly statement of balances from Public Sector Banks and RBI Central Accounts Section, Nagpur, the head '8670-Cheques and Bills' is minus-credited and credit is afforded to 8658-108-PSB Suspense or 8675-101 Deposit with Reserve Bank-Central Civil, as necessary. Table 6.3 shows that there were large outstanding balances under the minor heads 'cheques and bills' of 2000-01 finance accounts, which had the effect of overstating the government cash balance.

Table 6.3: Outstanding balances under minor heads 2000-01

			<i>Rs in crore</i>
(1) Pre-audit cheques	Cr.		0.51
(2) Pay and Accounts Offices Cheques	Cr.		6504.91
(3) Departmental Cheques	Cr.		188.92
(4) Treasury Cheques	Cr.		4.62
(5) IRLA Cheques	Cr.		2.48
(6) Telecommunication Accounts Office Cheques	Cr.		925.28
(7) Postal Cheques	Cr.		5349.15
(8) Railway Cheques	Cr.		315.70
(9) Defence Cheques	Cr.		3686.28

Advancing of loans without finalisation of terms and conditions

6.7 The Union government has yet to finalise terms and conditions of the loans advanced to Shipping Credits and Investment Company of India Ltd., Bombay (Rs 41.33 crore, since 1987-88), and Rajiv Gandhi Cancer Institute and Research Centre, New Delhi (Rs 29.29 since 1994-95). CGA stated in October 2001 that the matter had been taken up with the concerned Ministries/Department.

Chapter 7

APPROPRIATION ACCOUNTS 2000-01: INTRODUCTION

Constitutional provisions

7.1 The government introduces an Appropriation Bill to provide for appropriation out of the Consolidated Fund of India (CFI), as per provisions of Article 114 of the Constitution of India, soon after the House of the People passes the demands for grants under Article 113. The Appropriation Act passed by Parliament contains authority to appropriate the specified sums from the CFI for the specified services. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts include the disbursements, which have been voted by Parliament under various grants in terms of Articles 114 and 115, and the disbursements, charged on the CFI in terms of Article 112 (3) as well as Article 293 (2) of the Constitution. The government prepares Appropriation accounts every year indicating the details of gross amounts on various services actually spent by government vis-à-vis those authorised by the Appropriation Acts.

7.2 The Controller General of Accounts (CGA) prepares the appropriation accounts in respect of 95 grants and appropriation of civil ministries. The ministries of defence, post, telecommunications, and railways prepare appropriation accounts of their respective grants. The CAG submits five different Appropriation Accounts pertaining to different sectors of activities of the government, viz. civil, defence, post, telecommunications, and railways, along with his report under Article 151 of the Constitution, to the President every year, who causes them to be laid before Parliament. Details of demands for grants and appropriations of various ministries during 2000-01 were as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	95
Defence Services	5
Postal Services	1
Telecommunication Services	2
Railways	16
Total:	119

7.3 This Report contains audit observations on the appropriation accounts (civil), including an analysis of expenditure in excess of allocation requiring regularisation by Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions made without requirement by some ministries, expenditure on new instrument of service, unrealistic budgeting and detailed observations in respect of the ministries selected for in-depth examination. It also contains a brief gist of audit findings on the appropriation accounts of defence, post, telecommunications, and railways, where appropriate. The CAG's Reports No. 6, 7, 8 and 9 of 2002 contain detailed audit findings in respect of the appropriation accounts of post, telecommunications, defence, and railways respectively.

Preparation and audit of civil appropriation accounts

7.4 The controllers of accounts of the ministries prepare head-wise appropriation accounts for each grant and appropriation of the ministry according to the classification prescribed in the list of major and minor heads and the estimates as passed by Parliament. The secretary of each ministry approves the head-wise appropriation accounts of grants and appropriation administered by that ministry in his capacity as the chief accounting authority of the ministry. The CAG audits the head-wise appropriation accounts. The CGA condenses audited appropriation accounts of various grants and appropriations of civil ministries¹ in the form approved by the Public Accounts Committee and presents these to the CAG, after countersignature of the Secretary, Department of Expenditure, for submission to the President of India in accordance with Article 151 of the Constitution of India.

A summary

7.5 Appendix XI presents a summary of appropriation accounts of gross sums expended during the year ended March 2001 relative to the corresponding sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 2000-01. This summary also includes figures of defence, post, telecommunications, and railways on gross basis.

¹ *In respect of the non-departmentalised grants, the Indian Audit & Accounts Department prepares the condensed accounts, which the CGA includes in the Union government's appropriation accounts.*

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Table 7.1 gives the total provision and actual disbursements under civil ministries during 2000-01.

Table 7.1: Provision and Disbursements under Civil Ministries: 2000-01

<i>(Rs in crore)</i>				
Provision*		Disbursements		
Original	681762.62			
Supplementary	22444.36			
Total gross provision	704206.98	Total gross Disbursements	566042.09	
Recoveries in reduction of disbursements				
(Estimated)	4736.83	(Actual)	8709.28	
Total net provision	699470.15	Total net Disbursements	557332.81	
Voted and charged provisions and disbursements				
Provision		Disbursements		
	Voted	Charged	Voted	Charged
Revenue	151875.33	153610.14	142194.21	115634.14
Capital	21801.86	376919.65	18558.43	289655.31
Total: gross	173677.19	530529.79	160752.64	405289.45
Recoveries in reduction of disbursements	4736.60	0.23	8687.77	21.51
Total: net	168940.59	530529.56	152064.87	405267.94

7.6 Out of the overall unspent provision of Rs 138164.89 crore in the grants pertaining to civil ministries/departments, Rs 72995.33 crore was on account of less than the budgeted drawal of 14, 91 and 182 days treasury bills which resulted in repayments, which were less than the budgeted amounts. Excluding this, the effective unspent provision was Rs 65169.56 crore. Out of this, Rs 286.30 crore was attributable to less interest payment on these treasury bills for the reasons stated above. If both the provision and unspent amounts for repayment of debt are ignored, the civil ministries ended with an aggregate unspent provision of Rs 52909.91 crore which exceeded the supplementary grants/appropriation of Rs 22444.36 crore and constituted more than 15 per cent of the total provision. Appendix XII presents the net unspent provision

* Exclusive of the figures of railways, defence and P&T

(civil ministries) in 206 sections and excess in one section of the grants/appropriations.

Charged and Voted disbursement

7.7 Appendix-XIII contains the details of the disbursements actually made against approved demands (grants and appropriations) of the civil ministries for the years 1990-91 to 2000-01. During these years, 66 to 77 *per cent* of the total disbursements for the civil ministries was charged on Consolidated Fund of India.

7.8 The total disbursements of the civil ministries increased by 204 *per cent* from Rs 186370 crore in 1990-91 to Rs 566042 crore during 2000-01. The charged disbursements increased by 208 *per cent* from Rs 131689 crore to Rs 405289 crore and voted disbursements increased by 194 *per cent* from Rs 54681 crore to Rs 160753 crore. The charged disbursements of civil ministries during 2000-01 was mainly on account of interest payments (Rs 103224 crore, i.e. 9 *per cent* higher than Rs 94593 crore for 1999-00), repayment of debt (Rs 269512 crore), transfers to State and Union Territory governments mainly on account of block grants, loans for state plan schemes, loans to States and UTs against net small savings collection, loans for rural electrification etc. excluding share of net collection of income tax (Rs 31025 crore) and others (Rs 1528 crore); and, constituted 72 *per cent* of the total disbursements.

Limited Scope of Financial Control by Parliament

7.9 Since charged disbursements are not subject to vote by Parliament, effectively the scope of financial control by Parliament is limited to about 28 *per cent* of the total disbursement in the civil ministries. However, viewed in the background of the total disbursements from the CFI (Rs 702975 crore), the percentage of charged disbursements was 58 *per cent* (Rs 405321 crore). If the disbursement on salary and allowances, which is largely inflexible, is also added to it, about 25 *per cent* of the total disbursement of the Consolidated Fund of India is effectively subject to the vote of Parliament.

Original and Supplementary Grants under Civil Ministries

7.10 The original provision of Rs 681763 crore obtained for the year 2000-01 was 6 *per cent* more than Rs 642905 crore obtained for 1999-00. The

supplementary grants of Rs 22444 crore obtained subsequently during the year were Rs 4505 crore lower than the supplementary grants of Rs 26949 crore obtained during 1999-00. **Appendix-XIV** presents the details of original and supplementary grants/appropriations for the years 1995-01. During 2000-01, the total disbursements of Rs 566042 crore were, Rs 35796 crore lower than the total disbursements of Rs 601838 crore during 1999-00. The voted disbursements increased by 8 *per cent* whereas charged disbursements decreased by 11 *per cent* over the proceeding year. 67 *per cent* of the charged disbursements pertained to repayment of debt and 25 *per cent* to interest payments. Charged disbursements were 72 *per cent* of the total disbursements under civil ministries. This included interest payments and repayment of debt, which accounted for 66 *per cent* of the total disbursements under civil ministries.

Expenditure incurred without sanction

7.11 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 2000-01 revealed that disbursements on 16 items aggregating Rs 20.15 lakh had been made by Ministry of Finance without sanction in contravention of the aforesaid rules. This amount is included in the disbursements figures of respective grants of Ministry of Finance. The CGA, while certifying the disbursements, has qualified this amount from the point of view of sanction. Details of such cases for the last five years are given in **Appendix-XV**.

Disbursements in the last quarter and last month of the financial year

7.12 As per Note 3 of Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Test checks revealed that, in spite of repeated instructions of the Ministry of Finance and despite it being pointed out in previous audit reports, no remedial

measures were taken and a large part of disbursements continued to be made in the month of March 2001/ last quarter of financial year. A few instances shown in Appendix-XVI would indicate that major part of disbursements on grants-in-aid to State/Union Territory governments, capital outlay and investments, were made in the month of March. Since the funds released in March/last quarter of the financial year to various organisations cannot be constructively spent during the year, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

The Ministry of Home Affairs stated in December 2001 that rush of expenditure was due to late submission of bills by the executing agencies (CPWD), state governments etc.

Chapter 8

APPROPRIATION ACCOUNTS 2000-01: AN ANALYSIS

Excess disbursements over grants/appropriations

8.1 As per Article 114(3) of the Constitution, no money is to be withdrawn from the CFI except under appropriations made by law passed in accordance with the provisions of this Article. Further, GFR 71 stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Appendix-XVII presents the details of excess expenditure over the sanctioned provision under civil ministries from 1990-91 onwards. During 2000-01, there was excess disbursement of Rs 4372665 (i.e. Rs 0.44 crore) in one segment of one grant in civil ministries. Table 8.1 contains the summary of total excess over the authorisation from the CFI and Table 8.2 has the details.

Table 8.1: Summary of excess disbursements over grants/appropriations

		<i>In Rupees</i>			
		Civil	Defence	Railways	Post & Telecommunication
<i>Voted</i>	Revenue	-	2296986853	-	-
	Capital	4372665	-	-	-
<i>Charged</i>	Revenue	-	-	79328	664000
	Capital	-	-	1045802	977000
	Total Excess	4372665	2296986853	1125130	1641000
No of Grants/ Appropriations		1	1	4	1
Total		2304125648			

8.2. Excess disbursements of Rs 0.44 crore in one segment of one grant pertaining to civil ministries, Rs 229.70 crore under one grant of defence services, Rs 0.11 crore under four appropriations of railways and Rs 0.16 crore under one appropriation of postal services as detailed in Table 8.2 require regularization under Article 115 (1) (b) of the Constitution.

Table 8.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation	Rupees	Contributory reasons as stated by Government
Civil: Capital – Voted			
1.	Department of Agriculture and co-operation (Ministry of Agriculture)	Grant Expenditure Excess	1353900000 1358272665 4372665
			Minus provisioning of Rs 20.00 crore under major head “7601” in the main demands for Grants and Appropriation Act (No.2) 2000.
Railways: Revenue-Charged			
2.	3-General Supdt. and Services	Appropriation Expenditure Excess	206000 210942 4942
			Details are in Report No.9 of 2002 (Railways).
3.	6-Repairs & Maintenance of Carriages & Wagons	Appropriation Expenditure Excess	100000 141204 41204
			-do-
4.	7-Repairs & Maintenance of Plant & Equipments	Appropriation Expenditure Excess	- 33182 33182
			-do-
Capital-Charged			
5.	16-Open Line Works Revenue	Appropriation Expenditure Excess	- 28664 28664
			-do-
6.	16-Capital	Appropriation Expenditure Excess	64104000 65121138 1017138
			-do-
Defence Services: Revenue-Voted			
7.	21-Defence Ordnance Factories	Grant Expenditure Excess	5802000000 8098986853 2296986853
			Details are in Report No. 7 (Defence Services-Army and Ordnance Factories)
Post & Telecommunication Revenue-Charged			
8.	11-Postal Services	Appropriation Expenditure Excess	300000 964000 664000
			Details are in Report No. 6 of 2002 (Post and Telecommunication)
Capital-Charged			
9.	11-Postal Services	Appropriation Expenditure Excess	3900000 4877000 977000
			-do-

The details of excess disbursements in post and telecommunications, defence and railways as also on other items relating to these grants are mentioned in the Reports 6, 7, 8 and 9 of 2002 respectively of the CAG.

Deficient control by Pay and Accounts Offices

8.3 As per provisions of Annexure A to note 3 under Rule 66 of GFR, 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, Pay and Accounts Office (PAO) can make payment only on receipt of an assurance in writing from the head of the department controlling the grant that necessary funds to accommodate the disbursements will be provided by issue of re-appropriation orders etc. Test check of head-wise appropriation accounts for the year 2000-01 revealed 50 cases of 22 grants and appropriations, detailed in Appendix-XVIII, where the PAO of the ministries, made payments of Rs 1065.88 crore in excess of the available provisions without necessary re-appropriations, indicating deficient financial management and ineffective expenditure control by the PAOs.

Expenditure without re-appropriation

8.4 Scrutiny of Appropriation Accounts of grant No. 87-Ministry of Urban Employment and Poverty Alleviation revealed that while obtaining token supplementary grant of Rs. 0.01 crore in December 2000 under the Major Head-6216-General-other loans-other Institutions, the Ministry intimated Parliament that the additional requirement of Rs 7.00 crore under this head would be met by re-appropriation of funds from the savings available in the capital section. But Ministry incurred Rs 6.99 crore without re-appropriating the funds to this particular head resulting in excess expenditure, which needs to be regularised.

Excess Release of Funds – Rs 47.54 crore

8.5 As per provisions of Rule 69 of GFR, departments of the Central government are required to surrender all the anticipated provisions that cannot be profitably utilized during a year to the Finance Ministry before the close of financial year. No saving should be held in reserve for possible future excesses. It is contrary to the interest of the government to sanction/release grants-in-aid in excess of the capacity of the grantee institutions to spend, merely because it is available or that the lapse of the grant could be avoided. Scrutiny of the head-wise appropriation accounts and connected records pertaining to the grants as detailed in Table 8.3 below for the year 2000-01

revealed that these departments released grants-in-aid to grantee institutions in excess of their requirement in the previous years. These were shown as "deduct recoveries towards overpayments" in the accounts of 2000-01.

Table 8.3: Recovery of overpayments

(Rs in crore)

Sl. No	Grant	Amount	Remarks
1.	3- Department of Animal Husbandry and Dairying	0.20	Departments stated that the recoveries of over payments pertain to the refund of unspent balance of grants-in-aid of previous year and refund due to non-furnishing of utilisation certificates or utilising the funds for other purposes.
2.	15- Department of Youth Affairs and Sports	0.28	
3.	42- Department of Health	5.85	
4.	43- Department of Indian System of Medicines and Homoeopathy	0.86	
5.	44- Department of Family Welfare	9.91	
6.	50- Department of Elementary Education and Literacy	9.21	
7.	52- Department of Women and Child Development	3.17	
8.	54- Department of Heavy Industries	1.00	
9.	62- Department of Coal	0.42	
10.	69- Ministry of Power	0.87	
11.	77- Ministry of Statistics and Programme Implementation	0.22	
12.	84- Urban Development	2.81	
13.	93- Department of Space	12.74	

8.6 The concerned departments stated that amounts booked were not overpayments with reference to previous years but pertain to refund of unspent balances and credits on account of cancelled, time-barred cheques/demand drafts.

8.7 The replies of the departments are not tenable because the release of excess grants-in-aid in previous years without assessing the actual requirement was intended to avoid surrender of saving and lapse of the grants

Unspent provisions

8.8 Unspent provisions in a grant or appropriation indicate either poor fiscal marksmanship, or shortfall in performance, or both. As already mentioned the overall unspent provision in the budget of government (other than post, telecommunications, railways and defence) totalled Rs 138164.89 crore. Out of this, unspent provision of Rs 72995.33 crore was due to less discharge of 14, 91 and 182 days treasury bills consequent upon less issue of the treasury bills than what was estimated. The total unspent provision also included Rs 286.30 crore on account of less payment of interest on treasury bills for the same reason. Excluding these two, the effective unspent provision was Rs 64883.26 crore. Table 8.4 presents a summary of unspent provisions under various grants/appropriations.

**Table 8.4: Summary of grants and appropriations
with unspent provision of over Rs 20 crore**

	Above Rs 100 crore			Below Rs 100 crore but above Rs 20 crore		
	Cases	Grants	Appropriations	Cases	Grants	Appropriations
Civil	34	24	2	52	43	-
P&T	4	3	-	2	2	-
Defence	4	4	-	-	-	-
Railways	6	5	-	7	7	-

8.9 Scrutiny of the Appropriation Accounts revealed that certain grants and appropriations relating to Transfers to State and Union Territory governments, Ministry of Environment and Forests, Department of Rural Development, Repayment of Debt, Ministry of Human Resource Development, Ministry of Social Justice and Empowerment, Department of Health, Department of Family Welfare, Ministry of Urban Employment and Poverty Alleviation, Ministry of Power, Currency, Coinage and Stamps, Road Transport and Highways etc. have been registering unspent provisions which are not only persistent but display an increasing trend which continued during the year 2000-01. Such large-scale unspent provisions are indicative of the need on the part of these ministries to review their budgetary assumptions or/and efficiency of their programme management.

Unspent Provision of Rs. 100 crore or more

8.10 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 unspent provision as compared to the sanctioned provision. The Committee desired that Ministry of Finance take the issue seriously with appropriate measures to overcome the unfortunate situation of large unspent provision, and also specifically desired that detailed explanatory note in respect of unspent provision from a grant or appropriation of Rs 100 crore and above during each year be furnished to the Committee.

8.11 As against 32 cases during 1999-00, there were 34 cases of 24 grants and two appropriations where unspent provision of Rs 100 crore or more in each segment of the grant/ appropriation occurred during 2000-01 were noted. Large unspent provision occurred in developmental areas like health, education, welfare, rural/urban development, urban employment and poverty alleviation, Surface transport, power etc. The contributory reasons attributed for the unspent provision by the ministries/departments reveal that some of the schemes in these areas as planned during the year, failed to take off. Appendix-XIX indicates the details of the unspent provisions and the main contributory reasons as given by the department.

Unspent Provision between Rs 20 crore and Rs 100 crore

8.12 Apart from the above 34 cases, there were 52 sections of 43 grants/appropriations where unspent provision in each case was less than Rs 100 crore but in excess of Rs 20 crore which aggregated to Rs 2604.98 crore. Appendix-XX has the details.

Unrealistic budgetary assumptions

8.13 Test check of some of the head-wise appropriation accounts revealed that reasons for unspent provisions under sub-heads detailed in Appendix-XXI were attributed to availability of unspent balance of previous year with the implementing agencies/non-receipt of proposals etc. The reasons given are not tenable as the Ministries/Departments were required to take into account the amount of unspent balance of previous year with the implementing agencies and actual demands at the time of making budget estimates for

2000-01. This implies that budget estimates provided for under these sub-heads were not realistic and were made without assessing actual requirements.

8.14 Similarly, under sub-heads indicated in Appendix-XXII the reasons for unspent provision were attributed to "economy in expenditure" or "cut imposed by Ministry of Finance at revised estimates stage". The reasons were too general and non-specific because the ministry of Finance had imposed cut on 'Non-Plan' expenditure where as under these schemes most of the provision was for Plan expenditure. The reasons furnished for non-utilisation were not correct.

8.15 Further, in respect of sub-heads mentioned in Appendix-XXIII the reasons for unspent provision were attributed to non-approval/finalisation of schemes/projects/plans/codal formalities etc. and also non-filling up of vacant posts. The Finance Ministry in their annual budget circular, emphasized the necessity of avoiding lump sum provisions on schemes and getting the schemes cleared well before their inclusion in the budget. It is evident that these instructions repeated every year, were taken casually by departments and Ministry of Finance also did not enforce its own directions in this matter. Resultantly, provisions were made under these sub-heads without completion of pre-budget scrutiny of the projects/schemes/activities and most of these provisions remained unutilised.

Surrender of unspent provision

8.16 '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 GFR 69, unspent provisions 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. Unspent provision should also not be held in reserve for possible future excess. During 2000-01, under 206 segments of 94 grants/appropriations there was unspent provision of Rs 138165.33 crore out of which Rs.0.44 crore were offset by excess under one segment of one grant resulting in net unspent provision of Rs 138164.89 crore. Out of the gross unspent provision of Rs 138165.33 crore, the amounts surrendered are shown in Table 8.5.

Table 8.5: Details of unspent provision and surrender

<i>Rs in crore</i>				
	Gross unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	9681.12	8399.03	6419.26	1282.09
Charged	37976.00	25051.50	25039.77	12924.50
Total: Revenue	47657.12	33450.53	31459.03	14206.59
Capital				
Voted	3243.87	2463.53	1412.22	780.34
Charged	87264.34	86850.39	86844.90	413.95
Total: Capital	90508.21	89313.92	88257.12	1194.29
Grand total	138165.33	122764.45	119716.15	15400.88

8.17 Unspent provision of Rs 72995.33 crore was due to lesser discharge and cancellation of 14, 91 and 182 days treasury bills. The major amounts (more than Rupees forty crore) not surrendered under the grants pertained to the Department of Agricultural Research and Education (Rs 84.61 crore), Ministry of External Affairs (Rs 67.50 crore), Payment to Financial Institutions (Rs 177.08 crore), Transfers to State and Union Territory Governments (Rs 12414.25 crore), Loans to Government Servants (Rs 57.33 crore), Direct Taxes (Rs 66.61 crore), Department of Health (Rs 81.70 crore), Police (Rs 122.44 crore), Department of Road Transport and Highways (Rs 360.95 crore) and Atomic Energy (Rs 153.96 crore).

8.18 On the other hand, under the grants pertaining to Department of Agriculture and Co-operation, Economic Affairs, Transfer to Union Territory Governments, Power, etc., the amount surrendered exceeded the amount of unspent provision under the segments of the grants. Appendix-XXIV gives the details.

Re-appropriation of funds

8.19 A grant or appropriation for disbursements is distributed by sub-heads or standard objects under which it is accounted. The competent executive authorities can approve re-appropriation of funds, 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 unspent provision can be effected in the unit of appropriation.

8.20 In the developmental and welfare areas such as Agriculture (Rs 507 crore), Fertilizers (Rs 1391 crore), Pension (Rs 103 crore), Health (Rs 185 crore); Family Welfare (Rs 127 crore); Interest Payments (Rs 1102 crore), Repayment of Debt (Rs 1933 crore), Department of Elementary Education and Literacy (Rs 300 crore); Department of Secondary Education and Higher Education (Rs 131 crore), Department of Women and Child Development (Rs 121 crore); Indirect Taxes (Rs 130 crore); Heavy Industry (Rs 590 crore); Department of Rural Development (Rs 684 crore), Department of Drinking Water Supply (Rs 145 crore), Textiles (Rs 173 crore), Atomic Energy (Rs 146 crore); Space (Rs 230 crore), heavy re-appropriation of funds were mainly from welfare activities to the establishment related activities, payment of grants-in-aid and other non-developmental/welfare activities because sufficient fund under these activities could not be got authorised at budget stage. Such re-appropriation of funds conflicted with the original purpose for which the funds were authorised by Parliament.

Injudicious re-appropriation to sub-heads

8.21 Test check of the accounts revealed that in 28 cases of 17 grants/appropriations as detailed in **Appendix-XXV**, re-appropriations aggregating Rs 324.97 crore were injudicious, as the original provision under the sub-heads to which funds were transferred by re-appropriation was more than adequate. Consequently, the final saving under the sub-heads were more than the amount re-appropriated to these sub-heads. The position of similar injudicious re-appropriations in respect of grants of railways, posts and telecommunications and defence services have been included in the respective audit reports.

Injudicious re-appropriation from sub-heads

8.22 Similarly in 6 sub-heads of 5 grants/appropriations as indicated in **Appendix XXVI**, there was injudicious re-appropriation aggregating Rs 23.92 crore wherein the final disbursements under each of them was more than the original provision before re-appropriation from them. In each of them, the

excess over the final provision after re-appropriation from these heads was more than the amounts re-appropriated.

Irregular re-appropriation

8.23 As per the extant instructions of Ministry of Finance issued at the instance of the Public Accounts Committee (Eighth Lok Sabha) vide its recommendation in 147th Report, 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. In exceptional cases, any order of re-appropriation issued by the ministries/departments after presentation of the last batch of supplementary demands, exceeding the above limit requires prior approval of the Secretary/Additional Secretary, Department of Expenditure.

8.24 Test check of appropriation accounts for 2000-01 revealed that there were 282 sub-heads/cases of 56 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these, in 164 sub-heads/cases involving 45 grants/appropriations, the re-appropriation exceeded 25 *per cent* of the budget provision; and, were required to be reported to Parliament through the last batch of supplementary demands for grants. Only in 45 cases, such re-appropriation were reported to Parliament and in respect of remaining 119 cases the approval of Secretary (Expenditure) was obtained at very end of the financial year instead of reporting the re-appropriation to Parliament. In most of these cases, the ministries/departments did not explain as to why they were not in a position to report the re-appropriations to Parliament.

Re-appropriation without prior approval of Secretary (Expenditure)

8.25 Ministry of Finance had prescribed that all re-appropriations which would have the effect of increasing the budget provision by rupees one crore or more under a sub-head should be made only with the prior approval of Secretary (Expenditure) even if the amount re-appropriated was within 25 *per cent* of the provision covered under the limit governing re-appropriation mentioned in the preceding paragraph.

8.26 Sample check of appropriation accounts for 2000-01 revealed that there were 118 sub-heads under which re-appropriation in excess of rupees one crore but not exceeding 25 per cent of the budget provision was made where prior approval of Secretary (Expenditure) was required to be obtained. However, in the cases mentioned in Table 8.6, re-appropriation exceeded Rs one crore but prior approval of Secretary (Expenditure) was not obtained

Table 8.6: Cases where prior approval of Secretary (Expenditure) was not obtained for re-appropriation.

Sl. No.	No and Name of grant	Major Head	Sub-head	Amount (Rs in crore)
1.	14-Department of Culture	2205-Art & Culture	National Library Calcutta	O.11.00 R 1.00
2.	42-Department of Health	2210- Medical and Public Health	Central Institute of Psychiatry Ranchi	O. 10.80 R. 1.10
3.	-do-	-do-	Safdarjung Hospital New Delhi	O. 86.80 R 2.85
4.	-do-	3606- Aid Material and Equipment	Material Assistance for National Leprosy Control Programme	O.18.70 R 1.00

O=Original provision R=Re-appropriation

**Unauthorised re-appropriation from 'voted' to 'charged'
(Grant No. 10-Department of Supply)**

8.27 Rule 10 (2) of Delegation of Financial Power Rules stipulates that funds cannot be re-appropriated from 'voted' to 'charged' and vice-versa. Scrutiny of Appropriation Accounts for the year 2000-2001 in respect of Grant No. 10-Department of Supply revealed that the department vide their revised re-appropriation order no. G-20014/4/1/2001 – FV dated 30.3.2001, re-appropriated Rs 10.00 lakh from 'voted' to 'charged' under Minor Head 00.101 purchase below Major Head –2057- Supplies and Disposal. On this being pointed out in audit, the said re-appropriation order dated 30.3.2001 was further revised vide another revised re-appropriation order dated 14.6.2001, deleting the amount of Rs 10.00 lakh from 'charged' portion and adding to 'voted' portion of revenue section under the same Major Head 2057 – Supply and Disposal. The department pointed out that a communication issued on 14-06-2001 was actually not a revised re-appropriation order but a corrigendum issued to rectify the error of transfer of Rs 10.00 lakh from charged to voted. This corrigendum was issued to correct the mistake of technical nature pointed out by CGA.

8.28 Re-appropriation of funds from voted to charged and further amendment of re-appropriation order after the close of the financial year were in contravention of provisions of Rule 10(2) of Delegation of Financial Powers. Accordingly, the expenditure incurred to that extent was unauthorised.

**Issue of re-appropriation orders after the close of the financial year
(Grant No.2- Department of Agricultural Research and Education)**

8.29 In terms of Rule 69 and 72 of GFR, departments of central government are empowered to re-appropriate funds from one primary unit of appropriation to another such unit within a grant or appropriation and also to surrender all anticipated savings to the Ministry of Finance before the close of the financial year. Scrutiny of appropriation accounts and re-appropriation orders in respect of grant no.2-Department of Agricultural Research and Education revealed that, in violation of the provisions of General Financial Rules, the Department re-appropriated Rs 4.62 crore after the close of the financial year vide re-appropriation order no. 1(7)/2000-Budget dated 25-4-2001. When pointed out by audit, the Department did not furnish reasons for issue of the re-appropriation order of 25 April 2001. As there are no provisions for re-appropriation after the close of the financial year, the re-appropriation was irregular and unauthorised.

Estimation of Supplementary Grant/Appropriation

8.30 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 disbursements 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 provisions of Article 115 (1) of the Constitution.

8.31 While obtaining the supplementary grant, ministry/department 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.

8.32 The Public Accounts Committee of 10th Lok Sabha in its 88th Report in Para 1.39 had also commented on obtaining the supplementary grant or appropriation in an ill conceived manner without conducting a proper and close scrutiny of expenditure incurred or likely to be incurred by them during the financial year.

