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Report of the  
Comptroller and Auditor General  
of India

for the year ended March 1999

Union Government (Civil)  
Accounts of the Union Government

No.1 of 2000



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## PREFACE

This Report for the year ended March 1999 has been prepared for submission to the President under Article 151 of the Constitution.

The Report includes matters arising from test audit of the Finance Accounts and the Appropriation Accounts of the Union Government for the year ended 31 March 1999. Part I of the Report includes observations on the Finance Accounts and Part II covers the observations on the Appropriation Accounts. The observations arising from the audit of various financial transactions as well as performance audit of the Civil Ministries have been included separately in Report No.2 and Report No.3.

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



## OVERVIEW

## Union Government Accounts: 1998-99 at a glance

The budget estimates and actuals of Receipts and Disbursements of the Union Government under the different heads during 1998-99 were as under:

(Rupees in crore)			
	Budget Estimates	Actuals	Shortfall (-)/ Excess (+)
<b>1. Total Receipt of the Union Government (7+8)</b>	<b>796429</b>	<b>814067</b>	<b>(+) 17638</b>
2. Revenue Receipts	247315	239889	(-) 7426
Tax Revenue <sup>β</sup>	141986	129317	(-) 12669
Non-Tax Revenue	105329	110572	(+) 5243
3. Non-debt Capital Receipts	5000	5874	(+) 874
<b>4. Total Revenue and non-Debt Capital receipts (2+3)</b>	<b>252315</b>	<b>245763</b>	<b>(-) 6552</b>
5. Recovery of Loans and Advances	11560	13189	(+) 1629
6. Receipt of Public Debt	412547	395297	(-) 17250
7. TOTAL RECEIPT IN THE CONSOLIDATED FUND OF INDIA (4+5+6)	676422	654249	(-) 22173
8. Public Account Receipt	120007	159818	(+) 39811
<b>9. Total disbursement by the Union Government (15+16+17)</b>	<b>796429</b>	<b>813831</b>	<b>(+) 17402</b>
10. Revenue Expenditure	295383	300456	(+) 5073
Interest Payments included in Revenue expenditure	75000	77882	(+) 2882
11. Capital Expenditure	28168	25200	(-) 2968
12. Loans and Advances	36241	46594	(+) 10353
<b>13. Total expenditure of the Union Government (10+11+12)</b>	<b>359792</b>	<b>372250</b>	<b>(+) 12458</b>
14. Repayment of Public Debt	359080	322679	(-) 36401
15. TOTAL DISBURSEMENT OUT OF CONSOLIDATED FUND OF INDIA (13+14)	718872	694929	(-) 23943
16. Public Account Disbursement	77557	118875	(+) 41318
17. Contingency Fund	--	27	--
18. Revenue Deficit (10-2)	48068	60567	(+) 12499
19. Fiscal Deficit {13-(4+5)}	91025 <sup>ψ</sup>	113298*	(+) 22273

<sup>β</sup> Does not include Taxes on Income assigned to States (Rs 14480 crore) under Article 270 of the Constitution.

<sup>ψ</sup> As appearing in the budget at a glance 1999-2000 after netting. However, on the basis of figures appearing in the BE column, the Fiscal Deficit worked out to Rs 95917 crore.

\* Including the Contingency Fund withdrawal not recouped during the year, the Fiscal Deficit would be Rs 113325 crore

### Overall assessment

- The budgetary assumption for **Tax Receipts** was over-optimistic. The actual collection fell short of the estimates by Rs 12669 crore. On the other hand, the **Revenue Expenditure** and provisions for **disbursement of Loans and Advances** were grossly underestimated. The end result of overestimation of the Receipts, particularly the Tax Receipts and underestimation of the Expenditure was that the **forecasts made at the time of presenting the budget before the Parliament in respect of Revenue Deficit and Fiscal Deficit proved grossly inaccurate, as the actual** of these deficits exceeded the estimates by Rs 12499 crore and Rs 22273 crore respectively.
- The steep fall in collection of **Tax Revenue** with reference to the estimates was offset to some extent by higher **Non-tax Receipts** of Rs 5243 crore, mainly because of more realisation under interest receipts : Rs 4733 crore, dividends and profits : Rs 1466 crore, power : Rs 1029 crore and petroleum \* : Rs 7026 crore.
- Shortfall of Rs 12669 crore in Tax Receipt was mainly on account of Corporation Tax: Rs 2021 crore, Taxes on Income: Rs 690 crore, Customs duties: Rs 7480 crore, Excise duty: Rs 4444 crore, which was partly offset by higher than estimated collection of interest and service tax.
- This tendency of the Government to **under estimate the expenditure and over estimate the Revenue Receipt** at the time of presentation of the budget to profess a particular level of Fiscal Deficit has been persistent over at least the last five years. The actual **Fiscal Deficit** overshoot the estimated figures during all these years by 10 to 60 *per cent*. This was despite the fact that Government resorted to post budget economy cuts and austerity measures including on plan schemes.
- **Fiscal Deficit** of Rs 113298 crore in the Consolidated Fund during 1998-99 was financed by borrowings consisting of net addition of Rs 72618 crore to the Public Debt stock and utilisation of net accretion of Rs 40943 crore in the Public Account. Rs 60567 crore of the borrowing were applied to Revenue Expenditure. These would entail further higher interest costs in subsequent years.

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\* Includes Rs 6382 crore on account of contribution towards redemption/servicing of Petroleum Bonds.

### Recommendations

- Utilisation of borrowed funds for current expenditure has been the bane of the resource administration system. In order to allow the borrowed funds to be applied to asset creation, policy measures may be considered to strengthen the resource application regime.
- In order to reduce, and eventually eliminate Revenue Deficit altogether, greater attention is required to be paid to the functioning of the revenue collection, widening of the tax base and further strengthening of the non-tax revenue base of the economy. More than expenditure control, it is by augmenting the resource generation that a turnaround can be achieved. Government **expenditure** being largely **inflexible**, the Revenue and Fiscal Deficits can be tackled mainly by increasing the Tax Revenue. Thus, the government ought to take up the challenge of controlling Revenue and Fiscal Deficits more through improved Revenue management. Since the present level of **Tax Revenue** is at **an all time low of 8.16 per cent** of the GDP, there is a great deal of scope for raising the tax collections through widening the tax base, review of exemptions/incentives and strict tax compliance.
- Fiscal responsibility in matters of borrowings, application of borrowed funds, significantly aberrant budgetary assumptions reported to Parliament, excess over authorised expenditure and cases of significant deviations from fiscal discipline/rules ought to be established through an Act. While policies may change, the system of financial administration must abjure adhocism and demonstrate both continuity and consistency. Government may expedite enactment of the proposed Fiscal Responsibility Act, which should address, among others, the above issues.

### Trend of the economy

- Deterioration over the last 23 years from a revenue surplus of 0.33 *per cent* of the GDP in 1976-77 to a Revenue Deficit of 3.44 *per cent* of the GDP in 1998-99 has aggravated the dependence on borrowed funds. This was as much due to **increasing Revenue Expenditure** as due to falling **Revenue Receipts in terms of percentage of GDP**. The Revenue Receipts as percentage of GDP have been declining since 1992-93 touching an all time low of 14.43 *per cent* in 1998-99 since 1976-77, while over the same period **Revenue Expenditure has increased by 2.63 percentage** points of the GDP, compelling higher borrowings.

- More and more **borrowed funds** are applied for meeting the **Revenue Expenditure**. During 1998-99, out of the **Fiscal Deficit** of 6.43 *per cent* of the GDP, amount constituting **3.44 per cent of the GDP was applied** to meet the **Revenue Expenditure**. Nearly one fifth of the **total Revenue Expenditure was met through borrowings**.
- **Increasing interest burden** arising out of ever increasing borrowings has limited the ability of achieving a breakthrough in curbing the escalating Revenue Expenditure. Interest payment as percentage of GDP has increased from a mere 1.62 to 4.42 over the last 23 years. Excluding transfer to states, **interest payments** alone constituted a **third of total Revenue Expenditure**.
- The **Capital Expenditure**<sup>1</sup> has decreased by 3.6 percentage points of GDP over 1986-87. The shrinking of Capital Expenditure has been the result of demands made by increasingly inflexible Revenue Expenditure and pressure to limit the borrowings. In order to sustain the demands for committed expenditure, Government has been compelled to borrow more and more, which in turn has increased the liability of interest payment and therefore, the Revenue Expenditure.

## Trends of Receipts and Disbursements

### Receipts

- In absolute terms, the **gross Revenue Receipts** of Rs 254369 crore was up by Rs 22562 crore with reference to 1997-98, though as percentage of GDP, it was down to 14.43 compared to 14.82 during the previous year. The Tax Revenue and Non-Tax Revenue collection were 8.16 *per cent* and 6.27 *per cent* of the GDP respectively. During 1998-99, the **Tax Revenue** as percentage of GDP dropped to its **lowest level since 1976-77**.
- The **Tax Revenue** collections consisted of **Direct tax Revenue** of Rs 46600 crore and Indirect Tax Revenue of Rs 97197 crore. The **Indirect Taxes** were short of the estimated receipts of Rs 108855 crore by Rs 11658 crore. As pointed out earlier, this was a result of serious shortfall in collection of Customs duty and Union Excise duties.
- Out of the gross collection of Rs 20240 crore from **Taxes on Income other than Corporation Tax**, Rs 14480 crore were **assigned to the States**, while out of the gross collection of **Union Excise duties** of

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<sup>1</sup> Capital expenditure + loans and advances



Rs 53246 crore, Rs 24665 crore were assigned to States. The total of these two assignments of the Union taxes to States was **27.22 per cent** of the total Tax revenue collected by the Union Government.

- Both **Direct** and **Indirect Taxes** continued to slide downwards as percentage of GDP. The **Direct Taxes** dropped to **all time low** of 2.64 *per cent* of GDP while Indirect Taxes also followed suit and **dropped to an all time low** of 5.52 *per cent* of the GDP. Even with reference to the previous year, the Direct and Indirect taxes came down by 0.45 and 0.29 percentage points during 1998-99. Persistent slide in Central Excise duty year after year is a cause of serious concern.
- Non-tax revenues also declined consistently since 1994-95 except during 1998-99, when it picked up slightly over the 1997-98 levels. There has been no break-through in raising the **Non-tax Revenues** either, which has been oscillating around 6 *per cent* of the GDP. But for the disinvestments through cross holding, the non-tax revenues would have remained stagnant. **Non-tax Revenue** dropped from 6.66 *per cent* of the GDP in 1994-95 to 6.27 *per cent* in 1998-99.

### Expenditure

- The total expenditure of the Union Government during 1998-99 was Rs 372250 crore, which was **Rs 12458 crore more than the budget estimates**.
- Over the last five years, the **total expenditure** in absolute terms increased by Rs 151387 crore from Rs 220863 crore in 1994-95, while over the same period, the **total revenue increased** by only Rs 93219 crore. The widening resource gap is sought to be bridged by borrowings year after year, without success in mobilising and rallying the revenue resources to match the increased demand for expenditure.
- **Total transfer of funds to the state governments**, including the share of net proceeds of taxes on income other than Corporation Tax assigned to states and states' share of Union Excise duties, state Plan Schemes, non-Plan grants and loans aggregating Rs 105771\* crore during 1998-99 constituted 28.41 *per cent* of the total expenditure of the Union Government. The total transfers to state governments constituted about 74 *per cent* of the total gross Tax Revenue collected by the Union Government.
- The total assistance to **the state governments** from the Union Government accounted for 35.19 *per cent* of the total receipts in the Consolidated Fund of the States.

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\* Includes Rs 14480 crore, share of net proceeds of income tax assigned to states.

- Though the **Revenue Expenditure** as percentage of the GDP declined marginally in 1998-99 compared to the previous few years, it failed to arrest the **worsening position of Revenue Deficit** due to a critical decline in the Revenue Receipt, which swept off the marginal gain of reduction in Revenue Expenditure in nominal terms. Over the last five years, the Revenue Expenditure increased from Rs 177699 crore in 1994-95 to Rs 300456 crore in 1998-99.
- A major part of the **Revenue Expenditure** consisted of **Interest Payments**. During 1998-99, interest payment of Rs 77882 crore constituted 25.92 *per cent* of the total Revenue Expenditure. As brought out above, it was 4.42 *per cent* of the GDP during 1998-99.
- **Revenue Expenditure** during 1998-99 constituted 80.71 *per cent* of the total expenditure while the **Capital Expenditure** booked in accounts was only 6.77 *per cent*. Reckoning loans advanced by the Union government as Capital Expenditure, the total Capital Expenditure booked in accounts was less than 20 *per cent*. This was significantly lower than 1988-89, when the capital expenditure accounted for over 25 *per cent* of the total expenditure.
- As brought out above, the pressure due to increasing Revenue Deficit, demand from the state governments for more and more loan and compulsion of keeping the Fiscal Deficit within a limit has led to shrinking of the expenditure on capital account. During 1998-99, the Capital Expenditure was a mere 1.43 *per cent* of the GDP.
- **Total explicit subsidies** as percentage of total revenue expenditure jumped within one year from 7.48 in 1997-98 to 8.36 *per cent* in 1998-99. As percentage of GDP, the explicit subsidies during 1998-99 were 1.42 *per cent*. Besides, there were many implicit subsidies which were not reflected distinctly in the budget and accounts.

### Investment and return

- Public sector companies and corporations paid **dividend** of a mere 3.97 *per cent* on the total progressive investment of Rs 60099 crore.
- Out of the total 244 PSUs, only 77 paid dividend to the Union Government between 0.04 and 131.76 *per cent* of the equity.
- Seventeen PSUs registered post tax profit of Rs 1303.49 crore during 1997-98. But they did not pay any dividend to Government during 1998-99 in violation of the orders of the Ministry of Finance.

- The **nationalised banks** paid dividend of only Rs 384.19 crore (2.81 *per cent*) on the total progressive investment of Rs 13672.62 crore towards the share capital, while the Government paid Rs 1277.99 crore as interest to them on special securities issued to them by re-capitalising the investment in equity.

### Debt of the Union Government

- **Total liability** of the Union Government, which consisted of the internal borrowings, external borrowings and balances in the Public Account utilised as resource by the Government, increased by 61 *per cent* over the last five years from Rs 630071 crore in 1994-95 to Rs 1012486\* crore in 1998-99.
- The total liability consisted of **Internal Debt stock** of Rs 459696 crore, **External Debt** at the current rate of exchange of Rs 177934 crore, balances in **Small Savings, Provident Fund**, etc. of Rs 333261 crore and **Reserve Funds and Deposits** of Rs 41595 crore. The total debt stock and the Public Account liability of the Union Government at the end of March 1999 constituted 57.44 *per cent* of the GDP.
- While 66.46 *per cent* of the **Internal Debt** was made up of the **market borrowings**: Rs 305513 crore, 4.10 *per cent* consisted of outstanding Treasury Bills: Rs 18845 crore and 22.15 *per cent* consisted of **Treasury Bills** converted into securities: Rs 101818 crore. The rates of interest on market borrowing stocks were between 5.5 and 14 *per cent*, while that on the Treasury Bill converted into securities was 4.6 *per cent*. Most of the Public Accounts attracted interest at 12 *per cent*.
- **Unutilised committed external assistance** stood at Rs 50157 crore at the end of March 1999. The Union Government paid commitment charges of Rs 47.59 crore on unutilised external assistance during 1998-99. The unutilised committed external assistance related to Power, Water Resource Management, Roads and Social Sectors.
- The pressure of repayment of the principal and payment of interest on the **External Debt** has already turned the net inflow negative since 1994-95. In order to use the channels of **Market Loans** and External Debt as a net resource after repayment of the principal and payment of the interest, Government will be compelled to borrow more, exerting still higher pressure on the budget in the coming years unless a **breakthrough in Revenue Receipt** is achieved.

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\* External debt at current rate of exchange

- Government has not fixed any **ceiling on borrowings** with the approval of Parliament in accordance with **Article 292 of the Constitution** despite repeated **recommendations of the PAC** and recommendation of the **Estimates Committee**. Without any law limiting the borrowing powers of the executive, Government's borrowing continued to be guided by the need to bridge the gap between the total expenditure and Revenue Receipts rather than a considered fiscal policy/law.

### Deficit

- As brought out earlier Government was unable to maintain the commitment to limit the **Fiscal Deficit** to 5.6 per cent of the GDP. The actual Fiscal Deficit stood at 6.43 per cent of the GDP, which was, 0.83 percentage point above the commitment level.
- **Revenue Deficit** of Rs 60567 crore during 1998-99 exceeded the Budget Estimates by Rs 12499 crore. Revenue Deficit of all State Governments together was Rs 42242 crore.
- Government has consistently failed to contain the **Fiscal/Revenue Deficits** to the levels projected in the budget estimates presented to the Parliament. While actual **Fiscal Deficit** overshot the budget estimates during all five years: 1994-99, the **Revenue Deficit** overshot the estimates during the last three years.

### Correctness of Accounts

- The completeness and accuracy of accounts of the Union Government were affected by (i) non-reconciliation of accounts, (ii) inability to complete review of balances (iii) large outstanding balances under suspense heads awaiting final clearance (iv) increasing number of adverse balances in the accounts and (v) outstanding under Cheques and Bills.
- Since the format of Finance Accounts provides for indicating the balances under the suspense heads on 'net' basis, the actual magnitude of outstanding balances under major suspense heads, which is a total of all **plus** and **minus debit** and **credit** balances, was not discernible. Sample checks in the ministries disclosed that in many cases the details of plus and minus credit and debit balances were not maintained properly.
- Excluding the items under 'Discount Sinking Fund' and 'Suspense Account for Purchases Abroad', which are designed to be booked initially under suspense as per the prescribed procedure, the balances under major suspense heads continued to increase, suggesting more accretion to the

balances than their clearance. Since, suspense accounts ought to be transitory in nature, increasing suspense balances is a cause of anxiety. Excluding balances under Discount Sinking Fund and Suspense Account for Purchases Abroad, the net amount of suspense balance appearing in the Finance Accounts at the end of 1998-99 was Rs 6775 crore.

- The progressive investments in nationalised banks did not reflect the true and fair view, as the effect of losses by a few banks written off by Govt. during 1994-97 were not adjusted.

## Appropriation Accounts

Disbursements from the Consolidated Fund of India against the funds authorised by the Parliament during 1998-99 were as under:

	<b>Total number of grants</b>	<b>96</b>
<b>Of which,</b>		
	Departmentalised	93
	Non-departmentalised	3
		<b>(Rs in crore)</b>
	<b>Total provision *</b>	<b>643188.49</b>
<b>Of which,</b>		
	Original	628740.73
	Supplementary	14447.76
<b>Of which,</b>	Revenue	217995.39
	Voted	112763.79
	Charged	105231.60
	Capital	425193.10
	Voted	26319.82
	Charged	398873.28
	Provision for recoveries	6303.52
	Total net provision	636884.97
	<b>Total gross disbursements # *</b>	<b>608167.09</b>
<b>Of which,</b>		
	Revenue	220441.19
	Voted	114203.68
	Charged	106237.51
	Capital	387725.90
	Voted	25284.07
	Charged	362441.83
	Recoveries in reduction of expenditure	8026.96
	Voted	8000.20
	Charged	26.76
	Total net disbursement	<b>600140.13</b>
	Unspent provision with reference to gross provision and disbursement	<b>35021.40</b>

\* This does not include the figures of Railways, Defence and P&T, while the figures in chapter X include the disbursement for them.

# Includes repayment of debt

### Disbursement

- Total disbursement of Rs 608167 crore in civil ministries during 1998-99 was higher by Rs 23696 crore than the total disbursement of Rs 584471 crore during 1997-98. Rs 400562 crore constituting 66 *per cent* of total disbursements under civil ministries was on account of re-payment of debt and interest payments.

### Unspent provision

- The net **Unspent provision** of Rs 35021.40 crore constituted 5.44 *per cent* of the total authorisation. This unspent provision is without taking into account the funds demanded in the second batch of supplementary demands for grants in March 1999, which did not materialise. Since the Appropriation Act authorising the demands made in the second batch would not come into force before the end of the financial year, the quality of financial control of ministries should be viewed after taking into account the demands included in the second batch of supplementary grant. Reckoning the amounts demanded in the second batch, the actual unspent provisions would have aggregated to a massive Rs 46831 crore.

Excluding the unspent provision due to less repayment of Treasury Bills on account of less drawal and consequent less payment of interest on them, the effective aggregate unspent provision was Rs 6771.17 crore, which would have been Rs 18580.72 crore, reckoning the provisions made in the second batch of supplementary were taken into account.

- In 25 cases of 20 grants and one appropriation, unspent provisions aggregating Rs 6407.91 crore and Rs 38264.64 crore respectively were in excess of Rs 100 crore. Unspent provisions in excess of Rs 100 crore under each grant/ appropriation call for explanatory note to the Public Accounts Committee.
- Large unspent provisions occurred in developmental areas. Some of the major unspent provisions were in the grants of the ministries of Chemicals and Fertilisers: Rs 529 crore, Department of Animal Husbandry and Dairying: Rs 150 crore; Department of Civil Aviation: Rs 175 crore; Department of Food and Civil Supplies: Rs 305 crore; Ministry of Coal: Rs 224 crore; Ministry of Environment and Forests: Rs 213 crore; Currency, Coinage and Stamps: Rs 330 crore; Health: Rs 460 crore; Family Welfare: Rs 106 crore; Education: Rs 725 crore; Broadcasting Services: Rs 426 crore; Department of Rural Development: Rs 126 crore; Department of Rural Employment and Poverty Alleviation: Rs 398 crore; Roads: Rs 751 crore; Welfare: Rs 493 crore; Nuclear Power Schemes: Rs 135 crore; and Department of Space: Rs 161 crore, etc. Some of the schemes in these areas failed to take off during the year as per the plan.

- In another 36 cases involving 31 grants, aggregate unspent provisions of Rs 1834.15 crore were due to unspent provision between Rs 20 crore and Rs 100 crore in each of them.

### **Expenditure in excess of authorisation**

- The expenditure exceeded the **authorised** amount by Rs 11824.46 crore in 56 segments of 42 grants/appropriation in civil ministries, Rs 300.85 crore under grant of Telecommunication services, Rs 283.91 crore under three grants/appropriations under Defence Services and Rs 346.75 crore under four grants and five appropriations of Railways which require regularisation in terms of Article 115 (1)(b) of the Constitution. Much of the excess expenditure can be termed technical in nature, if the provisions included in the second batch of supplementary demand are taken into account.
- Reckoning the provisions in the second batch of supplementary, the excess expenditure aggregating Rs 711.68 crore occurred in seven grants/appropriations in civil ministries

### **Charged expenditure**

- The charged expenditure of civil ministries constituted between 71 and 77 *per cent* of the total expenditure during 1994-99.
- The scope of financial control of the Parliament gets limited to a relatively small portion of the total expenditure because charged expenditure is not subject to vote by Parliament.

### **Re-appropriations**

Re-appropriations of Rs 9481 crore in 32 cases/sub-heads of 16 grants/appropriations were injudicious. Even the original provision under those heads to which the amounts were re-appropriated could not be utilised and the re-appropriated amounts remained totally unutilised.

- In 26 cases/sub heads of 17 grants/appropriations, from which ministries approved re-appropriations of Rs 173 crore, ultimately ended up with excess.
- This is indicative of deficient accounting information system or assumptions for likely expenditure even towards the close of the year.



### **Rush of expenditure**

- Ministries/departments continued to incur a large part of expenditure in the month of March.
- Expenditure incurred in March 1999/last quarter of the financial year relating to 77 major heads in 36 grants/appropriations constituted 27 to 100 *per cent* of the total expenditure under those major heads.
- Most of the expenditure on grants, loans and investments, etc. were released only in March.

### **Unauthorised expenditure on New Service**

- In 94 cases of 24 grants/appropriation, the ministries/departments infringed the provisions relating to “New Service/New Instruments of Service”. This would require regularisation.
- Most of the cases of New Services/New Instruments of Services occurred as the Appropriation Act authorising the additional expenditure came into force after financial year had already ended. Reckoning the provisions in the second batch of supplementary demands for grants the expenditure in five cases in four grants attracted limitation of New Service/New Instruments of Service.

### **Supplementary provisions without requirement**

- Supplementary grants in five cases relating to five grants were unnecessary, since the actual expenditure under them were less than the original provision. Reckoning the second batch of supplementary demands for grants, supplementary grants in 13 cases would have become unnecessary.
- These shortcomings in financial management and control reflect poorly on the systems and procedures in the finance and accounts wings in the ministries.

### Review of selected grants

Sample checks of budget and accounting records of Ministries of Environment and Forests, Health and Family Welfare, Departments of Rural Development and Atomic Energy disclosed the following:

- Unspent provision made for vital sectors, schemes and programmes;
- Disbursements in excess of authorisation;
- Irregular and injudicious re-appropriation as the original provision from which funds were transferred by re-appropriation, or funds were not adequate or inadequate and consequently there were final unspent provision and excess;
- Disproportionately large disbursement/expenditure during March; and
- Expenditure attracting limitations of New Service/New Instrument of Service.

A few important cases are indicated below:

- Ministry of Environment and Forests registered persistent unspent provisions under Hazardous Substance Management, Eco-development around Important Protected Areas and National Afforestation and Eco-development Board.
- There was persistent excess expenditure under Promotion of Common effluent Treatment Plant during 1996-99. The percentage of the disbursement in excess of budget allotment ranged between 100 to 787 *per cent*.
- Ministry of Health and Family Welfare registered persistent unspent provisions for the schemes of National Tuberculosis Control Programme, National Malaria Eradication Programme, Demographic and Other Communication Research, Selected Area Programme (including India Population Project) and Reproductive and Child Health Project during 1996-99.
- Department of Rural Development registered persistent unspent provisions for the programmes and schemes of Accelerated Rural Water Supply Programme, National Old Age Pension Scheme, National Family Benefit Scheme, National Maternity Benefit Scheme and Central Rural Sanitation Programme.

# Part I



## **Finance Accounts**

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## **CHAPTER I : INTRODUCTION : SUMMARY OF RECEIPTS AND DISBURSEMENTS**

### **1.1 Structure of Government Accounts**

Before the Government of India Act 1935 came into force, the Governor General in Council was the custodian of the Public Account, which was a single account for the whole of India. All the financial transactions of the erstwhile provincial governments were effected through the central balance and their first effective record was their classification by the Accountant General (AG). The account of each provincial government was only a subsidiary account, and the balance of each provincial government was only an account balance, which was worked out by the AG.

Consequent on the coming into force of the Government of India Act, 1935, the balances of the provincial governments were, with effect from 1 April 1937, physically separated from that of the Central Government and a separate Public Account was set up for each Government, into which all moneys received by a government, whether on revenue account or other account, were paid and credited and from which all disbursements on behalf of that Government were made.

With the adoption of the Constitution, this single Public Account was divided into three separate parts in which the transactions of the Union Government and of each State Governments are recorded; viz. (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

#### **(i) Consolidated Fund**

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

#### **(ii) Contingency Fund**

Contingency Fund of India established under Article 267(1) of the Constitution is in the nature of an imprest placed at the disposal of the President to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by 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.

**(iii) Public Account**

Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(3) of the Constitution and the connected disbursements are also made therefrom. Generally speaking, Public Account funds do not belong to Government and have to be paid back some time or the other to the persons and authorities who deposited them. Parliamentary authorisation for payments from the Public Account is, therefore, not required. The excess of receipt in the Public Account over disbursements during each financial year are utilised by Government as a resource. The accumulated balances in the Public Account, are therefore, a liability of the Government to the account holders.

The table below depicts a summary of the accounts of the Union Government for the five years ending 1998-99.

**Table 1.1 (i): Summarised Accounts of Consolidated Fund, Contingency Fund and Public Account**

	<i>(Rupees in crore)</i>				
	1998-99	1997-98	1996-97	1995-96	1994-95
<b>Opening cash balance</b>	<b>3284</b>	<b>2374</b>	<b>2829</b>	<b>1174</b>	<b>2402</b>
Consolidated Fund receipts	654249	605472	412911	357933	316391
Consolidated Fund disbursements	694929	664478	441559	379902	354133
Surplus/deficit in C.F.I	(-) 40680	(-)59006	(-)28648	(-)21969	(-)37742
Public Account receipts	159818	169620	127327	113005	107671
Public Account disbursements	118875	109704	99134	89381	71157
Surplus/deficit in Public Account	40943	59916	28193	23624	36514
Contingency Fund disbursements	27	--	--	--	--
<b>Closing cash balance at the end of the year</b>	<b>3520</b>	<b>3284</b>	<b>2374</b>	<b>2829</b>	<b>1174</b>

Article 266 of the Constitution of India provides that "No moneys out of the Consolidated Fund of India 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, culminates in the Appropriation Act after the Demand for Grants of a 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 Consolidated Fund of India, 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 Consolidated Fund of India by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year'.

It would be observed from table 1.1(i) above that the amount of withdrawal during each year exceeded the amount available in Consolidated Fund of India. Public Account of India, comprising money which does not belong to Government, is being used for expenditure. In that sense, to the extent the balances in the Public Accounts are used for disbursements from the Consolidated Fund of India, it constitutes a borrowing by the Government.

The budget estimates and actuals of Receipts and Disbursements of the Union Government under the different heads of accounts during 1998-99 were as under:

**Table 1.1 (ii) : Estimates and actuals of Receipts and Disbursements**

*(Rupees in crore)*

	Budget Estimates	Actuals	Shortfall (-)/ Excess (+)
1. <b>Total Receipt of the Union Government (7+8)</b>	<b>796429</b>	<b>814067</b>	<b>(+) 17638</b>
2. Revenue Receipts	247315	239889	(-) 7426
Tax Revenue <sup>β</sup>	141986	129317	(-) 12669
Non-Tax Revenue	105329	110572	(+) 5243
3. Non-debt Capital Receipts	5000	5874	(+) 874
4. <b>Total Revenue and non-Debt Capital receipts (2+3)</b>	<b>252315</b>	<b>245763</b>	<b>(-) 6552</b>
5. Recovery of Loans and Advances	11560	13189	(+) 1629
6. Receipt of Public Debt	412547	395297	(-) 17250
7. <b>TOTAL RECEIPT IN THE CONSOLIDATED FUND OF INDIA (4+5+6)</b>	<b>676422</b>	<b>654249</b>	<b>(-) 22173</b>
8. Public Account Receipt	120007	159818	(+) 39811

<sup>β</sup> Does not include Taxes on Income assigned to States (Rs 14480 crore) under Article 270 of the Constitution.

9. <b>Total disbursement by the Union Government (15+16+17)</b>	<b>796429</b>	<b>813831</b>	<b>(+) 17402</b>
10. Revenue Expenditure	295383	300456	(+) 5073
Interest Payments included in Revenue expenditure	75000	77882	(+) 2882
11. Capital Expenditure	28168	25200	(-) 2968
12. Loans and Advances	36241	46594	(+) 10353
13. <b>Total expenditure of the Union Government (10+11+12)</b>	<b>359792</b>	<b>372250</b>	<b>(+) 12458</b>
14. Repayment of Public Debt	359080	322679	(-) 36401
15. <b>TOTAL DISBURSEMENT OUT OF CONSOLIDATED FUND OF INDIA (13+14)</b>	<b>718872</b>	<b>694929</b>	<b>(-) 23943</b>
16. Public Account Disbursement	77557	118875	(+) 41318
17. Contingency Fund	--	27	--
18. Revenue Deficit (10-2)	48068	60567	(+) 12499
19. Fiscal Deficit {13-(4+5)}	91025 <sup>ψ</sup>	113298 <sup>*</sup>	(+) 22273

## 1.2 Annual Accounts

**Annual Accounts of the Union Government are presented as one volume of Finance Accounts and five volumes of Appropriation Accounts.**

The accounts of the Union Government are prepared in six volumes, viz., the Finance Accounts covering the consolidated position of the Union Government and Appropriation Accounts relating to Civil Ministries, Postal Services, Telecommunications, Defence Services and Railways.

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

<sup>ψ</sup> As appearing in the budget at a glance 1999-2000 after netting. However, on the basis of figures appearing in the BE column, the Fiscal Deficit worked out to Rs 95917 crore.

<sup>\*</sup> Including the Contingency Fund withdrawal not recouped during the year, the Fiscal Deficit would be Rs 113325 crore



### **1.3 Finance Accounts**

Unlike the Appropriation Accounts, which include the expenditure against the authorisation from the Consolidated Fund of India, the Finance Accounts deal with the details of receipt and disbursement from all three parts of Government accounts viz. the Consolidated Fund, the Public Account and the Contingency Fund. They comprise the accounts of the Union Government as a whole, incorporating transactions of Civil Ministries, Defence, Posts, Telecommunications and Railways.

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

- (a) Summary of debt position
- (b) Loans and advances by Union Government
- (c) Guarantees given by the Union Government
- (d) Summary of balances

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

### **1.4 Audit Reports of the CAG**

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

Audit Reports of the CAG are presented in different volumes based on the categories of transactions.

CAG's Audit Reports on the accounts of the Union for the year ended March 1999 are structured as follows:

Report No.	Containing observations on
1 of 2000	Union Government : (Civil) - Accounts of the Union Government
2 of 2000	Union Government :(Civil) - Transaction Audit Observations
3 of 2000	Union Government :(Civil) - Performance Appraisals
4 of 2000	Union Government : (Civil) - Other Autonomous Bodies
5 of 2000	Union Government : (Scientific Departments)
6 of 2000	Union Government : (Post & Telecommunications)
7 of 2000	Union Government : (Defence Services) Army & Ordnance Factories
8 of 2000	Union Government : (Defence Services) Air Force & Navy
9 of 2000	Union Government : (Railways)
10 of 2000	Union Government : Indirect Taxes (Customs)
11 of 2000	Union Government : Indirect Taxes (Central Excise and Service Tax)
12 of 2000	Union Government : (Direct Taxes)

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

### 1.5 Reporting parameters

In all chapters in this Report, for the facility of comparison, receipts and expenditure of all sectors have been presented in terms of quick estimates of GDP\* for 1998-99 at current market prices notified by the Central Statistical Organisation. For the earlier years also, the quick estimates figures of GDP were used for analysis. Though after presentation of every year's Audit Reports, final figures of GDP are available, the reporting parameters with reference to quick estimates used in earlier Reports have been retained for the relevant years to maintain uniformity. Figures from the Finance Accounts have been suitably rounded off, wherever necessary.

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\* Quick Estimates : Rs 1762609 crore

## **1.6 Analysis and audit findings**

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

## CHAPTER II : MACRO - ECONOMIC REVIEW OF ACCOUNTS

2 This chapter presents the results of a macro-economic review of accounts of the Union Government including analysis of growth of receipt and expenditure, in absolute terms and as percentage of GDP. It reviews receipts and disbursements of Union and State Governments and an economic classification of accounts netted to balances. The presentation emphasises trends of growth in a larger time span in both gross and net terms and relates Government expenditure to growth of the economy.

### 2.1 Summary of financial position

A detailed statement of the financial position of the Union Government for the last five years is at Appendix I.

#### 2.2.1 Price trends and GDP growth

Price changes affect Government in several ways. The two important effects being changes in wholesale prices, which affect capital outlays and changes in consumer prices, which determines Government's liability to pay dearness allowance.

Reserve Bank of India (Annual Report 1998-99) measures annual inflation rate, in terms of changes in wholesale price index (WPI) for all commodities point-to-point basis. On this basis, inflation declined to 4.8 *per cent* in 1998-99 as compared to 5.3 *per cent* in 1997-98, but on average basis it increased to 6.9 *per cent* as compared to 4.8 *per cent* in 1997-98. There were substantial differences in the rate of inflation between the wholesale price index and consumer price index (CPI). On point to point and average basis the change in consumer price index was 8.9 *per cent* and 13.1 *per cent* respectively during 1998-99, an increase of 0.6 and 6.3 points over 1997-98.

The annual rate of inflation for the last five years were as under:-

**Table 2.2.1(i) : Annual rate of inflation**

	(Per cent)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Wholesale price index (Base year 1981-82)					
(a) Point to point	4.8	5.3	6.9	5.0	10.4
(b) Average	6.9	4.8	6.4	7.8	10.9
Consumer price index(IW) (Base year 1982)					
(a) Point to point	8.9	8.3	10.0	8.9	9.7
(b) Average	13.1	6.8	9.4	10.0	10.3

The growth of GDP at factor cost at constant 1993-94 prices in absolute term with sectoral composition for the last five years was as under:-

**Table 2.2.1(ii) Growth of Real GDP and sectoral composition**

(Rupees in crore)

Year	Agriculture & allied	Industry	Services	Total GDP at factor cost	Annual Growth (%)
1998-99	290181 (26.82)	292503 (27.04)	499150 (46.14)	1081834 (100)	3.1
1997-98	277418 (26.44)	283444 (27.02)	488329 (46.54)	1049191 (100)	5.0
1996-97	280179 (28.05)	267609 (26.79)	451190 (45.16)	998978 (100)	7.8
1995-96	256096 (27.65)	252390 (27.24)	417926 (45.11)	926412 (100)	7.6
1994-95	255522 (29.67)	224902 (26.12)	380640 (44.21)	861064 (100)	7.8

(Figure in bracket shows share in total GDP)

Over the five year period, the share of the agriculture sector as a percentage declined from 29.67 per cent in 1994-95 to 26.82 per cent in 1998-99. The share of industry which was 26.12 per cent in 1994-95 increased to 27.04 per cent in 1998-99. The services sector maintained its upward trend from 44.21 per cent in 1994-95 to 46.14 per cent in 1998-99.

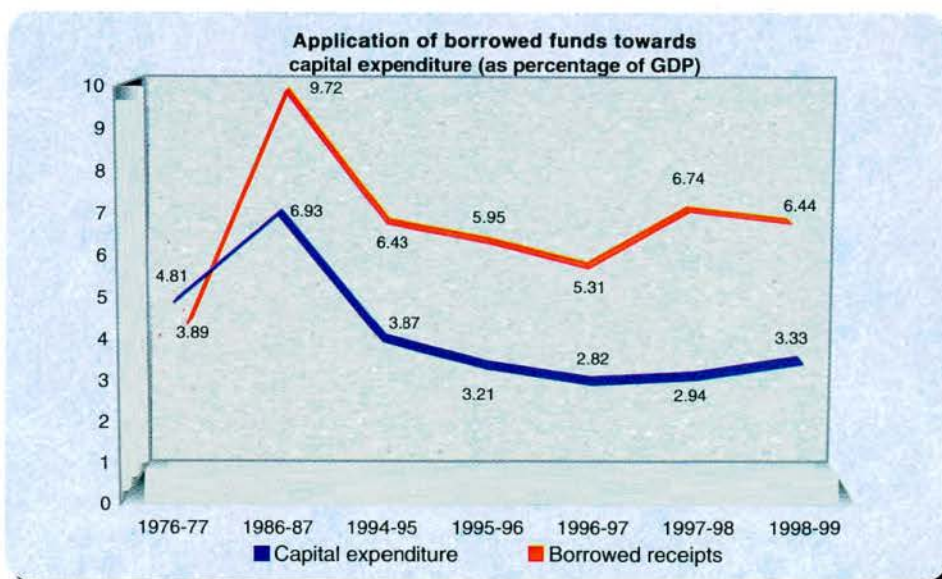
The GDP during 1998-99 at factor cost at constant 1993-94 prices was estimated to grow by 6.8 per cent. The actual growth of GDP at factor cost was, however, substantially low at 3.11 per cent.

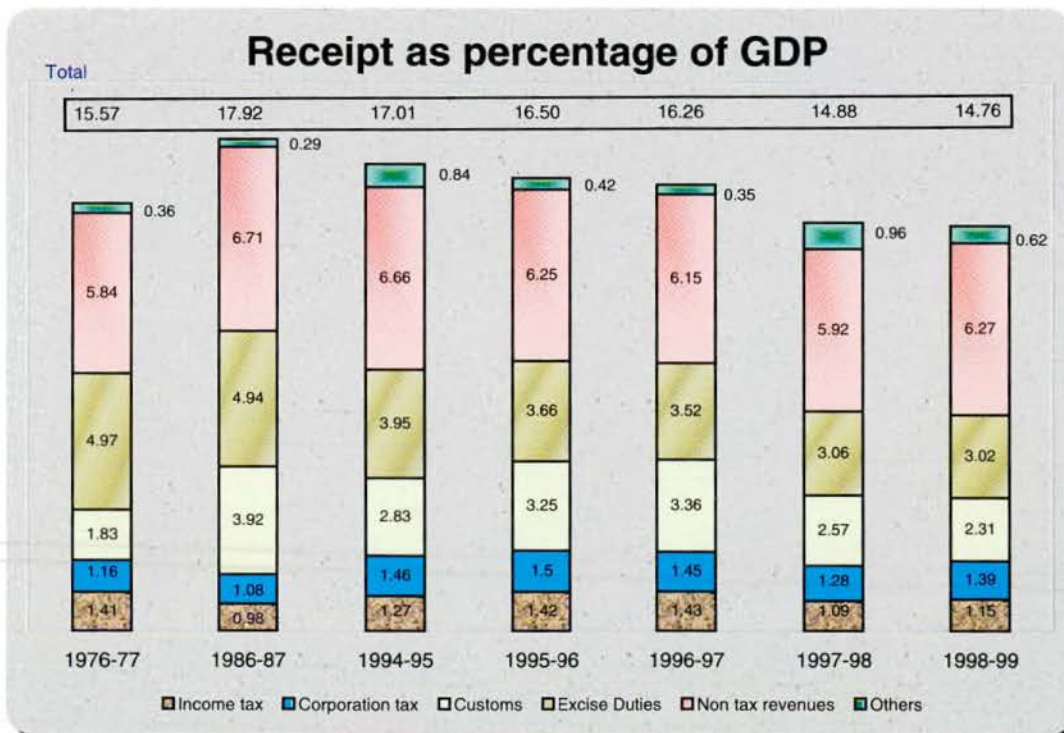
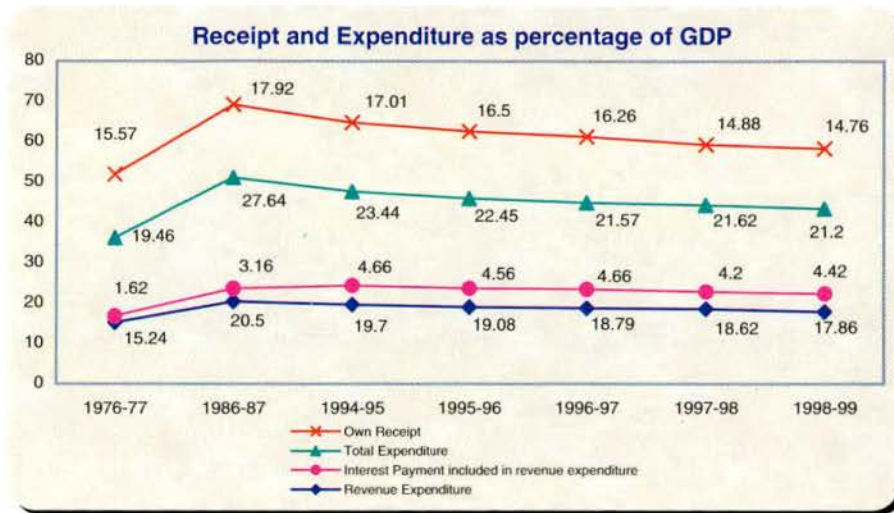
## 2.2.2 Receipts and disbursements : Trend as percentage of GDP

The pattern of total receipts and expenditure of the Union Government over the last two decades as percentage of the GDP and their absolute value is indicated at Appendix-II, which contains data for 1976-77, 1980-81, 1984-85, 1986-87, 1988-89 and for the last seven years: 1992-99.

There seems to be an increasing tendency to overstate receipts, understate expenditure and present a better financial picture at Budget time. Widespread and significant changes between budget estimates and actuals presented in this Report testify to this hypothesis.

The other point about these trends is the significant gap between growth of expenditure and Government's own receipts. The former ranged between 20 to 23 *per cent* while the later between 15 to 17 *per cent* before declining to an all time low of 14.76 *per cent* in 1998-99. This is the main reason for Government's fiscal woes.





The percentage of different types of receipts and expenditure to the GDP is summarised in tables below. All analysis are in terms of percentage to GDP.

Table: 2.2.2 (i) : Receipt as percentage of GDP

Year	1976-77	1980-81	1984-85	1986-87	1988-89	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
GDP(Rs in crore)	84894	136013	231343	292949	395782	702829	801032	945615	1098576	1276974	1563552	1762609
Total Receipt	19.46	21.65	23.86	27.64	25.58	24.02	24.97	23.44	22.45	21.57	21.62	21.20
Tax + Non-tax revenue and miscellaneous	15.57	14.99	16.20	17.92	17.34	17.39	15.90	17.01	16.50	16.26	14.88	14.76
Total Tax Receipt	9.73	9.68	10.13	11.21	11.23	10.62	9.46	9.76	10.12	10.08	8.90	8.16
Direct Taxes	2.73	2.19	2.06	2.13	2.23	2.58	2.53	2.85	3.05	3.04	3.09	2.64
Corp Tax	1.16	1.01	1.10	1.08	1.11	1.27	1.25	1.46	1.50	1.45	1.28	1.39
Income Tax	1.41	1.06	0.83	0.98	1.07	1.12	1.14	1.27	1.42	1.43	1.09	1.15
Other DTs	0.16	0.12	0.13	0.07	0.05	0.19	0.14	0.12	0.13	0.16	*0.72	0.10
Indirect Taxes	7.00	7.49	8.07	9.08	9.00	8.04	6.92	6.91	7.07	7.04	5.81	5.52
Customs	1.83	2.51	3.04	3.92	3.99	3.38	2.77	2.83	3.25	3.36	2.57	2.31
Excise Duty	4.97	4.78	4.82	4.94	4.76	4.39	3.96	3.95	3.66	3.52	3.06	3.02
Other Ind Taxes	0.20	0.20	0.21	0.22	0.25	0.27	0.19	0.13	0.16	0.16	0.18	0.19
Non-tax Revenue	5.84	5.31	6.07	6.71	6.11	6.49	6.44	6.66	6.25	6.15	5.92	6.27
Interest	1.30	1.32	1.71	1.83	1.76	1.78	1.88	1.67	1.68	1.73	1.62	1.71
Railways	2.41	1.99	2.36	2.62	2.41	2.29	2.29	2.17	2.08	1.94	1.86	1.71
Postal and Tele-communication	0.73	0.67	0.71	0.61	0.79	0.83	0.90	0.95	1.12	1.16	1.16	1.15
Others	1.40	1.33	1.29	1.65	1.15	1.59	1.37	1.87	1.37	1.32	1.28	1.70
Non-debt capital receipt	--	--	--	--	--	0.28	--	0.59	0.13	0.03	0.06	0.33
Debt	3.89	6.66	7.66	9.72	8.24	6.63	9.07	6.43	5.95	5.31	6.74	6.44
Borrowings	1.84	5.79	4.23	5.95	4.64	4.51	6.45	2.57	3.80	3.10	2.91	4.12
Public Account	2.05	0.87	3.43	3.77	3.60	2.12	2.62	3.86	2.15	2.21	3.83	2.32

\* Mainly VDIS



Table :2.2.2 (ii) : Expenditure as percentage of GDP

year	1976-77	1980-81	1984-85	1986-87	1988-89	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
GDP(Rs in crore)	84894	136013	231343	292949	395782	702829	801032	945615	1098576	1276974	1563552	1762609
Total expenditure	19.46	21.65	23.86	27.64	25.58	24.02	24.97	23.44	22.45	21.57	21.62	21.20
Revenue expenditure	15.24	16.24	17.72	20.50	20.00	19.76	19.98	19.70	19.08	18.79	18.62	17.86
General services	5.66	6.23	6.57	7.92	7.66	7.86	8.02	7.79	7.73	7.66	7.32	7.69
Interest	1.62	1.92	2.58	3.16	3.61	4.42	4.59	4.66	4.56	4.66	4.20	4.42
Others	4.04	4.31	3.99	4.76	4.05	3.44	3.43	3.13	3.17	3.00	3.12	3.27
Social Services	0.72	0.64	0.77	1.01	0.73	0.64	0.63	0.57	0.67	0.73	0.74	0.80
Economic Services	4.90	4.48	5.57	5.99	6.32	5.75	5.91	6.54	6.03	5.79	6.30	5.65
Transfers to states	3.89	4.83	4.74	5.53	5.24	5.48	5.39	4.78	4.63	4.59	4.24	3.69
Others	0.07	0.06	0.07	0.05	0.05	0.03	0.03	0.02	0.02	0.02	0.02	0.03
Capital expenditure	2.18	2.93	3.39	3.75	2.87	2.93	3.08	2.03	1.60	1.23	1.29	1.43
Loans (net)	2.63	2.35	2.78	3.18	2.56	1.41	1.78	1.84	1.62	1.59	1.65	1.90
Total (Capital + Loan)	4.81	5.28	6.17	6.93	5.43	4.34	4.86	3.87	3.21	2.82	2.94	3.33
Increase / Decrease in Cash Balance	(-) 0.59	0.13	(-) 0.03	0.21	0.15	(-) 0.08	0.13	(-) 0.13	0.15	(-) 0.04	0.06	0.01
Transfer to States including loans	4.83	5.78	6.35	6.71	6.94	6.71	6.64	6.23	5.91	5.90	5.73	5.47

**Note :**

- The expenditure includes Rs 14480 crore on account of transfer of proceeds of income tax to the states, not booked in accounts of the Union Government.
- Loans are net of repayments
- Interest payment is gross, since the interest receipt is reckoned on the receipt side.

### **Total expenditure**

Most of the containment of the total expenditure achieved through depression of capital expenditure

Total expenditure of the Government increased from 19.46 *per cent* of GDP in 1976-77 to 21.20 *per cent* in 1998-99. While the total expenditure as percentage of GDP has come down from 27.64 *per cent* peak of 1986-87, much of it has been achieved at the cost of compressing the capital expenditure by 3.63 percentage points.

### **Revenue expenditure**

Sharp increase in Revenue expenditure without matching increase in Revenue receipt.

Revenue expenditure of the Union Government increased from 15.24 *per cent* of the GDP in 1976-77 to 17.86 *per cent* in 1998-99, an increase of 2.62 percentage points. In the light of decline in the Government revenues, from tax revenue, non-tax revenue and non-debt capital receipt, an increasing proportion of revenue expenditure was financed out of the borrowed funds pledged for asset creation and funds held in trust in Public Account.

More and more borrowed funds used for revenue expenditure.

During 1998-99, out of the total revenue expenditure at 17.86 *per cent* of GDP, as much as around one sixth was met by the borrowings, since Government's own resources yielded only 14.76 *per cent*. This gap between revenue expenditure and revenue receipt has deteriorated over the last few years due to drop in the indirect-taxes component.

The revenue expenditure constituting 17.86 *per cent* of GDP during 1998-99 consisted of General Services at 7.69 *per cent*, Social Services at 0.80 *per cent*, Economic Services at 5.65 *per cent* and transfer to States at 3.69 *per cent*.

Interest payment, has gone up from a 1.62 *per cent* of GDP to 4.42 *per cent* over 1976-99.

General Services included interest payments which increased significantly from 1.62 *per cent* of GDP in 1976-77 to 4.42 *per cent* of the GDP in 1998-99, which was 25.92 *per cent* of the total revenue expenditure. Excluding transfer to States from revenue expenditure, interest payment alone was more than a third of the total revenue expenditure.

The expenditure on Social Services has been stagnant over the years. The transfers to States also included amounts released for social sector schemes but not reflected in this classification.

### **Capital expenditure**

Steady decline in the capital expenditure of the Union Government.

The capital expenditure of the Union Government has consistently come down. Against the capital expenditure of 4.81 *per cent* of GDP in 1976-77 and 6.93 *per cent* during 1986-87, it has dropped up to 3.33 *per cent* of the GDP during 1998-99. During 1998-99, the capital expenditure increased marginally over the previous year by 0.39 percentage point of GDP. As percentage of the total expenditure, the share of the capital expenditure is a meagre 15.69 *per cent*.

### *Receipts*

The generation of own resources consisting of tax, non-tax and non-debt capital receipt has been sliding down since 1994-95 and was the lowest in 1998-99.

The total own resources consisting of tax, non-tax and non-debt capital receipt generated by the Union Government in 1998-99 as percentage of GDP was less than in 1976-77. The total own resources have, in fact, come down significantly from a peak of 17.39 *per cent* achieved during 1992-93 to 14.76 *per cent* during 1998-99. There has been consistent slide in the growth rates of total own receipts generated by the Union Government since 1994-95, which has dropped from 17.01 *per cent* in that year to 14.76 *per cent* in 1998-99.

### *Tax receipt*

The tax receipt during 1998-99 in terms of GDP was the lowest since 1976-77.

The total tax receipt consisting of Direct Taxes and Indirect Taxes as percentage of GDP was the lowest during 1998-99 at 8.16 *per cent* with reference to all the years for which the data is indicated in the table 2.2.2 (i). With reference to 1997-98, the tax receipt came down by 0.74 *per cent* of the GDP during 1998-99.

Tax revenue slipped from 8.90 to 8.16 *per cent* of GDP over the previous year.

The trend would show that while tax revenue constituted 10.09 *per cent* of GDP in the decade ending 1978-79, and 11.24 *per cent* of GDP in the decade ending 1988-89, it has dipped to the lowest level in the decade ending 1999 at 8.16 *per cent*. Tax revenue, which constituted 64.65 *per cent* and 64.78 *per cent* of the total revenue receipt during the previous decades 1978-79 and 1988-89 respectively, regressed to 56.53 *per cent* at the end of 1998-99. Tax revenue increased more than four times in 1988-89 from 1978-79. It has increased only 3.23 times in the decade ending 1999.

### *Direct Taxes and Indirect Taxes*

Significant drop in the Indirect taxes of Central Excise and Customs. The drop in Central Excise is more pronounced.

Collection from Direct Taxes have been on the rise albeit marginally up to 1997-98. However, it came down to 2.64 *per cent* of GDP in 1998-99 as compared to 3.09 *per cent* in 1997-98, suggesting that the Tax amnesty of 1997-98 was a flash in the pan.

Collection from Indirect Taxes have dropped significantly to 5.52 *per cent* of GDP from the peak collections of 9.08 and 9.00 *per cent* achieved during 1986-87 and 1988-89 respectively. While the decrease in the Excise Duty component of the Indirect Taxes from 4.97 and 4.94 *per cent* during 1976-77 and 1986-87 respectively to 3.02 *per cent* of GDP in 1998-99 is striking, the Customs duty has also come down with reference to 1986-87 and 1988-89, as also with reference to the level achieved during 1995-96 and 1996-97.

### *Non-tax revenue*

The non-tax revenue as percentage of GDP has been oscillating around 6 *per cent*. It increased to 6.27 *per cent* in 1998-99 as compared to 5.92 *per cent* in 1997-98.

### Borrowed funds

To the extent the total 'own resources', consisting of tax, non-tax and non-debt capital receipt of the Government are insufficient to meet the total expenditure of Government, it is met out of the borrowed funds, consisting of internal and external debt (borrowings) and utilisation of net surplus in the Public Account, consisting of Small Savings, Provident Fund, etc.

The steady improvement in the position of the borrowed funds during the last four years, necessitated to meet the shortfall in own receipt has been upset in 1997-98.

In the light of persistent deteriorating adverse balance of current revenues position, more and more borrowed funds are applied to meet the revenue expenditure

The debt-trap is increasingly tightening its noose.

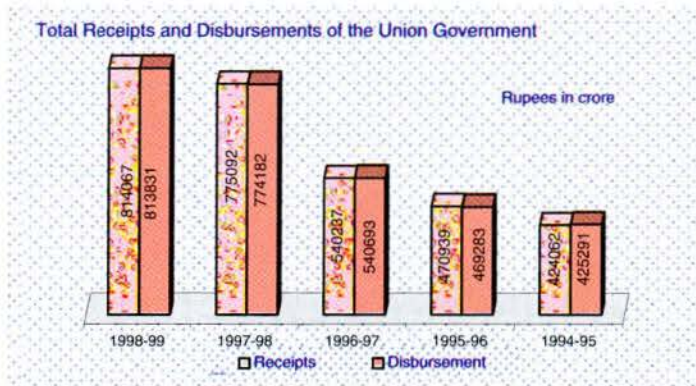
While in 1976-77, Union Government borrowings were 3.89 per cent of the GDP, these increased to 9.72 per cent in 1986-87 and 9.07 per cent in 1993-94. Thereafter, there was gradual improvement over the next three years. In 1996-97, the borrowed fund required to meet the expenditure was brought down to 5.31 per cent of the GDP. Aggregate borrowing, however, increased rather sharply during 1997-98 by 1.43 per cent of GDP over the previous year, to 6.74 per cent, and declined marginally to 6.44 per cent in 1998-99.

It is noteworthy that during 1976-77, revenue surplus met part of the capital expenditure and the entire borrowed funds were applied to capital expenditure. The trend has reversed since 1979-80 with large part of the borrowed funds being applied to revenue expenditure consistently. The extent of application of borrowed funds for current expenditure deteriorated sharply in 1998-99, with borrowed funds to the extent of 3.44 per cent of GDP being applied to revenue expenditure against 2.56 per cent during 1996-97.

In its anxiety to contain galloping expenditure in the background of marked decline in the revenue receipts, Government has consistently compressed the capital expenditure and depended heavily on the borrowed funds to meet its commitments. This would inevitably result in heavier interest burden; restricting the room for manoeuvrability and thwarting the possibility of augmenting capital expenditure in any significant manner.

## 2.3 Receipts and disbursements: Trend in absolute terms

### 2.3.1 Composition of receipts and disbursements



The total receipts and disbursements of the Union Government during the last five years were as under :

**Table 2.3.1 : Receipts and disbursements***(Rupees in crore)*

Year	Receipts				Disbursements				
	Consolidated Fund		Public Account	Total	Consolidated Fund		Contingency Fund	Public Account	Total
	Revenue	Capital			Revenue	Capital			
1998-99	239889	414360	159818	814067	300456	394473	27	118875	813831
1997-98	218299	387173	169620	775092	277732	386746	--	109704	774182
1996-97	193718	219192	127327	540237	226372	215187	--	99134	540693
1995-96	168571	189363	113005	470939	198302	181600	--	89381	469283
1994-95	146670	169721	107671	424062	177699	176435	--	71157	425291

**2.3.2 Trends:****Receipts**

**Total receipts and disbursement of the Union Government including Public Account increased by 91.97 per cent and 91.36 per cent over the last five years.**

The total receipts of the Union Government including receipt into Public Account increased from Rs 424062 crore in 1994-95 to Rs 814067 crore in 1998-99, which constituted an increase of 91.97 per cent. The overall increase during 1998-99 in the total receipt of Union Government over previous year was Rs 38975 crore. The increase in receipts into the Consolidated Fund of India during 1998-99 on revenue and capital account was Rs 21590 crore and Rs 27187 crore respectively, whereas in Public Account it decreased by Rs 9802 crore as compared to 1997-98.

**Disbursements**

The total disbursement of the Union Government including from Public Account increased from Rs 425291 crore in 1994-95 to Rs 813831 crore in 1998-99, which constituted an increase of 91.36 per cent. During 1998-99 the overall increase in total disbursement over previous year was Rs 37649 crore. The increase in disbursement from Consolidated Fund of India during 1998-99 on revenue and capital account was Rs 22724 crore and Rs 7727 crore respectively, whereas from Public Account the increase in disbursement was Rs 9171 crore as compared to 1997-98.

An expenditure of Rs 27 crore was met out of the Contingency Fund of India during 1998-99, which remained unrecouped to the fund.

**2.3.3 Application of resources**

The growth of debt as compared to the capital expenditure of the Union Government was as under:

Table 2.3.3(i) : Application of resources

(Rupees in crore)

Year	Total outstanding debt*	Total progressive capital expenditure (including loans and advances)	% age of capital expenditure to debt	Revenue deficit
1998-99	891806	537059	60.22	60567
1997-98	778293	478774	61.52	59433
1996-97	675676	433130	64.10	32654
1995-96	606232	396979	65.48	29731
1994-95	538611	361828	67.18	31029
1988-89	229771	184305	80.21	10515
1978-79	43483	46785	107.60	(+) 292

(+) indicates revenue surplus

**In 1978-79 the entire debt raised was used for capital formation purposes, which slipped to 60.22 per cent by 1998-99.**

The total liabilities of the Union Government reckoning external debt at historical cost increased from Rs 43483 crore in 1978-79 to Rs 891806 crore in 1998-99, which constituted an increase of 1950.98 *per cent*. At the same time, the total progressive capital formation expenditure and lending of the Union Government booked in the accounts at their face value increased by 1047.93 *per cent* only over the same period. During 1994-99, debt of the Union Government increased by 65 *per cent* whereas progressive capital outlay increased only by 48 *per cent*.

It is noteworthy that up to 1978-79, the total progressive capital expenditure (capital + loan) was 107.60 *per cent* of the total debt outstanding as on 31 March 1979. In other words, the entire debt was being utilised towards asset creating expenditure. This trend deteriorated in the subsequent years and the gap between debt and capital expenditure widened. During 1998-99, the total asset creating expenditure (capital formation + loans and advances) constituted only 60.22 *per cent* of the total debt outstanding as on 31 March 1999.

This position of progressively decreasing application of debt to capital formation was due to steep rise in revenue deficit which deteriorated from a surplus of Rs 292 crore in 1978-79 to a deficit of Rs 60567 crore in 1998-99. In 1998-99, 11.39 *per cent* of debt raised was applied towards meeting revenue deficit. However, the total progressive capital expenditure given in the above table is net of capital expenditure met from recoveries/revenues and various reserve and development funds. The progressive capital expenditure during 1998-99 was netted at Rs 79122 crore. The amount was spent on capital account in Railways, P&T and Civil, which were directly met out of receipts/recoveries, etc. The amount, therefore, was not separately booked as capital expenditure.

\* Includes external debt at historical cost

During 1998-99, the outstanding internal borrowings increased to Rs 834552 crore from Rs 722962 crore in 1997-98. Similarly, the external debt at historical cost increased from Rs 55332 crore to Rs 57254 crore. The total debt burden of the Union Government at the end of the year 1998-99 was Rs 891806 crore which was 50.60 *per cent* of the GDP. If the external debt is reckoned at the rate of exchange on 31 March 1999, the total debt burden would be Rs 1012486 crore, which is 57.44 *per cent* of GDP\* at the current market prices.

It is noteworthy that all the deficits viz. fiscal, revenue and primary exceeded the Budget Estimates for 1998-99 in an unprecedented manner as evidenced by the table given below :

**Table 2.3.3(ii) : Comparison of deficit with Budget Estimates**

(Rupees in crore)

	<i>Deficit</i>	<i>Budget Estimates</i>	<i>Actual</i>	<i>Increase over the BE</i>
All deficits outstripped Budget Estimates	Revenue	48068	60567	12499
	Fiscal	91025	113298	22273
	Primary	16025	35416	19391

Measures to contain the deficits to the budgeted levels were unsuccessful. The revenue, fiscal and primary deficits overshot the Budget Estimates by over Rs 12000 crore, Rs 22000 and Rs 19000 crore respectively.

#### **2.4 Receipts and disbursements : Magnitude in terms of economic classification**

In the entire set up of Union Government, there are some departments, the functioning of which are of commercial nature although their transactions of receipts and expenditure are accounted for in the Government system of accounting. Apart from this, with a view to avoiding the exaggeration of receipts and expenditure, as appearing in the Finance Accounts, the expenditure of some of the segments of the department of the Union Government are netted to the extent of their receipts.

Thus, the economic classification of accounts reveals the real magnitude/size of the Government's receipt and expenditure, which have been arrived at after netting the expenditure by the receipt of the commercial department functioning in the sectors i.e. fiscal, social and economic, apart from defence, postal, telecommunication, transport, etc.

\* Quick Estimates : Rs 1762609 crore

### 2.4.1 Receipt

The netted receipts of the Government for the year 1998-99 under various sectors and the amount so netted was as under.

**Table: 2.4.1 Net receipts**

*(Rupees in crore)*

Sl. No.		Amount as per Finance Accounts	Amount adjusted	Net Amount
1.	Revenue receipt (2+3)	239889	83997	155892
2.	Tax revenue	129317	24665	104652
3.	Non-tax revenue Of which,	110572	59332	51240
	a) Interest receipt	30076	--	30076
	b) Dividend	9411	1827	7584
4.	Non-debt capital receipt Of which,	19063	2556	16507
	a) Recovery of loans and advances	13189	2556	10633
	b) Misc. receipt	5874	--	5874
5.	Total receipt (1+4)	258952	86553	172399

Total net receipts of the Union Government (excluding receipts from public debt) was Rs 172399, which was arrived at after netting a sum of Rs 86553 crore.

Total revenue receipt of the Union Government after netting was Rs 155892 crore. A sum of Rs 83997 crore was netted, of which, Rs 24665 crore was netted from tax revenue on account of States' share of union excise duties. Remaining adjustment of receipt of Rs 59332 crore, was made from non-tax revenue on account of receipt of Currency Note Press (Rs 252 crore), Bank Note Press (Rs 188 crore), Security Paper Mill (Rs 56 crore), India Security (Rs 85 crore), Security Printing Press (Rs 22 crore), Defence Services (1338 crore), Canteen Stores Department (Rs 2688 crore), Broadcasting and TV (Rs 516 crore), Delhi Milk Scheme (Rs 103 crore), Badarpur Thermal Power Station (Rs 501 crore), Fuel Inventory (Rs 879 crore), Fuel Fabrication



Facility (Rs 373 crore), Rajasthan Atomic Power Station (Rs 55 crore), Heavy Water Pool Management (Rs 430 crore), Opium and Alkaloid Industries (Rs 235 crore), Light House and Light Ships (Rs 83 crore), Railways (Rs 30234 crore), Postal (Rs 1723 crore), Telecommunication (Rs 17744 crore) and Excess dividend from RBI to meet exchange loss under FCNRA (Rs 1827 crore).

Non-debt capital net receipt was Rs 16507 crore, after adjusting Rs 2556 crore (Rs 2342 crore on account of recovery of ways and means advances from State Governments and Rs 214 crore from Government servants).

Of the netted revenue receipt of Rs 155892 crore, Rs 104652 crore (67 *per cent*) came from tax revenue and remaining Rs 51240 crore (33 *per cent*) came from non tax revenue. The major part of non-tax revenue comprised receipt from interest Rs 30076 crore (59 *per cent*) and Rs 7584 crore (15 *per cent*) from dividend.

Out of the non-debt capital receipt of Rs 16507 crore, Rs 10633 crore was on account of recovery of loans and advances and Rs 5874 crore on account of miscellaneous capital receipts including Rs 5369 crore from disinvestment.

#### **2.4.2 Expenditure**

The net expenditure for the year 1998-99 under various sectors and amount of receipt taken into account for netting was as under:-

Table: 2.4.2 Net expenditure

*(Rupees in crore)*

Sl. No.		Amount as per Finance Accounts	Amount adjusted	Net Amount
1.	Revenue account expenditure Of which,	300456	83997	216459
	a) Fiscal services	2857	603	2254
	b) General services excluding Fiscal Of which,	132700	4026	128674
	i) Interest payment	77882	--	77882
	ii) Defence	31200	1338	29862
	c) Social services	14146	516	13630
	d) Economic services	99687	54187	45500
	Subsidy <sup>§</sup>	25104	--	25104
	e) Grant-in-aid	51066	24665	26401
2.	Capital account expenditure Of which,	71794	2556	69238
	a) Loans and advances	46594	2556	44038
	b) Capital expenditure Of which,	25200	--	25200
	i) General services	10921	--	10921
	ii) Social services	1015	--	1015
	iii) Economic services	13264	--	13264
3.	Total expenditure (1+2)	372250	86553	285697
4.	Revenue Deficit (Col. 1 of Table 2 – Col. 1 of Table 1)	60567	--	60567
5.	Fiscal Deficit* (Col. 3 of Table 2.4.2 – Col 5 of Table 2.4.1)	113298	--	113298

Net revenue expenditure during 1998-99 was Rs 216459 crore. Of the total revenue expenditure, Rs 77882 crore (35.98 per cent) constituted interest payment and Rs 25104 crore (11.60 per cent) subsidy.

Interest payment, which formed part of general services exclusive of fiscal services consumed alone 60.53 per cent of the expenditure and defence expenditure accounted for 23.21 per cent.

On sectoral account, the share of general services sector (inclusive of fiscal), social services sector, economic services sector and grants-in-aid, out of revenue expenditure was Rs 130928 crore (61 per cent), Rs 13630 crore (6 per cent), Rs 45500 crore (21 per cent), Rs 26401 crore (12 per cent) respectively.

<sup>§</sup> Major amount of subsidy relates to economic services

\* Does not take into account Rs 27 crore not recouped to the Contingency Fund of India

Expenditure of the Government on capital account was Rs 69238 crore. Of this, loans advanced was Rs 44038 crore (64 per cent) and remaining Rs 25200 crore was capital expenditure. Of the capital expenditure, Rs 10921 crore (43 per cent) was spent on general services, Rs 1015 crore (4 per cent) on social services and Rs 13264 crore (53 per cent) on economic services.

It is noteworthy that social services sector, activities of which are directed towards development of human resources and welfare of the socially disadvantaged consumes only 6 per cent of revenue expenditure and 4 per cent of capital expenditure.

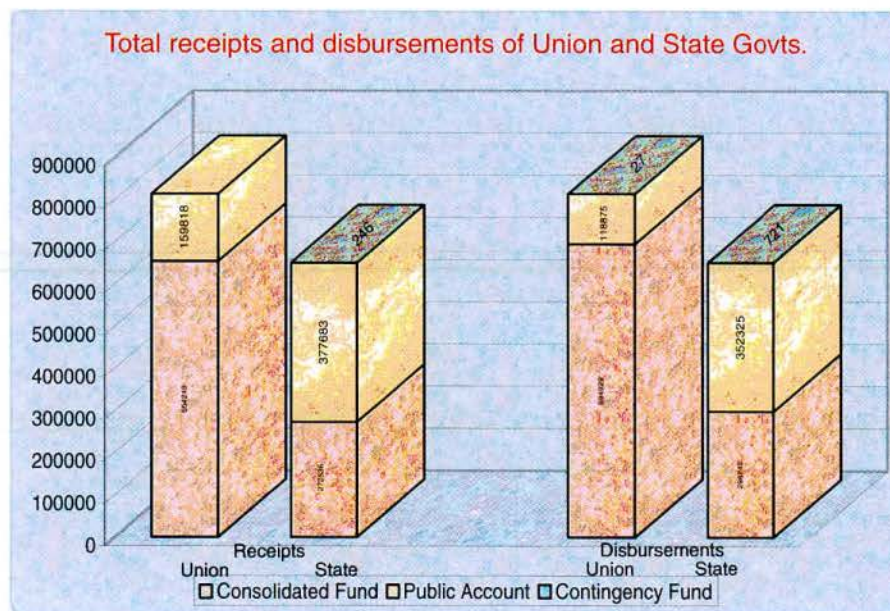
## 2.5 Receipts and disbursements : Union and States (combined)

The financial assistance from the Union to state governments flows in the shape of assignment of central tax, grants-in-aid, loan, etc.

The financial transactions of the Union and each state government are recorded in three separate parts namely : (i) Consolidated Fund, (ii) Contingency Fund, and (iii) Public Account (except Delhi State and Pondicherry U.T.).

### 2.5.1 Receipts and disbursements

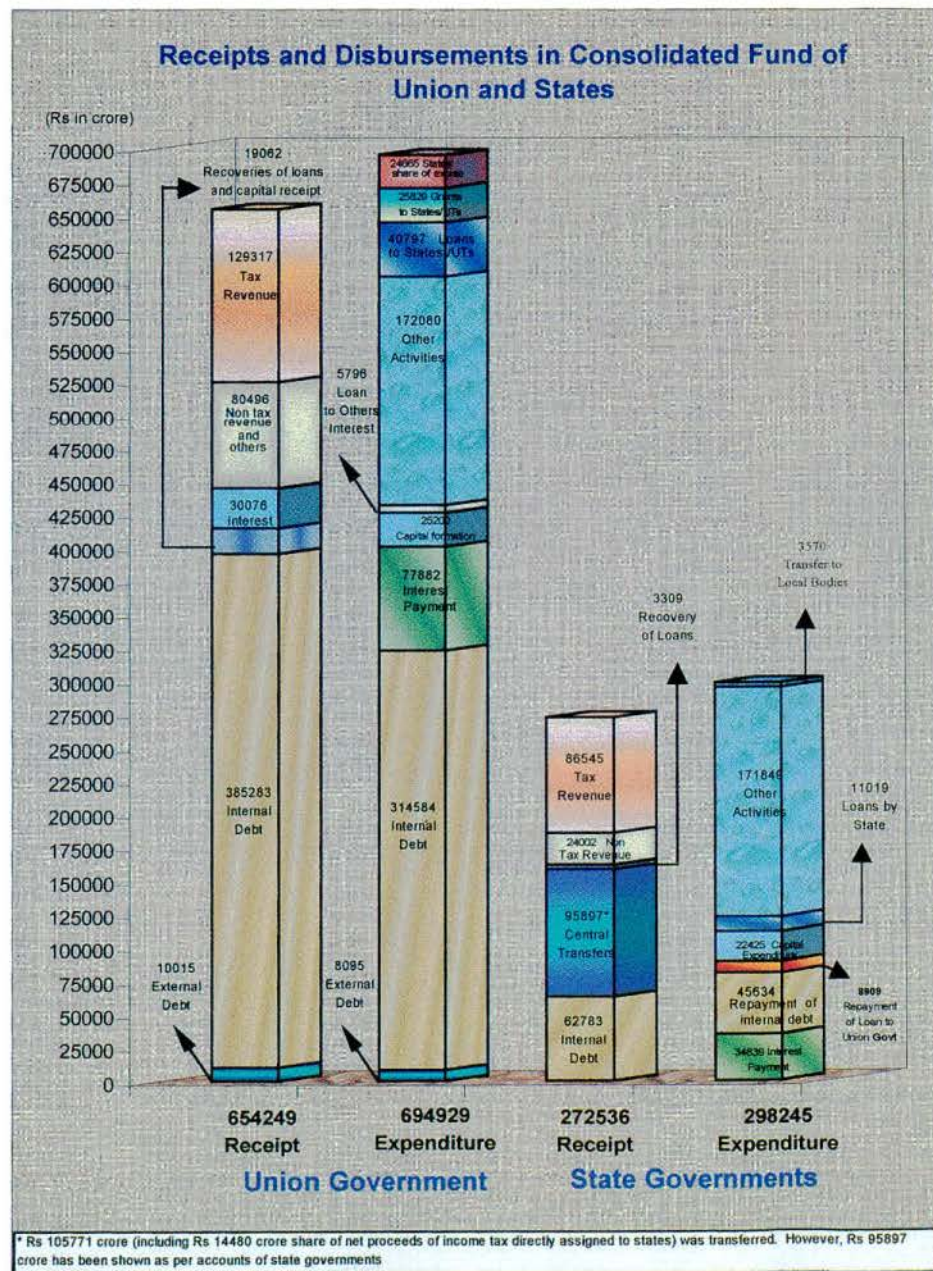
The total receipts and disbursements of the Union Government from the Consolidated Fund, Contingency Fund and Public Account of Union Government and by all state governments for the year 1998-99 are presented graphically as under:-



### 2.5.2 Receipt and disbursement in Consolidated Fund

Under Article 266(1) of the Constitution of India, Union Government and state governments are to credit all revenues received, all loans raised, all moneys received in repayment of loans into "The Consolidated Fund of India" or "The Consolidated Fund of State", as the case may be.

The receipts and disbursements of Union Government and all state governments from the "Consolidated Fund" during 1998-99 are presented graphically as under :



The Union Government's receipt and disbursement in Consolidated Funds were Rs 654249 crore and Rs 694929 crore respectively. The state governments' receipt and expenditure were Rs 272536 crore and Rs 298245 crore respectively.

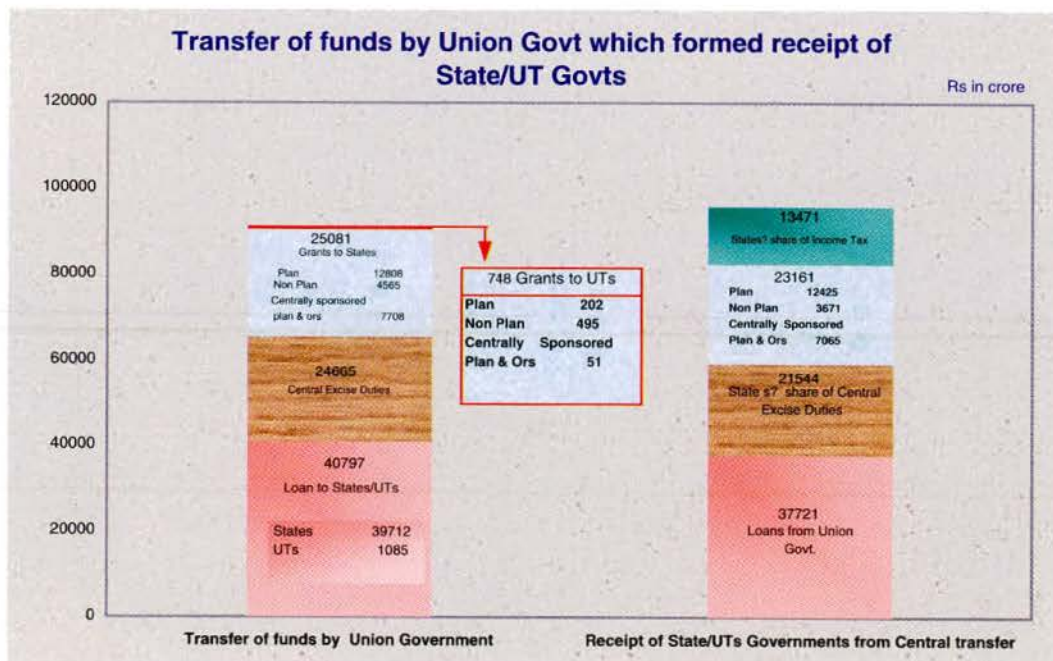
35.19 per cent of the total receipt in Consolidated Fund of States formed assistance/loans from Union Government to state governments. State governments' own revenue constituted 40.56 per cent of the total receipt in Consolidated Fund which were in the form of non-tax revenue (8.80 per cent) and tax revenue (other than income tax-31.76 per cent) and remaining 24.25 per cent constituted receipt from internal debt and recoveries from loans and advances.

