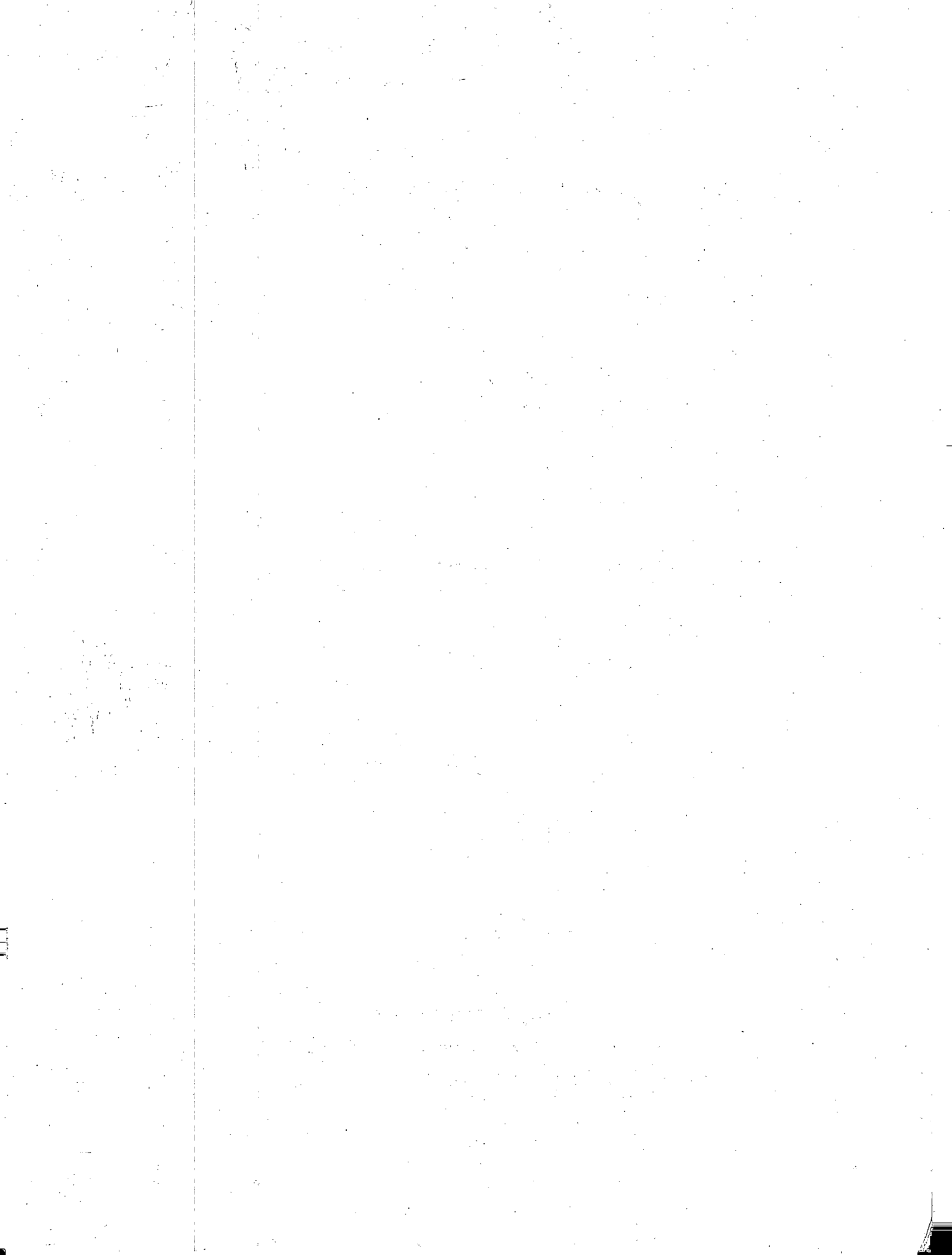


Presented in both the Houses of Parliament on 20 FEB 2009

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

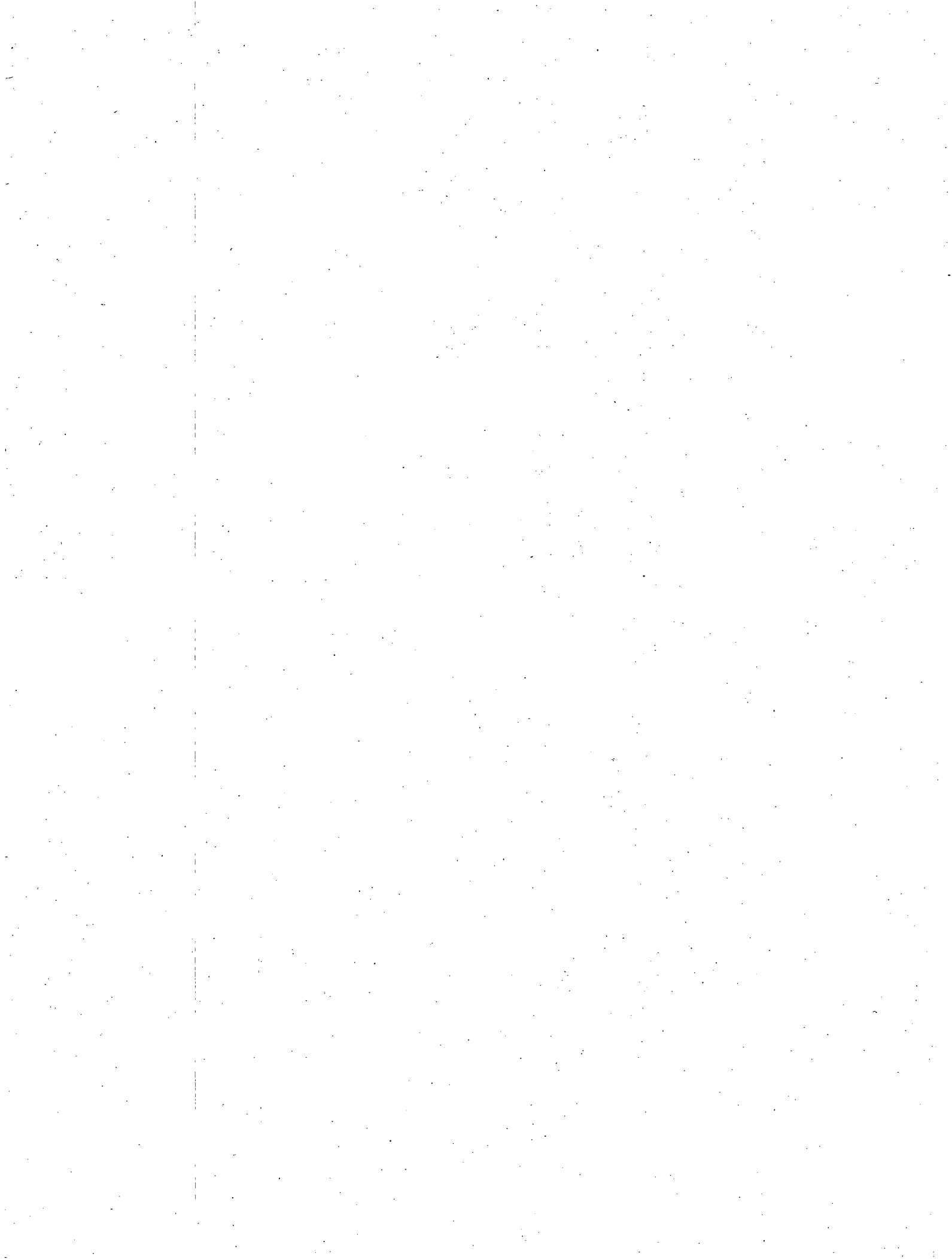
**for the year ended March 2008**

**Union Government**  
Accounts of the Union Government  
**No. CA 13 for the year 2007-08**



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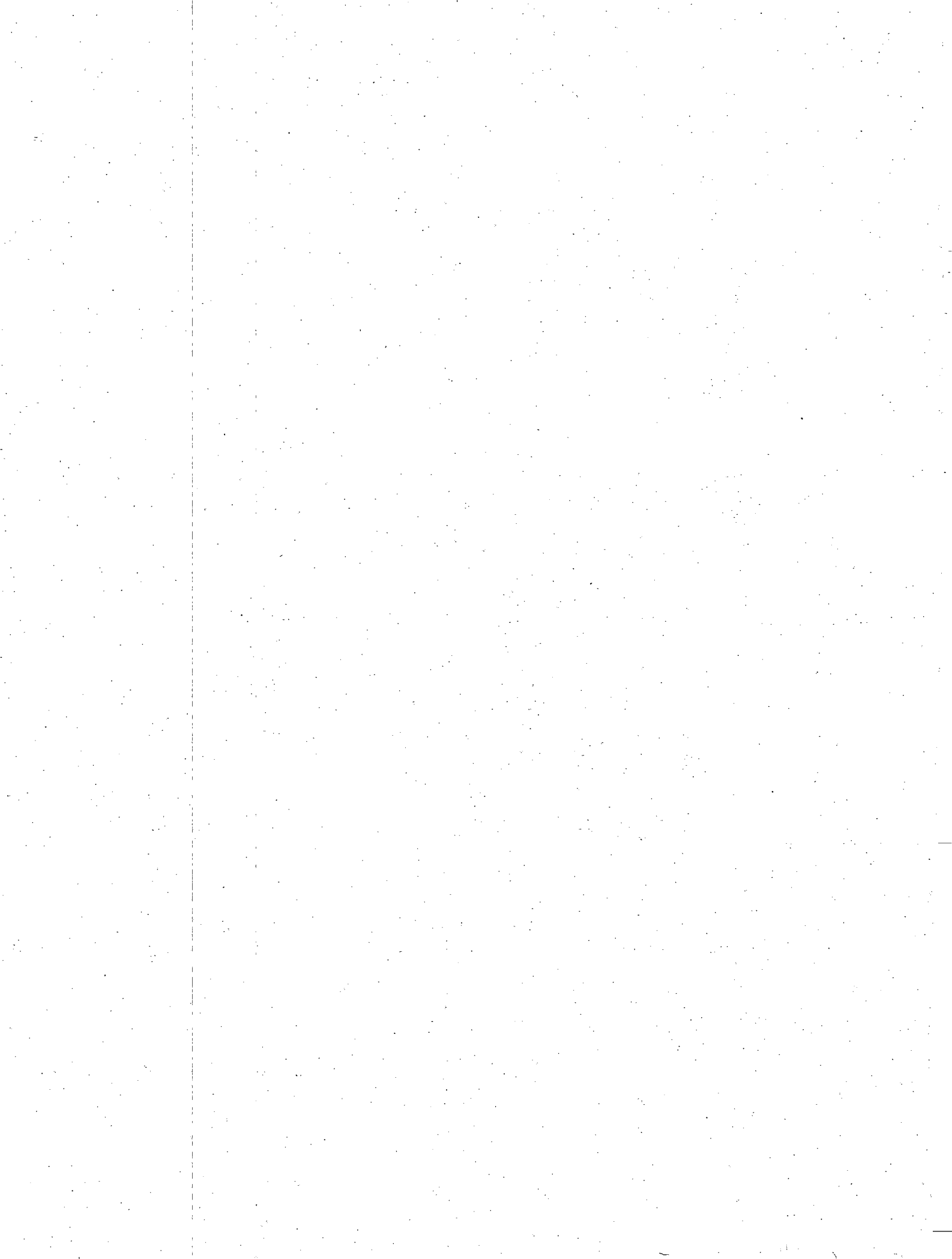


## PREFACE

This Report for the year ended March 2008 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 (excluding Railways) of the Union Government for the year ended March 2008. The observations arising from the audit of various financial transactions of the Ministries have been included in a separate Report.

Separate Reports are also presented to Parliament for Union Government: Autonomous Bodies, Defence Services – Army and Ordnance Factories, Defence Services-Air Force and Navy, Railways, Indirect Taxes – Customs, Central Excise and Service Tax and Direct Taxes.



## Union Government Finances and Accounts: 2007-08

This Report discusses the comments of the Comptroller and Auditor General of India on the accounts of the Union and also analyses the finances of the Union Government for the year 2007-08. It also contains an analysis of the Appropriation Accounts, 2007-08.

### HIGHLIGHTS

#### C&AG's comments on Union Government Accounts

- Eight additional statements on disclosure of subsidies, committed liabilities, repayment schedule of debt and other liabilities, accretion to or erosion in the financial assets, expenditure on salaries, pensions, maintenance, etc., recommended by the Twelfth Finance Commission in their Report of November 2004 and accepted in principle by the Government have not been included in the Finance Accounts.

(Para 2.1)

- Union Government made a provision for transfer of central plan assistance of Rs. 51259.85 crore (as per revised estimates) directly to state/district level autonomous bodies and authorities, societies, non-governmental organisations, etc., for implementation of centrally sponsored schemes without devolving funds through State Government accounts. The amount of unspent balances in their accounts maintained outside Government accounts is unascertainable. The Government expenditure as reflected in the Accounts to that extent is overstated.

(Para 2.2)

- Rs. 20273.52 crore under 28 Major Heads of accounts (representing functions of the Government) has been classified as 'other expenditure' in Union Government Finance Accounts constituting more than 50 per cent of the total expenditure recorded under the respective Major Heads indicating significant degree of opaqueness in these accounts.

(Para 2.3)

- There is understatement of closing balance of Universal Service Obligation Fund by Rs. 14033 crore. A total Universal Service Levy of Rs. 20404.44 crore was collected during 2002-03 to 2007-08 but a disbursement of only Rs. 6371.44 crore was made from the Fund



during this period. Thus, the closing balance of the Fund as on 31 March, 2008 should be Rs. 14033 crore as against nil balance shown under the Head 8235-General & Other Reserve Funds, 118-Universal Service Obligation Fund in the Public Account of India.

(Para 2.4)

- Though an amount of Rs. 6500 crore in 2006-07 and Rs. 6000 crore in 2007-08 was transferred from the Consolidated Fund of India to the Social and Infrastructure Development Fund in the Public Account of India and was treated as capital expenditure, an amount of Rs. 1586.75 crore was incurred from this Fund in 2007-08 on items of expenditure which were of revenue nature, thereby overstating the capital expenditure of the Government.

(Para 2.5)

- Rs. 1325.49 crore has been retained by Securities and Exchange Board of India and Insurance Regulatory and Development Authority outside Government Account in contravention of Constitutional provisions and instructions of the Ministry of Finance.

(Para 2.6)

- Rs. 2745 crore has been disbursed by the Ministry of Defence to two Defence Public Sector Undertakings in 2007-08 for meeting the committed liabilities that would arise in the next year, 2008-09.

(Para 2.7)

- Suspense heads in Government accounts are operated to reflect 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. The aggregate net balance under the Suspense Heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunications was Rs. 6524.85 crore (debit) as on 31 March, 2008. Netting of debit/credit balances leads to significant understatement of Suspense balances in the Finance Accounts and the real magnitude of outstandings under these heads does not, therefore, get reported in the annual accounts of the Union Government presented to the Parliament.

(Para 2.9.1)



- No money should be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of Article 114(3) of the Constitution. However, during 2007-08, there was an excess disbursement of Rs. 100.14 crore in four segments of four grants/ appropriations in civil ministries and Rs. 71.19 crore in one segment of a grant in Defence which requires regularisation under Article 115 (1) (b) of the Constitution.

*(Para 8.1)*

- Unspent provisions in a grant or appropriation indicate either poor budgeting or shortfall in performance or both. During 2007-08, unspent provisions of more than Rs. 100 crore occurred in 60 cases of 47 grants (including Civil, Posts and Defence). The aggregate unspent provisions in these cases was Rs. 109958.73 crore. The major unspent provision was in the grant/appropriation relating to Repayment of Debt (Rs. 70108.62 crore). The other significant unspent provisions were in the grants/appropriations for Capital Outlay on Defence Service (Rs. 4417.70 crore), Payment to Financial Institutions (Rs. 4934.50 crore), Transfer to States and UT Governments (Rs. 6229.79 crore), Department of Higher Education (Rs. 2952.13 crore), Department of School Education and Literacy (Rs. 2668.29 crore), Police (Rs. 2073.74 crore), Ministry of Panchayati Raj (Rs. 1082.04 crore), Department of Telecommunications (Rs. 1033.79 crore), Department of Health and Family Welfare (Rs. 1982.64 crore) and Nuclear Power Schemes (Rs. 1950.47 crore).

*(Para 8.4)*

### **Union Government Finances 2007-08**

- The year 2007-08 ended with a surplus of Rs. 99030 crore in the Consolidated Fund of India as against the deficit of Rs. 19244 crore in the previous year, while the surplus in Public Account decreased from Rs. 48639 crore in 2006-07 to Rs. 35721 crore during the current year.

*(Para 1.3)*



## **Resources**

- The gross tax collections witnessed acceleration in the rate of growth from the very first year of the X Plan (2002-07) and increased by 25.27 *per cent* in 2007-08 from the large base of Rs. 473512 crore attained in the previous year. The trends reveal that the gains to the exchequer improved in the form of higher corporate tax collections while the share of excise and custom duties in gross tax revenue has been declining every year since 2002-03. The share of service tax increased consistently since its inception in 1994-95. The overall tax buoyancy has improved significantly and tax-GDP ratio reached the level of 12.58 in 2007-08 after exceeding 10 *per cent* for the first time in 2005-06.

*(Para 3.13, 3.15, 3.18 & 3.20)*

- As the non-tax receipts were relatively more buoyant in 2007-08 relative to 2006-07, their share in incremental revenue receipts increased from 13.8 *per cent* (Rs. 13037 crore) in 2006-07 to 28.92 *per cent* (Rs. 35868 crore) during 2007-08. The increased collection under interest receipts, economic services and dividends and profits, respectively, by Rs. 8059 crore (30.35 *per cent*), Rs. 20532 crore (20.44 *per cent*) and Rs. 5190 crore (17.71 *per cent*) over the previous year resulted in an overall increase of Rs. 35868 crore (20.83 *per cent*) in non tax receipts during the current year.

*(Para 3.22, 3.23, 3.24 3.26 & 10.3)*

- The capital receipts increased steeply in 2007-08 by Rs. 29962 crore over the previous year mainly on account of Annual Transfer of Surplus by RBI due to sale of its stake in State Bank of India to Government of India, which was partly offset by less recovery in loans and advances.

*(Para 3.3)*

## **Disbursements**

- Aggregate disbursement of Union Government in 2007-08 consists of four major components: actual expenditure inclusive of the grants in aid to the States (28.36 *per cent*); mandatory transfer of the proceeds from Union taxes to the States (4.99 *per cent*); repayment of debt (52.68 *per cent*) and disbursements from public accounts (13.97 *per cent*). Long term trends indicate that the average share of actual expenditure has consistently declined from 50.84 *per cent* in the VIII



Plan to 28.36 *per cent* in the current year while debt repayment increased from the level of 29.17 *per cent* to 52.68 *per cent* during this period.

*(Para 4.5, 4.6)*

- Revenue expenditure continued to be the dominant component of the total expenditure and its share increased consistently to the peak level of 90.47 *per cent* in 2006-07. During the current year, its share however declined to 85.10 *per cent* mainly on account of its relatively slower growth rate of 11.64 *per cent* over the previous year vis-à-vis a steep increase of 97.22 *per cent* in capital expenditure during the current year.

*(Para 4.9 to 4.11)*

- During 2007-08, the capital expenditure increased (Rs. 57644 crore) by the highest ever rate of 97.22 *per cent* mainly on account of steep increase in non-plan capital expenditure due to acquisition cost of RBI's stake in SBI (Rs. 35531 crore) and subscription in the rights issue of equity share of SBI (Rs. 9996 crore). Despite such a steep increase, capital expenditure was less than the level projected by Twelfth Finance Commission (TFC) for 2007-08.

*(Para 4.11)*

- The disbursement of Loans and Advances exhibited a steep decline during 2005-06 and 2006-07 on account of acceptance of TFC recommendation regarding disintermediation of Central Government in borrowings by State Governments to finance their State Plans. The loans and advances disbursed by the Union Government has, however, indicated an increase of Rs. 1758 crore (17.55 *per cent*) in 2007-08 over the previous year mainly on account of an increase of Rs. 1741 crore (35.58 *per cent*) in loans and advances to States. The amount of loans and advances disbursed to States still remained below the level of 2005-06.

*(Para 4.12)*

- The expenditure on social services increased from Rs. 46494 crore in 2006-07 to Rs. 63246 crore in 2007-08 registering a growth of 36.03 *per cent* as compared to an average growth rate of 7.96 percent in IX Plan and 21.89 *per cent* in X Plan. As regards economic services, the growth rate in 2007-08 was 24.45 *per cent* far above the growth of



only 6.36 *per cent* in IX Plan and 14.46 *per cent* in X Plan. Increased spending in these services was largely in areas such as rural employment, education, health and drinking water supply and sanitation, infrastructure facilities like rural roads, housing and rural electrification.

*(Para 4.36 to 4.39)*

- The share of development expenditure and plan expenditure in total expenditure, however, exhibited relative stability over time. Further analysis of trends in Government expenditure reveals that Non-plan expenditure far outweighs the Plan expenditure and revenue expenditure completely overshadows capital expenditure.

*(Para 4.17, 4.18, 4.20 to 4.24, 10.4 & 10.5)*

#### ***Management of Fiscal Imbalances***

- Three key fiscal parameters - revenue, fiscal and primary deficits measured relative to GDP- indicate the extent of overall fiscal imbalances in the finances of the Union Government during a specified period. The fiscal performance of the Union Government in terms of these parameters has indicated improvement in 2007-08 over the previous year as both revenue and fiscal deficits have declined from Rs. 132847 crore and Rs. 182934 crore in 2006-07 to Rs. 85435 crore and Rs. 164962 crore in 2007-08, respectively.

*(Para 5.1, 5.3 5.4 & 5.7)*

- The actual levels of revenue and fiscal deficits in 2007-08 at 1.81 and 3.50 *per cent* of GDP were although higher than their budget estimates, respectively, by 0.31 and 0.20 percentage points but the fiscal correction during 2007-08 was higher than the minimum reductions of 0.3 *per cent* and 0.5 *per cent* (relative to GDP) for fiscal and revenue deficit, respectively, stipulated per year under the FRBM Rules, 2004. Furthermore, the Finance Accounts showed primary surplus of Rs. 15025 crore (which was, however, only 0.32 *per cent* of GDP) from the huge deficit of Rs. 28654 crore in 2006-07 reflecting containment of non-interest expenditure below the non-debt receipts.

*(Para 5.4, 5.8, 5.14 5.19 & 5.20)*

- Revenue and fiscal deficits as indicated/derived from the Finance Accounts continued to be different from those being depicted in



Budget at a Glance and some of the papers accompanying Budget Documents mainly on account of the fact that the issuance of the bonds/securities by Union Government is not taken as part of budgetary expenditure/receipts. As a result, not only the deficits in the Union Government Budget are understated, it also raises the issue of transparency in fiscal operations and inter-generational equity in fiscal management of the Government. For instance, the Government's outstanding liabilities on account of Petroleum Bonds alone has consistently increased and stood at Rs. 71288 crore as on 31 March, 2008, thereby transferring significant liabilities to future generations without appropriately reflecting them in the Union Budget.

*(Para 1.6 to 1.9, 5.22, 6.19, 10.7)*

### ***Management of Fiscal Liabilities***

- Aggregate fiscal liabilities increased consistently and reached the peak level of Rs. 2476357 crore in 2007-08. Internal debt was not only the most predominant component of the aggregate liabilities, accounting for around 72.66 *per cent* of them in 2007-08, but was also the fastest growing component with its growth rate of 16.48 *per cent*. Public account liabilities grew at the rate of 6.33 *per cent* during the current year. These two components, which in terms of their origin are domestic liabilities, constituted 91.52 *per cent* of the aggregate liabilities in 2007-08.

*(Para 6.3, 6.4)*

- The aggregate fiscal liabilities relative to GDP although indicated a declining tendency and reached the level of 52.54 *per cent* in 2007-08 but the incremental total liabilities relative to GDP at 6.18 *per cent* during the current year are marginally above the ceiling limit of 6 *per cent* projected for 2007-08 as per the Rules prescribed under FRBM Act.

*(Para 6.5, 6.6)*

- In terms of the criterion suggested by the Eleventh and Twelfth Finance Commissions as well as in terms of Domar's Debt Stability Equation, indicators for debt stability and sustainability reveal favourable trends and debt relative to GDP indicates declining tendency. This ratio at 52.54 *per cent* in 2007-08 is still far above the norm of 44 *per cent* recommended by TFC for 2009-10 in its Restructuring Plan of Union Finances.

*(Para 6.12 to 6.19)*







# Chapter 1

## UNION GOVERNMENT FINANCES – AN OVERVIEW

An overview of the finances of the Union Government for the current year revealed that the year 2007-08 ended with a surplus of Rs. 99030 crore in the Consolidated Fund of India as against the deficit of Rs. 19244 crore in the previous year. The surplus in Public Account, however, decreased from Rs. 48639 crore in 2006-07 to Rs. 35721 crore during the year. These fiscal developments in Union Finances were mainly on account of an increase in net revenue receipts (23.61 per cent); miscellaneous capital receipts (7165.17 per cent) of the Union Government resulting into an increase in non-debt receipts (28.28 per cent) against an increase of (18.70 per cent) in total expenditure. Revenue expenditure continued to be the dominant component (85.10 per cent) of the total expenditure while capital expenditure witnessed significant volatility. After recording a relatively low average growth rate of 5 per cent during 2005-06 and 2006-07, it increased by an ever highest rate of 97.22 per cent in 2007-08 mainly on account of steep increase in capital expenditure in the form of investment in general financial and trading institutions. The revenue deficit and fiscal deficit relative to GDP at 1.81 and 3.50 per cent, respectively, were although higher than their budget estimates, respectively, by 0.31 and 0.20 percentage points but the fiscal correction during 2007-08 was higher than the minimum reductions of 0.3 per cent and 0.5 per cent (relative to GDP) for fiscal and revenue deficit, respectively, stipulated per year under the FRBM Rules, 2004. Furthermore, the Finance Accounts showed primary surplus of Rs. 15025 crore (which was, however, only 0.32 per cent of GDP) from the huge deficit of Rs. 28654 crore in 2006-07 reflecting containment of non-interest expenditure below the non-debt receipts. The continued negative spread in the growth of resource availability and assets formation resulted in progressive decline in assets base of the Union government relative to its liabilities since 2003-04 and exhibited relative stability during the current year.

**1.1** The annual accounts of Union Government presented to the Parliament consist of Finance Accounts and Appropriation Accounts. Finance Accounts depicts the statements of receipts in and payments from the Consolidated Fund, Contingency Fund and Public Account, while Appropriation Accounts depicts the budget provision, expenditure and the resultant excess/savings under each grant/appropriation.

### **Box 1.1 : Union Government funds and the Public Account**

<b>Consolidated Fund</b> 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.	<b>Contingency Fund</b> The 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 the 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.
<b>Public Account</b> 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 moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the connected disbursements are also made there from.	

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1.2 This chapter provides a broad perspective of the finances of the Union Government during 2007-08 and analyses critical changes in the major fiscal aggregates during the period 1992-2008 encompassing VIII to X Plan periods and the first year of the XI Plan. Table 1.1 summarises the position of the finances of the Union Government, covering its receipts, disbursements, deficits and borrowings (need and its accommodation) in the current year (2007-08).

**Table 1.1 Summary of the current year's operations**

*(Rupees in crore)*

Receipts		Derived Parameters	Disbursements	
<b>Consolidated Fund of India (CFI)</b>				
Revenue Receipt	649426	Revenue Deficit 85435	Revenue Expenditure	734861
Misc. Capital Receipts	38796		Capital Expenditure	116937
Recovery of Loans	10391		Loans and Advances	11777
Total Non-Debt Receipts	698613	Fiscal Deficit 164962	Total Expenditure	863575
Public Debt	1868102		Public Debt	1604110
Total CFI	2566715	Surplus in CFI 99030	Total CFI	2467685
<b>Contingency Fund</b>				
Receipts	0		Appropriation	0
<b>Public Accounts</b>				
Small savings	294333		Small savings	262064
Reserves & Sinking Fund	75771		Reserves & Sinking Fund	65377
Deposits	37622		Deposits	52525
Advances	32094		Advances	33219
Suspense account	18514		Suspense account	10585
Remittances	2647		Remittances	1490
Total Public Account	460981	Surplus in Public Account 35721	Total Public Account	425260
Opening Cash	94882	Increase in Cash 134751	Closing Cash	229633
Public Account Surplus (Demand)		35721	Increase in Cash - Surplus in (CFI)	
Incremental Liabilities (Supply)		291752	Surplus of (Debt+ Small Savings+ RF+ Deposits)	
Incremental Liabilities (Demand)		291752	Fiscal Deficit + Increase in Cash + Net Disbursement of (Advances+ Suspense+ Remittances)	

1.3 The year 2007-08 ended with a surplus of Rs. 99030 crore in the Consolidated Fund of India as against the deficit of Rs. 19244 crore in the previous year. The surplus in Public Account, however, decreased from Rs. 48639 crore in 2006-07 to Rs. 35721 crore during the year. These fiscal developments in Union Finances were mainly on account of (a) an increase of



Rs. 136023 crore (18.70 *per cent*) in total expenditure as against an increase of Rs. 153995 crore (28.28 *per cent*) in non-debt receipts during 2007-08 over the previous year, (b) net increase of Rs. 223474 crore (13.59 *per cent*) in public debt receipts as against an increase of Rs. 123172 crore (8.32 *per cent*) in disbursement of public debt over the previous year and (c) decline of Rs. 14419 crore in receipts under deposits against an increase of Rs. 10708 crore in disbursements in 2007-08 over the previous year. A surplus of Rs. 99030 crore in CFI as well as of Rs. 35721 crore in public account resulted into an increase of Rs. 134751 crore in the cash balances of the Union at the end of the financial year 2007-08. An increase of Rs. 124033 crore in net revenue receipts (21.92 *per cent*) as against an increase of Rs. 76621 crore revenue expenditure (11.64 *per cent*) during 2007-08 over the previous year resulted in a decline of Rs. 47412 crore in revenue deficit of the Union Government in 2007-08 over the previous year. Given the decline in revenue deficit along with an increase of Rs. 29962 crore in non-debt capital receipts, a steep increase of Rs. 57644 crore in capital expenditure with a marginal increase of Rs. 1758 crore in disbursement of loans and advances led to only a moderate decline of Rs. 17972 crore in fiscal deficit during the current year. Fresh liabilities not only accommodated this resource gap but led to an emergence of surplus in CFI and in turn resulted in accretion to cash balances by Rs. 134751 crore at the end of current year.

**Box 1.2: Managing Funds: Constitutional Provisions**

Article 266 (3) of the constitution of India provides that "No moneys out of the CFI or the Consolidated Fund of State shall be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution". This provision read with **Articles 112 and 114**, culminate in the Appropriation Act after the Demands for Grants of financial year are voted by the Lok Sabha, and the connected Appropriation Bill is passed by the Parliament and assented to by the President of India. Also, Sections 2 and 3 of the Appropriation Act provide as under:

From out of the CFI, there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate towards defraying the several charges which will come in course of payment during the financial year in respect of the services specified in column 2 of the Schedule.

The sums authorised to be paid and applied from and out of the CFI by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

**1.4** The Union Budget presents three sets of figures: (a) actuals for the preceding year, (b) revised estimates for the current year and (c) budget estimates of the forthcoming year. How close the actuals are to the budget estimates indicates the extent to which fiscal discipline was enforced during the year. Several reasons may account for the deviation of the actual realisation from the budget estimates. It may be because of unanticipated and unforeseen event or methodological inadequacies that may lead to under or over estimation of expenditure or revenue at the budget stage or it may at times be considered prudent to be conservative. Actual realisation of revenue and its disbursement depend on a variety of factors, some internal and others



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external. Table 1.2 provides a summary of budget estimates and actuals for some important fiscal parameters.

**Table 1.2: Union Government Finances 2007-08 - Budget and Actuals**

*(Rupees in crore)*

Budget Estimates		2006-07 Actual	2007-08		Deviation from Budget	Deviation* Per cent
			Actual	Budget Estimates		
1	Total Receipts of the Union	2644265	3027696	2732472	295224	10.80
2	Revenue Receipts	525393	649426	583647	65779	11.27
	Tax revenue	353182	441347	405672	35675	8.79
	Non-tax revenue	172211	208079	177976	30103	16.91
3	Miscellaneous Capital receipts	534	38796	41651	(-) 2855	(-) 6.85
4	Recovery of Loans and Advances	18691	10391	3030	7361	242.94
5	Public Debt receipt	1644628	1868102	1750984	117118	6.69
6	Public Account Receipts	455019	460981	353159	107822	30.53
7	Total Disbursement of the Union	2614870	2892945	2722471	170474	6.26
8	Revenue Expenditure	658240	734861	655625	79236	12.09
9	Capital Expenditure	59293	116937	115162	1775	1.54
10	Loans and Advances	10019	11777	9028	2749	30.45
11	Repayment of Public Debt	1480938	1604110	1611646	(-) 7536	(-) 0.47
12	Public Account Disbursement	406380	425260	331010	94250	28.47
13	Revenue Deficit	132847	85435	71978	13457	18.70
14	Fiscal Deficit	182934	164962	150948	14014	9.28

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

**1.5** Revenue receipts and revenue expenditure exceeded the budget estimates by 11.27 per cent and 12.09 per cent, respectively, resulting in an increase in revenue deficit by 18.70 per cent over the budgeted level envisaged for 2007-08. Fiscal deficit, which represents overall resource gap of the government, also exceeded budgeted figures by 9.28 per cent. A substantial increase in recovery of loans and advances (Rs. 7361 crore) against the budget estimates along with a moderate increase in their disbursements (Rs. 2749 crore) as well as in capital expenditure (Rs. 1775 crore) provided cushion for fiscal deficit and it increased by Rs. 14014 crore in 2007-08 relative to the budget estimates during the year. With respect to public debt, though receipts exceeded the budgeted figures, the disbursements (repayments) fell short. The net impact of these in terms of increase in liabilities was Rs. 124654 crore. On the whole, the impact of prudent fiscal policy was evident on revenue receipts but increased spending on social sectors and enhanced transfers to states

resulted in increased revenue expenditure. Besides, deviations in other parameters relative to the budget estimates were also quite significant.

### Inconsistencies between Finance Accounts and Budget Documents

1.6 To ensure an effective Parliamentary financial control, it is imperative that the principles of recognition of expenditure and receipt are consistent in the Budget Documents and Finance and Appropriation Accounts. Figures for revenue and fiscal deficits as indicated/derived from the Finance Accounts have, however, continued to be different from those being depicted in Budget at a Glance and some of the papers accompanying Budget Documents. This difference has been due to inclusion/exclusion of some of the transactions on receipts and expenditure side. While these are indicated in the accompanying documents of Budget papers, it may nonetheless be important to indicate these upfront. Table 1.3 provides the difference in revenue and fiscal deficit as indicated/derived from the Finance Accounts and as depicted in Budget at a Glance along with the necessary reconciliation transactions for five year period from 2002-03 to 2006-07.

**Table 1.3: Revenue and Fiscal Deficit as in Finance Accounts and in Budget at a Glance**

	<i>(Rupees in crore)</i>				
	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Deficits as per Finance Accounts</b>					
Revenue Deficit	109765	100986	78700	109697	132847
Fiscal Deficit	134588	80937	103798	164927	182934
<b>Deficit as per Budget at a Glance</b>					
Revenue Deficit	107880	98262	78338	92299	80222
Fiscal Deficit	145072	123272	125202	146435	142573
<b>Difference in the two Figures</b>					
Revenue Deficit	1885	2724	362	17398	52625
Fiscal Deficit	(-) 10484	(-) 42335	(-) 21404	18492	40361
<b>Factors Explaining the Differences</b>					
Bonds issued to Oil Companies (Revenue Expenditure)		349		17263	24121
Securities issued to Food Corporation of India (FCI)					16200
Securities Issued to Unit Trust of India (UTI) (Revenue Exp)	1511	2375	362		
Securities Issued to /nationalised banks (Capital Expenditure)	384	(-) 110	(-) 88	500	
Securities issued to International Monetary Fund (IMF) omitted per contra from capital expenditure	1011	1262	415	595	40
Redemption of Securities issued to National Small Savings Fund (NSSF)	(-) 13765	(-) 46211	(-) 32675		
Securities issued to Asset Management Trust for Stressed Assets Stabilisation Fund (SASF) of Industrial Development Bank of India (IDBI)			9000		



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*(Rupees in crore)*

	2002-03	2003-04	2004-05	2005-06	2006-07
Securities issued to RBI (Revenue Expenditure)	374				
Securities issued to RBI to set off loans to Infrastructure Development Finance Company (IDFC) Ltd			350		
Conversion of interest receivable to equity in National Hydro Power Corporation (NHPC) and Tehri Hydro Development Corporation (THDC)			640		
Investment in Nuclear Power Corporation			592		
Adjustment of Write off of outstanding loans to state governments against recovery of loans					12304
Realisation of stressed assets of IDBI				134	
<b>Combined Effect</b>	<b>(-) 10485*</b>	<b>(-) 42335</b>	<b>(-) 21404</b>	<b>18492</b>	<b>52625</b>

\* Difference due to rounding of Summary of balances

**1.7** It is evident from the trends presented in Table 1.3 that the Union Government has been issuing securities as an integral component of restructuring plan of nationalised banks and other domestic financial institutions such as UTI, IDFC, IDBI as well as to IMF thereby creating extra budgetary liabilities. The extra-budgetary items have, however, become a significant component of liabilities in the recent past. The Central Government, besides providing explicit subsidies on petroleum, food and fertiliser, has also been periodically issuing special bonds to the oil marketing companies (since 1997-98), the FCI (in 2006-07) and fertiliser companies (in 2007-08) as compensation towards under-recoveries of their products. The Finance Accounts for 2006-07 placed the issuance of such securities at Rs. 40321 crore of which Rs. 24121 crore were issued to oil marketing companies and Rs. 16200 crore to FCI. The 'Budget at a Glance 2008-09' indicates revised estimates for 2007-08 for issuance of such securities at Rs. 18757 crore, of which Rs. 11257 crore were issued to oil marketing companies and Rs. 7500 crore to fertiliser companies *in lieu* of subsidies. The Finance Accounts for 2007-08, however placed the actual issuance of special securities to oil companies as compensation for under-recoveries and for settlement of contingent liabilities amounting to Rs. 20333 crore and Rs. 221 crore, respectively. The Government's outstanding liabilities on account of Petroleum Bonds has been consistently increasing and stood at Rs. 71288 crore as on 31 March, 2008. Special securities issued to fertiliser companies as compensation for fertiliser subsidy amounted to Rs. 7500 crore as indicated in Budget at a Glance for 2008-09.

**1.8** Union Government considers the issuance of these bonds/securities *per se* to be fiscal deficit neutral since they do not involve cash flow and are, therefore, not treated as part of budgetary expenditure/receipts. According to the existing accounting practice, the issuance of oil bonds and other similar bonds is reflected in the Annual Financial Statement (AFS) of the Union Budget under the public account and a matching transaction is shown under



revenue expenditure for settlement of claims with oil companies/fertiliser companies. These transactions are then netted out of the revenue account of the expenditure budget and the capital account of the receipts budget through the respective reconciliation statements. However, these bonds have fiscal implications as they add to the liability of the Government. Furthermore, as interest payments on such bonds are treated as part of the revenue expenditure, they affect the revenue deficit and, thereby, the fiscal deficit on a continuing basis. The net accretion to Public Account during the year is, thus, utilised as a resource to meet deficits in Consolidated Fund of the Government.

1.9 The significant quasi-fiscal transactions to finance recurrent revenue expenditures through *de facto* borrowings not only create apprehensions about the quality of the fiscal consolidation process that is underway but raises the issue of transparency in fiscal operations and inter-generational equity in fiscal management and long term macroeconomic stability. Logically, fiscal deficit calculations presented to the Parliament in 'Budget at a glance' should reckon net effect of all such items taken to the Public Account. However, on being pointed out by CAG that the revenue and gross fiscal deficits were understated to the extent the Government incurred liabilities on account of oil, food and fertiliser bonds, the Union Budget 2008-09 for the first time explicitly reported the off-budget items as below the line items in the 'Budget at a Glance'. It was also recognised that there was need to bring these liabilities into the fiscal accounting and Thirteenth Finance Commission has been requested by the Union Government to suggest the suitable roadmap for accounting these off-budget liabilities. However, till such liabilities are fully reckoned in the budgeting process of the Union Government, inconsistency between revenue and fiscal deficits as reported in the Union Budget and as emerged from the audited Finance Accounts need to be appropriately disclosed and correct amount of the revenue and fiscal deficits reckoning all the off-budget liabilities should be reported by the Government in the Union Budget bringing transparency in the operations of these off-budget items.

#### Union Government Finances 1992-2008 - Some Key Parameters

1.10 A detailed analysis of the Union Government's finances covering revenue receipts, expenditure, fiscal imbalances and fiscal liabilities are contained in Chapters 3 to 6 of this Report. An overview of the key parameters is presented below.

#### Summary of Balances

1.11 Statement 12 of the Finance Accounts provides a summary of cumulative outcome of the Government finances in terms of availability and use of resources. This statement read with Statement 5 of the Finance Accounts is akin to a Balance Sheet of the Government. Table 1.4 provides the summary of the Government finances during 1992-93 and 2007-08, the base year of the analysis and the current year.

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**Table 1.4: Summary of Balances of Government Finances**

(Rupees in crore)

	Resource use			Resource availability			
	As on 31st March		CARG*	As on 31st March			CARG*
	1993	2008		1993	2008		
Capital Outlay	155291	723025	10.80	Internal Debt	199100	1799651	15.82
Loans & Advances	135672	219482	3.26	External Debt	42269	112031	6.72
<b>Resource use in terms of functions</b>				Small Savings	136802	339815	6.26
Social Services	6052	27752	10.69	Other Obligations	23752	126787	11.82
Agriculture & Allied	8740	9026	0.21	Fiscal Liabilities	401923	2378284	12.59
Irrigation and Energy	40364	65702	3.30	Cash Balances	(-) 1919	(-) 239641	37.99
Industry & Minerals	41174	87866	5.19	Suspense Balances	(-) 3819	(-) 10910	7.25
Transport & Communication	38370	149789	9.51	Remittances	(-) 3607	(-) 2890	1.47
Other Economic Services	25549	133443	11.66	Advances	(-) 1307	(-) 4467	8.54
Total Economic Services	154197	445826	7.34	Contingency Fund	50	500	16.60
General Services & Others	39160	322858	15.11	Availability of Funds	391321	2120876	11.93
Loans to States	91554	146071	3.17	Resource Gap	(-) 100358	(-) 1178369	17.86
Total Assets	290963	942507	8.16	Resource Use	290963	942507	8.16

(\*Cumulative Annual Rate of Growth)

1.12 While the net availability of funds of the Union government increased at an annual rate of 11.93 per cent, assets of the government comprising the capital expenditure and loans and advances increased at an average rate of 8.16 per cent only. This negative spread in the growth of resource availability and assets formation resulted in progressive decline in assets base of the Union Government relative to its liabilities. Within the assets, capital expenditure or the capital formation by the government directly witnessed a relatively higher growth during 1993-2008. "Loans and advances", which is akin to capital formation through its parastatals, increased at an average rate of 3.26 per cent. Investment or assets formation in agriculture and allied activities recorded a negligible (less than one per cent) growth rate of 0.21 per cent while irrigation and energy as well as industry and minerals recorded a relatively lower growth as compared to other sectors during this period. Investment in social and economic services grew at 10.69 per cent and 7.34 per cent, respectively, and within the economic services, the investment in transport and communication increased at a faster rate than its other components during this period. The other component, which grew faster than the average growth, was the expenditure on general services and others, including public works and defence. Resource gap measured as a difference between net availability of funds and resource use increased from around 25.65 per cent of net funds availability as on 31 March 1993 to around 55.73 per cent as on 31 March 2008.

**Box 1.3: Reporting Parameters**

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, 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 1999-2000 as base as published by the Central Statistical Organisation has been used. The GDP estimates for the current year are as given by CSO in their Press Note released on 30<sup>th</sup> May 2008.

For tax revenue, 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 1992-2008 has been indicated. Further, trend growth over the VIII Plan (1992-97), IX Plan (1997-2002) and the X Plan (2002-07) has 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 rates have also been indicated for the five years of the X Plan (2002-07) as well as for 2007-08, the first year of the XI Plan (2007-12) to indicate the trends during the high growth rate regime.

For most series, ratios with respect to GDP have also been indicated. Akin to the growth rates, average ratios have been used for the period 1992-2008 and separately for the VIII, IX and X Plan periods. Annual ratios for the five years of the X Plan (2002-07) and the first year of XI Plan (2007-12) have also been indicated.

**Revenue Receipts**

**1.13** 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) during VIII Plan (1992-1997), IX Plan (1997-2002), separately for five years of the X Plan (2002-07) and for the first year of the XI Plan (2007-12). The trends in key parameters of the Union Government revenue receipts relative to GDP are also depicted in Chart 1.1

**Table 1.5: Key parameters of the Union Government revenue receipts**

Period	<i>(Per cent)</i>						
	Gross Tax Revenue		Non-Tax Revenue		Total Net Revenue of the Union		GDP Growth
	A	B	A	B	A	B	
1992-2008	13.65	9.89	9.67	5.25	10.86	12.99	12.29
<b>VIII Plan (1992-97)</b>	<b>15.89</b>	<b>9.31</b>	<b>14.66</b>	<b>5.92</b>	<b>15.02</b>	<b>14.32</b>	<b>16.72</b>
<b>IX Plan (1997-02)</b>	<b>9.00</b>	<b>8.64</b>	<b>8.00</b>	<b>6.03</b>	<b>4.65</b>	<b>13.12</b>	<b>10.33</b>
<b>X Plan (2002-07)</b>	<b>21.31</b>	<b>10.04</b>	<b>4.86</b>	<b>4.80</b>	<b>14.59</b>	<b>12.26</b>	<b>14.00</b>
2002-03	15.61	8.81	6.58	5.69	13.02	12.22	7.71
2003-04	17.61	9.23	7.76	5.46	13.10	12.31	12.23
2004-05	19.90	9.68	-0.01	4.78	11.14	11.97	14.33
2005-06	20.07	10.23	5.76	4.45	14.35	12.04	13.68
2006-07	29.32	11.42	8.19	4.15	21.92	12.67	15.79
<b>XI Plan (2007-12)</b>							
2007-08	25.27	12.58	20.83	4.41	23.61	13.78	13.68

A: - Rate of growth

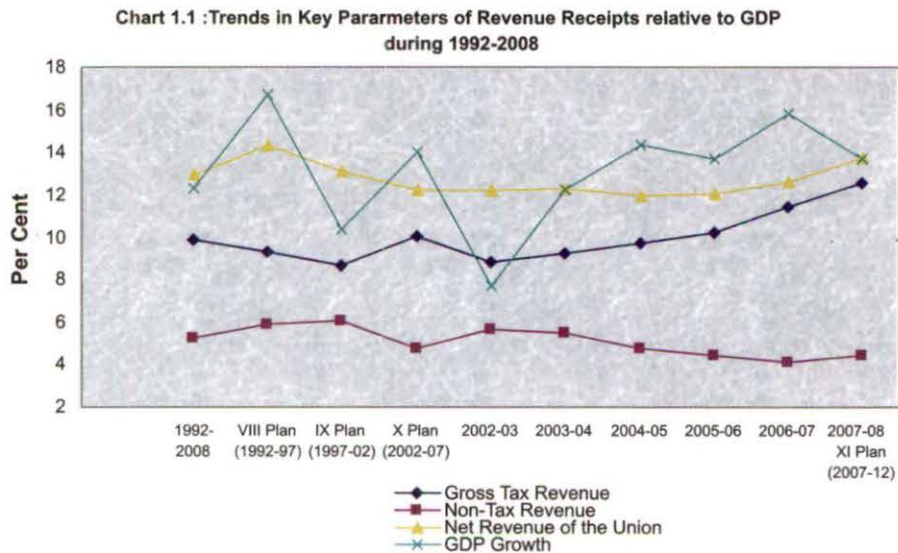
B: - Relative share as percentage to GDP

**1.14** The average annual rate of growth of revenue receipts (including the tax and non-tax receipts) was comparatively lower than the growth of GDP



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during the period 1992-2008. For over a decade from 1992 to 2002 encompassing the period of VIII and IX Five Year Plans, the rate of growth of revenue receipts and its two components remained lower than the rate of growth of GDP. It was only during the X Plan period (2002-07) that the average rate of the growth of the net revenue receipts of Union exceeded the average rate of growth of GDP indicating revenue buoyancy of more than a unity. The rate of growth in gross tax revenue increased consistently during the X Plan (2002-07) resulting in rising tax-GDP ratio. The ratio of tax receipts to GDP which had declined to an average of 8.64 per cent during the IX Plan (1997-2002) continued its rising trend and after crossing the 10 per cent for the first time in 2005-06 during the regime of economic reforms reached to the level of 12.58 per cent in the current year. The increasing buoyancy in tax revenue of the Union could, inter-alia, be attributed to the rationalisation of the tax structure and other taxation measures undertaken during the last few years.



**1.15** The average non tax receipts had indicated a lower growth rate during the IX Plan (1997-2002) and X Plan (2002-07) as compared to the VIII Plan (1992-1997). The rate of growth of non-tax receipts not only remained sluggish during the first two years of X Plan partly due to corporatisation of telecom services and setting up of Prasar Bharati but it turned negative during 2004-05 mainly due to significant reduction in the interest receipts of the Union during the year as a result of the debt swap scheme enabling pre-payment of high cost Central Government loans. The interest receipts continued to reflect negative growth rate during 2005-06 and 2006-07 on account of further consolidation and reschedulement of central loans to states under the award of Twelfth Finance Commission (TFC). Taking a turnaround, the interest receipts have increased by Rs. 8059 crore (30.35 per cent) in 2007-08 over the previous year mainly on account of an increase of Rs. 2896 crore

(77 per cent) in interest receipts on loans for State Plan Schemes and interest receipts along with a premium arising out of market stabilisation scheme during the year. The receipts from social services after reaching the unusually high level of Rs. 1643 crore in 2005-06 declined to the trend level of Rs. 467 crore in 2006-07. During the current year, receipts from social services have again increased by Rs. 275 crore (59 per cent). The increased collection under interest receipts, economic services and dividends and profits respectively by Rs. 8059 crore (30.35 per cent), Rs. 20532 crore (20.44 per cent) and Rs. 5190 crore (17.71 per cent) over the previous year resulted in an overall increase of Rs. 35868 crore (20.83 per cent) in non tax receipts during the current year.

### Expenditure

1.16 The trends in Union Government's total expenditure and its components are presented in Table 1.6. Chart 1.2 also depicts the trends in total expenditure and its components relative to GDP during the period 1992-2008 encompassing the VIII Plan (1992-1997), IX Plan (1997-2002), separately for five years of the X Plan (2002-07) and for the first year of the XI Plan (2007-12). Rate of growth of total expenditure declined from an average of 11.77 per cent in VIII Plan (1992-1997) to 6.62 per cent during the IX Plan (1997-2002) and increased steeply during the last two years (2005-06 and 2006-07) of X Plan (2002-07) to 10.91 and 19.42 per cent, respectively, and the momentum continued in 2007-08, the first year of XI Plan (2007-12) resulting in a long term growth rate of 10.26 per cent during the period 1992-2008. Revenue expenditure, which grew at relatively higher average rate of 14.23 per cent during the VIII Plan (1992-97) declined to an average rate of 7.63 per cent during the IX Plan (1997-2002) but picked up again to an average rate of 12.24 per cent during the X Plan (2002-07) especially on account of its acceleration during 2005-06 and 2006-07. The pace of acceleration in revenue expenditure somewhat slowed down in 2007-08 and it increased only by 11.64 per cent during the year.

Table 1.6: Key parameters of the Union Government expenditure

(Per cent)

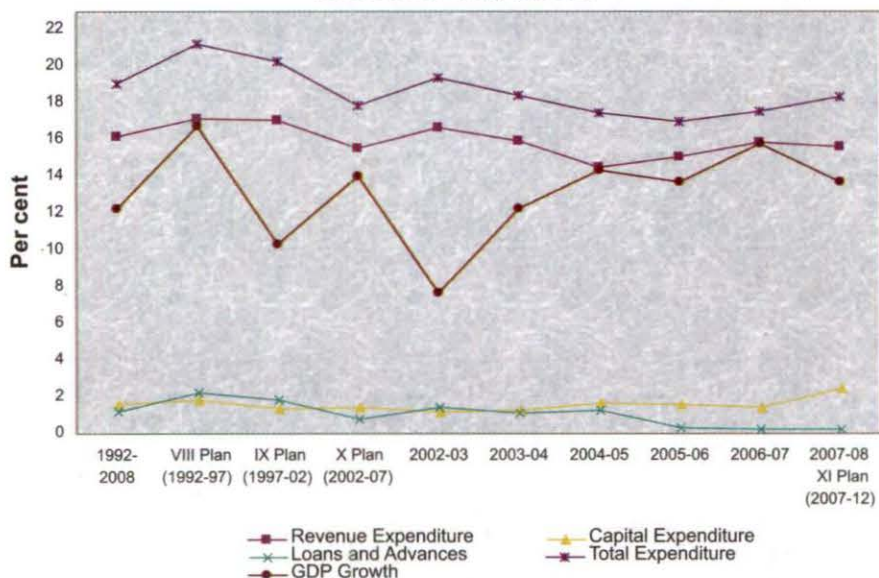
Period	Revenue Expenditure		Capital Expenditure		Loans and Advances		Total Expenditure	
	A	B	A	B	A	B	A	B
1992-2008	11.12	16.20	10.44	1.63	(-) 2.74	1.22	10.26	19.05
VIII Plan (1992-97)	14.23	17.11	(-) 8.44	1.88	11.91	2.26	11.77	21.25
IX Plan (1997-02)	7.63	17.06	9.22	1.36	(-) 3.42	1.83	6.62	20.25
X Plan (2002-07)	12.24	15.57	19.61	1.46	(-) 29.46	0.81	10.86	17.84
2002-03	9.06	16.69	(-) 2.55	1.24	(-) 6.19	1.48	6.92	19.41
2003-04	7.45	15.98	16.08	1.29	(-) 13.51	1.14	6.40	18.40
2004-05	3.52	14.47	51.56	1.70	28.02	1.27	8.39	17.44
2005-06	18.67	15.10	4.59	1.57	(-) 68.85	0.35	10.91	17.02
2006-07	21.75	15.88	5.66	1.43	(-) 19.80	0.24	19.42	17.55
XI Plan (2007-12)								
2007-08	11.64	15.59	97.22	2.48	17.55	0.25	18.70	18.32

A: - Rate of growth

B: - Relative share as percentage of GDP

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**Chart 1.2: Trends in Key Parameters of Government Expenditure  
Relative to GDP during 1992-2008**



**1.17** Capital expenditure witnessed significant volatility, but average annual growth of this component of expenditure at 10.44 per cent was marginally higher than that of total expenditure during the period 1992-2008. This component of total expenditure accelerated from negative rate of growth of 8.44 per cent during VIII Plan (1992-97) to 9.22 per cent during the IX Plan (1997-2002) and further to 19.61 per cent during the X Plan (2002-07) with inter-year variations. During the X Plan (2002-07), after attaining a significant acceleration in growth during 2003-04 and 2004-05, capital expenditure increased relatively at a lower pace during 2005-06 and 2006-07. During 2007-08, it increased by an ever highest rate of 97.22 per cent mainly due to steep increase in capital expenditure in the form of investment in general financial and trading corporations from (-) Rs. 4009 crore in 2006-07 to Rs. 45627 crore in 2007-08 as well as from Rs. 33828 crore to Rs. 37462 crore in defence services. Disbursement of loans and advances also exhibited an overall declining trend since IX plan (1997-2002). Steep decline since 2005-06 was on account of the fact that Union Government discontinued its role as an intermediary in future lending to States on the recommendations of TFC except for loans under externally aided projects. The loans and advances disbursed by the Union Government has, however, indicated an increase of Rs. 1758 crore (17.55 per cent) in 2007-08 over the previous year mainly on account of an increase of Rs. 1741 crore (35.58 per cent) in loans and advances to States.

## Fiscal imbalances

1.18 Fiscal imbalances not only continued to be persistent but also remained significant in volume as reflected in the Table 1.7 below:

Table 1.7: Ratio of Revenue and Fiscal Deficit to GDP

*(Per cent)*

Period	Revenue Deficit	Fiscal Deficit	Revenue Deficit as percentage to Fiscal Deficit
1992-2008	3.20	4.90	65.43
VIII Plan (1992-97)	2.79	6.03	46.26
IX Plan (1997-02)	3.94	6.23	63.26
X Plan (2002-07)	3.31	4.15	79.74
2002-03	4.47	5.48	81.56
2003-04	3.67	2.94	124.77
2004-05	2.50	3.30	75.82
2005-06	3.06	4.61	66.51
2006-07	3.20	4.41	72.62
XI Plan (2007-12)			
2007-08	1.81	3.50	51.79

1.19 There was an increase in the revenue deficit/GDP ratio from an average of 2.79 *per cent* during the VIII Plan (1992-1997) to an average of 3.94 *per cent* during the IX Plan (1997-2002) but the trend was reversed and it declined to 3.31 *per cent* during X Plan (2002-07). Similar trends were exhibited by the Fiscal deficit-GDP ratio which increased from an average of 6.03 *per cent* during the VIII Plan to an average of 6.23 *per cent* during the IX Plan but it declined to 4.15 *per cent* during the X Plan (2002-07) indicating a mixed trend in the behaviour of these parameters. The ratio of revenue deficit to GDP declined from 4.47 *per cent* in 2002-03 to 2.50 *per cent* in 2004-05 (by 1.97 percentage points) but it again increased thereafter and reached to 3.20 *per cent* in 2006-07. Similarly, the ratio of fiscal deficit to GDP which declined from 5.48 *per cent* in 2002-03 to 2.94 *per cent* in 2003-04, i.e. by 2.54 percentage points moved northwards again and increased to 4.41 *per cent* during 2006-07. The low revenue and fiscal deficit to GDP ratio especially during 2003-04 and 2004-05 could be attributed to the implementation of debt swap scheme and accelerated recovery of loans and advances earlier given to the States. In the wake of higher fiscal devolution to States as recommended by TFC and higher spending on social sectors, accelerated recovery of loans from States vis-à-vis disbursement of loans and decline in the pace of capital expenditure, the trends in 2005-06 and 2006-07 indicated that the fiscal correction was not in conformity with the targets prescribed under the FRBM Rules, 2004.

1.20 The revenue and fiscal deficit to GDP ratios have declined steeply to 1.81 and 3.50 during 2007-08. These ratios remained higher than the budget estimates at 1.5 and 3.3, respectively, presented in the 'Budget at Glance-2007-08'. Notwithstanding the slippages in deficit indicators vis-à-vis their



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budget estimates, the fiscal deficit and revenue deficit, as percentages to GDP, at 3.50 *per cent* and 1.81 *per cent*, respectively, in 2007-08 as emerged from Finance Accounts for 2007-08 were lower by 0.91 and 1.39 percentage points than those in 2006-07. The fiscal correction during 2007-08, thus, turned out to be higher than the minimum reductions of 0.3 *per cent* and 0.5 *per cent* (relative to GDP) for fiscal and revenue deficit, respectively, stipulated per year under the FRBM Rules, 2004. Furthermore, the Finance Accounts showed primary surplus of Rs. 15025 crore (which was, however, only 0.32 *per cent* of GDP) from the huge deficit of Rs. 28654 crore in 2006-07 reflecting containment of non-interest expenditure below the non-debt receipts. Fiscal consolidation of the Central Government under the FRBM Act, 2003 has been revenue-led, underpinned by a significant increase in the tax-GDP ratio. The robust economic growth and macroeconomic stability, in general, resulted in higher than anticipated tax revenues as reflected by increasing tax-GDP ratio and created fiscal space for meeting the demand for resources during the current year.

### **Fiscal Liabilities**

**1.21** The broad parameters of the aggregate fiscal liabilities of the\*Union Government are presented in Table 1.8. During 1992-2008, the average annual aggregate total liabilities of the Union Government remained around 57.48 *per cent* of GDP. The average annual rate of growth in aggregate liabilities which was 12.17 *per cent* during the decade 1992-2002 encompassing the periods of VIII and IX Five year Plans declined to an average of 8.98 *per cent* during the X Plan (2002-07). However, growth rate in aggregate liabilities has exhibited the increasing tendency and reached the level of 10.98 and 13.33 *per cent* in 2006-07 and 2007-08 from relatively low growth rate of 7.98 *per cent* in 2005-06.

**Table 1.8: Characteristics of the Union Government Fiscal Liabilities**

<i>(Per cent)</i>				
Period	Rate of Growth of Total Liabilities*	Total Liabilities/ GDP Ratio	Average Rate of Interest	Ratio of Assets to Liabilities
1992-2008	11.28	57.48	8.34	45.61
VIII Plan (1992-97)	12.48	60.59	7.91	57.68
IX Plan (1997-02)	11.85	58.84	9.06	50.90
X Plan (2002-07)	8.98	57.10	8.09	40.26
2002-03	10.62	63.07	8.90	44.78
2003-04	7.20	60.25	8.28	41.48
2004-05	9.86	57.89	7.89	39.36
2005-06	7.98	54.99	7.75	39.32
2006-07	10.98	52.70	7.84	37.71
XI Plan (2007-12)				
2007-08	13.33	52.54	8.24	38.06

\* Public Account liabilities since 1999-2000 exclude the liabilities on account of small savings to the extent of securities issued to NSSF by State Governments.



1.22 The average rate of interest on the outstanding liabilities increased from an average rate of 7.91 per cent during the VIII Plan (1992-1997) to an average of 9.06 per cent during the IX Plan (1997-2002) which declined to an average of 8.09 during X Plan (2002-07) with inter-year variations. There was a deceleration in average interest rate to 8.28 per cent in 2003-04 and further to 7.84 per cent in 2006-07 but it exhibited the increasing tendency in 2007-08 and reached the level of 8.24 per cent during the year. Interest rates on fiscal liabilities had remained largely below the rate of growth of GDP which has essentially been providing a cushion in sustaining the higher debt-GDP ratio. Apart from the administered interest rate structure which had prevailed in the beginning of the period, low interest rates on external debt, which except in 1991-92 never exceeded 4 per cent and other liabilities in the nature of sinking funds and deposits, which continued to attract much lower interest rates, sustained the lower rates during the decade 1992-2002. Besides, soft interest rate regime both due to domestic and international forces has also resulted in lower interest rate structure in recent years. The tight monetary policy and management of liquidity resulted in an increasing tendency in average interest rate on aggregate liabilities especially on internal liabilities during the year. Larger revenue deficits continued to erode the assets back up for the aggregate liabilities of the Union Government, which consistently declined after remaining static at around 39 per cent during 2004-05 and 2005-06 declined to 37.71 per cent in 2006-07 and again exhibited relative stability during the current year.

## Chapter 2

### COMMENTS ON ACCOUNTS

The comments relating to significant deficiencies in the presentation (accuracy, completeness and transparency) of the Union Accounts are discussed in the succeeding paragraphs. The comments arising from Appropriation audit are included in Chapters 7, 8 and 9 of this Report. The CAG's observations on regularity, economy, efficiency and effectiveness of Government spending are incorporated in Compliance and Performance Audit Reports being presented separately to the Parliament.

#### 2.1 Non-inclusion of statements/information recommended by Twelfth Finance Commission in the Union Finance Accounts

The Twelfth Finance Commission (TFC) in their Report submitted to the Government in November 2004 had recommended for inclusion of the following eight additional statements/information in Union Government accounts for greater transparency and to enable informed decision making, pending transition from cash to accrual basis of accounting:

(i) Statement of subsidies given, both explicit and implicit, (ii) Statement containing expenditure on salaries by various departments/units, (iii) Detailed expenditure on pensioners and expenditure on government pensions, (iv) Data on committed liabilities in the future, (v) Statement containing information on debt and other liabilities as well as repayment schedule, (vi) Accretion to or erosion in financial assets held by the government including those arising out of changes in the manner of spending by the government, (vii) Implications of major policy decisions taken by the government during the year or new schemes proposed in the budget for future cash flows and (viii) Statement on maintenance expenditure with segregation of salary and non- salary portions.

These important statements have not been included in the Union Finance Accounts by the Government even after four years of the Commission's Report despite the matter being taken up by the office of the Comptroller & Auditor General with the Controller General of Accounts (CGA) in May 2007 and the Secretary, Department of Expenditure, Ministry of Finance in October 2008.

CGA has replied (November, 2008) that inclusion of the above additional statements in the Finance Accounts has been accepted in principle by the Government and the process of consultation is on in the Ministry of Finance to deliberate on the manner and form in which the additional information could be provided, within the existing system of cash based accounting. The CGA emphasised that inclusion of these additional statements in accounts would require necessary approvals and would be a time consuming exercise.

Since a period of four years has already elapsed after the Commission's recommendation, Ministry of Finance may set a specific time frame for inclusion of the above additional statements in the Union Finance Accounts.

## 2.2 Unascertainable unspent balances in the accounts of Implementing Agencies

In recent years, there has been a paradigm shift in the Central Government strategy for implementation of flagship programmes and other centrally sponsored schemes (CSS) for poverty alleviation, health care, education, employment, sanitation etc.,. Most of these schemes were earlier implemented on cost sharing basis with transfer of central share to State Government. The Union Government has now started transferring central plan assistance directly to state/district level autonomous bodies, societies and non-Governmental organisations for implementation of CSS without devolving funds through the state Government accounts. The State and District level implementing bodies keep these scheme funds in their accounts in banks outside Government Accounts.

For the year 2007-08, Union Government made a provision for transfer of central plan assistance of Rs. 51259.85 crore (as per revised estimates) directly to state/district level autonomous bodies and authorities, societies, non-governmental organisations, etc., for implementation of centrally sponsored schemes. Since the funds are not being spent fully by the implementing agencies in the same financial year, there remain substantial amounts of unspent funds in their accounts. The aggregate amount of the unspent balances in the accounts of the implementing agencies kept outside Government accounts is not readily ascertainable. The Government expenditure as reflected in the Accounts to that extent is, therefore, overstated.

## 2.3 Opaqueness in Government Accounts

There is a global trend towards greater openness in government finances. This is based on a belief that transparent budgetary and accounting practices can ensure that funds raised by the states for public purposes will be spent as promised by the Government, while maximising the benefits derived from spending. One crucial component of a transparent system of accounting is that the forms of account in which the receipts and expenditure of the Government are reported to the legislature, are constantly reviewed and updated so that they truly reflect receipt and expenditure on all major activities of the Government in a transparent manner for meeting the basic information needs of all the important stakeholders. Scrutiny of Union Government Finance Accounts 2007-08 disclosed that Rs. 20273.52 crore under 28 Major Heads of accounts (representing functions of the Government) was classified under the Minor Head '800-Other expenditure' in the accounts constituting more than 50 per cent of the total expenditure recorded under the respective Major Heads. This indicates a high degree of opaqueness in the accounts. Details of the

Major Heads such as Family Welfare, Housing, Power, Civil Aviation, Other Rural Development Programmes, Agricultural Financial Institutions, Flood Control and Drainage, Capital Outlay on Foreign Trade & Export Promotion etc., with substantial expenditure classified as 'Other Expenditure' are given in Appendix-II-A.

Some significant expenditure items such as Indira Awaas Yojana (Rs. 3885 crore), Mission Flexible Pool towards utilisation for projects for North-Eastern region and Sikkim (Rs. 3152 crore), subsidy for Haj Charters (Rs. 514 crore), construction of rural godowns (Rs. 70 crore), national fellowship for Scheduled Castes ((Rs. 78 crore) etc., are not depicted distinctly in the Finance Accounts but are rolled up in the minor head 'Other expenditure'.

Though the details of these expenditure are depicted at the sub-head (scheme) level or below in the Detailed Demands for Grants and corresponding head-wise Appropriation Accounts forming the basis of Union Government accounts, the details are not depicted in Finance Accounts as they get consolidated at minor head '800-Other expenditure'.

This shows that the existing structure of the Government Accounts does not truly reflect the current activities of the Government in these Ministries/Departments. It is, therefore, recommended that the Government may conduct a comprehensive review of the structure of Government Accounts to address this deficiency for achieving greater transparency in financial reporting.

#### 2.4 Understatement of Balances under Universal Service Obligation Fund

Universal Service Obligation (USO) Fund (Major Head 8235-General & Other Reserve Funds, Minor Head 118) was set up in April 2002 for achieving universal service objectives of increasing tele-density in rural and remote areas as emphasised in the National Telecom Policy (NTP) 1999. The resources for meeting the universal service obligation are raised through a 'universal access levy', which is payable by all the telecom operators under various licences. The rate of levy has been fixed at five per cent of adjusted gross revenue of the licensee.

The USO Fund is administered by the Department of Telecommunications (DoT) and the levy received towards USO is first credited to the Consolidated Fund of India under the Major Head 1275-Other Communication Services and subsequently transferred to the USO Fund in the Public Account of India. It is a non-lapsable fund. The implementation of the universal service obligation for rural/remote areas is undertaken by fixed service providers, who are reimbursed net cost (i.e. annualised capital recovery plus operating expenses minus annual revenues) from the USO Fund.

A total Universal Service Levy of Rs. 20404.44 crore was collected during 2002-03 to 2007-08 by the DoT but a disbursement of only Rs. 6371.44 crore was made from the USO Fund during this period against claims of reimbursement received from the service providers concerned. Thus, the closing balance of the Fund as on 31 March, 2008 should be Rs. 14033 crore as against nil balance shown under the Head 8235-General & Other Reserve Funds, 118-Universal Service Obligation Fund in the Public Account of India. The closing balance of Universal Service Obligation Fund as on 31 March 2008 was, therefore, understated by Rs. 14033 crore.

The matter was also reported by the Comptroller & Auditor General of India in his Report No.PA-1 of 2008 (para 1.7.1.1) presented to the Parliament but no action has been taken by the Department to credit entire proceeds of levy to the USO Fund.

It is recommended that the DoT should transfer all the receipts on account of universal access levy to the Universal Service Obligation Fund in the same year before the closure of the financial year so that the Fund balance is correctly reflected in the Finance Accounts.

## 2.5 Overstatement of capital expenditure

Social and Infrastructure Development Fund (SIDF) was created in Public Account as Reserve Fund (Major Head 8235-General and Other Reserve Fund, Minor Head 200-Other Funds) in the year 2006-07 for earmarking funds for initiatives relating to social and infrastructure development such as upgradation of Industrial Training Institutes, training of farmers, employment of physically challenged, merit-cum-means scholarships, ground water recharge, social security through provision of death and disability insurance cover to rural landless households and support to various institutes of historical, cultural, economic and agricultural significance for infrastructure. Government transferred Rs. 6500 crore to this fund in 2006-07 and Rs. 6000 crore in 2007-08 in the last month of the respective financial year for expenditure in the subsequent financial years. The entire amount transferred from the Consolidated Fund to SIDF was booked as capital expenditure in the Finance Accounts for the years 2006-07 and 2007-08.

Examination of the expenditure of Rs. 3447.75 crore incurred during 2007-08 out of the fund transferred to SIDF in the Public Account in 2006-07 disclosed that expenditure of Rs. 1586.75 crore (Appendix II-B) was of revenue nature under the 'Major Head 2416-Agricultural Financial Institutions' as subsidy towards implementation of artificial recharge of ground water through dug wells and 'Major Head 2205-Art and Culture' towards celebration of 150<sup>th</sup> year of the First War of Independence, centenary year of Satyagraha Movement, grants-in aid to various cultural organisations. Capital expenditure in the Consolidated Fund of India, 2006-07 was, thus, overstated to the extent of at least Rs. 1586.75 crore. Similarly, revenue expenditure of similar nature

incurred out of Rs. 6000 crore transferred to SIDF in the year 2007-08 in the subsequent years, would also render the capital expenditure of Rs. 6000 crore booked in 2007-08 accounts overstated to that extent.

Further, creation of SIDF, a reserve fund, is also inconsistent with Ministry of Finance guidelines/instructions issued in January 2005 which stipulated that funds could be transferred from Consolidated Fund of India to the Public Account, only when there was surplus with the Government.

## **2.6 Public funds lying outside government accounts**

Securities and Exchange Board of India (SEBI) and Insurance Regulatory and Development Authority (IRDA) are retaining their surplus funds generated through fee charges, penalties etc., aggregating to Rs. 1325.49\* crore at the end of March 2008 outside the Government Accounts. This is in contravention of the instructions of Ministry of Finance, Department of Economic Affairs (DEA), which directed all ministries and departments of the Government in January 2005<sup>1</sup> to ensure that funds of regulatory bodies are maintained in the Public Account. Retention of funds by IRDA and SEBI outside government accounts is not only violative of government instructions but is also inconsistent with the Constitutional provisions. These bodies have been established by Acts of Parliament and are to be treated as 'state' within the meaning of the expression used in Article 12 of the Constitution of India. The moneys collected by these bodies, therefore, should be credited to Government account under Article 266 of the Constitution of India. The Department of Legal Affairs had also opined the same when Ministry of Finance sought its opinion in October 2002 on the issue of retention of funds by IRDA outside the Government account.

Further, IRDA was specifically directed earlier by the Ministry of Finance in July, 2002 to deposit its funds in the Public Account. No such specific direction has been issued to SEBI despite their continued violation of the Government's instructions.

Failure to deposit the funds by IRDA in the Public Accounts was reported in paragraph 5 of C&AG's audit report No.4 of 2004. Notwithstanding the assurance given to the Public Accounts Committee in the Action Taken Note by the Ministry of Finance in November 2004, that IRDA had been instructed to house IRDA fund in the Public Account/Consolidated Fund of India, the Ministry has not been able to secure compliance to its orders.

Further, paragraph 6.1 of C&AG's Audit Report No. CA 1 of 2008 had also highlighted retention of funds by SEBI outside the Government account as

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\* SEBI - Rs. 987.95 crore and IRDA - Rs. 337.54 crore

<sup>1</sup> Government of India, Ministry of Finance, Department of Economic Affairs (Budget Division) OM No. F.1(30)-B(AC)/2004 dated 07 January 2005

inconsistent with the Constitutional provisions and the orders of the Government.

Retention of funds by IRDA and SEBI outside Government Accounts is also not consistent with the accounting procedure followed by other similarly placed independent and regulatory bodies, such as Telecom Regulatory Authority of India, which are maintaining their accounts as part of Government Accounts. The correctness and completeness of Finance accounts of the Union Government for the year 2007-08, therefore, stands compromised to the extent of funds aggregating Rs. 1325.49 crore lying outside the Government account in contravention of Government's instructions and legal position.

