Report of the Comptroller and Auditor General of India

for the year ended March 2003

Union Government

Accounts of the Union Government

No.1 of 2004

CONTENTS

PREFACE

This Report for the year ended March 2003 has been prepared for submission to the President under Article 151 of the Constitution.

The Report includes matters arising from test audit of the Finance Accounts and the Appropriation Accounts (excluding Railways) of the Union Government for the year ended March 2003. The observations arising from the audit of various financial transactions as well as performance audit of the Ministries have been included separately in Report No.2, No.3, No.14 and No.15.

Separate Reports are also presented to Parliament for Union Government: Autonomous Bodies (No.4), Scientific Departments (No.5), Defence Services – Army and Ordnance Factories (No. 6), Defence Services-Air Force and Navy (No. 7), Railways (No. 8 and 9), Indirect Taxes - Customs (No. 10), Central Excise (No.11) and Direct Taxes (No. 12 and 13).

UNION GOVERNMENT FINANCES AND ACCOUNTS : 2002-03

HIGHLIGHTS

This Report discusses the finances of the Union Government and trends in the major fiscal indicators over two Plans *i.e.,* VIII (1992-1997) and IX (1997-2002) and the two most recent years. It also contains an analysis of the Appropriation Accounts for 2002-03.

- The year 2002-03 ended with a deficit in the Consolidated Fund of India amounting to Rs 38894 crore and a surplus in the Public Account amounting to Rs 37011 crore.

- The revenue deficit in 2002-03 was Rs 109765 crore while the fiscal deficit amounted to Rs 134588 crore. The fiscal deficit amounted to 5.49 *per cent* of Gross Domestic Product while the revenue deficit constituted 4.48 *per cent* of GDP.

- The total receipts of the Union Government in 2002-03 amounted to Rs 1140450 crore. The Government's own receipts were Rs 397844 crore constituting 35 *per cent* of total receipts. The balance came from borrowings and Public Accounts Receipts.

- Total non-tax revenue in 2002-03 amounted to Rs 139682 crore. There was a sharp increase in the relative share of dividends and profits in the year. Non-tax revenue grew at an average rate of 14.27 *per cent* during 1985-2003.

- The total disbursement of the Union Government increased from an average of Rs 433716 crore during the VIII Plan to Rs 1142333 crore in 2002-03. The average annual long term trend growth during 1985-2003 at 11.65 *per cent* was lower than the rate of growth of GDP.

- Capital Expenditure in 2002-03 was Rs 30497 crore while Revenue Expenditure was Rs 409591 crore. The Capital Expenditure and Loans and Advances grew at a lower rate of 7.15 *per cent* and 6.80 *per cent* during 1985-2003.

- The share of plan expenditure in total expenditure remained nearly stagnant during 1985-2003. As against a long-term average of 22.88 *per cent* of total expenditure during 1985-2003, its share only moderately improved to 23.40 *per cent* in 2002-03.

- The overall social expenditure of the Union Government increased from an average of Rs 6903 crore during the VIII Plan (1992-1997) to Rs 21,810 crore in 2002-03. The long-term trend rate of growth in expenditure on social services was 15.31 *per cent* (1987-2003).

- Aggregate fiscal liabilities-GDP ratio peaked during 1991-92 when it reached 65.43 *per cent* of GDP. This ratio decelerated to an average of 60.72 during the VIII plan (1992-1997) and further to an average of 58.90 *per cent* during the IX plan (1997-2002). In the last three years, fiscal liabilities – GDP ratio witnessed worsening trend and reached 63.16 *per cent* of GDP in 2002-03.

Chapter 1

UNION GOVERNMENT FINANCES – AN OVERVIEW

1.1 This chapter provides a broad perspective of the finances of the Union Government during 2002-03 and analyses critical changes in the major fiscal aggregates during 1985-2003.

1.2 Table 1.1 summarises the position of the finances of the Union Government, covering the budget estimates and actuals in terms of revenue receipts, capital receipts, public account receipts, and total disbursements. There were significant variations between most of the budgeted figures and the actuals.

Table 1.1: Union Government Finances 2002-03 - Budget and Actual

(Rupees in crore)

	Budget Estimates	2001-02 Actuals	2002-03		Deviation from Budget	Deviation* *Per cent*
			Budget Estimates	Actuals		
1	Total Receipts of the Union Government (7+8)	984787	977801	1084328	106527	10.89
2	Revenue Receipts	265279	314157	299826	-14331	-4.56
	Tax revenue	134219	174565	160144	-14421	-8.26
	Non-tax revenue	131060	139592	139682	90	- 0.06
3	Miscellaneous Capital receipts	3646	12000	3151	-8849	-73.74
4	Recovery of Loans and Advances	20733	20080	38745	18665	92.65
5	Total revenue and Non Debt receipts (2+3+4)	289658	346237	341722	-4515	-1.30
6	Public Debt receipt	436689	434462	435371	909	0.21
7	Total receipts in the CFI (5+6)	726347	780699	777093	-3606	-0.46
8	Public Account Receipts	258440	197102	307235	110133	55.88
9	Total disbursement by the Union Government (15+16)	983292	977802	1086211	108409	11.09
10	Revenue Expenditure	375582	410918	409591	-1327	-0.32
11	Capital Expenditure	31295	42283	30497	-11786	-27.87
12	Loans and Advances	38614	31536	36222	4686	14.86
13	Total expenditure of the Union Government (10+11+12)	445491	484737	476310	-8427	-1.74
14	Repayment of Public Debt	321725	321155	339677	18522	5.77
15	Total disbursement out of the CFI (13+14)	767216	805892	815987	10095	1.25
16	Public Account Disbursement	216076	171910	270224	98314	57.19
17	Revenue Deficit (10-2)	110303	96761	109765	13004	13.44
18	Fiscal Deficit (13-5)	155833	138500	134588	-3912	-2.82

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

1.3 The imbalances in revenue account were reflected in revenue receipts, which fell short of the budget estimates by Rs 14,331 crore. Within revenue

receipts, tax revenue was less than the budget estimates by over 8 *per cent*. The target of realisation of Rs 12,000 crore from disinvestment could not be achieved and a shortfall of 73.74 *per cent* was recorded under miscellaneous capital receipts. Recovery of loans and advances exceeded the budget estimates which helped in reducing the overall shortfall in total non-debt receipts. There was a sharp cut-back in capital expenditure and actual expenditure was 27.87 *per cent* lower than the budget estimates. Shortfall in realisation of budgeted revenue receipts without any corresponding reduction in revenue expenditure resulted in revenue deficit exceeding the budget estimates by 13.44 *per cent*. Revenue deficit was 4.48 *per cent* of GDP. Fiscal deficit was, however, less than the budget estimates largely because of higher recovery of loans and advances and a shortfall in capital expenditure.

Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt, and revenue and fiscal deficits have been presented as percentage to the GDP at current market prices. The New GDP series with 1993-94 as base as published by the Central Statistical Organisation and indicated in Economic Survey 2002-2003 has been used.

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

For most series a Trend growth during 1985-2003 has been indicated. Further, trend growth over the VIII Plan (1992-97) and the IX Plan (1997-2002) has also been indicated. While calculating these growth rates the first year of the Plan has been taken as the base year to estimate inter Plan growth rates. This process eliminates the "low base bias" of the year immediately preceding the plan. Annual growth has been indicated for the two most recent years, i.e. 2001-02 and 2002-03.

For most series, ratios with respect to GDP have also been indicated. As in the case of growth rates, average ratios have been used for the period 1985-2003 and Plan periods separately for the VIII and IX Plans. Annual ratios of the two most recent years have also been indicated.

For per capita expenditure on Social and Economic services, mid- year estimates of population as given by National Accounts Statistics, 2002 have been used. For converting the expenditure at 1993-94 prices GDP deflators have been used.

Union Government Finances 1985-2003 - Some Key Parameters

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

Revenue Receipts

1.5 Table 1.2 indicates the rate of growth and relative share as percentage to GDP of the tax, non-tax and total revenue receipts (net of share of the States in Union taxes) during 1985-2003, the VIII and IX Plans (1992-1997 and 1997-2002 respectively) and the two most recent years.

Table 1.2: Key Parameters of the Union Government Revenue Receipts

(per cent)

Period	Tax Revenue		Non-Tax Revenue		Total Revenue of the Union		GDP Growth
	A	B	A	B	A	B	
1985-2003	12.75	9.11	14.27	5.95	13.37	12.63	14.42
VIII Plan (1992-1997)	15.89	9.32	14.66	5.94	15.61	12.71	16.54
IX Plan (1997-2002)	9.00	8.65	8.00	6.04	8.12	12.36	10.64
2001-02	-0.82	8.15	10.02	5.71	3.61	11.55	9.11
2002-03	15.61	8.82	6.58	5.70	13.02	12.23	6.75

A: - Rate of growth *B: - Relative Share as percentage to GDP*

1.6 It would be observed that the average annual trend rate of growth of revenue receipts (including the tax and non-tax receipts) was comparatively lower than the growth of GDP. There was a deceleration in the growth rates during the IX Plan (1997-2002), though they picked up in the current year. The ratio of tax receipts to GDP declined from a trend average of 9.32 *per cent* during the VIII Plan (1992-1997) to 8.82 *per cent* in 2002-03. Total revenue receipts of the Union as percentage to GDP also declined to 12.23 *per cent* in the current year from an average of 12.71 *per cent* during the VIII Plan (1992-1997). The non-tax revenue of the Union Government also recorded a lower trend growth and its share relative to GDP declined to 5.70 *per cent* in the current year. While the average rate of interest on loans and advances was maintained above the average cost of borrowings, return on investment and recovery of user charges from social and economic services remained poor.

1.7 Tax revenue (inclusive of the States' share) of the Union witnessed a buoyancy of 0.884 during 1985-2003 indicating that for each percentage point increase in GDP, increase in tax revenue was only 0.88 *per cent*. While direct taxes had a buoyancy greater than one, lower buoyancy of indirect taxes (both customs and excise duties), that accounted for nearly three fourths of the total tax revenue, resulted in overall lower buoyancy for the gross tax receipts.

Expenditure

1.8 The Union Government's total expenditure (Table 1.3) also reflected a similar position. Rate of growth of total expenditure declined from a long-term average of 12.73 *per cent* (1985-2003) to 8.86 *per cent* during the IX Plan (1997-2002) and further to 6.92 *per cent* in the current year. Total expenditure-GDP ratio also declined from a trend average of 20.01 during 1985-2003 to 19.43 *per cent* in the current year. Capital expenditure witnessed significant volatility, but average annual growth of this component of expenditure remained lower, except in 2001-02. In the current year, there was a decline in capital expenditure. Relative to GDP, its share fluctuated but the rate of shift in its relative share was negative. This was also true of loans and advances. There continued to be a non-plan revenue deficit since 1990-91.

Table 1.3: Key Parameters of the Union Government Expenditure

(per cent)

Period	Revenue Expenditure		Capital Expenditure		Loans and Advances		Total Expenditure	
	A	B	A	B	A	B	A	B
1985-2003	14.43	16.14	7.15	1.68	6.80	2.18	12.73	20.01
VIII Plan (1992-1997)	14.64	15.51	-8.44	1.89	11.91	2.26	11.87	19.66
IX Plan (1997-2002)	10.40	16.31	9.22	1.37	-3.42	1.83	8.86	19.50
2001-02	9.61	16.36	23.08	1.36	39.09	1.68	12.54	19.40
2002-03	9.06	16.71	-2.55	1.24	-6.19	1.48	6.92	19.43

A: - Rate of Growth *B: - Relative Share as percentage to GDP*

Fiscal Imbalances

1.9 Fiscal imbalances not only continued to be persistent but were significant in volume. Revenue and fiscal deficits of the Union Government over the years showed no signs of any significant contraction relative to GDP. There was an increase in the revenue deficit/GDP ratio from an average of 2.80 *per cent* during the VIII Plan (1992-1997) to an average of 3.94 *per cent* during the IX Plan (1997-2002). Fiscal deficit-GDP ratio also increased from an average of 6.04 *per cent* during the VIII Plan to an average of 6.23 *per cent* during the IX Plan. There was, however, a moderate improvement in these parameters in the current year. The more disturbing trend, however, was a continuous increase in the ratio of revenue deficit to fiscal deficit. Revenue deficit from an average of 46.26 *per cent* of fiscal deficit during the VIII Plan (1992-1997) increased to 81.56 *per cent* in 2002-03. (Table 1.4)

Table 1.4: Ratio of Revenue and Fiscal Deficit to GDP

(per cent)

Period	Revenue Deficit	Fiscal Deficit	Revenue Deficit as % to Fiscal Deficit
1985-2003	3.51	6.31	55.66
VIII Plan (1992-1997)	2.80	6.04	46.26
IX Plan (1997-2002)	3.94	6.23	63.26
2001-02	4.80	6.79	70.78
2002-03	4.48	5.49	81.56

Fiscal Liabilities

1.10 The broad parameters of the aggregate fiscal liabilities of the Union Government are presented in Table 1.5 below.

Table 1.5: Characteristics of the Union Government Fiscal Liabilities

(per cent)

Period	Rate of Growth of Total Liabilities	Total Liabilities/ GDP Ratio	Average Rate of Interest	Ratio of Debt Repayment* / Debt Receipts
1985-2003	14.65	60.10	8.44	93.57
VIII Plan (1992-1997)	12.48	60.72	7.91	93.10
IX Plan (1997-2002)	11.85	58.90	9.06	94.70
2001-02	12.97	60.95	9.22	91.73
2002-03	10.62	63.16	8.90	97.87

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

1.11 During 1985-2003, the aggregate fiscal liabilities of the Union Government remained a little over 60 *per cent* of GDP. Though the rate of growth in aggregate liabilities indicated a decelerating trend, the ratio of liabilities to GDP did not benefit from this deceleration as in the later period GDP growth itself witnessed a deceleration in nominal terms. In the last two years, the fiscal liabilities to GDP ratio significantly worsened. Further, average rate of interest on the outstanding liabilities continued to move upwards from an average of 7.91 *per cent* during the VIII Plan (1992-1997) to an average of 9.06 *per cent* during the IX Plan (1997-2002). There was a moderate deceleration in average interest rate to 8.90 *per cent* in the current year, but due to a large debt overhang, any significant decline in average interest rate consequent upon its general southward trend may be unlikely. Further, nearly the entire gross debt receipts were used for debt redemption, including the principal and interest, leaving only a fraction for other uses. Larger revenue deficit was also eroding the assets back-up for the aggregate liabilities of the Union Government, which had declined to less than 45 *per cent* by 2002-03.

1.12 Table 1.6 indicates the position of unreconciled balances for the last five years. The net cumulative difference of Rs 61 crore with RBI balances, was mainly due to (i) non-receipt/delayed receipt of bank scrolls; (ii) non-receipt/delayed receipt of clearance memos and inter-government adjustments and (iii) mistakes in statements/misclassification in accounts remaining unreconciled.

Table 1.6: Unreconciled balances

(Rupees in crore)

Year	Deposits with RBI		
	According to Finance Accounts	According to RBI	Difference
1998-99	3525	2927	598
1999-2000	2661	2223	438
2000-01	3858	3623	235
2001-02	5353	5144	209
2002-03	3470	3531	61

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

transactions. In government books, certain transactions of receipts and payments, which cannot be booked to a final head of account due to lack of information about their nature or for other reasons, are booked in intermediate heads of account known as 'suspense heads' pending their final classification. Table 1.7 presents outstanding balances under suspense heads as on 31 March 2003. The quality of maintenance of accounts needs to be improved to ensure that the balances in the suspense heads are kept to the bare minimum and to suitably indicate the reasons in the Finance Accounts at respective places.

Table 1.7: Outstanding balances under major suspense heads

(Rupees in crore)

S.No.	Heads of account	Net Balance as on 31 March									
		1999		2000		2001		2002		2003	
1.	Suspense (PAO Suspense)	Dr.	10.11	Cr.	281.11	Dr.	318.75	Dr.	565.12	Dr.	1145.03
2.	Suspense Accounts (Civil)	Dr.	529.89	Dr.	794.84	Dr.	506.94	Dr.	289.94	Dr.	650.41
3.	Suspense Accounts (Postal)	Dr.	471.38	Dr.	93.97	Dr.	100.99	Cr.	7.47	Dr.	172.12
4.	Suspense Accounts (Defence)	Dr.	2417.07	Dr.	111.11	Cr.	628.67	Cr.	643.73	Cr	360.24
5.	Suspense Accounts (Railways)	Dr.	286.60	Dr.	175.26	Dr.	372.79	Dr.	568.02	Dr	565.96
6.	Suspense Accounts (Telecom)	Dr.	1586.46	Dr.	1563.57	Dr.	923.75	Dr.	658.92	Dr	660.30
7.	Public Sector Bank Suspense	Dr.	742.77	Dr.	806.43	Dr.	586.55	Cr.	51.91	Dr	537.48
8.	Suspense Account for purchases abroad	Dr.	1850.71	Dr.	1895.20	Dr.	1675.43	Dr.	697.45	Dr	501.07
9.	Reserve Bank Suspense (HQ)	Cr.	369.38	Cr.	173.52	Cr.	172.20	Cr.	172.26	Cr	173.20
10.	Reserve Bank Suspense (CAO)	Cr.	55.86	Dr.	67.85	Dr.	38.64	Cr.	8.69	Cr	20.75
11.	Cash settlement Suspense	Dr.	226.16	Dr.	222.18	Dr.	224.53	Dr.	206.97	Dr	228.80
12.	Discount sinking fund	Dr.	1967.60	Dr.	794.94		0		0		0
13.	Others	Dr.	930.49	Dr.	837.62	Dr.	1208.25	Dr.	1196.73	Dr	1182.14
	Total	**Dr.**	**10594.00**	**Dr.**	**6908.34**	**Dr.**	**5155.75**	**Dr.**	**3299.09**	**Dr.**	**5089.12**

1.14 Adverse balances arise largely due to accounting errors or accounting situations arising out of rationalisation of the classification of accounts or administrative re-organisation, which break up one accounting unit into many. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced. The Union finance accounts for the year 2002-03 indicated 51 cases of adverse balances, as shown in **Appendix-I-A.** Out of these, 7 balances became adverse during the year 2002-03. Out of 44 old cases, two balances have been adverse since 1976-77 (prior to departmentalisation of accounts) and 42 balances from 1979-80 to 2001-02. The CGA stated in November 2003 that all items under adverse balances were under investigation and action was being taken in stages to liquidate the balances. It would be desirable to provide suitable explanatory memoranda in the Finance Accounts about the specific nature of the transactions leading to the adverse balances and progress of clearance in each case. This would help in improving the quality of accounts.

1.15 The head 'Cheques and Bills' in the accounts is an intermediary accounting device for initial record of transactions, which are eventually to be cleared/withdrawn. Under the scheme of departmentalisation of accounts, payment of claims against government is made by the PAOs of different Ministries/Departments by cheques drawn on branches of the RBI or PSU Banks accredited to the Ministry/Department. When claims are preferred in the appropriate bill form to the PAO/Departmental Officer, the payment is authorised through issue of cheques, after exercising the prescribed checks and

recording of pay order by the PAO/Departmental officer. At the end of each month, the major head '8670-Cheques and Bills' is credited by the total amount of the cheques delivered. On receipt of date-wise monthly statement and monthly statement of balances from Public Sector Banks and RBI Central Accounts Section, Nagpur, the head '8670-Cheques and Bills' is minus-credited and credit is afforded to '8658-108-PSB Suspense' or '8675-101 Deposit with Reserve Bank-Central Civil', as necessary. Table 1.8 shows that there were large outstanding balances under the minor head 'cheques and bills' in the Finance Accounts for 2002-03, which had the effect of overstating the government cash balance.

Table 1.8: Outstanding balances under minor heads 2002-03

(Rupees in crore)

1.	Pre-audit cheques	Cr.	0.52
2.	Pay and Accounts Offices Cheques	Cr.	9270.60
3.	Departmental Cheques	Dr.	25.36
4.	Treasury Cheques	Cr.	4.62
5.	IRLA Cheques	Cr.	0.59
6.	Telecommunication Accounts Office Cheques	Cr.	965.45
7.	Postal Cheques	Cr.	3424.38
8.	Railway Cheques	Cr.	902.18
9.	Defence Cheques	Cr.	3724.83
10.	Electronic Advices	Cr.	9.65

Chapter 2

RESOURCES: TRENDS AND COMPOSITION

Resources of the Union Government: 2002-03

2.1 Revenue and capital are the two streams of receipts that constitute resources of the Union Government. Revenue receipts consist of tax revenue, non-tax revenue, grants-in-aid and contributions. Capital receipts comprise miscellaneous capital receipts, mainly the proceeds from disinvestment; recoveries of loans and advances; debt receipts from internal and external sources and accruals in the public account. Table 2.1 below presents a summary of total receipts of the Union Government, which amounted to Rs 1,140,450 crore for the year 2002-03. Union Government's own receipts were Rs 397,844 crore, constituting around 35 *per cent* of the total receipts. The balance came from borrowings and public account receipts.

Table 2.1: Resources of the Union Government

(Rupees in crore)

I	Revenue Receipts		355,948
II	Capital receipts		784,502
	a. Miscellaneous Receipts	3,151	
	b. Recovery of Loans and Advances	38,745	
	c. Debt receipts	435,371	
III	Public Account Receipts	307,235	
Total Receipts			1140,450

Note: Revenue receipts include Rs 56,122 crore being the share of taxes and duties assigned to the States and not reflected in the Union Government's Finance Accounts.

Trends in Resources

2.2 Overall resources of the Union Government increased at a trend rate of 11.65 *per cent* during 1985-2003. Notwithstanding the variation in the growth rate during different plan periods, trend growth remained lower than the rate of growth of GDP. Accrual of gross resources to the Union grew by 14.87 *per cent* per annum during the VIII Plan (1992-97), immediately after the initiation of the process of economic reforms. However, during the IX Plan (1997-2002), annual trend growth decelerated to 7.02 *per cent*. While the accruals in the public account registered a stable growth over plans, revenue and debt receipts witnessed a contraction of seven to thirteen percentage points.

2.3 The current year (2002-03) witnessed significant acceleration in the rate of growth of revenue receipts, non-debt capital receipts and accruals from public account compared to the previous year. A negative growth of debt receipts,

however, led to a lower growth compared to the previous year and also relative to GDP. (Table 2.2)

Table 2.2: Components of Receipts: Trends

(Rupees in crore)

Period	Revenue Receipts	Capital Receipts			Total Receipts	Gross Domestic product
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account		
1985-2003	169856	12022	236099	123175	541152	1127859
VIII Plan (1992-1997)	157991	9373	164326	102117	433807	1035315
IX Plan (1997-2002)	282019	17430	427187	210498	937134	1920161
2001-02	318121	24379	436689	258440	1037629	2296049
2002-03	355948	41896	435371	307235	1140450	2451038
Average Annual Rate of Growth (*per cent*)						
1985-2003	13.34	11.95	9.91	14.36	11.65	14.42
VIII Plan (1992-1997)	15.41	0.01	15.98	14.43	14.87	16.54
IX Plan (1997-2002)	8.58	18.24	2.22	13.76	7.02	10.64
2001-02	3.38	28.83	19.16	3.43	10.04	9.11
2002-03	11.89	71.85	-0.30	18.88	9.91	6.75

2.4 Table 2.3 depicts the relative share of various components of resources. Over a longer term (1985-2003), revenue receipt had a positive shift in its relative share, though it reached its peak during VIII Plan (1992-1997) at 36.42 *per cent* of total gross receipts. Its share drifted southwards in later years averaging little over 30 *per cent* during the IX Plan (1997-2002) and 31.21 *per cent* in 2002-03. The other component of resources, which had a significant positive shift in its relative share during 1985-2003, was accruals in public account. Debt receipts witnessed a negative shift in their relative share during this period. Despite these shifts in relative shares of the four components of gross resources of the Union Government, the ratio between debt receipts inclusive of accruals in public account and non-debt receipts was generally stable at two thirds and one third. Miscellaneous capital and recoveries of loans and advances comprising the non-debt receipts remained relatively less important. (Table 2.3)

Table 2.3: Relative Shares of Different Components of Total Receipts

(per cent)

Period	Revenue Receipts	Capital Receipts			Total Receipts
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account	
1985-2003	31.39	2.22	43.63	22.76	100
VIII Plan (1992-1997)	36.42	2.16	37.88	23.54	100
IX Plan (1997-2002)	30.09	1.86	45.58	22.46	100
2001-2002	30.66	2.35	42.08	24.91	100
2002-2003	31.21	3.67	38.18	26.94	100
Average Annual Rate of Shift in the shares					
1985-2003	1.51	0.27	-1.56	2.43	

Access to Resources Relative to GDP

2.5 Increase in the access to resources as income increases is natural because the base itself has enlarged. More important, however, is the increase relative to GDP. While the long-term trend average of the ratio of overall resources to GDP was 47.98 *per cent* (1985-2003); this declined to an average of 41.90 *per cent* during the VIII Plan (1992-1997). Total receipts- GDP ratio increased to an average of 48.80 *per cent* during the IX Plan (1997-2002). All the four components of resources had a negative average annual shift relative to GDP (Table 2.4).

Table 2.4: Receipts as percentage to GDP

Period	Revenue Receipts	Capital Receipts			Total Receipts
		Non- Debt Receipts	Debt Receipts	Accruals in Public Account	
1985-2003	15.06	1.07	20.93	10.92	47.98
VIII Plan (1992-1997)	15.26	0.91	15.87	9.86	41.90
IX Plan (1997-2002)	14.69	0.91	22.25	10.96	48.80
2001-2002	13.86	1.06	19.02	11.26	45.19
2002-2003	14.52	1.71	17.76	12.53	46.53
Average Annual Rate of Shift in the shares					
1985-2003	-0.95	-2.16	-3.94	-0.05	-2.42

2.6 In the Finance Accounts, the receipts and disbursements appear on gross basis and, therefore, indicate a much greater draft of the government on national resources. Accommodations by way of Ways and Means Advances (WMA) and 14-day Treasury Bills are, by their very nature, short-term and provide a cover for temporary mis-matches. These are self-liquidating and their inclusion in debt receipts unnecessarily inflates these figures. Similarly, accruals in public account, which is akin to a banking operation by government, on gross basis, may absorb the gross numbers without providing actual access. While to some extent this may also be true for other debt receipts as bulk of these receipts are for debt rollover, it indicates the need for a structured borrowing strategy. In view of this it may be necessary to net the impact of WMA and 14-day Treasury Bills operations of the government on its resources to arrive at its effective draft. Table 2.5 indicates the impact of this netting on total receipts, and the ratio of total receipts to GDP. Net draft of the Union Government declines by nearly 20-percentage points consequent upon such neutralisation. Overall draft declines to 26.10 *per cent* of GDP in 2002-03. This draft has generally been stable at 24-26 *per cent*, except during 1997-98, the first year of the operation of WMA for providing temporary financial accommodation.

Table 2.5: Revised Receipts and its share to GDP

(Rupees in crore)

Year	Revenue Receipts	Non-Debt Capital Receipts	Debt Receipts	Net Receipts of WMA	Net Receipts from Treasury Bills	Net Public Account Accruals	Total Receipts	Total Receipt/ GDP (*Per cent*)
1998-99	254369	19063	131819	1042	-880	40942	446355	25.64
1999-2000	298076	14274	132556	-2060	-4440	23345	461751	23.84
2000-01	307724	18924	152146	4413	1340	25123	509670	24.22
2001-02	318121	24379	187523	-219	-1553	42364	570615	24.85
2002-03	355948	41896	206830	-5176	3134	37011	639643	26.10

Revenue Receipts: Movement of Major Aggregates

2.7 Revenue receipt with its broad components of tax and non-tax receipts, is the most important source of revenue as no future payment obligations are created in accessing these receipts. Overall revenue receipts of the Union Government (net of the states' share from its gross collections) increased at an average annual rate of 13.37 *per cent* during 1985-2003. There was, however, a sharp deceleration in the average annual rate of growth from an average of 15.61 *per cent* during the VIII Plan (1992-1997) to an annual rate of 8.12 *per cent* during the IX Plan (1997-2002). Trend rate of growth of revenue receipt was also lower compared to the trend growth of GDP as indicated by a negative shift rate in its share relative to GDP during this period. (Table 2.6)

Table- 2.6: Composition & trends of Revenue Receipts

(Rupees in crore)

Period	Gross Tax Revenue	States' share in Taxes	Net Tax Revenue	Non Tax Revenue	Net Revenue of the Union	Share of Non-Tax Revenue (*per cent*)	Net Revenue as *per cent* to GDP
1985-2003	102753	27352	75400	67103	142503	47.09	13.01
VIII Plan (1992-1997)	96533	26391	70142	61459	131601	46.70	12.74
IX Plan (1997-2002)	166087	44622	121465	115933	237397	48.84	12.42
2001-02	187060	52842	134218	131061	265279	49.40	11.55
2002-03	216266	56122	160144	139682	299826	46.59	12.23
Average Annual Rate of Growth (*per cent*)							
1985-2003	12.75	13.18	12.60	14.27	13.37	0.80	-0.92
VIII Plan (1992-1997)	15.89	14.41	16.47	14.66	15.61	**Average Annual Rate of Shift (in *per cent*)**	
IX Plan (1997-2002)	9.00	11.05	8.25	8.00	8.12		
2001-02	-0.82	2.23	-1.97	10.02	3.61		
2002-03	15.61	6.21	19.32	6.58	13.02		

2.8 The Union Government, in terms of the awards of the Finance Commissions, was assigning around 27 *per cent* of its gross tax revenue to the states. This ratio has generally been stable, though in the current year it had declined to 26 *per cent*. Non-tax revenue that accrues to the Union Government

does not form part of the divisible pool. On an average, non-tax revenue constituted 47 *per cent* of the net revenue of the Union Government. This ratio had a moderate positive annual shift rate of 0.8 *per cent* in its relative share.

2.9 In the current year, there was acceleration in rate of growth of gross tax collections and in the part of the collections retained by the Union. Gross tax collections increased by 15.61 *per cent* compared to a negative growth in the previous year. A moderate growth in these collections' assignment to the states led to a sharper increase (19.32 *per cent*) for the revenue that accrued to the Union Government. Non-tax revenue, however, witnessed a deceleration in growth rate in the current year.

Major Taxes: Relative Performance

2.10 The relative performance of different taxes changed significantly over the years (Table 2.7) with Corporation tax recording the highest trend growth of 18.73 *per cent* during 1985-2003.

