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Report of the Comptroller and Auditor General of India



Union Government
Accounts of the Union Government
No. 1 for the year 2010-11

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

for the year ended March 2010

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No. 1 for the year 2010-11

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
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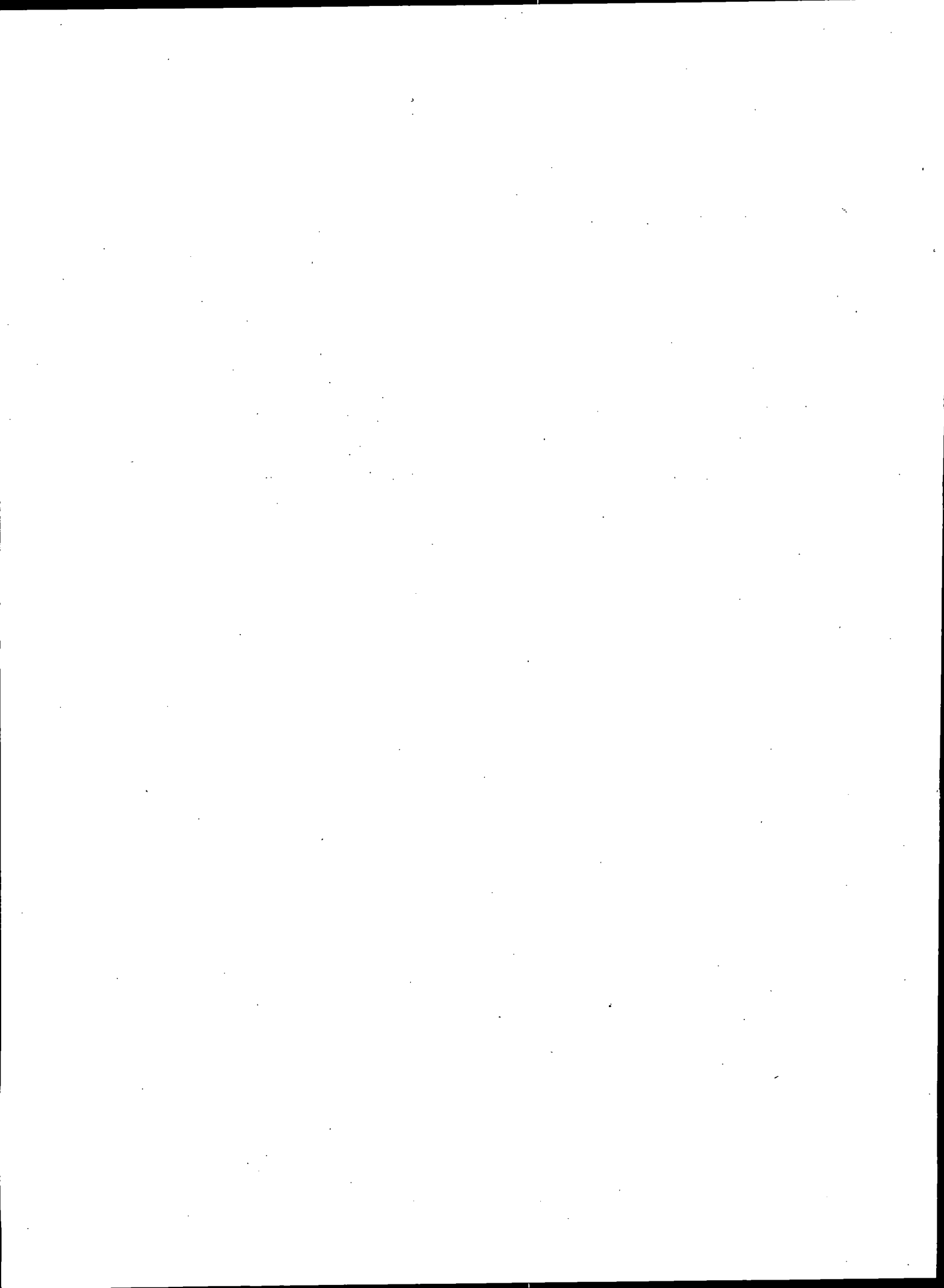
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PREFACE

This Report for the year ended March 2010 has been prepared for submission to the President under Article 151 of the Constitution.

The Report includes matters arising from test audit of the Finance Accounts and the Appropriation Accounts of the Union Government for the year ended March 2010.

The observations arising from the audit of various financial transactions of the Ministries have been included in a separate report. Separate reports are also presented to Parliament for Union Government: Autonomous Bodies, Defence Services – Army and Ordnance Factories, Defence Services – Air Force and Navy, Railways, Indirect Taxes – Customs, Central Excise and Service Tax and Direct Taxes.



Union Government Finances and Accounts: 2009-10

This Report discusses the comments of the Comptroller and Auditor General of India on the accounts of the Union and also analyses the finances of the Union Government for the year 2009-10. It also contains an analysis of the Appropriation Accounts, 2009-10.

HIGHLIGHTS

A C&AG's comments on Union Government Accounts

- For the year 2009-10, Union Government transferred Central Plan assistance of ₹ 93,880* crore (as per revised estimate) directly to State/district level autonomous bodies and authorities, societies, non-governmental organisations, etc., for implementation of Centrally Sponsored Schemes outside the State Government Budget. The aggregate amount of unspent balances in their accounts maintained outside Government accounts is unascertainable. The Government expenditure as reflected in the Accounts to that extent is overstated.

(Para 2.2)

- ₹ 15,899.73 crore under 24 Major Heads of accounts (representing functions of the Government) has been classified as 'Other Expenditure' in Union Government Finance Accounts constituting more than 50 per cent of the total expenditure recorded under the respective Major Heads indicating significant degree of opaqueness in these accounts. Although, as an interim measure, Controller General of Accounts (CGA) has inserted footnotes in Finance Accounts giving details of significant expenditure covered under Minor Head '800-Other Expenditure', the restructuring of the accounts to reflect the current activities of the government by way of opening of new heads of account and closure of obsolete heads of account has not been taken up by the Government to address the problem on permanent basis.

(Para 2.3)

- Scrutiny of the Union Finance Accounts 2008-09 and 2009-10 revealed that while an income of ₹ 84.81 crore and ₹ 226.85 crore had been reflected as income from Portfolio Management Scheme (Discretionary Mode) of National Investment Fund (NIF) under Consolidated Fund of India (CFI), the Major head '8453-Income and Expenditure Account of NIF' has not been opened in the Public Account to depict the transfer of income from CFI in contravention of the prescribed accounting

* As per Expenditure Budget 2010-11 (Volume-I)

procedure. This was also commented upon in the last year's Audit Report.

Further, under the revised accounting procedure, the disinvestment proceeds collected during the period 1 April 2009 to 31 March 2012 were to be transferred to NIF under the minor head '8452-102-Disinvestment proceeds of Government of India for the period from 1.4.2009 to 31.3.2012'. Scrutiny of the Union Finance Accounts 2009-10 revealed that the said minor head had not been opened and the booking of transfers to / from NIF of ₹ 23,552.97 crore had been done under the existing minor head '8452-101-Proceeds of Disinvestment of Government equity holding premium'.

(Para 2.4(i))

- There is understatement of closing balance of Universal Service Obligation Fund by ₹ 20,737.92 crore. A total Universal Service Levy of ₹ 31,109.36 crore was collected during 2002-03 to 2009-10 but a disbursement of only ₹ 10,371.44 crore was made from the Fund during this period. Thus, the closing balance of the Fund as on 31 March, 2010 should be ₹ 20,737.92 crore as against nil balance shown under the Head 8235-General & Other Reserve Funds, 118-Universal Service Obligation Fund in the Public Account of India.

(Para 2.4(ii))

- Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA), Pension Fund Regulatory Development Authority (PFRDA), Central Electricity Regulatory Commission (CERC) and Petroleum and Natural Gas Regulatory Board (PNGRB) were retaining their surplus funds generated through fee charges, unspent grants received from Government of India etc., aggregating to ₹ 2,142.47 crore at the end of March 2010 outside the Government Accounts in contravention of Constitutional provisions and instructions of the Ministry of Finance.

(Para 2.5)

- Expenditure on interest paid on income tax refunds amounting to ₹ 12,815 crore during 2009-10 was accounted for as reduction in the revenue of the Union Government in Union Government Accounts. Such accounting adjustment is not only against the accounting rules but also results in incurring of expenditure on interest payments without obtaining Parliament's approval through budgetary process. As a result, the expenditure as well as revenue of the Union Government was understated by ₹ 12,815 crore (provisional figure as stated by CBDT) in the Union Government Accounts for the year 2009-10.

(Para 2.6)

- Ministry of Finance, Department of Revenue created the Income Tax Welfare Fund (ITWF) and transferred ₹ 100 crore to the Fund over the last three years which had not been agreed to by the Comptroller and Auditor General on the ground that the activities proposed to be covered by the Fund could be included in the annual budget of the department and be financed through the normal budgetary process.

(Para 2.7)

- The Ministry failed to implement the provisions of the Coal Mines Labour Welfare Fund (Repeal) Act, 1986 even after 24 years of its being passed by Parliament and continued to operate a dissolved fund to meet unauthorized expenditure, thus, undermining Parliament's authority over public expenditure.

(Para 2.8)

- Out of 43 departmentally managed Government Undertakings of commercial or quasi commercial nature as of March 2010, Proforma accounts of 37 undertakings were in arrears for periods ranging from one to eleven years.

(Para 2.10)

- Suspense heads in Government accounts are operated to reflect transactions of receipts and payments, which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. The aggregate net balance under the Suspense Heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunications was ₹ 16,110.40 crore (Dr) as on 31 March, 2010. Further, there were 51 cases of adverse balance in the Finance Accounts of the Union Government for the year 2009-10. Out of these, 11 adverse balances were pending for more than 10 years.

(Para 2.13.1 & 2.13.2)

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

(Para 2.1)

- During the year 2009-10, total disbursements of the Union Government were ₹ 44,42,304 crore out of which ₹ 33,49,565 crore were *Charged* on the Consolidated Fund of India which constituted 75 per cent of the total

disbursement. Since *charged* disbursements are not subject to vote by the Parliament, effectively the scope of financial control by the Parliament is limited to about 25 *per cent* of the total disbursement. In case of Civil Ministries, the proportion of *Charged* expenditure was 81 *per cent* (₹ 33,49,254 crore) as against the total disbursements of ₹ 41,17,712 crore.

(Para 6.4 & 6.9)

- No money should be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of Article 114(3) of the Constitution. However, during 2009-10, there was an excess disbursement of ₹ 9,219 crore in four segments of four grants in civil Ministries, ₹ 1,930 crore in 12 segments of 11 grants/appropriations of Railways and ₹ 822 crore in one segment of one grant in Posts and ₹ 2,615 crore in three segments of two grants in Defence Services, which required regularization under Article 115 (1) (b) of the Constitution.

(Para 7.1)

- Savings in a grant or appropriation indicate either deficient budgeting or shortfall in performance or both. During 2009-10, savings of more than ₹ 100 crore had occurred in 66 cases of 53 grants (including Civil, Posts, Railways and Defence Services). The aggregate savings in these cases was ₹ 2,60,295 crore. Large savings were in areas like Repayment of Debt (₹ 1,62,413.18 crore), Department of Rural Development (₹ 11,142.92 crore), Transfers to State and Union Territory Governments (₹ 11,508.95 crore), Interest Payments (₹ 6,996.56 crore), Department of Disinvestment (₹ 5,379.90 crore), Department of School Education & Literacy (₹ 5,267.74 crore), Department of Road Transport and Highways (₹ 5,086.89 crore), Department of Financial Services (₹ 3,947.72 crore), Ministry of Power (₹ 2,661.91 crore), Police (₹ 2,538.02 crore), Department of Higher Education (₹ 1,552.60 crore), Ministry of Panchayati Raj (₹ 1,003.89 crore) and Department of Health and Family Welfare (₹ 1,599.82 crore) etc.. The savings were attributed by the Ministries/departments as 'some of the schemes failing to take off', 'delay in submitting of progress report/utilisation certificates', 'slow pace of expenditure by the implementing agencies', 'unspent balances lying with the State Governments' and 'receipt of less proposals from State Governments', etc..

(Para 7.4 & Appendix VII-B)

B Union Government Finances 2009-10: An Overview

- The year 2009-10 ended with a deficit of ₹ 1,12,908 crore in the Consolidated Fund of India, while the surplus in Public Account was ₹ 28,268 crore.

(Para 1.2)

Resources

- Tax receipts of the Union Government (net of the States' share from its gross tax collections) increased at an average annual rate of around 22 *per cent* during the X Plan while non-tax revenue increased at a lower rate of around 5 *per cent* during the corresponding period. In comparison to this rate, net tax receipts grew only by around 3 *per cent* in 2009-10, while the growth in non-tax receipts was around 17 *per cent*.

(Para 3.3)

- The share of direct taxes (Corporation tax and income tax) has been increasing in the total tax receipts in the first three years of the XI Plan compared to the corresponding share in the X Plan. The shares of customs duties and excise duties have been falling in the first three years of the XI Plan as compared to the X Plan. The share of service tax, however, has been much higher in the recent years compared to the X Plan period because of larger collection of service tax due to increase in rates as well as increase in tax base.

(Para 3.4)

- During the current year ₹ 23,599 crore (including premium of ₹ 21,366 crore) actually realised from disinvestment in Central Public Sector Undertakings as against budget estimate of ₹ 1,120 crore.

(Para 3.6.1)

Disbursements

- The share of actual expenditure fell from 32 *per cent* in the X Plan period to around 26 *per cent* on an average in the first three years of the XI Plan, primarily because of the growing share of debt repayments. In the first two years of the XI Plan, the year-on-year growth in actual expenditure was much higher than the annual average growth rate for the X Plan period. In 2009-10, however, actual expenditure grew at a low rate of around 7 *per cent*, since the previous year saw a tremendous hike in actual expenditure to counter the recessionary trends.

(Para 4.1)

- Revenue expenditure continued to be the dominant component of the total expenditure at 90.05 *per cent* during 2009-10.

(Para 4.2)

- In 2009-10, food subsidies grew by 33.58 *per cent* while the petroleum subsidy grew by 3.47 *per cent* over the previous year. Subsidies given on indigenous and imported fertilizers (urea) decreased by around 21 *per cent*, while the subsidies given to farmers on sale of decontrolled fertilizers decreased by around 19 *per cent*.

(Para 4.2.2)

- The trends in the composition of Union Government expenditure reveal that non-Plan expenditure far outweighs the Plan expenditure and revenue expenditure completely overshadows capital expenditure. There was a marginal increase in the relative share of Plan expenditure in the total expenditure basket in 2009-10 (25.85 *per cent*) compared to the XI Plan average of 24.17 *per cent*.

(Para 4.3.2)

- In Sarva Shiksha Abhiyan, actual expenditure exceeded budget estimates by nearly 8 *per cent* in 2009-10. In the case of the Mid -Day Meal (MDM) scheme, in all the three years of the XI Plan so far, the actual expenditure fell short of budget estimates. In the current year, there was a considerable short fall in the actual expenditure in NREG scheme and in the RGGVY scheme. Under Indira Awas Yojana, actual expenditure exceeded budget estimates by over 11 *per cent*. In the case of National Rural Health Mission there was a marginally higher expenditure than what was estimated for the current year, while in previous years of the XI Plan, actual expenditure fell short of budget estimates

(Para 4.6)

Management of Fiscal Imbalances

- Three key fiscal parameters - revenue, fiscal and primary deficits measured relative to GDP indicate the extent of overall fiscal imbalances in the finances of the Union Government during a specified period. The fiscal performance of the Union Government in terms of these parameters has indicated slight improvement in 2009-10 over the previous year as both revenue and fiscal deficits have decreased from ₹ 3,56,377 crore and ₹ 4,34,444 crore in 2008-09 to ₹ 3,52,956 crore and ₹ 4,32,443 crore in 2009-10, respectively.

(Para 5.2.2, 5.2.3)

- During the X Plan period and during 2007-08, there was a primary surplus, which means that the interest payments were higher than the fiscal deficits. However, in 2008-09 and 2009-10, fiscal deficit was two times the interest payments. This meant that during these two years, 50 *per cent* or more of the fiscal deficits were due to revenue expenditure other than interest payments. Prudent reduction of revenue expenditure could enable the Government to return to a state of primary surplus.

(Para 5.2.4)

Management of Fiscal Liabilities

- For the X Plan period, internal debt constituted 69 *per cent* of the total liabilities and grew at an average annual rate of around 11 *per cent*. In 2009-10, the share in total liabilities was as high as 74 *per cent* and its growth was higher at around 15 *per cent* compared to the X Plan period. High growth of internal debt can result in a “crowding-out” of potential private sector investment as interest rates tend to harden when government enters the debt market in such a significant manner. In both the other categories of fiscal liabilities, viz. External debt (at current rates) and liabilities in the Public Account, the growth in 2009-10 was lower than the average growth rate in the X Plan. External debt in the current year showed a negative growth since there was a considerable growth under this head in the previous year.

(Para 5.1)

- The XII Finance Commission had recommended a reduction in total liabilities of the Union to 43.7 *per cent* of GDP by 2009-10. Compared to this, the fiscal liabilities of the Union stood at over 50 *per cent* at the end of the current year.

(Para 5.2)

- The ratio of assets to *liabilities* in 2009-10 was only 35 *per cent* compared to the X Plan average ratio of over 40 *per cent*. This means that over the years, the liabilities are growing faster than assets. As against the average growth rate of around 9 *per cent* in the X Plan period, total liabilities grew by nearly 15 *per cent* in 2008-09 and around 11 *per cent* in the current year. Annual growth in assets in the first three years of the XI Plan has been higher than the average annual growth rate in the X Plan.

(Para 5.3)

- The average interest rate (nominal) on total debt over time remained lower than the rate of growth of GDP at the market prices during the X Plan period. The average *interest* rate on internal debt in 2009-10 (8.54

per cent) was lower than the growth rate of GDP (11.78 *per cent*). The average interest rate paid on external debt is much lower than that paid on domestic debt.

(Para 5.4)

- Compared to an average shortfall in resources (incremental revenue expenditure minus incremental revenue receipts) of ₹ 4,509 crore for the X Plan (2002-07), there was resource surplus of ₹ 3,421 crore in 2009-10.

(Para 5.4)

- As on 31 March 2010, unutilised committed external assistance was of the order of ₹ 1,05,339 crore. There were large undrawn balances in urban development, water resources, energy, infrastructure and health sector. Further, continued inadequate planning resulted in avoidable expenditure in the form of commitment charges on un-drawn external assistance amounting to ₹ 86.11 crore in 2009-10.

(Para 5.6)

Chapter 1

UNION GOVERNMENT FINANCES – AN OVERVIEW

The high degree of optimism on growth prospects, which characterized the beginning of the Eleventh Plan period, had to be moderated due to certain unexpected factors viz. the sudden onset of global recession, booming international commodity prices, severe drought in India and consequent high inflationary trends. To minimize the impact of the recessionary trends on the economy, the Government introduced various fiscal policy measures, which controlled the downward spiral at the inevitable cost of higher revenue and fiscal deficits. The current year (2009-10) was characterized by recovery in the manufacturing sector, increase in private investment, higher tax collection and higher capital expenditure and a fall in the quantum of revenue and fiscal deficit when compared to the previous year. Several of the targets recommended by the XII Finance Commission to be achieved by the end of the award period, viz. 2009-10, could not be achieved and a re-assessment of targets in the light of these adverse circumstances had to be made.

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

Box 1.1 : Union Government funds and the Public Account

Consolidated Fund

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

Contingency Fund

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

Public Account

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

1.2 This chapter provides a broad perspective of the finances of the Union Government during 2009-10 and analyses critical changes in the major fiscal aggregates during the first three years of the XI Plan in comparison with the X Plan. **Table 1.1** summarises the position of the finances of the Union Government, covering its receipts, disbursements, deficits and borrowings (need and its accommodation) in the current year (2009-10).

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Table 1.1 Summary of the current year's operations

(₹ in crore)

Receipts		Derived Parameters	Disbursements	
Consolidated Fund of India (CFI)				
Revenue Receipts	704523 (653847)	Revenue Deficit 352956 (356377)	Revenue Expenditure	1057479 (1010224)
Miscellaneous Capital Receipts	24581 (566)		Capital Expenditure	100686 (77556)
Recovery of Loans	12733 (13509)		Loans and Advances	16115 (14586)
Total Non-Debt Receipts	741837 (667922)	Fiscal Deficit 432443 (434444)	Total Expenditure	1174280 (1102366)
Public Debt	3405327 (2395765)		Public Debt	3085792 (2164560)
Total CFI	4147164 (3063687)	Deficit in CFI 112908 (203239)	Total CFI	4260072 (3266926)
Contingency Fund				
Receipts	0		Appropriation	0
Public Account				
Small savings	378377 (357343)		Small savings	342105 (269605)
Reserves & Sinking Fund	101420 (100966)		Reserves & Sinking Fund	114998 (121565)
Deposits	102198 (74084)		Deposits	97849 (61590)
Advances	64855 (41981)		Advances	64006 (47331)
Suspense account	9247 (8654)		Suspense account	12022 (11240)
Remittances	4304 (1450)		Remittances	1153 (4285)
Total Public Account	660401 (584478)	Surplus in Public Account 28268 (68862)	Total Public Account	632133 (515616)
Opening Cash	95256 (229633)	Decrease in Cash 84640 (134377)	Closing Cash	10616 (95256)
Public Account Surplus (Demand)		28268	Deficit in (CFI) – Decrease in Cash	
Incremental Liabilities (Supply)		346578	Surplus of (Debt+ Small Savings+ RF+ Deposits)	
Incremental Liabilities (Demand)		346578	Fiscal Deficit (-) Decrease in Cash (+) Net Disbursement of (Advances+ Suspense+ Remittances)	

Note: Figures in parenthesis indicate corresponding figures for 2008-09

1.2.1 Current year's operations in the Consolidated Fund

Total receipts in the Consolidated Fund (debt and non-debt) grew by over 35 per cent in the current year over the previous year. The year 2009-10 showed a recovery in revenue collection, which grew by nearly 8 per cent over the past

year (A detailed analysis has been provided in Chapter 3 of this report). The slowdown in the industry and export sector coupled with the measures taken by the Government to reduce taxes and duties¹ meant insignificant growth of less than one *per cent* in net tax revenue receipts in the previous year. Thus, the relatively high growth in net tax revenue receipts in the current year was partly because of the very low revenue collection in the previous year. Miscellaneous capital receipts, which had declined in absolute terms in 2008-09, also showed marked recovery this year, primarily due to disinvestment of government's equity holdings in public sector undertakings (Details are given in Chapter 3 of this Report). As a result, total non-debt receipts, which had shown a negative growth of over four *per cent* in 2008-09, grew by over 11 *per cent* in the current year. There was considerable negative growth in recovery of loans (minus six *per cent*) and significant growth in Public Debt (over 42 *per cent*). On the expenditure side, revenue expenditure grew at a lower rate of nearly five *per cent*, compared to the 37.47 *per cent* growth in 2008-09 over the previous year. Capital expenditure showed a high positive growth of nearly 30 *per cent*, compared to the negative growth of 33.68 *per cent*, witnessed by this head in 2008-09. With the growth in disbursements of loans and advances and repayment of Public Debt being around ten *per cent* and 43 *per cent* respectively, the total disbursements from CFI amounted to ₹ 42,60,072 crore as against receipts in CFI of ₹ 41,47,164 crore, resulting in a deficit in CFI of ₹ 1,12,908 crore, which was around 45 *per cent* lower than the deficit in the CFI in the previous year.

Box 1.2: Managing Funds: Constitutional Provisions

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

1.2.2 Current year's operations in the Public Account: There was a 13 *per cent* increase in the receipts into Public Account and around 23 *per cent* in the

¹ In 2008-09 budget, a major tax relief was the reduction of CENVAT rate by 2 *percentage* points.

outgo from the Public Account in 2009-10 resulting in a Public Accounts surplus of ₹ 28,268 crore. (An analysis of the receipts in the Public Account for the current year is given in Chapter 3 of this Report).

1.2.3 Deficits and Cash Balances: The current year saw a revenue deficit² of ₹ 3,52,956 crore, which was an improvement over the previous year by almost one *per cent*. This amounted to 5.66 *per cent* of GDP as against the FRBM target of 4.8 *per cent* for the year. The fiscal deficit³ for 2009-10 stood at ₹ 4,32,443 crore, which was also a marginal improvement over the previous year, and amounted to around 7 *per cent* of GDP. This was slightly greater than the FRBM target of 6.8 *per cent* target set out in the MTFPS at the beginning of the year. (A detailed analysis of these imbalances is given in Chapter 5 of this Report).

1.3 Performance in the current year on key financial parameters in comparison to recommendations of the XII Finance Commission

In November, 2004, the XII Finance Commission recommended achievement of certain financial targets by the Union Government. **Table 1.2** compares the actual performance against these targets.

Table 1.2 Summary of Suggested Restructuring of Central Finances (XII Finance Commission)

Parameter	2004-05	2009-10	(per cent of GDP)
			Actual performance as per Finance Accounts 2009-10
Gross Tax Revenues	9.96	10.88	10.02
Tax Revenue (Net to Centre)	7.34	7.95	7.38
Non Tax Revenues	2.21	2.25	3.93
Total Revenue Receipts	9.55	10.19	11.31
Interest Payment	4.17	2.85	3.59
Total Revenue	12.05	10.26	16.97
Expenditure			
Capital Expenditure	2.97	3.47	1.62
Total Expenditure	15.02	13.67	18.85
Revenue Deficit	2.50	0.00	5.66
Fiscal Deficit	4.50	3.00	6.94
Primary Deficit	0.30	0.15	3.35
Interest Payment as a <i>per cent</i> of Revenue Receipts	43.69	27.95	31.75
Debt (end of the year adjustment liabilities)	53.00	43.73	50.73

The total revenue receipts as *per cent* of GDP exceeded the target recommended by the XII Finance Commission with non tax revenues showing a sizeable increase from the targeted 2.25 *per cent* of GDP to nearly four *per*

² Revenue deficit = Revenue Expenditure – Revenue Receipts

³ Fiscal Deficit = Total Expenditure – Non-Debt Receipts.

cent of GDP. This was primarily due to a considerable increase in disinvestment receipts (Details are given in Chapter 3 of this Report). Total expenditure far exceeded the target recommended by the XII Finance Commission, mainly because revenue expenditure could not be contained due to the fiscal stimulus package and the Pay Commission Award. Interest payments as a percentage of GDP as well of revenue receipts exceeded targets but capital expenditure fell considerably short of the targets visualized by the XII Finance Commission. Revenue deficit, which should have been wiped out, was around six per cent and fiscal deficit was more than double what was envisaged by the XII Finance Commission. Debt as a per cent of GDP could also not be contained to around 44 per cent and was instead much larger at more than 50 per cent.

1.4 Inconsistencies between Finance Accounts and Budget documents

To ensure effective Parliamentary financial control, it is imperative that the principles of recognition of expenditure and receipt are consistent in the Budget documents and Finance and Appropriation Accounts. Figures for revenue and fiscal deficits as indicated/derived from the Finance Accounts have, however, continued to be different from those being depicted in the Budget at a Glance and some of the papers accompanying the Budget documents. This difference has been due to inclusion/exclusion of some of the transactions on receipts and expenditure side. While these are indicated in the accompanying documents of Budget papers, it is important to indicate these upfront. **Table 1.3** shows the difference in revenue and fiscal deficit as indicated/derived from the Finance Accounts and as depicted in the Budget at a Glance along with the necessary reconciliation transactions for the first two years of the Eleventh Plan.

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

	(₹ in crore)	
	2007-08	2008-09
Deficit as per Finance Accounts		
Revenue Deficit	85435	356377
Fiscal Deficit	164962	434444
Deficit as per Budget at a Glance		
Revenue Deficit	52569	253539
Fiscal Deficit	126912	336992
Difference in the two Figures		
Revenue Deficit	32866	102838*
Fiscal Deficit	38050	97452**
Factors Explaining the difference		
Bonds issued to oil companies (Revenue Expenditure)	20554	75942
Securities issued to nationalised banks (Capital Expenditure)	9996	
Securities issued to International Monetary Fund (IMF) omitted per contra from capital expenditure		1444
Securities issued to Asset Management Trust for Stressed Assets Stabilisation Fund (SASF) of Industrial Development Bank of India (IDBI)		1225

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	(₹ in crore)	
	2007-08	2008-09
Adjustment of Write off of outstanding loans to state governments against recovery of loans		5671
Issue of Special Bonds to fertilizer companies as compensation towards fertilizer subsidy	7500	20000
Combined Effect	38050	102838***

* Revenue Deficit understated by ₹ 1,02,838 crore (₹ 75,942 crore + ₹ 1,225 crore + ₹ 5,671 crore + ₹ 20,000 crore) in 2008-09.

** Fiscal Deficit understated by ₹ 97,386 crore (₹ 75,942 crore + ₹ 1,444 crore + ₹ 20,000 crore) in 2008-09. There is an unreconciled difference of ₹ 66 crore.

***This excludes ₹ 1,444 crore on account of Securities issued to International Monetary Fund (IMF) omitted per contra from capital expenditure.

In 2008-09, the difference in revenue deficit was of the order of ₹ 1,02,838 crore and that in fiscal deficit was ₹ 97,452 crore. This difference was on account of (1) bonds issued to oil companies (₹ 75,942 crore), (2) securities issued to IMF (₹ 1,444 crore), (3) special bonds issued to fertiliser companies as compensation towards fertilizer subsidy (₹ 20,000 crore), (4) write-off of outstanding loans to State Governments against recovery of loans (₹ 5,671 crore) and (5) securities issued to Asset Management Trust for SASF of IDBI (₹ 1,225 crore).

Union Government considers the issuance of these bonds/securities *per se* to be fiscal deficit neutral since they do not involve cash flow and are, therefore, not treated as part of budgetary expenditure/receipts. According to the existing accounting practice, the issuance of oil bonds and other similar bonds is reflected in the Annual Financial Statement (AFS) of the Union Budget under the Public Account and a matching transaction is shown under revenue expenditure for settlement of claims with oil companies/fertiliser companies. These transactions are then netted out of the revenue account of the expenditure budget and the capital account of the receipts budget through the respective reconciliation statements. However, these bonds have fiscal implications as they add to the liability of the Government. Furthermore, as interest payments on such bonds are treated as part of the revenue expenditure, they affect the revenue deficit and, thereby, the fiscal deficit on a continuing basis. The net accretion to Public Account during the year is, thus, utilized as a resource to meet deficits in Consolidated Fund of the Government.

The significant quasi-fiscal transactions to finance recurrent revenue expenditures through *de facto* borrowings not only create apprehensions about the quality of the fiscal consolidation process that is underway but raises the issue of transparency in fiscal operations and inter-generational equity in fiscal management and long term macroeconomic stability. Logically, fiscal deficit calculations presented to the Parliament in 'Budget at a glance' should take into account the net effect of all such items taken to the Public Account. On it being pointed out by CAG that the revenue and gross fiscal deficits were understated to the extent the Government incurred liabilities on account of oil,

food and fertiliser bonds, the Union Budget 2008-09 for the first time explicitly reported the off-budget items as below the line items in the 'Budget at a Glance'. The matter was referred by the Government to the Thirteenth Finance Commission. The Thirteenth Finance Commission has indicated that "it is important that contingent liabilities be reported at fully and that adequate provisioning be made for such liabilities". Thirteenth Finance Commission has recommended modification of the fiscal rule that limits government guarantees (Para 9.47 at Page 134 of the Thirteenth Finance Commission 2010-2015 December 2009 Volume1: Report). However, the 13th Finance Commission Report does not explicitly provide any recommendation on the issue of deferred liabilities such as petroleum and fertilizer bonds. Till such liabilities are fully disclosed in the budgeting process of the Union Government, inconsistencies between revenue and fiscal deficits as reported in the Union Budget and as emerged from the audited Finance Accounts need to be appropriately disclosed and correct amount of the revenue and fiscal deficits taking into account all the off-budget liabilities should be reported by the Government in the Union Budget bringing transparency in the operations of these off-budget items.

1.5 Accountability in Public Finance Management

The economy has shown signs of recovery in 2009-10 and there is a need to revert to the fiscal correction path as recommended by the Thirteenth Finance Commission and as emphasized in the budget speech in 2009-10 and 2010-11. High growth target of 9 *per cent* with inclusive development is achievable in the medium term, if there is a concerted effort to rely more on non-debt receipts, improve delivery systems so that financial outcomes translate into physical outcomes within the intended time-frame and ensure transparency and accountability of institutions. Budgeting is a critical component of Public financial management framework. The credibility of the budget, its comprehensiveness and transparency, its link with the stated policy of the government and its predictability directly impacts financial management. At present, budgeting in many departments is done mechanically and there are huge variations between estimates and actual performance. Internal audit systems are not robust and there is a lack of synergy between internal and external audit. In the last decade, we are seeing an increasing trend in the transfer of public funds for expenditure to a wide variety of agencies, including special purpose vehicles, public-private partnerships, societies and NGOs. Many of these bodies do not come within the scope of audit of CAG as defined by the DPC Act. To ensure accountability and obtain required assurance, it is essential that CAG be provided access to records of all agencies receiving public funds. The Act governing the Duties, Powers and Conditions of Service of the CAG requires to be urgently reviewed and amended to ensure that accountability of public expenditure is assured as visualized in the Constitution.

Chapter 2

COMMENTS ON ACCOUNTS

The comments relating to significant deficiencies in the presentation (accuracy, completeness and transparency) of the Union Accounts are discussed in the succeeding paragraphs. The comments arising from Appropriation audit are included in Chapters 6, 7 and 8 of this Report. The observations on regularity, economy, efficiency and effectiveness of Government spending are incorporated in Compliance and Performance Audit Reports being presented separately to the Parliament.

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

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

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

It was mentioned in the Report of the Comptroller and Auditor General on the Accounts of the Union Government for the year 2007-08 and 2008-09 that the recommendations of the Twelfth Finance Commission (TFC) to include the said additional statements/information in Union Government accounts had not been complied with, despite a lapse of five years. It was also recommended that the Ministry of Finance set a specific time frame for inclusion of the above additional statements in the Union Finance Accounts. The Action Taken Note of the Ministry was still awaited as of January 2011.

Scrutiny of the Finance and Appropriation Accounts for the year 2009-10 disclosed that the said statements as recommended by TFC have not been included in this year's accounts as well.

The Ministry had expressed its inability (December 2009) to include these statements in Union Government Accounts and stated that the views of the Government on the inclusion of additional statements in the Finance Accounts had been forwarded to the Thirteenth Finance Commission.

The Thirteenth Finance Commission while observing that a significant number of Finance Accounts do not provide all the appendices, recommended that (in para 7.134) the list of appendices to the Finance Accounts be standardised keeping in view the recommendations of the Twelfth Finance Commission and be followed in all the States. Further, in paras 9.41 to 9.61 of their Report, the Thirteenth Finance Commission recommended for providing additional disclosures/statements regarding revised roadmap for fiscal consolidation through the annual Central Budget/Medium Term Fiscal Policy Statement (MTFP). Hence, the Thirteenth Finance Commission had also felt the need for inclusion of additional statements in the Finance Accounts of the Union and States for better disclosure.

2.2 Unascertainable unspent balances in the accounts of Implementing Agencies

In recent years, there has been a paradigm shift in the Central Government strategy for implementation of flagship programmes and other Centrally Sponsored Schemes (CSS) for poverty alleviation, health care, education, employment, sanitation etc.,. Most of these schemes were earlier implemented on cost sharing basis with transfer of central share to State Government. The Union Government has now started transferring Central Plan assistance directly to State/District level autonomous bodies, societies, non-governmental organisations etc., for implementation of CSS outside the State Government budget. The State and District level implementing bodies keep these scheme funds in their accounts in banks outside Government Accounts.

For the year 2009-10, Union Government made a provision for transfer of central plan assistance of ₹ 93,880* crore (as per revised estimate) directly to State/district level autonomous bodies and authorities, societies, non-governmental organisations, etc., for implementation of centrally sponsored schemes. Since the funds are not being spent by the implementing agencies in the same financial year, there remain substantial amounts of unspent funds in their accounts. The aggregate amount of the unspent balances in the accounts of the implementing

* As per Expenditure Budget 2010-11 (Volume-I)

agencies kept outside Government accounts is not readily ascertainable. The Government expenditure as reflected in the Accounts to that extent is, therefore, overstated.

A different accounting treatment needs to be adopted for this flow of funds to implementing agencies so that only final expenditure incurred by the implementing agencies is recorded in the Government Accounts, after receiving an assurance on utilisation of the fund.

This subject was also commented upon in the Audit Report for the year 2007-08 and 2008-09 but no discernible steps have been taken yet to address the situation.

2.3 Opaqueness in Government Accounts

There is a global trend towards increased transparency in government finances. This is based on a belief that transparent budgetary and accounting practices can ensure that funds raised by the States for public purposes actually get spent as promised by the Government, while also maximising the benefits derived from spending. One crucial component of a transparent system of accounting is that the forms of account in which the receipts and expenditure of the Government are reported to the legislature, are constantly reviewed and updated so that they truly reflect receipt and expenditure on all major activities of the Government in a transparent manner for meeting the basic information needs of all the important stakeholders.

Scrutiny of Union Government Finance Accounts 2009-10 disclosed that ₹ 15,899.73 crore under 24 Major Heads of accounts (representing functions of the Government) was classified under the Minor Head '800-Other expenditure' in the accounts constituting more than 50 *per cent* of the total expenditure recorded under the respective Major Heads. This indicates a high degree of opaqueness in the accounts. Details of the Major Heads such as Other Social Services, Agricultural Financial Institutions, Flood Control and Drainage, Other Outlays on Industries & Minerals, Civil Aviation, Capital Outlays on other Administrative Services, Capital Outlays on Family Welfare, Capital Outlays on Soil and Water Conservation, Capital Outlay on Plantation, Capital Outlay on Other Communication Services, Capital Outlay on Oceanographic Research and Capital Outlay on Foreign Trade etc., with substantial expenditure classified as 'Other Expenditure' are given in **Appendix II-A**.

It can be seen from the appendix that the percentage of 'other expenditure' to total expenditure under the heads '2416-Agricultural financial institutions', '2801-Power', '3053-Civil Aviation' and '3275-Other Communication Services' was as high as 120 *per cent*, 67 *per cent*, 96 *per cent* and 54 *per cent* respectively.

Some significant expenditure items such as on Rural Electrification Corporation for Rajiv Gandhi Gramin Vidyutkiran Yojana (₹ 5,000 crore), Mission Flexible Pool towards utilisation for projects for North-Eastern region and Sikkim (₹ 3,380 crore), Interest subvention for providing short-term credit to farmers (₹ 2,011 crore), subsidy for Haj Charters (₹ 941 crore), Commonwealth Games (₹ 522 crore), are not depicted distinctly in the Finance Accounts but are combined in the minor head 'Other expenditure'.

This was commented upon in the CAG's Audit Report No.CA-13 for the year 2007-08 and Report No. 1 for the year 2008-09 with the recommendation that the Government may conduct a comprehensive review of the structure of Government Accounts to address this deficiency for achieving greater transparency in financial reporting. Although, as an interim measure, Controller General of Accounts (CGA) has inserted footnotes in Finance Accounts giving details of significant expenditure covered under Minor Head '800-Other Expenditure', the restructuring of the accounts to reflect the current activities of the government by way of opening of new heads of account and closure of obsolete heads of account has not been taken up by the Government to address the problem on permanent basis.

The Ministry in its Action Taken Note of September 2010 stated that instruction in this regard had been issued by Controller General of Accounts in January 2010 to the Controllers of the Accounts to exercise extreme caution while booking significant expenditure under the Minor Head '800- Other expenditure'. The Ministry further added that some new minor heads had been opened. However, details of these new heads have not been provided.

2.4 Inadequate disclosure of funds in the Public Account

(i) National Investment Fund

(a) As per the prescribed accounting procedure of National Investment Fund (NIF), the annual income from the invested portfolio with the fund managers is to be initially classified in the Consolidated Fund of India (CFI) as income under minor head '110-Income from Portfolio Management Scheme (Discretionary Mode) of NIF' below major head '1475-Other General Economic Services'. The income is to be transferred thereafter to Major head '8453-Income and Expenditure Account of NIF' in the Public Account for meeting the investment objectives of expenditure on social sector schemes and capital investment in revivable or profitable Public Sector Enterprises.

Scrutiny of the Union Finance Accounts 2008-09 and 2009-10 revealed that while an income of ₹ 84.81 crore and ₹ 226.85 crore had been reflected as income

under CFI, the Major head '8453-Income and Expenditure Account of NIF' had not been opened in the Public Account to depict the transfer of income from CFI.

Further, closing balance at the end of year 2009-10 under the head "8452-National Investment Fund" was shown as 'nil', though actually a balance of ₹ 1,814¹ crore was available in the Fund as on 31 March 2010. Such depiction leads to confusion and opaqueness, indicating that the accounting procedure adopted was not accurate. In the interest of transparency, the accounting procedure must be suitably modified so as to reflect true balance in the NIF and also the investment made out of this Fund.

This was also commented upon in the last year's Audit Report but no discernible steps were taken to address the situation.

(b) Under the revised accounting procedure, the disinvestment proceeds collected during the period 1 April 2009 to 31 March 2012 were to be transferred to NIF under the minor head '8452-102-Disinvestment proceeds of Government of India for the period from 1.4.2009 to 31.3.2012'. Scrutiny of the Union Finance Accounts 2009-10 revealed that the said minor head had not been opened and the booking of transfers to / from NIF of ₹ 23,552.97 crore had been done under the existing minor head '8452-101-Proceeds of Disinvestment of Government equity holding including premium'.

(ii) Universal Service Obligation Fund

Universal Service Obligation Fund (Major Head 8235 – General and other reserve funds, minor head 118) was set up in April 2002 for achieving universal service objectives emphasised in the National Telecom Policy (NTP) 1999. The resources for meeting the Universal Service Obligation (USO) are raised through a 'universal access levy' which is a percentage of the revenue earned by all the operators under various licences as decided by the Government, in consultation with Telecom Regulatory Authority of India (TRAI). This has been fixed at five *per cent* of Adjusted Gross Revenue. The implementation of the USO for rural/remote areas is undertaken by fixed service providers, who are reimbursed net cost (i.e. annualised capital recovery plus operating expenses minus annual revenues) from the USO fund.

The fund is administered by the Department of Telecommunications (DoT). The levy received towards USO is first credited to the Consolidated Fund of India and subsequently, the Central Government credits such proceeds to the USO Fund in

¹ ₹ 1651 crore was transferred in the year 2007-08 and ₹ 163 crore in 2008-09.

Public Account of India from time to time, for being utilised exclusively for meeting USO. It is a non-lapsable fund.

A total Universal Levy of ₹ 31109.36 crore was collected during 2002-03 to 2009-10 by the DoT but a disbursement of only ₹ 10371.44 crore was made from the Fund during this period. Thus, the closing balance of the fund as on 31 March 2010 should be ₹ 20737.92 crore as against nil balance shown under the Head 8235-General & Other Reserve Funds, 118- Universal Service Obligation Fund in the Public Account of India. There is, therefore, understatement of closing balance of USO Fund by ₹ 20737.92 crore.

It is recommended that the Department of Telecom should obtain necessary approvals and transfer all the receipts on account of universal access levy to the Universal Service Obligation Fund in the same year before the closure of the financial year so that the Fund balances are correctly reflected in the accounts. DoT may also ensure viable schemes for implementation of universal service obligations for rural and remote areas so that USO objectives are met and the fund balances are utilised for the purposes for which these are collected.

2.5 Public funds lying outside government accounts

Ministry of Finance, Department of Economic Affairs (DEA) directed all Ministries and departments of the Government in January 2005² to ensure that funds of regulatory bodies are maintained in the Public Account.

Scrutiny of the annual accounts of five regulatory bodies viz., Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA), Pension Fund Regulatory Development Authority (PFRDA), Central Electricity Regulatory Commission (CERC) and Petroleum and Natural Gas Regulatory Board (PNGRB) revealed that these bodies were retaining their surplus funds generated through fee charges, unspent grants received from Government of India etc., aggregating to ₹ 2,142.47³ crore at the end of March 2010 outside the Government Accounts. The Finance Accounts of the Union Government, therefore, do not present a correct and complete picture of government finances to the extent of funds of ₹ 2,142.47 crore lying outside government accounts.

² Government of India, Ministry of Finance, Department of Economic Affairs (Budget Division) OM No. F.1(30)-B(AC)/2004 dated 07 January 2005

³ SEBI-₹ 1,467.81 crore, IRDA-₹ 622.29 crore, PFRDA- ₹ 0.23 crore, CERC-₹ 33.55 crore and PNGRB-₹ 18.59 crore

The C&AG's Audit Report No. CA 13 for the year ended March 2008 and No.1 for the year 2008-09 had also highlighted retention of funds by IRDA and SEBI outside the government accounts

The Ministry of Finance stated in December 2009 and November 2010 that the broad guidelines, enunciating the arrangement relating to operationalising the SEBI and IRDA Funds in the Public Account had been framed and conveyed to Controller General of Accounts for drawing up the detailed accounting procedure. However, no funds in this regard were opened in the Public Account of the Finance Accounts for the year 2009-10.

CERC stated in November 2010 that the head of accounts for operationalising CERC funds had already been opened by CGA in consultation with Ministry of Power and that the Parliament had passed ₹ 24.25 crore in the first batch of supplementary grants for the year 2010-11 for meeting establishment related expenditure of CERC. It also added that further intimation was awaited from Ministry of Power for the transfer of accumulated funds into the CERC funds under the Public Account of India. PNGRB stated in September 2009 and December 2010 that a clarification on this issue was being sought from Ministry of Petroleum and Natural Gas. Further, Ministry of Finance stated in November 2010 that PFRDA had no objection in following the procedures adopted by SEBI and IRDA in respect of their surplus funds.

2.6 Incorrect accounting of interest on refunds of taxes

Interest payment on refunds of excess tax is a charge on the Consolidated Fund of India and is, therefore, payable through the normal budgetary mechanism. The List of Major and Minor Heads of Account includes a separate minor head '108-Interest on refunds' under the Major Head '2020- Collection of Taxes on Income and expenditure' to record this transaction in the Union Accounts.

Audit scrutiny revealed that no budget provision for interest on refunds was made in the Budget Estimates for the year 2009-10 and the expenditure on interest on income tax refunds amounting to ₹ 12,815 crore (provisional) was treated as reduction in the revenue of the Union Government in Union Government Accounts 2009-10. Such accounting adjustment is not only against the accounting rules but also results in incurring of expenditure on interest payments without obtaining Parliament's approval through budgetary process. In fact, interest on refund of income tax of ₹ 92 crore was budgeted as an expenditure item in the budget for 2001-02. However, at the Revised Estimates stage, the earlier practice of showing the interest on refund as deduct receipt was reverted to.

As a result of classifying the interest on refunds as reduction in revenue, the expenditure as well as revenue of the Union Government was understated by ₹ 12,815 crore (provisional figure as stated by CBDT) in the Union Government Accounts for the year 2009-10.

This practice has been commented upon in the last year's CAG's Report on Union Accounts as well as in CAG's Report on Direct Taxes for the years 2004, 2005, 2006, 2007 and 2008 but no discernible steps have been taken to address the situation.

2.7 Creation of Income Tax Welfare Fund

Ministry of Finance, Department of Revenue created the Income Tax Welfare Fund (ITWF) and transferred ₹ 100 crore to the Fund over the last three years. The Fund was created with the purpose of (i) promotion of welfare, recreation and other outdoor activities of officials of Income Tax Department, (ii) providing financial help to officials during contingencies such as injury or accident, (iii) providing ex-gratia payment to the family of the deceased officials, (iv) providing different forms of medical maintenance including risk insurance for emergencies and serious distress to officials not fully reimbursable under CGHS reimbursement rules, (v) construction /hiring/leasing/ furnishing /maintenance of holiday homes for the use of officials, etc.,.

The Comptroller and Auditor General had not agreed to the creation of the Fund on the ground that the activities proposed to be covered by the Fund could be included in the annual budget of the department and be financed through the normal budgetary process. The creation of the Fund under the interest bearing section of the Public Account entailed recurring liability of interest which would not be subject to usual Parliamentary financial control. The utilisation of the Fund would not be reported through the standard object heads as is the case with the demand for grants presented in the Parliament and hence, the process was not transparent. Further, the General Financial Rules (GFR) do not permit expenditure from public moneys for the benefit of a section of people or individuals unless the expenditure was in pursuance of recognised policy or custom. Further, if the objective is to cover officials/family members of officials who face injury/die during search/seizure operations and provision of high risk insurance cover to the officials, provision can be made under a designated scheme of the Government of India or included in the existing provisions under the funds in existence for such purposes. The fund/scheme should be made applicable to officers/staff of other departments facing similar risks in official discharge of duties. The other purposes cited can be covered under the standard object heads

‘Rewards’, ‘Medical treatment’, ‘Office expenses’, ‘Grants-in-aid’ in the demand for grants of the Ministry.

The matter was commented upon in the last year’s Audit Report. The Ministry in its Action Taken Note of September 2010 stated that the fund was created after extensive examination and resultant approval by the Finance Minister in January 1998. It added that the genesis of the creation of the fund lay in the successful implementation of VDIS-97 scheme wherein an additional tax collection of about ₹ 10,700 crore was made over and above the normal tax collection. However, the creation of the fund was neither approved by the Parliament nor by the Cabinet; General Financial Rules do not permit expenditure from public moneys for the benefit of a section of people or individuals and the utilisation of the fund would not be reported through the standard object heads as is the case with the demands for grants presented in the Parliament and financial reporting to Parliament is compromised.

Further, the Ministry stated (October 2010) that no expenditure had been incurred out of the accumulated corpus of ₹ 100 crore and no interest had been credited into this fund since the inception of the fund in August 2007.

2.8 Unauthorized operation of a fund dissolved by Parliament.

The Coal Mines Labour Housing and General Welfare Fund (Fund) was established by an Act of Parliament in 1947 in Public Account of India. Cess levied by the Government on the dispatch of coal and coke was credited to the receipt head- “0038 – Union Excise Duties”, and part of the amount collected on account of this cess was being transferred to this fund under the Act. The Act of 1947 was repealed by another Act passed by Parliament in 1986. The Act of 1986 dissolved the Coal Labour Housing Board and envisaged that with effect from October 1986, all moneys and cash balances lying to the credit of the housing account and the general welfare account of the “Coal Mines Labour Housing and General Welfare Fund” constituted under the erstwhile Act, shall become part of, and be credited to the Consolidated Fund of India.

Scrutiny of the records of the Ministry revealed the following discrepancies in violation of the provisions of the Act of 1986:-

- (i) Cash/money lying in the Housing General Welfare Accounts as on 1 October 1986 was not credited to the Consolidated Fund of India in terms of the Act.
- (ii) The balances in the Fund continued to be operated under Coal Welfare Development Fund in the Public Account of India on year to year basis and reflected in the Finance Accounts of the Ministry till 2009-10.

- (iii) The balances in the Fund account were being utilized to meet the establishment expenditure of a regional office of Pay and Accounts Office (RPAO) at Dhanbad of the Ministry of Coal on the plea that there was no separate budget for that office. An amount of ₹ 10.43 crore was spent unauthorisedly out of the fund between 1987-88 and 2009-10 as establishment expenditure.
- (iv) Despite the Act of 1986, winding up the fund with effect from 1 October 1986, flow of receipts into the fund continued every year. At the end of year 1986-87, there was a balance of ₹ 7.56 crore in the fund. Between 1987-88 and 2009-10, there were further inflows of ₹ 14.30 crore into and outflows of ₹ 10.43 crore from the fund.

The Ministry failed to implement the provisions of the Coal Mines Labour Welfare Fund (Repeal) Act, 1986 even after 24 years of the same being passed by Parliament and continued to operate a dissolved fund to meet unauthorized expenditure, thus, undermining Parliament's authority over public expenditure. Besides, the expenditure figure of Ministry of Coal was understated throughout these years as establishment expenditure of RPAO, Dhanbad was not included in the expenditure figure booked in Consolidated Fund of India.

The matter was reported to the Ministry in October 2010; the reply was still awaited as of November 2010.

2.9 Continuation of significant changes in accounting procedure without consultation with C&AG

Audit had pointed out about the irregular way in which Ministry of Defence incurred/provided expenditure of ₹ 448 crore during 2005-06 to 2009-10 under a different object head 'Contribution' instead of 'Grant-in-Aid' for Canteen Stores Department without consultation with the Comptroller and Auditor General of India in Para No.2.8 of C&AG's Report No.1 for the year 2008-09 and in Para No.3.3 of Chapter III of Report No.14 of 2010-11 (Performance Audit of Canteen Stores Department).

This comment was also previously made in para 7.21 of C&AG's Reports No.1 of 2007 and in para 7.23 of No.13 of 2007. The above irregular practice diluted the financial control over utilization of these amounts as under the General Financial Rules, utilization certificates could be insisted only for 'Grants-in-Aid'. Though both the object heads 'Grants-in-Aid' and 'Contributions' are standardized object heads under Rule 8 of Delegation of Financial Power Rules, the object head 'Contributions' is intended to classify expenditure towards membership of international bodies. Separate object head exists for reflecting provisions for

Grants-in-Aid. Therefore, booking of CSD disbursements under 'Contribution' head is incorrect.

Ministry is yet to submit Action Taken Note even for the first time as of October 2010 for Audit Para No.2.8 of C&AG's Report No.1 for the year 2008-09: Accounts of the Union Government.

Ministry persisted with the irregular practice without taking any remedial /corrective action. The detail of irregular expenditure incurred/provided for during the period 2005-06 to 2010-11 under the Head 2075.00.108.01.00.32-Contributions is as under.

Table 2.1: Expenditure booked as Contribution

(₹ in crore)

Year	Amount of expenditure booked as 'Contribution' instead of 'Grants-in-Aid'
2005-06	77.38
2006-07	73.12
2007-08	91.82
2008-09	83.95
2009-10(BE)	114.01
2010-11(BE)	141.77
Total	582.05

Such a significant change in the accounting policy was made without consultation of Comptroller and Auditor General of India as required under the Constitution of India. It seriously diluted the accountability of such disbursements. It was particularly significant as such disbursements percolated to the Unit/formation and formed part of the unit's Regimental Fund. The grants-in-aid were credited to Regimental Fund by the Services and treated as non-public fund in the hands of the recipients for all purposes. The provision and booking of this expenditure under the object head 'Contribution' was incorrect as the nature of payment remained that of grants from the Consolidated Fund.

2.10 Departmentally Managed Government Undertakings - Position of Proforma Accounts

The General Financial Rules stipulate that the departmentally managed government undertakings of commercial or quasi commercial nature will maintain subsidiary accounts and proforma accounts as may be prescribed by the Government in consultation with Comptroller and Auditor General of India. There were 43 departmentally managed Government undertakings of commercial or quasi commercial nature as of March 2010. The financial results of these undertakings are ascertained annually by preparing Proforma Accounts generally consisting of Trading Account, Profit and Loss Account and Balance Sheet.

While the Government of India Press prepares Proforma Accounts without Trading Account, Profit and Loss Account and Balance Sheet, the Department of Publications prepares only the Stores Accounts. The position of the summarized financial results of the departmentally managed undertakings on the basis of their latest available accounts is given in **Appendix II-B**.

From the Appendix it will be seen that the proforma accounts were in arrears in respect of 37 undertakings for periods ranging from one to eleven years as shown below:

Table 2.2: Period for which Proforma Accounts are lying in arrears

No. of years	Period	No. of undertakings
1-3	2007-08 to 2009-10	26
4-7	2003-04 to 2006-07	8
8-11	1999-2000 to 2002-03	3
	Total	37

The three undertakings for which the proforma accounts were in arrears for a period of 8-11 years are Films Division (Ministry of Information and Broadcasting), Electricity Department, Andaman & Nicobar Islands (Ministry of Power) and Department of Publications (Ministry of Urban Development).

In the absence of proforma account, the cost of services provided by these organisations, which are intended to be managed on commercial basis could not be ascertained. It was also not possible to work out performance indicators like return on investment, profitability etc. for the activities undertaken by these entities.

2.11 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues written off /waived off during the year 2009-10 furnished by the ministries/departments, is given in **Appendix-II-C**. It will be seen from the appendix that in 218 cases, ₹ 4.02 crore were written off during 2009-10. During the year, recoveries waived and ex-gratia payment made in 138 cases aggregated to ₹ 1.02 crore.

2.12 Other observations

2.12.1 Understated Accounting of External Debt

External borrowings raised by the Government of India from lender countries or institutions abroad are recorded in Government Accounts at the historical rate of exchange, i.e. the rate prevailing on the date of transaction/receipt. On account of the subsequent changes in exchange rate the repayments are higher than the

amount payable as worked out on the basis of accounts. This overpayment is reflected in the account as negative closing balance every year. Rest of the loans, which have not yet been fully repaid, appear in the account with positive balances. Subsequently, when the external debt is aggregated, it gets understated due to netting of negative and positive balances.