Excess of expenditure over receipt of Union as well as state governments to the tune of Rs 40679 crore and Rs 25709 crore in the Consolidated Fund were financed from the surpluses of their respective Public Accounts.

### 2.5.3 Transfer of funds

During 1998-99, Rs 91291 crore being 13.14 per cent of the total disbursement of Rs 694929 crore from the Consolidated Fund of Union Government constituted transfer of funds to States/UTs, exclusive of states' share of income tax of Rs 14480 crore, directly assigned to states.

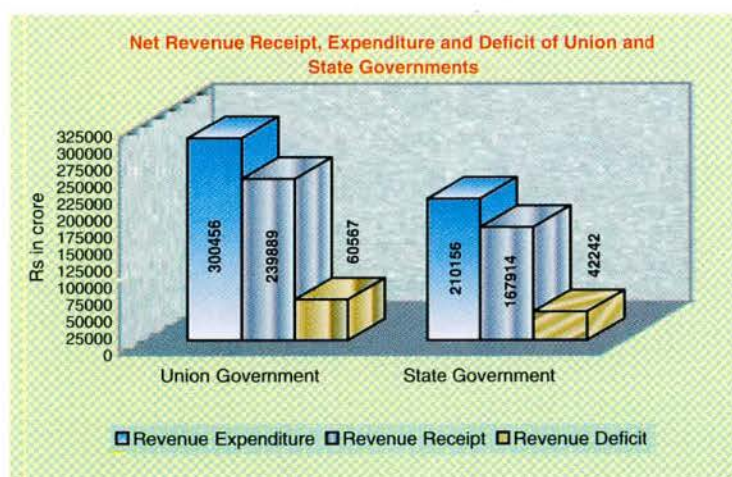
Transfer of funds during 1998-99 is presented graphically as under:



### 2.5.4 Revenue receipts and expenditure

Revenue receipts consist of tax revenue, non-tax revenue and other receipt. Revenue expenditure encompasses the expenditure required for day to day running of government, for various services, interest charges on debt, subsidies, etc.

The revenue receipts, expenditure and deficit of the Union Government and state governments during 1998-99 are presented graphically as under :



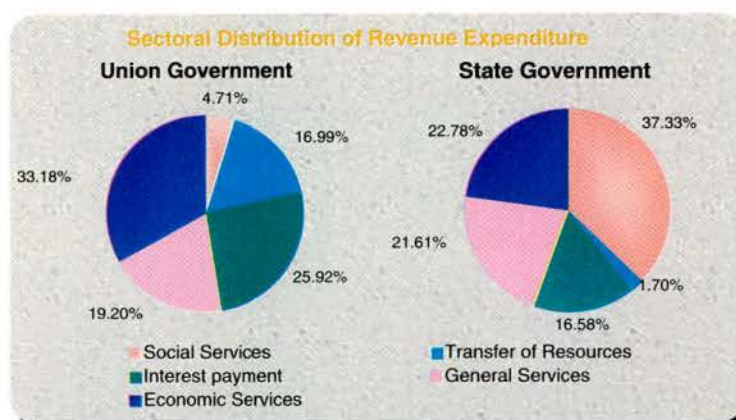
The revenue expenditure and receipt of the Union Government were Rs 300456 crore and Rs 239889 crore respectively, leaving a deficit of Rs 60567 crore.

The revenue expenditure and receipt of the state governments were Rs 210156 crore and Rs 167914 crore respectively, leaving a deficit of Rs 42242 crore.

The combined revenue deficit of Union Government and state governments during 1998-99 was Rs 102809 crore.

### 2.5.5 Distribution of revenue expenditure

Revenue expenditure of the Union Government and state governments during 1998-99 was Rs 300456 crore and Rs 210156 crore respectively. Sector-wise distribution of expenditure is presented graphically as under:



Out of the revenue expenditure of Rs 300456 crore of Union Government, the expenditure on social services was Rs 14146 crore (4.71 per cent), on interest payment Rs 77882 crore (25.92 per cent), on transfer of resources Rs 51066 crore (16.99 per cent), on general services (other than interest payment) Rs 57675 crore (19.20 per cent), and on economic services Rs 99687 crore (33.18 per cent).

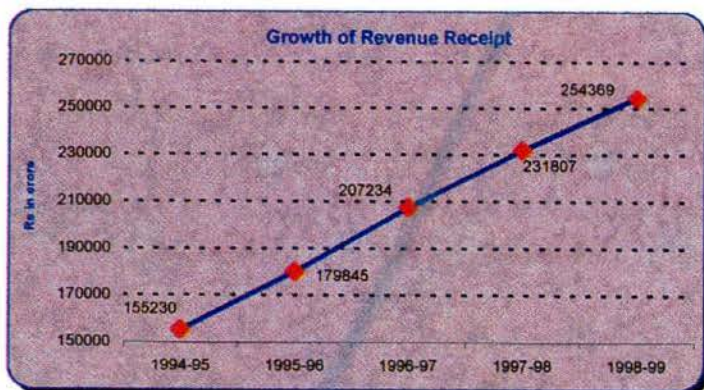
On the other hand, the state governments' revenue expenditure was Rs 210156 crore, of which, Rs 78453 crore (37.33 per cent) was on social services, Rs 34839 crore (16.58 per cent) on interest payment, Rs 3570 crore (1.70 per cent) on grants-in-aid and Rs 45415 crore (21.61 per cent) on general services (other than interest payment) and Rs 47879 crore (22.78 per cent) on economic services.

## CHAPTER III : GROWTH OF RECEIPTS

### 3. Receipts of the Union Government

Receipts of the Union Government consist of revenue receipts and capital receipts. Revenue receipts are the major source of income of the Union Government, which mostly come from taxation and other allied activities. On the other hand, capital receipts, which are classified in the accounts as miscellaneous receipts, embrace receipts from disinvestment of equities and value of bonus shares.

#### 3.1 Revenue Receipts



Revenue receipts consist of tax revenue, non-tax revenue and others. Tax revenue comprises proceeds of taxes and other duties levied by the Union Government viz. taxes on income and expenditure, customs, union excise duty etc. Non-tax revenue comprises interest receipts, dividends and

profits, receipt from miscellaneous general services, broadcasting, petroleum, power, railways, post and telecommunications and receipts from Grants-in-aid and contributions.

The gross revenue receipts including share of net proceeds of taxes on income other than corporation tax assigned to states, which is not accounted for in the Finance Accounts and is being directly transferred to the respective states during the last five years were as under:



Table 3.1 : Growth of revenue receipts

Year	Budget estimate	Actual receipts (gross)	Share of net proceeds of taxes on income other than corporation tax assigned to states	Revenue receipts as per accounts (3-4)	Increase over the previous year (with reference to col. 3)	(Rupees in crore)	
						% age increase	% age of GDP
1	2	3	4	5	6	7	8
1998-99	261260	254369	14480	239889	22562	9.73	14.43
1997-98	246766	231807	13508	218299	24573	11.85	14.83
1996-97	211662	207234	13516	193718	27389	15.22	16.23
1995-96	170320	179845	11274	168571	24615	15.85	16.37
1994-95	151126	155230	8560	146670	27861	21.87	16.41

Revenue receipts decreased from 16.41 to 14.43 per cent of GDP over the last five years.

In five years, the gross revenue receipts increased from Rs 155230 crore in 1994-95 to Rs 254369 crore in 1998-99, an increase of 63.87 per cent. Over GDP, however, it declined by 1.98 per cent in the same period. Not only did the revenue receipts as percentage of GDP continued its decline, the growth in revenue receipts in absolute terms over the previous year also declined. This is suggestive of sluggishness of fiscal measures.

Rise in revenue receipts during 1998-99 over 1997-98 was mainly due to increase in receipts from corporation tax: Rs 4513 crore, taxes on income other than corporation tax: Rs 3139 crore, customs: Rs 475 crore, union excise duties: Rs 5285 crore, service tax: Rs 370 crore, other taxes and duties on commodities and services: Rs 132 crore, currency, coinage and mint: Rs 81 crore, interests: Rs 4733 crore, miscellaneous general services: Rs 362 crore, dividends & profits: Rs 1466 crore, police: Rs 98 crore, telecommunication: Rs 3157 crore, railways commercial lines revenue: Rs 1003 crore, defence services: Rs 791 crore, power: Rs 1029 crore, petroleum: Rs 7026 crore, industries: Rs 55 crore and postal: Rs 156 crore.

### 3.2.1 Tax revenue

Following table depicts growth of tax revenue over the last five years since 1994-95 and last years of seventies and eighties i.e. 1978-79 and 1988-89 as also the percentage of tax revenue to the total revenue receipts. The figures of tax revenue include share of net proceeds of taxes on income other than corporation tax assigned to states, which are not accounted for in the Finance Accounts.

**Table 3.2.1 : Growth of tax revenue**

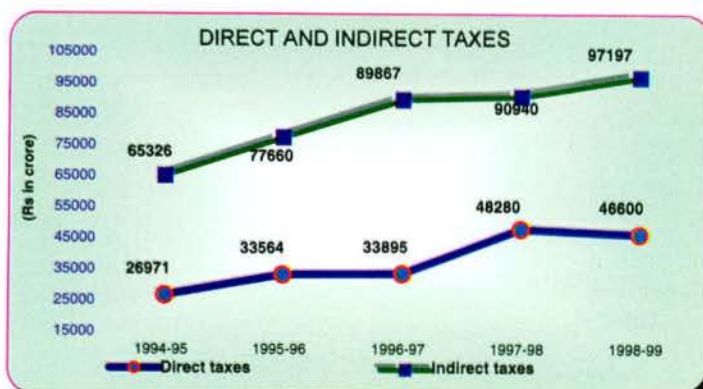
(Rupees in crore)

Year	Tax revenue (gross) <sup>‡</sup>	Total revenue	% age of tax revenue to total revenue receipts	% age growth of tax revenue over previous year	Tax revenue as %age of GDP*
1998-99	143797	254369	56.53	3.29	8.16
1997-98	139220	231807	60.06	8.12	8.90
1996-97	128762	207234	62.13	15.77	10.08
1995-96	111224	179845	61.84	20.50	10.12
1994-95	92297	155230	59.45	21.86*	9.76
1988-89	44473	68649	64.78	18.09*	11.24
1978-79	10514	16263	64.65	18.82*	10.09

The annual growth of tax revenue which reached a peak of 21.86 per cent in 1994-95 over the previous year declined to 8.12 per cent in 1997-98 and further plummeted to 3.29 per cent in 1998-99. The ratio of tax revenues to total revenue remained constant at around 60 per cent during 1994-98 but came down to 56.53 per cent during 1998-99.

Detailed observations on tax revenue (direct and indirect) are contained in CAG's Reports No. 10, 11 and 12 of 2000 on Revenue Receipts.

### 3.2.2 Direct and indirect taxes



The gross collection of direct taxes and indirect taxes during the last five years was as under :

<sup>‡</sup> Includes assignment of share of net proceeds of income tax to the states (Rs 14480 crore).

\* Gross tax revenue during 1977-78, 1987-88 and 1993-94 were Rs 8849 crore, Rs 37660 crore and Rs 75742 crore respectively.

\* GDP : Rs 1762609 crore

**Table 3.2.2 : Growth of direct and indirect taxes***(Rupees in crore)*

<i>Year</i>	<i>Direct taxes gross<sup>▲</sup></i>	<i>As %age of GDP</i>	<i>As %age of tax revenues</i>	<i>Indirect taxes</i>	<i>As %age of GDP</i>	<i>As %age of tax revenues</i>
1998-99	46600 (32120)	2.64 (1.82)	32.41 (24.84)	97197	5.52	67.59
1997-98	48280 (34772)	3.09 (2.22)	34.68 (27.66)	90940	5.81	65.32
1996-97	38895 (25379)	3.04 (1.99)	30.21 (22.02)	89867	7.04	69.79
1995-96	33564 (22290)	3.05 (2.03)	30.18 (22.30)	77660	7.07	69.82
1994-95	26971 (18411)	2.85 (1.95)	29.22 (21.99)	65326	6.91	70.78

(Figures in bracket denote net direct tax and its ratio to GDP and net tax revenue)

Over the five year period 1994-99, the gross direct taxes increased by 72.78 per cent from Rs 26971 crore to Rs 46600 crore. During the same period the indirect taxes increased by only 48.79 per cent from Rs 65326 crore to Rs 97197 crore.

Over the same period the direct and indirect taxes as percentage of GDP decreased from 2.85 to 2.64 per cent, and from 6.91 to 5.52 per cent respectively. In absolute term, the direct taxes collection during 1998-99 decreased by Rs 1680 crore with reference to previous year bringing down the GDP ratio by 0.45 percentage points. The indirect taxes as percentage of GDP dropped from 5.81 in 1997-98 to 5.52 per cent in 1998-99, although in the absolute terms it went up by Rs 6257 crore.

Share of indirect taxes in total tax revenue declined.

As percentage of total tax revenue the direct taxes went up from 29.22 per cent in 1994-95 to 32.41 per cent in 1998-99, and consequently the share of indirect taxes declined from 70.78 per cent to 67.59 per cent during the same period.

### 3.2.3 Actual collection vis-a-vis estimates

The actual gross collection of both direct and indirect taxes during 1998-99 was lower than the estimates as under :

<sup>▲</sup> Includes states share of income tax.

**Table 3.2.3(i) : Comparison of tax revenue with Budget Estimates***(Rupees in crore)*

Year	Direct tax			Indirect tax		
	BE	Actual	Short fall (-) Excess (+)	BE	Actual	Short fall (-) Excess (+)
1998-99	48856	46600	(-) 2256	108855	97197	(-) 11658
1997-98	45711	48280	(+) 2569 <sup>Σ</sup>	107936	90940	(-) 16996
1996-97	39004	38895	(-) 109	93140	89867	(-) 3273
1995-96	30276	33564	(+) 3288	73486	77660	(+) 4174
1994-95	24790	26971	(+) 2181	62346	65326	(+) 2980

Collection of both direct and indirect taxes fell short of the budget and revised estimates.

Collection of direct taxes fell short of Budget Estimates by Rs 2256 during 1998-99. The indirect taxes also fell short by Rs 3273 crore, Rs 16996 crore and Rs 11658 crore during 1996-97, 1997-98 and 1998-99 respectively with reference to the Budget Estimates.

The major components of direct and indirect taxes are as under :

**Table 3.2.3(ii) : Major components of direct and indirect taxes and their budget estimates***(Rupees in crore)*

		Direct taxes				Indirect taxes		
		Corporation tax	Taxes on income	Interest tax	Other taxes on income and expenditure	Customs	Union excise duties	Service tax
1998-99	BE	26550	20930	920	300	48148	57690	1867
	Actual	24529	20240	1264	395	40668	53246	1957
	Short fall (-)/ Excess (+)	(-) 2021	(-) 690	(+) 344	(+) 95	(-) 7480	(-) 4444	(+) 90
1997-98	BE	21860	21700	1800	210	52550	52200	2150
	Actual	20016	17101	1205	9834	40193	47962	1586
	Short fall (-)/ Excess (+)	(-) 1844	(-) 4599	(-) 595	(+) 9624	(-) 12357	(-) 4238	(-) 564
1996-97	BE	19600	17843	1250	190	44435	46883	970
	Actual	18567	18234	1712	293	42851	45008	1059
	Short fall (-)/ Excess (+)	(-) 1033	(+) 391	(+) 462	(+) 103	(-) 1584	(-) 1875	(+) 89
1995-96	BE	15500	13500	1000	175	29500	42780	600
	Actual	16487	15592	1170	228	35757	40187	861
	Short fall (-)/ Excess (+)	(+) 987	(+) 2092	(+) 170	(+) 53	(+) 6257	(-) 2593	(+) 261
1994-95	BE	12480	10925	1044	210	25200	36700	--
	Actual	13822	12029	801	197	26789	37347	407
	Short fall (-)/ Excess (+)	(+) 1342	(+) 1104	(-) 243	(-) 13	(+) 1589	(+) 647	(+) 407

<sup>Σ</sup> Mainly due to VDIS

**Direct taxes**

Major components of direct taxes and indirect taxes fell short of BEs.

The corporation tax fell short by Rs 1033 crore, Rs 1844 crore and Rs 2021 crore during 1996-97, 1997-98 and 1998-99 respectively over Budget Estimates. The taxes on income fell short by Rs 4599 crore and Rs 690 crore during 1997-98 and 1998-99 respectively over Budget Estimates. Of the taxes on income, Rs 14480 crore were assigned to the state governments under Article 270 of the Constitution, which constituted 74 per cent of the total taxes on income collected by the Union Government minus the cost of collection of Rs 754 crore.

**Indirect taxes**

Customs duty, union excise duties and service tax constituted 98.3 per cent of the total indirect taxes. The customs receipt fell short over the Budget Estimates by Rs 1584 crore, Rs 12357 crore and Rs 7480 crore during 1996-97, 1997-98 and 1998-99 respectively. Receipt from Union excise duties also fell short of Budget Estimates by Rs 2593 crore, Rs 1875 crore, Rs 4238 crore and Rs 4444 crore during 1995-96, 1996-97, 1997-98 and 1998-99 respectively. Actual receipts of the major components of direct and indirect taxes for the last five years were as under:-

**Table 3.2.3 (iii) Receipt under major components of direct and indirect taxes**

(Rupees in crore)

	1998-99	1997-98	1996-97	1995-96	1994-95
<b>Direct taxes</b>	46600 (32.41)	48280 (34.68)	38895 (30.21)	33564 (30.18)	26971 (29.22)
<i>Of which,</i>					
Corporation tax	24529 (17.06)	20016 (14.38)	18567 (14.42)	16487 (14.82)	13822 (14.98)
Taxes on income	20240 (14.08)	17101 (12.28)	18234 (14.16)	15592 (14.02)	12029 (13.03)
Interest tax	1264 (0.88)	1205 (0.87)	1712 (1.33)	1170 (1.05)	801 (0.87)
Other taxes on income and expenditure	395 (0.27)	9834 (7.06)	293 (0.23)	228 (0.20)	197 (0.21)
<b>Indirect taxes</b>	97197 (67.59)	90940 (65.32)	89867 (69.79)	77660 (69.82)	65326 (70.78)
<i>Of which,</i>					
Customs	40668 (28.28)	40193 (28.87)	42851 (33.28)	35757 (32.15)	26789 (29.02)
Union excise duties	53246 (37.03)	47962 (34.45)	45008 (34.95)	40187 (36.13)	37347 (40.46)
Service tax	1957 (1.36)	1586 (1.14)	1059 (0.82)	861 (0.77)	407 (0.44)

Note: Figures in bracket indicates percentage of total tax revenue

During 1998-99, all the major components of direct and indirect taxes registered positive growth in nominal terms as compared to the previous year except other taxes on income and expenditure which otherwise registered a steep increase in 1997-98 due to VDIS'97. During 1998-99, Rs 116 crore has been booked under other taxes on income and expenditure as arrears of VDIS'97.

### 3.2.4 Performance of taxes

Table below shows the evolution of tax shares in the Indian economy during the period 1974-79 to 1994-99.

**Table 3.2.4 : Performance of taxes**

					<i>(Percentage of total tax revenue)</i>					
1978-79	1977-78	1976-77	1975-76	1974-75		1994-95	1995-96	1996-97	1997-98	1998-99
18.45	21.04	21.90	21.30	19.45	<b>Direct taxes</b>	29.22	30.18	30.21	34.68	32.41
					<i>Of which,</i>					
69.12	70.99	59.06	58.92	62.85	Corporation tax	51.25	49.12	47.74	41.46	52.64
26.02	19.01	32.53	32.81	32.09	Taxes on income	44.60	46.45	46.88	35.42	43.43
--	--	--	--	--	Interest tax	2.97	3.49	4.40	2.50	2.71
1.38	6.74	4.26	3.96	0.96	Other taxes on income and expenditure	0.73	0.68	0.75	20.37	0.85
81.55	78.96	78.10	78.70	80.55	<b>Indirect taxes</b>	70.78	69.82	69.79	65.32	67.59
					<i>Of which,</i>					
30.62	28.27	26.15	26.26	28.53	Customs	41.01	46.04	47.68	44.20	41.84
66.79	68.93	71.04	71.15	69.16	Union excise duties	57.17	51.75	50.08	52.74	54.78
--	--	--	--	--	Service tax	0.62	1.11	1.18	1.74	2.01

In the late seventies, there was heavy dependency on indirect taxes, which ranged between 78 and 82 *per cent* of the tax revenue. Of the indirect taxes, contribution from union excise duties ranged as high as 67 to 71 *per cent*. With the process of economic reforms rolled out in early nineties, the dependency on indirect taxes in the late nineties came down to the range of 65 to 71 *per cent* of tax revenue and the share of union excise duties also came down to the range of 50 to 57 *per cent* of the indirect taxes.

On the other hand, share of direct taxes increased from the range of 18 to 22 *per cent* in late seventies of tax revenue to 29 to 35 *per cent* in the late nineties. Still there is much scope left to shift the dependency of the Government towards the direct taxes to raise its tax revenue.

It is discernible that there have been some changes since the tax reforms began in 1991. These include: (i) income tax rates at the top have been cut and the number of slabs has come down, (ii) the mean and variance of import duties have been decreased (iii) quotas have been replaced by tariffs, (iv) some rationalisation of the commodity tax structure has taken place. Despite these changes the process of tax reforms is far from complete. There is scope for broadening the tax base.

### 3.2.5 Transfer of taxes collected by the Union to states

Different taxes and duties collected by the Union are assigned to/ distributed among the States partly or entirely under Article 269 (duties and taxes relating to succession to property other than agricultural land, estate duty in respect of property, taxes on railway fares and freights, taxes other than stamp duties on transactions in stock-exchange etc.), Article 270 (taxes on income other than agricultural income) and Article 272 (net proceeds of union excise duties) of the Constitution of India.

During the last five years the assignment and distribution of net proceeds of taxes and duties under the Constitution among the States were as under :

**Table 3.2.5 (i) : Transfer to States**

(Rupees in crore)

Year	Transfer/assignment to States under Article				Cost of collection		Gross tax revenue	Gross tax revenue of Union Government after deducting cost of collection Col 8 - Col 6 and 7	%age of Col. 5 to 9
	269 (others)	270* (Income tax)	272 (Union excise duties)	Total	Income tax	Excise			
1	2	3	4	5	6	7	8	9	10
1998-99	20	14480	24665	39165	754	508	143797	142535	27.48
1997-98	21	13508	22446	35975	646	456	139220	138118	26.04
1996-97	17	13516	21545	35078	452	335	128762	127975	27.41
1995-96	16	11274	18011	29301	398	292	111224	110534	26.50
1994-95	14	8560	16283	24857	331	254	92297	91712	27.10

During 1998-99, 27.48 per cent of total tax revenue collected by the Union Government after deducting cost of collection, was assigned to States.

The assignment/transfer of taxes and duties collected by the Union Government during 1998-99 with reference to the budget provision was as under :

**Table 3.2.5(ii) : Comparison of taxes assigned to States with Budget Estimates**

(Rupees in crore)

Items	Actual collection (gross) <sup>v</sup>	Assigned to States		Net tax revenue to Union Col 2 - Col 4	%age of shareable taxes assigned to States Col 4 to Col 2
		Budget Estimates	Actual		
1	2	3	4	5	6
Land revenue and stamp duty	20	19	20	-	100 (100)
Taxes on income <sup>φ</sup> other than corporation tax	19486	14695	14480	5006	74 (82)
Union excise duties	52738	26908	24665	28073	47 (47)
<b>Total</b>	<b>69244</b>		<b>39165</b>	<b>33079</b>	<b>56 (56)</b>

Note: Figures in bracket denote previous year percentage.

\* Not explicitly depicted in Finance and Appropriation Accounts of the Union Government

<sup>v</sup> After reducing the cost of collection.

<sup>φ</sup> The transfer of net proceeds on income is not explicitly depicted in Finance and Appropriation Accounts

The transfer of shareable taxes and duties during 1998-99 as percentage of the total was same as during the previous year.

### 3.2.6 Customs and Union excise duties

The growth of customs and gross union excise receipts during the last two decades and during the last five years for the major components in the entire tax revenue was as under:

**Table 3.2.6(i) : Customs and union excise duty**

(Rupees in crore)

Year	Customs	As percentage of GDP	Excise	As percentage of GDP	%age share of manufacture sector in GDP*
1998-99	40668	2.31	53246	3.02	17.16
1997-98	40193	2.57	47962	3.06	17.65
1996-97	42851	3.36	45008	3.52	22.50
1995-96	35757	3.25	40187	3.66	22.28
1994-95	26789	2.83	37347	3.95	21.00
1988-89	15805	3.99	18841	4.76	20.09
1978-79	2449	2.35	5342	5.13	18.52

Customs duty increased by 16.61 times from Rs 2449 crore in 1978-79 to Rs 40668 crore in 1998-99. In absolute terms the collection of customs duty increased by Rs 475 crore in 1998-99 over the previous year.

On the other hand, growth of excise duty was only about 9.97 times over the two decades 1978-99. As compared to the previous year, it increased by Rs 5284 crore in 1998-99 in absolute terms.

However, as percentage of GDP, the customs duty decreased marginally from 2.35 to 2.31 over the period 1978-79 to 1998-99, while the union excise duty dropped drastically from 5.13 to 3.02 *per cent* during the same period.

It would be seen from the above that the customs duty continues to be a major source of revenue of the Union Government. The share of manufacturing sector in GDP came down from 18.52 to 17.16 per cent over the same period.

The customs and union excise receipts and the collection charges during the last five years were as under :

\* GDP Rs 1762609 crore



**Table 3.2.6(ii) : Customs and union excise duties and collection charges***(Rupees in crore)*

Year	Customs duty	Collection charges	Excise duty	Collection charges
1998-99	40668	466	53246	508
1997-98	40193	431	47962	456
1996-97	42851	336	45008	335
1995-96	35757	280	40187	292
1994-95	26789	244	37347	254

Collection charges of Customs duty grew at a much faster rate than that of union excise duties.

The growth of customs duty during 1998-99 was 51.81 *per cent* over 1994-95, whereas the growth of collection charges was 90.98 *per cent* over the same period. The growth of excise duty during 1998-99 was 42.57 *per cent* over 1994-95 whereas the growth of collection charges was 100 *per cent* over the same period.

Thus, in terms of percentage increase, the collection charges have far outstripped the growth in actual collection. The Government needs to look into the reasons of rapid increase in collection cost and take measures to curtail it.

### 3.3 Non-tax revenue

The growth of non-tax revenue during the last two decades, and during the last five years was as under :

**Table 3.3 (i): Growth of non-tax revenue***(Rupees in crore)*

Year	Non tax revenue <sup>∇</sup>	As % age of GDP	As % age of gross revenue receipt
1998-99	110572	6.27	43.47
1997-98	92587	5.92	39.94
1996-97	78472	6.15	37.86
1995-96	68621	6.25	38.15
1994-95	62932	6.66	40.54
1988-89	24176	6.11	35.22
1978-79	5749	5.52	35.35

In absolute terms, the non-tax revenues increased substantially from Rs 92587 crore in 1997-98 to Rs 110572 crore in 1998-99, which constituted an increase of 19.42 *per cent* over the previous year.

<sup>∇</sup> Includes External Grant Assistance and Aid Material and Equipment

As percentage of GDP also, it increased by 0.35 *per cent* over the previous year. Major components of non-tax revenue which registered increase over the previous year were interest receipts (Rs 4733 crore), dividends and profit (Rs 1466 crore), miscellaneous general services (Rs 362 crore), power (Rs 1029 crore) and petroleum (Rs 7026 crore).

Receipts from the major components of non-tax revenue for the last five years were as under:-

**Table 3.3(ii) Major components of non-tax revenue**

	(Rupees in crore)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Interest receipts	30076	25343	22119	18429	15806
Dividends and profits	9411	7944	6293	5306	8304
Misc. general services	3210	2848	2339	2147	1929
Power	2087	1058	665	604	581
Telecommunication	17744	14587	12266	9761	7799
Railway commercial lines	29521	28518	24255	22374	20038
Other communication services	775	1992	1325	1362	9
Postal	1723	1566	1215	1150	1170
Petroleum	8470	1444	1298	1263	1217
Police	640	542	439	368	421

### 3.3.1 Interest receipts and dividends

Interest receipt, dividend and profit together constituted more than one third of the non tax revenue receipts. The trend of receipts for the last five years was as under:

**Table 3.3.1 : Comparison of interest receipts, dividends and profits with non-tax revenue**

	(Rupees in crore)			
	Interest	As %age of non tax revenue	Dividend and profit	As %age of non tax revenue
1998-99	30076	27.20	9411	8.51
1997-98	25343	27.37	7944	8.58
1996-97	22119	28.19	6293	8.02
1995-96	18430	26.86	5306	7.73
1994-95	15806	25.12	8304	13.20

In absolute terms the receipts from interest increased by Rs 4733 crore in 1998-99 over the previous year. Out of the total interest receipts of Rs 30076 crore, nearly 71 *per cent* was realised from States/UTs Government.

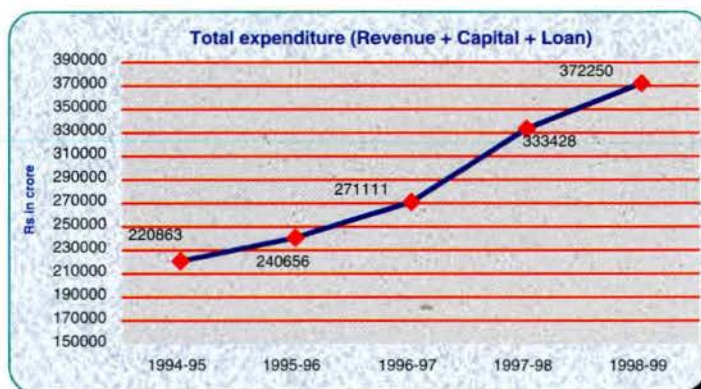
Of the total dividend and profits of Rs 9411 crore during 1998-99, Rs 2555.86 crore was dividend from the PSUs, while the share of profits from RBI, LIC, Nationalised Banks and IDBI was Rs 5977.10 crore, Rs 235.70 crore, Rs 384.19 crore and Rs 218.51 crore respectively.

Rs 5977.10 crore transferred by RBI as surplus of profit to the Government account during 1998-99 is not wholly on account of surplus of profit. It includes certain liabilities discharged by the RBI. The actual share of profit available with the Government amounted to only Rs 3000 crore. Out of surplus profit of Rs 5977.10 crore in 1998-99, Rs 1826.60 crore was transferred to meet the exchange risk liability relating to FCNRA deposits on the outflows of US\$ 1317 million during 1997-98 to enable the Union Government to meet the losses without any additional budgetary provision.

In addition, surplus profit of Rs 5977.10 crore transferred by RBI also includes payment to Government towards the interest differential of Rs 1150.50 crore on account of conversion of special securities of Rs 20000 crore into market securities during 1997-98. The above transfer was intended to compensate the Government for the difference in interest expenditure, which the Government had to bear consequent upon the conversion.

## CHAPTER IV : GROWTH OF EXPENDITURE

### 4.1 Trend of total expenditure



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

excluding the repayment of debt.

The total expenditure out of the Consolidated Fund of India of the Union Government, excluding the repayment of debt, during the last five years is given below. The figures of total expenditure of Union Government during the last 23 years since 1976-77 are given in Appendix III.

**Table 4.1(i) : Total expenditure of Union Government**

*(Rupees in crore)*

Year	Revenue			Capital			Loans and advances			Total		Grand total	As %age of GDP*
	Plan	Non plan	Total	Plan	Non plan	Total	Plan	Non plan	Total	Plan	Non plan		
1998-99	40550	259906	300456	8763	16437	25200	17936	28658	46594	67249	305001	372250	21.12
1997-98	35206	242526	277732	10126	10099	20225	16477	18994	35471	61809	271619	333428	21.32
1996-97	31668	194704	226372	7671	8033	15704	15737	13298	29035	55076	216035	271111	21.23
1995-96	29021	169281	198302	5786	11758	17544	12417	12393	24810	47224	193432	240656	21.91
1994-95	28304	149395	177699	10543	8723	19266	12932	10966	23898	51779	169084	220863	23.36

During 1998-99, the total expenditure of Rs 372250 crore of the Union Government in absolute term increased by Rs 38822 crore from Rs 333428 crore in 1997-98, which constituted an increase of 11.64 per cent over the previous year. During 1998-99, the plan expenditure was 18.07 per cent of the total expenditure, whereas the non-plan expenditure was 81.93 per cent. However, plan expenditure as percentage of total expenditure decreased by 0.47 percentage points in 1998-99 as compared to 1997-98.

Plan expenditure, out of which mostly assets are created/expenditure for social development are met, declined over the last five years to 18.07 per cent in

\* GDP : Rs 1762609 crore

1998-99 from 23.44 *per cent* in 1994-95 whereas non-plan expenditure which mostly comprises of establishment and maintenance expenditure increased to 81.93 *per cent* from 76.56 *per cent* over the same period.

**Increase in revenue receipts did not match the increase in expenditure, necessitating more dependence on borrowed funds.**

#### ***Increase in total expenditure over five years***

Over the five year period since 1994-95, the total expenditure increased from Rs 220863 crore to Rs 372250 crore, which constituted an increase of over 68.54 *per cent*, while the net revenue receipts during the same period increased by 64 *per cent*. In absolute terms while the total expenditure increased by Rs 151387 crore, the net revenue receipts increased by only Rs 93219 crore increasing further the dependence on borrowed funds by about Rs 58168 crore over the level of dependence on borrowed funds in 1994-95.

**The reduction in expenditure as percentage of GDP was attributed largely due to reduction in capital expenditure.**

The total expenditure of Union Government declined from an average of 25.07 *per cent* of GDP during the period 1989-90 to 1993-94, to an average of 21.79 *per cent* between 1994-95 and 1998-99. This decline was achieved by (i) average reduction in expenditure in asset creation from 5.93 *per cent* in 1989-94 to 3.91 *per cent* in 1994-99 and (ii) compression in expenditure on General and Economic Services spending by Government in terms of GDP from 8.59 *per cent* to 8.34 *per cent* and 8.23 *per cent* to 6.69 *per cent* respectively during 1994-95 to 1998-99.

#### ***Gap between net total expenditure and net revenue receipt***

The resource gap between net total expenditure and net revenue receipt during the last five years was as under:-

**Table 4.1 (ii) Net expenditure and receipts**

(Rupees in crore)

Year	Net revenue expenditure <sup>▲</sup>	Capital expenditure	Net loans and advances	Total	Net revenue receipts <sup>¶</sup>	Net total expenditure (col. 5 - 6)	Col. 7 as %age of GDP
1	2	3	4	5	6	7	8
1998-99	275791	25200	33404	334395	215224	119171	6.76
1997-98	255286	20225	25875	301386	195853	105533	6.75
1996-97	204827	15704	20339	240870	172173	68697	5.38
1995-96	180291	17544	17811	215646	150560	65086	5.92
1994-95	161416	19266	17391	198073	130387	67686	7.16

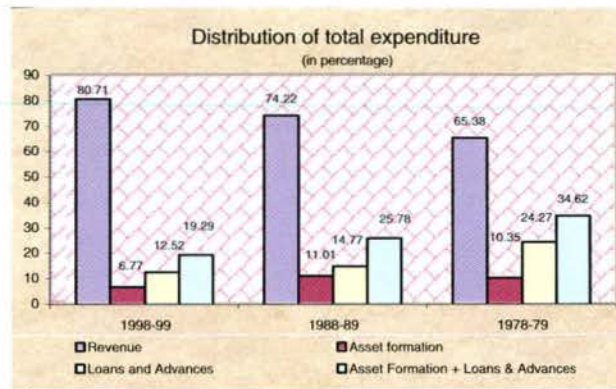
The gap between the net total expenditure and net revenue receipts of the Union Government during 1998-99 was of Rs 119171 crore, but as percentage of GDP it more or less remained around the same level. In absolute terms, the gap widened by Rs 13638 crore over previous year, which was mainly due to increase in expenditure on pension and other retirement benefits (Rs 3176

<sup>▲</sup> Excludes states' share of union excise duties

<sup>¶</sup> Excludes States' share of union excise duties and assignment of income tax to states

crore), other general services (Rs 3454 crore), railway commercial lines working expenses (Rs 1929 crore) and interest payment (Rs 12245 crore), etc. which was partially offset by lower expenditure in a few other heads.

#### 4.2 Distribution of total expenditure : Revenue, capital and loans



The percentage share of each component of expenditure in total expenditure in the corresponding year of the last two decades were as under:

Table 4.2 (i) : Distribution of total expenditure

(As percentage of total expenditure)

Year	Revenue	Asset formation	Loans and advances	Total asset formation + loans and advances
1998-99	80.71	6.77	12.52	19.29
1988-89	74.22	11.01	14.77	25.78
1978-79	65.38	10.35	24.27	34.62

Share of expenditure on capital account including loans and advances decreased by 15 percentage points over last two decades.

Revenue expenditure as percentage of the total expenditure increased at the cost of capital expenditure.

Over the 1979-89 decade, the percentage share of expenditure for capital formation in the total expenditure increased from 10.35 per cent in 1978-79 to 11.01 per cent in 1988-89, while the share of the revenue expenditure increased from 65.38 per cent to 74.22 per cent.

In the next decade 1989-99, revenue expenditure registered an increase of 6.49 percentage points from 74.22 to 80.71 per cent.

On the other hand, expenditure on capital formation decreased by 4.24 percentage point from 11.01 to 6.77 per cent over the same period. The share of loan and advances also registered a decreasing trend. Its share in the total expenditure decreased from 24.27 per cent in 1978-79 to 14.77 per cent in 1988-89 and further to 12.52 per cent in 1998-99.

Trend of public expenditure on current and development components over the last two decades and during the last five years has been presented as under:

**Table : 4.2 (ii) Pattern of total expenditure**

*(In percentage)*

Year	1998-99	1997-98	1996-97	1995-96	1994-95	1988-89	1978-79
RDE/TRE	13.50	12.68	13.99	14.63	15.93	14.67	15.24
CDE/TCE	37.19	47.76	52.32	42.98	54.39	57.38	59.28
TRE/(TRE+TCE)	80.71	83.30	83.50	82.40	80.46	74.22	65.38

RDE= Revenue Development Expenditure TRE = Total Revenue Expenditure CDE = Capital Development Expenditure TCE= Total Capital Expenditure

It would be observed from the above table that the development component of both the revenue and capital expenditure (including loan) dwindled over the period. Over a period of two decades 1978-99, the plan component of revenue expenditure came down to 13.50 *per cent* from 15.24 *per cent*. On the other hand, plan component of capital expenditure fell drastically to 37.19 *per cent* from 59.28 *per cent* over the same period.

An important characteristic of public expenditure is the rising dominance of current expenditure as opposed to the capital component. Current expenditure, which implies revenue expenditure, absorbs as much as 80.71 *per cent* of total expenditure as against 65.38 *per cent* over a period of two decades 1978-99. Some of the reasons for ballooning of current expenditure are (i) uncontrolled expansion of subsidies, (ii) growth of borrowings leading to higher outgo on interest payment.

The growth of current expenditure has effected (i) a substantial drop in the rate of capital expenditure; (ii) a regime of high interest rate thereby fueling the inflationary trends

Some important items of revenue expenditure are discussed in the succeeding paragraphs.

### 4.3 Sectoral expenditure

In the accounts of Union Government, the transactions are accounted under various heads which, in turn, are grouped into sectors. The expenditure heads are grouped into General Services, Social Services and Economic Services. Specific functions or services are grouped in a sector. For example, Education, Sports, Art and Culture, Health and Family Welfare, Water Supply and Sanitation, Housing and Urban Development etc. are grouped under Social Services. Similarly, Agriculture, Rural Development, Irrigation and Flood Control, Energy, Industry and Mines, Transport Communication, Science, Technology and Environment, Tourism, Foreign Trade and Civil Supplies etc. are included in Economic Services. The General Services on the other hand include the expenditure on organs of State, Collection of Taxes on Commodities and Services, Fiscal Services, Interest Payments, Administrative Services, Defence Services and Pensions.

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

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

**Table 4.3 : Sectoral expenditure of Union Government**

Sector *	(Rupees in crore)				
	1998-99	1997-98	1996-97	1995-96	1994-95
General Services °	146968	124635	107335	93934	81208
As %age of total exp	39.48	37.38	39.59	39.03	36.77
As %age of GDP	8.34	7.97	8.40	8.55	8.59
Social Services	15255	12371	10040	8006	6189
As %age of total exp	4.10	3.71	3.70	3.33	2.80
As %age of GDP	0.87	0.79	0.78	0.73	0.65
Economic Services	117946	112540	84293	79165	77861
As %age of total exp	31.68	33.75	31.09	32.90	35.25
As %age of GDP	6.69	7.20	6.60	7.21	8.23

### *General Services*

**Expenditure on General Services as percentage of GDP declined from 8.59 to 8.27 over the five year period.**

In absolute terms, the expenditure on General Services increased from Rs 81208 crore in 1994-95 to Rs 146968 crore in 1998-99, which constituted an increase of 80.98 *per cent*, whereas the increase on Social Services and Economic Services was 146.49 *per cent* and 51.48 *per cent* respectively over the same period. As a proportion of the total expenditure, the share of expenditure on General Services increased from 36.77 *per cent* in 1994-95 to 39.48 *per cent* in 1998-99 but as percentage of GDP, it declined by 0.25 percentage point over the same period.

Of the total expenditure on General Services during 1998-99, interest payment accounted for 52.99 *per cent* while expenditure on Defence Services was 28.06 *per cent*.

### *Social Services*

The share of Social Services to total expenditure increased from 2.80 in 1994-95 to 4.10 *per cent* in 1998-99, and as percentage of GDP, it increased from 0.65 to 0.87 *per cent*.

\* This classification excludes loans to foreign Governments, State Governments, U.T. Governments and revenue expenditure on account of grant-in-aid, which do not fall distinctly under any specific group.

° This classification includes loans to Government servants and miscellaneous loans.



The expenditure on Education, which is a major component of social service, as percentage of total expenditure increased from 0.95 *per cent* in 1994-95 to 1.57 *per cent* in 1998-99. As a percentage of GDP also, it increased from 0.22 *per cent* to 0.33 *per cent* over the same period.

The expenditure on Health and Family Welfare increased from 0.42 *per cent* of total expenditure in 1994-95 to 0.50 *per cent* in 1998-99. But as a percentage of the GDP, it declined from 0.10 *per cent* in 1994-95 to 0.09 *per cent* in 1997-98 and increased to 0.10 *per cent* in 1998-99.

### **Economic Services**

The share of Economic Services, which includes crucial infrastructure sectors like roads, coal, power etc. decreased from 35.25 *per cent* of total expenditure in 1994-95 to 31.68 *per cent* during 1998-99. As percentage of GDP, it dropped from 8.23 *per cent* to 6.69 *per cent* over the same period. In comparison to the previous year, spending on Economic Services decreased in relation to total expenditure by 2.07 percentage points and as a ratio to GDP it also dropped by 0.51 percentage point. The increase in expenditure during 1998-99 over the previous year was due to more expenditure in food storage and warehousing, power, industry, railway commercial lines, crop husbandry and other general economic services.

## **4.4 Transfer to States/UTs**

Union Government provides assistance to States/UTs in the shape of grants and loans, in addition to share of income tax and union excise duties to augment their resources. Assistance provided during the last five years was as under :-

**Table 4.4 : Transfer to States/UTs**

(Rupees in crore)

Year	Assignment of income tax	Share of excise duty	% age of total tax collected by Union Government transferred to states	Grants	Loans	Total transfer	Total (excluding share of income tax)	% age of Col.8 to total expenditure <sup>v</sup>	Repayment of principal and interest by State Governments	Net transfer to States (Col 7-10)
1	2	3	4	5	6	7	8	9	10	11
1998-99	14480	24665	27.22	25829	40797	105771	91291	24.52	30718	75053
1997-98	13508	22446	25.83	30452	30461	96867	83359	25.00	24932	71935
1996-97	13516	21545	27.23	23545	24030	82636	69120	25.49	21622	61014
1995-96	11274	18011	26.33	21577	19627	70489	59215	24.61	17791	52698
1994-95	8560	16283	26.92	20297	18807	63947	55387	25.08	15677	48270

<sup>v</sup> Please see table 4.1.(i) for total expenditure (Rs.372250 crore) of the Union Government

25 per cent of total expenditure of Union Government was 'transfer' to states.

Total transfer of resources to States/UTs increased from Rs 63947 crore in 1994-95 to Rs 105771 crore in 1998-99, which constituted an increase of 65.40 per cent. During 1998-99, 24.52 per cent of the total expenditure of Union Government's transfer to states formed the receipt of the respective States/UTs Governments. This was in addition to transfer of Rs 14480 crore towards share of net proceeds of income tax assigned to states.

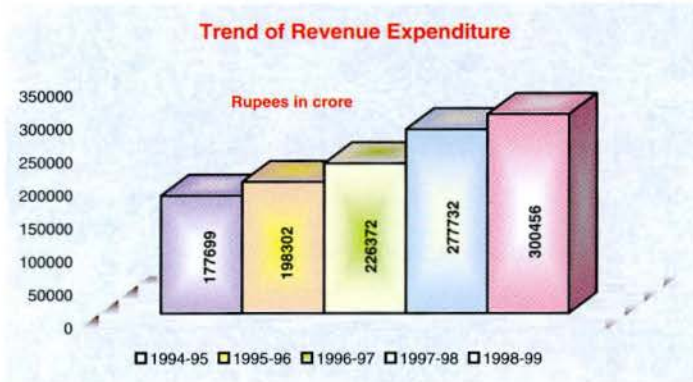
Net transfer to States/UTs net of repayment and interest payment increased from Rs 48270 crore in 1994-95 to Rs 75053 crore in 1998-99, which constituted an increase of 55.48 per cent.

Rs 23788 crore was assigned to States/UTs as loan out of small savings collections.

Out of total loans of Rs 40797 crore disbursed to States/UTs during 1998-99, Rs 23788 crore constituting 58.31 per cent was the share of small savings collections, which formed part of the loans for non-plan schemes.

Borrowed money is being used for transfers and these transfers are increasingly used to finance revenue expenditure unlikely to increase State Governments' capacity to repay and this is putting the whole system to risk.

#### 4.5 Trend of revenue expenditure



Revenue expenditure is for the normal day to day running of Government, departments and various services, interest charges on debt incurred by Government, subsidies, etc.

Broadly speaking, expenditure which does not result in creation of assets is treated as revenue expenditure. All

grants given to State Governments and others are also treated as revenue expenditure even though some of the grants may be for creation of assets. The revenue expenditure over the last 23 years is indicated in Appendix III.

The trend of revenue expenditure for the last five years was as under:-

**Table 4.5 (i) : Revenue expenditure**

(Rupees in crore)

Year	Plan	Non-plan	Total	Increase over the previous year	Revenue expenditure as %age of GDP	Revenue expenditure as %age of total expenditure
1998-99	40550	259906	300456	22724	17.05	80.71
1997-98	35206	242526	277732	51360	17.76	83.30
1996-97	31668	194704	226372	28070	17.73	83.50
1995-96	29021	169281	198302	20603	18.05	82.40
1994-95	28304	149395	177699	25382	18.79	80.46

Revenue expenditure and interest payment as percentage of GDP increased over the last five years.

The revenue expenditure increased from Rs 277732 crore in 1997-98 to Rs 300456 crore in 1998-99, which constituted an increase of 8.18 *per cent* over the previous year. The non-plan revenue expenditure increased by 7.17 *per cent* in 1998-99 over the previous year, whereas the plan expenditure increased by 15.18 *per cent* over the same period. During the last five years, the revenue expenditure registered an increase of Rs 122757 crore, which constituted an increase of 69.08 *per cent*.

The revenue expenditure during 1998-99 as percentage of GDP came down from 17.76 to 17.05 *per cent* over the previous year. The interest payment component of the revenue expenditure increased from 4.20 to 4.42 *per cent* of the GDP over the same period.

The increase of Rs 22724 crore in revenue expenditure during 1998-99 over the previous year was mainly due to higher expenditure on interest payment (Rs 12245 crore), payment of States' share of excise duties (Rs 2219 crore), crop husbandry (Rs 624 crore), industries (Rs 1294 crore), food storage and warehousing (Rs 1261 crore), other general economic services (Rs 3455 crore), police (Rs 723 crore), pension and other retirement benefits (Rs 3176 crore), general education (Rs 1320 crore), miscellaneous general services (Rs 511 crore) and power (Rs 396 crore).

At the same time revenue expenditure decreased over the previous year in some areas. The major reductions were in election (Rs 222 crore) and relief on account of natural calamities (Rs 277 crore).

Major components of revenue expenditure for the last five years were as under:-

**Table 4.5 (ii) Major components of revenue expenditure**

	<i>(Rupees in crore)</i>				
	<i>1998-99</i>	<i>1997-98</i>	<i>1996-97</i>	<i>1995-96</i>	<i>1994-95</i>
Interest payments	77882 (4.42)	65637 (4.20)	59478 (4.66)	50045 (4.56)	44060 (4.66)
Administrative services	8538 (0.48)	7352 (0.47)	5950 (0.47)	4959 (0.45)	4297 (0.45)
Pensions and misc. general services	13694 (0.78)	10008 (0.64)	7234 (0.57)	6914 (0.63)	5198 (0.55)
Defence services	31200 (1.77)	27302 (1.75)	21978 (1.72)	19854 (1.81)	17348 (1.83)
Social services	14146 (0.80)	11633 (0.74)	9325 (0.73)	7348 (0.67)	5353 (0.57)
Agriculture and allied activities	15183 (0.86)	12931 (0.83)	10435 (0.82)	9306 (0.85)	8629 (0.91)
Rural development	5175 (0.29)	4914 (0.31)	4448 (0.35)	5643 (0.51)	4163 (0.44)
Energy	2735 (0.16)	15305 (0.98)	1672 (0.13)	1396 (0.13)	1209 (0.13)
Industry and mineral	10339 (0.59)	9126 (0.58)	7992 (0.63)	6259 (0.57)	5563 (0.59)
Transport	32378 (1.84)	30938 (1.98)	26222 (2.05)	24056 (2.19)	21839 (2.31)
Communications	21589 (1.22)	17463 (1.12)	14532 (1.14)	11902 (1.01)	9607 (1.02)
General economic services	8239 (0.47)	4398 (0.28)	5358 (0.42)	4807 (0.44)	8173 (0.86)
Grants-in-aid and contributions	51066 (2.90)	53267 (3.41)	45362 (3.55)	39840 (3.63)	36766 (3.89)

Figures in bracket indicate percentage of GDP

#### **4.6 Interest payments**

Government acts both as a borrower and a lender. Union Government provides loans and advances to State Governments, public sector undertakings, local bodies and Government servants, on which it charges interest at the rates prescribed from time to time.

On the other hand, to finance the gap between the revenue, capital expenditure including the net loans and advances and revenue receipts, the Union Government resorts to borrowings through market loans, issue of treasury bills, securities issued to international financial institutions, gold bonds etc. besides external borrowings. In addition, the Union Government also utilises as resource the net addition to the Public Account consisting of small savings, provident funds, reserve funds, deposits etc., which adds to the liability of the

Government. Interest is payable on the balances of internal and external debt and on the balances in the Public Account.

The interest payment discussed below is to be viewed in the background that while the Government also earns interest on loans provided by it, the interest earned is counted as and included in the revenue receipts and the gross figure of interest payment is material in the context of liability to pay interest and its impact on revenue and therefore on total expenditure.

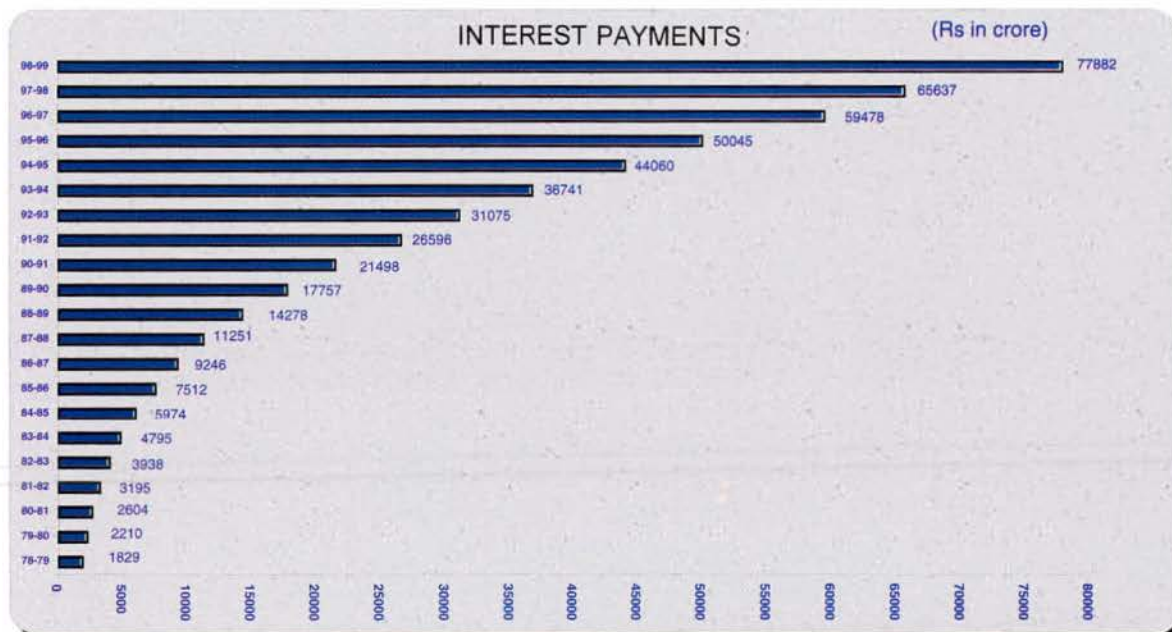
The interest payment included in the revenue expenditure and interest receipts included in the revenue receipts since 1976-77 are indicated in Appendix IV.

Total interest payments by the Union Government increased from Rs 65637 crore in 1997-98 to Rs 77882 crore in 1998-99, which constituted an increase of 18.65 per cent. The increase in interest payment in comparison to previous year was substantial due to higher interest payment on internal debt, external debt, small savings, provident fund etc.

The total interest payment during 1998-99, consisted of Rs 39832 crore on internal debt, Rs 4364 crore on external debt, Rs 30584 crore on small savings, provident fund etc., Rs 444 crore on reserve fund and Rs 2658 crore on other obligations

The rise in interest payments over 1978-79 to 1998-99 is depicted below graphically :

**Growth in interest payment was higher than growth of revenue expenditure.**



#### 4.6.1 Rate of increase of interest payment on different accounts

The interest payments have nearly doubled every five years.

As can be seen from Appendix-IV, while the overall interest payment increased by 43 times over the two decades 1978-79 to 1998-99, the interest on internal debt increased by about 45 times, on external debt by 19 times and that on small savings and provident funds etc. by 47 times. The interest burden had near about doubled every five years.

The increase in the total interest payment is more prominent in absolute terms after 1986-87.

##### 4.6.1.1 Increase in average interest rate

Rise in average rate of interest has contributed to more rapid increase in interest payment.

Seen in the background of indebtedness of the Union Government analysed in Chapter VII of this Report, while the total liability of the Union Government consisting of internal and external debt, small savings, provident funds, deposits etc. has increased by about 20 times over the period 1978-79 to 1998-99, the increase in interest payment by 43 times is mainly attributable to higher rate of interest on borrowed funds, which has gone up from an average of around 4.21 per cent to 8.73 per cent during the same period. Most of the increase in the rate of interest was on internal borrowings, small savings, provident fund, reserve fund etc.

Almost the entire borrowed funds are applied towards interest payment.

It would also be seen from Appendix V that interest payment in 1978-79 constituted 30.54 per cent of fiscal deficit i.e. borrowed funds, which increased to 68.74 per cent in 1998-99. As percentage of GDP, it increased to 4.42 in 1998-99 from 1.76 per cent in 1978-79.

**Table 4.6.1.1 Interest payments**

(Rupees in crore)

Year	Interest payments	%age of total revenue expenditure	%age of total revenue receipts <sup>€</sup>	%age of GDP
1998-99	77882	25.92	32.47	4.42
1997-98	65637	23.63	30.07	4.20
1996-97	59478	26.27	30.70	4.66
1995-96	50045	25.24	29.69	4.56
1994-95	44060	24.79	30.04	4.66

Interest payment alone absorbs about 75 per cent of net tax revenue.

The interest payments are, thus, of principal importance constituting 26 per cent of the revenue expenditure and absorbing as much as 74.42 per cent of the Union Government's net tax revenues (i.e. exclusive of States' share of income tax and excise duties). They constitute presently about 4.42 per cent of GDP, which is more than the total expenditure on Defence Services (2.34 per cent of GDP) and also net transfer of resources to the States/UTs (4.26 per cent of GDP).

<sup>€</sup> On Rs 239889 crore for 1998-99 excluding share of net proceeds of taxes on income other than corporation tax assigned to states

## 4.7 Grants-in-aid

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

**Table 4.7: Grants-in-aid to States and Union Territories**

(Rupees in crore)

Year	States				UTs				Grand total	As %age of revenue expenditure
	Plan schemes	Centrally sponsored plan schemes & others	Non plan grants	Total	Plan schemes	Centrally sponsored plan schemes & others	Non plan grants	Total		
1998-99	12808	7708	4565	25081	202	51	495	748	25829	8.60
1997-98	11462	6710	11566	29738	168	37	509	714	30452	11.00
1996-97	10276	6775	6106	23157	153	46	189	388	23545	10.40
1995-96	8505	6768	6014	21287	147	49	94	290	21577	10.88
1994-95	10754	6880	2413	20047	118	43	89	250	20297	11.42

The grants to States and Union Territory Governments as percentage of revenue expenditure decreased from 11.00 *per cent* in 1997-98 to 8.60 *per cent* in 1998-99.

Grants to States/UTs as percentage of revenue expenditure increased over the previous year.

In addition to the above, grants are also released to statutory bodies and non-Government institutions by the Union Government. Detailed observations on working of these bodies are contained in CAG's Report No. 4 of 2000 on 'Other Autonomous Bodies' and 5 of 2000 - Scientific Departments.

## 4.8 Utilisation certificates

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

UCs in respect of grants released up to 22 years ago were awaited.

31858 utilisation certificates relating to Rs 7676.29 crore in respect of grants released up to September 1997 and due up to March 1999 from 25 ministries/departments were outstanding at the end of March 1999 as given in Appendix VI. It will be seen from the Appendix that utilisation certificates were outstanding for up to 22 years. The Ministries/Departments of Social, Justice and Empowerment, Environment and Forest and Ocean Development did not furnish the information about outstanding utilisation certificates.

Pending receipt of huge number of utilisation certificates involving

Rs 7676.29 crore, the following Ministries/Departments released fresh grants of Rs 249.32 crore to the defaulting statutory bodies, non-Government organisations etc. during 1998-99 without insisting for the utilisation certificates in respect of grants released in the previous years:

**Table 4.8 : Fresh release of grants**

<i>(Rupees in crore)</i>				
<i>Sl. No.</i>	<i>Ministry/Department</i>	<i>No of utilisation certificates outstanding as on 31.03.99</i>	<i>Amount</i>	<i>Amount of fresh grants released during 1998-99 without obtaining UCs of previous years</i>
1.	Agriculture and Cooperation	355	116.68	64.21
2.	Fertilizers	23	15.25	10.00
3.	Statistics	01	0.10	1.25
4.	Surface Transport	02	0.17	0.40
5.	Commerce and Textiles	648	19.77	5.89
6.	Andaman & Nicobar Islands	02	3.56	11.49
7.	Space	273	5.15	2.82
8.	Urban Affairs and Employment	528	294.63	153.23
9.	Small Scale Industries and Agro Rural Industries	29	0.87	0.03
	<b>Total</b>			<b>249.32</b>

This indicated that the authorities releasing grants to statutory bodies, non-Government organisations, etc. released the fresh grants without ensuring that the previous grants were utilised for the purpose for which they were sanctioned.

The ministries/departments of Health and Family Welfare, Human Resource Development, Law, Justice and Supreme Court of India, Steel and Mines, Civil Supplies and Consumers Affairs and Rural Development did not furnish the information about fresh grants released during 1998-99 despite outstanding UCs for the previous years.

#### **4.9 Trend of capital expenditure**

Capital expenditure may be broadly defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. In addition, financial assets arise from moneys invested in institutions or commercial undertakings (i.e. PSU and Corporation) and loans and advances to States, Union Territories, Foreign Governments, etc. The capital expenditure booked in the accounts are net of expenditure met from recoveries/revenues and various reserves and development funds.



The trend of capital expenditure over the last five years was as under :

**Table 4.9 (i) : Capital expenditure**

Year	Capital expenditure			(Rupees in crore)		
	Plan	Non-plan	Total	%age growth over the previous year	As %age of total expenditure	As %age of GDP
1998-99	8763	16437	25200	24.60	6.77	1.43
1997-98	10126	10099	20225	28.79	6.06	1.29
1996-97	7671	8033	15704	(-) 10.49	5.79	1.23
1995-96	5786	11758	17544	(-) 8.94	7.29	1.60
1994-95	10543	8723	19266	(-) 21.84	8.72	2.04

Capital expenditure of the Union Government as booked in the Finance Accounts increased from Rs 20225 crore in 1997-98 to Rs 25200 crore in 1998-99 which constituted an increase of 24.60 *per cent* over the previous year. As a percentage of total expenditure and of GDP, it also increased by 0.71 and 0.14 percentage points respectively over the previous year. The non-plan capital expenditure increased by 62.76 *per cent* during 1998-99 over the previous year whereas the plan capital expenditure dipped by 13.46 *per cent*. Overall capital expenditure in real terms increased by Rs 4975 crore. Major increase in capital expenditure was mainly in power projects (Rs 279 crore), housing (Rs 99 crore), engineering industry (Rs 41 crore), railway commercial lines (Rs 195 crore), police (Rs 52 crore) health and family welfare (Rs 30 crore), water supply and sanitation (Rs 15 crore) urban development (Rs 64 crore), welfare of SC/ST/OBC (Rs 188 crore), fisheries (Rs 30 crore), non-conventional energy (Rs 297 crore), shipping (Rs 75 crore), atomic energy research (Rs 46 crore), space research (Rs 40 crore) and investment in international financial institutions (Rs 7480 crore).

Over the period of five years, plan expenditure decreased by 16.88 *per cent* whereas non plan expenditure increased by 88.43 *per cent*. The overall capital expenditure increased by 30.80 *per cent* over the same period.

The capital expenditure during 1998-99 does not include Rs 14041 crore, which was met from recoveries/revenues and various reserves and development funds.

**Major capital expenditure**

The major capital expenditure for the last five years was as under:-

**Table : 4.9 (ii) Major capital expenditure**

	<i>(Rupees in crore)</i>				
	1998-99	1997-98	1996-97	1995-96	1994-95
Roads and bridges	1650 (0.09)	1676 (0.11)	1157 (0.09)	829 (0.08)	928 (0.10)
Power projects	2141 (0.12)	1862 (0.12)	1041 (0.08)	1038 (0.09)	1549 (0.16)
Petroleum	-- --	-- --	74 (0.006)	1035 (0.09)	529 (0.06)
Investment in general financial and trading institution	(-) 2099 [-] (0.12)	2637 (0.17)	(-) 2 [-] (0.0002)	(-) 656 [-] (0.06)	4865 (0.51)
Railway commercial lines	2183 (0.12)	1988 (0.13)	1463 (0.11)	1140 (0.10)	1145 (0.12)
Public works	214 (0.01)	204 (0.01)	234 (0.02)	197 (0.02)	298 (0.03)
Defence	10036 (0.57)	9103 (0.58)	8508 (0.67)	8015 (0.71)	6819 (0.72)
Housing	410 (0.02)	311 (0.02)	249 (0.02)	255 (0.02)	199 (0.02)
Investment in agricultural financial institution	253 (0.01)	300 (0.02)	300 (0.02)	330 (0.03)	260 (0.03)
Atomic energy	354 (0.02)	415 (0.03)	407 (0.03)	445 (0.04)	469 (0.05)
Investment in international financial institutions	7480 (0.42)	(-) 326 [-] (0.02)	327 (0.03)	2914 (0.27)	45 (0.005)

(Figures in the brackets are as percentage of GDP)

From the above table, it would be seen that capital expenditure on roads and bridges increased in absolute terms from Rs 928 crore in 1994-95 to Rs 1650 crore in 1998-99. As percentage of GDP, it decreased from 0.10 *per cent* to 0.09 *per cent* over the same period.

In power projects, the capital expenditure increased from Rs 1549 crore in 1994-95 to Rs 2141 crore in 1998-99 and as percentage of GDP there has been a decrease of 0.04 percentage points over the same period.

During 1998-99, expenditure on investment in general financial and trading institutions, which involves investment in public sector undertakings, nationalised banks, was negative. One of the reasons for the negative expenditure was reduction of Government's investment in nationalised banks

to the tune of Rs 2574 crore to adjust the accumulated losses of the nationalised banks

Capital expenditure in railway commercial lines increased from Rs 1145 crore in 1994-95 to Rs 2183 crore in 1998-99. As percentage of GDP, it remained constant at 0.12 *per cent* over the same period.

In Defence, the capital expenditure increased from Rs 6819 crore in 1994-95 to Rs 10036 crore in 1998-99 and as percentage of GDP there has been a decrease of 0.15 percentage points over the same period.

Capital expenditure in the investment in international financial institutions increased from Rs 45 crore in 1994-95 to Rs 7480 crore in 1998-99. As percentage of GDP, it also increased from 0.005 *per cent* to 0.42 *per cent* over the same period.

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

#### **4.10 Investment and returns**

The details of investments by Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, international bodies etc. along with dividend received during the years 1994-95 to 1998-99 are given in Appendix VII.

##### **4.10.1 Total progressive investment**

The progressive total investment (excluding Reserve Bank of India) of the Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, international bodies etc. increased from Rs 83772.33 crore on 31 March 1998 to Rs 86196.52 crore on 31 March 1999.

##### **4.10.2 Dividend from Government companies and corporations**

The Union Government received a dividend of Rs 2383.57 crore during 1998-99 against the total investment of Rs 60098.78 crore in 244 Government companies and corporations, which was only 3.97 *per cent* of investment as on 31 March 1999. Out of 244 PSUs, 77 paid dividend to the Union Government which ranged between 0.04 and 131.76 *per cent* of the equity. The major contributors of dividend are Oil and Natural Gas Commission (Rs 343 crore), National Thermal Power Corporation (Rs 504 crore), Gas Authority of India (Rs 163 crore), Indian Oil (Rs 177 crore), Central Warehousing Corporation (Rs 55 crore), Indian Petro-chemicals Ltd. (Rs 59 crore), National Fertilizers Ltd. (Rs 50 crore), Power Finance Corporation (Rs 91 crore), Hindustan Petroleum (Rs 58 crore) and Bharat Petroleum (Rs 50 crore).

Against the total investment of Rs 60099 crore in 244 PSUs the yield in dividend was only 3.97 *per cent*.

Besides, as brought out in paragraph 3.3.1 Reserve Bank of India paid a dividend of Rs 5977.10 crore during 1998-99.

The number of PSUs, Ministry/Department-wise paying dividend as on 31 March 1999 is as under:

**Table : 4.10.2 Sector wise number of PSUs paying dividend**

S. No.	Name of the Ministry/Department	Number of PSUs	Number of PSUs paying dividend
1.	Science & Technology	2	Nil
2.	Steel	16	9
3.	Civil Aviation & Tourism	5	2
4.	Food & Civil Supply	3	1
5.	Home Affairs	16	3
6.	Health and Family Welfare	3	2
7.	Petroleum and Natural Gas	14	12
8.	Agriculture	13	3
9.	Chemicals and Fertilizers	19	6
10.	Commerce	8	4
11.	Communication	5	4
12.	Defence	8	7
13.	Electronics	3	1
14.	Energy	13	6
15.	Environment and Forest	3	1
16.	Finance	2	Nil
17.	Food Processing	2	1
18.	Human Resource Development	1	1
19.	Industry	50	3
20.	Information and Broadcasting	2	2
21.	Planning	2	Nil
22.	Rural Areas and Employment	3	Nil
23.	Railways	10	Nil
24.	Space	1	1
25.	Surface Transport	10	2
26.	Textiles	10	2
27.	Urban Affairs and Employment	4	Nil
28.	Water Resources	3	1
29.	Welfare	8	1
30.	Atomic Energy	5	2
	<b>Total</b>	<b>244</b>	<b>77</b>

#### 4.10.3 Non compliance of directive by PSUs

17 PSUs did not pay dividend of Rs 261 crore in disregard of Government instruction.

PSUs which register post-tax profit are required to pay 20 *per cent* of their post-tax profit as dividends. Seventeen PSUs, which together registered post tax profit of Rs 1303.49 crore in 1997-98 as indicated in Appendix VIII, did not pay dividend of Rs 260.70 crore in compliance to the directive of the Government.

Mention was also made in respect of Neyveli Lignite Corporation Ltd., Indian Railways Finance Corporation Ltd., Irocon International Ltd., Container Corporation of India Ltd, Rail India Technical and Economic Services, National Minorities Finance and Development Corporation, New Delhi, Cotton Corporation of India and Nuclear Corporation of India Ltd., Mumbai for non payment of dividend in Para 7.2.3 of Report No. 1 of 1999 of Comptroller and Auditor General of India.

It would thus appear that Government nominees of the Board of Directors of these PSUs were not ensuring that the minimum level of dividend as stipulated by the Government accrues to it. Besides, the Government has not taken effective steps to secure compliance to its own instructions.

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

#### 4.10.4 Dividend from State co-operative banks etc.

The total dividend of Rs 41 crore on investment of Rs 2232 crore in State co-operative banks and other banks (excluding nationalised banks, Industrial Development Bank and Reserve Bank) in 1998-99 was 1.85 *per cent* as compared to 1.58 *per cent* in 1997-98. National Bank for Agriculture and Rural Development (NABARD) and Industrial Reconstruction Bank of India in which Rs 694 crore (Rs 550 crore and Rs 144 crore respectively) were invested up to 1998-99, also did not pay any dividend.

### 4.11 Recapitalisation assistance to nationalised banks

There are 19 nationalised banks (NB) in which Union Government investment in the form of share capital as on 31 March 1999 stood at Rs 13672.62 crore. Government's investment in the nationalised banks during last five years was as under:-

Table 4.11 (i) : Recapitalisation assistance to nationalised banks

(Rupees in crore)

Year	Investment in NBs as on 31 March	Investment during the year	Dividends received	%age of dividends to total investment	Securities issued to NBs by Union Government as on 31 March	Interest paid by the Government
1	2	3	4	5	6	7
1998-99	13672.62	400.00	384.19	2.81	19112.61	1277.99
1997-98	15846.36	2700.15	314.52	1.98	18712.61	1538.40
1996-97	13146.21	1509.00	209.77	1.60	16150.94	1408.04
1995-96	13673.68	850.00	104.15	0.76	15147.43	1342.09
1994-95	14753.73	4362.94	14.35	0.10	14297.44	631.79

Government paid interest of Rs 1278 crore to banks on special securities but dividend received from them was only Rs 384 crore.

Investment of the Union Government in nationalised banks decreased by 7.91 per cent from Rs 14753.73 crore in 1994-95 to Rs 13672.62 crore in 1998-99. Returns accruing to Government in the form of dividend from nationalised banks were below 1 per cent of total investment up to 1995-96 which rose to 1.60, 1.98 and 2.81 per cent during 1996-97, 1997-98 and 1998-99 respectively. The Government paid interest of Rs 1277.99 crore on total securities of Rs 19112.61 crore invested by the banks during 1998-99, which constituted 6.69 per cent.

As per RBI Report on Trend and Progress of Banking in India (1998-99), net profit earned by the nationalised banks during last two years was as under:-

Table:- 4.11 (ii) Net profit by nationalised banks

(Rupees in crore)

Year	Net Profit before adjusting interest income on recapitalisation assistance bond	Net Profit after adjusting interest income on recapitalisation assistance bond
1998-99	1792.43	(-) 167.43
1997-98	2569.90	867.97

It would be seen that substantial part of the income of nationalised banks are accruing from interest earned by them on recapitalisation assistance bond. While in 1997-98, it constituted 66 per cent of their net profit before adjusting this interest income, in the year 1998-99, there would have been loss of Rs 167.43 crore had the interest income on recapitalisation assistance bond was adjusted.

In April 1992, Reserve Bank of India introduced a prudential norm of income recognition, asset classification, provisioning requirements for non performing assets and depreciation on investments to be followed by Public Sector Banks. In the said norm, Public Sector Banks were required to achieve certain prescribed rate of Capital to Risk Assets Ratio. Banks with branches in foreign countries were required to achieve a CRAR of 8 per cent by March 1995 and







other banks by March 1996. By March 2000, the banks are required to achieve CRAR of 9 per cent. Since most of the PSBs started reporting losses due to the above norm of income recognition etc., it was not possible for them to achieve the prescribed level of CRAR because while calculating capital, the losses made by the banks were deducted. To enable the banks to achieve the prescribed CRAR, accumulated losses of the banks were written off by writing down Government's investment in banks and fresh capital was infused.

Losses of nationalised banks written off to date and fresh infusion of capital after the introduction of prudential norms were as under:-

**Table 4.11 (iii) : Investment in share capital and losses written off**

<i>Year</i>	<i>Investment during the year</i>	<i>Losses written off</i>	<i>Name of the banks the capital investment in which were written down</i>
1998-99	400.00	2573.74	Bank of Maharashtra (Rs 418.18 crore) Syndicate Bank (Rs 942.62 crore) Andhra Bank (Rs 243.37 crore) Canara Bank (Rs 507.10 crore) Punjab & Sind Bank (Rs 462.47 crore)
1997-98	2700.00	--	--
1996-97	1509.00	1532.00	Allahabad Bank (Rs 532 crore) Indian Overseas Bank (Rs 1000 crore)
1995-96	850.00	1506.21	Bank of India (Rs 1369.92 crore) Dena Bank (Rs 136.29 crore)
1994-95	4362.94	425.23	Punjab National Bank
1993-94	5700.00	Nil	--
<b>Total</b>	<b>15521.94</b>	<b>6037.18</b>	

Government had invested in all Rs 15521.94 crore in the share capital of the nationalised banks since 1993-94. It has also written down Rs 6037.18 crore of its subscribed share capital for adjustment of the losses of nationalised banks over the same period.

A statement showing bank-wise details of capital subscribed/written down during 1993-94 to 1998-99 is given in Appendix IX.

It would be observed from the Appendix -IX that from 1993-94 to 1998-99, Rs 564.19 crore, Rs 1764.52 crore, Rs 1447.87 crore and Rs 2300.96 crore have been invested in the Bank of Maharashtra, Uco Bank, United Bank of India and Indian Bank respectively. Despite recapitalisation assistance of such huge amount, the capital risk adequacy ratio of these banks except the Indian Bank during 1998-99 were below 10 per cent level. The CRAR of Indian Bank during 1998-99 was negative.

Despite regular funding from the Government, these banks have not been able to achieve the targeted CRAR on their own.

This adjustment at the one hand reduces the Government subscription in the capital base of nationalised banks and on the other, Government has to make fresh induction of capital in the shape of recapitalisation assistance. This scheme resulted in the depletion in the past investment made by the Government in the nationalised banks besides increasing the Government's liability on interest payments on account of recapitalisation bonds and low return in the shape of dividends. Thus, Union Government has to bear the cost for poor performance of the nationalised banks.

The difference between the investment made and special securities issued to the nationalised banks during the year and also the difference between the total investment and total special securities outstanding are discussed in Chapter VIII of this Report.

#### 4.12 Recapitalisation assistance to regional rural banks

Regional rural banks form an integral part of rural financial development. At present there are 196 regional rural banks which are monitored and supervised by National Bank for Agriculture and Rural Development.

Union Government's total up to date investment in regional rural banks as on 31 March 1999 stood at Rs 1024.22 crore. To strengthen the capital base of regional rural banks, Union Government has been releasing capital through budgetary allocations.

Capital invested by Government in regional rural banks during the last five years was as under:-

**Table 4.12: Recapitalisation assistance to regional rural banks**

*(Rupees in crore)*

<i>Year</i>	<i>Investment during the year</i>	<i>Up to date total investment</i>	<i>Dividend received</i>
1998-99	152.65	1024.22	--
1997-98	200.00	871.57	--
1996-97	200.00	671.57	--
1995-96	244.57	471.57	--
1994-95	155.00	227.00	--
1993-94	3.25	72.00	--

Despite large investment in regional rural banks, no dividend accrued to Government since their inception.

## CHAPTER V : MANAGEMENT OF FISCAL IMBALANCE: DEFICITS

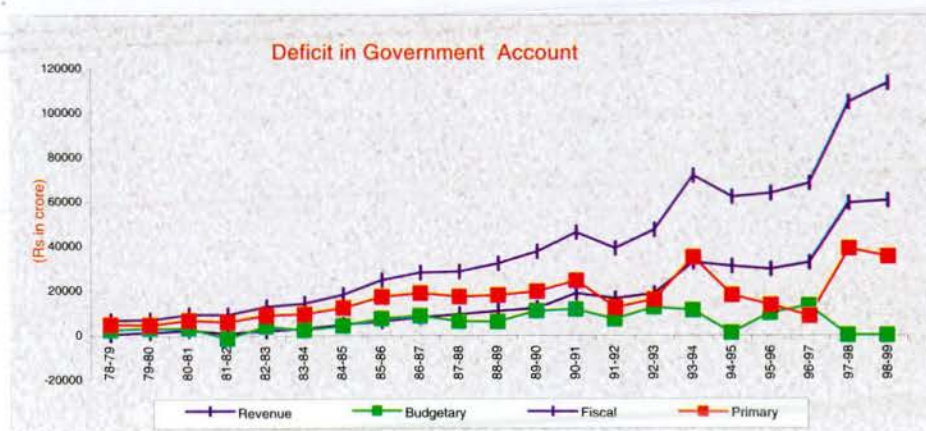
### 5.1 Deficit in Government Account

Deficit in Government Accounts are defined in many ways, each indicating distinct facets of the budgetary, economic or monetary policy of the Government. These are worked out in different ways, by including or excluding specific elements of public expenditure or receipts. Three types of deficits namely, revenue deficit, fiscal deficit and primary deficit are indicated in the annual budget, while monetised deficit is worked out by the amount of increase in the RBI's holdings of Government debt plus any draw down by the Government of its cash balances with RBI.