#### 2.7 Irregular withdrawal of funds

Ministry of Defence issued several sanctions (Appendix II-C) in the month of February and March 2008, withdrawing Rs. 2745 crore during the financial year 2007-08 for meeting specific expenditure during the next financial year i.e., 2008-09.

These sums were released as 'On Account Payment' for meeting committed liabilities for ongoing schemes, which would arise in the next financial year. Records of Principal Controller of Defence Accounts (Navy) and Controller of Defence Accounts, Bangalore confirmed that Rs. 2745 crore released to these Defence Public Sector Undertakings (DPSUs) in February and March 2008 had not been utilised by these DPSUs till 31<sup>st</sup> March 2008. Further, Rs. 1094 crore released during earlier financial years 2005-06 and 2006-07 were still lying unspent with these DPSUs<sup>Ⓢ</sup>.

#### 2.8 Excessive releases as rolling advance

Though Rs. 589 crore paid by Ministry of Defence as Rolling imprest advance for a project in March 2007 had not been utilised by Mazagon Dock Limited (MDL), Ministry released a further sum of Rs. 1563 crore in quarterly instalments during 2007-08 without verifying whether the previous advances paid to the MDL had been spent by them as required under the contract (Appendix III-D). Ministry released the funds based on the recommendations of Naval Headquarters which in turn was responding to requests received from MDL. Thus, despite being fully aware of the amounts outstanding, the Defence Finance wing of the Ministry did not give cognisance to the information furnished by the Principal Controller of Defence Accounts (PCDA) at the time of giving financial concurrence for the release of funds to MDL. PCDA records show that rolling imprest advance of Rs. 1935.54 crore was still outstanding as of 31 March, 2008 against MDL.

<sup>Ⓢ</sup> Parking large sums of public money outside Government Accounts vitiates the integrity of the financial reporting process.



## **2.9 Important factors affecting accuracy of accounts**

Accuracy of Union Finance Accounts 2007-08 is adversely affected by factors like (i) large number of transactions under Suspense heads awaiting final classification, (ii) increasing number and magnitude of adverse balances under Debt, Deposit and Remittances (DDR) heads of accounts, and (iii) persistent outstanding balances on account of lack of timely action for their clearance.

Audit conducted a general review of outstanding balances under Debt, Deposit, Remittance and Suspense heads and also carried out a detailed examination of records pertaining to last five years in the office of CGA and four Principal Accounts Offices viz. Central Board of Direct Taxes (CBDT), Ministry of External Affairs (MEA), Controller of Aid Accounts and Audit (CAAA) and Department of Economic Affairs (DEA). These Pr.AOs were selected on the basis of concentration of balances and their accumulation over the years. The Audit findings are reported below:

### **2.9.1 Outstanding balances under major Suspense accounts**

Certain intermediary/adjusting heads of accounts known as 'Suspense heads' are operated in government accounts to reflect 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. These heads of accounts are finally cleared by minus debit or minus credit when the amount under them is booked to their respective final heads of accounts. If these amounts remain uncleared, the balance under the suspense heads would go on accumulating and would not reflect Government's receipts and expenditure accurately.

The ledger for suspense balances is to be maintained by PAOs sub/ detailed head-wise, as may be necessary, and by Principal Accounts Offices minor head wise on the basis of figures furnished by the PAOs periodically. The CCA/ CA of concerned Principal Accounts Office is required to review the suspense balances and report to CGA for regular monitoring purpose.

The aggregate net balance under the Suspense Heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunications was Rs. 6524.85 crore (debit) as on 31 March, 2008. This balance comprised of Rs. 506.55 crore (credit) in respect of Civil Ministries, Rs. 3839.37 crore (debit) for Defence, Rs. 1151 crore (debit) relating to Railways, Rs. 300.78 crore (debit) for Posts and Rs. 606.57 crore (debit) for Telecommunication and Rs. 1133.68 crore (debit) in respect of Redemption of Government of India Compensation (Project Exports to Iraq) Bonds 2001. The Finance Accounts reflect the net balances under Suspense Heads and, therefore, the real magnitude of outstandings under these heads does not get reported in the annual accounts of the Government presented to the Parliament. The correct balances under these heads can be worked out only by aggregating the outstanding debit and credit balances separately under various Suspense



**Comments on Accounts**

Heads. Netting of debit/credit balances leads to significant understatement of Suspense balances in the Finance Accounts. This understatement takes place both at the minor head as well as major head level.

The position of suspense balances under major suspense heads for the last five years is given below:

*(Rupees in crore)*

Name of Minor Head	2003-04		2004-05		2005-06		2006-07		2007-08	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
101-PAO Suspense	2223.07	1052.21	1803.25	237.75	1720.37	1121.15	1844.33	692.30	2882.39	617.77
Net	(-) 1170.86		(-) 1565.50		(-) 599.22		(-) 1152.04		(-) 2264.62	
102-Suspense Account (Civil)	1003.51	320.76	1013.35	314.60	1013.92	308.14	1022.42	308.95	1087.28	10310.30
Net	(-) 682.75		(-) 698.75		(-) 705.78		(-) 713.47		9223.02	
107-Cash Settlement	249.75	16.55	253.25	16.04	318.75	16.57	383.18	16.57	362.14	16.58
Net	(-) 233.20		(-) 237.21		(-) 302.18		(-) 366.61		(-) 345.56	
108-PSB Suspense	2846.01	321.81	1324.66	280.08	1690.31	848.86	4979.42	1029.07	6517.28	782.19
Net	(-) 2524.20		(-) 1044.58		(-) 841.45#		(-) 3950.34		(-) 5735.09	
109-Reserve Bank Suspense (HQ)	259.05	186.36	259.05	185.07	261.29	195.48	259.05	185.11	11.37	190.89
Net	(-) 72.69		(-) 73.98		(-) 65.81		(-) 73.94		179.52	
110-Reserve Bank Suspense Central Accounts Office	53.97	300.03	60.07	380.70	73.22	312.55	116.12	294.59	209.18	48.57
Net	246.05		248.63		239.32		178.48		(-) 160.61	
115-Purchase etc., abroad.	473.31	0.0001	1082.73	0.0001	1008.98	-	994.46	0.0001	536.65	.0001
Net	(-) 473.31		(-) 1082.73		(-) 1008.98		(-) 994.46		(-) 536.65	
129-Material Purchase Settlement	96.56	51.34	(-) 118.09	45.82	(-) 124.73	74.00	(-)127.62	96.17	156.31	107.84
Net	(-) 45.13		(-) 72.26		(-) 50.74		(-) 31.45		(-) 48.47	

From the above table it is seen that debit balances under PAO Suspense,

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Suspense Account (Civil), PSB Suspense, Reserve Bank Suspense- Central Accounts Office, Material Purchase Settlement have increased in 2007-08 over the previous years. Similarly, credit balances under Suspense account (Civil) and Material Purchase Settlement have also increased in 2007-08 over the previous years. The year-wise break-up of the balances outstanding under the suspense minor heads was not maintained by CGA for effective monitoring of clearance of such balances.

**PAO Suspense**

This minor head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of PAOs under the Union Government; PAOs of the union territories and the Accountants General. Transactions under this minor head represent either recoveries affected or payments made by an accounts officer on behalf of another accounts officer against whom the minor head "PAO Suspense" has been operated. Credit under the head is cleared by 'minus credit' when cheque is issued by the accounts officer in whose books initial recovery was accounted for. Debit under 'PAO Suspense' is cleared by 'minus debit' on receipt and realisation of cheque from the accounts officer on whose behalf payment was made. Outstanding debit balance under this head would mean that payments have been made by the PAO on behalf of other PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the PAO on behalf of other PAO, which are yet to be paid.

In March 2008, the outstanding debit balance under this head was Rs. 2882.39 crore and under credit was Rs. 617.77 crore. The outstanding balances were mainly in respect of Ministry of Supply: Rs. 1122.58 crore (Dr); Ministry of Road Transport and Highways: Rs. 197.27 crore (Cr); Ministry of External Affairs: Rs. 235.93 crore (Dr); CBDT (Revenue): Rs. 1229.99 crore (Dr) indicating the payments made (Dr) or received (Cr) by these departments /ministries on behalf of other PAOs which were yet to be recovered/paid by them as on 31 March 2008. The heavy debit and credit balances under PAO suspense and their continuous accumulation indicated significant control deficiencies.

Test check of the accounts of four Principal Account Offices revealed that in MEA, Rs. 240.95 crore (Dr) and Rs. 5.01 crore (Cr) pertaining to the period 2000-2001 to 2007-08 were outstanding which included Rs. 33.80 crore (Dr) and Rs. 0.64 crore (Cr), which were pending settlement for more than five years. In DEA, (-) Rs. 1.70 crore (Dr) and Rs. 45.17 crore (Cr) pertaining to the period 1990-91 to 2007-08 were outstanding which included (-) Rs. 0.49 crore (Dr) pending for more than five years. The Pr.AOs did not provide any evidence regarding efforts made to clear the old balances.

### **Suspense Account (Civil)**

This transitory minor head is operated for accounting of the transactions, which for the want of certain information/documents viz., vouchers, challans etc., cannot be taken to the final head of expenditure or receipt. This minor head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents etc., the minor head is cleared by minus debit or minus credit by per contra debit or credit to the concerned major/sub-major/minor heads of accounts. Outstanding debit balance under this head would mean payments made which could not be debited to final expenditure head for want of details like vouchers etc.,. Outstanding credit balance would mean amounts received which could not be credited to the final receipt head for want of details.

The outstanding balance under this minor head as on 31 March 2008 was Rs. 10310.30 crore (Cr) and Rs. 1087.28 crore (Dr) indicating that receipts and expenditures of Rs. 111397.58 crore, which were required to be handled individually for settlement, had not been booked to their final heads of account. The major balances outstanding pertained to Ministry of Home Affairs: Rs. 411.89 Crore (Dr); High Commission: Rs. 435.76 crore (Dr) and Department of Economic Affairs: Rs. 10209.35 crore (Cr). Test Check of the balances in four Principal Accounts Offices revealed that in MEA, Rs. 49.90 crore (Dr) and Rs. 28.51 crore (Cr) were outstanding at the end of the year 2007-08 out of which Rs. 10.64 crore (Dr) and Rs. 1.03 crore (Cr) were lying outstanding for more than five years. Further an amount of Rs. 2.4 crore (Dr) was lying outstanding for more than 20 years in the MEA. In the Department of Economic Affairs Rs. 0.59 crore (Dr) and Rs. 10209.95 crore (Cr) were outstanding at the end of the year 2007-08 which included Rs. 212.83 crore (Cr) lying outstanding since 1994-95. The departments did not furnish any reply on the efforts made to clear old outstanding balances.

### **Suspense account for purchases abroad**

The minor head 'suspense accounts for purchases abroad' is operated in the books of Controller of Aid Accounts and Audit (CAA&A), Ministry of Finance (Department of Economic Affairs). The government advises the donor to make payments directly to the supplier abroad against the supplies made to the project authorities/ importers and an equal amount is kept under the suspense head till the payment is received from the concerned Line Ministry. The debit balance under this head indicates the amount, which is yet to be recovered from the importers/project authorities, although the Government has already made the payment for these imports.

In 2007-08, suspense accounts balance for purchases abroad was Rs. 536.65 crore. Major debtors as on 31<sup>st</sup> March 2008 were Helicopter Corporation of India Ltd. (Rs. 67.24 crore; Pawan Hans Ltd. (Rs. 57.44 crore); Pyrites, Phosphates and Chemicals Ltd. (Rs. 24.95 crore); Coal India Ltd. (Rs. 21.23

crore); and three Government Ministries (Rs. 268.20 crore). It was also observed that Rs. 265.40 crore was outstanding from different organisations since 1999. A list showing the details of amounts outstanding since 1999 in respect of major importers is given in Appendix III-E. It was noticed from the information made available by the department that subsequent payments had been made on behalf of various importers/project authorities while the payments for earlier purchases were still due from them. Concrete steps need to be taken by CAA&A for recovery of the outstanding amounts.

### **Public Sector Bank Suspense**

In the government accounting system, the designated banks conduct government business on behalf of the Reserve Bank of India. When a cheque is issued for payment of a bill, the amount is debited to the final head of account. When the cheque is encashed by a public sector bank, it initially pays the amount from its own cash balance and then claims reimbursement from the Central Accounts Section (CAS), RBI Nagpur which maintains the account of each ministry/department. Similarly, when government receipts are paid into the designated/accredited bank, it passes on the proceeds to the Central Accounts Section, RBI Nagpur. As there is a time lag in booking of a Government transaction carried out by the bank, in government cash balances, the minor head 'Public Sector Bank Suspense' is operated in government books to account for the transactions awaiting settlement. On receipt of accounts from RBI (CAS), Nagpur the original booking under PSB Suspense is cleared by (-) credit/(-) debit, as the case may be. These amounts are not reflected in the cash balance of the Government.

The outstanding PSB balance for the year ending 31<sup>st</sup> March 2008 aggregated to Rs. 6517.28 crore (Dr) and Rs. 782.19 crore (Cr). The departments against which major balances were outstanding were CBEC: Rs. 752.37 crore (Dr); CBDT (Revenue): Rs. 3160.00 crore (Dr); Industrial Development: Rs. 705.19 crore (Dr); Ministry of Power: Rs. 607.54 crore (Dr) and Urban Development: Rs. 269.48 crore (Dr). The debit and credit balance under this minor head had increased over the years thus adversely affecting the correct disclosure of Government cash balances in the accounts. Efforts made for clearing the balances were called for but no reply was furnished to audit.

Test check of balances in four Principal Accounts Offices revealed that in CBDT (Revenue), balances of (-) Rs. 744.35 crore (Dr) and (-) Rs. 216.46 crore (Cr) at the end of the year 2007-08 were outstanding which included debit balance of Rs. 48.92 crore and credit balance of (-) Rs. 11.73 crore, which were pending for more than 20 years. In DEA, balance of Rs. 20.78 crore (Dr) and Rs. 1.54 crore (Cr) were outstanding pertaining to the period from 2004-05 to 2007-08. The departments did not furnish any reply on the efforts made to clear the old balances.

### **Reserve Bank Suspense, Central Accounts Office**

This minor head is operated in the books of Union Government for payments of loans, grants-in-aid, share of income tax, share of Union Excise Duty to the State Governments. When the payment is authorised, the respective expenditure head is debited and credit is afforded to this head. On receipt of monthly statements of accounts from RBI adjusting the account of Union Government, the minor head is minus credited by crediting 8675-Deposits with RBI-101-Central Civil. At the time of repayment of loan and payment of interest thereon by the state government, this head is debited by crediting the loans/interest head. On receipt of monthly statement of accounts from RBI (CAS) Nagpur the head is minus debited by per contra debit to 8675-101-Deposits with RBI-101-Central Civil. The outstanding balance under this minor head as on 31 March 2008 was Rs. 209.18 crore (Dr) and Rs. 48.57 crore (Cr). The outstanding RBI (CAO) suspense balances were mainly against the Ministry of Supply: Rs. 92.52 crore (Dr) and Ministry of Minority Affairs: Rs. 54.77 crore (Dr). The CGA office did not furnish any reply about the nature, details, and pendency of these outstanding balances and the efforts made by it to clear them.

In C&AG's Audit Report No.1 of 2007, a mention was made in paras No. 1.18 to 1.24 regarding outstanding suspense balances in the Union Government Finance Accounts, but no Action Taken Note was furnished by the Ministry.

#### **2.9.2 Increasing number and magnitude of adverse balances under DDR Heads**

The adverse balances are negative balances appearing under those heads of accounts, where there should not be a negative balance. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced.

In the Finance Accounts of the Union Government for the year 2007-08, there are 69 cases of adverse balances under debt, deposit and remittances heads as given in **Appendix II-F**. Out of these, nine balances became adverse during the year 2007-08 and 60 cases are continuing to figure in the Finance Accounts from earlier years, which includes 29 cases outstanding for more than five years, 19 for more than 10 years and six cases are for more than 20 years old reflecting ineffectiveness in clearance of these balances by the government. Though the footnotes to the adverse balances in the Finance Accounts mentioned that they were under investigation, the findings of such investigation by the CGA and subordinate offices and the efforts made to clear them were not made available to Audit.

Adverse balances at the minor head level represent the aggregate effect of the balances of various account circles taken together. At unit/account circle's level, adverse balances appear in the books of PAOs and Pr.AOs also but

many of these adverse balances get eclipsed since these balances get aggregated when the accounts of the accounting circles are consolidated. For example, audit of the four selected Pr.AOs of CBDT, MEA, DEA & CAAA revealed that there were 25 heads of accounts with adverse balances at the end of year 2007-08, six of which have not been reflected in the 69 cases of adverse balances mentioned above. The adverse balances noticed during the audit of Pr.AOs of CBDT, MEA, DEA & CAAA are given in **Appendix II-G**. The observations on the adverse balances in Pr. PAOs are given below.

**(i) Pr. Chief Controller of Accounts, MEA**

Scrutiny of records in Pr.CCA, MEA disclosed that an adverse balance of Rs. 19.40 crore (Dr) was lying uncleared under the head 8443 – Civil Deposits – 113 ‘Deposits for purchases etc., abroad’ at the end of the year 2007-08 for more than 25 years. Out of the total outstanding amount of Rs. 19.40 crore, Rs. 13.94 crore pertains to Steel Authority of India Limited. Though on the advise of Ministry of Finance, a committee was formed by the Ministry of Steel in 2001-02 to settle the claim, there is no further progress on this front due to lack of response from SAIL. Further, an adverse balance of Rs. 30.33 crore (Dr) was appearing under the head 8443–Civil Deposits, 117-‘Deposits for work done for public bodies or private individuals’. Payments made by missions/posts on behalf of public bodies or private individuals are booked under this head. Debit balance under this head reflects that an amount of Rs. 30.33 crore has been spent/ booked by the missions on behalf of public bodies/private individuals in excess of the deposits under this head. The Pr.AO has stated that the adverse balance is due to misclassification and unsettled debit claim of Rs. 11.70 crore, which is due from Indian Council of Cultural Relations. Details of the rest of amount and the period since this amount was pending were not available with the Pr.AO.

**(ii) Controller of Accounts - DEA**

Scrutiny of records in Controller of the Accounts, DEA disclosed that an adverse balance of Rs. 294.12 (Cr) crore was lying under the head 7052 .02.101 – ‘Loans to Shipping Development Fund Committee’ at the end of the year 2007-08. The Principal Accounts Office stated in reply that the reason for adverse balance was incorrect classification of interest amount as principal amount. SDFC stood abolished with effect from 24 December 1986. In terms of Section 4 of SDFC (Abolition) Act, 1986, all assets and liabilities stood transferred to Central Government. Despite abolition of SDFC in 1986, loans outstanding against it is being incorrectly shown in the accounts. The Pr.AO, however, could not ascertain the reasons, details and efforts made to clear huge adverse balances of Rs. 150.54 crore at the end of the year 2007-08 under the heads 8013.01.101-‘Deposits Scheme for Retiring Government Employees’ (Rs. 54.70 crore); 8342.120-‘Miscellaneous Deposits’ (Rs. 91.87 crore) and 8449.120 – ‘Miscellaneous Deposits’ (Rs. 3.97 crore).

**(iii) Controller of Aid, Accounts and Audit- CAAA**

The adverse balances of Rs. 5615.89 crore in the accounts of Controller of Aid, Accounts and Audit under the major head 6002 –External Debts at the end of the year 2007-08 was due to exchange losses at the time of repayment of loans. The department stated that the matter of write-off of exchange losses annually instead of waiting for the entire period of loan till its closure was pending with the CGA.

**(iv) Pr. Chief Controller of Accounts, CBDT**

There was an adverse balance of Rs. 24.70 lakh under the head 7610-203-Loans to Government Servants. Pr. CCA stated that the matter had been taken up with the Zonal Accounts Offices for early settlement.

**2.9.3 Non-reconciliation of 'Deposits with the RBI'**

The figures exhibited in the Finance Accounts represent those figures of expenditure and receipt, which have been in the books of various PAOs, which are subsequently consolidated. Each of such transactions also represents the receipts and payments booked by the Reserve Bank of India (RBI) in their books. At the end of the year the net effect of transactions in the government accounts is represented by 'Deposits with the RBI'. This figure, which is both in the books of Government as well as in the books of RBI, should normally tally. The difference, if any, between these two figures should be reconciled and explained satisfactorily to ensure the accuracy of accounts. The civil accounts manual provides that the responsibility for effecting reconciliation will be that of the office of the CGA.

The difference between the book figure of balances lying with RBI as furnished by the Office of CGA and accounts figure as appearing in the Finance Accounts under the Head 8999-102-Deposits with Reserve Bank during the last five years is as under:

**Table 2.3 Variation in book figure and account figure of RBD**

*(Rupees in crore)*

Year	As per Finance Accounts Figures	As reported by RBI	Difference	Difference as per record of RBD Section	
2003-04	7411.95(Dr)	7387.12(Cr)	24.83(Dr)	-24.83(Dr)	*These figures pertain to Market Stabilisation Scheme
2004-05	79753.07(Dr)	15733.48(Cr)	64019.59(Cr)	191.57(Cr) *64211.16	
2005-06	65491.39(Dr)	~36341.39(Cr)	29150.00(Cr)	-87.90(Cr) *29062.10	
2006-07	94886.59(Dr)	~32073.80(Cr)	62812.79(Cr)	161.10(Cr) *62973.89	
2007-08	229639.47	60968.97	168670.50	278.08 (Dr.) *168392.42	

*~ In the Finance Accounts for the years 2005-06 and 2006-07, the footnote below Statement No. 13 depicted closing balance as per RBI, CAS, Nagpur incorrectly as Rs. 3634139 (ths) credit and Rs. 3207380 (ths) credit.*



The figures of un-reconciled difference as on 31 March, 2008 increased considerably compared to last year. The unreconciled differences mainly pertained to Department of Ocean Development\* (Rs. 320.22 crore Dr); Ministry of Earth Science (Rs. 49.00 crore Cr); National Capital Territory of Delhi (Rs. 28.40 crore Cr), etc.,. Test check of records in CGA disclosed that the differences were lying unreconciled for many years reflecting inadequacy of timely efforts to reconcile the amounts. For example, the unreconciled differences of Rs. 7.62 crore (Cr) in respect of Department of Revenue pertained to the period prior to 1983-84 while that in the case of NCT of Delhi the unreconciled difference of Rs. 28.40 crore pertained to the period from 1977-78 to 2001-02. Further, the CGA office did not furnish the details of unreconciled amount of Rs. 16 crore appearing in its books in terms of the period to which this amount pertained to.

CGA stated that the difference was mainly due to the figures pertaining to Market Stabilisation Scheme (MSS) incorporated in the Finance Accounts but not included in the figure as reported by Reserve Bank of India. The other differences were due to non-receipt/late receipt of (i) clearance memo on inter-government adjustments from RBI; (ii) receipt/payment scrolls from accredited bank branches, and (iii) wrong put through/misclassification of bank transactions. CGA office stated in October 2008 that as a result of efforts made by it, 40 departments out of 63 departments had now less than one crore difference at the close of financial year 2006-07 and that efforts were being made to reconcile the remaining differences.

#### **2.9.4. Outstanding balances under the head “Cheques and Bills”**

This head is an intermediary accounting head for initial record of transactions, which are eventually to be cleared. Under the scheme of departmentalization of accounts, payment of claims against Government is made by Pay and Accounts Offices of different ministries/departments by cheques drawn on branches of RBI or accredited banks.

When claims are preferred in the appropriate bill to the PAO/departmental officer, the payment is authorized through issue of cheques, after exercising the prescribed checks and recording of pay order. 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 (DMS)/Monthly Statement of Balances from Public Sector Bank/RBI (CAS), Nagpur showing the payments made by them against the cheques issued, the head 8670-Cheques and Bills is minus credited and credit is afforded to 8658-108-PSB Suspense/8675-101-Deposits with Reserve Bank-Central Civil, as the case may be.

In the Finance Accounts for 2007-08, large balances are lying

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\* Now Ministry of Earth Science

outstanding under the following minor heads of "Cheques and Bills"

<i>(Rupees in crore)</i>	
Pre-audit cheques	Cr 0.47
Pay and Accounts Offices Cheques	Cr 14065.71
Departmental Cheques	Dr 44.72
Treasury Cheques	Cr 4.62
IRLA Cheques	Cr 0.59
Telecommunication Accounts Office Cheques	Cr 1240.80
Postal Cheques	Cr 4977.47
Railway Cheques	Cr 2310.24
Defence Cheques	Cr 4637.90
Electronic Advices	Cr 85.47

Receipt and Payment Rules, 1983 envisage that the cases of cheques remaining unpaid for a period of six months after the month of their issue, and not surrendered for renewal, are to be reversed and cancelled by minus crediting 8670-'Cheques & Bills' and minus debiting the functional major/minor head to which the expenditure was originally debited and the amount is to be written back in the accounts.

Such large outstanding amounts under different minor heads reflect that the accounting authorities are not taking necessary action as required to be taken under the rules. To the extent the amounts outstanding under the 'Cheques and Bills', the Government cash balance stands overstated. In reply, CGA in October 2008 stated that instructions were being issued to the concerned CCAs to write back the cheques outstanding for more than three months.

Test check of the four Principal Accounts Offices revealed that 5295 cheques amounting to Rs. 9.56 crore in CBDT and 1923 cheques amounting to Rs. 3.84 crore in Department of Economic Affairs had remained unpaid for more than six months but had not been cancelled by the Pr.AOs.

#### **2.9.5 Review of balances not carried out by Principal Accounts Offices**

As per Civil Accounts Manual, at the close of a financial year the PAOs shall review and verify the balances under various DDR heads and ascertain, wherever necessary, whether the correctness of the balances is accepted by the persons/parties by whom the balances are owned or to whom these are due and are required to furnish annually by 15 September each year, a detailed statement showing the unreconciled differences and the cases where acceptance of balances are awaited. The Principal Accounts Officer, in turn, is required to send a consolidated report for the ministry/ department as a whole to the Controller General of Accounts by 15 October each year purpose of conducting this review is to ascertain the quality of maintenance of various books of accounts and reconcile the figures of debt, deposits and remittances.

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In respect of civil departments, the review of balances for the year 2005-06, 2006-07 and 2007-08 was completed only in seven, 11 and nine departments respectively, out of a total 67 Principal Accounts Offices.

Failure to carry out review of balances and lack of timely action by the Pr. AOs is reflected in adverse balances lying outstanding for many years as, brought out in the preceding paragraphs.

It is recommended that the Ministry of Finance may put in place a more effective control mechanism for constant review and timely action for clearance/settlement of balances under DDR and Suspense heads to improve accuracy and quality of Government Accounts.

## Chapter 3

### RESOURCES: TRENDS AND COMPOSITION

The overall resources of the Union Government comprise of revenue and capital (debt and non-debt receipts as well as accruals in public account) receipts. Notwithstanding the inter year variations in the growth of various components over a longer term (1992-2008), the ratio between the debt receipts inclusive of accruals in public account and non-debt receipts (revenue receipts and other non-debt receipts) was fourth-fifth and one-fifth during 2006-07 but it has tilted slightly in favour of non-debt receipts during the current year.

Revenue receipts with its broad components of tax and non-tax receipts are the most important source of revenue. The gross tax collections witnessed acceleration in the rate of growth from the very first year of X Plan (2002-07) and increased by 25.27 *per cent* in 2007-08 from the large amount of Rs. 473512 crore attained in the previous year. In the years following the economic reforms particularly during the X Plan period (2002-07), there were significant changes in the structure of taxes from commodity-based taxation to income based taxation. The share of direct taxes, indirect taxes and service tax in gross tax collections stood at 50, 38 and 9 *per cent* during 2007-08 as compared to their corresponding average shares of 27, 70 and 0.48 *per cent* during VIII Plan (1992-97). The trends reveal that over the years gains to the exchequer improved in the form of higher corporate tax collections while the share of excise and custom duties in gross tax revenue has been declining on an average every year since 2002-03. The share of service tax although increased consistently since its inception in 1994-95.

The overall tax buoyancy has improved significantly from average of 0.871 during the IX Plan (1997-2002) to 1.522 during X Plan (2002-07) mainly on account of the revival of growth momentum especially in industrial sector of the economy on which the tax collections of the government critically depend and widening of base of the service tax. It has increased to 1.846 during the current year and except in case of excise duties, buoyancy of corporation tax, income tax and service tax being more than unity implies their growth rates had been higher than the growth of GDP. The tax-GDP ratio indicated an upturn especially since 2002-03 and reached the level of 12.58 in 2007-08 after exceeding 10 *per cent* for the first time in 2005-06 in reform era.

The share of non-tax revenue, which constituted on an average 44 *per cent* of the net revenue of the Union Government during the decade 1992-2002, has consistently declined during the X Plan period and reached an average of 32.04 *per cent* during 2007-08. There was, however, significant improvement in revenue buoyancy vis-à-vis tax buoyancy in 2007-08 relative to the previous year indicating the fact that during the current year resources mobilised through non-tax resources contributed relatively more in incremental revenue receipts during the year. Trends in growth of its various components indicate that while the share of dividend and profits increased, the share of interest receipts consistently declined during X Plan (2002-07) from 32 *per cent* in 2002-03 to 15.42 *per cent* in 2006-07. Moderation in interest rates on loans advanced and debt swap scheme as well as the scheme of Debt Consolidation Relief Facility (DCRF) recommended by the TFC have contributed to this deceleration during the last three years. The interest receipts have, however, increased by 30.35 *per cent* in 2007-08 over the previous year mainly on account of enhanced interest receipts on loans for State Plan Schemes as well as under market stabilisation scheme during the year. Non-tax receipts from the social and economic services and from the sovereign and other general functions of the government continued to have a negative shift rate during 1992-2008 despite steep increases during the current year. The share of non-debt capital receipts, which primarily consist of miscellaneous capital receipts (disinvestment) and recovery of loans and advances remained insignificant throughout, however, receipts under these two heads increased steeply in 2007-08 vis-à-vis their budget estimates.



### Resources of the Union Government: 2007-08

3.1 Revenue and capital are the two streams of receipts that constitute resources of the Union Government. Revenue receipts consist of tax revenue, non-tax revenue, grants-in-aid and contributions. Capital receipts have two components - the debt receipts, which create future repayment obligations and the miscellaneous capital receipts, which constitute proceeds from disinvestment and recoveries of loans and advances, leading to reduction in the actual or potential assets base. Table 3.1 below presents a summary of the total resources of the Union Government, which amounted to Rs. 3274382 crore for the year 2007-08. Non-debt receipts at Rs. 850413 crore constituted around 27 per cent of the total receipts. The balance was either to be assigned to the states or was in the nature of borrowings and public account receipts.

**Table 3.1: Resources of the Union Government**

			<i>(Rupees in crore)</i>
I	Revenue Receipts		801226
II	Capital receipts		1917289
	a.	Miscellaneous Receipts	38796
	b.	Recovery of Loans and Advances	10391
	c.	Debt receipts	1868102
III	Public Account Receipts		460981
IV	Contingency Fund		0
Total Receipts			3179496
Opening Cash Balances			94882
Total Availability of Resources			3274378
<i>Note: (1) Revenue receipts include Rs. 151800 crore being the share of taxes and duties assigned to the States and not reflected in the Union Government's Finance Accounts.</i>			
<i>(2) Revenue Receipts include receipts from Railways, Posts and Departmental Undertakings.</i>			

### Trends in Resources

3.2 Overall resources of the Union Government increased at a trend rate of 15.56 per cent during 1992-2008. Accrual of gross resources to the Union grew by 14.87 per cent per annum during the VIII Plan (1992-97), immediately after the initiation of the process of economic reforms. However, during the IX Plan (1997-2002), the annual trend growth decelerated to 7.02 per cent. There was a reversal of the trend during the X Plan (2002-07) as the trend growth rate not only sharply increased to 24.97 per cent but it outstripped the average GDP growth rate during the Plan period. The growth in accruals of gross resources picked up the momentum in 2003-04 as a result of enhanced rates of growth in all four components of total receipts of Union especially in non-debt receipts which were more than doubled due to enhanced recoveries of loans and advances under Debt Swap Scheme. Since then increase in total receipts was mainly attributed to increase in growth rates of both debt and revenue receipts of the Union Government together accounting for more than 4/5<sup>th</sup> of total receipts during last two years of X Plan (2002-07), i.e. 2005-06 and 2006-07 as well as during 2007-08, the first year of XI Plan (2007-12).

3.3 Inter year variations in the growth of various components of gross receipts were significant. The trend growth (1992-2008) was not only one of



**Resources: Trends and Composition**

the lowest for non debt capital receipts but it widely oscillated during the period. The growth in non-debt capital receipts, which was on a very high base, was negative in 2004-05 and 2005-06. In absolute terms, non-debt capital receipts in 2003-04 and 2004-05 were maintained at substantially higher levels compared to their long-term trend, largely because of debt swap scheme. Besides the low base in 2005-06, a sharp increase in recovery of loans by Rs. 6890 crore (58.38 per cent) in 2006-07 over the previous year indicated an increase of 43.66 per cent in non debt capital receipts during the year. A steep increase in proceeds from disinvestments in Central Public Sector Undertakings (Rs. 4387 crore) as well as in miscellaneous capital receipts (Rs. 33875 crore) on account of one time transfer by RBI of proceeds on account of transfer of its stake in State Bank of India to Government of India led to an increase of more than 155 per cent (Rs. 29962 crore) in non-debt capital receipts in 2007-08 over the previous year.

**Table 3.2: Components of receipts: Trends**

*(Rupees in crore)*

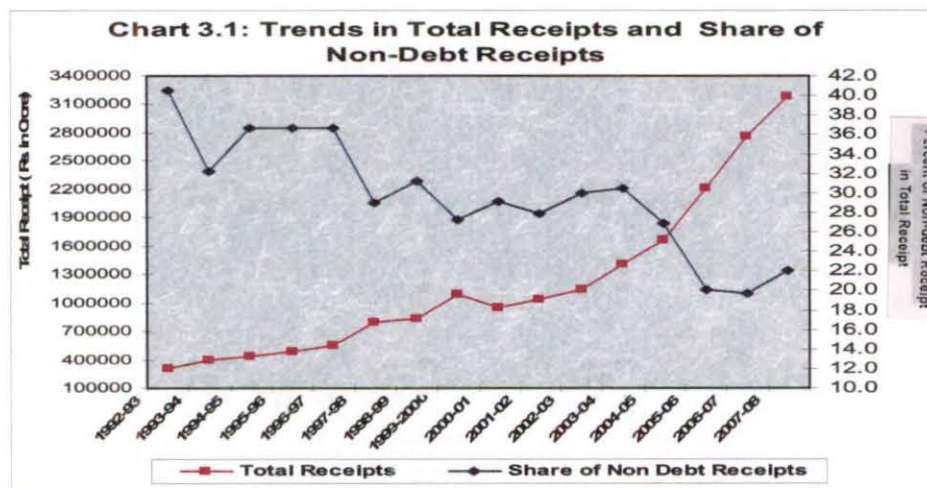
Period	Revenue Receipts#	Capital Receipts			Total Receipts*	Gross Domestic product
		Gross Non-Debt Capital Receipts	Gross Debt Receipts	Gross Accruals in Public Account		
1992-2008	336788	25822	588238	249607	1200455	2224784
VIII Plan (1992-97)	157991	9373	164326	102117	433807	1037397
IX Plan (1997-02)	282019	17430	427187	210498	937134	1922332
X Plan (2002-07)	477466	45989	917229	393933	1834616	3216949
2002-03	355948	41896	435371	307235	1140450	2454561
2003-04	404866	86780	538492	369133	1399271	2754620
2004-05	455466	68664	705289	427507	1656926	3149412
2005-06	525325	13382	1262363	410769	2211839	3580344
2006-07	645723	19225	1644628	455019	2764595	4145810
<b>XI Plan (2007-12)</b>						
2007-08	801226	49187	1868102	460981	3179496	4713148
<b>Average Annual Rate of Growth (per cent)</b>						
1992-2008	12.30	12.53	18.47	13.73	15.56	12.29
VIII Plan (1992-97)	15.41	0.01	15.98	14.43	14.87	16.72
IX Plan (1997-02)	8.58	18.24	2.22	13.76	7.02	10.33
X Plan (2002-07)	15.62	(-) 29.02	42.05	9.33	24.97	14.00
2002-03	11.89	71.85	-0.30	18.88	9.91	7.71
2003-04	13.74	107.13	23.69	20.15	22.69	12.23
2004-05	12.50	(-) 20.88	30.97	15.81	18.41	14.33
2005-06	15.34	(-) 80.51	78.99	(-) 3.92	33.49	13.68
2006-07	22.92	43.66	30.28	10.77	24.99	15.79
<b>XI Plan (2007-12)</b>						
2007-08	24.08	155.85	13.59	1.31	15.01	13.68

# Includes figures of taxes and duties assigned to States (Rs. 151800 for 2007-08). \* Total Receipts during 2005-06 are exclusive of receipts of Rs 450 crore as a recoupment to Contingency Fund of India.

**3.4** Due to sharp increase in debt receipts during the last four years of the X Plan (2002-07), trend growth rate during X plan increased sharply to 42 per

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cent from the low level of 2.22 per cent in IX Plan (1997-2002). The trend continued in 2007-08 although at a moderate level as debt receipts increased by Rs. 223474 crore (13.59 per cent) over the previous year. Revenue receipts were buoyant particularly in recent years and with reference to the growth rates observed during IX plan period, average acceleration was close to 7.0 percentage points in X Plan (2002-07). The buoyancy of the revenue receipts continues in the beginning of the XI Plan (2007-12) when an increase of 24.08 per cent was recorded in 2007-08 over the previous year.

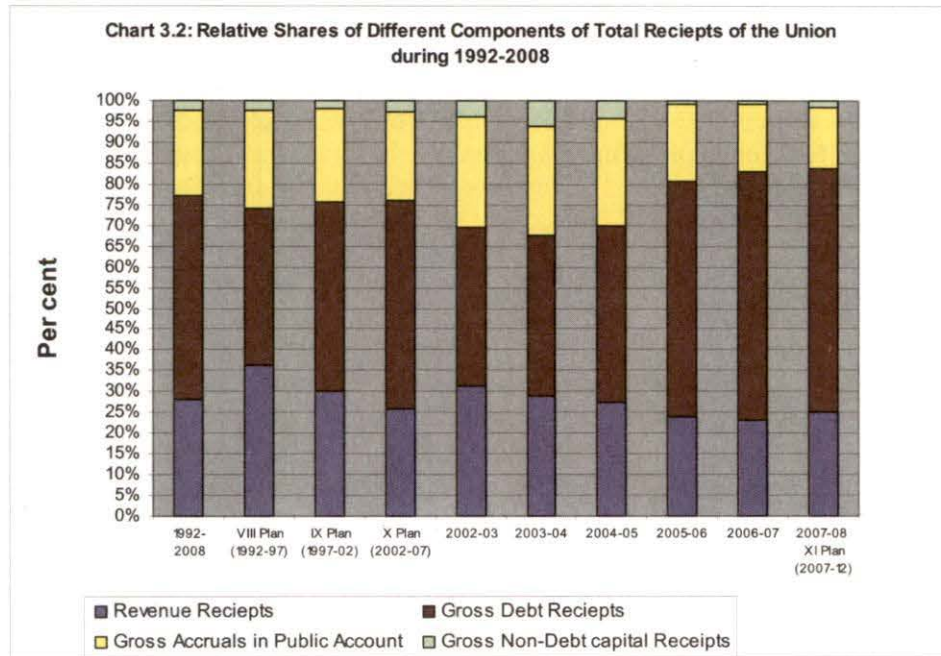


3.5 Table 3.3 and Chart 3.2 depict the relative share of various components of resources. Over a longer term (1992-2008), except for the debt receipts, the other three components had a negative shift in their relative shares.

**Table 3.3: Relative shares of different components of total receipts**

*(Per cent)*

Period	Revenue Receipts	Capital Receipts			Total Receipts
		Gross Non-Debt capital Receipts	Gross Debt Receipts	Gross Accruals in Public Account	
1992-2008	28.06	2.15	49.00	20.79	100.00
<b>VIII Plan (1992-97)</b>	<b>36.42</b>	<b>2.16</b>	<b>37.88</b>	<b>23.54</b>	<b>100.00</b>
<b>IX Plan (1997-02)</b>	<b>30.09</b>	<b>1.86</b>	<b>45.58</b>	<b>22.46</b>	<b>100.00</b>
<b>X Plan (2002-07)</b>	<b>26.03</b>	<b>2.51</b>	<b>50.00</b>	<b>21.47</b>	<b>100.00</b>
2002-03	31.21	3.67	38.18	26.94	100.00
2003-04	28.93	6.20	38.48	26.38	100.00
2004-05	27.49	4.14	42.57	25.80	100.00
2005-06	23.75	0.61	57.07	18.57	100.00
2006-07	23.36	0.70	59.49	16.46	100.00
<b>XI Plan (2007-12)</b>					
2007-08	25.20	1.55	58.75	14.50	100.00
<b>Average Annual Rate of Shift in the shares</b>					
1992-2008	(-) 2.83	(-) 2.62	2.52	(-) 1.58	



While the relative share of revenue receipts peaked during the VIII Plan, share of debt receipts peaked during 2006-07. The relative share of non-debt capital receipts and accruals in public account peaked during 2003-04 and 2002-03 and indicated a decline in subsequent years. Relative share of revenue receipts after reaching its peak during the VIII Plan (1992-1997) at 36.42 per cent drifted southwards in later years averaging little over 30 per cent during the IX Plan (1997-2002) and further to an average of 26.03 per cent during the X Plan (2002-07). Except in case of debt receipts, the negative shifts in relative share of revenue receipts; non-debt receipts and public account were significant during the period 1992-2008. Despite these shifts in the relative shares of the four components of the gross resources of the Union Government, the ratio between the debt receipts inclusive of accruals in public account and non-debt receipts (revenue receipts and other non-debt capital receipts) was fourth-fifth and one-fifth during 2006-07 but it has tilted slightly in favour of non-debt receipts during the current year.

#### Access to resources relative to GDP

**3.6** Increase in the access to resources as income increases is natural because the base itself has enlarged. More important, however, is the increase relative to GDP. The ratio of overall resources to GDP was 41.82 per cent during the VIII Plan (1992-1997); this increased to an average of 48.75 per cent during the IX Plan (1997-2002) and further to an average of 57.03 per cent during the X Plan (2002-07) resulting in the long-term trend average of 53.96 per cent (1992-2008). This ratio continuously improved in recent years exceeding 60 per cent in 2005-06 and reached the peak level of 67.46 per cent in 2007-08 from the level of 66.68 per cent in 2006-07. On account of this improvement in recent years all the four components as well as the overall receipts to GDP ratio had positive shift rates (Table 3.4), however they being



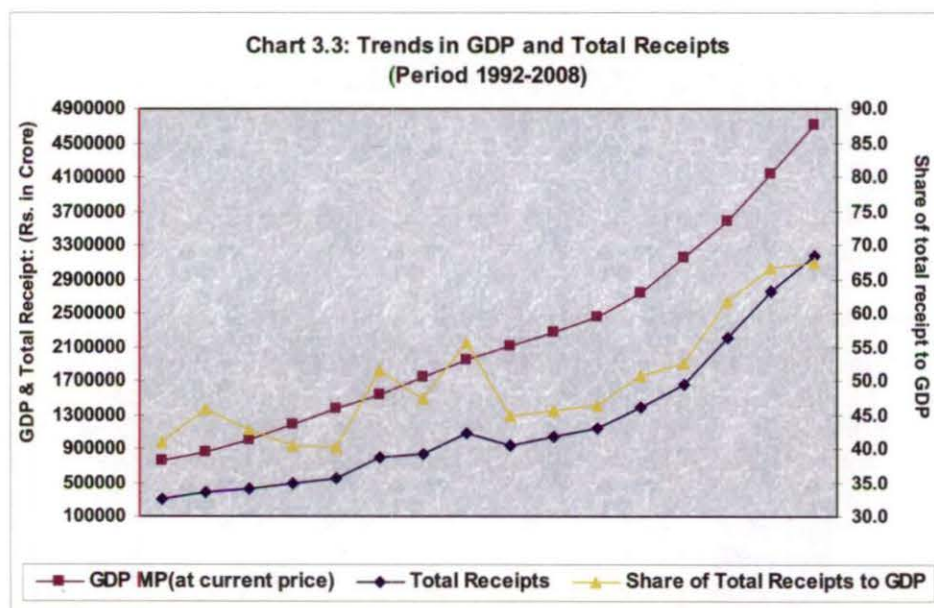
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marginal in case of revenue receipts and non-debt capital receipts. These trends indicate significant improvement in access to resources as the base i.e. GDP expanded during the period 1992-2008. If the total receipts and GDP were set to 100 in 1992-93, total receipts in 2007-08 would be 1039 as against a value of 630 for GDP. **Chart 3.3** depicts the graphical presentation of the interrelationships between GDP, total receipts and the share of total receipts in GDP during the period 1992-2008.

**Table 3.4: Receipts as percentage to GDP**

Period	Revenue Receipts	Capital Receipts			Total Receipts
		Gross Non-Debt Capital Receipts	Gross Debt Receipts	Gross Accruals in Public Account	
1992-2008	15.14	0.60	26.44	11.22	53.96
<b>VIII Plan (1992-97)</b>	<b>15.23</b>	<b>0.90</b>	<b>15.84</b>	<b>9.84</b>	<b>41.82</b>
<b>IX Plan (1997-02)</b>	<b>14.67</b>	<b>0.91</b>	<b>22.22</b>	<b>10.95</b>	<b>48.75</b>
<b>X Plan (2002-07)</b>	<b>14.84</b>	<b>1.43</b>	<b>28.51</b>	<b>12.25</b>	<b>57.03</b>
2002-03	14.50	1.71	17.74	12.52	46.46
2003-04	14.70	3.15	19.55	13.40	50.80
2004-05	14.46	2.18	22.39	13.57	52.61
2005-06	14.67	0.37	35.26	11.47	61.78
2006-07	15.58	0.46	39.67	10.98	66.68
<b>XI Plan (2007-12)</b>					
2007-08	17.00	1.04	39.64	9.78	67.46
<b>Average annual rate of shift in the shares</b>					
1992-2008	0.01	0.21	5.51	1.29	2.91

(Per cent)



**3.7** The receipts and disbursements, particularly those relating to public debt and public accounts, appear on gross basis in the Finance Accounts.

Accommodations by way of Ways and Means Advances (WMA) and 14-day Treasury Bills are, by their very nature, short-term measures and provide a cover for temporary mismatches. These are self-liquidating and their inclusion in debt receipts unnecessarily inflates the figures. Similarly, accrual in public account, which is akin to a banking operation by government, on gross basis, may absorb the gross numbers without providing actual access. While to some extent this may also be true for the other debt receipts as bulk of these receipts are for debt rollover, it indicates the need for a structured borrowing strategy. In view of this, it may be necessary to net the impact of WMA and 14-day Treasury Bills operations of the government on its resources to arrive at its effective receipts. Table 3.5 indicates the impact of this netting on the total receipts, and the ratio of total receipts to GDP for the last eight years. The Net receipts of the Union Government declined by 34.60 percentage points from 67.46 *per cent* to 32.86 *per cent* of total receipts in 2007-08 consequent upon such neutralisation.

Table 3.5: Revised Receipts and its share in GDP

*(Rupees in crore)*

Year	Revenue Receipts*	Non-Debt Capital Receipts	Debt Receipts**	Net Receipts of WMA	Net Receipts from Treasury Bills	Net Public Account Accruals	Total Receipts	Total Receipt/ GDP (Per cent)
1998-99	254369	19063	131789	1042	(-) 850	40942	446355	25.49
1999-00	298076	14275	132556	(-) 2060	(-) 4440	23345	461752	23.65
2000-01	307724	18924	152146	4413	1340	25123	509670	24.24
2001-02	318121	24379	187523	(-) 219	(-) 1553	42364	570615	25.04
2002-03	355948	41896	206830	(-) 5176	3134	37011	639643	26.06
2003-04	404866	86780	297096	0	1626	(-) 22650	767718	27.87
2004-05	455466	68664	326960	0	7354	27119	885563	28.12
2005-06	525325	13382	369247	0	24733	3514	936201	26.15
2006-07	645723	19225	408517	0	136	48639	1122240	27.07
2007-08	801226	49187	633418	0	29154	35717	1548702	32.86

\* Includes figures of taxes and duties assigned to States

\*\* Net of receipts of Ways and Means Advances and Treasury Bills

### Revenue Receipts: Movement of major aggregates

3.8 Revenue receipts with its broad components of tax and non-tax receipts is the most important source of revenue as no future payment obligations are created in accessing these receipts. The composition and trends in revenue receipts of the Union as well as in its gross tax collection during the period 1992-2008 are presented in Table 3.6 and Chart 3.4 and Chart 3.5. Overall revenue receipts of the Union Government (net of the states' share from its gross tax collections) increased at an average annual rate of 10.86 *per cent* during 1992-2008. There was, however, a sharp deceleration in the average annual rate of growth from an average of 15.02 *per cent* during the VIII Plan (1992-1997) to 4.65 *per cent* during the IX Plan (1997-2002). There was a

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reversal in trend during X Plan (2002-07) when the average annual rate of growth was increased sharply to 14.59 *per cent* despite a sluggish growth in non-tax receipt during the Plan period. The shift rate of share of non tax receipt in net tax revenue was also negative during the period 1992-2008. The net revenue of the Union Government for the first time crossed 20 *per cent* in 2006-07 and further reached the level of 23.61 *per cent* during the current year. Despite the high buoyancy in the net revenue receipts during recent years, the net revenue as *per cent* to GDP during VIII, IX and X Plan periods indicated a marginal decline as average growth rate of net revenue receipts remained less than the average growth rate of GDP resulting in a negative shift rate of 0.66 during the period 1992-2008 as reflected in the Table 3.6.

**Table- 3.6: Composition and Trends of Revenue Receipts**

*(Rupees in crore)*

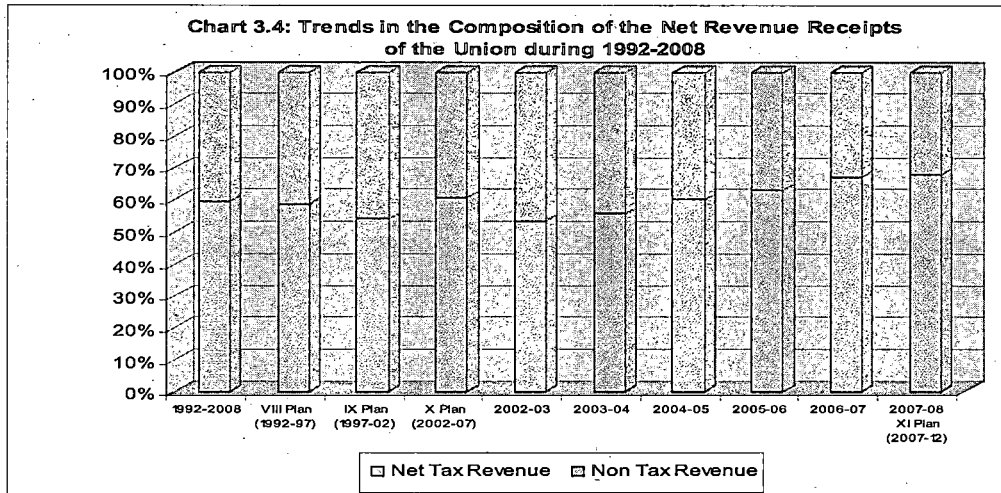
Period	Gross Tax Revenue	States' share in Taxes	Net Tax Revenue	Non Tax Revenue	Net Revenue of the Union	Share of Non-Tax Revenue ( <i>per cent</i> )	Net Revenue as <i>per cent</i> to GDP
1992-2008	220092	47701	172391	116696	289087	40.37	12.99
VIII Plan (1992-97)	96533	9435	87097	61459	148556	41.37	14.32
IX Plan (1997-02)	166087	29808	136278	115933	252211	45.97	13.12
X Plan (2002-07)	323047	83040	240007	154419	394426	39.15	12.26
2002-03	216266	56122	160144	139682	299826	46.59	12.22
2003-04	254348	65766	188582	150518	339100	44.39	12.31
2004-05	304958	78595	226363	150508	376871	39.94	11.97
2005-06	366151	94385	271766	159174	430940	36.94	12.04
2006-07	473512	120330	353182	172211	525393	32.78	12.67
<b>XI Plan (2007-12)</b>							
2007-08	593147	151800	441347	208079	649426	32.04	13.78
<b>Average Annual Rate of Growth (<i>per cent</i>)</b>							
1992-2008	13.65	24.87	11.55	9.67	10.86	(-) 1.08	(-) 0.66
VIII Plan (1992-97)	15.89	21.86	15.30	14.66	15.02		
IX Plan (1997-02)	9.00	49.19	1.90	8.00	4.65		
X Plan (2002-07)	21.31	20.76	21.50	4.86	14.59		
2002-03	15.61	6.21	19.32	6.58	13.02		
2003-04	17.61	17.18	17.76	7.76	13.10		
2004-05	19.90	19.51	20.03	(-) 0.01	11.14		
2005-06	20.07	20.09	20.06	5.76	14.35		
2006-07	29.32	27.49	29.96	8.19	21.92		
<b>XI Plan (2007-12)</b>							
2007-08	25.27	26.15	24.96	20.83	23.61		

*Note: Includes receipts from Railways, Posts and Departmental Undertakings.*

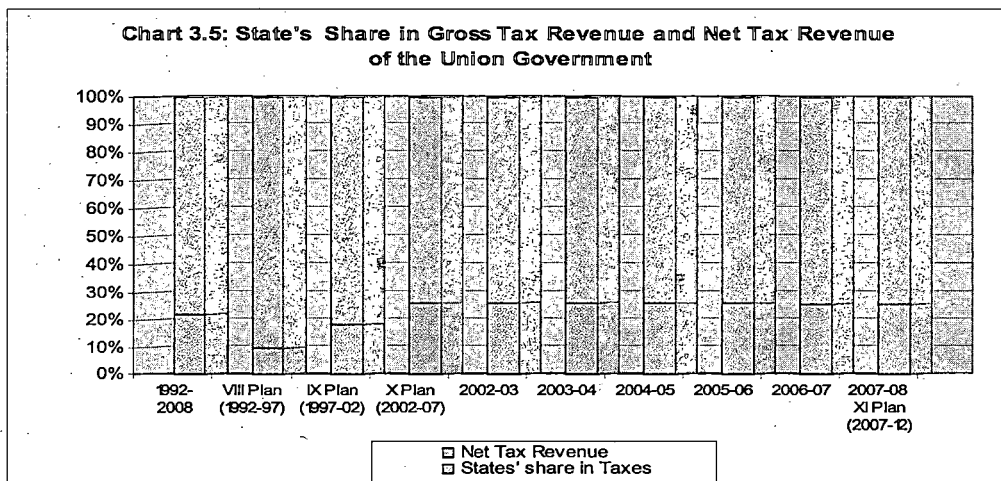
3.9 Non-tax revenue constituted on an average 43.67 *per cent* of the net revenue of the Union Government during the decade 1992-2002 encompassing the VIII and IX Five Year Plans. During the X Plan period, it has consistently declined due to the combined effect of the sluggish growth in aggregate non-tax revenue and relatively much higher increase in net revenue receipts of Union owing to the robust growth in tax revenue during these years. The declining trend continued in 2007-08 as share of non tax revenue in net revenue receipts further declined from the level of 32.78 *per cent* in previous



year. The consistent deceleration in share of non-tax revenue in net revenue receipts of the Union (Chart 3.4) resulted in a negative shift rate of -1.08 during 1992-2008.



3.10 Tenth Plan from its very first year witnessed acceleration in the rate of growth of gross tax collections and also sustained this momentum in that part of the collections which was retained by the Union. Growth in gross tax collections reached the peak level of 29.32 per cent in 2006-07 and steeply increased by 9.25 percentage points from 20.07 per cent in 2005-06. Despite a very large base in 2006-07, gross tax collections increased by 25.27 per cent during 2007-08 indicating very high buoyancy of tax revenue of the Union Government during the recent years especially since the beginning of X Plan (2002-07). Due to increase in percentage share under TFC award as well as increase in absolute amount of gross tax revenue vis-à-vis the TFC projection, the States share in central taxes and duties has gone up by 26.15 per cent from Rs. 120330 crore in 2006-07 to Rs. 151800 crore in 2007-08.



### Major Taxes: Relative performance

**3.11** The relative performance of different taxes changed significantly over the years (Table 3.7) with corporation tax recording highest trend growth of 21.31 per cent during 1992-2008.

Table 3.7: Components of Tax Revenue (gross)

(Rupees in crore)

Period	Total Gross Tax Revenue#	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others
1992-2008	220092	52894	34431	48441	69620	9505	5201
<b>VIII Plan (1992-97)</b>	<b>96533</b>	<b>13567</b>	<b>12575</b>	<b>30273</b>	<b>37014</b>	<b>465</b>	<b>2638</b>
<b>IX Plan (1997-02)</b>	<b>166087</b>	<b>29508</b>	<b>25353</b>	<b>43418</b>	<b>60838</b>	<b>2317</b>	<b>4652</b>
<b>X Plan (2002-07)</b>	<b>323047</b>	<b>87602</b>	<b>51720</b>	<b>60497</b>	<b>100210</b>	<b>17373</b>	<b>5645</b>
2002-03	216266	46172	36866	44852	82310	4122	1944
2003-04	254348	63562	41387	48629	90774	7891	2105
2004-05	304958	82680	49268	57611	99125	14200	2074
2005-06	366151	101277	55985	65067	111226	23055	9541
2006-07	473512	144318	75093	86327	117613	37598	12563
<b>XI Plan (2007-12)</b>							
2007-08	593147	192911	102659	104119	123611	51302	18545
<b>Average Annual Rate of Growth (per cent)</b>							
1992-2008	13.65	21.31	16.58	8.46	10.30	*	7.64
<b>VIII Plan (1992-97)</b>	<b>15.89</b>	<b>21.71</b>	<b>24.72</b>	<b>18.00</b>	<b>10.45</b>	*	<b>-2.50</b>
<b>IX Plan (1997-02)</b>	<b>9.00</b>	<b>17.15</b>	<b>18.58</b>	<b>1.61</b>	<b>11.41</b>	<b>19.19</b>	<b>-30.18</b>
<b>X Plan (2002-07)</b>	<b>21.31</b>	<b>31.59</b>	<b>18.83</b>	<b>17.36</b>	<b>9.60</b>	<b>73.21</b>	<b>68.93</b>
2002-03	15.61	26.12	15.19	11.38	13.44	24.83	-16.28
2003-04	17.61	37.66	12.26	8.42	10.28	91.44	8.28
2004-05	19.90	30.08	19.04	18.47	9.20	79.95	-1.47
2005-06	20.07	22.49	13.63	12.94	12.21	62.36	360.03
2006-07	29.32	42.50	34.13	32.67	5.74	63.08	31.67
<b>XI Plan (2007-12)</b>							
2007-08	25.27	33.67	36.71	20.61	5.10	36.45	47.62

\* Service Tax was introduced in 1994-95 # Includes figures of taxes/duties assigned to States/UTs.

**3.12** In the years following the economic reforms, there were significant changes in the structure of taxes. Wider coverage, broad base and moderate rates became the cornerstone of the new tax regime. There was also a shift from commodity-based taxation to less distortionary income based taxation. This shift was expected to improve tax compliance, tax buoyancy and finally the tax-GDP ratio. During the VIII Plan (1992-1997), rate of growth of tax receipts increased to an average of 15.89 per cent, little more than two percentage points higher than the trend growth during 1992-2008. This growth in gross tax collections during the VIII Plan (1992-97) could be attributed to accelerated growth in income tax, corporation tax and customs duties during this period. There was, however, a deceleration in the average annual growth of these three taxes/duties during the IX Plan (1997-2002). While a decline in the rate of growth in customs and excise duties was expected in view of lowering of duties, this was not fully compensated by increase in the rate of

growth of other taxes. Even the introduction of service tax in 1994-95, which provided additional revenue, could not sustain the growth rates during this period. If the gross collections from the major taxes in 1992-93 are set at 100, collection index would be 2168 for corporation tax, 1300 for income tax, 401 for excise duties and only 438 for customs duties in 2007-08. Acceleration in the collections particularly of the corporate and income tax was the outcome of rationalisation of tax structure and other tax reforms during the period.

3.13 In 2007-08, tax receipts have shown higher buoyancy than expected from all the taxes except from the excise duties. While the gross collections from income tax and corporation tax grew by 36.71 *per cent* and 33.67 *per cent*, respectively, against an increase of 25.27 *per cent* for the gross collections, the collections from the service tax, customs and excise duties increased by 36.45 *per cent*; 20.61 *per cent* and 5.1 *per cent*, respectively, during the current year. Increase in service tax was both due to change in the rates as also the increase in the coverage of services. Indirect tax reforms focused on moving towards ASEAN levels for custom tariffs and CENVAT rate for excise duties. The policy of bringing about moderate, rational and simplified tax structure and reducing customs duty rates to ASEAN levels continued during the current year as the peak rate of customs duty for various products encompassing the non-agricultural imports and chemicals and plastics across the various categories was reduced substantially.

3.14 As a result of these measures, collections under income tax, corporation tax, customs and excise duties recorded absolute increases during 2007-08 over the previous year but deceleration in the rate of growth of excise duties was observed partly on account of rationalisation of their rate structure and partly due to their relatively higher bases in the previous year. A significant increase under the head 'others' is mainly on account of the buoyant growth displayed in collections under fringe benefit tax, securities transaction tax and banking cash transaction tax which form part of the direct taxes in the budget estimates and reflected under the head 'other taxes'.

3.15 Apart from the differential performance in terms of collections under various taxes, their relative share in the gross tax revenue of Union has also changed significantly particularly during the X Plan period (2002-07) (Table 3.8 and Chart 3.6). As the economic reforms began in early 90s, the share of corporate tax revenues in the total gross tax revenues stood at 14.05 *per cent*, while that of the excise duties was 38.34 *per cent* during the VIII Plan (1992-97). However, over the years, gains trickled down to the exchequer in the form of higher corporate tax collections. While the collections under the corporate tax increased from Rs. 46,172 crore in 2002-03 to Rs. 192911 crore in 2007-08, excise duties increased from Rs. 82,310 crore in 2002-03 to Rs. 123611 crore in 2007-08. Since 2002-03, the share of excise duties in gross tax revenue has been declining on an average every year by 2.87 percentage points while on the other hand the share of corporate tax has been increasing by about 1.86 percentage points every year. The share of indirect taxes comprising of excise and custom duties in gross tax revenue has declined



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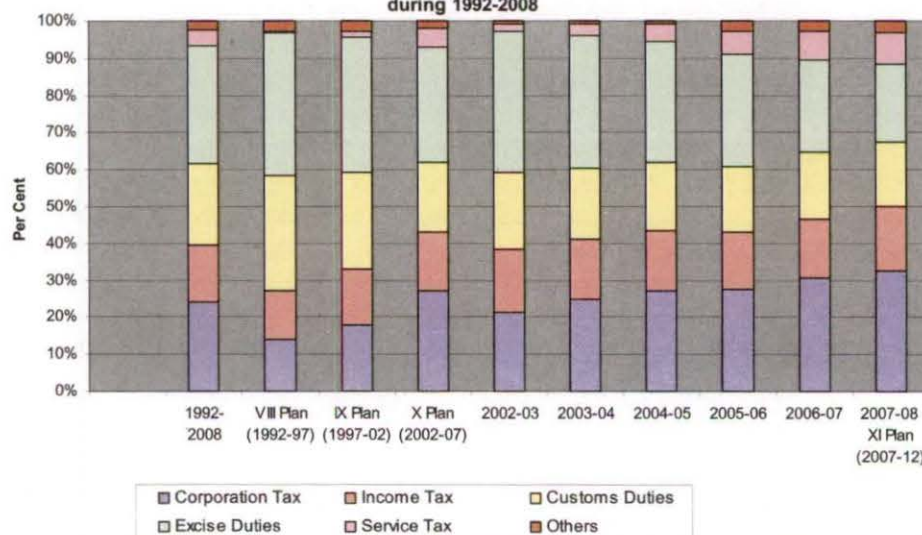
by 6.93 percentage points from 69.7 *per cent* in VIII Plan (1992-97) to 62.77 *per cent* in IX Plan (1997-02) but thereafter it declined at an annual average rate of 3.40 percentage points during the six year period from 2002-03 to 2007-08. The share of personal income tax however indicated a marginal increase of two percentage points from VIII to IX Plan period and thereafter its share indicated gradual decline at relatively slower rate of 0.24 percentage points during X Plan period. However, during 2007-08, the share of income tax increased sharply by 1.64 percentage points in a year. The share of service tax since its inception in 1994-95 has been consistently increasing. It has increased on an average by 1.2 percentage points every year during the period from 2002-03 to 2007-08.

**Table 3.8: Relative Share of Components of Tax Revenue (Gross)**

(per cent)

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others
1992-2008	100.00	24.03	15.64	22.01	31.63	4.32	2.36
<b>VIII Plan (1992-1997)</b>	<b>100.00</b>	<b>14.05</b>	<b>13.03</b>	<b>31.36</b>	<b>38.34</b>	<b>0.48</b>	<b>2.73</b>
<b>IX Plan (1997-2002)</b>	<b>100.00</b>	<b>17.77</b>	<b>15.26</b>	<b>26.14</b>	<b>36.63</b>	<b>1.40</b>	<b>2.80</b>
<b>X Plan (2002-07)</b>	<b>100.00</b>	<b>27.12</b>	<b>16.01</b>	<b>18.73</b>	<b>31.02</b>	<b>5.38</b>	<b>1.75</b>
2002-03	100.00	21.35	17.05	20.74	38.06	1.91	0.90
2003-04	100.00	24.99	16.27	19.12	35.69	3.10	0.83
2004-05	100.00	27.11	16.16	18.89	32.50	4.66	0.68
2005-06	100.00	27.66	15.29	17.77	30.38	6.30	2.61
2006-07	100.00	30.48	15.86	18.23	24.84	7.94	2.65
<b>XI Plan (2007-12)</b>							
2007-08	100.00	32.52	17.31	17.55	20.84	8.65	3.13

**Chart 3.6: Trends in the Composition of Gross Tax Revenue of the Union during 1992-2008**



### Tax buoyancy

3.16 The tax collections are normally affected by three main factors, viz the tax base, the tax rate and tax compliance, including the effectiveness of tax administration. Though the legal bases for various direct taxes differ and are too complex to be determined effectively due to exemptions and other concessions, GDP is considered the best proxy tax base. While there is no defined measure of tax compliance, it depends on the effectiveness of tax administration and three relevant proxy factors are speed of assessment, collection of arrears and enrolment of the potential taxpayers for tax assessment. Tax compliance is both voluntary and enforced. Voluntary compliance, however, is also dependent on effectiveness of the enforcement machinery apart from effective and deterrent penalties. Tax rates for income and corporation taxes have generally been stable in the medium term.

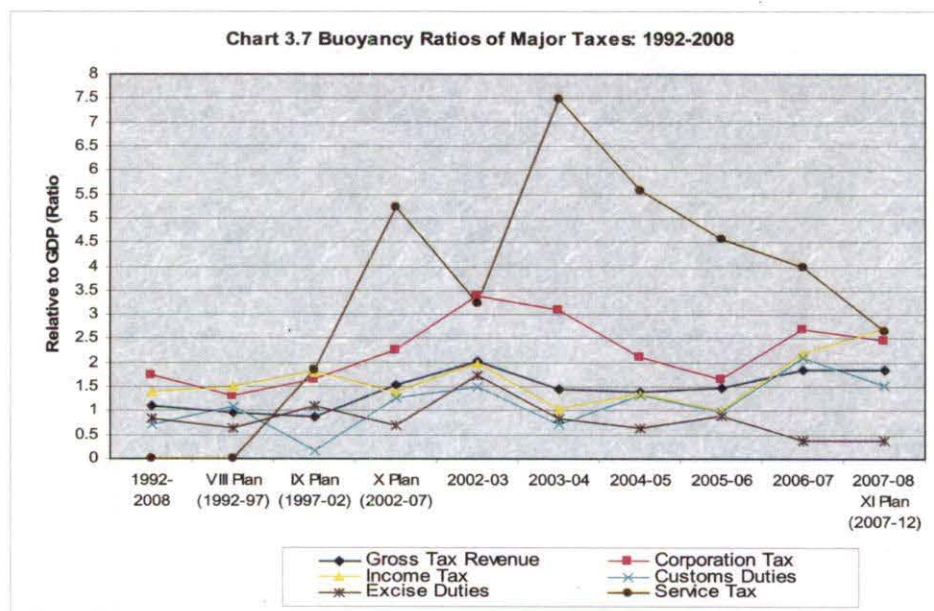
3.17 Tax revenue is perceived to be the reflection of the overall health of the economy. Tax buoyancy not only depends upon tax policy and administration but also on general performance of the economy. Assuming that GDP is a good indicator of the performance of the economy, the buoyancy coefficients indicate the percentage increase in the tax revenue following a one *per cent* increase in the GDP or the tax base. Besides the base, higher buoyancy may also be due to change in the tax rates and its coverage. While a buoyancy of greater than one is desirable, a buoyancy of less than one indicates that the collection from the concerned tax has not kept pace with the change in the base.

Table 3.9: Buoyancy of major taxes

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax
1992-2008	1.111	1.734	1.349	0.689	0.838	--
VIII Plan (1992-97)	0.950	1.298	1.479	1.076	0.625	--
IX Plan (1997-02)	0.871	1.660	1.798	0.156	1.104	1.857
X Plan (2002-07)	1.522	2.256	1.345	1.240	0.686	5.228
2002-03	2.026	3.390	1.972	1.477	1.745	3.223
2003-04	1.441	3.082	1.004	0.689	0.841	7.482
2004-05	1.388	2.098	1.328	1.288	0.642	5.577
2005-06	1.467	1.644	0.996	0.946	0.892	4.557
2006-07	1.857	2.691	2.161	2.069	0.364	3.994
XI Plan (2007-12)						
2007-08	1.846	2.460	2.683	1.506	0.373	2.663

3.18 Table 3.9 and Chart 3.7 presents the trends in buoyancy of major taxes during 1992-2008 and also during the VIII, IX and X Plan periods along with separately for each year of the X Plan as well as for 2007-08, the first year of XI Plan (2007-12). The trends in the buoyancy coefficients reveal that they have fluctuated across the taxes and over plans. The buoyancy of gross tax collections during the Eighth and Ninth Plans remained lower than unity however it was more than one in each year of the X Plan resulting in an average buoyancy of 1.522 during the Plan period. It further increases to 1.846 during 2007-08, the first year of XI Plan (2007-12) from 1.857 in 2006-07.

Due to buoyant growth in tax revenue displayed during the recent years, the long term trend over the period 1992-2008 also exceeded the unity. The overall tax buoyancy has improved significantly during 2002-03 to 2006-07 mainly on account of the revival of growth momentum especially in industrial sector of the economy on which the tax collections of the government critically depend. The other important factor behind the high tax buoyancy has been the increase in the rate of service tax as well as the widening of its base by inclusion of new services into the tax net. The buoyancy in gross tax collection would fall if we exclude service tax from it. However, a very low contribution of service tax in total tax collections, i.e. 8.65 per cent in 2007-08 indicates the fact that despite recent attempts at widening tax base, excessive reliance of the Government on the industrial sector still continues for the revenue requirements. Gross Tax revenue budgeted to grow by 23.97 per cent in 2007-08 relies heavily on the performance of corporate and income taxes and the budget estimates envisaged for corporate and income taxes were respectively at 26.60 per cent and 18.28 per cent for the year. The overall realisation of growth in tax revenue receipts, receipts from corporate and income tax are observed to be respectively at 25.27, 33.67 and 36.71 per cent over the previous year.



**3.19** While the overall buoyancy of two important direct taxes, viz., the corporate tax and income tax exceeded one, for the two important commodity taxes, viz., the customs and excise duty it was significantly below one during the period 1992-2008. Excise and customs duty have exhibited fluctuations during VIII and IX plan periods and also during the subsequent years. The buoyancies of two direct taxes - corporate tax and income tax - remained significantly more 2.5 during 2007-08 although buoyancy of corporate tax indicated a marginal decline in 2007-08. In the current year, the buoyancy of excise duties although indicated a marginal increase but it was even less than



half of its trend ratio while that of custom duties it steeply declined by 0.563 percentage point from 2.069 in 2006-07 to 1.506 in current year. Further, buoyancies of corporation tax, income tax, and service tax being more than two implies their growth rates had been significantly higher than the growth of GDP. The relatively buoyant performance on the customs duty front was observed on account of high and rising level of oil prices and buoyant non-oil imports because of the rise in GDP, which in fact helped in mobilising additional revenues from these taxes. The policy of expanding the tax base rather than increasing the rate and moving towards CENVAT rate, reduction in excise duty on identified goods and granting exemption to others has been mainly responsible for slow pace in the collections under the excise duty. The declining share of customs and excise duties in the total tax receipts of the Union despite the buoyant GDP growth indicates towards their diluted role as a revenue-generating device in the wake of the tariff reductions associated with trade liberalisation.

#### Tax-GDP ratio

3.20 The other indicator of adequacy and effectiveness of government's resource mobilisation efforts and its extent of realisation of the tax potential is the tax to GDP ratio. Table 3.10 and Chart 3.8 present the trends of this ratio over the period 1992-2008 encompassing the VIII, IX and X Plan periods. The average annual rate of shift in tax-GDP ratio at 1.22 *per cent* for the period 1992-2008 indicates that growth in gross tax revenue is keeping pace with the rate of growth in GDP during this period. The tax-GDP ratio at 9.30 *per cent* during VIII Plan (1992-97) declined to 8.64 *per cent* in IX Plan (1997-2002) but this trend was reversed during the X Plan (2002-07) as this ratio increased to over 10 *per cent* mainly on account of buoyant tax collections during recent years especially in 2005-06 and 2006-07. During the X Plan period the tax GDP ratio consistently increased from 8.81 *per cent* in 2002-03 and exceeded 10 *per cent* in the year 2005-06 for the first time during the economic reforms regime, which began effectively from 1992-93. The increasing trend continued and it reached the level of 12.58 *per cent* during the current year, which was higher than the budgeted level of 11.8 *per cent* envisaged in Medium Term Fiscal Policy (MTFP) Statement for 2007-08.