Utilisation of Supplementary Grants

8.33 The position of original and supplementary grants obtained under civil ministries and percentage of supplementary provision to the original provision from 1995-96 onwards is given in Appendix-XIV. Details of supplementary grants (civil) obtained during 2000-01 are given in Table 8.7.

Table 8.7: Supplementary Grant Obtained during 2000-01 in Civil Ministries

<i>(Rs in crore)</i>	
Section	Amount
Voted	
Revenue	19671.89
Capital	486.57
Loans and Advances	1355.30
Charged	
Revenue	18.83
Capital	6.10
Public Debt	-
Loans and advances	905.67
Total	22444.36
Number of grants/appropriations	68

Supplementary provision obtained but not utilised

13 grants (14 cases) Rs.295.89 crore

Unnecessary supplementary grant

8.34 In 14 cases relating to 13 grants as detailed in Table 8.8, although the supplementary provisions were obtained during 2000-01 in anticipation of higher expenditure, the final expenditure was less than even the original

grants/appropriations. Thus, the entire amount of supplementary provision aggregating to Rs.295.89 crore proved to be unnecessary.

Table 8.8: Unspent provision more than supplementary grant/ appropriation

<i>(Rs in crore)</i>					
Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
Revenue – Voted					
1.	1-Department of Agriculture and Co-operation	5966.32	7.65	5937.99	36.06
2.	3-Department of Animal Husbandry and Dairying	397.08	2.58	364.43	35.25
3.	8-Department of Commerce	1110.71	18.81	1098.33	31.22
4.	15-Department of Youth Affairs and Sports	258.12	1.01	249.83	9.30
5.	45-Ministry of Home Affairs	1139.80	0.95	1087.49	53.26
6.	64- Ministry of Non-conventional Energy Sources	332.91	2.00	234.41	100.50
7.	90-Atomic Energy	1441.17	96.46	1398.17	139.46
8.	100-Chandigarh	672.27	2.50	667.31	7.46
9.	102-Daman and Diu	200.01	1.49	178.88	22.62
Capital – Voted					
10.	28-Payments to Financial Institutions (Ministry of Finance)	1042.65	100.00	782.64	360.01
11.	41-Department of Sugar and Edible Oils	224.89	45.00	159.73	110.17
12.	45-Ministry of Home Affairs	18.60	2.90	15.25	6.25
13.	84-Urban Development	424.46	5.50	406.24	23.73
14.	85-Public Works	257.20	9.00	236.97	29.27

Unrealistic estimation of expenditure/revised estimates

8.35 While obtaining token supplementary grant of Rs. one lakh, the Ministries/Departments reported to Parliament large amounts of additional expenditure for different purposes under the following schemes/activities (as shown in Table 8.9) but finally the Ministries/Departments were unable to

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spend even the original budget provision. A large portion of the original provision was not utilised reflecting unrealistic budgetary assumptions and lack of management information.

Table 8.9: Unrealistic estimation of expenditure reported to Parliament

(Rs in crore)

Sl. No.	Grant	Sub-head/ Scheme	Original provision	Additional requirement reported to parliament	Actual disbursement	Unspent out of Original provision	Reasons for non-utilisation
Capital-Voted							
1.	37-Direct Taxes (Ministry of Finance)	Purchase of office accommodation	60.00	69.50	47.00	13.00	Non-finalisation of expected proposals
2.	44-Department of Family Welfare	Reproductive and Child Health Project	1059.50	87.20	754.76	304.74	Purchase of less drugs/vaccines, slow implementation of scheme and economy measure.
3.	30-Department of shipping (Ministry of Surface Transport)	Construction of Landing facilities and Jetties	50.77	4.03	46.39	4.38	Stoppage of work
4.	84-Urban Development (Ministry of Urban Development)	General Pool accommodation -construction	74.50	2.00	72.91	1.59	Curtailment of budget at revised estimates stage.
5.	85-Public Works (Ministry of Urban Development)	Capital outlay on Other Social Services- Employment-Building	12.91	5.50	8.02	4.89	-do-

Specific cases of unnecessary supplementary grants

8.36 A few cases of supplementary grants in individual sub-heads remaining entirely/largely unutilised disclosed in test check reveals inadequacies in the accounting management information system and deficient financial control.

**Ministry of Commerce and Industry
(Grant No. 8-Department Commerce)**

8.37 Scrutiny of appropriation accounts of Grant No.8 – Department of Commerce for 2000-01 revealed that against the total provision of Rs 204.60 crore, the Department obtained supplementary grants of Rs 13.83 crore (including two Token Supplementaries of Rs 0.01 crore each) under the Major Head – “2407-Plantations”, for providing funds to the Tea Board under price subsidy scheme for allowing subsidy to small growers of tea. Although the supplementary provision was obtained in anticipation of higher expenditure, the final expenditure under the Major Head was Rs 200.88 crore, which was even less than the original provision of Rs 204.60 crore, thus leaving unspent provision of Rs 17.55 crore. The Ministry stated (October 2001) that an ‘Externally Aided Project’ was closed during the year and hence full provision could not be utilised. The reply of the Ministry is not tenable as the Ministry was aware on 31 August 2000 that the project was to be closed on 30 September 2000. Instead of obtaining the supplementary grants, the Ministry was required to utilise the unspent provision available within the grant by obtaining token supplementary grant. Thus, the entire amount of supplementary grant of Rs 13.83 crore proved to be unnecessary.

**Ministry of Consumer Affairs and Public Distribution
(Grant No. 39-Department of Public Distribution)**

8.38 Scrutiny of appropriation accounts in respect of Grant No. 39-Department of Public Distribution for the year 2000-01 revealed that the Department obtained supplementary grant of Rs 313.00 crore (Rs 200.00 crore in December 2000 and Rs 113.00 crore in March 2001) for meeting additional subsidy payable to State Governments of Uttar Pradesh (Rs 248.00 crore) and West Bengal (Rs 65.00 crore), against a budget provision of Rs 300.00 crore under the Major Head 2408-01-102-05-Subsidy to State Government on decentralised procurement of food grains. The entire amount of Rs 65.00 crore obtained through supplementary grant in respect of Government of West Bengal remained unutilised. Out of this, only Rs 33.00 crore were surrendered on 30 March 2001 on the ground that there were less receipt of claims from the State Government of West Bengal. The balance of Rs 32.00 crore was allowed to lapse at the close of the year in contravention of the provision contained under Rule 69 of GFR. The entire unspent provision

of Rs 65.00 crore could have been surrendered immediately when it came to notice that the supplementary grant would not be utilised during the financial year. Thus, incorrect assessment of anticipated cases of claims from Government of West Bengal resulted in unnecessary supplementary grant of Rs 65.00 crore. This indicated lack of monitoring and expenditure control on the part of the Ministry.

Ministry of Home Affairs (Grant No. 47-Police)

8.39 Under the sub-heads as detailed in Table 8.10 the Ministry obtained supplementary grants in anticipation of higher expenditure. However, the final expenditure under these sub-heads was less than even the original provision and the supplementary grant under these heads was unnecessary.

Table 8.10: Unnecessary supplementary grants under the sub-heads under Grant No. 47

<i>Rs in crore</i>					
Sl. No.	Sub-head	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
1.	Directorate General of Border Security Force	2046.70	8.00	2045.57	9.13
2.	Industrial Security Force-Direction and Administration	766.21	3.27	763.81	5.67
3.	Central Reserve Police Force- Direction and Administration	1653.25	6.96	1653.30	6.91

8.40 The Ministry stated in December 2001 that the amount of supplementary grant was utilised for the purpose for which it was obtained. The reply of the Ministry is not tenable because there were sufficient unspent provisions under these sub-heads and the Ministry was required to re-appropriate from one unit to another after completing codal formalities/obtaining token supplementary only.

**Ministry of Heavy Industries and Public Enterprises
(Grant No. 54 – Department of Heavy Industry)**

8.41 Scrutiny of grant revealed that against the original provision of Rs 12.00 crore, the department obtained supplementary grant of Rs 1.70 crore under Major head- 2852- Expenditure in connection with Science and Technology Plan in anticipation of higher disbursement. However, the final disbursement under the case was less than even the original grant, resulting in unspent provision of Rs 1.92 crore. The entire amount of supplementary grant of Rs 1.70 crore proved to be unnecessary.

Expenditure on “New Service/New Instrument of Service”

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

8.43 As per Government of India Decision No. 1 below Rule 10 of Delegation of Financial Power Rules, 1978, additional grants-in-aid in excess of Rs 10 lakh or 10 *per cent* of the budget provision or Rs 2 crore, whichever is less or/and additional investment in/loans in excess of Rs 20 lakh to Rs 15 crore to statutory and other public institutions, attracts the limitations of New Service/New Instrument of Service and requires prior approval of Parliament.

8.44 Sample check in audit disclosed that in cases pertaining to grants/appropriations as detailed in Table 8.11 although the prescribed limit had exceeded, the ministries/departments did not obtain prior approval of Parliament\reported the cases to Parliament. Thus, such releases exceeded the limits and attracted the provisions of ‘New Instrument of Service’ and require regularisation.

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Table 8.11: Cases of new instrument of service

(Rs in crore)

Sl. No.	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks	
4-Department of Food Processing Industries						
1.	Milk Based Industries	4.50	8.75	4.25	Despite suggestions by Ministry of Finance, cases were not reported to Parliament.	
25-Ministry of External Affairs						
2.	Indian Council of World Affairs	0.01	0.80	0.79	Additional release exceeded the limit of Rs 10 lakh	
54-Department of Heavy Industry						
Loans						
3.	Cement Corporation of India Ltd.	O.2.50 S.21.24	86.23	62.49	The department stated in December 2001 that these cases were furnished to Ministry of Finance in August 2001 for reporting to Parliament through first batch of Supplementary demands for grants for 2001-2002. The reply was not tenable as these were not reported to Parliament.	
4.	Cycle Corporation of India Ltd.	Nil	7.90	7.90		
5.	Hindustan Cables Ltd.(Loans + Investment)	O.4.00	53.90	49.90		
6.	Instrumentation Ltd.	O.2.50 S.9.00	32.28	20.78		
7.	Heavy Engineering Corporation Ltd.	O.10.00 S.19.85	92.36	62.51		
8.	Praga Tools Ltd.	O.1.00 S.4.00	11.74	6.74		
9.	Bharat Yantra Nigam Ltd.	O.7.21 S.38.45	83.56	37.90		
10.	Bharat Bhari Udyog Ltd.	O.14.95 S.25.15	109.05	68.95		
11.	Bharat Leather Corporation Ltd.	S.1.66	6.85	5.19		
12.	Hindustan Photo Films Manufacturing Company Ltd.	O.1.00 S.9.81	32.88	22.07		
13.	Tannery and Footwear Corporation of India Ltd.	Nil	3.49	3.49		
14.	Hindustan Salts Ltd.	O.1.58 S.3.70	7.50	2.22		
15.	Tyre Corporation of India Ltd.	O.1.50 S.1.68	17.70	14.52		
16.	National Industrial Development Corporation Ltd.	S.3.28	4.52	1.24		
83-Ministry of Tribal Affairs						
17.	Boys Hostels (Grants to JNU)	0.40	1.17	0.77		Additional release to JNU exceeded the limit of 10 per cent of budget provision and Rs 10 lakh.
18.	Girls Hostels (Grants to JNU)	0.90	1.17	0.27		

Chapter 9

REVIEW OF SELECTED GRANTS

Grant No.27-Currency, Coinage and Stamps (Ministry of Finance-Department of Economic Affairs)

Introduction

9.1 Ministry of Finance, Department of Economic Affairs has overall administrative control over various Mints, Presses, Mill and Stamp Store involved in production, printing, issue and storage of currency notes, coins and stamps etc. There are 10 industrial organisations comprising five mints, two note printing presses, two security printing presses, one security paper mill attached with a central stamp store.

Overall position

9.2 Table 9.1 gives the budget provision, actual disbursements and unspent provision during 1998-01.

Table 9.1: Overall position of grant during 1998-01

(Rs. in crore)

Year	Total provision		Actual disbursements		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	943.65	2003.71	826.83	1790.95	116.82	212.76
1999-2000	969.66	570.50	899.37	330.89	70.29	239.61
2000-01	1051.18	748.94	847.67	550.07	203.51	198.87

9.3 There were large unspent provisions during the above years. Unspent provisions under this grant exceeding Rs.100 crore were highlighted in Chapters XII and XI of Report No.1of C&AG (Civil) for the years 2000 and 2001 respectively. Under revenue heads the percentage of unspent provision increased from 12 to 19 *per cent* whereas under capital heads the increase was 11 to 27 *per cent* indicative of unrealistic budgetary assumptions or faulty implementation of programmes by the department.

9.4 The Ministry, in their explanatory notes submitted to Public Accounts Committee during these years, furnished almost similar reasons for lower

spending compared to the allotted provisions. It had stated that all efforts were being made to minimise savings and that all units had been directed to prepare estimates realistically and incur timely expenditure for the approved purposes. However, the problem persisted in 2000-01, which registered a further rise in the under utilisation of resources.

Persistent unspent provisions

Currency Note Press

9.5 Currency Note Press prints notes in denominations of rupees 10, 50 and 100. Persistent unspent provisions under different heads of the press and reasons thereof are given in Table 9.2.

**Table 9.2: Position of persistent unspent provision under different heads of
Currency Note Press**

(Rs in crore)

	1998-99	1999-00	2000-01	Reasons attributed by the Ministry
Management	-	9.11	18.24	Non-filling up of vacant posts and less payment of OTA.
Operation and Maintenance	5.01	-	24.99	Delay in according administrative approval to proposal for procurement of spare parts and less receipt of anticipated materials from suppliers.
Plant & Machinery	7.94	1.43	-	Non-supply of wagons by Bharat Earth Movers Ltd. owing to extension of delivery period
Building	1.86	-	1.95	Non-receipt of approval for additional expenditure for modernization of Press and non-utilisation of funds by National Building Construction Corporation.

9.6 The Ministry was required to assess the position with reference to past actuals and appropriately reduce provisions in the next year to avoid blockade of funds. Recommendations of the Standing Committee of Finance for taking prompt action in finalizing proposals to avoid cost escalation and for meaningful spending of allocated funds were also not followed by the Ministry.

Bank Note Press, Dewas

9.7 Press prints notes of denominations of Rs. 20, 50,100 and 500. The press also manufactures and partly meets the requirements of ink of India Security Press, Currency Note Press, Security Printing Press. The position of persistent unspent provisions under different heads for the last three years is shown in Table 9.3.

Table 9.3: Position of persistent unspent provisions under Bank Note Press

(Rs in crore)

	1998-99	1999-00	2000-01	Reasons attributed by the Ministry
Management	-	1.48	9.65	Non-filling up of vacant posts and less payment of OTA.
Operation and Maintenance	65.48	24.41	47.15	Delay in supply of paper by SPM, less procurement of imported spare parts and materials, delay in finalising the contract, failure of foreign supplier in maintaining the supply schedule and cancellation of over-hauling of printing machine.
Other Expenditure	3.38	3.79	17.49	Deployment of less Government Capital on inter-account transfers due to reduction of interest and adoption of revised interest formula and less depreciation on capital accounts.
Plant & Machinery	4.06	-	2.30	Non-supply of wagons by Bharat Earth Movers Ltd. and postponement of purchase of water chiller for A.C. Plant.
Building	6.06	2.48	2.59	Non-implementation of water supply scheme by Madhya Pradesh Government and non-taking up of some of the work by CPWD owing to non-approval by the State Government.

9.8 Major unspent provisions in this unit were under operation and maintenance. This occurred due to short supply of paper by Security Paper Mill, which could not achieve targeted production as also non-observance of time schedule by foreign supplier. In both cases, since it was possible to

foresee the position, excess budget provision was avoidable. Under 'Other Expenditure' the adoption of revised formula in computation of interest was a hint for making adjustment in budget provisions/prompt surrender of probable surplus of funds but the Ministry failed to do so.

9.9 There was continuous non/under-utilisation of funds allocated for procurement of 30 treasure wagons from BEML. Supply was completed only in 2000-01 whereas the budget provision was being made from 1998. Further persistent under- utilization of the provisions made for implementation of water supply scheme by Madhya Pradesh Government could have been avoided since the Ministry was aware of CPWD's refusal to take up the execution of work due to non-approval of detailed project report. In both cases, Ministry could have provided lesser funds or promptly surrendered surplus funds.

Security Paper Mill

9.10 The Security Paper Mill manufactures currency, bank note and stamp papers which are supplied to Bank Note Press, Currency Note Press and India Security Press for printing currency notes and other security paper items. The mill could not achieve targeted production of paper, resulting in shortage in the supply of paper to these units. There were persistent unspent provisions under different heads of the mill as shown in Table 9.4.

Table 9.4: Persistent unspent provisions under different heads of Security Paper Mill

	1998-99	1999-00	2000-01	Reasons attributed by the Ministry
Management	2.91	2.49	1.26	Non-filling up of vacant posts, less payment of Group Incentive by Central Industrial Security Forces.
Operation and Maintenance	21.30	12.46	18.89	Less procurement of materials owing to less production of paper.
Plant and Machinery	10.78	6.68	8.64	Non- finalisation of procurement process for automatic perforation machine and computer network system, sheet cutter, weight gauge, stamping press unit, bowl welding machine and vehicles.

9.11 The budget estimates framed for procuring materials required for production of paper proved surplus. Ministry could have taken expeditious

action for early surrender of funds under these heads without waiting for the year-end. The Ministry however surrendered funds at the end of the year, leading to persistently large unspent provisions.

Mints

9.12 India Government Mints at Mumbai, Kolkatta, Hyderabad, Chevalapalli and NOIDA, besides minting coins, examine and dispose off withdrawn coins and tender expert opinion on counterfeit and doubtful coins etc. There were persistent unspent provisions under different heads as shown in Table 9.5.

Table 9.5: Persistent unspent provisions under different heads of Mint

	1998-99	1999-00	2000-01	Reasons attributed by the Ministry
Management and Establishment.	5.27	-	8.72	Less procurement of material, less payment of incentive due to non-commencement of second shift at Noida Mint, enhancement of working hours, non-procurement of jute bags and graphite dyes by IGM, Mumbai.
Plant & Machinery	20.90	20.18	27.30	Non-finalisation of procurement process of automatic perforation machine and computer network system and non-procurement of power factor correction equipment and engraving machine due to late receipt of financial sanction and administrative approval.
Building	2.29	3.84	-	Non-finalisation of township scheme at Chevalapalli and Hyderabad and slow progress of civil work by executing agency.

9.13 Persistent under utilisation under the above heads occurred for similar reasons i.e., non-finalisation of procurement process of various items of plant and machinery intended for modernization of Mints project. Commissioning of the project was delayed and the objective of increased indigenous production of coins remained unachieved. Slow progress of civil work was also a limiting factor.

India Security Press, Nasik

9.14 Press prints postal stationery, postal and non-postal stamps, judicial and non-judicial stamps, cheques, bonds and other security documents. The

central stamps depot attached to the press deals with the supply of finished products. There was persistent unspent provision under many heads during the last three years as given in Table 9.6.

Table 9.6: Persistent unspent provision under different heads of India Security Press

(Rs in crore)

	1998-99	1999-00	2000-01	Reasons attributed by the Ministry
Management	-	1.98	11.50	Non-filling of vacant posts and less payment of OTA, incentive etc.
Operation and Maintenance	2.65	11.59	41.00	Less-procurement of paper, material, reduction of cost of paper, non-receipt of electricity bills, less requirement of funds by CPWD and less expenditure on minor works.
Plant & Machinery	-	16.02	13.22	Non-finalisation of procurement process for automatic perforation machine, computer network system and six colour offset machines.
Building	-	3.58	2.17	Slow progress of work by CPWD and less expenditure incurred by National Building Construction Corporation owing to delay in financial and administrative approval.

9.15 Under utilization of funds due to non-finalisation of procurement process for various plant and machinery items and slow execution by CPWD/delay in financial/administrative approval, was indicative of inadequate monitoring and implementation due to which targeted utilization of earmarked funds was not achieved. The option of reduced provisioning in view of such uncertainties was also not exercised causing blockade of scarce resources of funds year after year.

Security Printing Press, Hyderabad

9.16 It supplements the output of India Security Press for postal stationery, raw materials for printing of postal stationery, central excise stamps, match excise banderols and non-judicial stamps. There were persistent unspent provisions under operation and maintenance and plant and machinery heads of the press during the last three years as shown in table 9.7 below:

Table 9.7: Persistent unspent provisions under Security Printing Press

(Rs. in crore)

	1998-99	1999-00	2000-01	Reasons attributed by the Ministry
Operation and Maintenance	13.59	8.88	2.57	Delay in procurement of spares, staggering of procurement owing to non-receipt of indents from Department of Posts and procurement of spares at cheaper rates.
Plant & Machinery	5.52	-	1.00	Non-finalisation of procurement process for automatic perforation machine and computer network and lower cost of multi colour offset machine than anticipated.

Purchase of Metal

9.17 The allocated budget provisions under this head are for meeting expenditure on purchase of metals required for coinage, coin blanks and import of coins by Mints. During the last two years there were large unspent provisions under the head as shown in Table 9.8.

Table 9.8: Persistent unspent provision on purchase of metal for the last two years

(Rs in crore)

	Sanctioned provision	Actual expenditure	Unspent provision	Reasons attributed by the Ministry
1998-99	300.00	179.49	120.51	Non-receipt of nickel, copper and ferratic stainless steel coins owing to delay in finalisation of agreement and also due to non-receipt of inward claims for balance 2% payment.
1999-2000	290.00	204.36	85.64	Reduction of prices of copper and nickel, less receipt of stainless steel coins, blank coins from foreign suppliers, non-finalisation of fresh global tenders, non-receipt of bills for payment against metal purchased.

Import of Coins

9.18 During the last three years, budget provision for import of coins ranging from 39 to 63 percent remained unutilised as shown in Table 9.9.

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Table 9.9: Financial position on import of coins for the last three years.

(Rs in crore)

	Sanctioned provision	Actual expenditure	Unspent provision	Reasons attributed by the Ministry
1998-99	100.00	61.49	38.51	Less value of imported coins than anticipated and non-supply of full quantity of coins
1999-2000	160.00	58.90	101.10	Delay in inspection and shipment owing to revised policy of inspection.
2000-01	355.00	150.62	204.38	Delay in inspection and shipment of coins owing to revised policy of inspection.

9.19 The persistent under-utilisation of budget provisions discussed above reveals that the Ministry failed to effectively analyse and control the factors leading to huge savings occurring in these organizations. Budgetary estimates were formulated by the Ministry without adequate review of past trends in expenditure.

Rush of expenditure in the month of March

9.20 Scrutiny of the grant revealed that 18 to 86 per cent of total expenditure during the last three years under the major heads, was incurred during the month of March every year as shown in Table 9.10.

Table 9.10: Rush of expenditure during the month of March

(Rs. in crore)

Sl. No.	Major Head	Expenditure		
		Total during the year	In March	Percentage
2000-01				
1.	2046-Currency, Coinage & Stamps	669.37	137.63	21
2.	2047-Other fiscal services	178.30	65.04	36
3.	4046-Capital outlay in Currency, Coinage & Stamps	529.43	102.42	19
4.	4047-Capital outlay on other fiscal services	20.64	15.55	75
1999-00				
1.	2046-Currency, Coinage & Stamps	693.14	152.38	22
2.	2047-Other fiscal services	206.23	51.90	25
3.	4046-Capital outlay in Currency, Coinage & Stamps	313.29	82.09	26
4.	4047-Capital outlay on other fiscal services	17.60	3.18	18

Sl. No.	Major Head	Expenditure		
		Total during the year	In March	Percentage
1998-99				
1.	2046-Currency, Coinage & Stamps	617.09	180.45	29
2.	2047-Other fiscal services	209.75	68.12	32
3.	4047-Capital outlay on other fiscal services	18.33	15.80	86

9.21 Since the funds released in the month of March to the implementing organisations cannot be constructively spent during the year, it was not possible to conclude whether these funds were used for the purpose for which they were provided for, during these years. Release of funds at the fag end of the financial year was indicative of deficient financial management.

Surrender of unspent provision

9.22 Rule 69 of General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the end of the financial year. Unspent provisions should also not be held in reserve for possible future excess. However, contrary to the General Financial Rules, the department surrendered the amount on the last dates of financial years. The amounts surrendered under voted portion of the grant during 1998-01 are shown in Table 9.11.

Table 9.11 Surrender of funds during 1998-01

Year	Unspent provision		Amount surrendered	
	Revenue	Capital	Revenue	Capital
1998-99	116.82	212.76	97.38	177.56
1999-00	70.29	239.61	59.00	198.34
2000-01	203.51	198.87	196.17	167.50

Grant No.48- Other Expenditure of Ministry of Home Affairs

Introduction

9.23 The Ministry of Home Affairs is responsible for civil defence, internal security, centre state relations, administration of the Union Territories,

national integration, communal harmony, relief and rehabilitation of displaced persons, freedom fighters, regulation of entry of foreigners into India etc. It maintains and administers all Central Para Military Forces, Police Organisations.

Overall position

9.24 The budget provision, actual disbursements and unspent provisions under voted portion of the grant during the last three years were as shown in Table 9.12.

Table 9.12: Overall position of funds for the last three years

(Rs. in crore)

Year	Total provision		Actual disbursements		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	646.44	295.40	521.06	252.31	125.38	43.09
1999-00	671.21	291.63	533.86	289.44	137.35	2.19
2000-01	582.41	257.64	553.72	242.90	28.69	14.74

Unspent provision and excess leading to net unspent provision

9.25 Under voted portion of the grant, the gross unspent provision was largely offset by excess disbursement under other heads resulting in net unspent provision during 1998-01 as shown in Table 9.13.

Table 9.13: Unspent amount and excess leading to net unspent provision

(Rs. in crore)

Year	Gross unspent provision		Unspent provision offset by excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	145.12	55.38	19.74	12.29	125.38	43.09
1999-00	150.89	10.72	13.54	8.53	137.35	2.19
2000-01	86.91	21.67	58.22	6.93	28.69	14.74

9.26 It is evident that there were large unspent provisions under some heads/schemes/activities, which were partly offset by excess under other heads. Some of the schemes/sub-heads/activities most affected by large unspent provision/ excesses during 2000-01 are given in Appendix-XXVII and Appendix-XXVIII. The Ministry stated in December 2001 that unspent

provision was due to non/less-receipt of reimbursement claims in time and non-receipt of audit certificates from the State Governments. The Ministry further stated that due to post budget decision to rehabilitate refugee families of Assam and receipt of arrear claims alongwith requisite audit certificates from State Governments of West Bengal and Madhya Pradesh, the excess release was made to these State Governments.

Persistent unspent provision

Payment to the former Chogyal

9.27 The Ministry had been making provisions every year for settlement of compensation claims submitted by Ex-Chogyal of Sikkim. However, no disbursements were made and the entire budget provision of Rs.0.10 crore, Rs.10.00 crore and Rs.10.00 crore respectively remained unutilised during last three years i.e. 1998-01. The Ministry stated in December 2001 that all necessary steps to settle the matter at the earliest were being taken.

Other Miscellaneous items

9.28 The Ministry had been making provisions every year for developing and supporting various programmes/schemes for the North Eastern Region. The schemes/programmes consist of activities such as water and land management, sport and youth activities, agro-horticultural, resource management project, computer education, promotion of industrialization and development of handicraft and handlooms. Financial outlays of the scheme during 1998-01 were as shown in Table 9.14.

Table 9.14: Financial outlay on other miscellaneous items during 1998-01

<i>(Rs in crore)</i>			
Year	Budget provision	Actual disbursements	Unspent provision
1998-99	19.48	16.56	2.92
1999-00	31.92	12.93	18.99
2000-01	29.16	22.25	6.91

9.29 The Ministry attributed the unspent provisions to non-receipt of comprehensive proposals, slow progress/non-approval of schemes, less expenditure, non-finalisation of purchase of computers and change in the pattern of funding. The large persistent unspent provision indicated that the

Ministry had not been closely monitoring the progress of these schemes/projects/activities.

Grants-in-aid to State Governments – Rehabilitation Grants for resettlement in Jammu and Kashmir

9.30 The objective of the scheme was to provide grants for relief and rehabilitation of persons affected by Indo-Pak conflict, 1971 for resettlement in Jammu and Kashmir. Budget provision of Rs.1.75 crore was made each year during 1999-00 and 2000-01 but no amount was spent/released under the scheme due to non-receipt of claims from the state government. The Ministry stated in December 2001 that due to non-receipt of audit/utilisation certificates for earlier releases, fresh amounts could not be released.

Grants-in-aid to State Governments – Schemes of North Eastern Council-Special Development Project

9.31 The North Eastern Council, Shillong forwards proposals to the Central Government, after formulating unified and co-ordinated regional plans for the constituent states in regard to matters of common importance for securing a balanced development, in addition to the State Plans. The funds for this purpose are allocated by the Planning Commission to the Council. There were large unspent provisions due to non-sanction of schemes, reduction in grants-in-aid and non-finalisation of Expenditure Finance Committee Memoranda during 1998-01 as detailed in Table 9.15.

Table 9.15: Budget provision, actual disbursement and unspent provision under the scheme of North Eastern Council during 1998-01

(Rs in crore)

Year	Budget provision	Actual disbursements	Unspent provision
1998-99	79.62	53.09	26.53
1999-00	113.68	68.66	45.02
2000-01	125.02	97.86	27.16

Loans and Advances to State Governments (Charged) – Schemes of North Eastern Council

9.32 Appropriation of loans for the schemes of North Eastern Council for 'Special Development project' have regularly been made by the Ministry. The

budget provisions, actual disbursements and unspent provisions for the years 1998-01 in respect of loans are shown in Table 9.16.

Table 9.16: Budget provision, actual disbursement and unspent provision under 'Loans for schemes of North Eastern Council' during 1998-01

<i>(Rs in crore)</i>			
Year	Budget provision	Actual disbursements	Unspent provision
1998-99	7.80	5.64	2.16
1999-00	11.64	6.87	4.77
2000-01	11.46	9.75	1.71

9.33 Large persistent unspent provisions under the schemes indicated that there was slackness on the part of the Department/Implementing agencies in implementation of the schemes. The budget estimates were framed without adequate review of the trend of disbursements.