The concept of budgetary deficit has become redundant following the discontinuance of ad hoc treasury bills with effect from April 1997, which earlier served as a source for bridging the temporary mismatch between receipts and expenditure of the Government. This system has been replaced by ways and means advances. Union Government has entered into an agreement with RBI in March 1997 regarding discontinuing the practice of issuing ad hoc treasury bills to replenish the cash balance with effect from April 1997. RBI makes ways and means advances to Union Government, if so required. The agreement stipulated that the outstanding ad hoc treasury bills as on 31 March 1997 would be funded into special securities on 1 April 1997 without any specified date of maturity at an interest rate of 4.6 per cent per annum. The outstanding tap treasury bills as on 31 March 1997 would be paid off on maturity with an equivalent creation of special securities without any specified date of maturity, at an interest rate of 4.6 per cent per annum

Borrowing by Union Government through ways and means advances has been discussed in detail in Chapter VII of this Report

The various types of deficits in the Union Government Accounts since 1976-77 are indicated in Appendix X which is represented graphically for the last two decades as under :



The break-up of the deficit during 1998-99 was as under :

**Table 5.1 : Deficits in Government Account**

(Rupees in crore)

CONSOLIDATED FUND					
Receipt	Amount			Disbursement	Amount
Revenue	239889	Revenue deficit :	60567	Revenue	300456
Miscellaneous capital receipts (including disinvestment)	5874			Capital	25200
Recovery of loans & advances	13189			Loans & advances disbursement	46594
Sub total CFI (other than public debt)	258952	Fiscal deficit	113298		372250
Public debt	395297			Public debt repayment	322679
<b>Total (CFI)</b>	<b>654249</b>	<b>A: Deficit in CFI</b>	<b>40680</b>		<b>694929</b>
	--	<b>B: CONTINGENCY FUND</b>			<b>27*</b>
PUBLIC ACCOUNT					
Small savings, provident funds etc.	94407			Small savings, provident funds etc.	53011
Deposits and advances ♦	45055			Deposits and advances	43424
Reserve funds ♣	14730			Reserve funds	17006
Suspense & miscellaneous φ	5038			Suspense & miscellaneous	4749
Remittances ψ	588			Remittances	685
<b>Total Public Account</b>	<b>159818</b>	<b>C: Surplus in Public Account: 40943</b>			<b>118875</b>
<b>Increase in cash balance {C-(A+B)} = 236</b>					

Note : Statistical presentation above does not account for changes introduced in the Union Budget 1999-2000 vis-a-vis accounting and flow of small saving to the states outside the Consolidated Fund of India.

- ♦ Includes Security Deposits, Deposits of Railways, Telephone Application Deposit, Postal Deposits, Forest Advances, Departmental Advances etc.
- ♣ Includes Depreciation Reserve Funds - Railways, Revenue Reserve Funds - Railways, Sugar Development Fund, Mines Welfare Funds, National Renewal Fund etc.
- φ Includes amounts awaiting final adjustments in the accounts like Pay and Accounts Office Suspense, Suspense Account P&T, Defence, Railways and Tele-communications, Coinage Accounts, Cheques and Bills etc.
- ψ Includes the money in transit like Money Orders, RBI Remittances, Small Coin Depot remittances, Mint remittances etc.
- \* Expenditure of Rs 27 crore met out of contingency fund remained unrecovered during 1998-99

## 5.2 Revenue deficit

The revenue deficit refers to the excess of revenue expenditure over revenue receipt. The trend of revenue deficit for the last five years was as under :

**Table 5.2 : Revenue deficit**

Year	Budget estimates	Actuals		Actual revenue deficit	Revenue deficit as a %age of GDP
		Revenue receipt	Revenue expenditure		
1998-99	48068	239889	300456	60567	3.44
1997-98	30265	218299	277732	59433	3.80
1996-97	31475	193718	226372	32654	2.56
1995-96	35541	168571	198302	29731	2.71
1994-95	32727	146670	177699	31029	3.28

(Rupees in crore)

Revenue deficit in the Government Accounts indicates that not only the entire capital expenditure is met out of borrowed funds but part of the revenue expenditure, to the extent of revenue deficit, is also met out of the borrowed funds.

The revenue deficit in 1998-99 increased from Rs 59433 crore in 1997-98 to Rs 60567 crore registering an increase of 1.91 *per cent*. In terms of absolute value, the revenue deficit had more or less been steady over three years 1994-97. The equilibrium was seriously upset during 1997-98, when revenue deficit jumped by Rs 26779 crore from Rs 32654 crore in 1996-97 to Rs 59433 crore. During 1998-99, measures taken by Government did not bring down the revenue deficit, which increased marginally over the previous year to Rs 60567 crore.

The revenue deficit as percentage of GDP decreased by 0.36 percentage point in 1998-99 compared to 3.80 in 1997-98. During 1998-99, the revenue deficit as percentage of GDP was 3.44 *per cent* as compared to budgeted figure of 3.0 *per cent*.

The actual revenue deficit outstripped the Budget Estimates of 1998-99 by Rs 12499 crore.

As would be evident from the Appendix X that up to 1978-79, the accounts had ended up with revenue surplus. Thereafter, the revenue deficit has been increasing steadily. Had the book adjustment not been made in respect of contributions towards redemption of petroleum bonds of Rs 6382 crore, which did not form part of revenue as envisaged in the budget, the actual revenue deficit could have been Rs 66949 crore (3.80 per cent of GDP).

Revenue deficit outstripped BE.

### 5.3 Fiscal deficit

Fiscal deficit is the difference between the revenue receipts plus certain capital receipts and the total expenditure including loans given, net of repayments. Since ideally the capital expenditure of the Government should be financed from the revenue surplus, fiscal deficit provides a measure of macro economic imbalance.

In the budget documents of the Union Government some items of expenditure, not involving cash outflow, were reduced from the expenditure to arrive at the fiscal deficit figure. This practice was also followed in the past while offering comments on the fiscal deficit in this chapter.

The fiscal deficit has been worked out on the basis of actual figure of receipt and expenditure (irrespective of outflow of cash) booked in the accounts and figure of fiscal deficit may differ from the figure appeared in earlier Reports. The fiscal deficit for the last 23 years are given in Appendix-V.

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

**Table 5.3 (i) : Fiscal deficit**

Year	<i>(Rupees in crore)</i>		
	BE	Actual fiscal deficit	As a % age of GDP
1998-99	91025	113298	6.43
1997-98	65454	104621	6.69
1996-97	62266	68242	5.34
1995-96	57634	63689	5.80
1994-95	54915	62079	6.56

**Fiscal deficit exceeded the Budget Estimates.**

In absolute value terms, the fiscal deficit increased to Rs 113298 crore in 1998-99 from Rs 104621 crore in 1997-98, an increase of Rs 8677 crore. However, as percentage of GDP, during 1998-99, it declined marginally to 6.43 per cent from 6.69 per cent over the preceding year.

The fiscal deficit in 1998-99 exceeded the Budget Estimates of Rs 91025 crore by Rs 22273 crore. As percentage of GDP, it ended up 0.83 percentage point higher than the budgeted figure of 5.6 per cent.

Expenditure financed by borrowing during the last 23 years are given in Appendix XI. During 1996-99, the fiscal deficit arose on account of the Government's necessity to borrow in order to meet the following expenditure.

**Table 5.3 (ii) : Expenditure financed by borrowings**

*(Rupees in crore)*

<i>Expenditure to be financed through borrowings</i>	<i>1998-99</i>	<i>1997-98</i>	<i>1996-97</i>
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Revenue expenditure	60567	59433	32654
Capital expenditure	19326	19313	15249
Loans and advances	33405	25875	20339
<b>Total</b>	<b>113298*</b>	<b>104621</b>	<b>68242</b>

While 53.46 per cent of the borrowed fund was applied to meet the revenue expenditure, remaining 46.54 per cent was utilised for funding expenditure on capital accounts. In order to meet the above expenditure the Government sourced the borrowing through the following :-

**Table 5.3 (iii) : Sources of borrowings**

*(Rupees in crore)*

<i>Borrowings</i>	<i>1998-99</i>	<i>1997-98</i>	<i>1996-97</i>
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Internal debt (Net)	70698	44524	36606
External debt (Net)	1920	1091	2987
Small savings, provident fund etc. (Net)	41396	52826	25637
Deposits & advances (Net)	1631	3917	1945
Reserve funds (Net)	(-) 2276	411	2046
Suspense & miscellaneous (Net)	289	2139	(-) 203
Remittances (Net)	(-) 97	623	(-) 1232
Increase (-) / decrease (+) in cash balance	(-) 263	(-) 910	(+) 456
<b>Total</b>	<b>113298</b>	<b>104621</b>	<b>68242</b>

The reduction of fiscal deficit as a percentage of GDP from 6.56 per cent in 1994-95 to 6.43 per cent in 1998-99 had been achieved through compression in capital expenditure. The trend of the last five years was as under :

**Table 5.3. (iv) : Impact of fiscal deficit**

*(Figures as %age of GDP)*

<i>Year</i>	<i>Revenue receipt</i>	<i>Fiscal deficit</i>	<i>Revenue expenditure</i>	<i>Capital expenditure</i>
1998-99	13.61	6.43	17.05	1.43
1997-98	13.96	6.69	17.76	1.29
1996-97	15.17	5.34	17.73	1.23
1995-96	15.34	5.80	18.05	1.60
1994-95	15.51	6.56	18.79	2.04

\* Does not include expenditure of Rs 27 crore not recouped to Contingency Fund of India, but for which the expenditure financed from borrowings would have been Rs 113325 crore

**Fiscal deficit as percentage of GDP was contained at the cost of capital expenditure.**

It would be observed from the above table that the fiscal deficit as percentage of GDP decreased from 6.56 *per cent* in 1994-95 to 6.43 *per cent* in 1998-99 by reducing the capital expenditure by 0.61 percentage point of GDP while the reduction of the revenue expenditure during this period was 1.74 *per cent* of GDP. This pattern is also reflected in the fact that while the fiscal deficit in 1998-99 increased by 8.29 *per cent* over that in 1997-98, the revenue deficit increased by 1.91 *per cent* only.

### 5.3.1 *Less than anticipated receipts*

One of the main components responsible for the deterioration on the fiscal front was shortfall in tax revenues as discussed in Chapter III. In addition, Government's estimates for receipt on account of disinvestment of PSUs have consistently been out of tune with the reality during 1995-96 to 1997-98. There was mismatch between the budget and actual collection during all years since 1992-93. During 1998-99, the actual receipt was marginally more than the estimates.

### 5.3.2 *Disinvestment of equity holding in PSUs*

Receipt on account of disinvestment of equity holdings in public sector enterprises was projected as the major part of capital receipt. The receipt from disinvestment since 1991-92 has been as under:-

**Table 5.3.2(i) :Receipt from disinvestment**

Year	BE	Actual receipts	(Rupees in crore)
			Excess (+) Short fall (-) over BE
1998-99	5000	5369*	(+) 369
1997-98	4800	910	(-) 3890
1996-97	5000	380	(-) 4620
1995-96	7000	362	(-) 6638
1994-95	4000	5078	(+) 1078
1993-94	3500	(-) 48	(-) 3548
1992-93	2500	1961	(-) 539
1991-92	2500	3038	(+) 538

**Shortfall in disinvestment receipts upset the estimates of fiscal deficit.**

The actual receipts from disinvestment of Government holding in PSUs have been negligible as compared to the budget estimates except during 1991-92, 1994-95 and 1998-99 upsetting the estimation of fiscal deficit.

However, the information supplied by the Department of Disinvestment revealed that receipt from disinvestments during 1998-99 was Rs 5371.11 crore. Out of this, a major chunk of receipt came from cross holding of equity of one public sector undertaking by another as detailed under:

\* Largely due to cross holding of PSUs share permitted by Government.



**Table 5.3.2.(ii): Cross holding of equity***(Rupees in crore)*

<b>PSU disinvested</b>	<b>Cross holder</b>	<b>Amount</b>
Gas Authority of India Ltd.	Oil and Natural Gas Commission	245.04
	Indian Oil Corporation	245.04
Indian Oil Corporation	Oil and Natural Gas Commission	1208.96
Oil and Natural Gas Commission	Indian Oil Corporation	2034.96
	Gas Authority of India Ltd.	450.00
<b>Total</b>		<b>4184.00</b>

Thus, other than cross holding, the disinvestment fetched only Rs 1187.11 crore against the Budget Estimates of Rs 5000 crore.

Domestic/Institutional investor's participation was worth only Rs 221.65 crore in Container Corporation of India Ltd. and Rs 181.78 crore in Gas Authority of India Ltd.

Videsh Sanchar Nigam Ltd.'s equities were off loaded in international market and receipt from the global depository receipt (GDR) was Rs 783.68 crore.

But for allowing the cross purchasing of the equity the Government would not have been able to achieve the budgetary target.

#### **5.4 Primary deficit**

Primary deficit is measured by subtracting the interest payments from fiscal deficit. It is a measure of current year's fiscal operation after excluding the liability of interest payment created due to borrowings undertaken in the past.

The last five year's trend of the primary deficit was as under :

**Table 5.4 : Primary deficit***(Rupees in crore)*

<b>Year</b>	<b>Fiscal deficit</b>	<b>Interest payment</b>	<b>Primary deficit (2-3)</b>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
1998-99	113298	77882	35416 (16025)
1997-98	104621	65637	38984 (- 2546)
1996-97	68242	59478	8764 (2266)
1995-96	63689	50045	13644 (5634)
1994-95	62079	44060	18019 (8915)

Figures in bracket denote BEs of primary deficit

As brought out in the last two year's Audit Report, the concept of primary deficit does not indicate any economic or budgetary parameter. Government is a continuing entity and subtracting any part of liability undertaken in the previous years is redundant. For that matter, the impact on future accounts by the budgetary and fiscal policy in the current year is camouflaged by excluding the liability on account of borrowings in the past. In this concept the interest receipt on account of loans and advances made in the preceding years is ignored. It would be seen from Appendix IV that interest receipt of the Government on loans and advances given by it has been increasing steadily. The objective behind coining a definition of the deficit by subtracting the interest payment does not serve any purpose

### 5.5 Monetised deficit

Monetised deficit goes beyond the Government's budgetary operations. The monetised deficit represents increase in the net RBI credit to the Union Government which is the sum of increases in the RBI's holdings of Government debt plus any draw down by the Government of its cash balance with RBI. Simply stated, the monetised deficit represents the expansion in money supply for the like amount by the RBI. The concept does not take into account Rs 5977 crore, RBI profits transferred to Government and displayed under profits. To that extent the monetised deficit is understated.

The monetised deficit during the last five years was as under:-

**Table 5.5 : Monetised deficit**

Year	Amount	(Rupees in crore)	
		As a % age of fiscal deficit	As %age of GDP
1998-99	11800	10.41	0.67
1997-98	12914	12.34	0.83
1996-97	1934	2.83	0.15
1995-96	19855	31.17	1.81
1994-95	2130	3.43	0.23

The monetised deficit during 1998-99 increased by 453.99 per cent over the period of five years.

The monetised deficit at the end of March 1999 was Rs 11800 crore, which accounted for 10.41 per cent of the fiscal deficit as against 12.34 per cent during 1997-98.

During 1998-99, out of the gross market borrowing of Rs 83753 crore, the devolvement on RBI was Rs 38205 crore. While during 1997-98, the devolvement on RBI was Rs 13028 crore out of the total market borrowing of Rs 43389 crore. The details of market borrowings and devolvement of market borrowings on RBI during the last five years have been indicated in table 7.7(i) and 7.7.1(i) respectively. Despite the huge amount of devolvement of market borrowing on RBI during 1998-99, the net credit to Union Government

by RBI, which connotes monetised deficit, came down to Rs 11800 crore by taking recourse to open market window and repo transactions.

## **5.6 Debt and deficit**

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

## CHAPTER VI : MANAGEMENT OF SUBSIDIES

The Union budget provides for cash subsidies on certain items. In addition, there are various type of hidden subsidies which are not readily visible from the accounts.

### 6.1 Explicit subsidies

Subsidies provided by the Union Government during the last five years on major items were as under :-

**Table 6.1(i) : Expenditure on major explicit subsidies**

(Rupees in crore)

	1998-99	1997-98	1996-97	1995-96	1994-95
Food and sugar subsidy	9100	7900	6066	5377	5100
Subsidy on indigenous fertilizers	7473	6600	4743	4300	4075
Subsidy on imported fertilizers	333	1659	2184	3047	1166
Payment to manufactures/ Agencies for concessional sale of decontrolled fertilizers	3790	2596	1672	500	517
Assistance for export promotion and market development	574	420	397	318	658
Interest subsidy	1769	445	680	58	111
Other subsidies	2065	1171	967	892	762
<b>Total</b>	<b>25104</b>	<b>20791</b>	<b>16709</b>	<b>14492</b>	<b>12389</b>

In absolute term food including sugar subsidy increased by Rs 4000 crore during 1998-99 over 1994-95, registering an increase of 78.43 *per cent*. Increase in food subsidy including sugar subsidy over the previous year alone was Rs 1200 crore, which constituted an increase of 15.19 *per cent*.

Over the period of five year subsidy on fertilisers (imported & indigenous) increased from Rs 5241 crore to Rs 7806 crore in 1998-99, an increase of 48.94 *per cent*.

During 1998-99, there was also increase in subsidy in concessional sale of decontrolled fertilisers by Rs 1194 crore and assistance for export promotion & market development by Rs 154 crore over the previous year.

**Table 6.1 (ii) : Expenditure on subsidy with relation to BE**

	1998-99			1997-98			1996-97		
	BE	Actual	%age of increase	BE	Actual	%age of increase	BE	Actual	%age of increase
Food subsidy	9400	9100	--	7500	7900	5.33	5884	6066	3.09
Subsidy on indigenous fertilisers	6000	7473	24.55	5240	6600	25.95	4500	4743	5.40
Subsidy on imported fertilisers	1740	333	--	1950	1659	-	1648	2184	32.52
Payment to manufactures/Agency for concessional sale of decontrolled fertilisers	3000	3790	26.33	2000	2596	29.80	2224	1672	-
Assistance for export promotion and market development	500	574	14.80	440	420	-	460	397	-
Interest subsidy	40	1769	4322.50	34	445	1208.82	434	680	56.68
Other subsidy	2102	2065	--	1086	1171	7.83	1170	967	--
<b>Total subsidy</b>	<b>22782</b>	<b>25104</b>	<b>10.19</b>	<b>18250</b>	<b>20791</b>	<b>13.92</b>	<b>16320</b>	<b>16709</b>	<b>2.38</b>

**Total subsidy during 1998-99 increased by 10.19 per cent over BE.**

In absolute terms, expenditure on total subsidy during 1998-99 increased by Rs 4313 crore over the previous year. It also outstripped the budget estimates by Rs 2322 crore. As percentage of GDP, it was 1.42 per cent during this period.

As percentage of total revenue expenditure, the explicit subsidies jumped within one year from 7.48 in 1997-98 to 8.36 per cent in 1998-99.

## 6.2 Implicit subsidies

In addition to the above subsidies, explicitly provided in the budget, the Union Government is also bearing expenditure which are in the nature of implicit subsidies, some of which are interest or credit subsidy, tax subsidy, equity subsidy, regulatory subsidies, etc. Some of them are analysed below :

### 6.2.1 Budgetary support to nationalised banks

**The difference between the interest on re-investment of share capital and dividend by PSBs amounted to a hidden subsidy of Rs 894 crore.**

Budgetary support is provided to nationalised banks to increase their share capital. Presently, there are 19 nationalised banks substantially owned by the Union Government. Arrangements had been made with nationalised banks to re-invest the amount released towards share capital in Government securities, thereby ensuring that such investments have no budgetary impact. While Government receives dividends on investment in share capital of nationalised banks, it pays interest at 10 per cent to the banks on re-investment of the amount of share capital in Government securities.

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

**Table 6.2.1 : Subsidy to nationalised banks***(Rupees in crore)*

Year	Total investment	Dividend received	Interest paid by the Government on reinvestment of share capital	Subsidy to nationalised banks (col. 4 - 3)
(1)	(2)	(3)	(4)	(5)
1998-99	13672.62	384.19	1277.99	893.80
1997-98	15846.36	314.52	1538.40	1223.88
1996-97	13146.21	209.77	1408.04	1198.27
1995-96	13673.68	104.15	1342.09	1237.94
1994-95	14753.73	14.35	631.79	617.44

The gap between the dividend received by the Union Government on its investments in nationalised banks and interest paid by it on securities issued to banks increased from Rs 617.44 crore in 1994-95 to Rs 893.80 crore in 1998-99 constituting 44.76 *per cent* increase. In other words, hidden subsidy is being provided to nationalised banks in the shape of interest on the securities issued to banks while the dividends received on the investment are abysmally low ranging between 0.10 to 2.81 *per cent*.

However, during 1998-99, the interest paid on securities issued to banks came down to Rs 330.08 crore as compared to previous year.

Similar comments were also made in Para 6.2.1 of Report No. 1 of 1999 of Comptroller and Auditor General of India but no reply has been received.

Detailed analysis of investments made and securities issued to nationalised banks have already been discussed in Chapter IV.

### 6.2.2 Subsidies to PSUs and Statutory Corporations in the form of equity

The trend of the investment made in PSUs and Statutory Corporations for the last five years was as under :

**Table 6.2.2 : Subsidies to PSUs and Statutory Corporations***(Rupees in crore)*

Year	Total investment	Dividend received	Percentage of dividend to investment	Weighted average of coupon rate on Government's dated securities
1998-99	60099	2384	3.97	11.86
1997-98	57120	1820	3.19	12.01
1996-97	53194	1577	2.96	13.69
1995-96	49737	1216	2.44	13.75
1994-95	47070	824	1.75	11.90

It would be observed from the above that the percentage of dividend received from the PSUs and Statutory Corporations on investment made by Union Government ranged between 1.75 *per cent* and 3.97 *per cent* during 1994-99.

The revenue receipts were not sufficient to meet even revenue expenditure. Therefore, the Government has to borrow from the market to finance the capital expenditure of the Union Government. The investment in PSUs and Statutory Corporations is an expenditure of capital nature all of which are met through borrowings.

**Investment in PSUs which paid negligible dividend also amounted to hidden subsidy.**

During 1998-99, the average coupon rate on Government dated securities was 11.86 per cent. On the other hand, percentage of dividend received from PSUs and Statutory Corporations was merely 3.97 per cent during the same period.

Thus, the difference between the dividend received and interest paid on borrowed funds is in the form of hidden subsidy.

### 6.2.3 Subsidy on postal services

Department of post provides classical services and value added services to the consumers. During 1998-99, out of these services department of post maintained cost data in respect of 20 services, of which, 16 services were running in losses. The average per unit cost and per unit revenue realised from the different postal services during the year 1998-99 on the basis of projected traffic were as under:

**Table 6.2.3 : Per unit gain/loss in operation of postal services**

Sl. No.	Services	Per unit cost (In rupees.)	Per unit revenue (In rupees)	Unit loss (-) gain (+) (In rupees)	Traffic projected (In crore)	Total loss/gain (Rupees in crore)	
						Loss	Gain
(a)	Established services						
1.	Post card	3.3597	0.2500	(-) 3.1097	48.15	149.73	--
2.	Letter	3.7354	3.9278	(+) 0.1924	134.92	--	25.96
3.	Registered letter	20.6502	11.1667	(-) 9.4835	27.29	258.80	--
4.	Letter card (Inland)	3.2955	1.2917	(-) 2.0038	67.60	135.46	--
5.	Money order	28.7130	16.2341	(-) 12.4789	10.85	135.40	--
6.	Newspaper (Single)	3.8929	0.2645	(-) 3.6284	13.52	49.06	--
7.	Newspaper (Bundle)	7.9187	0.6647	(-) 7.2540	3.83	27.78	--
8.	Indian Postal Order	13.9195	0.9253	(-) 12.9942	2.49	32.36	--
9.	Printed card	3.3635	1.5000	(-) 1.8635	18.15	33.82	--
10.	Value payable letter and parcel	16.7661	2.8484	(-) 13.9177	1.11	15.45	--
11.	Other periodicals	8.4942	2.1323	(-) 6.3619	4.55	28.95	--
12.	Acknowledgement	2.8444	1.5833	(-) 1.2611	8.12	10.24	--
13.	Book packets etc.	6.3038	5.0390	(-) 1.2648	11.00	13.91	--
14.	Telegraphic MO	35.2868	18.2341	(-) 17.0527	0.24	4.09	--
15.	Printed books	7.0325	2.0368	(-) 4.9957	5.86	29.27	--
16.	Insured letter	30.1534	39.7778	(+) 9.6244	0.99	--	9.53
17.	Parcel	35.9468	27.2404	(-) 8.7064	6.19	53.89	--
18.	Comp. Post Cards	3.9145	2.5833	(-) 1.3312	3.79	5.05	--
(b)	Value added services						
19.	Speed post	22.3372	55.1300	(+) 32.7928	1.27	--	41.65
20.	Foreign Mail	9.3461	10.2061	(+) 0.8600	12.60	--	10.84
	<b>Total</b>					<b>983.26</b>	<b>87.98</b>

The department's net overall loss of Rs 895.28 crore on postal services including Speed Post/Foreign Mail during 1998-99 formed part of implicit subsidy provided to the consumers by the Postal Department.

## CHAPTER VII : MANAGEMENT OF DEBT

### 7.1 Debt/liability of the Union Government

To bridge the gap between expenditure and revenue, Government resorts to borrowing from internal and external sources. These borrowings are termed as Public Debt comprising internal and external debt. Apart from this, there are certain other liabilities which are accounted for in the Public Account of India which also serve as a source to finance the Government's deficit budgeting.

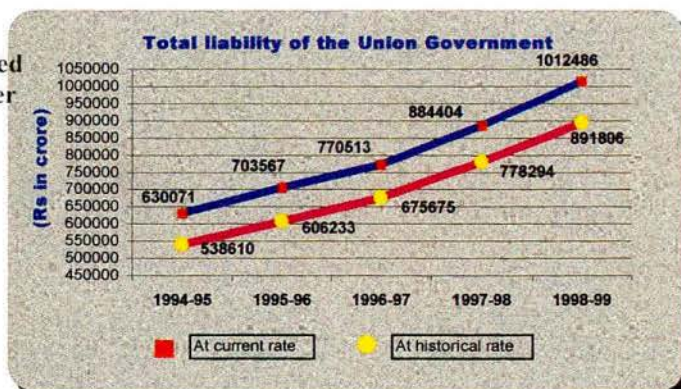
Total liability of the Government reckoning the external debt at current rate of exchange at the end of the last five years was as under:

**Table 7.1 : Total liability of the Union Government**

Year	Public debt		Public Account		Total liability	Percentage of GDP
	Internal debt	External debt at current rate of exchange	Small savings, provident fund etc.	Reserve fund and deposit		
1998-99	459696	177934 (57254)	333261	41595	1012486 (891806)	57.44 (50.60)
1997-98	388998	161442 (55332)	291867	42097	884404 (778294)	56.56 (49.78)
1996-97	344475	149077 (54239)	239042	37919	770513 (675675)	60.34 (52.91)
1995-96	307869	148583 (51249)	213435	33680	703567 (606233)	64.04 (55.18)
1994-95	266467	142389 (50928)	192222	28993	630071 (538610)	66.63 (56.96)

Note: Figures in brackets denote external debt at historical rate

Total liability at current rate of exchange increased by 61 per cent over last five years.



Total liability of the Union Government increased from Rs 630071 crore in 1994-95 to Rs 1012486 crore in 1998-99 which constituted an increase of 61 per cent. The total liability of the Government for the last 23 years since 1976-77 is given in Appendix-XII.



## 7.2 Ceiling on borrowing

No ceiling on borrowing fixed as yet as envisaged in Article 292 despite recommendation of PAC and Estimates Committee.

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

However, the Government has not fixed any limit on the borrowing with the approval of the Parliament in compliance to the provision of the Constitution despite recommendations of the PAC and the Estimates Committee.

## 7.3 Internal debt

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

The internal debt of the Union Government for the last five years was as under:

**Table 7.3(i) : Growth of internal debt**

	<i>(Rupees in crore)</i>				
	1998-99	1997-98	1996-97	1995-96	1994-95
Opening balance <sup>⊕</sup>	388998	344474	307869	266467	245712
Addition	385283	368806	200507	174207	148556
Repayment of principal	314584	324282	163901	132805	127801
Net addition during the year	70699	44524	36606	41402	20755
Closing balance	459697	388998	344475	307869	266467
As %age of GDP	26.08	24.88	26.98	28.02	28.18

<sup>⊕</sup> Minor changes in figures of opening balance due to prior period adjustment.

**Internal debt increased by 72.51 per cent over last five years.**

Total internal debt of the Union Government increased from Rs 266467 crore at the end of March 1995 to Rs 459697 crore at the end of March 1999 which constituted an increase of 72.51 per cent over 1994-95.

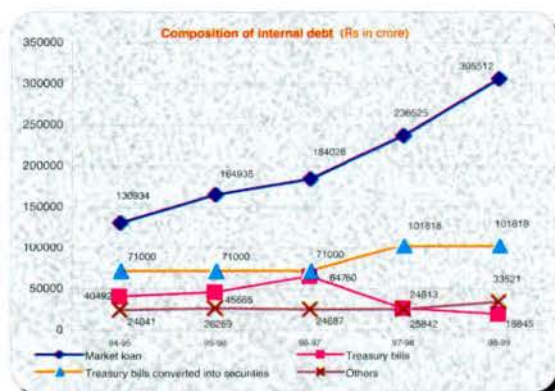
The composition of the internal debt at the end of the last five years was as under:

**Table 7.3(ii) : Composition of internal debt**

	(Rupees in crore)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Market loan	305512 (66.46)	236525 (60.80)	184028 (53.42)	164935 (53.57)	130934 (49.14)
Treasury bills	18845 (4.10)	25842 (6.64)	64760 (18.80)	45665 (14.83)	40492 (15.20)
Treasury bills converted into securities	101818 (22.15)	101818 (26.17)	71000 (20.61)	71000 (23.06)	71000 (26.64)
Securities issued to international financial institutions	21522 (4.68)	17100 (4.40)	19562 (5.68)	22771 (7.40)	20366 (7.64)
Compensation and other bonds	7911 (1.72)	4667 (1.20)	4079 (1.18)	2452 (0.80)	2629 (0.99)
Special securities issued to RBI	1046 (0.23)	1046 (0.27)	1046 (0.30)	1046 (0.34)	1046 (0.39)
Ways and means advances	3042 (0.66)	2000 (0.51)	-	-	-
<b>Total</b>	<b>459696</b>	<b>388998</b>	<b>344475</b>	<b>307869</b>	<b>266467</b>

(Figures in brackets denotes percentage of total internal debt.)

**Share of treasury bills and treasury bills converted as securities in the internal debt.**



Market loan, treasury bills and treasury bills converted into securities, which constituted more than 90 per cent of the internal debt obligations, have been analysed in detail in the succeeding paragraphs.

### 7.3.1 Devolvement of internal debt on RBI

During 1998-99, the addition of internal debt was Rs 385283 crore. Out of this, Rs 45276 crore devolved on RBI, which comprised of scrips put up for

auction but not absorbed by the market. The aggregate devolvement of Rs 45276 crore works out to 11.75 per cent of the addition of internal debt.

The details of devolvement during 1998-99 were as under:

**Table 7.3.1 Devolvement of internal debt on RBI**  
(Rupees in crore)

Scripts	Amount
14 days auction treasury bills	2730
91 days auction treasury bills	2769
364 days auction treasury bills	1572
Market loans	38205
<b>Total</b>	<b>45276</b>

Auction-wise devolvement of above scrips has been analysed in succeeding paragraphs.

#### 7.4 Treasury bills

Treasury bills are instruments issued by the Reserve Bank of India on behalf of the Union Government to raise short-term loans ranging between 14 and 364 days intended to fill transient resource gaps. The trend of outstanding treasury bills vis-a-vis internal debt of the Union Government for the last five years was as under.

**Table 7.4 (i) : Internal debt and treasury bills**

Year	Total internal debt	Treasury bills				Total	% age of col. 7 to 2
		14 days	91 days		364 days		
			Auction	Ad hoc			
1	2	3	4	5	6	7	8
1998-99	459696	7148	1501	--	10196	18845	4.10
1997-98	388998	7998	1601	-	16243	25842	6.64
1996-97	344475	--	22389	34130	8241	64760	18.80
1995-96	307869	--	14345	29445	1875	45665	14.83
1994-95	266467	--	8847	23480	8165	40492	15.20

The percentage of treasury bills in the internal debt decreased from 15.20 per cent in 1994-95 to 4.10 per cent in 1998-99. The decrease was due to discontinuance of 91 days ad hoc and tap treasury bills from 1997-98.

The net accretion of internal debt and treasury bills during the last five years was as under:

**Table 7.4 (ii) : Net addition of internal debt and treasury bills**

Year	<i>(Rupees in crore)</i>	
	Net addition to internal debt	Net addition to treasury bills
1998-99	70699	(-) 6997
1997-98	44524	(-) 38918
1996-97	36606	19094
1995-96	41402	5174
1994-95	20755	(-) 489

It would be seen that net addition to treasury bills jumped abruptly during 1996-97, which has turned negative during 1997-98 and 1998-99 due to discontinuance of ad hoc and tap treasury bills with effect from April 1997.

#### **7.4.1 At present there are three types of treasury bills**

- i) 14 days treasury bills
- ii) 91 days treasury bills
- iii) 364 days treasury bills

##### **(i) 14 days treasury bills**

There are two types of 14 days treasury bills as under:-

##### **(a) 14 days intermediate treasury bills**

Following the discontinuance of 91 days tap treasury bills from April 1997, Government introduced 14 days intermediate treasury bills in June 1997 to enable State Governments, foreign central banks and other specified bodies with whom the RBI has special arrangements, to invest their temporary surplus funds.

##### **(b) 14 days auction treasury bills**

This instrument was introduced on 6 June 1997, keeping in view the cash management requirements of various segments of the economy, as also to facilitate the emergence of more investment avenues. These bills are auctioned on a weekly basis.

However, in Union Government Finance Accounts, transactions of 14 days intermediate and auction treasury bills are clubbed together. The growth of 14 days treasury bills for the last two years was as under:-

**Table 7.4.1(i) 14 days treasury bills**

Year	<i>(Rupees in crore)</i>			
	Opening Balance	Addition during the year	Discharge during the year	Outstanding treasury bills
1998-99	7998	171251	172101	7148
1997-98	--	226961	218963	7998

The budget figure of receipts and disbursements during 1997-98 and 1998-99 were estimated at Rs 230000 crore and Rs 175000 crore each, against which the actual receipts during these years were Rs 226961 crore and Rs 171251 crore respectively. The average implicit yield at cut off price (*per cent*) for the 14 days auction treasury bills during 1998-99 was 7.79 *per cent* as compared to 5.83 *per cent* in the previous year.

Out of the total notified amount of Rs 8700 crore during 1998-99 of 14 days auction treasury bills, devolvement on RBI was Rs 2729.55 crore, primary dealers subscription was Rs 512 crore and subscription by others was Rs 5458.45 crore.

The auction wise devolvement on RBI was as under:

**Table 7.4.1 (ii) Devolvement on RBI of 14 days auction treasury bills\***

<i>(Rupees in crore)</i>			
Date of auction	Amount notified	Devolvement on RBI	Subscription by others
10.07.98	300.00	50.00	250.00
24.07.98	500.00	15.00	485.00
14.08.98	500.00	25.00	475.00
21.08.98	500.00	500.00	--
28.08.98	500.00	475.00	25.00
04.09.98	500.00	500.00	--
11.09.98	500.00	500.00	--
18.09.98	100.00	75.00	25.00
25.09.98	100.00	50.00	50.00
16.10.98	500.00	250.00	250.00
18.12.98	100.00	38.55	61.45
24.12.98	100.00	42.00	58.00
08.01.99	100.00	20.00	80.00
15.01.99	100.00	89.00	11.00
19.03.99	100.00	50.00	50.00
26.03.99	100.00	50.00	50.00
Total	4600.00	2729.55	1870.45

**(ii) 91 days auction treasury bills**

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

\* Does not include those in which there was no devolvement on RBI

The growth of 91 days auction treasury bills over the last five years was as under :

**Table 7.4.1 (iii) : 91 days treasury bills**

(Rupees in crore)				
<i>Year</i>	<i>Opening balance</i>	<i>Addition during the year</i>	<i>Discharge during the year</i>	<i>Outstanding treasury bills</i>
1998-99	1601	16697	16797	1501
1997-98	22389	13200	33988	1601
1996-97	14346 <sup>▲</sup>	73657	65614	22389
1995-96	8847	53051	47553	14345
1994-95	10865	39441	41459	8847

The above table shows that the balance of 91 days auction treasury bills which was Rs 1601 crore at the end of 1997-98 came down to Rs 1501 crore at the end of 1998-99. The average implicit yield at cut off price (*per cent*) for 91 days auction treasury bills during 1998-99 was 8.57 *per cent* as compared to 6.80 *per cent* in the previous year.

Out of the total notified amount of Rs 9550 crore during 1998-99 of 91 days auction treasury bills, devolvement on RBI was Rs 2769.25 crore, primary dealers subscription was Rs 677 crore, and subscription by other bidders was Rs 6103.75 crore.

The auction wise devolvement on RBI was as under.

**Table 7.4.1(iv) Devolvement on RBI of 91 days treasury bills**

(Rupees in crore)			
<i>Date of auction</i>	<i>Amount notified</i>	<i>Devolvement on RBI</i>	<i>Subscription by others</i>
03.07.98	100.00	30.00	70.00
14.08.98	400.00	160.00	240.00
21.08.98	500.00	500.00	--
28.08.98	500.00	500.00	--
04.09.98	500.00	500.00	--
11.09.98	500.00	285.00	215.00
18.09.98	200.00	125.00	75.00
25.09.98	200.00	100.00	100.00
09.10.98	500.00	3.75	496.25
23.10.98	500.00	229.00	271.00
18.12.98	400.00	76.50	323.50
24.12.98	100.00	36.00	64.00
15.01.99	100.00	95.00	5.00
26.02.99	100.00	47.00	53.00
19.03.99	100.00	50.00	50.00
26.03.99	100.00	32.00	68.00
<b>Total</b>	<b>4800.00</b>	<b>2769.25</b>	<b>2030.75</b>

<sup>▲</sup> Change in opening balance due to rounding off

**(iii) 364 days treasury bills**

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

**Table 7.4.1 (v) : 364 days treasury bills**

Year	<i>(Rupees in crore)</i>			
	Opening balance	Addition during the year	Discharge during the year	Balance at the end of the year
1998-99	16243	10200	16247	10196
1997-98	8241	16247	8245	16243
1996-97	1875	8241	1875	8241
1995-96	8165	1875	8165	1875
1994-95	8386	16857	17078	8165

The outstanding balance of 364 days treasury bills came down to Rs 10196 crore in 1998-99 from Rs 16243 crore in 1997-98. The average implicit yield at cut off price (*per cent*) for 364 days treasury bills during 1998-99 was 9.51 *per cent* as compared to 7.15 *per cent* in the previous year.

Out of the total notified amount of Rs 10200 crore during 1998-99 of 364 days treasury bills, devolvement on RBI was Rs 1572.30 crore, primary dealers subscription was Rs 514 crore, and subscription by other bidders was Rs 8113.70 crore.

The auction wise devolvement on RBI was as under.

**Table 7.4.1(vi) Devolvement on RBI of 364 days treasury bills**

Date of auction	Amount notified	<i>(Rupees in crore)</i>	
		Devolvement on RBI	Subscription by others
07.04.98	100.00	49.00	51.00
20.05.98	100.00	100.00	--
03.06.98	100.00	100.00	--
17.06.98	100.00	98.30	1.70
01.07.98	100.00	100.00	--
15.07.98	200.00	25.00	175.00
25.08.98	400.00	400.00	--
23.09.98	200.00	90.00	110.00
20.10.98	400.00	30.00	370.00
24.02.99	750.00	270.00	480.00
24.03.99	750.00	310.00	440.00
<b>Total</b>	<b>3200.00</b>	<b>1572.30</b>	<b>1627.70</b>

## 7.5 Funding of ad hoc and other treasury bills

The treasury bills which were acknowledged as an instrument for meeting the short term and need based requirement of the Government to handle the fiscal management scenario, in fact, became a long term financing instrument.

This tendency was corroborated by the fact that during 1981-82 to 1991-92 and 1997-98 ad hoc treasury bills amounting to Rs 121818 crore were converted into special securities at an interest rate of 4.6 per cent without any specific date of maturity as detailed below:

**Table 7.5(i) : Ad hoc treasury bills converted into securities**

(Rupees in crore)

Year of funding	Amount of ad hoc treasury bills funded
1997-98	50818*
1991-92	5000
1990-91	30000
1987-88	17500
1986-87	15000
1981-82	3500
<b>Total</b>	<b>121818<sup>†</sup></b>

Apart from the above undated conversions, 91 days and 364 days treasury bills amounting to Rs 8463 crore and Rs 27936 crore respectively were converted into dated stock at a much higher rate of interest ranging between 11 per cent to 13.25 per cent during 1992-96 as indicated below:

**Table 7.5 (ii) : Funding of 364/91 day treasury bills**

(Rupees in crore)

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

\* Rs 34130 crore adhoc treasury bills and Rs 16688 crore tap treasury bills.

<sup>†</sup> Includes Rs 20000 crore which were converted into market securities during 1997-98.



Short term loan of Rs 158217 crore was converted into long term loan.

It would be evident from the above that from the year 1981-82 to 1997-98 a total liability aggregating Rs 158217 crore was deferred by way of conversion of short term loan into long term loan at higher rate of interest. These increased the interest liability of Government. Out of the total deferred liability of Rs 158217 crore, Rs 101818 crore (Rs 121818 crore-Rs 20000 crore) was deferred for indefinite period.

## 7.6 Ways and means advances

In pursuance of the agreement between the Reserve Bank of India and the Union Government signed in March 1997, the practice of issuing ad hoc treasury bills to replenish Union Government's cash balance was discontinued with effect from 1 April 1997. As per the agreement, the Union Government would meet temporary mismatches between receipts and expenditure through ways and means advances provided by the RBI. The size and cost of ways and means advances would be determined on the basis of mutual agreement. Amounts drawn beyond the ways and means advances limit would be treated as overdraft. For 1998-99, ways and means advances was fixed at Rs 11000 crore and Rs 7000 crore for the first half (April-September) and second half (October-March) respectively. The interest rate for ways and means advances for fiscal 1998-99 was linked to the bank rates and fixed at 9 per cent per annum. For overdraft, the rate of interest was fixed at 11 per cent per annum. The transition from ad hoc treasury bills to the ways and means advances means elimination of automatic monetisation of fiscal deficit because, unlike ad hoc treasury bills, the instrument of ways and means advances is not a source of financing fiscal deficit. As per the agreement ways and means advances is to be fully paid off within three months from the date of making the ways and means advances. Further, when 75 per cent of the ways and means advances is utilised, RBI would trigger fresh floatation of Government Securities.

The details of cumulative amounts of ways and means advances obtained by the Union Government for the last two years were as under:-

**Table 7.6. Ways and means advances**

<i>(Rupees in crore)</i>				
<i>Year</i>	<i>Opening balance</i>	<i>Addition during the year</i>	<i>Discharge during the year</i>	<i>Outstanding ways and means advances</i>
1998-99	2000	92257	91215	3042
1997-98	--	17239	15239	2000

The budget figure of total of receipts and disbursements of ways and means advances during 1997-98 and 1998-99 were estimated at Rs 100000 crore each.

The system of ways and means advances was introduced with a view to imposing fiscal discipline on the Government. The wide gap between the

expenditure and receipts necessitated the Government to resort to ways and means advances on a continuous basis for the major part of the year. During 1998-99, the Government took recourse to overdraft on 11 occasions up to a maximum of five consecutive working days.

**7.6.1** An analysis of the resource management of the Government before and after the introduction of the system of ways and means advance viz. (i) through the instruments of short term borrowings, i.e. ad-hoc treasury bills and 91 days auction treasury bills before April 1997 and (ii) ways and means advance, 14 days treasury bills and 91 days auction treasury bills after introduction of the ways and means system was carried out to determine the efficacy of the new system.

The analysis was carried out in the light of the need of the Government for short term borrowings to meet the shortage in the cash balance with the Reserve Bank of India due to the receipts not matching the disbursement requirements.

The extent of borrowing through short term instruments is a factor of the interest paid on them and the efficacy of the new system is to be viewed with reference to the total amount of interest paid on short term instruments after adjusting the rate of interest.

The details of interest paid and rate of interest applicable on the various short term borrowing instruments for the last four years are as under :-

**Table 7.6.1 : Interest paid and rate of interest on short term borrowings**

Year	Interest paid (Rupees in crore)				Rate of interest (In percentage)			
	Ad-hoc T Bills	14 days T Bills	91 days T Bills	WMA	Ad-hoc T Bills	14 days T Bills	91 days T Bills	WMA
1998-99	--	270	427	410	--	7.79	8.57	9 (11)
1997-98	--	357	213	24	--	5.83	6.80	3.80 (5.80) <sup>β</sup>
1996-97	*	--	2879*	--	4.6	--	9.67	--
1995-96	*	--	2621*	--	4.6	--	12.66	--

Note: Figures in bracket denote interest in cases of overdraft

In the first year of currency of ways and means advance, the interest paid on it was nominal, as the Government depended for resources heavily on 14 days

<sup>β</sup> In the absence of the quarterly average implicit yield of 91 days auction treasury bills, the annual average implicit yield has been taken into account for determining the rate of interest.

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

treasury bills and 364 days treasury bills and did not take recourse to ways and means advance to a great extent. Besides, the rate of interest on ways and means advance was also very low at 3.80 per cent in 1997-98.

In 1998-99, the rate of interest on ways and means advance was linked to bank rate, which was fixed at 9 per cent per annum for advances within the limit and 11 per cent per annum for overdraft. Apart from continuous recourse to ways and means advance, Government also resorted to overdraft on 11 occasion, during the year, leading to higher outgo of interest of Rs 410 crore.

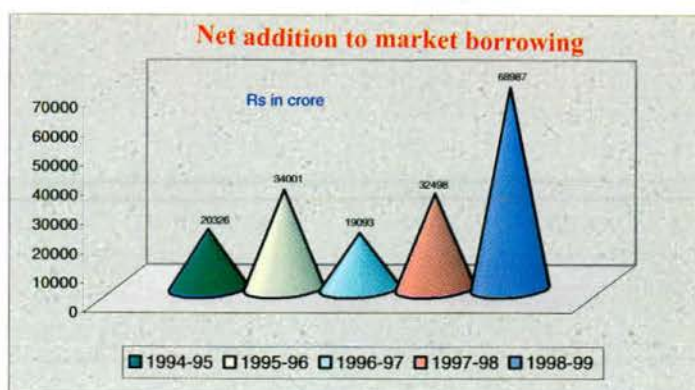
## 7.7 Market borrowings

Market borrowing consists of raising of funds through dated stock certificates/bonds maturing after specific period which carry specific rate of interest individually.

The net addition of market loans for the last five years was as under:

**Table 7.7 (i) : Addition of market loans net of repayments**

(Rupees in crore)					
Year	Opening balance	Receipt	Repayment	Net addition	Outstanding market loans
1998-99	236525	83753	14766	68987	305512
1997-98	204027	43389	10891	32498	236525
1996-97	164935	26998	7905	19093	184028
1995-96	130934	39548	5547	34001	164935
1994-95	110608	21250	924	20326	130934

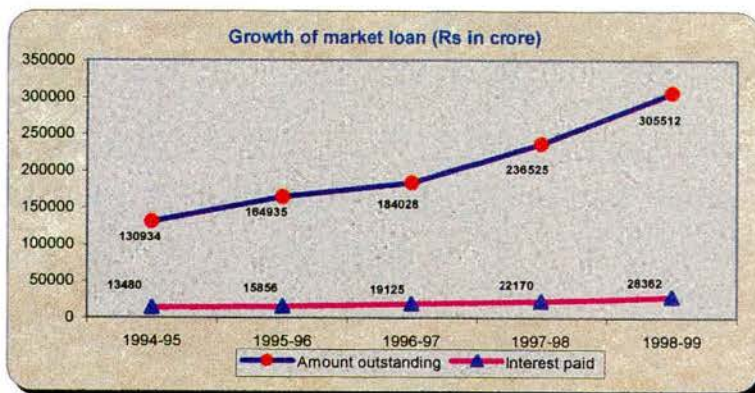


It would be observed from the above table that net addition of market loans more than doubled during 1998-99.

The growth of market loans during the last five years was as under:

**Table 7.7 (ii) : Growth of market loans**

Year	(Rupees in crore)	
	Amount outstanding	Interest paid
1998-99	305512	28362
1997-98	236525	22170
1996-97	184028	19125
1995-96	164935	15856
1994-95	130934	13480



It would be observed from the above table that the outstanding amount of market loans increased from Rs 130934 crore at the end of 1994-95 to Rs 305512 crore at the end of March 1999, which constituted a steep increase of 133 per cent.

**Market loan grew by 133 per cent and interest payment on it grew by 110 per cent over last five years.**

During the last five years, Rs 174905 crore has been added to Public Debt through market borrowings. The actual accretion to resources after deducting the interest payment during the last five years has been Rs 75912 crore only. The net accretion to resource during 1998-99 after reckoning the repayments and interest payments was Rs 40625 crore, which is 49 per cent of the actual receipt. The interest payments on market loans increased from Rs 13480 crore in 1994-95 to Rs 28362 crore in 1998-99, an increase of 110 per cent. The rate of interest on which these loans were raised ranged between 5.5 per cent and 14 per cent per annum.

As per Annual Report of RBI for 1998-99, the proportion of the short term loans in the total market loans has come down sharply to 18.2 per cent at the end of March 1998 against 75.8 per cent at the end of March 1992. Short term debt entails more frequent repayment obligations and amortisation problems. The market loans due for redemption during the next five years would reach the maximum of Rs 31252 crore during 2003-2004 from Rs 16353 crore in 1999-2000 as is evident from the table given below:-

**Table 7.7(iii) Repayment schedule of market loans**

<i>(Rupees in crore)</i>	
<b>Year</b>	<b>Amount</b>
1999-2000	16353
2000-2001	28321
2001-2002	28260
2002-2003	28263
2003-2004	31252

Viewed in the background of this heavy liability towards repayment of loan, Government will be compelled to resort to still heavier borrowings to meet its liabilities on account of past loans.

#### **7.7.1 Devolvement of market borrowing on RBI**

As per Annual Report of RBI for 1998-99, the devolvement on the RBI of market borrowings which were not absorbed by the market during the last five years was as under :

**Table 7.7.1 (i) : Devolvement of market borrowing on RBI**

<i>(Rupees in crore)</i>	
<b>Year</b>	<b>Amount</b>
1998-99	38205
1997-98	13028
1996-97	3698
1995-96	12655
1994-95	1752

It would be seen from above table that the devolvement of market borrowing on RBI in absolute term was Rs 13028 crore in 1997-98. During the year 1998-99, the addition of market loan was Rs 83753 crore. Out of this, substantial amount devolved on RBI which was Rs 38205 crore, including private placement of Rs 30000 crore.

The auction wise devolvement on RBI on market loan during 1998-99 was as under :-

**Table 7.7.1 (ii) Auction wise devolvement on RBI**

Date of auction/issue	Amount notified	Devolvement on RBI	(Rupees in crore)
			Subscription by others
24.04.98	5000.00	5000.00 <sup>β</sup>	--
27.05.98	4000.00	3999.50	0.50
04.06.98	5000.00	5000.00 <sup>β</sup>	--
01.07.98	4500.00	1772.31	2727.69
23.07.98	2500.00	1462.50	1037.50
07.09.98	4000.00	970.31	3029.69
16.10.98	3000.00	3000.00 <sup>β</sup>	--
02.11.98	5000.00	5000.00 <sup>β</sup>	--
20.11.98	2000.00	2000.00 <sup>β</sup>	--
03.12.98	2000.00	2000.00 <sup>β</sup>	--
18.01.99	3000.00	3000.00 <sup>β</sup>	--
29.1.99	5000.00	5000.00 <sup>β</sup>	-
<b>Total</b>	<b>45000.00</b>	<b>38204.62</b>	<b>6795.38</b>

Out of the total amount notified on the above dates, Rs 38205 crore devolved on RBI, which was 85 per cent, primary dealers subscription was Rs 564 crore and subscription by other bidders was Rs 6231 crore. As would be seen from the above table, Rs 30000 crore out of amount that devolved on RBI, was on account of private placements on them.

### 7.8 Other internal liabilities : Public Account

Small savings, provident funds, other accounts (special deposits, Non-Government provident funds, etc.) reserve funds and deposits form part of Public Account. The balances of Public Account are carried forward annually. The net addition to small savings, provident funds, other accounts, reserve funds and deposits are utilised by the Government as resource, while adding substantially to the liability of the Government.

<sup>β</sup> Private placement with RBI

The position of addition, repayment and balances in various Public Accounts during the last five years was as under :-

**Table 7.8 : Growth of other internal liabilities**

	1998-99	1997-98	1996-97	1995-96	1994-95
<i>(Rupees in crore)</i>					
<b>Small savings</b>					
Opening balance	124337	103928	91786	81710	67284*
Addition	54829	46194	33339	32810	34438
Repayment of principal	27209	25785	21197	22734	20012
<b>Closing balance (a)</b>	<b>151957</b>	<b>124337</b>	<b>103928</b>	<b>91786</b>	<b>81710</b>
<b>Provident funds</b>					
Opening balance	43440*	35026*	29611*	24721*	20592
Addition	18784	14755	11130	9561	8141
Repayment of principal	7723	6339	5714	4643	4008
<b>Closing balance (b)</b>	<b>54501</b>	<b>43442</b>	<b>35027</b>	<b>29639</b>	<b>24725</b>
<b>Other accounts (special deposits and Non-Government provident funds etc.)</b>					
Opening balance	124087	100087	92009*	85787	72477*
Addition	20795	32818	17178	16508	16066
Repayment of principal	18080	8818	9100	10285	2756
<b>Closing balance (c)</b>	<b>126802</b>	<b>124087</b>	<b>100087</b>	<b>92010</b>	<b>85787</b>
<b>Deposits</b>					
Opening balance	33809*	29599	27299*	23325*	20404
Addition	27103	35893	33637	28031	25139
Repayment of principal	25330	31682	31337	24044	22217
<b>Closing balance (d)</b>	<b>35582</b>	<b>33810</b>	<b>29599</b>	<b>27312</b>	<b>23326</b>
<b>Reserve funds</b>					
Opening balance	8288*	7876*	6275*	5672*	4153*
Addition	14730	15820	14643	13907	11356
Repayment of principal	17006	15409	12597	13211	9842
Closing balance (e)	6012	8287	8321	6368	5667
<b>Grand total of closing balance (a+b+c+d+e)</b>	<b>374854</b>	<b>333963</b>	<b>276962</b>	<b>247115</b>	<b>221215</b>
<b>As %age of GDP</b>	<b>21.27</b>	<b>21.36</b>	<b>21.69</b>	<b>22.49</b>	<b>23.39</b>

During 1998-99, the total other internal liabilities aggregated to Rs 374854 crore, out of which, Rs 126802 crore (33.83 per cent) was under special deposits and non-Government provident funds etc. and Rs 151957 crore (40.54 per cent) was from small savings. The balance Rs 96095 crore (25.63 per cent) was on account of provident funds :Rs 54501 crore, deposits :Rs 35582 crore and reserve funds :Rs 6012 crore.

\* Changes in opening balances due to prior period adjustment  
 \* Changes in opening balances due to rounding

**Other internal liabilities increased by 69.45 per cent over the last five years.**

The total of other internal liabilities of the Union Government increased from Rs 221215 crore at the end of 1994-95 to Rs 374854 crore at the end of 1998-99, which constituted an increase of 69.45 per cent. Over the last five years, the Union Government has utilised the net accretion of Rs 153639 crore in the Public Accounts as resource to fund the deficit.

### 7.9 Debt servicing of the internal borrowings

The trend of debt servicing (repayment of principal and payment of interest) of the internal borrowings including treasury bills was as under:

**Table 7.9 (i) : Net inflow of internal debt**

(Rupees in crore)

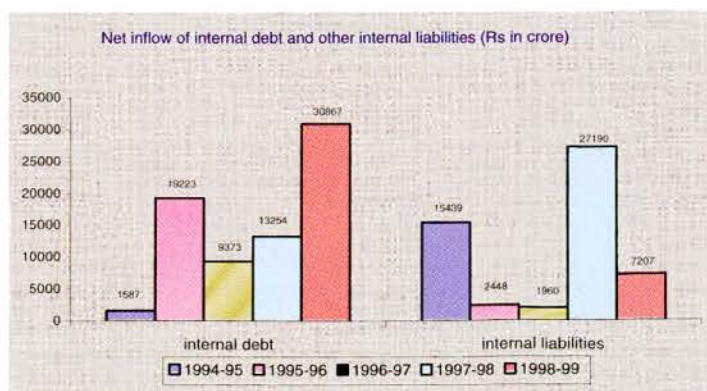
Year	Addition during the year	Debt servicing		Net inflow	Net inflow % age of addition
		Repayment	Interest payment		
1998-99	385283	314584	39832	30867	8.01
1997-98	368806	324282	31270	13254	3.59
1996-97	200507	163901	27233	9373	4.67
1995-96	174207	132805	22179	19223	11.03
1994-95	148556	127801	19168	1587	1.07

**Table 7.9 (ii) : Net inflow of other internal liabilities**

(Rupees in crore)

Year	Addition during the year	Debt servicing		Net inflow	Net inflow % age of addition
		Repayment	Interest payment		
1998-99	136241	95348	33686	7207	5.29
1997-98	145480	88033	30257	27190	18.69
1996-97	109927	79945	28022	1960	1.78
1995-96	100817	74917	23452	2448	2.43
1994-95	95140	58835	20866	15439	16.23

It would be observed from the above table that the net inflow of the internal debt, which was 3.59 per cent during 1997-98, increased to 8.01 per cent during 1998-99





due to higher addition of market loans, which almost doubled in comparison to previous year.

Most of the borrowings / liabilities are consumed by repayments and interest payments.

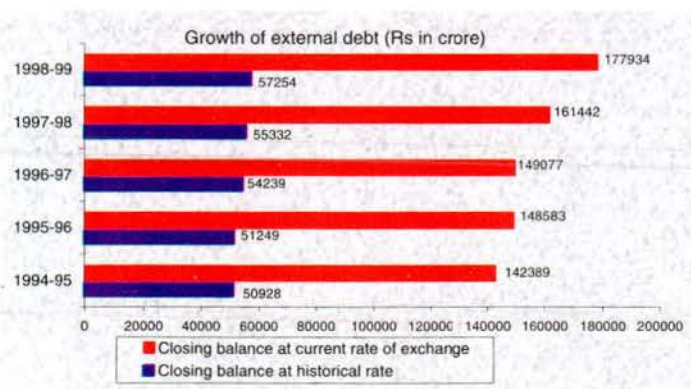
The net flow in the other internal borrowings, which was 18.69 per cent of the addition in 1997-98, declined to 5.29 per cent in 1998-99. One of the reasons for decline was redemption of petroleum bond of Rs 6382 crore. The percentage of net inflow of resource over the five years would suggest that major part of borrowings and increase in other liabilities are consumed in repayment of the principal and the payment of interest.

### 7.10 External debt of the Union Government

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

Table 7.10 (i) : Growth of external debt

	(Rupees in crore)				
	1998-99	1997-98	1996-97	1995-96	1994-95
Opening balance <sup>y</sup>	55335	54241	51251	50931	47347
Addition	10014	7859	9535	6759	9050
Repayment of principal	8095	6768	6547	6441	5469
Closing balance at historical rate	57254	55332	54239	51249	50928
As %age of GDP	3.25	3.54	4.25	4.66	5.38
Closing balance at current rate of exchange	177934	161442	149077	148583	142389
As %age of GDP at current rate of exchange	10.09	10.32	11.67	13.52	15.06



The outstanding amount of external debt at historical rate of exchange as percentage of GDP decreased from 5.38 per cent in 1994-95 to 3.25 per cent in 1998-99. However, in absolute terms the external debt increased from Rs 50928 crore at

<sup>y</sup> Change in opening balances due to prior period adjustment

the end of 1994-95 to Rs 57254 crore at the end of 1998-99 which constituted an increase of about 12.42 per cent.

**External debt inflow has turned negative since 1994-95.**

However, since repayments of principal and payment of interest is made at the current rate of exchange, the real magnitude of external debt is its value at the prevailing exchange rate. The Government Accounts, however, reflect the external debt at historical rate. At current rates of exchange the external debt stood at Rs 177934 crore, which was 10.09 per cent of GDP at the end of 1998-99.

The trend of net inflow of external debt (addition during the year minus repayment of principal and payment of interest) for the last five years was as under:-

**Table 7.10 (ii) : Net inflow of external debt**

Year	Addition during the year	Debt servicing		Net inflow	Net inflow % age of addition
		Repayment	Interest payment		
1998-99	10014	8095	4364	(-) 2445	(-) 24.42
1997-98	7859	6768	4110	(-) 3019	(-) 38.41
1996-97	9535	6547	4223	(-) 1235	(-) 12.95
1995-96	6759	6441	4414	(-) 4096	(-) 60.60
1994-95	9050	5469	4026	(-) 445	(-) 4.92

It would be observed from the above table that debt service payments as percentage of the inflow of external debt which was 105 per cent in 1994-95 shot up to 124 per cent in 1998-99 resulting in Rs 2445 crore of net outflow from the Union Government's resources. The pressure of debt servicing has turned the net inflow of external debt negative from the year 1994-95. The net inflow as percentage of debt servicing was negative 4.92 per cent in 1994-95 which aggravated to 60.60 per cent in 1995-96 but recovered to 24.42 per cent in 1998-99.

### 7.11 Unutilised committed external assistance

**Large amounts of committed external assistance remained unutilised on which commitment charges of Rs 47.59 crore were paid.**

As on 31 March 1999, unutilised committed external assistance was of the order of Rs 50157 crore. The low rate of utilisation of external assistance is particularly worrying now, when net inflows have turned negative. Much of the unutilised external assistance is for projects in the infrastructure sector. Some of the important sector are Power Rs 10320 crore, Social Rs 13353 crore, Water Resource Management Rs 7205 crore and Roads Rs 5044 crore. The sectorwise details of unutilised external aid as on 31 March 1999 are given in Appendix XIII.

The trend of unutilised committed external assistance for the last four years was as under :-

**Table 7.11 Unutilised committed external assistance***(Rupees in crore)*

Year	Amount
1998-99	50156.67
1997-98	47031.39
1996-97	44770.61
1995-96	48573.60

Unutilised committed external assistance increased from Rs 47031.39 crore in 1997-98 to Rs 50156.67 crore in 1998-99, constituting an increase of 6.65 per cent.

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

### 7.12 Commitment charges

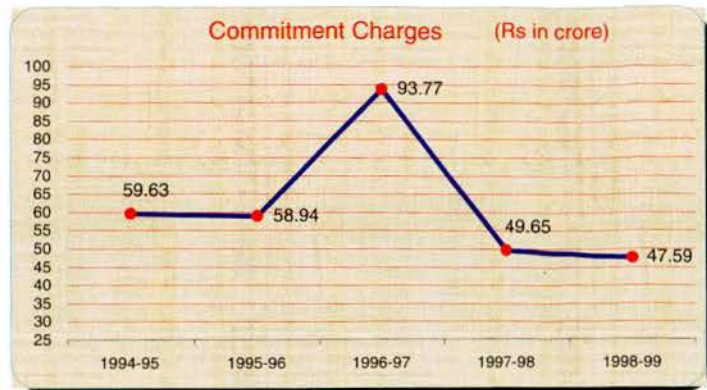
The agreement relating to external loans raised from World Bank and other foreign governments provides payment of commitment charges on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head interest obligation. The details of the charges paid to various bodies/governments during the last five years was as under:-

**Table 7.12 :- Commitment charges***(Rupees in crore)*

Sl No	Name of Funder	1998-99	1997-98	1996-97	1995-96	1994-95
1.	A.D.	22.83	25.74	69.52	35.37	31.80
2.	France	0.21	0.25	0.27	0.30	0.22
3.	Germany	0.66	1.60	2.09	2.43	2.57
4.	IBF	23.89	22.06	21.41	20.12	24.25
5.	Sweden	--	--	0.48	0.72	0.79
	<b>Tot</b>	<b>47.59</b>	<b>49.65</b>	<b>93.77</b>	<b>58.94</b>	<b>59.63</b>

**Addition of market loan at a higher rate of interest doubled whereas soft external loans remained unutilised.**

It is interesting to note that a already mentioned in paragraph 7.7 the addition of market loans which was Rs 43389 crore during 1997-98 increased to Rs 83753 crore



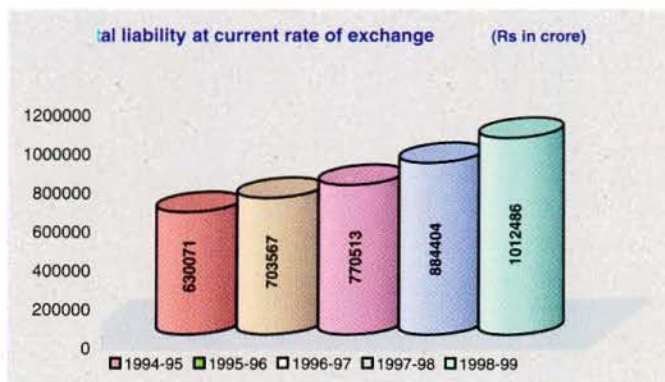
It almost double in one year, on which Government was paying interest at much higher ranging between 10 and 14 per cent in respect of loans raised internally as compared to the soft external loans raised from World Bank and other sources, which varied between 0.75 and 6.98 per cent, but these loans remained unutilised and Government had to pay commitment charges as mentioned above.

Despite the concern expressed by Public Accounts Committee in 1968-69 in paragraph 2.35 of its Fifty Fifth Report (Fourth Lok Sabha) and Estimates Committee in paragraph 4.38 of its Eleventh Reports (Fourth Lok Sabha) on the payment of commitment charges, it went up from Rs 59.63 crore in 1994-95 to Rs 97 crore in 1996-97 but came down to Rs 49.65 crore in 1997-98 and further came down to Rs 47.59 crore in 1998-99.

The reasons for sudden drop in payment of commitment charges in the backdrop of increasing undrawn committed external assistance during last two years which was unusual, were not furnished by the Controller of Aid Accounts and Audit.

### 7.13 Indebtedness of the Union Government

The total indebtedness of the Union Government for the last five years reckoning the external debt at current rate of exchange was as under:-



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

### 7.14 Guarantees given by Union Government

Government grants guarantees to promote certain economic enterprises by reducing the credit risk for investors, especially in those activities where the nature of investment is characterised by long gestation periods. While guarantees do not form part of debt as conventionally measured, in the eventuality of default, this has the potential of aggravating the debt position of the Government as the total liability of the Union Government is already high. The issue of guarantees assumes significance in the context of the growing need for infrastructure and participation by the private sector in projects requiring large investments.

The position regarding the maximum amount of guarantees for which Government have entered into agreements and sums guaranteed outstanding at the end of the years 1994-99 is given below :

**Table 7.14 : Guarantees given by Union Government**

*(Rupees in crore)*

<i>Position at the end of the year</i>	<i>Maximum amount of guarantee for which Government have entered into agreement</i>	<i>Sums Guaranteed Outstanding (internal &amp; external)</i>	<i>External guarantees outstanding</i>	<i>% age col.4 to col.3</i>
1	2	3	4	5
1998-99	125210	74606	36530	48.96
1997-98	122044	73877	33445	45.27
1996-97	124705	69748	30839	44.21
1995-96	94761	65573	29345	44.75
1994-95	89563	63153	30268	47.93

#### 7.14.1 Guarantee fee

As per the extant instructions of the Union Government, Ministries/Departments of the Government are required to levy guarantee fee at the rate of one *per cent* on internal and 1.2 *per cent* on external borrowings. Guarantee fee was to be levied on the date of guarantee and thereafter on 1 April every year. Where the guarantee fee is not paid on due date, it should be

charged at double the normal rate. Recoveries of guarantee fee due were not effectively monitored by the departments of the Government as indicated in the table below resulting in short receipt of Government revenue. The trend of sums guaranteed outstanding and guarantee fee due and received for the last five years was as under:-

**Table 7.14.1 Guarantee fee**

(Rupees in crore)

Year	Sums guaranteed outstanding			Guarantee fee due			Total guarantee fee received	%age of fee received to total outstanding guarantee
	Internal	External	Total	Internal	External	Total		
1998-99	38076	36530	74606	381	438	819	320	0.43
1997-98	40432	33445	73877	404	401	805	221	0.30
1996-97	38909	30839	69748	389	370	759	146	0.21
1995-96	36228	29345	65573	362	352	714	167	0.25
1994-95	32885	30268	63153	329	363	692	194	0.31

It would be observed from the above table that the recoveries of guarantee fee are not effectively made resulting in short recovery of the guarantee fee of Rs 2741 crore over a period of five years despite the instructions of the Union Government.

Examination of records in the Ministry of Chemicals and Fertilizers revealed that on account of failure to repay the loan by Indian Drugs and Pharmaceuticals Ltd. to Life Insurance Corporation of India, the Department of Chemicals and Petrochemicals also failed to redeem the guarantee consisting of principal and compound interest of Rs 20.39 crore invoked by Life Insurance Corporation in 1986.

In another case, in 1988 Life Insurance Corporation invoked the guarantee against Department of Fertilizer following the failure by Food Corporation of India to repay the principal of Rs 16 crore and compound interest of Rs 36.38 crore due as at the end of March 1999. This guarantee was also not redeemed.

Observations of Comptroller and Auditor General of India on failure of the Government to honour its sovereign guarantee have been included in Report No.2 of 1999 and 2000 (Civil).

### 7.15 Impact of public debt

The ever increasing amount of public debt has inevitable impact on other areas of expenditure and aspects of Public Finance. The committed liability towards debt service obligations account for nearly half of public expenditure and

Government has to resort to more borrowings to meet the liability of debt servicing besides raising resources to meet the expenditure. Therefore, the requirements for increased spending in various sectors have to be reconciled with the need to curb the expenditure and reduce deficit.

**7.15.1 Parliamentary control over the budget**

As a result of the sharp rise in debt servicing an overwhelming proportion of the total disbursement out of the Consolidated Fund of India is charged on the Fund i.e. it is not subject to the vote by Parliament. Less than **one-third** of the total budgetary expenditure is now within the ambit of the discretion of Parliament and is subjected to vote. During 1998-99, out of a total disbursement of Rs 694929 crore from the Consolidated Fund of India, 67.45 *per cent* i.e Rs 468701 crore was charged. Of the charged expenditure, 85.46 *per cent* was applied towards debt service obligations i.e. to repay instalments of the loan and pay interest.

## CHAPTER VIII : CORRECTNESS OF ACCOUNTS

**8.1** Ministry of Finance, Department of Expenditure is responsible for consolidation of monthly accounts of the Union Government from the details rendered to it by the Chief Controllers/Controllers/Pr. PAOs of the ministries/departments of the Union Government and preparation of annual accounts (including summary Civil Appropriation Accounts) on that basis. The Controller General of Accounts is also responsible for overseeing the maintenance of adequate standards of accounting by Central Civil Accounts Offices. Observations in this Chapter relate to the compilation and consolidation processes in the context of the standards of reliability and adequacy in account keeping functions. It also includes observations on the working of selected departmental accounting units.

### **8.2 Non-reconciliation of accounts**

The figures exhibited in the Finance Accounts represent those figures of expenditure and receipt which have been in the books of various Pay and Accounts Offices which are subsequently consolidated. Each of such transactions also represents the receipts and payments booked by the Reserve Bank of India 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 the accounts.

Para 1.19.4 of the Civil Accounts Manual provides for the reconciliation of these figures. It was, however, noticed from the accounts that the figure of 'Deposits with the RBI' as on 31 March 1999 in the Finance accounts is shown as debit Rs 3525 crore, while that reported by the RBI was debit Rs 2927 crore, thereby reflecting a difference of Rs 598 crore between the two figures. The difference had not been reconciled.

The difference between the book figure of balances lying with RBI and Accounts figure as appearing in the Finance Accounts of Union Government as a whole during the last four years are as under:-



**Table 8.2 : Variation in book figure and account figure of RBD**

<i>Year</i>	<i>(Rupees in crore)</i>		
	<i>As per Finance Accounts</i>	<i>As reported by RBI</i>	<i>Difference</i>
1998-99	3525	2927	598
1997-98	3289	2679	610
1996-97	2377	2071	306
1995-96	2832	2499	333

It will be evident from above that the figures of unreconciled differences are on the rise. An investigation into the reasons for allowing the unreconciled differences to persist, needs to be initiated and its result communicated to audit.

### **8.3 Review of balances not done**

As per paras 13.13.1 and 13.13.2 of Civil Accounts Manual, at the close of a financial year the PAOs shall review and verify the balances under various Debt, Deposit and Remittance 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. In respect of Civil Departments the review of balances for the year 1998-99 has been completed only in Departments of President's Secretariat, Rajya Sabha and CPAO.

The remaining Principal Accounts Offices have not completed the review of balances and to that extent, the accuracy of balances under Debt, Deposits and Remittance heads has not been verified.

Mention was also made in Para 11.10 of Report No.1 of 1999 of Comptroller and Auditor General of India. In spite of that review of balances had not been completed by almost all the Principal Accounts Offices.

## **8.4 Outstanding under suspense balances**

Government Account is kept on cash basis. Most transactions take place by cheques drawn on accredited Public Sector Banks which also receive money on behalf of the Government. Reserve Bank of India is the main banker of the Government and other authorised Banks function as its agents while handling Government transactions. Transactions through Banks have their final impact on Government cash balance in course of time. Prior to that certain intermediary/adjusting heads are operated and the bookings thereunder are to be finally adjusted at the earliest to reflect Government's receipts and expenditure accurately.

Certain intermediary/adjusting Heads of Account 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. If these amounts remain uncleared, the balance under the Suspense Heads would go on accumulating and would not reflect a correct appreciation of state of Government Accounts.

Generally the various minor heads of Suspense Accounts are weighed by the net balances they reflect in the Finance Accounts of that particular year and netted balances are carried forward year after year. The real magnitude of the outstandings under a particular minor head can only be gauged by going through the progressive outstanding balances lying under the debit and credit side severally of that particular minor head which ultimately will have its impact on Government's cash balance. However, in the Finance Accounts, netted figures of debits and credits appear as opening and closing balances under the various minor heads of Suspense. So, netting the figures, divert the attention from the enormity of the situation the Suspense Account actually reflects. All balances under Suspense heads ought to be reviewed at short intervals so that it may be ensured that no item remains unadjusted longer than as reasonably necessary to bring about its clearance in the ordinary course with due regard to the rules applicable to each case. There is, therefore, a need to clear these amounts expeditiously and classify them to appropriate heads of accounts.

### **8.4.1 Outstanding balances under major suspense accounts**

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

**Table 8.4.1 Outstanding balances under major suspense heads***(Rupees in crore)*

Heads of Account	Net balance as on 31 March				
	1999	1998	1997	1996	1995
Pay and Accounts Office Suspense (PAO Suspense)	Dr. 10.11	Dr. 201.60	Dr. 262.90	Dr. 217.19	Dr. 267.98
Suspense Accounts (Civil)	Dr. 529.89	Dr. 488.82	Dr. 354.84	Dr. 456.84	Dr. 568.99
Suspense Accounts (Postal)	Dr. 471.38	Dr. 760.17	Dr. 68.66	Dr. 48.64	Dr. 97.41
Suspense Accounts (Defence)	Dr. 2417.07	Dr. 1621.72	Dr. 980.42	Dr. 794.38	Dr. 635.18
Suspense Accounts (Railways)	Dr. 286.60	Dr. 163.79	Dr. 145.08	Dr. 121.30	Dr. 215.52
Suspense Accounts Office (Telecommunication)	Dr. 1586.46	Dr. 1398.71	Dr. 1700.10	Dr. 2017.58	Dr. 1830.01
Public Sector Bank Suspense	Dr. 742.77	Dr. 498.86	Dr. 563.28	Dr. 498.73	Dr. 581.35
Suspense Account for purchases abroad	Dr. 1850.71	Dr. 1336.52	Dr. 2151.68	Dr. 1848.78	Dr. 1426.68
Reserve Bank Suspense (Head quarters)	Cr. 369.38	Cr. 369.32	Cr. 198.95	Cr. 172.77	Cr. 178.12
Reserve Bank Suspense Central Accounts Office	Cr. 55.86	Cr. 23.94	Dr. 1.41	Dr. 1039.45	Cr. 48.49
Cash Settlement Suspense	Dr. 226.16	Dr. 258.15	Dr. 205.26	Dr. 191.38	Dr. 186.40
Discount Sinking Fund	Dr. 1967.60	Dr. 3218.69	Dr. 4273.09	Dr. 3004.91	Dr. 2005.61
Others	Dr. 930.49	Dr. 1238.23	Dr. 1007.33	Dr. 253.59	Dr. 127.48
<b>Total</b>	<b>Dr. 10594</b>	<b>Dr. 10792</b>	<b>Dr. 11515</b>	<b>Dr. 10320</b>	<b>Dr. 7716</b>

From the above table it is seen that the net balances under Suspense Accounts (Civil), Suspense Accounts (Defence), Suspense Accounts (Railways), Suspense Accounts Office (Telecommunications), Public Sector Banks Suspense, Suspense Account for purchases abroad, R.B. Suspense (Headquarters) and Reserve Bank Suspense, Central Accounts Office have increased in 1998-99 over the previous year. The balances under PAO Suspense, Suspense Accounts (Postal), Cash Settlement Suspense and Discount Sinking Fund have come down in 1998-99 over the previous year.

The suspense balances should be viewed with reference to the purpose for which suspense heads are operated. While in some cases, viz. 'Discount Sinking Fund' and 'Suspense Account for Purchases Abroad', the amounts are initially booked in the suspense account for eventual clearance over a given time period or as soon as possible, others represent incompleteness of the accounts. While Discount Sinking Fund is to be cleared within five/six years from the original booking, others including Suspense Account for Purchases Abroad ought to be cleared as soon as possible ideally before the close of the financial year. Outstanding balances in the suspense account or their increase is suggestive of slackness of the administration and Controller of Accounts in clearing the balances.