Table 3.10: Tax/GDP Ratio of Major Taxes

(Per cent)

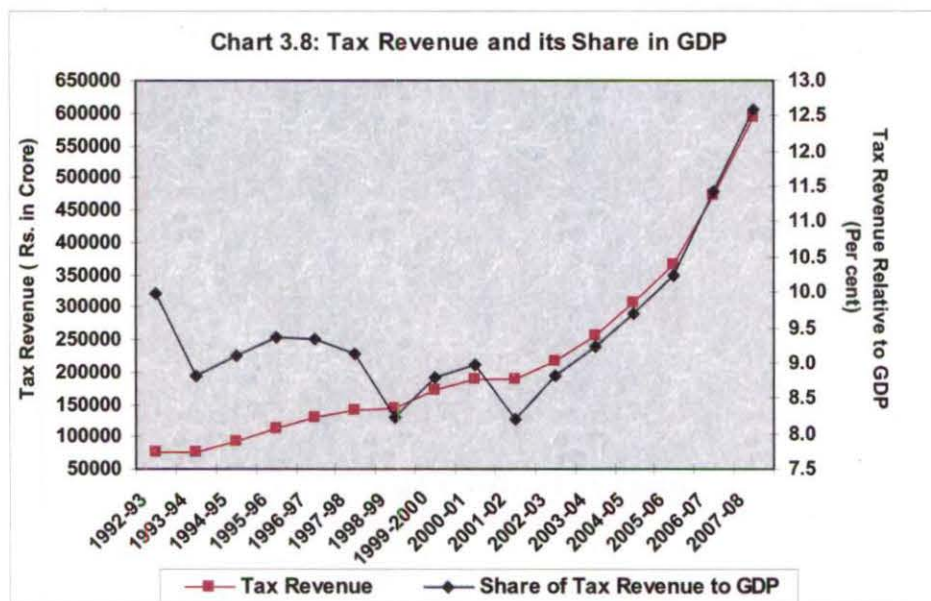
Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax
1992-2008	9.89	2.38	1.55	2.18	3.13	0.43
VIII Plan (1992-97)	9.30	1.31	1.21	2.92	3.57	0.04
IX Plan (1997-02)	8.64	1.54	1.32	2.26	3.16	0.12
X Plan (2002-07)	10.04	2.72	1.61	1.88	3.12	0.54
2002-03	8.81	1.88	1.50	1.83	3.35	0.17
2003-04	9.23	2.31	1.50	1.77	3.30	0.29
2004-05	9.68	2.63	1.56	1.83	3.15	0.45
2005-06	10.23	2.83	1.56	1.82	3.11	0.64
2006-07	11.42	3.48	1.81	2.08	2.84	0.91

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(Per cent)

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax
<b>XI Plan (2007-12)</b>						
2007-08	12.58	4.09	2.18	2.21	2.62	1.09
Av Annual Rate of Shift (1992-2008)	1.22	8.03	3.82	(-) 3.41	(-) 1.77	*

\* Annual Rate of Shift not worked out as Service Tax was introduced in 1994-95.



**3.21** Even the phase of recovery and high economic growth resulting in increasing corporate profits and buoyancies in salaries together with widening of the tax net through various means could not improve the tax to GDP ratio significantly largely due to the tax exemptions/concessions provided during the economic reforms regime. Besides, marginal tax rates have come down sharply during the last more than two decades, viz., in 1985-86, the marginal rate of taxes on personal income was brought down from 62 to 50 *per cent* and the corporate tax rate from around 60 to 50 *per cent*. In the budget of the early 1990s, especially those of 1992-93 and 1994-95, the marginal rates were further reduced to 40 *per cent* and at present they stand at around 33 *per cent*. The tax to GDP ratios were at their lowest in 2001-02, when they stood at 8.21 *per cent* in the case of the Centre's gross tax revenue and 5.89 *per cent* in the case of net tax revenue as compared to 9.97 and 9.16 *per cent* respectively in 1992-93. This decline has occurred despite some improvement in the collection of corporation, income and service taxes (relative to GDP), which could not cover the loss suffered in collections from customs and excise duties as a result of trade liberalisation and the "rationalisation" of excise duties. An overall decline in the ratio of customs and excise duty collections to GDP contributed to the overall decline in tax to GDP ratio over this period. The ratio of customs and excise duty collections to GDP declined from an average of 2.92 and 3.57 *per cent* during the VIII Plan (1992-1997) to 1.82 and 3.11 *per cent* respectively in 2005-06. The ratio of customs duty collections to GDP

although indicated a tendency to improve in 2006-07 and 2007-08 but this ratio for excise duties has consistently deteriorated since 2002-03. Although there was a negative shift in their share relative to GDP during 1992-2008 but the buoyant growth of receipts under corporate tax, income tax, service tax and other indirect taxes could sustain an overall positive shift in gross tax collections. Corporation and income tax collections relative to GDP witnessed significant improvement and had a positive shift rates. It is indeed true that subsequently buoyant corporate profits, a widened tax base and improved collection of dues and arrears, helped raise the tax GDP ratio. But despite high growth, improved profitability and signs of increased inequality (which should improve tax collection) the increase during the last three years (2005-08) was only higher by one to two percentage points to its immediate pre liberalisation levels. This is because while corporation, income and service tax revenues (particularly the first) contributed to the increase, their effect was not sufficient enough to raise the tax-GDP ratio significantly during the recent years.

### **Non-Tax Revenue**

**3.22** Non-tax revenues of government could be considered as being composed of two components: income from its sovereign functions like judiciary, police, currency and coinage, etc., and arising from its assets/investments either as intermediation returns or dividends or user charges such as Railways, Posts and Departmental Undertakings. While the revenue from sovereign functions, financial intermediation and investment are in terms of actual realisation, income from social and economic services is on gross basis and is not netted of the operating costs of service delivery. Further, dividend income also includes the surplus transferred from the Reserve Bank of India and is more akin to seignorage (seignorage is non-inflationary increase in money stock) rather than investment related. Notwithstanding the limitations of non-tax revenue with regard to the amount that should actually be reckoned as income/revenue of the government, the accruals from this source contributed around 40.37 *per cent* of the average net current revenue of the Union during the period 1992-2008. The share of non tax revenue in net current revenue of the Union has consistently declined from 46.59 *per cent* in 2002-03 to 32.04 *per cent* in 2007-08 mainly because of sluggish growth in non tax revenue of the Government vis-à-vis buoyant growth in tax revenue during the period. The trends in aggregated non-tax revenue on gross basis as well as in its components during the 1992-2008 are presented in Table 3.11 and Chart 3.9.



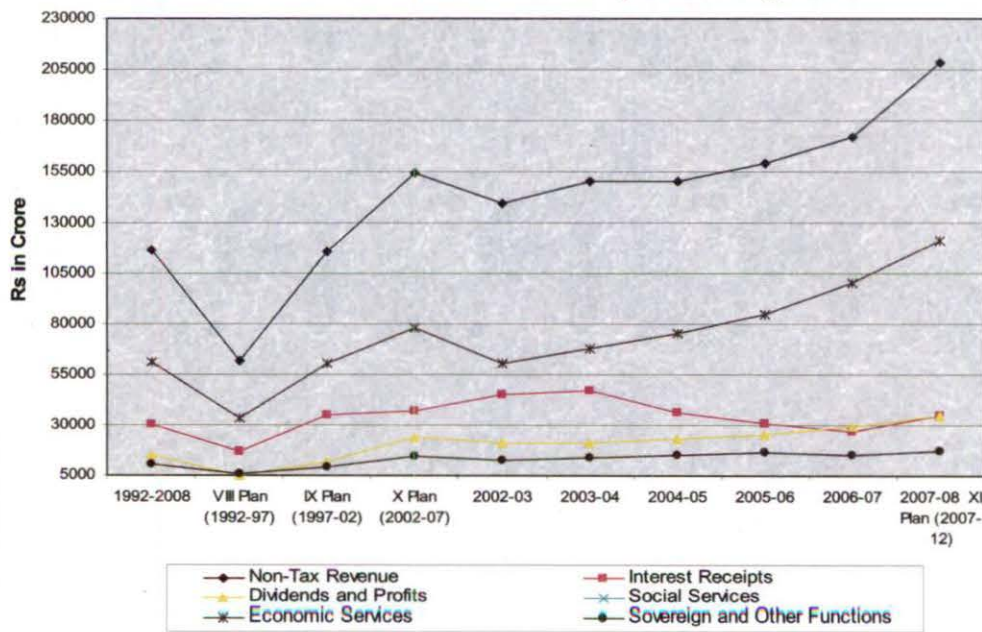
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**Table 3.11: Non Tax Revenue- Trends**

*(Rupees in crore)*

Period	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions
1992-2008	116696	29769	14826	629	61097	10375
<b>VIII Plan (1992-97)</b>	<b>61459</b>	<b>16791</b>	<b>4969</b>	<b>606</b>	<b>33100</b>	<b>5993</b>
<b>IX Plan (1997-02)</b>	<b>115933</b>	<b>34526</b>	<b>11555</b>	<b>572</b>	<b>60257</b>	<b>9024</b>
<b>X Plan (2002-07)</b>	<b>154419</b>	<b>37023</b>	<b>24018</b>	<b>687</b>	<b>77953</b>	<b>14738</b>
2002-03	139682	44705	21230	424	60663	12660
2003-04	150518	46645	21160	449	68156	14108
2004-05	150508	36412	22939	451	75588	15118
2005-06	159174	30799	25451	1643	84893	16388
2006-07	172211	26553	29310	467	100466	15415
<b>XI Plan (2007-12)</b>						
2007-08	208079	34612	34500	742	120998	17227
<b>Average Annual Rate of Growth</b>						
<b>1992-2008</b>	9.67	6.86	18.03	0.42	9.43	8.96
<b>VIII Plan (1992-97)</b>	<b>14.66</b>	<b>14.32</b>	<b>30.01</b>	<b>10.93</b>	<b>15.54</b>	<b>2.87</b>
<b>IX Plan (1997-02)</b>	<b>8.00</b>	<b>13.00</b>	<b>21.19</b>	<b>(-) 21.24</b>	<b>2.25</b>	<b>13.16</b>
<b>X Plan (2002-07)</b>	<b>4.86</b>	<b>(-) 13.56</b>	<b>8.65</b>	<b>16.07</b>	<b>13.07</b>	<b>5.59</b>
2002-03	6.58	5.81	22.79	42.76	2.28	6.29
2003-04	7.76	4.34	(-) 0.33	5.90	12.35	11.44
2004-05	-0.01	(-) 21.94	8.41	0.45	10.90	7.16
2005-06	5.76	(-) 15.42	10.95	264.30	12.31	8.40
2006-07	8.19	(-) 13.79	15.16	(-) 71.58	18.34	(-) 5.94
<b>XI Plan (2007-12)</b>						
2007-08	20.83	30.35	17.71	58.89	20.44	11.75

**Chart 3.9: Trends in Non-Tax Revenue and its Components during 1992-2008**



**3.23** Non-tax revenue from dividends and profits (inclusive of surplus transferred from the Reserve Bank of India) was the component growing the fastest at an average rate of 18.03 *per cent* during 1992-2008. However, the revenue from this source virtually declined in 2003-04 but picked up gradually in subsequent years. The fall in 2003-04 from this source was largely due to a decline in the surplus transferred from the Reserve Bank of India from Rs. 10320 crore in 2002-03 to Rs. 8834 crore in 2003-04 and further to Rs. 5400 crore in 2004-05. The surplus from RBI, however, subsequently picked up and increased to Rs. 8404 crore in 2006-07 and further to Rs. 11411 crore in 2007-08. During the current year, a sharp increase in surplus transferred from the Reserve Bank of India, along with an increase of Rs. 1838 crore in the dividends from CPSUs (9.74 *per cent*) and an increase of Rs. 308 crore (58.97 *per cent*) in share of profit from Life Insurance Corporation (LIC) largely led to an increase in share of component of dividends and profits in 2007-08.

**3.24** Tenth Plan (2002-07) witnessed a decline in growth of interest receipts during the first two years but during the last three years of the Plan, the contribution from this source has virtually declined in absolute terms mainly on account of implementation of the debt swap scheme that resulted in a reduced corpus of outstanding loans with lower interest rates and consolidation and rescheduling of outstanding loans at lower rate of interest under the scheme of DCRF recommended by the TFC. Taking a turnaround, the interest receipts have increased by Rs. 8059 crore (30.35 *per cent*) in 2007-08 over the previous year mainly on account of an increase of Rs. 2896 crore (77 *per cent*) in interest receipts on loans for State Plan Schemes and an increase of Rs. 1581 crore in interest receipts along with a premium of Rs. 2893 crore arising out of market stabilisation scheme during the year.

**3.25** The trend average receipts from the social services like education, health, water supply, sanitation and social security etc., during X Plan (2002-07) was higher relative to that during Eighth Plan (1992-97) and IX Plan (1997-2002). The receipts from social services increased marginally in 2003-04 and remained virtually static during the X Plan except in 2005-06 when receipts from social services increased by more than three times from Rs. 451 crore in 2004-05 to Rs. 1643 crore in 2005-06 essentially on account of increased collections under the head 'Information and Publicity' amounting to Rs. 1139 crore during the year over the previous year. The receipts from social services have increased by 58.89 *per cent* from the static level of Rs. 467 crore in 2006-07 to Rs. 742 crore in current year. The sector wise analysis revealed that major increases were recorded under the residual head '800-other receipts' of the major heads 'Housing' (Rs. 52 crore); 'Urban Development' (Rs. 115 crore) and 'Information and Publicity' (Rs. 93 crore) in 2007-08 over the previous year.

**3.26** The aggregate receipts from economic services increased from the annual average receipts of Rs. 33100 crore during VIII Plan (1992-97) to Rs. 120998 crore in 2007-08 at an annual average rate of growth of 9.43 *per*



cent during the period. The receipts from economic services picked up during the last two years and increased by 18.34 and 20.44 per cent respectively in 2006-7 and 2007-08, i.e. more than the trend growth rate of 15.54 per cent during the X Plan (2002-07). A detailed analysis of receipts from economic services indicates that the receipts from Railways constituted bulk of the total receipts from 'Economic Services' during 2000-07 and ranged from 61 per cent in 2000-01 to 65 per cent in 2006-07 after reaching the peak level of 70.46 per cent in 2002-03. The share of railways in aggregate receipts from economic services however declined to 61 per cent in 2007-08 mainly due to steep increase in share of 'Other Communication Services'. The Communication Services including telecommunications contributed another 20 per cent of total receipts from 'Economic Services' in 2000-01 which subsequently declined to 12.4 per cent in 2006-07 mainly on account of corporatization of the Telecom services in India. Although telecom receipts to Union declined since 2000-01 but receipts from 'Other Communication Services' including Wireless Planning and Coordination Organisation (WPCO) and telecom licence fee/universal access levy have increased from Rs. 1614 crore in 2000-01 to Rs. 12465 crore in 2006-07. The receipts from 'Other Communication Services' sharply increased to Rs. 26729 crore in 2007-08 mainly due to an increase of Rs. 965 crore from WPCO; Rs. 1465 crore from Universal Access levy; Rs. 352 crore from telecommunication license fee and Rs. 11482 crore on account of miscellaneous receipts booked under residual head 'other receipts'. This steep increase enhanced the share of 'Other Communication Services' in aggregate receipts from economic services from 12.4 per cent in 2006-07 to 22 per cent in 2007-08. Railways together with communications including postal receipts, power and petroleum contributed 95 per cent of total receipts from economic services during 2006-07. An increase of 20.44 per cent in receipts from economic services; 30.35 per cent in interest receipts and 17.71 per cent in the form of dividends and profits resulted in an increase of 20.83 per cent in non-tax receipts in 2007-08 over the previous year.

3.27 Relative shares of the various components of non-tax revenue witnessed significant changes during 1992-2008 (Table 3.12 and Chart 3.10).

**Table 3.12: Relative share of the components of non-tax revenue**

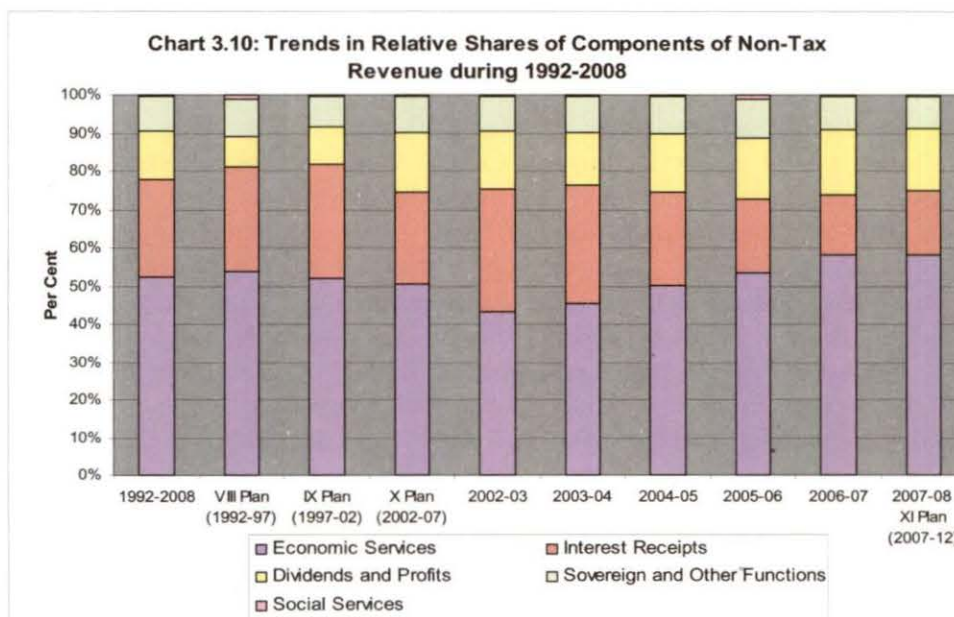
Period	(Per cent)					
	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions
1992-2008	100.00	25.51	12.70	0.54	52.36	8.89
VIII Plan (1992-97)	100.00	27.32	8.09	0.99	53.86	9.75
IX Plan (1997-02)	100.00	29.78	9.97	0.49	51.98	7.78
X Plan (2002-07)	100.00	23.98	15.55	0.44	50.48	9.54
2002-03	100.00	32.00	15.20	0.30	43.43	9.06
2003-04	100.00	30.99	14.06	0.30	45.28	9.37
2004-05	100.00	24.19	15.24	0.30	50.22	10.04
2005-06	100.00	19.35	15.99	1.03	53.33	10.30
2006-07	100.00	15.42	17.02	0.27	58.34	8.95



Resources: Trends and Composition

Period	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Social Services	Economic Services	(Per cent)
						Sovereign and Other Functions
XI Plan (2007-12)						
2007-08	100.00	16.63	16.58	0.36	58.15	8.28
Average Annual Rate of Shift in the shares						
1992-2008		(-) 2.56	7.63	(-) 8.43	(-) 0.22	(-) 0.64

Notwithstanding inter year variations and a moderate growth during 2004-05 and 2005-06, the share of dividend and profits increased from an average of 8.09 *per cent* during the VIII plan (1992-1997) to around 16.58 *per cent* during 2007-08 and had a positive average annual shift rate of 7.63 *per cent* during 1992-2008. The share of interest receipts has consistently declined during X Plan (2002-07) from 32 *per cent* in 2002-03 to 15.42 *per cent* in 2006-07 and despite a moderate increase in its share in 2007-08 past trends resulted in its negative shift rate of (-) 2.56 during 1992-2008. Moderation in interest rates on loans advanced and debt swap have contributed to this deceleration during the X Plan (2002-07) period. Non-tax receipts from the social and economic services and from the sovereign and other general functions of the government had negative shift rates during 1992-2008. For economic services, a part of this decline in relative share was due to cessation of revenue from telecommunication as the departmental undertaking was corporatised. Their revenue, which earlier formed part of the Consolidated Fund, became revenue of the newly created corporate entity. Overall contribution of the social services in non-tax revenue was not only insignificant but remained virtually static during the period from 2002-03 to 2007-08 although it indicated a steep increase in 2005-06 essentially on account of increased collections under the head 'information and publicity'.



### Non-Debt capital receipts

**3.28** Non-debt capital receipts consist of miscellaneous capital receipts (disinvestment) and recovery of loans and advances. Table 3.13 gives the details of non debt capital receipts from disinvestment and recovery of loans and advances given by the Union Government to State and Union Territory governments, foreign governments, government corporations, non-government institutions and government servants. This table also indicates the budget estimates and actual realisation of the proceeds from disinvestment along with actual recovery of loans and advances of the Union Government.

**Table 3.13: Realisation from disinvestment and recovery of loans**

Period	Disinvestment			Recovery of Loans		
	Budget Estimates	Actual Realisation	Per cent Realisation	Budget Estimates	Actual Realisation	Per cent Realisation
	(Rupees in crore)			(Rupees in crore)		
1996-97	5000	380	7.60	8184	8696	106.26
1998-99	5000	5369	107.38	11560	13189	114.09
1999-00	10000	1723	17.23	13337	12551	94.11
2000-01	10000	1870	18.70	15839	16799	106.06
2001-02	12000	3028	25.23	17488	20733	118.56
2002-03	12000	3149	26.24	20080	38745	192.95
2003-04	13200	16632	126.00	20523	69827	340.24
2004-05	4000	4363	109.10	29625	64240	216.84
2005-06	0.0	1570	--	13525	11801	87.25
2006-07	3840	534*	0.00	9530	18691	196.13
2007-08	1651	4387	165.72	3030	10391	242.94

**3.29** The trends in miscellaneous capital receipts (MCR), i.e. disinvestment proceeds indicate wide fluctuations during the last three years from 2005-06 to 2007-08. While Rs. 1570 crore were booked as MCR on account of disinvestment of government equity in public sector and other undertakings during 2005-06 against the 'nil' budget estimates for the year, during 2006-07 against the budget estimates of Rs. 3840 crore on account of partial disinvestment of equity holdings in Central Public Sector Enterprises there was no receipt on account of disinvestment of government equity during the year. However, the receipt of Rs. 534 crore was booked under capital receipt mainly on account of issue of bonus shares by Oil and Natural Gas Commission. During 2007-08, the actual realisation from disinvestment at Rs. 4387 crore in Finance Accounts was 166 per cent of the budget estimates (Rs. 1651 crore) for the year presumably on account of disinvestment in Rural Electrification Corporation (REC), Power Grid Corporation of India Limited (PGCIL) and National Hydro Power Corporation NHPC besides the receipts of Rs. 166 crore on account of bonus share issued by Bharat Heavy Electricals Limited (BHEL) during the year. However, with the decision to set up the National Investment Fund (NIF) to credit the disinvestment

\* The receipt of Rs. 534 crore was mainly on account of issue of bonus shares by Oil and Natural Gas Commission



proceeds, such receipts in the current year were to be matched by transfer to NIF.

**3.30** With the prepayment of high cost loans by States as well as by some public sector undertakings under the debt swap scheme in 2003-04 and 2004-05 to take advantage of the soft-interest regime, the receipts under recovery of loans showed a predictable decline since 2005-06. The recovery of loans not only significantly declined from the previous year but fell short of the meagre budget target of Rs. 13525 crore during 2005-06. Given the fact that the role of Union Government as financial intermediary for the State Government is abolished on the recommendation of the TFC and the outstanding loans of States from the Union Government has been rescheduled at reduced rate of interest under DCRF, the budget estimates for recovery of loans seem to have been steeply reduced by the Union Government during 2006-07 and 2007-08. Owing to the comfortable fiscal position of the States, recovery of loans from States during 2006-07 and 2007-08 vis-à-vis budget estimates has improved during these years as the recoveries of loans were respectively 196 and 243 *per cent* of budget estimates during 2006-07 and 2007-08.

**3.31** 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.



## Chapter 4

### APPLICATION OF RESOURCES: EXPENDITURE

Total disbursements of the Union Government increased at an average annual trend growth rate of 15.37 *per cent* during 1992-2008. Aggregate disbursement of Union Government has four major components: actual expenditure inclusive of the grants in aid to the States; mandatory transfer of the proceeds from Union taxes to the States; repayment of debt and disbursements from public accounts. The relative share of the four components of aggregate disbursement showed wide fluctuation both on year-to-year basis and over Plan periods. The increasing trend of share of debt payment and the declining trend of the actual expenditure which continued till 2006-07, reversed in 2007-08 while the shares of other two components exhibited a mixed trend over the period 1992-2008.

Revenue expenditure continued to be the dominant component of the total expenditure and its share increased consistently from an average of 80.50 *per cent* during the VIII Plan to 84.23 *per cent* in IX Plan (1997-2002) and further to an average of 87.27 *per cent* during the X Plan (2002-07) after reaching the peak level of 90.47 *per cent* in 2006-07. During the current year, its share declined to 85.10 *per cent* mainly on account of its relatively slower growth rate of 11.6 *per cent* over the previous year vis-à-vis a steep increase of 97.22 *per cent* in capital expenditure during the year. A significant part of revenue expenditure is mostly committed, i.e. that part of the expenditure over which the Government has very little discretion. Interest payments, subsidies, pensions, salary & wages and most of the grants-in-aid to States/Union Territories fall in this category.

The relative share of capital expenditure and loans and advances declined from an average of 19.50 *per cent* during the VIII Plan to an average of 12.73 *per cent* during the X Plan (2002-07) but increased to 14.90 *per cent* during 2007-08. The steep decline in the Loans and Advances during 2005-06 and 2006-07 was on account of acceptance of TFC recommendation regarding disintermediation of Central Government in borrowings by State Governments to finance their State Plans. The loans and advances disbursed by the Union Government has, however, indicated an increase of Rs. 1758 crore (17.55 *per cent*) in 2007-08 over the previous year mainly on account of an increase of Rs. 1741 crore in (35.58 *per cent*) in loans and advances to States. After recording a relatively low average growth rate of 5 *per cent* during 2005-06 and 2006-07, the capital expenditure increased by an ever highest rate of 97.22 *per cent* in 2007-08 mainly on account of steep increase in non-plan capital expenditure in the form of investment in general financial and trading institutions from Rs. (-) 4009 crore in 2006-07 to Rs. 45627 crore in 2007-08 as well as from Rs. 33828 crore to Rs. 37462 crore in defence services besides a fresh investment of Rs. 304 crore in agricultural financial institutions under non-plan heads. Despite of such a steep increase in capital expenditure during the current year, it was less than the level projected by TFC (Rs. 137524 crore) for 2007-08. The share of development expenditure and plan expenditure in total expenditure, however, exhibited relative stability over time. Further analysis of trends in government expenditure reveal that non plan expenditure far outweighs the plan expenditure and revenue expenditure completely overshadows capital expenditure.

In terms of activities, overall expenditure of the Government is composed of general services, social services and economic services. The overall expenditure on social and economic services has increased at the long term rate of growth of 17.24 and 11.22 *per cent* respectively during 1992-2008. Expenditure on social and economic services was buoyant particularly during the last two years of X Plan (2002-07) period and the buoyancy continued during the current year. The trends in pattern of Union Government's expenditure reveal increased spending on areas such as rural employment, education, health and drinking water supply and sanitation. Besides, expenditure on infrastructure facilities like rural roads, housing and rural electrification has also gone up during the last few years.

4.1 The Union Government raises resources to perform its sovereign functions, maintain its existing network of delivery of social and economic services, extend the network of these services through capital expenditure and investments and discharge its debt servicing obligations. The Government applied total resources of Rs. 3274378 crore that it mobilised during 2007-08 to disbursements as shown in Table 4.1.

Table 4.1: Application of Resources

			(Rupees in crore)
I	Resources available		3274378
II	Application of Resources		3044745
	a.	<b>Repayment of Debt</b>	1604110
		Internal Debt	1596617
		External Debt	7493
	b.	<b>Discharge of liabilities on Public Account</b>	425260
		Small Savings and Provident Fund	262064
		Reserve Fund	65377
		Deposits and Advances	85744
		Others	12075
	c.	<b>Actual Expenditure</b>	863575
		Revenue Expenditure	734861
		Capital Expenditure	116937
		Loans and Advances	11777
	d.	<b>Share of the States in taxes</b>	151800
		Appropriation to Contingency Fund	-
III	Closing Cash Balances		229633

4.2 The repayments of debt and discharge of public account liabilities (Rs. 2029370 crore), interest payments (Rs. 179987 crore), assignment of mandated portion of its gross tax receipts to States (Rs. 151800 crore), grants-in-aid to states (Rs. 106333 crore) and closing cash balances (Rs. 229633 crore) took away nearly 82.4 per cent of its total resources. Government was, therefore, left with only about 17.6 per cent of its gross mobilisation to spend on its current activities.

#### Total Disbursement

4.3 Aggregate disbursement of Union Government has four major components: actual expenditure inclusive of the grants-in-aid to the States; mandatory transfer of the proceeds from Union taxes to the States; repayment of debt and disbursements from public accounts. The relative movements across these expenditure groups are indicated in Table 4.2.

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**Table 4.2: Components of Total Disbursement**

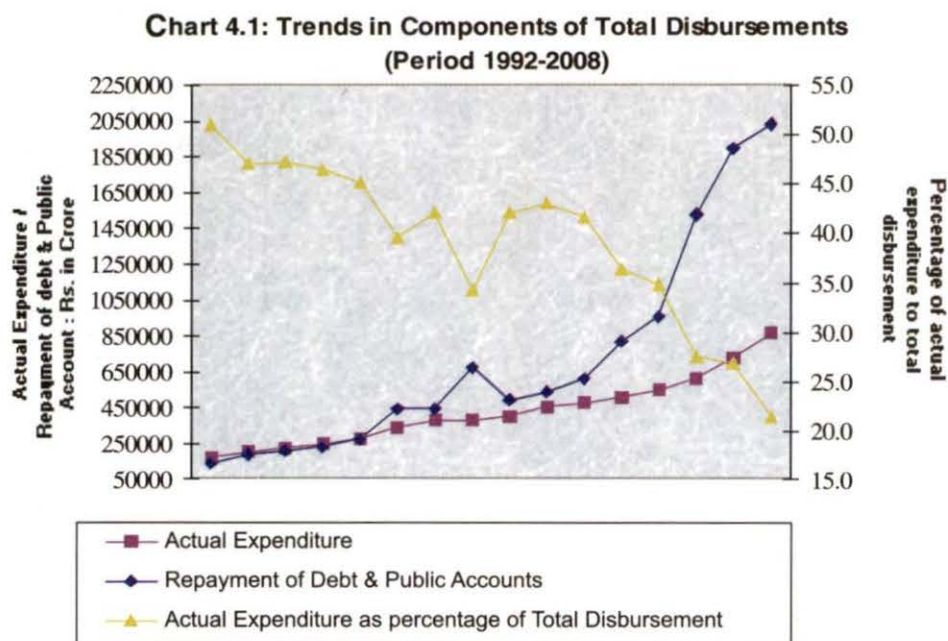
*(Rupees in crore)*

Period	Actual Expenditure	States' share in taxes	Repayment of Debt	Disbursement in Public Account	Total Disbursement	GDP (Market Price)
1992-2008	423868	47701	481865	232789	1186223	2224784
<b>VIII Plan (1992-97)</b>	<b>220494</b>	<b>9435</b>	<b>126525</b>	<b>77261</b>	<b>433716</b>	<b>1037397</b>
<b>IX Plan (1997-02)</b>	<b>389316</b>	<b>29808</b>	<b>310011</b>	<b>207404</b>	<b>936539</b>	<b>1922332</b>
<b>X Plan (2002-07)</b>	<b>573852</b>	<b>83040</b>	<b>784611</b>	<b>375206</b>	<b>1816709</b>	<b>3216929</b>
2002-03	476310	56122	339677	270224	1142333	2454561
2003-04	506817	65766	430963	391783	1395329	2754620
2004-05	549333	78595	556269	400388	1584585	3149412
2005-06	609249	94385	1115210	407255	2226099	3580344
2006-07	727552	120330	1480938	406380	2735200	4145810
<b>XI Plan (2007-12)</b>						
2007-08	863575	151800	1604110	425260	3044745	4713148
<b>Average Annual Rate of Growth (in per cent)</b>						
1992-2008	10.26	24.87	19.62	16.03	15.37	12.29
<b>VIII Plan (1992-97)</b>	<b>11.77</b>	<b>21.86</b>	<b>20.90</b>	<b>14.32</b>	<b>14.84</b>	<b>16.72</b>
<b>IX Plan (1997-02)</b>	<b>6.62</b>	<b>49.19</b>	<b>-2.34</b>	<b>22.05</b>	<b>7.00</b>	<b>10.33</b>
<b>X Plan (2002-07)</b>	<b>10.86</b>	<b>20.76</b>	<b>47.63</b>	<b>8.92</b>	<b>24.77</b>	<b>14.00</b>
2002-03	6.92	6.21	5.58	25.06	10.25	7.71
2003-04	6.40	17.18	26.87	44.98	22.15	12.22
2004-05	8.39	19.51	29.08	2.20	13.56	14.33
2005-06	10.91	20.09	100.48	1.72	40.48	13.68
2006-07	19.42	27.49	32.79	(-) 0.21	22.87	15.79
<b>XI Plan (2007-12)</b>						
2007-08	18.70	26.15	8.32	4.65	11.32	13.68

**4.4** Total disbursements of the Union Government consistently increased from an average of Rs. 433716 crore during the VIII Plan (1992-1997) to Rs. 3044,745 crore in the current year. The average annual trend growth during 1992-2008 at 15.37 per cent was higher than the average rate of growth of GDP, which in the same period averaged 12.29 per cent. Average annual growth rates of total disbursement during the VIII and IX Plans were in fact lower than GDP growth rates. X Plan (2002-07) has witnessed reversal of this trend and rate of growth of total disbursements exceeded the GDP growth. The average annual growth rate of actual expenditure has always remained lower than the GDP growth rates except during the last two years while in case of state's share in Union taxes and duties it remained higher than the average growth rate of GDP during VIII, IX and X Plan periods as well as during the current year except in 2002-03 when overall sluggish growth rate of economy might have suppressed the mobilisation of resources through the taxes and other duties. The disbursements from Public Account were significantly higher than the average GDP growth rate during IX Plan (1997-2002) as well as in the first two years of the X Plan (2002-07), as a result of which average growth during the period 1992-2008 also turned out to be higher than the average growth rate of GDP for the period. The growth rates in repayment of debt vis-à-vis GDP growth rate reveal that except during the IX Plan (1997-2002) period and in the beginning of X Plan (2002-07), growth



rate of former remained significantly higher than the latter. Except in case of disbursements from the Public Account, growth rates in other components of total disbursements indicated an upsurge during the last two years of the X Plan which continued during the current year. If all the four components of total disbursement in 1992-93 are set to 100, the index of the component of repayment of debt would have a value of 2237 as against a value of 735 for disbursements from public account. The other two components, actual expenditure and States' share in taxes would have a value of 505 and 2505 respectively. Chart 4.1 presents the graphical presentation of trends in various components of total disbursement during the period 1992-2008.



4.5 The relative share of the four components of aggregate disbursement showed wide fluctuation both on year-to-year basis and over Plan periods as detailed in the Table 4.3 and Chart 4.2

Table 4.3: Disbursement Components: Relative Share

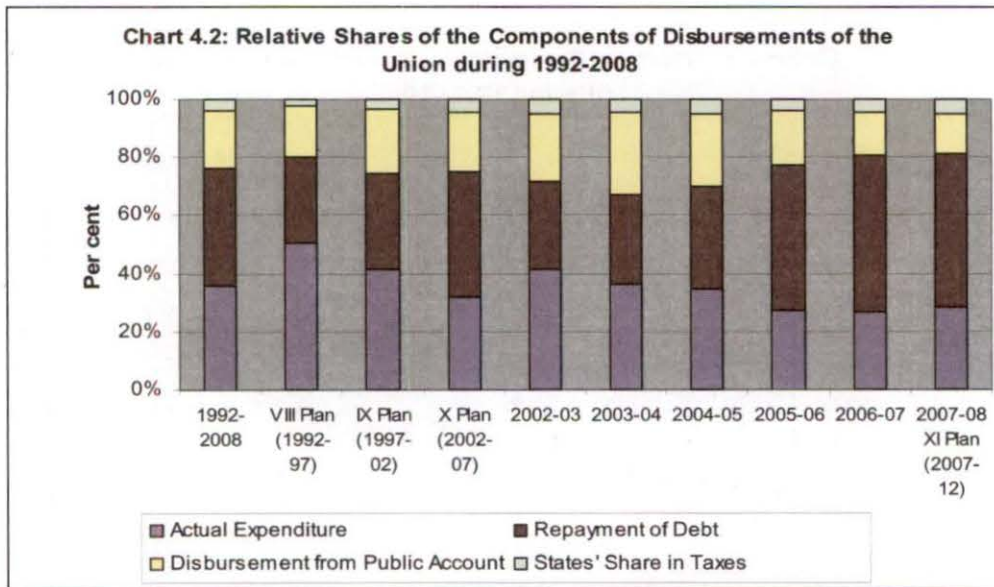
(Per cent)

Period	Actual Expenditure	States' Share in Taxes	Repayment of Debt	Disbursement from Public Account
1992-2008	35.73	4.02	40.62	19.62
VIII Plan (1992-97)	<b>50.84</b>	<b>2.18</b>	<b>29.17</b>	<b>17.81</b>
IX Plan (1997-02)	<b>41.57</b>	<b>3.18</b>	<b>33.10</b>	<b>22.15</b>
X Plan (2002-07)	<b>31.59</b>	<b>4.57</b>	<b>43.19</b>	<b>20.65</b>
2002-03	41.70	4.91	29.74	23.66
2003-04	36.32	4.71	30.89	28.08
2004-05	34.67	4.96	35.11	25.27
2005-06	27.37	4.24	50.10	18.29

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(Per cent)

Period	Actual Expenditure	States' Share in Taxes	Repayment of Debt	Disbursement from Public Account
2006-07	26.60	4.40	54.14	14.86
<b>XI Plan (2007-12)</b>				
2007-08	28.36	4.99	52.68	13.97
<b>Average Annual Rate of Shift in their Relative Shares</b>				
1992-2008	(-) 4.43	8.24	3.69	(-) 0.58



**4.6** The share of actual expenditure (indicating the expenditure on current operations covering revenue and capital expenditure and loans and advances) witnessed a decelerating trend during the IX Plan (1997-02) from its peak level of 50.84 per cent during the VIII Plan (1992-1997). During X Plan (2002-07), first year (2002-03) indicated an increase in the relative share of actual expenditure and after a deceleration trend till 2006-07 its share increased to 28.36 per cent in the current year. The deceleration trend after the VIII Plan is also reflected in its negative shift rate during 1992-2008. The relative share of expenditure on debt repayment exhibited the increasing trend during the periods covering VIII Plan (1992-97), IX Plan (1997-2002) and X Plan (2002-07) with relatively higher growth rate of more than 50 per cent during the last three years beginning from 2005-06, which finally converged into a positive annual average rate of shift in its long term trend during 1992-2008. Disbursements from public account indicated a long-term trend share of 19.62 per cent during 1992-2008. Relative share of this component was 17.81 per cent of aggregate disbursements during the VIII Plan (1992-1997) which later increased to an annual average of 22.15 per cent during the IX Plan (1997-2002) reaching its peak of 33.76 per cent in 1999-2000 consequent upon the creation of NSSF and conversion of balances of small savings to

**Application of Resources: Expenditure**

dated securities. The share of disbursement from public account since then declined to 25.27 per cent in 2004-05 and consistently further to 13.97 per cent in the current year as a result of which this component indicated a negative rate of shift during 1992-2008. The State's share in Union taxes and duties in actual expenditure of the Union Government has consistently increased from 2.18 in VIII Plan (1997-2002) to 4.57 during the X Plan (2002-07) resulting in positive rate of shift of 8.24 during the period (1992-2008), which was the highest amongst the other components of actual expenditure.

**Actual Expenditure: Main Aggregates**

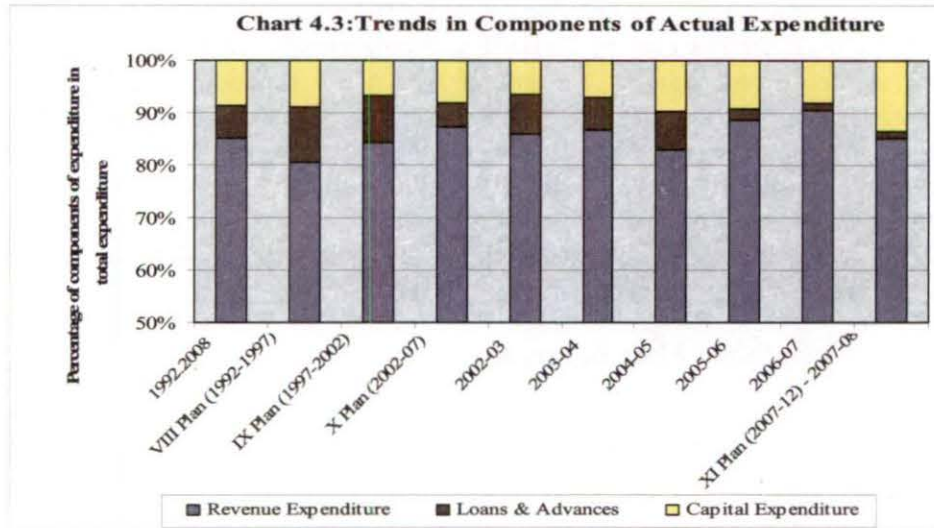
4.7 Table 4.4 and Chart 4.3 present a summary of the actual expenditure of the Union government (excluding repayment of debt and disbursement from public account, which are discussed separately in the chapter on Fiscal Liabilities) and the observed trend growth rates of its various components over the Plan periods.

**Table 4.4: Expenditure Components**

*(Rupees in crore)*

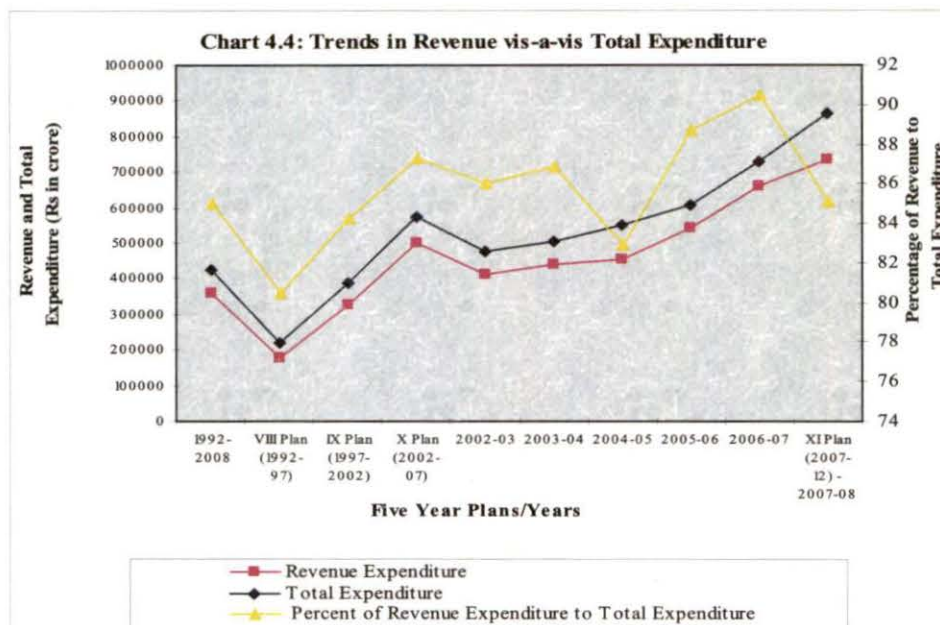
Period	Revenue Expenditure	Capital Expenditure	Loans & Advances	Total Expenditure	Revenue Expenditure/ Total Exp	Others/ Total Expenditure		
1992-2008	360380	36301	27187	423868	85.02	14.98		
<b>VIII Plan (1992-97)</b>	<b>177497</b>	<b>19550</b>	<b>23447</b>	<b>220494</b>	<b>80.50</b>	<b>19.50</b>		
<b>IX Plan (1997-02)</b>	<b>327922</b>	<b>26234</b>	<b>35160</b>	<b>389316</b>	<b>84.23</b>	<b>15.77</b>		
<b>X Plan (2002-07)</b>	<b>500825</b>	<b>46993</b>	<b>26034</b>	<b>573852</b>	<b>87.27</b>	<b>12.73</b>		
2002-03	409591	30497	36222	476310	85.99	14.01		
2003-04	440086	35401	31330	506817	86.83	13.17		
2004-05	455571	53654	40108	549333	82.93	17.07		
2005-06	540637	56119	12493	609249	88.74	11.26		
2006-07	658240	59293	10019	727552	90.47	9.53		
<b>XI Plan (2007-12)</b>								
2007-08	734861	116937	11777	863575	85.10	14.90		
<b>Average Annual Rate of Growth</b>								
1992-2008	11.12	10.44	(-) 2.74	10.26	0.77	(-) 3.92		
<b>VIII Plan (1992-97)</b>	<b>14.23</b>	<b>(-) 8.44</b>	<b>11.91</b>	<b>11.77</b>	<b>Average Annual Rate of Shift (per cent)</b>			
<b>IX Plan (1997-02)</b>	<b>7.63</b>	<b>9.22</b>	<b>(-) 3.42</b>	<b>6.62</b>				
<b>X Plan (2002-07)</b>	<b>12.24</b>	<b>19.61</b>	<b>(-) 29.46</b>	<b>10.86</b>				
2002-03	9.06	(-) 2.55	(-) 6.19	6.92				
2003-04	7.45	16.08	(-) 13.51	6.40				
2004-05	3.52	51.56	28.02	8.39				
2005-06	18.67	4.59	(-) 68.85	10.91				
2006-07	21.75	5.66	(-) 19.80	19.42				
<b>XI Plan (2007-12)</b>								
2007-08	11.64	97.22	17.55	18.90				





**4.8** Appendix-IV-A presents the figures of actual expenditure and its three sub-components during the period from 1992-93 to 2007-08. Revenue expenditure of the Union Government (net of the States' share in taxes) increased at an average annual rate of 11.12 *per cent* during 1992-2008, capital expenditure at a marginally lower rate of 10.44 *per cent* while disbursement of loans and advances had virtually declined and its rate of growth turned out to be (-) 2.74 *per cent* during this period. The average annual trend growth of the actual expenditure, which included all these three components, was 10.26 *per cent* during the period 1992-2008.

**4.9** Revenue expenditure continued to be the dominant component of the total expenditure (Chart 4.4) and its share increased from an average of 80.50 *per cent* during the VIII Plan to 84.23 *per cent* in IX Plan (1997-2002) and further to an average of 87.27 *per cent* during the X Plan (2002-07) after reaching the peak level of 90.47 *per cent* during 2006-07. During the current year, its share declined to 85.10 *per cent* mainly on account of its relatively slower growth rate of 11.64 *per cent* over the previous year vis-à-vis a steep increase of 97.22 *per cent* in capital expenditure during the year - another integral component of actual expenditure of the Union Government. Against these trends in revenue expenditure, the relative share of capital expenditure and loans and advances declined from an average of 19.5 *per cent* during the VIII Plan to 15.77 *per cent* in IX Plan (1997-2002) and further to an average of 12.73 *per cent* during the X Plan (2002-07) with lowest share at 9.53 *per cent* during 2006-07. Despite the fact that the share of capital expenditure and loans and advances increased to 14.90 *per cent* during the current year solely on account of a steep increase in capital expenditure over the previous year, the long term trend of share of these two components exhibited a negative annual average shift rate of (-) 3.92 *per cent* during the period 1992-2008.



**4.10** An increase of 11.64 per cent in revenue expenditure amounting to Rs. 76621 crore during 2007-08 over the previous year was reported largely on account of enhanced expenditure on Social Services by Rs 16139 crore (35.6 per cent); economic services by Rs. 14330 crore (6 per cent); interest payments by Rs 25707 crore (16.6 per cent) and on grants in aid to States by Rs. 17462 crore (19.6 per cent). The revenue expenditure of the Union Government at Rs 734861 crore during 2007-08 was 64 per cent more than the normative assessment made by TFC for the year after incorporating the debt relief recommended for the States linked to their fiscal performance. Its relative share had a positive shift rate of 0.77 per cent per annum during 1992-2008.

**4.11** Capital expenditure witnessed a contraction during the VIII Plan (1992-1997) and recorded a negative growth. Average annual growth recovered to 9.22 per cent during the IX Plan (1997-2002) and further to an average of 19.61 per cent during the X Plan (2002-07). During the X Plan period, the annual rate of growth in capital expenditure oscillated widely from (-) 2.55 per cent in 2002-03 to 51.56 per cent in 2004-05. After recording a relatively low average growth rate of 5 per cent during 2005-06 and 2006-07, it increased by an ever highest rate of 97.22 per cent in 2007-08 mainly on account of steep increase in capital expenditure in the form of investment in general financial and trading institutions from Rs. (-) 4009 crore in 2006-07 to Rs. 45627<sup>1</sup> crore in 2007-08 (primarily on account of acquisition of RBI's stake in State Bank of India by the Union Government) as well as from Rs. 33828 crore to Rs. 37462 crore in defence services besides a fresh

<sup>1</sup> This amount includes Capital expenditure on account of acquisition cost of RBI's stake in SBI (Rs. 35531 crore) and subscription in the rights issue of equity share of SBI (Rs. 9996 crore).



investment of Rs. 304 crore in agricultural financial institutions under non-plan heads. In addition, increases were also observed under plan heads and major increases were recorded under Water Supply, Sanitation, Housing and Urban Development (Rs. 739 crore: 91.68 per cent); Railways –Commercial Lines (Rs. 575 crore: 7.6 per cent); Satellite Systems (Rs. 453 crore: 2102 per cent) and Roads and Bridges (Rs. 942 crore: 21.93 per cent). Despite of such a steep increase in capital expenditure during the current year, it was less than the level projected by TFC (Rs. 137524 crore) for 2007-08 to attain the targeted level of 3.5 per cent of GDP by the terminal year (2009-10) of its award period.

**4.12** Loans and advances, however, depicted a different picture with the rate of growth turning negative during the IX Plan and indicated further negative trend during the X Plan (2002-07). The steep decline in the Loans and Advances during 2005-06 and 2006-07 was on account of acceptance of TFC recommendation regarding disintermediation of Central Government in borrowings by State Governments to finance their State Plans. The States, therefore, raised the loan component of central plan assistance directly from the market without budgetary intermediation of the Central Government. This mechanism has been put in place from the year 2005-06 on the basis of recommendations of TFC. The loans and advances disbursed by the Union Government has, however, indicated an increase of Rs. 1758 crore (17.55 per cent) in 2007-08 over the previous year mainly on account of an increase of Rs. 1741 crore (35.58 per cent) in loans and advances to States and of Rs. 69 crore to Government Corporations and Non-Government Institutions including local funds and government servants which was partly offset by a decrease of Rs. 48 crore in loans to foreign governments during the year.

### **Revenue Expenditure: Trend and Components**

**4.13** Table 4.5 below gives the expenditure incurred on various components of revenue expenditure in terms of its major object-wise classification.

**Table 4.5: Revenue Expenditure and its Components**

*(Rupees in crore)*

Period	Revenue Expenditure	Pay & Allowances**	Interest Payments	Pensions*	Grants to States	Others
1992-2008	360380	31437	96012	17038	42186	173706
<b>VIII Plan (1992-97)</b>	<b>177497</b>	<b>21620</b>	<b>44280</b>	<b>5661</b>	<b>20630</b>	<b>85306</b>
<b>IX Plan (1997-02)</b>	<b>327922</b>	<b>33432</b>	<b>91102</b>	<b>15852</b>	<b>32423</b>	<b>155114</b>
<b>X Plan (2002-07)</b>	<b>500825</b>	<b>36728</b>	<b>135860</b>	<b>25539</b>	<b>60676</b>	<b>242022</b>
2002-03	409591	33317	124573	19085	42136	190480
2003-04	440086	34554	128114	20702	47320	209396
2004-05	455571	38653	130958	24085	52686	209189
2005-06	540637	37263	141375	24750	72367	264882
2006-07	658240	39854	154280	39074	88871	336161
<b>XI Plan (2007-12)</b>						
2007-08	734861	44098	179987	37346	106333	367097



Application of Resources: Expenditure

(Rupees in crore)

Period	Revenue Expenditure	Pay & Allowances**	Interest Payments	Pensions*	Grants to States	Others
<b>Average Annual Rate of Growth (per cent)</b>						
1992-2008	11.12	5.39	11.87	15.86	11.89	11.23
<b>VIII Plan (1992-97)</b>	<b>14.23</b>	<b>12.10</b>	<b>17.44</b>	<b>15.64</b>	<b>5.60</b>	<b>15.29</b>
<b>IX Plan (1997-02)</b>	<b>7.63</b>	<b>-2.09</b>	<b>14.90</b>	<b>17.07</b>	<b>11.06</b>	<b>4.35</b>
<b>X Plan (2002-07)</b>	<b>12.24</b>	<b>4.43</b>	<b>5.40</b>	<b>17.49</b>	<b>21.14</b>	<b>14.70</b>
2002-03	9.06	6.08	9.11	0.80	1.55	12.33
2003-04	7.45	3.71	2.84	8.47	12.30	9.94
2004-05	3.52	11.86	2.22	16.34	11.34	(-) 0.10
2005-06	18.67	(-) 3.60	7.95	2.76	37.36	26.62
2006-07	21.75	6.95	9.13	57.87	22.81	26.91
<b>XI Plan (2007-12)</b>						
2007-08	11.64	10.65	16.46	(-) 4.42	19.65	9.20

\* includes Miscellaneous General Services

\*\* Notes:

- 1) The expenditure on pay and allowances up to 2001-02 is as per Brochure published by Pay Research Unit of the Department of Expenditure for the Central Government civilian employees including the employees of the Union Territories and non-civilian employees of Defence Department. From 2002-03 figures do not include expenditure on pay and allowances of non-civilian employees of Defence.
- 2) Expenditure on Pay and Allowances do not include travelling allowance, productivity-linked bonus, ad-hoc bonus, encashment of earned leaves and honorarium.
- 3) For the years 2002-03, 2003-04 and 2004-05, actual figures are as per Brochure published by Pay Research Unit for Central Govt. civilian employees. The expenditure on pay and allowances for 2005-06 and 2006-07 and the revised estimates for 2007-08 are adopted as reported in Expenditure Budget (Volume II) of the relevant years.

**4.14** All the components of revenue expenditure except pay and allowances had a double-digit trend growth during 1992-2008. Average annual rate of growth of these components, except grants to States and pensions, was relatively higher during the VIII Plan (1992-1997). Deceleration in growth rates during the IX Plan (1997-2002) was particularly pronounced for pay and allowances which have witnessed contraction as well as in residual components of revenue expenditure grouped under 'Others'. Expenditure on pay and allowances of Central Government employees, including civil employees in defence and departmental undertakings, after recording a growth of 33.84 per cent in 1997-98, consequent upon the implementation of Fifth Pay Commission's recommendation, tapered off in subsequent years and on average registered a decline during IX Plan period. Notwithstanding the wage increases in the post Pay Commission years, the trend growth of this component of revenue expenditure was lower than the GDP growth. The residual components of revenue expenditure grouped under 'Others' includes *inter-alia* the explicit subsidies given for food, fertilisers and petroleum products etc., as well as the compensation given for under recoveries to corporations and companies involved in supply of these products. Since the expenditure incurred for explicit subsidies as well as on compensation has

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increased steeply during the recent past, this residual component has assumed significance and recorded an increase of Rs. 157908 crore (75.5 per cent) from 2004-05 to 2007-08.

**4.15** Rate of growth of interest payments also witnessed moderate deceleration during IX Plan and further to an average of 5.40 per cent during the X Plan (2002-07). The rate of growth of interest payments declined largely due to a general decline in interest rates for the internal loans. Despite a soft interest rate regime prevailing during the X Plan period, interest payments have continued to rise mainly due to spiralling outstanding debt during the period. Curtailing interest payments requires a reduction in current deficits especially primary deficits so that interest payments reduce in the future. Technically, only if the government is able to generate primary surpluses can there be a reduction in debt and future interest payments. The trend for the period 1992-2008 indicates that barring three years (2003-04, 2004-05, and 2007-08), Union Government continued to have primary deficit resulting in enhanced debt levels and increasing interest payments.

**4.16** A significant part of revenue expenditure is committed, i.e. that part of the expenditure over which the Government has very little discretion. Interest payments, pensions, salary & wages and most of the grants-in-aid to States/Union Territories fall in this category. 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, revenue receipts and non-debt receipts (Table 4.6). Committed expenditure in Table 4.6 is classified in two groups, viz. 'interest payments' and 'Others'. The residual category 'Others' comprises of expenditure on pay and allowances and pensions including expenditure on Miscellaneous General Services.

**Table 4.6: Share of committed Revenue Expenditure to total Revenue Expenditure, Revenue Receipts and Non-Debt Receipts**

(Per cent)

Period	Revenue Expenditure			Revenue Receipts			Non-Debt Receipts		
	Interest Payments	Others	Total	Interest Payments	Others	Total	Interest Payments	Others	Total
1992-2008	26.64	13.45	40.09	33.21	16.77	49.98	30.49	15.39	45.88
<b>VIII Plan (1992-97)</b>	<b>24.95</b>	<b>15.37</b>	<b>40.32</b>	<b>29.81</b>	<b>18.36</b>	<b>48.17</b>	<b>28.04</b>	<b>17.27</b>	<b>45.31</b>
<b>IX Plan (1997-02)</b>	<b>27.78</b>	<b>15.03</b>	<b>42.81</b>	<b>36.12</b>	<b>19.54</b>	<b>55.66</b>	<b>33.79</b>	<b>18.28</b>	<b>52.06</b>
<b>X Plan (2002-07)</b>	<b>27.13</b>	<b>12.43</b>	<b>39.56</b>	<b>34.44</b>	<b>15.79</b>	<b>50.23</b>	<b>30.85</b>	<b>14.17</b>	<b>44.99</b>
2002-03	30.41	12.79	43.21	41.55	17.48	59.03	36.45	15.33	51.79
2003-04	29.11	12.56	41.67	37.78	16.29	54.08	30.08	12.97	43.06
2004-05	28.75	13.77	42.52	34.75	16.65	51.40	29.39	14.08	43.47
2005-06	26.15	11.47	37.62	32.81	14.39	47.20	31.82	13.96	45.77
2006-07	23.44	11.99	35.43	29.36	15.02	44.39	28.33	14.49	42.82
<b>XI Plan (2007-12)</b>									
2007-08	24.49	11.08	35.58	27.71	12.54	40.26	25.76	11.66	37.42
<b>Average Annual Rate of Shift in Shares</b>									
1992-2008	0.68	(-) 2.30	(-) 0.38	0.91	(-) 2.07	-0.15	0.64	(-) 2.34	(-) 0.42

Note: Both revenue receipts and revenue expenditure are net of States' share in various taxes.

**Expenditure: Plan and Non-Plan**

4.17 The Finance Accounts provide a further disaggregation of expenditure into plan and non-plan. Plan expenditure normally relates to incremental developmental expenditure on new projects or schemes and involves both revenue and capital expenditure. Non-plan expenditure, on the other hand, is normally devoted to maintaining the levels of services already achieved. However, in both plan and non-plan expenditure, increase in capital expenditure relative to revenue expenditure is considered qualitatively more desirable as it leads to the extension of the social and economic infrastructure network and capital formation by the Government. Table 4.7 presents the growth and composition of Plan and non-Plan expenditure of the Union government while the trends in the relative share of plan and non-plan expenditure in total expenditure are given in Table 4.8.

**Table 4.7: Components of Expenditure - Plan & Non plan**

(Rupees in crore)

Period	Plan				Non Plan			
	Total	Revenue	Capital*	Loans	Total	Revenue	Capital*	Loans & Advances
1992-2008	95774	65684	12761	17330	328094	294696	23541	9857
<b>VIII Plan (1992-97)</b>	<b>48190</b>	<b>26749</b>	<b>8380</b>	<b>13061</b>	<b>172304</b>	<b>150748</b>	<b>11170</b>	<b>10386</b>
<b>IX Plan (1997-02)</b>	<b>78595</b>	<b>47089</b>	<b>10132</b>	<b>21373</b>	<b>310721</b>	<b>280833</b>	<b>16102</b>	<b>13786</b>
<b>X Plan (2002-07)</b>	<b>138676</b>	<b>101635</b>	<b>17960</b>	<b>19081</b>	<b>435176</b>	<b>399190</b>	<b>29033</b>	<b>6954</b>
2002-03	111470	71569	14643	25258	364840	338022	15854	10964
2003-04	122281	78638	16913	26730	384536	361448	18488	4600
2004-05	132932	87494	19372	26066	416401	368077	34282	14042
2005-06	140637	111858	19457	9322	468612	428779	36662	3171
2006-07	186060	158618	19414	8028	541492	499622	39879	1991
<b>XI Plan (2007-12)</b>								
2007-08	205082	173572	21806	9704	658493	561289	95131	2073
<i>Average Annual Rate of Growth (per cent)</i>								
1992-2008	11.33	14.64	7.70	0.37	9.96	10.35	11.96	(-) 8.97
<b>VIII Plan (1992-97)</b>	<b>7.53</b>	<b>11.48</b>	<b>-4.45</b>	<b>7.28</b>	<b>12.98</b>	<b>14.72</b>	<b>(-) 11.36</b>	<b>18.27</b>
<b>IX Plan (1997-02)</b>	<b>13.49</b>	<b>14.50</b>	<b>4.56</b>	<b>15.71</b>	<b>4.90</b>	<b>6.51</b>	<b>13.12</b>	<b>(-) 29.30</b>
<b>X Plan (2002-07)</b>	<b>12.35</b>	<b>21.46</b>	<b>7.30</b>	<b>(-) 28.44</b>	<b>10.38</b>	<b>9.99</b>	<b>28.78</b>	<b>(-) 31.50</b>
2002-03	6.36	16.08	30.52	(-) 20.90	7.09	7.68	(-) 21.03	64.08
2003-04	9.70	9.88	15.50	5.83	5.40	6.93	16.61	(-) 58.04
2004-05	8.71	11.26	14.54	(-) 2.48	8.29	1.83	85.43	205.26
2005-06	5.80	27.85	0.44	(-) 64.24	12.54	16.49	6.94	(-) 77.42
2006-07	32.30	41.80	(-) 0.22	(-) 13.88	15.55	16.52	8.77	(-) 37.21
<b>XI Plan (2007-12)</b>								
2007-08	10.22	9.43	12.32	20.88	21.61	12.34	138.55	4.12

\* The Capital expenditure in Finance Accounts does not include the redemption of securities issued to NSSF. This also results in variation in fiscal deficits, which is explained in Table 1.3.



**Table 4.8: Plan and Non-plan Expenditure: Relative Share**

(Per cent)

Period	PE/TE	NPE/TE	PRE/PE	NP/RE/NPE
1992-2008	22.60	<b>77.40</b>	68.58	89.82
<b>VIII Plan (1992-97)</b>	<b>21.86</b>	<b>78.14</b>	<b>55.51</b>	<b>87.49</b>
<b>IX Plan (1997-02)</b>	<b>20.19</b>	<b>79.81</b>	<b>59.91</b>	<b>90.38</b>
<b>X Plan (2002-07)</b>	<b>24.17</b>	<b>75.83</b>	<b>73.29</b>	<b>91.73</b>
2002-03	23.40	76.60	64.20	92.65
2003-04	24.13	75.87	64.31	94.00
2004-05	24.20	75.80	65.82	88.39
2005-06	23.08	76.92	79.54	91.50
2006-07	25.57	74.43	85.25	92.27
<b>XI Plan (2007-12)</b>				
2007-08	23.75	76.25	84.64	85.24

*Note: PE = Plan Expenditure, NPE = Non-plan Expenditure, PRE = Plan Revenue Expenditure, NP/RE = Non-plan Revenue Expenditure and TE = Total Expenditure*

**4.18** The share of plan expenditure in total expenditure exhibited relative stability during 1992-2008. As against an average of 21.86 per cent of total expenditure during VIII Plan (1992-97), its share only moderately improved to an average of 24.17 per cent during the X Plan (2002-07) after a marginal dip to 20.19 per cent during the IX Plan (1997-2002). The share of plan expenditure in total expenditure in fact varied within a narrow range of 23.4 to 25.6 per cent during the six year period from 2002-03 to 2007-08. This seemingly stable share, however, conceals the inter year and inter plan variations at aggregate and at its sub component levels.

**4.19** The rate of growth of plan expenditure witnessed an acceleration of nearly six percentage points during the IX Plan (1997-2002), from an average of 7.53 per cent per annum during the VIII Plan (1992-1997) to 13.49 per cent. This acceleration was across its three sub components. The average growth rate decelerated marginally to 12.35 per cent during the X Plan (2002-07) and further to 10.22 per cent in 2007-08, the first year of XI Plan (2007-12) but growth rates of its sub components fluctuated widely during this period. Though the growth of non-plan expenditure was relatively higher at 12.98 per cent during VIII Plan (1992-97), a significant deceleration by almost 8 percentage points in its rate of growth was observed during the IX Plan. During the X Plan (2002-07) period, the average growth rate although picked up to 10.38 per cent which steeply increased to 21.61 per cent during the current year but as in case of plan expenditure, the components of non-plan expenditure fluctuated widely during the period. Overall trend growth of both plan and non-plan expenditure was, however, less than the growth of GDP and revenue receipt. Buoyancy of plan expenditure with GDP and revenue receipt during 1992-2008 was 0.922 and 0.922 respectively. In case of non-plan expenditure, the buoyancy coefficients were relatively lower at 0.811 and 0.810, respectively (Table 4.9), but remained less than one reflecting the fact that their average growth rates were still lower than the growth rates of GDP and revenue receipts during the period, although marginally.

4.20 Both for plan and non-plan expenditure, the revenue component remained not only the most predominant, but it was also relatively the most buoyant throughout 1992-2008. The share of revenue component in plan expenditure, which averaged 55.51 *per cent* during VIII Plan gradually increased to 73.29 *per cent* during the X Plan (2002-07) with peak level of 85.25 *per cent* during 2006-07, which continued at marginally low level of 84.63 *per cent* during the current year. Although plan expenditure increased at moderate average rate of 7.64 *per cent* during the first four years of the X Plan (2002-07) but it sharply increased by 32.3 *per cent* during its last year mainly on account of a growth of 41.8 *per cent* in its revenue component in 2006-07 over the previous year. Given the higher base in 2006-07, an increase of Rs. 19022 crore (10.22 *per cent*) was recorded in plan expenditure of which Rs. 14954 crore (78.6 *per cent*) was contributed by increase in plan revenue expenditure; Rs. 2394 crore (12.58 *per cent*) by plan capital expenditure and the remaining through the increase in plan loans and advances. The step up in revenue component of plan expenditure was largely due to increase in plan grants to States and also to meet the expenditure commitments under critical social sectors including rural employment, education and health. The increased spending in the socially oriented areas such as rural employment, rural roads, rural water supply, integrated child development services, 'Sarva Shiksha Abhiyan', 'National Rural Health Mission', 'National Horticulture Mission', micro irrigation, and agro and rural industries led to a significant increase in revenue component of the plan expenditure during the last three years of the X Plan (2002-07).

4.21 Plan expenditure of capital nature and plan loans and advances recorded a much lower trend growth relative to its revenue component. Plan capital expenditure, which remained almost static during the last three years of X Plan (2002-07), increased by Rs. 2394 crore (12.32 *per cent*) during the current year. The increases were mainly under Water Supply, Sanitation, Housing and Urban Development (Rs. 739 crore: 91.8 *per cent*); Railways – Commercial Lines (Rs. 575 crore: 7.6 *per cent*); Satellite Systems (Rs. 453 crore: 2102 *per cent*) and Roads and Bridges (Rs. 942 crore: 21.93 *per cent*) which were partly offset by decline in plan capital outlay for power projects (Rs. 275 crore: 26 *per cent*) and in postal services (Rs. 194 crore: 68.81 *per cent*). Plan loans, which witnessed significant contraction since 2005-06, reflecting the dis-intermediation of Central Government in the raising of State domestic loans albeit with support to fiscally weak States, which are unable to raise resources directly due to the acceptance of the TFC recommendation, increased marginally by Rs. 1676 crore (20.88 *per cent*) during the current year.

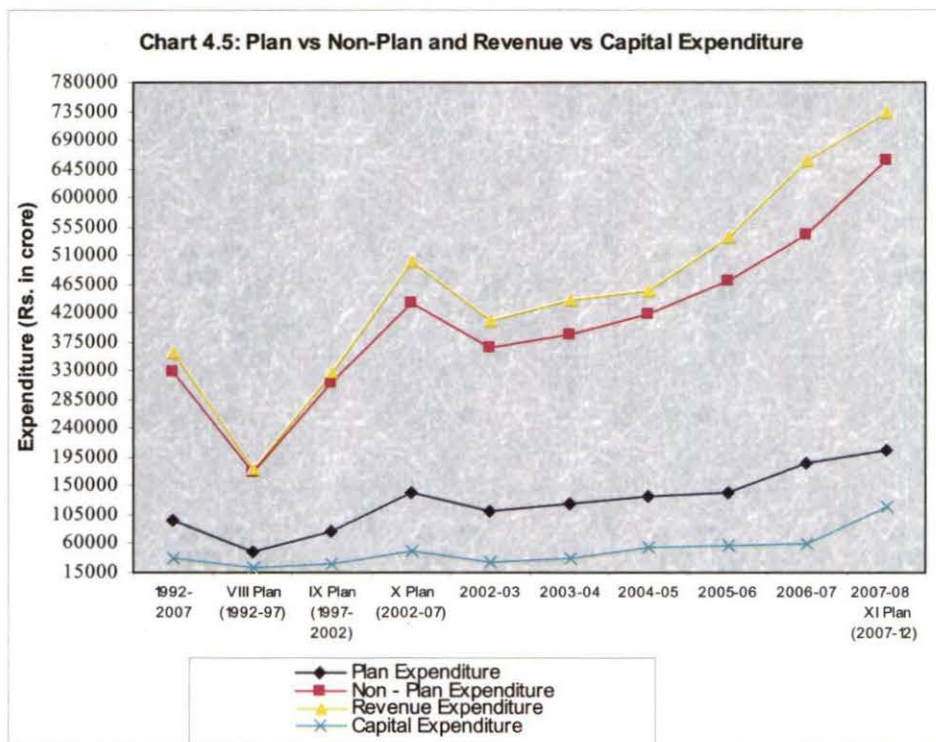
4.22 The share of revenue component in non-plan expenditure increased from an average of 87.49 *per cent* during VIII Plan (1992-97) to 90.38 *per cent* during IX Plan (1997-2002) and further to an average of 91.73 *per cent* during the X Plan (2002-07) after reaching the peak level of 94 *per cent* in 2003-04. This component has, however, reduced significantly by 7 percentage

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points from 92.27 in 2006-07 to 85.23 *per cent* during the current year essentially on account of a steep increase of 138.55 *per cent* in non-plan capital expenditure and loans and advances increasing its share 7.73 *per cent* to 14.77 *per cent* during this period. Interest payments, defence revenue expenditure, subsidies and pensions form the major component of the non-plan revenue expenditure of the Central Government. Of the total increase of Rs. 61667 crore in non-plan revenue expenditure during 2007-08, interest payments (Rs. 25707 crore) and defence revenue expenditure (Rs. 2799 crore) together contributed Rs. 28506 crore (46.23 *per cent*). Besides, increase in non-plan revenue expenditure on social and economic services largely on account of social welfare and nutrition (Rs. 9110 crore), food subsidies (Rs. 7314 crore), fertiliser subsidies including special bonds issued to fertiliser companies (Rs. 7800 crore) and agricultural financial institutions (Rs. 1215 crore) also resulted in buoyancy in overall non-plan revenue expenditure during 2007-08. The committed non-plan revenue expenditure on items such as interest payments, defence revenue expenditure, subsidies and salaries and pensions was observed to be not only higher than their respective budgetary estimates but also significantly exceeded the normative projections made by TFC for 2007-08. For instance, interest payments and defence revenue expenditure and pensions in 2007-08 were higher by TFC normative projections for the year by Rs. 32464 crore, Rs. 4792 crore and Rs 6344 crore, respectively.

**4.23** Non-plan capital outlay has indicated a steep increase of Rs. 55252 crore (138.55 *per cent*) over the previous year and grew from Rs. 39879 crore in 2006-07 to Rs. 95131 crore in the current year. This step up in non-plan capital outlay was observed mainly on account of Union Government's enhanced investment in General Finance and Trading Institutions (Rs. 49636 crore); International Financial Institutions (Rs. 1594 crore) and in Agricultural Financial Institutions (Rs. 304 crore), which explain 93 *per cent* increase in this item during the current year. Adding incremental defence capital expenditure (Rs. 3634 crore), which is also of non-plan nature, explanatory power increases to almost 100 *per cent* for the steep increase in non-plan capital expenditure during the current year. Since the nature of these investments do not emerge from the Finance Accounts, it is difficult to make any observation on the quality of these investments as well as on the Union Government's fulfilment of the obligation under FRBM Act for encouraging the capital expenditure for productive assets for sustaining the fiscal correction in the medium to long run.





**4.24** The trends in the composition of Union Government expenditure over the period 1992-2007, which has been increasing over the years (Chart 4.5), reveal that non-plan expenditure far outweighs the plan expenditure and revenue expenditure completely overshadows capital expenditure. The predominance of revenue expenditure has been primarily on account of a conscious shift in plan priorities in favour of revenue expenditure-intensive programmes and schemes and systemic rigidity in non-plan revenue expenditure in the short term, particularly arising from committed and obligatory expenditure such as interest payments, pensions, salaries and defence. Moreover, the central support to the states development activities whether through central assistance or centrally sponsored schemes is classified as revenue expenditure regardless of the purpose for which it is used by the States and other implementing agencies.

