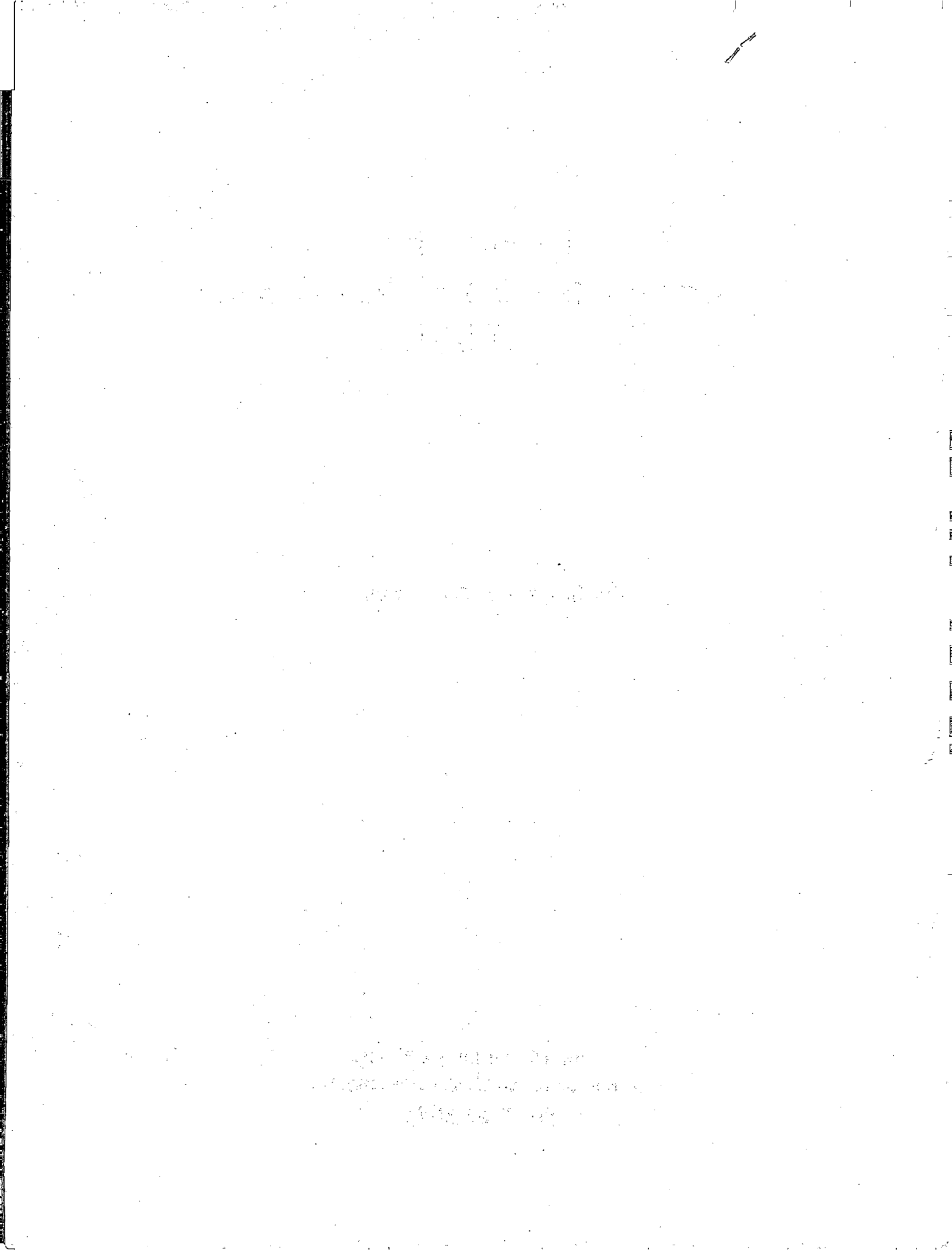


Report of the
Comptroller and Auditor General
of India

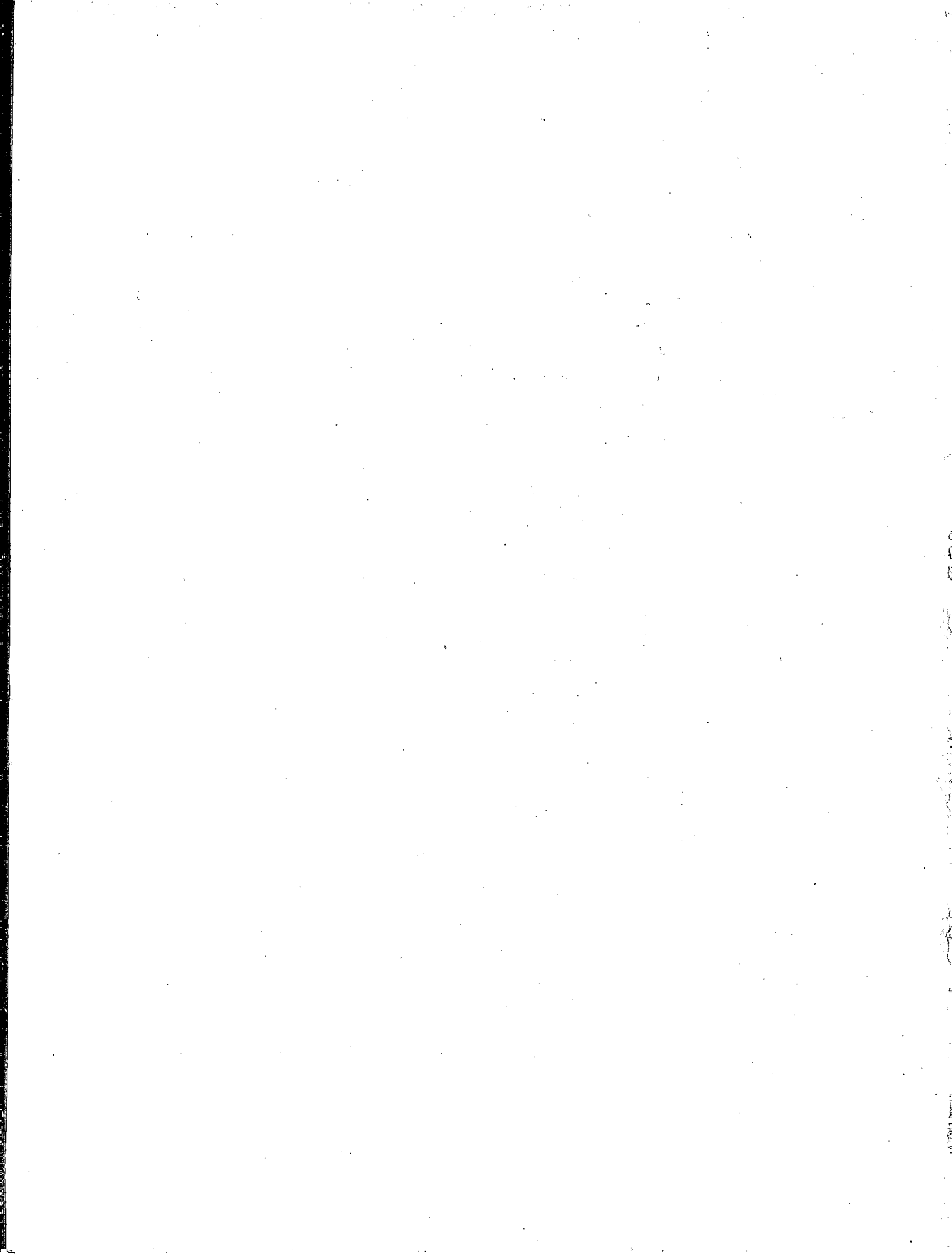
for the year ended March 2000

Union Government (Civil)
Accounts of the Union Government
No.1 of 2001



CONTENTS

	Page
Preface	
Highlights	i-vi
Chapter	Subject
1.	Overview of Union Government Finances 1
2.	Resources: Trends and Composition 20
3.	Expenditures: Growth and Structure 38
4.	Management of Subsidies 52
5.	Deficits: Management of Fiscal Imbalances 60
6.	Management of Public Debt 69
7.	Management of Public Account 86
8.	Budgeting: Analysis of Estimates 92
9.	Quality of Government Accounts 106
10.	Appropriation Accounts 1999-00: A Summary 111
11.	Appropriation Accounts 1999-00: An Analysis 117
12.	Review of Selected Grants 148
13.	Managing Government Finances: A General Evaluation 171
	List of Appendices 177
	Appendices 179
	Glossary 245
	List of various Audit Reports 249
	List of Tables 250



PREFACE

The Comptroller and Auditor General of India prepares this report on the accounts of the Union government for submission to the President under Article 151 of the Constitution.

This report is a commentary of the Union Government's finances and accounts for the year ended 31 March 2000 and related matters. A special feature of this report is that it presents a commentary in a retrospective background of preceding ten years, which saw introduction of structural economic reforms.

The observations of this report should be read in conjunction with the CAG's other reports during the year arising out of the financial as well as value for money audits of the various activities of the Union government.

HIGHLIGHTS OF THE UNION GOVERNMENT FINANCES AND ACCOUNTS: 1999-00

Union Finances: Overall Assessment

- Union finances have become less adequate, less autonomous, and more vulnerable during the nineties. Voted expenditure as proportion of total disbursement has fallen from 44.51 percent in 1992-93 to 31.94 percent in 1997-98. Therefore, there is less autonomy for applying available resources for current applications. Although by 1999-00, this ratio recovered to 35.68 percent, it still shows that the degree for autonomy in the application of resources is low, and has fallen over the ten-year period in the nineties. This view is further supported by the fact that repayment as percentage of borrowing has increased from 72.73 percent in 1990-91 to 86.74 percent in 1999-00 indicating that only about 13 percent of current borrowing is usable for current services. The interest ratio has also increased from 25.47 to 33.60 percent, showing increasing loss of autonomy in using current resources for current applications. Central finances are also more vulnerable now than before. Revenue deficit as percentage of fiscal deficit has increased from 40.40 in 1990-91 to 59.43 in 1999-00, exhibiting an increase of about 20 percentage points. To the extent fiscal deficit is not used for creating assets, finances become vulnerable because liabilities are being added without addition to the capacity for repayments.

Union Government Accounts: New Arrangements

- The 1999-00 summarised accounts of the Union government show a reversal of the relative position of the Consolidated Fund of India (CFI) and the public account. The CFI, which until 1998-99 used to end with a deficit, emerged with a surplus of Rs. 151986 crore at the end of 1999-00; and, the public account, which used to remain in surplus, ended with a deficit of Rs. 152876 crore. The establishment of National Small Savings Fund (NSSF), with effect from 01 April 1999, led to this change. It occurred because beginning 1999-00, the government has begun to formally borrow small savings from the NSSF, by issuing securities. As internal debt, this borrowing went into the CFI, unlike the past when the government used net surplus in public account to meet its deficit as a matter of course. In the new arrangement, the government has started the management of small savings and the mechanics of their transfers to the states through the NSSF.

The Macro Economy in 1999-00: Salient Features

- At the macroeconomic level, 1999-00 offered little comfort. The growth of the GDP was lower than its peak in mid nineties. The public sector savings remained negative for the second year running. There was a fall in the growth of money supply that was coincident with lower inflation.
- The economy has been undergoing significant structural change. The services sector has not only shown the highest trend growth rate (TGR) but also less fluctuation in the growth rates as compared to the other sectors. As a result of differential growth rates between the three major sectors, the services sector now constitutes about 53 percent of the GDP. The agriculture sector has a share of about 25 percent, and the industrial sector, only about 22 percent.

Fiscal Imbalance

- In 1990-91, the revenue and fiscal deficits were 3.26 and 8.07 percent of the GDP. In 1999-00, the revenue deficit was 3.15 percent of the GDP, and the fiscal deficit, 5.3 percent. However, the fiscal deficit figure is not comparable with the corresponding figures upto 1998-99 because of the changeover to the NSSF. The revenue imbalance indicates that the decade of fiscal reforms closed with almost as bad a profile of imbalance as at the beginning. In one sense, it was worse. In 1990-91, the ratio of revenue deficit to fiscal deficit was about 40 percent. This ratio, indicating the quality of fiscal deficit, degenerated to 60 percent in 1999-00.

Central Taxes: Aggregate Performance

- The tax-GDP ratio improved marginally in 1999-00, rising from 8.18 percent in 1998-99 to 8.78 percent. But this still was well below the 10.12 percent level in 1990-91. The course that different Union taxes took during the nineties largely determined why the deficits defied correction. The central failure was persistent erosion of the Union excise duties relative to the GDP. While income and corporation taxes rose relative to the GDP, the Union excise and customs duties fell. The fall in the customs duties may have explanations in external liberalisation and the WTO considerations. For the customs duties, there were perhaps the WTO compulsions that brought the tax rates and revenues down. Reforms, on the other hand, that recast the Union excise duties under the value added tax principle into MODVAT and later CENVAT, proved to be revenue depleting relative to the GDP. The fall in the indirect taxes could not be overcome by a rise in revenues from the direct taxes, and a small increase in the non-tax revenues. Consequently, the overall revenue receipts of the centre fell relative to the GDP. The tax base remained focussed on a narrow portion

of the GDP. The industrial sector which constitutes the core of the tax base of important central taxes like the corporation tax and the Union excise duties accounted for only 21-22 percent of output throughout the nineties. There is enough potential for widening the direct taxes revenue base. The service sector potential for tax revenue still remains largely untapped.

Non Tax Revenues: Near Stagnant Growth

- Non-tax revenues as a percent to the GDP have remained near stagnant during the nineties. There is an increase of 0.52 percent points if three years averages are compared in the beginning and the end of the decade. An important contributing factor of this increase is the higher contributions of the RBI's surpluses, which were in effect only endogenous resource transfers.

Government Expenditure: Fall in Capital Expenditure

- The erosion of the tax-GDP ratio, even while maintaining almost as much borrowing relative to the GDP as at the beginning of the nineties, led to a fall in government expenditure, both revenue and capital. It was 17.54 percent of the GDP in 1999-00 down from 18.10 percent in 1990-91. This small fall hides two major casualties. One, the ratio of non-interest, non-pension expenditure, i.e. expenditure directly relevant for the provision of services, fell. Secondly, asset-forming expenditures also fell: capital expenditure from 2.35 percent of the GDP in 1990-91 to 1.48 percent in 1999-00, and loans and advances, from 3.64 percent to 1.40 percent. Interest payments and pensions, on the other hand, mounted. Further, while plan revenue expenditure has grown at a trend growth rate of 14.43 percent per annum over the nineties, plan capital expenditure has grown at a dismally low TGR of 2.86 percent during this period. In 1999-00, the share of non-plan expenditure in total expenditure was the highest for the decade.

Subsidies: Non Transparent Design

- The quality and efficacy of expenditures are further beset by a non-transparent subsidy regime. Many subsidies are administered through inputs like power, irrigation, transport, fertilizers and diesel. Input based subsidies dissipate resources and the incidence of their benefits cannot be controlled. As such, these input subsidies remain ill targeted. Even those subsidies that are administered through final outputs like the food subsidy remain inappropriately targeted. Food and fertilizers subsidies hide inefficiencies and have defied correction in spite of budgetary promises. Some of the central subsidies show high TGR during the nineties like food

at 16.34 percent and interest subsidies at 17.62 percent. Subsidies pertaining to the sale of decontrolled fertilizer have grown at the TGR of 63.61 percent over 1994-95 to 1999-00. Implicit subsidies are more difficult to control because these remain hidden in general expenditures. Roughly estimated, implicit subsidy to the nationalized banks amounted to Rs.1429 crore; to PSUs, amounted to Rs.2404 crore; and to postal services, these amounted to Rs. 991 crore during 1999-00.

Rising Interest Rates: Adverse Cycle

- The deteriorating trends in the Union government finances are partly due to a self- sustaining adverse cycle linking higher fiscal deficit to higher cost of borrowing. The pressure on the interest rates builds up because of rising repayment obligations as also rising interest payments. Since the government has to lift up this large amount of money from the system, it has to bear a high cost. Resultantly, there is steady depletion of the ratio of net receipts to government relative to gross receipts, which has fallen from 53.41 in 1990-91 to 38.17 in 1999-00. Thus, the government has been getting less and less resources, for current applications for the services that it provides, at higher and higher interest costs. The effective interest rate has gone up from 8.02 percent per annum in 1990-91 to 10.61 percent in 1999-00.

Debt: Compositional change and Sustainability Issues

- The government reckons its external debt in the budget at historical exchange rates. It would be, however, more appropriate to evaluate it at the current exchange rates. Total liabilities at current exchange rates stood at 57.23 percent of the GDP at the end of 1999-00. This is nearly 7 percentage points higher than its level evaluated at historical exchange rates.
- The debt GDP ratio has fallen during the nineties. The share of internal debt in total liabilities has increased substantially, rising from 40.43 percent in 1991-92 to 63.77 percent in 1999-00 of the total liabilities, evaluated at current exchange rates. The other component of liabilities that has risen over the nineties comprises small savings and provident funds. Together internal debt and small savings and provident funds accounted for 79 percent of the total liabilities, rising from 68.86 percent in 1991-92.
- The conversion of the treasury bills to government securities during the nineties hiked the RBI interest costs to the government. However, payment of higher interest by the government to the RBI and transfer of surplus by the RBI to the government amounted to little else than completion of a fruitless accounting circuit. Likewise, the endogenous resource transfers of

the RBI's surplus to the government inhibit the effectiveness of Ways and Means Advances, introduced in 1997, as an instrument of fiscal discipline.

- Sustainability of debt remains a key issue. The trends in the nineties indicate that interest payments rose relative to the GDP, even though the debt-GDP ratio fell. For sustainability, the debt-GDP ratio needs to be reduced further. The trend of the fall in the debt-GDP ratio weakened towards the end of the nineties. The average yearly fall between 1991-92 to 1995-96 was 0.8 percentage points, which slowed down to an average of 0.15 percentage points between 1996-97 to 1999-00. Achievement of speedier reduction in the debt-GDP ratio would require additional remedial measures in the medium term.

Fiscal Marksmanship

- The government has persistently underestimated revenue and fiscal deficits. It has also generally overestimated the receipts, although 1999-00 was a notable exception in recent years. On the other hand, the government has generally underestimated revenue expenditures and has overestimated the capital expenditures. The budget estimates of discharge of public liabilities have fallen short of actuals in all the years in the nineties without exception. Receipts from small savings and provident funds have also been consistently under budgeted. Repeated estimation errors indicate that the government needs to focus on the systemic factors, improve its understanding of the past errors, and rework the estimation methodologies significantly for improving fiscal marksmanship.

Efficacy of Expenditures

- As resources available for application for current services have depleted relative to the GDP, it is critical that these are used with optimum efficiency. Inefficiencies in government expenditure lead to either higher costs for the same service or poorer service for the same cost. A more macro level of inefficiency relates to inadequate provision for essential services that need to be provided by the government, such as public goods and high merit goods. Inefficiencies result from rigidities like lapse of funds at the close of the financial year, opacities in the budget process, such as large implicit subsidies, limited parliamentary debates on demands for grants, and routine delays in decision processes. Many of these inefficiencies are visible after the examination of finance and appropriation accounts and the emergent pattern of the finances. In sum, the following sources of inefficiencies may be underlined:
 - a. March rush:* a large proportion of expenditure is crowded in the month of March leading to hasty decisions, involving avoidable inefficiencies.

- b. *Implicit subsidies:*** there is a large volume of hidden subsidies making the budget process opaque. The implication of these subsidies is not fully realized or debated because these are not mentioned in the budgets as subsidies.
- c. *Procedural inefficiencies:*** major deficiencies in the process of incurring expenditures, relate to incurring expenditure without sanction, excess disbursements over sanctioned grants, which remain non-regularized, and unspent amounts against provisions.
- d. *Unauthorised reappropriations:*** considerable amounts are reappropriated between different primary units of appropriation defeating the original purpose or activity which is authorized by the Parliament; often these reappropriations are found to be injudicious and without prior approval.
- e. *Poor fiscal marksmanship:*** a major cause of inefficiency is unrealistic budgeting. Budget estimates are based on such assumptions as often turn out to be unrealistic; demands are habitually overstated. Similar errors are repeated year after year.

Chapter 1

OVERVIEW OF UNION GOVERNMENT FINANCES

1.1 This chapter provides an overview of the finance and accounts of the Union government during the year 1999-00. It analyses critical changes in major fiscal aggregates in 1999-00 in the context of prevalent trends over the decade of the nineties, in a macroeconomic perspective, using some broad indicators concerning outputs, prices, saving and investment. First, the chapter presents a summary of the position of the different accounts, with reference to the Consolidated Fund of India (CFI), the Contingency Fund of India, and the Public Account for 1999-00, and discusses the salient changes in the macro economy over the decades of the nineties. It then presents an overview of trends in major fiscal aggregates pertaining to the Union government.

Summarised Accounts of the Union Government

The year 1999-00 ended with a surplus in the Consolidated Fund, because of creation of National Small Savings Fund in the Public Account, and consequent adjustments.

1.2 The CFI emerged with a surplus of Rs. 151986 crore at the end of 1999-00. This surplus was due to an accounting adjustment consequent upon the creation of the National Small Savings Fund (NSSF) at the beginning of 1999-00. Under the new arrangement, effective from 01 April 1999, the central government's draft on small savings became part of its internal debt, and was credited to the CFI. This increased the receipts of the CFI, engendering the surplus. This adjustment brought about a reversal of positions of a mutually adjusting nature in the CFI and the Public Account with effect from April 1, 1999. Throughout the nineties there was a deficit in the CFI and a surplus in the Public Account. In 1999-00 there was a deficit in the Public Account to the tune of Rs. 152876 crore (Table 1.1).

1.3 The Union government had been using Public Account surplus for meeting government expenditure due to deficit in the CFI upto 1998-99. From 1999-00, the Union government started doing so through investment of Public Account money in the central special securities, through the NSSF. During the year 1999-00, such investments amounted to Rs. 185200 crore.

1.4 Furthermore, the NSSF bears, from 01 April 1999, interest costs and incidental expenditure on the management of the small savings and provident funds, which were hitherto borne by the CFI, and any other expenditure related to its operations.

Box 1.1: Union Government Funds and the Public Account

<p>Consolidated Fund</p> <p>All revenues received by the Union Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled "The Consolidated Fund of India" established under Article 266(1) of the Constitution of India</p>	<p>Contingency Fund</p> <p>Contingency Fund of India established under Article 267(1) of the Constitution is in the nature of an imprest placed at the disposal of the President to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Parliament. Approval of the legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.</p>
<p>Public Account</p> <p>Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266(2) of the Constitution and the connected disbursements are also made therefrom.</p>	

1.5 The CFI receipts, net of repayments of the public debt, over the nineties have varied in the range of 18 to 21 percent of the GDP at current market prices (Table 1.2). The sudden spurt of this ratio to over 28 percent in 1999-00 is due to securitisation of withdrawals from the public account through the NSSF; and corresponds to a sudden downfall in the ratio of the net public account receipts to the GDP ratio. Chapter 7 on management of public account dwells on this matter in detail.

Overview of Union Government Finances

Table 1.1: Receipts and Disbursements from the CFI and Public Account

Rs in crore

Year	CFI receipts	CFI # disbursements	Surplus/ deficit in CFI	Public Account receipts	Public Account disbursements	Surplus/ deficit in Public Account
1990-91	196823	218721	-21898	64191	41871	22320
1991-92	200455	215123	-14668	66524	51824	14700
1992-93	227238	242709	-15471	72827	57895	14932
1993-94	296802	316793	-19991	89752	68740	21012
1994-95	316391	354133	-37742	107671	71157	36514
1995-96	357933	379902	-21969	113005	89381	23624
1996-97	412911	441559	-28648	127327	99134	28193
1997-98	605472	664478	-59006	169620	109704	59916
1998-99	654249	694929	-40680	159818	118875	40943
1999-00	856651	704665	151986	214736	367612	-152876

* 'Disbursement' includes repayments of debt

Table 1.2: Summarised Accounts of the Union Government

Rs in crore

Year	Opening cash balance	*CFI receipts net of repayments	As % of GDP	Net Public Account Receipts	As % of GDP	**Total Expenditure	As % of GDP	Closing cash balance
1	2	3	4	5	6	7	8	10
1990-91	1465	115161	20.25	22320	3.92	137059	24.10	1887
1991-92	1887	134037	20.52	14700	2.25	148705	22.76	1919
1992-93	1919	155528	20.81	14932	2.00	170999	22.88	1380
1993-94	1380	178851	20.82	21012	2.45	198841	23.14	2402
1994-95	2402	183121	18.13	36514	3.62	220863	21.87	1174
1995-96	1174	218687	18.50	23624	2.00	240656	20.36	2829
1996-97	2829	242463	17.80	28193	2.07	271111	19.91	2374
1997-98	2374	274422	18.11	59916	3.95	333428	22.00	3284
1998-99	3284	331570	18.86	40943	2.33	372250	21.17	^a 3520
1999-00	3520	551564	28.18	-152876	-7.81	399577	20.42	^b 2656

* Does not include taxes on income assigned to the states under article 270 of the constitution.

** 'Total Expenditure' denotes all expenditure out of the CFI, excluding repayment of debt.

^a Includes Rs 27 crore as expenditure from Contingency Fund of India not recouped during the year.

^b Includes Rs 27 crore as receipt in Contingency Fund of India recouped during the year.

Box 1.2: Reporting Parameters

Fiscal aggregates like tax and non-tax revenues, revenue and capital expenditures, internal and external debt, and revenue and fiscal deficits have been presented as percentage to the GDP at current market prices. The *New GDP series with 1993-94 as base* as published by the Central Statistical Organisation has been used. Data up to 1997-98 are final estimates. For 1998-99 and 1999-00, provisional and quick estimates have been used respectively.

Trend growth rates (TGR) have been indicated for relevant variables. The TGR indicates average annual percentage growth over a period. The present analysis has a reference period of ten years from 1990-91 to 1999-00. The TGR is calculated by fitting a trend line over the observations and estimating the slope of the trend line.

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

For most series annual changes have also been indicated. This refers to percentage change of an observation with reference to its value in the previous year.

Three-year averages are used wherever relevant for indicating compositional changes with a view to ironing out random influences.

Finances of the Union Government: 1999-00

The 1999-00 profile of the Union government finances exhibits larger fiscal imbalance relative to the budgetary targets.

1.6 Both revenue deficit and fiscal deficit were higher than what the government had budgeted. Table 1.3 summarises the position of the finances of the Union government in terms of revenue receipts, capital receipts, public account receipts, and total disbursements. The imbalance on the revenue accounts shows up in revenue deficit, which was Rs. 61642 crore as against the budgeted figure of Rs. 49147 crore. The overall imbalance results in fiscal deficit, which was Rs. 103749 crore as against the budget provision of Rs. 81220 crore. Fiscal deficit was also of a bad quality as 60 percent of it went to meet only revenue deficit. Chapter 5 contains detailed comments on alternative indicators of deficit.

Overview of Union Government Finances

Table 1.3: Estimates and Actuals of Receipts and Disbursements 1999-00

		<i>Rs in crore</i>		
		Budget estimates	Actuals	Shortfall (-)/ Excess (+)
1	Total Receipt of the Union Government (7+8+9)	1057242	1071414	14172
2	Revenue Receipts	279672	281553	1881
	Tax revenue ¹	159787	155230	(-)4557
	Non-tax revenue ²	119885	126323	6438
3	Non-debt Capital Receipts	10000	1724	(-)8276
4	Total Revenue and non-Debt Capital receipts (2+3)	289672	283277	(-)6395
5	Recovery of Loans and Advances	13337	12551	(-)786
6	Receipt of Public Debt	601649	560823	(-)40826
7	Total receipts in the CFI (4+5+6)	904658	856651	(-)48007
8	Contingency fund ³		27	27
9	Public Account Receipt	152584	214736	62152
10	Total disbursement by the Union Government (16+17)	1057241	1072278	15037
11	Revenue Expenditure	328819	343195	14376
12	Capital Expenditure	30665	29023	(-)1642
13	Loans and Advances	24745	27359	2614
14	Total expenditure of the Union Government (11+12+13)	384229	399577	15348
15	Repayment of Public Debt	360893	305088	(-)55805
16	Total disbursement out of the CFI (14+15)	745122	704665	(-)40457
17	Public Account Disbursement	312119	367612	55493
18	Revenue Deficit (11-2)	49147	61642	12495
19	Fiscal Deficit {14-(4+5)}	81220	103749	22529

¹ Does not include Taxes on Income assigned to States Rs. 16987 crore (BE) and Rs. 16523 crore (Actual) under Article 270 of the Constitution.

² Includes grants-in-aid and contributions

³ Rs 27 crore as receipt in the CFI on account of recoupment of previous year expenditure

⁴ Differs due to rounding

1.7 Taxes and non-debt capital receipts including disinvestments underperformed compared to the budget projections. On the expenditure side, revenue expenditure and to some extent loans and advances, mainly claimed more than what the budget had provided. Consequently, revenue deficit was 25.42 percent higher than budgeted, and the fiscal deficit was higher by 27.74 percent.

Box 1.3: Managing Funds: Constitutional Provisions

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

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

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

A Macro Economic Perspective: Some Broad Indicators

The tax base has remained focused on a narrow portion of the GDP.

1.8 The Indian economy is undergoing a structural transformation. The services sector exhibited a trend growth rate (TGR) of 8.47 percent per annum during 1993-94 to 1999-00 (Table 1.4). In contrast, agriculture and allied services have grown only by 3.16 percent. The agricultural sector also shows a high degree of fluctuation in the annual growth rates ranging from -1.92 percent in 1997-98 to 6.50 percent in 1998-99. The industrial sector achieved a peak growth rate of 12.82 percent in 1995-96. More recently, for three years running from 1996-97 to 1998-99, it showed deceleration of growth from 6.80 to 3.28 percent. There was a improvement in 1999-00. The services sector has not only shown the highest trend growth rate but also less fluctuation in the annual growth rates. As a result of differential growth rates between the three sectors, the services sector now constitutes about 53 percent of the GDP. The share of agricultural sector has declined by about 5 percent points to about 25 percent, while that of the industrial sector has remained static at about 22 percent.

2

CSO Notification on dt. 30.1.2015

Overview of Union Government Finances

GDP at factor cost has been discontinued from the New Series 2011-12. New Gross Value Added (GVA) at basic prices will be available.

Table 1.4: GDP and its components (at factor cost at 1993-94 prices)

Year	Agriculture forestry & fishery	% change over prev. year	Industry	% change over prev. year	Services	% change over prev. year	GDP at factor cost	% change over prev. year
1993-94	241967		164569		374809		781345	
1994-95	254090	5.01	181605	10.35	400169	6.77	835864	6.98
1995-96	251892	-0.87	204891	12.82	440207	10.01	896990	7.31
1996-97	276091	9.61	218830	6.80	469469	6.65	964390	7.51
1997-98	270791	-1.92	229563	4.90	512462	9.16	1012816	5.02
1998-99	288401	6.50	237087	3.28	557559	8.80	1083047	6.93
1999-00	290334	0.67	251434	6.05	610223	9.45	1151991	6.37
TGR	3.16		7.09		8.47		6.66	

Percent to the GDP							
1993-94	30.97		21.06		47.97		100.00
1994-95	30.40		21.73		47.87		100.00
1995-96	28.08		22.84		49.08		100.00
1996-97	28.63		22.69		48.68		100.00
1997-98	26.74		22.67		50.60		100.00
1998-99	26.63		21.89		51.48		100.00
1999-00	25.20		21.83		52.97		100.00

Notes: 1. Industry consists of mining and quarrying, manufacturing and electricity, gas and water supply.
 2. Services consist of construction, trade/ hotels and restaurant, transport, storage and communications, financing, insurance, real estate and business services, and community, social and personal services.
 3. Data for 1998-99 are provisional estimates and for 1999-00 quick estimates
 Source: Data for 1993-94 to 1997-98 is taken from National Accounts Statistics 2000, CSO, July 2000 and data for 1998-99 and 1999-00 are taken from quick estimates of National Income 1999-00, press note, January 30, 2001.

1.9 The tax planning of the government should respond to the structural changes in the Indian economy. The tax base remained focussed on a narrow portion of the GDP. The industrial sector which constitutes the core of the tax base of important central taxes like the corporation tax and the Union excise duties accounted for only 21-22 percent of output throughout the nineties. The services sector, its largest segment, shows the highest and the steadiest growth rate and offers itself as a more buoyant and less volatile source of tax revenue. Detailed comments on this aspect follow in Chapter 2.

Relatively lower inflation during the last three to four years and deceleration of GDP growth were coincident.

1.10 Table 1.5 contains a summary of the movements of the wholesale price index as also the consumer price indices for industrial workers and for urban non-manual employees over the period 1990-91 to 1999-00. There was little inflationary pressure during the year 1999-00. The movement of the price indices over the decade of the nineties, however, shows that, on a trend basis, the wholesale price index rose by an average rate of a little over 6 percent per annum. The consumer price indices rose by about 3 percentage points higher. Inflation was more than two digits in three years in the early nineties as indicated by percentage change in the wholesale price index over respective previous years. Growth in aggregate demand, of which the government is an important modulator, has been sluggish owing significantly to a fall in capital expenditure of the government relative to the GDP. Relatively lower inflation during the last three to four years and deceleration of GDP growth were coincident.

Table 1.5: Price Indices

Year	Index of Wholesale prices (all commodities) Base 1993-94	% change over prev. year	Consumer price indices			
			Industrial workers Base 1982	% change over prev. year	Urban non-manual employees Base 1984-85	% change over prev. Year
1990-91	73.73		193		161	
1991-92	83.86	13.74	219	13.47	183	13.66
1992-93	92.29	10.06	240	9.59	202	10.38
1993-94	100.0	8.35	258	7.50	216	6.93
1994-95	112.5	12.50	284	10.08	237	9.72
1995-96	121.6	8.09	313	10.21	259	9.28
1996-97	127.2	4.61	342	9.27	283	9.27
1997-98	132.8	4.40	366	7.02	302	6.71
1998-99	140.7	5.95	414	13.11	337	11.59
1999-00	145.3	3.27	428	3.38	352	4.45
TGR	6.09		9.06		8.65	

Note: The index of wholesale prices for the period 1990-91 to 1992-93 is derived by a conversion factor using 1981-82 base series and the 1993-94 base series.

Source: RBI, Handbook of Statistics on Indian Economy, December 2000.

2014-15
15/9/15

Sept 2015

Saving and Investment

In 1998-99 and 1999-00, the public sector savings became negative.

1.11 Table 1.6 draws the profile of gross domestic savings and gross capital formation over the years from 1993-94 to 1999-00 at current prices (based on 1993-94 series). The saving rate, having achieved a peak of 25.46 percent in 1995-96, fell to 21.99 percent in 1998-99. Correspondingly, the investment rate, as measured by gross capital formation also fell from a peak of 26.50 percent in 1995-96 to a low of 21.16 percent in 1998-99. In 1996-97, gross capital formation actually fell in absolute terms. A decomposition of the gross domestic savings in to the household, private corporate and public sector savings, brings to the fore the dismal contribution of the public sector. In 1998-99 and 1999-00, the public sector savings turned negative.

Table 1.6: Gross Domestic Savings and Investment

Rs in crore; rates in percent

Year	Gross domestic savings	% change over prev. year	Saving rate	Gross capital formation	% change over prev. year	Investment Rate
1993-94	193621		22.53	182619		21.25
1994-95	252080	30.19	24.96	237812	30.22	23.55
1995-96	300956	19.39	25.46	313217	31.71	26.50
1996-97	317567	5.52	23.32	298069	-4.84	21.89
1997-98	374415	17.90	24.70	353999	18.76	23.36
1998-99	386732	3.29	21.99	372018	5.09	21.16
1999-00	435572	12.63	22.26	444423	19.46	22.71
TGR	13.34			14.07		
Gross Domestic Savings by Type of Institutions						
Year	Household Sector	Saving rate	Private corporate sector	Saving rate	Public sector	Saving Rate
1993-94	158310	18.42	29866	3.48	5445	0.63
1994-95	199972	19.80	35266	3.49	16842	1.67
1995-96	218378	18.48	58550	4.95	24028	2.03
1996-97	233508	17.15	61101	4.49	22958	1.69
1997-98	288550	19.04	64786	4.27	21079	1.39
1998-99	336469	19.14	64608	3.67	-14345	-0.82
1999-00	386913	19.77	71879	3.67	-23220	-1.19
TGR	15.36		15.14		NA	

Note: Data for 1998-99 are provisional estimates and for 1999-00, quick estimates
 Source: Data for 1993-94 to 1997-98 is taken from National Accounts Statistics 2000, CSO, July 2000 and data for 1998-99 and 1999-00 are taken from quick estimates of National Income 1999-00, press note, January 30, 2001

Overview of Government Finances

The decline in tax revenues relative to the GDP has adversely affected the fiscal position of both the centre and the states.

1.12 Tables 1.7 to 1.10 present an overview of the Union government finances, in relation to revenue receipts, capital receipts, revenue expenditure and disbursements including capital expenditure, loans and advances, and repayment of public debt.

1.13 Tax revenues have grown at a TGR of 12.55 percent over the period 1990-91 to 1999-00. This is much lower than the TGR of the GDP at current market prices, which was 15.05 percent per annum over the same period. As a result the tax-GDP ratio has fallen from 9.4 percent in 1990-91 to 7.94 percent in 1999-00. A part of this fall has depleted the resources of the states, which they get by way of their share in the Union tax revenues. In particular, states' share of Union excise duties have fallen from 1.83 percent of the GDP in 1990-91 to 1.38 percent in 1999-00. The decline in tax revenues of the Union government relative to the GDP has, therefore, affected adversely the fiscal position of both the centre and the states.

1.14 Non-tax revenues of the centre showed a TGR of 16.43 percent over the ten year period from 1990-91 to 1999-00. Together, therefore, the total revenue receipts of the centre were 13.01 percent of the GDP both in 1990-91 and 1999-00. If we compare, however, three-year averages at the beginning and at the end of the decade, there is a fall in the revenue receipts of the centre relative to the GDP of about half a percentage point.

Table 1.7: Overview of Union Government Finances: Revenue Receipts

Year	Revenue				
	Tax	States' share of Union Excise Duties	Net to Union Govt.	Non-tax	Total
1990-91	53456	10414	43042	30947	73989
1991-92	62257	12093	50164	37573	87737
1992-93	68580	14465	54115	45641	99756
1993-94	67975	14473	53502	51627	105129
1994-95	83737	16283	67454	62932	130386
1995-96	99950	18011	81939	68621	150560
1996-97	115246	21545	93701	78472	172173
1997-98	125712	22446	103266	92587	195853
1998-99	129317	24665	104652	110572	215224
1999-00	155230	26958	128272	126323	254595
TGR	12.55	10.88	12.94	16.43	14.54

Percent to GDP					
1990-91	9.40	1.83	7.57	5.44	13.01
1991-92	9.53	1.85	7.68	5.75	13.43
1992-93	9.18	1.94	7.24	6.11	13.35
1993-94	7.91	1.68	6.23	6.01	12.24
1994-95	8.29	1.61	6.68	6.23	12.91
1995-96	8.46	1.52	6.93	5.81	12.74
1996-97	8.46	1.58	6.88	5.76	12.64
1997-98	8.29	1.48	6.81	6.11	12.92
1998-99	7.35	1.40	5.95	6.29	12.24
1999-00	7.94	1.38	6.55	6.45	13.01
A: Avg(1990-93)	9.37	1.87	7.50	5.77	13.26
B: Avg(1997-00)	7.81	1.42	6.44	6.28	12.72
C: B-A	-1.56	-0.45	-1.06	0.52	-0.54

1.15 Capital receipts come from recovery of loans and advances, receipts from public debt and the Public Account. There are also some non-debt capital receipts mainly in the form of disinvestments. The main increase is in the receipts on account of public debt, which has increased from 18.58 percent of the GDP to 28.66 percent *albeit* in gross terms, i.e. a straight increase of more than 10 percentage points in ten years.

The CAG's Report on
Union Government Accounts 1999-2000

Table 1.8: Overview of Union Government Finances: Capital Receipts

<i>Rs in crore</i>						
Year	Capital		Total	Public Debt	Receipts in the CFI	Public Account
	Non-debt capital receipts	Recovery of loans & advances				
1990-91	0	6769	6769	105652	186410	64191
1991-92	3038	7001	10039	90586	188362	66524
1992-93	1961	7678	9639	103379	212774	72827
1993-94	0	7611	7611	169637	282377	89753
1994-95	5607	9507	15114	157606	303106	107671
1995-96	1397	6999	8396	180965	339921	113006
1996-97	455	8690	9145	210042	391360	127327
1997-98	912	9596	10508	376665	583026	169620
1998-99	5874	13189	19063	395297	629584	159818
1999-00	1724	12551	14275	560823	829693	214736
TGR	NA	7.02	7.28	21.83	18.51	14.49
<i>Percent to GDP</i>						
1990-91	0.00	1.19	1.19	18.58	32.77	11.29
1991-92	0.47	1.07	1.54	13.87	28.83	10.18
1992-93	0.26	1.03	1.29	13.83	28.47	9.74
1993-94	0.00	0.89	0.89	19.74	32.86	10.45
1994-95	0.56	0.94	1.50	15.61	30.01	10.66
1995-96	0.12	0.59	0.71	15.31	28.76	9.56
1996-97	0.03	0.64	0.67	15.42	28.74	9.35
1997-98	0.06	0.63	0.69	24.85	38.47	11.19
1998-99	0.33	0.75	1.08	22.48	35.81	9.09
1999-00	0.09	0.64	0.73	28.66	42.40	10.97
A: Avg(1990-93)	0.24	1.10	1.34	15.42	30.03	10.40
B: Avg(1997-00)	0.16	0.67	0.84	25.33	38.89	10.42
C: B-A	-0.08	-0.42	-0.50	9.91	8.86	0.01

* Receipts in the CFI is the sum of Revenue Receipts (Table 1.7) Capital Receipts and Public Debt

Revenue expenditures in general services excluding interest payment and social and economic services have fallen, while interest payments continue to grow relative to the GDP

Table 1.9: Overview of Union Government Finances: Revenue Expenditure

<i>Rs in crore</i>				
Year	Revenue expenditure			
	Total	States share of Union Excise Duties	Net Revenue expenditure	Interest payments included in Revenue Expenditure
1990-91.	102964	10414	92550	21498
1991-92	116091	12093	103998	26596
1992-93	132794	14465	118329	31075
1993-94	152317	14473	137844	36741
1994-95	177699	16283	161416	44060
1995-96	198302	18011	180291	50045
1996-97	226372	21545	204827	59478
1997-98	277732	22446	255286	65637
1998-99	300456	24665	275791	77882
1999-00	343195	26958	316237	94593
TGR	14.60	10.88	14.98	17.19
<i>Percent to GDP</i>				
1990-91	18.10	1.83	16.27	3.78
1991-92	17.77	1.85	15.92	4.07
1992-93	17.77	1.94	15.83	4.16
1993-94	17.73	1.68	16.04	4.28
1994-95	17.60	1.61	15.98	4.36
1995-96	16.78	1.52	15.25	4.23
1996-97	16.62	1.58	15.04	4.37
1997-98	18.32	1.48	16.84	4.33
1998-99	17.09	1.40	15.69	4.43
1999-00	17.54	1.38	16.16	4.83
A: Avg(1990-93)	17.88	1.87	16.01	4.00
B: Avg(1997-00)	17.65	1.42	16.23	4.53
C: B-A	-0.23	-0.45	0.22	0.53

1.16 The net revenue expenditures of the government marginally fell from 16.27 percent of the GDP in 1990-91 to 16.16 percent in 1999-00. This fall is due to a decline in expenditure on general, social and economic services, as the interest payments rose sharply from 3.78 percent of the GDP in 1990-91 to

The CAG's Report on
Union Government Accounts 1999-2000

4.83 percent in 1999-00. Chapter 3 contains further analysis of the sectoral adjustments in revenue expenditure.

**Table 1.10: Overview of Union Government Finances:
Capital Expenditure, Loans and Advances and Repayment**

<i>Rs in crore</i>						
Year	Capital expenditure	Loans & advances	Total Expenditure	Repayment of Public Debt	Disbursement out of CFI	Public Account
1990-91	13387	20708	126645	81661	208306	41871
1991-92	13911	18703	136612	66418	203030	51824
1992-93	20586	17619	156534	71710	228244	57895
1993-94	24650	21874	184368	117951	302319	68740
1994-95	19266	23898	204580	133271	337851	71157
1995-96	17544	24810	222645	139246	361891	89381
1996-97	15704	29035	249566	170448	420014	99134
1997-98	20225	35471	310982	331050	642032	109704
1998-99	25200	46594	347585	322679	670264	118876
1999-00	29023	27359	372619	305088	677707	367612
TGR	5.98	8.38	13.35	21.20	16.50	19.86
<i>Percent to GDP</i>						
1990-91	2.35	3.64	22.27	14.36	36.62	7.36
1991-92	2.13	2.86	20.91	10.17	31.08	7.93
1992-93	2.75	2.36	20.94	9.59	30.54	7.75
1993-94	2.87	2.55	21.46	13.73	35.19	8.00
1994-95	1.91	2.37	20.26	13.20	33.45	7.05
1995-96	1.48	2.10	18.84	11.78	30.62	7.56
1996-97	1.15	2.13	18.32	12.51	30.84	7.28
1997-98	1.33	2.34	20.52	21.84	42.36	7.24
1998-99	1.43	2.65	19.77	18.35	38.12	6.76
1999-00	1.48	1.40	19.04	15.59	34.63	18.78
A: Avg (1990-93)	2.41	2.95	21.37	11.37	32.75	7.68
B: Avg (1997-00)	1.42	2.13	19.78	18.59	38.37	10.93
C: B-A	-1.00	-0.82	-1.60	7.22	5.62	3.25

Capital expenditures continue to fall.

1.17 One fallout of the resource depletion was a steady decline in government capital expenditure as also in loans and advances. Capital expenditures fell from 2.35 percent in 1990-91 to 1.48 percent of the GDP in

1999-00. Loans and advances fell from 3.64 percent to 1.40 percent of the GDP during the same period. This is discussed further in Chapter 3.

Deficit and Debt

The fall in fiscal deficit in 1999-00 was due largely to the securitisation of small savings and not due to any improvement in the fiscal scenario.

1.18 Table 1.11 presents the profile of deficits, which are critical parameters in the fiscal profile of the Union government.

Table 1.11: Union Government Finances: Deficits

Year	Deficits				<i>Rs in crore</i>
	Revenue	Fiscal	Primary	Monetised	
1990-91	18561	45887	24389	14746	
1991-92	16261	38836	12239	5508	
1992-93	18574	47140	16065	4257	
1993-94	32715	71677	34935	260	
1994-95	31029	62079	18019	2130	
1995-96	29731	63689	13644	19855	
1996-97	32654	68242	8764	1934	
1997-98	59433	104621	38984	12914	
1998-99	60567	113298	35416	11800	
1999-00	61642	103749	9156	-5587	
TGR	16.91	12.00	-0.83		
					<i>Percent to GDP</i>
1990-91	3.26	8.07	4.29	2.59	
1991-92	2.49	5.94	1.87	0.84	
1992-93	2.49	6.31	2.15	0.57	
1993-94	3.81	8.34	4.07	0.03	
1994-95	3.07	6.15	1.78	0.21	
1995-96	2.52	5.39	1.15	1.68	
1996-97	2.40	5.01	0.64	0.14	
1997-98	3.92	6.90	2.57	0.85	
1998-99	3.44	6.44	2.01	0.67	
1999-00	3.15	5.30	0.47	-0.29	
A: Avg (1990-93)	2.75	6.77	2.77	1.34	
B: Avg (1997-00)	3.51	6.22	1.68	0.41	
C: B-A	0.76	-0.56	-1.09	-0.92	

1.19 Revenue deficit, the difference between revenue expenditure and revenue receipt, has been as high as 3.81 percent of the GDP in 1993-94 and 3.92 percent in 1997-98. It came down, however, to 3.15 percent of the

GDP in 1999-00. Fiscal deficit is the excess of total expenditure including loans net of repayments over non-debt receipts. It was as high as 8.07 percent in 1990-91 and 8.34 percent in 1993-94 as a percent of the GDP. It was close to 7 percent in 1997-98. It came down to 5.30 in 1999-00. This sharp fall between 1998-99 and 1999-00 was, however, the result of transferring borrowings based on small savings to the Public Account, and therefore does not indicate any improvement in the basic trends causing the imbalance. Chapter 5 contains further details.

1.20 Primary deficit represents fiscal deficit net of interest payment. In other words, it represents the balance in the finances due to current decisions about expenditure and performance about revenues. In primary deficit, there has been some noticeable improvement. In 1990-91, primary deficit was 4.29 percent of the GDP. It came down to as low as 0.64 percent in 1996-97, although it again increased in the next two years to above 2 percent of GDP. Thereafter, it declined to 0.47 percent in 1999-00. This improvement should again be read in the context of the lower fiscal deficit arising from accounting shift of some part of borrowing to the public account.

1.21 Monetised deficit represents government's net borrowing from the Reserve Bank of India. It, therefore, feeds into the expansion of money supply through increases in reserve money, which constitutes the monetary base. There has been greater control on monetised deficit during the nineties as part of the overall fiscal reforms policy. In nominal terms monetised deficits fell from Rs. 14746 crore in 1990-91 to as low as Rs. 260 crore in 1993-94. It rose sharply to a level of Rs. 19855 crore in 1995-96. In 1999-00, a surplus is indicated at the level of Rs. 5587 crore. According to the RBI's annual report 1999-00, it was the first time since 1977-78, when the central government account with the RBI showed a surplus. We have further comments on the situation of deficit in Chapter 5.

The outstanding debt levels are uncomfortably high, and need to be brought down further to reduce the growing interest burden.

1.22 Table 1.12 presents outstanding debt of the Union government both at historical exchange rates and at current exchange rates. Evaluating external debt at historical rates, the outstanding debt as on 31 March 1991 was 55.30 percent of the GDP. At the end of March 2000, this ratio fell to 50.71 percent. An improvement is also visible when external debt is evaluated at the current

exchange rate. The difference between the two, however, is about 7 percentage points of the GDP presently. At the beginning of 1999-00, outstanding debt, with external debt evaluated at current exchange rate, was 57.23 percent. The outstanding debt levels are, however, still uncomfortably high, and need to be brought down further to arrest and reduce the growing interest burden on the government. Chapter 6 has further comments on the government's debt and liabilities.

Table 1.12: Outstanding Debt: 1990-91 to 1999-00

Rs in crore

Year	**Total liability of Union Government		Percent to GDP		Change in *debt-GDP ratio (% points)
	Current Rate	Historical Rate	Current Rate	Historical Rate	
1990-91	--	314558	--	55.3	--
1991-92	427322	354662	65.41	54.29	-1.01
1992-93	480467	401923	64.29	53.78	-0.51
1993-94	558421	477968	64.99	55.63	1.85
1994-95	630071	538610	62.39	53.33	-2.30
1995-96	703567	606233	59.53	51.29	-2.04
1996-97	770512	675675	56.57	49.61	-1.68
1997-98	884404	778294	58.35	51.35	1.74
1998-99	1012486	891806	57.58	50.72	-0.63
1999-00	1120049	992411	57.23	50.71	-0.01
TGR	12.77	13.75	Avg (1991-92 to 1995-96):		-0.08
			Avg (1996-97 to 1999-00):		-0.15

* Historical rate
** Closing balance as on 31 March.

Gross and Net Receipts: Pressure on Interest Rates

Government has been getting less and less resources, for current application for the services, and is borrowing at progressively higher interest costs.

1.23 The deteriorating trends in the Union government finances are partly due to a self-sustaining adverse cycle linking higher fiscal deficit to higher cost of borrowing. This is due to the government's compulsion to go for large borrowing to service its bulging debt repayment obligations. Since the government has to lift this large amount of money from the system, it has to bear a high cost. Consequently, there is steady depletion of net receipts to government relative to gross receipts. Table 1.13 brings out this fact in numerical focus. The ratio of net receipts to gross receipts has fallen from 53.41 percent in 1990-91 to 38.17 percent in 1999-00. Thus, there is a

**The CAG's Report on
Union Government Accounts 1999-2000**

continuous depletion in the government's resources, for current application for the services that it provides.

Table 1.13: Resources: Gross and Net

<i>Rs in crore</i>					
Year	Gross Receipts	Total Repayment/ Discharges	Net Receipts	Interest Payment	Total Repayment/ Discharges Plus Interest Payment
1990-91	265134	123532	141602	21498	145030
1991-92	272083	118243	153840	26596	144839
1992-93	306125	129605	176520	31075	160680
1993-94	394322	186691	207631	36741	223432
1994-95	432620	204428	228192	44060	248488
1995-96	482212	228627	253585	50045	278672
1996-97	553754	269582	284172	59478	329060
1997-98	788600	440754	347846	65637	506391
1998-99	828547	441555	386992	77882	519437
1999-00	*1087910	672700	415210	94593	767293
TGR	17.32	21.26	13.28	17.19	20.63
<i>Percent</i>					
Year	Net Receipts/ Gross Receipts	Repayment/ Discharges Plus Interest Payment/Gross Receipts	Repayment/ Discharges Plus Interest Payment/ GDP	Gross Receipts/ GDP	Net Receipts/ GDP
1990-91	53.41	54.70	25.50	46.62	24.90
1991-92	56.54	53.23	22.17	41.65	23.55
1992-93	57.66	52.49	21.50	40.96	23.62
1993-94	52.66	56.66	26.00	45.89	24.17
1994-95	52.75	57.44	24.61	42.84	22.60
1995-96	52.59	57.79	23.58	40.80	21.45
1996-97	51.32	59.42	24.16	40.66	20.87
1997-98	44.11	64.21	33.41	52.03	22.95
1998-99	46.71	62.69	29.54	47.12	22.01
1999-00	38.17	72.55	40.33	55.59	21.22

Note: Net receipts refers to gross receipts minus repayment/discharges

* Excludes Rs 27 crore towards recoupment of contingency fund expenditure for 1998-99

1.24 The interest rate has gone up from 8.02 percent per annum in 1990-91 to 10.61 percent in 1999-00 where external debt is taken at historical rates. We have taken the effective interest rate as the ratio of interest payment during the

Overview of Union Government Finances

year to outstanding debt at the beginning of the financial year. Table 1.14 presents the position of the effective interest rate with the external debt taken at historical rates and at current exchange rates. There is an increase in the effective rate of interest both in the context of external debt being reckoned at historical as also the current exchange rates along with the other liabilities.

Table 1.14: Effective Interest Rate on Government Borrowing

<i>Rs in crore</i>					
Year as on 1 April	Debt (at historical rate)	Interest payment	Effective rate of interest (1)	Debt (at current rate)	Effective rate of interest (2)
1990	268193	21498	8.02		
1991	314558	26596	8.46		
1992	354662	31075	8.76	427322	7.27
1993	401923	36741	9.14	480467	7.65
1994	477968	44060	9.22	558421	7.89
1995	538610	50045	9.29	630071	7.94
1996	606233	59478	9.81	703567	8.45
1997	675675	65637	9.71	770513	8.52
1998	778294	77882	10.01	884404	8.81
1999	891806	94593	10.61	1012486	9.34

Note: (1). With reference to outstanding debt where external debt is evaluated at historical exchange rates.
(2) With reference to outstanding where external debt is evaluated at current exchange rates.

1.25 This overview highlights some of the major trends in the revenue receipts, capital receipts, repayment of debt and expenditures. A critical reason for the persistent deterioration is the self-sustaining adverse cycle between interest payments and fiscal deficit. The ensuing chapters contain analyses of the structural reasons for the continued deterioration in the profile of Union government finances, as evinced from the Finance and Appropriation Accounts of the Union government.

Chapter 2

RESOURCES: TRENDS AND COMPOSITION

Resources of the Union Government: 1999-00

2.1 Resources of the Union government consist of revenue receipts and capital receipts. Table 2.1 presents a summary of total receipts of the Union government, which amounted to Rs. 1087937 crore for the year 1999-00. Union government's own receipts were Rs. 312351 crore, constituting only 28.71 percent of the total receipts. The remaining 71.29 percent receipts came through borrowings.

TABLE 2.1: RESOURCES OF THE UNION GOVERNMENT

	<i>Rs in crore</i>
I. Revenue Receipts (Gross)	298076
II. Capital Receipts	789834
a. Miscellaneous Receipts	1724
b. Recovery of Loans and Advances	12551
c. Debt Receipts	560823
III. Public Account Receipts	214736
IV. Contingency Fund (Recoupment of Previous Year's Expenditure)	27
Total Receipts	1087937

Note: Revenue receipts include Rs. 16523 crore, share of net proceeds of income tax directly assigned to the states, and not reflected in the Union Government's Finance Accounts.

Revenue Receipts: Movement of Major Aggregates

Revenue receipts have fallen on three-year average basis during the beginning and end of the foregoing decade of reforms, owing largely to the erosion of the tax-GDP ratio.

2.2 Revenue receipts come from both tax non-tax sources. Capital receipts comprise debt receipts from internal and external sources as well as receipts from the public accounts. Tax revenue comprises proceeds of taxes and duties levied by the Union government, viz., taxes on income and expenditure, customs, Union excise duties, etc. Non-tax revenues come from interest receipts, dividends and profits, receipt from miscellaneous general services, broadcasting, petroleum, power, railways, post and telecommunications, and receipts from grants-in-aid and contributions.