Excluding the items under 'Discount Sinking Fund' and 'Suspense Account for Purchases Abroad', which are designed to be booked initially under suspense head as per the prescribed procedure, the balances under other suspense heads continued to increase.

Principles of operation of some of the regularly operated minor heads of Suspense Accounts are summarised as under:-

### ***PAO (Suspense)***

This minor head is operated for settlement of inter-departmental and inter-governmental transactions arising in the books of the Pay and Accounts Offices of Union Government/UTs and by AGs when the other party involved is a Pay and Accounts Office to record either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts officer, the adjustment of which in the final heads of accounts is made in the books of the Accounts Officer against whom the minor head has been operated. For recoveries made the head is credited and for payment made the head is debited. On issue/receipt of cheque for recoveries/payments made the head will be (-) credited/(-) debited, as the case may be.

In 1998-99, PAO Suspense reflected a Dr. balance of Rs 10.11 crore. This balance is the net effect of debit and credit entries under the concerned minor head which are required to be handled individually for settlement. Since the depiction of the net effect could not show the magnitude of the adjustment involved, the entry in the Finance Accounts may be suitably annotated.

### ***Suspense Accounts (Civil)***

This transitory minor head is operated for accounting of transactions, which for want of certain informations/documents viz. vouchers, challans etc. cannot be taken to the final head of expenditure or receipt. For recording receipts, this minor head is credited and for expenditure debited. On receipt of wanting informations, this minor head is cleared by (-) credit/(-) debit per contra credit/debit to the concerned head of account, as the case may be. This minor head has further been divided into 14 sub heads.

In 1998-99, Suspense Accounts (Civil) reflected a Dr. balance of Rs 529.89 crore. This balance is the net effect of debit and credit entries under the concerned minor head which are required to be handled individually for settlement. Since the depiction of the net effect could not show the magnitude of the adjustment involved, the entry in the Finance Accounts may be suitably annotated.

### ***PSB Suspense***

This minor head is operated by Pay and Accounts Offices whose accredited bank is a public sector bank. Amounts of cheque issued by the PAO and paid by the accredited bank is credited to this minor head. Similarly, amounts of receipt intimated by PSB through receipt scroll is debited to this head. On receipt of accounts from RBI (CAS), Nagpur intimating the adjustments the original booking under PSB Suspense is cleared by (-) credit/(-) debit, as the case may be.

In 1998-99, PSB Suspense reflected a Dr. balance of Rs 742.77 crore. This balance is the net effect of debit and credit entries under the concerned minor head which are required to be handled individually for settlement. Since the

depiction of the net effect could not show the magnitude of the adjustment involved, the entry in the Finance Accounts may be suitably annotated.

### ***Cash Settlement Suspense***

This minor head is used for settlement of transactions between public works divisions rendering accounts to the same Pay and Accounts Officer and will be operated by the PAO receiving compiled accounts from the public works divisions. This minor head is operated upon initially as transitory head by a works division which renders service/makes supplies to another works division by debiting the head. The head is credited when one division accepts some receipts/revenues on behalf of another division. The head is (-) debited/(-) credited on receipts of cheque /bank draft or issue of cheque/bank draft to/from another division, as the case may be. This minor head will not be operated for fresh booking by Central PAOs except Cabinet Secretariat from April 1993 onwards, though old balances can be cleared from it.

In 1998-99, Cash Settlement Suspense reflected a Dr. balance of Rs 226.16 crore. This balance is the net effect of debit and credit entries under the concerned minor head which are required to be handled individually for settlement. Since the depiction of the net effect could not show the magnitude of the adjustment involved, the entry in the Finance Accounts may be suitably annotated.

However, this minor head is still being operated for fresh booking by PAOs, Water Resources and Urban Affairs and Employment despite the instructions issued by the CGA for non-operation from April 1993 onwards.

### ***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 receipts of monthly statement of accounts from RBI adjusting the account of Union Government, this minor head is minus credited by crediting 8675-Deposits with Reserve Bank – 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 statements of accounts from RBI ,(CAS) Nagpur the head is minus debited per contra debit to 8675-101 Deposit with Reserve Bank – Central Civil.

In 1998-99, Reserve Bank Suspense, Central Accounts Office reflects a Cr. balance of Rs 55.86 crore. This balance is the net effect of debit and credit entries under the concerned minor head which are required to be handled individually for settlement. Since the depiction of the net effect could not show the magnitude of the adjustment involved, the entry in the Finance Accounts may be suitably annotated.

### ***Suspense Account for purchases abroad***

This minor head is operated in the books of Controller of Aid Accounts and Audit, Ministry of Finance, (Department of Economic Affairs) for receipt of foreign loans/grants under direct payment procedure reported through disbursement advices received from foreign government. On receipt of loans/grants, this head is debited by crediting the external debt/grant head. The debits under the head are cleared by pairing/linking them with the credits under the Civil Deposits head 8443-113 deposited by the importers against purchases made by them under the foreign loans/grants

In 1998-99, Suspense Account for purchases abroad reflected a Dr. balance of Rs 1850.71 crore. As compared to previous year, the outstanding which reflected amounts to be recovered by the Government from various importers, increased by Rs 514.19 crore..

**Amounts are due from the importers although the Government has already made payment for the imports.**

The licensing conditions for imports under direct payment system also provide for interest to be recovered from importers at the rate of 9 *per cent* where deposits are made within 30 days from the date of payment to the foreign supplier and where the rupee deposits are made after more than 30 days from the date of payment to the foreign supplier the rate of interest would be 9 *per cent* for the first 30 days and 15 *per cent* for period in excess of 30 days. These interest rates were applicable up to 31 August 1983.

From September 1983, the rate of interest has been enhanced to 12 *per cent* where deposits are made within 30 days. In cases where deposits are made after 30 days, the interest is charged at the rate of 12 *per cent* for first 30 days and at the rate of 18 *per cent* for period in excess of 30 days.

A list showing selected importer-wise details is given in Appendix XIV. From the Appendix it is also seen that heavy amounts are pending from various importers like Pawan Hans Helicopter : Rs 108.74 crore; N.H.P.C : Rs 12.19 crore; NTPC : Rs 102.88 crore; MMTC : Rs 37.81 crore; Anpara UPSEB : Rs 88.65 crore; Railway Board : Rs 52.98 crore; A.P.S.E.B. Hyderabad : Rs 70.03 crore; Hindustan Zinc Aid : Rs 106.53 crore; and Power Grid Corporation of India : Rs 182.45 crore; West Bengal Power Development Corporation : Rs 254.64 crore Nizamudin Bridge(MOST) : Rs 28.74 crore; Royala Seema Thermal Power Project : Rs 57.23 crore, Helicopter Corporation of India : Rs 21.91 crore, Orissa Power Sector Reform : Rs 36.48 crore, Fertilizer Sector : Rs 102.16 crore, Ministry of Agriculture : Rs 21.87 crore, Pipavav Port Ship-breaking Project, Gujarat : Rs 26.67 crore, Maharashtra Power : Rs 38.31 crore and Health and Family Welfare: Rs 27.37 crore. From the information made available by the Department it is seen that purchases have been made on behalf of various importers in 1998-99 when the payments for the purchases of earlier years are still due from them for as long as more than ten years in some cases.

After recovery of the deposits from the importers the element of interest is worked out and recovered.

Mention was also made in para 11.3.3 of Report No.1 of 1999 of Comptroller and Auditor General of India.

Keeping in view the large amount of outstanding under this suspense head, authorities vested with the work of recovering dues from the importers have to put in more efforts towards recovery.

### **8.5 Increasing number of adverse balances**

The adverse balances are negative balances appearing under those heads of accounts where normally there cannot be a negative balance. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced. Such situations arise largely due to accounting errors or accounting situations arising out of rationalisation of the classification of accounts or administrative re-organisation breaking up one accounting unit into many.

In the Finance Accounts of the Union Government for the year 1998-99, there are 63 cases of adverse balances as given in Appendix XV under Debt, Deposit and Remittance heads. Out of these, 16 balances became adverse during the year 1998-99. 47 cases are continuing to figure in the Finance Accounts from earlier years. Out of 47 old cases, five balances are adverse ever since 1976-77, i.e. pre departmentalised period and 42 balances are adverse from 1979-89 to 1997-98. As per the past practices, all these cases are qualified by a footnote mentioning that adverse balances are under investigation. But so far no findings of investigations were made available to audit.

These 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 Pay and Accounts Offices and Principal Accounts Offices also but many of these adverse balances get eclipsed since these balances get aggregated when the accounts of the accounting circles are consolidated.

### **8.6 Outstanding under Cheques and Bills**

This head is an intermediary accounting device for initial record of transactions, which are eventually to be cleared/withdrawn. Under the scheme of departmentalisation of accounts, payment of claims against Government is made by Pay and Accounts Offices of different Ministries/Departments by cheques drawn on branches of RBI or Public Sector Banks accredited to the Ministry/Department

When claims are preferred in the appropriate bill form to the PAO/Departmental Officer, the payment is authorised through issue of cheques, after exercising the prescribed checks and recording of pay order by

the PAO/Departmental officer. At the end of the 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 Deposit with Reserve Bank-Central Civil, as the case may be.

In the Finance Accounts for 1998-99, large balances are lying outstanding under the following minor heads of cheques and bills:-

	<i>(Rupees in crore)</i>	
Pre-audit cheques	Cr.	0.16
Pay and Accounts Offices Cheques	Cr.	5745.20
Departmental Cheques	Dr.	150.11
Treasury Cheques	Cr.	4.62
IRLA Cheques	Cr.	1.32
Telecommunication Accounts Office Cheques	Cr.	2158.01
Postal Cheques	Cr.	12051.36
Railway Cheques	Cr.	266.80
Defence Cheques	Cr.	2670.53

The time-barred cheques are to be cancelled by reversing the original entry, i.e. minus crediting 8670-Cheques and Bills and minus debiting Functional Major/Minor Head to which the expenditure was originally debited.

Sub Rule (2) of Rule 47 of Receipt and Payment Rules 1983 also envisaged 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 reviewed and cancelled. The amount of the cancelled cheques should be written back in the accounts as prescribed under the Rules.

Such a huge outstanding under the different minor heads reflect that the accounting authorities are not taking any remedial action as provided for under the Rules. To the extent the amounts outstanding under the Cheques and Bills, the Government cash balance stands overstated.

Moreover, the balance under the Departmental Cheques was adverse, i.e. more payments were authorised than the value of the cheques issued. Pr. PAO, CBEC was the main contributor, among others, in rendering the balances adverse under the head. Non-accountal of computer advices, which was introduced under the Electronic Data Interchange System in the Customs Department for honouring drawback refunds as against the issuance of cheques led to more payments than the original booking under the departmental cheques.



### **8.7 Non adjustment of disinvestment**

During 1998-99, Government disinvested equity of Rs 10 crore in Videsh Sanchar Nigam Ltd. (VSNL). Government's investment in this organisation has been reduced to that extent in statement No. 11\* of Union Government Finance Accounts for the year 1998-99. However, in statements Nos 10\* and 12\*, which show the figure of capital expenditure during the year and progressive capital outlay at the end of the year, the said amount of disinvestment was not reduced from the progressive capital outlay. Due to this non-adjustment, the figure of progressive capital outlay of the Government does not reflect correct picture and the same has been overstated. Controller General of Accounts stated that the head of accounts relating to the initial investment made in VSNL was still awaited from the administering Ministry.

This was also pointed out in para 11.5 of Report No. 1 of 1999 of Comptroller and Auditor General of India.

### **8.8 Difference in receipt of divestment and adjustment thereof in the accounts**

Receipts from divestment of equities held by Union Government in Public Sector Undertakings etc. accounted for in the Finance Accounts for 1998-99 was Rs 5369.32 crore. The value of the equity so divested was required to be reduced from the Statement Nos. 10 and 12 showing progressive capital outlay and Statement No. 11 showing Government's investments in equity/capital base of the PSUs etc.

During the year 1998-99, a sum of Rs 329.53 crore was adjusted in Statement Nos. 10 and 11 of the Finance Accounts on account of divestment. Thus, there was difference of Rs 5039.79 crore between receipts from divestment and adjustment of divestment made in the accounts.

On being pointed out, Controller Government of Accounts stated that the difference between the receipt from divestment and adjustment effected in the accounts constituted premium value realised on divestment. As there exists no head in the accounts for recording of premium value on divestment distinctly from face value, the figures of premium could not be verified. There is need to show in the accounts the premium value realised distinctly. This would also help in identifying the cases where adjustment of divestment have not been effected in the accounts.

\* Statement 10 : Expenditure on capital account during and to the end of the year.

Statement 11 : Total investment in statutory corporation, Government companies etc.

Statement 12 : Sector wise capital expenditure and loans and advances during and up to the year and sources of funding.

### **8.9 Belated reconciliation of investment**

In Statement No. 11 of Finance Accounts, showing Government's investment in equity/capital base of PSUs etc., investment in Air India and Konkan Railway Corporation Ltd. was enhanced by Rs 79.47 crore and Rs 92.00 crore respectively. This enhancement was qualified by a footnote "differs from last year's figures due to reconciliation". This qualificatory statement reflected that the basic records of investment as envisaged under para 10.11.1 of Civil Accounts Manual were not maintained (Form CAM-60) in the respective units of Pr. PAOs. It should be viewed in the backdrop that last investments in the capital base of the Air India and Konkan Railway Corporation Ltd. were made in the year 1987-88 and 1996-97 but it took 11 years and 2 years respectively for the concerned Pr. PAOs to reconcile and reflect the correct picture of investment in these PSUs.

Thus, while calling for the material of Finance Accounts from accounting units, compiling authorities should ensure that they are compiling the true, correct and complete figures.

### **8.10 Delay in accounting of conversion of loan into equity**

In Statement No. 10 of Finance Accounts 1998-99, which shows the figure of progressive capital expenditure, a sum of Rs 387.43 crore was added in the progressive capital outlay under the power sector (NTPC) on account of conversion of loan into equity but the value of equity by the equivalent amount was not added in the statement No. 11 of the Finance Accounts.

On being pointed out, CGA stated that the effect of conversion of loan into equity of NTPC had been given in the Finance Accounts of 1990-91 i.e. in Statement No. 11.

The contention of the CGA is not tenable in view of the fact that the sanction for conversion of loan into equity was issued in 1990-91 itself but it took eight years to give the accounting effect of conversion in Statement No. 10.

### 8.11 Non-finalisation of terms and conditions of loans advanced

Statement No. 3 of the Finance Accounts, which contains the details of loans advanced by the Union Government, showed that Rs 1123.33 crore were advanced to the following Government owned companies/corporations/non-government institutions, etc. but the terms and conditions of the loans advanced had not yet been finalised.

*(Rupees in crore)*

Sl No.	Name of the Institution	Amount	Earliest period of loan
1.	Delhi Metro Rail Corporation Ltd.	158.00	1997-98
2.	Food Corporation of India	900.00	1986-87
3.	Shipping Credits and Investment Co. of India Ltd., Bombay	41.33	1987-88
4.	Rajiv Gandhi Cancer Institute and Research Centre, New Delhi	24.00	1994-95
<b>Total</b>		<b>1123.33</b>	

It may be seen that in some cases even after a gap of 12 years of advancing the loan, the terms and conditions of loans had not been finalised. This reflected a non-serious approach of the administering Ministry with regard to the recovery and other aspects of the loans advanced.

On being pointed out, Controller General of Accounts stated that the matter has been taken up with the Ministries concerned and their replies were awaited.

### 8.12 Discrepancies in total investment in nationalised banks

Recapitalisation assistance are provided to nationalised banks to expand their capital base. Investment of recapitalisation assistance into Special Securities commenced from the year 1985-86.

A detailed picture of Government's investment in nationalised banks which were added as special securities as appearing in the Finance Accounts from the year 1985-86 is a under:-

**Table 8.12: Investment in nationalised banks and special securities issued***(Rupees in crore)*

Year	Investment during the year	Government's progressive investment as per Finance Accounts	Special securities created during the year	Outstanding special securities at the end of the year
1	2	3	4	5
Upto				
1984-85	--	137.00	--	--
1985-86	400.00	537.00	400.00	400.00
1986-87	400.00	937.00	400.00	800.00
1987-88	200.00	1137.00	200.00	1000.00
1988-89	214.23	1351.23	310.00	1310.00
1989-90	739.37	2090.60	788.42	2098.42
1990-91	770.86	2861.46	707.19	2805.62
1991-92	817.55	2979.01 <sup>A</sup>	705.27	3510.89
1992-93	760.58	3739.59	701.25	4212.13
1993-94	5725.30	9464.89	5722.77	9934.90
1994-95	5288.84	14753.73	4362.54	14297.44
1995-96	850.00*	13673.68 <sup>B</sup>	850.00	15147.44
1996-97	1509.00*	13146.21 <sup>C</sup>	1509.00	16150.94 <sup>D</sup>
1997-98	2700.15	15846.36	2700.00	18712.61 <sup>E</sup>
1998-99	400.00*	13672.62 <sup>F</sup>	400.00	19112.61

Up to 1984-85, Government's investment in the nationalised banks was Rs 137 crore. During 1985-99, Government invested another Rs 20775.88 crore (investment of Rs 850 crore, Rs 1509 crore and Rs 400 crore in 1995-96, 1996-97 and 1998-99 respectively were not reflected in the accounts but included here) in the nationalised banks. Apart from this investment, a sum of Rs 700 crore, Rs 1080.05 crore and Rs 527.47 crore were dropped from the progressive investment in 1991-92, 1995-96 and 1996-97 respectively without assigning any reason, in addition to dropping of Rs 2573.74 crore in 1998-99 (not reflected in the accounts) on account of adjustment of losses of nationalised banks written off.

<sup>A</sup> Investment upto 1990-91 was Rs 2861.46 crore. In 1991-92 this figure was corrected by the Ministry as Rs 2161.46 crore, reducing the investment by Rs 700 crore stating the reason as subsequent correction.

\* Investments not reflected in the Finance Accounts

<sup>B</sup> Investment upto 1995-96 was reduced by the Ministry by Rs 1080.05 crore stating that the matter was under investigation.

<sup>C</sup> Investment upto 1996-97 was reduced by the Ministry by Rs 527.47 crore stating that the matter was under investigation.

<sup>D</sup> Special securities of Rs 505.50 crore were discharged

<sup>E</sup> Special securities of Rs 138.33 crore were discharged.

<sup>F</sup> Investment upto 1998-99 was reduced by Rs 2573.74 crore on account of adjustment of losses of nationalised banks but not clearly mentioned in the Finance Accounts.

Besides, investments were also not reduced to the tune of Rs 425.23 crore, Rs 1506.21 crore and Rs 1532 crore on account of adjustment of losses of nationalised banks written off during 1994-95, 1995-96 and 1996-97 respectively [refer to table 4.11 (iii)].

At the end of March 1999, the progressive investment in the nationalised banks reflected in the accounts stood at Rs 13672.67 crore, which do not reflect the true picture of the Government's investment in view of the fact that the findings of the investigation stated to be initiated by the Ministry in 1995-96 and 1996-97 have not been brought out as yet.

Further, from the year 1985-86, the amount of investment (recapitalisation assistance) were reinvested into Government Special Securities by the nationalised banks. Upto 1998-99, a sum of Rs 19756.44 crore were reinvested, of which, Rs 505.50 crore and Rs 138.33 crore were discharged in 1996-97 and 1997-98 respectively and as on 31 March 1999 outstanding of Special Securities was Rs 19112.61 crore.

As investment in Government Special Securities started from 1985-86, the progressive investments in nationalised banks should have been higher than the outstanding Special Securities, but due to subsequent dropping/adjustments made for accommodating the losses of nationalised banks the outstanding figure of special securities outstripped the progressive investment figure of nationalised banks.

The adjustment made by dropping the Government investment in them to accommodate the losses of nationalised banks eroded the Government's holding in these banks, while on the other hand, the Government's liability on account of Special securities remained intact.

### **8.13 Understated accounting of external debt**

External borrowings received by the Government of India from lender countries or institutions abroad are recorded in Government Accounts at the historical rate of exchange, i.e. the rate prevailing on the date of transaction/receipt. On account of the subsequent changes in exchange rate the repayments are higher than the amount payable as worked out on the basis of accounts. This overpayment is reflected in the account as negative closing balance every year. Rest of the loans, which have not yet been fully repaid, appear in the account with positive balances. Subsequently, when the external debt is aggregated, it gets understated due to netting of negative and positive balances.

Similarly, the balances of debt obtained from a particular country also do not reflect the correct figure of debt because one particular country lends loans for a number of projects which are accounted for separately. Of these, loans on some projects have already been paid off but yet payment on account of exchange variations are being made which are accounted for as negative

External debt are depicted in the accounts at historical rate of exchange, which is not a true reflection of liability.

balance. This negative balance, when aggregated, understates the balances of outstanding debt from that particular country.

Thus, the figure of external debt of Rs 57254 crore, as appearing in the accounts, do not reflect the actual dimension of outstanding external debt. As per the note below the statement No. 14, the external debt at the current value as at the end of March 1999 was Rs 177934 crore.

### 8.13.1 Discrepancies in closing/opening balances

In statement No 14 of the Union Government Finance Accounts for 1998-99, opening balances of external loans brought forward as on 1 April 1998 in foreign currency are at variance with the figures of closing balances as on 31 March 1998 in respect of as many as 18 countries as detailed below:

**Table 8.13.1 : Closing and opening balance of external loans**

*(Donor currency in thousands)*

Sl. No.	Name of the country	Closing balance as on 31-3-98	Opening balance as on 1-4-98
1.	Austria (A. Sch.)	527402	527403
2.	Canada (C.\$)	527763	527767
3.	Germany (D.M.)	5194366	5193868
4.	France (F.F.)	5649917	5635656
5.	Japan (Yen)	838344000	838354000
6.	Netherlands (D.G.)	1341148	1341168
7.	Switzerland (Se. Fr.)	51094	51154
8.	U.K. (£ Stg.)	10184	10180
9.	U.S.A. (U.S. \$) including SRP Loans and PL – 480	1692315	1707651
10.	I.B.R.D. (U.S. \$)	6430341	6430581
11.	IDA (SDR) (U.S. \$)	6441113	6441114
12.	Kuwait Fund for Arab Economic Devel.(K.D.)	27653	27654
13.	Organisation of Petroleum exporting countries (US\$)	31647	31648
14.	Saudi Fund (Riyal)	61070	61071
15.	International Fund of Agricultural Development (SDR)	158581	158121
16.	A.D.B. (U.S. \$)	2081557	2077828
17.	Russian Fed. (Rs.)	21981111	21981112
18.	Sweden (Sw. Kr.)	1264323	1264333

On being pointed out, CGA stated in November 1999 that the difference in closing/opening balances is due to the implementation of Integrated Computerised System with a Common Data Base in the office of Controller of Aid Accounts and Audit.

The Controller of Aid Accounts and Audit needs to improve the accuracy of accounts of external debt to ensure that the opening balances agree with the closing balances.

### 8.14 Incorrect classification of expenditure on Centrally Sponsored Plan Schemes

For enhancing the ways and means position of State and UT Governments, Union Government extends loans and advances to them. This expenditure is routed through the Consolidated Fund of India. On receipt of the loans and advances from the Union Government, the State and UT Governments concerned account these as receipt in their Consolidated Fund. Accordingly, States/UTs without their own Consolidated Fund are not eligible for loans and advances from Union Government. In other words, loans and advances should be granted to States/UTs with Legislature only.

In the Union Government Finance Accounts for 1998-99, following amounts of loans and advances for Centrally Sponsored Plan Scheme have been shown as outstanding from UTs without Legislature:

**Table 8.14 Loans for Centrally Sponsored Plan Scheme**

*(Rupees in thousand)*

Name of the UT	Amount	Earliest period to which the loan relates
Daman and Diu	21312	1987-88*
Lakshadweep	563	1991-92
Chandigarh	369	1987-88
Andaman and Nicobar Islands	4835	1989-90
<b>Total</b>	<b>27079</b>	

Rather than booking the initial expenditure on loans and advances to the above UTs under the Major Head 7602 – Loans and Advances to UTs, the expenditure on Centrally Sponsored Plan Scheme should have been booked in the Functional Major Heads of the concerned Department of Union Government.

Thus, the initial booking in the Major Head 7602 – Loans and Advances to UTs was incorrect and the outstanding balances of the loans advanced were not stated correctly in the accounts to that extent.

The Controller General of Accounts stated during discussion that the matter was under active examination for remedial measures.

\* Up to 1986-87 the Daman and Diu was a part of greater UT namely, Goa, Daman & Diu

## 8.15 Working of Departmental Accounting units

Chief Controllers/Controllers/Pr. PAOs are responsible for compilation of unit level of annual accounts of the various Ministries/Departments of the Union Government. A review of state of maintenance of accounts in the unit level in respect of following four Ministries/Departments was conducted which disclosed the following.

### 8.15.1 Principal Pay and Accounts Office, Central Board of Excise and Customs

Pr. PAO, Central Board of Excise and Customs compiles the accounts rendered by 47 PAOs working under it. Scrutiny of Finance Accounts of Pr. PAO, CBEC for the year 1998-99 revealed as follows:-

#### (i) Adverse balances

Finance Accounts of 1998-99 contained two cases of adverse balances in the following heads of Accounts:-

<i>(Rupees in thousand)</i>	
8670-103 – Departmental Cheques	(-) Cr. 2018626
8671-101 – Departmental Balances (Civil)	Cr. 28113

Adverse balances in the accounts occur due to misclassification/accounting error in the upkeepment of the accounts. As such, presence of adverse balance in the accounts distorts the true picture of accounts.

(a) Head of account 8670-103 Departmental Cheques became adverse due to introduction of Electronic Data Interchange System in the Customs Department. Under the new system of payment of drawback, instead of issuing cheques, computer advices were issued to the banks, which in turn, afforded credit in the accounts of the exporter on account of drawback. As per the new accounting system, accounting of computer advices was to be made similar to that of cheques. But the issue of advices was not accounted for resulting in more clearances (payments) than the cheques issued culminating into the adverse balancing of the minor heads.

(b) Head of account 8671-101-Departmental Balances (Civil) receives debit for the cash balance held by departmental officers outside the generally available cash balances. When the account of cash held by an officer is rendered, this head gets cleared. Thus, credit balance under this head reflects that some accounting error/omission has been made rendering the balance of this head adverse.



**(ii) Suspense balances**

Following minor heads of suspense balances reflected huge net outstanding under them as on 31 March 1999:-

<i>(Rupees in thousand)</i>	
PAO Suspense	(-) Dr. 175713
Suspense Account (Civil)	Dr. 5521
PSB Suspense	Dr. 1114754
Customs Receipt Awaiting Transfer to Receipt Head	Cr. 4199315

**(a) PAO Suspense**

Although the Finance Accounts reflected a net negative debit balance of Rs 1757.13 lakh, the yearwise break up furnished by the Department showed that a debit balance of Rs 10.21 lakh and credit balance of Rs 1767.34 lakh are awaiting adjustment. Thus, a total of Rs 1777.55 lakh awaits adjustment, of which transactions as old as 1987-88 are awaiting final adjustments. The Department stated that the balances in this head are lying on account of sales tax recovered on sale of confiscated goods, the clearances of which depends on the writ petition filed by the State Governments in Supreme Court.

**(b) Suspense Accounts (Civil)**

The Finance Accounts reflected a net debit balance of Rs 55.21 lakh, but the yearwise break up showed that a debit of Rs 239.66 lakh and credit of Rs 184.45 lakh awaited adjustment. Thus, the total magnitude of the amount lying outstanding was Rs 424.11 lakh. The oldest period of outstanding suspense balances related to 1996-97.

**(c) PSB Suspense**

Finance Accounts reflected a net debit balance of Rs 11147.54 lakh whereas the yearwise breakup furnished by the department revealed that outstanding balances under debit was Rs 17299.62 lakh and under credit was Rs 646.78 lakh. Thus, the real magnitude of the outstanding under this head was Rs 17946.40 lakh. Figure of outstanding balances for the year 1998-99 as appearing in the accounts was Rs 11147.54 lakh net debit whereas yearwise details of outstanding showed a net debit balance of Rs 16652.84 lakh. The earliest period of outstanding pertained to the year 1987-88. Moreover, yearwise breakup also revealed that in majority of the cases the outstanding under debits and credits are in negative. Original booking is always made in positive figures and its subsequent clearance is made through negative figures. As such, if there is any outstanding, that should be in positive figure. Negative balances of outstanding, could be as a result of clearances of cases of higher value of figure than the original booking, which could not be verified by Audit.

**(d) Customs receipt awaiting transfer to receipt head**

Under this head, advance deposit of customs duties made by importer/exporter are recorded. Previously the advance deposit of customs duties were credited in the head 8443-106-Civil Deposits- Personal Deposit. From the year 1998-99, according to the revised procedure, the advance customs duties were to be credited under the Head 0037-106-Customs-Receipts of advance payments from assesseees. In the accounts of the month of March, the Head 0037-106 is to be minus credited by affording credit to the head 8658-136-Suspense Accounts Customs-Receipts Awaiting Transfer to Receipts. Again in the accounts for the month of April, each year, the adjustment made in the month of March should be reversed by minus crediting the head 8658-136 and crediting the head 0037-106. The outstanding credit of Rs 41993.15 lakh was cleared in the accounts for the month of August 1999 only, whereas it was required to be cleared in the accounts for the month of April 1999.

**(iii) Cheques and Bills**

Two minor heads of this major head reflects a large outstanding as under:-

*(Rupees in thousand)*

PAO Cheques	Cr. 664770
Departmental Cheques	(-) Cr. 2018626

Details of yearwise breakup of outstanding under both the heads were not made available to Audit. Moreover, the balance under departmental cheque was adverse, i.e. more payments were shown as authorised than the cheque issued, due to non-accounting of newly introduced computer advice for payment of drawback refunds. Thus, the computer advices are susceptible to omission for the purposes of accounting. Further, non-availability/non-maintenance of yearwise position of outstanding under this head indicates the vulnerability in clearing the outstandings

**(iv) Civil Deposits (Personal Deposits)**

Under this head advance deposit of customs duties made by assesses are credited. However, from 1998-99, the procedure was revised and credit of advance duties were required to be given to a new minor head 106 Receipt of advance payments from assesses under the major head 0037-Customs. As regards the old balances as on 31 March 1998 under the head 8443-Civil Deposits-106 Personal Deposit, these were required to be transferred to the new minor head under the major head 0037 by bringing the old balance to NIL. Assurances to this effect was also given by the Pr. PAO, CBEC to the Controller General of Accounts vide their UO dated 14 December 1994. Despite this, as on 31 March 1999 credit balance of Rs 1164.19 lakh was outstanding under this head. Thus, in the process of maintenance of accounts codal provisions were not observed.

**(v) Ledger of balances under DDR heads**

Under sub para 5.9.2 of para 5.9 of Civil Accounts Manual, the Pr. PAO is required to maintain a ledger in form CAM-40, comprising the transactions of all PAOs under his jurisdiction put together, with minor head wise details. No such ledger was maintained, although this is the initial and permanent record and in case of any discrepancy this is the only source for reconciliation. Thus, in the absence of permanent record, it could not be ensured that the balances appearing in the Finance Accounts with regard to DDR Heads are authentic.

**(vi) Review of balances**

No review was conducted for the department as a whole and consolidated report sent to the Controller General of Accounts by 15 October 1999 by the Pr. PAO CBEC, as required in sub paras 13.13.1 and 13.13.2 of para 13.13 of Civil Accounts Manual. Thus, in the absence of review of balances, the authenticity of balances appearing under the DDR heads can not be verified.

**8.15.2 Principal Pay and Accounts Office, Ministry of Home Affairs**

Principal Pay and Accounts Office, Ministry of Home Affairs, compiles the Accounts rendered by 17 PAOs working under it. Scrutiny of Finance Accounts of the Pr. PAO for the year 1998-99 revealed as follows:-

**(i) Non-maintenance of Investment Register**

Upto 1998-99, Ministry of Home Affairs' total investment, as per statement No. 11 of Finance Accounts, in Public Sector Undertakings etc. was Rs 855.96 crore and a sum of Rs 56.08 lakh was received on account of dividend from them. However, the figures of investment could not be verified with initial records as no Investment Register in form CAM-60 was maintained as required in terms of Para 10.11.1 of Civil Accounts Manual.

**(ii) Adverse balances**

Finance Accounts of 1998-99 contained six cases of adverse balances in the following heads of accounts:-

*(Rupees in thousand)*

(a)	6235-01-110	Loans for rehabilitation of Tibetan Refugees	Cr. 11
(b)	6235-01-800	Other loans	Cr. 24
(c)	7601-05-102	Loans and advances to State Government-State Plan Scheme-Development Border Area	Cr 10496
(d)	8443-107	Civil Deposits-Trust Interest Funds	Dr. 5
(e)	8449-120	Other Deposit-Misc. Deposit	Dr. 45
(f)	8670-103	Cheques and Bills-Departmental cheques	(-) Cr. 361368

Adverse balances in the accounts occur due to misclassification/accounting error in the upkeepment of the accounts. Pr. PAO did not furnish the reasons for the above adverse balances. As such, presence of adverse balances in the accounts distorts the true picture of the accounts.

**(iii) Suspense balances**

Following minor heads of suspense balances reflected huge net outstanding under them as on 31 March 1999.

*(Rupees in thousand)*

PAO Suspense	Cr. 70120
Suspense Accounts (Civil)	Dr. 903668
P.S.B. Suspense	Dr. 633111
R.B. Suspense, CAO	Cr. 194594

**(a) PAO Suspense**

Although statement No. 13 of Finance Accounts for 1998-99 showed a net outstanding balances of Rs 701.20 lakh credit, the yearwise breakup of debits and credits made available showed balances of Rs 219.56 lakh and Rs 289.37 lakh respectively, which on being netted, comes to Rs 69.81 lakh credit. Thus, the Finance Accounts and the yearwise breakup made available to audit, a copy of which was also sent to CGA, showed two different sets of figures outstanding under the minor head of Suspense. Transactions awaiting adjustment in this minor head are old and prior to 1986-87.

**(b) Suspense Accounts (Civil)**

Statement No. 13 of Finance Accounts showed a net outstanding balance of Rs 9036.68 lakh debit whereas in the yearwise breakup furnished by the department, there was debit balance of Rs 142.44 lakh and credit balance of Rs 51.21 lakh, which comes to Rs 91.23 lakh debit on being netted. Thus, there was a difference of Rs 8945.45 lakh debit in two sets of figures. Transactions awaiting adjustment in the minor head are as old as 1993-94.

**(c) PSB Suspense**

Statement No. 13 of Finance Accounts reflected a net debit balance of Rs 6331.11 lakh whereas the yearwise breakup furnished by the department showed a net debit balance of Rs 6319.74 lakh. Thus, there was a difference of Rs 11.37 lakh in the two sets of figures. The yearwise breakup reflected a debit balance of Rs 1076.68 lakh and credit balance of (-) Rs 5243.06 lakh. Transactions awaiting adjustment in the minor head are as old as 1987-88.

**(d) RB Suspense, CAO**

Statement No. 13 of the Finance Accounts showed a net credit balance of Rs 1945.94 lakh whereas the yearwise details furnished by the department

reflected a net credit balance of Rs 2475.91 lakh. Transactions awaiting adjustment in the minor head are as old as 1995-96.

Figures of all the minor heads of Suspense balances appearing in the statement No. 13 of Finance Accounts did not tally with the initial records maintained by the Pr. PAO. Thus, the authenticity of accounts prepared by Pr. PAO could not be verified.

**(iv) Cheques and Bills**

The two minor heads of this major head reflects a huge outstanding which are as under:-

<i>(Rupees in thousand)</i>	
PAO Cheques	Cr. 3905980
Departmental Cheques	(-) Cr. 361368

**(a) PAO Cheques**

Under this minor head, Rs 39059.80 lakh credit is outstanding. The yearwise breakup furnished by the department showed that cheques issued even prior to 1986-87 are outstanding.

**(b) Departmental Cheques**

Under this minor head, a negative credit balance of Rs 3613.68 lakh appeared in the accounts. In this head also cheques issued prior to 1986-87 are outstanding.

It is interesting to note that the balance under this minor head has become adverse, i.e. negative credit, which implied that Banks have authorised more payments than the amounts of cheques issued by the D.D.O.

To the extent the balances lying outstanding under the major head "Cheques and Bills" the department's cash balances are understated. Moreover, uncleared balances under this head do not reflect true and fair picture of accounts besides reflecting ineffective monitoring by the Pr. PAO.

Under sub Rule (2) of Rule 47 of Receipt and Payment Rules 1983 accounting authorities are required to review the cases of cheques remaining unpaid for a period of six months after the months of issue and not surrendered for renewal. These unpaid cheques should be cancelled and amounts should also be written back in the accounts. The large outstanding amount under this head dated back prior to 1986-87, indicated that the authorities responsible to maintain the accounts did not exercise proper checks.

**(v) Ledger of balances under DDR Heads**

Under sub para 5.9.2 of para 5.9 of Civil Accounts Manual, the Pr. PAO is required to prepare a ledger in form CAM-40 comprising the transactions of all PAOs under his jurisdiction put together, with minor head wise details. A scrutiny of the ledger revealed that the figures of opening balances of the following major/minor head of DDR Heads of account did not match with the opening balance figures of corresponding head as shown in statement No. 13 of accounts:-

*(Rupees in thousand)*

Sl. No.	Major/Minor head	Figures as per	
		Statement No. 13	Ledger (CAM-40)
1.	6235-01-110	Cr. 11	Cr. 55
2.	6235-01-200	Dr. 6122	Dr. 5716
3.	7601-04-102	Cr. 8824	Not shown
4.	7601-01-053	Dr. 23195	-do-
5.	7602-02-101	Dr. 11517453	Dr. 11379839
6.	7610-00-200	Dr. 44479	Dr. 44417
7.	8005-01-101	Cr. 24425584	Cr. 24416114
8.	8005-60-101	Cr. 23	Not shown
9.	8550-103	Dr. 387662	Dr. 387665
10.	8550-104	Dr. 86081	Dr. 86090
11.	8658-101	Cr. 92938	Cr. 92653
12.	8658-107	Dr. 2	Dr. 248118686
13.	8658-110	Cr. 105224	Cr. 201001

The difference between the ledger, which is the initial and permanent record, and the statement No. 13 of the Finance Accounts reflects that the accounts compiled by the Pr. PAO was not based on the initial and permanent sets of record and are not verifiable.

**(vi) Review of balances**

No review was conducted for the Ministry as a whole and consolidated report sent to the Controller General of Accounts by 15 October by the Pr. PAO, Ministry of Home Affairs, as required in sub paras 13.13.1 and 13.13.2 of para 13.13 of Civil Accounts Manual. Thus, in the absence of review of balances, the balances appearing under the DDR heads could not be certified.

**8.15.3 Principal Pay and Accounts Office, Ministry of Human Resource Development**

Pr. PAO, Ministry of Human Resource Development compiles the account rendered by 10 PAOs functioning under it. Scrutiny of the Finance Accounts for the year 1998-99 revealed as follows:-

**(i) Adverse balances**

The balances of minor head 103-Departmental Cheques under the major head 8670 Cheques and Bills of Rs 9.47 lakh Dr. was adverse. Department stated that a sum of Rs 11.33 lakh was misclassified and booked under the head 8670-102 PAO Cheques instead of 8670-103-Departmental Cheques, which was cleared subsequently from the head 8670-103- Departmental Cheques rendering the balances of the head 8670-103 adverse. This misclassification was corrected in August 1999.

**(ii) Suspense balances**

Outstandings under the various minor heads of suspense balances as on 31 March 1999 were as under:-

*(Rupees in thousand)*

PAO Suspense	Dr. 144
Suspense Accounts Civil	Dr. 1053
PSB Suspense	Cr. 12924

**(a) PAO Suspense**

Statement of Finance Accounts showed a net debit balance of Rs 1.44 lakh. Yearwise breakup of outstanding furnished by the department showed that a debit balance of Rs 2.58 lakh and credit balance of Rs 1.14 lakh awaits adjustment. As such, the actual magnitude of the outstanding under PAO Suspense (Debits and Credits taken together) was Rs 3.72 lakh. The oldest period of outstanding was 1996-97.

**(b) Suspense Accounts Civil**

Finance Accounts showed a net debit balance of Rs 10.53 lakh. On being requested to furnish the yearwise position, the Department stated that the entire debit of Rs 10.53 lakh related to the year 1998-99 itself. The version of the department was not correct in view of the fact that a debit balance of Rs 10.31 lakh was the opening balance of outstanding under this head as on 1 April 1998.

**(c) PSB Suspense**

Accounts reflected a net credit balance of Rs 129.24 lakh. Yearwise details of the outstandings furnished by the Department showed that the entire outstanding pertained to the year 1998-99 only. Here again the statement of the Department is incorrect because as on 1 April 1998 there was an opening balance of outstanding to the extent of Rs 9.56 lakh.

**(iii) Cheques and Bills**

The balances under the various minor heads as on 31 March 1999 were as under:-

*(Rupees in thousand)*

PAO Cheques	Cr. 13116723
Departmental Cheques	Dr. 947

**(a) PAO cheques**

PAO cheques of a large amount of over Rs 1311 crore were outstanding for adjustment. Yearwise breakup furnished by the Department showed that cheques issued as back as in 1987-88 were outstanding.

**(b) Departmental cheques**

Under this head a sum of Rs 9.47 lakh debit is outstanding, which is an adverse balance. This head became adverse in the year 1998-99 due to misclassification of transactions of Rs 11.33 lakh as explained in sub-para (i) above. However, for this minor head the Department did not furnish the details of yearwise outstanding.

Thus, failure to clear cheques as old as those issued in 1987-88 reflected that the accounting authority failed to take appropriate action as envisaged under Sub Rule (2) of Rules 47 of Receipt and Payment Rules 1983.

**(iv) Ledger of balances under DDR heads**

Under sub para 5.9.2 of para 5.9 of Civil Accounts Manual, a ledger is required to be prepared by the Pr. PAO showing therein the transactions of all PAOs under his jurisdiction with minor headwise details. Test check of the ledger revealed that the opening and closing balances of the major/minor heads of accounts are not tallying with the figures of the corresponding head shown in the Finance Accounts as detailed below :-

*(Rupees in thousand)*

Sl. No.	Major/Minor head	Figures as per			
		Finance Accounts		Ledger (CAM-40)	
		Opening balance	Closing balance	Opening balance	Closing balance
1.	8658-101	Dr. 1728	Dr. 144	Dr. 1825	Dr. 240
2.	8658-102	Dr. 1031	Dr. 1053	Dr. 1032	Dr. 1055
3.	8658-108	Cr. 956	Cr. 14351	Cr. 950	Cr. 14356
4.	8670-102	Cr. 3634686	Cr. 13116723	Cr. 3634688	Cr. 13116725
5.	8670-103	Cr. 584	Dr. 947	Cr. 563	(-) Cr. 967



Thus, the difference between the two sets of records put a question mark on the quality of maintenance of accounts. The figures reflected in the accounts should be based on the ledger balances as this is the initial and permanent set of records.

**(v) Review of balances**

No review was conducted for the Department as a whole and consolidated report sent to the Controller General of Accounts by 15 October by the Pr. PAO, Ministry of Human Resource Development, as required in sub paras 13.13.1 and 13.13.2 of para 13.13 of Civil Accounts Manual. Thus, in the absence of review of balances, the balances appearing under the DDR heads are not authentic.

**8.15.4 Principal Pay and Accounts Office, Ministry of Finance, Department of Economic Affairs**

Principal Pay and Accounts Office, Ministry of Finance, Department of Economic Affairs compiles the accounts rendered by 13 PAOs functioning under it. Scrutiny of Finance Accounts for the year 1998-99 revealed as follows:-

**(i) Non-maintenance of Investment Register**

Upto 1998-99, Department of Economic Affairs' total investment as per statement No. 11 of Finance Accounts in 17 statutory corporations, Government Companies, Cooperative Banks, Societies, International Bodies, etc, were to the tune of Rs 18099.56 crore. However, the figures of investment could not be verified with initial records as no Investment Register was maintained in Form CAM-60, as required in terms of Para 10.11.1 of Civil Accounts Manual. In the absence of permanent records like Investment Register, the authenticity of the figure of investment was not verifiable.

**Adverse balances**

Finance Accounts of 1998-99 contained as many as 18 cases of adverse balances which are as under:-

(Rupees in thousand)

	<b>Head of Account</b>	<b>Amount</b>
a)	6001-101-Market loan bearing interest-10.50% Loan, 1998	(-) 1687
b)	6001-101-Market loan not bearing interest-6.75% Loan, 1994	(-) 2596
c)	6001-106-Compensation and Other Bonds-(i) P.P. Bonds, 1964	(-) 3841
d)	(ii) 5 Year Interest Free Prize Bonds, 1965	(-) 13514
e)	(iii) Special Bearer Bonds, 1991	(-) 86285
f)	(iv) 9% Relief Bond, 1987	(-) 10696854
g)	(v) 9% Relief Bond, 1993	(-) 1566872
h)	7601-07-106-Nagaland	(-) 229
i)	7601-07-106-Punjab	(-) 3773
j)	8002-103-Small Savings-Treasury Savings Deposit Certificates	Dr. 81
k)	8002-106-National Development Bonds	Dr. 24146
l)	8342-116-Deposits of SBI under NRI Bonds Scheme	Dr. 34
m)	8443-105-Criminal Court Deposits	Dr. 72
n)	8443-800-Other Deposits	Dr. 4395
o)	8448-104-Funds of Insurance Association of India	Dr. 1
p)	8449-119-Advance Deposits for ADB Assisted Projects	Dr. 1398303
q)	8656-105-Nickle Coinage Account	Cr. 556915
r)	8670-103-Departmental Cheques	Dr. 166936

In respect of cases at (a), (e), (f) and (g), the Pr. PAO stated that the balances became adverse due to excess scrolling of payments by the RBI, details/clarifications of which were being called for. For cases at (b), (h) to (r), Pr. PAO stated that the balances became adverse due to misclassification, which were being rectified in the accounts of 1999-2000. For cases at (c) and (d) the Pr. PAO stated that these were adverse prior to pre-departmentalisation and these would be written off to Government Account.

The presence of adverse balance in so many heads of accounts compromised the correctness and quality of the maintenance of accounts.

**(ii) Suspense balances**

Following minor heads of suspense balances reflected huge outstanding under them as on 31 March 1999.

(Rupees in thousand)

PAO Suspense	Cr. 398414
Suspense Accounts Civil	Cr. 2193625
PSB Suspense	Dr. 615908
RB Suspense Headquarter	Cr. 1967001
RB Suspense CAO	Cr. 204510
Transaction on behalf of RBI	Dr. 90517

**(a) PAO suspense**

Statement No. 13 of Accounts reflected a net credit outstanding balance of Rs 3984.14 lakh, whereas the yearwise breakup furnished by the Pr. PAO showed a debit balance of Rs 144.06 lakh. There was wide disparity between the outstanding figures appearing in the accounts and yearwise data of outstanding supplied by the Department, in so far as accounts reflected a credit balance but Department's information showed debit balance. In view of the above disparity, the authenticity of accounts under this head was questionable.

**(b) Suspense Accounts Civil**

Accounts of the Pr. PAO reflected a net credit outstanding of Rs 21936.25 lakh, whereas yearwise breakup showed a net credit balance of Rs 21947.23 lakh. Here again there was a difference of Rs 10.98 lakh between the two set of figures. Moreover, if the yearwise breakup of outstanding was to be taken into account, a sum of Rs 22042.95 lakh (debit of Rs 47.86 lakh and credit of Rs 21995.09 lakh) awaits clearance from this minor head of Suspense Accounts. Transactions prior to 1986-87 are awaiting adjustment.

**(c) PSB Suspense**

Statement No. 13 reflected a net debit outstanding of Rs 6159.08 lakh. Yearwise details of outstanding furnished by the department showed that a debit balance of Rs 10959.27 lakh and credit balance of Rs 4800.19 lakh was outstanding. Transactions even prior to 1986-87 are outstanding under this head. From the yearwise details it was observed that the real magnitude of outstanding awaiting adjustment was Rs 15759.46 lakh (debit of Rs 10959.27 lakh and credit of Rs 4800.19 lakh)

(d) RB Suspense Headquarters Cr. 19670.01 lakh

(e) RB Suspense CAO Cr. 2045.10 lakh

(f) Transaction on behalf of RBI Dr. 905.17 lakh

The Pr. PAO did not furnish the yearwise details of outstanding under the above minor heads and stated that the breakup was not available. In the absence of yearwise breakup of outstanding, the oldest period of outstanding could not be ascertained. Moreover, the Department may also not be in a

position to clear the outstandings under the above heads due to non-availability of details with them.

**(iii) Cheques and Bills**

Outstanding under the minor heads of this major head were as under:-

*(Rupees in thousand)*

PAO Cheques	Cr. 3544900
Departmental Cheques	Dr. 166936

**(a) PAO cheques**

In the accounts for the year 1998-99, a sum of Rs 35449.00 lakh credit was outstanding under the head. The Pr. PAO did not furnish the breakup of outstandings.

**(b) Departmental cheque**

In the accounts for the year 1998-99, Rs 1669.36 lakh debit was outstanding under the head. The balance under the head was adverse, i.e. more payments were stated to have been made than the value of the cheques issued, which is a serious lapse. The Department in this case also did not furnish the details of outstanding. The Department did not initiate any investigation to find out the reasons for adverse balance.

The accounting authorities did not take the appropriate action as envisaged under sub rule (2) of Rule 47 of Receipt and Payment Rules 1983.

**(iv) Ledger of balances under DDR heads**

Under sub para 5.9.2 of para 5.9 of Civil Accounts Manual, the Pr. PAO is required to maintain a ledger in form CAM-40 comprising the transactions of all PAOs under his jurisdictions put together, with minor head wise details. But no such ledger was maintained, although this is the initial and permanent record and in case of any discrepancy this is the only source for doing the reconciliation. In the absence of permanent record, it could not be ensured that the balances appearing in the Finance Accounts with regard to DDR heads were authentic.

**(v) Review of balances**

No review was conducted for the department as a whole and consolidated report sent to the Controller General of Accounts by 15 October by the Principal Pay and Accounts Office, Ministry of Finance, Department of Economic Affairs, as required in sub paras 13.13.1 and 13.13.2 of para 13.13 of Civil Accounts Manual. Thus, in the absence of review of balances, the balances appearing under the DDR heads could not be verified.

## CHAPTER IX : OTHER OBSERVATIONS

### 9.1 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues, duties advances written off/waived during 1998-99, is given in Appendix-XVI to this Report.

It will be seen from the Appendix that in 337 cases Rs 99.60 lakh representing losses mainly due to failure of system (Rs 1 lakh), neglect, fraud etc. on the part of individual Government officials (Rs 1.80 lakh) and for other reasons (Rs 96.80 lakh) were written off during 1998-99. No recovery was waived during the year.

### 9.2 Departmentally managed Government Undertakings - position of proforma accounts

As per provisions of the General Financial Rules, departmentally managed government undertakings of commercial or quasi-commercial nature are required to maintain such subsidiary accounts and proforma accounts as may be prescribed by Government in consultation with the Comptroller and Auditor General of India.

There were 37 departmentally managed Government Undertakings of commercial or quasi-commercial nature as of March 1999. The financial results of these undertakings are ascertained annually by preparing proforma accounts generally consisting of Trading, Profit and Loss Accounts and Balance Sheet. Department of Publications, Delhi and Government of India Presses prepare only stores accounts.

It is necessary for each ministry and department to ensure that the audited accounts are prepared by the undertakings with their control within nine months of the close of the financial year. The position of the summarised financial results of the departmentally managed government undertakings on the basis of their latest available accounts is given in the Appendix - XVII.

From the Appendix, it will be seen that the proforma accounts had not been prepared for periods ranging from one to 25 years as shown below:

<b>Period for which lying in arrears</b>		
<b>No. of years</b>	<b>Period</b>	<b>No. of Undertakings</b>
1-5	1993-94 to 1997-98	13
6-10	1988-89 to 1992-93	9
11-15	1983-84 to 1987-88	8
16-20	1978-79 to 1982-83	2
21-25	1973-74 to 1977-78	3
		<b>35</b>

The undertakings where proforma accounts were in arrears included All India Radio (15 years), Doordarshan (15 years), Medical Stores Depots (13 years), Delhi Milk Scheme (5 years).

The Public Accounts Committee, in their 57th Report (Tenth Lok Sabha) had observed that the proforma accounts of Doordarshan had not been finalised since 1977-78. While criticising the inordinate delay of more than 15 years in the finalisation of the accounts, the Committee recommended that Ministry in consultation with the Comptroller and Auditor General of India find out ways and means of maintenance of the up to date proforma accounts. In their Action Taken Report on the subject i.e. 106th Report (Tenth Lok Sabha), the Committee had observed that no substantial headway had been made in the finalisation process and expressed serious concern over this state of affairs. The Committee recommended that the pending proforma accounts be finalised within a period of two years. But proforma accounts of Doordarshan were still in arrears since 1983-84.

In the absence of proforma accounts, the cost of services provided by these organisations, which are intended to be managed on commercial basis, could not be ascertained. It was also not possible to work out normal performance indicators like, return on investment, profitability etc. for their activities.

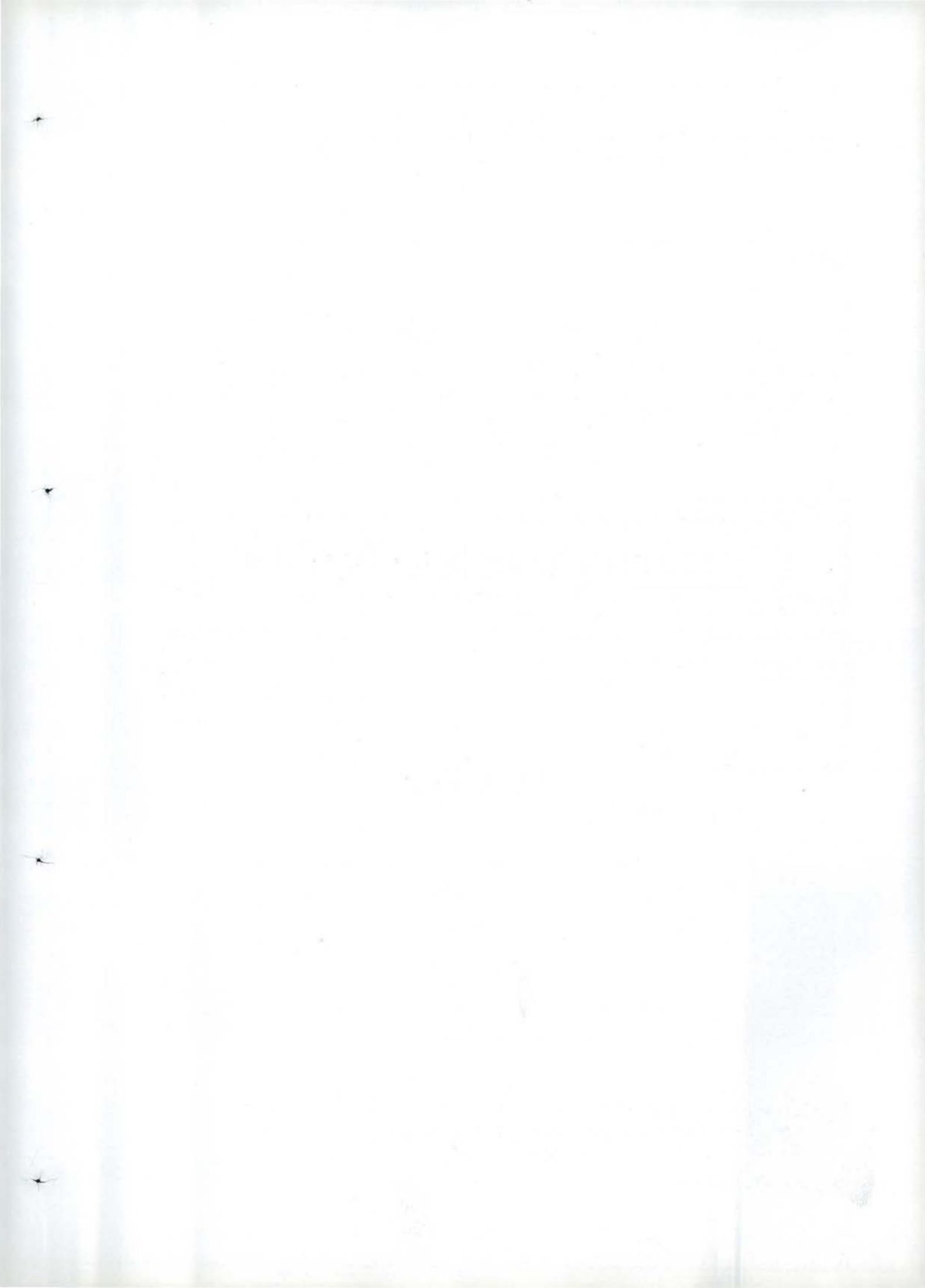
The delay in compilation of accounts in respect of departmentally managed undertaking was brought to the notice of Finance Secretary and Secretaries of the Ministries (i) Health and Family Welfare, (ii) Surface Transport, (iii) Defence, (iv) Agriculture, (v) Information and Broadcasting, (vi) Urban Affairs & Employment, (vii) Environment and Forests (viii) Power in December; 1999; for their replies/comments. Except Ministry of Urban Affairs & Employment and Ministry of Surface Transport, no other Ministry sent their replies/comments as of January 2000.

Director of Printing under Ministry of Urban Affairs and Employment only intimated the position of proforma accounts of Government of India Presses but did not explain the reasons for non-submission of financial results. Ministry of Surface Transport stated in January 2000 that facts mentioned in the draft para were being examined and reply would be sent shortly.

## Part II



### **Appropriation Accounts**





## CHAPTER X : INTRODUCTION: SUMMARY OF APPROPRIATION ACCOUNTS 1998-99

### Appropriation Accounts : Union Government (Civil)

<b>Total No. of grants</b>	<b>96</b>
<i>of which</i>	
◆ <b>Departmentalised grants</b>	<b>93</b>
◆ <b>Non-departmentalised grants</b>	<b>3</b>

### Total provision and actual disbursements

*(Rupees in crore)*

PROVISION*		DISBURSEMENTS*
Original	628740.73	
Supplementary	14447.76	
<b>Total gross provision</b>	<b>643188.49</b>	↔
		<b>Total gross Disbursements 608167.09</b>

(Estimated) 6303.52	Recoveries in reduction of disbursements	(Actual)	8026.96
Total net provision		Total net	
636884.97		Disbursements	600140.13

### Voted and charged provision and disbursements

	Provision		Disbursements	
	Voted	Charged	Voted	Charged
<b>Revenue</b>	112763.79	105231.60	114203.68	106237.51
<b>Capital</b>	26319.82	398873.28	25284.07	362441.83
<b>Total : gross</b>	139083.61	504104.88	139487.75	468679.34
<b>Recoveries in reduction of disbursements</b>	6297.00	6.52	8000.20	26.76
<b>Total : net</b>	<b>132786.61</b>	<b>504098.36</b>	<b>131487.55</b>	<b>468652.58</b>

\* These do not include the figures of Railways, Defence and P&T, while in table 10.3 of this chapter the figures include them on gross basis. In Part-I of this report the figures of Civil, Railways, Defence and P&T are on net basis.

### 10.1 Introduction

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

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

Five different Appropriation Accounts pertaining to different sectors of activities of the Government viz., Civil, Defence Services, Postal Services, Telecommunication Services and Railways are presented to Parliament. These Appropriation Accounts exhibit the total sanctioned grant/appropriation, actual disbursements and unspent provision/excess for the grant/ appropriation as a whole during the financial year. The total number of demands for grants/appropriations under which various Ministries/ Departments obtained the grants during 1998-99 under different sectors of activities were as under :

Sector of activity	No. of demands for grants/appropriations
Civil	96
Defence Services	5
Postal Services	1
Telecommunication Services	1
Railways	16
<b>Total:</b>	<b>119</b>

The Appropriation Accounts in respect of the grants for Post and Telecommunications, Defence Services and Railways are prepared by the respective Ministries. The Appropriation Accounts (Civil) in respect of 96 grants and appropriations mentioned above are prepared by the Controller General of Accounts in Ministry of Finance.

## 10.2 Appropriation Audit

The objective of appropriation audit is to ascertain whether the disbursements actually made under various grants is within the authorisation given under the Appropriation Acts and that the disbursements required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the disbursements made are in conformity with the law, relevant rules, regulations and instructions.

This part contains detailed audit observations on the Appropriation Accounts (Civil) prepared by the Controller General of Accounts for the year 1998-99 besides brief gist of audit findings on the Appropriation Accounts of Postal Services, Telecommunication Services, Defence Services and Railways, where appropriate. Detailed audit findings in respect of the Appropriation Accounts of Post and Telecommunications, Defence and Railways have been incorporated in CAG's Reports No. 6, 7, 8 and 9 of 2000.

## 10.3 Appropriation Accounts

A summary of Appropriation Accounts of gross sums expended during the year ended March 1999 compared with the several sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 1998-99 under Articles 114 and 115 of the Constitution of India, is given below:

**Table 10.3: Authorisation and disbursements**

*(Rupees in crore)*

	Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disburse- ments	Unspent provision- /Excess +
<b>Civil</b>						
<b>Voted</b>	I. Revenue	109434.34	3329.45	112763.79	114203.68	+1439.89
	II. Capital	18600.12	43.15	18643.27	18172.17	- 471.10
	III. Loans and Advances	6724.14	952.41	7676.55	7111.90	- 564.65
<b>Total Voted</b>		<b>134758.60</b>	<b>4325.01</b>	<b>139083.61</b>	<b>139487.75</b>	<b>+404.14</b>
<b>Charged</b>	IV. Revenue	105199.64	31.96	105231.60	106237.51	+1005.91
	V. Capital	15.71	22.43	38.14	28.44	- 9.70
	VI. Public Debt	359079.96	-	359079.96	322679.22	- 36400.74
	VII. Loans and Advances	29686.82	10068.36	39755.18	39734.17	- 21.01
<b>Total Charged</b>		<b>493982.13</b>	<b>10122.75</b>	<b>504104.88</b>	<b>468679.34</b>	<b>-35425.54</b>
<b>Grand Total-Civil</b>		<b>628740.73</b>	<b>14447.76</b>	<b>643188.49</b>	<b>608167.09</b>	<b>-35021.40</b>

(Rupees in crore)

	Nature of disbursements	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual disbursements	Unspent provision-/Excess +
<b>Post and Telecommunications (P&amp;T)</b>						
	Voted	33096.84	1059.45	34156.29	32855.21	-1301.08
	Charged	0.13	0.39	0.52	-	-0.52
	<b>Total-P&amp;T</b>	<b>33096.97</b>	<b>1059.84</b>	<b>34156.81</b>	<b>32855.21</b>	<b>-1301.60</b>
<b>Defence Services</b>						
	Voted	42364.33	--	42364.33	41341.58	- 1022.75
	Charged	20.72	--	20.72	21.93	+ 1.21
	<b>Total Defence Services</b>	<b>42385.05</b>	<b>--</b>	<b>42385.05</b>	<b>41363.51</b>	<b>- 1021.54</b>
<b>Railways</b>						
	Voted	51068.48	1701.16	52769.64	49392.92	- 3376.72
	Charged	24.13	11.88	36.01	26.28	- 9.73
	<b>Total Railways</b>	<b>51092.61</b>	<b>1713.04</b>	<b>52805.65</b>	<b>49419.20</b>	<b>- 3386.45</b>
	<b>Grand Total Voted:CFI</b>	<b>261288.25</b>	<b>7085.62</b>	<b>268373.87</b>	<b>263077.46</b>	<b>- 5296.41</b>
	<b>Grand Total Charged:CFI</b>	<b>494027.11</b>	<b>10135.02</b>	<b>504162.13</b>	<b>468727.55</b>	<b>- 35434.58</b>
	<b>Grand Total according to Union Government Appropriation Accounts:CFI</b>	<b>755315.36</b>	<b>17220.64</b>	<b>772536.00</b>	<b>731805.01</b>	<b>- 40730.99</b>

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

Out of the overall unspent provision of Rs 35021.40 crore in the grants pertaining to civil ministries/departments, Rs 28102.06 crore was on account of less than the budgeted drawal of 91, 28 and 14 days treasury bills and resulting in less than the budgeted repayments. Excluding this, the effective unspent provision was of Rs 6919.34 crore. Out of this, Rs 148.17 crore was attributable to less interest payment on these treasury bills for the reasons stated above.

Further, it would be seen from the above table that under the provision of Repayment of debt, the total unspent provision was of Rs 36400.74 crore. Of this unspent provision, Rs 28102.06 crore was on account of less discharge of short term borrowing viz. 91, 28 and 14 days treasury bills, while the remaining unspent provision of Rs 8298.68 crore against the provision for Repayment of debt related to market loans and External Debt. This unspent provision had the effect of hiding the excess in the service heads for revenue and other capital expenditure.

If both the provision and unspent amount for Repayment of debt are ignored, the civil ministries ended with the aggregate excess of Rs 1379.34 crore.

It is noteworthy that the above analysis of unspent provision/excess is with reference to the original provision plus the supplementary grants obtained in the first batch. However, since the ministries could not be aware that the second batch of supplementary demands for grants would not be made effective, they ought to have planned their expenditure assuming that the demands for supplementary grants in the second batch would be passed and related Appropriation Act would also come into effect. Therefore, in reality, the financial performance of the ministries/departments should be seen after reckoning this demand included in the second batch of supplementary demands for grants.

Since the demands for civil ministries in second batch of supplementary demands for grants aggregated Rs 11809.55 crore, the effective unspent provision would be as under:-

	<i>(Rupees in crore)</i>	
	<b>First supplementary</b>	<b>Second supplementary</b>
Total unspent provision	35021.40	46830.95
Unspent provision excluding 91, 28 and 14 days treasury bills	6919.34	18728.89
Unspent provision excluding Public Debt	1379.34 (excess)	10430.21

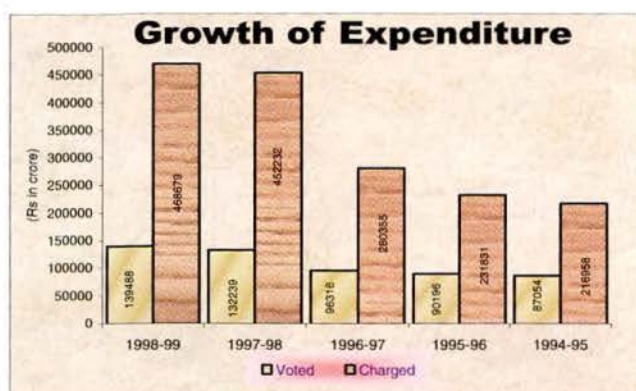
### ***10.3.1 Detailed results of Appropriation Audit of selected ministries***

While overall results of Appropriation Audit (Civil) are included in Chapters X to XV, the detailed results of Appropriation Audit of a few selected ministries/departments are included in Chapter XVI.

Similarly detailed results of Appropriation Audit of Post and Telecommunications, Defence Services (Army and Ordnance factories); Defence Services (Air Force and Navy) and Railways are included in Report Nos. 6,7, 8 and 9 of 2000 of the Comptroller and Auditor General of India respectively.

## **10.4 Charged and voted expenditure**

The details of the amounts of the disbursements actually made against approved demands (grants and appropriations) of the civil ministries/departments for the years 1994-95 to 1998-99 are given in Annexure I at the end of this chapter. It would be seen that during the last five years 71 to 77 per cent of the disbursements of the civil ministries was charged on the Consolidated Fund of India.



While the total disbursements of the civil ministries have increased by 100 *per cent* from Rs 304012 crore in 1994-95 to Rs 608167 crore during 1998-99, charged disbursements has increased by 116 *per cent* from Rs 216958 crore to Rs 468679 crore and voted disbursements has increased by 60 *per cent* from Rs 87054 crore to Rs 139488 crore.

- The charged disbursements of civil ministries during 1998-99 was mainly on account of interest payments (Rs 77882 crore i.e. 19 *per cent* higher than Rs 65637 crore for 1997-98), repayment of debt (Rs 322679 crore), transfers to States and Union Territory Governments mainly on account of states share of basic and additional Union Excise Duties, block grants and loans for state plan schemes, loans to States and Union Territories against net small savings collection, loans for rural electrification etc. excluding share of net collection of Income Tax (Rs 67121 crore i.e 23 percent higher than Rs 54717 for 1997-98) and others (Rs 997 crore) and constituted 77 *per cent* of the total disbursements.

Since charged disbursements are not subject to vote by the Parliament, the scope of financial control by the Parliament gets limited to only about 23 *per cent* of the total disbursement in the civil ministries. However, viewed in the background of the total disbursements from the Consolidated Fund of India (Rs 731805 crore), the percentage of charged disbursements was 64 *per cent* (Rs 468728 crore). If the disbursements on salary and allowances, which is largely inflexible, is also added to it, less than 25 *per cent* of the total disbursement of the Consolidated Fund of India is effectively voted by the Parliament.

**Limited scope of financial control by Parliament over the disbursements of civil ministries due to very high charged disbursements.**

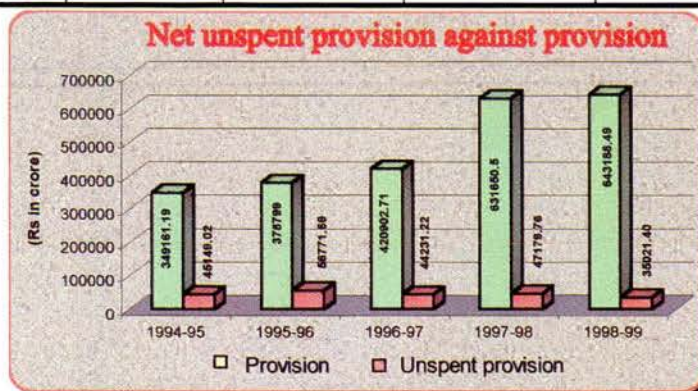
### 10.5 Results of Appropriation Audit (Civil Ministries)

Unspent provision in each grant are worked out separately for voted and charged sections for both the Revenue and Capital disbursements. The overall unspent in civil ministries as mentioned in para 10.3 above was the net result of unspent provision in 167 sections of grants/appropriations and excess in 56 sections as under:

Table 10.5: Net unspent provision in Grants/Appropriations

(Rupees in crore)

Grants and Appropriations affected	Unspent provision		Excess		Net unspent provision(-)/ Excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Civil						
Voted	5710.84	2792.09	7150.73	1756.34	+1439.89	-1035.75
No. of grants	59	60	31	12		
Charged	1885.68	36457.25	2891.59	25.80	+1005.91	-36431.45
No. of Appropriations	32	16	9	4	--	--
Post and Telecommunications						
Voted	76.33	1525.60	300.85	-	+224.52	-1525.60
No. of grants	1	2	1	-	-	-
Charged	0.51	0.01	-	-	-0.51	-0.01
No. of Appropriations	2	1				
Defence Services						
Voted	964.96	332.72	274.93	--	- 690.03	- 332.72
No. of grants	2	1	2	--		
Charged	7.77	--	--	8.98	- 7.77	+ 8.98
No. of Appropriations	4	--	--	1		
Railways						
Voted	1970.64	1752.19	346.11	-	- 1624.53	- 1752.19
No. of grants	13	1	4			
Charged	9.51	0.86	0.57	0.07	- 8.94	- 0.79
No. of Appropriations	9	1	4	1		



The original provision of Rs 628741 crore obtained for the year 1998-99 was 37 per cent more than Rs 460248 crore obtained for 1997-98. During 1998-99, total disbursements of Rs 608167 crore was Rs 23696 crore higher

than the total disbursements of Rs 584471 crore during 1997-98. The charged disbursements registered 4 per cent increase whereas increase in voted

disbursements was 5 per cent over the preceeding year. 69 per cent of the charged disbursements pertains to repayment of debt and 17 per cent to interest payments. Charged disbursements were 77 per cent of the total disbursements under civil ministries. This included interest payments and repayment of debt which accounted for 66 per cent of the total disbursements under civil ministries.

**Position of Original/Supplementary Grants obtained under civil ministries and percentage of supplementary provision to the original provision during last five years**

(Rupees in crore)

Year	Provision	Revenue		Capital					Total
		Voted	Charged	Voted		Charged			
				Capital	Loans & Advances	Public Debt	Capital	Loans & Advances	
1994-95	Original	64579	66938	14846	5536	168638	7	14500	335044
	Supplementary	6686	256	1954	779	176	219	4047	14117
	<b>Percentage</b>	<b>10</b>	<b>0.4</b>	<b>13</b>	<b>14</b>	<b>0.1</b>	<b>3129</b>	<b>28</b>	<b>4</b>
1995-96	Original	69473	77275	8722	5766	184928	8	16731	362903
	Supplementary	8065	99	3358	1337	-	3	3034	15896
	<b>Percentage</b>	<b>12</b>	<b>0.1</b>	<b>38</b>	<b>23</b>	<b>-</b>	<b>38</b>	<b>18</b>	<b>4</b>
1996-97	Original	86187	87431	9042	6790	201914	9	22202	413575
	Supplementary	4378	55	767	418	-	11	1698	7327
	<b>Percentage</b>	<b>5</b>	<b>0.1</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>122</b>	<b>8</b>	<b>2</b>
1997-98	Original	94519	97177	9907	6258	227229	8	25150	460248
	Supplementary	30641	62	3507	781	130735	4	5673	171403
	<b>Percentage</b>	<b>32</b>	<b>0.1</b>	<b>35</b>	<b>12</b>	<b>58</b>	<b>50</b>	<b>23</b>	<b>37</b>
1998-99	Original	109434	105200	18600	6724	359080	16	29687	628741
	Supplementary	3329	32	43	953	-	23	10068	14448
	<b>Percentage</b>	<b>3</b>	<b>0.03</b>	<b>0.23</b>	<b>14</b>	<b>-</b>	<b>144</b>	<b>34</b>	<b>2</b>
	Supplementary demanded in March 1999 but could not be passed.	7569	2272	95	1847	-	4	23	11810

### 10.6 Expenditure incurred without sanction

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

Scrutiny of Annexure 'B' of the appropriation accounts for 1998-99 revealed that disbursements on 10 items aggregating Rs 22 lakh had been made by Ministry of Finance without sanction in contravention of the aforesaid rules. This amount is included in the disbursements figures of respective grants of

Ministry of Finance  
spent Rs 0.22 crore  
without proper sanction.



Ministry of Finance. The Controller General of Accounts, while certifying the disbursements has qualified this amount from the point of view of sanction. Details of such cases for the last five years are given in Annexure II of this chapter.

### **10.7 Disbursements made in the month of March/last quarter of the financial year**

As per Note 3 of Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Test checks revealed that despite being pointed out by Audit regularly in previous Audit Reports of the Comptroller and Auditor General of India from the year 1996 and contrary to the above provisions, disbursements ranging from 27 to 100 *per cent* was made in the month of March 1999 in 68 major heads of 34 grants/appropriations. Disbursements made in the last quarter of the year ranged from 50 to 100 *per cent* in 77 Major Heads of 36 grants/appropriations. A few instances are indicated in Appendix XVIII.

**Rush of disbursements in the month of March/last quarter of the financial year persistent during 1998-99 also.**

The details in Appendix XVIII would indicate that in respect of almost all disbursements on grants-in-aid to State/Union Territory Governments, loans and investments, the funds were released only in the month of March. It is necessary to consider the functional impact of this practice. It should also be ascertained whether this practice had any impact on achievement of the overall targets of development, which takes into account the utilisation of these funds during the financial year for which these are voted or appropriated.

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

### **10.8 Exclusion of expenditure amounting to Rs 26.71 crore from Appropriation Accounts for the year 1998-99.**

Appropriation accounts means the accounts which indicate the expenditure (both voted and charged) of the Government for each financial year compared with the amount of voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Acts passed by Parliament and as such money spent during a year shall not ordinarily be kept out of Appropriation Accounts longer than absolutely necessary. Scrutiny of appropriation accounts of various grants/appropriations for the year 1998-99 revealed that in case of four grants/appropriations mentioned below, expenditure involving Rs 26.71 crore was kept out of the Appropriation Accounts (Civil) for the year 1998-99 after incurring the

expenditure and showing the same in the Contingency Fund of India as unrecovered advances.

(Rupees in crore)

	Actual expenditure incurred during the year	Expenditure kept out of Appropriation Account	Expenditure shown in the Appropriation Account	Advance drawn from Contingency Fund of India
Grant No.27-Currency, Coinage and Stamps				(Rupees)
Revenue-(Charged)	6.46	1.93	4.53	19268000
Grant No. 50-Department of Culture				
Revenue(Voted)	312.18	14.69	297.49	150000000
Grant No. 55-Department of Small Industries and Agro and Rural Industries				
Revenue(Voted)	670.79	1.65	669.14	16482842
Grant No. 61-Supreme Court of India				
Revenue(Charged)	29.42	8.44	20.98	84360000
<b>Total</b>	<b>1018.85</b>	<b>26.71</b>	<b>992.14</b>	<b>270110842</b>

The matter was taken up with the concerned Controllers of Accounts and the Controller General of Accounts, who stated that the expenditure was met out of Contingency Fund of India, which could not be recovered as Appropriation Act authorising additional expenditure came into force after financial year had already ended. Since the expenditure incurred out of the advances from the Contingency Fund of India, it requires the approval of Parliament which was not taken by the concerned ministries/department and resulted in unauthorized excess expenditure. This expenditure requires regularization.

### 10.9 Analysis and audit findings

In the chapters that follow, an analysis of various facets of Appropriation Accounts has been presented. It includes an analysis of excess expenditure requiring regularisation by Parliament, unspent provision requiring explanation, reappropriations, utilisation of supplementary grants, cases of new service/new instrument of service and detailed observations in respect of the Ministries selected for in-depth examination. In respect of crucial areas of disbursements, trends over the past few years have been presented for a balanced appreciation.