Persistent excess expenditure

Swatantrata Sainik Samman Pension Scheme

9.34 There were persistent excesses under Swatantrata Sainik Samman Pension Scheme during 1999-01, which increased from 5 per cent in 1999-00 to 24 per cent in 2000-01.

9.35 The department attributed reasons in December 2001 for excess expenditure to delayed reporting of expenditure by large number of disbursing authorities to Central Pension Accounting Office and late implementation of orders of the enhancement of pension.

9.36 Budget estimates were not prepared realistically. Even the revised estimates providing Rs 211.38 crore fell short of actual expenditure by Rs 26.24 crore in 2000-01. It was also noticed that re-appropriation of Rs 34.64 crore for the scheme was approved by Secretary (Expenditure), which was however not given effect to by Ministry and the amount was surrendered on 31 March 2001 instead of meeting excess expenditure. Consequently, the year ended with total excess expenditure of Rs 46.30 crore under the scheme.

Grants-in-aid to Regional Paramedical Institute, Aizwal

9.37 The Regional Paramedical and Nursing Training Institute is an autonomous body intended to develop adequately trained paramedical manpower for the North Eastern Region, provide facilities for research and training in the paramedical field. Financial outlays of the institute during 1999-01 are given in Table 9.17.

Table 9.17: Position of grants-in-aid to Regional Paramedical Institute, Aizwal during 1999-01

<i>(Rs in crore)</i>			
Year	Budget provision	Actual disbursements	Excess
1999-2000	3.50	4.19	0.69 (20)
2000-01	5.50	7.37	1.87 (34)

Figure in brackets denotes percentage of excess disbursement

9.38 The percentage of excess disbursements to allotment of funds ranged between 20 and 34 *per cent* indicated that budget was prepared unrealistically. During 2000-01, the Ministry re-appropriated and released the funds to the institute without approval of Secretary (Expenditure). The Ministry attributed the reasons for excess to augmentation of fund provision with a view to complete the project work in time as per Phase II Programme of the Institute. The unauthorized release requires regularisation.

Surrender of unspent provisions

9.39 Contrary to Rule 69 of General Financial Rules, the Ministry surrendered the unspent provision on the last dates of financial years. The amounts surrendered under voted portion of the grant during 1998-01 are shown in Table 9.18 below:

Table 9.18: Surrender of funds during 1998-01

(Rs. in crore)

Year	Unspent provision		Amount surrendered	
	Revenue	Capital	Revenue	Capital
1998-99	125.38	43.09	122.70	42.66
1999-2000	137.35	2.19	145.85	-
2000-01	28.70	14.74	73.00	14.83

9.40 In most of the cases, the amounts surrendered exceeded the net unspent provision indicative of the lack of co-ordination and inadequate information system in the Ministry.

Release of funds at the fag end of the financial year

9.41 Principal Pay and Accounts Office (A\Cs.), Ministry of Home, New Delhi was required to maintain 'Expenditure Control Register' (ECR) in respect of all the amounts appearing in the appropriation accounts prepared by it. However, the Pr.AO was not maintaining the ECR for the funds released under Major Head '2552-North Eastern Areas' and '3601.05.101- Schemes of North Eastern Council' and as such correctness of amounts appearing under these heads in the appropriation account cannot be ascertained.

9.42 Out of a total Rs 81.08 crore released as grants-in-aid to the State Governments and autonomous bodies, Rs.37.38 crore was released between 16 March and 31 March 2001 violating the provisions of General Financial Rules.

Disbursement on 'New Service/New Instrument of Service'

9.43 As per Government of India Decision No.1 below Rule 10 of Delegation of Financial Power Rules, 1978, additional grants-in-aid in excess of Rs.10 lakh or 10 *per cent* of the budget provision or Rs.2 crore, whichever is less to statutory and other public institutions, attracts the limitations of New Service/New Instrument of Service and requires prior approval of Parliament. However, scrutiny of accounts for 2000-01 revealed that against the sanctioned provision of Rs.550.00 lakh, the Ministry released grants-in-aid of Rs.737.00 lakh to the Regional Para Medical Institute, Aizwal though their proposal had been rejected by Secretary (Expenditure). The additional grant of Rs.187.00 lakh, released without obtaining prior approval of Parliament,

exceeded the limit of 10 percent of the budget provision of Rs. 550.00 lakh and attracted the provisions of 'New Service/New Instrument of Service' and requires regularisation.

9.44 Further, as per provisions of item II (J) of Government of India Decision (1) below Rule 10 of Delegation of Financial Power Rules, payment of subsidies in excess of Rs.10.00 lakh requires prior approval of Parliament. However, against the sanctioned provision of Rs.1000.00 lakh, the Ministry released Rs.1054.38 lakh towards additional subsidies though this did not have the clearance by Secretary (Expenditure). The additional releases of Rs.54.38 lakh exceeded the limit of Rs.10.00 lakh and as such attracted the provisions of 'new service/new instrument of service' and require regularization.

Rush of disbursements

9.45 As per Note 3 below Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the financial year is to be regarded as breach of financial regularity and should be avoided. Contrary to this, disbursements ranging from 19 to 100 *per cent* of the total disbursements were made in January to March during 1998-01 under the major heads as shown in Table 9.19.

Table 9.19: Cases of rush of disbursement during the last quarter of the financial year

(Rs in lakh)

Major Head	Disbursements					
	1998-1999		1999-2000		2000-2001	
	Total	Last quarter	Total	Last quarter	Total	Last quarter
2056-Jails	10.00	10.00 (100)	19.50	19.50 (100)	--	--
2070-Other Administrative Services	376.07	362.00 (96)	500.00	190.00 (38)	440.15	99.55 (23)
2075-Miscellaneous General Services	12.56	4.86 (38)	12.23	5.75 (47)	9.24	3.60 (39)
2235-Social Security and Welfare	23578.19	21882.45 (93)	25354.08	9296.59 (37)	28222.38	9055.83 (32)
2250-Other Social Services	65.48	40.19 (61)	122.52	64.43 (53)	126.10	50.00 (40)
2552-North Eastern Areas	5703.50	5543.51 (97)	4527.56	2100.47 (46)	6020.86	3577.05 (59)
3053-Civil Aviation	711.50	520.91 (73)	957.66	641.61 (67)	1054.38	437.84 (42)

Review of Selected Grants

Major Head	Disbursements					
	1998-1999		1999-2000		2000-2001	
	Total	Last quarter	Total	Last quarter	Total	Last quarter
3475-Other General Economic Services	--	--	10111.18	5779.98 (57)	4913.63	4913.63 (100)
3601-Grants-in-aid to State Governments	11648.89	5722.65 (49)	11781.44	6894.24 (58)	14556.17	8729.97 (60)
4552-Capital Outlay on North Eastern Areas	8930.67	8914.62 (99)	7993.55	4171.45 (52)	9566.17	8884.72 (93)
6552-Loans for North Eastern Areas	16300.00	4800.00 (29)	20950.00	4000.00 (19)	14724.00	6224.00 (42)
7601-Loans and Advances to State Governments (charged)	602.32	335.75 (56)	687.08	453.27 (66)	975.28	682.33 (70)

Figure in brackets denotes percentage

9.46 In addition, it was also observed that large amount of disbursements were made during 1998-01 in the month of March in order to avoid surrender of unspent provision. Major head-wise details of such disbursements are as shown in Table 9.20.

Table 9.20: Cases of rush of disbursements during the month of March

(Rs in lakh)

Major Head	Disbursements					
	1998-1999		1999-2000		2000-2001	
	Total	March	Total	March	Total	March
2056-Jails	10.00	10.00 (100)	19.50	19.50 (100)	--	--
2075-Miscellaneous General Services	12.56	4.77 (38)	12.23	4.59 (38)	9.24	1.37 (15)
2250-Other Social Services	65.48	19.87 (30)	122.52	41.62 (34)	126.10	38.61 (31)
2552-North Eastern Areas	5703.50	1135.07 (20)	4527.56	1105.52 (24)	6020.86	2665.53 (44)
3053-Civil Aviation	711.50	337.83 (47)	957.66	558.00 (58)	1054.38	154.08 (15)
3601-Grants-in-aid to State Governments	11648.8 9	4049.76 (35)	11781.4 4	1959.48 (17)	14556.1 7	4886.21 (34)
6552-Loans for North Eastern Areas	16300.0 0	2300.00 (14)	20950.0 0	1700.00 (8)	14724.0 0	3224.00 (22)
7601-Loans and Advances to State Governments	602.32	170.77 (28)	687.08	132.06 (19)	975.28	206.55 (21)

Figure in brackets denote percentage

9.47 Since the funds released to the various organisations in the month of March\last quarter of the financial year cannot be constructively spent during the year, it is not possible to conclude whether the funds were applied for the purpose for which these were authorised. Release of funds at the fag end of financial year was indicative of deficient financial management and mainly aimed at avoiding lapse of budget grant.

Unnecessary Supplementary grant

9.48 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 has to obtain supplementary grant or appropriation in accordance with the provision of Article 115(1) of the Constitution.

9.49 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. Scrutiny of Grant No.- 48 -Other Expenditure of the Ministry of Home Affairs for the year 2000-01 revealed that the Ministry obtained supplementary grants of Rs. 13.32 crore under capital (voted) in December 2000 in anticipation of higher disbursement, however, the final disbursement was less than even the original grant.

9.50 As the disbursement was less than the original provision, the Ministry was required to obtain token/technical supplementary for reappropriating the unspent provisions within the segments of the grant instead of obtaining large amounts and as such the supplementary grant proved to be unnecessary.

Grant No.69- Ministry of Power

Introduction

9.51 The Ministry of Power is responsible for perspective planning, policy formulation, processing of power projects for investment decisions, monitoring of the implementation of power projects, training and man power development and the administration and enactment of legislation in regard to thermal power, hydel generation transmission and distribution.

Overall position

9.52 The overall position of budget provisions, actual disbursements and unspent amounts is given in table 9.21.

Table 9.21: Overall position of funds for the last five years

(Rs in crore)

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1996-97	637.73	2455.22	626.37	2370.27	11.36	84.95
1997-98	931.50	3414.73	929.85	2731.13	1.65	683.60
1998-99	1116.13	2691.94	1037.88	2690.93	78.25	1.01
1999-2000	1242.53	2975.73	1222.61	2795.23	19.92	180.50
2000-01	1531.78	2644.49	1366.20	2406.33	165.58	238.16

Unspent amount and excess leading to net unspent provision

9.53 Under revenue section of the grant, the gross unspent provision of Rs 217.23 crore during 2000-01 was partly off set by excess disbursement of Rs 51.65 crore under other heads resulting in net unspent provision of Rs 165.58 crore. Few cases of major unspent provision for the last three years are shown in Appendix-XXIX.

9.54 Such large unspent provisions are indicative of the need on the part of the Ministry to review their system of budgetary assumptions or/and efficiency of the programme management. 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 utilise the scarce resources to meet the urgent demands of other sectors of economy.

Unrealistic Budgeting

9.55 As per instructions contained in Rule 53 of the General Financial Rules, ministries/departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other relevant factors like economy instructions issued by the Ministry of Finance.

9.56 A scrutiny of the Appropriation Accounts revealed that under the sub-heads as shown in Appendix-XXX, 41 to 100 *per cent* of the total provision

remained unutilised during the period 1998-01 and were re-appropriated to other heads defeating the original purpose for which the budget provisions were passed by Parliament.

Persistent unspent provisions

9.57 In the sub-heads/schemes shown in Table 9.22, the budget provisions remained entirely unutilised during the last three years i.e. 1998-01.

Table 9.22: Cases of persistent unutilisation of funds

(Rs. in crore)

Sl. No.	Major Head/Scheme	1998-99	1999-00	2000-01
1.	2801- Investigation Electricity Development Fund	-	0.50	0.50
2.	2801-Central Electricity Authority (Transfer of technology in Hydro Development)	-	2.00	1.00
3.	2801-Power Grid Corporation of India Ltd.	1.00	0.50	50.00
4.	2801- Rural Electrification Corporation	1.00	0.75	0.01

9.58 Persistent non-utilisation of the entire provision indicates that the provisions were made mechanically without any realistic basis.

Rush of disbursement in March

9.59 Sizeable portion of the total disbursements under the Major Heads shown in the Table 9.23 were made in the month of March 2001.

Table 9.23: Rush of disbursement

(Rs in crore)

Sl. No.	Major Head	Disbursements		
		Total	During March	Percentage
1.	3601-Grants-in-aid to State Governments.	49.97	47.70	95%
2.	6801-Loans for Power Projects	1072.07	521.42	49%
3.	7601-Loans and Advances to State Governments (Charged)	5.57	5.57	100%

9.60 If the major portion of funds are released in March to various organisations, state/union territory governments/implementing agencies can not constructively spend them during the year. Release of funds at the fag end of the financial year was indicative of deficient financial management.

Surrender of unspent provision

9.61 Rule 69 of the General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to Government as soon as these are foreseen without waiting for the last quarter or fag end of the financial year. Unspent provisions should also not be held in reserve for possible future excesses.

9.62 Scrutiny of Appropriation Accounts revealed that the Ministry surrendered funds ranging from Rs 72.50 crore to Rs 684.56 crore on the last day of the financial year during the period 1997-01 as detailed in Table 9.24.

Table 9.24: Surrender of funds during 1997-01

(Rs in crore)

Year	Date of approval of Revised Estimates	Amount and dates of surrender of unspent provision	
1998-99	8.12.1998	72.50	31.3.1999
1997-98	15.12.1997	684.56	31.3.1998
1999-2000	10.12.1999	193.38	31.3.2000
2000-01	12.12.2000	357.58	31.3.2001

Non-utilisation of Supplementary Grants

9.63 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 made in exceptional and urgent cases.

9.64 In the cases shown in Table 9.25 below, although the supplementary provisions were obtained in anticipation of higher expenditure, no expenditure was incurred. This indicated lack of monitoring and expenditure control on the part of the Ministry.

Table 9.25: Non-utilisation of supplementary grant

<i>(Rs. in crore)</i>				
Sl. No.	Major Head	Supplementary grant obtained	Actual disbursement	Unspent provision
1.	3601 - Grant for Central Plan Scheme- Rural Electrification Scheme common to NE States and Sikkim	12.53	NIL	12.53
2.	7601-Loans and Advances to State Governments- Transmission & Distribution Interstate Transmission line. (Voted)	5.20	NIL	5.20

Re-appropriation without prior approval of Secretary (Expenditure)

9.65 Ministry of Finance had prescribed that all re-appropriations which would have the effect of increasing the budget provision by rupees one crore or more under a sub-head should be made only with the prior approval of Secretary (Expenditure) even if the amount reappropriated was within 25 per cent of the provision covered under the limit governing re-appropriation.

9.66 Scrutiny of Appropriation Accounts of the Ministry of Power for the year 2000-01 revealed that in respect of the sub-head 4801-02.201.09- Replacement and Repair Works (Rs. 2.12 crore) re-appropriation of funds exceeded rupees one crore for which prior approval of Secretary (Expenditure) was required but no such approval was obtained. Department stated in October 2001 that the ex-post facto approval of Secretary (Expenditure) was being obtained.

Injudicious supplementary Grants

9.67 A supplementary grant of Rs 5.20 crore was obtained by the Ministry in December 2000 under Major head 7601-“Loans and Advances to State Governments” under capital section. As per provisions of the Constitution of India, any sums required for the purpose of making loans to states shall be charged on the Consolidated Fund of India. Accordingly the supplementary grant of Rs. 5.20 crore should have been “Charged” expenditure instead of “Voted” expenditure. On this being pointed out by audit, Ministry of Power

approached the Ministry of Finance to issue necessary corrigendum. Ministry of Finance did not agree to do so because the Appropriation Bill based on second batch of Supplementary Demands had already been passed by the Parliament and if the "Voted" and "Charged" provisions of the supplementary demands for grants were altered, it would effect the Appropriation Act which was not feasible. As the total expenditure would be within the sanctioned grant and Ministry of Power was asked to explain the reasons for saving/excess suitably. Thus, in violation of constitutional provisions, the supplementary grant of Rs. 5.20 crore pertaining to "Charged" portion was accounted for by the Ministry in "Voted" portion.

Grant No.79-Department of Road Transport and Highways (Ministry of Road Transport and Highways)

Introduction

9.68 The main functions of the Ministry of Surface Transport relate to Road Development including Border Roads, Planning and Co-ordination and Road Transport, development of Inland Water Transport, maritime shipping and navigation, development of Major Ports, developments of lighthouses and lightships, shipbuilding and chartering of Ships.

Overall position

9.69 The position of budget provision, actual disbursements, unspent provision under voted portion of the grant during the last three years i.e.1998-01 in respect of the grant is indicated in Table 9.26.

Table 9.26: Overall position of funds during 1998-01

(Rs in crore)

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	1047.25	2436.29	1047.83	1685.28	(+) 0.58	751.01 (31%)
1999-2000	2831.24	3773.80	2580.35	3384.41	250.89 (9%)	389.39 (10%)
2000-01	6212.27	4768.34	5361.98	4196.35	850.29 (14%)	571.99 (12%)

Figures in brackets denotes percentage of unspent provision

9.70 It would be seen that there were persistent large unspent provisions under both revenue as well as capital sections, which ranged from 9 to 31 *per cent* of the budget provision. In the Action Taken Note submitted to the Public Accounts Committee in respect of large unspent provisions for the year 1999-00, the Department assured close monitoring of projects and preparation of realistic budgets to avoid large unspent provisions. Despite the assurance, large unspent provisions continued to persist, indicating that the assurance has not been fulfilled.

Schemes/sub – heads affected by large unspent provision

9.71 A scrutiny of the Appropriation Accounts for the years 1998-01 revealed that the Ministry ended with large unspent provisions indicative of unrealistic budgeting assumptions and slackness in implementing the schemes/activities of the Ministry. Schemes/sub-heads under which large unspent provisions occurred are shown in **Appendix-XXXI**. From the Appendix, it would be seen that the percentage of unspent provision ranged between 48 to 90 *per cent* during the last three years which indicated that the main objective of the schemes were not achieved.

Surrender of unspent provision

9.72 Rule 69 of General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the last quarter or fag end of the financial year. Unspent provision should also not be held in reserve for possible future excess. The Ministry surrendered the partial amount of unspent provisions on the last day of the financial year during the period 1998–01 even though the Revised Estimates were approved in January as indicated in Table 9.27.

Table 9.27: Surrender of unspent provision

<i>(Rs in crore)</i>			
Year	Dates of approval of Revised Estimates	Date of surrender of unspent provision	Amount surrendered
1998-99	18 January 1999	31 March 1999	743.16
1999-00	11 January 2000	31 March 2000	337.69
2000-01	13 January 2001	31 March 2001	1080.37

Rush of disbursements during the Month of March/ last quarter of the financial year

9.73 As per Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the financial year is to be regarded as breach of financial regularity and should be avoided. Contrary to this, disbursements were made in January to March during 1999-01 under the Major Heads as shown in Table 9.28.

Table 9.28: Rush of disbursement during March\last quarter

(Rs in crore)

Sl. No	Major Head	Disbursements		
		Total during the year	During March	During last quarter
1999-2000				
1.	3054 - Roads and Bridges	2159.57	1469.11 (68)	1469.47 (68)
2.	3602 - Grants-in-aid to UT Governments	1.26	1.26 (100)	1.26 (100)
3.	7601-Loans and Advances to State Governments. (Charged)	15.26	15.26 (100)	15.26 (100)
2000-2001				
4.	3054 - Roads & Bridges	4418.57	3811.25 (86)	3831.35 (87)
5.	3602 - Grants-in-aid to UT Governments	13.75	13.75 (100)	13.75 (100)
6.	7601 - Loans and advances to State Governments. (Charged)	11.44	11.44 (100)	11.44 (100)

Figure in brackets denotes percentage

9.74 Since the funds released in March/last quarter of the financial year to various organisations cannot be constructively spent during the year, it is not possible to conclude whether these funds were applied during the year for the purpose for which they were authorised.

Chapter-10

MANAGING GOVERNMENT FINANCES: A GENERAL EVALUATION

Summary Indicators of Fiscal Performance

10.1 Table 10.1 presents a summarized position of government finances over 1985-2001, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources, highlight areas of concern, and capture important facets of government finances like adequacy, sustainability, autonomy and vulnerability, as discussed in the following paragraphs.

10.2 The revenue receipt -GDP ratio, the first indicator in this list, indicates the adequacy of the present flow of resources for the provision of current services. Revenue receipts comprise both tax and non-tax receipts and also captures the element of recovery of user charges for social and economic services provided by the government. The second indicator of adequacy of resources is the tax-GDP ratio, a sub set of the revenue receipts. This ratio indicates the government's access to such resources for which there is no direct service provision obligation. There is a marked decline in these ratios during the VIII and IX Year Plans indicating declining adequacy of resources. The revenue receipt-GDP ratio recorded a steep fall in 2000-01. Compared to the average level of 13.95 *per cent* during 1985-90, the overall decline was more than 2 percentage points, which works out to a trend annual growth of (*minus*) 0.95 *per cent*. The ratio of committed expenditure to revenue receipts is another indicator of the adequacy of resources for capital formation, maintenance of assets already created and availability of funds for non-salary, non-interest purposes. This ratio also moved upwards by over 17 percentage points from an average of 46.04 *per cent* during 1985-90 to 63.62 *per cent* in 2000-01.

10.3 The third ratio- the share of the committed expenditure to the total expenditure of the government- indicates the extent of flexibility. A rising ratio would indicate reduced availability of resources for new activities. Increase in this ratio over the years, indicates a decline in government's fiscal flexibility. The ratio of interest payments to revenue receipts indicates extent of availability of resources for current services. This ratio also increased by nearly 17 percentage points by 2000-01 compared to the Seventh Plan average pointing to lower availability of resources for application to current services..

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Table 10.1 Summary of Indicators of Fiscal Performance

	Revenue Receipt/ GDP	Tax/GDP	Committed Expenditure/ Total expenditure	Interest Payments/ revenue Receipts	Committed Expenditure/ Revenue Receipts	Total Expenditure/ GDP
	1	2	3	4	5	6
1985-2001	13.11	9.66	33.32	30.50	53.16	21.09
VII Plan (1985-90)	13.95	10.53	27.45	22.77	46.04	23.44
VIII Plan (1992-97)	12.74	9.34	34.91	33.54	54.43	19.91
IX Plan (1997-01)	12.48	8.70	39.47	36.79	61.19	19.38
Annual Values						
1998-99	12.24	8.18	38.39	36.19	61.99	19.77
1999-2000	13.01	8.78	42.37	37.15	62.02	19.04
2000-01	11.82	8.70	41.15	40.32	63.62	18.27
	Fiscal deficit/ GDP	Revenue Deficit/ GDP	Primary Deficit/GDP	Revenue Deficit/ Fiscal Deficit	Debt Repayment/ New Loans	Debt ^s Repayment/ New Loans
	7	8	9	10	11	12
1985-2001	-6.89	-2.90	-2.93	43.77	78.42	91.74
VII Plan (1985-90)	-8.19	-2.39	-5.02	29.43	82.34	89.44
VIII Plan (1992-97)	-6.22	-2.85	-1.96	45.91	76.05	92.67
IX Plan (1997-01)	-6.05	-3.62	-1.46	60.33	78.71	94.92
Annual Values						
1998-99	-6.44	-3.44	-2.01	53.46	75.52	92.31
1999-2000	-5.30	-3.15	-0.47	59.41	84.14	98.72
2000-01	-5.58	-4.00	-0.81	71.65	75.06	96.15
	Internal Liabilities/ GDP	Total [#] Liabilities/ GDP	Average Interest Rate (Internal Debt)	Average Interest Rate (Total Debt)	Change in Debt/GDP	Capital Expenditure/ GDP
	13	14	15	16	17	18
1985-2001	47.76	57.85	8.84	7.92	0.51	2.20
VII Plan (1985-90)	47.26	53.57	7.37	7.02	1.43	3.03
VIII Plan (1992-97)	47.69	61.39	9.29	7.84	-1.82	2.03
IX Plan (1997-01)	47.77	57.52	10.36	8.97	0.21	1.35
Annual Values						
1998-99	47.46	57.58	10.17	8.81	-0.51	1.43
1999-2000	47.72	57.23	10.79	9.34	-0.35	1.48
2000-01	48.39	57.15	10.58	9.22	-0.08	1.17

^s Includes repayment of interest

[#] at current exchange rate from 1991-92 and at historic rates prior to that

10.4 Vulnerability of the Union finances is indicated by the ratios of deficits to GDP and the ratio of revenue deficit to the fiscal deficit. Finances become vulnerable to the extent that fiscal deficit is not used for creating assets as there is no addition to the repayment capacity. This ratio increased from an average of 29.43 *per cent* during 1985-90 to 71.65 *percent* in 2000-01, an increase of over 40 percentage points in little over a decade. The continuous increase in fiscal deficit along with an increasing ratio of revenue deficit is in sharp contrast to the long-term target of complete elimination of revenue deficit by March 2006 and reduction of fiscal deficit GDP ratio to 2 *per cent* by then, as enunciated in draft Fiscal Responsibility and Budget Management Bill (FRBM), 2000.

10.5 Repayment as percentage of borrowing also indicates the degree of autonomy in utilizing available resources for current applications. The higher this ratio, lower is the amount available from borrowings for application for current services. This ratio, at 75.06 in 2000-01, showed a marginal improvement over the long-term trend of 78.42 *per cent*. However, reckoning that interest payments also are being made out of borrowed funds, the combined burden of the two increases the ratio from an average of 89.44 *per cent* during 1985-90 to 96.15 *per cent* in 2000-01. Less than 4 *per cent* of the new borrowing is now available for other expenditure.

Internal debt and liabilities have been incurred at rising cost.

10.6 Sustainability of debt is the key issue in the assessment of government finances. The higher the debt to GDP ratio, larger is likely to be the cost at which the government is able to borrow. Columns 15 and 16 of Table 10.1 give the movement of average interest rate on internal and total liabilities. Average interest rate of the internal liabilities increased from an average of 7.37 *per cent* during 1985-90 to 10.58 *percent* in 2000-01. The average interest rate on internal liabilities in 2000-01 exceeded the GDP growth (the quick estimates released by C.S.O. on 31 January 2002 indicate a GDP growth of 8 *per cent* during 2000-01) by 250 basis points. This has made debt sustainability a critical issue.

10.7 A reduction in the debt-GDP ratio is called for in the context of debt sustainability. The Eleventh Finance Commission had suggested a reduction of 5 percentage points in the debt-GDP ratio within five years time. The FRBM, 2000 also envisages a reduction in total liabilities (including external debt at current exchange rate) of the Centre to no more than 50 *per cent* of GDP by March 2011. However, in the last three years debt/GDP ratio has generally been stable. The slower the rate of fall in debt – GDP ratio, the longer it would take, to reach the desirable level of the debt-GDP ratio, consistent with sustainability, unless additional remedial measures are taken for medium term adjustment.

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10.8 As resources available for application for current services have depleted relative to GDP, it is critical that these are used with optimal efficiency. These inefficiencies result from the inability to use the resources in time delaying projects and programme implementation rigidities like lapse of funds, opacities in budget proposals. Report No. 1 of 2001, Union Government (Civil) had highlighted March rush of expenditure, implicit subsidies, procedural inefficiencies, unauthorized appropriation, poor fiscal marksmanship as some of the sources of inefficiency.

10.9 These issues and others pointed out elsewhere in the Report call for various measures of reform in government finances and accounts, including budgetary operations of the government.

