

**Report of the
Comptroller and Auditor General of India
for the year 2015-16**



**Union Government
Accounts of the Union Government
No. 34 of 2016
(Financial Audit)**

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PREFACE

This Report for the year ended March 2016 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 2016.

The observations arising from the audit of the Ministries are included in various reports. Separate reports are also presented to Parliament for the Union Government: Scientific Departments, Defence Services – Army and Ordnance Factories, Defence Services–Air Force and Navy, Railways, Indirect Taxes – Customs, Central Excise and Service Tax and Direct Taxes.

HIGHLIGHTS

HIGHLIGHTS

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 31st 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 66th and 96th 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 1st 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)

1: Overview of Union Finances 2015-16

1.1 Introduction

The annual accounts of the Union Government presented to the Parliament, consist of Finance Accounts and Appropriation Accounts. The Finance Accounts depict the statements of receipts and payments from the Consolidated Fund, Contingency Fund and Public Account. Appropriation Accounts depict expenditure compared with the amounts authorised by the Legislature and explanations for the resultant excesses/savings under each grant/appropriation.

Box 1.1: Union Government Funds and the Public Account

Consolidated Fund	<ul style="list-style-type: none"> • 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 titled the “Consolidated Fund of India” established under Article 266 (1) of the Constitution of India.
Contingency Fund	<ul style="list-style-type: none"> • 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/her 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	<ul style="list-style-type: none"> • Besides the normal receipts and expenditure of Government, which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which the 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 made therefrom.

1.1.1 Overview of Union Government Finances

This chapter provides an overview of the Accounts of the Union Government during the year 2015-16. It analyses critical changes in major fiscal aggregates in the context of prevalent trends over the period of five years beginning from 2011-12 to 2015-16, which are derived from the Union Government Finance Accounts.

Report of the CAG on
Union Government Accounts 2015-16

Table 1.1 summarises the position of finances of the Union Government in terms of revenue receipts, capital receipts, public account receipts and the total disbursement.

Table 1.1: Estimates and Actuals of Receipts and Disbursements 2015-16: Union Government

(₹ in crore)

		Budget Estimates (BE)	Revised Estimates (RE)	Actuals	Variation with reference to BE
1	Total Receipt (7+8+9)	7016502	6540698	6953812	-62690
2	Revenue Receipts	1397620	1451247	1436160	38540
	Tax revenue ¹	925782	953618	949698	23916
	Non-tax revenue ²	471838	497629	486462	14624
3	Miscellaneous Capital Receipts	69500	25313	42132	-27368
4	Recovery of Loans and Advances	22714	40916	41878	19164
5	Total non-Debt Receipts (2+3+4)	1489834	1517476	1520170	30336
6	Receipt of Public Debt	4766718	4124288	4316950	-449768
7	Total receipts in the CFI (5+6)	6256552	5641764	5837120	-419432
8	Contingency fund	0	0	0	0
9	Public Account Receipt	759950	898934	1116692	356742
10	Total disbursement (16+17)	7008544	5733019	6966982	-41562
11	Revenue Expenditure	1792562	1793773	1779529	-13033
12	Capital Expenditure	217354	264125	278866	61512
13	Loans and Advances	36073	48374	47272	11199
14	Total expenditure (11+12+13)	2045989	2106272	2105667	59678
15	Repayment of Public Debt	4233227	3539459	3737657	-495570
16	Total disbursement out of the CFI (14+15)	6279216	5645731	5843324	-435892
17	Public Account Disbursement	729328	87288	1123658	394330
18	Revenue Deficit (11-2)	394942	342526	343369	-51573
19	Fiscal Deficit (14-5)	556155	588796	585497	29342
¹ Does not include Taxes on Income assigned to States ₹ 5,23,958 crore (BE) and ₹ 5,06,193 crore (Actual) under Article 270 of the Constitution. ² Includes grants-in-aid and contributions					

This table shows that miscellaneous capital receipts including disinvestments (₹ 42,132 crore) remained lower than the budget projections of ₹ 69,500 crore. On the expenditure side, capital expenditure exceeded by (₹ 61,512 crore) than what the budget had provided for.

The imbalance on the revenue account shows up in revenue deficit, which was ₹ 3,43,369 crore as against the budgeted figure of ₹ 3,94,942 crore. Overall imbalance resulted in fiscal deficit, which was ₹ 5,85,497 crore as against the budgeted provision of ₹ 5,56,155 crore. Revenue deficit was lower by

13.06 *per cent*, however, the fiscal deficit was 5.28 *per cent* higher than what the Government had budgeted. **Para 1.4** contains detailed comments on indicators of deficit.

1.1.2 Gross Domestic Product

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has released, vide its press note dated 31 May 2016, estimates of Gross Domestic Product (GDP) for 2015-16 as detailed in **Table 1.2**.

Table 1.2: Gross Domestic Product 2015-16

(₹ in crore)

GDP	2011-12 (2 nd RE of NS)	2012-13 (2 nd RE of NS)	2013-14 (2 nd RE of NS)	2014-15 (1 st RE)	2015-16 (PE)
At Constant Prices	8736039	9226879	9839434	10552151	11350249
<i>Percentage change over previous year</i>	NA	5.6	6.6	7.2	7.6
At Current Prices	8736039	9951344	11272764	12488205	13576086
<i>Percentage change over previous year</i>	NA	13.9	13.3	10.8	8.7

RE-Revised Estimate; NS- New Series; PE- Provisional Estimates

GDP at constant (2011-12) prices for the year 2015-16 has been estimated at ₹ 1,13,50,249 crore over the First Revised Estimate of GDP for the year 2014-15 of ₹ 1,05,52,151 crore. The growth in GDP at constant prices was reported at 7.6 *per cent* in 2015-16 against the growth rate of 7.2 *per cent* in 2014-15.

GDP at current prices for the year 2015-16 is estimated at ₹ 1,35,76,086 crore over the First Revised Estimate of GDP for the year 2014-15 of ₹ 1,24,88,205 crore, showing a growth rate of 8.7 *per cent*.

The growth of GDP at constant prices was higher in 2015-16 compared to the previous year. The growth of GDP at current prices, however, was lower in 2015-16 against the previous year. In this report the GDP at current prices has been taken as base while analysing the various fiscal indicators.

1.2 Resource Generation

Revenue and capital are two streams of receipts that constitute resources of the Union Government. Revenue receipts consist of tax revenue, non-tax revenue and Grants-in-aid from external agencies. Capital receipts have two components - debt receipts, which create future repayment obligations and non-debt receipts, which constitute proceeds from disinvestment and recoveries of loans and advances, leading to reduction in the actual or potential asset base.

Table 1.3: Resources and GDP

(₹ in crore)

Period	Gross Revenue Receipts* (1)	Non-debt Capital Receipts (2)	Gross Debt Receipts (3)	Gross Accruals into Public Account (4)	Gross Receipts (1+2+3 +4) (5)	GDP at Current Prices (6)	Gross Receipts/GDP (in per cent) (7)
2011-12	1165691 (20)	54906 (1)	4063177 (69)	620667 (10)	5904441	8736039	67.59
2012-13	1347438 (22)	52513 (1)	3968038 (66)	660784 (11)	6028773	9951344	60.58
2013-14	1536024 (24)	53917 (1)	3994966 (64)	692960 (11)	6277867	11272764	55.69
2014-15	1666717 (25)	64287 (1)	4218196 (62)	850506 (12)	6799706	12488205	54.45
2015-16	1942353 (26)	84010 (1)	4316950 (58)	1116692 (15)	7460005	13576086	54.95

*Includes figures of taxes and duties assigned to States (₹ 5, 06,193 crore for current year). Net revenue receipts to the Centre is ₹ 14, 36,160 crore in current year, as reflected in **Table 1.1**.

Note: (1) Figures in parentheses indicate percentage of Gross receipts.

As can be seen from **Table 1.3**, Gross receipt to GDP ratio showed a declining trend during 2011-15 and stood at the level of 54.45 per cent in 2014-15. It marginally improved over previous year and stood at 54.95 per cent in 2015-16. The year 2015-16 was characterised by a growth of 16.54 per cent in gross revenue receipts as compared to 8.51 per cent in 2014-15. Ratio of Gross debt receipts to gross receipts declined to 57.87 per cent for 2015-16 as against 62.03 per cent in 2014-15. Although, the share of debt receipts to gross receipts has been declining, still it is very high, indicating continued dependence on debt to balance the budget.

1.2.1 Revenue receipts

Revenue receipts, comprising tax and non-tax receipts, are the most important sources of revenue as no future payment obligations are created by these receipts. Components of revenue receipts are discussed in succeeding paras.

1.2.2 Revenue Receipts: Gross and Net

Table 1.4 presents an overview of the Union Government finances in relation to revenue receipts both gross and net.

Table 1.4: Revenue Receipts: Gross and Net

(₹ in crore)

Period	Tax Revenue (Gross)	Share of States*	Tax Revenues (Net)	Non-Tax Revenues#	Revenue Receipt (Net)	Revenue Receipts (Gross)
2011-12	889118	255414	633704	276573	910277	1165691
2012-13	1036461	291547	744914	310977	1055891	1347438
2013-14	1138996	318230	820766	397028	1217794	1536024
2014-15	1245136	337808	907328	421581	1328909	1666717
2015-16	1455891	506193	949698	486462	1436160	1942353
Annual Rate of Growth (per cent)						
2011-12	12.08	16.47	10.40	-22.89	-2.40	1.19
2012-13	16.57	14.15	17.55	12.44	16.00	15.59
2013-14	9.89	9.15	10.18	27.67	15.33	14.00
2014-15	9.32	6.15	10.55	6.18	9.12	8.51
2015-16	16.93	49.85	4.67	15.39	8.07	16.54

includes Grant-in-aid and contributions from external Agencies

*The transfer to States in the form of share in central tax revenues as shown in Union Government Finance Accounts is subject to final ascertainment and certification under Article 279(1).

During 2015-16, gross tax revenue increased by 16.93 per cent over the previous year and also surpassed the growth of GDP at current prices of 8.71 per cent (Table 1.5).

Non-tax revenues of the government showed high fluctuation during 2011-16 and recorded growth of 15.39 per cent in 2015-16.

Growth in Gross revenue receipts in 2015-16 was 16.54 per cent, nearly double the growth rate of GDP, as compared to 8.51 per cent in 2014-15.

1.2.3 Components of revenue receipts: Gap between Actuals and BE

Formulating realistic budgetary estimates is vital for expenditure control and cash and debt management. The chart below exhibits the key components of actual revenue receipts vis-à-vis BE.

Chart 1.1 Actuals of key Revenue Components vis-a-vis BE: 2015-16


Chart 1.1 indicates that actual realisation in respect of Corporation Tax and Income Tax were short of BE. The realisation from Excise Duty was higher by 25.36 per cent over the BE.

1.2.4 Tax revenue

Table 1.5 depicts direct and indirect tax revenue over the last five years in absolute terms as well as annual rate of growth.

Table 1.5: Components of tax revenue (gross)

(₹ in crore)

Period	Total Gross Tax Revenue#	Direct Taxes*				Indirect Taxes					GDP at current prices
		Corporation Tax	Income Tax	Others	Total	Customs Duties	Excise Duties	Service Tax	Others	Total	
2011-12	889118	322816	164525	6646	493987	149328	144901	97509	3393	395131	8736039
2012-13	1036461	356326	196844	5819	558989	165346	175845	132601	3680	477472	9951344
2013-14	1138996	394678	237870	6048	638596	172085	169455	154780	4080	500400	11272764
2014-15	1245136	428925	258374	8493	695792	188016	189038	167969	4321	549344	12488205
2015-16	1455891	453228	280390	8394	742012	210338	287148	211415	4978	713879	13576086
Annual Rate of Growth (per cent)											
2011-12	12.08	8.08	18.28	-19.00	10.76	9.95	5.23	37.31	21.92	13.77	@
2012-13	16.57	10.38	19.64	-12.44	13.16	10.73	21.36	35.99	8.46	20.84	13.91
2013-14	9.89	10.76	20.84	3.94	14.24	4.08	-3.63	16.73	10.87	4.80	13.28
2014-15	9.32	8.68	8.62	40.43	8.96	9.26	11.56	8.52	5.91	9.78	10.78
2015-16	16.93	5.67	8.52	-1.17	6.64	11.87	51.90	25.87	15.20	29.95	8.71

Includes figures of taxes/duties assigned to States/UTs.

*Direct Taxes includes Gross of Taxes on Income and Expenditure and Taxes on Property, Capital and other Transaction except Major Heads 0029-Land Revenue and 0030-Stamp and Registration Fees.

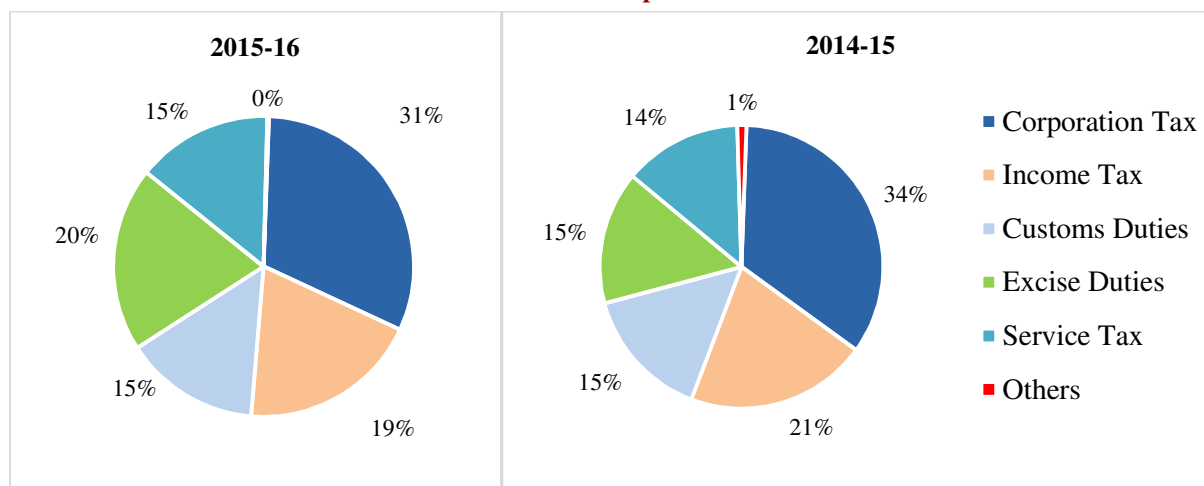
@ Figures not available due to change in base year of GDP to 2011-12.

Overall growth of 16.93 per cent of gross tax revenue in 2015-16 exceeded the growth of GDP in 2015-16 unlike the trend of last two years, i.e., during 2013-15.

In 2015-16, growth in direct tax plummeted to the lowest level of 6.64 per cent in the last five years. The growth in all components of direct tax remained lower in 2015-16 in comparison to the last year. However, all components of indirect tax registered growth during current year over previous year resulting in impressive growth in indirect tax of 29.95 per cent during 2015-16 as compared to the growth of 9.78 per cent in 2014-15.

A comparison of relative shares of components of tax revenues during 2015-16 and 2014-15 (**Chart 1.2**) shows increase in shares of excise duties (five per cent) and service tax (one per cent) and decrease in shares of corporation tax (three per cent) and income tax (two per cent). The share of Custom duties is 15 per cent in both years.

Chart 1.2: Components of tax revenue



Zero per cent denotes value less than 0.5 per cent

1.2.5 Tax-GDP ratio

Tax GDP Ratio is the indicator of adequacy and effectiveness of Government's resource mobilization efforts and its extent of realisation of the tax potential. **Table 1.6** presents the trends of Gross Tax-GDP ratio over the period 2011-16, which remained around 10 per cent.

Table 1.6: Tax /GDP ratio of major taxes

(in per cent)

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others
2011-12	10.18	3.70	1.88	1.71	1.66	1.12	0.11
2012-13	10.42	3.58	1.98	1.66	1.77	1.33	0.10
2013-14	10.10	3.50	2.11	1.53	1.50	1.37	0.09
2014-15	9.97	3.43	2.07	1.51	1.51	1.35	0.10
2015-16	10.72	3.34	2.07	1.55	2.12	1.56	0.10

1.2.6 Collection of Cess

A cess is additional tax levied by the Government to raise funds for a specific purpose. Cess collections are initially credited to the CFI. In the Union Finance Accounts there exists a separate segregation of union excise non-shareable duties. In Union Government Finance Accounts FY 2015-16 an amount of ₹ 1,06,485 crore has been shown as union excise non-shareable duties. The annual collection of cess during the period 2011-12 to 2015-16 is shown in **Table 1.7**.

Table 1.7: Collection of Cess

(₹ in crore)

Year	Primary Education Cess	Higher and Secondary Education Cess	Clean Energy Cess	Cess on Crude oil	Road Cess	Others	Total
2011-12	16899	8067	2580	8122	18362	3219	57249
2012-13	20946	9867	3053	14510	19979	2990	71345
2013-14	22837	11266	3082	14533	20478	4489	76685
2014-15	24219	11960	5393	14655	25122	4035	85384
2015-16	18783	9240	12676	14311	69540	7847	132397
Annual Rate of Growth (per cent)							
2011-12	16.94	11.67	142.03	7.45	6.75	7.87	13.36
2012-13	23.95	22.31	18.33	78.65	8.81	-7.11	24.62
2013-14	9.03	14.18	0.95	0.16	2.50	50.13	7.48
2014-15	6.05	6.16	74.98	0.84	22.68	-10.11	11.34
2015-16	-22.45	-22.74	135.05	-2.35	176.81	94.47	55.06

Table 1.7 depicts that there has been overall growth in cess collection by 55.06 per cent during 2015-16. Clean Energy cess and Road Cess showed growth of 135.05 per cent and 176.81 per cent respectively during the same period. However, the growth in Primary Education cess and Higher and Secondary Education cess has decreased by 22.45 per cent and 22.74 per cent respectively.

1.2.7 Non-tax revenue

Non tax revenues comprised of two components: income from its sovereign functions like judiciary, police, currency and coinage etc.; and those arising from assets/investment or dividends or from user charges collected by Railways, Post and Departmental Undertakings. Compositions of non-tax revenue are given in **Table 1.8**

Table 1.8: Composition of Non-tax revenue (Share and growth trend)

(₹ in crore)

Period	Total Non-tax Revenue#	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions**
2011-12	276573	40054	50609	988	158283	26639
Relative share (per cent)	100	14.48	18.30	0.36	57.23	9.63
2012-13	310977	38860	53762	4819	184662	28874
Relative share (per cent)	100	12.50	17.29	1.55	59.38	9.28
2013-14	397028	44027	90442	1316	227661	33582
Relative share (per cent)	100	11.09	22.78	0.33	57.34	8.46
2014-15	421582	48007	89861	1735	243512	38467
Relative share (per cent)	100	11.39	21.32	0.41	57.76	9.12
2015-16	486462	46325	112136	10100	279710	38191
Relative share (per cent)	100	9.52	23.05	2.08	57.50	7.85

Union Government Finances: Overview

Period	Total Non-tax Revenue#	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions**
Annual Rate of Growth						
2011-12	(-)22.89	13.47	5.45	21.38	(-)36.24	1.20
2012-13	12.44	(-)2.98	6.23	387.75	16.67	8.39
2013-14	27.67	13.30	68.23	(-)72.69	23.29	16.31
2014-15	6.18	9.04	(-)0.64	31.84	6.96	14.55
2015-16	15.39	-3.50	24.79	482.13	14.86	-0.72

includes Grant-in-aid and contributions from external Agencies.

Social Services: include education, health, water supply, sanitation, 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 Departmentally managed Government Undertakings, etc.

** Fiscal services and General Services (Police, Public Works, Defence, Other Administrative Services, Grants-in-aid and Contributions etc.)

In 2015-16, the largest share of non-tax revenue (57.50 per cent) came from user charges levied by various departments, which offer Economic Services to the general public (**Table 1.8**). Interest receipts constituted 9.52 per cent of non-tax revenue (1.87 percentage points lower than the previous year), while dividends and profits accounted for 23.05 per cent (1.73 percentage points above than the previous year). The non-tax revenue increased from 6.18 per cent in 2014-15 to 15.39 per cent in 2015-16. This was mainly due to increase in receipts from Social Services 482.13 per cent in 2015-16 as against 31.84 per cent in 2014-15, dividends and profits (from -0.64 per cent in 2014-15 to 24.79 per cent in 2015-16) as well as higher growth in the receipts from Economic Services (6.96 per cent in 2014-15 to 14.86 per cent in 2015-16).

Receipts from Social Services witnessed growth of 482.13 per cent during 2015-16 due to receipt of ₹ 2,552 crore from 'Information and Publicity' and ₹ 6,753 crore from 'Broadcasting'.

Receipt from Economic Services and Social Services is a major constituent of non-tax revenue. The details are given in **Table 1.9**.

Table 1.9: Major components of revenues under Economic and Social Sector

Period	(₹ in crore)					
	Indian Railways-Commercial Lines	Petroleum	Roads and Bridges	Other General Economic Services	Coal and Lignite	Medical and Public Health
2011-12	103312 (37.35)	12581 (4.55)	3053 (1.10)	3595 (1.30)	36 (0.01)	285 (0.10)
2012-13	122953 (39.54)	14806 (4.76)	4007 (1.29)	3148 (1.01)	88 (0.03)	311 (0.10)
2013-14	138776 (34.95)	16525 (4.16)	5298 (1.33)	3368 (0.85)	136 (0.03)	345 (0.09)
2014-15	155904 (36.98)	14480 (3.43)	6103 (1.45)	4774 (1.13)	6179 (1.47)	348 (0.08)
2015-16	163497 (33.61)	9492 (1.95)	6889 (1.42)	5231 (1.08)	545 (0.11)	363 (0.07)

Figures in the parentheses show percentage of non-tax revenue

Under Economic Services, the main schemes/programme/functions responsible for the increase were receipts of 'Indian Railways (Commercial Lines)' which increased from ₹ 1,55,904 crore in 2014-15 to ₹ 1,63,497 crore in 2015-16 and receipts from 'Roads and Bridges', which increased from ₹ 6,103 crore to ₹ 6,889 crore during the same period. However, revenue from Coal & Lignite and 'Petroleum' decreased in 2015-16 over previous year, from ₹ 6,179 crore to ₹ 545 crore and ₹ 14,480 crore to ₹ 9,492 crore respectively.

The details of non-tax revenue received by way of dividends and profits are detailed in **Table 1.10**.

Table 1.10: Composition of Dividend and Profit

(₹ in crore)

Period	Share of surplus profits from RBI	Dividends from Public Undertakings	Share of profit from nationalised Banks	Dividend from Others	Total Dividend and profits	Non Tax Revenue
2011-12	15009 (5.43)	29034 (10.50)	5029 (1.82)	1537 (0.56)	50609	276573
2012-13	16010 (5.15)	30630 (9.85)	5656 (1.82)	1466 (0.47)	53762	310977
2013-14	33010 (8.31)	47333 (11.92)	8184 (2.06)	1915 (0.48)	90442	397028
2014-15	52679 (12.50)	32996 (7.83)	2456 (0.58)	1730 (0.41)	89861	421582
2015-16	65896 (13.55)	39897 (8.20)	4214 (0.87)	2129 (0.44)	112136	486462

Figures in parentheses show percentage of Non Tax Revenue.

Transfer of surplus profit from RBI which was 12.50 per cent of non-tax revenue in 2014-15, increased to 13.55 per cent in 2015-16. Dividend from Public Undertaking, increased from ₹ 32,996 crore in 2014-15 to ₹ 39,897 crore in 2015-16.

1.2.8 Non-debt capital receipts

Non-debt capital receipts consist of miscellaneous capital receipts (bonus shares, disinvestment, etc.) and recovery of loans and advances from States and Union Territories, Foreign Governments, Government corporations, non-government institutions and government servants. During the period 2011-16, there was substantial shortfall in miscellaneous capital receipts as compared to the BE. On the other hand, the recovery of loans and advances was significantly higher than the BE during the same period, indicating deficiency in the formulation of the BE (**Table 1.11**).

