

# HIGHLIGHTS



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This Report of the Comptroller and Auditor General of India (CAG) is on the accounts of the Union Government and analyses the finances of the Union Government for the year 2015-16. It also contains an analysis of the Appropriation Accounts and audit observations with regard to the accounts of the Union Government for the year 2015-16.

### Chapter-1

- The financial position of the Union Government in 2015-16 was characterised by an increase of 16.54 *per cent* in gross revenue receipts primarily on account of a substantial increase in both tax revenue receipts (16.93 *per cent*) and non-tax revenue receipts (15.39 *per cent*) over previous year.

*(Para 1.2.2)*

- The revenue expenditure grew by 4.98 *per cent* during 2015-16 as against 7.62 *per cent* in 2014-15. Expenditure on General Services constituted 45.22 *per cent* of the revenue expenditure in 2015-16.

*(Para 1.3.2)*

- Capital expenditure increased by ₹ 1,06,781 crore (62.05 *per cent*) over the previous year and stood at ₹ 2,78,866 crore in 2015-16. The share of capital expenditure in total expenditure has increased from 9.01 *per cent* in 2014-15 to 13.24 *per cent* in 2015-16.

*(Para 1.3.3)*

- The revenue deficit for the year 2015-16 was 2.53 *per cent* of GDP against the 2.93 *per cent* of GDP in 2014-15. The revenue deficit of 2.53 *per cent* of GDP was around the same level as outlined by the Fourteenth Finance Commission. The Fiscal Deficit for the year 2015-16 was 4.31 *per cent* of GDP against the 4.13 *per cent* of GDP in 2014-15.

*(Paras 1.4 and 1.5.4)*

- Public Account Liability works out at ₹ 14,30,012 crore instead of ₹ 7,11,608 crore after taking into account the actual level of liability of Small Savings, Provident Funds, etc.

*(Para 1.5)*

## Chapter-2

- Opaqueness was noticed in 32 receipts and expenditure Major Heads wherein more than 50 *per cent* of total expenditure and receipts were recorded under minor head 800-Other Expenditure/Other Receipts.

**(Para 2.2.1)**

- Thirteen regulatory bodies and autonomous bodies which also act as regulators in their respective field, had retained funds generated through fee charges, unspent grants received from Government of India, interest accrued on Government grants, receipt of license fees, corpus fund, etc. aggregating ₹ 3,973.10 crore at the end of March 2016, outside the Government Account, contrary to the instructions issued by the Ministry of Finance in January 2005.

**(Para 2.2.2-a)**

- Out of the total receipts of ₹ 9,835.70 crore towards Universal Access Levy (UAL) during the year 2015-16, the Department of Telecommunications transferred ₹ 3100.00 crore to the Universal Service Obligation Fund (USO Fund) which was in turn utilized to meet the expenditure of ₹ 3,099.97 crore on identified objectives and the closing balance under the USO Fund was shown as ₹ 0.03 crore. Further, against the total collection of UAL of ₹ 75,952.93 crore during 2002-03 to 2015-16, a total sum of ₹ 30,083.47 crore was transferred to the Fund during these period. The remaining levy of ₹ 45,869.46 crore was not transferred to the USO Fund.

**(Para 2.3.1)**

- Research and Development Cess aggregating ₹ 6,698.30 crore was collected during the period 1996-97 to 2015-16. Out of this only ₹ 579.16 crore (8.65 *per cent*) was utilized towards the objectives of levying the said cess.

**(Para 2.3.2)**

- Against the total collection of ₹ 73,468.52 crore as Secondary and Higher Education Cess (SHEC) in the CFI during 2006-07 to 2015-16, no amount could be transferred to the earmarked fund in Public Account as neither the schemes were identified on which the cess proceeds were to be spent nor the designated fund was opened in the Public Account to deposit the proceeds of SHEC.

**(Para 2.3.3)**

- On account of expenditure from the Beedi Workers Welfare Fund (Fund) being far in excess of the receipts, the balance in the Fund over the years had become adverse. There was a continuous adverse balance in the fund during the period 2011-12 to 2015-16, which moved from (-) ₹ 205.75 crore in 2011-12 to (-) ₹ 172.58 crore in 2015-16.

*(Para 2.3.8)*

- Total loan of ₹ 2,56,353.52 crore was outstanding against State/UT Governments and other entities as on 31<sup>st</sup> March, 2016. Out of this, repayment of ₹ 26,333.68 crore was in arrears ranging from 2 to 50 years, which includes ₹ 11,321.87 crore in arrears for more than 20 years (cases of more than ₹ 10 crore).

*[Para 2.4.4.3(e)]*

### **Chapter-3**

- In accordance with the provisions of Article 114(3) of the Constitution of India, no money shall be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law. However, during 2015-16, there were excess disbursements of ₹ 286.24 crore over the authorisation from CFI. In civil Ministries/Departments the excess was ₹ 210.37 crore in two segments of two Grants/Appropriations; and in the Ministry of Railways ₹ 75.87 crore in six segments of six Grants/Appropriations. These excess disbursements require regularization under Article 115(1)(b) of the Constitution.