New Delhi

Date **25 FEB 2002**



**(H.P. DAS)
Director General of Audit
Central Revenues**

Countersigned



New Delhi

Date **25 FEB 2002**

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

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**Appendix I
(Refers to Paragraph 2.40)
Returns on Investment***

Rs in crore

Sl No	Investment at the end of the year	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
1	Public Sector Undertakings & Statutory Corporations							
i	Total Investment	47070.59	49737.75	53194.32	57119.91	60098.78	68714.24	72921.05
ii	Share of dividend	823.78	1216.46	1577.33	1819.98	2383.57	3973.37	3179.49
iii	Percentage of dividend	1.75	2.45	2.97	3.19	3.97	5.78	4.36
2	Nationalised Banks							
i	Total investment	14753.73	13673.68	13146.21	15846.36	13672.62	13375.55	13375.55
ii	Share of profits	14.35	104.15	209.77	314.52	384.19	394.86	464.88
iii	Percentage of profits	0.10	0.76	1.60	1.98	2.81	2.95	3.48
3	Life Insurance Corporation of India							
i	Total investment	5.00	5.00	5.00	5.00	5.00	5.00	5.00
ii	Share of surplus profits	140.35	161.28	226.33	199.87	235.70	267.95	161.39
iii	Percentage of surplus profits	2807.00	3225.60	4526.60	3997.40	4714.00	5359.00	3228.20
4	General Insurance Corporation							
i	Total Investment	215.00	215.00	215.00	215.00	215.00	215.00	215.00
ii	Share of dividend	53.76	53.81	53.75	64.50	64.50	64.50	64.50
iii	Percentage of dividend	25.00	25.03	25.00	30.00	30.00	30.00	30.00
5	Industrial Development Bank of India							
i	Total investment	753.00	670.00	500.00	500.00	500.00	500.00	500.00
ii	Share of surplus profits	120.48	146.83	198.71	169.95	218.51	218.51	243.76
iii	Percentage of profits	16.00	21.91	39.74	33.99	43.70	43.70	48.75
6	State Co-operative Banks and other banks							
i	Total Investment	1045.60	1434.86	1679.23	1979.24	2232.50	2450.50	2551.11
ii	Dividend received	14.20	16.28	20.29	31.30	41.29	43.70	42.06
iii	Percentage of dividend	1.36	1.13	1.21	1.58	1.85	1.78	1.65
7	Co-operative Societies							
i	Total Investment	695.92	696.50	696.94	699.23	700.91	703.02	703.69
ii	Dividend received	49.58	49.52	68.43	80.78	105.68	111.47	68.62
iii	Percentage of dividend	7.12	7.11	9.82	11.55	15.08	15.86	9.75
8	Cooperative Credit Societies							
i	Total Investment	0.05	0.07	0.07	0.10	0.11	0.11	0.11
ii	Dividend received	NA	NA	NA	NA	NA	NA	NA

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		<i>Rs in crore</i>						
Sl No	Investment at the end of the year	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
iii	Percentage of dividend	NA	NA	NA	NA	NA		NA
9	International Bodies							
i	Total Investment	751.31	1070.39	1090.72	1092.84	1122.21	1285.32	1400.73
10	Under Construction							
i	Total Investment	6311.01	6311.01	6311.01	6314.65	7649.39	7649.44	7649.44
I	Total Investment	71601.21	73814.26	76838.50	83772.33	86196.52	94898.18	99321.68
II	Dividend received	1216.50	1748.33	2354.61	2680.90	3433.44	5074.36	4224.72
III	Percentage of dividend/ profits	1.70	2.37	3.06	3.20	3.98	5.35	4.25

* Excludes Reserve Bank of India

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**Appendix II
(Refers to Paragraph 3.13)
Total Expenditure of Union Government**

				<i>Rs in crore</i>
Year	Revenue*	Capital	Loans & Advances	Total
1976-77	12286	1851	3517	17654
1977-78	13414	2243	4155	19812
1978-79	15265	2418	5666	23349
1979-80	17948	2439	4720	25107
1980-81	21096	3983	5664	30743
1981-82	23996	4299	6248	34543
1982-83	28813	4858	9769	43440
1983-84	33730	6276	9005	49011
1984-85	39758	7843	10173	57774
1985-86	49032	8900	13805	71737
1986-87	57911	10991	13431	82333
1987-88	65895	10523	13794	90212
1988-89	76415	11340	15205	102960
1989-90	90138	13399	17370	120907
1990-91	102964	13387	20708	137059
1991-92	116091	13911	18703	148705
1992-93	132794	20586	17619	170999
1993-94	152317	24650	21874	198841
1994-95	177699	19266	23898	220863
1995-96	198302	17544	24810	240656
1996-97	226372	15704	29035	271111
1997-98	277732	20225	35471	333428
1998-99	300456	25200	46594	372250
1999-00	343195	29023	27359	399577
2000-01	342647	25426	27761	395834

* includes the share of States in excise duties till 1999-2000

Appendix III
(Refers to Paragraph 3.37)
Interest Payment

Rs in crore.

Year	Internal debt	External debt	Small Savings, PFs	Others	Total	Interest Receipt	Interest Payment as %age of total tax revenue	Interest payment as %age of GDP
1976-77	643	208	426	97	1374	1105	18.06	1.62
1977-78	692	209	553	67	1521	1440	18.61	1.58
1978-79	887	226	646	70	1829	1427	18.65	1.76
1979-80	1071	235	822	82	1829	1369	19.91	1.93
1980-81	1369	231	901	103	2604	1795	21.41	1.91
1981-82	1635	258	1182	120	3195	2215	21.57	2.00
1982-83	2020	304	1455	159	3938	2852	23.80	2.21
1983-84	2499	356	1733	207	4795	2668	24.55	2.31
1984-85	3101	460	2153	206	5974	3963	26.89	2.58
1985-86	3919	538	2869	186	7512	4595	28.02	2.86
1986-87	4763	766	3489	228	9246	5353	30.15	3.16
1987-88	5510	977	4490	207	11251	5755	32.08	3.38
1988-89	6912	1242	5801	323	14278	6982	34.22	3.61
1989-90	8273	1494	7573	417	17757	7691	37.22	3.89
1990-91	9814	1834	9413	437	21498	7580	40.22	3.78
1991-92	11317	2704	12083	492	26596	10933	42.72	4.07
1992-93	13542	3529	13436	568	31075	12521	45.31	4.16
1993-94	15587	3724	16936	494	36741	15078	54.05	4.28
1994-95	19168	4026	20313	553	44060	15806	52.62	4.36
1995-96	22179	4414	22531	921	50045	18430	50.07	4.23
1996-97	27233	4223	27101	921	59478	22119	51.61	4.38
1997-98	31270	4110	29169	1088	65637	25343	52.21	4.33
1998-99	39832	4364	30584	3102	77882	30076	60.23	4.43
1999-00	69545	4508	19346	1194	94593	38239	55.07	4.83
2000-01	79082	4414	18714	1014	103224	36721	54.53	4.76

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**Appendix IV
(Refers to Paragraph 4.7)
Deficits in Union Government Accounts**

Rs in crore

Year	Deficit			
	Revenue	Fiscal	Primary	Monetised
1976-77	(+) 280	4080	2706	816
1977-78	(+) 429	4110	2589	(-) 260
1978-79	(+) 292	5988	4159	2191
1979-80	696	6391	4181	2650
1980-81	1702	8888	6284	3551
1981-82	293	8667	5472	3270
1982-83	1254	12473	8535	3368
1983-84	2398	13934	9139	3949
1984-85	3498	17785	11811	6055
1985-86	5564	24404	16893	6190
1986-87	7579	27875	18629	7091
1987-88	9137	28273	17022	6559
1988-89	10515	32007	17729	6503
1989-90	11914	37222	19465	13813
1990-91	18561	45887	24389	14746
1991-92	16261	38835	12239	5508
1992-93	18574	47140	16065	4257
1993-94	32715	71676	34935	260
1994-95	31029	62079	18019	2130
1995-96	29731	63689	13644	19855
1996-97	32654	68242	8764	1934
1997-98	59433	104621	38984	12914
1998-99	60567	113298	35416	11800
1999-00	61642	103749	9156	(-) 5587
2000-01	86611	120874	17650	6705

Appendix V
(Refers to Paragraph 4.8)
Fiscal Deficit and Interest Payment

Rs in crore

Year	Fiscal Deficit	Interest	Percentage of Col. 3 to Col.2
(1)	(2)	(3)	(4)
1976-77	4080	1374	33.68
1977-78	4110	1521	37.00
1978-79	5988	1829	30.54
1979-80	6391	2210	34.58
1980-81	8888	2604	29.30
1981-82	8667	3195	36.86
1982-83	12473	3938	45.44
1983-84	13934	4795	38.44
1984-85	17785	5974	42.87
1985-86	24405	7512	42.24
1986-87	27875	9246	37.89
1987-88	28273	11251	40.36
1988-89	32007	14278	44.61
1989-90	37222	17757	47.71
1990-91	45887	21498	46.85
1991-92	38835	26596	68.48
1992-93	47140	31075	65.92
1993-94	71676	36741	51.26
1994-95	62079	44060	70.97
1995-96	63689	50045	78.58
1996-97	68242	59478	87.16
1997-98	104621	65637	62.74
1998-99	113298	77882	68.74
1999-00	103749	94593	91.18
2000-01	120874	103224	85.40

Appendix VI
(Refers to Paragraph 4.20)
Expenditure financed by borrowings

Rs in crore

Year	Revenue	Capital	Loans and Advances	Total
1976-77	--*	1850	2230	4080
1977-78	--*	2243	1867	4110
1978-79	--*	2404	3584	5988
1979-80	696	2436	3259	6391
1980-81	1702	3983	3203	8888
1981-82	293	4299	4075	8667
1982-83	1254	4822	6397	12473
1983-84	2398	6276	5260	13934
1984-85	3498	7843	6444	17785
1985-86	5565	8900	9940	24405
1986-87	7579	10990	9306	27875
1987-88	9137	10523	8613	28273
1988-89	10515	11340	10152	32007
1989-90	11914	13399	11909	37222
1990-91	18561	13387	13939	45887
1991-92	16261	10873	11701	38835
1992-93	18574	18625	9941	47140
1993-94	32715	24698	14263	71676
1994-95	31029	13659	17391	62079
1995-96	29731	16147	17811	63689
1996-97	32654	15249	20339	68242
1997-98	59433	19313	25875	104621
1998-99	60567	19326	33405	113298
1999-00	61642	27299	14808	103749
2000-01	86611	23301	10962	120874

* There was a revenue surplus of Rs 280 crore, Rs 429 crore and Rs 292 crore during 1976-77, 1977-78 and 1978-79 respectively.

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Appendix VII
(Refers to Paragraph 5.4)

Total liability of the Union Government

Rs in crore

Year	Internal Debt	External Debt		Public Account		Total Liability	
		At historical rate	At current rate	Small Savings, Provident Fund etc.	Reserve Fund & Deposits	At historical rate	At current rate
1976-77	14458	8611	*	7709	2830	33608	*
1977-78	18996	8985	*	9130	3062	40173	*
1978-79	19855	9373	*	10756	3499	43483	*
1979-80	24319	9964	*	12486	3445	50214	*
1980-81	30864	11298	*	13953	3633	59748	*
1981-82	35653	12328	*	16578	3626	68185	*
1982-83	46939	13682	*	19887	4364	84872	*
1983-84	50264	15120	*	23874	6003	95261	*
1984-85	58537	16636	*	29705	8563	113441	*
1985-86	71039	18153	*	36859	11433	137484	*
1986-87	86312	20299	*	44928	15006	166545	*
1987-88	98646	23223	*	54528	19165	195562	*
1988-89	114498	25746	*	68536	20991	229771	*
1989-90	133193	28343	*	87065	19592	268193	*
1990-91	154004	31525	*	107107	21922	314558	*
1991-92	172750	36948	109608	121500	23464	354662	427322
1992-93	199100	42269	120813	136802	23752	401923	480467
1993-94	245712	47345	127798	160355	24556	477968	558421
1994-95	266467	50928	142389	192222	28993	538610	630071
1995-96	307869	51249	148583	213435	33680	606233	703567

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Year	Internal Debt	External Debt		Public Account		Total Liability	
		At historical rate	At current rate	Small Savings, Provident Fund etc.	Reserve Fund & Deposits	At historical rate	At current rate
1996-97	344475	54239	149077	239042	37919	675675	770513
1997-98	388998	55332	161442	291867	42097	778294	884404
1998-99	459696	57254	177934	333261	41595	891806	1012486
1999-00	714254	58437	186075	172212	47508	992411	1120049
2000-01	803698	65945	190017	186592	58535	1114770	1238842

* Current rate of exchange is not available.

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Appendix VIII
(Refers to Paragraph 5.38)

Unutilised external assistance – sectorwise

Rs in crore

Sl. No.	Sector	Unutilised external assistance at current rate
1.	Power	19423.19
2.	Social	11091.34
3.	Roads	6479.25
4.	Water Resources Management	5149.80
5.	Agriculture and Rural Development	5137.64
6.	Urban Development	4246.71
7.	Environment and Forestry	1678.02
8.	Others	931.91
9.	Structure adjustment/Fast disb.	698.85
10.	Infrastructure sector (General)	450.28
11.	Energy (Non-conventional)	381.75
12.	Railways	271.99
13.	Coal	147.66
14.	Industry and Finance	190.68
15.	Energy sector- Oil	(-) 515.49
	Total	55763.58

Appendix IX

(Refers to Paragraph 6.4)

Major amounts owned by Importers as on 31 March 2001

Rs in crore

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
1.	Chennai Port Trust	ADB	6.31	1999-2001
2.	Karnataka Urban Infra Dev. Finance Corporation	-do	1.34	1999-2001
3.	National Highway Authority of India – Andhra Pradesh	-do-	1.13	1999-2001
	National Highway Authority of India – Delhi	-do-	0.73	1999-2001
	National Highway Authority of India – Haryana	-do-	0.46	1999-2001
4.	National Highway Authority of India, West Bengal ADB III Project	-do-	0.06	1998-99
5.	Pradeep Port Trust	-do-	13.70	1994-2001
6.	Railway Board	-do-	2.03	1995-2001
	Ministry of Railways	Germany	0.68	Upto 1992
	3417230	-do-	0.15	-do-
	Rail Coach Factory	-do-	0.19	1992 to 1993-94
	Railway Board	-do-	1.31	1994-95 to 1997-98
	Rail Coil Spinning	-do-	0.71	Upto 1992 to 1992-93
	Railway Board	Japan	0.20	Upto 1992
	Ministry of Railway	Scotland	4.53	1994-95
	Railway Board	U.K.	3.42	1992 to 1996-97
7.	Rayala Seema Power Project	ABD	57.35	Upto 1992-93 to 1997-98
8.	Tamil Nadu State Electricity Board	ADB	0.51	1996-98
9.	Videsh Sanchar Nigam Ltd. Bombay	ADB	2.52	1992-93 to 1996-97
10.	Continental Float Glass Ltd.	Germany	0.19	-do-
11.	Family Health Support Maharashtra	-do-	0.63	Upto 2000-2001
12.	Karnataka Secondary Level Hospital Project	-do-	0.80	-do-
13.	Mysore Cement Ltd	-do-	0.43	Upto 1992
14.	Pyritioes Phosphates and Chemicals Ltd	-do-	4.30	Upto 1997-98
	323416	-do-	20.64	195-96 to 1998-99
15.	ITI, Naini Allahbad	Denmark	1.46	1992-93 to 1998-99
16.	Bangalore Water Supply and Swerage	France	0.22	2000-2001
17.	Department of Telecommunications	-do-	1.28	1996-97 to 1997-98

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<i>Rs in crore</i>				
Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
18.	DWSSDU(MCD) Delhi	-do-	1.31	1993-94 to 1998-99
	FRGG 3609	-do-	0.28	1998-99
	FRGG 3608	-do-	3.82	1994-95 to 198-99
	FRGC 3609	-do-	0.91	1998-99
	FRGG 3803	-do	24.54	1996-97 to 1999-00
19.	Indian Bearu of Mines, Nagpur	-do-	0.47	1999-2000
20.	J&K Cable War	-do-	0.16	Upto 1992
21.	Ministry of Water Resources, New Delhi	-do-	0.15	1993-94
	FRGG 3610	-do-	0.37	-do-
22.	Narmada Water Resources and Water Supply Department	-do-	1.52	1997-98 to 1998-99
	FRGL 4008	-do-	0.14	2000-2001
23.	Public Health Engg. Department RJ	-do-	0.63	1998-99
24.	Pawan Hans Ltd.	France	57.44	1992 to 1998-99
25.	Public Works Department, Manipur	-do-	0.46	1999-2000 to 2000-01
26.	Andhra Pradesh State Electricity Board Andhra Pradesh	Japan	1.36	1998-99to 1999-2000
	IDP-128	-do-	0.85	-do-
27.	Andhra Pradesh Transmission Co. Ltd.	-do-	14.30	197-98 to 1999-00
28.	Banaras Hindu University	-do-	5.66	1994-9 to 1995-96
29.	Bakreshwar Thermal Power Project West Bengal	-do-	27.84	1998-99 to 2000-01
30.	Chennai Metropolitan Water Supply and Sewerage Board	-do-	16.06	1999-2000
31.	CMWS&SP	-do-	0.65	2000-2001
32.	Director of Sericulture Project Madhya Pradesh	-do-	1.77	1998-99
33.	Department of Telecommunication	-do-	0.17	Upto 1992
	IDP-029	-do-	0.46	-do-
	IDP-032	-do-	0.98	-do-
34.	Department of Telecommunication	Japan		
	GDP-039	-do-	0.01	Upto 1992
	JPGG-001	-do-	0.73	-do-
35.	Department of Sericulture Maharashtra	-do-	6.49	1998-99 to 1999-00
36.	Fertilizers and Chemical sTravan core Ltd.	-do-	0.46	Upto 1992
37.	Fisheries, State Project Unit, Bihar	-do-	10.67	1999-00
38.	Ghatghar (EDM) Circle Thana	-do-	0.17	1996-97 to 2000-01
39.	Gujrat Pipavav Port Ltd.	-do-	0.28	1999-00 to 2000-01
40.	Hindustan Copper Ltd.	-do-	2.34	Upto 1992
41.	Housing Urban Development	-do-	0.11	1994-95 to 1999-00

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Rs in crore

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
Corporation				
42.	Institute of Child Health Hospital for Children	-do-	0.30	1998-99
43.	Indian Farweres Fertilizer Cooperative Ltd.			
	IDP-028	-do	0.56	Upto 1992
	GDP-035	-do-	0.52	-do-
	GDP-038	-do-	0.34	-do-
44.	Lady Harding Medical College and Associated Hospital	-do-	16.29	1997-98 to 1998-99
45.	Minerals at Metal Trading Corporation	-do-	1.44	1992-to 1992-93
46.	Ministry of Environment and Forests'	Japan	2.26	1997-1998 to 2000-2001
47.	Ministry of Health and Family welfare	-do-	27.36	1997-1998 to 1998-1999
	-do-	-do-	0.02	1994-1995 to 1998-1999
48.	Home Affairs, New Delhi	-do-	0.23	Upto 1992
49.	Ministry of Surface Transport			
	IDP-091,092,100&101	-do-	2.79	1996-1997 to 2000-2001
	JPGGU-01	-do-	28.74	1996-1997 to 1997-1998
50.	Ministry of Tourism			
	IDP-054	-do-	8.26	1992 to 1998-1999
	IDP-082	-do-	1.70	1993-1994 to 2000-2001
51.	National Thermal Power Corporation	-do-	0.11	1999-2000
52.	Punjab State Tubewell Corporation Ltd	-do-	9.43	2000-2001
53.	Rural Dev.(PC) Deptt. Kerala	-do-	1.30	-do-
54.	Rural Electrification Corporation	-do-	0.46	1995-1996 to 2000-2001
55.	Tamil Nadu Small Industries Dev. Corporation	-do-	0.61	1998-1999 to 1999-2000
56.	Uttar Pradesh State Electricity Board	-do-	6.47	1996-1997 to 1999-2000
57.	Anparra Power Transmission System UPSEB	-do-	0.36	1999-2000 to 2000-2001
58.	West Bengal Power Dev. Corpn. Ltd. West Bengal			
	IDP-089	-do-	0.02	1997-98 to 1998-99
	IDP-097	-do-	4.64	1997-98 to 1999-00
	IDP-137	-do-	2.12	1999-00 to 2000-01
59.	Cochin Port Trust	Netherland	0.36	1996-97

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<i>Rs in crore</i>				
Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
60.	Delhi Electric Supply Undertaking Delhi	-do-	7.80	1994-95 to 1996-97
61.	Lakshadweep Administration	-do-	0.57	1994-95
62.	Bhillai Steel Plant	Russia	0.51	Upto 1992
63.	Coal India Limited, West Bengal	-do-	2.31	-do-
64.	CMPDI, Ranchi	-do-	0.86	1992-93
65.	Oil and Natural Gas Commission	Russia	3.83	Upto 1992
66.	Delhi Electric Supply Undertaking Delhi	Scotland	0.02	1994-95
	SCGGU102	-do-	0.11	-do-
67.	Andhra Pradesh State Electricity Board, Andhra Pradesh	U.K.	4.75	1992 to 1994-95
68.	Coal India Ltd. West Bengal	-do-	20.90	1996-97 to 1999-00
	UKGGU01	-do-	0.18	1992-193
69.	Helicopter Corporation of India	-do-	67.23	Upto 1992
70.	KRIBCO Rain Fermin and Eastern and Western Ghat Project	-do-	0.71	1994-95
71.	Oil and Natural Gas Commission	-do-	2.96	1993-94
72.	Power Grid Corporation of India Ltd.	-do-	326.40	1993-94 to 1996-97
73.	Central Electricity Authority	IBRD	1.91	1996-97 to 1997-98
74.	Department of Energy	-do-	0.49	2000-01
75.	Fund Bond IV	-do-	1.85	1996-97 to 1998-99
76.	Grid Corporation of Orissa Ltd, Orissa	-do-	12.19	2000-01
77.	Housing Urban Development Corporation	-do-	2.52	1998-99 to 1999-00
78.	Haryana Vidyut Prasaran Nigam Limited	IBRD	1.02	1999-00
79.	Ministry of Power (IPC-II)	-do-	1.72	1996-97 to 1997- 1998
80.	Ministry of Water Resources, New Delhi	-do-	0.46	1999-00
81.	Department of Agriculture Research and Education, Delhi	IDA	34.77	1997-98 to 2000-01
82.	Bihar Sate Electricity Board	-do-	0.66	1992 to 1999-00
83.	Districty Poverty Initiation Project	-do-	1.46	1996-97 to 1998-99
84.	Fertilizer Corporation of India	-do-	0.20	Upto 1992
85.	Government of India	-do-	0.62	1997-98 to 1998-99
86.	India Council of Agrl. Research Institute	-do-	4.01	1995-96 to 1996-97
87.	Indian Council for Forestry Research and Education Extn. U.P.	-do-	2.77	1998-99
88.	Kerala Forestry Project Kerala	-do-	2.00	1996-97 to 1997-98
89.	National Aids Central Organisation MOH&FW	-do-	0.46	1993-94
90.	Water Resource Development Punjab 29473-IN	-do-	0.04	-do-
		-do-	0.14	1998-99

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Rs in crore

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
91.	MOF, Department of Economic Affairs	IDF	0.31	1998-99 to 2000-01
	28243-IN	-do-	1.39	1996-99 to 1997-2000
92.	Government of India Dis-investment Commission	-do-	1.78	1997-98 to 1999-00

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**Appendix X
(Refers to Paragraphs 6.5)
Adverse Balances**

			<i>Rs in thousand</i>
Sl. No.	Head of Account (Major/Minor)	Balance (As on 31 March 2001)	Period from which balances became adverse
Statement No. 13			
1.	8115-00-101-Depreciation Reserve Fund – Railway Commercial Lines	Dr. 83148.05	1998-99
2.	8121-00-103 Railway Pension Fund. Commercial lines	Dr. 13289.80	1999-00
3.	8235-00-101-General Reserve Fund of Government Commercial Department/Undertakings	Dr. 15.67	1999-00
4.	8443-109-Forest Deposits	Dr. 11.82	2000-2001
5.	8443-00-110-Deposits of Police Fund	Dr. 19.02	1996-97
6.	8448-00-104-Fund of Insurance Association of India	Dr. 2.91	Pre 1976-77
7.	8449-00-115-Advance Deposits for IBRD Aided Projects	Dr. 1743.14	1994-95
8.	8550-00-101-Forest Advances	Cr. 178.20	1997-98
9.	8656-00-104-Bronze and Copper Coinage Account	Cr. 213.57	Pre: 1976-77
10.	8656-00-105-Nickel Coinage Account	Cr. 10947.22	1994-95
Statement No. 14			
11.	6002-00-202-Loans from the Federal Austrian Government	(-) 1867.02	1997-98
12.	6002-00-203-Loans from the Government of the Kingdom of Belgium	(-) 12045.15	1996-97
13.	6002-204-Loans from the Government of Canada	(-) 7203.12	1999-00
14.	6002-206-Loans from the Government of Demark	(-) 4103.60	1999-00
15.	6002-212-Loans from the Government of Itly	(-) 3.93	2000-01
16.	6002-00-218-Loans from Kuwait Fund for Arab Economic Development	(-) 30063.87	1994-95
17.	6002-00-220-Loans from the Government of Netherlands	(-) 68226.03	1996-97
18.	6002-00-221-Loans from the organisation of Petroleum Exporting Countries Special Fund	(-) 11315.12	1994-95
19.	6002-00-224-Loans from Saudi Fund for Development	(-) 5463.85	1994-95
20.	6002-00-223-Loans from the Government of Swiss Bank of Swiss confederation	(-) 996.89	2000-01
21.	6002-00-226-Loans from the Agency for International Development U.S.A.	(-) 2487193.0	1995-96
22.	6002-00-227-Loans from Government of USA under PL 480 Convertible Local Currency Credits	(-) 49740.01	1995-96
23.	6002-00-228-Other miscellaneous Loans from the Government of U.S.A.	(-) 6144.56	1998-99
24.	6002-00-230-Loans from the Government of Russian Federation	(-) 45036.28	1998-99

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<i>Rs in thousand</i>			
Sl. No.	Head of Account (Major/Minor)	Balance (As on 31 March 2001)	Period from which balances became adverse
25.	8013-101-Mahila Samridhi Yojana for Rural Women	(-) 25075	1998-99
Statement No. 14A			
26.	6001-00-106-Special Bearer Bonds, 1991	(-) 1035.96	1995-96
Statement No. 15			
27.	6202-03-800-Other Loans	(-) 18.76	1986-87
28.	6225-01-800-Other Loans	(-) 2.21	1994-95
29.	6235-01-105-Repartriates from Sri Lanka	(-) 1	1999-00
30.	6245-01-101-Gratuitious Relief	(-) 8.03	1986-87
31.	6245-02-101-Gratuitious Relief	(-) 21.56	1997-98
32.	6401-00-104-Agricultural Farms	(-) 39.90	1993-94
33.	6401-00-800-Other Loans	(-) 135.81	1986-87
34.	6402-00-102-Soil Conservation	(-) 41.39	1995-96
35.	6403-00-800-Other Loans	(-) 64.28	1994-95
36.	6408-00-101 Procurement and Supply	(-) 1.86	1999-00
37.	6515-00-102-Community Development	(-) 4.65	1986-87
38.	6515-00-103-Rural Works Programmes	(-) 1	1986-87
39.	6701-60-800-Other Loans	(-) 4	1988-89
40.	6851-00-102-Small Scale Industries	(-) 28.62	2000-01
41.	6860-00-800-Other Loan	(-) 22	1994-95
42.	7052-02-101-Loans to S.D.F.C	(-) 2256.72	2000-01
43.	7275-00-190-Loans to Public Sector and other undertaking	(-) 397.53	2000-01
44.	7601-03-Loans for Central Plan Schemes (Bihar)	-21.05	2000-01
45.	7601-03-Loans from Central Plan Schemes (Bihar)	(-) 16.94	2000-01
46.	7601-03-Loans from Central Plan Scheme (Jharkand)	(-) 3.41	2000-01
47.	7601-03-Loan for Centrally Sponsored Plan Scheme (Jharkand)	(-) 9.26	2000-01
48.	7601-05-Loan for Special Plan Scheme	(-) 3	2000-01
49.	7601-03-Loan for central Plan Scheme (Uttarachal)	(-) 2.19	2000-01
50.	7601-04-Loan for Centrally Sponsored Plan Scheme	(-) 5.97	2000-01
Statement No. 16			
51.	8001-00-104-Cumulative Time Deposits	Cr. (-) 5305.94	1994-95
52.	8002-00-101-Post office certificates	Cr.(-) 101597.47	1999-00
53.	8002-00-102-State Savings Certificates	Cr. (-) 3.61	Pre 1976-77
54.	8002-00-103-Treasury Saving Deposit Certificates	Cr. (-) 69.62	Pre 1976-77
55.	8002-00-104-Defence Saving Certificates	Cr. (-) 2971.22	1988-89
56.	8002-00-106-National Development Bonds	Cr. (-) 12147	1982-83

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Appendix XI
(Refers to paragraph 7.5)
Authorisation and Disbursements

(Rs in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	Unspent provision
Civil-Voted					
I. Revenue	132203.44	19671.89	151875.33	142194.21	9681.12
II. Capital	14185.05	486.57	14671.62	12865.75	1805.87
III. Loans and Advances	5774.94	1355.30	7130.24	5692.68	1437.56
Total Voted	152163.43	21513.76	173677.19	160752.64	12924.55
Charged					
IV. Revenue	153591.31	18.83	153610.14	115634.14	37976.00
V. Capital	25.44	6.10	31.54	28.00	3.54
VI. Public Debt	354767.13	-	354767.13	269512.15	85254.98
VII. Loans and Advances	21215.31	905.67	22120.98	20115.16	2005.82
Total Charged	529599.19	930.60	530529.79	405289.45	125240.34
Grand Total-Civil	681762.62	22444.36	704206.98	566042.09	138164.89
Post and Telecommunications (P&T)					
Voted	42891.99	20370.62	63262.61	26952.47	36310.14
Charged	0.07	0.41	0.48	0.59	(0.11)*
Total P&T	42892.06	20371.03	63263.09	26953.06	36310.03
Defence Services					
Voted	60252.37	-	60252.37	51467.77	8784.60
Charged	25.81	1.07	26.88	13.86	13.02
Total Defence Services	60278.18	1.07	60279.25	51481.63	8797.62
Railways					
Voted	61660.72	136.15	61796.87	58481.14	3315.73
Charged	26.08	2.71	28.79	16.74	12.05
Total Railways	61686.80	138.86	61825.66	58497.88	3327.78
Grand Total					
Voted:CFI	316968.51	42020.53	358989.04	297654.02	61335.02
Grand Total Charged:CFI	529651.15	934.79	530585.94	405320.64	125265.30
Grand Total CFI	846619.66	42955.32	889574.98	702974.66	186600.32

Note: In demands for grants, provision for the charged disbursements is called appropriation and for voted disbursements, it is called grant.