**Buoyancy of Expenditure**

**4.25** More important than the growth in nominal expenditure or its absolute volume is the buoyancy of its various components relative to the base. Table 4.9 below provides the average buoyancy ratios of various components of expenditure relative to revenue receipts and GDP separately for 1992-2008, VIII, IX and X Plan periods as well as for the first year of the XI Plan (2007-12)

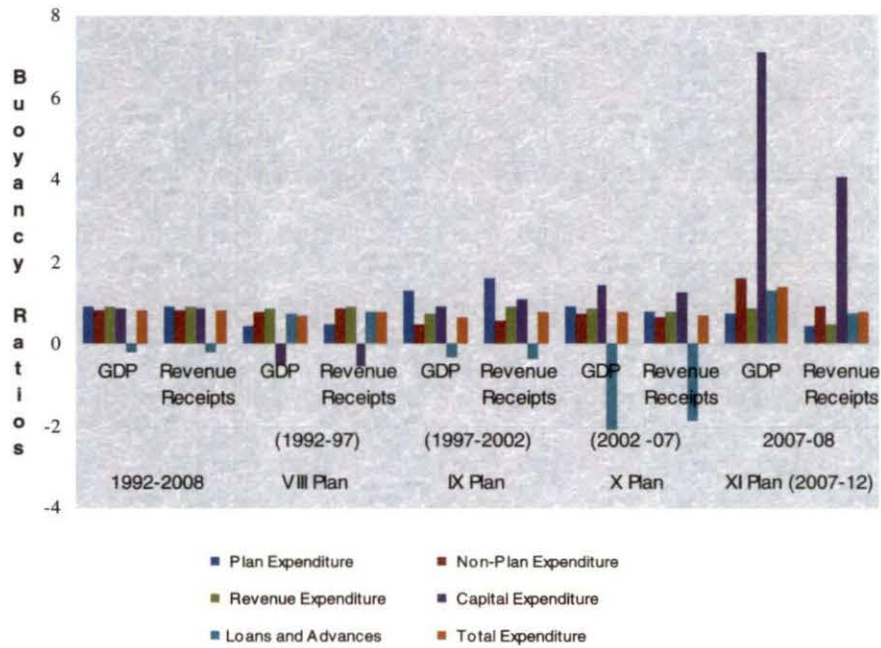
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**Table 4.9: Trends in Buoyancy of Expenditure with reference to GDP and Revenue Receipts**

Type of expenditure	1992-2008		VIII Plan (1992-97)		IX Plan (1997-2002)		X Plan (2002-07)		XI Plan (2007-12) 2007-08	
	GDP	Revenue Receipts	GDP	Revenue Receipts	GDP	Revenue Receipts	GDP	Revenue Receipts	GDP	Revenue Receipts
Plan Expenditure	0.922	0.922	0.450	0.489	1.305	1.572	0.882	0.791	0.747	0.425
Non-Plan Exp	0.811	0.810	0.776	0.842	0.475	0.571	0.741	0.664	1.579	0.897
Revenue Expenditure	0.905	0.904	0.851	0.924	0.738	0.889	0.874	0.783	0.851	0.483
Capital Expenditure	0.850	0.849	-0.505	-0.548	0.892	1.074	1.400	1.255	7.104	4.037
Loans and Advances	-0.223	-0.223	0.712	0.773	-0.331	-0.399	-2.104	-1.886	1.282	0.729
Total Expenditure	0.835	0.835	0.704	0.764	0.641	0.771	0.776	0.695	1.366	0.776

4.26 Relatively higher buoyancy ratios during the IX Plan period were essentially on account of lower growth rates in GDP and revenue receipts. The relatively higher buoyancy of revenue expenditure compared with total expenditure both with regard to GDP and revenue receipts indicated conscious shift in favour of revenue expenditure-intensive programmes and schemes and systemic rigidity in non-plan revenue expenditure in the short term, as a result of which the moderation in rate of growth of total expenditure was achieved largely by squeezing capital expenditure and/or loans and advances. During 1992-2008, buoyancy of capital expenditure with GDP and revenue receipt has been relatively lower as compared to revenue expenditure. However, after deterioration in VIII Plan (1992-97), the buoyancy of capital expenditure improved during the IX Plan (1997-02) and exceeded the unity both with reference to GDP and revenue receipts during X Plan (2002-07) on account of enhanced capital expenditure both under plan and non-plan heads. The steep increase in buoyancy of capital expenditure during the current year was, however, primarily on account of sharp increase in Union Government investments both in domestic financial and trading institutions as well as in international financial institutions. The buoyancy of the non-plan expenditure both with regard to GDP and revenue receipts which was higher relative to the buoyancy of plan expenditure in the VIII Plan period took a turn around and buoyancy of the latter continued to exceed that of the former for the next decade (1997-2007) indicating the fact that expenditure management policy of the Central Government has aimed at containing non-developmental expenditure and providing adequately for priority spending on social development and infrastructure through a conscious shift in plan priorities during the decade. The buoyancy of non-plan expenditure with reference to both GDP and revenue receipts, however, exceeded the buoyancy of plan expenditure in 2007-08 mainly due to a steep increase in non-plan capital expenditure during the year. As regards the negative buoyancy ratios of loans and advances, Government accepted the recommendation of TFC for disintermediation by Union Government for loans to States, albeit support to fiscally weak States, which are unable to raise resources directly as a result of which disbursement of loans by Union government virtually declined during the recent years.

Chart 4.6: Trends in Buoyancy Ratios by Type of Expenditure



4.27 Buoyancy ratios by type of expenditure with reference to GDP and revenue receipts for the period 1992-2008 as well as separately for VIII, IX and X Plan periods and for the current year are also depicted in the Chart 4.6.

### Management of Subsidies

4.28 In any welfare state, it is not uncommon to provide subsidies/subventions and transfer payments to disadvantaged sections of the society by making provision of merit goods<sup>2</sup> at subsidized prices. If the impact of the subsidies is in lowering the price of goods or inputs, which in turn makes these products affordable to target groups or/and encourages/facilitates greater production, such subsidies may be welfare-stimulating. Table 4.10 presents a picture of the subsidies, which the government provided explicitly during the VIII, IX and X Plans on major items.

<sup>2</sup> Primary education, health and family welfare and public distribution of essential commodities are examples of merit goods.



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**Table 4.10: Explicit Subsidies in the Union Government Budget**

(Rupees in crore)

Period	Food	Fertilisers@	Fertilisers#	Petroleum Subsidy	Others*	Total subsidies	Subsidies (A)	Subsidies (B)
<b>Average Annual Values</b>								
VIII Plan (1992-97)	4976	6088	-	-	2405	13469	1.30	7.59
IX Plan (1997-02)	11199	11376	-	-	3516	26091	1.36	7.96
X Plan (2002-07)	23941	11017	5717	3971	2596	47242	1.47	9.43
2002-03	24176	7790	3225	5225	3592	44008	1.79	10.74
2003-04	25160	8521	3326	6292	1669	44968	1.63	10.22
2004-05	23280	10985	5142	2956	1976	44339	1.41	9.73
2005-06	23077	11863	6596	2683**	849	45068	1.26	8.34
2006-07	24014	15924^	10298	2699**	4894	57829	1.39	8.79
<b>XI Plan (2007-12)</b>								
2007-08	31328	19556	12934	2820	4387	70926	1.50	9.65

@ Indicates the subsidies given on indigenous and imported fertilisers (Urea)

# indicates the subsidies given as concession to farmers on the sale of decontrolled fertilisers.

\* Others include Interest subsidy, grants given to NAFED, compensation for exchange loss, subsidy for Haj Charters etc,

\*\*Does not include petroleum bonds for Rs. 17263 crore, Rs. 24122 crore and Rs. 20554 crore issued during 2005-06, 2006-07 and 2007-08, respectively, to Oil Companies in settlement of their claims under Administered Price Mechanism and towards compensation for under recoveries on account of sale of sensitive petroleum products

^Does not include the Special Bonds for Rs. 7500 crore issued during 2007-08 to Fertiliser Companies as compensation towards fertiliser subsidy.

(A) As a percentage of GDP

(B) As a percentage of Revenue Expenditure

4.29 In absolute terms, explicit subsidies consistently increased from an average of Rs. 13469 crore during the VIII Plan (1992-1997) to Rs. 26091 crore during the IX Plan (1997-2002) and further to Rs. 47242 crore during the X Plan (2002-07). Relative to GDP, subsidies marginally increased from 1.30 per cent during VIII Plan (1992-97) to an average of 1.36 per cent during the IX Plan (1997-2002). This ratio further increased to 1.47 in the X Plan (2002-07) primarily due to the substantial increase in expenditure on subsidies during the period. Further analysis of X Plan period revealed that the total expenditure on subsidies exhibited relative stability during first four years while trends in GDP indicated buoyant growth rates resulting relative decline in subsidies relative to GDP from 1.79 in 2002-03 to 1.26 in 2005-06. In subsequent years, steep increase in expenditure on subsidies by Rs. 12761 crore (28.32 per cent) in 2006-07 and further by Rs. 13097 crore (22.65 per cent) in 2007-08 even with buoyant GDP growth rates pushed the ratio upwards to 1.39 and 1.50, respectively, during these years. Subsidies shared about 8 per cent of total revenue expenditure during the decade of 1992-2002 coinciding the periods of VIII and IX Plans which increased to an average of 9.43 per cent during the X Plan mainly on account of the fact that the petroleum subsidy is being paid despite the decision to dismantle the APM in the petroleum sector.

4.30 It is evident that food subsidy constitutes the dominant share varying from an average of 37 *per cent* during the VIII Plan to 51 *per cent* during the X Plan in total expenditure on subsidies. However, during 2006-07, due to steep increase in fertiliser subsidies and the subsidies clubbed under 'others', the share of food subsidy in total expenditure on subsidies declined to 42 *per cent* which however further pushed up to 44 *per cent* in 2007-08 due to sharp increase of Rs. 7314 crore (30.46 *per cent*) in food subsidies over the previous year. This component of subsidies also constituted 4.26 *per cent* of Union Government's revenue expenditure during the current year. The food subsidy during the current year at Rs. 31328 crore exceeded significantly the constant level of Rs. 22000 crore per year recommended by TFC for the award period (2005-10). The subsidies on food and fertilisers together constituted nearly 90 *per cent* of total expenditure on subsidies during the current year. The total subsidy expenditure during the current year at Rs. 70926 crore is much above the level of Rs. 36157 crore, recommended by the TFC for the year. As the medium term outlook does not appear to favour a severe compression in expenditure on subsidies, efforts need to be made for better targeting of all the subsidies. It is, however, pertinent to mention that the trends in expenditure incurred on various subsidies presented in Table 4.10 pertains to 'explicit subsidies' only, for which allocations are made in Union Budgets of the respective years. These trends, therefore, present the partial picture as these are exclusive of the extra-budgetary liabilities created by the Union Government by issuing the special bonds/securities to the concerned companies as compensation for under recoveries of their products due to price control imposed by the government presumably in the public interest. If extra-budgetary liabilities created by the Union Government by issuing special bonds/securities are also treated as subsidies, the Union government expenditure on subsidies would increase steeply and likely to present the actual expenditure being incurred on subsidies.

4.31 Subsidies are dispensed not only explicitly, i.e. through the budget but also in a covert form by providing subsidised public services to the people. These kinds of subsidies are generally termed as 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. Table 4.11 below gives the return on investment and outstanding advances and user charges as percentage to revenue expenditure for social and economic services.

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**Table 4.11: Return on Investment and Advances and Recovery of User Charges (as a percentage of revenue expenditure for Social and Economic Services)**

<i>(Per cent)</i>				
Period	Loans & Advances	Investment	Social Services	Economic Services
1992-2008	13.63	8.65	3.04	49.67
<b>VIII Plan (1992-97)</b>	<b>11.23</b>	<b>2.35</b>	<b>9.57</b>	<b>57.13</b>
<b>IX Plan (1997-02)</b>	<b>14.15</b>	<b>5.30</b>	<b>3.59</b>	<b>55.80</b>
<b>X Plan (2002-07)</b>	<b>14.18</b>	<b>12.40</b>	<b>2.17</b>	<b>44.56</b>
2002-03	15.11	8.83	2.03	43.07
2003-04	15.91	9.84	1.91	45.27
2004-05	14.30	13.29	1.49	51.37
2005-06	13.36	14.79	4.28	45.39
2006-07	11.49	14.67	1.03	40.32
<b>XI Plan (2007-12)</b>				
2007-08	15.68	14.79	1.21	45.92
<b>Average Annual Rate of change in returns</b>				
1992-2008	2.16	17.36	-14.88	-2.22
<i>Recovery of user charges is revenue receipts services as per cent to their revenue expenditure</i>				

**4.32** Average rate of return on government's investment (based on opening stock of investment) increased from an average of 2.35 *per cent* during the VIII Plan (1992-1997) to 5.30 *per cent* during IX Plan (1997-2002) and further to an average of 12.40 during the X Plan (2002-07) with peak levels of 14.79 and 14.67 *per cent* during 2005-06 and 2006-07. During the current year, it climbed again to the previous peak of 14.79 *per cent* attained in 2005-06. This return is, however, based on book value of investment and not the net worth or market capitalisation. The average rate of interest on its loans and advances (opening balances) also increased from 11.23 *per cent* to little over 14 *per cent* during IX Plan (1997-2002) and X Plan (2002-07) with peak level of 15.91 *per cent* during 2003-04. During the last three years of the X Plan (2002-07), the interest receipts of Union Government have virtually declined in absolute terms mainly on account of implementation of the debt swap scheme that resulted in a reduced corpus of outstanding loans with lower interest rates and consolidation and re-schedulement of outstanding loans at lower rate of interest under the scheme of DCRF recommended by the TFC. The interest receipts as *per cent* to outstanding loans has therefore consistently declined from 15.91 *per cent* in 2003-04 to 11.49 *per cent* in 2006-07. Taking a turnaround, the interest receipts have increased by Rs. 8059 crore (30.35 *per cent*) in 2007-08 over the previous year mainly on account of an increase of Rs. 2896 crore (77 *per cent*) in interest receipts on loans for State Plan Schemes and an increase of Rs. 1581 crore in interest receipts along with a premium of Rs. 2893 crore arising out of market stabilisation scheme during the year leading to sharp increase in return on Union Government loans and advances to 15.68 *per cent* which is quite close to the previous peak level in 2003-04. Though there was no implicit subsidy on government's financial intermediation as the average rate of interest received exceeded the interest cost on its borrowings, the trend rate of return on government's investment at 8.65 *per cent* was marginally higher than the rate of interest (7.54 *per cent*) on government's borrowings. However, the rate of return on investment



witnessed a significant acceleration and had a positive shift rate of 17.36 *per cent* during 1992-2008. At the current levels, the return on investments exceeded the cost of raising resources by 6.55 percentage points.

4.33 In social and economic services, recovery rates (revenue receipt/revenue expenditure) witnessed a decelerating trend. In both of these services, revenue receipts fell short of the revenue expenditure, which is akin to the operating expenses. The public expenditure incurred in creation and strengthening of social infrastructure especially in expansion of educational and health care facilities has increased manifold during recent years with only nominal user charges made applicable. As a result, the ratio of revenue receipts from social services to revenue expenditure incurred on providing these services consistently declined from 9.57 *per cent* during the VIII Plan (1992-97) to 1.49 *per cent* in 2004-05. A significant increase in this ratio was observed during 2005-06 essentially on account of seemingly one time increased collections under the head 'Information and Publicity' amounting to Rs. 1139 crore over the previous year. This ratio, however, declined steeply as expected to 1.03 *per cent* in the subsequent year which indicated an upsurge and increased to 1.21 in 2007-08. During the current year again, it seems that improvement in this ratio was the outcome of major increases in receipts recorded under the residual head '800-other receipts' of the major heads 'Housing' (Rs. 52 crore); 'Urban Development' (Rs. 115 crore) and 'Information and Publicity' (Rs. 93 crore) over the previous year.

4.34 The overall ratio of revenue receipts to revenue expenditure from economic services declined from 57.13 *per cent* during the VIII Plan (1992-97) to 44.56 *per cent* during the X Plan (2002-07). During the X Plan period, recovery of user charges however widely fluctuated from 51.37 *per cent* in 2004-05 to 40.32 *per cent* in 2006-07. During the current year, it indicated an upsurge and increased to 45.92 *per cent* mainly due to more receipts from railways and communications including postal receipts, power and petroleum which together contributed 95 *per cent* of total receipts from economic services during 2007-08. Notwithstanding the improvement in the current year, long term trend in recovery of user charges exhibited a negative shift rate during the period 1992-2008. The recovery rate was, however, 100 *per cent* of the revenue expenditure for Railways (as the surplus from the operations of railways was transferred to Railway Development Reserve Fund, revenue exactly matched the expenditure). The recovery also exceeded 100 *per cent* in Telecommunication sector because consequent upon the corporatization of MTNL and BSNL, the revenue from Telecommunication sector consisted of license fees and there was no requirement as earlier to incur any expenditure on operation and maintenance of services.

#### **Expenditure on Social and Economic Services**

4.35 In terms of activities, overall expenditure could be considered as being composed of general services (which include administration and defence), social services and economic services. The latter two categories are also

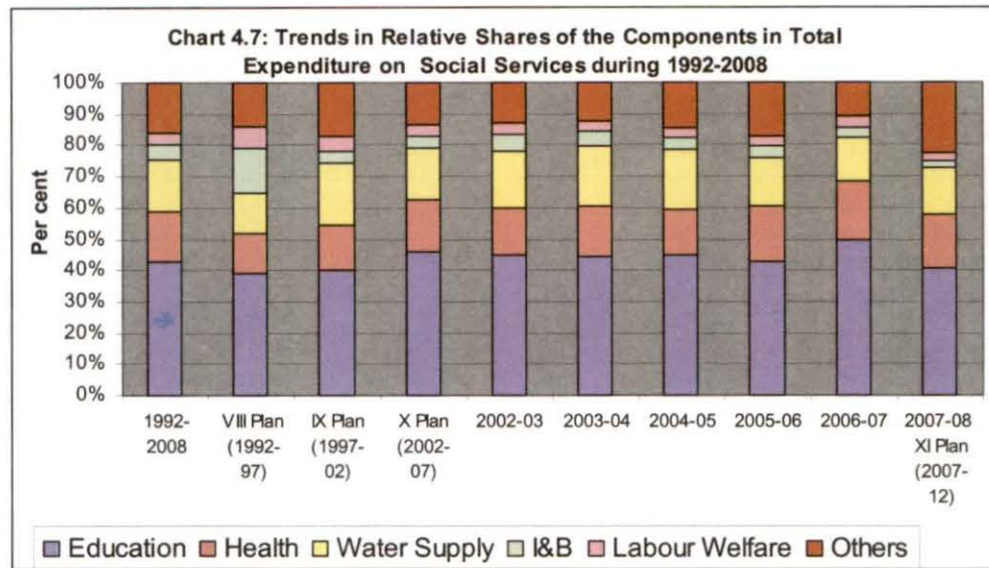
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considered developmental in nature. Table 4.12 and Chart 4.7 below indicate the trends in expenditure on social services and its various components as well as the in share of each component during the period 1992-2008.

**Table 4.12: Expenditure (Revenue and Capital) on  
Social services –Trends and Composition**

*(Rupees in crore)*

Period	Social Services	Education	Health	Water Supply	I&B	Labour Welfare	Others
1992-2008	21308	9139	3342	3594	968	843	3422
VIII Plan (1992-97)	6903	2696	901	887	986	465	968
IX Plan (1997-02)	15998	6457	2227	3217	568	768	2761
X Plan (2002-07)	32634	14970	5379	5492	1272	1133	4389
2002-03	21810	9846	3164	4044	1170	764	2822
2003-04	24593	10965	3907	4669	1219	823	3010
2004-05	31115	13997	4465	5997	1237	994	4425
2005-06	39160	16841	6847	6101	1344	1233	6794
2006-07	46494	23200	8510	6648	1389	1851	4896
<b>XI Plan (2007-12)</b>							
2007-08	63246	25606	10938	9523	1355	1653	14171
<b>Average Annual Growth Rate (per cent)</b>							
1992-2008	17.24	18.44	19.64	20.94	-	9.74	19.54
VIII Plan (1992-97)	19.61	16.02	11.39	35.64	12.93	9.52	36.63
IX Plan (1997-02)	7.96	11.38	19.15	12.90	0.00	10.68	25.93
X Plan (2002-07)	21.89	23.90	28.92	13.45	4.51	24.29	21.12
2002-03	33.94	30.10	7.04	1.46	(-) 137.58	(-) 9.37	(-) 30.23
2003-04	12.76	11.37	23.48	15.45	4.19	7.72	6.66
2004-05	26.52	27.65	14.28	28.44	1.48	20.78	47.01
2005-06	25.86	20.32	53.35	1.73	8.65	24.04	53.54
2006-07	18.73	37.76	24.29	8.97	3.35	50.12	(-) 27.92
<b>XI Plan (2007-12)</b>							
2007-08	36.03	10.37	28.53	43.24	(-) 2.46	(-) 10.72	189.47



**4.36** The overall expenditure of the Union Government on social services has consistently increased from an annual average of Rs. 6903 crore during the VIII Plan (1992-1997) to Rs. 15998 crore during IX Plan (1997-2002) and further to an average Rs. 32634 crore during X Plan (2002-07) with the peak level of Rs. 46494 crore in 2006-07 which has further enhanced to Rs. 63246 crore during 2007-08, the first year of XI Plan (2007-12). The long-term trend rate of growth in expenditure on social services was 17.24 per cent (1992-2008), higher than GDP, revenue receipt and revenue expenditure. However, there was a sharp deceleration in these rates during the IX Plan and compared to the earlier plan, the squeeze was nearly 12 percentage points (from average annual growth of 19.61 per cent during the VIII Plan to an average of 7.96 per cent during the IX Plan). Expenditure on social services was particularly buoyant during the X Plan (2002-07). Within social services, expenditure on rural employment, education, health and water supply and sanitation (including housing and urban development) were relatively buoyant. In the current year too, the increase is mainly on account of enhanced budgetary allocations in social sector, in particular school education, women and child development, health and family welfare (National Rural Health Mission), rural employment, Integrated Child Development Scheme (ICDS), agriculture, waste land development, drinking water and for physical infrastructure including roads.

**4.37** The trends in the expenditure on components of economic services as well as the variations in their relative shares during the period 1992-2008 are presented in Table 4.13 and Chart 4.8

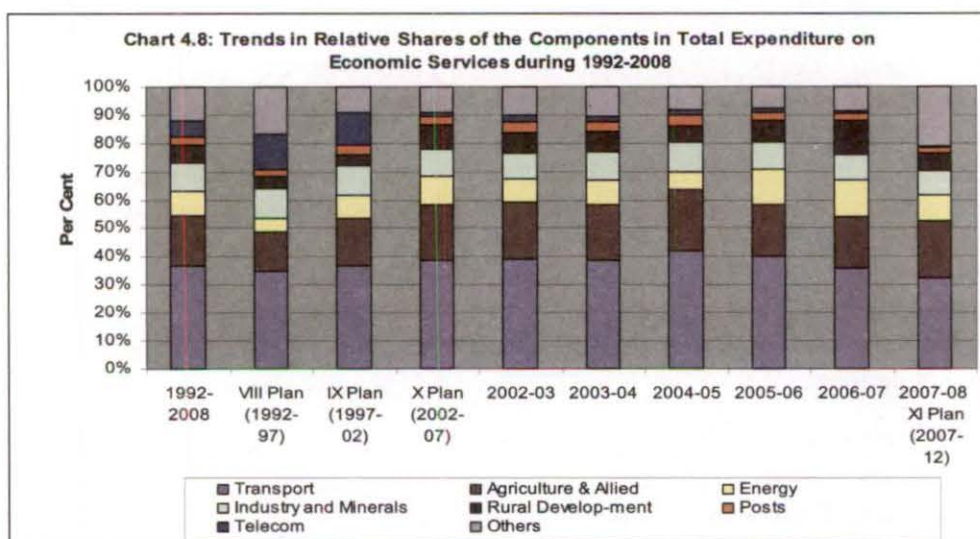


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**Table 4.13: Expenditure (Revenue and Capital) on Economic Services - Trends and Composition**

(Rupees in crore)

Period	Economic Services	Agriculture & Allied	Rural Development	Energy	Industry and Minerals	Transport	Posts	Telecom	Others
1992-2008	140791	25234	8969	12098	13752	51818	4073	7933	16914
<b>VIII Plan (1992-97)</b>	<b>69161</b>	<b>9665</b>	<b>3263</b>	<b>3061</b>	<b>7229</b>	<b>24246</b>	<b>1598</b>	<b>8417</b>	<b>11682</b>
<b>IX Plan (1997-02)</b>	<b>121107</b>	<b>20048</b>	<b>5146</b>	<b>10158</b>	<b>12294</b>	<b>44714</b>	<b>3937</b>	<b>13554</b>	<b>11256</b>
<b>X Plan (2002-07)</b>	<b>192841</b>	<b>37275</b>	<b>16338</b>	<b>19394</b>	<b>18605</b>	<b>75063</b>	<b>6079</b>	<b>2995</b>	<b>17092</b>
2002-03	154041	31101	11737	12118	13965	60415	5416	3486	15803
2003-04	166058	32911	12174	13664	16761	64379	5681	3102	17387
2004-05	165885	36366	9478	9897	17664	69578	5940	3579	13383
2005-06	207331	37622	15660	25978	19857	83325	6503	2827	15559
2006-07	270891	48376	32642	35315	24776	97615	6857	1983	23327
<b>XI Plan (2007-12)</b>									
2007-08	337115	68802	19772	30497	29389	108976	7097	2098	70484
<b>Average Annual Growth Rate (Per cent)</b>									
1992-2008	11.22	15.06	20.65	18.27	10.06	11.99	13.50	-9.92	6.60
<b>VIII Plan (1992-97)</b>	<b>9.35</b>	<b>14.89</b>	<b>81.37</b>	<b>4.36</b>	<b>2.17</b>	<b>9.22</b>	<b>13.62</b>	<b>26.75</b>	<b>-9.69</b>
<b>IX Plan (1997-02)</b>	<b>6.36</b>	<b>18.28</b>	<b>2.79</b>	<b>1.23</b>	<b>8.78</b>	<b>14.26</b>	<b>19.11</b>	<b>-27.41</b>	<b>-5.55</b>
<b>X Plan (2002-07)</b>	<b>14.46</b>	<b>10.71</b>	<b>25.83</b>	<b>32.07</b>	<b>14.07</b>	<b>12.95</b>	<b>6.26</b>	<b>-11.50</b>	<b>6.91</b>
2002-03	8.98	9.92	89.64	-28.90	4.40	5.69	4.82	-6.77	52.21
2003-04	7.80	5.82	3.72	12.76	20.02	6.56	4.89	-11.02	10.02
2004-05	-0.10	10.50	-22.15	-27.57	5.39	8.08	4.56	15.38	-23.03
2005-06	24.98	3.45	65.22	162.48	12.42	19.76	9.48	-21.01	16.26
2006-07	30.66	28.58	108.44	35.94	24.77	17.15	5.44	-29.85	49.93
<b>XI Plan (2007-12)</b>									
2007-08	24.45	42.22	-39.43	-13.64	18.62	11.64	3.50	5.79	202.15



**4.38** The overall expenditure on economic services increased significantly from an average Rs. 69161 crore during the VIII Plan (1992-1997) to Rs. 121107 crore during IX Plan (1997-2002) and further to an average

Rs. 192841 crore during the X Plan (2002-07) after reaching the peak level of Rs. 270891 crore in 2006-07, which has further pushed up to Rs. 337115 crore during 2007-08, the first year of XI Plan (2007-12). The annual trend rate of growth of expenditure on economic services was 11.22 *per cent* during 1992-2008. As in the case of social services, the average annual growth rates witnessed deceleration during the IX Plan (1997-2002). This deceleration of three percentage points was relatively moderate for economic services: Growth rates further turned negative in 2004-05, largely because of a decline in expenditure on rural development and energy sectors. However, a turnaround in these two sectors during 2005-06 and 2006-07 has resulted in buoyancy in total expenditure on economic services. Recognising the fact that development of agriculture and allied sectors is inevitable to sustain the high growth trajectory, expenditure on this sectors was enhanced to Rs. 48376 crore (28.58 *per cent*) in 2006-07 and further pushed up to Rs. 68802 crore (42.22 *per cent*) in the current year in view of the strategy outlined in XI Plan (2007-12). Besides the moderate growth in transport, industry and minerals, a steep increase in Union Government's investment in General Finance and Trading Institutions (Rs. 49636 crore); International Financial Institutions (Rs. 1594 crore) and in Agricultural Financial Institutions (Rs. 304 crore) led to an increase of Rs. 66224 crore (24.45 *per cent*) in expenditure on economic services.

4.39 There were, however, wide inter-year and inter services variations in the growth rates. Expenditure on agriculture and allied activities (including irrigation and flood control) were relatively buoyant during VIII and IX Plans period but the rate of growth declined significantly during X Plan period with mixed trend. The allocations to this sector, however, picked up during 2006-07 and 2007-08 following the strategy outlined in XI Plan (2007-12). However, in case of rural development, the rate of growth of expenditure sharply declined from an average of 81.37 *per cent* during the VIII Plan (1992-1997) to an average of 2.79 *per cent* during the IX Plan (1997-2002), which further jumped to an average of 25.83 *per cent* during X Plan period with wild fluctuations. The expenditure on rural development sharply declined by Rs. 12870 crore (39.43 *per cent*) in 2007-08 over the previous year primarily on account of non-provisioning for interest payments on special securities issued to FCI in the current year which figured and amounted to Rs. 16200 crore in 2006-07. Expenditure on energy was growing only at moderate rate during VIII Plan and further dipped in IX Plan and exhibited large gyrations during X Plan period (2002-07). During 2005-06, steep increase was recorded largely on account of increased expenditure of the order of Rs. 16989 crore in petroleum sector essentially towards the settlement of the claims of oil companies under administrative pricing. During 2006-07 also, huge subsidies to oil marketing companies as well as payments to them as compensation aggregating Rs. 26877 crore resulted in a growth rate of 35.94 *per cent* in expenditure in energy sector over the already expanded base in the previous year. During the current year, a decline of Rs. 4613 crore

(13.64 *per cent*) in energy was mainly on account of less expenditure of Rs. 23377 crore towards the payment to OMCs for subsidies, settlement of their claims under APM and under-recoveries etc. The 'industry and minerals' with low growth rate of 2.17 *per cent* during VIII Plan increased to an average of 14.07 *per cent* during X Plan (2002-07) with inter year variations. An increase of Rs. 4613 crore (18.62 *per cent*) was registered under this head mainly on account of booking of Rs. 3500 crore as NPRE under 'fertiliser industries' for special bonds issued to fertiliser companies as compensation towards fertiliser subsidy besides normal increases under other industries. The expenditure on transport sector indicated buoyancy in IX Plan over the VIII Plan period but thereafter increased at moderate rate during the first three years of the X Plan which picked up during 2005-06 and 2006-07 and the momentum continued in the current year. A substantial increase by 19.76 *per cent* in 2005-06 was mainly on account of transfer of resources to Reserve Fund under 'Roads and Bridges'. During the current year also, apart from increase in transfer of resources to Reserve Fund under 'Roads and Bridges', higher expenditure on road works resulted in buoyant growth in the sector. The trends in pattern of Union Government's expenditure during the last few years especially during the X Plan period reveal that the fiscal policy has laid emphasis on increased spending on social and economic sectors with focus on the areas such as rural employment, education and health. Besides, to make the growth process all inclusive expenditure on infrastructure facilities like rural roads, housing and rural electrification have also been stepped up during the last few years.

**4.40** It is more important to look at the expenditure on social and economic services relative to GDP, which indicates the relative priorities assigned to these sectors and within these broad groups, priority given to a specific sector. Expenditure of the Union Government on social and economic services together averaged 7.286 *per cent* of GDP during 1992-2008. With 7.332 *per cent* of GDP being spent on social and economic services during the VIII Plan (1992-1997) declined to 7.132 *per cent* during IX Plan (1997-2002) and further to an annual average of 7.009 *per cent* during X Plan (2002-07). Expenditures on selected social and economic services relative to GDP are indicated in Table 4.14 and 4.15 respectively.



**Application of Resources: Expenditure**

**Table 4.14: Expenditure on Social Services (Revenue and Capital) Relative to GDP**

Period	(Per cent)						
	Social Services	Education	Health & FW	WSS*	I&B**	Labour Welfare	Others
1992-2008	0.958	0.411	0.150	0.162	0.043	0.038	0.154
VIII Plan (1992-97)	0.665	0.260	0.087	0.085	0.095	0.045	0.093
IX Plan (1997-02)	0.832	0.336	0.116	0.167	0.030	0.040	0.144
X Plan (2002-07)	1.014	0.465	0.167	0.171	0.040	0.035	0.136
2002-03	0.889	0.401	0.129	0.165	0.048	0.031	0.115
2003-04	0.893	0.398	0.142	0.170	0.044	0.030	0.109
2004-05	0.988	0.444	0.142	0.190	0.039	0.032	0.141
2005-06	1.094	0.470	0.191	0.170	0.038	0.034	0.190
2006-07	1.121	0.560	0.205	0.160	0.034	0.045	0.118
<b>XI Plan (2007-12)</b>							
2007-08	1.342	0.543	0.232	0.202	0.029	0.035	0.301
<b>Average Annual Rate of Shift in their Relative Shares</b>							
1992-2007	4.410	5.475	6.545	7.705	-	-2.269	6.456

\*Water Supply and Sanitation \*\* Information & Broadcasting

4.41 Expenditure on social services (excluding loans and advances in this sector) had a positive shift rate in their share relative to GDP during 1992-2008. A significant positive shift rate in case of water supply and sanitation sector indicates that making provision of drinking water supply to all the habitations and adequate sanitation facilities both in rural and urban areas, of late, has assumed significance in schematic allocations and expenditures of the Government. Positive shift rate was also observed for two most important social services - education and health. However, with the positive shift rates, overall allocation to social sectors has been less than one *per cent* of GDP in the past and it has merely crossed this limit during the last three years. Efforts towards reprioritisation of the outlays need to be continued for the expansion and strengthening of social services.

**Table 4.15: Expenditure on Economic Services (Revenue and Capital) Relative to GDP**

Period	(Per cent)								
	Economic Services	Agri-culture	Rural Devt	Energy	Industry and minerals	Transport	Post	Telecom	Others
1992-2008	6.328	1.134	0.403	0.544	0.618	2.329	0.183	0.358	0.760
VIII Plan (1992-97)	6.667	0.932	0.315	0.295	0.697	2.337	0.154	0.811	1.126
IX Plan (1997-02)	6.300	1.043	0.268	0.528	0.640	2.326	0.205	0.705	0.586
X Plan (2002-07)	5.995	1.159	0.508	0.603	0.578	2.333	0.189	0.093	0.531
2002-03	6.276	1.267	0.478	0.494	0.569	2.461	0.221	0.142	0.644
2003-04	6.028	1.195	0.442	0.496	0.608	2.337	0.206	0.113	0.631
2004-05	5.267	1.155	0.301	0.314	0.561	2.209	0.189	0.114	0.425
2005-06	5.791	1.051	0.437	0.726	0.555	2.327	0.182	0.079	0.435
2006-07	6.534	1.167	0.787	0.852	0.598	2.355	0.165	0.048	0.563
<b>XI Plan (2007-12)</b>									
2007-08	7.153	1.460	0.420	0.647	0.624	2.312	0.151	0.045	1.495
<b>Average Annual Rate of Shift in their Relative Shares</b>									
1992-2008	-0.952	2.466	7.445	5.331	-1.987	-0.264	1.084	-19.780	-5.070

4.42 Expenditure on economic services had a negative rate of shift in their share relative to GDP. Overall share of expenditure on economic services relative to GDP declined from an average of 6.667 *per cent* of GDP during the VIII Plan (1992-1997) marginally to 6.3 *per cent* during IX Plan (1997-2002) and further to an annual average of 5.995 *per cent* during the X Plan (2002-07). During the X Plan period, it consistently improved since 2004-05 and increased to 7.153 *per cent* during the current year. Within the sphere of economic services; transport, industry and telecom sectors along with residual economic services classified under 'Others' had exhibited a negative rate of shift in their relative shares during 1992-2008. The expenditure on agriculture and allied activities including irrigation and flood control has sustained the expenditure amounting to nearly one *per cent* of GDP throughout the period largely on account of increasing expenditure incurred for irrigation projects. A significant positive shift in rural development reflects the Government's priority for the sector particularly in the context of generating employment opportunities in rural areas.

## Chapter 5

### DEFICITS: MANAGEMENT OF FISCAL IMBALANCES

Three key fiscal parameters - revenue, fiscal and primary deficits measured relative to GDP - indicate the extent of overall fiscal imbalances in the Finances of the Union or State Government during a specified period. The fiscal and revenue deficits relative to GDP as per Union Finance Accounts for 2007-08 declined to 3.50 and 1.81 per cent, respectively, from the corresponding levels of 4.41 and 3.20 in the previous year. The actual levels of revenue and fiscal deficits in 2007-08 although were higher than their budget estimates respectively by 0.31 and 0.20 percentage points but the fiscal correction during 2007-08 was higher than the minimum reductions of 0.3 per cent and 0.5 per cent (relative to GDP) for fiscal and revenue deficit, respectively, stipulated per year under the FRBM Rules, 2004. Although the management of public finances during 2007-08 was as per the process of fiscal consolidation under FRBM Rules, 2004 but keeping in view the conscious shift in plan priorities in favor of revenue expenditure-intensive programmes and schemes particularly at the commencement of the XI Five Year Plan and recognising the systemic rigidity in containing non-Plan committed revenue expenditures in the short term, the targets relating to revenue deficit were rescheduled for its elimination by 2009-10 while those relating to fiscal deficit were set to be achieved as per the mandate in the Act.

Revenue deficit continued to be the dominant component of fiscal deficit, accounting for 65.43 per cent of it during 1992-2008. While the revenue deficit declined by 35.69 per cent in 2007-08 over the previous year but its share in fiscal deficit has declined by only 20.83 percentage points in 2007-08 from the level of 72.62 per cent in the previous year indicating the fact that the share of net capital expenditure in fiscal deficit has increased significantly by 15.25 percentage points during the year primarily due to steep increase in non-plan capital expenditure during the year.

Primary deficit, which represents the current imbalances net of interest payments, declined from an average of 1.76 per cent in relation to GDP during the VIII Plan (1992-1997) to 0.41 per cent in 2002-03. It later turned positive in 2003-04 and 2004-05 but reversed again to the deficits during 2005-06 and 2006-07 although it remained less than one per cent of GDP during these years. Furthermore, the Finance Accounts showed primary surplus of Rs. 15025 crore (which was, however, only 0.32 per cent of GDP) from the huge deficit of Rs. 28654 crore in 2006-07 reflecting containment of non-interest expenditure below the non-debt receipts. Fiscal consolidation of the Union Government under the FRBM Act, 2003 has, however, been a revenue-led, underpinned by a significant increase in the tax-GDP ratio as well as the receipts from the non-tax sources during the current year.

**5.1** Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the Union or State Government during a specified period. This chapter presents trends, nature, magnitude and the manner of financing these deficits. Deficits arise because of imbalances in revenue and expenditure. These imbalances could be transient or structural. In the Indian context, fiscal imbalances have both been large and persistent. Besides the size and regularity, its composition, in particular that of the revenue deficit that finances current consumption has also been a cause of concern. Formulation of fiscal rules in the context of macroeconomic activity essentially involves setting of rules regarding the size of deficit that could be incurred to finance expenditure. This Chapter also presents the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act and Rules for the financial year 2007-08.



## Revenue Deficit

5.2 Revenue deficit is the excess of revenue expenditure of the Government over its revenue receipts. It represents net dis-saving of the Government and its shift to present consumption. Revenue deficit leads to increase in borrowings without corresponding capital/asset formation. Borrowings resorted to meet revenue deficit, therefore, do not have any asset back up and create an asset liability mismatch. Because of these properties, revenue deficit is considered generally less desirable. Trends in revenue deficit and some of its key parameters are indicated in Table 5.1.

**Table 5.1: Revenue Deficit and its parameters**

*(Rupees in crore)*

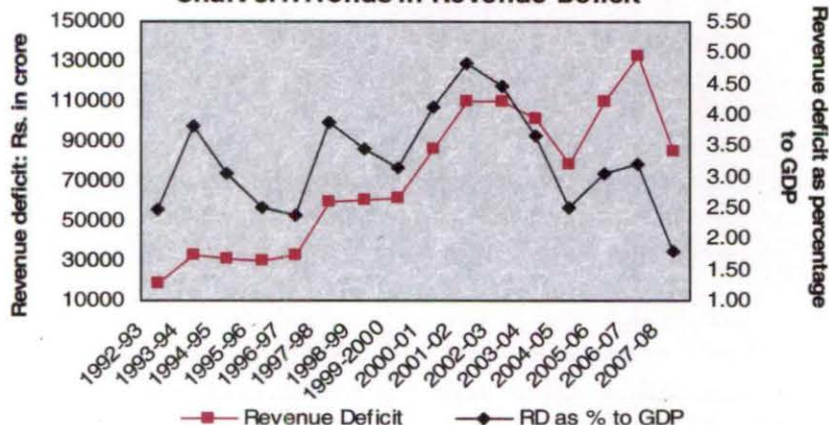
Period	Revenue Receipt	Revenue Expenditure	Revenue Deficit	Revenue Deficit as per cent of		
				GDP	Revenue Receipt	Revenue Expenditure
1992-2008	289087	360380	71293	3.20	24.66	19.78
<b>VIII Plan (1992-97)</b>	<b>148556</b>	<b>177497</b>	<b>28941</b>	<b>2.79</b>	<b>19.48</b>	<b>16.30</b>
<b>IX Plan (1997-02)</b>	<b>252211</b>	<b>327922</b>	<b>75711</b>	<b>3.94</b>	<b>30.02</b>	<b>23.09</b>
<b>X Plan (2002-07)</b>	<b>394426</b>	<b>500825</b>	<b>106399</b>	<b>3.31</b>	<b>26.98</b>	<b>21.24</b>
2002-03	299826	409591	109765	4.47	36.61	26.80
2003-04	339100	440086	100986	3.67	29.78	22.95
2004-05	376871	455571	78700	2.50	20.88	17.28
2005-06	430940	540637	109697	3.06	25.46	20.29
2006-07	525393	658240	132847	3.20	25.29	20.18
<b>XI Plan (2007-12)</b>						
2007-08	649426	734861	85435	1.81	13.16	11.63
<b>Average Annual Rate of Growth (Per cent)</b>						
1992-2008	10.86	11.12	11.92	-0.29	1.00	0.71
<b>VIII Plan (1992-97)</b>	<b>15.02</b>	<b>14.23</b>	<b>10.88</b>	<b>Average Annual Rate of Shift in Relative Share</b>		
<b>IX Plan (1997-02)</b>	<b>4.65</b>	<b>7.63</b>	<b>17.29</b>			
<b>X Plan (2002-07)</b>	<b>14.59</b>	<b>12.24</b>	<b>4.75</b>			
2002-03	13.02	9.06	-0.49			
2003-04	13.10	7.45	-8.00			
2004-05	11.14	3.52	-22.07			
2005-06	14.35	18.67	39.39			
2006-07	21.92	21.75	21.10			
<b>XI Plan (2007-12)</b>						
2007-08	23.61	11.64	-35.69			

5.3 Overall revenue deficit of the Union Government increased from an average of Rs. 28941 crore during the VIII Plan (1992-1997) to Rs. 75711 crore during the IX Plan (2002-07) and further to Rs. 106399 crore during the X Plan (2002-07). The revenue deficit exhibited a declining trend from Rs. 110303 crore in 2001-02 and reduced to the level of Rs. 78700 crore in 2004-05. During 2005-06 and 2006-07, revenue deficit, however, increased by 39.39 per cent and 21.10 per cent, respectively, over the corresponding previous years and reached the peak level in 2006-07. The XI Plan (2007-08) began with revenue deficit at Rs. 85435 crore, which is 35.69 per cent lower

than the peak level attained in 2006-07. The average annual rate of growth of revenue deficit during the period 1992-2008 was 11.92 *per cent*. The rate of growth of revenue expenditure was lower than that of revenue receipt during the first three years of X Plan (2002-07) leading to a negative growth of revenue deficit. These three years witnessed a positive spread of four to seven *per cent* between revenue receipt and revenue expenditure due to relatively buoyant revenue receipt and moderately growing revenue expenditure. As a result, the revenue deficit indicated a declining trend since 2002-03 but the decline was substantial and remarkable of the order of 22.07 *per cent* in the year 2004-05. The rate of growth in revenue expenditure, however, exceeded that of revenue receipts by 4.32 percentage points during 2005-06 while their rates of growth were almost equal in 2006-07 resulting in an upsurge of Rs. 30997 crore and Rs. 23150 crore, respectively, in revenue deficit putting a pause to its declining trend exhibited during the preceding three years. A positive spread of nearly 12 percentage points between the trend growth of revenue receipts and revenue expenditure during the current year again exhibited a deceleration trend in revenue deficit. Buoyant gross tax revenue as well as non tax revenue, which have increased by 25.27 and 20.83 *per cent*, respectively, in 2007-08 over the previous year led to an increase of 23.61 *per cent* in net revenue receipts of the government against an increase of 11.64 *per cent* in revenue expenditure during the current year

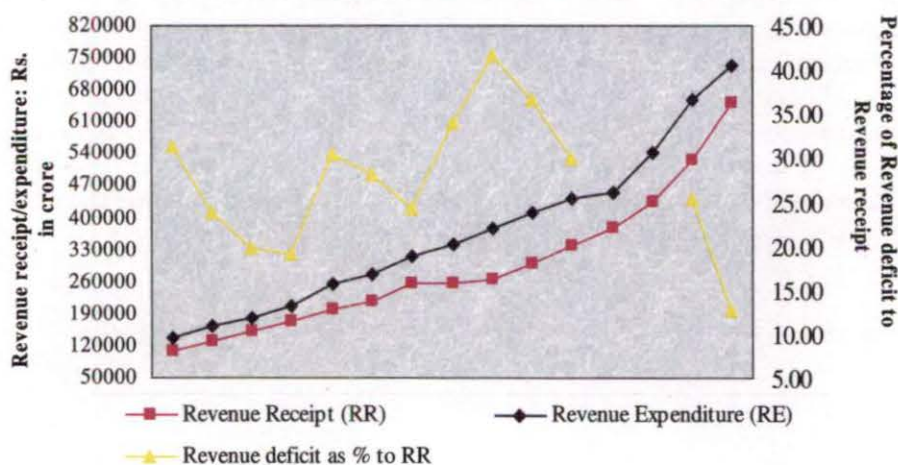
**5.4** In relation to GDP, revenue deficit increased from an average of 2.79 *per cent* of GDP during the VIII Plan (1992-1997) to a peak of 4.84 *per cent* in 2001-02 before decelerating to the level of 2.50 *per cent* in 2004-05. The ratio, however, again indicated an accelerating trend during 2005-06 and 2006-07 and reached the level of 3.20 *per cent* in 2006-07 mainly on account of a surge in revenue expenditure due to shift in plan priorities in favor of revenue expenditure-intensive programmes and schemes and systemic rigidity in non-plan revenue expenditure in the short term, particularly arising from committed and obligatory expenditure such as interest payments, pensions, salaries, defence and subsidies including payments for under-recoveries to companies engaged in supply of critical products such as food, fuel and fertilisers. The buoyant growth in revenue receipts vis-à-vis revenue expenditure during the current year led to a significant decline (37.42 *per cent*) in revenue deficit which, given the robust growth in GDP, also resulted in its steep decline relative to GDP from 3.20 *per cent* in 2006-07 to 1.81 *per cent* in 2007-08 (Chart 5.1). The average annual rate of shift in the share of revenue deficit to GDP, therefore, turned to negative (-) 0.29 *per cent* during the period 1992-2008.

Chart 5.1: Trends in Revenue Deficit



5.5 The ratio of revenue deficit to revenue receipts was more or less in tandem with its ratio with GDP during the period 1992-2008 (Chart 5.2). As a proportion of revenue receipt, the level of revenue deficit in 2005-06 and 2006-07 exceeded the lowest ever level of the decade (1997-2007) attained during 2004-05 (20.88 per cent) by more than four percentage points indicating that on an average, revenue receipts fell short of revenue expenditure by around a quarter during this period. As a proportion of revenue expenditure, revenue deficit was around 25 per cent both in 2005-06 and 2006-07, which indicates the proportion of revenue expenditure that was debt financed (Table 5.1). During the current year this ratio came down to almost half (13.16 per cent) of the levels attained in the preceding two years primarily on account of buoyant growth in revenue receipts vis-à-vis revenue expenditure in 2007-08 over the previous year.

Chart 5.2: Trends in Revenue Receipts, Revenue Expenditure and Revenue Deficit as a proportion of Revenue Receipts (Period 1992-2008)





### Fiscal Deficit

5.6 Fiscal deficit is the excess of total expenditure of the Government over its non-debt receipts (revenue receipts, miscellaneous capital receipts and recovery of loans and advances). Fiscal deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt (internal or external) or by the use of surplus from public account. Fiscal deficit trends along with the trends of the deficit relative to key fiscal parameters are indicated in Table 5.2.

Table 5.2: Fiscal Deficit and its Parameters

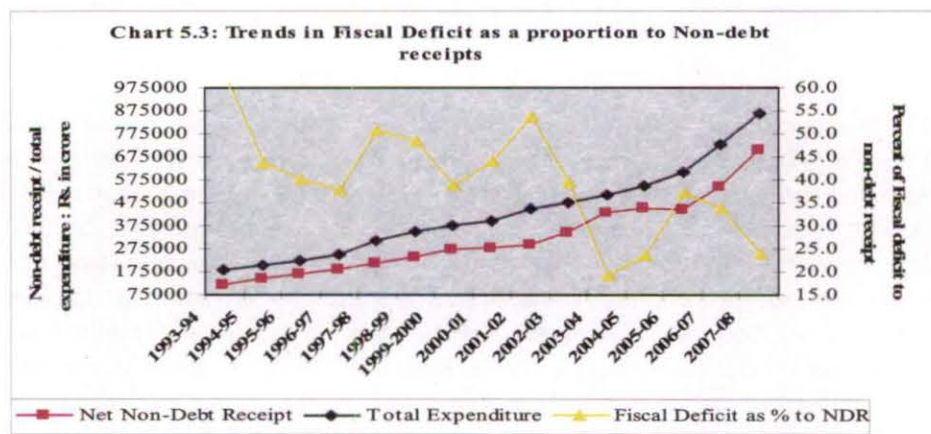
(Rupees in crore)

Period	Non-Debt Receipts	Total Expenditure	Fiscal Deficit	Fiscal Deficit as per cent to		
				GDP	Non-Debt Receipts	Total Exp.
1992-2008	314909	423868	108959	4.90	34.60	25.71
<b>VIII Plan (1992-97)</b>	<b>157929</b>	<b>220494</b>	<b>62565</b>	<b>6.03</b>	<b>39.62</b>	<b>28.38</b>
<b>IX Plan (1997-02)</b>	<b>269641</b>	<b>389316</b>	<b>119675</b>	<b>6.23</b>	<b>44.38</b>	<b>30.74</b>
<b>X Plan (2002-07)</b>	<b>440415</b>	<b>573852</b>	<b>133437</b>	<b>4.15</b>	<b>30.30</b>	<b>23.25</b>
2002-03	341722	476310	134588	5.48	39.39	28.26
2003-04	425880	506817	80937	2.94	19.00	15.97
2004-05	445535	549333	103798	3.30	23.30	18.90
2005-06	444322	609249	164927	4.61	37.12	27.07
2006-07	544618	727552	182934	4.41	33.59	25.14
<b>XI Plan (2007-12)</b>						
2007-08	698613	863575	164962	3.50	23.61	19.10
<b>Average Annual Rate of Growth</b>						
1992-2008	11.16	10.26	7.58	-4.19	-3.22	-2.43
<b>VIII Plan (1992-97)</b>	<b>14.08</b>	<b>11.77</b>	<b>6.41</b>	<b>Average Annual Rate of Shift in Proportions</b>		
<b>IX Plan (1997-02)</b>	<b>5.46</b>	<b>6.62</b>	<b>9.00</b>			
<b>X Plan (2002-07)</b>	<b>10.24</b>	<b>10.86</b>	<b>14.18</b>			
2002-03	17.97	6.92	-13.63			
2003-04	24.63	6.40	-39.86			
2004-05	4.62	8.39	28.25			
2005-06	-0.27	10.91	58.89			
2006-07	22.57	19.42	10.92			
<b>XI Plan (2007-12)</b>						
2007-08	28.28	18.70	-9.08			

5.7 Overall fiscal deficit increased from an average of Rs. 62565 crore during the VIII Plan (1992-97) to Rs. 119675 crore during the IX Plan (1997-2002) and further to an average of Rs. 133437 crore during the X Plan (2002-07). The fiscal deficit reached the peak level of Rs. 182934 crore in 2006-07 after surpassing the previous peak of Rs. 164927 crore in the previous year. During the current year, the fiscal deficit declined by around 9 percentage points and reached the level of Rs. 164962 crore, which is marginally more than the level of 2005-06 during the X Plan (2002-07). A steep increase of Rs. 153995 crore (28.28 per cent) in non-debt receipts against the increase of Rs. 136023 crore (18.70 per cent) in total expenditure resulted in decline of

Rs. 17972 crore (9.08 per cent) in fiscal deficit in 2007-08 over the previous year. The average rate of growth during the X plan (2002-07) at 14.18 per cent exceeded the trend growth rate as well as the average rates of growth of VIII and IX Plan period. The long term trend rate of growth of fiscal deficit was 7.58 per cent for the period 1992-2008, which was even higher than the average rate of growth during the VIII Plan (1992-97).

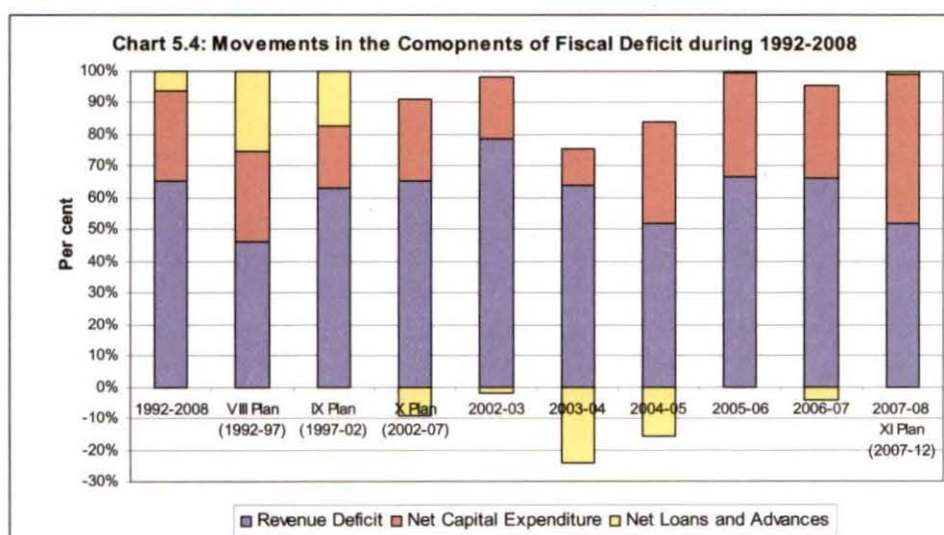
**5.8** Relative to GDP, fiscal deficit increased from 6.03 per cent during the VIII Plan (1992-97) to 6.23 per cent during the IX Plan with large inter year variations ranging from 6.85 in 1997-98 to 5.31 per cent in 1999-2000. The first three years of X Plan (2002-07) witnessed a decline in ratio of fiscal deficit to GDP but during the last two years it has exhibited a significant increase over the lowest level of 2.94 in 2003-04. Despite the upsurge in 2005-06 and 2006-07, the trend growth rate in ratio of fiscal deficit to GDP during the X Plan (2002-07) came down to 4.15 per cent from 6.23 per cent in the IX Plan (1997-2002). Due to buoyant growth in non-debt receipts, this ratio exhibited a deceleration trend during the current year and reached the level of 3.50 per cent, almost a percentage point less than the previous year. The average annual rate of shift in its share, therefore, was (-) 4.19 per cent during 1992-2008. As a proportion to non-debt receipts, fiscal deficit witnessed large gyrations varying from 63.6 per cent in 1993-94 to 19 per cent during 2003-04 (Chart 5.3) with negative shift rate of 3.22 per cent during 1992-2008. During the current year this ratio declined by around 10 percentage points which was almost equal to the difference between the growth rates of non-debt receipts and the total expenditure during the year. The negative shift rate of 2.43 per cent in the ratio of fiscal deficit to total expenditure during the period 1992-2008 also indicates its declining trend during the decade (1997-2007) from an average of 30.74 per cent in IX Plan (1997-2002) to an average of 23.25 per cent during X Plan (2002-07). It further came down to 19.10 per cent in first year of XI Plan (2007-12) indicating the fact that although debt financed proportion of total expenditure has squeezed over the last decade but still about 19 per cent of total expenditure in 2007-08 is met through borrowed funds.



**5.9** It is not uncommon for governments to run fiscal deficit and borrow funds for capital/asset formation or for creation of economic and social infrastructure. The assets created through such borrowings could pay for themselves by generating an income stream. Capital formation may also increase the overall income generating capacity of the economy, directly or indirectly and may enlarge the tax base. Further, in a situation where infrastructure becomes a binding constraint for growth, such capital formation by the government could make acceleration of growth more feasible. It may, therefore, be necessary to analyse various components of the fiscal deficit. If bulk of fiscal deficit is for sustaining capital expenditure or for providing financial accommodation to entities for capital formation, such deficits may be considered desirable up to a point. Table 5.3 and Chart 5.4 present the movement of components of fiscal deficit over the VIII, IX Plan and the X Plan periods as well as for the current year

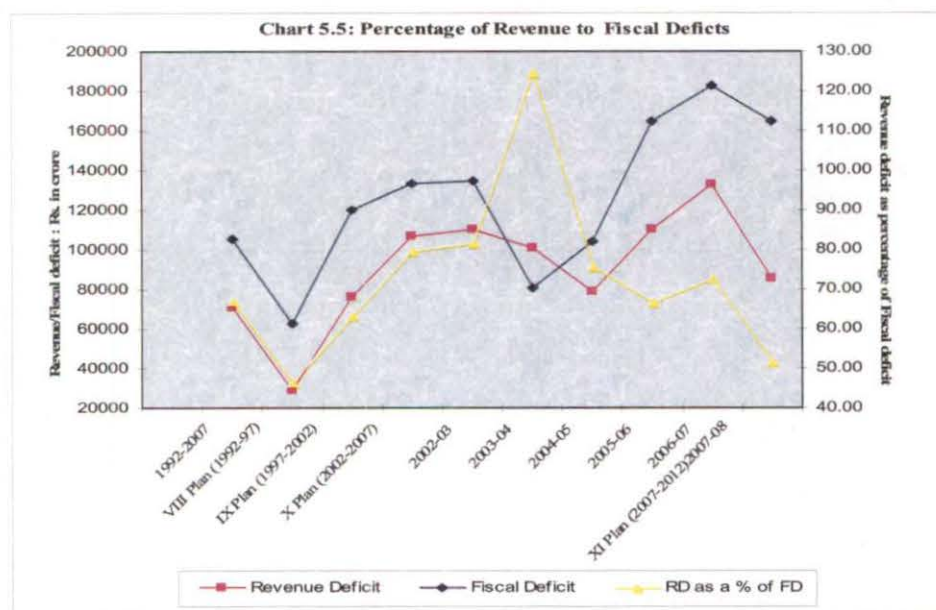
**Table 5.3: Components of Fiscal Deficit**

Period	(Per cent)		
	Revenue Deficit	Net Capital Expenditure	Net Loans and Advances
1992-2008	65.43	28.21	6.36
<b>VIII Plan (1992-97)</b>	<b>46.26</b>	<b>28.25</b>	<b>25.49</b>
<b>IX Plan (1997-02)</b>	<b>63.26</b>	<b>19.53</b>	<b>17.20</b>
<b>X Plan (2002-07)</b>	<b>79.74</b>	<b>31.22</b>	<b>(-) 10.96</b>
2002-03	81.56	20.32	(-) 1.87
2003-04	124.77	22.79	(-) 47.56
2004-05	75.82	47.43	(-) 23.25
2005-06	66.51	33.07	0.42
2006-07	72.62	32.12	(-) 4.74
<b>XI Plan (2007-12)</b>			
2007-08	51.79	47.37	0.84
<b>Average Annual Rate of Change</b>			
1992-2008	4.08	2.12	-





**5.10** Revenue deficit continued to be the dominant component of fiscal deficit, accounting for 65.43 per cent of it during 1992-2008 (Chart 5.4). The proportion of revenue deficit in overall fiscal deficit increased from an average of 46.26 per cent during the VIII Plan (1992-1997) to 63.26 per cent during IX Plan (1997-2002) and further to an average 79.74 per cent during the X Plan (2002-07) after reaching the peak level during 2003-04 (Chart 5.5). Given the steep decline in the share of revenue deficit in fiscal deficit in 2007-08 over the previous year, the ratio although continued to exhibit a large positive shift rate of 4.08 per cent during 1992-2008 but it declined from 5.46 per cent for the period 1992-2007. While the revenue deficit declined by 35.69 percent (Rs. 47412 crore) but its share in fiscal deficit has declined by only 20.83 percentage points during the current year, which indicates the fact that the share of net capital expenditure in fiscal deficit has increased significantly during the year.



**5.11** Net capital expenditure (capital expenditure- capital receipts) accounted for 28.21 per cent of fiscal deficit during 1992-2008. Increasing share of revenue deficit in fiscal deficit over the period 1992-2002 pushed down the average share of net capital expenditure during VIII and IX Plan periods. During the X Plan (2002-07), although the share of revenue deficit in fiscal deficit has also increased but due to a net decline of 15.25 per cent in loans and advances disbursed to States, the share of net capital expenditure has exhibited a buoyancy during the period. Despite an increase of Rs. 33875 crore in Miscellaneous Capital Receipts and Rs. 4387 crore in disinvestment proceeds in 2007-08 over the previous year, net capital expenditure during the current year increased by Rs. 19382 crore (32.98 per cent) resulting in steep increase in its share in fiscal deficit by 15.25 percentage points during the year. The sharp increase in net capital expenditure during the current year was primarily on account of a steep increase of Rs. 55250 crore (138.54 per cent)

in Non-plan capital outlay over the previous year which grew from Rs. 39879 crore in 2006-07 to Rs. 95131 crore in 2007-08. This step up in non-plan capital outlay was observed mainly on account of Union Government's enhanced investment in General Finance and Trading Institutions (Rs. 49636 crore); International Financial Institutions (Rs. 1594 crore) and in Agricultural Financial Institutions (Rs. 304 crore) and defence capital expenditure (Rs. 3634 crore) during the current year. It was observed that in 2005-06 and 2006-07, the net capital expenditure has contributed around one third of the fiscal deficit while share of revenue deficit during the X Plan has exhibited the declining trend, which becomes more perceptible during the current year when share of revenue deficit declined to 51.79 *per cent* while the share of net capital expenditure increased to 47.37 *per cent*. Given the fact that rate of return on government investment witnessed a significant acceleration and at current levels it exceeded the cost of raising the resources significantly (6.55 percentage points), this qualitative improvement in the composition of the fiscal deficit could be one of explanatory factors for increasing fiscal deficit coexisting with high growth trajectory during the recent years.

5.12 The overall trends over the period (1992-2008) however reveal that as interest payments (along with the other components of committed expenditure) increase relative to current revenues of the government, a process of adjustment starts in government expenditure, which is normally unfavorable to capital expenditure of the Government. Trends in the co-movements of interest payments, capital expenditure and revenue receipts indicated that while increase in interest payments affected negatively the government capital expenditure, the increase in revenue receipts had a positive impact.

5.13 Fiscal deficit financed around six *per cent* of net loans and advances during the period 1992-2007. The net loans and advances which constituted around one-fourth of the fiscal deficit during VIII Plan reduced to an average of 17.20 *per cent* during the IX Plan (1997-02). During the X Plan, the recovery of loans and advances almost exceeded the issue of fresh loans and the surplus actually financed around 11 *per cent* of the fiscal deficit (Chart 5.4). The loans and advances disbursed by the Union Government has, however, indicated an increase of Rs. 1758 crore (17.55 *per cent*) in 2007-08 over the previous year mainly on account of an increase of Rs. 1741 crore in (35.58 *per cent*) in loans and advances to States while their recovery declined by Rs. 8300 crore (44.41 *per cent*) resulting in a net increase of Rs. 1386 crore in disbursement in 2007-08 from the level of net recovery of 8672 crore in the previous year. Continuous use of borrowed funds for meeting current expenditure not only indicated erosion in asset back up, it also made capital expenditure (inclusive of loans and advances) as variable of adjustment.

### **Primary Deficit**

5.14 While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments. Interest payments represent the expenditure of past obligations and are

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independent of current allocative priorities. To look at the imbalances of the current nature, these payments need to be separated and deducted from the total imbalances. Primary deficit, which represents the current imbalances net of interest payments, averaged Rs. 18286 crore during VIII Plan (1992-97) increased to Rs. 28573 crore during IX Plan (1997-2002) but the trend was reversed during X Plan as it exhibited an average surplus of Rs. 2423 crore. The primary account of the Union Government had shown large fluctuations during the X Plan indicating a peak level surplus of Rs. 47177 crore in 2003-04 as interest payments exceeded the fiscal deficit during the year, which was the lowest level of fiscal deficit since 1997-98. The peak level surplus, however, witnessed a decelerating trend in the next year and culminated once again into deficits during 2005-06 and 2006-07, mainly due to steep increases in fiscal deficits relative to increases in interest payments. The interest payments during the current year increased by Rs. 25707 crore from the level of Rs. 154280 crore in 2006-07 which along with a decline in fiscal deficit of Rs. 17972 crore led to situation of primary surplus of Rs. 15025 crore in 2007-08 from the primary deficit of Rs. 28654 crore in the previous year.

**Table 5.4: Primary Deficit and its Parameters**

*(Rupees in crore)*

Period	Revenue Deficit	Fiscal Deficit	Interest Payments	Primary Deficit*	Primary Deficit as per cent of GDP	
1992-2008	71293	108959	96012	12947	0.58	
<b>VIII Plan (1992-97)</b>	<b>28941</b>	<b>62565</b>	<b>44280</b>	<b>18286</b>	<b>1.76</b>	
<b>IX Plan (1997-02)</b>	<b>75711</b>	<b>119675</b>	<b>91102</b>	<b>28573</b>	<b>1.49</b>	
<b>X Plan (2002-07)</b>	<b>106399</b>	<b>133437</b>	<b>135860</b>	<b>-2423</b>	<b>-0.08</b>	
2002-03	109765	134588	124573	10015	0.41	
2003-04	100986	80937	128114	-47177	-1.71	
2004-05	78700	103798	130958	-27160	-0.86	
2005-06	109697	164927	141375	23552	0.66	
2006-07	132847	182934	154280	28654	0.69	
<b>XI Plan (2007-12)</b>						
2007-08	85435	164962	179987	-15025	-0.32	
<b>Average annual trend rate of growth (per cent)</b>						
1992-2008	11.97	7.58	11.87	Average Annual Rate of Change.		
<b>VIII Plan (1992-97)</b>	<b>10.88</b>	<b>6.41</b>	<b>17.44</b>			
<b>IX Plan (1997-02)</b>	<b>17.29</b>	<b>9.00</b>	<b>14.90</b>			
<b>X Plan (2002-07)</b>	<b>4.75</b>	<b>14.18</b>	<b>5.40</b>			
2002-03	-0.49	-13.63	9.11			
2003-04	-8.00	-39.86	2.84			
2004-05	-22.07	28.25	2.22			
2005-06	39.39	58.89	7.95			
2006-07	21.10	10.92	9.13			
<b>XI Plan (2007-12)</b>						
2007-08	-35.69	-9.82	16.66			

\* A negative figure indicates existence of primary surplus



5.15 In relation to GDP, primary deficit declined from an average of 1.76 *per cent* during the VIII Plan (1992-1997) to 1.49 *per cent* during IX Plan (1997-2002) and it turned into a marginal surplus of Rs. 2423 crore, i.e. 0.08 *per cent* of GDP during the X Plan (2002-07). The X Plan in fact began with primary deficit, which relative to GDP was 0.41 *per cent* during 2002-03. It, however, turned into the situation of large primary surpluses in 2003-04 and 2004-05 but during the last two years of the Plan, this trend was reversed again and primary deficit relative to GDP increased to 0.69 *per cent* during 2006-07. Improvement in primary deficit from 0.41 *per cent* of GDP in 2002-03 to primary surplus of 1.71 and 0.86 *per cent* of GDP, respectively, in 2003-04 and 2004-05 clearly indicates that non-debt receipts were adequate to meet the primary expenditure incurred during these years. However, that was largely due to increase in recovery of loans with the prepayment of high cost loans by States as well as by some public sector undertakings under the debt swap scheme in 2003-04 and 2004-05 to take advantage of the soft-interest regime. As a result, contraction in non-debt receipts along with an increase in government expenditure at relatively higher pace led to the deterioration in fiscal deficit, which in turn also worsened the primary deficit situation in 2005-06 and 2006-07. A steep increase in interest payments (16.66 *per cent*) accompanied with a moderate decline in fiscal deficit (9.82 *per cent*) during the current year again led to a situation of primary surplus, which relative to GDP was only 0.32 *per cent* during the current year. Recovery of loans or accruals of miscellaneous capital receipts, however, indicate a decline in assets base of the government and at best could be viewed as a limited and a temporary option.

#### Actual Deficits vis-à-vis Targets/Requirements of FRBM Act/Rules

5.16 The FRBM Act, 2003 came into effect from July 2004 following the issue of Government notification and formulation of FRBM Rules, 2004. Section 4(1) of Fiscal Responsibility and Budget Management (FRBM) Act 2003, as amended, provides that the Union Government shall take appropriate measures to reduce fiscal deficit and revenue deficit so as to eliminate revenue deficit by 31 March 2009. The *Act* and the *Rules*, as these presently stand, have provided for the elimination of the revenue deficit by 2008-09, with 0.5 percentage point of GDP as the minimum annual reduction target, and fiscal deficit to be brought to the level of 3 *per cent* of GDP, with 0.3 percentage point of GDP, as the minimum annual reduction target. The targets/requirements prescribed under FRBM Act/Rules are to ensure, *inter alia*, inter-generational equity in fiscal management and long term macroeconomic stability.

5.17 The FRBM Act, however, had some built-in flexibility in achieving revenue and fiscal deficit reduction targets as there is a provision that the specified limits may be exceeded 'due to ground or grounds of national security or national calamity or such other exceptional grounds as the Central Government may specify'. Invoking this provision of the FRBM Act, the

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Union Government has amended the dates originally envisaged in the Act for achieving the deficit targets. The targets relating to fiscal deficit were set to be achieved as per the mandate in the Act, while those relating to revenue deficit were rescheduled for its elimination by 2009-10 primarily on account of a conscious shift in plan priorities in favor of revenue expenditure-intensive programmes and schemes particularly at the commencement of the XI Five Year Plan. The systemic rigidity of containing non-Plan committed revenue expenditures in the short term, particularly arising from committed and obligatory expenditure such as interest payments, subsidies – both explicit and implicit, pensions, salaries and defence sector was stated to be another contributory factor.

**5.18** Along with the Budget, and as required under the FRBM Act, the Central government has been laying from 2004-05, *inter alia* the Medium-term Fiscal Policy Statement (MTFPS), specifying 3-year rolling targets for revenue and fiscal deficits as well as for tax revenue and total outstanding liabilities of the Central Government as percentages of GDP. These have been derived on the basis of assumptions on growth and the policy stance of the government. The targets for revenue and fiscal deficits set for 2007-08 in MTFP Statements for 2005-06, 2006-07 and 2007-08 along with their actual levels as brought out in Union Government's Finance accounts for 2007-08 are given in Table 5.5

**Table 5.5: Outcome vis-à-vis Targets under FRBM Rules (As per cent of GDP)**

Fiscal Indicator	Targets set in MTFPS 2005-06 for the year 2007-08	Targets set in MTFPS 2006-07 for the year 2007-08	Targets set in MTFPS 2007-08	Actual Levels (As deduced from Finance Accounts 2007-08)	Deviation with BE 2007-08
Revenue Deficit	1.1	1.1	1.5	1.81	0.31
Fiscal deficit	3.1	3.4	3.3	3.50	0.20

**5.19** Table 5.5 presents the targets set for the key fiscal parameters – revenue and fiscal deficits - for the 2007-08 in Medium Term Fiscal Policy Statements (MTFPS) placed along with the Budgets for 2005-06, 2006-07 and 2007-08 vis-à-vis their actual levels as deduced from the Finance Accounts of the Union for 2007-08. The targets set for fiscal deficit for 2007-08 in MTFPS for 2006-07 was revised upwards to 3.4 *per cent* of GDP from 3.1 *per cent* as envisaged in MTFPS placed along with the Budget for 2005-06. The budget estimates for fiscal deficit for 2007-08 was marginally reduced to 3.3 *per cent* however the target of revenue deficit to GDP ratio was raised to 1.5 *per cent* of GDP in MTFP Statement of 2007-08 from 1.1 *per cent* of GDP sustained in MTFPS for 2005-06 and 2006-07. The actual levels of revenue and fiscal deficits as per Union Finance Accounts for 2007-08 were higher than their budget estimates respectively by 0.31 and 0.20 percentage points.

**5.20** Notwithstanding the slippages in deficit indicators vis-à-vis their budget estimates, the fiscal deficit and revenue deficit, as percentages to GDP, at 3.50

*per cent* and 1.81 *per cent*, respectively, in 2007-08 as emerged from Finance Accounts for 2007-08 were lower by 0.91 and 1.39 percentage points than those in 2006-07. The fiscal correction during 2007-08, thus, turned out to be higher than the minimum reductions of 0.3 *per cent* and 0.5 *per cent* (relative to GDP) for GFD and revenue deficit, respectively, stipulated per year under the FRBM Rules, 2004. Furthermore, the Finance Accounts showed primary surplus of Rs. 15025 crore (which was, however, only 0.32 *per cent* of GDP) from the huge deficit of Rs. 28654 crore in 2006-07 reflecting containment of non-interest expenditure below the non-debt receipts.

5.21 Fiscal consolidation of the Central Government under the FRBM Act, 2003 has been revenue-led, underpinned by a significant increase in the tax-GDP ratio. The gross tax/GDP ratio maintained the upward trend to reach 12.58 *per cent* in 2007-08. A steady increase in the tax-GDP ratio for the Central Government was led by direct tax revenues. The robust economic growth and macroeconomic stability, in general, resulted in higher than anticipated tax revenues and created fiscal space for meeting the demand for resources. Expenditure management efforts however also focused on moderating non-plan expenditure, while increasing plan expenditure. Capital outlay, however, continued to remain at a low level of 2.48 *per cent* of GDP in 2007-08 despite a steep increase of Rs. 55252 crore (138.55 *per cent*) in non-plan capital outlay over the previous year which was mainly on account of Union Government's enhanced investment in General Finance and Trading Institutions; International Financial Institutions and in Agricultural Financial Institutions besides a normal growth in defence capital outlay during the year.