*(Para 3.4)*

- Saving of more than ₹ 100 crore occurred in 98 cases of 80 Grants (including Civil, Posts, Railways and Defence Services) amounting to ₹ 6,54,745 crore. Large savings were noticed in Grants: *Appropriation-Repayment of Debt* (₹ 4,95,571 crore), *Appropriation-Interest Payments* (₹ 18,819 crore), Capital Outlay on Defence Services (₹ 14,650 crore), Transfers to State and Union Territory Governments (₹ 11,938 crore), Department of Rural Development (₹ 9,239 crore), Department of School Education & Literacy (₹ 8,754 crore), Ministry of Road Transport and Highways (₹ 7,781 crore), Department of Economic Affairs (₹ 7,630 crore), Department of Urban Development (₹ 4,309 crore), Ministry of Housing and Urban Poverty Alleviation (₹ 3,868 crore), etc.

*(Para 3.7 and Annexure 3.5)*

## Chapter-4

- Article 114(3) of the Constitution of India provides that no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law. An expenditure on interest on refunds amounting to ₹ 7,704 crore was incurred by the Central Board of Direct Taxes, without the authorisation of the Parliament during the year 2015-16. A total expenditure of ₹ 55,939 crore on interest payments had been incurred over the last eight years without obtaining approval of the Parliament through necessary appropriations despite the recommendations of the Public Accounts Committee in their 66<sup>th</sup> and 96<sup>th</sup> Reports.

*(Para 4.2)*

- Augmentation of provision by way of re-appropriation to 'Grants-in-aid' to any body or authority and to 'Subsidies' from the Consolidated Fund of India can only be made with the prior approval of the Parliament. In five cases, across five Grants, ₹ 11.32 crore were incurred by various Ministries/Departments during 2015-16 by augmenting provision under object head '31-Grants-in-aid-General' to various bodies/authorities without obtaining prior approval of the Parliament. Similarly, in two cases across two Grants ₹ 10.15 crore was augmented in violation of extant provisions without prior approval of Parliament to the object head '35-Grants for creation of Capital Assets'. Further, in Ministry of Youth Affairs and Sports, funds aggregating to ₹ 3.57 crore were augmented without prior approval of Parliament to the object head '36-Grants-in-aid Salaries'. In Department of Industrial Policy and Promotion, funds aggregating to ₹ 199.97 crore were augmented without prior approval of Parliament to the object head '33-Subsidies'. All these excess expenditures attracted limitations of New Service/New Instrument of Service (NS/NIS).

*(Paras 4.3.1, 4.3.2, 4.3.3 and 4.3.4)*

- In regard to the cases of NS/NIS on augmentation under the object head '53-Major Works' all cases relating to augmentation of funds above ₹ 2.5 crore or above 10 *per cent* of the appropriation already voted, would require prior approval of the Parliament, irrespective of the fact that the augmentation is for new works or for the existing works. In Ministry of Road

Transport and Highways, excess expenditure of ₹ 116.48 crore was incurred during 2015-16 by augmenting the provision under the object head without obtaining prior approval of the Parliament. This excess expenditure also attracted limitations of New Service/New Instrument of Service.

**(Para 4.3.5)**

- Various departments/ministries incorrectly classified revenue expenditure as capital expenditure and vice versa. The misclassifications resulted in an overstatement of capital expenditure by ₹ 1928.24 crore and understatement of capital expenditure by ₹ 345.46 crore. The overall impact on Government expenditure was an overstatement of capital expenditure by ₹ 1582.78 crore.

**(Paras 4.4.1, 4.4.2 and 4.4.3)**

- Rule 8 of the Delegation of Financial Powers Rules, 1978 prescribes standard primary units of appropriation with the descriptions/definitions for the purpose of classification of expenditure up to the sixth tier, i.e. object head. In 35 cases, across 13 Grants/Appropriations expenditure amounting to ₹ 387.32 crore were misclassified between the primary units of appropriation.

**(Para 4.5.3)**

## **Chapter-5**

- Expenditure on Grants-in-aid constituted nearly 27 per cent of the total revenue expenditure (excluding Railways) of the Union Government during 2015-16.

**(Para 5.2)**

- Detailed analysis of expenditure on Grants-in-aid released by the Department of Health & Family Welfare and Ministry of Power revealed deficiencies in internal monitoring system, uneven flow of Plan Grants-in-aid, non-maintenance of data of capital assets created out of Government grants. In respect of Ministry of Power, the object head pertaining to Grants-in-aid-Salaries was not being operated, even after the same had been opened by the Ministry of Finance w.e.f 1<sup>st</sup> April 2011.

**(Paras 5.4 and 5.5)**

- In respect of Department of Health and Family Welfare, the analysis revealed other shortcomings such as non-conducting of

external peer reviews of grantee organisations, non-submission of performance-cum-achievement reports by the grantees, non-maintenance of register of Grants-in-aid and pendency of Utilisation Certificates (UCs).

*(Para 5.4)*