Table 1.11: Realisation from Non-Debt Capital Receipt

Period	Miscellaneous Capital Receipt			Recovery of Loans and Advances		
	BE	Actual*	Percentage of Actual to BE	BE	Actual	Percentage of Actual to BE
	(<i>₹ in crore</i>)			(<i>₹ in crore</i>)		
2011-12	40000	16471	41.18	26510	36818	138.88
2012-13	30000	25408	84.69	23095	26624	115.28
2013-14	55814	29368	52.62	22054	24549	111.31
2014-15	63425	37737	59.50	22817	26547	116.35
2015-16	69500	42132	60.62	22714	41878	184.37

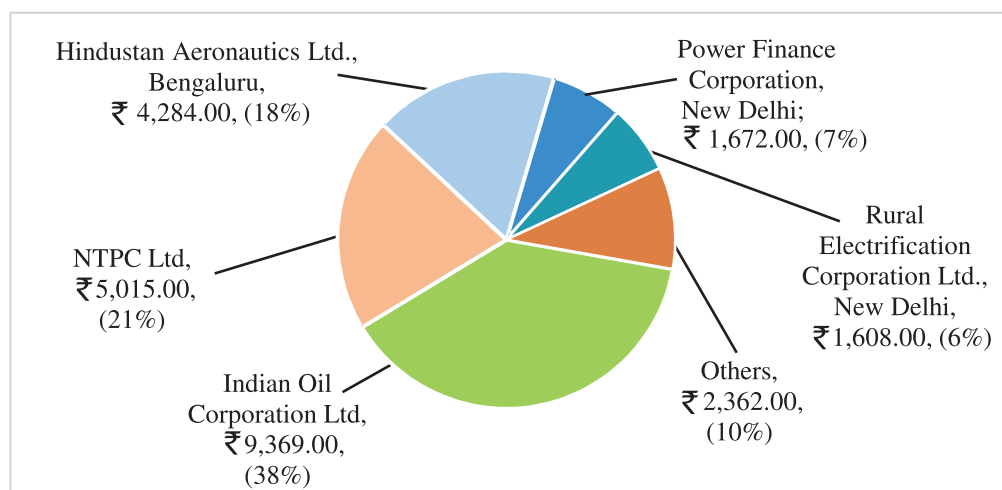
Source: Annual Financial Statement and Union Government Finance Accounts.

*Does not include receipts from bonus shares.

Disinvestment constitutes the major portion of the miscellaneous capital receipt. **Chart 1.3** indicates that 76.79 per cent (₹ 18,668 crore) of the disinvestment proceeds of total ₹ 24,311 crore were contributed by three units viz. Indian Oil Corporation Ltd, NTPC Ltd and Hindustan Aeronautics Ltd.. Other Central Public Sector undertakings, equities of which disinvested, were Power Finance Corporation, (₹ 1,672 crore, 6.88 per cent), Rural Electrification Corporation Ltd., (₹ 1,608 crore, 6.62 per cent) and others¹ (₹ 2,362 crore, 9.72 per cent).

Chart 1.3: Component of disinvestment proceeds

(*₹ in crore*)



1.2.9 Returns on Investments

The number of statutory corporations, government companies, other joint stock companies, co-operative banks and societies, international bodies, etc. Ministry/Department wise along with dividend received during the year 2015-16 are given in the **Table 1.12**.

¹ Others includes nine companies namely Dredging Corporation Ltd, EIL, Container Corporation of India Ltd (CONCOR), Bharat Dynamic Ltd, Visakhapatnam Steel Project, MECON Ltd, Chandigarh State Federation of Co-operative House Building Society, The Manimajra Co-operative Marketing cum Processing Society Ltd and The Manimajra, Patti Tarli, Co-op Agricultural Society.

Table 1.12: Number of PSUs paying dividend

(₹ in crore)

Ministry/ Department	Number of PSUs	Dividend received	Ministry/Departments	Number of PSUs	Dividend received
Civil Aviation and tourism	4	841	Coal	3	14271
Finance	8	3215	Industry	5	124
Petroleum and Natural Gas	8	8612	New and Renewable Energy	1	204
Steel& Mines	11	5264	Shipping	4	117
Railways	7	657	Urban Affairs	2	100
Defence	8	965	Atomic Energy	6	773
Power	9	6566	Others*	36	71004
Total				112	112713**

Source: Statement No. 11 of Union Government Finance Accounts.

* Others includes State Co-operative Banks/Institutions

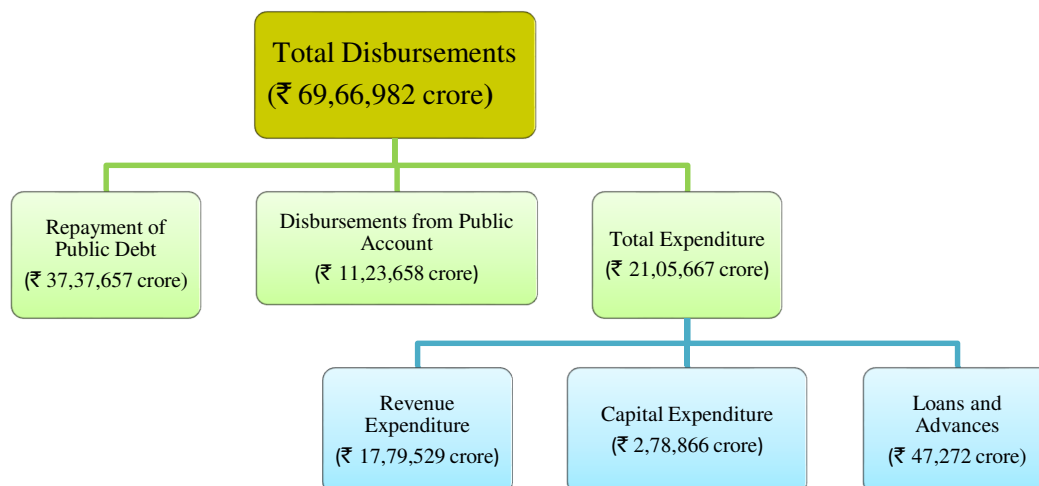
** For difference in figures of dividend receipt in 2015-16 vis-à-vis Table 1.10 refer to Table 2.5 in Chapter-2.

During 2015-16, the Union Government received a dividend of ₹ 1,12,713 crore in 112 Government Companies and corporations against the total investment of ₹ 6,07,604.78 crore in 336 PSUs, which was 18.55 per cent of investment as on 31 March 2016. The progressive total investment increased from ₹ 4,72,159.22 crore on 31 March 2015 to ₹ 6,07,604.78 crore on 31 March 2016. The major contributors of dividend were Life Insurance Corporation (₹ 1,804 crore), Oil and Natural Gas Corporation Ltd, (₹ 3,391 crore), Coal India Limited, (₹ 13,785 crore), National Hydro Electric Power Corporation Ltd.(₹ 1,256.14 crore), NTPC Ltd (₹ 2,072 crore), Power Finance Corporation, New Delhi (₹ 1,243.94 crore), Bharat Petroleum Corporation of India Ltd. (₹ 1,529.22 crore), Indian Oil Corporation Ltd. (₹ 1,720.80 crore), National Mineral Development Corporation Ltd., (₹ 3,901.49 crore), Reserve Bank of India (₹ 65,896.42 crore) and Nationalised Banks (₹ 4,214.30 crore).

1.3 Expenditure Analysis

The total disbursements from the Consolidated Fund of India and the Public Account were to the tune of ₹ 69,66,982 crore in 2015-16 as shown in **Box 1.2**.

Box 1.2: Components of Total Disbursements



Total disbursements in 2015-16 increased by 6.53 *per cent* as compared to ₹ 65,39,743 crore in 2014-15. Of the total disbursement of ₹ 69,66,982 crore, disbursement from CFI was 83.87 *per cent* towards (Repayments of public debt 53.65 *per cent* and total expenditure 30.22 *per cent*). Remaining 16.13 *per cent* of disbursement was from Public Account.

Table 1.13 shows that the share of total expenditure has increased from 29.19 *per cent* in 2014-15 to 30.22 *per cent* in 2015-16.

Table 1.13: Share of various components of total Disbursement

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Components of Total Disbursement					
Repayment of Debt	3495929 (62.06)	3426893 (60.27)	3511291 (59.11)	3707700 (56.70)	3737657 (53.65)
Disbursements from Public Account	654043 (11.61)	656403 (11.54)	654239 (11.01)	922899 (14.11)	1123658 (16.13)
Total Expenditure (TE)	1483064 (26.33)	1602918 (28.19)	1774941 (29.88)	1909144 (29.19)	2105667 (30.22)
Components of Total Expenditure					
Revenue Expenditure (RE)	1305195 (88.01)	1420473 (88.62)	1575097 (88.74)	1695137 (88.79)	1779529 (84.51)
Capital Expenditure (CE)	139465 (9.40)	150382 (9.38)	168844 (9.51)	172085 (9.01)	278866 (13.24)
Loans and Advances (LA)	38404 (2.59)	32063 (2.00)	31000 (1.75)	41922 (2.20)	47272 (2.24)

Figures in parentheses show percentage

The proportion of repayment of debt in the total disbursement has come down from 56.70 *per cent* in 2014-15 to 53.65 *per cent* in 2015-16. Revenue expenditure as a proportion of total expenditure remained around 88 *per cent* during 2011-15, which decreased to 84.51 *per cent* in 2015-16.

1.3.1 Sectoral Expenditure

In the accounts of Union Government, the transactions are accounted under various heads which, in turn, are grouped into sectors, viz General Services, Social Services and Economic Services.

Table 1.14 presents the details of sectoral expenditure. General Services as a percentage of total expenditure showed growth from 46.25 *per cent* in 2011-12 to 50.56 *per cent* in 2015-16. Expenditure growth in Economic Services has remained between 41 to 45 *per cent* during the same period.

Table 1.14:- Sectoral expenditure of Union Government

(₹ in crore)

Year	General Service		Social Service		Economic Service		Total
	Amount	As % of Total Expenditure	Amount	As % of Total Expenditure	Amount	As % of Total Expenditure	
2011-12	597504	46.25	119953	9.29	574371	44.46	1291828
2012-13	666406	47.42	124725	8.87	614306	43.71	1405437
2013-14	767915	49.14	142426	9.12	652316	41.74	1562657
2014-15	843093	54.16	68663	4.41	645003	41.43	1556759
2015-16	896486	50.56	100682	5.68	775879	43.76	1773047

Notes: The sectoral classification excludes loans to Foreign Governments, State governments, UTs, loans to Government Servants and revenue expenditure on account of Grant in Aid which do not fall under any specific group.

1.3.2 Revenue Expenditure

Revenue expenditure is current expenditure, which does not result in creation of assets. This is meant for normal running of the Government. In terms of activities, overall expenditure could be considered as being composed of General Services (include administration and defence), Social Services and Economic Services. This also includes the Grant-in-Aid (GIA) and contributions to State, Union Territory and foreign Governments. **Table 1.15** presents the sectoral components of revenue expenditure.

Table 1.15: Sectoral components of Revenue expenditure

(₹ in crore)

Period	General Services	Social Services	Economic Services	GIA and Contribution	Total
2011-12	521326 (39.94)	111577 (8.55)	492398 (37.73)	179894 (13.78)	1305195 (100)
2012-13	586927 (41.32)	116712 (8.22)	535434 (37.69)	181400 (12.77)	1420473 (100)
2013-14	679852 (43.16)	133981 (8.51)	561860 (35.67)	199404 (12.66)	1575097 (100)
2014-15	752908 (44.42)	59437 (3.50)	544682 (32.13)	338109 (19.95)	1695137 (100)
2015-16	804758 (45.22)	88444 (4.97)	569645 (32.01)	316682 (17.80)	1779529 (100)
Annual rate of Growth (in per cent)					
2011-12	14.69	-8.52	9.46	12.61	10.04
2012-13	12.58	4.60	8.74	0.84	8.83
2013-14	15.83	14.80	4.94	9.93	10.89
2014-15	10.75	-55.64	-3.06	69.56	7.62
2015-16	6.89	48.80	4.58	-6.34	4.98

Figures in parentheses show percentage of Revenue Expenditure

Growth of total revenue expenditure has reduced considerably from 10.89 per cent in 2013-14 to 7.62 per cent in 2014-15 and further to 4.98 per cent in 2015-16. Expenditure on 'GIA and Contribution' had registered a growth of 69.56 per cent in 2014-15 due to the reason that the funds released directly to implementing agencies by the Union Government has been dispensed with and were routed through State Government accounts. However, in

financial year 2015-16, the expenditure on GIA and contribution has declined by 6.34 *per cent* as compared to financial year 2014-15.

(a) Revenue Expenditure on General Services

Table 1.16 presents the expenditure on major components of General Services and their annual growth during the period 2011-16.

Table 1.16: Components of General Services

(₹ in crore)

Period	Interest payments & Servicing of Debt	Administrative Services	Pension & Miscellaneous General Services	Defence Services	Others	Total
2011-12	286982	42294	72873	107624	11553	521326
2012-13	330171	47201	80766	116485	12304	586927
2013-14	395200	53509	87552	129890	13701	679852
2014-15	425098	59698	107911	145146	15055	752908
2015-16	457270	66286	111285	151600	18317	804758
Annual rate of Growth (in per cent)						
2011-12	17.29	15.58	9.30	11.65	13.04	14.69
2012-13	15.05	11.60	10.83	8.23	6.50	12.58
2013-14	19.70	13.36	8.40	11.51	11.35	15.83
2014-15	7.57	11.57	23.25	11.75	9.88	10.75
2015-16	7.57	11.04	3.13	4.45	21.67	6.89

The expenditure on interest payment constitutes 56.82 *per cent* of expenditure on General Services. The growth of expenditure on interest payment had been 7.57 *per cent* in 2015-16, but in absolute term the growth was ₹ 32,172 crore. The annual growth in Pension & Miscellaneous General Services was 3.13 *per cent* in 2015-16 as compared to growth of 23.25 *per cent* in 2014-15.

(b) Revenue Expenditure on Social Services

Expenditure on Social Services, which includes expenditure on Education, Sports, Art and Culture, Health and Family Welfare, Water Supply and Sanitation, Housing, Urban Development; Welfare of SCs, STs and OBCs, Labour and Labour welfare, Social Security and Welfare, Nutrition, Relief for Natural Calamities etc. Under this head expenditure of the Union Government has shown increase in 2015-16 over previous year (**Table 1.17**) reflecting higher priority to Social Services.

Table 1.17: Components of Social Services

(₹ in crore)

Period	Education, Sports, Art and Culture	Water Supply, Sanitation, Housing and Urban Development	Health and Family Welfare	Welfare of SC, ST, OBC and Minorities	Others	Total
2011-12	57251	21399	19527	660	12740	111577
2012-13	62741	22460	19503	348	11660	116712
2013-14	68480	26824	22358	606	15713	133981
2014-15	30636	1899	11142	1564	14196	59437
2015-16	33038	4654	13202	3377	34173	88444
Annual rate of Growth (in per cent)						
2011-12	11.72	-4.86	7.95	3.13	-56.81	-8.52
2012-13	9.59	4.96	-0.12	-47.27	-8.48	4.60
2013-14	9.15	19.43	14.64	74.14	34.76	14.80
2014-15	-55.26	-92.92	-50.17	158.09	-9.65	-55.64
2015-16	7.84	145.08	18.49	115.92	140.72	48.80

Due to increased spendings on (i) Water Supply and Sanitation and (ii) Welfare of SC, ST, OBC and Minorities the related segments witnessed growth in expenditure by 145.08 per cent and 115.92 per cent respectively in 2015-16. In 2015-16 Grants to Prasar Bharati was enhanced substantially to ₹ 13,913 crore as compared to ₹ 2,438 crore in 2014-15, resulting in increased expenditure under others by 140.72 per cent.

(c) Revenue Expenditure on Economic Services

The trends in revenue expenditure on components of Economic Services as well as their annual growth during 2011-16 are presented in **Table 1.18**.

Table 1.18: Components of Economic Services

(₹ in crore)

Period	Transport	Agriculture and Allied Services	Energy	Industries and Minerals	Others	Total
2011-12	148767	142096	83100	35391	83044	492398
2012-13	158525	153714	105680	34775	82740	535434
2013-14	174475	159327	96622	40969	90467	561860
2014-15	190721	170066	75014	52990	55891	544682
2015-16	201625	202375	42475	53204	69966	569645

Period	Transport	Agriculture and Allied Services	Energy	Industries and Minerals	Others	Total
Annual rate of Growth (in per cent)						
2011-12	5.79	5.84	72.10	-10.64	-4.61	9.46
2012-13	6.56	8.18	27.17	-1.74	-0.37	8.74
2013-14	10.06	3.65	-8.57	17.81	9.34	4.94
2014-15	9.31	6.74	-22.36	29.34	-38.22	-3.06
2015-16	5.72	19.00	-43.38	0.40	25.18	4.58

Agriculture and Allied Services Sector witnessed growth of 19 *per cent* in 2015-16 against 6.74 *per cent* in 2014-15. Since 2013-14, there has been negative growth in the Energy Sector, which could be attributed to decrease in subsidy on petroleum, including LPG and kerosene.

1.3.2.1 Trend of Major Revenue Expenditure

(a) Interest Payments:

This head provides for payment of interest on public debt, (both internal and external) and other interest bearing liabilities of the Government, which include insurance and pension funds, provident funds, reserve funds, deposits, interest on special securities issued to various Companies, Corporations etc. It also embraces expenditure on reduction or avoidance of debt. The proportion of interest payments to revenue expenditure stood at 25.70 *per cent* in the current year (Table 1.19).

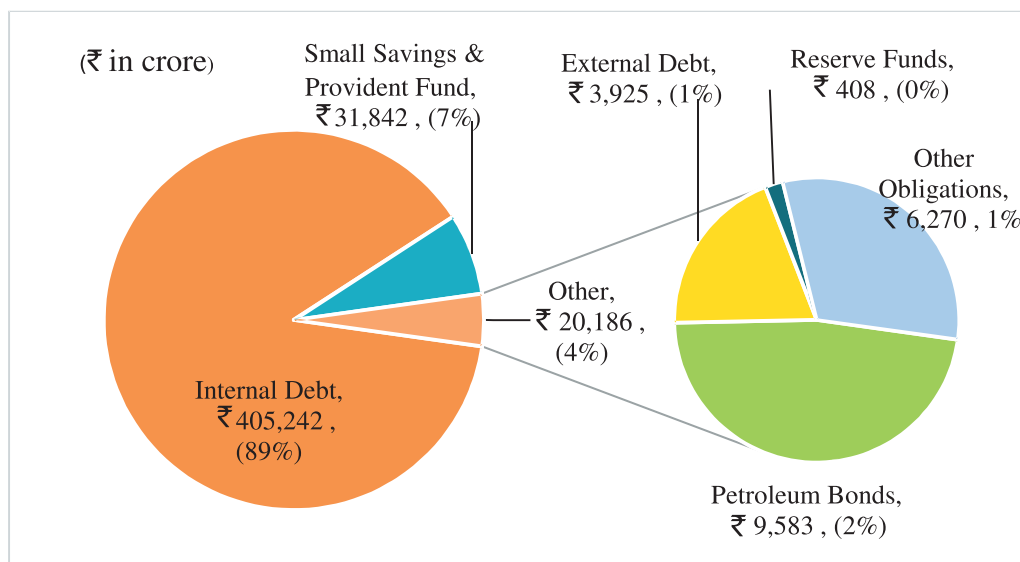
Table 1.19: Interest payment to revenue expenditure

Year	Interest Payments (IP)	Revenue Receipt (RR)	Revenue Expenditure (RE)	Growth of IP	Share of IP to RE
2011-12	286982	910277	1305195	17.29*	21.99
2012-13	330171	1055891	1420473	15.05	23.24
2013-14	395200	1217793	1575097	19.70	25.09
2014-15	425098	1328910	1695137	7.57	25.08
2015-16	457270	1436160	1779529	7.57	25.70

*In 2010-11, expenditure on interest payments was ₹2,44,681 crore.

Components of interest payments made in 2015-16 are shown in **Chart 1.4**. Interest payments on account of internal debt is 89 *per cent* (₹ 4,05,242 crore) of the total interest payments (₹ 4,57,270 crore).

Chart 1.4: Main components of interest expenditure

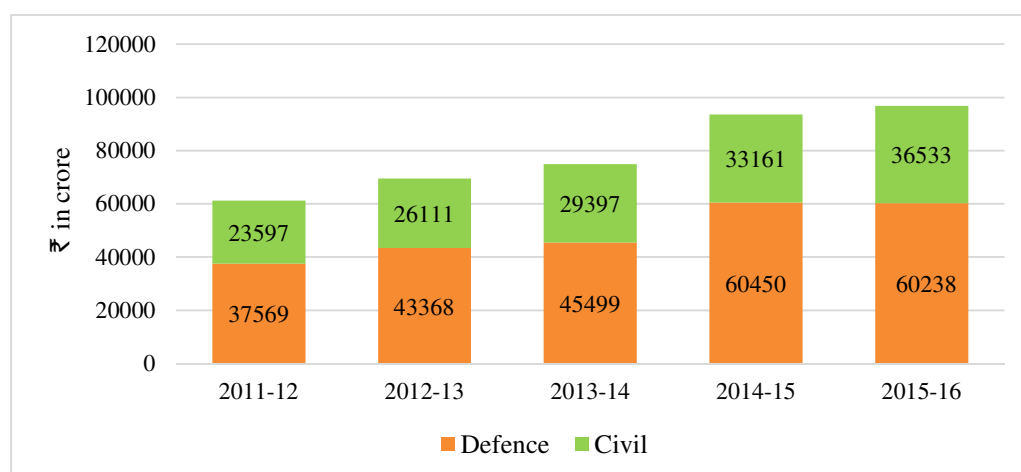


Zero per cent denotes less than 0.5 per cent.

(b) Pension payments

Expenditure on pensions and other retirement benefits increased from ₹ 93,611 crore in 2014-15 to ₹ 96,771 crore in 2015-16. In the case of Defence Pension, it slightly decreased and stood at ₹ 60,238 crore in 2015-16. During the five years period, the defence pension payments remained between 60-65 per cent of total pension payments (**Chart 1.5**).

Chart 1.5: Expenditure on Pensions and other Retirement Benefits



Source: Major Head 2071 of Union Government Finance Accounts. This does not include figures of the Department of Posts and Railways.

1.3.2.2 Management of Subsidies

Subsidies are dispensed not only explicitly, i.e. through the Budget, but also by providing subsidised goods and services to the people. **Table 1.20** presents details of the subsidies, which the Government provided explicitly.

Table 1.20: Explicit Subsidies in the Union Government Budget

Period	Food	Fertilisers@ (Urea)	Fertilisers# (Decontrolled)	Petroleum Subsidy	Others*	Total subsidies	Subsidies as % of GDP	Subsidies as% of Revenue expenditure
							(<i>₹ in crore</i>)	
2011-12	72822 (14)	33924 (39)	36108 (-13)	68481 (78)	6567 (-32)	217902 (23)	2.49	16.69
2012-13	85000 (17)	35132 (4)	30576 (-15)	96880 (41)	9591 (46)	257179 (18)	2.58	18.11
2013-14	92000 (8)	38038 (8)	29427 (-4)	85378 (-12)	9902 (3)	254745 (-1)	2.26	16.17
2014-15	117671 (28)	50423 (33)	20667 (-30)	60269 (-29)	9269 (-6)	258299 (1)	2.07	15.24
2015-16	139419 (18)	50478 (0)	21938 (6)	29999 (-50)	16637 (80)	258471 (0)	1.90	14.52

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

Indicates subsidies given as concession on sale of decontrolled fertilisers.