**Annexure I**  
**(Refers to Paragraph 10.4)**  
**Proportion of charged and voted disbursements**  
**(civil sector)**

(Rupees in crore)

Sl. No	Year	Authorisation			Disbursements				
		Voted	Charged	Total	Voted	Charged	Total	% age of Voted	% age of Charged
1.	1994-95	94380	254781	349161	87054	216958	304012	29	71
2.	1995-96	96720	282079	378799	90196	231831	322027	28	72
3.	1996-97	107583	313320	420903	96316	280355	376671	26	74
4.	1997-98	145613	486038	631651	132239	452232	584471	23	77
5.	1998-99	139083	504105	643188	139488	468679	608167	23	77

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

(Rupees in lakh)

Year	Ministry of Finance	
	No. of items	Amount
1994-95	45	89.51
1995-96	23	44.56
1996-97	27	45.52
1997-98	17	12.24
1998-99	10	21.85

## CHAPTER XI: DISBURSEMENTS IN EXCESS OF ALLOCATION

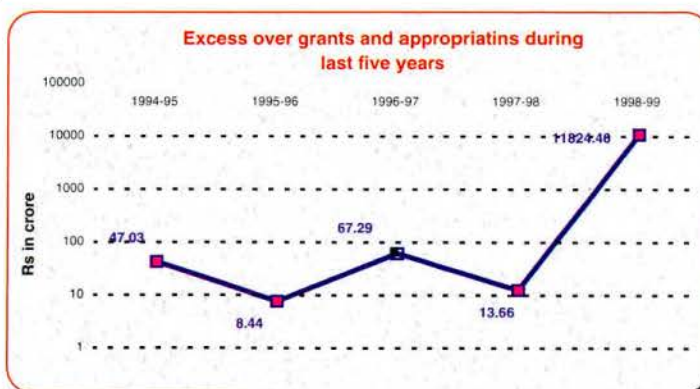
(Amount in Rupees)

		Civil	Post and Telecomm-unications	Defence Services	Railways
<b>Voted</b>	Revenue	71507265254	3008500000	2749327145	3461074896
	Capital	17563431383	--	--	--
<b>Charged</b>	Revenue	28915924639	--	--	5720054
	Capital	258002208	--	89822170	681327
	<b>Total Excess</b>	<b>118244623484</b>	<b>3008500000</b>	<b>2839149315</b>	<b>3467476277</b>
	No of Grants/ Appropriations	42	1	3	9
Excess as the Appropriation Act authorising additional expenditure came into force after financial year had already ended		111127727074	3008500000	2839149315	--
Excess excluded the 2 <sup>nd</sup> batch of supplementary demands for Grants		7116896410	--	--	3467476277
<b>Total</b>		<b>118244623484</b>	<b>3008500000</b>	<b>2839149315</b>	<b>3467476277</b>
<b>Grand Total</b>		<b>127559749076</b>			

### 11.1 Excess disbursements over grants/appropriations (Civil)

As per Article 114(3) of the Constitution, no money is to be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rule 71 stipulates that no disbursements should be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. During 1998-

**Civil ministries exceeded the authorisation by Rs 11824.46 crore, which require regularisation.**



99 there was an excess disbursements of Rs 118244623484 (i.e Rs 11824.46 crore) in 56 segments of 41 grants and one appropriation under revenue as well as capital sections in civil ministries.

Out of the total excess of Rs 11824.46 crore, excess of Rs 11112.77 crore occurred as the Appropriation Act authorising additional disbursements of Rs 11809.55 crore on the basis of second batch of supplementary demands for grants could not come into force before the close of the financial year 1998-99. Excluding this, there was excess disbursements of Rs 711.69 crore in six grants and one appropriation. The total excess disbursements, including those occurring on account of second batch of supplementary grants which could not come into force during the year will require regularisation. Details of such excess under civil ministries was as under:

	Excess disbursements		
	Total	Included in second batch of supplementary demands March 1999	Not included in the second batch of supplementary demands of March 1999.
Revenue	Rupees	Rupees	Rupees
<i>Voted</i>	71507265254	71302375221	204890033
<i>Charged</i>	28915924639	22572061064	6343863575
Capital			
<i>Voted</i>	17563431383	16995328739	568102644
<i>Charged</i>	258002208	257962050	40158
<b>Grand total</b>	<b>118244623484</b>	<b>111127727074</b>	<b>7116896410</b>

Details of total excess over the authorisation from the Consolidated Fund of India are given below:

Sl.No	Grant/Appropriation	Rupees	Contributory reasons as stated by Government
<b>Revenue-Voted</b>			
1.	1 – Agriculture	<i>Grant</i> 44109800000 <i>Expenditure</i> 47287870646 <i>Excess covered under second batch of supplementary demands for grants</i> 3178070646	<ul style="list-style-type: none"> <li>* Increase in subsidy rates by Government and sale of decontrolled phosphatic and pottasic fertilizers (Rs 789.95 crore)</li> <li>* Meeting Central Government share of 50 percent loss on market intervention scheme on apples in Himachal Pradesh (Rs 9.98 crore).</li> <li>* Large honorarium payments to field staff for Agriculture Census work (Rs 4.57 crore).</li> </ul>

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
2.	11 – Department of Sugar and Edible Oils	Grant Expenditure Excess covered under second batch of supplementary demands for grants	7656100000 8327339867 671239867	* Additional subsidy released to State Trading Corporation on account of import of edible oil for distribution through Public Distribution System (Rs 75.00 crore).
3.	13 – Department of Commerce	Grant Expenditure Excess covered under second batch of supplementary demands for grants	9323100000 9600172682 277072682	* Receipt of more claims from the Ministry of External Affairs. * Additional requirement of funds for settlement of pending claims of exporters under export subsidy (Rs 73.62 crore). * Settlement of losses incurred on procurement of rubber following fall in prices during the year.
4.	17 – Ministry of Defence	Grant Expenditure Excess covered under second batch of supplementary demands for grants	29971700000 30622497355 650797355	* Payment of second instalment of arrears following implementation of recommendations of Fifth Central Pay Commission. * Procurement of more stores owing to growth of sales of the Canteen Stores Department. * Increase in pensionary charges, domestic travel, interest payment and other charges.
5.	18 – Defence Pensions	Grant Expenditure (1) Excess covered under second batch of supplementary demands for grants. (2) Excess not covered by second batch of	59231900000 72699842021 13464700000 3242021	* Revision in the pensionary benefits of Defence retirees following implementation of recommendations of Fifth Central Pay Commission. * Sanction of two instalments of dearness relief from 1 <sup>st</sup> January and 1 <sup>st</sup> July 1998.

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
		<i>supplementary demands for grants</i>		
6.	25 – Ministry of External Affairs	<i>Grant</i> <i>Expenditure</i> <i>Excess not covered by second batch of supplementary demands for grants.</i>	18916900000 18947092735 30192735	<ul style="list-style-type: none"> <li>* Payment of second instalment of arrears as per recommendations of Fifth Central Pay Commission.</li> <li>* Increase in air fares, hotel tariffs.</li> <li>* General increase of rents worldwide and depreciation of Indian rupees.</li> <li>* Implementation of indexation scheme of Foreign Allowance.</li> <li>* Higher disbursements on state visit of foreign dignitaries.</li> <li>* Additional disbursements on visits abroad by VVIPs.</li> <li>* Enhancement of grants-in-aid to Indian Council for Cultural Relation.</li> <li>* Additional aid commitments for supply of rice, wheat and maize as flood relief.</li> <li>* Additional aid commitments to Bhutan for maintaining the pace of construction of Tala and Kurichu Projects.</li> <li>* Additional aid commitments under ITEC Programme.</li> </ul>
7.	26 – Department of Economic Affairs	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	29456000000 33067009746 3611009746	<ul style="list-style-type: none"> <li>* Additional exchange loss under Foreign currency (Non-Resident) Accounts Scheme.</li> <li>* More than anticipated payments due to exchange losses.</li> <li>* Higher contribution for Global Environment facility.</li> </ul>

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
8.	28 – Payments to Financial Institutions	<i>Grant</i>	3008100000	<ul style="list-style-type: none"> <li>* Unfavourable exchange rate variation.</li> <li>* Receipt of higher claims for reimbursement from ICICI and IDBI.</li> <li>* Write down Government's investment (Capital base) in certain banks to enable them to raise capital from market.</li> </ul>
		<i>Expenditure</i>	28675744785	
		<i>Excess covered under second batch of supplementary demands for grants</i>	25667644785	
9.	34 – Pensions	<i>Grant</i>	14271500000	<ul style="list-style-type: none"> <li>* Settlement of more cases of pensions/commutations/gratuities/family pensions owing to revision following implementation of recommendations of Fifth Central Pay Commission.</li> <li>* Depositing of arrears of government contribution of three years following inclusion of one thousand officials of Department of Atomic Energy to the scheme of Contributory Provident Fund from General Provident Fund.</li> <li>* Receipt of more insurance claims following more than anticipated number of death cases.</li> </ul>
		<i>Expenditure</i>	27996032713	
		<i>(1) Excess covered under second batch of supplementary demands for grants.</i>	13680600000	
		<i>(2) Excess not covered by second batch of supplementary demands for grants</i>	43932713	
10.	35 – Audit	<i>Grant</i>	7662200000	<ul style="list-style-type: none"> <li>* Payment of arrears of pay and allowances on account of implementation of Fifth Central Pay Commission Report.</li> <li>* Revision of rent of buildings.</li> <li>* Computerisation of State Accounts.</li> </ul>
		<i>Expenditure</i>	7847775524	
		<i>Excess covered under second batch of supplementary demands for grants</i>	185575524	
11.	37 – Direct Taxes	<i>Grant</i>	7659800000	<ul style="list-style-type: none"> <li>* Increased disbursements on advertisement and publicity of 'Kar Vivad Samadhan Scheme' to increase the tax base.</li> </ul>
		<i>Expenditure</i>	8133624923	
		<i>Excess covered under second batch of</i>	473824923	



Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
		<i>supplementary demands for grants</i>		<ul style="list-style-type: none"> <li>* Payment of arrears of pay and allowances following implementation of the recommendations of Fifth Central Pay Commission, bonus, dearness allowances etc.</li> <li>* Payment of arrears of revised rent of hired buildings and maintenance of departmental buildings.</li> </ul>
12.	38 – Indirect Taxes	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	10008800000 10270533290 261733290	<ul style="list-style-type: none"> <li>* Payment of second instalment of arrears of salaries etc. following implementation of the recommendations of Fifth Central Pay Commission.</li> <li>* Payment of linkage charges for computers.</li> <li>* Higher disbursements on advertisement and publicity for implementation of Kar Vivad Samadhan Scheme.</li> <li>* Increased disbursements on Infrastructural support including computer equipments.</li> <li>* Higher rent of hired buildings.</li> <li>* Increased disbursements on the printing of match excise banderols and clearance of claims of earlier years.</li> </ul>
13.	41 – Department of Indian Systems of Medicine and Homoeopathy	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	850900000 885582815 34682815	<ul style="list-style-type: none"> <li>* Additional requirement of funds on account of revision of pay-scales of teachers/staff, postgraduate stipend, procurement of ready built houses for use as staff quarters and general price hike of various consumable items.</li> <li>* Payment of arrears of revised</li> </ul>

Sl.No	Grant/Appro- piation	Rupees		Contributory reasons as stated by Government
				<p>pay and allowances/non-practising allowances and purchase of equipments.</p> <p>* Coverage of more institutions for their upgradations.</p>
14.	43 – Ministry of Home Affairs.	<p><i>Grant</i></p> <p><i>Expenditure</i></p> <p><i>Excess covered under second batch of supplementary demands for grants</i></p>	<p>4284000000</p> <p>4411753908</p> <p>127753908</p>	<p>* Payment of second instalment of arrears of pay and allowance following implementation of the recommendations of Fifth Central Pay Commission, two instalments of dearness allowance and revision of travelling allowance rates w.e.f. 1-10-97.</p> <p>* Reimbursement of more than anticipated claims and clearance of previous claims of some State Governments.</p>
15.	45 – Police	<p><i>Grant</i></p> <p><i>Expenditure</i></p> <p><i>Excess covered under second batch of supplementary demands for grants</i></p>	<p>59213500000</p> <p>60504662469</p> <p>1291162469</p>	<p>* Increase in the cost of contractual items and higher transportation charges, procurement of additional arms and ammunition, vehicles, spare parts, machinery and equipments.</p> <p>* More reimbursement to Ministry of Defence in respect of J&amp;K Light Infantry.</p> <p>* Payment of detachment/travelling/daily allowance at revised rates.</p> <p>* Higher disbursements on office expenses.</p> <p>* Increase in rail fares.</p> <p>* Increase in rates of ex-gratia payment to the families of forces personnel who die in harness in performance of their duties.</p> <p>* Payment of second</p>

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
				<p>instalment of arrears of pay and allowances and two instalments of dearness allowance.</p> <p>* Revision in the rates of hiring charges of vehicles for important persons security.</p> <p>* Recruitment of staff following post budget decision for setting up of 17 new police stations in Delhi.</p> <p>* Clearance of past liabilities of electricity and Central Public Works Department.</p>
16.	47 – Transfers to Union Territory Governments	<i>Grant</i> <i>Expenditure</i> <i>Excess covered by second batch of supplementary demands for grants</i>	3532500000 4366600000 834100000	* Additional central assistance to Union Territory Government of Pondicherry to meet non-plan deficit and Block Grants.
17.	52 – Industrial Development and Industrial Policy and Promotion	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	5674700000 6195621182 520921182	<p>* Enhanced requirement of Central Public Sector undertakings and Nodal Agencies owing to receipt of more applications for Voluntary Retirement Scheme.</p> <p>* Release of additional grant assistance to licenced salt works damaged by cyclone in Gujarat.</p>
18.	54 – Department of Heavy Industry	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	674900000 4248263103 3573363103	<p>* Receipt of more applications for availing voluntary retirement scheme in Engineering and Consumer Industries and National Industrial Development Corporation Ltd.</p> <p>* Grant of interest subsidy as part of approved revival package to Braithwaite,</p>

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
				<p>Bharat Brakes and Valves Ltd., Heavy Engineering Corporation Ltd., Instrumentation Ltd. and Hindustan Cables Ltd.</p> <p>* Grant of Guarantee Fees subsidy as part of approved revival package to Heavy Engineering Corporation Ltd. and Hindustan Cables Ltd.</p>
19.	56 – Information, Films and Publicity	<p><i>Grant</i></p> <p><i>Expenditure</i></p> <p><i>Excess covered under second batch of supplementary demands for grants</i></p>	<p>1973400000</p> <p>1982163692</p> <p>8763692</p>	<p>* Meet additional establishment related disbursements of the Department.</p> <p>* Purchase of new vehicles for field publicity units.</p> <p>* Payment of second instalment of pay arrears and dearness allowances.</p> <p>* Increase in the cost of maintenance/electricity tariff.</p>
20.	60 – Election Commission	<p><i>Grant</i></p> <p><i>Expenditure</i></p> <p><i>Excess covered under second batch of supplementary demands for grants</i></p>	<p>75000000</p> <p>85257795</p> <p>10257795</p>	<p>* Meeting the additional establishment related disbursements of the Commission.</p>
21.	78 – Ministry of Steel	<p><i>Grant</i></p> <p><i>Expenditure</i></p> <p><i>Excess covered under second batch of supplementary demands for grants</i></p>	<p>372000000</p> <p>483437037</p> <p>111437037</p>	<p>* Receipt of more than anticipated applications under voluntary retirement scheme in Iron and Steel Industries.</p>
22.	80 – Roads	<p><i>Grant</i></p> <p><i>Expenditure</i></p> <p><i>Excess covered under second batch of</i></p>	<p>10472500000</p> <p>10478292551</p> <p>5792551</p>	<p>* Reimbursement of toll collection charges to some State Governments.</p> <p>* Additional disbursements on maintenance and repairs to</p>

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
		<i>supplementary demands for grants</i>		National Highways damaged by rains and floods.
23.	81 – Ports, Light-houses and Shipping	<i>Grant</i> <i>Expenditure</i> <i>(1) Excess covered under second batch of supplementary demands for grants.</i>  <i>(2) Excess not covered by second batch of supplementary demands for grants.</i>	3533700000 4672153043 1016400000  122053043	* Provide additional grant assistance to the Hindustan Shipyard Limited for voluntary retirement scheme. * Reimbursement to Calcutta Port Trust of additional disbursements incurred on dredging and maintenance of Hooghly river and shipping Channel leading to Haldia. * Payment to Shipping Corporation of India for management of Departmental Vessels M.V. Sagardeep and M.V. Pradeep. * Larger realisation of 'light dues' over revenue disbursements.
24.	95 – Rajya Sabha	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	380600000 404856656 24256656	* Increase in salary and travel expenses of the members of Rajya Sabha. * Increase in quantum of working of the committees.
25.	96 – Lok Sabha	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	665800000 776668525 110868525	* Additional establishment related disbursements.
26.	98 – Secretariat of the Vice-President	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of</i>	7000000 10699304 3699304	* Additional establishment related disbursements.

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
		<i>supplementary demands for grants</i>		
27.	99 – Andaman and Nicobar Islands	<i>Grant</i>	4837900000	<ul style="list-style-type: none"> <li>* Clearance of outstanding committed liabilities for modernisation of A &amp; N Fire Services.</li> <li>* Additional disbursements on arrears of pay and allowances following implementation of recommendations of Fifth Central Pay Commission.</li> <li>* Procurement of high speed diesel oil and other stores.</li> <li>* Clearance of backlog payment of Inland Transport subsidies to industrial units.</li> <li>* More payment to Shipping Corporation of India.</li> <li>* Purchase of additional stores by Public Works Department for execution of works</li> </ul>
		<i>Expenditure</i>	5065077822	
		<i>Excess covered under second batch of supplementary demands for grants</i>	227177822	
28.	100 – Chandigarh	<i>Grant</i>	5229300000	<ul style="list-style-type: none"> <li>* Payment of arrears of pay and allowances on account of revision of pay scales on Punjab pattern w.e.f. 1-1-1996.</li> <li>* Purchase of more power and to clear the liabilities of past years.</li> <li>* Payment to the Wet Dredging Corporation for the work done at Sukhna Lake.</li> <li>* Payment of more electricity, water and telephone bills.</li> <li>* Purchase of computerised PBAX system, more office equipments, machinery, medicines, chemicals, surgical items, furniture, operational vehicles etc.</li> <li>* Payment of grants-in-aid to the Punjab University under</li> </ul>
		<i>Expenditure</i>	6167238422	
		<i>Excess covered under second batch of supplementary demands for grants</i>	937938422	

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
				re-organisation Act 1996 to clear deficit. * Increase in maintenance and repair works and increase in cost of materials.
29.	101 – Dadra and Nagar Haveli	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	1429300000 1569642287 140342287	* Settlement of debit notes received from Pay and Accounts Office, Department of Supply, New Delhi. * Payment of power/energy charges of Electricity Department.
30.	102 – Daman and Diu	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	1226000000 1309288835 83288835	* Additional disbursements on bulk purchase of power and hike in power tariff. * Payment of water charges to Gujarat Water Supply and Sewerage Board for Diu district.
31.	103- Lakshadweep	<i>Grant</i> <i>Expenditure</i> <i>(1) Excess covered under second batch of supplementary demands for grants.</i>  <i>(2) Excess not covered by second batch of supplementary demands for grants</i>	1387100000 1510469521 117900000  5469521	* Payment of second instalment of arrears on account of implementation of recommendations of Fifth Central Pay Commission Report  * General increase in prices of mid day meals articles * Urgent payments to the Shipping Corporation of India for repair of ships.
	<b>Revenue – Charged</b>			
32.	17 – Ministry of Defence	<i>Appropriation</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	1500000 6431217 4931217	* Finalization of larger number of cases by Courts/CAT etc.

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
33.	29 – Interest Payments	<i>Appropriation</i> <i>Expenditure</i> (1) Excess covered under second batch of supplementary demands for grants. (2) Excess not covered by second batch of supplementary demands for grants	75000000000 778823863575 22480000000  6343863575	<ul style="list-style-type: none"> <li>* 'Recourse to enhanced market borrowings to bridge the resource gap.</li> <li>* More than anticipated payment under different bond schemes especially 10% relief Bonds 1995.</li> <li>* Spill over payment of accrued interest to the holders of Bonds against Iraq Exports.</li> <li>* Receipt of more than anticipated claims under Management of Debt.</li> <li>* Exchange rate variations.</li> <li>* Higher drawal of external debt consequently higher interest payments.</li> <li>* More than anticipated payments of interest on account of increased collections/deposits of Small Savings, Provident Funds and other deposits etc.</li> <li>* Larger number of claims preferred by National Savings Scheme and Post office National Savings Certificate (New series) holders.</li> <li>* Higher payment of agency commission owing to more collection under various schemes.</li> </ul>
34.	35 – Audit	<i>Appropriation</i> <i>Expenditure</i> Excess covered under second batch of supplementary demands for grants	210500000 222708882 12208882	<ul style="list-style-type: none"> <li>* Purchase of new LAN system.</li> <li>* Payment of arrears of pay and allowances of Fifth Central Pay Commission Report.</li> <li>* Fluctuations in the rate of exchange and increase in daily allowance to UN Audit parties.</li> </ul>



Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
35.	72 – Department of Rural Development	<i>Appropriation</i>	-	* Payment in satisfaction of Court's decree.
		<i>Expenditure</i>	1455482	
		<i>Excess covered under second batch of supplementary demands for grants</i>	1455482	
36.	75 – Department of Science and Technology	<i>Appropriation</i>	100000	* Meeting obligatory disbursements in satisfaction of Court decree.
		<i>Expenditure</i>	449587	
		<i>Excess covered under second batch of supplementary demands for grants</i>	349587	
37.	83 – Urban Development	<i>Appropriation</i>	123400000	* Increase in cost of material and increased wages to labourers as per recommendations of Fifth Central Pay Commission.
		<i>Expenditure</i>	127558985	
		<i>Excess covered under second batch of supplementary demands for grants</i>	4158985	
38.	94 – Staff, Household and Allowances of the President	<i>Appropriation</i>	77600000	* Meeting additional establishment related disbursements.
		<i>Expenditure</i>	108563765	
		<i>Excess covered under second batch of supplementary demands for grants</i>	30963765	
39.	95 – Rajya Sabha	<i>Appropriation</i>	1500000	* Additional establishment disbursements following revision of salary of Chairman and Dy. Chairman w.e.f. 1-1-1996.
		<i>Expenditure</i>	1688020	
		<i>Excess covered under second batch of supplementary demands for grants</i>	188020	

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
40.	100 – Chandigarh	<i>Appropriation</i>	155500000	* Payment of arrears of pay and allowances on account of revision of pay scales on Punjab pattern w.e.f. 1-1-96. * Increase in number of MACT claims.
		<i>Expenditure</i>	193305126	
		<i>Excess covered under second batch of supplementary demands for grants</i>	37805126	
<b>Capital - Voted</b>				
41.	5 – Department of Chemicals and Petrochemicals	<i>Grant</i>	918800000	* Release of non-plan loan to Petrofils Co-operative Limited for meeting shortfall in its resources.
		<i>Expenditure</i>	948300000	
		<i>Excess covered under second batch of supplementary demands for grants</i>	29500000	
42.	11 – Department of Sugar and Edible Oils	<i>Grant</i>	1766100000	* Receipt of more than anticipated applications for release of loans under Loans for Rehabilitation /Modernisation of Sugar Mills/loans for Sugar Mills for Cane Development.
		<i>Expenditure</i>	2563057561	
		<i>Excess covered under second batch of supplementary demands for grants</i>	796957561	
43.	28 – Payments to Financial Institutions	<i>Grant</i>	68858300000	* Additional requirement of funds for investment in the Asian Development Bank. * Increase in the subscription quota of the Government and additional maintenance of value payment of rupee holdings of the IMF in terms of Special Drawing Rights. * Receipt of more than anticipated claims for reimbursement of loans to IDBI on account of enhanced utilisation of funds from foreign agencies.
		<i>Expenditure</i>	82675304738	
		<i>Excess covered under second batch of supplementary demands for grants</i>	13817004738	

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
44.	31 – Loans to Government Servants etc.	<i>Grant</i>	4324900000	* More releases of funds owing to under assessment of disbursements likely to be incurred during 1998-99 under HBA, advances for the purchase of motor conveyances and other advances.
		<i>Expenditure</i>	4893002644	
		<i>Excess not covered by second supplementary demands for grants.</i>	568102644	
45.	47 – Transfers to Union Territory Governments	<i>Grant</i>	3144600000	* Additional loans to cover gap in resources and block loans released to the Government of Pondicherry.
		<i>Expenditure</i>	3239400000	
		<i>Excess covered under second batch of supplementary demands for grants</i>	94800000	
46.	54 – Department of Heavy Industry	<i>Grant</i>	4966900000	* Implementation of urgent plan schemes under Crucial Balancing Investment and revival scheme of Instrumentation Ltd., Bharat Bhari Udyog Nigam Ltd., HMT Ltd., Hindustan Cables Ltd and Hindustan Photo Films Manufacturing Company Ltd. * Loans for payment of salary and wages to the employees of Cement Corporation of India Ltd. * Loans to Transport equipment, Leather, Paper and News print Industries and Tyre Corporation of India Ltd. for implementation of voluntary separation scheme and for payment of statutory dues to the employees.
		<i>Expenditure</i>	5599533250	
		<i>Excess covered under second batch of supplementary demands for grants</i>	632633250	
47.	63 – Ministry of Mines	<i>Grant</i>	470500000	* Release of more loans to Bharat Gold Mines Ltd. for voluntary retirement scheme. * Release of additional loan to
		<i>Expenditure</i>	1069399335	
		<i>Excess covered by second batch</i>	598899335	

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
		<i>of supplementary demands for grants</i>		
				Hindustan Copper Ltd. under a revival plan.
48.	73 – Department of Rural Employment and Poverty Alleviation	<i>Grant</i> <i>Expenditure</i> <i>Excess covered by second batch of supplementary demands for grants</i>	-- 500000000 500000000	* Additional equity investment in Housing and Urban Development Corporation for construction of houses under the scheme of Indira Awaas Yojana.
49.	78 – Ministry of Steel	<i>Grant</i> <i>Expenditure</i> <i>Excess covered by second batch of supplementary demands for grants</i>	230700000 360600000 129900000	* Post budget decision to provide non-plan loan to Bharat Refractories Ltd. under revival plan.
50.	81 – Ports, Lighthouses and Shipping	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	8156500000 8534983214 378483214	* Better physical progress of construction of the survey vessels. * To avoid payment of penal interest @ 17 percent on delayed payment.
51.	87 – Ministry of Water Resources	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	365400000 371822483 6422483	* Additional non-plan loan to National Projects Construction Corporation Ltd. for meeting shortfall in resources.
52.	101 – Dadra and Nagar Haveli	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	305300000 316028158 10728158	* Deposit of 15.16 percent to the Government of Gujarat for construction of Damanganga River Project as per agreement.

Sl.No	Grant/Appropriation	Rupees		Contributory reasons as stated by Government
<b>Capital – Charged</b>				
53.	54 – Department of Heavy Industry	<i>Appropriation</i> <i>Expenditure</i> <i>Excess covered by second batch of supplementary demands for grants</i>	162900000 213100000 50200000	* To provide non-plan loan to Hindustan Cables Ltd., in discharge of liability covered under Government guarantee.
54.	57 – Broadcasting Services	<i>Appropriation</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	7000000 8980719 1980719	* To make payment in satisfaction of court decrees.
55.	87 – Ministry of Water Resources	<i>Appropriation</i> <i>Expenditure</i> <i>Excess covered by second batch of supplementary demands for grants</i>	45000000 220781331 175781331	* Post budget decision to provide funds to Government of Assam as loan instead of grant under flood control in Brahmaputra Valley.
56.	100 – Chandigarh	<i>Appropriation</i> <i>Expenditure</i> <i>(1) Excess covered under second batch of supplementary demands for grants.</i>  <i>(2) Excess not covered by second batch of supplementary demands for grants.</i>	50000000 80040158 30000000  40158	* Acquisition of more land for development of 3 <sup>rd</sup> phase of the city under State Capital Development.

Sl.No	Grant/Appropriation		Rupees	Contributory reasons as stated by Government
<b>Post and Telecommunications</b>				
<b>Revenue-Voted</b>				
57.	16-Telecommunication Services	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	185646900000 188655400000 3008500000	* Details are in Report No. 6 of 2000 (Post and Telecommunications)
<b>Defence Services</b>				
<b>Revenue-Voted</b>				
58.	19-Army	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	218568000000 219884813931 1316813931	* Details are in Report No. 7 of 2000 (Defence Services-Army and Ordinance)
59.	20-Navy	<i>Grant</i> <i>Expenditure</i> <i>Excess covered under second batch of supplementary demands for grants</i>	29657300000 31089813214 1432513214	
60.	23-Capital Outlay on Defence Services	<i>Appropriation</i> <i>Expenditure</i> <i>Excess covered by second batch of supplementary demands for grants</i>	67600000 157422170 89822170	

Sl.No	Grant/Appropriation		Rupees	Contributory reasons as stated by Government
<b>Railways</b>				
<b>Revenue - Voted</b>				
61.	5-Working Expenses-Repairs and Maintenance of Motive Power.	<i>Grant</i>	14128503000	* Details are in Report No. 9 of 2000 (Railways)
		<i>Expenditure</i>	14217530027	
		<i>Excess</i>	89027027	
62.	6-Working Expenses-Repairs and Maintenance Of Carriages and Wagons	<i>Grant</i>	26296346000	
		<i>Expenditure</i>	26511270450	
		<i>Excess</i>	214924450	
63.	8-Working Expenses-Rolling Stock and Equipment	<i>Grant</i>	24342964000	
		<i>Expenditure</i>	24346122645	
		<i>Excess</i>	3158645	
64.	13-Working Expenses-Provident Fund, Pension and Other Retirement Benefits	<i>Grant</i>	38427102000	
		<i>Expenditure</i>	41581066774	
		<i>Excess</i>	3153964774	
<b>Revenue-Charged</b>				
65.	3-Working Expenses-General Superintendence and Services	<i>Appropriation</i>	900000	
		<i>Expenditure</i>	925520	
		<i>Excess</i>	25520	
66.	4-Working Expenses-Repairs and Maintenance of Permanent Way	<i>Appropriation</i>	2526000	
		<i>Expenditure</i>	3251436	
		<i>Excess</i>	725436	
67.	9-Working Expenses-Operating Expenses - Fuel	<i>Appropriation</i>	600000	
		<i>Expenditure</i>	4260589	
		<i>Excess</i>	3660589	
68.	11-Working Expenses-Staff Welfare and Amenities	<i>Appropriation</i>	220000	
		<i>Expenditure</i>	1528509	
		<i>Excess</i>	1308509	

Sl.No	Grant/Appropriation	Rupees	Contributory reasons as stated by Government
<b>Capital-Charged</b>			
69.	16-Assets-Acquisition, Construction and Replacement	<i>Appropriation</i> Expenditure Excess	94124000 94805327 681327

### 11.1.1 Effective excess

During the year 1998-99, excess of Rs 127559749076 in 55 grants/appropriations pertaining to civil ministries, Post and Telecommunications, Defence and Railways was incurred from the Consolidated Fund of India than authorised by Parliament. Out of this excess of Rs 116975376389 in 44 grants/appropriations occurred as the Appropriation Act authorising additional disbursement on the basis of second batch of supplementary demands for grants could not come into force before close of financial year 1998-99 and Rs 10584372687 in 17 grants/appropriations other than the this reason.

### 11.1.2 Regularisation

The excess disbursements of Rs 11824.46 crore in 56 segments of 41 grants and one appropriation pertaining to civil ministries, Rs 300.85 crore under one grant of Post and Telecommunications; Rs 283.91 crore under two grants and one appropriation of Defence Services and Rs 346.75 crore under four grants and five appropriations of Railways require regularization under Article 115 (1) (b) of the Constitution of India.

The details of excess disbursements in Post and Telecommunication, Railways and Defence as also on other items relating to these grants are mentioned in the Report Nos 6, 7 and 9 of 2000 respectively of Comptroller and Auditor General of India.

### 11.1.3 Deficient control by PAOs

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

Test check of headwise appropriation accounts for the year 1998-99 revealed that violating the above provisions of General Financial Rules, in 143 cases of 47 grants/appropriations as detailed in Appendix-XIX, the Pay and Accounts Offices of different ministries/departments under the over all control of



Controller General of Accounts made heavy payments of Rs 8505.69 crore in excess of the provisions available under these sub-heads or without re-appropriating the funds which is indicative of deficient financial management and ineffective expenditure control on the part of the PAO. The excess unauthorized expenditure require regularization.

## CHAPTER-XII: UNUTILISED RESOURCES

### Unspent provision

	Above Rs 100 crore			Below Rs 100 crore but above Rs 20 crore		
	No. of			No. of		
	Cases	Grants	Appropriations	Cases	Grants	Appropriations
Civil	25	20	1	36	31	
P&T	01	01	-	01	01	-
Defence Services	3	3	-	-	-	-
Railways	6	5	-	5	5	-

### 12.1 Unspent provision under various grants/appropriations in civil ministries

Unspent provision in a grant or appropriation indicate that the disbursements could not be made as estimated, anticipated and planned. They are indicative of poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. As already mentioned in para 10.3 above, the overall unspent provision in the budget of Government (other than Post and Telecommunications, Railways and Defence Services) totalled Rs 35021.40 crore.

Excluding unspent provision due to less drawal of treasury bills, the total unspent provision of civil ministries was Rs 6771.17 crore.

Out of this, unspent provision of Rs 28102.06 crore was due to less discharge of 91, 28 and 14 days treasury bills consequent upon less issue of the treasury bills than what was estimated. The total unspent provision also included Rs 148.17 crore on account of less payment of interest on treasury bills for the same reason. Excluding these two, the effective unspent provision was Rs 6771.17 crore.

A detailed scrutiny of the Appropriation Accounts revealed that certain grants and appropriations such as Transfers to State and Union Territory Governments, Ministry of Environment and Forests, Department of Rural Development, Repayment of Debt, Department of Education, Ministry of Welfare, Department of Health, Department of Rural Employment and Poverty Alleviation, Currency, Coinage and Stamps, Roads, etc. have been registering unspent provision which are not only persistent but display an increasing trend which continued during the year 1998-99. Such large scale unspent provisions are indicative of the need on the part of these ministries to review their system of budgetary assumption or/and efficiency of their programme management. Necessary steps need to be taken to make the

budgetary exercise more realistic not only to minimize large scale variations between the estimates and actuals but also to gainfully utilize the scarce resources to meet the competing demands of various sectors of the economy.

A detailed analysis relating to second batch of supplementary demands for grants has been given in para 10.3 – Appropriation Accounts. The effective unspent provision after taking into account the amount of second batch of supplementary demands for grants would be Rs 46830.95 crore.

## **12.2 Unspent provision of Rs 100 crore or more**

Unspent provision of more than Rs 100 crore occurred in 25 cases of 21 grants/ appropriations.

The Public Accounts Committee in para 1.24 of their 60th Report (Tenth Lok Sabha) presented in February 1994 commented on the sharp increase in the unspent provision as compared to the sanctioned provision. The Committee desired that Ministry of Finance should take the issue seriously with appropriate measures to overcome the unfortunate situation of large unspent provision and also desired that detailed explanatory note in respect of unspent provision from a grant or appropriation of Rs 100 crore and above during each year be furnished to the Committee. As against 27 cases during 1997-98, there were 25 cases during 1998-99 where unspent provision of Rs 100 crore and above occurred. These cases are given in Table 12.2 below along with main contributory reasons and schemes affected by unspent provision.

**Table 12.2 : Unspent provision exceeding Rs 100 crore under a grant/ appropriation**

*(Rupees in crore)*

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)
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*Revenue – Voted*

1.	<b>4-Department of Animal Husbandry and Dairying (Ministry of Agriculture)</b>	149.56 (32)										
<table border="1" style="margin: auto;"> <thead> <tr> <th style="text-align: left;"><b>Contributory reasons stated by the Ministry/Department</b></th> </tr> </thead> <tbody> <tr> <td>* Non-approval/ finalization of the schemes</td> </tr> <tr> <td>* Non-receipt of external assistance on account of termination of contract by European Economic Community in respect of Project Management Unit on National Project on Rinderpest Eradication</td> </tr> <tr> <td>* Disbursements ceiling imposed by Ministry of Finance</td> </tr> <tr> <td>* Non-filling up of vacant posts</td> </tr> <tr> <td>* Less requirement of funds by State Governments/implementing agencies owing to availability of unspent balances of previous years.</td> </tr> </tbody> </table>			<b>Contributory reasons stated by the Ministry/Department</b>	* Non-approval/ finalization of the schemes	* Non-receipt of external assistance on account of termination of contract by European Economic Community in respect of Project Management Unit on National Project on Rinderpest Eradication	* Disbursements ceiling imposed by Ministry of Finance	* Non-filling up of vacant posts	* Less requirement of funds by State Governments/implementing agencies owing to availability of unspent balances of previous years.				
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⇒ Sheep and Wool Development (Rs 4.44 crore).												

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)
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2.	<b>6-Department of Fertilizers (Ministry of Chemicals and Fertilizers)</b>	528.50 (6)
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**Contributory reasons stated by the Ministry/Department**

- \* Sharp decline in the prices of urea in the international market
- \* Import of less than anticipated quantity of urea

	Previous year	Amount of unspent provision	Schemes / Projects / Activities most affected by unspent provision
	1997-98	34.17	⇒ Import of Fertilizers- Subsidies

3.	<b>10-Department of Food and Civil Supplies (Ministry of Food and Consumer Affairs)</b>	304.82 (3)
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**Contributory reasons stated by the Ministry/Department**

- \* Increase in central issue price with effect from 21<sup>st</sup> January 1999 of beneficiaries under APL for wheat and rice.
- \* Non-filling up of vacant posts
- \* Non-receipt of bills from Central Public Works Department

**Schemes / Projects / Activities most affected by unspent provision**

- ⇒ Food subsidies payable to Food Corporation of India and others on food grain transactions (Rs 300.00 crore)
- ⇒ Indian Grain Storage Institute (Rs 2.04 crore)

4.	<b>24-Ministry of Environment and Forests</b>	212.81 (26)
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**Contributory reasons stated by the Ministry/Department**

- \* Delay in obtaining the approval for Taj Protection Mission
- \* Non-approval for creation of certain posts
- \* Slow progress in implementing certain schemes of Ganga Action Plan Phase I
- \* Less-reimbursement following less collection of water cess by various State Pollution Control Boards
- \* Non-approval of project on Indian Centre of Promotion for cleaner Technology
- \* Delay in receipt of approval for conversion in funding pattern
- \* Slow utilisation of funds by the State Governments
- \* Non-receipt of appropriate technology extension projects from the State Governments.

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)		Amount of unspent provision (Percentage to the total provision)
	Previous year	Amount of unspent provision	<b>Schemes / Projects / Activities most affected by unspent provision</b>
	1997-98	140.76	
			⇒ Taj Protection Mission (Rs 38.00 crore) ⇒ Environmental Forestry and Wild Life (Rs 14.72 crore) ⇒ Ganga Action Plan Phase-I (Rs 6.24 crore) ⇒ Prevention and control of Water Pollution (Cess) (Rs 15.22 crore) ⇒ Pollution Control Projects (Rs 10.00 crore) ⇒ Hazardous Substance Management (Rs 6.20 crore) ⇒ Environmental Impact Assessment Programme (Rs 4.41 crore) ⇒ India Environment Management Capacity Building Technical Assistance Project (Rs 26.08 crore) ⇒ Ganga Action Plan Phase –II (Rs 77.00 crore) ⇒ Wild life Preservation (Rs 25.35 crore) ⇒ National Afforestation and Ecology Development Programme Fuelwood and Fooder Projects (Rs 13.00 crore)

5.	<b>27-Currency, Coinage and Stamps (Ministry of Finance)</b>	116.82 (12)																														
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	1997-98	44.04																														
			⇒ Operation and maintenance of Currency Note Press, Bank Note Press, Security Paper Mill and India Security Presses																													

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)
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6. **30-Transfers to State and Union Territory Governments** 435.87  
(Ministry of Finance) (3)

**Contributory reasons stated by the Ministry/Department**

- \* Less than anticipated writing off of central loans
- \* Cuts in central assistance on account of shortfall in achievement of plan
- \* Non-receipt of claims from the Government of Gujarat for Sardar Sarovar Project
- \* Less than anticipated collection of Union Excise Duties.
- \* Less release of central assistance under Basic Minimum Service and Slum Development etc.

Previous years	Amount of unspent provision	Schemes / Projects / Activities most affected by unspent provision
1997-98	280.68	⇒ Loans to State Governments written off in terms of the recommendations of the Tenth Finance Commission (Rs 33.31 crore)
1996-97	415.93	⇒ Grants for State Plan Schemes- Block Grants (Rs 973.78 crore)
1995-96	277.38	⇒ Grants in lieu of share in Central Taxes and Duties (Rs 11.26 crore)
1994-95	232.16	
1993-94	388.92	

7. **40-Department of Health** 208.01  
(Ministry of Health and Family Welfare) (11)

**Contributory reasons stated by the Ministry/Department**

- \* Dropping of some schemes
- \* Non-release of funds to Prasar Bharti
- \* Less disbursements on information education communication, training and workshop activities under different schemes.
- \* Less purchase of machinery, equipments, chemicals, reagents, medicines, drugs, material, articles and other miscellaneous items for day to day functioning of offices, hospitals, dispensaries and institutions.
- \* Non-setting up of Illness Assistance Fund by the State and Union Territory Governments.
- \* Economy cuts imposed under many schemes following review conducted by Ministry of Finance

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)																					
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8.	<b>42-Department of Family Welfare (Ministry of Health and Family Welfare)</b>	106.11 (4)																								
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(Rupees in crore)

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9.	<b>46-Other Expenditure of the Ministry of Home Affairs (Ministry of Home Affairs)</b>	125.38 (19)															
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10.	<b>48-Department of Education (Ministry of Human Resource Development)</b>	724.69 (10)																								
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	Previous years	Amount of unspent provision	<b>Schemes / Projects / Activities most affected by unspent provision</b>
	1997-98	603.58	⇒ National Programme of Media Publicity and Advocacy of UEE(Rs 10.00 crore)
	1996-97	792.12	⇒ National Elementary Education Mission (HEEM) (Rs 5.00 crore)
	1995-96	408.81	⇒ Special Assistance to State/UT for implementing the proposal to make Elementary Education a Fundamental Right (Rs 35.00 Crore)
			⇒ Free Education for Girls (Rs 100.00 crore)
			⇒ Upgradation of Libraries and Laboratories in selected colleges and universities (Rs 10.00 crore)
			⇒ Establishment of rural universities
			⇒ Revision of pay scales of teachers of technical institutions- assistance to institutions/cells in States (Rs 50.50 crore)
			⇒ Establishment of Innovative Primary Schools in Rural Areas (Rs 24.00 crore )
			⇒ Computer Education in Schools (Rs 8.95 crore)
			⇒ District Primary Education Programme (Rs 116.69 crore)
			⇒ Non-formal Education (Rs 160.30 crore)
			⇒ Adult Education (Rs 19.97 crore)
			⇒ Polytechnics-Grants for Quality Improvement Programme, Community Polytechnics (Rs 64.89 crore)
			⇒ Improvement in the Pay scales of University and College Teachers (Rs 776.63 crore)
			⇒ Operation Black Board (Rs 72.58 crore)

11.	<b>57-Broadcasting Services (Ministry of Information and Broadcasting)</b>	284.11 (15)
	<b>Contributory reasons stated by the Ministry/Department</b> <ul style="list-style-type: none"> <li>* Non-payment of bills of power supply, machinery, equipment, motor vehicles and office expenses owing to administrative reasons.</li> <li>* Less-receipt of stores owing to non-finalization of cases of imported spares/values</li> <li>* Less commission/discount paid through advertising agencies</li> <li>* Non-commissioning of new scheme, non-settlement of Micro-Wave P&amp;T CO-AXIL Link</li> <li>* Surrender of Microwave circuits</li> <li>* Non-materialization of hiring transponders on PANAMSAT</li> <li>* Less transfer of funds to reserve fund following less business than target fixed.</li> </ul>	

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	Previous year	Amount of unspent provision	<b>Schemes / Projects / Activities most affected by unspent provision</b> ⇒ Operation and maintenance (Rs 8.03 crore) ⇒ Commercial Broadcasting Services (Rs 3.04 crore) ⇒ Transfer to Akashwani and Doordarshan Commercial Revenue Fund (Rs 160.25 crore) ⇒ TV commercial services (Rs 33.34 crore) ⇒ Programme Services (Rs 55.58 crore) ⇒ Suspense-Stock and other Suspense Account (Rs 42.74 crore)
	1997-98	28.87	

12.	<b>59-Law and Justice</b> (Ministry of Law and Justice )	140.97 (23)								
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13.	<b>72-Department of Rural Development (Ministry of Rural Areas and Employment)</b>	125.79 (5)																					
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14.	<b>73-Department of Rural Employment and Poverty Alleviation (Ministry of Rural Areas and Employment)</b>	397.81 (5)																								
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16.	93-Department of Space	161.32 (11)																		
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Previous Years	Amount of unspent provision					
1997-98	89.82					

**Revenue- Charged**

17.	<b>30-Transfers to State and Union Territory Governments (Ministry of Finance)</b>	1863.90 (6)										
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Previous years	Amount of unspent provision											
1997-98	3156.43											
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(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)
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**Capital - Voted**

18.	<b>7-Department of Civil Aviation (Ministry of Civil Aviation and Tourism)</b>	174.65 (86)															
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19.	<b>12-Ministry of Coal</b>	223.83 (61)												
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(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)
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20. **27- Currency Coinage and Stamps** 212.76  
(Ministry of Finance) (11)

**Contributory reasons stated by the Ministry/Department**

- \* Non-supply of wagons by Bharat Earth Movers Ltd
- \* Non-implementation of Water Supply Scheme
- \* Slow progress of work by the executing agency
- \* Non-taking up of some of the work by the central public works department
- \* Non-procurement of sheet cutter, stamping press unit, bowl wilding machine, power factor correction equipment, engraving machine etc.
- \* Reduction of prices of copper and nickel
- \* Less-receipt of stainless steel and blank coins
- \* Non-finalization of fresh global tender
- \* Less value of imported coins as the cost of metals was less than anticipated
- \* Non-receipt of bills for payment against metal purchased
- \* Lower cost of multi colour offset machine

Previous years	Amount of unspent provision	Schemes / Projects / Activities most affected by unspent provision
1997-98	207.47	⇒ Building and Plant and Machinery of Currency Note Press, Bank Note Press, Security Paper Mill, Mint and Security Printing Press
1996-97	125.76	⇒ Purchase of metal (Rs 120.51 crore)
1994-95	396.20	⇒ Import of coins from abroad (Rs 38.51 crore)

21. **40-Department of Health** 252.00  
(Ministry of Health and Family Welfare) (46)

**Contributory reasons stated by the Ministry/Department**

- \* Restrictions imposed on purchase of proprietary drugs
- \* Non-finalization of vocabulary of Medical Stores and Central Government Health Schemes formulary
- \* Non-materialisation of procurement order for machinery and equipments
- \* Less purchase of Kits
- \* Non-receipt of adjustment vouchers from the Directorate General of Supplies and Disposals
- \* Providing cash grant instead of commodity grant to States for



(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)						
	procurement of Anti- T.B. Drugs, free supply of Anti-TB Drugs by Department for International Development as commodity grant							
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22.	<b>57-Broadcasting Services</b> (Ministry of Information and Broadcasting)	142.31 (31)						
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Previous year	Amount of unspent provision	Schemes / Projects / Activities most affected by unspent provision						
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(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)
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23. **80-Roads** 751.01  
(Ministry of Surface Transport) (31)

**Contributory reasons stated by the Ministry/Department**

- \* Less release of funds to National Highways Authority of India following thorough review by Ministry of Finance
- \* Delay in issue of letter of credit by the States
- \* Delay in finalization of tender documents for organisation for Economic Corporation and Finance Projects
- \* Non-clearance of revised cost estimates in respect of Government of Karnataka and Kerala

Previous year	Amount of unspent provision	Schemes / Projects / Activities most affected by unspent provision
1997-98	281.08	⇒ Work financed from National Highways Permanent Bridges Fees Fund (Rs 41.02 crore). ⇒ Investment in Public Sector and Other Undertakings (Rs 399.00 crore). ⇒ Road Works – Works under Road Wing (Rs 365.33 crore)

24. **90-Nuclear Power Schemes** 135.45  
(Department of Atomic Energy) (15)

**Contributory reasons stated by the Ministry/Department**

- \* Delay in finalisation of detailed project report for Kudankulam Power Project
- \* Slow progress of major works
- \* Delay in procurement of machinery and equipments, materials and supplies

Previous year	Amount of unspent provision	Schemes / Projects / Activities most affected by unspent provision
1997-98	36.84	⇒ Loan to Nuclear Power Corporation of India Limited (Rs 111.00 crore) ⇒ Waste Immobilization Plant at Kalpakkam (Rs 1.17 crore) ⇒ Prototype Fast Breeder Test Reactor (Rs 1.62 crore) ⇒ PFBR-Phase-II Development of Indigenous Capability for MA (Rs 2.71 crore)
		⇒ Additional Upgrading Facility for Nuclear Power Plant

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision (Percentage to the total provision)
	(Rs 14.79 crore) ⇒ Augmentation of Vibration and Diag Facilities(Rs 1.37 crore) ⇒ Hot Cells Facility for PIE(Rs 5.61 crore)	

**Capital - Charged**

25.	<b>32-Repayment of Debt (Ministry of Finance)</b>	36400.74 (10)																											
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**Large unspent provision in welfare and developmental areas.**

The unspent provision of Rs 100 crore or more in each grant/ appropriation in 25 cases of 20 grants and one appropriation aggregated to Rs 6407.91 crore and Rs 38264.64 crore respectively. Large unspent provision occurred in developmental areas like health, education, welfare, rural development, rural employment and poverty alleviation, broadcasting services etc. The contributory reasons attributed for the unspent provision by the Ministries/Departments reveal that some of the schemes in these areas as planned during the year, failed to take off.

**12.3 Unspent provision between Rs 20 crore and Rs 100 crore**

Apart from the above 25 cases, in another 36 sections of 31 grants where unspent provision in each case was less than Rs 100 crore but in excess of

Rs 20 crore aggregated to Rs 1834.15 crore. Details of these cases are given in the Table 12.3 below:

**Table 12.3 : Unspent provision between Rs 20 crore and Rs 100 crore**

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
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*Revenue-Voted*

1.	<p><b>2 Other Services of Department of Agriculture and Co-operation (Ministry of Agriculture)</b></p> <p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b>                      ⇒ Reclamation of marginal and shallow rivers in UP, MP, Rajasthan and Gujarat (Rs 3.00 crore).                      ⇒ Assistance to NCDC for Co-operative Development Projects in selected districts (Rs 16.72 crore).                      ⇒ Assistance to NCDC for Development of Co-operative (Rs 3.15 crore).                      ⇒ Reclamation and Development of Problem Areas/ soils (Rs 4.55 crore)</p>	31.51
2.	<p><b>3 Department of Agricultural Research and Education (Ministry of Agriculture)</b></p> <p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b>                      ⇒ Crop Husbandry- Assistance to ICAR(Rs 74.21 crore)                      ⇒ Fisheries- Assistance to ICAR(Rs 1.30 crore)                      ⇒ Forestry – Assistance to ICAR(Rs 1.25 crore)</p>	23.36
3.	<p><b>5 Department of Chemicals and Petro-chemicals (Ministry of Chemicals and Fertilizers)</b></p> <p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b>                      ⇒ Subsidy to Assam Gas cracker complex (Rs 25.00 crore)                      ⇒ Bhopal Gas Leak Disaster (Processing of claims) Act, 1985 (Rs 13.08 crore)</p>	35.96

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
4.	<b>8 Department of Tourism (Ministry of Civil Aviation &amp; Tourism)</b>	49.49
<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Assistance for Development of Tourist Centres/Areas(Rs 15.49 crore)</li> <li>⇒ Assistance for Development of Tourism Infrastructure under the Equity Scheme(Rs 2.72 crore)</li> <li>⇒ Tourist Accommodation – Refurbishment of Monuments/Heritage site (Rs 1.14 crore)</li> <li>⇒ Training-Institute of Tourism and Travel Management (Rs 1.89 crore)</li> <li>⇒ Promotion and Publicity- Direct expenditure (Rs 25.03 crore)</li> <li>⇒ Other Expenditure-Interest differential subsidy on Hotel loans (Rs 1.15 crore)</li> </ul>		
5.	<b>12 Ministry of Coal</b>	85.95
<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Payment against collection of cess(excise duty) towards Development and transportation infrastructure in Coal Field areas(Rs 27.51 crore)</li> <li>⇒ Payment against collection of cess(excise duty) on coal and coke(Rs 10.55 crore)</li> <li>⇒ Regulatory Framework Review Project (Rs 3.39 crore).</li> <li>⇒ Research and Development- other schemes(Rs 28.39 crore)</li> <li>⇒ Environmental Measure and Subsidence control (Rs 10.00 crore)</li> <li>⇒ Detailed Drilling (Rs 5.38 crore)</li> </ul>		
6.	<b>36 Department of Revenue (Ministry of Finance)</b>	75.27
<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Ghazipur Opium Factory – Purchase of Opium (Rs 36.18 crore))</li> <li>⇒ Neemuch Opium Factory- Purchase of Opium (Rs 40.15 crore)</li> <li>⇒ Ghazipur Alkaloid Works- Management (Rs 5.50 crore).</li> </ul>		

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
7.	51 Department of Women and Child Development (Ministry of Human Resource Development)	97.56
<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Socio-Economic Programme (Rs 9.00 crore).</li> <li>⇒ National Credit Fund for Women (Rs 10.00 crore).</li> <li>⇒ Indira Mahila Yojna (Rs 10.00 crore).</li> <li>⇒ Balwadi Nutrition Programme (Rs 4.73 crore).</li> <li>⇒ Assistance to voluntary organisations for setting up short stay homes (Rs 7.98 crore)</li> <li>⇒ Integrated Projects for Development of Women(Rs 11.30 crore)</li> <li>⇒ Mahila Samridhi Yojana (Rs 22.55 crore)</li> <li>⇒ Balika Samridhi Yojana (Rs 17.34 crore)</li> <li>⇒ Other Expenditure- Grants under Training Programme of ICDS(Rs 13.70 crore)</li> <li>⇒ World Bank Assisted ICDS Programme- Externally Aided Component (Rs 134.08 crore)</li> <li>⇒ World Bank Assisted ICDS Programme-General Component (Rs 57.41 crore)</li> </ul>		
8.	55 Department of Small Scale Industries and Agro and Rural Industries (Ministry of Industry)	59.82
<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Small Scale Industries-CAD/CAM centre, Chennai(Rs 20.00 crore)</li> <li>⇒ Opening of tool Rooms (Rs 9.01 crore)</li> <li>⇒ Upgradation of Workshops to Mini Tool Rooms (Rs 6.68 crore).</li> <li>⇒ Infrastructural Development for SSIs in Rural Area (Rs 14.00 crore)</li> <li>⇒ Rural Employment Generation Programme- Implementation of recommendations of HPC(Rs 93.35 crore)</li> </ul>		
9.	58 Ministry of Labour	69.88
<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Improvement in working condition of child/women labour-Child Labour Cell (Rs 23.71 crore)</li> <li>⇒ World Bank Assisted Vocational Training Project (Rs 23.96 crore)</li> </ul>		

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
	<ul style="list-style-type: none"> <li>⇒ Training of craftsmen and supervisors- World Bank Scheme for States (Rs 5.41 crore)</li> <li>⇒ Rehabilitation of Bonded Labourers (Rs 7.00 crore)</li> </ul>	
10.	<b>64 Ministry of Non-Conventional Energy Sources</b>	30.11
	<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ National and Regional Training Centres (Rs 4.20 crore)</li> <li>⇒ Solar-Photovoltaic- SPV Pump Programme (Rs 7.45 crore).</li> <li>⇒ National Programme on Improved Choolah (Rs 1.90 crore)</li> <li>⇒ Energy from Urban/Municipal Waste(Rs 1.22 crore)</li> <li>⇒ National Bio-Energy Board(Rs 1.91 crore)</li> <li>⇒ Small Hydro Power Development (Rs 5.02 crore)</li> <li>⇒ National Institute of Renewable Energy(Rs 14.30 crore)</li> </ul>	
11.	<b>71 Ministry of Power</b>	77.26
	<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Badarpur Thermal Power Station (Rs 21.87 crore)</li> <li>⇒ Transfer to Reserve Fund- Depreciation- Badarpur Thermal Power Station (Rs 2.92 crore)</li> <li>⇒ Direction and Administration- Central Electricity Authority (Rs 1.13 crore)</li> <li>⇒ Training-National Power Training Institute (Rs 6.54 crore)</li> <li>⇒ Research and Development- Central Power Research Institute, Bangalore (Rs 2.25 crore)</li> <li>⇒ Provision for Energy Conservation and Utilisation (Rs 9.73 crore)</li> <li>⇒ Grants-in-aid to Power Finance Corporation Ltd. (Rs 30.00 crore).</li> </ul>	
12	<b>74 Department of Waste lands Development (Ministry of Rural Areas and Employment))</b>	26.83
	<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ National Wastelands Development Board (Rs 7.07 crore)</li> <li>⇒ Integrated Wastelands Development Projects (Rs 20.00 crore)</li> </ul>	
13.	<b>75 Department of Science and Technology (Ministry of Science and Technology)</b>	49.60
	<p><b><u>Schemes / Projects / Activities most affected by unspent provision</u></b></p> <ul style="list-style-type: none"> <li>⇒ Topographical Surveys- Survey Parties (Rs 2.64 crore)</li> <li>⇒ Programme for Special Technology Development and Coordination (Rs 3.71 crore)</li> </ul>	

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
	⇒ Technology Projects in Missions Mode (Rs 10.53 crore) Funds for Improvement of S&T Infrastructure on Universities and related institutions (FIST) (Rs 25.00 crore) ⇒ Payment against receipts under R&D Cess (Rs 22.01 crore)	
14	<b>82 Ministry of Textiles</b>  <u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Handloom Industries (Rs 13.14 crore) ⇒ Handicraft Industries (Rs 3.26 crore) ⇒ Textiles (Rs 3.51 crore)	20.89
15	<b>83 Urban Development</b> <b>(Ministry of Urban Affairs and Employment)</b>  <u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Extension of AUWSP to Small Towns (Rs 5.00 crore) ⇒ Low cost sanitation for Liberation of scavengers (Rs 4.00 crore) ⇒ Directorate of Estates (Rs 2.71 crore) ⇒ Urban Transport Planning (Rs 3.84 crore) ⇒ Research in Urban and Regional Planning (Rs 1.78 crore) ⇒ Megacity Scheme Infrastructure Development (Rs 11.50 crore) ⇒ Central Assistance for Integrated Development of Small and Medium Towns (Rs 13.19 crore)	26.00
16	<b>84 Urban Employment and Poverty Alleviation</b> <b>(Ministry of Urban Affairs and Employment)</b>  <u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ General- Building Planning and Research (Rs 1.01 crore) ⇒ Urban Oriented Employment Programme- Swaran Jayanti Shahari Rojgar Yojana (Rs 26.20 crore) ⇒ Provision for infrastructure facilities in the Displaced Persons Colonies in West Bengal (Rs 14.23 crore)	42.94
17	<b>85 Public Works</b> <b>(Ministry of Urban Affairs and Employment)</b>  <u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Office Buildings (Rs 3.79 crore) ⇒ Suspense – Stock (Rs 82.57 crore) ⇒ General- Direction and Administration (Rs 20.07 crore)	81.96



(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
18	<b>86 Stationery and Printing</b> (Ministry of Urban Affairs and Employment)	33.02
<u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Purchase and Supply of Stationery Stores(Rs 2.14 crore) ⇒ Government Presses (Rs 28.08 crore) ⇒ Government of India Text Book Presses (Rs 1.65 crore)		
19	<b>87 Ministry of Water Resources</b>	56.26
<u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Sutlej Yamuna Link Canal Project (Rs 8.00 crore) ⇒ Hydrology Project (Rs 11.73 crore) ⇒ Scheme of assistance to drought affected States (Rs 12.69 crore) ⇒ Flood Control-Other expenditure (Rs 11.65 crore) ⇒ Flood Proofing Programmes (Rs 2.00 crore) ⇒ Command Area Development(Rs 7.96 crore) ⇒ Flood Control in Brahmaputra Valley (Rs 18.00 crore).		
20.	<b>90 Nuclear Power Schemes</b> (Department of Atomic Energy)	20.95
<u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Nuclear Power Generation- Fuel Inventory(Rs 57.13 crore) ⇒ Waste Management (Rs 3.29 crore)		
21.	<b>91 Department of Electronics</b>	48.78
<u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Telecommunication and Electronics Industries- Electronics		
<i>Capital-Voted</i>		
22.	<b>2 Other Services of Department of Agriculture and Co-operation</b> (Ministry of Agriculture)	60.30
<u>Schemes / Projects / Activities most affected by unspent provision</u> ⇒ Loans for Land Development Bank (Rs 48.07 crore) ⇒ Loans through NCDC for Share Capital Participation in Co-operative Sugar Mills(Rs 10.87 crore)		

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision																											
23	4 Department of Animal Husbandry and Dairying (Ministry of Agriculture)	22.73																											
<table border="1"> <tr> <td colspan="3"><b>Schemes / Projects / Activities most affected by unspent provision</b></td> </tr> <tr> <td colspan="3">⇒ Marine Fisheries (Rs 9.59 crore)</td> </tr> <tr> <td colspan="3">⇒ Extension and Training (Rs 11.50 crore)</td> </tr> </table>			<b>Schemes / Projects / Activities most affected by unspent provision</b>			⇒ Marine Fisheries (Rs 9.59 crore)			⇒ Extension and Training (Rs 11.50 crore)																				
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⇒ Extension and Training (Rs 11.50 crore)																													
24	6 Department of Fertilizers (Ministry of Chemicals and Fertilizers)	20.70																											
<table border="1"> <tr> <td colspan="3"><b>Schemes / Projects / Activities most affected by unspent provision</b></td> </tr> <tr> <td colspan="3">⇒ Investment in/Loan to Hindustan Fertilizers Corporation Limited (Rs 40.00 crore)</td> </tr> <tr> <td colspan="3">⇒ Loans to Fertilizers and Chemicals Travancore Ltd. (Rs 19.90 crore).</td> </tr> </table>			<b>Schemes / Projects / Activities most affected by unspent provision</b>			⇒ Investment in/Loan to Hindustan Fertilizers Corporation Limited (Rs 40.00 crore)			⇒ Loans to Fertilizers and Chemicals Travancore Ltd. (Rs 19.90 crore).																				
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25	25 Ministry of External Affairs	49.96																											
<table border="1"> <tr> <td colspan="3"><b>Schemes / Projects / Activities most affected by unspent provision</b></td> </tr> <tr> <td colspan="3">⇒ Other Buildings – Construction- (Rs 49.83 crore)</td> </tr> <tr> <td colspan="3">⇒ Government Residential Buildings-Other Housing (Rs 7.25 crore)</td> </tr> </table>			<b>Schemes / Projects / Activities most affected by unspent provision</b>			⇒ Other Buildings – Construction- (Rs 49.83 crore)			⇒ Government Residential Buildings-Other Housing (Rs 7.25 crore)																				
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26	26 Department of Economic Affairs (Ministry of Finance)	64.43																											
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⇒ Loans to Government of Myanmar (Rs 8.00 crore)																													
⇒ Loans to Government of Mauritius- New Credit 1994 (Rs 4.00 crore).																													
27	37 Direct Taxes (Ministry of Finance)	93.93																											
<table border="1"> <tr> <td colspan="3"><b>Schemes / Projects / Activities most affected by unspent provision</b></td> </tr> <tr> <td colspan="3">⇒ Acquisition of Ready-built Accommodation (Rs 3.00 crore)</td> </tr> <tr> <td colspan="3">⇒ Acquisition of immovable property under Chapter XXC of Income Tax Act, 1961 (Rs 64.09 crore)</td> </tr> </table>			<b>Schemes / Projects / Activities most affected by unspent provision</b>			⇒ Acquisition of Ready-built Accommodation (Rs 3.00 crore)			⇒ Acquisition of immovable property under Chapter XXC of Income Tax Act, 1961 (Rs 64.09 crore)																				
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⇒ Acquisition of immovable property under Chapter XXC of Income Tax Act, 1961 (Rs 64.09 crore)																													

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
	⇒ Residential Buildings for Income Tax Employees (Rs 26.84 crore)	
28	<b>38 Indirect Taxes</b> (Ministry of Finance)	90.78
	<b><u>Schemes / Projects / Activities most affected by unspent provision</u></b> ⇒ Coast Guard Organisation (Rs 69.77 crore) ⇒ Residential Buildings for Customs and Central Excise Employees (Rs 20.81 crore)	
29	<b>45 Police</b> (Ministry of Home Affairs)	24.98
	<b><u>Schemes / Projects / Activities most affected by unspent provision</u></b> ⇒ Assam Rifles- Residential Buildings (Rs 2.31 crore) ⇒ National Security Guard- Office Buildings(Rs 1.60 crore) ⇒ Indo-Bangladesh Border Works (Rs 26.21 crore). ⇒ Indo-Pak Border Works (Rs 9.02 crore).	
30	<b>46 Other Expenditure of the Ministry of Home Affairs</b>	43.09
	<b><u>Schemes / Projects / Activities most affected by unspent provision</u></b> ⇒ Regional Institute of Medical Science, Imphal (Rs 6.50 crore) ⇒ Loans to Power Grid Corporation of India Ltd (Rs 19.10 crore) ⇒ Civil Aviation-Support for improvement of Airport in North Eastern Region (Rs 25.00 crore)	
31	<b>64 Ministry of Non-Conventional Energy Source</b>	78.92
	<b><u>Schemes / Projects / Activities most affected by unspent provision</u></b> ⇒ Investment and Loan to Indian Renewable Energy Development Agency (Rs 78.82 crore)	
32	<b>75 Department of Science and Technology</b> (Ministry of Science and Technology)	31.54
	<b><u>Schemes / Projects / Activities most affected by unspent provision</u></b> ⇒ Survey of India- Building(Rs 8.00 crore) ⇒ Digital Mapping System (NATMO)(Rs 1.07 crore) ⇒ Observatories and Weather Stations- Equipment (Rs 16.20 crore) ⇒ Other Meteorological Services (Rs 4.89 crore)	

(Rupees in crore)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision
33	<b>83 Urban Development</b> (Ministry of Urban Affairs and Employment)	51.88
<b>Schemes / Projects / Activities most affected by unspent provision</b> <ul style="list-style-type: none"> <li>⇒ Government Residential Buildings-Other Housing (Rs 10.99 crore).</li> <li>⇒ Other Urban Development Schemes –Loans to Local Bodies/Corporation –Externally Aided Schemes/Projects (Rs 40.50 crore).</li> <li>⇒ Investment in Public Sector and other Undertaking-Support to Water Supply Scheme of major cities facing acute water shortage (Rs 4.50 crore)</li> </ul>		
34	<b>85 Public Work</b> (Ministry of Urban Affairs and Employment)	60.09
<b>Schemes / Projects / Activities most affected by unspent provision</b> <ul style="list-style-type: none"> <li>⇒ Construction of Buildings for Central Government Departments.</li> </ul>		
35	<b>89 Atomic Energy</b> (Department of Atomic Energy)	52.98
<b>Schemes / Projects / Activities most affected by unspent provision</b> <ul style="list-style-type: none"> <li>⇒ Bhabha Atomic Research Centre (Rs 27.22 crore)</li> <li>⇒ Heavy Water Production (Rs 16.68 crore)</li> <li>⇒ Investment in Uranium Corporation of India Limited (Rs 12.50 crore)</li> <li>⇒ Nuclear Fuel Complex (Rs 6.25 crore)</li> <li>⇒ Indira Gandhi Centre for Atomic Research (Rs 6.82 crore)</li> <li>⇒ Housing (Rs 12.54 crore)</li> </ul>		
36	<b>93 Department of Space</b>	44.44
<b>Schemes / Projects / Activities most affected by unspent provision</b> <ul style="list-style-type: none"> <li>⇒ Space Craft-INSAT-3 Satellite(Rs 14.38 crore)</li> <li>⇒ Space Technology (Rs 31.56 crore)</li> <li>⇒ Space Applications Centre (Rs 4.76 crore)</li> </ul>		

### 12.4 Surrender of unspent provision

'Surrender' is a budgetary device by which the portion of grant or appropriation not utilised by the spending department gets communicated to

the Ministry of Finance and accepted by the latter, which can be reallocated to any other sector. According to the provisions of the General Financial Rule 69, unspent provisions in a grant or appropriation are to be surrendered to Government as soon as these are foreseen without waiting for the last day of the year. Unspent provision should also not be held in reserve for possible future excess. During 1998-99 under 167 segments of 84 grants/appropriations there was unspent provision of Rs 46845.86 crore which was offset by excess of Rs 11824.46 crore under 56 segments of 42 grants/appropriations resulting in net unspent provision of Rs 35021.40 crore. Out of the gross unspent provision of 46845.86 crore the amounts surrendered were as under.

(Rupees in crore)

	Gross unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	5710.84	4622.71	4368.07	1088.13
Charged	1885.68	1881.63	1874.88	4.05
Total Revenue	7596.52	6504.34	6242.95	1092.18
Capital				
Voted	2792.09	2569.59	2290.79	222.50
Charged	36457.25	802.69	802.67	35654.56
Total capital	39249.34	3372.28	3093.46	35877.06
<b>Grand total</b>	<b>46845.86</b>	<b>9876.62</b>	<b>9336.41</b>	<b>36969.24</b>

- Unspent provision of Rs 12102.06 crore was due to lesser discharge and cancellation of 91 and 14 days treasury bills and Rs 16000.00 crore due to non-issue of 28 days treasury bills. Out of these amounts, Rs 751.04 crore only were surrendered and the balance unspent provision was re-appropriated within the appropriation.
- The major amounts not surrendered under the grants pertaining to Department of Agricultural Research and Education (Rs 23.36 crore), Department of Fertilizers (Rs 524.06 crore), Department of Tourism (Rs 49.10 crore), Department of Health (Rs 116.59 crore), Broadcasting Services (Rs 92.89 crore), Ministry of Labour (Rs 24.03 crore), Department of Science and Technology (Rs 78.63 crore); Urban Development (Rs 26.33 crore), Public Works (Rs 66.30 crore), Stationery and Printing (Rs 15.12 crore), Nuclear Power Schemes (Rs 28.55 crore) and Repayment of Debt (Rs 35649.70 crore) ranged between 21 and 100 per cent of the unspent provision under these grants/appropriation.
- On the other hand under the grants pertaining to Agriculture (Rs 10.81 crore); Ministry of Defence (Rs 13.58 crore); Payment to Financial Institutions (Rs 66.06 crore); Direct Taxes (Rs 33.26 crore); Roads

(Rs 15.93 crore) and Ports, Light houses and Shipping (Rs 29.67 crore) the amount of surrenders exceeded Rs 10.00 crore despite there being excess disbursements under the segments of the grants. Details of major surrenders is given in Appendix XX.

- Non-surrendering/short surrendering of unspent provisions and excess surrender by different Ministries/Departments indicated deficient financial management and ineffective Management Information System. This needs to be reviewed and strengthened.

### 12.5 Recoveries in reduction of disbursements

		(Rupees in Crore)
Estimated Recoveries	☞	6303.52
Actual Recoveries	☞	8026.96

The overall actual recoveries shown above are the net effect of less recoveries by many, offset by more than budgeted recoveries by some.

The Demands for Grants are for the gross amount of disbursements i.e. inclusive of recoveries arising from use of stores etc. procured in the past or disbursements transferred to other departments or ministries. While appropriation audit is done by comparing the gross disbursements with the gross amount of grant, the excess and shortfall in recoveries indicate inaccurate estimation of recoveries and inaccurate budgetary assumption. It also ultimately alters the net amount of disbursements finally booked under the relevant service head in the Finance Accounts and has the effect of increasing the net disbursements.

**The unrealistic estimation of recoveries in reduction of disbursements.**

In the revenue section against the estimated recoveries of Rs 3058.69 crore, actual recoveries were Rs 2506.73 crore resulting in short recoveries by Rs 551.96 crore. Whereas in the capital section, against the estimated recoveries of Rs 3244.83 crore, actual recoveries were Rs 5520.23 crore. Grant-wise details of major variations involving more than 20 *per cent* of the original estimates or Rs one crore are given in Appendix XXI. Few such cases where the recoveries were short and as a result of which net disbursements in Finance Accounts has increased to that effect are given below. There is, need to strengthen the budgetary control in this regard.

Table 12.5 : Short recoveries

Sl. No.	Grant	Budget estimates	Actual recoveries	(Rupees in crore)	
				Variation	
Revenue				Amount	Percentage
1.	6-Department of Fertilizers	757.23	214.87	542.36	72
2.	9-Department of Consumer Affairs	5.00	0.30	4.70	94
3.	40-Department of Health	45.00	33.47	11.53	26
4.	52-Industrial Development and Industrial Policy and Promotion	25.12	4.31	20.81	83
5.	56-Information, Films and Publicity	2.07	0.13	1.94	94
6.	57-Broadcasting Services	429.90	275.90	154.00	36
7.	69-Department of Statistics	1.16	-	1.16	100
8.	100-Chandigarh	31.36	14.97	16.39	52
Capital					
9.	37 - Direct Taxes	70.00	13.25	56.75	81
10.	40 - Department of Health	540.01	249.38	290.63	54
11.	57-Broadcasting Services	402.50	301.69	100.81	25
12.	99 - Andaman and Nicobar Islands	4.49	1.67	2.82	63

**CHAPTER XIII : UNAUTHORISED AND INJUDICIOUS RE-APPROPRIATIONS**

**Re-appropriations**

	<b>No of Cases</b>	<b>Amount (Rupees in crore)</b>
Unnecessary re-appropriation	32	9480.57
Re-appropriation done without availability of provision from where re-appropriated	26	173.48
Re-appropriation without reporting to Parliament/prior approval of Secretary (Expenditure)	1	43.59
Re-appropriation without prior approval of Secretary (Expenditure)	14	105.17

**13 Re-appropriation of funds**

A grant or appropriation for disbursements is distributed by sub-heads or standard objects under which it is accounted. Re-appropriation of funds can be approved by executive between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that unspent provision can be effected in the unit of appropriation.

**13.1 Heavy re-appropriation of funds**

Test check of appropriation accounts with reference to re-appropriation orders for 1998-99 revealed that out of the total sanctioned provision of Rs 643189 crore, an amount of Rs 33154 crore was re-appropriated between the different primary units of appropriation defeating the original purpose/activity as authorised by Parliament. Details of such re-appropriation are as under:-



(Rupees in crore)

	Revenue		Capital		Total
	Voted	Charged	Voted	Charged	
Sanctioned provision	112764	105232	26320	398873	643189
Amount re-appropriated	4934	2443	1293	24484	33154

In the developmental and welfare areas such as Health (Rs 205 crore); Family Welfare (Rs 308 crore); Department of Education (Rs 908 crore); Department of Women and Child Development (Rs 216 crore); Department of Heavy Industry (Rs 324 crore); Department of Small Scale Industries (Rs 114 crore); Ministry of Power (Rs 247 crore); Department of Atomic Energy (Rs 216 crore); Department of Space (Rs 145 crore) heavy re-appropriation of fund were mainly from welfare activities to the establishment related activities, payment of grants-in-aid and other non-developmental/welfare activities because sufficient fund under these activities could not be got authorised at budget stage. Such re-appropriation of funds defeated the original purpose for which the funds were authorised by Parliament.

### 13.2 Injudicious re-appropriation

#### 13.2.1 Injudicious re-appropriation to sub-head

Test checks disclosed unnecessary re-appropriation of Rs 9481 crore to sub-heads.

Test check of the accounts, revealed that in 32 cases of 16 grants/appropriations as per the details in Appendix XXII, re-appropriations aggregating Rs 9480.57 crore were injudicious, as the original provision under the sub-heads to which funds were transferred by re-appropriation was more than adequate. Consequently the final saving under the sub-heads were more than the amount re-appropriated to these sub-heads.

#### 13.2.2 Injudicious re-appropriation from sub-head

Injudicious re-appropriations of Rs 173 crore were made from sub-heads.

Similarly in 26 sub-heads of 17 grants/appropriations as indicated in Appendix XXIII, there was injudicious re-appropriation aggregating Rs 173.48 crore wherein the final disbursements under each of them was more than the original provision before re-appropriation from them. In each of them, the excess over the final provision after re-appropriation from these heads was more than the amounts re-appropriated.

The position of similar injudicious re-appropriations in respect of grants of Railways, Posts and Telecommunications and Defence Services have been included in the respective Audit Reports.

### 13.3 Irregular re-appropriation of funds

#### 13.3.1 Re-appropriation in infringement of recommendations of Public Accounts Committee

Re-appropriations  
in contravention of  
PAC's  
recommendations

As per the extant instructions of Ministry of Finance issued at the instance of the Public Accounts Committee (Eighth Lok Sabha) vide its recommendation in 147th Report, any re-appropriation order issued during the year which has the effect of increasing budget provision by more than 25 *per cent* or Rs one crore whichever is more, under a sub-head should be reported to Parliament along with the last batch of Supplementary Demands. In exceptional cases any order of re-appropriation issued by the Ministries/Departments after presentation of the last batch of Supplementary Demands, exceeding the above limit requires prior approval of the Secretary/Additional Secretary, Department of Expenditure.

Test check of Appropriation Accounts for 1998-99 revealed that there were 391 sub-heads/cases of 65 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these in 165 sub-heads/cases involving 60 grants/appropriations, the re-appropriation exceeded 25 *per cent* of the budget provision and as such were required to be reported to Parliament through the last batch of supplementary demands for grants.

Exception to obtain  
Secretary(Expenditure)  
approval was used as a  
rule.

Only in 68 cases, such re-appropriation were reported to Parliament and in respect of remaining 96 cases the exception was made the rule undermining the Parliamentary financial control by different ministries/departments. In these cases despite prior knowledge, the approval of Secretary (Expenditure) was obtained at the fag end of the financial year instead of reporting the re-appropriation to Parliament. In most of these cases the ministries/departments did not explain as to why they were not in a position to report the re-appropriations to the Parliament.

**13.3.1.1** In the following cases, the amount of re-appropriation exceeded the above limits, for which the Ministries/Departments had neither reported the augmentation of funds by re-appropriation to Parliament through the last batch of supplementary demands for grants nor obtained prior approval of the Secretary/Additional Secretary, Department of Expenditure.