CFI: Consolidated Fund of India

* Excess

Appendix XII
(Refers to paragraph 7.6)

Net Unspent Provision in Grants/Appropriations

(Rs in crore)

Grants and Appropriations affected	Unspent provision		Excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Civil						
Voted	9681.12	3243.87	-	0.44	9681.12	3243.43
No. of grants	88	64		1		
Charged	37976.00	87264.34	-	-	37976.00	87264.34
No. of Appropriations	40	14				
Post and Telecommunications						
Voted	10813.64	25496.50	-	-	10813.64	25496.50
No. of grants	3	3				
Charged	0.05	0.01	0.07	0.10	(0.02)**	(0.09)**
No. of Appropriations	1	1	1	1		
Defence Services						
Voted	3480.17	5534.13	229.70	-	3250.47	5534.13
No. of grants	3	1	1			
Charged	4.80	8.22	-	-	4.80	8.22
No. of Appropriations	4	1				
Railways						
Voted	1861.66	1454.07	-	-	1861.66	1454.07
No. of grants	15	1				
Charged	12.06	0.10*	0.01	0.10*	12.05	-*
No. of Appropriations	8	1	3	1		

*Rs 1045802(Excess)- Rs 997377(saving)=Rs 48425(net excess)

** Excess

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Appendix XIII
(Refers to Paragraph 7.7)
Proportion of Charged and Voted Disbursements(Civil Sector)

(Rs in crore)

Sl. No	Year	Authorisation			Disbursements			%age of Voted	%age of Charged
		Voted	Charged	Total	Voted	Charged	Total		
1.	1990-91	58007	170484	228491	54681	131689	186370	29	71
2.	1991-92	63814	142537	206351	58202	122373	180575	32	68
3.	1992-93	74367	141321	215688	68904	134672	203576	34	66
4.	1993-94	88069	203866	291935	82497	188621	271118	30	70
5.	1994-95	94380	254781	349161	87054	216958	304012	29	71
6.	1995-96	96720	282079	378799	90196	231831	322027	28	72
7.	1996-97	107583	313320	420903	96316	280355	376671	26	74
8.	1997-98	145613	486038	631651	132239	452232	584471	23	77
9.	1998-99	139083	504105	643188	139488	468679	608167	23	77
10.	1999-00	157780	512075	669855	148642	453196	601838	25	75
11.	2000-01	173677	530530	704207	160753	405289	566042	28	72

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Appendix XIV
(Refers to paragraphs 7.10 and 8.33)
Position of Original and Supplementary Grants/Appropriations

(Rs in crore)

Year	Provision	Revenue		Capital		Charged		Total	
		Voted	Charged	Voted		Public Debt	Capital		
				Capital	Loans & Advances		Capital		Loans & Advances
1995-96	Original	69473	77275	8722	5766	184928	8	16731	362903
	Supplementary	8065	99	3358	1337	-	3	3034	115896
	Percentage	12	0.1	38	23	-	38	18	4
1996-97	Original	86187	87431	9042	6790	201914	9	22202	413575
	Supplementary	4378	55	767	418	-	11	1698	7327
	Percentage	5	0.1	8	6	-	122	8	2
1997-98	Original	94519	97177	9907	6258	227229	8	25150	460248
	Supplementary	30641	62	3507	781	130735	4	5673	171403
	Percentage	32	0.1	35	12	58	50	23	37
1998-99	Original	109434	105200	18600	6724	359080	16	29687	628741
	Supplementary	3329	32	43	953	-	23	10068	14448
	Percentage	3	0.03	0.23	14	-	144	34	2
1999-00	Original	118638	121084	18582	5638	360893	107	17963	642905
	supplementary	12780	8438	1545	597	-	16	3573	26949
	Percentage	11	7	8	11	-	15	20	4
2000-01	Original	132204	153591	14185	5775	354767	25	21216	681763
	supplementary	19672	19	486	1355	-	6	906	22444
	Percentage	15	-	3	23	-	24	4	3

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**Appendix XV
(Refers to Paragraph 7.11)**

Statement of Miscellaneous Disbursements held under objection

(Rs in crore)

Year	Ministry of Finance	
	No. of items	Amount
1995-96	23	0.45
1996-97	27	0.46
1997-98	17	0.12
1998-99	10	0.22
1999-00	4	0.65
2000-01	16	0.20

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Appendix XVI

(Refers to Paragraph 7.12)

Rush of Expenditure during the Month of March/Last Quarter of the Financial Year 2000-01

(Rs in crore)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
1 – Department of Agriculture and Cooperation						
1.	'2425' - Cooperation	28.21	11.42	40	15.24	54
2.	'4401' – Capital Outlay on Crop Husbandry	11.28	6.97	62	6.97	62
3.	'6401' - Loans for Crop Husbandry	14.99	-	-	9.99	67
3 – Department of Animal Husbandry & Dairying						
4.	'2403'-Animal Husbandry	53.88	22.23	41	27.70	51
5.	'3601'-Grants-in-aid to State Governments	118.86	41.48	35	68.06	57
6.	'4404'-Capital Outlay on Dairy Development	1.37	0.91	66	0.92	67
4 – Department of Food Processing Industries						
7.	'2405'-Marine Fisheries	15.09	10.48	69	15.09	100
8.	'2552'-North Eastern Areas	9.36	4.42	47	8.24	88
9.	'6405'-Loans for Fisheries	4.80	2.67	56	2.67	56
10.	'6408'-Loans for Food Storage & Warehousing	5.10	1.83	36	4.91	96
5 – Department of Chemicals and Petro-chemicals						
11.	'4857'- Capital outlay on Chemical & Pharmaceutical Industries	3.93	1.68	43	2.18	55
12.	'6856' – Loans for Petro-Chemical Industries	107.40	89.54	83	97.64	91
7 – Ministry of Civil Aviation						
13.	'5053' – Capital Outlay on Civil Aviation	19.29	14.20	74	14.22	74
14.	'7053' – Loans for Civil Aviation	10.24	10.24	100	10.24	100

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<i>(Rs in crore)</i>						
Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
8 – Department of Commerce						
15.	'3602' – Grants-in-aid to Union Territory Governments .	0.99	0.99	100	0.99	100
14-Department of Culture						
16.	2205-Art & Culture	347.99	88.51	25	156.10	45
17.	3601-Grants-in-aid to State Governments	2.01	0.73	36	1.02	51
15-Department of Youth Affairs and Sports						
18.	2251-Sectt.-Social Services	5.33	0.88	17	1.71	32
19.	2204-Sports and Youth services	209.32	92.94	44	103.23	49
20.	3601-Grants-in-aid to State Governments	35.09	15.02	43	28.89	82
21.	4202-Capital outlay on Education, Sports and Art & Culture	0.85	0.28	33	0.48	56
23 - Department of Disinvestment						
22.	'3451' – Secretariat-Economic Services	8.98	8.09	90	8.45	94
25-Ministry of External Affairs						
23.	2052-Sectt.-General Services	107.98	19.24	18	33.82	31
24.	2061-External Affairs	1380.54	376.51	27	586.25	42
25.	4059-Capital outlay on Public Works	53.65	14.94	28	29.87	56
26.	4216-Capital outlay on Housing	26.13	8.51	33	24.17	92
26-Department of Economic Affairs						
27.	2047-Other Fiscal Services	33.08	18.62	56	19.85	60
28.	2070-Other Administrative Services	17.56	3.75	21	6.11	35
29.	2235-Social Security and welfare	1.71	1.71	100	1.71	100
30.	3475-Other General Economic Services	32.80	10.77	33	12.31	38

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(Rs in crore)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
28-Payments to Financial Institutions(Ministry of Finance)						
31.	2416-Agricultural Financial Institutions	6.12	4.66	76	4.66	76
32.	2552-North Eastern Areas	1.55	1.55	100	1.55	100
33.	2885-Other Outlays on Industries and Minerals	50.80	35.08	69	35.08	69
34.	3465-General Financial and Trading Institutions	2.43	2.43	100	2.43	100
35.	4885-Other Capital Outlay on Industries and Minerals	100.00	100.00	100	100.00	100
36.	6416-Loans to Agricultural Financial Institutions	20.76	9.42	45	9.42	45
30-Transfers to State and Union Territory Governments(Ministry of Finance)						
37.	2075-Miscellaneous General Services	161.65	161.65	100	161.65	100
38.	2245-Relief on account of Natural Calamities	2424.21	1030.67	43	2424.21	100
39.	3054-Roads & Bridges	2502.81	2502.81	100	2502.81	100
40.	3601-Grants-in-aid to State Governments.	27102.57	4149.26	15	8527.05	31
41.	3602-Grants-in-aid to Union Territory Governments	330.00	330.00	100	330	100
33-Department of Expenditure						
42.	4070-Capital Outlay on other Administrative Services	2.06	1.33	65	1.33	65
36-Department of Revenue						
43.	3601-Grants-in-aid to State Governments.	0.59	0.35	59	0.35	59
37-Direct Taxes						
44.	4059-Capital Outlay on Public Works	47.01	46.83	100	46.83	100

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<i>(Rs in crore)</i>						
Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
38-Indirect Taxes						
45.	4047-Capital outlay on Other Fiscal Services	182.81	47.75	26	143.18	78
46.	4059-Capital Outlay on Public Works	0.94	0.31	33	0.43	45
47.	4216-Capital Outlay on Housing	10.84	5.00	46	7.40	68
39 – Department of Public Distribution						
48.	'4552' - Capital Outlay on North Eastern Area	3.19	2.56	80	2.56	80
40 – Department of Consumer Affairs						
49.	'2852' – Industries	1.60	1.60	100	1.60	100
50.	'3456' – Civil Supplies	29.67	24.80	84	25.03	84
51.	'7475' – Loans for Other General Economic Services	11.00	8.00	73	8.00	73
41 – Department of Sugar and Edible Oils						
52.	'2408' – Food, Storage & Warehousing	265.81	26.52	10	255.94	96
42-Department of Health						
53.	2210-Medical and Public Health	1738.16	321.52	19	613.96	35
54.	3601-Grants-in-aid to State Governments	321.40	119.83	37	129.54	40
55.	3602-Grants-in-aid to Union Territory Governments	3.85	2.81	73	2.85	74
56.	4210-Capital Outlay on Medical and Public Health	192.16	42.41	22	85.69	45
43-Department of Indian Systems of Medicine and Homoeopathy						
57.	2251-Secretariat Social Services	3.58	0.91	25	1.56	44
58.	2210-Medical and Public Health	98.45	31.48	32	42.36	43
59.	3601-Grants-in-aid to State Governments	20.47	20.47	100	20.47	100
60.	4210-Capital Outlay on Medical & Public Health	0.51	0.51	100	0.51	100

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(Rs in crore)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
44-Department of Family Welfare						
61.	2211-Family Welfare	1192.50	505.79	42	623.19	52
62.	3601-Grants-in-aid to State Governments	2418.46	418.59	17	852.10	35
45-Ministry of Home Affairs						
63.	3601-Grants-in-aid to State Governments	68.42	19.23	28	35.45	52
64.	4059-Capital Outlay on Public Works	12.89	4.92	38	8.09	63
65.	4216-Capital Outlay on Housing	2.36	0.64	27	1.02	43
46-Cabinet						
66.	2013-Council of Ministers	55.85	14.77	26	22.74	41
67.	2070-Other Administrative Services	1.12	0.28	25	0.42	38
68.	4055-Capital Outlay on Police	10.00	3.25	33	4.83	48
47-Police						
69.	3601-Grants-in-aid to State Governments	1105.15	560.31	51	772.65	70
70.	7601-Loans and Advances to State Governments	512.96	365.03	71	486.99	95
49-Transfers to Union Territory Governments						
71.	3602-Grants-in-aid to Union Territory Governments	501.04	137.53	27	208.77	42
72.	7602-Loans and Advances to Union Territory Governments	374.79	95.42	25	147.88	39
50-Department of Elementary Education and Literacy						
73.	2251-Sectt. Social Services	4.25	1.31	31	1.77	42
74.	2202-General Education	2441.63	469.97	19	988.92	41
75.	3601-Grants-in-aid to State Governments	777.92	185.86	24	296.17	38

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Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
51-Department of Secondary Education and Higher Education						
76.	2202-General Education	2693.66	408.71	15	866.74	32
77.	2203-Technical Education	1064.89	455.18	43	616.73	58
78.	2552-North Eastern Areas	20.74	10.73	52	13.17	64
79.	3601-Grants-in-aid to State Governments	895.96	214.25	24	230.43	26
52-Department of Women and Child Development						
80.	2235-Social Security and Welfare	145.91	96.52	66	103.56	71
81.	2236-Nutrition	7.62	1.64	21	2.69	35
82.	3601-Grants-in-aid to State Governments.	1214.00	319.13	26	458.27	38
83.	3602-Grants-in-aid to Union Territory Governments	10.20	4.98	49	4.98	49
54-Department of Heavy Industry						
84.	2852-Industries	147.80	60.97	41	90.98	62
85.	4854-Capital Outlay on Cement and Non-metallic Mineral Industry	1.25	1.25	100	1.25	100
86.	6854-Loans for Cement and Non-metallic Mineral Industry	86.23	52.95	61	65.46	76
87.	6858-Loans for Engineering Industry	479.01	307.57	64	349.74	73
88.	6860-Loans for Consumer Industries	84.51	44.79	53	66.10	78
89.	6885-Loans for other Industries and Minerals	4.52	0.61	13	3.82	85
55-Ministry of Information and Broadcasting						
90.	4220-Capital Outlay on Information and Publicity	15.62	5.06	32	5.68	36
57-Ministry of Labour						
91.	3601-Grants-in-aid to State Governments	12.11	7.99	66	8.43	70

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Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
58-Law and Justice						
92.	2014-Administration of Justice	22.46	12.75	57	14.34	64
59-Election Commission						
93.	2015-Elections	9.55	2.48	26	4.07	43
62 – Department of Coal						
94.	'2230'-Labour & Employment	27.20	27.20	100	27.20	100
95.	'2803' - Coal and Lignite	367.36	176.04	48	289.69	79
96.	'6803' – Loans for Coal & Lignite	331.03	208.00	63	331.03	100
66-Ministry of Personnel, Public Grievances and Pensions						
97.	2070-Other Administrative Services	26.91	3.51	13	9.72	36
98.	7601-Loans and Advances to State Governments(charge d)	9.00	9.00	100	9.00	100
68-Ministry of Planning						
99.	3451-Sectt, Economic Services	76.29	51.56	68	56.61	74
100.	3475-Other General Economic Services	6.53	1.47	23	2.78	43
101.	5475-Capital Outlay on Other General Economic Services	4.00	1.71	43	4.00	100
70 – Department of Rural Development						
102.	'2501'-Special Programme for Rural Development	544.65	205.22	38	397.08	73
76 – Ministry of Small Scale Industries, Agro and Rural Industries						
103.	'4851' – Capital Outlay on Village & Small Industries	3.74	3.06	82	3.71	99
77-Ministry of Statistics and Programme Implementation						
104.	2552-North Eastern Areas	2.88	0.88	30	1.98	69
105.	5475-Capital Outlay on Other General Economic Services	4.70	3.78	80	3.96	84
78 – Ministry of Steel						
106.	'2852' – Industries	412.36	388.76	94	397.82	96

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Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
80 – Department of Shipping						
107.	'3056' – Inland Water Transport	34.13	16.21	47	26.02	76
108.	'3605' – Technical & Economic Cooperation with other Countries	1.72	-	-	1.72	100
109.	'5051' – Capital Outlay on Ports and Lighthouses	56.96	28.01	49	33.55	59
110.	'5052' - Capital Outlay on Shipping	35.70	32.14	90	33.98	95
111.	'7051' – Loans for Ports and Lighthouses	179.15	64.04	36	110.35	62
112.	'7601' – Loans and Advances to State Governments (Charged)	3.50	3.50	100	3.50	100
81 – Ministry of Textiles						
113.	'3601' – Grants-in-aid to State Governments.	80.30	33.48	42	56.86	71
114.	'4851' – Capital Outlay on Village & Small Industries	6.69	4.09	61	4.23	63
115.	'6851' - Loans for Village and Small Industries	1.50	1.20	80	1.20	80
82 – Ministry of Tourism						
116.	'5452' – Capital Outlay on Tourism	25.02	17.27	69	17.30	69
83 - Ministry of Tribal Affairs						
117.	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	36.08	10.22	28	16.05	44
118.	2251-Sectt.-Social Services	2.79	0.36	13	0.93	33
119.	3601-Grants-in-aid to State Governments	672.74	154.24	23	329.74	49
120.	4225-Capital Outlay on Welfare of SC, ST and Other Backward classes	2.41	2.41	100	2.41	100

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Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
84 – Ministry of Urban Development						
121.	'2217' – Urban Development	13.43	6.70	50	8.10	60
87 – Ministry of Urban Employment and Poverty Alleviation						
122.	'2216' – Housing	20.42	11.72	57	16.19	79
123.	'3475' – Other General Economic Services	1.45	1.45	100	1.45	100
124.	'3601' - Grants-in-aid to State Governments.	89.11	56.26	63	62.30	70
125.	'3602' - Grants-in-aid to Union Territory Governments.	1.07	1.07	100	1.07	100
88 – Ministry of Water Resources						
126.	'2705' – Command Area Development	2.80	1.03	37	1.94	69
127.	'3601' – Grants-in-aid to State Governments	168.88	65.26	39	143.60	85
128.	'4701' – Capital Outlay on Major and Medium Irrigation	3.33	1.64	49	2.95	89
129.	'4711' – Capital Outlay on Flood Control Projects	2.00	1.59	80	1.59	80
130.	'7601' – Loans and Advances to State Governments	3.00	3.00	100	3.00	100
89-Ministry of Social Justice and Empowerment						
131.	2225-Welfare of SC,ST and OBC	100.87	68.13	68	72.75	72
132.	2406-Forestry and Wild Life	16.17	4.41	27	5.75	36
95-Rajya Sabha						
133.	2011-Parliament/State/UT/ Legislatures	52.67	12.38	23	20.07	38
96-Lok Sabha						
134.	2011-Parliament, State, UT and Legislatures	124.66	24.15	19	40.87	33
97-Union Public Service Commission						
135.	2051-Public Service Commission(Charged)	39.83	7.02	18	12.37	32

Appendix XVII

(Refers to paragraph 8.1)

**Excess Disbursement over the sanction provision under civil ministries
during 1990-01**

(Rs in crore)

Year	No of cases	Amount
1990-91	9	523.11
1991-92	6	39.24
1992-93	6	28.26
1993-94	7	6.72
1994-95	7	47.03
1995-96	2	8.44
1996-97	8	67.29
1997-98	2	13.66
1998-99	56	11112.77
1999-00	2	0.57
2000-01	1	0.44

APPENDIX XVIII
(Refers to Paragraph 8.3)

**Statement showing cases of expenditure without re-appropriation of fund
(exceeding excess of Rs one crore and more)**

<i>(Rs in crore)</i>				
Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expenditure without re-appropriation
15-Department of Youth Affairs & Sports				
1.	Sports Authority of India	O 78.14 S 0.27 R 10.00	89.41	1.00
17-Defence Pensions				
2.	Leave Encashment	O 199.72 R -54.37	164.44	19.09
24-Ministry of Environment and Forest				
3.	Integrated Afforestation and Eco-Development Projects	O 71.50 R -43.25	39.70	11.45
25-Ministry of External Affairs				
4.	ITEC Programme	O 30.00 R (-) 4.00	28.99	2.99
5.	SCAAP Programmes	O 5.00 R (-) 1.00	5.19	1.19
6.	External Affairs	O 30.00 R (-) 10.50	26.13	6.63
26-Department of Economic Affairs				
7.	Payment to Railways	O 791.00 S 2.00	812.26	19.26
8.	Loans to Myanmar New Credit	O 18.00 R (-) 3.00	16.01	1.01
27-Currency, Coinage & Stamps				
9.	Purchase of Metal	O 280.00 R 55.00	340.46	5.46
29-Interest Payments				
10.	Interest on Gold Bond 1998	-	3.17	3.17
11.	Interest on Ways & Means Advances	O 653.00 R (-) 288.00	418.70	53.70
12.	Compensation and Other Bonds	O 1021.35 R 13.72	1036.86	1.79
13.	Bonds against Iraq Exports	O 135.49	194.59	59.10
14.	Interest on Loans from the IBRD	O 1473.44 R -23.81	1460.29	10.66
15.	Interest on Loans from Asian Development Bank	O 640.36 R 58.66	732.69	33.67
16.	State Railway Provident Fund	O 781.63 R -7.50	806.58	32.45
17.	Special Deposits of ESIC	O 338.11 R 13.05	371.76	20.60
18.	Special Deposits of Provident Superannuation Gratuity Fund	O 9490.00 R 10.00	9524.42	24.42
19.	Bonus for undisbursed pay of India Ranks	O 54.20 R -13.75	44.92	4.47

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<i>(Rs in crore)</i>					
Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure without re-appropriation
20.	Interest on Deposits Scheme for retiring Government Employees	O	15.00		
		R	12.00	32.51	5.51
21.	Interest on Deposits Scheme for retiring employees of Public Sector Undertakings	O	1.00		
		R	2.00	4.60	1.60
22.	Interest on Railway Development Fund	O	0.03	12.87	12.84
23.	Deposits of Public Sector Undertakings	O	288.00	266.13	19.33
		R	(-)41.20		
24.	Interest on Advance Deposits Scheme for giving Telephone Connections	O	0.30	4.30	4.22
		R	(-)0.22		
25.	Other Expenditure	O	0.87	3.01	2.24
		R	(-)0.10		
32-Repayment of Debt					
26.	International Fund for Agricultural Development	O	6.00		
		R	(-)0.09	8.89	2.98
27.	14 Days Treasury Bills	O	152400.00		
		R	-71300.00	81674.67	574.67
28.	9% Relief Bonds, 1993	O	311.31	339.73	28.42
29.	Loans from the Government of Russian Federation	O	254.94		
		R	-12.67	261.36	19.09
34-Pensions					
30.	Pensionary Charges	O	472.50		
		R	12.00	514.32	29.82
31.	Family Pension	O	431.35		
		R	-35.00	397.82	1.47
32.	Leave Encashment Pensionary Charges	O	201.40		
		R	-45.23	158.43	2.26
37-Direct Taxes					
33.	Acquisition of immovable property under chapter XXC of Income Tax Act, 1961	O	10.00	11.14	1.14
40-Department of Consumer Affairs					
34.	National Agricultural Co-operative Marketing Federation of India Ltd.	O	2.10		
		S	21.40		
		R	0.36	25.00	1.14
47-Police					
35.	Reimbursement to states for deployment of Battalions	O	10.00	12.00	2.00
49-Transfer to Union Territory Governments					
36.	National Capital Territory of Delhi	O	97.73		
		S	13.28		
		R	-3.00	111.01	3.00
37.	-do-	O	228.00		
		S	31.00		
		R	-7.00	259.00	7.00
58-Law & Justice					
38.	Grants for Infrastructural facilities for Judiciary	O	60.45	66.21	5.76

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<i>(Rs in crore)</i>					
Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure without re-appropriation
69-Ministry of Power					
39.	Operation & Maintenance	O	659.36		
		S	255.00		
		R	(-35.30)	885.26	6.20
40.	Loans to Power Grid Corporation of India	O	103.10		
		R	-63.30	41.79	1.99
73-Department of Science and Technology					
41.	Other Meteorological Services	O	30.10		
		R	-4.64	30.50	5.04
76-Ministry of Small Scale Industries and Agro & Rural Industries					
42.	Khadi & Village Industries Commission	O	263.46		
		R	R-45.50	218.96	1.00
79-Department of Road Transport and Highways					
43.	Road works under BRDB	O	247.37		
		S	32.03		
		R	2.73	286.76	4.63
85-Public Works					
44.	Repair & Maintenance Works	O	37.85		
		R	-0.78	38.81	1.74
45.	Urban Health Services CGHS-Buildings	O	17.11		
		R	2.77	21.39	1.51
96-Lok Sabha					
46.	Lok Sabha Secretariat -Secretariat	O	40.16		
		R	2.00	43.23	1.07
100-Chandigarh					
47.	Suspense: Stock	O	11.00		
		R	0.12	12.22	1.10
103-Lakshadweep					
48.	Procurement & Supply	O	7.00	8.37	1.37
49.	Shipping-Overseas Shipping-Shipping Corporation of India	O	51.00	52.25	1.25
50.	Suspense Stock	O	7.01	9.39	2.38

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Appendix XIX

(Refers to paragraph 8.11)

Details of schemes effected due to unspent provision exceeding Rs 100 crore under a grant/appropriation

(Rs in crore)

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
Revenue-Voted			
1.	17-Defence Pensions (Ministry of Defence)	1756.14	15
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Pension and other Retirement Benefits (Rs 1703.72 crore)	Less than anticipated sanction of dearness relief, late/non-issue of orders of revision of disability pension and finalisation of less number of retirement cases.	
ii.	Leave Encashment (Rs 52.42 crore)		
2.	24-Ministry of Environment and Forests	249.71	26
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Taj Protection Mission (Rs 13.50 crore)	Curtailment of budget allocation at revised estimates stage. Non/late/less-receipt of proposals/projects from the State Governments/implementing agencies. Less release of funds to the non-governmental organisations/State Governments due to availability of unspent balances with them and non-receipt of utilisation certificates for the previous grants.	
ii.	Indian Council of Forestry Research and Education (Rs 12.58 crore)		
iii.	Wild Life Preservation (Rs 3.21 crore)		
iv.	National River Conservation Plan (Rs 76.62 crore)		
v.	National Lake Conservation Programme (Rs 9.13 crore)		
vi.	India Environment Management Capacity Building Technical Assistance Project (Rs 18.85 crore)		
vii.	Prevention of Air and Water Pollution (Rs 11.17 crore)		
viii.	Information Technology (Rs 5.21 crore)		
ix.	Introduction of Modern Forest Fire Control Methods in India (Rs 7.26 crore)		
x.	Integrated Afforestation and Eco-Developments Projects (Rs 31.80 crore)		
xi.	Lump-sum Provision for North-Eastern Region and Sikkim (Rs 25.01 crore)		
xii.	Eco-Development around important protected areas (Rs 9.48 crore)		
xiii.	Fuel wood and Fodder Projects (Rs 12.20 crore)		

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
3.	27-Currency, Coinage and Stamps (Ministry of Finance)	203.51	19
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Currency Note Press –Management and Operation and Maintenance (Rs. 43.24 crore)	Non-filling of vacant posts and less payment of overtime allowances and incentive.	
ii.	Bank Note Press- Management, Operation and Maintenance and Other Expenditure (Rs 74.29 crore)	Less procurement of spare parts, materials, paper etc.	
iii.	Security Paper Mill – Management and Operation and Maintenance (Rs.20.15 crore)		
iv.	Mint – Management and Establishment (Rs.8.72 crore)		
v.	Indian Security Press, Nasik – Operation and Maintenance and Management (Rs.52.49 crore)		
4.	30-Transfers to State and Union Territory Governments (Ministry of Finance)	1257.73	6
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Grants-in-lieu of Tax on Railway Passenger Fares (Rs 570 crore)	Assigning of share of Central Taxes and Duties to the State Governments from respective receipt heads as per revised procedure.	
ii.	Grants for State Plan Schemes- Block Grants:		
iii.	Additional Central Assistance for other Projects (Rs.36.00crore)	Non-allocation\less- release of funds based on the allocation by the Planning Commission\ recommendations by the Central Ministry\claimed by the State Governments.	
iv.	Prime Minister's Gramodaya Yojana (PMGY) (Rs.85.59 crore)		
v.	Normal Central Assistance (Rs.396.18 crore)	Cut in central assistance on account of short fall in achievement of plan.	
vi.	Slum Development (Rs. 75.78 crore)	Availability of unspent balances with the State Governments.	
vii.	Other Programmes of Gramodaya (Rs 254.96 crore)		
5.	42-Department of Health (Ministry of Health and Family Welfare)	104.41	5
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Hospitals Waste Management (Rs 2.00 crore)	Non\less- receipt of proposals from hospitals\State Governments\implementing agencies	
ii.	Strengthening of Drugs Control Organisation including improvement of their information system and supporting staff (Rs.2.50 crore)	Delay\non-completion of codal formalities. Non-approval\finalisation of proposals.	
iii.	Safdarjung Hospital New Delhi (Rs.4.33 crore)	Non-filling of vacant posts.	
iv.	Dr. Ram Monohar Lohia Hospital New Delhi (Rs.8.12 crore)	Slow pace of expenditure and mandatory cut imposed by the Ministry of Finance.	
v.	Kalawati Saran Children's Hospital New Delhi (Rs.3.07 crore)	Carry forward of unspent balances of previous year and non-receipt of utilisation certificates from State Governments\implementing agencies.	

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision		
vi.	T.B. Leprosy and other Medical Institutes (Rs.2.38 crore)	Slow progress in implementation of the planned activities of the District Malaria Control Societies. Non\less-procurement of computers, machinery and equipments\materials.			
vii.	All India Institute of Medical Sciences, New Delhi (Rs.10.18 crore)				
viii.	Grants to Post Graduate Institute of Medical Education and Research Chandigarh (Rs.21.80 crore)				
ix.	National Anti-Malaria Programme (Rs.65.42 crore)				
x.	National Institute of Biological Standardisation and Quality Control (Rs.18.68 crore)				
xi.	All India Institute of Hygiene and Public Health Calcutta (Rs.3.59 crore)				
xii.	Assistance towards expenditure on Hospitalisation of the poor (Rs 3.23 crore)				
xiii.	National T.B. Control Programme (Rs.16.14 crore)				
6.	44-Department of Family Welfare (Ministry of Health and Family Welfare)			694.64	16
Schemes / Projects / Activities most affected by unspent provision				Contributory reasons stated by the Ministry/Department	
i.	Logistic Improvement (Rs.20.00 crore)			Mandatory cut imposed by the Ministry of Finance.	
ii.	Assistance from United Nations Fund for Population Activities (Rs.18.00 crore)			Non-receipt of vehicles from United Nations Fund for Population Activities.	
iii.	Reproductive and Child Health Project (Rs.563.23 crore)			Purchase\supply of less quantity of drugs\vaccines\materials.	
iv.	Free Supply of Family Planning Material (Rs.34.22 crore)	Slow pace of implementation of activities.			
v.	Social Marketing through NGOs (Rs.18.58 crore)	Less demand of free supply of family planning material from State\Union Territory Governments.			
vi.	Innovation in Family Planning Services Project for Uttar Pradesh (Rs.15.44 crore)	Non-receipt of approval for some projects from European Commission.			
7.	50-Department of Elementary Education and Literacy (Ministry of Human Resource Development)	504.76	14		
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department			
i.	National Programme for Women's Education (Rs.160.00 crore)	Non\late- finalisation\ approval of some of the schemes/proposals.			
ii.	Secretariat-Department of Elementary Education and Literacy (Rs.12.98 crore)	Carry forward of unspent balances available with State/Union Territory Governments/nodal/ implementing agencies.			
iii.	National Council for Teacher Education (Rs.3.00 crore)	Non-revision of the scheme of 'non-formal education'.			
iv.	National Bal Bhawan National Children's Museum Bal Bhawan Society (Rs.3.28 crore)	Non-filling of vacant posts.			