Table 2.7: Components of Tax Revenue (gross)

(Rupees in crore)

Period	Total Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others
1985-2003	102753	16296	14247	29153	39405	1002	2650
VIII Plan (1992-1997)	96533	13567	12575	30273	37014	465	2639
IX Plan (1997-2002)	166087	29508	25353	43418	60838	2317	4653
2001-02	187060	36609	32004	40268	72555	3302	2322
2002-03	216266	46172	36866	44852	82310	4122	1944
Average Annual Rate of Growth (*per cent*)							
1985-2003	12.75	18.73	17.88	9.77	11.22	*	7.96
VIII Plan (1992-1997)	15.89	21.71	24.72	18.00	10.45	*	-2.50
IX Plan (1997-2002)	9.00	17.15	18.58	1.61	11.41	19.19	-30.18
2001-02	-0.82	2.56	0.76	-15.30	5.88	26.37	-5.69
2002-03	15.61	26.12	15.19	11.38	13.44	24.83	-16.28

** Service Tax was introduced in 1994-95*

2.11 In the years following the economic reforms, there were significant changes in structure of taxes. Wider coverage, broad base and moderate rates became the cornerstone of the new tax regime. There was also a shift from commodity-based taxation to less distortionary income based taxation. This shift was expected to improve tax compliance, tax buoyancy and finally the tax-GDP ratio. During the VIII Plan (1992-1997), rate of growth of tax receipts increased to an average of 15.89 *per cent*, over three percentage points higher than the trend growth during 1985-2003. Accelerated growth in income, corporation tax and customs duties contributed to this increase. There was, however, a deceleration in the average annual growth of these three taxes/duties during the IX Plan (1997-2002). While a decline in the rate of growth in customs duties was expected in view of lowering of duties (though the decline was much sharper than the duty reductions would have warranted), this was not fully compensated by increase in the rate of growth of other taxes. Even the introduction of service tax in 1994-95,

which provided additional revenue, could not sustain the growth rates during this period. Indian tax statistics as yet do not generate any data on tax expenditures (revenue forgone in tax exemptions and the like), although these by any reckoning are quite substantial. Total duties forgone under various export promotion schemes alone were estimated to have averaged over 50 *per cent* of total customs duty collected during 1998-2003[1]. In 2002-03, gross tax collections and the collections from five major taxes recorded better growth rates.

Tax Buoyancy

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

2.13 The buoyancy coefficients indicate the percentage increase in the tax revenue following a one *per cent* increase in the GDP or the tax base. While a buoyancy of greater than one is desirable, a buoyancy of less than one indicates that the concerned tax may in fact be regressive or has generated un-exploited tax potential, because as income increases, a lower part of that increase gets taxed. Table 2.8 indicates the buoyancy of major taxes during 1985-2003 and also during the VIII and IX Plan periods together with the buoyancy of the most recent two years.

Table 2.8: Buoyancy of Major Taxes

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties
1985-2003	0.884	1.299	1.240	0.677	0.778
VIII Plan (1992-1997)	0.961	1.313	1.495	1.088	0.632
IX Plan (1997-2002)	0.846	1.612	1.746	0.151	1.072
2001-02	*	0.281	0.083	*	0.645
2002-03	2.313	3.870	2.251	1.686	1.992

** Rate of growth of the tax collection was negative.*

2.14 Improved buoyancy has been observed for corporation tax, income tax and excise duties during the IX Plan (1997-2002), compared both to the long term trend and the immediately preceding plan. In the current year, rate of growth of all the four taxes/duties exceeded the rate of growth of GDP, leading to buoyancy greater than one.

[1] Union Government- Indirect Taxes- Customs (Report No 10 of 2004), Comptroller and Auditor General of India.

2.15 In India agriculture does not bear any incidence of income tax and as such non-agricultural income could be a better proxy base for income and other direct taxes. Buoyancy of direct taxes during 1998-2003 with non-agriculture GDP as the base was only 1.048 and thus moderately greater than one[2].

Tax-GDP Ratio

2.16 The other indicator of adequacy and effectiveness of government's resource mobilisation efforts and its extent of realisation of the tax potential is the tax- GDP ratio. Table 2.9 gives the trends of this ratio over the Plans and on an annual basis for the most recent two years. Overall tax-GDP ratio declined from an average of 9.324 *per cent* during the VIII Plan (1992-1997) to 8.823 *per cent* in 2002-03. The average annual rate of shift in this relative share was (-) 1.46 *per cent* during 1985-2003. The tax-GDP ratio had declined to a low of 8.147 *per cent* in 2001-02 and despite a recovery in the current year, it was still below the trend average.

Table 2.9: Tax/GDP Ratio of Major Taxes

(*per cent*)

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax
1985-2003	9.110	1.445	1.263	2.585	3.494	0.089
VIII Plan (1992-1997)	9.324	1.310	1.215	2.924	3.575	0.045
IX Plan (1997-2002)	8.650	1.537	1.320	2.261	3.168	0.121
2001-02	8.147	1.594	1.394	1.754	3.160	0.144
2002-03	8.823	1.884	1.504	1.830	3.358	0.168
Average Annual Rate of Shift in the shares						
1985-03	-1.46	3.76	3.03	-4.06	-2.79	

2.17 The ratio of customs and excise duty collections to GDP declined from an average of 2.924 and 3.575 *per cent* during the VIII Plan (1992-1997) to 1.754 and 3.160 respectively in 2001-2002. A negative shift in their share relative to GDP largely contributed to an overall negative shift in gross tax collections. In 2002-2003, these ratios showed some improvement.

Non-Tax Revenue

2.18 Non-tax revenues of government could be considered as being composed of two components: income from its sovereign functions like judiciary, police, currency and coinage, etc., and the one that is related to its assets/investments either as intermediation returns or dividend or user charges. While the revenue from sovereign functions, financial intermediation and investment are in terms of actual realisation, income from social and economic services is on gross basis and are not netted of the cost of service delivery. Further, dividend income also includes the surplus transferred from the Reserve Bank of India and is more akin to seigniorage[3] rather than investment- related. Notwithstanding the limitations of

[2] Union Government- Direct Taxes (Report No 12 of 2004), Comptroller and Auditor General of India.

[3] Seigniorage is non-inflationary increase in money stock.

non-tax revenue with regard to the amount that should actually be reckoned as income/revenue of the government, the accruals from this source contributed around 47 *per cent* of the current revenue of the union. Consolidated non-tax revenue grew at an average rate of 14.27 *per cent* during 1985-2003. (Table 2.10)

Table 2.10: Non Tax Revenue- Trends

(Rupees in crore)

Period	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign & Other Functions
1985-2003	67103	19454	6136	482	35096	5935
VIII Plan (1992-1997)	61459	16791	4969	606	33100	5993
IX Plan (1997-2002)	115933	34526	11555	572	60257	9023
2001-02	131061	42250	17290	297	59313	11911
2002-03	139682	44705	21230	424	60663	12660
Average Annual Rate of Growth						
1985-2003	14.27	15.30	26.59	4.24	13.00	11.29
VIII Plan (1992-1997)	14.66	14.32	30.01	10.93	15.54	2.87
IX Plan (1997-2002)	8.00	13.00	21.19	-21.24	2.25	13.16
2001-02	10.02	15.06	27.37	-17.73	0.60	25.35
2002-03	6.58	5.81	22.79	42.76	2.28	6.29

2.19 Non-tax revenue from dividends and profits (inclusive of surplus transferred from the Reserve Bank of India) was the component growing the fastest at an average rate of 26.59 *per cent* during 1985-2003. Though the average annual growth had witnessed deceleration during the IX Plan (1997-2002), it remained the most buoyant revenue source. Revenue from economic and social services not only had relatively lower growth rates, but also there was a significant squeeze in these rates during the IX Plan (1997-2002). The average annual rate of growth of revenue from social services in fact turned negative during this period.

2.20 Relative shares of the various components of non-tax revenue witnessed significant changes during 1985-2003 (Table 2.11). The share of interest receipts and dividends put together increased to an average of 40 *per cent* during 1997-2002. Revenue from dividends and profits had witnessed an increase in their relative share at an average annual rate of 10.78 *per cent*. Shift rate was also positive from interest receipts, while social and economic services and revenue from sovereign functions of the government had a negative shift rate during 1985-2003. The relative share of receipts from economic services declined from an average of 53.86 *per cent* during the VIII Plan (1992-1997) to 43.43 *per cent* during 2002-03. Part of this decline in relative share was cessation of revenue from telecommunication as the departmental undertakings were corporatised and their revenue, which earlier formed part of the Consolidated Fund, became revenue of the newly created corporate entities. Railways contributed to nearly two thirds of the revenue from economic services. Overall contribution of social services in non-tax revenue was insignificant.

Table 2.11: Relative Share of Components of Non-Tax Revenue

(per cent)

Period	Total Non-Tax Revenue	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign & Other Functions
1985-2003	100.00	28.99	9.14	0.72	52.30	8.85
VIII Plan (1992-1997)	100.00	27.32	8.09	0.99	53.86	9.75
IX Plan (1997-2002)	100.00	29.78	9.97	0.49	51.98	7.78
2001-02	100.00	32.24	13.19	0.23	45.26	9.09
2002-03	100.00	32.00	15.20	0.30	43.43	9.06
Average Annual Rate of Shift in the shares						
1985-03		0.89	10.78	-8.78	-1.11	-2.61

Non-Debt Capital Receipts

2.21 Non-debt capital receipts consist of miscellaneous capital receipts (disinvestment) and recovery of loans and advances. Table 2.12 gives the details of non debt capital receipts from disinvestment and recovery of loans and advances given by the Union Government to State and Union Territory governments, foreign governments, government corporations, non-government institutions and government servants. This table also indicates the budget estimates and actual realisation of the proceeds from disinvestment along with actual recovery of loans and advances of the Union Government. With regard to disinvestment, it was possible for the government to meet only a quarter of the budget targets in the last four years. As far as recovery of loans is concerned, it had exceeded the budget targets in recent years. In the current year, recovery was nearly double of the budget estimates because of a debt-swap scheme announced by the Union Government to facilitate the States' retiring their high-cost debt.

Table 2.12: Realisation from Disinvestment & Recovery of Loans

Year	Disinvestment			Recovery of Loans		
	Budget Estimates	Actual Realisation	*Per cent* Realisation	Budget Estimates	Actual Realisation	*Per cent* Realisation
	(Rupees in crore)			*(Rupees in crore)*		
1991-92	2500	3038	121.52	6778	7001	103.29
1996-97	5000	380	7.60	8184	8696	106.26
1998-99	5000	5369	107.38	11560	13189	114.09
1999-2000	10000	1723	17.23	13337	12551	94.11
2000-01	10000	1870	18.70	15839	16799	106.06
2001-02	12000	3028	25.23	17488	20733	118.56
2002-03	12000	3149	26.24	20080	38745	192.95

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

Chapter 3

APPLICATION OF RESOURCES: EXPENDITURE

3.1 The Union Government raises resources to perform its sovereign functions, maintain its existing network of delivery of social and economic services, extend the network of these services through capital expenditure and investments and discharge its debt servicing obligations. The government applied total resources of Rs 1,140,450 crore that it mobilised during 2002-03 to disbursements as shown in Table 3.1.

Table 3.1: Application of Resources

(Rupees in crore)

I	Resources available				1,140,450
II	Application of Resources				1,142,333
	a.	**Repayment of Debt**		339,677	
		Internal Debt	315,391		
		External Debt	24,286		
	b.	**Discharge of liabilities on Public Account**		270,224	
		Small Savings and Provident Fund	161,495		
		Reserve Fund	18,315		
		Deposits	75,745		
		Others	14,669		
	c.	**Actual Expenditure**		476,310	
		Revenue Expenditure	409,591		
		Capital Expenditure	30,497		
		Loans and Advances	36,222		
	d.	**Share of the States in taxes**		56,122	
III	Decrease in Cash Balances				1,883
	a.	Closing Cash Balances		3,465	
	b.	Opening Cash Balances		5,348	

3.2 The repayments of debt and discharge of public account liabilities (Rs 609,901 crore), interest payments (Rs 124,573 crore) and assignment of mandated portion of its gross tax receipts to States (Rs 56,122 crore) took away nearly 70 *per cent* of its total resources. Government was, therefore, left with only about 30 *per cent* of its gross mobilisation to spend on its activities.

Total Disbursement:

3.3 The relative movements across the major expenditure groups are indicated in Table 3.2.

Table 3.2: Components of Total Disbursement

(Rupees in crore)

Period	Actual Expenditure	States' share in taxes	Repayment of Debt	Disburse-ment in Public Account	Total Disburse-ment	GDP (Market Price)
1985-2003	225653	27352	180261	107720	540986	1127859
VIII Plan (1992-1997)	203539	26391	126525	77261	433716	1035315
IX Plan (1997-2002)	374502	44622	310011	207404	936539	1920161
2001-02	445491	52842	321725	216076	1036134	2296049
2002-03	476310	56122	339677	270224	1142333	2451038
Average Annual Rate of Growth (*in per cent*)						
1985-2003	12.73	13.18	8.78	16.89	11.65	14.42
VIII Plan (1992-1997)	11.87	14.41	20.90	14.32	14.84	16.54
IX Plan (1997-2002)	8.86	11.05	-2.34	22.05	7.00	10.64
2001-02	12.54	2.23	19.37	-3.86	10.02	9.11
2002-03	6.92	6.21	5.58	25.06	10.25	6.75

3.4 Total disbursements of the Union Government increased from an average of Rs 433,716 crore during the VIII Plan (1992-1997) to Rs 1142,333 crore in 2002-2003, the most recent year. The average annual long-term trend growth during 1985-2003 at 11.65 *per cent* was, however, lower than the rate of growth of GDP, which in the same period averaged 14.42 *per cent*. Average annual growth rates during the VIII and IX Plans were also lower than GDP growth rates. The most recent two years, however, witnessed reversal of this trend, which to some extent was also due to deceleration in the rate of growth of GDP. Trend growth rates of the three components of aggregate disbursements were lower than GDP growth and only disbursements from public account showed an opposite trend.

3.5 The relative share of the four components of aggregate disbursement showed wide fluctuation both on year-to-year basis and over Plan periods. (Table 3.3) Actual expenditure (indicating the expenditure on current operations covering revenue and capital expenditure and loans and advances) had a positive rate of shift in its relative share during 1985-2003. Actual expenditure reached its peak of 46.94 *per cent* during the VIII Plan (1992-1997) and since then witnessed a decelerating trend relative to other components. Though the long-term trend of relative share of expenditure on debt repayment was negative, during the IX Plan (1997-2002), it had nearly converged to the trend. Share of expenditure on disbursements from public account indicated a long-term trend of 19.91 *per cent* during 1985-2003. Relative share of this component had declined to 17.81 *per cent* of aggregate disbursements during the VIII Plan (1992-1997) but it later increased to an

annual average of 22.15 *per cent* during the IX Plan (1997-2002) and further to 23.65 *per cent* in the current year- 2002-03.

Table 3.3: Disbursement Components: Relative Share

(per cent)

Period	Actual Expenditure	States' Share in Taxes	Repayment of Debt	Disbursement from Public Account
1985-2003	41.71	5.06	33.32	19.91
VIII Plan (1992-1997)	46.94	6.08	29.17	17.81
IX Plan (1997-2002)	39.99	4.76	33.10	22.15
2001-02	43.00	5.10	31.05	20.85
2002-03	41.70	4.91	29.74	23.65
Average Annual Rate of Shift in their Relative Shares				
1999-2000	0.96	1.36	-2.58	4.69

Expenditure: Main Aggregates

3.6 Table 3.4 presents a summary of the actual expenditure of the Union government (excluding repayment of debt, which is discussed separately in the chapter on Fiscal Liabilities) and the observed trend growth rates over the Plan periods.

Table 3.4: Expenditure Components

(Rupees in crore)

Period	Revenue Expenditure *	Capital Expenditure	Loans & Advances	Actual Expenditure
1985-2003	182090	18993	24571	225653
VIII Plan (1992-1997)	160541	19550	23447	203539
IX Plan (1997-2002)	313109	26234	35159	374502
2001-02	375582	31295	38614	445491
2002-03	409591	30497	36222	476310
Average Annual Trend Growth rate *(per cent)*				
1985-2003	14.43	7.15	6.80	12.73
VIII Plan (1992-1997)	14.64	-8.44	11.91	11.87
IX Plan (1997-2002)	10.40	9.22	-3.42	8.86
2001-02	9.61	23.08	39.09	12.54
2002-03	9.06	-2.55	-6.19	6.92

** Revenue expenditure is net of States share of Excise duties, being shown as revenue expenditure in Finance Accounts up to 2000-01*

3.7 **Appendix-III-A** presents the figures of actual expenditure and its three sub-components during the last 18 years since 1985-1986. Revenue

expenditure of the Union Government (net of the States' share in taxes) increased at an average annual rate of 14.43 *per cent* during this period. Capital expenditure and loans and advances, however, grew at a lower rate of 7.15 and 6.80 *per cent* respectively during this period. The average annual trend growth of the actual expenditure, which included all these three components, was 12.73 *per cent*. Capital expenditure witnessed a contraction during the VIII Plan (1992-1997) and recorded a negative growth. Average annual growth recovered to 9.22 *per cent* during the IX Plan (1997-2002), which, however, could not be sustained in 2002-03. Loans and advances, however, depicted a different picture with rate of growth turning negative during the IX Plan. Though there was a sharp acceleration in quantum of loans advanced in 2001-02, current year (2002-03) again witnessed a contraction in this component of expenditure and rate of growth turned negative.

Expenditure: Plan and Non-Plan

3.8 The Finance Accounts provide a further disaggregation of expenditure into plan and non-plan. Plan expenditure normally relates to incremental development expenditure on new projects or schemes and involves both revenue and capital expenditure. Non-plan expenditure, on the other hand, is normally devoted to maintaining the levels of services already achieved. However, in both plan and non-plan expenditure, a faster increase in capital expenditure relative to revenue expenditure is considered qualitatively more desirable. Table 3.5 presents the growth and composition of Plan and non-Plan expenditure of the Union government.

Table 3.5: Components of Expenditure - Plan & Non plan

(Rupees in crore)

Period	Plan				Non Plan			
	Total	Revenue	Capital	Loans & Advances	Total	Revenue	Capital	Loans & Advances
1985-2003	51633	28729	8576	14328	174020	153361	10417	10242
VIII Plan (1992-1997)	48190	26749	8380	13061	155348	133792	11170	10386
IX Plan (1997-2002)	78595	47090	10132	21373	295907	266019	16102	13786
2001-02	104807	61656	11219	31932	340684	313926	20076	6682
2002-03	111471	71570	14643	25258	364839	338021	15854	10964
Average Annual Rate of Growth *(per cent)*								
1985-2003	10.35	14.32	3.86	8.28	13.54	14.45	11.05	3.64
VIII Plan (1992-1997)	7.53	11.48	-4.45	7.28	13.24	15.27	-11.36	18.27
IX Plan (1997-2002)	13.49	14.50	4.56	15.71	7.63	9.69	13.12	-29.30
2001-02	26.43	20.41	0.59	55.46	8.87	7.71	40.66	-7.46
2002-03	6.36	16.08	30.52	-20.90	7.09	7.68	-21.03	64.08

3.9 The share of plan expenditure in total expenditure remained nearly stagnant during 1985-2003. As against a long-term average of 22.88 *per cent* of total expenditure during 1985-2003, its share only moderately improved to 23.40 *per cent* in 2002-03. This seemingly stable share, however, conceals the

inter year and inter plan variations at aggregate and at sub component levels. The rate of growth of plan expenditure witnessed an acceleration of nearly six percentage points during the IX Plan (1997-2002), from an average of 7.53 *per cent* per annum during the VIII Plan (1992-1997) to 13.49 *per cent*. Though the long-term trend growth of non-plan expenditure was relatively higher, deceleration in rates was observed during the IX Plan.

3.10 Both for plan and non-plan expenditure, the revenue component remained not only the most predominant, but it was also relatively the most buoyant throughout 1985-2003. The share of revenue component in plan expenditure, which averaged 55.64 *per cent* during 1985-2003 increased to 64.20 *per cent* in 2002-03. Its share in non-plan expenditure increased from a trend average of 88.13 *per cent* during 1985-2003 to 92.65 *per cent* in 2002-03. Plan capital expenditure had a moderate trend growth. It, however, recovered during the IX Plan compared to a negative growth earlier.

3.11 The current year, however, witnessed a reversal of the earlier trend of growth in expenditure in certain components. There was an increase in non-plan loans and advances and plan capital expenditure. Growth in plan revenue expenditure had a moderate deceleration. However, non-plan capital expenditure and plan loans and advances actually declined.

Revenue Expenditure: Trend and Components

3.12 A significant part of revenue expenditure is in the nature of transfer payments, which are mostly committed. Interest payments, pensions, salary and wages and grants-in-aid to States and Union Territories, particularly the ones based on the recommendations of the Finance Commission, fall in this category.

3.13 Table 3.6 gives the expenditure incurred on various components of revenue expenditure in terms of its major object-wise classification. All the components of revenue expenditure had a double-digit trend growth during 1985-2003. Average annual rate of growth of these components, except grants to States, was also relatively higher during the VIII Plan (1992-1997). During the IX Plan, there was in general a decelerating trend in growth rates, which was particularly sharp for salary and wages. Moderate interest rates for internal loans also had a positive impact on rate of growth of interest payments. Expenditure on salary and wages of Central Government employees, including employees in defence and departmental undertakings, after recording a growth of 33.84 *per cent* in 1997-98, consequent upon the implementation of Fifth Pay Commission's recommendation, tapered off and turned negative in 2001-02. For the last four years, salary payments have generally been flat. Even in the current year, this expenditure is expected to increase only moderately by around 2.53 *per cent*. Pension payments, which were also buoyant during the 1990s, had stabilised in last two years.

Table 3.6: Revenue Expenditure and its Components

(Rupees in crore)

Period	Revenue Expenditure	Salary	Interest Payments	Pensions*	Grants to States	Others
1985-2003	182090	24719	50534	8054	21009	77774
VIII Plan (1992-1997)	160541	21620	44280	5661	20630	68351
IX Plan (1997-2002)	313109	42783	91102	15852	32423	130949
2001-02	375582	44569	114173	18933	41493	156414
2002-03	409591	45696	124573	19085	42136	178101
Average Annual Rate of Growth *(per cent)*						
1985-2003	14.43	12.43	18.17	17.49	11.41	13.66
VIII Plan (1992-1997)	14.64	12.10	17.44	15.65	5.60	16.55
IX Plan (1997-2002)	10.40	5.25	14.90	17.07	11.06	8.34
2001-02	9.61	-3.33	10.61	2.36	12.79	13.31
2002-03	9.06	2.53	9.11	0.80	1.55	13.87

** includes Miscellaneous General Services*

Note:- The expenditure on Salary in this and other tables is as given by the Pay Research Unit of the Department of Expenditure for the Civilian Staff and as indicated for the defence non civilian persons by the Defence Department. For 2002-2003, the salary expenditure for the Civilian staff is based on Revised Estimates as given in the Budget as actual figures are still awaited. The figures for 2002-2003 not being the actuals, are to be treated as provisional

3.14 It is necessary to study the composition of revenue expenditure in terms of committed and other liabilities and their relation over time with the revenue expenditure and revenue receipts. Table 3.7 provides these details. Committed expenditure here includes interest payments, salary and wages, pensions and miscellaneous expenditure.

Table 3.7: Share of Committed Revenue Expenditure to Revenue Expenditure, Revenue Receipts and Non-Debt Receipts

(per cent)

Period	Revenue Expenditure			Revenue Receipts			Non-Debt Receipts		
	Interest	Others	Total	Interest	Others	Total	Interest	Others	Total
1985-2003	27.75	18.00	45.75	35.46	23.00	58.46	32.70	21.21	53.91
VIII Plan (1992-1997)	27.58	16.99	44.57	33.65	20.73	54.38	31.41	19.35	50.76
IX Plan (1997-2002)	29.10	18.73	47.83	38.38	24.70	63.08	35.75	23.01	58.76
2001-02	30.40	16.91	47.31	43.04	23.94	66.98	39.42	21.92	61.34
2002-03	30.41	15.82	46.23	41.55	21.61	63.16	36.45	18.96	55.41
Average Annual Rate of Shift in their Relative Shares									
1999-2000	3.27	-0.78	1.47	4.24	0.15	2.42	4.31	0.22	2.50

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

3.15 Total committed expenditure as defined above relative to revenue expenditure, revenue receipts and non-debt receipts (revenue receipts and non-debt capital receipts combined) had a positive shift rate indicating a general

increase in their relative shares. Shares of committed expenditure relative to revenue receipts increased from a trend average of 58.46 *per cent* during 1985-2003 to 66.98 *per cent* in 2001-02. Though it declined to 63.16 *per cent* in 2002-03, it left little over one third of receipts for other expenses. However, this was largely due to an increase in interest payments over the years. Salary and pension expenditures had a moderate shift rate in their shares relative to receipts and a negative shift rate relative to revenue expenditure. Committed expenditure in 2002-03 were 7.73 *per cent* of GDP as against 6.91 *per cent* during the VIII Plan (1992-1997).

Management of Subsidies

3.16 In any welfare state, it is not uncommon to provide subsidies/ subventions and transfer payments to disadvantaged sections of the society and for merit goods[1]. If the impact of the subsidies is in lowering the price of goods or inputs, which in turn makes these products affordable to target groups or/and encourages/facilitates greater production, such subsidies may be welfare-stimulating.

3.17 Table 3.8 presents a picture of the subsidies, which the government provided explicitly during the VIII and IX Plans and in the last two years on major items.

Table 3.8: Explicit Subsidies in the Union Government Budget

(Rupees in crore)

Period	Food and Sugar	Fertilizers	Export Promotion	Others	Total Subsidies	Subsidies(A)	Subsidies(B)
Average Annual Values							
VIII Plan (1992-1997)	4976	6088	571	1834	13469	1.32	8.55
IX Plan (1997-2002)	11199	11376	552	2964	26091	1.36	8.33
2000-02	17499	8091	616	5772	31978	1.40	8.51
2002-03	24176	7790	493	11549*	44008	1.80	10.74

* *Other subsidies included: Petroleum Subsidy (Rs 5225 crore); Sale of decontrolled fertilizers with concessions to farmers (Rs 3225 crore); Interest Subsidy (Rs 756 crore); Grant to NAFED (Rs 300 crore); Compensation for exchange loss (Rs 560 crore); Conversion of loans to Hindustan Copper Limited (Rs 660 crore); Write off of loans (Rs 464 crore); etc.*

(A) As a percentage of GDP *(B) As a percentage of Revenue Expenditure*

3.18 In absolute terms, explicit subsidies increased from an average of Rs 13,469 crore during the VIII Plan (1992-1997) to an average of Rs 26,091 crore during the IX Plan (1997-2002). Relative to GDP, subsidies marginally increased from 1.32 *per cent* during VIII Plan to an average of 1.36 *per cent* during the IX Plan (1997-2002). During current year, there was a sharp increase of 37.6 *per cent* in explicit subsidies and these reached 1.80 *per cent*

[1] Primary education, health and family welfare and public distribution of essential commodities are examples of merit goods.

of GDP and around 11 *per cent* of Union Government's revenue expenditure. Nearly three fourths of the increase in subsidy in 2002-03 was on account of food and fertilizers. Increased subsidy on food has partly been due to an open ended procurement, which made the Food Corporation of India a buyer of first resort resulting in huge accumulation of stocks and higher commitments for Government subsidy. Subsidies and committed expenditure put together reached 57 *per cent* of total revenue expenditure and over 74 *per cent* of revenue receipt. As *per cent* to GDP, these expenditures together were 9.52 *per cent* of GDP.

3.19 In addition to explicit subsidies, the Union Government also bears expenditure in the nature of implicit subsidies. Budgetary support to financial institutions and Banks, inadequate returns from its investment in PSUs and inadequate recovery of user charges from the social and economic services that are provided by the government, fall in the category of implicit subsidies. Table 3.9 below gives the return on investment and outstanding advances and user charges as percentage to revenue expenditure for social and economic services.

Table 3.9: Return on Investment and Advances and Recovery of User Charges (as a percentage of revenue expenditure for Social and Economic Services)

(per cent)

Period	Advances	Investment	Social Services	Economic Services
1987-2003	11.45	4.30	5.18	50.12
VIII Plan (1992-1997)	11.23	2.35	9.57	57.22
IX Plan (1997-2002)	14.15	5.30	3.59	55.80
2001-02	15.17	7.99	1.51	47.62
2002-03	15.11	8.83	2.03	43.07
Average Annual Rate of change in returns				
1987-2003	4.81	12.04	-10.95	-0.79

(Recovery of user charges is revenue receipts from social and economic services as per cent to their revenue expenditure)

3.20 Average rate of return on government's investment (based on opening stock of investment) increased from an average of 2.35 *per cent* during the VIII Plan (1992-1997) to 8.83 *per cent* in 2002-03. Average rate of interest on its advances (opening balances) also increased from 11.23 *per cent* to 15.11 *per cent* during the same period. Though there was no implicit subsidy on government's financial intermediation as average rate of interest received exceeded the interest cost on its borrowings, trend rate of return on government's investment at 4.30 *per cent* fell significantly short of the rate of interest (8.44 *per cent*) on government's borrowings. In social and economic services, recovery rates (revenue receipt/revenue expenditure) witnessed a decelerating trend. In economic services, which were largely earnings from railways, revenue receipts could meet only 43 *per cent* of revenue expenditure.

Expenditure on Social and Economic Services

3.21 In terms of activities, overall expenditure could be considered as being composed of general services (which include administration and defence), social services and economic services. The latter two categories are considered developmental in nature. Table 3.10 below indicates the trends in expenditure on social services and its various components.

Table 3.10: Expenditure on Social services - Trends and Composition

(Rupees in crore)

Period	Social Services	Education	Health	Water Supply	Information	Labour Welfare	Others
1987-2003	9673	3956	1334	1641	769	514	1459
VIII Plan (1992-1997)	6903	2696	901	887	986	465	968
IX Plan (1997-2002)	15998	6457	2227	3217	568	768	2761
2001-02	16284	7568	2956	3986	-3113	843	4044
2002-03	21810	9846	3164	4044	1170	764	2822
Average Annual Growth Rate *(per cent)*							
1987-2003	15.31	15.23	15.69	24.98		10.72	20.11
VIII Plan (1992-1997)	19.61	16.02	11.39	35.64	12.93	9.52	36.63
IX Plan (1997-2002)	7.96	11.38	19.15	12.90	*	10.68	25.93
2001-02	-11.96	7.38	13.89	14.24	*	-4.00	22.39
2002-03	33.94	30.10	7.04	1.46	*	-9.37	-30.23

Note: Due to change in major heads, etc., expenditure on social services (Education, Sports, Art and Culture, Health and Family Welfare, Water Supply, Sanitation and Housing, Information and Broadcasting, Labour and Labour Welfare, others.) in 1985-87 has been omitted. Due to a negative figure in 2001-2002 for expenditure on information services, calculation of growth rates for these periods was not feasible.

3.22 The overall social expenditure of the Union Government increased from an average of Rs 6903 crore during the VIII Plan (1992-1997) to Rs 21,810 crore in 2002-03. The long-term trend rate of growth in expenditure on social services was 15.31 *per cent* (1987-2003). There, however, was a sharp deceleration in these rates during the IX Plan and compared to the earlier plan, the squeeze was of over 10 percentage points. Within social services, expenditure on education, health and water supply and sanitation (including housing and urban development) were relatively buoyant. In the current year also, expenditure on education and health showed significant buoyancy.