Figures in parentheses indicate percentage of annual growth.

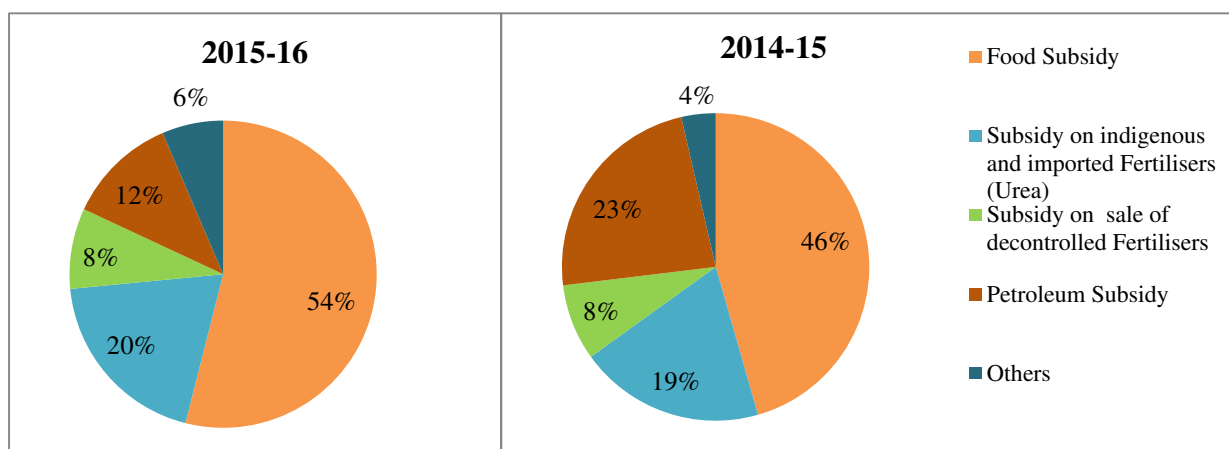
* Others include interest subsidy, compensation for exchange loss, etc.

The bulk of the expenditure under this head is towards food, fertilizer and petroleum subsidies. Total expenditure on subsidy has remained almost same during last two years (2014-16). However, the subsidies on food and decontrolled fertilisers grew by ₹ 21,748 crore (18 per cent) and ₹ 1,271 crore (six per cent) respectively in 2015-16 over the previous year. Due to increase in expenditure on interest subsidy in 2015-16, the expenditure under head 'Others' showed an increase of 80 per cent over 2014-15. The expenditure on subsidies on petroleum declined by 50 per cent in 2015-16, which resulted in containing the amount on subsidies to the level of previous year.

As a percentage of GDP, the expenditure on subsidies has come down to 1.90 per cent in 2015-16 from 2.07 per cent in 2014-15. Likewise, share of expenditure on subsidies in revenue expenditure has come down to 14.52 per cent from 15.24 per cent during the same period.

Chart 1.6 presents the share of various components of subsidies. Out of the total subsidy expenditure of ₹ 2,58,471 crore in 2015-16, 54 per cent was on food, 28 per cent on fertilisers, 12 per cent on petroleum and six per cent as other subsidies.

Chart 1.6: Components of explicit subsidies



Receivables shown in the financial statements of the Corporations and Central Public Sector Undertakings working in the sectors of food, fertilisers and petroleum were correlated with the subsidy reimbursements made by the Union Government, in absence of complete information from the Ministries concerned. The accounts/records of Fertiliser and Chemicals Travancore Ltd, National Fertilisers Ltd. (NFL), Rashtriya Chemical & Fertilizer Ltd., Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution and Ministry of Petroleum and Natural Gas (MoPNG) were examined and correlated in audit.

Based on this examination, it emerged that an amount of ₹ 70,144.67 crore of subsidy claims (₹ 37,776.56 crore to FCI, ₹ 27,280.06 crore to Petroleum and ₹ 5,088.05 crore to undertakings in the fertiliser sectors) have not been paid by the Union Government during financial year 2015-16, as depicted in **Annexure 1.1**. While arriving at the figure of ₹ 70,144.67 crore, claims submitted to the Government during the last quarter of 2015-16 has been excluded. Had these claims of three quarters been paid during the financial year, the total expenditure on subsidies would have been higher by ₹ 70,144.67 crore. Taking into account this figure, the expenditure on subsidies would have been 2.42 *per cent* of GDP in 2015-16, as against 1.90 *per cent*. Further, if outstanding subsidy claims are considered in totality including the past unpaid claims, excluding the 4th quarter claims, amounting to ₹ 1,62,529.50 crore, then the total subsidy expenditure would have been ₹ 4,21,000.50 crore in 2015-16, which works out to 3.10 *per cent* of GDP.

1.3.3 Capital Expenditure

Table 1.21 presents the summary of capital expenditure, which results in asset creation or enhancing the utility of existing assets of Union Government and annual rate of growth for the period of 2011-16.

Table 1.21: Sectoral components of Capital Expenditure

(₹ in crore)

Period	2011-12	2012-13	2013-14	2014-15	2015-16
General Services	76178 (7.39)	79479 (4.33)	88063 (10.80)	90185 (2.41)	91727 (1.71)
Defence Services	67902 (9.42)	70499 (3.82)	79125 (12.24)	81887 (3.49)	79958 (-2.36)
Police	5524 (10.73)	6123 (10.85)	6417 (4.80)	6035 (-5.95)	9177 (52.06)
Public Works	1116 (-56.67)	1270 (13.74)	1431 (12.66)	1076 (-24.78)	1001 (-6.97)
Others	1636 (24.62)	1587 (-3.00)	1090 (-31.32)	1187 (8.90)	1591 (34.04)
Social Services	4583 (15.49)	5102 (11.32)	3813 (-25.26)	4875 (27.85)	5407 (10.91)
Water Supply, Sanitation, Housing and Urban Development	2699 (18.90)	3100 (14.86)	1909 (-38.42)	2880 (50.86)	3496 (21.39)
Health and Family Welfare	1141 (20.49)	1353 (18.58)	1280 (-5.40)	938 (-26.72)	1025 (9.28)
Others	743 (-60.59)	649 (-0.13)	624 (-3.86)	1057 (69.40)	886 (-16.18)
Economic Services	58704 (-10.74)	65801 (12.09)	76968 (16.97)	77025 (0.07)	181732 (135.94)
Transport	30725 (4.59)	36361 (18.34)	48708 (33.96)	53154 (9.13)	68854 (29.54)
Industries and Minerals	2599 (21.78)	2305 (-11.31)	3230 (40.13)	4013 (24.26)	3634 (-9.44)
Science, Technology and Environment	2160 (-10.48)	2438 (12.86)	3080 (26.33)	3188 (3.53)	4040 (26.73)
Energy	2763 (326.46)	1083 (-60.79)	733 (-32.36)	945 (28.92)	2105 (122.75)
Others	20457 (-34.50)	23614 (15.43)	21217 (-10.15)	15725 (-25.89)	103099 (555.64)
Total	139465 (-0.86)	150382 (7.83)	168844 (12.28)	172085 (1.92)	278866 (62.05)

Figures in parentheses indicate growth in percentage.

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. As a result of this, 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 (Table 1.13).

Capital expenditure on Economic Services grew by 135.94 *per cent* in 2015-16 over the previous year. The substantial increase was attributable to investment in Public Sector Banks (₹ 25,000 crore), subscription to IMF (₹ 68,252 crore), investment in Asian Development Bank (₹ 2,236 crore) and in World Bank (₹ 993 crore).

Under General Services, Capital Expenditure under ‘Police’ (52.06 *per cent*), has registered substantial growth over the previous year.

1.3.3.1 Expenditure as percentage of GDP (Revenue + Capital)

Expenditure on Social and Economic Services relative to GDP indicates the priorities assigned to these sectors. Expenditure of the Union Government on Social and Economic Services together averaged 6.92 *per cent* of GDP during 2011-16. **Table 1.22** shows share of expenditure on Social Services (viz Education, Sports, Art and Culture, Medical and Public Health and Water Supply, Sanitation, Housing and Urban Development) have shown a declining trend since 2011-12 and together constitute around one *per cent* of GDP.

Table 1.22: Important components of expenditure as percentage of GDP

Period	Transport	Agriculture and Allied Services	Industries and Minerals	Education, Sports, Art and Culture	Health and Family Welfare	Water Supply, Sanitation, Housing and Urban Development
2011-12	2.05	1.64	0.43	0.66	0.24	0.28
2012-13	1.96	1.56	0.37	0.63	0.21	0.26
2013-14	1.98	1.42	0.39	0.61	0.21	0.25
2014-15	1.95	1.37	0.46	0.25	0.10	0.04
2015-16	1.99	1.49	0.42	0.25	0.10	0.06

Economic Services (viz. Agriculture, Transport and Industries) have expenditure share of around four *per cent* of GDP throughout the period 2011-16.

1.3.4 Transfer to States/UTs

Under the cooperative federalism practised in India, financial resources are transferred from Union Government to the State/Union Territory Governments to promote rapid rise and sustainable standard of living of the people by efficient utilisation of the resources of the country. To attain this objective, financial resources are transferred to States in the form of share in the net proceeds of the Union tax revenues under Article 270, besides providing grants-in-aid and loans to the State and Union Territory Governments under Articles 273, 275 and 293 of the Constitution.

The Fourteenth Finance Commission (FFC) has viewed that tax devolution should be the primary route of transfer of resources to States. In reckoning the requirements of the States, the FFC ignoring the plan and non-plan distinction

had perceived enhanced devolution of the divisible pool of taxes from 32 per cent to 42 per cent as ‘compositional shift in transfers from grants to tax devolution’. This enhanced allocation occupied the resource-allocation space vacated by the transfers made by the erstwhile Planning Commission.

Financial year 2015-16 happens to be the first year encompassing the five year (2015-16 to 2019-20) award period of FFC. **Table 1.23** below analyses the transfer of resources to the State/Union Territory Governments from the Union Governing during 2011-16.

Table 1.23: Transfer to States/UTs

(₹ in crore)

	Transfer to States/UTs	2011-12	2012-13	2013-14	2014-15	2015-16	Variation (%) of transfer vis-à-vis 2014-15
1.	Taxes and duties assigned to States						
1.1	Corporation Tax	100720	104964	107296	118235	159742	35.11
1.2	Income Tax	51161	62840	70651	84431	110933	31.39
1.3	Customs	44367	48558	52054	54759	81248	48.37
1.4	Excise	28709	33000	36764	30920	67717	119.01
1.5	Service Tax	30067	42007	51170	49141	86138	75.29
1.6	Other Taxes	390	178	295	322	415	28.88
	Total (1)	255414	291547	318230	337808	506193	49.85
2.	Other Assistance to States/UTs						
2.1	Grants ²	177425	177708	194119	333040	311196	(-) 6.56
2.2	Loans	10088	14059	11090	12012	12576	4.70
	Total (2)	187513	191767	205209	345052	323772	(-) 6.17
	Total Transfer (1+2)	442927	483314	523439	682860	829965	21.54
3.	% of Total Transfer to Gross Tax revenue	49.82	46.63	45.96	54.84	57.01	-
4.	% of Total Transfer to Total Expenditure	29.87	30.15	29.49	35.77	39.42	-

From **Table 1.23** it would be seen that with the increase of 10 per cent devolution to States from Union tax revenues as per the recommendation of the FFC, the total taxes and duties assigned to the States/UTs have increased by 49.85 per cent in 2015-16, as compared to 2014-15. However, the central transfer in the form of grants-in-aid to State/Union Territory Governments has slipped by 6.56 per cent. The total transfer to States in the form of share in taxes, grants and loans increased by 21.54 per cent in 2015-16, as against the increase of 30.46 per cent in 2014-15.

The transfer to States in the form of share in central tax revenues as shown in Union Government Finance Accounts 2015-16 is subject to final ascertainment and certification under Article 279(1).

² As per Appendix to Statement No 9 of Finance Accounts 3,31,573 crore was released in 2015-16 as GIA to State/UT Governments. However, the expenditure booked under Major Head 3601 and 3602 was 3,11,196 crore in 2015-16.

1.3.5 Major flagship programmes of the Government

The Union Government has been targeting key development priorities through flagship programmes. In July 2013, the Government reviewed the existing 137 Centrally Sponsored Schemes and restructured them into 66 Schemes, including 17 flagship programmes. Of the 17 flagship programmes, six major programmes have been analysed in **Table 1.24**.

Expenditure on the six flagship schemes has increased marginally (an increase of 0.66 *per cent*) from ₹ 97,880 crore in 2014-15 to ₹ 98,527 crore in 2015-16. Of these six schemes, the four schemes- MGNREGS, SSA, MDM and IAY, registered increase in comparison to the BE.

Table 1.24: Plan Expenditure on Major Flagship Programmes

(₹ in crore)

		MGNREGS	SSA	MDM	NRHM	IAY	PMGSY	Total
2011-12	BE	40000	20413	10061	19838	10000	20000	120312
	Actuals	29213	20841	9891	17983	9872	19342	107142
	Variation over BE (in <i>per cent</i>)	(-)26.97	2.10	(-)1.69	(-)9.35	(-)1.28	(-)3.29	(-)10.95
2012-13	BE	33000	24243	11643	22799	11075	24000	126760
	Actuals	30274	23873	10849	18661	7869	8884	100410
	Variation over BE (in <i>per cent</i>)	(-)8.26	(-)1.53	(-)6.82	(-)18.15	(-)28.95	(-)62.98	(-)20.79
2013-14	BE	33000	26358	12879	23148	15184	21700	132269
	Actuals	32993	24802	10918	19385	12982	9805	110885
	Variation over BE (in <i>per cent</i>)	(-)0.02	(-)5.90	(-)15.23	(-)16.26	(-)14.50	(-)54.82	(-)16.17
2014-15	provision	34000	27349	12828	10254	16000	9852	110283
	Actuals	32977	24068	10523	8468	11106	10738	97880
	Variation over BE (in <i>per cent</i>)	(-)3.01	(-)12.00	(-)17.97	(-)17.42	(-)30.59	8.99	(-)11.25
2015-16	BE	35721	21295	8964	8219	10025	14048	98272
	Actuals	36269	21613	9145	7984	10116	13400	98527
	Variation over BE* (in <i>per cent</i>)	1.53	1.49	2.02	(-)2.86	0.91	(-)4.61	0.26

*BE for 2015-16 includes Supplementary.

MGNREGS= Mahatma Gandhi National Rural Employment Guarantee Scheme, SSA= Sarva Shiksha Abhiyan, MDM= Mid-Day Meal, NRHM=National Rural Health Mission, IAY= Indira Awas Yojana & PMGSY= Pradhan Mantri Gram Sadak Yojana

1.3.6 Gender Budgeting

Gender budgeting was introduced in 2005-06. Gender Budget of the Union Government discloses expenditure proposed to be incurred within the overall budget on schemes which are designed to benefit women fully or partially. Schemes relating to gender budget were bifurcated in two categories viz. Part-A, schemes in which 100 *per cent* budget provisions were related to women

and Part-B, schemes in which at least 30 *per cent* of budget provisions were related to women. Year-wise BE, RE and percentage of variation between BE and RE for the years from 2011-12 to 2015-16 are given in **Table 1.25**.

Table 1.25: Gender budgetary allocations during 2011-16

Year	B E			R E			₹ in Crore	
	Part A	Part B	Total	Part A	Part B	Total	Variation (Diff in BE & RE)	% of variation
2011-12	20548.35	57702.67	78251.02	20496.57	56449.52	76946.09	(-)1304.93	(-)1.67
2012-13	22968.93	65173.87	88142.80	18878.48	59232.96	78111.44	(-)10031.36	(-)11.38
2013-14	27248.19	69885.51	97133.70	24285.11	61210.31	85495.42	(-) 11638.28	(-)11.98
2014-15	21887.61	75856.63	97744.24	17424.88	64168.04	81592.92	(-)16151.32	(-)16.52
2015-16	16657.11	62600.76	79257.87	11388.41	69860.71	81249.12	(+) 1991.25	(+)2.51

(Source: Expenditure Budget Volume-1)

Table 1.25 shows that there was a reduction ranging from 1.67 *per cent* to 16.52 *per cent* in RE as compared to BE during 2011-12 to 2014-15 under the schemes designed to benefit women. However, it increased marginally in 2015-16. In BE 2015-16, 34 Ministries/Departments and 5 Union Territory Governments have made allocations for gender budget.

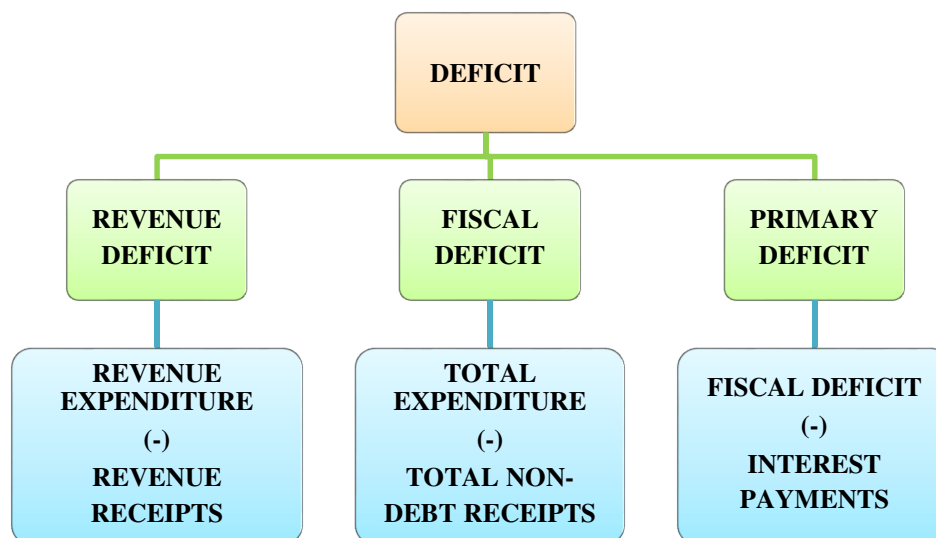
Out of total allocation of RE in Part A scheme amounting to ₹ 11,388.41 crore for the year 2015-16, ₹ 10,025 crore (88 *per cent*) was pertaining to only one scheme, i.e. Indira Awas Yojana, against which the actual expenditure was ₹ 10,116 crore.

Under Nirbhaya scheme, there was an allocation of ₹ 1,659.40 crore in BE for the financial year 2015-16 which decreased to ₹ 33.90 crore in RE. Against this an expenditure of ₹ 3.23 crore was incurred from Nirbhaya Fund on various schemes. ₹ 1000 crore budgeted for transfer to Nirbhaya fund was withdrawn at RE stage apart from withdrawing provision of ₹ 653 crore from scheme on women safety by the Ministry of Road Transport and Highways at RE stage.

1.4 Deficits

Generally three types of deficits (**Box 1.3**) are used to assess the financial position of a Government, which are (i) Revenue Deficit, (ii) Fiscal Deficit and (iii) Primary Deficit.

Box 1.3: Types of Deficits



(a) Revenue Deficit

Revenue deficit represents the difference between revenue expenditure and revenue receipts. It leads to increase in borrowings without corresponding capital/asset formation, and thus create an asset liability mismatch. For these reasons, revenue deficit is generally considered less desirable.

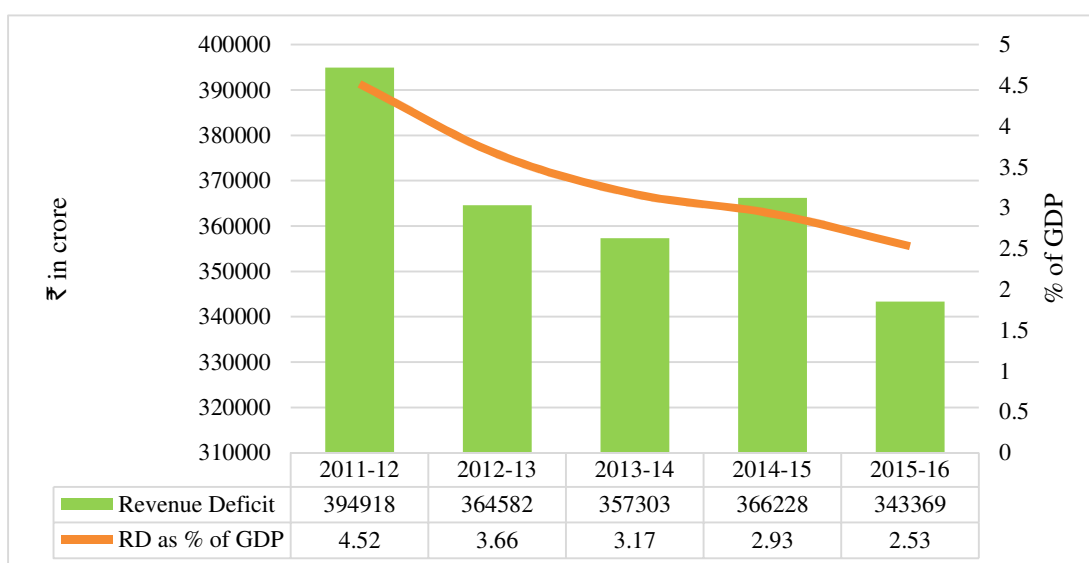
Table 1.26 indicates that the revenue deficit decreased from ₹ 3,66,228 crore in 2014-15 to ₹ 3,43,369 crore in 2015-16. As percentage of GDP, revenue deficit declined from 2.93 per cent in 2014-15 to 2.53 per cent in 2015-16.

Table 1.26: Revenue deficit

(In per cent)

Period	Revenue Receipt	Revenue Expenditure	Revenue Deficit	Revenue Deficit as percentage of		
				Revenue Receipt	Revenue Expenditure	GDP
<i>(₹ in crore)</i>						
2011-12	910277	1305195	394918	43.38	30.26	4.52
2012-13	1055891	1420473	364582	34.53	25.67	3.66
2013-14	1217794	1575097	357303	29.34	22.68	3.17
2014-15	1328909	1695137	366228	27.56	21.60	2.93
2015-16	1436160	1779529	343369	23.91	19.30	2.53

The above is also illustrated graphically in the **Chart 1.7**.

Chart 1.7 Revenue deficit and its percentage of GDP

(b) Fiscal Deficit

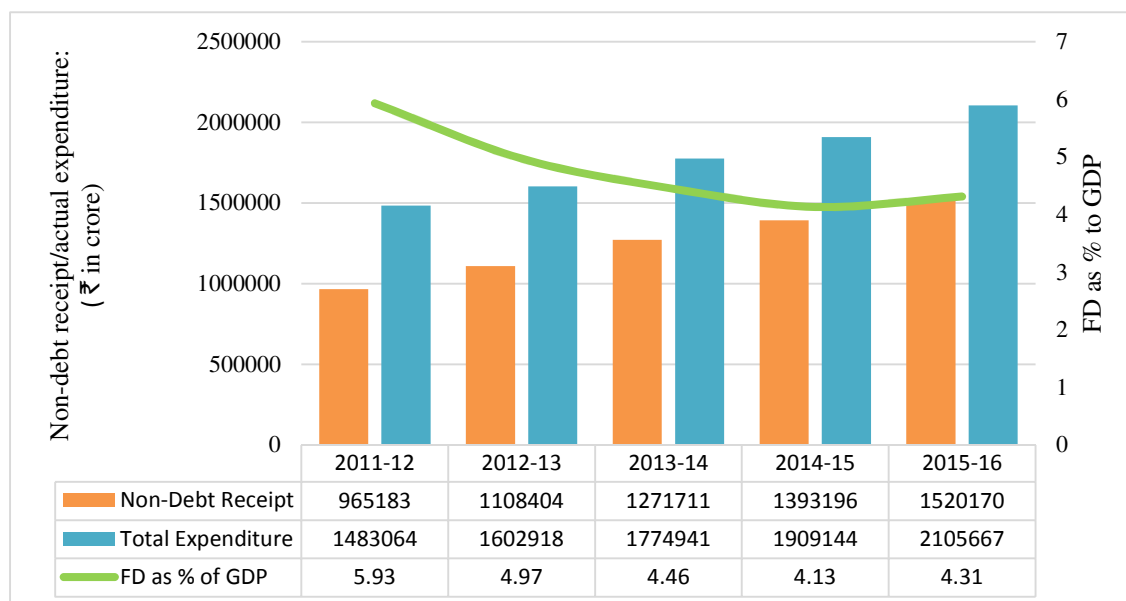
Fiscal deficit is the excess of total expenditure over non-debt receipts. It also indicates the required borrowing of the Government and the increment to its outstanding debt. It normally represents the net incremental liabilities of the Government or its additional borrowings made to bridge the budgetary gap between revenue and expenditure. The shortfall is met either by additional public debt (internal or external) borrowings or by the use of surplus funds from the Public Account as detailed in **Table 1.27**.