Similarly, the balances of debt obtained from a particular country also do not reflect the correct figure of debt because one particular country lends loans for a number of projects which are accounted for separately. Of these, loans on some projects have already been paid off, yet payment on account of exchange variations is being made which are accounted for as negative balance. This negative balance, when aggregated, understates the balances of outstanding debt from that particular country as well.

Thus, the figure of external debt of ₹ 1,34,083 crore, as appearing in the Finance accounts, do not reflect the actual dimension of outstanding external debt. As per the note below the Statement No. 14⁴, the external debt at the current rate as at the end of March 2010 was ₹ 2,49,306 crore. Thus, the depiction of external debt in the accounts at historical rate of exchange is not a true reflection of liability.

The CGA stated that the negative balances were on account of exchange variation that would be cleared only when the loans were fully repaid. However, no reply was furnished with regard to actual dimension of external debt at the historical rate of exchange.

2.12.2 Non-finalisation of terms and conditions of loans advanced

Statement No.3⁵ of the Finance Accounts, which contains the details of loans advanced by the Union Government, showed that ₹ 29.29 crore was advanced to Rajiv Gandhi Cancer Institute & Research Centre, New Delhi by Ministry of Health and Family Welfare and the earliest period to which loans relate was 1994-95, but the terms and conditions of loans advanced had not yet been finalized

It may be seen that even after a gap of 15 years of advancing the loan, the terms and conditions of loans had not been finalized. This reflected a non-serious approach of the administering Ministry with regard to the recovery and other aspects of the loans advanced.

The Controller General of Accounts (CGA) stated that the matter had been taken up by the Ministry of Health and Family Welfare with Ministry of Finance and

⁴ Statement 14: Statement of debts and other interest bearing obligations of Government

⁵ Statement 3: Loans and Advances by the Union Government

that audit would be intimated of further development in this regard. This issue was highlighted in Report No.1 of 2000 (para 8.11) and at that time also CGA's reply was same.

2.12.3 Non-allotment of numerical codes to minor head corresponding to the nomenclature of Programmes

In following cases no numerical codes have been allotted to minor head corresponding to the nomenclature of the 'Programmes' in Statement No.10⁶ and Statement 14 of Finance Accounts as shown below:

Table 2.3: Non-allotment of numerical codes

S.No.	Major Head	Sub-major Head	Nomenclature of Programme
Statement No.10			
1.	4216	01	Houses for Economically Weaker Section and other Service class
2.	4216	01	Houses for Scheduled Castes and Scheduled Tribes
3.	4216	02	Industrial Housing
4.	4216	02	Housing for shifting of dwellers of Labour colonies
5.	4216	02	Canteen Stores Department
6.	4216	02	Removal of Jhuggi Jhonpri Scheme
7.	4216	02	Subsidised Industrial Housing Scheme
8.	4216	02	Schemes for Industrial Workers
9.	4216	02	Slum Improvement
10.	4216	02	Accommodation for Government Employees
11.	4216	02	D.D.A. for Acquisition and Development of Land
12.	4216	02	Housing for Oustees of Village, Attawa
13.	4701	01	Tikkarpara Naraj Dam
14.	4701	02	Daman Ganga Project
15.	4711	02	Daman Ganga Project
16.	4711	02	Dredging in River Brahmaputra
17.	4861	01	Final Enrichment Plant at Hazira
Statement No.14			
18.	6002	00	Miscellaneous Stores for Border Roads Organisation received from the Government of Japan under deferred payment credit

The Controller General of Accounts stated (September 2010) that the matter had been taken up with the concerned ministries/departments for the allotment of new minor heads and that audit would be intimated of further progress in this regard.

⁶ Statement 10: Statement of expenditure on Capital Account during and to the end of the year

2.12.4 Non-depiction of loans given by Union Government

In Statement No. 3 of the Finance Accounts 2008-09 (and for earlier years), loans disbursed to the under mentioned States/Organizations were reflected. However, the details of these loans have been deleted from the Statement No. 3 for the year 2009-10 without giving an indication as to whether the loans outstanding from these States/Organizations had been received back/written off during the year 2009-10.

Table 2.4 (a): Non-depiction of loans in Finance Accounts-2009-10

S. No.	Ministry/ Department	State/UT/Organisation	Period to which loan relates	Total loans outstanding as on 31.3.2009 (₹ in lakh)
1.	PPG	Bihar	2000-01	29.50
2.	-do-	Nagaland	2007-08	31.95
3.	Information Technology	Central Electronics Ltd	1982-83	58.45
4.	Chemicals	Hindustan Insecticides Ltd	1981-82	909.00
5.	Heavy Industries	Burn Standard Co.	1985-86	8935.00
6.	-do-	Andrew Yule & Co	1992-93	13348.00
7.	-do-	Richardson and Cruddas Ltd	1981-82	10118.00
8.	-do-	Tungabhadra Steel Products	1980-81	9241.00
9.	-do-	Bharat Process and Mechanical Engineers Ltd	1981-82	1602.00
10.	-do-	Bharat Brakes and Valves Ltd	1979-80	327.00
11.	-do-	Bharat Yantra Nigam Ltd	1992-93	1852.00
12.	Science & Technology	INTAS	2004-05	350.00
13.	-do-	Biological E Ltd	2004-05	750.00
14.	-do-	Promed Exports	2004-05	200.00
15.	-do-	Virchow Biotech	2005-06	345.00
16.	-do-	Bharat Biotech International	2005-06	750.00
17.	-do-	Dabur Research Foundation	2004-05	200.00
18.	-do-	Dalmia Centre for R&D	2004-05	55.00
19.	Mines	Sikkim Mining Corporation	1991-92	54.00
20.	Steel	MECON Ltd	2006-07	107.00
21.	Shipping	Hindustan Shipyard Ltd	1982-83	14987.00
22.	-do-	Jawaharlal Nehru Port Trust	2003-04	959.04
23.	Railway	East Coach Railway	1973-74	0.76
24.	Urban Affairs	Hindustan Pre-fabs Ltd	1974-75	5395.00

Instead of replying about the current status of loans, the Controller General of Accounts stated (September 2010) that references had been made to the concerned ministries and that audit would be intimated on receipt of replies.

b) Further, the under-mentioned loans and advances paid during 2007-08 and earlier periods are appearing in the Finance Accounts for the year 2009-10 as fresh entry. The details of these loans and advances were not reflected in the Finance Accounts for the year 2008-09.

Table 2.4(b): Non-depiction of loans in Finance Accounts-2008-09

S. no.	Ministry/ Department	State/UT/Organisation	Period to which loan relates	Total loans outstanding as on 31.3.2010 (₹ in lakh)
1.	Chemicals and Petro-chemicals	Hindustan Insecticides Ltd	2005-06	3402.00
2.	Heavy Industries	Andrew Yule & Co	2007-08	5972.00
3.	-do-	Richardson and Cruddas Ltd	1990-91	10178.00
4.	-do-	Tungabhadra Steel Products	1972-73	9976.00
5.	Science & Technology	ABL Biotechnologies	2005-06	45.40
6.	-do-	Bharat Serums and Vaccines	2005-06	190.41
7.	-do-	Sudarshan Biotech Ltd	2005-06	22.40
8.	-do-	Biomix Network Ltd	2005-06	139.80
9.	-do-	Bigtec Pvt Ltd	2005-06	21.00
10.	-do-	Lupin Ltd	2005-06	114.46
11.	Shipping	Hindustan Shipyard Ltd	1995-96	31801.26
12.	-do-	Paradip Port Trust	1986-87	36786.00

Non-depiction of above loans in the Finance Accounts of 2008-09 reflects that Ministries/Departments are not maintaining and updating the Register of Loans in Form CAM-29 as provided for in para 4.29.1 of Civil Accounts Manual 2005 since loans disbursed as early as in 1972-73 to Tungabhadra Steel Products Ltd got reflected in the accounts in the year 2009-10.

In reply, the Controller General of Accounts stated that references had been made to the concerned Ministries and that audit would be intimated on receipt of replies.

2.12.5 Difference in disinvestment and adjustment thereof in the accounts

Receipt from the disinvestment of Union Government's equity holdings in public sector and other undertakings accounted for in the Finance Accounts for 2009-10

to the tune of ₹ 2232.81 crore. The value of equity so disinvested was required to be reduced from Statement No. 10 and 12⁷ showing progressive outlay and Statement No. 11⁸ showing Government's investments in equity/capital base of PSUs etc.

However, adjustment of only ₹ 1114.63 crore was effected in Statement 10 and 11 of Finance Accounts on account of disinvestment. Thus, there was a difference of ₹ 1118.18 crore between receipts of disinvestment and adjustment of disinvestment made in the accounts.

The Controller General of Accounts stated that a reference had been made in this regard to Ministry of Power to furnish information and that audit would be intimated on receipt of reply.

2.12.6 Non-adjustment of receipt of bonus shares in the accounts

A receipt of ₹ 982.82 crore was shown in the Statement No.8⁹ of the Finance Accounts on account of Bonus Share. Against this amount, adjustment of only ₹ 972.48 crore had been shown in Statement No.11 against the Public Sector Undertaking (PSU) from whom Bonus Share has been received. Detail of PSU from which Bonus Share amounting to ₹ 10.34 crore was received is yet to be reflected in Statement No.11.

The Controller General of Accounts stated that a reference had been made to Ministry of Defence regarding the booking of remaining amount of ₹ 10.34 crore.

2.12.7 Merger of Air India and Indian Airlines

Government of India approved the merger of Air India and Indian Airlines in March 2007. Consequent to the above, a new company viz., National Aviation Company of India Limited (NACIL) was incorporated under the Companies Act, 1956. However, in Statement No.11 of the Finance Accounts of 2009-10, Air India with an investment of ₹ 153.84 crore, Indian Airlines with investment of ₹ 432.14 crore and NACIL with investment of ₹ 800.05 crore are being shown as separate companies.

Though the scheme of amalgamation of Air India Limited and Indian Airlines Limited with National Aviation Company of India Limited was approved by

⁷ Statement 12: Sector-wise capital expenditure and loans and advances during and upto year and sources of funding.

⁸ Statement 11: Total investment in statutory corporations, Government companies etc.

⁹ Statement 8: Detailed account of revenue receipts and capital receipts by minor heads.

the Board of Directors of all the three companies, in the Union Finance Accounts for the year 2009-10 they are being shown as three separate PSUs.

This issue was also highlighted in the last year's Audit Report but no discernible progress has yet been noticed nor has this been explained.

2.12.8 Incorrect depiction of loan to SDFC

Shipping Development Fund Committee (SDFC) was abolished with effect from December 1986 and its assets and liabilities stood transferred to Central Government in terms of Section 4 of SDFC (Abolition) Act, 1986. However, in Statement 15¹⁰ of the Union Finance Accounts for the year 2009-10, a loan of ₹ 62.42 crore was still being shown as outstanding against SDFC. Since the assets and liabilities of SDFC had already been transferred to Central Government, it is not clear as to how the Central Government was showing an outstanding loan against itself.

The CGA stated (November 2010) that the matter had been referred to the Department of Economic Affairs for clarification.

2.12.9 Unreconciled discrepancy in the balance of Employees' Pension Fund

As per the Employees' Pension Scheme, 1995, the Central Government's contribution to the Employees' Pension Fund is to be kept in the Public Account of the Government of India. The Ministry of Labour and Employment issues sanctions in respect of Government's share of contribution (and for interest thereon) for necessary adjustments by the PAO in the Union Government accounts. The copies of the sanctions are also forwarded to Employees Provident Fund Organisation (EPFO) for making necessary entries in its Annual Accounts. As such, the balances of the Government's share of Pension contribution to the Employees' Pension Fund, as depicted in the Public Account and in the accounts of EPFO should agree.

Scrutiny of the records revealed that as per the annual accounts of EPFO for the year 2007-08, the closing balance of the Central Government's contribution (including interest) to the Pension Fund was ₹ 36,809.06 crore as against ₹ 36,939.04 crore depicted in the Union Government Finance Accounts for the year 2007-08, giving rise to a difference of ₹ 129.98 crore in the two financial documents.

¹⁰ Statement 15: Statement of Loans and Advances by the Union Government

The Ministry had stated (January 2010) that the said difference of ₹ 129.98 crore had been reconciled and that this difference was due to overlapping of figures of Employees Deposits Linked Insurance Scheme (EDLI) under Employees' Pension Fund under the same Major Head '8342-Other Deposits' in the accounts up to year 1990-91 and that the correction would be reflected in Finance Accounts for the year 2009-10 after final reconciliation.

Further, the Ministry stated (October 2010) that the exact amount had not yet been arrived at and in the absence of actual amounts the correction could not be carried out.

This subject was also commented upon in the last year's Audit Report but no discernible progress has been noticed. Regular reconciliation is required to address this discrepancy.

2.12.10 Unsettled audit observations on the Finance Accounts of 2007-08

Despite a lapse of two years, the elaborate reasons on the following issues relating to the Finance Accounts for the year 2007-08 have not been furnished by Controller General of Accounts:

- a) Investment in Nationalised Banks, as depicted in Statement No. 11 of Union Government Finance Accounts, was ₹ 15,915.55 crore as on 31.3.2007. On 31.3.2008 the investment came down to ₹ 11,806.97 crore with the reasoning indicated in the Finance Accounts as 'due to reconciliation'.
- b) Investment in Hindustan Petroleum Corpn Ltd, as depicted in Statement No.11 of Union Government Finance Accounts, was reduced from ₹ 174.91 crore in 2006-07 to ₹ 173.08 crore in 2007-08 with the reasoning indicated in the Finance Accounts as 'due to reconciliation'.

During the audit of Finance Accounts for the year 2008-09, audit called for detailed reasons for difference in the figures of investments in the above cases. However, instead of furnishing the correct and detailed reasons, the Controller General of Accounts stated that the matter had already been referred to Ministry of Finance, Department of Economic Affairs and Ministry of Petroleum and Natural Gas and audit would be intimated on receipt of reply.

From the reply of the Controller General of Accounts, it could be concluded that it has been treated as a routine matter and to that extent reflecting the true and fair affairs of the Government transactions in the Finance Accounts has been compromised.

2.12.11 Non-updation of loan advanced by the Union Government

The same position is being depicted in Statement No.3 of the Finance Accounts over the years against the following outstanding loans with no change in their principal amount in arrears or in the total amount of outstanding loans.

(₹ in lakh)

Ministry	States/Organisation	Principal in arrears	Total Loan outstanding	Earlier period to which loan relates
Industry	Madhya Pradesh, Assam, Jammu and Kashmir and Tripura	29.73	519.24	1992-93 to 1995-96

On being pointed out, the Controller General of Accounts furnished the routine reply that the matter had already been referred to the Ministry of Industry and that audit would be intimated of further development in this regard. Immediate attention to this issue is required to ensure that correct position is stated in the Accounts.

2.12.12 Conversion of loan into equity has not been reflected in the Accounts

In Statement No.3 of Finance Accounts, a loan amounting to ₹ 86.79 crore had been shown as converted into equity in respect of Birds Group of Companies. The effect of this conversion had not been reflected in Statements No.10, 11 and 12 of the Finance Accounts by raising the Governments equity in the PSU concerned.

On being pointed out, the Controller General of Accounts stated in a routine manner that a reference in this regard had been made to Ministry of Steel and that audit would be intimated on receipt of reply. Such issues, if attended to promptly, would enable more accuracy in the Accounts.

2.12.13 Operation of discontinued minor head

The minor head '111-Departmental Adjusting Account' under Major Head '8658-Suspense Accounts' became inoperative with effect from the accounts for the year 1982-83 in the books of Departmental Accounting Authorities. As per instructions issued by the Controller General of Accounts to the various accounts rendering authorities, the outstanding balances under this minor head was to be cleared by the end of 2008-09. However, in Statement No.13¹¹ of the Finance Accounts, the minor head continued to appear with an outstanding balance of ₹ 60.80 crore (Dr).

¹¹ Statement 13: Statement of receipts, disbursements and balances under debt, deposits remittances and contingency fund

The Controller General of Accounts stated that all the concerned authorities were being asked to liquidate the balances.

2.12.14 Non-opening of minor head

A Minor Head '8235-126- Central Electricity Regulatory Commission Fund' was inserted in the List of Major and Minor Heads of Account through Correction Slip No.669 dated 19 January 2009 effective from the financial year 2008-09. Yet the minor head had not been opened in the Public Account in Statement No.13 of the Finance Accounts for the year 2008-09 and 2009-10.

The Ministry stated that the other related heads for the operationalisation of CERC Fund had been opened recently and that the booking under the head would begin from the year 2010-11.

2.12.15 Investment in State Bank of India (SBI)

Subscription in the rights issue of SBI to the tune of ₹ 9,996.01 crore and acquisition cost of RBI stake in SBI to the tune of ₹ 35,531.33 crore has been shown as separate entries in Statement No.11 of Finance Accounts instead of merging them as one entry being investment in the State Bank of India.

The Controller General of Accounts stated a reference in this regard had been made to Department of Economic Affairs.

2.12.16 Non-updation of data on dividends received from PSUs

Statement No. 11 of Finance Accounts, details in respect of dividend/interest received from the PSUs and remarks column showing the up-to-date cumulative loss, in case of loss making PSUs, had not been updated in a number of PSUs. As a result, the financial statement does not reflect true and fair state of affairs in the PSUs.

The Controller General of Accounts stated that references in this regard had been made to concerned departments and that audit would be intimated on receipt of reply.

2.12.17 Incorrect information on the existence of National Dairy Development Board (NDDB)

In the remarks column of Statement No.11 of Finance Accounts, NDDB, Anand, a PSU under Ministry of Agriculture, was incorrectly stated to have been voluntarily dissolved and ceased to function. The NDDB, initially registered as a society under the Societies Act 1860, was merged with the erstwhile Indian Dairy

Corporation, Baroda, a company formed and registered under the Companies Act 1956, by an Act of Parliament - the NDDB Act 1987 (37 of 1987), with effect from 12 October, 1987 and is very much in existence.

The Controller General of Accounts stated that references in this regard had been made to Ministry of Agriculture to clarify the above remark and that audit would be intimated on receipt of reply.

2.12.18 Incorrect information in respect of Hindustan Shipyard Limited

In Statement No.11 of the Finance Accounts, Hindustan Shipyard Limited, a fully owned Government of India Undertaking, was being shown under the Ministry of Shipping, while Hindustan Shipyard Limited on their website proclaim that they are under the administrative control of the Ministry of Defence.

On being pointed out, the Controller General of Accounts stated that reference in this regard had been made to Ministry of Defence and audit would be intimated on receipt of reply.

2.12.19 Discrepancy in the amount of guarantee fee received

In Statement No. 4¹² of Finance Accounts showing the guarantees given by Union Government, the guarantee fee received from various institution for whom the Union Government stood as guarantor, had been shown as ₹ 445.92 crore while in Statement No.8 showing the receipts of Union Government, the guarantee fee received had been shown as ₹ 622.14 crore under the Head 0075-108-Guarantee Fee.

On being pointed out to reflect the details of guarantee fee for the remaining amount in Statement No.4, the Controller General of Accounts stated that reference in this regard had been made to Ministry of Finance and that audit would be intimated on receipt of reply.

2.13 Important factors affecting accuracy of accounts

The accuracy of Union Finance Accounts 2009-10 is adversely affected by factors like (i) large number of transactions under Suspense heads awaiting final classification, (ii) increasing number and magnitude of adverse balances under Debt, Deposit and Remittances (DDR) heads of accounts, and (iii) persistent outstanding balances on account of lack of timely action for their clearance.

¹² Statement 4: Statement on Guarantees by Union Government

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

2.13.1 Outstanding balances under major Suspense accounts

Certain intermediary/adjusting heads of accounts known as 'Suspense heads' are operated in government accounts to reflect transactions of receipts and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when the amount under them is booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government's receipts and expenditure accurately.

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

The aggregate net balance under the Suspense Heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunications was ₹ 16,110.40 crore (debit) as on 31 March, 2010. This balance comprised of ₹ 4,795.53 crore (debit) in respect of Civil Ministries, ₹ 8,240.34 crore (debit) for Defence, ₹ 1,869.19 crore (debit) relating to Railways, ₹ 345.83 crore (debit) for Postal, ₹ 274.16 crore (credit) for Telecommunication and ₹ 1,133.68 crore (debit) in respect of Redemption of Government of India Compensation (Project Exports to Iraq) Bonds 2001. The Finance Accounts reflect the net balances under Suspense Heads and, therefore, the real magnitude of outstandings under these heads does not get reported in the annual accounts of the Government presented to the Parliament. The correct balances under these heads can be worked out only by aggregating the debit and credit balances separately under various Suspense Heads. Netting of debit/credit balances leads to significant understatement of Suspense balances in the Finance Accounts. This

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understatement takes place both at the minor head as well as major head level. The position of suspense balances under major suspense heads in respect of Civil Ministries (Major Head 8658) for the last five years is given below:

Table 2.5: Position of suspense balances under major suspense heads in respect of Civil Ministries

(₹ in crore)

Name of Minor Head	2005-06		2006-07		2007-08		2008-09		2009-10	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
101-PAO Suspense	1720.37	121.15	1844.33	692.30	2882.39	617.77	2512.92	524.57	2880.09	1172.22
Net	(-) 599.22		(-) 1152.04		(-) 2264.62		(-) 1988.35		(-)1707.87	
102-Suspense Account (Civil)	1013.92	308.14	1022.42	308.95	1087.28	10310.30	1608.78	1443.21	1942.11	1447.74
Net	(-) 705.78		(-) 713.47		9223.02		(-) 165.57		(-)494.37	
107-Cash Settlement	318.75	16.57	383.18	16.57	362.14	16.58	349.49	16.57	371.03	16.57
Net	(-) 302.18		(-) 366.61		(-) 345.56		(-) 332.92		(-)354.46	
108-PSB Suspense	1690.31	848.86	4979.41	1029.07	6517.28	782.19	3526.51	1942.36	2435.52	1775.10
Net	(-) 841.45		(-) 3950.34		(-) 5735.09		(-) 1584.16		(-)660.42	
109-Reserve Bank Suspense (HQ)	261.29	195.48	259.05	185.11	11.37	190.89	11.37	190.04	11.37	185.26
Net	(-) 65.81		(-) 73.94		179.52		178.67		173.89	
110-Reserve Bank Suspense Central Accounts Office	73.22	312.55	116.12	294.59	209.18	48.57	339.41	47.09	92.02	128.83
Net	239.32		178.48		(-) 160.61		(-) 292.32		36.81	
115-Purchase etc., abroad	1008.98	-	994.46	-	536.65	-	877.79	-	1894.85	-
Net	(-) 1008.98		(-) 994.46		(-) 536.65		(-) 877.79		(-)1894.85	
129-Material Purchase Settlement	124.73	74.00	127.62	96.17	156.31	107.84	167.82	115.88	195.25	143.11
Net	(-) 50.74		(-) 31.45		(-) 48.47		(-) 51.94		(-)52.14	
136-Custom Receipts Awaiting Transfer to Receipt Head	-	120.39	-	112.15	-	114.97	-	152.15	-	145.47
Net	120.39		112.15		114.97		152.15		145.47	
138-Other Nominated Banks (Private Sector Banks)	5.38	3.60	646.05	1449.94	2.34	170.68	1.55	40.38	2.88	100.70
Net	(-)1.78		803.89		168.34		38.83		97.82	

Note: (-) represents debit balance.

It would be seen that debit balances under Suspense Account (Civil), Suspense Account for Purchase Abroad, Material Purchase Settlement have increased in 2009-10 over the previous years. Similarly, credit balances under PAO Suspense and Material Purchase Settlement have also increased in 2009-10 over the previous years. The year-wise break-up of the balances outstanding under the suspense minor heads was not maintained by CGA for effective monitoring of clearance of such balances.

PAO Suspense

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

In March 2010, the outstanding debit balance under this head was ₹ 2,880.09 crore and under credit was ₹ 1,172.22 crore. The outstanding balances were mainly in respect of Ministry of Supply ₹ 1,914.82 crore (Dr); Department of Economic Affairs: ₹ 629.05 crore (Cr); CBDT (Revenue): ₹ 290.82 crore (Dr), Ministry of External Affairs: ₹ 339.20 crore (Dr), Ministry of Road Transport and Highways: ₹ 280.51 crore (Cr); Department of Atomic Energy ₹ 122.73 crore (Cr), indicating the payments made (Dr) or received (Cr) by these departments /ministries on behalf of other PAOs which were yet to be recovered/paid by them as on 31 March 2010. The heavy debit and credit balances under PAO suspense and their continuous accumulation indicated significant control deficiencies.

Test check of the accounts of Principal Account Offices revealed that in MEA, ₹ 361.38 crore (Dr) and ₹ 22.18 crore (Cr) pertaining to the period 2000-01 to 2009-10 were outstanding which included ₹ 61.02 crore (Dr) and ₹ 74.30 crore (Cr) which were pending settlement for more than five years. In Department of

Economic Affairs, balances of (-) ₹ 3.51 crore (Debit) and ₹ 625.54 crore (Cr) were outstanding at the end of the year 2009-10 which included debit balance of (-) ₹ 0.15 crore and credit balance of (-) ₹ 0.04 crore which were pending for more than four years. The Pr.AOs did not provide any evidence regarding efforts made to clear the old balances.

Suspense Account (Civil)

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

The outstanding balance under this minor head as on 31 March 2010 was ₹ 1,447.74 crore (Cr) and ₹ 1,942.11 crore (Dr) indicating that receipts and expenditures of ₹ 3,389.85 crore, which were required to be handled individually for settlement, had not been booked to their final heads of account. The major balances outstanding pertained to Department of Economic Affairs ₹ 833.39 crore (Cr), Ministry of Home Affairs: ₹ 763.09 Crore (Dr); Ministry of External Affairs: ₹ 513.57 crore (Cr); High Commission: ₹ 435.76 crore (Dr) and Department of Commerce (Supply Division): ₹ 606.20 crore (Dr).

Test check of the balances in Principal Accounts Offices revealed that in Department of Economic Affairs, balance of ₹ 1.53 crore (Dr) and ₹ 834.92 crore (Cr) were outstanding at the end of the year 2009-10 which included debit balance of ₹ 0.17 crore and credit balance of ₹ 209.92 crore which were pending for more than four years. In CBDT, balance of ₹ 8.33 crore (Dr) and ₹ 0.04 crore (Cr) were outstanding pertaining to the period from 1991-92 to 2009-10 which included ₹ 0.05 crore (Dr) which were pending settlement for more than five years. The Pr. AOs did not furnish any reply on the efforts made to clear old outstanding balances.

Suspense account for purchases abroad

The minor head 'Suspense accounts for purchases abroad' is operated in the books of Controller of Aid Accounts and Audit (CAA&A), Ministry of Finance (Department of Economic Affairs). The government advises the donor to make

payments directly to the supplier abroad against the supplies made to the project authorities/ importers and an equal amount is kept under the suspense head till the payment is received from the concerned Line Ministry. The debit balance under this head indicates the amount, which is yet to be recovered from the importers/project authorities, although the Government has already made the payment for these imports.

In 2009-10, suspense accounts balance for purchases abroad was ₹ 1,894.85 crore. Major debtors as on 31st March 2010 were Helicopter Corporation of India Ltd. (₹ 67.24 crore); Pawan Hans Ltd. (₹ 57.44 crore); Pyrites, Phosphates and Chemicals Ltd. (₹ 24.95 crore); Coal India Ltd.(WB) (₹ 23.18 crore); and seven Government Ministries (₹ 216.11 crore). It was also observed that ₹ 235.95 crore was outstanding from different organisations since 2001. A list showing the details of amounts outstanding since 2001 in respect of major importers is given in **Appendix II-D**. It was noticed from the information made available by the department that subsequent payments had been made on behalf of various importers/project authorities while the payments for earlier purchases were still due from them. Concrete steps need to be taken by CAA&A for recovery of the outstanding amounts.

An audit paragraph on this subject was included in the C&AG's Report No. 1 for the year 2008-09. The Ministry, in their Action Taken Note, stated that the outstanding suspense amount was being tracked efficiently and the matter was being regularly pursued with the importers. It also stated that an amount of ₹ 534.72 crore had been cleared up to 31.05.2010.

Public Sector Bank Suspense

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

Government.

The outstanding PSB balance for the year ending 31st March 2010 aggregated to ₹ 2,435.52 crore (Dr) and ₹ 1,775.10 crore (Cr). The departments against which major balances were outstanding were Department of Revenue ₹ 352.77 crore (Cr); Central Pension Accounting Office; ₹ 754.71 crore (Cr.); Ministry of Road Transport & High ways: ₹ 83.39 crore (Cr); CBEC: ₹ 209.36 crore (Dr); Ministry of Home Affairs ₹ 161.76 crore (Cr), and CBDT (Revenue): ₹ 1,414.48 crore (Dr). The debit and credit balance under this minor head had increased over the years thus adversely affecting the correct disclosure of Government cash balances in the accounts. Efforts made for clearing the balances were called for but no reply was furnished to audit.

Test check of balances in Principal Accounts Offices revealed that in CBDT, balances of ₹ 945.66 crore (Dr) and (-) ₹ 449.57 crore (Cr) were outstanding at the end of the year 2009-10 which included debit balance of ₹ 43.35 crore and credit balance of ₹ 31.87 crore which were pending for more than 20 years. In Department of Economic Affairs, balance of (-) ₹ 6.13 crore (Dr) and ₹ 0.82 crore (Cr) were outstanding at the end of the year 2009-10 which included debit balance of ₹ 3.26 crore and credit balance of (-) ₹ 0.76 crore which were pending settlement for than three years.

Reserve Bank Suspense, Central Accounts Office

This minor head is operated in the books of Union Government for payments of loans, grants-in-aid, share of income tax and share of Union Excise Duty to the State Governments. When the payment is authorised, the respective expenditure head is debited and credit is afforded to this head. On receipt of monthly statements of accounts from RBI adjusting the account of Union Government, the minor head is minus credited by crediting 8675-Deposits with RBI-101-Central Civil. At the time of repayment of loan and payment of interest thereon by the State Government, this head is debited by crediting the loans/interest head. On receipt of monthly statement of accounts from RBI (CAS) Nagpur the head is minus debited by per contra debit to 8675-Deposits with RBI-101-Central Civil. The outstanding balance under this minor head as on 31 March 2010 was ₹ 92.02 crore (Dr) and ₹ 128.83 crore (Cr). The outstanding RBI (CAO) suspense balances were mainly against the Department of Supply: ₹ 82.88 crore (Cr); Ministry of Minority Affairs: ₹ 54.77 crore (Dr) and Ministry of External affairs ₹ 14.53 crore (Dr).

Test check of balances in Principal Accounts Offices revealed that in MEA, balance of (-) ₹ 0.09 crore (Dr.) and (-) ₹ 14.62 crore (Cr) were outstanding at the

end of the year 2009-10 which included debit balance of (-) ₹ 0.09 crore and credit balance of ₹ 5.94 crore which pertained to the year 2007-08.

2.13.2 Large number of adverse balances under DDR Heads

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

In the Finance Accounts of the Union Government for the year 2009-10, there are 51 cases of adverse balances under debt, deposit and remittances heads as given in **Appendix II-E**. Out of these, four balances became adverse during the year 2009-10 and 47 cases figured in the Finance Accounts of earlier years. These include 22 cases outstanding for more than five years, 11 for more than 10 years and four cases are more than 20 years old. Though the footnotes to the adverse balances in the Finance Accounts mentioned that they were under investigation, the findings of such investigation by the CGA and subordinate offices and the efforts made to clear them were not made available to Audit.

Adverse balances at the minor head level represent the aggregate effect of the balances of various account circles taken together. At unit/account circle's level, adverse balances appear in the books of PAOs and Pr.AOs also but many of these adverse balances get eclipsed since these balances get aggregated when the accounts of the accounting circles are consolidated. For example, audit of the five selected Pr.AOs of Department of Economic Affairs, CBDT, MEA, MH&FW, and CAA&A revealed that there were 19 heads of accounts with adverse balances at the end of year 2009-10 nine of which have not been reflected in the 51 cases of adverse balances mentioned above. The adverse balances noticed during the audit of Pr.AOs are given in **Appendix II-F**. The observations on the adverse balances in Pr. PAOs are given below.

(i) Principal Chief Controller of Accounts- MEA

Scrutiny of records in Pr. CCA, MEA disclosed that an adverse balance of ₹ 19.40 crore (Dr) was lying uncleared under the head 8443- Civil Deposits-113 'Deposit for Purchase Abroad etc.' at the end of the year 2009-10 for more than 27 years. Out of the total outstanding amount of ₹ 19.40 crore, ₹ 13.94 crore pertains to SAIL. This was pointed out in the C&AG's Report No. CA-13 for the year 2007-08 but the claim still remains to be settled. Further, an adverse balance of ₹ 26.03 crore (Dr) was appearing under the head 8443- Civil Deposits-117-'Deposits for Work Done for Public Bodies or Private Individuals'. Payments made by missions/ports on behalf of public bodies or private individuals are booked under

this head. Debit balance under this head reflects that an amount of ₹ 26.03 crore has been spent/booked by the missions on behalf of public bodies/ private individuals in excess of the deposits under this head. The Pr. AO has stated that an amount of ₹ 1.75 crore pertains to BSNL which was incurred by Embassy of India, Kathmandu during the period from 01.10.2000 to 31.08.2005 towards Salary, TA etc. on the personnel of Telecom Department, Government of India posted there. Details of the rest of the amount and the period since this amount was pending were not furnished by the Pr.AO.

(ii) Controller of Aid, Accounts and Audit-CAA&A

The adverse balances of ₹ 62.77 crore in the accounts of Controller of Aid, Accounts and Audit under the major head 6002 –External Debts at the end of the year 2009-10 was due to exchange losses at the time of repayment of loans. An audit paragraph on this subject was included in the C&AG's Report No. 1 for the year 2008-09. The Ministry, in their action taken note stated that adverse balance in respect of 7 countries/donors had been cleared and action to write off adverse balance of other cases would be taken as and when each individual loan extended by a donor was fully repaid according to amortization schedule of each agreement.

(iii) Principal Chief Controller of Accounts- CBDT

There was an adverse balance of ₹ (-) 8.72 lakh (Dr) under the head '7610.203-Advance for purchase of other conveyance' since 2003-04. The Principal CCA stated that the matter had been taken up with the Zonal Accounts Offices for early settlement.

(iv) Controller of Accounts- DEA

Scrutiny of records in the office of Chief Controller of Accounts, Department of Economic Affairs revealed that an adverse balance of ₹ 294.12 crore was lying under the head 7052-02-101-Loans to Shipping Development Fund Committee, which has been appearing in the accounts since 2002-03 due to incorrect classification of interest amount as principal amount. This had already been pointed out in para 2.9.2 (ii) of CAG's Audit Report No. CA-13 for the year 2007-08 but the adverse balance still persists. The Pr.AO stated that the adverse balance would be settled in the financial year 2010-11. Further, huge adverse balances of ₹ 13.58 crore (Cr) under the head 7605-Advance to Foreign Governments (052-Tukmenistan, 053-Kyrqhyztan, 058-Uzbekistan); ₹ 62 crore (Dr) under the head 8013.01.101-'Deposits Scheme for Retiring Government Employees' and ₹ 109.02 crore (Dr) under the head 8342.120-'Misc. Deposits' were also lying uncleared at the end of the year 2009-10. The adverse balances were appearing in the accounts for more than three years. The Pr.AO stated that

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adverse balance under the head 7605 was due to exchange rate fluctuation and interest receipt wrongly booked as principal whereas the other adverse balances were due to misclassification by the PAOs and efforts were being made to liquidate the balances.

(v) Chief Controller of Accounts, MH&FW

There was an adverse balance of ₹ 0.57 crore (Dr) under the head 8342.00.117-Defined Contributory Pension Scheme for Government Employees. The Pr.AO stated that adverse balance was due to more payment in the year 2007-08 than the receipts up to the year 2007-08 and the matter would be taken up with the PAOs to rectify the same.

2.13.3 Outstanding balances under the head “Cheques and Bills”

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

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

In the Finance Accounts for 2009-10, large balances are lying outstanding under the following minor heads of ‘Cheques and Bills’

		(₹ in crore)
Pre Audit Cheques	Cr	0.41
Pay and Accounts Office Cheques	Cr	8729.50
Departmental Cheques	Cr	394.07
Treasury Cheques	Cr	4.59
IRLA Cheques	Cr	0.59
Telecommunication Accounts Cheques	Cr	1380.42
Postal Cheques	Cr	6107.36
Railway cheques	Cr	2851.61
Defence Cheques	Cr	4089.93
Electronic advices	Dr	40.91
Pay and Accounts Offices Electronic advices	Cr	40.61

Rule 45 of Receipt and Payment Rules, 1983 envisages that a cheque shall be payable at any time within three months after the month of issue. Further, Rule 47(2) envisages that cheques remaining unpaid for a period of six months after the month of their issue, and not surrendered for renewal, are to be reversed and cancelled by minus crediting '8670-Cheques & Bills' and minus debiting the functional major/minor head to which the expenditure was originally debited and the amount is to be written back in the accounts.

Such large outstanding amounts under different minor heads reflect that the accounting authorities are not taking necessary action as required to be taken under the rules. To the extent the amounts outstanding under the 'Cheques and Bills', the Government cash balance stands overstated. In reply, CGA in October 2010, stated that instructions were being issued to the concerned CCAs to write back the cheques outstanding for more than three months.

Test check of the five Principal Accounts Offices revealed that 6574 cheques amounting to ₹ 166.15 crore in MEA, 2251 cheques amounting to ₹ 8.22 crore in MH & FW, 7565 cheques amounting to ₹ 16.06 crore in CBDT and 863 cheques amounting to ₹ 1.06 crore in DEA had remained unpaid for more than six months but had not been cancelled by the Pr AOs.

2.13.4 Review of balances not carried out by Principal Accounts Offices

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

In respect of civil departments, the review of balances for the year 2005-06, 2006-07, 2007-08 and 2008-09 was completed only in 20, 26, 36 and 38 departments respectively, out of a total 68 Principal Accounts Offices.

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

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

The CGA office in reply to the audit observation from **para 2.13.1 to 2.13.4** has stated (November, 2010) that a Work Group had been formed to look into the old suspense balances and to make efforts to clear / write off the same at the earliest.

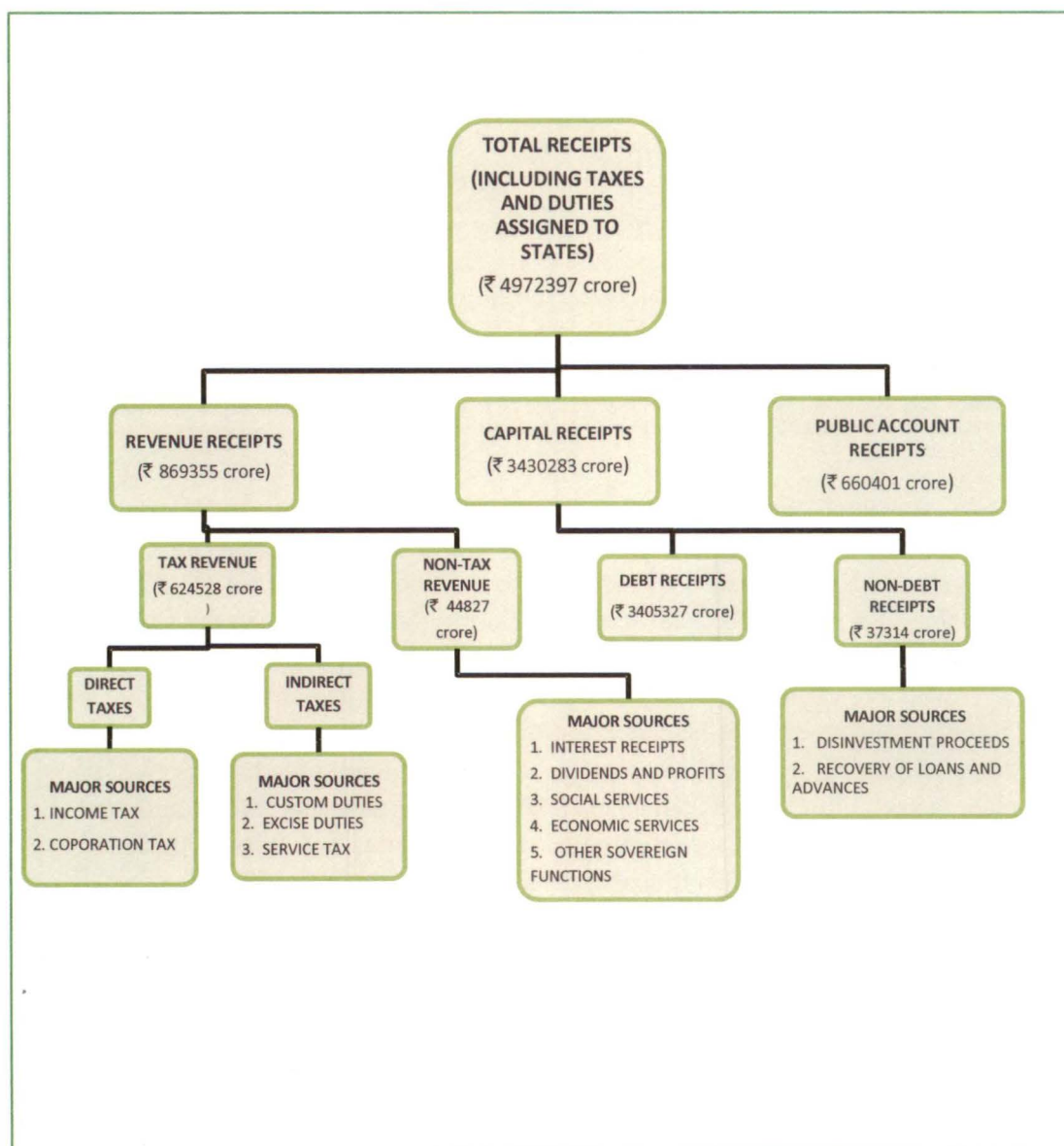
Chapter 3

RESOURCES: TRENDS AND COMPOSITION

3.1 An important pre-requisite to appreciating the performance of the Union Government is a complete grasp of the resource position, as the quantum of resources in any particular fiscal year determines the expenditure threshold of the Government.

The components and sub-components of Union receipts (Total Resources net of opening cash balance) for the year 2009-10 have been categorised in **Box 3.1**.

Box 3.1: Components and Sub-Components of Total Resources



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Table 3.1: Components of total receipts: Relative share and trends

(₹ in crore)

Period	Revenue Receipts#	Capital Receipts		Gross Accruals in Public Account	Total Receipts*	GDP at market prices*
		Gross Non-Debt Capital Receipts	Gross Debt Receipts			
X Plan (2002-07) Average	477466	45989	917229	393933	1834616	3317483
Relative share (Per cent)	26	3	50	21	100	
2007-08	801226	49187	1868102	460981	3179496	4947857
Relative share (Per cent)	25	2	59	15	100	
2008-09	814026	14075	2395765	584478	3808344	5574449
Relative share (Per cent)	21	negligible	63	15	100	
2009-10	869355	37314	3405327	660401	4972397	6231171
Relative share (Per cent)	18	1	68	13	100	
Annual Rate of Growth (per cent)						
X Plan (2002-07) Average	15.62	(-) 29.02	42.05	9.33	24.97	14.18
2007-08	24.08	155.85	13.59	1.31	15.01	15.50
2008-09	1.60	(-)71.38	28.25	26.79	19.78	12.66
2009-10	6.80	165.11	42.14	12.99	30.57	11.78

Includes figures of taxes and duties assigned to States (₹1,64,832 crore for 2009-10).

*The Central Statistical Organization (CSO), Ministry of Statistics and Programme Implementation Bureau Press Note dated 31st May, 2010 has indicated that the Revised Estimate figures for GDP at current prices/Market prices is ₹ 62,31,171 crore. Figures are continually being revised by CSO and this data is meant for an indicative comparison of fiscal performance with macro-economic performance.

Note: Figures indicating relative shares have been rounded off to the nearest integer and hence the total may not always add to 100. Negligible refers to figures where the share of the sub-component is less than 0.5 per cent of Non Tax revenue.

Debt Receipts constitute the single largest component of total receipts. Compared to an average of around 50 per cent of the total receipts during the X plan, the share increased considerably in the first three years of the XI plan averaging 64 per cent of total receipts. During the current year, the share of debt receipts was 68 per cent of the total receipts. This was because there was a growth of 42 per cent over the previous year in debt receipts. While a balanced budget can not be conceived of in an emerging economy like India, huge borrowings adversely impact the ability of future governments to plan their expenditure since principal and interest payments are committed liabilities. The higher the committed payments are, the less room future governments have for operational expenditure.

Apart from debt receipts, capital receipts include **Non-Debt Receipts** such as disinvestment of Public sector and other undertakings and recovery of loans and advances, which constitute an insignificant share in total receipts. They also show considerable variance in growth in different years and are, therefore, not a predictable source of receipts. In the current year, non-debt capital receipts showed a considerable growth (165 per cent) over the previous year. One reason for this is that in the previous year, there was a negative growth in non-debt capital receipts and hence, the base on which growth is

calculated is low. The other reason is that there was considerable disinvestment of minority equity of Government shares in central public sector undertakings¹ this year and a sum of ₹ 23,599 crore (including premium of ₹ 21,366 crore) was collected under this account. Further details are provided in **para 3.6**.

The share of **Revenue Receipts** has fallen from an average of 26 *per cent* of total receipts in X Plan to 21 *per cent* in the first three years of the XI Plan. The fall in share was considerable in the current year due to the general slow down in the economy. Growth in revenue receipts picked up from less than 2 *per cent* in the previous year to almost 7 *per cent* in the current year indicating that the recession had bottomed out. Further analysis of revenue receipts is provided in **para 3.3**.

Public Account refers to those receipts for which Government acts as a banker for the public (**Chapter-1, Box-1.1**). The share of this component of receipts was lower in the first three years of the XI Plan than it was during the X plan period. Year on year growth in Public Accounts show huge variance and hence, this resource cannot be controlled by the Government. In 2009-10, there was almost 13 *per cent* growth in receipts to Public Accounts compared to the previous year. Maximum growth was seen in National Small Savings Fund (42 *per cent*), State Provident Funds (38 *per cent*), Deposits and Advances (44 *per cent*) and in Remittances (197 *per cent*). There was considerable negative growth (minus 87 *per cent*) in Special Deposits and Accounts primarily due to smaller issue of petroleum bonds (minus 86 *per cent*) and non-issue of special bonds to fertilizer companies as compared to the previous year.

3.2 Share of net receipts in GDP

The receipts and disbursements, particularly those relating to public debt and Public Account, appear on gross basis in the Finance Accounts. Accommodation by way of Ways and Means Advances (WMA) and 14-day Treasury Bills are short-term measures and provide a cover for temporary mismatches. Similarly, accrual in Public Account, is also reported on a gross basis, and needs to be netted out to provide a realistic picture. In view of this, it is more realistic to net the impact of WMA and 14-day Treasury Bills operations of the Government on its resources to arrive at its effective receipts.

¹ Please refer Table 3.10 for details

Table 3.2: Revised receipts and its share in GDP

(₹ in crore)

Year	Revenue Receipts*	Non-Debt Capital Receipts	Debt Receipts**	Net Receipts of WMA	Net Receipts from Treasury Bills	Net Public Account Accruals	Total Net Receipts	Total Receipt/ GDP (Per cent)
2002-03	355948	41896	206830	(-) 5176	3134	37011	639643	25.34
2003-04	404866	86780	297096	0	1626	(-) 22650	767718	27.10
2004-05	455466	68664	326960	0	7354	27119	885563	27.34
2005-06	525325	13382	369247	0	24733	3514	936201	25.26
2006-07	645723	19225	408517	0	136	48639	1122240	26.20
2007-08	801226	49187	633418	0	29154	35721	1548706	31.30
2008-09	814026	14075	671488	0	30033	68862	1598484	28.68
2009-10	869355	37314	882979	0	-2995	28268	1814921	29.13

* Includes figures of taxes and duties assigned to States

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

Table 3.2 indicates the impact of such neutralisation on the total receipts and on the ratio of total receipts to GDP for the last eight years. The net receipts of the Union Government for 2009-10 declined by ₹ 31,45,418 crore from the gross figure of ₹ 49,72,397 crore to ₹ 18,14,921 crore (a reduction of around 64 per cent). Similarly, while **Table 3.1** indicates that the gross receipts to GDP ratio was as high as around 80 per cent, **Table 3.2** indicates that after netting, the net resource ratio to GDP is only 29 per cent .

3.3 Revenue receipts: Movement of major aggregates

Part of the gross tax receipts are shared with State Governments according to the recommendations of the Finance Commission. Tax receipts of the Union Government (net of the States' share from its gross tax collections) increased at an average annual rate of around 22 per cent during the X Plan while non-tax revenue increased at a lower rate of around five per cent during the corresponding period. In comparison to this rate, net tax receipts grew only by around 3 per cent in 2009-10, while the growth in non-tax receipts was around 17 per cent. It may be noted that the previous year 2008-09 was marked by very low growth in both tax and non-tax receipts because of the general economic slowdown.

Table- 3.3: Composition and trends of revenue receipts

(₹ in crore)

Period	Gross Tax Revenue	States' share in Taxes	Net Tax Revenue	Non Tax Revenue *	Net Revenue of the Union
X Plan (2002-07) average	323047	83040	240007	154419	394426
Relative Share (per cent)			61	39	100
XI Plan (2007-12)					
2007-08	593147	151800	441347	208079	649426
Relative Share (per cent)			68	32	100
2008-09	605298	160179	445119	208728	653847
Relative Share (per cent)			68	32	100
2009-10	624528	164832	459696	244827	704523
Relative Share (per cent)			65	35	100
Average Annual Rate of Growth (per cent)					
X Plan (2002-07)	21.31	20.76	21.50	4.86	14.59
XI Plan (2007-12)					
2007-08	25.27	26.15	24.96	20.83	23.61
2008-09	2.05	5.52	0.85	0.31	0.68
2009-10	3.18	2.90	3.27	17.29	7.75
Note: *Non Tax Revenue includes Grants in Aid provided by International Agencies as well as receipts from Railways, Posts and Departmental Undertakings.					

Non-tax revenue constituted on an average 39 per cent of the net revenue of the Union Government during the X Plan period 2002-2007 (Table 3.3). There has been a deceleration in the share of non-tax revenue in net revenue receipts of the Union. In the first three years of the XI Plan, the average share dropped to around 33 per cent. There was, however, considerable growth under this category in the current year (17 per cent). A detailed analysis of the sub-components of non-tax revenue is provided in para 3.5 of this chapter.

3.4 Major taxes: Relative performance

In the current year the growth rate of corporation tax and income tax picked up considerably compared to the previous year while customs, excise and service tax receipts showed negative growth.

Table 3.4: Components of Tax Revenue (gross)

(₹ in crore)

Period	Total Gross Tax Revenue#	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others**
X Plan (2002-07) average	323047	87602	51720	60497	100210	17373	5645
XI Plan (2007-12)							
2007-08	593147	192911	102659	104119	123611	51302	18545
2008-09	605298	213395	106075	99879	108613	60941	16395
2009-10	624528	244725	122417	83324	102991	58422	12649

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(₹ in crore)

Period	Total Gross Tax Revenue#	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others**
Average Annual Rate of Growth (per cent)							
X Plan (2002-07)	21.31	31.59	18.83	17.36	9.60	73.21	68.93
XI Plan (2007-12)							
2007-08	25.27	33.67	36.71	20.61	5.10	36.45	47.62
2008-09	2.05	10.62	3.33	(-4.07)	(-12.13)	18.79	(-11.59)
2009-10	3.18	14.68	15.41	(-16.58)	(-5.18)	(-4.13)	(-22.85)

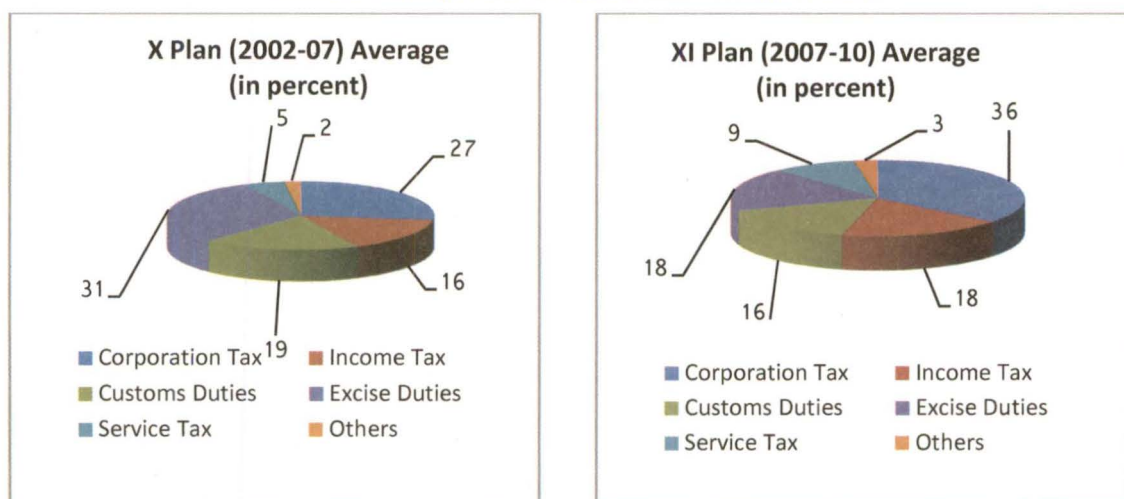
* Service Tax was introduced in 1994-95[#] Includes figures of taxes/duties assigned to States/UTs.

** Other taxes include Hotel Receipts Tax, Interest Tax, Wealth Tax, Gift Tax, Fringe Benefit Tax, Securities Transactions Tax, Banking cash Transaction Tax etc.

Note: Figures indicating relative shares have been rounded off to the nearest integer and hence, the total may not always add to 100. Negligible refers to figures where the share of the sub component is less than 0.5 per cent of Gross Tax revenue.

The key reasons for the decrease of ₹ 2,519 crore in the Service Tax collection was reduction in the rate of taxes from 12 per cent to 10 per cent in the year 2009-10. Apart from reduction in rates, the other factors responsible for reduction in collection was exemptions from payment of service tax granted to exporters on services received from Goods Transport Agents, on transportation through passenger vehicles having contract carriage permits, on packing/cargo handling/warehousing provided to Goods Transport Agents en route, etc.

Chart 3.1 : Components of Tax Revenue – Relative share



As indicated in **Chart 3.1**, the share of direct taxes (Corporation tax and income tax) has been increasing in the total tax receipts in the first three years of the XI Plan compared to the corresponding share in the X Plan. The shares of customs duties and excise duties have been falling in the first three years of the XI Plan as compared to the X Plan. The share of service tax, however, has

been much higher in the recent years compared to the X Plan period because of larger collection of service tax due to increase in rates as well as increase in tax base. At present 116 services are subjected to service tax. In the current year, 5 new services were brought under the service tax net and ₹ 142 crore was collected from these five service providers. There was a decrease in service tax collection by ₹ 2,519 crore in the current year compared to the previous year. Items which showed major decrease in revenue collection in service tax in the current year are given in **Box 3.2**.

Box 3.2 Negative Growth of Service Tax in 2009-10 compared to 2008-09 occurred under the following heads

	<i>Reduction of revenue (₹ in crore)</i>
❖ Tax on Telephone billing	1506
❖ Tax on General Insurance Premium	154
❖ Advertising Services	171
❖ Consulting engineer services	182
❖ Real estate agent /consultant services	108
❖ Management consultant services	203
❖ Business Auxiliary services	501
❖ Maintenance and Repair services	60
❖ Transport of goods by road	582
❖ Construction services in respect of commercial or industrial buildings and civil structures	228
❖ Construction of residential complex having more than twelve houses	107
❖ Credit\debit card, change card related services	284
❖ Services provided by a telegraph authority in relation to telecom	239
❖ Services provided in renting of immovable property for use in further some business or commerce	5 63
❖ Education cess	171

3.4.1 Tax buoyancy: This refers to the built-in elasticity of growth in tax revenue in relation to economic growth and development of a country. Tax buoyancy not only depends upon tax policy and administration but also on the general performance of the economy. Assuming that GDP is a good indicator of the performance of the economy, the buoyancy coefficients indicate the rate of percentage growth of various taxes in comparison to one *per cent* increase in the GDP (the tax base).