3.23 The expenditure on components of economic services is indicated in Table 3.11 below.

Table 3.11: Expenditure on Economic Services- Trends and Composition

(Rupees in crore)

Period	Economic Services	Agriculture & Allied	Rural Development	Energy	Industry & Minerals	Transport	Posts	Telecom	Others
1987-2003	80883	12703	3606	5858	8771	29780	2383	8027	9755
VIII Plan (1992-1997)	69161	9665	3263	3061	7229	24246	1598	8417	11682
IX Plan (1997-2002)	121107	20048	5146	10158	12294	44714	3937	13554	11256
2001-02	141354	28294	6189	17043	13376	57163	5167	3739	10383
2002-03	154041	31101	11737	12118	13965	60415	5416	3486	15803
Average Annual Growth Rate *(Per cent)*									
1987-2003	11.96	16.16	25.49	10.77	7.47	12.03	14.29	9.77	7.45
VIII Plan (1992-1997)	9.35	14.89	81.37	4.36	2.17	9.22	13.62	26.75	-9.69
IX Plan (1997-2002)	6.36	18.28	2.79	1.23	8.78	14.26	19.11	-27.41	-5.55
2001-02	15.57	27.13	43.77	193.74	-3.15	11.74	5.69	-68.37	25.58
2002-03	8.98	9.92	89.64	-28.90	4.40	5.69	4.82	-6.77	52.20

3.24 The overall expenditure on economic services increased from an average of Rs 69,161 crore during the VIII Plan (1992-1997) to Rs 154,041 in 2002-03. The trend annual rate of growth of expenditure on economic services was 11.96 *per cent* during 1987-2003. As in the case of social services, average annual growth rates witnessed deceleration during the IX Plan (1997-2002). This deceleration of 3-percentage points was relatively moderate for economic services. There were wide inter year and inter services variations in the growth rates. Expenditure on agriculture and allied activities (including irrigation and flood control) and rural development were relatively buoyant. However, in case of rural development, rate of growth of expenditure sharply declined from an average of 81.37 *per cent* during the VIII Plan (1992-1997) to an average of 2.79 *per cent* during the IX Plan (1997-2002). The last two years, however, witnessed much greater allocation to this sector. In energy sector also, significant deceleration in growth rates was witnessed during the IX Plan. Negative growth in expenditure on telecommunication was, however, expected consequent upon the corporatization of the operations of the department.

3.25 It is more important to look at the expenditure on social and economic services relative to GDP as that indicates the relative priorities to these sectors and within these broad groups, priority given to a specific sector. Expenditure of the Union Government on social and economic services averaged 7.663 *per*

cent of GDP during 1987-2003. It constituted around 39 *per cent* of total expenditure of the Union Government. Expenditure on selected economic and social services relative to GDP is indicated in Table 3.12.

Table 3.12: Expenditure on Social and Economic Services Relative to GDP

(*per cent*)

Period	Social Services				Economic Services				
	Total	Education	Health	Others	Total	Agriculture & Rural Development	Energy	Transport	Others
1987-2003	0.759	0.310	0.103	0.346	6.904	1.242	0.497	2.530	2.635
VIII Plan (1992-1997)	0.661	0.261	0.088	0.312	6.813	1.230	0.305	2.389	2.889
IX Plan (1997-2002)	0.837	0.336	0.114	0.387	6.359	1.302	0.547	2.314	2.196
2001-02	0.709	0.330	0.129	0.250	6.156	1.502	0.742	2.490	1.422
2002-03	0.890	0.402	0.129	0.359	6.285	1.748	0.494	2.465	1.578
Average Annual Rate of Shift in Relative Share									
1987-2003	0.99	0.92	1.32	0.80	-1.94	2.70	-2.98	-1.88	-4.47

3.26 Expenditure on social services (excluding loans and advances in this sector) had a positive shift rate in their share relative to GDP during 1987-2003. Positive shift rate was also observed for two most important social services- education and health. However, despite a positive shift rate, overall allocation to social sectors was less than one *per cent* of GDP.

3.27 Expenditure on economic services, however, had a negative rate of shift in their share relative to GDP. Overall share of expenditure on economic services relative to GDP declined from a trend average of 6.904 *per cent* (1987-2003) to 6.285 in 2002-03. Within economic services, transport energy and other economic services had a negative rate of shift in their relative share. In case of agriculture and rural development, combined expenditure improved their relative share from an average of 1.230 *per cent* of GDP during the VIII Plan (1992-1997) to 1.748 in 2002-03.

3.28 Another way of looking at the expenditure on social and economic services is to have these analysed in terms of expenditure per person. Table 3.13 below presents per capita expenditure on selected social and economic services at 1993-94 prices. To neutralise the inflationary impact and to make the expenditure series comparable over years, expenditure on social and economic services has been deflated by GDP deflator.

Table 3.13: Per Capita Expenditure on Social and Economic Services
(In Rupees at 1993-94 prices)

Period	Social Services				Economic Services				
	Total	Education	Health	Others	Total	Agriculture & Rural Development	Energy	Transport	Others
1987-2003	82	33	11	38	727	135	52	267	273
VIII Plan (1992-1997)	68	27	9	32	693	127	31	243	292
IX Plan (1997-2002)	104	42	14	48	792	163	68	290	271
2001-02	95	44	17	34	823	201	99	333	190
2002-03	122	55	18	49	862	240	68	338	216
Average Annual Rate of Increase (*per cent*)									
1987-2003	4.72	4.65	5.06	4.53	1.68	6.49	0.60	1.74	-0.94

3.29 Per capita expenditure of the Union Government on social services at 1993-94 prices increased from an average of Rs 68 during the VIII Plan (1992-1997) to Rs 122 in 2002-03. Average annual rate of growth in per capita expenditure on social services was 4.72 *per cent* during 1987-2003. Average annual growth in education sector was marginally lower while for health sector it exceeded the growth of the total sector.

3.30 In the case of economic services, per capita expenditure at constant 1993-94 prices increased from an average of Rs 693 during the VIII Plan (1992-1997) to Rs 862 in 2002-03. Average annual trend rate of growth of per capita expenditure during 1987-2003 was 1.68 *per cent*. The expenditure on agriculture and rural development had the highest growth of 6.49 *per cent*, while energy and transport sectors recorded only a moderate growth.

Chapter 4

DEFICITS: MANAGEMENT OF FISCAL IMBALANCES

4.1 The annual budget indicates three types of deficits, *viz.* revenue, fiscal, and primary. This chapter discusses the nature and magnitude of these deficits, their trend over time and the manner of financing these deficits. Deficits arise because of imbalances in revenue and expenditure. These imbalances could be transient or structural. In the Indian context, fiscal imbalances have both been large and persistent. Besides the size and regularity, its composition, in particular that of the revenue deficit that finances current consumption, has also been a cause of concern.

4.2 Table 4.1 presents the break-up of the deficit during 2002-03. There was a deficit in the CFI amounting to Rs 38,894 crore and a surplus in the Public Account amounting to Rs 37,011 crore. The shortfall amounting to Rs 1,883 crore was met good by drawal from the cash balances.

Table 4.1: Deficits in Government Account

(Rupees in crore)

CONSOLIDATED FUND					
Receipt	**Amount**			**Disbursement**	**Amount**
Revenue	299,826	**Revenue deficit**	**109,765**	Revenue	409,591
Non-debt Capital Receipts	3,151			Capital	30,497
Recovery of loans & advances	38,745			Disbursement of Loans & advances	36,222
Sub total CFI (other than public debt)	341,722			Sub total CFI (other than Public Debt)	476,310
Public debt	435,371	**Fiscal deficit**	**134,588**	Public debt repayment	339,677
Total (CFI)	**777,093**	**A: Deficit in CFI**	**38,894**		**815,987**
PUBLIC ACCOUNT					
Small savings, provident funds etc.	199,340			Small savings, provident funds etc.	161,495
Reserve Fund[1]	20,713			Reserve Fund	18,315
Deposits & Advances[2]	80,242			Deposits & Advances	75,745
Suspense & miscellaneous[3]	6,047			Suspense & miscellaneous	14,299
Remittances[4]	893			Remittances	370
Total Public Account	**307,235**	**B: Surplus in Public Account: 37,011**			**270,224**
Decrease in cash balance {A-B} = 1,883					

1. Includes Depreciation Reserve Funds – Railways, Revenue Reserve Funds – Railways, Sugar Development Funds, Mines Welfare Funds, National Renewal Funds etc.
2. Includes Security Deposits of Railways, Telephone Application Deposits, Postal Deposits, Forest Advances, Departmental Advances etc.
3. Includes amounts awaiting final adjustments in the accounts like Pay and Accounts Office Suspense, Suspense Account P&T, Defence, Railways and Tele-Communication, Coinage Accounts, Cheques and Bills etc.
4. Includes money in transit like Money Orders. RBI Remittances, Small Coin Depot Remittances, Mint Remittances etc.

4.3 The surpluses and deficits in the Consolidated Fund or Public Account only indicate the excess of receipts or disbursements in these accounts and these do not constitute fiscal deficits or surpluses. Fiscal deficit of the Union Government indicates the excess of its total expenditure consisting of revenue and capital expenditures and loans and advances over its non-debt receipts (comprising revenue receipts, miscellaneous capital receipts and recoveries of loans and advances, which do not create any fiscal liability for the government). In the year 2002-03, total expenditure of the Union Government at Rs 476,310 crore exceeded its non-debt receipts by Rs 134,588 crore. The fiscal deficit, at this level, was 5.49 *per cent* of GDP. This was met by raising public debt of Rs 95,694 crore (net of repayments), use of the surpluses in public account amounting to Rs 37,011 crore and Rs 1,883 crore by way of drawal from cash balances.

4.4 There was also a revenue deficit, as revenue expenditure could not be fully met by receipts. There was a shortfall of Rs 109,765 crore. Revenue deficit accounted for nearly 82 *per cent* of the fiscal deficit and was 4.48 *per cent* of GDP.

Deficits: Trends

4.5 Table 4.2 indicates the trend in various facets of fiscal imbalances together with the trends of revenue and expenditure. **Appendix-IV-A** presents deficit for the last 27 years.

Table 4.2: Magnitude of Deficits

(Rupees in crore)

Period	Revenue Receipts	Non-Debt Receipts	Revenue Expen-diture	Total Expen-diture	Interest Payments	Revenue Deficit	Fiscal Deficit	Primary Deficit
1985-2003	142503	154526	182090	225653	50534	39587	71128	20594
VIII Plan (1992-1997)	131601	140973	160541	203539	44280	28940	62565	18285
IX Plan (1997-2002)	237397	254827	313109	374502	91102	75712	119675	28573
2001-02	265279	289658	375582	445491	114173	110303	155833	41660
2002-03	299826	341722	409591	476310	124573	109765	134588	10015
Average Annual Trend Rate of Growth *(per cent)*								
1985-2003	13.37	13.29	14.43	12.73	18.17	18.83	11.56	0.23
VIII Plan (1992-1997)	15.61	14.51	14.64	11.87	17.44	10.88	6.42	-19.36
IX Plan (1997-2002)	8.12	8.74	10.40	8.86	14.90	17.29	9.00	-5.48
2001-02	3.61	5.35	9.61	12.54	10.61	27.35	28.92	136.03
2002-03	13.02	17.97	9.06	6.92	9.11	-0.49	-13.63	-75.96

4.6 Revenue deficit of the Union Government increased from an average of Rs 28,940 crore during the VIII plan (1992-1997) to Rs 109,765 crore in 2002-03. The average annual trend growth of revenue deficit during 1985-2003 was 18.83 *per cent*. Immediately after initiation of economic reforms in 1991, there was a deceleration in the rate of growth of this deficit (average annual rate of growth declined by about 8-percentage points compared to the long-term trend) but could not be sustained during the IX plan (1997-2002). A higher growth of revenue expenditure relative to revenue receipt contributed to the rising revenue deficit. During 1985-2003, while revenue expenditure increased at an average annual rate of 14.43 *per cent*, rate of growth of revenue receipt was 13.37 *per cent* only. During the VIII plan (1992-1997), there was a positive spread of about one-percentage point between the growth of revenue receipt and revenue expenditure, which resulted in deceleration in the rate of growth of revenue deficit. During the IX plan (1997-2002), this spread again became negative leading to a faster rise in revenue deficit.

4.7 Fiscal deficit recorded a relatively lower growth during this period. However, as in the case of revenue deficit, rate of growth of fiscal deficit also witnessed acceleration during the IX plan (1997-2002) compared to the earlier period. Overall fiscal deficit increased from an average of Rs 62,565 crore during the VIII plan (1992-1997) to Rs 134,588 crore in 2002-03. Though there was a small positive spread of 0.56-percentage points between rate of growth of non-debt receipts and total expenditure (1985-2003), this spread was not adequate to result in any improvement in fiscal deficit. During the VIII plan (1992-1997), this spread increased to 2.64 *per cent*, which to some extent resulted in fiscal consolidation. This positive spread, however, was due to a moderate growth in capital expenditure and not through any squeeze in revenue expenditure or deceleration in its growth or its lower growth relative to receipts.

4.8 Fiscal deficit represents the net annual borrowing by the government. However, a part of such borrowing is resorted to finance interest payments on the past obligations. It may, therefore, be necessary to look at the net current imbalances. Primary deficit, which is arrived at after deducting the interest payments, measures such current imbalances. Overall primary deficit declined from an average of Rs 18,285 crore during the VIII plan (1992-1997) to Rs 10,015 crore in 2002-03, indicating a declining trend in current fiscal imbalances. A relatively faster increase in interest payments contributed to a moderate growth in primary deficit. Interest payments, as indicated earlier, were the fastest growing component of total expenditure.

4.9 In 2002-03, all the three variants of deficit witnessed improvement. Revenue deficit recorded a negative growth of 0.49 *per cent*. Decline in fiscal deficit was even larger at 13.63 *per cent*. Primary deficit witnessed an even stronger decline and became a quarter of the previous year's Rs 41,660 crore.

Revenue Deficit

4.10 Revenue deficit represents government's dis-saving and inter-temporally, a shift to present consumption. Of the three variants of deficit, persistent revenue deficit is considered most undesirable in view of its adverse impact on capital formation by the government. Table 4.3 summarises the magnitude of the revenue deficit relative to revenue receipts, revenue expenditure and GDP over the plans and during the last two years.

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

(per cent)

Period	GDP	Revenue Receipts	Revenue Expenditure
1985-2003	3.51	27.78	21.74
VIII Plan (1992-1997)	2.80	21.99	18.03
IX Plan (1997-2002)	3.94	31.89	24.18
2001-02	4.80	41.58	29.37
2002-03	4.48	36.61	26.80
Average Annual Rate of Shift of the Relative Share			
1985-2003	3.85	4.82	3.85

4.11 Revenue deficit increased from an average of 2.80 *per cent* of GDP during the VIII Plan (1992-1997) to an average of 3.94 *per cent* during the IX Plan (1997-2002). It was around 22 *per cent* of the revenue receipts and around 18 *per cent* of revenue expenditure during 1992-1997, which increased to 32 *per cent* of revenue receipts and 24 *per cent* of revenue expenditure during 1997-2002. During 2002-03, revenue deficit was around 37 *per cent* of revenue receipt and 27 *per cent* of revenue expenditure. The ratio of revenue deficit relative to all the three-macro aggregates had a positive shift rate in its relative share. The ratio of revenue deficit to revenue receipts/expenditure indicates the increase/ decrease in revenue receipts/expenditure that was needed to have current expenditure being fully met by current receipts without net dis-saving by the government.

Fiscal Deficit

4.12 Table 4.4 indicates the ratio of fiscal deficit to GDP, non-debt receipts and total expenditure over the Plans and during the last two years.

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

(per cent)

Period	GDP	Non-Debt Receipts	Aggregate Expenditure
1985-2003	6.31	46.03	31.52
VIII Plan (1992-1997)	6.04	44.38	30.74
IX Plan (1997-2002)	6.23	46.96	31.96
2001-02	6.79	53.80	34.98
2002-03	5.49	39.39	28.26
Average Annual Rate of Shift of the Relative Share			
1985-2003	-2.50	-1.52	-1.03

4.13 The ratio of fiscal deficit to GDP witnessed a negative shift rate during 1985-2003. Major improvement was, however, achieved during the VIII plan (1992-1997) compared with the VII plan (1985-1990) when fiscal deficit-GDP ratio averaged 8.09 *per cent*. During this period, there was a positive spread of 4.67 *per cent* between GDP growth and the growth of total expenditure. (Though the spread was positive during 1997-2002, a negative spread of 13.33 in 1997-98 increased the fiscal deficit in that year and that led to an increase in average fiscal deficit-GDP ratio for 1997-2002). Fiscal deficit financed nearly 32 *per cent* of total expenditure during the IX plan (1997-2002). This ratio declined to 28.26 *per cent* in 2002-03. As a percentage to non-debt receipts, fiscal deficit declined from an average of 44.38 *per cent* during the VIII plan (1992-1997) to 39.39 *per cent* in 2002-03. Ratio of fiscal deficit to non-debt receipts and total expenditure also had a negative shift rate as overall spread between the two-macro parameters growth rates during 1985-2003 remained positive.

4.14 It may be desirable to study the components of fiscal deficit and their movement over the Plan periods.

Table 4.5: Components of Fiscal Deficit- Relative Share

(per cent)

Period	Revenue Deficit	Net Capital Expenditure	Net Loans & Advances
1985-2003	55.66	24.37	19.97
VIII Plan (1992-1997)	46.26	28.25	25.49
IX Plan (1997-2002)	63.27	19.53	17.20
2001-02	70.79	17.74	11.47
2002-03	81.55	20.32	-1.87
Average Annual Rate of Shift in the Relative Share			
1985-2003	6.51	-4.69	-5.97

4.15 The ratio of revenue deficit to fiscal deficit had a positive shift rate of 6.51 *per cent* per annum during 1985-2003. It accounted for 46.26 *per cent* of the fiscal deficit during the VIII plan (1992-1997) that increased to 81.55 *per cent* in 2002-03. Continuous recourse to fiscal deficit for meeting the current expenses indicated erosion in the assets back up for the Union Government's liabilities. Since an increasingly large part of the fiscal deficit was used to finance current expenditure, the capital expenditure and loans and advances became variables of adjustment, as resources could not be allocated for these purposes.

4.16 In 2002-03, the proportion of fiscal deficit or incremental borrowings allocated to finance capital expenditure declined to 20.32 *per cent*. New loans and advances made by Union Government in 2002-03 were less than the recovery of past loans and there was no need to allocate borrowed funds for this purpose.

Primary Deficit

4.17 Table 4.6 indicates the ratio of primary deficit to GDP, non-debt receipts of the Union Government and revenue expenditure. Primary deficit/GDP ratio declined from an average of 1.77 *per cent* during the VIII plan (1992-1997) to a level of 0.41 in 2002-03. Decline in the ratio of primary deficit to GDP was due to increasing interest payments. Rate of growth of these payments had exceeded the GDP growth by 3.75 percentage points during 1985-2003. There was also a negative shift in the ratio of primary deficit to non-debt receipts as also in the ratio of primary deficit to revenue expenditure as relative rates of growth of these two components was less than the rate of growth of interest payments.

Table 4.6: Primary deficit- Selected Ratios

(per cent)

Period	GDP	Non Debt Receipts	Revenue Expenditure
1985-2003	1.83	13.33	11.31
VIII Plan (1992-1997)	1.77	12.97	11.39
IX Plan (1997-2002)	1.49	11.21	9.13
2001-02	1.81	14.38	11.09
2002-03	0.41	2.93	2.45
Average Annual Rate of Shift in the Relative Share			
1985-2003	-12.40	-11.53	-11.39

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

4.18 Improvement in primary deficit would indicate a better outlook for the future, as the revenue receipts and non-debt capital receipts would cover current operations as interest payments are for the liabilities incurred in the earlier years. Existence of the primary deficit indicates that even the interest on past fiscal liabilities had to be funded through fresh borrowings to that extent.

Chapter 5

MANAGEMENT OF FISCAL LIABILITIES

5.1 Internal debt, external debt and other liabilities are the three sets of liabilities that constitute the Union Government debt. Internal and external debt constitute public debt and is secured under the Consolidated Fund of India. Internal debt includes market loans, special securities issued to Reserve Bank of India and National Small Savings Fund, compensation and other bonds and other rupee securities. External debt represents the loans received from foreign governments and bodies. The other liabilities of the government arise more in its capacity as a banker rather than a borrower. These borrowings or accruals are not secured under CFI and are shown as part of public account. All these liabilities, however, are obligations of the government.

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

Aggregate Fiscal Liabilities: Trends and Composition

5.3 Table 5.1 presents aggregate liabilities of the government including internal debt and external debt reckoned both at the current rate of exchange and at the historic rate (the rate at which the debt was originally contracted) and the Public Account during 1985-2003. Annual total liability in terms of its composition is indicated in **Appendix-V-A.**

Table 5.1: Aggregate Fiscal Liabilities- Trends & Composition

(Rupees in crore)

Period	Internal Debt	External Debt at Historic Rates	Public Accounts	Total liabilities (at historic rates)	External Debt (at Current Rates)	Total liabilities (at current rates)
1985-2003	360804	44355	196373	601532	120695	677872
VIII Plan (1992-1997)	272725	49206	218152	540083	137732	628609
IX Plan (1997-2002)	655942	61703	292049	1009694	183073	1131064
2001-02	913061	71546	286582	1271189	199897	1399540
2002-03	1020689	59612	331419	1411720	196068	1548176
Average annual Rate of Growth (*per cent*)						
1985-2003	16.81	7.99	11.37	14.42	12.84	14.65
VIII Plan (1992-1997)	14.13	5.95	14.80	13.62	5.88	12.48
IX Plan (1997-2002)	25.42	6.77	-7.05	12.80	5.05	11.85
2001-02	13.61	8.49	16.91	14.03	5.20	12.97
2002-03	11.79	-16.68	15.65	11.06	-1.92	10.62

Depiction of external debt at current rate of exchange in finance accounts commenced from 1991-92. Earlier data of external debt at current exchange rate have been taken from Reserve Bank of India to complete the series.

5.4 Aggregate fiscal liabilities increased from an average of Rs 628,609 crore during the VIII Plan (1992-1997) to Rs 1548,176 crore in 2002-03. Average annual trend rate of growth of these liabilities was 14.65 *per cent*

during 1985-2003. Internal debt was not only the most predominant component of the aggregate liabilities, accounting for around two thirds of these in 2002-03, but was also the fastest growing component with its growth averaging 16.81 *per cent*. Public account liabilities had the lowest growth of 11.37 *per cent*. These two components, which in terms of the origin are domestic liabilities, constituted over 87 *per cent* of the aggregate liabilities in 2002-03. Share of these two components in aggregate liabilities also improved from an average of 78 *per cent* during the VIII Plan (1992-1997) to the current level. External liabilities at current exchange rate constituted around 13 *per cent* of the aggregate liabilities in 2002-03 and grew at an average annual rate of 12.84 *per cent*. Aggregate liabilities show a moderate deceleration in their growth rates over years. External liabilities at historic rate, though grew at a lower rate, were only of accounting interest as repayment obligations of this debt are to be met at the current rate of exchange only.

Fiscal Liabilities relative to GDP

5.5 Table 5.2 gives the aggregate fiscal liabilities of the Union Government relative to GDP. Aggregate fiscal liabilities-GDP ratio peaked during 1991-92 when it reached 65.43 *per cent* of GDP. This ratio decelerated to an average of 60.72 during the VIII Plan (1992-1997) and further to an average of 58.90 *per cent* during the IX Plan (1997-2002). In the last three years, fiscal liabilities – GDP ratio witnessed worsening trend and reached 63.16 *per cent* of GDP in 2002-03. Two factors are identified as contributing to the fiscal liabilities-GDP ratio. One is the cumulated effect of the primary deficit and the other, the cumulated effect of the difference between growth rate of GDP and interest rates. Since for most part of 1985-2003, average rate of interest on Union Government liabilities was below the rate of growth of GDP, nearly two thirds of impact of cumulated primary deficit was absorbed by this positive gap. The situation underwent a change in last two years and spread between GDP growth and interest rates became negative, which led to an increase in fiscal liabilities-GDP ratio. The long-term tendency of the ratio of fiscal liabilities to GDP ratio was of acceleration with an average annual rate of shift of 0.20 *per cent* during 1985-2003.

Table 5.2: Fiscal Liabilities Relative to GDP

(per cent)

Period	Internal Debt	External Debt at Historic Rates	Public Accounts	Total liabilities	External Debt at Current Rates	Total liabilities
1985-2003	31.99	3.93	17.41	53.33	10.70	60.10
VIII Plan (1992-1997)	26.34	4.75	21.07	52.16	13.30	60.72
IX Plan (1997-2002)	34.16	3.21	15.21	52.58	9.53	58.90
2001-02	39.77	3.12	12.48	55.37	8.71	60.96
2002-03	41.64	2.43	13.52	57.59	8.00	63.16
Average Annual Rate of Shift in Relative Shares						
1985-2003	2.09	-5.62	-2.66		-1.38	0.20

5.6 It would be appropriate to look at the aggregate fiscal liabilities relative to the revenue receipts of the Union Government. Table 5.3 gives the ratio of outstanding fiscal liabilities as a percentage of the non-debt receipts, revenue receipts and receipts after providing for the committed liabilities.

Table 5.3: Outstanding Fiscal Liabilities as a percentage of Non-Debt Receipts, Revenue Receipts and Uncommitted Receipts

Period	Non-Debt Receipt	Revenue Receipt	Uncommitted Receipt
1985-2003	439	476	1145
VIII Plan (1992-1997)	446	478	1047
IX Plan (1997-2002)	444	476	1290
2001-02	483	528	1598
2002-03	453	516	1401
Average Annual Rate of Shift in Relative Shares			
1985-2003	1.20	1.13	4.12

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

5.7 The ratio of fiscal liabilities to revenue, non-debt and uncommitted receipts had a positive shift rate during 1985-2003. The rate of growth of fiscal liabilities exceeded the rate of growth of above three parameters. Average percentage of fiscal liabilities to non-debt receipts increased from 446 during the VIII Plan to 483 in 2001-02. It, however, declined to 453 in 2002-03. Sharp increase in these ratios in 2001-02 was due to a moderate growth of revenue parameters. As against a growth of 5.36 *per cent,* 3.61 *per cent* and 0.69 *per cent* for non-debt receipts, revenue receipts and uncommitted receipts respectively fiscal liabilities grew by 12.97 *per cent* in 2001-02. A recovery in their growth during the current year improved these ratios to some extent. Notwithstanding this moderation in 2002-03, the level of aggregate fiscal liabilities relative to receipts parameters as indicated above was very high.

Debt Sustainability

5.8 Fiscal liabilities are considered sustainable if the government is able to service the stock of these liabilities over foreseeable future and debt-GDP ratio does not grow to explosive proportions. A necessary condition for stability is the Domar's Debt Stability Equation. It states that if the rate of growth of economy exceeds the rate of interest on the debt, the debt GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. In a situation where the rate of interest is higher than the rate of growth of output, the debt GDP ratio would continue to rise unless the primary balances turn positive. The sustainability of debt is also examined in relation to the inter-temporal budget constraints; sustainability rests on whether the past behaviour of revenue, expenditure and fiscal deficits could be continued indefinitely without any adverse implications or response from lenders. As such, the question of sustainability of debt involves consideration of whether Ponzi Financing has been used as a debt management strategy. The

solvency or the overall budget constraints also require that initial debt stock equals the present discounted value of primary surplus in future. The equality of the current debt and present value of surplus do not necessarily imply that debt is ultimately re-paid or even that debt is ultimately constant. All it implies is that debt ultimately grows less rapidly than the interest rate. Debt stabilisation can take place in one of two possible ways. If the nominal growth rate of the economy exceeds the nominal rate of interest on domestic debt, which can happen under financial repression, stabilisation of domestic debt is possible while still running a primary deficit (even in excess of monetisation). But if the nominal interest rate exceeds the growth rate, the primary deficit must be sufficiently less than monetisation for debt stabilisation to be possible.

5.9 Debt sustainability has been examined in terms of some of the following parameters:

- Rate of interest in relation to GDP growth or Domar gap
- Rate of Interest and the growth of debt in terms of debt satisfying inter-temporal budget constraints
- Application of borrowed funds in terms of assets back up for the liabilities
- Net availability of funds from the gross borrowings after payment of principal and interest

5.10 The average interest rate (nominal) on total debt over time, as indicated in Table 5.4 remained lower than the rate of growth of GDP at the market prices during 1985-2003. However, in the last two years, rate of growth of GDP remained lower than the average interest rates on internal debt. Increase in fiscal liabilities during this period was, therefore, more than the size of primary deficit would suggest. Or alternatively, the reversal of this trend with the GDP growth- interest rate spread becoming negative indicated that there was no absorption of a part of incremental liabilities through high GDP growth. This also violated the necessary condition of debt sustainability. Further with a large debt overhang, moderation/softening of interest rates failed to make much impact on the interest burden of the government.

Table 5.4: Average Interest Rate on fiscal liabilities

(per cent)

Period	Internal Liabilities	External debt	Aggregate Liabilities	Rate of growth of GDP	Interest Spread
1985-2003	9.74	2.77	8.44	14.42	5.98
VIII Plan (1992-1997)	9.37	3.07	7.91	16.54	8.63
IX Plan (1997-2002)	10.42	2.51	9.06	10.64	1.58
2001-02	10.48	2.26	9.22	9.11	-0.11
2002-03	10.03	2.13	8.90	6.75	-2.15
Average Annual Rate of growth					
1985-2003	2.64	-1.61	2.50		

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

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

Table 5.5: Buoyancy of assets and Ratio of Assets to Liabilities

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

Period	Aggregate Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of Liabilities	Annual Growth of Assets	Buoyancy of Assets
1985-2003	677872	372626	54.97	14.65	10.77	0.735
VIII Plan (1992-1997)	628608	362555	57.68	12.48	10.31	0.826
IX Plan (1997-2002)	1131064	575689	50.90	11.85	8.28	0.699
2001-02	1399540	665373	47.54	12.97	7.95	0.613
2002-03	1548176	693286	44.77	10.62	4.18	0.394

5.12 The ratio of assets to liabilities witnessed a secular decline from an average of 57.68 *per cent* during the VIII Plan (1992-1997) to less than 45 *per cent* in 2002-03. Average annual rate of shift in this ratio was (-) 3.38 *per cent* during 1985-2003. By 2002-03, more than half of the Union Government liabilities ceased to have an assets back up. Overall rate of growth of assets not only remained lower than the rate of growth of liabilities, the spread between these growth rates was also widening. Buoyancy of the assets to liabilities also declined from 0.826 during the VIII Plan (1992-1997) to 0.394 in 2002-03. If debt receipts were used to create income-generating assets, it could enhance debt-servicing capabilities.

5.13 Another issue in debt sustainability is the ratio of the debt redemption to total debt receipts. A higher ratio would indicate that to the extent debt receipts were used in debt redemption, there was less net accrual of resources. Table 5.6 gives the ratio of debt redemption to debt receipts during 1985-2003 and over VIII and IX Plan periods along with the information of two most recent years.