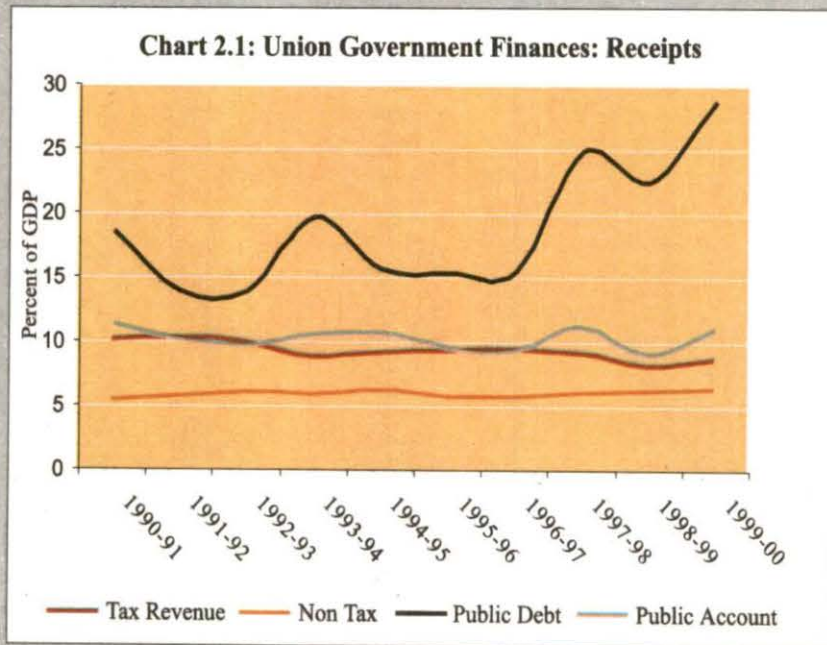


Chart 2.1: shows how the different components of gross receipts have moved during the nineties. It shows an increasing dependence of the government on borrowing. The share of tax revenue shows a fall, whereas the share of non-tax revenue in GDP rises. Receipts from Public Account witnessed a rise recently.

2.3 Gross revenue receipts of the Union government were 15.23 percent of the GDP in 1999-00. The TGR of gross revenue receipts of the Union government was 14.27 percent per annum over the nineties (Table 2.2). Growth in 1999-00 over the previous year was 17.18 percent, i.e. above the TGR. As percentage of the GDP, however, revenue receipts fell by 0.91 percentage points if one compares the three-year average for 1997-00 with the corresponding figure for 1990-93.

The CAG's Report on
Union Government Accounts 1999-2000

Table 2.2: Revenue Receipts: Gross and Net

<i>Rs in crore</i>						
Year	Tax Revenues (Gross)	Share of States	Tax Revenues (Net)	Non-Tax Revenues	Revenue Receipts (Net)	Revenue Receipts (Gross)
1990-91	57575	14533	43042	30947	73989	88522
1991-92	67361	17197	50164	37573	87737	104934
1992-93	74639	20524	54115	45641	99756	120280
1993-94	75742	22240	53502	51627	105129	127369
1994-95	92297	24843	67454	62932	130386	155229
1995-96	111224	29285	81939	68621	150560	179845
1996-97	128762	35061	93701	78472	172173	207234
1997-98	139220	35954	103266	92587	195853	231807
1998-99	143797	39145	104652	110572	215224	254369
1999-00	171753	43481	128272	126323	254595	298076
TGR	12.91	12.86	12.94	16.43	14.54	14.27
<i>Percent to GDP</i>						
1990-91	10.12	2.56	7.57	5.44	13.01	15.56
1991-92	10.31	2.63	7.68	5.75	13.43	16.06
1992-93	9.99	2.75	7.24	6.11	13.35	16.09
1993-94	8.82	2.59	6.23	6.01	12.24	14.82
1994-95	9.14	2.46	6.68	6.23	12.91	15.37
1995-96	9.41	2.48	6.93	5.81	12.74	15.22
1996-97	9.45	2.57	6.88	5.76	12.64	15.22
1997-98	9.19	2.37	6.81	6.11	12.92	15.29
1998-99	8.18	2.23	5.95	6.29	12.24	14.47
1999-00	8.78	2.22	6.55	6.45	13.01	15.23
A: Avg (1990-93)	10.14	2.64	7.50	5.77	13.26	15.91
B: Avg (1997-00)	8.71	2.27	6.44	6.28	12.72	15.00
C: B-A	-1.43	-0.37	-1.06	0.52	-0.54	-0.91

2.4 Gross tax revenues of the Union government, fell from a level of 10.12 percent of GDP in 1990-91 to 8.78 percent in 1999-00. On a three year average basis, the tax to GDP ratio fell by 1.43 percentage points between the beginning and the end of the decade of reforms.

2.5 Tax revenues of the Union government net of the share of states rose a little from 5.95 percent of the GDP in 1998-99 to 6.55 percent in 1999-00. But in a longer perspective, net tax revenues fell down by 1.06 percentage points, when one compares three-year averages at the beginning and the end of the decade of nineties. This fall in the tax-GDP ratio, concurrent with the fiscal

reforms of this period, has been one of the most critical developments during the nineties. In 1991-92, i.e. at the beginning of economic reforms, Union tax revenues as percentage of the GDP were 10.31 percent. This was the highest level in the nineties. Union tax revenues fell to their lowest level in 1998-99 to 8.18 percent of the GDP. Although, a marginal increase is visible in 1999-00, the overall trend indicates persistence of growing fiscal weakness. The following section further examines the phenomenon of the fall in tax revenues relative to the GDP.

2.6 There has been a marginal increase in non-tax revenues relative to the GDP from a level of 5.44 percent in 1990-91 to 6.45 percent in 1999-00. This has helped in only partially offsetting the fall in the tax revenues. As a result, total revenue receipts generally show stagnation. In the decade long perspective, there is a marginal fall if one compares the beginning of the nineties with the end of the nineties in terms of three-year averages.

Tax Revenue: Direct and Indirect

The erosion of the tax-GDP ratio is largely owing to the fall in indirect taxes relative to the GDP.

2.7 Table 2.3 depicts the growth of direct and indirect tax revenues over the last ten years in absolute amounts as well as percentage to the GDP. The figures of direct tax revenues include the share of net proceeds of taxes on income other than corporation tax assigned to the states, which are not accounted for in the Finance Accounts. The table shows clearly that indirect tax revenues as a percentage of the GDP steadily fell throughout the nineties. In 1990-91, indirect taxes amounted to 8.18 percent of GDP. In 1999-00, these have shrunk to 5.81 percent of the GDP, i.e. a fall of 2.37 percentage points.

There is too much volatility in the growth rates of tax revenues. A steadier growth rate based on better tax administration and compliance would augur better for present circumstances of the Indian economy.

2.8 The annual percentage changes in both direct and indirect taxes indicate considerable volatility. Ad-hoc schemes like the Kar Vivad Samadhan and the Voluntary disclosure of income scheme (VDIS) also account for extreme spurts in one year and fall in the subsequent years. A steadier growth of tax revenues based on sustained improvement in tax administration and

**The CAG's Report on
Union Government Accounts 1999-2000**

compliance would, however, augur better for the present circumstances of the Indian economy.

Table 2.3: Direct and Indirect Taxes

<i>Rs in crore</i>								
Year	Direct taxes	% growth over previous year	Direct taxes as % to GDP	Indirect taxes	% growth over previous year	Indirect taxes as % to GDP	Total taxes	% growth over previous year
1990-91	11029		1.94	46546		8.18	57575	
1991-92	15352	39.20	2.35	52009	11.74	7.96	67361	17.00
1992-93	18142	18.17	2.43	56497	8.63	7.56	74639	10.80
1993-94	20298	11.88	2.36	55444	-1.86	6.45	75742	1.48
1994-95	26971	32.88	2.67	65326	17.82	6.47	92297	21.86
1995-96	33564	24.44	2.84	77660	18.88	6.57	111224	20.51
1996-97	38895	15.88	2.86	89867	15.72	6.60	128762	15.77
1997-98	48280	24.13	3.19	90940	1.19	6.00	139220	8.12
1998-99	46600	-3.48	2.65	97197	6.88	5.53	143797	3.29
1999-00	57959	24.38	2.96	113793	17.07	5.81	171752	19.44

2.9 Direct taxes as percentage of GDP increased from 1.94 percent in 1990-91 to about 3 percent in 1999-00, thereby providing an increase of about 1 percentage point. The ratio continued to increase up to 1997-98 after which it marginally declined. Since the increase in direct taxes could not fully offset the fall in indirect taxes, aggregate tax revenues fell by 1.34 percentage points from 10.12 percent in 1990-91 to 8.78 percent in 1999-00.

2.10 As percentage of total tax revenue, direct taxes went up from 30.18 percent in 1995-96 to 33.75 percent in 1999-2000. Concomitantly, the share of indirect taxes declined from 69.82 percent to 66.25 percent during the same period. As a result of the differential growth rates of direct and indirect taxes, the share of indirect taxes in total revenue receipts fell by 14.40 percentage points. The indirect taxes accounted for nearly half of the revenue receipts in the early nineties. In 1999-00, the indirect taxes accounted for only about 38 percent of the revenue receipts. While the shift of focus away from indirect taxes in the overall scheme of revenue collection towards direct taxes may be in tune with the long term fiscal policy, one needs to be concerned about the fall in the overall tax-GDP ratio driven by the undue decline in Union Excise duties, as discussed below and as seen from Table 2.4.

Major Taxes: Relative Performance

There is a worrisome downslide in the indirect tax revenues, especially the Union excise duties, as a percent to the GDP. There is enough potential for widening the direct taxes revenue base. The service sector potential for tax revenue remains largely untapped.

2.11 The relative importance of different taxes in the overall tax profile has changed significantly during the nineties. The corporation tax as percentage to the GDP has shown the maximum increase with personal income tax being the next in order. Union excise duties and customs both fell relative to the GDP, the fall in the Union excise duties and customs duties being roughly of the same order of magnitude, i.e. about 1.15 percentage points.

2.12 The revenues from custom duties have fallen even while the imports have increased at 19.86 percent per annum on trend basis during the nineties. The fall in the customs revenues may have explanations in the external liberalisation, i.e. in the attempts to make exports competitive and making way for easier imports, and in WTO considerations.

2.13 The fall in revenues from the Union excise duties relative to the GDP is more worrying and needs closer examination. The CAG's Report no 11 of 2000 on the Union Government (Indirect Taxes – Central Excise and Service Tax) mentions that while the Central Excise receipts had grown by 2.83 times during the period 1988-89 to 1998-99, the increase in MODVAT availed during this period was 9.32 times. The Report attributed the increase in MODVAT credit partly to the expansion of the scheme to cover most of the excisable goods including capital goods, and partly to possible misuse of MODVAT credit facility. The Report also points to the inadequate coverage in taxation of the services sector, especially in the context of the growing share of this sector in the GDP.

The CAG's Report on
Union Government Accounts 1999-2000

Table 2.4: Components of Tax Revenues

<i>Rs in crore</i>						
Year	Corporation tax	Taxes on income	Customs	Union excise duties	Service tax ¹	Other taxes
1990-91	5335	5335	20644	24514		1747
1991-92	7853	6731	22257	28110		2410
1992-93	8899	7898	23776	30832		3234
1993-94	10060	9123	22193	31697		2669
1994-95	13822	12029	26789	37347	407	1903
1995-96	16487	15592	35757	40187	861	2340
1996-97	18567	18234	42851	45008	1059	3043
1997-98	20016	17101	40193	47962	1586	12362
1998-99	24529	20240	40668	53246	1957	3157
1999-00	30692	25655	48420	61902	2128	2955
TGR	19.79	18.52	10.70	10.28	37.47	8.81
<i>Percent to GDP</i>						
1990-91	0.94	0.94	3.63	4.31	0.00	0.31
1991-92	1.20	1.03	3.41	4.30	0.00	0.37
1992-93	1.19	1.06	3.18	4.13	0.00	0.43
1993-94	1.17	1.06	2.58	3.69	0.00	0.31
1994-95	1.37	1.19	2.65	3.70	0.04	0.19
1995-96	1.39	1.32	3.03	3.40	0.07	0.20
1996-97	1.36	1.34	3.15	3.30	0.08	0.22
1997-98	1.32	1.13	2.65	3.16	0.10	0.82
1998-99	1.40	1.15	2.31	3.03	0.11	0.18
1999-00	1.57	1.31	2.47	3.16	0.11	0.15
A: Avg. (1990-93)	1.11	1.01	3.41	4.25	0.00	0.37
B: Avg. (1997-00)	1.43	1.20	2.48	3.12	0.11	0.38
C: B-A	0.32	0.19	-0.93	-1.13	0.11	0.01

¹TGR from 1994-95 to 1999-00.

The low buoyancy of the Union excise duties is an area of concern

Box 2.1: Buoyancy of Major Union Taxes in the Nineties

The buoyancy coefficient indicates the percentage increase in tax revenue following a one percent increase in the GDP. A buoyancy of more than one is considered desirable. If buoyancy is more than one, it would lead to an increase in the tax-GDP ratio. A buoyancy of less than one indicates that the concerned tax may effectively be regressive because as incomes increase, a lower part of that increase gets taxed. The buoyancies of four major Union taxes estimated over the period 1990-91 to 1999-00 using the new 1993-94 base GDP series were as follows.

	<i>Buoyancy</i>
Corporation tax	1.289
Taxes on income	1.217
Customs	0.729
Union excise duties	0.697

Corporation tax and income tax have shown acceptable buoyancies over the nineties. Customs duties and Union excise duties have buoyancies below one. The most worrisome is the buoyancy of Union excise duties, which is even lower than that of customs duties.

2.14 The Table 2.5 below shows the growth profile of different components of the GDP in services. This indicates that public administration, defence and railways, which constitute the major part of public sector services, have over the years contributed more or less only 7 percent of the GDP. The growth in the services sector is, therefore, driven by other, non-public sector, components of services. The CAG's Report no. 11 of 2000 on the Union Government (Indirect Taxes – Central Excise and Service Tax) points to inadequate coverage in taxation of the services sector, especially in the context of its growing share in the GDP.

Tax Growth
GDP Growth

The CAG's Report on
Union Government Accounts 1999-2000

Table 2.5: GDP in Services at Factor Cost at Current Prices: Share of Different Components

Rs in crore

Year	Construction	Trade, hotels & restaurants	Transport, storage & comm.	<i>of which Railways</i>	Financing, insurance, real estate & business.	Community, social & personal services	<i>of which Public Admn and defence</i>	Total services
1	2	3	4	5	6	7	8	9
1993-94	40593	99369	51131	9648	90084	93632	43636	374809
1994-95	46327	118098	60974	11203	103426	106462	48639	435287
1995-96	55219	144078	70542	12580	125352	126329	57251	521520
1996-97	63315	171045	83330	13256	138041	146752	65146	602483
1997-98	78447	190465	97704	14447	157556	176140	79886	700312
1998-99	91922	224727	111311	14051	181575	217219	99294	826754
1999-00	105418	246967	122590	15559	215078	251890	116340	941943
<i>As % of GDP at factor cost at current prices</i>								
1993-94	5.20	12.72	6.54	1.23	11.53	11.98	5.58	47.97
1994-95	5.07	12.92	6.67	1.23	11.31	11.65	5.32	47.61
1995-96	5.17	13.50	6.61	1.18	11.75	11.84	5.36	48.87
1996-97	5.12	13.82	6.73	1.07	11.16	11.86	5.27	48.69
1997-98	5.67	13.76	7.06	1.04	11.38	12.72	5.77	50.58
1998-99	5.69	13.91	6.89	0.87	11.24	13.44	6.14	51.16
1999-00	5.90	13.82	6.86	0.87	12.04	14.10	6.51	52.73

Source: National Accounts Statistics 2000, CSO, July.

Note: Share of services in GDP at factor cost at current prices differs for corresponding share in GDP at factor cost at 1993-94 prices given in Table 1.3.

2.15 Tax reforms, as part of overall fiscal reforms during the nineties, brought about rationalisation and reduction of rates in major taxes. There was expectation that the rationalisation and reduction would lead to better compliance and to the expansion of tax bases, through improved tax administration and better incentives. While the expectations have materialised to some limited extent for the direct taxes, those have belied themselves in the indirect taxes. Actual revenues fell short of the budgeted amounts in the case of union excise duties as well as customs duties, especially after 1995-96, as discussed further in Chapter 8. The buoyancy of the Union excise duties estimated over the period 1990-91 to 1999-00 is shown to be considerably less than one. (Box 2.1). The buoyancies of the two direct taxes are reasonably above one, showing acceptable responsiveness to growth. The low buoyancy of the Union excise duties is the main area of concern. Three areas need exploration for restoring the tax-GDP ratio to the peak achieved in the eighties and then to take it beyond: (i) potential of the direct tax revenues with regard

to the growth in the number of potential tax payers and assesses; (ii) the misuse of MODVAT credit; and, (iii) the revenue potential of the services sector.

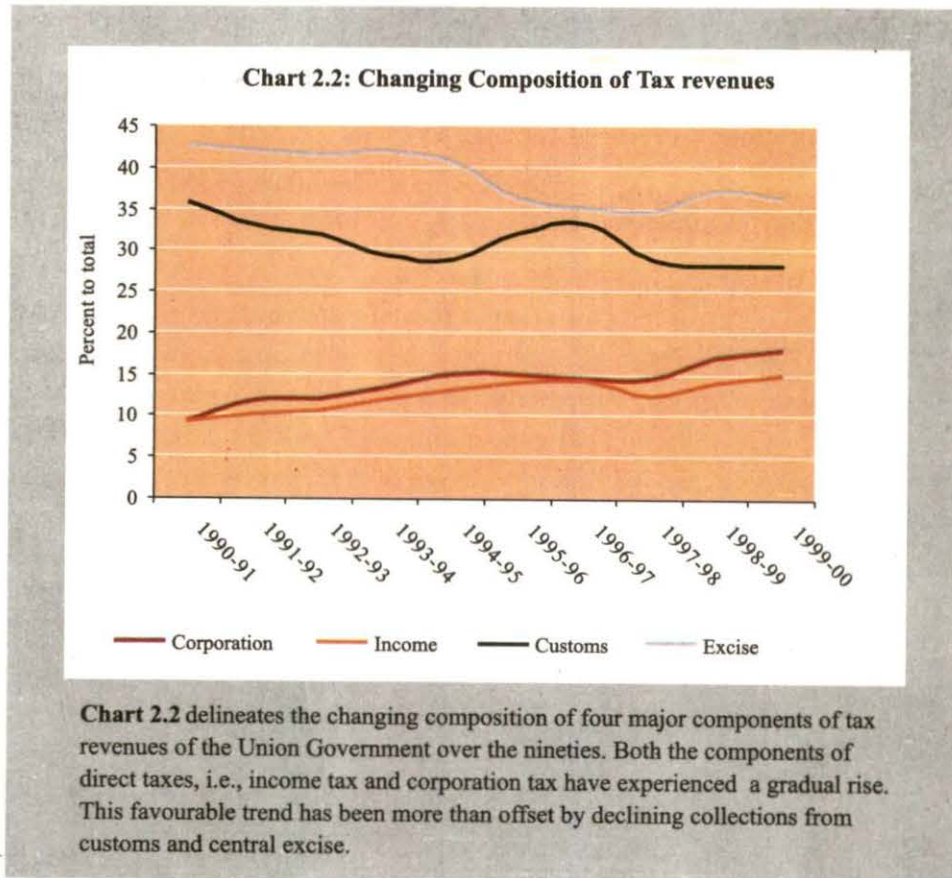


Table 2.6: Growth Rates of Tax Revenues

Year	Percent Per Annum					
	Corporation tax	Taxes on income	Customs	Union excise duties	Service tax	Other taxes
1991-92	47.20	26.17	7.81	14.67		37.95
1992-93	13.32	17.34	6.82	9.68		34.19
1993-94	13.05	15.51	-6.66	2.81		-17.47
1994-95	37.40	31.85	20.71	17.83		-28.70
1995-96	19.28	29.62	33.48	7.60	111.55	22.96
1996-97	12.62	16.94	19.84	12.00	23.00	30.04
1997-98	7.80	-6.21	-6.20	6.56	49.76	306.24
1998-99	22.55	18.36	1.18	11.02	23.39	-74.46
1999-00	25.13	26.75	19.06	16.26	8.74	-6.40

2.16 The annual growth rates of individual taxes also indicate considerable variations. The trend growth rate of service tax is the highest at 37.47 percent (Table 2.4) over 1995-96 to 1999-00. Corporation tax and income tax have shown a growth rate of a little less than 20 percent, whereas customs and Union excise duties have a trend growth rate of about 10 percent.

Cost of Collection: Increase in Indirect Tax Costs

Rationalisation of tax rates, reduction in the number of rate categories, and reduction in classification disputes, resulting from the tax reforms should lead to a lowering of collection costs.

2.17 Table 2.7 gives the cost of collection of different taxes for the period 1990-91 to 1999-00. The maximum cost is that of income tax where it costs nearly 3 paise to collect a rupee. In the case of Union excise and custom duties, the cost of collection has gone up from 0.51 to 0.89 paise, and 0.81 to 0.99 paise, respectively. The fall in revenues of the Union excise and customs duties, accompanied by increase in establishment costs of the revenue collection machinery towards the close of the decade, has led to the increase in the cost of collection of these two taxes. Rationalisation of tax rates, reduction in the number of rate categories, and reduction in classification disputes, resulting from the tax reforms should lead to a lowering of collection costs. The government needs to review the structure of costs of collecting Union excise and custom duties.

Table 2.7: Cost of Collection: Aggregate and Per Rupee of Tax Collected

Year	Total Cost (Rs in crore)				Cost (Paise) Per Rupee of Tax			
	Corporation tax	Income tax	Customs duty	Union excise duty	Corporation tax	Income tax	Customs duty	Union excise duty
1990-91	28	208	168	126	0.52	3.87	0.81	0.51
1991-92	31	232	189	159	0.39	3.45	0.85	0.57
1992-93	35	274	149	197	0.39	3.47	0.63	0.64
1993-94	40	305	155	224	0.40	3.34	0.70	0.71
1994-95	47	331	244	254	0.34	2.75	0.91	0.68
1995-96	53	398	280	292	0.32	2.55	0.78	0.73
1996-97	60	452	336	335	0.32	2.48	0.78	0.74
1997-98	88	646	431	456	0.44	3.78	1.07	0.95
1998-99	98	754	466	508	0.40	3.73	1.15	0.95
1999-00	106	788	479	549	0.35	3.07	0.99	0.89

14-15-593
104 428925
0.00124

Non-Tax Revenues: Near Stagnation and Compositional Shift

2.18 Table 2.2 indicates that there was only a marginal increase related to the GDP over the nineties. Table 2.8 depicts the growth of non-tax revenues during the nineties. In absolute terms, the non-tax revenues increased from Rs. 110572 crore in 1998-99 to Rs. 126323 crore in 1999-2000 which constituted an increase of 14.24 percent over the previous year. Major components of non-tax revenue, which registered an increase over the previous year, were railway lines (Rs 3322 crore) interest receipts (Rs. 8163 crore), dividends and profit (Rs. 142 crore), miscellaneous general services (Rs. 374 crore), telecommunications service (Rs. 513 crore) and grants-in-aid (Rs. 121 crore).

Table 2.8: Growth of non-tax revenues

<i>Rs in crore</i>						
Year	Interest receipts	Dividends & profits	Misc. general services	Power	Tele-communication	Railway lines commercial
1990-91	7580	1932	940	245	3405	12065
1991-92	10933	1058	1105	223	3875	13696
1992-93	12521	2493	1352	163	4758	15649
1993-94	15078	2451	1702	542	6095	17900
1994-95	15806	8304	1929	581	7799	20038
1995-96	18429	5306	2147	604	9761	22374
1996-97	22119	6293	2339	665	12266	24255
1997-98	25343	7944	2848	1058	14587	28518
1998-99	30076	9411	3210	2087	17744	29521
1999-00	38239	9553	3584	1941	18257	32843
TGR	17.41	25.79	15.86	30.79	22.65	11.80

Year	Postal	Petroleum	Police	Grants in-aid contribution	Others	Total
1990-91	841	509	163	586	2681	30947
1991-92	948	1605	191	947	2992	37573
1992-93	1074	1407	574	919	4731	45641
1993-94	1105	802	354	993	4605	51627
1994-95	1170	1217	421	1038	4629	62932
1995-96	1150	1263	368	1138	6081	68621
1996-97	1215	1298	439	1190	6393	78472
1997-98	1566	1444	542	1018	7719	92587
1998-99	1723	8470	640	987	6703	110572
1999-00	2020	8122	744	1108	9912	126323
TGR	9.00	26.04	14.51	4.44	13.65	16.43

**The CAG's Report on
Union Government Accounts 1999-2000**

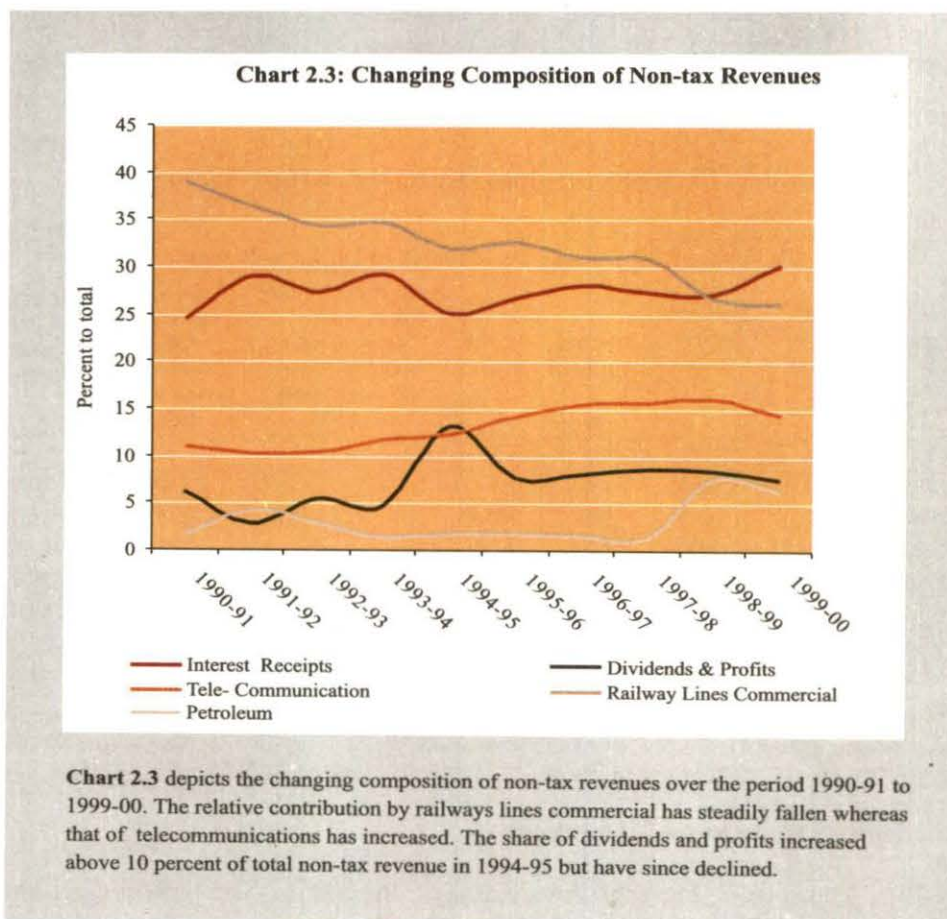
2.19 Interest receipts and dividends & profits over the nineties indicate growth at 29.46 and 25.79 percent per annum. The TGR in the case of receipts from power is even higher at 30.79 percent, although receipts from power in 1990-00 fell down in absolute terms as compared to the previous year. The petroleum sector also shows a relatively high TGR at 26.04 percent per annum.

2.20 The composition of non-tax revenues (Table 2.9) shows that the interest receipts and receipts from railway lines (commercial) together account for 56.27 percent of total non-tax revenues. However, their shares have actually moved in reverse directions in the nineties. While the share of interest receipts increased from 24.49 to 30.27 percent that of railway lines (commercial) went down from 38.99 to 26.00 percent. The relative importance of petroleum as a source of non-tax revenues has increased considerably. Returns from the petroleum sector reflect both the inelasticity of demand and increase in prices of the petroleum products in the wake of the increase in the international prices.

Table 2.9: Non-Tax Revenues: Share of Major Components

Year	Interest Receipts	Dividends & Profits	Misc. General Services	Tele communication	Railway	Petroleum	Others	Total
					Lines Commercial			
1990-91	24.49	6.24	3.04	11.00	38.99	1.64	14.59	100
1991-92	29.10	2.82	2.94	10.31	36.45	4.27	40.30	100
1992-93	27.43	5.46	2.96	10.42	34.29	3.08	16.35	100
1993-94	29.21	4.75	3.30	11.81	34.67	1.55	14.72	100
1994-95	25.12	13.20	3.07	12.39	31.84	1.93	12.46	100
1995-96	26.86	7.73	3.13	14.22	32.61	1.84	13.61	100
1996-97	28.19	8.02	2.98	15.63	30.91	1.65	12.62	100
1997-98	27.37	8.58	3.08	15.75	30.80	1.56	12.86	100
1998-99	27.20	8.51	2.90	16.05	26.70	7.66	10.98	100
1999-00	30.27	7.56	2.84	14.45	26.00	6.43	12.45	100

2.21 Of the total interest receipts, nearly 67 percent came from states/UTs. Of the total dividend and profits of Rs. 9553 crore during 1999-2000,



Rs. 4155 crore came from the PSUs, while the share of profits from RBI, LIC, nationalised banks and IDBI was Rs. 4479 crore, Rs. 268 crore, Rs. 395 crore and Rs. 219 crore respectively.

The transfer of higher surplus from the RBI contributed significantly to the increase in non-tax revenues since 1995-96, which amounted to an endogenous resource transfer.

2.22 After 1995-96, as shown in Table 2.2, non-tax revenues relative to the GDP increased steadily although by a small margin. The transfer of higher surplus from the RBI contributed significantly to the increase in non-tax revenues since 1995-96, which amounted to an endogenous resource transfer.

**The CAG's Report on
Union Government Accounts 1999-2000**

Table 2.10 shows that RBI's gross income increased from Rs 7145 crore in 1993-94 to Rs 21961 crore in 1999-00, an increase of over 200 percent. Much of this was due to an increase in the domestic interest income, which mainly came from the central government itself. This in turn largely came back to the government as RBI's surplus.

Table 2.10: RBI's surplus transferred to the Government

Rs in crore

Year	RBI's gross income	Domestic interest income	Surplus transfer to Union Government			*Total surplus transferred by RBI to Government account (Col. 4+5+6)	Percent of surplus to gross income
			Normal transfer	FCNR losses	Interest differential on account of conversion of special securities into marketable securities		
1	2	3	4	5	6	7	8
1993-94	7145	5040	1500		-	1500	20.99
1994-95	9222	5057	1500	2058	-	3558	38.58
1995-96	11932	6099	1500	2438	-	3938	33.00
1996-97	13257	6955	2500	2763	-	5263	39.70
1997-98	14084	8000	2999	1827	1151	5977	42.44
1998-99	19220	12643	3000	-	1479	4479	23.30
1999-00	21961	14928	7871	-	1479	9350	42.58

*The Government Accounts recognise receipts of the RBI's surplus transfer only in the next financial year of the Government, which is different from the financial year of the RBI. Thus, RBI surplus transferred to the government and accounted for during the year 1999-00 in government accounts was Rs 4479 crore.

Inadequate Returns on Investments

2.23 Appendix I presents the details of investments by government in statutory corporations, government companies, other joint stock companies, co-operative banks and societies, international bodies, etc. along with dividend received during the years 1990-99. The progressive total investment (excluding the RBI) of the government in statutory corporations, government companies, other joint stock companies, co-operative banks and societies, international bodies etc. increased from Rs. 86196.52 crore on 31 March 1999 to Rs. 94898.18 crore on 31 March 2000.

2.24 The Union government received a dividend of Rs. 3973.37 crore during 1999-00 against the total investment of Rs. 68714.24 crore in 249 government companies and corporations, which was only 5.78 percent of investment as on 31 March 1999. Out of 249 PSUs, 76 paid dividend to the

Union government, as shown in the Table 2.11. The major contributors of dividend were Oil and Natural Gas Commission (Rs. 660 crore), Indian Oil (Rs. 639 crore), Gas Authority of India (Rs. 247 crore), Hindustan Petroleum (Rs. 127 crore), Bharat Petroleum (Rs. 124 crore), Power Finance Corporation (Rs. 108 crore), Coal India Limited (Rs. 116 crore), Mahanagar Telephone (Rs. 106 crore), Oil India (Rs. 77 crore), National Aluminium Company (Rs. 67 crore), Nuclear Power Corporation (Rs. 50 crore), and Rural Electrification Corporation (Rs. 50 crore).

Table 2.11: Sector-wise Number of PSUs Paying Dividend

Ministry	Number of PSUs.	PSUs paying dividend	Ministry	Number of PSUs.	PSUs paying dividend
Industry	50	3	Finance	5	2
Steel and Mines	19	7	Urban Affairs and Employment	4	Nil
Chemicals and Fertilizers	19	5	Atomic Energy	4	2
Home Affairs	16	1	Food & Civil Supply	2	1
Petroleum and Natural Gas	14	12	Health and Family Welfare	3	2
Agriculture	13	3	Electronics	3	1
Energy	12	7	Environment and Forest	3	1
Railways	12	Nil	Water Resources	3	1
Textiles	11	4	Science & Technology	2	Nil
Surface Transport	10	2	Food Processing	2	Nil
Commerce	8	5	Information and Broadcasting	2	2
Defence	8	6	Planning	2	Nil
Welfare	8	Nil	Rural Areas and Employment	2	Nil
Civil Aviation & Tourism	5	2	Human Resource Development	1	1
Communication	5	5	Space	1	1
			Total	249	76

Capital Receipts

The budget estimates to generate capital receipts through disinvestment were flawed and actual realisation was widely off the mark.

2.25 Capital receipts consist of miscellaneous capital receipts (disinvestment) and debt receipts (internal and external). Miscellaneous capital receipts are on account of partial disinvestments of central government

**The CAG's Report on
Union Government Accounts 1999-2000**

holding in the equity capital of selected public sector enterprises. During 1999-00, there was the largest variation between budget estimates and actual disinvestments. The budget estimate of Rs.10000 crore amounted to about half a percentage point of the GDP, and may have come as a handy tool for projecting a lower fiscal deficit than what was likely to result.

Table 2.12: Budget Estimates and Actuals of Disinvestments

<i>Rs in crore</i>			
Year	BE	Actual receipts	Excess(+) / shortfall(-)
1990-91	-	-	-
1991-92	2500	3038	538
1992-93	2500	1961	-539
1993-94	3500	-48	-3548
1994-95	4000	5078	1078
1995-96	7000	362	-6638
1996-97	5000	380	-4620
1997-98	4800	910	-3890
1998-99	5000	5369	369
1999-00	10000	1723	-8277

2.26 In sub-Para 5.3.2 of the CAG's Report No. 1 of 2000, an observation regarding cross holding of equities amounting to Rs 4184 crore was made. The rise helped the Government to show reduction in its fiscal deficit for that year. During 1999-2000, instead of cross holding of shares, the oil PSUs seem to have helped to reduce the fiscal deficit by transferring unusually higher dividends, which exceeded the dividend declared in 1998-99 by about 150 percent as shown in Table 2.13.

Table 2.13: Dividend declared by oil PSUs

<i>Rs in crore</i>			
Ministry of Petroleum and Natural Gas	Last year	This year	Difference
1 Bharat Petroleum Corporation Ltd.	50	124	74
2 Gas Authority of India Ltd.	163	247	84
3 Indian Oil Corporation	177	639	462
4 Hindustan Petroleum Corporation Ltd.	58	127	69
5 Oil India Ltd. Assam	42	77	35
Total	490	1214	724

2.27 The decision on disinvestments should depend not on temporary fiscal considerations, but on comparative analysis of present discounted value of future profits vis-à-vis disinvestments proceeds, consistent with well-considered economic policy of the government.

Recovery of Loans and Advances

There is scope for improvement in the budgeting and administration of the loans and advances.

2.28 Table 2.14 gives the details of recovery of loans and advances given by Union government to State and Union Territory governments, foreign governments, government corporations and non-government institutions government servants. The recoveries of loans is an item which the Government should be able to determine with some accuracy. The gaps in the realisation of loans and advances indicate scope for improvement in the administration of the loan and advances, and of their budgeting.

Table 2.14: Loans & Advances

Year	Budget estimates	Actual	Excess (+) / Shortfall (-)
1990-91	5685	6769	+1084
1991-92	6778	7001	+223
1992-93	7608	7678	+70
1993-94	8073	7611	-462
1994-95	7831	6507	-1324
1995-96	7862	6999	-863
1996-97	8184	8696	+512
1997-98	9916	9596	-320
1998-99	11560	13189	+1629
1999-00	13337	12551	-785

2.29 Debt and receipts from the public account are other important sources of the government receipts. These have been discussed respectively in Chapters 6 and 7.

Chapter 3

EXPENDITURES: GROWTH AND STRUCTURE

Application of Resources: 1999-00

The government has access to less than 30 percent of its mobilised resources for non-interest expenditures.

3.1 This chapter contains analysis of the growth and structure of government expenditures. In this Report, 'total disbursements' include the repayment of debt and public account payments, and the term 'total expenditure' denotes all expenditures, both revenue and capital, out of the CFI, excluding the repayment of debt and public account payments. The government applied total resources of Rs. 1087937 crore, it mobilized during 1999-00, to disbursements as shown in Table 3.1. The repayments of debt and discharge of Public Account liabilities, which constituted 61.6 percent of the total resources available, pre-empted a massive portion of those resources, amounting to Rs. 672700 crore. After deducting the interest payments amounting to Rs. 94593 crore, the government was left with only about 30 percent of the mobilised resources for other (primary) expenditures.

Table 3.1: Application of Resources

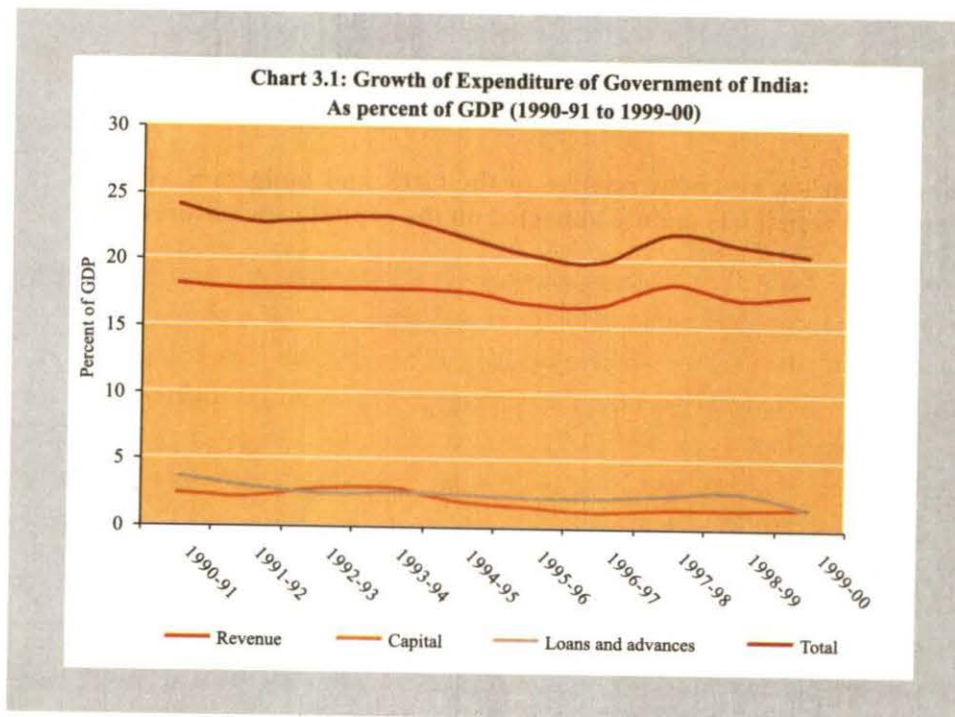
		<i>Rs in crore</i>
Resources available (cf. Table 2.1)		*1087937
Opening Cash Balance		**3519
Total Resources		1091456
Application of resources		
Repayment of debt		305088
Internal	296375	
External	8713	
Discharge of liabilities on account of Public Account		367612
Small savings and Provident Fund	294627	
Reserve Fund	17434	
Deposit	52015	
Others	3536	
Balance resources available for expenditure		418756
Resources applied (actual expenditure)		416100
Revenue expenditure (Including interest payment of Rs. 94593)	343195	
Capital expenditure	29023	
Disbursement of loan and advances	27359	
State shares of Income Tax		16523
Closing Cash Balance		2656

Note: * includes Rs 27 crore toward recoupement of contingency fund.
 ** Actual cash balance Rs 3519.51 crore and Rs 2655.44 crore respectively.

Expenditure: Main Aggregates

The relative downside in growth of expenditure in 1999-00, as compared to the trend growth rate of nineties, is due to accounting adjustment related to the creation of the NSSF.

3.2 Table 3.2 presents a summary of the total expenditure of the Union government out of the CFI, excluding repayment of debt, during the last ten years. Appendix II presents the figures of total expenditure during the last 24 years since 1976-77. The three main expenditure aggregates are revenue expenditure, capital expenditure, and loans and advances.



3.3 Total expenditure has increased at a TGR of 13.17 percent during the nineties. In comparison, the growth of expenditure in 1999-00 over 1998-99 was 7.34 percent, which is much less than the TGR. This fall is due to the reduction in loans and advances which declined by 41.28 percent. This relative reduction has come about due to the accounting adjustment consequent upon the creation of the NSSF and change of the practice of advancing loans to the states against the small saving collections to making investments in the state government securities from the NSSF.

The CAG's Report on
Union Government Accounts 1999-2000

Table 3.2: Expenditure of Union Government: Growth Profile

Year	Revenue expenditure	% increase over previous year	Capital expenditure	% increase over previous year	Loans and advances	% Increase over previous year	Rs in crore	
							Total	% increase over previous year
1990-91	102964		13387		20708		137059	
1991-92	116091	12.75	13911	3.91	18703	-9.68	148705	8.50
1992-93	132794	14.39	20586	47.98	17619	-5.80	170999	14.99
1993-94	152317	14.70	24650	19.74	21874	24.15	198841	16.28
1994-95	177699	16.66	19266	-21.84	23898	9.25	220863	11.08
1995-96	198302	11.59	17544	-8.94	24810	3.82	240656	8.96
1996-97	226372	14.16	15704	-10.49	29035	17.03	271111	12.65
1997-98	277732	22.69	2225	28.79	35471	22.17	333428	22.99
1998-99	300456	8.18	25200	24.60	46594	31.36	372250	11.64
1999-00	343195	14.22	29023	15.17	27359	-41.28	399577	7.34
TGR	14.60		5.98		8.38		13.17	

The fall in tax revenues relative to the GDP and budgetary attempts to cap fiscal deficit has mainly impacted on the capital expenditures.

3.4 The TGR of revenue expenditure for the nineties, at 14.60 percent per annum, shows considerable increase in real terms, as the rate of inflation as measured by the TGR of wholesale price index was about 6 percent per annum during this period. In 1999-00, the percentage growth of revenue expenditure over the previous year was 14.22 percent, close to the ten years TGR, but much higher than the annual growth in the preceding year which was only 8.18 percent. The hike in revenue expenditure in 1997-98, being 22.69 percent higher than the previous year incorporates the effect of salary revisions and related arrears following the acceptance of the recommendation of the Fifth Central Pay Commission. In contrast, capital expenditure, i.e. expenditure that is meant for asset formation shows a TGR of only 5.98. This is the lowest TGR among all the major categories of expenditure.

3.5 Capital expenditure as well as loans and advances show high annual percentage variations. In the mid-nineties, there has even been a decline in absolute amounts. As a result, while in 1993-94, capital expenditure was Rs. 24650 crore, in 1996-97, it had fallen to Rs. 15704 crore. In subsequent years it picked up again. But by 1999-00, capital expenditure was only Rs. 4373 crore higher than the previous peak of Rs. 24650 crore in 1993-94. Capital expenditure has become the variable of adjustment in the wake of fall

in tax revenues relative to the GDP, with most revenue expenditures being committed expenditures.

The shrinkage in the overall size of government expenditure has steadily tilted towards non-asset forming revenue expenditures.

3.6 Table 3.3 presents the expenditure of the Union government as percentage of the GDP along with the corresponding figures for revenue and capital expenditure and loans and advances. The total expenditure of Union government declined from an average of 23.25 percent of the GDP during the period 1990-93, to an average of 21.03 percent during 1997-00. This decline was mainly the result of reduction in capital expenditure and in loans and advances. Loans and advances evince a marginally higher TGR at 8.38 percent per annum compared to that of capital expenditures.

Table 3.3: Expenditure of Union Government as Percentage to GDP

Year	Revenue	Capital	Loans and Advances	Total	Plan	Non-Plan
1990-91	18.10	2.35	3.64	24.09	5.13	18.97
1991-92	17.77	2.13	2.86	22.76	4.86	17.90
1992-93	17.77	2.75	2.36	22.88	5.01	17.87
1993-94	17.73	2.87	2.54	23.14	5.75	17.39
1994-95	17.59	1.91	2.37	21.87	5.13	16.74
1995-96	16.78	1.48	2.10	20.36	4.00	16.37
1996-97	16.62	1.15	2.13	19.90	4.04	15.86
1997-98	18.32	1.33	2.34	22.00	4.08	17.92
1998-99	17.09	1.43	2.65	21.17	3.82	17.35
1999-00	17.54	1.48	1.40	20.42	3.89	16.52
A: Avg. (1990-93)	17.88	2.41	2.95	23.25	5.00	18.25
B: Avg. (1997-00)	17.65	1.31	2.37	21.03	3.98	17.04
C: B-A	-0.23	-1.11	-0.58	-2.22	-1.02	-1.20

3.7 All categories of Union government expenditure appear to have shrunk if we compare the early nineties (1990-93) with the end of the decade (1997-00). Between these two periods, if the respective three-year averages are compared, revenue expenditure, as percentage to GDP, fell down by 0.23 percentage point, loans and advances by 0.58 percentage point and capital expenditure by a margin of 1.11 percentage points. Thus, the size of government while shrinking in terms of overall size, has also obtained a structure which has steadily tilted towards revenue expenditures, i.e. non-asset forming expenditure.

Table 3.4: Expenditure of Union Government: Compositional Changes

Year	Revenue expenditure	Capital expenditure	Loans and advances	Total	Percent	
					Plan	Non-Plan
1990-91	75.12	9.77	15.11	100.00	21.27	78.73
1991-92	78.07	9.35	12.58	100.00	21.35	78.65
1992-93	77.66	12.04	10.30	100.00	21.90	78.10
1993-94	76.60	12.40	11.00	100.00	24.86	75.14
1994-95	80.46	8.72	10.82	100.00	23.44	76.56
1995-96	82.40	7.29	10.31	100.00	19.62	80.38
1996-97	83.50	5.79	10.71	100.00	20.31	79.69
1997-98	83.30	6.07	10.64	100.00	18.54	81.46
1998-99	80.71	6.77	12.52	100.00	18.07	81.93
1999-00	85.89	7.26	6.85	100.00	19.07	80.93
A: Avg. (1990-93)	76.95	10.39	12.66	100.00	21.51	78.49
B: Avg. (1997-00)	82.50	6.21	11.29	100.00	18.97	81.03
C: B-A	5.55	-4.18	-1.37	0.00	-2.54	2.54

Revenue expenditure during 1999-00 was all time high in the decade at near 86 percent of the total expenditure.

3.8 Table 3.4 clearly brings out this compositional change brought out showing that over the nineties, comparing three year averages at the beginning and the end of the decade, the share of revenue expenditure has increased by a margin of 5.55 percentage points, from 76.95 percent to 82.50 percent, at the cost of capital expenditure and loans and advances whose shares have dwindled to 6.21 and 11.29 percent respectively. In 1999-00, the compositional shift is even more pronounced where revenue expenditure has become 86 percent of total expenditure. A similar compositional shift is visible in terms of plan and non-plan expenditure (also given in Table 3.4). At the end of decade, the average over three years, 1997-00, indicates that non-plan expenditure has become 81.03 percent and plan expenditure has become 18.97 percent exhibiting a fall of 2.54 percentage points, in terms of the average share at the end of the decade compared to that at the beginning.

Growth in subsidies, borrowings and interest payments, government salaries have led the expansion of current expenditure at the cost of capital expenditure.

3.9 The expansion of current expenditure has been driven by (i) uncontrolled expansion of subsidies, discussed at length in the next chapter;

(ii) growth of borrowings leading to higher outgo on interest payment; and (iii) increase in the salary bill consequent upon the revisions in the wake of the recommendations of the Fifth Central Pay Commission. As noted, the growth of current expenditure has resulted in (i) a substantial drop in the growth of capital expenditure; and (ii) a regime of high interest rate.

Revenue Expenditures: Growth in Interest Payments

Interest burden on the government has nearly doubled every five years.

3.10 The government incurs revenue expenditure for the normal day to day running of government departments and various services, interest charges on its incurred debt, subsidies, etc. Broadly speaking, revenue expenditure is an expenditure that does not result in creation of assets. For the Union government accounts, all grants given to state governments and others fall in the category of the revenue expenditure even though end use of some of the grants may be for creation of assets. Appendix II presents the revenue expenditure over the last 24 years. An important component of revenue expenditures is interest payment. Interest payments are committed expenditures, and constitute transfer payments to the lenders to the government.

3.11 Total interest payments by the Union government in the year under review (1999-00) increased from Rs. 77882 crore in 1998-99 to Rs. 94593 crore, an increase of 21.46 percent. The government has also paid an amount of Rs. 21947 crore as interest which includes Rs 1749 crore towards management cost on small savings and public provident funds during 1999-00 from the NSSF created in the Public Account, unlike in the past years when the government met that liability from its own resource, i.e. from the CFI.

3.12 A look at Appendix III would show that while the overall interest payment increased by 52 times over the two decades 1979-80 to 1999-2000, the interest on internal debt increased by about 65 times, on external debt by 19 times and that on small savings and provident funds etc. by 24 times. The interest burden had nearly doubled every five years. As percentage to total revenue receipts, interest payments have increased from 25.47 percent to 33.60 percent over the period from 1990-91 to 1999-00. The increase in interest payment is due to both the growing volume of borrowing and the

increase in the rate of interest on borrowed funds, which has gone up from an average of around 4.31 percent in 1979-80 to 10.61 percent in 1999-00. Most of the increase in the rate of interest was on internal borrowings, small savings, provident fund, reserve fund, etc.

3.13 Interest payments constituted 28 percent of the revenue expenditure in 1999-00 and absorbed as much as 73.74 percent of the Union government's net tax revenues (i.e. exclusive of states' share of income tax and excise duties). They constitute presently about 4.86 percent of GDP, which is more than the total revenue expenditure on defence services (1.88 percent of GDP) and also net transfer of resources to the states/UTs. (3.06 percent of GDP). Table 3.6 presents shares of other important components of revenue expenditure for the last ten years.

Table 3.5: Growth of Interest Payments

Year	Interest Payments <i>Rs. in crore</i>	As percentage of		GDP
		Total Revenue Expenditure	Total Revenue Receipts	
1990-91	21498	20.88	25.47	3.78
1991-92	26596	22.91	26.64	4.07
1992-93	31075	23.40	27.20	4.16
1993-94	36741	24.12	30.72	4.28
1994-95	44060	24.79	30.04	4.36
1995-96	50045	25.24	29.69	4.23
1996-97	59478	26.27	30.70	4.38
1997-98	65637	23.63	30.07	4.33
1998-99	77882	25.92	32.47	4.43
1999-00	94593	27.56	33.60	4.83

Table 3.6: Major Components of Revenue Expenditure

Year	Interest payments	Administrative services	Pensions & Misc. (General services)	Defence services	Social services	Agriculture and allied services	Percent
							Rural development
1990-91	20.88	2.75	3.81	10.97	3.61	5.38	0.37
1991-92	22.91	2.70	2.96	10.32	3.48	5.66	0.31
1992-93	23.40	3.14	3.18	10.05	3.41	4.83	0.31
1993-94	24.12	2.71	3.11	10.47	3.35	5.38	1.07
1994-95	24.79	2.42	2.93	9.76	3.01	4.86	2.34
1995-96	25.24	2.50	3.49	10.01	3.71	4.69	2.85
1996-97	26.27	2.63	3.20	9.71	4.12	4.61	1.96
1997-98	23.63	2.65	3.60	9.83	4.19	4.66	1.77
1998-99	25.92	2.84	4.56	10.38	4.71	5.05	1.72
1999-00	27.56	2.72	5.28	10.67	4.85	4.89	1.50

Year	Energy	Industry and Mineral	Transport	Communications	General Economic Services	Grants-in-Aid and Contribution	Total Revenue Expenditure
1990-91	0.95	4.95	12.84	4.32	3.24	23.23	100.0
1991-92	0.89	4.19	12.90	4.38	2.04	24.24	100.0
1992-93	0.60	5.10	12.91	4.49	1.09	24.54	100.0
1993-94	0.82	3.80	12.83	5.03	0.99	23.40	100.0
1994-95	0.68	3.13	12.29	5.41	4.60	20.69	100.0
1995-96	0.70	3.16	12.13	6.00	2.42	20.09	100.0
1996-97	0.74	3.53	11.58	6.42	2.37	20.04	100.0
1997-98	5.51	3.29	11.14	6.29	1.58	19.18	100.0
1998-99	0.91	3.44	10.78	7.19	2.74	17.00	100.0
1999-00	1.00	3.71	11.02	6.59	0.71	16.73	100.0

Expenditures: Plan and Non-Plan

Trend growth rate of the capital component of plan expenditure during nineties was dismally low, especially relative to the trend growth of total plan expenditure.

3.14 Plan expenditures normally relate to incremental development expenditures, and involve both revenue and capital expenditures. It is desirable, however, that the share of capital expenditures should be high in plan expenditures. Table 3.7 presents the growth and composition of plan expenditure of the Union government. While plan revenue expenditure has grown at a TGR of 14.43 percent per annum, plan capital expenditure has grown at a dismally low TGR of 2.86 percent over the decade of the nineties. Plan capital expenditures have often fallen in absolute terms in several years compared to the figures of the respective previous years.

**The CAG's Report on
Union Government Accounts 1999-2000**

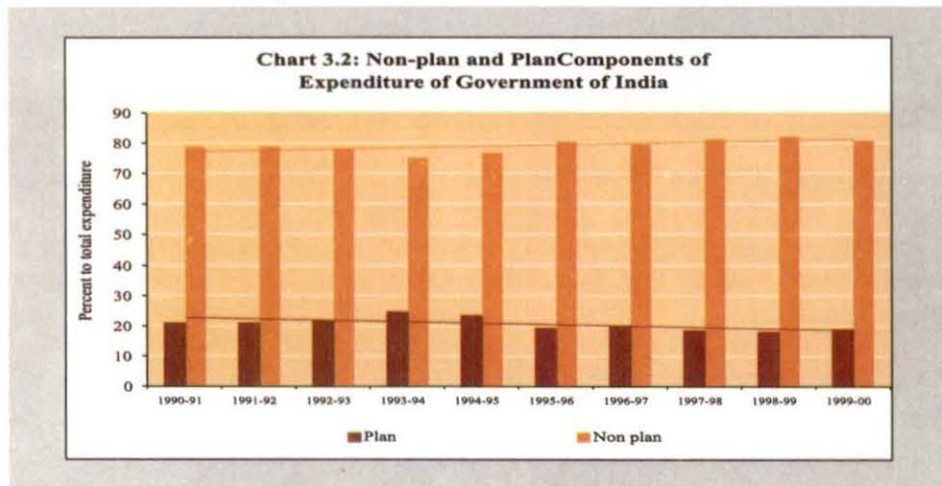
Table 3.7: Plan Expenditure of Union Government: Growth Profile

Rs in crore

Year	Revenue expenditure	% increase	Capital expenditure	% increase	Loans and advances	% increase	Total	% increase
1990-91	12703		7287		9165		29155	
1991-92	15160	19.34	6411	-12.02	10182	11.10	31753	8.91
1992-93	19862	31.02	7023	9.55	10561	3.72	37446	17.93
1993-94	24890	25.31	10879	54.91	13658	29.32	49427	32.00
1994-95	28304	13.72	10543	-3.09	12932	-5.32	51779	4.76
1995-96	29021	2.53	5786	-45.12	12417	-3.98	47224	-8.80
1996-97	31668	9.12	7671	32.58	15737	26.74	55076	16.63
1997-98	35206	11.17	10126	32.00	16477	4.70	61809	12.22
1998-99	40550	15.18	8763	-13.46	17936	8.85	67249	8.80
1999-00	46831	15.49	9400	7.27	19982	11.41	76213	13.33
TGR	14.43		2.86		8.58		10.61	

Share of non-plan expenditure during 1999-00 was all time high in the decade.

3.15 Non-plan expenditures, on the other hand, are normally devoted to maintaining the levels of services already achieved. In this category, there has been an overall trend growth of 13.83 percent per annum over the nineties, the



TGRs of non-plan revenue expenditures being 14.64 percent, and that of non-plan capital expenditure being 8.34 percent. In the non-plan expenditures, loans and advances have actually grown at a low rate of 6.88 percent per annum. A massive fall of 74.26 percent, recorded in 1999-00 in non-plan loans and advances is owing again to the change over of pattern of advancing loans from small savings collections to creation of the NSSF.