Table 1.27: Fiscal Deficit

Period	Non-Debt Receipts	Total expenditure	Fiscal Deficit	Fiscal Deficit as percentage of		
				Non-Debt Receipts	Total Expenditure	GDP
2011-12	965183	1483064	517881	53.66	34.92	5.93
2012-13	1108404	1602918	494514	44.61	30.85	4.97
2013-14	1271711	1774941	503230	39.57	28.35	4.46
2014-15	1393196	1909144	515948	37.03	27.03	4.13
2015-16	1520170	2105667	585497	38.52	27.81	4.31

Table 1.27 indicates that fiscal deficit increased from ₹ 5,15,948 crore in 2014-15 to ₹ 5,85,497 crore in 2015-16. As percentage to GDP, fiscal deficit was 4.31 per cent in 2015-16, as compared to the 4.13 per cent in 2014-15.

Chart 1.8 Fiscal Deficit and its Parameters



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 certain point.

Table 1.28: Share of Components of Fiscal Deficit

(In per cent)

Period	Revenue Deficit	Net Capital Expenditure	Net Loans and Advances
2011-12	76.26	23.44	0.30
2012-13	73.73	25.17	1.10
2013-14	71.00	27.72	1.28
2014-15	70.98	26.04	2.98
2015-16	58.65	40.43	0.92

As can be seen from the above **Table 1.28** the bulk of the fiscal deficit was towards financing the revenue deficit. Out of the fiscal deficit of ₹ 5,85,497 crore, ₹ 3,43,369 crore (58.65 per cent) was on account of revenue account, which represents revenue deficit. Remaining share of fiscal deficit was on capital account. The share of revenue deficit decreased from 70.98 per cent in 2014-15 to 58.65 per cent in 2015-16. This was due to significant increase in the share of net capital expenditure which rose to 40.43 per cent in 2015-16 as against 26.04 per cent in 2014-15.

Table 1.29 presents the source of financing the fiscal deficit of the Union Government.

Table 1.29: Sources of financing of Fiscal Deficit

(₹ in crore)

Year	Internal debt (Net)		External debt (Net)		Public Account (Net)		Cash draw down		Fiscal Deficit
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	
2011-12	554799	107.13	12449	2.40	-33377	-6.44	-15990	-3.09	517881
2012-13	533944	107.97	7201	1.46	4380	0.89	-51011	-10.32	494514
2013-14	476383	94.67	7292	1.45	38721	7.69	-19166	-3.81	503230
2014-15	497564	96.44	12933	2.51	-72393	-14.03	77844	15.09	515948
2015-16	566544	96.76	12748	2.18	-6965	-1.19	13170	2.25	585497

Negative sign shows that disbursements were more than the receipt

As it is evident from the table, fiscal deficit is financed mainly from net internal debt. In 2015-16, a portion of external debt and cash draw down was also used to improve the fiscal mismatch position of the Union Government.

(c) Primary Deficit

Primary deficit is measured by subtracting the interest payments from fiscal deficit. It is a measure of current year's fiscal operation after excluding the interest payments arisen due to borrowings undertaken in the past. The primary deficit as a percentage of GDP gradually declined from 2.64 per cent in 2011-12 to 0.94 per cent in 2015-16 as shown in **Table 1.30**. However, it was higher as compared to 0.73 per cent in 2014-15.

Table 1.30: Primary Deficit

(₹ in crore)

Year	Fiscal Deficit	Total Interest Payments*	Primary Deficit	As per cent of GDP
2011-12	517881	286982	230899	2.64
2012-13	494514	330171	164343	1.65
2013-14	503230	395200	108030	0.96
2014-15	515948	425098	90850	0.73
2015-16	585497	457270	128227	0.94

**Includes expenditure on reduction or avoidance of debt.*

1.5 Debt Management

While reliance on debt to balance the budget cannot be avoided, the Union Government (**Box 1.4** comprising 'Fiscal liabilities of Government of India' given below) prudently set limits on borrowings through the Fiscal Responsibility and Budget Management (FRBM) Act, 2003. The FRBM Rules stipulate that the Central Government shall not assume additional liabilities (including external debt at current exchange rate) in excess of nine per cent of GDP for the financial year 2004-05 and in each subsequent financial year the limit of nine per cent of GDP was to be progressively reduced by at least one percentage point of GDP.

Box 1.4: Fiscal liability

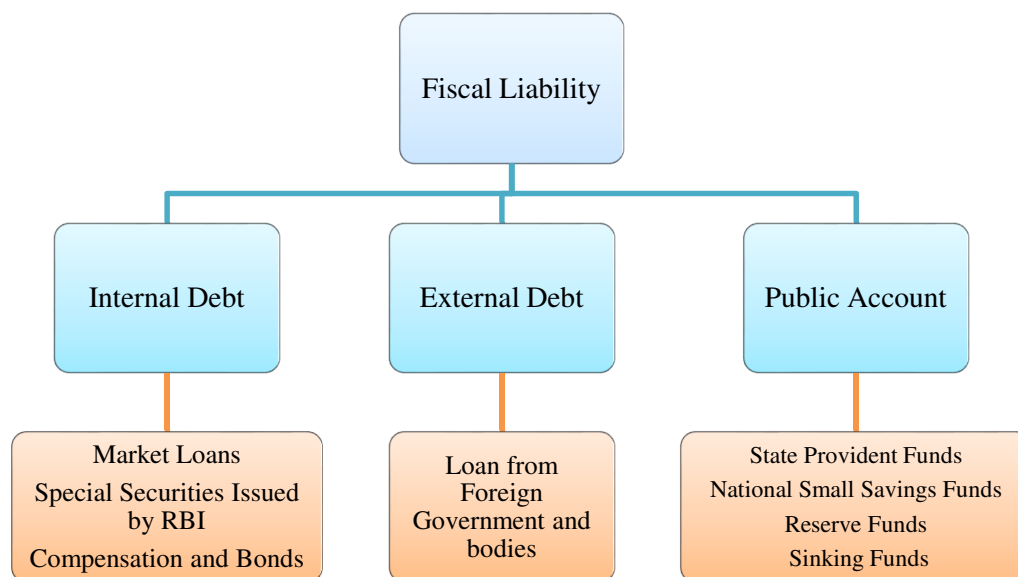


Table 1.31 presents the composition of internal debt, comprising of various instruments, viz. market loans, treasury bills, securities issued to international financial institutions, compensation and other bonds etc. at the end of the respective years.

Table 1.31: Composition of Internal Debt

(₹ in crore)

Year	Market Loans	Treasury Bills	Securities issued to			Compensation and other bonds	Others	Total
			International financial institution	National Small Saving Fund	Postal Life Insurance			
2011-12	2516953 (77.91)	364835 (11.29)	29626 (0.92)	208183 (6.44)	14000 (0.43)	18705 (0.58)	78320 (2.43)	3230622 (100)
2012-13	2984309 (79.27)	418185 (11.11)	32226 (0.86)	216806 (5.76)	20894 (0.56)	13823 (0.37)	78321 (2.07)	3764566 (100)
2013-14	3441641 (81.16)	425950 (10.04)	35181 (0.83)	229165 (5.40)	20894 (0.49)	13614 (0.32)	74322 (1.76)	4240767 (100)
2014-15	3891734 (82.13)	435129 (9.18)	46395 (0.98)	261391 (5.52)	20894 (0.44)	13426 (0.28)	69322 (1.47)	4738291 (100)
2015-16	4300102 (81.06)	485822 (9.16)	106726 (2.01)	313856 (5.92)	20894 (0.39)	11114 (0.21)	66321 (1.25)	5304835 (100)

Figures in parentheses show percentage of total internal debt.

Table 1.32 presents the total fiscal liability of Government both at current rate of exchange and at the historical rate (the rate at which the debt was originally contracted).

Table 1.32: Total Fiscal Liability

(₹ in crore)

Period	Internal Debt of Union Government (1)	External Debt (at historical rate) (2)	Public Account Liability* (3)	Total liability (at historical rate) 4(1+2+3)	External Debt (at current rate) (5)	Total liability (at current rate) 6(1+3+5)
2011-12	3230622 (36.98)	170088 (1.95)	597765 (6.84)	3998475 (45.77)	322897 (3.70)	4151284 (47.52)
2012-13	3764566 (37.83)	177289 (1.78)	610016 (6.13)	4551871 (45.74)	332004 (3.34)	4706586 (47.30)
2013-14	4240767 (37.62)	184581 (1.64)	644060 (5.71)	5069408 (44.97)	374483 (3.32)	5259310 (46.66)
2014-15	4738291 (37.94)	197514 (1.58)	671010 (5.37)	5606815 (44.90)	366384 (2.93)	5775685 (46.25)
2015-16	5304835 (39.07)	210262 (1.55)	711608 (5.24)	6226705 (45.87)	406589 (2.99)	6423032 (47.31)

Note: Figures in parentheses show percentage of GDP.

*Public Account liability since 1999-2000 exclude the liability on account of small savings to the extent invested in Special State Government Securities and some other instruments, as well as losses incurred in the National Small Savings Fund operations.

Total liability at current rate as percentage of GDP has shown a declining trend during 2012-15. However, it has gone up from 46.25 per cent in 2014-15 to 47.31 per cent in 2015-16. As on 31 March 2016, internal debt constituted around 96.19 per cent of the total public debt. However, reckoning the external debt at current rate of exchange, the ratio of internal debt constitutes 92.88 per cent to the public debt. The share of external debt is less than 3 per cent of total liability which indicates that the liability would not be exposed to global volatilities. The level of debt stock in 2015-16 was 47.31 per cent of the GDP, which surpassed the level of 43.60 per cent recommended by the 14th FC (Table 1.36).

As per the figures in the Finance Accounts, as on 31 March 2016, outstanding Public Account liability stood at ₹ 7,11,608 crore, as indicated in column (3) of Table 1.32. Of this total of ₹ 7,11,608 crore, ₹ 5,13,096 crore comprises of Small Savings, Provident Fund etc and ₹ 1,98,512 crore as other obligations.

However, the total liability of the Union Government towards the depositors on accounts of Small Savings, Provident Fund, etc., is actually ₹ 12,31,500 crore and not ₹ 5,13,096 crore. Thus, there is an understatement in the depiction of the liability by ₹ 7,18,404 crore ₹ (12,31,500 - 5,13,096) crore. The lesser figure of ₹ 5,13,096 crore as explained in the Statement No.2 of the Finance Accounts has been arrived at after netting some investments and losses. The figure of ₹ 7,18,404 crore as explained below the Statement No.2 of the Finance Accounts consists of ₹ 5,71,048 crore investments in Special State Government Securities and ₹ 43,139 crore pertaining to investments of Post Office Insurance

Fund through Private Fund Managers, besides netting off of ₹ 1,04,217 crore of accumulated deficit in the operation of National Small Savings Fund (NSSF).

Table 1.33 brings out the position of the total fiscal liability taking into consideration both the netted as well as the actual figures of the Public Account Liability.

Table 1.33: Understatement of Total Fiscal Liability

(₹ in crore)

Period	Public Account Liability (as per netted figure)	Public Account Liability (Actual)	Understated amount (3-2)	Total netted Liability (at current rate)	Total Actual Liability (at current rate) (4+5)
1	2	3	4	5	6
2011-12	597765 (6.84)	1172243 (13.42)	574478	4151284 (47.52)	4725762 (54.10)
2012-13	610016 (6.13)	1198214 (12.04)	588198	4706586 (47.30)	5294784 (53.21)
2013-14	644060 (5.71)	1268854 (11.26)	624794	5259310 (46.66)	5884104 (52.20)
2014-15	671010 (5.37)	1341220 (10.74)	670210	5775685 (46.25)	6445895 (51.62)
2015-16	711608 (5.24)	14,30,012 (10.53)	718404	6423032 (47.31)	7141436 (52.60)

Note: Figures in parentheses show percentage of GDP.

The depiction of liabilities in the Statement No. 2 of the Finance Accounts after netting certain disbursements from the Public Account under-reports the gross liabilities of the Centre, which also included the unfunded loss arising from the accumulated deficit in the operation of NSSF.

Taking into account, the actual level of liability of Small Savings, Provident Funds, etc., of ₹ 12,31,500 crore, Public Account Liability works out at ₹ 14,30,012 crore (₹ 12,31,500 crore as Small Savings, Provident Funds, etc., plus ₹1,98,512 crore as other obligations) as brought out in column 3 of the **Table 1.33**. Accordingly the total outstanding liability of the Union Government as on 31 March 2016, reckoning the external debt at current rate, stood at ₹ 71,41,436 crore, constituting 52.60 per cent of the GDP.

1.5.1 Repayment of Public Debt

During 2015-16, the Government paid a sum of ₹ 4,05,242 crore as interest on internal debt (**Table 1.34**). Over 84 per cent of interest paid on internal debt was interest on market loans (₹ 3,41,734 crore) bearing interest of varying rate. The interest paid on external debts was ₹ 3,925 crore. Nearly 88 per cent

(₹ 3,465 crore) of interest on external debt was towards loans from only four entities, i.e. loans from the International Development Association (IDA), Government of Japan, International Bank for Reconstruction and Development (IBRD) and Asian Development Bank (ADB).

Table 1.34: Public Debt receipt and Repayment

Year	Payment of internal debt		Payment of external debt		Total repayment of public debt	Total receipt of public debt	Total non-debt receipts
	Principal	interest	Principal	interest			
1	2	3	4	5	6 (2+3+4+5)	7	8
2011-12	3482343	242569	13586	3501	3741999	4063177	965183
2012-13	3410785	281891	16108	4019	3712803	3968038	1108404
2013-14	3493167	344893	18124	3880	3860064	3994966	1271711
2014-15	3687099	371420	20601	3766	4082886	4218196	1393196
2015-16	3714352	405242	23305	3925	4146824	4316950	1520170

Total repayment of public debt was ₹ 41,46,824 crore in 2015-16 against the total non-debt receipt of ₹ 15,20,170 crore and thus constituted 273 *per cent* of non-debt receipt. Further, the proportion of repayment of public debt to revenue receipts was 289 *per cent* in 2015-16.

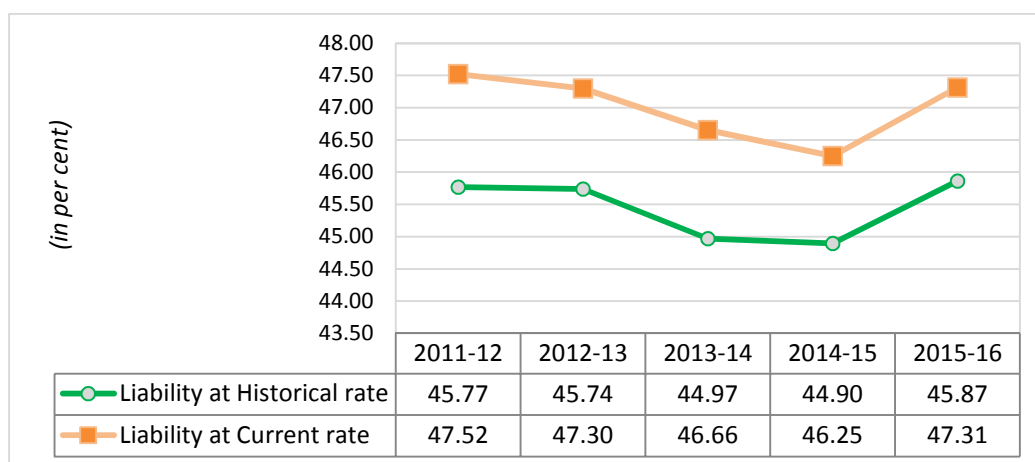
1.5.2 Debt Sustainability

Debt sustainability is generally measured in terms of level of debt, primary deficit and interest cost in relation to nominal GDP growth rate. A falling Debt/GDP ratio can be considered as leading towards stability. The ratio of interest payments to revenue receipts is also used to measure debt sustainability. In this section, assessment of the sustainability of total liability (public debt and other liabilities) has been made using trends observed in critical variables.

(a) Liability-GDP Ratio

The trend in the Liability-GDP ratio is an important indicator which signifies sustainability of the liability and is presented in **Chart 1.9**.

Chart 1.9: Trends in Liability –GDP ratio

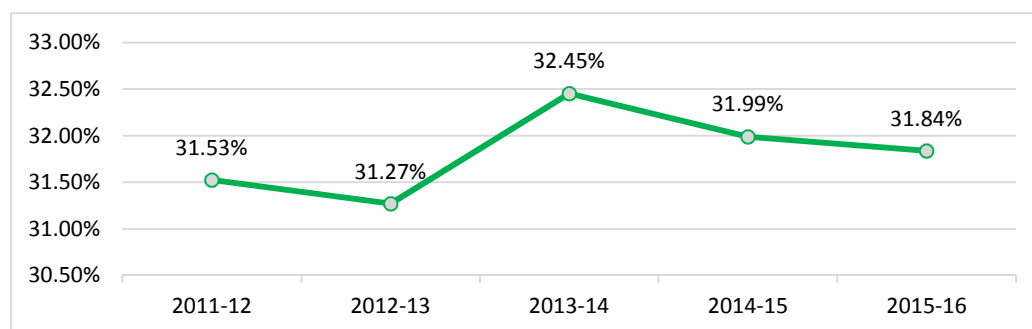


Union Government's liability at current rate increased from ₹ 41,51,284 crore in 2011-12 to ₹ 64,23,032 crore in 2015-16. The Liability-GDP ratio increased from 46.25 per cent in 2014-15 to 47.31 per cent in 2015-16. This analysis has not taken into account the understatement of liabilities in the Public Account as mentioned in **Table 1.33**, but for which the Liability-GDP ratio in 2015-16 would have been 52.60 per cent.

(b) Ratio of Interest Payments to Revenue Receipts

Interest cost of debt is another crucial indicator of the sustainability of the Government debt. The ratio of interest payment to revenue receipts (IP/RR) showed a declining trend for the Government in 2014-15 and 2015-16 (**Chart 1.10**).

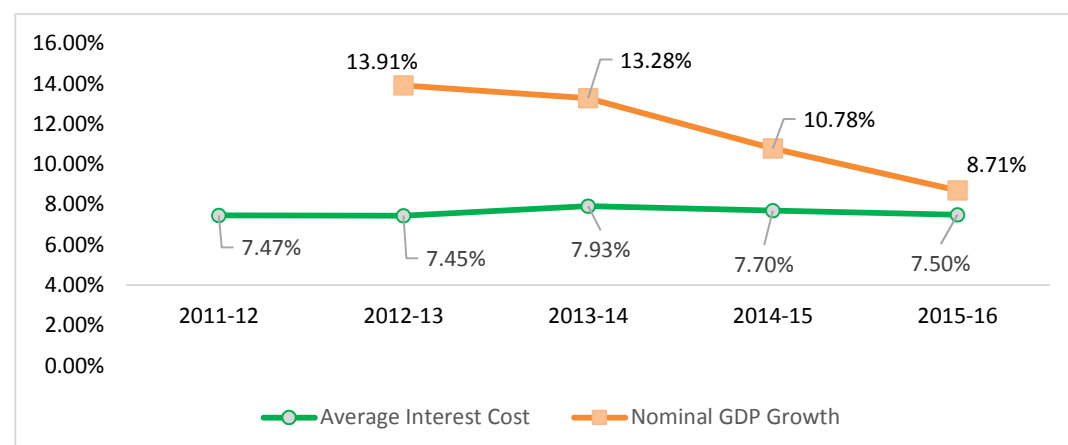
Chart 1.10: Interest Payments to Revenue Receipt Ratio



(c) Average Interest Cost

Average Interest Cost (AIC) is arrived at by dividing interest payments during a year with average debt stock³. A declining average interest cost augurs well for the stability of the government debt.

Chart 1.11: Average Interest Cost (AIC) and Nominal GDP growth



³ Average debt stock is a simple average of outstanding debt at the beginning and at the end of the year.

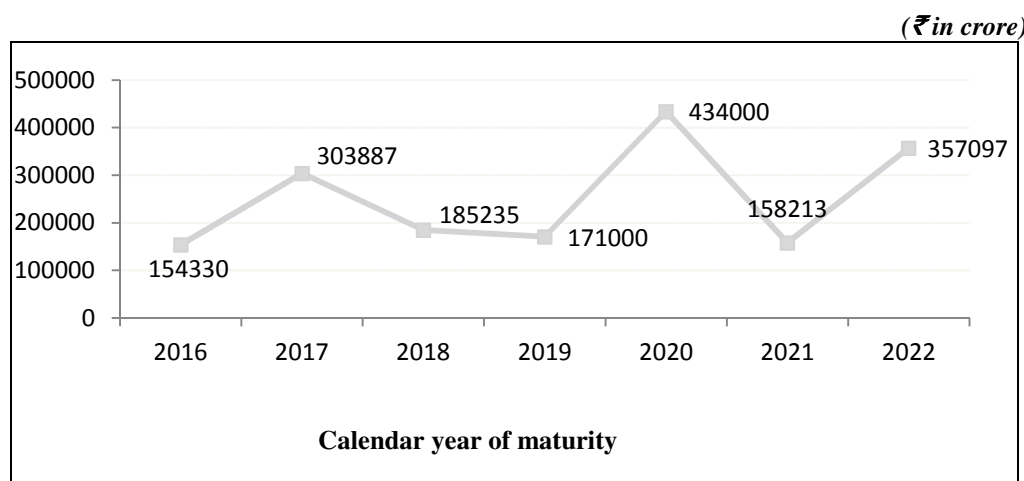
Chart 1.11 shows downward movement in average interest cost from 2013-14. It declined from 7.93 per cent in 2013-14 to 7.50 per cent in 2015-16. This analysis is based on understated figure of total liabilities as appearing in column 6 of **Table 1.32**.

A comparison of AIC with nominal GDP growth rate reinforces the sustainability of public debt. Nominal growth rate in GDP has been above the average interest cost during 2012-16.

(d) Maturity Profile of Market Loans

Of the total outstanding liabilities of ₹ 64,23,032 crore in 2015-16, the internal debt accounted for ₹53,04,835 crore. Major component of internal debt is Market Loans which are dated securities and constitute ₹ 43,00,102 crore (81.06 per cent of internal debt). Maturity profile of market loans due for redemption within seven years is ₹ 17,63,762 crore (around 41 per cent of outstanding market loan) at the end of 2015-16 (**Chart 1.12**).