Table 5.6: Ratio of Debt redemption to Debt Receipts

Period	Debt Receipts	Debt Repayment		Debt Repayment (1) / Debt Receipts	Debt Repayment (2) / Debt Receipts
		Principal (1)	Principal+ Interest (2)		
	(Rs in crore) (Annual Average)			*(per cent)*	
1985-2003	322847	251554	302088	77.92	93.57
VIII Plan (1992-1997)	266443	203787	248066	76.48	93.10
IX Plan (1997-2002)	530341	411106	502208	77.52	94.70
2001-02	524176	366629	480802	69.94	91.73
2002-03	623645	485764	610337	77.89	97.87

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

Cash Management

5.14 With Union Government entering into an agreement with Reserve Bank of India in 1994, a system of automatic monetisation of budget deficit was phased out in 1997. Effective from April 1997, a new scheme of Ways and Means advances (WMA) was introduced to facilitate the government to overcome the temporary mismatches in its cash flows. This system had demanded greater skill in debt management and also cash management. While there was a need to avail WMA on a continuous basis, system seems to have stabilized. There were no outstanding WMA balances at the end of the year 2002-03. (Table 5.7)

Table 5.7: Ways and Means Advances

(Rupees in crore)

Year	Opening Balance	Addition during the Year	Discharge during the Year	Outstanding Ways and Means Advances
1997-1998	--	17239	15239	2000
1998-1999	2000	92257	91215	3042
1999-2000	3042	124972	127032	982
2000-2001	982	131300	126887	5395
2001-2002	5395	170953	171172	5176
2002-2003	5176	118961	124137	Nil

Unutilised Committed External Assistance

5.15 As on 31 March 2003, unutilised committed external assistance was of the order of Rs 67,365 crore. Much of the unutilised external assistance was for projects in the infrastructure sector (details in **Appendix-V-B**). Table 5.8 shows the year wise unutilised committed external assistance.

Table 5.8 Unutilised Committed External Assistance

(Rupees in crore)

Year	Amount
1990-1991	50551
1999-2000	56917
2000-2001	56920
2001-2002	62565
2002-2003	67365

5.16 Commitment charges on undrawn external assistance are to be paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head 'interest obligation'. Table 5.9 indicates charges paid to various bodies/governments during 1990-2003 as commitment charges for rescheduling of drawal of assistance at a later date. This points to continued inadequate planning resulting in avoidable expenditure in the form of commitment charges (Rs 67.19 crore in 2002-03).

Table 5.9: Commitment Charges

(Rupees in crore)

Year	ADB	France	Germany	IBRD	Sweden	Total
1990-1991	7.73	1.34	2.63	31.14	19.89	62.73
1995-1996	35.37	0.30	2.43	20.12	0.72	58.94
1998-1999	22.83	0.21	0.66	23.89	--	47.59
1999-2000	15.71	0.36	0.37	25.33	--	41.77
2000-2001	13.52	0.27	0.19	26.25	--	40.23
2001-2002	12.84	0.22	0.76	34.64	--	48.46
2002-2003	26.45	0.19	0.95	39.60		67.19

Source: External Assistance Brochure 2002-2003.

Growth in Contingent Liabilities of the Union Government

5.17 Contingent liabilities of the Union Government arise because of its role in promoting investment and in reducing the credit risk for investors, especially in those activities where the nature of investment is characterised by long gestation periods. While guarantees do not form part of debt as conventionally measured, in the eventuality of default, this has the potential of aggravating the debt position of the government. The issue of guarantees assumes significance in the context of the growing investment needs for infrastructure, participation by the private sector in such projects and its increasing probability of being invoked. In exchange risk guarantees provided for Resurgent India Bonds and India Millennium Deposits there was substantial financial outgo from the government receipts. Table 5.10 gives the position regarding the maximum amount of guarantees and sums guaranteed and outstanding at the end of the financial year during 1991-92 to 2002-03.

Table 5.10: Guarantees Given by Union Government

(Rupees in crore)

Position at the end of the year	Maximum amount of guarantee	Sums Guaranteed Outstanding	External Guarantees Outstanding	External Guarantees Outstanding as % to sums Guaranteed Outstanding
1991-1992	55063	46744	20908	44.73
1999-2000	144438	83954	47663	56.77
2000-2001	135678	86862	55664	64.08
2001-2002	168712	96859	57006	58.65
2002-2003	174487	90617	51097	56.39

5.18 Outstanding guarantees as on 31 March 2003 were less than 7 *per cent* of the aggregate fiscal liabilities of the Union Government. Total outstanding guarantees were less than 4 *per cent* of GDP and 30 *per cent* of the revenue receipts that accrued to the Union. These guarantees, however, do not include the volume of implicit contingent liabilities in the nature of open-ended pension payments.

5.19 Ministries/Departments of the government are required to levy guarantee fee at the rate of one *per cent* on internal and 1.2 *per cent* on

external borrowings as per the instructions of the Union Government. Guarantee fee is to be levied on the date of guarantee and thereafter on 1 April every year. Where the guarantee fee is not paid on due date, it should be charged at double the normal rate. Table 5.11 indicates that the recoveries of guarantee fee have not been made effectively resulting in short recoveries.

Table 5.11: Guarantee Fee

(Rupees in crore)

Year	Sums guaranteed outstanding			Guarantee fee due			Total guarantee fee received	As *per cent* to total outstanding guarantee
	Internal	External	Total	Internal	External	Total		
1991-1992	25836	20908	46744	258	251	509	2	--
1999-2000	36291	47663	83954	363	572	935	280	0.33
2000-2001	31197	55664	86862	312	668	980	542	0.62
2001-2002	39853	57006	96859	399	684	1083	484	0.50
2002-2003	39520	51097	90617	395	613	1008	491	0.55

5.20 As a result of the sharp rise in debt servicing, an overwhelming proportion of the total disbursement out of the CFI is charged on the Fund, i.e., it is not subject to vote by Parliament. During 2002-2003, out of a total disbursement of Rs 815987 crore, only 38 per *cent* was voted by the Parliament. 62 per *cent* of the total disbursement was applied towards debt service obligations, i.e., loan repayment and interest payment.

Chapter 6

APPROPRIATION ACCOUNTS 2002-03: INTRODUCTION

Constitutional provisions

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

6.2 The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of 96 grants and appropriations of civil ministries. The Ministries of Defence and Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. The Comptroller and Auditor General of India submits four different Appropriation Accounts pertaining to different sectors of activities of the government, *viz.* Civil, Defence, Posts and Railways, along with his Report under Article 151 of the Constitution, to the President every year, who causes them to be laid before Parliament. Details of demands for grants and appropriations of various ministries during 2002-03 were as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	96
Defence Services	5
Postal Services	1
Railways	16
Total:	**118**

6.3 This Report contains audit observations on the Appropriation Accounts (Civil, Postal and Defence Services), including an analysis of expenditure in excess of allocation requiring regularisation by Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions made without requirement by some Ministries, expenditure on new instruments of service, unrealistic budgeting and detailed

observations in respect of the Ministries selected for in-depth examination. For facility of better appreciation of sectoral features, all grants relating to Civil departments, Posts and Defence appropriation have been dealt with comprehensively. References to Railway appropriations have been made, wherever necessary, in order to cover the appropriation process in totality. Audit findings on Railway appropriations are, however, available in Audit Report No.8 of 2004.

A summary

6.4 Table 6.1 gives the total provision (both charged and voted) and disbursement during 2002-03. **Appendix-VI-A** presents the details of the summary of Appropriation Accounts of Civil Ministries/Departments, Postal, Defence Services and Railways.

Table 6.1: Provision and Disbursements during 2002-03

(Rupees in crore)

Departments	Total Provision	Disbursements	Unspent provision
Civil	777801	717952	59849
Posts	5619	5518	101
Defence Services	67220	57955	9265
Railways	72282	69550	2732
Grand Total	**922922**	**850975**	**71947**

6.5 Out of the overall unspent provision amounting to Rs. 59849.32 crore in the grants pertaining to civil ministries/departments, Rs. 376.10 crore was on account of less than the budgeted payment of interest on 14 and 364 days Treasury bills being paid owing to easy liquidity conditions and less issue of 14 days treasury bills. Excluding this, the unspent provision was Rs. 59473.22 crore.

6.6 There were net unspent provisions in 199 sections and excess in 9 sections under the grants/appropriations relating to Civil ministries, unspent provision in 4 sections of Posts, unspent provisions in 10 sections of Defence Services and unspent provision in 18 sections and excess in 11 sections of Railways. **Appendix-VI-B** presents an abstract of the details.

Charged and Voted disbursement

6.7 **Appendix-VI-C** contains the details of the disbursements actually made against approved demands (grants and appropriations) of the Civil ministries for the years 1991-2003. During these years, 66 to 77 *per cent* of the total disbursements for the Civil ministries was charged on the Consolidated Fund of India.

6.8 During 2002-03, the total disbursements of Rs 717952 crore under Civil ministries were Rs 42428 crore higher than the total disbursement of Rs 675524 crore during 2001-02. It increased by 298 *per cent* from Rs. 180575 crore in 1991-92 to Rs. 717952 crore during 2002-03. The charged disbursements increased by 312 *per cent* from Rs. 122373 crore to Rs. 504119 crore and voted disbursements increased by 267 *per cent* from Rs. 58202 crore to Rs. 213833 crore. The charged disbursements of Civil ministries during 2002-03 were mainly on account of interest payments (Rs. 124573 crore, which was 9 *per cent* higher than Rs. 114173 crore for 2001-02), repayment of debt (Rs. 339677 crore), transfers to State and Union Territory governments mainly on account of block grants, loans for State plan schemes, loans to States and UTs against net small savings collection, loans for rural electrification etc., excluding share of net collection of income tax (Rs. 37906 crore) and others (Rs. 1963 crore); and, constituted 70 *per cent* of the total disbursements.

6.9 Since charged disbursements are not subject to vote by Parliament, effectively the scope of financial control by Parliament is limited to about 30 *per cent* of the total disbursement in the civil ministries. However, viewed against the background of the total disbursements from the CFI (gross - Rs. 850975 crore), the percentage of charged disbursements was 59 *per cent* (Rs. 504188 crore) (including Post, Defence & Railways). If the disbursement on salary and allowances, which is largely inflexible, is also added to it, only about 25 *per cent* of the total disbursement of the Consolidated Fund of India is effectively subject to the vote of Parliament.

Disbursements

6.10 The details given in **Appendix-VI-D** would indicate that major part of disbursements on grants-in-aid to State/Union Territory governments, capital outlay and investments, were made in the month of March 2003. Since the funds released in March to various organisations cannot be constructively spent during the year, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised. The rush of expenditure in the month of March 2003 was attributed by the Ministry of Statistics (Grant No.74) and the Department of Revenue (Grant No.36) to late receipt of proposals from State Governments for sanctions of grants, delay in completion of formalities for procurement of equipment including computers, etc. It was further stated that instructions had been issued to all divisional heads to avoid the practice of incurring expenditure in the last quarter of the financial year. The Ministry of Tourism, Department of Culture (Grant No. 80) attributed the rush of expenditure to holding of meetings of Expert/Finance Committee after November/December.

Chapter 7

APPROPRIATION ACCOUNTS 2002-03: AN ANALYSIS

Excess disbursements over grants/appropriations

7.1 Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rules (GFR) 71 stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Table 7.1 contains the summary of total excess over the authorisation from the CFI. During 2002-03, there was an excess disbursement of Rs 18644659135 (i.e. Rs 1864.47 crore) in 9 segments of 8 grants/ appropriations in Civil ministries and Rs 324.65 crore under 11 segments of 10 grants/appropriations of Railways. These are detailed in Table 7.2 and require regularisation under Article 115 (1) (b) of the Constitution.

Table 7.1: Summary of excess disbursements over grants/appropriations

(In Rupees)

		Civil	Railways	
Voted	Revenue	530586613	2294516182	
	Capital	158892479	915108948	
Charged	Revenue	17936348236	8347062	
	Capital	18831807	28542193	
No of Grants/ Appropriations		8	10	
Total Excess		18644659135	3246514385	**21891173420**

Table 7.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
Civil: Revenue (Voted)				
1.	30-Transfers to State and Union Territory Governments	Grant Expenditure Excess	*218875300000* *218878908987* *3608987*	Due to providing grants-in-aid to States for Railway Safety Works
2.	80-Department of Culture	Grant Expenditure Excess	*4874600000* *5401577626* *526977626*	Due to requirement of more funds for 50th Anniversary, assistance for organising National Theatre Festival etc., development of GSDS

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
				complex, special drive to restore, conserve and improve conditions of hundreds of monuments which are in deplorable conditions and funds for projects in North Eastern Region
Revenue (Charged)				
3.	29-Interest Payments	Appropriation Expenditure Excess	*1230941800000* *1248870836029* *17929036029*	Due to conversion of special securities worth Rs. 400 crore, higher collections and investments of net small savings
4.	45-Ministry of Home Affairs	Appropriation Expenditure Excess	*1000000* *1291971* *291971*	Due to wrong booking of expenditure and payment of compensation in satisfaction of court decrees.
5.	47-Police	Appropriation Expenditure Excess	*20100000* *23237504* *3137504*	Due to payment of MACT cases where payments were ordered by courts.
6.	99-Chandigarh	Appropriation Expenditure Excess	*233100000* *236982732* *3882732*	Due to payments of salary and arrears of 'Assured Career Progressive Scheme' to High Court Staff
Capital (Voted)				
7.	13-Department of Telecommunications	Grant Expenditure Excess	*7541600000* *7700492479* *158892479*	Due to clearance of unadjusted transactions that had occurred over several previous years under Suspense and Remittances by transferring to MH-5225 in order to reconcile Assets and Liabilities of Bharat Sanchar Nigam Limited
Capital (Charged)				
8.	23-Department of Development of North Eastern Region	Appropriation Expenditure Excess	*789700000* *806743400* *17043400*	Due to clearance of last years' liabilities of loan component of State Governments
9.	99-Chandigarh	Appropriation Expenditure Excess	*100000000* *101788407* *1788407*	Due to payment deposited in court on enhancement of various awards in land acquisition cases.

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
Railways:				
Revenue (Voted)				
10.	14-Appropriaiton to Funds – DRF, DF, Pension and CF	Grant Expenditure Excess	*98581646000* *100693183616* *2111537616*	Details are in Report No 8 of 2004 (Railways)
11.	15-Dividend to General Revenues	Grant Expenditure Excess	*26965354000* *27148332566* *182978566*	-do-
Revenue (Charged)				
12.	3-General Superintendence & Services	Appropriation Expenditure Excess	*297000* *339583* *42583*	-do-
13.	4-Repairs & Maintenance of Permanent Way and Works	Appropriation Expenditure Excess	*6514000* *12205681* *5691681*	-do-
14.	6-Repairs & Maintenance of Carriages & Wagons	Appropriation Expenditure Excess	*Nil* *487252* *487252*	-do-
15.	7-Repairs & Maintenance of Plant & Equipment	Appropriation Expenditure Excess	*132000* *555077* *423077*	-do-
16.	8-Operating Expenses-Rolling Stock and Equipment	Appropriation Expenditure Excess	*325000* *532459* *207459*	-do-
17.	9-Operating Expenses – Traffic	Appropriation Expenditure Excess	*1000000* *2480779* *1480779*	-do-
18.	11-Staff Welfare and Amenities	Appropriation Expenditure Excess	*137000* *151231* *14231*	-do-
Capital (Voted)				
19.	16-Assets-Acquisition, Construction and Replacement-Special Railway Safety Fund	Grant Expenditure Excess	*13953333000* *14868441948* *915108948*	-do-

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
Capital (Charged)				
20.	16-Assets-Acquisition, Construction and Replacement - Capital	Appropriation Expenditure Excess	*109967000* *138509193* *28542193*	Details are in Report No 8 of 2004 (Railways)

7.2 The details of excess disbursements as also other details relating to grants of the Railways are mentioned in Report No. 8 of 2004 of the CAG.

Deficient expenditure control by Pay and Accounts Offices

7.3 According to the provisions of Annexure A to note 3 under Rule 66 of GFR, it is an important part of the function of the Accounts Offices to see that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In cases where the existing provision is not sufficient to cover the payment, Pay and Accounts Office (PAO) can make payment only on receipt of an assurance in writing from the head of the department controlling the grant that necessary funds to accommodate the disbursements will be provided by issue of re-appropriation orders etc. Test check of head-wise appropriation accounts for the year 2002-03 revealed 60 cases of 21 grants and appropriations, detailed in **Appendix-VII-A**, where the PAOs of the ministries made payments of Rs. 7230.62 crore in excess of the available provisions though the Department did not issue re-appropriation orders adequately to accommodate the final excess expenditure over the available provisions, indicating deficient expenditure control by the PAOs. In its reply the Ministry of Tourism, Department of Culture (Grant No. 80) stated that proper re-appropriation orders had been issued. The reply is not tenable as the excess expenditure mentioned is with reference to the allocation after taking into account the re-appropriation referred to be the Ministry.

Unspent Provision of Rs. 100 crore or more

7.4 Unspent provisions in a grant or appropriation indicate either poor budgeting or shortfall in performance or both. Unspent provisions of more than Rs 100 crore, which need a detailed explanatory note to the Public Accounts Committee, occurred in 57 cases of 48 grants and one appropriation during 2002-03. Large unspent provisions were in areas like health, education, family welfare, rural development, surface transport and highways, shipping, fertiliser, heavy industry, petroleum and natural gas and power. The unspent provisions were attributed by the ministries/departments to some of the schemes failing to take off. **Appendix-VII-B** indicates the details of the unspent provisions.

7.5 Scrutiny of the Appropriation Accounts in respect of civil ministries revealed that certain grants and appropriations relating to Defence Pensions, Department of Economic Affairs, Repayment of Debt, Direct Taxes, Department of Food and Public Distribution, Police, Ministry of Human Resource Development, Ministry of Social Justice and Empowerment, Department of Family Welfare, Ministry of Non-conventional Energy Sources, Ministry of Shipping, Atomic Energy, Ministry of Power, Currency, Coinage and Stamps, etc. have been registering unspent provisions which are not only persistent but also display an increasing trend which continued during the year 2002-03. Such large-scale unspent provisions are indicative of the need on the part of these ministries to review their budgetary assumptions or/and efficiency of their programme management.

Surrender of unspent provision

7.6 'Surrender' is a budgetary device by which the portion of grant or appropriation not utilised by the spending department is communicated to the Ministry of Finance and accepted by the latter, for being reallocated to any other sector. According to the provisions of GFR 69, unspent provisions in a grant or appropriation are to be surrendered to government as soon as these are foreseen without waiting for the last day of the year. Unspent provision should also not be held in reserve for possible future excess. During 2002-03, under 199 segments of 96 grants/appropriations of civil ministries, there was an unspent provision of Rs 61713.78 crore Out of this, Rs 1864.46 crore were offset by excess under nine segments of seven grants and one appropriation resulting in a net unspent provision of Rs 59849.32 crore. The amounts surrendered are shown in Table 7.3.

Table 7.3: Details of unspent provision and surrender

(Rupees in crore)

	Net unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	12338.79	11158.74	8952.63	1180.05
Charged	4080.48	5869.43	5855.01	-
Total: Revenue	16419.27	17028.17	14807.64	-
Capital				
Voted	4476.84	4071.21	3160.59	405.63
Charged	38953.21	42146.63	42146.63	-
Total: Capital	43430.05	46217.84	45307.22	-
Grand total	**59849.32**	**63246.01**	**60114.86**	-

7.7 On the other hand, under the grants pertaining to Department of Coal, Department of Mines, and Dadra Nagar Haveli, the amount surrendered exceeded the amount of unspent provision. **Appendix-VII-C** gives the details. While the major portion of surrender of Rs. 41463.03 crore was under Grant No.32 – Repayment of Debt, Rs. 7.86 crore was surrendered under Grant No. 80-Department of Culture despite excess expenditure of Rs. 52.70 crore.

Re-appropriation of funds

7.8 A grant or appropriation for disbursements is distributed by sub-heads or standard objects under which it is accounted. The competent executive authorities can approve re-appropriation of funds between primary units of appropriation within a grant or appropriation before the close of the financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that unspent provision can be effected in the unit of appropriation.

7.9 In the developmental and welfare areas such as Agriculture (Rs. 347 crore), Defence Pensions (Rs. 439 crore), Interest Payments (Rs. 3662 crore), Transfers to State and UT Governments (Rs. 4754 crore), Department of Food and Public Distribution (Rs. 663 crore), Department of Health (Rs. 407 crore), Department of Family Welfare (Rs. 323 crore), Police (Rs. 774 crore), Department of Elementary Education and Literacy (Rs. 331 crore), Department of Women and Child Development (Rs. 302 crore), Department of Heavy Industry (Rs. 530 crore), Department of Rural Development (Rs. 951 crore), Department of Road Transport & Highways (Rs. 790 crore) and Department of Space (Rs. 347 crore), heavy re-appropriations of funds were mainly from welfare activities to establishment related activities, payment of grants-in-aid and other non-developmental activities because sufficient funds for these activities could not be got authorised at budget stage.

Injudicious re-appropriation to sub-heads

7.10 Test check of the accounts revealed that in 29 cases relating to 18 grants/appropriations as detailed in **Appendix-VII-D**, re-appropriations aggregating Rs 52.27 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 savings under the sub-heads were more than the amount re-appropriated to these sub-heads. The position of similar injudicious re-appropriations in respect of grants relating to Railways has been included in Report No.8 for the year ending 31 March 2003. The reason for injudicious re-appropriations was attributed by Ministry of Labour (Grant No.56), Department of Agriculture Research and Education (Grant No.2) and Department of Currency, Coinage and Stamps (Grant No.27) to non-

implementation of plan schemes as initially envisaged and price of raw-material, etc. not increasing as anticipated. The Ministry's/Department's reply indicates poor monitoring and implementation of schemes.

Injudicious re-appropriation from sub-heads

7.11 Similarly, in 14 sub-heads of 10 grants/appropriations as indicated in **Appendix-VII-E**, there were injudicious re-appropriations aggregating to Rs. 4445.60 crore wherein the final disbursement under each of these cases was more than the original provision before re-appropriation. In each of them, the excess over the final provision after re-appropriation from these heads was more than the amounts re-appropriated. In their reply, Ministry of Labour (Grant No.56) stated that proposal for re-appropriation to cover excess expenditure was not approved by Ministry of Finance. The reply indicates that the actual expenditure under this sub-head was not anticipated realistically.

Irregular re-appropriation

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

7.13 Test check of appropriation accounts for 2002-03 revealed that there were 449 sub-heads/cases of 72 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these, in 213 sub-heads/cases involving 46 grants/appropriations, the re-appropriation exceeded 25 *per cent* of the budget provision; and, were required to be reported to Parliament through the last batch of supplementary demands for grants. Only in 61 cases, were such re-appropriations reported to Parliament and in respect of 152 cases the approval of Secretary (Expenditure) was obtained at the end of the financial year instead of reporting the re-appropriation to Parliament. In most of these cases, the ministries/departments did not explain why they could not report the re-appropriations to Parliament.

Re-appropriation without prior approval of Secretary (Expenditure)

7.14 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 is within 25 *per cent* of the provision covered under

the limit governing re-appropriation mentioned in the preceding paragraph. In the cases mentioned in Table 7.4 prior approval of Secretary (Expenditure) was not obtained for re-appropriations exceeding Rupees one crore.

Table 7.4: Cases where prior approval of Secretary (Expenditure) was not obtained for re-appropriation

(Rupees in crore)

Sl. No.	No. and name of grant	Major Head	Sub-head	Amount
1.	23-Department of Development of North Eastern Region	2552-North Eastern Areas	Grants-in-aid to Dr. B. Baruah Cancer Institute	O: 3.72 R: 1.28
2.		-do-	Other Miscellaneous Items	O: 34.99 R: 1.39
3.		-do-	Power Development Survey and Investigation	O: 2.00 R: 1.70
4.		4552-Capital Outlay in North Eastern Areas	Housing for North Eastern Council Staff/ North Eastern Council Guest House	O: 1.20 R: 4.00

O = Original Provision *R = Re-appropriation*

Issue of re-appropriation orders after the close of the financial year

7.15 In terms of Rule 69 of GFR, the Departments of Central Governments shall surrender to the Finance Ministry, before the close of the financial year, all the anticipated savings noticed in the Grants/Appropriation controlled by them. The Finance Ministry shall communicate the acceptance of such surrenders as are accepted by them to the Audit Officer/Accounts Officer as the case may be, before the close of the year. It was, however, noticed that in the following cases, Departments/Ministries re-appropriated after the close of financial year, the additional amount/withdrawal of amount already included in the Head-wise Appropriation Accounts. Such amendments/additions to the amount already re-appropriated by issue of any order after the close of the financial year is in contravention of provisions of Rule 10(2) of Delegation of Financial Powers. Table 7.5 indicates the details. While Ministry of Rural Development (Grant No.68) stated that instructions of audit had been noted for future compliance, the Ministry of Heavy Industries and Public Enterprises (Grant No.53) attributed the issue of re-appropriations after close of financial year to ignorance of instructions issued by Finance Department.

Table 7.5: Cases of re-appropriation after close of financial year

(Rupees in crore)

Sl. No.	No. and name of Grant	Re-appropriation order no. and Date	Amount
1.	5-Department of Chemicals & Petro-chemicals	No.16/12/2002- Fin. dated 26 May 2003	2.87
2.	23-Departemnt of Development of North Eastern Region	No.F.2/18/2002-NEC dated 24 November 2003.	6.93
3.	53-Department of Public Enterprises	No.G-23011/1/2002- Cash dated 26 June 2003	0.08
4.	68-Department of Land Resources	No.G-23011/1/2003- IFD dated 7 May 2003	0.01
5.	57-Law and Justice	No. 11021/1/2002-Jus(M) dated 29 August 2003	9.88

Unauthorised Re-appropriation of Rs. 4.58 crore from Capital to Revenue section (Grant No.54 - Department of Heavy Industry)

7.16 In terms of Government of India Decision (2) below Rule 10 of the Delegation of Financial Powers, the Government has no power to re-appropriate funds from Capital to Revenue Section and vice versa. It was, however, noticed that the Department of Heavy Industry re-appropriated funds to the tune of Rs. 4.58 crore from Major Head-6854 of the Capital Section to Major Head 2852 of the Revenue Section. On its being pointed out by audit (June 2003), the Department withdrew the re-appropriation in July 2003 and revised its original order of March 2003.

Utilisation of supplementary grants

7.17 The position of original and supplementary grants obtained under Civil ministries and percentage of supplementary provision to the original provision from 1996-97 onwards is given in **Appendix-VII-F.** Details of supplementary grants (civil) obtained during 2002-03 are given in Table 7.6.

Table 7.6: Supplementary grant obtained during 2002-03 in Civil ministries

(Rupees in crore)

Section	Amount
Voted	
Revenue	18186.55
Capital	684.25
Loans and Advances	4376..38
Charged	
Revenue	11.68
Capital	1.48
Public Debt	56786.82
Loans and advances	1564.05
Total	**81611.21**
Number of grants/appropriations	79

Supplementary provision obtained but not utilised

20 grants (20 cases) Rs. 916.34 crore

Unnecessary supplementary grant

7.18 In 20 cases relating to 20 grants as detailed in Table 7.7, while supplementary provisions aggregating to Rs 916.34 crore were obtained during 2002-03 in anticipation of higher expenditure, the final expenditure was less than even the original grants/appropriations. The entire amount of supplementary provision remaining unnecessary pointed to deficient budgeting. The unnecessary supplementary grants/savings were attributed by the Union Public Service Commission (Grant No.96) to provision made for increase in number of candidates who applied for written examinations and number of candidates who actually appeared in the examinations. The reply of the Commission is not tenable as the variation in the number of candidates applying and actually appearing in exams, was a regular feature which had happened in the earlier years also and should have been considered at the time of obtaining supplementary grant.

Table 7.7: Unspent provision more than supplementary grant/ appropriation

(Rupees in crore)

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disburse-ments	Unspent provision
Revenue – Voted					
1.	6-Department of Fertilisers	11699.04	442.36	11485.49	655.91
2.	10-Department of Commerce	1326.50	1.05	1261.85	65.70
3.	11-Department of Industrial Policy and Promotion	356.78	8.36	354.23	10.91
4.	14-Department of Information and Technology	452.72	2.02	451.71	3.03
5.	24-Ministry of Environment and Forests	1088.26	17.87	1034.83	71.30
6.	26-Department of Economic Affairs	2210.18	150.25	1882.92	477.51
7.	37-Direct Taxes	1038.20	73.19	984.48	126.91
8.	39-Department of Consumer Affairs	59.86	5.17	59.65	5.38
9.	42-Department of Health	2502.94	1.19	2401.50	102.63
10.	51-Department of Secondary Education and Higher Education	4886.85	18.38	4613.96	291.27
11.	56-Ministry of Labour	983.74	14.26	838.78	159.22
12.	65-Ministry of Planning	46.14	2.51	43.18	5.47
13.	71-Department of Scientific and Industrial Research	1035.83	8.01	963.61	80.23
14.	78-Ministry of Textiles	989.32	130.04	888.93	230.43
15.	82-Department of Urban Development	753.23	15.00	674.75	93.48
16.	88-Department of Youth Affairs and Sports	331.13	12.42	328.08	15.47

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disburse-ments	Unspent provision
17.	101-Daman and Diu	226.65	2.57	225.15	4.07
Revenue – Charged					
18.	96-Union Public Service Commission	47.16	1.34	45.37	3.13
Capital – Voted					
19.	47-Police	853.39	5.00	835.12	23.27
20.	66-Ministry of Power	2572.11	5.35	1089.96	1487.50
	Total		**916.34**		

Unrealistic estimation of expenditure/revised estimates

7.19 While obtaining supplementary grants, the Ministries/Departments reported to Parliament large amounts of additional requirement for different purposes under the schemes/activities shown in Table 7.8 but they were finally unable to spend not only the entire supplementary grants or parts thereof but also the original budget provision in certain cases. The saving was attributed by the Ministry of Textile (Grant No.78) to non-approval of new scheme by the Government. The reason given is not tenable as it was irregular on the part of the Ministry to obtain supplementary grants in anticipation of approval of scheme which was subsequently not accorded.

Table 7.8: Statement showing supplementary/additional funds to sub-heads

(Rupees in crore)

Sl. No.	Grant No. & Name	Major Head/ Sub-Head	Original provision	Supple-mentary provision	Actual disburse-ment	Unspent provision	Reasons
1.	25-Ministry of External Affairs	2061- India China Eminent Persons Group	--	0.20	0.03	0.17	Non-holding of meeting of India China Eminent Persons Group.
2.		2061-India Russia Eminent Persons Group	--	0.20	-	0.20	Non-holding of meeting of India Russia Eminent Persons Group.
3.	26-Department of Economic Affairs	3605-Expenditure towards G-20 Conference	--	2.55	0.95	1.60	Less requirement of expenditure in connection with G-20 meeting which could not be exactly expected at the time of seeking supplementary grant.