Sl. No.	No. and name of Grant	Major-head	Sub-head	Amount (Rs. in crore)		Remarks
				O	R	
1.	3-Department of Agricultural Research and Education (Ministry of Agriculture)	2415-Agricultural Research and Education	Assistance to ICAR-Administration	89.87	43.59	Ex-post facto approval of Secretary (E) was obtained in August 1999.

### 13.3.2 Re-appropriation without prior approval of Secretary (Expenditure)

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

Sample check of appropriation accounts for 1998-99 revealed that there were 226 sub-heads under which re-appropriation in excess of rupees one crore but not exceeding 25 per cent of the budget provision was made and as such prior approval of Secretary (Expenditure) was required to be obtained, however in the following cases where the re-appropriation exceeded Rs one crore, approval of Secretary (Expenditure) was not obtained. In some cases the ministries obtained approval of Secretary (Expenditure) ex-post-facto after the close of the financial year, which was a fait accompli and defeated the objective of the instructions of the Ministry of Finance.

Sl. No.	No. and name of Grant	Major-head	Sub-head	Amount (Rs. in crore)		Remarks
1.	3-Department of Agricultural Research and Education	2415-Agricultural Research and Education-Assistance to ICAR	Crop Husbandry – Research Institutes	O R	325.77 81.08	Ex-post facto approval of Secretary(E) was obtained in August 1999.
2.	-do-	-do-	Animal Husbandry-Research Institutes	O R	63.60 3.40	-do-
3.	-do-	-do-	Dairy Development-Research Institutes	O R	23.00 1.00	-do-
4.	-do-	-do-	Fisheries-Research Institutes	O R	48.30 3.70	-do-
5.	36-Department of Revenue	2070-Other Administrative Services	Central Bureau of Narcotics	O R	13.27 2.14	On being pointed out by audit ex-post facto approval was obtained on 29-9-99.
6.	56-Information, Films and Publicity	2251-Secretariat-Social Services	Ministry of Information and Broadcasting	O R	10.80 1.02	-
7.	-do-	2220-Information and Publicity	Films Division	O R	24.74 1.17	
8.	58-Ministry of Labour	2230-Labour and Employment	Transfer to Iron Ore, Manganese Ore, Chromicore Mines Labour Welfare Fund	O R	32.10 2.90	
9.	-do-	-do-	Beed Workers Welfare- Health	O R	15.67 1.32	
10.	75-Department of Science and Technology	3425-Other Scientific Research	Grants-in-aid for Research and Development	O R	58.32 1.60	
11.	92-Department of Ocean Development	3403-Oceanographic Research	Marine Research and Development	O R	16.45 2.22	
12.	92-Department of Ocean Development	3403-Oceanographic Research	Mining Research and Development	O R	15.45 1.43	
13.	99-Andaman and Nicobar Islands	2055-Police	District Police	O R	16.53 1.08	
14.	-do-	2406-Forestry and Wild Life	Transportation of Timber	O R	8.39 1.11	

### **13.3.3 Re-appropriation without prior approval of Ministry of Finance**

Some cases sample checked by Audit were as under:-

#### **13.3.3.1 Grant No. 27- Currency, Coinage and Stamps (Ministry of Finance)**

As per provision of Rule 10(6)(e) of the Delegation of Financial Power Rules any augmentation of the provision under the primary unit 'overtime allowance' by way of re-appropriation should not be made without previous consent of the Ministry of Finance.

Scrutiny of headwise appropriation accounts of Grant No. 27- Currency, Coinage and Stamps disclosed that as against the sanctioned provision of Rs 89.86 crore the Ministry had re-appropriated Rs 5.87 crore under the primary unit 'overtime allowance' for which specific prior approval of Ministry of Finance was not obtained as such the above re-appropriation was irregular and unauthorized.

#### **13.3.3.2 Grant No. 3-Department of Agricultural Research and Education (Ministry of Agriculture)**

As per provision of Rule 10(6)(d) of the Delegation of Financial Power Rules, re-appropriation of funds from plan heads to non-plan heads in a grant or appropriation can be made only with the prior approval of Ministry of Finance. The expenditure incurred without prior approval for re-appropriation would be termed as unauthorised. The PAO is also required to exercise checks prescribed under para 4.2.4 of Civil Accounts Manual before authorizing such payments where no provisions of funds or sanction of competent authority exists. Scrutiny of appropriation accounts in respect of grant no. 3- Department of Agricultural Research and Education for the year 1998-99 revealed that the Department re-appropriated Rs 81.17 crore from plan heads to non-plan heads under major head 2415- Agricultural Research and Education without obtaining the prior approval of Ministry of Finance. However, in August 1999 ex-post facto approval of Ministry of Finance was obtained. Since there is no provision for ex-post facto approval under the Delegation of Financial Power Rules, re-appropriation of funds from plan heads to non-plan heads was irregular and accordingly the expenditure of Rs 81.17 crore incurred against said re-appropriation was unauthorized.

*13.3.4 Irregular re-appropriation exceeding the provision-Grant No.43-Ministry of Home Affairs*

As per provisions of Rule 72 of the General Financial Rules, re-appropriation of funds can take place from one primary unit of appropriation to another primary unit within the grant or appropriation at any time before the close of the financial year. Further, as per provisions of Rule 71 of the General Financial Rules, no expenditure can be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund of India. Rule 61 of the General Financial Rules, also do not permit disbursements to be made out of Consolidated Fund of India in anticipation of Appropriation Bill relating to the Budget of a financial year.

Scrutiny of headwise appropriation accounts in respect of Grant No.43-Ministry of Home Affairs for the year 1998-99 revealed that the Ministry had re-appropriated an amount of Rs 1.83 crore against the original provision of Rs 1.17 crore from the sub-head 3601.01.141.01-Other Acts and Regulations to other sub-heads which resulted in re-appropriation of Rs 0.66 crore more than the original provision under the sub-head. Against this minus provision of Rs 0.66 crore the Ministry incurred an expenditure of Rs 3.48 crore under the sub-head.

On being pointed out, the Ministry stated that due to non-passing of second batch of Supplementary Demands for Grants excess re-appropriation over the original budget was made. Since there was not sufficient provision under the sub-head for re-appropriation, Ministry's action to re-appropriate funds more than the provision from the sub-head, on the presumption that the supplementary grants would be passed was against the principle of sound financial management as the Ministry of Finance had already intimated the Ministry of Home Affairs on 27 March 1999 regarding inability in passing of second Supplementary Demands for Grants, despite which the Ministry had re-appropriated funds from the sub-head on 31 March 1999.

**13.4 Issue of Re-appropriation orders after the close of the financial year (Grant No.3-Department of Agricultural Research and Education)**

In terms of Rule 69 and 72 of General Financial Rules, Departments of Central government are empowered to re-appropriate funds from one primary unit of appropriation to another such unit within a grant or appropriation and also to surrender all anticipated savings to the Ministry of Finance before the close of the financial year.

On scrutiny of Appropriation Accounts and re-appropriation orders in respect of Grant No.3- Department of Agricultural Research and Education, it was

revealed that in violation of the provisions of General Financial Rules the Department re-appropriated Rs 81.39 crore after the close of the financial year vide re-appropriation order no. 1(8)198-Budget dated 23<sup>rd</sup> June 1999. While approving the re-appropriation proposal in August 1999, the Secretary (Expenditure) had also made observation that re-appropriation should have been proposed in the last financial year itself.

Re-appropriation of Rs 81.39 crore made after the close of the financial year was thus irregular and accordingly the expenditure incurred to that extent was unauthorized.

**CHAPTER XIV :UNAUTHORISED EXPENDITURE ON  
'NEW INSTRUMENT OF SERVICE'**

New instrument of service without approval of Parliament	No. of cases	Rupees in crore
Release of Grants-in-aid	68	738.33
Release of Subsidy	6	302.02
Investment in/Loan payments	20	551.94

**14 Expenditure on "New Service/New Instrument of Service"**

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

Scrutiny of headwise appropriation accounts for 1998-99 disclosed that in the following cases the prescribed limit had exceeded. The ministries/departments sought approval of the Parliament in most of these cases through second batch of Supplementary Demands for Grants of March 1999 but since the same could not come into force before the close of the financial year 1998-99, the prior approval for releasing the additional grants-in-aid, loans and investment to these statutory and public institutions could not be taken.

Such release, therefore, is an infringement of the rule governing Parliamentary Financial Control and requires regularisation.



### 14.1 Additional releases attracted the provisions of 'New Instrument of Service'

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

Sample check in audit disclosed that in 94 cases pertaining to 28 grants/appropriations as detailed in Appendix-XXIV although the prescribed limit had exceeded, the ministries/departments did not obtain prior approval of Parliament. However, ministries/departments in 89 cases at serial no 1 to 12, 14 to 23, 25 to 30, 32 to 58, 60 to 92 and 94 shown in the above appendix, have included additional expenditure in the second batch of supplementary demands for grants, which came into force only after close of the financial year. Thus, such releases exceeded the limits and attracted the provision of 'New Instrument of Service' and require regularisation.

Even after, reckoning the unpassed second batch of supplementary demands for grants, there were at least five cases in which the expenditure in respect of five ministries/departments over and above the authorised provision attracted the limitations of 'New Service/New Instrument of Service' as under:

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
1.	39-Ministry of Food Processing Industries	Modern Food Industries Ltd	-	0.80	0.80	Additional release exceeded the limit of Rs 10 lakh.
2.	42-Department of Family Welfare	International Institute of Population Science, Bombay	3.30	4.18	0.88	Additional release exceeded the limit of 10 per cent of budget provision.
3.	48-Department of Education	Central Institute of Indian Languages, Mysore (Bhartiya Bhasha Sansthan)	2.24	2.82	0.58	Additional release exceeded the limit of 10 per cent of budget provision.

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
4.	58-Ministry of Labour	Central Board of Workers Education	11.71	16.07	4.36	Additional release exceeded the limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
5.	82-Ministry of Textile	Jute Corporation of India	16.00	20.00	4.00	Additional release exceeded the limit of Rs 2 crore.

## CHAPTER XV : SUPPLEMENTARY PROVISIONING WITHOUT REQUIREMENT

Details of Supplementary grants (Civil) obtained during 1998-99 was as under:-

*(Rupees in crore)*

Section		Obtained in December 1998
<b>Voted</b>		
Revenue		3329.45
Capital		43.15
Loans & Advances		952.41
<b>Charged</b>		
Revenue		31.96
Capital		22.43
Public Debt		-
Loans & Advances		10068.36
<b>Total</b>		<b>14447.76</b>
No of grants/ appropriations		45

Supplementary provision obtained but not utilised

5 grants

Rs 17 crore

### 15.1 Estimation of supplementary grant/appropriation

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

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

Public Accounts Committee of 10th Lok Sabha in its 88th Report in Para 1.39 has also commented on obtaining the supplementary grant or appropriation in an ill conceived manner without conducting a proper and close scrutiny of

expenditure incurred or likely to be incurred by them during the financial year.

**15.1.1 Unnecessary supplementary grant**

**Net unspent provision exceeding supplementary grant in 5 grants.**

In 5 cases relating to 5 grants as detailed below although the supplementary provisions were obtained in December 1998 in anticipation of higher expenditure, the final expenditure was less than even the original grants. Thus, the entire amount of supplementary provision aggregating to Rs 17 crore proved to be unnecessary.

**Table 15.1.1: Unspent provision more than supplementary grant/appropriation**

Sl. No.	Grant/Appropriation	Amount (Rs in crore)	* Reasons for obtaining supplementary grants
<b>Revenue – Voted</b>			
1.	50 – Department of Culture (Ministry of Human Resource Development)	O. 301.20 S. 6.41 AE. 297.49 U.P. 10.12	For disbursements on Khalsa Tricentenary celebration, providing grant assistance to museum and library and Agra Heritage Fund through the State Government.
2.	63-Ministry of Mines	O. 292.03 S. 6.48 AE. 279.17 U.P. 19.34	For providing grant assistance for implementation of Voluntary Retirement Scheme.
3.	82-Ministry of Textiles	O. 427.37 S. 0.73 AE. 407.21 U.P. 20.89	For implementation of Voluntary Retirement Scheme in Handloom and Handicrafts Export Corporation
4.	85-Public Works (Ministry of Urban Affairs & Employment)	O. 618.25 S. 1.60 AE. 537.89 U.P. 81.96	For meeting the disbursements for removal of encroachment on Plot No. EP-30, Chanakyapuri for Saudi Arabian Embassy
5.	87-Ministry of Water Resources	O. 547.28 S. 1.77 AE. 492.79 U.P. 56.26	For providing additional grant assistance to National Project Construction Corporation Ltd. for implementing the Voluntary Retirement Scheme.

O = Original Provision : S = Supplementary Provision : AE = Actual Disbursements : U.P. = Unspent Provision

As the disbursements under these grants was less than the original provision, the Ministries/Departments were required to obtain token/technical supplementary for re-appropriating the unspent provisions within the grant instead of obtaining large amounts of supplementary provisions and as such the supplementary grants proved to be unnecessary.

## 15.2 Unrealistic estimation of supplementary demands

15.2.1 Under the following grants, the Ministries/Departments sought for second supplementary grants during March 1999 which could not be treated as passed by Parliament due to technical reasons but the disbursements under these grants were far less than even the provision after first supplementary provision.

(Rupees in crore)

Sl. No.	Grant No.		Original + 1 <sup>st</sup> Supplementary (Dec.1998)	Actual disburse- ments	Amount demanded in IInd supplementary (March 99)
<b>Revenue-Voted</b>					
1.	9-Department of Consumer Affairs	O. S.	19.29 <u>9.00</u> 28.29	28.25	4.79
2.	50-Department of Culture	O. S.	301.20 <u>6.41</u> 307.61	297.49	43.90
3.	67-Ministry of Petroleum and Natural Gas	O. S.	5.44 <u>0.34</u> 5.78	5.76	1.44
4.	82-Ministry of Textiles	O S.	427.37 <u>0.73</u> 428.10	407.21	5.03
5.	89-Atomic Energy	O. S.	1088.82 <u>12.22</u> 1101.04	1096.03	17.75
<b>Capital - Voted</b>					
6.	82-Ministry of Textiles	O. S.	567.69 <u>20.00</u> 587.69	587.52	16.71
7.	99-Andaman and Nicobar Islands	O. S.	208.16 <u>13.83</u> 221.99	221.62	0.34

O=Original provision: S=Supplementary provision

15.2.2 In the following cases large amount of supplementary grant was sought through second batch of supplementary demands for grants of March 1999 the additional disbursements which was to be met out of such supplementary grant, was far less than the supplementary sought, which indicated that the supplementary demands were sought in an unrealistic manner.

(Rupees in lakh)

Sl. No.	Grant/Appropriation	Amount of supplementary demanded in 2 <sup>nd</sup> batch of supply. Demands (March 1999)	Amount of additional/ excess expenditure actually incurred	Percentage of supplementary demanded actually utilised
<b>Revenue – Voted</b>				
1.	13 – Department of Commerce	4734.00	2770.73	59
2.	37 – Direct Taxes	9460.00	4738.25	50
3.	38 – Indirect Taxes	4075.00	2617.33	64
4.	43 – Ministry of Home Affairs	2037.00	1277.54	63
5.	56 – Information, Films and Publicity	440.00	87.64	20
6.	80 – Roads	4130.00	57.92	1.4
7.	95 – Rajya Sabha	414.00	242.57	59
8.	96 – Lok Sabha	1798.00	1108.69	62
<b>Revenue – Charged</b>				
9.	83 – Urban Development	244.00	41.59	17
10.	95 – Rajya Sabha	4.00	1.88	47
<b>Capital – Voted</b>				
11.	54 – Department of Heavy Industry	18000.00	6326.33	35
12.	87 – Ministry of Water Resources	351.00	64.22	18
<b>Capital – Charged</b>				
13.	57 – Broadcasting Services	85.00	19.81	23

From the above it would be seen that had the demands for the second batch of supplementary grants materialised, the large portion of the amount of supplementary demanded would have been unnecessary which indicated the weakness in the management information system in respect of control of expenditure on the part of Ministries/Departments.

## CHAPTER-XVI: REVIEW OF SELECTED GRANTS

### 16.1 Ministry of Environment and Forests (Grant No. 24)

#### 16.1.1 Introduction

The Ministry of Environment and Forests is the nodal agency in the administrative structure of the Central Government for the planning, promotion and co-ordination of environmental and forestry programmes and is engaged in the activities of conservation and survey of flora, fauna, forests and wild life, prevention and control of pollution, afforestation and regeneration of degraded areas and protection of environment.

#### 16.1.2 Overall position

The budget provision, actual disbursements and unspent provision during 1996-99 were as under:

*(Rupees in crore)*

Year	Total provision		Actual disbursements		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	806.31	13.30	593.50	12.68	212.81	0.62
1997-98	630.79	7.80	490.03	7.80	140.76	-
1996-97	545.66	7.11	512.93	7.11	32.73	-

From the above, it would be seen that the Ministry ended persistently with large unspent provisions. The unspent provision under revenue section increased from 6 in 1996-97 to 26 *per cent* in 1998-99, which is indicative of unrealistic budgetary assumption and slackness in implementing the schemes/activities of the Ministry.

**16.1.3 Schemes/sub heads affected by large unspent provision**

Sub-heads under which large provisions remained unspent were as under:

*(Rupees in crore)*

Sl. No.	Name of Head	Total provision	Actual disbursements	Unspent provision	Reasons advanced by the Ministry
<b>Major Head 2406 – Forestry and Wildlife</b>					
1.	Wildlife preservation -other Schemes	15.58	0.86	14.72	Non-approval of creation of certain posts by Ministry of Finance
<b>Major Head 3435 – Ecology and Environment</b>					
2	Ganga Action Plan Phase-I	8.73	2.50	6.23	Slow progress of implementation of schemes of Ganga Action Plan Phase-I.
3	Urban environment management	2.00	--	2.00	Non undertaking of evaluation of consultants.
4	Taj protection Mission	38.00	--	38.00	Delay in obtaining of approval
5	Prevention and Control of Water Pollution (Cess)	55.80	40.58	15.22	Less reimbursement following less collection of water cess by various State Pollution Control Boards.
6	Pollution Control Projects	30.00	20.00	10.00	Non-approval of one component of the scheme (Clean Technology Network Rs.8.00 crore) by Expenditure Finance Committee and cut imposed by Ministry of Finance.
7	Establishment of Environment Protection Authorities	3.40	2.38	1.02	Late functioning of authority in Tamil Nadu, and also due to economy cut by Ministry of Finance.
8	Environment Impact Assessment Programme	7.20	2.79	4.41	Non-approval of project on Indian Centre of Promotion for cleaner Technology by Expenditure Finance Committee.
9.	Hazardous Substance Management	8.66	2.46	6.20	Non-completion of negotiations for the alteration of original project proposal following change in World Bank incharge of Hazardous substance Management.



(Rupees in crore)

Sl. No.	Name of Head	Total provision	Actual disbursements	Unspent provision	Reasons advanced by the Ministry
10.	India Environment Management Capacity Building Technical Assistance Project	36.00	9.92	26.08	Delay in beginning of some of the components of the scheme owing to delay in engagement of consultants, training courses and purchase of equipments.
11.	Government of India - United Nations Development Programme - Environment Support Programme	6.00	0.77	5.23	Change in guidelines in funding of few projects by the United Nations Development Project.
<b>Major Head 3601 – Grants-in-aid to State Governments</b>					
12.	Integrated Afforestation and Eco-Development Projects	32.00	28.87	3.13	Non-receipt of confirmation regarding availability of matching shares 50:50 for scheme from several States, non - receipt of appropriate technology extension projects from the States and cut imposed by Ministry of Finance.
13.	Seed Development Agencies	2.60	1.30	1.30	Delay in receiving approval for conversion of funding pattern from 50:50 to 100% Central funding and non-receipt of appropriate technology extension projects from the States.
14.	Ganga Action Plan Phase II	163.00	86.00	77.00	Delay in receipt of approval for conversion of funding pattern from 50:50 to 100 per cent Central funding.
15.	Fuel wood Fodder Projects	40.00	27.00	13.00	Non-receipt of appropriate technology extension projects from the State Governments.
16.	Eco-development Around Important Protected Areas.	52.13	26.78	25.35	Slow utilisation of funds by the State Governments and non creation of new posts.

**16.1.4 Persistent unspent provision.**

Detailed examination of the following schemes revealed persistent unspent provision during 1996-99.

(Rupees in crore)

Sl. No.	Name of the scheme	Unspent provision		
		(Percentage of unspent provision to Budget Estimates)		
		1996-97	1997-98	1998-99
1.	Environment Commission and Tribunal	1.00 (100%)	1.50 (100%)	1.00 (100%)
2.	Hazardous Substance Management	3.14 (54)	10.58 (79)	6.30 (72)
3.	Eco-Development around Important Protected Areas	31.54 (88)	6.60 (25)	39.60 (59)
4.	National Afforestation and Eco-development Board	2.46 (3)	23.74 (26)	19.90 (22)

**(a) Environmental Commission and Tribunal**

The Ministry had been making provisions every year for setting up of Environment Tribunal meant for expeditious disposal of cases arising from accidents in handling any hazardous substance and matters connected therewith. However, no disbursements were made during last three years. The objective thus remained unachieved. This reflected unrealistic budgeting on the part of Ministry as it continued to make provisions every year without even identifying the action plan. It was further seen that even the appointment of Chair Person of tribunal had not been finalised as of March 1999.

(Rupees in crore)

Year	Budget provision	Disbursements	Unspent provision
1998-99	1.00	--	1.00
1997-98	1.50	--	1.50
1996-97	1.00	--	1.00

The Ministry attributed the unspent provision to the National Environment Tribunal having not been operationalised so far.

**(b) Hazardous Substance Management**

The objective of this World Bank aided project was to assist in the implementation of modern and sustainable hazardous waste management in the country. The project had two components namely, (i) Industrial Safety Disaster Prevention Project and (ii) Hazardous Waste Management Project.

Scrutiny of accounts revealed that every year there were unspent provision as indicated below :

*(Rupees in crore)*

Year	Budget provision	Disbursements	Unspent provision
1998-99	9.16	2.86	6.30
1997-98	13.33	2.75	10.58
1996-97	5.80	2.66	3.14

In the first project feasibility studies were still on going while the second project was yet to be negotiated. Ministry admitted that the progress was very slow and mile stones had not been achieved within the stipulated time.

**(c) Eco-Development around Important Protected Areas**

The objective of the scheme was to provide alternative sources of sustenance to the communities on the fringes of National parks and sanctuaries and to improve the ecological productivity of the buffer zones of protected areas. The scheme consisted of following projects (i) Eco-Development around important protected areas (ii) India Eco-development project (World Bank aided). Financial outlays of the scheme during 1996-1999 were as follows :

*(Rupees in crore)*

Sl. No	Name of Activity	1996-97			1997-98			1998-99		
		Provision	Actual	Unspent amount	Provision	Actual	Unspent amount	Provision	Actual	Unspent amount
1	Eco-development around important protected areas	4.60	3.81	0.79	5.95	5.00	0.95	8.00	6.34	1.66
2.	India Eco-development project	31.17	0.42	30.75	20.00	14.35	5.65	58.83	20.89	37.94
	<b>Total</b>	<b>35.77</b>	<b>4.23</b>	<b>31.54</b>	<b>25.95</b>	<b>19.35</b>	<b>6.60</b>	<b>66.83</b>	<b>27.23</b>	<b>39.60</b>

India Eco-development project, which was externally aided component of this scheme, was approved for implementation in October 1997 in seven protected areas in seven States. The total cost of the India Eco-development project was US \$ 67 million (Rs.294.93 crore) and it was to be completed by December 2001. As evident from the above table, the disbursements during 1996-99 was only Rs 35.66 crore against the total project outlay of Rs 294.93 crore. In view of rather slow disbursements flow, it appears doubtful that the project would be able to achieve its objective by the scheduled completion date of December 2001.

**(d) National Afforestation and Eco-development Board**

The National Afforestation and Eco-development Board, constituted in the Ministry of Environment and Forests in August 1992, had the mandate of promoting afforestation, tree plantation, ecological restoration and eco-development activities all over the country, giving special attention to

degraded forest sanctuaries and protected areas, as well as the ecologically fragile areas.

Scrutiny of the records and appropriation accounts for the year 1996-99 revealed that there were persistent unspent provision under this head as under :

*(Rupees in crore)*

Year	Budget provision	Disbursements	Unspent provision
1998-99	92.35	72.45	19.90
1997-98	92.00	68.26	23.74
1996-97	90.00	87.54	2.46

The high persistent unspent provision indicated that the Ministry had not been closely monitoring the progress of project. It was seen that physical achievements during 1998-99 on two major schemes viz., Fuel & Fodder and Integrated Eco-development projects schemes lagged far behind the targets. The Ministry attributed high unspent provision due to non-receipt of any technology extension projects from any State.

#### **16.1.5 Persistent excess.**

During 1996-99, under Promotion of Common Effluent Treatment Plant, the disbursements was in excess of budget allotment year after year as under :

#### **(Percentage of Excess to Budget Allotment)**

*(Rupees in crore)*

1996-97	1997-98	1998-99
23.61 (787%)	3.00 (100%)	10.72 (366.6%)

It is evident from the above that the percentage of excess disbursements to allotment of funds ranged between 100 and 787 *per cent* during the last three years, which in turn indicates unrealistic budgetary assumption.

#### **16.1.6 Rush of disbursements**

As per Note 3 below Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the Financial year is to be regarded as breach of financial regularity and should be avoided. Contrary to this, disbursements ranging from 36 to 66 *per cent* of the total disbursements were made in January to March during 1996-99 under the following major heads.

(Rupees in crore)

Major Head	Total Disbursements	Disbursements in the last quarter	Percentage of disbursements in comparison to total disbursements
<b>1996-97</b>			
2406 - Forestry and Wild Life	96.86	42.15	44
3435 - Ecology and Environment	196.86	130.03	66
3601- Grants-in-aid to State Governments	214.87	116.92	54
<b>1997-98</b>			
2406- Forestry and wild life	104.12	37.23	36
3435 - Ecology and Environment	173.86	85.14	49
3601- Grants- in-aid to State Governments	206.50	87.77	43
<b>1998-99</b>			
2406- Forestry and Wild life	140.50	58.52	42
3435-Ecology and Environment	176.14	98.11	56
3601-Grants -in- aid to State Governments.	270.29	115.90	43

In addition, it was also observed that large amount of disbursements were made during 1996-99 in the month of March in order to avoid surrender of unspent provision. Head-wise details of such disbursements are as under:

(Rupees in crore)

Major Head	1996-97		1997-98		1998-99	
	Total disbursements	March disbursements/percentage	Total Disbursements	March expenditure / percentage	Total Disbursements	March disbursements/percentage
2406- Forestry and Wild Life	96.86	25.28 (26%)	104.12	12.16 (12%)	140.50	41.30 (29%)
3435 -Ecology and Environment	196.86	68.66 (35%)	173.86	46.70 (27%)	176.14	47.70 (27%)
3601 - Grants-in-aid to State Governments	214.87	46.07 (21 %)	206.50	65.41 (32%)	270.29	45.54 (17%)

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

## 16.2 Ministry of Health and Family Welfare (Grant No.40 Department of Health)

### 16.2.1 Introduction

The Ministry of Health and Family Welfare consists of three Departments viz. Department of Health, Department of Indian System of Medicines and Homoeopathy and Department of Family Welfare. Department of Health plays a vital role in disease control, curative health programmes and family welfare.

### Grant No. 40 - Department of Health

This grants included provisions for the Secretariat of the Department of Health, its attached/ subordinate offices, comprehensive medical care to Central Government employees at Delhi and 19 other cities in addition to three peripheral towns at Delhi, Central Hospitals and Dispensaries, Medical Education, Training and Research Centres, Health Institutions with medical and public health matters including prevention and control of diseases, food adulteration and drug control programme.

### 16.2.2 Overall position

The position of budget provision, actual disbursements and unspent provision during the last three years 1996-99 was as under:

(Rupees in crore)

Year	Total provision		Actual disbursements		Unspent provision			
	Revenue	Capital	Revenue	Capital	Revenue	Percentage	Capital	Percentage
1998-99	1813.46	548.24	1605.45	296.24	208.01	21	252.00	46
1997-98	1486.53	504.44	1338.44	301.25	148.09	10	203.19	40
1996-97	1288.28	440.12	1165.28	374.51	123.00	10	65.61	15

From the above, it would be seen that there was steep increase in the unspent provisions both under revenue and capital sections of the Grant over the period of three years despite being pointed out in the previous audit reports from 1996. Under revenue section, the percentage of unspent provision increased from 10 to 21 per cent, whereas the unspent provision under capital section increased from 15 to 46 per cent, which is indicative of unrealistic budgetary assumption and/ or faulty implementation of schemes/ programmes by the Departments/ implementing agencies etc.

**16.2.3 Rush of disbursements in the month of March 1999**

As per Note 3 to Rule 69 of General Financial Rules, rush of disbursements, particularly in the closing months of financial year is to be regarded as a breach of financial regulatory and should be avoided. Test check revealed that contrary to the above provision under the following major heads, major part of total disbursements ranging between 21 and 70 per cent of the total disbursements were made in March 1999.

(Rupees in crore)

Sl. No.	Major Head	Total disbursements	Disbursements in March 1999	Percentage of disbursements during March
1)	2210 - Medical and Public Health	1309.77	279.58	21
2)	3601 - Grants-in-aid to State Governments	264.98	148.97	56
3)	3602 - Grants-in-aid to Union Territory Governments	1.39	0.98	70
4)	4210 - Capital Outlay on Medical and Public Health	295.62	106.99	36

Since the funds released in March to voluntary organisations, State/ Union Territory Governments and other implementing agencies cannot constructively be spent during the year, it is not possible to conclude whether the funds provided under budget for a particular purpose were utilised for that purpose. Release of funds at the fag end of financial year was indicative of deficient financial management and mainly aimed at avoiding lapse of budget grant.

**16.2.4 Surrender of unspent provision**

Rule 69 of General Financial Rules provides that unspent provision in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the last quarter or fag end of the financial year. Unspent provision should also not be held in reserve for possible future excess. However, contrary to the above provision, the department surrendered the entire amount of Rs 343.42 crore on the last date of the financial year. It was also revealed that out of total unspent provision of Rs 460.01 crore, only Rs. 343.42 crore constituting 75 per cent of total unspent provision was surrendered.

**16.2.5 Disbursements on 'New Service/New Instrument of Service'**

Six cases attracting the provisions of 'New Instrument of Service' have been included in Chapter-XIV of this Report require regularisation.

### 16.2.6 Major unspent provisions and Excesses

The major unspent provisions and excesses were as under:-

#### (i) Unspent provision

(Rupees in crore)

Sl. No.	Sub-head	Total provision (O+S)	Actual disbursements	Unspent provision	Reasons advanced for unspent provision by the Department
<b>2210 – Medical and Public Health</b>					
1.	All India Institute of Physical Medicine and Rehabilitation, Mumbai	4.66	3.23	1.43	Economy cuts imposed by the Ministry of Finance in respect of various schemes and also due to less number of applications received for stipends etc.
2.	Kalawati Saran Children's Hospital, New Delhi	13.52	11.32	2.20	Non-receipt of inward claims from DGS&D and non-execution of supply orders by firms/suppliers, etc.
3.	Establishment of Hospitals and Dispensaries in association with State Governments	2.00	--	2.00	Non release of Central grants owing to non-completion of requisite formalities by the voluntary organisations and State Governments, non-furnishing of bonds and non-release of equal share by State Governments.
4.	Subvention to Private Medical Colleges	5.32	1.71	3.61	Receipt of less number of claims from various colleges routed through State Governments as decided with the approval of competent authority.
5.	Other Schemes	119.44	105.67	13.77	Non-receipt of proposals for development of nursing services and AIDS programme, release of funds directly to Prasar Bharati instead of routing through Ministry of Information and Broadcasting and also due to non-fulfilment of conditions for release of funds by the Councils, etc.
6.	National Institute of Communicable Diseases	17.59	14.53	3.06	Less purchase of material/articles for day to day functioning of the



(Rupees in crore)

Sl. No.	Sub-head	Total provision (O+S)	Actual disbursements	Unspent provision	Reasons advanced for unspent provision by the Department
					office/dispensaries and also non-finalisation of proposal for procurement of chemicals/reagents from WHO and economy cut by Ministry of Finance in respect of various schemes/programmes/ institutes.
7.	National Malaria Eradication Programme	53.88	23.19	30.69	Economy cuts imposed by Ministry of Finance in respect of various schemes and non employment of consultants and less release of cash grants to district malaria control societies, etc.
8.	Trachoma and Blindness Control Programme	49.79	39.33	10.46	Low utilisation of funds by the district blindness control societies, delay in finalization/implementation of information, education, communication plan and less expenses on training, etc.
9.	Other Health Schemes	20.85	11.94	8.91	Non-hiring of accommodation for National AIDS Control Organisation and economy cuts imposed by Ministry of Finance
10.	TB Cell at Headquarters (Externally Aided Component)	4.00	1.09	2.91	Non-appointment of consultants and other technical staff owing to non-organising of activities like training and workshops, etc.
11.	Bacteriological Laboratories	17.68	12.34	5.34	Engagement of less daily wagers against regular posts, less purchase of machinery equipments for dispensaries than anticipated and economy cut by Ministry of Finance.
12.	Other Schemes	35.08	3.04	32.04	Owing to non-organising of various activities like training and workshop etc. non-appointment of Consultants and other technical staff and delay in award of contract for

(Rupees in crore)

Sl. No.	Sub-head	Total provision (O+S)	Actual disbursements	Unspent provision	Reasons advanced for unspent provision by the Department
					construction of Laboratory and Animal House
13.	All India Institute of Hygiene and Public Health, Calcutta	7.15	4.88	2.27	Non-filling of vacant posts, purchase of less number of journals and books and economy cuts etc.
14.	Setting up of a National Illness Assistance Fund	5.00	2.50	2.50	Receipt of less cases for the financial assistance from States/UTs
15.	Assistance towards Expenditure on Hospitalisation of the Poor	23.00	5.00	18.00	Non-setting up of Illness Assistance Fund by the State Governments and less release of central assistance than anticipated owing to non submission of utilisation certificate.
16.	Assistance for Capacity Building (New)	5.00	--	5.00	Entire provision remained unutilised due to economy cuts imposed by Ministry of Finance
17.	National Malaria Eradication Programme (Rural) General Component	116.22	101.34	14.88	Economic cuts imposed by Ministry of Finance
18.	National Malaria Eradication Programme (Urban)	11.07	8.88	2.19	Economy cuts by Ministry of Finance and non - procurement of tempos owing to want of clarifications from manufacturers and users
19.	National TB Control Programme (Externally Aided Component)	71.00	17.42	53.58	Procurement of less quantity of Anti TB drugs owing to receipt of free drugs from Department for International Development as Commodity Grant, decentralisation of procurement with the approval of World Bank and non-issue of sanctions for book adjustments owing to non-receipt of information from medical stores depot.
20.	Augmentation of Drugs Testing Facilities (General Component)	1.50	--	1.50	Entire provision remained unutilised due to economy cuts imposed by Ministry of Finance in respect of various schemes/programmes/

(Rupees in crore)

Sl. No.	Sub-head	Total provision (O+S)	Actual disbursements	Unspent provision	Reasons advanced for unspent provision by the Department
					institutes.
21	National Malaria Eradication Programme (Externally Aided Component) (Rural)	105.00	19.79	85.21	Non-adjustment of goods for which payment was released on 31-3-99, economy cuts imposed by Ministry of Finance and delay in procurement and supply of medicines by the procurement agencies, etc.
22.	Strengthening of Drug Control Organisation including improvement of their information system and supporting	1.50	--	1.50	Entire provision remained unutilised due to economic cuts imposed by Ministry of Finance in respect of various schemes/ programmes.
23.	Assistance towards expenditure on hospitalisation of the poor	2.00	0.50	1.50	Non setting up of Illness Assistance Fund by the UT Government of Pondicherry.
24.	Medical Store Depots	15.67	13.13	2.54	Non-materialisation of proposals for procurement of tressels and high proficiency liquid chromatograph.
25.	Purchase of Materials in India and Abroad	151.00	46.06	104.94	Restrictions imposed on purchase of proprietary drugs and non finalisation of vocabulary of medical stores and CGHS formulary owing to allowing of purchase of proprietary combination for a limited period i.e. forty days.
26.	Bulk Purchase of Material and Equipments for National AIDS Control Programme	35.00	20.44	14.56	Non supply of equipment by Director General of Supplies and Disposal because of procedural difficulties and non receipt of adjustment bills for equipments supplied by DGS&D earlier.
27.	Bulk Purchase of material and equipments for National TB Control Programme	89.00	22.47	66.53	Post budget decision to provide cash grant instead of commodity grant to States for procurement of Anti-TB drugs and also free supply of Anti-TB drugs by Department for International Development as commodity

(Rupees in crore)

Sl. No.	Sub-head	Total provision (O+S)	Actual disbursements	Unspent provision	Reasons advanced for unspent provision by the Department
					grant and decentralisation of procurement of vehicles and equipments.
28.	National Malaria Eradication Programme	230.61	166.15	64.46	Economy cuts and delay in procurement and supply of drugs and medicines by the procurement agencies and non-procurement of microscopes for which indent was placed on DGS&D

(ii) Excess

(Rupees in crore)

Sl. No.	Sub-head	Total provision (O+S)	Actual disbursements	Excess	Reasons advanced for excess by the Department
1.	Central Government Health Scheme	209.00	222.74	13.74	Payment of second instalment of arrears, revision in rates of various allowances, clearance of award claims, pending liabilities, increase in rates and quantity of medicines, drugs etc.
2.	Safdarjung Hospital New Delhi	67.00	72.57	5.57	Payment of second instalment of arrears, revision in rates of various allowances, more payment to CPWD and others for minor works, etc.
3.	Dr. Ram Manohar Lohia Hospital, New Delhi	41.72	43.92	2.20	Payment of second instalment of arrears, revision in rates of various allowances more payment to CPWD and others for minor works and increase in the rates of maintenance charges of the equipments, etc.
4.	Research	122.82	127.07	4.25	Payment of second instalment of arrears increased allowances to medical and para medical personnels and also due to change in the pattern of assistance to Regional

(Rupees in crore)

Sl. No.	Sub-head	Total provision (O+S)	Actual disbursements	Excess	Reasons advanced for excess by the Department
					Cancer Centres.
5.	Education	387.28	460.85	73.57	Payment of second instalment of arrears increased allowances to medical and para medical personnels, purchase of machinery and equipments and increase in the cost of articles/ services/ stationery/ postage/electricity/water, etc.
6.	Cancer Research and Treatment Programme	7.00	8.09	1.09	Sanctioning of more proposals than anticipated under various schemes viz. Development of Oncology Wing, District Cancer Control Programme for two districts of Bihar.
7.	National Trachoma and Blindness Control Programme (Externally aided component)	17.00	26.00	9.00	Additional requirement of funds by the State Governments for carrying out civil work/activities which were stepped up after mid - term review by the World Bank in the project States

### 16.2.7 Persistent unspent provision under schemes

#### 16.2.7.1 National Tuberculosis Control Programme (NTCP)

The National TB Control programme is in operation since 1962 and is integrated with General Health Services. This programme aimed to detect cases early and treat them effectively till they are cured. The programme is implemented through 446 District TB Centres. The District Tuberculosis Programme (DTP) is supported by State Level Organisation for co-ordination of the Tuberculosis activities in the State and the supervision of DTP's. The programme provides free service to the community. The scheme was on 50:50 sharing basis between Central and State in respect of Anti-TB drugs and materials. NTCP aimed at detecting large number of TB cases and instituting treatment. As this strategy did not yield desired results, the programme was reviewed in 1992 and revised programme emphasising sputum examination rather than radiology, thereby increasing the cure rate of infected patients to above 85 *per cent*. This strategy is being implemented in 102 districts of the country in a phased manner over three years starting 1997-98 with a soft loan

from World Bank. During 1996-99, budget provision, actual disbursements and unspent provision under the scheme were as under: -

(Rupees in crore)

Year	Sanctioned provision	Actual disbursements	Unspent provision	
			Amount	Percentage
1998-99	213.20	90.86	122.34	57
1997-98	163.00	33.59	129.41	79
1996-97	85.22	32.39	52.83	62

From the above, it would be seen that during the period 1996-99, even if there was steep increase in provisions under the scheme, there was increase in the unspent provision also. During 1996-99, the increase in unspent provision ranged between 57 and 79 per cent of the sanctioned provision which is indicative of over-optimistic budgetary assumption and slackness in implementation of a programme aimed at controlling major disease like Tuberculosis.

#### 16.2.7.2 National Malaria Eradication Programme

National Malaria Eradication Programme (NMEP) is a category II centrally sponsored National Health Programme, operating on 50:50 sharing basis between the Centre and States. The Central government provides material assistance to the States, including anti malaria drugs and insecticides. The scheme was modified in 1977 and the Plan of operation was introduced with the objectives of prevention/reduction of morbidity and deaths due to Malaria. 100 per cent cash assistance is provided to the North Eastern States since 1984.

The budget provisions, actual disbursements and unspent provision were as follows: -

(Rupees in crore)

Year	Sanctioned provision	Actual disbursements	Unspent Provision	
			Amount	Percentage
1998-99	519.09	321.43	197.66	38
1997-98	362.29	253.04	109.25	30

It would be seen that even if the budget provision under the scheme has increased by Rs. 156.80 crore in 1998-99 over the previous year, the increased provision had been neutralised by the increased unspent provision of Rs 197.66 crore during 1998-99, which is indicative of not only overstated budgetary assumption, but also slackness in the implementation of scheme.

### 16.2.7.3 Trachoma and Blindness Control Programme

The programme was launched throughout the country by Government of India in 1976 with the aim to reduce the blindness from 1.4 to 0.3 *per cent* by 2000 AD. To achieve this goal, the programme was implemented with a two prolonged strategy viz. improving the efficiency levels of existing systems and providing additional input in terms of infrastructure, manpower, new technologies and equipments. The needy segments of the people are expected to be provided with immediate relief with the establishment of permanent eye care facilities and eye camp approach.

A World Bank assisted cataract Blindness Control Project is being implemented since April 1994 in seven states of the country. During the last three years the budget provisions, actual disbursements and unspent provisions were as under:

(Rupees in crore)

Year	Sanctioned provision	Actual disbursements	Unspent Provision	
			Amount	Percentage
1998-99	85.79	83.55	2.24	3
1997-98	94.70	60.88	33.82	36
1996-97	99.76	77.35	22.41	22

From the above it was evident that the budgets were framed without taking into account the actual requirement of funds.

### 16.2.8 Short recoveries

The Demands for grant are for the gross amount of disbursements i.e. inclusive of recoveries arising from use of stores, etc. procured in the past or disbursements transferred to other Department or Ministries. While appropriation audit is done by comparing the gross disbursements with the gross amount of grant, the excess and shortfall in recoveries indicate inaccurate estimation of recoveries and defective budgetary assumption. It also ultimately alters the net amount of disbursements finally booked under the relevant service head in Finance Accounts and has the effect of increasing the net disbursements.

Test check of Appropriation Accounts in respect of Grant No. 40 - Department of Health for the last three years revealed the following trend of variation in recoveries

(Rupees in crore)

Year Revenue Section	Budget estimates	Actual Recoveries	Variation	
			Amount	Percentage
1998-99	45.00	33.47	11.53	26
1997-98	--	--	--	--
1996-97	46.00	28.90	17.10	37
1995-96	60.52	23.10	37.42	62
<b>Capital Section</b>				
1998-99	540.01	249.38	290.63	54
1997-98	482.74	287.25	195.49	40
1996-97	416.80	329.42	87.38	21

It is evident from the above table that though in the revenue section of the grant there was a declining trend in the variation of actual recoveries from budgeted recoveries it was still as high as 26 *per cent* during the year 1998-99. In the capital section of the grant there was an increasing trend in variation between estimated and actual recoveries. During 1996-99, there was a steep rise from 21 to 54 *per cent*, which is indicative of inaccurate estimation and faulty budgetary assumption.



### 16.3 Department of Family Welfare (Grant No.42)

#### 16.3.1 Overall position

Budget provision, actual disbursements and unspent provision during 1996-99 were as under :-

(Rupees in crore)

Year	Total provision		Actual disbursements		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	2927.31	0.20	2821.20	0.08	106.11	0.12
1997-98	2208.02	1.60	2153.53	0.05	54.49	1.55
1996-97	2021.76	1.35	1943.94	0.08	77.82	1.27

From the above table, it is seen that under the revenue section of the grant there was steep rise in unutilised amount year after year. Persistent large unspent provision was indicative of unrealistic budgetary assumptions on the part of the Department and failure to take into account the trend of disbursements of the preceding years.

This trend of persistent large unspent provisions were pointed out in the previous years' Audit Reports of the Comptroller and Auditor General of India No 1 of 1998 and 1999, but no remedial action was taken by the Department to avoid the large unspent provisions under the Family Welfare Schemes.

#### 16.3.2 Large re-appropriation of funds defeating the original purpose.

The Department resorted to large scale re-appropriation of funds, deviating significantly from the original budget provisions, which was suggestive of shortcoming in the budgetary assumptions. The amount re-appropriated from/ to the heads during the last three years were as under:

(Rupees in crore)

Year	Sanctioned provision under the head	Amount re-appropriated to the head	Total amount released
1998-99	250.00	200.00	450.00
1997-98	79.00	187.11	266.11
1996-97	---	61.43	61.43

From the above details, it would be seen that the Department has been re-appropriating the funds from other Welfare schemes for payment of arrears due to States. Some of the major cases of re-appropriation during 1998-99 were as under:

(Rupees in crore)

Sl.No	Head of account/sub head	Original provision	Amount of re-appropriation	Final provision
<b>FROM</b>				
<b>Major Head-"2211"-Family Welfare</b>				
1.	National Institute of Health and Family Welfare, New Delhi	13.00	6.50	6.50
2.	Demographic and Other Communications Research	7.95	3.99	3.96
3.	Reproductive and Child Health Project	563.00	54.60	455.83*
4.	Expenditure in Union Territories without Legislatures	2.00	1.75	0.25
5.	Expenditure at Headquarters	2.00	1.47	0.53
6.	Projects through autonomous bodies/voluntary organisations/societies	33.00	9.00	24.00
7.	Free Supply of Family Planning Materials	92.20	7.55	84.65
8.	Family Welfare Programme in other Ministries	3.00	1.93	1.07
9.	Social Marketing of Nirodh	70.00	16.91	53.09
10.	Involvement of Voluntary Organisations	8.17	3.85	4.32
11.	Travel of Experts/Conferences/Meetings etc.	1.50	1.38	0.12
<b>Major Head "3601"-Grants in aid to State Governments</b>				
12.	Reproductive and Child Health Project	415.00	19.59	395.41
13.	Family Welfare Compensation	120.60	22.92	97.68
14.	Free Supply of Family Planning Materials	89.00	7.22	81.78
15.	Family Welfare Selected Area Projects (including India Population Project)	59.30	34.64	24.66
<b>Major Head "3602"-Grants in aid to Union Territory Governments</b>				
16.	Reproductive and Child Health Project	5.00	1.50	3.50
17.	Family Welfare Selected Area Projects (including India Population Project)	5.00	2.50	2.50
18.	Family Welfare-Direction and Administration	2.50	1.75	0.75
<b>TO</b>				
<b>Major Head "3601"-Grants in aid to State Governments</b>				
1.	Family Welfare-Other grants-Arrears	250.00	200.00	450.00

\*Include surrender of Rs 52.57 crore

**16.3.3 Rush of disbursements in the month of March**

Test checks revealed that disbursements ranging between 36 and 46 per cent were made in the month of March 1999 as indicated below:-

(Rupees in crore)

Sl. No.	Major Head	Total disbursements	Disbursements of March 99	Percentage of disbursements during March
1.	2211-Family Welfare	730.47	295.27	40
2.	3601- Grants-in-aid to State Governments	2001.64	711.26	36
3.	3602 – Grants-in-aid to Union Territory Governments	16.78	7.80	46

**16.3.4 Disbursements on 'New Service/New Instrument of Service'**

One case of additional grant of Rs 0.89 crore released to International Institute of Population Sciences, Mumbai attracted the provisions of 'New Instrument of Service' has been included in Chapter-XIV of this Report, requires regularisation.

**16.3.5 Unspent provision and excesses leading to net unspent provision.**

The gross unspent provision of Rs 310.54 crore under different heads in 1998-99 was offset by excess disbursements of Rs 204.31 crore under other heads resulting in net unspent provision of Rs 106.23 crore. The cases of major unspent provisions are given below :-

(Rupees in crore)

S.No.	Sub-head	Major head	Total provision	Actual disbursements	Unspent provision	Reasons for unspent provision
1.	Family Welfare - Expenditure in UT without Legislature	2211	2.45	0.59	1.86	Non-undertaking of expansion activities owing to delay in finalization of EFC proposal.
2.	National Institute of Health & Family Welfare, New Delhi	2211	13.00	6.24	6.76	Availability of unspent balance of previous year.
3.	Demographic and other Communications Research	2211	7.95	3.50	4.45	Non-undertaking of expansion activity for Population Research centres.
4.	Reproductive and Child Health Project	2211	563.00	448.83	114.17	Slow progress of the project.
		3601	415.00	395.31	19.69	
		3602	5.00	3.46	1.54	
5.	Compensation	2211	2.00	0.04	1.96	Non/delay in

(Rupees in crore)

S.No.	Sub-head	Major head	Total provision	Actual disbursements	Unspent provision	Reasons for unspent provision
		3601	120.60	97.67	22.93	implementation of Community Incentive scheme.
		3602	1.40	0.91	0.49	
6.	Selected Area Programme (including India Population Project)	2211	35.00	24.54	10.46	Engagement of fewer professionals, fewer studies undertaken, economy measures and delay in cost revision of the project
		3601	59.30	26.75	32.55	Availability of unspent balance with the State/UTs from the previous year.
		3602	5.00	2.50	2.50	
7.	Free supply of Family Planning Material	2211	92.20	87.39	4.81	Lesser supply by firms due to sample failure and less demand from State/UT Governments.
		3601	89.00	81.78	7.22	
8.	Family Welfare Programme in other Ministries	2211	3.00	1.20	1.80	Less demand of family planning materials from Ministries of Railway and Defence
9.	Social Marketing of Nirodh	2211	70.00	50.97	19.03	Less demand from distributing companies, non-receipt of stores and non-submission of bills by the distributors
10.	Involvement of Voluntary Organisation	2211	8.17	3.93	4.24	Receipt of fewer proposals from Voluntary Organisations, lesser activities undertaken due to economy instructions and PVOH Scheme implemented with US Aid assistance came to end during 1998-99.
11.	Innovation of Family Welfare Services project for Uttar Pradesh	2211	60.00	46.43	13.57	Cut imposed by the Ministry of Finance and restriction of disbursements to benchmark achievement.

### 16.3.6 Persistent unspent provisions under welfare schemes

#### 16.3.6.1 Demographic and other communications Research

The Union Health Ministry have established a network of 18 Population Research Centers (PRCs) in various universities and other institutions of national repute scattered over 17 major states of India for carrying out research on various topics of Population Research, Population Control, Demographic and Socio-Demographic Surveys and Communications aspects of Population and Family Welfare programmes. During 1996-99, the actual budget provision, total disbursements and unspent provision were as shown below :-

*(Rupee in crore)*

Year	Budget provision	Actual disbursements	Unspent provision
1998-99	7.95	3.50	4.45
1997-98	7.00	2.95	4.05
1996-97	4.35	2.74	1.61

Unspent balances revealed that budget provisions were made without review of disbursement trend of previous years.

#### 16.3.6.2 Selected Area Programme (including India Population Project)

Area projects were taken up in different states with the financial assistance from external funding agencies like World Bank, United Nation's Fund for Population Activities (UNFPA), Overseas Development Agency and DANIDA with the aim of reducing maternal and child mortality and morbidity and birth rates. Under these projects, upgrading the skill of man power through training and programme management and construction of institutional buildings for service delivery and training and also for staff quarters received focussed attention. During the last three years budget provision and disbursements were as under :-

*(Rupee in crore)*

Year	Budget provision	Actual disbursements	Unspent provision	
			Amount	Percentage
1998-99	120.00	74.49	45.51	38
1997-98	150.00	43.72	106.28	71
1996-97	190.00	186.16	3.84	2

From the above table, it was evident that although the budget provision had continuously been reduced during 1996-99, there were still persistent unspent provisions under the scheme. The percentage of unspent provision which was nearly two *per cent* during 1996-97 had risen steeply and reached 71 and 38 *per cent* during the 1997-98 and 1998-99 respectively, which not only indicated the improper budgetary assumptions but also non-seriousness on the part of the implementing authorities of the schemes/department.

### 16.3.6.3 Reproductive and Child Health Project

From 1997-98, the Child Survival and Safe Motherhood (CSSM) programme was integrated into Reproductive and Child Health (RCH) programme by adding the components of Reproductive Tract Infections and Sexually Transmitted Infections. The process of integration of related programmes with the CSSM programme was further strengthened in 1994 when the International Conference on Population and Development in Cairo recommended that the participant countries should implement unified programmes for reproductive and child health. This programme aimed at improving the health status of young women and children. During the year 1997-99 the unspent provision under this scheme was as shown below :-

*(Rupee in crore)*

Year	Budget provision	Actual disbursements	Unspent provision
1998-99	983.00	847.60	135.40
1997-98	150.00	148.60	1.50

The unspent provision under the head Reproductive and Child Health Project was Rs 1.50 crore in 1997-98, which increased to Rs 135.40 crore in 1998-99.

## 16.4 - Ministry of Rural Areas and Employment (Grant No. 72-Department of Rural Development )

### 16.4.1 Introduction

The basic function of the Ministry of Rural Areas and Employment is to realise the objectives of alleviating rural poverty and ensuring improved quality of life for the rural population, especially those below the poverty line. These objectives are sought to be achieved through formulating developing and implementing programmes relating to various spheres of rural life and activities from income generation to environmental replenishment.

The Ministry consists of the following three Departments:

1. Rural Development
2. Rural Employment and Poverty Alleviation
3. Wastelands Development

The provision of Drinking Water Supply and Social Assistance to the Destitute form the main components of the activities of the Department of Rural Development. Apart from this the Department provides the support services and other quality inputs such as development of agricultural marketing, land reforms, betterment of revenue system and land records, panchayatiraj institutions, training and research, human resource development, development of voluntary action, etc. for the proper implementation of the poverty alleviation and employment programmes.

#### **16.4.2. Overall position**

The overall position under voted portion of revenue section of the grant of Rural Development for the years 1994-99 showing total provisions including supplementary grant, actual disbursements and unspent balance, are indicated below.

*(Rupees in crore)*

Year	Total provision	Actual disbursements	Unspent provision	Amount surrendered
1998-99	2560.67	2434.88	125.79	123.27
1997-98	2216.20	2055.89	160.31	158.11
1996-97	2115.59	1817.51	398.08	396.22
1995-96	8268.18	7965.16	303.02	294.37
1994-95	7333.77	7333.16	0.61	1.63

From the above, it would be seen that there were persistently large unspent provisions during all these years. Persistent large amount of unspent provision is indicative of unrealistic budgetary assumptions and slackness in implementation of rural development schemes in the department.

#### **16.4.3 Surrender of unspent provision**

Scrutiny of the Appropriation Accounts revealed that in all the five years during 1994-99 the Ministry surrendered the unspent provision on the last day of the financial year irrespective of the fact that the Revised Estimates were approved in January/February every year.

#### **16.4.4 Unspent provision and excess leading to net unspent provision**

The gross unspent provision of Rs. 132.84 crore in 1998-99 was offset by excess of Rs. 7.05 crore under other heads resulting in net unspent provisions of Rs 125.79 crore. Similar position had also occurred in 1997-98 and 1996-97 as shown under:

(Rupees in crore)

Year	Gross unspent provision	Unspent provision offset by excess disbursements	Net unspent provision
1998-99	132.84	7.05	125.79
1997-98	174.71	14.40	160.31
1996-97	426.90	28.82	398.08

Few cases of major unspent provisions were as under:

(Rupees in crore)

Sl. No.	Name of sub head	Total provision	Actual disbursements	Unspent amount	Reasons advanced by the Department
<b>1998-99</b>					
Major Head - 2235-Social Security and Welfare					
1	Direction and Administration - Establishment	1.82	0.69	1.13	Due to post budget decision to meet an administrative expenses on implementation of various National Social Assistance Programme from the concerned heads.
2.	Information Education and Communication.	5.00	1.20	3.80	Due to availability of unspent balances with implementing agencies.
3	National Maternity Benefit Scheme - Assistance to Implementing Agencies	87.44	56.77	30.67	-do-
Major Head 2435 Other Agricultural Programme					
4.	Market Survey and Investigation	5.89	4.60	1.29	Due to non-filling up of vacant posts and mandatory cut imposed by the Ministry of Finance at revised estimate stage.
5.	Strengthening of Agmark grading facilities	8.41	7.09	1.32	Due to cut imposed by Ministry of Finance at revised estimate stage, less printing of Agmark labels and less procurement of machinery and equipment.
Major Head - 2515 -Other Rural Development Programme.					
6.	Panchayat Raj - Panchayat Development and training.	1.75	0.54	1.21	Due to availability of unspent balances with the implementing agencies.
7.	Organisation of Beneficiaries	3.50	1.75	1.75	-do-
Major Head - 3601 -Grants- in -aid to State Governments -Grants for Central Plan Schemes					
8.	Strengthening of Extension training Centres.	3.00	1.99	1.01	-do-
Grants for Centrally Sponsored Plan Schemes					
9.	Information, Education and Communication	2.00	--	2.00	Due to post budget decision to release funds to the Government of Sikkim under normal Accelerated Water Supply Programme.
10.	Management Information System and Computerisation.	8.00	--	8.00	-do-
11.	Human Resource Development.	3.00	0.58	2.42	Due to carry forward of unspent balances with the implementing agencies.
12.	Sewerage and Sanitation - Sanitation Services.	95.35	61.84	33.51	-do-
<b>1997-98</b>					
Major Head - 2215 - Water Supply and Sanitation					
1.	Information, Communication Education	2.50	1.47	1.03	Due to non preparation of projects involving various media aspects on benefits of Water Supply and Sanitation.
2.	Monitoring Information system and	2.00	--	2.00	Due to non finalisation of tenders and other



(Rupees in crore)

Sl. No.	Name of sub head	Total provision	Actual disbursements	Unspent amount	Reasons advanced by the Department
	Computerisation				required formalities owing to court cases.
3.	Assistance to CAPART	7.00	3.50	3.50	Due to non receipt of viable projects on Rural Sanitation programme.
4.	Direction and Administration - Establishment.	1.82	0.73	1.09	Due to less disbursements on tour activities than anticipated and also due to non materialisation of purchase of machinery and equipment.
5.	National Old Age pension Scheme - Assistance to Implementing Agencies.	445.64	386.27	59.37	Due to less release of funds owing to non-fulfilment of the conditions for release of subsequent instalments.
6.	National family benefit Scheme	159.65	117.58	42.07	-do-
7.	National Maternity Benefit Scheme - Assistance to Implementing Agencies	87.44	49.58	37.86	-do-
Major Head – 2515 - Other Rural Development Programme.					
8.	Grants to Council for Advancement of People's Action and Rural Technology.	12.00	6.00	6.00	Due to non release of second and subsequent installments owing to adverse findings by the CAG of India and less requirement of funds from CAPART owing to receipt of less viable projects from non-Government organisation.
9.	Promotion of Voluntary Schemes and Social action programme.	10.01	1.55	8.46	Less requirement of funds from CAPART owing to receipt of less viable projects and non release of 2 <sup>nd</sup> and subsequent instalments.
10.	Organisation of Beneficiaries	3.50	0.50	3.00	-do-
Major Head – 3601 Grants-in-aid to State Governments					
11.	Information, Education and Communication	6.97	4.30	2.67	Due to non receipt of adequate number of proposals for release of funds from various State Governments due to lack of experiences of recently developed software programme.
<b>1996-97</b>					
Major Head – 2215 - Water-Supply and Sanitation					
1.	Assistance to CAPART	15.00	--	15.00	Due to non-receipt of proposals for release of funds from Council for Advancement of People's Action and Rural Technology owing to less utilisation of resources made available in the previous year.
2.	Rural Water Supply Programme - Research	3.00	0.58	2.42	Due to shortfall in requirement of funds owing to inadequate number of projects approved by the Research Advisory Committee.
Major Head – 2235 - Social Security and Welfare					
3.	Direction and Administration	7.76	2.29	5.47	Due to receipt of lesser proposals for publicity, exhibitions from implementing agencies from states like Maharashtra, Gujarat, Rajasthan and all North Eastern states.
4.	National Old Age Pension Scheme - Assistance to Implementing Agencies	511.45	373.85	137.60	Due to non-achieving of targets under the schemes by certain State Governments.
5.	National Family Benefit Scheme	266.09	107.32	158.77	-do-
6.	National Maternity Benefit Scheme - Assistance to Implementing Agencies.	145.74	67.58	78.16	-do-
Major Head – 3601 - Grants-in-aid to State Governments					
7.	Human Resource Development	7.00	5.76	1.24	Due to less requirement of funds from a few

<i>(Rupees in crore)</i>					
Sl. No.	Name of sub head	Total provision	Actual disbursements	Unspent amount	Reasons advanced by the Department
					states than originally anticipated.
8.	Rural Water Supply Programme - Economic-Census - 1996	15.00	--	15.00	Non utilisation of fund by Department of Statistics.

#### **16.4.5 Excess disbursements**

There had been an excess disbursements of Rs 14.55 lakh in the charged portion of the Revenue section, which has been included in Chapter-XI of this Report, requires regularisation.

#### **16.4.6 Persistent unspent provisions**

Some of the schemes pertaining to rural development, most affected by unspent provisions, were as under:

##### **16.4.6.1 National Social Assistance Programme**

The National Social Assistance Programme. (NSAP) came into effect from 15 August 1995. The NSAP is a centrally sponsored programme with 100 per cent central funding to the State/Union Territory Governments to provide the benefits under its three components. National Old Age Pension Scheme; National Family Benefit Scheme and National Maternity Benefit Scheme. The budget provision, actual disbursements and the unspent provision for the year 1996-99 in respect of the schemes were as under:

<i>(Rupees in crore)</i>			
Year	Sanctioned provision	Actual disbursements	Unspent provision
1998-99	700.00	640.11	59.89
1997-98	700.00	559.42	140.58
1996-97	932.00	551.56	380.44

Large persistent unspent provision under the scheme indicated that there was slackness on the part of the Department/implementing agencies in implementation of the scheme and the budget estimates were framed without adequate review of the trend of disbursements.

##### **16.4.6.2 Central Rural Sanitation Programme**

The scheme of rural sanitation aims at supplementing the efforts made under different central and state sector programme for improving sanitation facilities in rural areas. The programme include interalia construction of sanitation latrines for individual households below poverty line, village complexes for women, drains and other sanitation facilities. The physical progress/shortfall of the scheme for 1996-99 is as under.

Year	Annual Target of sanitary latrines	No. of sanitary latrines constructed	Short fall	Percentage of Shortfall
1998-99	1598322	580262	1018060	64
1997-98	1500157	749763	750394	50
1996-97	788173	464903	323270	41

The percentage of shortfall ranged between 41 and 64 per cent, which shows that there was slackness on the part of the Department in implementation of the scheme. During 1997-99, the budget provision, actual disbursements and unspent provision under the scheme were as under:

(Rupees in crore)

Year	Sanctioned provision	Actual disbursements	Unspent balance
1998-99	100.00	64.85	35.15
1997-98	100.00	96.67	3.33

#### 16.4.7 Non-reconciliation of figures of Annual Accounts and Appropriation Accounts

On perusal of the Annual Accounts and Appropriation Accounts it was observed that there was wide difference in the disbursement figures in both the sets of account. Few cases are as under:

(Rupees in crore)

Sl. No.	Schemes	1998-99		1997-98		1996-97	
		Annual Report	Apprn. Account	Annual Report	Apprn. Account	Annual Report	Apprn. Account
1.	Accelerated Rural Water Supply Programme.	621	1612	864	1301	355	1095
2.	National Social Assistance Programme	429	640	443	559	307	552
3.	Central Rural Sanitation Programme	42	65	61	97	-	-

The difference in the figures of two sets of accounts need to be reconciled.

#### 16.4.8 Utilisation certificate

As per Rule 150 of General Financial Rules the certificate of utilisation of grants is required to be submitted by the sanctioning authority to the Controller of Accounts. The purpose of furnishing the certificate is to ensure that the grants had been utilised properly and for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions had been fulfilled.

Scrutiny of records pertaining to utilisation certificates for the grants released during 1996-97 and 1997-98 by the Department of Rural Development revealed that utilisation certificates amounting to Rs. 2328.67 lakh were outstanding as of 15 September 1999 from 25 DRDAS as per details given below:

(Rupees in lakh)

Name of Ministry/department of sanction Grant-in-aid	Period of Sanction of grant	Sanctioned		U.Cs received		Outstanding	
		No. of DRDAS	Amount	No. of DRDAS	Amount	No. of DRDAS	Amount
Min. of Rural Development	1997-98	513	54502.53	490	52307.36	23	2195.17
	1996-97	506	42158.11	504	42024.61	2	133.50

In the absence of utilisation certificates, it cannot be ascertained if the grants were actually utilised for the purpose for which they were sanctioned.

#### 16.4.9 Rush of disbursements during March

Large amounts were released by the Department in the month of March 1997, March 1998 and March 1999, as under:

(Rupees in lakh)

Sl. No.	Grant and Major Head	Total disbursements	Disbursements incurred in March	Percentage of disbursements during March
<b>1996-97</b>				
1.	2435 - Other Agricultural Programme	55155	25308	46.00
2.	2506 - Land Reforms	1442	238	16.50
3.	2515 - Other Rural Development Programme	18	7	38.88
4.	3451 - Sectt. Economic Service	4380	1411	32.21
5.	3601 - Grants-in-aid to State Governments	90487	16674	18.42
<b>1997-98</b>				
<b>Grant No.71 Department of Rural Development</b>				
1.	2235 - Social Security and Welfare	55783.97	17309.42	31.03
2.	2435 - Other Agricultural Programme	1735.8	384.25	22.14
3.	2515 - Other Rural Development Programme	2257.61	335.27	14.85
<b>1998-99</b>				
1.	2506 - land Reforms	73.44	9.34	13.30
2.	2515 - Other Rural Development Programme	5379.48	1670.65	31.42

Since the funds released in March to voluntary organisations/State/ Union Territory Governments and other organisations/ implementing agencies cannot constructively be spent during the year, it is not possible to conclude whether these funds were applied for the purpose for which these were provided during the year. Release of funds at the fog end of the financial year was indicative of deficient financial management.

## 16.5 Ministry of Textiles (Grant No-82)

### 16.5.1 Introduction

The Ministry is responsible for the formulation of policies regarding production, distribution for domestic consumption and exports and development of all textiles including cotton, woolen, jute, silk, synthetics, etc. produced on handlooms, powerlooms and in mills. Ministry is also responsible for readymade garments, handicrafts and industries related to production of silk and cellulosic fibres. Ministry monitors the techno-economic status of industry, provides requisite policy framework for modernisation and rehabilitation, coordinate the activities and lends financial support to research associations in the sector.

### 16.5.2 Overall position

During 1994-1999, the overall position of budget provision, actual disbursements and unspent amount was as under:-

*(Rupees in crore)*

Year	Total provision		Actual disbursements		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99						
Voted	428.10	587.69	407.21	587.52	20.89	0.17
Charged	--	6.00	--	5.99	--	0.01
1997-98						
Voted	450.45	680.42	407.23	668.45	43.22	11.97
Charged	--	6.00	--	6.00	--	--
1996-97						
Voted	550.25	478.60	459.24	476.33	91.01	2.27
Charged	0.50	3.00	0.50	3.00	--	--
1995-96						
Voted	614.25	364.04	500.08	355.97	114.17	8.07
Charged	--	--	--	--	--	--
1994-95						
Voted	716.61	235.90	475.23	220.62	241.38	15.28
Charged	--	13.00	--	8.01	--	4.99

From the above, it would be seen that there were unspent amount under revenue heads during all years, though the position has improved over the years.

**16.5.3 Unspent amount and excess leading to net unspent provision**

Under revenue (voted) section of the grant the gross unspent provision of Rs 31.75 crore in 1998-99 was partly offset by excess disbursements of Rs 10.86 crore under other heads resulting in net unspent provision of Rs 20.89 crore. Few cases of major unspent provision / excess are as under:-

**(a) Cases under which major amount remained unspent:-**

<i>(Rupees in crore)</i>					
Sl. No.	Name of Sub Head.	Total provision	Actual disbursements	Unspent provision	Reasons advanced by Ministry
<b>2851 – Village and Small Industries</b>					
1.	Handloom Development.	12.59	10.65	1.94	Due to reduction of Plan outlay by the Ministry of Finance owing to economy measure.
2.	Weavers Service Centre	13.12	11.08	2.04	Due to non-filling up of vacant posts and less disbursements on training of the weavers.
3.	Special Rebate/MDA on sale of Handloom cloth to North Eastern Handicrafts and Handloom Development Corporation/ Rehabilitation Industries Corporation.	1.00	-	1.00	Due to discontinuance of the scheme in April 1998.
4.	Special Rebate/MDA on sale of Handloom cloth to All India Handloom Fabrics Marketing Co-operative Society Ltd.,	2.90	0.10	2.80	-do-
5.	Scheme for Handlooms Exports Development.	5.00	3.35	1.65	Due to reduction of Plan outlay by the Ministry of Finance owing to economy measures.
6.	Training and Extension.	29.24	27.69	1.55	-do-
7.	Design and Technical Development.	7.63	5.92	1.71	-do-
<b>2852 - Industries</b>					
8.	Textile Commissioner	9.00	7.92	1.08	Due to non-filling up of vacant posts and economy measures.
9.	Assistance for Research and Development.	34.04.	33.00	1.04	Due to reduction of Plan outlay of the Ministry by Ministry of Finance owing to economy measures.
10.	Textile Labour Rehabilitation	16.24	14.85	1.39	Non-finalisation of

*(Rupees in crore)*

Sl. No.	Name of Sub Head.	Total provision	Actual disbursements	Unspent provision	Reasons advanced by Ministry
	scheme.				rehabilitation cases by the State Government of Gujarat
11.	Textile Modernisation and Technical upgradation.	1.00	-	1.00	Due to reduction of plan outlay of the Ministry by Ministry of Finance owing to economy measures.
<b>3601 - Grants-in-aid to State Governments</b>					
12.	Project Package scheme for Handloom weavers.	36.80	32.08	4.72	-do-
	<b>"4851" - Capital outlay on village and Small Industries.</b>				
13.	Building for Institute of Carpet Technology.	1.08	-	1.08	-do-

(b) **Sub-Heads/Schemes under which major excess over the budget provision occurred though funds were also provided by valid re-appropriations from other heads.**

*(Rupees in crore)*

S.No.	Sub-Head	Total (O&S) provision	Actual disbursements	Excess	Reasons for excess advanced by Ministry
<b>2851-Handloom Industries.</b>					
1.	Promotional and Development Activities.	0.75	1.82	1.07	Due to assistance to Institute of Carpet Technology for up-keep of the building.
2.	Research and Development.	1.50	2.67	1.17	Due to increased disbursements on pay and allowances and to settle court cases.
<b>2852 - Industries</b>					
3.	Payment to Textile Committee against Collection of cess on Textile.	10.00	12.00	2.00	Due to settlement of liability for the payment of second instalment of arrear for the 5 <sup>th</sup> Central Pay Commission report.
4.	Grants to PSUs for Voluntary Retirement Scheme.	O 5.30 S 0.73 ----- 6.03 -----	10.73	4.70	Due to more applications received for the Voluntary Retirement Scheme

S.No.	Sub-Head	Total (O&S) provision	Actual disbursements	Excess	Reasons for excess advanced by Ministry
<b>"6851-Loans for Village and Small Industries.</b>					
5.	North Eastern Handicrafts and Handloom Development Corporation Limited.	0.50	2.38	1.88	Due to reimbursement of cash losses.
<b>6860*Loans for Consumer Industries.</b>					
6.	National Textile Corporation.	O 380.00 S 20.00 ----- 400.00 -----	408.00	8.00	Due to more loans sanctioned to the sick Public Sector Undertakings to enable them to pay salaries and wages to their employees.
7.	National Jute Manufactures Corporation.	60.00	104.11	44.11	-do-

#### 16.5.4 Unrealistic budgeting

As per instructions contained in Appendix-3 to Rule 53 of the General Financial Rules, ministries/departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other relevant factors like economy instructions issued by the Ministry of Finance.

A scrutiny of the Appropriation Accounts revealed that under the following sub-heads the entire provision remained unutilised, which indicated a tendency of over optimistic budgeting in Ministry.

(Rupees in crore)

S.No.	Major Head	Total provision	Amount reappropriated from the head	Percentage of reappropriation.
	<b>2851-Village and Small Industries.</b>			
1.	Special Rebate/MDA on sale of Handloom cloth to North Eastern Handicrafts and Handloom Development Corpn./Rehabilitation Industries Ltd.	1.00	1.00	100
2.	Special Rebate/MDA on sale of Handloom cloth to All India Handloom Fabrics Marketing Co-operative Society Ltd.	2.90	2.80	96
3.	Special rebate/MDA on sale of Handloom cloth to National Federation of Industrial co-op. Society.	0.10	0.10	100
4.	Grants for setting up of Institute of Handloom Technology.	0.11	0.11	100



S.No.	Major Head	Total provision	Amount reappropriated from the head	Percentage of reappropriation.
	<b>2852-Industries.</b>			
5.	Cotton Technology Mission.	0.79	0.79	100
6.	Contributions to Jute International.	0.66	0.66	100
	<b>4851 - Capital outlay on Village and Small Industries</b>			
7.	Building for Institute of Carpet Technology.	1.08	1.08	100

In cases of serial number 1,3,4,5,6 and 7 the entire provisions remained unutilised. The schemes at serial number 1 and 2 were discontinued with effect from 1 April 1998.

#### **16.5.5 Injudicious re-appropriation**

As per note 17 of Expenditure Budget Vol. II, for 1998-99, under Demand No.82, lump provision of Rs 100 crore was made for settling terminal dues of the employees of British India Corporation and its two subsidiaries - Elgin Mills and Cawnpore Textiles. From the re-appropriation order of 31 March 1999, the following re-appropriation has been made from the lump sum provision for terminal benefits of Rs.100 crore to corporations than those reported to Parliament violating the provisions of General Financial Rules.

*(Rupees in crore)*

i)	National Textile Corporation	21.93
ii)	National Jute Manufacturers Corporation	27.40
iii)	Jute Corporation of India	4.00
iv)	North Eastern Handicraft and Handloom Development Corporation	1.99

This is contrary to provision made in the Budget passed by Parliament.

#### **16.5.6 Disbursement on 'New Service/New Instrument of Service'**

Two cases attracting the provisions of 'New Instrument of Service' have been included in Chapter-XIV of this Report which require regularisation.

#### **16.5.7 Persistent unspent provision**

In the following sub-heads/schemes persistent unspent provision occurred during the last three years i.e 1996-99.

(Rupees in lakh)

Sl. No.	Sub-Heads/Schemes	Unspent provision		
		1996-97	1997-98	1998-99
<b>Major Head 2851.</b>				
1.	Handloom Industries. Handloom Development.	52.61 (29%)	689.33 (38%)	193.61 (15%)
2.	Institute of Handloom Technology.	39.67 (14%)	49.19 (17%)	35.52 (11%)
3.	Design and Technical Development.	97.58 (23%)	300.40 (43%)	171.38 (22%)

Persistent unspent provision ranging between 11 and 43 per cent indicated that budget was prepared unrealistically.

#### 16.5.8 Excess disbursements without re-appropriation of fund

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

Scrutiny of headwise Appropriation Accounts of Grant No.82 for the year 1998-99 of Ministry disclosed that the Pay and Accounts Offices released payment under the following head far in excess of the provision.

(Rupees in crore)

Sl. No.	Sub head	Sanctioned provision	Actual disbursements	Net disbursements without re-appropriation
1.	<b>2852-08-202-09</b> Grants to Public Sector Undertakings for Voluntary Retirement Scheme	O. 5.30 R. 0.73	10.73	4.70

#### 16.5.9 Rush of disbursements in March.

Sizeable portion of the total disbursements under the following major heads were made in the month of March 1999.

(Rupees in crore)

S.No.	Major Head	Total disbursements during the year	Disbursements during March	Percentage of disbursements in March to total disbursements
<b>Revenue Section</b>				
1.	"2851"Village & Small Industries.	178.04	33.67	19
2.	"2852"Industries.	127.97	48.67	38
3.	"3453" Foreign Trade & Export Promotion.	1.73	1.52	89
4.	"3601" Grants in aid to State Govts.	94.18	44.07	47
5.	"3602"Grants in aid to Union Territories	1.00	0.40	40
<b>Capital Section</b>				
6.	"4851"Capital outlay on Village & Small Industries.	6.58	2.76	42
7.	"6851" Loans for Village & Small Industries.	3.81	2.08	55

Since the Parliament approves the budget for meeting the disbursements during the financial year to which it pertains and not for the subsequent years, the large amount of funds released in March to various organisations, state/union territory governments/implementing agencies, cannot constructively be spent during that year. Release of funds at the fag end of the financial year was indicative of deficient financial management.

#### 16.5.10 Surrender of unspent provision

Scrutiny of the Appropriation Accounts revealed that during the last five years as detailed below, the Ministry surrendered the unspent provision on the last day of the financial year except in the year 1998-99.

Year	Date of approval of REs	Date of surrender of unspent provision
1998-99	18.1.1999	15.3.1999
1997-98	2.2.1998	31.3.1998
1996-97	28.1.1997	31.3.1997
1995-96	19.1.1996	31.3.1996
1994-95	19.1.1995	31.3.1995

#### 16.5.11 Utilisation certificate

The Certificate of utilisation of grants is required to be submitted by the sanctioning authorities in the respective Ministry or Department to the Controller of Accounts.

Utilisation Certificates in respect of grants amounting to Rs 19.64 crore released upto 1997-98 were outstanding as of 30 September 1999.

**16.6 Department of Atomic Energy  
(Grant No 89 and 90 – Atomic Energy and Nuclear Power Schemes)**

**16.6.1 Introduction**

The Department of Atomic Energy aims to harness atomic energy for a variety of applications, which contribute to development and welfare programmes of the country with emphasis on self-reliance.