Chart 1.12: Maturity profile of Market Loans



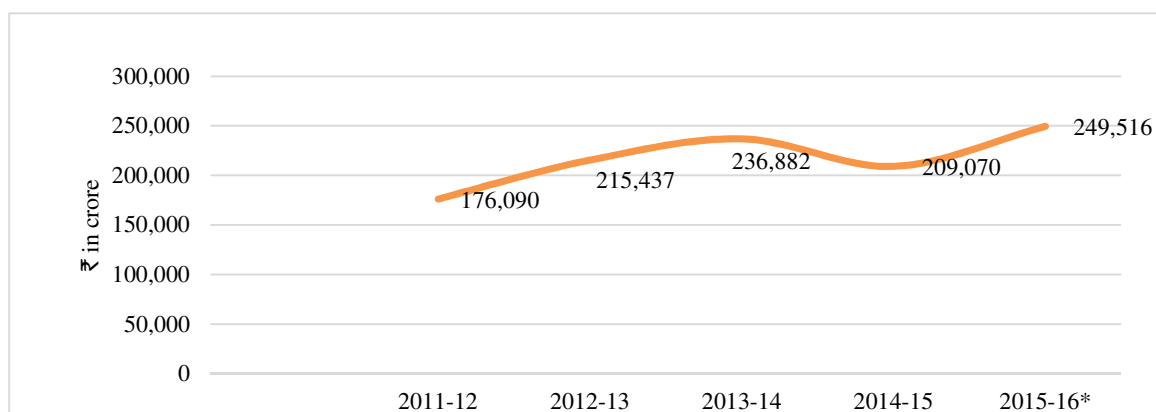
Source: Union Government Finance Accounts for FY 2015-16

In the year 2015, the dated securities contracted with longest maturity tenor were of 40 years.

1.5.3 Unutilised committed external assistance

During 2015-16, external debt at current rate has been reported at ₹ 4,06,589 crore, while unutilized committed external assistance was to the tune of ₹ 2,49,516 crore as on 31 March 2016. Sector wise details obtained from the office of the Controller of Aid Accounts & Audit indicates that there were large undrawn balances of committed external assistance in the sectors of Urban Development (₹ 41,053 crore), Atomic Energy (₹ 33,286 crore), Roads (₹ 29,187 crore), Power (₹ 17,387 crore), Railways (₹ 24,041 crore), Water Supply and Sanitation (₹ 27,023 crore), Water Resource Management (₹ 11,999 crore) and Environment and Forestry (₹ 12,162 crore).

Chart 1.13: Unutilised committed external assistance



*Figures for the year 2011-12 to 2014-15 are actuals and figure for the year 2015-16 is provisional. These have been provided by the CAAA.

Commitment charges on undrawn external assistance are 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 1.35** indicates charges paid to the various Bodies/Governments during the five years period as commitment charges for rescheduling the drawal of assistance at later dates.

Table 1.35: Commitment Charges

Year	(₹ in crore)				
	Asian Development Bank	Japan	Germany	International Bank for Reconstruction & Development	Total
2011-12	42.30	20.82	6.24	13.92	83.28
2012-13	47.18	25.67	7.43	12.24	92.52
2013-14	47.46	49.99	9.78	10.09	117.32
2014-15	49.21	46.11	8.47	6.74	110.53
2015-16	24.15	23.84	4.35	0.55	52.89

While there was reduction in payment of commitment charges by more than 52 per cent in 2015-16 as compared to the last year, avoidable expenditure of commitment charges amounting to ₹ 52.89 crore in 2015-16, reflects towards continued inadequate planning.

Ministry of Finance, Department of Economic Affairs stated (September 2016) that unutilized committed external assistance from Japan International Cooperation Agency (JICA) would be reduced by 25 per cent since the loan agreement in respect of nine projects having total loan commitment of JPY 312774 million (Yen 100=₹ 56) have not been put into force by JICA.

1.5.4 Performance *vis-a-vis* recommendations of the 14th Finance Commission

The major fiscal aggregates of the Union Government during 2015-16, first year of award period compared with that outlined by the Fourteenth Finance Commission (14th FC) are tabulated in **Table 1.36**.

Table 1.36: Fiscal roadmap and Actual Performance

(Percentage of GDP)

Parameter	Recommended by the 14 th FC					Actual Performance as per Finance Accounts
	2015-16	2016-17	2017-18	2018-19	2019-20	2015-16
Revenue Deficit	2.56	2.25	1.79	1.36	0.93	2.53
Non-Debt Capital Receipts	0.61	0.65	0.70	0.76	0.82	0.62
Fiscal Deficit	3.60	3.00	3.00	3.00	3.00	4.31
Debt Stock (end of the year liabilities)	43.60	41.41	39.49	37.79	36.30	47.31

As can be seen from the above table, Fiscal Deficit and Debt Stock for the year 2015-16 were 4.31 and 47.31 *per cent* of GDP as against the targets of 3.60 *per cent* and 43.60 *per cent* of GDP respectively.

1.6 Growth in Guarantees of the Union Government

In terms of Article 292 of the Constitution, the Union Government may give guarantees within such limits, if any, as may be fixed by Parliament by law. Guarantees are given by the Union Government for (i) repayment of borrowings and payment of interest thereon, (ii) repayment of share capital and payment of minimum dividend, (iii) payment against agreements for supplies of materials and equipment on credit basis, etc., on behalf of Government Companies/Corporations, Railways, UTs, State Governments, local bodies, joint stock companies, co-operative institutions etc. These guarantees constitute a contingent liability on the CFI.

Guarantees assume significance in the context of growing requirement of investments for infrastructure development, and participation of private sectors in such projects. Contingent liabilities of the Union Government arise because all risks cannot be anticipated upfront. While guarantees do not form part of debt as conventionally measured, in the eventuality of default, they have the potential of aggravating the debt position of the Government.

Guarantees are usually given to enable borrowings from international agencies or to enable PSUs to borrow money from the market. As stipulated in Rule 3(3) of the FRBM Rules, 2004, the Central Government shall not give guarantees aggregating to an amount exceeding 0.5 *per cent* of the GDP in any financial year beginning with the financial year 2004-05. Further in compliance to Rule 6(1)(b) of FRBM Rules, 2004, the Central Government is required to make a disclosure with regard to guarantees at the time of presenting the

Annual Financial Statement in order to ensure greater transparency in its fiscal operation. **Chart 1.14** and **Table 1.37** respectively give the position regarding the maximum amount of guarantees, sums guaranteed outstanding and external guarantees outstanding at the end of the financial years 2011-16. Of the sums guaranteed outstanding as on 31 March, 2016, 69.82 *per cent* was towards loans from foreign lending institutions, 22.08 *per cent* towards guarantees to RBI /banks/industrial financial etc. for repayment of principal and payment of interest, cash credit facility etc., and the remaining 8.10 *per cent* towards guarantees for repayment of share capital, payment of minimum annual dividend and repayment of bonds, loans, debentures/counter guarantees etc. The major Ministries/Departments for whom guarantees were given by the Ministry of Finance in 2015-16 were the Ministries/Departments of Agriculture and Co-operation, Economic Affairs, Civil Aviation, Power, Telecommunications, New and Renewable Energy and External Affairs.

Chart 1.14: Guarantees given by the Union Government

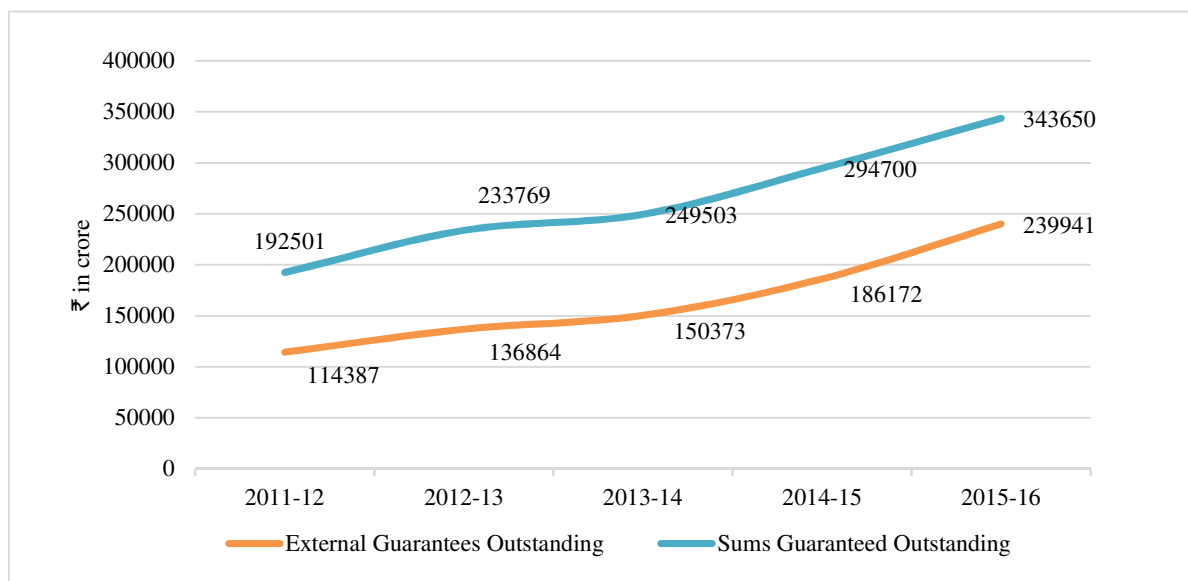


Table 1.37: Guarantees given by the Union Government

(₹ in crore)

Year	Maximum amount of guarantee	Sums Guaranteed Outstanding (Total)	External Guarantees Outstanding	Outstanding External Guarantees as a percentage of Total Outstanding Guarantees
2011-12	203056	192501	114387	59.42
2012-13	242915	233769	136864	58.55
2013-14	270629	249503	150373	60.27
2014-15	305519	294700	186172	63.17
2015-16	352519	343650	239941	69.82

The total outstanding guarantees as on 31 March 2016 stood at 2.53 *per cent* of the GDP and 23.93 *per cent* of revenue receipts that accrued to the Union Government in 2015-16.

In compliance to FRBM Act, the addition of guarantees during the year was ₹ 51,942.13 crore (0.38 *per cent* of GDP). However, net accretion of guarantees during the year 2015-16 was ₹ 43,341.11 crore, which was 0.32 *per cent* of GDP.

1.7 Conclusion

The year 2015-16 was marked by improvement in economic growth as estimates of GDP at constant prices (2011-12) grew by 7.6 *per cent* as against 7.2 *per cent* in 2014-15. However, GDP at current prices in the year 2015-16 showed a slower growth rate of 8.7 *per cent* as compared to 10.8 *per cent* in the previous year. Improvement was observed in revenue deficit which declined from 2.93 *per cent* in 2014-15 to 2.53 *per cent* in 2015-16 of GDP, though the fiscal deficit deteriorated from 4.13 *per cent* in 2014-15 to 4.31 *per cent* in 2015-16 in relation to GDP. Total liability at current exchange rate as percentage of GDP has increased from 46.25 *per cent* in 2014-15 to 47.31 *per cent* in 2015-16, surpassing the level of 43.60 *per cent* recommended by the 14th FC for the relevant year. The growth of debt stock in 2015-16 at 11.21 *per cent* was higher in comparison to growth of GDP at 8.7 *per cent*.

2: COMMENTS ON ACCOUNTS

2.1 Introduction

Comments relating to significant deficiencies in the presentation (accuracy, completeness and transparency) of the Union Finance Accounts are given in the succeeding paragraphs. The comments arising from Appropriation Accounts audit are included in Chapters 3, 4 and 5 of this Report. Observations on regularity, economy, efficiency and effectiveness of Government spending are incorporated in compliance and performance audit reports, being presented separately to the Parliament.

2.2 Issues of transparency

2.2.1 Opaqueness in Government Account

(a) Opaqueness in Minor Head 800-Other Expenditure

Scrutiny of Union Government Finance Accounts for the year 2015-16 disclosed that under 12 Major Heads of accounts (representing functions of the Government) expenditure of ₹ 14,963.66 crore was incurred out of which ₹ 10,573.45 crore was classified under the Minor head '800-Other Expenditure' alone 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. Some of the functions where opaqueness in expenditure exists are Other Social Services, Other Rural Development, Flood Control and Drainage, Capital Outlays on Minor Irrigation, Capital Outlay on Non- Ferrous Mining and Metallurgical Industries and Capital Outlay on Other Communication Services etc. Details of 12 Major Heads are given in **Annexure 2.1**.

Within these Major heads, expenditure on some significant initiatives such as Below Poverty Line Survey (₹ 287.82 crore), Scheme of investment Promotion (₹ 259.05 crore), Refund of upfront charges of BWA spectrum of BSNL (₹ 4,199.84 crore), Compensation to Public Sector Undertakings in lieu of surrender of CDMA Spectrum (₹ 598.11 crore), ITI Bangalore (₹ 500 crore), Financial Support to MTNL (₹ 492.26 crore), Payment of Interest on MTNL Bond (₹ 384.35 crore), OFC based Network for Defence Services (₹ 2,220 crore) and assistance for Infrastructure Development and Purchase of Land & Building (₹ 623.50 crore) were not depicted distinctly in the Finance Accounts but were merged under the Minor head, 'Other Expenditure'.

This aspect was commented upon in the Reports of the Comptroller and Auditor General of India on the Accounts of the Union Government for the year ended 2007-08 to 2014-15 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. As an interim measure, the CGA has inserted footnotes in the Finance Accounts, giving details of expenditure on significant initiatives merged under the Minor Head '800-Other Expenditure'. Instead of restructuring the accounts to reflect the current activities of the Government by opening separate minor head for significant initiatives, as a short term measure the initiatives are explained through footnotes in Union Government Finance Accounts.

(b) Opaqueness in Minor Head 800-Other Receipts

Scrutiny of Union Government Finance Accounts for the year 2015-16 disclosed that under 20 Major Heads of accounts (representing functions of the Government) receipts of ₹ 23,890.29 crore were recorded out of which ₹ 18,402.72 crore were classified under the Minor head '800-Other Receipts', constituting more than 50 *per cent* of the total receipts recorded under the respective Major Heads. This indicates a high degree of opaqueness in the accounts. Some of the functions where opaqueness in receipts exists are Power, Broadcasting, Defence Services-Air force, Other Fiscal Services, Defence Services- Research and Development and Road Transport etc. Details of 20 Major Heads are given in **Annexure 2.2**.

It is recommended that the Government may conduct a comprehensive review of the structure of Government Accounts and open separate minor heads for recording the transactions under significant initiatives and significant stream of receipts for greater transparency in financial reporting.

2.2.2 Public Fund lying outside Government Account

The Ministry of Finance, Department of Economic Affairs (DEA) directed all Ministries and Departments of the Government in January 2005¹ to ensure that funds of regulatory bodies were maintained in the Public Account. However, it was observed that funds of certain regulatory bodies and some funds of the Telecom Regulatory Authority of India are lying outside the Government Account as detailed below:

(a) Funds of Regulatory bodies lying outside Government Account

Scrutiny of annual accounts of thirteen regulatory bodies and autonomous bodies which also act as regulators in their respective field, showed that these

¹ Government of India, Ministry of Finance, Department of Economic Affairs (Budget Division), O.M.No.F.1(30)-B(AC)/2004 dated 7 January 2005

bodies 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 above instructions issued in January 2005. Details of 13 bodies are depicted in **Annexure 2.3**.

This aspect of retaining funds outside Government accounts was commented upon in the Reports of the Comptroller and Auditor General on the Accounts of the Union Government for the years ended 2007-08 to 2014-15.

On this issue, the Ministry of Finance in its ATN stated (September 2011) that separate funds with the nomenclatures ‘The Securities and Exchange Board of India (SEBI) Fund’ and ‘The Insurance Regulatory and Development Authority (IRDA) Fund’ respectively would be opened under Major Head ‘8235-General and other Reserve Fund’ in the non-interest bearing section of the Public Account of India, for operationalising the funds in the Government Account.

In respect of SEBI, the SEBI General Fund was opened in the Public Account effective from 2013-14.

Department of Economic Affairs (DEA) stated (January 2016) in its oral submission before the Public Accounts Committee with regard to SEBI, that the matter has once again been referred to Ministry of Law for final settlement of the issue. Further, the Chairman SEBI in October 2016 brought out that any insistence on keeping SEBI funds in Government account would seriously undermine the autonomy of SEBI and would militate against the basic canons of governance of markets by statutory regulators as envisaged under the SEBI Act.

The reply of DEA is not acceptable as the CGA had created the SEBI General Fund in the Government account in June 2014 effective from 2013-14. However, the Fund has not been made operational even in the accounts of 2015-16.

Regarding IRDA Fund, Ministry of Finance, Department of Financial Services stated in its ATN (May 2016) that the draft accounting procedure prepared by the O/o Chief Controller of Accounts was submitted to C&AG of India for approval. The C&AG of India has already conveyed to the office of CGA (December 2015) that the revised draft accounting procedure does not mention the mode of bringing IRDA Fund to Public Account.

In respect of IRDA, the revised accounting procedure has been resubmitted to the office of CAG in October 2016.

The Central Council of Homeopathy (CCH) stated (September 2016) that funds were on account of its 'Own Receipts' and had been kept in Council's bank account and should not be treated as funds lying outside Government Accounts. Further, the Indian Nursing Council (INC) stated (October 2016) that it had deposited surplus Fund in fixed deposits as per Indian Nursing Council Act, 1947 and the Fund would be utilized for NUID project, registration of new office building and furnishing/modification of the interiors of the new office.

The replies of CCH and INC are not tenable as they essentially discharge the functions of regulators of sectors concerned. Thus, they ought to be treated as regulatory bodies and hence the OM of Ministry of Finance dated January 2005 would be applicable to them.

(b) Retention of TRAI General Fund outside Government Account

Section 22 of TRAI Act, 1997 stipulates that:

- (1) There shall be constituted a Fund to be called the Telecom Regulatory Authority of India General Fund and there shall be credited thereto -
 - (a) all grants, fees and charges received by the Authority under this Act, and
 - (b) all sums received by the Authority from such other sources as may be decided upon by the Central Government.

As per the above regulations TRAI levied and collected of ₹ 49.91 crore on account of registration fee (₹ 2.32 lakh), penalty from telemarketers (₹ 2.66 crore), customer education fee (₹ 8.48 crore) and financial disincentive (₹ 38.75 crore) during 2015-16. These sums were retained by the TRAI and total amount has been shown as 'Current Assets' in its accounts and credited in saving account.

As per Section 22 of the TRAI Act, all these sums were to be credited to the TRAI General Fund maintained by the Department of Telecommunications under Public Account. But these sums have been retained by the TRAI in its saving account.

This has resulted in understatement of receipts of Telecom Regulatory Authority of India General Fund under Public Account by ₹ 49.91 crore.

2.3 Observations with regard to Public Account

2.3.1 Universal Service Obligation Fund

The Universal Service Obligation (USO) Fund was set up in April 2002 for achieving universal service objectives emphasized in the National Telecom Policy (NTP) 1999. The Indian Telegraph (Amendment) Act 2003, gave statutory status to the USO Fund and laid down that the Fund is to be utilized exclusively for meeting the Universal Service Obligation by providing access

to basic telegraph services, viz. public telecommunication and information services and household telephones in rural and remote areas, as may be determined by the Central Government from time to time. It also envisaged creation of infrastructure for mobile services in rural and remote areas, broadband connectivity to villages in a phased manner and introduction of new technological developments in the telecom sector in rural and remote areas, etc. The resources for meeting the USO Fund were to be raised through a 'Universal Access Levy' (UAL). The implementation of USO related activities was to be carried out by the eligible operators who get a subsidy as per the rules. The Fund is administered by the Department of Telecommunications (DoT).

The levy collected towards USO is first credited to the Consolidated Fund of India and subsequently, the Central Government credits only a part of the levy collected to the non-lapsable USO Fund in the Public Account of India from time to time, for being utilized exclusively towards the stated objectives. The issue of understatement of balances in USO Fund due to transfer of only a part of the levy collected was commented upon in the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the years 2009-10 to 2014-15.

Despite CAG's audit observation on USO Fund during earlier years, it was noticed that against the total receipts of ₹ 9,835.70 crore towards Universal Access Levy during the year 2015-16, only ₹ 3,100.00 crore was transferred to 8235.118 – USO Fund in the Public Account, 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. This resulted in short transfer of levy to USO Fund by ₹ 6,735.70 crore for the financial year 2015-16.

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 (after taking into account the reimbursement of license fees and spectrum charges to BSNL amounting to ₹ 6,948.64 crore over the period 2002-03 to 2005-06 for fulfilling rural obligation) was transferred to the Fund and accordingly spent from the Fund during these periods. The remaining levy of ₹ 45,869.46 crore was not transferred to the USO Fund.

The Public Accounts Committee (PAC) in its recommendations contained in their Fourteenth Report (Fifteenth Lok Sabha 2009-10) had also observed that the Government should not have any problem in crediting the full amount collected as UAL in the USO Fund, especially when the proceeds to the Fund were meant to be utilised exclusively for meeting universal service obligations.

The Department in their reply stated that Cabinet Secretariat directed (July 2003) that DoT may consult MoF while finalizing the amount to be transferred to the USO Fund. Even the clause 9B of the IT Act 2003 states ‘the sum of money received towards the Universal Obligation under Section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilized exclusively for universal service obligations. Accordingly, the Central Government may credit such proceeds to the Fund from time to time for being utilized exclusively for meeting the universal service obligations. It did not say all such proceeds would be credited to the Fund. Further keeping money locked in Public Account may not be the most prudent way to utilize resources and in view of this, MoF was not committing any violation of legal provision’.

The reply of the Ministry/Department is not acceptable in view of the fact that the expression “such proceed” occurring in section 9B means “sum of money received towards USO under Section 4”. The expression refers to the specific amount of levy paid towards USO by the service providers. Section 9 B, further provides that the USO Fund shall be utilised exclusively for meeting universal service obligations and it is a Non-Lapsable fund. Furthermore, the expression “such proceed” is not followed by the word “as it thinks fit” or similar such expression allowing the Central Government to credit only a part of money received toward USO under Section 4 to the USO fund. Thus, the Section requires that the entire amount of money received towards USO under Section 4 is to be credited to the USO fund.

2.3.2 Under-utilisation of Cess collected under Research & Development Cess Fund

The Research and Development Cess Act was enacted in 1986 to provide for levy and collection of cess on all payments made for import of technology to encourage commercial application of indigenously developed technology, for adapting imported technology to wider domestic application and for matters connected therewith or incidental thereto. Section 3 of the Act provides collection of cess at such rates not exceeding five per cent to be levied and collected on all payments made towards import of technology, as the Central Government may, from time to time, specify, by notification, in the official gazette. The Act enables the creation of a Fund for Technology Development and Application to be administered by Technology Development Board (TDB). The Fund is maintained outside the Government account. The Fund is credited with the grants released by the Government of India out of the cess collected on the import of technology by the industrial concerns under the

provisions of the Act, as amended in 1995. The Research and Development Cess collection is administered by Department of Science & Technology. Section 4 of the Act requires the proceeds of the cess levied and collected to be credited initially to the Consolidated Fund of India and Government may, with the approval of the Parliament, pay to the Development Bank (erstwhile Industrial Development Bank of India in this case) such sums required to be utilized on the purposes of the fund.

It is observed that cess to the extent of ₹ 6,698.30 crore were collected during the period from 1996-97 to 2015-16. Out of this, ₹ 579.16 crore (8.65 per cent) only was disbursed to TDB as Grants-in-aid during the same period. TDB, in turn, disbursed financial assistance and loans of ₹ 1,296.81 crore to industrial concerns attempting commercial applications of indigenous technology or adapting imported technology to wider domestic applications out of the funds made available by the Government.

It may be observed that the utilisation of the cess proceeds for the intended objectives is not optimum. The matter of under-utilisation of the proceeds for the desired objectives and the levy of cess at the rate being collected, was raised in previous years' C&AG Audit Reports but the trend is persistent.

In response, the TBD had stated (September 2016) that it had invested the entire ₹ 579.16 crore released to it by the Ministry for onwards implementation of its mandate. However, the fact remains that out of total ₹ 6,698.30 crore received under the R&D cess from inception till the year 2015-16, only ₹ 579.16 crore had been disbursed to TDB by the Ministry. Reply from Ministry was awaited by October 2016.

2.3.3 Secondary and Higher Education Cess

The Secondary and Higher Education Cess (SHEC) was introduced in the Finance Act, 2007 to fulfil the commitment of secondary and higher education.