Table 3.5: Buoyancy of major taxes

(per cent)

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax
X Plan (2002-07) Average	1.502	2.227	1.327	1.224	0.677	5.162
XI Plan (2007-12)						
2007-08	1.630	2.173	2.369	1.330	0.329	2.352
2008-09	0.162	0.838	0.263	(-)0.322	(-)0.958	1.484
2009-10	0.270	1.246	1.308	(-)1.407	(-)0.439	(-)0.351

Tax buoyancy was more than one in the X Plan (1.502) mainly on account of the revival of growth especially in the industrial sector of the economy on which the tax collections of the government critically depend. The other important factor behind the high tax buoyancy was the increase in the rate of service tax as well as the widening of its base by inclusion of new services into the tax net. In the year 2007-08, all components of gross tax revenue (with the exception of excise duties) had a buoyancy of greater than one. In fact for every one *per cent* increase in GDP, there was more than 2 *per cent* increase in corporation tax, income tax and service tax. However, in the last two years, when there was an industrial slowdown, there was significant negative growth of indirect taxes but the current year was marked with a negative growth in service tax as well.

The policy of expanding the tax base rather than increasing the rate and moving towards CENVAT rate, reduction in excise duty on identified goods and granting exemption to others has been mainly responsible for slow pace in the collections under the excise duty. The declining share of customs and excise duties in the total tax receipts of the Union despite the buoyant GDP growth indicates towards their diluted role as a revenue-generating device in the wake of the tariff reductions associated with trade liberalization.

3.5 Non-tax revenue

Non-tax revenues of government could be considered as being composed of two components: income from its sovereign functions like judiciary, police, currency and coinage, etc., and income arising from its assets/investments either as intermediation returns or dividends or user charges such as Railways, Posts and Departmental Undertakings. While the revenue from sovereign functions, financial intermediation and investment are in terms of actual realisation, income from social and economic services is on gross basis and is not netted of the operating costs of service delivery. Further, dividend income also includes the surplus transferred from the Reserve Bank of India and is akin to seignorage (seignorage is non-inflationary increase in money stock) rather than investment related.

3.5.1 Shift in relative share of the various sub-components of Non-tax revenue (NTR):

Interest receipts as a *per cent* of total non tax receipts, reduced significantly from the X Plan average of 24 *per cent* to a low 17 *per cent* in 2007-08 and 15 *per cent* each in 2008-09 and 2009-10. The fall in share in recent years was on account of the implementation of the debt swap scheme that resulted in a reduced corpus of outstanding loans with lower interest rates and consolidation and re-schedulement of outstanding loans at lower rate of interest under the scheme of Debt Consolidation and Relief Facility scheme recommended by the Twelfth Finance Commission for the award period 2005-06 to 2009-10.

There was an upward trend in the share of dividends and profits in 2007-08 and 2008-09. The share reached almost 21 *per cent* in 2009-10. This component is mainly made up of dividends from Public Sector Undertakings, contribution of Railways, share of surplus profits from RBI, LIC and nationalised banks and dividends from other investments.

Table 3.6: Non-Tax Revenue- Relative Composition of Sub-Components and Trends

(₹ in crore)						
Period	Total Non-Tax Revenue #	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions **
X Plan (2002-07) Average	154419	37023	24018	687	77953	14738
Relative share (<i>Per cent</i>)	100	24	16	Negligible	50	10
XI Plan (2007-12)						
2007-08	208079	34612	34500	742	120998	17227
Relative share (<i>Per cent</i>)	100	17	17	Negligible	58	8
2008-09	208728	30846	38608	540	118146	20588
Relative share (<i>Per cent</i>)	100	15	19	Negligible	57	10
2009-10	244827	35849	50250	713	133038	24977
Relative share (<i>Per cent</i>)	100	15	21	Negligible	54	10
Average Annual Rate of Growth						
X Plan (2002-07)	4.86	(-) 13.56	8.65	16.07	13.07	5.59
XI Plan (2007-12)						
2007-08	20.83	30.35	17.71	58.89	20.44	11.75
2008-09	0.31	(-)10.88	11.91	(-)27.22	(-)2.36	19.51
2009-10	17.29	16.22	30.15	32.04	12.60	21.32

Note: Figures indicating relative shares have been rounded off to the nearest integer and hence, the total may not always add to 100. Negligible refers to figures where the share of the sub-component is less than 0.5 per cent of Non Tax revenue.

includes Grants in Aid provided by International Agencies.

Social Services include education, health, water supply, sanitation and social security etc.

Economic Services include dairy development, animal husbandry, fisheries, forestry, plantation, food storage and warehousing, agricultural and rural development programmes, user charges for irrigation, provision of energy, receipts of PSEs and government undertakings like Railways, Posts, Shipping etc.

** Fiscal services and other General Services (Police, Public Works, Stationery and Printing etc.)

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Non-tax revenue from dividends and profits (inclusive of surplus transferred from the Reserve Bank of India) was the component growing fastest in recent years. Compared to the X Plan average annual growth of nearly 9 per cent, in the first three years of the XI Plan, dividends and profits have been growing at an average of around 20 per cent with maximum growth of more than 30 per cent in the current year. As the economy recovers, receipts under this head could contribute significantly to the non-tax revenues of the country.

Receipts under Economic services (mainly power, petroleum, crop husbandry and animal husbandry) have a large share of over 50 per cent in the NTR basket. Rationalisation of user charges and better service provision could increase collections under this head in the medium term.

Table 3.7: Growth in Petroleum receipts

(₹ in crore)

Years	Profit on Petroleum	Petroleum Concession Fees and Royalties	Receipts under the Petroleum Act	License Fees and Mining Lease Rent	Commercial Discovery Bonus	Other Receipts	Total
2004-05	2690	2572	20	37	0	0	5319
2005-06	3278	2422	19	63	0	0	5782
2006-07	4342	3332	23	102	0	520	8319
2007-08	4199	3498	22	72	2	52	7845
2008-09	5036	3289	16	43	0	109	8493
2009-10	5926	4266	28	72	0	39	10331

From 2004-05 onwards, petroleum receipts accounted for around 4 to 5 per cent of the non-tax revenue basket. As observed in **Table 3.7**, profit on petroleum, which accounted for 50 per cent share in 2004-05, continued to remain the major contributor to petroleum receipts in 2009-10 (around 57 per cent). The relative share of the other significant sub-components under petroleum receipts viz. petroleum concession fees and royalties fell from around 48 per cent in 2004-05 to around 41 per cent in 2009-10.

Table 3.8 Growth in Telecom receipts

(₹ in crore)

Years	Receipts of the Monitoring Organisation	Receipts from Wireless Planning and Coordination Organisation	Telecom License Fee	Universal Access Levy	Other Receipts	Refunds	Total
2004-05	0	1040	6038	778	120	0	7976
2005-06	13	1372	3433	3215	2032	0	10065
2006-07	0	2090	3097	3941	3336	0	12464
2007-08	0	3056	3449	5406	14818	0	26729
2008-09	0	3455	3996	5515	156	(-124)	12998
2009-10	0	3810	4001	5778	2291	0	15880

Another important component of non-tax revenue has been Telecom receipts which accounted for around 5 per cent of the NTR basket in 2004-05 and increased to around 13 per cent of the basket in 2007-08. The share of telecom receipts to the total NTR fell significantly in 2009-10 to above 6 per cent. **Table 3.8** indicates that telecommunication licence fee which had a very high relative share among telecom receipts in 2004-05 (around 76 per cent) had a significantly lower share in 2009-10 (around 25 per cent). In comparison, the share of receipts from Wireless Planning and Co-ordination Organisation increased from around 13 per cent in 2004-05 to 24 per cent in 2009-10 and the share of Universal Access Levy increased from around 10 per cent in 2004-05 to as much as around 36 per cent in the current year.

3.6 Non-debt capital receipts

Non-debt capital receipts consist of miscellaneous capital receipts (disinvestment) and recovery of loans and advances. **Table 3.9** gives the details of non-debt capital receipts from disinvestment and recovery of loans and advances given by the Union Government to State and Union Territory governments, foreign governments, government corporations, non-government institutions and government servants. This table also indicates the budget estimates and actual realisation of the proceeds from disinvestment along with actual recovery of loans and advances of the Union Government.

Table 3.9: Realisation from disinvestment and recovery of loans in the last decade

Period	Disinvestment			Recovery of Loans		
	Budget Estimates	Actual Realisation	Per cent Realisation	Budget Estimates	Actual Realisation	Per cent Realisation
	₹ in crore			₹ in crore		
2002-03	12000	3149	26.24	20080	38745	192.95
2003-04	13200	16632	126.00	20523	69827	340.24
2004-05	4000	4363	109.10	29625	64240	216.84
2005-06	0.0	1570	--	13525	11801	87.25
2006-07	3840	534*	0.00	9530	18691	196.13
2007-08	1651	4387	265.72	3030	10391	342.94
2008-09	1165	22	1.89	5993	13509	225.41
2009-10	1120	23599+	2107	5720	12733	222.61

*mainly on account of issue of bonus shares by Oil and Natural Gas Commission.

+please refer Table 3.10 for details

3.6.1 Trends in disinvestment proceeds in the last decade: From January 2005 onwards, the Government set up a National Investment Fund (NIF). The proceeds from disinvestment of Central Public Sector Enterprises are channelized into the NIF, which is maintained outside the Consolidated Fund of India. The trends in miscellaneous capital receipts (MCR), i.e. disinvestment proceeds indicate wide fluctuations during the last five years from 2005-06 to 2009-10. While ₹ 1,570 crore were booked as MCR on

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account of disinvestment of government equity in public sector and other undertakings during 2005-06 (against the 'nil' budget estimates for the year), during 2006-07, (against the budget estimates of ₹ 3,840 crore on account of partial disinvestment of equity holdings in Central Public Sector Enterprises), there was no receipt on account of disinvestment of government equity during the year. However, the receipt of ₹ 534 crore was booked under capital receipts mainly on account of issue of bonus shares by Oil and Natural Gas Commission. During 2007-08, the actual realisation from disinvestment at ₹ 4,387 crore in Finance Accounts was nearly three times of the budget estimates (₹ 1,651 crore) for the year. During the current year, ₹ 23,599 crore (including premium of ₹ 21,366 crore) was actually realised from disinvestment in Central Public Sector Undertakings (as shown in **Table 3.10** below) as against budget estimate of ₹ 1,120 crore.

Table 3.10 Disinvestment proceeds from sale of minority shareholding in Central Public Sector Enterprises (CPSE) during 2009-10

(₹ in crore)

S. No.	Name of CPSE	Total value realised
1.	National Hydroelectric Power Corporation Limited (NHPCL): Government on 8 th February, 2007 approved disinvestment of 5% equity of the company out of Government's shareholding along with the fresh issue of equity of 10% of the pre-issue paid-up capital of NHPC Ltd. The IPO was completed in August 2009 and Government realized an amount of ₹ 2012.85 crore.	2012.84
2.	National Mineral Development Corporation Limited (NMDC) : Government offered 8.38% pre Issue paid-up capital of NMDC Limited out of Government's shareholding through follow-on public offering in March 2010 and realized an amount of ₹ 9930.42 crores.	9930.42
3.	National Thermal Power Corporation Limited (NTPC): Government offered 5% pre Issue paid-up capital of NTPC Limited out of Government's shareholding through follow-on public offering in February 2010 and realized an amount of ₹ 8480.10 crore.	8480.10
4.	Oil India Limited (OIL): Government on 30 th August, 2007 approved disinvestment of 10% equity of the company out of Government's shareholding along with the fresh issue of equity of 11% of the post-issue paid-up capital of Oil India Limited and to simultaneously disinvest 10% equity in favour of IOC, HPCL and BPCL in the ratio of 2:1:1, at the market discovered price. The IPO was completed in September 2009 and Government realized an amount of ₹ 2247.05 crore.	2247.05

(₹ in crore)

S. No.	Name of CPSE	Total value realised
5.	Rural Electrification Corporation Limited (REC) : Government offered 5% pre Issue paid-up capital of REC Limited out of Government's shareholding in conjunction with issue of fresh equity of 15% by the Company through a follow-on public offering in March 2010 and Government realized an amount of ₹ 882.52 crore.	882.51
6.	Cochin Shipyard Limited	40.00
7.	Hindustan Paper Corporation Ltd	5.68
Total		23598.60

On 27th January 2005, the Government had decided to constitute a "National Investment Fund" (NIF) outside the Consolidated Fund of India, to channelize proceeds from sale of minority shareholding of the Government in profitable CPSEs. The income from the Fund would be used for investment in social sector projects and Capital investment in selected profitable and revivable Public Sector Enterprises.

In view of the difficult economic situation caused by the global slowdown of 2008-09 Government in November 2009 decided to give one time exemption for utilization of proceeds from disinvestment of CPSEs for a period of three years - from April 2009 to March 2012 – i.e. disinvestment proceeds during this period would be available in full for investment in specific social sector schemes decided by Planning Commission/Department of Expenditure. The status quo ante will be restored from April 2012. However, the existing corpus of the NIF shall remain untouched and continue to be managed by the Fund Managers. The disinvestment proceeds are being used for funding the capital expenditure under the social sector schemes of the Government, namely:-

- (i) Mahatma Gandhi National Rural Employment Guarantee Scheme
- (ii) Indira Awas Yojana
- (iii) Rajiv Gandhi Gramin Vidyutikaran Yojana
- (iv) Jawaharlal Nehru National Urban Renewal Mission
- (v) Accelerated Irrigation Benefits Programme
- (vi) Accelerated Power Development Reform Programme

Further, under the revised accounting procedure, the disinvestment proceeds collected during the period 1 April 2009 to 31 March 2012 were to be transferred to NIF under the minor head '8452-102-Disinvestment proceeds of Government of India for the period from 1.4.2009 to 31.3.2012'. Scrutiny of the Union Finance Accounts 2009-10 revealed that the said minor head had not been opened and the booking of transfers to / from NIF of ₹ 23,552.97

crore had been done under the existing minor head '8452-101-Proceeds of Disinvestment of Government equity holding including premium'.

3.6.2 Trends in recovery of loans: With the prepayment of high cost loans by States as well as by some public sector undertakings under the debt swap scheme in 2003-04 and 2004-05 to take advantage of the soft-interest regime, the receipts under recovery of loans showed a predictable decline since 2005-06. The recovery of loans not only significantly declined from the previous year but fell short of the meagre budget target of ₹ 13,525 crore during 2005-06. Given the fact that the role of Union Government as financial intermediary for the State Government has been discontinued based on the recommendation of the Twelfth Finance Commission and the outstanding loans of States from the Union Government has been rescheduled at reduced rate of interest under Debt Consolidation and Relief Facility (DCRF), the budget estimates for recovery of loans was steeply reduced by the Union Government during 2006-07 and 2007-08. Owing to the comfortable fiscal position of the States, recovery of loans from States in recent year's vis-à-vis budget estimates has improved. For the year 2008-09 and 2009-10, the budget estimate was realized by more than two times.

Other capital receipts consist of borrowing and accruals in the Public Account, which are debt creating in nature and are discussed in later chapters.

3.7 The gap between Budget Estimates and Finance Accounts of Key Revenue related Variables.

In this para, an effort has been made to capture the deviation in actual performance of key revenue variables in 2009-10 (as emerging from the Finance Accounts) over what was estimated in the Budget for that year. The Twelfth Finance Commission's revenue estimates for 2009-10² have also been compared to actual figures to get an idea of the deviation in actual data from what was estimated at the time of the Twelfth Finance Commission award.

² as given in Annex 5.2 of the Report of the Twelfth Finance Commission (2005-10)

Table 3.11: Deviation in Key Revenue Parameters – A Comparison of Actual Performance in 2009-10 vis a vis Budget Estimates (BE) and Estimates of the Twelfth Finance Commission (TFC)

(₹ in crore)

Parameters	Actual	BE ^	Deviation of Actual as a per cent of BE	TFC Estimates	Deviation of Actual as a per cent of TFC estimates
(1) Gross Tax Revenue	624528	641079	(-)3	595485	5
(2) State's Share of Taxes	164832	164362	1	159070	4
(3) Net Tax Revenue {(1)-(2)}	459696	476717	(-) 4	434815	6
(4) Tax Revenue					
(a) Corporation Tax	244725	256725	(-) 5	203509	20
(b) Income Tax	122417	106800	15	104187	17
(c) Customs	83324	98000	(-) 15	76802	9
(d) Excise	102991	106477	(-) 3	172933	(-) 40
(e) Service Tax	58422	65000	(-)10	36701	59
(5) Non Tax Revenue	244827	269198	(-)10	123151	99
Of which					
(a) interest receipts	35849	27099	32		
(b) profits and dividends	50250	49750	1		
(6) Capital Receipts	3444141	2246218	53	189883	1714

^ Source: Annual Financial Statement – 2010-11

When we compare the actual receipts with the budget estimates, it is observed that major negative variations were in Customs (15 per cent), Service tax (10 per cent) and Corporation tax (5 per cent). In the case of capital receipts and Income tax receipts there was a positive variation were 53 and 15 per cent respectively, compared to budget estimates.

3.8 Future Prospects

The economy is showing signs of recovery and every effort should be made to increase the proportion of non-debt receipts in total resources through tax rationalization (as envisaged in the Direct Tax Code and the Goods and Service Tax Bill, both of which will come in to force before the end of the XI Plan period), reduction in tax administration expenses, control of evasion etc. However, as pointed out by the XII Finance Commission, in order to achieve fiscal consolidation, expenditure adjustments at the Centre should be resorted to rather than excessive reliance on revenue growth.

Chapter 4

APPLICATION OF RESOURCES: EXPENDITURE

4.1 Government expenditure is an important aspect of fiscal policy to achieve developmental goals. Aggregate disbursement of Union Government has four major components (**Box 4.1**).

Box 4.1: Components of Total Disbursements

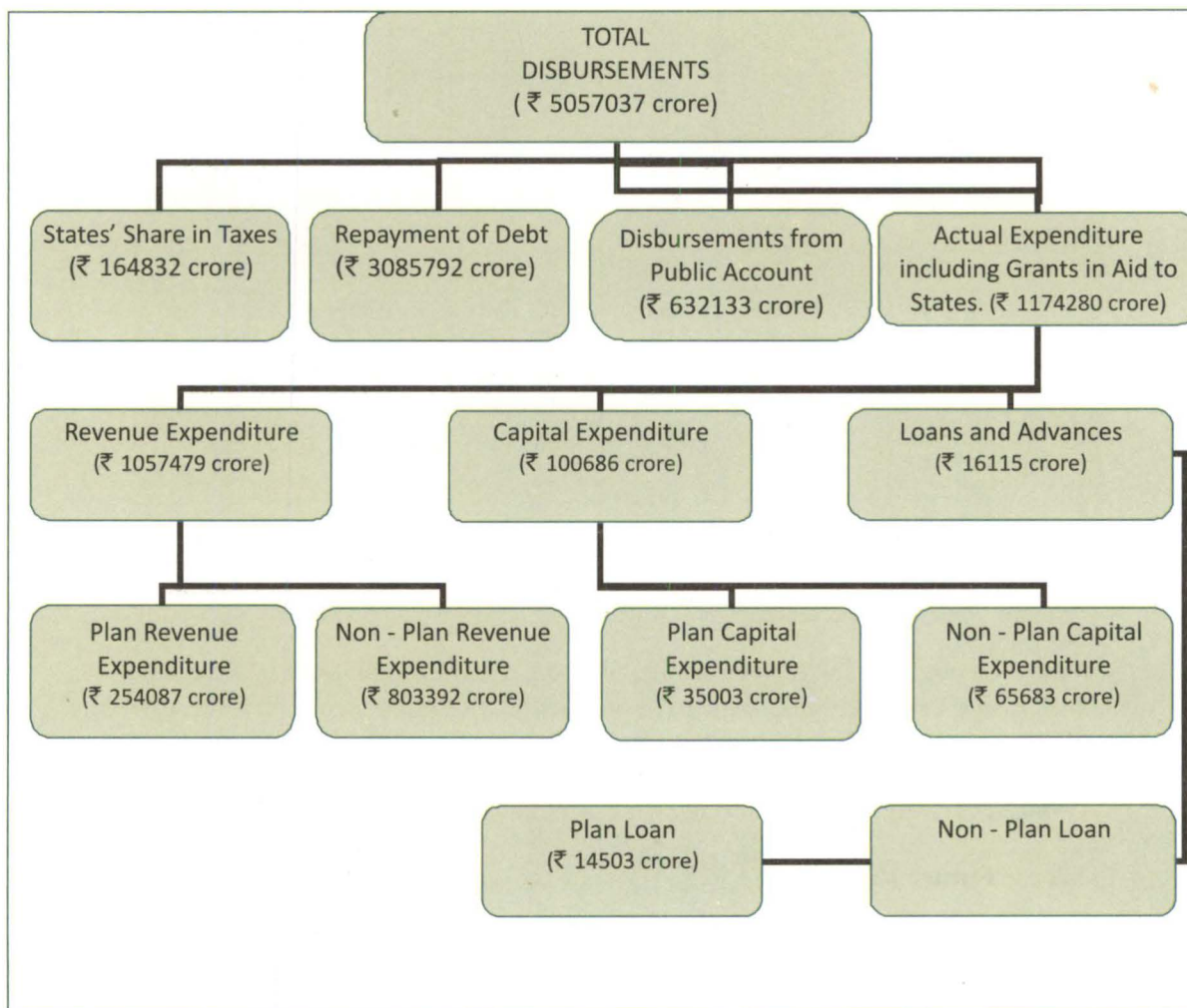


Table 4.1 indicates that the major component of Government disbursements goes towards repayment of debt. The share of debt repayments has been increasing alarmingly from an average of 43 *per cent* in the X Plan to an average of around 57 *per cent* during the first three years of the XI Plan. Since this component limits the expenditure available for current operations, its rapid growth in 2008-09 and 2009-10 is a matter of concern. Detailed analysis of debt has been done in Chapter 5 of this report. The Union Government also cannot exercise control on the share of central taxes to be shared with the States (as this is based on the Finance Commission

recommendations from time to time) nor on the disbursements from Public Accounts since the Government merely acting as a banker for deposits into this Fund. The amount remaining after disbursing debt payments, State's share of taxes and demand from the Public Account is available for the Government for actual or operational expenditure.

Table 4.1: Components of Total Disbursement

(₹ in crore)

Period	Actual Expenditure	States' share in taxes	Repayment of Debt	Disbursement in Public Account	Total Disbursement	GDP (Market Price)
X Plan (2002-07) (Average)	573852	83040	784611	375206	1816709	3317464
Relative share	32	5	43	21	100	
XI Plan (2007-12)						
2007-08	863575	151800	1604110	425260	3044745	4947857
Relative share	28	5	53	14	100	
2008-09	1102366	160179	2164560	515616	3942721	5574449
Relative share	28	4	55	13	100	
2009-10	1174280	164832	3085792	632133	5057037	6231171*
Relative share	23	3	61	13	100	
Average Annual Rate of Growth (in per cent)						
X Plan (2002-07)	10.86	20.76	47.63	8.92	24.77	14.18
XI Plan (2007-12)						
2007-08	18.70	26.15	8.32	4.65	11.32	15.50
2008-09	27.65	5.52	34.94	21.24	29.49	12.66
2009-10	6.52	2.90	42.56	22.60	28.26	11.78

*The Central Statistical Organization (CSO), Ministry of Statistics and Programme Implementation Press Note dated 31st May, 2010 has indicated that the Advance Estimate figures for GDP at current prices/Market prices is ₹ 62,31,171 crore. Figures are continually being revised by CSO and this data is meant for an indicative comparison of fiscal performance with macro-economic performance.

Note: Figures indicating relative shares have been rounded off to the nearest integer and hence, the total may not always add to 100.

Table 4.1 indicates that the share of actual expenditure fell from 32 per cent in the X Plan period to around 26 per cent on an average in the first three years of the XI Plan, primarily because of the growing share of debt repayments. In the first two years of the XI Plan, the year-on-year growth in actual expenditure was much higher than the annual average growth rate for the X Plan period. In 2009-10, however, actual expenditure grew at a low rate of around 7 per cent, since the previous year saw a tremendous hike in actual expenditure to counter the recessionary trends. The main components of actual expenditure are revenue expenditure, capital expenditure and loans and advances (**Table 4.2**). Capital expenditure, which is more likely to lead to asset creation (provided physical outcomes are realized along with financial outcomes) had a negative growth in 2008-09 but recovered sharply in the current year. Loans and Advances (for social and economic services to educational and health institutions, public sector companies, local bodies, natural calamities etc.) also showed high growth in the first three years of the XI Plan compared to an average negative growth in the X Plan period.

Table 4.2 Relative share and growth trends of components of expenditure

(₹ in crore)

Period	Revenue Expenditure	Capital Expenditure	Loans & Advances	Actual Expenditure	Revenue Expenditure/ Actual Exp	Others/ Actual Expenditure
X Plan (2002-07) (Average)	500825	46993	26034	573852	87.27	12.73
XI Plan (2007-12)						
2007-08	734861	116937	11777	863575	85.10	14.90
2008-09	1010224	77556	14586	1102366	91.64	8.36
2009-10	1057479	100686	16115	1174280	90.05	9.95
Average Annual Rate of Growth						
X Plan (2002-07)	12.24	19.61	(-) 29.46	10.86		
XI Plan (2007-12)						
2007-08	11.64	97.22	17.55	18.70		
2008-09	37.47	(-)33.68	23.85	27.65		
2009-10	4.68	29.82	10.48	6.52		

4.2 Dominant share of revenue expenditure in actual expenditure

The bulk of actual expenditure goes towards revenue expenditure, which does not usually result in fresh creation of assets for the Government and is meant for normal running and maintenance of Government machinery. During the X Plan period, the average share of revenue expenditure to actual expenditure was around 87 per cent. The share of revenue expenditure increased to around 92 per cent of the actual expenditure in 2008-09 and reduced to around 90 per cent in the current year.

The predominance of revenue expenditure has been primarily on account of a conscious shift in plan priorities in favour of revenue expenditure-intensive programmes and schemes and systemic rigidity in non-Plan revenue expenditure in the short term, particularly arising from committed and obligatory expenditure such as interest payments, pensions, salaries and defence. Moreover, the central support to the State's development activities whether through central assistance or Centrally Sponsored Schemes is classified as revenue expenditure, regardless of the purpose for which it is used by the States and other implementing agencies. There is a divergence in the treatment of accounting heads between revenue and capital by different government agencies and this needs to be standardized to make the data consistent, dependable and comparable.

4.2.1 Revenue expenditure: Trend and components

Revenue expenditure has grown by around 20 per cent during the first three years of the XI Plan compared to a much lower 12 per cent annual average growth in the X Plan period.

Table 4.3: Revenue expenditure and its components

(₹ in crore)

Period	Revenue Expenditure	Pay & Allowances**	Interest Payments	Pensions	Grants to States	Others #
X Plan (2002-07) (Average)	500825	36728	135860	25539	60676	242022
Relative share	100	7	27	5	12	48
XI Plan (2007-12)						
2007-08	734861	44361	179987	37346	106333	366834
Relative share	100	6	24	5	14	50
2008-09	1010224	71726	200580	45747	121702	570469
Relative share	100	7	20	5	12	56
2009-10	1057479	98980(RE)	223701	66051	136915	531832
Relative share	100	9	21	6	13	51
Average Annual Rate of Growth (per cent)						
X Plan (2002-07)	12.24	4.43	5.40	17.49	21.14	14.70
XI Plan (2007-12)						
2007-08	11.64	11.31	16.66	(-) 4.42	19.65	9.12
2008-09	37.47	61.69	11.44	22.50	14.45	55.51
2009-10	4.68	38.00	11.53	44.38	12.50	(-)6.77

** Notes:

- 1) Figures do not include expenditure on pay and allowances of non-civilian employees of Defence.
- 2) Expenditure on pay and allowances do not include travelling allowance, productivity-linked bonus, ad-hoc bonus, encashment of earned leaves and honorarium.
- 3) The expenditure on pay and allowances are adopted as reported in Expenditure Budget (Volume I) of the relevant years.

The category "others" includes inter-alia explicit subsidies given for Food, Fertilizers and Petroleum products as well as compensation 'under recoveries' towards to corporations and companies in supply of these products.

Table 4.3 shows the expenditure incurred on various components of revenue expenditure in terms of its major object-wise classification.

Pay and Allowances and Pension Payments: The share of pay and allowances in the total revenue expenditure of the Union government was seven per cent in the X Plan period. In the first three years of the XI Plan, the average share in Pay and Allowances rose marginally to 8 per cent while the share of pensions remained on an average at the same 5 per cent. The Pay Commission Award, therefore, did not significantly increase the relative share of these components in the total revenue expenditure of the Government. However, in terms of growth, there was a considerable increase in the growth of these two components in 2008-09 and 2009-10 due to the Pay Commission Award.

Interest Payments: The share of interest payment in the revenue expenditure basket came down from 27 per cent in the X Plan period to 22 per cent on an average in the first three years of the XI Plan. A detailed discussion of this sub-component is given in Chapter 5.

Grants to States: Plan and Non-plan grants are given to State Governments and Union Territories by the Central government. Details are given in **Table 4.4**.

Table 4.4: Grants -in-aid to State Governments/ Union Territories

Sl. No.	Minor Heads	Period			Growth		Share	
		2007-08	2008-09	2009-10	(in percent)		2008-09	2009-10
					2008-09	2009-10		
Major Head-3601-Grants -in-aid to State Government								
1.	01 Non-plan grants-	34822	36928	44829	6	21	30	33
2.	02 Grants-for state plan schemes	48975	61064	67529	25	11	50	49
3.	03 Grants-for central plan schemes	1366	1907	2147	40	13	2	2
4.	04 Grants-for centrally sponsored plan schemes	20645	21269	21937	3	3	17	16
5.	05 Grants-for special plan schemes	526	535	473	2	(-11)	0	0
Total		106333	121702	136915	14	13	100	100
Major Head-3602-Grants -in-aid to Union Territories								
1.	01 Non-plan grants-	948	1233	1143	30	(-7)	52	28
2.	02 Grants-for Union Territory plan schemes	969	959	2711	-1	183	40	67
3.	03 Grants-for central plan schemes	5	7	6	40	(-14)	0	0
4.	04 Grants-for centrally sponsored plan schemes	123	189	180	53	(-5)	8	4
Total		2044	2388	4039	17	69	100	100

In 2009-10 maximum share of grants-in-aid went to Plan schemes for both States and Union Territories. While there was a significant growth in non-Plan grants to the State Government, there was a negative growth in grants-in-aid to Union Territories. This was primarily because of the low growth of non-Plan grants in 2008-09 for States and very high growth under the same head for Union Territories. Plan grants for Union Territories showed a tremendous growth of 183 *per cent* in the current year.

4.2.2 Other Revenue Expenditure - Subsidies

Table 4.5 presents a picture of the subsidies, which the government provided explicitly during the X Plan period and the first 3 years of the XI Plan. Total subsidies grew by 0.01 *per cent* in the current year over 2008-09. Maximum growth of 34 *per cent* was seen in the case of food while there was a negative growth of 21 *per cent* in the case of urea.

Table 4.5: Explicit Subsidies in the Union Government Budget

(₹ in crore)

Period	Food	Fertilisers@	Fertilisers#	Petroleum Subsidy**	Others*	Total subsidies	Subsidies (A)	Subsidies (B)
Average Annual Values								
X Plan (2002-07)	23941^^	10969	5717	3971	2596	47194	1.42	9.42
XI Plan (2007-12)								
2007-08	31328	19556^	12934	2820	4288	70926	1.43	9.65
2008-09	43751	28048^	48555	2852	6502	129708	2.33	12.84
2009-10	58443	22184	39452	2951	6692	129722	2.08	12.27

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

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

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

**Does not include petroleum bonds for ₹17,263 crore, ₹24,122 crore, ₹20,554 crore, ₹75,942 crore and ₹10,306 crore issued during 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 respectively, to Oil Companies in settlement of their claims under Administered Price Mechanism and towards compensation for under recoveries on account of sale of sensitive petroleum products. And also does not include expenditure of ₹12,000 crore during 2009-10 towards compensation for under-recoveries on account of sale of sensitive petroleum products.

^Does not include the Special Bonds for ₹7,500 crore (₹3,500 crore for urea ₹4,000 crore for decontrolled fertilisers) and ₹20,000 crore (₹3,000 crore for urea ₹17,000 crore for decontrolled fertilisers) issued during 2007-08 and 2008-09, respectively, to Fertiliser Companies as compensation towards fertiliser subsidy.

^^ Does not include the Special Securities for ₹16,200 crore issued during 2006-07 to Food Corporation of India.

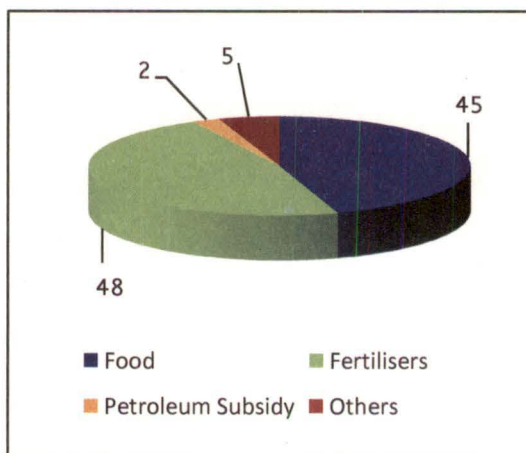
(A) As a percentage of GDP

(B) As a percentage of Revenue expenditure

The main reason for the hefty increase in fertilizer subsidies in 2008-09 was enormous increase in the international price of imported fertiliser (especially Di-Ammonium Phosphate, a decontrolled fertiliser), accompanied by a substantial increase in quantities of imported decontrolled fertilisers. However, during the year 2009-10 there was a substantial reduction in international prices of imported fertilisers, with a marginal reduction in the international prices of imported fertilisers (both urea and decontrolled fertilisers), which translated into reduction in fertiliser subsidy expenditure compared to the year 2008-09. Even after this reduction, the total fertiliser subsidy of ₹ 61,636 crore in 2009-10 was substantially higher than the corresponding subsidy of ₹ 32,490 crore in 2007-08 (excluding special bonds of ₹ 7,500 crore).

Total subsidies as a percentage of GDP increased by almost 1 percentage point in 2008-09 but fell marginally in the current year. Subsidies as a percentage of revenue expenditure increased by 3.19 percentage points in 2008-09 over 2007-08 but were contained to some extent in the current year.

Chart 4.1 Relative share of components of explicit subsidies in 2009-10 (in percent)



Subsidies are dispensed not only explicitly, i.e. through the budget but also by providing subsidised public services to the people. These kinds of subsidies are generally termed as implicit subsidies. Budgetary support to financial institutions and banks, inadequate returns from its investment in PSUs and inadequate recovery of user charges from the social and economic services that are provided by the government fall in the category of implicit subsidies. Subsidies presented in **Table 4.5** pertain to ‘explicit subsidies’ only, for which allocations are made in Union Budgets of the respective years. These trends, therefore, present the partial picture as these are exclusive of the extra-budgetary liabilities created by the Union Government by issuing the special bonds/securities to the concerned companies as compensation for under recoveries of their products due to price control imposed by the government in the public interest. If these extra-budgetary liabilities are also treated as subsidies, the Union government expenditure on subsidies would increase steeply and will more accurately represent the actual expenditure being incurred on subsidies.

Further, as per data on subsidies for the year 2009-10 furnished by CGA, expenditure of ₹ 12,000 crore towards compensation for under recoveries on account of sale of domestic LPG and kerosene (PDS) operations has not been reckoned as petroleum subsidy. It is pertinent to note that the said cash outgo was reckoned as petroleum subsidy at the Revised Estimates Stage enhancing it to the tune of ₹ 14,954 crore, but petroleum subsidy has been shown as ₹ 2,951 crore.

4.3 Expenditure: Plan and non-Plan

The Finance Accounts provide a further dis-aggregation of expenditure into Plan and non-Plan. Plan expenditure normally relates to incremental developmental expenditure on new projects or schemes and involves both revenue and capital expenditure. Non-Plan expenditure, on the other hand, is normally devoted to

maintaining the levels of services already achieved. However, in both Plan and non-Plan expenditure, increase in capital expenditure relative to revenue expenditure is considered qualitatively more desirable as it leads to the extension of the social and economic infrastructure network and capital formation by the Government. **Table 4.6** presents the growth and composition of Plan and non-Plan expenditure of the Union government while the trends in the relative share of Plan and non-Plan expenditure in total expenditure are given in **Table 4.7**.

Table 4.6: Growth in Plan & non-Plan expenditure

(₹ in crore)

Period	Plan				Non Plan			
	Total	Revenue	Capital	Loans	Total	Revenue	Capital	Loans & Advances
X Plan (2002-07) Average	138676	101635	17960	19081	435176	399190	29033	6954
XI Plan (2007-12)								
2007-08	205082	173572	21806	9704	658493	561289	95131	2073
2008-09	275301	234774	28123	12404	827065	775450	49433	2182
2009-10	303593	254087	35003	14503	870687	803392	65683	1612
<i>Average Annual Rate of Growth (per cent)</i>								
X Plan (2002-07)	12.35	21.46	7.30	(-) 28.44	10.38	9.99	28.78	(-) 31.50
XI Plan (2007-12)								
2007-08	10.22	9.43	12.32	20.88	21.61	12.34	138.55	4.12
2008-09	34.24	35.26	28.97	27.82	25.60	38.16	-48.04	5.26
2009-10	10.28	8.23	24.46	16.92	5.27	3.60	32.87	(-)26.12

4.3.1 Growth trends in Plan and non-Plan expenditure: **Table 4.6** indicates that in 2009-10, the growth in Plan expenditure over the previous year was 10.28 per cent (lower than the X Plan growth rate of 12.35 per cent) and that of non-Plan expenditure was 5.27 per cent (higher than the X Plan growth rate of 10.38 per cent). In the case of Plan Loans, compared to the negative growth (-28.44 per cent) during X Plan, there was a significant growth in 2009-10 (16.92 per cent) over the previous year.

4.3.2 Relative share of Plan and non-Plan expenditure in total expenditure: The trends in the composition of Union Government expenditure reveal that non-Plan expenditure far outweighs the Plan expenditure and revenue expenditure completely overshadows capital expenditure. **Table 4.7** indicates that there was a marginal increase in the relative share of Plan expenditure in the total expenditure basket in 2009-10 (25.85 per cent) compared to the X Plan average of 24.17 per cent.

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Table 4.7: Plan and non-Plan Expenditure: Relative Share

(Per cent)				
Period	PE/TE	NPE/TE	PRE/PE	NPRE/NPE
X Plan (2002-07) (Average)	24.17	75.83	73.29	91.73
XI Plan (2007-12)				
2007-08	23.75	76.25	84.64	85.24
2008-09	24.97	75.03	85.28	93.76
2009-10	25.85	74.15	83.69	92.27

Note: PE = Plan Expenditure, NPE = Non-plan Expenditure, PRE = Plan Revenue Expenditure, NPRE = Non-plan Revenue Expenditure and TE = Total Expenditure.

Table 4.7 indicates that on an average for X Plan for both plan and non-Plan expenditure, the revenue component remained most dominant (73.29 and 91.73 per cent respectively). In comparison with the X Plan, for the year 2009-10, the share of Plan revenue expenditure in Plan expenditure was 83.69 per cent while the share of non-Plan revenue expenditure in non-Plan expenditure was higher (92.27 per cent). The step up in revenue component of Plan expenditure was largely due to increase in Plan grants to States and also to meet the expenditure commitments under critical social sectors including rural employment, education and health. The increased spending in the socially oriented areas such as rural employment, rural roads, rural water supply, integrated child development services, 'Sarva Shiksha Abhiyan', 'National Rural Health Mission', 'National Horticulture Mission', micro irrigation, and agro and rural industries led to a significant increase in revenue component of the Plan expenditure in recent years.

4.4 Buoyancy of expenditure

Table 4.8: Trends in Buoyancy of expenditure with reference to GDP and Revenue receipts

Type of Expenditure	(in per cent)							
	2002-2007		2008-09		2009-10		2007-2010	
	GDP	Revenue Receipts	GDP	Revenue Receipts	GDP	Revenue Receipts	GDP	Revenue Receipts
Plan Expenditure	0.871	0.791	2.704	21.432	0.872	1.512	1.773	5.203
Non-Plan Expenditure	0.732	0.664	2.021	16.024	0.448	0.776	1.226	3.599
Revenue Expenditure	0.863	0.783	2.959	23.456	0.397	0.688	1.633	4.792
Capital Expenditure	1.382	1.255	(-)2.659	(-)21.080	2.532	4.388	(-)0.590	(-)1.731
Loans and Advances	(-)2.077	(-)1.886	1.883	14.930	0.890	1.542	1.389	4.076
Total Expenditure	0.766	0.695	2.183	17.309	0.554	0.960	1.359	3.988

The growth in expenditure should be compared to growth in other fiscal variables as well as with macro-economic variables in order to be a meaningful statistic. In this para, the growth in various types of expenditure (column 1 of **Table 4.8**) are compared with GDP growth rate (since this is a good indicator of the macro-economic development of a country) and with revenue receipts (to understand the gap between expenditure and revenue). **Table 4.8** provides the following insights:

4.4.1 Buoyancy of Plan expenditure: For the X Plan period the growth in Plan expenditure as a proportion of total expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, Plan expenditure grew only by 0.871 *per cent* and for every one *per cent* growth in revenue receipts, Plan expenditure grew only by 0.791 *per cent*. This trend was reversed in the first three years of the XI Plan (2007-10) when Plan expenditure growth was 1.773 times the growth of GDP and 5.2 times the growth of revenue receipts, due to various fiscal stimulus programmes.

4.4.2 Buoyancy of non-Plan expenditure: For the entire X Plan period, the growth in non-Plan expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, non-Plan expenditure grew only by 0.732 *per cent* and for every one *per cent* growth in revenue receipts, non-Plan expenditure grew only by 0.664 *per cent*. In the first three years of the XI Plan, the growth in non-Plan expenditure was higher than that of GDP growth and the growth in revenue receipts.

4.4.3 Buoyancy of revenue expenditure: For the X Plan period, the growth in revenue expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, revenue expenditure grew only by 0.863 *per cent* and for every one *per cent* growth in revenue receipts, revenue expenditure grew only by 0.783 *per cent*. This trend was reversed in the first three years of the XI Plan, when revenue expenditure growth was 1.63 times the growth of GDP and 4.8 times the growth of revenue receipts, due to various fiscal stimulus programmes.

4.4.4 Buoyancy of capital expenditure: For the X Plan period, the growth in capital expenditure was higher than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, capital expenditure grew only by 1.382 *per cent* and for every one *per cent* growth in revenue receipts, capital expenditure grew only by 1.255 *per cent*. In the first three years of the XI Plan, however, this trend was reversed and growth of capital expenditure was much lower than either the growth of GDP or the growth of revenue receipts.

4.5 Quality of expenditure

The availability of better infrastructure in the social, educational and health sector in the country generally reflects the quality of its expenditure. In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the Government to take appropriate expenditure rationalization measures and lay emphasis on provision of core public goods and services which will enhance the welfare of the citizens. Apart from improving the allocation towards development expenditure, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure (CE) to total expenditure (and/or GDP). The higher the ratio of CE to actual expenditure, the better would be the quality of expenditure.

Table: 4.9 Components of Actual Expenditure

(₹ in crore)

Years	GDP	AE*	AE/GDP	ESE*	ESE/AE	SSE*	Per cent of SSE/AE	CE	Per cent of CE/AE
2002-2007	3317483	573852	17.30	192842	33.60	32634	5.69	46993	8.19
2007-2008	4947857	863575	17.45	337115	39.04	63246	7.32	116937	13.54
2008-2009	5574449	1102366	19.78	466578	42.33	90288	8.19	77556	7.04
2009-2010	6231171	1174280	18.85	423181	36.04	103895	8.85	100686	8.57
2007-2010	5584492	1046740	18.74	408958	39.07	85810	8.20	98393	9.40

* AE = Actual Expenditure including expenditure on loans and advances, ESE = Economic Services Expenditure, SSE = Social Services Expenditure, CE=Capital Expenditure

Table 4.9 indicates that the actual expenditure of the Union Government as a percentage of GDP was around 17 *per cent* during the X Plan. In the first three years of the XI Plan, actual expenditure as a proportion of GDP was higher at nearly 19 *per cent* of GDP. Expenditure on economic services as a proportion of actual expenditure increased considerably in the first 3 years of the XI Plan (average of over 39 *per cent*) compared to an average of around 34 *per cent* in the X Plan period. Similarly, social sector expenditure as a per cent of actual expenditure also increased from around 6 *per cent* in the X Plan to over 8 *per cent* on an average in the first three years of the XI Plan. Since both economic sector expenditure and social sector expenditure are considered Development Expenditure, the quality of financial outlay appears to have undergone an improvement in the first three years of the XI Plan period compared to X Plan period. However, unless financial outlays are translated into physical outcomes, it will be difficult to assess the quality of expenditure. The proportion of capital expenditure in actual expenditure however showed only a marginal increase in the first three years of the XI Plan.

4.6 Major Flagship Programmes of the Government – Actual expenditure in past three years:

Table 4.10: Some Major Flagship Programmes of the Government in the past three years– Actual expenditure

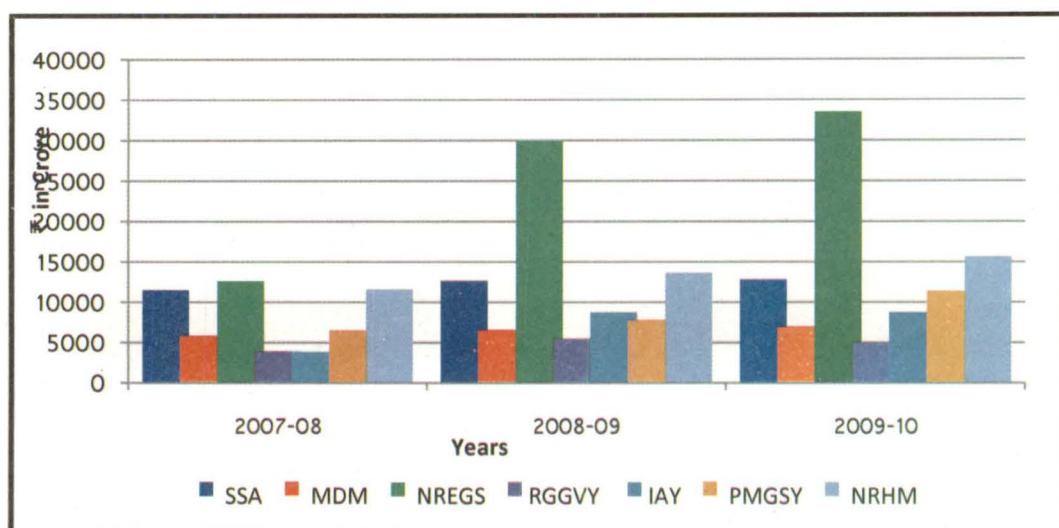
(₹ in crore)

S.no.	Programme*	2007-08			2008-09			2009-10		
		BE	Actuals	Variation (in per cent)	BE	Actuals	Variation (in per cent)	BE	Actuals	Variation (in per cent)
1	SSA	9760	11481	17.6	11940	12643	5.9	11934	12825	7.5
2	MDM	6582	5832	(-)11.4	7200	6531	(-)9.3	7200	6932	(-)3.7
3	NREGS	10800	12661	17.2	14400	29999	108.3	39100	33538	(-)14.2
4	RGVY (Rural Electricity)	3983	3913	(-)1.8	5055	5500	8.8	6300	5000	(-)20.6
5	IAY	3636	3885	6.8	4859	8799	81.1	7918	8799	11.1
6	PMGSY	6110	6500	6.4	7075	7780	10.0	10933	11340	3.7
7	NRHM	12581	11617	(-)7.7	13838	13651	(-)1.4	15534	15670	0.9

* SSA=Sarva Siksha Abhiyan, MDM=Mid Day Meal Scheme, NREGS= National Rural Employment Guarantee Scheme, RGVY=Rajiv Gandhi Gramin Vidyutikaran Yojana, IAY=Indira Awas Yojana, PMGSY=Pradhan Mantri Gram Sadak Yojana, NRHM= National Rural Health Mission

From the above table it can be seen that in Sarva Shiksha Abhiyan, actual expenditure exceeded budget estimates by nearly 8 per cent in 2009-10. In the case of the Mid - Day Meal (MDM) scheme, in all the three years of the XI Plan so far, the actual expenditure fell short of Budget estimates. In the current year, there was a considerable short fall in the actual expenditure in NREG scheme and in the RGVY scheme. Under the Indira Awas Yojana, actual expenditure exceeded budget estimates by over 11 per cent. In the case of National Rural Health Mission there was a marginally higher expenditure than what was estimated for the current year, while in previous years of the XI Plan, actual expenditure fell short of budget estimates. Further, **Chart 4.2** below shows the actual expenditure on threes programmes during the period 2007-10.

Chart 4.2 Actual expenditure on some major flagship programmes during 2007-08 2008-09 and 2009-10.



4.7 Direct transfer of Central Plan Assistance to State/District level Autonomous Bodies to Implementing agencies

Table 4.11 below indicates that the proportion of direct transfer of central plan assistance to total plan expenditure has increased from 24.55 per cent in 2006-07 to 32.33 per cent in 2009-10.

Table 4.11: Direct transfer of Central Plan Assistance to State/District level Autonomous Bodies to Implementing agencies

(₹ in crore)

Year	Amount of Direct Transfer (As in Exp Budget, Vol. I, Statement No.18)	Total Plan Exp	Per cent of Col. 2 to col. 3
(1)	(2)	(3)	(4)
2006-07	43,816	1,86,060	24.55
2007-08	54,776	2,05,082	26.71
2008-09	83,224	2,75,301	30.23
2009-10	(RE) 93,881	3,03,593	32.33

Table 4.11 indicates that the proportion of direct transfer of central plan assistance to total plan expenditure has increased from 24.55 per cent in 2006-07 to 32.33 per cent in 2009-10.

4.8 A Comparison of Budget Estimates (as per budget at a glance) and Finance Accounts 2009-10 on Key Expenditure Parameters:

Table-4.12 Budget estimates and Actual Performance

(₹ in crore)					
Parameter	Actuals	Budget Estimates# (BE)	Percentage deviation from BE	Estimates of Twelfth Finance Commission (TFC)	Percentage deviation from TFC estimates
1. Non-Plan Expenditure	870687	695689	(+) 25	-	-
A. Non-Plan Revenue expenditure	803392	618834	(+)30	362577	(+) 122
<i>Of which</i>					
(a) Interest Payments	223701	225511	(-) 1	156006	(+)43
(b) Subsidies	129722	111276	(+) 17	36157	(+)259
B. Non-Plan Capital expenditure	65683	76855	(-) 15	-	-
2. Plan Expenditure	303593	325149	(-) 7	-	-
A. Plan Revenue Expenditure	254087	278398	(-)9	195390	(+) 30
B. Plan Capital Expenditure	35003	46751	(-)25	-	-
3. Total Expenditure (1+2)*	1174280	1020838	(+)15	747849	(+) 57

* Excludes expenditure matched by receipts.

#As per budget at a glance.

As indicated in **Table 4.12**, total expenditure increased by 15 per cent over budget estimates, because non plan revenue expenditure increased by 30 per cent. There was considerable negative variation in both plan and non-plan capital expenditure.

4.9 Need to ensure prudent expenditure management

Since the Government is increasingly relying on debt funds to finance the Budget, it is vital to control revenue expenditure. The need to contain revenue deficit in relation to GDP has been discussed in Chapter 5. A proper harmonization of what constitutes revenue expenditure across Central Ministries (as well as the States) is essential to track the growth of this component over the years. A huge increase in subsidies can deter the achievement of the fiscal correction path. Better design of projects and schemes, more rigorous accountability of funds transferred to implementing agencies, tighter monitoring of time and cost over-runs, and ensuring that physical outcomes are achieved along with financial outcomes will go a long way in preventing wasteful expenditure.

Chapter 5

MANAGEMENT OF FISCAL LIABILITIES AND IMBALANCES

5.1 In an emerging economy like India, a balanced budget is not an option and Government has to resort to borrowings to bridge the gap between spiralling expenditure requirements and inadequate non-debt receipts. Internal debt, external debt and other liabilities are the three sets of liabilities that constitute the Union Government debt (**Box 5.1**). Internal and external debts constitute public debt and are secured under the Consolidated Fund of India. Internal debt includes market loans, special securities issued to Reserve Bank of India and various other special securities, compensation and other bonds and other Rupee securities. External debt represents the loans received from foreign governments and bodies. The other liabilities of the government arise more in its capacity as a banker or a trustee rather than a borrower and include small savings, provident funds, reserve funds and sinking funds (created by charging expenditure while actual expenditure/disbursement is yet to be made), deposits etc. These borrowings or accruals are not secured under CFI and are shown as part of the Public Account. All these liabilities, however, are obligations of the government either in terms of their repayment or specified expenditure.

Box-5.1 Fiscal liabilities of Government of India

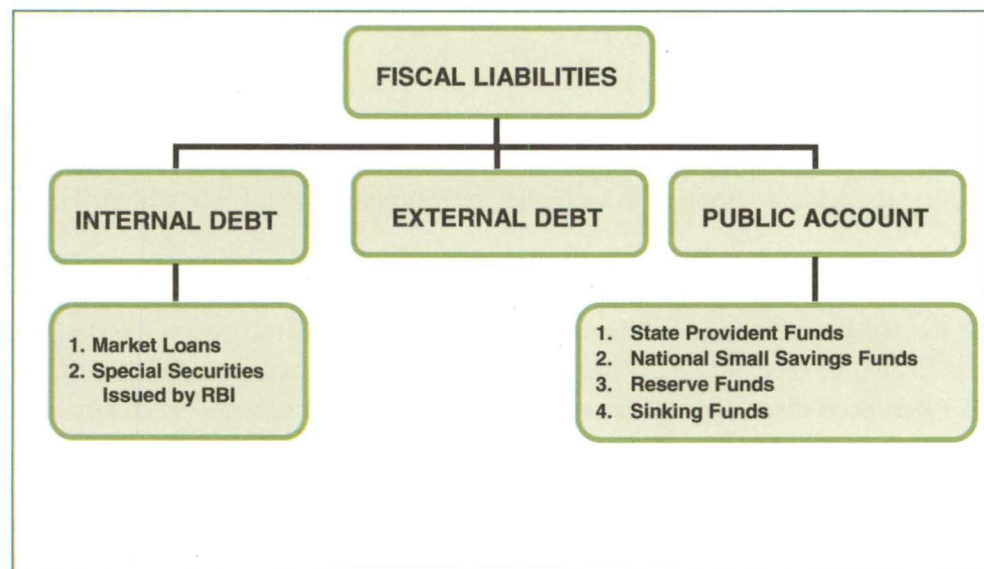


Table 5.1 presents aggregate liabilities of the Government including internal debt and external debt calculated both at the current rate of exchange and at the historic rate (the rate at which the debt was originally contracted) and the

Public Account during the X Plan period and the first three years of the XI Plan. Annual total liability in terms of its composition is indicated in **Appendix V-A**.

Table 5.1: Aggregate Fiscal Liabilities- Trends & Composition

(₹ in crore)

Period	Internal Debt	External Debt at historic rates	Public Account*	Total liabilities (at historic rates)	External Debt (at current rates)	Total liabilities (at current rates)
X Plan (2002-07) (Average)	1274620	72715	368973	1716307	193395	1836987
XI Plan (2007-12)						
2007-08	1799651	112031	466602	2378284	210104	2476357
2008-09	2019841	123046	556235	2699122	264059	2840135
2009-10	2328339	134083	583279#	3045701	249306	3160924
Average annual Rate of Growth (per cent)						
X Plan (2002-07) (Average)	10.80	19.75	7.29	10.37	1.05	8.98
XI Plan (2007-12)						
2007-08	16.48	9.07	6.33	13.98	4.41	13.33
2008-09	12.24	9.83	19.21	13.49	25.68	14.69
2009-10	15.27	8.97	4.86	12.84	(-)5.59	11.29

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

As on 31.3.2010, Public Account liabilities stood at ₹ 10,67,541 crore, which includes ₹ 4,82,762 crore invested in special State Government securities and ₹ 1,500 crore invested in IIFCL from 2007-08.

Table 5.1 indicates that for the X Plan period, internal debt constituted 69 per cent of the total liabilities and grew at an average annual rate of around 11 per cent. In 2009-10, the share in total liabilities was as high as 74 per cent and its growth was higher at around 15 per cent compared to the X Plan period. High growth of internal debt can result in a “crowding-out” of potential private sector investment as interest rates tend to harden when government enters the debt market in such a significant manner. In both the other categories of fiscal liabilities, viz. External debt (at current rates) and liabilities in the Public Account, the growth in 2009-10 was lower than the average growth rate in the X Plan. External debt in the current year showed a negative growth since there was a considerable growth under this head in the previous year.