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
v.	District Primary Education Programme (Rs.110.71 crore)		
vi.	Sarva Siksha Abhiyan (Rs.273.74 crore)		
vii.	Non-Formal Education Programme for 9-14 age group (Rs.127.72 crore)		
viii.	Strengthening of Teachers Training Institutions (Rs 26.98 crore)		
8.	51-Department of Secondary Education and Higher Education (Ministry of Human Resource Development)	162.49	3
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Computer Education in Schools (Rs.25.27 crore)	Non\late- finalisation\ approval\operation of some of the schemes/proposals.	
ii.	Strengthening of Statistical Machinery in States (Rs.5.88 crore)	Non\less-receipt of proposals\utilisation certificates from State Governments\ implementing agencies.	
iii.	Direct Central Assistance to Central Institutions and Regional Engineering Colleges and State Engineering Colleges (Rs.10.00 crore)	Carry forward of unspent balances available with State /Union Territory Governments/ nodal/ implementing agencies.	
iv.	Disabled Polytechnics (Rs.4.00 crore)	Economy measures and non-filling of vacant posts.	
v.	Grants to State Governments for improvement in the pay scale of University and College Teachers (Rs.47.72 crore)		
vi.	Department of Secondary Education and Higher Education (Rs.8.56 crore)		
vii.	Grants to National Council of Educational Research and Training (Rs.6.75 crore)		
viii.	Grants to Kendriya Vidyalay Sangthan (Rs.18.39 crore)		
ix.	Grants to National Open School (Rs.7.33 crore)		
x.	INSAT Cell and assistance to Specialised Institutions (Education Technology Programmes) (Rs.5.15 crore)		
xi.	Technical Teachers Training Institutes (Rs.6.05 crore)		
xii.	Programme for Apprenticeship Training-Scholarships and Stipends (Rs.6.58 crore)		
xiii.	Community Polytechnics (Rs.37.22 crore)		
xiv.	Grants to Regional Engineering Colleges (Rs.5.48 crore)		
xv.	Revision of pay scales of Teachers of Technical institutions – Assistance to institutions\cells in States (Rs.5.00 crore)		
xvi.	Development of Sanskrit Education (Rs.9.33 crore)		

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
9.	52-Department of Women and Child Development (Ministry of Human Resource Development)	127.74	8
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	National Credit fund for Women (Rs.3.00 crore)	Non-finalisation of Expenditure Finance Committee Memo.	
ii.	Lumpsum provision for schemes for the benefit of North Eastern Region and Sikkim (Rs.146.00 crore)	Transfer of provision for incurring expenditure on different schemes/projects of North Eastern Region and Sikkim from concerned functional heads.	
iii.	Assistance to voluntary Organisations for setting up Short Stay Homes (Rs.4.74 crore)	Non-receipt of utilisation certificates for funds released in previous years.	
iv.	Swa Shakti Project (Rs.7.00 crore)	Delay in appointment of staff in most of the projects.	
v.	Grants under Training Programmes of ICDS (Rs.13.23 crore)	Non/late approval of some of the proposals.	
vi.	Indira Mahila Yojana (Rs.14.95 crore)	Availability of unspent balances of previous year.	
vii.	Balika Samridhi Yojana (Rs.5.85 crore)	Slow implementation of programmes/schemes.	
viii.	viii World Bank Assisted ICDS Programme (Rs.38.88 crore)		
10.	64-Ministry of Non-Conventional Energy Sources	100.50	30
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	National Programme for Biogas Development (Rs.3.92 crore)	Non-receipt of utilisation certificate\audited statements of expenditure of previous years from the nodal offices.	
ii.	National Bio-Energy Board (Rs.2.00 crore)	Reduction of provision at revised estimates stage.	
iii.	Biomass Co-generation and Combustion (Rs.18.23 crore)	Non-achievement of targets by agencies and non-fulfilment of certain conditions for release of funds.	
iv.	Photovoltaic-Demostration and Technology (Rs.16.45 crore)	Delay in finalisation of technical and financial tie up and some unavoidable site problems.	
v.	National Programme on Improved Choolah (Rs.5.10 crore)		
vi.	Energy from Urban\Municipal Waste (Rs.5.66 crore)		
vii.	Energy from Industrial Waste (Rs.4.35 crore)		
viii.	Other Sources of Energy – Small Hydro Power Development (Rs..5.87 crore)		
ix.	Lump sum provision for North Eastern States including Sikkim (Rs.19.01 crore)		
x.	Integrated Rural Energy Planning Programme- Monitoring (Rs.2.20 crore)		

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
11.	69- Ministry of Power	162.95	11
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Rural Electrification Scheme Common to North Eastern Region and Sikkim (Rs.12.53 crore)	Post budget decision to release grants to North Eastern States and Sikkim from Non-lapsable Pool.	
ii.	Thermal Power Generation-Badarpur Thermal Power Station (Rs.69.01 crore)	Less release of funds to Badarpur Thermal Power Station due to less receipt of funds from Delhi Vidyut Board.	
iii.	Other Expenditure- Power Grid Corporation of India (Rs.50.00 crore)	Non-approval of some of the schemes.	
iv.	Rural Electrification for Poor Kutirjyoti Programme (Rs.3.75 crore)	Receipt of less claims from State Electricity Boards.	
v.	Central Electricity Authority (Rs.5.61 crore)	Non-filling of vacant posts.	
vi.	Provision for Energy Conservation and Utilisation (Rs.13.37 crore)		
12.	70-Department of Rural Development (Ministry of Rural Development)	719.08	11
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Provision for Projects/Schemes for the benefit of North Eastern Region and Sikkim (Rs.676.00 crore)	Shortfall in requirement of funds for the schemes of North Eastern States and Sikkim.	
ii.	Rural Housing – Other Expenditure (Rs.57.72 crore)	Receipt of lesser proposals from State Governments\implementing agencies.	
iii.	Self Employment Programme – Swarnajayanti Gram Swarozgar Yojana (Rs.350.83 crore)	Availability of large unspent balances of previous year with the State Governments\implementing agencies.	
iv.	Jawahar Gram Samridhi Yojana (Rs. 99.49 crore)	Approval of less than anticipated proposals by the UNDP.	
v.	District Rural Development Agencies Administration (Rs.32.49 crore)		
13.	71-Department of Land Resources (Ministry of Rural Development)	101.48	11
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Provision for projects/schemes for the benefit of the North Eastern Region and Sikkim (Rs.90.00 crore)	Cut imposed at revised estimates stage by Ministry of Finance.	
ii.	National Wastelands Development Board (Rs.2.91 crore)		
iii.	Integrated Wasteland Development Programme (Rs.16.92 crore)		

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
14.	79-Department of Road Transport and Highways (Ministry of Surface Transport)	850.29	14
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	National Highways – Road Works – Maintenance by Roads Wing (Rs 112.65 crore)	Late issue of letter of credit by States to Border Road Development Board to whom the maintenance work was entrusted.	
ii.	Strategic and Border Roads – Road Works under BRDB (Rs 5.08 crore)	Re-vamping of Central Road Fund Scheme w.e.f.27.12.2000.	
iii.	Highway Research (Rs 7.97 crore)	Non-receipt of utilisation certificates from State Governments.	
iv.	Air Lift Charges (Rs 11.13 crore)	Decrease in actual airlift.	
v.	Grants from Central Road Fund (Rs.676.42 crore)	Non-approval of schemes.	
vi.	Block Grant for Transfer to Central Road Fund (Rs.25.47 crore)	Execution of certain works owing to continued militant activities.	
15.	84-Urban Development (Ministry of Urban Development)	150.14	23
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Pilot Project on Solid Waste Disposal near Airport in Selected Cities (Rs.5.00 crore)	Non-submission of utilisation certificates.	
ii.	Provision for the projects/schemes for the benefit of North Eastern Region and Sikkim (Rs.80.05 crore)	Surrender of funds to Non-Lapsable Pool of Central Resources due to non-receipt of demands from North Eastern States.	
iii.	Urban Water Supply Programme-Extension of AUWSP to small Towns (Rs.23.90 crore)	Budgetary cut imposed at revised estimates stage by the Ministry of Finance.	
iv.	Maintenance and Repairs (Rs.11.60 crore)		
v.	Urban Transport Planning (Rs.6.72 crore)		
vi.	Megacity Scheme Infrastructure Development (Rs.5.00 crore)		
vii.	Central Assistance for Integrated Development of Small and Medium Towns (Rs.8.00 crore)		
16.	87-Ministry of Urban Employment and Poverty Alleviation	120.55	52
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Provision for the projects/schemes for the benefit of North Eastern Region and Sikkim (Rs.38.00 crore)	Transfer of funds for utilisation under non-lapsable pool of Central Resources for North Eastern States owing to non-requirement of funds by any of these State Governments.	
ii.	Swaran Jayanti Shahari Rojgar Yojana (Rs.81.97 crore)	Budgetary cut imposed at revised estimates stage by the Ministry of Finance.	
		Release of less grants owing to availability of unspent balances with State Governments and non-receipt of utilisation certificates from them.	

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
17.	89-Ministry of Social Justice and Empowerment	132.25	11
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i. Lumpsum provision for the schemes for the benefit of North Eastern Region and Sikkim (Rs.135.00 crore)		Non/less receipt of proposals from State Governments/ voluntary organizations owing to availability of unspent balances with them.	
ii. National Scheme of Liberation of rehabilitation of Scavengers (Rs.6.58 crore)		Mandatory cut imposed by the Ministry of Finance.	
iii. Coaching for backward classes (Rs.2.49 crore)			
iv. Assistance to voluntary organizations for Scheduled Castes (Rs 3.53 crore)			
v. Scheme for the street Children (Rs.2.26 crore)			
vi. Grants for Centrally Sponsored Plan Schemes- Post Matric Scholarship Scheme for Scheduled Castes (Rs.15.76 crore)			
18.	90-Atomic Energy (Department of Atomic Energy)	139.46	9
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i. Telecommunication and Electronic Industries-Electronics-write off of Government Loans. (Rs 90.50 crore).		Incorporation of write off loans as prior period adjustment.	
ii. Board of Radiation and Isotope Technology (Rs 6.28 crore).		Reduction in procurement of special material, postponement of some supplies and material, non-revision of rate of raw material, less office expenses, non-filling up of vacant posts and suspension of leave travel concession.	
iii. Fuel Fabrication Facilities(Rs 13.60 crore)			
iv. Bhabha Atomic Research Centre (Rs 19.18 crore)			
v. Institute of Plasma Research Gandhingar (Rs 10.00 crore)			
Revenue-Charged			
19.	29- Interest Payments (Ministry of Finance)	2417.86	2
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i. Interest on Market Loans (Rs 2407.23 crore)		Less than anticipated issue of Treasury Bills.	
ii. Discount on Treasury Bills- 91 days Treasury Bills (Rs 43.32 crore)		Less market borrowing than anticipated.	
iii. 14-days Treasury Bills (Rs 190.98 crore)		Decline in interest rates.	
iv. Interest on 182 days Treasury Bills (Rs.52.00 crore)		Less interest payment on account of more withdrawal from the reserve funds.	
v. Interest on Ways and Means Advances (Rs 234.30 crore)			
vi. Interest on Special Deposits and Accounts (Rs.61.40 crore)			
vii. Interest on Reserve Funds			

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
20.	30-Transfers to State and Union Territory Governments (Ministry of Finance)	35478.15	75
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Grants for upgradation of services and special problem (Rs. 1245.06 crore)	Assigning of share of Central Taxes and Duties to the State Governments from Respective receipt heads as per revised procedure.	
ii.	Contribution to Calamity Relief Fund (Rs. 69.26 crore)	Less release of grants to State Governments owing to non-receipt of utilization/completion certificate.	
iii.	Grants for Local Bodies (Rs. 1255.53 crore)	Non-release of instalments of Calamity Relief Fund to those State Governments who did not constitute separate Calamity Relief Fund.	
iv.	State's Share of Basic Union Excise Duties (Rs. 29174.96 crore)	Less release of grants as per recommendations of Eleventh Finance Commission.	
v.	States share of Additional Excise Duties in lieu of Sales Tax (Rs. 3312.04 crore)	Less/non-release of grants for want of some information.	
vi.	Grants to cover deficits on Revenue Accounts (Rs. 421.30 crore)		
Capital-Voted			
21.	27-Currency, Coinage and Stamps (Ministry of Finance)	198.87	27
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Bank Note Press – Buildings and Plant and Machinery (Rs. 4.89 crore)	Non-implementation of water supply scheme by MP Government.	
ii.	Security Paper Mill – Plant and Machinery (Rs. 8.64 crore)	Non- receipt of treasure wagons from Bharat Earth Movers.	
iii.	Mint- Plant and Machinery (Rs. 27.30 crore)	Non-finalisation of procurement process of automatic perforation machines, multi colour sheet fed dry offset machine, vehicles and computer network system.	
iv.	Imports of Coins from abroad –Imports (Rs. 204.38 crore)	Delay in inspection and shipment of coins following revision of policy of inspection.	
v.	India Security Press Nasik- Plant and Machinery and Buildings (Rs. 15.39 crore)		
22.	28-Payments to Financial Institutions (Ministry of Finance)	360.01	32
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Multilateral Investment Guarantee Agency (Rs. 9.90 crore)	Non-remittance of contribution owing to review of continuance as member of the Agency by India.	
ii.	Subscription to International Monetary Fund (in securities) (Rs. 349.92 crore)	Less demand for funds from IMF.	

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
23.	38-Indirect Taxes (Ministry of Finance)	122.51	39
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Acquisition of Ready-built Accommodation (Rs 5.06 crore)	Non-finalisation of proposals for purchase/acquisition of pollution control vessels, hovercrafts, ready built accommodation/flats.	
ii.	Coast Guard Organisation (Rs.73.24 crore)	Slow progress of construction of fast petrol vessels etc.	
iii.	Residential Buildings for Customs and Central Excise Employees (Rs 44.16 crore)		
24.	41-Department of Sugar and Edible Oils (Ministry of Consumer Affairs and Public Distribution)	110.17	41
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Loans for Rehabilitation/modernisation of Sugar Mills (Rs.122.71 crore)	Release of less loans owing to non-fulfilment of prescribed formalities by the mills.	
ii.	Loans for Sugar Mills for cane Development (Rs.9.00 crore)		
25.	42-Department of Health (Ministry of Health and Family Welfare)	157.61	45
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Purchase of Materials in India and Abroad (Rs 29.29 crore)	Late finalisation of vocabulary of medical stores/CGHS formulary and non-receipt of adequate indents.	
ii.	Bulk purchase of material and equipment for National Tuberculosis Control Programme (Rs.38.43 crore)	Non-utilisation of matching provision for commodity assistance under plan activity.	
iii.	National Anti-Malaria Programme (Rs 85.34 crore)	Non-disbursement of payment to M/s MECON Ltd. pending settlement of earlier advance. Delay in completion of codal formalities.	
26.	62-Department of Coal (Ministry of Mines and Minerals)	176.15	30
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
Loans to Public Sector and Other Undertakings –			
i.	Neyveli Lignite Corporation Ltd. (Rs.94.32 crore)	Post budget decision to meet expenditure from internal resources of the company and utilisation of funds under non-lapsable central pool for North Eastern States.	
ii.	Coal India Ltd. (Rs.75.32 crore)	Less than anticipated materialisation of schemes.	
iii.	Singareni Collieries Company Ltd. (Rs.6.48 crore)		

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
27.	69-Ministry of Power	233.73	9
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Investment in/Loans to Rural Electrification Corporation Ltd. (Rs 97.17 crore)	Non/late approval of the schemes.	
	ii. Investment/loans to North Eastern Electricity Power Corporation (Rs.122.00 crore)	Non-release of funds due to unsatisfactory progress of the schemes.	
	iii. Loans to Nathpa Jhakri Power Corporation (Rs 52.00 crore)	Release of less loans and receipt of less claims for energisation of pump sets from the State Electricity Boards.	
	iv. Loans to Power Finance Corporation (Rs 10.53 crore)		
	v. Loans to Power Grid Corporation of India (Rs 61.31 crore)		
28.	79-Department of Road Transport and Highways (Ministry of Surface Transport)	571.99	12
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. National Highways – Road works- Works under Road Wing (Rs 342.05 crore)	Non-procurement of equipment.	
	ii. Work Financed from National Highways Permanent Bridges Fees Fund (Rs 29.42 crore)	Delay/non-issue of letter of credit by states and also expenditure incurred by State Public Works Department found inadmissible.	
	iii. Machinery and Equipment (Rs.7.57 crore)	Non-sanction of revised cost estimates.	
	iv. Investment in National Highways Authority of India (Rs.210.00 crore)	Non-receipt of details from State Governments.	
29.	80-Department of Shipping (Ministry of Surface Transport)	186.43	32
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Other River Training Works-Payment to Calcutta Port Trust (Rs.186.06 crore)	Non sanction of River Training Works scheme.	
	ii. Construction and Development of Lighthouses (Rs 7.30 crore)	Non-finalisation of codal formalities.	
	iii. Other Expenditure – Survey Vessels (Rs.20.00 crore)	Slippage in construction of vessels.	
	iv. Training and Welfare Schemes for the benefit of Seamen of Merchant Navy Training (Rs.4.92 crore)	Non-clearance of proposals of acquisition of ready built floating dock by the Ministry of External Affairs.	
	v. Investment in Hindustan Shipyard Ltd. (Rs 12.50 crore)	Reduction of provision at revised estimates stage by the Ministry of Finance.	

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
30.	89-Ministry of Social Justice and Empowerment	110.73	59
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
Investment in-		Availability of unspent balance of previous year with the corporations.	
i.	National SC and ST Finance Development Corporation (Rs.31.50 crore)	Non-approval of the proposals.	
ii.	National Backward classes Finance and Development Corporation (Rs.68.10 crore)		
iii.	National Handicapped Finance and Development Corporation (Rs.12.00 crore)		
iv.	Artificial Limbs Manufacturing Corporation (Rs.6.75 crore)		
31.	90-Atomic Energy (Department of Atomic Energy)	172.67	18
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Investment in Indian Rare Earth Limited (Rs 5.00 crore)	Non finalisation of Joint Venture.	
ii.	Heavy Water Production (Rs 32.12 crore)	Postponement of works, purchase of ready built flats/accommodation, replacement of vehicles, water cess payments, maintenance works, annual turn around etc.	
iii.	Feed Stock Materials (Rs.29.99 crore)	Reduction in specific energy consumption, supplies and materials.	
iv.	Nuclear Fuel Complex (Rs 15.33 crore)	Retrospective downward revision of rates for water charges.	
v.	Fuel Reprocessing (Rs 58.44 crore)	Reduction in cost of finished product.	
vi.	Board of Radiation and Isotope Technology (Rs 11.82 crore)	Non/delay in procurement of machinery and equipment, consumables, materials and other supplies.	
vii.	Bhabha Atomic Research Centre (Rs 14.71 crore)	Slow progress of works/ projects.	
viii.	Housing (Rs.30.54 crore)		
32.	93-Department of Space	101.14	28
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Polar Satellite Launch Vehicle (PSLV) (Rs.15.00 crore)	Reduced plan allocation.	
ii.	S-200 Project (Rs.5.00 crore)	Postponement of the contract for the Ring Rolling Facility.	
iii.	Spacecrafts – INSAT-3 Satellite (Rs.17.56 crore)	Non-taking up of large Solid Boosters project for approval pending finalisation of GSLV Mark III configuration.	
iv.	Vikram Sarabhai Space Centre (VSSC) (Rs.8.49 crore)	Re-phasing of capital expenditure, expenditure on equipment for Satellite Control Earth Station and re-planning of building and other technical facilities.	
v.	Laboratory for Electro-Optics Systems (LEOS) (Rs.4.84 crore)	Postponement of some major works.	
vi.	IRS-P5 (Cartosat) (Rs.9.95 crore)		
vii.	Second Launch Pad and Common Facilities		

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Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
(Rs.45.64 crore)			
Capital - Charged			
33.	30-Transfers to State and Union Territory Governments (Ministry of Finance)	1922.42	9
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Additional Central Assistance for other Projects (Rs.84.00 crore)	Post budget decision to provide central assistance under the PMG Yojana as 100 <i>per cent</i> grant instead of loan.	
ii.	Prime Minister's Gramodaya Yojana (PMGY) (Rs.1375.00 crore)	Post budget decision to provide loans from the grant of Ministry of Power.	
iii.	Loans to States for Rural Electrification (Rs.460.00 crore)	Cut in central assistance on account of short fall in achievement of plan and non furnishing of documents\completion of formalities.	
iv.	Normal Central Assistance (Rs.548.44 crore)	Less release of ways and means advances.	
v.	Alum Development (Rs.67.69 crore)	Release of less loans due to availability of unspent balance of previous year.	
vi.	Other Programme of Gramodaya (Rs.320.42 crore)		
vii.	Accelerated Power Development Programme (Rs.562.93 crore)		
viii.	Other Ways and Means Advances (Rs.78.00 crore)		
34.	32-Repayment of Debt (Ministry of Finance)	85254.98	24
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	91 days Treasury Bills (Rs 1680.00 crore)	Non-preference of claims by the holders of Government Securities.	
ii.	182 days Treasury Bills (Rs.590.00 crore)	Less than anticipated discharge of Treasury Bills.	
iii.	14 days Treasury Bills (Rs 70725.33 crore)	Non-competitive bids received as estimated.	
iv.	Ways and Means Advances (Rs.13113.00 crore)	Less issue of intermediate Treasury Bills than anticipated.	
v.	10% Relief Bonds, 1995 (Rs 218.17 crore)	Less than anticipated encashment of bonds by the holders.	
vi.	Market Loans (Rs 203.48 crore)	Exchange rate variation.	
vii.	External Debt		

Appendix XX
(Refers to paragraph 8.12)
Unspent provision between Rs 20 crore and Rs 100 crore

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	<i>Rs in crore</i> Amount of unspent provision
Revenue-Voted		
1.	1 Department of Agriculture and Co-operation (Ministry of Agriculture) Schemes / Projects / Activities most affected by unspent provision On Farm Water Management for increasing production in Eastern India (Rs 44.00 crore) Payment to GIC for Central Comprehensive Crop Insurance Fund (Rs 39.00 crore) Intensive Cotton Development Programme and Technology Mission on Cotton (Rs 38.03 crore)	36.06
2.	2 Department of Agricultural Research and Education (Ministry of Agriculture) Schemes / Projects / Activities most affected by unspent provision Research and Education Schemes (Rs 47.27 crore) Research Institutes (Rs 21.54 crore)	84.61
3.	3 Department of Animal Husbandry and Dairying (Ministry of Agriculture) Schemes / Projects / Activities most affected by unspent provision Diary Development Projects (Rs 12.00 crore) Marine Fisheries (Rs 14.07 crore) Cattle and Buffalo Breeding (Rs 26.56 crore)	35.25
4.	5 Department of Chemicals and Petro-Chemicals (Ministry of Chemicals and Fertilizers) Schemes / Projects / Activities most affected by unspent provision Bhopal Gas Leak Disaster(Processing of Claims) Act 1985(Rs 55.41 crore) National Institute of Pharmaceutical Education and Research (Rs 6.00 crore)	72.13
5.	8 Department of Commerce (Ministry of Commerce and Industry) Schemes / Projects / Activities most affected by unspent provision Coffee subsidy for Plantation-Coffee Board (Rs 3.98 crore) Rubber-Other Expenditure (EAC)(Rs 21.62 crore) Export Subsidy Product Promotion and Commodity Development (Rs 14.09 crore) Agricultural Products Export Development Authority (Rs 9.33 crore)	31.22
6.	9 Department of Industrial Development and Industrial Policy and Promotion (Ministry of Commerce and Industry) Schemes / Projects / Activities most affected by unspent provision National Productivity council (Rs 4.35 crore) Scheme of Grants-in-aid to PSUs for implementation of Voluntary	36.75

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Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	<i>Rs in crore</i> Amount of unspent provision
	Retirement Scheme (Rs 12.04 crore) Controller General of Patents, Designs and Trade Marks (Rs 12.96 crore)	
7.	14. Department of Culture (Ministry of Culture, Youth Affairs and Sports) Schemes / Projects / Activities most affected by unspent provision Promotion of Art and Culture-Other Schemes (Rs 46.33 crore) Science cities (Rs 4.00 crore)	63.24
8.	16. Ministry of Defence Schemes / Projects / Activities most affected by unspent provision Defence Accounts Department (Rs 31.95 crore) Defence Estates Organisation (Rs 1.57 crore)	34.23
9.	25. Ministry of External Affairs Schemes / Projects / Activities most affected by unspent provision Special Diplomatic Expenditure-Discretionary Expenditure (Rs 37.81 crore) Central Passport and Emigration Organisation (Rs 8.66 crore) Aid to Nepal (Rs 22.75 crore) Sri Lanka-Other Aid Programme (Rs 9.15 crore) Aid to Maldives (Rs 8.74 crore) Aid to Myanmar (Rs 17.53 crore)	71.47
10.	28. Payments to Financial Institutions (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Grants to Industrial Finance Corporation of India (Rs 21.00 crore) Grants to Industrial credit and Investment Corporation of India (Rs 8.45 crore) Project/Scheme for the benefit of North-Eastern Region and Sikkim (Rs 14.69 crore)	23.89
11.	36. Department of Revenue (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Purchase of Opium (Rs 15.89 crore) Neemuch Alkaloid Works-Management (Rs 3.80 crore) Neemuch Alkaloid Works-Other Expenditure (Rs 3.20 crore)	25.00
12.	37. Direct Taxes (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Organisation and Management Services (Rs 18.16 crore) Income Tax Commissioners and their offices (Rs 44.59 crore)	62.87
13.	38. Indirect Taxes (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Preventive and Other Functions (Rs 18.84 crore) Collection Charges (Rs 18.78 crore)	26.04

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		<i>Rs in crore</i>	
Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision	
14.	39	Department of Public Distribution (Ministry of Consumer Affairs and Public Distribution) Schemes / Projects / Activities most affected by unspent provision Subsidy to State Governments on decentralized procurement of food grains (Rs 65.00 crore) Subsidy for construction of Godown by Civil Supply Corporation in North Eastern Region (Rs 2.45 crore)	71.83
15.	41	Department of Sugar and Edible Oils (Ministry of Consumer Affairs and Public Distribution) Schemes / Projects / Activities most affected by unspent provision Sugar Subsidy payable to FCI and others on Account of levy sugar import of sugar etc (Rs 60.00 crore) Reimbursement of losses to STC in its trading operation on Government Account (Rs 10.00 crore)	77.85
16.	43	Department of Indian Systems of Medicine and Homoeopathy (Ministry of Health and Family Welfare) Schemes / Projects / Activities most affected by unspent provision Lumpsum provision for North Eastern States and Sikkim (Rs 10.00 crore) Grants to National Institute of Siddha, Tamil Nadu (Rs 3.00 crore) Innovative Scheme for Development of Medicinal Plants etc (Rs 2.06 crore) Morarji Desai National Institute of Yoga (Rs 3.00 crore)	21.01
17.	45	Ministry of Home Affairs Schemes / Projects / Activities most affected by unspent provision Special Commissions of Inquiry-Other Commissions (Rs 3.12 crore) Intelligence Bureau (Rs 20.09 crore) Abstraction and Compilation (Rs 4.56 crore) Enumeration (Rs 13.91 crore) Registration and Surveillance of Foreigners (Rs 18.06 crore)	53.26
18.	46	Cabinet (Ministry of Home Affairs) Schemes / Projects / Activities most affected by unspent provision Tour Expenses-Cabinet and State Ministers (Rs 7.50 crore) Special Protection Group-Establishment (Rs 9.02 crore)	20.46
19.	47	Police (Ministry of Home Affairs) Schemes / Projects / Activities most affected by unspent provision Indo Tibetan Border Police (Rs 14.81 crore) National Security Guard-Direction and Administration (Rs 8.28 crore) State Police Wireless Scheme (Rs 19.40 crore) State Headquarters Police (Rs 24.71 crore) Special Assistance to States (Rs 28.03 crore)	67.68
20.	56	Ministry of Information Technology Schemes / Projects / Activities most affected by unspent provision Education and research Network (ERNET) India (Rs 15.00 crore) IT Venture Capital (Rs 10.00 crore) Information Technology Brand Equity Fund (Rs 10.00 crore)	70.07

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Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	<i>Rs in crore</i> Amount of unspent provision
	Standardization Testing and Quality Certification (STQC) Programme (Rs 2.67 crore) Electronics Materials Development Programme (Rs 2.80 crore)	
21.	57 Ministry of Labour Schemes / Projects / Activities most affected by unspent provision Lumpsum provision for schemes on North Eastern States (Rs 9.80 crore) Secretariat-Ministry of Labour (Rs 2.11 crore) Chief Labour Commissioner (Central) and Regional Labour Commissioners (Rs 3.68 crore) Iron manganese chrome ore Mines Labour Welfare (Rs 4.12 crore) Transfer to Iron Ore, Manganese Ore Mines and Mines Chrome ore Mines Labour Welfare Fund (Rs 9.39 crore) Assistance to Physically Handicapped (Rs 2.84 crore) Training of Craft Instructors (Rs 2.46 crore)	32.26
22.	62 Department of Coal (Ministry of Mines and Minerals) Schemes / Projects / Activities most affected by unspent provision Payment against collection of cess (excise duty) towards Development of Transportation infrastructure in Coal field Areas (Rs 14.00 crore) Research and Development-Other Scheme (Rs 13.25 crore) Environmental Measures and Subsidence Control (Rs 8.48 crore) Detailed Drilling (Rs 19.51 crore)	57.39
23.	63 Department of Mines (Ministry of Mines and Minerals) Schemes / Projects / Activities most affected by unspent provision Investigation-Geotech, Seismic, Environment (Rs 2.10 crore) Misc. Major Expenditure on different operations (Rs 16.29 crore) Grants-in-aid to Bharat Gold Mines Ltd (Rs 21.61 crore)	44.73
24.	72 Department of Drinking Water Supply (Ministry of Rural Development) Schemes / Projects / Activities most affected by unspent provision Provision for projects/schemes for the benefits of the North Eastern Region and Sikkim (Rs 210.00 crore)	72.75
25.	73 Department of Science and Technology (Ministry of Science and Technology) Schemes / Projects / Activities most affected by unspent provision Provision for projects/schemes for the benefits of the North Eastern Region and Sikkim (Rs 28.20 crore) Topographical Surveys- Survey Parties (Rs 8.26 crore) Map Publication Office (Rs 5.91 crore) Payment against receipt under R&D cess (Rs 7.21 crore) Observations and Weather Stations (Rs 5.54 crore)	58.75
26.	74 Department of Scientific and Industrial Research (Ministry of Science and Technology) Schemes / Projects / Activities most affected by unspent provision Regional Survey/Investigations and Studies (Rs 30.50 crore) Research Schemes, Scholarships and Fellowships (Rs 12.98 crore) New Millennium Indian Technology Leadership (Rs 25.00 crore)	72.56