Scrutiny of the Union Finance Accounts for the period 2006-16 showed that a total collection of SHEC of ₹ 73,468.52 crore has been made.

It is observed that unlike the creation of Prarambhik Siksha Kosh in the case of primary/elementary education cess, neither a Fund was designated to deposit the proceeds of SHEC thereto nor schemes were identified on which the cess proceeds were to be spent. Consequently, the commitment of furthering Secondary and Higher Education Cess as envisaged in the Finance Act was not transparently ascertainable.

2.3.4 National Clean Energy Fund

National Clean Energy Fund (NCEF) was established in 2010-11 for funding research and innovative projects in clean energy technology by levying a Clean Energy Cess on coal produced in India and imported coal.

A total of ₹ 27,849.98 crore was collected as Clean Energy Cess² during the years 2010-11 to 2015-16. Against this, only ₹ 9,016.46 crore (32.38 *per cent*) had been transferred through head of account 2810.797-Transfer to Reserve Fund to the National Clean Energy Fund³ in the Public Account, leading to short transfer of Cess to the earmarked Fund by ₹ 18,833.52 crore (67.62 *per cent*).

The Ministry of Finance, Department of Economic Affairs in its reply (August 2016) stated that objective of transfer to NCEF is linked to the absorption capacity of the line Ministries. The Standing committee on Finance in their 2nd Report (16th Lok Sabha) recommended that in the absence of specific details of the projects/Schemes, the unutilised funds lying in the NCEF for more than two years may be transferred to Consolidated Fund of India, so that these funds could be utilised for other prioritised schemes. Thus the audit observation to transfer the entire cess amount collected to NCEF without linking to absorption capacity of the line Ministries, is only likely to create pool of unutilised funds and with little public interest. This would also be against the recommendations of the Standing Committee on Finance. It was further stated that as and when there are justified schemes/projects for implementation by the line Ministries, funds would be made available to the extent of Fund due for accumulation under NCEF.

The Ministry's contention that the objective of transfer to National Clean Energy Fund is linked to the absorption capacity of the line Ministries is not tenable as revenue collected from Clean Energy Cess are required to be transferred to NCEF and to be spent only on the specific purpose for which it was levied i.e. for funding research and innovative project in clean energy technology.

The issue was pointed out in CAG's Report No. 1 of 2013, 2014 and Report No. 50 of 2015 but no perceptible action has been taken.

2.3.5 Short transfer of Cess to Central Road Fund (CRF)

Para 4 of the Central Road Fund Act, 2004 stipulates that the proceeds of the cess levied under Section 3 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the CRF from time

² MH 0038.03.112-Clean Energy Cess

³ MH 8235.129-National Clean Energy Fund

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to time, after deducting the expenses of collection, for being utilized exclusively for the purposes of this Act.

Examination of Statement No. 8 of Union Government Finance Accounts for the years 2010-11 to 2015-16 revealed that against the total collection of ₹ 1,70,682.25 crore, only ₹ 1,43,097.49 crore was transferred to the CRF (Head 8224.00.101) in Public Account resulting in short transfer of ₹ 27,584.76 crore.

Since these are specific purpose cess, the entire cess collection should be transferred to the designated Fund in the Public Account. Comment on this issue had continuously been appearing in the CAG's Audit Reports No. 1 of 2013, 2014, 2015 and CAG's Audit Report No. 50 of 2015.

2.3.6 Short transfer of Cess to other earmarked funds in Public Account

Scrutiny of Statements No. 8 and 13 of Union Government Finance Accounts for the financial year 2015-16 showed that following Cess collected on certain items during the year were not transferred fully to the earmarked funds in the Public Account. The details of short transfer of cess of ₹ 1,599.31 crore are given in the **Table 2.1**.

Table 2.1: Short transfer of Cess

(₹ in crore)

Sl. No.	Receipt of Cess		Transfer to Public Account		Short transfer
	Name of Cess/Receipt head	Amount	Name of fund	Amount	
1	Cess on Feature Films (0038.04.130)	4.13	Cine Workers Welfare Funds (8229.115)	1.93	2.20
2	Cess on Tea (0038.04.103)	60.12	Development Fund for Tea Sector (8229.126)	Nil	60.12
3	Cess on Iron Ore (0038.04.110)	15.84	Mines Welfare Fund (8229.00.114)	35.42	11.25
4	Cess on Limestone and Dolomite (0038.04.112)	30.83			
5	Swachh bharat Cess (0044.506)	3,925.74	Rasrtiya Swachhata Kosh (8235.135)	2,400.00	1,525.74
Total		4,036.66		2,437.35	1,599.31

In case of cess on Feature Film, the Ministry of Labour and Employment stated (July 2016) that the cess was transferred to the Fund according to the budgetary provision and the remaining portion of the cess of ₹ 2.20 crore would be transferred in the next financial year.

Reply of the Ministry is not tenable as the Ministry had furnished (September 2015) the same reply for financial year 2014-15 that the short transfer of cess of ₹ 2.11 crore pertaining to the financial year 2014-15 would be transferred in financial year 2015-16. However, the Ministry has not yet transferred the amount to the Fund in 2015-16.

In respect of cess on Tea, CGA stated (August 2016) that a reference has been made to the concerned Ministries.

2.3.7 Income Tax Welfare Fund

Ministry of Finance, Department of Revenue created the Income Tax Welfare Fund (ITWF) with a corpus of ₹ 100 crore and transferred the Fund over a period of three years in three tranches of ₹ 30 crore each in the year 2006-07, 2007-08 and ₹ 40 crore in the year 2008-09 in the interest bearing section of Public Account. The Fund was created with the purpose of (i) promotion of welfare, recreation and other outdoor activities of officials of the Income Tax Department, (ii) providing financial help to officials during contingencies such as injuries or accidents, (iii) providing ex-gratia payment to families of 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 interest accruing on the corpus Fund and additional accretions as specified in para 3 of Income Tax Welfare Fund Rules 2007 shall be utilised for meeting the expenditure on the above purposes.

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 utilization 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 would not be transparent. GFR Rules also 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 rules. The purpose cited above could be covered under the standard Object Heads “Rewards”, “Medical Treatment”, “Office Expenses”, Grants-in-aid” in the Demand for Grants of the Ministry. Thus, the Department should not continue the aforesaid Fund.

The matter was commented upon in the CAG’s Audit Report No. 1 for the year 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 and Report No. 50 for the year 2014-15. The Department intimated (July 2015) that no expenditure had been incurred out of the accumulated corpus of ₹ 100 crore and no interest had been credited into this Fund since its inception. It further stated (June 2016) that after taking into consideration the vetting comments of the Audit, the

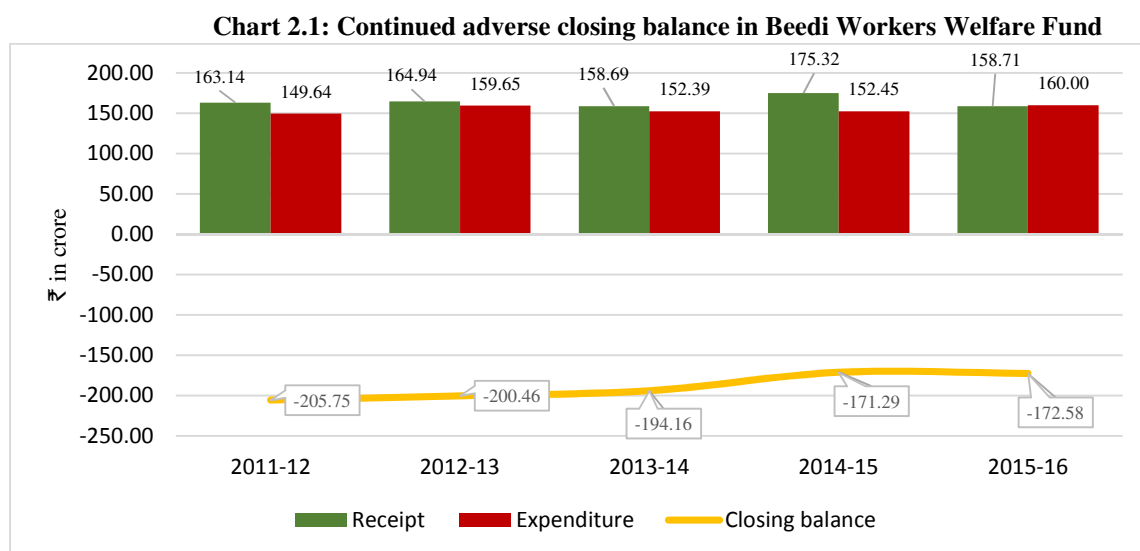
Department had already submitted a final ATN in June 2014 on the previous para to the Monitoring Cell, Department of Expenditure.

The reply of the Ministry, however, does not acknowledge that Audit never concurred with the Department's action to continue with the ITWF. In fact, even in response to the ATN, Audit has again reiterated closure of the ITWF and crediting the balance available in the said Fund into the Consolidated Fund of India.

2.3.8 Continued adverse closing balance in Beedi Workers Welfare Fund

Beedi Workers Welfare Fund was created in the Public Account⁴ under Beedi Workers Welfare Fund Act, 1976 to provide for the financing of measures to promote the welfare of persons engaged in beedi establishments. For this purpose, the Government introduced a cess in the form of duty of excise on manufactured beedi. The collection of cess is initially credited to the CFI and subsequently transferred through the appropriation to the Beedi Workers Welfare Fund in the Public Account.

On account of expenditure from the Fund being in excess of the receipts, the balance in the Beedi Workers Welfare Fund over the years had become adverse. The aggregate position with regard to expenditure, receipts and closing balance in the Beedi Workers Welfare Fund during the period 2011-12 to 2015-16, as disclosed in the earmarked Fund account appended with appropriation account of the Ministry of Labour and Employment, is shown in the **Chart 2.1**.



Closing balance of year 2011-12 was changed by the Department after reconciliation.

⁴ MH 8229.200 – Other Development and Welfare Fund

The chart above indicates that there was continuous adverse closing 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.

This matter was also commented in the Report of the Comptroller and Auditor General on the Accounts of the Union Government for the year ended 2011-12, 2012-13, 2013-14 and 2014-15.

Ministry of Labour and Employment agreed (August 2016) with the audit observations and stated that the adverse balances under the Beedi Worker Welfare Fund would be settled in future.

2.3.9 Irregular retention of balances under Mahila Samridhi Yojna

For providing economic security to the rural women and to encourage savings habit, the Mahila Samridhi Yojna (MSY) was started in October 1993 by the Department of Women and Child Development, being the nodal agency of the scheme. Under the scheme, the rural women of 18 years of age and above can open savings account in the rural post office. The deposit was accounted in the Public Account under the head 8013.60.101 – Mahila Samridhi Yojna for Rural Women.

The scheme had since been discontinued in July 2001 with the stipulation that MSY account should either be converted into Savings Bank (SB) Accounts or to close the account by allowing the withdrawal. However, it was noticed that an amount of ₹ 2.92 crore was still lying under the head 8013.60.101-Mahila Samridhi Yojna for Rural Women as on 31 March 2016. During the financial year 2015-16, adjustment of meagre amount of ₹ 6.50 lakh has been carried out by the department.

The Department in its reply (July 2016) stated that FS division of Postal Directorate has been advised for taking action through CPMG to close MSY accounts or convert into SB account.

2.4 Data Integrity and Reconciliation Issues

2.4.1 Discrepancy in balances of Special Deposit of Employees' Deposit Linked Insurance Scheme

In Statement No.14 of the Union Government Finance Accounts for the financial year 2015-16, under the Special Deposit of Employees' Deposit Linked Insurance Scheme in the Public Account⁵, there is a credit balance of ₹ 2,001.27 crore. However, as per the balance sheet of the Employees' Deposit Linked Insurance Scheme, 1976 (EDLI), maintained by the Employees' Provident Fund Organization (EPFO), a sum of ₹ 8,149.86 crore had been shown as closing balance in the Public Account as on 31 March 2016. Thus there is a difference of ₹ 6,148.59 crore in the two sets of figures.

⁵ MH.8012.124- Special Deposit of Employees Deposit Linked Insurance Scheme.

Comments related to difference in two sets of figures in previous years were made in CAG's Reports for financial year 2013-14 and 2014-15.

In December 2013, the Ministry of Labour and Employment stated that there was discrepancy in the balances of Special Deposit of EDLI Scheme as per balance sheet of EPFO and Union Government Finance Accounts and it would be reconciled in consultation with RBI. However, despite a lapse of nearly three years, no progress on the matter has been made.

2.4.2 Incorrect depiction of loan to Shipping Development Fund Committee

The Shipping Development Fund Committee (SDFC) was abolished with effect from 1986 and its assets and liabilities stood transferred to the Central Government in terms of Section 4 of SDFC (Abolition) Act, 1986. Scrutiny of Statement No. 15 of Union Finance Accounts for the year 2015-16 revealed that a net loan of ₹ (-)231.71 crore (Debit) as detailed in **Table 2.2**, was still being shown as outstanding against SDFC, though all assets and liabilities of SDFC had already been transferred to Central Government.

Table 2.2: Incorrect depiction of loans to SDFC

Name of the Head	Amount (₹ in crore)
7052-01-101-Loans to Shipping Development Fund Committee	53.83 Dr.
7052-60-101-Loans to Shipping Development Fund Committee	8.59 Dr.
7052-02-101-Loans to Shipping Development Fund Committee	(-)294.13 Dr.
Total	(-)231.71 Dr.

In January 2015, the Controller of Accounts, Department of Economic Affairs, Ministry of Finance had stated that the Government of India had appointed erstwhile SCICI Ltd, which subsequently merged with ICICI Bank Ltd, as its Designated Person to manage the SDFC portfolio and take such necessary steps as deemed fit to expedite recovery of loans from the Shipping/Fishing companies. It further added that ICICI Bank had remitted money in Government Accounts as principal and interest thereon without giving the details of the loans. The amounts received from ICICI Bank were deposited in Government loan heads resulting in adverse balances in others. This matter was already taken up with ICICI Bank and Department of Financial Services, Ministry of Finance for reconciliation.

In its subsequent reply in November 2015, Department of Economic Affairs stated that the issue has already been taken up with the ICICI & PAO (Banking) and they were hopeful of liquidating the adverse balances during the current year. This issue stands unresolved despite it being pointed out in Report No. 1 for the years 2012-13, 2013-14 and Report No. 50 for the year 2015.

2.4.3 Dormant Funds and Deposits

Funds and deposits form a part of the Public Account, wherein the transactions in respect of which Government incurs a liability to repay the moneys received and the repayments thereof are recorded. Creation of reserve Fund generally involves transfer of sum from the Consolidated Fund of India into Public Account to be utilised for specific purposes. On the other hand deposits of the Government is made by the depositor as a security and or to get some work executed by the Government on behalf of the depositor. Dormant funds/deposits constitute those funds or deposits which are not in operation for a long period of time and might have outlived their utility and clutter the accounts. The dormant funds/deposits in the Public Account need to be closed and the balances therein transferred back to Consolidated Fund of India.

Scrutiny of Finance Accounts showed that 43 funds/deposits⁶ having aggregate balance of ₹ 1,538.27 crore at the end of 2015-16, as contained in **Annexure 2.4**, were lying dormant for period ranging from seven to 28 years.

In most of the cases, small balances are lying and their continuance does not appear to serve any purpose. These cases need to be reviewed and considered for closure by crediting the balances to the Consolidated Fund of India.

The CGA stated (August 2016) that it had been writing to the concerned accounting authorities, except Accountants General, every year to carry out the review of the dormant funds and consider closure of the said funds, if possible, by crediting the balances to the CFI.

The matter was commented upon in CAG's Audit Report No. 1 of 2013, 2014, 2015 and Report No. 50 of 2015 but no discernible action was taken.

2.4.4 Other discrepancies

2.4.4.1 Discrepancies in Guarantee fees

Guarantee fees received during 2015-16 in Statement No. 4 shows a sum of ₹ 778.76 crore whereas the Statement No. 8 depicts a figure of ₹ 779.42 crore, under head 0075.108-Guarantee fee. CGA replied (August 2016) that difference of ₹ 0.66 crore is due to Railway figures and matter has been taken up with the Ministry of Railway. Reply is still awaited.

2.4.4.2 Incomplete depiction of information in Statement No. 11 of Union Government Finance Accounts

Statement No. 11 of the Finance Accounts provides details of the investment of the Union Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Cooperative Banks and Societies, etc.

⁶ 13 reserve funds, 25 deposits and 5 other liabilities

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The following discrepancies have been found in Statement No.11 for FY 2015-16 as detailed in **Table 2.3**.

Table 2.3: Discrepancies in Government investment in PSUs

Sl. No.	Name of PSUs	Observation	Remarks	
1.	Bharat Electronics Ltd. Bangalore	Progressive investment as on 31 March 2016 was ₹ 60.01 crore as per Union Government Finance Account 2015-16, whereas the progressive investment as per Controller General of Defence Account (CGDA) was ₹ 180.04 crore.	CGDA stated (August 2016) that the matter had been taken up with the Defence PSUs.	
2.	Bharat Dynamics Ltd. Hyderabad	Progressive investment as on 31 March 2016 was ₹ 115 crore as per Union Government Finance Account 2015-16, whereas the progressive investment as per Controller General of Defence Account (CGDA) was ₹ 97.75 crore.	CGDA stated (August 2016) that the matter had been taken up with the CGA and on receipt of the approval the corrective measure will be taken.	
	Name of PSUs	Face value of Government share (₹ in crore)	Remarks	
		As per Statement No.11 of Finance Accounts of 2014-15	As per Annual Accounts of CPSU of 2014-15	
3.	Hindustan Organic Chemicals Limited	309.50	39.48	Overstatement of Government's investment by ₹ 270.02 crore at the end of 2014-15 in Statement No. 11.
4.	The Fertilizers and Chemicals Travancore Limited.	637.77	582.36	Overstatement of Government's investment by ₹ 55.41 crore at the end of 2014-15 in Statement No. 11.
5.	Andrew Yule and Company Limited	85.90	58.70	Overstatement of Government's investment by ₹ 27.20 crore at the end of 2014-15 in Statement No. 11.
6.	Scooters India Limited	168.61	80.03	Overstatement of Government's investment by ₹ 88.58 crore at the end of 2014-15 in Statement No. 11.
7.	Power Grid Corporation of India Limited	2925.01	3028.84	Understatement of Government's investment by ₹ 103.83 crore at the end of 2014-15 in Statement No. 11.
2015-16				
8.	Omnibus Industrial Development Corporation of Daman & Diu	22.01	26.07	There was understatement of Government's investment by ₹ 4.06 crore in Statement No.11.

Expeditious efforts need to be made by the CGA, including coordination with the concerned administrative Ministries to address the deficiency brought out.

(a) Incomplete information of investment

In the followings cases, the complete information in respect of details of investment is not available in Statement No 11. The incompleteness was qualified with the footnote that the information was awaited.

Table 2.4: Incomplete information of investment

Sl.No.	Name	Year of Investment	Remarks
1.	State Agro-Industries Corporation	1966-67 to 2001-02	Number of shares and its face value not given.
2.	National Skill Certification and Monetary Reward Scheme	2013-14	Type of share, number of shares and its face value not given.
3.	Rail Infrastructure Development Company (Karnataka) Ltd.	2002-03 to 2009-10	Number of shares and its face value
4.	Railway Energy Management Company	2013-14	Percentage of Governments investment to total paid up capital
5.	National High Speed Rail Corporation Ltd.	2015-16	Percentage of Governments investment to total paid up capital
6.	Elgin Mills Ltd. Kanpur	1977-78	Percentage of Governments investment to total paid up capital
7.	Tata Engineering Locomotive ltd	1971-72	Percentage of Governments investment to total paid up capital

CGA stated in its reply (August 2016) that these information are to be furnished by the concerned Ministries/Department, who has made the investment. Every year during review they are requested to furnish the requisite information. Pending receipt of the requisite information, a footnote to this effect is inserted in the statement.

Reply of the CGA is not acceptable as inserting footnote every year of pending information does not give true picture of investments of the Union Government.

(b) Difference in figures of Dividends

There was a difference in dividends receipts as shown in Statement No 8 and Statement No. 11 of the Finance Accounts as detailed in **Table 2.5**.

Table 2.5: Difference in figures of Dividends

(₹ in crore)

Observation	Statement-8 ⁷	Statement -11	Difference
Dividend from Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks, Societies etc.	112113	112713	600

CGA stated in (August 2016) that the reconciliation of difference in dividend figures shown in Statement Nos. 8 and 11 is under process.

⁷ Major Head 0050, excluding minor head 104-Contribution in lieu of Taxes on Railways Passenger Fares.

(c) Shortfall in payment of Dividends in respect of Statutory Companies

The guidelines issued by the Ministry of Finance, Department of Expenditure in September 2014 envisaged that all profit making CPSEs would declare a minimum dividend of 20 *per cent* (30 *per cent* in case of oil, petroleum, chemical and other infrastructure CPSEs), either on equity or on post tax profit, whichever was higher.

Scrutiny of payment of dividends in respect of statutory companies under Ministry of Defence and Department of Telecommunications for the year 2015-16 revealed that there was a shortfall of ₹ 349.20 crore in the dividend declared by the Government Companies in contravention to the extant provision of Ministry of Finance (Table 2.6).

Table 2.6: Shortfall in dividend declared by Government Companies

								(₹ in crore)
Sl. No.	Name of CPSE ⁸	Paid up Capital	Profit after Tax	Dividend declared during 2015-16	20% of paid up capital	20% of Profit after Tax	Minimum dividend required to be declared	Shortfall
1.	BEL	240	1357.67	45.01	48	271.53	271.53	226.52
2.	BEML	41.64	52.65	4.16	8.33	10.53	10.53	6.37
3.	MDNL	187.34	118.03	35.41	37.47	23.61	37.47	2.06
4.	BDL	97.75	562.70	67.62	19.55	112.54	112.54	44.92
5.	GSL	29.1	61.89	9.51	5.82	12.38	12.38	2.87
6.	HSL	301.99	19.00	Nil	60.40	3.80	60.40	60.40
7.	TCIL	43.2	21.37	2.58	8.64	4.27	8.64	6.06

The matter was referred (September 2016) to MoD (Fin) and DoT, however, their reply was awaited.

2.4.4.3 Inconsistencies/discrepancies in Statement No. 15 of Union Government Finance Accounts

Section 3 of Statement No. 15 of Union Government Finance Accounts depicts the 'Repayments in arrears from Other Loanee Entities or Institutions'.

(a) Interest not reflected in respect of arrears of loans

Scrutiny of disclosure statement revealed that in respect of some entities principal amount of the loans advanced are in arrears, while the interest against those loans in arrears have not been reflected. Further, in some cases though the loan and advances have adverse balance, yet interests have been shown as received against them. The details of such cases are given in Table 2.7.

⁸ 1-Bharat Electronics Ltd, 2-Bharat Earth Movers Ltd, 3-Mishra Dhatu Nigam Ltd, 4-Bharat Dynamic Ltd, 5- Goa Shipyard Ltd, 6- Hindustan Shipyard Ltd, 7- Telecommunications Consultants India Ltd.

Table 2.7: Interest not reflected in respect of arrears of loans

Sl. No.	Name of Entity	Total loans outstanding on 31 March 2016 (₹ in Crore)	Remark
1.	Shri Sitaram Sugar Co Baithalpur, Uttar Pradesh	3.48	The Ministry of Consumer Affairs and Food & Public Distribution stated (July 2016) that the files relating to the cases were nearly 25 years old and they were not readily traceable. This matter was also highlighted in Audit Report No. 50 of 2015.
2.	Deoria Sugar Mills, Deoria, Uttar Pradesh	3.63	
3.	Raja Bulan Sugar Ltd, Rampur, Uttar Pradesh	1.06	

(b) Interest credited against the adverse balances of loans and advances

In following cases interest was credited against the adverse principal amount of the loan and advance.