5.22 Notwithstanding the improved position, there are several underlying fiscal pressures that are not entirely evident in the headline fiscal indicators. Although implementation of fiscal rules has had a positive effect of focusing attention on fiscal issues, there has been an increased recourse to extra-budgetary fiscal liabilities. The issuance of bonds has been resorted to frequently for financing not only fuel, food and fertiliser subsidies, but also deferred liabilities with regard to bank loan waivers and contribution to capital of public sector banks. The significant quasi-fiscal transactions to finance recurrent revenue expenditures through *de facto* borrowings not only create apprehensions about the quality of the fiscal consolidation process that is underway but raises the issue of transparency in fiscal operations and inter-generational equity in fiscal management and long term macroeconomic stability.

5.23 While adhering to the FRBM targets in respect to revenue and fiscal deficits is considered to be critical for macroeconomic, financial, external sector and budgetary sustainability but a stand alone deficit target is incomplete unless the receipts or expenditure levels are specified too as given level of deficit can be achieved at different levels of receipts and expenditure. Besides, the mode of financing of the fiscal deficit and the appropriate use of resources so raised are equally important, particularly in view of the fact that



the Indian economy is undergoing structural transformation and it needs large investments in certain critical areas such as education, health care and physical infrastructure especially when the focus is on inclusive growth. Furthermore, as use of borrowed funds for meeting the current expenditure requirements has resulted in widening of asset-liability mismatches over the years, it is essential to eliminate the revenue deficit and generate sufficient revenue surplus which may be utilised for asset creation without creating liabilities. In this context, there is a need for durable fiscal correction and consolidation through fiscal empowerment, *i.e.*, by expanding the scope and size of revenue flows.

## Chapter 6

### MANAGEMENT OF FISCAL LIABILITIES

Government incurs fiscal liabilities to meet its resource requirements for repayment of debt; discharge of liabilities on the public account; capital expenditure and other current expenditure requirements that may remain uncovered by revenue and non-debt capital receipts. Aggregate fiscal liabilities increased consistently from an average of Rs. 628608 crore during the VIII Plan (1992-1997) to an average of Rs. 1836987 crore during the X Plan (2002-07) and further to Rs 2476357 crore during the first year of XI Plan (2007-12). The aggregate fiscal liabilities relative to GDP at an average of 60.59 *per cent* during the VIII Plan (1992-1997) declined to an average of 57.10 *per cent* during the X Plan (2002-07) with inter year variations and further to 52.54 during the current year. The long-term tendency of the ratio of fiscal liabilities to GDP, therefore, exhibited declining trend with negative shift rate of 0.90 during 1992-2008 but the share of its components varied over time with share of internal debt indicated increasing trend over the period. Internal debt was not only the most predominant component of the aggregate liabilities, accounting for around 72.67 *per cent* of them in 2007-08, but was also the fastest growing component with its growth averaging 16.40 *per cent* during 1992-2008. Public account liabilities had grown at an average rate of growth 5.62 *per cent* during 1992-2008. These two components, which in terms of their origin are domestic liabilities, constituted 91.52 *per cent* of the aggregate liabilities in 2007-08.

Fiscal liabilities are considered sustainable if the government is able to service the stock of these liabilities over the foreseeable future and the debt-GDP ratio does not grow to unmanageable proportions. Despite the relatively higher levels of debt-GDP ratio, the ratio of incremental total liabilities to GDP (including external debt at current exchange rate) at 5.20 *per cent* in 2004-05, 4.06 *per cent* in 2005-06, and 5.22 *per cent* in 2006-07 was well within the ceiling limit prescribed under FRBM Rules but this ratio at 6.18 *per cent* was marginally above the ceiling limit projected for 2007-08 under the FRBM Rules.

The Eleventh and Twelfth Finance Commissions had suggested that debt sustainability could be significantly facilitated if the incremental revenue receipts could meet the incremental interest burden and the incremental primary expenditure. It would be observed that incremental revenue receipts fell short by 14.86 *per cent* during VIII Plan (1992-97), which increased to 52.04 *per cent* during the IX Plan (1997-2002) and declined sharply to 7.98 *per cent* during the X Plan (2002-07). During the current year, the incremental revenue receipts increased by 31.32 *per cent* (Rs. 29580 crore) in 2007-08 over the previous year while incremental revenue expenditure declined by 34.85 *per cent* (Rs. 40982 crore) during the year resulting in a positive resource gap of Rs . 47412 crore in 2007-08 from (-) Rs. 23150 crore in the previous year. The improvement in incremental revenue receipts during the current year was mainly on account of more receipts through non-tax sources (Rs. 35868 crore) as against Rs. 13037 crore in the previous year.

The debt sustainability is also determined by the Domar's Debt Stability Equation and the ratio of the debt redemption to total debt receipts. The former states that if the rate of growth of economy exceeds the rate of interest on the debt, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative while the latter indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The average interest rate (nominal) on total debt remained lower than the rate of growth of GDP at the market prices along with primary deficit being less than one *per cent* of GDP during 1992-2008 while the debt redemption ratio was as high as 93 *per cent* during VIII Plan, which further deteriorated to 98.68 *per cent* during the X Plan indicating the extent to which debt receipts were used in debt redemption.

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6.1 Internal debt, external debt and other liabilities are the three sets of liabilities that constitute the Union Government debt. Internal and external debts constitute public debt and are secured under the Consolidated Fund of India. Internal debt includes market loans, special securities issued by Reserve Bank of India and National Small Savings Fund, compensation and other bonds and other rupee securities. External debt represents the loans received from foreign governments and bodies. The other liabilities of the government arise more in its capacity as a banker or a trustee rather than a borrower and include employees' provident funds, reserve funds and sinking funds (created by charging expenditure while actual expenditure/disbursement is yet to be made) and deposits. These borrowings or accruals are not secured under CFI and are shown as part of the Public Account. All these liabilities, however, are obligations of the government either in terms of their repayment or specified expenditure

6.2 Government incurs these liabilities to meet its resource requirements for repayment of debt; discharge of liabilities on the public account; capital expenditure and such other current expenditure requirements that may remain uncovered by revenue and non-debt capital receipts.

**Aggregate Fiscal Liabilities: Trends and Composition**

6.3 Table 6.1 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 during 1992-2008. Annual total liability in terms of its composition is indicated in Appendix-VI-A.

**Table 6.1: Aggregate Fiscal Liabilities- Trends & Composition**

*(Rupees in crore)*

Period	Internal Debt	External Debt at historic rates	Public Account*	Total liabilities (at historic rates)	External Debt (at current rates)	Total liabilities (at current rates)
1992-2008	801005	64384	303904	1169294	173819	1278729
VIII Plan (1992-97)	272725	49206	218152	540082	137732	628608
IX Plan (1997-02)	655942	61703	292049	1009694	183073	1131064
X Plan (2002-07)	1274620	72715	368973	1716307	193395	1836987
2002-03	1020689	59612	331419	1411720	196068	1548176
2003-04	1141706	46125	333725	1521556	184203	1659634
2004-05	1275971	60877	356037	1692885	191271	1823279
2005-06	1389758	94243	384842	1868843	194199	1968799
2006-07	1544975	102716	438841	2086532	201233	2185049
<b>XI Plan (2007-12)</b>						
2007-08	1799651	112031	466602	2378284	210104	2476357



**Management of Fiscal Liabilities**

(Rupees in crore)

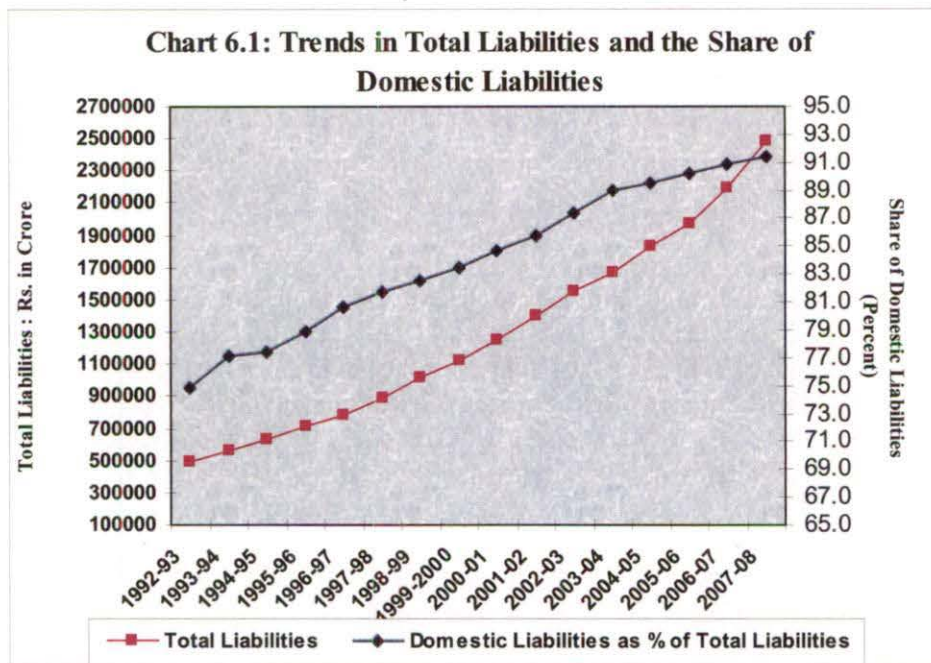
Period	Internal Debt	External Debt at historic rates	Public Account*	Total liabilities (at historic rates)	External Debt (at current rates)	Total liabilities (at current rates)
<b>Average annual Rate of Growth (per cent)</b>						
1992-2008	16.40	4.98	5.62	12.25	3.40	11.28
<b>VIII Plan (1992-97)</b>	<b>14.13</b>	<b>5.95</b>	<b>14.80</b>	<b>13.62</b>	<b>5.88</b>	<b>12.48</b>
<b>IX Plan (1997-02)</b>	<b>25.42</b>	<b>6.77</b>	<b>-7.05</b>	<b>12.80</b>	<b>5.05</b>	<b>11.85</b>
<b>X Plan (2002-07)</b>	<b>10.80</b>	<b>19.75</b>	<b>7.29</b>	<b>10.37</b>	<b>1.05</b>	<b>8.98</b>
2002-03	11.79	-16.68	15.65	11.06	-1.92	10.62
2003-04	11.86	-22.62	0.70	7.78	-6.05	7.20
2004-05	11.76	31.98	6.69	11.26	3.84	9.86
2005-06	8.92	54.81	8.09	10.39	1.53	7.98
2006-07	11.17	8.99	14.03	11.65	3.62	10.98
<b>XI Plan (2007-12)</b>						
2007-08	16.48	9.07	6.33	13.98	4.41	13.33

\* Public Account liabilities since 1999-2000 exclude the liabilities on account of small savings to the extent invested in Special State Government Securities.

6.4 Aggregate fiscal liabilities increased consistently from an average of Rs. 628608 crore during the VIII Plan (1992-1997) to Rs. 1131064 crore during IX Plan (1997-2002) and further to an average of Rs. 1836987 crore during X Plan (2002-07) and reached the peak level in 2007-08. Average annual trend rate of growth of these liabilities was 11.28 per cent during 1992-2008. The rate of growth of aggregate liabilities declined from 12.48 per cent during VIII Plan to 11.85 per cent during IX Plan and further to 8.98 per cent also during X Plan. The aggregate fiscal liabilities increased by ever highest rate of 13.33 per cent (Rs. 291308 crore) during 2007-08 primarily on account of increase in internal debt, which has increased by 16.48 per cent and contributed about 87.43 per cent towards incremental aggregate liabilities. Internal debt was not only the most predominant component of the aggregate liabilities, accounting for around 72.66 per cent of them in 2007-08, but was also the fastest growing component with its growth averaging 16.40 per cent during 1992-2008. Public account liabilities had grown at an average rate of growth of 5.62 per cent during 1992-2008. These two components, which in terms of their origin are domestic liabilities, constituted 91.52 per cent of the aggregate liabilities in 2007-08, which has increased from an average of 78 per cent during the VIII Plan (1992-1997). External liabilities at the current exchange rate constituted around 8.48 per cent of the aggregate liabilities in 2007-08. The external liabilities are also recorded in Finance Accounts at historic rate. However, this is only for accounting interest as repayment obligations of this debt are to be met at the current rate of exchange only. Chart 6.1 depicts the trends in total liabilities and the share of domestic liabilities over the period 1992-2008.

6.5 FRBM Act and Rules made thereunder prescribed that the Central Government shall not assume additional liabilities (including external debt at

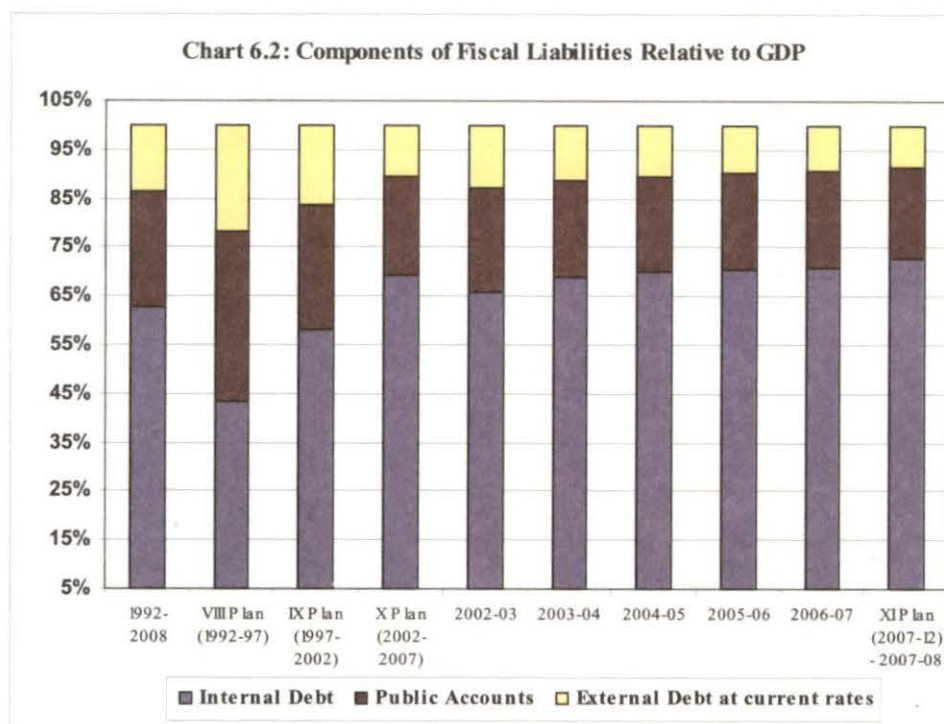
current exchange rate) in excess of 9 per cent of GDP for the financial year 2004-05 and in each subsequent year, the limit of 9 per cent shall be progressively reduced by at least one percentage point of GDP. The ratio of incremental total liabilities to GDP (including external debt at current exchange rate) at 5.20 per cent in 2004-05, 4.06 per cent in 2005-06, and 5.22 per cent in 2006-07 was well within the ceiling limit prescribed under FRBM Rules. The incremental total liabilities relative to GDP were at 6.18 per cent during the current year, which is marginally above the ceiling limit of 6 per cent projected for 2007-08 following the rule prescribed under FRBM Act and Rules made there under.



### Fiscal Liabilities relative to GDP

6.6 Table 6.2 gives the aggregate fiscal liabilities of the Union Government relative to GDP. Aggregate fiscal liabilities-GDP ratio peaked during 1991-92, when it reached 65.43 per cent of GDP. This ratio decelerated to an average of 60.59 per cent during the VIII Plan (1992-1997) and further to an average of 58.84 per cent during the IX Plan (1997-2002). During the X Plan (2002-07), the ratio of aggregate liabilities to GDP at 57.10 per cent was lower than the average level of IX Plan (1997-2002) by only 1.74 percentage points. It was noted that during the X Plan (2002-07), the ratio exhibited a consistent declining trend which continued even during the current year. The long-term tendency of the ratio of fiscal liabilities to GDP exhibited relative stability with an average annual rate of shift of only (-) 0.90 per cent during 1992-2008. Although the fiscal liabilities relative to GDP remained almost stable during the period 1992-2008 but the share of its components varied over time with share of internal debt indicated increasing trend over the period

(Chart 6.2). While the average annual rate of shift in the ratio of internal debt-GDP was 3.66 *per cent*, significant negative shift rates for the other two components more or less squared it to sustain debt-GDP ratio at the trend level.



**Table 6.2: Fiscal Liabilities Relative to GDP**

(Per cent)

Period	Internal Debt	External Debt at historic rates	Public Accounts	Total liabilities (historic rates)	External Debt at current rates	Total liabilities (current rates)
1992-2008	36.00	2.89	13.66	52.56	7.81	57.48
<b>VIII Plan (1992-97)</b>	<b>26.29</b>	<b>4.74</b>	<b>21.03</b>	<b>52.06</b>	<b>13.28</b>	<b>60.59</b>
<b>IX Plan (1997-02)</b>	<b>34.12</b>	<b>3.21</b>	<b>15.19</b>	<b>52.52</b>	<b>9.52</b>	<b>58.84</b>
<b>X Plan (2002-07)</b>	<b>39.62</b>	<b>2.26</b>	<b>11.47</b>	<b>53.35</b>	<b>6.01</b>	<b>57.10</b>
2002-03	41.58	2.43	13.50	57.51	7.99	63.07
2003-04	41.45	1.67	12.12	55.24	6.69	60.25
2004-05	40.51	1.93	11.30	53.75	6.07	57.89
2005-06	38.82	2.63	10.75	52.20	5.42	54.99
2006-07	37.27	2.48	10.59	50.33	4.85	52.70
<b>XI Plan (2007-12)</b>						
2007-08	38.18	2.38	9.90	50.46	4.46	52.54
<b>Average Annual Rate of Shift in Relative Shares</b>						
1992-2008	3.66	-6.51	-5.94	-0.03	-7.92	-0.90

**6.7** If various components of the fiscal liabilities in 1992-93 are set to 100, the index value of internal debt, external debt, public account and total



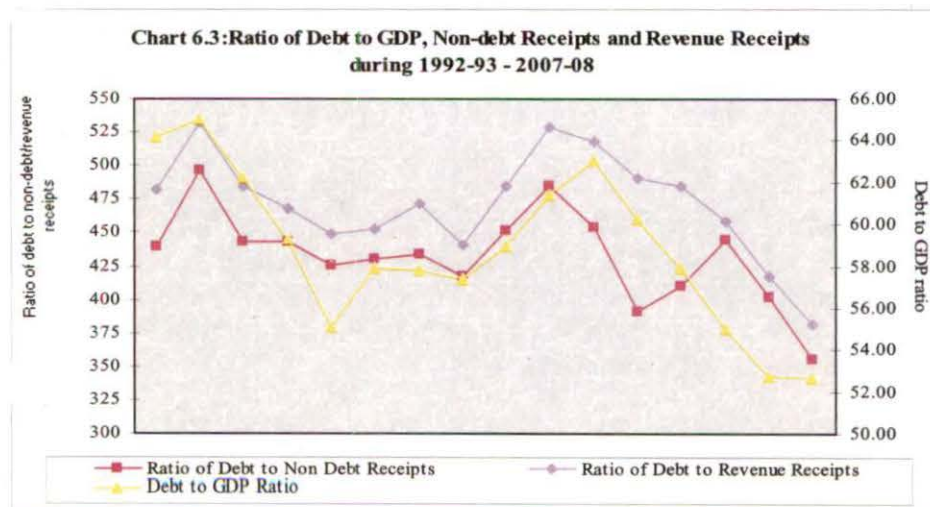
liabilities in 2007-08 would be 904, 174, 291 and 515, respectively, as against the index of GDP at 630 indicating buoyancy of greater than one for internal debt while for external debt, public account liabilities and total debt being less than unity. Buoyancy of internal debt and total liabilities (with external debt being reckoned at the current exchange rate) with reference to GDP was 1.20 and 0.974, respectively, during 2007-08 as against long term buoyancies of 1.33 and 0.918, respectively, for the period 1992-2008.

**6.8** It would be appropriate to look at the aggregate fiscal liabilities relative to the revenue receipts of the Union Government. This ratio is considered a better indicator of debt stock because it is directly related to the resources that are available for its servicing and redemption. Table 6.3 gives the ratio of outstanding fiscal liabilities as a percentage of the non-debt receipts and revenue receipts.

**Table 6.3: Outstanding Fiscal Liabilities (at current exchange rates) as a percentage of Non-Debt Receipts and revenue Receipts**

Period	Non-Debt Receipt	Revenue Receipt
1992-2008	406	442
<b>VIII Plan (1992-97)</b>	<b>398</b>	<b>423</b>
<b>IX Plan (1997-02)</b>	<b>419</b>	<b>448</b>
<b>X Plan (2002-07)</b>	<b>419</b>	<b>472</b>
2002-03	453	516
2003-04	390	489
2004-05	409	484
2005-06	443	457
2006-07	401	416
<b>XI Plan (2007-08)</b>		
2007-08	354	381
<b>Annual Rate of Shift in Relative Share (1992-2008)</b>		
1992-2008	0.11	0.38
<b>Average Annual Rate of Growth of the Parameter (1992-2008)</b>		
1992-2008	11.16	12.30

*Note:- Non-Debt Receipts are Revenue Receipts (net of the States' share in taxes) and non-debt capital receipts.*



6.9 The ratio of fiscal liabilities to revenue receipts and non-debt receipts had a positive shift rate during 1992-2008 indicating the trend rate of growth of fiscal liabilities being greater than the rate of growth of the above two parameters. Average ratio of fiscal liabilities to non-debt receipts increased from 398 *per cent* during the VIII plan (1992-97) to a peak of 483 in 2001-02 before decelerating to an average of 419 during the X Plan (2002-07) with wide inter year variations. This deceleration was due to a moderate growth of fiscal liabilities relative to non-debt receipts during the period. For example, a decline in non-debt receipts by 0.27 *per cent* during 2005-06 along with an increase of around 8 *per cent* in total fiscal liabilities resulted in increase in their ratio to non-debt receipts to 443 from the level of 409 in 2004-05. Similarly, during the current year a growth rate of 27.89 *per cent* in non-debt receipts against an increase of 13.33 *per cent* in aggregate liabilities led to a sharp decline in their ratio to 354 from the level of 401 in 2006-07. The ratio of aggregate fiscal liabilities to revenue receipts has consistently increased from an average level of 423 during VIII Plan period (1992-97) to 472 during the X Plan (2002-07). After reaching the peak level of 516 in 2002-03, it has consistently declined to 416 in 2006-07 and further to 381 during the current year due to moderate growth of fiscal liabilities relative to revenue receipts during the period. Buoyancy of the aggregate fiscal liabilities to non-debt receipts and revenue receipts during 1992-2008 was 1.039 and 0.917, respectively. Internal debt and domestic debt (internal debt and public account surpluses combined), however, had greater buoyancy as lower growth of external debt liabilities had a moderating impact. Trends in the ratio of fiscal liabilities to the three parameters of GDP, non-debt receipts and revenue receipts are depicted in Chart 6.3.

6.10 It is not uncommon for the government to borrow funds for creating capital assets or for making investment. Though in government accounting system comprehensive accounting of the fixed assets like land and buildings etc owned by the government is not done to create a kind of a balance sheet, accounts do capture and provide the assets created out of the expenditure incurred. Government's investment, outstanding loans and advances and cumulated capital expenditure could be considered as its assets. The ratio of these assets to its aggregate fiscal liabilities could be considered a surrogate measure of quality of its application of borrowed funds.

Table 6.4: Buoyancy of assets and Ratio of Assets to Liabilities

*(Rupees in crore, Ratio and Growth rates in per cent)*

Period	Aggregate Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of Liabilities	Annual Growth of Assets	Buoyancy of Assets
1992-2008	1278729	583182	45.61	11.28	7.48	0.66
VIII Plan (1992-97)	628608	362555	57.68	12.48	10.31	0.83
IX Plan (1997-02)	1131064	575671	50.90	11.85	8.29	0.70
X Plan (2002-07)	1836987	739512	40.26	8.98	4.74	0.53
2002-03	1548176	693286	44.78	10.62	4.20	0.40
2003-04	1659634	688435	41.48	7.20	-0.70	-0.10
2004-05	1823279	717675	39.36	9.86	4.25	0.43

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Period	Aggregate Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of Liabilities	Annual Growth of Assets	Buoyancy of Assets
2005-06	1968799	774082	39.32	7.98	7.86	0.98
2006-07	2185049	824081	37.71	10.98	6.46	0.59
<b>XI Plan (2007-12)</b>						
2007-08	2476357	942507	38.06	13.33	14.37	1.08

**6.11** The ratio of assets to liabilities witnessed a secular decline from an average of 57.68 *per cent* during the VIII Plan (1992-97) to 50.90 *per cent* during the IX Plan (1997-2002) and further to an average of 40.26 *per cent* during the X Plan (2002-07) with the lowest ratio at 37.71 *per cent* during 2006-07. The ratio of assets to liabilities during the X Plan (2002-07) period consistently declined from 44.78 *per cent* in 2002-03 to 37.71 in 2006-07 mainly due to the fact that aggregate liabilities grew at an annual average rate of growth of 8.98 *per cent* against the growth rate of 4.74 *per cent* in assets of the Union Government during the period. Average annual rate of shift in this ratio was (-) 3.42 *per cent* during 1992-2008. Buoyancy of the assets to the liabilities also declined from 0.83 *per cent* during the VIII Plan (1992-1997) to 0.70 *per cent* during the IX Plan (1997-2002) and further to an average of 0.53 *per cent* during the X Plan (2002-07) (Table 6.4). In 2003-04, aggregate assets actually declined due to the accelerated recovery of the loans and advances, while liabilities continued to grow. It has however indicated an increasing trend after attaining the negative value during 2003-04 and reached the peak level of 0.98 during 2005-06 declining in subsequent year to 0.59 during the current year. The assets of the Government however increased by 14.37 *per cent* during the current year which was higher than the growth rate of 13.33 *per cent* in aggregate liabilities resulting in buoyancy of assets exceeding unity for the first time during the period 1992-2008. The sharp increase in assets during the current year was primarily on account of steep increase in non-plan capital expenditure (138.54 *per cent*) over the previous year. Despite the steep increase in growth of assets during the current year, over 62 *per cent* of the union government liabilities still ceased to have any asset back up in 2006-07 and 2007-08.

### **Debt Sustainability**

**6.12** Fiscal liabilities are considered sustainable if the government is able to service the stock of these liabilities over the foreseeable future and the debt-GDP ratio does not grow to unmanageable proportions. A necessary condition for stability is the Domar's Debt Stability Equation. It states that if the rate of growth of economy exceeds the rate of interest on the debt, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. In a situation where the rate of interest is higher than the rate of growth of output, the debt-GDP ratio would continue to rise unless the primary balances turn positive. If the nominal growth rate of the economy exceeds the nominal rate of interest on domestic debt, stabilisation of domestic debt is possible while still running a primary deficit (even in excess of monetisation).



6.13 The average interest rate (nominal) on total debt over time, as indicated in Table 6.5, remained lower than the rate of growth of GDP at the market prices during 1992-2008. However, the spread declined from an average of 8.61 *per cent* during the VIII Plan (1992-1997) to an average of 1.31 *per cent* during the IX Plan (1997-2002). The spread between GDP growth and interest rates became negative in 2002-03 but, on an average, it was positive 5.87 *per cent* during the X Plan (2002-07) with maximum positive spread being at 7.96 *per cent* in 2006-07. The spread was, however, reduced to 5.46 during the current year, which is a result of decline in rate of growth of GDP and an increase in interest rate on aggregate liabilities respectively by 2.11 and 0.38 percentage points in 2007-08 over the previous year.

6.14 Average interest rates on fiscal liabilities, however, moved in a narrow range from the minimum of 7.65 percent in 1993-94 to the maximum of 9.34 percent in 1999-2000 during the period 1992-2008. Average annual rate of interest on external debt was 3.07 *per cent* during VIII Plan, which decelerated to an average of 2.51 *per cent* during the IX Plan (1997-2002) and further to an average of 1.78 *per cent* during the X Plan (2002-07). For the domestic liabilities (public debt and public accounts), the average rate of interest was 10.42 *per cent* during the IX Plan (1997-2002), which got moderated to an average of 8.91 *per cent* during the X Plan exhibiting the declining trend. The deceleration in the average rate of interest on domestic liabilities started after reaching the peak rate 10.79 *per cent* in 1999-2000 and since then it has witnessed a decline of 192 basis points during the current year.

Table 6.5: Average interest rate on fiscal liabilities at current exchange rates  
(Per cent)

Period	Internal liabilities	External debt	Aggregate liabilities	Rate of growth of GDP	Interest spread
1992-2008	9.37	2.34	8.34	12.29	3.94
VIII Plan (1992-97)	9.37	3.07	7.91	16.72	8.81
IX Plan (1997-02)	10.42	2.51	9.06	10.33	1.27
X Plan (2002-07)	8.91	1.78	8.09	14.00	5.91
2002-03	10.03	2.13	8.90	7.71	-1.20
2003-04	9.24	1.60	8.28	12.22	3.95
2004-05	8.69	1.52	7.89	14.34	6.44
2005-06	8.47	1.65	7.75	13.68	5.93
2006-07	8.48	1.99	7.84	15.79	7.96
XII Plan (2007-12)					
2007-08	8.87	1.95	8.22	13.68	5.45
Average Annual Rate of growth					
1992-2008	-0.41	-4.68	0.31	-1.52	
Average interest rate is = Interest paid/Outstanding Liabilities at the beginning of the year*100					

6.15 The debt sustainability of the Union Government also depends on (i) the ratio of the debt redemption (principal + interest payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Table 6.6 gives the ratio of debt redemption to debt receipts during 1992-2008 period encompassing VIII, IX and X Plans. Debt redemption ratio has consistently increased from an average of 93.10 in VIII Plan (1992-97) to 98.68 per cent during X Plan (2002-07) with inter year variations. It exceeded the unity only once in 2003-04 during the period 1992-2008, when the repayments towards the discharge of past debt obligations were significantly more than the fresh debt receipts during the year. The ratio has declined in subsequent years mainly due to enhanced debt receipts, which have increased by 6.97 per cent during the current year. An increase in internal debt by Rs. 223024 crore (13.70 per cent) primarily due to enhanced liabilities on account of increase in issue of bonds under Market Stabilisation Scheme (Rs. 126535 crore) in 2007-08 over the previous year led to an increase of Rs. 144659 crore (6.97 per cent) in debt receipts during the year.

**Table 6.6: Ratio of Debt Redemption to Debt Receipts**

Period	Debt Receipts*	Debt Repayment		Principal Debt Repayment (1)/Debt Receipts	Total Debt Repayment (2)/Debt Receipts
		Principal* (1)	Principal +Interest (2)		
	(Rupees in crore) (Annual Average)			(Per cent)	
1992-2008	778424	655233	751225	84.17	96.51
<b>VIII Plan (1992-97)</b>	<b>266443</b>	<b>203787</b>	<b>248066</b>	<b>76.48</b>	<b>93.10</b>
<b>IX Plan (1997-02)</b>	<b>530341</b>	<b>411106</b>	<b>502208</b>	<b>77.52</b>	<b>94.70</b>
<b>X Plan (2002-07)</b>	<b>1250358</b>	<b>1097979</b>	<b>1233839</b>	<b>87.81</b>	<b>98.68</b>
2002-03	623645	485764	610337	77.89	97.87
2003-04	811010	726131	854245	89.53	105.33
2004-05	1070716	894577	1025535	83.55	95.78
2005-06	1671998	1521331	1662706	90.99	99.44
2006-07	2074421	1862092	2016372	89.76	97.20
<b>XI Plan (2007-12)</b>					
2007-08	2219080	1919367	2099026	86.49	94.59

\*Debt receipt and repayments include debt figures in CFI net of ways and means advances plus receipt and repayments in Public Account.

**6.16** The debt sustainability issues have also been discussed by the successive Finance Commissions. The Ninth Finance Commission observed that ultimately the solution to the government debt problem lies in borrowed funds – (a) not being used for financing revenue expenditure and (b) being used efficiently and productively for capital expenditure, which either provides returns directly or results in increased productivity of the economy in general which may result in increase in government revenue. The Eleventh Finance Commission (EFC) suggested that debt sustainability could be significantly facilitated if the incremental revenue receipts could meet the incremental interest burden and the incremental primary expenditure. The Twelfth Finance Commission while endorsing the approach suggested by the EFC felt that the pre-requisite to this is the achievement of revenue balance by instituting measures for augmenting revenue receipts and compressing expenditure.

6.17 Table 6.7 indicates the resource gap as defined above for VIII, IX and X Plans and separately for each year of the X Plan as well as for the current year to present the trends in the recent years. It would be observed that during 1992-2008, incremental revenue receipts fell short by 11.18 per cent in meeting the incremental revenue expenditure. This gap increased from an average of 14.86 per cent during VIII Plan (1992-97) to 52.04 per cent during the IX Plan (1997-2002) and declined sharply to 7.98 per cent during the X Plan (2002-07). During the first three years of X Plan (2002-07), due to a moderate growth in expenditure and moderation in interest rates, incremental revenue receipts exceeded incremental revenue expenditure resulting in a positive resource gap, which continuously increased during the three years 2002-05. During 2005-06 and 2006-07, while the incremental revenue receipts increased by 43.15 per cent and 74.69 per cent, respectively, the corresponding increases in non-interest revenue expenditure and interest payments were 490.53 and 266.28 per cent in 2005-06 and 40.25 and 23.88 per cent during 2006-07. The wide differences in the rates of increases led to huge negative gap of Rs. 30997 crore and Rs. 23150 crore, which were amongst the maximum divergences recorded between incremental revenue receipts and revenue expenditure in a year and in fact indicates the absolute increase in revenue deficit during 2005-06 and 2006-07 over the corresponding previous years. The incremental revenue receipts have increased by 31.32 per cent (Rs. 29580 crore) in 2007-08 over the previous year while incremental revenue expenditure declined by 34.85 per cent (Rs. 40982 crore) during the year resulting in a positive resource gap of Rs. 47412 crore in 2007-08 from (-) Rs. 23150 crore in the previous year. The improvement in incremental revenue receipts during the current year was mainly on account of more receipts through non-tax sources (Rs. 35868 crore) as against Rs. 13037 crore in the previous year. On the other hand increase in revenue expenditure was contained at 11.64 per cent (Rs. 76621 crore) during 2007-08 as against the increase of 21.75 per cent (Rs. 117603 crore) in the previous year. The resultant of these changes in incremental revenue receipts and revenue expenditure was the huge positive resource gap (Rs. 47412 crore) during the current year, which is exactly the amount by which revenue deficit was squeezed in 2007-08 from the level of Rs. 85435 crore in the previous year.

Table 6.7: Shortfall of incremental revenue receipts to meet incremental revenue expenditure and interest payments

(Rupees in crore)

Period	Incremental				Resource Gap
	Revenue Receipts	Non-interest Revenue Expenditure	Interest Expenditure	Total Revenue Expenditure	
1992-2008	34350	29086	9587	38673	-4323
VIII Plan (1992-97)	18778	15480	6576	22056	-3278
IX Plan (1997-02)	14312	18903	10939	29842	-15530
X Plan (2002-07)	52023	48510	8021	56532	-4509
2002-03	34547	23609	10400	34009	538



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(Rupees in crore)

Period	Incremental				Resource Gap
	Revenue Receipts	Non-interest Revenue Expenditure	Interest Expenditure	Total Revenue Expenditure	
2003-04	39274	26954	3541	30495	8779
2004-05	37771	12641	2844	15485	22286
2005-06	54069	74649	10417	85066	-30997
2006-07	94453	104698	12905	117603	-23150
<b>XI Plan (2007-12)</b>					
2007-08	124033	50914	25707	76621	47412

### Fiscal Deficit and Debt Sustainability

**6.18** In the context of fiscal sustainability, TFC felt that the issue of debt sustainability also needs to be viewed for combinations of debt and fiscal deficit as debt would become unsustainable, if fiscal deficits follow a course that leads to a self-perpetuating rise in the debt-GDP ratio. A sustainable debt-deficit combination would be stable in terms of debt- GDP ratio and fiscal deficit-GDP ratio consistent with the permissible levels of primary expenditure. The issue, therefore, involved is one of determining that level of fiscal deficit, which will stabilise the debt-GDP ratio and, at the same time, can promote growth. The FRBM Act 2003, read with its rules and subsequent amendment, specifies the target for achieving a fiscal deficit to GDP ratio of 3 per cent by the Central Government by 2008-09. Given this fiscal deficit target, for a combination of 12 per cent nominal growth rate and 7 per cent interest rate, TFC in the suggested programme for restructuring public finances has recommended that the primary deficit should be equal to 1.25 per cent of GDP. TFC has further estimated that once the adjustment phase is over and the fiscal deficit of the Centre being contained at 3 per cent, the debt-GDP ratio of the Union would stabilise at 44 per cent of GDP by 2008-09.

**6.19** At present, the Union's debt-GDP ratio is close to 53 per cent, with external debt measured at current exchange rates, and after excluding NSSF liabilities against which there are assets in the form of state securities and Market Stabilisation Scheme (MSS) liabilities against which an equal amount of cash is held with the RBI. The trends in fiscal deficit to GDP ratio during the X Plan period (2002-07) revealed that after exhibiting a steep decline in 2003-04 to 2.94 per cent, it has indicated an increasing tendency during the subsequent three years. Similarly, revenue deficit to GDP ratio, after reaching the minimum level of 2.50 per cent during 2004-05, it has increased to 3.20 per cent in 2006-07. The deficit indicators, however, took a turn around during the current year and fiscal and revenue deficits relative to GDP as per Union Finance Accounts for 2007-08 declined to 3.50 and 1.81 per cent, respectively. The actual levels of revenue and fiscal deficits were, however, higher than their budget estimates respectively by 0.31 and 0.20 percentage points. Notwithstanding the slippages in deficit indicators, the fiscal correction during 2007-08 was higher than the minimum reductions of 0.3 per cent and

0.5 per cent (relative to GDP) for fiscal and revenue deficit respectively, stipulated per year under the FRBM Rules, 2004. Furthermore, the Finance Accounts showed primary surplus of Rs. 15025 crore (which was however only 0.32 per cent of GDP) from the huge deficit of Rs. 28654 crore in 2006-07 reflecting containment of non-interest expenditure below the non-debt receipts. Although the management of public finances during 2007-08 was as per the process of fiscal consolidation under FRBM Rules, 2004 but keeping in view the conscious shift in plan priorities in favour of revenue expenditure-intensive programmes and schemes particularly at the commencement of the XI Plan and recognising the systemic rigidity in containing non-Plan committed revenue expenditures in the short term, the targets relating to revenue deficit were rescheduled for its elimination by 2009-10, while those relating to fiscal deficit were set to be achieved as per the mandate in the Act,

#### Cash Management

6.20 With the Union Government entering into an agreement with the Reserve Bank of India in 1994, a system of automatic monetisation of budget deficit was phased out in 1997. Effective from April 1997, a new scheme of Ways and Means Advances (WMA) was introduced to facilitate the government to overcome the temporary mismatches in its cash flows. With the Reserve Bank of India withdrawing from participation in the primary issuance of Central Government securities with effect from April 1, 2006 in accordance with the FRBM Act 2003, the WMA arrangements were revised from 2006-07. In order to facilitate the transition necessitated by the FRBM provisions, under the revised arrangements, the limits for 2006-07 were fixed on quarterly basis. Accordingly, the WMA limits for 2006-07 were placed at Rs. 20000 crore and Rs. 10000 crore for the first and the second quarters, respectively, and Rs. 6000 crore each for the third and fourth quarters of the year. The Reserve Bank, however, retained the flexibility to revise the limits in consultation with the Government, taking into consideration the transitional issues and prevailing circumstances. The limits for WMA to the Central Government for 2007-08 were fixed at Rs. 20000 crore for the first half of the year (April-September) and Rs. 6000 crore for the second half of the year (October-March), thereby restoring the practice of fixing the limits on a half-yearly basis, which existed prior to 2006-07. The interest rate on WMA continued to be at the repo rate and that on overdraft, at repo rate plus two percentage points.

6.21 During 2007-08, the liquidity position of the Central Government remained, in general, comfortable although there were some pressures during the first quarter of the year and in July 2007. The surplus cash balances of the Centre, which amounted to Rs. 5092 crore at end-March 2007, were drawn down to meet the higher than anticipated spending by the Centre. With a sharp increase in the borrowing requirements resulting from accentuated mismatches between revenue receipts and aggregate expenditure during the first four months of 2007-08, the Central Government took recourse to WMA and overdraft on three occasions, with the peak overdraft at Rs. 12305 crore. A

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surplus was built up in June 2007 ahead of the Central Government's acquisition of the Reserve Bank's stake in State Bank of India (SBI), which was used up by the end of the month to meet this expenditure and the Central Government reverted to WMA. With the transfer of surplus from the Reserve Bank on August 9, 2007, the Central Government went into surplus cash balance mode and remained so thereafter, touching a peak of Rs. 104741 crore on March 27, 2008. The closing cash balance as per the Finance Account as on March 31, 2007 turned out to be Rs. 229633 crore. During 2007-08, the Central Government availed WMA for a total of 91 days as compared to 39 days during 2006-07. The Central Government also resorted to overdraft for 37 days. The details of WMA availed by the Union Government since 1999-2000 are presented in Table 6.8, which reveals that there were no outstanding WMA balances after the year 2001-02 (Table 6.8).

**Table 6.8: Ways and Means Advances**

*(Rupees in crore)*

Year	Opening Balance	Addition during the Year	Discharge during the Year	Outstanding Ways and Means Advances
1999-00	3042	124972	127032	982
2000-01	982	131300	126887	5395
2001-02	5395	170953	171172	5176
2002-03	5176	118961	124137	Nil
2003-04	Nil	96615	96615	Nil
2004-05	Nil	62080	62080	Nil
2005-06	Nil	1134	1134	Nil
2006-07	Nil	25226	25226	Nil
2007-08	Nil	110007	110007	Nil

### Unutilised Committed External Assistance

**6.22** As on 31 March 2008, unutilised committed external assistance was of the order of Rs. 78037 crore. The sector-wise details of unutilised external assistance are given in **Appendix-VI-B** and Table 6.9 below shows the year-wise total un-drawn balance of external assistance from various sources. The sector-wise details reveal that more than 35 per cent of unutilised external assistance pertains to Urban Development and Road sector during 2007-08 and the un-drawn absolute amount remained more than Rs. 27300 crore during 2007-08. Within the energy sector, atomic energy indicated the unutilised assistance amounting to Rs. 6429 crore during 2006-07, which reduced to Rs. 4995 crore during 2007-08. The sectors such as Agriculture, Environment and Forestry, Power, Water Supply and Sanitation, and Water Resources have been unable to withdraw the external aid amounting to Rs. 23428 crore, which constitutes more than 30 per cent of total un-drawn balance during 2007-08. More importantly, health sector has also not been able to utilise the external assistance of Rs. 4815 crore committed for various projects despite the fact that the sector requires large funds for providing minimum health facilities especially in rural areas. Since the external assistance is precious and commitment charges are being paid by the Government, initiatives need to be



taken to address the issues being faced by these sectors for not utilising the available funds.

**Table 6.9: Unutilised Committed External Assistance**

*(Rupees in crore)*

Year	Amount
2000-01	56920
2001-02	62565
2002-03	67361
2003-04	64517
2004-05	68430
2005-06	63067
2006-07	75935
2007-08	78037

**6.23** Commitment charges on un-drawn external assistance 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 6.10 indicates charges paid to various bodies/governments during 2000-2008 as commitment charges for rescheduling of drawal of assistance at a later date. This points to continued inadequate planning resulting in avoidable expenditure in the form of commitment charges amounting to Rs. 124.54 crore in 2007-08.

**Table 6.10: Commitment Charges**

*(Rupees in crore)*

Year	ADB	France	Germany	IBRD	Total
2000-01	13.52	0.27	0.19	26.25	40.23
2001-02	12.84	0.22	0.76	34.64	48.46
2002-03	26.45	0.19	0.95	39.60	67.19
2003-04	38.23	0.02	8.99	45.91*	93.15
2004-05	45.10	Nil	2.07	117.94*	165.11
2005-06	53.42	0.0	1.86	92.89*	148.17
2006-07	59.56	0.0	1.93	79.02	140.51
2007-08	62.55	0.0	1.72	60.27	124.54

*Source: Controller of Aid Accounts & Audit* \*includes International Development Agency assistance

### **Growth in Contingent Liabilities of the Union Government**

**6.24** Contingent liabilities of the Union Government arise because of its role in promoting investment and in 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 investment needs for infrastructure, participation by the private sector in such projects and its increasing probability of being invoked. In exchange risk guarantees provided for Resurgent India Bonds and India Millennium Deposits, there was substantial financial outgo from the Government receipts. Table 6.11 gives the

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position regarding the maximum amount of guarantees and sums guaranteed and outstanding at the end of the financial year from 1999-2000 to 2007-08.

**Table 6.11: Guarantees Given by Union Government**

*(Rupees in crore)*

Position at the end of the year	Maximum amount of guarantee	Sums Guaranteed Outstanding	External Guarantees Outstanding	Percentage of column (4) to column (3)
(1)	(2)	(3)	(4)	(5)
1999-2000	144438	83954	47663	56.77
2000-01	135678	86862	55664	64.08
2001-02	168712	96859	57006	58.85
2002-03	174487	90617	51097	56.39
2003-04	184420	87780	50328	57.33
2004-05	132728	107957	48276	44.72
2005-06	118560	110626	47358	42.81
2006-07	114671	109826	46340	42.19
2007-08	114001	104872	46459	44.30

**6.25** Total outstanding guarantees were 2.22 per cent of GDP and 16.15 per cent of the revenue receipts that accrued to the Union. These guarantees, however, do not include the volume of implicit contingent liabilities in the nature of open-ended pension payments.

## Chapter 7

### APPROPRIATION ACCOUNTS 2007-08: INTRODUCTION

#### Constitutional provisions

7.1 Soon after the Lok Sabha passes the demands for grants under Article 113 of the Constitution of India, the Government introduces an Appropriation Bill under Article 114 to provide for appropriations out of the Consolidated Fund of India (CFI). The Appropriation Act passed by the Parliament authorises the Government to appropriate specified sums from the CFI for specified services. Parliament can also sanction supplementary or additional grants by the subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts include the disbursements, which have been voted by the 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 the gross amounts on various services actually spent by the 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 97 grants and appropriations of civil ministries. The Ministries of Defence, Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. The Comptroller and Auditor General of India submits four different Appropriation Accounts pertaining to different sectors of activities of the government, viz. Civil, Defence, Posts 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 2007-08 are as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	97
Defence Services	6
Postal Services	1
Railways	16
<b>Total:</b>	<b>120</b>

7.3 This Report contains audit observations on the Appropriation Accounts (Civil, Postal and Defence Services), including an analysis of expenditure in excess of allocation requiring regularisation by the Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions made without requirement by some ministries, unrealistic budgeting and detailed observations in respect of the Ministries selected for in-depth examination. For facility of better appreciation of the sectoral features, all grants relating to Civil Departments, Posts and Defence appropriation have been dealt with comprehensively. Audit findings on



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Railway appropriations are, however, available in respective Audit Report for the year ended 2007-08.

**A summary**

7.4 Table 7.1 gives the total provision (both charged and voted) and disbursement during 2007-08. Appendix-VII-A presents the details of the summary of Appropriation Accounts of Civil Ministries/Departments, Postal and Defence Services.

**Table 7.1: Provision and Disbursements during 2007-08**

Departments	Total Provision	Disbursements	Savings
Civil	2445865	2338093	107772
Posts	7524	7363	161
Defence Services	99868	95094	4774
<b>Grand Total</b>	<b>2553257</b>	<b>2440550</b>	<b>112707</b>

*(Rupees in crore)*

7.5 Under the civil departments, the net saving of Rs. 107772 crore was due to excess expenditure of Rs. 100 crore under 3 grants and 1 appropriation and unspent provision of Rs. 107872 crore in the grants pertaining to the civil ministries/departments. Out of the overall excess expenditure of Rs. 100 crore, Rs. 98 crore was on account of payment of more pensions than anticipated under grant no. 39-Pensions. Of the overall unspent provision of Rs. 107872 crore, saving of Rs. 70109 crore was in grant no. 37 – Repayment of Debt {Capital (Charged) Section}, Rs. 3710 crore was in grant no. 33 – Payments to Financial Institutions, Rs. 3748 crore was in grant no. 35 – Transfer to State & U.T. Governments {Revenue (Charged) Section}, Rs. 2668 crore was in grant no. 56 – Department of School Education & Literacy and Rs. 2952 crore was in grant no. 57 – Department of Higher Education {Revenue (Voted) Section}. Excluding this, the gross unspent provision was Rs. 24685 crore.

7.6 There were net unspent provisions in 205 sections and excess in 4 sections under the grants/appropriations relating to Civil ministries, unspent provision in 3 sections and excess in 1 section of Posts and unspent provisions in 11 sections and excess in 1 section of Defence Services. Appendix-VII-B presents an abstract of the details.

**Charged and Voted disbursement**

7.7 Appendix-VII-C contains the details of the disbursements actually made against the approved demands (grants and appropriations) of the Civil ministries for the years 1996-2008. During these years, 70 to 81 per cent of the total disbursements for the Civil ministries was charged on the Consolidated Fund of India.

Def  
Rev 57,358  
Cap 37,462  

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94,820

7.8 During 2007-08, the total disbursements of Rs. 2338093 crore under civil ministries were higher by Rs. 251895 crore to the total disbursements of Rs. 2086198 crore during 2006-07. It had increased by 520 *per cent* from Rs. 376671 crore in 1996-97. The charged disbursements increased by 549 *per cent* from Rs. 280355 crore in 1996-97 to Rs. 1818879 crore in 2007-08 and voted disbursements increased by 439 *per cent* from Rs. 96316 crore to Rs. 519214 crore over the same period. The charged disbursements of the civil ministries during 2007-08 were mainly on account of Interest Payments (Rs. 179987 crore, which was seventeen *per cent* higher than Rs. 154280 crore for 2006-07), Repayment of Debt (Rs. 1604110 crore) and Transfers to States and Union Territory Governments (Rs. 26339 crore) on account of grants under the provisio to Article 275(1) of the Constitution, block grants, loans for State plan schemes etc. and constituted 78 *per cent* of the total disbursements.

7.9 Since charged disbursements are not subject to vote by Parliament, effectively the scope of financial control by Parliament is limited to about 22 *per cent* of the total disbursement in the civil ministries. However, viewed against the background of the total disbursements from the CFI (gross Rs. 2440551 crore), the percentage of charged disbursements was 75 *per cent* (Rs. 1818914 crore) (including Posts and Defence Services but excluding Railways).

#### **Disbursements**

7.10 The details given in Appendix-VII-D 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 2008/during last quarter of the financial year. Since the funds released in March to various organisations cannot be constructively spent during the year, which closes on the last day of the same month/quarter, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

## Chapter 8

### APPROPRIATION ACCOUNTS 2007-08: AN ANALYSIS

#### Excess disbursements over grants/appropriations

8.1 Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rules (GFR) 52(3) stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Table 8.1 contains the summary of total excess over the authorisation from the CFI. During 2007-08, there was an excess disbursement of Rs. 1713232402 (i.e. Rs. 171.32 crore) in four segments of four grants/appropriations in civil ministries and Rs. 711878075 (i.e. Rs. 71.19 crore) in one segment of a grant in Defence. These are detailed in Table 8.2 and require regularisation under Article 115 (1) (b) of the Constitution.

**Table 8.1: Summary of excess disbursements over grants/appropriations**

		<i>(In Rupees)</i>		
		Civil	Defence	Posts
<i>Voted</i>	Revenue	982837948	711878075	-
	Capital	17964968	-	-
<i>Charged</i>	Revenue	-	-	-
	Capital	551411	-	-
No of Grants/ Appropriations		4	1	-
<b>Total Excess</b>		<b>1001354327</b>	<b>711878075</b>	<b>-</b>

**Table 8.2: Details of excess disbursement over grants/appropriations**

Sl. No	Grant/ Appropriation	Rupees	Contributory reasons as stated by the ministries/departments
<b>Civil:</b>			
<b>Revenue (Voted)</b>			
1.	39 – Pensions	Grant Expenditure Excess	8595400000 86927760536 982360536
Due to receipt of more claims than anticipated			
2.	95 – Chandigarh	Grant Expenditure Excess	12839200000 12839677412 477412
Due to requirement of additional funds for construction of ongoing construction works, link roads, bus stands etc.			



Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by the ministries/departments
<b>Capital (Voted)</b>				
3.	59 – Ministry of Labour and Employment	Appropriation Expenditure Excess	7569800000 7587764968 17964968	Due to reversion of the re-appropriation
<b>Capital (Charged)</b>				
4.	99 – Department of Urban Development	Appropriation Expenditure Excess	402000000 402551411 551411	Excess was due to committed liability owing to orders of Arbitrators which were interest bearing.
<b>Defence Revenue (Voted)</b>				
5.	22-Defence Services-Army	Grant Expenditure Excess	354101000000 354812878075 711878075	Due to higher payment of DA and allowances, increase in prices of fodder, major works, lease rentals and procurement from ordnance depot and payments of previous year's liability.

8.2 The details of excess disbursements and other details relating to grants of the Railways are mentioned in the respective Audit Report for the year 2007-08 of the Comptroller and Auditor General of India.

#### Excess expenditure over the available provisions

8.3 Pay and Accounts Officer can make payment in excess of the budget allotment under any sub-head or primary unit on receipt of an assurance from the head of the department controlling the grant that necessary funds to accommodate the disbursement would be provided by issue of re-appropriation orders, etc.. It was, however, observed from the head-wise appropriation accounts for the year 2007-08 in 59 cases of 23 grants and appropriations (Civil, Posts and Defence Services) that though the expenditure of Rs. 3244.29 crore had exceeded the available provisions under respective sub-heads, the authority administering the concerned grant/appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating laxity in budgetary control. Sub-heads with excess expenditure (Rupees one crore and more) are listed in Appendix-VIII-A.

#### Unspent provision of Rs. 100 crore or more

8.4 Unspent provisions in a grant or appropriation indicate either poor budgeting or shortfall in performance or both. Unspent provisions of more than Rs. 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), occurred in 60 cases of 47 grants (including Civil, Posts and Defence) during the year 2007-08. Large unspent provisions were in areas like

Repayment of Debt, Transfers to State and Union Territory Governments, Payments to Financial Institutions, Department of Higher Education, Department of School Education and Literacy, Police, Transfer to State and UT Governments, Department of Health and Family Welfare, Nuclear Power Schemes, Ministry of Panchayati Raj, and Capital Outlay on Defence Services etc. The unspent provisions were attributed by the ministries/departments to some of the schemes failing to take off. Appendix-VIII-B indicates the details of the unspent provisions.

8.5 Further, there were 24 sections of 20 grants/appropriations including six capital sections with persistent savings of Rs. 100 crore and above during the last three years (2005-08) as given in Appendix at VIII-C. Capital section of grants with persistent savings were Capital Outlay on Defence Services (Rs. 10105 crore), Nuclear Power Schemes (Rs. 2968 crore), Ministry of Power (Rs. 2930 crore), Transfer to State and Union Territory Governments (Rs. 2351 crore), Police (Rs. 2134 crore) and Department of Atomic Energy (Rs. 921 crore).

#### Surrender of unspent provision

8.6 According to the provisions of GFR. 56, 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 excesses. During 2007-08, under 205 segments of 97 grants/appropriations of civil ministries, there was an unspent provision of Rs. 107871.76 crore. This was offset by excess expenditure of Rs. 100.14 crore under four segments of three grants and one appropriation resulting in a net saving of Rs. 107771.62 crore. The amounts surrendered are shown in Table 8.3.

Table 8.3: Details of unspent provision and surrender

	Unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
(Rupees in crore)				
<b>Revenue</b>				
Voted	20945.54	17464.63	16787.73	3480.91
Charged	4729.27	3905.35	3905.35	823.92
<b>Total: Revenue</b>	<b>25674.81</b>	<b>21369.98</b>	<b>20693.08</b>	<b>4304.83</b>
<b>Capital</b>				
Voted	11055.45	10493.29	8822.53	562.16
Charged	71141.50	28.55	23.14	71112.95
<b>Total: Capital</b>	<b>82196.95</b>	<b>10521.84</b>	<b>8845.67</b>	<b>71675.11</b>
<b>Grand total</b>	<b>107871.76</b>	<b>31891.82</b>	<b>29538.75</b>	<b>75979.94</b>

8.7 Under the grants/appropriations pertaining to Department of Food and Public Distribution, Other Expenditure of the Ministry of Home Affairs,

Ministry of Home Affairs, Department of Chemicals and Petrochemicals, Ministry of Labour and Employment, Department of Land Resources, and Ministry of Women and Child Development, the amount surrendered exceeded the unspent provision. **Appendix-VIII D** gives the details.

### **Re-appropriation of funds**

**8.8** For disbursements, a grant or appropriation is distributed by sub-heads or standard object heads 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 the 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.

**8.9** Test check of appropriation accounts with reference to re-appropriation orders for 2007-08 revealed that heavy re-appropriations of funds were made between the different primary units of appropriation defeating the original purpose/activity as authorised by Parliament. A few cases, where heavy re-appropriation of funds took place, were Repayment of Debt (Rs. 49825 crore), Department of School Education and Literacy (Rs. 9519 crore), Department of Agriculture & Co-operation (Rs. 1495), Ministry of External Affairs (Rs. 820 crore), Department of Higher Education (Rs. 753 crore), Ministry of Power (Rs. 1106 crore), Payments to Financial Institutions (Rs. 1454 crore), Department of Rural Development (Rs. 4329 crore), Interest Payments (Rs. 5747 crore), Transfers to States and Union Territory Governments (Rs. 4034 crore), Department of Health and Family Welfare (Rs. 2321 crore), Department of Fertilisers (Rs. 1288 crore), Department of Road Transport and Highways (Rs. 1242 crore), Police (Rs. 902 crore), Department of Drinking Water Supply (Rs. 857 crore), Defence Services-Army (Rs. 870 crore) and Capital Outlay on Defence Services (Rs. 3000 crore).

### **Injudicious re-appropriation to sub-heads**

**8.10** Test check of the accounts revealed that in 22 cases relating to 13 grants/appropriations, re-appropriation aggregating Rs. 430.76 crore were injudicious, as the original provision under the sub-heads to which funds were transferred by re-appropriation was more than adequate. A few cases exceeding Rupees one crore are given in **Appendix-VIII-E**. Consequently, the final savings under the sub-heads were more than the amount re-appropriated to these sub-heads.



### Injudicious re-appropriation from sub-heads

**8.11** In eight sub-heads of seven grants/appropriations as indicated in **Appendix-VIII-F**, there were injudicious re-appropriations aggregating to Rs. 344.25 crore wherein the final disbursement under each of cases was more than the original provision before re-appropriation. 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

**8.12** The Ministry of Finance had issued instructions that any re-appropriation order issued during the year which had the effect of increasing the budget provision by more than 25 per cent or Rupees five 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.

**8.13** All re-appropriations which would have the effect of increasing the budget provision by Rupees five crore or more under a sub-head should be made only with the prior approval of Secretary (Expenditure) even if the amount re-appropriated is within 25 per cent of the provision covered under the limit governing re-appropriation mentioned in the preceding paragraph. In the case mentioned in Table 8.4, neither the cases were reported to the Parliament nor prior approval of Secretary (Expenditure) was obtained for re-appropriations exceeding Rupees five crore.

**Table 8.4: Cases where prior approval of Secretary (Expenditure) was not obtained for re-appropriation**

*(Rupees in crore)*

Sl. No.	No. and name of grant	Major head	Sub-head	Amount
1.	52-Police	3601-Grants-in-aid to State Governments	3601.01.117.01-Reimbursement to States for deployment of Battalions	O: 10.00 R: 6.00
2.	-do-	4055- Capital Outlay on Police	4055.00.800.03-Indo-Bangladesh Border Works	O: 570.97 R: 22.41
3.	-do-	-do-	4055.00.202.01-Office Buildings	O: 60.00 R: 25.00
4.	-do-	-do-	4055.00.202.02-Residential Buildings	O: 100.80 R: 46.00
5.	-do-	-do-	4055.00213.01-.Office Buildings	O: 45.00 R: 38.50
6.	-do-	-do-	4055.00.213.02-Residence Building	O: 15.00 R: 24.90
7.	-do-	-do-	4055.00.800.04-Indo-Pak Border Works	O: 35.13 R: 32.40

O = Original Provision

R = Re-appropriation

**Unnecessary supplementary grant**

**8.14** The position of original and supplementary grants obtained under Civil ministries and percentage of supplementary provision to the original provision from 2001-2002 onwards is given in **Appendix-VIII-G**. In 25 cases relating to 25 grants/appropriations as detailed in Table 8.5, while supplementary provisions aggregating to Rs. 65887.93 crore were obtained during 2007-08 in anticipation of higher expenditure, the final expenditure was less than even the original grants/appropriations. The entire amount of supplementary provision was unnecessary pointing to deficient budgeting.

**Table 8.5: Unspent provision were more than the supplementary grant/appropriation**

<i>(Rupees in crore)</i>					
Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
<b>Civil</b>					
<b>Revenue – Voted</b>					
1.	14 – Department of Telecommunications	5445.00	377.01	4788.22	1033.79
2.	19 – Ministry of Culture	882.61	115.00	850.52	147.09
3.	20 – Ministry of Defence	6865.08	229.79	6842.77	252.10
4.	43 – Indirect Taxes	1689.80	59.70	1636.08	113.42
5.	46 – Department of Health & Family Welfare	16270.63	280.54	15083.71	1467.46
6.	50 – Ministry of Home Affairs	765.77	28.27	763.42	30.62
7.	56 – Department of School Education & Literacy	33535.22	49.15	30916.08	2668.29
8.	58 – Ministry of Information & Broadcasting	1391.76	4.94	1363.71	32.99
9.	69 – Ministry of Personnel, Public Grievances & Pensions	320.88	6.47	306.46	20.89
10.	72 – Ministry of Power	4883.91	2.27	4309.97	576.21
11.	83 – Department of Biotechnology	694.70	8.30	636.62	66.38
12.	85 – Department of Road Transport & Highways	12003.90	161.88	11830.16	335.62
13.	86 – Ministry of Micro, Small & Med. Enterprises	585.41	4.08	486.35	103.14

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(Rupees in crore)

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Unspent provision
14.	90 – Ministry of Steel	85.50	4.27	81.04	8.73
<b>Revenue – Charged</b>					
15.	52 – Police	2.94	0.65	2.78	0.81
16.	62 – Appropriation - Supreme Court of India	53.26	3.48	52.93	3.81
17.	93 – Ministry of Tribal Affairs	1489.29	18.42	1357.18	150.53
<b>Capital - Voted</b>					
18.	28 – Ministry of Development of North Eastern Region	154.37	1.76	147.78	8.35
19.	46 – Department of Health & Family Welfare	725.59	51.25	261.66	515.18
20.	48 – Department of Heavy Industry	628.58	165.79	615.81	178.56
21.	51 – Cabinet	33.36	0.26	17.02	16.60
22.	52 – Police	4529.81	81.10	2822.24	1788.67
23.	81 – Department of Science & Technology	73.90	1.95	72.59	3.26
24.	94 – Andaman & Nicobar Islands	816.90	1.00	813.93	3.98
<b>Capital - Charged</b>					
25.	37 – Appropriations - Repayment of Debt	1611645.92	64230.60	1604110.47	70108.62
<b>Total</b>			<b>65887.93</b>		

**Unrealistic estimation of expenditure**

**8.15** While obtaining supplementary grants, the Ministries/Departments reported to Parliament large amounts of additional requirement for different purposes under the schemes/activities shown in Table 8.6 but they were finally unable to spend not only the entire supplementary grants or parts thereof but also the original budget provision in certain cases.



**Appropriation Accounts 2007-08: An analysis**

**Table 8.6: Statement showing unnecessary supplementary grant under sub-heads**

*(Rupees in crore)*

Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supplementary provision	Actual disbursement	Unspent provision	Reasons attributed by the ministry/department
1.	31- Ministry of External Affairs	2061.00.101.01- Management and Establishment	990.01	54.00	966.66	77.35	Less expenditure in the Missions/Posts owing to appreciation of rupee value against the US dollar
2.	-do-	2061.00.798.01- Commonwealth	8.86	0.08	7.50	1.43	Due to non-materialisation of some portion of contributions
3.	-do-	2061.00.798.02- Other International Organisation	21.87	0.03	11.36	10.55	Non-utilisation of funds for South Fund for Development and Humanitarian Assistance and Central Relief Fund of UN owing to less requirements
4.	-do-	2061.00.800.01- Demarcation of Boundaries	3.00	1.50	2.39	2.11	Delay in completion of Joint Survey work of India-Pakistan Boundary Pillars
5.	-do-	2061.00.800.08- Expenditure on Haj	5.55	0.24	4.62	1.17	Less utilisation of funds earmarked for Haj Goodwill Delegation to Saudi Arabia
6.	-do-	2061.00.800.12- Special Programmes	3.46	0.38	1.95	1.89	Less expenditure on holding seminars and studies and bilateral consultative groups
7.	-do-	2061.00.800.17- MEA Hostels & Residential Complexes	2.62	0.58	2.19	1.01	Less expenditure on wages and office expenses.
8.	42-Director Taxes	2020.00.800.01- Departmental Canteens	4.50	0.40	4.45	0.45	Non-finalisation of some projects
9.	-do-	2020.00.101.02- Settlement Commission for Income Tax and Wealth Tax cases	6.64	0.13	5.75	1.01	Due to non-filling up of vacant posts
10.	-do-	2020.00.101.04- Zonal Accounts Offices of Principal/ Chief Controller of Accounts	18.44	0.30	17.60	11.14	Due to receipt of less claims of medical reimbursement

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(Rupees in crore)

Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supplementary provision	Actual disbursement	Unspent provision	Reasons attributed by the ministry/department
11.	43- Indirect Taxes	2037.00.101.01- Sea Customs- Major Ports	165.68	3.00	158.67	11.53	Non-filling up of vacant posts and non-finalisation of revision of rent in respect of hired buildings
12.	-do-	2037.00.102.01- Sea Customs- Major Ports	294.09	8.00	289.43	12.66	Non-finalisation of some of the award cases, proposal for hiring buildings, less tour undertaken etc.
13.	46- Department of Health & Family Welfare	4211.00.800.05- Family Welfare Training & Research Centre, Mumbai	-	2.00	-	2.00	Due to non-acceptance of funds by Central Public Works Department
14.	-do-	4211.00.800.06- Rural Health Training Centre, Najafgarh	-	0.30	-	0.30	Due to non-approval of plan scheme
15.	66 – Ministry of Overseas Indian Affairs	2061.00.800.03- Other Schemes	18.45	0.01	17.33	113.30	Non-receipt of bills in time from agencies for media campaign scheme

### Unrealistic budgetary assumptions

**8.16** The budget circulars issued by the Ministry of Finance every year stipulate that due note, while framing the estimates, be taken of the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc. The objective is to minimise the scope for avoidable surrenders at a later stage. Further, no provision should normally be made in the budget without completion of pre-budget scrutiny of the projects/schemes. Where, however, provision has been made without necessary scrutiny, such scrutiny should be completed and appropriate approvals obtained therefore before the commencement of the financial year at the latest by the time budget is passed by the Parliament. Scrutiny of the head-wise appropriation accounts revealed that the ministries/departments made excessive provisions under the various sub-heads, which ultimately resulted in the large savings and surrenders at the end of the year. **Appendix VIII-H** gives the details of 456 such cases with savings of Rupees two crore and above constituting more than 40 per cent of the budget provision.

### Large supplementary grants due to unrealistic budgetary projections

8.17 Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. While preparing the estimates of expenditures, ministries/departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance after due deliberations and pre-budget meetings/scrutiny finalises the budget proposals. A scrutiny of the Appropriation Accounts for the year 2007-08 revealed that a large number of ministries/departments of the Central Government obtained supplementary grants/appropriations much in excess of the original provisions. The supplementary provisions ranged between 39 per cent to 10761 per cent of the original provisions in some of the cases mentioned below. This indicated that the ministries and departments did not prepare estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect:

**Table 8.7: Statement showing details of large Supplementary Grants due to unrealistic budgetary projections**

*(Rupees in crore)*

Sl. No.	Grant No.	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
1.	01- Department of Agriculture and Cooperation	Revenue-Voted 5650.91	2189.21	39
2.	07- Department of Chemicals & Petrochemicals	Capital-Voted 58.50	25.17	43
3.	08- Department of Fertilisers	Revenue-Voted 24543.57	19000.00	77
4.	09- Ministry of Civil Aviation	Revenue-Voted 475.60	680.41	143
5.	11- Department of Commerce	Revenue-Voted 1887.70	1200.04	64
6.	12- Department of Industrial Policy and Promotion	Revenue-Voted 613.46	435.13	71

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*(Rupees in crore)*

Sl. No.	Grant No.	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
7.	-Do-	Capital - Voted Nil	5.00	100
8.	14- Department of Telecommunications	Capital – Voted 195.00	352.00	181
9.	32- Department of Economic Affairs	Capital- Voted 455.20	6274.39	1378
10.	33- Payments to Financial Institutions	Revenue- Voted 5723.81	11538.61	202
11.	35- Transfers to State & U.T. Governments	Capital- Voted 4286.50	3134.67	73
12.	42- Direct Taxes	Capital- Voted 10.47	29.72	284
13.	48- Department of Heavy Industry	Revenue- Voted 285.50	575.01	201
14.	59- Ministry of Labour and Employment	Capital- Voted 6.97	750.01	10761
15.	63- Ministry of Mines	Revenue- Voted 334.17	600.34	180
16.	70- Ministry Petroleum and Natural Gas	Revenue- Voted 2867.81	20583.03	718
17.	91- Ministry of Textiles	Revenue- Voted 2811.20	1963.71	70
18.	99- Department of Urban Development	Capital- Voted 1670.00	781.08	47
19.	104- Ministry of Youth Affairs and Sports	Capital- Voted 26.79	70.21	262

**Postal Services (Grant No. 13)**

**8.18** Persistent savings were noticed under Capital Section of the grant. Out of the budget allocation of Rs. 232.22 crore, during 2007-08, under the head 5201.104 – Mechanisation and Modernisation of Postal Services, only Rs. 90.43 crore was spent, leaving an unspent amount of Rs. 141.79 crore. The details of persistent savings noticed under this head during the period 2003-08 are given in Table 8.8.

**Table 8.8: Persistent unspent provision under capital (voted) section**

*(Rupees in crore)*

Year	Budget provision and supplementary grant	Actual expenditure	Unspent provision	Percentage
2003-04	129.18	48.16	81.02	63
2004-05	178.75	126.29	52.46	29
2005-06	367.09	268.98	98.11	27
2006-07	385.98	284.73	101.25	26
2007-08	232.22	90.43	141.79	61



**8.19** The reasons advanced by the Department for savings under Revenue (Voted) and Capital (Voted) Sections are as under:

**Table 8.9: Savings in Grant**

*(Rupees in crore)*

Grant no. 13	Total grant or appropriation	Actual expenditure	Savings	Contributing reasons as stated by the Department of Posts
Revenue (Voted)	7291.51	7272.55	18.96	Less expenditure under salaries, less payment of incentive bill of DO PLI and doctors examination fees, less expenditure on training and non receipt of claims in time.
Capital (Voted)	232.22	90.43	141.79	Non completion of work as anticipated, non receipt/non adjustment of DGS&D bills.
<b>Total</b>	<b>7523.73</b>	<b>7362.98</b>	<b>160.75</b>	

**Defence Services**

**8.20** Scrutiny of Appropriation Accounts of Defence Services disclosed a persistent trend of unspent provision during the years 2005-08 under voted segment of five grants as detailed in Table 8.10.

**Table 8.10: Persistent unspent provision**

*(Rupees in crore)*

Grant No Sub-Major/ Minor Head	2005-06	2006-07	2007-08	Reasons for unspent amount given in Appropriation Accounts
<b>22- Defence Services-Army</b>				
109- Inspection Organisation	13.27	15.86	22.02	Less booking in proofing and OTA, delay in automation of DGQA, withdrawal of items ex-Ordnance Factories and less expenditure booking by CGDA
800-Other Expenditure	31.20	19.06	52.68	Less release of grants, slippages in materialisation of Adventure Wing's proposals, procedural delay in settlements.
<b>23- Defence Services-Navy</b>				
104- Pay and Allowances of Civilians	15.25	32.94	11.90	Less expenditure on Medical Charges, pay and allowances, LTC claims, non-filling of vacant posts and non completion of actual booking of expenditure
<b>24- Defence Services-Air Force</b>				
105- Transportation	16.49	21.52	19.97	Delay in issue of sanction, strict economy measures, non-materialisation of contractual commitments, non booking of Railway warrants etc.

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(Rupees in crore)

Grant No Sub-Major/ Minor Head	2005-06	2006-07	2007-08	Reasons for unspent amount given in Appropriation Accounts
<b>25- Defence Ordnance Factories</b>				
110-Stores	26.55	18.43	82.02	Non-materialisation /less expenditure on local as well as foreign supplies/ purchases, delay in receipt of payment vouchers from RBI
800-Other Expenditure	17.13	19.27	16.84	Non receipt of debit vouchers, less expenses on electricity, water, DAVP and miscellaneous expenses, non-receipt of debit vouchers, etc.
<b>27- Capital Outlay on Defence Services</b>				
<b>02 – Navy</b>				
104 – Joint Staff	12.17	19.41	18.64	Procedural delays, exchange rate variation, less booking against ADG bills, non completion of work and non acceptance of advance payment etc.
<b>03 – Air Force</b>				
202-Construction works	5.42	74.22	88.52	Slow progress of work, delay in contract action, slow progress of up-gradation of airfield and less expenditure on Married Accommodation Project.
<b>05 – Research and Development Organisation</b>				
052-Machinery and Equipment	31.23	72.43	117.25	Non materialisation of certain commitments against schemes/ programmes.

The persisting trends of large unspent provisions in the aforesaid heads of grants are indicative of over-estimation of the requirement of funds and failure to take effective remedial measures to avoid persistent unspent provisions by Ministry of Defence.