Expenditures: Growth and Structure

Table 3.8: Non-Plan Expenditure of Union Government: Growth Profile

Rs in crore

Year	Revenue expenditure	% increase	Capital expenditure	% increase	Loans and advances	% increase	Total	% increase
1990-91	90261		6100		11543		107904	
1991-92	100931	11.82	7500	22.95	8521	-26.18	116952	8.39
1992-93	112932	11.89	13563	80.84	7058	-17.17	133553	14.19
1993-94	127427	12.84	13771	1.53	8216	16.41	149414	11.88
1994-95	149394	17.24	8723	-36.66	10966	33.47	169083	13.16
1995-96	169281	13.31	11758	34.79	12393	13.01	193432	14.40
1996-97	194704	15.02	8033	-31.68	13298	7.30	216035	11.69
1997-98	242526	24.56	10099	25.72	18994	42.83	271619	25.73
1998-99	259906	7.17	16437	62.76	28658	50.88	305001	12.29
1999-00	296364	14.03	19623	19.38	7377	-74.26	323364	6.02
TGR	14.64		8.34		6.88		13.83	

3.16 Considering together the major categories of revenue and capital expenditures, sub-divided into plan and non-plan, one can highlight the relative importance and compositional changes. 1999-00 saw an overwhelming share of non-plan revenue expenditure, 74.17 percent, in total expenditure. Between the beginning and the end of the decade of the nineties, in terms of three-year averages, non-plan revenue expenditure increased its share by 4.87 percentage points. Plan revenue expenditure also increased its share but only by a margin of 0.68 percentage points. All other categories of expenditures lost in terms of their shares as depicted in Table 3.9.

Table 3.9: Expenditure of Union Government: Compositional Changes

Percent

Year	Revenue Expenditures		Capital Expenditure		Loans and Advances		Total Expenditure
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	
1990-91	9.27	65.85	5.32	4.45	6.69	8.42	100.00
1991-92	10.20	67.87	4.31	5.04	6.85	5.73	100.00
1992-93	11.61	66.04	4.11	7.93	6.18	4.13	100.00
1993-94	12.52	64.08	5.47	6.93	6.87	4.13	100.00
1994-95	12.81	67.64	4.77	3.95	5.86	4.97	100.00
1995-96	12.06	70.34	2.40	4.89	5.16	5.15	100.00
1996-97	11.68	71.82	2.83	2.96	5.80	4.91	100.00
1997-98	10.56	72.74	3.03	3.03	4.94	5.70	100.00
1998-99	10.89	69.82	2.35	4.42	4.82	7.70	100.00
1999-00	11.72	74.17	2.35	4.91	5.00	1.85	100.00
A: Avg. (1990-93)	10.36	66.59	4.58	5.81	6.57	6.09	100.00
B: Avg. (1997-00)	11.04	71.46	2.74	3.47	5.19	6.10	100.00
C: B-A	0.68	4.87	-1.84	-2.34	-1.39	0.01	0.00

Sectoral Expenditure

The shares of general and social services in the expenditure have generally grown at the cost of the economic services.

3.17 Table 3.10 shows the movement of expenditure in general, social, and economic services. The share of general services has increased from 33.74 percent in 1990-91 to 44.26 percent of the total expenditure in 1999-00, owing mainly to the growth in interest payments and pensions. The increase in share of social services expenditure, of which the salaries subsume a large portion, from 3.33 in 1995-96 to 4.48 in 1999-00, was largely due to the revision of the government salaries. This increase in the already low share of social sector expenditure does not, therefore, represent any betterment in the supply of merit goods and services like health and education.

Table 3.10: Sectoral Expenditure of Union Government

Rs in crore

Year	General Services		Social Services		Economic Services		Total Expenditure
	Amount	As % of Total Expenditure	Amount	As % of Total Expenditure	Amount	As % of Total Expenditure	
1990-91	46247	33.74	4227	3.08	46429	33.88	137059
1991-92	52671	35.42	4621	3.11	48939	32.91	148705
1992-93	61366	35.89	5136	3.00	58304	34.10	170999
1993-94	71913	36.17	5642	2.84	70340	35.37	198841
1994-95	81208	36.77	6189	2.80	77861	35.25	220863
1995-96	93934	39.03	8006	3.33	79165	32.90	240656
1996-97	107335	39.59	10040	3.70	84293	31.09	271111
1997-98	124635	37.38	12371	3.71	112540	33.75	333428
1998-99	146968	39.48	15255	4.10	117946	31.68	372250
1999-00	176843	44.26	17919	4.48	125706	31.46	399577

Notes: This sectoral classification excludes loans to foreign governments, state governments, UT governments and revenue expenditure on account of grants-in-aid which do not fall under any specific group. Under general services loans to government servants and miscellaneous loans are included.

3.18 It is the economic sector, which has seen the decline in its share of total expenditure, which decreased from 33.88 percent in 1990-91 to 31.46 percent in 1999-00, after peaking at 35.37 percent in 1993-94.

Capital Expenditure: Trends and Composition

3.19 Capital expenditure may be broadly defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. In addition, financial assets arise from moneys invested in institutions or commercial undertakings and loans and advances to states, Union Territories, foreign governments, government servants, etc. The trend of capital expenditure over the last ten years is indicated in Table 3.11. Both plan and non-plan capital expenditures have fallen as percentage of total expenditure. Further, the decline in plan capital expenditure is relatively larger. It has fallen during this period from 5.32 percent to 2.35 percent.

Table 3.11: Capital Expenditure

Year	Total expenditure	Capital Expenditure			As % of growth over the previous year	Rs in crore	
		Plan	Non-Plan	Total		Plan capital as % of total expenditure	Non Plan Capital as % of total expenditure
1990-91	137059	7287	6100	13387		5.32	4.45
1991-92	148705	6411	7500	13911	3.91	4.31	5.04
1992-93	170999	7023	13563	20586	47.98	4.11	7.93
1993-94	198841	10879	13771	24650	19.74	5.47	6.93
1994-95	220863	10543	8723	19266	-21.84	4.77	3.95
1995-96	240656	5786	11758	17544	-8.94	2.40	4.89
1996-97	271111	7671	8033	15704	-10.49	2.83	2.96
1997-98	333428	10126	10099	20225	28.79	3.04	3.03
1998-99	372250	8763	16437	25200	24.60	2.35	4.42
1999-00	399577	9400	19623	29023	15.17	2.35	4.91
TGR	13.17	2.86	8.34	5.98		-9.10	-4.27

Loans and Advances

3.20 Loans and Advances are also disbursed by Union government to foreign governments, state and Union Territory governments, government corporations, non-government institutions, local funds and others. Disbursement of loans and advances for the last ten years is detailed in Table 3.12.

**The CAG's Report on
Union Government Accounts 1999-2000**

Table 3.12: Loans and Advances

Year	State & UT govt.	Government corporation Non-govt. institutions etc.	Foreign govt.	Govt. servants	Total	As % age of total expenditure
1990-91	14522	4280	1719	187	20708	15.11
1991-92	13199	4175	1135	194	18703	15.76
1992-93	13336	3808	268	207	17619	10.30
1993-94	15263	6363	47	201	21874	11.00
1994-95	18807	4859	32	200	23898	10.82
1995-96	19627	4917	84	182	24810	10.31
1996-97	24030	4792	50	163	29035	10.71
1997-98	30461	4588	154	268	35471	10.64
1998-99	40798	5091	216	849	46594	12.52
1999-00	21462	4982	230	685	27359	6.85

3.21 The volume of disbursement of loans and advances came down sharply from Rs. 46594 crore in 1998-99 to Rs. 27359 crore in 1999-00 which constituted a decrease of 41.28 percent from the previous year. The main reason for the decrease in loans and advances was payment of loans and advances to state and Union Territory governments against small savings collections from the public account, which were being disbursed from the CFI upto 1998-99.

Utilisation of Funds: Mounting Defaults

3.22 For ensuring the efficacy of expenditure, a prerequisite is that it is spent for the purpose for which it was allocated. Mounting defaults on submission of utilisation certificates have become unacceptably high. The certificates of utilisation of grants are required to be submitted by the sanctioning authorities in the respective ministries or departments to the controllers of accounts. The purpose of furnishing the certificates is to ensure that grants have been properly utilised for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions have been fulfilled.

3.23 As many as 35390 utilisation certificates relating to Rs 7035.96 crore in respect of grants released upto March 1998 and due by September 1999 from 31 ministries/departments were outstanding at the end of March 2000 as

Expenditures: Growth and Structure

given in Appendix IV. This Appendix indicates that utilisation certificates have been outstanding for upto 23 years. The ministries/departments of social justice and empowerment and National Informatics Centre did not furnish the information about outstanding utilisation certificates.

Table 3.13: Fresh Release of Grants

Ministry/Department	No. of utilisation certificates outstanding as on 31.03.00	Amount	<i>Rs in crore</i>
			Amount of fresh grants released during 1999-00 without obtaining UCs. of previous years
1. Textile	638	22.18	6.16
2. Urban Affairs and Employment	513	316.90	102.76
3. Agriculture and Cooperation	304	54.51	67.99
4. Space	300	7.76	0.32
5. Planning	84	7.10	0.32
6. Tourism	17	2.69	15.05
7. Andaman & Nicobar Islands	14	12.91	26.56
8. Information and Broadcasting	5	8.87	5.4
9. Finance Economic Affairs	1	0.35	65.05
10. Department of Industrial Policy and Promotion	1	1.83	1.54

3.24 Pending receipt of a huge number of utilisation certificates, the ministries/departments, indicated in Table 3.13, released fresh grants of Rs. 295.02 crore to the defaulting statutory bodies, non-government organisations, etc. during 1999-00 without insisting on the utilisation certificates in respect of grants released in the previous years.

Chapter 4

MANAGEMENT OF SUBSIDIES

4.1 Management of subsidies is without doubt one of the most complex issues a government faces. Subsidies account for a significant share of government expenditures, and are generally advocated when the social benefits of a particular service or commodity extend beyond the immediate beneficiaries. Examples of activities with such extended benefits are health, basic education, sanitation, and protection of environment. Because of the gap between the private valuation of the benefits of such services and their true value to society, normal market mechanisms do not adequately ensure an appropriate spread of such services. In such cases, subsidies provide the necessary corrective.

4.2 The general impact of a subsidy is to lower the price of a commodity or service since the government bears the extra cost. The government could provide subsidy to the consumer or the producer or it could provide a service subsidy on the inputs going in to the production of a commodity. In turn, such subsidies lead to lowering of the prices of goods or inputs, encourage greater production and consumption of the commodity.

4.3 According to a discussion paper presented by the government to Parliament in May 1997, subsidies administered to final consumption would be more effective since they can accrue to the target beneficiaries directly. Input subsidies, on the other hand, are prone to be easily dissipated to the non-target population thereby losing their effectiveness. It is, for instance, difficult to target input subsidies in fertilisers, electricity, diesel, irrigation, etc. to the right beneficiary. Further, even where subsidies are on final consumption such as food subsidy, targeting remains poor, and leakages are extensive, as brought out by the CAG's Report no 3 of 2000 on the Union government. Leakages as well as poor design of a subsidy regime tends to make it difficult to ensure equity objectives as well.

4.4 From a fiscal point of view, there is yet another difficulty. The annual financial statements state only a small part of the subsidies in an explicit manner. Substantial subsidies remain hidden in the budgeted expenditures,

implicit in the provision for social and economic services. This poses a major problem in their analysis. Being hidden, Parliament does not get to fully debate and monitor expenditure on subsidies. Resultantly, subsidies have easily tended to grow out of control.

Explicit Subsidies

4.5 Table 4.1 presents a view of the subsidies, which the government provided explicitly during the last ten years on major items.

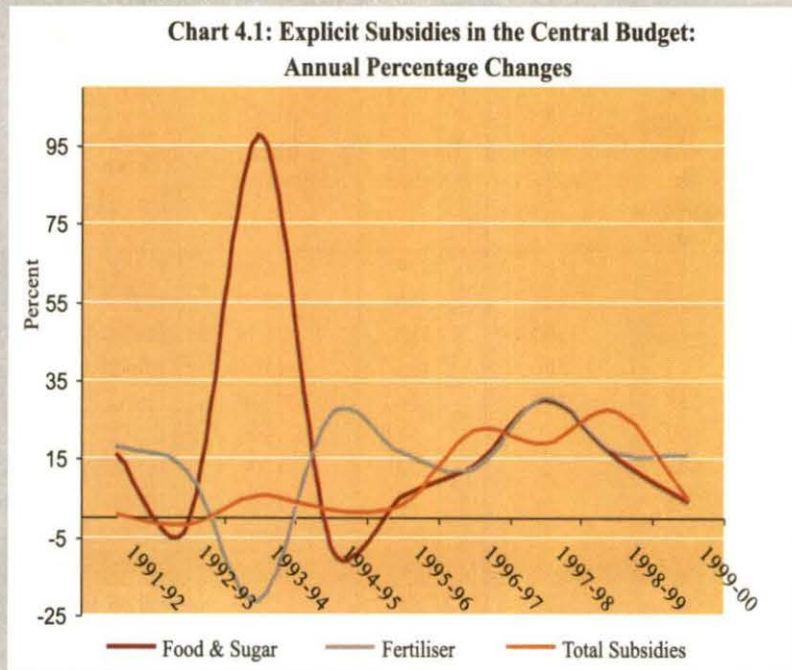


Chart 4.1 depicts annual percentage changes in the explicit subsidies in the central budget. The food subsidy including that for sugar shows a sharp rise in 1993-94. The growth rate fell thereafter, but has since been increasing up to 1997-98. Fertiliser subsidy exhibits fluctuations in annual growth rates which have been in the range of -21 to 30 percent in the late nineties.

**The CAG's Report on
Union Government Accounts 1999-2000**

Table 4.1: Explicit Subsidies in the Union Government Budget

Rs in crore

Year	Food*	Sugar	Indigenous (Urea) Fertiliser	Imported (Urea) Fertiliser	Fertiliser subsidy to small and marginal farmers	Export promotion and Market Development
1990-91	2450		3730	659		2742
1991-92	2850		3500	1300	385	1758
1992-93	2800		4800	996		818
1993-94	5537		3800	762		665
1994-95	5100		4075	1166		658
1995-96	5377		4300	1935		318
1996-97	6066		4743	1163		397
1997-98	7500	400	6600	722		429
1998-99	8700	400	7473	333		573
1999-00	9200	235	8670	293		520
TGR	16.34		9.66	-15.78		-15.77

Year	Sale of decontrolled Fertiliser with concessions to farmers	Debt Relief to Farmers	Interest Subsidies	Other Subsidies	Total	Total as % to GDP
1990-91		1502	379	696	12158	2.14
1991-92		1425	316	719	12253	1.88
1992-93		1500	113	968	11995	1.60
1993-94		500	113	1305	12682	1.48
1994-95	528	341	76	988	12932	1.28
1995-96	500		34	908	13372	1.13
1996-97	1672		1222	1101	16364	1.20
1997-98	2596		78	1180	19505	1.29
1998-99	3790		1434	2065	24786	1.41
1999-00	4500		1371	1120	25909	1.31
TGR	63.61		17.62	7.53	9.45	

Source : Expenditure Budget (Vol. 1) 2000-2001 upto 1998-99, for 1999-00 from Appropriation accounts.
Note: The TGR for sale of decontrolled fertiliser with concessions to farmers refers to period 1994-95 to 1999-00.
* Includes sugar subsidies up to 1996-97

4.6 Food and fertiliser subsidies have consistently grown among the explicit subsidies of the Union government. As can be seen from the table, food and fertiliser subsidies together accounted for Rs. 22898 crore in 1999-00, which amounted to 1.17 percent of the GDP at current prices.

4.7 The CAG's Reports no. 2 and 3 of 2000 describe in detail as to how both fertiliser and food subsidies hide inefficiencies. In the case of food subsidy, the economic cost has gone up at a very fast pace because of increased operational cost of the Food Corporation of India for storing, handling and transporting foodgrains. In the case of fertiliser subsidy, the system of retention prices ensures a common rate of return on capital whether the producer/plant is old or new, efficient or not efficient. The government needs to consider redesigning these subsidies.

Implicit subsidies

4.8 In addition to the above subsidies, explicitly provided in the budget, the Union government also bears expenditures, which are in the nature of implicit subsidies. Implicit subsidies arise when the government is unable to recover the costs it incurs in the provision of social and economic goods/services, which are mainly private goods/services in nature, even though sometimes these may have extended benefits. Some of these implicit subsidies are discussed below in an illustrative manner.

Budgetary Support to Nationalised Banks

4.9 The government provided budgetary support to nationalised banks to increase their share capital. The government arranged with the nationalised banks that they reinvested an equal amount in government securities, to make the government's additional capitalisation of the banks budget-neutral. Although the move was intended to restore the PSE Banks to better financial health, to the extent the dividends received by the government fell short of the interest (10%) it paid to the banks on the government securities, this step was tantamount to giving implicit subsidy to the nationalised banks. Table 4.2 presents the position of dividends received from the banks and interest paid to them on securities during the last ten years by the government, and focuses on the implicit subsidy given to the nationalised banks as a group on a yearly basis.

**The CAG's Report on
Union Government Accounts 1999-2000**

Table 4.2: Subsidy to Nationalised Banks

<i>Rs in crore</i>				
Year	Total cumulative investment	Dividend received	Interest Paid by the government on reinvestment of share capital	Implicit subsidy to nationalised banks (Col. 4 - 3)
(1)	(2)	(3)	(4)	(5)
1990-91	2861	51	68	17
1991-92	2979	55	170	115
1992-93	3740	81	210	129
1993-94	9465	4	328	324
1994-95	14754	14	632	618
1995-96	13674	104	1342	1238
1996-97	13146	210	1408	1198
1997-98	15846	315	1538	1223
1998-99	13673	384	1278	894
1999-00	13376	395	1824	1429

4.10 The Union government received a total dividend of Rs. 44 crore, on its investment of Rs. 2451 crore in state co-operative banks and other banks (excluding nationalised banks, Industrial Development Bank and Reserve Bank) in 1999-00. This amounted to 1.78 percent as compared to 1.85 percent in 1998-99. National Bank for Agriculture and Rural Development (NABARD) in which the government had invested Rs. 550 crore up to 1999-00, did not pay any dividend. Further, Union government's total up to date investment in regional rural banks as on 31 March 2000 stood at Rs. 1192.22 crore.

4.11 To strengthen the capital base of regional rural banks, Union government has been releasing capital through budgetary allocations. Capital invested by the government in regional rural banks during the last seven years is given in Table 4.3. Despite large investment in regional rural banks, no dividend accrued to the government since their inception.

Table 4.3: Recapitalisation Assistance to Regional Rural Banks

Rs in crore

Year	Investment during the year	Up-to-date total investment	Dividend received
1990-91	5.25	54.00	
1991-92	10.38	64.38	
1992-93	4.38	68.76	
1993-94	3.25	72.01	
1994-95	154.59	227.00	
1995-96	244.57	471.57	<u>Nil</u>
1996-97	200.00	671.57	
1997-98	200.00	871.57	
1998-99	152.65	1024.22	
1999-00	168.00	1192.22	

Subsidies to PSUs and Statutory Corporations

The return on PSU investments is dismally low, implying large implicit subsidisation.

4.12 Table 4.4 presents the trend of investment made in the PSUs and statutory corporations for the last ten years, which would show even larger implicit subsidisation. The government needs to consider how long can it carry such a huge burden on its overly constrained fiscal resources.

Table 4.4: Subsidies to PSUs and Statutory Corporations

Rs in crore

Year	*Total cumulative investment	Dividend received	% of dividend to investment	Effective rate of interest	** Implicit subsidy
1990-91	33449	301	0.90	8.02	2381.61
1991-92	37135	367	0.99	8.46	2774.62
1992-93	40121	592	1.48	8.76	2922.60
1993-94	41858	633	1.51	9.14	3192.82
1994-95	44116	824	1.87	9.22	3243.50
1995-96	47071	1216	2.58	9.29	3156.90
1996-97	49737	1577	3.17	9.81	3302.20
1997-98	53194	1820	3.42	9.71	3345.14
1998-99	57120	2384	4.17	10.01	3333.71
1999-00	60099	3973	6.61	10.61	2403.50

Excludes investment in LIC and GIC.

* Total investment refers to the beginning of the year.

** Estimated using the effective interest rate as the opportunity cost

Subsidy on Postal Services

Postal services are highly subsidised in an implicit manner.

4.13 Department of Posts provides traditional services to the consumers, which are another instance of implicit subsidisation. The CAG's Audit Report no. 6 on Post & Telecommunications has brought this fact in to focus regularly. Table 4.5 presents the average per unit cost and per unit revenue realised from the different postal services during the year 1999-00, which shows that the government subsidised postal services during 1999-00 by Rs 991.06 crore.

Table 4.5: Per Unit Gain/Loss in Operation of Postal Services

Sl. No.	Per Unit Cost (in paise)	Per Unit Revenue (in paise)	Unit Loss(-)/ Gain (+) (in paise)	Traffic Projected (in crore)	Total Loss/Gain (Rs. in crore)		
					Loss	Gain	
(a) Classical Services							
1	452.81	25.00	(-) 427.81	42.52	181.9		
2	520.22	534.65	(+) 14.43	116.63		16.83	
3	2691.12	1366.67	(-) 1324.45	27.97	370.45		
4	448.84	191.67	(-) 257.17	56.99	146.56		
5	3623.06	1827.14	(-) 1795.92	10.99	197.37		
6	588.48	26.45	(-) 562.03	11.07	62.22		
7	1139.47	66.47	(-) 1073.00	3.39	36.37		
8	1545.77	205.60	(-) 1340.17	2.58	34.58		
9	453.01	191.67	(-) 261.34	14.81	38.7		
10	2230.58	452.94	(-) 1777.64	1.07	19.02		
11	1259.19	700.88	(-) 558.31	3.34	18.65		
12	410.86	200.00	(-) 210.86	6.29	13.26		
13	705.00	891.90	(+) 186.9	9.81		18.33	
14	4269.32	2027.14	(-) 2242.18	0.25	5.61		
15	1262.87	242.91	(-) 1019.96	4.55	46.41		
16	3843.67	7882.46	(+) 4038.79	0.99		39.98	
17	4492.26	4504.98	(+) 12.72	6.29		0.8	
18	463.35	383.33	(-) 80.02	0.54	0.43		
(b) Value Added Services							
1	2855.74	5513.00	(+) 2657.26	1.27		33.75	
2	1023.48	1640.55	(+) 617.07	11.47		70.78	
Total					1171.53	180.47	
Total subsidy= Rs 1171.53 – 180.47 = Rs 991.06 crore							

The government needs to activate follow up action on its 1997 discussion paper on subsidies.

4.14 The government had brought a Discussion Paper in May 1997 on the subject, which had made the following important suggestions:

- (a) Reducing the overall scale of subsidies.
- (b) Making subsidies as transparent as possible (and duly reflected in the budget of the government).
- (c) Using subsidies for well-defined economic objectives.
- (d) Focussing subsidies to final goods and services with a view to maximising their impact on the target population at minimum cost.
- (e) Instituting systems for periodic review of subsidies.
- (f) Setting clear limits on duration of any new subsidy schemes.

4.15 The government needs to activate further follow up action on the above points brought out by in its discussion paper. The government must consider appropriate revision of user charges in the areas of education, agriculture, irrigation, industries, power and transport, railways, etc so that the distortions in the economy because of misadministration of subsidies is contained, and fiscal resources are released for general socio-economic development.

Chapter 5

DEFICITS: MANAGEMENT OF FISCAL IMBALANCES

5.1 Alternative deficit measures reflect different facets of fiscal imbalance. The annual budget indicates three types of deficits, *viz.* revenue, fiscal, and primary. There is yet another deficit, the monetised deficit, which is obtained by the amount of increase in the RBI's holdings of the government debt plus any funds drawn by the government out of its cash balances with the RBI.

Deficits: 1999-00 scenario

There was an unduly high fiscal deficit during the year 1999-00 for wrong reasons, as the borrowing was mostly for current use.

5.2 Table 5.1 presents the break-up of the deficit during 1999-00. There was a surplus in the CFI amounting to Rs. 151986 crore and deficit in the Public Account amounting to Rs 152876 crore. Fiscal deficit at Rs 103749 crore amounted to 5.3 percent of the GDP. Revenue deficit was Rs 61642 crore amounting to 3.15 percent of the GDP. Revenue deficit was 59.41 percent of fiscal deficit. Thus, not only fiscal deficit was unduly high, it was necessitated for the wrong reasons, as borrowing was mostly for current use. Appendix V presents deficits for the last 24 years.

5.3 Proper management of fiscal imbalance requires consideration of some important facets of fiscal deficit. Short-term imbalances result from cash flow mismatches between receipts and outflows. More important are the structural imbalances. Actual fiscal deficit may also have cyclical components that are expected to even out over a period. Structural imbalances, however, are more difficult to overcome as they arise from structural features driving revenue receipts as well as expenditures. Persistent mismatch between growth of revenue receipts and expenditures leads to persistence of fiscal deficit, which continues to self-sustain itself due to pressures on interest rates.

5.4 The level of fiscal deficit in relation to the GDP is an important consideration in deciding whether debt is sustainable in conjunction with the trend and structure of other important fiscal aggregates like growth rate of the GDP, interest rate on government borrowing, the tax to GDP ratio, and the structure and productivity of government expenditures.

Deficits: Management of Fiscal Imbalances

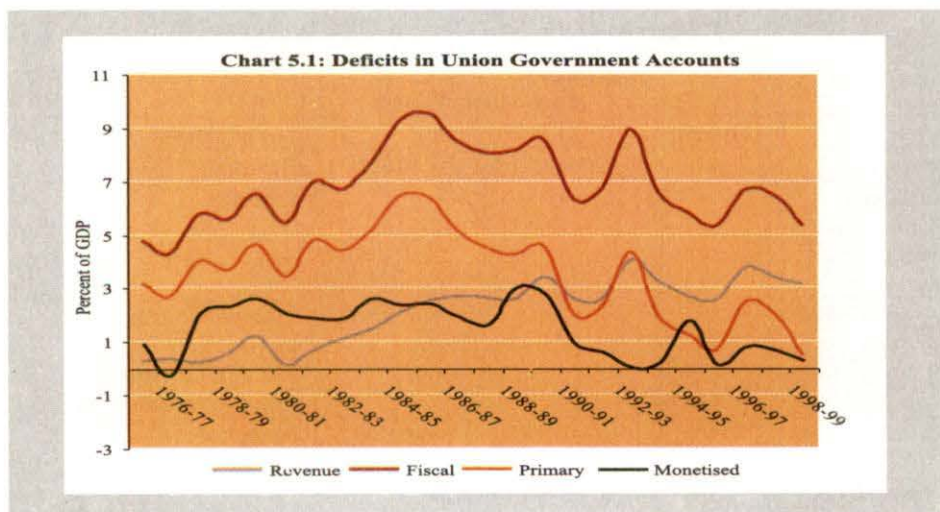
Already there

Table 5.1 : Deficits in Government Account

Rs in crore

Consolidated Fund					
Receipt	Amount		Disbursement	Amount	
Revenue	281553	Revenue deficit	61642	Revenue	343195
Miscellaneous capital receipts (including disinvestment)	1724			Capital	29023
Recovery of loans & advances	12551			Loans & advances disbursement	27359
Sub total CFI (other than public debt)	295828			Sub total CFI (other than Public Debt)	399577
Public debt	560823	Fiscal deficit	103749	Public debt repayment	305088
Total (CFI)	856651	A: Surplus in CFI	151986		704665
	27 ⁵	B: CONTINGENCY FUND			
PUBLIC ACCOUNT					
Small savings, provident funds etc.	133580			Small savings, provident funds etc.	294627
Deposits and advances ¹	57825			Deposits and advances	52015
Reserve funds ²	17614			Reserve funds	17434
Suspense & miscellaneous ³	5315			Suspense & miscellaneous	2038
Remittances ⁴	401			Remittances	1498
Total Public Account⁶	214736	C: Deficit in Public Account:	152876		367612
Decrease in cash balance {C-(A+B)} = 864 ⁶					
<ol style="list-style-type: none"> 1. Includes Security Deposits of Railways Telephone Application Deposits, Postal Deposits, Forest Advances, Departmental Advances etc 2. Includes Depreciation Reserve Funds - Railways, Revenue Reserve Funds - Railways, Sugar Development Funds, Mines Welfare Funds, National Renewal Funds etc 3. Includes amounts awaiting final adjustments in the accounts like Pay and Accounts Office Suspense, Suspense Account P&T, Defence, Railways and Tele-communication, Coinage Accounts, Cheques and Bills etc. 4. Includes money in transit like Money Orders. RBI Remittances, Small Coin Depot remittances, Mint remittances etc 5. Receipt of Rs. 27 crore in Contingency Fund of India on account of recoupment of previous years expenditure. 6. Differs due to rounding off 					

The CAG's Report on
Union Government Accounts 1999-2000



Revenue Deficit

The level of revenue deficit is high at 3.15 percent of the GDP.

5.5 Revenue deficit refers to the excess of revenue expenditure over revenue receipts. It indicates the extent to which the revenue expenditure is met out of the borrowed funds. Table 5.2 presents the profile of the revenue deficit for the period 1990-91 to 1999-00.

Table 5.2: Revenue Deficit

Rs in crore

Year	Budget estimates	Actuals		Actual revenue deficit	Revenue deficit as percent to GDP
		Revenue receipt	Revenue expenditure		
1990-91	13031	84403	102964	18561	3.26
1991-92	13854	99830	116091	16261	2.49
1992-93	13882	114220	132794	18574	2.49
1993-94	17629	119602	152317	32715	3.81
1994-95	32727	146670	177699	31029	3.07
1995-96	35541	168571	198302	29731	2.52
1996-97	31475	193718	226372	32654	2.40
1997-98	30265	218299	277732	59433	3.92
1998-99	48068	239889	300456	60567	3.44
1999-00	49147	281553	343195	61642	3.15
TGR	17.33	14.13	14.60	16.91	

5.6 Revenue deficit increased marginally in 1999-00 as compared to 1998-99 from Rs 60567 crore in 1998-99 to Rs 61642 crore, an increase of just 1.77 per cent. This compares favourably with the trend growth rate of 16.91 percent during the nineties. In terms of GDP, it declined by 0.29 percentage point in 1999-00 compared to 3.44 in 1998-99. The comparison with the immediate previous years (1997-98 and 1998-99) needs to be qualified because in those years revenue deficit was unduly high due to payment of salary arrears. Thus, the fall in the growth rate with respect to the previous year may not provide much ground for satisfaction. The level of revenue deficit is still very high at 3.15 percent of GDP. In terms of GDP, if the average of the first three years is compared with the average for the last three years of the nineties, the revenue deficit has increased by 0.76 percentage point of GDP and 240 percent in nominal terms.

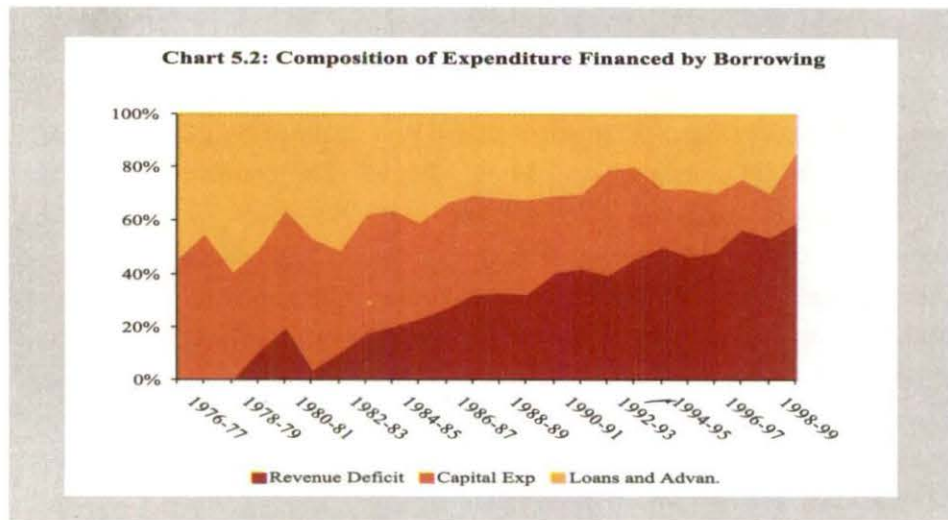
Fiscal Deficit: A Longer-term View

The quality of fiscal deficit steadily worsened during the nineties. Nearly sixty percent of it is being used for current, i.e. revenue expenditure. But even the remaining part gives little satisfaction as the capital expenditure financed by it gives returns much lower than the cost of borrowing.

5.7 Fiscal deficit is the excess of total expenditure including loans, net of repayments, over non-debt receipts comprising revenue receipts and non-debt capital receipts. Ideally, capital expenditure of the government should be financed from the revenue surplus. If such a surplus is not available, fiscal deficit may be used for financing capital expenditure so that assets are created to match the addition to the liabilities. To some extent, subject to some other considerations, financing of revenue expenditure by borrowing may be justified like that on human capital formation. Expenditure on health and education is expected to lead to an increase in productivity and growth. On the other hand, even the financing of capital expenditure by borrowing may not be justified if the return on assets generated by such capital expenditure fall short of the cost, i.e., the interest rate at which borrowing was possible. Appendix VI presents the fiscal deficit for the last 24 years.

5.8 Following the initiation of the stabilization policy in India in 1991, fiscal deficit as a proportion of the GDP (Table 1.11) witnessed a sharp fall by more than 2 percentage points in 1991-92 from 8.07 to 5.94 in terms of GDP. It rose again to 8.34 in 1993-94, which was brought down to 5.30 per cent of

**The CAG's Report on
Union Government Accounts 1999-2000**



GDP in 1999-00. Fiscal deficit in 1999-00 still exceeded the budget estimates of Rs 81220 crore by Rs 22529 crore. The relationship with budget estimates is discussed further in Chapter 8.

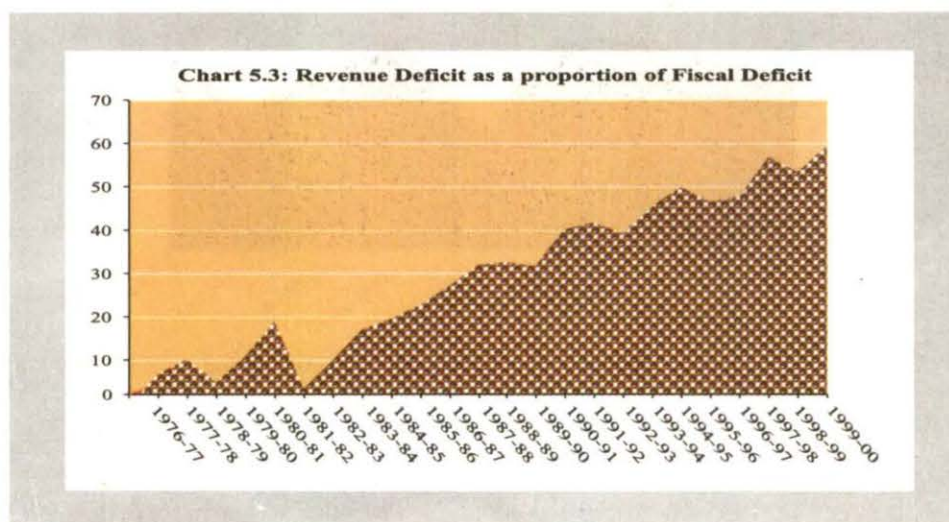
5.9 The trend over the ten-year period indicates a decline in the fiscal deficit of a little more than half a percentage point of the GDP if the average of the first three years of the nineties is compared with the last three years (Table 1.11). Expenditure financed by borrowing during the last 24 years are given in Appendix VII.

Table 5.3: Composition of Expenditure Financed by Borrowing

Year	Revenue expenditure		Capital Expenditure		Loans and Advances	
	Amount	Percent	Amount	Percent	Amount	Percent
1990-91	18561	40.45	13387	29.17	13939	30.38
1991-92	16261	41.87	10873	28.00	11702	30.13
1992-93	18574	39.40	18625	39.51	9941	21.09
1993-94	32716	45.64	24698	34.46	14263	19.90
1994-95	31029	49.98	13659	22.00	17391	28.01
1995-96	29731	46.68	16147	25.35	17811	27.97
1996-97	32654	47.85	15249	22.35	20339	29.80
1997-98	59433	56.81	19313	18.46	25875	24.73
1998-99	60567	53.46	19326	17.06	33405	29.48
1999-00	61642	59.42	27299	26.31	14808	14.27

5.10 Table 5.3 indicates that during the nineties, the proportion of borrowed funds deployed for revenue expenditure, i.e., to the extent of revenue deficit, witnessed a steady rise at the expense of capital expenditure. Around

59.42 percent of the borrowed funds were applied to meet the revenue expenditure in 1999-00 compared to 40.45 per cent in 1990-91. The proportion of borrowed funds devoted to capital expenditure mirrors a corresponding fall during the same period.



5.11 The sources of borrowing have also undergone a change during the nineties. The government has been veering towards internal debt from the other two sources, external debt and small savings and provident funds, etc. (till 1998-99) gradually enhancing the cost of borrowing. Different sources of borrowing are summarized in Table 5.4.

Table 5.4: Composition of Sources of Borrowing

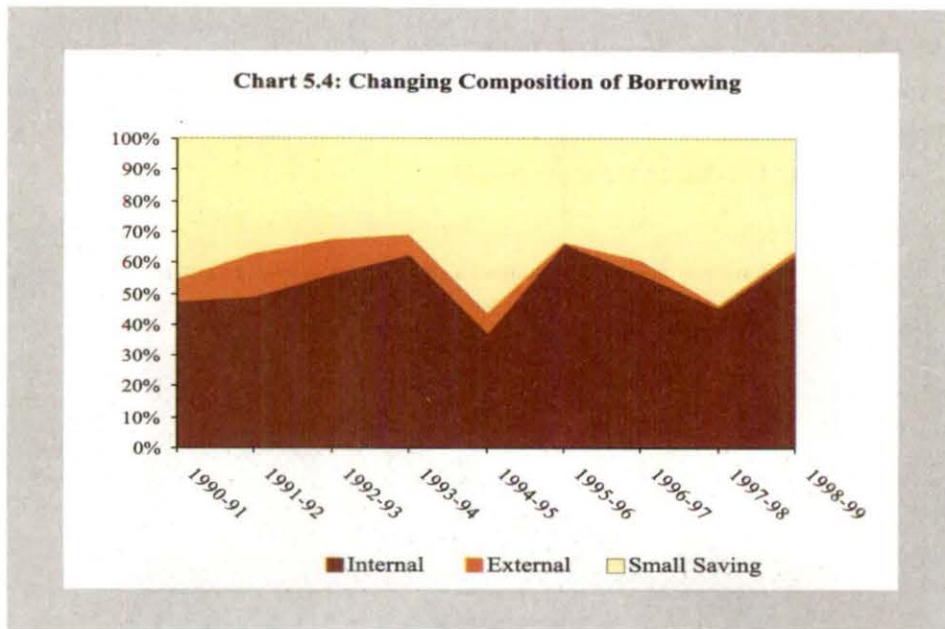
Rs in crore

Year	Internal debt (Net)		External debt (Net)		Small savings provident fund, etc. (net) ¹		Others ²	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1990-91	20810	48.44	3181	7.41	20049	46.67	-1083	-2.52
1991-92	18746	48.27	5421	13.96	14394	37.06	275	0.71
1992-93	26351	55.90	5319	11.28	15304	32.46	166	0.35
1993-94	46612	65.03	5074	7.08	23554	32.86	-3564	-4.97
1994-95	20754	33.43	3581	5.77	31869	51.34	5875	9.46
1995-96	41402	65.01	318	0.50	21217	33.31	752	1.18
1996-97	36606	53.64	2987	4.38	25637	37.57	3012	4.41
1997-98	44524	42.56	1091	1.04	52826	50.49	6180	5.91
1998-99	70698	62.40	1920	1.69	41396	36.54	-716	-0.63
1999-00	254555	245.36	1180	1.14	-161047	-155.23	9061	8.73

1 The negative figure for 1999-00 is due to investment in government securities in CFI from Public Account.

2 Includes Deposits and Advances (net), Reserve funds (net), Suspense and Miscellaneous (net), Remittances (net) and Increase (+) and decrease (-) in cash balances.

**The CAG's Report on
Union Government Accounts 1999-2000**



5.12 The reduction of fiscal deficit as a percentage of GDP from 5.39 percent in 1995-96 to 5.30 percent in 1999-00 was achieved through compression in capital expenditure. As shown in Table 5.5, the impact of fiscal deficit has mainly been on capital expenditure.

Table 5.5 : Impact of Fiscal Deficit

Year	Revenue receipt	Fiscal deficit	Percent of GDP	
			Revenue expenditure	Capital expenditure
1990-91	14.84	8.07	18.10	2.35
1991-92	15.28	5.94	17.77	1.66
1992-93	15.28	6.31	17.77	2.49
1993-94	13.92	8.34	17.73	2.87
1994-95	14.52	6.15	17.60	1.35
1995-96	14.26	5.39	16.78	1.37
1996-97	14.22	5.01	16.62	1.12
1997-98	14.40	6.90	18.32	1.27
1998-99	13.64	6.44	17.09	1.10
1999-00	14.39	5.30	17.54	1.39

Primary Deficit

5.13 Primary deficit is measured by subtracting the interest payments from fiscal deficit. It is a measure of current year's fiscal operation after excluding the liability of interest payment created due to borrowings undertaken in the past. The profile of primary deficit during the period 1990-91 to 1999-00 is given in Table 5.6.

Table 5.6: Primary Deficit

Year	Fiscal deficit	Interest payment	<i>Rs in crore</i>	
			Primary deficit (2-3)	Primary deficit Percent to GDP
1	2	3	4	5
1990-91	45887	21498	24389	4.29
1991-92	38835	26596	12239	1.87
1992-93	47140	31075	16065	2.15
1993-94	71676	36741	34935	4.07
1994-95	62079	44060	18019	1.78
1995-96	63689	50045	13644	1.15
1996-97	68242	59478	8764	0.64
1997-98	104621	65637	38984	2.57
1998-99	113298	77882	35416	2.01
1999-00	103749	94593	9156	0.47

5.14 Improvement in primary deficit would indicate a better outlook for future as current operations of the government would be covered by revenue receipts and non-debt capital receipts. If, however, improvement in the primary deficit is at the cost of cut back in non-interest, i.e. primary expenditures, it means undesirably lower provision for services and capital expenditures. The fall in the average of the primary deficit from 2.77 percent of the GDP during 1990-93 to 1.68 percent of the GDP during 1997-00 suggest worrying adjustments of that nature.

Monetised Deficit

1999-00 saw for the first time in the nineties a negative monetised deficit.

5.15 Monetised deficit represents increase in the net RBI credit to the Union government, which is the sum of increases in the RBI's holdings of government debt, plus any draw down by the government of its cash balance with the RBI. Monetised deficit adds to reserve money and thereby to money

**The CAG's Report on
Union Government Accounts 1999-2000**

supply. The monetised deficit during the last ten years were as given in Table 5.7. In 1999-00, the net RBI credit to the central government fell in absolute terms giving rise to a negative monetised deficit of Rs 5587 crore, for the first time since 1977-78. This unusual development was occasioned by, according to the RBI's annual report 1999-00, the increased investments of the scheduled commercial banks in government securities.

Table 5.7: Monetised deficit

<i>Rs in crore</i>			
Year	Amount	Percent to fiscal deficit	Percent to GDP
1990-91	14746	32.14	2.59
1991-92	5508	14.18	0.84
1992-93	4257	9.03	0.57
1993-94	260	0.62	0.03
1994-95	2130	3.43	0.21
1995-96	19855	31.17	1.68
1996-97	1934	2.83	0.14
1997-98	12914	12.34	0.85
1998-99	11800	10.41	0.67
1999-00	(-)5587	-	-

5.16 Projections of alternate deficit indicators in the annual budget is an indicative exercise whose main purpose should be to hold out a fiscal mirror at all times during the ensuing year when the various organs of the government operationalise the budget, to inculcate necessary fiscal discipline. Any budgetary engineering to hold out highly ambitious projections would run counter to that intent.

Chapter 6

MANAGEMENT OF PUBLIC DEBT

Managing Debt: Salient Considerations

6.1 Fiscal liabilities of the Union government arise due to borrowing from internal or external sources and withdrawals from the public accounts maintained by the government. Debt management entails decisions regarding raising of funds through available debt instruments to meet resource requirements for repayment of debt, discharge of liabilities on the public account, capital expenditure and such revenue requirements as remain uncovered by revenue receipts. An efficient management of debt would suitably synchronise with revenue flows and debt repayment schedules. It would also require proper assessment of the magnitudes and timing for the use of debt instruments, and entail use of borrowed resources for productive purposes.

6.2 Debt management also calls for working out a suitable mix of alternative debt instruments, such as internal debt, external debt, and borrowing from the Central bank. Internal debt puts pressure on the interest rates. External debt has a bearing on the exchange rate. Borrowing from the RBI may influence money supply and inflation. Because of interdependence among economic variables, the effects of borrowing from any channel may spread across to various sectors and prices.

Aggregate Fiscal Liabilities: Trends and Composition

The debt GDP ratio has fallen during the nineties, but the share of internal debt in total debt has increased.

6.3 Table 6.1 presents total liabilities of the government including internal debt and external debt reckoned at the current rate of exchange and the Public Account of India at *the end of the financial year* during the last ten years. A distinction needs to be made between external debt at current exchange rates and external debt at historical exchange rates. The former gives a correct picture of the outstanding liabilities in rupee terms, although the Union budget gives external debt at historical exchange rates.

6.4 Total liabilities of the Union government were Rs 1120049 crore at the end of 1999-00. Total liabilities grew at a TGR of 12.77 percent during the nineties. Internal debt has risen fastest at a TGR of 16.48 percent whereas

**The CAG's Report on
Union Government Accounts 1999-2000**

external debt has risen at a comparatively lower TGR of 6.52 percent, leading to a compositional change in the debt structure. Appendix VIII gives the total liability of the government for the last 24 years since 1976-77.

Table 6.1: Total Liabilities of the Union Government: Trends

Rs in crore

Year	Public debt			External debt (at historical exchange rate)	Small savings, provident fund etc.	Reserve fund and deposit	Total liability (at current exchange rate)	Total liability (at historical exchange rate)
	Internal debt	*External debt	Total debt					
1990-91	154004			31525	107107	21922		314558
1991-92	172750	109608	282358	36948	121500	23464	427322	354662
1992-93	199100	120813	319913	42269	136802	23752	480467	401923
1993-94	245712	127798	373510	47345	160355	24556	558421	477968
1994-95	266467	142389	408856	50928	192222	28993	630071	538610
1995-96	307869	148583	456452	51249	213435	33680	703567	606233
1996-97	344475	149077	493552	54239	239042	37919	770513	675675
1997-98	388998	161442	550440	55332	291867	42097	884404	778294
1998-99	459696	177934	637630	57254	333261	41595	1012486	891806
1999-00	714254	186075	900329	58437	172212	47508	1120049	992411
TGR	16.48	6.52	13.64	6.49	10.47	9.71	12.77	13.75

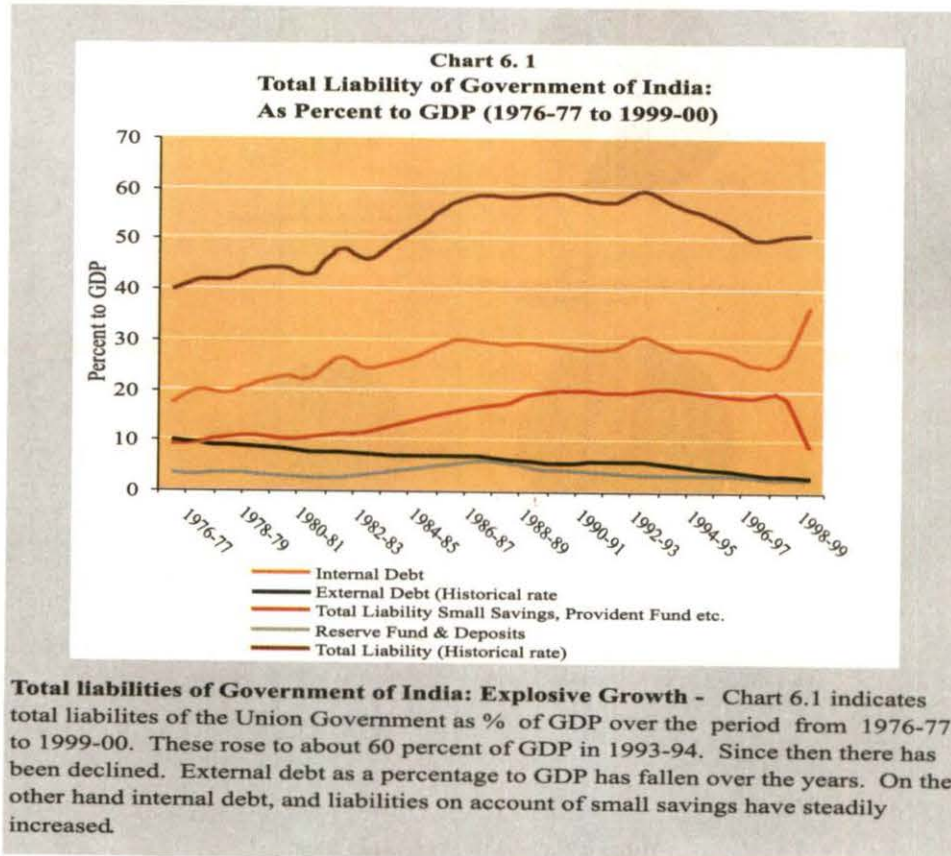
* External debt at current rate of exchange

Relative share of components of debt (% to total liabilities at current exchange rate)

Year	Internal debt	*External debt	Total debt	External debt (at historical exchange rate)	Small savings, provident fund etc.	Reserve fund and deposit	Total liability (at current exchange rate)	Total liability (at historical exchange rate)
1991-92	40.43	25.65	66.08	8.65	28.43	5.49	100.00	68.86
1992-93	41.44	25.14	66.58	8.80	28.47	4.94	100.00	69.91
1993-94	44.00	22.89	66.89	8.48	28.72	4.40	100.00	72.72
1994-95	42.29	22.60	64.89	8.08	30.51	4.60	100.00	72.80
1995-96	43.76	21.12	64.88	7.28	30.34	4.79	100.00	74.09
1996-97	44.71	19.35	64.05	7.04	31.02	4.92	100.00	75.73
1997-98	43.98	18.25	62.24	6.26	33.00	4.76	100.00	76.99
1998-99	45.40	17.57	62.98	5.65	32.92	4.11	100.00	78.32
1999-00	63.77	16.61	80.38	5.22	15.38	4.24	100.00	79.15

Internal Debt: Continuous Rise

The share of market loans in internal debt has increased while that of treasury bills has fallen during 1990-91 to 1999-00.



6.5 Internal debt includes market loans, special securities issued to the RBI, and compensation and other bonds. It also includes borrowing through treasury bills, non-interest bearing rupee securities issued to international institutions like the IMF, IBRD, IDA, IFAD, ADB, and the African Development Bank. The receipts and repayments of internal debt are accounted for in the CFI.

6.6 Table 6.2 presents the growth of internal debt of the Union government during 1990-91 to 1999-00. Total internal debt of the Union government increased during the nineties at the TGR of 16.48 percent per annum. This was more than the TGR of GDP at current market prices. As percentage to the GDP, therefore, internal debt increased from 27.08 percent in 1990-91 to 36.5 percent in 1999-00.

**The CAG's Report on
Union Government Accounts 1999-2000**

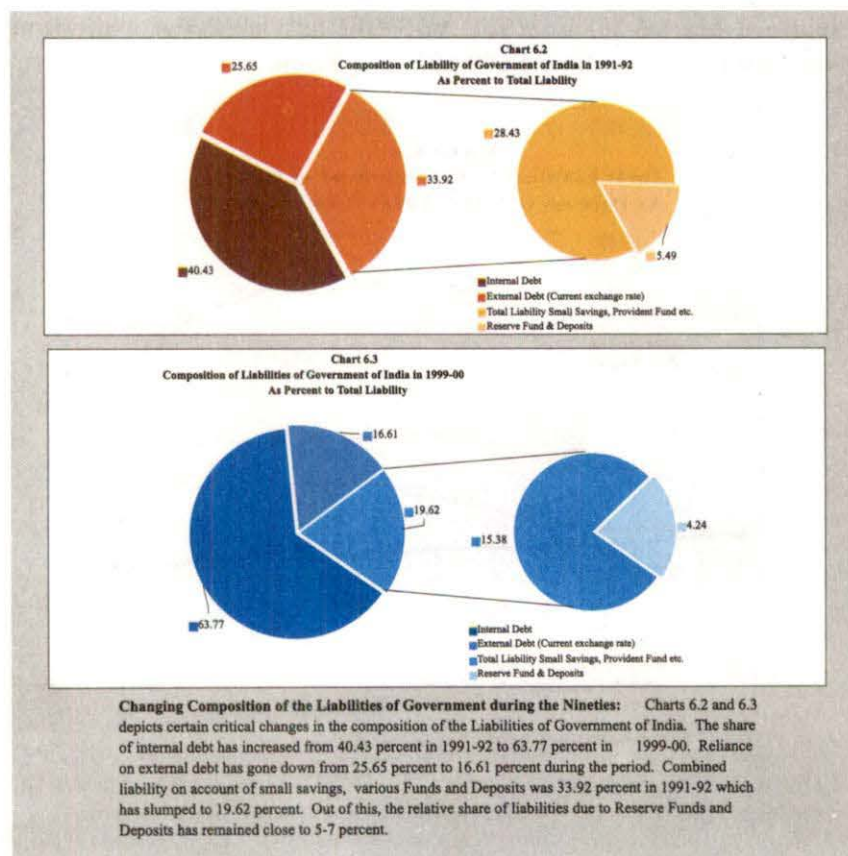


Table 6.2: Growth of Internal Debt

Year	Opening balance	Addition	Repayment of principal	Net addition during the year	Closing balance	<i>Rs in crore</i>	
						% growth over previous year	Closing balance as % to GDP
1990-91	133193	100313	79502	20811	154004		27.08
1991-92	154004	82307	63561	18746	172750	12.17	26.44
1992-93	172750	93754	67404	26351	199100	15.25	26.64
1993-94	199100	159614	113002	46612	245712	23.41	28.60
1994-95	245712	148556	127801	20755	266467	8.45	26.39
1995-96	266467	174207	132805	41402	307869	15.54	26.05
1996-97	307869	200507	163901	36606	344475	11.89	25.29
1997-98	344474	368806	324282	44524	388998	12.92	25.67
1998-99	388998	385283	314584	70699	459697	18.17	26.14
1999-00	459699	550930	296375	254555	714254	55.37	36.50
TGR (%)	14.59	22.75	21.44	23.19	16.48		

Note: Minor changes in figures of opening balances are due to prior period adjustments.

6.7 Table 6.3 presents the changes in the composition of internal debt, comprising various instruments, viz. market loans, treasury bills, treasury bills converted into securities, compensation and other bonds, special securities issued to the RBI, ways and means advances, and special Union government securities issued against outstanding balances at the end of the last ten years.

Table 6.3: Composition of Internal Debt

Rs in crore

Year	Market Loan	As % to Total Internal Debt	Treasury Bills	As % to Total Internal Debt	Treasury Bills Converted into Securities	As % to Total Internal Debt	Securities Issued to International Financial Institutions	As % to Total Internal Debt	Compensation and Other Bonds	As % to Total Internal Debt
1990-91	70493	45.77	8032	5.22	66000	42.86	6566	4.26	1812	1.18
1991-92	78003	45.15	12826	7.42	71000	41.10	8415	4.87	1460	0.85
1992-93	81679	41.02	29391	14.76	71000	35.66	14669	7.37	1315	0.66
1993-94	110608	45.02	40982	16.68	71000	28.90	20365	8.29	1711	0.70
1994-95	130934	49.14	40492	15.20	71000	26.64	20366	7.64	2629	0.99
1995-96	164935	53.57	45665	14.83	71000	23.06	22771	7.40	2452	0.80
1996-97	184028	53.42	64760	18.80	71000	20.61	19562	5.68	4079	1.18
1997-98	236525	60.80	25842	6.64	101818	26.17	17100	4.40	4667	1.20
1998-99	305512	66.46	18845	4.10	101818	22.15	21522	4.68	7911	1.72
1999-00	375789	52.61	18524	2.59	101818	14.26	22209	3.11	8450	1.18

Year	Special Securities Issued to RBI	As % to Total Internal Debt	Ways and Means Advances	As % To Total Internal Debt	Special Central Government Securities ¹	As % to Total Internal Debt	Special Central Govt. Securities ²	As % to Total Internal Debt	Total
1990-91	1101	0.71	--	--	--	--	--	154004	
1991-92	1046	0.61	--	--	--	--	--	172750	
1992-93	1046	0.53	--	--	--	--	--	199100	
1993-94	1046	0.43	--	--	--	--	--	245712	
1994-95	1046	0.39	-	-	-	-	-	266467	
1995-96	1046	0.34	-	-	-	-	-	307869	
1996-97	1046	0.30	-	-	-	-	-	344475	
1997-98	1046	0.27	2000	0.51	-	-	-	388998	
1998-99	1046	0.23	3042	0.66	-	-	-	459697	
1999-00	1282	0.18	982	0.14	176221	24.67	8979	1.26	714254

¹ Special central government securities issued against outstanding balances of small savings as on 31.03.99.
² Issued against net collection of small savings from 1 April 1999

Treasury Bills: Short-Term Loans through the RBI

6.8 Treasury bills are instruments issued by the RBI on behalf of the Union government to raise short-term loans ranging between 14 and 364-days intended to fill transient resource gaps. At present there are four types of treasury bills: 14-days, 91-days, 182-days, and 364-days. There are two types of 14-days treasury bills: (i) intermediate treasury bills and (ii) auction

treasury bills. Following the discontinuance of 91-days tap treasury bills from April 1997, the government introduced 14-days intermediate treasury bills on 6 June 1997 to enable state governments, foreign central banks and other specified bodies with whom the RBI has special arrangements, to invest their temporary surplus funds. The RBI on a weekly basis auctions the 14-days auction treasury bills.