Table 2.8: Interest credited against the adverse balances of the loans and advances

(₹ in lakh)

Sl. No.	Heads	Balance as on 01.04.2015	Balance as on 31.03.2016	Interest credited
1.	7601.04.411-Co-operation-Credit Co-operative	-325.22	-326.87	0.22
2.	7601.04.413-Other Co-operatives	-16.86	-14.73	1.38
3.	7601.04.436-Crop Husbandry - Commercial Crops	-1312.83	-1350.28	28.61
4.	7601.04.443-Crop Husbandry – Other Loans	-3367.15	-3,388.37	229.20
5.	7601.04.501-Soil and Water Conservation-Soil Conservation Schemes	-962.29	-990.04	30.39
6.	7610.00.203-Advances for purchase of Other Conveyance	-3910.98	-3936.64	198.54

In respect of heads at Sl. No. 1 to 5, Ministry of Agriculture stated (August 2016) that adverse balances against these heads are due to write off of loans in pursuance of the recommendations of the 13th Finance Commission. Despite the loans being written off, the credits were received from various State Governments under these heads. It further stated that the interest were credited due to the rectification/adjustment pertaining to previous year in the year 2015-16.

The reply indicates absence of proper accounting mechanism regarding Loans and Advances, as the loans had been written off and yet interest pertaining to the previous years, were being credited to Union Government Account in 2015-16.

In respect of Sl. No. 6, CGA stated (August 2016) that the matter has been taken up with the Ministry of Railways, Department of Post and UT Chandigarh and replies were awaited.

(c) Repayment against adverse balances of loans and advances

In following cases, repayment of loan and advance were made against adverse balances of loan and advance.

Table 2.9: Repayment against adverse balances of loans and advances

(₹ in lakh)

Sl. No.	Heads	Balance as on 01.04.2015	Repayment of loan during the year	Balance as on 31.03.2016
1	7601.03.413-Cooperation –Credit Co-operatives	-41.84	0.05	-41.89
2	7601.03.501-Soil and Water Conservation –Soil Conservation Scheme	-21.23	0.62	-21.85
3	7601.04.411-Co-operation-Credit Co-operative	-325.22	1.65	-326.87
4	7601.04.436-Crop Husbandry - Commercial Crops	-1312.83	37.45	-1350.28
5	7601.04.443-Crop Husbandry – Other Loans	-3367.15	21.22	-3388.37
6	7601.04.501-Soil and Water Conservation-Soil Conservation Schemes	-962.29	27.75	-990.04
7	7602.04.412- Co-operation-Consumer Co-operative	-0.14	5.79	-5.93

Ministry of Agriculture stated (August 2016) that no repayment of loan was received from States Government in 2015-16. Repayment accounted for was due to rectification/adjustment pertaining to previous years in the year 2015-16.

The reply shows existence of faulty accounting mechanism as the repayment of loan of previous years was being credited in 2015-16. Even the Ministry is not in position to explain to which year the repayment pertains.

(d) Non finalisation of terms and conditions of Loan

Loans of ₹ 29.29 crore were granted to Rajiv Gandhi Cancer Institute and Research Centre, New Delhi in 1994-95 by the Ministry of Health and Family Welfare but the terms and conditions of loans had not been finalised even after a gap of 21 years.

CGA replied (August 2016) that the matter had been taken up with the Ministry of Health and Family Welfare several times for finalization of terms and conditions.

This issue was highlighted in CAG's Audit Report No. 1 of 2000 to Report No. 50 of 2015. This shows a non-serious approach of the Administrative Ministry with regard to the recovery and other aspects of the loans advanced.

(e) Loans and advances in arrears for more than 20 years.

Scrutiny of the Statement No. 15- Loans and Advances made by the Union Government for the year 2015-16 revealed that total loan outstanding against State/UT Governments and other entities as on 31st March, 2016 was ₹ 2,56,353.52 crore. Out of this, repayment of ₹ 26,333.68 crore⁹ is shown as loans and advances in arrears ranging from 2 to 50 years. Further, out of the amount of ₹ 26,333.68 crore, ₹ 11,321.87 crore (42.99 per cent) has been in arrears for more than 20 years (cases of more than ₹ 10 crore¹⁰) on account of non-recovery. Further, an amount of ₹ 29,770.45 crore being the interest on principal amount for the same period also remained in arrears. This shows that a significant amount of loans and advances repayments of which are in arrears are unlikely to be recovered (**Annexure 2.5**).

In its reply (July 2016) CGA stated that recovery of loans and payment of principal and interest amount was watched by concerned Ministry/Department. However references are being made to the concerned Ministry/Department and Audit will be intimated in due course.

2.4.5 Understatement of the Customs Receipts

As per the prescribed procedure, advance customs receipts pertaining to a future period, is kept under a transitory suspense head (8658.136-Custom Receipts awaiting transfer to Receipt Head) in the Public Account. The advance receipts are credited to the Consolidated Fund of India (CFI) in the year to which this pertains.

Scrutiny of the Finance Accounts revealed that ₹ 20.75 crore were available under the transitory suspense head as the opening balance in financial year 2015-16. This was to be accounted for as customs receipts in the Consolidated Fund of India during financial year 2015-16. A sum of ₹ 1.02 crore was cleared during 2015-16 and closing balance of ₹ 19.73 crore remained booked under the suspense head. This resulted in an understatement of the customs receipts of the Government of India by ₹ 19.73 crore in financial year 2015-16.

In its reply (August 2016) CGA stated that this amount will be transferred to final head during 2016-17.

2.5 Important factors affecting accuracy of accounts

The accuracy of Union Finance Accounts 2015-16 is adversely affected by factors like (i) large number of outstanding balances under Suspense heads awaiting final classification, (ii) increasing number and magnitude of adverse balances under Debt, Deposit and Remittances (DDR) heads of accounts, etc.

⁹ ₹ 4,749.73 crore is outstanding against States and UTs and ₹ 21,583.95 crore is outstanding against Loanee Entities or Institutions

¹⁰ In case of other entities.

Review of outstanding balances under major suspense accounts for the year 2015-16 has been conducted in the office of Controller General of Accounts. The audit findings are detailed below in the succeeding paragraphs:

2.5.1 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 un-cleared, the balances under the suspense heads would accumulate and would not reflect Governments 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 Pr. AOs minor head wise on the basis of figures furnished by the PAOs periodically. The Chief Controller of Accounts of concerned Pr. Accounts Office is required to review the suspense balances and report to the Controller General of Accounts (CGA) for monitoring purposes.

The aggregate net balance under suspense heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunication was ₹ 22,119.80 crore (Debit) as on 31 March 2016. This balance comprised of ₹ 2,332.43 crore (Debit) in respect of Civil, for Defence ₹ 14,404.02 crore (Debit), for Railways ₹ 1,802.06 crore (Debit), for Postal ₹ 2,602.40 crore (Debit), for Telecommunication ₹ 154.79 crore (Credit) 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. 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 understatement takes place both at the minor head as well as at major head level. The position of suspense balances under major suspense heads in respect of Civil Ministries (Major Head-8658) for the last three years is given in **Table 2.10**.

Table 2.10: Suspense balances under Major Suspense Heads in respect of Civil Ministries
(₹ in crore)

Head	2013-14		2014-15		2015-16	
	Debit	Credit	Debit	Credit	Debit	Credit
101-PAO Suspense	2737.37	156.44	2532.65	532.93	2630.22	588.76
Net	Dr 2580.93		Dr 1999.72		Dr 2041.46	
102-Suspense Account (Civil)	1194.54	4670.36	1130.15	5292.32	1175.93	5982.81
Net	Cr 3475.83		Cr 4162.17		Cr 4806.88	
107-Cash Settlement Suspense Account	497.97	36.34	497.80	36.34	413.60	36.33
Net	Dr 461.63		Dr 461.46		Dr 377.27	
108-PSB Suspense	5969.95	2988.75	3688.87	3222.01	5982.12	2273.08
Net	Dr 2981.20		Dr 466.86		Dr 3709.04	
109-Reserve Bank Suspense (HQ)	11.37	185.41	11.59	185.07	12.31	297.06
Net	Cr 174.04		Cr 173.48		Cr 284.75	
110-Reserve Bank Suspense Central Accounts Office	58.39	502.62	51.17	1158.25	56.15	541.24
Net	Cr 444.23		Cr 1107.08		Cr 485.09	
115- Suspense Accounts for Purchases etc. abroad	1941.34	52.00	978.30	0.0001	1991.46	0
Net	Dr 1889.34		Dr 978.30		Dr 1991.46	
129-Material Purchase Settlement Suspense Account	212.08	78.32	210.27	66.86	212.32	61.09
Net	Dr 133.76		Dr 143.41		Dr 151.23	
136-Custom Receipts awaiting transfer to receipt head	--	223.26	--	20.75	--	19.73
Net	Cr 223.26		Cr 20.75		Cr 19.73	
138-Other Nominated Banks (Pvt. Sector Banks) Suspense Transaction connected with war, 1939	51.98	593.43	5.60	550.22	196.20	607.33
Net	Cr 541.45		Cr 544.62		Cr 411.13	

It would be seen that Debit and Credit balances under PAO Suspense, Suspense Account (Civil), Reserve Bank Suspense (HQ), Suspense Account for Purchases Abroad and Other Nominated Banks Suspense Account have increased in 2015-16 over the previous year. The year-wise break-up of the balances outstanding under the suspense minor heads was not maintained by the CGA.

(a) PAO Suspense

In PAO suspense, at the end of March 2016, outstanding debit balance was ₹ 2,630.22 crore and credit balance was ₹ 588.76 crore. Thus, an aggregated balance of ₹ 3,218.98 crore was awaiting clearance from this head.

The outstanding balances were mainly pertained to Department of Supply ₹ 1,517.49 crore (Debit), Ministry of External Affairs ₹ 658.09 crore (Debit), Department of Atomic Energy ₹ 221.30 crore (Credit), Ministry of Road Transport and Highways ₹ 234.71 crore (Credit) and Central Board of Excise and Custom (CBEC) ₹ 55.10 crore (Credit), indicating that the payment made

(Debit) or received (Credit) by these Departments/ Ministries on behalf of other PAOs were yet to be recovered/ paid by them as on 31 March 2016. The outstanding balance with Ministry of External Affairs was mainly due to unsettled claims in respect of officers' journey abroad where hospitality and accommodation charges were paid by the Ministry. The large debit and credit balances under PAO suspense and their continuous accumulation indicated significant control deficiencies.

(b) Suspense Accounts (Civil)

The outstanding balance under this minor head as of 31 March 2016 was ₹ 5,982.81 crore (Credit) and ₹ 1,175.93 crore (Debit). An aggregated balance of ₹ 7,158.74 crore was required to be handled individually for settlement, which had not been booked to the final heads of account. The major balances outstanding pertaining to Department of Economic Affairs ₹ 5,209.92 crore (Credit), Department of Supply ₹ 597.52 crore (Debit), Ministry of External Affairs ₹ 640.23 (Credit) and High Commission ₹ 435.76 crore (Debit).

(c) Suspense Account for purchases etc. abroad

Suspense accounts balance for purchases etc. abroad as on 31.03.2016 was ₹ 1,991.46 crore (Debit). It was also observed that ₹ 220.51 crore was outstanding from different organizations since 2007 and major debtors were Helicopter Corporation of India Ltd. (₹ 67.24 crore), Pawan Hans Ltd. (₹ 57.44 crore), Pyrites, Phosphates and Chemicals Ltd. (₹ 24.95 crore) and Coal India Ltd.(WB) (₹ 23.18 crore).

It was noticed from the information made available by the CAA&A that subsequent payments had been made on behalf of various importers/projects authorities while the payments for earlier purchases were still due from them. The issue was pointed out in the CAG's Report No. 50 of 2015. In their Action Taken Note dated 29 February 2016, Ministry of Finance, Department of Economic Affairs, Aid, Accounts and Audit division stated that the Office of CAA&A has been making continuous efforts for early settlement of outstanding dues. The outstanding suspense amount is monitored regularly and reminders sent to the Project implementing authorities to clear the suspense balances. However, the position of suspense balances was on higher side in 2015-16 as compared to the previous year figure of ₹ 978.30 crore.

Ministry in its reply (August 2016) stated that out of the outstanding suspense account balance of ₹ 1,991.46 crore as on 31.03.2016, ₹ 1,702.73 crore has been cleared in 2016-17 and ₹ 288.71 crore remains outstanding.

(d) Public Sector Bank Suspense (PSB Suspense)

The outstanding PSB balances as on 31 March 2016 were ₹ 5,982.12 crore (Debit) and ₹ 2,273.08 crore (Credit). Thus, an aggregated balance of ₹ 8,255.20 crore was required to be cleared at the end of March 2016. The major balances outstanding pertained to Central Board of Direct Taxes (CBDT) (Expenditure) ₹ 1,072.35 crore (Credit), Central Pension Accounting Office (CPAO) ₹ 780.82 crore (Credit), Department of Supply ₹ 285.70 crore (Debit), Ministry of Road Transport and Highways ₹ 525.45 crore (Debit), Central Board of Excise and Custom (CBEC) ₹ 527.09 crore (Debit), Ministry of Shipping ₹ 120.24 crore (Debit), Ministry of Labour & Employment ₹ 437.78 crore (Debit), Ministry of Culture ₹ 380.87 crore (Debit), Ministry of Power ₹ 158.30 crore (Debit), Ministry of Information & Technology ₹ 214.01 crore (Debit), Social Education & Literacy ₹ 202.90 crore (Credit), Ministry of Youth Affairs & Sports ₹ 126.85 crore (Debit) and Higher Education ₹ 105.88 crore (Debit).

(e) Reserve Bank Suspense, Central Accounts Office (CAO)

The outstanding balances under this minor head as on 31 March 2016 was ₹ 56.15 crore (Debit) and ₹ 541.12 crore (Credit) with aggregated balance of ₹ 597.27 crore to be cleared by the end of March 2016. The outstanding RBI (CAO) suspense balances pertained mainly to Ministry of Shipping ₹ 367.99 crore (Credit), Ministry of Commerce ₹ 115.24 crore (Credit), Department of Supply ₹ 37.68 crore (Debit) and Ministry of Road Transport and Highways ₹ 8.19 crore (Debit).

Audit further selected Ministry of External Affairs for examination of suspense balances in detail and observed the following:

- In Suspense Accounts (Civil) MEA had closing balance of ₹ 21.39 (Debit) crore in 2007-08. It further increased by ₹ 546.21 crore (Credit) and thus the closing balance remained ₹ 524.82 crore (Credit) in 2008-09. The increase of ₹ 546.21 crore (Credit) comprised erroneous booking of ₹ 309 crore (credit) and ₹ 163 crore (-Debit) in respect of Kathmandu pensioners in February and March 2009 which had not been corrected till date. It was also noticed that Ministry has also booked excess clearance of ₹ 41 crore (-Debit) in respect of Kathmandu pensioners in 2015-16 resulting in a huge closing balance of ₹ 640.23 crore (Credit) lying unsettled.
- In respect of Suspense Accounts-PSB, balance were cleared during 2015-16 by booking ₹ (-)628 crore (credit) and ₹ (-)41 crore (debit) which includes ₹ 622.48 crore (₹ 39.37 crore + ₹ 539.54 crore + ₹ 43.57 crore) of RBI put-through pertaining to period 2012-13 (September 2012). It was noticed that the entry of ₹ (-)622.48 crore of RBI put through was left out in 2012-13 and adjusted in March 2016 through TE. This indicates that the

Ministry needs to strengthen the mechanism to ensure that all the entries have been taken in the account.

- Opening balance under the head Reserve Bank Suspense-CAO for 2015-16 was ₹ 70.83 lakh (Debit) which increased to ₹ (-)153.31 lakh (Debit) due to misclassification of ₹ (-)203.00 lakh (Debit) at the time of rejection of claim by RBI. Ministry stated (August 2016) that the misclassification would be settled in the next financial year i.e. 2016-17.

Further, during the review of ‘Suspense Balances’ of Ministry of Power for the year 2015-16 under the Head- Reserve Bank Suspense Headquarters (8658-00-109), Circle-101, it was noticed that the opening balance had been depicted as “Nil” whereas an amount of ₹ 112 crore was booked as (-)Debit.

The Department stated that said amount inadvertently booked under the Head-Reserve Bank Suspense Headquarters (8658-00-109), Circle -101 which had been rectified in March 2016 through Transfer Entry on 31 May 2016. Audit noted that this had not been rectified by the CGA in their accounts.

Furthermore, test check of balances in Principal Accounts Office of CBDT showed that balance of ₹ (-)1,52,478.10 crore (Debit) and ₹ (-)45,242.65 crore (Credit) were outstanding at the end of the year 2015-16 which included debit balance of ₹ 43.15 crore and credit balance of ₹ 31.85 crore outstanding for period up to 1988-89.

CGA stated (October 2016) that the concerned Ministries/Departments were instructed to liquidate the suspense balance at the time of review of Statement No. 13 of Union Government Finance Accounts.

2.5.2 Large number of adverse balances under Debt, Deposit and Remittance (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 2015-16, there were 78 cases of adverse balances under debt, deposit and remittances heads as given in **Annexure-2.6**. Eight cases became adverse during 2015-16 and remaining 70 cases were outstanding from earlier years. These included 37 cases outstanding for more than one year up to five years, 15 cases for more than five years up to 10 years and 18 cases for more than 10 years old.

CGA stated (September 2016) that 27 cases under Major Head 7601 (S.No 48-74), the adverse balance was due to write off of balances on recommendation of the 13th Finance Commission and the matter was under active consideration for adoption of these balances by the Ministry of Finance.

In six cases, Major Head 6002 (S.No. 17-21), the adverse balance was due to exchange rate variation and would be liquidated as per the codal provision. Rest included pre-departmentalised period (two cases) which had been taken up with the concerned Ministry/Department to take necessary action to liquidate the adverse balances. However, this needs to be addressed through a time bound initiative.

2.5.3 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 form 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 during the month. On receipt of Date-wise Monthly Statements (DMS)/Monthly Statement of Balances from Public Sector Banks/(CAS) RBI, 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 the Suspense Head ‘8658.108-PSB Suspense’/ ‘8675.101-Deposits with RBI-Central Civil’, as the case may be.

In the Finance Accounts for 2015-16, large balances were lying outstanding under various minor heads of ‘Cheques and Bills’ as detailed in **Table 2.11**.

Table 2.11: Outstanding balances under the head ‘Cheques and Bills’

(₹ in crore)			
8670.101	Pre-audit Cheques	Credit	0.42
8670.102	Pay and Accounts Office Cheques	Credit	7671.62
8670.103	Departmental Cheques	Credit	1064.42
8670.104	Treasury Cheques	Credit	4.62
8670.105	IRLA Cheques	Credit	0.59
8670.106	Telecommunication Accounts Office Cheques	Credit	910.69
8670.107	Postal Cheques	Credit	12626.62
8670.108	Railway Cheques	Credit	4872.47
8670.109	Defence Cheques	Debit	60.24
8670.110	Electronic Advices	Credit	30.31
8670.111	Pay and Accounts Offices Electronic Advices	Credit	1914.84
8670.112	Principal Controller of Communication Accounts Offices Electronic Advice	Credit	39.48
8670	Cheques and Bills (Total)	Credit	29075.84

Rule 45 of Central Government Account (Receipts and Payments) Rules, 1983 envisages that a cheque shall be payable at any time within three months after the date 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 and Bills' and minus debiting the functional major/minor head to which the expenditure was originally debited and amount is to be written back in the accounts.

Such large outstanding amounts under different minor heads reflect that accounting authorities are not taking necessary action as required to be taken under the rules. To the extent the amounts are outstanding under the 'Cheques and Bills', the Government cash balance stands overstated and reflects erroneous position.

Test check in the Principal Accounts Offices showed that 808 cheques amounting to ₹ 12.44 crore in Ministry of External Affairs, 521 cheques amounting to ₹ 1.56 crore in Department of Supply, 406 Cheques amounting to ₹ 105.42 crore in Ministry of Road Transport and Highways, 13,355 cheques amounting to ₹ 20.53 crore in CBDT and 691 cheques amounting to ₹ 0.69 crore in Department of Economic Affairs (Ministry of Finance) remained unpaid for more than six months.

Total outstanding balance under the Head-8670- 'Cheques and Bills' stood at ₹ 29,075.84 crore (credit) as on 31 March 2016. Efforts are therefore required on the part of the concerned PAOs of the Ministries/Departments to carry out reconciliation with the banks.

2.5.4 Non-crediting of amount to the Security Redemption Fund

The Union Government had invested ₹ 9,996 crore in the rights issue of the State Bank of India (SBI) in the financial year 2007-08. Instead of cash draw down, the Government created a liability in the Public Account by issuing special securities (under the MH 8012.00.120-Special Securities issued to Nationalized Banks). These securities were to be redeemed on a future date by creation of a 'Security Redemption Fund', by transferring funds from the Consolidated Fund of India (MH 3465.01.797-Transfer to Reserve Fund) to the Public Account.

Scrutiny of the Finance accounts revealed that during the years 2008-09 to 2015-16, a sum of ₹ 625 crore each year had been booked as expenditure on account of contribution to the Security Redemption Fund. The amount of ₹ 5,000 crore¹¹ should have been credited to the Security Redemption Fund in the Public Account with the sole purpose to retire the special securities of ₹ 9,996 crore to SBI on some future date. However, an amount of ₹ 5,000 crore was lying under a suspense head till date.

¹¹ ₹ 625 crore each year accumulated over a period of eight years (2008-09 to 2015-16) works out ₹ 5,000 crore.

In its reply, in November 2015, Department of Economic Affairs stated that the amount is lying under 8658-Suspense Account (Civil) as the proposed minor head for Security Redemption Fund has not been opened till date as the accounting procedure is under process and regular correspondence is being done among Budget Division, CGA and C&AG. The amount will be transferred to new head as & when the same is approved by the competent authority.

The reply of the Ministry is not tenable as the C&AG of India has already given its observations/suggestions regarding revised/modified accounting procedure, in May 2014.

2.5.5 Currency, Coinage and Mintage Account

This transitory major head of account (8656) is operated to account for stock of coins (face value) after minting. This head of account is debited by face value of coin taken into stock by minus debit to capital head 4046 which accounts for purchase of metal. Difference between the face value of coins and cost of metal is transferred to revenue head 0046 after the coins are put into circulation. Thus, debit entry in this head represents face value of minted coins in stock and a credit entry represents profit to be transferred to revenue on circulation of coins. It was noticed that after the creation of Security Printing and Minting Corporation of India in 2006, stock of minted coins amounting to ₹ 2,003.91 crore (credit balance of ₹ 131.19 crore and debit balance of ₹ 2,135.10 crore) had remained static since March 2006. The figure represent the value of coins remained in stock which was yet to be put into circulation.

2.5.6 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 Debt, Deposit and Remittance (DDR) heads to ascertain, wherever necessary, whether the correctness of the balances is accepted by the persons/parties by whom the balances are owed or to whom these are due and are required to furnish annually by 15 September of each year to the Principal Accounts Office, a detailed statement showing the un-reconciled differences and the cases where acceptance of balances are awaited. The Principal Accounts Office, in turn, is required to send a consolidated report of the Ministry/Department as a whole to the Controller General of Accounts by 15 October of 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 DDR.

In respect of civil departments, out of 70 Principal Accounts Offices, the review of balances for 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 was completed only in 38, 35, 37, 40 and 27 departments respectively.

Audit recommends that the Ministry of Finance may put in place an effective control mechanism to review and liquidate the balances under various Suspense Heads. The Ministries/Departments are also required to clear the adverse balances under Debt, Deposit and Remittance (DDR) heads and balances under Cheques and Bills for depiction of accurate Government Accounts.