Under the Department of Atomic Energy, there are five Research and Development Units, four Public Sector undertakings, three Industrial Units and three Service Organizations. It supports, by way of grants-in-aid, seven autonomous Research Institutes and a Society.

**16.6.2 Overall position**

During 1994-99, the provision and disbursements in Grant No. 89 and 90 (Atomic Energy and Nuclear Power Schemes) of the Department of Atomic Energy (DEA) were as under.

(Rupees in crore)

Year	Atomic Energy Grant No 89				Nuclear Power Scheme Grant No 90			
	Total provision/ appropriations	Actual disbursements	Unspent provision	Surrender	Total provision/ appropriations	Actual disbursements	Unspent provision	Surrender
1998-99	1858.81	1800.70	58.11	47.89 (10.22)	2149.28	1992.87	156.41	126.81 (29.60)
1997-98	1584.03	1493.46	90.57	41.01 (49.56)	1484.18	1415.34	68.84	27.00 (41.84)
1996-97	1270.48	1258.67	11.81	3.81 (8.00)	1012.77	1005.44	7.33	6.04 (1.29)
1995-96	1271.96	1170.45	101.51	87.50 (14.01)	816.01	789.79	26.22	25.76 (0.46)
1994-95	1234.45	1131.26	103.19	87.97 (15.22)	734.63	567.07	167.56	101.54 (66.02)

(Figures in bracket indicate amount not surrendered)

It would be seen from the above that the Department ended up with large unspent provision every year.

**16.6.3 Surrender of unspent provision**

All the surrenders in 1994-99 were made between 15 and 29 March. Of the total unspent provision of Rs 58.11 crore and Rs 156.41 crore registered by

Department of Atomic Energy in respect of Grant Nos. 89 and 90 during 1998-99, the Department surrendered a total of Rs 174.70 crore only on 24 March 1999.

Persistent unspent provision, delay in the surrender of unspent provision and failure to surrender the entire unspent provision is indicative of shortcomings in the financial management.

The Department stated in August 1999 that effort would be made to advance the surrender in future.

#### 16.6.4 Persistent unspent provision under specific heads

Unspent provision in the grant indicate that the disbursements could not be made as estimated, anticipated and planned. These are indicative of deficient budgeting or shortfall in performance depending upon the circumstances and purposes for which the original grant/appropriation was provided.

Sequential to the observation made by the Public Accounts Committee (Eight Lok Sabha) in its 147<sup>th</sup> Report, Ministry of Finance instructed in February 1990 that utmost care should be exercised in framing budget estimates under each sub-head so that actuals are not substantially different from the sanctioned provisions. Public Accounts Committee in para 1.24 of its 60<sup>th</sup> Report presented in February 1994 to the Tenth Lok Sabha had again adversely commented about the sharp increase in the unspent provision as compared to the sanctioned provisions.

Test check of Appropriation Accounts of DAE revealed that persistent unspent provision were recorded in four sub-heads of Grants No 89 and 90, where unspent provision was more than Rupees one crore and ranged between 17 and 99 *per cent* of the sanctioned provision as detailed below.

**Table 16.6.4 Statement showing cases of persistent unspent provision**

Sr. No.	Major Head/Sub-head	Unspent provision (Percentage of unspent provision)			Reasons attributed by the Department for unspent provision in 1998-99
		1996-97	1997-98	1998-99	
	Grant No-89-Atomic Energy				
1.	3401-Atomic Energy Research-Assistance to Universities, Research Institution Societies and Non-government Institutions	2.23 (17%)	3.40 (23%)	5.50 (26%)	Due to non receipt of requisite data from the institutions.
2.	5401-Capital outlay on Atomic Energy Research-Other Housing Scheme	2.21 (85%)	1.49 (70%)	2.94 (76%)	Due to non-receipt of financial sanctions, delay in

(Rupees in crore)

Sr. No.	Major Head/Sub-head	Unspent provision (Percentage of unspent provision)			Reasons attributed by the Department for unspent provision in 1998-99
					preparation of estimates, non-materialisation of purchase of land, etc
	Grant No 90-Nuclear Power Schemes				
3.	4801-Capital outlay on power projects-Waste Immobilisation Plant at Kalpakkam	2.83 (33%)	1.62 (29%)	1.17 (16%)	Due to slow progress of major works.
4.	4801-Additional Upgrading Facility for Nuclear Power Plant	2.82 (64%)	4.35 (72%)	14.79 (99%)	Due to delay in procurement of machinery and equipment owing to embargo, delay in receipt of supplies and materials and resultant delay in civil and allied works.

Persistent unspent provision revealed inadequate monitoring system and unrealistic estimates.

The Department stated in August 1999 that it had already taken up the issue with concerned project authorities with due seriousness and requested them to carry out accurate review and emphasized the need for further realistic approach to budgeting.

#### **16.6.5 Avoidable demand of supplementary grants**

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

While obtaining the supplementary grant, the Department has to keep in view the resources available or likely to be available during the year and exercise due caution for forecasting its additional budgetary requirements of funds.

Resort to supplementary budget should be in exceptional and urgent cases only.

On test check of the Appropriation Accounts of Grant No. 89 (Atomic Energy) for 1998-99 it was observed that in respect of the following sub-heads the Department in the Grant statement had indicated augmentation of original provision through supplementary grants. However, when the demand for the supplementary grant did not materialise, the Department withdrew the exhibited supplementary grant in the grant statement through an amendment in May 1999. Moreover, the Department managed to meet the requirement under these sub-heads within the overall original sanctioned Grant as shown below. Even after meeting the additional requirements in respect of these three sub-heads, there was a net unspent provision of Rs 5.01 crore under Revenue section in Grant No. 89. Thus, the demand for the supplementary grant was not based on realistic estimates. Had the demand for the second batch of supplementary grant materialized, the net unspent provision would have gone up to Rs 22.76 crore.

Sl. No.	Sub-hed	Amount demanded in 2 <sup>nd</sup> Supplementary	Sanctioned provision	(Rupees in crore)	
				Actual disbursements	Excess
	<b>Major head 2852-Industries</b>				
1.	(i) Board of Radiation and Isotope Technology (BRIT)	3.55	18.14	21.30	3.16
2.	(ii) Fuel Fabrication Facilities (FFF)	6.43	270.98	273.76	2.78
	<b>Major head 3401-Atomic Energy Research</b>				
3.	(iii) Bhabha Atomic Research Centre (BARC)	7.77	151.63	157.58	5.95

The Department while accepting the fact stated in August 1999 that the units were being advised to critically review their requirements of funds and project the budget accordingly. There is, thus, a need for strengthening the basis of estimation and appropriate assumption for its programmes to project the needs realistically.

#### **16.6.6 Disbursements made without sanction to avoid lapse of fund**

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

Department of Atomic Energy released Rs 5.00 crore to Indian Rare Earths Limited towards the share capital for equity participation in a joint venture

with a foreign company in March 1999 and debited the disbursements to the sub-head investment in Public Sector and other undertaking- Indian Rare Earths Limited under Major Head "4861"-Capital Outlay on Atomic Energy Industries under Grant No., 89- Atomic Energy, despite the fact that Government had not approved the proposed joint venture with foreign firm.

The certificate recorded in Appropriation Accounts that all disbursements incurred in the Head-wise Appropriation Accounts in respect of Grant No. 89 (Atomic Energy) has been sanctioned by the competent authority was not correct to this extent.

The department stated in August 1999 that Rs 5.00 crore was released to IREL on the basis of sanction issued by competent authority and as such the certificate endorsed in the Appropriation Accounts was correct.

In December 1999, the Department stated that as the discussion with the foreign firm was in advanced stage and it was expected that the joint venture would materialize soon, the fund was released. The Department further, stated that the joint venture proposal after signing the agreement with the firm was in process for Cabinet's approval.

The Department's reply is not tenable because Joint Secretary (Internal Financial Advisor) and Joint Secretary (Industry and Minerals) while authorising the release of Rs 5.00 crore had stated that the joint venture was likely to be approved by Government and Rs 5.00 crore, if not released would lapse.



### **16.6.7 Disbursements infringing Government Orders**

The Ministry of Finance while issuing guidelines on expenditure management – fiscal prudence and austerity, reiterated in August 1998 that the budget formation should lay greater emphasis on explicit recognition of the revenue constraints and there must be strict and rigid adherence to budgetary ceilings. Moreover, it was also emphasised that all releases to Public Sector Undertakings against budgeted outlays should be made only after adjusting the defaults in the obligation of repayment of loans or any other payments due from Public Sector Undertakings.

- (i) Contrary to the above guidelines, DAE had released Rs 11.00 crore as share capital and Rs 26.00 crore as loan to Electronics Corporation of India Limited and debited the disbursements to Major Head 4859-Capital Outlay on Telecommunication and Electronics Industries and 6859-Loans for Telecommunications and Electronic Industries respectively, under Grant No. 89- Atomic Energy, eventhough Rs 29.76 crore were due to DAE from ECIL on account of loan and interest till 31 March 1999. The concurrence obtained from Member (Finance) for the deferment of loan instalments from ECIL was valid only upto 31 March 1998. However, on being pointed out by Audit the Department stated in December 1999 that approval of the Ministry of Finance had since been obtained for deferment of repayment of outstanding Government loans and interest thereon by ECIL to the extent of Rs 29.76 crore as on 31 March 1999 for two years i.e upto 1999-2000.

The release of Rs 37.00 crore to ECIL as share capital and loan without obtaining specific prior approval from the Secretary (Expenditure) for waiving or declaring moratorium for the adjustment of dues of Rs 29.76 crore from ECIL was therefore, irregular.

- (ii) Similarly, eventhough the cumulative outstanding dues from Nuclear Power Corporation of India Limited worked out more than Rs 2416.46 crore at the end of March 1999, which is more than the total grant of Rs 2149.28 crore provided for Nuclear Power Schemes under Grant No. 90-Nuclear Power Schemes for the year 1998-99, the Department released the entire budgetary provision of Rs 771.91 crore provided as equity under “4801- Capital Outlay on Power Projects- Investment in Nuclear Power Corporation of India Limited” instead of adjusting the Government outstanding dues from it as per Government orders without obtaining specific approval from the Secretary (Expenditure) for waiver or moratorium for the adjustment of dues from NPCIL. Moreover, it augmented the budgetary provision by Rs 4.50 crore by re-appropriation and released a total amount of Rs 776.41 crore to NPCIL as equity during 1998-99.

The Department stated in September 1999 that the matter of obtaining specific approval from Secretary (Expenditure) for waiving or declaring moratorium for the adjustment of dues from the NPCIL is under active consideration of the Department.

### 16.6.8 Injudicious re-appropriation

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

#### 16.6.8.1 Injudicious re-appropriation to sub-head

In 10 sub-heads in Grant No. 89 (Atomic Energy) and 90 (Nuclear Power Schemes) re-appropriations aggregating Rs 10.54 crore were injudicious as the original provisions under the sub-heads to which funds were transferred by re-appropriation were more than adequate and consequently there were final unspent provisions amounting to Rs 15.94 crore under those sub-heads which were more than the amount re-appropriated to those sub-heads. Details are as under

<i>(Rupees in lakh)</i>				
Sr. No.	Major Head	Sub-head	Amount of re-appropriation to sub-head	Amount of final unspent provision after re-appropriation
<b>Grant No. 89</b>				
1.	2852-Industries	Stainless Steel Seamless Tube Plant	128.00	396.44
2.	3401-Atomic Energy Research	Miscellaneous Research Schemes	40.00	72.84
3.	-do-	Purchase and Stores Organisation	28.00	108.49
4.	-do-	International Atomic Energy Agency	15.00	51.73
5.	5401-Capital Outlay on Atomic Energy Research	IGCAR-Civil Engineering	180.25	182.10
6.	-do-	IGCAR-Electronic and Instrumentation	49.00	84.86
7.	-do--	CAT- Laser Programme Expansion	20.00	37.40

(Rupees in lakh)

Sr. No.	Major Head	Sub-head	Amount of re-appropriation to sub-head	Amount of final unspent provision after re-appropriation
8.	-do-	Saha Institute of Nuclear Physics	30.00	59.24
9.	-do-	Mehta Research Institute of Mathematics and Mathematical Physics, Allahabad	40.00	40.00
<b>Grant No. 90</b>				
10	2801-Power	Tarapur Atomic Power Station	524.00	560.61
		<b>Total</b>	<b>1054.25</b>	<b>1593.71</b>

The Department stated in August 1999 that all the re-appropriations were made and necessary orders issued based on the definite commitment on hand, some of which did not materialize due to various reasons.

#### 16.6.8.2 Injudicious re-appropriation from sub-head

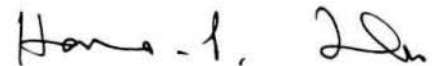
Similarly, there was injudicious re-appropriation in nine sub-heads in Grant No. 89 (Atomic Energy) and Grant No. 90 (Nuclear Power Schemes) wherein the original provision from which funds were transferred, was inadequate and there was final excess under those sub-heads. Details are as under :

(Rupees in lakh)

Sr. No.	Major head	Sub-head	Original	Re-appropriation from the sub-head	Total expenditure	Excess disbursements after re-appropriation
<b>Grant No. 89</b>						
1.	2852-Industries	Board of Radiation & Isotope Technology	1814.00	(-)33.00	2130.42	(+)349.42
2.	3401-Atomic Energy Research	BARC	15163.00	(-)69.50	15758.27	(+)664.77
3.	3451-Secretariat-Economic Services	Department of Atomic Energy	836.00	(-) 126.50	730.80	(+) 21.30
4.	4861-Capital Outlay on Atomic Energy-Industries	Reclamation of Sour Oil-HWP, Manuguru	13.00	(-) 0.17	16.05	(+)3.22
5.	-do-	Scheme for use of Alternative chemical for regeneration of resins	24.00	(-) 6.54	29.71	(+)12.25
6.	5401-Capital Outlay on Atomic Energy-Research	Utilisation of INDUS-2	35.00	(-) 25.00	39.09	(+) 29.09
<b>Grant No. 90</b>						
7.	2801- Power	Madras Atomic Power Station	7203.00	(-) 2535.00	5465.01	(+) 797.01
8.	-do-	Rajasthan Atomic Power Station	7203.00	(-)3268.00	5398.41	(+) 1463.41
9.	4801-Capital Outlay on Power Projects	Hot cell facility for PIE	800.00	(-) 600.00	238.53	(+) 38.53
		<b>Total</b>		<b>6663.71</b>		<b>3379.00</b>

The Department stated in August 1999 that in respect of the above heads unspent provision was re-appropriated after offsetting excess requirements of units during March and re-appropriation orders were issued. It added that the actual disbursements varied for reasons beyond the control of the units.


Cases of injudicious re-appropriation reflect the quality of accounting information system and assessment of requirement of funds.



(H.P.DAS)  
Director General of Audit  
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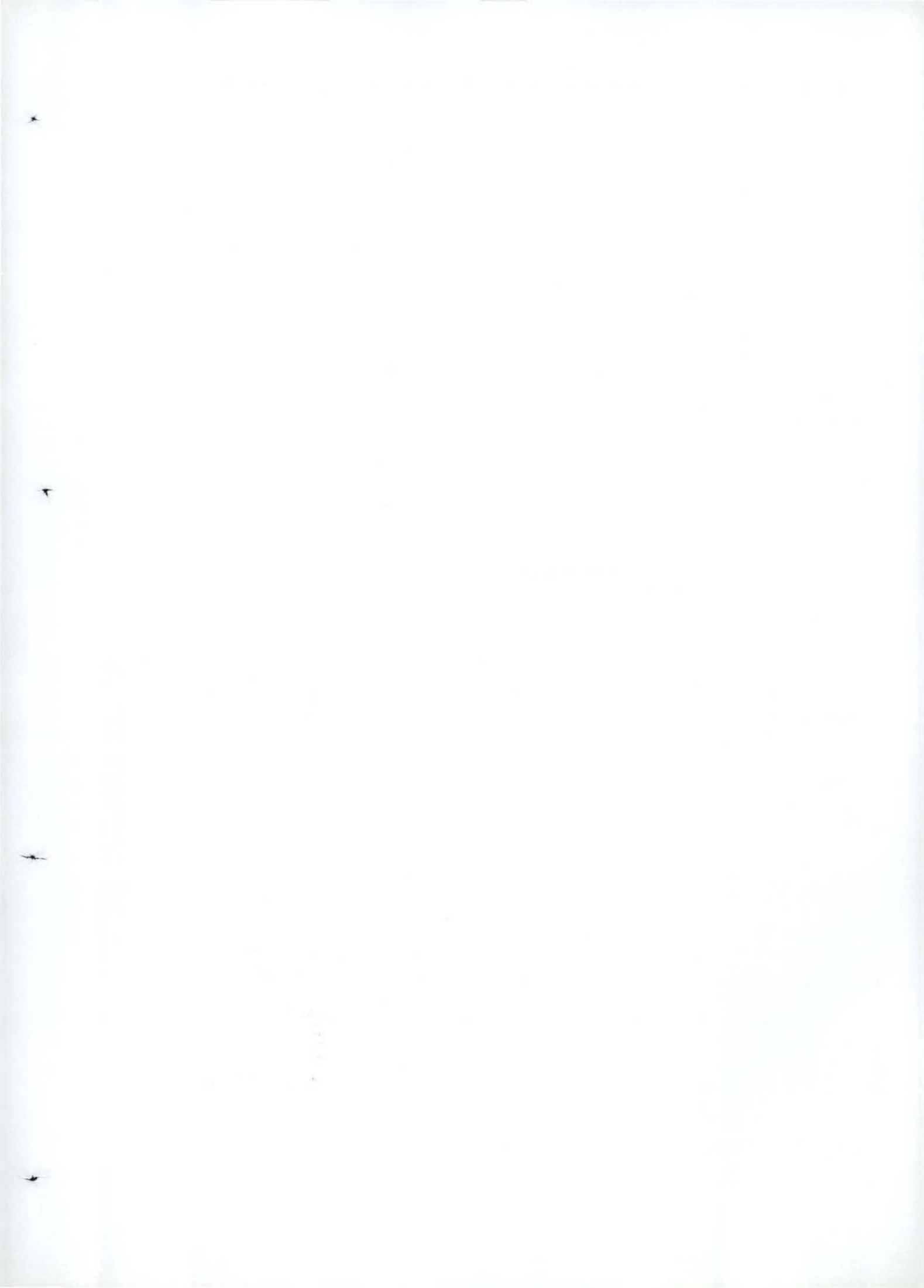
New Delhi  
Dated : 17 April 2000

Countersigned



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

New Delhi  
Dated : 18 April 2000



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**Appendix I : Overall Financial Position as emerging from the Finance Accounts**

(Refers to Paragraph 2.1)

*(Rupees in crore)*

SI No	Particulars	1998-99	1997-98	1996-97	1995-96	1994-95
1	Revenue Receipts	239889 (13.61)	218299 (13.96)	193718 (15.17)	168571 (15.34)	146670 (15.51)
	a) Tax Revenue	129317 (7.34)	125713 (8.04)	115246 (9.02)	99950 (9.10)	83737 (8.86)
	b) Non-tax revenue	110572 (6.27)	92586 (5.92)	78472 (6.15)	68621 (6.25)	62932 (6.66)
2	Capital Receipts	574178 (32.58)	556793 (35.61)	346519 (27.14)	302368 (27.52)	277392 (29.33)
	a) Recovery of loans	13189 (0.75)	9596 (0.61)	8696 (0.68)	6999 (0.64)	6507 (0.69)
	b) Misc. Capital Receipts	5874 (0.33)	912 (0.06)	455 (0.04)	1397 (0.13)	5607 (0.59)
	c) Public debt receipts	395297 (22.43)	376665 (24.09)	210042 (16.45)	180966 (16.47)	157607 (16.67)
	d) Receipt of small savings, Provident Funds, Reserve Funds, Deposits & Advances	154192 (8.75)	161015 (10.30)	122271 (9.57)	111162 (10.12)	104126 (11.01)
	e) Suspense, Misc. & Remittances	5626 (0.32)	8605 (0.55)	5055 (0.40)	1844 (0.17)	3545 (0.37)
3	Total Receipts(1 + 2)	814067 (46.19)	775092 (49.57)	540237 (42.31)	470939 (42.87)	424062 (44.85)
4	Non-Plan Expenditure	276343 (15.68)	252625 (16.16)	202737 (15.88)	181039 (16.48)	158117 (16.72)
	a) On revenue account	259906 (14.75)	242526 (15.51)	194704 (15.25)	169281 (15.41)	149395 (15.80)
	b) On capital account	16437 (0.93)	10099 (0.65)	8033 (0.63)	11758 (1.07)	8723 (0.92)
5	Plan expenditure	49313 (2.80)	45332 (2.90)	39339 (3.08)	34807 (3.17)	38847 (4.11)
	a) On revenue account	40550 (2.30)	35206 (2.25)	31668 (2.48)	29021 (2.64)	28304 (2.99)
	b) On capital account	8763 (0.50)	10126 (0.65)	7671 (0.60)	5786 (0.53)	10543 (1.11)

SI No	Particulars	1998-99	1997-98	1996-97	1995-96	1994-95
6	Total disbursement	813831 (46.17)	774182 (49.51)	540693 (42.34)	469283 (42.72)	425291 (44.98)
	a) Revenue expenditure	300456 (17.05)	277732 (17.76)	226372 (17.73)	198302 (18.05)	177699 (18.79)
	b) Capital expenditure	25200 (1.43)	20225 (1.29)	15704 (1.23)	17544 (1.60)	19266 (2.04)
	c) Disbursement of loans	46594 (2.63)	35471 (2.27)	29035 (2.27)	24810 (2.26)	23898 (2.53)
	d) Repayment of debt	322679 (18.31)	331050 (21.17)	170448 (13.35)	139246 (12.68)	133271 (14.09)
	e) Repayment of small savings, Provident Funds, Reserve Funds, Deposits & disbursement of Advances	113441 (6.44)	103861 (6.64)	92644 (7.25)	85425 (7.78)	67998 (7.19)
	f) Suspense, Misc., & Remittances	5434 (0.31)	5843 (0.37)	6490 (0.51)	3956 (0.36)	3159 (0.29)
G) Contingency Fund of India	27					
7	Revenue deficit [6(a)-1]	60567 (3.44)	59433 (3.80)	32654 (2.56)	29731 (2.71)	31029 (3.28)
8	Budget deficit	--	--	13184 (1.03)	9808 (0.89)	961 (0.10)
9	Fiscal deficit [6(a)+(b)+(c)-1+2(a)+(b)]	113298 (6.43)	104621 (6.69)	68242 (5.34)	63689 (5.80)	62079 (6.56)
10	Primary deficit	35416 (2.00)	38984 (2.49)	8764 (0.69)	13644 (1.24)	18019 (1.91)
11	Monetised Deficit	11800 (0.67)	12914 (0.83)	1934 (0.15)	19855 (1.81)	2130 (0.23)

Note : Figures in brackets are percentages to GDP at current market price (Rs 1762609 crore).

## Appendix II : Economic analysis of Government Account

(Refers to Paragraph 2.2.2)

**1976-77**

GDP (quick estimates) : Rs 84894 crore

Rupee comes from	<u>Percentage of GDP</u> (Rupees in crore)			
	<b>Total Revenue Receipt</b>			<b>15.57</b> (13218)
Of total revenue receipt	<b>A. Tax Revenue</b>			<b>9.73</b> (8261)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	2.73 (2318)		
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.16 (984)		
	<i>A.a. ii Taxes on Income</i>	1.41 (1194)		
	<i>A. a iii Other Direct Taxes</i>	0.16 (140)		
	<b>A. b . Indirect taxes</b>	7.00 (5943)		
Of Indirect taxes	<i>A. b . i Customs</i>	1.83 (1554)		
	<i>A. b . ii Union Excise Duties</i>	4.97 (4221)		
	<i>A. b . iii Other Indirect taxes</i>	0.20 (168)		
Of the total revenue receipt	<b>B.Non-tax Revenue</b>			<b>5.84</b> (4957)
Of Non-tax Revenue	Interest Receipts	1.30 (1105)		
	<i>Railway Receipts</i>	2.41 (2045)		
	<i>Postal and Telecom Receipts</i>	0.73 (619)		
	<i>Other Non-tax Receipts</i>	1.40 (1188)		
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>			<b>(1)</b>
	<b>Borrowed Receipt</b> Net after repayments			<b>1.84</b> (1565)
Of the total borrowed funds	<i>Internal borrowings</i>	0.66 (558)		
	<i>External borrowings</i>	1.18 (1007)		
	<b>Public Account Receipts net</b>			<b>2.05</b> (1739)
<b>Total</b>				<b>19.46</b> (16523)

## 1976-77

Rupee goes to	Percentage of GDP (Rupees in crore)			
	<b>Total Revenue</b>			<b>15.24</b>
	<b>Expenditure</b>			<b>(12938)</b>
Of total revenue expenditure	<b>A. General services</b>			<b>5.66</b> (4804)
Of General Services	<i>A. i Interest payment</i>	1.62 (1374)		
	<i>A. ii Defence Services</i>	2.94 (2500)		
	<i>A. iii Others</i>	1.10 (930)		
	<b>B. Social services</b>			<b>0.72</b> (609)
Of Social services	<i>B. i Education</i>	0.23 (195)		
	<i>B. ii Medical and health</i>	0.05 (42)		
	<i>B. iii Others</i>	0.44 (372)		
	<b>C. Economic services</b>			<b>4.90</b> (4164)
Of Economic services	<i>C. i Agriculture</i>	0.85 (718)		
	<i>C. ii Energy</i>	0.10 (87)		
	<i>C. iii Transport</i>	2.53 (2148)		
	<i>C. iv Others</i>	1.42 (1211)		
	<b>D. Transfer to States/UTs</b>			<b>3.89</b> (3302)*
Of the transfers	<i>D. i Grants</i>	1.91 (1622)		
	<i>D. ii Share of union excise duties</i>	1.21 (1028)		
	<i>D. iii Share of income tax</i>	0.77 (652)		
	<b>E. Others</b>			<b>0.07</b> (59)
	<b>Loans &amp; Advances (Net)</b>			<b>2.63</b> (2230)
	<b>Capital Expenditure</b>			<b>2.18</b> (1851)
<b>Total</b>				<b>20.05</b> (17019)
Decrease/increase in cash balance				(-) 0.59 (-) (496)
				<b>19.46</b> (16523)

\* Does not include loan of Rs795 crore (0.93 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 4097 crore (4.83 per cent of GDP)

1980-81

GDP (quick estimates) : Rs 136013 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>14.99</b> (20396)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>9.68</b> (13167)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	<b>2.19</b> (2985)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.01 (1377)	
	<i>A.a. ii Taxes on Income Gross</i>	1.06 (1440)	
	<i>A. a iii Other Direct Taxes</i>	0.12 (168)	
	<b>A. b . Indirect taxes</b>	<b>7.49</b> (10182)	
Of Indirect taxes	<i>A. b . i Customs</i>	2.51 (3409)	
	<i>A. b . ii Union Excise Duties</i>	4.78 (6500)	
	<i>A. b . iii Other Indirect taxes</i>	0.20 (273)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>5.31</b> (7229)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.32 (1795)	
	<i>Railway Receipts</i>	1.99 (2703)	
	<i>Postal and Telecom Receipts</i>	0.67 (910)	
	<i>Other Non-tax Receipts</i>	1.33 (1821)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		
	<b>Borrowed Receipt</b> Net after repayments		<b>5.79</b> (7880)
Of the total borrowed funds	<i>Internal borrowings</i>	4.81 (6544)	
	<i>External borrowings</i>	0.98 (1336)	
	<b>Public Account Receipts (Net)</b>		<b>0.87</b> (1185)
<b>Total</b>			<b>21.65</b> (29461)

## 1980-81

Rupee goes to					Percentage of GDP (Rupees in crore)
	<b>Total Revenue</b>				<b>16.24</b>
	<b>Expenditure</b>				<b>(22098)</b>
Of total revenue expenditure	<b>A. General services</b>				<b>6.23</b> <b>(8472)</b>
Of General Services	<i>A. i Interest payment</i>	1.92 (2604)			
	<i>A. ii Defence Services</i>	2.73 (3716)			
	<i>A. iii Others</i>	1.58 (2152)			
	<b>B. Social services</b>				<b>0.64</b> <b>(877)</b>
Of Social services	<i>B. i Education</i>	0.20 (281)			
	<i>B. ii Medical and health</i>	0.08 (108)			
	<i>B. iii Others</i>	0.36 (488)			
	<b>C. Economic services</b>				<b>4.48</b> <b>(6100)</b>
Of Economic services	<i>C. i Agriculture</i>	0.67 (914)			
	<i>C. ii Energy</i>	0.09 (128)			
	<i>C. iii Transport</i>	2.18 (2960)			
	<i>C. iv Others</i>	1.54 (2098)			
	<b>D. Transfer to States/UTs</b>				<b>4.83</b> <b>(6562)*</b>
Of the transfers	<i>D. i Grants</i>	2.05 (2783)			
	<i>D. ii Share of union excise duties</i>	2.04 (2777)			
	<i>D. iii Share of income tax</i>	0.74 (1002)			
	<b>E. Others</b>			<b>0.06</b> <b>(87)</b>	
	<b>Loans &amp; Advances (Net)</b>				<b>2.35</b> <b>(3202)</b>
	<b>Capital Expenditure</b>				<b>2.93</b> <b>(3983)</b>
<b>Total</b>					<b>21.52</b> <b>(29283)</b>
Increase/decrease in cash balance					0.13 (178)
					<b>21.65</b> <b>(29461)</b>

\* Does not include loan of Rs 1304 crore (0.96 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 7866 crore (5.78 per cent of GDP)

1984-85

GDP (quick estimates) : Rs 231343 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>16.20</b> (37492)
Of total revenue receipt	<b>A. Tax Revenue</b>		10.13 (23450)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	2.06 (4777)	
Of Direct taxes	<i>A. a. i Corporation Tax</i>	1.10 (2556)	
	<i>A. a. ii Taxes on Income Gross</i>	0.83 (1928)	
	<i>A. a. iii Other Direct Taxes</i>	0.13 (293)	
	<b>A. b. Indirect taxes</b>	8.07 (18673)	
Of Indirect taxes	<i>A. b. i Customs</i>	3.04 (7040)	
	<i>A. b. ii Union Excise Duties</i>	4.82 (11151)	
	<i>A. b. iii Other Indirect taxes</i>	0.21 (482)	
Of the total revenue receipt	<b>B. Non-tax Revenue</b>		6.07 (14042)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.71 (3963)	
	<i>Railway Receipts</i>	2.36 (5469)	
	<i>Postal and Telecom Receipts</i>	0.71 (1636)	
	<i>Other Non-tax Receipts</i>	1.29 (2974)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		
	<b>Borrowed Receipt net after repayments</b>		<b>4.23</b> (9791)
Of the total borrowed funds	<i>Internal borrowings</i>	3.58 (8274)	
	<i>External borrowings</i>	0.65 (1517)	
	<b>Public Account Receipts (Net)</b>		<b>3.43</b> (7935)
<b>Total</b>			<b>23.86</b> (55218)



## 1984-85

Rupee goes to		Percentage of GDP (Rupees in crore)	
	<b>Total Revenue</b>		<b>17.72</b>
	<b>Expenditure</b>		<b>(40989)</b>
Of total revenue expenditure	<b>A. General services</b>		<b>6.57</b> (15204)
Of General Services	<i>A. i Interest payment</i>	2.58 (5974)	
	<i>A. ii Defence Services</i>	2.87 (6646)	
	<i>A. iii Others</i>	1.12 (2584)	
	<b>B. Social services</b>		<b>0.77</b> (1789)
Of Social services	<i>B. i Education</i>	0.24 (563)	
	<i>B. ii Medical and health</i>	0.09 (200)	
	<i>B. iii Others</i>	0.44 (1026)	
	<b>C. Economic services</b>		<b>5.57</b> (12887)
Of Economic services	<i>C. i Agriculture</i>	0.78 (1795)	
	<i>C. ii Energy</i>	0.14 (325)	
	<i>C. iii Transport</i>	2.55 (5903)	
	<i>C. iv Others</i>	2.10 (4864)	
	<b>D. Transfer to States/UTs</b>		<b>4.74</b> (10977)*
Of the transfers	<i>D. i Grants</i>	2.26 (5220)	
	<i>D. ii Share of union excise duties</i>	1.95 (4525)	
	<i>D. iii Share of income tax</i>	0.53 (1232)	
	<b>E. Others</b>		<b>0.07</b> (132)
	<b>Loans &amp; Advances (Net)</b>		<b>2.78</b> (6444)
	<b>Capital Expenditure</b>		<b>3.39</b> (7843)
<b>Total</b>			<b>23.89</b> (55276)
Increase/decrease in cash balance			0.03 (58)
			<b>23.86</b> (55218)

\* Does not include loan of Rs 3724 crore (1.61 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 14701 crore (6.35 per cent of GDP)

1986-87

GDP (quick estimates) : Rs 292949 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>17.92</b> (52492)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>11.21</b> (32828)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	<b>2.13</b> (6226)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.08 (3160)	
	<i>A.a. ii Taxes on Income</i>	0.98 (2879)	
	<i>A. a iii Other Direct Taxes</i>	0.07 (187)	
	<b>A. b . Indirect taxes</b>	<b>9.08</b> (26602)	
Of Indirect taxes	<i>A. b . i Customs</i>	3.92 (11475)	
	<i>A. b . ii Union Excise Duties</i>	4.94 (14470)	
	<i>A. b . iii Other Indirect taxes</i>	0.22 (657)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>6.71</b> (19664)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.83 (5353)	
	<i>Railway Receipts</i>	2.62 (7682)	
	<i>Postal and Telecom Receipts</i>	0.61 (1787)	
	<i>Other Non-tax Receipts</i>	1.65 (4842)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		(1)
	<b>Borrowed Receipt</b> Net after repayments		<b>5.95</b> (17421)
Of the total borrowed funds	<i>Internal borrowings</i>	5.22 (15276)	
	<i>External borrowings</i>	0.73 (2145)	
	<b>Public Account Receipts (Net)</b>		<b>3.77</b> (11055)
<b>Total</b>			<b>27.64</b> (80969)

1986-87

Rupee goes to		Percentage of GDP (Rupees in crore)			
	<b>Total Revenue</b>	<b>20.50</b>			
	<b>Expenditure</b>	<b>(60071)</b>			
Of total revenue expenditure	<b>A. General services</b>	7.92 (23196)			
Of General Services	<i>A. i Interest payment</i>	3.16 (9246)			
	<i>A. ii Defence Services</i>	3.24 (9481)			
	<i>A. iii Others</i>	1.52 (4469)			
	<b>B. Social services</b>	1.01 (2953)			
Of Social services	<i>B. i Education</i>	0.27 (795)			
	<i>B. ii Medical and health</i>	0.07 (201)			
	<i>B. iii Others</i>	0.57 (1657)			
	<b>C. Economic services</b>	5.99 (17555)			
Of Economic services	<i>C. i Agriculture</i>	0.97 (2852)			
	<i>C. ii Energy</i>	0.18 (524)			
	<i>C. iii Transport</i>	0.18 (520)			
	<i>C. iv Others</i>	4.66 (13659)			
	<b>D. Transfer to States/UTs</b>	5.53 (16210)*			
Of the transfers	<i>D. i Grants</i>	2.64 (7744)			
	<i>D. ii Share of union excise duties</i>	2.15 (6306)			
	<i>D. iii Share of income tax</i>	0.74 (2160)			
	<b>E. Others</b>	0.05 (157)			
	<b>Loans &amp; Advances (Net)</b>	<b>3.18</b> <b>(9306)</b>			
	<b>Capital Expenditure</b>	<b>3.75</b> <b>(10991)</b>			
<b>Total</b>		<b>27.43</b> <b>(80368)</b>			
Increase/decrease in cash balance		0.21 (601)			
		<b>27.64</b> <b>(80969)</b>			

\* Does not include loan of Rs 4822 crore (1.65 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 21032 crore (7.18 per cent of GDP)

1988-89

GDP (quick estimates) : Rs 395782 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>17.34</b> (68649)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>11.23</b> (44473)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	<b>2.23</b> (8828)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.11 (4407)	
	<i>A.a. ii Taxes on Income Gross</i>	1.07 (4241)	
	<i>A. a. iii Other Direct Taxes</i>	0.05 (180)	
	<b>A. b . Indirect taxes</b>	<b>9.00</b> (35645)	
Of Indirect taxes	<i>A. b . i Customs</i>	3.99 (15805)	
	<i>A. b . ii Union Excise Duties</i>	4.76 (18841)	
	<i>A. b . iii Other Indirect taxes</i>	0.25 (999)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>6.11</b> (24176)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.76 (6982)	
	<i>Railway Receipts</i>	2.41 (9529)	
	<i>Postal and Telecom Receipts</i>	0.79 (3104)	
	<i>Other Non-tax Receipts</i>	1.15 (4561)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		
	<b>Borrowed Receipt</b> Net after repayments		<b>4.64</b> (18374)
Of the total borrowed funds	<i>Internal borrowings</i>	4.00 (15853)	
	<i>External borrowings</i>	0.64 (2521)	
	<b>Public Account Receipts (Net)</b>		<b>3.60</b> (14235)
<b>Total</b>			<b>25.58</b> (101258)

## 1988-89

Rupee goes to					Percentage of GDP (Rupees in crore)
	<b>Total Revenue</b>				<b>20.00</b>
	<b>Expenditure</b>				<b>(79163)</b>
Of total revenue expenditure	<b>A. General services</b>				<b>7.66</b> <b>(30309)</b>
Of General Services	<i>A. i Interest payment</i>	3.61 (14278)			
	<i>A. ii Defence Services</i>	2.49 (9858)			
	<i>A. iii Others</i>	1.56 (6173)			
	<b>B. Social services</b>				<b>0.73</b> <b>(2910)</b>
Of Social services	<i>B. i Education</i>	0.35 (1387)			
	<i>B. ii Medical and health</i>	0.10 (407)			
	<i>B. iii Others</i>	0.28 (1116)			
	<b>C. Economic services</b>				<b>6.32</b> <b>(25015)</b>
Of Economic services	<i>C. i Agriculture</i>	0.82 (3237)			
	<i>C. ii Energy</i>	0.20 (811)			
	<i>C. iii Transport</i>	2.56 (10142)			
	<i>C. iv Others</i>	2.74 (10825)			
	<b>D. Transfer to States/UTs</b>				<b>5.24</b> <b>(20744)*</b>
Of the transfers	<i>D. i Grants</i>	2.55 (10076)			
	<i>D. ii Share of union excise duties</i>	2.00 (7919)			
	<i>D. iii Share of income tax</i>	0.69 (2749)			
	<b>E. Others</b>			0.05 (185)	
	<b>Loans &amp; Advances (Net)</b>				<b>2.56</b> <b>(10152)</b>
	<b>Capital Expenditure</b>				<b>2.87</b> <b>(11340)</b>
<b>Total</b>					<b>25.43</b> <b>(100655)</b>
Increase/decrease in cash balance					0.15 (603)
					<b>25.58</b> <b>(101258)</b>

\* Does not include loan of Rs 6730 crore (1.70 per cent of GDP) to State Government

Adding the loan, the effective transfer to State would be Rs 27474 crore (6.94 per cent of GDP)

1992-93

GDP (quick estimates) : Rs 702829 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>17.11</b> (120279)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>10.62</b> (74638)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	2.58 (18142)	
Of Direct taxes	<i>A. a. i Corporation Tax</i>	1.27 (8898)	
	<i>A. a. ii Taxes on Income Gross</i>	1.12 (7898)	
	<i>A. a. iii Other Direct Taxes</i>	0.19 (1346)	
	<b>A. b . Indirect taxes</b>	<b>8.04</b> (56496)	
Of Indirect taxes	<i>A. b . i Customs</i>	3.38 (23776)	
	<i>A. b . ii Union Excise Duties</i>	4.39 (30832)	
	<i>A. b . iii Other Indirect taxes</i>	0.27 (1888)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>6.49</b> (45640)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.78 (12521)	
	<i>Railway Receipts</i>	2.29 (16114)	
	<i>Postal and Telecom Receipts</i>	0.83 (5836)	
	<i>Other Non-tax Receipts</i>	1.59 (11169)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		<b>0.28</b> (1961)
	<b>Borrowed Receipt</b> Net after repayments		<b>4.51</b> (31669)
Of the total borrowed funds	<i>Internal borrowings</i>	3.75 (26350)	
	<i>External borrowings</i>	0.76 (5319)	
	<b>Public Account Receipts (Net)</b>		<b>2.12</b> (14932)
<b>Total</b>			<b>24.02</b> (168841)

## 1992-93

Rupee goes to					Percentage of GDP (Rupees in crore)
	<b>Total Revenue</b>				<b>19.76</b>
	<b>Expenditure</b>				<b>(138853)</b>
Of total revenue expenditure	<b>A. General services</b>				<b>7.86</b> (55234)
Of General Services	<i>A. i Interest payment</i>	4.42 (31075)			
	<i>A. ii Defence Services</i>	1.90 (13348)			
	<i>A. iii Others</i>	1.54 (10811)			
	<b>B. Social services</b>				<b>0.64</b> (4524)
Of Social services	<i>B. i Education</i>	0.27 (1936)			
	<i>B. ii Medical and health</i>	0.10 (706)			
	<i>B. iii Others</i>	0.27 (1882)			
	<b>C. Economic services</b>				<b>5.75</b> (40446)
Of Economic services	<i>C. i Agriculture</i>	0.91 (6408)			
	<i>C. ii Energy</i>	0.11 (794)			
	<i>C. iii Transport</i>	2.44 (17141)			
	<i>C. iv Others</i>	2.29 (16103)			
	<b>D. Transfer to States/UTs</b>				<b>5.48</b> (38467)*
Of the transfers	<i>D. i Grants</i>	2.56 (17943)			
	<i>D. ii Share of union excise duties</i>	2.06 (14465)			
	<i>D. iii Share of income tax</i>	0.86 (6059)			
	<b>E. Others</b>				<b>0.03</b> (182)
	<b>Loans &amp; Advances (Net)</b>				<b>1.41</b> (9941)
	<b>Capital Expenditure</b>				<b>2.93</b> (20586)
<b>Total</b>					<b>24.10</b> (169380)
Decrease/increase in cash balance					(-) 0.08 (-) (539)
					<b>24.02</b> (168841)

\* Does not include loan of Rs 8661 crore (1.23 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 47128 crore (6.71 per cent of GDP)

1993-94

GDP (quick estimates) : Rs 801032 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>15.90</b> (127370)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>9.46</b> (75743)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	<b>2.53</b> (20299)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.25 (10060)	
	<i>A.a. ii Taxes on Income Gross</i>	1.14 (9123)	
	<i>A. a iii Other Direct Taxes</i>	0.14 (1116)	
	<b>A. b . Indirect taxes</b>	<b>6.92</b> (55444)	
Of Indirect taxes	<i>A. b . i Customs</i>	2.77 (22193)	
	<i>A. b . ii Union Excise Duties</i>	3.96 (31697)	
	<i>A. b . iii Other Indirect taxes</i>	0.19 (1554)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>6.44</b> (51627)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.88 (15078)	
	<i>Railway Receipts</i>	2.29 (18363)	
	<i>Postal and Telecom Receipts</i>	0.90 (7207)	
	<i>Other Non-tax Receipts</i>	1.37 (10979)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		<b>(-) 48</b>
	<b>Borrowed Receipt</b> Net after repayments		<b>6.45</b> (51685)
Of the total borrowed funds	<i>Internal borrowings</i>	5.82 (46612)	
	<i>External borrowings</i>	0.63 (5073)	
	<b>Public Account Receipts (Net)</b>		<b>2.62</b> (21013)
<b>Total</b>			<b>24.97</b> (200020)



## 1993-94

Rupee goes to	Percentage of GDP (Rupees in crore)			
	<b>Total Revenue</b>			<b>19.98</b>
	<b>Expenditure</b>			<b>(160085)</b>
Of total revenue expenditure	<b>A. General services</b>			<b>8.02</b> (64217)
Of General Services	<i>A. i Interest payment</i>	4.59 (36741)		
	<i>A. ii Defence Services</i>	1.99 (15945)		
	<i>A. iii Others</i>	1.44 (11531)		
	<b>B. Social services</b>			<b>0.63</b> (5096)
Of Social services	<i>B. i Education</i>	0.27 (2200)		
	<i>B. ii Medical and health</i>	0.09 (753)		
	<i>B. iii Others</i>	0.27 (2143)		
	<b>C. Economic services</b>			<b>5.91</b> (47368)
Of Economic services	<i>C. i Agriculture</i>	1.02 (8198)		
	<i>C. ii Energy</i>	0.16 (1250)		
	<i>C. iii Transport</i>	2.44 (19539)		
	<i>C. iv Others</i>	2.29 (18381)		
	<b>D. Transfer to States/UTs</b>			<b>5.39</b> (43196)*
Of the transfers	<i>D. i Grants</i>	2.61 (20955)		
	<i>D. ii Share of union excise duties</i>	1.81 (14473)		
	<i>D. iii Share of income tax</i>	0.97 (7768)		
	<b>E. Others</b>			<b>0.03</b> (208)
	<b>Loans &amp; Advances (Net)</b>			<b>1.78</b> (14263)
	<b>Capital Expenditure</b>			<b>3.08</b> (24650)
<b>Total</b>				<b>24.84</b> (198998)
Increase/Decrease in cash balance				0.13 (1022)
				<b>24.97</b> (200020)

\* Does not include loan of Rs 9901 crore (1.24 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 53097 crore (6.64 per cent of GDP)

1994-95

GDP (quick estimates) : Rs 945615 crore

Rupee comes from				Percentage of GDP (Rupees in crore)
	<b>Total Revenue Receipt</b>			<b>16.42</b> (155229)
Of total revenue receipt	<b>A. Tax Revenue</b>			9.76 (92297)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>		2.85 (26971)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.46 (13822)		
	<i>A.a. ii Taxes on Income Gross</i>	1.27 (12029)		
	<i>A. a. iii Other Direct Taxes</i>	0.12 (1120)		
	<b>A. b. Indirect taxes</b>		6.91 (65326)	
Of Indirect taxes	<i>A. b. i Customs</i>	2.83 (26789)		
	<i>A. b. ii Union Excise Duties</i>	3.95 (37347)		
	<i>A. b. iii Other Indirect taxes</i>	0.13 (1190)		
Of the total revenue receipt	<b>B. Non-tax Revenue</b>		6.66 (62932)	
Of Non-tax Revenue	<i>Interest Receipts</i>	1.67 (15806)		
	<i>Railway Receipts</i>	2.17 (20529)		
	<i>Postal and Telecom Receipts</i>	0.95 (8978)		
	<i>Other Non-tax Receipts</i>	1.87 (17619)		
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>			<b>0.59</b> (5607)
	<b>Borrowed Receipt</b>			<b>2.57</b> (24336)
	Net after repayments			
Of the total borrowed funds	<i>Internal borrowings</i>	2.19 (20755)		
	<i>External borrowings</i>	0.38 (3581)		
	<b>Public Account Receipts (Net)</b>			<b>3.86</b> (36514)
<b>Total</b>				<b>23.44</b> (221686)

## 1994-95

Rupee goes to		Percentage of GDP (Rupees in crore)	
	<b>Total Revenue</b>		<b>19.70</b>
	<b>Expenditure</b>		<b>(186259)</b>
Of total revenue expenditure	<b>A. General services</b>		<b>7.79</b> (73744)
Of General Services	<i>A. i Interest payment</i>	4.66 (44060)	
	<i>A. ii Defence Services</i>	1.83 (17348)	
	<i>A. iii Others</i>	1.30 (12336)	
	<b>B. Social services</b>		<b>0.57</b> (5353)
Of Social services	<i>B. i Education</i>	0.25 (2348)	
	<i>B. ii Medical and health</i>	0.09 (819)	
	<i>B. iii Others</i>	0.23 (2186)	
	<b>C. Economic services</b>		<b>6.54</b> (61836)
Of Economic services	<i>C. i Agriculture</i>	0.91 (8629)	
	<i>C. ii Energy</i>	0.13 (1209)	
	<i>C. iii Transport</i>	2.31 (21839)	
	<i>C. iv Others</i>	3.19 (30159)	
	<b>D. Transfer to States/UTs</b>		<b>4.78</b> (45140)*
Of the transfers	<i>D. i Grants</i>	2.15 (20297)	
	<i>D. ii Share of union excise duties</i>	1.72 (16283)	
	<i>D. iii Share of income tax</i>	0.91 (8560)	
	<b>E. Others</b>		<b>0.02</b> (186)
	<b>Loans &amp; Advances (Net)</b>		<b>1.84</b> (17391)
	<b>Capital Expenditure</b>		<b>2.03</b> (19266)
<b>Total</b>			<b>23.57</b> (222916)
Decrease/increase in cash balance			0.13 (1228)
			<b>23.44</b> (221687)

\* Does not include loan of Rs13761crore (1.45 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 58901 crore (6.23 per cent of GDP)

1995-96

GDP (quick estimates) : Rs 1098576 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>	<b>16.37</b> (179845)	
Of total revenue receipt	<b>A. Tax Revenue</b>	10.12 (111224)	
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	3.05 (33564)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.50 (16487)	
	<i>A.a. ii Taxes on Income Gross</i>	1.42 (15592)	
	<i>A. a. iii Other Direct Taxes</i>	0.13 (1485)	
	<b>A. b . Indirect taxes</b>	7.07 (77660)	
Of Indirect taxes	<i>A. b . i Customs</i>	3.25 (35757)	
	<i>A. b . ii Union Excise Duties</i>	3.66 (40187)	
	<i>A. b . iii Other Indirect taxes</i>	0.16 (1716)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>	6.25 (68621)	
Of Non-tax Revenue	<i>Interest Receipts</i>	1.68 (18430)	
	<i>Railway Receipts</i>	2.08 (22814)	
	<i>Postal and Telecom Receipts</i>	1.12 (12273)	
	<i>Other Non-tax Receipts</i>	1.37 (15104)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>	0.13 (1397)	
	<b>Borrowed Receipt</b> Net after repayments	3.80 (41719)	
Of the total borrowed funds	<i>Internal borrowings</i>	3.77 (41402)	
	<i>External borrowings</i>	0.03 (317)	
	<b>Public Account Receipts (Net)</b>	2.15 (23625)	
<b>Total</b>		<b>22.45</b> (246586)	

## 1995-96

Rupee goes to					Percentage of GDP (Rupees in crore)
	<b>Total Revenue</b>				<b>19.08</b>
	<b>Expenditure</b>				<b>(209576)</b>
Of total revenue expenditure	<b>A. General services</b>				<b>7.73</b> (84913)
Of General Services	<i>A. i Interest payment</i>	4.56 (50045)			
	<i>A. ii Defence Services</i>	1.81 (19854)			
	<i>A. iii Others</i>	1.36 (15014)			
	<b>B. Social services</b>				<b>0.67</b> (7348)
Of Social services	<i>B. i Education</i>	0.28 (3105)			
	<i>B. ii Medical and health</i>	0.08 (879)			
	<i>B. iii Others</i>	0.31 (3364)			
	<b>C. Economic services</b>				<b>6.03</b> (66202)
Of Economic services	<i>C. i Agriculture</i>	0.85 (9306)			
	<i>C. ii Energy</i>	0.13 (1396)			
	<i>C. iii Transport</i>	2.19 (24056)			
	<i>C. iv Others</i>	2.86 (31444)			
	<b>D. Transfer to States/UTs</b>				<b>4.63</b> (50862)*
Of the transfers	<i>D. i Grants</i>	1.96 (21577)			
	<i>D. ii Share of union excise duties</i>	1.64 (18011)			
	<i>D. iii Share of income tax</i>	1.03 (11274)			
	<b>E. Others</b>				<b>0.02</b> (251)
	<b>Loans &amp; Advances (Net)</b>				<b>1.62</b> (17811)
	<b>Capital Expenditure</b>				<b>1.60</b> (17544)
<b>Total</b>					<b>22.30</b> (244931)
Increase/decrease in cash balance					0.15 (1655)
					<b>22.45</b> (246586)

\* Does not include loan of Rs13998 crore (1.27 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 64860 crore (5.91 per cent of GDP)

1996-97

GDP (quick estimates) : Rs 1276974 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>16.23</b> (207234)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>10.08</b> (128762)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	3.04 (38895)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.45 (18567)	
	<i>A.a. ii Taxes on Income Gross</i>	1.43 (18234)	
	<i>A. a iii Other Direct Taxes</i>	0.16 (2094)	
	<b>A. b . Indirect taxes</b>	7.04 (89867)	
Of Indirect taxes	<i>A. b . i Customs</i>	3.36 (42851)	
	<i>A. b . ii Union Excise Duties</i>	3.52 (45008)	
	<i>A. b . iii Other Indirect taxes</i>	0.16 (2008)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>6.15</b> (78472)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.73 (22119)	
	<i>Railway Receipts</i>	1.94 (24801)	
	<i>Postal and Telecom Receipts</i>	1.16 (14806)	
	<i>Other Non-tax Receipts</i>	1.32 (16746)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		<b>0.03</b> (455)
	<b>Borrowed Receipt</b> Net after repayments		<b>3.10</b> (39594)
Of the total borrowed funds	<i>Internal borrowings</i>	2.87 (36606)	
	<i>External borrowings</i>	0.23 (2988)	
	<b>Public Account Receipts (Net)</b>		<b>2.21</b> (28193)
<b>Total</b>			<b>21.57</b> (275476)

1996-97

Rupee goes to		Percentage of GDP (Rupees in crore)			
	<b>Total Revenue</b>	<b>18.79</b>			
	<b>Expenditure</b>	<b>(239888)</b>			
Of total revenue expenditure	<b>A. General services</b>	<b>7.66</b>			
		<b>(97827)</b>			
Of General Services	<i>A. i Interest payment</i>	4.66			
		(59478)			
	<i>A. ii Defence Services</i>	1.72			
		(21978)			
	<i>A. iii Others</i>	1.28			
		(16371)			
	<b>B. Social services</b>	<b>0.73</b>			
		<b>(9325)</b>			
Of Social services	<i>B. i Education</i>	0.27			
		(3469)			
	<i>B. ii Medical and health</i>	0.09			
		(1102)			
	<i>B. iii Others</i>	0.37			
		(4754)			
	<b>C. Economic services</b>	<b>5.79</b>			
		<b>(73857)</b>			
Of Economic services	<i>C. i Agriculture</i>	0.82			
		(10435)			
	<i>C. ii Energy</i>	0.13			
		(1672)			
	<i>C. iii Transport</i>	2.06			
		(26222)			
	<i>C. iv Others</i>	2.78			
		(35528)			
	<b>D. Transfer to States/Uts</b>	<b>4.59</b>			
		<b>(58606)*</b>			
Of the transfers	<i>D. i Grants</i>	1.84			
		(23545)			
	<i>D. ii Share of union excise duties</i>	1.69			
		(21545)			
	<i>D. iii Share of income tax</i>	1.06			
		(13516)			
	<b>E. Others</b>	<b>0.02</b>			
		<b>(273)</b>			
	<b>Loans &amp; Advances (Net)</b>	<b>1.59</b>			
		<b>(20339)</b>			
	<b>Capital Expenditure</b>	<b>1.23</b>			
		<b>(15704)</b>			
<b>Total</b>		<b>21.61</b>			
		<b>(275931)</b>			
Decrease/increase in cash balance		0.04			
		(455)			
		<b>21.57</b>			
		<b>(275476)</b>			

\* Does not include loan of Rs16740 crore (1.31 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 75346 crore (5.90 per cent of GDP)

1997-98

GDP (quick estimates) : Rs 1563552 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>14.82</b> (231807)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>8.90</b> (139220)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	<b>3.09</b> (48280)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.28 (20016)	
	<i>A.a. ii Taxes on Income Gross</i>	1.09 (17101)	
	<i>A. a iii Other Direct Taxes</i>	0.72 (11163)	
	<b>A. b . Indirect taxes</b>	<b>5.81</b> (90940)	
Of Indirect taxes	<i>A. b . i Customs</i>	2.57 (40193)	
	<i>A. b . ii Union Excise Duties</i>	3.06 (47962)	
	<i>A. b . iii Other Indirect taxes</i>	0.18 (2785)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>5.92</b> (92587)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.62 (25343)	
	<i>Railway Receipts</i>	1.86 (29134)	
	<i>Postal and Telecom Receipts</i>	1.16 (18146)	
	<i>Other Non-tax Receipts</i>	1.28 (19964)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		<b>0.06</b> (912)
	<b>Borrowed Receipt</b> Net after repayments		<b>2.91</b> (45615)
Of the total borrowed funds	<i>Internal borrowings</i>	2.84 (44524)	
	<i>External borrowings</i>	0.07 (1091)	
	<b>Public Account Receipts (Net)</b>		<b>3.83</b> (59916)
<b>Total</b>			<b>21.62</b> (338250)



## 1997-98

Rupee goes to				Percentage of GDP (Rupees in crore)
	<b>Total Revenue</b>			<b>18.62</b>
	<b>Expenditure</b>			<b>(291241)</b>
Of total revenue expenditure	<b>A. General services</b>			<b>7.32</b> (114380)
Of General Services	<i>A. i Interest payment</i>	4.20 (65637)		
	<i>A. ii Defence Services</i>	1.75 (27302)		
	<i>A. iii Others</i>	1.37 (21441)		
	<b>B. Social services</b>			<b>0.74</b> (11633)
Of Social services	<i>B. i Education</i>	0.30 (4631)		
	<i>B. ii Medical and health</i>	0.09 (1403)		
	<i>B. iii Others</i>	0.35 (5599)		
	<b>C. Economic services</b>			<b>6.30</b> (98451)
Of Economic services	<i>C. i Agriculture</i>	0.83 (12931)		
	<i>C. ii Energy</i>	0.98 (15305)		
	<i>C. iii Transport</i>	1.98 (30938)		
	<i>C. iv Others</i>	2.51 (39277)		
	<b>D. Transfer to States/UTs</b>			<b>4.24</b> (66406)*
Of the transfers	<i>D. i Grants</i>	1.95 (30452)		
	<i>D. ii Share of union excise duties</i>	1.43 (22446)		
	<i>D. iii Share of income tax</i>	0.86 (13508)		
	<b>E. Others</b>			<b>0.02</b> (371)
	<b>Loans &amp; Advances (Net)</b>			<b>1.65</b> (25875)
	<b>Capital Expenditure</b>			<b>1.29</b> (20225)
<b>Total</b>				<b>21.56</b> (337341)
Increase/decrease in cash balance				0.06 (910)
				<b>21.62</b> (338251)

\* Does not include loan of Rs 23336 crore (1.49 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs89742 crore (5.73 per cent of GDP)

1998-99

GDP (quick estimates) : Rs 1762609 crore

Rupee comes from	Percentage of GDP (Rupees in crore)		
	<b>Total Revenue Receipt</b>		<b>14.43</b> (254369)
Of total revenue receipt	<b>A. Tax Revenue</b>		<b>8.16</b> (143797)
Of Tax Revenue	<b>A. a Direct Taxes Gross</b>	<b>2.64</b> (46600)	
Of Direct taxes	<i>A.a. i Corporation Tax</i>	1.39 (24529)	
	<i>A.a. ii Taxes on Income Gross</i>	1.15 (20240)	
	<i>A. a iii Other Direct Taxes</i>	0.10 (1831)	
	<b>A. b . Indirect taxes</b>	<b>5.52</b> (97197)	
Of Indirect taxes	<i>A. b . i Customs</i>	2.31 (40668)	
	<i>A. b . ii Union Excise Duties</i>	3.02 (53246)	
	<i>A. b . iii Other Indirect taxes</i>	0.19 (3283)	
Of the total revenue receipt	<b>B.Non-tax Revenue</b>		<b>6.27</b> (110572)
Of Non-tax Revenue	<i>Interest Receipts</i>	1.71 (30076)	
	<i>Railway Receipts</i>	1.71 (30234)	
	<i>Postal and Telecom Receipts</i>	1.15 (20241)	
	<i>Other Non-tax Receipts</i>	1.70 (30021)	
Of the total Revenue Receipts	<b>Non-debt Capital Receipt</b>		<b>0.33</b> (5874)
	<b>Borrowed Receipt</b> Net after repayments		<b>4.12</b> (72618)
Of the total borrowed funds	<i>Internal borrowings</i>	4.01 (70699)	
	<i>External borrowings</i>	0.11 (1919)	
	<b>Public Account Receipts (Net)</b>		<b>2.32</b> (40943)
<b>Total</b>			<b>21.20</b> (373804)

## 1998-99

Rupee goes to		Percentage of GDP (Rupees in crore)			
	<b>Total Revenue</b>	<b>17.86</b>			
	<b>Expenditure</b>	<b>(314936)<sup>3</sup></b>			
Of total revenue expenditure	<b>A. General services</b>	<b>7.69</b> (135557)			
Of General Services	<i>A. i Interest payment</i>	4.42 (77882)			
	<i>A. ii Defence Services</i>	1.77 (31200)			
	<i>A. iii Others</i>	1.50 (26475)			
	<b>B. Social services</b>	<b>0.80</b> (14147)			
Of Social services	<i>B. i Education</i>	0.35 (6252)			
	<i>B. ii Medical and health</i>	0.10 (1773)			
	<i>B. iii Others</i>	0.35 (6122)			
	<b>C. Economic services</b>	<b>5.65</b> (99687)			
Of Economic services	<i>C. i Agriculture</i>	0.86 (15183)			
	<i>C. ii Energy</i>	0.15 (2735)			
	<i>C. iii Transport</i>	1.84 (32378)			
	<i>C. iv Others</i>	2.80 (49391)			
	<b>D. Transfer to States/UTs</b>	<b>3.69</b> (64974)*			
Of the transfers	<i>D. i Grants</i>	1.47 (25829)			
	<i>D. ii Share of union excise duties</i>	1.40 (24665)			
	<i>D. iii Share of income tax</i>	0.82 (14480)			
	<b>E. Others</b>			0.03 (571)	
	<b>Loans &amp; Advances (Net)</b>	<b>1.90</b> (33405)			
	<b>Capital Expenditure</b>	<b>1.43</b> (25200)			
	<b>Expenditure from Contingency Fund</b>	<b>0.00</b> (27)			
<b>Total</b>		<b>21.19</b> (373568)			
Increase/decrease in cash balance		0.01 (236)			
		<b>21.20</b> (373804)			

\* Does not include loan of Rs 31322 crore (1.78 per cent of GDP) to State Government  
Adding the loan, the effective transfer to State would be Rs 96296 crore (5.46 per cent of GDP)

<sup>3</sup> Includes Rs 14480 crore towards share of net proceeds of taxes on income other than corporation tax assigned to states

**Appendix III : Total Expenditure of Union Government**

(Refers to Paragraph 4.1)

(Rupees in crore)

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

### Appendix IV : Interest Payment

(Refers to Paragraph 4.6)

(Rupees in crore)

Year	Internal debt	External debt	Small Savings, PFs	Others	Total	Interest Receipt	Interest Payment as %age of total tax revenue	Interest payment as %age of GDP
1998-99	39832	4364	30584	3102	77882	30076	60.23	4.42
1997-98	31270	4110	29169	1088	65637	25343	52.21	4.20
1996-97	27233	4223	27101	921	59478	22119	51.61	4.66
1995-96	22179	4414	22531	921	50045	18430	50.07	4.56
1994-95	19168	4026	20313	553	44060	15806	52.62	4.66
1993-94	15587	3724	16936	494	36741	15078	54.05	4.59
1992-93	13542	3529	13436	568	31075	12521	45.31	4.42
1991-92	11317	2704	12083	492	26596	10933	42.72	4.31
1990-91	9814	1834	9413	437	21498	7580	40.22	4.01
1989-90	8273	1494	7573	417	17757	7691	37.22	3.89
1988-89	6912	1242	5801	323	14278	6982	34.22	3.61
1987-88	5510	977	4490	207	11251	5755	32.08	3.38
1986-87	4763	766	3489	228	9246	5353	30.15	3.16
1985-86	3919	538	2869	186	7512	4595	28.02	2.86
1984-85	3101	460	2153	206	5974	3963	26.89	2.58
1983-84	2499	356	1733	207	4795	2668	24.55	2.31
1982-83	2020	304	1455	159	3938	2852	23.80	2.21
1981-82	1635	258	1182	120	3195	2215	21.57	2.00
1980-81	1369	231	901	103	2604	1795	21.41	1.91
1979-80	1071	235	822	82	1829	1369	19.91	1.93
1978-79	887	226	646	70	1829	1427	18.65	1.76
1977-78	692	209	553	67	1521	1440	18.61	1.58
1976-77	643	208	426	97	1374	1105	18.06	1.62

**Appendix V : Fiscal Deficit and Interest Payment**

(Refers to Paragraph 4.6.1.1)

(Rupees in crore)

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

## Appendix VI : Outstanding Utilisation Certificates

(Refers to Paragraph 4.8)

(Rupees in crore)

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1999 in respect of grants released upto September 1997	Amount	Earliest year of pendency of grants
1	Agriculture and Cooperation	355	116.68	1976-77
2	Andaman and Nicobar Islands	2	3.56	1996-97
3	Atomic Energy	81	1.66	1985-86
4	Commerce and Textiles			
	i) Commerce	3	0.13	1997-98
	ii) Development Commissioner of Handicraft, Delhi	645	19.64	1978-79
5	Civil Supplies, Consumers Affairs and Public Distribution	27	4.03	1981-82
6	Chemicals and Fertilizers			
	i) Fertilizers	23	15.25	1995-96
	ii) Department of Chemicals and Petrochemicals	18	22.86	1991-92
7	Electronics	343	51.42	1992-93
8	External Affairs	65	3.50	1987-88
9	Finance-			
	Economic Affairs	21	5.42	1993-94
10	Food	19	1.75	1994-95
11	Food Processing Industries	300	29.48	1988-89
12	Health & Family Welfare			
	(i) Family Welfare	1576	412.57	1976-77
	(ii) Health	1783	960.63	1976-77
13	Human Resource Development			
	i) Education	7677	3458.22	1977-78
	ii) Women and Child	8564	1589.53	1986-87

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1999 in respect of grants released upto September 1997	Amount	Earliest year of pendency of grants
	Development			
	iii) Youth Affairs and Sports	3188	217.47	1987-88
	iv) Culture	4644	360.69	1982-83
14	Labour	937	46.67	1979-80
15	Mines	01	0.04	1997-98
16.	Planning and Statistics			
	i) Statistics	01	0.10	1995-96
	ii) Planning Commission and National Informatics Centre	142	11.23	1990-91
17	Power	58	12.94	1992-93
18	Rural Areas and Employment	25	23.29	1996-97
19	Space	273	5.15	1976-77
20	Surface Transport	02	0.17	1997-98
21	Urban Affairs and Employment	528	294.63	1981-82
22	Water Resources	117	4.96	1985-86
23	Personnel Public Grievances and Pension	06	0.22	1996-97
24.	Law, Justice and Supreme Court of India			
	Legislative	175	1.50	1981-82
25.	Industry			
	i) Department of Industrial and Industrial Policy and Promotion	230	0.03	1993-94
	ii) Department of Small Scale Industries and Agro Rural Industries	29	0.87	1993-94
	<b>Total</b>	<b>31858</b>	<b>7676.29</b>	



## Appendix VII : Returns on Investment\*

(Refers to Paragraph 4.10)

(Rupees in crore)

Sl No	Investment at the end of the year	1994-95	1995-96	1996-97	1997-98	1998-99
1	Public Sector Undertakings & Statutory Corporations					
i	Total Investment	47070.59	49737.75	53194.32	57119.91	60098.78
ii	Share of dividend	823.78	1216.46	1577.33	1819.98	2383.57
iii	Percentage of dividend	1.75	2.45	2.97	3.19	3.97
2	Nationalised Banks					
i	Total investment	14753.73	13673.68	13146.21	15846.36	13672.62
ii	Share of profits	14.35	104.15	209.77	314.52	384.19
iii	Percentage of profits	0.10	0.76	1.60	1.98	2.81
3	Life Insurance Corporation of India					
i	Total investment	5.00	5.00	5.00	5.00	5.00
ii	Share of surplus profits	140.35	161.28	226.33	199.87	235.70
iii	Percentage of surplus profits	2807.00	3225.60	4526.60	3997.40	4714.00
4	General Insurance Corporation					
i	Total Investment	215.00	215.00	215.00	215.00	215.00
ii	Share of dividend	53.76	53.81	53.75	64.50	64.50
iii	Percentage of dividend	25.00	25.03	25.00	30.00	30.00
5	Industrial Development Bank of India					
i	Total investment	753.00	670.00	500.00	500.00	500.00
ii	Share of surplus profits	120.48	146.83	198.71	169.95	218.51
iii	Percentage of profits	16.00	21.91	39.74	33.99	43.70
6	State Co-operative Banks and other banks					
i	Total Investment	1045.60	1434.86	1679.23	1979.24	2232.50
ii	Dividend received	14.20	16.28	20.29	31.30	41.29
iii	Percentage of dividend	1.36	1.13	1.21	1.58	1.85
7	Co-operative Societies					
i	Total Investment	695.92	696.50	696.94	699.23	700.91
ii	Dividend received	49.58	49.52	68.43	80.78	105.68
iii	Percentage of dividend	7.12	7.11	9.82	11.55	15.08

Sl No	Investment at the end of the year	1994-95	1995-96	1996-97	1997-98	1998-99
8	Cooperative Credit Societies					
i	Total Investment	0.05	0.07	0.07	0.10	0.11
ii	Dividend received	NA	NA	NA	NA	NA
iii	Percentage of dividend	NA	NA	NA	NA	NA
9	International Bodies					
i	Total Investment	751.31	1070.39	1090.72	1092.84	1122.21
10	Under Construction					
i	Total Investment	6311.01	6311.01	6311.01	6314.65	7649.39
<b>I</b>	<b>Total Investment</b>	<b>71601.21</b>	<b>73814.26</b>	<b>76838.50</b>	<b>83772.33</b>	<b>86196.52</b>
<b>II</b>	<b>Dividend received</b>	<b>1216.50</b>	<b>1748.33</b>	<b>2354.61</b>	<b>2680.90</b>	<b>3433.44</b>
<b>III</b>	<b>Percentage of dividend/ profits</b>	<b>1.70</b>	<b>2.37</b>	<b>3.06</b>	<b>3.20</b>	<b>3.98</b>

\* Excludes Reserve Bank of India

### Appendix VIII : PSUs not paying dividend

(Refers to Paragraph 4.10.3)

(Rupees in crore)

Sl No	Name of Public Sector Undertaking	Total investment upto 1998-99	Net profit/loss before tax during 1997-98	Post Tax Profit
1.	Neyveli Lignite Corporation limited	1692.42	441.98	287.29
2.	Bridge & Roof Company (India) Limited	4.88	2.87	1.87
3.	Iron International Limited	4.94	51.54	33.50
4.	Indian Railway Finance Corporation Limited	232.00	293.96	191.07
5.	Rail India Technical and Economic Services Limited	1.00	20.06	13.04
6.	Container Corporation of India Limited	50.01	178.33	115.91
7.	Cotton Corporation of India Ltd.	23.00	42.11	27.37
8.	National Minorities Finance and Development Corporation, New Delhi	157.00	6.67	4.34
9.	Nuclear Power Corporation of India Ltd., Bombay	3181.93	281.21	182.79
10.	Fertilizers and Chemicals Travancore Ltd., Kerala	345.47	59.19	38.47
11.	Semi Conductor Complex Ltd.	188.41	0.22	0.14
12.	Coal India Ltd.	7224.82	541.65	352.07
13.	Omnibus Industrial Development Corporation of Daman and Diu	3.20	1.00	0.65
14.	Bharat Wagon and Engineering Co. Ltd.	4.22	0.91	0.59
15.	Indian Renewable Energy Development Agency Ltd.	154.35	3.23	2.10
16.	HUDCO	50.00	69.38	45.10
17.	Delhi Metro Rail Corporation Ltd.	150.00	11.06	7.19
<b>Total</b>		<b>13467.65</b>	<b>2005.37</b>	<b>1303.49</b>

**Appendix IX : Nationalised Banks whose capitals were subscribed by the GOI out of budget provisions/Banks whose investments were written down**

(Refers to Paragraph 4.11)

(Rupees in crore)

Sl No	Name of the Bank	Capital subscribed/ written down						1993-94 In Jan. 94
		1998-99 In March 99	1997-98 In Feb 98	1996-97 In March 97	1995-96 In March 96	1994-95 In Feb. 95    In Dec. 94		
1.	Allahabad Bank	--	--	532.00*	160.00	--	356.20	90.00
2.	Syndicate Bank	942.62*	--	--	172.00	--	278.59	680.00
3.	Bank of Maharashtra	418.18*	--	--	80.00	94.61	239.58	150.00
4.	Punjab and Sind Bank	462.47*	--	150.00	72.00	--	116.03	160.00
5.	Uco Bank	200.00	350.00	54.00	110.00	235.56	279.96	535.00
6.	United Bank of India	100.00	--	338.00	256.00	67.44	471.43	215.00
7.	Andhra Bank	243.37*	--	165.00	--	75.72	108.60	150.00
8.	Central Bank	--	--	500.00	--	--	632.46	490.00
9.	Vijaya Bank	--	--	302.00	--	--	62.31	65.00
10.	Bank of Baroda	--	--	--	--	--	--	400.00
11.	Canara Bank	507.10*	600.00	--	--	--	--	365.00
12.	Corporation Bank	--	--	--	--	--	--	45.00
13.	Bank of India	--	--	--	1369.92*	--	848.38	635.00
14.	Dena Bank	--	--	--	136.29*	--	6.11	130.00
15.	Indian Bank	100.00	1750.00	--	--	--	230.96	220.00
16.	Indian Overseas Bank	--	--	1000.00*	--	--	258.60	705.00
17.	Oriental Bank of Commerce	--	--	--	--	--	--	50.00
18.	Punjab National Bank	--	--	--	--	--	425.23*	415.00
19.	Union Bank	--	--	--	--	--	--	200.00
	<b>Total Capital subscribed</b>	<b>400.00</b>	<b>2700.00</b>	<b>1509.00</b>	<b>850.00</b>	<b>473.33</b>	<b>3889.61</b>	<b>5700.00</b>
	<b>Capital Written down</b>	<b>2573.74</b>		<b>1532.00</b>	<b>1506.21</b>		<b>425.23</b>	<b>--</b>

\* Capital Written down

## Appendix X : Deficits in Union Government Accounts

(Refers to Paragraph 5.1)

(Rupees in crore)

Year	Deficit					GDP at current market price*
	Revenue	Budgetary	Fiscal	Primary	Monetised	
1998-99	60567	--	113298	35416	11800	1762609
1997-98	59433	--	104621	38984	12914	1563552
1996-97	32654	13184	68242	8764	1934	1276974
1995-96	29731	9808	63689	13644	19855	1098576
1994-95	31029	961	62079	18019	2130	945615
1993-94	32715	10960	71676	34935	260	801032
1992-93	18574	12312	47140	16065	4257	702829
1991-92	16261	6855	38835	12239	5508	616061
1990-91	18561	11347	45887	24389	14746	535517
1989-90	11914	10592	37222	19465	13813	456902
1988-89	10515	5642	32007	17729	6503	395782
1987-88	9137	5816	28273	17022	6559	333201
1986-87	7579	8261	27875	18629	7091	292949
1985-86	5565	6942	24405	16893	6190	262243
1984-85	3498	3745	17785	11811	6055	231343
1983-84	2398	1817	13934	9139	3949	207589
1982-83	1254	3399	12473	8535	3368	178132
1981-82	293	(+) 2107	8667	5472	3270	159760
1980-81	1702	2476	8888	6284	3551	136013
1979-80	696	2377	6391	4181	2650	114356
1978-79	(+) 292	1508	5988	4159	2191	104190
1977-78	(+) 429	742	4110	2589	(-) 260	96067
1976-77	(+) 280	54	4080	2706	816	84894

\* Quick estimate figures notified by CSO

**Appendix XI : Expenditure financed by borrowings**

(Refers to Paragraph 5.3)

(Rupees in crore)

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

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

## Appendix XII : Total liability of the Union Government

(Refers to Paragraph 7.1)

(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
1998-99	459696	57254	177934	333261	41595	891806	1012486
1997-98	388998	55332	161442	291867	42097	778294	884404
1996-97	344475	54239	149077	239042	37919	675675	770513
1995-96	307869	51249	148583	213435	33680	606233	703567
1994-95	266467	50928	142389	192222	28993	538610	630071
1993-94	245712	47345	127798	160355	24556	477968	558421
1992-93	199100	42269	120813	136802	23752	401923	480467
1991-92	172750	36948	109608	121500	23464	354662	427322
1990-91	154004	31525	*	107107	21922	314558	*
1989-90	133193	28343	*	87065	19592	268193	*
1988-89	114498	25746	*	68536	20991	229771	*
1987-88	98646	23223	*	54528	19165	195562	*
1986-87	86312	20299	*	44928	15006	166545	*
1985-86	71039	18153	*	36859	11433	137484	*
1984-85	58537	16636	*	29705	8563	113441	*
1983-84	50264	15120	*	23874	6003	95261	*
1982-83	46939	13682	*	19887	4364	84872	*
1981-82	35653	12328	*	16578	3626	68185	*
1980-81	30864	11298	*	13953	3633	59748	*
1979-80	24319	9964	*	12486	3445	50214	*
1978-79	19855	9373	*	10756	3499	43483	*
1977-78	18996	8985	*	9130	3062	40173	*
1976-77	14458	8611	*	7709	2830	33608	*

\* Current rate of exchange is not available.