5.2 Fiscal Liabilities relative to GDP

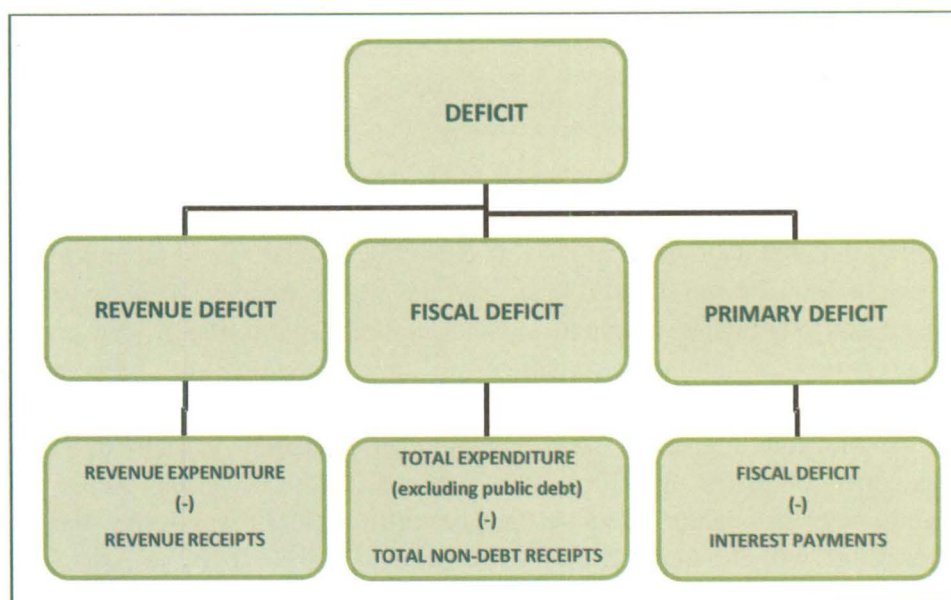
The XII Finance Commission had recommended a reduction in total liabilities of the Union to 43.7 *per cent* of GDP by 2009-10 (Table 4.13, Page 75 of the Twelfth Finance Commission Report, November, 2004). Compared to this, the fiscal liabilities of the Union stood at over 50 *per cent* at the end of the current year.

Table 5.2: Fiscal Liabilities Relative to GDP

Period	<i>(Per cent)</i>					
	Internal Debt/GDP	External Debt (at historic rates)/GDP	Public Accounts/GDP	Total liabilities (historic rates)/GDP	External Debt (at current rates)/GDP	Total liabilities (current rates)/GDP
X Plan (2002-07) (Average)	38.42	2.19	11.12	51.74	5.83	55.37
XI Plan (2007-12)						
2007-08	36.37	2.26	9.43	48.07	4.25	50.05
2008-09	36.23	2.21	9.98	48.42	4.74	50.95
2009-10	37.37	2.15	9.36	48.88	4.00	50.73

Box 5.2 gives an indication of the various kinds of deficits that occur if the Government borrows excessively to balance the budget.

Box- 5.2: Types of Deficits



5.2.1 Actual deficits vis-à-vis targets/requirements of FRBM Act/Rules

The FRBM Act, 2003 came into effect from July 2004 following the issue of Government notification and formulation of FRBM Rules, 2004. The *Act* and the *Rules* had provided for the elimination of the revenue deficit by 2008-09, with 0.5 percentage point of GDP as the minimum annual reduction target, and fiscal deficit to be brought to the level of 3 *per cent* of GDP, with 0.3 percentage point of GDP, as the minimum annual reduction target. The targets/requirements prescribed under FRBM Act/Rules are to ensure, *inter alia*, inter-generational equity¹ in fiscal management and long-term macroeconomic stability. The FRBM Act, however, had some built-in flexibility in achieving revenue and fiscal deficit reduction targets as there is a provision that the specified limits may be exceeded 'due to ground or grounds of national security or national calamity or such other exceptional grounds as the Central Government may specify'. Invoking this provision of the FRBM Act, the Union Government amended the dates originally envisaged in the Act for achieving the deficit targets. The targets relating to fiscal deficit were set to be achieved as per the mandate in the Act, while those relating to revenue deficit were rescheduled for its elimination by 2009-10 primarily on account of a conscious shift in plan priorities in favour of revenue expenditure-intensive programmes and schemes particularly at the commencement of the XI Five Year Plan. The systemic rigidity of containing non-Plan committed revenue expenditures in the short term, particularly arising from committed and obligatory expenditure such as interest payments, subsidies – both explicit and implicit, pensions, salaries and defence sector was stated to be another contributory factor.

Along with the Budget, and as required under the FRBM Act, the Central Government has been laying down, from 2004-05, *inter alia* the Medium-term Fiscal Policy Statement (MTFPS), specifying 3-year rolling targets for revenue and fiscal deficits as well as for tax revenue and total outstanding liabilities of the Central Government as percentages of GDP. These have been derived on the basis of assumptions on growth and the policy stance of the government. The targets for revenue and fiscal deficits set for the current year in MTFP Statements along with their actual levels as brought out in Union Government's Finance accounts for 2009-10 are given in **Table 5.3**.

¹ Reducing the burden of future generations to pay for present fiscal imprudence.

Table 5.3: Outcome vis-à-vis Targets under FRBM Rules (As per cent of GDP)

Fiscal Indicator	Targets set in MTFPS 2007-08 for the year 2009-10	Targets set in MTFPS 2008-09 for the year 2009-10	BE in MTFPS 2009-10 for the year 2009-10	Actual Levels (As deduced from Finance Accounts 2009-10)	Deviation from BE 2009-10
Revenue Deficit	0.0	0.0	4.8	5.66	17.92%
Fiscal deficit	3.0	3.0	6.8	6.94	2.06%

Table 5.3 presents the targets set for the key fiscal parameters – revenue and fiscal deficits for the 2009-10 in Medium Term Fiscal Policy Statements (MTFPS) placed along with the Budgets in earlier years. As against a revenue deficit target of 4.8 *per cent* set out in the BE of 2009-10, the actual revenue deficit was 5.66 *per cent* registering a deviation of 17.92 *per cent* from the target. In the case of fiscal deficit, as against a target of 6.8 *per cent*, the actual fiscal deficit for the Union Government was over 6.94 *per cent* registering a 2.06 *per cent* deviation from the target. The main reasons for the slippages have been the conscious fiscal expansion of the Government in view of the slowdown in the economy – Tax cuts along with expenditure hikes resulted in high revenue deficit as well as high fiscal deficit and non-compliance to the original targets envisaged by the FRBM Act.

5.2.2 Revenue Deficit

Revenue deficit represents the difference between revenue expenditure and revenue receipt. Revenue deficit leads to increase in borrowings without corresponding capital/asset formation. Borrowings resorted to meet revenue deficit, therefore, do not have any asset back up and create an asset liability mismatch. For these reasons, revenue deficit is considered generally less desirable. Trends in revenue deficit and some of its key parameters are indicated in **Table 5.4**.

Table 5.4: Revenue Deficit and its parameters

Period	Revenue Receipt	Revenue Expenditure	Revenue Deficit	Revenue Deficit as per cent of		
				GDP	Revenue Receipt	Revenue Expenditure
X Plan (2002-07) (Average)	394426	500825	106399	3.21	26.98	21.24
XI Plan (2007-12)						
2007-08	649426	734861	85435	1.73	13.16	11.63
2008-09	653847	1010224	356377	6.39	54.50	35.28
2009-10	704523	1057479	352956	5.66	50.10	33.38

(₹ in crore)

Table 5.4 indicates that in relation to GDP, revenue deficit amounted to 3.2 *per cent* for the X Plan period. In comparison, the revenue deficit to GDP ratio was much smaller in 2007-08 (1.7 *per cent*) but rose sharply to 6.4 *per cent* in 2008-09. In the current year there was some improvement and the revenue deficit stood at 5.66 *per cent*. When revenue deficit is compared to revenue receipts, it is observed that on an average for the X plan period, revenue deficit accounted for more than 27 *per cent* of the revenue receipts. This figure rose sharply in 2008-09 to around 55 *per cent* and fell marginally to around 50 *per cent* in the current year.

In comparison with revenue expenditure, on an average for the X Plan period, revenue deficit amounted to over 21 *per cent* of revenue expenditure. This proportion increased to over 35 *per cent* in 2008-09 and fell marginally to over 33 *per cent* in the current year.

5.2.3 Fiscal Deficit

Fiscal deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt (internal or external) or by the use of surplus funds from Public Account. Fiscal deficit trends along with the trends of the deficit relative to key fiscal parameters are indicated in **Table 5.5**.

Table 5.5: Fiscal Deficit and its Parameters

(₹ in crore)

Period	Non-Debt Receipts	Total Expenditure	Fiscal Deficit	Fiscal Deficit as <i>per cent</i> to		
				GDP	Non-Debt Receipts	Total Exp.
X Plan (2002-07) (Average)	440415	573852	133437	4.02	30.30	23.25
XI Plan (2007-12)						
2007-08	698613	863575	164962	3.33	23.61	19.10
2008-09	667922	1102366	434444	7.79	65.04	39.41
2009-10	741837	1174280	432443	6.94	58.29	36.83

Fiscal deficit as a percentage of GDP, non-debt receipts and total expenditure was much lower on an average in the X Plan period. In 2008-09, these ratios deteriorated considerably as shown in **Table 5.5** and in the current year, there was a marginal improvement.

If the bulk of fiscal deficit is for sustaining capital expenditure or for providing financial accommodation to entities for capital formation, such deficits may be considered desirable up to a point. **Table 5.6** presents the movement of

components of fiscal deficit over the X Plan period as well as for the first three years of the XI Plan.

Table 5.6: Components of Fiscal Deficit

<i>(Per cent)</i>			
Period	Revenue Deficit	Net Capital Expenditure	Net Loans and Advances
X Plan (2002-07)	79.74	31.22	-10.96
XI Plan (2007-12)			
2007-08	51.79	47.37	0.84
2008-09	82.03	17.72	0.25
2009-10	81.62	17.60	0.78

Revenue deficit was the dominant component of fiscal deficit, accounting for nearly 80 *per cent* of it during the X Plan period. There was a steep decline in the share of revenue deficit in fiscal deficit in 2007-08 but in 2008-09 and in the current year, revenue deficit accounted for around 82 *per cent* of the fiscal deficit. Capital expenditure suffered a set back because borrowed funds were required to finance the ballooning revenue expenditure. Net loans and advances of the Union government could be for both revenue and capital expenditure.

5.2.4 Primary Deficit

While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments. Interest payments represent the expenditure of past obligations and are independent of current allocative priorities. To look at the imbalances of the current nature, these payments need to be separated and deducted from the total imbalances.

Table 5.7: Primary Deficit and its Parameters

<i>(₹ in crore)</i>					
Period	Revenue Deficit	Fiscal Deficit	Interest Payments	Primary Deficit*	Primary Deficit as <i>per cent</i> of GDP
X Plan (2002-07)	106399	133437	135860	-2423	-0.07
XI Plan (2007-12)					
2007-08	85435	164962	179987	-15025	-0.30
2008-09	356377	434444	200580	233864	4.20
2009-10	352956	432443	223701	208742	3.35

* A negative figure indicates existence of primary surplus

During the X Plan period and during 2007-08, there was a primary surplus, which means that the interest payments were higher than the fiscal deficits. However, in 2008-09 and 2009-10, fiscal deficit was two times the interest payments. This meant that during these two years, 50 *per cent* or more of the

fiscal deficits were due to revenue expenditure other than interest payments. Prudent reduction of revenue expenditure could enable the Government to return to a state of primary surplus.

5.3 Buoyancy of Assets and Ratio of Assets to Liabilities

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

Table 5.8: Buoyancy of assets and Ratio of Assets to Liabilities

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

Period	Aggregate Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of Liabilities	Annual Growth of Assets	Buoyancy of Assets
X Plan (2002-07) (Average)	1836987	739512	40.26	8.98	4.74	0.53
XI Plan (2007-12)						
2007-08	2476357	942507	38.06	13.33	14.37	1.08
2008-09	2840135	1020498*	35.93	14.69	8.27	0.56
2009-10	3160924	1119741	35.42	11.29	9.72	0.86

The ratio of assets to liabilities in 2009-10 was only 35 per cent compared to the X Plan average ratio of over 40 per cent. This means that over the years, the liabilities are growing faster than assets as is shown in **Table 5.8**. As against the average growth rate of around 9 per cent in the X Plan period, total liabilities grew by nearly 15 per cent in 2008-09 and around 11 per cent in the current year. Annual growth in assets in the first three years of the XI Plan has been higher than the average annual growth rate in the X Plan.

5.4 Debt Sustainability

Fiscal liabilities are considered sustainable if the government is able to service the stock of these liabilities over the foreseeable future and the debt-GDP ratio does not grow to unmanageable proportions. A necessary condition for stability is the Domar's Debt Stability Equation. It states that if the rate of growth of economy exceeds the rate of interest on the debt, the debt-GDP ratio

is likely to be stable provided primary balances² are either zero, positive or are moderately negative. In a situation where the rate of interest is higher than the rate of growth of output, the debt-GDP ratio would continue to rise unless the primary balances turn positive. If the nominal growth rate of the economy exceeds the nominal rate of interest on domestic debt, stabilisation of domestic debt is possible while still running a primary deficit.

The average interest rate (nominal) on total debt over time, as indicated in Table 5.9, remained lower than the rate of growth of GDP at the market prices³ during the X Plan period. The average interest rate on internal debt in 2009-10 (8.54 *per cent*) was lower than the growth rate of GDP (11.78 *per cent*). The average interest rate paid on external debt is much lower than that paid on domestic debt.

Table 5.9: Average interest rate on fiscal liabilities at current exchange rates
(Per cent)

Period	Internal liabilities	External debt	Aggregate liabilities	Rate of growth of GDP	Interest spread
X Plan (2002-07) (Average)	8.91	1.78	8.09	14.18	6.10
XI Plan (2007-12)					
2007-08	8.87	1.95	8.24	15.50	7.26
2008-09	8.67	2.00	8.10	12.66	4.56
2009-10	8.54	1.37	7.88	11.78	3.90
<i>Average interest rate is = Interest paid/Outstanding Liabilities at the beginning of the year*100</i>					

The debt sustainability of the Union Government also depends on (i) the ratio of the debt redemption (principal + interest payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. **Table 5.10** shows that debt redemption ratio was 98.68 *per cent* during X Plan but fell in the first three years of the XI Plan. In 2009-10, around 97 *per cent* of debt receipts were applied towards total debt repayment. The ratio has declined in subsequent years mainly due to enhanced debt receipts.

² Primary balances refer to fiscal deficit minus interest payments.

³ Please refer Table 3.1 in Chapter 3

Table 5.10: Ratio of Debt Redemption to Debt Receipts

Period	Debt Receipts*	Debt Repayment		Principal Debt Repayment (1)/Debt Receipts	Total Debt Repayment (2)/Debt Receipts
		Principal *	Principal +Interest		
	(₹ in crore) (Annual Average)	(1)	(2)	(Per cent)	
X Plan (2002-07) (Average)	1250358	1097979	1233839	87.81	98.68
XI Plan (2007-12)					
2007-08	2219076	1919363	2099350	86.49	94.60
2008-09	2754231	2454164	2654744	89.11	96.39
2009-10	3912574	3564771	3788472	91.11	96.83

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

Table 5.11 indicates that compared to an average shortfall in resources (incremental revenue expenditure minus incremental revenue receipts) of ₹ 4,509 crore for the X Plan period, the resource gap widened alarmingly in 2008-09 to ₹ 2,70,942 crore but changed to positive resource gap of ₹ 3,421 crore in the current year.

Table 5.11: Shortfall of incremental revenue receipts to meet incremental revenue expenditure and interest payments

Period	Incremental				Resource Gap
	Revenue Receipts	Non-interest Revenue Expenditure	Interest Expenditure	Revenue Expenditure	
X Plan (2002-07) (Average)	52023	48510	8021	56532	(-)4509
XI Plan (2007-12)					
2007-08	124033	50914	25707	76621	47412
2008-09	4421	254770	20593	275363	(-)270942
2009-10	50676	24134	23121	47255	3421

In 2009-10, the incremental revenue expenditure (net of interest payments) reduced to one-tenth of what it was in 2008-09 and hence, the huge resource gap of ₹ 2,70,942 crore in 2008-09 showed considerable improvement and incremental revenue expenditure was less than incremental revenue receipts in the current year. The abnormally high incremental revenue expenditure in 2008-09 can be mainly attributed to (i) incremental expenditure on crop husbandry of ₹ 53,650 crore in 2008-09 followed by a decline of ₹ 32,149 crore in 2009-10, (ii) incremental expenditure on petroleum of ₹ 55,456 crore in 2008-09 followed by a decline of ₹ 53,536 crore in 2009-10 and (iii) incremental expenditure on rural employment of ₹ 21,163 crore in 2008-09 followed by a decline of ₹ 3,961 crore in 2009-10. If this trend is maintained, then the debt position will be easier to manage.

5.5 Cash Management

Effective April 1997, a new scheme of Ways and Means Advances (WMA) was introduced to facilitate the government to overcome the temporary mismatches in its cash flows. With the Reserve Bank of India withdrawing from participation in the primary issuance of Central Government securities with effect from April 1, 2006 in accordance with the FRBM Act 2003, the WMA arrangements were revised from 2006-07. In order to facilitate the transition necessitated by the FRBM provisions, under the revised arrangements, the limits for 2006-07 were fixed on quarterly basis. The Reserve Bank, however, retained the flexibility to revise the limits in consultation with the Government, taking into consideration the transitional issues and prevailing circumstances. The details of WMA availed by the Union Government are presented in **Table 5.12**, which reveals that there were no outstanding WMA balances in recent years.

Table 5.12: Ways and Means Advances

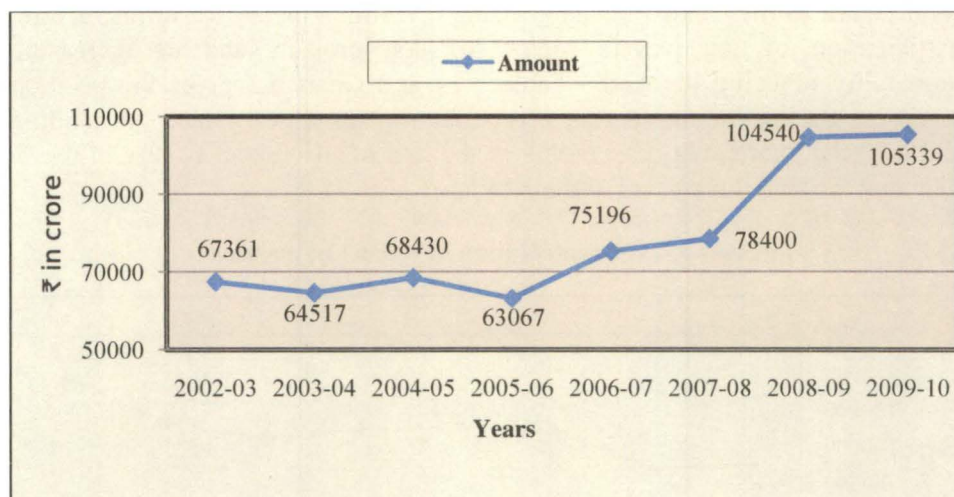
(₹ in crore)

Year	Opening Balance	Addition during the Year	Discharge during the Year	Outstanding Ways and Means Advances
2002-03	5176	118961	124137	Nil
2003-04	Nil	96615	96615	Nil
2004-05	Nil	62080	62080	Nil
2005-06	Nil	1134	1134	Nil
2006-07	Nil	25226	25226	Nil
2007-08	Nil	110007	110007	Nil
2008-09	Nil	226012	226012	Nil
2009-10	Nil	153154	153154	Nil

5.6 Unutilised Committed External Assistance

As on 31 March 2010, unutilised committed external assistance was of the order of ₹ 1,05,339 crore. The sector-wise details of unutilised external assistance are given in **Appendix-V-B** and **Chart 5.1** shows the year-wise total undrawn balance of external assistance from various sources. The sector-wise details from the office of the Controller of Aid, Accounts and Audit indicates that there were large undrawn balances in urban development, water resources, energy, infrastructure and health sector.

Chart 5.1: Unutilised external assistance



Commitment charges on undrawn external assistance are to be paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head 'interest obligation'. Table 5.13 indicates charges paid to various bodies/governments during the X and XI Plan period as commitment charges for rescheduling of drawal of assistance at a later date. This points to continued inadequate planning resulting in avoidable expenditure in the form of commitment charges amounting to over ₹ 86 crore in 2009-10.

Table 5.13: Commitment Charges

Year	(₹ in crore)				
	ADB	France	Germany	IBRD	Total
2002-03	26.45	0.19	0.95	39.60	67.19
2003-04	38.23	0.02	8.99	45.91*	93.15
2004-05	45.10	Nil	2.07	117.94*	165.11
2005-06	53.42	0.0	1.86	92.89*	148.17
2006-07	59.56	0.0	1.93	79.02	140.51
2007-08	62.55	0.0	1.72	60.27	124.54
2008-09	62.62	0.0	4.17	50.58*	117.37
2009-10	53.26	0.0	5.57	27.28	86.11

Source: Controller of Aid Accounts & Audit

*includes International Development Agency assistance

5.7 Growth in Contingent Liabilities of the Union Government

Contingent liabilities of the Union Government arise because of its role in promoting investment and in reducing the credit risk for investors, especially in those activities where the nature of investment is characterised by long gestation periods. While guarantees do not form part of debt as conventionally measured, in the eventuality of default, this has the potential of aggravating

the debt position of the Government. The issue of guarantees assumes significance in the context of the growing investment needs for infrastructure, participation by the private sector in such projects and its increasing probability of being invoked. Table 5.14 and Chart 5.2 gives the position regarding the maximum amount of guarantees, sums guaranteed outstanding and external guarantees outstanding at the end of the financial year in the X Plan and the first three years of the XI Plan.

Chart 5.2: Guarantees given by Union Government

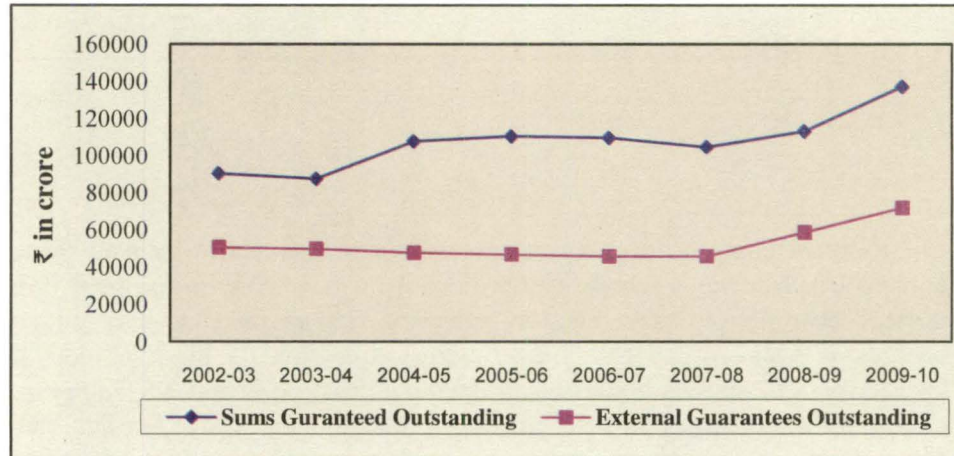


Table 5.14: Guarantees given by Union Government

(₹ in crore)

Position at the end of the year	Maximum amount of guarantee	Sums Guaranteed Outstanding	External Guarantees Outstanding	Outstanding External Guarantees as a per cent of Total Outstanding Guarantees
(1)	(2)	(3)	(4)	(5)
2002-03	174487	90617	51097	56.39
2003-04	184420	87780	50328	57.33
2004-05	132728	107957	48276	44.72
2005-06	118560	110626	47358	42.81
2006-07	114671	109826	46340	42.19
2007-08	114001	104872	46459	44.30
2008-09	117659	113335	59343	52.36
2009-10	150437	137205	72408	52.70

Guarantees are usually given to enable borrowing from international agencies or to enable PSUs to borrow money from the market. In 2009-10, of the maximum amount guaranteed (₹ 1,50,437 crore), 51 per cent went towards loans from foreign lending institutions, 40 per cent went towards guarantees to

RBI /banks/industrial financial etc for repayment of principal and payment of interest, cash credit facility etc and the remaining 9 *per cent* went towards guarantees for repayment of share capital, payment of minimum annual dividend and repayment of bonds, loans and debentures/counter guarantees etc. The main ministries which were allotted guarantees by Ministry of Finance were Ministries/Departments of Consumer Affairs, Economic Affairs, Civil Aviation, Power and Steel. Updated maintenance of guarantee registers by Ministries becomes critical in determining the extent of risk to the Government.

As stipulated in Rule 3 (3) of FRBM Rules 2004 that Central Government shall not give guarantees aggregating to an amount exceeding 0.5% of the GDP in any financial year beginning with the financial year 2004-05, this percentage is worked out on the basis of net accretion of guarantees, which was 0.09 *per cent* in the year 2008-09. In the year 2009-10, this percentage is 0.4086 *per cent*. At the end of any financial year, guarantees which are outstanding has to be carried over for future years as they can be invoked at any time. Risk assessment of the likelihood of outstanding guarantees being invoked in a particular year therefore becomes critical while deciding the maximum amount of guarantee in any particular year.

Total outstanding guarantees were 2.2 *per cent* of GDP in 2009-10 and 19.47 *per cent* of the revenue receipts that accrued to the Union.

5.8 Return to the Fiscal Correction Path

The XIII Finance Commission has recommended that the Medium Term Fiscal Plans statement being laid in the Parliament, along with the budget documents should be a statement of commitment and not merely one of intent. New disclosures have been specified on public private partnerships and details of variables underlying receipts and expenditure projections. Revenue deficit should be progressively reduced and eliminated by 2014-15. Debt stock for the Centre should be reduced to 45 *per cent* of GDP (it is currently over 50 *per cent*). An independent review mechanism should be set up to evaluate the fiscal reform process and the FRBM Act needs to specify the nature of cyclical economic events that require relaxation of FRBM targets.

Chapter 6

APPROPRIATION ACCOUNTS 2009-10: INTRODUCTION

Constitutional provisions

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

6.2 The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of 98 grants and appropriations of Civil Ministries. The Ministries of Defence, Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. The Comptroller and Auditor General of India submits four Appropriation Accounts pertaining to different sectors of activities of the government, viz. Civil, Defence, Posts and Railways, along with his Report under Article 151 of the Constitution, to the President every year, who causes them to be laid before Parliament. Details of demands for grants and appropriations of various Ministries during 2009-10 are as follows:

Sector of activity	Number of demands for grants/appropriations
Civil	98
Defence Services	6
Postal Services	1
Railways	16
Total	121

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

unrealistic budgeting and detailed observations in respect of the Ministries selected for in-depth examination. For facility of better appreciation of the sectoral features, all grants relating to civil Ministries/departments, Posts and Defence appropriations have been dealt with comprehensively. References to Railways appropriations have been made, wherever necessary, in order to cover the appropriation process in totality. Audit findings on Railway appropriations are, however, available in the related separate Audit Report for the year ended 2009-10.

A summary

6.4 Table 6.1 gives the total provisions (both Charged and Voted) and disbursements during 2009-10. Appendix-VI-A presents the details of the summary of Appropriation Accounts of civil Ministries/departments, Posts, Railways and Defence Services.

Table 6.1: Provision and disbursements during 2009-10

<i>(₹ in crore)</i>			
Departments	Total Provision	Disbursements	Savings Excess (+)
Civil	4356312	4117712	238600
Posts	12916	13609	(+ 693)
Railways	173368	165202	8166
Defence Services	148499	145781	2718
Grand Total	4691095	4442304	248791

6.5 Under the civil Ministries/departments, the net saving of ₹ 2,38,600 crore was due to excess expenditure of ₹ 9,219 crore under four grants and saving of ₹ 2,47,819 crore in the grants pertaining to the civil Ministries/departments. Out of the overall excess expenditure of ₹ 9,219 crore, ₹ 9,000 crore was on account of payment of higher pensions than anticipated under grant no. 21-Defence Pensions. Of the overall saving of ₹ 2,47,819 crore, saving of ₹ 1,62,413 crore was in grant no. 37-Repayment of Debt under Capital (Charged) Section, ₹ 12,589 crore in grant no. 32-Department of Economic Affairs under Revenue/Capital (Voted) Section, ₹ 11,509 crore in grant no. 35-Transfers to State and U.T. Governments under Revenue (Voted/Charged) and Capital (Charged) Sections, ₹ 11,143 crore in grant no. 80-Department of Rural Development under Revenue (Voted) Section, ₹ 6,997 crore in grant no. 34-Interest Payments under Revenue (Charged) Section, ₹ 5,380 crore in grant no. 44-Department of Disinvestment under Capital (Voted) Section, ₹ 5,268 crore in grant no. 57-Department of School Education and Literacy under Revenue/Capital (Voted) Sections,

₹ 5,087 crore in grant no. 87—Ministry of Road Transport and Highways under Revenue/Capital (Voted) Sections, ₹ 3,948 crore in grant no. 33—Department of Financial Services under Revenue/Capital (Voted) Sections, ₹ 2,662 crore in grant no. 74—Ministry of Power under Revenue/Capital (Voted) Sections and ₹ 2,538 crore in grant no. 53—Police under Revenue/Capital (Voted) Sections. The gross saving in remaining grants/appropriations was ₹ 18,285 crore.

6.6 There were savings in 205 sections and excess in four sections under the grants/appropriations relating to civil Ministries/departments; savings in three sections and excess in one section of Posts; savings in 22 sections and excess in 12 sections of Railways and savings in nine sections and excess in three sections of Defence Services. **Appendix-VI-B** presents an abstract of the details.

Charged and voted disbursements

6.7 **Appendix-VI-C** contains the details of the disbursements actually made against the approved demands (grants and appropriations) of the civil Ministries/departments for the years 1998-2010. During these years, 70 to 81 *per cent* of the total disbursements for the civil Ministries/departments were charged on the Consolidated Fund of India.

6.8 During 2009-10, the total disbursements of ₹ 41,17,712 crore under civil Ministries/departments were higher by ₹ 9,68,639 crore to the total disbursements of ₹ 31,49,073 crore during 2008-09. It had increased by 577 *per cent* from ₹ 6,08,167 crore in 1998-99. The charged disbursements increased by 615 *per cent* from ₹ 4,68,679 crore in 1998-99 to ₹ 33,49,254 crore in 2009-10 and voted disbursements increased by 451 *per cent* from ₹ 1,39,488 crore to ₹ 7,68,458 crore over the same period. The charged disbursements of the civil Ministries/departments during 2009-10 were mainly on account of Interest Payments of ₹ 2,23,701 crore, which was 11 *per cent* higher than ₹ 2,01,143 crore for 2008-09, Repayment of Debt ₹ 30,85,792 crore and Transfers to State and Union Territory Governments ₹ 37,418 crore on account of grants under the proviso to Article 275 (1) of the Constitution, block grants, loans for State Plan Schemes etc. and constituted 81 *per cent* of the total disbursements. Since charged disbursements are not subject to vote by the Parliament, effectively the scope of financial control by Parliament is limited to about 19 *per cent* of the total disbursement in the civil Ministries.

However, viewed against the background of the total disbursements amounting to ₹ 44,42,304 crore from the CFI including Civil, Posts, Defence Services and Railways, the percentage of charged disbursements was 75 per cent (₹ 33,49,565 crore).

Rush of expenditure during March and the last quarter of the financial year

6.9 In terms of Rule 56 (3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. The Ministry of Finance issued instructions to Ministries/departments in September 2007 to restrict expenditure during the month of March and the last quarter of the financial year to 15 per cent and 33 per cent, respectively, of the budgeted estimates. In the cases detailed in **Table 6.2**, major part of disbursements by some Ministries/departments were made in the month of March 2010 and/or during last quarter of the financial year.

Table 6.2: Rush of expenditure during the month of March 2010 and/or last quarter of 2009-10

(₹ in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates	Expenditure in March	Percentage of Expenditure in March	Expenditure incurred during last quarter	Percentage of expenditure during last quarter of financial year
Civil						
1.	06 – Department of Chemicals and Petro-chemicals	275.61	-	-	219.89	80
2.	09 – Ministry of Civil Aviation	887.04	879.89	99	1170.90	132
3.	10 – Ministry of Coal	379.00	159.35	42	193.56	51
4.	19 – Ministry of Culture	1276.04	267.56	21	445.76	35
5.	28 – Ministry of Development of North Eastern Region	1622.27	507.27	31	749.34	46
6.	49- Department of Heavy Industry	812.00	620.33	76	681.43	84
7.	54 – Other Expenditure of Ministry of Home Affairs	1417.33	306.26	22	1362.65	96

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(₹ in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates	Expenditure in March	Percentage of Expenditure in March	Expenditure incurred during last quarter	Percentage of expenditure during last quarter of financial year
8.	55- Transfers to Union Territory Governments	3595.56	1465.85	41	1852.76	52
9.	68 – Ministry of Overseas Indian Affairs	80.00	26.49	33	33.73	42
10.	72-Ministry of Petroleum and Natural Gas	13475.33	13480.39	100	14126.25	105
11.	86 – Ministry of Shipping	1950.53	369.72	19	747.05	38
12.	100- Department of Urban Development	3665.79	-	-	3011.79	82
Defence Services						
13.	22 – Defence Services – Army	60270.83	10825.54	18	-	-
14.	27-Capital Outlay on Defence Services	54824.00	17796.46	32	24034.37	44

A few cases where the huge expenditure was incurred are discussed below:

In grant No. 6–Department of Chemicals and Petro-chemicals, large expenditure incurred during last quarter of financial year 2009-10 was due to sanction of supplementary grant of ₹ 166.07 crore by the Parliament in December 2009 on account of capital subsidy for Assam Gas Project.

In grant No. 9-Ministry of Civil Aviation, large expenditure incurred during March 2010/last quarter of the financial year was due to sanction of first supplementary grant of ₹ 1,081.00 crore in December 2009 and second supplementary grant of ₹ 30.00 crore by the Parliament in March 2010 mainly to cover the expenditure on account of (a) Payment to Air India towards arrears of Haj Operations/Service Tax (₹ 40.00 crore); (b) For equity infusion in National Aviation Company of India Limited (₹ 800.00 crore); (c) Investment in Pawan Hans Helicopter Ltd. (₹ 19.00 crore) and; (d) Investment in Airport Authority of India (₹ 49.58 crore).

In grant No. 49-Department of Heavy Industry, large expenditure during March 2010/last quarter of the financial year was incurred due to sanction of

second supplementary grant of ₹ 515.50 crore in March 2010 mainly to cover the expenditure on account of (a) Payment towards write-off of outstanding Government of India loans as part of restructuring plan in respect of Instrumentation Ltd. (₹ 249.78 crore); (b) Waiver of interest in respect of Instrumentation Ltd. Kota (₹ 258.26 crore); (c) Loan to Hindustan Photo films Manufacturing Company Ltd. (₹ 30.00 crore) and; (d) Write down of equity (₹ 3.33 crore) in respect of Bharat Wagon and Engineering Company Ltd.

In grant No. 72-Ministry of Petroleum and Natural Gas, the large expenditure during March 2010/last quarter of the financial year was incurred due to sanction of second supplementary grant of ₹ 12,801.08 crore in March 2010 mainly to cover the expenditure on account of (a) Payment to Oil Marketing Companies as compensation for under recoveries on account of sale of petroleum products to IOCL/BPCL/HPCL (₹ 11,843.00 crore); and (b) Equity investment in bonus shares issued by IOC (₹ 958.08 crore).

In grant No. 100-Department of Urban Development, the large expenditure during last quarter of the financial year 2009-10 was incurred due to sanction of first supplementary grant of ₹ 2,439.86 crore in December 2009 and second supplementary grant of ₹ 7.47 crore by the Parliament in March 2010 mainly to cover the expenditure for (a) projects undertaken by DDA in connection with CWG (₹ 404.55 crore); (b) additional expenditure of Delhi Metro (₹ 10.20 crore); (c) equity to DMRC in connection with the work of phase-II network (₹ 350.00 crore) and (d) providing loan as Pass Through Assistance to DMRC (₹ 1500.00 crore), Bangalore Metro (₹ 135.00 crore) and Chennai Metro (₹ 40.00 crore).

Since the funds released in March to various organisations cannot be constructively spent during the year, which closes on the last day of the same month, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

Chapter 7

APPROPRIATION ACCOUNTS 2009-10: AN ANALYSIS

Excess disbursements over grants/appropriations

7.1 Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rule (GFR) 52(3) stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. **Table 7.1** contains the summary of total excess over the authorisation from the CFI. During 2009-10, there was an excess disbursement of ₹ 92,188,874,896 (i.e. ₹ 9,218.89 crore) in four segments of four grants in civil Ministries/departments, ₹ 19,296,123,832 (i.e. ₹ 1,929.61 crore) in 12 segments of 11 grants/appropriations of Railways, ₹ 82,215,99,000 (₹ 822.16 crore) in one segment of one grant in Department of Posts and ₹ 26,152,257,850 (i.e. ₹ 2,615.23 crore) in three segments of two grants of Defence Services. These are detailed in **Table 7.2** and require regularisation under Article 115 (1) (b) of the Constitution.

Table 7.1: Summary of excess disbursements over grants/appropriations

(Figure in ₹)

		Civil	Defence	Posts	Railways
<i>Voted</i>	Revenue	92188874896	26146215352	8221599000	19071723861
	Capital	-	-	-	-
<i>Charged</i>	Revenue	-	6042498	-	190759310
	Capital	-	-	-	33640661
No of Grants/ Appropriations		4	2	1	11
Total Excess		92188874896	26152257850	8221599000	19296123832

Table 7.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation	Figure in ₹		Reasons for variation as stated by the Ministries/departments
Civil				
Revenue (Voted)				
1.	14 – Department of Telecommunications	Grant	107658700000	Due to implementation of 6 th Pay Commission Report.
		Expenditure	108536860488	
		Excess	878160488	

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Sl. No	Grant/ Appropriation		Figure in ₹	Reasons for variation as stated by the Ministries/departments
2.	20 – Ministry of Defence	Grant	108223500000	Due to setting up of regional Armed Forces Tribunal Branches at various stations, implementation of 6 th Central Pay Commission Report, procurement of stores, additional movement of troops, more demand and supply of stores to units owing to their involvement in counter insurgency operations, etc.
		Expenditure	109176673097	
		Excess	953173097	
3.	21 – Defence Pensions	Grant	259997500000	Due to payment of revised pension at higher rates under 6 th CPC Report than assessed, booking of pending pension scrolls received from banks, etc.
		Expenditure	349992901305	
		Excess	89995401305	
4.	54 – Other Expenditure of the Ministry of Home Affairs	Grant	13614700000	Due to requirement of additional funds to meet the cost of increase in pension and dearness relief and release of pension to freedom fighters and their dependents on various liberation movements.
		Expenditure	13976840006	
		Excess	362140006	
Railways				
Revenue (Voted)				
5.	04- Repairs and Maintenance of Permanent Way and Works	Grant	74407558000	Due to more expenditure on salary, wages etc., on account of 6 th CPC Recommendation, more expenditure on direct purchases, stores from stock, contractual payments, and on misc. expenditure.
		Expenditure	74962582359	
		Excess	555024359	
6.	05- Repairs and Maintenance of Motive Powers	Grant	33883241000	Due to more expenditure on salary, wages etc., on account of 6 th CPC Recommendation, more expenditure on direct purchases, stores from stock, contractual payments, adjustment of more POH debits, increase in POH cost, increase in POH activities and more direct purchases.
		Expenditure	34791971288	
		Excess	908730288	
7.	06 -Repairs and Maintenance of Carriages and Wagons	Grant	76924875000	Due to more expenditure on salary, wages etc. on account of implementation of 6 th CPC Recommendation, more drawal of stores from stock,
		Expenditure	78570614230	
		Excess	1645739230	

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Sl. No	Grant/ Appropriation	Figure in ₹	Reasons for variation as stated by the Ministries/departments	
			direct purchases, contractual payments, adjustments of more POH debits, increase in POH/IOH activities and misc. expenses.	
8.	08- Operating Expenses -Rolling Stock and Equipments	Grant Expenditure Excess	59472840000 59835900599 363060599	Due to more expenditure on salary, wages etc. on account of implementation of 6th CPC Recommendation, adjustment of more debits and more misc. expenses
9.	09- Operating Expenses-Traffic	Grant Expenditure Excess	118199061000 118433375471 234314471	-do-
10.	12- Miscellaneous Working Expenses	Grant Expenditure Excess	31576458000 31772312173 195854173	Due to more expenditure on salary, wages etc on account of implementation of 6th CPC Recommendation, on procurement of Arms and Ammunitions, misc. expenses, adjustment of more debits and settlement of more compensation towards goods, more workmen's compensation claims settled, ex-gratia payments, direct purchase of materials, training of medical, health and welfare staff, rents, rates and taxes, clearance of heavy outstanding liabilities and materialisation of claims.
11.	13- Provident Fund, Pension Fund & Other Retirement Benefits	Grant Expenditure Excess	153988173000 169112069979 15123896979	Receipt of more debits from pension disbursing authorities due to disbursement of arrears on account of 6th CPC, more voluntary retirement cases, more government contribution to new defined pension scheme.
12.	15- Dividend to General Revenue, Repayment of Loans taken from General Revenue and Amortisation of Over Capitalisation	Grant Expenditure Excess	55388300000 55433403762 45103762	Increase in dividend bearing capital-at-charge.
Revenue (Charged)				
13.	03-General Superintendence and Services	Appropriation Expenditure Excess	1058000 3479286 2421286	Materialization of more decretal payments than anticipated.

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Sl. No	Grant/ Appropriation	Figure in ₹	Reasons for variation as stated by the Ministries/departments	
14.	05-Repairs and Maintenance of Motive Power	Appropriation	Nil	Materialization of decretal payments not anticipated earlier.
		Expenditure	174024	
		Excess	174024	
15.	10-Operating Expenses-Fuel	Appropriation	22536000	Materialization of more decretal payments towards Entry Tax than anticipated.
		Expenditure	210700000	
		Excess	188164000	
Capital (Charged)				
16.	16- Assets, Acquisition, Construction and Replacement (C)	Appropriation	610200000	Materialization of more decretal payments than anticipated.
		Expenditure	643840661	
		Excess	33640661	
Department of Posts				
Revenue (Voted)				
17.	13 – Postal Services	Grant	125226700000	Implementation of 6 th Pay Commission Report, more induction training programmes to new recruited staff, implementation of GDS Committee Report and clearance of expenditure incurred on account of NREGA from MORD etc.
		Expenditure	133448299000	
		Excess	8221599000	
Defence Services				
Revenue (Voted)				
18.	22 – Defence Services – Army	Grant	602525300000	Due to difference in the actual strength of officers/PBOR and strength figure provided by MISO, reinstatement of the personnel due to court judgment, increased expenditure due to enhancement of Dearness Allowance and embodiment of Territorial Army for PM's Territorial Army Day Parade, revision of travel entitlement due to implementation of 6 th CPC report and erroneous excess booking by CGDA, payment of arrears of pay and allowances, etc.
		Expenditure	627166411895	
		Excess	24641111895	
19.	23 – Defence Services-Navy	Grant	94357000000	Enrolment of new officers, revision of travel entitlement due to implementation of 6 th CPC report, increased expenditure due to enhancement of Dearness Allowance, payment of 6 th CPC arrears, operational necessity of hiring boats for
		Expenditure	95862103457	
		Excess	1505103457	

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Sl. No	Grant/ Appropriation	Figure in ₹	Reasons for variation as stated by the Ministries/departments
			coastal security, booking of coast guard and BSF fuel bills and additional payment for Pilots training in USA due to freshly concluded agreement not allocated in projections.
Revenue (Charged)			
20.	22 – Defence Services-Army	Grant Expenditure Excess	200900000 206942498 6042498
			Due to finalisation of more number of court cases than anticipated.

7.2 The other details relating to grants of the Railways are mentioned in the related separate Audit Report for the year 2009-10 of the Comptroller and Auditor General of India.

Excess expenditure over provisions

7.3 Pay and Accounts Officers can make payments in excess of the budget allotment under any sub-head or primary unit, on receipt of an assurance from the head of the department controlling the grant that necessary funds to accommodate the disbursement would be provided by issue of re-appropriation orders, etc. It was, however, observed from the head-wise Appropriation accounts for the year 2009-10 that in 94 minor/sub-heads of 26 grants there was an excess expenditure of ₹ two crore and more, over the available provision. An aggregate expenditure of ₹ 21,774.78 crore had exceeded the available provisions under these minor/sub-heads, but the authority administering the concerned grant/appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating laxity in budgetary control. Minor/sub-heads with excess expenditure are listed in **Appendix-VII-A**.

Saving of ₹ 100 crore or more

7.4 Saving in a grant or appropriation indicate either deficient budgeting or shortfall in performance or both. Savings of more than ₹ 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), occurred in 66 cases of 51 grants (including Civil, Posts, Railways and Defence Services) during the year 2009-10. Large savings were in areas like Repayment of Debt (₹ 1,62,413.18 crore), Department of Rural Development (₹ 11,142.92 crore), Transfers to State and Union Territory Governments (₹ 11,508.95 crore), Interest Payments (₹ 6,996.56 crore), Department of

Disinvestment (₹ 5,379.90 crore), Department of School Education & Literacy (₹ 5,267.74 crore), Ministry of Road Transport and Highways (₹ 5,086.89 crore), Department of Financial Services (₹ 3,947.72 crore), Ministry of Power (₹ 2,661.91 crore), Police (₹ 2,538.02 crore), Department of Higher Education (₹ 1,552.60 crore), Ministry of Panchayati Raj (₹ 1,003.89 crore) and Department of Health and Family Welfare (₹ 1,599.82 crore) etc. **Appendix-VII-B** indicates the details of savings under various grants/appropriations.

The savings were attributed by the Ministries/departments as 'some of the schemes failing to take off', 'delay in submitting of progress report/utilisation certificates', 'slow pace of expenditure by the implementing agencies', 'unspent balances lying with the State Governments' and 'receipt of less proposals from State Governments', etc.

7.5 Further, there were 29 sections of 24 grants/appropriations including nine capital sections with persistent savings of ₹ 100 crore and above during the last three years (2007-2010) as given in **Appendix VII-C**. Some of the cases with large persistent savings were, Transfer to State and Union Territory Governments (₹ 25,634.32 crore), Capital Outlay on Defence Services (₹ 15,259.03 crore), Interest Payments (₹ 14,133.75 crore), Department of Financial Services (₹ 12,876.84 crore), Department of School Education & Literacy (₹ 12,342.91 crore), Police (₹ 7,721.25 crore) and Ministry of Road Transport & Highways (₹ 6,169.39 crore).

Surrender of savings

7.6 According to the provisions of GFR 56, savings 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. Savings should also not be held in reserve for possible future excesses. During 2009-10, under 205 segments of 98 grants/appropriations of civil Ministries/departments, there were savings of ₹ 2,47,819 crore. This was offset by excess expenditure of ₹ 9,219 crore under four segments of four grants resulting in a net saving of ₹ 2,38,600 crore. The amounts surrendered are shown in **Table 7.3**.

Table 7.3: Details of savings and surrender

(₹ in crore)

	Unspent provision	Amount surrendered	Amount surrendered on 31 st March	Amount not surrendered
Revenue				
Voted	41931.90	39521.06	38071.03	3237.87
Charged	12921.81	12661.58	12661.58	259.19
Total: Revenue	54853.71	52182.64	50732.61	3497.06
Capital				
Voted	29534.90	28284.64	27422.99	1191.09
Charged	163430.58	5349.51	5349.11	158081.08
Total: Capital	192965.48	33634.15	32772.10	159272.17
Grand total	247819.19	85816.79	83504.71	162769.23

7.7 Under the grants pertaining to Department of Telecommunications, Transfers to State and UT Governments, Ministry of External Affairs, Ministry of Food Processing Industries, Ministry of Water Resources, Ministry of Culture, Department of Heavy Industry, Department of Food and Public Distribution, Capital Outlay on Defence Services and Ministry of Planning, the amount surrendered exceeded the savings. **Appendix-VII-D** gives the details. In the case of Department of Telecommunications, Department made an excess disbursement of ₹ 87.82 crore which requires regularization under Article 115(1)(b) of the Constitution of India (para 7.1 may be seen for further details). In spite of excess expenditure the Department surrendered ₹ 40.21 crore in March 2010. This is indicative of poor budgetary control mechanism in the Department of Telecommunications.

Surrender of savings on 31st March

7.8 In 51 cases where major savings (more than ₹ 100 crore) in a grant/appropriation were noticed and which eventually surrendered by the concerned Ministries/departments on 31 March 2010 along with the amount which were not surrendered and allowed to lapse are given in **Appendix VII-E**.

Re-appropriation of funds

7.9 For disbursements, a grant or appropriation is distributed by sub-heads or standard object heads under which it is accounted. The competent executive authorities can approve re-appropriation of funds between primary units of appropriation within a grant or appropriation before the close of the financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the

appropriation for the unit from which funds are to be transferred will not be utilised in full or that unspent provision can be effected in the unit of appropriation.

7.10 Test check of Appropriation accounts with reference to re-appropriation orders for 2009-10 revealed that heavy re-appropriations of funds were made between the different primary units of appropriation defeating the original purpose/activity as authorised by the Parliament. A few cases, where heavy re-appropriation of funds took place were Repayment of Debt (₹ 1,56,682 crore), Transfers to State and UT Governments (₹ 9,563 crore), Capital Outlay on Defence Services (₹ 4,248 crore), Department of Rural Development (₹ 3,691 crore), Interest Payments (₹ 3,187 crore), Department of Health and Family Welfare (₹ 3,080 crore), Department of Fertilisers (₹ 2,867 crore), Ministry of Road Transport and Highways (₹ 2,445 crore), Department of Agriculture & Co-operation (₹ 1,947 crore), Defence Services—Air Force (₹ 1,891 crore), Defence Services – Army (₹ 1,389 crore), Ministry of Power (₹ 1,289 crore), Police (₹ 1,240 crore), Ministry of Women and Child Development (₹ 1,158 crore), Department of Financial Services (₹ 1,034 crore), Transfers to U.T. Governments (₹ 1,000 crore), Department of Drinking Water Supply (₹ 979 crore), Atomic Energy (₹ 770 crore) and Ministry of External Affairs (₹ 584 crore).

Injudicious re-appropriation to minor/sub-heads

7.11 Test check of the accounts revealed that in 37 cases relating to 24 grants/appropriations of civil Ministries/departments, in one case of one grant of Department of Posts and in five cases of four grants of Ministry of Defence, re-appropriations aggregating ₹ 1,57,253.87 crore were injudicious, as the original provision under the minor/sub-heads to which funds were transferred by re-appropriation was more than adequate. 43 cases, where re-appropriation exceeding ₹ one crore and more have been made, are given in **Appendix-VII-F**. Consequently, the final savings under the minor/sub-heads were more than the amount re-appropriated to these minor/sub-heads.

Injudicious re-appropriation from minor/sub-heads

7.12 In 11 minor/sub-heads of 10 grants as indicated in **Appendix-VII-G**, there were injudicious re-appropriations aggregating to ₹ 228.52 crore wherein the final disbursement under each of cases was more than the original provision, before re-appropriation. In each of them, even the excess over the

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

Large supplementary grants due to unrealistic budgetary projections

7.13 Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. While preparing the estimates of expenditures, Ministries/departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance after due deliberations and pre-budget meetings/scrutiny finalises the budget proposals. A scrutiny of the Appropriation accounts for the year 2009-10 revealed that a large number of Ministries/departments of the Central Government obtained supplementary grants/appropriations much in excess of the original provisions. The supplementary provisions of ₹ 20 crore or more, ranging from 40 per cent to 634 per cent of the original provisions in some sections of the grants, are mentioned in **Table 7.4**. This indicated that the Ministries/departments did not prepare estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

Table 7.4: Statement showing details of large Supplementary Grants due to unrealistic budgetary projections

(₹ in crore)

Sl. No.	Description of grant	Original provision	Supplementary provision	Percentage of supplementary provision to original provision
Revenue (Voted)				
1.	06-Department of Chemicals and Petrochemicals	220.36	166.07	75
2.	09 – Ministry of Civil Aviation	731.09	311.00	43
3.	39- Pensions	10899.08	6913.33	63
4.	44 – Department of Disinvestment	18.78	23.42	125

(₹ in crore)

Sl. No.	Description of grant	Original provision	Supplementary provision	Percentage of supplementary provision to original provision
5.	49 – Department of Heavy Industry	275.56	515.48	187
6.	72 – Ministry of Petroleum and Natural Gas	13475.33	11843.00	88
7.	74 – Ministry of Power	7617.73	3233.93	42
8.	91 – Ministry of Steel	115.01	728.69	634
9.	100 – Department of Urban Development	1008.52	414.80	41
Capital (Voted)				
10.	09- Ministry of Civil Aviation	155.95	800.00	514
11.	14 – Department of Telecommunications	104.00	171.75	165
12.	19 – Ministry of Culture	36.00	20.00	56
13.	31 – Ministry of External Affairs	525.00	297.50	57
14.	32 – Department of Economic Affairs	7763.65	9136.26	118
15.	33 – Department of Financial Services	2967.02	2373.98	80
16.	44 – Department of Disinvestment	2240.00	3139.90	140
17.	54 – Other Expenditure of the Ministry of Home Affairs	63.79	48.00	75
18.	72 – Ministry of Petroleum and Natural Gas	--	958.08	--
19.	97 – Dadra and Nagar Haveli	57.44	23.00	40
20.	100 – Department of Urban Development	2600.36	2026.48	78
21.	105 – Ministry of Youth Affairs and Sports	493.70	350.58	71

Unnecessary supplementary grants

7.14 The position of original and supplementary grants obtained under civil Ministries/departments and percentage of supplementary provision to the original provision from 2003-04 onwards is given in **Appendix-VII-H**. Test check revealed that in 14 sections relating to 14 grants/appropriations as detailed in **Table 7.5**, while supplementary provisions aggregating to ₹ 15,654.30 crore were obtained during 2009-10 in anticipation of higher expenditure, but the final expenditure was less than even the original

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grants/appropriations. The entire supplementary grant obtained was unnecessary, indicating deficient budgeting.

Instead of obtaining 'cash supplementary', the Ministries/departments first should explore the possibility of utilising the savings available within the grant and may obtain 'token' or 'technical supplementary', if required, to avoid savings at the close of the year.

Table 7.5: Savings more than the supplementary grant/appropriation

(₹ in crore)

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Saving
Civil					
Revenue – Voted					
1.	05 – Nuclear Power Schemes	2363.90	55.67	2002.11	417.46
2.	18 – Ministry of Corporate Affairs	189.62	9.43	182.26	16.79
3.	31-Ministry of External Affairs	5767.97	40.01	5528.26	279.72
4.	33 – Department of Financial Services	35446.52	1025.02	34598.82	1872.72
5.	43 – Direct Taxes	3093.80	22.77	3043.42	73.15
6.	57 – Department of School Education & Literacy	41319.58	1771.04	38322.88	4767.74
7.	58 – Department of Higher Education	15429.00	87.17	13963.57	1552.60
8.	88-Ministry of Social Justice and Empowerment	2446.00	5.03	2398.28	52.75
Capital – Voted					
9.	19 – Ministry of Culture	36.10	20.00	33.22	22.88
10.	32 – Department of Economic Affairs	7763.65	9136.26	4619.34	12280.57
11.	44 – Department of Disinvestment	2240.00	3139.90	--	5379.90
12.	74-Ministry of Power	1889.00	27.00	1579.76	336.24
13.	87 – Ministry of Road Transport and Highways	15842.00	311.00	14165.10	1987.90
14.	92 – Ministry of Textiles	184.00	4.00	183.63	4.37
Total			15654.30		

A few cases where reasons for savings, as furnished by the Ministry/department concerned in their 'Explanatory Savings Notes', are discussed below:

- In grant No. 5-Nuclear Power Schemes, saving was mainly on account of import of lesser quantity of strategic material, i.e. supply of PHWR fuel, (₹ 369.87 crore) and change of delivery schedule of strategic import (₹ 47.07 crore).
- In grant No. 33-Department of Financial Services, saving was mainly on account of lesser payment of interest to leading institutions towards Agriculture Debt Waiver and Debt Relief Scheme, 2008 (₹ 1,692.15 crore). Saving of ₹ 1,000.00 crore occurred due to non-receipt of impact assessment report of the Task Force constituted by the Government to assess the impact of implementation of Agricultural Debt Waiver and Debt Relief Scheme.
- In grant No. 32-Department of Economic Affairs, saving of ₹ 3,035.61 crore was due to non-ratification of the "Voice and Participation" amendment of IMF's Articles of Agreement (i.e. quota package) under the scheme Subscription to International Monetary Fund and ₹ 9,136.25 crore on account of non-requirement of additional funds by the IMF to maintain the value of currency in terms of Special Drawing Rights under the scheme 'Maintenance of Value Obligation'.
- In grant No. 44-Department of Disinvestment, there was saving of ₹ 5,379.90 crore owing to change in the accounting procedure of National Investment Fund (NIF) under the scheme Transfer to Reserve Fund (NIF). As per revised accounting procedure, during 2009-12 the Ministry/department concerned responsible for implementation of schemes out of receipts from disinvestment proceeds would transfer the fund to NIF, instead of Department of Disinvestment.
- In grant No. 87-Ministry of Road Transport and Highways, out of the provision of ₹ 8,578.45 crore under National Highways Authority of India, Ministry of Finance reduced the allocation to ₹ 7,404.70 crore resulting in saving of ₹ 1,173.75 crore under the scheme. Further, saving of ₹ 155.74 crore occurred due to reduction in FDR targets on NH-1A, NH-22 and NH-31A and also reduction in target of works.