6.9 Table 6.4 summarises of the growth of outstanding treasury bills vis-à-vis internal debt of the Union government for the last ten years. The percentage of treasury bills in the internal debt decreased from 5.21 percent in 1990-91 to 2.59 percent in 1999-00. However, during the five years from 1992-93 to 1995-96, this share ranged between 14 to 18 percent. The decrease was due to the discontinuance of the 91-days ad-hoc and tap treasury bills from 1997-98.

Table 6.4: Internal Debt and Treasury Bills

Rs in crore

Year	Total internal debt	Treasury bills					Total	Total as % to internal debt
		14 days	91 days		182 days	364 days		
			Auction	Ad hoc				
1990-91	154004	--	3718	3235	1078	--	8031	5.21
1991-92	172750	--	4855	3985	3986	--	12826	7.42
1992-93	199100	--	5184	15430	--	8777	29391	14.76
1993-94	245712	--	10865	21730	--	8386	40981	16.68
1994-95	266467	--	8847	23480	--	8165	40992	15.38
1995-96	307869	--	14345	29445	--	1875	45665	14.83
1996-97	344475	--	22389	34130	--	8241	64760	18.80
1997-98	388998	7998	1601	--	--	16243	25842	6.64
1998-99	459696	7148	1501	--	--	10196	18845	4.10
1999-00	714254	2707	1521	--	1300	12996	18524	2.59
TGR	16.48		-11.14			9.04	6.93	

The conversion of the treasury bills to government securities hiked the RBI interest costs to the government during the nineties.

6.10 The government converted its ad hoc treasury bills in to special securities at an interest rate of 4.6 percent without any specific date of maturity. The government also converted 91 days and 364 days treasury bills in to dated stock at interest rates ranging between 11 to 13.25 percent during

1992-96. These conversions amounted to a total of Rs 158217 crore (Tables 6.5 and 6.6). The conversion of the short-term means of borrowing in to partly dated and partly undated securities reflects that the imbalances were not temporary but long term and structural.

Table 6.5: Ad-hoc Treasury Bills Converted into Securities

		<i>Rs in crore</i>
Year of Funding	Amount of <i>ad-hoc</i> Treasury Bills Funded	
1981-82		3500
1986-87		15000
1987-88		17500
1990-91		30000
1991-92		5000
1997-98		^a 50818
Total		^b121818

^a Rs 34130 crore *ad-hoc* treasury bills and Rs 16688 crore tap treasury bills.
^b Includes Rs 20000 crore which were converted into market securities during 1997-98.

Table 6.6: Funding of 364/91-Day Treasury Bills

					<i>Rs in crore</i>
Year	364-Days Treasury Bills		91-Days Treasury Bills		
	Amount	Converted into Dated Stock	Amount	Converted into Dated Stock	
1995-96	1585	13.25 % Government stock 2000			
1994-95	8078	11.75 % Government stock 2001	4417	12 % Government stock 1999	
	101	11.00 % Government stock 1997	-		-
1993-94	6946	12.75 % Government stock 1996	4046	12 % Government stock 1995	
1992-93	11226	12.50 % Government stock 2004	-		-
Total	27936		8463		

The payment of higher interest by the government to the RBI and transfer of surplus by the RBI to the government amounted to little else than completion of a fruitless accounting circuit.

6.11 The government paid higher interest to the RBI in the nineties for two reasons: first, a significant portion of the market borrowing devolved on the RBI; secondly, the system of *ad hoc* treasury bills was replaced by the ways and means advances. These changes entailed higher interest costs as explained in the following paragraphs. Also as seen in chapter 2, the nineties also witnessed a sharp growth in transfers of the RBI's surplus to the government as an endogenous resource transfer. Thus, the payment of higher interest by the government to the RBI and transfer of surplus by the RBI to the government amounted to little else than completion of a fruitless accounting circuit.

Devolvement of Market Borrowing on RBI

A large portion of market loan and treasury bills is not lifted by the market and devolves on the RBI. In 1999-00, this portion was 30 percent.

6.12 As per the Annual Report of RBI for 1999-00, the devolvement on the RBI of market borrowings, which were not absorbed by the market during the last five years is shown in Table 6.7. During 1999-00, the addition of market loan was Rs.86630 crore. A substantial portion of this, amounting to Rs.27000 crore, devolved on the RBI. Counting the treasury bill amounts also, the total devolvement on the RBI in 1999-00 was Rs 33140 crore.

Table 6.7: Devolvement of Market Borrowing on RBI

<i>Rs in crore</i>	
Year	Amount
1995-96	12655
1996-97	3698
1997-98	13028
1998-99	38205
1999-00	27000

6.13 Table 6.8 gives the details of devolvement of internal debt on the RBI during 1999-00. During 1999-00, the government raised an amount of Rs 110400 crore through auction, of which devolvement on the RBI was Rs 33140 crore constituting 30 percent of the total amount raised.

Table 6.8: Devolvement of Internal Debt on the RBI

<i>Rs in crore</i>	
Scrips	Amount
14-Days auction treasury bills	1633
91-Days auction treasury bills	1595
182-Days auction treasury bills	645
364-Days auction treasury bills	2267
Market loans	27000
Total	33140

Ways and Means Advances

Endogenous resource transfer of the RBI's surplus to the government conditions the effectiveness of W & M advances as an instrument of fiscal discipline.

6.14 The Union government and the Reserve Bank of India signed an agreement in March 1997 to discontinue issuing ad-hoc treasury bills to replenish Union government's cash balance with effect from 1 April 1997. The Union government could now meet temporary mismatches between receipts and expenditure through ways and means (W&M) advances provided by the RBI, with their size and cost being determined on the basis of mutual agreement. Amounts drawn beyond the ways and means advances limit are to be treated as overdraft. For 1999-00, W&M advances were fixed at Rs 11000 crore and Rs 7000 crore for the first half (April-September) and second half (October-March) respectively. The interest rate for W&M advances for fiscal 1999-00 was linked to the bank rates and fixed at 8 percent per annum. For overdraft, the rate of interest was fixed at 10 percent per annum. The transition from ad-hoc treasury bills to the W&M advances means elimination of automatic monetisation of fiscal deficit. Unlike ad-hoc treasury bills, W&M advances are not a source of financing fiscal deficit. As per the agreement, these advances are to be fully paid off within three months from the date of making the advances. When 75 percent of the W&M advances are utilised, RBI would float fresh government securities. Table 6.9 give details of cumulative amounts of W&M advances obtained by the Union government for the last three years.

Table 6.9: Ways and Means Advances

Year	<i>Rs in crore</i>			
	Opening Balance	Addition During the Year	Discharge During the Year	Outstanding Ways and Means Advances
1997-98	--	17239	15239	2000
1998-99	2000	92257	91215	3042
1999-00	3042	124972	127032	982

6.15 The system of W&M advances was introduced with a view to imposing fiscal discipline on the government. The government resorted to the advances on a continuous basis for the major part of the year because of wide gap between the expenditure and receipts. During 1999-00, the government

**The CAG's Report on
Union Government Accounts 1999-2000**

also took recourse to overdraft on a few occasions up to maximum of seven consecutive working days and the maximum amount of overdraft was Rs 3582 crore.

6.16 Table 6.10 provides details of interest paid and the rate of interest applicable on the various short-term borrowing instruments for the last five years. In the first year of the changed system using W&M advances, the interest paid on it was nominal, as the government depended for resources heavily on 14-days treasury bills and 364-days treasury bills and did not take much recourse to these advances. Besides, the rate of interest on these advances was also very low at 3.80 percent in 1997-98. In 1999-00, the rate of interest on the W&M advances was linked to bank rate, which was fixed at 8 percent per annum for advances within the limits and 10 percent per annum, for overdrafts. During 1999-00, an outgo of interest amounting to Rs 479 crore resulted from the continuous recourse to ways and means advance and overdrafts on a few occasions.

Table 6.10: Interest Paid and Rate of Interest on Short-Term Borrowings

Year	Interest Paid (Rs in crore)				Rate of Interest (Percent)			
	Treasury Bills							
	<i>Ad-hoc</i>	14-Days	91-Days	WMA	<i>Ad-hoc</i>	14-Days	91-Days	WMA
1995-96	*	--	*2621	--	4.6	--	12.66	--
1996-97	*	--	*2879	--	4.6	--	9.67	--
1997-98	--	357	213	24	--	5.83	6.80	3.80
1998-99	--	270	427	410	--	7.79	8.57	9 (11)
1999-00	--	227	179	479	4.6	8.23	9.03	8 (10)

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

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

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

6.17 The effectiveness of the system of the W&M advances, which entail higher interest costs, as an instrument of fiscal discipline again gets compromised, because of the reverse flow in the accounting circuit referred to earlier.

Market Borrowings

Market borrowings indicated a larger weight for short-term borrowing. Large amounts of repayments are due in the next five years.

6.18 Market borrowing consists of raising of funds through dated stock certificates/bonds maturing after specific periods and carrying specific rates of interest individually. Table 6.11 indicates that the net addition of market loans has grown at the TGR of 31.55 percent during 1990-91 to 1999-00 while the repayments have grown at the much higher TGR of 44.35 percent.

Table 6.11: Addition of Market Loans Net of Repayments

<i>Rs in crore</i>					
Year	Opening Balance	Receipt	Repayment	Net Addition	Outstanding Market Loans
1990-91	62492	8988	987	8001	70493
1991-92	70493	8921	1411	7510	78003
1992-93	78003	4821	1145	3676	81679
1993-94	81679	30066	1137	28929	110608
1994-95	110608	21250	924	20326	130934
1995-96	130934	39548	5547	34001	164935
1996-97	164935	26998	7905	19093	184028
1997-98	204027	43389	10891	32498	236525
1998-99	236525	83753	14766	68987	305512
1999-00	305512	86609	16332	70277	375789
TGR (%)	19.82	33.24	44.35	31.55	21.18

6.19 The net accretion to resources during 1999-00 after reckoning the repayments and interest payments was Rs 32171 crore, which is 37 percent of the actual receipts. The interest payments on market loans increased from Rs 6366 crore in 1990-91 to Rs 38106 crore in 1999-00, an increase of about 500 percent. The rate of interest on these loans ranged between 5.5 percent and 14 percent per annum.

6.20 The 1999-00 Annual RBI Report lists a number of problems arising from a high volume of domestic debt. First, there is little flexibility for the debt management authority to minimise the borrowing cost in the face of continuous increases in bond supply. Secondly, a high stock of domestic marketable debt can raise uncertainty regarding the future interest rate and shift the market preference for short-term paper resulting in concentration of debt towards the shorter end. This may lead to problems of bunching of redemptions and rollovers. To avoid these, all borrowings in 1999-2000 were above 5-year maturity. The weighted average maturity of market loans during 1999-2000 has increased from 7.7 in 1998-99 to 12.6 years. Table 6.12

**The CAG's Report on
Union Government Accounts 1999-2000**

indicates repayments due during 2000-01 to 2005-06. The large volume of due repayments indicates the compulsion on the government to resort to heavy borrowing in the next few years to meet these liabilities.

Table 6.12: Repayment Schedule of Market Loans

<i>Rs in crore</i>	
Year	Amount
2000-01	28321
2001-02	28260
2002-03	28263
2003-04	31252
2004-05	31159
2005-06	27473

External Debt of the Union government

Evaluation of external debt at historical exchange rates understates the outstanding debt of the government of India. The extent of this understatement in 1999-00 was by a margin of 6.52 percent of GDP

6.21 Table 6.13 indicates the growth pattern of outstanding external debt at the close of the financial years at historical and current exchange rates. Since repayments of principal and payment of interest is made at the current rates of exchange, it is appropriate to evaluate external debt at these rates. The understatement of debt in 1999-00 was to the extent of 6.52 percent of the GDP.

Table 6.13: Growth of External Debt

<i>Rs in crore</i>							
Year	Opening Balance*	Addition	Repayment of Principal	Closing Balance at Historical Rates	As % to GDP	Closing Balance at Current Rate of Exchange	As % to GDP at Current Rate of Exchange
1990-91	28344	5339	2158	31525	5.54	NA	NA
1991-92	31527	8279	2858	36948	5.66	109608	16.78
1992-93	36950	9625	4306	42269	5.66	120813	16.16
1993-94	42271	10024	4950	47345	5.51	127798	14.87
1994-95	47347	9051	5469	50928	5.04	142389	14.09
1995-96	50931	6759	6441	51249	4.34	148583	12.57
1996-97	51251	9535	6547	54239	3.98	149077	10.95
1997-98	54241	7859	6768	55332	3.65	161442	10.65
1998-99	55335	10014	8095	57254	3.26	177934	10.12
1999-00	57257	9893	8713	58437	2.99	186075	9.51
TGR (%)	8.09	3.34	15.03	6.49		10.67	

* Change in opening balances due to prior period adjustment.

6.22 The outstanding amount of external debt at historical exchange rates as percentage of GDP decreased from 5.54 percent in 1990-91 to 2.99 percent in 1999-00. At current exchange rates, these decreased from 16.78 percent of the GDP in 1991-92 to 9.51 percent.

The net inflow of external debt is negative.

6.23 Table 6.14 shows net inflows of external debt (addition during the year minus repayment of principal and payment of interest) during the last decade. It indicates that the pressure of debt servicing has turned the net inflow of external debt negative from the year 1994-95. The net inflow as percentage of debt servicing was negative 4.91 percent in 1994-95, which became negative 34.65 percent in 1999-00

Table 6.14: Net Inflow of External Debt

Year	Addition During the Year	Debt Servicing		Net Inflow	Net Inflow % of Addition
		Repayment	Interest Payment		
1990-91	5339	2159	1834	1346	25.21
1991-92	8279	2858	2704	2717	32.82
1992-93	9625	4306	3529	1790	18.6
1993-94	10024	4950	3724	1350	13.47
1994-95	9051	5469	4026	(-) 444	(-) 4.91
1995-96	6759	6441	4414	(-) 4096	(-) 60.60
1996-97	9535	6547	4223	(-) 1235	(-) 12.95
1997-98	7859	6768	4110	(-) 3019	(-) 38.41
1998-99	10014	8095	4364	(-) 2445	(-) 24.42
1999-00	9893	8713	4508	(-) 3428	(-) 34.65

6.24 As on 31 March 2000, unutilised committed external assistance was of the order of Rs 56917 crore. The low rate of utilisation of external assistance is particularly worrying now, when net inflows have turned negative. Much of the unutilised external assistance is for projects in the infrastructure sector (details in Appendix IX).

Unutilised Committed External Assistance

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

6.25 Table 6.15 shows that large amounts of committed external assistance has remained unutilised. The Standing Committee on Finance (1995-96) – Tenth Lok Sabha, in their Thirteenth Report, took a serious view of the fact that a significant portion of the country's external debt is lying unutilised and

**The CAG's Report on
Union Government Accounts 1999-2000**

the country has to pay commitment charges on these undrawn amounts. The Committee felt that there was an urgent need to review these foreign aided projects so as to identify the reasons for delay in their implementation and recommended that suitable steps should be taken to improve the utilisation of loans.

Table 6.15: Unutilised Committed External Assistance

Rs in crore

Year	Amount
1990-91	50551
1991-92	70826
1992-93	74587
1993-94	46003
1994-95	48347
1995-96	48574
1996-97	44771
1997-98	47031
1998-99	50157
1999-00	56917

Already there

6.26 The Public Accounts Committee in 1968-69 in paragraph 2.35 of its Fifty Fifth Report (Fourth Lok Sabha) and the Estimates Committee in paragraph 4.38 of its Eleventh Report (Fourth Lok Sabha) have expressed concern on the payment of commitment charges. Commitment charges are to be paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head of interest obligation. Table 6.16 indicates charges paid to various bodies/governments during the last ten years.

Table 6.16: Commitment Charges

Rs in crore

Year	ADB	France	Germany	IBRD	Sweden	Total
1990-91	7.73	1.34	2.63	31.14	19.89	62.73
1991-92	13.07	1.05	4.03	40.23	0.99	59.40
1992-93	21.68	1.22	4.59	40.18	0.72	68.39
1993-94	29.04	0.41	4.15	34.79	1.31	69.70
1994-95	31.80	0.22	2.57	24.25	0.79	59.63
1995-96	35.37	0.30	2.43	20.12	0.72	58.94
1996-97	31.66	0.27	2.09	21.41	0.48	55.91
1997-98	25.74	0.25	1.60	22.06	--	49.65
1998-99	22.83	0.21	0.66	23.89	--	47.59
1999-00	15.71	0.36	0.37	25.33	--	41.77

Already there

6.27 A scrutiny of the Revolving Fund Accounts in the office of the Controller of Aid Accounts and Audit revealed that three IBRD assisted World Bank Projects were not completed in time which resulted in avoidable payment of additional commitment charges of US\$ 1499926 (Rs 6.29 crore) as per details given below. Timely completion of these projects could have saved the Union government this additional burden as seen in the Table 6.17.

Table 6.17: Avoidable commitment charges

Loan Number	Name of the Project	Stipulated Date of Completion	Date of Completion Extended by	Additional Amount of Commitment Charges (In US \$)
3334-OIN	Industrial Pollution Control Project	30.07.1998	31.03.1999	22223.60
3024-OIN	Naptha Jhakri Power Project	31.12.1997	31.03.2002	746368.76
3237-OIN	Northern Region Transmission Project	30.09.1998	30.09.2000	731334.04
Total Additional Commitment Charges				1499926.40

Growth in Contingent Liabilities of the Union Government

The government did not effectively monitor the recovery of guarantee fees.

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

6.29 Table 6.18 gives the position regarding the maximum amount of guarantees and sums guaranteed outstanding at the end of the financial year during 1990-91 to 1999-00.

The CAG's Report on
Union Government Accounts 1999-2000

Table 6.18: Guarantees Given by Union Government

Rs in crore

Position at the end of the year	Maximum amount of guarantee for which government have entered into Agreement	Sums Guaranteed Outstanding (Internal and External)	External Guarantees Outstanding	External Guarantees Outstanding as % to sums Guaranteed Outstanding
1990-91	49353	40394	21740	53.82
1991-92	55063	46744	20908	44.73
1992-93	79552	58027	28988	50
1993-94	84738	62857	30626	48.72
1994-95	89563	63153	30268	47.93
1995-96	94761	65573	29345	44.75
1996-97	124705	69748	30839	44.21
1997-98	122044	73877	33445	45.27
1998-99	125210	74606	36530	48.96
1999-00	144438	83954	47733	56.86

When this

Table 6.19: Guarantee Fee

Rs in crore

Year	Sums guaranteed outstanding			Guarantee fee due			Total guarantee fee received	As % to total outstanding guarantee
	Internal	External	Total	Internal	External	Total		
1990-91	18654	21740	40394	187	261	448	13	0.03
1991-92	25836	20908	46744	258	251	509	2	--
1992-93	29039	28988	58027	290	348	638	41	0.07
1993-94	32231	30626	62857	322	368	690	82	0.13
1994-95	32885	30268	63153	329	363	692	194	0.31
1995-96	36228	29345	65573	362	352	714	167	0.25
1996-97	38909	30839	69748	389	370	759	146	0.21
1997-98	40432	33445	73877	404	401	805	221	0.3
1998-99	38076	36530	74606	381	438	819	320	0.43
1999-00	36221	47733	83954	362	573	935	280	0.33

6.30 Ministries/Departments of the government are required to levy guarantee fee at the rate of one percent on internal and 1.2 percent on external borrowings as per the instructions of the Union government. Guarantee fee was to be levied on the date of guarantee and thereafter on 1 April every year. Where the guarantee fee is not paid on due date, it should be charged at double the normal rate. Table 6.19 indicates that the recoveries of guarantee fee have not been effectively made, resulting in short recoveries, despite the instructions of the Union government.

Ceiling on Borrowings and Parliamentary Control

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

6.31 The Union government is empowered under Article 292 of the Constitution of India to “borrow upon the security of the Consolidated Fund of India, within such limits, if any, as may be fixed by Parliament by law.” Clearly total borrowings should bear some proportion to the receipts in the CFI. The Public Accounts Committee (PAC) had recommended the fixation of such a limit on the borrowing power of government under this Article vide para 15 of their Ninth Report (1962-63-Third Lok Sabha), para 5 of their Thirty-Sixth Report (1964-65-Third Lok Sabha) and para 2.13 of their Fifty-Second Report (1965-66-Third Lok Sabha). The Estimates Committee in para 1.192 of their Twelfth Report (1991-92-Tenth Lok Sabha) had also made similar recommendations. Presently, debt service obligations outstrip revenue receipts, debt receipts constitute more than half of the government receipts, and debt servicing absorbs more than half of the government disbursement. Evidently, the recommendations of the PAC and the Estimates Committee only underscore the urgent need to contain debt. However, the government has so far not acted on these recommendations and has not fixed any limit on its borrowing, with the approval of the Parliament.

6.32 As a result of the sharp rise in debt servicing, an overwhelming proportion of the total disbursement out of the CFI is charged on the Fund, i.e., it is not subject to the vote by Parliament. Less than one-third of the total budgetary expenditure is now within the ambit of the discretion of Parliament and is subjected to vote. During 1999-00, out of a total disbursement of Rs 704665 crore from the CFI, 64.32 percent, i.e., Rs 453209 crore was charged. Of the charged expenditure, 88.19 percent was applied towards debt service obligations, i.e. for repayments and interest payments.

Chapter 7

MANAGEMENT OF PUBLIC ACCOUNT

Public Account Receipts

7.1 The public account consists of the NSSF, provident funds, insurance funds, pension funds, deposits and advances, and suspense accounts; and carries forward its balances annually. Some reserve funds within it bear interest and some do not. The Government is the custodian, not the owner, of the moneys in the public account. It does, however, utilize the available surplus to the public account to meet its expenditure requirement, which adds to government's aggregate liability.

7.2 In recent years, the Union government has been drawing progressively larger amounts from the public account. Prudent management of the public account would require better certitude in projections of additions to the concerned funds, repayment/interest payments from out of these funds, and the cost of borrowing, holding, and administering these funds. As the net increment to public account balance provides funds rather automatically, the government needs to administer the utilization of withdrawals from it in a manner that returns, at the least, balance the costs.

Major Components of the Public Account: Growth Profile

Largely, small savings and provident funds helped the government to finance a significant part of its fiscal deficit.

7.3 Table 7.1 presents the growth profile of small saving during 1990-91 to 1998-99. The changes in 1999-00, with the NSSF, are outlined in Table 7.3. It indicates that the annual addition to the small savings has been growing at the TGR at 16.27 percent per annum. The annual addition in 1998-99 was Rs 54829 crore amounting to 3.12 percent of the GDP. The proportion of this annual addition that goes for repayment has varied between 24.84 percent and 50.37 percent during the period 1990-91 to 1998-99.

Table 7.1: Growth of Small Savings

<i>Rs in crore</i>						
Year	Opening balance	Addition	Repayment of principal	Addition net of repayment	Net addition as % of total addition	Closing balance
1990-91	41791	17666	9357	8309	47.03	50100
1991-92	50100	17251	11597	5654	32.77	55755
1992-93	55755	17605	13232	4373	24.84	60127
1993-94	60127	24731	17574	7157	28.94	67285
1994-95	67284	34438	20012	14426	41.89	81710
1995-96	81710	32810	22734	10076	30.71	91786
1996-97	91786	33339	21197	12142	36.42	103928
1997-98	103928	46194	25785	20409	44.18	124337
1998-99	124337	54829	27209	27620	50.37	151957
TGR	13.99	16.27	14.01	20.20	3.38	14.74
<i>Percent to GDP</i>						
1990-91	7.35	3.11	1.65	1.46		8.81
1991-92	7.67	2.64	1.78	0.87		8.53
1992-93	7.46	2.36	1.77	0.59		8.04
1993-94	7.00	2.88	2.05	0.83		7.83
1994-95	6.66	3.41	1.98	1.43		8.09
1995-96	6.91	2.78	1.92	0.85		7.77
1996-97	6.74	2.45	1.56	0.89		7.63
1997-98	6.86	3.05	1.70	1.35		8.20
1998-99	7.07	3.12	1.55	1.57		8.64

7.4 Two features are especially noticeable in the growth profile of small savings: one, there has been a considerable rise in the net addition to small savings since 1996-97; secondly, nearly 1.57 percent of the GDP came from the net addition to small savings to the fiscal rescue of the government during the last year under the old system.

7.5 Table 7.2 outlines the pattern of growth in the balances of the provident funds. The period covered is 1990-91 to 1998-99. In 1999-00, the PPF went into the NSSF, and the state provident funds remained under the old arrangement. Flows for these are separately shown in Table 7.2, while the position of the PPF is shown in Table 7.3. The annual addition to the provident funds has grown at the TGR of 19.96 percent whereas the repayments show a TGR of 16.94 percent over 1990-91 to 1998-99. Resultantly, the net addition has grown at a higher trend rate of 22.71 percent.

**The CAG's Report on
Union Government Accounts 1999-2000**

In recent years, the net addition as percentage of total addition has gone up significantly. This ratio was 47.51 percent in 1990-91. By 1998-99 it increased to nearly 59 percent.

Table 7.2: Growth of Provident Funds

<i>Rs in crore</i>						
Year	Opening balance	Addition	Repayment of principal	Addition net of repayment	Net addition as % of total addition	Closing balance
1990-91	9669	4212	2211	2001	47.51	11670
1991-92	11670	4797	2539	2258	47.07	13927
1992-93	13925	5886	2934	2952	50.15	16877
1993-94	16876	7133	3417	3716	52.10	20592
1994-95	20592	8141	4008	4133	50.77	24725
1995-96	24721	9561	4643	4918	51.44	29639
1996-97	29611	11130	5714	5416	48.66	35027
1997-98	35026	14755	6339	8416	57.04	43442
1998-99	43440	18784	7723	11061	58.89	54501
TGR	20.52	19.96	16.94	22.71	2.30	20.93
<i>Percent to GDP</i>						
1990-91	1.70	0.74	0.39	0.35		2.05
1991-92	1.79	0.73	0.39	0.35		2.13
1992-93	1.86	0.79	0.39	0.39		2.26
1993-94	1.96	0.83	0.40	0.43		2.40
1994-95	2.04	0.81	0.40	0.41		2.45
1995-96	2.09	0.81	0.39	0.42		2.51
1996-97	2.17	0.82	0.42	0.40		2.57
1997-98	2.31	0.97	0.42	0.56		2.87
1998-99	2.47	1.07	0.44	0.63		3.10
<i>Rs in crore</i>						
Flows of State Provident Funds						
1999-00	30235	13583	7004	6579	48.44	36814

7.6 Table 7.3 shows the transactions of the NSSF in 1999-00. Starting with an opening balance of Rs. 151957, the NSSF ended the year with a balance of only Rs. 973 crore. This was because the small savings part of the NSSF closed with a negative balance of Rs. 28687 crore. The major outflow was investment of Rs. 212137 crore in the government securities.

**Table 7.3: Transactions of the NSSF:
Small Savings, Public Provident Funds: 1999-00**

	Small Savings	Public Provident Fund	Total
Opening Balance	151957	24264	176221
Collections	65776	9659	75435
Interest Receipts	20265		20265
Total Addition	86041	9659	95700
Repayment	34848	2016	36864
Investment	212137		212137
Interest Payments	17951	2247	20198
Management Cost	1749		1749
Total Outflow	266685	4263	270948
Closing Balance	-28687	29660	973

7.7 Table 7.4 indicates the position of other accounts pertaining to special deposits and non-government provident funds over 1990-91 to 1999-00. Here the TGR of repayments is much higher than the TGR of annual additions to the funds. As a result, the net additions have been falling showing a negative TGR.

**Table 7.4: Other Accounts
(Special Deposits and Non-Government Provident Funds, etc.)**

Year	Opening balance	Addition	Repayment of principal	Addition net of repayment	Net addition as % of total addition	Closing balance
1990-91	35597	13029	3290	9739	74.75	45336
1991-92	45336	10053	3571	6482	64.48	51818
1992-93	51818	11685	3706	7979	68.28	59797
1993-94	59797	16243	3562	12681	78.07	72477
1994-95	72477	16066	2756	13310	82.85	85787
1995-96	85787	16508	10285	6223	37.70	92010
1996-97	92009	17178	9100	8078	47.03	100087
1997-98	100087	32818	8818	24000	73.13	124087
1998-99	124087	20795	18080	2715	13.06	126802
1999-00	126802	24297	16675	7622	31.37	134424
TGR	15.12	10.22	23.20	-2.93	-11.93	13.39

The CAG's Report on
Union Government Accounts 1999-2000

Percentage to GDP

Year	Opening balance	Addition	Repayment of principal	Addition net of repayment	Net addition as % of total addition	Closing balance
1990-91	6.26	2.29	0.58	1.71		7.97
1991-92	6.94	1.54	0.55	0.99		7.93
1992-93	6.93	1.56	0.50	1.07		8.00
1993-94	6.96	1.89	0.41	1.48		8.44
1994-95	7.18	1.59	0.27	1.32		8.49
1995-96	7.26	1.40	0.87	0.53		7.78
1996-97	6.76	1.26	0.67	0.59		7.35
1997-98	6.60	2.17	0.58	1.58		8.19
1998-99	7.06	1.18	1.03	0.15		7.21
1999-00	6.48	1.24	0.85	0.39		6.87

Change in opening balance due to prior period adjustment and rounding.

7.8 Table 7.5 presents the profile of balances and annual growth in the deposits. The annual additions have grown at the TGR of 8.26 percent and the repayments at the TGR of 7.41 percent. There is considerable volatility in the net addition as percentage to total addition.

Table 7.5: Growth of Deposits

Rs in crore

Year	Opening balance	Addition	Repayment of principal	Addition net of repayment	Net addition as % of total addition	Closing balance
1990-91	16893	17352	15335	2017	11.62	18910
1991-92	18910	20027	19031	996	4.97	19906
1992-93	19906	21087	21112	-25	-0.12	19881
1993-94	19895	21915	21406	509	2.32	20404
1994-95	20404	25139	22217	2922	11.62	23326
1995-96	23325	28031	24044	3987	14.22	27312
1996-97	27299	33637	31337	2300	6.84	29599
1997-98	29599	35893	31682	4211	11.73	33810
1998-99	33809	27103	25330	1773	6.54	35582
1999-00	35582	37427	31696	5731	15.31	41313
TGR	8.75	8.26	7.41			9.54

Percent to GDP

1990-91	2.97	3.05	2.70	0.35		3.32
1991-92	2.89	3.07	2.91	0.15		3.05
1992-93	2.66	2.82	2.82	0.00		2.66
1993-94	2.32	2.55	2.49	0.06		2.37
1994-95	2.02	2.49	2.20	0.29		2.31
1995-96	1.97	2.37	2.03	0.34		2.31
1996-97	2.00	2.47	2.30	0.17		2.17
1997-98	1.95	2.37	2.09	0.28		2.23
1998-99	1.92	1.54	1.44	0.10		2.02
1999-00	1.82	1.91	1.62	0.29		2.11

Change in opening balance due to prior period adjustment and rounding.

7.9 Table 7.6 provides the growth profile of reserve funds. Some important interest bearing reserve funds are: depreciation reserve fund for railway commercial lines and railway strategic lines; depreciation reserve fund for government commercial departments and undertakings; telecommunication capital reserve fund; and railway capital fund. Examples of some non-interest bearing reserve funds are: relief fund, central road fund, and roads and bridges funds. The TGR of repayments is more than the TGR of additions. In 1998-99, repayments became more than the additions.

Table 7.6: Growth of Reserve Funds

<i>Rs in crore</i>						
Year	Opening balance	Addition	Repayment of principal	Addition net of repayment	Net addition as % of total addition	Closing balance
1990-91	2496	5203	4686	517	9.94	3012
1991-92	3012	5907	5363	544	9.21	3558
1992-93	3560	7574	7263	311	4.11	3871
1993-94	3873	9114	8834	280	3.07	4152
1994-95	4153	11356	9842	1514	13.33	5667
1995-96	5672	13907	13211	696	5.00	6368
1996-97	6275	14643	12597	2046	13.97	8321
1997-98	7876	15820	15409	411	2.60	8287
1998-99	8288	14730	17006	-2276	-15.45	6012
1999-00	6014	17614	17434	180	1.02	6194
TGR	13.39	14.73	16.38			10.30
<i>Percentage to GDP</i>						
1990-91	0.44	0.91	0.82	0.09		0.53
1991-92	0.46	0.90	0.82	0.08		0.54
1992-93	0.48	1.01	0.97	0.04		0.52
1993-94	0.45	1.06	1.03	0.03		0.48
1994-95	0.41	1.12	0.97	0.15		0.56
1995-96	0.48	1.18	1.12	0.06		0.54
1996-97	0.46	1.08	0.92	0.15		0.61
1997-98	0.52	1.04	1.02	0.03		0.55
1998-99	0.47	0.84	0.97	-0.13		0.34
1999-00	0.31	0.90	0.89	0.01		0.32

*Change in opening balance due to prior period adjustment and rounding.

7.10 In sum, it can be said that for reserve funds and special deposits repayments have overtaken the growth of annual additions. The deposits have grown almost at par. The main sources for additional funds for the government are provident funds and small savings. In recent past, these funds have provided large net additions relative to total additions, and the government has dipped into these to finance its fiscal deficit.

Chapter 8

BUDGETING: ANALYSIS OF ESTIMATES

The Annual Budget: Significance of Estimates

8.1 The budget presents three sets of figures: (a) actuals for the preceding year, (b) revised estimates for the current year, and (c) budget estimates for the forthcoming financial year. This chapter contains comments as regards the quality of fiscal marksmanship by comparing budget estimates with the corresponding actuals.

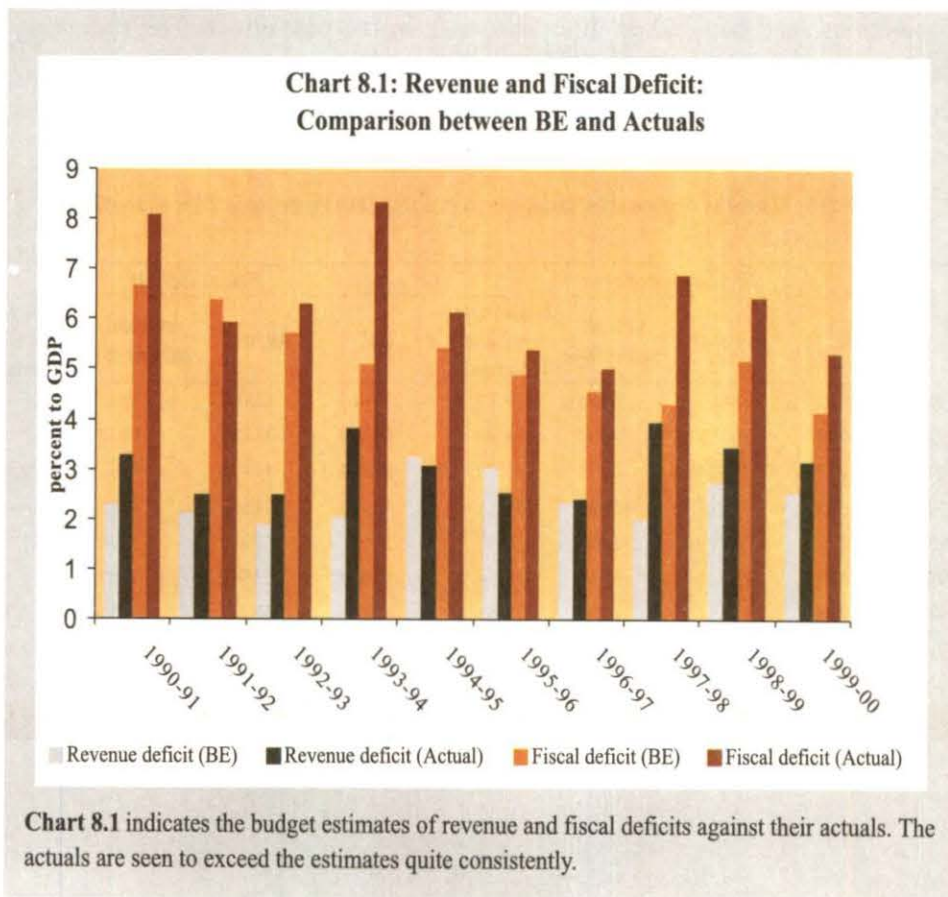
8.2 Several reasons account for the departures of budget estimates from their corresponding realisations. One, actuals may differ from the estimates because of unanticipated and random external events that affect growth of output and therefore tax bases. Secondly, methodological inadequacies may lead to underestimation or overestimation of expenditures or revenues. If there is an estimation error arising because of systemic influences affecting resources or expenditures, these will be reflected in persistent over or under estimation of the relevant budgetary magnitudes. Thirdly, it might be convenient at times to under project some critical numbers like the revenue and fiscal deficits and over project others, like tax or non-tax revenues.

8.3 Changes in revenues in the forthcoming year depend not only on changes that affect tax rates, exemptions, definitions, etc., but also on changes that occur in the tax bases and tax compliance, which may depend to some extent on exogenous factors. Expenditures, on the other hand, are budgeted on the basis of demands for grants that emanate from various ministries/departments. While some expenditures are committed and/or charged on the CFI, others are voted by Parliament. Efficient budgeting would require that, in both cases, the government anticipates external events and broad trends of the economy and presents estimates of resources and expenditures with a fair degree of certitude.

Estimating Revenue and Fiscal Deficits

The Union budget has persistently under estimated revenue and Fiscal Deficits.

8.4 Table 8.1, which presents the budget estimates and corresponding actuals for revenue and fiscal deficits in the Union budget for the period 1990-91 to 1999-00, indicates that the budget estimates were wide off the mark. Furthermore, the error was almost always unidirectional, viz. the budgets under projected the deficits. The extent of under-projection has often been



large. For revenue deficit, but for two years in the mid nineties, the deficit was always under estimated and the extent of under estimation has been as high as 49.08 percent. For fiscal deficit, there was under projection in nine out of ten years, and the extent of error was highest at 38.67 percent in 1993-94, and only a little lower, at 37.44 percent, in 1997-98. For both revenue and fiscal deficits, in the last three years in the nineties, estimation errors were large ranging from 20 to 50 percent of the respective actuals.

8.5 Revenue and fiscal deficits are one of the key indicators of the fiscal health of an economy. A low level of revenue deficit is considered desirable. Reduction in fiscal deficit relative to the GDP is also considered desirable, especially if the debt position is not sustainable and the interest payments are high. Projecting improvements in revenue and fiscal deficits therefore signals a better management of government finances. The trend analysis over the last ten years suggests, however, that there might be a tendency to under project the likely level of these deficits; and to hold out, as it were, a rosier picture. Persistence of the errors in one direction further indicates that the government has not really brought about much improvement in the methodology of projections and have taken little lessons from the past errors. The following paragraphs present a study of the quality of estimation of individual components on the side of resources as also expenditures to further look at the sources of errors in determining the deficits.

Table 8.1: Budget Estimates *vis-à-vis* Actuals: Revenue and Fiscal Deficits

Rs in crore

Year	Revenue deficit				Fiscal deficit			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	13031	18561	5530	29.79	38004	45887	7883	17.18
1991-92	13854	16261	2407	14.80	41838	38836	-3002	-7.73
1992-93	13882	18574	4692	25.26	42674	47140	4466	9.47
1993-94	17629	32715	15086	46.11	43959	71677	27718	38.67
1994-95	32727	31029	-1698	-5.47	54915	62079	7164	11.54
1995-96	35541	29731	-5810	-19.54	57634	63689	6055	9.51
1996-97	31475	32654	1179	3.61	62266	68242	5976	8.76
1997-98	30265	59433	29168	49.08	65454	104621	39167	37.44
1998-99	48068	60567	12499	20.64	91025	113298	22273	19.66
1999-00	49147	61642	12495	20.27	81220	103749	22529	21.71

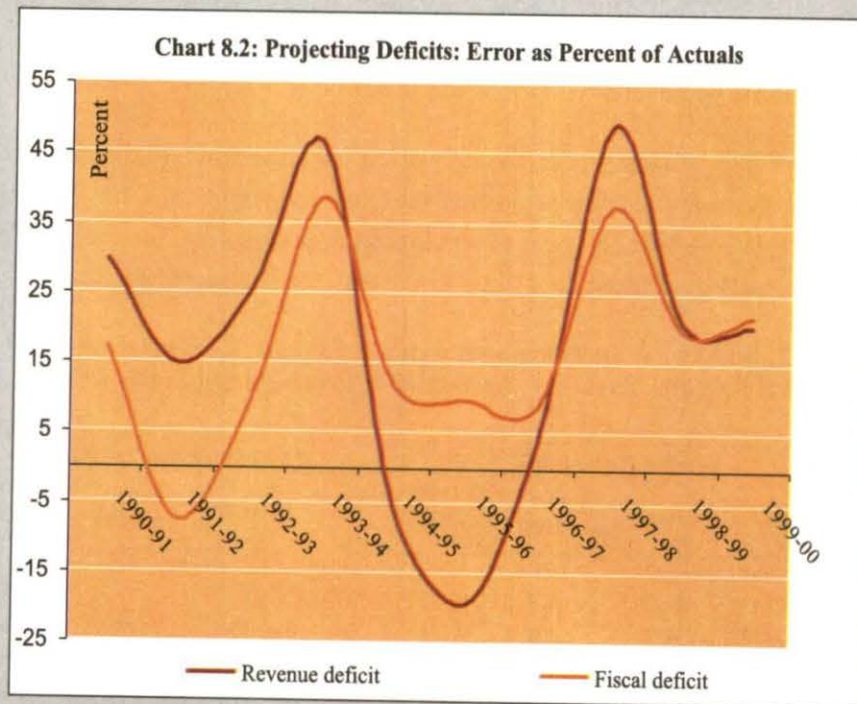


Chart 8.2 presents estimation error i.e., the excess of actual over the budget estimate as percent of actual. As long as the concerned line is above the horizontal axis, there is under estimation. Fiscal deficit is clearly above the horizontal axis.

Estimating Receipts

The government have persistently overestimated the receipts; 1999-2000 was a notable exception in recent years.

8.6 Table 8.2 shows the budget estimates and corresponding actuals of revenue receipts, non-debt capital receipts, recovery of loans and advances and receipt of public debt. In each case, the difference has also been shown as a percentage of the actual.

8.7 Revenue receipts were overestimated in seven out of ten years, the highest deviation between the budget estimates and the actuals was more than 9 percent of the actual. Except for 1994-95 and 1995-96, in all the other years, there was an overestimation of revenue receipts. This indicates that some systemic elements have been missed out in preparing the budget estimates. The year under review, 1999-00, however was an exception where the realisations turned out to be higher.

**The CAG's Report on
Union Government Accounts 1999-2000**

8.8 The tendency to overestimate receipts was however most pronounced in the case of non-debt capital receipts, which mainly come from disinvestments. In six out of nine years, actuals fell short of the budgeted amounts and the percentage variations are rather large.

8.9 A similar tendency of overestimation is noticeable in the case of recovery of loans and advances. In this instance, overestimation has become visible since 1993-94. In the case of receipts from public debt, in seven out of ten years, actuals have turned out to be lower than the budgeted amounts.

Table 8.2: Budget Estimates vis-à-vis Actuals: Revenue Receipts, Non-Debt Capital Receipts, Recovery of Loans and Advances, and Public Debt

Rs in crore

Year	Revenue receipts (net)				Non debt capital receipts			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	87769	84403	-3366	-3.99	0	0	0	
1991-92	100249	99830	-419	-0.42	2500	3038	538	17.71
1992-93	114518	114220	-298	-0.26	2500	1961	-539	-27.49
1993-94	130851	119602	-11249	-9.41	3500	-48	-3548	7391.67
1994-95	142922	146670	3748	2.56	4000	5607	1607	28.66
1995-96	160586	168571	7985	4.74	7000	1397	-5603	-401.07
1996-97	198254	193718	-4536	-2.34	5000	455	-4545	-998.90
1997-98	231076	218299	-12777	-5.85	4800	912	-3888	-426.32
1998-99	247315	239889	-7426	-3.10	5000	5874	874	14.88
1999-00	279672	281553	1881	0.67	10000	1724	-8276	-480.05

Year	Recovery of loans and advances				Receipt of Public Debt			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	5685	6769	1084	16.01	138921	105652	-33269	-31.49
1991-92	6778	7001	223	3.19	105672	90586	-15086	-16.65
1992-93	7608	7678	70	0.91	97536	103379	5843	5.65
1993-94	8073	7611	-462	-6.07	111500	169638	58138	34.27
1994-95	7831	6507	-1324	-20.35	207085	157607	-49478	-31.39
1995-96	7862	6999	-863	-12.33	221948	180966	-40982	-22.65
1996-97	8184	8696	512	5.89	233674	210042	-23632	-11.25
1997-98	9916	9596	-320	-3.33	262772	376665	113893	30.24
1998-99	11560	13189	1629	12.35	412547	395297	-17250	-4.36
1999-00	13337	12552	-785	-6.25	601649	560823	-40825	-7.28

Receipts from the Public Account have been generally underestimated.

8.10 For public account receipts, the tendency to overestimate receipts is reversed. Actuals have turned out to be higher than the budgeted magnitudes in all the ten years and the percentage variation relative to the actuals have always been

higher than 20 percent. This indicates that the government is falling back more and more on the public account for meeting its unanticipated shortfall in receipts.

Estimating Disbursements

Revenue expenditures have been generally underestimated, and capital expenditures, overestimated.

8.11 On the side of disbursements/expenditures, the budget estimates reflect the tendency of underestimation of revenue expenditures and disbursement of loans and advances. On the other hand, capital expenditure is overestimated and the repayment of debt is also generally overestimated.

8.12 Table 8.3 indicates that in the case of revenue expenditure, for nine out of ten years, the budget estimates have fallen short of the actuals. On the other hand, in six out of ten years, actual capital expenditure fell short of the budgeted amount. This indicates that capital expenditure has been used to partially bear the burden of adjustment when resources have fallen short of expectations.

Table 8.3: Budget Estimates vis-à-vis Actuals: Revenue and Capital Disbursement, Disbursement of Loans and Advances and Repayment of Debt

<i>Rs in crore</i>								
Year	Revenue Expenditure				Capital Expenditure			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	100800	102964	2164	2.10	14165	13387	-778	-5.81
1991-92	114103	116091	1988	1.71	16947	13911	-3036	-21.82
1992-93	128399	132794	4395	3.31	20825	20586	-239	-1.16
1993-94	148480	152317	3837	2.52	19796	24650	4854	*19.69
1994-95	175649	177699	2050	1.15	20618	19266	-1352	-7.02
1995-96	196128	198302	2174	1.10	16122	17544	1422	8.11
1996-97	229729	226372	-3357	-1.48	15702	15704	2	0.01
1997-98	261341	277732	16391	5.90	19174	20225	1051	5.20
1998-99	295383	300456	5073	1.69	28168	25200	-2968	-11.78
1999-00	328819	343195	14376	4.19	30665	29023	-1642	-5.66
Year	Disbursement of loan and advances				Repayment of Debt			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	16492	20708	4216	20.36	119871	81661	-38210	-46.79
1991-92	20315	18703	-1612	-8.62	84149	66419	-17730	-26.69
1992-93	18076	17619	-457	-2.59	75040	71710	-3330	-4.64
1993-94	18106	21874	3768	17.23	90629	117951	27322	23.16
1994-95	19895	23898	4003	16.75	168638	133271	-35367	-26.54
1995-96	22356	24810	2454	9.89	184928	139246	-45682	-32.81
1996-97	28923	29035	112	0.39	201914	170448	-31466	-18.46
1997-98	31325	35471	4146	11.69	227229	331050	103821	**31.36
1998-99	36241	46594	10353	22.22	359080	322679	-36401	-11.28
1999-00	24745	27359	2614	9.55	360893	305088	-55805	-18.29

* Owing mainly to issue of special securities to nationalized banks, which increased from Rs 701.25 crore in 1992-93 to Rs 5722.77 in 1993-94.

** Owing mainly to deposits from oil companies in petroleum bonds, which they received from the Union government in repayment of their dues accumulated in oil pool deficit accounts.

**The CAG's Report on
Union Government Accounts 1999-2000**

8.13 Table 8.3 also indicates that disbursement of loans and advances has consistently been more than the budgeted amount since 1993-94. The difference has been maximum in 1998-99 amounting to 22.22 percent of the actual outcome.

8.14 Table 8.4 gives a consolidated view of the quality of budget estimates pertaining to the disbursements from the CFI. The tendency of overestimation of some components and underestimation of others, as noted above leads to an overall picture of overestimation of disbursement from the CFI. In seven years out of the ten years, there has been an overestimation of disbursements. This bias has become more pronounced since 1994-95, where with the exception of one year, there has always been overestimation of disbursement.

Table 8.4: Budget Estimates vis-à-vis Actuals: Total Disbursement of Consolidated Fund, Discharges of Liabilities of Public Account, Contingency Fund and Total Disbursement

Rs in crore

Year	Total Disbursement of Consolidated Fund				Discharges of liabilities of Public Account			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	251328	218721	-32607	-14.91	27489	41871	14382	34.35
1991-92	235514	215124	-20390	-9.48	32596	51824	19228	37.10
1992-93	242340	242709	369	0.15	37424	57895	20471	35.36
1993-94	277011	316792	39781	12.56	45959	68740	22781	33.14
1994-95	384800	354134	-30666	-8.66	55141	71157	16016	22.51
1995-96	419534	379902	-39632	-10.43	60192	89381	29189	32.66
1996-97	476268	441559	-34709	-7.86	59827	99134	39307	39.65
1997-98	539069	664478	125409	18.87	62124	109704	47580	43.37
1998-99	718872	694929	-23943	-3.45	77557	118876	41319	34.76
1999-00	745122	704665	-40457	-5.74	312119	367612	55493	15.10
Year	Contingency Fund				Total Disbursement			
	BE	Actual	Actual minus BE	Difference as % to actual	BE	Actual	Actual minus BE	Difference as % to actual
1990-91	--	--	0	0.00	27817	260592	232775	89.33
1991-92			0	0.00	268110	266948	-1162	-0.44
1992-93			0	0.00	279764	300604	20840	6.93
1993-94			0	0.00	322970	385532	62562	16.23
1994-95			0	0.00	439941	425291	-14650	-3.44
1995-96			0	0.00	479726	469283	-10443	-2.23
1996-97			0	0.00	536095	540693	4598	0.85
1997-98			0	0.00	601193	774182	172989	22.34
1998-99		27	27	100.00	796429	813832	17403	2.14
1999-00			0	0.00	1057241	*1072278	15037	1.40

* Differs due to rounding

Budget estimates of discharge of public liabilities have fallen short of actuals in all the years during the nineties without exception.

8.15 This tendency is however reversed in the case of discharge of public liabilities also shown in Table 8.5, where the budget estimates have fallen short of the actuals by a wide margin in all the ten years without exception. In eight of these ten years, the prediction error has been more than 30 percent of the relevant actuals.

Estimating tax and non-tax revenues

8.16 Table 8.5 indicates the direction of error in estimating tax and non-tax revenues. The pronounced bias is that of over-estimating revenues. In eight out of ten years, leaving two years in the mid-nineties (1994-95 and 1995-96), tax revenues were over-predicted. This was also the general direction of error in non-tax revenues up to 1997-98. In the last two years, non-tax revenues did better than expectations.

Table 8.5: Estimating Tax and Non-Tax Revenues

Rs in crore

Year	*Tax Revenue				Non-Tax Revenue			
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	Actual minus BE	Difference as % of actual
1990-91	59606	57575	-2031	-3.53	32227	30947	-1280	-4.14
1991-92	68320	67361	-959	-1.42	36494	37573	1079	2.87
1992-93	75459	74639	-820	-1.10	44927	45641	714	1.56
1993-94	85408	75742	-9666	-12.76	52578	51627	-951	-1.84
1994-95	87136	92297	5161	5.59	63990	62932	-1058	-1.68
1995-96	103762	111224	7462	6.71	66558	68621	2063	3.01
1996-97	132145	128762	-3383	-2.63	79517	78472	-1045	-1.33
1997-98	153647	139220	-14427	-10.36	93119	92587	-532	-0.57
1998-99	155931	143797	-12134	-8.44	105329	110572	5243	4.74
1999-00	176774	171753	-5021	-2.92	119885	126323	6438	5.10

Source for BE: Annual Financial Statement.

* Includes share of income tax assigned to states.

Estimating Direct and Indirect Tax Revenues

Revenue from the indirect taxes have fallen short of budgeted amounts in most of the years during the nineties. The tendency to overestimate the revenues from the Union excise duties is especially pronounced.

8.17 Table 8.6 presents a comparison of the budget estimates and the corresponding actuals for major direct taxes. In the latter part of the nineties, the actuals fell consistently short of the budget estimates in the case of both corporation tax and income tax.

Chart 8.3: Projecting Tax Revenues:
Error as Percent of Actuals

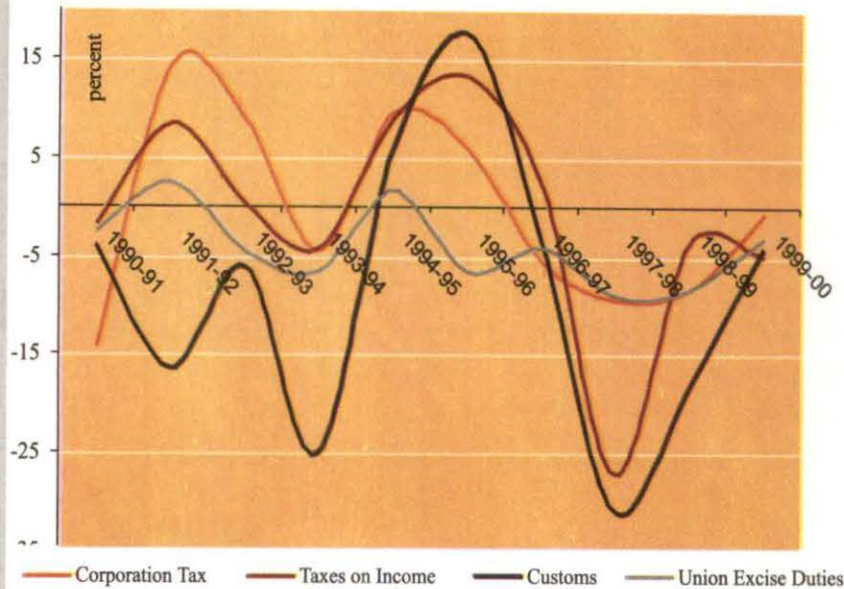


Chart 8.3 indicates estimation error for major tax revenues. The indirect taxes are shown to be below the horizontal axis indicating over estimation. Only in the mid nineties, there was some under estimation.

Table 8.6: Budget Estimates of Major Direct Taxes

Rs in crore

Year	Corporation Tax				Taxes on Income*			
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	Actual minus BE	Difference as % of actual
1990-91	6089	5335	-754	-14.13	5426	5335	-91	-1.71
1991-92	6704	7853	1149	14.63	6152	6731	579	8.60
1992-93	8125	8899	774	8.70	7870	7898	28	0.35
1993-94	10500	10060	-440	-4.37	9500	9123	-377	-4.13
1994-95	12480	13822	1342	9.71	10927	12029	1102	9.16
1995-96	15500	16487	987	5.99	13500	15592	2092	13.42
1996-97	19600	18567	-1033	-5.56	17843	18234	391	2.14
1997-98	21860	20016	-1844	-9.21	21700	17101	-4599	-26.89
1998-99	26550	24529	-2021	-8.24	20930	20240	-690	-3.41
1999-00	30850	30692	-158	-0.51	26910	25655	-1255	-4.89

8.18 Table 8.7 looks at the quality of budget estimates for major indirect taxes. Custom duties have been over projected throughout the nineties except for 1994-95 and 1995-96. The percentage variation has been as high as 31 percent in 1997-98. Clearly the impact of rate reduction in custom duties and the growth of imports were not properly estimated.

8.19 Revenues from Union excise duties have also been over projected in the budgets during the nineties. The only exceptions are 1991-92 and 1994-95. Since 1995-96, the Union excise duties have been over budgeted in all the years.