**Appendix XIII : Unutilised loans - sectorwise**

(Refers to Paragraph 7.11)

(Rupees in crore)

SI No	Sector	Unutilised loans at current rate
1	Power	10319.93
2	Social	13353.43
3	Urban Development	2028.18
4	Others	293.20
5	Agriculture and Rural Development	4244.59
6	Water Resources Management	7205.15
7	Roads	5044.25
8	Industry and Finance	1117.22
9	Railways	544.79
10	Fertiliser	476.14
11	Infrastructure Sector (General)	823.32
12	Structural Adjustment/Fast Disb.	634.95
13	Oil	18.45
14	Coal	264.55
15	Environment and Forestry	3476.52
17	Energy(Non-Conventional)	312.00
	<b>Total</b>	<b>50156.67</b>



**Appendix XIV : Major amounts owned by Importers as on 31 March 1999**  
(Refers to Paragraph 8.4.1)

(Rupees in crore)

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
1.	O.N.G.C.	Canada	0.33	1992-94
		U.K.	2.96	1993-94
		U.S.S.R.	2.83	1991-92 to 1992-93
			<b>6.12</b>	
2.	Telecom	France	4.57	1985-86 to 1991-92
		Japan	1.47	1986-87 to 1990-91
			<b>6.04</b>	
3.	Pawan Hans Helicopter	France	63.42	1986-87 to 1988-89
		U.K.	45.30	1987-88 to 1988-89
		U.K.	0.02	1993-94
			<b>108.74</b>	
4.	Helicopter Corporation of India	U.K.	21.91	1985-86 to 1986-87
5.	N.H.P.C.	France	12.19	1991-92 to 1993-94
6.	C.I.L.	France	3.49	1993-94 to 1995-96
		U.S.S.R.	0.93	1988-89 to 1991-92
			<b>4.42</b>	
7.	MCD/DWSSDU	France	28.01	1993-94 to 1998-99
8.	N.T.P.C.	France	16.17	1993-94 to 1998-99
		France	0.04	1993-94
		Japan	59.42	1992-93 to 1997-98
		U.S.S.R.	27.25	1985-86 to 1996-97
			<b>102.88</b>	
9.	Deptt. of Irrigation (Maharashtra)	France	3.77	1993-94 to 1997.98
10.	Narmada Water	France	5.24	1994-95 to 1998.99
11.	Deptt. of Mines & Geological	France	5.08	1994-95 to 1996.97
12.	Singareni Collieries	Germany	4.21	1994-95 to 1997.98
13.	D.V.B	Netherlands	7.80	1994-95 to 1996-97
		Switzerland	1.60	1992-93 to 1994-95
			<b>9.40</b>	
14.	West Bengal Electricity Board Calcutta	Japan	2.53	1988-89 to 1998-99

(Rupees in crore)

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
15.	M.M.T.C	EEC	36.37	1990-91 to 1997-98
		Japan	1.44	1991-92 to 1993-94
			<b>37.81</b>	
16.	Ministry of Tourism	Japan	8.26	1990-91 to 1998-99
17.	Fishery Project Kerala	Japan	28.33	1993-94
18.	ANPARA (UPSEB)	Japan	88.65	1993-94 to 1997-98
19.	Hindustan Cables	ADB	2.12	1995-96
20.	Railway Board New Delhi			
	Railway Project	ADB	1.30	1998-99
	Railway Board New Delhi	Switzerland	4.53	1994-95
	IIIrd Rly. Modernisation Railway Board	IBRD	16.77	1992-93 to 1993-94
	Railway Board	Germany	0.84	1988-89 to 1990-91
	Railway Investment. Programme	Germany	1.31	1994-95 to 1997-98
	Railway Project Grant, 90 and 83	U.K.	28.23	1988-89 to 1994-95
			<b>52.98</b>	
21.	Child Survival & Safe Mother Ministry of Health and Family Welfare	IDA	11.62	1996-97
22.	Indian Council of Forestry Research and Education, Dehradun	IDA	16.10	1995-96 to 1998-99
23.	Ministry of Agriculture New Delhi	IDA	21.87	1996-97 to 1998-99
24.	A.P.S.E.B. Hyderabad	Japan	70.03	1995-96 to 1998-99
25.	Mysore Paper Mills Karnataka	Japan	1.16	1997-98 to 1998-99
26.	Banaras Hindu University U.P.	Japan	5.66	1994-95 to 1995-96
27.	West Bengal Power Development Coproration Calcutta	Japan	254.64	1997-98 to 1998-99
28.	Cement Industry ICICI Bombay	IBRD	12.33	1992-93 to 1994-95
29.	Haryana Power Restructuring	IBRD	2.31	1994-95 to 1998-99
30.	Coal Sector Rehabilitation	IBRD	4.42	1994-95 to 1997-98
31.	U.P.Power Sector	IBRD	0.13	1996-97 to 1998-99
32.	Hindustan Zinc Aid	U.K.	106.53	1990-91 to 1995-96
33.	Nagarjuna Sagar Project	U.K.	4.71	1991-92 to 1994-95

(Rupees in crore)

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
34.	Energy Efficient Grant - 90, Power Grid Corporation of India, New Delhi	U.K.	182.45	1993-94 to 1996-97
35.	Bombay Delhi Air port Grant - 90	U.K.	5.83	1994-95 and 1995-96
36.	Visakapatnam Steel Plant	USSR	3.15	1983-84 to 1991-92
37.	Health and Family welfare Ministry of Health	Japan	27.37	1997-98 to 1998-99
38.	Nizamuddin Bridge, MOST	Japan	28.74	1996-97 to 1997-98
39.	Pipavav Port Ship-breaking Project, Gujarat	Japan	26.67	1996-97
40.	Kalavati Saran Hospital	Japan	16.29	1997-98 to 1998-99
41.	Maharashtra Power	IBRD	38.31	1996-97 to 1997-98
42.	Bombay Urban	IBRD	6.79	1996-97 to 1998-99
43.	Royal Seema Thermal Power Project	ADB	57.23	1996-97 to 1997-98
44.	Fertilizer sector Programme IV	Germany	20.65	1995-96
45.	Fertilizer Sector	Germany	102.16	1998-99
46.	Orissa Power Sector Reform	U.K.	36.48	1998-99
47.	A.P. Energy Efficiency Project	U.K.	4.68	1998-99
48.	National Highway	ADB	8.38	1996-97 to 1998-99
49.	IFFCO, New Delhi	Japan	1.40	1986-87 to 1990-91
50.	Financial Commissioner - cum-Secretary, Department of irrigation and Public Health	Japan	16.98	1998-99
51.	TN Small Industrial Development Corporation	Japan	4.28	1998-99
52.	Commissioner Rural Development, Hyderabad	Japan	7.08	1998-99
53.	U.P. Irrigation Lucknow	France	1.30	1998-99
54.	GSI, Calcutta	France	2.13	1998-99
55.	IBM, Nagpur	France	4.44	1997-98 to 1998-99
56.	PHED, Jaipur	France	4.47	1996-97 to 1998-99

### Appendix XV : Adverse balances

(Refers to Paragraphs 8.5)

(Rupees in thousand)

Sl. No.	Head of Account (Major/Minor)	Balance (As on 31 March 1999)	Period from which balances became adverse
Statement No. 13			
1.	8115-00-101-Depreciation Reserve Fund – Railway Commercial Lines	Dr. 80,68,84	1998-99
2.	8229-00-200-Other Development and Welfare Fund	Dr. 51,59	1998-99
3.	8342-00-114-Leased Telecommunication Facility Deposit	Dr. 39,13	1998-99
4.	8342-00-116-Deposits of SBI under NRI Bonds Scheme	Dr. 34	1998-99
5.	8443-00-105-Criminal Courts Deposits	Dr. 15	1998-99
6.	8443-00-109-Forest Deposits	Dr. 86,72	1997-98
7.	8443-00-110-Deposits of Police Fund	Dr. 36,76	1996-97
8.	8448-00-104-Fund of Insurance Association of India	Dr. 2,92	Pre 1976-77
9.	8449-00-115-Advance Deposits for IBRD Aided Projects	Dr. 6,05,52,44	1994-95
10.	8449-00-116-Advance Deposits for USA aided Projects	Dr. 15,67,31	1989-90
11.	8550-00-107-Forest Advances	Cr. 1,52,96	1997-98
12.	8656-00-104-Bronze and Copper Coinage Account	Cr. 2,13,57	Pre 1976-77
13.	8656-00-105-Nickel Coinage Account	Cr. 55,69,15	1994-95
14.	8670-00-103-Departmental Cheques	Dr. 1,50,10,82	1998-99
Statement No. 14			
15.	6002-00-202-Loans from the Federal Austrian Government	(-) 17,01,85	1997-98
16.	6002-00-203-Loans from the Government of the Kingdom of Belgium	(-) 90,92,45	1996-97
17.	6002-00-218-Loans from Kuwait Fund for Arab Economic Development	(-) 1,74,79,12	1994-95
18.	6002-00-220-Loans from the Government of Netherlands	(-) 3,71,95,82	1996-97
19.	6002-00-221-Loans from the organisation of Petroleum Exporting Countries Special Fund	(-) 88,22,64	1994-95
20.	6002-00-223-Loans from the Government of Swiss Confederation and Swiss Bank	(-) 7,25,10	1998-99
21.	6002-00-224-Loans from Saudi Fund for Development	(-) 40,60,31	1994-95
22.	6002-00-225-Loans from the Government of	(-) 2,54,48,09	1995-96

Sl. No.	Head of Account (Major/Minor)	Balance (As on 31 March 1999)	Period from which balances became adverse
23.	United Kingdom – Bearing Interest 6002-00-225-Loans from the Government of	(-) 2,24,18,39	1992-93
24.	United Kingdom – Not Bearing Interest 6002-00-226-Loans from the Agency for International Development USA	(-) 14,93,95,17	1995-96
25.	6002-00-227-Loans from the Government of USA under PL-480 Convertible Local Currency Credits	(-) 3,06,58,78	1995-96
26.	6002-00-228-Other Miscellaneous Loans from the Government of USA	(-) 19,29,89	1998-99
27.	6002-00-230-Loans from the Government of Russian Federation	(-) 1,12,03,45	1998-99
28.	6002-00-231-Loans from the Government of United Arab Emirates	(-) 1	1990-91
29.	8001-00-104-Cumulative Time Deposits	(-) 48,96,90	1994-95
30.	8002-00-102-State Savings Certificates	(-) 4,01	Pre 1976-77
31.	8002-00-103-Treasury Saving Deposit Certificates	(-) 70,43	Pre 1976-77
32.	8002-00-104-Defence Saving Certificates	(-) 29,96,39	1988-89
33.	8002-00-106-National Development Bonds	(-) 3,69,60	1982-83
34.	8005-04-101- Interest Suspense Account	(-) 1,30,38	1998-99
35.	8012-00-112-Deposits by the Kudremukh Iron Ore Company Ltd.	(-) 5,78,95,36	1991-92
36.	8013-60-101-Mahila Samridhhi Yojana for Rural Women	(-) 5,92,42	1998-99
Statement No. 14A			
37.	6001-00-101-Market Loans 10.50% Loan, 1998	(-) 16,87	1998-99
38.	6001-00-106-Compensation and other Bonds (i) 5-Year Interest Free Prize Bonds, 1965	(-) 27,44	Pre 1976-77
39.	6001-00-106-(ii) Loans from Life Insurance Corporation	(-) 1,18	1979-80
40.	6001-00-106 (iii) 9% Relief Bonds, 1993	(-) 1,56,68,72	1998-99
41.	6001-00-106 (iv) Special Bearer Bonds, 1991	(-) 8,62,85	1995-96
42.	6001-00-106 (v) 9% Relief Bonds, 1987	(-) 10,69,68,44	1998-99
43.	6001-00-111-Gold Bonds, 1998	(-) 2	1998-99
44.	6001-00-800-Other Loans	(-) 4,58	1990-91
Statement No. 15			
45.	6202-03-800-Other Loans	(-) 18,76	1986-87
46.	6216-80-800-Other Loans	(-) 69,42	1986-87
47.	6225-01-800-Other Loans	(-) 1,81	1994-95
48.	6235-01-110-Tibetan Refugees	(-) 11	1994-95
49.	6245-01-101-Gratuitious Relief	(-) 8,03	1986-87
50.	6245-02-101-Gratuitious Relief	(-) 21,56	1997-98
51.	6401-00-104-Agricultural Farms	(-) 39,79	1993-94
52.	6401-00-800-Other Loans	(-) 1,36,81	1986-87

Sl. No.	Head of Account (Major/Minor)	Balance (As on 31 March 1999)	Period from which balances became adverse
53.	6402-00-102-Soil Conservation	(-) 33,66	1995-96
54.	6403.00-800-Other Loans	(-) 64,28	1994-95
55.	6515-00-102-Community Development	(-) 5,75	1986-87
56.	6515-00-103-Rural Works Programmes	(-) 1	1986-87
57.	6701-60-800-Other Loans	(-) 4	1988-89
58.	6803-00-190-Loans to Public Sector and other undertakings	(-) 81,63,89	1998-99
59.	6860-01-800-Other Loans	(-) 22	1994-95
60.	7452-01-800-Other Loans	(-) 93,20	1992-93
61.	7602-01- Others (Pondicherry)	(-) 6	1997-98
62.	7602-02-Others(Pondicherry)	(-) 4	1992-93
63.	7605-00-084-Loans to government of U.A.R.	(-) 2,02,53	1995-96

### Appendix - XVI : Statement of losses and irrecoverable dues written off/ waived during 1998-99

(Refers to Paragraph 9.1)

*(Rupees in lakh)*

Name of Ministry/Department	Write off of losses and irrecoverable dues due to					
	Failure of system		Neglect/Fraud etc.		Other reasons	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Agriculture					11	0.87
Atomic Energy					19	2.18
Chemical & Fertilizers					21	26.61
Defence	19	1.00	22	1.43	219	23.94
Electronics					1	0.35
Energy					8	41.72
Finance			2	0.37	2	0.11
Labour					2	0.34
Space			0	0	11	0.68
<b>Total</b>	<b>19</b>	<b>1.00</b>	<b>24</b>	<b>1.80</b>	<b>294</b>	<b>96.80</b>

## Appendix – XVII : Summarised financial results of Departmentally managed Government Undertakings

(Refers to paragraph 9.2)

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	Percentage of total return to mean Capital	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
<b>Ministry of Agriculture</b>										
1.	Delhi Milk Scheme	1992-93	2107.24	872.34	1116.78	(-) 4034.21	499.76	(-)3534.45	-	
2.	Ice-cum-Freezing Plant, Cochin	1987-88	41.17	40.67	33.30	(-) 20.90	-	(-) 20.90	-	
<b>Ministry of Defence</b>										
3.	Canteen Stores Department	1995-96	48.00	1397.69	844.57	4472.92	2620.20	7093.12	34.36	
<b>Ministry of Power</b>										
4.	Electricity Department, Andaman and Nicobar Islands	1997-98	11378.00	10207.07	1186.00	(-)4593.00	1126.00	(-)3467.00	-	
5.	Electricity Department, Lakshadweep	1990-91	827.51	597.00	230.52	(-) 483.79	Nil	52.95	6.01	
<b>Ministry of Environment and Forests</b>										
6.	Department of Environment and Forests, Andaman and Nicobar Islands	1989-90	477.09	477.09	354.92	(+) 535.83	246.28	4397.44	131.24	
<b>Ministry of Finance</b>										
7.	India Security Press, Nasik Road	1993-94	5611.69	3310.00	158.25	5062.30	1767.64	6829.94	237.44	
8.	Security Printing Press, Hyderabad	1993-94	1348.00	980.00	369.00	(+) 302.00	214.00	516.00	26	Un-audited provisional figures.
9.	Currency Note Press, Nasik Road	1992-93	7681.67	5498.00	2400.00	(+) 2508.34	1966.87	4474.91	23.89	Figures based on Profit and Loss after adjustment
10.	Government Opium Factory, Ghazipur	1992-93	172.01	90.48	40.39	1562.51	201.16	1763.67	92.06	



1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
11.	Government Opium Factory, Neemuch	1992-93	219.93	191.27	27.16	(+) 2044.82	187.87	2232.69	124.78	
12.	Government Alkaloid Works, Neemuch	1992-93	456.64	199.94	10.06	(+) 288.89	41.63	330.52	83.37	
13.	Government Alkaloid Works, Ghazipur	1992-93	123.18	23.63	27.87	(-) 58.44	20.68	(-) 37.76	-	
14.	India Government Mint, Mumbai	1983-84	29.89	516.46	25.22	(+) 1561.18	193.32	(+) 1754.50	63.98	
15.	India Government Mint, Calcutta	1995-96	479.46	235.82	359.67	(+) 857.64	1659.50	(+) 2517.14	-	
16.	India Government Mint, Hyderabad	1991-92	4453.70	583.67	337.63	(-) 854.88	516.69	338.19	7.59	
17.	Assay Department, Calcutta	1991-92	6.53	10.62	0.49	(+) 1.34	Nil	1.34	15.14	
18.	Silver Refinery, Calcutta	1991-92	58.91	9.51	103.85	(+) 110.19	188.67	296.86	503.92	
19.	Bank Note Press, Dewas	1988-89	5330.65	4004.41	1326.24	(+) 400.57	1020.55	1421.12	26.66	
20.	Security Paper Mill, Hoshangabad	1981-82	3171.16	2318.31	852.85	(-) 152.39	198.89	46.50	1.47	
<b>Ministry of Health and Family Welfare</b>										
21.	Central Research Institute, Kasauli	1997-98	414.23	53.52	40.47	(-) 38.41	98.32	264.74	32.58	
22.	Medical Stores Depots	1984-85	(+) 978.92	44.61	35.19	(+) 38.14	(+) 79.98	1306.13	-	The figures do not include the results of GMSD, Delhi & GMSD, Mumbai.
23.	Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi	1994-95	0.31	0.24	0.002	(-) 0.49	0.02	1.34	442.93	
<b>Ministry of Information and Broadcasting</b>										
24.	All India Radio	1982-83	8325.15	5227.06	3098.09	(-) 3121.89	409.64	(-) 2712.25	-	
25.	Radio Publication, All India Radio	1985-86	639.64	0.45	0.11	(-) 48.58	0.90	(-) 48.49	-	
26.	Director General Doordarshan, New Delhi	1976-77	2545.61	2026.43	519.18	(-) 575.45	117.88	(-) 457.57	-	Proforma accounts have been received up to 1982-83 but financial results are not made available.

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1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
27.	Commercial Sales Service, Doordarshan, New Delhi	1976-77	-	0.14	-	(+) 57.62	-	(+) 57.62	-	
28.	Films Division, Mumbai	1986-87	642.75	240.20	285.81	(-) 697.81	49.71	(-) 648.10		(i) The interest on capital is worked out on the means of capital employed for each year. (ii) The proforma account for the year 1987-88 and onwards are yet to be finalised.
29.	Commercial Broadcasting Service, All India Radio	1983-84	251.28	178.71	72.57	(+) 1071.47	-	(+) 1071.47		
<b>Ministry of Surface Transport</b>										
30.	Lighthouses and Lightships Department	1995-96	11142.27	11813.25	2901.77	3662.03	800.00	4462.03	119.62	
31.	Shipping Department, Andaman and Nicobar Islands	1972-73	43.50	56.80	7.89	(-) 80.15	4.47	(-) 75.68	-	
32.	Ferry Service, Andaman	1984-85	195.85	86.93	108.92	(-) 95.45	18.49	(-) 76.96		
33.	Marine Department (Dockyard) Andaman and Nicobar Islands	1985-86	7.19	7.19	0.32	(-) 59.67	24.79	(-) 34.88	-	
34.	Chandigarh Transport Undertaking, Chandigarh	1991-92	2277.33	1128.79	48.32	(-) 361.41	145.87	(-) 215.54	-	Confirmation yet to be received from the Ministry.
35.	State Transport Service, Andaman and Nicobar Islands	1980-81	45.22	37.40	9.44	(-) 28.33	2.23	(-) 26.10	-	Acceptance received from the Ministry of Surface Transport.
<b>Ministry of Urban Affairs and Employment</b>										
36.	Department of Publications, New Delhi	1992-93								Proforma accounts have been received up to 1992-93 but financial results are not made available
37.	Government of India Presses	1987-88								Proforma accounts have been received up to 1987-88 but financial results are not made available

**Appendix XVIII**  
**(Refers to Paragraph 10.7)**  
**Rush of expenditure during the month of March/  
last quarter of the financial year**

(Rupees in crore)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expdr. in last quarter to total expdr.
<b>1 Agriculture</b>						
1.	4401-Capital Outlay on Crop Husbandry	6.72	6.43	96	6.51	97
<b>4-Department of Animal Husbandry and Dairying</b>						
2.	4405-Capital Outlay on Fisheries	34.59	12.17	35	32.78	95
<b>10-Department of Food and Civil Supplies</b>						
3.	2408-Food, Storage and Warehousing	87.08	74.14	85	79.79	92
4.	3601-Grants-in-aid to State Governments	10.75	-	-	5.78	54
5.	4408-Capital Outlay on Food, Storage & Warehousing	17.00	-	-	10.85	64
<b>11-Department of Sugar and Edible Oils</b>						
6.	3456-Civil Supplies	105.07	75.07	71	75.07	71
<b>12-Ministry of Coal</b>						
7.	2803—Coal and Lignite	2.89	-	-	2.01	69
<b>13-Department of Commerce</b>						
8.	3475-Other General Economic Services	10.06	10.06	100	10.06	100
9.	3601-Grants-in-aid to State Governments	40.91	-	-	32.08	78
<b>25-Ministry of External Affairs</b>						
10.	3605-Technical and Economic Co-operation with other countries	534.43	167.15	31	279.91	52
<b>26 Department of Economic Affairs</b>						
11.	2047-Other Fiscal Services	33.88	-	-	18.29	54
12.	3075-Other Transport Service	601.65	601.65	100	601.65	100
13.	2235-Social Security and Welfare	10.66	10.46	98	10.46	100
<b>27-Currency, coinage and Stamps</b>						
14.	4047-Capital Outlay on other Fiscal Services	18.33	15.80	86	16.52	90
<b>28-Payments to Financial Institutions</b>						
15.	2416-Agricultural Financial Institutions	17.25	16.84	98	16.84	98
16.	2885-Other Outlays on Industries and Minerals	64.43	27.35	42	39.15	61
17.	3465-General Financial and Trading Institutions	1.00	0.53	53	1.00	100
18.	3475-Other General Economic Services	2689.76	2624.78	98	2656.93	99
19.	4416-Investment in Agricultural Financial Institutions	252.65	152.65	60	152.65	60

(Rupees in crore)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expdr. in last quarter to total expdr.
20.	5465-Investment in General Financial and Trading Institutions	400.00	400.00	100	400.00	100
21.	6416-Loans to Agricultural Financial Institutions	20.68	10.53	51	13.11	63
22.	6885-Industrial Credit and Investment Corporation of India	113.96	53.85	47	64.61	57
<b>29-Interest Payments</b>						
23.	2049-Interest Payments	77882.39	24092.09	31	40145.00	52
<b>37-Direct Taxes</b>						
24.	4216-Capital Outlay on Housing	8.65	7.97	92	7.97	92
<b>38-Indirect Taxes</b>						
25.	4216-Capital Outlay on Housing	48.39	24.37	50	41.57	86
<b>39-Ministry of Food Processing Industries</b>						
26.	2405-Fisheries	7.07	7.07	100	7.07	100
27.	2408-Food, Storage and Warehousing	14.41	7.36	51	9.94	69
28.	4860-Capital Outlays on Consumer Industries	1.68	1.68	100	1.68	100
29.	6405-Loans for Fisheries	1.72	1.72	100	1.72	100
30.	6408-Loans for Food, Storage and Warehousing	2.80	2.60	93	2.60	93
<b>40-Department of Health</b>						
31.	3601-Grants-in-aid to State Governments	264.98	148.97	56	148.97	56
<b>43-Ministry of Home Affairs</b>						
32.	3601-Grants-in-aid to State Governments	56.42	28.00	50	35.58	63
<b>45-Police</b>						
33.	3601-Grants-in-aid to State Governments	505.08	149.26	30	393.21	78
34.	7601-Loans and Advances to State Governments	38.69	16.70	43	28.24	73
<b>46-Other Expenditure of the Ministry of Home Affairs</b>						
35.	2070-Other Administrative Services	3.76	3.62	96	3.62	96
36.	2235-Social Security and Welfare	235.78	-	-	218.82	93
37.	2552-North Eastern Areas	57.04	11.37	20	55.44	97
38.	3053-Civil Aviation	7.12	3.38	47	5.21	73
39.	4552-Capital Outlay on North Eastern Areas	8930.66	-	-	8914.62	100
40.	7601-Loans and Advances to State Governments	602.32	170.77	28	335.75	56
<b>47-Transfers to Union Territory Governments</b>						
41.	3602-Grants-in-aid to U.T. Governments	436.66	169.34	39	230.00	53

(Rupees in crore)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expdr. in last quarter to total expdr.
<b>48-Department of Education</b>						
42.	3601-Grants-in-aid to State Governments	714.46	409.46	57	448.75	63
<b>49-Department of Youth Affairs and Sports</b>						
43.	3601-Grants-in-aid to State Governments	30.29	20.91	69	26.87	89
44.	4202-Capital Outlay on Education, Sports, Arts and Culture	2.86	0.79	28	1.44	50
<b>50-Department of Culture</b>						
45.	3601-Grants-in-aid to State Governments	12.60	10.53	84	12.34	98
<b>51-Department of Women and Child Development</b>						
46.	2235-Social Security and Welfare	212.03	140.81	70	157.98	79
47.	3602-Grants-in-aid to U.T. Governments	14.02	8.77	63	8.77	63
<b>56-Information, Films and Publicity</b>						
48.	4220-Capital Outlay on Information and Publicity	9.76	3.80	39	6.50	67
<b>57-Broadcasting Services</b>						
49.	4221-Capital Outlay on Broadcasting	320.18	126.20	39	187.94	59
<b>60-Ministry of Labour</b>						
50.	3601-Grants-in-aid to State Governments	41.85	19.31	46	288.16	69
<b>59-Law and Justice</b>						
51.	3601-Grants-in-aid to State Governments	44.90	-	-	23.36	52
52.	3602-Grants-in-aid to U.T. Governments	1.08	-	-	1.08	100
<b>62-Department of Company Affairs</b>						
53.	5475-Capital Outlay on Other General Economic Services	1.79	1.45	81	1.79	100
<b>68-Planning</b>						
54.	5475-Capital Outlay on Other General Economic Services	43.25	34.21	79	34.21	79
<b>69-Department of Statistics</b>						
55.	3601-Grants-in-aid to State Governments	4.92	3.43	70	3.43	70
<b>74-Department of Wastelands Development</b>						
56.	3601-Grants-in-aid to State Governments	6.47	3.88	60	3.88	60
<b>79-Ministry of Surface Transport</b>						
57.	3055-Road Transport	2.20	0.75	34	1.24	56

(Rupees in crore)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expdr. in last quarter to total expdr.
58.	3605-Technical and Economic Co-operation with other countries	1.79	1.56	87	1.56	87
59.	7056-Loans for Inland Water Transport	17.85	9.85	55	9.85	55
60.	7601-Loans and Advances to State Governments	1.50	1.50	100	1.50	100
<b>82-Ministry of Textiles</b>						
61.	2851-Industries	127.97	48.67	38	68.39	53
62.	3453-Foreign Trade and Export Promotion	1.73	1.53	88	1.63	94
63.	3601-Grants-in-aid to State Governments	94.18	44.07	47	58.66	62
64.	4851-Capital Outlay on Village and Small Industries	6.51	2.76	42	5.17	79
<b>84-Urban Employment and Poverty Alleviation</b>						
65.	3475-Other General Economic Services	4.99	4.37	88	4.99	100
66.	3601-Grants-in-aid to State Governments	156.75	81.37	52	92.50	59
67.	3602-Grants-in-aid to U.T. Governments	2.51	2.08	83	2.17	86
68.	6216-Loans for Housing	3.57	3.57	100	3.57	100
<b>85-Public Works</b>						
69.	4059-Capital Outlay on Public Works	127.81	34.99	27	64.68	51
70.	4202-Capital Outlay on Education, Sports, Art and Culture	9.66	4.58	47	8.13	84
71.	4210-Capital Outlay on Medical and Public Health	11.51	3.93	34	7.18	62
72.	4885-Capital Outlay on Industries and Minerals	1.82	0.74	41	1.29	71
73.	5052-Capital Outlay on Shipping	2.27	1.07	47	1.60	70
74.	5425-Capital Outlay on Other Scientific and Environmental Research	2.85	1.37	48	2.15	76
<b>88-Ministry of Welfare</b>						
75.	3602-Grants-in-aid to U.T. Governments	3.32	1.83	55	1.83	55
76.	4225-Capital Outlay on Welfare of SCs,STs and OBCs	280.50	93.84	33	185.63	66
77.	6875-Loans for other Industries	2.41	2.00	83	2.41	100

**APPENDIX XIX**  
**(Refers to Paragraph 11.1.3)**

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

*(Rupees in crore)*

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
<b>1-Agriculture</b>				
1.	Other Grants	O 3000.00 R (+)455.41 <u>3455.41</u>	3789.95	334.54
<b>3-Department of Agricultural Research and Education</b>				
2.	Payment of Net Proceeds of Cess under Agricultural Produce Cess Act 1940	O 20.00	25.00	5.00
<b>5-Department of Chemicals and Petro Chemicals</b>				
3.	Petrofils Co-operative Limited	O Nil R (+) 1.50	4.50	3.00
<b>9-Department of Consumer Affairs</b>				
4.	National Agricultural Co-operative Marketing Federation of India Limited	O 0.46 S 9.00 R- <u>1.86</u> <u>7.60</u>	14.29	6.69
5.	Strengthening of Consumer Dispute Redressal Agencies	O Nil	3.68	3.68
<b>11-Department of Sugar and Edible Oils</b>				
6.	Reimbursement of losses to State Trading Corporation in its trading operations on government account	O 30.00 R(+) <u>4.90</u> <u>34.90</u>	105.00	70.10
7.	Loans for Rehabilitation/Cane Development/Modernization of Sugar Mills	O 170.00 R(-) <u>2.02</u> <u>172.02</u>	253.45	81.43
<b>13-Department of Commerce</b>				
8.	Trade Commissioners	O 55.00 R(-) <u>2.86</u> <u>52.14</u>	56.03	3.89
9.	Product Promotion and Commodity Development	O 470.00 R(+) <u>28.14</u> <u>498.14</u>	543.62	45.48
<b>17-Ministry of Defence</b>				
10.	Canteen Stores Department	O 2567.66 R(+) <u>3.75</u> <u>2571.41</u>	2658.43	87.02

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
<b>18-Defence Pensions</b>				
11.	Army-Pension and Other Retirement Benefits	O 5556.10	6804.26	1248.16
12.	Navy-Pension and Other Retirement Benefits	O 99.33	130.51	31.18
13.	Air Force-Pension and Other Retirement Benefits	O 264.22	332.01	67.79
<b>24-Ministry of Environment and Forests</b>				
14.	Animal Welfare	O 4.72 R(-) <u>0.10</u> 4.62	9.79	5.17
<b>25-Ministry of External Affairs</b>				
15.	Embassies and Missions	O 599.99 R(+) <u>20.73</u> 620.72	629.27	8.55
16.	Special Delegations	O 5.50 R(+) <u>0.75</u> 6.25	9.43	3.18
17.	50 <sup>th</sup> year of India's Independence	O 24.00 R(-) <u>9.75</u> 14.25	15.32	1.07
<b>26-Department of Economic Affairs</b>				
18.	Other Expenditure-Interest on Deposits under Compulsory Deposit (Income Tax Payers) Scheme, 1974	O 10.00 R(-) <u>5.00</u> 5.00	10.20	5.20
19.	Exchange Losses under Foreign Currency (Non-Resident) Accounts Scheme	O 1400.00	1826.60	426.60
<b>27-Currency, Coinage and Stamps</b>				
20.	India Security Press, Nasik - Plant and Machinery	O 5.00 R(+) <u>2.35</u> 7.35	11.18	3.83
<b>28-Payments to Financial Institution</b>				
21.	Other Expenditure - Payment of charges under extended arrangement with International Monetary Fund	O 89.64 R(+) <u>0.25</u> 89.89	94.19	4.30
22.	Industrial Credit Investment Corporation of India	O 26.66 R(-) <u>6.74</u> 19.92	38.85	18.93
23.	Industrial Development Bank of India	O 15.01 R(-) <u>0.01</u> 15.00	20.56	5.56
24.	Write down of investment in banks for adjustment of their losses	O Nil	2573.74	2573.74



(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
25.	Investment in the Asian Development Bank	O 15.00	20.00	5.00
26.	Subscription to International Monetary Fund (in securities)	O 5949.90 R(+) 86.74 6036.64	7450.87	1414.23
<b>31-Loans to Government Servants, etc.</b>				
27.	House Building Advances-Ministries	O 247.50 S 70.00 317.50	354.44	36.94
28.	Advances for purchase of Motor Cars	O 30.89 S 15.00 45.89	60.27	14.38
29.	Advances for purchase of Motor Conveyances	O 34.81 S 11.50 46.31	54.10	7.79
30.	Other Advances	O 1.74 S 0.50 2.24	8.13	5.89
<b>32-Repayment of Debts</b>				
31.	18-9% Relief Bonds, 1993	O 146.00	156.69	10.69
32.	Loans from the International Development Association	O 1102.60 R(+) 100.58 1203.18	1213.44	10.26
33.	Loans from the International Bank for Reconstruction and Development	O 3064.65 R(-) 15.53 3049.12	3080.75	31.63
34.	Loans from the Government of Netherlands	O 195.62 R(+) 14.91 210.53	211.56	1.03
<b>34-Pensions</b>				
35.	Contributions to Provident Funds	O 7.72	25.69	17.97
36.	Pensionary Charges	O 135.00	395.31	260.31
37.	Deposit Linked Insurance Scheme-Government Provident Funds	O 12.41	16.07	3.66
38.	Family Pension	O 140.00	303.51	163.51
<b>37-Direct Taxes</b>				
39.	Research Statistics and Publication	O 19.34 R(-) 0.05 19.29	24.69	5.40
40.	Collection Charges-Income Tax-Commissioners and their offices	O 671.46 R(-) 9.66	736.57	74.77

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
		661.80		
<b>38-Indirect Taxes</b>				
41.	Sea Customs-Major Ports	O 100.41 R(-) 0.01 <u>100.40</u>	105.98	5.58
42.	Directorate of Publicity and Public Relations (Customs and Central Excise)	O 2.54 R(+) 0.09 <u>2.63</u>	3.74	1.11
43.	Collection Charges/Other Offices	O 281.59 R(+) 6.76 <u>288.35</u>	291.84	3.49
<b>41-Department of Indian System of Medicine and Homeopathy</b>				
44.	Grants to Central Council for Research in Ayurveda and Siddha	O 24.32 R(+) 0.28 <u>24.60</u>	25.92	1.32
<b>42-Department of Family Welfare</b>				
45.	Free Supply of Family Planning Material	O 92.20 R(-) 7.55	87.39	2.74
46.	Family Welfare Selected Area Projects (including India Population Project)-General Component	O 59.30 R(-) 34.64	26.75	2.09
<b>43-Ministry of Home Affairs</b>				
47.	Intelligence Bureau	O 218.60 R(-) 4.40 <u>214.20</u>	222.86	8.66
48.	Elections-Other Grants Deployment of Home Guards during the Parliament and State Assembly Elections	O 2.00	4.00	2.00
49.	Other Acts and Regulations	O 1.17 R(-) 1.83 <u>(-) 0.66</u>	3.48	4.14
50.	Home Guards –Reimbursement to States for Home Guards	O 26.00	31.00	5.00
<b>45-Police</b>				
51.	Central Reserve Police	O 1355.89 S 42.90 R(-) 15.57 <u>1383.22</u>	1385.38	2.16
52.	Assam Rifles	O 520.25 R(-) 0.92	531.75	12.42

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
		<u>519.33</u>		
53.	Special Police-Charges paid in respect of Jammu & Kashmir Light Infantry	O 123.51	146.67	23.16
54.	Border Security Force- Directorate General of Border Security Force	O 1608.18 S 30.00 R(-) <u>0.25</u> <u>1637.93</u>	1682.63	44.70
55.	Indo-Tibetan Border Police	O 284.92 S 3.00 R(+) <u>0.65</u> <u>288.57</u>	293.79	5.22
56.	Industrial Security Force	O 624.91 S 1.00 R(+) <u>0.10</u> <u>626.01</u>	645.54	19.53
57.	Welfare of Police Personnel	O 7.00	29.05	22.05
58.	State Headquarters Police	O 237.10 S 13.85 R(-) <u>3.12</u> <u>247.83</u>	258.19	10.34
59.	Residential Buildings	O 36.00 R(+) <u>0.55</u> <u>36.55</u>	40.48	3.93
60.	Directorate General of Border Security Force	O 76.76 R(+) <u>0.60</u> <u>77.36</u>	86.67	9.31
<b>47-Transfer to Union Territory Governments</b>				
61.	Grants to meet Non-plan deficit-Pondicherry	O 165.05	234.75	69.70
62.	Block Grants – Pondicherry	O 88.73 R(+) <u>4.79</u> <u>93.52</u>	107.23	13.71
63.	Loans to cover gap in resources- Pondicherry	O 34.95	45.67	10.72
<b>50-Department of Culture</b>				
64.	Centenaries and Anniversaries Celebrations	O Nil	1.78	1.78
65.	Setting up of Cultural Complex at Guwahati	O 2.00	6.85	4.85
<b>52-Industrial Development and Industrial Policy and Promotion</b>				
66.	Transfer to National Renewal Fund	O 300.00 R(+) <u>45.22</u> <u>345.22</u>	401.26	56.04
67.	Expenditure in connection with Science and Technology Plan	O 18.97 R(-) <u>0.68</u> <u>18.29</u>	19.78	1.49

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
<b>54-Department of Heavy Industry</b>				
68.	Grant to PEs for implementation of Voluntary Retirement Scheme	O 33.60 S 2.31 R(-) <u>0.10</u> <u>35.81</u>	72.55	36.74
69.	Hindustan Cable Limited	O 5.00 S <u>1.85</u> <u>6.85</u>	20.00	13.15
70.	Interest subsidy as part of BIFR Package for Braithwaite, Bharat Brakes and Valve Limited (subsidiary of Bharat Bhari Udyog Nigam Limited)	O Nil R(+) <u>5.24</u> <u>5.24</u>	116.39	111.15
71.	Interest subsidy as part of BIFR package of Heavy Engineering Corporation Limited	O Nil	20.82	20.82
72.	Interest subsidy as part of revival package of Instrumentation Limited	O Nil	15.51	15.51
73.	Interest subsidy as part of revival package of Hindustan Cables Limited	O Nil	122.20	122.20
74.	Guarantee fee subsidy as part of BIFR package for HEC	O Nil	22.34	22.34
75.	Guarantee fee subsidy as part of BIFR package for Hindustan Cables Limited	O Nil	4.76	4.76
76.	Grants to PEs for implementation of Voluntary Retirement Scheme	O 0.50 S <u>0.46</u> <u>0.96</u>	7.50	6.54
77.	Grants to National Industrial Development Corporation Limited for Voluntary Retirement Schemes	O Nil	4.68	4.68
78.	Hindustan Cables Limited	O 0.38 R(+) <u>0.70</u> <u>1.08</u>	76.08	75.00
79.	Hindustan Cables Limited (Charged)	O 16.29	21.31	5.02
<b>56-Information, Films and Publicity</b>				
80.	Press Information Services- Other Items	O 2.11 R(-) <u>0.12</u> <u>1.99</u>	3.89	1.90
<b>57-Broadcasting Services</b>				
81.	Studios- New Equipment	O 55.39 R(-) <u>16.49</u>	40.55	1.65

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
		38.90		
<b>60-Election Commission</b>				
82.	Election Commission – Establishment	O 7.00 R(-) <u>0.17</u> 6.83	8.43	1.60
<b>63-Ministry of Mines</b>				
83.	Loans to Hindustan Copper Limited	O 13.50	73.50	60.00
<b>73-Department of Rural Employment and Poverty Alleviation</b>				
84.	Jawahar Rozgar Yojana- Grants to District Level Agencies	O 1644.66 R(+) <u>50.55</u> 1695.21	1696.58	1.37
85.	Investment in Public Sector and other Undertaking- Housing and Urban Development Corporation	O Nil	50.00	50.00
<b>75-Department of Science and Technology</b>				
86.	Department of Science and Technology	O 12.71 R(+) <u>0.25</u> 12.96	13.99	1.03
87.	Surveyor General	O 22.16	23.93	1.77
88.	Grants-in-aid to Scientific Institutions and Professional Bodies	O 105.17 R(-) <u>2.13</u> 103.04	115.95	12.91
89.	Observatories and Weather Stations	O 50.60	55.87	5.27
90.	Other Meteorological Services	O 22.74	26.28	3.54
<b>78-Ministry of Steel</b>				
91.	Grants-in-aid to Bird Group of Companies for Voluntary Retirement Scheme	O 0.80 R(+) <u>0.16</u> 0.96	6.00	5.04
92.	Grants-in-aid to Steel Authority of India Limited for implementation of Voluntary Retirement Scheme in its subsidiary Visvesvaraya Iron & Steel Limited (VISL)	O 2.70 R(+) <u>0.75</u> 3.45	8.00	4.55
93.	Grants-in-aid to Sponge Iron India Limited (SIIL) for Voluntary Retirement Scheme	O 0.15	2.00	1.85
94.	Bharat Refractories Limited	O 7.50 R(+) <u>7.00</u> 14.50	27.50	13.00
<b>80-Roads</b>				
95.	Cost of collection of Fees Payable to States/UTs	O 2.00	5.00	3.00

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
96.	Maintenance by Roads Wing	O 496.00 R(+) <u>15.50</u> 511.50	529.99	18.49
97.	Works under BRDS	O 287.96 S 0.01 R <u>10.39</u> 298.36	299.97	1.61
<b>81-Ports, Lighthouses and Shipping</b>				
98.	Grants for Implementation of Voluntary Retirement Scheme	O 2.70 S <u>1.40</u> 4.10	8.00	3.90
99.	Maintenance and Dredging in Haldia Channel by Calcutta Port Trust	O 123.69 R(-) <u>8.71</u> 114.98	194.78	79.80
100.	River Dredging and Maintenance of River Hooghly and Haldia Channel by Calcutta Port Trust and Haldia Channel	O 24.31	40.73	16.42
101.	General Reserve Fund	O 19.22 R(+) <u>2.77</u> 21.99	53.61	31.62
102.	Director General of Shipping	O 3.42 R(-) <u>1.77</u> 1.65	3.19	1.54
103.	Construction of Landing Facilities and Jetties	O 39.40 R(-) <u>11.69</u> 27.71	38.50	10.79
104.	Survey Vessels	O 30.00 R(+) <u>11.59</u> 41.59	83.61	42.02
<b>82-Ministry of Textiles</b>				
105.	Grants to PSUs for Voluntary Retirement Scheme	O 5.30 S 0.73	10.73	4.70
106.	National Jute Manufactures Corporation	O 60.00 R(+) 27.40	104.11	16.71
<b>83-Urban Development</b>				
107.	Urban Development Construction	O 69.00 R(+) <u>0.55</u> 69.55	72.01	2.46
<b>87-Ministry of Water Resources</b>				
108.	Flood Control in Brahmaputra Valley	O Nil R <u>0.40</u>	18.00	17.60

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
		0.40		
<b>89-Atomic Energy</b>				
109.	Board of Radiation & Isotope Technology	O 18.14 R(-) 0.33 <u>17.81</u>	21.30	3.49
110.	Fuel Fabrication Facilities)	O 270.98 R(+) 0.99 <u>271.97</u>	273.76	1.79
111.	Bhabha Atomic Research Centre	O 151.63 R(-) 0.70 <u>150.93</u>	157.58	6.65
112.	Metallurgy	O 4.57 R(+) 0.01 <u>4.58</u>	5.81	1.23
<b>90-Nuclear Power Schemes</b>				
113.	Madras Atomic Power Station	O 72.03 R(-) 25.35 <u>46.68</u>	54.65	7.97
114.	Rajasthan Atomic Power Station	O 72.03 R(-) 32.68 <u>39.35</u>	53.98	14.63
<b>94-Staff Household and Allowances of the President</b>				
115.	State Conveyance and Motor Car	O 0.23 R(+) 0.01 <u>0.24</u>	3.55	3.31
<b>95-Rajya Sabha</b>				
116.	Members	O 23.94 R(-) 0.24 <u>23.70</u>	25.79	2.09
<b>96-Lok Sabha</b>				
117.	Members	O 36.63 R(-) 8.36 <u>28.27</u>	44.66	16.39
<b>99-Andaman &amp; Nicobar Island</b>				
118.	Power Plant and Ancilliary Works	O 23.95 R(+) 0.01 <u>23.96</u>	30.05	6.09
119.	Government Secondary Schools	O 20.10 R(-) 0.51 <u>19.59</u>	20.76	1.17

(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
120.	Payment to Shipping Corporation of India	O 38.00	44.50	6.50
121.	Road Transport Operation	O 5.08 R(+) <u>0.06</u> 5.14	6.15	1.01
122.	Stock	O 25.67 R(+) <u>0.91</u> 26.58	34.31	7.73
<b>100-Chandigarh</b>				
123.	High Court	O 14.97 R(-) <u>0.80</u> 14.17	18.47	4.30
124.	District Police	O 37.49 R(+) <u>0.07</u> 37.56	43.14	5.58
125.	Transmission and Distribution of Power in Chandigarh	O 134.00 R(-) <u>0.43</u> 133.57	178.61	45.04
126.	General Hospital, Chandigarh	O 7.25 R(+) <u>1.09</u> 8.34	9.60	1.26
127.	Elementary Education- Direction and Administration	O 22.45 R(+) <u>0.23</u> 22.68	24.63	1.95
128.	Government Secondary School	O 14.25 R(+) <u>0.99</u> 15.24	17.86	2.62
129.	Punjab University, Chandigarh	O 23.00 R(-) <u>0.54</u> 22.46	33.20	10.74
130.	Assistance to Non-Government Colleges and Institutes	O 6.57 R(+) <u>0.07</u> 6.64	8.24	1.60
131.	Punjab Engineering College	O 7.90 R(-) <u>1.14</u> 6.76	7.77	1.01
132.	Chandigarh Transport Undertaking Operation	O 29.71 R(+) <u>0.30</u> 30.01	32.44	2.43
133.	Executive Establishment	O 7.05 R(-) <u>0.14</u> 6.91	8.00	1.09



(Rupees in crore)

Sl. No.	Sub-head	Provision	Actual expenditure	Final excess expdr without re-appropriation
134.	Repairs and Maintenance of Buildings	O 7.63 R(+) <u>0.30</u> 7.93	9.31	1.38
135.	Establishment	O 11.71 R(-) <u>0.50</u> 11.21	13.82	2.61
136.	General Pool Accommodation-Maintenance and Repairs	O 3.40 R(+) <u>0.26</u> 3.66	4.91	1.25
137.	Land	O 5.00	8.00	3.00
<b>101-Dadra &amp; Nagar Haveli</b>				
138.	Transmission and Distribution Other Expenditure	O 103.47 R(+) <u>0.91</u> 104.38	117.74	13.36
<b>102-Daman and Diu</b>				
139.	Transmission and Distribution Other Expenditure	O 80.75 R(+) <u>0.10</u> 80.85	87.00	6.15
140.	Assistance to Non-Government Secondary Schools	O 1.10 R(-) <u>0.11</u> 0.99	1.99	1.00
141.	Urban Water Supply Programmes	O 0.36 R(+) <u>0.13</u> 0.49	2.39	1.90
<b>103-Lakshadweep</b>				
142.	Government Primary Schools	O 5.74 R(+) <u>0.79</u> 6.53	8.29	1.76
143.	Shipping Corporation of India	O 19.90	26.67	6.77

**APPENDIX-XX**  
(Refers to Paragraph 12.4)

**Surrender of funds**

**I- Instances of cases where the amount greater than 20 per cent of the savings and Rs one crore not surrendered:**

(Rupees in crore)

Sl. No.	Grant/Appropriation	Total savings	Amount surrendered	Amount not surrendered	Percentage of amount not surrendered
<b>Revenue-Voted</b>					
1.	3-Department of Agricultural Research and Education	23.36	-	23.36	100
2.	6-Department of Fertilizers	528.50	4.44	524.06	99
3.	8-Department of Tourism	49.49	0.62	48.87	99
4.	40-Department of Health	208.01	111.64	96.37	46
5.	44-Cabinet	12.67	7.10	5.57	44
6.	57-Broadcasting Services	284.11	213.47	70.64	25
7.	58-Ministry of Labour	69.88	45.85	24.03	34
8.	63-Ministry of Mines	19.34	14.83	4.51	23
9.	66-Ministry of Personnel, Public Grievances and Pensions	5.54	3.13	2.41	44
10.	75-Department of Science and Technology	49.60	-	49.60	100
11.	76-Department of Scientific and Industrial Research	5.94	2.00	3.94	66
12.	83-Urban Development	26.00	2.08	23.92	92
13.	85-Public Works	81.96	38.34	43.62	53
14.	86-Stationery and Printing	33.02	17.90	15.12	46
15.	89-Atomic Energy	5.01	2.76	2.25	45
<b>Revenue Charged</b>					
16.	34-Pension	1.29	-	1.29	100
<b>Capital- Voted</b>					
17.	17-Ministry of Defence	4.30	0.93	3.37	78
18.	43-Ministry of Home Affairs	9.52	5.60	3.92	41

(Rupees in crore)

Sl. No.	Grant/Appropriation	Total savings	Amount surrendered	Amount not surrendered	Percentage of amount not surrendered
19.	71-Ministry of Power	1.01	-	1.01	100
20.	75-Department of Science and Technology	31.54	2.51	29.03	92
21.	85-Public Works	60.09	37.41	22.68	38
22.	90-Nuclear Power Schemes	135.45	106.90	28.55	21
23.	100-Chandigarh Capital-Charged	6.23	3.63	2.60	42
24.	32-Repayment of Debt	36400.74	751.04	35649.70	98
	<b>Total</b>	<b>38052.60</b>	<b>1372.18</b>	<b>36680.42</b>	

**II- Instances of cases where the amount surrendered despite grant being overall excess/saving being less than the amount surrendered**

*(Rupees in crore)*

Sl. No.	Grant/Appropriation	Total excess	Amount surrendered
<b>Revenue-voted</b>			
1.	1-Agriculture	317.81	10.81
2.	9-Department of Consumer Affairs	0.04*	4.41
3.	11-Department of Sugar and Edible Oils	67.12	0.65
4.	13-Department of Commerce	27.71	6.20
5.	17-Ministry of Defence	65.08	13.58
6.	26-Department of Economic Affairs	361.10	7.84
7.	28-Payments to Financial Institutions	2566.76	36.44
8.	37-Direct Taxes	47.38	33.26
9.	43-Ministry of Home Affairs	12.78	4.72
10.	56-Information, films and Publicity	0.88	1.32
11.	60-Election Commission	1.03	0.17
12.	80-Roads	0.58	15.93
13.	81-Ports, Light houses and shippings	113.85	18.53
14.	95-Rajya Sabha	2.43	0.88
15.	96-Lok Sabha	11.09	5.36
16.	102-Daman and Diu	8.33	1.33
17.	100-Chandigarh	3.78	0.76
18.	5-Department of Chemicals and Petrochemicals	2.95	0.05
19.	11-Department of Sugar and Edible Oils	79.70	1.39
20.	28-Payments to Financial Institutions	1381.70	29.62
21.	47-Transfers to Union Territory Government	9.48	1.24
22.	81-Port- Lighthouses and Shippings	37.85	11.14

\* Saving

**APPENDIX-XXI**  
**(Refers to Paragraph 12.5)**

**Major variation in recoveries**

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

*(Rupees in crore)*

Sl. No.	Grant	Budget estimates	Actual recoveries	Variation	
				Amount	Percentage
<b>Short recoveries against budget estimates</b>					
Revenue					
1.	6-Department of Fertilizers	757.23	214.87	542.36	72
2.	9-Department of Consumer Affairs	5.00	0.30	4.70	94
3.	40-Department of Health	45.00	33.47	11.53	26
4.	52-Industrial Development and Industrial Policy and Promotion	25.12	4.31	20.81	83
5.	56- Information, Films and Publicity	2.07	0.13	1.94	93
6.	57-Broadcasting Services	429.90	275.90	154.00	36
7.	69-Department of Statistics	1.16	-	1.16	100
8.	85-Public Works	289.00	228.82	60.18	21
9.	100-Chandigarh	31.36	14.97	16.39	52
Capital					
10.	37-Direct Taxes	70.00	13.25	56.75	81
11.	40-Department of Health	540.01	249.38	290.63	54
12.	57-Broadcasting Services	402.50	301.69	100.81	25
13.	99-Andaman and Nicobar Islands	4.49	1.67	2.82	63
<b>Excess recoveries against budget estimates</b>					
Revenue					
14.	2-Other Services of Department of Agriculture and Co-operation	-	6.94	6.94	694
15.	5-Department of Chemicals and Petro-chemicals	1.65	51.25	49.60	3006
16.	36-Department of Revenue	12.30	18.95	6.65	54
17.	54-Department of Heavy Industry	45.18	106.79	61.61	136
18.	55-Department of Small Scale Industries and Agro. and Rural Industries	1.51	6.03	4.52	300
19.	64-Ministry of Non-Conventional Energy Sources	-	15.47	15.47	1547
20.	78-Ministry of Steel	28.11	40.00	11.89	42
21.	82-Ministry of Textiles	15.21	22.25	7.04	46
22.	89-Atomic Energy	10.62	14.62	4.00	38

(Rupees in crore)

Sl. No.	Grant	Budget estimates	Actual recoveries	Variation	
				Amount	Percentage
<b>Capital</b>					
23.	11-Department of Sugar and Edible Oils	175.97	256.00	80.03	45
24.	12-Ministry of Coal	10.00	25.03	15.03	150
25.	28-Payments to Financial Institutions	-	2573.74	2573.74	257574
26.	81-Ports, Light houses and Shipping	22.45	34.49	12.04	54
27.	89-Atomic Energy	91.88	185.27	93.39	102

**Appendix XXII**  
**(Refers to Paragraph 13.2.1)**  
**Significant cases of major re-appropriations which were injudicious on account of non-utilisation**

(Rupees in lakh)

Sl.No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation to the sub-head	Final unspent provision under the sub-head after re-appropriation
1.	3-Department of Agricultural Research and Expenditure	2415-Agricultural Research and Education	Fisheries-Assistance to ICAR- Research Institutes	370.00	500.00
2.	17-Ministry of Defence	2052- Secretariat General Services	Defence Estate Organisation	159.96	513.28
3.	26-Department of Economic Affairs	2047-Other Fiscal Services	Cost of Printing of Savings Certificates, Cheque, Books, N.D. Bonds, etc.	70.00	90.05
4.	-do-	2052-Sectt. General Services	Department of Economic Affairs	82.14	90.25
5.	-do-	3475-Other General Economic Services	Exchange losses under NRI Bonds	1031.00	4329.99
6.	27-Currency, Coinage and Stamps	2046-Currency, Coinage and Mint	Currency Note Press-Management	98.30	126.62
7.	-do-	4046-Capital outlay on Currency, Coinage and Mint	Currency Note Press- Building	53.00	239.06
8.	29-Interest Payments	2049-Interest Payments	Discount on Treasury Bills	2000.00	3268.11
9.	-do-	-do-	14 Days Treasury Bills	3000.00	3268.11
10.	-do-	-do-	Interest on Loans from IBRD	3285.67	4626.77
11.	-do-	-do-	Payments to Department of Posts for Saving Bank and Certificates	14898.00	21053.17

(Rupees in lakh)

Sl.No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation to the sub-head	Final unspent provision under the sub-head after re-appropriation
			Work, etc.		
12.	-do-	-do-	Family Pension-cum-Life Assurance Funds for Industrial Workers	2041.52	12430.61
13.	-do-	-do-	Special Deposits of EPF/ELLI	150.00	166.45
14.	-do-	-do-	Railway Pension Fund	124.05	1093.95
15.	32-Repayment of Debt	6001-Internal Debts of Central Government	14-Days Treasury Bills	915600.00	1205471.00
16.	-do-	-do-	International Fund for Agricultural Development	650.00	1560.00
17.	-do-	-do-	7% Capital Investment Bonds	100.00	480.34
18.	38-Indirect Taxes	2037-Customs	Sea Customs-Major Ports	233.82	874.36
19.	40-Department of Health	2210-Medical and Public Health	Expenditure in U.Ts	112.25	166.49
20.	-do-	3601-Grants-in-aid to state governments	National T.B. Control Programme	51.40	56.87
21.	43-Ministry of Home Affairs	4059-Capital Outlay on Public Works	Acquisition of Land	290.00	348.77
22.	51-Department of Women and Child Development	2235-Social Security and Welfare	Integrated Child Development Services	62.00	63.29
23.	-do-	2236-Nutrition	Integrated Education in Nutrition	58.00	100.82



(Rupees in lakh)

Sl.No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation to the sub-head	Final unspent provision under the sub-head after re-appropriation
24.	57-Broadcasting Services	2221-Broadcasting	Audience Research	50.21	50.34
25.	-do-	4221-Capital Outlay on Broadcasting	Miscellaneous Works Schemes	56.45	813.88
26.	63-Ministry of Mines	2853-Non-ferrous Mining and Metallurgical Industries	Geological Survey of India-Direction and Administration	94.94	221.69
27.	75-Department of Science and Technology	3425-Other Scientific Research	Payments against receipts under R&D Cess	800.00	3001.16
28.	-do-	5455-Capital Outlay on Meteorology	Observatories and Weather Station-Equipment	95.00	1715.32
29.	83-Urban Development	2216-Housing	Directorate of Estate	1607.49	1878.15
30.	89-Atomic Energy	2852-Industries	Stainless steel Seamless Tube Plant	128.00	396.44
31.	-do-	5401-Capital Outlay an Atomic Energy Research	Indira Gandhi Centre for Atomic Research- Civil Engineering	180.25	182.10
32.	90-Nuclear Power Schemes	2801-Nuclear Power Generation	Tarapur Atomic Power Station	524.00	560.61

**Appendix XXIII**  
(Refers to Paragraph 13.2.2)

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

(Rupees in lakh)

Sl. No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation from the sub-head	Amount of excess under the sub-head after re-appropriation
1.	9-Department of Consumer Affairs	3456-Civil Supplies	National Agricultural Co-operative Marketing Federation of India	186.00	669.08
2.	13-Department of Commerce	3453-Foreign Trade and Export Promotion	Trade Commissioners	286.00	388.67
3.	26-Department of Economic Affairs	2047-Other Fiscal Services	Interest on Deposits Under Compulsory Deposit (Income-Tax Payers) Scheme 1974	500.00	519.96
4.	28-Payments to Financial Institutions	3475-Other General Economic Services	Industrial Credit and Investment Corporation of India	674.00	1893.11
5.	29-Interest Payments	2049-Interest Payments	Bonds against Iraq Exports	1348.00	4817.13
6.	-do-	-do-	Interest on Loans from Asian Development Bank	3324.73	4820.70
7.	-do-	-do-	National Savings Schemes	2000.00	23782.47
8.	-do-	-do-	Post Office National Savings Certificate (New Series)	1363.50	55273.58
9.	-do-	-do-	Postal Insurance and Life Annuity Fund	1717.97	2203.15

(Rupees in lakh)

Sl. No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation from the sub-head	Amount of excess under the sub-head after re-appropriation
10.	37-Direct Taxes	2020-Collection of Taxes on Income and Expenditure	Commissioners and their offices	966.20	7477.34
11.	43-Ministry of Home Affairs	2070-Other Administrative Services	Intelligence Bureau	439.85	865.54
12.	-do-	3601-Grants-in-aid to State Governments	Other Acts and Regulations	183.00	414.00
13.	45-Police	2055-Police	Assam Rifles	92.00	1241.90
14.	-do-	-do-	State Headquarters Police	312.21	1034.08
15.	52-Industrial Development and Industrial Policy and Promotion	2852-Industries	Expenditure in Connection with Science and Technology Plan	68.00	149.00
16.	75-Department of Science and Technology	3425-Other Scientific Research	Grants-in-aid to Scientific Institutions/Professional Bodies	213.00	1291.28
17.	81-Ports, Light houses and Shipping	3051-Ports and Lighthouses	Maintenance and dredging in Haldia Channel by Calcutta Port Trust	871.00	7980.13
18.	89-Atomic Energy	3401-Atomic Energy Research	Bhabha Atomic Research Centre	69.50	664.77
19.	95-Rajya Sabha	2011-Parliament/State/Union Territory Legislatures	Rajya Sabha-Secretariat	56.21	126.70
20.	96-Lok Sabha	2011-Parliament/State/Union Territory Legislature	Lok Sabha-Members	835.80	1639.00

(Rupees in lakh)

Sl. No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation from the sub-head	Amount of excess under the sub-head after re-appropriation
21.	99-Andaman & Nicobar Islands	2406-Forestry and Wild Life	Forest Conservation Development and regeneration	52.45	52.87
22.	-do-	2202-General Education	Government Secondary School	51.22	117.60
23.	100-Chandigarh	2014-Administraton of Justice	High Courts	80.00	430.05
24.	-do-	2202-General Education	Punjab University Chandigarh	54.13	1074.00
25.	-do-	2059-Public Works	Establishment	50.25	260.85
26.	32-Repayment of Debt	6002-External Debt	Loans from the Industrial Bank for Reconstruction and Development	1552.71	3162.60
	<b>Total</b>			<b>17347.73</b>	

**Appendix XXIV**  
(Refers to Paragraph 14.1)  
Details of cases attracting 'New instrument of Service'

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
<b>(I) Release of grants-in-aid/revenue disbursements</b>						
1.	1- Agriculture	Contribution to Price Support Operations Reserve Fund of NAFED	1.00	10.98	9.98	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
2.	3-Department of Agricultural Research and Education	Payment of net proceeds of cess under Agricultural Produce Cess Act 1940.	20.00	25.00	5.00	Additional release exceeded the limit of Rs 2 crore.
3.	5-Department of Chemicals and Petrochemicals	(i) Institute of Pesticides Formulation Technology	1.00	3.00	2.00	Additional release exceeded the limit of 10 per cent of budget provision
4.	-do-	(ii) Central Institute of Plastic Engineering and Technology	8.75	10.62	1.87	Additional release exceeded the limit of 10 per cent of budget provision.
5.	6-Department of Fertilizers	(i) Hindustan Fertilizers Corporation Limited (HFCL)	-	4.00	4.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less
6.	-do-	(ii) F.C.I.	-	2.00	2.00	-do-
7.	13-Ministry of Commerce	Coffee Board	8.00	10.00	2.00	-do-
8.	25-Ministry of External Affairs	Indian Council for Cultural Relations (ICCR)	28.00	32.99	4.99	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less
9.	28-Payments to Financial Institutions	(i) Grant to National Bank for Agricultural and Rural	3.86	4.53	0.67	Additional release exceeded the limit of 10 per cent of budget provision.

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
		Development (NABARD)				
10.	-do-	(ii) National Housing Bank (NHB)	3.50	4.17	0.67	-do-
11.	-do-	(iii) Industrial Credit and Investment Corporation of India (ICICI)	26.66	38.85	12.19	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
12.	-do-	(iv) Industrial Development Bank of India (IDBI)	15.01	20.56	5.55	-do-
13.	39-Ministry of Food Processing Industries	Modern Food Industries Ltd	-	0.80	0.80	Additional release exceeded the limit of Rs 10.lakh.
14.	40-Department of Health	(i) Grants to Indian Red Cross Society	0.15	0.33	0.18	Additional release exceeded limits of 10 per cent of budget provision.
15.	-do-	(ii) All India Institute of Medical Science (AIIMS)	176.49	228.96	52.47	Additional release exceeded twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
16.	-do-	(iii) Post-graduate Institute for Medical Education and Research (DGIMER) Chandigarh	93.45	122.13	28.68	-do-
17.	-do-	(iv) National Institute of Mental Health and Neuro-Science (NIMHANS). Bangalore	21.90	25.17	3.27	-do-

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
18.	-do-	(v) Indian Council of Medical Research (ICMR)	90.00	101.00	11.00	-do-
19.	-do-	(vi) TB Research Centre, Chennai	-	0.50	0.50	Release exceeded the limit of Rs 10 lakh.
20.	41-Department of Indian System of Medicines and Homoeopathy	(i) Institute of Post Graduate Teaching and Research in Ayurveda, Jamnagar	3.02	3.65	0.63	Additional release exceeded the limit of 10 per cent of budget provision.
21.	-do-	(ii) National Institute of Ayurveda, Jaipur	6.00	8.96	2.96	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
22.	-do-	(iii) Central Council for Research in Homoeopathy (CCRH), New Delhi	6.15	6.82	0.67	Additional release exceeded the limit of 10 per cent of budget provision.
23.	-do-	(iv) Central Council for Research in Unani Medicines(CCRUM)	11.40	13.06	1.66	-do-
24.	42-Department of Family Welfare	International Institute of Population Science, Bombay	3.30	4.18	0.88	-do-
25.	46- Other Expenditure of the Ministry of Home Affairs	(i) Regional Institute of Medical Science, Imphal	10.00	14.90	4.90	Additional release exceeded the twin limits of 10 per cent of the budget provision or Rs 2 crore whichever is less.
26.	-do-	(ii) Regional Para Medical Institute, Aizwal	1.00	1.30	0.30	Additional release exceeded the limit of 10 per cent of the budget provision.

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
27.	48-Department of Education	National Council of Educational Research and Training (NCERT)	24.50	34.30	9.80	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore which ever is less.
28.	-do-	Educational facilities to Tibetan Refugee Children (Tibetan School Society)	9.00	11.40	2.40	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore which ever in less.
29.	-do-	Setting up of Model Schools (Navodaya Vidyalayas)	362.18	376.50	14.32	Additional release exceeded the limit of Rs 2 crore.
30.	-do-	University Grants Commission (UGC)	1170.10	1341.35	171.25	Out of total additional release of Rs171.25 crore Rs 7.25 crore had the approval of Parliament though 1 <sup>st</sup> batch of Supplementary Demands for Grants.
31.	-do-	Central Institute of Indian Languages, Mysore (Bhartiya Bhasha Sansthan)	2.24	2.82	0.58	Additional release exceeded the limit of 10 per cent of budget provision.
32.	-do-	All India Council for Technical Education (AICTE)	79.00	81.51	2.51	Additional release exceeded the limit of Rs 2 crore.
33.	-do-	Grants to Indian Institute of Sciences(IISC), Bangalore	66.00	74.00	8.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore, whichever is less.
34.	-do-	Grants to Regional Engineering Colleges(RECs)	97.60	107.14	9.54	Additional release exceeded the limit of Rs 2 crore.



(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
35.	48-Department of Education	School of Planning and Architecture	6.45	7.35	0.90	Additional release exceeded the limit of 10 per cent of budget provision.
36.	-do-	Indian Institute of Technology, Mumbai	59.41	75.41	16.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
37.	-do-	Indian Institute of Technology, Delhi	57.50	69.50	12.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
38.	-do-	Indian Institute of Technology, Kanpur	54.50	66.50	12.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
39.	-do-	Indian Institute of Technology, Kharagpur	57.50	69.50	12.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
40.	-do-	Indian Institute of Technology, Madras	56.85	68.85	12.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
41.	-do-	Indian Institute of Technology, Assam	20.00	25.00	5.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore, whichever is less.
42.	-do-	Indian Institute of Management, Ahmedabad	8.85	12.85	4.00	Additional release exceeded the twin limits of 10 per cent of budget provision or

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
						Rs 2 crore whichever is less.
43.	48-Department of Education	Indian Institute of Management, Calcutta	9.50	13.50	4.00	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
44.	-do-	Indian Institute of Management, Bangalore	8.80	9.80	1.00	Additional release exceeded the limit of 10 per cent of budget provision.
45.	49-Department of Youth Affairs and Sports	Scheme of Grants for games and sports in universities and colleges	3.09	4.92	1.83	Additional release exceeded the prescribed limit of 10 per cent of budget provision.
46.	-do-	Sports Authority of India	55.00	58.78	3.78	Additional release exceeded the prescribed limit of Rs 2 crore.
47.	50-Department of Culture	(i) Science Cities	-	5.00	5.00	Additional release exceeded the limit of Rs 10 lakh.
48.	-do-	(ii) Central Institute of Buddhist Studies, Leh	2.28	2.70	0.42	Additional release exceeded the limit of 10 per cent of budget provision.
49.	-do-	(iii) Delhi Public Library	4.69	5.59	0.90	-do-
50.	52-Department of Industrial Development and Industrial Policy and Promotion	(i) Transfer to National Renewal Fund	300.00	401.26	101.26	
51.	-do-	(ii) Development Council for Cement Industry	3.00	4.00	1.00	Additional release exceeded the limit of 10 per cent of budget provision.
52.	54-Department of Heavy Industry	(i) Hindustan Cables Limited	6.85	20.00	13.15	Additional release exceeded the limits of 10 per cent of budget provision or Rs 2 crore

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
						whichever is less.
53.	54-Department of Heavy Industry	(ii) Consumer Industries-Paper and News Print	0.96	7.50	6.54	-do-
54.	-do-	(iii) Other Engineering Industries	35.81	72.55	36.74	-do-
55.	-do-	(iv) National Industrial Development Corporation Ltd	-	4.68	4.68	Additional release exceeded the limit of Rs 10 lakh.
56.	-do-	(v) Hindustan Salt Ltd	-	0.50	0.50	-do-
57.	55-Department of Small Scale Industries and Agro and Rural Industries	(i) National Institute for Small Industry Extension Training Hyderabad	6.58	7.98	1.40	Additional release exceeded the limit of 10 per cent of budget provision.
58.	-do-	(ii) Khadi and Village Industries Commission(KVIC)	274.70	351.20	76.50	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
59.	58-Ministry of Labour	Central Board of Workers Education	11.71	16.07	4.36	-do-
60.	64-Ministry of Non-conventional Energy Sources	Indian Renewable Energy Development Agency (IREDA)	-	7.05	7.05	Additional release exceeded the limit of Rs 10 lakh.
61.	78-Department of Steel	(i) Bird Group of Companies	0.80	6.00	5.20	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less
62.	-do-	(ii) Steel Authority of India Limited (SAIL) (for IISCO)	6.70	10.00	3.30	-do-
63.	-do-	(iii) Steel Authority of	2.70	8.00	5.30	-do-

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
		India Limited (SAIL)(for VISL)				
64.	-do-	(iv) Sponge Iron India Limited	0.15	2.00	1.85	Additional release exceeded the limit of 10 per cent of budget provision.
65.	81-Ports, Light Houses and Shipping	Hindustan Shipyard Ltd.	4.10	8.00	3.90	Additional release exceeded the limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
66.	82-Ministry of Textiles	Institute of Carpet Technology	0.75	1.82	1.07	Additional release exceeded the limit of 10 per cent of budget provision.
67.	87-Ministry of Water Resources	(i) National Water Development Agency	10.00	12.00	2.00	-do-
68.	-do-	(ii) National Projects Construction Corporation Limited	4.62	10.50	5.88	Additional release exceeded the twin limits of 10 per cent of budget provision or Rs 2 crore whichever is less.
<b>(II) Subsidy payments(Revenue)</b>						
69.	54-Department of Heavy Industry	(i) Heavy Engineering Corporation Ltd	-	20.82	20.82	Release of interest subsidy exceeded the limit of Rs 10 lakh.
70.	-do-	(ii) Instrumentation Ltd.	-	15.51	15.51	-do-
71.	-do-	(iii) Hindustan Cables Ltd	-	122.20	122.20	-do-
72.	-do-	(iv) Braithwaite, Bharat Braks and Valve Ltd. (Subsidiary of Bharat Bhari Udyog Nigam Ltd)	-	116.39	116.39	-do-
73.	-do-	(v) Heavy Engineering Corporation Ltd	-	22.34	22.34	Release of guarantee fee subsidy exceeded the limit of Rs 10 lakh.

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
74.	-do-	(vi) Hindustan Cable Ltd	-	4.76	4.76	-do-
<b>(III) Investment in/loans/Capital</b>						
75.	5-Department of Chemicals and Petrochemicals	Petrofile Co-operatives Limited (Loan)	-	4.50	4.50	Release exceeded the limit of Rs 20 lakh.
76.	6-Department of Fertilizers	Madras Fertilizers Limited (Loan)	21.00	61.00	40.00	Additional release exceeded the limit of Rs 15 crore.
77.	17-Ministry of Defence	Goa Shipyard Limited (Investment)	-	3.30	3.30	Release exceeded the limit of Rs 2 crore.
78.	28-Payments to Financial Institution	Industrial Development Bank of India (IDBI)	40.52	73.64	33.12	Additional release exceeded the limit of Rs 15 crore.
79.	39-Ministry of Food Processing Industries	North Eastern Regional Agriculture Marketing Corporation	0.50	1.68	1.18	Additional release exceeded the limit of Rs 20 lakh.
80.	54-Department of Heavy Industry	(i) Instrumentation Limited	4.50	29.25	24.75	Additional release exceeded the limit of Rs 10 crore.
81.	-do-	(ii) HMT Limited	23.00	40.95	17.95	Additional release exceeded the limit of Rs 15 crore.
82.	-do-	(iii) Hindustan Cables Limited	0.75	91.25	90.50	-do-
83.	-do-	(iv) Tannery and Footwear Corporation of India	4.50	13.28	8.78	Additional release exceeded the limit of Rs 2 crore.
84.	-do-	(v) National Industrial Development Corporation Limited.	0.01	2.88	2.87	-do-
85.	-do-	(vi) Tyre Corporation of India Limited	6.22	19.83	13.61	Additional release exceeded the limit of Rs 10 crore.
86.	-do-	National	-	0.24	0.24	Exceeded the limit of

(Rupees in crore)

Sl. No.	Grant	Sub-head/Name of Institution	Sanctioned provision	Actual release	Excess release	Remarks
		Instrumentation Ltd.				Rs 20 lakh vide item I.B.(ii)(a) of GOI Dec.(1) below Rule 10 of DFPR.
87.	63-Ministry of Mines	Hindustan Copper Limited	13.50	73.50	60.00	Additional release exceeded the limit of Rs 15 crore.
88.	71-Ministry of Power	(i) North Eastern Electric Power Corporation (Loan)	154.02	184.69	30.67	-do-
89.	-do-	(ii) Power Finance Corporation	150.00	249.36	99.36	-do-
90.	73-Department of Rural Employment and Poverty Alleviation	Housing and Urban Development Corporation (Investment)	-	50.00	50.00	Release exceeded the limit of Rs 20 lakh.
91.	78-Department of Steel	Bharat Refractories Limited	9.00	27.50	18.50	Additional release exceeded the limit of Rs 15 crore.
92.	82-Ministry of Textile	(i) National Jute Manufactures Corporation	60.00	104.11	44.11	-do-
93.	-do-	(ii) Jute Corporation of India	16.00	20.00	4.00	Additional release exceeded the limit of Rs 2 crore.
94.	87-Ministry of Water Resources	National Projects Construction Corporation Limited	5.00	9.50	4.50	-do-

## Appendix XXV

### GLOSSARY

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 <i>vis-a-vis</i> the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Parliament.
Appropriation Act	:-	When appropriation bill has been passed by the Parliament, it is presented to the President. After the assent by the President to the bill, it becomes an Act.
Appropriation Bill	:-	As soon as may be after the grants under article 113 have been made by Lok Sabha, a bill to provide for the appropriation out of the Consolidated Fund of India of all money required to meet (a) the grants so made by Lok Sabha (b) the expenditure charged upon Consolidated Fund of India but not exceeding in any case the amount shown in the statement previously laid before the Parliament is introduced.
Charged Appropriation	:-	Sum required to meet expenditure 'Charged' on Consolidated Fund under Article 112 (3) of the Constitution is called charged Appropriation.
Consolidated Fund of India (CFI)	:-	The fund constituted under Article 266 (1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
Contingency Fund of India	:-	Parliament has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the President to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under Article 115 or Article 116 of the Constitution.
Debt service	:-	Payments to creditor(s) of matured principal and of interest. It, usually, includes service charges, etc.

- Demand for Grants :- Demand for Grants is for gross amount of expenditure to be incurred and shows recoveries to be taken in reduction of expenditure separately by way of foot notes, presented to Parliament at two levels. The main Demands for Grants are presented by the Ministry of Finance along with the Annual Financial Statement. The detailed Demands for Grants are laid on the table of Lok Sabha by the concerned ministries a few days in advance of the discussion of respective ministry's demand in that House.
- As the Demands for Grants are for gross expenditure and the Annual Financial Statement gives the net amount to be expended under each head, the total of the two should be reconciled after adjustment of the recoveries taken in accounts in reduction of gross expenditure.
- Excess Grant :- In cases, where expenditure in individual 'segment' of grant/appropriation, i.e. Revenue (Charged), Revenue (Voted), Capital (Charged) and Capital (Voted) exceeds the authorisation as such, the grant/appropriation is termed as excess grant.
- External Debt :- Debt contracted by the Government from abroad, mostly in foreign currency viz., loan from World Bank, IBRD, IDA, etc.
- Internal Debt :- Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
- Major Head :- The main unit of classification in accounts is known as Major Head. A four digit code has been allotted to the Major Head, the first digit indicating whether the major head is a Receipt head or Revenue expenditure head or Capital expenditure head or Loan head.
- Minor Head :- Three digit code has been allotted to the Minor Head starting from "001" under each sub Major head/Major head (where there is no sub major head).
- New Service :- Government has prescribed certain financial limits for different categories of expenditure through re-appropriation, beyond which the expenditure constitutes "New service / New instrument of service".
- Original Grant :- The amount provided for any service in the Annual Financial Statement in a financial year is called original grant or appropriation.



Public Account	: -	All moneys other than those included in the Consolidated Fund, received by or on behalf of Government of India are credited to the Public Account of India [Article 266 (2) of the Constitution of India]. It includes transactions relating to 'debt' other than those included in the Consolidated Fund of India. Public Account transactions are not subject to vote/appropriation by Parliament and the balances are carried forward.
Public Debt (of India)	: -	Borrowing by the Government of India internally as well as externally.
Re-appropriation	: -	Means the transfer of funds from one Primary unit of appropriation to another such unit.
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.
Treasury Bills	: -	An instrument issued by the Reserved Bank of India on behalf of the Union Government to raise short term loans intended to fill transient resource gaps.
<i>Ad hoc</i> Treasury Bill	: -	A scrip of 91 days duration created by RBI in its favour on behalf of Union Government, as and when the cash balance of the Government fall below the level of Rs 50 crore. Whenever the Government's cash balance had a surplus, <i>ad hoc</i> were cancelled in such amounts to maintain the agreed level. This scrip was discontinued from 1 April 1997.
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.

- 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.
- 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.
- 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.
- 364 days auction Treasury Bill : - An instrument of borrowing introduced from April 1992 of the duration of 364 days. Auction for this instrument is held fortnightly at a pre-determined cut off price.
- 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.