Unnecessary supplementary grants obtained under sub-heads

7.15 While obtaining supplementary grants, the Ministries/departments reported to Parliament large amounts of additional requirement for different purposes under the schemes/activities but they were finally unable to spend not only the entire supplementary grants or parts thereof but also the original budget provision. The details of sub-heads where entire supplementary grant together with part of original budget provision remained unspent are given in **Appendix-VII-I**.

Unrealistic budgetary assumptions

7.16 The budget circulars issued by the Ministry of Finance every year stipulate that due note, while framing the estimates, be taken of the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc.,. The objective is to minimise the scope for avoidable surrenders at a later stage. Further, no provision should normally be made in the budget without completion of pre-budget scrutiny of the projects/schemes. Where, however, provision has been made without necessary scrutiny, such scrutiny should be completed and appropriate approvals obtained therefor before the commencement of the financial year at the latest by the time budget is passed by the Parliament. Scrutiny of the head-wise Appropriation accounts revealed that the Ministries/departments made excessive provisions under various minor/sub-heads, which ultimately resulted in large savings and surrenders at the end of the year. **Appendix VII-J** gives the details of 140 such cases with savings of ₹ 10 crore and above, constituting more than 40 *per cent* of the budgeted provision.

Non-utilisation of entire provision

7.17 In 63 minor/sub-heads under various grants/appropriations, the entire provision authorised by the Parliament remained unutilised by the Ministries/departments. Savings of entire provision is indicative of the fact that the estimates were not prepared after adequate pre-budget scrutiny of the projects and schemes. The details of sub-heads are given in **Appendix VII-K**. Some major schemes which failed to take off or suffered due to non-utilisation of entire provision are Revival of Long Term Cooperative Credit Structure (₹ 1,000.00 crore), Implementation of Voluntary Retirement Schemes and payment of statutory dues (₹ 250.00 crore), Support to Planning Process at National, State and District Level (₹ 175.00 crore), Sethusamudram Ship Canal Project (₹ 151.10 crore), Subsidy to State Government and UTs Administration for implementation of a Pilot scheme on introduction of Smart Card based

delivery of essential commodities under TPDS (₹ 142.28 crore), National Road Safety Board (₹ 72.00 crore), Roads in Delhi (₹ 60.00 crore), India Statistical Strengthening Project (Modernisation of Statistical System in India (₹ 82.30 crore) and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (₹ 97.00 crore).

Saving of ₹ 100 crore or more under a sub-head

7.18 A detailed scrutiny of Appropriation accounts revealed that under certain grants and appropriations saving of ₹ 100 crore or more under a minor/sub-head was noticed which are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/department. Necessary steps need to be taken by the Ministries/departments to make their budgetary exercise more realistic not only to minimise large scale variations between estimates and actual but also to gainfully utilise the scarce resources. These Ministries/departments are required to review their system of budgetary assumption and/or efficiency of their programme management. **Appendix VII-L** gives the details of 74 such savings of ₹ 100 crore or more under a sub-head.

Major savings occurred under the programme: ₹ 2,548.46 crore - Import of Urea due to import of less urea, softening of urea prices in the international market and variation in tentative exchange rates; ₹ 9,136.07 crore - Maintenance of value (MOV) obligation due to non-requirement of additional funds by IMF to maintain the value of currency in terms of SDR's; ₹ 2,149.19 crore - Loans to State Governments written off due to less number of State Governments found eligible for debt waiver; ₹ 1,175.61 crore - Accelerated Irrigation Benefit Programme & other Water Resources Programme due to receipt of less proposals from the Ministry of Water Resources; ₹ 739.86 crore - Establishment of AIIMS type Super-Specialty Hospitals-cum-Teaching Institutions and upgrading of State Government Hospitals due to slow pace of capital works and procurement of less vehicles; ₹ 1,000.00 crore - Grants for Backward Regions due to non-receipt of viable proposals from State Governments; ₹ 1,300.00 crore - Rural Electrification Corporation for Rajiv Gandhi Gramin Vidyutikaran Yojana due to slow progress of the scheme owing to general elections and heavy monsoon season; ₹ 4,272.01 crore - Assistance to District Rural Development Agencies/District Programme Coordinators and others due to availability of unspent balances of previous years with the State Governments; ₹ 1,291.64 crore - Capacity Building and Technical Support due to receipt of less proposals from State Governments and Non finalization of Expenditure Finance Committee Memo for Rural Development Schemes; etc.

Savings due to non-fulfillment of conditions laid down by the 12th Finance Commission

7.19 One of the Terms of Reference to the Twelfth Finance Commission (TFC) was to make recommendations on the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India, and the sums to be paid to the states, which are in need of assistance by way of grants-in-aid of their revenues under Article 275 of the Constitution for purposes other than those specified in the proviso to clause (1) of the Article.

TFC recommended various grants amounting to ₹ 1,42,640 crore payable to States during the award period 2005-10 under various sectors as detailed in **Table 7.6**.

Table 7.6: Statement showing details of large grants payable to states

Sl. No.	Sectors/Items	Amount (₹ in crore)
1.	Post-devolution non-plan revenue deficit	56,856
2.	Education Sector	10,172
3.	Health Sector	5,887
4.	Maintenance of Roads & Bridges	15,000
5.	Maintenance of Buildings	5,000
6.	Maintenance of Forests	1,000
7.	Heritage Conservation	625
8.	State-specific needs	7,100
9.	Local Bodies	25,000
10.	Calamity Relief	16,000
Total		1,42,640

Some conditions were attached to the release of these grants¹ and also monitoring by High Level Committee headed by the Chief Secretary to the State Governments in each State to ensure proper utilization of the grants.

Audit of Appropriation accounts of Grant No. 35 – Transfer to State & UT Government for the year 2009-10 revealed savings to the tune of ₹ 4,938.14 crore in eight sub-heads under the head ‘3601-Grants-in-aid to State Government - Non-plan Grants - Grants under the proviso to Article 275(1) of the Constitution’ in the Revenue charged portion due to non fulfillment of conditions laid down by the TFC by some State Governments, details of which are given in **Table 7.7**.

¹Other than Non-Plan Revenue Deficit Grants.

Table 7.7: Statement showing details of grants releases and savings there against

(₹ in crore)

S. No.	Sector/Sub-head	BE	Expenditure	Savings	States which did not fulfill conditions	Type of Condition
1.	Education Sector 3601.01.104.07	2915.45	2281.35	634.10	Jharkhand, Rajasthan & West Bengal	BE of NPRE for 2009-10 being lower than TFC projected level for the year. Actual for 2007-08 of NPRE being lower than the TFC projected 'normal expenditure' for 2007-08.
2.	Health Sector 3601.01.104.08	1944.31	1370.84	573.47	Jharkhand, Orissa, & Uttrakhand	-do-
3.	Maintenance of Roads & Bridges 3601.01.104.09	4250.00	3391.24	858.76	Arunachal Pradesh, J&K, Jharkhand, Karnataka, Kerala, Meghalaya, Punjab & Uttrakhand	-do-
4.	Maintenance of Public Buildings 3601.01.104.10	2047.00	994.43	1052.57	Gujarat, Jharkhand, Nagaland, Punjab & UP	-do-
5.	Maintenance of Forests 3601.01.104.11	245.63	214.49	31.14	Jharkhand & Meghalaya	Non-receipt of State High Level Committee's approved action plans, and utilization/ completion certificates.
6.	Heritage Conservation 3601.01.104.12	201.07	179.14	21.93	Bihar, Goa, Orissa & UP	-do-
7.	State-specific needs 3601.01.104.13	2581.92	2136.14	445.78	Arunachal Pradesh, Goa, Gujarat, Haryana Himachal Pradesh, Kerala Madhya Pradesh, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan & Tripura	-do-
8.	Local Bodies 3601.01.104.05	7026.85	5706.46	1320.39	Goa, J&K, Jharkhand, Meghalaya, Mizoram & Sikkim	Non-payment of interest by the States to Local Bodies at bank rate for delayed transfer of grants beyond stipulated period.

In the financial year 2008-09 also there were savings of ₹ 3,553.04 crore in four sub-heads under the head '3601-Grants-in-aid to State Government - Non-plan Grants - Grants under the proviso to Article 275 (1) of the Constitution' in the Revenue charged portion due to non fulfillment of conditions laid down by the TFC by some State Governments.

Thus, the resources awarded by the Finance Commission to the State Governments remained unspent successively year after year thereby compromising the desired sectoral growth across the country. 2009-10, being the last year covered by the TFC's award, the State Governments have lost the opportunity to receive these grants earmarked for different sectors.

Irregular expenditure to avoid surrender of grant

7.20 Department of Atomic Energy (DAE) had sanctioned a project for setting up of Prototype Fast Breeder Reactor at an estimated cost of ₹ 3,492.00 crore in September 2003. The funding pattern was 80 *per cent* equity i.e. ₹ 2,793.60 crore and 20 *per cent* debt. The equity was to flow in the first phase and debt in the later phase. The Nuclear Power Corporation of India Limited (NPCIL) was to take a stake of five *per cent* equity i.e. ₹ 139.68 crore. Hence Department was required to release an amount of ₹ 2,653.92 crore towards Government's share of equity.

As against the sanction of ₹ 2,653.92 crore, Department had released ₹ 1,707.15 crore till the end of March, 2009. Thus the balance amount to be released towards equity amounted to ₹ 946.77 crore. Though balance sanction was available only to the extent of ₹ 946.77 crore during the year 2009-10, DAE released an amount of ₹ 995.70 crore, thus exceeding the sanction to the extent of ₹ 48.93 crore rendering the expenditure irregular.

Scrutiny of records revealed that DAE released the excess grant of ₹ 48.93 crore just to avoid surrender of grant while releasing an instalment of ₹ 325.70 crore on 31.03.2010. The certificate given by Chief Controller of Accounts (CCA) that the expenditure has been sanctioned by the Competent Authority in the head-wise Appropriation accounts for the year 2009-10 remains questionable.

DAE stated in September 2010 that a proposal for revision of cost of project to ₹ 5,677.00 crore was approved by Atomic Energy Commission (AEC) on 26 March 2010. The approval of the Cabinet Committee is yet to be obtained and would require some time. Thus, DAE had released grant of ₹ 48.93 crore

without valid sanction of the competent authority which in this case is the Cabinet Committee.

Savings of ₹ 60.00 crore under National Mission on Nano Science & Nano Technology

7.21 During 2009-10, a projection of ₹ 130.00 crore was made by the Ministry of Science and Technology for collaboration between a firm of Germany and India in PETRA III synchrotron radiation facility which offers nano sized beams of photons that are of special significance for nano science research as well as past experience, subsequent releases to be made to the ongoing projects and for new initiatives. Since the Detailed Project Report (DPR) pertaining to beam lines access was not completed by September 2009 and was subsequently accepted by Apex Body in November 2009, the estimate was reduced to ₹ 70.00 crore leading to a savings of ₹ 60.00 crore. Out of the ₹ 60.00 crore, an amount of ₹ 41.97 crore was re-appropriated to another heads, while the remaining ₹ 18.03 crore was surrendered to the Ministry of Finance on 19 March 2010. Against the reduced provisions of ₹ 70.00 crore, the Nano Mission sanctioned funds to 116 new/ongoing projects during 2009-10.

₹ 18.03 crore could have been surrendered at RE stage, as it was evident by then that this amount will neither be spent nor could it be re-appropriated to any other head. However, it was surrendered by the Department only in March 2010 which is a clear violation of provisions of Rule 56 (2) of General Financial Rules, 2005 and deprives reallocation for the required purpose elsewhere.

Scheme affected due to non-utilisation of funds

7.22 During 2009-10, Ministry of Tribal Affairs allocated funds of ₹ 1,900.50 crore for two schemes namely (i) Schemes under Tribal Sub-Plan (₹ 900.50 crore) and (ii) Scheme under proviso to article 275(I) of the Constitution (₹ 1,000.00 crore). Under scheme (i) Special central assistance for Tribal Fund was provided by the Ministry of Tribal Affairs to the State Governments as additionality to the state plan for rapid economic development of the tribals with a view to boost the demand based income generation programmes and to raise the economic and social status of the tribals. Under scheme (ii) Grant is released to state governments having ST population for raising the level of administration in scheduled areas and for welfare of the scheduled tribes with the aim to bridge the gap in critical infrastructure of

roads, bridges, education, health and irrigation etc. and for setting up of Eklavya Model Residential Schools.

Scrutiny in audit revealed that against the allocated funds of ₹ 1,900.50 crore, the Ministry of Finance reduced the allocation to ₹ 880.34 crore in January 2010 at R.E. stage after taking into consideration the trend of expenditure upto the end of second quarter and this amount was fully utilized by the Ministry of Tribal Affairs during 2009-10 and the remaining unspent amount of ₹ 1,020.16 crore was surrendered on 31.03.2010. The Ministry attributed the reasons for saving to 'non-release of grants to State Governments as utilization certificates and physical progress reports had not been received in full from the respective State Governments within the stipulated period in respect of grants released earlier'. The reply of the Ministry does not explain why the unspent provision was surrendered at the fag end of the financial year instead of surrendering at the RE stage in January 2010, when it was known that it could not be spent.

The reasons put forward indicate poor implementation of schemes for Tribal Welfare and failure of Ministry in reversing the trend of expenditure of first two quarters.

Unauthorised expenditure

7.23 Delegation of Financial Power Rules² stipulates that in the same Demand for Grants, savings under the Revenue Section are not to be re-appropriated to meet additional requirements in the Capital Section or *vice versa*.

In June 2008, the Administration Division of MHA requested the Chief Controller of Accounts (CCA) to include an additional requirement of ₹ 2.70 crore in the revenue section under the sub-head 2052.03.99.52- Machinery and Equipment (IT) in the first batch of supplementary demands for grants for procurement of computers, peripherals and software. The Ministry without receipt of additional grant went ahead and placed supply orders (September 2008) for computers and software worth ₹ 2.53 crore. Eventually, the additional funds as requested were not approved. The Ministry decided to apply unutilized funds allocated for the introduction of Electronic Access Control (Smart Card) system in North Block under Capital section. The Ministry met the expenditure towards purchase of computers and software from this allocation although the expenditure pertained to Revenue section. This was stated to be done with the concurrence of the CCA, whereas the

²GOI decision no. (4) below Rule 10 of Delegation of Financial Power Rules

CCA had simply clarified that if the administrative division certified that the proposal qualified to be funded under the Capital section then PAO would have no objection. Thus, the Ministry diverted funds allotted by the Parliament under capital section to meet revenue expenditure for a different purpose resulting in an unauthorized expenditure of ₹ 2.53 crore.

On being pointed out in audit, the Ministry stated (October 2009) that since the biometric system was meant for attendance control, the bulk computers were purchased for issue to all officers and staff to address this issue and therefore, were very much a capital expenditure for the purpose for which the budget provision was made. The Ministry further stated that biometric system had since been installed and all the computers were serving the intended purpose.

The reply is not acceptable as the purchase of bulk computers did not qualify as capital expenditure under capital section as the Ministry initially preferred the bills as revenue expenditure. Further, the proposal seeking supplementary grant for purchase of computers did not refer to the biometric system. Audit also noted that the proposal for installation of biometric system which was initially mooted in 2003 and finally implemented in 2009 made no reference to computers that were purchased for issue, to the officers and staff of MHA. Therefore, the two proposals for purchase of the biometric system and for the purchase of computers and software were separate and distinct.

The Ministry while accepting the audit finding stated (December 2010) that on deeper examination of papers it was noted that the observation of CCA had been construed as an approval for meeting the expenditure from 'Capital' which was not correct. The Ministry further stated that instructions had been issued to all DDOs of the Ministry to avoid such lapse in future.

Postal Services (Grant No. 13)

7.24 Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. Savings in real terms denote unspent provisions which are indicative of poor budgeting or shortfall in performance of the department under various schemes. In the capital (voted) section of this grant, for the past five years there has been persistent savings as depicted in **Table 7.8**. The main reasons advanced by the department for savings for the year 2009-10 were non-receipt/non-adjustment of DGS&D bills relating to procurement of vehicles and non completion of work as anticipated.

Table 7.8: Persistent savings under capital (voted) section

(₹ in crore)

Year	Budget provision including supplementary grant	Actual expenditure	Savings	Percentage
2005-06	367.09	268.98	98.11	27
2006-07	385.98	284.73	101.25	26
2007-08	255.02	90.43	164.59	65
2008-09	426.61	244.30	182.31	43
2009-10	388.81	261.62	127.19	33

As in the past four years, persistent savings under the capital (voted) section of the grant in the current year was primarily due to savings recorded under the minor head 5201.00.104- "Mechanisation and Modernisation of Postal Services". Out of the budget allocation of ₹ 360.25 crore under this minor head only ₹ 241.24 crore was spent, leaving an unspent amount of ₹ 119.01 crore.

Further, against the saving of ₹ 127.19 crore under the capital (voted) section of the grant, the amount surrendered was ₹ 164.14 crore, which exceeded the overall savings, reflecting deficient budgetary management.

Defence Services

7.25 Scrutiny of the Appropriation accounts of Defence Services disclosed a persistent trend of savings during the years 2007-10 under voted segment of five grants as detailed in **Table 7.9**.

Table 7.9: Persistent savings during the years 2007-10[@]

(₹ in crore)

Grant No Major/ Minor Head	2007-08	2008-09	2009-10	Contributing reasons as stated by the Ministry
22- Defence Services-Army (Major Head 2076)				
110-Stores	127.07	468.88	2033.61	Due to non-materialisation of contracts relating to Fuel, Oil and Lubricants, routine slippages in contracts, reduction in rates of Superior Kerosene Oil, less quantity of food drawal due to bird flu, non drawal of packed milk, non-finalisation of AMC contract of UAV, non-delivery of UAV spares, non-lifting of FOL by Command Hqrs on time, non-finalisation of contracts of barrels, slow pace of booking by CDAs and lesser expenditure by DGOF on Engineer stores supplies etc.

(₹ in crore)

Grant No Major/ Minor Head	2007-08	2008-09	2009-10	Contributing reasons as stated by the Ministry
800-Other Expenditure	60.38	45.06	28.35	Due to low expenditure in Telephone Administration Grant, Incidental & Miscellaneous Grant, MIFD, Army Adventure Wing, unforeseen slippages in materialization of proposals, low expenditure in recruiting organizations and Army Commanders Special Financial Powers, reduced expenditure under Hot Weather Allowances due to return of bills by CDAs etc.
24- Defence Services - Air Force (Major Head 2078)				
800 – Other Expenditure	14.17	28.07	49.75	Due to enforcement of economy measures, non-submission of bills by the civil/meteorology departments, non-booking of funds committed for Embassies/Missions/Exercises/Training abroad etc., reduction in tariff rates, non-completion of certain communications projects and reduction in electricity /water/miscellaneous expenditure, non utilization of funds by Commands and AFCC etc.
27- Capital Outlay on Defence Services (Major Head – 4076)				
02 – Navy				
104 – Joint Staff	96.33	139.67	135.32	Due to procedural delays in materialization/progress of cases and exchange rate variation, Non-implementation/progress of Capital acquisition projects by ADG, Signal Intelligence, HQ Strategic Forced Command, HQ Andaman Nicobar Command, CD and Defence Services Staff College and non-materialisation of Mechanical Transport vehicles due to non supply by Central Vehicle Depot, non-fructification of certain major schemes, non acquisition of land, cancellation of certain major works, etc.

@ Unspent provision/savings calculated with reference to budget provision (i.e. Original and Supplementary grant excluding re-appropriation in respect of all the three years, which is a departure from the earlier practice)

The persisting trends of large savings in the aforesaid heads of grants are indicative of over-estimation of the requirement of funds or poor planning for procurement and projects, poor contract management, lack of an internal control system and failure to take effective remedial measures to avoid persistent savings.

Surrender of savings

7.26 The savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. Further, savings should also not be held in reserve for possible future excesses as per Financial Regulations. During 2009-10, under charged segments of five grants of Defence Services where surrenders were made for ₹ 12.19 crore, there was saving of ₹ 23.96 crore. Under voted segments of five grants of Defence Services, where surrenders were made for ₹ 5,638.42 crore, there was saving of ₹ 5,309.49 crore. Out of this, ₹ 2,615.22 crore was offset by excess under two voted segments of grants relating to Defence Services-Army and Defence Services-Navy (₹ 2,464.11 crore + ₹ 150.51 crore) and one under charged segment of grant relating to Army (₹ 0.60 crore) resulting in overall savings of ₹ 2,694.27 crore. Besides, ₹ 5,638.42 crore under five grants in voted segments and ₹ 12.19 crore under five grants in charged segments were surrendered on the last day of the financial year which was contrary to the rule as per details appended below in **Table 7.10**.

Table 7.10: Details of savings and surrender

Grant/Appropriation	Savings		Amount surrendered on last date		Amount surrendered		not
	Charged	Voted	Charged	Voted	Charged	Voted	
22-Army	-	-	-	838.33	-	-	
23-Navy	3.35	-	0.37	-	2.98	-	
24-Air Force	1.74	564.79	1.60	260.03	0.14	304.76	
25-Defence Ordnance Factories	1.17	553.04	0.50	280.11	0.67	272.93	
26-R & D	0.50	431.46	0.24	408.18	0.26	23.28	
27-Capital Outlay on Defence Services	17.20	3760.20	9.48	3851.77	7.72	-	
TOTAL	23.96	5309.49	12.19	5638.42	11.77	600.97	

In Grant No. 22-Army, there was an overall excess of ₹ 2,464.11 crore but despite excess expenditure, Ministry surrendered an amount of ₹ 838.33 crore on 30 March 2010, which reflects deficient budgetary control mechanism in the Ministry.

Persistent excesses beyond budgeted provisions

7.27 An analytical table on the persistent trend of financial budgetary control failure over the last three years in certain grants relating to Defence Services is detailed in **Table 7.11**.

Table 7.11: Details of persistent excesses

(₹ in crore)

Sl. No.	Description of grant	Final excess expenditure during			Contributing reasons as stated by the Ministry
		2007-08	2008-09	2009-10	
1.	23 – Defence Services - Navy 2077.00.101 – Pay and Allowances of Navy	30.00	242.91	323.58	Due to higher expenditure on account of cash booking for the last two months which cannot be accurately forecasted being variable in nature, due to implementation of 6 th Pay Commission and less than required allocation at RE 2009-10 stages.
2.	23 – Defence Services - Navy 2077.00.104 – Pay and Allowance of Civilians	8.81	127.89	64.21	Reply to Audit Memo issued in November 2010 for the reasons of excesses for the year 2009-10 is awaited from the Ministry as of December 2010. Further, for the years 2007-08 and 2008-09, after taking into account re-appropriations, Ministry had shown them under savings.
3.	27 –Capital Outlay on Defence Services – 4076.00.052 – Machinery and Equipment	121.39	811.72	499.37	- do -

Ministry failed to give appropriate justification as to how the PCDA/CDA had authorised excess expenditure without the budget provision in the above grants. Even after repeated assurances to the Public Accounts Committee in the ATNs and issue of instructions, Ministry failed to arrest the trend of persistent excesses beyond budget provisions in the above detailed cases. This shows poor exchequer control.

Non-differentiation of procurement from trade and procurement through Director General of Ordnance Factories resulting in erroneous booking

7.28 Ministry revised the cost criteria for classifying capital expenditure from ₹ 2.00 lakh to ₹ 10.00 lakh in the year 2003, based on the recommendations of a 'Study Group'. It also reconstructed Minor Heads-102-Heavy and Medium Vehicles of Army and 103-Other Equipments of Sub Major Heads Army, Navy and Air Force under Major Head 4076-Capital Outlay on Defence Services in December 2003 to indicate the 'procurement from Trade' and 'DGOF supplies' separately and those amendments were effected from 1.4.2004. Later, Controller General of Defence Accounts also issued a correction slip No. 15/2008 that all signal items were to be booked

under Major Head-103-other equipments under code head 908/37-'Electronics Trade'.

During scrutiny of re-appropriation of funds and surrender of savings for 2009-10, it was noticed that Signal Officer in Chief (SO in C) of Army Headquarters (AHQ) and Chief Signal officers of various Commands accorded sanctions under Telephone Administration Grant (TAG) for supply orders placed ex-trade under the head 908/62, which is meant for 'Electronics supplied by DGOF'. The booking should correctly have been under code head 908/37.

Based on these sanctions, final expenditure booked under Major Head 4076-Capital Outlay on Defence Services under Minor Head -103-Other Equipment under code head 908/62 for items procured from trade amounted to ₹ 147.47 crore.

In reply to audit, Integrated Headquarters (IHQ) of Ministry of Defence in August 2010 accepted that procurement from trade differed from supplies made by DGOF. In November 2010 IHQ stated that signal items of Capital nature were earlier provisioned from DGOF code head 908/62 but DGOF was unable to supply many items due to advancement of technology. Since funds under code head 908/37 were centrally controlled and monitored by DG Acquisition, funds under this code head could not be sub-allotted to any budget holders. On the other hand, SO-in-C was required to distribute funds under Telephone Administration Grant (TAG) down to Corps HQ level for execution of various projects and, therefore, funds were allocated to SO-in-C under the code head 908/62 for procurement. IHQ also replied that the issue is under active consideration with MOD and CGDA for having a separate code head each for expenditure by DGOF supplies and SO-in-C etc.

Contention of IHQ of Ministry of Defence is not tenable since Classification Hand Book for Defence Service Estimates for receipts and charges prescribe booking of signal items including items under telephone administration grant to code head 908/37 and no amendment has been issued as of December 2010. Thus the erroneous booking of ₹ 147.47 crore requires urgent remedial action.

Chapter 8

REVIEW OF SELECTED GRANTS

Grant No.1- Department of Agriculture and Cooperation

(Ministry of Agriculture)

Introduction

8.1 The Department of Agriculture and Cooperation under the Ministry of Agriculture is responsible for formulating and implementing national policies and programmes aimed at achieving rapid agricultural growth and development through optimum utilization of India's land, water, soil and plant resources. The Department essentially supplements and complements the efforts being made by the State Governments to promote agricultural production and productivity as well as to raise farmers' income. It also directly intervenes in matters connected with trade, price policy, credit etc.

Budget and expenditure

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

Table 8.1: Year-wise budget & expenditure

(₹ in crore)

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	7840.13	296.32	7765.34	265.84	74.79	30.48
2008-09	10735.62	344.93	10039.00	136.29	696.62	208.64
2009-10	12045.53	92.55	11890.40	44.60	155.13	47.95

Surrender of savings

8.3 Rule 56 (2) of the General Financial Rules provides that savings in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen, without waiting for the end of the financial year. Savings should also not to be held in reserve for any possible future excess. Test check revealed that contrary to this rule, the Department surrendered savings on the last day of the financial years in all the three years under review from 2007-10 as detailed in Table 8.2.

Table 8.2: Surrender of savings

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered (%)		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	74.79	30.48	31.82	25.88	42.97 (57)	4.60 (15)	31.03.2008
2008-09	696.62	208.64	529.22	202.83	167.40 (24)	5.81(03)	31.03.2009
2009-10	155.13	47.95	118.08	42.98	37.05 (24)	4.97(10)	31.03.2010

Had the above savings been surrendered as soon as these were foreseen, the savings could have been fruitfully utilized in other schemes/projects of the Government.

Unnecessary supplementary grants

8.4 The Ministry of Finance in its Office Memorandum of August 1996 while taking into consideration the observations made by the Public Accounts Committee of 10th Lok Sabha in its 88th Report, directed all the Ministries/departments to ensure that supplementary grants were obtained in emergent cases only. It further directed that the supplementary demands should be restricted and confined to genuine unforeseen expenditure which could not be envisaged at the time of preparation of annual budget or to meet the requirements of decisions or developments which have taken place after the approval of the budget i.e. post budget decisions and not for continuing schemes and programmes.

Audit scrutiny of the Appropriation accounts for the years 2007-08 to 2009-10 revealed that the Department obtained supplementary grants under the following sub-heads in anticipation of higher disbursement but entire and/or large portion of which remained unutilized at the end of the year. The fact that, the supplementary grant proved to be unnecessary to the extent it remained unutilized as detailed in **Table 8.3** below indicates that instructions of Ministry of Finance were not followed in spirit.

Table 8.3: Unnecessary supplementary grants

(₹ in crore)

Year	Sub-head	Original provision	Supplementary grant	Actual disbursement	Saving
2007-08	2401.00.800.35- Additional Central Assistance Scheme to State Plan for Agriculture	Nil	4.00	Nil	4.00
2008-09	2401.00.105.18- National Project on Promotion of Organic Farming	11.00	1.05	8.41	3.64

Review of Selected Grants

Year	Sub-head	Original provision	Supplementary grant	Actual disbursement	Saving
	2401.00.119.08- Grants-in-aid to Coconut Development Board including Technology Mission on Coconut	75.00	1.34	65.26	11.08
2009-10	2435.01.102.01- Strengthening of Agmark Grading Facilities	17.43	1.17	17.22	1.38

Distortion of budget provision

8.5 Based on the observations contained in the 147th Report of Public Accounts Committee (Eighth Lok Sabha), Ministry of Finance issued instructions that the delegated powers of re-appropriation of funds should be exercised by the Ministries/departments in such a manner so that the original objective for which the provisions were made under various sub-heads were not substantially altered by exercise of power of re-appropriation. A review of re-appropriation orders issued during 2007-10 revealed that the Department made large re-appropriations of funds between the different primary units of appropriation defeating the original purpose/activity for which the approvals were obtained as detailed below:

Table 8.4: Distortion of budget provision

(₹ in crore)

Year	Budget provision	Re-appropriation Orders issued transferring funds from sub-heads		Re-appropriation Orders issued transferring fund to sub-heads		Surrendered amount	Expenditure
		No. of orders	Amount	No. of orders	Amount		
2007-08	O 5947.21 S 2189.24	101	1444.97	36	1387.28	57.69	8031.18
2008-09	O 10734.45 S 346.10	100	1878.59	38	1146.54	732.05	10175.29
2009-10	O 11915.22 S 222.86	102	2018.27	33	1857.21	161.06	11935.00

From **Table 8.4** it could be seen that during the year 2009-10, a total of 135 re-appropriation orders were issued by the Department in the grant involving ₹ 3,875.48 crore thereby distorting the authorization approved by the Parliament. A few sub-heads, where the distortions were apparent are explained in the successive paragraphs:-

- a) In sub-head '2401.00.108.28-National Food Security Mission' against a total provision of ₹ 1,260.00 crore authorized by the Parliament, ₹ 275.82 crore was re-appropriated (splitting in five instances) from this scheme to some other schemes and ₹ 36.16 crore was again re-appropriated (splitting in three instances) into this scheme from other schemes, leaving a net impact of re-appropriation from this scheme to the tune of ₹ 239.66 crore.
- b) In sub-head '2401.00.119.39-National Mission on Bamboo Technology and Trade Development' against a total provision of ₹ 30.00 crore authorised by the Parliament, ₹ 10.00 crore was re-appropriated (splitting in three instances) from this scheme to some other schemes and ₹ 29.90 crore was again re-appropriated (splitting in 20 instances) into this scheme from other schemes, leaving a net impact of re-appropriation into this scheme to the tune of ₹ 19.90 crore.
- c) In sub-head '2401.00.103.25-Development and Strengthening of Seed Infrastructure Facilities for Production and Distribution of Seeds' against a total provision of ₹ 329.00 crore authorised by the Parliament, ₹ 115.00 crore was re-appropriated (splitting in three instances) from this scheme to some other schemes and ₹ 5.16 crore was again re-appropriated (splitting in ten instances) into this scheme from other schemes, leaving a net impact of re-appropriation from this scheme to the tune of ₹ 109.84 crore.
- d) In sub-head '2401.00.109.26-Support to State Extension Services' against a total provision of ₹ 260.25 crore authorized by the Parliament, ₹ 91.17 crore was re-appropriated (splitting in three instances) from this scheme to some other schemes and ₹ 9.51 crore was again re-appropriated (splitting in six instances) into this scheme from other schemes, leaving a net impact of re-appropriation from this scheme to the tune of ₹ 81.66 crore.

Unrealistic budgeting

8.6 According to Rule 48 (2) of the General Financial Rules 2005 and annual budget circular issued by the Ministry of Finance, Ministries/departments are required to prepare their budget estimates keeping in view the disbursement trends during the previous years and other relevant factors such as the economy instructions issued by the Ministry of Finance from time to time. Scrutiny of the Appropriation accounts for the years 2007-10 revealed that the Department made excessive provisions under various heads resulting in large provisions remaining

unutilized during these years and were either re-appropriated to other heads or surrendered, defeating the very purpose for which the budget provisions were passed by the Parliament. **Appendix-VIII-A** gives the details of 11 such cases where savings of ₹ 10 crore and above constituting more than 40 *per cent* of the budget provision was noticed.

Due to unrealistic budgeting of the Department, a programme on “Rainfed Area Development” could not take off as entire provision remained unutilized due to non-approval of scheme, which has been dealt in detail in para 8.9.

Saving of ₹ 100 crore or more under a sub-head

8.7 Scrutiny of Appropriation accounts revealed that under the grant, saving of ₹ 100 crore or more under a sub-head was noticed which are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Department. Necessary steps need to be taken by the Department to make its budgetary exercise more robust not only to minimise large scale variations between estimates and actual to gainfully utilise the scarce resources but also to ensure that intended objectives are achieved as planned. The Department is thus required to review its system of budgetary assumptions or/and efficiency of its programme management. **Appendix VIII-B** gives the details of 11 such saving of ₹ 100 crore or more under sub-heads.

Persistent savings

8.8 As per Para 3.2.4 of the budget circular issued by Ministry of Finance for the year 2007-08, while framing the estimates, due note was to be taken of the past performance, the stage of formulation/ implementation of various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies and, most importantly, the quantum of government assistance lying with the recipients unutilized/ unaccounted for etc. with a view to minimizing the scope for funds available for surrender at a later stage.

Scrutiny of the Appropriation accounts for the years 2007-10 revealed that there were savings under the revenue section of the grant during the last three years as detailed in **Table 8.5**. Entire/large savings under the grant reflected that the guidance provided by the budget division was not being assigned due weightage in actual practice.

Table 8.5: Persistent savings

(₹ in crore)

	Sub-head	Year	Budget provision	Actual expenditure	Savings	Reasons given by the Ministry
1.	2401.00.108.27 – Rainfed Area Development Programme	2007-08	40.00	Nil	40.00	Entire provision remained unutilized due to non-approval of the schemes
		2008-09	25.00	Nil	25.00	-do-
		2009-10	25.00	Nil	25.00	-do-
2.	3601.04.436.12- Rainfed Area Development Programme	2008-09	282.00	Nil	282.00	-do-
		2009-10	112.00	Nil	112.00	-do-
3.	2401.00.109.26- Support to State Extension Services	2007-08	206.00	149.38	56.62	Unspent balance of previous years was available with States
		2008-09	257.00	185.80	71.20	-do-
		2009-10	260.25	178.59	81.66	-do-
4.	2401.00.119.40- National Horticulture Mission	2007-08	1150.00	919.18	230.82	-do-
		2008-09	1100.00	1010.50	89.50	-do-
		2009-10	1100.00	800.00	300.00	-do-

Rainfed Area Development Programme

8.9 The Department has accorded very high priority to the holistic and sustainable development of rainfed areas through an integrated watershed development approach. The key attributes of the water-shed approach are conservation of rainwater and optimisation of soil and water resources in a sustainable and cost effective mode. In the Budget speech of the Union Finance Minister for 2007-08, a new scheme, the Rainfed Area Development Programme was announced and a provision of ₹ 100.00 crore also made during 2007-08. Though the scheme was to be launched in the beginning of the XI Plan, starting from 2007-08, it could not be launched. Furthermore, provisions of ₹ 348.00 crore and ₹ 153.00 crore have been made during 2008-09 and 2009-10 respectively, but the entire provision remained unutilized due to non approval of the scheme. This indicated that the budgetary authorisation for this scheme was

obtained without ensuring that the scheme has got the approval of the competent authority. In absence of clear approval of the scheme, the Department should have obtained token authorisation.

Deficient internal audit control

8.10 The Internal Audit Wing of the Ministry of Agriculture under the administrative control of Chief Controller of Accounts (CCA) is responsible for conducting internal audit of the units under the Department. The details of internal audit conducted during the last three years against the targets fixed by the CCA in respect of the Department are given below:

Table 8.6: Deficient internal audit control

Year	Total no of units under audit jurisdiction	No. of units planned to be audited	Actual no. of unit audited	Percentage shortfall
2007-08	183	104	55	47
2008-09	183	114	72	37
2009-10	182	111	106	05

The above table indicates that the internal control mechanism of the Department was not satisfactory as there was shortfall of 47 *per cent* and 37 *per cent* against the targeted units to be audited during the years 2007-08 and 2008-09 respectively.

Rush of expenditure

8.11 Ministry of Finance issued instructions in September 2007 to all Ministries/departments to restrict their expenditure during the last quarter of the financial year to 33 *per cent* of the budget amount. Further, as per Rule 56 (3) of General Financial Rules, rush of disbursement, particularly in the closing months of the financial year, is to be regarded as a breach of financial propriety and should be avoided. It was, however, noticed that the Department did not follow the rules and instructions of the Ministry of Finance and incurred heavy expenditure of ₹ 1,238.77 crore (21 *per cent*) in March 2008 and ₹ 2,724.48 crore (46 *per cent*) during the last quarter of the financial year 2007-08 against the total original budget allocation of ₹ 5,947.21 crore in the voted/charged sections of the Revenue and Capital Section.

Outstanding utilization certificates

8.12 As per Rule 212 (1) of the General Financial Rules 2005, the certificates of actual utilization of the grants received for the purpose for which they were sanctioned are required to be submitted within 12 months of the closure of the financial year by the institution or organization concerned. Where the certificate is not received within the prescribed period, the Ministry/departments will be at

liberty to blacklist such institution or organization for the purpose of release of any future grant. Test check of the records in the Department revealed that 373 utilization certificates involving ₹ 1,757.70 crore were outstanding in respect of grants-in-aid released by the Department upto 31.03.2009 from this grant.

Grant No. 29: Ministry of Earth Sciences

Introduction

8.13 To achieve the objectives in meteorology, ocean science and technology, seismology and related earth sciences, the Government of India in July 2006, established the Ministry of Earth Sciences (MoES) by putting together Department of Ocean Development, India Meteorological Department, Indian Institute of Tropical Meteorology (IITM) and National Centre for Medium Range Weather Forecast (NCMRWF). The Ministry also deals with science and technology for exploration and exploitation of ocean resources (living and non-living), and play nodal role for Antarctic/Arctic and Southern Ocean research. It also strives to provide applications such as forecasting weather/ocean state, future climate scenarios, natural hazards like earthquakes, tsunami, coastal erosion and landslides, assessment of macro resources, macro assessment of ground water potential, interplay of weather elements in evolution of continental morphology etc.

Budget & expenditure

8.14 The overall position of budget provisions, actual disbursements and saving under the grant for the last three years is as under:

Table 8.7: Year-wise budget & expenditure

(₹ in crore)

Year	Budget provisions		Actual disbursements		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted						
2007-08	614.62	273.52	524.66	38.17	89.96	235.35
2008-09	624.63	424.89	593.97	157.72	30.66	267.17
2009-10	923.39	290.40	882.60	197.93	40.79	92.47

Surrender of savings

8.15 Contrary to the General Financial Rules, the Ministry surrendered the savings on the last day of the financial year. The details of amounts surrendered during 2007-10 are given in **Table 8.8**.

Table 8.8: Surrender of savings

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	89.96	235.35	82.01	232.37	7.95	2.98	31.3.2008
2008-09	30.66	267.17	19.10	258.10	11.56	9.07	31.3.2009
2009-10	40.79	92.47	32.12	81.61	8.67	10.86	31.3.2010

Had the above savings been identified and necessary action for surrender been taken at an early stage, these could have been fruitfully utilised in other schemes/projects of the government.

Persistent savings

8.16 As per instructions of the Ministry of Finance, while framing the estimates, due note is to be taken of the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies and most importantly the quantum of government assistance lying with the recipients unutilised/unaccounted for etc. with a view to minimise the scope for avoidable surrenders at a later stage.

Scrutiny of the Appropriation accounts revealed that there were persistent unspent provisions under revenue as well as capital sections of the grant during the last three years. Large unspent provisions under the grant reflected deficient budgeting by the Ministry as per details given in **Appendix-VIII-C**. A few schemes affected by large persistent savings are discussed below:

a) Development of Manned Submersible

The project envisaged development of a tool, which will put India at par with developed nations having under-water intervention capabilities. The system (manned submersible) would help in scientific research in the areas of hydrothermal sulphides, cobalt crust, gashydrates, marine living resources and inspection of offshore installation, pipelines, platforms etc.

Audit scrutiny revealed that the Ministry failed to finalize the selection of collaborative partner for technology transfer under the above project and the entire budget provision of ₹ 5.00 crore allocated for each year, aggregating to ₹ 15.00 crore remained un-utilised during the years 2007-10.

b) National Oceanarium

The main objective of this programme is to make learning about the oceans a family experience by means of promoting science tourism so that young children are motivated to opt for an ocean career as adults. The government would provide seed capital and the expertise to the interested parties under this scheme.

The entire allocated budget provision for three years (2007-10) amounting to ₹ 3.41 crore remained unutilised due to delay in approval of the programme and non-acquisition of land.

c) National Centre for Medium Range Weather Forecasting (NCMRWF, NOIDA)

The aim of the programme was to develop global circulation model for preparing weather forecasts upto three days in advance. To achieve the intended objective a National Centre for Medium Range Weather Forecasting with super-computing facilities has been established. This institute works on various atmospheric modeling aspects such as Global Modeling and Data Assimilation System, Mesoscale Prediction System, Extended-Range/Seasonal Prediction System, Computer/Network Infrastructure, etc. The major activity proposed for implementation during the year 2008-09 was to conduct assimilation experiments on satellite data for improvement in the operational weather forecast.

The large portion of the budget provision amounting to ₹ 17.11 crore remained unutilised during the years 2007-10 due to delay in approval of programme for installation of Super Computer and repair/furnishing of auditorium at NCMRWF, NOIDA.

d) Modernization of IMD

For the improvement of weather forecast and climate prediction including the Indian monsoon, it was proposed to break the project of Modernization of IMD into various sub projects such as Doppler Weather Radars, Automatic Rain Gauge Network, Automatic Weather System, MFI, etc.

Scrutiny of Appropriation accounts of the Ministry disclosed that heavy savings under the scheme ranging from ₹ 219.66 crore to ₹ 222.22 crore during 2007-08 to 2008-09 in capital sections and from ₹ 3.20 crore to ₹ 16.00 crore under revenue sections occurred due to delayed approvals of the schemes, delays in procurement, construction and tendering and also slow initiation of the project activities. In 2009-10, under capital section, the funds amounting to ₹ 22.21 crore remained unutilised due to delay in procurement of equipment and less utilisation of funds by the Central Public Works Department.

Unrealistic Budgeting

8.17 Scrutiny of the Appropriation accounts revealed that under the following sub-heads, large provisions remained unutilised during 2007-10 which were re-appropriated to other heads/surrendered at the fag end of the year, defeating the purpose for which the budget provisions were passed by the Parliament:

Table 8.9: Unrealistic budgeting

(₹ in crore)

Sub-Head	Budget provision	Actual Expenditure	Savings	Percentage of saving to budget provision
2007-08				
3455.00.800.03-Modernization of IMD	16.00	--	16.00	100
5455.00.800.01-Earthquake Risk Evaluation Centre	8.45	--	8.45	100
2008-09				
3403.00.103.03-Seafront facility	10.00	--	10.00	100
3403.00.200.19-Desalination Plant	10.00	--	10.00	100
5403.00.800.01-Headquarer's Building	20.00	--	20.00	100
2009-10				
5425.00.800.06-National Centre for Medium Range Weather Forecasting	8.00	--	8.00	100
5455.00.102.01-Operation & Maintenance	32.01	18.31	13.70	43
5455.00.102.02-Aviation Metrology	14.00	--	14.00	100
5455.00.800.01 – Seismic Hazard and Risk Evaluation	17.00	3.26	13.74	81

Rush of expenditure

8.18 Ministry of Finance issued instruction in September 2007 to all Ministries/departments to restrict their expenditure during the last quarter of the financial year to 33 *per cent* of the budget amount. Further, as per Rule 56 (3) of General Financial Rules, rush of disbursement, particularly in the closing months of the financial year, is to be regarded as a breach of financial propriety and should be avoided. It was, however, noticed that the Ministry did not follow the rules and instructions of the Ministry of Finance and incurred expenditure amounting to ₹ 369.62 crore (38 *per cent*) during the last quarter of the financial year 2008-09 and ₹ 209.26 crore (22 *per cent*) in March 2009 alone against the budget allocation of ₹ 973.00 crore.

Outstanding utilisation certificates

8.19 The certificates of actual utilisation of the grants received for the purpose for which these were sanctioned are required to be submitted within twelve months of the closure of the financial year by the Institution/Organisation concerned. The purpose of furnishing the utilisation certificates is to ensure that the grants had been utilised properly for the purpose for which these were sanctioned and where the grants were released with certain conditions, the prescribed conditions had been fulfilled. Where the certificate is not received within the prescribed period, the Ministry/department will be at liberty to blacklist such Institutions for any future grant, subsidy or other financial support. Scrutiny of records revealed that Utilisation Certificates for the grants-in-aid amounting to ₹ 128.80 crore released by the Ministry up to 31st March 2009 in 1,230 cases were not furnished by the grantee institutions though these were over due to be received in the Ministry. The earliest period of the grants sanctioned for which utilisation certificate is outstanding pertains as back as to the year 1983-84 as per details given in **Appendix-VIII-D**.

The Ministry has neither taken any step to obtain the UCs from defaulting institution/organisations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

Deficient internal audit control

8.20 The Internal Audit Wing of the Ministry came into existence in 2007 and started functioning directly under the Controller of Accounts with the overall responsibility for internal audit remaining with the Financial Adviser of the Ministry. The details of internal audit planned /conducted during the last three years are as under:

Table 8.10: Deficient internal audit control

Year	Total No. of units	No. of units planned	No. of units actually inspected
2007-08	29	Nil	Nil
2008-09	29	Nil	Nil
2009-10	29	Nil	Nil

The above table indicates that there was complete absence of internal control mechanism in the Ministry as not even a single unit out of 29 could be taken up for internal audit during the last three years. Further, the Ministry did not have any Internal Audit Manual till date.

The Ministry while accepting the facts stated (August 2010) that no audit could be conducted till 2009-10 due to the fact that proposal for creation of posts was under consideration of Ministry of Finance. The Ministry further stated that

Internal Audit manual is under preparation and, that necessary standards would be incorporated in Manual.

Grant No.57 - Department of School Education and Literacy

(Ministry of Human Resource Development)

Introduction

8.21 The Ministry of Human Resource Development was established in 1985 with a view that the people of the country are a valuable resource and the growth process shall be based on integrated development of the citizen. It was also realized that the instruments and agencies responsible for this growth shall be integrated in order to ensure all round development of human resources. The Ministry has two departments viz. Department of Higher Education and Department of School Education and Literacy.

Budget and expenditure

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

Table 8.11: Year-wise budget and expenditure

(₹ in crore)

Year	Total provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	33584.37	Nil	30916.08	Nil	2668.29	Nil
2008-09	40960.93	761.54	36054.05	750.00	4906.88	11.54
2009-10	43090.62	750.00	38321.99	250.00	4768.63	500.00

Persistent savings

8.23 Scrutiny of Appropriation accounts revealed that there remained persistent unspent provisions under the revenue section of the grant during the last three years. Large unspent provisions under the grant reflected deficient budgeting by the Department. Details of sub-heads where unspent provisions were noticed are given in **Appendix VIII-E**. Schemes affected by large persistent savings are discussed below:-

a) National Programme of Midday meals in school

National Programme of Nutritional Support to elementary education (Mid-Day Meal Scheme) was launched on 15 August 1995 as a centrally sponsored scheme with a view to enhance enrollment, retention and attendance and simultaneously improving nutritional levels among children. In October 2007, the scheme was extended to cover children of upper primary classes (i.e. class VI to VIII) and the name of the scheme was changed to National Programme of Midday Meal in school. Under this scheme cooked midday meal with a minimum of 300 calorie and 8-12 gram protein per day for a minimum of 200 days was provided to every child in every Government and Government assisted primary schools. During the years 2007-08, 2008-09 and 2009-10, the savings under various components of the scheme during these years amounting to ₹ 726.60 crore, ₹ 668.48 crore and ₹ 974.24 crore respectively, had occurred and are detailed below:

Table 8.12: National programme of Mid-day Meals in school

(₹ in crore)

Year	Total provision	Actual disbursement	Savings	Reasons
2007-08	6535.60	5809.00	726.60	Delay in receipt of cabinet approval for extension of scheme, non-receipt of lifting figures from States/UTs for payment of transportation cost of food grains, non-release of funds for conduct of evaluation studies of the scheme, etc.
2008-09	7200.00	6531.52	668.48	Non-receipt of viable/less proposals from UTs/States and economy instructions issued by MoF.
2009-10	7905.10	6930.86	974.24	Non-finalisation of proposals received from States and FCI, non-receipt of reimbursement claims from UTs, non-finalisation of programme for launch of media campaign and receipt of insufficient proposals from States.

b) National Means-cum-Merit Scholarship Scheme

Under this scheme which was launched in 2008-09, scholarship is granted to meritorious students whose parental income is not more than ₹ 1.50 lakh per annum from all sources. Each State /UT has a fixed quota of scholarship decided on the basis of enrolment of students in class VII and VIII. The scholarship is provided quarterly to the students of government, local body and government aided schools from class IX till class XII for a maximum period of four years. The amount of scholarship is ₹ 6,000 per annum @ ₹ 500 per month. The scheme was launched after getting the approval of Cabinet Committee on Economic Affairs on 9th March 2008. As per the provision of scheme, the

Department created a corpus fund of ₹ 750 crore in 2008-09 and a like amount was to be added every year over the next three years. The interest from the fund was to be used for payment towards scholarship. The first tranche of the corpus of ₹ 750 crore for the year 2008-09 was deposited by the Department with the State Bank of India in December 2008 for keeping it as a fixed deposit for a duration of five years at the interest rate of 9.5 *per cent*. When a further sum of ₹ 250 crore was added to the corpus in June 2009 for the year 2009-10, the Department noticed that the bank's interest rate had fallen to 5 *per cent*. Due to fall in the interest rates, the corpus fund was wound up after taking the approval from Ministry of Finance and a decision was taken that budget provision for the required amount would be made on annual basis to run the scheme. The remaining budget provision of ₹ 500 crore for the year 2009-10 was surrendered to Government in March 2010.

Thus, during the years 2008-09 and 2009-10, the Government funds amounting to ₹ 1,000 crore remained blocked in the bank due to winding up of Corpus fund, besides non-implementation of the scheme during these two years. The Ministry stated (May 2010) that action is being taken to wind up the Corpus Fund and to take back ₹ 1,000 crore from the bank along with the interest thereon and to deposit the same in the Consolidated Fund of India.

c) Information and Communication Technology in Schools

National Task Force on Information Technology and Software Development (IT Task Force) constituted by the Prime Minister in 1998 made specific recommendations on introduction of IT in the education sector including schools through Vidyarathi Computer Scheme, Shikshak Computer Scheme and School Computer Schemes. In January 2010, the scheme was revised as Information and Communication Technology in Schools. The main components of the scheme are (i) partnership with State Governments for providing computer aided education to secondary and higher secondary governments schools, (ii) establishment of smart schools, (iii) engagement of exclusive teacher and capacity enhancement of all teachers in ICT; and (iv) development of e-content through Central Institute of Education Technologies (CIET). The Union Government was to provide 75 *per cent* assistance and the balance 25 *per cent* was to be provided by the States. During the years 2007-08, 2008-09 and 2009-10 substantial portion of allocated grants i.e. ₹ 21 crore out of ₹ 28 crore (75 *per cent*), ₹ 17.31 crore out of ₹ 20 crore (87 *per cent*) and ₹ 15 crore out of ₹ 18.50 crore (81 *per cent*) respectively remained unspent due to non-receipt of concrete/viable proposals from State Institutes of Educational Technology.

d) Strengthening of Teachers Training Institutions

The Centrally Sponsored Scheme of Teacher Education was initially launched in 1987-88 and was revised in 2003 with the main objective of (i) Speedy completion of DIET/CTE/IASE/SCERT¹ projects sanctioned but not completed upto the end of IX Plan period, (ii) Making DIETs, IASEs sanctioned and SCERTs strengthened upto IX Plan period, optimally functional and operational, (iii) Sanction and implementation of fresh DIET/ CTE/IASE/SCERT projects and (iv) Improvement in the quality of programmes to be undertaken by DIETs, etc.

During the years 2007-08, 2008-09 and 2009-10, a sum of ₹ 133.77 crore (30 per cent), ₹ 195.34 crore (44 per cent) and ₹ 122.94 crore (27 per cent) respectively under the scheme remained unspent. Scrutiny of head-wise Appropriation accounts revealed that the reason for saving recorded was 'Scheme being under revision' and 'non-receipt of sufficient proposals from Union Territory Governments'. However, scrutiny of relevant files in the Department revealed that a comprehensive proposal of the department for continuation/revision of the scheme was considered by the EFC at its meeting held in November 2007. The EFC recommended for evaluation and continuation of the scheme without any change in the norms and parameters of the existing scheme. Thus the reason of saving mentioned in the Accounts was not established from the relevant files.

Unrealistic budgetary assumptions

8.24 Scrutiny of the Appropriation accounts revealed that under various sub-heads, the entire/large part of the provisions remained unutilised during the period 2007-10 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of ₹ 10 crore and above constituting more than 40 per cent of the budgeted provision are given in **Appendix-VIII- F**.

Non-utilisation of the entire provision

8.25 Scrutiny of the Appropriation accounts for the year 2007-10 revealed that in 13 cases the entire provision under the sub-heads remained unutilized as detailed in **Appendix VIII-G**. Most of the reasons recorded for 100 per cent surrender under various sub-heads revealed that proposed schemes could not be finalized or implemented. This suggests over-ambitious projections without adequate planning.

¹ District Institute of Education & Training (DIET); Colleges of Teacher Education (CTE); Institutes of Advance Study in Education (IASE), State Council of Educational Research & Training (SCERT).

Surrender of savings

8.26 Rule 56 (2) of the General Financial Rules emphasized that provisions that cannot be profitably utilized should be surrendered to Government immediately they are foreseen without waiting till the end of the year. No savings should be held in reserve for possible future excesses. It was, however, observed that in the following cases savings during the years 2007-10 were surrendered to the Government on the last day of financial year and as such these savings could not be utilized elsewhere by the Government.

Table 8.13: Surrender of savings

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	2668.29	Nil	2637.25	Nil	31.04	Nil	31.03.2008
2008-09	4906.88	11.54	4748.56	11.54	158.32	Nil	31.03.2009
2009-10	4768.63	500.00	4032.70	500.00	753.93	Nil	31.03.2010

Rush of expenditure

8.27 As per Rule 56 (3) of the General Financial Rules 2005, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and should be avoided. Further, the Ministry of Finance issued instructions to all Ministries/departments in September 2007 to restrict expenditure during the last quarter of the financial year to 33 per cent and during March of the financial year to 15 per cent of the budget estimates. Scrutiny of head-wise Appropriation accounts, however, revealed that the Department incurred expenditure ranging from 40 per cent to 45 per cent of their budgeted allocation in the last quarter and 27 per cent to 36 per cent in March alone during the years 2007-08 to 2009-10 as detailed below:

Table 8.14: Rush of expenditure

(₹ in crore)

Year	Budget Estimates	Expenditure during last quarter		Expenditure during March	
		Amount	per cent	Amount	per cent
2007-08	33535.22	13499.28	40	9139.61	27
2008-09	40667.00	18395.93	45	14690.64	36
2009-10	42069.58	18933.47	45	15211.84	36

Outstanding utilisation certificates

8.28 Certificates of utilisation of grants-in-aid were required to be furnished by the Ministries/departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc. to ensure

that the grants had been properly utilised for the purpose for which these were sanctioned. Test check revealed that as on 31st March 2010, 1,373 utilisation certificates were outstanding involving an amount of ₹ 1,049.52 crore in respect of grants-in-aid released by the Department up to 2008-09. From year-wise details given in **Appendix-VIII-H**, it would be seen that the earliest period to which the outstanding utilization certificate relates pertained to the year 1982-83 and 60 *per cent* of the total UCs pending related to periods five to 26 years back (from 1982-83 to 2003-04).