Table 8.7: Budget Estimates of Major Indirect Taxes

Rs in crore

Year	Customs				Union Excise Duties			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	21460	20644	-816	-3.95	25125	24514	-611	-2.49
1991-92	25899	22257	-3642	-16.36	27402	28110	708	2.52
1992-93	25212	23776	-1436	-6.04	32211	30832	-1379	-4.47
1993-94	27727	22193	-5534	-24.94	33751	31697	-2054	-6.48
1994-95	25200	26789	1589	5.93	36700	37347	647	1.73
1995-96	29500	35757	6257	17.50	42780	40187	-2593	-6.45
1996-97	44435	42851	-1584	-3.70	46883	45008	-1875	-4.17
1997-98	52550	40193	-12357	-30.74	52200	47962	-4238	-8.84
1998-99	48148	40668	-7480	-18.39	57690	53246	-4444	-8.35
1999-00	50369	48420	-1949	-4.03	63779	61902	-1877	-3.03

Source for BE: Annual Financial Statement.

Estimating Public Account Receipts and Disbursements

Receipts from small savings and provident funds have been consistently under-budgeted. Discharges from the public account etc. have also been under-budgeted.

8.20 Table 8.8 indicates the quality of budgeting regarding receipts from some of the important funds in the public account of India. The receipts from small savings and provident funds have been under budgeted through out the nineties except 1991-92. The error was just under 40 percent in 1997-98. In many other years also, it has been rather high. The under projection of drawal from deposits and advances has been even more pronounced with the percentage variation between budget estimates and actuals being more than 50 percent in several years.

**The CAG's Report on
Union Government Accounts 1999-2000**

Table 8.8: Budget Estimates vis-à-vis Actuals: Public Account Receipts

Rs in crore

Year	Small Savings, Provident Funds etc.				Reserve Funds			
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	Actual minus BE	Difference as % of actual
1990-91	28273	34907	6634	19.00	5356	5203	-153	-2.94
1991-92	32305	32100	-205	-0.64	5297	5907	610	10.33
1992-93	34227	35176	949	2.70	6811	7574	763	10.07
1993-94	43111	48107	4996	10.39	9491	9114	-377	-4.14
1994-95	50429	58645	8216	14.01	10283	11356	1073	9.45
1995-96	52538	58879	6341	10.77	10836	13907	3071	22.08
1996-97	59140	61647	2507	4.07	13205	14643	1438	9.82
1997-98	57030	93768	36738	39.18	13003	15820	2817	17.81
1998-99	77091	94407	17316	18.34	14717	14730	13	0.09
1999-00	119789	133580	13791	10.32	16717	17614	897	5.09

Year	Deposits and Advances				Suspense and Miscellaneous		Remittances	
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	BE	Actual
1990-91	12812	22558	9746	43.20	--	1010	--	513
1991-92	15308	27021	11713	43.35	--	1248	--	247
1992-93	10565	28807	18242	63.32	--	766	--	503
1993-94	16444	30455	14011	46.01	--	1581	--	495
1994-95	17391	34125	16734	49.04	--	3190	--	355
1995-96	18956	38375	19419	50.60	--	1447	--	357
1996-97	18637	45981	27344	59.47	--	3771	--	1284
1997-98	22595	51427	28832	56.06	--	7358	--	1247
1998-99	28199	45054	16855	37.41	--	5038	--	588
1999-00	16078	57825	41747	72.20	--	5315	--	401

8.21 The budgetary estimation of disbursement/expenditure is examined next in Table 8.9. The discharge of liability on the public account were underprojected in the budget estimates. The pattern of disbursement largely is determined by maturity periods of the various instruments. These should be estimated with a fair degree of accuracy. In addition, similar errors should not be repeated year after year. The tendency to underestimate is visible in all the major public account funds. In the case of deposits and advances, small savings, and provident funds, the margin of error as percentage of the actuals, is quite high. The highest difference, in the case of small savings and the provident funds is a little more than 27 percent, and that in deposits and advances, a little more than 62 percent.

Table 8.9: Budget Estimates vis-à-vis Actuals: Disbursements from Public Account

Rs in crore

Year	Small savings, provident funds, etc.				Reserve fund			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	12325	14858	2533	17.05	4968	4686	-282	-6.02
1991-92	14256	17707	3451	19.49	4990	5363	373	6.96
1992-93	16499	19873	3374	16.98	6592	7263	671	9.24
1993-94	21718	24553	2835	11.55	9307	8834	-473	-5.35
1994-95	28503	26776	-1727	-6.45	9968	9842	-126	-1.28
1995-96	32238	37662	5424	14.40	10321	13211	2890	21.88
1996-97	32722	36001	3279	9.11	11460	12597	1137	9.03
1997-98	29834	40942	11108	27.13	12548	15409	2861	18.57
1998-99	39446	53012	13566	25.59	14064	17006	2942	17.30
1999-00	275130	294627	19497	6.62	17364	17434	70	0.40

Year	Deposits and Advances				Suspense and Miscellaneous		Remittances	
	BE	Actual	Actual minus BE	Difference as % of actual	BE	Actual	BE	Actual
1990-91	10196	20714	10518	50.78	--	1336	--	277
1991-92	13350	26267	12917	49.18	--	1744	--	744
1992-93	14333	28571	14238	49.83	--	999	--	1190
1993-94	14934	30056	15122	50.31	--	3905	--	1393
1994-95	16945	31380	14435	46.00	- 275	1686	--	1473
1995-96	18089	34552	16463	47.65	- 456	3268	--	689
1996-97	16392	44036	27644	62.78	- 747	3974	--	2516
1997-98	20993	47509	26516	55.81	- 1251	5219	--	624
1998-99	25298	43424	18126	41.74	- 1251	4749	--	685
1999-00	20601	52015	31414	60.39	- 976	2038	--	1498

Estimating Expenditures Revenue Account: Main Categories

Generally, expenditures on economic services have turned out to be under-estimates.

8.22 Table 8.10 examines the budget estimates of expenditures revenue account of general, social and economic services, and grants-in-aid against their corresponding actuals. Generally, it is expected that expenditures that have been provided for in the budget should not be exceeded in actual

practice. If the actuals are larger than the budgeted estimates, it may indicate occurrence of some unanticipated event for which supplementary demands might have been raised. If a persistent excess of actuals over the budgeted magnitudes is observed, it would signify methodological flaws or the intention to understate expenditures so that revenue and fiscal deficits may look lower at the time of the presentation of the budget than what these are likely to be. On the other hand, if actual expenditures fall short of the budgeted amount, it would indicate failures of a different kind. In particular, departments/ ministries may be unable to spend because of lack of proper sequencing of expenditures, which may all be concentrated in the month of March, or other inadequacies.

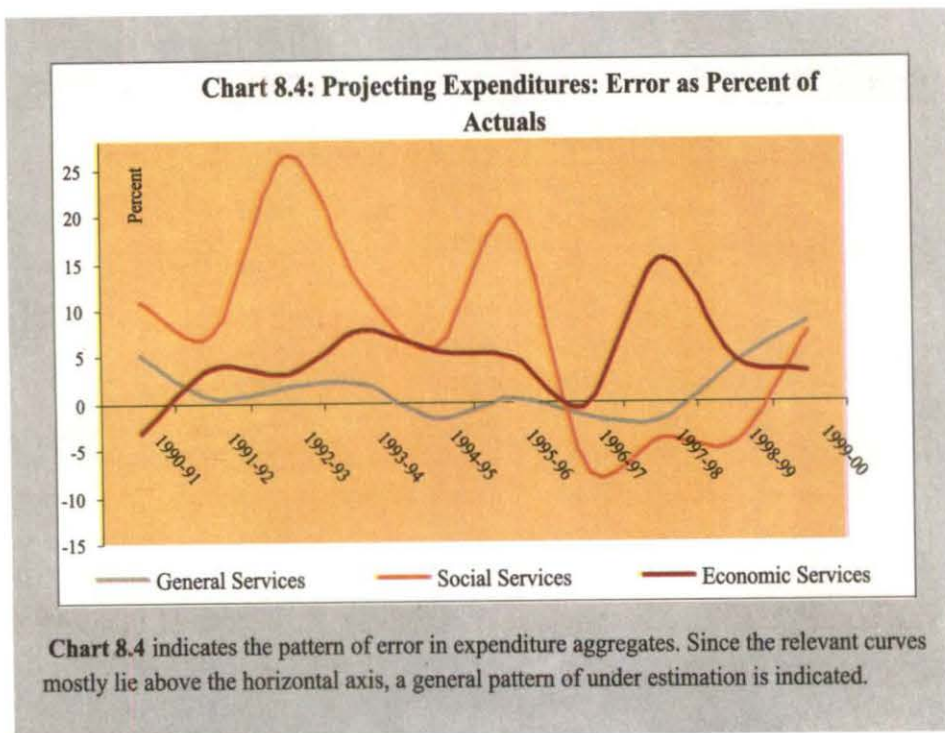


Table 8.10: Budget Estimates *vis-à-vis* Actuals: General, Social and Economic Services, and Grant-in-aid

Rs in crore

Year	General Services				Social Services			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	38940	41082	2142	5.21	3311	3715	404	10.87
1991-92	46980	47203	223	0.47	3740	4038	298	7.38
1992-93	54313	55234	921	1.67	3691	4524	833	18.41
1993-94	63090	64217	1127	1.75	4471	5096	625	12.26
1994-95	75232	73744	-1488	-2.02	5039	5353	314	5.87
1995-96	84660	84913	253	0.30	5906	7348	1442	19.62
1996-97	99481	97827	-1654	-1.69	9979	9325	-654	-7.01
1997-98	116710	114380	-2330	-2.04	12104	11633	-471	-4.05
1998-99	130368	135557	5189	3.83	14768	14147	-621	-4.39
1999-00	149742	163262	13520	8.28	15416	16638	1222	7.34

Year	Economic Services				Grant-in-aid			
	BE	Actual	Actual minus BE	Difference as % of Actual	BE	Actual	Actual minus BE	Difference as % of Actual
1990-91	35413	34250	-1163	-3.40	21808	23920	2112	8.83
1991-92	35355	36710	1355	3.69	26591	28140	1549	5.50
1992-93	39220	40446	1226	3.03	29619	32590	2971	9.12
1993-94	43694	47368	3674	7.76	35415	35637	222	0.62
1994-95	58545	61836	3291	5.32	36220	36766	546	1.49
1995-96	63163	66202	3039	4.59	41701	39840	-1861	-4.67
1996-97	74303	73857	-446	-0.60	45170	45362	192	0.42
1997-98	83471	98451	14980	15.22	48216	53267	5051	9.48
1998-99	95245	99687	4442	4.46	53912	51066	-2846	-5.57
1999-00	102679	105877	3198	3.02	59745	57417	-2328	-4.05

8.23 In the case of general services, the errors show a mixed pattern. For seven out of the ten years, from 1990-91 to 1999-00, actual expenditures exceeded the budgeted amount. The maximum departure was in 1999-00 amounting to 8.28 percent of the actual. This could have been due to supplementary demands following the Kargil War.

8.24 In the case of social services, for three years running from 1996-97 to 1998-99, actuals fell short of the budgeted amounts indicating that social service expenditure might have been cut in the wake of shortfall in revenues and the need to contain the fiscal deficit. The general pattern for economic services is that of actuals exceeding the budgeted amounts and the same is true of grants-in-aid. The overall pattern in the case of expenditures therefore is that of underestimation of the budgeted amounts.

Chapter 9

QUALITY OF GOVERNMENT ACCOUNTS

9.1 The Controller General of Accounts (CGA), in the department of expenditure, ministry of finance is the apex accounting authority for union civil accounts. He is responsible for consolidation of monthly accounts of the union government and for overseeing the observance of the required standards of accounting by the central civil accounts offices. He obtains the details from the controllers of accounts of the civil ministries for preparation of annual accounts of the union government, viz. summary civil appropriation accounts, and finance accounts including summary transactions of defence, railway, post and telecommunications.

Unreconciled accounts balance with the RBI

9.2 Table 9.1 shows the progressive position of the year-end unreconciled government balances with those of the RBI. The CGA needs to give an explanatory note to the finance accounts for the unreconciled balance at the end of the financial year.

Table 9.1: Variation in Book Figure and Account Figure of RBI

Rs in crore

Year	Deposits with RBI		
	As Per Finance Accounts	As Per RBI	Difference
1995-96	2832	2499	333
1996-97	2377	2071	306
1997-98	3289	2679	610
1998-99	3525	2927	598
1999-00	2661	2223	438

Incomplete review of Debt, Deposit and Remittance balances

9.3 As per paragraphs 13.13.1 and 13.13.2 of civil accounts manual, the Pay and Accounts Officers (PAOs) shall review and verify the balances under various debt, deposit and remittance heads at the close of a financial year. None of the PAOs, other than those of President's Secretariat, Rajya Sabha and CPAO, had completed the review of balances for the year 1998-99 as of March 2000. The CGA needs to ensure that the PAOs complete the prescribed review of balances before the finalisation of accounts.

Outstanding balances in suspense heads

9.4 The RBI is the banker of the government and other authorised public sector banks function as the RBI's agents while handling government transactions. The government books certain transactions of receipts and payments, which cannot be booked to a final head of account due to lack of information as to their nature, or for other reasons, in intermediate heads of account known as 'suspense heads' pending their final classification. Table 9.2 presents outstanding balances in suspense heads as on 31 March 2000. The CGA needs to improve the quality of maintenance of accounts to ensure that the balances in the suspense heads are kept to the bare minimum and to suitably annotate finance accounts, at respective places, as to the reasons.

Table 9.2: Outstanding balances under major suspense heads

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

Suspense Account for Purchases Abroad

9.5 The government makes direct payment for imports financed out of foreign loans and credit, by importers holding license for imports, under a 'direct payment procedure'. The Controller of Aid Accounts and Audit in the Department of Economic Affairs of the Ministry of Finance, keeps accounts of these transactions and operates the minor head 'Suspense Account for Purchases Abroad' for the purpose. These suspense balances must be cleared by payment of advance deposits by the importers. The importers have to pay interest on delayed payments, under the licensing agreements. At the end of 1999-00, suspense account for purchases abroad reflected a debit balance of Rs 1895.20 crore. Main defaulters were as follows: Pawan Hans Helicopter Ltd. - Rs 108.50 crore; NHPC - Rs 3.04 crore; UPSEB (ANPARA) - Rs 77.83 crore; Railway Board - Rs 33.27 crore; APSEB - Rs 186.05 crore; Hindustan Zinc Aid - Rs 105.29 crore; and Energy Efficient Grant - 344.43 crore; West Bengal Power Development Corporation - Rs 270.93 crore; MOST (Nizamudin Bridge) - Rs 28.74 crore; Rayala Seema Thermal Power Project - Rs 57.23 crore, Helicopter Corporation of India - Rs 21.91 crore, Orissa Power Sector Reform - Rs 31.06 crore, Pipavav Port Ship-breaking Project, Gujarat - Rs 15.18 crore, Maharashtra Power - Rs 38.31 crore; Health and Family Welfare - Rs 27.36 crore; National Highways - Rs 10.53 crore. Appendix X gives the details. The government needs to activate recovery of its dues from the importers and clear the outstanding debits in the suspense account.

Adverse Balances

9.6 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 1999-00 indicated 50 cases of adverse balances, as shown in Appendix XI. Out of these, 9 balances became adverse during the year 1999-00. Out of 41 old cases, four balances are adverse ever since 1976-77, i.e. pre departmentalised period and 37 balances are adverse from 1979-89 to 1998-99. The CGA stated that the adverse balances in matters of loans largely arose because of the exchange fluctuations, and were being finally written off after full repayment of loans. In the remaining cases, he

stated that he was following up the matter with the concerned ministries. The CGA had been annotating all the adverse balances in the finance accounts as being 'under investigation'. This situation must not continue in an open ended manner. The CGA needs to provide suitable explanatory memorandum in the finance accounts as to the progressive status of the adverse balances in each case, to improve the quality of accounts, including those cases as might have been hidden during consolidation.

Loss of interest of Rs 43.78 lakh on account of adverse balance

9.7 Statement No. 14-A of Union government finance accounts compiled by chief controller of accounts, department of economic affairs, ministry of finance, revealed an adverse balances of Rs 4.52 crore against five years zero coupon bond 2000 (I series). This adverse balance arose on account of the premature payment of Rs 7 crore (II series) in zero coupon bond 2000 (I series) by the RBI, and resulted in loss of interest of Rs 43.78 lakh.

Outstanding under 'Cheques and Bills'

9.8 This head is an intermediary accounting device for initial record of transactions, which are eventually to be cleared/withdrawn. Under the scheme of departmentalisation of accounts, payment of claims against government is made by the PAOs of different Ministries/Departments by cheques drawn on branches of the RBI or PSU Banks accredited to the Ministry/Department. When claims are preferred in the appropriate bill form to the PAO/Departmental Officer, the payment is authorised through issue of cheques, after exercising the prescribed checks and recording of pay order by the PAO/Departmental officer. At the end of the each month, the major head 8670-Cheques and Bills is credited by the total amount of the cheques delivered. On receipt of date-wise monthly statement 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 9.3 below shows that there were large outstanding balances under the minor heads 'cheques and bills' of 1999-00 finance accounts, which had the effect of overstating the government cash balance.

**The CAG's Report on
Union Government Accounts 1999-2000**

Table 9.3: Outstanding balances under minor heads 1999-00

		<i>Rs in crore</i>
(1) Pre-audit cheques	Cr.	0.48
(2) Pay and Accounts Offices Cheques	Cr.	5532.58
(3) Departmental Cheques	Cr.	181.37
(4) Treasury Cheques	Cr.	4.62
(5) IRLA Cheques	Cr.	2.20
(6) Telecommunication Accounts Office Cheques	Cr.	1996.77
(7) Postal Cheques	Cr.	11785.79
(8) Railway Cheques	Cr.	124.68
(9) Defence Cheques	Cr.	2742.26

Advancing of loans without finalisation of terms and conditions

9.9 The Union government has yet to finalise terms and conditions of the loans advanced to Shipping Credits and Investment Company of India Ltd., Bombay (Rs 41.33 crore, since 1987-88), and Rajiv Gandhi Cancer Institute and Research Center, New Delhi (Rs 29.26 since 1994-95).

Incorrect Classification of Expenditure

9.10 The UTs without their own consolidated fund, are not eligible for loans and advances from Union government, as the their loans would form part of the centre's own funds. Yet, the statement 15 of Union government finance accounts for 1999-00 exhibits the amounts of such loans and advances for centrally sponsored plan schemes to such UTs, per details shown in Table 9.4.

Table 9.4: Loans for Centrally Sponsored Plan Schemes

		<i>Rs in thousand</i>	
Name of the UT	Amount	Earliest period of loan	
(1) Daman and Diu	21296	1987-88	
(2) Lakshadweep	563	1991-92	
(3) Chandigarh	369	1987-88	
(4) Andaman and Nicobar Islands	4835	1989-90	
Total	27063		

Note: Up to 1986-87 the Daman and Diu was a part of greater UT namely, Goa, Daman & Diu

Chapter 10

APPROPRIATION ACCOUNTS 1999-00: A SUMMARY

10.1 The CAG sends to the President five different appropriation accounts pertaining to different sectors of activities of the government, viz. civil, defence, post, telecommunications, and railways for presentation to the Parliament. The numbers of demands for grants and appropriations of various ministries during 1999-00 were as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	96
Defence Services	5
Postal Services	1
Telecommunication Services	1
Railways	16
Total:	119

10.2 The respective ministries of defence, post, telecommunications, and railways prepare appropriation accounts of their respective grants. The CGA prepares the appropriation accounts in respect of 96 grants and appropriation of other civil ministries.

10.3 This report contains detailed audit observations on the appropriation accounts (civil) prepared by the CGA for the year 1999-00; and, only brief gist of audit findings on the appropriation accounts of defence, post, telecommunications, and railways, where appropriate. The CAG's Reports No. 6, 7, 8 and 9 of 2001 would contain detailed audit findings in respect of the appropriation accounts of defence, post, telecommunications, and railways.

Preparation and audit of civil appropriation accounts

10.4 The controllers of accounts of the ministries prepare head-wise appropriation accounts for each grant and appropriation of the ministry according to the classification prescribed in the detailed demands for grants, as passed by the Parliament. The secretary of each ministry approves the head-wise appropriation accounts of grants and appropriation administered by that ministry in his capacity as the chief accounting authority of the ministry. The

CAG audits the head-wise appropriation accounts. The CGA condenses audited appropriation accounts of various grants and appropriations of civil ministries¹ in the form approved by the Public Accounts Committee; and, presents these to the CAG, after countersignature of the Secretary, Department of Expenditure, for submission to the President of India in accordance with Article 151 of the Constitution of India.

10.5 The following chapters contain audit observations of the various facets of appropriation accounts (civil), including analysis of expenditure in excess

Box 10.1: Appropriation Accounts: constitutional provisions

The government introduces an Appropriation Bill to provide for appropriation out of the CFI, per provisions of Article 114 of the Constitution of India, soon after the House of the People makes the grants under Article 113. The Appropriation Act passed by Parliament contains authority to appropriate the specified sums from the CFI for the specified services. The 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. The CAG submits Appropriation accounts, along with his report under Article 151 of the Constitution, to the President every year, who causes them to be laid before each house of Parliament.

of allocation requiring regularisation by Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, and supplementary provision without requirement by some ministries, and detailed observations in respect of the ministries selected for in-depth examination.

10.6 Appendix XII presents a summary of appropriation accounts of gross sums expended during the year ended March 2000 relative to the corresponding sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 1999-00. This summary also includes figures of defence, post, telecommunications, and railways on gross basis. Table 10.1 gives the total provision and actual disbursements under civil ministries during 1999-00.

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

Table 10.1: Provision and Disbursements under Civil Ministries: 1999-00

<i>Rs in crore</i>			
Provision*		Disbursements*	
Original	642905.39		
Supplementary	26949.31		
Total gross provision	669854.70	Total gross Disbursements	601837.62
(Estimated) 4702.22	Recoveries in reduction of disbursements	(Actual)	4064.19
Total net provision	665152.48	Total net Disbursements	597773.43
Voted and charged provision and disbursements			
Provision		Disbursements	
	Voted	Charged	Voted
			Charged
Revenue	131417.99	129522.63	126341.78
Capital	26362.33	382551.75	22299.83
Total : gross	157780.32	512074.38	148641.61
Recoveries in reduction of disbursements	4695.54	6.68	4036.82
Total : net	153084.78	512067.70	144604.79
			453168.64

10.7 Out of the overall unspent provision of Rs 68017.08 crore in the grants pertaining to civil ministries/departments, Rs 59850.40 crore was on account of less than the budgeted drawal of 91 and 14 days treasury bills which resulted in repayments, which were less than the budgeted amounts. Excluding this, the effective unspent provision was of Rs 8166.68 crore. Out of this, Rs 591.51 crore was attributable to less interest payment on these treasury bills for the reasons stated above. If both the provision and unspent amounts for repayment of debt are ignored, the civil ministries ended with the aggregate unspent provision of Rs 12211.92 crore. Appendix XIII presents the net unspent provision in 215 sections of the grants and excess in two sections.

10.8 Appendix-XIV contains the details of the disbursements actually made against approved demands (grants and appropriations) of the civil ministries.

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

for the years 1990-91 to 1999-00. During these ten years, charged expenditure constituted 66 to 77 percent of the total disbursements from the CFI for the civil ministries.

10.9 The total disbursements of the civil ministries increased by 223 percent from Rs 186370 crore in 1990-91 to Rs 601838 crore during 1999-00. The charged disbursements increased by 244 percent from Rs 131689 crore to Rs 453196 crore and voted disbursements increased by 172 percent from Rs 54681 crore to Rs 148642 crore. The charged disbursements of civil ministries during 1999-00 was mainly on account of interest payments (Rs 94593 crore, i.e. 21 percent higher than Rs 77882 crore for 1998-99), repayment of debt (Rs 305088 crore), transfers to State and Union Territory governments mainly on account of states share of basic and additional union excise duties, block grants and loans for state plan schemes, loans to States and UTs against net small savings collection, loans for rural electrification etc. excluding share of net collection of income tax (Rs 52438 crore) and others (Rs 1077 crore); and, constituted 75 percent of the total disbursements.

Limited Scope of Financial Control by the Parliament

10.10 Since charged disbursements are not subject to vote by the Parliament, the scope of financial control by the Parliament gets limited to only about 25 percent of the total disbursement in the civil ministries. However, viewed in the background of the total disbursements from the CFI (Rs 741455 crore), the percentage of charged disbursements was 61 percent (Rs 453244 crore). If the disbursements on salary and allowances, which is largely inflexible, is also added to it, less than 25 percent of the total disbursement of the Consolidated Fund of India is effectively subject to the vote of the Parliament.

Original and Supplementary Grants under Civil Ministries

10.11 The original provision of Rs 642905 crore obtained for the year 1999-00 was 2.3 percent more than Rs 628741 crore obtained for 1998-99. The supplementary grants of Rs 26949 crore obtained subsequently during the year were 87 percent higher than the supplementary grants of Rs 14448 crore obtained during 1998-99. During 1999-00, although total disbursements of Rs 601838 crore was Rs 6329 crore lower than the total disbursements of Rs 608167 crore during 1998-99. The voted disbursements registered 7 percent increase whereas in charged disbursements there was decrease of

3 percent over the proceeding year. 67 percent of the charged disbursements pertains to repayment of debt and 21 percent to interest payments. Charged disbursements were 75 percent of the total disbursements under civil ministries. This included interest payments and repayment of debt, which accounted for 66 percent of the total disbursements under civil ministries.

Incurrence of expenditure without sanction

10.12 In accordance with the provisions of Rule 6 of General Financial Rules, 'subject to the provisions of Article 266(3), 267(1) and 283(1) of the Constitution, no authority may incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from government account unless such expenditure or transfer, as the case may be, has been sanctioned by general or special order of the government or by any authority to which power has been duly delegated in this behalf'. Scrutiny of Annexure 'B' of the appropriation accounts for 1999-00 revealed that disbursements on four items aggregating Rs 65 lakh had been made by Ministry of Finance without sanction in contravention of the aforesaid rules. This amount is included in the disbursements figures of respective grants of Ministry of Finance. The CGA, while certifying the disbursements, has qualified this amount from the point of view of sanction. Details of such cases for the last five years are given in Appendix-XV.

Disbursements in the last quarter and last month of the Financial Year

10.13 As per Note 3 of Rule 69 of General Financial Rules, rush of disbursements particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. Test checks revealed that, despite being pointed out by audit regularly in previous audit reports, disbursements ranging from 21 to 100 percent was made in the month of March 2000 in 87 major heads of 44 grants/appropriations. Disbursements made in the last quarter of the year ranged from 37 to 100 percent in 90 major heads of 44 grants/appropriations. A few instances are indicated in Appendix-XVI. The details in Appendix-XVI would indicate that major part of disbursements on grants-in-aid to State/Union Territory governments, capital outlay and investments, were made in the month of March. It is necessary to consider the functional impact of this practice. It should also be ascertained whether this practice had any impact on achievement of the overall targets of development, which takes into account

The CAG's Report on
Union Government Accounts 1999-2000

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

Chapter 11

APPROPRIATION ACCOUNTS 1999-00: AN ANALYSIS

Excess Disbursements Over Grants/Appropriations

11.1 As per Article 114(3) of the Constitution, no money is to be withdrawn from the CFI except under appropriations made by law passed in accordance with the provisions of this Article. Further, the GFR 71 stipulates that no disbursements should be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Appendix-XVII presents the details of excess expenditure over the sanctioned provision under civil ministries for the last ten years, i.e. from 1990-91 onwards. It is clear that the government was unable to arrest the incurring of excess expenditure. During 1999-00 there was an excess disbursements of Rs 5650506 (i.e. Rs 0.57 crore) in two segments of two grants in civil ministries. Table 11.1 contains the summary of total excess over the authorisation from the CFI and Appendix-XVIII has the details.

Table 11.1 Excess Disbursements Over Grants/Appropriations: 1999-00

		<i>Rs in crore</i>		
		Civil	Defence	Railways
<i>Voted</i>	Revenue	-	-	57.74 (Rs 577380203)
	Capital	0.49 (Rs 492010)	-	-
<i>Charged</i>	Revenue	0.52 (Rs 5158496)	0.0069 (Rs 68658)	0.49 (Rs 4907000)
	Capital	-	-	-
Total Excess		0.57 (Rs 5650506)	0.0069 (Rs 68658)	58.23 (Rs 582287203)
No of Grants/ Appropriations		2	1	8
Grand Total				588006367

11.2 The excess disbursements of Rs 0.57 crore in two segments of two grants pertaining to civil ministries; Rs 0.0069 crore under one appropriation of defence services and Rs 58.23 crore under three grants and five appropriations of railways as detailed in Appendix XVIII require regularization under Article 115 (1) (b) of the Constitution.

11.3 The details of excess disbursements in post and telecommunications, defence and railways as also on other items relating to these grants are mentioned in the reports numbers 6, 7, 8 and 9 of 2001 respectively of the CAG.

Deficient Control of the Pay and Accounts Offices

11.4 As per provisions of Annexure A to the note 3 under Rule 66 of the 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 1999-00 revealed 22 cases of 15 grants and appropriations, detailed in Appendix-XIX, where the PAO of the ministries, made payments of Rs 171.74 crore in excess of the available provisions without necessary re-appropriations, indicating deficient financial management and ineffective expenditure control by the PAOs.

Blockade of Funds – Rs 3.25 crore

11.5 As per provisions of Rule 69 of the GFR, departments of the Central government are required to surrender all the anticipated provisions that cannot be profitably utilized during a year to the Finance Ministry before the close of financial year. No saving should be held in reserve for possible future excesses. It is contrary to the interest of the government that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of the grant could be avoided. Scrutiny of the head-wise appropriation accounts and connected documents pertaining to the grants of three departments under the control of the Ministry of Health and Family Welfare for the year 1999-00 revealed that refund of unspent balances under various schemes by the implementing agencies to the tune of Rs 18.17 crore has been shown as “deduct recoveries towards overpayments”. Out of this, amount of Rs 3.25 crore (Rs 36.63 lakh- Family Welfare, Rs 231.89 lakh- Health and Rs 56.02 lakh- ISM&H) was on account of demand drafts and

cheques drawn during 1997-1999 and cancelled during 1999-00 due to becoming time-barred.

11.6 The Ministry stated, in October 2000, that amounts booked are not overpayments, but they pertain to refund of unspent balances and credits on account of cancelled, time-barred cheques/demand drafts.

11.7 The Ministry's reply is not tenable because the demand drafts and cheques were drawn mostly on the last day of the financial year without assessing the actual requirement and with the intention to avoid surrender of saving and lapse of the funds during 1997-98 and 1998-99. As such the blocking of funds without requirement and later on crediting the same in the subsequent financial years as time-barred instrument was not in order.

Unspent provisions

11.8 Unspent provisions in a grant or appropriation indicate either poor fiscal marksmanship, or shortfall in performance, or both. As already mentioned in chapter 10, the overall unspent provision in the budget of government (other than post, telecommunications, railways and defence) totalled Rs 68017.08 crore. Out of this, unspent provision of Rs 59850.40 crore was due to less discharge of 91 and 14 days treasury bills consequent upon less issue of the treasury bills than what was estimated. The total unspent provision also included Rs 591.51 crore on account of less payment of interest on treasury bills for the same reason. Excluding these two, the effective unspent provision was Rs 7575.17 crore. Table 11.2 presents a summary of unspent provision under various grants/appropriations.

Table 11.2: Summary of Grants and Appropriations 1999-00
with unspent provision of over Rs 20 crore

	Above Rs 100 crore			Below Rs 100 crore but above Rs 20 crore		
	Number of			Number of		
	Cases	Grants	Appropriations	Cases	Grants	Appropriations
Civil	32	26	2	37	32	-
P&T	2	1	-	1	1	-
Defence	5	5	-	-	-	-
Railways	5	4	-	7	7	-

11.9 A detailed scrutiny of the Appropriation Accounts revealed that certain grants and appropriations such as related to Agriculture, Department of Fertilizers, Transfers to State and Union Territory governments, Ministry of Environment and Forests, Department of Rural Development, Repayment of Debt, Department of Education, Ministry of Social Justice and Empowerment, Department of Health, Department of Rural Employment and Poverty Alleviation, Currency, Coinage and Stamps, Roads, etc. have been registering unspent provision which are not only persistent but display an increasing trend which continued during the year 1999-00. Such large scale unspent provisions are indicative of the need on the part of these ministries to review their system of budgetary assumption or/and efficiency of their programme management. Necessary steps need to be taken to make the budgetary exercise more realistic not only to minimize large-scale variations between the estimates and actuals but also to gainfully utilize the scarce resources to meet the competing demands of various sectors of the economy.

Unspent Provision of and over Rs. 100 crore

11.10 The Public Accounts Committee in para 1.24 of their 60th Report (Tenth Lok Sabha) presented in February 1994 commented on the sharp increase in the unspent provision as compared to the sanctioned provision. The Committee desired that Ministry of Finance should take the issue seriously with appropriate measures to overcome the unfortunate situation of large unspent provision, and also desired that detailed explanatory note in respect of unspent provision from a grant or appropriation of Rs 100 crore and above during each year be furnished to the Committee. As against 25 cases during 1998-99, there were 32 cases during 1999-00 where unspent provision of Rs 100 crore and above occurred. Table 11.3 gives a summary of these cases and Table 11.4 gives the main contributory reasons and schemes affected by unspent provision under these grants.

**Table 11.3: Summary of Unspent Provision
Exceeding Rs 100 crore under a Grant/Appropriation**

Rs in crore

S. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
Revenue-Voted			
1.	1- Agriculture (Ministry of Agriculture)	320.09	5
2.	5-Department of Chemicals and Petro-Chemicals (Ministry of Chemicals and Fertilizers)	110.64	37
3.	6-Department of Fertilizers(Ministry of Chemicals and Fertilizers)	399.97	4
4.	10- Department of Sugar and Edible Oils (Ministry of Food and Consumer Affairs)	145.26	21
5.	12-Department of Commerce (Ministry of Commerce)	173.41	16
6.	16-Ministry of Defence	131.49	4
7.	23-Ministry of Environment and Forests	149.82	19
8.	39-Department of Health (Ministry of Health and Family Welfare)	162.30	8
9.	45-Other Expenditure of the Ministry of Home Affairs	137.35	20
10.	47-Department of Education (Ministry of Human Resource Development)	596.84	8
11.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	122.05	17
12.	68-Department of Programme Implementation (Ministry of Planning and Programme Implementation)	190.49	12
13.	70-Department of Rural Development (Ministry of Rural Areas and Employment)	125.41	5
14.	71-Department of Rural Employment & Poverty Alleviation (Ministry of Rural Areas and Employment)	325.81	5
15.	77-Department of Mines (Ministry of Steel and Mines)	178.04	38
16.	79- Roads (Ministry of Surface Transport)	250.90	9
17.	88-Ministry of Social Justice and Empowerment	134.30	12

**The CAG's Report on
Union Government Accounts 1999-2000**

S. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
Revenue-Charged			
18.	28- Interest Payments (Ministry of Finance)	1810.76	2
19.	29-Transfers to State and Union Territory Governments (Ministry of Finance)	707.37	2
Capital-Voted			
20.	26-Currency, Coinage and Stamps (Ministry of Finance)	239.61	42
21.	27-Payments to Financial Institutions (Ministry of Finance)	1358.54	20
22.	36-Direct Taxes (Ministry of Finance)	118.44	72
23.	39-Department of Health (Ministry of Health and Family Welfare)	153.99	36
24.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	238.69	87
25.	69-Ministry of Power	178.50	6
26.	79-Roads (Ministry of Surface Transport)	389.39	10
27.	80-Ports, Lighthouses & Shipping (Ministry of Surface Transport)	163.21	27
28.	83-Urban Development (Ministry of Urban Affairs and Employment)	103.95	20
29.	89-Atomic Energy (Department of Atomic Energy)	117.74	14
30.	93-Department of Space	151.21	39
Capital-Charged			
31.	29-Transfers to State and Union Territory Governments (Ministry of Finance)	439.18	2
32.	31-Repayment of Debt (Ministry of Finance)	55805.16	15

Table 11.4: Details of Schemes Effected due to unspent provision exceeding Rs 100 crore under a Grant/Appropriation

		<i>Rs in crore</i>	
Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
Revenue-Voted			
1.	1- Agriculture (Ministry of Agriculture)	320.09	5
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Integrated Development of Onion and Potato (Rs 6.00 crore)	Non-approval/ dropping of the schemes.	
ii.	Marketing and Quality Control (Rs 10.00 crore)	Replacement/amalgamation of the schemes.	
iii.	Modernization of agriculture through mechanisation (Rs 5.00 crore)	Less demand from implementing agencies.	
iv.	Promoting use of Informatics in agriculture (Rs 16.01 crore)	Economy in administrative expenditure.	
v.	Technology Mission for North Eastern States (Rs 5.00 crore)	Availability of unspent balances with State/Union Territory governments.	
vi.	On Farm Water Management for increasing of production in Eastern India (Rs 39.97 crore)		
vii.	Establishment and maintenance of Seed Bank (Rs 11.31 crore)		
viii.	Training of women in agriculture (Rs 4.00 crore)		
ix.	National Agriculture Technical Project (Rs 6.64 crore)		
x.	National Watershed Development Programme for Rainfed Agriculture (Rs 32.19 crore)		
xi.	Intensive Cotton Development Programme (Rs 34.77 crore)		
xii.	Sustainable Development of Sugarcane based cropping (Rs 9.74 crore)		
xiii.	Development of Pulses (Rs 5.75 crore)		
xiv.	Oil Seeds Production Programme (Rs 9.10 crore)		
xv.	Integrated cereal Development Programme (Rs 40.13 crore)		

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
2.	5-Department of Chemicals and Petro-Chemicals (Ministry of Chemicals and Fertilizers)	110.64	37
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Subsidy to Assam Gas Cracker Complex (Rs 26.00 crore)	Non-release of subsidy to State government for Assam Gas Cracker Complex owing to lack of demand, non-finalisation of gas supply agreement and land related issue and also due to contribution to non-lapseable pool for North East Region.	
ii.	Bhopal Gas Leak Disaster (Processing of claims) Act 1985 (Rs 79.68 crore)	Less than anticipated receipt of compensation claims from victims of Bhopal Gas Leak Disaster. Economy measures.	
3.	6-Department of Fertilizers (Ministry of Chemicals and Fertilizers)	399.97	4
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Import of Fertilizer-subsidies (Rs 1076.99 crore)	Curtailed import of Urea.	
ii.	Fertilizers subsidy (Rs 29.73 crore)	Less receipt of claims towards expenditure on interest and customs duty from the newly Commissioned Fertilizers Manufacturing Industries.	
4.	10- Department of Sugar and Edible Oils (Ministry of Food and Consumer Affairs)	145.26	21
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Sugar subsidy payable to FCI and others on account of levy sugar- import of sugar etc. (Rs 125.00 crore)	Less release of food subsidy to the Food Corporation of India and others owing to raising of all India average ex-factory levy sugar price.	
ii.	Subsidy for maintenance of buffer stocks of sugar (Rs 16.90 crore)	Less than anticipated receipt of claims for release of subsidy owing to procedural constraints.	

Appropriation Accounts 1999-00: An Analysis

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
5.	12-Department of Commerce (Ministry of Commerce)	173.41	16
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Payment to ECGC to meet liabilities in respect of interest payable on Bonds (Rs 14.10 crore)	Clearance of all liabilities for Iraqi Bonds.	
	ii. Export Subsidy- Product Promotion and Commodity Development (Rs 107.18 crore)	Non-receipt of claims from exporters in time.	
	iii. Agricultural Products Export Development Authority (Rs 12.43 crore)	Non-approval of certain plan schemes.	
	iv. India Trade Promotion Organisation (Rs 4.85 crore)	Economy in expenditure and reduction of plan outlay by Ministry of Finance.	
	v. Tea, Coffee and Rubber Boards (Rs 17.69 crore)		
6.	16-Ministry of Defence	131.49	4
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Defence Account Department (Rs 11.80 crore)	Non-receipt of Dossiers from Staff Selection Commission for filling up of vacant posts, implementation of economy/ austerity instructions of Ministry of Finance.	
	ii. Canteen Stores Department- Directorate of Canteen Services (Rs 121.62 crore)	Non-achievement of sale targets of the Canteen Stores Department items following frequent and large scale movement of troops to join Kargil operation.	
7.	23-Ministry of Environment and Forests	149.82	19
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Taj Protection Mission (Rs 38.00 crore)	Delay in engagement of consultants and selection of trainers and recalling of tenders for the purchase of equipments on account of change in specification.	
	ii. Indian Council of Forestry Research and Education (Rs 13.00 crore)		
	iii. Wild Life Preservation (Rs 15.01 crore)	Cut imposed at revised estimate stage by the Ministry of Finance.	
	iv. Ganga Action Plan Phase-II (Rs 29.61 crore)		
	v. India Environment Management Capacity Building Technical Assistance Project (Rs 14.11 crore)	Less utilization of research grant by Universities and NGOs.	
	vi. Prevention of Air and Water Pollution-	Non-sanction of posts/vehicles by Ministry of Finance and non-arranging	

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
	National Review Action Plan (Rs 7.95 crore)	of workshops.	
vii.	Eco-Development around important protected areas (Rs 7.73 crore)	Non-finalisation of terms and conditions of consultants.	
viii.	Fuel wood and Fodder Projects (Rs 4.62 crore)	Non/late/less-receipt of proposals/projects from the State governments.	
8.	39-Department of Health (Ministry of Health and Family Welfare)	162.30	8
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Urban Health Services- Allopathy- Hospitals and Dispensaries (Rs 11.33 crore)	Non-setting up of Accident and Trauma Centre and carry forward of unspent grant of previous year.	
ii.	Medical Education, Training and Research- Allopathy-Education (Rs 21.27 crore)	Late receipt of proposals for publicity under urban area of State of Gujarat and Navi Mumbai and non-finalisation of agency for execution of civil works.	
iii.	Prevention and Control of Diseases (Rs 108.55 crore)	Non setting up of State Illness Funds by State governments and Union Territory of Pondicherry and less release of funds on account of less contributions by States.	
iv.	Assistance towards expenditure on Hospitalisation of the poor (Rs 22.85 crore)	Non-supply of chloroquine tablets by M/S Goa Antibiotics and cancellation of tender for procurement of pricking needles (Lancet).	
v.	Setting up of National Illness Assistance Fund (Rs 4.50 crore)	Less purchase/delay in procurement of machinery and equipments, materials and goods.	
vi.	Cancer Research and Treatment Programme (Rs 5.00 crore)	Economy cut imposed by the Ministry of Finance.	
vii.	Training- other schemes (Rs 9.11 crore)		
viii.	Public Health Laboratories – Other Schemes (Rs 8.04 crore)		
9.	45-Other Expenditure of the Ministry of Home Affairs	137.35	20
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Payment to the former Chogyal (Rs 10.00 crore)	Non-sanction of funds/non-finalisation of some schemes and delay in clearance of projects.	
ii.	National Identity Card Scheme (Rs 5.00 crore)	Non-settlement of claims submitted by the Ex-Chogyal of Sikkim.	
iii.	Other Rehabilitation Schemes – Assam (Rs 5.76 crore)	Non-feasibility of implementation of the scheme of 'National Identity Card	

Appropriation Accounts 1999-00: An Analysis

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
iv.	Debt Relief Scheme for the Borrowers in the State of Jammu and Kashmir (Rs 50.01 crore)	Scheme. Reduction in number of borrowers and delay in clearance of the Project under debt relief scheme.	
v.	Repatriates from Sri Lanka – Relief Grants (Rs 5.00 crore)	Delay in submission of action plan by government of Assam for shifting fifteen thousand refugee families to their erstwhile villages.	
vi.	Schemes of North Eastern Council (Rs 45.02 crore)	Non-sanction of schemes by the concerned State governments of Meghalaya and Tripura.	
vii.	Other Miscellaneous items (Rs 18.99 crore)	Reduction of grant at revised estimates stage by Ministry of Finance	
10.	47-Department of Education (Ministry of Human Resource Development)	596.84	8
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	National Programme of Media Publicity and Advocacy of UEE (Rs 10.00 crore)	Non-approval/non-operation of some of the schemes/proposals.	
ii.	National Elementary Education Mission (NEEM) (Rs 10.00 crore)	Carry forward of unspent balances available with State/Union Territory governments/nodal/ implementing agencies.	
iii.	Free Education for Girls (Rs.160.00 crore)	Late/non-revision of the norms of the schemes of 'non-formal education'.	
iv.	Direct Central Assistance to Central Institutions and Regional and State Engineering Colleges (Rs 10.00 crore)	Non-receipt of approval from the Cabinet Committee on Economic Affairs.	
v.	Strengthening of Teachers Training Institutions (Rs 20.00 crore)	Receipt of less proposals for release of funds from implementing agencies/State/Union Territory governments.	
vi.	Lok Jumbish Rajasthan Project (Rs 30.25 crore)	Delay in construction of new building of National Open School at NOIDA.	
vii.	District Primary Education Programme (Rs 77.14 crore)	Late approval of norms for enhancement of assistance to voluntary organizations.	
viii.	Non-formal Education Programme (Rs 195.20 crore)	Non-filling up of vacant posts.	
ix.	National Open School (Rs 7.00 crore)	Ten per cent mandatory cut imposed by Ministry of Finance.	
x.	Setting up of Model Schools (Navodaya Vidyalayas) (Rs 43.37 crore)		
xi.	Adult Education (Rs 35.86 crore)		
xii.	All India Council for Technical Education (Rs 21.23 crore)		
xiii.	Community Polytechnics (Rs 30.02 crore)		

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
	xiv. Improvement in the pay scale of University and college teachers (Rs 541.07 crore)		
	xv. Revision of Pay scales of Teachers of Technical Institutions (Rs 69.61 crore)		
	xvi. Operation Black Board (Rs 85.41 crore)		
11.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	122.05	17
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
	i. Opening of Tool Rooms (Rs 9.74 crore)	Receipt of less proposals from State/Union Territory governments/ implementing agencies/small Industries Development Board of India.	
	ii. Infrastructural Development for SSIs in Rural Areas (Rs 10.00 crore)	Deferment of the scheme of opening of Tool Room to next year.	
	iii. Rural Employment Generation Programme- Implementation of Recommendation of HPC (Rs 128.97 crore)	Slow implementation of programme and availability of unspent balances with State Khadi and Village Industries Boards.	
		Reduction in provision for utilization under non-lapseable pool for North Eastern Region.	
		Slow pace of expenditure.	
		Delay in approval of CAD/CAM centre Chennai.	
12.	68-Department of Programme Implementation (Ministry of Planning and Programme Implementation)	190.49	12
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
	i. MP Local Area Development Scheme- Assistance to District Rural Development Agencies/Local Bodies (Rs 189.76 crore)	Non-receipt of expenditure statement from the nodal offices	
13.	70-Department of Rural Development (Ministry of Rural Areas and Employment)	125.41	5
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
	i. Rural Water Supply Programme (Rs 80.17 crore)	Carry forward of unspent balances with State governments/implementing agencies.	
	ii. Sewerage and Sanitation – Sanitation		

Appropriation Accounts 1999-00: An Analysis

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
	Services (Rs 16.70 crore)	Cut imposed at revised estimates stage.	
iii.	National Old Age Pension Scheme- Assistance to implementing agencies (Rs.29.06 crore)		
14.	71-Department of Rural Employment & Poverty Alleviation (Ministry of Rural Areas and Employment)	325.81	5
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Training of Rural Youth for Self-Employment (Rs 69.90 crore)	Availability of huge balances with the State governments/implementing agencies.	
ii.	Rural Artisans (Rs 70.00 crore)	Merger of some schemes with the new scheme of Swaranjayanti Gram Swarozgar Yojana.	
iii.	Development of Women and Children in Rural Areas (Rs 116.00 crore)	Receipt of less proposals from the States/implementing agencies.	
iv.	Million Wells Scheme (Rs 100.00 crore)	Cut imposed by Ministry of Finance.	
v.	Indira Awaas Yojana (Rs 100.06 crore)		
vi.	Jawahar Rojgar Yojana (Rs 24.20 crore)		
15.	77-Department of Mines (Ministry of Steel and Mines)	178.04	38
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Subsidy to Hindustan Copper Ltd. (Rs 167.43 crore)	Non-materialisation of purchases indents placed with Directorate General of Supplies and Disposals.	
ii.	Miscellaneous Major Expenditure on Different Operation (Rs 18.41 crore)	Non-requirement of funds due to book adjustment only for waiver of interest to Hindustan Copper Ltd.	
		Mandatory cut imposed by Ministry of Finance.	
16.	79- Roads (Ministry of Surface Transport)	250.90	9
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	National Highways – Road Works – Maintenance by Roads Wing (Rs 258.90 crore).	Non-finalisation of prescribed requirement/tenders and adjustment of less claims.	
ii.	Strategic and Border Roads – Other Expenditure – Bhutan Compensatory allowance (Rs 10.43 crore)	Less posting of personnel in Bhutan.	
iii.	Highway Research (Rs 9.28 crore)	Less demand for ongoing works, non-clearance of Highway Management Scheme.	
		Less than anticipated utilisation for	

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
	iv. Air Lift Charges (Rs 6.29 crore)	World Bank Training.	
17.	88-Ministry of Social Justice and Empowerment	134.30	12
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Kasturba Gandhi Swatantrata Vidyalaya (Rs 50.00 crore)	Non/less receipt of proposals from State governments/voluntary organizations.	
ii.	Special Education Development Programme for girls belonging to SCs of very low literacy level (Rs 4.30 crore)	Non/late approval of proposals/schemes. Reduction in the allocation of funds.	
iii.	Assistance to voluntary organizations for Scheduled Castes (Rs 4.39 crore)		
iv.	Assistance to voluntary organizations for Scheduled Tribes (Rs 14.78 crore)		
v.	Education complex in low literacy pockets for development of women literacy in tribal areas (Rs 6.97 crore)		
vi.	Assistance to voluntary organizations for programmes relating to Aged (Rs 4.19 crore)		
vii.	Other schemes (Rs 32.33 crore)		
Revenue-Charged			
18.	28- Interest Payments (Ministry of Finance)	1810.76	2
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Interest on Investment in special Government of India securities issued against net collections of small savings from 1999-00 (Rs 560.00 crore)	Less than anticipated issue of Treasury Bills. Change in the market borrowing programme.	
ii.	Interest on Market Loans (Rs 1591.61 crore)	Decline in interest rate on Ways and Means Advances.	
iii.	Discount on Treasury Bills- 91 days Treasury Bills (Rs 423.14 crore)	Exchange rate variation.	
iv.	14-days Treasury Bills (Rs 168.37 crore)	Less interest payment on account of more withdrawal of fund by the LIC/GIC.	
v.	Interest on Ways and Means Advances (Rs 220.88 crore)	Less issue of securities than planned on account of improvement in financial position of UTI.	
vi.	Compensation and other Bonds (Rs 137.41 crore)		
vii.	Interest on External Debt.		
viii.	Interest on Special Deposits and Accounts		
ix.	Interest on Reserve Funds	Less payment of interest owing to less appropriation to and more withdrawals from the funds than anticipated.	
x.	Interest on special bonds to oil companies		

Appropriation Accounts 1999-00: An Analysis

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
	against OCC liabilities (Rs 299.79 crore)	Premature redemption of bonds.	
19.	29-Transfers to State and Union Territory governments (Ministry of Finance)	707.37	2
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Grants for upgradation of services and special problem (Rs 802.68 crore)	Less release of grants to State governments owing to non-receipt of utilization/completion certificate.	
ii.	Contribution to Calamity Relief Fund (Rs 26.58 crore)	Non-release of 4 th instalment of Calamity Relief Fund to Bihar, Maharashtra and Manipur, as these governments did not constitute Calamity Relief Fund until 31.3.2000.	
iii.	Grants for Local Bodies (Rs 622.24 crore)	Shortfall in collection of Additional Excise Duties in lieu of Sales Tax.	
iv.	States share of Additional Excise Duties in lieu of Sales Tax (Rs 675.38 crore)		
Capital-Voted			
20.	26-Currency, Coinage and Stamps (Ministry of Finance)	239.61	42
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Purchase of metal and import of coins from abroad (Rs 186.74 crore)	Non-receipt of metals owing to delay in finalisation of agreement and non-receipt of inward claims for balance two percent payment of stainless steel blank coins.	
ii.	Buildings, Plant and Machinery of Security Paper Mills, Mint and India Security Press Nasik (Rs 54.20 crore)	Less receipt of uncurrent and confiscated coins.	
		Delay in inspection and shipment of coins following revision of policy of inspection.	
		Delay in financial and administrative approval for construction of building.	
		Non-procurement of machinery owing to non-finalisation of tenders for six colour offset machines.	

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
21.	27-Payments to Financial Institutions (Ministry of Finance)	1358.54	20
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Subscription to the share capital of Export-Import Bank of India (Rs 50.00 crore)	Reduction of provision at revised estimates stage as per decision to restrict the release of share capital.	
ii.	Payment to Unit Trust of India (Rs 1510.00 crore)	Less requirement towards payment to Unit Trust of India owing to fall in book value of securities transferred from US-64 to SUS-99.	
iii.	Loans to National Bank for Agricultural and Rural Development and Industrial Credit and Investment Corporation of India (Rs 39.30 crore)	Receipt of less than anticipated claims for reimbursement from Banks/Corporations owing to less disbursement of funds by foreign agencies.	
22.	36-Direct Taxes (Ministry of Finance)	118.44	72
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Acquisition of Ready-built Accommodation (Rs 65.21 crore)	Non-finalisation of proposals for purchase of various suitable office/residential accommodation.	
ii.	Acquisition of immovable property under Chapter XXC of Income Tax Act, 1961 (Rs 28.96 crore)	Less acquisition of immovable properties.	
iii.	Residential Buildings for Income Tax Employees (Rs 24.27 crore)		
23.	39-Department of Health (Ministry of Health and Family Welfare)	153.99	36
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	Purchase of Materials in India and Abroad (Rs 86.45 crore)	Non-procurement of propriety items owing to non-finalisation of vocabulary of Medical Stores	
ii.	Bulk purchase of material and equipment for National AIDS Control Programme (Rs.23.16 crore)	Non-receipt of indents from North-Eastern region by Government Medical Store Depot, Guwahati	
iii.	Bulk purchase of material and equipment for prevention of Visual Impairment and Control of Blindness and Trachoma Control Programme (Rs 11.99 crore)	Non-procurement of equipments on account of delayed finalisation of bids etc.	
iv.	National Malaria Eradication Programme (Rs 30.61 crore)	Delay in completion of procurement procedures on account of clearance of issues relating to tender evaluation from World Bank	

Appropriation Accounts 1999-00: An Analysis

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
			Non-receipt of delivery of goods and economy cuts.
24.	54-Department of Small Scale Industries and Agro & Rural Industries (Ministry of Industry)	238.69	87
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Khadi and Village Industries (Rs 238.66 crore)	Post budget decision for reduction of provision relating to renewal of past loans of Khadi Industries.	
25.	69-Ministry of Power	178.50	6
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Investment in/Loans to Rural Electrification Corporation Ltd. (Rs 59.17 crore)	Post budget decision not to release equity but to allow the Rural Electrification Corporation to raise resources from the market.	
ii.	Investment in/Loans to Nathpa Jhakri Power Corporation (Rs 93.00 crore)	Slow progress of work in major civil contracts on account of disruptions.	
iii.	Sardar Sarovar Scheme (Rs 37.27 crore)	Non-receipt of proposals from State Government of Madhya Pradesh for proportionate release of Government of India's share in resource gap.	
iv.	Loans to Tehri Hydro Development Corporation (Rs 18.00 crore)	Delay in receipt of matching contribution from State Government of Uttar Pradesh.	
v.	Loans to Power Grid Corporation of India (Rs 74.52 crore)	Receipt of less than anticipated claims from State Electricity Board.	
		Non-procurement/delay in supply of equipments.	
26.	79-Roads (Ministry of Surface Transport)	389.39	10
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	National Highways – Road works- Works under Road Wing (Rs 391.34 crore)	Less sanction of schemes	
ii.	Work Financed from National Highways Permanent Bridges Fees Fund (Rs 17.18 crore)	Non-payment of certain claims for want of documents	

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
27.	80-Ports, Lighthouses & Shipping (Ministry of Surface Transport)	163.21	27
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Survey Vessels (Rs 7.82 crore)	Reduction in quantum of work.	
	ii. Loans to Port Trust (Rs 136.44 crore)	Non-mobilisation of Dredger.	
	iii. Hooghly Dock and Ports Engineers Ltd. (Rs 6.30 crore)	Deferment of some payments.	
	iv. Hindustan Shipyard Ltd. (Rs 5.00 crore)	Delay in production of Hydrographic Vessel.	
	v. Cochin Shipyard Ltd. (Rs 5.00 crore)	Reduction of provision at revised estimates stage.	
28.	83-Urban Development (Ministry of Urban Affairs and Employment)	103.95	20
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Government residential Buildings (Rs 56.09 crore)	Non-receipt of administrative approval and expenditure sanction for purchase of land/construction of residential accommodation.	
	ii. Investment in/Loans to Local Bodies/Corporations/Public Sector and other undertaking (Rs 49.00 crore)	Budgetary cut imposed by Ministry of Finance at revised estimates stage. Non-commencement of construction works.	
29.	89-Atomic Energy (Department of Atomic Energy)	117.74	14
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
	i. Investment in Indian Rare Earth Limited and Uranium Corporation of India Limited (Rs 18.00 crore)	Non/delay in receipt of equipment, consumables, materials and other supplies.	
	ii. Heavy Water Production (Rs 98.50 crore)	Slow progress of works/projects.	
	iii. Nuclear Fuel Complex (Rs 10.28 crore)	Downward revision of energy tariff.	
	iv. Fuel Reprocessing (Rs 57.63 crore)		
	v. Board of Radiation and Isotope Technology (Rs 9.06 crore)	Reassessment of requirement and reduction in the cost of finished products.	
	vi. Bhabha Atomic Research Centre (Rs 5.31 crore)	Rescheduling of procurement of equipment.	
	vii. Indira Gandhi Centre for Atomic Research (Rs 8.60 crore)		

Appropriation Accounts 1999-00: An Analysis

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
viii.	Other Research Facilities (Rs 4.64 crore)		
30.	93-Department of Space	151.21	39
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Space Technology (Rs 121.83 crore)	Spill over of payment to next financial year.	
ii.	Spacecrafts-INSAT-3 satellites (Rs 40.34 crore)	Non-finalisation/sanction of projects.	
iii.	Space Application (Rs 18.03 crore)	Slippage in delivery schedule of equipments.	
iv.	Housing (Rs 8.94 crore)	Delay in placement of order for major sub-systems following unforeseen problems in finalisation of the design.	
		Phasing out of payment for Compact Antenna Test Range.	
		Non/Delay in procurement of equipment.	
		Non-commissioning of equipment.	
		Non-finalisation of contract.	
		Deferment of construction of quarters.	
31.	29-Transfers to State and Union Territory governments (Ministry of Finance)	439.18	2
	Schemes / Projects / Activities most affected by unspent provision	Contributory reasons stated by the Ministry/Department	
i.	Block Loans (Rs 890.31 crore)	Non-receipt of claim from Government of Gujarat for Sardar Sarovar Project.	
ii.	Extended Ways and Means Advances (Rs 430.00 crore)	Cut in central assistance on account of short fall in achievement of plan.	
		Less release of extended ways and means advances.	
		Diversion of funds to meet allocation recommended by the Planning Commission to the Government of Uttar Pradesh for Uttranchal under Additional Central Assistance for Hill Area.	
		Less release of assistance for Accelerated Irrigation Benefit Programme on the basis of matching contribution on the recommendation of Ministry of Water Resources.	