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		<i>Rs in crore</i>	
Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision	
27.	76	Ministry of Small Scale Industries and Agro and Rural Industries Schemes / Projects / Activities most affected by unspent provision Opening of Tool Rooms (Rs 9.29 crore) Khadi and Village Industries Commission (Rs 44.50 crore) Coir Board (Rs 6.18 crore) Small Industries Service Institutes (Rs 2.40 crore)	60.44
28.	80	Department of Shipping (Ministry of Surface Transport) Schemes / Projects / Activities most affected by unspent provision Lumpsum Provision for projects/scheme of North Eastern Region and Sikkim (Rs 52.99 crore) River Dredging and Mintenance of Hoogly and Haldia Channel by Calcutta Port Trust(Rs 25.88 crore) Grants to Inland Water Ways Authority of India (Rs 24.24 crore)	50.62
29	81	Ministry of Textiles Schemes / Projects / Activities most affected by unspent provision Textiles –Assistance for Research and Development (Rs 8.92 crore) Others – Jute (Rs 57.93 crore) Special Rebate/MDA on sale of Handloom cloth (Rs 7.43 crore) Project Package Scheme for Handloom weavers (Rs 11.70 crore) Deen Dayal Hathkargha Yojana (Rs 29.44 crore)	97.67
30.	82	Ministry of Tourism Schemes / Projects / Activities most affected by unspent provision Lumpsum provision for project/scheme for North Eastern Region and Sikkim (Rs 13.50) Institute of Tourism and Travel Management (Rs 6.00 crore) Market Research (Rs 7.77 crore)	28.14
31.	83	Ministry of Tribal Affairs Schemes / Projects / Activities most affected by unspent provision Lumpsum provision for scheme for the benefit of North Eastern Region and Sikkim (Rs 21.00 crore) Assistance to voluntary orgainsations for Scheduled Tribes (Rs 6.43 crore) Education complex in low literacy pockets for development of women literacy in tribal areas (Rs 4.17 crore) Vocational Training in Tribal Areas (Rs 4.50 crore) National Institute for Research and Training for Tribal Affairs (Rs 3.85 crore)	41.94
32.	85	Public Works (Ministry of Urban Development) Schemes / Projects / Activities most affected by unspent provision Office Buildings (Rs 20.33 crore) General – Direction and Administration (Rs 11.51 crore)	23.10
33.	86	Stationery and Printing (Ministry of Urban Development) Schemes / Projects / Activities most affected by unspent provision Purchase and supply of Stationery Stores Controller of Stationery (Rs 9.29 crore)	33.40

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Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	<i>Rs in crore</i> Amount of unspent provision
	Directorate of Printing (Rs 9.21 crore) Printing Presses (Rs 16.15 crore)	
34.	88 Ministry of Water Resources Schemes / Projects / Activities most affected by unspent provision Sutlej Yamuna Link Canal Project (Rs 8.00 crore) Groundwater Investigation Hydrology Project (Rs 21.32 crore) Flood Control-Other Expenditure (Rs 18.94 crore) Command Area Development (Rs 14.18 crore)	80.66
35	91 Nuclear Power Schemes (Department of Atomic Energy) Schemes / Projects / Activities most affected by unspent provision Waste Management (Rs 3.89 crore) Rajasthan Atomic Power Station (Rs 26.16 crore) Heavy Water Pool Management (Rs 60.00 crore)	90.59
36.	92 Department of Ocean Development Schemes / Projects / Activities most affected by unspent provision Oceanographic Survey-Continental shelf (Rs 43.00 crore) Polymetallic Modules Programme – Unmanned submersibles (Rs 4.09 crore) Integrated Coastal and Marine Area Management (ICMAM) Cell (World Bank Assisted programme) (Rs 3.11 crore)	54.29
37	102 Daman and Diu (Ministry of Home Affairs) Schemes / Projects / Activities most affected by unspent provision Transmission and Distribution – other expenditure (Rs 18.00 crore)	22.62
	Revenue-Charged	
38	83 Ministry of Tribal Affairs Schemes / Projects / Activities most affected by unspent provision Establishment of Ashram Schools in Tribal Sub-Plan Areas (Rs 12.85 crore) Scheme Under Proviso to Article 275(1) of the Constitution (Rs 8.71 crore) Welfare of Scheduled Tribes – Education – Girls Hostel (Rs 9.93 crore) Welfare of Scheduled Tribes – Education-Boys Hostel (Rs 9.06 crore) Grant-in-aid to State Tribal Development – Corporation for Minor Forest Produce (Rs 4.58 crore) Vocational Training in Tribal Areas (Rs 3.96 crore)	55.40
	Capital –Voted	
39	6 Department of Fertilizers (Ministry of Chemicals and Fertilizers) Schemes / Projects / Activities most affected by unspent provision Lumpsum provision for project/scheme for the benefit of the North Eastern Region and Sikkim (Rs 20.00 crore) Loans to Hindustan Fertilizer Corporation Ltd. and Madras Fertilizers Ltd. (Rs 7.90 crore)	28.64

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		<i>Rs in crore</i>	
Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision	
40	25	Ministry of External Affairs Schemes / Projects / Activities most affected by unspent provision Other Buildings-Construction (Rs 16.35 crore) Other Housing (Rs 3.87 crore) Loans to Government of Bhutan (Rs 29.22 crore) Loans to Government of Bangladesh (Rs 15.92 crore)	65.38
41.	26	Department of Economic Affairs (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Loans to Government of Uzbekistan (Rs 15.00 crore) Loans to Government of Iraq (Rs 20.00 crore)	22.33
42	31	Loans to Government Servants etc. (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision House Building Advances (Rs 45.78 crore) Advance for Purchase of Motor Conveyance (Rs 2.89 crore) Advance for Purchase of other conveyance (Rs 2.85 crore) Advance for purchase of computer (Rs 3.51 crore)	57.33
43.	37	Direct Taxes (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Acquisition of Ready Built accommodation/flats (Rs 51.86 crore)	50.72
44.	47	Police (Ministry of Home Affairs) Schemes / Projects / Activities most affected by unspent provision Central Research Police office/residential building (Rs 13.67 crore) Directorate General of Border Security Force (Rs 30.77 crore) Indo-Bangladesh Border Works (Rs 20.54 crore) Indo-Pak Border Works (Rs 19.85 crore) Central Forensic Science Laboratory (Rs 6.10 crore)	94.67
45.	55	Ministry of Information and Broadcasting Schemes / Projects / Activities most affected by unspent provision Loans to Parsar Bharati (Rs 31.00 crore) Other Buildings – Soचना Bhawan (Rs 1.65 crore)	31.55
46.	76	Ministry of Small Scale Industries and Agro and Rural Industries Schemes / Projects / Activities most affected by unspent provision National Small Industries Corporation Ltd. (Rs 18.00 crore) Loan for development of village industries (Rs 5.00 crore) Khadi Industries (Rs 8.26 crore)	31.80
47.	77	Ministry of Statistics and Programme Implementations Schemes / Projects / Activities most affected by unspent provision Modernisation of statistical system vehicles/equipment/building (Rs 62.25 crore)	62.25

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		<i>Rs in crore</i>	
Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision	
48.	84	Urban Development (Ministry of Urban Development) Schemes / Projects / Activities most affected by unspent provision External Assistance to HUDCO from OECF (Rs 3.93 crore) Government Residential Building (Rs 15.19 crore) National Capital Region Planning Board Fund (Rs 5.00 crore)	23.73
49.	85	Public Works (Ministry of Urban Development) Schemes / Projects / Activities most affected by unspent provision General – Construction (Rs 14.85 crore) Art and Culture – Archives/Museum Buildings (Rs 3.01 crore) Other Expenditure (Rs 6.07 crore) Labour/Employment Buildings (Rs 6.51 crore)	29.27
50.	91	Nuclear Power Schemes (Department of Atomic Energy) Schemes / Projects / Activities most affected by unspent provision Fast Breeder Reactor (Rs 7.46 crore) Investment in Nuclear Power Corporation of India Ltd. (Rs 85.00 crore)	91.06
51	1	Capital Charged Department of Agriculture and Co-operation (Ministry of Agriculture) Schemes / Projects / Activities most affected by unspent provision Loans and Advances to State Governments (Charged)(Rs 23.06 crore)	23.06
52.	88	Ministry of Water Resources Schemes / Projects / Activities most affected by unspent provision Flood Control in Brahmaputra Valley (Rs 30.00 crore)	30.96

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**Appendix-XXI
(Refers to paragraph 8.13)**

**Provisioning without assessing actual requirement/unspent balances /non receipt
of proposals/recommendations**

(Rs in crore)

Sl. No.	Sub-head	Budget Estimates	Actual disbursements	Unspent provision
Grant No.1-Department of Agriculture and Co-operation				
1.	2401.00.103.16 Payment of GIC for Seed Crop Insurance	2.01	0.70	1.31
2.	2425.00.108.06 Assistance to NCDC for integrated co-operative Development Projects in selected Districts	8.00	7.00	1.00
3.	2425.00.277.02 Grants-in-aid to National Co-operative Union of India	3.65	2.60	1.05
4.	2435.01.800.05 Grants to National Institute of Agricultural Marketing	3.00	1.96	1.04
5.	3601.03.436.01 Oil Palm Cultivation in Potential States	14.60	6.77	7.83
6.	3601.04.436.02 Intensive Cotton Development Programme and Technology Mission on Cotton	64.05	26.02	38.03
7.	3601.04.437.01 Balanced and Integrated use of Fertilizers	3.67	2.27	1.40
8.	3601.04.438.01- Assistance to States in conduct of live stock census	7.75	1.79	5.96
9.	3601.04.438.03- Collection of Agricultural Statistics	9.22	8.07	1.15
10.	6425.00.107.01- Loans for Land Development Bank	69.00	52.00	17.00
Grant No. 42-Department of Health (Ministry of Health and Family Welfare)				
11.	2210.01.800.19 - Hospital waste management	2.00	-	2.00
12.	2210.05.105.31 - Grants to Post Graduate Institute of Medical Education and Research, Chandigarh	135.00	113.20	21.80
13.	2210.06.101.08 - National Anti-Malaria Programme	50.41	27.84	22.57
14.	3601.01.221.01 - Assistance towards expenditure on Hospitalisation of the poor	6.00	2.77	3.23
15.	3601.04.263.10 - Augmentation of Drugs Testing Facilities (General Component)	3.50	1.48	2.02
16.	4210.01.800.02 - Purchase of Materials in India and Abroad	58.14	28.85	29.29
17.	4210.04.101.09 - Bulk Purchase of Material and Equipment for National Tuberculosis Control Programme	59.10	20.67	38.43
18.	4210.04.101.10 - National Anti-Malaria Programme	187.44	102.10	85.34

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Sl. No.	Sub-head	Budget Estimates	Actual disbursements	Unspent provision
Grant No. 51-Department of Secondary Education and Higher Education (Ministry of Human Resource Development)				
19.	22020211004- Assistance to agencies for strengthening Culture/Art/Value in Educational Institutions Implementing Innovative Programmes	5.00	1.05	3.95
20.	Population Education Project	4.00	2.00	2.00
21.	22020280036- Environmental orientation to School Education- Grants to voluntary organisations	3.00	1.93	1.07
22.	22020510205- Other Schemes	12.80	10.66	2.14
23.	3601.0315702- National Scholarship Scheme	1.90	0.27	1.63
24.	3601.0316103- Financial assistance for modernization of Madrasa Education	11.50	6.61	4.89
25.	3601.0316202- Development of Sanskrit Education(in states)	11.48	4.04	7.34
26.	3602.6316201-- Development of Sanskrit Education(in Uts)	2.00	0.01	1.99
27.	22020211008- Vocationalisation of Education	1.00	-	1.00
28.	22020280001- Evaluation and Studies Apprentices Act Teacher Training Vocational Schools	1.00	-	1.00
29.	22020280003- Vocationalisation of Education-Grants to the voluntary Organisations	2.00	0.35	1.65
30.	22020280034- INSAT Cell and assistance to Specialised Institutions (Education Technology Programmes)	13.00	7.85	5.15
31.	22020310201- Indira Gandhi National Open University	49.50	45.75	3.75
32.	22020310205- Establishment of rural universities	1.00	-	1.00
33.	2203.000302- Technical Teachers Training Institutes	21.25	15.20	6.05
34.	2203.000.0305- Board of Apprenticeship Training Bombay, Kolkatta, Kanpur and Madras	4.53	2.82	1.71
35.	2203.0010504- Grants for Quality Improvement Programme – Community Polytechnics	52.70	15.48	37.22
36.	2203.0011203- Grants to Regional Engineering Colleges	140.00	134.52	5.48
37.	22030011219- Sant Longowal Institute of Engineering and Technology	13.00	11.00	2.00
38.	Programme for Apprenticeship Training-Scholarships and Stipends	24.00	17.42	6.58

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Sl. No.	Sub-head	Budget Estimates	Actual disbursements	Unspent provision
Grant No. 52-Department of Women & Child Development (Ministry of Human Resource Development)				
39.	22350210314 – Assistance to Voluntary Organisations for setting up short stay Homes.	14.51	9.77	4.74
40.	22350210338 – Women Empowerment Project	1.43	-	1.43
41.	36010435603 – Balika Samridhi Yojana	26.80	20.95	5.85
42.	3601.0435.801 – World Bank Assisted ICDS Programme (General Component)	53.40	41.73	11.67
Grant No. 83-Ministry of Tribal Affairs				
43.	222502794- Special central assistance for Tribal sub plan	3.00	1.71	1.29
44.	22250280001- Assistance to voluntary organizations for ST	28.00	21.57	6.43
45.	36010336003- Vocational Training in Tribal Areas	5.50	1.54	3.96
46.	36010436001- Research and Training	3.50	0.97	2.53
47.	36010436002- Girls Hostel	11.10	1.17	9.93
48.	36010436004- Establish of Ashram School in Tribal Sub Plan Area	12.85	-	12.85
49.	36010436005- Boys Hostel	10.40	1.34	9.06
50.	22250280010- Education complex in low literacy pocket for Development of women literacy in tribal areas	5.40	1.23	4.17
51.	22250280011- Vocational training in tribal areas	5.50	1.00	4.50
52.	22250280012- Village Grain Bank	2.00	1.00	1.00
53.	222502080014 – National Institute for research and training for tribal affair	3.85	-	3.85
54.	42250210201- Investment in Tribal cooperative development federation of India ltd	1.00	-	1.00
55.	36010336001- Grant in aid to State Tribal Development Corporation	13.00	8.42	4.58
Grant No. 89-Ministry of Social Justice and Empowerment				
56.	22250127713- Special Education Development programmes for girls belonging to SC's of very low literacy level.	2.00	0.11	1.89
57.	22250180007- Assistance to voluntary Organizations for SCs	26.00	22.47	3.53
58.	22250180025- National Scheme of Liberation & Rehabilitation of Scavengers	67.50	60.92	6.58

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Sl. No.	Sub-head	Budget Estimates	Actual disbursements	Unspent provision
59.	22250327701- Coaching for Backward Classes	2.50	0.01	2.49
60.	22350210226- Central adoption Resource Agency	2.00	0.70	1.30
61.	22350210707- Assistance to Voluntary Organizations for Construction of old aged homes	2.39	0.72	1.67
62.	22350220002- Handling and Clearance of duty free consignment under bilateral agreement	7.82	5.64	2.18
63.	36010337701- Preparation of Multi-Sector Plan in Minorities concentration Districts	1.50	0.11	1.39
64.	36010434107- Post Metric scholarship	129.60	113.84	15.76
65.	36010436602- Prevention and control of juvenile maladjustments	11.57	10.50	1.07
66.	360203341- Welfare of scheduled Castes-special Central Assistance for scheduled castes component plan.	3.25	1.75	1.50

Appendix-XXII

(Refers to paragraph 8.14)

**Heads under which reasons for unutilisation have been attributed to economy
measure**

(Rs in crore)

Sl. No.	Sub-head	Budget Estimates	Actual disbursements	Unspent provision
Grant No.1- Department of Agriculture and Co-operation				
1.	2401.00.107.01- Directorate of Plant Protection Quarantine & Storage	25.68	21.55	4.13
2.	2401.00.109.15- Training Human Resource Development/Training support for Agriculture	7.32	6.22	1.10
3.	2401.00.109.17- UNDP Project on National Food Security	11.00	6.00	5.00
4.	2401.00.111.01- Directorate of Economics and Statistics	7.06	5.04	1.02
5.	2401.00.111.02- Study of Cost of Production of Principal Crops	17.74	13.39	4.35
6.	2401.00.111.21- Forecasting Agriculture output using Space Agro Metrology and Land based observation	1.00	-	1.00
7.	2401.00.800.17- Other expenditure Promoting use of informatics in Agriculture	9.00	3.77	5.23
8.	2401.00.800.19- National Disaster Management Information Service through Space Technology	1.80	-	1.80
9.	2401.00.800.20- Strengthening of Information Technology in the field unit of DAC	2.69	-	2.69
10.	2425.00.108.07- Oilseed Development Project, Kerala EEC(EAP)	1.00	-	1.00
11.	3601.03.438.02- Agricultural Census	8.30	5.30	3.00
12.	6425.00.108.17- Loans through NCDC for Share Capital Participation in Cooperative Sugar Mills Cooperative Marketing	40.00	29.81	10.19
13.	6425.00.108.18- Loans through NCDC for share capital participation in Cooperative Spinning Mills	10.00	8.00	2.00
Grant No.44-Department of Family Welfare (Ministry of Health and Family Welfare)				
14.	2211.00.800.08 - Logistic Improvement	20.00	-	20.00
15.	3601.04.237.07 - Reproductive and Child Health Project	711.50	453.02	258.48
16.	3601.04.240.03 - Free Supply of Family Planning Material	116.99	96.56	20.43
17.	3601.04.242.03 - Health and Family Welfare Training Centres	9.15	7.90	1.25
18.	3601.04.242.04 - Training of Multi Purpose Workers	8.85	7.17	1.68

Appendix-XXIII

(Refers to paragraph 8.15)

**Provisioning without completing codal formalities/approval of the
activities/finalizing the proposals/non-filling of posts**

(Rs in crore)

Sl. No.	Sub-head	Budget provision	Actual disburse- ment	Unspent provision
Grant No 1-Department of Agriculture and Co-operation				
1	2401.00.103.15- Implementation of PVP Legislation	2.70	0.20	2.50
2	2401.00.110.01- Payment to GIC for Central Comprehensive Crop Insurance Fund	189.00	150.00	39.00
3	2401.00.114.08- Accelerated Maize Development Programme	1.50	0.25	1.25
4	2401.00.800.15- Planning & Management of Agriculture	8.00	0.97	7.03
5	2435.01.800.19- Improvement of Services in wholesale Market	1.00	-	1.00
6	2552.00.800.14- Provision for Projects/Schemes for the benefits of North Eastern States including Sikkim	195.00	20.85	174.15
7	3451.00.090.66- Department of Agriculture and Co-operation	26.36	21.72	4.64
8	2435.01.102.01- Strengthening of Agmark Grading Facilities	8.93	7.81	1.12
9	2435.01.102.02- Export Quality Control	4.37	3.14	1.23
10	3601.03.442.01- Promotion of Agricultural Mechanization among small farmers	3.81	1.65	2.16
11	3601.04.436.06- On Farm Water Management for increasing production in Eastern Indian	44.00	-	44.00
12	3601.04.480.01- Supplementary / Complementation of States effort through Work Plan (Macro Management	443.02	378.88	64.14
13	3602.04.480.01- Supplementary/ Complementation of States effort through Work. Plan (Macro Management)	5.00	-	5.00
Grant No. 42-Department of Health (Ministry of Health and Family Welfare)				
14	2210.01.110.20 - Dr. Ram Manohar Lohia Hospital, New Delhi.	62.88	54.76	8.12
15	2210.01.110.23 - Kalawati Saran Children's Hospital, New Delhi.	15.88	12.81	3.07
16	2210.01.110.24 - T.B. Leprosy and other Medical Institutes.	2.50	0.12	2.38

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision
17	2210.06.107.03 – National Institutes of Biological Standardization and quality control	30.00	11.32	18.68
18	2210.06.800.08 – Health Sector Disaster Preparedness and Management	1.00	-	1.00
19	3601.04.263.03 – National Anti-Malaria Programme (Rural) (General Component)	125.01	83.59	41.42
20	3601.04.263.04 – National Anti-Malaria Programme (Urban)	8.84	7.41	1.43
21	3601.04.263.64 – Strengthening of Drugs Control Organisation including improvement of their information system and supporting staff.	2.50	-	2.50
Grant No.44-Department of Family Welfare (Ministry of Health and Family Welfare)				
22	2211.00.003.03 – Family Welfare Training and Research Centre Bombay	1.75	0.72	1.03
23	2211.00.004.04 – Demographic and other Communications Research	7.00	4.84	2.16
24	2211.00.200.20 – Social Marketing through NGO's	20.00	1.42	18.58
Grant No. 51-Department of Secondary Education and Higher Education (Ministry of Human Resource Development)				
25	22020205201- Computer Education in School	2.00	-	2.00
26	22020211001- Kendriya Vidyalaya Sangthan	590.59	572.20	18.39
27	22020211005- Assistance to Non-Govt. organizations for strengthening boarding/hostel facilities for girl students	5.00	2.11	2.89
28	22020211007- National Open School	9.70	2.37	7.33
29	22020380012- Interest Subsidy on National Loan Scholarship Scheme	1.85	-	1.85
30	22028000122- Bharat Shiksha Kosh	1.00	-	1.00
31	22028080035- Strengthening of Statistical Machinery in States	5.88	-	5.88
32	22030010507- Disabled Polytechnics	4.00	-	4.00

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision
33	22030011224- Direct Central Assistance to the Central Institutions and Regional Engineering Colleges and state Engineering Colleges	10.00	-	10.00
34	22030011225- Information Technology	1.00	-	1.00
35	22030080013- Research and Information Services	3.00	-	3.00
36	22030080013- Students Counseling and Development Programme	3.00	-	3.00
37	36010417901- Computer Education in Schools	27.50	4.23	23.27
Grant No. 52-Department of Women & Child Development (Ministry of Human Resource Development)				
38	22350210218 - Integrated Child Development Services	6.00	4.34	1.66
39	22350210224 - World Bank Assisted ICDS Programme	2.00	0.89	1.11
40	22350210230 - World Bank Assisted ICDS Training Programme	2.00	0.67	1.33
41	22350210322 - National Resource Centre for Women	1.00	-	1.00
42	22350280015 - Grants under Training Programmes of ICDS	4.00	0.78	3.22
43	36010335801 - Grants to State Governments under Training Programme of ICDS	28.00	17.99	10.01
44	National Credit Fund for Women	3.00	-	3.00
45	Swa Shakti Project	15.00	8.00	7.00
46	36010435602 - Indira Mehila Yojana	17.00	2.05	14.95
47	36010435802 - World Bank Assisted ICDS Programme (Externally aided component)	124.60	97.38	27.22

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APPENDIX-XXIV

(Refers to paragraph 8.18)

I. Instances of cases where the amount greater than 20 percent of the unspent provision and rupees one crore not surrendered:

(Rs in crore)

Sl. No	Grant no and name	Total unspent provision	Provision surrender	Provision not surrender	Percentage of amount not surrender
Revenue - Voted					
1.	1-Department of Agriculture and Cooperation	36.06	18.28	17.78	49
2.	2-Department of Agricultural Research and Education	84.61	0	84.61	100
3.	3- Department of Animal Husbandry and Dairying	35.25	27.45	7.80	22
4.	8-Department of Commerce	31.22	23.30	7.92	25
5.	15-Department of Youth Affairs & Sports	9.30	5.78	3.52	38
6.	23-Department of Disinvestments	1.11	0	1.11	100
7.	25-Ministry of External Affairs	71.46	4.05	67.41	94
8.	30-Transfers to State and Union Territory Governments.	1257.73	951.76	305.97	24
9.	34-Pensions	14.88	10.23	4.65	31
10.	36-Department of Revenue	25.00	17.58	7.42	30
11.	37-Direct Taxes	62.87	37.00	25.87	41
12.	38-Indirect Taxes	26.04	0	26.04	100
13.	39-Department of Public Distribution	71.83	38.82	33.01	46
14.	42-Department of Health	104.41	74.56	29.85	29
15.	45-Ministry of Home Affairs	53.26	29.12	24.14	45
16.	47-Police	67.68	1.27	66.41	98
17.	54-Department of Heavy Ind.	9.06	0	9.06	100
18.	55- Ministry of Information and Broadcasting	18.85	15.00	3.85	20
19.	57- Ministry of Labour	32.26	14.73	17.53	54
20.	58-Law & Justice	10.96	5.48	5.48	50
21.	61-Department of Company Affairs	5.18	3.74	1.44	28

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Sl. No	Grant no and name	Total unspent provision	Provision surrender	Provision not surrender	Percentage of amount not surrender
22.	73-Department of Science & Technology	58.75	37.55	21.20	36
23.	77-Ministry of Statistics & Programme Implementation	8.19	6.14	2.05	25
24.	80-Department of Shipping	50.62	23.48	27.14	54
25.	81-Ministry of Textiles	97.67	72.21	25.46	26
26.	85-Public Works	23.10	3.89	19.21	83
27.	86-Stationery & Printing	33.40	25.79	7.61	23
28.	88-Ministry of Water Resources	80.66	53.68	26.98	33
29.	90-Atomic Energy	139.46	13.50	125.96	90
30.	93-Department of Space	16.13	10.01	6.12	38
31.	95-Rajya Sabha	3.94	1.30	2.64	67
32.	99- Andaman and Nicobar Island	7.21	0	7.21	100
33.	101-Dadra & Nagar Haveli	2.30	0.48	1.82	79
34.	103-Lakshdweep	7.19	0.46	6.73	94
REVENUE - CHARGED					
35.	29-Interest Payments	2417.86	1621.19	796.67	33
36.	30-Transfers to State & Union Territory Governments	35478.15	23370.09	12108.06	34
37.	34-Pensions	1.70	0	1.70	100
38.	83-Ministry of Tribal Affairs	55.40	41.68	13.72	25
CAPITAL-VOTED					
39.	6-Department of Fertilizer	28.64	7.89	20.75	72
40.	15-Department of Youth Affair & Sports	1.03	0.01	1.02	99
41.	26-Department of Economic Affairs	22.33	16.51	5.82	26
42.	28-Payment to Financial Institution	360.01	184.17	175.84	49
43.	31-Loans to Government Servants	57.33	0	57.33	100
44.	37-Direct Taxes	50.72	10.00	40.72	80
45.	42-Department of Health	157.61	105.75	51.86	33
46.	45-Ministry of Home Affairs	6.25	3.36	2.89	46

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47.	47-Police	94.67	39.50	55.17	58
48.	54-Department of Heavy Industry.	3.66	0	3.66	100
49.	66-Ministry of Personal & Public Grievances and Pensions	2.54	1.31	1.23	48
50.	74-Department of Science & Industrial Research	5.50	3.50	2.00	36
51.	79-Department of Road Transport and Highways	571.99	325.05	246.94	43
52.	84-Urban Development	23.73	15.16	8.57	36
53.	85-Public Works	29.27	15.20	14.07	48
54.	88-Ministry of Water Resources	6.86	2.82	4.04	59
55.	99- Andaman and Nicobar Island	1.74	0	1.74	100

II. Instances of cases where the amount surrendered more than the amount of saving

(Rs in crore)

Sl. No	Grant/Appropriation	Total unspent provision	Amount surrender
Revenue-Voted			
1	26-Department of Economic Affairs	17.96	26.91
2	48-Other Expenditure of the Ministry of Home Affairs	28.70	73.00
3	49-Transfer to Union Territory Governments	0	3.00
4.	96-Lok Sabha	2.08	2.29
Revenue -Charged			
5.	96- Lok Sabha	0.17	0.19
Capital-Voted			
6.	1- Department of Agriculture and Cooperation	(Excess 0.44)	17.14
7.	41-Department of Sugar and Edible Oils	110.17	110.19
8.	48-Other expenditure of the Ministry of Home Affairs	14.74	14.83
9.	49-Transfers to Union Territory Governments	0	7.00
10.	56-Ministry of Information Technology	3.16	3.33
Capital-Charged			
11.	69-Ministry of Power	4.43	9.48

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Appendix XXV

(Refers to Paragraph 8.21)

Significant cases of major re-appropriations which were injudicious on account of non-utilisation

(Rs in lakh)