The Department has neither taken any step to obtain the UCs from defaulting institution/organizations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

Grant No. 64- Ministry of Micro, Small and Medium Enterprises

Introduction

8.29 Ministry of Micro, Small and Medium Enterprises (MSME) assists the States in their efforts in promoting growth and development of Micro, Small and Medium Enterprises, for enhancing their competitiveness in an increasingly market-led economy and to enabling the enterprises to generate additional employment opportunities. Besides, the Ministry also attempts to address common concerns of these enterprises and undertakes policy advocacy on behalf of the sector on issues critically affecting their sustenance and growth.

Budget and expenditure

8.30 The overall position of budget provisions, actual expenditures and disbursements under the grant during the last three years is given below:

Table 8.15: Year-wise budget and expenditure

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	589.49	1.90	486.35	0.86	103.14	1.04
2008-09	1984.76	8.31	1848.40	6.53	136.36	1.78
2009-10	2023.04	10.43	1684.60	4.58	338.44	5.85

(₹ in crore)

Unnecessary supplementary grant

8.31 While obtaining a supplementary grant, the Ministry/department has to keep in view the resources available or likely to be available during the financial year and exercise due caution while forecasting its additional budgetary requirement of funds. Resorting to supplementary demands should be in exceptional and urgent cases only. During 2008-09, under sub-head

2851.00.102.75 – “Quality of Technology Support Institution & Programme”, the Ministry obtained supplementary provision of ₹ 6.40 crore in anticipation of higher expenditure; however, finally there was saving of ₹ 46.45 crore under the scheme and ultimately no expenditure was incurred out of supplementary grant of ₹ 6.40 crore. Thus, not only the entire amount of supplementary grant but a part of the original grant remained unutilized during the year, which fruitfully could have been utilized on another scheme/programme of the Government.

Surrender of savings

8.32 Scrutiny of head-wise Appropriation accounts revealed that contrary to the provision of General Financial Rules 56 (2), the Ministry surrendered its savings on the last day of the financial years 2007-08 to 2009-10 as detailed below:

Table 8.16-Surrender of savings

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender of savings
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	103.14	1.04	83.81	Nil	19.33	1.04	31.3.2008
2008-09	136.36	1.78	109.60	1.01	26.76	0.77	31.3.2009
2009-10	338.44	5.85	318.19	5.68	20.25	0.17	31.3.2010

Had savings been surrendered as soon as these were foreseen, these could have been fruitfully utilized in other schemes/projects of the Government.

Excess expenditure over available provision

8.33 In terms of Appendix-14 to Rule 57 and 63 of the General Financial Rules 2005, the Pay and Accounts Office is required to ensure that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In case where the existing budget provision is not sufficient to cover the payment, the Pay and Accounts Office can make payment only on receipt of an assurance in writing from the Head of Department controlling the grant that necessary funds to accommodate the disbursement will be provided for in time by issue of re-appropriation order, etc.

Scrutiny of head-wise Appropriation accounts for the years 2008-09 and 2009-2010 disclosed that in the following cases, the PAO had made payment in excess of budget provision without any re-appropriation order to accommodate the final excess expenditure and also without receipt of assurance in writing from the Head of Department controlling the grant that necessary funds to accommodate the disbursement will be provided for in time by issue of re-appropriation order. This shows ineffective expenditure control at the level of PAO as well as on the part of Head of Department controlling the grant.

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Table 8.17: Excess expenditure over available provision

(₹ in crore)

Year	Sub-head	Budget Provisions	Available provision	Actual expenditure	Excess amount
2008-09	3601.03.727.03- Upgradation of Data Base State Government	O 16.80 R 10.75	27.55	28.64	1.09
2009-10	2851.00.200.16-Prime Minister's Employment Generation Programme	O 547.80 R (-) 140.17	407.63	409.68	2.05

Persistent savings

8.34 Scrutiny of head-wise Appropriation accounts disclosed that under various sub-heads as detailed below, large provisions remained unutilised persistently during the period 2007-10 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.

Table 8.18: Persistent savings

(₹ in crore)

Sub-head	Year	Budget provision	Actual expenditure	Savings	Reasons attributed by the Ministry
2851.00.102.80- Up gradation of Data base	2007-08	18.00	5.64	12.36	Late exemption from MoF for conducting of evaluation study/non-approval by EFC for conducting 'Evaluation study for sub-scheme Collection of Statistics' and lack of demand from States/Union Territories owing to administrative reasons
	2008-09	10.65	1.52	9.13	
	2009-10	2.50	0.56	1.94	
2851.00.796.01- Quality of Technology Support Institution & Programme-Tribal sub plan	2008-09	11.25	1.61	9.64	Receipt of less proposals from the tribal groups
	2009-10	8.05	2.71	5.34	
2851.00.102.79- Marketing Development Assistance Programme	2008-09	9.05	2.42	6.63	Due to receipt of less proposals.
	2009-10	9.60	4.38	5.22	
2851.00.102.75- Quality of Technology Support Institution & Programme	2008-09	216.50	170.06	46.44	Due to Non-approval of some of the National Common Minimum Programme Schemes and receipt of fewer proposals for implementation.
	2009-10	239.21	213.70	25.51	

Non-utilization of entire provision

8.35 Scrutiny of head-wise Appropriation accounts for 2007-08 to 2009-10 revealed that in the following cases, the entire budget provisions under different sub-heads remained unutilized as detailed below:

Table 8.19: Non-utilisation of entire provision

(₹ in crore)

Year	Sub-head	Budget provision	Savings	Reasons
2007-08	3601.03.727.01-Collection of Statistics of Small Scale Industries	13.30	13.30	Due to late issue of sanction and consequently non-payment of bills preferred
2008-09	2851.00.789.03-MSME cluster Development Programme and MSME Growth Poles-SC Plan	11.50	11.50	Due to non-receipt of the proposals
	2851.00.796.03-MSME Cluster Development Programme and MSME Growth Poles-Tribal sub-plan	5.75	5.75	Due to non- receipt of the proposals
2009-10	2851.00.102.82-National Fund for Unorganized Sector	1.00	1.00	Due to Non- approval of the Scheme
	2851.00.789.03- MSME Cluster Development Programme and MSME Growth Poles-Tribal sub-plan	6.00	6.00	Due to non-receipt of proposals

Savings of entire provision reflect that the budget estimates/supplementary demands were not prepared after adequate pre-budget scrutiny of projects and schemes.

Distortion of budget provision

8.36 While the delegations of powers for re-appropriation has been made for augmenting provision within the delegated powers, large scale re-appropriation followed by heavy surrenders renders the original intent of the Parliamentary approval of the budget significantly distorted. **Table 8.20** indicates such distortions during the last three years.

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Table 8.20: Distortion of budget provision

(₹ in crore)

Year	Budget provision	Re-appropriation Orders issued transferring fund from sub-heads		Re-appropriation Orders issued transferring fund to sub-heads		% up to which the original provision was reduced in the Sub-heads	% up to which the original provision was increased in the Sub-heads	Amount Surrendered
		No. of orders	Amount	No. of orders	Amount			
2007-08	591.39	20	124.71	6	40.90	21	07	83.81
2008-09	1993.07	45	286.29	18	175.68	14	09	110.61
2009-10	2033.49	58	460.61	13	136.74	23	07	323.87

From **Table 8.20** it could be seen that during the year 2009-10, a total of 71 re-appropriations orders were issued by the Ministry in the grant involving ₹ 597.35 crore thereby distorting the authorization approved by the Parliament. A sub-head, where the distortions were apparent is explained in the successive paragraph.

In sub-head '2851.00.102.75-Quality of Technology Support Institution and Programme' against a total provision of ₹ 239.20 crore authorized by the Parliament, ₹ 72.93 crore was re-appropriated (splitting in four instances) from this scheme to some other schemes and a sum of ₹ 49.34 crore was again re-appropriated (in one instance) into this scheme from other schemes leaving a net impact of re-appropriation from this scheme to the tune of ₹ 23.59 crore.

Unrealistic budgetary assumptions

8.37 Scrutiny of head-wise Appropriation accounts revealed that under various sub-heads, large part of the budget provisions remained unutilised during the period 2007-10 and were either surrendered or re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of ₹ ten crore and above of the budgeted provision are given in **Table 8.21**.

Table 8.21: Unrealistic budgetary assumptions

(₹ in crore)

Year	Sub-head	Budget provision	Actual expenditure	Savings (Percentage)	Reasons for savings
2007-08	2851.00.102.60-MSME cluster Development Programmes & MSME Growth Poles.	61.20	16.95	44.25 (72)	Due to Non-setting up of Common Facility Centers by the State Governments
	2851.00.102.63-Up-gradation of Database	18.00	5.64	12.36 (69)	Due to late exemption from Ministry of Finance for conducting of Evaluation Study for sub-scheme "Collection of Statistics".
2008-09	2851.00.102.75-Quality of Technology Support Institution and Programme	216.50	170.06	46.44 (21)	Due to non-approval of some of the Scheme relating to National Minimum Common Programme for implementation.
	2851.00.102.77-MSME Cluster Development Programme & MSME Growth Poles	28.55	18.08	10.47 (37)	Due to Non-completion of requirements for setting up of the common facility centre by the State Governments and late approval of scheme by Planning Commission.
	2851.00.789.01-Quality of Technology Support Institution Programme-SC Sub Plan	23.00	7.76	15.24 (66)	Due to non-approval of some of the Scheme relating to National Minimum Common Programme for implementation.
2009-10	2851.00.789.08-Prime Minister Employment Generation Programme-SC Sub-Plan	123.45	87.94	35.51 (29)	Due to receipt of fewer proposals from Scheduled Tribes and delay in holding of District Level Task Force Committees meeting.
	2851.00.796.08-Prime Minister Employment Generation Programme-SC Sub-Plan	67.50	48.09	19.41 (29)	Due to delay in holding of District Level Task Force Committees meeting.

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

Outstanding utilization certificates

8.38 Scrutiny of records revealed that 184 Utilization Certificates (UCs) were outstanding for the grants-in-aid released by the Ministry up to 31st March 2009 involving ₹ 408.29 crore as of June 2010, though these were required to be received in the Ministry by 31st March 2010. Year-wise details of outstanding UCs are as under:

Table 8.22: Outstanding utilization certificates

Year	No. of Utilization Certificates outstanding	Amount (₹ in crore)
2005-06	07	0.30
2006-07	08	0.66
2007-08	05	0.54
2008-09	164	406.79
Total	184	408.29

The Ministry has neither taken any step to obtain the UCs from defaulting institution/organizations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

Deficient Internal Audit control

8.39 The Internal Audit wing of the Ministry functions under the administrative control of the Chief Controller of Accounts of the Ministry of Industry and is responsible for conducting internal audit of the units under the Ministry of MSME. Sanctioned strength of the internal audit wing is one Sr. Accounts Officer, one Assistant Accounts Officer and 7 Senior Accountant/Accountants. The targets fixed by the internal audit wing and the achievement made during the years 2007-2010 are indicated below:

Table 8.23: Deficient internal audit control

Year	Total Units	Unit targeted	Units actually audited	% of Shortfall
2007-08	61	61	16	74
2008-09	61	61	31	49
2009-10	61	61	16	74

Scrutiny of the records in the Ministry revealed that internal control mechanism in the Ministry was deficient as no annual audit plan based on risk analysis has been prepared. The shortfall in the targets ranged between 49 per cent to

74 per cent as evident from above table. A large number of internal audit paragraphs were pending for final settlement as on 31st March 2010.

Grant No. 105: Ministry Of Youth Affairs and Sports

Introduction

8.40 The Ministry of Youth Affairs and Sport owes its origin to the Department of Sports which was set up in the year 1982 at the time of IXth Asian Games in New Delhi. During the International Youth Year 1985 it was upgraded to the Department of Youth Affairs & Sports and in May 2000 it became a full-fledged Ministry. The Ministry pursues the twin objectives of personality building and nation building that is, developing the personality of youth and involving them in various nation-building activities. Sports promotion is primarily the responsibility of the various National Sports Federations, which are autonomous. The role of the Government is to create the infrastructure and promote capacity-building for broad-based sports as well as for achieving excellence in various competitive events at the national and international levels. The Ministry's schemes are geared towards achieving these objectives.

Budget and expenditure:

8.41 The overall position of budget provisions, actual expenditure and savings under the grant for the last three years is given in **Table 8.24**.

Table 8.24: Year-wise budget and expenditure

(₹ in crore)

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2007-08	828.26	97.00	719.97	96.63	108.29	0.37
2008-09	1528.39	171.02	1394.55	170.96	133.84	0.06
2009-10	2891.75	844.28	2856.99	813.92	34.76	30.36

Surrender of savings

8.42 Test check of head-wise Appropriation accounts for the period 2007-10 revealed that contrary to the General Financial Rules, the Ministry surrendered its savings on the last day of the financial year. The details of amounts surrendered during 2007-10 are given below:

Table 8.25: Surrender of savings

(₹ in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2007-08	108.29	0.37	88.78	0.00	19.51	0.37	31.03.2008
2008-09	133.84	0.06	106.39	0.00	27.45	0.06	31.03.2009
2009-10	34.76	30.36	20.21	30.00	14.55	0.36	31.03.2010

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

Rush of expenditure during March and last quarter of the financial year

8.43 In terms of Rule 56 (3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. Further, the Ministry of Finance, Department of Expenditure also issued instructions to all Ministries/departments in September 2007 to restrict their expenditure during the last quarter of the financial year to 33 per cent and during March 15 per cent of the budget estimates.

However, the Ministry did not follow the GFR and instructions of the Ministry of Finance and incurred very significant expenditure in the month of March/during last quarter of the financial years 2007-10 as detailed in **Table 8.26**.

Table 8.26: Rush of expenditure during the month of March/last quarter of the financial year

(₹ in crore)						
Sl. No.	Year	Budget Estimate	Expenditure incurred in March	Percentage of expenditure incurred in March	Expenditure incurred during last quarter of the financial year	Percentage of expenditure incurred during last quarter of financial year
1.	2007-08	780.00	239.88	31	287.37	37
2.	2008-09	1111.81	421.07	38	620.06	56
3.	2009-10	3073.00	1288.86	42	1559.79	51

Since the funds released in March cannot be constructively spent during the year, which closes on the last day of the same month/quarter, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

Persistent savings

8.44 Scrutiny of head-wise Appropriation accounts disclosed that under various sub-heads, large budget provisions remained unutilised persistently during the period 2007-10 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. A test check of records pertaining to schemes having persistent savings during 2007-10 disclosed that in spite of persistent unspent provisions in the previous years; the Ministry had made no efforts to make the budget estimates more realistic to avoid large savings in the subsequent years leading to unrealistic budgeting, deficient financial management besides shortfall in performance of the schemes.

'National Service Scheme' of the Ministry witnessed the persistent savings in the functional head as well as in the head through which grants are released to the States as detailed in **Table 8.27**.

Table 8.27: Persistent savings

(₹ in crore)

Sub-head	Year	Budget provision	Actual disbursement	Savings	Reasons
2204.00.001.02- National Service Scheme	2007-08	6.73	4.27	2.46	Due to non-receipt of demand from various regional centers.
	2008-09	10.38	5.99	4.39	Due to receipt of less proposals from various regional centers for reimbursement of salary and other claims.
	2009-10	9.65	7.23	2.42	Due to economy instructions issued by the Ministry of Finance, less expenditure under domestic travel, office expenses, medical & OTA etc.
3601.01.187.01- National Service Scheme	2007-08	2.76	0.67	2.09	Due to non-receipt of demands from various State Governments.
	2008-09	2.60	0.54	2.06	Due to receipt of fewer demands from the state government and fewer proposals from various regional centers for conducting regular and special programmes in states.
	2009-10	2.31	0.61	1.70	Due to less number of claims submitted by the State Governments for reimbursement.
3601.03.156.01- National Service Scheme	2008-09	76.88	47.33	29.55	Due to receipt of few numbers of viable proposals from the State Governments.
	2009-10	76.88	54.34	22.54	Due to non-implementation of enhanced rate of stipend owing to delay in receipt of approval from Expenditure Finance Committee.

Non-utilisation of entire/large funds

8.45 Scrutiny of head-wise Appropriation accounts for the years 2007-10 disclosed that the entire/large provisions under the sub-heads as discussed below remained unutilised. The Ministry attributed these savings to non-approval/finalisation of the schemes.

a) Nagar Palika Yuva Krida aur khel Abhiyan

The scheme was to be initiated for providing basic sports infrastructure in urban areas, particularly smaller towns and within those, the poorer areas. The test check of head-wise Appropriation accounts revealed that the entire budget provision of ₹ 9 crore and ₹ 4 crore remained unutilized during the years 2008-09 and 2009-10 due to non finalization of scheme.

b) Scheme for promotion of Sports and Games in Schools, Colleges and Universities

The Scheme for promotion of sports and games in Schools and Colleges and Universities was formulated with the aims at giving a critical thrust to broad-basing of sports and games in schools, colleges and universities and encouraging excellence in sports in educational institution with a view to encouraging mass participation in sports as well as increasing the base of talented sports person.

A review of Appropriation accounts revealed that during the year 2007-08 out of the allocated fund of ₹ 5.40 crore, ₹ 5.29 crore was spent leaving an unspent balance of ₹ 0.11 crore. The Ministry did not furnish the purpose for which the expenditure was incurred as during the subsequent two years, i.e. 2008-09 and 2009-10, the entire budget provision of ₹ 12 crore (₹ 8 crore and ₹ 4 crore respectively) remained unutilised due to 'non-finalisation of the scheme'. Since the scheme was not finalised during 2008-10, purpose on which ₹ 5.29 crore was incurred during the year 2007-08 was not known to Audit in absence of non-furnishing of reply to audit memo issued in August 2010.

c) Promotion of sports among person with disability

The scheme was introduced to provide focused support to the physically and intellectually challenged. Under the scheme special coaching and training requirements of the target groups, organizing competitions at District, State and National level, participation in international competitions, and other need-based specialised support were to be provided.

A review of head-wise Appropriation accounts revealed that out of total budget provision of ₹ 15 crore during 2007-10, ₹ 10 crore remained unutilised during 2007-08 and 2008-09 due to non-finalization of scheme and conduction of programmes by the external agencies respectively and during 2009-10 only a sum of ₹ 0.74 crore was spent due to delay in finalization of scheme, leaving unspent balance of ₹ 4.26 crore surrendered by the Ministry at the end of the year.

Large supplementary grants due to unrealistic budgetary projections

8.46 Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. While preparing the estimates of expenditures, Ministries/departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance after due deliberations and pre-budget meetings/scrutiny finalises the budget proposals. A scrutiny of the Appropriation accounts for the years 2007-08 and 2008-09 revealed that the Ministry obtained supplementary grants much in excess of the original provisions. The supplementary provisions ranged from 227 per cent to 281 per cent of the original provisions as detailed in **Table 8.28**. This indicated that the Ministry did not prepare its estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

Table 8.28: Large supplementary grants due to unrealistic budgetary projections

(₹ in crore)

Sub-head	Year	Original provision	Supplementary grant	Percent of supplementary grants (%)
6202.03.800.01- Commonwealth Games	2007-08	25.00	70.21	281
2204.00.104.42- Commonwealth Games	2008-09	224.00	509.00	227

Outstanding utilisation certificates

8.47 Scrutiny of records revealed that utilization certificates involving grants-in-aid of ₹ 177.51 crore released by the Ministry up to 31st March 2009 in 6133 cases were not furnished by the grantee institutions and were outstanding though these were due to be received by 31st March 2010. Some of these relate to the year 1987-88 onwards as detailed in **Appendix VIII-I**.

The Ministry has neither taken any step to obtain the UCs from defaulting institution/organizations nor blacklisted them from future grants where the certificate has not been received within the prescribed period.

Deficient Internal Control Mechanism

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

Table 8.29: Deficient internal audit control

Year	Target fixed (No. of divisions / units planned for audit)	No. of divisions / units actually audited	% of Shortfall
2007-08	12	09	25
2008-09	05	03	40
2009-10	04	01	75
Total	21	13	

The above table indicates that the internal control mechanism in the Ministry was not satisfactory as the shortfall ranged from 25 to 75 per cent during the years 2007-10 and the reason for shortfall has been attributed to shortage of staff.

Conclusion

8.49 As per the Allocation of Business Rules, Finance Ministry is responsible for overall financial Management of Government of India including budget and expenditure control. In terms of Rule 64 of General Financial Rules, 2005, Secretary of a Ministry/Department in his capacity as the Chief Accounting Authority of the Ministry/Department is responsible and accountable for the financial management of his Ministry/Department and has to ensure that the public funds appropriated are used for the purpose for which they were meant. He is also responsible for effective, efficient, economical and transparent use of resources of the Ministry/Department in achieving the stated programme/project objectives of that Ministry/Department while complying with performance standards. Budget Manual lists out, in detail, the role of Ministries and Departments in control of expenditure against budget.

8.50 We, however noted that inspite of introduction of zero-based budgeting, followed by Output Budget and then moving from output to outcome budget

from the fiscal year 2006-07, desired results could not be obtained. Year after year we have reported serious budgetary transgressions such as , unrealistic and defective budgeting leading to entire/large amounts being saved; unnecessary supplementary grants reflecting in whole of it getting saved; indiscriminate use of delegated powers of re-appropriation of funds, diluting the process of Parliamentary authorization; rush of expenditure during the last quarter of the financial year etc. The fact that despite specific provisions laid down in General Financial Rules and Budget Manual and successive reporting to Parliament through our Report on Finance and Appropriation Account, such deficiencies persist; indicates that the budgetary control by Ministry of Finance and the Chief Accounting Authorities in the Ministries/Departments suffer from serious systemic deficiencies which have remained unaddressed over the years vitiating the entire process.

8.51 As brought out in para 6.4 (**Table: 6.1**) of this Report, there has been an overall saving of ₹ 2,48,791 crore as against total authorisation for expenditure of ₹ 46,91,095 crore obtained from the Parliament. Considering that major portion of the Government resources comes from borrowing (Receipt of Public Debt in 2009-10 was ₹ 33,93,269 crore) at a high cost, need for realistic budgeting and efficient utilisation of resources need not be overemphasized. Appropriation Audit, of the Demands for Grants for the year 2009-10 revealed several instances of surrender of savings on the last day of the financial year. Budget allocations were made without adequate planning and approval for incurring expenditure resulting in surrenders as the schemes for which allocations were obtained could not be launched or were not approved/pending approval. Grants of D/o Agriculture and Cooperation; M/o Earth Sciences; D/o School Education & Literacy (DoSEL); M/o Small & Medium Enterprises; and M/o Youth Affairs & Sports, were selected for detail scrutiny in Audit. Glaring instances were noted in DoSEL which provided for ₹ 43,840.62 crore in budget for Universal education but many schemes could not be cleared and an amount of ₹ 5,268.63 crore remained unspent which were eventually surrendered/lapsed. Further, in case of Rain-fed Area Development Programme administered by Ministry of Agriculture, without seeking approval to the scheme, appropriated funds in three successive years and the entire budget provision remained unutilised for all the three years and was surrendered in the last quarter. To avoid recurrence of such instances, the concerned Ministry should obtain only token provision until planning stages are over and approvals of competent authority obtained. Ministry of Finance should introduce suitable checks and methodology to prevent ministries from making full provisions prematurely in such cases.

8.52 An important tool for monitoring 'Outcome' of the funds appropriated and spent through agencies other than Government Departments is by obtaining Utilisation certificates. The grants released to Bodies/Authorities have to be supported by UCs within the prescribed time frame which should govern any future release of funds/grants to that agency. Non-receipt of UCs have been reported every year and this year also no improvement was noted. End use of funds appropriated in such cases remained unverified. The Ministries, more specifically the CAOs, should pay adequate attention to this issue.

8.53 As described in Chapter 8, weak Internal Audit regime was noted in the ministries, grants of which were examined by us in detail. Internal Audit is an important management tool to keep the executive informed of the weaknesses in controls thus bringing deviations to notice and enabling timely intervention. An effective Internal Audit system should be put in place to prevent repeated lapses and improve accountability towards a more efficient budgetary control and expenditure management which would encourage efficient and optimum utilisation of available financial resources.

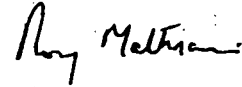
8.54 Chapter-2 of this Report highlights systemic deficiencies regarding the completeness and accuracy of the Union Government Accounts. Some of the observations contained in this Chapter was brought to the notice of the Government way back in the year 2000 and also followed up through successive Audit Reports but no perceptible progress has since been made. The response of the Ministry of Finance on such issues has throughout remained same that the 'matter has been referred to the concerned Ministry/Department for clarification'. The result of such reference/investigation is never intimated to Audit and the same deficiencies persist.

8.55 This Chapter also highlights issues relating to inadequate disclosures in the Union Accounts with respect to the recommendations of the Finance Commission, which have also not been complied with despite being principally agreed to by the Government.

8.56 It is recommended that continuous follow up and monitoring mechanism may be established by Ministry of Finance and in the Ministries/Departments with regard to audit observations contained in this Audit Report and action taken note thereon may be promptly submitted.

New Delhi

Dated : 4 March, 2011



(ROY MATHRANI)

Director General of Audit,
Central Expenditure

Countersigned

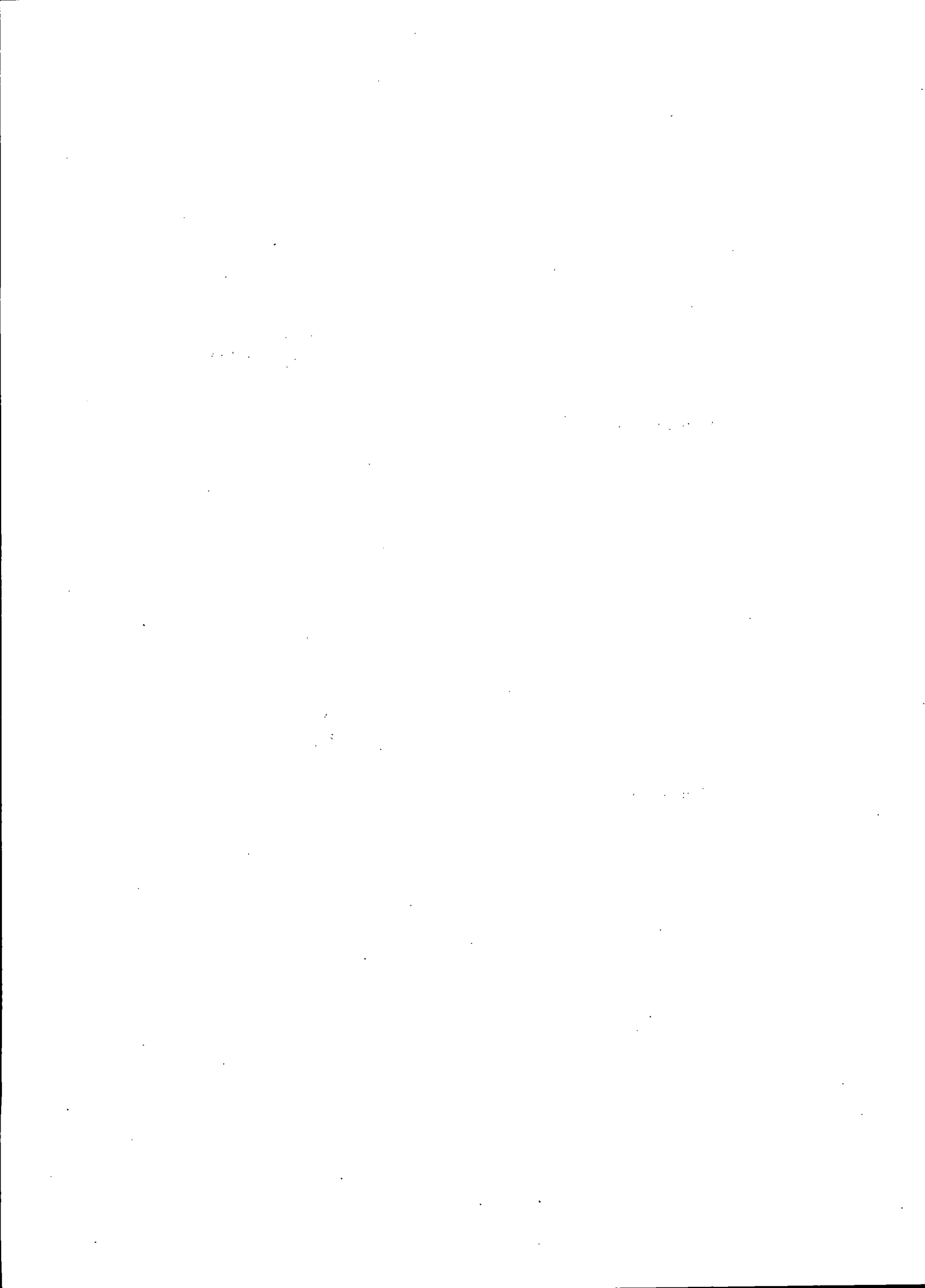
New Delhi

Dated : 4 March, 2011

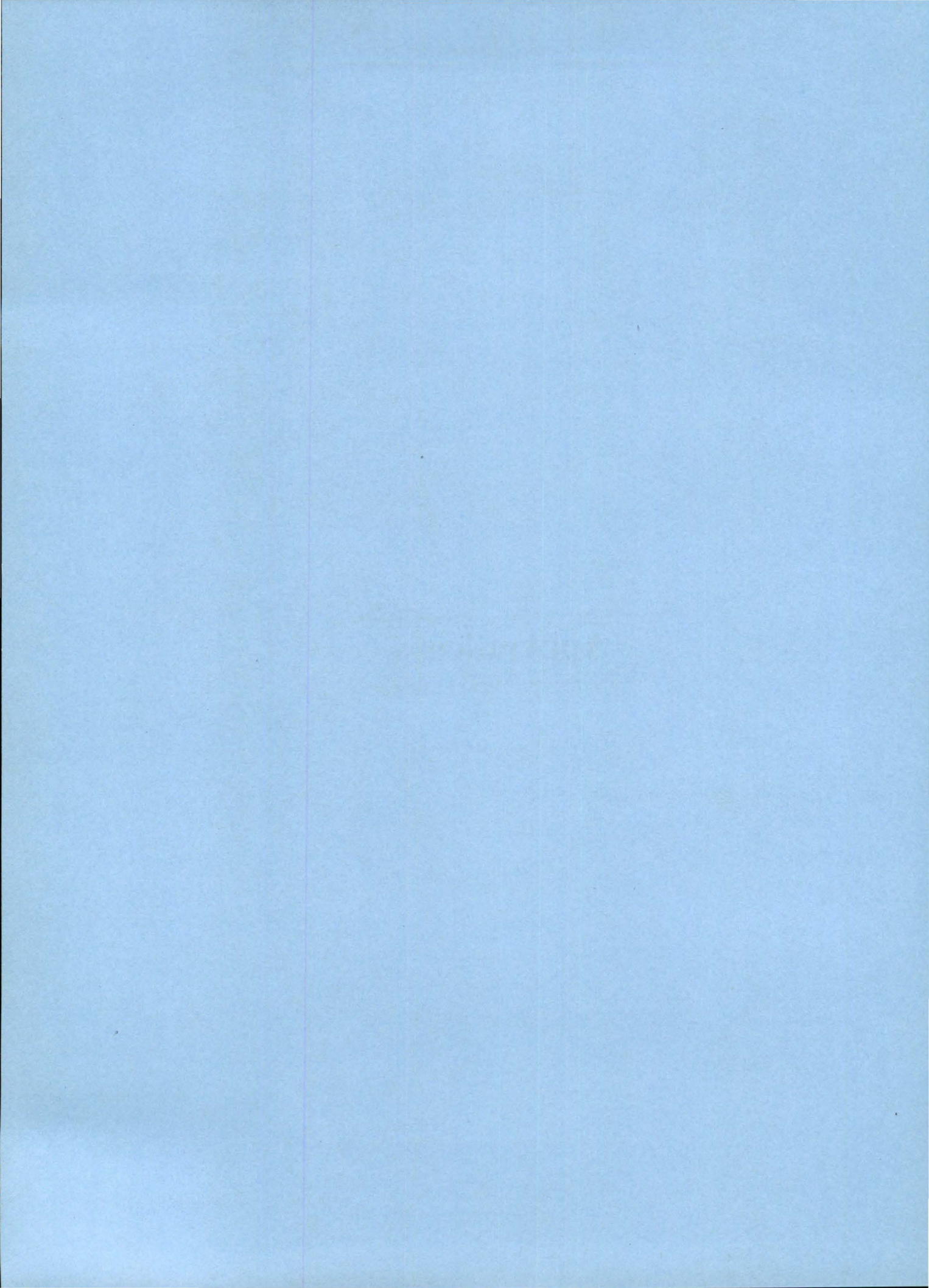


(VINOD RAI)

Comptroller and Auditor General of India



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Appendix II-A

(Refers to paragraph 2.3)

**Details of revenue and capital expenditure under
minor head '800-Other Expenditure' in 2009-10**

(₹ in crore)

Sl. no.	Major head	Expenditure under minor head 800- Other Expenditure	Total expenditure under the Major head	Percentage of "Other Expenditure" to "Total Expenditure"
1.	2070-Other Administrative Services	901.09	1286.07	70
2.	2217-Urban Development	659.93	1116.51	59
3.	2225-Welfare of SC, ST and OBCs	299.49	528.47	57
4.	2250-Other Social Services	33.31	33.86	98
5.	2416-Agricultural Financial Institutions	2831.00	2350.64	120
6.	2711-Flood Control and Drainage	150.35	151.37	99
7.	2801-Power	5189.53	7774.11	67
8.	2885-Other Outlays on Industries and Minerals	300.08	301.68	99
9.	3053-Civil Aviation	1080.95	1126.70	96
10.	3275-Other Communication Services	2891.36	5315.01	54
11.	3475-Other General Economic Services	211.24	401.06	53
12.	4070-Capital outlay on other Administrative Services	62.30	65.58	95
13.	4211-Capital Outlay on Family Welfare	1.59	1.59	100
14.	4402-Capital Outlay on Soil and Water Conservation	17.19	18.44	93
15.	4403-Capital Outlay on Animal Husbandry	7.06	9.73	73
16.	4405-Capital Outlay on Fisheries	14.22	21.54	66
17.	4407-Capital Outlay on Plantations	15.00	15.00	100
18.	4702-Capital Outlay on Minor Irrigation	3.44	5.59	61
19.	4859-Capital Outlay on Telecommunication & Electronic Industries	9.73	11.73	83
20.	5275-Capital Outlay on other Communication Services	268.75	273.61	98
21.	5403-Capital Outlay on Oceanographic Research	25.60	26.53	96
22.	5453-Capital Outlay on Foreign Trade	595.50	551.50	108
23.	5455- Capital Outlay on Meteorology	147.62	171.40	86
24.	5475- Capital Outlay on other General Economic Services	183.40	206.10	89
Total		15899.73	21763.82	

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Appendix II-B
(Refers to Paragraph 2.10)

Summarised financial results of Departmentally Managed Government Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
MINISTRY OF AGRICULTURE										
1.	Delhi Milk Scheme	2009-10	3968.33	23375.79	2790.61	(-) 3808.41	194.65	(-) 3613.76	NA	NA
2.	Ice-cum Freezing Plant, Kochi	2008-09	382.15	1656.28	73.42	(-)101.34	59.23	111.78	Nil	
DEPARTMENT OF ATOMIC ENRGY										
3.	Nuclear Fuel Complex Hyderabad	2008-09	55183.87	32317.60	23066.73	(-)6330.35	4776.15	(-)1554.20	(-)2.91	Provisional
4.	Heavy Water Plant, Mumbai	2004-05								Format of Proforma account is yet to be approved
MINISTRY OF DEFENCE										
5.	Canteen Stores Department	2007-08	48.00	2942.68	3500.69	8080.89	8807.21	16888.1	17.3	97608.94 ^a
MINISTRY OF FINANCE										
6.	Government Alkaloid Works, Neemuch	2008-09	656.74	421.45	235.29	(+)759.40	652.44	1411.84	18.14	7784.65 ^a
7.	Government Alkaloid Works, Ghazipur	2009-10	654.08	297.61	358.60	38.65	121.87	160.52	11.09	1447.43 ^a
8.	Government Opium Factory, Ghazipur	2009-10	444.26	435.75	316.00	(-)306.97	240.47	(-)66.5	(-) 2.33	2855.89 ^a

^a = Mean Capital

^a = Mean Capital

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(Refers to Paragraph 2.10)
Summarised financial results of Departmentally Managed Government Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
9.	Government Opium Factory, Neemuch	2008-09	1665.32	978.27	680.76	(+)2088.52	00.00	2088.52	173.35	1204.7 ^a
MINISTRY OF HEALTH AND FAMILY WELFARE										
10.	Central Research Institute, Kasauli	2004-05	906.87	251.03	99.81	124.24	137.04	549.86	38.44	
11.	Government Medical store Depot, Kolkata	2007-08	1972.85	48.87	35.79	(-) 40.99	67.18	26.19	2.75	952.84 ^a
12.	Government Medical store Depot, Hyderabad	2008-09	3403.52	87.64	6.18	(-)94.57	Calculation of interest has not been done	4087.59	120.09	
13.	Government Medical store Depot, Karnal	2007-08	89.42	17.22	1.33	(-) 66.87	-	322.63	-	
14.	Government Medical store Depot, New Delhi	2008-09	29.86	21.19	133.74	(+)527.97		(+)527.97	1768.31	
15.	Vegetable Garden of Central Institute of Psychiatry, Kanke, Ranchi	2009-10	0.31	0.26	-	0.64	0.12	0.81	75.61	
MINISTRY OF INFORMATION AND BROADCASTING										
16.	Film Division	2001-02	3830.07	3821.30	2090.65	(-) 1718.34	455.54	-	-	

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Appendix II-B
(Refers to Paragraph 2.10)

Summarised financial results of Departmentally Managed Government Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
MINISTRY OF NEW AND RENEWABLE ENERGY										
17.	Indian Renewable Energy Development Agency Ltd	2009-10	53960	4312.32	1515.04	7268.77 (profit after tax)	1454.00	1454.00 (Dividend)	2.74	52980 [#]
MINISTRY OF POWER										
18.	Badarpur Thermal Station, New Delhi	2005-06	42673.00	10445.00	35625.00	3100.00	863.00	3963.00	9.29	BTPS has been merged with NTPC since 30 June 2006
19.	Electricity Department, Andaman and Nicobar Islands	2001-02	17926.41	15464.33	2015.55	(-)55167.01	1718.91	(-) 694.07	(-) 61.40	-
20.	Electricity Department, Lakshadweep	2008-09	11599.68	9307.29	2292.38	(-)4670.00	941.29	614.82		
MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGH WAYS										
21.	Directorate of Lighthouses and Lightships, Noida	2009-10	21308	21308	9840	4105	527	4632	43.48	
22.	Chandigarh Transport Undertaking	2005-06	9514.45	3776.96	1094.11	(-) 1337.35	400.41	(-) 936.94	(-) 10.06	
23.	State Transport Service, Andaman & Nicobar Islands	2008-09	3438.25	1209.27	1848.35	(-)9917.87	3426.79	(-)2491.08	(-)6.11	

[#] Mean-Capital

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**Appendix II-B
(Refers to Paragraph 2.10)**

Summarised financial results of Departmentally Managed Government Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
24.	Andaman Ferry service	2002-03	26092.38	3373.67	5486.23	(-) 32.74	(-) 2553.32	(-) 2586.06	(-) 9.91	
25.	Goa Ship Yard Ltd	2005-06	1487.00	8927.00	4381.00	2822.00	-	327.00	22.00	
26.	Marine Department (Dockyard) Andaman and Nicobar Islands	2003-04	2884.55	205.10	61.60	(-) 4166.22	(-) 289.41	(-) 4455.63	(-)154.47	
27.	Shipping Services, Andaman and Nicobar Islands	2003-04	28873.79	10613.10	1695.94	(-) 32275.33	21953.38	(-) 10321.95	(-) 35.75	
MINISTRY OF URBAN DEVELOPMENT										
28.	Department of Publications	2000-01 and onwards	-	-	-	-	-	-	-	Instead of Proforma accounts, the publications department prepares stores accounts which have been audited upto 1999-2000. The Ministry decided in November 2001 to change over the accounting system to commercial pattern of accounts. The department has still not changed over.

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Appendix II-B
(Refers to Paragraph 2.10)
Summarised financial results of Departmentally Managed Government Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	%age of total return to mean Capital	Remarks
29.	Government of India Press, Ring Road New Delhi	2008-09	388	NA	18	0	19	NA	NA	
30.	Government of India Press, Rashtrapati Bhavan New Delhi	2007-08	58.24	-	2.72		2.84			
31.	Government of India Press, Nilokheri	2008-09	134	1170	0	0	0	0	0	
32.	Government of India Press, Faridabad	2008-09	873	259	33	0	30	926	106	
33.	Government of India Press, Shimla	2008-09	29	12	1	0	0	1	3.9	
34.	Government of India Press, Coimbatore	2008-09	0	0	130	0	0	0	0	
35.	Government of India Text Book Press, Bhubaneswar	2008-09	249	39	1	0	0	281	112	
36.	Government of India Text Book Press, Mysore	2008-09	0	57	0	0	0	80	0	
37.	Government of India Press, Kolkata	2007-08	79	18	5	-	3	4	0.05	

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Appendix II-B
(Refers to Paragraph 2.10)

Summarised financial results of Departmentally Managed Government Undertakings

(₹ in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	% age of total return to mean Capital	Remarks
38.	Government of India Press, Koratty	2007-08	222	131	11	-	40	1588	363	
39.	Government of India Press, Nasik	2007-08	868	534	280	-	43	1235	-	
40.	Government of India Press, Aligarh	2007-08	314	162	163	-	15	928	-	
41.	Government of India Text Book Press, Chandigarh	2007-08	6865	182	92	-	12	547	100	
42.	Government of India Press, Gangtok	2007-08	4	7	-	-	-	4	5	
43.	Government of India Press, Satragachi	2006-07	52	0	6	0	2	24	5	

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Appendix II-C

(Refers to Paragraph 2.11)

Statement of losses and irrecoverable dues written off/waived during 2009-10

(₹ in lakh)

Name of Ministry/ Department	Write off of losses and irrecoverable dues due to									
	Failure of system		Neglect/fraud etc.		Other reasons		Waiver of recovery		Ex-gratia Payment	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Agriculture (ICAR)					17	5.02				
Atomic Energy					16	52.27				
Commerce					1	105.00				
Election Commission					1	0.02				
Mines					1	0.03				
Urban Development									41	78.99
Rural Development					5	0.05				
Petroleum & Natural Gas					1	0.41				
Labour & Employment, DGEST					1	0.29				
Rajya Sabha					2	0.23				
CBEC					21	10.67	3	0.10		
Information Technology					3	2.87				
A & N Administration									2	3.00
Space					2	2.97				
Science & Technology					12	1.68				
Defence (BRO & CSD)	8	7.33	16	8.24	66	181.34				
Post & Telecommunication			14	16.59	22	6.16	3	0.09	61	2.83
Power					1	0.07	6	0.26	22	17.00
Water Resources					8	0.93				
Total	8	7.33	30	24.83	180	370.01	12	0.45	126	101.82

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Appendix-II-D

(Refers to Paragraph 2.13.1)

Outstanding Amount of suspense account for purchases abroad (since 2001)

(₹ in thousand)

Sl. No.	Name of the Importer	No. of Loans	Amount
1.	Road & Building Deptt. Gujarat	1	1104
2.	Tamilnadu State Electricity Board	1	5198
3.	Mysore Cement Ltd.	1	4326
4.	Ministry of Railways	2	8399
5.	Pyrites Phosphates & Chemicals Ltd.	2	249513
6.	Rail Coach Factory Kapurthala	1	1895
7.	Railway Board	2	13119
8.	Rail coil spring	1	7111
9.	Ministry of Water Resources	3	9793
10.	Pawan Hans Ltd.	1	574384
11.	Department of telecommunication	6	14737
12.	The Fertilizers & Chemicals Travancore Ltd.	1	341
13.	Indian Farmers Fertilizer Cooperative Ltd	3	14257
14.	Lady Harding Medical college & Associated Hospital	1	9962
15.	Ministry of Health & Family welfare	1	136
16.	Minerals & Metals Trading Corporation	1	14444
17.	Ministry of Home Affairs, New Delhi	1	2255
18.	Ministry of Road Transport and Highways	4	289762
19.	Ministry of Road Transport and Highways- Technical	2	4082
20.	Cochin Port Trust	1	3648
21.	Delhi Electric Supply Undertaking, Delhi	1	78009
22.	Bhillai Steel Plant	1	1200
23.	Coal India Limited (WB)	1	231832
24.	CMAL-DL	1	348
25.	Jhanjra Bhillai Steel Plant	1	906
26.	OIL and Natural Gas Commission	3	59427
27.	Andhra Pradesh State Electricity Board	1	47476
28.	Helicopter Corporation of India	1	672356
29.	KRIBHCO Rain Farmin & Eastern & Western Ghat Project	2	7079
30.	Districty Poverty Initiative Project	1	14630
31.	Government of India, Dis-investment Commission	1	17805
Total			2359534

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**Appendix II-E
(Refers to Paragraph 2.13.2)**

Adverse balances under Debt, Deposit and Remittances heads

(₹ in thousands)

Sl No	Head of Account (Major/Minor Head)			Balance as on 31.3.2010	Period from which balances became adverse
Statement No. 13					
1.	8115.00.101	Depreciation Reserve Fund - Railway Commercial Lines	Dr.	24377858	2009-10
2.	8117.00.101	Railway Development Fund - Commercial Lines	Dr.	7792829	2009-10
3.	8121.00.103	Railway pension fund - Commercial Lines	Dr.	11257942	2009-10
4.	8121.00.108	Staff Benefit Fund (Railway Strategic Lines)	Dr.	2462	2009-10
5.	8229.00.200	Other Development & Welfare Fund	Dr.	1479005	2007-08
6.	8231.00.102	Railway Safety Fund (Strategic)	Dr.	1	2004-05
7.	8336.00.101	Security Deposits	Dr.	6098	2007-08
8.	8443.00.111	Other Departmental Deposits	Dr.	848125	2006-07
9.	8445.00.104	Railway Deposits - Trust Interest Account	Dr.	198265	2005-06
10.	8445.00.800	Railway Deposits - Other Deposits	Dr.	1124688	2005-06
11.	8446.00.800	Postal Deposits - Other Deposits	Dr.	165644	2005-06
12.	8448.00.102	Deposits of Local Funds - Municipal Funds	Dr.	3	2007-08
13.	8448.00.104	Deposits of Local Funds - Funds of Insurance Association of India	Dr.	291	Pre 1976-77
14.	8451.00.101	Bhopal Gas Leak Disaster Relief Fund - Claims and Relief Fund	Dr.	9296337	2005-06
15.	8451.00.102	Bhopal Gas Leak Disaster Relief Fund - Claims and Relief Fund Investment Account	Cr.	9202162	2005-06
16.	8550.00.101	Civil Advances - Forest Advances	Cr.	9344	1995-96
17.	8670.00.110	Electronic Advances	Dr.	409057	2008-09
18.	8671.00.104	Departmental Balances - Defence	Cr.	41438	2004-05

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**Appendix II-E
(Refers to Paragraph 2.13.2)**

Adverse balances under Debt, Deposit and Remittances heads

(₹ in thousands)

Sl No	Head of Account (Major/Minor Head)			Balance as on 31.3.2010	Period from which balances became adverse
Statement No. 14					
19.	6002-207	Loans from the European Economic Community	Dr.	552932	2000-01
20.	6002-208	Loans from the Government of France	Dr.	19721779	2000-01
21.	6002-226	Loans from the Agency for International Development USA	Dr.	29729759	1995-96
22.	6002-227	Loans from Government of USA under PL-480 convertible local currency credits	Dr.	12761314	1995-96
23.	8013-01-101	Deposit Scheme for Retiring Government Employees, 1989	Dr.	620407	2007-08
Statement No. 15					
24.	6202.01.203	University & Higher Education	Cr.	1568	2004-05
25.	6215.02.800	Other Loans	Cr.	16936	2001-02
26.	6216-80-190	Loans to Public Sector and other Undertakings	Cr.	2	2008-09
27.	6225.01.800	Other Loans	Cr.	829	1994-95
28.	6245.01.101	Gratuitious Relief	Cr.	830	1986-87
29.	6245.02.101	Gratuitious Relief	Cr.	2157	1997-98
30.	6402.102	Soil Conservation	Cr.	7354	1995-96
31.	6402.203	Land Reclamation and Development	Cr.	592	2007-08
32.	6404.800	Other Loans	Cr.	4099161	2004-05
33.	6405.106	Mechanisation of fishing crafts	Cr.	405	2006-07
34.	6425.108	Loans to other cooperatives	Cr.	3842580	2003-04
35.	6515.102	Community Development	Cr.	65	1986-87
36.	6801.201	Hydel Generation	Cr.	3068415	2004-05
37.	6801.205	Transmission and Distribution	Cr.	897583	2005-06
38.	6851.102	Small Scale Industries	Cr.	3120	2006-07
39.	6857.01.190	Loans to Public Sector and other Undertakings	Cr.	335320	2006-07
40.	7052.02.101	Loans to SDFC	Cr.	2941224	2002-03
41.	7425.800	Other loans	Cr.	3074	2005-06
Loans and Advances to State Governments.					
42.	7601.07	Karnataka	Cr.	4805	2006-07
43.	7601.07	Kerala	Cr.	1213	2006-07

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**Appendix II-E
(Refers to Paragraph 2.13.2)**

Adverse balances under Debt, Deposit and Remittances heads

(₹ in thousands)

Sl No	Head of Account (Major/Minor Head)		Balance as on 31.3.2010		Period from which balances became adverse
Advance to foreign Governments					
44.	7605.052	Loans to Govt. of Turkmenistan	Cr.	1,23,35	2008-09
45.	7605.053	Loans to Govt. of Khyrgyztan	Cr.	305	2007-08
46.	7605.058	Loans to Govt. of Uzbekistan	Cr.	123161	2007-08
Loans to Government servants etc					
47.	7610.203	Advances for purchase of other conveyances	Cr.	48498	2004-05
Statement No.16					
48.	8001-00-103	Fixed and Time Deposits	Dr.	48	2005-06
49.	8002-00-101	Post Office Certificates	Dr.	1505353	1999-2000
50.	8002-00-103	Treasury Saving Deposit Certificates	Dr.	6962	1976-77
51.	8002-00-105	Bank Series	Dr	189	2007-08

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Appendix II-F

(Refers to Paragraph 2.13.2)

(i) List of adverse balances in selected Pr. AOs

(₹ in thousand)

Name of the Department	Sl No	Head of Accounts	Amount	
Controller of Aids Accounts & Audit	1.	6002- External Debt 207- EEC	552932 Dr.	
	2.	6002- External Debt 208- France	19722406 Dr.	
	3.	6002- External Debt 226- USAID	29729759 Dr.	
	4.	6002- External Debt 227- USA PL 480	12761314 Dr.	
	Total 6002- External Debt (Sl No 1to4)		62,76,64,11	
Department of Economic Affairs	5.	7052-02-101-Loans for Shipping-Coastal shipping- Loans to SDFC	2941224 Cr	
	6.	7605-Advance to Foreign Governments-052 Tukmenistan	12336 Cr.	
	7.	7605-Advance to Foreign Governments-053 Kyrghyztan	305 Cr.	
	8.	7605-Advance to Foreign Governments-058 Uzbekistan	123161 Cr.	
	9.	8002-Saving certificates-104-Defence Savings certificates	95 Dr.	
	10.	8112-Special Deposits and Accounts-117-Deposits of Unit Trust of India	808 Dr.	
	11.	8013-Other Deposits and Accounts -101-Deposits scheme for retiring Govt. employees, 89	619979 Dr.	
	12.	8342-Other Deposits-117-Defined contribution pension scheme for Govt. employees	2475 Dr.	
	13.	8342-Other Deposits-120-Misc.Deposits	1090203 Dr.	
	14.	8443-Civil Deposits-103-Security deposits	3741 Dr.	
	Ministry of Health & Family Welfare	15.	8342-Other Deposits-117-Defined contribution pension scheme for Govt. employees	5699 Dr.
	CBDT	16.	7610-Loans to Govt. Servants-203-Advance for purchase of other conveyance	872 Cr.
	MEA	17.	7610-Loans to Govt. Servants-202-Advance for purchase of Motor conveyance	655 Cr.
		18.	8443-Civil Deposits-113-Deposits for purchase abroad etc.	193987 Dr.
	19.	8443-Civil Deposits-117-Deposits for work done for public bodies or private individuals	260257 Dr.	

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Appendix II-F

(Refers to Paragraph 2.13.2)

(ii) Adverse balances noticed in Pr. AOs but not reflected in consolidated Finance Accounts

(₹ in thousands)

Name of the Department	SI No	Head of Accounts	Amount
Department of Economic affairs	1	8002-Saving Certificates 104-Defence Savings certificates	95 Dr
	2	8002-Saving certificates 117-Deposits of Unit Trust of India	808 Dr
	3	8342-Other Deposits 117-Defined Contribution Pension Scheme for Govt. Employees.	2475 Dr
	4	8342-Other Deposits 120-Misc.Deposits	1090203 Dr
	5	8443-Civil Deposits 103-Security Deposits	3741 Dr
Ministry of Health & Family Welfare	6	8342.00.117-Defined Cont. Pension Scheme For Govt. Employees	5699 Dr
Ministry of External Affairs	7	7610.00.202-Advance for Purchase of Motor Conveyance.	655 Cr
	8	8443.00.113-Deposits for Purchase abroad etc.	193987 Dr
	9	8443.00.117-Deposits for workdone for Public Bodies for Private Individuals	260257 Dr

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Appendix V-A
(Refers to paragraph 5.1)
Total Liability of the Union Government

(₹ 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
2002-03	1020689	59612	196068	251293	80126	1411720	1548176
2003-04	1141706	46125	184203	241349	92376	1521556	1659634
2004-05	1275971	60877	191271	263048	92989	1692885	1823279
2005-06	1389758	94243	194199	275380	109462	1868843	1968799
2006-07	1544975	102716	201233	307546	131295	2086532	2185049
2007-08	1799651	112031	210104	339815	126787	2378284	2476357
2008-09	2019841	123046	264059	427553	128682	2699122	2840135
2009-10	2328339	134083	249306	463826#	119453#	3045701	3160924

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

As on 31.3.2010, Public Account liabilities stood at ₹10,67,541 crore, which includes ₹4,82,762 crore invested in Special State Government securities and ₹1,500 crore invested in IIFCL from 2007-08.