### **Surrender of unspent provision**

**8.21** The savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. Further, savings should also not be held in reserve for possible future excesses as per Financial Rules. During 2007-08, total savings of Rs. 4773.87 crore was the result of saving of Rs. 4845.06 crore in six grants/appropriations and excess of Rs. 71.19 crore under one grant. Out of this, Rs. 4401.20 crore under three grants and two appropriations was surrendered on the last day of the financial year as detailed below:

**Appropriation Accounts 2007-08: An analysis**

**Details of unspent provision and surrender**

*(Rupees in crore)*

Grant/Appropriation	Unspent provision		Amount surrendered on last date		Amount not surrendered	
	Charged	Voted	Charged	Voted	Charged	Voted
24-Defence Services – Air Force	-	169.10	-	63.45	-	105.65
25-Defence Services – Ordnance Factories	0.65	111.31	0.30	14.05	0.35	97.26
27-Capital Outlay on Defence Services	46.48	4417.69	36.17	4287.23	10.31	130.46
<b>Grand Total</b>	<b>47.13</b>	<b>4698.10</b>	<b>36.47</b>	<b>4364.73</b>	<b>10.66</b>	<b>333.37</b>

## Chapter 9

### REVIEW OF SELECTED GRANTS

#### Grant No. 10 – Ministry of Coal

##### Introduction

9.1 The Ministry of Coal has the overall responsibility for determining policies and strategies in respect of exploration and development of coal and lignite reserves, sanctioning of important projects of high value and deciding all other related issues. Under the administrative control of the Ministry, these key functions are exercised through the Public Sector Undertakings, namely, Coal India Ltd., and its subsidiaries and Neyveli Lignite Corporation Limited. Other than Coal India Ltd. and Neyveli Lignite Corporation Ltd., the Ministry of Coal also has a joint venture with Government of Andhra Pradesh called the Singareni Collieries Company Limited. Government of Andhra Pradesh holds 51 per cent equity and Government of India holds 49 per cent equity in this company.

##### Budget and expenditure:

9.2 The overall position of budget provisions, actual disbursements and unspent provisions under the grant for the last three years is given below:

Table 9.1: Budget and expenditure

(Rupees in crore)

Year	Budget provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2005-06	292.07	68.00	263.05	67.95	29.02	0.05
2006-07	337.50	30.00	305.50	26.49	32.00	3.51
2007-08	422.00	30.00	322.32	22.95	99.68	7.05

##### Surrender of unspent provision

9.3 Rule 56 (2) of the 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 provision should also not to be held in reserve for any possible future excess. Test check revealed that contrary to this rule, the Department, every year, surrendered unspent provisions on the last day of the financial year. The details of amounts surrendered during 2005-08 are given below:



**Table 9.2: Surrender of unspent provision**

(Rupees in crore)

Year	Unspent provision		Amount Surrendered		Amount not Surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2005-06	29.02	0.05	13.64	0.04	15.38	0.01	31.03.2006
2006-07	32.00	3.51	1.80	3.48	30.20	0.03	31.03.2007
2007-08	99.68	7.05	99.61	7.02	0.07	0.03	31.03.2008

Had the above unspent provisions been surrendered as soon as these were foreseen, these could have been fruitfully utilised in other schemes/projects of the government.

### Large Supplementary Grants due to unrealistic budgetary projections

9.4 Scrutiny of the Appropriation Accounts of Ministry of Coal for the period 2005-08 revealed that the Ministry obtained supplementary grants/appropriations that were much in excess of their original budgetary provisions during this period. The recurrence of such large amounts of supplementary grants represent unrealistic budgetary projections. The details of the same are given below:

**Table 9.3 : Large Supplementary Grants due to unrealistic budgetary projections**

(Rupees in crore)

Sub Head	2005-06		2006-07		2007-08	
	Original	Supple-mentary	Original	Supple-mentary	Original	Supple-mentary
2803.00.101.01- Payment against collection of Cess (Excise duty) towards Development of Transport Infrastructure in Coal field Areas.	0.01	50.00	0.01	26.93	0.01	22.19
2803.00.101.03- Payment against Collection of Cess (Excise duty) on Coal & Coke.	0.01	50.00	0.01	104.28	0.01	105.00

### Rush of expenditure

9.5 As per Rule 56 (3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and should be avoided. Contrary to this, large disbursements were made in the last quarter of the financial years 2005-06, 2006-07 and 2007-08. A few instances are given below:

**Table 9.4: Rush of expenditure**

(Rupees in crore)

Year	Major Head	Total provisions	Total Expenditure	Expenditure incurred in the last quarter of the financial year	Expenditure incurred in March	Percentage of expenditure during the last quarter of the financial year*	Percentage of expenditure during March*
2005-06	3451-Secretariat-Economic services	7.05	6.92	3.50	2.59	50	37
	2230-Labour & Employment	26.15	26.15	11.48		44	
	2803-Coal & Lignite	230.03	229.98	141.62	137.05	62	60
	4803-Capital outlay on Coal & lignite	68.00	67.95	56.47	43.09	83	63
2006-07	2230-Labour & employment	26.75	26.75	19.57	7.25	73	27
	2803-Coal & lignite	272.07	272.07	204.11	203.61	75	75
	4803-Capital Outlay on Coal & Lignite	26.52	26.49	13.72	5.71	52	22
2007-08	2230-Labour & Employment	32.96	32.96	20.44	13.22	62	40
	2803-Coal & Lignite	283.11	283.03	178.80	175.43	63	62
	4803-Capital Outlay on Coal & Lignite	22.98	22.95	11.20	11.00	49	48

\*Percentage of rush of expenditure is with respect to total provisions

#### **Deficient internal audit system**

**9.6** The Internal Audit Wing of the Ministry of Coal under the administrative control of Controller of Accounts is responsible for conducting internal audit of the units under the Ministry. The details of internal audit conducted during the last three years are as under:

**Table 9.5: Functioning of Internal Audit**

Year	Total No. of units	No. of units planned	No. of units actually inspected
2005-06	4	4	2
2006-07	4	4	1
2007-08	4	4	2

The above table indicates that the position of internal audit of the Ministry was not satisfactory as less than 50 *per cent* of the planned units had been inspected during the years 2005-08.

**Grant No.15: Department of Information Technology**

**(Ministry of Communications and Information Technology)**

**Introduction**

9.7 The Department of Information Technology (DIT) in the Ministry of Communications and Information Technology is inter-alia responsible for formulation, implementation and review of national policies in the field of Information Technology. All policy matters relating to silicon facility, computer based information technology and processing including hardware and software, standardisation of procedures and matters relating to international bodies, promotion of knowledge based enterprises, internet, e-Commerce and information technology education and development of electronics and coordination amongst its various users are also addressed by the Department.

**Budget and expenditure**

9.8 The overall position of budget provisions, actual disbursements and unspent provisions for the last three years is given below:

**Table 9.6: Budget and expenditure**

*(Rupees in crore)*

Year	Budget provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2005-06	876.80	91.00	825.23	90.90	51.57	0.10
2006-07	1025.01	105.40	990.62	101.07	34.39	4.33
2007-08	1457.02	79.00	1218.40	76.86	238.62	2.14

**Irregular re-appropriation**

9.9 Ministry of Finance had issued instructions that any re-appropriation order issued during the year, which had the effect of increasing the budget provision by more than 25 *per cent* or rupees five crore, whichever was more, under a sub-head, should be reported to Parliament alongwith 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 Ministry of Finance.

Scrutiny of the Appropriation Accounts for the years 2005-08 revealed that the department re-appropriated funds contrary to the above instructions under the sub-heads give below:

**Table 9.7: Irregular re-appropriation**

*(Rupees in crore)*

Year	Sub-heads	Amount of Re-appropriation	
		Revenue	Capital
2005-06	3451.00.090.55- National Informatics Centre	13.00	-
	2852.07.202.60- Electronics Governance	34.00	-
	5475.00.800.07- National Informatics Centre	-	13.00
2006-07	2852.07.202.60- Electronics Governance	57.45	-
	3451.00.090.55- National Informatics Centre	11.75	-
	2852.07.202.02- Development of Strategic Electronics Equipment	11.00	-
	5475.00.800.07- National Informatics Centre	-	14.00
2007-08	3451.00.090.55- National Informatics Centre	37.00	-
	2852.07.202.02- Development of Strategic Electronics Equipment/Convergence, Communication. & Strategic Electronics Programme	5.00	-
	2852.07.202.07- Manpower Development for Software Export/Manpower Development (Including Info Security Education, Special Manpower for VLSI Design, RIELIT, Internet Governance)	17.15	-
	2852.07.202.23- Electronics Components and Materials Development Programme/ Components and Material Development Programme	5.00	-
	2852.07.202.70- Information Technology for Masses (Telemedicine, Gender, SC/ST)/IT for Masses(Gender, SC/ST)	10.00	-
	3453.00.800.18- Expenditure Incurred Departmentally	10.00	-

There was nothing on records to show that prior approval of Secretary, Department of Expenditure was obtained and the matter in this regard was reported to Parliament in respect of re-appropriation made under above mentioned sub-heads.

**Injudicious re-appropriation of funds to sub-head**

**9.10** Re-appropriation of funds to the following sub-heads were injudicious as the original provision under the sub-heads was found to be more than adequate. Consequently, final savings under the sub-heads were more than the amount re-appropriated to sub-heads as detailed below:



**Table 9.8: Injudicious re-appropriation of funds to sub-head**

(Rupees in crore)

Year	Sub-heads	Original (O) Re-appropriation (R)		Actual expenditure	Savings
		O	R		
2006-07	2852.07.202.70- Information Technology for Masses(Inc. Citizens Portals,Gender, SC/ST )	O	14.00	13.84	1.66
		R	1.50		
2007-08	2852.07.202.65- Information Technology Bill/Certification and Network Security/Cyber Security(including CERT- In, IT Act)	O	26.00	19.97	7.58
		R	1.55		

**Surrender of unspent provision towards end of year**

9.11 Rule 56 (2) of the 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 provision should also not be held in reserve for any possible future excesses. Test check revealed that contrary to this, the Department every year surrendered unspent provisions towards the end of the financial year. Further, huge amounts were not surrendered under Revenue and Capital Section before close of the financial year during 2005-08 as detailed below:

**Table 9.9: Surrender of unspent provision towards end of year**

(Rupees in crore)

Year	Unspent provision		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2005-06	51.57	0.10	49.30	-	2.27	0.10	21 March 2006
2006-07	34.39	4.33	8.05	-	26.34	4.33	23/24 March 2007*
2007-08	238.62	2.14	215.95	-	22.67	2.14	28 March 2008

\*Out of Rs. 8.05 crore, Rs. 7.05 crore was surrendered on 23/24 March 2007, Rs. 0.65 crore on 30<sup>th</sup> November 2006 and 0.35 crore on 31<sup>st</sup> January 2007.

**Unnecessary supplementary grants**

9.12 While obtaining a supplementary grant, the Ministry/Department has to keep in view the resources available or likely to be available during the financial year and exercise due caution while forecasting its additional budgetary requirement of funds. Resort to supplementary demands should only be made in exceptional and urgent cases.

However, during 2006-07, under sub-head 4859.02.200.01 – Land and Buildings, the department obtained supplementary provision of Rs. 3.00 crore

in anticipation of higher expenditure, yet no expenditure was incurred out of supplement grant.

### Rush of expenditure during March and last quarter

**9.13** In response to Public Accounts Committee's recommendations contained in Para 17.1 of its 58<sup>th</sup> Report (13<sup>th</sup> Lok Sabha), Ministry of Finance issued instructions to all Ministries/Departments to restrict their expenditure during the last quarter of the financial year to 33 *per cent* of the budget amount. Further, as per Rule 56(3) of General Financial Rules, rush of disbursement, particularly in the closing months of the financial year, is to be regarded as a breach of financial propriety and should be avoided. It was, however, noticed that the department did not follow the rules and instructions and incurred huge expenditure in March and last quarter of the years 2005-08 as detailed below:

**Table 9.10: Rush of expenditure during March and last quarter**

*(Rupees in crore)*

Year	Total provision		Total Expenditure		Expenditure in March		Percentage expenditure in March	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
2005-06	876.80	91.00	825.23	90.90	191.45	25.98	22	29
2006-07	1025.01	105.40	990.62	101.07	199.90	37.33	20	35
2007-08	1457.02	79.00	1218.40	76.86	233.10	9.08	16	11

From the above table, it would be seen that expenditure during the last quarter was up to 37 *per cent* in Revenue Section and up to 59 *per cent* of total provision in Capital Section during the years 2005-08. Further, expenditure was up to 22 *per cent* in Revenue Section and up to 35 *per cent* of total expenditure in Capital Section in March during the years 2005-08, which was contrary to aforesaid PAC's recommendations and Ministry of Finance instructions.

### Outstanding utilisation certificates

**9.14** As per Rule 212 (1) of General Financial Rules, certificates of actual utilisation of the grants received for the purpose for which it was sanctioned are required to be submitted within twelve months of the closure of the financial year by the Institution/Organisation concerned. The purpose of furnishing the utilisation certificates is to ensure that the grants had been utilised properly for the purpose for which these were sanctioned and where the grants were released with certain conditions, the prescribed conditions had been fulfilled. Where the certificate is not received within the prescribed period, the Ministry/Department will be at liberty to blacklist such Institutions for any future grant, subsidy or other financial support.

Scrutiny of records revealed that Utilisation Certificates for the grants-in-aid of Rs. 828.59 crore released up to 31<sup>st</sup> March 2007 in 454 cases were not

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furnished by the grantee institutions though these were due to be received in the Department by 31<sup>st</sup> March 2008. Some of these relate to the year 2001-02 and 2002-03 as detailed below:

**Table 9.11: Outstanding utilisation certificates**

*(Rupees in crore)*

Year	No. of Utilisation Certificates outstanding	Amount
2001-02	2	0.11
2002-03	57	55.93
2003-04	51	25.03
2004-05	65	136.01
2005-06	128	194.40
2006-07	151	417.11
<b>Total</b>	<b>454</b>	<b>828.59</b>

**Deficient internal audit system**

**9.15** The internal audit wing of Ministry of Communications and Information Technology functions under the administrative control of Controller of Accounts of the Ministry and is responsible for conducting internal audit of units under the Ministry which inter-alia includes Department of Information Technology, subordinate offices and autonomous research institutions etc., It was, however, noticed in audit that DIT did not conduct internal audit of 17 units out of 31 units under its administrative control for the year 2007-08. Internal audit of 14 units was not conducted after 2005-06 and internal audit of two units was not conducted after 2004-05.

**Grant No. 57: Department of Higher Education**

**(Ministry of Human Resource Development)**

**Budget and expenditure**

**9.16** The overall position of budget provisions, actual disbursements and unspent balance in the department of Higher Education for the last three years is given below:

**Table 9.12: Budget and expenditure**

*(Rupees in crore)*

Year	Total Provision		Actual disbursements		Unspent balance	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
<b>2005-06</b>	5856.57	0.01	5828.41	Nil	28.16	0.01
<b>2006-07</b>	7116.05	0.01	6923.67	Nil	192.38	0.01
<b>2007-08</b>	9208.62	1.00	6256.49	Nil	2952.13	1.00

## **Audit findings**

### **Persistent unspent provision**

**9.17** As per Para 3.2.4 of the budget circular for the year 2007-08, while framing the estimates due note was to be taken of the past performance, the stage of formulation/ implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies and most importantly the quantum of government assistance lying with the recipients unutilised/ unaccounted for etc. with a view to minimising the scope for funds available for surrender at a later stage. Scrutiny of the Appropriation Accounts revealed that there were persistent unspent provisions under revenue section of the grant during the last three years. Large unspent provisions under the grant reflected deficient budgeting by the Ministry. Schemes affected by large persistent savings (**Appendix-IX-A**) are discussed below.

#### **9.17(i) Scheme for vocationalisation of secondary education**

Though the revised scheme was to be launched in the beginning of the XI Plan, starting from 2007-08, it could not be revised and the entire provision made during 2007-08 remained unutilised.

Revision of the scheme was started in 2002. In October 2005, it was decided that the present scheme may be continued for now and the revised scheme may be launched in the beginning of XI Plan. The scheme, however, had remained under revision since then. Therefore, a significant portion of the budget provision made for the scheme remained unutilised during the years 2005-08 as detailed in **Appendix- IX-A**.

#### **9.17(ii) Access and Equity Scheme (Scheme for strengthening of Boarding and Hostel facilities for Girl Students)**

During the year 2007-08, the scheme was under revision and the process for preparation of Expenditure Finance Committee (EFC) memo was still under process. Proposal for revision of the scheme was mooted in 2003 and has remained under revision since then. As a result, entire/large portion of the budget provision made for the purpose remained un-utilised persistently during the years 2005-08 as indicated in **Appendix- IX A**.

#### **9.17(iii) Scheme for intellectual property education, research and public outreach**

During the year 2007-08, lesser expenditure was incurred on the scheme due to non-settlement of UCs of previous grants and due to a lesser number of proposals received from states. Major portion of the budget provision made for the scheme had remained un-utilised persistently during the years 2005-08 as indicated in **Appendix- IX-A** for the same reasons.



**9.17(iv) Un-necessary provision of Rs.5.40 crore without finalising of DPR of IITs**

Proposal for strengthening of higher technical education by setting up 20 Indian Institutes of Information and Technology was mooted in May 2006 but was yet to be finalised. However, the budget provisions as detailed in **Appendix- IX-A** were made without finalisation of the Detailed Project Report. As a result, the entire provision of Rs. 5.40 crore made in the budget for the years 2006-07 and 2007-08 remained un-utilised.

**9.17(v) Setting up of New Schools of Planning & Architecture**

The proposal for setting up of two new Schools of Planning and Architecture (SPAs) was under consideration. The proposal for setting up the new schools was mooted in March 2006 and had remained under revision since then. As a result, the entire provision for the scheme of Rs. 6.00 crore made in the budget for the years 2006-07 and 2007-08 as detailed in **Appendix- IX-A** remained un-utilised.

**9.17(vi) Indian Institute of Information and Technology (IIT) Jabalpur.**

During the year 2007-08, a major portion of budget was surrendered due to non-implementation of OSC<sup>1</sup> recommendations. During the year 2006-07 and 2005-06 less amount was released against the provision due to slow pace of work and unspent balance of the previous year.

This reveals that the budget provision made by the Ministry was not based on realistic estimates resulting in huge unspent balance/savings year after year as detailed in **Appendix- IX-A**.

**9.17(vii) Polytechnics for persons with disabilities**

During the year 2007-08, grant was released to 28 polytechnics out of 50 as only these had submitted their Utilisation Certificates. During 2006-07 and 2005-06 also, less funds were released due to non submission of Utilisation Certificates and availability of unspent balances with polytechnics. The details of budget provisions and expenditure from the year 2005-06 to 2007-08 are detailed in **Appendix-IX-A**. There have been huge savings due to non-release of grant to almost 50 percent of the total polytechnics despite assurances given by the Ministry in the Saving Note in February 2006 for the year 2004-05.

**9.17(viii) Sant Longowal Institute of Engineering**

During the year 2007-08, less release of funds was largely due to huge unspent balance available and due to non-implementation of OSC recommendations. Similarly, during 2006-07 and 2005-06. Ministry released less funds due to availability of unspent balance with the Institute. This reveals that the budget

<sup>1</sup> Over Sight Committee

provided by the Ministry for the Institute was not based on actual requirements and was on the higher side. The details of budget provisions are given in **Appendix- IX -A**.

### 9.17(ix) Community Polytechnics

The Scheme remained suspended during the year 2007-08 as it was under revision. As a result, the major portion of the budget was surrendered. During the years 2005-06 to 2007-08, the savings, as detailed in **Appendix- IX A** were stated to be due to non-release/adjustment of unspent balance of previous years' grants with community polytechnics. Status of unspent balance lying with the community polytechnics remained unchanged and rather increased despite of assurance by the Ministry in the Saving Note for the year 2004-05 to take steps to improve pace of expenditure to minimise unspent balance.

### Distortion of budget provision

**9.18** While the delegations of powers for re-appropriations has been made for augmenting provision within the delegated powers, large scale re-appropriations read with heavy amount of surrender renders the original intent of the Parliamentary approval of the budget significantly distorted. Following table indicates such distortions during the last three years:-

**Table 9.13 : Distortion of budget provision**

*(Rupees in crore)*

Year Revenue Section	Budget provision	Re-appropriations			Surrender	Expen- diture	Final Excess (+)	Final Saving (-)
		No. of items		Aggregate Amount				
		From (-)	To (+)					
2005-06	O 5800.49 S 56.08	97	69	559.84	20.40	5828.41	0.001	7.77
2006-07	O 6982.27 S 133.78	90	75	416.77	181.80	6923.67	0.21	10.79
2007-08	O 9208.50 S 0.12	56	70	752.64	2941.17	6256.49	--	10.96

Out of the above re-appropriations, 40, 30, and 23 re-appropriations involving Rs. 455.85 crore, Rs. 187.05 crore and Rs. 304.39 crores during 2007-08, 2006-07, and 2005-06, respectively, had received the approval of Parliament through supplementary grants.

### Un-necessary and injudicious re-appropriations

**9.19** Re-appropriation of funds was injudicious in 13 cases as listed in **Appendix-IX-B** as the original provision under the heads was more than adequate. Consequently, final savings under the heads were more than the amount re-appropriated to these heads. This is indication of a deficient budgetary control and financial management.

### Unrealistic budgeting

**9.20** According to Rule 48(2) of the General Financial Rules 2005, Ministries/ departments are required to prepare their estimates keeping in view the trends of disbursements during the previous years and other relevant factors such as the economy instructions issued by the Ministry of Finance. Scrutiny of the Appropriation Accounts revealed that under various heads, the entire or/and large provisions remained unutilised during the year 2007-08 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Despite instructions of June 2002 for adopting a mechanism to monitor expenditure so that budgetary projections and anticipated expenditure at the BE and RE stages were worked out in consonance with the potential to spend, the heads registered large unspent provisions. Similar cases were noted during the previous two years. Details are shown in **Appendix- IX-C**.

### Surrender of unspent provision

**9.21** Rule 56 (2) of the General Financial Rules 2005 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. However, all surrenders were made on the last day of the financial year. The details of amounts surrendered during 2005-08 are given below:

**Table 9.14 : Surrender of unspent provision**

*(Rupees in crore)*

Year	Unspent provision		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2005-06	28.16	0.01	20.40	0.01	31.03.2006
2006-07	192.38	0.01	181.80	0.01	31.03.2007
2007-08	2952.13	1.00	2941.17	1.00	31.03.2008

Further, consequent to the 93<sup>rd</sup> Amendment to the Constitution Article 15 (5) was inserted and Central Educational Institutions (Reservation in Admission) Act 2006 came into force.

In order to lay down a road map for implementation of the policy of reservation, an Oversight Committee was constituted along with five specialists groups. On the basis of recommendations of the Committee, Rs.3200 crore was allocated during 2007-08. However, the approval for financial estimates for implementing the Report of the Oversight Committee was yet to be obtained.

As a result, the entire allocation of Rs. 3200 crore remained unspent. Out of which, Rs. 2518.02 crore (**Appendix- IX-D**) was surrendered on 31 March 2008 and balance was re-appropriated to other heads.

## Rush of expenditure

9.22 As per Rule 56(3) of General Financial Rules 2005, rush of disbursement particularly in the closing months of the financial year is to be regarded as a breach of financial propriety and should be avoided. Further, on the recommendations of the Public Accounts Committee contained in Para 17.1 of its 58<sup>th</sup> Report (13th Lok Sabha) Ministry of Finance issued instructions to all Ministries/Departments in December 2006 to restrict expenditure during the last quarter of the financial year to 33 *per cent* and during March of the financial year to 15 *per cent* of the budgeted amount. Yet disbursements ranging from 55 *per cent* to 100 *per cent* were made in the last quarter and 26 to 100 percent in March during the years 2005-08 as per details given below:

**Table 9.15: Rush of expenditure**

*(Rupees in crore)*

Year	Major head	Disbursement				
		During the year	During last Qtr		During March	
			Amount	Percent	Amount	Percent
2005-06	3601 Grants- in-aid to State Governments	202.90	111.46	55	85.09	42
	3602 Grants in aid to Union Territories Governments	0.73	0.73	100	0.73	100
2006-07	3601 Grants-in- aid to State Governments	170.53	112.22	66	107.48	63
2007-08	2552 North Eastern Areas	22.50			7.02	31
	3601 Grants- in- aid to State Governments	54.16	37.78	70	14.27	26

## Non-reconciliation of expenditure

9.23 As per Rule 52(5) of GFR 2005, the head of the department and the accounts office shall be jointly responsible for the monthly reconciliation of the figures given in the accounts maintained by head of department with those appearing in the pay and accounts office books. The Department had, however, not carried out reconciliation of plan expenditure with the pay and accounts office books. As such, correction of figures of plan expenditure could not be verified.

## Deficient cash management: non-compliance to MEP Instructions

9.24 Ministry of Finance issued instructions in December, 2006 regarding cash management in Central Government, which inter alia provide that:

1. In respect of each Demand for Grant, Monthly Expenditure Plan (separately for Plan and Non – Plan Expenditure) (MEP) would be worked out and included as an annex to the Detailed Demand for Grant in respect of the said Demand for Grant.
2. MEP would form the basis of Quarterly Expenditure Allocation (QEA). The Department/Ministries concerned may not issue cheques beyond the Quarterly Expenditure Allocation (which would be equal to



the sum of provisions under Monthly Expenditure Plan), without prior consent of Ministry of Finance (Cash Management Cell, Budget Division).

3. Savings, if any, incurred under the Quarterly Expenditure Allocations (QEA) would not be available for automatic carry forward to the next quarter. The Department/ Ministry may, however, approach Ministry of Finance for revalidation of such savings through modification in the Monthly Expenditure Plan (MEP) and thereby Quarterly Expenditure Allocation.
4. QEA plan prepared on the basis on MEP and the actual expenditure incurred under each quarter in respect of grant No.57 Department of Higher Education for the year 2007-08 are given below :

**Table 9.16: Deficient cash management: non-compliance to MEP Instructions**

*(Rupees in crore)*

Quarter	Plan (QEA)	Expenditure	Savings
First (ending June 2007)	1783.94	1247.44	536.5
Second (ending September 2007)	2302.37	1433.18	869.19
Third (ending December 2007)	2302.37	2031.11	271.26
Fourth (ending March 2008)	2820.82	1544.76	1276.06

It could be seen from the above table that there was less expenditure as compared to QEA Plan under all the quarters. At the end of second and third quarter Ministry did not visualise the savings and surrender with reference to MEP and intimate the savings of second and third quarter to Ministry of Finance for them to utilise this resource for other competing demands. However, as the total saving was more than second and third quarter savings it has been subsumed in their deficient financial control and management. Internal Audit with reference to the MEP was not conducted during 2007-08.

#### **Utilisation certificates**

**9.25** Certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc. to ensure that the grants had been properly utilised for the purpose for which these were sanctioned. There were 2608 outstanding utilisation certificates involving amount of Rs. 1121.93 lakh in respect of grants released by the Department of Higher Education, Ministry of Human Resource Development up to 2006-07 due by March 2008. The year wise details are given in **Appendix- IX-E**.

### Follow up on Audit Reports – Summarised position

9.26 The PAC<sup>2</sup> recommended in 1982 that the Ministries/Departments should furnish remedial/corrective ATNs<sup>3</sup> on all paragraphs contained in these Reports.

PAC, in their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997, desired that submission of pending ATNs pertaining to the Audit Reports for the year ended March 1996 onwards be submitted to them duly vetted by Audit within four months from the laying of the Reports in Parliament. Government issued instructions on the recommendations of the PAC.

Review of outstanding ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India for the years ending March 1999 to March 2007 disclosed that the Ministry had not submitted remedial ATNs on 22 paragraphs, revised note on 14 paragraphs and Final ATN on five paragraphs out of total 43 paragraphs. However, one ATN and one Revised Note are under process. Year wise details are shown in **Appendix- IX-F**.

### Delay in furnishing Explanatory Notes on Appropriation Accounts to Public Account Committee.

9.27 As per Government of India, Ministry of Finance 'Department of Expenditure' instructions of May 2007, issued on the basis of 45<sup>th</sup> report of the Public Account Committee, Explanatory Notes were be required to be finalised by 30<sup>th</sup> September of the corresponding year so that the same could be laid before the Parliament with the Appropriation Accounts.

It was, however, observed from the Appropriation Accounts of Grant for Higher education that there were savings of more than Rs. 100 crore during 2006-07 & 2007-08 for which the Explanatory Note were to be finalised by 30<sup>th</sup> September of the corresponding year so that these could be laid in the Parliament with Appropriation Accounts. Scrutiny of relevant records in the Ministry revealed that Explanatory Notes for 2006-07 were sent to audit on 17.10.2007, which were sent back to Department after vetting by audit on 10.04.2008, but the same had not been sent to Ministry of Finance till 30.09.08 i.e. even one year after the due date. Further, Explanatory Notes for 2007-08 were to be submitted to Ministry of Finance by 30.09.2008, but the same were yet to be finalised and these were not even submitted to audit by the above date. Late/non-submission of Explanatory Notes in time during these years violates the assurance given by the Ministry of Finance and undermines the authority of Public Accounts Committee.

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<sup>2</sup> Public Accounts Committee

<sup>3</sup> Action Taken Notes

**Internal audit**

**9.28** The Internal Audit Wing of the Ministry functions under the administrative control of the Chief Controller of Accounts of the Ministry of Human Resource Development and is responsible for conducting internal audit of the units under the Ministry of Human Resource Development, Ministry of Culture, Ministry of Youth affairs and Sports, Ministry of Woman and Child Development, Ministry of Social Justice and Empowerment, Ministry of Minority affairs, Ministry of Tribal affairs and attached subordinate offices/Autonomous Bodies under their control.

Sanctioned strength of the internal audit wing is one Sr. Accounts Officer and three Assistant Accounts Officers. The details of targets fixed and the achievements made during the years 2005-08 are indicated below:

**Table 9.17: Shortfall in internal audit**

Year	Total units#	Audit due/ planned	Units actually audited	Shortfall
2005-06	NA	166	50+2*	114
2006-07	175	100	52+3*	45
2007-08	178	101	61+1*	39

#do not include autonomous bodies

\*special audit

Scrutiny of relevant records of internal audit wing revealed that the internal audit system prevailing in the Ministry is deficient as

- a) The sanctioned strength of the internal audit wing is inadequate for 178 auditable units of DDOs of seven ministries other than autonomous bodies.
- b) List of total units prepared by internal audit comprise only cheque drawing and non-cheque drawing DDOs, completely ignoring the audit of autonomous bodies.
- c) Planning for internal audit has to be done on the basis of risk analysis and governance issues. However all the units due for audit were planned without keeping in view a risk analysis. Out of total 178 units, 135 units were situated out side Delhi and 43 units in Delhi. Internal audit wing had conducted audit of an average of 50 outstation units and 10 units in Delhi during 2005-06 to 2007-08. Out of total 43 units in Delhi, 20 units were not audited even once and 8 outstation units with lower budget materiality were audited twice during the last three years. Annual review report of internal audit for the year 2007-08 revealed that there were 48 important objections relating to 50 outstation units and 27 objections relating to 10 Delhi units. Thus, weightage of materiality of outstation units vis-à-vis Delhi units, in particular divisions of the Ministry where large expenditure took place, was not evident in selection of units for audit.

- d) Internal audit manual and auditing standards laying down internal auditing guidelines had not been prepared.
- e) Even in the selected units the shortfall of the units actually audited ranges from 39 to 69 percent. Reasons for shortfall had been attributed to shortage of staff. There were 232 paras outstanding as on 31 March 2008 pertaining to the Ministry of Human Resources Development. But the Ministry had not taken effective remedial measures to settle these outstanding paras.
- f) Internal Audit Report (IAR) on each assignment should be submitted to the Chief Accounting Authority for approval. The IARs were not submitted to the Secretary. However, a consolidated report of all objections detected during the year was submitted to the Secretary.
- g) The audit plan and progress report of units covered had not been submitted to Chief Accounting Authority (Secretary) for review.
- h) There was no system of review by the Chief Accounting Authorities of the status of audit conducted on regular basis.

### Grant No. 103-Ministry of Women and Child Development

#### Introduction

**9.29** The Ministry of Women and Child Development is the nodal Ministry for all matters pertaining to development, protection and participation of women and children of the country.

A general review of the actual appropriations against the provisions and the budgetary control in the Ministry was carried out against the relevant laws, rules and instructions.

#### Budget and expenditure

**9.30** The total budget provisions, actual disbursements and underspend under the grant for the last three years was as under:

**Table 9.18: Budget and expenditure**

*(Rupees in crore)*

Year	Budget provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2005-06	3931.40	-	3929.37	-	2.03	-
2006-07	4898.48	-	4770.40	-	128.08	-
2007-08	5853.02	-	5595.57	-	257.45	-



**Audit findings**

**Excess expenditure over available provision under a sub-head/primary unit: Deficient internal control**

**9.31** Provisions in Appendix-14 to Rule 58 and 63 of the General Financial Rules 2005, require the Pay and Accounts Office to ensure that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In case where the existing provision is not sufficient to cover the payment, the Pay and Accounts Office (PAO) can make payment in excess of the budget allotment under any sub-head or primary unit only on receipt of an assurance in writing from the head of the department controlling the grant that necessary funds to accommodate the disbursement would be provided by issue of re-appropriation orders etc.

Test check of the Head-wise Appropriation Accounts for 2007-08 disclosed that the PAO made payments in excess of budget provisions without obtaining a written assurance from the controlling officer on additional provision through re-appropriation. Since the Ministry did not issue any re-appropriation orders during the year to cover the final excess expenditure over the available provisions, the expenditure under these heads was in excess of the budget provision. The details of incurring the excess expenditure are given below:

**Table 9.19: Excess expenditure over available provision**

*(Rupees in crore)*

Year.	Sub-head	Provisions	Available provision	Actual expenditure	Excess
2007-08	3601.04.358.05 Integrated Child Development Services	O 4588.20 R 576.17	5164.37	5166.13	1.76
	3601.04.366.02 Prevention and Control of Juvenile Maladjustment	O 16.60 R 0.69	17.29	21.27	3.98

The PAO stated that it had made payments within BE and excess in individual heads was due to receipt of more claims than anticipated from different sources at the fag end of the year. Those claims were required to be admitted for payment because those were committed liability and could not be deferred to next financial year. It further stated that considering the fact that proposal for surrender and re-appropriation beyond permissible limit had already been sent to Ministry of Finance and those claims were admitted for payment as over all savings were anticipated within grant. The reply of the PAO is incorrect, since the payments were made beyond the budget provision. Secondly, the reply is suggestive of a disregard of compliance of the rules by the PAO.

### Deviation from budget approved by Parliament

9.32 Scrutiny of appropriation accounts of the Ministry and re-appropriations of funds made during the years 2005-08 disclosed that aggregate re-appropriation of funds which constituted 12 to 21 *per cent* of the approved budget provision ranged from Rs. 626.46 crore to Rs. 834.67 crore during these years. While providing re-appropriations from/to the heads of accounts were within the prescribed limits, the overall effect was a deflection of about 15 *per cent* from the total budget approved by the Parliament, which calls into question the accuracy of the budgetary assumptions.

**Table 9.20: Deviation from budget approved by Parliament**

*(Rupees in crore)*

Major Head	2007-08 (20 Re-appropriation orders issued)		2006-07 (16 Re- appropriation orders issued)		2005-06 (62 Re-appropriation orders issued)	
	From	To	From	To	From	To
2235-Social Security and Welfare	143.93 (NP) 3.63	21.70 (NP) 3.28	4.71	20.24	41.12	15.06
2236-Nutrition	Nil	1.91	0.15	1.17	0.14	0.27
2251-Secretariat Social Services	Nil	Nil (NP) 0.35	0.72	0.41	0.52	0.36
2552-North Eastern Areas & Sikkim	343.28	Nil	410.46	Nil	387.53	Nil
3601-Grants-in-aid to State	196.60	695.13	201.67	604.65	404.42	813.58
3602-Grants-in-aid to UTs	34.93	Nil	8.76	Nil	0.93	5.39
<b>Total</b>	<b>718.74</b> <b>(NP) 3.63</b>	<b>718.74</b> <b>(NP) 3.63</b>	<b>626.46</b>	<b>626.46</b>	<b>834.67</b>	<b>834.67</b>

### Large unspent provisions

9.33 As per the instructions on Expenditure Management issued by the Ministry of Finance in July 2006, while formulating budget proposals, the Ministries/Departments should lay greater emphasis on explicit recognition of revenue constraints and should make only a realistic projection of budgetary provisions required for various projects/schemes. Examination of Ministry's records disclosed that there were savings ranging between 25 and 95 *per cent* under various sub-heads during 2005-08 (**Appendix- IX-G**).

Large unspent provisions affected the objective for which the budget provisions were passed by the Parliament. Had the Ministry correctly assessed the expenditure in these sub heads while formulating budget proposals, large unspent provisions could have been avoided.

**Non-utilisation of entire funds**

9.34 Appropriation Accounts for the year 2005-08 disclosed that the entire provisions under the sub-heads as indicated in (Appendix- IX -H) remained unutilised. The Ministry attributed these savings to non-approval of the schemes. Observations on three schemes in which entire provisions of Rs. 10 crore or more remained unutilised are discussed below:

In the cases of 'Integrated Child Protection Scheme (ICPS)' and 'Priyadarshini scheme', the entire provisions of Rs. 95.00 crore and Rs. 10.00 crore, respectively remained unutilised during 2007-08, as the schemes were not approved in time to spend the provision. The Ministry stated that efforts were being made for completion of preparatory exercise in consultation with Planning Commission and Department of Economic Affairs for obtaining approval. The entire provision under 'Conditional Cash Transfer for Girl Child with Insurance Cover scheme' of Rs. 15.00 crore remained unutilised during 2007-08 as the scheme was launched only towards the end of the financial year on 3<sup>rd</sup> March 2008.

**Surrender of unspent provision**

9.35 As per provisions of Rule 56(2) of the General Financial Rules 2005 and the instructions issued by the Ministry of Finance from time to time, the unspent amount should be surrendered immediately as soon as these are foreseen, without waiting till the end of the year. The Ministry surrendered unspent provisions on the last day of the financial years 2006-08. The details of amounts surrendered are as under:

**Table 9.21: Surrender of unspent provision**

*(Rupees in crore)*

Year	Total Provision	Actual Disbursement	Unspent Provision	Amount surrendered	Date of surrender
2006-07	4898.48	4770.40	128.08	124.15	31.03.2007
2007-08	5853.02	5595.57	257.45	269.62	31.03.2008

Since the entire unspent provisions were surrendered on the last day of the financial year, it displays inefficient system for monitoring of the expenditure in as much as the savings were not foreseen in time.

**Explanatory notes on savings to PAC**

9.36 As per para 3.2.4 of the Budget circular 2007-08 and general instructions issued by the Ministry of Finance from time to time, savings in a grant amounting to Rs. 100 crore and above have to be explained to the PAC. Unspent provision in a grant indicates either deficient budgeting or shortfall in performance or both.

Examination of explanatory notes on savings for the years 2006-07 and 2007-08 disclosed that total surrender of Rs. 269.62 crore during 2007-08 included

22 sub-heads from which more than Rupees one crore each aggregating to Rs. 216.89 crore were surrendered. During 2006-07, from the total surrendered amount of Rs. 128.08 crore, 8 sub-heads had registered savings of more than Rs. 1.00 crore each aggregating to Rs. 28.29 crore, which were eventually surrendered on the last day of the financial year.

The Ministry stated through their explanatory note for the year 2006-07 that efforts would be made to prepare the budget estimates on a more realistic basis. The assurance was, however, not maintained, since the savings were much more in 2007-08.

#### **Non-reconciliation of expenditure**

**9.37** As per Rule 52(5) of the General Financial Rules, 2005, the Head of the Department and the Accounts Officer shall be jointly responsible for the monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the Accounts Officer's books.

Examination of records disclosed a discrepancy in the figures of Appropriation Accounts of 2007-08. The Ministry reported figure of Rs. 269.62 crore instead of Rs. 258.49 crore as final savings under the Revenue section to the Ministry of Finance, which resulted in excess surrender of savings by the Ministry. There exists no system of monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the books of Pay and Accounts Office. As these figures were not reconciled by the budget section of the Ministry with the Pay and Account Office, it resulted in difference in two sets of figures and excess surrender of savings.

On being pointed out by Audit, the Ministry stated that due to shortage of staff as well as rush of work towards the fag end of the financial year, proper reconciliation could not be done.

#### **Persistent unspent provision**

**9.38** As per Para 3.2.4 of the Budget circular 2007-08, the Ministry should keep several factors in mind while framing the estimates with a view to minimising the scope for available surrenders at a later stage. These are past performance of schemes, the stage of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies and most importantly the quantum of government assistance lying with the recipients unutilised/unaccounted for etc.,

Scrutiny of the Appropriation Accounts disclosed that under various sub-heads (Appendix- IX-I), large provisions remained unutilised persistently during the period 2005-08 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. A test check of records pertaining to schemes affected by persistent savings during 2005-08



like Integrated Child Development services (ICDS), Swayamsidha and Working Women Hostel disclosed that inspite of persistent unspent provisions in the previous years under these schemes, the Ministry had made no efforts to make the budget estimate more realistic to avoid large savings in the subsequent years which resulted in unrealistic budgeting, deficient financial management and shortfall in performance of the schemes.

The Ministry attributed the reasons of persistent unspent provisions to non-receipt of complete proposals from the concerned organisations/states and non-receipt of demands/less demand of funds from States/UTs. However, these reasons were not found recorded in the concerned files of the schemes.

### Unnecessary supplementary grants

9.39 While obtaining a supplementary grant, the 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. Resort to supplementary demands should only be made in exceptional and urgent cases.

In the following cases, though supplementary provisions were obtained the final expenditure was less than even the original provision:

Table 9.22: Unnecessary supplementary grants

(Rupees in Lakh)

Year	Sub-Head	Provision	Actual disbursement	Unspent provision
2006-07	2235.02.103.42 Central Social Welfare Board	O 3545.00	3485.00	60.40
		S 0.40		
2007-08	2235.02.103.35 National Commission for Women	O 695.00	641.84	53.31
		S 0.15		
	2235.02.103.42 Central Social Welfare Board	O 3532.00	3118.12	414.13
		S 0.25		

### Re-appropriation not reported to Parliament

9.40 As per Government of India's decision (6) below Rule 10 of Delegation of Financial Powers Rules (DFPR) and the instructions on the Expenditure Management issued by the Ministry of Finance, any re-appropriation order issued during the year, which had the effect of increasing the budget provision by more than 25 per cent or rupees 5 crore, whichever was 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, Ministry of Finance.

Scrutiny of the records disclosed that the Ministry had not reported the re-appropriation of Rs. 122.63 crore against the original provision of Rs. 1.25 crore made under 'sub-head 3601.04.358.01-World Bank Assisted ICDS programmes-general component' with the last batch of supplementary demand for grants for 2006-07 to the Parliament.

The Ministry stated that approval of the Secretary (Expenditure) had been obtained but the formality of reporting the case to the Parliament was inadvertently missed out.

#### **Outstanding utilisation certificates**

**9.41** As per Rule 212(1) of the General Financial Rules 2005, the certificates of actual utilisation of the grants received for the purpose for which they were sanctioned are required to be submitted within 12 months of the closure of the financial year by the institution or organisation concerned. Where the certificate is not received within the prescribed period, the Ministry/State Government will be at liberty to blacklist such institution or organisation from any future grant, subsidy or other financial support.

Test check of records maintained by the Ministry pertaining to utilisation certificates (UCs) for the grants released up to 2006-07 by the Ministry disclosed that utilisation certificates in 5605 cases involving Rs. 304.72 crore were outstanding as of September 2008. The division wise details of outstanding utilisation certificates (**Appendix-IX-J**) disclosed that three divisions namely Women Development, Creche and STEP accounted for 2770, 1078 and 619 UCs involving Rs. 69.25 crore, Rs. 12.01 crore and Rs. 97.13 crore, respectively.

The Ministry stated in August 2008 through their ATN on audit paragraph of Report No. 3 of 2007-'Utilisation Certificates' that most of the cases of outstanding UCs related to grants that pertained to very old period and covered schemes that had since been closed leading to delay in settling those old outstanding cases. The Ministry further stated that in order to reduce the number of outstanding UCs the concerned Bureau Heads had been given the list with the request to issue/reconcile the outstanding UCs with PAO. Periodical review meetings were also taken by Secretary (WCD) to review the position of pending UCs.

#### **Deficient internal audit system**

**9.42** The internal audit of the Ministry is under the control of the Chief Controller of Accounts (CCA), Ministry of Human Resource Development, who is also in charge of Accounts and Pay and Accounts functions. Thus, the internal audit function is not independent. The internal audit was conducted by only four officials of the CCA, who also audit six other ministries. Audit of internal audit system of the Ministry disclosed that the internal audit wing's working was seriously deficient and disorganised.

The Ministry had 31 auditable units viz., 15 divisions in the Ministry, six autonomous bodies, one attached office (Food & Nutrition Board, Delhi), four Pay & Accounts offices, one DDO (Cash) and four Deputy Technical Advisors (DTA). However, the CCA has identified only nine units against the existing 31 and conducted audit of only four units in 2005-06, one unit in 2006-07 and six units in 2007-08, most of which were outstation units. The expenditure of these audited units were too meager in comparison to large expenditure incurred by the divisions of the Ministry and their autonomous bodies involving high risk/materiality. Yet these units have not been mapped for audit by the internal audit wing of the Ministry as detailed below:

**Table 9.23: Details of audit conducted:**

*(Rupees in lakh)*

Year	Name of Division/Unit audited	Expenditure reported to be audited		
		Plan	Non-plan	Total
2005-06	PAO, WCD, Kolkata	NA	NA	NA
	PAO, WCD, Chennai	--	11.47	11.47
	DTA*, Chennai	7.17	130.80	137.97
	DTA, Kolkata	NA	NA	NA
2006-07	DTA, Chennai	4.55	133.86	138.41
2007-08	DTA, Delhi	54.71	138.36	193.07
	DDO (cash) M/o WCD, Delhi	4.70	0.06	4.765
	DTA, Kolkata	NA	NA	NA
	DTA, Chennai	16.32	159.70	176.02
	DTA, Mumbai	1.37	24.17	25.54
	PAO, WCD, Mumbai	--	6.47	6.47

**Table 9.24: Expenditure by the Autonomous Bodies/Major Divisions of the Ministry**

*(Rupees in crore)*

Sl. No.	Autonomous Bodies/Major Divisions	Actual expenditure as per Appropriation Accounts 2006-07	Actual expenditure as per Appropriation Accounts 2007-08
1	National Institute of Public Cooperation & Child Development (NIPCCD)	11.43	15.00
2	Central Adoption Resource Agency (CARA)	1.38	2.02
3	National Commission for Protection of Child Rights (NCPCR)	1.50	5.40
4	National Commission for Women (NCW)	6.45	6.41
5	Central Social Welfare Board (CSWB)	34.85	31.18
6	Rashtriya Mahila Kosh (RMK)	10.00	12.00
7	ICDS	4249.96	5200.75
8	Swayamsidha	19.87	19.58
9	Crèche	99.35	100.00
10	STEP	15.98	17.03

The internal audit wing does not prepare the annual audit plan with reference to all auditable units, their expenditure, materiality and risk analysis. There was no evidence of approval of the annual audit plan and discussion on the internal audit reports by the Chief Accounting Authority. As of June 2008, 85 paras of internal audit reports were outstanding.

The internal audit wing of the Ministry stated that the coverage of less units of the Ministry was due to shortage of staff. The reply, however, does not address the fundamental issues of audit of units with low materiality rather than utilising the limited resource on high materiality units.

### **Delay in furnishing of ATNs on paras of CAG reports**

**9.43** The Public Accounts Committee (PAC) recommended in their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22<sup>nd</sup> April 1997 that submission of ATNs pertaining to the audit reports for the year ended March 1996 onwards be completed within four months from the laying of the reports in Parliament.

Review of outstanding ATNs to the PAC on paragraphs included in the reports of the C&AG disclosed that the ATNs on the following audit paras were yet to be submitted as of October 2008:

**Table 9.25: Delay in furnishing of ATNs**

Sl. No.	Reports No.	Para No.	Subject	Date of laying of Report in Parliament	ATN due on	ATN received on
1	3 of 2000	3	Integrated Child Development Services Scheme	18.12.2000	18.4.2001	ATN not finalised
2	4 of 2003	2.3	Central social Welfare Board	19.5.2003	19.9.2003	ATN not finalised
3	2 of 2004	6.1	Unfruitful expenditure	13.7.2004	13.11.2004	ATN awaited
4	3 of 2006	1.2 (29)	Accounts of Central Autonomous Bodies	21.3.2006	21.7.2006	ATN awaited
5		1.1.2	Accounts of Autonomous Bodies	21.3.2006	21.7.2006	ATN awaited
6	1 of 2007	6.10 (98-99)	Disbursement	14.5.2007	14.9.2007	ATN awaited
7		7.13	Unnecessary Supplementary grants	14.5.2007	14.9.2007	ATN not finalised
8	3 of 2007	1.1.2	Annual Accounts of Autonomous Bodies	14.5.2007	14.9.2007	ATN awaited
9		1.2	Accounts of Central Autonomous Bodies	14.5.2007	14.9.2007	ATN awaited
10		1.3	Utilisation Certificates	14.5.2007	14.9.2007	ATN not finalised

Though the above audit reports were laid on the table of the Parliament between December 2000 and May 2007 and the prescribed time limit of four



months had elapsed in each case, the Ministry was yet to submit ATNs/revised ATNs on 10 paragraphs as of October 2008.

The documents in the Ministry did not provide evidence in support of review of submission of the ATNs to the PAC by the Chief Accounting Authority. Individual ATNs to the PAC are approved finally at the level of Additional Secretary.

## Chapter 10

### MANAGING GOVERNMENT FINANCES: SUMMING UP

**10.1** This chapter presents a summarised position of government finances over 1992-2008 focusing on the trends in current year, with reference to certain key indicators that help in assessing the adequacy and effectiveness of available resources, highlighting the areas of concern, and capturing important facets of government finances. Fiscal parameters of the Union Government have broadly been grouped under four major components and for each component sets of indicators have been conceived to assess the fiscal developments over time. The four major components are resource mobilisation; expenditure management; management of fiscal imbalances and management of fiscal liabilities.

#### Resource Mobilisation

**10.2** Eight indicators shown in Table 10.1 are included under this major component to capture the adequacy of resources, growth of these resources and returns on past investments, financial intermediation and capital expenditure incurred to date. The revenue receipt to GDP ratio indicates the adequacy of the present flow of resources for the provision of current services. Revenue receipts comprise tax and non-tax receipts, which *inter alia* includes 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. Revenue and tax buoyancy indicate the pace of resource mobilisation efforts. The remaining four parameters are indicators of return on past investment and recovery of user charges. Table 10.1 summarises the movement in value of these indicators over 1992-2008 encompassing the VIII, IX and X Plan periods as well as the first year of the XI Plan (2007-12).

Table 10.1: Indicators of Resource Mobilisation

Period	(Per cent)							
	Revenue Receipt/ GDP	Gross Tax Receipt/ GDP	Revenue Buoyancy*	Tax Buoyancy*	Return on Advances	Return on Investment	User Charges Recovery-Social Services	User Charges Recovery-Economic Services
1992-2008	15.14	9.89	1.001	1.111	13.63	8.65	3.04	49.67
VIII Plan (1992-97)	15.23	9.31	0.922	0.951	11.23	2.35	9.57	57.13
IX Plan (1997-02)	14.67	8.64	0.831	0.871	14.15	5.30	3.59	55.80
X Plan (2002-07)	14.84	10.04	1.116	1.522	14.18	12.40	2.17	44.56
2002-03	14.50	8.81	1.542	2.026	15.11	8.83	2.03	43.07
2003-04	14.70	9.23	1.124	1.440	15.91	9.84	1.91	45.27
2004-05	14.46	9.68	0.872	1.388	14.30	13.29	1.49	51.37
2005-06	14.67	10.23	1.121	1.467	13.36	14.79	4.28	45.39
2006-07	15.58	11.42	1.451	1.857	11.49	14.67	1.03	40.32
XI Plan (2007-12)								
2007-08	17.00	12.58	1.760	1.846	15.68	14.79	1.21	45.92

\* Revenue and Tax buoyancy coefficients are in ratios.

**10.3** The ratio of revenue receipts to GDP witnessed a decelerating trend. Compared to the values during the VIII Plan (1992-1997), the ratio declined to 14.67 during the IX Plan (1997-2002) although improved marginally to 14.84 during the X Plan (2002-07). Revenue buoyancy, which was less than one during the VIII Plan (1992-1997) and deteriorated further during IX Plan (1997-2002), not only improved but also exceeded the unity in four out of five years during the X Plan period. The revenue buoyancy continued to improve in 2007-08 as the ratio of revenue receipts to GDP increased by 1.42 percentage points during the year. These trends were also reflected in consistently increasing tax-GDP ratio during the X Plan period and exceeded 10 *per cent* in 2005-06 for the first time since 1992-93. The momentum was sustained and it reached the level of 12.58 *per cent* during the current year. Though there was an improvement in tax buoyancy during the recent years, this needs to be sustained by expanding the scope of deepening fiscal empowerment through improved tax revenues, which lies in moderate tax structure. There was significant improvement in revenue buoyancy vis-à-vis tax buoyancy in 2007-08 relative to the previous year indicating the fact that during the current year resources mobilised through non-tax resources contributed relatively more in incremental revenue receipts during the year. There was not only improvement in return from investment and loans and advances during the year but recovery of user charges witnessing substantial decline over the years especially during 2006-07 indicated significant improvements during the current year. Resource mobilisation efforts, therefore, presented encouraging trends during 2007-08.

### Management of Expenditure

**10.4** In expenditure management, eight indicators shown in Table 10.2 were identified to capture its growth and quality. Plan expenditure, capital expenditure and development expenditure are indicators of the quality of expenditure. The parameters of ratio of expenditure to GDP and buoyancy (with reference to revenue receipt) indicate relationship of expenditure with GDP and its responsiveness to changes in these parameters. Values of these parameters over the defined time frame are indicated in Table 10.2.

**Table 10.2: Indicators of Expenditure Management**

Period	TE/GDP	RE/GDP	RE/TE	PE/TE	CE/TE	DE*/TE	<i>(Per cent)</i>	
							Buoyancy of TE to NRR	Buoyancy of RE to NRR
1992-2008	19.05	16.20	85.02	22.60	8.56	40.86	0.94	1.02
VIII Plan (1992-97)	21.25	17.11	80.50	21.86	8.87	38.60	0.78	0.95
IX Plan (1997-02)	20.25	17.06	84.23	20.19	6.74	38.71	1.42	1.64
X Plan (2002-07)	17.84	15.57	87.27	24.17	8.19	41.16	0.74	0.84
2002-03	19.41	16.69	85.99	23.40	6.40	39.96	0.53	0.70
2003-04	18.40	15.98	86.83	24.13	6.98	40.10	0.49	0.57

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(Per cent)

Period	TE/GDP	RE/ GDP	RE/ TE	PE/TE	CE/TE	DE*/TE	Buoyancy of TE to NRR	Buoyancy of RE to NRR
2004-05	17.44	14.47	82.93	24.20	9.77	38.69	0.75	0.32
2005-06	17.02	15.10	88.74	23.08	9.21	41.31	0.76	1.30
2006-07	17.55	15.88	90.47	25.57	8.15	44.23	0.89	0.99
<b>XI Plan (2007-12)</b>								
2007-08	18.32	15.59	85.09	23.75	13.54	47.00	0.79	0.48

*TE = Total Expenditure, RE = Revenue Expenditure; PE = Plan Expenditure; CE = Capital Expenditure; NRR = Net Revenue Receipts and DE denotes Development expenditure, which is total expenditure on social and economic services and the denominator total expenditure here excludes loans and advances.*

**10.5** As in the case of parameters on resource mobilisation, movement of parameters relating to expenditure also presented a mixed picture. Capital expenditure as a percentage of total expenditure witnessed deceleration to 6.74 per cent during IX Plan (1997-2002) from the level of 8.87 per cent in VIII Plan (1992-97). It, however, exhibited an acceleration trend during the X Plan period and almost approached the trend growth rate during 1992-2008. After recording a relatively low average growth rate of 5 per cent during 2005-06 and 2006-07, it increased by an ever highest rate of 97.22 per cent in 2007-08 mainly on account of steep increase in capital expenditure in the form of investment in general financial and trading institutions from Rs. (-) 4009 crore in 2006-07 to Rs. 45627 crore in 2007-08 as well as from Rs. 33828 crore to Rs. 37462 crore in defence services besides a fresh investment of Rs. 304 crore in agricultural financial institutions under non-plan heads. In spite of such a steep increase in capital expenditure during the current year, it was less than the level projected by TFC (Rs. 137524 crore) for 2007-08. Revenue expenditure continued to be the dominant component of the total expenditure and its share increased from an average of 80.50 per cent during the VIII Plan to 84.23 per cent in IX Plan (1997-2002) and further to an average of 87.27 per cent during the X Plan (2002-07) after reaching the peak level of 90.47 per cent during 2006-07. During the current year, its share declined to 85 per cent mainly on account of its relatively slower growth rate of 11.6 per cent over the previous year vis-à-vis a steep increase of 97.22 per cent in capital expenditure during the year. The share of development expenditure and plan expenditure in total expenditure, however, exhibited relative stability over time. The explanation for a marginal decline in the share of plan expenditure against an increase of development expenditure in total expenditure also lies in a steep increase in non-plan capital expenditure during the year. The buoyancies of total and revenue expenditures with revenue receipts, however, indicated a mixed trend during the period 1992-2008.

### **Management of Fiscal Imbalances**

**10.6** Five indicators shown in table 10.3 were identified to capture management of fiscal imbalances. These included the ratio of revenue, fiscal and primary deficit to GDP, the ratio of revenue deficit to fiscal deficit and the



balance from current revenue (BCR). Though deficits are essentially the outcomes of the government's policy with regard to its receipts and expenditure, they serve as useful proxies for fiscal health. The Fiscal Responsibility and Budget Management (FRBM) Act of 2003 and Rules made there under, as they stand now, has mandated the Government to take appropriate steps to (i) eliminate revenue deficit by 31 March 2009 and thereafter build adequate revenue surplus, and (ii) to bring down the fiscal deficit to not more than 3 *per cent* of GDP by 31 March 2009. Union Government has, however, amended the dates originally envisaged in the Act for achieving the deficit targets. The targets relating to fiscal deficit were set to be achieved as per the mandate in the Act, while those relating to revenue deficit were rescheduled for its elimination by 2009-10. The values of these parameters over the specified periods as mentioned above are indicated in Table 10.3.

**Table 10.3: Indicators of Management of Fiscal Imbalances**

Period	Revenue Deficit/GDP	Fiscal Deficit/GDP	Primary Deficit/GDP	(Per cent)	
				Revenue Deficit/Fiscal Deficit	Balance From Current Revenue (Rupees in crore)
1992-2008	3.20	4.90	0.58	65.43	-5609
VIII Plan (1992-97)	2.79	6.03	1.76	46.26	-2192
IX Plan (1997-02)	3.94	6.23	1.49	63.26	-28622
X Plan (2002-07)	3.31	4.15	-0.08	79.74	-4764
2002-03	4.47	5.48	0.41	81.56	-38196
2003-04	3.67	2.94	-1.71	124.77	-22348
2004-05	2.50	3.30	-0.86	75.82	8794
2005-06	3.06	4.61	0.66	66.51	2161
2006-07	3.20	4.41	0.69	72.62	25771
XI Plan (2007-12)					
2007-08	1.81	3.50	-0.32	51.79	88137

10.7 The ratios of deficits to GDP and the ratio of revenue deficit to the fiscal deficit indicate vulnerability of Union finances. Finances become vulnerable to the extent that fiscal deficit is not used for creating assets, as there is no addition to the repayment capacity and no asset back up for the liabilities incurred. The ratio of fiscal deficit to GDP, which had witnessed a sharp improvement in 2003-04 due to augmented recovery of past loans, could not sustain the momentum during subsequent years even though recoveries of loans and advances continued to exceed fresh advances. Similarly, revenue deficit to GDP ratio, after reaching the minimum level of 2.50 *per cent* during 2004-05, has increased to 3.20 *per cent* in 2006-07. The deficit indicators, however, took a turn around during the current year and fiscal and revenue deficits relative to GDP as per Union Finance Accounts for 2007-08 declined to 3.50 and 1.81 *per cent*, respectively. The actual levels of revenue and fiscal deficits were, however, higher than their budget estimates respectively by 0.31 and 0.20 percentage points. Notwithstanding the slippages in deficit indicators, the fiscal correction during 2007-08 was higher than the minimum reductions of 0.3 *per cent* and 0.5 *per cent* (relative to GDP) for fiscal and revenue deficit, respectively, stipulated per year under the FRBM Rules, 2004.

Furthermore, the Finance Accounts showed primary surplus of Rs. 15025 crore (which was, however, only 0.32 *per cent* of GDP) from the huge deficit of Rs. 28654 crore in 2006-07 reflecting containment of non-interest expenditure below the non-debt receipts. Although the management of public finances during 2007-08 was as per the process of fiscal consolidation under FRBM Rules, 2004 but keeping in view the conscious shift in plan priorities in favour of revenue expenditure-intensive programmes and schemes particularly at the commencement of the Eleventh Five Year Plan and recognising the systemic rigidity in containing non-Plan committed revenue expenditures in the short term, the targets relating to revenue deficit were rescheduled for its elimination by 2009-10, while those relating to fiscal deficit were set to be achieved as per the mandate in the Act.

**10.8** The ratio of revenue deficit to fiscal deficit increased from an average of 46.26 *per cent* during the VIII Plan (1992-1997) to the peak level of 124.77 *per cent* in 2003-04. It was for the first time that revenue deficit exceeded fiscal deficit. The ratio indicated an improvement during the subsequent years especially during the current year when it declined by 20.83 percentage points but still it is considerably higher and exceeds the levels already attained during the VIII Plan period. The fiscal policy has a significant role in maintaining the macroeconomic stability but its efficacy and effectiveness depends upon the structure of fiscal deficit. However, the large structural fiscal deficit caused due to dominant share of structural primary deficit and structural interest payments have reduced the role that cyclical component of fiscal deficit can play during the periods of macroeconomic fluctuations. Balance from the current revenue indicates the non-plan revenue balances and if these are positive, there is to that extent, funding of plan expenditure from the current revenue. BCR, which had turned negative in 1990-91, became positive in 2004-05 and continued to be positive thereafter.

#### **Management of Fiscal Liabilities**

**10.9** Sustainability of debt is the key issue in the assessment of government finances. Higher the debt to GDP ratio, larger is likely to be the cost at which the government is able to borrow. Average rate of interest, difference between the interest and GDP growth (referred as Domar gap) and the ratio of assets (utilisation of borrowed funds) to fiscal liabilities are important indicators of debt management. Debt redemption inclusive of interest as percentage of borrowing also indicates the degree of autonomy in utilising available resources for current applications. The higher this ratio, the lower is the amount available from borrowings for application for current services. Values of the seven indicators of management of fiscal liabilities are indicated in Table 10.4 below.

**Table 10.4: Indicators of Management of Fiscal Liabilities**

Period	Fiscal Liabilities/ GDP	Debt Redemption to Debt Receipt	Average Interest Rate on Total Liabilities	Domar Gap	Ratio of Assets to Liabilities	Fiscal Liabilities/ Revenue Receipts	Buoyancy of Assets
1992-2008	57.48	96.51	8.34	3.94	45.61	442	0.66
VIII Plan (1992-97)	<b>60.59</b>	<b>93.10</b>	<b>7.91</b>	<b>8.81</b>	<b>57.68</b>	<b>423</b>	<b>0.83</b>
IX Plan (1997-02)	<b>58.84</b>	<b>94.70</b>	<b>9.06</b>	<b>1.27</b>	<b>50.90</b>	<b>448</b>	<b>0.70</b>
X Plan (2002-07)	<b>57.10</b>	<b>98.68</b>	<b>8.09</b>	<b>5.91</b>	<b>40.26</b>	<b>472</b>	<b>0.53</b>
2002-03	63.07	97.87	8.90	-1.20	44.78	516	0.40
2003-04	60.25	105.33	8.28	3.95	41.48	489	-0.10
2004-05	57.89	95.78	7.89	6.44	39.36	484	0.43
2005-06	54.99	99.44	7.75	5.93	39.32	457	0.98
2006-07	52.70	97.20	7.84	7.96	37.71	416	0.59
<b>XI Plan (2007-12)</b>							
2007-08	52.54	94.60	8.24	5.45	38.06	381	1.08

**10.10** Trends in parameters relating to the management of fiscal liabilities also present a mixed picture. The debt to GDP ratio after getting consolidated during the IX Plan (1997-2002) witnessed a sharp increase in 2001-02 and after reaching the peak level in 2002-03, it exhibited declining trend in subsequent years. However, while the ratio got moderated in the last three years due to a lower growth of fiscal liabilities relative to GDP, it is still considerably higher. While the interest rate on fiscal liabilities increased during the IX Plan, a deceleration was observed in the recent years. Nevertheless, due to a larger overhang of debt, the Government could not avail of the full benefits of moderation in the interest rate. The Domar gap remained positive except during 2002-03. The ratio of assets to liabilities declined consistently from an average of 57.68 *per cent* during the VIII five year Plan to 50.90 in IX Plan (1997-2002) and further to an average of 40.26 during the X Plan (2002-07). The ratio exhibited relative stability in recent years varying from 39.36 in 2004-05 to 38.06 in the 2007-08. Buoyancy of the assets to the liabilities also declined from 0.83 *per cent* during the VIII Plan (1992-1997) to 0.70 *per cent* during the IX Plan (1997-2002) and further to an average of 0.53 *per cent* during the X Plan (2002-07). In 2003-04, aggregate assets actually declined due to the accelerated recovery of the loans and advances, while liabilities continued to grow. It has, however, indicated an increasing trend after attaining the negative value during 2003-04 and reached the peak level of 0.98 during 2005-06 and, thereafter, declined in subsequent year to 0.59. The assets of the Government, however, increased by 14.37 *per cent* during the current year which was marginally higher than the growth rate of 13.33 *per cent* in aggregate liabilities resulting in buoyancy of assets exceeding unity for the first time during the period 1992-2008. The sharp increase in assets during the current year was primarily on account of steep increase in non-plan capital expenditure (138.55 *per cent*) over the previous year. Despite the steep increase in growth of assets during the current year, around 62 *per cent* of the Union Government liabilities still ceased to have any asset back up in 2006-07 and 2007-08.

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**10.11** As resources available for application for current services have depleted relative to GDP during the period 1992-2008, 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 lapsing of funds and opacities in budget proposals. These and other issues pointed out elsewhere in this Report call for various measures of reform in Government finances and accounts, including budgetary operations of the Government.