(Rupees in crore)

Sl. No.	Grant No. & Name	Major Head/ Sub-Head	Original provision	Supple-mentary provision	Actual disburse-ment	Unspent provision	Reasons
4.	28-Payments to Financial Institutions	2416-Grants to National Bank for Agricultural and Rural Development (NABARD)	100.00	11.55	10.96	100.59	Decision to give loan assistance by obtaining supplementary in the final batch and less receipt of claim for re-imbursement.
5.		2885-Grants to Industrial Finance Corporation of India	--	18.94	-	18.94	Non-receipt of any claim from the Corporation for re-imbursement of external aid which could not be anticipated at the time of Revised Estimate/ Supplementary Grant.
6.		2885-Grants to Industrial Development Bank of India	--	4.25	1.31	2.94	Less claim for re-imbursement from the bank than anticipated.
7.		6885-Industrial Credit and Investment Corporation of India	--	1.00	-	1.00	Non-receipt of claims from the Corporation for re-imbursement of external loans which was not anticipated at the time of obtaining supplementary grant.
8.	37-Direct Taxes	2020-Collection Charges – Income Tax - Commissioners and their offices	972.49	73.19	910.98	134.70	Non-implementation of comprehensive computerisation, non-filling of vacant posts, non-revision of rent etc.
9.	54-Department of Heavy Industry	2852-Waiver of Interest as part of Financial plan of PSEs to Bharat Bhari Udyog Nigam Ltd.	--	1.34	--	1.34	Non-finalisation of disinvestment of Jessop & Co. by Kolkata High Court.
10.		2852-Write off of Loan as part of approval restructuring Plan of PSEs to Bharat Bhari Udyog Nigam Ltd.	--	139.47	-	139.47	-do-

(Rupees in crore)

Sl. No.	Grant No. & Name	Major Head/ Sub-Head	Original provision	Supple-mentary provision	Actual disburse-ment	Unspent provision	Reasons
11.		2852-Guarantee Fee Subsidy as part of revival package for Triveni Structural Ltd. (a subsidiary of BYNL)	--	2.10	-	2.10	Adjustment could not be made due to late allotment of sub-head.
12.	78-Ministry of Textiles	2852-Assistance to AEPC against forfeited amount to EMD/BG	12.00	5.00	-	17.00	Non-approval of scheme by the competent authority.
13.		3601-Re-imbursement of CENVET on account of imposition of excise duty and additional excise duty on textile articles to State Government and their agencies	--	98.00	-	98.00	Late approval of scheme by the Government.
14.	81-Ministry of Tribal Affairs	2225-Direction and Administration -Scheduled Areas and Scheduled Tribes Commission	0.10	5.28	1.72	3.66	Non-filling up of vacant posts.

Expenditure on 'New Service/New Instrument of Service'

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

7.21 In terms of Government of India Decision No. 1 below Rule 10 of Delegation of Financial Powers Rules, 1978, additional investment/loans in excess of Rs. 20 lakh to Rs. 15 crore in Public Sector Companies/Corporation

with paid up capital of Rs. one crore to Rs. 100 crore and additional grants-in-aid in excess of Rs 10 lakh or 10 *per cent* of the budget provision or Rs 2 crore, whichever is less, to statutory and other public institutions, attracts the limitations of 'New Service/New Instrument of Service' and requires prior approval of Parliament.

7.22 Test check in audit revealed that in the following cases as mentioned in Table 7.9 the additional releases exceeded the limits and attracted the provisions of 'New Instrument of Service'. In its reply, the Ministry of Tourism, Department of Culture (Grant No. 80) stated that as the cases of re-appropriation of funds from non-functional head related to development of activities of North Eastern Areas, the Delegation of Financial Powers Rules did not apply to them. The reply is not tenable as the concerned re-appropriation orders indicate that these were not made for development of activities of North Eastern Areas.

Table 7.9: Statement showing expenditure on 'New Instrument of Service'

(Rupees in crore)

Sl. No.	No. and Name of Grant	Sub-head/Name of Institution	Sanctioned Provision	Actual release	Excess release	Remarks
1.	54-Department of Heavy Industry	Loans to Cement Corporation of India Ltd.	Nil	65.83	65.83	Additional investment/loan exceeded Rs. 20 lakh to Rs. 15 crore vide item I(B) (ii) GOI Decision below Rule 10 of DFPR
2.		Loans to Andrew Yule & Co. Ltd.	Nil	17.20	17.20	
3.		Loans to National Instruments Ltd.	Nil	31.30	31.30	
4.		Loans to Hindustan Cables Ltd.	2.50	31.24	28.74	
5.		Loans to Heavy Engineering Corporation Ltd.	0.50	56.71	56.21	
6.		Loans to Mining and Allied Machinery Corporation Ltd.	Nil	1.80	1.80	
7.		Loans to Paraga Tools Ltd.	Nil	22.00	22.00	
8.		Loans to HMT Ltd.	Nil	4.10	4.10	
9.		Loans to Bharat Yantra Nigam Ltd.	Nil	78.95	78.95	
10.		Loans to Bharat Bhari Udyog Nigam Ltd.	4.99	88.50	83.51	
11.		Loans to NEPA Ltd.	Nil	48.41	48.41	
12.		Loans to Hindustan Photo Films Mfg. Co. Ltd.	1.00	37.48	36.48	

(Rupees in crore)

Sl. No.	No. and Name of Grant	Sub-head/Name of Institution	Sanctioned Provision	Actual release	Excess release	Remarks
13.		Loans to National Industrial Development Corporation Ltd.	Nil	10.87	10.87	
14.	80-Department of Culture	Gandhi Smriti and Darshan Samiti, New Delhi	3.00	3.91	0.91	The additional expenditure exceeded the limit of 10 *per cent* of the budget provision or Rs. 2.00 crore whichever is less vide item II(F)(ii) GOI Decision below Rule 10 of the DFPR.
15.		Zonal Cultural Centre	5.25	12.03	6.78	
16.		Kalakshetra, Chennai	2.55	3.05	0.50	
17.		Setting up of Multipurpose Complexes	1.00	5.65	4.65	

Postal Services (Grant No.12)

7.23 Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. Savings shown in Appropriation Accounts in real terms denote unspent amounts, which are indicative of poor budgeting or shortfall in performance of the department under various schemes.

7.24 Sanctioned provision, actual expenditure and unspent provision under Capital Section of the grant having one head only i.e. 'Mechanisation and Modernisation of Postal Services' for the last three years 2000-01 to 2002-03 was as per details in Table 7.10.

Table 7.10 Persistent unspent provision under capital (voted) section

(Rupees in crore)

Year	Budget provision & supplementary	Actual expenditure	Unspent provision	Percentage
2000-01	98.82	52.80	46.02	47
2001-02	107.38	51.92	55.46	52
2002-03	128.56	41.54	87.02	68

7.25 A similar comment on the large unspent provision was made in Report No. 6 of 2002 of the Comptroller and Auditor General of India regarding savings under capital (voted) section. The Ministry, in its Action Taken Note stated (July 2002) that the unspent provision was due to delays in identification of project specifications, long time taken for procedural formalities before according approval and inadequate monitoring system. The Ministry added that the system of monitoring and control over various

schemes/activities under the plan had been strengthened and each head of the division reviewed the progress of the projects once every quarter. Inspite of these measures, the savings under the same activity has drastically increased during 2002-03 from Rs. 46.02 crore during 2000-01 to Rs. 87.02 crore during 2002-03.

Defence Services (Grant Nos.17, 18,19 and 21)

7.26 Scrutiny of Appropriation Accounts of Defence Services disclosed a persisting trend of unspent provision during the years 2000-03 under voted segment of four grants as per details in Table 7.11.

Table 7.11: Persistent unspent provision

(Rupees in crore)

Grant	Unspent provision		
	2000-01	2001-02	2002-03
Defence Services-Army	2488.91	2908.45	1088.58
Defence Services-Navy	355.24	681.15	228.13
Defence Services-Air Force	636.02	853.69	863.72
Capital Outlay on Defence Services	5534.13	3749.95	6448.00

7.27 The persisting large unspent provisions in the grants of Air Force also reflected an increasing trend over the years.

Chapter 8

REVIEW OF SELECTED GRANTS

Grant No. 42 – Department of Health

(Ministry of Health and Family Welfare)

Introduction

8.1 The Ministry of Health and Family Welfare comprises three Departments viz. Department of Health, Department of Indian Systems of Medicine and Homoeopathy and Department of Family Welfare. The Department of Health has overall administrative control over medical and public health programmes/ activities and plays a vital role in disease control, curative health programmes and family welfare.

8.2 This grant includes provisions for the Secretariat of the Department of Health, its attached/subordinate offices, comprehensive medical care for central government employees, central hospitals and dispensaries, medical education, training and research centres, health institutions dealing with medical and public health matters including prevention and control of diseases, food adulteration and drug control programme.

Overall position

8.3 The overall position of budget provisions, actual disbursements and unspent provisions under the voted portion of the grant for the last three years is given in Table 8.1.

Table 8.1: Overall position

(Rupees in crore)

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2000-01	2224.27	349.77	2119.86	192.16	104.41	157.61
2001-02	2424.23	383.40	2332.94	267.91	91.29	115.49
2002-03	2504.13	282.20	2401.50	224.87	102.63	57.33

8.4 There were persistent unspent provisions under both revenue and capital sections of the grant for the past three years. There were large unspent provisions during previous years also which had been pointed out in the Reports of the CAG from 1996 onwards. However, no steps have been taken by the Ministry to arrest the trend of persistent, large, unspent provisions. On the other hand, there was substantial excess expenditure over the provisions under some sub-heads. Cases of unspent provisions and excess expenditure during 2002-03 are given in **Appendix-VIII-A** and **B**.

Rush of expenditure

8.5 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. Contrary to this, large disbursements were made in the month of March 2003. A few instances are given below:-

Table 8.2: Rush of expenditure

(Rupees in crore)

Year	Major head	Disbursements	
		During the year	During March
2000-01	3601- Grants-in-aid to State Governments	321.40	119.83
	3602- Grants-in-aid to UT Governments	3.85	2.81
2001-02	3601- Grants-in-aid to State Governments	357.66	122.42
	3602- Grants-in-aid to UT Governments	2.78	2.31
	4210- Capital Outlay on Medical & Public Health	267.91	63.03
2002-03	3601- Grants-in-aid to State Governments.	279.16	149.19
	3602- Grants-in-aid to UT Governments	1.87	0.95
	4210- Capital Outlay on Medical & Public Health	224.87	72.54

Surrender of unspent provision

8.6 Rule 69 of the General Financial Rules provides that unspent provisions in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen without waiting for the end of the financial year. Unspent provision should also not to be held in reserve for any possible future excess. Test check revealed that contrary to the rule, the Ministry every year surrendered unspent provisions towards the end of the financial years. The details of amounts surrendered during 2000-03 are given in Table 8.3.

Table 8.3: Surrender of unspent provision

(Rupees in crore)

Year	Unspent provision		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2000-01	104.41	157.61	74.56 (71.4%)	105.75 (67.1%)	30.3.2001
2001-02	91.29	115.49	78.74 (86.2%)	89.75 (77.7%)	28.3.2002
2002-03	102.63	57.33	80.34 (78.2%)	26.76 (46.7%)	31.3.2003

Excess expenditure over appropriation/re-appropriation

8.7 According to provisions of Annex A to Note 3 under Rule 66 of GFR, it is an important part of the function of the Accounts Officer to see that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In cases where the existing provision is not sufficient to cover the payment, Pay and Accounts Office (PAO) can make payment only on receipt of an assurance in writing from the head of the department controlling the grant that necessary funds to accommodate the disbursements will be provided by issue of re-appropriation orders etc. Test check of head-wise Appropriation Accounts for the year 2002-03 revealed that in the following cases the PAO of the Ministry made payments in excess of the available provisions though the department did not issue any re-appropriation orders to accommodate the final excess expenditure over the available provisions. Bypassing of this internal control mechanism resulted in poor expenditure control. Similar shortcomings were pointed out in the Report of C&AG of India – No.1 of 2003 but no remedial steps were taken by the Ministry to avoid such occurrences.

Table 8.4: Excess expenditure over appropriation/re-appropriation

(Rupees in crore)

Year	Sub-head	Provisions		Actual expenditure	Final excess expenditure
		Original/Re-appropriated	Available		
2002-03	3601.04.263.03 National Anti-Malaria Programme (Rural) (Gen. Component)	O 15.56 R(+) 64.11	79.67	86.00	6.33
	3601.04.263.62 National Anti-Malaria Programme (Rural) (E.A.C)	O 104.79 R(-) 49.15	55.64	63.11	7.47

Injudicious re-appropriation of funds

8.8 During 2002-03 re-appropriation to the following sub-heads was injudicious as the original provision under the sub-heads, to which the funds were transferred by re-appropriation, was more than adequate. Consequently, the final savings under the sub-heads were more than the amount re-appropriated to these heads. Similar shortcomings were pointed out in the Report of the C&AG of India No.1 for the year 2002 and 2003 but no corrective measures have been taken by the Ministry.

Table 8.5: Injudicious re-appropriation of funds

(Rupees in crore)

Major head and Sub-head	Total grant	Actual expenditure	Saving
2002-2003 2210.01.110.19-Safdarjung Hospital, New Delhi O. 96.67 R. 4.41	101.08	96.11	4.97
2210.06.107.01-Central Research Institute, Kasauli O. 15.70 R. 1.06	16.76	14.89	1.87

Persistent saving/excess and unrealistic budgeting

8.9 According to Rule 63 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 for the period 2000-03 revealed that there was persistent under-utilisation of provisions under some heads whereas under other heads there was persistent excess expenditure during these years, which indicated unrealistic budgeting, deficient financial management and slackness in implementing the public health related schemes. Details of some such sub-heads are given below:

Table 8.6: Persistent unspent provision during the last three years

(Rupees in crore)

Sl. No.	Sub-head	2000-01	2001-02	2002-03	Main reasons for unspent provision
1.	2210.05.105.26-Cancer Research	2.35	6.17	16.11	Slow pace of expenditure, receipt of less applications, approval of less applications on radiotherapy (2001-02), non-approval of enhanced provision by Expenditure Finance Committee (2002-03)
2.	2210.05.105.28-All India Institute of Medical Sciences, New Delhi	10.18	16.80	22.69	Slow pace of expenditure (2000-01), late/non-finalisation of construction plan for Dental College Building (2001-02), adjustment of additional receipts generated by the Institute (2002-03)
3.	2210.06.001.02-Port Health Establishment including Airport organisation	3.16	3.29	3.20	Non-filling of vacant posts, non-revision of rent of dispensaries, less expenditure on repairs and maintenance of machinery and equipments and less purchase of machinery and equipment

(Rupees in crore)

Sl. No.	Sub-head	2000-01	2001-02	2002-03	Main reasons for unspent provision
4.	2210.06.003.11-Development of Nursing Services	1.20	9.50	8.00	Slow progress in construction work, less receipt of applications from State Government for Nursing Schools (2001-02) non-approval of upgradation of nursing schools, starting of M.Sc. (Nursing) and increase in seats
5.	2210.06.101.07-National Institute of Communicable Diseases	3.67	8.17	10.95	Slow pace of expenditure, non-filling of vacant posts, less payment of dearness allowance and patient care allowance (2000-02), non-approval of new schemes and less demands from districts owing to eradication of diseases (2002-03)
6.	2210.06.101.08-National Anti-Malaria Programme	22.57	16.34	12.51	Slow progress in implementation of the activities, non-procurement of computers (2000-01), less expenditure on imparting training, non-filling of vacant posts (2001-02), less requirement of funds by Union Territory Government owing to some expenditure met by District Malaria Control Societies and non-undertaking of civil construction and MIS activities. (2002-03)
7.	2210.06.101.34-National Mental Health Programme	1.43	-	26.91	Slow pace of expenditure (2000-01), non-approval of schemes (2002-03)
8.	2210.06.101.39-National Programme for Control and Treatment of Occupational Diseases	1.17	3.39	4.00	Less expenditure (2000-01), slow progress of different projects (2001-02), and merger of schemes with ICMR (2002-03)
9.	2210.06.102.05-Administration and Prevention of Food Adultration	-	3.06	6.21	Non-filling of vacant posts (2001-02) and non-approval of capacity building project on Food Safety (2002-03)
10.	2210.06.104.02-Central Drugs Standards Control Organisation	-	2.34	6.23	Non-filling of vacant posts, reduction in provisions at RE stage (2001-02), and non-approval of capacity building project on quality control of drugs (2002-03)
11.	2210.06.107.03-National Institute of Biological Standardisation and Quality Control	18.68	19.30	5.60	Slow progress in construction work of bio-lab and animal house (2002-03)
12.	2210.06.112.05-All India Institute of Hygiene and Public Health, Kolkata	3.59	3.93	3.46	Non-filling of vacant posts (2000-02), and non-approval of schemes (2002-03)
13.	2210.06.113.01-Central Health Education Bureau, New Delhi	-	1.29	1.30	Less expenditure on publication and publicity
14.	3601.04.263.05-Kala-Azar Control Programme	-	4.33	16.08	Shortfall in requirement of commodity grant (2001-02), and non-lifting of material by the State Governments (2002-03)

(Rupees in crore)

Sl. No.	Sub-head	2000-01	2001-02	2002-03	Main reasons for unspent provision
15.	3601.04.263.08-National T.B. Control Programme (Externally Aided Components)	29.40	10.37	13.10	Change in pattern of funding (2000-01), reduction in provision at RE stage, (2001-02), and receipt of less drugs from international agencies (2002-03)
16.	3601.04.263.09-National TB Control Programme (General Component)	12.64	-	3.86	Change in pattern of funding, release of less grants to State Governments owing to non-submission of utilisation certificates (2000-01) and less requirement of X-ray film rolls under the revised National TB Control Programme (2002-03)
17.	3601.04.263.62National Anti-Malaria Programme (Rural) (externally aided component)	--	4.49	41.68	Delay in procurement of some items owing to non-completion of codal formalities (2000-02), delay in procurement of material and equipment, reduction of provisions at RE stage (2001-02), and less demand of cash/commodity grants by State Governments
18.	4210.01.104.04-Medical Store Depots-Depots	3.80	4.16	6.23	Non-filling of vacant posts, non-execution of civil work by CPWD and economy in non-salary expenditure
19.	4210.01.800.02-Purchase of materials in India and abroad	29.29	18.49	34.47	Late finalisation of vocabulary of medical stores/CGHS formulary, non-receipt of adequate indents from indentors (2000-01), less procurement of medicine by medical store depot (2001-02) and non-approval of rates of generic and proprietary drugs and procurement of less medicines by Hospital Services Consultancy Corporation (India) Ltd. 2002-03.
20.	4210.04.101.09-Bulk purchase of material and Equipment for National TB Control Programme	38.43	29.48	5.25	Non-utilisation of matching provision for commodity assistance and non-payment of bills to MIS ME CoM Ltd. (2000-01), less demand for commodity assistance by State government, delay in procurement of Anti-TB drugs etc (2001-02) and procurement of less drugs (2002-03)
21.	4210.04.101.10-National Anti Malaria Programme	85.34	-	8.63	Non-utilisation of matching provision for commodity assistance and delay in procurement of some of the items (2000-01), non-lifting of DDT by the States under Kala-Azar programme and reduction in prices of synthetic pyrethroid and medical mosquito nets (2002-03)

8.10 On the other hand there was persistent heavy excess expenditure under the following sub-heads during all these years:

Table 8.7: Persistent excess expenditure

(Rupees in crore)

Sl. No.	Sub-head	2000-01	2001-02	2002-03	Reasons for excess
1.	2210.01.103.24 – Setting up of dispensaries/hospitals	23.09	32.49	75.52	Increase in expenditure on local purchase, charges of private recognised hospitals and clearance of pending liabilities and recognition of new private hospitals in CGHS
2.	2210.01.110.20-Dr. Ram Manohar Lohia Hospital, New Delhi	-	1.65	4.03	Payment of leave encashment, increment, arrears of DA and hike in prices of medicines etc.
3.	2210.05.105.24-Grants to Indian Council of medical Research New Delhi	2.12	3.33	22.50	Merger of the schemes with the Council
4.	2210.06.101.30-National TB Control Programme	26.28	-	3.62	Requirement of funds for hiring of mass media agency for information, education and communication activities and accommodation increased aid material from international agencies
5.	2210.06.101.33-National AIDS Control Programme	35.51	-	20.86	Increase in expenditure on establishment, Anti-AIDS activities and more expenditure by State AIDS Control Societies
6.	3601.04.263.03-National Anti-Malaria Programme (Rural) (General Component)	-	64.34	70.44	More commodity assistance to State Governments, providing additional quantity of DDT to some of the States and also meeting the cost of past liabilities towards supply of DDT

Deficient internal audit system

8.11 Scrutiny of records of the internal audit wing of the Ministry of Health and Family Welfare, New Delhi revealed that this wing had audited only the transactions generated through the drawing and disbursing offices. Formulation of budget, appropriation and re-appropriation of funds etc. were not examined by it as a result of which a large number of irregularities on this account were persisting.

8.12 It was also observed that internal audit of the Ministry was not being conducted every year as prescribed. The last audit of the Ministry had been conducted for the period 1999-2000 in July 2001 and its report was issued to the Ministry in May 2002 after a delay of ten months. Internal Audit Reports were to be approved by the Financial Advisor through the Chief Controller of Accounts and submitted to the Secretary of the Ministry/Department. The reports were, however, approved and issued at the level of Deputy Controller of Accounts. Control register of inspection reports was not being maintained in the prescribed form IAM-11. Consequently, important information like period and date of completion of audit, date of receipt and issue of inspection reports etc. were not recorded in the register. Test check of 29 inspection reports for the years 2000-03 revealed that in 28 cases the issue of inspection reports to the department was delayed by periods ranging between 1 month and 12 months.

Grant No 52 - Department of Women and Child Development

(Ministry of Human Resource Development)

Introduction

8.13 The Department formulates plans, policies and programmes, enacts legislations and guides and coordinates the efforts of both governmental and non-governmental organisations in the field of welfare and development of women and children.

Overall position

8.14 The Budget provision, actual expenditure and unspent provision under voted portion of the grant during the years 2000-2003 were as under: -

Table 8.8: Overall position

(Rupees in crore)

Year	Total Provision		Actual Expenditure		Unspent Provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2000-01	1511.81	0.20	1384.07	--	127.74	0.20
2001-02	1704.61	0.40	1691.02	--	13.59	0.40
2002-03	2253.65	--	2134.61	--	119.04	--

8.15 The Ministry ended with large unspent provisions exceeding Rs. 100 crore during the years 2000-01 and 2002-03. Large unspent provisions under Balwadi Nutrition Programme, Day Care Centres/ Creches, different schemes under ICDS, Balika Samridhi Yojna, Condensed Courses of Education for Women, Socio-economic Programme, Integrated Project for Development of Women, National Resource Centre for Women and Mahila Samridhi Yojana etc. had earlier been pointed out in the Report of the CAG for the year ended 31 March 1998 – No. 1 of 1999. In their Action Taken Note submitted to the Public Account Committee, the Ministry had stated that due to non-approval/delay in approval of some schemes, non-anticipation of actual requirement under different schemes, availability of unspent balances with the implementing agencies/State Governments, non-receipt of documents/ information from implementing agencies etc., there were unspent provisions under different schemes. While explaining the remedial measures taken, the Ministry had stated that the progress of expenditure was being monitored from time to time at different levels and care was being taken to allocate more funds to schemes where demand for funds was more. The fact that during 2002-03 also, similar reasons have been attributed for non-utilisation of large portion of funds, indicates that the Ministry did not prepare the budget provisions under these sub-heads/schemes realistically resulting in large amounts of unspent provisions.

Unspent provision and excess over provision

8.16 The gross unspent provision of the grant was off-set by excess disbursement under other heads resulting in net unspent provision during 2000-2003 as shown below:-

Table 8.9: Unspent amount and excess leading to net unspent provision

(Rupees in crore)

Year	Gross unspent provision		Unspent provision offset by excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2000-01	248.64	0.20	120.90	--	127.74	0.20
2001-02	69.52	0.40	55.93	--	13.59	0.40
2002-03	420.65	--	301.61	--	119.04	--

8.17 A few sub-heads under which the unspent provision exceeded Rs. one crore and constituted 8 to 99 *per cent* of the sanctioned provision during the years 2000-03 are given in **Appendix-VIII-C.**

Schemes affected by entire budget provision remaining unutilised

8.18 Under the schemes and activities detailed in **Appendix-VIII-D**, the entire budget provisions remained unutilised mainly due to non-approval of schemes/proposals such as establishment of National Commission for Children,

National Resource Centre for Women, National Nutrition Mission, Development of Nutrition Profiles and Replacement of Nutrition Surveillance System, Information Education and Communication and Women's Empowerment Programme. This was indicative of provisions being made without taking into consideration factors like stages of finalisation of schemes, sanction by competent authorities, implementation of schemes etc. Obviously provisions had been made without adequate pre-budget scrutiny of projects and schemes in violation of the instruction of budget circular issued by the Ministry of Finance, each year.

Scheme affected by persistent unspent provision

Swayamsiddha

8.19 The scheme Indira Mahila Yojna renamed 'Swayamsiddha' is a centrally sponsored programme to be implemented over six years through State/Union Territory Governments and voluntary organisations in the country. The basic objectives of the scheme, with a total outlay of Rs. 116.30 crore, were to enhance women's empowerment through formation of women self-help groups with an emphasis on convergence of various schemes and access to micro credit and promotion of micro enterprise. During 2002-03, the second year of implementation, against original provisions of Rs. 18.50 crore, Rs 11.64 crore remained unspent. Utilisation of only 10 *per cent* of the targeted outlay of the scheme in two years indicated lax implementation. Achievement of the aims and objectives of the scheme in time was, thus, doubtful.

World Bank Assisted Integrated Child Development Services (ICDS)-Training Programme

8.20 This scheme with a major emphasis on training, which is a crucial element in ICDS, was launched in April 1999. Analysis of the budget provision, actual disbursement and unspent provision during 2000-03 revealed unrealistic estimation of funds resulting in unspent provisions as well as excess expenditure.

Table 8.10: Unspent provision

(Rupees in crore)

Year	Sanctioned provision	Actual disbursement	Unspent provision/Excess expenditure
2000-01	31.00	19.16	(-) 11.84
2001-02	40.00	52.82	(+) 12.82
2002-03	62.00	59.10	(-) 2.90

Short Stay Homes

8.21 The scheme seeks to protect and rehabilitate women and girls facing social, moral and domestic danger, mental strain and exploitation etc. by providing short stay homes with services like medical care, psychiatric and

occupational therapy, education and vocational activities for facilitating social adjustments. Scrutiny of the budget provision and actual disbursement revealed persistent unspent provisions during the years 2000-03 as shown below: -

Table 8.11: Unspent provision

(Rupees in crore)

Year	Sanctioned provision	Actual disbursement	Unspent provisions
2000-01	14.51	9.77	4.74
2001-02	12.84	6.03	6.81
2002-03	16.34	13.26	3.08

Working Women's Hostel

8.22 The scheme aims at providing suitable and economical accommodation to workingwomen through assistance to eligible voluntary organisations, universities and State Governments for construction of Working Women's Hostels. Analysis of the budget provision and actual disbursement revealed that increasingly large proportions of the allocations remained unspent during 2001-2003. Table 8.12 gives the details.

Table 8.12: Unspent provision

(Rupees in crore)

Year	Sanctioned provision	Actual disbursement	Unspent provision/Excess expenditure
2000-01	7.02	7.42	(-) 0.40
2001-02	9.00	4.96	(-) 4.04
2002-03	13.50	6.00	(-) 7.50

Surrender of unspent provisions

8.23 Ministries/ Departments are required to surrender the unspent provision as soon as these were anticipated so that the amount so available may be used for other sectors. However, the Department surrendered unspent amounts and that too partially on the last day of the financial year during 2000-03 as indicated below:-

Table 8.13: Surrender of funds during 2000-03

(Rupees in crore)

Year	Unspent provision		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2000-01	127.74	0.20	126.28	0.20	31.3.2001
2001-02	13.59	0.40	12.03	0.40	31.3.2002
2002-03	119.04	--	117.06	--	31.3.2003

Rush of disbursements during the month of March

8.24 Rush of disbursements are to be avoided, particularly in March. Contrary to this, substantial disbursements were made during the month of March in the past three years under the Major Heads as shown below:-

Table 8.14: Cases of rush of disbursement

(Rupees in crore)

Year	Major Head	Disbursement	
		During the year	During March
2000-01	2235- Social Security and Welfare	145.91	96.50
	2236-Nutrition	7.62	1.60
	3601- Grants-in-aid to State Governments	1214.00	319.03
	3602- Grants-in-aid to Union Territory Governments	10.20	4.98
2001-02	2235-Social Security and Welfare	191.48	85.31
	3602- Grants-in-aid to Union Territory Governments	9.86	2.98
2002-03	2235- Social Security and Welfare	218.27	81.85
	3601- Grants-in-aid to State Governments	1889.59	444.92
	3602- Grants-in-aid to Union Territory Governments	12.59	4.03

Internal Audit

8.25 The Internal Audit Wing (IAW) of the Ministry of Human Resource Development functions under the administrative control of the Chief Controller of Accounts of the Ministry and is responsible for conducting internal audit of the units under this Ministry as well as those under the Ministry of Social Justice and Empowerment and Ministry of Tribal Affairs, Department of Culture, Department of Youth Affairs and Sports, Department of Women and Child Development and the attached and subordinate offices/autonomous bodies under these Departments. There were 226 units under the jurisdiction of IAW as on 31 March 2003 including 51 units pertaining to the Department of Women and Child Development. Only 78 units had been inspected by IAW during 2000-03 as shown below:

Table 8.15: Functioning of Internal Audit

Year	Total no. of units	Units due for inspection	Units actually inspected	Percentage of units inspected
2000-2001	226(51)	148(NA)	36(1)	24
2001-2002	226(51)	162(NA)	23(5)	14
2002-2003	226(51)	148(NA)	19(1)	12
Total			**78(7)**	**17**

Figures in brackets refer to Department of Women and Child Development
NA : Not available

8.26 Scrutiny of seven internal audit reports pertaining to the Department of Women and Child Development revealed that important aspects of functioning of the Ministry like preparation of budget, expenditure control, excess expenditure, unspent provisions, monitoring and implementation of schemes etc. were not commented upon by IAW, which could have served to give timely warning signals on such crucial aspects.

Grant No. 86 - Ministry of Water Resources

Introduction

8.27 The Ministry of Water Resources is responsible for laying down policy guidelines and programmes for the conservation, management, development and regulation of the country's water resources.

Overall position

8.28 Table 8.16 gives the overall position of budget provisions, actual disbursement and unspent provision during the last three years.

Table 8.16: Overall position

(Rupees in crore)

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2000-01						
Voted	635.27	51.25	554.61	44.39	80.66	6.86
Charged	00.02	34.00	--	3.04	00.02	30.96
2001-02						
Voted	702.09	59.15	626.56	57.22	75.53	1.93
Charged	00.02	4.00	--	2.95	00.02	1.05
2002-03						
Voted	745.47	64.71	570.68	63.75	174.79	0.96
Charged	00.02	3.50	--	2.23	00.02	1.27

Excess over budget provisions and net unspent provision

8.29 The gross unspent provision during the last three years was partly offset by excess disbursements under other heads. The net unspent provisions ranged from Rs. 75.53 crore to Rs. 174.79 crore under Revenue (voted) and Rs. 0.96 crore to Rs. 6.86 crore under Capital (voted) sections.

Table 8.17: Unspent provisions and excess expenditure (under voted expenditure)

(Rupees in crore)

Year	Gross unspent provision		Unspent provision offset by excess disbursement		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2000-01	100.24	8.45	19.58	1.59	80.66	6.86
2001-02	125.02	7.20	49.49	5.27	75.53	1.93
2002-03	207.10	3.30	32.31	2.34	174.79	0.96

Schemes/sub-heads affected by large unspent provision.