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No. and Controlling Ministry	Amount of unspent provision	Percentage to the total provision
32.	31-Repayment of Debt (Ministry of Finance)	55805.16	15
Schemes / Projects / Activities most affected by unspent provision		Contributory reasons stated by the Ministry/Department	
i.	91 days Treasury Bills (Rs 21364.90 crore)	Non-preference of claims by the holders of Government Securities. Less than anticipated discharge of Treasury Bills. Less issue of intermediate Treasury Bills than anticipated. Revision of encashment schedule by Agricultural Development Fund. Less than anticipated encashment of bonds by the holders. Exchange rate variation.	
ii.	14 days Treasury Bills (Rs 38485.50 crore)		
iii.	9% Relief Bonds, 1987 (Rs 156.76 crore)		
iv.	9% Relief Bonds, 1993 (Rs 38.07 crore)		
v.	Market Loans (Rs 21.90 crore)		
vi.	External Debt		

11.11 The unspent provision of Rs 100 crore or more in each grant/appropriation in 32 cases of 26 grants and two appropriations aggregated to Rs 6867.44 crore and Rs 58762.47 crore respectively. Large unspent provision occurred in developmental areas like health, education, welfare, rural development, rural employment and poverty alleviation, urban development, roads, etc. The contributory reasons attributed for the unspent provision by the ministries/departments reveal that some of the schemes in these areas as planned during the year, failed to take off.

Unspent Provision between Rs 20 crore and Rs 100 crore

11.12 Apart from the above 32 cases, in another 37 sections of 32 grants where unspent provision in each case was less than Rs 100 crore but in excess of Rs 20 crore aggregated to Rs 1748.21 crore. Appendix-XX has the details.

Surrender of Unspent Provision

11.13 'Surrender' is a budgetary device by which the portion of grant or appropriation not utilised by the spending department gets communicated to the Ministry of Finance and accepted by the latter, which can be reallocated to any other sector. According to the provisions of the 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 1999-00 under 215 segments of 96 grants/appropriations there was unspent provision of Rs 68017.65 crore out of which Rs.0.57 crore were offset by excess under two segments of two grants resulting in net unspent provision of Rs 68017.08 crore. Out of the gross unspent provision of 68017.65 crore the amounts surrendered have been shown in Table 11.5.

Table 11.5: Details of Unspent Provision and Surrender thereof

	<i>Rs in crore.</i>			
	Gross unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	5076.21	3579.60	2597.78	1496.61
Charged	2560.64	666.09	658.03	1894.55
Total Revenue	7636.85	4245.69	3255.81	3391.16
Capital				
Voted	4062.55	3673.51	2610.99	389.04
Charged	56318.25	56133.58	56111.17	184.67
Total capital	60380.80	59807.09	58722.16	573.71
Grand total	68017.65	64052.79	61977.97	3964.87

11.14 Unspent provision of Rs 59850.40 crore was due to lesser discharge and cancellation of 91 and 14 days treasury bills. Out of this, Rs 55287.57 crore were surrendered and the balance unspent provision was re-appropriated within the appropriation. The major amounts (more than rupees forty crore) not surrendered under the grants pertaining to the Ministries of Fertilizers (Rs 401.11 crore), Environment and Forests (Rs.49.19 crore), External Affairs (Rs.77.52 crore), Finance (Interest Payments) (Rs.1810.76 crore), Health (Rs 77.04 crore), Information & Broadcasting (Broadcasting Services) (Rs. 90.36 crore), Programme Implementation (Rs.189.76 crore), Mines (Rs.169.72 crore) and Surface Transport (Roads) (Rs.321.69 crore).

11.15 On the other hand, under the grants pertaining to Ministries of Agriculture, Defence, Finance (Currency, Coinage and Stamps), Home (Police and Other Expenditure), Human Resource Development (Culture), Law Justice & Company Affairs (Supreme Court of India), Personnel, Public Grievances and Pension, and Surface Transport (Ports, Lighthouses and Shipping), the

amount surrendered exceeded the amount of unspent provision under the segments of the grants. Appendix-XXI gives the details.

11.16 The above instances suggest that there is much scope for improvement in regard to surrender of unspent provisions by the ministries.

Re-appropriation of Funds

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

Heavy Re-appropriation of Funds

11.18 Test check of appropriation accounts with reference to re-appropriation orders for 1999-00 revealed that out of the total sanctioned provision of Rs 669855 crore, an amount of Rs 17175 crore was re-appropriated between the different primary units of appropriation defeating the original purpose/activity as authorised by Parliament. Details of such re-appropriation are given in Table 11.6.

Table 11.6: Details of Re-appropriation of Funds

	<i>Rs in crore</i>				
	Revenue		Capital		Total
	Voted	Charged	Voted	Charged	
Sanctioned provision	131418	129523	26362	382552	669855
Amount re-appropriated	6471	3836	1517	5351	17175

11.19 In the developmental and welfare areas such as Agricultural Research and Education (Rs 101 crore), Animal Husbandry and Dairying (Rs 93 crore), Fertilizers (Rs 745 crore), Coal (Rs 135 crore), Payment to Financial Institutions (Rs 312 crore), Pension (Rs 116 crore), Health (Rs 147 crore); Family Welfare (Rs 390 crore); Transfers to State and Union Territory governments (Rs 3585 crore), Interest Payment (Rs 2317 crore), Repayment of Debt (Rs 4463 crore), Education (Rs 990 crore); Indirect Taxes (Rs 158 crore);

Broadcasting Services (Rs 149 crore), Heavy Industry (Rs 401 crore); Power (Rs 230 crore); Rural Employment and Poverty Alleviation (Rs 543 crore), Scientific and Industrial Research (Rs 139 crore), Roads (Rs 149 crore), Textiles (Rs 110 crore), Atomic Energy (Rs 142 crore); Nuclear Power Schemes (Rs 137 crore), Space (Rs 157 crore), heavy re-appropriation of funds were mainly from welfare activities to the establishment related activities, payment of grants-in-aid and other non-developmental/welfare activities because sufficient fund under these activities could not be got authorised at budget stage. Such re-appropriation of funds conflicted with the original purpose for which the funds were authorised by Parliament.

Injudicious Re-appropriation to Sub-heads

11.20 Test check of the accounts revealed that in 17 cases of 12 grants/appropriations as per the details in Appendix-XXII, re-appropriations aggregating Rs 17.64 crore were injudicious, as the original provision under the sub-heads to which funds were transferred by re-appropriation was more than adequate. Consequently the final saving under the sub-heads were more than the amount re-appropriated to these sub-heads. The position of similar injudicious re-appropriations in respect of grants of railways, posts and telecommunications and defence services have been included in the respective audit reports.

Irregular Re-appropriation

11.21 As per the extant instructions of Ministry of Finance issued at the instance of the Public Accounts Committee (Eighth Lok Sabha) vide its recommendation in 147th Report, any re-appropriation order issued during the year which has the effect of increasing budget provision by more than 25 per cent or Rs one crore whichever is more, under a sub-head should be reported to Parliament along with the last batch of supplementary demands. In exceptional cases any order of re-appropriation issued by the ministries/departments after presentation of the last batch of supplementary demands, exceeding the above limit requires prior approval of the Secretary/Additional Secretary, Department of Expenditure.

11.22 Test check of appropriation accounts for 1999-00 revealed that there were 319 sub-heads/cases of 67 grants/appropriations to which re-appropriation in excess of Rupees one crore was made. Out of these in 162

sub-heads/cases involving 56 grants/appropriations, the re-appropriation exceeded 25 percent of the budget provision; and, were required to be reported to Parliament through the last batch of supplementary demands for grants. Only in 32 cases, such re-appropriation were reported to Parliament and in respect of remaining 130 cases the exception was made the rule undermining the Parliamentary financial control by different ministries/departments. In these cases despite prior knowledge, the approval of Secretary (Expenditure) was obtained at very end of the financial year instead of reporting the re-appropriation to Parliament. In most of these cases the ministries/departments did not explain as to why they were not in a position to report the re-appropriations to the Parliament.

Re-appropriation without Prior Approval of Secretary (Expenditure)

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

11.24 Sample check of appropriation accounts for 1999-00 revealed that there were 157 sub-heads under which re-appropriation in excess of rupees one crore but not exceeding 25 percent of the budget provision was made and as such prior approval of Secretary (Expenditure) was required to be obtained, however scrutiny of grant no 41-Department of Family Welfare revealed that the Department re-appropriated Rs 32.50 crore to the sub-head 'Reproductive and Child Health Project under major head 3601-Grants-in-aid to State governments' but the prior approval of Secretary (Expenditure) was not obtained. However on being pointed out by audit ex-post-facto approval of Secretary (Expenditure) was obtained on 12 September 2000.

11.25 Scrutiny of grant no 100-Chandigarh also revealed that against the sanctioned provision of Rs 9.09 crore (original Rs 8.33 crore and supplementary Rs 0.76 crore), the administration re-appropriated Rs 1.02 crore to the sub-head 'General Hospital, Chandigarh under major head 2210-Medical and Public Health' but the administration had neither reported the

augmentation of funds by re-appropriation to Parliament through the last batch of supplementary demands for grants nor obtained prior approval of the Secretary/Additional Secretary, Department of Expenditure.

Re-appropriation in violation of the instructions of the Ministry of Finance

11.26 As per provision of Rule 10(6)(b) of the Delegation of Financial Power Rules and Ministry of Finance O.M.No.7 (3)/E/(Coord)/99 dated 5 August 1999, no re-appropriation of funds to augment the funds under TA, office expenses, POL, OTA, honorarium etc. would be allowed during the financial year. However in respect of following grants, the instructions of the Ministry of Finance were not followed.

(i) Grant No. 42-Ministry of Home Affairs

11.27 Scrutiny of headwise appropriation accounts of grant no. 42- Ministry of Home Affairs disclosed that the Ministry had augmented funds to the extent of Rs 1.12 crore under the primary unit 'office expenses' and Rs 2.39 crore to the head 'domestic travel expenses' violating the provisions of the O.M. On being pointed out by audit, the Ministry stated (Jan.2001) that the re-appropriation under office expenses were made due to purchase of bullet proof cars, replacement of five condemned vehicles, increase in office expenses, purchase of furniture and equipment for Directorate of Census Operation. Under domestic travel expenses, re-appropriation was made due to special course for nuclear tours, payment of TA\conveyance allowance at enhanced rates and payment of arrears of pending bills relating to election duties etc. The reply of the Ministry is not tenable as all these were not unanticipated expenses and the Ministry was required to make necessary provision in the budget or obtain the supplementary grant.

(ii) Grant No. 39- Department of Health

11.28 Department of Health had augmented funds to the extent of Rs 1.05 crore to the head 'office expenses' and Rs 0.39 crore to 'overtime allowance' violating the provision of the above OM. Department's reply was awaited.

Irregular Re-appropriation Exceeding the Provision: Grant No.38-Ministry of Food Processing Industries.

11.29 As per provisions of Rule 72 of the GFR, re-appropriation of funds can take place from one primary unit of appropriation to another primary unit within the grant or appropriation at any time before the close of the financial year. Further, as per provisions of Rule 71 of the GFR, no expenditure can be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund of India. Rule 61 of the GFR, also do not permit disbursements to be made out of Consolidated Fund of India in anticipation of Appropriation Bill relating to the budget of a financial year.

11.30 Scrutiny of headwise appropriation accounts in respect of grant no.38-Ministry of Food Processing Industries for the year 1999-00 revealed that the Ministry had re-appropriated/surrendered an amount of Rs 10100 (TRs) against the original provision of Rs 10000 (TRs) from the sub-head 'Assistance for Creation of Funds for Development of Food Processing Industries' (M.H. 2408) to other sub-heads which resulted in re-appropriation of Rs 100 (TRs) more than the original provision under the sub-head. On being pointed out, the Ministry stated that the said amount of Rs 0.01 crore was re-appropriated by budget division of the Ministry due to oversight. Since there was not sufficient provision under the sub-head for re-appropriation, Ministry's action to re-appropriate/surrender funds more than the provision from the sub-head was against the principle of sound financial management.

Irregular Re-appropriation from Capital to Revenue Section

11.31 In terms of Government of India decision (2) below Rule 10 of Delegation of Financial Power Rules, the government has no power to re-appropriate funds from capital to revenue section and vice-versa. Scrutiny of grant no. 85-Public Works for the year 1999-00 revealed that the Ministry of Urban Development vide re-appropriation order No. G-23011/9/99-DT (R) dated 30 March 2000 re-appropriated funds amounting to Rs 2.59 crore from capital to revenue. On being pointed out by audit, the Ministry withdrew the said re-appropriation order of dated 30 March 2000 on 14 July 2000 treating it as invalid and revised the grant accordingly. The re-appropriation of

Rs 2.59 crore from capital to revenue and also the withdrawal of re-appropriation order dated 30 March 2000 in July, 2000 (viz. after the close of financial year) was irregular and in contravention of the Rule 72 of the GFR and the Delegation of Financial Powers Rules.

Issue of Re-appropriation Orders after the close of the Financial Year
(Grant No.67-Department of Statistics)

11.32 In terms of Rule 69 and 72 of the GFR, departments of central government are empowered to re-appropriate funds from one primary unit of appropriation to another such unit within a grant or appropriation and also to surrender all anticipated savings to the Ministry of Finance before the close of the financial year. On scrutiny of appropriation accounts and re-appropriation orders in respect of grant no.67- Department of Statistics, it was revealed that in violation of the provisions of the GFR the Department after obtaining ex-post facto approval of Ministry of Finance re-appropriated Rs 0.34 crore after the close of the financial year vide re-appropriation order No. G-23011/3/99-B&F dated 13 July 2000. Since there is no provision of ex-post facto approval, re-appropriation after the close of the financial year was irregular and unauthorised.

Utilisation of Supplementary Grants

11.33 Position of original and supplementary grants obtained under civil ministries and percentage of supplementary provision to the original provision during last five years is given in Appendix-XXIII. Details of supplementary grants (civil) obtained during 1999-00 are given in Table 11.7.

close scrutiny of expenditure incurred or likely to be incurred by them during the financial year.

Unnecessary Supplementary Grant

11.37 In 16 cases relating to 15 grants as detailed in Table 11.8, although the supplementary provisions were obtained during 1999-00 in anticipation of higher expenditure, the final expenditure was less than even the original grants/appropriations. Thus, the entire amount of supplementary provision aggregating to Rs.317.53 crore proved to be unnecessary.

**Table 11.8: Unspent Provision more than Supplementary Grant/
Appropriation**

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disburse ments	<i>Rs in crore</i> Unspent provision
Revenue – Voted					
1.	8- Department of Consumer Affairs	27.37	2.43	17.63	12.17
2.	24- Ministry of External Affairs	1940.42	24.97	1880.28	85.11
3.	49- Department of Culture	358.41	15.90	343.57	30.74
4.	56- Broadcasting Services	1926.60	17.81	1887.05	57.36
5.	66- Planning	155.77	1.94	140.45	17.26
6.	74- Department of Scientific and Industrial Research	814.96	3.25	810.95	7.26
7.	77- Department of Mines	297.56	167.44	286.96	178.04
8.	85- Public Works	562.60	25.14	552.79	34.95
9.	102- Daman and Diu	183.37	1.56	159.54	25.39
Capital – Voted					
10.	1- Agriculture	19.20	4.43	14.26	9.37
11.	24- Ministry of External Affairs	269.02	15.00	252.87	31.15
12.	42- Ministry of Home Affairs	18.60	1.00	15.32	4.28
13.	53- Department of Heavy Industry	571.94	16.22	519.48	68.68
14.	83- Urban Development	514.08	14.44	424.57	103.95
Capital – Charged					
15.	69- Ministry of Power	1.80	1.50	1.30	2.00
16.	79- Roads	35.20	4.50	20.70	19.00

11.38 As the disbursements under these grants was less than the original provision, the Ministries/Departments were required to obtain token/technical supplementary for re-appropriating the unspent provisions within the grant instead of obtaining large amounts of supplementary provisions and as such the supplementary grants proved to be unnecessary.

Unrealistic Estimation of Supplementary Demands under Sub-heads

11.39 Under the following sub-heads as shown in Table 11.9, the ministries/departments obtained supplementary grants during 1999-00 in anticipation of higher disbursements/payments under these heads but the final disbursements/payments were far less than even the original provision and as such obtaining of supplementary grant under these sub-heads proved to be unnecessary which indicated that the supplementary demands were sought in an unrealistic manner.

Table 11.9: Unrealistic Estimation of Supplementary Demands under Sub-heads

Sl. No.	Grant	Sub-head	Provision (Rs in crore)	Reasons for obtaining supplementary grant
1.	10-Department of Sugar and Edible Oils	Loans for Rehabilitation/ modernisation of sugar mills /loans for sugar mills for cane development	O. 200.00	For additional loans for rehabilitation/modernisation of sugar mills and cane development.
			S. 17.77	
			AE. 186.89	
			UP. 30.88	
2.	79-Roads	National Highways-Road Works- Works under Roads Wing	O. 1838.28	For development of state roads declared as national highways.
			S. 307.20	
			AE. 1754.14	
			UP. 391.34	

O= Original provision: S= Supplementary provision: AE=Actual disbursement: UP= Unspent provision

Grant No. 77 – Department of Mines (Ministry of Mines and Minerals)

11.40 The Ministry obtained supplementary grant of Rs 167.43 crore in December 1999 for payment of subsidy to Hindustan Copper Ltd. for waiver of interest. However, the whole amount remained unutilized. The Ministry explained the reasons for unutilisation as “adjustment of interest written off/waived off to Hindustan Copper Ltd. which involved book adjustment and no cash flow and is a notional expenditure”. The contention of the Ministry

was not tenable. If it was a book adjustment then a token supplementary grant was to be obtained instead of large amount of supplementary grant.

11.41 Further, the Ministry did not surrender the amount despite being aware that the same would not be utilized. Obtaining of large supplementary grants without proper assessment indicated lack of information systems and financial control within the Ministry.

Chapter 12

REVIEW OF SELECTED GRANTS

Grant No. 6: Department of Fertilizers (Ministry of Chemicals & Fertilizers)

12.1 The main activities of the Department of Fertilizers include sectional planning, promotion and development of the fertilizer industry, planning and monitoring of production, import and distribution of fertilizers and management of subsidy for indigenous and imported fertilizers. The position of budget provision, actual disbursement and unspent provision under voted portion of the grant during the last five years 1995-00 was as shown in Table 12.1.

Table 12.1: Overall Position of the Grant for the Last Five Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1995-96	7371.41	625.60	7363.39	624.00	8.02	1.60
1996-97	6989.76	803.85	6943.88	691.05	45.88	112.80
1997-98	8369.14	645.85	8334.97	597.87	34.17	47.98
1998-99	9483.59	594.62	8955.09	573.92	528.50	20.70
1999-00	9381.67	459.51	8981.70	430.22	399.97	29.29

12.2 It would be seen from the above that unspent provisions under the revenue section of the grant was in excess of four percent and it was in excess of six percent in the capital section of the grant. Whole unspent provision in 1999-00 has decreased in volume in respect of revenue head and has increased in capital head.

Unspent Amount and Excess Leading to net Unspent Provision

12.3 Persistent excess provisions were made in the budget leading to latter re-appropriation made from the unspent provisions. Under revenue (voted) section of the grant the gross unspent provision was largely off set by excess disbursement under other heads resulting in net unspent provisions during 1995-00 as shown in Table 12.2. Few cases of major unspent provisions during 1999-00 have been shown in Appendix-XXIV.

Table 12.2: Unspent Amount and Excess Leading to Net Unspent Provision

Rs in crore

Year	Gross Unspent	Offset by excess disbursement	Net unspent provision
1995-96	86.62	78.60	8.02
1996-97	307.57	261.69	45.88
1997-98	1260.10	1225.93	34.17
1998-99	1409.70	881.20	528.50
1999-00	1108.06	708.09	399.97

Rush of Disbursement

12.4 Department of Fertiliser made disbursements ranging from 26 to 100 percent of total in January to March during 1995-00 under the major heads, per details shown in Appendix-XXV. Since the funds released to the various organizations in the month of March cannot constructively be spent during the year, it is not possible to conclude whether the funds were applied for the purpose for which these were authorised.

Unrealistic Budgeting

12.5 As per instructions contained in Appendix 3 to Rule 53 of the GFRs, ministries are required to prepare their estimates, keeping in view the trend of disbursement during the previous years and other relevant factors like economy instructions issued by the Ministry of Finance. Scrutiny of appropriation accounts for the last three years (1997-00) revealed that under the major head '2401'- Crop Husbandry- Import of Fertilisers-subsidies' the provision was made much in excess of actual requirement every year resulting in large unspent provision from 42 percent to 81 percent as detailed in Table 12.3 below, which is indicative of over optimistic budgeting or of making excess provisions for re-appropriation latter to other sub-heads.

Table 12.3: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision	Actual disbursement	Unspent provision	
			Amount	Percentage
1997-98	2861.99	1658.71	1203.28	42
1998-99	1739.99	333.09	1406.90	81
1999-00	1369.99	293.00	1076.99	79

Irregular Re-appropriation from Capital to Revenue Section

12.6 According to Government of India decision (2) and (4) below Rule 10 of Delegation of Financial Power Rules (DFPR), the government has no power to re-appropriate funds from capital to revenue section and vice versa. Scrutiny of grant for 1999-00 revealed that ignoring the provisions of the DFPR, the Department of Fertilizer re-appropriated Rs 8.37 crore from major head '6855-Loans for Fertilizer Industries (capital section) to major head '2852-Industries-Grants under Indo-UK Fertilizer Development Programme (revenue section) for implementing KRIBHCO's Rainfed Farming Project vide re-appropriation order dated 31 March 2000. On being pointed out by audit the Department withdrew the said re-appropriation order. The re-appropriation of Rs 8.37 crore from capital to revenue section and also withdrawal of re-appropriation order after the close of the financial year was irregular and in contravention of the GFR and the DFPR.

Delay in Surrender of Unspent Provision

12.7 Scrutiny of the appropriation accounts revealed that the department surrendered the unspent provisions on the last working day of the financial year during the last three years as detailed in Table 12.4.

Table 12.4: Details of Dates of Surrender of Funds

<i>Rs in crore</i>			
Year	Date of approval of REs.	Date of surrender of unspent provision	Amount Surrendered
1997-98	2.2.98	31.3.1998	82.22
1998-99	18.1.99	31.3.1999	25.15
1999-00	11.1.2000	31.3.2000	28.16

Grant No. 23: Ministry of Environment and Forests

12.8 The Ministry of Environment and Forests is the nodal agency in the administrative structure of the central government for the planning, promotion, co-ordination and implementation of the various environmental and forestry programmes. Conservation and survey of flora, fauna, forests and wildlife, prevention and control of pollution, afforestation and regeneration of degraded areas and prevention of environment are the mandates of the Ministry. The position of budget provision, actual disbursement and unspent provisions during the last three years were as shown in Table 12.5.

Table 12.5: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1997-98	630.79	7.80	490.03	7.80	140.76	--
1998-99	806.31	13.30	593.50	12.68	212.81	0.62
1999-00	797.97	14.88	648.15	14.88	149.82	--

12.9 From the above it would be seen that the Ministry ended persistently with large unspent provisions, which is indicative of unrealistic budgeting assumptions and slackness in implementing the schemes/activities of the Ministry. Schemes/sub-heads under which large unspent provisions occurred are given in Appendix-XXVI. There was persistent unspent provision under the following schemes.

Persistent Unspent Provisions

12.10 Taj Protection Mission: Consequent upon judgment passed by the Supreme Court, the scheme -Taj Protection Mission was initiated for environment protection of Taj Mahal. Ministry had been making provisions of Rs 50.00 crore each year under the scheme out of which major portion remained unutilised during the last three years as detailed in Table 12.6. This revealed that central and state governments were not monitoring the scheme effectively.

Table 12.6: Overall Position under Major Head-3435 and 3601 for the Last Three Years

Rs in crore

Year	Total provision	Actual expenditure	Unspent provision
1997-98	50.00	0.45	49.55
1998-99	50.00	32.00	18.00
1999-00	50.00	12.50	37.50

12.11 Prevention of Pollution of National River: There were persistence unspent provisions for the last three years in Ganga Action Plan - Phase I and Ganga Action Plan - Phase- II as detailed in Tables 12.7 and 12.8.

Table 12.7: Overall Position under Ganga Action Plan (Phase I)-Major Head 3435 for the Last Three Years

<i>Rs in crore</i>			
Year	Total provision	Actual expenditure	Unspent provision
1997-98	5.30	3.30	2.00
1998-99	8.73	2.50	6.23
1999-00	2.00	-	2.00

Table 12.8: Overall position under Ganga Action Plan (Phase II)-Major Head 3435 and 3601 for the Last Three Years

<i>Rs in crore</i>			
Year	Total provision	Actual expenditure	Unspent provision
1997-98	86.00	82.30	3.70
1998-99	165.00	87.43	77.57
1999-00	120.00	90.38	29.62

12.12 Under the scheme, unspent provision went upto 100 percent in 1999-00 in respect of GAP I due to the fact that revised estimates received from the State government were not technically correct. In this regard Ministry was required to take remedial action and issue instructions to all the states in time. This was not done. This shows ineffective monitoring.

12.13 Similarly in case of GAP II, saving was due to non/late/less received of proposal from State Governments of Orissa, Gujarat and Madhya Pradesh also revealed ineffective monitoring by the Ministry and no remedial action thereon.

12.14 National Afforestation & Eco-Development Board/Programme: The Board, constituted in the Ministry of Environment and Forests in August 1992, had the mandate of promoting afforestation, tree plantation, ecological restoration and eco-development activities all over the country, giving special attention to degraded forests sanctuaries and protected areas, as well as the ecologically fragile areas. Scrutiny of the records and appropriation accounts for the year 1997-00 revealed that there were persistent unspent provisions under this head as indicated in Table 12.9.

Table 12.9: Overall Position for the Last Three Years

Rs in crore

Year	Total provision	Actual expenditure	Unspent provision
1997-98	92.00	68.26	23.74
1998-99	92.35	72.45	19.90
1999-00	93.50	86.50	7.00

12.15 The persistent unspent provision indicated that the Ministry had not been closely monitoring the progress of project. It was seen that physical achievements during 1999-00 on all 4 major schemes, viz. fuel and fodder, integrated eco-development projects, seed development and non-timber forests etc. were far behind the targets.

12.16 Environmental Commission & Tribunal (Major Head 3435). The Ministry had been making provisions every year for setting up of the Tribunal meant for expeditious disposal of cases arising from accidents in handling any hazardous substance and matters connected therewith. However, no disbursements were made during the last four years. The objective thus remained unachieved. This reflected unrealistic budgeting on the part of Ministry as it continued to make provisions every year without even identifying the action plan. It was further seen that even the appointment of Chairperson of tribunal had not been finalised as of March 2000, i.e. during past three years.

12.17 The objective of this World Bank aided project was to assist in the implementation of modern and sustainable hazardous waste management in the country. The project had two components namely (i) Industrial Safety Disaster Prevention Project and (ii) Hazardous Waste Management Project. Scrutiny of accounts revealed that every year there were unspent provisions as indicated in Table 12.10. Slow progress of the feasibility studies is indicative of the fact that project completion will not be done in stipulated time.

Table 12.10: Overall Position for the Last Three Years

Rs in crore

Year	Total provision	Actual expenditure	Unspent provision
1997-98	13.33	2.75	10.58
1998-99	9.16	2.76	6.40
1999-00	6.05	2.52	3.53

12.18 Eco-Development Around Important Protected Areas: The objective of the scheme was to provide alternative sources of sustenance to the communities on the fringes of national parks and sanctuaries and to improve the ecological productivity of the buffer zones of protected areas. The scheme consisted of following two projects (i) Eco-development around important protected areas and (ii) India Eco-development Project (World Bank aided). Financial outlays of the scheme during 1997-00 were as shown in Table 12.11.

Table 12.11: Overall Position for the Last Three Years

Year	Total provision	Actual expenditure	Unspent provision
1997-98	25.95	19.35	6.60
1998-99	66.83	27.23	39.60
1999-00	64.00	41.27	22.73

Rs in crore

12.19 India Eco-development project, which was externally aided component of this scheme, was approved for implementation in October 1997 in seven protected areas in seven states. The total cost of the India Eco-development project was US\$67 million (Rs 294.93 crore) and it was to be completed by December 2001. In view of slow disbursement it is doubtful whether project could be completed by the scheduled date and would achieve its objectives.

Rush of Disbursements

12.20 The Ministry made disbursements ranging from 27 to 42 percent of the total disbursements in January to March during 1999-00 and 42 to 56 percent during 1998-99 under the major heads shown in Appendix-XXVII.

Surrender of Unspent Provision

12.21 The Ministry surrendered Rs. 100.62 crore only on 21 March 2000 out of the total saving of Rs. 149.82 crore and the balance Rs 49.20 crore were allowed to lapse, in contravention of the provisions of the GFR.

Grant No. 53: Department of Heavy Industry

12.22 The Department of Heavy Industry is concerned with the development of the heavy engineering industry, machine tool industry, heavy electricals industry and auto industry. It is vested with the administrative charge of 48

public sector enterprises. The Department is responsible for a wide range of intermediate engineering products like castings, forgings, diesel engines, industrial gears and gearboxes. It holds interactions with industry councils and evolves plans for growth of the various segments of industry.

12.23 During 1996-00, the overall position of budget provision, actual disbursements and unspent/excess amount under voted portion of the grant was as shown in Table 12.12. Major unspent provision and excesses leading to net unspent provision during 1999-00 have been shown in Appendix-XXVIII.

Table 12.12: Overall Position for the Last Four Years

Rs in crore

Year	Total provision		Actual disbursements		Unspent Provision-/ Excess+	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1996-97	1381.94	324.07	1375.36	322.44	- 6.58	- 1.63
1997-98	152.23	311.10	150.76	310.55	- 1.47	-0.55
1998-99	67.49	496.69	424.83	559.95	+357.34	+63.26
1999-00	494.66	588.16	491.97	519.48	-2.69	-68.68

Rush of Disbursements in the Month of March 2000

12.24 Appropriation accounts of the Department revealed that it made a large number of disbursements, ranging between 18 and 95 per cent of the total, in March 2000 under the heads shown in Appendix-XXIX. Since the funds released in March 2000 to public sector enterprises cannot constructively be spent during the year, it is not possible to conclude whether the funds provided under budget for a particular purpose were utilized for that purpose. Release of funds at the fag end of financial year was indicative of deficient financial management and was to avoid lapse of budget grant.

Surrender of Unspent Provision

12.25 The Department surrendered the unspent provision in the last fortnight of the financial year as detailed in Table 12.13.

Table 12.13: Details of Surrenders for the Last Three Years

Rs in crore

Year	Date of approval of Res	Date of surrender of unspent provision	Amount Surrendered
1995-96	16-01-1996	25-03-1996	28.61
1996-97	13-01-1997	12-03-1997	0.84
1999-00	11-01-2000	21-03-2000	42.46

Unspent Provision more than the Supplementary Grant

12.26 If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional disbursements upon some "New Service" not contemplated in the original budget for that year, government is to obtain supplementary grants or appropriations in accordance with the provisions of Article 115(1) of the Constitution. While obtaining the supplementary grant, Ministry has to keep in view the resources available or likely to be available during the year and exercise due caution forecasting its additional budgetary requirement of funds and seeking supplementary provision. Resort to supplementary demands should only be in exceptional and urgent cases. Scrutiny of grant no. 53 revealed that during the year 1999-00, the Department obtained Rs. 16.22 crore as supplementary grant in capital section and at the end of the year an unspent provision of Rs. 42.46 crore was surrendered. Thus, the entire supplementary provision of Rs. 16.22 crore proved to be unnecessary.

Re-appropriation without Prior Approval of Secretary (Expenditure)

12.27 In the context of the efforts to keep the fiscal deficit under control, Ministry of Finance had prescribed vide Government of India decision (6) below Rule 10 of the DFPR that all re-appropriation which would have the effect of increasing the budget provision by rupees one crore or more under a sub-head should be made only with the prior approval of Secretary (Expenditure) even if the amount re-appropriated was within 25 percent of the provision covered under the limit governing re-appropriation.

12.28 Test check of appropriation accounts for 1999-00 revealed that against the sanctioned provision of Rs 12.01 crore the Department re-appropriated Rs 17.24 crore to the sub-head "Loans to Hindustan Paper Corporation" under

major head "6860" but the prior approval of Secretary (Expenditure) was obtained for Rs 2.74 crore only leaving Rs 14.50 crore re-appropriation without prior approval of Secretary (Expenditure). However on being pointed out by audit, ex-post-facto approval of Secretary (Expenditure) was obtained in September 2000. Since there is no provision of ex-post-facto approval under the DFPR, re-appropriation without prior approval was irregular.

Grant No.56: Broadcasting Services (Ministry of Information and Broadcasting)

12.29 Grant No.56-Broadcasting Services includes provision for All India Radio and Doordarshan and their attached/subordinate media units i.e. news services division, listeners research, external services division, research and training etc. It mostly relates to salaries and working expenses of All India Radio and Doordarshan. The position of budget provision, actual disbursement and unspent provision pertaining to grant no.56-Broadcasting Services during the last three years 1997-00 was as shown in Table 12.14.

Table 12.14: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision		Surrender	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
1997-98	1649.42	434.22	1620.55	349.72	28.87	84.50	-	68.56
1998-99	1900.68	461.60	1616.57	319.29	284.11	142.31	213.47	120.06
1999-00	1944.41	405.80	1887.05	367.44	57.37	38.36	5.42	22.68

Irregular Expenditure on 'Prasar Bharati (Broadcasting Corporation of India)

12.30 Prasar Bharati was set up as an autonomous body (corporation) on 23.11.97 under the Prasar Bharati Act 1990. As per provisions of section 17 of chapter-III of the Act, for the purpose of enabling the corporation to discharge its functions/duties efficiently, the Central government was required to pay to the corporation in each financial year (i) the proceeds of the broadcast receiver licence fees, if any, as reduced by the collection charges and (ii) such other sums of money as considered necessary by way of equity, grants-in-aid or loan. Scrutiny of headwise appropriation accounts revealed that token provision of Rupees one lakh was made through supplementary demands for grants during 1997-98, Rupees two lakh for grants-in-aid and Rupees one lakh

for investment through regular budget were made by the Ministry during 1998-99 and 1999-00. However, the corporation was neither provided with grants-in-aid /investment/loans nor terms and conditions of pattern of financial assistance and maintenance of accounts were finalised. The corporation has continued to function as a department of the ministry defeating the very purpose of setting up the corporation as autonomous body. The Ministry stated in October 2000 that new accounting system has started with effect from 1 April 2000 after switching over from the Government Accounting System and as such provision made during 1997-98 to 1999-00 could not be utilized.

Unspent Amount and Excess Leading to Net Unspent Provision

12.31 Under voted portion of the grant the gross unspent provision was largely off set by excess disbursement under other heads resulting in net unspent provisions during 1998-00 as shown in Table 12.15.

Table 12.15: Unspent Amount and Excess Leading to Net Unspent Provision

Rs in crore

Year	Gross unspent provision		Unspent provision off set by excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	307.57	155.83	23.46	13.52	284.11	142.31
1999-00	125.49	69.54	68.13	31.19	57.36	38.35

12.32 From the above details it is evident that there was a large unspent provision under some heads/schemes/activities, which was partially off set by excess under other heads under which the funds could not be obtained at budget stage.

Persistent Unspent Provision and Excess

12.33 Under the sub-heads shown in Table 12.16 there was persistent unspent provision mostly with the similar reasons.

Review of Selected Grants

Table 12.16: Persistent Unspent Provision

		<i>Rs in crore</i>		
Sl.No	Sub-head	1997-98	1998-99	1999-00
Revenue				
1.	Sound Broadcasting-Commercial Services- Commercial Broadcasting Services	4.85	3.04	2.34
2.	Sound Broadcasting-Transfer to Akashwani and Doordarshan Commercial Revenue Fund	21.13	15.00	18.75
3.	Suspense	13.34	28.19	0.70
4.	TV Commercial Services	20.27	33.34	11.19
5.	Television-Transfer to Akashwani and Doordarshan Commercial Revenues Fund	83.75	145.25	38.18
Capital				
6.	Sound Broadcasting-Studios-New Equipment	11.26	19.70	6.28
7.	Transmitters-New Equipment	17.61	18.41	14.16
8.	Transmitters-Suspense	2.28	0.63	1.49
9.	Miscellaneous Works Schemes	11.72	7.57	4.54
10.	Television-Studios-Building	10.95	5.38	5.61
11.	Transmitters-Building	18.63	16.81	18.31

12.34 Persistent unspent provisions under the above schemes /activities indicated slackness on the part of the ministry in implementing these schemes and unrealistic budgetary assumptions. Since the amount transferred to reserve fund is directly proportional to the commercial revenue earning, large unspent indicated non-achievement of the targets fixed for commercial revenue earnings. On the other hand there was persistent excess expenditure under establishment related heads. Besides the above, some of the heads under which there was major unspent provision/excess during 1999-00 have been given in Appendix-XXX.

Grant No 88: Ministry of Social Justice and Empowerment

12.35 The Ministry is responsible for looking after the welfare of disadvantaged and marginalized section of the society such as scheduled castes, minorities, backward classes, children in need of care and protection, aged persons, persons with disability and victims of drug abused. The subject of scheduled tribes has been transferred to the Ministry of Tribal Affairs, which was created in October 1999. The year-wise details of budget provision, actual expenditure and unspent provision during the last three years 1997-00 were as shown in Table 12.17.

**The CAG's Report on
Union Government Accounts 1999-2000**

Table 12.17: Overall Position of Funds for the Last Three Years

Rs in crore

Year	Total provision		Actual disbursement		Unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1997-98	1546.78	293.42	1136.15	109.52	410.63	183.90
1998-99	1745.24	325.41	1247.67	313.91	497.57	11.50
1999-00	1732.14	219.02	1573.57	208.52	158.57	10.50

12.36 From the above, it would be seen that there were persistently large unspent provisions during all these three years. The position of unspent provision deteriorated during 1997-00 in comparison to the position pointed out in respect of this Ministry in chapter XVIII of the Report of the CAG for the year ended 31 March 1997, No. 1 of 1998 on the accounts of the Union government (Civil). In the explanatory notes submitted to the Public Accounts Committee, the Ministry had stated that saving was 0.67 percent of the total budget provision for 1996-97. However it could not maintain low rate of saving and the percentage of saving went up and ranged between 9 to 29 percent during 1997-00 on revenue side and between 4 to 63 percent on capital side. Some schemes under which there was persistent unspent provision have been shown in Appendix-XXXI. Persistent large amounts of unspent provisions suggest a tendency of over-optimistic budgeting or poor operational performance, or both.

Rush of Disbursements in the Month of March

12.37 Test check of appropriation accounts of the Ministry revealed that major part of the total disbursement under the major heads shown in Appendix-XXXII was made in the last quarter of the year as well as in the month of March during 1998-00. Since the funds released in March to voluntary organizations, State/Union Territory governments and other organisations/implementing agencies cannot constructively be spent during the year, it is not possible to conclude that these funds were applied for the purpose for which these were provided for during the year. Release of funds at the very end of the financial year was indicative of deficient financial management and was to avoid lapse of budget grant.

Surrender of Unspent Provision

12.38 The Ministry surrendered Rs.594.53 crore and Rs.509.07 crore during 1997-98 and 1998-99 and Rs.145.20 crore during 1999-00 on the last day of the financial year, i.e. on 31 March without assigning reasons for the late surrender, even though the Ministry was well aware of the scheme-wise savings as early as in January 2000 when the revised estimates were passed.

Release of Grants

12.39 As per provisions of Rule 151 of the GFR, in respect of recurring grants, administrative ministry/department concerned should examine the annual audited statement of accounts of grantee institutions and utilization certificate to satisfy themselves about the proper utilization of grants released for the preceding year before admitting their claim for grants-in-aid in the subsequent financial year. A perusal of records, however revealed that out of grants of Rs.70.00 crore released to Scheduled Castes Development Corporations (SCDCs) under the scheme of liberation and rehabilitation of scavengers on 29 March 2000, Rs.59.59 crore were released to such SCDCs who had heavy unspent balance with them as shown in Table 12.18.

Table 12.18: Details of Release of Grants to the SCDCs

<i>Rs in crore</i>				
S. No.	Name of SCDCs	Unspent balance with SCDC	Amount sought	Grant released
		As on 1-4-99 as per State government		
1.	Tamil Nadu	18.57	40.18	22.53
2.	Gujarat	11.30	22.90	11.61
3.	Madhya Pradesh	19.47	28.31	8.83
4.	Rajasthan	18.22	35.72	16.62
Total		67.56	127.11	59.59

12.40 The SCDCs utilization record had been poor as would be evident from the details shown in Appendix-XXXIII. During 1999-00, the Ministry did not release any grant to the SCDCs on the plea that they had heavy unspent balances (shown in Table 12.19), did not even prefer claims, and had not furnished utilization certificates for the previous years. The Ministry needs to exercise better control over the budgeting, sanction, release, and end use of the

**The CAG's Report on
Union Government Accounts 1999-2000**

funds, to ensure fruitful utilization of funds earmarked by the Parliament for an important social purpose.

Table 12.19: Details of Grants Lying Unutilized with SCDCs

<i>Rs in crore</i>		
S. No.	Name of State SCDCs	Unspent balance
1.	Bihar	11.01
2.	Haryana	6.62
3.	Orissa	8.52
4.	Uttar Pradesh	35.74
5.	West Bengal	4.25
Total		66.14

Correctness and Completeness of Accounts

12.41 The expenditure booked by different sections in grants-in-aid register and expenditure booked by Drawing and Disbursing Officer (DDO) must agree with expenditure booked by its Pay and Accounts Office (PAO). In the Ministry of Social Justice and Empowerment there was no system to reconcile the expenditure between two sets of records. Neither DDO and different Sections nor PAO had reconciled the expenditure during the year 1999-00. Test check of expenditure control register/grants-in-aid register of concerned division vis-à-vis appropriation accounts of 1999-00 revealed the following discrepancy under sub-head 36010210402.

Expenditure as per Appropriation Accounts	Expenditure as per ECR/grants-in-aid register
Rs 3,97,00,00,000	Rs 4,00,00,00,000

Expenditure on 'New Instrument of Service'

12.42 On the recommendations of the Public Accounts Committee, government has prescribed financial limits for different categories of expenditure beyond which the additional expenditure constitutes 'New Service/New Instrument of Service' and require prior approval of Parliament. As per item No. 2(F)(II) of Government of India decision (1) below Rule 10 of the DFPR, 1978, additional grants-in-aid to statutory and other public institutions in excess of 10 percent of the budget provision or Rs 2 crore, whichever is less, attract the limitations of 'New Service/New Instrument of

Service' and requires prior approval of Parliament. Scrutiny of the headwise appropriation accounts for 1999-00 for the grant no. 88- Ministry of Social Justice & Empowerment disclosed that as against the sanctioned provision of Rs 147.00 lakh, the Ministry released grants-in-aid of Rs 169.00 lakh to the Wakf Board. The excess release of Rs 22.00 lakh exceeded the limit of 10 per cent of budget provision and attracted the provisions of 'New Instrument of Service'. Therefore the release was an infringement of the rule governing Parliament financial control and require regularization.

**Grants No. 89: Atomic Energy and 90-Nuclear Power Schemes
(Department of Atomic Energy)**

12.43 The Department of Atomic Energy aims to harness atomic energy for a variety of applications, which contribute to development and welfare programmes of the country with emphasis on self-reliance. During 1995-00, the provision and disbursements in grant no. 89 and 90 (Atomic Energy and Nuclear Power Schemes) of the Department of Atomic Energy (DAE) were as shown in Table 12.20.

Table 12.20: Overall Position of Funds for the Last Five Years

Rs in crore

Year	Atomic Energy Grant No. 89				Nuclear Power Schemes Grant No. 90			
	Total grant/ Appropriation	Actual disbursement	Unspent provision	Surrender	Total grant/ appropriation	Actual disbursement	Unspent provision	Surrender
1995-96	1271.96	1170.45	101.51	87.50	816.01	789.79	26.22	25.76
1996-97	1270.48	1258.67	11.81	3.81	1012.77	1005.44	7.33	6.04
1997-98	1584.03	1493.46	90.57	41.01	1484.18	1415.34	68.84	27.00
1998-99	1858.81	1800.70	58.11	47.89	2149.28	1992.87	156.41	126.81
1999-00	2184.36	2038.37	145.99	126.83	2385.62	2317.63	67.99	65.61

Persistent Delay in the Surrender of Unspent Provision

12.44 In the accounts of the DAE in respect of grant no. 89 and 90 for the year 1999-00, the final unspent provision aggregating Rs 213.98 crore was registered. Out of this Rs 192.44 crore only were surrendered and Rs 21.54 crore were allowed to lapse. Though, the DAE stated in August 1999 that efforts would be made to advance the surrender in future, it surrendered Rs 192.44 crore only on 21 March 2000. These surrenders were accepted by

the Ministry of Finance on 31 March 2000, the last working day of the financial year. In August 2000, the DAE claimed that the surrender orders for the year 1999-00 were issued on 21 March 2000 as against on 24 March in previous year and there was tangible improvement in surrender of unspent provision.

12.45 Advancing surrender of unspent provision only by three days cannot be accepted as tangible improvement in advancing surrender of unspent provision. Moreover, the unspent provision in respect of grant no. 89 increased to Rs 145.99 crore in 1999-00 from Rs 58.11 crore in 1998-99. Similarly unspent provision in respect of grant no. 90 were also substantial. Persistent unspent provision, delay in surrender of unspent provision, substantial increase in unspent provision and failure to surrender the entire unspent provision in advance depicts shortcoming in the financial management.

Irregular Re-appropriations

12.46 As per the extant instructions of Ministry of Finance issued at the instance of the Public Accounts Committee (Eighth Lok Sabha) vide its recommendation in 147th Report, any re-appropriation order issued during the year which has the effect of increasing budget provision by more than 25 percent or Rupees one crore whichever is more, under a sub-head should be reported to the 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 demand, exceeding the above limit requires prior approval of the Secretary/Additional Secretary, Department of Expenditure. Test check of appropriation accounts for 1999-00 revealed that in five cases the re-appropriation exceeded the above limits as detailed in Table 12.21.

Review of Selected Grants

Table 12.21: Details of Irregular Re-appropriation Under the Sub Heads

Rs in crore

Sl. No.	No. & Name of grant with major and sub-heads	Original provision	Amount reappropriated	Month in which expenditure exceeded original provision and expenditure up to that month		Total expenditure up to March 2000 including supplementary
				Month	Amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Grant 89 - Atomic Energy						
1	Engineering Design & Development	16.18	6.27	Jan 2000	16.47	22.68
2	Chemistry & Isotope	3.00	2.90	Nov 1999	3.34	5.85
Grant 90 - Nuclear Power Schemes						
3	Nuclear Power Generation - Madras Atomic Power Station Supplies & Materials	62.06	41.38	Sep 1999	63.95	103.42
4	Kakrapar Atomic Power Station	91.02	27.53	Nov 1999	92.19	118.52
5	Kaiga Atomic Power Station	41.70	42.44	Dec 1999	42.05	84.10

12.47 The above cases were required to be reported to the Parliament along with the last batch of supplementary demands for grant. Despite prior knowledge, the approval of Secretary (Expenditure) was obtained at the fag end of the year and re-appropriation orders were issued on 31 March 2000 instead of reporting the re-appropriation to the Parliament through the last batch of supplementary demand for grants. It was also observed that the DAE allowed the expenditure even after completion of the budget provision without re-appropriation as the re-appropriation orders were issued only on 31 March 2000.

12.48 The DAE stated in August 2000 that even though proposal for seeking approval for augmenting the budget estimates over Rs 1 crore were sent to Ministry of Finance on 14 February 2000 due to delay in the receipt of approval from Finance Ministry, these re-appropriations could not be reported to Parliament along with the last batch of supplementary demands. It was also stated that with the issue of re-appropriation orders on 31 March 2000 the expenditure for the year 1999-00 as a whole stands ratified.

12.49 The reply is not tenable inasmuch as, out of the above five cases in respect of four cases expenditure had exceeded the original provision between September 1999 and December 1999 and accordingly the proposal for seeking approval for augmenting the budget provision under these heads could have been sent well in advance to enable its report to the Parliament through the last batch of supplementary grant obtained in March 2000. By not doing so the DAE made exception to the rule undermining Parliamentary financial control.

Re-appropriation in Infringement of Government Orders/ Instructions

12.50 In the absence of institution-wise break up, a lump sum provision of grants-in-aid is made in the budget estimate under a particular scheme, any re-appropriation beyond budget provision is required to be reported to the Parliament. Contrary to the above rule in respect of sub-head 'assistance to universities research institutions, societies and non-government institutions', though the DAE had augmented budgetary provision by Rs 2.07 crore through re-appropriation the details of this re-appropriation were not reported to Parliament. Department stated (July 2000) that additional funds to augment the approved budget estimates (by re-appropriation) was sought through supplementary demands for grants 1999-00 and as such, the re-appropriation stands reported to the Parliament.

12.51 The reply of the Department is not tenable inasmuch as the supplementary demand of Rs 0.45 crore was floated (under the above sub-head) to provide additional grants-in-aid to Dr.B.Barooah Cancer Research Institute and other institutes. As such the re-appropriation of Rs 2.07 crore cannot be construed to have been reported to the Parliament through supplementary demand.

12.52 In August 2000, the DAE claimed that although the amount of Rs 0.45 crore was sought in supplementary demands the entire amount of Rs 24.26 crore was sought in the revised estimates 1999-00 in the detailed demands for grants of the department 2000-01 and approved by the Parliament. As such, the orders of re-appropriation were with reference to the revised estimates 1999-00 and could be taken as approved by the Parliament. Since the limits prescribed in the subject rule are with reference to the budget estimates and not with reference to revised estimates the reason advanced by Department is not tenable. Since the DAE had not followed the prescribed procedure in the

Delegation of Financial Powers Rules, the re-appropriation under the sub-head was irregular.

Unrealistic Budgeting

12.53 As per instructions contained in Appendix-3 to Rule 53 of the GFR, ministries/departments are required to prepare their estimates, keeping in view the trends of disbursements during the previous years and other factors like economy instructions issued by the Ministry of Finance. A scrutiny of the appropriation accounts of the DAE for the year 1999-00 revealed that under the sub-heads shown in Appendix-XXXIV the entire provision remained unutilised, which indicated a tendency of over optimistic budgeting in the Department. In view of the position mentioned in the Appendix, the situation warrants closer monitoring and realistic approach in budgeting and appropriations. Moreover, the duplicate provision of Rs 20 crore at sl.no.1 of Appendix shows lack of co-ordination between two Ministries.

Loan to Nuclear Power Corporation of India Ltd. (NPCIL)

12.54 The position of the budget estimates and surrender for the last three years was as shown in Table 12.22.

Table 12.22: Details of Funds Utilized by NPCIL

	<i>Rs in crore</i>		
	1997-98	1998-99	1999-00
Original	27.00	111.00	102.00
Surrendered	27.00	83.00	43.00
Unutilised lapsed	--	28.00	--

12.55 The reasons for savings were attributed to slow progress made in the preparation of detailed project report and other preparatory works for Kudankulam Project. In June and August 2000, the DAE stated that the budget provision was made for the Detailed Project Report (DPR) work of Kudankulam Project, a turn-key project entrusted to the Russian Federation. The decrease in the outlay is on account of time taken in completing the following formalities for DPR contract to become effective:

- (i) Ratification of the supplement to inter governmental agreement of 1988 by the government.

- (ii) Finalisation of technical procedure for accounting the Russian State Credit by Controller of Aid Accounts and audit, Ministry of Finance and Russian Economic Affairs Bank.
- (iii) Formalities in obtaining clearance from RBI for payment of the 10 per cent advance.

12.56 The DAE stated that as the above were beyond the control of the Department, provision of Rs 43 crore was surrendered. It would be seen that the entire budget provision during 1997-99 remained unspent. During 1999-00 also more than 42 per cent (Rs 43.00 crore) of the budget provision remained unspent, which is indicative of over optimistic budgetary assumption.

Persistent Unspent Provision under Specific Heads

12.57 Test check of appropriation accounts of the DAE for the year 1999-00 revealed that persistent unspent provisions were recorded in seven sub-heads of grant no. 89 and 90 where unspent provision was more than Rupees one crore and ranged between 10 to 100 percent of the sanctioned provision as detailed in Appendix-XXXV.

12.58 The Department stated in August 2000 that it had noted the observation of audit and that it had a system of constant monitoring of the budget provisions vis-à-vis the expenditure thereof at the unit level and in the Department. The situation of persistent unspent provision revealed inadequate monitoring system and unrealistic estimates.

Rush of Disbursements during March

12.59 Test check of accounts revealed that under the major heads shown in Table 12.23, major part of the total disbursements, ranging between 23 and 100 percent, were made in March 2000.

Table 12.23: Details of Fund Released in the Month of March

Rs in crore

Grant and major head	Total disbursements	March Disbursements	Percent of March disbursements to total
Grant No. 89 Atomic Energy			
(i) 5401-Capital outlay on Atomic Energy Research	193.69	45.16	23
(ii) 6859-Loans for Telecommunication and Electronics & Industries	6.97	6.97	100
Grant No. 90 Nuclear Power Scheme			
(iii) 2801-Power	1432.60	511.82	36
(iv) 4801-Capital outlay on power projects	826.02	396.50	48
(v) 6801-Loans for power projects	59.00	59.00	100

12.60 Scrutiny of cheque register of the PAO of the DAE revealed heavy bunching of expenditure during 1997-00 inasmuch as 50 to 45 percent of disbursements were made in the month of March as indicated in Table 12.24.

Table 12.24: Overall Position of Expenditure in March during the Last Three Years

Rs in crore

Year	Total expenditure during the year	Expenditure in the month of March	Percentage in March to the total expenditure
1997-98	697.22	353.55	50.70
1998-99	1148.17	519.80	45.27
1999-00	1185.81	537.98	45.36

Drawal of Cheques for Rs 470.23 crore in the very end of the Year to Avoid Lapse of Grant

12.61 It was observed that the cheques amounting to Rs 470.23 crore as detailed in Appendix-XXXVI issued to various Institutions between 30 March 2000 to 31 March 2000 by the DAE were encashed subsequently on or after 31 March 2000 which indicates that these grants were not available for the Institutes during 1999-00 and hence it cannot be construed that these funds were utilised/applied during the year for the purpose for which they were authorised.

**The CAG's Report on
Union Government Accounts 1999-2000**

12.62 The DAE stated in August 2000 that payments were released based on sanctions received from competent authority and subject to availability of funds. It also contended that few of the transactions are mere book adjustments and as such need not be construed as rush of expenditure. The Parliament approves the budget for meeting the expenditure during the financial year to which it pertains and not for subsequent years. Since the funds released in March to voluntary organisations and other implementing agencies cannot constructively be spent during the year, it is not possible to conclude whether these funds were applied for the purpose for which these were provided during the year. Release of funds at the fag end of the financial year was indicative of deficient financial management.

Chapter 13

Managing Government Finances: A General Evaluation

13.1 The year 1999-00 provided the occasion to review government finances in the context of the fiscal reforms initiated in the early nineties. This concluding chapter attempts to signal critical areas of concern warranting remedial measures.