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Appendix V-B
(Refers to paragraph 5.6)
Unutilised external assistance – Sector-wise

(₹ in crore)

Sl. No.	Sector	Unutilised external assistance at current rate
1.	Power	7958.87
2.	Roads	11617.47
3.	Social	1571.93
4.	Urban Development	23882.75
5.	Water Resources Management	7195.09
6.	Atomic Energy	3910.62
7.	Agriculture and Rural Development	9557.49
8.	Environment and Forestry	3770.98
9.	Infrastructure sector (General)	5492.86
10.	Others	208.91
11.	Infrastructure sector (Railways)	5201.61
12.	Structure adjustment/Fast disb.	9077.58
13.	Health	4864.68
14.	Industry and Finance	607.18
15.	Energy sector (General)	1475.82
16.	Water Supply and Sanitation	8944.70
	Total	105338.54

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APPENDIX-VI-A
(Refers to paragraph 6.4)
Authorisation and disbursements

(₹ in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	Saving
A - Civil					
Voted					
I. Revenue	667429.75	81044.43	748474.18	715761.17	32713.01
II. Capital	52991.56	17953.12	70944.68	43030.69	27913.99
III. Loans and Advances	8666.78	2620.60	11287.38	9666.47	1620.91
Total	729088.09	101618.15	830706.24	768458.33	62247.91
Charged					
IV. Revenue	268466.75	49.10	268515.85	255594.04	12921.81
V. Capital	42.17	1.10	43.27	32.85	10.42
VI. Public Debt	1880843.21	1367361.86	3248205.07	3085791.90	162413.17
VII. Loans and Advances	6642.00	2200.00	8842.00	7835.01	1006.99
Total	2155994.13	1369612.06	3525606.19	3349253.80	176352.39
Grand Total	2885082.22	1471230.21	4356312.43	4117712.13	238600.30
Recoveries in reduction of disbursements			131449.43	122438.76	(-) 9010.67
Total Net Provision			4224863.00		
Total Net Disbursement				3995273.37	
B - Posts					
Voted					
I. Revenue	12090.10	432.57	12522.67	13344.83	(+ 822.16)
II. Capital	388.80	0.01	388.81	261.62	127.19
Total	12478.90	432.58	12911.48	13606.45	(+) 694.97
Charged					
III. Revenue	0.10	4.03	4.13	2.11	2.02
IV. Capital	-	0.10	0.10	0.04	0.06
Total	0.10	4.13	4.23	2.15	2.08
Grand Total	12479.00	436.71	12915.71	13608.60	(+) 692.89
Recoveries in reduction of disbursements			322.00	438.94	116.94
Total Net Provision			12593.71		
Total Net Disbursement				13169.66	

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APPENDIX-VI-A
(Refers to paragraph 6.4)
Authorisation and disbursements

(₹ in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disbursements	saving
C - Defence Services					
Voted					
I. Revenue	90847.25	2732.87	93580.12	94645.46	(+1065.34)
II. Capital	54779.62	-	54779.62	51019.42	3760.20
Total	145626.87	2732.87	148359.74	145664.88	2694.86
Charged					
III. Revenue	23.41	5.96	29.37	23.21	6.16
IV. Capital	44.38	65.77	110.15	92.95	17.20
Total	67.79	71.73	139.52	116.16	23.36
Grand Total	145694.66	2804.60	148499.26	145781.04	2718.22
Recoveries in reduction of disbursements			334.72	292.32	
Total Net Provision			148164.54		
Total Net Disbursement				145488.72	
D - Railways					
Voted					
	167186.38	5999.23	173185.61	165009.64	8175.97
Charged					
	139.50	42.71	182.20	192.53	(+10.33)
Total	167325.88	6041.94	173367.81	165202.17	8165.64
Recoveries in reduction of disbursements			61858.02	59062.04	
Total Net Provision			111509.79		
Total Net Disbursement				106140.13	
Total	Voted 1054380.24	110782.83	1165163.07	1092739.30	72423.77
CFI	Charged 2156201.52	1369730.63	3525932.14	3349564.64	176367.50
Grand Total CFI	3210581.76	1480513.46	4691095.21	4442303.94	248791.27
Total recoveries in reduction of expenditure			194364.17	182232.06	11832.11
Total expenditure as per Appropriation Account (CFI)				4260071.88	
Difference with the Figures of Finance Accounts				0.01	
Total disbursement from CFI as per Finance Account				4260071.89	

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

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APPENDIX-VI-B
(Refers to Paragraph 6.6)
Net savings in Grants/Appropriations

(₹ in crore)

Grants and Appropriations affected	Unspent provision		Excess		Net saving	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
A - Civil						
Voted	41931.90	29534.90	9218.89	-	32713.01	29534.90
No. of grants	88	72	4	-		
Charged	12921.81	163430.58	-	-	12921.81	163430.58
No. of Appropriations	35	10		-		
B - Posts						
Voted	-	127.19	822.16	-	(+) 822.16*	127.19
No. of grants		1	1	-		
Charged	2.02	0.06	-	-	2.02	0.06
No. of Appropriation	1	1	-	-		
C - Defence Services						
Voted	1549.28	3760.20	2614.62	-	(+)1065.34*	3760.20
No. of grants	3	1	2	-		
Charged	6.76	17.20	0.60	-	6.16	17.20
No of Appropriations	4	1	1	-		
D - Railways						
Voted	4577.45	5505.69	1907.17	-	2670.28	5505.69
No. of grants	7	1	8	-		
Charged	3.31	8.80	19.08	3.36	(+)15.77*	5.44
No of Appropriations	8	1	3	1		

* Excess

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APPENDIX-VI-C
(Refers to Paragraph 6.7)
Proportion of Charged and Voted Disbursements under Civil Ministries/Departments

(₹ in crore)

Sl. No	Year	Authorisation			Disbursements			Percentage of	
		Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
1.	1998-99	139083	504105	643188	139488	468679	608167	23	77
2.	1999-2000	157780	512075	669855	148642	453196	601838	25	75
3.	2000-01	173677	530530	704207	160753	405289	566042	28	72
4.	2001-02	218136	481679	699815	201574	473950	675524	30	70
5.	2002-03	230649	547152	777801	213833	504119	717952	30	70
6.	2003-04	254328	564275	818603	231100	599889	830989	28	72
7.	2004-05	278555	703835	982390	252254	724942	977196	26	74
8.	2005-06	330051	1193138	1523189	301269	1288817	1590086	19	81
9.	2006-07	449178	1635986	2085164	415785	1670413	2086198	20	80
10.	2007-08	551115	1894750	2445865	519214	1818879	2338093	22	78
11.	2008-09	780316	2440552	3220868	744116	2404957	3149073	24	76
12.	2009-10	830706	3525606	4356312	768458	3349254	4117712	19	81

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**APPENDIX-VII-A
(Refers to paragraph 7.3)**

**Statement showing cases of excess expenditure without adequate re-appropriation of funds
(₹ two crore and more)**

					(₹ in crore)
Sl. No.	Minor/Sub-head		Provision	Actual expenditure	Final excess expenditure
Civil					
2-Department of Agricultural Research and Education					
1.	2415.01.150.05- Payment of Net Proceeds of Cess under Agricultural Produce Cess Act, 1940	O R	10.00 (-) 7.55	4.90	2.45
4-Atomic Energy					
2.	2852.09.202.01-Fuel Fabrication Facilities	O S R	696.75 265.72 (-) 3.00	967.70	8.23
11-Department of Commerce					
3.	3453.00.102.01- Trade Commissioners	O R	98.58 (-) 5.93	98.72	6.07
14-Department of Telecommunications					
4.	3451.00.091.03- Centre for Development of Telematics	O R	265.00 (-) 175.00	100.00	10.00
5.	2071.01.101.01- Ordinary Pensions	O S R	1045.00 160.67 143.82	1493.92	144.43
6.	2071.01.105.02- Family Pensions	O S	189.25 63.85	277.12	24.02
19-Ministry of Culture					
7.	2205.00.105.01- National Library- Kolkata	O R	39.50 (-)10.71	35.26	6.47
8.	4202.04.106.01- Buildings	O S R	5.00 4.67 (-) 4.88	7.13	2.34
20- Ministry of Defence					
9.	2037.00.102.06- Coast Guard Organisation	O R	604.37 (-) 0.01	621.08	16.72
10.	2055.00.104.02 - Charges paid in respect of J & K Light Infantry	O S R	549.93 12.14 6.37	717.95	149.51
21-Defence Pensions					
11.	2071.02.101.01- Pension and other Retirement Benefits	O S R	19113.61 3327.29 (-) 46.81	30569.31	8175.22

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APPENDIX-VII-A

(Refers to paragraph 7.3)

Statement showing cases of excess expenditure without adequate re-appropriation of funds
(₹ two crore and more)

					(₹ in crore)	
Sl. No.	Minor/Sub-head		Provision	Actual expenditure	Final excess expenditure	
12.	2071.02.102.01-	O	635.33	1088.35	325.74	
	Pensions and other	S	87.73			
	Retirement Benefits	R	39.55			
13.	2071.02.103.01-	O	1345.64	2122.06	561.66	
	Pensions and other	S	215.91			
	Retirement Benefits	R	(-)1.15			
31-Ministry of External Affairs						
14.	2061.00.101.01- Management and Establishment	O	1246.32	1375.91	87.87	
		R	41.72			
15.	2061.00.798.03-United Nations Organisations	O	118.59	104.56	3.70	
16.	3605.00.101.10- Aid to Bhutan	O	961.00	1119.72	47.62	
		S	8.00			
		R	103.10			
17.	3605.00.101.11- Aid to Nepal	O	238.00	161.14	11.14	
		R	(-) 88.00			
18.	3605.00.101.17- ITEC Programme	O	70.00	94.61	9.61	
		R	15.00			
19.	4216.01.700.18- External Affairs	O	125.00	83.19	3.19	
		R	(-) 45.00			
34-App.-Interest Payments						
20.	2049.01.103.01- Discount on Treasury Bills- 91 Days Treasury Bills	O	4350.00	2623.35	82.35	
		R	(-) 1809.00			
21.	2049.01.108-182 Days Treasury bills	O	1400.00	830.23	28.23	
		R	(-) 598.00			
22.	2049.01.110- Interest on 364 days Treasury Bills	O	2800.00	1775.60	51.60	
		R	(-)1076.00			
23.	2049.01.115-Interest on Ways & Means Advances	O	405.00	430.92	28.92	
		R	(-) 3.00			
24.	2049.01.200.03- Compensation and other Bonds	O	4897.94	4724.27	63.25	
		R	(-) 236.92			
25.	2049.02.216- Interest on Loans from the IBRD	O	1000.34	572.46	2.04	
		R	(-) 429.92			
26.	2049.03.104.01- General Provident Fund	O	4080.43	3710.24	61.63	
		R	(-) 431.82			
27.	2049.03.104.04- State Railway Provident Fund	O	1241.15	1392.58	24.69	
		R	126.74			

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**APPENDIX-VII-A
(Refers to paragraph 7.3)**

**Statement showing cases of excess expenditure without adequate re-appropriation of funds
(₹ two crore and more)**

(₹ in crore)

Sl. No.	Minor/Sub-head		Provision	Actual expenditure	Final excess expenditure
28.	2049.03.104.02-Other State Provident Funds	O R	1332.27 35.17	1546.21	178.77
29.	2049.03.110.01- Bonus for undisbursed Pay of India Ranks	O R	90.19 79.14	301.70	132.37
30.	2049.05.103-Interest on Railway Development Fund	O R	138.29 (-) 27.94	122.36	12.01
35-Transfers to State and Union Territory Governments					
31.	2245.80.103.01- Assistance to State from NCCF for calamities of severe nature	O S R	2500.00 1200.00 (-) 1098.48	3261.52	660.00
37-Repayment of Debt					
32.	6001.00.103.01-91 Days Treasury Bills (Charged)	O S	173548.00 130001.00	305549.00	2000.00
33.	6001.00.106.30- 8% Savings Bonds,2003(Charged)	O R	6377.00 (-)157.48	6405.58	186.06
34.	6001.00.108-182 days Treasury Bills (Charged)	O S	38034.00 2516.00	41550.00	1000.00
39-Pensions					
35.	2071.01.101.01- Ordinary Pensions	O S R	5720.08 3374.00 (-) 18.04	9488.67	412.63
49-Department of Heavy Industry					
36.	4858.60.190.05- Investment in Instrumentation Ltd.	O S R	2.32 0.02 5.00	45.68	38.34
53-Police					
37.	4055.00.203.01- Directorate General of Border Security Force	O S R	819.26 0.09 104.80	932.95	8.80
38.	4055.00.203.02-Indo-Tibetan Border Police	O S R	227.35 0.02 (-) 2.53	260.13	35.29
54-Other Expenditure of the Ministry of Home Affairs					
39.	2235.60.107.03- Central Government Pension	O R	550.00 114.00	825.01	161.01

Report of the CAG on
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APPENDIX-VII-A

(Refers to paragraph 7.3)

Statement showing cases of excess expenditure without adequate re-appropriation of funds
(₹ two crore and more)

						(₹ in crore)
Sl. No.	Minor/Sub-head		Provision	Actual expenditure	Final excess expenditure	
64-Ministry of Micro, Small and Medium Enterprises						
40.	2851.00.200.16-Prime Minister's Employment Generation Programme	O	547.80	409.68	2.05	
		R	(-)140.17			
73-Ministry of Planning						
41.	3475.00.800.52-50 th Year Initiative for Planning	O	30.71	9.84	6.90	
		R	(-) 27.77			
42.	5475.00.800.14-Modernisation of Office Systems	O	13.00	9.18	2.02	
		R	(-) 5.84			
87-Ministry of Road Transport and Highways						
43.	3054.02.337.05-Maintenance by Border Roads Wing	O	96.97	99.47	2.50	
44.	3601.01.821.02- Road Works under BRDB	O	1618.01	1173.27	22.27	
		R	(-)467.01			
45.	3601.01.821.04-Expenditure on Security Cover	O	34.11	42.94	8.83	
95-Andaman & Nicobar Islands						
46.	5054.03.337.01 – Andaman Trunk Road	O	13.50	21.10	2.70	
		R	4.90			
100-Department of Urban Development						
47.	2216.05.053.01- Repair & Maintenance of Residential Buildings	O	276.50	297.19	3.21	
		R	17.48			
48.	2216.05.053.02- Construction	O	16.00	13.58	3.58	
		R	(-) 6.00			
49.	2217.05.191.04- Jawahar Lal Nehru National Urban Renewal Mission	O	15.00	8.73	2.73	
		R	(-) 9.00			
103-Ministry of Water Resources						
50.	3451.00.090.16- Ministry of Water Resources	O	21.00	27.51	4.51	
		R	2.00			
51.	2701.80.001.01- Central Water Commission	O	23.00	25.57	2.32	
		R	0.25			
52.	2701.80.002.01- Central Water Commission	O	69.22	82.02	9.84	
		S	2.96			

Report of the CAG on
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APPENDIX-VII-A
(Refers to paragraph 7.3)

Statement showing cases of excess expenditure without adequate re-appropriation of funds
(₹ two crore and more)

(₹ in crore)					
Sl. No.	Minor/Sub-head		Provision	Actual expenditure	Final excess expenditure
53.	2701.80.004.01- National Institute of Hydrology	O	5.30	10.04	4.74
54.	2701.80.004.03- Central Water and Power Research Station	O R	31.50 1.80	43.25	9.95
55.	2701.80.006.01- Central Water Commission	O R	21.90 0.45	26.35	4.00
56.	2702.02.005.01- Central Ground Water Board	O R	95.00 8.11	108.81	5.71
57.	2711.01.800.01- Central Water Commission	O R	55.00 5.00	65.35	5.35
Department of Posts					
13-Postal Services					
58.	3201.01.101.01-Circle Offices	O S R	147.76 0.45 36.79	189.34	4.34
59.	3201.01.101.03- Postal Divisions (Voted)	O S R	292.60 1.66 39.82	346.38	12.30
60.	3201.02.101.01- Existing Post Offices	O S R	4224.31 136.39 123.16	4731.67	247.81
61.	3201.02.101.10- Gramin Dak Sevak	O R	2072.84 (-) 406.58	1829.67	163.41
62.	3201.02.101.04- Premium Product Services	O R	87.88 (-) 1.95	88.87	2.94
63.	3201.02.102.02- Gramin Dak Sevak Mail Man	O R	32.00 0.75	39.88	7.13
64.	3201.02.103.06- Others	O R	136.04 11.46	153.47	5.97
65.	3201.02.104.05- Other Items	O R	100.00 (-) 100.00	65.24	65.24
66.	3201.02.104.08- Annual Maintenance	O R	27.00 (-) 15.00	17.49	5.49
67.	3201.03.101.08- Postal Life Insurance Branch Circle Offices	O R	50.60 5.91	58.59	2.08
68.	3201.04.101.01-Cost of Pay & Allowances of Audit Staff	O R	60.00 7.96	71.38	3.42

**Report of the CAG on
Union Government Accounts 2009-10**

APPENDIX-VII-A
(Refers to paragraph 7.3)

**Statement showing cases of excess expenditure without adequate re-appropriation of funds
(₹ two crore and more)**

					(₹ in crore)	
Sl. No.	Minor/Sub-head		Provision	Actual expenditure	Final excess expenditure	
69.	3201.04.102.02 - Postal Accounts Offices Circle	O S R	220.21 2.07 10.72	276.14	43.14	
70.	3201.05.053.03- Building Establishment	O R	29.94 3.06	36.74	3.74	
71.	3201.06.101.05- Payment under CGHS Schemes	O R	17.40 0.10	20.34	2.84	
72.	3201.07.101.01- Superannuation and Retirement allowances	O S R	1237.00 13.00 7.00	1519.14	262.14	
73.	3201.07.101.03- Payment to Pensioners of erstwhile Combined P&T Department	O	0.00	13.36	13.36	
74.	3201.07.102 - Commuted Value of Pension	O S R	350.00 130.00 (-) 57.00	447.33	24.33	
75.	3201.07.104- Gratuities	O S R	370.00 80.00 (-) 23.00	458.70	31.70	
76.	3201.07.108- Leave Encashment Benefits	O S R	150.00 10.00 9.00	182.15	13.15	
77.	3201.07.110- Government Contribution to defined New Pension Scheme	O S R	13.00 2.00 9.00	34.31	10.31	
78.	3201.60.102 - Social Security and Welfare Programme	O	6.00	9.05	3.05	
79.	5201.00.104- Mechanisation and Modernisation of Postal Services (Voted)	O R	360.25 (-) 160.23	241.24	41.22	
Defence Services						
22-Defence Services-Army						
80.	2076.00.101-Pay and Allowances of Army	O	33125.80	36191.25	3065.45	
81.	2076.00.103-Pay and Allowances and Misc. Expenses of Auxillary Forces	O	686.78	704.98	18.20	

**Report of the CAG on
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**APPENDIX-VII-A
(Refers to paragraph 7.3)**

**Statement showing cases of excess expenditure without adequate re-appropriation of funds
(₹ two crore and more)**

					(₹ in crore)
Sl. No.	Minor/Sub-head		Provision	Actual expenditure	Final excess expenditure
82.	2076.00.104-Pay and Allowances of Civilians	O	2961.13	3132.27	171.14
83.	2076.00.105-Transportation	O	1468.20	1791.54	323.34
84.	2076.00.106-Military Forms	O	215.13	218.52	3.39
85.	2076.00.107-Ex-Servicemen Contributory Health Scheme	O	690.00	891.96	201.96
86.	2076.00.109-Inspection Organisation	O	557.96	609.13	51.17
23 – Defence Services- Navy					
87.	2077.00.101-Pay and Allowances of Navy	O	1600.00	2656.90	323.58
88.	2077.00.104 – Pay and Allowances of Civilians	S	733.32		
88.	2077.00.104 – Pay and Allowances of Civilians	O	1249.80	1314.01	64.21
89.	2077.00.105 -- Transportation	O	225.00	232.54	7.54
26- Defence Services-Research and Development					
90.	2080.00.101 – Pay and Allowances of Service Personnel	O	156.69	220.34	63.65
91.	2080.00.102 – Pay and Allowances of Civilians	O	1440.69	1525.66	84.97
27- Capital Outlay on Defence Services					
92.	4076.01.102 – Heavy and Medium Vehicles	O	831.80	1273.56	441.76
93.	4076.02.204 – Naval Fleet	O	6840.81	7459.57	618.76
94.	4076.05.052– Machinery and Equipment	O	3302.89	3802.26	499.37
Total					21774.78

Report of the CAG on
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APPENDIX-VII-B

(Refers to paragraph 7.4)

Statement showing savings of ₹100 crore or more under various Grants/appropriations

(₹ in crore)

Sl. No	Grant No. and Controlling Ministry/department	Amount of saving
Civil		
Revenue – Voted		
1.	1-Department of Agriculture & Co-operation	155.13
2.	3-Department of Animal Husbandry, Dairying and Fisheries	333.09
3.	4- Atomic Energy	150.80
4.	5- Nuclear Power Schemes	417.46
5.	7- Department of Fertilisers	550.56
6.	15- Department of Information Technology	883.56
7.	17 -Department of Food and Public Distribution	225.61
8.	31- Ministry of External Affairs	279.72
9.	32- Department of Economic Affairs	308.66
10.	33- Department of Financial Services	1872.72
11.	35 -Transfers to State and UT Governments	5708.01
12.	42- Direct taxes	158.13
13.	46 -Department of Health and Family Welfare	603.64
14.	53 -Police	285.92
15.	56- Ministry of Housing and Urban Poverty Alleviation	276.21
16.	57 -Department of School Education & Literacy	4767.74
17.	58- Department of Higher Education	1552.60
18.	59 - Ministry of Information and Broadcasting	219.75
19.	60- Ministry of Labour and Employment	185.26
20.	62 -Law & Justice	243.48
21.	64 - Ministry of Micro, Small and Medium Enterprises	335.07
22.	69 - Ministry of Panchayati Raj	1003.89
23.	73 - Ministry of Planning	334.23
24.	74 - Ministry of Power	2325.67
25.	80- Department of Rural Development	11142.92
26.	81- Department of Land Resources	380.57
27.	85 -Department of Biotechnology	117.46
28.	86 -Ministry of Shipping	613.26
29.	87- Ministry of Road Transport and Highways	3098.99
30.	90- Ministry of Statistics and Programme Implementation	150.04
31.	92 -Ministry of Textiles	298.08
32.	97- Dadra and Nagar Haveli	718.58
33.	98- Daman and Diu	178.43
Revenue – Charged		
34.	34-Appropriation – Interest Payments	6996.56
35.	35-Transfers to State & UT Governments	4800.00
36.	94-Ministry of Tribal Affairs	1112.65
Capital – Voted		
37.	4- Atomic Energy	109.10
38.	20- Ministry of Defence	424.64
39.	28-Ministry of Development of North Eastern Region	129.44
40.	32-Department of Economic Affairs	12280.57
41.	33-Department of Financial Services	2075.00
42.	36-Loans to Government Servants etc.	120.14
43.	42-Direct Taxes	608.70

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APPENDIX-VII-B

(Refers to paragraph 7.4)

Statement showing savings of ₹100 crore or more under various Grants/appropriations

(₹ in crore)

Sl. No	Grant No. and Controlling Ministry/department	Amount of saving
44.	43- Indirect Taxes	204.86
45.	44-Department of Disinvestment	5379.90
46.	46-Department of Health and Family Welfare	996.18
47.	49-Department of Heavy Industry	168.05
48.	53-Police	2252.10
49.	57-Department of School Education and Literacy	500.00
50.	59-Ministry of Information and Broadcasting	278.08
51.	74-Ministry of Power	336.24
52.	86-Ministry of Shipping	106.33
53.	87-Ministry of Road Transport & Highways	1987.90
54.	89-Department of Space	764.67
Capital – Charged		
55.	35-Transfers to State and UT Governments	1000.94
56.	37-Appropriation - Repayment of Debt	162413.18
Defence Services		
Revenue - Voted		
57.	24-Defence Services – Air Force	564.79
58.	25-Defence Ordnance Factories	553.04
59.	26-Defence Services – Research and Development	431.46
Capital - Voted		
60.	27-Capital Outlay on Defence Services	3760.20
Department of Posts		
Capital - Voted		
61.	13-Postal Services	127.19
Railways		
Revenue -Voted		
62.	10-Operating Expenses – Fuel	150.25
63.	14-Appropriation to Funds – DRF, DF, PF and CF	4301.51
Capital - Voted		
64.	16-Assets- Acquisition, Construction and Replacement – Capital	2020.71
65.	16-Assets- Acquisition, Construction and Replacement – Railway Fund	2815.59
66.	16- Assets- Acquisition, Construction and Replacement – Railway Safety Fund	649.98
Total		260295.19

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APPENDIX-VII-C
(Refers to paragraph 7.5)

Statement showing persistent savings of ₹100 crore or more under various grants/ appropriations
(₹ in crore)

Grant No. and controlling Ministry/Department	Year	Savings during the year
Civil-Revenue (Voted)		
5- Nuclear Power Schemes	2007-08	709.46
	2008-09	520.94
	2009-10	417.46
15-Department of Information Technology	2007-08	238.62
	2008-09	257.57
	2009-10	883.56
17- Department of Food and Public Distribution	2007-08	495.87
	2008-09	276.69
	2009-10	225.61
31-Ministry of External Affairs	2007-08	164.43
	2008-09	185.62
	2009-10	279.72
33 – Department of Financial Services	2007-08	1224.47
	2008-09	922.66
	2009-10	1872.72
35 – Transfers to State and Union Territory Governments	2007-08	1481.30
	2008-09	2662.90
	2009-10	5708.01
46 – Department of Health and Family Welfare	2007-08	1467.46
	2008-09	1474.84
	2009-10	603.64
53 – Police	2007-08	285.07
	2008-09	883.98
	2009-10	285.92
57 – Department of School Education & Literacy	2007-08	2668.29
	2008-09	4906.88
	2009-10	4767.74
58-Department of Higher Education	2007-08	2952.13
	2008-09	185.14
	2009-10	1552.60
62 – Law & Justice	2007-08	309.78
	2008-09	159.84
	2009-10	243.48
64-M/o of Micro, Small and Medium Enterprises	2007-08	103.14
	2008-09	136.36
	2009-10	335.07
69-Ministry of Panchayati Raj	2007-08	1082.04
	2008-09	788.10
	2009-10	1003.89
74-Ministry of Power	2007-08	576.21
	2008-09	252.86
	2009-10	2325.67
86-Department of Shipping	2007-08	210.92
	2008-09	154.19
	2009-10	613.26

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APPENDIX-VII-C
(Refers to paragraph 7.5)

Statement showing persistent savings of ₹100 crore or more under various grants/ appropriations
(₹ in crore)

Grant No. and controlling Ministry/Department	Year	Savings during the year
87-Ministry of Road Transport and Highways	2007-08	335.62
	2008-09	171.02
	2009-10	3098.99
92- Ministry of Textiles	2007-08	147.35
	2008-09	276.59
	2009-10	298.08
Revenue (Charged)		
34-Appropriation – Interest Payments	2007-08	815.53
	2008-09	6321.66
	2009-10	6996.56
35 – Transfers to State and UT Governments	2007-08	3748.34
	2008-09	7233.77
	2009-10	4800.00
94- Ministry of Tribal Affairs	2007-08	150.53
	2008-09	230.10
	2009-10	1112.65
Capital (Voted)		
20-Ministry of Defence	2007-08	493.83
	2008-09	438.12
	2009-10	424.64
33-Department of Financial Services	2007-08	3710.03
	2008-09	3071.96
	2009-10	2075.00
49-Department of Heavy Industry	2007-08	178.56
	2008-09	157.63
	2009-10	168.05
53 – Police	2007-08	1788.67
	2008-09	2225.51
	2009-10	2252.10
86-Department of Shipping	2007-08	189.74
	2008-09	252.46
	2009-10	106.33
87-Ministry of Road Transport & Highways	2007-08	175.79
	2008-09	400.07
	2009-10	1987.90
89-Department of Space	2007-08	205.85
	2008-09	715.71
	2009-10	764.67
Department of Posts-Capital (Voted)		
Department of Posts	2007-08	141.79
	2008-09	182.31
	2009-10	127.19
Defence Services-Capital (Voted)		
26 – Capital Outlay on Defence Services	2007-08	4417.70
	2008-09	7081.13
	2009-10	3760.20

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APPENDIX-VII-D
(Refers to paragraph 7.7)

Cases where the amounts surrendered were more than the savings

(₹ in crore)

Sl. No	Grant/Appropriation	Total savings	Amount surrendered
Civil			
Revenue – Voted			
1.	14-Department of Telecommunications	87.82*	40.21
2.	31-Ministry of External Affairs	279.72	314.66
3.	35 – Transfers to State and UT Governments	5708.01	6358.02
4.	45-Ministry of Food Processing Industries	60.90	61.25
5.	49-Department of Heavy Industry	79.39	79.63
6.	103-Ministry of Water Resources	50.66	63.26
Capital – Voted			
7.	17-Department of Food and Public Distribution	0.13	0.19
8.	19-Ministry of Culture	22.88	23.40
9.	73-Ministry of Planning	27.47	29.05
Postal Services			
Capital – Voted			
10.	13- Postal Services	127.25	164.14
Defence Services			
Revenue – Voted			
11.	22- Defence Services – Army	2464.11**	838.33
12.	27-Capital Outlay on Defence Services	3760.20	3851.77

*Excess expenditure of ₹87.82 crore.

**Excess expenditure of ₹2464.11 crore.

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Appendix-VII-E
(Refers to paragraph 7.8)

**Cases where major portion of savings were surrendered on
31 March 2010 and the details of amount lapsed**

(₹ in crore)

Sl. No	Description of Grant	Amount of saving	Amount surrendered	Amount surrendered on 31 st March 2010	Percentage of amount surrendered on 31 st March in comparison with savings	Amount not surrendered and lapsed
CIVIL						
Revenue (Voted)						
1.	1-Department of Agriculture & Co-operation	155.13	118.08	118.08	76	37.05
2.	3-Department of Animal Husbandry, Dairying and Fisheries	333.09	317.07	317.07	95	16.02
3.	17 – Department of Food and Public Distribution	225.61	223.88	223.88	99	1.73
4.	31 – Ministry of External Affairs	279.72	314.66 *	314.66	112	34.94*
5.	32 – Department of Economic Affairs	308.66	213.38	213.38	69	95.28
6.	33-Department of Financial Services	1872.72	1868.29	1868.29	100	4.43
7.	35 – Transfers to State and UT Governments	5708.01	6358.02*	6358.02	111	650.01*
8.	42-Direct taxes	158.13	95.45	95.45	60	62.68
9.	46 – Department of Health and Family Welfare	603.64	363.78	363.78	60	239.86
10.	53 – Police	285.92	Nil.	Nil.	N.A.	285.92
11.	56- Ministry of Housing and Urban Poverty Alleviation	276.21	268.77	268.77	97	7.44
12.	57 – Department of School Education & Literacy	4767.74	4032.70	4032.70	85	735.04
13.	58 – Department of Higher Education	1552.60	1369.76	1369.76	88	182.84
14.	59 - Ministry of Information and Broadcasting	219.75	214.00	214.00	97	5.75
15.	60-Ministry of Labour and Employment	185.26	82.48	82.48	45	102.78
16.	62 – Law & Justice	243.48	180.03	180.03	74	63.45
17.	64 – Ministry of Micro, Small and Medium Enterprises	335.07	318.19	318.19	95	16.88
18.	73 – Ministry of Planning	334.23	311.68	311.68	93	22.55
19.	74 – Ministry of Power	2325.67	2323.20	2323.20	100	2.47

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**Appendix-VII-E
(Refers to paragraph 7.8)**

**Cases where major portion of savings were surrendered on
31 March 2010 and the details of amount lapsed**

(₹ in crore)

Sl. No	Description of Grant	Amount of saving	Amount surrendered	Amount surrendered on 31 st March 2010	Percentage of amount surrendered on 31 st March in comparison with savings	Amount not surrendered and lapsed
20.	80- Department of Rural Development	11142.92	11139.37	11139.37	100	3.55
21.	81-Department of Land Resources	380.57	380.40	380.40	100	0.17
22.	85 – Department of Biotechnology	117.46	114.40	114.40	97	3.06
23.	86 – Department of Shipping	613.26	545.86	545.86	89	67.40
24.	87 – Ministry of Road Transport and Highways	3098.99	2539.44	2539.44	82	559.55
25.	90 – Ministry of Statistics and Programme Implementation	150.04	94.93	94.93	63	55.11
26.	92 – Ministry of Textiles	298.08	276.77	276.77	93	21.31
27.	97 – Dadra and Nagar Haveli	718.58	695.53	695.53	97	23.05
28.	98 – Daman and Diu	178.43	176.92	176.92	99	1.51
Revenue - Charged						
29.	34 – Appropriation – Interest Payments	6996.56	6744.65	6744.65	96	251.91
30.	35 – Transfers to State & UT Governments	4800.00	4800.00	4800.00	100	--
31.	94– Ministry of Tribal Affairs	1112.65	1112.65	1112.65	100	--
Capital - Voted						
32.	20 – Ministry of Defence	424.64	406.10	406.10	96	18.54
33.	28 – Ministry of Development of North Eastern Region	129.44	129.39	129.39	100	0.05
34.	32 – Department of Economic Affairs	12280.57	12279.77	12279.77	100	0.08
35.	33-Department of Financial Services	2075.00	2075.00	2075.00	100	--
36.	36 – Loans to Government Servants etc.	120.14	88.81	88.81	74	31.33
37.	42 – Direct Taxes	608.70	608.29	608.29	100	0.41
38.	43 – Indirect Taxes	204.86	171.32	171.32	84	33.54
39.	44- Department of Disinvestment	5379.90	5379.90	5379.90	100	--
40.	46 – Department of Health and Family Welfare	996.18	966.03	966.03	100	0.15

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**Appendix-VII-E
(Refers to paragraph 7.8)**

**Cases where major portion of savings were surrendered on
31 March 2010 and the details of amount lapsed**

(₹ in crore)

Sl. No	Description of Grant	Amount of saving	Amount surrendered	Amount surrendered on 31 st March 2010	Percentage of amount surrendered on 31 st March in comparison with savings	Amount not surrendered and lapsed
41.	49 – Department of Heavy Industry	168.05	168.01	168.01	100	0.04
42.	53 – Police	2252.10	1519.52	1519.52	67	732.58
43.	57 – Department of School Education and Literacy	500.00	500.00	500.00	100	--
44.	59- Ministry of Information and Broadcasting	278.08	277.86	277.86	100	0.22
45.	74-Ministry of Power	336.24	333.59	333.59	99	2.65
46.	86 – Department of Shipping	106.33	102.25	102.25	96	4.08
47.	87– Department of Road Transport & Highways	1987.90	1778.42	1778.42	89	209.48
Capital-Charged						
48.	35 – Transfers to State and UT Governments	1000.94	1000.94	1000.94	100	--
49.	37 – Appropriation - Repayment of Debt	162413.18	4336.99	4336.99	2	158076.19
Defence Services						
Revenue (Voted)						
50.	26 – Defence Research and Development Organisation	431.46	408.18	408.18	95	23.28
Capital (Voted)						
51.	27 – Capital Outlay on Defence Services	3760.20	3851.77*	3851.77	102	--

* The amount surrendered was more than the savings but did not amount to excess as final expenditure was within the authorized provision.

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APPENDIX VII-F

(Refers to paragraph 7.11)

**Significant cases of major appropriation which were injudicious on account of non-utilisation
(Re-appropriation of amount of ₹ one crore and more)**

(₹ in crore)

Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final savings under sub-head after re-appropriation
Civil					
1.	1-Department of Agriculture & Cooperation	2401-Crop Husbandry	2401.00.107.01-Directorate of Plant Protection, Quarantine and Storage	2.40	3.36
2.	4-Atomic Energy	3401-Atomic Energy Research	3401.00.004.01-Bhabha Atomic Research Centre	4.30	37.26
3.	-do-	4861-Capital Outlay on Atomic Energy Industries	4861.60.204.01-Board of Radiation and Isotope Technology	3.85	5.32
4.	14-Department of Telecommunications	3275-Other Communication Services	3275.00.101.01-Wireless Planning and Coordination	7.84	11.12
5.	16-Department of Consumer Affairs	3456-Civil Supplies	3456.00.001.02-Consumer Protection Cell	4.05	8.73
6.	19-Ministry of Culture	2205-Art and Culture	2205.00.107.20-Modernisation of Museums in Metro Cities	1.60	2.50
7.	20-Ministry of Defence	2052-Secretariat General Services	2052.00.092.03-Defence Estate Organisation	1.19	2.63
8.	-do-	2075-Miscellaneous General Services	2075.00.108.01-Directorate of Canteen Services	6.19	61.47
9.	21-Defence Pensions	2071-Pensions and Other Retirement Benefits	2071.02.103.03-Leave Encashment	1.15	33.57
10.	29-Ministry of Earth Sciences	5403-Capital Outlay on Oceanographic Research	5403.00.800.02-Integrated Coastal & Marine Area Management (ICAMAM)	1.50	1.51
11.	31-Ministry of External Affairs	2061-External Affairs	2061.00.105.01-Central Passport and Emigration Organisation	10.07	21.89

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APPENDIX VII-F

(Refers to paragraph 7.11)

**Significant cases of major appropriation which were injudicious on account of non-utilisation
(Re-appropriation of amount of ₹ one crore and more)**

(₹ in crore)

Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final savings under sub-head after re-appropriation
12.	34-Interest Payments	2049-Interest Payments	2049.03.108.06-Postal Insurance and Life Annuity Fund (Charged)	220.00	278.95
13.	-do-	-do-	2049.03.111.01-Interest on Deposits Scheme for retiring Government employees (Charged)	2.00	5.47
14.	-do-	-do-	2049.03.101.01-Railway Depreciation Reserve Fund (Charged)	37.06	74.27
15.	37-Repayment of Debt	6001-Internal Debt of the Central Government	6001.00.115-14 days Treasury bills	156653.18	160945.82
16.	43-Indirect Taxes	2038-Union Excise Duties	2038.00.101.05-Pay and Accounts Offices (Central Excise) of Principal Chief Controller of Accounts, CBEC	4.09	4.50
17.	-do-	2216-Housing	2216.01.700.03-Maintenance & Repair	1.48	2.59
18.	46-Department of Health and Family Welfare	2210-Medical and Public Health	2210.01.001.03-Directorate General of Health Services	7.76	10.11
19.	-do-	2211-Family Welfare	2211.00.001.02-Expenditure in Union Territories without Legislature	1.72	4.14
20.	-do-	-do-	2211.00.101.01-Expenditure in Union Territories without Legislature	1.55	2.18
21.	-do-	-do-	2211.00.106.01-Activities at Headquarters	1.00	2.98
22.	-do-	-do-	2211.00.106.10-Information, Education and Communication - RCH Project	11.75	11.86
23.	-do-	4210-Capital Outlay on Medical and Public Health	4210.01.103.04-Setting up of Dispensaries/ Hospitals	3.96	4.01

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APPENDIX VII-F

(Refers to paragraph 7.11)

**Significant cases of major appropriation which were injudicious on account of non-utilisation
(Re-appropriation of amount of ₹ one crore and more)**

(₹ in crore)

Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final savings under sub-head after re-appropriation
24.	49-Department of Heavy Industry	6858-Loans for Engineering Industries	6858.60.190.12-Loans to Instrumentation Ltd.	38.36	38.36
25.	51-Ministry of Home Affairs	4070-Capital Outlay on Other Administrative Services	4070.00.800.14-Intelligence Bureau	3.50	5.71
26.	53-Police	2055-Police	2055.00.114.01-Inter-State Police Wireless Scheme	1.33	1.55
27.	54-Other Expenditure of the Ministry of Home Affairs	3601-Grants-in-aid to State Governments	3601.01.146.01-Enhance Compensation for death, injury, damage to properties damaged to uninsured Commercial/Industrial properties in 1984 riot	12.00	14.71
28.	58-Department of Higher Education	2202-General Education	2202.05.001.04-Central Institute of Indian Languages, (Bhartiya Bhasha Sansthan) Mysore and Regional Language Centers	3.56	3.73
29.	-do-	2203-Technical Education	2203.00.112.17-National Institute for Foundry and Forge Technology, Ranchi	3.43	5.00
30.	60-Ministry of Labour and Employment	2230-Labour and Employment	2230.01.109.04-Health	2.55	5.81
31.	64-Ministry of Micro, Small and Medium Enterprises	2851-Village and Small Industries	2851.00.102.80-Upgradation of Data Base	1.09	3.03
32.	87-Ministry of Road Transport and Highways	3451-Secretariate-Economic Services	3451.00.090.11-Ministry of Road Transport and Highways	4.96	16.15
33.	101-Public Works	2059-Public Works	2059.80.001.02-Execution	5.76	6.55
34.	-do-	4059-Capital Outlay on Public Works	4059.01.051.01-Buildings	3.60	7.63

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APPENDIX VII-F
(Refers to paragraph 7.11)

Significant cases of major appropriation which were injudicious on account of non-utilisation
(Re-appropriation of amount of ₹ one crore and more)

(₹ in crore)

Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final savings under sub-head after re-appropriation
35.	93-Ministry of Tourism	3452-Tourism	3452.01.102.07-Product/Infrastructure Development for Destination and Circuits	8.00	12.83
36.	103-Ministry of Water Resources	2701-Major and Medium Irrigation	2701.80.800.13-Investigation of Water Resources Development Scheme	2.00	4.99
37.	-do-	2702-Minor Irrigation	2702.02.005.16-Ground Water Management and Regulation	1.98	3.06
Department of Posts					
38.	13- Postal Services	3201-Postal services	3201.02.104.01-Research & Development	2.09	2.68
Defence Services					
39.	22-Defence Services -Army	2076-Defence Services-Army	2076.00.800-Other Expenditure	42.57	70.93
40.	24 - Defence Services - Air Force	2078 - Defence Services - Air Force	2078.00.105 - Transportation	9.76	25.99
41.	25 - Defence Ordnance	2079-Defence Ordnance	2079.00.110-Stores	109.39	203.99
42.	27-Capital Outlay on Defence Services	4076-Capital Outlay on Defence Services	4076.01.050 -Land	6.75	17.79
43.	-do-	-do-	4076.05.111 - Works	1.50	1.82
Total				157253.87	

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APPENDIX VII-G

(Refers to paragraph 7.12)

Significant cases of major appropriation which were injudicious
on account of final excess under the sub-head

(Re-appropriation of amount more than ₹ one crore only have been mentioned)

(₹ in crore)					
Sl no.	Number and name of grant	Major head	Minor/ Sub-head	Amount of re-appropriation from the Minor/ sub-head	Amount of excess under the Minor/ sub-head after re-appropriation
Civil					
1.	4-Atomic Energy	2852-Industries	2852.09.202.01-Fuel Fabrication Facilities	3.00	8.23
2.	11-Department of Commerce	3453-Foreign Trade and Export Promotion	3453.00.102.01-Trade Commissioners	5.93	6.07
3.	21- Defence Pensions	2071- Pensions and Other Retirement Benefits	2071.02.101.01- Pensions and Other Retirement Benefits	46.81	8175.22
4.	-do-	-do-	2071.02.103.01- Pensions and Other Retirement Benefits	1.15	561.65
5.	34-Appropriation- Interest Payments	2049- Interest Payments	2049.03.115-Interest on Ways & Means Advances (Charged)	3.00	28.92
6.	39-Pensions	2071-Pensions and other Retirement Benefits	2071.01.101.01-Ordinary Pensions	18.04	412.63
7.	53-Police	4055-Capital outlay on Police	4055.00.203.02-Indo Tibetan Border Police	2.53	53.31
8.	54-Other Expenditure of the Ministry of Home Affairs	2235-Social Security and Welfare	2235.60.107.03-Central Government Pension	114.00	161.01
9.	95-Andaman & Nicobar Islands	3054 – Roads and Bridges	3054.04.337.01- District Roads	1.06	2.92
Department of Posts					
10.	13- Postal Services	3201 – Postal Services	3201.07.104.01- Gratuities	23.00	31.70
Defence Services					
11.	23-Defence Services – Navy	2077- Navy	2077.00.105 – Transportation	10.00	17.54
Total				228.52	

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**APPENDIX-VII-H
(Refers to paragraph 7.14)**

Position of Original and Supplementary Grants/Appropriations

(₹ in crore)

Year	Provision	Revenue		Capital					Total
		Voted	Charged	Voted		Charged			
				Capital	Loans & Advances	Public Debt	Capital	Loans & Advances	
2003-04	Original	208340	143833	19634	7086	367079	36	25763	771771
	Supplementary	15888	4744	1862	1517	21702	4	1115	46832
	Percentage	8	3	9	21	6	11	4	6
2004-05	Original	215854	151300	23148	14669	342119	32	28899	776021
	Supplementary	22539	78	599	1744	180366	1	1041	206368
	Percentage	10	-	3	12	53	3	4	27
2005-06	Original	260249	164936	25972	6302	601477	53	1179	1060168
	Supplementary	34784	612	1101	1643	420204	4	4674	463022
	Percentage	13	-	4	26	70	8	396	44
2006-07	Original	310212	176989	33434	5517	1098308	80	5174	1629714
	Supplementary	90637	5146	8800	577	349582	6	702	455450
	Percentage	29	3	26	10	32	8	14	28
2007-08	Original	360510	195865	75302	4831	1611646	4322	238	2252714
	Supplementary	89998	16937	17730	2744	62573	35	3134	193151
	Percentage	25	9	24	57	4	1	1317	9
2008-09	Original	437377	243991	38329	5019	1745575	38	5073	2475402
	Supplementary	285013	113	10158	4419	442593	7	3162	745465
	Percentage	65	-	27	88	25	18	62	30
2009-10	Original	667430	268467	52991	8667	1880843	42	6642	2885082
	Supplementary	81044	49	17953	2621	1367362	1	2200	1471230
	Percentage	12	-	34	30	73	2	33	51

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Appendix VII-I
(Refers to paragraph 7.15)

Statement showing unnecessary Supplementary Grant under Minor/sub-heads

(₹ in crore)

Sl. No.	Grant no. and name	Minor head/ Sub-head	Original provision	Supple-mentary provision	Actual disburse-ment	Saving	Reasons attributed by the ministry/department
Civil							
1.	1-Department of Agriculture and Co-operation	2435.01.102.01- Strengthening of Agmark Grading Facilities	17.43	1.17	17.22	1.38	Due to economy measures.
2.	4-Atomic Energy	2852.09.200.05- General Services Organisation, Tarapur	24.72	2.13	23.64	3.21	Less requirement of funds towards petrol/diesel, etc.
3.	-do-	3401.00.004.07-Tata Memorial Centre	198.60	6.00	196.09	8.51	Less expenditure on construction activities.
4.	-do-	3401.00.004.09- Research facilities at Srinagar and Gulmarg	7.41	1.41	7.19	1.63	Less expenditure on Pay and allowances, scientific journals & spares /accessories etc.
5.	-do-	3401.00.200.01- Bhabha Atomic Research Centre	153.88	7.46	145.34	16.00	Less expenditure on Pay and allowances, scientific journals and spares/accessories etc.
6.	-do-	3401.00.800.07- Atomic Energy Education Society, Mumbai	47.72	1.92	47.54	2.10	Fewer requirements based on progress of plan projects.
7.	-do-	5401.00.400.02- Variable Energy Cyclotron Centre	61.00	6.86	55.07	12.79	Delay in starting of civil works, less expenditure on foreign expenses and non procurement of equipments, etc.
8.	-do-	5401.00.400.03- AMD-Laboratories and Other Plan Schemes	70.40	11.83	67.57	14.66	Less expenditure on procurement of consumable and spares, slow progress of construction activities, etc.
9.	14-Department of Telecommunications	2071.01.115.01- Ordinary Pensions	5.50	1.74	4.69	2.55	Receipt of less claims than anticipated.
10.	32-Department of Economic Affairs	5466.00.207.02- Maintenance of Value (MOV) Obligation	3653.93	9136.25	3653.93	9136.25	Due to non-requirement of additional funds by International Monetary Fund to maintain the value of currency in terms of SDR's
11.	37-Repayment of Debt	6001.00.105.06- African Development Fund (Charged)	8.98	9.80	8.76	10.02	Saving was due to less issue of securities
12.	-do-	6001.00.106.15-9% Relief Bonds, 1987	1.26	1.05	0.20	2.11	Preference of less claims by bond holders.
13.	-do-	6001.00.106.220- 8.5% Relief Bonds, 2001 (Charged)	79.34	1.23	26.19	54.38	Saving was due to preference of less claims by the bondholders.

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Appendix VII-I
(Refers to paragraph 7.15)

Statement showing unnecessary Supplementary Grant under Minor/sub-heads

(₹ in crore)

Sl. No.	Grant no. and name	Minor head/ Sub-head	Original provision	Supplementary provision	Actual disbursement	Saving	Reasons attributed by the ministry/department
14.	37-Repayment of Debt	6001.00.106.24 – 8% Savings Bonds, 2002	62.58	40.96	61.95	41.59	Saving was due to preference of less claims by the bondholders.
15.	43- Indirect Taxes	2038.00.101.01-Commissionerates	1825.66	15.57	1802.88	38.35	Less proposals for enhancing organisational efficiency under one per cent incremental revenue earning scheme, non-filling up of vacant posts etc.
16.	51-Ministry of Home Affairs	2070.00.119.03-Other Schemes	18.85	1.32	12.95	7.22	Non-filling up of vacant posts, receipt of less medical reimbursement claims, less foreign tours undertaken and economy measures.
17.	54- Other Expenditure of the Ministry of Home Affairs	2245.80.102.14-National Disaster Response Force	223.57	7.90	178.05	53.42	Receipt of less claim from NDR Units and economy measures.
18.	71-Ministry of Personnel, Public Grievances and Pensions	2052.00.090.05-Ministry of Personnel, Public Grievances and Pensions	113.82	3.70	93.74	23.78	Non-release of Corpus funds and Grants-in-aid to Sanskriti School, less release to Welfare Committees and non-receipts of UCs etc.
19.	100-Department of Urban Development	4216.01.700.34-Employment	0.60	1.38	0.59	1.39	Non-receipt of sufficient number of sanction from client department.
20.	101-Public Works	2059.80.001.01-Direction	116.32	4.31	115.45	5.18	Due to non filling up of vacant posts.
Defence Services							
21.	23-Defence Services-Navy	2077.00.104-Pay and Allowances of Civilians (Charged)	1.00	2.50	0.82	2.68	Due to finalisation of lesser number of court cases than anticipated.