**(R.G. VISWANATHAN)**

**Principal Director of Audit**

**New Delhi**

**Dated 19 7 DEC 2008**

**Countersigned**



**(VINOD RAI)**

**Comptroller and Auditor General of India**

**New Delhi**

**Dated**

**9 FEB 2009**



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**Appendix II-A**

(Refers to paragraph 2.3)

**Details of revenue and capital expenditure under  
minor head '800-other expenditure' during 2007-08**

*(Rupees in crore)*

Sl. no.	Major head	Expenditure under minor head 800	Total expenditure	Percentage
1.	2070-Other Administrative Services	480.30	724.90	66.26
2.	2211-Family Welfare	3217.73	5704.46	56.41
3.	2216-Housing	3887.59	4356.98	89.23
4.	2225-Welfare of SC, ST and OBCs	202.67	380.16	52.44
5.	2250-Other Social Services	24.02	24.07	99.80
6.	2407-Plantations	185.90	320.70	57.97
7.	2416-Agri.Fin. Institutions	3804.36	3828.12	99.38
8.	2435-Other Agri. Programmes	209.87	229.00	91.65
9.	2515-Other Rural Development Programmes	373.17	519.94	71.77
10.	2552-North Eastern Areas	377.99	410.91	91.99
11.	2705-Command Area Development	0.71	0.71	99.55
12.	2711-Flood Control and Drainage	100.48	101.04	99.44
13.	2801-Power	4136.36	5601.14	73.85
14.	2853-Non Ferrous Mining and Metallurgical Industries	574.23	889.36	64.57
15.	3053-Civil Aviation	1172.20	1192.66	98.28
16.	3475-Other General Economic Services	188.80	288.53	65.44
17.	4070-Capital outlay on Other Administrative Services	366.02	366.02	100.00
18.	4403-Capital Outlay on Animal Husbandry	2.36	2.47	95.76
19.	4405-Capital Outlay on Fisheries	2.20	4.09	53.77
20.	4701-Capital Outlay on Irrigation	0.41	0.51	80.28
21.	4702-Capital Outlay on Minor Irrigation	3.23	4.50	71.79
22.	4803-Capital Outlay on Coal and Lignite	7.11	7.11	100.00
23.	4853-Capital Outlay on Non-ferrous Min. & Metallur. Ind	40.19	40.19	100.00
24.	4859-Capital Outlay on Telecomn & Elec. Industries	22.18	22.18	100.00
25.	5075-Capital Outlay on Other Transport Services	139.22	169.34	82.22
26.	5275-Capital Outlay on Other Communication Services	108.00	116.24	92.91
27.	5403-Capital Outlay on Oceanographic Research	13.00	13.00	100.00
28.	5453-Capital Outlay on Foreign Trade	633.22	633.22	100.00
	<b>Total</b>	<b>20273.52</b>	<b>25951.55</b>	

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**Appendix II-B  
(Refers to paragraph 2.5)  
Details of expenditure incurred from SIDF during 2006-07**

*(Rupees in crore)*

Sl. No.	Nomenclature of the Major head	Name of the Ministry/Deptt	Initiatives involved	Expenditure incurred
<b>Capital Expenditure</b>				
1.	6250-Loans for other Social Services	Labour	ITI Skill Development	750.00
2.	6402-Loans for Soil and Water Conservation	Agricultural research and Education	Training of Farmers	96.00
3.	7465-Loans for General Finance and Trading Institutions	Finance	Aam Aadmi Bima Yojana	1000.00
4.	7475-Other General Economic Services	Finance	Concessional Loan to NCAER	15.00
<b>Revenue expenditure</b>				
5.	2205-Art and Culture	Culture	Celebration of 150 <sup>th</sup> year of the First War of Independence, centenary year of Satyagraha Movement, grants-in aid to various organizations	50.00
6.	2416-Agricultural Financial Institutions	Finance	Ground Water Re-charge	1536.75
<b>Total</b>				<b>3447.75</b>



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**Appendix II-C  
(Refers to paragraph 2.7)**

**Sanctions issued by Ministry of Defence in Violation of Appropriation Act**

<b>Date of issue</b>	<b>Services</b>	<b>Payees</b>	<b>Amount (Rupees in crore)</b>	<b>Head of account</b>	<b>Purpose</b>
26.2.2008	Air force	HAL	1500.00	MH-4076-03	To meet the committed liabilities for the FY 2008-09
26.2.2008	Navy	MDL	252.97	MH-4076-02	Expenditure to be incurred during April 2008 to June 2008
27.2.2008	Navy	MDL	134.45	MH-4076-02	Expenditure to be incurred during April 2008 to June 2008
29.2.2008	Navy	MDL	541.60	MH-4076-02	Expenditure to be incurred during April 2008 to June 2008
20.3.2008	Navy	MDL	235.00	MH-4076-02	Expenditure to be incurred during April 2008 to June 2008
20.3.2008	Navy	MDL	50.00	MH-4076-02	Expenditure to be incurred during April 2008 to June 2008
20.3.2008	Navy	MDL	31.10	MH-4076-02	Expenditure to be incurred during April 2008 to June 2008
<b>Total</b>			<b>2745.12</b>		

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**Appendix-II-D**  
(Refers to paragraph 2.8 )  
**Rolling Imprest Advance during 2007-08**

*(Rupees in crore)*

Date of release of instalments	Opening outstanding balance	Amount paid during the quarter	Adjustment during the quarter	Closing Outstanding balance
I-Quarter	1268.59	Nil	Nil	1268.59
II-Quarter	1268.59	70.92	161.47	1178.04
III-Quarter	1178.04	715.49	485.59	1407.94
IV-Quarter	1407.94	776.60*	248.99*	1935.55*
<b>Total</b>		1563.01*	896.05	

*\* Ministry released additional Rs. 115 crore under modernization programme of MDL from this project*

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**Appendix II-E  
(Refers to paragraph 2.9.1)**

**Outstanding Amount of suspense account for purchases abroad (upto 1999)**

*(Rupees in thousand)*

Sl. No.	Name of the Importer	No. of Loans	Amount
1.	NHAI-ADB III project West Bengal	1	584
2.	Road and Building Department Gujarat	1	1104
3.	Tamil Nadu State Electricity Board	1	5198
4.	Videsh Sanchar Nigam Limited	1	6572
5.	Mysore Cement Limited	1	4326
6.	Ministry of Railways	3	9011
7.	Pyrites Phosphates and Chemicals Limited	2	249513
8.	Rail Coach Factory, Kapurthala	1	1895
9.	Railway Board	2	15204
10.	Rail Coil Spring	1	7111
11.	ITI Naini Allahabad	1	14084
12.	Ministry of Water Resources	2	5233
13.	Pawan Hans Limited	1	574384
14.	Department of Telecommunication	6	14737
15.	The Fertilizers and Chemicals, Travancore Limited	1	4603
16.	Gas Authority of India Limited	1	198
17.	Housing Urban Development Corporation	1	1005
18.	Institute of Child Health Hospital of Children	1	2976
19.	Indian Farmers Fertilizers Cooperative Limited	3	14257
20.	Lady Harding Medical College and Associated Hospital	1	9962
21.	Ministry of Health & Family Welfare	2	273788
22.	Minerals & Metals Trading Corporation	1	14444
23.	Ministry of Home Affairs	1	2255
24.	Ministry of Road Transport and Highways	4	288152
25.	Ministry of Road Transport and Highways, Technical	1	651
26.	Power Grid Corporation Limited, Shillong	1	51
27.	UP State Electricity Board	1	8
28.	Cochin Port Trust	1	3648
29.	Delhi Electric Supply Undertaking	2	79282
30.	Lakshadweep Administration	1	5664
31.	Bhilai Steel Plant	1	1200
32.	Coal India Limited (WB)	2	212303

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*(Rupees in thousand)*

Sl. No.	Name of the Importer	No. of Loans	Amount
33.	CMAL-DL	1	348
34.	Jhanjra Bhillai Steel Plant	1	906
35.	ONGC	2	59427
36.	Technology Development and Information Company Limited	1	695
37.	AP State Electricity Board	1	47476
38.	Helicopter Corporation of India	1	672356
39.	KRIBHCO Rain Farming and Eastern and Western Ghat Project	2	7093
40.	Bihar State Electricity Board	1	277
41.	District Poverty Initiative Project	1	14630
42.	Ministry of HRD	1	361
43.	Ministry of Agriculture	1	10
44.	National Dairy Development Board	1	1960
45.	NTPC	2	660
46.	MOF, Department of Economic Affairs	1	11754
47.	GOI, Disinvestments Commission	1	12654
		<b>Total</b>	<b>2654010</b>



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**Appendix II-F  
(Refers to paragraph 2.9.2)**

**Adverse balances under Debt, Deposit and Remittances heads**

*(in thousands of rupees)*

Sl No	Head of Account (Major/Minor Head)			Balance as on 31.3.2008	Period from which balances became adverse
<b>Statement No. 13</b>					
1.	8229.00.200	Other Development & Welfare Fund	Dr.	245657	2007-08
2.	8231.00.102	Railway Safety Fund (Strategic)	Dr.	1	2004-05
3.	8336.00.101	Security Deposits	Dr.	485	2007-08
4.	8342.00.103	Deposits of Govt. companies, corporations etc.	Dr.	960733	2004-05
5.	8443.00.110	Deposits of Police Funds	Dr.	3254	1996-97
6.	8443.00.111	Other Departmental Deposits	Dr.	1144703	2006-07
7.	8443.00.118	Deposits of fees received by Govt. Servants for work done for private bodies	Dr.	7197	2001-02
8.	8445.00.103	Railway Deposits – Unclaimed Provident Fund Deposits	Dr.	1588	2007-08
9.	8445.00.104	Railway Deposits – Trust Interest Account	Dr.	197626	2005-06
10.	8445.00.800	Railway Deposits – Other Deposits	Dr.	1130617	2005-06
11.	8446.00.800	Postal Deposits – Other Deposits	Dr.	402957	2005-06
12.	8448.00.102	Deposits of Local Funds – Municipal Funds	Dr.	3	2007-08
13.	8448.00.104	Deposits of Local Funds – Funds of Insurance Association of India	Dr.	291	Pre 1976-77
14.	8451.00.101	Bhopal Gas Leak Disaster Relief Fund – Claims and Relief Fund	Dr.	9268665	2005-06
15.	8451.00.102	Bhopal Gas Leak Disaster Relief Fund – Claims and Relief Fund Investment Account	Cr.	9214884	2005-06
16.	8550.00.101	Civil Advances – Forest Advances	Cr.	9148	1995-96
17.	8670.00.103	Cheques and Bills – Departmental charges	Dr.	447208	2007-08
18.	8671.00.104	Departmental Balances – Defence	Cr.	86245	2004-05
<b>Statement No. 14</b>					
19.	6002-202	Loans from the Federal Austrian Government	Dr.	241284	1997-98

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*(in thousands of rupees)*

Sl No	Head of Account (Major/Minor Head)		Balance as on 31.3.2008		Period from which balances became adverse
20.	6002-204	Loans from the Government of Canada	Dr.	558326	1999-2000
21.	6002-205	Loans from the Government of Czechoslovak Republic	Dr.	13038	2004-05
22.	6002-206	Loans from the Government of Denmark	Dr.	147845	1999-2000
23.	6002-207	Loans from the European Economic Community	Dr.	408151	2000-01
24.	6002-208	Loans from the Government of France	Dr.	15541062	2000-01
25.	6002-212	Loans from the Government of Italy	Dr.	2182032	2000-01
26.	6002-220	Loans from the Government of Netherlands	Dr.	156219	1996-97
27.	6002-221	Loans from the Organisation of Petroleum Exporting Countries Special Fund	Dr.	39782	2003-04
28.	6002-224	Loans from Saudi Fund for Development	Dr.	211152	1994-95
29.	6002-226	Loans from the Agency for International Development USA	Dr.	25468089	1995-96
30.	6002-227	Loans from Government of USA under PL-480 convertible local currency credits	Dr.	11030570	1995-96
31.	8009-02-106	Other Miscellaneous Provident Funds	Dr.	110	2006-07
32.	8012-00-117	Deposits of UTI	Dr.	808	2005-06
33.	8013-01-101	Deposit Scheme for Retiring Government Employees, 1989	Dr.	547415	2007-08
<b>Statement No. 15</b>					
34.	6202.01.203	University & Higher Education	Cr.	1568	2004-05
35.	6215.02.800	Other Loans	Cr.	16748	2001-02
36.	6225.01.800	Other Loans	Cr.	829	1994-95
37.	6245.01.101	Gratuitous Relief	Cr.	830	1986-87
38.	6245.02.101	Gratuitous Relief	Cr.	2154	1997-98
39.	6401.800	Other Loans	Cr.	13244	1986-87
40.	6402.102	Soil Conservation	Cr.	7162	1995-96
41.	6402.203	Land Reclamation and Development	Cr.	592	2007-08
42.	6403.800	Other Loans	Cr.	6428	1994-95
43.	6404.800	Other Loans	Cr.	3447792	2004-05
44.	6405.106	Mechanisation of fishing crafts	Cr.	345	2006-07
45.	6425.108	Loans to other cooperatives	Cr.	3589454	2003-04

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*(in thousands of rupees)*

SI No	Head of Account (Major/Minor Head)		Balance as on 31.3.2008		Period from which balances became adverse
46.	6515.102	Community Development	Cr.	462	1986-87
47.	6515.103	Rural Works Programmes	Cr.	1	1986-87
48.	6701.60.800	Other Loans	Cr.	4	1988-89
49.	6801.201	Hydel Generation	Cr.	3068415	2004-05
50.	6801.205	Transmission and Distribution	Cr.	572519	2005-06
51.	6851.102	Small Scale Industries	Cr.	3074	2006-07
52.	6857.01.190	Loans to PSU	Cr.	719220	2006-07
53.	6860.01.800	Other Loans	Cr.	22	1994-95
54.	7052.02.101	Loans to SDFC	Cr.	2941224	2002-03
55.	7053.190	Loans to PSU	Cr.	211987	2002-03
56.	7425.800	Other loans	Cr.	3074	2005-06
	<b>7601</b>	<b>Loans and Advances to State Governments.</b>			
57.	7601.07	Karnataka	Cr.	4805	2006-07
58.	7601.07	Kerala	Cr.	1213	2006-07
59.	7601.07	Punjab	Cr.	1412	2006-07
60.	7601.02.101	Sikkim	Cr.	1903	2004-05
61.	7605.053	Loans to Govt. of Khyrghystan	Cr.	305	2007-08
62.	7605.054	Loans to Govt. of Mongolia	Cr.	23859	2004-05
63.	7605.058	Loans to Govt. of Uzbekistan	Cr.	250311	2007-08
64.	7605.070	Loans to Govt. of Seychelles	Cr.	13858	2005-06
65.	7605.105	Loans to Govt. of Tazikistan	Cr.	1	2004-05
66.	7610.203	Advances for purchase of other conveyances	Cr.	34436	2004-05
<b>Statement No.16</b>					
67.	8001-00-103	Fixed and Time Deposits	Dr.	48	2005-06
68.	8002-00-101	Post Office Certificates	Dr.	1239459	1999-2000
69.	8002-00-103	Treasury Saving Deposit Certificates	Dr.	6962	1976-77

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**Appendix II-G  
(Refers to paragraph 2.9.2)**

**Adverse balances noticed during the audit of Pr.AOs of CBDT, MEA, DEA & CAAA**

*(In thousand of rupees)*

Sl No	Head of Account (Major/Minor Head)		Balance as on 31.3.2008	
<b>Central Board of Direct Taxes</b>				
1	7610 203	Loans to Government Servants – Advance for purchase of other conveyance	Dr	24.70
2	8008-03-103	Income & Expenditure - National Small Savings Scheme – Management of Cost – Payment of Agency Commission to Agent	Dr	5
<b>Ministry of External Affairs</b>				
3	8443-00.113	Deposits for purchase etc. abroad	Dr	193987
4	8443-00.117	Deposits for work done for public bodies or private individuals	Dr	303283
<b>Department of Economic Affairs</b>				
5	7052.02:101	Loans to Shipping Development Fund committee	Cr	2941224
6	7605.054	Kyrgyzstan	Cr	305
7	7605.054	Mangolia	Cr	23851
8	7605.058	Uzbekistan	Cr	250311
9	7605.070	Seychelles	Cr	13858
10	8013.01:101	Deposit Scheme for Retiring Govt. Employees, 89	Dr	546987
11	8342.117	Defined Contribution Pension Scheme for Government Employees	Dr	8637
12	8342.120	Miscellaneous Deposits	Dr	918660
13	8449.120	Miscellaneous Deposits	Dr	39670
<b>Controller of Aid, Audit &amp; Accounts</b>				
14	6002-External	Austria	Dr	241284
15	Debt	Canada	Dr	558326
16		Czechoslovakia	Dr	13038
17		Denmark	Dr	147845
18		EEC	Dr	34 5540
19		France	Dr	13565958
20		Italy	Dr	2182032
21		Netherlands	Dr	156219
22		OPEC	Dr	344926
23		Saudi Fund	Dr	211152
24		USAID	Dr	28199574
25		USA PL 480	Dr	10193012



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**Appendix-IV-A  
(Refers to paragraph 4.8)  
Total Expenditure of Union Government**

*(Rupees in crore)*

<b>Year</b>	<b>Revenue</b>	<b>Capital</b>	<b>Loans &amp; Advances</b>	<b>Total</b>
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
2001-02	375582	31295	38614	445491
2002-03	409591	30497	36222	476310
2003-04	440086	35401	31330	506817
2004-05	455571	53654	40108	549333
2005-06	540637	56119	12493	609249
2006-07	658240	59293	10019	727552
2007-08	734861	116937	11777	863575

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**APPENDIX-VI-A  
(Refers to paragraph 6.3)  
Total Liability of the Union Government**

*(Rupees 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
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
2001-02	913061	71546	199897	213449	73133	1271189	1399540
2002-03	1020689	59612	196068	251293	80126	1411720	1548176
2003-04	1141706	46125	184203	241349	92376	1521556	1659634
2004-05	1275971	60877	191271	263048	92989	1692885	1823279
2005-06	1389758	94243	194199	275380	109462	1868843	1968799
2006-07	1544975	102716	201233	307546	131295	2086532	2185049
2007-08	1799651	112031	210104	339815	126787	2378284	2476357

\* Current rate of exchange is not available.

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APPENDIX-VI-B  
(Refers to paragraph 6.22)  
Unutilised external assistance – Sector-wise

*(Rupees in crore)*

Sl. No.	Sector	Unutilised external assistance at current rate
1.	Power	4710.14
2.	Roads	11709.59
3.	Social	1138.39
4.	Urban Development	15619.86
5.	Water Resources Management	7418.01
6.	Atomic Energy	4995.43
7.	Agriculture and Rural Development	7745.84
8.	Environment and Forestry	3064.98
9.	Infrastructure sector (General)	6338.76
10.	Others	4024.57
11.	Infrastructure sector ( Railways)	1045.08
12.	Energy (Non-conventional)	10.15
13.	Structure adjustment/Fast disb.	609.86
14.	Health	4815.27
15.	Industry and Finance	95.32
16.	Fertilizer Sector	111.48
17.	Water Supply and Sanitation	4584.69
<b>Total</b>		<b>78037.42</b>

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APPENDIX-VII-A  
(Refers to paragraph 7.4)  
Authorisation and Disbursements

(Rupees in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	Unspent provision
<b>A - Civil</b>					
<b>Voted</b>					
I. Revenue	360510.63	89997.66	450508.29	429661.03	20847.26
II. Capital	75302.30	17729.64	93031.94	82244.79	10787.15
III. Loans and Advances	4830.93	2744.15	7575.08	7308.58	266.50
<b>Total</b>	<b>440643.86</b>	<b>110471.45</b>	<b>551115.31</b>	<b>519214.40</b>	<b>31900.91</b>
<b>Charged</b>					
IV. Revenue	195864.84	16936.81	212801.65	208072.38	4729.27
V. Capital	4321.75	34.81	4356.56	62.22	4294.34
VI. Public Debt	1611645.92	62573.17	1674219.09	1604110.47	70108.62
VII. Loans and Advances	237.80	3134.67	3372.47	6633.99	3261.52*
<b>Total</b>	<b>1812070.31</b>	<b>82679.46</b>	<b>1894749.77</b>	<b>1818879.06</b>	<b>75870.71</b>
<b>Grand Total</b>	<b>2252714.17</b>	<b>193150.91</b>	<b>2445865.08</b>	<b>2338093.46</b>	<b>107771.62</b>
Recoveries in reduction of disbursements			54147.64	53736.64	
<b>Total Net Provision</b>			<b>2391717.44</b>		
<b>Total Net Disbursement</b>				<b>2284356.82</b>	
<b>B - Posts</b>					
<b>Voted</b>					
I. Revenue	7237.29	54.22	7291.51	7272.55	18.96
II. Capital	232.22	-	232.22	90.43	141.79
<b>Total</b>	<b>7469.51</b>	<b>54.22</b>	<b>7523.73</b>	<b>7362.98</b>	<b>160.75</b>
<b>Charged</b>					
III. Revenue	0.10	0.18	0.28	0.11	0.17
IV. Capital	-	0.17	0.17	0.20	0.03*
<b>Total</b>	<b>0.10</b>	<b>0.35</b>	<b>0.45</b>	<b>0.31</b>	<b>0.14</b>
<b>Grand Total</b>	<b>7469.61</b>	<b>54.57</b>	<b>7524.18</b>	<b>7363.29</b>	<b>160.89</b>
Recoveries in reduction of disbursements			293.25	266.32	
<b>Total Net Provision</b>			<b>7230.93</b>		
<b>Total Net</b>				<b>7096.97</b>	

\*Excess



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(Rupees in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	Unspent provision	
<b>C - Defence Services</b>						
<b>Voted</b>						
I. Revenue	57049.19	871.39	57920.58	57619.56	301.02	
II. Capital	41857.60	-	41857.60	37439.90	4417.70	
<b>Total</b>	<b>98906.79</b>	<b>871.39</b>	<b>99778.18</b>	<b>95059.46</b>	<b>4718.72</b>	
<b>Charged</b>						
III. Revenue	20.53	1.20	21.73	13.06	8.67	
IV. Capital	64.40	3.85	68.25	21.77	46.48	
<b>Total</b>	<b>84.93</b>	<b>5.05</b>	<b>89.98</b>	<b>34.83</b>	<b>55.15</b>	
<b>Grand Total</b>	<b>98991.72</b>	<b>876.44</b>	<b>99868.16</b>	<b>95094.29</b>	<b>4773.87</b>	
Recoveries in reduction of disbursements			321.50	274.95		
<b>Total Net Provision</b>			<b>99546.66</b>			
<b>Total Net Disbursement</b>				<b>94819.34</b>		
<b>Total</b>	<b>Voted</b>	<b>547020.16</b>	<b>111397.06</b>	<b>658417.22</b>	<b>621636.84</b>	<b>36780.38</b>
<b>CFI</b>	<b>Charged</b>	<b>1812155.34</b>	<b>82684.86</b>	<b>1894840.20</b>	<b>1818914.20</b>	<b>75926.00</b>
<b>Grand Total CFI</b> (Excluding Railways)		<b>2359175.50</b>	<b>194081.92</b>	<b>2553257.42</b>	<b>2440551.04</b>	<b>112706.38</b>
<b>Total recoveries in reduction of expenditure</b>				<b>54277.91</b>		
<b>Difference with the Figures of Finance Accounts</b>				<b>0.86<sup>®</sup></b>		
<b>Total disbursement from CFI as per Finance Accounts</b> (Excluding Railways)				<b>2386273.99</b>		

\* Excess

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

<sup>®</sup> There is a difference of Rs. 86.00 lakh between the total Net disbursement from CFI as per Appropriation Accounts of Civil, Postss and Defence and the total disbursement from CFI as per the Finance Accounts due to rounding off.

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APPENDIX-VII-B  
(Refers to Paragraph 7.6)  
Net unspent provision in Grants/Appropriations

(Rupees in crore)

Grants and Appropriations affected	Unspent provision		Excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
<b>A - Civil</b>						
Voted	20946	11055	98	2	20848	11053
No. of grants	89	68	2	1	-	-
Charged	4729	71141	-	-	4729	71141
No. of Appropriations	37	11	-	1		
<b>B - Posts</b>						
Voted	18.96	141.79	-	-	18.96	141.79
No. of grants	1	1	-	-	-	-
Charged	0.17	-	-	0.03	0.17	0.03*
No. of Appropriations	1	-	-	1	-	-
<b>C - Defence Services</b>						
Voted	372.21	4417.70	71.19	-	301.02	4417.70
No. of grants	4	1	1	-		
Charged	8.67	46.48	-	-	8.67	46.48
No of Appropriations	5	1	-	-		

\* EXCESS

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**APPENDIX-VII-C  
(Refers to Paragraph 7.7)  
Proportion of Charged and Voted Disbursements under Civil Ministries**

*(Rupees in crore)*

Sl. No.	Year	Authorisation			Disbursements			Percentage of	
		Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
1.	1996-97	107583	313320	420903	96316	280355	376671	26	74
2.	1997-98	145613	486038	631651	132239	452232	584471	23	77
3.	1998-99	139083	504105	643188	139488	468679	608167	23	77
4.	1999-2000	157780	512075	669855	148642	453196	601838	25	75
5.	2000-01	173677	530530	704207	160753	405289	566042	28	72
6.	2001-02	218136	481679	699815	201574	473950	675524	30	70
7.	2002-03	230649	547152	777801	213833	504119	717952	30	70
8.	2003-04	254328	564275	818603	231100	599889	830989	28	72
9.	2004-05	278555	703835	982390	252254	724942	977196	26	74
10.	2005-06	330051	1193138	1523189	301269	1288817	1590085	19	81
11.	2006-07	449178	1635986	2085164	415785	1670413	2086198	20	80
12.	2007-08	551115	1894750	2445865	519214	1818879	2338093	22	78

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**APPENDIX-VII-D**

(Refers to paragraph 7.10)

**Rush of Expenditure during the month of March 2008 and last quarter of 2007-08**

(Rupees in crore)

Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
<b>1- Department of Agriculture &amp; Co-operation</b>							
1.	2425-Co-operation	80.75	80.75	5.02	6	33.85	42
2.	2435- Other Agricultural Programme	229.98	228.05	62.99	27	84.67	37
3.	3601- Grants-in-Aid to State Governments	2520.33	2515.57	346.25	14	945.70	38
4.	3602- Grants-in-aid to Union Territory Governments	1.73	1.73	-	-	0.60	35
5.	4070- Capital Outlay on Other Administrative Services	2.70	0.92	0.92	34	0.92	34
<b>2- Department of Agricultural Research &amp; Education</b>							
6.	6402- Loans for Soil and Water Conservation	96.00	96.00	96.00	100	96.00	100
<b>4- Ministry of Micro, Small &amp; Medium Enterprises</b>							
7.	6851-Loans for Village and Small Industries	1.31	1.31	0.85	65	1.18	90
<b>5 - Atomic Energy</b>							
8.	4861- Atomic Energy Industries	1097.15	1082.69	212.04	19	392.01	36
9.	5401- Atomic Energy Research	638.66	624.74	135.74	21	216.96	34
<b>7- Department of Chemical and Petrochemicals</b>							
10.	6857-Loans to Chemicals and Pharmaceutical Industries	59.60	59.60	25.17	42	25.17	42
<b>8- Department of Fertilizers</b>							
11.	6855-Loans to Fertilizer Industries	56.68	56.63	33.23	59	33.23	59
<b>9-Ministry of Civil Aviation</b>							
12.	3053-Civil Aviation	1136.76	1135.73	736.57	65	954.79	84
13.	5053-Capital Outlay on North Eastern Areas	90.20	90.00	55.22	61	88.44	98



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*(Rupees in crore)*

Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
14.	7053- Loans for Civil Aviation	17.50	17.50	10.90	62	17.50	100
<b>11- Department of Commerce</b>							
15.	2407- Plantations	375.98	371.15	55.12	15	158.85	42
16.	3453- Foreign Trade Control	2523.01	2509.06	678.41	27	1085.74	43
17.	5465- Investment in General Financial & Trading Institutions	100.00	100.00	100.00	100	100.00	100
<b>12- Department of Industrial Policy &amp; Promotion</b>							
18.	2070- Other Administrative Service	15.70	14.84	1.97	13	5.51	35
19.	2852- Industries	277.51	275.76	93.98	34	148.80	54
20.	2885- Capital Outlay on Industries and Minerals	675.00	673.99	569.29	84	569.29	84
21.	3475- Other General Economic Services	42.82	38.21	13.51	32	18.84	44
22.	4875- Capital Outlay on Industries	5.00	4.90	4.90	98	4.90	98
<b>16 - Ministry of Corporate Affairs</b>							
23.	3451- Secretariat Economic Services	69.14	67.39	16.70	24	20.24	29
24.	5475- Capital Outlay on Other General Economic Services	6.26	6.25	5.99	96	5.99	96
<b>17- Department of Consumer Affairs</b>							
25.	3456- Civil Supplies	58.53	57.88	12.19	21	39.82	68
26.	3475- Other General Economic Services	16.40	15.24	5.56	34	6.85	42
27.	3601- Grants -in-aid to States Governments	39.68	39.79	11.95	30	22.56	57
<b>18- Department of Food &amp; Public Distributions</b>							
28.	2408- Food Storage and warehousing	31997.45	31739.00	6620.55	21	11916.00	37
29.	3456- Civil supplies	17.88	17.86	14.88	83	17.83	100
30.	4408- Capital Outlay on Food Storage and warehousing	29.16	29.00	11.33	39	11.33	39
<b>19- Ministry of Culture</b>							
31.	2205- Art & Culture	902.67	836.31	174.59	19	313.12	35

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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
<b>28- Ministry of Development of North Eastern Region</b>							
32.	2070- Other Administrative Services	7.17	7.09	1.58	22	2.50	35
33.	2250- Other Social Services	18.50	17.93	7.43	40	8.73	47
34.	2552- North Eastern Areas	83.25	69.48	21.92	26	32.34	39
35.	3601- Grants-in-aid to State Governments	1161.75	1161.74	297.75	26	447.93	39
36.	4552- Capital Outlay on North Eastern Areas	91.00	82.65	22.14	24	40.30	44
37.	6851- Loans for Villages and Small Industries	5.13	5.13	1.76	34	1.76	34
<b>29 – Ministry of Earth Sciences</b>							
38.	3403-Oceanographic Research	325.08	326.12	102.46	32	135.99	42
39.	5425-Capital Outlay on Other Scientific and Environmental Research	2.39	2.39	1.74	73	2.39	100
40.	5455-Capital Outlay on Meteorology	25.75	22.78	7.70	30	10.41	40
<b>30- Ministry of Environment and Forests</b>							
41.	3435-Ecology & Environment	716.02	694.22	172.01	24	248.55	35
<b>31- Ministry of External Affairs</b>							
42.	2061- External Affairs	2245.19	2183.47	448.01	20	951.23	42
43.	3605-Technical and Economic Cooperation with other countries	1656.11	1584.78	323.60	20	758.28	46
44.	4059- Capital Outlay on Public Works	165.00	156.75	60.80	37	91.64	56
45.	4216- Capital Outlay on Housing	85.00	101.51	65.80	77	76.38	90
<b>32-Department of Economic Affairs</b>							
46.	2075- Miscellaneous General Services	1.74	1.47	1.13	65	1.14	65
47.	3075- Other Transport Services	2162.33	2162.33	1098.33	51	1098.33	51

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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
48.	3475- Other General Economic Services	159.77	157.23	57.67	36	88.87	56
49.	4046- Capital Outlay on Currency Coinage & Mint	589.58	589.58	505.61	86	505.61	86
50.	5475- Capital Outlay on Other General Economic Services	6023.00	6023.00	6023.00	100	6023.00	100
51.	7475- Other General Economic Services	15.00	15.00	15.00	100	15.00	100
<b>33 – Payments to Financial Institutions</b>							
52.	2416- Agricultural financial Institutions	5364.87	5364.87	5341.11	99	5341.11	99
53.	2885- Other outlays on Industries and Minerals	284.12	284.12	260.28	91	284.12	100
54.	3466- International Financial Institutions	2.91	2.88	-	-	1.83	63
55.	4885- Other Capital outlay on Industries & Minerals	900.00	900.00	600.00	67	700.00	78
56.	7465- Loans for General Finance and Trading Institutions	1500.00	1500.00	-	-	1500.00	100
<b>35 - Transfers to State &amp; U.T. Governments</b>							
57.	2075- Miscellaneous General Services	7540.11	7540.11	2728.48	36	7540.11	100
58.	3602- Grants-in-aid to Union Territory Governments	325.00	325.00	101.56	31	142.19	44
<b>38 – Department of Expenditure</b>							
59.	2070- Administrative Services	9.23	8.94	1.17	13	3.66	40
<b>41- Department of Revenue</b>							
60.	3601-Grants-in-Aid to State Governments	6049.36	6049.36	2489.13	41	4473.98	74
61.	3606- Aid Material & Equipment	1.00	0.92	0.92	92	0.92	92
<b>42- Direct Taxes</b>							
62.	2031- Collection of Taxes on Wealth & Gift Taxes	130.09	146.47	146.47	113	146.47	113
63.	4059- Capital Outlay on Public works	36.80	35.03	35.00	95	35.00	95

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64.	4075- Capital Outlay on Misc. General Services	1.03	0.74	0.34	33	0.41	40
<b>43- Indirect Taxes</b>							
65.	4059- Capital Outlay on Public Works	32.25	32.24	32.24	100	32.24	100
<b>44- Department of Disinvestment</b>							
66.	3451- Secretariat Economic Services	7.57	7.57	4.67	62	5.12	68
<b>45- Ministry of Food Processing Industries</b>							
67.	2405- Fisheries	14.79	14.79	3.42	23	8.42	57
68.	2408- Food Storage and warehousing	145.57	145.57	45.40	31	59.09	41
69.	4408- Capital Outlay on Food Storage and warehousing	30.00	17.65	-	-	11.74	39
<b>46- Department of Health and Family Welfare</b>							
70.	2210- Medical and Public Health	4946.98	4674.26	990.65	20	1800.26	36
71.	3602- Grants-in-aid to Union Territory Governments	40.51	40.41	-	-	14.90	37
72.	3606- Aid, Materials and Equipment	153.71	15370.97	85.65	56	100.13	65
<b>47- Department of AYUSH</b>							
73.	2210- Medical and Public Health	509.61	457.60	-	-	178.44	35
<b>48- Department of Heavy Industry</b>							
74.	2852- Industries	373.68	374.08	360.24	96	360.74	96
75.	4854- Capital Outlay on Cement and Non-Metallic Mineral Industries	5.32	5.32	5.32	100	5.32	100
76.	4858- Capital Outlay on Engineering Industries	170.88	170.87	167.77	98	169.27	99
77.	6854- Loans to Cement and Non-Metallic Mineral Industries	5.33	5.33	5.33	100	5.33	100
78.	6858- Loans to Engineering Industries	332.97	332.39	157.44	47	177.43	53
79.	6860- Loans to Consumer Industries	43.71	43.71	8.28	19	14.92	34



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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
<b>50- Ministry of Home Affairs</b>							
80.	3601- Grants-in-aid to State Governments	70.28	68.98	15.74	22	30.25	43
81.	4059- Capital Outlay on Public Works	31.40	32.86	10.51	33	12.05	38
82.	4216- Capital Outlay on Housing	4.00	3.03	1.04	26	1.85	46
<b>51- Cabinet</b>							
83.	2013- Council of Ministers	189.68	181.59	21.02	11	98.96	52
84.	4055- Capital Outlay on Police	20.44	16.97	6.92	34	9.56	47
<b>52- Police</b>							
85.	3601- Grants-in-aid to State Governments	1078.99	1069.97	478.10	44	563.30	52
86.	3602- Grants-in-aid to U.T Governments	1320.00	1027.00	1027.00	78	1027.00	78
87.	4055- Capital outlay on Police	2885.48	2822.23	1082.54	37	1458.20	51
<b>53- Other Expenditure of the Ministry of Home Affairs</b>							
88.	2070- Other Administrative Services	16.46	16.77	6.09	37	10.95	67
89.	2245- Relief on account of natural calamities	51.74	42.57	18.92	37	25.94	50
90.	3053- Civil Aviation	23.45	23.45	15.12	64	15.92	68
91.	3601- Grants in-aid to State Governments	499.97	515.27	237.61	48	259.77	52
92.	4250- Capital outlay on Other Social Services	-	0.60	0.52	88	0.53	88
<b>54- Transfer to Union Territory Government</b>							
93.	3602- Grants-in-aid to Union Territory Governments	1579.61	1579.61	375.76	24	680.05	43
<b>55- Ministry of Housing and Urban Poverty Alleviation</b>							
94.	2215- Water Supply and Sanitation	70.99	70.97	30.98	44	35.97	51
95.	2216- Housing	19.35	18.24	7.60	39	11.18	58
96.	2217- Urban Development	14.00	13.99	3.49	25	6.08	43

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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
97.	6216- Loans for Housing	5.61	5.33	5.33	95	5.33	95
<b>56- Department of School Education &amp; Literacy</b>							
98.	2202- General Education	25372.33	25341.77	9137.80	36	13496.48	53
99.	2251- Secretariat - Social Services	4.33	4.06	1.82	42	2.80	65
<b>57 - Department of Higher Education</b>							
100.	3601-Grants-in-aid to State Governments	54.17	54.15	14.27	26	37.78	70
<b>58 - Ministry of Information and Broadcasting</b>							
101.	4220 - Capital Outlay on Information & Publicity	11.64	11.60	9.75	84	9.76	84
<b>59 - Ministry of Labour &amp; Employment</b>							
102.	3601 - Grants-in-aid to State Governments	304.29	301.64	62.72	21	241.91	79
103.	3602 - Grants-in-aid to Union Territory Governments	3.86	3.43	-	-	3.17	82
104.	6250 - Loans for Other Social Services	750.00	750.00	365.00	49	750.00	100
<b>61 - Law and Justice</b>							
105.	2014- Administration of Justice	89.18	87.86	27.93	31	36.91	41
106.	3601- Grants-in-aid to State Governments	112.55	104.24	55.57	49	84.98	76
<b>63 - Ministry of Mines</b>							
107.	2853- Non- Ferrous Mining and Metallurgical Industries	902.28	889.60	591.00	66	640.92	71
108.	4853- Capital Outlay on non-Ferrous Mining and Metallurgical Industries	53.43	40.19	22.78	43	27.19	51
<b>64- Ministry of Minority Affairs</b>							
109.	2225 - Welfare of SCs, STs & OBCs	76.16	76.01	14.85	19	71.35	94

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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
110.	2235 – Social Security and Welfare	2.90	2.90	1.12	39	2.90	100
111.	3601 – Grants-in-aid to State Governments	49.99	49.99	33.66	67	49.99	100
112.	3602 – Grants-in-aid to Union Territory Governments	0.65	0.65	0.65	100	0.65	100
<b>65-Ministry of New &amp; Renewable Energy</b>							
113.	2810-Non-Conventional Sources of Energy	402.50	400.75	166.51	41	223.69	59
114.	3601-Grants-in-aid to State Governments	16.00	14.92	7.83	49	8.07	50
<b>66- Ministry of Overseas Indian Affairs</b>							
115.	2052- Secretariat-General Services	12.83	12.42	2.54	20	4.96	39
116.	2061- External Affairs	23.76	22.64	8.96	38	10.77	45
<b>67- Ministry of Panchayati Raj</b>							
117.	3451- Secretariat Economic Services	9.20	9.17	-	-	3.25	35
118.	2515- Other Rural Development Programme	82.29	81.82	76.89	93	78.68	96
<b>69-Ministry of Personnel, Public Grievances and Pensions</b>							
119.	2051- Public Service Commission	25.07	24.34	-	-	8.54	34
120.	2052- Secretariat General Services	48.57	45.51	11.55	24	18.88	39
121.	4055- Capital Outlay on Police	11.01	11.00	9.00	82	9.00	82
122.	4059- Capital Outlay on Public Works	3.65	3.30	1.60	44	2.84	78
<b>70- Ministry Petroleum &amp; Natural Gas</b>							
123.	2802- Petroleum	23376.88	23376.88	9878.60	42	21640.72	93
<b>71-Ministry of Planning</b>							
124.	3475- Other General Economic Services	29.11	29.35	6.17	21	12.40	43
125.	3601-Grants-in-aid to State Governments	6.37	6.37	6.37	100	6.37	100

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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
126.	5475-Capital Outlay on Other General Economic Services	4.00	3.37	1.99	50	2.71	68
<b>72- Ministry of Power</b>							
127.	2801- Power	4299.86	4298.63	2046.91	48	2245.48	52
<b>78- Department of Rural Development</b>							
128.	2216- Housing	3885.53	3885.46	811.31	21	1848.38	48
129.	2501- Special Programme for Rural Development	1677.06	1677.01	188.08	11	656.89	39
130.	2515- Other Rural Development Programme	387.35	384.832	51.67	13	173.64	45
<b>79- Department of Land Resources</b>							
131.	2515- Other Rural Development Programme	1211.81	1214.30	139.63	12	464.44	38
132.	2506- Land Reforms	1.49	1.16	1.13	76	1.14	77
133.	3601-Grants-in-aid to State Governments	185.22	185.10	90.33	49	167.69	91
134.	3602- Grants-in-aid to Union Territory Governments	1.00	1.00	0.31	31	1.00	100
<b>80-Department of Drinking Water Supply</b>							
135.	2215- Water Supply and Sanitation	3061.41	3061.05	802.27	26	1658.66	54
136.	3601-Grants-in-aid to State Governments	4398.60	4397.49	804.93	18	1613.38	37
<b>81 - Department of Science and Technology</b>							
137.	2553-MPs Local Area Development Scheme	1480.00	1470.55	253.05	17	536.05	36
138.	3601-Grants-in-aid to State Governments	1.00	1.00	1.00	100	1.00	100
139.	5475-Capital Outlay on other General Economic Services	18.09	16.65	16.41	91	16.48	91
<b>84-Department of Shipping</b>							
140.	2852- Industries	194.89	194.90	61.32	31	82.06	42
141.	3051- Ports and Light Houses	563.57	567.01	275.42	49	284.86	51
142.	3056- Inland Water Transport	104.36	104.34	26.61	25	60.27	58



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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
143.	3605- Technical and Economic Cooperation with other countries	2.10	1.15	1.15	55	1.15	55
144.	4858- Capital Outlay on Engineering Industries	18.80	16.78	7.78	42	7.78	42
145.	5051- Capital Outlay on Ports and Light Houses	212.08	217.27	47.14	22	120.44	57
146.	5052- Capital Outlay on Shipping	14.00	14.00	14.00	100	14.00	100
147.	6858- Loans for Engineering Industries	19.50	12.50	-	-	6.83	35
<b>85- Department of Road Transport &amp; Highways</b>							
148.	3055- Road Transport	49.00	47.38	28.08	57	39.06	80
149.	3601-Grants-in-aid to State Governments	2496.87	2251.77	416.36	17	815.14	33
150.	5054- Capital Outlay on Roads and Bridges	12120.02	12054.70	3512.45	29	4028.68	33
151.	7075- Loans for other Transport Services	444.00	444.00	220.40	50	220.40	50
<b>86- Ministry of Micro, Small &amp; Medium Enterprises</b>							
152.	2851- Village and Small Industries	486.70	482.21	141.54	29	171.85	36
<b>88- Department of Space</b>							
153.	3402-Space Research	1834.97	1827.44	440.35	24	721.76	39
154.	5402-Capital Outlay on Space Research	904.88	904.77	470.24	52	582.24	64
<b>90- Ministry of Steel</b>							
155.	2852- Industries	70.11	70.01	13.59	19	25.73	37
<b>91- Ministry of Textiles</b>							
156.	2851- Secretariat – Economic Services	679.69	669.42	-	-	322.02	47
157.	2852- Industries	3809.72	3800.11	863.57	23	2436.86	64
158.	6860- Loans to Consumer Industries	303.47	330.47	67.27	22	102.58	34

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(Rupees in crore)

Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
<b>92- Ministry of Tourism</b>							
159.	3451- Secretariat Economic Services	3.94	3.77	1.01	26	1.52	39
160.	3452- Tourism	381.76	380.33	116.60	31	221.17	58
<b>93 - Ministry of Tribal Affairs</b>							
161.	2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	126.82	126.25	-	-	63.79	50
<b>99- Department of Urban Development</b>							
162.	2215- Water Supply and Sanitation	52.50	32.50	14.58	28	17.25	33
163.	2216- Housing	398.53	390.98	72.82	18	132.85	33
164.	4216- Capital Outlay on Housing	263.36	266.28	82.03	31	128.97	49
165.	6217- Loans for Urban Development	1322.50	1322.50	600.00	45	642.00	49
<b>100- Public Works</b>							
166.	4059- Capital Outlay on Public Works	327.40	306.43	92.30	28	139.73	43
167.	4250- Capital Outlay on Other Social Services	15.52	13.75	5.01	32	6.86	44
<b>101- Stationery &amp; Printing</b>							
168.	2058- Stationery & Printing	164.38	148.32	129.28	79	141.49	86
169.	2202- General Education	6.01	5.61	3.93	65	5.21	87
<b>103- Ministry of Women &amp; Child Development</b>							
170.	2236- Nutrition	14.75	14.85	4.26	29	5.76	39
171.	2235- Social Security and Welfare	275.82	282.09	69.99	25	91.58	33
172.	3602- Grants-in-aid to Union Territory Governments	27.52	26.42	4.85	18	91.58	333
<b>104- Ministry of Youth Affairs and Sports</b>							
173.	2204- Sports and Youth Services	664.76	658.29	173.15	26	218.18	33
174.	2251- Secretariat Social Services	9.91	9.49	2.30	23	3.61	36
175.	4202- Capital outlay on Education Sports Art & Culture	1.79	1.42	0.67	37	0.67	37

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Sl. No.	Description of the Grant and Major Head	Total Provision	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure incurred during last quarter	Percentage of expenditure during the last quarter of financial year
176.	6202- Loans for Education, Sports, Art & Culture	95.21	95.21	50.21	53	50.21	53
<b>Defence Services</b>							
177.	2076 – Defence Services – Army	35426.48	35490.87	7413.83	21	10247.21	29
178.	2077 – Defence Services – Navy	7174.05	7116.88	1165.12	16	2145.62	30
179.	2078 – Defence Services-Air Force	10728.97	10558.91	2268.81	21	3756.00	35
180.	2080-Defence Services-Research and Development Organisation	3226.06	3191.16	591.80	18	1149.42	36
181.	4076-Capital Outlay on Defence Services	41925.85	37461.67	10100.41	24	19003.84	45

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**APPENDIX-VIII-A  
(Refers to paragraph 8.3)  
Statement showing cases of expenditure without adequate re-appropriation of fund  
(Rupees one crore and more)**

<i>(Rupees in crore)</i>					
Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expenditure	
<b>Civil</b>					
<b>8- Department of Fertilizer</b>					
1.	6855.00.190.14- Brahamputra Valley Fertilizers Corporation Ltd.	O 25.16 R (-)1.22	28.43	4.49	
<b>18- Department of Food &amp; Public Distribution</b>					
2.	6860.04.190.03- Rehabilitation/ Modernisation of Sugar Mills	O 125.00 R -8.65	125.00	8.65	
3.	6860.04.190.06- Sugar Factories for begasse based cogeneration Power Project	O 150.00 R -8.81	150.00	8.81	
<b>29- Ministry of Earth Sciences</b>					
4.	5455.00.101.01- Equipment	O 4.28	7.94	3.66	
<b>30- Ministry of Environment and Forests</b>					
5.	2406.02.111.01- National Zoological Park, New Delhi	O 6.07 R -1.93	6.10	1.96	
<b>31- Ministry of External Affairs</b>					
6.	2061.00.800.07- Special Delegations	O 5.80 S 16.72	21.30	1.22	
7.	3605.00.101.17- ITEC Programme	O 60.00 R -10.00	58.96	8.96	
<b>34-App.- Interest Payments</b>					
8.	2049.01.101-Interest on Market Loans	O 89500.00 S 6322.17	96215.40	393.23	
9.	2049.01.108-182 Days Treasury Bills	O 503.00 R 427.00	935.61	5.61	
10.	2049.01.116-14 Days Treasury Bills	O 2100.00 R -260.00	2001.16	161.16	
11.	2049.01.125-Special Govt. of India Securities issued to NSSF against Reinvestment of sum received on redemption of Special Central/State Government Securities	O 6574.54 R -122.18	6534.71	82.35	
12.	2049.01.200.03- Compensation and other Bonds	O 3868.57 S 802.69 R 907.30	5714.06	135.50	
<b>37- App.-Repayment of Debt</b>					
13.	6001.00.106.24- 8% Relief Bond, 2002	O 7691.20 R -310.08	8136.92	755.80	

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(Rupees in crore)					
Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expenditure	
42 – Direct Taxes					
14.	2020.00.102.01- Charges Transferred from Income Tax	O 183.60	206.72	23.12	
15.	2031.00.102.01- Charges Transferred from Income Tax	O 121.72	137.05	15.33	
46- Department of Health & Family Welfare					
16.	2211.00.109.10- Pulse Polio Immunisation programme	O 1257.68 R - 378.94	934.97	56.23	
17.	2211.00.800.15- Mission Flexible Pool	O 2682.72 R 467.65	3151.64	1.27	
18.	4210.03.105.08- Dr. RML PG Institute of Medical Education & Research, New Delhi	O 1.30 S 20.00	26.30	5.00	
19.	4210.04.101.09- Bulk Purchase of Material and Equipment for National Tuberculosis Control Programme	O 22.00	23.97	1.97	
50-Ministry of Home Affairs					
20.	2070.00.800.03- Intelligence Bureau	O 385.76 S 0.11 R 0.42	406.54	20.25	
21.	4059.80.051.24- Intelligence Bureau	O 22.06 S 0.01 R 2.70	27.22	2.45	
52- Police					
22.	2055.00.105.01- Directorate General of Border Security Force	O 3447.53 S 11.00 R (-)7.61	3475.06	24.14	
23.	2055.00.113.05- Welfare Grant to Central Police Organisations	O 45.00 R 1.90	44.15	1.05	
24.	2055.00.119.01- Direction and Administration	O 1383.62 S 14.03 R (-)13.42	1397.18	12.95	
53- Other Expenditure of the Ministry of Home Affairs					
25.	2235.60.107.03-Central Government Pension	O 440.00 S 14.72	594.05	139.33	
26.	3601.01.146.02-Additional Relief and rehabilitation to the victims of communal riots of 2002 in Gujarat	S 106.57 R - 51.43	70.55	15.41	
59 – Ministry of Labour & Employment					
27.	4250.00.201.09 – Research & Statistics Labour Bureau	O 0.17 S 0.01 R (-)0.01	373.58	356.44	
79- Department of Land Resources					
28.	2501.05.101.07- Integrated Watershed Management Programme	O 1088.45 S 0.01 R 92.76	1185.23	4.00	
83- Department of Biotechnology					
29.	3425.60.200.29- Research & Development	O 216.00 S 4.20 R 19.08	240.95	1.67	



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					(Rupees in crore)	
Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expenditure		
<b>84- Department of Shipping</b>						
30.	3051.01.108.02- River Dredging and Maintenance of river Hooghly by Calcutta Port Trust	O 40.00 R (-) 5.74	40.00		5.74	
31.	5051.02.200.01-Construction of landing facilities and jetties	O 61.36 R (-) 38.62	30.46		7.72	
<b>Defence Services</b>						
<b>22- Defence Services-Army</b>						
32.	2076.101- Pay and Allowances of Army	O 14136.52 S 232.22 R 154.30	14855.74		332.70	
33.	2076.103- Pay and Allowances Misc. expenses of Auxiliary Forces	O 265.56 R 11.43	291.40		14.41	
34.	2076.104- Pay and allowances of Civilians	O 1539.43 R 32.23	1604.54		32.88	
35.	2076.106- Military Farms	O 181.30 R 15.00	199.78		3.48	
36.	2076.111- Works	O 3340.16 R 279.80	3648.24		28.28	
37.	2076.112- Rashtriya Rifles	O 1449.99 R 114.90	1603.25		38.36	
38.	2076.113- NCC	O 410.98 R 21.80	495.62		62.84	
<b>23- Defence Services-Navy</b>						
39.	2077.101- Pay and Allowances of Navy	O 994.93 S 50.00 R 1.00	1074.93		29.00	
40.	2077.800- Other Expenditure	O 204.67 S 0.01 R -3.53	221.29		20.14	
<b>24- Defence Services-Air Force</b>						
41.	2078.101- Pay and Allowances of Air Force	O 2321.05 S 136.00 R 1.62	2467.07		8.40	
<b>25- Defence Ordnance Factories</b>						
42.	2079.106- Renewal and Replacement	O 300.00 R -67.50	237.50		5.00	
43.	901 to 904- Deduct Recoveries for Army, Navy & Air Force etc.	O -6445.06 S 193.93 R 392.36	(-)5850.65		8.12	
<b>26- Defence Services – Research and Development</b>						
44.	2080.111- Works	O 307.08 S 4.89 R 10.00	325.77		3.80	
<b>27 – Capital Outlay on Defence Services</b>						
45.	4076.01.101- Aircraft and Aero-engine	O 1040.49 R 513.78	1560.62		6.35	
46.	4076.01.103- Other Equipments	O 6616.47 R - 555.87	6136.31		75.71	
47.	4076.01.202- Construction Works	O 2932.77 R - 178.56	2758.16		3.95	

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(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expenditure
48.	4076.02.101- Aircraft and Aero- engine	O 1965.57 R - 1592.96	410.00	37.39
49.	4076.02.204- Naval Fleet	O 5639.27 R 426.09	6162.16	96.80
50.	4076.03.102- Heavy and Medium Vehicles	O 7.52 R 5.61	19.91	6.78
51.	4076.05.111- Works	O 403.89 R 124.86	534.27	5.52
<b>Department of Posts</b>				
52.	3201.01.101.01- Existing Post Offices	O 2520.95	2561.88	40.94
53.	3201.04.101.01-Cost of Pay & Allowances of Audit Staff	O 34.95	37.69	2.74
54.	05-Deduct-Amount Transferred to PAO, AG(Audit) Delhi	-	28.03	28.03
55.	3201.07.101.01-Superannuation and Retirement Allowances	O 736.04	764.73	28.69
56.	07.104-Gratuities	O 239.99 R - 24.34	221.96	6.31
57.	07-107-Family Pension	O 304.65	332.90	28.25
58.	07.108-Leave Encashment Benefits	O 75.25	93.36	18.11
59.	07.110-Government Contribution for defined Contribution Pension Scheme	O 6.98	12.82	5.84
			<b>Total</b>	<b>3244.29</b>

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**APPENDIX-VIII-B**  
(Refers to paragraph 8.4)  
Details of unspent provision exceeding Rs. 100 crore under a  
grant/appropriation

Sl. No	Grant No. and Controlling Ministry /Department	(Rupees in crore) Amount of Unspent provision
<b>Civil</b>		
<b>Revenue – Voted</b>		
1.	2 – Department of Agricultural Research and Education	155.65
2.	4 – Ministry of Micro, Small and Medium Enterprises	115.50
3.	6 – Nuclear Power Schemes	709.46
4.	11 – Department of Commerce	124.73
5.	14 – Department of Telecommunications	1033.79
6.	15 – Department of Information Technology	238.62
7.	18 – Department of Food and Public Distribution	495.87
8.	19 – Ministry of Culture	147.09
9.	20 – Ministry of Defence	252.08
10.	31 – Ministry of External Affairs	164.43
11.	33 – Payments to Financial Institutions	1224.47
12.	35 – Transfers to State and UT Governments	1481.30
13.	38 – Department of Expenditure	106.97
14.	43 – Indirect Taxes	113.42
15.	46 – Department of Health & Family Welfare	1467.46
16.	47 – Department of AYUSH	100.40
17.	48 – Department of Heavy Industry	477.77
18.	52 – Police	285.07
19.	53 – Other Expenditure of the Ministry of Home Affairs	218.05
20.	56 – Department of School Education & Literacy	2668.29
21.	57 – Department of Higher Education	2952.13
22.	61 – Law & Justice	309.78
23.	64 – Ministry of Minority Affairs	304.46
24.	65 – Ministry of New & Renewable Energy	139.67
25.	67 – Ministry of Panchayati Raj	1082.04
26.	72 – Ministry of Power	576.21
27.	80 – Department of Drinking Water Supply	101.68
28.	81 – Department of Science & Technology	271.06
29.	84 – Department of Shipping	210.92
30.	85 – Department of Road Transport & Highways	335.62
31.	86 – Ministry of Micro, Small and Medium Enterprises	103.14
32.	88 – Department of Space	374.81
33.	89 – Ministry of Statistics & Programme Implementation	138.76
34.	91 – Ministry of Textiles	147.35
35.	99 – Department of Urban Development	118.11
36.	102 – Ministry of Water Resources	102.75
37.	103 – Ministry of Women & Child Development	257.45
38.	104 – Ministry of Youth Affairs & Sports	108.29
<b>Revenue – Charged</b>		
39.	34 – Interest Payments	815.53
40.	35 – Transfer to State & UT Governments	3748.34
41.	93 – Ministry of Tribal Affairs	150.53
<b>Capital – Voted</b>		
42.	5 – Atomic Energy	458.65

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43.	6 – Nuclear Power Schemes	1241.01
44.	20 – Ministry of Defence	493.83
45.	29 – Ministry of Earth Sciences	235.35
46.	31 – Ministry of External Affairs	113.07
47.	33 – Payments to Financial Institutions	3710.03
48.	46 – Department of Health & Family Welfare	515.18
49.	48 – Department of Heavy Industry	178.56
50.	52 – Police	1788.67
51.	72 – Ministry of Power	775.28
52.	84 – Department of Shipping	189.74
53.	85 – Department of Road Transport & Highways	175.79
54.	88 – Department of Space	205.85
<b>Capital – Charged</b>		
55.	35 – Transfers to State and UT Governments	1000.15
56.	37 – Repayment of Debt	70,108.62
<b>DEFENCE SERVICES</b>		
<b>Revenue - Voted</b>		
57.	24 – Defence Services – Air Force	169.10
58.	25 – Defence Ordnance Factories	111.31
<b>Capital - Voted</b>		
59.	27 – Capital Outlay on Defence Services	4417.70
<b>DEPARTMENT OF POSTS</b>		
<b>Capital - Voted</b>		
60.	13 – Department of Posts	141.79
<b>Grand Total</b>		<b>109958.73</b>

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**APPENDIX-VIII-C  
(Refers to paragraph 8.5)  
Details of persistent unspent provision of Rs.100 crore or more  
under grant/ appropriations**

*(Rupees in crore)*

Grant No.	Year	Savings during the year
<b>Revenue (Voted)</b>		
6 – Nuclear Power Schemes	2005-06	104.73
	2006-07	205.83
	2007-08	709.46
18- Department of Food and Public Distribution	2005-06	3299.01
	2006-07	205.13
	2007-08	495.87
33 – Payments to Financial Institutions	2005-06	1523.18
	2006-07	1687.99
	2007-08	1224.47
35 – Transfers to State and Union Territory Governments	2005-06	1106.34
	2006-07	722.37
	2007-08	1481.30
46 – Department of Health & Family Welfare	2005-06*	1406.50
	2006-07	2274.91
	2007-08	1467.46
48- Department of Heavy Industry	2005-06	1183.7
	2006-07	138.52
	2007-08	477.77
52 – Police	2005-06	117.82
	2006-07	600.93
	2007-08	285.07
56 – Department of School Education & Literacy	2005-06	505.92
	2006-07	373.19
	2007-08	2668.29
61 – Law & Justice	2005-06	217.74
	2006-07	199.72
	2007-08	309.78
65 – Ministry of New and Renewable Energy	2005-06	276.18
	2006-07	207.85
	2007-08	139.67
81 – Department of Science and Technology	2005-06	205.09
	2006-07	490.04
	2007-08	271.06
85-Department of Road Transport and Highways	2005-06	448.17
	2006-07	515.54
	2007-08	335.62
88 – Department of Space	2005-06	435.95
	2006-07	505.09
	2007-08	374.81
89 – Ministry of Statistics and Programme Implementation	2005-06	154.41
	2006-07	145.50
	2007-08	138.76
91- Ministry of Textiles	2005-06	118.28
	2006-07	763.18
	2007-08	147.35



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Grant No.	Year	Savings during the year
99- Department of Urban Development	2005-06	718.29
	2006-07	197.19
	2007-08	118.11
102- Ministry of Water Resources	2005-06	112.53
	2006-07	195.08
	2007-08	102.75
<b>Revenue (Charged)</b>		
35 – Transfer to State and Union Territory Governments	2005-06	740.51
	2006-07	1161.69
	2007-08	3748.34
<b>Capital (Voted)</b>		
5 – Department of Atomic Energy	2005-06	298.17
	2006-07	164.03
	2007-08	458.65
6 – Nuclear Power Schemes	2005-06	1013.46
	2006-07	713.49
	2007-08	1240.53
52 – Police	2005-06	152.81
	2006-07	192.72
	2007-08	1788.67
72-Ministry of Power	2005-06	1417.13
	2006-07	737.70
	2007-08	775.28
<b>Capital (Charged)</b>		
35 – Transfer to State and Union Territory Governments	2005-06	350.53
	2006-07	1000.00
	2007-08	1000.15
27 – Capital Outlay on Defence Services	2005-06	2033.97
	2006-07	3653.05
	2007-08	4417.70

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**APPENDIX-VIII-D**  
(Refers to paragraph 8.7)

**Instances of cases where the amounts surrendered were more than the unspent provision**  
(Rupees in crore)

Sl. No	Grant/Appropriation	Total unspent provision	Amount surrendered
<b>Civil</b>			
<b>Revenue – Voted</b>			
1.	50 – Ministry of Home Affairs	30.62	42.16
2.	53 – Other Expenditure of Ministry of Home Affairs	218.05	361.05
3.	79 – Department of Land Resources	98.16	100.15
4.	103 – Ministry of Women & Child Development	257.45	269.62
<b>Capital – Voted</b>			
5.	7 – Department of Chemicals and Petrochemicals	3.23	3.23
6.	18- Department of Food and Public Distribution	60.38	73.60
7.	53 – Other Expenditure of Ministry of Home Affairs	18.85	19.45
8.	59 – Ministry of Labour & Employment	@	0.66

@ Excess expenditure of Rs. 1.80 crore.

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**APPENDIX VIII-E  
(Refers to paragraph 8.10)**

**Significant cases of major appropriation which were injudicious on account of non utilisation  
(Cases of re-appropriation of amount more than rupees one crore only mentioned)**

<i>(Rupees in crore)</i>					
Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final unspent provisions under sub-head after re-appropriation
<b>Civil</b>					
1.	36- Loans to Government Servants	7610- Loans to Government Servants, etc.	7610.00.202.02- Advances for purchase of Other Motor Conveyances	10.65	12.42
2.	38- Department of Expenditure	2052- Secretariate – General Services	2052.00.090.10- Department of Expenditure	1.53	2.73
3.	43- Indirect Taxes	2037- Customs	2037.00.101.01-Sea Customs-Major Ports	1.53	11.53
4.	-do-	-do-	2037.00.102.01- Sea Customs- Major Ports	0.21	0.45
5.	-do-	2038- Union Excise Duties	2038.00.001.03- National Academy of Customs, Excise and Narcotics	2.15	5.17
6.	46- Department of Health & Family Welfare	2210 - Medical and Public Health	2210.05.105.33- Regional Post Graduate Centre. Jawaharlal Nehru Institute of Post Graduate Medical Education & Research Pondicherry	5.46	6.35
7.	-do-	-do-	2210.06.101.08- National Vector Borne Disease Control Programme	5.53	48.40
8.	50-Ministry of Home Affairs	3601- Grants-in-aid to State Governments	3601.01.141.02- Registration and Surveillance of Foreigners	0.46	1.46
9.	-do-	4070- Capital Outlay on other Administrative Services	4070.00.800.13- Bureau of Immigration	3.50	4.61

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<i>(Rupees in crore)</i>					
Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final unspent provisions under sub-head after re-appropriation
10.	61 – Law & Justice	2014- Administration of Justice	2014.00.104.01- Grants for Infrastructural facilities for Judiciary	100.00	201.00
11.	85 – Department of Road Transport & Highways	3601- Grants-in-aid to State Governments	3601.03.821.02- Road Works under BRDB	2.79	3.33
12.	-do-	5054- Capital Outlay on Roads and Bridges	5054.01.052.02- Machinery and Equipment	2.90	6.19
13.	86- Ministry of Micro, Small and Medium Enterprises	3601- Grants-in-aid to State Governments	3601.03.727.01- Collection of Statistics of Small Scale Industries	13.29	13.30
14.	99- Department of Urban Development	2216- Housing	2216.05.053.04- Directorate of Estates	1.43	3.01
<b>Defence Services</b>					
15.	24 - Defence Services-Air Force	2078- Defence Services-Air Force	2078.800- Other Expenditure	1.42	15.59
16.	26- Defence Services- Research and Development	2080- Research and Development	2080.800- Other Expenditure	3.21	11.74
17.	27 – Capital Outlay on Defence Services	4076- Capital Outlay on Defence Services	4076.01.113- NCC	7.00	15.49
18.	-do-	-do-	4076.02.102- Heavy and Medium Vehicles	1.05	2.45
19.	-do-	-do-	4076.02.202- Construction Works (Charged)	2.00	4.97
20.	-do-	-do-	4076.03.050- Land	22.15	23.11
<b>Department of Posts</b>					
21.	13 – Postal Services	3201 – Postal Services	3201.08.102- Stationery & Forms Printing Storage and Distribution	2.73	8.91
22.	-do-	2552- Allocation of NE Region	-	22.44	30.98
<b>Total</b>				<b>430.76</b>	

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**APPENDIX VIII-F  
(Refers to paragraph 8.11)**

**Significant cases of major appropriation which were injudicious on account of non utilisation  
(Cases of re-appropriation of amount more than rupees one crore only mentioned)**

<i>(Rupees in crore)</i>					
Sl no.	Number and name of grant	Major Head	Sub. Head	Amount of re-appropriation from the sub. Head	Amount of excess under the sub-head after re-appropriation
<b>Civil</b>					
1.	8 – Department of Fertilizers	6855- Loans for Fertilizer Industries	6855.00.190.14- Brahamputra Valley Fertilizers Corporation Ltd.	1.22	4.49
2.	12 - Department of Industrial Policy and Promotion	3475- Other General Economic Services	3475.00.102.01- Controller General of Patents, Designs and Trade Marks	3.20	3.35
3.	18 - Department of Food and Public Distribution	6860- Loans for Consumer Industries	6860.04.190.03- Rehabilitation/Modernization of Sugar Mills	8.65	8.65
4.	-do-	-do-	6860.04.190.06- Sugar Factories for Bagasse based Cogeneration power project	8.81	8.81
5.	37 – Repayment of Debt	6001- Internal Debt of the Central Government	6001.00.106.24- 8% Relief Bonds, 2002	310.08	755.80
6.	84 – Ministry of Shipping	3051- Ports and Light Houses	3051.01.108.02- River dredging and Maintenance of river Hoogly by Calcutta Port Trust	5.74	5.74
<b>Defence Services</b>					
7.	23 - Defence Services- Navy	2077- Defence Services- Navy	2077.800- Other Expenditure	3.53	20.14
<b>Department of Posts</b>					
8.	13 – Department of Posts	3201- Postal Services	3201.07.110- Contribution for Defined Contribution Pension Scheme	3.02	5.84



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**APPENDIX-VIII-G  
(Refers to paragraph 8.14)  
Position of Original and Supplementary Grants/Appropriations**

*(Rupees in crore)*

Year	Provision	Revenue		Capital					Total
		Voted	Charged	Voted		Charged			
				Capital	Loans & Advances	Public Debt	Capital	Loans & Advances	
2001-02	Original	158814	131178	20389	5215	285150	35	21339	622120
	Supplementary	20256	13	3842	9620	40628	1	3334	77694
	Percentage	13	-	19	184	14	3	16	13
2002-03	Original	183815	140769	18672	4914	321155	23	26842	696190
	Supplementary	18187	12	684	4376	56787	1	1564	81611
	Percentage	10	-	4	89	18	4	6	12
2003-04	Original	208340	143833	19634	7086	367079	36	25763	771771
	Supplementary	15888	4744	1862	1517	21702	4	1115	46832
	Percentage	8	3	9	21	6	11	4	6
2004-05	Original	215854	151300	23148	14669	342119	32	28899	776021
	Supplementary	22539	78	599	1744	180366	1	1041	206368
	Percentage	10	-	3	12	53	3	4	27
2005-06	Original	260249	164936	25972	6302	601477	53	1179	1060168
	Supplementary	34784	612	1101	1643	420204	4	4674	463022
	Percentage	13	-	4	26	70	8	396	44
2006-07	Original	310212	176989	33434	5517	1098308	80	5174	1629714
	Supplementary	90637	5146	8800	577	349582	6	702	455450
	Percentage	29	3	26	10	32	8	14	28
2007-08	Original	360510	195865	75302	4831	1611646	4322	238	2252714
	Supplementary	89998	16937	17730	2744	62573	35	3134	193151
	Percentage	20	8	19	36	4	1	93	8

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**Appendix VIII-H  
(Refers to paragraph 8.16)**

**Statement showing cases of unrealistic budgetary assumptions**

(Savings of Rupees two crore and above) *(Rupees in crore)*

Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
<b>1 - Department of Agriculture &amp; Cooperation</b>					
1.	2401.00.108.24- Enhancing sustainability of Dry land/Rainfed Farming System	200.00	-	200.00	100
2.	2401.00.800.22- Supplementation/Complementation of States efforts through Work Plan (Macro Management)	15.00	5.73	9.27	62
3.	2401.00.800.23- Establishment of Agricultural Clinic Agriculture Business Centres	20.00	5.00	15.00	75
4.	2401.00.800.24- Strengthening/Promoting Agricultural Information System	29.28	13.62	15.66	53
5.	2401.00.800.35- Additional Central Assistance Scheme to State Plan for Agriculture	4.00	-	4.00	100
6.	2402.00.800.03- Supplementation/ Complementation of States efforts through Work Plan (Macro-Management)	5.00	-	5.00	100
7.	3601.03.436.10- Jute Technology Mission-Mini Mission-II	6.50	3.13	3.37	52
8.	3601.03.436.11- Rainfed Area Development Programme	55.00	-	55.00	100
9.	3602.03.436.03- Rainfed Area Development Programme	5.00	-	5.00	100
10.	4435.01.800.03- Marketing, Development of Market Infrastructure, grading and Market Standardization	2.85	-	2.85	100
11.	6401.00.190.04- State Farm Corporation of India	12.00	-	12.00	100
12.	6402.00.800.01-Loan to Damodar Valley Corporation	5.00	-	5.00	100
13.	6552.00.104.01- Supplementation/ Complementation of States efforts through Work Plan (Macro Management)	40.00	-	40.00	100
<b>2 - Department of Agriculture Research &amp; Education</b>					
14.	2415.01.150.05- Payment of Net Proceeds of Cess under Agricultural Produce Cess Act, 1940	40.00	13.79	26.21	66
15.	2415.01.150.10- Externally Aided Project/Schemes	270.00	85.70	184.30	68

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
<b>3 - Department of Animal Husbandry, Dairying &amp; Fisheries</b>					
16.	2403.00.101.21- National Veterinary Biological Products Quality Control Centers	10.64	1.12	9.52	89
17.	2403.00.101.25- Preparedness Control and Containment of Avian Influenza	78.00	35.24	42.76	54
18.	2403.00.102.14- Assistance for Live Stock Insurance	30.00	16.17	13.83	46
19.	2405.00.800.12- National Fisheries Development Board	90.50	50.00	40.50	45
20.	3601.04.586.01-Assistance to States for Integrated Piggery Development	4.28	-	4.28	100
21.	3601.04.586.02- Integrated Development of Small Ruminants	9.02	-	9.02	100
22.	3601.04.588.02- Rural Backyard-Poultry Development	14.70	-	14.70	100
23.	4405.00.103.04- Fishery Survey of India	8.00	0.47	7.53	94
<b>4 - M/o Micro, Small &amp; Medium Enterprises</b>					
24.	2851.00.106.06- Rejuvenation, Modernisation & Technology Upgradation	22.50	9.00	13.50	60
25.	2851.00.200.05- Restructuring of REGP	45.00	-	45.00	100
26.	2851.00.200.06- Workshed cum Housing Scheme for Khadi Weavers	4.50	-	4.50	100
27.	2851.00.200.07- Scheme for Enhancing Productivity and Competitiveness of Khadi Industries and Artisans	4.50	-	4.50	100
28.	2851.00.200.08- Package for Developing Infrastructure for Khadi Institutions including Nursing Fund for Weak Institutions	4.50	-	4.50	100
<b>5- Atomic Energy</b>					
29.	2852.09.202.04- Fast Reactor Facility	70.00	27.84	42.16	60
30.	2852.09.210.01- TDP-HWB (O&M)	2.00	-	2.00	100
31.	4861.01.204.03- Heavy Water Plant, Tuticorin	75.20	18.59	56.61	75
32.	4861.01.208.36- Minor Modification in Operating HWP	8.60	4.44	4.16	48
33.	4861.01.208.47-Setting up of DEHPA Plants	7.69	4.15	3.54	46
34.	4861.01.208.61- Revamping and Modernisation of HWP, Manuguru	10.25	3.35	6.90	67
35.	4861.01.208.62- Revamping and Modernisation of HWP, THAL	3.20	0.55	2.65	83
36.	4861.01.208.63- Revamping and Modernisation of HWP, Hazira	2.50	0.40	2.10	84

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
37.	4861.01.208.64- Augmentation of Infrastructure at HWP, Manuguru and Dispensary at Baroda	10.40	0.09	10.31	99
38.	4861.01.208.66- Augmentation of CPP, HWP, Manuguru	20.00	-	20.00	100
39.	4861.01.208.68- Installation of O18 water production plant	6.00	-	6.00	100
40.	4861.01.208.69- Pre-project Activities for production of raw material	3.00	-	3.00	100
41.	4861.01.208.70- Nuclear grade Sodium Text Facility for Technology development	13.00	-	13.00	100
42.	4861.01.208.71- Technology and Innovation Facility	2.80	-	2.80	100
43.	4861. 60.103.10- DAE-IREL Projects	87.90	-	66.34	75
44.	4861.61.105.11- Thorium Storage Facility at Trombay	2.70	-	2.70	100
45.	4861.60.105.12- Support System for Waste Management Facility at Kalpakkam	4.00	-	4.00	100
46.	4861.60.105.13- Augmentation of Effluent Treatment Plants & Solid Waste Management Facilities at Trombay, Tarapur & Kalpakkam	2.00	-	2.00	100
47.	4861.60.105.14- Augmentation of HLW Management Facilities of Tarapur	2.00	-	2.00	100
48.	4861.60.105.15- Augmentation of Waste Immobilisation Plant, Trombay	4.00	-	4.00	100
49.	4861.60.201.38- Physical Protection System for NRG Facilities at Trombay, Tarapur and Kalpakkam	3.00	-	3.00	100
50.	4860.60.202.13- Zirconium Complex, Pazhayakayal	180.00	54.70	125.30	70
51.	4861.60.202.19- Dovetailing of 37 Element Bundle for TAPS	9.80	5.52	4.28	44
52.	4861.60.202.26- Capacity Expansion of Zircaloy Fuel Tube Plants at NFC, Hyderabad	10.00	4.09	5.91	59
53.	4861.60.203.34- FRFRP-Phase-II	22.76	13.05	9.71	43
54.	4861.60.203.42- Pre-Project Activities of FRFCF	63.93	20.18	43.75	68
55.	4861.60.203.48 – Comprehensive Security System for Kalpakkam Complex	2.50	0.37	2.13	85
56.	4861.60.203.52- Upgradation of Fuel Processing Facilities at Trombay & Tarapur	10.00	-	10.00	100

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
57.	4861.60.203.53- Uranyl Nitrate Conversion Facility (UNCF), Kalpakkam	11.00	-	11.00	100
58.	4861.60.203.54- Uranyl Nitrate Conversion Facility (UNCF), Tarapur	11.00	-	11.00	100
59.	4861.60.204.01- Board of Radiation and Isotope Technology	21.99	5.10	16.89	77
60.	5401.00.201.02- Front End Fuel Cycle Performance	3.50	0.05	3.45	99
61.	5401.00.201.03- Back end Fuel Cycle Programme	2.50	-	2.50	100
62.	5401.00.201.04- Electronics and Instrumentations	4.00	0.04	3.96	99
63.	5401.00.201.05- Safety and Environment Related Programme	2.50	0.01	2.49	100
64.	5401.00.201.06- Biology and Health Care Programme	4.50	0.02	4.48	100
65.	5401.00.201.17- High Temperature Material Development Programme	2.10	-	2.10	100
66.	5401.00.201.18- Equipment Manufacturing Technology Development Programme	3.00	0.08	2.92	97
67.	5401.00.201.25- Physical Sciences Programme	2.00	-	2.00	100
68.	5401.00.201.26- Infrastructure Development Programme	4.00	0.39	3.61	90
69.	5401.00.201.53- Technology Development for Fueling Systems and Control Systems for Refueling	6.00	0.93	5.07	85
70.	5401.00.201.57- Physics Studies and Technology Development	10.00	3.98	6.02	60
71.	5401.00.201.80- Mechanical Properties in different length scales, Electron Microscopy and Radiation Damage Studies	4.00	1.49	2.51	63
72.	5401.00.201.84- Additional BARC Campus	43.61	16.00	27.61	63
73.	5401.00.201.90- Development of Indus-2 Beam Lines for various Applications	9.10	4.16	4.94	54
74.	5401.00.202.46- Research and Development for Fast Breeder Reactor	8.57	5.05	3.52	41
75.	5401.00.202.47- Proving infrastructure for SNM storage and fuel assembly in FBTR Complex	6.50	0.60	5.90	91
76.	5401.00.206.30- Development, Upgradation and Utilization of Synchrotron Radiation, Radiation Sources INDUS-I and INDUS-II, Beam lines and Three Insertion Devices	13.59	7.41	6.18	45



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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
77.	5401.00.206.32- Housing and Infrastructure Development Phase-4	6.70	2.80	3.90	58
78.	5401.00.206.46- High Power Lasers for Engineering Applications	3.98	0.75	3.23	81
79.	5401.00.206.50- Infrastructure Development Phase-V	2.50	-	2.50	100
80.	5401.00.400.02- Variable Energy Cyclotron Centre	70.43	24.89	45.54	65
<b>6- Nuclear Power Schemes</b>					
81.	2801.03.101.08- PHWR Fuel for other Stations	1239.56	551.60	687.96	56
82.	4801.03.190.02- Bharatiya Nabhikiya Vidhyut Nigam Limited	926.00	390.00	536.00	58
83.	6801.00.206.01- Loans to Nuclear Power Corporation of India Limited	1021.97	373.29	648.68	63
<b>7 - Department of Chemicals &amp; Petrochemicals</b>					
84.	2852.04.800.01- Central Institute of Plastics Engineering and Technology	23.76	14.26	9.50	40
85.	2852.05.206.08- National Pharmaceutical Pricing Authority (NPPA)	17.41	6.55	10.86	62
86.	2852.05.206.10- Pharmaceutical Export Promotion Scheme	17.55	1.20	16.35	93
<b>8 - Department of Fertilizers</b>					
87.	2852.03.004.06- Capital Subsidy for Conversion 4 existing FO/LSHS Plants to NG/LNG	5.00	-	5.00	100
<b>9 - Ministry of Civil Aviation</b>					
88.	5053.80.800.01- Civil Aviation Security	12.00	0.23	11.77	98
<b>10 - Ministry of Coal</b>					
89.	3451.00.009.04- Ministry of Coal	11.44	6.34	5.10	43
90.	2803.00.004.01- Other Schemes	25.54	12.86	9.68	43
91.	2803.00.800.01- Regional Exploration	63.59	34.99	28.60	45
92.	2803.00.800.02- Environmental Measures and Subsidence Control	31.12	17.99	13.13	42
93.	2803.00.800.04- Detailed Drilling	104.50	40.00	64.50	62
<b>11 - Department of Commerce</b>					
94.	2407.01.016.01- Tea Board	73.00	40.00	33.00	45
95.	2407.01.800.01- Tea Board	25.00	8.00	17.00	68
96.	3453.00.800.37- Assistance to Institutions	13.25	6.25	7.00	53
<b>12- Department of Industrial Policy &amp; Promotion</b>					
97.	2852.02.600.01- National Council for Cement and Building Materials	5.00	2.50	2.50	50
98.	2852.08.600.01- Salt	35.25	13.71	21.54	61

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
99.	2852.08.003.06- Central Pulp & Paper Research Institute	4.00	1.76	2.24	56
100.	2852.80.800.19- National Manufacturing Competitiveness Council	8.50	2.01	6.49	76
101.	2852.80.800.24- International Co-operation & Joint Venture Asia Enterprises in India and Investment Promotion Activities	9.00	2.65	6.35	71
102.	2885.02.101.02- Growth Centers	5.00	-	5.00	100
103.	3475.00.102.08- Modernization and Strengthening of Intellectual Property office	30.00	6.56	23.44	78
<b>16 – Ministry of Corporate Affairs</b>					
104.	3475.00.800.58- National Company Law Tribunal (NCLT)	4.14	0.61	3.52	85
105.	3475.00.800.79- Indian Institute of Corporate Affairs (IICA)	7.00	-	7.00	100
106.	5475.00.800.09- Purchase of land/building/construction of Office Premises/residential accommodation for staff	15.00	6.25	8.75	58
107.	5475.00.800.15- Major Works for IICA	40.00	-	40.00	100
<b>17 – Department of Consumer Affairs</b>					
108.	2852.80.101.04- Setting up of Gold Hallmarking/Assaying Centres in India	3.60	1.00	2.60	72
109.	2852.80.101.05- National System for Standardization	4.50	-	4.50	100
110.	2852.80.101.07- National System for Assessment and Compliance	2.70	-	2.70	100
111.	2852.80.101.09- HRD/Capacity Building	2.61	0.50	2.11	81
112.	3456.00.001.04- Projects under Consumer Welfare Fund	13.10	5.38	7.72	59
113.	3456.00.001.06- Consumer Education and Training, HRD/Capacity Building	10.80	-	10.80	100
114.	3475.00.107.02- Strengthening of Forward Markets Commission	19.50	2.46	17.04	87
115.	3601.01.361.01- Grants for Consumer Welfare Programme	7.00	3.15	3.85	55
116.	3601.03.361.02- Strengthening of Weight & Measures Infrastructure	10.80	0.09	10.71	99
117.	3601.03.361.03- Consumer Awareness Programme	7.50	1.72	5.78	77
118.	3601.03.361.04- Consumer Helpline	4.50	1.33	3.17	70
119.	3602.03.361.04- Strengthening of Weight & Measures Infrastructure	2.00	-	2.00	100