Summary Indicators of Fiscal Performance

In sum, over 1990-91 to 1999-00, central finances have become less adequate for current services, more vulnerable and offer less autonomy for current applications.

13.2 Table 13.1 presents a summarised position of government finances over 1990-91 to 1999-00, with reference to certain key indicators that help decipher the adequacy and effectiveness of available resources, highlight areas of concern, and capture important facets of government finances like adequacy, sustainability, autonomy and vulnerability, as discussed in the following paragraphs.

13.3 The tax-GDP ratio, the first indicator in this list, indicates the adequacy of the present flow of resources for the provision of current services. The fall in the tax-GDP ratio over the nineties indicates declining *adequacy* of resources. The second indicator - the share of non-interest - non-pension expenditure to total expenditure - indicates the *availability* of resources, i.e., the extent to which resources can be allocated for the provision of current services. This ratio has fallen by about 10 percentage points over the ten-year period.

The CAG's Report on
Union Government Accounts 1999-2000

Table 13.1: Summary Indicators of Fiscal Performance

<i>Percent</i>						
Year	Tax-GDP ratio	Exp. Other than interest payments & pensions as % of total exp.	Voted exp. as % of total disbursement	Repayment as % of borrowing	Interest payments as % of revenue receipts	Revenue deficit as % of Fiscal deficit
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
1990-91	10.12	82.75	39.82	72.73	25.47	40.40
1991-92	10.31	80.49	43.31	75.26	26.64	41.92
1992-93	9.99	80.07	44.51	73.55	27.21	39.46
1993-94	8.82	79.79	40.46	71.97	30.72	45.68
1994-95	9.14	78.40	38.73	77.06	30.04	49.92
1995-96	9.41	62.46	38.98	77.77	29.69	46.75
1996-97	9.45	76.18	36.51	79.91	30.70	47.90
1997-98	9.19	78.25	31.94	81.58	30.07	56.81
1998-99	8.18	95.21	32.55	79.54	32.47	53.42
1999-00	8.78	72.75	35.68	86.74	33.60	59.43

Year	Fiscal deficit to GDP ratio	Primary deficit to GDP	Internal liabilities to GDP ratio	Total liabilities to GDP ratio	Effective interest rate on internal liabilities	Change in debt-GDP ratio* (% points)
<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>
1990-91	8.07	4.29	49.76		8.20	
1991-92	5.94	1.87	48.63	65.41	8.44	-1.01
1992-93	6.31	2.15	48.12	64.24	8.67	-0.51
1993-94	8.34	4.07	50.12	64.99	9.18	1.85
1994-95	6.15	1.78	48.29	62.39	9.30	-2.30
1995-96	5.39	1.55	46.95	59.53	9.36	-2.04
1996-97	5.01	0.64	45.63	56.57	9.96	-1.68
1997-98	6.90	2.57	47.70	58.53	9.90	1.74
1998-99	6.44	2.01	47.46	57.58	10.17	-0.63
1999-00	5.30	0.47	47.72	57.23	10.79	-0.01

*The change is with respect to the corresponding previous year figures of outstanding debt at historical rates as given in Table 1.12.

13.4 The ratio of voted expenditure to total disbursements reflects the degree of *autonomy* in the current allocation of resources. The lower this ratio, the lower is the degree of freedom with which expenditures priorities can be voted by Parliament. Voted expenditure as proportion of total disbursement has fallen from 44.51 percent in 1992-93 to 31.94 percent in 1997-98. Although by 1999-00, it recovered to 35.68 percent, it still shows that the degree of autonomy in the application of resources is low, and has fallen over the ten-year period.

13.5 Repayment as percentage of borrowing also indicates the degree of *autonomy* in utilizing available resources for current applications. The higher is this ratio; the lower is the amount available from borrowing for application for current services. This ratio was 72.73 percent in 1990-91. It increased to 86.74 percent in 1999-00 indicating that only about 13 percent of current borrowing is useable for current services. The ratio of interest payments to revenue receipts also indicates the degree of autonomy to which current resources can be used for current services. The interest ratio has increased from 25.47 percent to 33.60 percent, showing increasing loss of autonomy.

13.6 *Vulnerability* of central finances has been indicated by the ratio of revenue deficit to fiscal deficit. To the extent fiscal deficit is not used for creating assets, finances become vulnerable because liabilities are being added without addition to the capacity for repayments. Column 7 of Table 13.1 gives the revenue deficit as percentage of fiscal deficit. This ratio has increased from 40.40 in 1990-91 to 59.43 in 1999-00, exhibiting an increase of about 20 percentage points. This indicates that after nearly ten years of fiscal reforms, central finances are more vulnerable than before.

Internal debt and liabilities have been incurred at rising costs.

13.7 Sustainability of debt is the key issue in the assessment of government finances. The higher is the debt to GDP ratio, the larger is likely to be the cost at which the government is able to borrow. Column 13 of Table 13.1 gives the movement of effective interest rate on internal liabilities, which increased from 8.20 percent in 1990-91 to 10.79 percent in 1999-00. Higher interest rate means higher interest payments even if debt remains unchanged, and at times, even while debt relative to the GDP falls. Column 12 of Table 13.1 indicates that the ratio of total liabilities to the GDP fell in the nineties. Still, interest payments rose relative to the GDP (Table 3.5) as also relative to the revenue receipts (Column 6 of Table 13.1), indicating that the impact of the rising interest rate on interest payments was more than that of the fall in the debt GDP ratio.

13.8 In the context of debt sustainability, reduction in the debt-GDP ratio is called for. The Eleventh Finance Commission, in such a context, has suggested a reduction of 5 percentage points in the centre debt-GDP ratio within five years time (para 3.20 of their report). The related debt figures were at historical exchange rates. Comparable figures, per audited finance accounts, are given in Table 1.12. The trends in the nineties indicate that the ratio of total liability to GDP has fallen. However, this trend has weakened, after

1995-96. The average yearly fall, between 1991-92 to 1995-95 was 0.8 percentage points (column 14 of Table 13.1). This slowed down to an average of 0.15 percentage points between 1996-97 and 1999-00. The slower is the rate of fall in debt –GDP ratio, the longer it will take, to reach the desirable level of the debt-GDP ratio, consistent with sustainability, unless additional remedial measures are taken for the medium term adjustment.

Managing Government Expenditures: Sources of Inefficiency

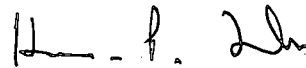
Even as availability of resources for current services falls, their applications remain inefficient.

13.9 As resources available for application for current services have depleted relative to the GDP, it is critical that these are used with maximum efficiency. Inefficiencies in government expenditure lead to either higher costs for the same service or poorer service for the same cost. A more macro level of inefficiency relates to inadequate provision for essential services that need to be provided by the government, such as public goods and high merit goods. Inefficiencies result from rigidities like lapse of funds at the close of the financial year, opacities in the budget process, such as large hidden subsidies, limited parliamentary debates on demands for grants, and routine delays in decision processes. Many of these inefficiencies are visible after the examination of accounts and the emergent pattern of the finances. In sum, the following sources of inefficiencies may be underlined:

- a. March rush:* a large proportion of expenditure is crowded in the month of March leading to hasty decisions, involving avoidable inefficiencies.
- b. Implicit subsidies:* there is a large volume of hidden subsidies making the budget process opaque. The implication of these subsidies is not fully realized or debated because these are not mentioned in the budgets as subsidies.
- c. Procedural inefficiencies:* major deficiencies in the process of incurring expenditures, already discussed, relate to incurring expenditure without sanction, excess disbursements over sanctioned grants, which remain non-regularized, and unspent amounts against provisions.
- d. Unauthorised reappropriations:* considerable amounts are reappropriated between different primary units of appropriation defeating the original purpose or activity which is authorized by the Parliament; often these reappropriations are found to be injudicious and without prior approval.

e. Poor fiscal marksmanship: a major cause of inefficiency is unrealistic budgeting. Budget estimates are based on such assumptions as often turn out to be unrealistic; demands are habitually overstated. Similar errors are repeated year after year.

13.10 The maladies pointed out above and elsewhere in the report call for discussions and consideration of various measures of reforms in government finance and accounts, including budget operations of the government.

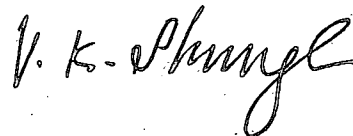


New Delhi

Dated: 27 June 2001

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

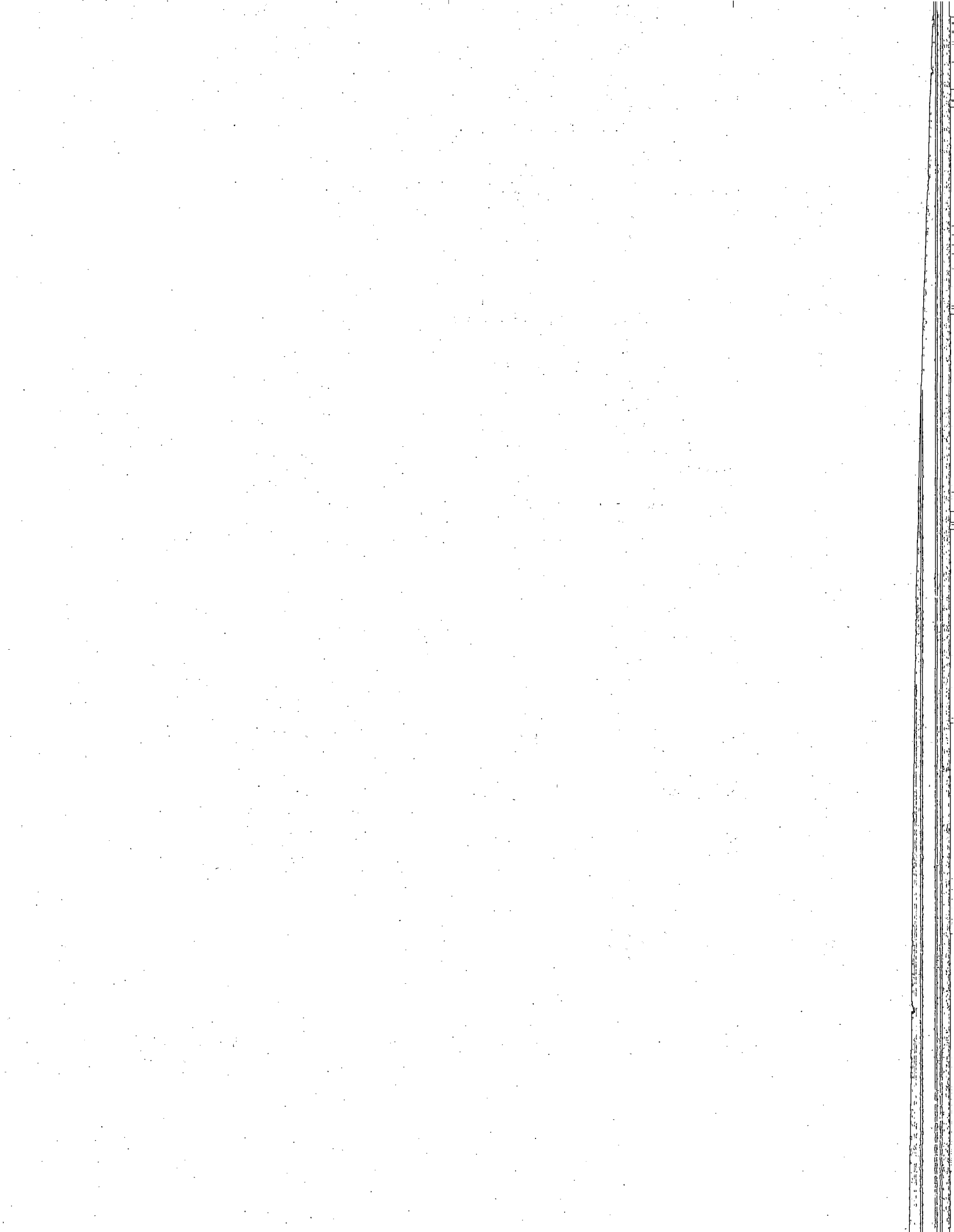
Countersigned



New Delhi

Dated: 28 June 2001

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



List of Appendices

	Page No.
I Returns on Investment	179
II Total Expenditure of Union Government	181
III Interest Payment	182
IV Outstanding Utilisation certificates	183
V Deficits in Union Government Accounts	186
VI Fiscal Deficit and Interest Payment	187
VII Expenditure financed by borrowings	188
VIII Total liability of Union Government	189
IX Unutilised external assistance-sectorwise	191
X Major amounts owned by Importers as on 31 March 2000	192
XI Adverse Balances	195
XII Authorisation and Disbursements	197
XIII Net unspent provision in Grants/Appropriations	198
XIV Proportion of Charged and Voted Disbursements (Civil Sector)	199
XV Statement of Miscellaneous Disbursements Held under Objection	199
XVI Rush of Expenditure during the month of March/Last Quarter of Financial Year	200
XVII Excess Expenditure over the Sanctioned Provision under Civil Ministries during 1999-00	207
XVIII Excess Disbursements over Grants/Appropriations	208
XIX Statement Showing Cases of Expenditure without Re- appropriation of Funds (Exceeding Rs one crore or more)	209
XX Unspent Provision between Rs 20 crore and Rs 100 crore	211
XXI Surrender of Funds	218
XXII Significant Cases of Major Re-appropriation which were injudicious on Account of non-utilisation	221
XXIII Position of Original and Supplementary Grants/Appropriations <i>Department of Fertilizers</i>	223
XXIV Statement of Major Unspent Provision	224
XXV Rush of Disbursements <i>Ministry of Environment and Forests</i>	225
XXVI Schemes/sub-Heads Affected by Large Unspent Provision	226
XXVII Rush of Disbursement	228

	<i>Department of Heavy Industry</i>	
XXVIII	Major Unspent Provisions and Excesses	229
XXIX	Rush of Disbursement	234
	<i>Broadcasting services (Ministry of I&B)</i>	
XXX	Cases of Major Unspent Provision and Excess during 1999-00	235
	<i>Ministry of Social Justice and Empowerment</i>	
XXXI	Cases of Persistent Unspent Provision	237
XXXII	Rush of Disbursements	238
XXXIII	Details of Grants Released for Rehabilitation of Scavengers to Some States	239
	<i>Department of Atomic Energy</i>	
XXXIV	Cases where Provision could not be Utilised during 1999-00	240
XXXV	Cases of Persistent Unspent Provision	243
XXXVI	Details of Cheques Drawn at the Fag End of the Year	244

The CAG's Report on
Union Government Accounts 1999-2000

Appendix I
Returns on Investment*
(Refers to Paragraph 2.23)

Rs in crore

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

**The CAG's Report on
Union Government Accounts 1999-2000**

		<i>Rs in crore</i>					
SI No	Investment at the end of the year	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
8	Cooperative Credit Societies						
i	Total Investment	0.05	0.07	0.07	0.10	0.11	0.11
ii	Dividend received	NA	NA	NA	NA	NA	
iii	Percentage of dividend	NA	NA	NA	NA	NA	
9	International Bodies						
i	Total Investment	751.31	1070.39	1090.72	1092.84	1122.21	1285.32
10	Under Construction						
i	Total Investment	6311.01	6311.01	6311.01	6314.65	7649.39	7649.44
I	Total Investment	71601.21	73814.26	76838.50	83772.33	86196.52	94898.18
II	Dividend received	1216.50	1748.33	2354.61	2680.90	3433.44	5074.36
III	Percentage of dividend/ profits	1.70	2.37	3.06	3.20	3.98	5.35

* Excludes Reserve Bank of India

The CAG's Report on
Union Government Accounts 1999-2000

Appendix II
Total Expenditure of Union Government
(Refers to Paragraph 3.2)

Rs in crore

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

The CAG's Report on
Union Government Accounts 1999-2000

Appendix III
Interest Payment
(Refers to Paragraph 3.12)

Rs in crore

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

The CAG's Report on
Union Government Accounts 1999-2000

Appendix IV
Outstanding Utilisation Certificates
(Refers to Paragraph 3.23)

Rs in crore

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000.	Amount	Earliest year of pendency of grants
1.	Agriculture and Cooperation	304	54.51	1979-80
2.	Andaman and Nicobar Islands	14	12.91	1997-98
3.	Atomic Energy	77	0.92	1985-86
4.	Commerce and Textiles			
	Development Commissioner of Handicraft, Delhi	638	22.18	1978-79
5.	Civil Supplies, Consumers Affairs and Public Distribution	10	0.35	1983-84
6.	Chemicals and Fertilizers			
	Department of Chemicals and Petrochemicals	3	0.02	1995-96
7.	Information Technology	496	105.98	1992-93
8.	External Affairs	34	1.19	1991-92
9.	Finance			
	Economic Affairs	1	0.35	1996-97
10.	Food and Consuming Affairs	12	1.58	1994-95
11.	Food Processing Industries	261	32.29	1988-89
12.	Health & Family Welfare			
	i) Family Welfare	1439	243.83	1981-82
	ii) Health	1363	462.34	1977-78
13.	Human Resource Development			
	i) Education	6620	3361.79	1977-78
	ii) Women and Child Development	8849	1126.02	1986-87
	iii) Youth Affairs and Sports	3468	304.77	1987-88
	iv) Culture	5272	382.97	1982-83
14.	Labour	643	34.91	1979-80
15.	Power	3	0.29	1976-77

**The CAG's Report on
Union Government Accounts 1999-2000**

				<i>Rs in crore</i>
Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000.	Amount	Earliest year of pendency of grants
16.	Central Board of Direct Taxes	4	0.004	1997-98
17.	Home Affairs			
	i) PAO (Sectt)	1	0.001	1990-91
	ii) RPAO (I.B.Shillong)	37	7.57	1993-94
18.	Planning and Statistics			
	Planning Commission	84	7.10	1990-91
19.	Rural Areas and Employment			
	Rural Development	14	13.57	1997-98
20.	Space	300	7.76	1976-77
21.	Surface Transport	14	0.18	1997-98
22.	Urban Affairs and Employment	513	316.19	1981-82
23.	Water Resources	50	2.05	1985-86
24.	Personnel Public Grievances and Pension	6	0.46	1996-97
25.	Ministry of Environment and Forest			
	i) Department of Environment and Forest	3570	456.61	1981-82
	ii) Department of ocean development	608	34.57	1983-84
26.	Industry			
	i) Department of Industrial and Industrial Policy and Promotion	1	1.83	1997-98
	ii) Department of Small Scale Industries and Agro Rural Industries	28	8.09	1993-94
27.	Information and Broadcasting	5	8.87	1982-83
28.	Non conventional energy sources	274	16.17	1995-96
29.	Tourism	17	2.69	1996-97
30.	Mines	1	0.04	1997-98
31.	Law, Justice and Supreme Court of India			
	i) Deptt. of Legal Affairs (NA4SA)	174	1.50	1982-83
	ii) Deptt. of Legal Affairs (State Legal Services Authorities)	117	1.44	1982-83

The CAG's Report on
Union Government Accounts 1999-2000

Rs in crore

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding in respect of grants released upto March 1998, which were due by September 1999 at the end of March 2000.	Amount	Earliest year of pendency of grants
iii)	Deptt of Legal Affairs (NGO's)	57	0.06	1983-84
iv)	Legislative Department (O.L.Wing)	8	0.004	1983-84
Total		35390	7035.965	

The CAG's Report on
Union Government Accounts 1999-2000

Appendix V
Deficits in Union Government Accounts
(Refers to Paragraph 5.2)

Rs in crore

Year	Deficit			
	Revenue	Fiscal	Primary	Monetised
1976-77	(+) 280	4080	2706	816
1977-78	(+) 429	4110	2589	(-) 260
1978-79	(+) 292	5988	4159	2191
1979-80	696	6391	4181	2650
1980-81	1702	8888	6284	3551
1981-82	293	8667	5472	3270
1982-83	1254	12473	8535	3368
1983-84	2398	13934	9139	3949
1984-85	3498	17785	11811	6055
1985-86	5565	24405	16893	6190
1986-87	7579	27875	18629	7091
1987-88	9137	28273	17022	6559
1988-89	10515	32007	17729	6503
1989-90	11914	37222	19465	13813
1990-91	18561	45887	24389	14746
1991-92	16261	38835	12239	5508
1992-93	18574	47140	16065	4257
1993-94	32715	71676	34935	260
1994-95	31029	62079	18019	2130
1995-96	29731	63689	13644	19855
1996-97	32654	68242	8764	1934
1997-98	59433	104621	38984	12914
1998-99	60567	113298	35416	11800
1999-00	61642	103749	9156	(-) 5587

* Quick estimate figures notified by CSO

The CAG's Report on
Union Government Accounts 1999-2000

Appendix VI
Fiscal Deficit and Interest Payment
(Refers to Paragraph 5.7)

Rs in crore

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

The CAG's Report on
Union Government Accounts 1999-2000

Appendix VII
Expenditure financed by borrowings
(Refers to Paragraph 5.9)

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

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

The CAG's Report on
Union Government Accounts 1999-2000

Appendix VIII
Total liability of the Union Government
(Refers to Paragraph 6.4)

Rs in crore

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

**The CAG's Report on
Union Government Accounts 1999-2000**

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
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

* Current rate of exchange is not available.

The CAG's Report on
Union Government Accounts 1999-2000

Appendix IX
Unutilised external assistance - sectorwise
(Refers to Paragraph 6.24)

Rs in crore

Sl No	Sector	Unutilised external assistance at current rate
1	Power	18901.63
2	Social	11968.37
3	Urban Development	4270.98
4	Agriculture and Rural Development	4073.53
5	Water Resources Management	6509.44
6	Roads	3524.20
7	Railways	1010.37
8	Fertiliser	0.46
9	Infrastructure Sector (General)	670.39
10	Structural Adjustment/Fast Disb.	1089.00
11	Coal	186.17
12	Environment and Forestry	2787.39
13	Energy(Non-Conventional)	283.01
14	Others	1642.25
	Total	56917.19

The CAG's Report on
Union Government Accounts 1999-2000

Appendix X
Major amounts owned by Importers as on 31 March 2000
(Refers to Paragraph 9.5)

Rs in crore

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
1.	IIT Naini, Allahabad (Optic Fibre Project)	Denmark	4.19	1992-2000
2.	Telecom	France	4.57	1985-86 to 1991-92
		Japan	1.47	1986-87 to 1990-91
3.	Pawan Hans Ltd.	France	63.42	1986-87 to 1988-89
4.	N.H.P.C.	France	3.04	1991-92 to 1993-94
5.	R.I.N.L.	France	0.09	1991-92 to 1994-95
6.	Narmada Water (Hydraoplus) (Govt. of Gujarat)	France	11.94	1994-95 to 1999-00
7.	DWSSDU (MCD) New Delhi	France	32.90	1993-94 to 1999-00
8.	Mines & Geological	France	3.93	1993-94 to 1996-97
9.	PHED Manipur	France	6.58	1997-98 to 1999-00
10.	APDDB, Hyderabad	France	10.28	1997-98 to 1999-00
11.	Railway Board			
	Railway Investment Programme	Germany	1.31	1994-95 to 1997-98
	Railway Board	Germany	0.84	1998-90
	IIrd Railway Modernization	IBRD	0.77	1988-90
	--do--		2.45	1992-93
	Railway Project Grant 1990	U.K.	7.14	1992-93
	Railway Project 1990	U.K.	1.85	1993-94
	Railway Grant 1990	U.K.	17.61	1994-95
	Railway Project	ADB	1.30	1998-99
12.	Fertilizer Sector Programme-IV	Germany	20.64	1995-96
13.	Family Health support, Maharashtra	Germany	3.07	1997-98 to 1999-00
14.	Residential School, Rajasthan	Germany	2.70	1999-00
15.	West Bengal Electricity Board Calcutta (IDP- 4072 and 98)	Japan	2.87	1988-89 to 1999-00
16.	Ministry of Tourism (IDP-54)	Japan	8.26	1990-91 to 1998-99
17.	Hindustan Copper Ltd.	Japan	2.27	1991-92 to 1998-99
18.	National Highway	ADB	10.53	1996-97 to 1999-00
19.	ANPARA (UPSED) (IDP-65, 88, 83 & 108)	Japan	77.83	1993-94 to 1999-00
20.	A.P.S.E.B. Hydrabad (IDP - 43, 85, 94, 95, 99, 128 & 127)	Japan	186.05	1995-96 to 1999-00
21.	Mysore Paper Mills, Karnataka	Japan	3.30	1997-98 to 1999-00
22.	Banaras Hindu University U.P.	Japan	5.65	1994-95 to 1995-96
23.	Gatghar Pumped storage irrigation deptt., Maharashtra	Japan	13.76	1997-98 to 1999-00
24.	Pipavav Port Ship-breaking Project,	Japan	15.18	1996-97 to 1999-00

The CAG's Report on
Union Government Accounts 1999-2000

<i>Rs in crore</i>				
Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
Gujarat (IIDP-115)				
25.	Grant-in-aid 2601M Nizamuddin Bridge, MOST	Japan	28.74	1996-97 to 1997-98
26.	Health and Family Welfare Ministry of Health	Japan	27.36	1997-98 to 1998-99
27.	West Bengal Power Development Corp., Calcutta (IDP-89, 97, 130 & 137)	Japan	270.93	1997-98 to 1999-00
28.	Madras Sewerage and Renovation Fund, Chennai (IDP-102)	Japan	17.50	1997-98 to 1999-00
29.	West Bengal Transmission system Project (IDP-117)	Japan	11.39	1997-98 to 1999-00
30.	Kurnool Guddapah Canal (IDP-113)	Japan	25.38	1998-99 to 1999-00
31.	Manipur Sericulture Project (IPD-134)	Japan	5.81	1998-99 to 1999-00
32.	Commissioner Rural Development, Hyderabad	Japan	7.08	1998-99
33.	Tamil Nadu Small Industry Development Corporation Ltd., Chennai GA-3.6M	Japan	20.28	1998-99 to 1999-00
34.	Financial Commission cum secy Deptt for irrigation and Public Health	Japan	16.97	1998-99
35.	NEEPCO, Shillong	Japan	6.4	1999-00
36.	Helicopter Corporation of India Ltd., New Delhi	U.K.	12.53	1985-86
			9.38	1986-87
37.	Pawan Hans Ltd. & U.K., India West Land Helicopter Project Grant, 1986)	U.K.	45.08	1987-88
38.	Hindustan Zinc Aid	U.K.	15.17	1990-91
			48.25	1992-93
39.	Nagarjuna Sagar Project Grant, 1987	U.K.	1.35	1991-92
			2.37	1993-94
40.	Hindustan Zinc Aid	U.K.	38.27	1991-92
			3.60	1993-94
41.	ONGC Grant, 83	U.K.	2.96	1993-94
42.	Energy Efficient Grant 90	U.K.	80.92	1993-94
			141.58	1995-96
			37.88	1996-97
			20.40	1998-99
43.	Jhanjra Project Sector Grant	U.K.	14.27	1996-97
			4.44	1997-98
			0.76	1998-99
			1.96	1999-00
44.	Bombay Air Port Grant 90	U.K.	5.66	1994-95

**The CAG's Report on
Union Government Accounts 1999-2000**

Rs in crore

Sl. No.	Name of the importer	Country (Sources of Loan)	Amount	Period from which amounts are awaited
45.	Orissa Power Sector Reform	U.K.	24.48	1998-99
46.	N.T.P.C.	U.S.S.R.	4.09	1985-86
			13.18	1986-87
			7.40	1991-92
		Japan	3.28	1996-97 to 1998-99
47.	O.N.G.C.	U.S.S.R.	2.72	1991-92
			0.11	1992-93
48.	Hindustan Cables	ADB	2.12	1995-96
49.	Paradeep Port Trust	ADB	10.2	1994-95 to 1999-00
50.	Chennai Port Trust	ADB	6.15	1996-97 to 1999-00
51.	North-Madras Thermal Power	ADB	9.21	1996-97 to 1999-00
52.	Rayalseema- Thermal Power Project	ADB	57.23	1996-97 to 1997-98
53.	Ind National Agriculture	IDA	3.12	1995-96
54.	Agri Human Resources	IDA	4.02	1996-97
			17.39	1998-99
			1.57	1999-00
55.	Assam Rural Infrass Project	IDA	10.17	1999-00
56.	Orissa Water Resources	IDA	13.45	1999-00
57.	Reproductive & Child Health	IDA	88.60	1999-00
58.	Cement Industry Ltd. (I.C.I.C.I.)	IBRD	4.84	1992-93
	Cement Industry Ltd. (I.D.B.I.)		2.49	1993-94
	Cement Industry Ltd. (I.C.I.C.I.)		3.70	1993-94
	Cement Industry Ltd. (I.C.I.C.I.)		0.47	1993-94
	Cement Industry Ltd. (I.C.I.C.I.)		0.26	1993-94
	Cement Industry Ltd. (I.C.I.C.I.)		1.07	1993-94
	Cement Industry Ltd. (I.C.I.C.I.)		0.10	1993-94
	Cement Industry Ltd. (I.C.I.C.I.)		0.38	1994-95
	Cement Industry Ltd. (I.C.I.C.I.)		3.08	1994-95
59.	Bombay urban	I.B.R.D	4.15	1996-97
60.	Maharashtra Power Project	I.B.R.D	6.91	1996-97
61.	State Power Restructuring Project	I.B.R.D	5.70	1999-00
62.	Orissa Power Restructuring Project	I.B.R.D	6.58	1999-00

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XI
Adverse Balances
(Refers to Paragraphs 9.6)

Sl. No.	Head of Account (Major/Minor)	Balance (As on 31 March 2000)	<i>Rs in thousand</i> Period from which balances became adverse
Statement No. 13			
1.	8115-00-101-Depreciation Reserve Fund – Railway Commercial Lines	Dr. 7745187	1998-99
2.	8121-00-103 Railway Pension Fund Commercial lines	Dr. 2745.27	1999-00
3.	8235-00-101 General Reserve Fund of Government Commercial Department/Undertakings	Dr. 1478	1999-00
4.	8443-00-110-Deposits of Police Fund	Dr. 2456	1996-97
5.	8448-00-104-Fund of Insurance Association of India	Dr. 291	Pre 1976-77
6.	8449-00-115-Advance Deposits for IBRD Aided Projects	Dr. 4188024	1994-95
7.	8550-00-101-Forest Advances	Cr. 1659	1997-98
8.	8656-00-104-Bronze and Copper Coinage Account	Cr. 2,13,57	Pre 1976-77
9.	8656-00-105-Nickel Coinage Account	Cr. 881861	1994-95
Statement No. 14			
10.	6002-00-202-Loans from the Federal Austrian Government	(-) 95347	1997-98
11.	6002-00-203-Loans from the Government of the Kingdom of Belgium	(-) 968832	1996-97
12.	6002-00-218-Loans from Kuwait Fund for Arab Economic Development	(-) 2369131	1994-95
13.	6002-00-220-Loans from the Government of Netherlands	(-) 5236306	1996-97
14.	6002-00-221-Loans from the organisation of Petroleum Exporting Countries Special Fund	(-) 1076353	1994-95
15.	6002-00-224-Loans from Saudi Fund for Development	(-) 415166	1994-95
16.	6002-00-225-Loans from the Government of United Kingdom – Bearing Interest	(-) 27142171	1995-96
17.	6002-00-204 Loans from the Government of Canada	(-) 123754	1999-00
18.	6002-00-206 Loans from the Government of Denmark	(-) 153828	1999-00
19.	6002-00-225-Loans from the Government of United Kingdom – Not Bearing Interest	(-) 2,24,18,39	1992-93
20.	6002-00-226-Loans from the Agency for International Development USA	(-) 19720870	1995-96
21.	6002-00-227-Loans from the Government of USA under PL-480 Convertible Local Currency Credits	(-) 3991632	1995-96
22.	6002-00-228-Other Miscellaneous Loans from the Government of USA	(-) 397213	1998-99
23.	6002-00-230-Loans from the Government of	(-) 3385310	1998-99

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Head of Account (Major/Minor)	Balance (As on 31 March 2000)	<i>Rs in thousand</i> Period from which balances became adverse
Russian Federation			
24.	8012-00-112-Deposits by the Kudremukh Iron Ore Company Ltd.	(-) 5789536	1991-92
25.	8013-60-101-Mahila Samridhi Yojana for Rural Women	(-) 19544	1998-99
26.	6001-00-505 Percent loan 1999	(-) 459648	1999-00
Statement No. 14A			
27.	6001-00-106-(ii) Loans from Life Insurance Corporation	(-) 181	1979-80
28.	6001-00-106 (iii) 9% Relief Bonds, 1993	(-) 5438923	1998-99
29.	6001-00-106 (iv) Special Bearer,Bonds, 1991	(-) 97705	1995-96
Statement No. 15			
30.	6202-03-800-Other Loans	(-) 18,76	1986-87
31.	6225-01-800-Other Loans	(-) 192	1994-95
32.	6235-01-105-Repartriates from Sri Lanka	(-) 323	1999-00
33.	6245-01-101-Gratuitious Relief	(-) 803	1986-87
34.	6245-02-101-Gratuitious Relief	(-) 21,56	1997-98
35.	6401-00-104-Agricultural Farms	(-) 39.90	1993-94
36.	6401-00-800-Other Loans	(-) 13648	1986-87
37.	6402-00-102-Soil Conservation	(-) 38.40	1995-96
38.	6403.00-800-Other Loans	(-) 64.28	1994-95
39.	6408-00-101 Procurement and Supply	(-) 186	1999-00
40.	6515-00-102-Community Development	(-) 493	1986-87
41.	6515-00-103-Rural Works Programmes	(-) 1	1986-87
42.	6701-60-800-Other Loans	(-) 4	1988-89
43.	6860-01-800-Other Loans	(-) 22	1994-95
44.	7475-00-103 Civil Supplies	(-) 13730	1999-00
Statement No. 16			
45.	8001-00-104-Cumulative Time Deposits	(-) 488340	1994-95
46.	8002-00-101-Post office certificates	(-) 8558260	1999-00
47.	8002-00-102-State Savings Certificates	(-) 397	Pre 1976-77
48.	8002-00-103-Treasury Saving Deposit Certificates	(-) 6962	Pre 1976-77
49.	8002-00-104-Defence Saving Certificates	(-) 296546	1988-89
50.	8002-00-106-National Development Bonds	(-) 12321	1982-83

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XII
Authorisation and Disbursements
(Refers to paragraph 10.6)

Rs in crore

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	Unspent provision
Civil-Voted					
I. Revenue	118638.11	12779.88	131417.99	126341.78	5076.21
II. Capital	18582.28	1545.29	20127.57	17255.90	2871.67
III. Loans and Advances	5637.87	596.89	6234.76	5043.93	1190.83
Total Voted	142858.26	14922.06	157780.32	148641.61	9138.71
Charged					
IV. Revenue	121084.17	8438.46	129522.63	126962.51	2560.12
V. Capital	106.34	15.45	121.79	29.54	92.25
VI. Public Debt	360893.44	0.01	360893.45	305088.29	55805.16
VII. Loans and Advances	17963.18	3573.33	21536.51	21115.67	420.84
Total Charged	500047.13	12027.25	512074.38	453196.01	58878.37
Grand Total-Civil	642905.39	26949.31	669854.70	601837.62	68017.08
Post and Telecommunications (P&T)					
Voted	38232.90	477.97	38710.87	37104.31	1606.56
Charged	0.17	0.80	0.97	0.56	0.41
Total-P&T	38233.07	478.77	38711.84	37104.87	1606.97
Defence Services					
Voted	47027.70	3243.00	50270.70	48633.56	1637.14
Charged	19.18	7.42	26.60	22.97	3.63
Total Defence Services	47046.88	3250.42	50297.30	48656.53	1640.77
Railways					
Voted	54593.08	1248.11	55841.19	53832.02	2009.17
Charged	25.15	9.23	34.38	24.19	10.19
Total Railways	54618.23	1257.34	55875.57	53856.21	2019.36
Grand Total Voted:CFI	282711.94	19891.14	302603.08	288211.50	14391.58
Grand Total Charged:CFI	500091.63	12044.70	512136.33	453243.73	58892.60
Grand Total CFI	782803.57	31935.84	814739.41	741455.23	73284.18

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

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XIII
Net Unspent Provision in Grants/Appropriations
(Refers to paragraph 10.7)

Rs in crore

Grants and Appropriations affected	Unspent provision		Excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Civil						
Voted	5076.21	4062.55	-	0.05	5076.21	4062.50
No. of grants	90	68	-	1	-	-
Charged	2560.64	56318.25	0.52	-	2560.12	56318.25
No. of Appropriations	40	17	1	-	--	--
Post and Telecommunications						
Voted	1376.52	230.04	-	-	1376.52	230.04
No. of grants	2	2	-	-	-	-
Charged	0.15	0.26	-	-	0.15	0.26
No. of Appropriations	2	2	-	-	-	-
Defence Services						
Voted	1255.22	381.92	-	-	1255.22	381.92
No. of grants	4	1	-	-	-	-
Charged	3.63	0.01	0.01	-	3.62	0.01
No. of Appropriations	3	1	1	-	-	-
Railways						
Voted	706.24	1360.66	57.74	-	648.50	1360.66
No. of grants	12	1	3	-	-	-
Charged	7.99	2.70	0.49	-	7.50	2.70
No. of Appropriations	6	1	5	-	-	-

The CAG's Report on
Union Government Accounts 1999-2000

Annexure XIV
Proportion of Charged and Voted Disbursements(Civil Sector)
(Refers to Paragraph 10.8)

Rs in crore

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

Annexure XV
Statement of Miscellaneous Disbursements Held under Objection
(Refers to Paragraph 10.12)

Rs in crore

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

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XVI
Rush of Expenditure during the Month of March/Last Quarter of the Financial Year
(Refers to Paragraph 10.13)

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	<i>Rs in crore</i>
						Percentage of expenditure in last quarter to total expenditure
1-Agriculture						
1.	2435-Other Agricultural Programmes	18.36	18.33	100	18.33	100
2.	4401-Capital Outlay on Crop Husbandry	9.68	4.68	48	4.94	51
2-Other Services of Department of Agriculture and Co-operation						
3.	2425-Co-operation	29.19	18.51	63	19.20	66
4-Department of Animal Husbandry & Dairying						
4.	3601-Grants in aid to State Governments	128.96	53.96	42	83.17	64
5.	4404-Capital Outlay on Dairy Development	1.09	0.58	53	0.75	69
6.	4405-Capital outlay on Fisheries	13.61	0.68	-	12.26	90
5-Department of Chemicals & Petro Chemicals						
7.	4857-Investment in PSUs	5.75	2.75	48	3.25	57
6-Department of Fertilizers						
8.	4855-Capital Outlay on Fertilizer Industries	40.00	37.00	92	37.00	92
7-Ministry of Civil Aviation						
9.	5053-Capital Outlay on Civil Aviation	15.67	14.80	94	14.81	94
8-Department of Consumer Affairs						
10.	3456-Civil Supplies	8.83	6.57	74	6.81	77
9- Department of Food and Civil Supplies						
11.	3601-Grants-in-aid to State Governments	11.96	7.23	60	8.67	72
10-Department of Sugar & Edible Oils						
12.	3456-Civil Supplies	50.00	30.00	60	30.00	60
13.	4408-Capital Outlay on Food Storage and Warehousing	1.06	0.59	56	0.59	56

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	<i>Rs in crore</i>
						Percentage of expenditure in last quarter to total expenditure
11-Ministry of Coal						
14.	2230-Labour and Employment	32.42	32.42	100	32.42	100
12-Department of Commerce						
15.	3601-Grants-in-aid to State Governments	38.86	12.93	33	19.88	51
25-Department of Economic Affairs						
16.	3075-Other Transport Services	685.41	685.41	100	685.41	100
26-Currency Coinage & Stamps						
17.	2047-Other Fiscal Services	206.23	51.90	25	93.59	45
18.	4046-Capital Outlay on Currency, Coinage and Mint	313.29	82.09	26	142.38	45
27-Payments to Financial Institutions						
19.	2047-Other Fiscal Services	27.94	27.94	100	27.94	100
20.	2075-Miscellaneous General Service	50.00	50.00	100	50.00	100
21.	2416-Agricultural Financial Institutions	18.50	5.22	28	18.27	99
22.	2885-Other Outlays on Industries and Minerals	62.46	27.29	44	27.29	44
23.	3052-Shipping	12.00	12.00	100	12.00	100
24.	3465-General Financial and Trading Institutions	1.54	1.19	77	1.19	77
25.	3475-Other General Economic Services	591.99	591.12	99	591.12	99
26.	4885-Capital Outlay on Industries and Minerals	50.00	50.00	100	50.00	100
29-Transfers to State and Union Territory Governments						
27.	2245-Relief on account of Natural Calamities	1209.04	791.04	65	791.04	65
28.	3054-Roads & Bridges	2.81	2.81	100	2.81	100

**The CAG's Report on
Union Government Accounts 1999-2000**

<i>Rs in crore</i>						
Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	Percentage of expenditure in last quarter to total expenditure
29.	3602-Grants-in-aid to Union Territory Governments	295.55	295.55	100	295.55	100
36-Direct Taxes						
30.	4059-Capital Outlay on Public Works	14.80	13.70	93	14.80	100
31.	4216-Capital Outlay on Housing	25.74	24.82	96	25.67	100
37-Indirect Taxes						
32.	4059-Capital Outlay on Public Works	6.39	3.99	62	4.39	69
33.	4216-Capital Outlay on Housing	36.37	16.96	47	21.21	58
38-Ministry of Food Processing Industries						
34.	3451-Secretariat-Economic Services	6.84	2.78	41	3.57	52
35.	2405-Fisheries	4.51	4.03	89	4.03	89
36.	2408-Food Storage and Warehousing	11.95	5.78	48	7.88	66
37.	4860-Capital Outlay on Consumer Industries	3.47	3.47	100	3.47	100
39-Department of Health						
38.	3601-Grants-in-aid to State Governments	311.69	146.04	47	216.06	69
39.	3602-Grants-in-aid to Union Territory Governments	1.76	1.27	72	1.36	77
40.	4210-Capital Outlay on Medical and Public Health	277.69	108.91	39	145.35	52
40-Department of Indian Systems of medicine and Homoeopathy						
41.	2210-Medical and Public Health	86.95	24.52	28	32.02	37
41-Department of Family Welfare						
42.	2211-Family Welfare	997.40	423.67	42	507.47	51
43.	3602-Grants-in-aid to Union Territory Governments	29.86	17.81	60	20.03	67

The CAG's Report on
Union Government Accounts 1999-2000

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	<i>Rs in crore</i>
						Percentage of expenditure in last quarter to total expenditure
45-Other Expenditure of the Ministry of Home Affairs						
44.	2552-North Eastern Areas	45.28	11.06	24	21.00	46
45.	3053-Civil Aviation	9.58	5.58	58	6.42	67
46-Transfers to Union Territory Governments						
46.	3602-Grant-in-aid to Union Territory Governments	486.30	159.59	33	223.47	46
48-Department of Youth Affairs and Sports						
47.	2204-Sports & Youth Services	180.34	72.10	40	81.86	45
48.	3601-Grants-in-aid to State Governments	30.56	21.28	70	25.96	85
49.	3602-Grants-in-aid to Union Territory Governments	0.24	0.22	92	0.22	92
50.	4202-Capital Outlay on Education, Sports, Art and Culture	1.86	1.49	80	1.64	88
49-Department of Culture						
51.	2251-Secretariat-Social Services	8.44	1.84	22	3.44	41
52.	2205-Art and Culture	315.22	70.83	22	120.47	38
53.	3601-Grants-in-aid to State Governments	17.85	17.03	95	17.47	98
50-Department of women and Child Development						
54.	2235-Social Security	103.17	55.98	54	63.79	62
53-Department of Heavy Industry						
55.	2852-Engineering Industries	486.80	437.58	90	473.03	97
56.	4854-Capital Outlay on cement and Non-metallic Mineral Industries	7.13	6.80	95	6.80	95
57.	4858-Capital Outlay on Engineering Industries	66.89	53.00	79	60.35	90

The CAG's Report on
Union Government Accounts 1999-2000

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	<i>Rs in crore</i>
						Percentage of expenditure in last quarter to total expenditure
58.	4860-Capital Outlay on Consumer Industries	17.82	7.32	41	16.86	95
55-Information, Films and Publicity						
59.	4220-Capital Outlay on Information and Publicity	15.27	8.09	53	9.77	64
56-Broadcasting Services						
60.	4221-Capital Outlay on Broadcasting (charged)	2.28	1.95	86	2.26	99
61.	4221-Capital Outlay on Broadcasting	367.44	130.78	36	185.92	51
58-Law and Justice						
62.	2014-Administration of Justice	30.32	9.25	31	12.69	42
68-Department of Programme Implementation						
63.	2553-MPs Local Area Development Scheme	1390.24	319.50	23	631.00	45
69-Ministry of Power						
64.	3601-Grants-in-aid to State Governments	4.97	4.97	100	4.97	100
71-Department of Rural Employment and Poverty Alleviation						
65.	3451-Secretariat-Economic Services	2.10	0.03	-	2.10	100
66.	2501-Special Programme for Rural Development	1126.63	458.66	41	608.65	54
67.	2515-Other Rural Development Programmes	110.00	14.45	13	109.65	100
72-Department of Wastelands Development						
68.	2501-Special Programme for Rural Development	97.49	34.70	36	56.71	58
69.	3601-Grants-in-aid to State Governments	3.20	0.68	21	2.14	67

The CAG's Report on
Union Government Accounts 1999-2000

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	<i>Rs in crore</i>
						Percentage of expenditure in last quarter to total expenditure
76-Department of Steel						
70.	2852-Industries	962.03	958.75	100	959.32	100
78-Ministry of Surface Transport						
71.	3056-Inland Water Transport	32.24	11.84	37	17.95	56
79-Roads						
72.	3054-Roads and Bridges	2159.57	1469.11	68	1496.47	69
73.	3602-Grants-in-aid to Union Territory Governments	1.26	1.26	100	1.26	100
80-Ports, Lighthouses and Shipping						
74.	2852-Industries	7.97	5.23	66	5.29	66
75.	4858-Capital Outlay on Engineering Industries	8.00	6.19	77	6.69	84
81-Ministry of Textiles						
76.	3602-Grants-in-aid to Union Territory Governments	1.93	1.29	67	-	-
77.	4851-Capital Outlay on Village and Small Industries	9.14	6.06	66	-	-
78.	3601-Grants-in-aid to State Governments	77.60	55.00	71	75.00	97
84-Urban Employment and Poverty Alleviation						
79.	2216-Housing	12.35	6.30	51	8.61	70
80.	3475-Other General Economic Services	5.20	4.45	86	4.46	86
81.	3601-Grants-in-aid to State Governments	116.57	77.22	66	77.22	66
82.	4216-Capital Outlay on Housing	150.00	-	-	112.00	75
85-Public Works						
83.	2059-Public Works	552.79	242.98	44	292.53	53
86-Stationery and Printing						
84.	2058-Stationery and Printing	138.68	87.88	63	105.19	76

The CAG's Report on
Union Government Accounts 1999-2000

Sl. No.	Description of the Grant and Major Head	Total expenditure under major head	Expenditure in March	Percentage of expenditure in March to total expenditure	Expenditure during last quarter of the financial year	<i>Rs in crore</i>
						Percentage of expenditure in last quarter to total expenditure
85.	2202-General Education	5.32	2.76	52	2.98	56
87-Ministry of Water Resources						
86.	2705-Command Area Development	2.97	1.74	59	2.18	73
87.	4711-Capital Outlay on Flood Control Projects	4.93	4.67	95	4.67	95
88-Ministry of Social Justice and Empowerment						
88.	2225-Welfare of Scheduled Casts, Scheduled Tribes and other Backward Classes	139.45	90.33	65	99.56	71
89.	2235-Social Security and Welfare	196.68	83.01	42	115.67	59
90.	3601-Grants-in-aid to State Governments	1206.46	445.37	37	716.54	59
91.	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	190.25	126.61	67	127.72	67
92.	4235-Capital Outlay on Social Security and Welfare	10.00	10.00	100	10.00	100

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XVII
Excess Expenditure over the Sanction Provision under Civil Ministries during 1990-00
(Refers to paragraph 11.1)

Rs in crore

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

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XVIII
Excess Disbursement over Grants/Appropriation
(Refers to paragraph 11.1 and 11.2)

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by Government
Civil - Revenue-Charged				
1.	26-Currency, Coinage and Stamps	Appropriation	224700000	Excess was due to adjustment of Rs. 192.68 lakhs met out of Contingency Fund of India during 1998-99, adjusted during 1999-00.
		Expenditure	229858496	
		Excess	5158496	
Capital - Voted				
2.	100-Chandigarh	Grant	979400000	Completion of on going construction works. Increase in the scope of repair and maintenance work.
		Expenditure	979892010	
		Excess	492010	
Defence Services Revenue-Charged				
3.	21-Ordnance Factories	Appropriation	1600000	Details are in Report No. 7 of 2001 (Defence Services-Army and Ordnance)
		Expenditure	1668658	
		Excess	68658	
Railways - Revenue - Voted				
4.	2-Miscellaneous Expenditure (General)	Grant	1965500000	Details are in Report No. 9 of 2001 (Railways)
		Expenditure	1974904852	
		Excess	9404852	
5.	6-Repairs and Maintenance of Carriages and Wagons	Grant	29109308000	-do-
		Expenditure	29130406783	
		Excess	21098783	
6.	10-Operating Expenses-Fuel	Grant	55999679000	-do-
		Expenditure	56546555568	
		Excess	546876568	
Revenue-Charged				
7.	3-General Superintendence and Services	Appropriation	423000	Details are in Report No. 9 of 2001 (Railways)
		Expenditure	560852	
		Excess	137852	
8.	4-Repairs and Maintenance of Permanent Way	Appropriation	1952000	Details are in Report No. 9 of 2001 (Railways)
		Expenditure	2741314	
		Excess	789314	
9.	6-Repairs and Maintenance of Carriages & Wagons	Appropriation	138000	-do-
		Expenditure	238552	
		Excess	100552	
10.	7-Repairs and Maintenance of Plant and Equipment	Appropriation	0	-do-
		Expenditure	72277	
		Excess	72277	
11.	9-Operating Expenses - Traffic	Appropriation	1000000	-do-
		Expenditure	4807005	
		Excess	3807005	

The CAG's Report on
Union Government Accounts 1999-2000

APPENDIX XIX
Statement Showing Cases of Expenditure without Re-appropriation of
Fund (Exceeding Excess of Rs One Crore and More)
(Refers to Paragraph 11.4)

Sl. No.	Sub-head	Provision	Actual expenditure	Rs in crore Final excess expdr without re-appropriation
6-Department of Fertilizers				
1.	Grants under Indo-UK Fertilizers Development Programme	O 0.01 S 0.01	-8.38	8.36
16-Ministry of Defence				
2.	Defence Estate Organisation	O 37.51 R 0.35	38.92	1.06
3.	Directorate of Canteen Services	O 2950.90 R -124.65	2829.28	3.03
17-Defence Pensions				
4.	Leave Encashment	S 133.15 R -56.62	84.65	8.12
29-Transfers to State and Union Territory Governments				
5.	State's Share of Additional Excise Duties in lieu of Sales Tax (Charged)	O 3645.84 R -680.38	2970.46	5.00
30-Loans to Government Servants etc.				
6.	Advances for purchase of other motor conveyance	O 45.00	86.65	41.65
7.	Advances for purchase of computers	-	3.28	3.28
8.	Other Advances	O 2.00	6.94	4.94
33-Pensions				
9.	Gratuities	O 260.00 S 80.00	357.01	17.01
10.	Deposit linked Insurance Scheme Government PF & Others	O 16.21 S 4.74 R 1.59	23.94	1.40
44-Police				
11.	Police-Modernisation of Police Force	O 50.00 R -18.39	36.82	5.21
12.	Charged	O 50.00 R -20.00	36.82	6.82
45-Other Expenditure of the Ministry of Home Affairs				
13.	Payment for Helicopter Services in North Eastern Region	O 10.00 R -2.00	9.58	1.58
53-Department of Heavy Industry				
14.	Loans to National Industrial Development Corporation	S 0.01 R 1.69	3.70	2.00
74-Department of Scientific & Industrial Research				
15.	Administration	O 117.50 S 3.25	134.15	13.40
80-Ports, Lighthouses and Shipping				
16.	General Reserve Fund	O 20.88	48.21	27.33

The CAG's Report on
Union Government Accounts 1999-2000

Sl. No.	Sub-head	Provision	Actual expenditure	<i>Rs in crore</i>
				Final excess expdr without re-appropriation
83-Urban Development				
17.	Governments Residential Buildings	O	160.00	
	Maintenance and Repairs	R	-3.10	159.45
18.	Capital Outlay on Housing Finance (Revenue)	O	57.00	
		S	14.43	
		R	-15.26	58.05
87-Ministry of Water Resources				
19.	Central Ground Water Board	O	74.56	
		R	6.48	83.19
89-Atomic Energy				
20.	New Technology Development Project	O	80.00	
		R	-50.00	36.24
21.	Engineering Services	O	2.00	3.39
96-Lok Sabha				
22.	Lok Sabha Secretariat	O	32.02	
		R	5.08	44.44

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XX
Unspent Provision between Rs 20 crore and Rs 100 crore
(Refers to paragraph 11.12)

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	<i>Rs in crore</i> Amount of unspent provision
Revenue-Voted		
1.	2 Other Services of Department of Agriculture and Co-operation (Ministry of Agriculture) <u>Schemes / Projects / Activities most affected by unspent provision</u> Assistance to NCDC for Integrated Co-operative Development Projects in selected districts (Rs 8.00 crore). Assistance to NCDC for Development of Co-operative Rural Growth Centre (Rs 8.00 crore). Reclamation and Development of Problem Areas/ Soils (Rs 7.00 crore)	46.30
2.	4 Department of Animal Husbandry and Dairying (Ministry of Agriculture) <u>Schemes / Projects / Activities most affected by unspent provision</u> Dairy Development Projects (Rs 55.39 crore) Marin Fisheries (Rs 23.88 crore) Animal Husbandry (Rs 50.35 crore) Development of Fresh Water Acquaculture (Rs.11.32 crore)	70.31
3.	11 Ministry of Coal <u>Schemes / Projects / Activities most affected by unspent provision</u> Payment against collection of cess (excise duty) towards Development and transportation infrastructure in Coal Field areas (Rs 28.04 crore) Payment against collection of cess (excise duty) on coal and coke (Rs 11.96 crore) Research and Development- other schemes (Rs 15.52 crore) Environmental Measures and Subsidence Control (Rs 12.00 crore)	62.78
4.	24 Ministry of External Affairs <u>Schemes / Projects / Activities most affected by unspent provision</u> Special Diplomatic Expenditure – Discretionary Expenditure (Rs 47.54 crore) Co-operation with other Countries (Rs 84.18 crore)	85.11
5.	25 Department of Economic Affairs (Ministry of Finance) <u>Schemes / Projects / Activities most affected by unspent provision</u> Differential Interest Payment to the 1984 riot affected persons (Rs 3.82 crore) Interest on Deposits under Compulsory Deposit (Income- Tax Payers) Scheme 1974 (Rs 4.13 crore) Insurance Scheme for the poor through G.I.C.etc. Insurance Scheme for the poor (Rs 7.00 crore). Rural Group Life Insurance Schemes (Rs.1.60 crore) Subsidy to Railways towards dividend (Rs.24.39 crore)	24.99

**The CAG's Report on
Union Government Accounts 1999-2000**

		<i>Rs in crore</i>	
Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision	
6.	26	Currency, Coinage and Stamps (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Currency Note Press (Rs 9.11 crore) Bank Note Press (Rs 29.68 crore) Security Paper Mill (Rs 14.94 crore). India Security Press, Nasik (Rs. 13.58 crore) Security Printing Press, Hyderabad (Rs. 8.88 crore).	70.29
7.	29	Transfers to State and Union Territory Governments (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Grants for State Plan Schemes – Block Grants (Rs1019.42 crore).	26.97
8.	35	Department of Revenue (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Ghazipur Opium Factory – Purchase of Opium (Rs 35.99 crore) Neemuch Opium Factory- Purchase of Opium and other expenditure (Rs 4.01 crore) Neemuch Alkaloid Works (Rs 2.50 crore).	31.99
9.	36	Direct Taxes (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Collection Charges –Income Tax- Commissioners and their offices (Rs 20.91 crore) Direction and Administration- Organisation and Management (Rs 5.02 crore).	24.81
10.	41	Department of Family Welfare (Ministry of Health and Family Welfare) Schemes / Projects / Activities most affected by unspent provision Maternity and Child Health- Procurement of Cold Chain Equipment (Rs 99.33 crore) Other Services and Supplies – Social Marketing through NGOs (Rs 42.35 crore). Other Expenditure – Logistics Improvement (Rs. 20.00 crore) Social Marketing of Nirodh (Rs. 8.08 crore) Family Welfare Compensation (Rs.37.96 crore) Family Welfare-Direction and Administration (Rs.63.20 crore)	20.81
11.	42	Ministry of Home Affairs Schemes / Projects / Activities most affected by unspent provision Intelligence Bureau (Rs 26.29 crore) Census – Other Expenditure (Rs 8.97 crore).	37.59