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Appendix VII-J
(Refers to paragraph 7.16)

Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)

(₹ in crore)

Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Civil					
Grant No. 2 - Department of Agricultural Research & Education					
1.	2415.80.798.03-Other Programmes	21.00	4.71	16.29	78
Grant No. 3 - Department of Animal Husbandry, Dairying & Fisheries					
2.	2403.00.101.25- Preparedness Control & Containment of Avian Influenza	54.82	12.27	42.55	78
3.	2403.00.104.01- Sheep Breeding and Development	26.70	11.34	15.36	58
4.	2405.00.103.05- Off-shore Fisheries	35.97	18.94	17.03	47
Grant No. 4-Atomic Energy					
5.	2852.09.202.04-Fast Reactor facility	55.00	17.47	37.53	68
6.	2852.09.210.01-TDP-HWB (O&M)	15.00	0.02	14.98	100
Grant No. 8 - Department of Pharmaceuticals					
7.	2852.05.206.10-Pharmaceutical Export Promotion Scheme (PEPS)	48.50	18.63	29.87	62
Grant No. 9-Ministry of Civil Aviation					
8.	5053.80.001.01-Director General of Civil Aviation	23.00	12.18	10.82	47
9.	5053.80.800.01-Civil Aviation Security	13.80	0.52	13.28	96
Grant No. 11-Department of Commerce					
10.	3453.00.800.33-Market Access Initiative – Export Studies	124.00	63.71	60.29	49
Grant No. 12-Department of Industrial Policy & Promotion					
11.	4875.60.190.03-Delhi Mumbai Industrial Corridor Development Corporation	50.00	7.00	43.00	86
Grant No. 15-Department of Information Technology					
12.	2852.07.202.60-Electronics Governance	810.00	328.05	481.95	60
13.	2852.07.202.83-National Knowledge Network	540.00	240.00	300.00	56
Grant No. 16- Department of Consumer Affairs					
14.	3475.00.106.08- Strengthening of Weights and Measures Infrastructure	14.72	4.54	10.18	69
Grant No. 17- Department of Food & Public Distribution					
15.	2408.01.800.01-Subsidy for Maintenance of Buffer stocks of sugar	300.00	123.94	176.06	59
Grant No. 19-Ministry of Culture					
16.	2205.00.107.05-Victoria Memorial Hall, Kolkata	24.65	7.69	16.96	69
17.	2205.00.107.09-Indian Museum, Kolkata	35.25	14.48	20.77	59
18.	2205.00.107.19-Science Cities	19.28	8.50	10.78	56

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Appendix VII-J

(Refers to paragraph 7.16)

**Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Grant No.28-Ministry of Development of North Eastern Region					
19.	3601.05.104.01-Special Development Package	50.00	3.15	46.85	94
Grant No. 30- Ministry of Environment and Forests					
20.	3435.04.104.04-National Coastal Management Programme	15.50	1.52	13.98	90
Grant No. 31- Ministry of External Affairs					
21.	2061.00.798.02-Other International Organisation	21.48	9.86	11.62	54
22.	2061.00.798.07-Nalanda International University	50.00	0.24	49.76	100
23.	3605.00.101.24- Investment, Promotion and Publicity Programme	16.40	0.69	15.71	96
24.	3605.00.101.25- Aid to Central Asia	48.00	7.25	40.75	85
25.	3605.00.101.33-Aid to Afghanistan	474.05	223.39	250.66	53
Grant No.32-Department of Economic Affairs					
26.	5475.00.800.12 – Assistance for Infrastructure Development	150.00	45.85	104.15	69
Grant No.33-Department of Financial Services					
27.	2235.04.101.03-Payment of interest to lending institutions towards Agricultural Debt Waiver and Debt Relief Scheme, 2008	2151.00	458.85	1692.15	79
Grant No. 34-Appropriation – Interest Payments					
28.	2409.01.103.01-Discount on Treasury Bills – 91 Days Treasury Bills	4350.00	2623.35	1726.65	40
29.	2049.01.115- Interest on Ways and Means Advances	438.00	93.41	344.59	79
30.	2049.01.126- Interest paid on Market Stabilisation Scheme Deposits of Money in the Bank	26615.69	11829.94	14785.75	56
31.	2049.03.117- Interest on Defined Contribution Pension Scheme	50.00	4.83	45.17	90
Grant No. 35-Transfers to State & U.T. Governments					
32.	3601.02.101.19- Accelerated Power Development Programme	350.00	156.06	193.94	55
33.	3601.02.101.24- Nutritional Programme for Adolescent Girls (NPAG)	162.77	49.55	113.22	70
34.	3601.02.101.27-National E-Governance Action Plan	469.37	117.69	351.68	75
35.	3601.02.101.36-Jawahar Lal Nehru National Urban Renewal Mission	11618.62	6124.02	5494.60	47
36.	3601.02.101.42- Additional Central Assistance for Accelerated Programme of restoration and Regeneration of Forest Cover	500.00	81.66	418.34	84

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Appendix VII-J

(Refers to paragraph 7.16)

**Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Grant No.36-Loans to Government Servants, etc.					
37.	7610.00.201.01-Ministries and Union Territory Administrations	129.17	73.83	55.34	43
Grant No. 37- Appropriation – Repayment of Debt					
38.	6001.00.105.02- International Monetary Fund	14955.26	2218.00	12737.26	85
39.	6001.00.106.28- 7% Savings Bonds, 2002 (Non-taxable)	657.00	196.83	460.17	70
Grant No. 39- Pensions					
40.	2071.01.101.04- Ordinary Pensions (AIS)	50.00	13.61	36.39	73
Grant No.41-Department of Revenue					
41.	2875.01.107.02-Purchase of Opium	82.16	12.76	69.40	84
42.	3601.01.113.05-Grants to States for VAT related Expenditure	418.50	149.00	269.50	64
Grant No. 42-Direct Taxes					
43.	4059.01.800.01-Acquisition of Ready built Accommodation	602.00	7.42	594.58	99
Grant No. 43- Indirect Taxes					
44.	4047.00.037.03-Preventive and other Functions	220.00	78.65	141.35	64
45.	4059.01.800.01- Acquisition of Ready built Accommodation	50.00	6.05	43.95	88
46.	4216.01.108-Residential Buildings for Customs and Central Excise Employees	19.80	0.30	19.50	98
Grant No. 45- Ministry of Food Processing Industries					
47.	2405.00.103.06- Deep Sea Fishing Operations	134.80	71.44	63.36	47
Grant No. 46- Department of Health and Family Welfare					
48.	2210.01.800.26-Expenditure to be incurred on Institutions of higher learning as per Oversight Committee	50.00	30.00	20.00	40
49.	2210.05.105.26-Cancer Research	86.05	39.84	46.21	54
50.	2210.06.101.12-Iodine Deficiency Disorders Control Programme	32.70	19.62	13.08	40
51.	2210.06.106.01-B.C.G. Vaccine Laboratory, Guindy, Chennai	17.50	4.74	12.76	73
52.	2210.06.800.24-New Initiatives under Central Schemes	83.49	18.81	64.68	77
53.	2210.06.800.26-Assistance for Capacity Building for Trauma Centre	107.00	52.66	54.34	51
54.	2210.06.800.30-Districts Hospitals	36.00	16.00	20.00	56
55.	2210.06.800.31-Human Resources for Health	47.00	17.23	29.77	63
56.	2211.00.003.02-International Institute for Population Sciences, Mumbai	98.60	14.30	84.30	85

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Appendix VII-J

(Refers to paragraph 7.16)

**Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
57.	2211.00.108.08-USAID assisted Project-SIFPSA, U.P., Lucknow	50.00	11.96	38.04	76
58.	2211.00.200.04-Social Marketing of Contraceptives	38.50	21.86	16.64	43
59.	2211.00.800.14-Management Information System	64.52	35.21	29.31	45
60.	3601.04.240.03-Free supply of FP Material	60.00	34.87	25.13	42
61.	3601.04.263.04-National Vector Borne Disease Control Programme (Urban)	19.54	3.25	16.29	83
62.	4210.03.105.05-Lady Harding Medical College and Smt. S.K. Hospital	40.00	22.55	17.45	44
63.	4216.01.700.51-Establishment of AIIMS type Super-Specialty Hospitals-cum-Teaching Institutions and upgrading of State Government Hospitals	180.00	81.75	98.25	55
Grant No. 47- Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)					
64.	2210.02.001.03- Expenditure on International Exchange Programme/Seminar Workshop on AYUSH	19.00	4.13	14.87	78
65.	2210.02.200.23- Scheme for AYUSH Dispensaries	49.50	24.00	25.50	52
66.	2210.05.101.12-Development and up-gradation of AYUSH Institutions/Colleges	40.00	20.00	20.00	50
Grant No. 49- Department of Heavy Industry					
67.	2852.06.103.28- Interest subsidy on bank finance to PSE for Implementation of Voluntary Retirement Scheme	20.29	10.27	10.02	49
Grant No. 51-Ministry of Home Affairs					
68.	3601.02.101.46-Modernization of Fire Services in States	33.00	13.40	19.60	59
Grant No. 52-Cabinet					
69.	2013.00.108.01-Cabinet Ministers	135.00	70.27	64.73	48
70.	2013.00.108.02-State Ministers	25.76	11.28	14.48	56
71.	4055.00.206.03- General	68.00	34.96	33.04	49
Grant No. 53-Police					
72.	3601.02.117.01-Critical Infrastructure in extremist Affected Areas	100.00	30.00	70.00	70
73.	4055.00.201.04-Modernisation	44.57	25.50	19.07	43
74.	4055.00.213.05-Modernisation	70.09	24.54	45.55	65
75.	4055.00.800.02-Central Forensic Science Laboratory	36.33	14.27	22.06	61
76.	4055.00.800.08-Indo-Myanmar Border Works	36.00	14.04	21.96	61

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Appendix VII-J
(Refers to paragraph 7.16)

**Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Grant No. 54-Other Expenditure of the Ministry of Home Affairs					
77.	2235.60.200.12- Central Scheme for assistance to victims of Terrorist and Communal violence	47.00	4.56	42.44	90
78.	2245.80.102.04-National Disaster Management Authority	88.06	36.92	51.14	58
79.	3601.01.343.06-Jammu and Kashmir Relief & Rehabilitation	210.00	120.00	90.00	43
Grant No. 58-Department of Higher Education					
80.	2202.80.107.18-Scholarship for College and University Students	99.00	58.85	40.15	41
81.	2203.00.105.04- Grants for Quality Improvement Programme-Community Polytechnics	141.30	48.14	93.16	66
82.	2203.00.105.13-Upgradation of existing/setting up of new Polytechnics	45.00	16.30	28.70	64
83.	2203.00.105.14-Women's Hostel in Polytechnics	90.00	41.80	48.20	54
84.	2203.00.112.43- Setting up of New Indian Institutes of Management (IIMs)	20.00	4.00	16.00	80
Grant No.59-Ministry of Information and Broadcasting					
85.	6221.00.101.01-Prasar Bharti	355.84	134.85	220.99	62
Grant No. 60 -Ministry of Labour & Employment					
86.	2230.01.797.03-Transfer to Iron, Manganese Chrome Ore Fund	25.00	10.72	14.28	57
87.	2230.01.797.04-Transfer to Limestone and Dolomite Mines Fund	25.00	6.09	18.91	76
Grant No. 62- Law & Justice					
88.	2014.00.800.09- Computerization of District and subordinate Courts	109.50	62.36	47.14	43
89.	2015.00.102.01-Reimbursement to State/ UT Governments	80.00	12.01	67.99	85
90.	2015.00.103.01-Reimbursements to State/ UT Governments	140.00	84.33	55.67	40
91.	2015.00.108.01-Reimbursement to State Governments	43.00	14.39	28.61	67
92.	4070.00.001.04-Acquisition of land and construction of Building for Income tax Appellate Tribunal	40.87	0.08	40.79	100
Grant No. 67- Ministry of New and Renewable Energy					
93.	2810.00.105.02-International Relations	15.01	4.83	10.18	68
Grant No. 68-Ministry of Overseas Indian Affairs					
94.	4059.60.051.23-Pravasi Bhartiya Kendra	20.00	2.00	18.00	90

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(Refers to paragraph 7.16)
Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)**

(₹ in crore)					
Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Grant No. 73- Ministry of Planning					
95.	3454.02.206.01-Unique Identification Authority of India	92.79	18.71	74.08	80
96.	3475.00.800.52-50 th Year Initiative for Planning	30.71	9.84	20.87	68
97.	3475.00.800.71-Strengthening Evaluation Capacity in Government	12.00	1.68	10.32	86
98.	5475.00.112.38-Unique Identification Authority of India	27.21	6.96	20.25	74
Grant No. 74 – Ministry of Power					
99.	2801.80.800.19- Consultancy charges for APDRP project	30.00	10.52	19.48	65
100.	2801.80.800.26- Accelerated Power Development and Reform Programme (APDRP)	80.00	1.26	78.74	98
101.	2801.80.800.27- Energy Conservation	56.00	18.00	38.00	68
Grant No.81- Department of Land Resources					
102.	2501.05.101.08- Professional Support & other Activities	82.50	19.30	63.20	77
103.	2506.00.001.01-National Land Records Moderanisation Programme	45.80	8.04	37.76	82
Grant No.83-Department of Science and Technology					
104.	3425.60.200.45-Mega Facilities for Basic Research	40.00	19.99	20.01	50
Grant No.84-Department of Scientific and Industrial Research					
105.	3425.60.200.03-Grants-in-aid for Technology Promotion Development & Utilisation Programme	40.50	14.67	25.83	64
Grant No. 86– Ministry of Shipping					
106.	2852.06.102.10-Ship Building Subsidy	175.00	102.15	72.85	42
Grant No. 87– Ministry of Road Transport & Highways					
107.	3055.00.004.20 – Road Safety	79.00	21.04	57.96	73
108.	3055.00.004.21 – National Data Base Network	56.00	0.02	55.98	100
109.	5054.01.052.02 – Machinery and Equipment	15.00	0.35	14.65	98
Grant No. 88 – Ministry of Social Justice & Empowerment					
110.	2225.01.277.18 – Top Class Educations for SCs	19.00	8.26	10.74	57
111.	2225.01.800.07–Assistance to Voluntary Organisation for Scheduled Castes	34.00	11.23	22.77	67
112.	2225.01.800.27-Self Employment Scheme for Liberation and Rehabilitation of Scavengers	97.00	50.00	47.00	48
113.	3601.04.341.01-Boys Hostels	31.50	4.60	26.90	85
114.	3601.04.341.06-Girls Hostels	45.00	22.34	22.66	50

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Appendix VII-J

(Refers to paragraph 7.16)

**Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
115.	3601.04.344.01-Pradhan Mantri Adrash Gram Yojna	97.00	4.00	93.00	96
Grant No. 89- Department of Space					
116.	3402.00.102.02-Development and Educational Communication Unit (DECU)	56.88	20.77	36.11	63
117.	3402.00.102.10-Disaster Management Support	30.00	7.20	22.80	76
118.	5252.00.203.03-INSAT-4 Satellites	282.04	154.04	128.00	45
119.	5252.00.204.01-INSAT MCF	35.18	17.93	17.25	49
120.	5402.00.101.07-Liquid Propulsion Systems Centre (LPSC)	49.10	25.11	23.99	49
121.	5402.00.101.09-Laboratory for Electro-Optics Systems (LEOS)	20.11	9.45	10.66	53
122.	5402.00.101.35-Manned Mission initiatives/Human Space Programme	210.00	5.98	204.02	97
123.	5402.00.103.03-Indian Lunar Mission – Chandrayanna-1&2	84.62	14.74	69.88	83
124.	5402.00.800.02- Special Indigenisation/Advance Ordering	201.00	60.00	141.00	70
Grant No. 91- Ministry of Steel					
125.	2852.80.800.23- Scheme for Promotion of Research & Development in Iron & Steel Sector	26.00	4.13	21.87	84
Grant No. 93- Ministry of Tourism					
126.	3602.04.826.01-Product/Infrastructure Development for Destination and Circuits	20.00	4.30	15.70	79
Grant No. 94- Ministry of Tribal Affairs					
127.	3601.03.360.04-Development of Primitive Tribal Groups (Charged)	151.00	75.00	76.00	50
Grant No. 100- Department of Urban Development					
128.	4216.01.700.05-Audit	25.00	14.19	10.81	43
129.	4216.01.700.17-Lok Sabha/Rajya Sabha	18.82	8.38	10.44	55
Grant No. 101-Public Works					
130.	2059.01.799.01- Stock	18.00	7.71	10.29	57
131.	4059.80.051.11-Home Affairs	15.00	2.46	12.54	84
Grant No. 103- Ministry of Water Resources					
132.	2701.80.004.08-Hydrology Project	38.10	21.54	16.56	43
Grant No. 104- Ministry of Women & Child Development					
133.	2235.02.102.18- Integrated Child Development Services	34.59	15.39	19.20	56
134.	2235.02.103.57-Priyadarshini	27.00	0.04	26.96	100
135.	2235.02.800.21-Information, Mass Education and Publication	45.00	18.21	26.79	60

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Appendix VII-J
(Refers to paragraph 7.16)
Statement showing cases of unrealistic budgetary assumptions
(Savings of ₹ ten crore and above and constituting more than 40 per cent
of the budgeted provision)

(₹ in crore)

Sl. No.	Minor/Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Defence Services					
27 – Capital Outlay on Defence Services					
136.	4076.01.107 – Ex-Servicemen Contributory Health Scheme	37.00	5.91	31.09	84
137.	4076.01.113 – National Cadet Corps	27.30	3.60	23.70	87
138.	4076.03.102 – Heavy and Medium Vehicles	84.56	23.20	61.36	73
139.	4076.04.052 – Machinery and Equipment	445.13	97.39	347.74	78
Department of Posts					
13 – Postal Services					
140.	3201.08.101 – Post Cards, Envelopes, Stamps	45.53	22.08	23.45	52

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Appendix VII-K
(Refers to paragraph 7.17)

**Statement showing cases of savings of ₹ ten crore and above
where entire provision remained unspent**

(₹ in crore)

Sl. No.	Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Civil					
Grant No. 3 - Department of Animal Husbandry, Dairying & Fisheries					
1.	2403.00.101.29- National Animal Disease Reporting System (NADRS)	47.04	-	47.04	100
2.	3601.04.577.08- National Control Programme of Peste des Petitis Ruminants (PPR)	35.90	-	35.90	100
Grant No. 4-Atomic Energy					
3.	4861.60.203.59- Integration of Nuclear Recycle Facilities and Renovation of Process Auxiliary System at Tarapur and Kalpakkam	10.00	-	10.00	100
Grant No. 8 - Department of Pharmaceuticals					
4.	6857.02.190.04-Hindustan Antibiotics Ltd.	20.02	-	20.02	100
Grant No. 10-Ministry of Coal					
5.	2803.00.101.01 – Payment against collection of cess (Excise duty) towards Development of transportation infrastructure in coalfield area	22.00	-	22.00	100
6.	2803.00.800.02 – Environmental Measures & Subsistence Control	15.00	-	15.00	100
Grant No. 11-Department of Commerce					
7.	2407.60.800.03- Crop Insurance	10.00	-	10.00	100
Grant No. 14-Department of Telecommunications					
8.	5275.00.800.02-Undersea Cabling between Land and Andaman & Nicobar	61.00	-	61.00	100
Grant No. 17- Department of Food & Public Distribution					
9.	2408.01.102.08- Subsidy to State Government and UTs Administration for implementation of a Pilot scheme on introduction of Smart Card based delivery of essential commodities under TPDS	142.28	-	142.28	100
10.	2408.01.800.07- Interest Subvention to Cooperative Sugar Mills through NABARD	31.11	-	31.11	100
Grant No. 19-Ministry of Culture					
11.	2205.00.105.04-Other Schemes	13.00	-	13.00	100
Grant No. 30- Ministry of Environment and Forests					
12.	2406.04.101.05-A Forestation through PRI's (NCMP-related Scheme)/Panchayat Van Yojna	10.00	-	10.00	100
Grant No. 31- Ministry of External Affairs					
13.	2061.00.798.06-South Asian University	80.00	-	80.00	100
Grant No. 32- Department of Economic Affairs					
14.	5466.00.207.01 – Subscription to International Monetary Fund	3035.61	-	3035.61	100

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**Appendix VII-K
(Refers to paragraph 7.17)**

**Statement showing cases of savings of ₹ ten crore and above
where entire provision remained unspent**

(₹ in crore)

Sl. No.	Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Grant No. 33-Department of Financial Services					
15.	2416.00.800.07-Revival of Long Term Cooperative Credit Structure	1000.00	-	1000.00	100
Grant No. 34-Appropriation – Interest Payments					
16.	2048.22.200.13- Payment of Premium on buy back of Government Securities	2400.00	-	2400.00	100
Grant No. 35-Transfers to State & U.T. Governments					
17.	3601.02.101.41- Additional Central Assistance for Desalination Plant at Chennai	300.00	-	300.00	100
18.	3601.02.101.43-Additional Central Assistance for infrastructure support for opening bank branches in unbanked blocks	100.00	-	100.00	100
19.	7601.06.200-Other Ways and Means Advances (Charged)	1000.00	-	1000.00	100
Grant No. 42-Direct Taxes					
20.	4216.01.111.01-Acquisition of Ready-built Flats	15.00	-	15.00	100
Grant No. 44-Department of Disinvestment					
21.	5467.00.797.01- Transfer to National Investment Fund	2689.95	--	2689.95	100
22.	5467.00.101.01- SBI Mutual Fund	427.81	--	427.81	100
23.	5467.00.102.01- UTI Mutual Fund Investment	427.81	--	427.81	100
24.	5467.00.103.01- LIC Mutual Fund	1834.32	--	1834.32	100
Grant No. 46- Department of Health and Family Welfare					
25.	2210.06.800.32-Health Insurance (Urban Health Mission)	44.00	--	44.00	100
26.	4210.01.800.07-Expenditure to be incurred on Institutions of higher learning as per Oversight Committee	35.00	--	35.00	100
27.	4210.04.200.10-Strengthening/Creation of Paramedical Institute	15.00	--	15.00	100
28.	4210.04.200.11-National AIDS Control Programme	20.00	--	20.00	100
29.	4216.01.700.52-Expenditure to be incurred on Institutions of higher learning as per Oversight Committee	15.00	--	15.00	100
Grant No. 49- Department of Heavy Industry					
30.	2852.06.103.42- Modernization of Capital Goods Sector	24.00	-	24.00	100
31.	4858.60.190.10-Investment in Bharat Bhari Udyog Nigam Ltd.	10.44	-	10.44	100
32.	4858.60.190.11-Investment in HMT Ltd.	18.42	-	18.42	100
33.	4858.60.190.20- Lump sum provision for Restructuring of PSEs	15.00	-	15.00	100

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Appendix VII-K
(Refers to paragraph 7.17)

**Statement showing cases of savings of ₹ ten crore and above
where entire provision remained unspent**

(₹ in crore)

Sl. No.	Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
34.	6854.60.800.01 – Implementation of revival schemes of PSE's	150.00	-	150.00	100
35.	6858.60.190.07 – Implementation of Voluntary Retirement Schemes and payment of statutory dues	250.00	-	250.00	100
Grant No. 58-Department of Higher Education					
36.	2203.00.112.38- Setting up of New Indian Institute of Information Technology	54.00	-	54.00	100
37.	3601.01.166.01- Improvement in the pay scales of University and College Teachers	250.01	-	250.01	100
Grant No. 73- Ministry of Planning					
38.	2203.00.800.18-New Initiative in Skill Development through PPP	15.00	-	15.00	100
39.	3475.00.800.82-Support to Planning Process at National, State and District Level	20.00	-	20.00	100
40.	3601.03.431.02-Support to Planning Process at National, State and District Level	175.00	-	175.00	100
Grant No. 80- Department of Rural Development					
41.	2515.00.800.23- Provision of Urban Amenities in Rural Area (PURA)	27.00	-	27.00	100
Grant No. 81- Department of Land Resources					
42.	2501.05.101.09- Bio-Fuels Scheme	27.00	-	27.00	100
Grant No. 83-Department of Science and Technology					
43.	3425.60.600.03-Payment against receipts under R&D Cess	10.00	-	10.00	100
Grant No. 86- Ministry of Shipping					
44.	2852.06.102.25-Grants to Hindustan Shipyards Limited for Establishment and other costs	14.00	-	14.00	100
45.	5075.60.800.06 – Sethusamudram Ship Canal Project	151.10	-	151.10	100
Grant No. 87- Ministry of Road Transport & Highways					
46.	3054.04.337.07 – Grants from Central Road Funds to UT Governments without Legislature	12.11	--	12.11	100
47.	3055.00.004.24 – Inspection and Maintenance Centre	10.00	--	10.00	100
48.	3055.00.004.25 – Improving and Strengthening of Public Transport System	35.00	--	35.00	100
49.	3055.00.004.26 – National Road Safety Board	72.00	--	72.00	100
50.	3601.04.106.01 – Roads of Economic Importance	53.00	--	53.00	100
51.	3602.02.105.01 – Roads in Delhi	60.00	--	60.00	100
52.	3602.04.105.01- Roads of Inter-State or Economic Importance	16.03	--	16.03	100

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Appendix VII-K
(Refers to paragraph 7.17)

Statement showing cases of savings of ₹ ten crore and above
where entire provision remained unspent

(₹ in crore)

Sl. No.	Sub-head	Budget provision	Actual Disbursement	Saving	Percentage of saving to budget provision
Grant No. 88 – Ministry of Social Justice & Empowerment					
53.	3601.04.362.02-Construction of Old Age Homes	10.00	-	10.00	100
Grant No. 89– Department of Space					
54.	5252.00.203.04-INSAT-4 Launch Services	50.00	-	50.00	100
Grant No. 90- Ministry of Statistics and Programme Implementation					
55.	3601.03.432.04- India Statistical Strengthening Project (Modernisation of Statistical System in India)	82.30	-	82.30	100
Grant No. 94- Ministry of Tribal Affairs					
56.	3601.03.360.03-Vocational Training Centers in Tribal Areas (Charged)	10.00	-	10.00	100
57.	4225.80.190.13-Support to National/State Scheduled Tribes Finance and Development Corporation	50.00	-	50.00	100
Grant No. 95 – Andaman & Nicobar Islands					
58.	5052.80.796.01 – Purchase of Ships	25.00	-	25.00	100
Grant No. 100- Department of Urban Development					
59.	2217.80.004.03- Bharat Earth Movers Ltd.	30.00	-	30.00	100
Grant No. 103- Ministry of Water Resources					
60.	3601.01.752.01-Sutlej Yamuna Link Canal Project	22.00	-	22.00	100
Grant No. 104- Ministry of Women & Child Development					
61.	2235.02.103.55- Relief to and Rehabilitation of Rape Victims	53.10	-	53.10	100
62.	3601.04.356.04-Swayamsidha	13.55	-	13.55	100
63.	3601.04.358.08- Rajiv Gandhi Scheme for Empowerment of Adolescent Girls	97.00	-	97.00	100

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Appendix VII-L

(Refers to paragraph 7.18)

**Statement showing cases of unrealistic budgetary assumptions under a sub-head
(Savings of ₹ 100 crore and above of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
Grant No. 7-Department of Fertilisers					
1.	2401.00.105.14-Payment for concessional sale of Indigenous decontrolled Fertilisers	16800.00	16000.00	800.00	Receipt of less number of subsidy claims.
2.	2401.00.106.02-Import of Urea	9548.44	6999.98	2548.46	Import of less urea, softening of urea prices in the international market and variation in tentative exchange rates.
Grant No. 14-Department of Telecommunications					
3.	3451.00.091.03-Centre for Development of Telematics	265.00	100.00	165.00	Delay in setting up of dimensioned infrastructure for implementation of clearing housing application and feasibility study of broadband activities.
Grant No. 20-Ministry of Defence					
4.	4047.00.037.01-Coast Guard Organisation	1300.02	907.65	392.37	Non-completion of CNC, non/late supply of equipments and slow progress of various stages of IPVs project yards, non-materialization of a few land acquisition cases, etc.
Grant No. 30-Ministry of Environment and Forests					
5.	3435.04.101.06-National River Conservation Programme	511.00	375.99	135.01	Late announcement on allocation for newly constituted authority and consequent delay in holding meeting of National Ganga River Basin Authority and in work gaining momentum.
Grant No. 32-Department of Economic Affairs					
6.	3054.80.107.02-Budget Support for Railway Safety work	958.36	827.11	131.25	Due to less provision made by the Planning Commission based on the share of cess collection for Railway Safety works.
7.	3054.80.797.03-Transfer to Central Road Fund	958.36	827.11	131.25	Due to less provision made by the Planning Commission based on the share of cess collection for Railway Safety Works and equivalent amount transferred to Reserve Fund.

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Appendix VII-L

(Refers to paragraph 7.18)

**Statement showing cases of unrealistic budgetary assumptions under a sub-head
(Savings of ₹ 100 crore and above of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
8.	3475.00.800.73-Interest Equalisation Support to Exim Bank of India	278.00	118.87	159.13	Receipt of less claims from Exim Bank of India.
9.	5466.00.207.02-Maintenance of value (MOV) obligation	12790.00	3653.93	9136.07	Non-requirement of additional funds by IMF to maintain the value of currency in terms of SDR's.
Grant No. 33-Department of Financial Services					
10.	2885.01.800.11-Redemption of Securities issued to Stress Assets Stabilisation Fund	400.00	300.00	100.00	Fewer recoveries out of stressed and non-performing assets.
Grant No. 35-Transfers to State and Union Territory Governments					
11.	2075.00.795.03-Loans to State Governments written off	5500.00	3350.81	2149.19	Less number of State Governments found eligible for debt waiver
12.	2245.80.103.01-Assistance to State from NCCF for calamities of severe nature	3700.00	3261.52	438.48	Less assistance recommended by IMG/HLC to some State Governments.
13.	3601.01.104.05-Grants for Local Bodies	7026.85	5706.46	1320.39	Non-fulfillment of conditions laid down by Twelfth Finance Commission by some State Governments
14.	3601.01.104.07-Grants-in-aid for Education Sector (Charged)	2915.45	2281.35	634.11	Non-fulfillment of conditions laid down by Twelfth Finance Commission by some State Governments
15.	3601.01.104.08-Grants-in-aid for Health Sector (Charged)	1944.31	1370.83	573.48	Non-fulfillment of conditions laid down by Twelfth Finance Commission by some State Governments
16.	3601.01.104.09-Grants-in-aid for Maintenance of Roads and Bridges (Charged)	4250.00	3391.23	858.77	Non-fulfillment of conditions laid down by Twelfth Finance Commission by some State Governments
17.	3601.01.104.10-Grants-in-aid for Maintenance of Public Buildings (Charged)	2047.00	994.43	1052.57	Non-fulfillment of conditions laid down by Twelfth Finance Commission by some State Governments
18.	3601.01.104.13-Grants-in-aid for States Specific Needs (Charged)	2581.92	2136.14	445.78	Non-fulfillment of conditions laid down by Twelfth Finance Commission by some State Governments
19.	3601.02.101.01-Normal Central Assistance	19110.61	17442.05	1668.56	Non-receipt of proposals from some State Governments

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(Refers to paragraph 7.18)

**Statement showing cases of unrealistic budgetary assumptions under a sub-head
(Savings of ₹ 100 crore and above of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
20.	3601.02.101.26-Accelerated Irrigation Benefit Programme & other Water Resources Programme	9700.00	8524.39	1175.61	Receipt of less proposals from the Ministry of Water Resources
21.	3601.02.101.37-Tsunami Rehabilitation Programme (TRP)	336.98	208.84	128.14	Non-receipt of UC from State Government of Kerala
22.	3601.02.797.01-Transfer to National Investment Fund	4832.00	3384.97	1447.03	Due to shortfall in realization of receipt under the Fund.
Grant No. 37- Appropriation – Repayment of Debt					
23.	6001.00.101-Market loans	43135.79	42575.64	560.15	Less exercise of call put option by the stock holders
24.	6001.00.106.31—6.5% Savings Bonds, 2003 (Non-taxable)	8076.46	7770.50	305.96	Due to preference of fewer claims by the bondholders.
25.	6001.00.114 – Ways and Means Advances	300000.00	153154.00	146846.00	Less recourse to Ways and Means Advances owing to comfortable cash position.
26.	6001.00.115 – 14 Days Treasury Bills	2376481.82	2372189.18	4292.64	Less investment of surplus funds by the State Governments.
Grant No. 39-Pensions					
27.	2071.01.102.01-Ordinary Pensions	2230.25	2070.16	160.09	Due to receipt of less claims
28.	2071.01.104.01-Ordinary Pensions	2344.29	2184.55	159.74	Due to receipt of less claims
Grant No. 46-Department of Health and Family Welfare					
29.	2211.00.109.09-Routine Immunisation Programme	414.21	268.93	145.28	Non-approval of the Pentavalent Vaccine scheme by the Government and less procurement of Cold Chain equipments and Routine Vaccine on account of re-tendering.
30.	2210.05.105.41-Establishment of AIIMS type Super-Specialty Hospitals-cum-Teaching Institutions and upgrading of State Government Hospitals	148.00	12.67	135.33	The construction of medical colleges and hospitals could not be started during the financial year 2009-10
31.	4210.03.105.12-Establishment of AIIMS type Super-Specialty Hospitals-cum-Teaching Institutions and upgrading of State Government Hospitals	1119.92	380.06	739.86	Due to slow pace of capital works and procurement of less vehicles.

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(Refers to paragraph 7.18)

**Statement showing cases of unrealistic budgetary assumptions under a sub-head
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(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
Grant No. 53-Police					
32.	2055-00.119.01-Direction and Administration	2784.06	2584.56	199.50	Delay in completion of recruitment process for the posts of constables and economy measures
Grant No. 56-Ministry of Housing and Urban Poverty Alleviation					
33.	2216.02.190.12 – Scheme for housing the Urban Poor	180.59	0.83	179.76	Scheme being at inception stage.
Grant No. 58-Department of Higher Education					
34.	2202.80.800.40-National Mission in Education through ICT	810.00	270.88	539.12	Slow pace of implementation of scheme.
35.	2203.00.112.48-Setting up of New Indian Institutes of Technology	400.00	248.50	151.50	Non-finalisation of transfer of land for permanent campus to IITs in five cases.
Grant No. 59-Ministry of Information and Broadcasting					
36.	2221.80.102.01-Prasar Bharti	1635.33	1440.72	194.61	Non-approval of Software Scheme, non-commissioning of DD, Kashir, non-procurement of spares and economy measures, etc.
Grant No. 64-Ministry of Micro, Small and Medium Enterprises					
37.	2851.00.200.16 – Prime Minister's Employment Generation Programme	547.80	409.68	138.12	Availability of unspent balance with implementing agencies, delay in holding District Level Task Force Committee Meeting, in taking credit decision by banks and in settling margin money claims.
Grant No. 69- Ministry of Panchayati Raj					
38.	3601.02.471.01-Grants for Backward Regions	4670.00	3670.00	1000.00	Non-receipt of viable proposals from State Governments
Grant No. 74-Ministry of Power					
39.	2801.02.102.02 – Operation and Maintenance	149.59	26.57	123.02	Non reconciliation of the outstanding liabilities between Badarpur Thermal Power Station and the concerned parties.
40.	2801.06.800.03-Rural Electrification Corporation for Rajiv Gandhi Gramin Viduytikaran Yojana	6300.00	5000.00	1300.00	Slow progress of the scheme owing to general elections and heavy monsoon season.

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Statement showing cases of unrealistic budgetary assumptions under a sub-head
(Savings of ₹ 100 crore and above of the budgeted provision)

(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
41.	6801.00.190.04-Loans to Power Finance Corporation	1477.00	1331.46	145.54	Slow progress of work owing to stringent condition of conversion of loan into grant, lack of competency of distribution utilities in SCADA implementation etc.
Grant No. 80-Department of Rural Development					
42.	2505.02.101.02-Assistance to District Rural Development Agencies/District Programme Coordinators and others	37778.62	33506.61	4272.01	Availability of unspent balances of previous years with the State Governments.
43.	2505.02.101.09 – Capacity Building and Technical Support	1300.00	8.36	1291.64	Receipt of less proposals from State Governments and Non finalization of Expenditure Finance Committee Memo.
44.	2505.02.797.01-Transfer to National Rural Employment Guarantee Fund	39100.00	33539.38	5560.62	Availability of unspent balances of previous years with the State Governments and receipt of less proposals from State Governments.
45.	3054.04.338.07 – EAP Component	1350.00	810.00	540.00	Collection of less diesel cess and reduction of provision at revised estimates stage.
46.	3054.80.797.03-Transfer to Central Road Fund	4843.13	4183.13	660.00	- do -
Grant No. 81-Department of Land Resources					
47.	3601.03.467.08-National Land Records Moderanisation Programme	307.00	187.98	119.02	Receipt of less number of proposals from the States and cut imposed by the MOF at revised estimate stage.
Grant No. 86 – Ministry of Shipping					
48.	2852.06.102.21 – Subsidy to non-central PSU Shipyards and Private Sector Shipyards	370.53	77.06	293.47	Non approval of proposals from some of the private shipyards.
49.	3051.01.108.01 – Maintenance and Dredging in Haldia Channel by Calcutta Port Trust	437.98	246.77	191.21	Revised Cabinet note for revamping of scheme being under consideration.
Grant No. 87- Ministry of Road Transport and Highways					
50.	3054.80.797.02 – Block Grant for transfer to Central Road Fund	10878.51	9389.76	1488.75	Reduction of provision at revised estimates stage.
51.	3601.01.821.02- Road Works under BRDB	1618.01	1173.27	444.74	Reduction in re-surfacing targets owing to non-finalisation of land acquisition and forest clearance.

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**Statement showing cases of unrealistic budgetary assumptions under a sub-head
(Savings of ₹ 100 crore and above of the budgeted provision)**

(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
52.	3601.02.105.01- Grants for State Roads	1988.55	1340.26	648.29	Non-receipt of UC's from State Governments and reduction of provision at RE Stage.
53.	3601.04.105.01 – Road of Interstate or Economic Importance	213.97	104.35	109.62	Non-receipt of UC's from State Governments.
54.	5054.01.190.01- National Highways Authority of India	8578.45	7404.70	1173.75	Reduction of provision at RE Stage by the Planning Commission.
55.	5054.02.337.03 – Works under BRDB	1616.00	1304.26	311.74	Non-finalisation of proposals for land acquisition and forest clearance and late approval of purchase of equipment and stores etc.
Grant No. 92-Ministry of Textiles					
56.	2852.08.202.27-Integrated Textiles Parks	377.00	260.80	116.20	Slow progress of ongoing projects under the schemes.
Defence Services					
Grant No. 22-Defence Ser vices-Army					
57.	2076.00.110 – Stores	11438.26	9404.65	2033.61	Due to less expenditure on Fuel, Oil & Lubricant, non-procurement of sugar, incorrect calculation of effects of 6 th CPC, non-conclusion of contract of barrels, return of bills, slow pace of booking by CDAs and lesser expenditure by DGOF on Engineer Stores supplied.
58.	2076.00.113-NCC	843.38	736.12	107.26	No reason given by the Ministry.
Grant No. 23-Defence Ser vices-Navy					
59.	2077.00.110-Stores	3202.61	2957.11	245.50	No reason given by the Ministry.

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(Refers to paragraph 7.18)

**Statement showing cases of unrealistic budgetary assumptions under a sub-head
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(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
Grant No. 24-Defence Services-Air Force					
60.	2078.00.110-Stores	7927.41	5640.37	2287.04	Due to payment made in April 2010 for 18 aero-engines received at the end of March 2010, exchange rate variation, non-delivery of missile launchers, associated GSE, carry forward of payment of items to next financial year, change in one of the indents, non processing of some bills by CDA, less booking on ATF, non-finalisation of certain contracts/items, non-materialisation of supply order placed at M/S HP for training.
Grant No. 25-Defence Services-Ordnance Factories					
61.	2079.00.054 - Manufacture	3684.00	3566.03	117.97	Ministry gave reasons for only ₹ 13.97 crore attributing the excess to increased expenditure under pay and allowances which had variable factors and it was not possible to exactly match the actual with the estimates.
62.	2079.00.800-Other Expenditure	642.80	506.74	136.06	Ministry gave reasons only for ₹ 23.26 crore after taking into account re-appropriation as due to less booking for electricity, water and for supply of medicine by AFMSD and in other Misc. expenditure.
Grant No. 26- Research and Development Organisation					
63.	2080.00.004-Research/Research Development	936.00	562.81	373.19	Ministry gave reasons only for ₹ 10.78 crore as due to surrender of funds by ER & IPR during the end of the financial year and cumulative effect of marginal saving for various R & D Boards etc.

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Statement showing cases of unrealistic budgetary assumptions under a sub-head
(Savings of ₹ 100 crore and above of the budgeted provision)

(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
64.	2080.00.110 – Stores	1668.26	1453.76	214.50	Reasons for savings of ₹ 28.96 crore only was furnished as was due to the combined effect of less booking of expenditure by the DGOF under central purchase against estimated projections and cumulative effect of marginal savings from Labs/establishments.
Grant No 27 – Capital Outlay on Defence Services					
65.	4076.01.101 – Aircraft and Aero-engine	1020.62	138.09	882.53	No reason was given by the Ministry since after Re-appropriation the saving was less than ₹ 50 lakh.
66.	4076.01.103 – Other Equipments	11121.24	10089.54	1031.70	No reason has been given by the Ministry since after re-appropriation it has shown this head as excess.
67.	4076.01.202 – Construction Works	4718.20	3087.09	1631.11	Reason for saving of ₹ 22.55 crore only was furnished as was due to CAO's surrendering the allotted funds, internal transfer of funds from New Capital Works to carry over capital works by Headquarters Western Command, procedural delays in materialization of supply orders, etc.
68.	4076.02.103 – Other Equipments	1102.02	868.08	233.94	Reasons for savings of ₹ 22.55 crore only was furnished by the Ministry.
69.	4076.02.104 – Joint Staff	408.13	272.81	135.32	Reasons for savings of ₹ 17.91 crore only was furnished as was due to non utilization of funds by SFC, non procurement of vehicles by CVD Delhi Cantonment and non fructification of some of the major schemes.
70.	4076.02.202 – Construction Works	413.00	307.24	105.76	No reason has been given by the Ministry.
71.	4076.02.205 – Naval Dock Yards	1036.67	719.63	317.04	-do-

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(Refers to paragraph 7.18)

Statement showing cases of unrealistic budgetary assumptions under a sub-head
(Savings of ₹ 100 crore and above of the budgeted provision)

(₹ in crore)

Sl. No.	Minor/ Sub-head	Budget provision	Actual Disbursement	Saving	Reasons attributed by the Ministry/department
72.	4076.03.103 – Other Equipments	6891.53	5317.39	1574.14	Ministry did not explain the reasons since after re-appropriation, it had shown excess expenditure.
73.	4076.03.202 – Construction Works	1100.00	904.59	195.41	Reasons for savings of ₹9.10 crore only was furnished by the Ministry was due to slow progress of works by contract, non-commencement of the project of Central Air conditioning with VRF for Vayu Bhawan due to procedural delay, inclement whether affecting the progress of works in western cat last stage at Thanjavour, non-starting of certain works and non-demanding of oversight of the amount.
74.	4076.04.052-Machinery and Equipment	445.13	97.39	347.74	Ministry gave reasons only for ₹20.73 crore due to reduction in expenditure on Nalanda project and under General NC due to non-supply of Plant and Machinery by the year end.

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**Appendix-VIII-A
(Refer to paragraph 8.6)**

Unrealistic budgeting in Department of Agriculture and Cooperation

(₹ in crore)

Sl. No.	Sub-head	Budget provision	Actual expenditure	Savings	Saving as a percentage of BE
2007-08					
1.	2401.00.800.23- Establishment of Agricultural Clinic Agriculture Business Centers	20.00	5.00	15.00	75
2.	2401.00.800.24- Strengthening/Promoting Agricultural Information System	29.28	13.62	15.66	53
3.	3601.03.436.11- Rainfed Area Development Programme	55.00	--	55.00	100
4.	6401.00.190.04- State Farm Corporation of India	12.00	--	12.00	100
2008-09					
5.	2401.00.103.31- Grants to SFCI/NSC for restructuring	21.00	--	21.00	100
6.	2401.00.108.27- Rainfed Area Development Programme	25.00	-	25.00	100
7.	3601.03.437.08- National Project on Promotion of balanced use of fertilizers	19.00	0.05	18.95	100
2009-10					
8.	2401.00.108.27- Rainfed Area Development Programme	25.00	--	25.00	100
9.	2401.00.800.35- Rashtriya Krishi Vikas Yojana	14.38	1.36	13.02	91
10.	4401.00.113.13-Estt. Of Farm Machinery Training and Testing Institute	12.20	1.87	10.33	85
11.	6425.00.107.01-Loans for Land Development Bank	58.00	35.00	23.00	40

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Appendix-VIII-B

(Refer to paragraph 8.7)

Saving of Rs. 100 crore or more in a sub-head in Department of Agriculture and Cooperation

(₹ in crore)

Sl. No.	Sub-head	Budget provision	Actual Disbursement	Saving	Reasons stated by the Department
2007-08					
1.	2401.00.108.24- Enhancing sustainability of Dry land/Rainfed Farming System	200.00	--	200.00	Due to non approval of scheme by EFC
2008-09					
2.	2401.00.108.28-National Food Security Mission	993.00	878.24	114.76	Availability of balances of previous years.
3.	2401.00.800.02-Grants to National Agricultural Co-operative Marketing Federation of India Ltd. for MIS/PSS	500.00	375.00	125.00	Receipt of less reimbursement claims
4.	2401.00.800.35-Rashtriya Krishi Vikas Yojna (Additional Central Assistance Scheme to State/UTs Plan) Scheme	1580.00	1305.95	274.05	Non-finalisation of proposals.
5.	3601.04.436.12- Rainfed Area Development Programme	282.00	--	282.00	Due to non-approval of the scheme-Commented in para 8.9
6.	7601.04.443.01-Supplementation/Complementation of States Efforts through Work Plan (Macro Management (Charged)	157.80	--	157.80	Due to change in funding pattern with the approval of Cabinet Committee on Economic Affairs.
2009-10					
7.	2401.00.103.25-Development and Strengthening of Seed Infrastructure Facilities for production and distribution of seeds	329.00	219.16	109.84	Due to non-finalisation of proposals which suggest inefficient implementation.
8.	3601.04.436.12- Rainfed Area Development Programme	112.00	--	112.00	Due to non approval of the scheme-Commented in para 8.9
9.	2401.00.108.28-National Food Security Mission	1260.00	1017.09	242.91	Availability of unspent balances of previous years with the implementing agencies.
10.	2401.00.119.40-National Horticulture Mission	1100.00	800.00	300.00	Availability of unspent balances of previous years with the implementing agencies.
11.	3601.02.446.01-Rashtriya Krishi Vikas Yojna	4052.70	3756.53	296.17	Availability of unspent balances of previous years with the implementing agencies.

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**Appendix-VIII-C
(Refer to paragraph 8.16)
Persistent savings in Ministry of Earth Sciences.**

- (₹ in crore)

Sub-head	Year	Budget provision	Actual expenditure	Unspent provision	Percentage of unspent provision to budget provision
3403.00.103.01 – Marine Research & Development	2007-08	34.30	20.32	13.98	41
	2008-09	5.00	3.67	1.33	27
	2009-10	8.00	2.77	5.23	65
3403.00.200.14 – Tsunami & Storm Surge Warning System (TSSWS)	2008-09	15.00	10.12	4.88	33
	2009-10	15.00	10.56	4.44	30
3403.00.200.17 – Development of Manned Submersible	2007-08	5.00	Nil	5.00	100
	2008-09	5.00	Nil	5.00	100
	2009-10	5.00	Nil	5.00	100
3403.00.200.20 – National Oceanarium	2007-08	0.95	Nil	0.95	100
	2008-09	0.50	Nil	0.50	100
	2009-10	2.00	0.04	1.96	98
5425.00.800.06 – National Centre for Medium Range Weather Forecasting (NCMRWF)	2007-08	5.50	2.39	3.11	57
	2008-09	6.00	Nil	6.00	100
	2009-10	8.00	Nil	8.00	100
54.55.00.101.01 – Space Meteorology	2008-09	4.47	2.07	2.40	54
	2009-10	10.00	5.05	4.95	50
5455.00.102.02 – Aviation Meteorology	2008-09	5.00	Nil	5.00	100
	2009-10	14.00	Nil	14.00	100
5455.00.200.01 – Agromet Advisory Services	2007-08	6.10	2.30	3.80	62
	2008-09	5.50	0.42	5.08	92
	2009-10	6.00	0.42	5.58	93
5455.00.800.01 – Seismic Hazard & Risk Evaluation	2007-08	8.45	Nil	8.45	100
	2008-09	10.15	1.37	8.78	87
	2009-10	17.00	3.26	13.74	81
3455.00.800.03 – Modernization of IMD	2007-08	16.00	Nil	16.00	100
	2008-09	5.00	1.80	3.20	64
5455.00.800.03 – Modernization of IMD	2007-08	223.62	1.40	222.22	99
	2008-09	359.00	139.34	219.66	61
	2009-10	166.38	144.17	22.21	13

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Appendix-VIII-D

(Refer to paragraph 8.19)

Outstanding Utilisation Certificates in Ministry of Earth Sciences.

(₹ in crore)

Year	No. of Utilisation Certificates outstanding	Amount
1983-84	9	0.01
1984-85	27	0.45
1985-86	20	0.06
1986-87	15	0.08
1987-88	38	0.40
1988-89	43	1.41
1989-90	71	0.85
1990-91	39	2.51
1991-92	7	0.84
1992-93	22	3.49
1993-94	20	1.63
1994-95	17	2.18
1995-96	63	3.51
1996-97	41	0.69
1997-98	56	2.48
1998-99	50	5.84
1999-2000	46	7.14
2000-01	41	2.20
2001-02	26	2.20
2002-03	14	0.20
2003-04	61	1.63
2004-05	53	9.54
2005-06	72	7.17
2006-07	61	9.24
2007-08	135	30.03
2008-09	183	33.02
Total	1230	128.80

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**Appendix-VIII-E
(Refer to paragraph 8. 23)**

Persistent savings in Department of School Education and Literacy

(₹ in crore)

Minor/Sub-head	Year	Budget provision	Actual expenditure	unspent	percent
National Programme of Mid Day Meals in Schools					
2202.01.112- National Programme of Mid Day Meals in Schools	2007-08	1886.60	897.08	989.52	52
	2008-09	1424.00	1465.03	+ 41.03	--
	2009-10	2129.10	1430.00	699.10	33
3601.04.187- Elementary Education- National Programme on Mid Day Meals in Schools	2007-08	4649.00	4911.92	+262.92	--
	2008-09	5701.00	5005.27	695.73	12
	2009-10	5701.00	5477.78	223.22	04
3602.04.187.06- Assistance to Union Territory Governments	2007-08	--	--	--	--
	2008-09	75.00	61.22	13.78	18
	2009-10	75.00	23.08	51.92	69
Vocationalisation of Education					
3601.04.180.01-Vocationalisation of Education	2007-08	14.00	00	14.00	100
	2008-09	25.80	00	25.80	100
	2009-10	25.80	00	25.80	100
Information and Communication Technology in Schools					
2202.02.800.37- Grants to Voluntary Organisations	2007-08	28.00	7.00	21.00	75
	2008-09	20.00	2.69	17.31	87
	2009-10	18.50	3.50	15.00	81
Strengthening of Teachers Training Institutions					
3601.04.188.01-Strengthening of Teachers Training Institutions	2007-08	428.70	309.28	119.42	28
	2008-09	428.70	247.79	180.91	42
	2009-10	428.70	312.50	116.2	27
3602.04.188.01-Strengthening of Teachers Training Institutions	2007-08	20.00	5.65	14.35	72
	2008-09	20.00	5.57	14.43	72
	2009-10	20.00	13.26	6.74	34
6202.01.202.02-National Means cum Merit Scholarship Scheme	2008-09	761.54	750.00	11.54	02
	2009-10	750.00	250.00	500.00	67

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**Appendix-VIII-F
(Refer to paragraph 8.24)**

Unrealistic budgetary assumptions in Department of School Education and Literacy.

(₹ in crore)

Sl No.	Sub-head	Budget provision	Actual expenditure	Savings	Reasons
2009-10					
1.	2202.02.110.15-Rashtriya Madyamik Shiksha Abhiyan (RMSA)	983.46	489.28	494.18	Non-receipt of proposals from implementing societies in States
2.	3601.04.180.06-Rashtriya Madyamik Shiksha Abhiyan(RMSA)	150.00	59.48	90.52	Non-receipt of viable proposals from the State Governments.
3.	3602.04.187.06-Assistance to Union Territory Governments	75.00	23.08	51.92	Due to receipt of less number of proposals from UT Governments.
2008-09					
4.	2202.01.800.19-District Primary Education Programme (EAP)	50.00	5.59	44.41	Due to closure of scheme.
5.	2202.02.800.37-Information and Communication Technology in Schools-Grants to Voluntary Organisations	20.00	2.69	17.31	Due to non-receipt of viable proposals from State Institute of Educational Technology and others.
6.	2202.04.200.14-Adult Education and Skill Development Scheme	317.10	61.88	255.22	Due to revision of some of the components of the scheme
2007-08					
7.	2202.01.112.01-Cost of Food Grains	1653.00	785.21	867.79	Due to delay in receipt of the cabinet approval for extension of the scheme in the educationally backward blocks.
8.	2202.01.112.02-Cost of movement of Food Grains	216.00	107.88	108.12	Due to non-receipt of lifting figures from states/UTs for payment of transportation cost of food grains

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Appendix-VIII-F
(Refer to paragraph 8.24)

Unrealistic budgetary assumptions in Department of School Education and Literacy.

(₹ in crore)

Sl No.	Sub-head	Budget provision	Actual expenditure	Savings	Reasons
9.	2202.01.112.07-Payment towards fee for consultancy/experts and evaluation/studies	12.00	0.58	11.42	Due to non-activation of National Sports Group set up in Ed. Consultant India ltd and non-finalisation of Management Information Systems.
10.	3602.04.187.01-Elementary Education- National Programme of Mid-Day Meals in Schools Assistance for meeting cooking cost	44.50	22.36	22.14	Due to availability of unspent balance of previous years which suggest tardy implementation and deficient budgeting.

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Appendix-VIII-G
(Refer to paragraph 8.25)

Non-utilisation of entire provision in Department of School Education and Literacy

(₹ in crore)

Sl No.	Sub-head	Budget provision	Actual expenditure	Savings	Reasons stated by the Department
2009-10					
1.	3475.01.797.01-Transfer to Income and Expenditure Account of National Investment Fund	185.90	--	185.90	NA
2.	3601.04.180.01-Vocationalisation of Education	25.80	--	25.80	Scheme being under revision
3.	3601.04.180.07-Scheme for Setting up of 6000 Model Schools at Block Level as Bench Mark of Excellence	30.00	--	30.00	Non-start of the schools by the State Governments
4.	3602.04.179.02-Information and Communication Technologies in Schools	4.00	--	4.00	Non-receipt of proposals from Government of Podducherry and NCT of Delhi
2008-09					
5.	2202.02.800.37-Support to one year pre-primary in government local body schools.	89.98	--	89.98	Non-implementation of the scheme owing to receipt of instructions from Ministry of Finance
6.	2202.02.110.13-New model schools	582.78	--	582.78	Non-finalisation of revised scheme.
7.	2202.04.200.16-Literacy Programme for 35+ age group	14.98	--	14.98	Non-implementation of new scheme owing to receipt of instruction from Ministry of Finance
8.	3601.01.180.02- Scheme for Universal Access and Quality at the Secondary Stage (SUCCESS)	1927.50	--	1927.50	Scheme being under review and model code of conduct.
9.	3602.01.180.05- Scheme for Universal Access and Quality at the Secondary Stage (SUCCESS)	35.00	--	35.00	Scheme being under review and model code of conduct.
2007-08					
10.	2202.01.107.04-National Council for Teacher Education	9.00	--	9.00	Generation of sufficient income by the council from its own resources.
11.	2202.02.110.02-Special Navodaya Vidayala	247.48	--	247.48	Non-finalisation of scheme.

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Appendix-VIII-G
(Refer to paragraph 8.25)

Non-utilisation of entire provision in Department of School Education and Literacy

(₹ in crore)

Sl No.	Sub-head	Budget provision	Actual expenditure	Savings	Reasons stated by the Department
12.	3601.04.180.02-Scheme for Universal Access and Quality at the Secondary Stage (SUCCESS)	1149.10	--	1149.10	Non-finalisation of scheme owing to non-receipt of approval from cabinet committee for economic affairs.
13.	3602.04.180.05-Scheme for Universal Access and Quality at the Secondary Stage (SUCCESS)	22.00	--	22.00	Non-finalisation of scheme owing to non-receipt of approval from cabinet committee for economic affairs.

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Appendix-VIII-H

(Refer to paragraph 8.28)

**Outstanding Utilization Certificates in respect of Department of School Education and Literacy
(₹ in crore)**

Sr. No.	Year	No. of U.Cs. due	Amount of U.Cs. due	No. of U.Cs. received	Amount of U.Cs. received	U.Cs. outstanding	Amount of outstanding U.Cs.
1.	1982-83	98	0.23	97	0.18	1	0.05
2.	1984-85	209	1.01	208	1.00	1	0.01
3.	1985-86	326	1.72	317	1.67	9	0.05
4.	1986-87	403	2.45	384	2.27	19	0.18
5.	1987-88	192	2.77	188	2.64	4	0.13
6.	1988-89	281	26.33	260	25.59	21	0.74
7.	1989-90	494	16.01	461	15.46	33	0.55
8.	1990-91	474	42.21	465	42.00	9	0.21
9.	1991-92	343	45.67	336	45.58	7	0.09
10.	1992-93	311	61.08	301	60.30	10	0.78
11.	1993-94	1150	152.26	1122	149.28	28	2.98
12.	1994-95	1112	188.42	1078	183.81	34	4.61
13.	1995-96	1146	356.98	1096	345.70	50	11.28
14.	1996-97	1434	917.88	1390	913.08	44	4.80
15.	1997-98	1305	594.22	1266	592.66	39	1.56
16.	1998-99	1179	551.44	1127	538.06	52	13.38
17.	1999-00	1163	1036.24	1109	1032.02	54	4.22
18.	2000-01	990	1132.39	951	1115.19	39	17.20
19.	2001-02	711	1484.99	650	1420.60	61	64.39
20.	2002-03	769	3228.45	670	3140.51	99	87.94
21.	2003-04	1359	4880.18	1155	4849.22	204	30.96
22.	2004-05	1283	7841.20	1142	7808.23	141	32.97
23.	2005-06	1107	8589.07	1008	8513.93	99	75.14
24.	2006-07	889	11236.92	752	11131.47	137	105.45
25.	2007-08	937	14006.15	824	13874.93	113	131.22
26.	2008-09	666	2267.53	601	1808.90	65	458.63
	Total	20331	58663.80	18958	57614.28	1373	1049.52

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Appendix VIII-I:
(Refer to paragraph 8. 47)
Outstanding Utilization Certificates in Ministry of Youth Affairs & Sports

(₹ in crore)

S. No.	Year of sanction of grant	Utilization Certificates due		Utilization Certificate received		Outstanding Utilization Certificate	
		Number	Amount	Number	Amount	Number	Amount
1	1987-88	23	0.25	4	0.14	19	0.11
2	1988-89	97	0.55	22	0.17	75	0.38
3	1989-90	152	0.62	13	0.19	139	0.43
4	1990-91	182	0.98	12	0.22	170	0.76
5	1991-92	129	0.81	10	0.24	119	0.57
6	1992-93	368	4.43	87	2.46	281	1.97
7	1993-94	360	5.64	82	3.34	278	2.30
8	1994-95	228	4.30	64	2.46	164	1.84
9	1995-96	339	8.80	79	5.78	260	3.02
10	1996-97	362	12.32	113	8.79	249	3.54
11	1997-98	233	14.24	122	13.10	111	1.14
12	1998-99	522	118.40	228	113.08	294	5.32
13	1999-00	801	39.52	313	30.14	488	9.38
14	2000-01	1351	236.61	759	228.05	592	8.56
15	2001-02	16	0.29	5	0.15	11	0.14
16	2002-03	1382	183.65	838	173.02	544	10.63
17	2003-04	1771	220.94	1146	208.43	625	12.51
18	2004-05	1977	312.97	1252	299.19	725	13.77
19	2005-06	939	311.21	768	307.18	171	4.03
20	2006-07	316	370.65	277	365.54	39	5.11
21	2007-08	1562	636.22	968	619.26	594	16.96
22	2008-09	546	975.24	361	900.20	185	75.04
	Total	13656	3458.64	7523	3281.13	6133	177.51

GLOSSARY

- 14 days auction Treasury Bill** : A scrip of 14 days duration introduced from June 1997. Auction for this instrument is held weekly at a pre-determined cut off price.
- 14 days intermediate Treasury Bill** : A scrip of 14 days duration introduced from June 1997, to enable the State Government, commercial banks and other specific bodies to invest their temporary surplus funds.
- 364 days auction Treasury Bill** : An instrument of borrowing introduced from April 1992 of 364 days duration. Auction for this instrument is held fortnightly at a pre-determined cut off price.
- 91 days auction Treasury Bill** : An instrument of borrowing introduced from January 1993. Auction for this instrument is held weekly at a pre-determined cut off price.
- Ad hoc Treasury Bill** : A scrip of 91 days duration created by RBI in its favour, on behalf of Union Government, as and when the cash balance of the Government falls below the level of ₹ 50 crore. Whenever the Government's cash balance has a surplus, *ad hoc treasury bills* were cancelled in such amounts to maintain the agreed level. This scrip was discontinued from 1 April 1997.
- Appropriation** : Appropriation means assignment to meet specified expenditure of funds included in a primary unit of appropriation
- Appropriation Accounts** : Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Parliament in the budget grants under each voted grants and charged appropriation *vis-a-vis* the actual expenditure incurred against each grant or appropriation and the saving or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Parliament.
- Appropriation Act** : When appropriation bill has been passed by the Parliament, it is presented to the President. After the assent by the President to the bill, it becomes an Act.
- Appropriation Bill** : As soon as may be, after the grants under Article 113 have been made by Lok Sabha, a bill to provide for the appropriation out of the Consolidated Fund of India of all money required to meet (a) the grants so made by the Lok Sabha (b) the expenditure charged upon Consolidated Fund of India but not exceeding in any case the amount shown in the statement previously laid before the Parliament, is introduced.
- Capital Expenditure** : It consists of payment for acquisition of assets, investment in shares, and loans and advances given by the Government.
- Capital Receipts** : Capital receipts comprise loans raised by the Government from the public, borrowing from the Reserve Bank of India and loans taken from foreign Governments, recoveries of loans by the Government, proceeds of disinvestments etc.
- Charged Appropriation** : Sum required to meet expenditure 'Charged' on Consolidated Fund under Article 112 (3) of the Constitution is called Charged Appropriation.

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- 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 footnotes, presented to Parliament at two levels. The Demands for Grants are presented by the Ministry of Finance along with the Annual Financial Statement. The Detailed Demands for Grants are laid on the table of Lok Sabha by the concerned ministries a few days in advance of the discussion of respective Ministry's Demand in that House.
- : As the Demands for Grants are for gross expenditure and the Annual Financial Statement gives the net amount to be expended under each head, the total of the two should be reconciled after adjustment of the recoveries taken in account in reduction of gross expenditure.
- 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 of India.

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M3	:	This is broad money defined as the sum of currency with the public, demand deposits and time deposits with the banks, and 'other' deposits with the RBI.
Major Head	:	The main unit of classification in accounts is known as Major Head. A four digit code has been allotted to the Major Head, the first digit indicating whether the major head is a Receipt head or Revenue expenditure head or Capital expenditure head or Loan head.
Minor Head	:	Three digit code has been allotted to the Minor Head starting from "001" under each sub Major head/Major head (where there is no sub major head).
New Service	:	Refers to expenditure beyond certain limit arising out of a new policy decision not brought to the notice of the Parliament earlier, including a new activity or a new form of investment.
New Instrument of Service	:	A large expenditure beyond a certain limit arising out of an important expansion of an existing activity.
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	:	The transfer of funds from one primary unit of appropriation to another such unit.
Reserve Money	:	This is the monetary base. It is the sum of net RBI credit to Government, RBI's claims on commercial and cooperative banks, RBI's credit to the commercial sector, net foreign exchange of the RBI, Government's currency liabilities to the public <i>minus</i> the net non-monetary liabilities of the RBI.
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.

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- Stock** : A form of Government security held as stock certificate and not transferable by endorsement and delivery but by executing a transfer deed and by registering the transfer in the books of the Public Debt Office.
- Supplementary Grant** : If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution, to be expended for a particular service for the current financial year, is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.
- Surrender of saving** : Departments of the Central Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated savings 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.
- Saving** : When expenditure falls short of budget provision, it results into saving..
- Voted Grant** : Sum required to meet other expenditure for which vote of Parliament is required under Article 113 (2) of the Constitution is called voted grant.

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