8.30 Scrutiny of the Appropriation Accounts for the years 2000-03 revealed that the Ministry ended the years with large unspent provisions under some sub-heads and excess expenditure under some other sub-heads (**Appendix-VIII-E**).

Persistent unspent provisions

8.31 Persistent savings in the grant as shown in the table are indicative of deficient budgeting or shortfall in performance.

Table 8.18: Persistent unspent provision

(Rupees in crore)

Sl. No.	Sub-head	Unspent provisions during			Reasons attributed by the Ministry for unspent provision
		2000-01	2001-02	2002-03	
1	2701.80.002.01-Central Water Commission	2.33	4.67	1.94	Less expenditure on LTC & tour, non-finalisation of ACP/purchase of Motor vehicles etc., ban on filling up of regular/work charged posts
2	2701.80.004.01-National Institute of Hydrology	1.29	1.41	-	Non-filling of posts etc., slow progress of work,
3	2701.80.004.03-Central Water and Power Research Station	0.90	1.69	1.05	Non-filling of posts and 10% mandatory cut on non-salary items
4	3601.01.752.01-Major Irrigation (Non-commercial) Sutlej Yamuna Link Canal Project	8.00	8.00	8.00	Non-resumption of construction work which were sub-judice and non-resumption of construction work by Government of Punjab
5	3601.04.528.01-Command Area Development	14.18	35.56	47.77	Adjustment of unspent provision of previous years, less reimbursement claims from the executing states etc.
6	5075.01.201.03-Farakka Barrage (voted)	2.00	3.75	1.27	Non-finalisation of the arbitration award and non-filling up of posts, non-finalisation of purchase proposals due to procedural delays etc.

Schemes affected by unspent provision

8.32 Some schemes most affected by persistent unspent provisions are explained below:

Command Area Development Programme

8.33 The Command Area Development Programme was launched in 1974-75 as a Centrally Sponsored Programme with the objective of ensuring efficient utilisation of irrigation potential created for optimising agricultural production. The budget provision, actual disbursement and unspent provision during 2000-01 to 2002-03 were as under:-

Table 8.19: Unspent provision

(Rupees in crore)

Year	Sanctioned provision	Actual disbursement	Unspent Provision
2000-01	156.33	142.15	14.18
2001-02	182.29	146.73	35.56
2002-03	198.00	150.23	47.77

8.34 The Ministry attributed the unspent provisions to availability of unutilised grant of previous years and receipt of lesser re-imbursement claims from the executing states. It indicated that budget estimates were framed without adequate review of the trend of expenditure.

Sutlej Yamuna Link Canal

8.35 The Project is funded in the Central Sector for providing plan assistance to States. The Ministry has been providing funds of Rs. 8.00 crore under Sutlej Yamuna Link Canal every year during 2000-03 but the entire provisions was either re-appropriated to other heads or surrendered thereby defeating the very purpose for which the budget provisions had been approved by Parliament.

Unrealistic budgeting

8.36 Rule 53 of the General Financial Rules provides that the ministries/ departments should prepare their estimates keeping in view the trends of disbursements during the previous years and the economy instructions issued by the Ministry of Finance from time to time. Scrutiny of the Appropriation Accounts for 2000-03 revealed that under the following sub-heads the entire provision remained unutilised and was re-appropriated to other heads.

Table 8.20: Unrealistic budgeting

(Rupees in crore)

S. No.	Sub-head	Total provision / Re- appropriation	Reasons advanced by the Ministry
Revenue Section (2000-01)			
1	2701.80.800.03- Dam Safety Assurance and Rehabilitation Project	1.71	Discontinuance of the scheme under zero base budgeting.
2	2702.02.005.10- Isotopic Studies for determining age, origin recharge & mechanism of salinity in Ground Water	1.40	Discontinuance of the scheme under zero base budgeting
Capital Section			
3	7601.03.786.01 - Flood Control in Brahmaputra Valley (Charged)	30.00	Non-approval of the scheme by the Planning Commission
Revenue Section (2001-02)			
4	3601.03.786.05- Flood Control in Brahmaputra Valley	25.00	Non-approval of the scheme by Planning Commission
5	3601.03.786.09- Critical anti-erosion works in Coastal and other than Ganga Basin States	2.00	-do-
Capital Section			
6	5075.01.201.03- Farakka Barrage (Charged)	1.00	No arbitration award was given by the court
Revenue Section (2002-03)			
7	2711.01.800.13- Survey and Investigation of Kosi High Dam	1.00	Non-taking up of the work owing to non-finalisation of the terms and conditions with Government of Nepal
8	3601.04.786.02- Flood Proofing Programme	1.50	Non-receipt of utilisation certificates from State Government of Bihar and consequently non-release of further funds.
9	3601.04.786.04- Critical anti-erosion works in Coastal and other than Ganga Basin States	2.00	Non-approval of the scheme owing to non-submission of proposals by the concerned State Governments for inclusion in the Expenditure Finance Committee's approval.

Surrender of unspent provision

8.37 Unspent provisions in a grant or appropriation should be surrendered as soon as these are foreseen. The Ministry surrendered funds on the last day of the financial year despite the fact that Revised Estimates were approved in January/February every year.

Table 8.21: Surrender of funds during 2000-03

(Rupees in crore)

Year	Unspent provision		Amount surrendered		Date of surrender of unspent provision
	Revenue	Capital	Revenue	Capital	
2000-01	80.68	37.82	53.69	33.32	31.3.2001
2001-02	75.55	2.98	58.10	1.00	31.3.2002
2002-03	174.92	2.23	162.26	1.24	31.3.2003

Injudicious re-appropriation of funds

8.38 Re-appropriation of funds to the following sub-heads was injudicious as the original provision under the sub-heads was more than adequate. Consequently, the final savings under the sub-heads were more than the amount re-appropriated to these heads.

Table 8.22: Injudicious re-appropriation of funds

(Rupees in crore)

Sub-heads			Provision	Total Grant	Actual expen-diture	Saving (-)
2000-2001						
2701.80.001.01	Central Water Commission	O R	10.07 0.24	10.31	9.51	0.80
2701.80.004.05	Research and Development Programmes	O R	1.70 0.56	2.26	1.69	0.57
2705.00.800.04	Research and Development Programmes	O R	0.90 0.01	0.91	0.64	0.27
2711.01.800.07	Joint River Commission	O R	2.79 0.23	3.02	2.70	0.32
2711.01.800.10	Hydrology Project	O R	17.50 0.05	17.55	16.20	1.35
4711.01.800.06	Central Water Commission	O R	3.00 0.99	3.99	2.00	1.99
2001-02						
3451.00.800.13	Hydrology Project	O R	1.24 0.06	1.30	1.23	0.07
3601.03.478.01	Rationalisation of Minor Irrigation Statistics	O R	6.49 0.06	6.55	6.07	0.48

Rush of expenditure

8.39 Rush of expenditure particularly in the closing months of the financial year should be avoided. Scrutiny revealed that in the following cases a large portion of the total expenditure was incurred in the month of March during

2000-01 to 2002-03. Such practice was not conducive to constructive utilisation of the funds.

Table 8.23: Cases of rush of expenditure (2000-2003)

(Rupees in crore)

Major Head			Total expenditure	Expenditure in March (Percentage)
2000-01				
1.	2705	Command Area Development	2.80	1.03 (37%)
2.	3601	Grants-in-aid to State Governments	168.88	65.26 (39%)
3.	4701	Capital Outlay on Major and Medium Irrigation	3.33	1.64 (49%)
4.	4711	Capital Outlay on Flood Control Projects	2.00	1.59 (80%)
5.	7601	Loans and Advances to State Governments	3.00	3.00 (100%)
2001-02				
1.	2705	Command Area Development	1.40	0.42 (30%)
2.	3601	Grants-in-aid to State Governments	187.15	117.46 (63%)
3.	4701	Capital Outlay on Major and Medium Irrigation	3.48	2.72 (78%)
4.	4702	Capital Outlay on Minor Irrigation	1.93	1.46 (76%)
5.	4711	Capital Outlay on Flood Control Projects	3.06	3.00 (98%)
6.	6701	Loans for Major and Medium Irrigation	32.00	19.92 (62%)
7.	7601	Loans and Advances to State Governments	2.95	2.95 (100%)
8.	2702	Minor Irrigation	157.86	41.73 (26%)
9.	2711	Flood Control and Drainage	112.30	43.40 (39%)
2002-03				
1.	2705	Command Area Development	1.93	0.64 (33%)
2.	2702	Minor Irrigation	130.79	29.16 (22%)
3.	2711	Flood Control and Drainage	83.77	25.32 (30%)
4.	3601	Grants-in-aid to State Governments	182.05	64.14 (35%)
5.	4701	Capital Outlay on Major and Medium Irrigation	4.22	1.42 (34%)
6.	4702	Capital Outlay on Minor Irrigation	2.74	2.74 100%)
7.	6701	Loans for Major and Medium Irrigation	27.00	16.96 (63%)
8.	7601	Loans and Advances to State Governments	1.76	1.76 (100%)

Chapter 9

MANAGING GOVERNMENT FINANCES: A GENERAL EVALUATION

Summary Indicators of Fiscal Performance

9.1 This Chapter presents a summarised position of government finances over 1985-2003, with reference to certain key indicators that help in assessing the adequacy and effectiveness of available resources, highlighting areas of concern, and capturing important facets of government finances. Fiscal parameters of the Union Government have broadly been grouped under four major components and for each component a set of indicators have been conceived to assess the fiscal developments over time. The four major components are resource mobilisation; expenditure management; management of fiscal imbalances; and management of fiscal liabilities.

Resource Mobilisation

9.2 Eight indicators are included under this major component to capture the adequacy of resources, growth of these resources and returns on past investments, financial intermediation and capital expenditure incurred to date. The revenue receipt -GDP ratio indicates the adequacy of the present flow of resources for the provision of current services. Revenue receipts comprise both tax and non-tax receipts as well as recovery of user charges for social and economic services provided by the government. The second indicator of adequacy of resources is the tax-GDP ratio, a sub set of the revenue receipts. This ratio indicates the government's access to such resources for which there is no direct service provision obligation. Revenue and tax buoyancy indicate the progressiveness or otherwise of resource mobilisation efforts. The other four are indicators of return on past investment and recovery of user charges. Table 9.1 summarises the movement in value of these indicators over 1985-2003, the VIII and IX Five Year Plans (1992-1997 and 1997-2002) and the two most recent years.

Table 9.1: Indicators of Resource Mobilisation

(per cent)

	1985-2003	VIII Plan (1992-1997)	IX Plan (1997-2002)	2001-02	2002-03
Revenue Receipt/GDP	12.63	12.71	12.36	11.55	12.23
Tax Receipt/GDP	9.11	9.32	8.65	8.15	8.82
Revenue Buoyancy	0.93	0.94	0.76	0.40	1.93
Tax Buoyancy	0.88	0.96	0.85	*	2.31
Return on Advances	11.45#	11.23	14.15	15.17	15.11
Return on Investment	4.30#	2.35	5.30	7.99	8.83
User Charges Recovery-Social Services	5.18#	9.57	3.59	1.51	2.03
User Charges Recovery-Economic Services	50.12#	57.22	55.80	47.62	43.07

** Revenue and Tax buoyancy coefficients are in ratios. Rate of growth of tax revenue was negative in 2001-02*

 # Pertains to 1987-2003

9.3 Compared to the values during the VIII Plan (1992-1997), the ratio of revenue receipt and tax collections to GDP was lower in 2002-03. Though there was an improvement in revenue and tax buoyancy in the current year, it was due to a moderate GDP growth. Buoyancy coefficients of both these variables were less than one during the VIII and IX Plan periods. There appeared a positive improvement in return from investment and loans and advances, but recovery of user charges witnessed significant decline over years. Resource mobilisation efforts, therefore, presented a somewhat mixed picture.

Management of Expenditure

9.4 In expenditure management, eleven indicators were identified to capture its growth and quality. Plan expenditure, capital expenditure and development expenditure are indicators of the quality of expenditure. The parameters of ratio of expenditure to GDP and buoyancy (with reference to revenue receipt) indicate relationship of expenditure with GDP and its responsiveness to changes in these parameters. Per capita expenditure on social and economic services indicates access provided for these services and their spread. Values of these parameters over the defined time frame are indicated in Table 9.2.

Table 9.2: Indicators of Expenditure Management

(per cent)

	1985-2003	VIII Plan (1992-1997)	IX Plan (1997-2002)	2001-02	2002-03
Total Expenditure/GDP	20.01	19.66	19.50	19.40	19.43
Revenue Expenditure/Total Expenditure	80.69	78.88	83.61	84.31	85.99
Plan Expenditure/Total Expenditure	22.88	23.68	20.99	23.53	23.40
Capital Expenditure/Total Expenditure	8.42	9.61	7.00	7.02	6.40
Development Expenditure/ * Total expenditure	41.52	42.24	40.40	38.74	39.96
Committed Expenditure/Revenue Expenditure	45.75	44.57	47.82	47.31	46.23
Committed Expenditure/Revenue Receipt	58.46	54.38	63.07	66.98	63.15
Per Capita Expenditure-Social services (1993-94 prices, Rupees)	82#	68	104	95	122
Per Capita Expenditure- Economic Services (1993-94 prices, Rupees)	727#	693	792	823	862
Buoyancy of Total Expenditure with Revenue Receipts (Ratio)	0.95	0.76	1.09	3.48	0.53
Buoyancy of Revenue Expenditure with Revenue Receipts (Ratio)	1.08	0.94	1.28	2.66	0.70

** Development expenditure is total expenditure on social and economic services. Total expenditure excludes loans and advances.* *# Pertains to 1987-2003*

9.5 Most of these parameters indicate deterioration. Capital expenditure witnessed a contraction over time, development expenditure declined, plan expenditure remained stable and revenue expenditure increased. There was also an increase in committed expenditure on salary, pensions and interest payments both relative to revenue receipt and revenue expenditure. Though there was a sharp deceleration in buoyancy of revenue and total expenditure relative to revenue receipt in 2002-03, trend average for the IX Plan (1997-2002) showed deterioration compared to the average buoyancy during the VIII Plan (1992-1997). There was, however, an increase in the per capita expenditure on social and economic services at 1993-94 prices.

Management of Fiscal Imbalances

9.6 Five indicators were identified to capture management of fiscal imbalances. These included the ratio of revenue, fiscal and primary deficit to GDP, the ratio of revenue deficit to fiscal deficit and the balance from current revenue (BCR). Though deficits are essentially outcomes of the government's policy with regard to receipts and expenditure, these serve as useful proxies for fiscal health. The Fiscal Responsibility and Budget Management (FRBM) Act of 2003 has also mandated government to take appropriate steps to eliminate revenue deficit by 31 March 2008 and thereafter build adequate revenue surplus. The values of these parameters over the specified periods as mentioned above are indicated in Table 9.3.

Table 9.3: Indicators of Management of Fiscal Imbalances

(per cent)

	1985-2003	VIII Plan (1992-1997)	IX Plan (1997-2002)	2001-02	2002-03
Revenue Deficit/GDP	3.51	2.80	3.94	4.80	4.48
Fiscal Deficit/GDP	6.31	6.04	6.23	6.79	5.49
Primary Deficit/GDP	1.83	1.77	1.49	1.81	0.41
Revenue Deficit/Fiscal Deficit	55.66	46.26	63.26	70.78	81.56
Balance From Current Revenue (BCR) *(Rupees in crore)*	-10858	-2191	-28622	-48647	-38195

9.7 The ratios of deficits to GDP and the ratio of revenue deficit to the fiscal deficit indicate vulnerability of Union finances. Finances become vulnerable to the extent that fiscal deficit is not used for creating assets, as there is no addition to the repayment capacity and no asset back up for the liabilities incurred. This ratio increased from an average of 46.26 *per cent* during the VIII Plan (1992-1997) to 81.56 *per cent* in 2002-03, an increase of over 35 percentage points in a little over a decade. There was only a moderate improvement in the ratio of fiscal deficit to GDP. Complete elimination of revenue deficit as mandated by the FRBM Act 2003 may need greater efforts.

Balance from current revenue indicates the non-plan revenue balances. If these are positive, there is to that extent, funding of plan expenditure from the current revenue. BCR turned negative in 1990-91 and continued to be so thereafter.

Management of Fiscal Liabilities

9.8 Sustainability of debt is the key issue in the assessment of government finances. The higher the debt to GDP ratio, larger is likely to be the cost at which the government is able to borrow. Average rate of interest, difference between the interest rate and GDP growth (referred to as Domar gap) and the ratio of assets (utilisation of borrowed funds) to fiscal liabilities are important indicators of debt management. Debt redemption inclusive of interest as percentage of borrowing also indicates the degree of autonomy in utilising available resources for current applications. The higher this ratio, lower is the amount available from borrowings for application for current services. Values of the eight indicators of management of fiscal liabilities are indicated in Table 9.4 below.

Table 9.4: Indicators of Management of Fiscal Liabilities

(per cent)

	1985-2003	VIII Plan (1992-1997)	IX Plan (1997-2002)	2001-02	2002-03
Fiscal Liabilities/GDP	60.10	60.72	58.90	60.95	63.16
Average Interest Rate-Domestic Loans	9.74	9.37	10.42	10.48	10.03
Average Interest Rate-Total Liabilities	8.44	7.91	9.06	9.22	8.90
Debt Repayment/Debt Receipt	93.57	93.10	94.70	91.73	97.87
Ratio of Assets to Liabilities	54.97	57.68	50.90	47.54	44.77
Fiscal Liabilities/Revenue Receipt	476	478	476	528	516
Domar Gap	5.98	8.63	1.58	-0.11	-2.15
Buoyancy of Assets	0.74	0.83	0.70	0.61	0.39

9.9 All the eight parameters show deterioration. Debt-GDP ratio, after getting consolidated during the IX Plan (1997-2002) witnessed sharp increase. Interest rate on fiscal liabilities also increased and debt overhang did not let government avail full benefit of moderation in these rates. Domar gap also turned negative resulting in debt increasing faster than the primary deficit would warrant. Ratio of assets to liabilities declined to 44.77 in 2002-03 indicating that over 55 *per cent* of the aggregate fiscal liabilities of the Union Government did not have any assets back up. Assets were also growing at a lower rate than liabilities. Buoyancy of assets relative to liabilities declined to 0.39 in 2002-03, indicating that for each one *per cent* increase in liabilities assets grew by only 0.39 *per cent*. There was virtually complete rollover of

debt and debt redemption, including the repayment of principal and interest, which took away 98 *per cent* of new debt raised.

9.10 As resources available for application for current services have depleted relative to GDP, it is critical that these are used with optimal efficiency. These inefficiencies result from the inability to use the resources in time, delaying projects and programme implementation rigidities like lapsing of funds and opacities in budget proposals. These issues and others pointed out elsewhere in the Report call for various measures of reform in government finances and accounts, including budgetary operations of the government.

(Dr. A.K. BANERJEE)
Director General of Audit
Central Revenues

New Delhi
Dated 28 May 2004

Countersigned

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

New Delhi
Dated 4 June 2004

LIST OF APPENDICES

APPENDIX-I-A
(Refers to Paragraphs 1.14)
Adverse Balances

(Rupees in thousands)

Sl. No.		Head of Account (Major/Minor)	Balance (As on 31 March 2002)	Period from which balances became adverse
Statement No. 13				
1.	8121-00-108	Staff Benefit Fund (Railways Strategic Lines)	Dr. 135	2002-03
2.	8235-00-101-	General Reserve Funds of Govt. Commercial Department/ Undertaking	Dr. 872	1999-2000
3.	8443-00-110-	Deposits of Police Fund	Dr. 3254	1996-97
4.	8443-00-118-	Deposits of fees received by Govt. servants for work done for private bodies	Dr. 7248	2001-02
5.	8448-00-104	Fund of Insurance Association of India	Dr. 2.91	Pre 1976-77
6.	8550-00-101-	Forest Advances	Cr. 18226	1997-98
7.	8670-00-103	Departmental Cheques	Dr. 253618	2002-03
8.	8679-00-115	Accounts with govt.of other countries	Dr. 27928	2002-03
Statement No. 14				
9.	6002-202	Loans from the Federal Austrian Government	(-) 247250	1997-98
10.	6002-203-	Loans from the Government of the Kingdom of Belgium	(-) 1469724	1996-97
11.	6002-204-	Loans from the Government of Canada	(-) 1940001	1999-00
12.	6002-206-	Loans from the Government of Demark	(-) 953962	1999-00
13.	6002-207	Loans from the European Economic Community	(-) 94431	2001-02
14.	6002-00-208-	Loans from the Govt. of France	(-) 7122214	2001-02
15.	6002-212-	Loans from the Government of Italy	(-) 1617816	2001-02
16.	6002-218	Loans from Kuwait Fund for Arab Economic Development	(-) 1962184	1994-95
17.	6002-00-220	Loans from the Government of Netherlands	(-) 10026758	1996-97
18.	6002-00-223	Loans from the Government of Swiss confederation and Swiss Bank	(-) 471770	2001-02
19.	6002-00-224	Loans from Saudi Fund for Development	(-) 522866	1994-95
20.	6002-00-226	Loans from the Agency for International Development U.S.A.	(-) 33234443	1995-96
21.	6002-00-227	Loans from Government of USA under PL-480 Convertible Local Currency Credits	(-) 6379766	1995-96
22.	6002-00-228	Other miscellaneous Loans from the Government of U.S.A.	(-) 1079649	1998-99
23.	6002-00-230	Loans from the Government of Russian Federation	(-) 5721198	1998-99
24.	6002-00-250	Loans from the Government of Spain	(-) 115880	2002-03

Sl. No.		Head of Account (Major/Minor)	Balance (As on 31 March 2002)	Period from which balances became adverse
Statement No. 14A				
25.	6001-00-106-	Special Bearer Bonds, 1991	(-) 79371	1995-96
Statement No. 15				
26.	6802-01-190	Loans to Public Sector and other undertakings	(-) 1	2002-03
27.	6202-03-800	Other Loans	(-) 1876	1986-87
28.	6215-02-800	Other Loan	(-) 13558	2001-02
29.	6225-01-800	Other Loans	(-) 749	1994-95
30.	6245-01-101-	Gratuitous Relief	(-) 803	1986-87
31.	6245-02-101-	Gratuitous Relief	(-) 2156	1997-98
32.	6401-00-800-	Other Loans	(-) 13378	1986-87
33.	6402-00-102-	Soil Conservation	(-) 4880	1995-96
34.	6403-00-800-	Other Loans	(-) 6428	1994-95
35.	6408-01-101	Procurement and Supply	(-) 186	1999-00
36.	6515-00-102-	Community Development	(-) 424	1986-87
37.	6515-00-103-	Rural Works Programmes	(-) 1	1986-87
38.	6701-00-800-	Other Loans	(-) 4	1988-89
39.	6851-00-102-	Small Scale Industries	(-) 9631	2001-02
40.	6859-00-190-	Loans to Public Sector and other undertaking	(-) 79192	2002-03
41.	6860-00-800-	Other Loan	(-) 22	1994-95
42.	7052-02-101-	Loans to S.D.F.C	(-) 808475	2001-02
43.	7053-00-190-	Loans to Public Sector and other undertaking	(-) 219037	2002-03
44.	7601-00-03-	Loans for Central Plan Schemes	(-) 2097	2000-01
45.	7601-00-03-	Loans from Central Plan Scheme (Chattisgarh)	(-) 13672	2001-02
46.	7601-00-03-	Loans for Central Plan Schemes (Jharkhand)	(-) 2598	2001-02
47.	7601-00-05	Loan for Special Plan Scheme (Jharkhand)	(-) 3	2001-02
Statement No. 16				
48.	8001-00-104-	Cumulative Time Deposits	(-) 319025	1994-95
49.	8002-00-101-	Post office certificates	(-) 8671659	1999-00
50.	8002-00-103-	Treasury Saving Deposit Certificates	(-) 6962	Pre 1976-77
51.	8002-00-104-	Defence Saving Certificates	(-) 130551	1988-89

APPENDIX-III-A

(Refers to Paragraph 3.7)

Total Expenditure of Union Government

(Rupees in crore)

Year	Revenue	Capital	Loans & Advances	Total
1985-86	49032	8900	13805	71737
1986-87	57911	10991	13431	82333
1987-88	65895	10523	13794	90212
1988-89	76415	11340	15205	102960
1989-90	90138	13399	17370	120907
1990-91	102964	13387	20708	137059
1991-92	116091	13911	18703	148705
1992-93	132794	20586	17619	170999
1993-94	152317	24650	21874	198841
1994-95	177699	19266	23898	220863
1995-96	198302	17544	24810	240656
1996-97	226372	15704	29035	271111
1997-98	277732	20225	35471	333428
1998-99	300456	25200	46594	372250
1999-00	343195	29023	27359	399577
2000-01	342647	25426	27761	395834
2001-02	375582	31295	38614	445491
2002-03	409591	30497	36222	476310

APPENDIX-IV-A

(Refers to Paragraph 4.5)

Revenue, Fiscal, Primary Deficits and Interest Payment

(Rupees in crore)

Year	Revenue Deficit	Fiscal Deficit	Primary Deficit	Interest	Percentage of Col. 5 to Col. 3
(1)	(2)	(3)	(4)	(5)	(6)
1976-77	(+) 280	4080	2706	1374	33.68
1977-78	(+) 429	4110	2589	1521	37.00
1978-79	(+) 292	5988	4159	1829	30.54
1979-80	696	6391	4181	2210	34.58
1980-81	1702	8888	6284	2604	29.30
1981-82	293	8667	5472	3195	36.86
1982-83	1254	12473	8535	3938	45.44
1983-84	2398	13934	9139	4795	38.44
1984-85	3498	17785	11811	5974	42.87
1985-86	5564	24404	16893	7512	42.24
1986-87	7579	27875	18629	9246	37.89
1987-88	9137	28273	17022	11251	40.36
1988-89	10515	32007	17729	14278	44.61
1989-90	11914	37222	19465	17757	47.71
1990-91	18561	45887	24389	21498	46.85
1991-92	16261	38835	12239	26596	68.48
1992-93	18574	47140	16065	31075	65.92
1993-94	32715	71676	34935	36741	51.26
1994-95	31029	62079	18019	44060	70.97
1995-96	29731	63689	13644	50045	78.58
1996-97	32654	68242	8764	59478	87.16
1997-98	59433	104621	38984	65637	62.74
1998-99	60567	113298	35416	77882	68.74
1999-00	61642	103750	9156	94593	91.18
2000-01	86611	120874	17650	103224	85.40
2001-02	110303	155833	41660	114173	73.27
2002-03	109765	134588	10015	124573	92.56

APPENDIX-V-A

(Refers to Paragraph 5.3)

Total liability of the Union Government

(Rupees in crore)

Year	Internal Debt	External Debt		Public Account		Total Liability	
		At historical rate	At current rate	Small Savings, Provident Fund etc.	Reserve Fund & Deposits	At historical rate	At current rate
1976-77	14458	8611	*	7709	2830	33608	*
1977-78	18996	8985	*	9130	3062	40173	*
1978-79	19855	9373	*	10756	3499	43483	*
1979-80	24319	9964	*	12486	3445	50214	*
1980-81	30864	11298	*	13953	3633	59748	*
1981-82	35653	12328	*	16578	3626	68185	*
1982-83	46939	13682	*	19887	4364	84872	*
1983-84	50264	15120	*	23874	6003	95261	*
1984-85	58537	16636	*	29705	8563	113441	*
1985-86	71039	18153	*	36859	11433	137484	*
1986-87	86312	20299	*	44928	15006	166545	*
1987-88	98646	23223	*	54528	19165	195562	*
1988-89	114498	25746	*	68536	20991	229771	*
1989-90	133193	28343	*	87065	19592	268193	*
1990-91	154004	31525	*	107107	21922	314558	*
1991-92	172750	36948	109608	121500	23464	354662	427322
1992-93	199100	42269	120813	136802	23752	401923	480467
1993-94	245712	47345	127798	160355	24556	477968	558421
1994-95	266467	50928	142389	192222	28993	538610	630071
1995-96	307869	51249	148583	213435	33680	606233	703567
1996-97	344475	54239	149077	239042	37919	675675	770513
1997-98	388998	55332	161442	291867	42097	778294	884404
1998-99	459696	57254	177934	333261	41595	891806	1012486
1999-00	714254	58437	186075	172212	47508	992411	1120049
2000-01	803698	65945	190017	186592	58535	1114770	1238842
2001-02	913061	71546	199897	213449	73133	1271189	1399540
2002-03	1020689	59612	196068	251293	80126	1411720	1548176

* *Current rate of exchange is not available.*

APPENDIX-V-B

(Refers to Paragraph 5.15)

Unutilised external assistance – Sector-wise

(Rupees in crore)

Sl. No.	Sector	Unutilised external assistance at current rate
1.	Power	17855.22
2.	Roads	14567.28
3.	Social	8780.40
4.	Urban Development	9240.25
5.	Water Resources Management	5338.02
6.	Agriculture and Rural Development	4502.22
7.	Environment and Forestry	1861.39
8.	Others	2615.47
9.	Railways	519.23
10.	Energy (Non-conventional)	819.36
11.	Structure adjustment/Fast disb.	475.10
12.	Infrastructure sector (General)	261.17
13.	Infrastructure sector (Telecom)	274.22
14.	Industry and Finance	191.60
15.	Coal	56.21
16.	Fertilizer	0.59
17.	Energy sector	7.56
	Total	**67365.29**

APPENDIX-VI-A

(Refers to Paragraph 6.4)

Authorisation and Disbursements

(Rupees in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disburse-ments	Unspent provision
A - Civil					
Voted					
I. Revenue	183815.18	18186.55	202001.73	189662.94	12338.79
II. Capital	18672.00	684.25	19356.25	15561.61	3794.64
III. Loans and Advances	4914.30	4376.38	9290.68	8608.48	682.20
Total	**207401.48**	**23247.18**	**230648.66**	**213833.03**	**16815.63**
Charged					
IV. Revenue	140768.56	11.68	140780.24	136699.76	4080.48
V. Capital	22.92	1.48	24.40	21.89	2.51
VI. Public Debt	321154.89	56786.82	377941.71	339677.24	38264.47
VII. Loans and Advances	26841.87	1564.05	28405.92	27719.69	686.23
Total	**488788.24**	**58364.03**	**547152.27**	**504118.58**	**43033.69**
Grand Total	**696189.72**	**81611.21**	**777800.93**	**717951.61**	**59849.32**
Recoveries in reduction of disbursements			14431.24	13374.51	
Total Net Provision			**763369.69**		
Total Net Disbursement				**704577.10**	
B - Posts					
Voted					
I. Revenue	5297.89	191.59	5489.48	5475.60	13.88
II. Capital	128.55	0.01	128.56	41.54	87.02
Total	**5426.44**	**191.60**	**5618.04**	**5517.14**	**100.90**
Charged					
III. Revenue	0.02	0.54	0.56	0.55	0.01
IV. Capital	-	0.78	0.78	0.71	0.07
Total	**0.02**	**1.32**	**1.34**	**1.26**	**0.08**
Grand Total	**5426.46**	**192.92**	**5619.38**	**5518.40**	**100.98**
Recoveries in reduction of disbursements			81.00	102.10	
Total Net Provision			**5538.38**		
Total Net Disbursement				**5416.30**	

(Rupees in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disburse-ments	Unspent provision
C - Defence Services					
Voted					
I. Revenue	45793.04	-	45793.04	42990.91	2802.13
II. Capital	21395.95	-	21395.95	14947.95	6448.00
Total	**67188.99**	**-**	**67188.99**	**57938.86**	**9250.13**
Charged					
III. Revenue	16.29	-	16.29	11.29	5.00
IV. Capital	14.68	-	14.68	4.90	9.78
Total	**30.97**	**-**	**30.97**	**16.19**	**14.78**
Grand Total	**67219.96**	**-**	**67219.96**	**57955.05**	**9264.91**
Recoveries in reduction of disbursements			312.39	316.97	
Total Net Provision			**66907.57**		
Total Net Disbursement				**57638.08**	
D - Railways					
Voted	71682.50	546.04	72228.54	69498.38	2730.16
Charged	31.14	22.20	53.34	51.59	1.75
Total	**71713.64**	**568.24**	**72281.88**	**69549.97**	**2731.91**
Recoveries in reduction of disbursements			21866.06	21194.76	
Total Net Provision			**50415.82**		
Total Net Disbursement				**48355.21**	
Total CFI — **Voted**	**351699.41**	**23984.82**	**375684.23**	**346787.41**	**28896.82**
Total CFI — **Charged**	**488850.37**	**58387.55**	**547237.92**	**504187.62**	**43050.30**
Grand Total CFI	**840549.78**	**82372.37**	**922922.15**	**850975.03**	**71947.12**

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

APPENDIX-VI-B

(Refers to Paragraph 6.6)

Net Unspent Provision in Grants/Appropriations

(Rupees in crore)

Grants and Appropriations affected	Unspent provision		Excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
A - Civil						
Voted	12391.85	4492.73	53.06	15.89	12338.79	4476.84
No. of grants	88	63	2	1		
Charged	5874.11	38955.09	1793.63	1.88	4080.48	38953.21
No. of Appropriations	35	13	4	2		
B - Posts						
Voted	13.88	87.02	-	-	13.88	87.02
No. of grants	1	1				
Charged	0.01	0.07	-	-	0.01	0.07
No. of Appropriations	1	1				
C - Defence Services						
Voted	2802.13	6448.00	-	-	2802.13	6448.00
No. of grants	4	1				
Charged	5.00	9.78	-	-	5.00	9.78
No. of Appropriations	4	1				
D - Railways						
Voted	1659.65	1391.48	229.45	91.51	1430.20	1299.97
No. of grants	13	1	2	1	-	-
Charged	-5.09	0.34	0.83	2.86	4.26	2.52*
No. of Appropriations	3	1	7	1	-	-

* Excess

APPENDIX-VI-C

(Refers to Paragraph 6.7)

Proportion of Charged and Voted Disbursements under Civil Ministries

(Rupees in crore)

Sl. No	Year	Authorisation			Disbursements			Percentage of	
		Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
1.	1991-92	63814	142537	206351	58202	122373	180575	32	68
2.	1992-93	74367	141321	215688	68904	134672	203576	34	66
3.	1993-94	88069	203866	291935	82497	188621	271118	30	70
4.	1994-95	94380	254781	349161	87054	216958	304012	29	71
5.	1995-96	96720	282079	378799	90196	231831	322027	28	72
6.	1996-97	107583	313320	420903	96316	280355	376671	26	74
7.	1997-98	145613	486038	631651	132239	452232	584471	23	77
8.	1998-99	139083	504105	643188	139488	468679	608167	23	77
9.	1999-2000	157780	512075	669855	148642	453196	601838	25	75
10.	2000-01	173677	530530	704207	160753	405289	566042	28	72
11.	2001-02	218136	481679	699815	201574	473950	675524	30	70
12.	2002-03	230649	547152	777801	213833	504119	717952	30	70

APPENDIX-VI-D

(Refers to Paragraph 6.10).