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
120.	5425.00.600.01- Construction of Laboratory Building for National Test House	18.00	1.65	16.35	91
121.	5475.00.102.12- National Consumer Dispute Redressal Commission	4.50	-	4.50	100
122.	7475.00.103.07- Loans to Consumer Co-operative in Urban Areas	5.00	0.48	4.52	90
<b>18 – Department of Food and Public Distribution</b>					
123.	2408.01.001.02- Other Offices	8.27	0.46	7.81	94
124.	2408.01.102.03- Subsidies payable for settlement of claims on account of Re-fixation of Ex-factory Price Levy Sugar for 1974-75	8.00	0.19	7.81	98
125.	2408.01.102.04- Sugar subsidy payable to FCI and others on account of levy sugar, import of Sugar etc.	262.00	67.00	195.00	74
126.	2408.01.800.01- Subsidy for maintenance of Buffer Stocks of Sugar	335.00	176.55	158.45	47
127.	2408.01.800.02- Grants-in-aid for Development of Sugar Industry	3.00	0.28	2.72	91
128.	2408.01.800.06- Reimbursement of Internal Transport and freight charges to sugar factories on export-shipments and payments of other permissible claims	150.00	80.32	69.68	46
129.	2408.01.800.08- Scheme for extending Financial Assistance to Sugar Undertakings, 2007	2.08	-	2.08	100
130.	3601.03.414.01- Scheme relating to Strengthening Public Distribution System	17.15	1.69	15.46	90
131.	6860.04.190.04- Sugar Mills for Cane Development	25.00	5.06	19.94	80
132.	6860.04.190.07- Sugar factories for production of anhydrous alcohol or ethanol from alcohol	30.00	8.36	21.64	72
<b>Grant No. 19- Ministry of Culture</b>					
133.	2205.00.102.06- National Gallery of Modern Art, New Delhi	6.25	3.95	2.30	37
134.	2205.00.106.05- Central Archaeological Museums	9.50	5.60	3.90	41
135.	2205.00.107.09- Indian Museum, Kolkatta	12.90	6.46	6.44	50
136.	4202.04.104.01- Buildings	5.00	0.65	4.35	87
137.	4202.04.106.01- Buildings	16.00	2.47	13.53	85
138.	4202.04.107.01- Buildings	21.00	9.66	11.34	54
139.	4202.04.108.01- Buildings	7.00	1.19	5.81	83

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
<b>Grant No. 28- Ministry of Development of North Eastern Region</b>					
140.	2552.00.210.05- Support to Shankar Dev Netralaya, Guwahati	2.00	-	2.00	100
141.	2552.00.210.06- Grants-in-aid to Lokpriya Gopinath Bordoloi Institute of Mental Health, Tejpur	4.00	-	4.00	100
142.	2552.00.800.03- Setting up of Project Planning and Monitoring cell in NEC Secretariat	3.00	0.56	2.44	81
<b>Grant No. 29- Ministry of Earth Science</b>					
143.	3455.00.800.03- Modernization of IMD	16.00	-	16.00	100
144.	5455.00.800.01- Earthquake Risk Evaluation Centre	8.45	-	8.45	100
<b>Grant No. 31- Ministry of External Affairs</b>					
145.	2061.00.798.02- Other International Organization	21.90	11.36	10.54	48
146.	3605.00.101.14- Aid to Myanmar	80.41	17.91	62.50	78
147.	3605.00.101.15- Aid to Other Developing Countries	550.68	9.29	541.39	98
<b>Grant No. 32- Department of Economic Affairs</b>					
148.	3475.00.800.73- Interest Equalization support to Exim Bank of India	228.00	134.99	93.01	41
149.	3605.00.101.30- Development Assistance	35.50	-	35.50	100
150.	5475.00.800.12- Assistance for Infrastructure Development	100.00	23.00	77.00	77
<b>Grant No. 33 – Payment to Financial Institutions</b>					
151.	2235.60.800.09- Payment to Public Sector General Insurance Company for Community based Universal Health Insurance Scheme	45.00	20.00	25.00	56
152.	2885.01.800.02- Grants to Industrial Finance Corp. Of India	1300.00	-	1300.00	100
153.	2885.01.800.03- Subsidy in lieu of Concession in the rate of interest on Loans	7.76	0.08	7.68	99
154.	2885.01.800.11- Redemption of Securities Issued to Stress Assets Stabilization Fund (SASF)	500.00	-	500.00	100
155.	5466.00.207.01- Subscription to International Monetary Fund (In Securities)	39.57	-	39.57	100
<b>Grant No. 34- Interest Payments</b>					
156.	2048.00.200.13- Payment of premium on buyback of Government Securities	2500.00	-	2500.00	100
157.	2049.03.109.02- Special Securities issued to Nationalized Banks	1070.17	517.66	552.51	52

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
158.	2049.03.111.02- Interest on Deposits Scheme for retirement employees of Public Sector Undertakings	5.00	1.55	3.45	69
159.	2049.05.101.04- Lighthouse and Lightships Depreciation Reserve Fund	8.00	4.74	3.26	41
160.	2049.60.106.12- Special Securities likely to be issued to Oil Marketing Companies	400.00	-	400.00	100
161.	2049.60.107.03- Special Securities likely to be issued to Food Corporation of India	505.30	-	505.30	100
<b>Grant No. 35-Transfers to State &amp; U.T. Governments</b>					
162.	3601.01.104.01- Grants for up-gradations of services and special problems	50.00	9.45	40.55	81
163.	3601.01.104.07- Grants-in-aid for Education Sector	2017.84	1086.57	931.28	46
164.	3601.01.104.08- Grants-in-aid for Health Sector	1163.69	672.47	491.22	42
165.	3601.02.101.27- National E-Governance Action Plan (NEGAP)	500.00	268.36	231.64	46
166.	7601.06.200- Other Ways and Means Advances	1000.00	-	1000.00	100
<b>Grant No. 36- Loans to Government Servants etc.</b>					
167.	7610.00.201.01- Ministries and Union Territory Administrations	175.00	89.52	85.48	49
168.	7610.00.203- Advances for purchase of Other Conveyances	4.75	2.57	2.18	46
169.	7610.00.800- Other Advances	2.75	0.58	2.17	79
<b>Grant No. 37- Repayment of Debt</b>					
170.	6001.00.106.23- 9% Relief Bonds, 1999	94.00	29.83	64.17	68
<b>Grant No. 38- Department of Expenditure</b>					
171.	2070.00.105.02- Other Commission	8.49	4.04	4.45	52
172.	3475.00.800.78- Funding for Plan Schemes and Projects of Ministries/ Departments	100.00	-	100.00	100
<b>Grant No. 41-Department of Revenue</b>					
173.	2045.00.200.03- Inland Air Travel Tax	9.90	-	9.90	100
174.	2875.01.108.02- Purchase of Opium	80.00	43.88	36.12	45
175.	2875.01.108.05- Other Expenditure	19.48	9.50	9.98	51
176.	3601.01.113.05- Grants to States for VAT related Expenditure	95.00	-	95.00	100
177.	3602.01.110.01- Compensation to UTs for Revenue losses due to phasing out of CST	100.00	-	100.00	100



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<i>(Rupees in crore)</i>					
Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
178.	3602.01.110.05- Compensation to UTs for Revenue loss due to Introduction of VAT	50.00	-	50.00	100
179.	3602.01.113.05- Grants to UTs for VAT related Expenditure	5.00	-	5.00	100
<b>Grant No. 42-Direct Tax</b>					
180.	4216.01.111.01- Acquisition of Ready built Flats	7.47	-	7.47	100
<b>Grant No. 43- Indirect Taxes</b>					
181.	2038.00.001.05- Directorate of Publicity and Public Relations (Customs and Central Excise)	26.41	8.37	18.04	68
182.	4047.00.037.01- Preventive and other Functions	100.00	27.42	72.58	73
183.	4216.01.108.01- Acquisition of Ready built Flats	15.00	2.62	12.38	83
<b>Grant No. 45- Ministry of Food Processing Industries</b>					
184.	2405.00.103.06- Deep Sea Fishing Operations	89.80	14.79	75.01	84
<b>Grant No. 46- Department of Health &amp; Family Welfare</b>					
185.	2210.01.800.26- Expenditure to be incurred on Institutions of higher learning as per Oversight Committee	400.00	-	400.00	100
186.	2210.05.105.26- Cancer Research	116.00	52.29	63.71	55
187.	2210.05.105.41- Establishment of AIIMS type super speciality Hospitals cum Teaching Institutions and Upgrading of State Government Hospitals	150.00	87.49	62.51	42
188.	2210.06.800.19- Tobacco Free Initiatives	32.00	13.98	18.02	56
189.	2210.06.800.26- Assistance for Capacity Building	68.73	38.50	30.23	44
190.	2210.06.800.28- Capacity Building Project for Food and Drugs – Externally Aided Component	52.27	8.41	43.86	84
191.	2211.00.003.03- Family welfare Training and Research Center, Mumbai	6.74	1.24	5.50	82
192.	2211.00.003.09- Training in Sterilisation/ Recanalisation	2.71	0.02	2.69	99
193.	2211.00.003.19- Male Participation	3.20	0.90	2.30	72
194.	2211.00.109.03- Training in RCH	6.00	2.51	3.49	58
195.	2211.00.109.06- Expenditure at Headquarter	10.00	2.98	7.02	70
196.	2211.00.109.07- Procurement of Drugs & Equipments (Other than Vaccines etc.)	200.00	21.67	178.33	89

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
197.	2211.00.109.11- Expenditure On Supply of Vaccines etc. in UTs without legislature	4.00	0.65	3.35	84
198.	2211.00.800.09- Measures under National Population Policy	11.00	3.17	7.83	71
199.	2211.00.800.12- National Commission on Population	7.00	1.37	5.63	80
200.	3601.04.246.01 – Supply of RCH Drugs & equipments	178.00	-	178.00	100
201.	3601.04.263.08 – National TB Control Programme (Externally Aided Component)	16.00	4.29	11.71	73
202.	3601.04.263.09 – National TB Control Programme (General Component)	4.00	0.90	3.10	78
203.	3601.04.263.69 – Integrated Disease Surveillance Programme	32.00	-	32.00	100
204.	3606.00.251.01- Material Assistance for National T.B. Control Programme	45.00	-	45.00	100
205.	4210.01.800.07- Expenditure to be incurred on Institutions of higher learning as per Oversight Committee	200.00	-	200.00	100
206.	4210.04.101.13- Bulk Purchase of Material and Equipment for Integrated Disease Surveillance Programme	12.00	-	12.00	100
207.	4211.00.800.05 – Family Welfare Training & Research Centre, Mumbai	2.00	-	2.00	100
<b>Grant No. 47- Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)</b>					
208.	2210.02.101.08- National Ayurvedic Hospital (AIIA) in Delhi	10.00	-	10.00	100
209.	2210.02.200.24- Assistance for International Co-operation activities for promotion of AYUSH including Workshops/Seminars/ Conference/ Exhibitions/ Trade fairs/ Road- shows, etc.	2.00	-	2.00	100
210.	2210.02.200.25- Development of common facilities for AYUSH industry clusters	27.00	-	27.00	100
211.	2210.02.200.26- Funding of NGOs for revitalization of local health traditions/ midwifery practices/ bone setters/veterinary care etc.	5.00	0.54	4.46	89
212.	2210.02.200.27- Additional component in AYUSH Hospitals & Dispensaries Scheme for public-private partnership for setting up of speciality clinics/ IPDs in existing AYUSH Hospitals.	5.00	-	5.00	100

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
213.	2210.05.103.01- Grants to National Institute of Unani Medicine, Bangalore	10.00	5.38	4.62	46
214.	2210.05.200.12- Assistance to accredited AYUSH Centers of Excellence in non - governmental/Private Sector engaged in AYUSH Education/ Drug Development & Research/ Clinical Research/Folk Medicine etc.	7.00	3.00	4.00	57
<b>Grant No. 48- Department of Heavy Industry</b>					
215.	2852.06.103.28- Interest subsidy on bank finance to Public Sector Enterprises for implementation of Voluntary Retirement Scheme	24.00	10.49	13.51	56
216.	2852.06.103.30- Guarantee fee subsidy as part of revival package for HMT Ltd.	4.69	2.14	2.55	54
217.	2852.06.103.42- Modernization of Capital Goods Sector	20.00	1.13	18.87	94
218.	2852.06.103.50- Write off of Loans as part of revival package for National Instruments Ltd.	90.55	-	90.55	100
219.	2852.06.103.51- Waiver of Interest as part of revival package for National Instruments Ltd.	138.08	-	138.08	100
220.	2852.06.103.52- Write off of Equity as part of revival package for National Instruments Ltd.	8.31	-	8.31	100
221.	2852.80.103.01- Expenditure in connection with Science & Technology Plan	25.01	5.22	19.79	79
222.	2852.80.103.12- National Automotive Testing and R& D Infrastructure Project	200.00	-	200.00	100
223.	4854.60.800.02- Investment for Addition, Modification & Replacement in PSUs	25.00	-	25.00	100
224.	4858.60.190.20- Lump sum provision for Restructuring of PSEs	98.31	-	98.31	100
225.	6860.05.190.02- Loans to Hindustan Paper Corporation Ltd.	2.50	-	2.50	100
<b>Grant No. 50-Ministry of Home Affairs</b>					
226.	3454.01.800.10- Improvements in Vital Statistics Systems	21.64	9.58	12.06	56
227.	3601.01.106.01- Deployment of Home Guards during the Parliament and State Assembly Elections	2.00	-	2.00	100

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
228.	4070.00.800.07- Ministry of Home Affairs	5.18	0.52	4.66	90
<b>Grant No. 51-Cabinet</b>					
229.	2013.00.108.02- State Ministers	26.00	14.98	11.02	42
230.	4055.00.206.01- Office Buildings	3.81	0.94	2.87	75
231.	4055.00.206.03- General	29.11	16.03	13.08	45
<b>Grant No. 52- Police</b>					
232.	2055.00.203.04- National Institute of criminology and Forensic Science	6.70	3.34	3.36	50
233.	2055.00.104.05- Research	150.00	54.40	95.60	64
234.	2055.00.115.09- Assistance to Delhi Police for Modernization	122.40	8.89	113.51	93
235.	2055.00.119.12- Induction of latest technology in Delhi Police	20.00	-	20.00	100
236.	4055.00.213.04- General	135.00	61.88	73.12	54
237.	4055.00.800.02- Central Forensic Science Laboratory	33.72	4.85	28.87	86
238.	4055.00.800.06- Management of other Border (excluding Indo Pak & Indo-Bangladesh Border)	130.11	60.20	69.910	54
239.	4055.00.800.07- Indo-China Border	50.00	1.73	48.27	97
240.	4055.00.800.08- Indo-Myanmar Border Works	2.00	-	2.00	100
241.	4055.00.800.12- Govt. Examiner of Questioned Documents	6.53	1.66	4.87	75
242.	4055.00.800.13-National Crime Record Bureau	6.43	0.14	6.29	98
243.	4055.00.800.15- Research	1850.00	436.00	1414.00	76
244.	4552.129.01- Residential Buildings	46.00	-	46.00	100
<b>Grant No. 53-Other Expenditure of the Ministry of Home Affairs</b>					
245.	2235.01.112.04- Displaced Persons from PAK Occupied Kashmir & Chhamb Naibat Area	2.00	-	2.00	100
246.	2245.80.102.03-National Programme for Capacity building for Earthquake, Risk Management	4.00	0.74	3.26	81
247.	2245.80.102.04- National Disaster Management Authority	89.62	26.62	62.99	70
248.	2245.80.102.13- National Institute of Disaster Management	10.73	3.65	7.08	66
249.	3601.01.112.01- Development of Administrative Infrastructure for Bodo Territorial Council Secretariat	10.00	-	10.00	100
250.	3601.01.343.03- Manipur	8.80	-	8.80	100
251.	3601.01.343.04- Assam	9.99	-	9.99	100
252.	3601.01.347.01- Rehabilitation Grants	5.10	-	5.10	100

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
253.	4250.00.101.03- National Disaster Management Authority	4.70	0.50	4.20	89
254.	4250.00.101.07- National Institute of Disaster Management	4.75	-	4.75	100
255.	4250.00.101.05- Building up specialized capability for rapid intervention in case of disasters.	10.00	0.10	9.90	99
<b>Grant No. 55- Housing &amp; Urban Poverty Alleviation</b>					
256.	2216.02.190.12- Scheme for housing the Urban poor	30.00	-	30.00	100
257.	2216.80.800.05- Assistance for National Strategy for Urban poor from United Nations Development Programme	5.00	1.93	3.07	61
258.	3475.00.108.01- Swaran Jayanti Shahari Rojgar Yojana	8.00	3.08	4.92	61
<b>Grant No. 56- Department of School Education &amp; Literacy</b>					
259.	2251.00.090.01- Department of School Education & Literacy	13.80	4.06	9.74	71
260.	2202.01.107.04- National Council for Teacher Education	9.00	-	9.00	100
261.	2202.01.112.01- Cost of Food Grains	1653.00	785.21	867.79	52
262.	2202.01.112.02- Cost of Movement of Food Grains	216.00	107.88	108.12	50
263.	2202.01.112.07- Payment towards fee for consultancy/ Expert & Evaluation/ Studies	12.00	0.59	11.41	95
264.	2202.02.110.12- Special Navodaya Vidyalaya	247.48	-	247.48	100
265.	2202.02.800.37- Information & Communication Technology in Schools- Grants to Voluntary Organisations	28.00	7.00	21.00	75
266.	2202.02.800.39- Access & Equity- Grants to Voluntary Organisations	8.75	0.48	8.27	95
267.	2202.02.800.47- Vocationalisation of Education	3.00	-	3.00	100
268.	2202.02.800.48- Scheme for Universal Access & Quality at the Secondary Stage (SUCCESS)	2.50	-	2.50	100
269.	2202.04.200.14- Adult Education & Skill Development Scheme	289.80	148.11	141.69	49
270.	2202.04.800.09- Expenditure on Seminars, Committees, Meeting etc. TA/DA/to Non Official Members	4.41	2.36	2.05	47
271.	3601.04.173.01- National Merit Scholarship Scheme (OSC)	106.00	-	106.00	100
272.	3601.04.180.01- Vocationalisation of Education	14.00	-	14.00	100



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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
273.	3601.04.180.02- Scheme for Universal Access & Quality at the secondary Stage	1149.10	-	1149.10	100
274.	3602.04.180.02- Integrated Education for Disabled Children	4.00	1.27	2.73	68
275.	3602.04.180.05- Scheme for Universal Access & Quality at the Secondary Stage	22.00	-	22.00	100
276.	3602.04.187.01- Assistance for Meeting Cooking Cost	44.50	22.36	22.14	50
277.	3602.04.188.01- Strengthening of Teachers Training Institutions	20.00	5.65	14.35	72
<b>Grant No. 57 – Department of Higher Education</b>					
278.	2202.03.800.14- National Institute of Studies in Sri Guru Granth Sahib	5.00	-	5.00	100
279.	2202.05.102.05- Other Schemes	26.30	15.10	11.20	43
280.	2202.05.800.02- Central Institute of Indian Languages, Mysore (Bhartiya Bhasha Sansthan) and Regional Language Centers	9.72	2.47	7.25	75
281.	2202.80.004.08- Scheme for Intellectual Property Education, Research and Public Outreach	3.90	1.52	2.37	61
282.	2202.80.107.18- Scholarship for College and University Students	12.60	-	12.60	100
283.	2202.80.800.40- National Mission in Education through ICT	451.80	-	451.80	100
284.	2203.00.102.02- Grants to Indian Institute of Science, Bangalore	283.15	126.00	157.15	56
285.	2203.00.105.04- Grants for Quality Improvement Programme-Community Polytechnics	18.00	1.18	16.82	93
286.	2203.00.105.13- Up-gradation of existing/ setting up of new polytechnics	45.00	-	45.00	100
287.	2203.00.112.05- Indian Institute of Technology	1553.70	894.00	659.70	42
288.	2203.00.112.18- School of Planning and Architecture	22.30	10.00	12.30	55
289.	2203.00.112.19- Sant Longowal Institute of Engineering and Technology	36.50	8.75	27.75	76
290.	2203.00.112.21- Indian Institute of Information Technology, Allahabad	46.86	28.00	18.86	40
291.	2203.00.112.22- Indian School of Mines, Dhanbad	84.48	49.27	35.21	42
292.	2203.00.112.23- Indian Institute of Information Technology & Management, Gwalior	23.20	11.20	12.00	52

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
293.	2203.00.112.36- Indian Institute of Information Technology at Jabalpur	25.00	11.00	14.00	56
294.	2203.00.112.40- All India Council for Technical Education (AICTE) (Including National Institutes of Technology)	1126.50	590.41	536.09	48
295.	2203.00.112.41- Indian Institute of Science for Education Research	125.00	60.00	65.00	52
296.	2203.00.112.42- Setting up of three new IITs	80.00	-	80.00	100
297.	2203.00.800.15- Technical Education-Quality Improvement Project of Government of India (EAP)	80.00	27.21	52.79	66
<b>Grant No. 58- Ministry of Information and Broadcasting</b>					
298.	2220.60.101.02 – Directorate of Advertising and Visual Publicity	84.80	50.90	33.90	40
299.	2220.60.113.01 – Electronic Media Monitoring Centre	5.90	-	5.90	100
300.	4220.01.200.01 – Setting up of Museum of Moving Images (Film Division)	5.00	1.01	3.99	80
301.	4220.60.101.03 – Setting up of National Press Centre and Mini Media Centre of Press Information Bureau	10.00	0.82	9.18	92
302.	6220.01.190.01 – National Film Development Corporation	3.10	-	3.10	100
<b>Grant No. 59 – Ministry of Labour &amp; Employment</b>					
303.	3601.04.326.02 – Social Security for Unorganized sector workers Scheme	5.00	-	5.00	100
<b>Grant No. 61- Law &amp; Justice</b>					
304.	2014.00.800.09- Computerization of District and subordinate Courts	160.50	-	160.50	100
305.	2014.00.800.13- Administration of Justice- India Project	7.50	-	7.50	100
306.	2015.00.800.01- Expenditure on Electronic Voting Machines	175.00	39.37	135.63	78
<b>Grant No. 63- Ministry of Mines</b>					
307.	2853.02.102.02- Science and Technology programme	5.70	3.39	2.31	40
<b>Grant No. 64- Ministry of Minority Affairs</b>					
308.	3601.04.378.04 – Multi Sectoral Development Plan for Minorities	108.00	-	108.00	100
309.	3601.04.378.05 – Pre-Matric Scholarship for Minorities	70.92	-	70.92	100
310.	3601.04.378.06 – Post-Matric Scholarship for Minorities	88.65	9.45	79.20	89

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
<b>Grant No. 65- Ministry of New and Renewable Energy</b>					
311.	2810.01.004.01- Assistance for Biogas Development	5.00	3.00	2.00	40
312.	2810.01.103.03- Biomass Gasifier for Stand Alone Application	5.80	3.03	2.77	48
313.	2810.01.103.05- Biomass Co-generation and Combustion	40.00	23.33	16.67	42
314.	2810.01.103.09- Village Electrification Programme	5.00	0.59	4.41	88
315.	2810.02.101.01- Solar Energy Centre	5.75	1.86	3.89	66
316.	2810.02.101.02- Research and Development	3.00	0.45	2.55	85
317.	2810.02.101.03- Demonstration, Technology Utilisation and Market Development	67.90	21.89	46.01	68
318.	2810.02.101.04- Solar Passive Architecture	3.00	0.05	2.95	99
319.	2810.02.101.05- Regional Technical Back-up Units and Training Programme	2.00	0.24	1.76	88
320.	2810.02.102.01- Research and Development	5.00	0.44	4.56	91
321.	2810.02.102.05- Grid Connected SPV Power Project	18.00	0.93	17.07	95
322.	2810.03.004.01- Assistance to Wind Power Generation Programme	4.00	0.05	3.95	99
323.	2810.60.600.01- Chemical Sources of Energy	6.50	1.84	4.66	72
324.	2810.60.600.02- Hydrogen Energy	12.50	2.50	10.00	80
325.	2810.60.600.06- Alternative Fuel for Surface Transportation	2.50	0.10	2.40	96
326.	2810.60.600.10- Bio-Fuels for Surface Transportation	8.00	0.26	7.74	97
327.	2810.60.800.11- National Institute of Renewable Energy	8.00	3.67	4.33	54
328.	2810.60.800.24- Support to States	3.00	-	3.00	100
329.	2810.60.800.25- Support to States	14.50	-	14.50	100
330.	3601.03.474.01- National and Regional Training Centre	9.40	4.92	4.48	48
331.	6810.00.190.01- Indian Renewable Energy Development Agency	14.00	6.15	7.85	56
<b>Grant No. 66- Ministry of Overseas Indian Affairs</b>					
332.	4059.60.051.23- Pravasi Bhartiya Kendra	5.00	-	5.00	100
333.	4059.60.051.24- Construction/ Purchase of Buildings for PGE/POEs	5.00	0.34	4.66	93

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
<b>Grant No. 69- Ministry of Personnel, Public Grievances and Pensions</b>					
334.	2070.00.003.10- UNDP Project for Capacity building in Public Administration	3.00	-	3.00	100
335.	2070.00.003.14- Capacity Building for Project Appraisal	2.00	-	2.00	100
336.	4059.80.051.05- Lal Bahadur Shastri National Academy of Administration	15.00	3.05	11.95	80
<b>Grant No. 70- Ministry of Petroleum &amp; Natural Gas</b>					
337.	2802.80.800.05- Petroleum Regulatory Board	15.01	2.46	12.55	84
<b>Grant No. 71- Ministry of Planning</b>					
338.	2245.80.102.08- Tsunami Rehabilitation Programme	3.00	0.17	2.83	94
339.	5475.00.800.14- Modernisation of Office Systems	7.50	3.37	4.13	55
<b>Grant No. 72 – Ministry of Power</b>					
340.	2801.01.001.01- Central Electricity Authority	61.89	1.11	60.78	98
341.	2801.02.102.02- Operation and maintenance	342.00	170.00	172.00	50
342.	2801.80.003.02-National Power Training institute	30.13	10.71	19.42	64
343.	2801.80.798.05- Future Generation Projects	10.00	-	10.00	100
344.	2801.80.800.19- Consultancy charges for APDRP Projects.	217.50	28.10	189.40	87
345.	2801.80.800.23-Setting up of Joint SERC for Union Territories except Delhi	2.82	-	2.82	100
346.	2801.80.800.27- Energy Conservation	15.00	-	15.00	100
347.	4801.80.800.03-Central Electricity Authority	3.32	0.74	2.58	78
348.	4801.80.800.11- Scheme for Equity Gap Funding	289.49	-	289.45	100
<b>Grant No. 78 – Department of Rural Development</b>					
349.	2216.03.800.15- Rural Building Centres/ Innovative Stream	3.00	0.28	2.72	91
350.	2501.06.101.07- Training, Conferences etc.	7.50	4.41	3.09	41
351.	2501.06.101.13- Marketing	78.00	20.00	58.00	74
352.	2505.02.101.03- Central Employment Guarantee Council	2.00	-	2.00	100
353.	2515.00.800.23- Provision for Urban Amenities in Rural Areas (PURA)	9.00	-	9.00	100

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
<b>Grant No. 79- Department of Land Resources</b>					
354.	2501.05.101.01- National Wasteland Development Board	3.00	0.88	2.12	71
355.	2501.05.800.02- Bio- Fuels Scheme	45.00	-	45.00	100
356.	2501.05.800.03- Professional Support and Other Activities	83.10	28.19	54.91	66
<b>Grant No. 80- Department of Drinking Water Supply</b>					
357.	2215.01.102.06- Human Resource Development	15.89	0.46	15.43	97
358.	2215.02.105.05- Monitoring and Evaluation	10.00	0.47	9.53	95
359.	2215.02.105.12- Information, Education and Communication	20.00	10.57	9.43	47
360.	2215.02.105.17- Nirmal Gram Puraskar	160.00	91.96	68.04	43
361.	3601.04.264.06- Human Resource Development	29.79	-	29.79	100
362.	3601.04.264.07- Information, Education and Communication	17.17	-	17.17	100
363.	3601.04.264.08- Management Information System and Computerisation	12.00	7.18	4.82	40
<b>Grant No. 84- Department of Shipping</b>					
364.	2852.06.102.03- Grants-in-aid for Research and Development Schemes (Ship-building)	5.50	1.25	4.25	77
365.	2852.06.102.10- Ship-building Subsidy	173.18	162.23	10.95	63
366.	2852.06.102.21- Subsidy to Non Central PSU Shipyards and Private Sector Shipyards	132.00	27.02	104.98	80
367.	3051.80.004.01- Other items (R&D Scheme)	17.74	0.05	17.24	97
368.	3052.02.001.01- Director General of Shipping	18.80	11.16	7.64	41
369.	4858.02.190.01- Hooghly Dock and Ports Engineering Ltd.	2.01	-	2.01	100
370.	5051.02.200.01- Construction of landing facilities and jetties	61.36	30.46	30.90	50
371.	5051.02.200.05- Post Tsunami Works	105.09	20.20	84.89	81
372.	5052.01.800.01- Survey Vessels	19.00	-	19.00	100
373.	5052.80.800.09- E-Governance	2.00	-	2.00	100
374.	5052.80.800.10- Development of Indian Maritime University	40.00	14.00	26.00	65
375.	5057.60.800.07- Development of Web based Electronic Data Interchange for Major Port	7.50	-	7.50	100
376.	6858.03.190.03- Hindustan Shipyard Ltd.	9.00	4.00	5.00	57



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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
377.	7051.01.190.02- Loans to Port Trust	8.00	-	8.00	100
<b>Grant No. 85- Department of Road Transport &amp; Highways</b>					
378.	3054.04.337.07- Grants from Central Road Fund to U.T. Governments without legislature	6.19	0.50	5.69	92
379.	3602.02.105.01- Roads in Delhi	44.69	9.50	35.19	79
380.	3602.04.105.01- Roads of Inter-State or Economic Importance	9.00	1.60	7.40	82
<b>Grant No. 86- Ministry of Micro, Small &amp; Medium Enterprises</b>					
381.	2851.00.102.60- MSME Cluster Deployment Programme and MSME Growth Poles	61.20	16.95	44.25	72
382.	2851.00.102.62- MDA Programme	4.00	1.39	2.61	65
383.	2851.00.102.63- Up gradation of Data base	18.00	5.64	12.36	69
384.	2851.00.800.31- Promotion & Handholding of Micro & Small Enterprises	6.75	0.25	6.50	96
<b>Grant No. 87 - Social Justice &amp; Empowerment</b>					
385.	2225.01.277.14 - Girls Hostels	8.00	2.01	5.99	75
386.	2225.01.277.18 - Top Class Education for Scheduled Castes	16.00	2.17	13.83	86
387.	2225.01.800.27 - Self Employment Scheme of Liberation & Rehabilitation of Scavengers	50.00	25.00	25.00	50
388.	3601.04.341.04 - Coaching & Allied Schemes	2.90	-	2.90	100
389.	3601.04.341.08 - Pre-Matric Scholarship Scheme	24.80	3.10	21.70	87
<b>Grant No. 88- Department of Space</b>					
390.	3402.00.101.30- ISRO Radar Development Unit (ISRAD)	4.32	2.09	2.23	52
391.	3402.00.101.34- Space Capsule Recovery Experiment (SRE)	9.45	4.00	5.45	58
392.	3402.00.10.37- Resourcesat- 2	6.00	2.58	3.42	57
393.	3402.00.103.05- Other Schemes	16.51	7.38	9.13	55
394.	3402.00.103.07-Megha-tropiques	8.00	2.96	5.04	63
395.	3402.00.103.10- Astrosat	5.00	0.95	4.05	81
396.	3402.00.103.11- Indian Lunar Mission- Chandrayaan 1	8.00	2.52	5.48	69
397.	3402.00.103.13- Small Satellites for Atmospheric Studies	2.00	-	2.00	100
<b>Grant No. 89 - Ministry of Statistics and Programme Implementation</b>					
398.	3601.03.432.03- Basic Statistics for Local Level Development	4.43	-	4.43	100

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
<b>Grant No. 91- Ministry of Textiles</b>					
399.	2851.00.103.41- Integrated Handloom Development Scheme	100.00	10.94	89.06	89
400.	2851.00.103.44- Diversified Handloom Development Scheme	11.95	5.97	5.98	50
401.	2851.00.104.26- Research and Development	5.00	2.03	2.97	59
402.	2852.08.202.16- Procurement of Cotton by Cotton Corporation of India under Price Support	170.00	28.35	141.65	83
403.	2852.08.202.17- Assistance to AEPC against forfeited amount to EMD/BG	5.00	1.82	3.18	64
404.	2852.08.202.28- Cotton Export	4.00	0.91	3.09	77
405.	2852.08.202.30- Brand Promotion	5.00	-	5.00	100
406.	4851.00.103.12- Marketing and Export Promotion Programme	10.00	1.05	8.95	89
407.	4851.00.104.03- Construction of Building including Handicraft Bhawan	8.00	2.16	5.84	73
408.	6860.01.190.06- The Elgin Mills Company Ltd.	2.50	-	2.50	100
<b>Grant No. 92- Ministry of Tourism</b>					
409.	3452.80.003.08- Capacity Building for Service Provider	15.00	7.45	7.55	50
410.	3452.80.800.03- Market Research	5.00	2.46	2.54	51
411.	5452.01.101.14- Assistance to Central Agencies for Tourism Infrastructure Development	10.00	4.00	6.00	60
412.	5452.01.102.12- Assistance for large Revenue Generating Projects	40.00	2.21	37.79	94
413.	5452.01.102.13- Construction of Building of Indian Institute of Skiing and Mountaineering at Gulmarg	7.00	3.00	4.00	57
414.	5452.01.102.18- Land Bank for Hotels	10.00	0.01	9.99	100
<b>Grant No. 93- Ministry of Tribal Affairs</b>					
415.	2225.02.277.14- Schemes of Institutes of Excellence/ Top class Education	10.00	1.05	8.95	90
416.	4225.80.190.13- Support to National/ State Scheduled Tribes Finance and Development Corporation	35.00	-	35.00	100
<b>Grant No. 99- Department of Urban Development</b>					
417.	2215.02.191.03- Pilot Project on Solid Waste Disposal near Airport in Selected Cities	20.00	-	20.00	100
418.	2217.05.191.04- Jawahar lal Nehru National Urban Renewal Mission	30.00	5.82	24.18	81
419.	2217.05.800.13- Pooled Finance Development Fund	100.00	5.66	94.34	94

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
420.	2217.05.800.22- Commonwealth Games	80.00	76.70	3.30	41
421.	2217.80.001.02- Urban Transport Planning and Capacity Building in Urban Transport (Domestic Sources)	48.00	3.73	44.27	92
422.	2217.80.003.05- Assistance for Capacity Building for decentralized Urban Governance from UNDP	6.00	2.96	3.04	51
423.	4216.01.700.06- Finance (Revenue)	60.20	32.38	27.82	46
424.	6217.60.191.14- Bangalore Mass Rapid Transit System	30.00	10.00	20.00	67
<b>Grant No. 100- Public Works</b>					
425.	2059.01.799.01- Stock	60.00	27.59	32.41	54
426.	2059.80.001.13- Scheme of Computerisation	20.00	3.74	16.26	81
427.	4059.01.051.01- Buildings	174.00	94.91	79.09	45
428.	4059.80.051.14- Mines	5.00	1.94	3.06	61
429.	4059.80.051.38- Finance (Expenditure)	10.00	-	10.00	100
430.	5052.80.800.01- Buildings	5.50	2.88	2.62	48
<b>Grant No. 102- Ministry of Water Resources</b>					
431.	2701.80.004.08- Hydrology Project	33.00	6.98	26.02	79
432.	2701.80.800.11- Development of Water Resources Information System	27.85	14.11	13.74	49
433.	2701.80.800.12- Infrastructure Development	3.00	0.99	2.01	67
434.	4702.00.102.03- Infrastructure Development	4.15	1.27	2.88	69
<b>Grant No. 103- Ministry of Women &amp; Child Development</b>					
435.	2235.02.102.18- Integrated Child Development Services	55.50	10.32	45.18	81
436.	2235.02.102.29- National Commission for Protection of Child Rights	10.00	5.40	4.60	46
437.	2235.02.102.35- Integrated Child Protection Scheme	9.50	-	9.50	100
438.	2235.02.102.36- Conditioned Cash Transfer Scheme for Girl Child with insurance cover	13.50	-	13.50	100
439.	2235.02.103.09- Awareness Projects	5.40	3.19	2.21	41
440.	2235.02.103.46- Swayamsidha	20.00	3.53	16.47	82
441.	2235.02.103.52- Comprehensive Scheme for Combating Trafficking of Women & Children	9.00	-	9.00	100
442.	2235.02.103.57- Priyadarshini	10.00	-	10.00	100
443.	2235.02.103.58- Gender Budgeting	2.70	-	2.70	100
444.	2235.02.800.18- Research, Publication and Monitoring	3.15	0.53	2.62	83
445.	2235.02.800.23- Miscellaneous Schemes	6.31	2.39	3.92	62

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Sl. No.	Sub-head	Budget provision	Actual disbursement	Unspent provision	Percentage of unspent provision to budget provision
446.	3601.04.358.07- Integrated Child Protection Scheme (ICPS)	54.00	-	54.00	100
447.	3602.04.358.06- Integrated Child Protection Scheme (ICPS)	22.00	-	22.00	100
<b>Grant No. 104-Ministry of Youth Affairs &amp; Sports</b>					
448.	2204.00.001.01- Nehru Yuva Kendra Sangathan	78.42	31.94	46.48	59
449.	2204.00.104.32- Promotion of Sports among disabled	5.00	-	5.00	100
450.	2204.00.104.37- Scheme relating to talent search and training	8.00	3.00	5.00	63
<b>Defence Service</b>					
<b>27- Capital Outlay on Defence Services</b>					
451.	4076.01.050-land	50.15	7.83	42.32	84
452.	4076.01.113- NCC	13.16	4.67	8.49	65
453.	02.202- Construction Works	3.00	0.03	2.97	99
454.	03.202- Construction Works	3.85	0.78	3.07	80
455.	04.052- Machinery & Equipment	76.34	24.40	51.94	68
456.	05.111- Work Charged	6.00	0.38	5.62	94

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**Appendix-IX-A  
(Refers to Paragraph 9.17)  
Persistent unspent provision**

*(Rupees in crore)*

Sub-head	Year	Budget provision	Actual expenditure	Unspent provision
<b>Scheme for Vocationalisation of Secondary Education</b>				
3601.04.180.01-Vocationalisation of Education	2005-06	16.50	10.37	6.13
	2006-07	16.50	2.50	14.00
	2007-08*	14.00	nil	14.00
*The scheme was transferred to Grant No.56 Department of School Education and Literacy w.e.f. 2007-08.				
<b>Access and Equity Scheme</b>				
2202.02.800.39-Access & Equity-Grants to Union Territories without Legislature	2005-06	6.00	3.90	2.10
	2006-07	6.00	3.00	3.00
	2007-08*	8.75	0.48	
3601.04.180.02-Scheme for Universal Access & Quality at the Secondary Stage (SUCCESS) 3601.04.172.04-Access and Equity	2005-06	2.10	Nil	1149.10
	2006-07	2.10	Nil	2.10
	2007-08*	1149.10	Nil	2.10
3602.04.180.05- Scheme for Universal Access & Quality at the Secondary Stage (SUCCESS)	2007-08*	22.00	Nil	22.00
*The scheme was transferred to Grant No.56 Department of School Education and Literacy w.e.f. 2007-08.				
<b>Scheme for Intellectual Property Education, Research and Public Outreach</b>				
2202.80.004.08-Scheme for Intellectual Property Education, Research and Public Outreach	2005-06	4.50	0.41	4.09
	2006-07	4.50	1.74	2.76
	2007-08	3.90	1.53	2.37
<b>Setting up of New Indian Institutes of Information Technology</b>				
2203.00.112.38-Setting up of New Indian Institute of Information Technology	2006-07	4.50	Nil	4.50
	2007-08	0.90	Nil	0.90
<b>Setting up of New Schools of Planning &amp; Architecture</b>				
2203.00.112.39-Setting up of New School of Planning & Architecture	2006-07	5.00	Nil	5.00
	2007-08	1.00	Nil	1.00
<b>Indian Institute of Information and Technology (IIIT) Jabalpur</b>				
2203.00.112.36-Indian Institute of Information Technology at Jabalpur	2005-06	9.00	6.00	3.00
	2006-07	10.00	8.00	2.00
	2007-08	25.00	11.00	14.00
<b>Polytechnics for persons with disabilities</b>				
2203.00.105.09-Polytechnic for Disabled Persons	2005-06	3.60	3.45	0.15
	2006-07	3.60	1.42	2.18



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<b>Sub-head</b>	<b>Year</b>	<b>Budget provision</b>	<b>Actual expenditure</b>	<b>Unspent provision</b>
	2007-08	3.60	2.17	1.43
<b>Sant Longowal Institute of Engineering</b>				
2203.00.112.19-Sant Longowal Institute of Engineering and Technology	2005-06	14.70	11.00	3.70
	2006-07	15.00	13.00	2.00
	2007-08	36.50	8.75	27.75
<b>Quality Improvement Programme-Community Polytechnics</b>				
2203.00.105.04-Grants for Quality Improvement Programme -Community Polytechnic	2005-06	27.10	13.09	14.01
	2006-07	25.60	8.91	16.69
	2007-08	18.00	1.18	16.82

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**Appendix- IX -B  
(Refers to Paragraph 9.19)  
Injudicious re-appropriation of funds**

*(Rupees in crore)*

SL No.	Year	Sub-head	Total grant	Actual expenditure	Saving
1.	2005-06	2251.00.090.17 Department of Higher Education	O 29.18 R 0.30	28.91	0.57
2.		2202.05.001.04 Central Institute of Indian Languages, Mysore (Bhartiya Bhasha Sansthan) and Regional Language Centres	O 16.26 R 0.26	16.20	0.32
3.		2203.00.800.01 Other Schemes	O 0.26 S 0.01 R 0.09	0.07	0.29
4.	2006-07	2251.00.090.17 Department of Secondary and Higher Education	O 29.81 R 0.66	29.30	1.17
5.		2202.05.001.01 Directorate of Hindi	O 5.71 R 0.15	5.48	0.38
6.		2202.05.001.05 Commission for Scientific and Technical Terminology	O 4.72 R 0.17	4.29	0.60
7.		2203.00.800.01 Other Schemes	O 0.26 R 0.09	0.13	0.22
8.		2202.80.107.12 Indian Scholars going abroad against scholarships offered by Foreign Government Organisations	O 0.70 S 0.01 R 0.04	0.21	0.53
9.	2007-08	2202.03.800.05 Expenditure on Seminars, Committees Meetings etc./TA/DA to Non-Official Members	O 0.37 S 0.0005 R 0.03	0.32	0.08
10.		2202.05.001.01 Directorate of Hindi	O 5.99 S 0.0004 R 0.22	5.89	0.32
11.		2202.05.001.04 Central Institute of Indian Languages, Mysore (Bhartiya Bhasha Sansthan) and Regional Language Centres	O 20.14 R 0.91	20.06	0.99
12.		2202.05.001.05 Commission for Scientific and Technical Terminology	O 5.25 S 0.01 R 0.10	4.98	0.38
13.		2202.80.001.09 Educational Institutions Abroad	O 4.58 S 0.0005 R 0.27	3.30	1.55

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**Appendix- IX -C  
(Refers to Paragraph 9.20)  
Unrealistic budgeting**

*(Rupees in crore)*

Sl No.	Head	Budget provision	Actual expenditure	Unspent provision	Percentage	Reasons stated by the Ministry
<b>2005-06</b>						
1.	2202.02.800.33 – Integrated Education for Disabled Children-Voluntary Organisations	13.15	4.94	8.21	62	Non-consideration of fresh proposals during the year
2.	2202.05.103.07 Grants to Rashtriya Ved Vidya Pratisthan	2.25	0.25	2.00	89	Due to adjustment of unspent balance of previous year
3.	2202.80.001.10 Auroville Management	4.06	2.01	2.05	50	Due to slow pace of construction of SAILER
4.	2203.00.105.04 Polytechnics: Grants for Quality Improvement Programme-Community Polytechnics	27.10	13.09	14.01	52	Due to adjustment of unspent balance of previous year
5.	2203.00.105.11 – Setting up of New Polytechnics	54.00	-	54.00	100	Scheme was still in preparatory stage
6.	2203.00.105.12 – Infrastructure Development Programme in Polytechnics	13.50	-	13.50	100	Scheme was still in preparatory stage
7.	2203.00.112.35 – Indian Institute of Information Technology, Design and Manufacturing at Kanchipuram	9.00	-	9.00	100	Due to non-availability of land and Institute is yet to be set up
8.	2203.00.800.10 – Technology Development Mission	3.60	0.22	3.38	94	Due to receipt of less number of viable proposals

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*(Rupees in crore)*

SI No.	Head	Budget provision	Actual expenditure	Unspent provision	Percentage	Reasons stated by the Ministry
9.	3601.03.162.02 – Development of Sanskrit Education	15.10	9.05	6.05	40	Due to receipt of less number of viable proposals
10.	3601.04.172.03 – Quality Improvement in Schools	4.75	-	4.75	100	Due to transfer of part of the scheme
<b>2006-07</b>						
11.	2202.02.800.33 – Integrated Education for Disabled Children- Voluntary Organisations	13.15	5.54	7.61	58	Due to decision to route the grants to Non-Government Organizations through State Governments.
12.	2202.02.800.37 – Information and Communication Technology in Schools- Grants to Voluntary Organisations	7.50	-	7.50	100	Due to late receipt of proposals
13.	2203.00.102.03 – Indian Institutes of Science for Education Research (IISER) at Pune and Kolkata	50.00	10.25	39.75	80	Slow progress of construction work of the Institutes
14.	2203.00.105.04 – Grants for Quality Improvement Programme- Community Polytechnics	25.60	8.91	16.69	65	Availability of unspent balance with the Institutes
15.	2203.00.800.10 – Technology Development Mission	4.50	-	4.50	100	Availability of unspent balance with the Institutes

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SI No.	Head	Budget provision	Actual expenditure	Unspent provision	Percentage	Reasons stated by the Ministry
16.	3601.01.166.01 – Improvement in the Pay Scale of University and College Teachers	10.00	-	10.00	100	Non fulfilment of prescribed requirements by the Jharkhand State and non-receipt of proposals from Bihar State
17.	3601.03.160.01 – Assistance for up gradation of existing/setting up of New Polytechnics	4.05	-	4.05	100	Non-finalisation of the scheme
18.	3601.03.162.02 – Development of Sanskrit Education	14.58	8.22	6.36	44	Non-receipt of adequate proposals from State Governments.
<b>2007-08</b>						
19.	2202.03.104.01 Dr. Zakir Hussain Memorial College, Delhi	1.98	0.48	1.50	76	Non approval of viable special project
20.	2202.03.800.14 National Institute of Studies in Sri Guru Granth Sahib	5.00	-	5.00	100	Non approval of scheme in time and delayed funding by UGC
21.	2202.05.102.05 Other Schemes	26.30	15.10	11.20	43	Due to the transfer of two schemes
22.	2202.05.800.02 Central Institute of Indian Languages, Mysore (Bhartiya Bhasha Sansthan) and Regional Language Centres	9.72	2.47	7.25	75	Non receipt of approval of schemes
23.	2202.80.107.18 Scholarship for college and University Students	12.60	-	12.60	100	Non finalisation of scheme



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Sl No.	Head	Budget provision	Actual expenditure	Unspent provision	Percentage	Reasons stated by the Ministry
24.	2202.80.800.40 National Mission in Education through ICT	451.80	-	451.80	100	Non implementation of Oversight Committee recommendations
25.	2203.00.102.02 Grants to Indian Institute of Science, Bangalore	283.15	126.00	157.15	56	Non implementation of Oversight Committee recommendations and less receipt of matching grant under block grant scheme
26.	2203.00.105.04 Grants for Quality Improvement Programme-Community Polytechnics	18.00	1.18	16.82	93	Discontinuation of scheme
27.	2203.00.105.13 Up gradation of existing/setting up of new polytechnics	45.00	-	45.00	100	Non finalisation of scheme
28.	2203.00.112.05 Indian Institutes of Technology	1553.70	894.00	659.70	42	Non implementation of Oversight Committee recommendations
29.	2203.00.112.09 Indian Institutes of Management	144.00	87.70	56.30	39	Non implementation of Oversight Committee recommendations
30.	2203.00.112.21 Indian Institute of Information Technology, Allahabad	46.86	28.00	18.86	40	Non implementation of Oversight Committee recommendations
31.	2203.00.112.22 Indian School of Mines, Dhanbad	84.48	49.27	35.21	42	Non implementation of Oversight Committee recommendations
32.	2203.00.112.23 Indian Institute of Information Technology & Management, Gwalior	23.20	11.20	12.00	52	Non implementation of Oversight Committee recommendations

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Sl No.	Head	Budget provision	Actual expenditure	Unspent provision	Percentage	Reasons stated by the Ministry
33.	2203.00.112.40 All India Council for Technical Education (A.I.C.T.E) (Including National Institutes of Technology)	1126.50	590.41	536.09	48	Non implementation of oversight committee recommendations
34.	2203.00.112.41 Indian Institutes of Science for Education Research	125.00	60.00	65.00	52	Non setting up of new IISERs
35.	2203.00.112.42 Setting up of three new IITs	80.00	-	80.00	100	Non setting up of new IITs
36.	2203.00.800.15 Technical Education-Quality Improvement Project of Government of India (EAP)	80.00	27.21	52.79	66	Reduction of programme allocation for centrally funded Institutions
37.	4202.01.190.01 Setting up of Refinance Corporation for Education	1.00	-	1.00	100	Non finalisation of scheme

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**Appendix- IX -D  
(Refers to Paragraph 9.21)**

**Large surrender of funds due to delay in obtaining approval of competent authority  
for implementation of OSC recommendations  
(Rupees in crore)**

<b>Sl. No.</b>	<b>Sub-head</b>	<b>Amount surrendered</b>
1.	2202.03.102.10 University Grants Commission, Central Universities	491.70
2.	2202.80.800.40 National Mission in Education through ICT	451.80
3.	2203.00.003.02 National Institutes of Technical Teachers Training & Research (NITTTR)	6.90
4.	2203.00.102.02 Grants to Indian Institute of Science, Bangalore	156.00
5.	2203.00.112.05 Indian Institutes of Technology	372.12
6.	2203.00.112.09 Indian Institutes of Management	61.00
7.	2203.00.112.17 National Institute for Foundry and Forge Technology, Ranchi	8.00
8.	2203.00.112.18 School of Planning and Architecture	12.00
9.	2203.00.112.19 Sant Longowal Institute of Engineering and Technology	24.50
10.	2203.00.112.21 Indian Institute of Information Technology, Allahabad	20.00
11.	2203.00.112.22 Indian School of Mines, Dhanbad	34.84
12.	2203.00.112.23 Indian Institute of Information Technology & Management, Gwalior	12.00
13.	2203.00.112.36 Indian Institute of Information Technology at Jabalpur	14.00
14.	2203.00.112.40 All India Council for Technical Education (A.I.C.T.E) (Including National Institutes of Technology)	595.00
15.	2552.00.131.02 University Grants Commission, Central Universities etc.	77.20
16.	2552.00.143.01 National Institutes of Technical Teachers Training & Research (NITTTR)	2.40
17.	2552.00.146.01 Indian Institutes of Technology	108.56
18.	2552.00.146.21 All India Council of Technical Education (A.I.C.T.E) (Including National Institutes of Technology)	70.00
	<b>TOTAL</b>	<b>2518.02</b>

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**Appendix-IX-E  
(Refers to Paragraph 9.25)**

**Utilisation Certificates of grants, due, disbursed during 1976-77(from the date of  
Departmentalisation of accounts) to 2006-07 (due by 31<sup>st</sup> March, 2008) but not received so  
far**

Name the of Ministry/Department sanctioning the grants-in-aid	Year of sanction of grant	Utilisation certificates due		Utilisation certificate			
		No	Amount	Received		Outstanding	
				No	Amount	No	Amount
Ministry of HRD, Department of Higher Education	1977-78	178	235.75	176	227.75	2	8.00
	1978-79	329	649.03	306	619.77	23	29.26
	1979-80	177	354.76	161	336.44	16	18.32
	1980-81	184	450.53	175	433.33	9	17.20
	1981-82	191	569.18	179	547.08	12	22.10
	1982-83	303	836.26	271	768.61	32	67.65
	1983-84	321	824.94	301	785.63	20	39.31
	1984-85	408	1440.06	393	1411.51	15	28.55
	1985-86	850	27381.22	768	26974.45	82	406.77
	1986-87	467	2518.12	438	2407.55	29	110.57
	1987-88	1211	11803.30	1109	11250.39	102	552.91
	1988-89	1385	21806.25	1304	21413.89	81	392.36
	1989-90	1188	20802.32	1105	20231.09	83	571.23
	1990-91	349	2026.19	337	2014.44	12	11.75
	1991-92	948	55674.34	907	55375.27	41	299.07
	1992-93	1213	43192.44	1167	42763.28	46	429.16
	1993-94	1704	91816.26	1646	91261.69	58	554.57
	1994-95	884	52638.57	867	52516.24	17	122.33
	1995-96	952	96444.93	932	96264.35	20	180.58
	1996-97	1075	183969.54	1054	183697.42	21	272.12
	1997-98	1178	249134.58	1147	248787.31	31	347.27
	1998-99	1165	262789.44	1130	262608.77	35	180.67
	1999-00	1934	356298.75	1841	354916.69	93	1382.06
2000-01	1676	359792.34	1590	359131.51	86	660.83	
2001-02	1786	407997.96	1688	407220.41	98	777.55	
2002-03	1778	368720.18	1596	367027.60	182	1692.58	
2003-04	1901	450355.02	1717	448141.49	184	2213.53	
2004-05	2222	493069.48	2006	490393.01	216	2676.47	
2005-06	1353	553706.49	838	550686.84	515	3019.65	
2006-07	942	647976.15	495	552867.60	447	95108.55	
<b>Total</b>		<b>30252</b>	<b>4765274.38</b>	<b>27644</b>	<b>4653081.41</b>	<b>2608</b>	<b>112192.97</b>

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**Appendix- IX -F  
(Refers to Paragraph 9.26)  
Outstanding ATNs**

Sl. No.	Report No.	Para No.	Subject	Position
1.	3 of 2000 (Performance Audit)	Chapter -II (2)	National Programme to Nutritional Support to Primary Education	Revised Note awaited
2.	3 of 2000 (Performance Audit)	Chapter-II (3)	ICDS Schemes	Revised Note awaited
3.	3 of 2001 (PA)	Chapter-II	Review of District Primary Education Programme (DPEP)	Revised Note awaited
4.	3 of 2002	Chapter- II Performance Audit	Non-Formal Education	Revised Note under process
5.	4 of 2002	1.2 (Chapter-I)	Navodaya Vidyalaya Samiti (Review)	Revised Note awaited
6.	4 of 2002	1.3 (Chapter-I)	University Grant Commission (Review)	Revised Note awaited
7.	4 of 2003	2.1	All India Council for Technical Education	Revised Note awaited
8.	4 of 2003	2.2	Functioning of Central University	ATN awaited
9.	4 of 2003	4.1	Grant of non entitled benefits-JMI University	ATN awaited
10.	2 of 2004	6.1	Unfruitful expenditure	ATN awaited
11.	2 of 2004	6.2	Excess release of central assistance	Revised Note awaited
12.	2 of 2004	6.4	Idling of investment due to inadequate scrutiny of cost estimates	Revised Note awaited
13.	2 of 2005	10.2	Irregular financial	Revised Note awaited



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Sl. No.	Report No.	Para No.	Subject	Position
			assistance	
14.	4 of 2005	11.3	Irregular Expenditure on running Home Offices	Revised Note awaited
15.	4 of 2005	11.5	Over payment due to incorrect pay fixations	Final Note called for
16.	4 of 2005	11.6	Irregular payment of Bonus	ATN awaited
17.	4 of 2005	11.8	Undue favour to a contractor	ATN awaited
18.	4 of 2005	11.9	Wasteful expenditure (IGNOU)	Final Note called for
19.	4 of 2005	11.11	Unfruitful Expenditure	ATN under process
20.	1 of 2006	6.10	Disbursement – Rush of expenditure	ATN not received
21.	1 of 2006	7.4	Saving of Rs. 100 crore or more	Final Note awaited
22.	1 of 2006	7.14	Unrealistic estimation of expenditure	ATN not received
23.	3 of 2006	8.1	Irregular grant of advance increments	ATN awaited
24.	3 of 2006	8.3	Irregular expenditure due to non-recovery of service tax by VNIT Nagpur & MNNIT, Allahabad	Revised Note awaited
25.	3 of 2006	8.7	Idle expenditure on “Dedicated feeder” pertaining to Visva Bharati	Final Note awaited
26.	1 of 2007	7.17	Unrealistic estimation of expenditure	ATN not received
27.	1 of 2007	6.10	Disbursement – Rush of	ATN not received

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Sl. No.	Report No.	Para No.	Subject	Position
			expenditure	
28.	2 of 2007	11.1	Inadequate monitoring leading to idling of funds/non-recovery of unspent grant	Revised Note awaited
29.	3 of 2007	6.1	Unauthorized expenditure (AMU)	ATN under process
30.	3 of 2007	6.2	Irregular grant of advance increments (ICSSR)	ATN Awaited
31.	3 of 2007	6.3	Deficient procurement planning resulting in idling of equipment (IIT, Delhi)	ATN awaited
32.	3 of 2007	6.4	Loss of interest due to belated claim of annual interests on its investment (IIT, Delhi)	ATN awaited
33.	3 of 2007	6.5	Shortcomings in the computerised payroll accounting system (IIT, Kharagpur)	ATN awaited
34.	3 of 2007	6.6	Delay in procurement process leading to excess expenditure (NCERT)	Final Note called for
35.	3 of 2007 (performance Audit)	Chapter-I	Security and maintenance of Assets of VB University, Kolkata	ATN awaited
36.	13 of 2007	7.16	Unrealistic budgetary assumption	ATN not received
37.	13 of 2007	7.4	Saving note	Revised Note awaited

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Sl. No.	Report No.	Para No.	Subject	Position
			of Rs. 100 crore or more	
38.	CA 2 of 2008	6.1	Short realization of license fee (Aligarh Muslim University)	ATN awaited
39.	CA 2 of 2008	6.2	Failure to recover fellowship grants (ICPR)	ATN Awaited
40.	CA 2 of 2008	6.3	Loss due to negligence (Jamia Millia Islamia University)	ATN Awaited
41.	CA 2 of 2008	6.4	Unplanned construction of squash courts (KVS)	ATN Awaited
42.	CA 2 of 2008	6.5	Wasteful expenditure (KVS)	ATN Awaited
43.	CA 2 of 2008	6.6	Irregular payment of transport allowance (Delhi University)	ATN Awaited

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**Appendix- IX -G  
(Refers. to paragraph 9.33)  
Large unspent provisions**

*(Rupees. in crore)*

Sl. No	Sub-head	Original provision	Actual expenditure	Unspent provision	Per-centage	Reasons given by the Ministry
<b>2005-06</b>						
1.	2235.02.102.18 Integrated Child Development Services	35.37	12.81	22.56	64	Saving was due to non-awarding of evaluation study, non-organisation of function for giving awards to Anganwadi workers and less demand for Government of India's Contribution to Insurance Scheme of Anganwadi workers.
2.	2235.02.102.24 World Bank Assisted ICDS Programme	1.20	0.89	0.31	26	Reasons not given
3.	2235.02.102.30 World Bank Assisted ICDS Training Programme	5.00	3.06	1.94	39	Saving was due to less demand of funds from National Institute of Public Co-operation and Child Development and from UTs (without Legislature) and conducting of only one Training Programme for Officers of State Government.
4.	2235.02.103.03 Assistance to Voluntary Organisation for Hostels for Working Women	5.98	2.25	3.73	62	Saving was due to receipt of less number of complete proposals and non-receipt of documents in respect of hostels whose construction had

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Sl. No	Sub-head	Original provision	Actual expenditure	Unspent provision	Per-cent age	Reasons given by the Ministry
						been completed.
5.	2235.02.103.12 Swawlamban	14.00	8.14	5.86	42	Saving was due to non-sanctioning of new projects owing to transfer of the scheme to State Governments and non-receipt of UC's and other documents.
6.	2235.02.103.43 Swa-Shakti Project	5.00	1.96	3.04	61	Saving was due to early completion of project
7.	2235.02.103.46 Swayamsidha	2.50	0.53	1.97	79	Saving was due to less demand of funds from UTs without Legislature and less expenditure on National level activities.
8.	2235.02.800.23 Miscellaneous Schemes	0.94	0.51	0.43	46	Not given
9.	3602.04.356.04 Swayamsidha	0.50	0.13	0.37	74	Not given
<b>2006-07</b>						
10.	2235.02.102.29 Commission for Protection of Child Rights	2.00	1.50	0.50	25	Not given
11.	2235.02.102.30 World Bank Assisted ICDS Training Programme	4.00	2.34	1.66	42	Saving was due to non-receipt of sufficient proposals for want of Utilisation Certificates etc.
12.	2235.02.103.12 Swawlamban	1.80	1.21	0.59	33	Saving was due to receipt of less number of proposals owing to incomplete documents such as Utilisation Certificates, etc.



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Sl. No	Sub-head	Original provision	Actual expenditure	Unspent provision	Percentage	Reasons given by the Ministry
13.	2235.02.103.43 Swa-Shakti Project	2.00	0.09	1.91	96	Saving was due to non-incurring of expenditure pending court judgement
14.	2235.02.103.46 Swayamsidha	2.50	0.27	2.23	89	Saving was due to transfer of the scheme to State Government and also on account of non-receipt of Utilisation Certificates and other requirements
15.	3602.04.356.04 Swayamsidha	0.50	0.25	0.25	50	Not given
16.	3602.04.358.02 Integrated Child Development Services	32.12	23.55	8.57	27	Saving was due to receipt of less number of complete proposals
17.	3602.04.358.04 World Bank Assisted ICDS Training Programme	1.00	0.44	0.56	56	Saving was due to non-receipt of complete proposals
18.	3602.04.366.01 Prevention and Control of Juvenile Maladjustments	2.10	1.29	0.81	39	Saving was due to receipt of less number of complete proposals
<b>2007-08</b>						
19.	2235.02.102.18 Integrated Child Development Services	55.50	10.32	45.18	81	Saving was due to non-receipt of complete proposals from the concerned organizations
20.	2235.02.102.26 Central Adoption Resource Agency (CARA)	3.30	2.02	1.28	39	Saving was due to non receipt of viable proposal from the organisation
21.	2235.02.102.29 National Commission for Protection of Child Rights	10.00	5.40	4.60	46	Saving was due to non working of the Commission in full strength
22.	2235.02.103.01 Condensed Courses of Education for	6.30	3.71	2.59	41	Saving was due to non-receipt of sufficient number of viable

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Sl. No	Sub-head	Original provision	Actual expenditure	Unspent provision	Percentage	Reasons given by the Ministry.
	Women					proposal.
23.	2235.02.103.03 Hostels for working women	13.48	2.40	11.08	82	Saving was due to non-receipt of sufficient number of viable proposals
24.	2235.02.103.09 Awareness Project	5.40	3.19	2.21	41	Saving was due to receipt of less proposal than anticipated
25.	2235.02.103.46 Swayamsidha	20.00	3.53	16.47	82	Saving was due to non-receipt of demands from States/UTs under Dhyansidha Phase-I and Phase-II
26.	2235.02.800.18 Research, Publication and Monitoring	3.15	0.53	2.62	83	Saving was due to non-receipt of sufficient number of viable and complete proposals
27.	2235.02.800.23 Miscellaneous Schemes	6.31	2.39	3.92	62	Saving was due to non-receipt of sufficient number of viable and complete proposals
28.	3601.03.358.01 Grants under Training Programme of ICDS	73.00	54.43	18.57	25	Saving was due to non-receipt of complete proposals from the State Government
29.	3602.04.358.02 Integrated Child Development Services	37.30	25.37	11.93	32	Saving was due to non-receipt of viable proposals from UT Governments
30.	3602.04.366.01 Prevention and Control of Juvenile Maladjustments	2.10	0.85	1.25	60	Saving was due to non-receipt of viable proposals from UT Governments

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**Appendix- IX -H  
(Refers. to paragraph 9.34)  
Entire budget remained unutilised**

Sl. No.	Sub-head	Name of scheme	Entire provision re-appropriated/ surrendered			Reasons
			2005-06	2006-07	2007-08	
1	2235.02.102.30	ICDS Training Programme	-	-	4.00	Entire provision remained unutilised due to non-organisation of training programme at National level.
2	2235.02.102.35	Integrated Child Protection Scheme (ICPS)	-	-	9.50	Entire provision remained unutilised due to non-finalisation of the scheme before the close of the financial year.
3	2235.02.102.36	Conditional Cash Transfer Scheme for Girl Child with Insurance Cover	-	-	13.50	Entire provision remained unutilised due to non-finalisation of the scheme before the close of the financial year.
4	2235.02.103.52	Comprehensive Scheme for combating Trafficking of Women and Children	-	0.45	9.00	Entire provision remained unutilised due to delay in launching of the scheme
5	2235.02.103.55	Relief to and Rehabilitation of Rape Victims	-	0.90	0.90	Entire provision remained unutilised due to non-finalisation of the scheme before the close of the financial year and due to non implementation of the scheme.
6	2235.02.103.57	Priyadarshini	-	0.01	10.00	Entire provision remained unutilised due to delay in receipt of approval of the scheme

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Sl. No.	Sub-head	Name of scheme	Entire provision re-appropriated/ surrendered			Reasons
			2005-06	2006-07	2007-08	
7	2235.02.103.58	Gender Budgeting	-	-	2.70	Savings was due to non receipt of viable proposals
8	2235.02.106.02	Prevention and Control of Juvenile and Maladjustments	-	0.20	0.20	Saving was due to non-receipt of viable proposals during the year
9	2235.02.103.37	Balika Samridhi Yojana	0.01	0.01	-	Not given
10	2235.02.103.52	Scheme for rescue of victims of Trafficking	0.25	0.45	-	Not given
11	2235.02.102.29	National Commission for Children	0.10	-	-	Not given
12	2235.02.103.28	National Credit Fund for women	0.01	-	-	Not given
13	2236.80.800.05	National Nutrition Mission	0.01	-	0.05	Not given
14	3601.04.356.01	Hostels for Working Women	0.01	0.01	0.01	Not given
15	3601.04.358.01	World Bank Assisted ICDS Programme	-	-	1.00	Entire provision remained unutilised due to non receipt of viable proposals from State Governments.
16	3601.04.358.07	Integrated Child Protection Scheme (ICPS)	-	-	54.00	Entire provision remained unutilised due to non receipt of viable proposals from State Governments.
17	3601.04.561.01	National Nutrition Mission	0.01	0.01	0.02	Not given
18	3601.04.356.03	Balika Samridhi Yojana	0.01	0.01	-	Not given
19	3602.04.356.01	Hostels for Working Women	0.01	0.01	0.01	Not given
20	3602.04.356.03	Balika Samridhi Yojana	0.01	0.01	-	Not given
21	3602.04.358.05	World Bank Assisted ICDS Programme	0.02	-	-	Not given

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Sl. No.	Sub-head	Name of scheme	Entire provision re-appropriated/ surrendered			Reasons
			2005-06	2006-07	2007-08	
22	3602.04.356.04	Swayamsiddha	-	-	1.00	Entire provision remained unutilised due to non-receipt of viable proposals from State Governments
23	3602.04.358.06	Integrated Child Protection Scheme (ICPS)	-	-	22.00	Entire provision remained unutilised due to non-receipt of viable proposals from UT Governments
24	3602.04.561.01	National Nutrition Mission	0.01	0.01	0.02	Not given



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**Appendix- IX -I  
(Refers. to paragraph 9.38)  
Persistent unspent provisions**

*(Rupees in crore)*

Sl. No.	Sub-head	Year	Provision	Actual expenditure	Unspent provision (Percentage)	Reasons given by the Ministry	Remarks
1	2235.02.102.18- Integrated Child Development Services	2005-06	35.37	12.81	22.56 (64)	Saving was due to non-awarding of evaluation study, non-organisation of function for giving awards to Anganwadi Workers and less demand for Government of India's contribution to Insurance Scheme of Anganwadi Workers.	Outcome budget 2006-07 of the Ministry disclosed that against the target of 6026 ICDS projects to be operationalised in all states, 5829 ICDS projects were made operational, and against a target of 9.08 lakh Anganwadi centers only 8.45 lakh were operationalised
		2006-07	20.77	19.38	1.39 (7)	Saving was due to incomplete proposals and less number of awards given to Anganwadi Workers.	
		2007-08	55.50	10.32	45.18 (81)	Saving was due to non-receipt of complete proposals from the concerned organisations.	
	3602.04.358.02- Integrated Child Development Services	2006-07	32.12	23.55	8.57 (27)	Saving was due to receipt of less number of complete proposals.	
		2007-08	37.30	25.37	11.93 (32)	Saving was due to non-receipt of viable proposals from the UT Governments.	

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*(Rupees in crore)*

Sl. No.	Sub-head	Year	Provision	Actual expenditure	Unspent provision (Percentage)	Reasons given by the Ministry	Remarks
2.	2235.02.103.46-Swayamsidha	2005-06	2.50	0.54	1.96 (78)	Savings was due to less demand of funds from UTs without legislature and less expenditure on national level activities.	Outcome Budget of 2006-08 of this scheme also revealed that 566 and 579 block societies, respectively, were formed against the target of 650 each year. Moreover, against the target of coverage of 11.37 lakh beneficiaries under the scheme only 10.02 lakh beneficiaries were covered during 2006-07
		2006-07	2.50	0.27	2.23 (89)	Saving was due to transfer of the Schemes to State Government and on account of non-receipt of UCs and other requirements	
		2007-08	20.00	3.53	16.47 (82)	Saving was due to non-receipt of demands from States/UTs under Dhyansiddha Phase-I and Dhyansiddha Phase-II	
	3602.04.356.04-Swayamsidha	2005-06	0.50	0.13	0.37 (74)	Not given	
		2006-07	0.50	0.25	0.25 (50)	Not given	
		2007-08	1.00	Nil	1.00 (100)		
3.	2235.02.103.03-Hostel for Working women	2005-06	5.98	2.25	3.73 (62)	Saving was due to receipt of less number of complete proposals and non-receipt of documents in respect of hostels whose construction had been completed.	Outcome Budget of the Ministry revealed that during 2007-08 only two hostels were sanctioned against the target of 8 hostels, benefiting only 208 women against the target of 800
		2006-07	4.48	4.40	0.08 (2)	Not given	

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*(Rupees in crore)*

Sl. No.	Sub-head	Year	Provision	Actual expenditure	Unspent provision (Percentage)	Reasons given by the Ministry	Remarks
							working women. A lapse in achievement of the targets fixed during the Xth Plan period was also observed since against the target of construction of 125 hostels benefiting 12500 women, only 111 hostels benefiting 6976 women were constructed.
		2007-08	13.48	2.40	11.08 (82)	Saving was due to non-receipt of sufficient number of viable proposals. Savings was due to non-revamping of the scheme.	

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**Appendix-IX-J**

(Refers. to paragraph 9.41)

**Outstanding Utilisations Certificates**

**Details of division wise pending Utilisation Certificates as of September 2008:**

Sl. No.	Divisions	No. of outstanding Utilization Certificates	Total grants (Rs. in lakh)
1	Child Protection	22	129.21
2	Central Social Welfare Board	4	227.46
3	Rashtriya Mahila Kosh	4	48.71
4	Research	233	218.73
5	ICDS	75	3852.86
6	Kishori Shakti Yojana	1	20.61
7	CARA	15	57.48
8	Creche	1078	1201.15
9	CW-I	96	1005.60
10	CW-II	4	18.37
11	NIPCCD	1	3.02
12	IMY	2	184.46
13	STEP	619	9713.33
14	Swadhar	144	630.14
15	Swa-shakti project	12	1344.39
16	Swawalamban	26	85.31
17	Swayamsiddha	20	284.44
18	WD	2770	6925.33
19	WH	26	440.93
20	WW	453	4079.98
	<b>Total</b>	<b>5605</b>	<b>30471.51</b>

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**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 364 days duration. 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 falls below the level of Rs. 50 crore. Whenever the Government's cash balance has a surplus, *ad hoc treasury bills* 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 grant or appropriation 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 the 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.
- Charged Appropriation** : Sum required to meet expenditure 'Charged' on Consolidated Fund under Article 112 (3) of the Constitution is called Charged Appropriation.



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<b>Consolidated Fund of India (CFI)</b>	:	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.).
<b>Contingency Fund of India</b>	:	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.
<b>Debt service</b>	:	Payments to creditor(s) of matured principal and of interest. It usually includes service charges, etc.
<b>Demand for Grants</b>	:	<p>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 footnotes, presented to Parliament at two levels. The 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.</p> <p>As the Demands for Grants are for gross expenditure and the Annual Financial Statement gives the net amount to be expended under each head, the total of the two should be reconciled after adjustment of the recoveries taken in account in reduction of gross expenditure.</p>
<b>Excess Grant</b>	:	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.
<b>External Debt</b>	:	Debt contracted by the Government from abroad, mostly in foreign currency viz., loan from World Bank, IBRD, IDA, etc.
<b>Fiscal Deficit</b>	:	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.
<b>GDP at factor cost</b>	:	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.
<b>GDP at market Prices</b>	:	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.
<b>Internal Debt</b>	:	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 of India.

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<b>M3</b>	:	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.
<b>Major Head</b>	:	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.
<b>Minor Head</b>	:	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).
<b>New Service</b>	:	Refers to expenditure beyond certain limit arising out of a new policy decision not brought to the notice of the Parliament earlier, including a new activity or a new form of investment.
<b>New Instrument of Service</b>	:	A large expenditure beyond a certain limit arising out of an important expansion of an existing activity.
<b>Original Grant</b>	:	The amount provided for any service in the 'Annual Financial Statement' in a financial year is called original grant or appropriation.
<b>Primary Deficit</b>	:	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.
<b>Public Account</b>	:	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.
<b>Public Debt (of India)</b>	:	Borrowing by the Government of India internally as well as externally.
<b>Re-appropriation</b>	:	The transfer of funds from one primary unit of appropriation to another such unit.
<b>Reserve Money</b>	:	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.
<b>Revenue Deficit</b>	:	This is equal to the excess of revenue expenditure over revenue receipts.
<b>Revenue Expenditure</b>	:	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.
<b>Revenue Receipts</b>	:	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.

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- 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.