The CAG's Report on
Union Government Accounts 1999-2000

		<i>Rs in crore</i>	
Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision	
12.	49	Department of Culture (Ministry of Human Resource Development) Schemes / Projects / Activities most affected by unspent provision Promotion of Arts and Culture (Rs 23.55 crore). Public Libraries (Rs 1.91 crore) Archaeological Survey (Rs.2.53 crore) Museums (Rs. 15.90 crore).	30.74
13.	50	Department of Women and Child Development (Ministry of Human Resource Development) Schemes / Projects / Activities most affected by unspent provision Socio-Economic Programme (Rs 5.00 crore). Indira Mahila Yojna (Rs 9.50 crore). Balwadi Nutrition Programme (Rs 3.05 crore). Assistance to voluntary organisations for setting up short stay homes (Rs 7.72 crore) Integrated Projects for Development of Women (Rs 7.81 crore) Creches/Day Care Centres (Rs. 5.02 crore). Condensed Courses of Education for Women (Rs.7.36 crore). Central Social Welfare Board (Rs.12.04 crore) Grants under Training Programmes of ICDS (Rs.19.27 crore).	82.84
14.	56	Broadcasting Services (Ministry of Information and Broadcasting) Schemes / Projects / Activities most affected by unspent provision Sound Broadcasting (Rs 56.75 crore) Television (Rs 65.41 crore)	57.36
15.	57	Ministry of Labour Schemes / Projects / Activities most affected by unspent provision Labour Welfare (Rs 19.32 crore) World Bank Assisted Vocational Training Project (Rs 6.49 crore) Training of craftsmen and supervisors (Rs 1.45 crore) Assistance to Physically Handicapped (Rs 2.38 crore).	45.81
16.	62	Ministry of Non-Conventional Energy Sources Schemes / Projects / Activities most affected by unspent provision Integrated Rural Energy Planning Programme (Rs 5.07 crore) Solar-Photovoltaic (Rs 8.18 crore). National Programme on Improved Choolah (Rs. 1.05 crore) Energy from Urban and Agricultural Waste (Rs 5.38 crore) Other Sources of Energy – Small Hydro Power Development (Rs 6.78 crore) Other Expenditure (Rs 10.89 crore)	40.11

**The CAG's Report on
Union Government Accounts 1999-2000**

		<i>Rs in crore</i>	
Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	Amount of unspent provision	
17.	80	Ports, Lighthouses and Shipping (Ministry of Shipping and Transport) Schemes / Projects / Activities most affected by unspent provision Hindustan Shipyard Ltd. (Rs 6.88 crore) River Dredging and maintenance of river Hoogly and Haldia channel by Calcutta Port Trust (Rs 14.12 crore) General – Research and Development (Rs.5.01 crore) Coastal Shipping (Rs 10.17 crore).	22.76
18.	81	Ministry of Textiles Schemes / Projects / Activities most affected by unspent provision Handloom Industries (Rs 15.79 crore) Handicraft Industries (Rs 2.59 crore) Consumer Industries (Rs 11.02 crore).	35.65
19.	82	Ministry of Tourism Schemes / Projects / Activities most affected by unspent provision Assistance for Development of Tourist Centres/Areas (Rs 25.63 crore) Assistance for Development of Tourism Infrastructure under the equity Scheme (Rs 2.79 crore) Promotion and Publicity – Direct Expenditure (Rs 17.42 crore).	47.90
20.	84	Urban Employment and Poverty Alleviation (Ministry of Urban Affairs and Employment) Schemes / Projects / Activities most affected by unspent provision Assistance to HUDCO (Rs 5.00 crore) Urban Oriented Employment Programme- Swaran Jayanti Shahari Rojgar Yojana (Rs 57.58 crore) Provision for infrastructure facilities in the Displaced Persons Colonies in West Bengal (Rs 5.00 crore)	68.47
21.	85	Public Works (Ministry of Urban Affairs and Employment) Schemes / Projects / Activities most affected by unspent provision Office Buildings (Rs 9.61 crore) Suspense (Rs 3.06 crore) General- Direction and Administration (Rs 18.21 crore).	34.95
22.	87	Ministry of Water Resources Schemes / Projects / Activities most affected by unspent provision Sutlej Yamuna Link Canal Project (Rs 8.00 crore) Hydrology Project (Rs 2.30 crore) Scheme of assistance to drought affected States (Rs 3.79 crore) Other expenditure- Central Water Commission (Rs 2.79 crore) Command Area Development (Rs 8.85 crore) Flood Control in Brahmaputra Valley (Rs 15.00 crore).	27.43

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	<i>Rs in crore</i> Amount of unspent provision
23.	89 Atomic Energy (Department of Atomic Energy) Schemes / Projects / Activities most affected by unspent provision Electronics Corporation of India Limited for implementation of Voluntary Retirement Scheme and Training of Personnel Programme (Rs 20.00 crore) Tata Institute of Fundamental Research (Rs 5.00 crore) Institute of Plasma Research, Gandhinagar (Rs.5.75 crore) Nuclear Fuel Complex- Fuel Fabrication Facilities (Rs.3.70 crore)	28.09
24.	102 Daman and Diu (Ministry of Home Affairs) Schemes / Projects / Activities most affected by unspent provision Power- Transmission and Distribution (Rs.23.25 crore).	25.39
Revenue- Charged		
25.	88 Ministry of Social Justice and Empowerment Schemes / Projects / Activities most affected by unspent provision Grants -in-aid to State Tribal Development Corporation for Minor Forest Produce (Rs.5.95 crore) Vocational Training in Tribal Areas (Rs 6.25 crore) Development of primitive Tribal Groups (Rs.2.35 crore) Girls Hostel (Rs.7.57 crore) Establishment of Ashram Schools in Tribal Sub-plan Area (Rs.948 crore) Boys Hostel (Rs.4.52 crore).	24.27
Capital-Voted		
26.	2 Other Services of Department of Agriculture and Co-operation (Ministry of Agriculture) Schemes / Projects / Activities most affected by unspent provision Loans for Land Development Bank (Rs 47.40 crore) Loans through NCDC for Share Capital Participation in Co-operative Sugar Mills (Rs 27.61 crore) Loans through Reservoirs and Fisheries Programme (Rs.7.50 crore) Integrated Co-operative Development Project in Selected Districts (Rs. 7.00 crore).	86.26
27.	6 Department of Fertilizers (Ministry of Chemicals and Fertilizers) Schemes / Projects / Activities most affected by unspent provision Investment in Hindustan Fertilizers Corporation Limited (Rs 12.00 crore) Loans to Fertilizer Corporation of India Ltd: (Rs 49.75 crore).	29.29
28.	10 Department of Sugar and Edible Oils (Ministry of Food and Consumer Affairs) Schemes / Projects / Activities most affected by unspent provision Loans for Rehabilitation/Modernisation of Sugar Mills/Loans for Sugar Mills for Can Development (Rs 30.88 crore) Loans to Hindustan Vegetable Oil Corporation Ltd. (Rs 2.73 crore). National Institute of Sugarcane and Sugar Technology (Rs.4.81 crore).	38.93

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department).	<i>Rs in crore</i> Amount of unspent provision
29.	24 Ministry of External Affairs Schemes / Projects / Activities most affected by unspent provision Other Buildings – Construction- (Rs 6.51 crore) Government Residential Buildings-Other Housing (Rs 16.17 crore) Loans to Government of Bangladesh (Rs.10.45 crore).	31.15
30.	25 Department of Economic Affairs (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Advances to Foreign Governments (Rs 90.63 crore).	87.27
31.	37 Indirect Taxes (Ministry of Finance) Schemes / Projects / Activities most affected by unspent provision Coast Guard Organisation (Rs 24.99 crore) Residential Buildings for Customs and Central Excise Employees (Rs 18.56 crore).	43.16
32.	44 Police (Ministry of Home Affairs) Schemes / Projects / Activities most affected by unspent provision Central-Reserve Police- Buildings (Rs 15.95 crore) Industrial Security Force- Buildings(Rs 5.72 crore) Indo-Bangladesh Border Works (Rs 31.04 crore). Indo-Pak Border Works (Rs23.63 crore).	71.08
33	53 Department of Heavy Industry (Ministry of Industry) Schemes / Projects / Activities most affected by unspent provision Capital Outlay on Cement and Non-Metallic Mineral Industries (Rs.12.37 crore) Loans for Cement and Non-Metallic Mineral Industries (Rs.13.61 crore). Loans for Engineering Industries (Rs 83.11 crore).	68.68
34.	56 Broadcasting Services (Ministry of Information and Broadcasting) Schemes / Projects / Activities most affected by unspent provision Sound Broadcasting-Studios-New Equipment (Rs 6.28 crore) Sound Broadcasting-Transmitters-New Equipment (Rs 14.16 crore) Television –Studio-Building (Rs 5.61 crore) Television-Studios-Renewal and Replacement of Equipment (Rs 11.82 crore) Television-Transmitters-Building (Rs.18.31 crore).	38.36
35.	66 Planning (Ministry of Planning and Programme Implementation) Schemes / Projects / Activities most affected by unspent provision Investment in Public Sector and other undertakings- Information Technology Programme (Rs 40.00 crore). National Informatics Centre (Rs 8.57 crore). Man Power Research to Government (Rs 6.68 crore)	55.25

The CAG's Report on
Union Government Accounts 1999-2000

Sl. No.	Grant No./Description of grant (Controlling Ministry/Department)	<i>Rs in crore</i> Amount of unspent provision
36.	85 Public Works (Ministry of Urban Affairs and Employment) Schemes / Projects / Activities most affected by unspent provision Construction of Buildings for Central Government Departments.	59.84
37.	90 Nuclear Power Schemes (Department of Atomic Energy) Schemes / Projects / Activities most affected by unspent provision Fuel Reprocessing and Nuclear Waste Management (Rs 5.43 crore) PFBR-Phase-II Development of Indigenous Capability for MA (Rs 5.74 crore) Engineering Design and Development (Rs 5.11 crore) Loans to Nuclear Power Corporation of India Limited (Rs 43.00 crore)	65.22

The CAG's Report on
Union Government Accounts 1999-2000

APPENDIX XXI
Surrender of Funds
(Refers to Paragraph 11.15)

I- Instances of Cases where the Amount Greater than 20 percent of the Savings and Rs One Crore not Surrendered:

Sl. No.	Grant/Appropriation	Total savings	Amount surrendered	Amount not surrendered	<i>Rs in crore</i>
					Percentage of amount not surrendered
Revenue-Voted					
1.	6-Department of Fertilizers	399.97	7.23	392.74	98
2.	23-Ministry of Environment and Forest	149.82	100.62	49.20	33
3.	24-Ministry of External Affairs	85.11	20.04	65.07	76
4.	25-Department of Economic Affairs	24.99	15.76	9.23	37
5.	27-Payments to Financial Institutions	15.89	10.00	5.89	37
6.	33-Pensions	15.85	3.95	11.90	75
7.	35-Department of Revenue	31.99	24.11	7.88	25
8.	36-Direct Taxes	24.81	5.52	19.29	78
9.	37-Indirect Taxes	19.64	0	19.64	100
10.	39-Department of Health	162.30	98.47	63.83	39
11.	40-Department of Indian Systems of Medicine and Homoeopathy	8.13	6.42	1.71	21
12.	41-Department of Family Welfare	20.81	0	20.81	100
13.	42-Ministry of Home Affairs	37.59	9.08	28.51	76
14.	44-Police	14.60	0	14.60	100
15.	51-Industrial Development and Industrial Policy and Promotion	2.25	0	2.25	100
16.	53-Department of Heavy Industry	2.69	0	2.69	100
17.	55-Information, Films and Publicity	8.66	5.97	2.69	31
18.	56-Broadcasting Services	57.36	5.42	51.94	91
19.	57-Ministry of Labour	45.81	34.50	11.31	25
20.	58-Law & Justice	9.52	6.20	3.32	35
21.	67-Department of Statistics	2.82	1.30	1.52	54
22.	68-Department of Programme Implementation	190.49	0.73	189.76	99
23.	69-Ministry of Power	18.30	13.92	4.38	24
24.	73-Department of Science & Technology	15.99	11.09	4.90	31

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant/Appropriation	Total savings	Amount surrendered	Amount not surrendered	<i>Rs in crore</i>
					Percentage of amount not surrendered
25.	74-Department of Scientific and Industrial Research	7.26	5.50	1.76	24
26.	77-Department of Mines	178.04	8.37	169.67	95
27.	78-Ministry of Surface transport	7.33	5.57	1.76	24
28.	79-Roads	250.89	70.82	180.07	72
29.	81-Ministry of Textiles	35.65	17.63	18.02	51
30.	85-Public Works	34.95	0	34.95	100
31.	86-Stationary and Printing	15.91	8.97	6.94	44
32.	87-Ministry of Water Resources	27.43	18.83	8.60	31
33.	89-Atomic Energy	28.09	15.33	12.76	45
34.	90-Nuclear Power Schemes	2.77	0.66	2.11	76
35.	92-Department of Ocean Development	4.60	0.44	4.16	90
36.	95-Rajya Sabha	3.41	2.15	1.26	37
37.	99-Andaman & Nicobar Islands	4.64	0	4.64	100
38.	100-Chandigarh	1.50	0	1.50	100
Revenue-Charged					
39.	28-Interest Payments	1810.76	0	1810.76	100
40.	33-Pensions	1.17	-	1.17	100
Capital-Voted					
41.	1-Agriculture	9.37	7.13	2.24	24
42.	6-Department of Fertilizers	29.29	20.91	8.38	29
43.	24-Ministry of External Affairs	31.15	18.72	12.43	40
44.	30-Loans to Government Servants etc.	15.35	-	15.35	100
45.	42-Ministry of Home Affairs	4.28	1.79	2.49	58
46.	44-Police	71.08	54.61	16.47	23
47.	45-Other Expenditure of the Ministry of Home Affairs	2.19	-	2.19	100
48.	53-Department of Heavy Industry	68.68	42.46	26.22	38
49.	56-Broadcasting Services	38.36	22.68	15.68	41

**The CAG's Report on
Union Government Accounts 1999-2000**

Sl. No.	Grant/Appropriation	Total savings	Amount surrendered	Amount not surrendered	<i>Rs in crore</i>
					Percentage of amount not surrendered
50.	79-Roads	389.39	249.96	139.43	36
51.	81-Ministry of Textiles	1.12	-	1.12	100
52.	84-Urban Development and Poverty Alleviation	3.01	2.00	1.01	34
Capital-Charged					
53.	69-Ministry of Power.	2.00	0.20	1.80	90

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

Sl. No.	Grant/Appropriation	<i>Rs in crore</i>	
		Total unspent provision	Amount surrendered
Revenue-voted			
1.	16-Ministry of Defence	131.49	132.70
2.	45-Other expenditure of the Ministry of Home Affairs	137.35	145.85
3.	49-Department of Culture	30.74	39.93
4.	80-Ports, Lighthouses and Shipping	22.76	48.38
Capital-voted			
5.	64- Ministry of Personnel, Public Grievances and Pensions	1.54	1.62
Capital-Charged			
6.	1-Agriculture	9.79	10.12
7.	44-Police	17.27	21.25
8.	45-Other Expenditure of the Ministry of Home Affairs	4.77	5.22

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXII
Significant Cases of Major Re-appropriations which were Injudicious on
Account of Non-utilisation
(Refers to Paragraph 11.20)

<i>Rs in crore</i>					
Sl. No.	Number and nature of grant	Major head	Sub-head	Amount of re-appropriation to the sub-head	Final unspent provision under the sub-head after re-appropriation
1.	1-Agriculture	3451-Secretariat-Economic Services	Department of Agriculture and Cooperation	0.51	0.64
2.	4-Department of Animal Husbandry and Dairying	2403-Animal Husbandry	Project Management Unit on National project on husbandry Rinderpest Eradication	1.00	1.55
3.	12-Department of Commerce	3453-Foreign Trade and Export Promotion	Director General of Foreign Trade	1.06	1.74
4.	37-Indirect taxes	2037-Customs	Sea Customs Major Ports	1.33	4.98
5.	-do-	2038-Union Excise Duties	Commissionerate	1.11	1.95
6.	-do-	-do-	Cost of Printing etc. of Banderols and Union Excise Stamps and labels	0.52	0.58
7.	39-Department of Health	3601-Grants-in-aid to State Governments	National Malaria Eradication Programme Rural (GC)	1.73	12.41
8.	44-Police	2055-Police	Indo-Bangladesh Border Works	2.65	7.22
9.	54-Department of Small Scale Industries and Agro and Rural Industries	2851-Village and Small Industries	Micro Finance Programme	0.99	1.00
10.	57-Ministry of Labour	2251-Secretariat Social Services	Ministry of Labour	1.47	1.76
11.	-do-	2230-Labour and Employment	Director General Mines Safety(Main)	0.72	1.19
12.	81-Ministry of Textiles	2851-Village and Small Industries	Research and Development	0.49	1.00
13.	82-Ministry of Tourism	3452-Tourism	Tourist Offices Abroad	0.59	1.02
14.	89-Department of Atomic Energy	3401-Atomic Energy Research	Variable Energy Cyclotron Centre	0.80	0.84

The CAG's Report on
Union Government Accounts 1999-2000

Sl. No.	Number and nature of grant	Major head	Sub-head	<i>Rs in crore</i>	
				Amount of re-appropriation to the sub-head	Final unspent provision under the sub-head after re-appropriation
15.	-do-	5401-Captial Outlay on Atomic Energy Research	Advanced Laser Technology and Application	0.89	2.01
16.	-do-	-do-	Electronic and Instrumentation	1.20	1.54
17.	90-Nuclear Power Schemes	2801-Power	Operational Expenses of Waste Management Facilities at Kalpakkam	0.58	1.37

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXIII
Position of Original and Supplementary Grants/Appropriations
(Refers to paragraph 11.33)

Rs in crore

Year	Provision	Revenue		Capital					Total
		Voted	Charged	Voted		Public Debt	Charged		
				Capital	Loans & Advances		Capital	Loans & Advances	
1995-96	Original	69473	77275	8722	5766	184928	8	16731	362903
	Supplementary	8065	99	3358	1337	-	3	3034	15896
	Percentage	12	0.1	38	23	-	38	18	4
1996-97	Original	86187	87431	9042	6790	201914	9	22202	413575
	Supplementary	4378	55	767	418	-	11	1698	7327
	Percentage	5	0.1	8	6	-	122	8	2
1997-98	Original	94519	97177	9907	6258	227229	8	25150	460248
	Supplementary	30641	62	3507	781	130735	4	5673	171403
	Percentage	32	0.1	35	12	58	50	23	37
1998-99	Original	109434	105200	18600	6724	359080	16	29687	628741
	Supplementary	3329	32	43	953	-	23	10068	14448
	Percentage	3	0.03	0.23	14	-	144	34	2
1999-00	Original	118638	121084	18582	5638	360893	107	17963	642905
	supplementary	12780	8438	1545	597	-	16	3573	26949
	Percentage	11	7	8	11	-	15	20	4

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXIV
Statement of Major Unspent Provision
(Refers to paragraph 12.3)

1999-2000 :					<i>Rs. in crore</i>
Sl. No.	Name of the Major-Head/ Sub- Head	Total provision	Actual disbursement	Unspent Provision	Reasons of unspent provision advanced by Ministry
1.	2401- Crop Husbandry: Import of Fertilisers Subsidies	1369.99	293.00	1076.99	Curtailement in the quantum of import of urea against the original estimates.
2.	2852 - Industries: Payments under incentive scheme for import substitution on indigenous rock phosphate used for direct application	5.00	0.35	4.65	Non-receipt of claims under incentive scheme from the Fertilizers Manufacturing Industries
3.	- Payment on account of interest and custom duty concession to new and recent commissioned fertilisers units	100.00	74.91	25.09	Non-receipt of claims towards meeting the expenditure on interest and custom duty from the newly commissioned fertiliser manufacturer industries.
4.	4855 - Capital Outlay on Fertilizer Industries: Hindustan Fertilisers Corp. Ltd.	42.00	30.00	12.00	Requirement of less funds following imposition of cut by the Ministry of Finance.
5.	6855- Loans for Fertilizer Industries: Fertiliser Corporation of India Ltd.	197.75	148.00	49.75	Requirement of less funds for meeting expenditure on salaries and cash losses owing to closure of two units, imposition of cut by the Ministry of Finance.

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXV
Rush of Disbursement
(Refers to paragraph 12.4)

<i>Rs. in crore</i>				
Sl. No.	Major Head	Total disbursement	Disbursement in last quarter	Percentage of disbursement in comparison to total disbursement
1995-96				
1.	2401 - Crop Husbandary	3047.02	947.70	31
2.	2852 - Industries	4313.39	1172.30	27
3.	6855 - Loan for Fertilizer Industries	568.50	289.96	51
1996-97				
1.	3451 - Secretariat Economic Services	3.44	0.98	29
2.	2852 - Industries	4756.00	1249.00	26
3.	6855 - Loan for Fertilizer Industries	629.24	189.26	30
1997-98				
1.	2852 - Industries	6626.03	2308.43	35
2.	3475 - Other General/Economic Services	44.99	44.99	100
3.	6855 - Loan for Fertilizer Industries	512.37	164.56	32
1998-99				
1.	3475 - Other General Economic Services	1122.72	1122.72	100
2.	4855 - Capital outlay on Fertilizer Industries	46.75	30.75	66
3.	6855 - Loan for Fertilizer Industries	527.17	142.12	27
1999-00				
1.	2852 - Industries	8683.59	2749.63	32
2.	4855 - Capital outlay on Fertilizer Industries	40.00	37.00	93
3.	6855 - Loan for Fertilizer Industries	390.19	175.59	45

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXVI
Schemes/sub Heads Affected by Large Unspent Provision
(Refers to paragraph 12.9)

<i>Rs. in crore</i>					
Sl. No.	Name of Major Head and Sub Head	Total Provision	Actual disbursements	Unspent provision	Reasons of unspent provision advanced by the Ministry.
2406 -Forestry and Wildlife					
1	Indian Council of Forestry Research and Education	78.00	65.00	13.00	Non-utilisation of allotment under Research Grant Fund owing to poor performance of the implementing agencies.
2	Other schemes.	15.91	00.90	15.01	Non-sanctioning of posts/vehicles by Ministry of Finance/non arranging of workshop owing to non-finalising of consultancies.
3435- Ecology and Environment					
3	Ganga Action Plan Phase I	2.00	-	2.00	Entire provision remained unutilised due to the fact that the revised estimates received from the state governments were not technically correct and the state of Bihar did not fully recoup the funds diverted by it for other purposes.
4	Ganga Action Plan Phase II	6.25	1.85	4.40	Non-finalisation of specific terms and conditions of consultants in connection with Yamuna Action Plan.
5	National River Conservation Directorate	6.00	3.61	2.39	Non/late/less submission of proposals/projects by the Non-Governmental Organisations.
6	Central Pollution Control Board	16.25	15.00	1.25	Economy cut imposed by the Ministry of Finance.
7	Environmental Impact Assessment Programme	7.19	3.82	3.37	Due to the fact that a sum of Rs. 5.00 crores earmarked for release to N.M.D.C. for demonstration of ROMELT technology was decided by them to be availed in the next Financial Year.
8	Hazardous substance Management	5.55	2.52	3.03	Slow progress of the feasibility study for a World Bank Project on industrial safety and non-receipt of the proposal from the State Governments for setting up of hazardous waste common treatment storage and disposal facility.
9	Urban Environment Management	2.00	0.78	1.22	Late approval of consultants for the project after following the World Bank procedure. Hence funds could not be utilised.

The CAG's Report on
Union Government Accounts 1999-2000

<i>Rs. in crore</i>					
Sl. No.	Name of Major Head and Sub Head	Total Provision	Actual disbursements	Unspent provision	Reasons of unspent provision advanced by the Ministry.
10	Taj Protection Mission	38.00	-	38.00	Post budget decision to implement the project through U.P. Government.
11	India Environment Management Capacity Building Technical Assistance Project	30.00	15.89	14.11	Delay in engagement of consultants, selection of trainees and training course and apart from this the tenders were also recalled as the specification for equipments advertised earlier were found outdated and required to be changed.
12	Govt. of India-United Nations Development Programme (GOI-UNDP) Environment Support Programme (Externally Aided Scheme)	6.00	4.75	1.25	Cut imposed by United Nation Development Programme on country co-operation frame work fund with the result that three of the 24 approved sub-programmes could not be implemented.
13	Taxonomy Capacity Building Project	2.50	1.16	1.34	Non-release of entire amount, except first installment and grant for equipment was also not released for want of non-availability certificate from proponents.
Major head 3601 – Grants-in-aid to State Governments					
14	Beneficiary Oriented scheme for Tribal Development	4.50	3.20	1.30	Non/late/less submission of proposals/projects by State Governments of Tripura, Mizoram and Orissa.
15	National River Action Plan	70.00	62.05	7.95	Non/late/less proposals received from State Governments of Orissa, Gujarat and Madhya Pradesh.
17	Ganga Action Plan (Phase II)	113.75	88.54	25.21	Cut imposed by the Ministry of Finance at Revised Estimate stage.
18	Eco.Development around important protected areas	49.00	41.27	7.73	Non/late submission of proposals by the State Governments of Rajasthan and Bihar owing to abnormal delay in releasing of funds to the protected areas by the State Governments.
19	Fuelwood and Fodder Projects	35.00	30.38	4.62	Non/late/less submission of proposals by State Governments of Tripura, Mizoram and Karnataka.

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXVII
Rush of Disbursement
(Refers to paragraph 12.20)

Major Head	Total Disbursements	Disbursements in the last quarter	<i>Rs in crore</i>
			Percentage of disbursements in comparison to total disbursements
1999-00			
2406- Forestry & Wildlife	124.43	33.58	27
3435 -Ecology & Environment	182.07	77.00	42
3601 -Grants in aid to State Govts.	334.81	128.36	38
1998-99			
2406- Forestry & Wildlife	140.50	58.52	42
3435 -Ecology & Environment	176.14	98.11	56
3601 -Grants in aid to State Govts.	270.29	115.90	43

In addition, it was also observed that large amount of disbursements were made during 1998-2000 in the month of March in order to avoid surrender of unspent provision. Head-wise details of such disbursements are as under:

Major Head	1999-00		1998-1999	
	Total disbursements	March disbursements/percentage	Total disbursements	March disbursements/percentage
2406- Forestry & Wildlife	124.43	9.75 (8%)	140.50	41.30(29%)
3435-Ecology & Environment	182.07	41.86 (23%)	176.14	47.70(27%)
3601 -Grants in aid to State Govts.	334.81	69.09 (21%)	270.29	45.54(17%)

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXVIII
Major Unspent Provisions and Excesses
(Refers to paragraph 12.23)

Cases of Unspent Provision

<i>Rs in crore</i>					
Sl. No.	Major Head/ Sub-head	Total provision	Actual disbursement	Unspent provision	Reasons advanced for unspent provision by the Deptt.
1.	2852 - Industries : Grants to PEs for implementation of Voluntary Retirement Scheme	(S)59.75	57.82	1.93	Less receipt of application for the employees of the concerned PSEs
2.	- Interest subsidy on bank finance to PSUs for implementation of VRS.	10.00	-	10.00	Entire provision remained un-utilised as no request was received from any PSEs except one for raising fund from Banks for VRS
3.	4854 - Capital outlay on Cement and Non-metallic Industries - Crucial balancing investment for sustained viability of PEs.	12.00	-	12.00	Lump sum amount being re-appropriated to various PSEs for implementation of their urgent Plan Schemes.
4.	4858 - Capital outlay on Engineering Industries - Investment in Heavy Engineering Corporation Ltd.	10.00	3.86	6.14	Re-phasing of expenditure on Plan Scheme of the company
5.	- Investment in Bharat Yantra Nigam Limited	1.16	-	1.16	Entire provision remained un-utilised as no funds could be released to Tungbhadra Steel Product Ltd. a subsidiary of Bharat Yantra Nigam Ltd., as the company was not repaying Govt. loans.
6.	- Investment in Bharat Bhari Udyog Nigam Ltd.	18.50	8.10	10.40	Re-phasing of expenditure on Plan Scheme of Burn Standard Co. Ltd. and Jessops & Co. Ltd.
7.	4860 - Capital Outlay on Consumer Industries. - Investment in NEPA Mills Ltd.	19.33	9.54	9.79	Non-approval of budgetary support for Plan Scheme of the Co. by the Govt.

**The CAG's Report on
Union Government Accounts 1999-2000**

Rs in crore

Sl. No.	Major Head/ Sub-head	Total provi- sion	Actual disbursement	Unspent provi- sion	Reasons advanced for unspent provision by the Deptt.
8.	6854 - Loan for Cement and Non- metallic Mineral Industries - Implementation of Revival Scheme of PSEs	50.00	-	50.00	Entire provision remained un-utilised due to the lump sum amount being re- appropriated for implementation of the revival scheme of some of the PSEs under the Deptt.
9.	6858-Loans for Engineering Industries-Loans to Praga Tools Ltd.	1.01	-	1.01	Entire provision remained un-utilised due to non-approval of Plan Schemes of the Co. by Govt. owing to its uncertain future.
10.	6860 --Loans for Consumer Industries: Loans to NEPA Mills Limited	10.18	-	10.18	Non-approval of budgetary support for Plan Schemes to the Co. by Govt.

Major cases of Excesses

Rs in crore

Sl. No.	Major Head/ Sub-head	Total Provi- sion	Actual disbursement	Excess	Reasons for excess advanced by Ministry
1.	2852 - Industries : Interest subsidy as part of BIFR package of HEC Ltd.	26.74	36.74	10.00	Interest subsidy on actual basis to HEC Ltd. as per approved revival Schemes.
2.	4858 -Capital Outlay of Engineering Industries - Investment in Praga Tools	1.00	10.02	9.02	More expenditure on the implementation of the approved revival scheme of the company.
3.	-Investment in National Instruments Ltd.	-	2.00	2.00	More expenditure on the implementation of Plan Schemes of Company as per revival Plan approved by Government.
4.	-Investment in Instrumentation Ltd.	7.25	8.75	1.50	More expenditure on the implementation of urgent plan scheme of the Company.
5.	-Investment in HMT Limited	2.51	29.42	26.91	More expenditure on the implementation of urgent plan scheme of HMT. Investment in

The CAG's Report on
Union Government Accounts 1999-2000

<i>Rs in crore</i>					
Sl. No.	Major Head/ Sub-head	Total Provi- sion	Actual disbursement	Excess	Reasons for excess advanced by Ministry
6.	4860 - - Capital Outlay on Consumer Industries - Investment in Hindustan Paper Corpn. Ltd.	3.01	5.75	2.74	Praga Tools Ltd. and payment of exchange rate variation on a foreign loan in case of its Rani Bagh Unit. Additional requirement of funds for implementing plan scheme of the company as per the approval of Standing Finance Committee (SFC).
7.	6854 -Loans for Cement and Non- Metallic Industries :- Cement Corpn. Of India Ltd.	7.51	43.90	36.39	Payment of salary/wages to the employees of the closed units or units facing closure, as per Govt. decision
8.	6858 - Loans for Engineering Industries : - Loans to Cycle Corporation of India Limited	0.01	20.62	20.61	Payment of salary/wages to the employees and implementation of VSS, as per Government decision.
9.	- Loans to National Instruments Ltd.	0.01	4.35	4.34	Payment of salary/wages to the employees of the company as per Government decision.
10.	- Loans to Bharat Ophthalmic Glass Ltd.	0.01	15.94	15.93	More expenditure on the payment of salary/wages to the company and implementation of voluntary separation scheme (VSS) as per Govt. decision.
11.	- Loans to Instrumentation Ltd.	7.25	8.75	1.50	More expenditure on the implementation of urgent plan scheme.
12.	- Loans to National Bicycle Corpn. of India Ltd.	-	8.63	8.63	Payment of salary/wages to the employees and implementation of VSS, as per Government decision.

**The CAG's Report on
Union Government Accounts 1999-2000**

Rs in crore

Sl. No.	Major Head/ Sub-head	Total Provi- sion	Actual disbursement	Excess	Reasons for excess advanced by Ministry
13.	- Loans to HEC Ltd.	25.85	53.36	27.51	More expenditure on the implementation of the approved revival scheme of the company.
14.	- Loans to Mining & Allied Machinery Corpn. Ltd.	0.01	104.61	104.60	Payment of salary/wages to the employees and implementation of VSS as per Government decision.
15.	- Loans to Rehabilitation Industries Corp. Ltd.	-	6.71	6.71	Payment of salary/wages to the employees and implementation of VSS as per Government decision.
16.	- Loan to HMT Ltd.	2.51	4.00	1.49	More expenditure on the implementation of urgent plan scheme of the company.
17.	- Loans to Bharat Yantra Nigam Ltd.	1.16	16.90	15.74	Payment of salary/wages to the employees of Triveni Structural Ltd. and Richardson & Cruddas Ltd., the subsidiaries of Bharat Yantra Nigam Ltd. as per Govt. decision.
18.	- Loans to Bharat Bhari Udyog Nigam Ltd.	27.50	75.70	48.20	More expenditure on the implementations of the approved revival scheme of Burn Standard Company Ltd., the subsidiary of Bharat Bhari Udyog Nigam Ltd.
19.	6860- Loans to consumer Industries:- Loans to Tannery and Footwear Corporation India Ltd.	-	16.75	16.75	Payment of salary/wages to the employees and implementation of Voluntary Separation Scheme as per Government decision.
20.	- Loans to Hindustan Paper Corporation Ltd.	12.01	29.25	17.24	More expenditure on implementation of urgent plan scheme and also for

The CAG's Report on
Union Government Accounts 1999-2000

Rs in crore

Sl. No.	Major Head/ Sub-head	Total Provi- sion	Actual disbursement	Excess	Reasons for excess advanced by Ministry
21.	6885-Loans to National Industries Development Corporation Ltd.	0.01	3.70	3.69	implementation of approved revival scheme. More expenditure on the payment of salary/wages to the employees of the company

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXIX
Rush of Disbursement
(Refers to paragraph 12.24)

Rs in crore

Sl. No.	Major Head	Total expenditure	Expenditure in March, 2000	Percentage of expenditure during March, 2000
1.	2852-Industries	486.80	437.58	90
2.	3451-Secretariat-Economic Services	5.18	0.96	18
3.	4854-Capital Outlay on cement and Non-Metallic, Mineral Industries	7.13	6.80	95
4.	4858-Capital outlay on Engineering Industries	66.89	53.00	79
5.	4860-Capital outlay on Consumer Industries	17.82	7.32	41
6.	6854-Loan for Cement and Non-metallic Mineral Industries.	43.90	9.60	22
7.	6860-Loans for Consumer Industries	55.68	25.87	52

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXX
Cases of Major Unspent Provision and Excess during 1999-00
(Refers to paragraph 12.34)

Heads under which Unspent Provision Occurred

					<i>Rs in crore</i>
Sl. No	Major head/ sub-head	Total provi- sion	Actual disbur- sement	Unspent provi- sion	Reasons advanced for unspent provision by the ministry
2221-Broadcasting-Sound Broadcasting					
1.	Operation and Maintenance	91.42	76.46	14.96	Non-sanctioning of Satellite News Gathering schemes at four metro cities, non-receipt of consignment of spares, less requirement of stations for spares and in sufficient time available to carry out various minor works.
2.	Television- Operation and Maintenance	182.94	166.90	16.04	Reduction in subscription fee to International bodies, less receipt of electricity/armed guards bill non-creation/filling up of posts at newly commenced studios/transmitters, less expenditure on purchase of vehicles and rental arrear of buildings occupied by high power transmitter/low power transmitter.
4221-Capital outlay on Broadcasting					
3.	Television- Studios- Renewal and Replacement of Equipment	30.45	18.63	11.82	Non-sanctioning of replacement of Outside Broadcast Vans, studio cameras and other allied equipment, lighting equipment and audio measuring equipment.
4.	Transmitters- Renewal and Replacement of equipment	10.07	6.72	3.35	Non-commissioning of certain schemes of replacement of high power transmitters.
5.	Transmitter- Suspense	5.60	3.64	1.96	Less requirement of Civil construction wing division.

The CAG's Report on
Union Government Accounts 1999-2000

Heads under which there was major excess during 1999-00 were as under:-

<i>Rs in crore</i>					
Sl. No	Major head/ sub-head	Total provi- sion	Actual disbur- sement	Excess	Reasons advanced for excess expenditure by the ministry
2221-Broadcasting-Sound Broadcasting					
1.	Programme Services	337.36	340.47	3.11	Payment of instalment of arrears, dearness allowance and ad-hoc bonus.
2.	News Services	25.09	27.99	2.90	-do-
3.	Television – Programme Services	381.14	420.59	39.45	More requirement for software development, inauguration of separate sports channel, increase in pay and allowances, more contribution towards pensionary charges and payment of arrears of pay and allowances.
4.	Suspense Stock	35.00	50.03	15.03	Clearance of pending bills at field offices.
5.	Interest on capital	6.20	12.97	6.77	More plan budget support and consequential increase in interest on capital.
4221-Capital outlay on Broadcasting					
6.	Studios- Building	8.80	11.72	2.92	Higher cost of the site for projects and more requirement of funds for civil works.
7.	Transmitters- Building	7.60	8.78	1.18	Higher cost of site for staff quarters and enhanced compensation for site.
8.	New Equipment	78.97	98.18	19.21	Additional funds required for payment of advance towards equipment ordered.
9.	Other Expenditure - Establishment	18.06	19.06	1.00	Increase in office expenses.
10.	Miscellaneous work Schemes	44.19	51.07	6.88	Additional fund required for departmental work of satellite schemes and advance payment for uplinking facilities under special Jammu and Kashmir Plan.

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXXI
Cases of Persistent Unspent Provision
(Refers to paragraph 12.36)

Sl. No.	Sector/Scheme/ Programme	1999-00			1998-99			1997-98		
		Prov.	Exp.	Unspent provision	Prov.	Exp.	Unspent provision	Prov.	Exp.	Unspent provision
1.	Welfare of Handicapped-Other schemes	138.87	106.54	32.33	102.31	70.62	31.69	66.66	36.77	29.89
2.	National Scheme of Liberation and Rehabilitation of Scavengers	70.00	70.00	--	90.00	5.90	84.10	120.00	90.00	30.00
3.	Assistance to voluntary organizations for Scheduled Tribes	30.00	15.22	14.78	20.00	11.31	8.69	10.00	7.08	2.92
4.	Assistance to voluntary organizations for Scheduled Castes	30.00	25.61	4.45	18.00	18.00	--	20.00	10.03	9.97
5.	Assistance to voluntary organizations for programmes relating to aged	15.00	10.81	4.19	15.00	7.75	7.25	12.50	6.14	6.36
6.	Education Complex in low literacy pockets for development of women literacy in tribal areas	9.00	2.03	6.97	7.00	3.60	3.40	4.00	2.20	1.80
7.	Scheme for the street children	9.00	7.84	1.16	8.00	5.16	2.84	6.00	3.48	2.52
8.	Kasturba Gandhi Swatantra Vidyalaya	50.00	-	50.00	250.00	-	250.00	250.00	-	250.00
9.	Residential School for boys and girls	4.00	-	4.00	4.50	-	4.50	-	-	-

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXXII
Rush of Disbursements
(Refers to paragraph 12.37)

Major Head	<i>Rs in crore</i>				
	Total disbursement during the year	Disbursement during last quarter	Percentage of disbursement in last quarter	Disbursement during March	Percentage of disbursement during March
1999-00					
2225-Welfare of SC,ST & OBC	139.45	99.57	71	90.33	65
2235-Social Security and Welfare	196.68	115.68	58	83.01	42
3601-Grants-in-aid to State Governments	1206.46	716.54	59	445.27	37
4225-Capital outlay on Welfare of SC,ST & OBC	190.25	127.72	67	126.61	67
4235-Capital outlay on Social Security and Welfare	10.00	10.00	100	10.00	100
1998-99					
2225-Welfare of SC,ST & OBC	82.24	40.31	49	30.24	37
2235-Social Security and Welfare	136.84	61.19	45	38.79	28
3601-Grants-in-aid to State Governments	1013.41	396.99	39	331.27	33
3602-Grant-in-aid to Union Territory Governments	3.32	1.83	55	1.83	55
4225-Capital outlay on Welfare of OBCs	280.50	185.63	66	93.84	33
6875-Loans for other Industries	2.41	2.41	100	2.00	83
1997-98					
2235-Social Security and Welfare	88.09	--	--	35.04	40
3601-Grants-in-aid to State Governments	831.49	--	--	179.44	22

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXXVIII
Details of Grants Released for Rehabilitation of Scavengers to Some
States
(Refers to paragraph 12.40)

Year	Central Assistance released	Total Expenditure incurred	Unspent grant
<i>Rs in crore</i>			
Tamil Nadu			
Opening Balance	23.60		
1997-98	--	2.67	20.93
1998-99	--	2.36	18.57
1999-00	22.53	0.93	40.18
Gujarat			
Opening Balance	3.61	--	--
1997-98	8.90	0.65	11.87
1998-99	--	0.57	11.30
1999-00	11.61	N.A	Not available
Madhya Pradesh			
Opening Balance	4.68	--	--
1997-98	24.51	4.18	25.00
1998-99	--	5.53	19.47
1999-00	8.83	N.A	Not available
Rajasthan			
Opening Balance	17.81		
1997-98	2.73	1.66	18.88
1998-99	--	0.66	18.22
1999-00	16.62	Not available	Not available

Appendix XXXIV
Cases where Provision could not be Utilized during 1999-00
(Refers to paragraph 12.53)

Rs in crore

Grant No. 89					
Sr. No.	Major head/ Sub-head	Total provision	Amount re-appropriated from the head	Percentage of reappropriation	Reason advanced by the Department
1	Industries Implementation of Voluntary Retirement Scheme and Training of Personnel Programme.	20.00	20.00	100	Due to budgetary provision of Rs 20 crore by Ministry of Industries in their budget for the same purpose.
2	Other expenditure Saha Institute of Nuclear Physics, Calcutta	3.30	3.30	100	A joint venture was proposed for setting up of a Medical Cyclostron facility which includes high current 30 MeV Proton Cyclotron manufactured by Ion Beam Application S.A., Belgium. The joint venture is by participation of Government of Belgium, Government of West Bengal and Department of Atomic Energy (SINP). The project proposal is awaiting approval of the Government. The entire provision was therefore surrendered on March 21, 2000.

The CAG's Report on
Union Government Accounts 1999-2000

Rs in crore

Grant No. 89					
Sr. No.	Major head/ Sub-head	Total provision	Amount re-appropriated from the head	Percentage of reappropriation	Reason advanced by the Department
3	Improvements/Modifications to Heavy Water Plant -Major modification to Heavy Water Plant, Baroda	2.10	2.10	100	Due to suspension of the operation of the Plant to carry out modifications in line with the Fertilizer Plant (GSFC) at Baroda.
4	Investment in Public Sector and other Undertakings Indian Rare Earths Ltd.	5.00	5.00	100	The project was awaiting approval of the Cabinet and the approval was expected during the year. However, the same has not been received resulting in savings.
5	Investment in Public Sector and other Undertakings Uranium Corporation of India Ltd.	13.00	13.00	100	Due to non-receipt of a major strategic item.
6	Investment in Public Sector and other Undertakings Titanium Sponge Project	5.99	5.57 <u>saving 0.29</u> 5.86	98	The entire amount could not be spent due to delayed financial sanction, thereby delay in concluding consultancy contract and procurement of equipments.

The CAG's Report on
Union Government Accounts 1999-2000

Rs in crore

Grant No. 89					
Sr. No.	Major head/ Sub-head	Total provision	Amount re-appropriated from the head	Percentage of reappropriation	Reason advanced by the Department
7	Investment in Public Sector and other Undertakings	1.50	1.39	100	Project activities shifted to next year.
			<u>saving 0.11</u>		
	Devetailing of 37 Element Bundle for Tarapur Atomic Power Station		1.50		

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXXV
Cases of Persistent Unspent Provision
(Refers to paragraph 12.57)

Rs in crore

Sr. No.	Major Head/ Sub Head	Saving (Percentage of Saving on Sanctioned provision)			Reasons attributed by the Department for savings in 1999-00
		1997-98	1998-99	1999-00	
Grant No.89 - Atomic Energy					
1	Fuel Reprocessing of FBTR	3.46 (44%)	4.61 (37%)	5.70 (44%)	Savings was due to delay in procurement of equipments on account of non availability of suitable vendors and resultant slow progress.
2	Reactor Engineering	1.00 (10%)	3.84 (27%)	2.33 (17%)	Savings was mainly due to delay in receipt of equipment and machinery and rescheduling of some electrical work etc.
3	Housing Trombay Township Project	3.85 (39%)	6.09 (57%)	4.86 (22%)	Saving was mainly due to delay in clearance from Municipal Corporation/Fire Service Authorities for housing.
4	(Other Research Facilities) Variable Energy Cyclotron Centre	4.29 (43%)	6.14 (41%)	2.1 (13%)	Saving was due to delay in receipt of equipment and slow progress of work.
Grant No.90 - Nuclear Power Schemes					
5	Waste Management - Operational Expenses of Waste Management facilities at Kalpakkam	1.82 (41%)	1.46 (27%)	1.37 (26%)	Saving was mainly due to postponement of procurement of software shifting of execution of work of maintenance, etc.
6	Operational expenses of Waste Management Facilities at Tarapur	2.82 (61%)	1.83 (51%)	1.94 (52%)	Saving was due to delay in receipt of machinery & equipment, postponement of certain work and slow progress of work, etc.
7	Loans for power projects Loan to Nuclear Power Corporation of India Ltd.	27.00 (100%)	111.00 (100%)	43.00 (42%)	Saving was mainly due to slow progress made in the preparation of detailed project report and other preparatory works for Kudankulam Project

The CAG's Report on
Union Government Accounts 1999-2000

Appendix XXXVI
Details of Cheques Drawn at the Fag End of the Year
(Refers to paragraph 12.61)

Rs in crore

Date of cheque issued	Cheque No.	Name of the party to whom issued	Amount	Encashment date
31.3.2000	A-732101	Chief Accounts Officer, Tata Memorial Centre	1.75	17.4.2000
31.3.2000	A-732107	Electronic Corporation of India Ltde.	5.00	6.4.2000
30.3.2000	A-732083	Finance Accounts Officer, Nuclear Power Corporation of India Limited	454.00	3.4.2000
31.3.2000	A-732102	Indian Rare Earths Limited	0.50	17.4.2000
31.3.2000	A-732108	Dr.B.Barooah Cancer Institute, Guwahati	2.00	6.4.2000
31.3.2000	A-732108	CAO-IMS, Chennai	0.66	6.4.2000
31.3.2000	A-732130	Different units viz. RAPS, MAPS, KAPS, TAPS, etc.	3.45	10.4.2000
31.3.2000	A-732133	Nuclear Power Corporation of India Ltd.	0.35	26.5.2000
31.3.2000	A-732161	Rajasthan Atomic Power Project 2&4	0.34	3.5.2000
31.3.2000	A-732162	-do-	0.46	3.5.2000
31.3.2000	A-732163	Manager (F&A) Narora Atomic Power Station, Narora	1.30	3.5.2000
31.3.2000	A-7321634	Tarapur Atomic Power Station	0.42	3.5.2000
Total			470.23	

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.

**The CAG's Report on
Union Government Accounts 1999-2000**

- 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.

The CAG's Report on
Union Government Accounts 1999-2000

- 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).
- Monetised Deficit** : This indicates the level of support by the RBI to the governments borrowing programme.
- 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.

The CAG's Report on
Union Government Accounts 1999-2000

- Supplementary Grant** : If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution to be expended for a particular service for the current financial year is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.
- Surrender of unspent provision** : Departments of the Central Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Ministry is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
- Tap Treasury Bill** : A scrip of 91 days duration by which Government borrows money. This scrip was intended for investment by commercial banks of their surplus. This scrip was discontinued from 1 April 1997.
- Treasury Bills** : An instrument issued by the Reserve Bank of India on behalf of the Union Government to raise short term loans intended to fill transient resource gaps.
- Unspent provision** : When expenditure falls short of budget provision, it results into unspent provision.
- Voted Grant** : Sum required to meet other expenditure for which vote of Parliament is required under Article 113 (2) of the Constitution is called voted grant.

The CAG's Report on
Union Government Accounts 1999-2000

LIST OF VARIOUS AUDIT REPORTS

CAG's Audit Reports on the accounts of Union for the year ended March 2000 are structured as follows:

Report No.	Containing observations on
1 of 2001	Union Government (Civil) – Accounts of the Union Government
2 of 2001	Union Government (Civil) – Transaction Audit Observations
3 of 2001	Union Government (Civil) – Performance Appraisals
3A of 2001	Union Government (Civil) – Member of Parliament Local Area Development Scheme
4 of 2001	Union Government (Civil) –Autonomous Bodies
5 of 2001	Union Government - Scientific Departments
6 of 2001	Union Government - Post and Telecommunications
7 of 2001	Union Government (Defence Services) - Army and Ordnance Factories
8 of 2001	Union Government (Defence Services) - Air Force and Navy
9 of 2001	Union Government - Railways
10 of 2001	Union Government - Indirect Taxes-Customs
11 of 2001	Union Government - Indirect Taxes-Central Excise and Service Tax
12 of 2001	Union Government - Direct Taxes

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

List of Tables

Table No.		Page No.
1.1	Receipts and Disbursements from the CFI and Public Account	3
1.2	Summarised Accounts of the Union Government	3
1.3	Estimates and Actuals of Receipts and Disbursements 1999-00	5
1.4	GDP and its components (at factor cost at 1993-94 prices)	7
1.5	Price Indices	8
1.6	Gross Domestic Savings and Investment and Gross Domestic Savings by Type of Institutions	9
1.7	Overview of Union Government Finances: Revenue Receipts	11
1.8	Overview of Union Government Finances: Capital Receipts	12
1.9	Overview of Union Government Finances: Revenue Expenditure	13
1.10	Overview of Union government Finances: Capital Expenditure, Loans and Advances and Repayment	14
1.11	Union Government Finances: Deficits	15
1.12	Outstanding Debt: 1990-91 to 1999-00	17
1.13	Resources: Gross and Net	18
1.14	Effective Interest Rate on Government Borrowing	19
2.1	Resources of the Union Government	20
2.2	Revenue Receipts: Gross and Net	22
2.3	Direct and Indirect Taxes	24
2.4	Components of Tax Revenues	26
2.5	GDP in Services at Factor Cost at Current Prices: Share of Different Components	28
2.6	Growth Rates of Tax Revenues	29
2.7	Cost of Collection: Aggregate and Per Rupee of Tax Collected	30
2.8	Growth of non-tax revenues	31
2.9	Non-Tax Revenues: Share of Major Components	32
2.10	RBI's surplus transferred to the Government	34
2.11	Sector-wise Number of PSUs Paying Dividend	35
2.12	Budget Estimates and Actuals of Disinvestments	36
2.13	Dividend declared by oil PSUs	36
2.14	Loans and Advances	37
3.1	Application of Resources	38
3.2	Expenditure of Union Government: Growth Profile	40
3.3	Expenditure of Union Government as Percentage to GDP	41

Table No.		Page No.
3.4	Expenditure of Union Government: Compositional Changes	42
3.5	Growth of Interest Payments	44
3.6	Major Components of Revenue Expenditure	45
3.7	Plan Expenditure of Union Government: Growth Profile	46
3.8	Non-Plan Expenditure of Union Government: Growth Profile	47
3.9	Expenditure of Union Government: Compositional Changes	47
3.10	Sectoral Expenditure of Union Government	48
3.11	Capital Expenditure	49
3.12	Loans and Advances	50
3.13	Fresh Release of Grants	51
4.1	Explicit Subsidies in the Union Government Budget	54
4.2	Subsidy to Nationalised Banks	56
4.3	Recapitalisation Assistance to Regional Rural Banks	57
4.4	Subsidies to PSUs and Statutory Corporations	57
4.5	Per Unit Gain/Loss in Operation of Postal Services	58
5.1	Deficits in Government Account	61
5.2	Revenue Deficit	62
5.3	Composition of Expenditure Financed by Borrowing	64
5.4	Composition of Sources of Borrowing	65
5.5	Impact of Fiscal Deficit	66
5.6	Primary Deficit	67
5.7	Monetised deficit	68
6.1	Total Liabilities of the Union Government: Trend	70
6.2	Growth of Internal Debt	72
6.3	Composition of Internal Debt	73
6.4	Internal Debt and Treasury Bills	74
6.5	<i>Ad-hoc</i> Treasury Bills Converted into Securities	75
6.6	Funding of 364/91-Days Treasury Bills	75
6.7	Devolvement of Market Borrowing on RBI	76
6.8	Devolvement of Internal Debt on the RBI	76
6.9	Ways and Means Advances	77
6.10	Interest Paid and Rate of Interest on Short-Terms Borrowings	78
6.11	Addition of Market Loans Net of Repayments	79
6.12	Repayment of Schedule of Market Loans	80
6.13	Growth of External Debt	80

Table No.		Page No.
6.14	Net Inflow of External Debt	81
6.15	Unutilised Committed External Assistance	82
6.16	Commitment Charges	82
6.17	Avoidable commitment charges	83
6.18	Guarantees Given by Union government	84
6.19	Guarantee Fee	88
7.1	Growth of Small Savings	87
7.2	Growth of Provident Funds	88
7.3	Transactions of the NSSF: Small Savings, Public Provident Funds: 1999-00	89
7.4	Other Accounts (Special Deposits and Non-Government Provident Funds, etc.)	89
7.5	Growth of Deposits	90
7.6	Growth of Reserve Funds	91
8.1	Budget Estimates <i>vis-à-vis</i> Actuals: Revenue and Fiscal Deficits	94
8.2	Budget Estimates <i>vis-à-vis</i> Actuals: Revenue Receipts, Non-Debt Capital Receipts, Recovery of Loans and Advances, and Public Debt	96
8.3	Budget Estimates <i>vis-à-vis</i> Actuals: Revenue and Capital Disbursement, Disbursement of Loans and Advances and Repayment of Debt	97
8.4	Budget Estimates <i>vis-à-vis</i> Actuals: Total Disbursement of Consolidated Fund, Discharges of Liabilities of Public Account, Contingency Fund and Total Disbursement	98
8.5	Estimating Tax and Non-Tax Revenues	99
8.6	Budget Estimates of Major Direct Taxes	100
8.7	Budget Estimates of Major Indirect Taxes	101
8.8	Budget Estimates <i>vis-à-vis</i> Actuals: Public Accounts Receipts	102
8.9	Budget Estimates <i>vis-à-vis</i> Actuals: Disbursements from Public Account	103
8.10	Budget Estimates <i>vis-à-vis</i> Actuals: General, Social and Economic Services, and Grant-in-aid.	105
9.1	Variation in Book Figure and Account Figure of RBI	106
9.2	Outstanding balances under major suspense heads	107
9.3	Outstanding balances under minor heads 1999-00	110
9.4	Loans for Centrally Sponsored Plan Schemes	110
10.1	Provision and Disbursements under Civil Ministries: 1999-00	113
11.1	Excess Disbursements over Grants/Appropriations: 1999-00	117
11.2	Summary of Grants and Appropriations 1999-00 with unspent provision over Rs 20 crore	119

Table No.		Page No.
11.3	Summary of Unspent Provision exceeding Rs 100 crore under a Grant/Appropriation	121
11.4	Details of Schemes Effected due to Unspent Provision exceeding Rs 100 crore under a Grant/Appropriation	123
11.5	Details of Unspent Provision and Surrender thereof	137
11.6	Details of Re-appropriation of Funds	138
11.7	Supplementary Grant Obtained during 1999-00 in Civil Ministries	144
11.8	Unspent Provision more than Supplementary Grant/Appropriation	145
11.9	Unrealistic Estimation of Supplementary Demands under Sub-Heads	146
	<i>Department of Fertilizers</i>	
12.1	Overall Position of the Grant for the last five years	148
12.2	Unspent amount and Excess leading to Net Unspent Provision	149
12.3	Overall Position of Funds for the last three years	149
12.4	Details of Dates of Surrender of Funds	150
	Ministry of Environment and Forests	
12.5	Overall Position of Funds for the last three years	151
12.6	Overall Position under Major Head 3435 and 3601 for the last three years	151
12.7	Overall Position under Ganga Action Plan (Phase-I) - Major Head 3435 for the last three years	152
12.8	Overall Position under Ganga Action Plan (Phase-II) - Major Head 3435 and 3601 for the last three years	152
12.9	Overall Position for the last three year - National Afforestation and Eco-Development Board/Programme	153
12.10	Overall Position for the last three year - Environmental Commission and Tribunal	153
12.11	Overall Position for the last three years - Eco-Development Around Important Protected Areas	154
	<i>Department of Heavy Industry</i>	
12.12	Overall Position for the last four years	155
12.13	Details of Surrenders for the last three years	156
	<i>Broadcasting services (Ministry of I&B)</i>	
12.14	Overall Position of Funds for the last three years	157
12.15	Unspent amount and Excess leading to Net Unspent Provision	158
12.16	Persistent Unspent Provision	159
	Ministry of Social Justice and Empowerment	
12.17	Overall Position of Funds for the last three years	160

Table No.		Page No.
12.18	Details of release of Grants to SCDCs	161
12.19	Details of Grants lying unutilized with SCDCs	162
<i>Department of Atomic Energy</i>		
12.20	Overall Position of Funds for the last five years	163
12.21	Details of Irregular Re-appropriation under the sub-heads	165
12.22	Details of Funds utilized by NPCIL	167
12.23	Details of Fund released in the Month of March	169
12.24	Overall Position of Expenditure in March during the last three years.	169
Managing Government Finances: A General Evaluation		
13.1	Summary Indicators of Fiscal Performance	172