Rush of Expenditure during the month of March 2003

(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
Civil				
	1-Department of Agriculture and Co-operation			
1.	2425-Co-operation	30.51	19.88	65
	3-Department of Animal Husbandry and Dairying			
2.	4405- Capital Outlay on Fisheries	8.86	7.60	86
	5-Department of Chemicals and Petro-chemicals			
3.	2852-Industries	47.43	23.85	50
	7-Ministry of Civil Aviation			
4.	5053-Capital Outlay on Civil Aviation	22.26	21.28	96
	8-Department of Coal			
5.	2803- Coal and Lignite	245.54	132.81	54
	9-Department of Mines			
6.	2853- Non-Ferrous Mining and Metallurgical Industries	998.14	596.05	60
	11-Department of Industrial Policy and Promotion			
7.	2885-Other Outlay on Industries & Minerals	190.28	133.95	70
	23-Department of Development of North Eastern Region (Ministry of Home Affairs)			
8.	2250-Other Social Services	3.96	2.44	62
9.	4853-Capital Outlay on Non-ferrous Mining and Metal Industries	0.50	0.50	100
	25 – Ministry of External Affairs			
10.	2070-Other Administrative Services	19.76	19.76	100
11.	4059- Capital Outlay in Public Works	11.77	6.22	53
	26-Department of Economic Affairs (Ministry of Finance)			
12.	2075-Miscellaneous General Services	1.80	1.80	100
13.	2235-Social Security and Welfare	0.08	0.08	100
14.	3054- Road and Bridges	528.00	528.00	100
15.	3075-Other Transport Services	1177.13	1177.13	100

(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
	28-Payments to Financial Institutions (Ministry of Finance)			
16.	2075-Miscellaneous General Services	125.00	125.00	100
17.	2885-Other Outlays on Industries and Minerals	52.03	48.11	92
18.	3465-General Financial and Trading Institutions	2449.00	1612.08	66
	30-Transfers to State and Union Territory Governments (Ministry of Finance)			
19.	2075-Miscellaneous General Services	77.57	77.57	100
20.	3602-Grants-in-aid to Union Territory Governments	325.00	162.52	50
	36-Department of Revenue (Ministry of Finance)			
21.	2045-Other Taxes and Duties on Commodities and Services	14.68	11.30	77
22.	2875-Other Industries	202.17	144.84	72
23.	3601-Grants-in-aid to State Governments.	0.24	0.24	100
24.	4875-Capital Outlay on Other Industries	0.68	0.51	75
	38-Indirect Taxes (Ministry of Finance)			
25.	4047-Capital Outlay on Other Fiscal Services	0.05	0.05	100
26.	4216-Capital Outlay on Housing	3.90	3.63	93
	43-Department of Indian Systems Medicine and Homeopathy (Ministry of Health & Family Welfare)			
27.	3601-Grants-in-aid to State Governments	14.17	9.14	65
	45-Ministry of Home Affairs			
28.	2070-Other Administrative Services	0.09	0.09	100
	48-Other Expenditure of Ministry of Home Affairs			
29.	2250-Other Social Services	0.25	0.22	88
30.	2401-Crop Husbandry	3.21	1.72	54
31.	3601-Grants-in-aid to State Governments	444.22	354.21	80

(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
	51-Department of Secondary Education and Higher Education			
32.	2013-Council of Ministers	0.80	0.80	100
33.	2204-Sports and Youth Affairs	79.35	64.35	81
34.	3602-Grants-in-aid to Union Territory Governments	2.18	2.18	100
	54-Department of Heavy Industry			
35.	4858 – Capital Outlay on Engineering Industries	8.87	5.62	63
36.	4860- Capital Outlay on Consumer Industries	1.51	0.76	50
	57-Law and Justice			
37.	3602-Grants-in-aid to Union Territory Governments	6.00	3.13	52
	61-Ministry of Non-Conventional Energy Sources			
38.	2552-North Eastern Areas	45.52	35.84	79
39.	2810-Non-Conventional Sources of Energy	223.66	117.06	52
40.	3601-Grants-in-aid to State Governments	14.14	11.80	83
	63-Ministry of Personnel, Public Grievances and Pensions			
41.	4055-Capital Outlay on Police	0.15	0.15	100
42.	4059-Capital Outlay on Public Works	0.28	0.28	100
	65-Ministry of Planning			
43.	3601 – Grants-in-aid to State Governments	0.06	0.04	67
44.	5475-Capital Outlay on Other General Economic Services	1.72	1.72	100
	67-Department of Rural Development			
45.	4216- Capital Outlay on Housing	50.00	50.00	100
	70-Department of Science and Technology			
46.	5425-Capital Outlay on Other Scientific and Environmental Research	3.29	1.88	57
	71-Department of Science and Industrial Research			
47.	5425-Capital Outlay on Other Scientific and Environmental Research	0.10	0.10	100
	74-Ministry of Statistics and Programme Implementation			
48.	5475-Capital Outlay on Other General Economic Services	11.23	9.11	81

(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
	77-Ministry of Shipping			
49.	2852-Industries	62.50	36.47	58
	79-Department of Tourism			
50.	3452-Tourism	163.10	81.18	50
	80-Department of Culture			
51.	3601-Grants-in-aid to State Governments	2.62	1.60	61
	81-Ministry of Tribal Affairs			
52.	2225-Welfare of Schedules Castes, Schedules Tribes and Other Backward Classes	67.94	41.31	61
	85-Ministry of Urban Employment and Poverty Alleviation			
53.	3475- Other General Economic Services	4.61	2.58	56
54.	3602- Grants-in- aid to Union Territory Governments	1.91	1.87	98
55.	4552- Capital Outlay on North East Region	44.17	25.20	57
	87-Ministry of Social Justice and Empowerment			
56.	4235-Capital Outlay on Social Security and Welfare	10.00	10.00	100
	88-Ministry of Youth Affairs and Sports			
57.	3601 – Grants-in-aid to State Governments	43.01	28.56	66
	92-Department of Space			
58.	3252-Satellite Systems	759.05	565.51	75
	98-Andaman and Nicobar Islands			
59.	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.18	0.10	56

APPENDIX-VII-A

(Refers to Paragraph 7.3)

Statement showing cases of expenditure without adequate re-appropriation of fund (Excess of Rs one crore and more)

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
Civil					
	3-Department of Animal Husbandry and Dairying				
1.	Marine Fisheries –Fishery Survey of India	O	24.25		
		R	(-)1.66	24.31	1.72
	9-Department of Mines				
2.	Geological Survey of India-Direction Administration – Administrative support	O	194.69		
		R	(-)3.32	195.81	4.44
	10-Department of Commerce				
3.	Scheme for Central Assistance for Developing Export Infrastructure and Other allied Activities	O	310.00		
		R	(-)7.12	304.46	1.58
	13-Department of Telecommunications				
4.	Family Pensions	O	67.84		
		R	(-)0.85	71.62	4.63
5.	Telephone Exchange (automatic)	S	5.26	15.90	10.64
6.	Civil Engineering Suspense	S	2.97	8.22	5.25
	14-Department of Information Technology				
7.	Assistance from Government of Federal Republic of Germany	-		1.11	1.11
	23-Department of Development of North Eastern Region				
8.	Loans for Special Plan Schemes-Schemes of North Eastern Council –Special Development Project	O	23.97	27.51	3.54
	25-Ministry of External Affairs				
9.	Embassies and Missions	O	787.80		
		R	(-)52.90	800.54	65.65
10.	Discretionary Expenditure	O	785.00		
		R	8.94	801.84	7.90
11.	Central Passport and Emigration Organisation	O	101.23		
		R	(-)2.98	102.59	4.34
12.	Entertainment of Dignitaries	O	24.50		
		R	(-)7.28	19.74	2.52
13.	Demarcation of Boundaries	O	4.71		
		R	(-)2.67	3.44	1.40
14.	ITEC Programme	O	31.00	37.18	6.18
15.	Loans to Government of Bhutan	O	234.40		
		R	20.00	272.89	18.49

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
	26-Department of Economic Affairs				
16.	Transfer to Reserve Funds	O	9.90		
		R	(-)0.10	14.04	4.24
	28-Payments to Financial Institutions				
17.	Industrial Development Bank of India	O	237.98		
		R	(-)7.09	235.60	4.71
	29-Interest Payments				
18.	Prepayment Premium on loans from Asian Development Bank	O	-		
		R	155.82	167.02	11.20
19.	Discount on Treasury Bills –91 Days Treasury Bills	O	358.00		
		R	11.00	388.42	19.42
20.	Securities issued to Reserve Bank of India in Conversion of Treasury Bills	O	4223.63		
		R	(-)477.63	4209.57	463.57
21.	Interest on Ways and Means Advances	O	550.00		
		R	(-)162.65	388.66	1.30
22.	Interest on marketable securities issued in conversion of special securities	O	2120.25		
		R	720.30	3066.65	226.10
23.	Interest on Investment in Special Government of Indian securities issued against net collections of small savings from 1999-2000	O	2452.08		
		R	762.60	3260.48	45.80
24.	Compensation and other Bonds	O	2377.65		
		R	(-)351.21	2410.80	384.36
25.	Management of Debt	O	250.00		
		R	45.00	366.42	71.42
26.	Interest on Loans from the Government of Japan	O	1067.08		
		R	(-)9.84	1058.26	1.02
27.	Interest on Loans from Asian Development Bank	O	898.55		
		R	(-)123.87	830.19	55.50
28.	Other State Provident Funds	O	865.28		
		R	37.97	1051.71	148.46
29.	Special Deposits of ESIC	O	390.24		
		R	(-)20.54	390.24	20.54
30.	Special Deposits of Provident Superannuation Gratuity Fund	O	10200.00		
		R	(-)175.00	10663.59	638.59
31.	Bonus for Undisbursed Pay of India Ranks	O	47.06		
		R	(-)0.62	66.46	20.01
32.	Interest on Deposit Scheme for retiring Government Employees	O	50.00		
		R	25.00	77.96	2.96
33.	Railway Depreciation reserve fund	O	29.35		
		R	22.56	80.70	28.79

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
34.	Interest on Railway Development Fund	O	0.04	3.85	3.81
35.	Railway Pension Fund	O	23.89		
		R	15.82	49.81	10.11
36.	Deposits of Public Sector undertakings	O	55.00		
		R	94.00	167.27	18.27
	31-Loans to Government Servants, etc.				
37.	Other Advances	O	10.00		
		R	(-)7.18	6.40	3.58
	32-Repayment of Debt				
38.	14 –Days Treasury Bills	O	79716.00		
		S	26596.00		
		R	(-)3814.00	106446.06	3948.06
39.	Loans from International Bank for Reconstruction and Development	O	2956.83		
		S	8255.37		
		R	(-)806.84	10464.71	59.35
40.	Loans from the Government of Japan	O	1800.64		
		R	(-) 84.90	1723.11	7.37
41.	Loans from ADB	O	717.09		
		S	6390.67		
		R	(-)928.68	6937.73	758.65
	36-Department of Revenue				
42.	Ghazipur Opium Factories – Management	O	10.38		
		R	(-)0.18	11.78	1.58
43.	Purchase of Opium	O	46.00		
		R	(-)7.27	41.34	2.61
	37-Direct Taxes				
44.	Collection Charges-Corporation Tax-charged transferred from Income Tax	O	117.69	121.15	3.46
45.	Taxes on Wealth – Charges Transferred from Income Tax	O	78.02	80.32	2.30
	41-Minisry of Food Processing Industries				
46.	Food Processing – Horticulture based Industries	O	20.08		
		R	4.66	28.06	3.33
	48-Other Expenditure of the Ministry of Home Affairs				
47.	Other Social Security and Welfare Programmes-Swatantrata Sainik Samman Pension Schemes-Central Government Pension	O	200.00		
		R	(-)25.00	178.69	3.69
	56-Ministry of Labour				
48.	Strengthening of Chief Labour Commissioner (Central) and Regional Labour Commissioners	O	1.60		
		R	(-)1.20	1.87	1.47

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
49.	Training of Highly skilled Craftsmen and Supervisors	O	5.08		
		R	(-)0.25	6.01	1.18
50.	Central Instructional Media Institute at Chennai	O	0.12	2.04	1.92
	70-Department of Science and Technology				
51.	Other Expenditure-Other Schemes	O	17.75		
		R	(-)3.10	18.75	4.10
52.	Observations and Weather Stations-Equipment	O	27.47		
		R	7.00	36.13	1.66
	76-Ministry of Road Transport and Highways				
53.	Strategic and Border Roads-Road Works –Road Maintenance	O	61.74		
		R	(-)12.27	56.44	6.97
54.	Strategic and Border Roads –Road Works-Road Works under BRDB	O	352.66		
		R	(-)17.43	364.82	29.59
55.	Strategic and Border Road Works – Works under BRDB	O	341.42		
		R	113.37	461.28	6.49
	80-Department of Culture				
56.	Other Schemes	O	112.43		
		S	1.01		
		R	7.44	142.60	21.72
57.	Grants to Other Libraries	O	20.12		
		R	0.45	22.57	2.00
58.	Archaeological Survey-Conversion of Ancient Monuments	O	43.53		
		R	0.51	80.91	36.87
59.	Works	O	3.55		
		R	(-)0.44	4.87	1.76
	89-Atomic Energy				
60.	New Technology Development Project	O	75.00		
		R	18.80	95.14	1.34

APPENDIX-VII-B

(Refers to Paragraph 7.4)

Details of unspent provision exceeding Rs 100 crore under a grant/appropriation

(Rupees in crore)

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision
Civil		
Revenue -Voted		
1.	1-Department of Agriculture and Co-operation	229.46
2.	6- Department of Fertilisers	655.91
3.	8-Department of Coal	185.03
4.	9- Department of Mines	162.25
5.	16- Defence Pensions	608.69
6.	26- Department of Economic Affairs	477.51
7.	27 – Currency, Coinage and Stamps	113.08
8.	28 – Payments to Financial Institutions	1224.11
9.	33-Department of Expenditure	100.07
10.	34 – Pensions	225.88
11.	37 – Direct Taxes	126.91
12.	40 –Department of Food and Public Distribution	117.14
13.	42-Department of Health	102.63
14.	44 – Department of Family Welfare	1188.32
15.	47-Police	539.54
16.	50–Department of Elementary Education and Literacy	429.60
17.	51 – Department of Secondary Education and Higher Education	291.27
18.	52-Department of Women and child Development	119.04
19.	54 – Department of Heavy Industry	192.14
20.	56 – Ministry of Labour	159.22
21.	61–Ministry of Non-Conventional Energy Sources	201.18
22.	64 – Ministry of Petroleum and Natural Gas	1277.02
23.	67 – Department of Rural Development	134.29
24.	69-Department of Drinking Water Supply	158.42
25.	76 – Ministry of Road Transport and Highways	299.82
26.	78 – Ministry of Textiles	230.43
27.	86-Ministry of Water Resources	174.79
28.	87-Ministry of Social Justice and Empowerment	216.18
29.	90 – Nuclear Power Schemes	253.55
Revenue Charged		
30.	30-Transfers to State and Union Territory Governments (Ministry of Finance)	5800.89
Capital - Voted		
31.	15-Ministry of Defence	155.40
32.	26-Department of Economic Affairs	210.26
33.	27-Currency, Coinage and Stamps	294.62
34.	31-Loans to Government Servants etc.	241.00
35.	40-Department of Food and Public Distribution	121.04
36.	66-Ministry of Power	1487.50
37.	76 – Ministry of Road Transport and Highways	647.09

(Rupees in crore)

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision
38.	77-Ministry of Shipping	226.03
39.	89-Atomic Energy	227.45
Capital - Charged		
40.	30-Transefers to State and Union Territory Governments (Ministry of Finance)	517.30
41.	32 – Repayment of Debt	38264.46
42.	47 – Police	156.13
DEFENCE		
Revenue - Voted		
43.	17 – Defence Services - Army	1088.58
44.	18 – Defence Services – Navy	228.13
45	19-Defence Services – Air Force	863.72
46	20-Defence Ordnance Factories	621.70
47	21-Capital Outlay on Defence Services	6448.00
RAILWAYS		
Revenue - Voted		
48.	4 – Repair and Maintenance of Permanent Works	179.88
49.	5 – Repair of Maintenance of Motive Power	129.39
50	6 – Repair of Maintenance of Carriages and Wagons	183.63
51	7 - Repair of Maintenance of Plant and Equipment	109.21
52.	8 – Operating Expenses – Rolling Stock and Equipment	185.72
53.	9 – Operating Expenses – Traffic	309.98
54.	13 – Provident Fund, Pension and other Retirement Benefits	340.51
Capital - Voted		
55.	16 - Capital	465.93
56.	16 – Railway Funds	632.96
57.	16 – Railway Safety Fund	285.93

APPENDIX-VII-C

(Refers to Paragraph 7.7)

Instances of cases where the amounts surrendered were more than the unspent provision

(Rupees in crore)

Sl. No	Grant/Appropriation	Total unspent provision	Amount surrendered
Civil			
Revenue-Voted			
1.	9-Department of Mines	162.25	164.63
2.	48-Other Expenditure of the Ministry of Home Affairs	17.29	18.38
3.	80-Department of Culture	*	7.86
4.	100-Dadra and Nagar Haveli	56.26	57.03
Capital-Voted			
5.	8-Department of Coal	61.96	62.58
6.	100-Dadra and Nagar Haveli	0.16	0.18
Capital-Charged			
7.	32-Repayment of Debt	38264.46	41463.03
Defence Services			
Capital-Voted			
8.	21-Capital Outlay on Defence Services	6457.78	6501.37

* *Excess Expenditure of Rs. 52.70 crore*

APPENDIX-VII-D

(Refers to Paragraph 7.10)

Significant Cases of Major Re-appropriations which were Injudicious on Account of Non-utilisation

(Cases of re-appropriation of amount more than Rs. 50.00 lakh only mentioned)

(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
Civil					
1.	1-Department of Agriculture and Co-operation	2401-Crop Husbandry	Information Support/ Management Information System	91.35	116.70
2.	2-Department of Agricultural Research and Education	2415-Agricultural Research and Education	Horticulture Institutes, Research and Education Schemes	200.00	606.00
3.	-do-	-do-	Agriculture Extension Institutes, Research and Education Schemes	700.00	816.00
4.	-do-	-do-	Agriculture Education Institutes, Research and Education Schemes	230.00	838.00
5.	-do-	-do-	Agricultural Engineering Institutes, Research and Education Schemes	80.00	205.00
6.	23-Department of Development of North Eastern Region	2552-North Eastern Areas	Other Miscellaneous items	138.75	298.52
7.	25- Ministry of External Affairs	4216-Capital Outlay on Housing	Other Housing-External Affairs	411.00	717.37
8.	27-Currency, Coinage and Stamps	2046-Currency, Coinage and Mint	Mint -Management and Establishment	248.04	313.29
9.	29-Interest Payments	2049-Interest Payments	14 - Days Treasury Bills	100.00	6850.25
10.	-do-	-do-	Interest on Loans from the IBRD	754.77	1025.52

(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
11.	-do-	-do-	Interest on Loans from the Government of USSR	160.12	542.15
12.	-do-	-do-	Union Territory Government Employees Group Insurance Scheme	60.49	242.74
13.	38-Indirect Taxes	2038-Union Excise Duties	Commissionerates	180.28	723.19
14.	44-Department of Family Welfare	2211-Family Welfare	Expenditure through Media Units of Ministry of Information and Broadcasting	68.00	117.71
15.	47-Police	4055-Capital Outlay on Police	National Police Academy	59.00	64.55
16.	56-Ministry of Labour	2230-Labour and Employment	Industrial Relations-Other Items	80.13	188.62
17.	73-Ministry of Small Scale Industries	2851-Village and Small Industries	Development Commissioner for Small Scale Industries	52.00	52.45
18.	78-Ministry of Textiles	2851-Village and Small Industry	Training and Extension	59.00	413.28
19.	-do-	-do-	Design and Technical Upgradation	185.00	478.89
20.	-do-	-do-	Baba Saheb Ambedkar Hastshilp Yojana	70.00	82.97
21.	82-Department of Urban Development	4216-Capital Outlay on Housing	Home Affairs	160.00	162.46
22.	83-Public Works	4059-Capital Outlay on Public Works	Finance (Revenue)	95.00	324.42
23.	89-Atomic Energy	3451-Secretariat Economic Services	Department of Atomic Energy	57.25	64.45
24.	-do-	2852-Industries	Board of Radiation and Isotope Technology	89.00	141.51

(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
25.	-do-	4861-Capital Outlay on Atomic Energy Industries	DAE Medical Cyclotron Project	99.00	100.00
26.	91-Department of Ocean Development	3403-Oceanographic Research	National Centre for Antarctic and Ocean Research (NCAOR)	197.50	550.00
Defence					
27.	18- Defence Services-Navy	2077- Defence Services Navy	Works	422.00	1933.07
28.	21- Capital Outlay on Defence Services	4076- Capital Outlay in Defence Services	Navy-Land	90.00	116.05
29.	-do-	-do-	Navy-Construction Works	89.00	537.93
				5226.68	

APPENDIX-VII-E

(Refers to Paragraph 7.11)

Cases of re-appropriation from 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.	3-Department of Animal Husbandry and Dairying	2405-Fisheries	Fishery Survey of India	165.63	171.90
2.	9- Department of Mines	2853-Non-Ferrous Mining and Metallurgical Industries	Geological Survey of India –Direction and Administration – Administrative Support	332.35	443.99
3.	11-Department of Industrial Policy and Promotion	3475-Other General Economic Services	Economic Adviser	77.82	95.93
4.	13-Department of Telecommunications	2071-Pension and Other Retirement Benefits	i) Family Pensions	85.45	462.93
5.	25- Ministry of External Affairs	2061-External Affairs	i) Embassies and Missions	5290.14	6564.51
6.	-do-	-do-	ii) Central Passport and Emigration Organisation	298.58	434.10
7.	29-Interest Payments	2049-Interest Payments	i) Compensation and other Bonds	35121.00	38436.21
8.	-do-	-do-	ii) Special Deposits of ESIC	2053.70	2053.90
9.	-do-	-do-	iii) Special Deposits of Provident Superannuation Gratuity Fund	17500.00	63858.67
10.	-do-	-do-	iv) Bonus for undisbursed Pay of India Ranks	61.70	2001.32
11.	32-Repayment of Debt	6001-Ineranl Debt of Central Government	14 - Days Treasury Bills	381400.00	394805.97
12.	56-Ministry of Labour	2230-Labour and Employment	Strengthening of Chief Labour Commissioner (Central) and Regional Labour Commissioners	120.05	146.65

(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
13.	70-Department of Science and Technology	3425-Other Scientific Research	Other Expenditure - Other Schemes	310.00	409.68
14.	76-Ministry of Road Transport and Highways	3601-Grants-in-aid to State Governments	Road works under BRDB	1743.40	2959.89
				444559.82	

APPENDIX-VII-F

(Refers to Paragraph 7.17)

Position of Original and Supplementary Grants/Appropriations

(Rupees in crore)

Year	Provision	Revenue		Capital					Total
				Voted		Charged			
		Voted	Charged	Capital	Loans & Advances	Public Debt	Capital	Loans & Advances	
1996-97	Original	86187	87431	9042	6790	201914	9	22202	413575
	Supplementary	4378	55	767	418	-	11	1698	7327
	Percentage	5	0.1	8	6	-	122	8	2
1997-98	Original	94519	97177	9907	6258	227229	8	25150	460248
	Supplementary	30641	62	3507	781	130735	4	5673	171403
	Percentage	32	0.1	35	12	58	50	23	37
1998-99	Original	109434	105200	18600	6724	359080	16	29687	628741
	Supplementary	3329	32	43	953	-	23	10068	14448
	Percentage	3	0.03	0.23	14	-	144	34	2
1999-00	Original	118638	121084	18582	5638	360893	107	17963	642905
	Supplementary	12780	8438	1545	597	-	16	3573	26949
	Percentage	11	7	8	11	-	15	20	4
2000-01	Original	132204	153591	14185	5775	354767	25	21216	681763
	Supplementary	19672	19	486	1355	-	6	906	22444
	Percentage	15	-	3	23	-	24	4	3
2001-02	Original	158814	131178	20389	5215	285150	35	21339	622120
	Supplementary	20256	13	3842	9620	40628	1	3334	77694
	Percentage	13	-	19	184	14	3	16	13
2002-03	Original	183815	140769	18672	4914	321155	23	26842	696190
	Supplementary	18187	12	684	4376	56787	1	1564	81611
	Percentage	10	-	4	89	18	4	6	12

APPENDIX-VIII-A

(Refers to Paragraph-8.4)

Unspent provisions under sub-heads during 2002-03

(Rupees in crore)

Sl. No.	Sub -head	Unspent provision			Reasons advanced for unspent provision by the Ministry
		Sanctioned provision	Expenditure	Unspent provision	
Major head –"2210" –Medical and Public Health					
1	Director General of Health Services	16.84	14.62	2.22	Less claim for tours and transfer and less expenditure on repair and renovation.
2	Grants to Vallaph Bhai Patel Chest Institute, Delhi University	14.00	12.00	2.00	Availability of unspent balances of previous year
3	Cancer Research	58.16	42.05	16.11	Non-approval of enhanced provision by Expenditure Finance Committee
4	All India Institute of Medical Sciences	272.00	249.31	22.69	Adjustment of additional receipts generated by the Institute
5	Setting up of Medical college at Safdarjung Hospital, New Delhi	5.00	2.01	2.99	Transfer of employees, non-filling up of vacant posts and less purchase of machinery and equipments.
6	Medical Grant Commission (New)	5.00	0.00	5.00	Non-approval by competent authority
7	Port Health Establishment including Airport Organisation	9.05	5.85	3.20	Transfer of employees, non-filling up of vacant posts and less purchase of stationery and other office equipments.
8	Development of Nursing Services	20.00	12.00	8.00	Non-approval of upgradation of schools of nursing, starting of M.Sc. (Nursing) and increase in seats.
9	National Institute of Communicable Diseases	28.97	18.02	10.95	Non-approval of new schemes and less demand owing to eradication of diseases.
10	National Anti-Malaria Programme	60.23	47.72	12.51	Less requirement of funds by UTs / Governments owing to part expenditure being met by District Malaria Control Societies and non –undertaking of civil construction and MIS activities.
11	National Leprosy Control Programme	66.64	59.09	7.55	Adjustment of Unspent balance lying with the Multi-Drug Leprosy District Societies.
12	National Mental Health Programme	27.00	0.09	26.91	Non-approval of schemes
13	National Programme for control and treatment of occupational diseases	4.00	0.00	4.00	Merger of scheme with ICMR.
14	Administration and Prevention of Food Adulteration	9.97	3.76	6.21	Non-filling up of vacant posts, non-approval of capacity building project on food safety.
15	Central Drugs Standards Control Organisation	17.35	11.12	6.23	Non-approval of capacity building project on quality control of drugs.
16	Grants to Pausteur Institute of India, Coonoor	7.50	3.00	4.50	Availability of unspent balances of previous year.
17	National Institute of Biological standardisation and quality control	20.00	14.40	5.60	Slow progress in construction work of bio-lab and animal house.