Sl. No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation to the sub-head	Final unspent provision under the sub-head after re-appropriation
1.	2-Department of Agricultural Research & Education	2415-Agricultural Research & Education	Payment of net proceeds of cess under Agricultural Produce cess Act 1940	460.00	460.00
2.	3- Department of Animal Husbandry and Dairying	3601-Grants-in-aid to state governments	National project on Rinderpest Eradication	80.63	152.57
3.	8-Department of Commerce	3453-Foreign Trade and Export Promotion	Trade Commissioners	108.04	277.57
4.	14-Department of Culture	2205-Art and Culture	Public Libraries-National Library Calcutta	110.00	289.49
5.	16-Ministry of Defence	2052-Secretariat General Services	Secretariat -Department of Defence	60.70	116.53
6.	24-Ministry of Environment and Forests	2406-Forestry and Wild Life	Support to Regional Centres	50.00	56.13
7.	26-Department of Economic Affairs	2070-Other Administrative Services	Debts Recovery Tribunals	55.06	102.36
8.	29-Interest Payments	2049-Interest Payments	Interest on Loans from International Development Association	1382.43	1951.91
9.	-do-	-do-	Interest on Loans from the Government of Japan	13143.37	13400.75
10.	-do-	-do-	Interest on Loans from the Government of USSR	177.50	252.33
11.	-do-	-do-	Other State Provident Funds	1755.43	2950.22
12.	-do-	-do-	CGEGIS	2000.00	3575.35
13.	-do-	-do-	Interest on Telecom Capital Reserve Fund	970.31	17414.77
14.	-do-	-do-	Interest on Deposit of National Backward Classes Finance Development Corporation	7300.00	7435.81
15.	36-Department of Revenue	2052-Secretariat-General Services	Department of Revenue	180.78	324.86
16.	37-Direct Taxes	2020-Collection of taxes on Income and Expenditure	Research Statistics and Publication	61.66	76.06
17.	-do-	-do-	Acquisition of Ready Built Accommodation	2840.00	4139.74

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					<i>(Rs in lakh)</i>	
Sl. No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation to the sub-head	Final unspent provision under the sub-head after re-appropriation	
18.	38-Indirect Taxes	2037-Customs	Sea Customs-Major Ports	396.85	426.78	
19.	42-Department of Health	2210-Medical and Public Health	Safdarjung Hospital	285.17	717.74	
20.	45-Ministry of Home Affairs	2070-Other Administrative Services	Intelligence Bureau	88.11	2097.15	
21.	47-Police	2055-Police	Charges paid in respect of Jammu & Kashmir-Light Infantry	93.00	881.24	
22.	-do-	4055-Capital outlay on Police	Residential Buildings	257.00	458.99	
23.	57-Ministry of Labour	2230-Labour and Employment	Health	118.54	136.46	
24.	88-Ministry of Water Resources	2701-Major and Medium Irrigation	Research and Development Programmes	55.69	57.16	
25.	-do-	4711-Capital Outlay on Flood Control Projects	Central Water Commission	99.00	198.95	
26.	90-Atomic Energy	3401-Atomic Energy Research	Variable Energy Cyclotron Centre	53.50	57.48	
27.	-do-	4861-Capital outlay on Atomic Energy Industries	Atomic Minerals Division	50.00	99.99	
28.	-do-	5401-Capital outlay on Atomic Energy Research	Variable Energy Cyclotron Centre	264.00	641.67	
				32496.77		

Appendix XXVI

(Refers to Paragraph 8.22)

**Cases of re-appropriation from sub-heads under which the expenditure finally
showed excess over the balance provision**

(Rs in lakh)

Sl. No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation from the sub-head	Amount of excess under the sub-head after re-appropriation
1.	25-Ministry of External Affairs	3605-Technical and Economic Corporation with Other Countries	3605.00.101.19 SCAAP Programmes	100.00	118.58
2.	29-Interest Payments	2049-Interest Payments	2049.03.104.04-State, Railway Provident Fund	750.13	3245.35
3.	49-Transfer to Union Territory Governments	3602-Grants-in-aid to UT Governments	3602.02.101.01 National Capital Territory of Delhi	300.00	300.00
4.	-do-	7602-Loans and Advances to UT Governments	7602.02.101.01 National Capital Territory of Delhi	700.00	700.00
5.	73-Department of Science and Technology	3455-Meteorology	3455.00.200 Other Meteorological	464.00	503.66
6.	85-Public Works	2059-Public Works	2059.60.053.01 Repair and Maintenance work	78.00	174.02
Total				(-) 2392.13	

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Appendix-XXVII
(Refers to paragraph 9.26)

**Schemes/sub-heads/activities affected by large unspent provision during 2000-01
under Grant No. 48-Other expenditure of Ministry of Home Affairs.**

(Rs in crore)

Sl. No	Name of head/activity	Total provision (O+S)	Actual disbursement	Unspent provision	Reasons advanced by the Ministry
Major Head "2070" – Other Administrative Services					
1	2070.00.800.26 National Identity Card Scheme	5.00	--	5.00	Final decision regarding the implementation of the scheme has not been taken during the year.
Major Head "2235" – Social Security and Welfare					
2	2235.60.200.02 Free Railway Passes to Freedom Fighters	55.00	44.52	10.48	Receipt of less claims from Ministry of Railways and owing to advance stage of life of freedom fighters, many of them may not get their passes renewed.
Major Head "2552" – North Eastern Areas					
3	2552.00.210.01 Grant-in-aid to Medical Colleges/institutions Regional Institute of Medical Science, Imphal	20.00	18.00	2.00	Change in pattern of funding of the scheme through the State Governments of North Eastern Region.
4	2552.00.210.06 Grant-in-aid to Lokopriya Gopinath Bordoloi Institute of Mental Health, Tezpur	5.00	2.50	2.50	Non-finalisation of work estimates for expansion of the Institute.
5	2552.00.800.02 Other Miscellaneous items	29.16	22.25	6.91	Non-finalisation of some schemes, change in the pattern of funding through the State Governments of North Eastern Region, slow progress of schemes at Roha Fishery College, Assam and Assam Agricultural University, Assam.
6	2552.00.800.06 Survey and Investigation for Roads and Bridges	1.50	0.23	1.27	Non undertaking of survey of roads including National Highway, as anticipated earlier.

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Sl. No	Name of head/activity	Total provision (O+S)	Actual disbursement	Unspent provision	Reasons advanced by the Ministry
Major Head "3475" – Other General Economic Services					
7.	3475.00.800.51 Debt Relief Scheme for 1984 Riots effected persons	4.40	3.14	1.26	Non-finalisation of Court cases and receipt of less claims from the affected persons.
Major Head "3601" – Grant-in-aid to State Governments					
8	3601.01.343.01 -Other Rehabilitation Schemes-Mizoram	2.00	--	2.00	Non-receipt of claims from the State Government.
9	3601.01.343.02 -Other Rehabilitation Schemes-Tripura	11.00	9.60	1.40	Less receipt of claims from the State Government.
10	3601.01.349.02 Relief-Grants	30.00	18.39	11.61	Non-receipt of fourth quarter claims from the Government of Tamil Nadu and constant review of influx of refugees from Sri Lanka.
11	3601.01.352.02 Rehabilitation Grants for resettlement in Jammu and Kashmir	1.75	--	1.75	Non-receipt of requisite documents for the earlier releases from the State Government of Jammu and Kashmir.
12	3601.05.101.02 -Schemes of North Eastern council-Special Development Project	125.02	97.86	27.16	Non-finalisation of Expenditure Finance Committee Memoes and also slow progress of IWT Scheme by Assam Government.
Major Head "4552" – Capital Outlay on North Eastern Areas					
13	4552.00.055.01 North Eastern Police Academy	2.40	0.11	2.29	Non-requirement of fund under work component for North Eastern Police Academy.
14	4552.00.800.03 Housing for North Eastern Council Staff/North Eastern Council Guest House	1.90	0.28	1.62	Non-finalisation of land and building at Shillong/Guwahati.
Major Head "6552" – Loans for North Eastern Areas					
15	6552.00.201.01 Power Development Survey and Investigation	165.00	147.24	17.76	Reduction of North Eastern Council Plan allocation by Government of India at revised estimates stage.
Major Head "7601" – Loans and Advances to State Governments (Charged)					
16	7601.05.101.01 Special Development Project(charged)	11.46	9.75	1.71	Non-finalisation of Expenditure Finance Committee Memos and slow progress of IWT Scheme by the Government of Assam.

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Appendix-XXVIII
(Refers to paragraph 9.26)

**Schemes/sub-heads/activities affected by large excess during 2000-01 under
Grant No. 48-Other expenditure of Ministry of Home Affairs.**

(Rs in crore)

Sl. No	Name of head/activity	Total provision (O+S)	Actual disbursement	Excess disbursement	Reasons advanced by the Ministry
Major Head "2235" – Social Security and Welfare					
1	2235.60.107.02 Swatantrata Sainik Samman Pension Scheme	191.32	237.62	46.30	Late implementation of orders of the enhancement of pension and payment of dearness relief by the pension disbursing authorities spread over through out the country involving over 32000 branches of Nationalised Banks & District Treasury Offices. The reply of the Ministry (December 2001) that the ministry has no control over the booking of expenditure by CPAO is not acceptable because the ministry was required to prepare the budget keeping in view the past trend of expenditure and amount of enhanced pension, relief etc.
Major Head "2552" – North Eastern Areas					
2	2552.00.210.03 Grant-in-aid to Regional Para Medical Institute, Aizwal	5.50	7.37	1.87	Augmentation of fund provision with a view to complete the project work in time i.e. March, 2002 as per Phase II Programme of the Institute.
Major Head "3601" – Grant-in-aid to State Governments					
3	3601.01.343.04- Other Rehabilitation Schemes-Assam	--	2.00	2.00	Resettlement of 2.40 lakhs victims of militants induced ethnic violence in the relief camps in the State of Assam.
4	3601.01.347.01 Rehabilitation Grants	1.96	8.00	6.04	Payment of arrear claims of the Government of West Bengal which has become reimbursable on receipt of audit certificate.
Major Head "4552" – Capital Outlay on North Eastern Areas					
5	4552.00.054 Roads and Bridges	56.00	59.00	3.00	Augmentation of funds with a view to take up more works under North Eastern Council Programme by Director General Border Roads.
6	4552.00.201 Power-Power Development Survey and Investigation	9.34	13.27	3.93	More requirement of fund under various water development scheme under North Eastern Council Programme.

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Appendix – 'XXIX'
(Refers to paragraph 9.53)

Cases of unspent provision during 1998-01 under the grant no.69 - Ministry of Power

(Rs in crore)

Sl. No.	Name of sub-head	TP	AD	UP	Reasons advanced by Ministry
2000-01					
1.	Badarpur Thermal Power Station (BTPs)- General	26.58	1.67	24.91	Less receipt from the Delhi Vidyut Board as release of Fund to BTPS was to be linked with the receipt of funds from the Delhi Vidyut Board.
2.	Operation & Maintenance	914.36	885.26	29.10	Less receipt from Delhi Vidyut Board.
3.	Transfer to Depreciation Reserve Fund- Badarpur Thermal Power Station	15.01	NIL	15.01	- do -
4.	Other expenditure- Rural Electrification for poor Kutirjyoti Programme	65.00	61.25	3.75	Less claims received from the State Electricity Boards.
5.	General -Training Central Electricity	3.27	2.58	0.69	The World Bank loan was to be utilised by 30.09.2001 but the process of the revival of the same took time hence the Budget could not be utilised fully.
6.	Central Electricity Authority (Transfer of Technology in Hydro – Development)	1.00	-	1.00	Non-approval of the scheme by Government of India.
7.	Other Expenditure- Central Electricity Authority	31.26	25.65	5.61	Non-filling up of the vacant posts, economy cut imposed by Ministry of Finance and non-approval of schemes.
8.	Provision for Energy conservation and utilisation	15.00	1.63	13.37	Non-approval of scheme.
9.	Central Electricity Regulation Commission (Charged)	6.50	3.87	2.63	Non-filling up of posts and economy cut imposed by the Ministry of Finance.
10.	Power Grid Corporation of India	50.00	Nil	50.00	Non-approval of the scheme.
Capital Section					
11.	Sardar Sarover Scheme	36.38	33.87	2.51	Less claim received from the Government of Madhya Pradesh/Narmada Development Authority.
12.	Renovation and Modernisation of Thermal Power Station	1.95	0.47	1.48	Final payment made for the renovation and maintenance-I and non approval of the Phase-II of the renovation and maintenance programme.

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Sl. No.	Name of sub-head	TP	AD	UP	Reasons advanced by Ministry
13.	Investment in Public Sector and other undertakings- North Eastern Electric Power Corporation	107.00	Nil	107.00	Non-sanction of scheme and non-release of funds due to non-satisfactory progress of the scheme.
14.	Other expenditure - Flexible AC Transmission System	2.00	-	2.00	Non-approval of the scheme.
15.	Other expenditure- Central Electricity Authority	5.34	1.92	3.42	- do -
16.	Loans to Public Sector and other undertakings - Loans to Power Finance Corporation	11.00	0.47	10.53	- do -
17.	Loans to Nathpa Jhakri Power Corporation	127.00	75.00	52.00	Unprecedented floods at Project site. Nathpa Jhakri Power Corporation themselves had requested for revising the amount of IBRD loan utilisation under EAB from Rs. 127 crores to Rs. 75 crores at RE stage.
18.	Loans to Rural Electrification Corporation	599.00	501.83	97.17	Non-receipt of claims from the State Electricity Boards.
19.	Loans to Power Grid Corporation of India	103.10	41.79	61.31	Unprecedented floods at project site, delay in investment approval for Talcher-II Transmission Project and delay in associated Transmission Project of gas generation.
20.	Loans and Advances to State Governments (Charged)	10.00	5.57	4.43	Non-receipt of claims from State Governments.
1999-00					
21.	BadarPur Thermal Power Station (General)	33.67	22.19	11.48	Delay in procurement of computer based items and reduction of interest rate.
22.	Transfer to Reserve Fund Depreciation- Badarpur Thermal Power Station	20.76	14.15	6.61	Reduced depreciation on assets.
23.	National Power Training Institute	11.42	6.20	5.22	Less receipt of funds by executing agency and economy measures.
24.	Research & Development Fundamental and Basic Research	1.30	-	1.30	Non-release of grants-in-aid for research purposes.
25.	Central Power Research Institute, Bangalore.	25.00	10.45	14.55	Non-approval of some schemes.

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Sl. No.	Name of sub-head	TP	AD	UP	Reasons advanced by Ministry
26.	Central Electricity Authority (Transfer of Technology in Hydro Development)	2.00	-	2.00	Delay in clearance of Phase-II of the project for want of some information.
27.	Other Expenditure Central Electricity Authority	28.93	24.46	4.47	Non-approval of some schemes, non-purchase of books and non-filling of vacant posts.
28.	Provision for Energy Conservation and utilization	20.00	2.95	17.05	Reduction in provision at Revised estimates stages and non-finalization of some schemes.
29.	Power Finance Corporation Ltd.	300.00	296.33	3.67	Non-utilisation of grants-in-aid on account of non-utilisation of studies by SEBs.
30.	Central Electricity Regulation Commission (Charged)	5.50	3.88	1.62	Non-filling up of posts and non-approval of some schemes.
Capital Section					
31.	Sardar Sarovar Scheme-contribution to resources gap in sharing of contribution by Madhya Pradesh.	56.00	18.73	37.27	Less claim received from Madhya Pradesh Government.
32.	Investment in Nathpa Jhakri Power Corporation	434.00	412.00	22.00	Slow progress of work in major civil contracts.
34.	Renovation and Modernization of Thermal Power Stations.	2.00	0.60	1.40	Slippage of activities for mechanical package.
35.	Land for Ash Pond	3.72	1.90	1.82	Slippage of activities for Phase IV & V.
36.	Replacement & Repair Work	13.60	7.20	6.40	Non-approval of additional capital schemes.
37.	Investment in Public Sector Undertakings- – Rural Electrification Corporation Ltd.	30.00	-	30.00	Entire provision remained unutilised as REC could not raise adequate resources from market.
38.	Other Expenditure - Central Electricity Authority	6.24	2.37	3.87	Non-approval of some schemes and non-procurement of land for North East Regional Electricity Boards.
39.	Hydel Generation -Loans to Nathpa Jhakri Power Corporation	171.00	100.00	71.00	Slow progress of work in major civil contracts.
40.	Loans to Tehri Hydro Development Corporation	336.00	318.00	18.00	Delay in receipt of matching contribution from U.P. Government.
41.	Rural Electrification - Loans to Rural Electrification Corporation	644.00	614.83	29.17	Less claims received from State Electricity Board.

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Sl. No.	Name of sub-head	TP	AD	UP	Reasons advanced by Ministry
42.	Transmission & Distribution - Loans to Power Grid Corporation of India	293.44	218.92	74.52	Non-procurement/delay in supply of equipment.
43.	Loans & Advances to State Governments- Transmission & Distribution Inter State Transmission Lines (Charged)	3.30	1.30	2.00	Less release of loans and advances to Government of West Bengal owing to non-receipt of pending Utilisation Certificate.
1998-99					
44.	Badarpur Thermal Power Station – General	33.91	24.50	9.41	Less realisation of receipts from Delhi Vidyut Board.
45.	Operation & Maintenance	547.22	534.76	12.46	Less realisation of receipt from Delhi Vidyut Board.
46.	Transfer to Reserve Funds-Depreciation-Badarpur Thermal Power Station	19.83	16.92	2.91	Less depreciation owing to fall in capitalisation value falling shortfall in realisation of receipts from DVB.
47.	Transmission & Distribution – Direction & Administration – Central Electricity Authority	7.40	6.27	1.13	Non-filling up of posts and measures to effect economy in expenditure.
48.	General-National Power Training Institute	12.52	5.98	6.54	Non-completion of renovation of 210 MW Stimulator at RPTI, Badarpur on account of sanctions imposed by Western Countries.
49.	Research & Development Fundamental and Service Research	1.30	0.35	0.95	Less release of grant to Central Board of Irrigation & Power on account of receipts of complaints as per the directive of Government.
50.	Central Power Research Institute, Bangalore	20.25	18.00	2.25	Non-clearance of new schemes of Institute on account of procedural formalities and also due to reduction in the provision of grant for 9 th Plan outlay of Institute.
51.	Provision for Energy Conservation & Utilisation	13.25	3.52	9.73	Non-submission/non-finalisation of some of the new energy conservation schemes.
52.	Power Finance Corporation Ltd.	370.00	340.00	30.00	Non-utilisation of grants-in-aid for studies and consultancies owing to non-submission of studies by State Electricity Boards.
53.	Central Electricity Regulation Commission (Charged)	2.50	1.51	0.99	Non-availability of staff against the sanctioned strength.
54.	Central Electricity Regulatory Commission	1.50	-	1.50	The establishment related expenditure was charged expenditure as per the Act.

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Sl. No.	Name of sub-head	TP	AD	UP	Reasons advanced by Ministry
55.	Rural Electrification Corporation	1.00	-	1.00	Non-finalisation of schemes as some changes in the schemes were being considered.
56.	Power Corporation of India	1.00	-	1.00	Non-release of grants-in-aid/subsidy to Power Grid Corporation owing to non-finalisation of schemes.
Capital					
57.	Hydel Generation - National Hydro Electric Power Corporation Ltd.	490.00	432.00	58.00	Slow progress of work caused by major break-down and repairs and also owing to non-sanction of Chamera - II Project.
58.	Badarpur Thermal Power Project - Stage - II	1.30	0.24	1.06	Slow progress in the construction activities resulting in lesser payments.
59.	Renovation and Modernization of Thermal Power Station	1.85	0.09	1.76	Slippage of activities for mechanical package for Dust Suppression System.
60.	Transmission & Distribution-Power Grid Corporation of India	12.00	5.00	7.00	Less requirement of funds during this year owing to higher expenditure in 1997-98.
61.	General - Training - Central Electricity Authority	1.53	0.62	0.91	Non-utilisation of funds provided to CPWD by Hot Line Training Centre on account of slow progress of work.
62.	Other Expenditure - Central Electricity Authority	5.13	1.64	3.49	Non-receipt of sanction for the scheme and measures to effect economy in expenditure.
63.	Central Electricity Regulatory Commission	5.00	-	5.00	Non purchase of land for the commission.
64.	Loans for power products - Loans to North Eastern Electric Power Corporation	40.11	19.67	20.44	Adjustment for maintaining approved debt equity ratio of 1:1 in respect of various projects executed by NEEPC.
65.	Loans to Tehri Hydro Development Corporation	319.00	200.00	119.00	Reduction in Government of India contribution to Tehri Project, owing to non-provision of matching contribution of U.P. Government in the ratio 1:3.
<i>TP-Total Provision</i>		<i>AD-Actual Disbursement UP-Unspent Provision</i>			

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Appendix-XXX
(Refers to paragraph 9.56)

Sub-heads of unrealistic budgeting-Grant No. 69-Ministry of Power

<i>(Rs in crore)</i>				
Sl. No.	Major Head/sub-head	Total provision	Amount re-appropriated to other heads	Percentage of re-appropriation
2000-01				
1	2801 – Investigation- Electricity Development Fund	0.50	0.50	100%
2	2801-Transfer to Reserved fund Depreciation – BTPS	15.01	14.23	95%
3	2801- CEA Transfer for technology in Hydro Development	1.00	1.00	100%
4.	2801- Provision for energy conservation and utilisation	15.00	12.49	83%
5.	2801- Power Grid Corporation of India Ltd.	50.00	50.00	100%
6	2801- Setting up of Joint Regulatory Commission for NE States and Sikkim	0.50	0.50	100%
7	4801- Diesel/Gas Power Generation- Investment in Public Sector and other undertakings- NE Electric Power Corporation	107.00	95.00	89%
8.	4801-Other Expenditure Flexible AC Transmission System	2.00	2.00	100%
9.	6801- Loans for Power Projects,- Loans to PFC	11.00	7.85	71%
10	6801 – Hydel Generation loan to NJPC	127.00	52.00	41%
1999-2000				
11.	2801-Investigation Electricity Development Fund	0.50	0.50	100%
12	2801- R & D Fundamentals and Basic Research	1.30	1.30	100%
13	2801-Central Electricity Authority Transfer of Technology in Hydro Development	2.00	2.00	100%
14	2801- Rural Electrification Corporation	0.75	0.75	100%
15.	2801- Power Grid Corporation of India	0.50	0.50	100%

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Sl. No.	Major Head/sub-head	Total provision	Amount re-appropriated to other heads	Percentage of re-appropriation
16.	4801-Rural Electrification Corporation	30.00	30.00	100%
1998-99				
17	2801-Energy Management Centre	0.25	0.25	100%
18	2801-Rural Electrification Corporation	1.00	1.00	100%
19	2801-Power Grid Corporation of India	1.00	1.00	100%

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Appendix XXXI
(Refers to Paragraph 9.71)

Schemes/activities most affected by large unspent provision-Grant No 79-Department of
Road Transport and Highways

(Rs. in crore)

Sl. No.	Major Head and Sub-Head	Total provision	Actual disbursement	Unspent provision (percentage)	Reasons advanced by the Ministry
1998-99					
1.	3054-Roads and Bridges-Highway Research	20.25	2.08	18.17 (90%)	Non-receipt of scheme from Indian Road Congress.
2.	3602 - grants-in-aid to UT Governments-Roads in Delhi	2.00	0.26	1.74 (87%)	Non-receipt of schemes from National Capital Territory of Delhi
3.	5054 - Capital Outlays on Roads and Bridges National Highways Authority of India	500.00	101.00	399.00 (80%)	Less requirement as a result of thorough review by the Ministry of Finance.
1999-00					
4.	3054 - Roads and Bridges-Cost of collection of Fees payable to States/UTs	3.00	1.55	1.45 (48%)	Non-receipt of full details on collection of Toll Fee from States.
5.	Bhutan Compensation Allowance	19.00	8.57	10.43 (55%)	Posting of less personnel in Bhutan Compensatory Allowance Area.
6.	Highway Research	11.90	2.62	9.28 (78%)	Low level of new sanctions, less demand for ongoing works and Highways management scheme not cleared and low expected utilisation of World Bank Training.
7.	3601 - Grants-in-aid to State Governments-Air Lift Charges	12.00	5.71	6.29 (52%)	Non-receipt of vouchers from Air Headquarters.
8.	7601-Loans and advances to State Governments (Charged) -Road Work	30.00	15.26	14.74 (49%)	Less schemes sanctioned to States.
2000-01					
9.	3054 - National Highways and Permanente Bridges - Cost of Collection of Fee payable to States/UTs	6.00	1.27	4.73 (79%)	Non-receipt of claims from State Governments owing to collection of toll fees on departmental basis.

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Sl. No.	Major Head and Sub-Head	Total provision	Actual disbursement	Unspent provision (percentage)	Reasons advanced by the Ministry
10.	3054 - Research & Development Highway Research	11.90	3.93	7.97 (67%)	Non-finalisation of 'Payment Management system' and 'Bridge Management System' owing to non-approval of proposals
11.	3601 - Grants - in - aid to State Governments -Grants from Central Road Fund	990.00	318.28	671.72 (68%)	Non-release of further amount owing to non-receipt of utilisation Certificates from States.
12	5054 - Capital Outlays on Roads and Bridges Machinery and Equipment	15.00	7.43	7.57 (50%)	Non-procurement of Mobile Bridge Inspection Unit and Road rollers.
13	Work Financed from National Highways Permanent Bridges Fees Fund	57.00	27.58	29.42 (52%)	Delay in issue of Letter of Credit by the States and expenditure incurred by the State Public Works Department were found to be inadmissible.

GLOSSARY

- 14 days auction Treasury Bill** : A scrip of 14 days duration introduced from June 1997. Auction for this instrument is held weekly at a pre-determined cut off price.
- 14 days intermediate Treasury Bill** : A scrip of 14 days duration introduced from June 1997, to enable the State Government, commercial banks and other specific bodies to invest their temporary surplus funds.
- 364 days auction Treasury Bill** : An instrument of borrowing introduced from April 1992 of the duration of 364 days. Auction for this instrument is held fortnightly at a pre-determined cut off price.
- 91 days auction Treasury Bill** : An instrument of borrowing introduced from January 1993. Auction for this instrument is held weekly at a pre-determined cut off price.
- Ad hoc Treasury Bill** : A scrip of 91 days duration created by RBI in its favour on behalf of Union Government, as and when the cash balance of the Government fall below the level of Rs 50 crore. Whenever the Government's cash balance had a surplus, *ad hoc* were cancelled in such amounts to maintain the agreed level. This scrip was discontinued from 1 April 1997.
- Appropriation** : Appropriation means assignment to meet specified expenditure of funds included in a primary unit of appropriation.
- Appropriation Accounts** : Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Parliament in the budget grants under each voted grants and charged appropriation *vis-a-vis* the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Parliament.
- Appropriation Act** : When appropriation bill has been passed by the Parliament, it is presented to the President. After the assent by the President to the bill, it becomes an Act.
- Appropriation Bill** : As soon as may be after the grants under article 113 have been made by Lok Sabha, 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 Lok Sabha (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 is introduced.
- Capital Expenditure** : It consists of payment for acquisition of assets, investment in shares, and loans and advances given by the government.
- Capital Receipts** : Capital receipts comprise loans raised by the government from the public, borrowing from the Reserve Bank of India and loans taken from foreign governments, recoveries of loans by the government, proceeds of disinvestments etc.

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- Charged Appropriation** : Sum required to meet expenditure 'Charged' on Consolidated Fund under Article 112 (3) of the Constitution is called charged Appropriation.
- 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.).
- Contingency Fund of India** : Parliament has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the President to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under Article 115 or Article 116 of the Constitution.
- Debt service** : Payments to creditor(s) of matured principal and of interest. It, usually, includes service charges, etc.
- Demand for Grants** : Demand for Grants is for gross amount of expenditure to be incurred and shows 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 along with the Annual Financial Statement. The detailed Demands for Grants are laid on the table of Lok Sabha by the concerned ministries a few days in advance of the discussion of respective ministry's demand in that House.
- : 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.
- 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.
- External Debt** : Debt contracted by the Government from abroad, mostly in foreign currency viz., loan from World Bank, IBRD, IDA, etc.
- Fiscal Deficit** : It is the excess of total expenditure including loans net of repayments over revenue receipts and non debt capital receipts. It also indicates the total borrowing of the government, and the increment to its outstanding debt.

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GDP at factor cost	:	Gross domestic product at factor cost measures GDP at the cost of the factors used to produce it, i.e. At the incomes earned by those factors. It is obtained from the GDP at market prices by deducting indirect taxes and adding subsidies.
GDP at market Prices	:	Gross domestic product at market prices indicates the value of all final expenditure on the goods and services produced within the country. It is equal to the value of all final goods and services produced in the country in a given period. The evaluation can be done at current prices or at prices prevailing in a base year.
Internal Debt	:	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
M3	:	This is broad money defined as the sum of currency with the public, demand deposits and time deposits with the banks, and 'other' deposits with the RBI.
Major Head	:	The main unit of classification in accounts 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).
New Service	:	Government has prescribed certain financial limits for different categories of expenditure through re-appropriation, beyond which the expenditure constitutes "New service / New instrument of service".
Original Grant	:	The amount provided for any service in the Annual Financial Statement in a financial year is called original grant or appropriation.
Primary Deficit	:	Fiscal deficit minus interest payments gives primary deficit. It can be interpreted as the excess of non interest expenditure of the government over its revenue receipts and non debt capital receipts.
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.
Re-appropriation	:	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Reserve Money	:	This is the monetary base. It is the sum of net RBI credit to government, RBI's claims on commercial and cooperative banks, RBI's credit to the commercial sector, net foreign exchange of the RBI, government's currency liabilities to the public <i>minus</i> the net non-monetary liabilities of the RBI.

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Revenue Deficit	:	This is equal to the excess of revenue expenditure over revenue receipts.
Revenue Expenditure	:	This is meant for normal running of governments' maintenance expenditures, interest payments, subsidies and transfers etc. It is current expenditure which does not result in the creation of assets. Grants given to State governments or other parties are also treated as revenue expenditure even if some of the grants may be meant for creating assets.
Revenue Receipts	:	These include proceeds of taxes and duties levied by the government, interest and dividend on investments made by the government, fees and other receipts for services rendered by the government.
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.
Supplementary Grant	:	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution 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.
Surrender of unspent provision	:	Departments of the Central Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Ministry is to 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.
Tap Treasury Bill	:	A scrip of 91 days duration by which Government borrows money. This scrip was intended for investment by commercial banks of their surplus. This scrip was discontinued from 1 April 1997.
Treasury Bills	:	An instrument issued by the Reserve Bank of India on behalf of the Union Government to raise short term loans intended to fill transient resource gaps.
Unspent provision	:	When expenditure falls short of budget provision, it results into unspent provision.
Voted Grant	:	Sum required to meet other expenditure for which vote of Parliament is required under Article 113 (2) of the Constitution is called voted grant.

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