(Rupees in crore)

Sl. No.	Sub -head	Unspent provision			Reasons advanced for unspent provision by the Ministry
		Sanctioned provision	Expenditure	Unspent provision	
18	All India Institute of Hygiene and Public Health, Calcutta	8.90	5.44	3.46	Non-approval of the schemes.
19	Central Health Education Bureau, New Delhi	3.55	2.25	1.30	Lack of key functions in Editorial Division.
20	Health Sector Disaster Preparation and Management	6.00	0.00	6.00	Non-approval of the scheme.
21	Strengthening of Health Information and Monitoring System	2.40	0.74	1.66	Non-finalisation of the activities related to preparation of National Health Accounts
Major head "3601"-Grants-in-aid to State Governments					
22	National Trachoma and Blindness Control Programme (General Component)	46.00	34.42	11.58	Lower trend in price for ophthalmic equipment and consumables.
23	Kala Azar Control Programme	20.00	3.92	16.08	Non-lifting of material by the State Governments.
24	National TB Control Programme Externally aided Component	40.00	26.90	13.10	Receipt of less drugs from International agencies
25	National TB Control Programme (General component)	5.50	1.64	3.86	Less requirement of X-ray film rolls, under the revised programme.
26	National Anti-Malaria Programme (Rural) E.A.C.	104.79	63.11	41.68	Less demand of cash/commodity grants by State Governments.
27	New Initiatives in 10th Plan (New)	25.00	--	25.00	Non-approval of the schemes.
Major head "4210" - Capital Outlay on Medical and Public Health					
28	Medical Store Depots	21.12	14.89	6.23	Non-filling up of vacant posts and economy in expenditure.
29	Clearance and Handling of International Stores	2.43	1.28	1.15	Lesser activities relating to procurement of stores.
30	Purchase of Material in India and Abroad	50.00	15.53	34.47	Non-approval of rates of generic and proprietary drugs and procurement of less medicines by Hospitals Services Consultancy Corporation (India) Ltd.
31	Bulk purchases of Material and Equipments for National TB Control Programme	32.80	27.55	5.25	Procurement of less drugs
32.	National anti-Malaria Programme	153.64	145.01	8.63	Non-lifting of DDT by the States under kala-azar Programme and reduction in price of synthetic pyrethroid and medical mosquito nets.

APPENDIX-VIII-B

(Refers to Paragraph 8.4)

Excess expenditure under sub-heads during 2002-03

(Rupees in crore)

Sl. No.	Sub-head	Excess Expenditure			Reasons for excess expenditure
		Sanctioned provision	Actual expenditure	Excess expenditure	
Major head –"2210" –Medical and Public Health					
1	Setting up of Dispensaries/Hospitals	327.00	402.52	75.52	Increase in expenditure on local purchases, charges of private recognised hospitals, clinical institutions and clearance of pending liabilities and recognisation of new private hospitals in CGHS.
2	Dr. Ram Manohar Lohia Hospital	57.92	61.95	4.03	Payment of leave encashment, increment and arrears of DA, hike in prices of medicines etc.
3.	Central Institute of Psychiatry Ranchi	11.25	15.04	3.79	Increase in cost of machines and equipment and clearing of pending bills of medicine etc.
4.	Grants to Indian Council of Medical Research, New Delhi	157.50	180.00	22.50	Expenditure schemes merged with the Council.
5	Lady Harding Medical College and Smt. S.K. Hospital, New Delhi	44.75	50.41	5.66	Payment to suppliers and clearing of the pending liabilities.
6	Grants to National Institute of Mental Health and Neuro-science, Bangalore	38.60	43.32	4.72	Increase in expenditure on account of several on going major works.
7	Grants to Post Graduate Institute of Medical Education and Research, Chandigarh	119.50	132.00	12.50	Expenditure on construction of building for five new departments.
8	Iodine Deficiency Disorders Control Programme	5.90	7.13	1.23	Clearing of pending claims of Doordarshan and All India Radio.
9	Trachoma and Blindness Control Programme	32.35	46.16	13.81	Additional expenditure on blindness control by State/ District Blindness Control Society to clear liabilities and for recognised school eye screening programme.
10	National TB Control Programme	64.00	67.62	3.62	Requirement of additional funds for hiring of mass media agency for information, education and for communication activities and accommodation for increased aid material from agencies.
11	National Drugs De-addiction Programme	6.50	10.72	4.22	Additional expenditure on construction of new building
12	National AIDS Control Programme	220.50	241.36	20.86	Increase in expenditure on establishment, anti-AIDS activities and more expenditure by State AIDS Control Societies.
Major Head "3601"-Grant-in-aid to State Governments					
13	National Anti-Malaria Programme (Rural) (General component)	15.56	86.00	70.44	More commodity assistance to State Governments and providing additional quantity of DDT to some of the States and meeting the cost of past liability towards supply of DDT.
14	National Leprosy Control Programme (EAC)	--	10.00	10.00	More commodity assistance to State Governments.

APPENDIX-VIII-C

(Refers to Paragraph 8.17)

Unspent provision exceeding rupees one crore

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual expenditure	Saving / surrender	%age of savings
	2000-01				
1	2235.02.102.18 - ICDS	6.00	4.34	1.66	28
2	2235.02.102.24-World Bank Assisted ICDS Programme	2.00	0.89	1.11	55
3	2235.02.102.30-World Bank Assisted ICDS Training Programme	2.00	0.67	1.33	67
4	2235.02.103.14-Assistance to Voluntary organization for setting up Short Stay Home	14.51	9.77	4.74	33
5	2235.02.103.43-Swa-Shakti Project	15.00	8.00	7.00	47
6	2235.02.800.15-Grants under Training Programmes of ICDS	4.00	0.78	3.22	80
7	3601.03.358.01-Grants under Training Programmes of ICDS	28.00	17.99	10.01	36
8	3601.04.356.02-Indira Mahila Yojana	17.00	2.05	14.95	88
9	3601.03.356.03-Balika Samridhi Yojana	26.80	20.95	5.86	22
10	3601.04.358.01-World Bank Assisted ICDS Programme-General Component	53.40	41.73	11.67	22
11	3601.04.358.02-World Bank Assisted ICDS Programme-Externally Aided Component	124.60	97.38	27.22	22
	2001-02				
12	2235.02.102.06 – Balwadi Nutrition Programme	1.51	0.11	1.40	93
13	2235. 02.102.18 – Integrated Child Development Services	10.00	3.93	6.07	61
14	2235.02.102.23-Early Childhood Education – Assistance to Voluntary Agencies	1.51	0.49	1.03	68
15	2235. 02.102. 30. World Bank Assisted ICDS Training Programme	5.00	2.82	2.18	44
16	2235.02.103.03-Assistance to Voluntary Organization for Hostel for Working Women	8.98	4.96	4.02	45
17	2235.02.103.14- Assistance to Voluntary Organization for Setting up Short Stay Homes	12.84	6.03	6.81	53
18	2235.02.103.45-Women in difficult circumstances	6.00	0.08	5.92	99
19	3601.04.356.02- Indira Mahila Yojana	19.25	6.73	12.52	65
20	3601.04.356.03-Balika Samridhi Yojana	24.80	13.02	11.78	48
21	3602.04.358.02- ICDS	15.00	9.51	5.49	37
	2002-03				
22	2235.02.102.12-Creches/ Daycare centers	25.80	22.67	3.13	12
23	2235.02.102.17 – National Institute of Public Co-operation and Child Development	11.50	8.00	3.50	30
24	2235.02.102.18 – ICDS	7.50	3.82	3.68	57
25	2235.02.103.30 – World Bank Assisted ICDS Training Programme	8.00	2.26	5.74	72
26	2235.02.103.03- Assistance to Voluntary Organisation for Hostels for Working Women	13.48	6.00	7.48	56
27	2235.02.103.14-Assistance to Voluntary organisation for Setting up Short Stay Homes	16.34	13.26	3.08	19
28	2235.02.103.15- Support to Training and Employment Programme	23.00	21.12	1.88	8
29	2235.02.103.35- National Commission for Women	5.40	3.70	1.70	31
30	2235.02.103.46 – Swayamsidha	1.86	0.24	1.62	87
31	2235.02.103.47- Swadhar	13.50	4.04	9.46	70
32	2235.02.800.18- Research Studies and Research Publication	4.50	0.86	3.64	81
33	2235.02.800.21-Information and Mass Education	5.60	1.66	3.94	70
34	3601.04.356.04-Swayamsidha	16.52	6.58	9.94	60
35	3602.04.358.02-ICDS	16.00	12.23	3.77	24

APPENDIX-VIII-D

(Refers to Paragraph 8.18)

Entire budget provision remained unutilised

(Rupees in crore)

Sl. No	Major head/ Sub head	Total provision / Amount re-appropriated/ surrendered
	2002-03	
1.	2235.02.102.29-National Commission for Children	0.20
2.	2235.02.103.22-National Resources centre for Women	0.01
3.	2235.02.103.28-National Credit fund for women	1.00
4.	2235.02.103.49-Credit and Micro Enterprise Training Project	0.01
5.	2235.02.103.50-Women Planning for Change-Gender Aware Minco Planning Project	0.01
6.	2235.02.798.02-Contribution to U.N. Voluntary Fund for Women Decade	0.06
7.	2236.80.800.05-National Nutrition Mission	0.05
8.	3601.04.356.01-Assistance for Hostels for Working Women	0.01
9.	3601.04.561.01-National Nutrition Mission	0.85
10.	3602.04.356.01-Assistance for Hostels for Working Women	0.01
11.	3602.04.561.01-National Nutrition Mission	0.10
	2001-02	
12.	2235.02.102.29-National Commission for Children	1.00
13.	2235.02.103.16-Education Work for prevention of Atrocities on Women	0.28
14.	2235.02.103.22-National Resource Centre for Women	2.00
15.	2235.02.103.28-National Credit Fund for Women	1.00
16.	2235.02.103.38-Women Empowerment Programme	0.01
17.	2235.02.800.19-Assistance to Voluntary Organization in the field of Social Welfare	0.01
18.	2236.80.800.02-Development of Nutrition Profile, Replication of Nutrition Surveillance, Information, Education and Communication	0.41
19.	2552.00.800.14-Provision for project/schemes for the benefit of North Eastern Region and Sikkim	0.01
20.	3601.04.356.01-Assistance for Hostels for working women	0.01
21.	3602.04.356.01-Assistance for Hostels for Working Women	0.01
22.	3602.04.356.03-Balika Samridhi Yojana	0.17
	2000-2001	
23.	2235.02.102.29-National Commission for Children	0.01
24.	2235.02.103.10-Women's Development and Monitoring Cell	0.50
25.	2235.02.103.22-National Resource Center for Women	1.00
26.	2235.02.103.25-Creation of office of the Commissioner for Women's Rights	0.01
27.	2235.02.103.28-National Credit fund for Women	3.00
28.	2235.02.103.38-Women Empowerment Project	1.43
29.	2235.02.103.41-National Evaluation and Monitoring Agencies	0.01
30.	2235.02.800.19-Assistance to Voluntary Organization in the field of Social Welfare	0.20
31.	2236.80.800.02-Development of Nutrition Profile and Replication of Nutrition Surveillance System Information, Education and Communication	0.06
32.	3601.04.356.01-Assistance for Hostels for Working Women	0.01
33.	3602.04.356.01-Assistance to Hostels for Working Women	0.01
34.	4059.01.800.01-Acquisition of Ready Build Accommodation	0.20

APPENDIX-VIII-E

(Refers to Paragraph 8.30)

Cases of major unspent provision and excess over provision

(Rupees in crore)

Sl. No.	Major/Sub head	Total provision	Actual disbursement	Unspent provision	Reasons advanced by the Ministry for unspent provision/excess over provisions
			2000-2001		
			Unspent provision		
	Revenue (Voted)				
1	3451-Secretariat Economic Services-Hydrology Project	1.25	0.34	0.91	Less number of research studies under taken
2.	Data Collection Central Water Commission	42.96	40.63	2.33	Less LTC tours and non filling of vacant posts
3	2701-Major and Medium Research National Institute of Hydrology	6.02	4.73	1.29	Slow progress of work.
4	Hydrology Project	4.37	1.11	3.26	Non-finalisation of international competitive bids for machinery procuring
5	Central Water Commission	12.03	8.41	3.62	Non-sanctioning / delay in sanctions of schemes for procurement of computer
6	Dam Safety Assistance and Rehabilitation project	1.71	--	1.71	Discontinuance of the scheme under zero base budgeting
7	2702—Minor Irrigation Hydrology Project	32.00	10.68	21.32	Non-release of payment for Hardware/Software equipment due to non supply
8.	Isotopic studies for determining age, origin, recharge and mechanism of salinity in ground water	1.40	--	1.40	Discontinuance of the schemes
9.	2711-Flood control and drainage/Central Water Commission	29.15	27.14	2.01	Non-implementation of Assured Career Progression Scheme and less expenditure on LTC/tours/Medical claims etc.
10.	Other Schemes	10.42	8.97	1.45	Non-procurement of software/machinery equipment and vehicles due to lengthy procedure
11.	Hydrology project	17.50	16.20	1.30	Less funds utilized by CPWD on construction of CWC building & non receipt of bills for purchase of vehicles
12.	Tipaimukh/Pagladia project	40.00	24.82	15.18	Late receipt of approval from the Cabinet Committee on Economic Affairs
13	3601-Grants-in-aid to State Governments-Sutlaj Yamuna Link Canal Project	8.00	--	8.00	Resumption of construction work sub judice
14.	Critical anti-erosion works	23.00	20.00	3.00	Late approval of scheme by the Cabinet
15.	Command Area Development	156.33	142.15	14.18	Adjustment of unspent balance of grants-in-aid for the year 1999-2000
Capital (Voted)					
16.	4702 -Capital Outlay on Minor Irrigation-Central Ground Water Board	2.00	0.56	1.44	Delay in clearance by Standing Finance Committee for construction of building at Faridabad owing to procedural delay
17.	4711 –Capital Outlay Flood Control Projects-Central Water Commission	3.00	2.00	1.00	Non utilisation of funds placed at the disposal of CPWD
18.	5075 –Capital Outlay on Other Transport Services-Farakka Barrage	20.50	18.50	2.00	Non filling up of vacant post, non implementation of ACP and Part B of 5th Pay Commission

(Rupees in crore)

Sl. No.	Major/Sub head	Total provision	Actual disbursement	Unspent provision	Reasons advanced by the Ministry for unspent provision/excess over provisions
19.	6701-Loans for Major and Medium Irrigation-National Projects Construction Corporation Ltd.	(O)6.80 (S)15.00	20.00	1.80	Less receipt of proposals for purchase of machinery equipment.
Capital (Charged)					
20.	5075 - Capital Outlay on Other Transport Services-Farakka Barrage	1.00	0.04	0.96	Non-finalisation of Arbitration award
21	7601- Loans and Advances to State Governments-Flood control in Brahmaputra Valley	30.00	--	30.00	Non-approval of the scheme by the planning Commission
			Excess		
Revenue (Voted)					
1	2702-Minor Irrigation-Central Ground Water Board	85.30	86.67	1.37	Escalation in cost of work in earthquake areas of Gujarat and implementation of ACP scheme
2	Artificial recharge of ground water	5.00	6.19	1.19	Additional studies/works of artificial recharge of ground water conducted in drought areas
3	2711-Flood control and Drainage - Brahmaputra Board	(O) 15.50 (S) 0.01	17.42	1.91	Additional grants released for the ongoing activities of the Board.
4	Pancheswar Multi purpose project	3.00	4.76	1.76	Meeting expenditure towards topographical surveys/investigations
5	Harrange Drainage Scheme	3.20	4.29	1.09	Increased Construction activities under the scheme
6	3601-Grants-in-aid to State Governments Rationalisation of Minor Irrigation Statistics	2.83	4.73	1.90	For starting 3rd Census of Minor Irrigation Statistics by State Governments.
			2001-02		
			Unspent provision		
Revenue (Voted)					
1	2701-Major and Medium Irrigation-Central Water Commission	10.77	9.70	1.07	Ban on filling up of regular/work charged posts
2	Data collection-Central Water Commission	47.10	42.44	4.66	--do--
3	National Institute of Hydrology	6.85	5.44	1.41	Non-filling up of plan posts and non taking up of new schemes
4	Central Water and Power Research Station	19.45	17.76	1.69	10% mandatory cut on non salary expenditure by Ministry of Finance
5	Central Soil & Material Research Station	10.28	9.24	1.04	Cost of construction work less than estimated
6	Hydrology Project	2.51	1.37	1.14	Delay in finalisation of purchase proposals
7	National Water Development Agency	15.00	14.00	1.00	Delay in processing of consultancy work relating to drilling works
8	2701-Central Water Commission (consultancy)	15.06	13.11	1.95	Non-filling up of regular/work changed posts and 10% mandatory cut and non salary items
9	2701-Other schemes	1.69	0.63	1.06	Non-functioning of Upper Yamuna River Board
10	2701-Central Water Commission	13.64	11.29	2.35	Non-filling up of regular work charged posts and non finalisation of tender of equipments & vehicles
11	2702-Minor Irrigation-Rajiv Gandhi National Training & Research Institute for Ground Water	1.43	0.34	1.09	Ban on filling up of posts and restrictions on building constructed for the Institute not taken over by Chattisgarh State
12	2705-Command Area Development-Training Courses	1.50	0.15	1.35	Non-clearance of bills of water Power consultancy services for want of supporting vouchers

(Rupees in crore)

Sl. No.	Major/Sub head	Total provision	Actual disbursement	Unspent provision	Reasons advanced by the Ministry for unspent provision/excess over provisions
13	Evaluation studies of Command Area Development Projects	1.50	0.14	1.36	Less number of studies owing to non finalisation of agreements
14	2711-Flood Control and Drainage-Central Water Commission	30.89	26.36	4.53	Ban on filling up of regular work charged/ posts and 10% cut on non plan expenditure
15	Other Schemes	12.87	11.45	1.42	Ban on filling of vacant posts and delay in execution of some works
16	Pagladia Dam Project	27.00	17.50	9.50	Delay in acquisition of land for the project
17	3601-Grants-in-aid to State Governments-Sutlej Yamuna Link Canal Project	8.00	--	8.00	Non-release of funds owing to non resumption of work the matter being sub-judice
18	Flood Control in Brahmaputra Valley	25.00	--	25.00	Non-approval of the scheme by Planning Commission
19	Extension of Embankments on Lalbakeya, Kamla, Bagmati and Khando rivers	3.00	2.00	1.00	Less demand from Government of Bihar owing to less work completed
20	Critical anti erosion works in Coastal and other than Ganga Basin States	2.00	--	2.00	Non-approval of the scheme by the Planning Commission
21	Command Area Development	182.29	146.73	35.56	Adjustment of unspent balances of previous years
Capital (Voted)					
22.	5075-Capital Outlay and Other Transport Services-Farakka Barrage	20.50	16.75	3.75	Ban on filling of regular/work charged posts, no finalisation of purchase proposal etc.
Capital (Charged)					
23.	Farakka Barrage	1.00	--	1.00	For want of Arbitration award by the Court.
			Excess		
Revenue (Voted)					
1	2702-Minor Irrigation Central Ground Water Board	96.42	105.32	8.90	Purchase of two rigs and additional jobs in drought affected states
2	Artificial recharge of ground water	5.00	13.64	8.64	Approval of more projects for rain water harvesting
3	Hydrology Project	11.00	21.26	10.26	Purchase of more computer equipments
4	2711-Flood Control and Drainage-Hydrology Project	18.62	20.56	1.94	Purchase of machinery and equipments under external support component
5	3601-Grants-in-aid to State Governments-Critical anti erosion works in Costal and Other than Ganga Basin States	20.00	--	20.00	Non-approval of scheme by Planning Commission
Capital (Voted)					
6	6701-Loans for Major and Medium Irrigation National Projects Construction Corporation Ltd.	(O) 15.00 (S) 11.73	32.00	5.27	Clearing of outstanding dues of employees of idle units
			2002-2003		
			Unspent provision		
Revenue (Voted)					
	2701-Major and Medium Irrigation				
1	Data Collection - Central Water Commission	45.86	43.92	1.94	Non-finalisation of ACP cases/purchase of motor vehicles
2	Central Soil and Materials Research Station	10.46	8.07	2.39	Less purchases and non-finalisation of procurement of office items/equipments.
3	Hydrology Project	4.25	1.33	2.92	Non-purchase of Current Meter Rating Trolley from abroad
	2701-Survey & Investigation				
4	National Water Development Agency	16.50	15.30	1.20	Non-taking up of aerial. survey work owing to non receipt of environment clearance

(Rupees in crore)

Sl. No.	Major/Sub head	Total provision	Actual disbursement	Unspent provision	Reasons advanced by the Ministry for unspent provision/excess over provisions
5	Central Water Commission	5.99	4.84	1.15	Ban on filling up of regular/work charged posts and less receipt of medical claims than expected
6	Consultancy - Central Water Commission	15.28	12.87	2.42	Ban on filling of regular/work charged posts
7	Other Expenditure - Central Water Commission	14.76	11.14	3.62	Delay in award of studies work
8	2702-Minor Irrigation-Investigation Artificial Recharge of Ground Water	26.36	7.69	18.67	Restructuring of the scheme by Planning Commission
9	Rajiv Gandhi National Training & Research Institute for Ground Water	1.30	0.29	1.01	Ban on filling up of regular/work charged posts and restricted activities due to non taking up of the constructed building of the Institute by the State
10	Ground Water Survey, Exploration and Investigation	72.00	64.25	7.75	Delay in purchase of equipment under Japan aid programme and less purchase of store items
11	2711-Flood Control and Drainage Central Water Commission	29.92	28.63	1.29	Ban of filling up of posts and less medical claims than expected
	3601-Grants in aid to State Governments				
12	Sutlej Yamuna Link Canal Project	8.00	--	8.00	Non-resumption of the construction work by the Punjab Government
13	Extension of embankments on Lalbakeya, Kamla, Bagmati and Khando River	5.00	1.50	3.50	Less release of funds owing to lesser reimbursement claims.
14	Rationalization of Minor Irrigation Statistics	7.45	5.50	1.95	Less release of grants due to non receipt of utilisation certificates from the executing states
15	Command Area Development	198.00	150.23	47.77	Less release of funds owing to lesser reimbursement claims.
16	Flood Proofing Programme	1.50	--	1.50	Non-furnishing of utilisation certificate by Bihar Government
17	Critical Anti –erosion Works on Coastal and other than Ganga Basin States	2.00	--	2.00	Non-approval of the scheme owing to non-submission of proposals by the affected States
Capital (Voted)					
18	4701-Capital Outlay on Major and Medium Irrigation-Central Water and Power Research Station	4.70	3.46	1.24	Non-finalisation of proposals for purchase of equipments
19	5075-Farakka Barrage	24.50	23.23	1.27	Non-filling of regular/work charged posts and procedural delay
Capital (Charged)					
20	7601-Loans and Advances to State Governments-Special Loan Assistance for emergent flood protection works in Eastern & Western Sectors	3.00	1.76	1.24	Non-receipt of claims from West Bengal Government
			Excess		
Revenue Voted					
1	2702-Minor Irrigation -Hydrology Project	7.80	10.77	2.97	Purchase of machinery & equipment and clearing of pending bills of M/s Tata Infotech Ltd.
2	2711-Flood Control and Drainage - Hydrology Project	8.10	10.73	2.63	Finishing of construction of field/ site offices and laboratories work within the time limit of Externally Aided project
3	Brahmaputra Board	Nil	14.00	14.00	Expenditure for the benefit of North Eastern Region

(Rupees in crore)

Sl. No.	Major/Sub head	Total provision	Actual disbursement	Unspent provision	Reasons advanced by the Ministry for unspent provision/excess over provisions
4	Harrange Drainage Scheme	Nil	5.00	5.00	For meeting the expenditure for the benefit of North Eastern Region
5	3601-Grants in aid to State Governments - Critical Anti -erosion Works in Ganga Basin States	23.00	24.82	1.82	More demands received for completing on going projects
6	5075-Capital outlay on other Transport Services in Ganga Basin States - Anti -erosion Works	2.00	4.00	2.00	Completion of additional works taken up to complete the anti erosion work in time

GLOSSARY

14 days auction Treasury Bill	:	A scrip of 14 days duration introduced from June 1997. Auction for this instrument is held weekly at a pre-determined cut off price.
14 days intermediate Treasury Bill	:	A scrip of 14 days duration introduced from June 1997, to enable the State Government, commercial banks and other specific bodies to invest their temporary surplus funds.
364 days auction Treasury Bill	:	An instrument of borrowing introduced from April 1992 of the duration of 364 days. Auction for this instrument is held fortnightly at a pre-determined cut off price.
91 days auction Treasury Bill	:	An instrument of borrowing introduced from January 1993. Auction for this instrument is held weekly at a pre-determined cut off price.
***Ad hoc* Treasury Bill**	:	A scrip of 91 days duration created by RBI in its favour on behalf of Union Government, as and when the cash balance of the Government fall below the level of Rs 50 crore. Whenever the Government's cash balance had a surplus, *ad hoc* were cancelled in such amounts to maintain the agreed level. This scrip was discontinued from 1 April 1997.
Appropriation	:	Appropriation means assignment to meet specified expenditure of funds included in a primary unit of appropriation
Appropriation Accounts	:	Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Parliament in the budget grants under each voted grants and charged appropriation *vis-a-vis* the actual expenditure incurred against each and the unspent provisions or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Parliament.
Appropriation Act	:	When appropriation bill has been passed by the Parliament, it is presented to the President. After the assent by the President to the bill, it becomes an Act.
Appropriation Bill	:	As soon as may be after the grants under article 113 have been made by Lok Sabha, a bill to provide for the appropriation out of the Consolidated Fund of India of all money required to meet (a) the grants so made by Lok Sabha (b) the expenditure charged upon Consolidated Fund of India but not exceeding in any case the amount shown in the statement previously laid before the Parliament is introduced.
Capital Expenditure	:	It consists of payment for acquisition of assets, investment in shares, and loans and advances given by the government.
Capital Receipts	:	Capital receipts comprise loans raised by the government from the public, borrowing from the Reserve Bank of India and loans taken from foreign governments, recoveries of loans by the government, proceeds of disinvestments etc.

Charged Appropriation	:	Sum required to meet expenditure 'Charged' on Consolidated Fund under Article 112 (3) of the Constitution is called charged Appropriation.
Consolidated Fund of India (CFI)	:	The fund constituted under Article 266 (1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
Contingency Fund of India	:	Parliament has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the President to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under Article 115 or Article 116 of the Constitution.
Debt service	:	Payments to creditor(s) of matured principal and of interest. It, usually, includes service charges, etc.
Demand for Grants	:	Demand for Grants is for gross amount of expenditure to be incurred and shows recoveries to be taken in reduction of expenditure separately by way of foot notes, presented to Parliament at two levels. The main Demands for Grants are presented by the Ministry of Finance along with the Annual Financial Statement. The detailed Demands for Grants are laid on the table of Lok Sabha by the concerned ministries a few days in advance of the discussion of respective ministry's demand in that House.
	:	As the Demands for Grants are for gross expenditure and the Annual Financial Statement gives the net amount to be expended under each head, the total of the two should be reconciled after adjustment of the recoveries taken in accounts in reduction of gross expenditure.
Excess Grant	:	In cases, where expenditure in individual 'segment' of grant/appropriation, i.e. Revenue (Charged), Revenue (Voted), Capital (Charged) and Capital (Voted) exceeds the authorisation as such, the grant/appropriation is termed as excess grant.
External Debt	:	Debt contracted by the Government from abroad, mostly in foreign currency viz., loan from World Bank, IBRD, IDA, etc.
Fiscal Deficit	:	It is the excess of total expenditure including loans net of repayments over revenue receipts and non debt capital receipts. It also indicates the total borrowing of the government, and the increment to its outstanding debt.

GDP at factor cost	:	Gross domestic product at factor cost measures GDP at the cost of the factors used to produce it, i.e. At the incomes earned by those factors. It is obtained from the GDP at market prices by deducting indirect taxes and adding subsidies.
GDP at market Prices	:	Gross domestic product at market prices indicates the value of all final expenditure on the goods and services produced within the country. It is equal to the value of all final goods and services produced in the country in a given period. The evaluation can be done at current prices or at prices prevailing in a base year.
Internal Debt	:	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund.
M3	:	This is broad money defined as the sum of currency with the public, demand deposits and time deposits with the banks, and 'other' deposits with the RBI.
Major Head	:	The main unit of classification in accounts is known as Major Head. A four digit code has been allotted to the Major Head, the first digit indicating whether the major head is a Receipt head or Revenue expenditure head or Capital expenditure head or Loan head.
Minor Head	:	Three digit code has been allotted to the Minor Head starting from "001" under each sub Major head/Major head (where there is no sub major head).
New Service	:	Government has prescribed certain financial limits for different categories of expenditure through re-appropriation, beyond which the expenditure constitutes 'New service/New instrument of service'.
Original Grant	:	The amount provided for any service in the Annual Financial Statement in a financial year is called original grant or appropriation.
Primary Deficit	:	Fiscal deficit minus interest payments gives primary deficit. It can be interpreted as the excess of non interest expenditure of the government over its revenue receipts and non debt capital receipts.
Public Account	:	All moneys other than those included in the Consolidated Fund, received by or on behalf of Government of India are credited to the Public Account of India [Article 266 (2) of the Constitution of India]. It includes transactions relating to 'debt' other than those included in the Consolidated Fund of India. Public Account transactions are not subject to vote/appropriation by Parliament and the balances are carried forward.
Public Debt (of India)	:	Borrowing by the Government of India internally as well as externally.
Re-appropriation	:	Means the transfer of funds from one Primary unit of appropriation to another such unit.
Reserve Money	:	This is the monetary base. It is the sum of net RBI credit to government, RBI's claims on commercial and cooperative banks, RBI's credit to the commercial sector, net foreign exchange of the RBI, government's currency liabilities to the public *minus* the net non-monetary liabilities of the RBI.

Revenue Deficit	:	This is equal to the excess of revenue expenditure over revenue receipts.
Revenue Expenditure	:	This is meant for normal running of governments' maintenance expenditures, interest payments, subsidies and transfers etc. It is current expenditure which does not result in the creation of assets. Grants given to State governments or other parties are also treated as revenue expenditure even if some of the grants may be meant for creating assets.
Revenue Receipts	:	These include proceeds of taxes and duties levied by the government, interest and dividend on investments made by the government, fees and other receipts for services rendered by the government.
Stock	:	A form of Government security held as stock certificate and not transferable by endorsement and delivery but by executing a transfer deed and by registering the transfer in the books of the Public Debt Office.
Supplementary Grant	:	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.
Surrender of unspent provision	:	Departments of the Central Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Ministry is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Tap Treasury Bill	:	A scrip of 91 days duration by which Government borrows money. This scrip was intended for investment by commercial banks of their surplus. This scrip was discontinued from 1 April 1997.
Treasury Bills	:	An instrument issued by the Reserved Bank of India on behalf of the Union Government to raise short term loans intended to fill transient resource gaps.
Unspent provision	:	When expenditure falls short of budget provision, it results into unspent provision.
Voted Grant	:	Sum required to meet other expenditure for which vote of Parliament is required under Article 113 (2) of the Constitution is called voted grant.