2.6 Departmentally managed Government Undertakings- Position of Proforma Accounts

Rule 84 of 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 61 departmentally managed Government undertakings of commercial or quasi commercial nature in respect of which information was received. Out of these, in respect of 37 undertakings accounts were lying in arrear as of March 2016. 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 Presses prepare Proforma Accounts without Trading Account, Profit and Loss Account and Balance Sheet, the Department of Publications prepares only the Store Accounts.

Table 2.12: Period for which Proforma Accounts are lying in the arrears

Sl. No.	No. of undertakings	Financial year of the account	No. of Years in arrears
1	16	2014-15	1
2	7	2011-12 to 2013-14	2-4
3	9	2007-08 to 2010-11	5-8
4	5	2006-07 and before	9 years and more
Total	37		

Table 2.12 shows that Proforma Accounts of 16 Undertakings were delayed for a period of one year. In respect of 7 Undertakings, accounts were delayed from two to four years. In case of Government Press, Andaman and Nicobar Islands, Ministry of Urban Development, the proforma accounts had not been prepared since 1987-88 onwards. Similarly in case of Port Management Board, Andaman and Nicobar Islands, Ministry of shipping, the Proforma Accounts had not been prepared since the financial year 1991-92 onwards.

The details of departmentally managed Government Undertakings for which the proforma accounts were in arrears is given in **Annexure 2.7**

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

2.7 Losses and irrecoverable dues written off/waived

Rule 33 of General Financial Rules, 2005 envisages that any loss or shortage of public moneys, departmental revenue or receipts, stamps, opium, stores or other property held by, or on behalf of Government, irrespective of the cause of loss and manner of detection, shall be immediately reported by the subordinate authority concerned to the next higher authority as well as to the Statutory Audit Officer and to the concerned Principal Accounts Officer, even when such loss has been made good by the party responsible for it. Petty losses of value not exceeding ₹ 2,000 need not be reported.

Details of losses written off and recovery waived off during 2015-16 were called for from all civil Ministries/Departments. However, information was made available by only 38 Ministries/Departments. Out of 38, in 11 Ministries/Departments, 1,007 cases of losses amounting to ₹ 56.10 crore were written off, and recoveries amounting to ₹ 0.11 crore in 19 cases were waived off, as detailed in **Annexure 2.8**

2.8 Conclusion

There are significant deficiencies relating to disclosures, accuracy, completeness, and transparency in the Union Finance Accounts for 2015-16. Many of these discrepancies are recurring without any noticeable corrective actions taken by the concerned accounting authorities, though commented upon in the successive Audit Reports. Several Regulatory Bodies acting as 'State' within the meaning of the Constitution of India, also maintained large amount of funds outside the Government Accounts. Specific purpose cess being collected was not credited to the earmarked funds whenever created in the Public Account. There were also several cases of discrepancies in the figures reflecting the government's holding in the equity base of the Statutory Corporations, Government Companies, Other Joint Stock Companies, Cooperative Banks, Societies, etc. as depicted in the Finance Accounts vis-à-vis the corresponding figures reflected in the certified balance sheets and Annual Accounts of such entities. Accumulation of large suspense balances in the accounts lead to mismatch of cash balance position in the books of the Union Government as depicted in Finance Accounts, in comparison to cash balance available in the books of Reserve Bank of India. A large proportion of

loans advanced by Union Government to States/UT Government and other entities are not being recovered as the repayments due from these entities are in arrears for more than 20 years. In respect of Debt, Deposit and Remittance Heads where balances are carried over from year to year, the accounts and transactions were not maintained and tracked in a proper manner, in a number of Ministries/Departments, leading to a large number of adverse balances in the concerned head of accounts and accumulation of suspense balances. Proforma Accounts of 32 Undertakings were delayed ranging from one to nine years and Proforma Accounts of 5 Undertakings were delayed for more than nine years.

3: APPROPRIATION ACCOUNTS: 2015-16

3.1 Introduction

The Appropriation Act passed by the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India (CFI) for identified services. Parliament also sanctions supplementary or additional Grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts authorise disbursements on services, 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 Articles 112(3) as well as Articles 273, 275 and 293 of the Constitution. The Government prepares Appropriation Accounts every year indicating the details of the gross amounts on various services actually spent vis-à-vis those authorised by the Appropriation Acts.

The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect 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, viz. Civil, Defence, Posts and Railways, along with his Audit Reports thereon under Article 151 of the Constitution, to the President every year, who causes them to be laid before the Parliament. Details of Demands for Grants/Appropriations of various Ministries during 2015-16 are as follows:

Ministry	Number of Demands for Grants/Appropriations
Civil	102
Defence	6
Posts	1
Railways	16
Total	125

This Chapter contains audit observations on the Appropriation Accounts (Civil, Posts and Defence), 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 obtained without requirement by some Ministries and unrealistic budgeting. The excesses as well as savings in respect of Grants/Appropriations relating to Civil Ministries/Departments, Posts and Defence have been dealt with in this Chapter. Audit findings on Railway Appropriations are available in the related Separate Audit Report for the year ended 2015-16. However, references to Railways Grants/Appropriations have also been made in order to cover the position of excess as well as savings.

3.2 Summary of total provisions, actual disbursements and savings during 2015-16

Chart 3.1 below shows the break-up of expenditure in Ministries/Departments, Posts, Railways and Defence during the financial year 2015-16. As can be seen from the chart, the bulk of the expenditure, 90.73 per cent, was incurred by the Civil Ministries, 4.94 per cent by Railways, 4.00 per cent by Defence, while the Department of Posts accounted for 0.33 per cent of the total gross expenditure.

Chart 3.1: Break-up of expenditure between Civil Ministries/Departments, Railways, Posts and Defence during the financial year 2015-16

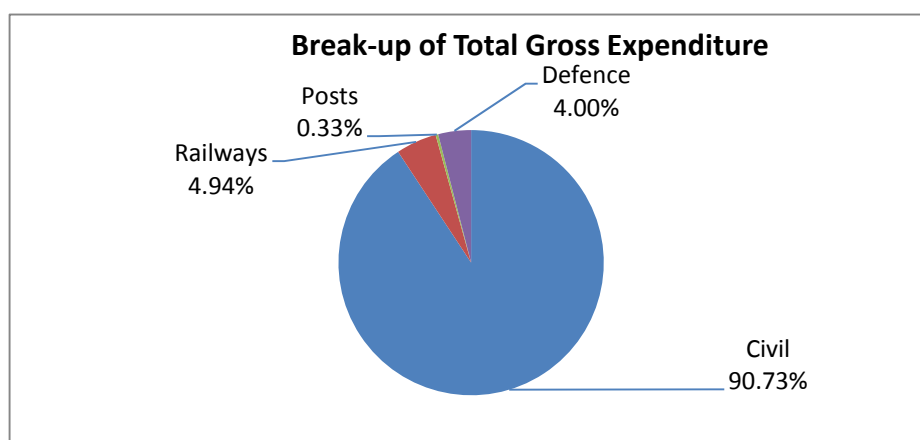


Table 3.1 below gives the expenditure in Civil Ministries/Departments, Railways, Posts and Defence during the year 2015-16.

Table 3.1: Expenditure under Charged and Voted during the year 2015-16

(₹ in crore)

Civil		Railways		Posts		Defence		Total	
5529473		301316		19990		243534		6094313	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
1232487	4296986	301011	305	19989	1	243285	249	1796772	4297541
22.29%	77.71%	99.90%	0.10%	99.99%	0.01%	99.90%	0.10%	29.48%	70.52%

Table 3.2 gives the total provisions (both Charged and Voted) and disbursements of the Government during the financial year 2015-16. **Annexure 3.1** presents the details of the summary of Appropriation Accounts of Civil Ministries, Posts, Railways and Defence Services.

Table 3.2: Provision, disbursement and savings during 2015-16

(₹ in crore)

Departments	Total Provision	Disbursements	Savings (-) Excess (+)	Percentage of Savings as compared to Total Provision
Civil	6128623.85	5529473.30	(-) 599150.55	9.78
Posts	20532.66	19989.84	(-) 542.82	2.64
Defence Services	264141.56	243534.09	(-) 20607.47	7.80
Railways	338368.80	301316.19	(-) 37052.61	10.95
Grand Total	6751666.87	6094313.42	(-) 657353.45	9.74

Under the Civil Ministries/Departments, the net saving of ₹ 5,99,150.55 crore was due to saving of ₹ 5,99,360.92 crore in the 101 *Appropriations/Grants* and excess expenditure of ₹ 210.37 crore under two *Appropriations/Grants*.

Out of the overall saving of ₹ 5,99,360.92 crore in Civil Ministries/Departments, major savings occurred in Grant No. 39-*Appropriation-Repayment of Debt* (₹ 4,95,571 crore), Grant No. 36-*Appropriation-Interest Payments* (₹ 18,819 crore), Grant No. 37-Transfers to State and Union Territory Governments (₹ 11,938 crore), etc.

Of the overall excess expenditure of ₹ 210.37 crore in Civil Ministries /Departments, excess expenditure of ₹ 210.22 crore (Revenue Voted) registered in Grant No. 15 - Department of Telecommunication.

There were savings in 206 segments¹ of the 101 Grants/Appropriations and excess in two segments of two Grants under the Grants/Appropriations relating to Civil Ministries/Departments; savings in four segments of Posts; savings in 25 segments² and excess in six segments of Railways and savings in 12 segments of Defence. **Annexure 3.2** presents an abstract of the savings and excess.

3.3 Charged and voted disbursements

As per article 112(2) of the Constitution, a distinction is made between Charged and Voted expenditure. Charged expenditures are those expenditures as defined in Articles 112(3), 273, 275(1) and 293(2) of the Constitution. Estimates of Charged expenditure are not subjected to the vote of the Parliament as enshrined in Article 113(1) of the Constitution but can be discussed in either House of the Parliament. **Annexure 3.3** contains the details of disbursements actually made against authorised demands (Grants and Appropriations) of the Civil Ministries/Departments for the period 2000-01 to 2015-16.

During 2015-16, the total disbursements of ₹ 55,29,473 crore under the civil Ministries/Departments were higher by ₹ 2,39,789 crore as compared to the total

¹ There are four segments viz. Revenue Voted, Revenue Charged, Capital Voted and Capital Charged in each Grant/Appropriation.

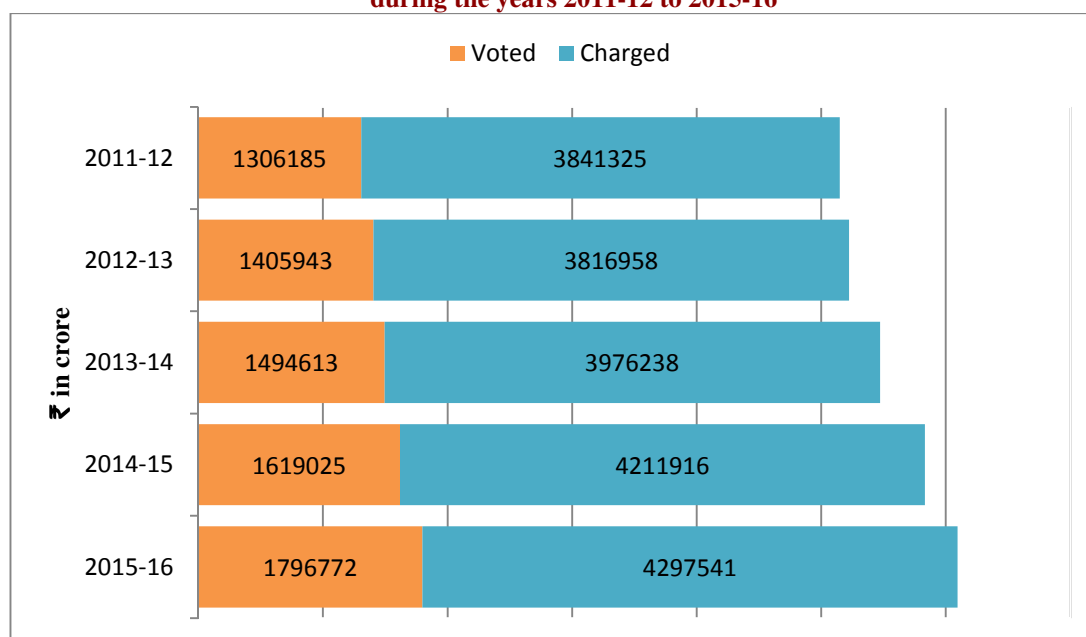
² Grant No. 16 of Railways is having three Voted and three Charged Segments.

disbursements of ₹ 52,89,684 crore during 2014-15. It had increased by 16.11 *per cent* from ₹ 47,62,240 crore in 2011-12. The charged disbursements increased by 11.87 *per cent* from ₹ 38,40,960 crore in 2011-12 to ₹ 42,96,986 crore in 2015-16 and voted disbursements increased by 33.78 *per cent* from ₹ 9,21,280 crore to ₹ 12,32,487 crore over the same period. The charged disbursement of the civil Ministries/Departments during 2011-12 was 81 *per cent* of the total disbursements which decreased to 78 *per cent* during 2015-16.

In 2015-16, the major charged disbursement comprised of Appropriation-Repayment of Debt (₹ 37,37,657 crore), Appropriation-Interest Payments (₹ 4,57,270 crore) and Transfers to State and Union Territory Governments (₹ 97,077 crore). Since estimates of charged disbursements are not subject to vote by the Parliament, effectively the scope of financial control by Parliament is limited to about 22 *per cent* of the total disbursement of the Union civil Ministries /Departments.

Viewed against the background of total disbursements amounting to ₹ 60,94,313 crore from the CFI including Civil, Posts, Defence Services and Railways, the percentage of charged disbursements was 71 *per cent* (₹ 42,97,541 crore) during the financial year 2015-16 as against 75 *per cent* (₹ 38,41,325 crore) in 2011-12 (**Chart 3.2**).

Chart 3.2: Disbursement under Charged and Voted segments during the years 2011-12 to 2015-16



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3.4 Grants/Appropriations with excess disbursements

Article 114(3) of the Constitution provides that no money shall be withdrawn from the Consolidated Fund of India except under appropriations made by law. Rule 52(3) of General Financial Rules (GFR), 2005 stipulates that no disbursements shall 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 through an advance from the Contingency Fund. There was an excess disbursement of ₹ 286.24 crore over the authorisation from the CFI during 2015-16, out of which an excess disbursement of ₹ 210.37 crore occurred in two segments of two Grants/Appropriations in Civil Ministries/Departments and ₹ 75.87 crore in six segments of six Grants/Appropriations of Railways.

The details of excess expenditure requiring regularisation under Article 115(1)(b) of the Constitution are given in **Table 3.3**.

Table 3.3: Details of excess disbursement over Grants/Appropriations

Sl. No	Description of Grant/ Appropriation	Amount in ₹	Reasons for excess as stated by the Ministries/Departments
Civil			
Revenue (Voted)			
1.	15-Department of Telecommunications	Grant Expenditure Excess 209592100,00 211694320526 2102220526	Due to requirement of additional funds towards pensions and family pensions.
Revenue (Charged)			
2.	22-Defence Pensions	Appropriation Expenditure Excess 30000000 31465728 1465728	Due to implementation of Court Judgment
Railways			
Revenue (Voted)			
1.	2-Miscellaneous Expenditure (General)	Grant Expenditure Excess 9053132000 9809425767 756293767	Due to more expenditure on staff cost and non-provision of budget for expenditure under Mumbai Urban Transport Project (MUTP) surcharge.
Revenue (Charged)			
2.	3-General Superintendence and Services	Appropriation Expenditure Excess 26043000 27078362 1035362	Materialisation of more decretal payments, than anticipated.
3.	4-Repairs and Maintenance of Permanent Ways and Works	Appropriation Expenditure Excess 10542000 10584943 42943	
4.	6-Repairs and Maintenance of Carriages & Wagons	Appropriation Expenditure Excess 221000 221158 158	Minor variation, actual decretal payment was slightly more than anticipated.

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Sl. No	Description of Grant/Appropriation	Amount in ₹		Reasons for excess as stated by the Ministries/Departments
5.	11- Staff Welfare and Amenities	<i>Appropriation</i>	57000	
		<i>Expenditure</i>	57200	
		<i>Excess</i>	200	
6.	13- Provident Fund, Pension & Other Retirement Benefits	<i>Appropriation</i>	6680000	<i>Materialization of more decretal payments, than anticipated.</i>
		<i>Expenditure</i>	8005381	
		<i>Excess</i>	1325381	

Grants/Appropriations figure include Supplementary Grants/Appropriations, if any.

The detailed comments relating to Grants of the Railways are included in the related Separate Audit Report for the year 2015-16 of the Comptroller and Auditor General of India.

3.5 Persistent excess in Grants

A scrutiny of the Grants registering persistent excess for the five years period from 2011-12 to 2015-16 was undertaken. The scrutiny revealed that in Revenue charged segment of three Appropriations persistent excesses occurred during the period 2011-12 to 2015-16. The Grant wise and year wise details of persistent excesses against authorisation are given in **Table 3.4**.

Table 3.4: Persistent excess in Grants/Appropriations

Sl. No.	Description of Grant/Appropriation	2011-12	2012-13	2013-14	2014-15	2015-16
Amount in ₹						
Civil Revenue (Charged)						
1.	<i>Defence Pensions</i>					
	<i>Appropriation-</i>	5400000	8200000	42300000	100000000	30000000
	<i>Expenditure-</i>	8254467	48160400	49786943	145450236	31465728
	<i>Excess-</i>	2854467	39960400	7486943	45450236	1465728
Railways Revenue (Charged)						
2.	<i>03- General Superintendence and Services</i>					
	<i>Appropriation-</i>	305000	91000	5031000	13733000	26043000
	<i>Expenditure-</i>	3034201	4273995	8878888	13756862	27078362
	<i>Excess-</i>	2729201	4182995	3847888	23862	1035362
3.	<i>13 – Provident Fund, Pension & other Retirement Benefits</i>					
	<i>Appropriation-</i>	5858000	5820000	5807000	6563000	6680000
	<i>Expenditure-</i>	6267113	7383329	7445105	8664513	8005381
	<i>Excess-</i>	409113	1563329	1638105	2101513	1325381

Persistent excess in the Grant of Defence Pensions and Railways is a matter of concern. Despite Public Accounts Committee's recommendations to minimise the cases of excesses, persistent excesses have been noticed in the above Grants.

Ministries/Departments need to make concerted efforts and devise effective mechanism to observe financial discipline to avoid excess expenditure.

3.6 Minor/Sub head-wise excess expenditure

Rule 58(1) of GFR 2005 enjoins that a Subordinate Authority incurring the expenditure will be responsible for ensuring that the allotment placed at its disposal is not exceeded. Where any excess over the allotment is apprehended, the Subordinate Authority should obtain additional allotment before incurring the excess expenditure.

It was, however, observed from the Head-wise Appropriation Accounts for the year 2015-16 that in 41 minor/sub-heads of 19 Grants, there was an excess expenditure of ₹ 5 crore and more, over the available provision. An aggregate expenditure of ₹ 2,660.46 crore was incurred which 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 where excess expenditure occurred are listed in **Annexure 3.4**.

3.7 Savings of ₹ 100 crore or more in Grants/Appropriations

The Public Accounts Committee (10th Lok Sabha, 1993-94) in its 60th Report (paras 1.22 and 1.24) had observed that savings of ₹ 100 crore or above are indicative of defective budgeting as well as shortfall in performance in a Grant or Appropriation. The Committee had, therefore, desired that detailed note in respect of savings of ₹ 100 crore or above in a segment of the Grant for each year was required to be furnished to the Committee by the respective Ministry /Department.

Savings of more than ₹ 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), had occurred in 98 segments of 80 Grants (including Civil, Posts, Railways and Defence Services) during the financial year 2015-16. 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 and 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. Savings³ under various Grants/Appropriations of ₹ 100 crore or more aggregating ₹ 6,54,745.17 crore are detailed in **Annexure 3.5**.

³ Savings also include mandatory cuts imposed by Ministry of Finance as a part of economy measures.

Some of the reasons for savings, as attributed by the Ministries/Departments, are 'receipt of non-viable/less proposals from the State Governments', 'non-fulfilment of prescribed terms and conditions by some State Governments', 'non-settlement of claims', 'delay in finalisation / non-finalisation of scheme', 'receipt of less claims', 'non-receipt of Utilisation Certificates', 'availability of unspent balance of previous year', 'lower utilisation of Ways and Means Advance and Overdraft', etc.

Further, in 60 segments of 49 Grants/Appropriations, persistent savings of ₹ 100 crore and above, during the last three years (2013-14 to 2015-16), were noticed, details of which are given in **Annexure 3.6**.

3.8 Surrender of savings (Overall)

Rule 56 of General Financial Rules, 2005 provides that 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 the financial year 2015-16, under 206 segments of 101 Grants/Appropriations of Civil Ministries/Departments, there were savings of ₹ 5,99,360.92 crore. This was offset by excess expenditure of ₹ 210.37 crore under two segments of two Grants resulting in a net saving of ₹ 5,99,150.55 crore. The amounts surrendered by the Civil Ministries/Departments are shown in **Table 3.5**.

Table 3.5: Details of savings and surrender under Civil Ministries/Departments

(₹ in crore)

	Net savings	Amount Surrendered	Amount Surrendered on 31 st March	Percentage of Amount Surrendered on 31 st March to Amount surrendered	Amount not Surrendered
Revenue					
Voted	62927.65	44945.66	44945.66	100.00	17981.99
Charged	23314.90	22326.42	22326.42	100.00	988.48
Total: Revenue	86242.55	67272.08	67272.08	100.00	18970.47
Capital					
Voted	17193.51	13548.76	13438.19	99.18	3644.75
Charged	495714.49	539985.47	539985.47	100.00	(44270.98)
Total: Capital	512908.00	553534.23	553423.66	99.98	3644.75*
Grand Total	599150.55	620806.31	620695.74	99.98	22615.22*

Note: Figures in parenthesis indicate that amount surrendered is more than the savings.

* - Excess surrendered amount not included in "Amount not surrendered".

The above table shows that almost the entire surrendered amount, under Civil Ministries/Departments, was surrendered on the last day of March 2016. The date of issue of Audit Order by the Ministry of Finance accepting the surrenders proposed by the line Ministries/Departments has been taken into account while compiling the above table, irrespective of the date of proposed surrender by the

Ministries/Departments. This amount could have been utilised/allotted for other Schemes/Programmes, if amount was surrendered well in time.

In 10 segments across nine Grants/Appropriations of Civil Ministries/Departments and Department of Posts, the amount surrendered exceeded the savings in the Grants. This is indicative of poor budgetary management. Details of such cases are given in **Annexure 3.7**.

3.9 Surrender of savings on the last day of the financial year (Grant-wise)

In 76 segments across 58 Grants/Appropriations, where savings of more than ₹ 100 crore had occurred, the Ministries/Departments concerned surrendered the savings on the last day of the financial year (i.e. 30th/31st March 2016) in violation of Rule 56 of the General Financial Rules, 2005. The details of savings, surrenders along with the amounts not surrendered, which stood lapsed at the close of the financial year, are given in **Annexure 3.8**.

3.10 Large supplementary Grants due to unrealistic budgetary projections (exceeding 40 per cent of original provision)

Under Article 114 of the Constitution, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament also authorises supplementary or additional Grants by subsequent Appropriation Acts, in terms of Article 115 of the Constitution over and above the authorisation made previously for the purpose of that year under Article 114. While preparing the initial 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.

If the amount authorised in accordance with the provision of Article 114 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some New Service not contemplated in the Annual Financial Statement for that year, another statement (Supplementary Demand) in terms of Article 115(1)(a) is laid in the Parliament showing the estimated amount of that expenditure.

Table 3.6 presents the supplementary provisions (includes cash, token and technical) obtained by the Ministries/Departments of the Union Government and their percentage to the original provision during the year 2013-14 to 2015-16.

Table 3.6: Status of Supplementary Grants against Original provision

Sector	2013-14			2014-15			2015-16		
	O	S	% of S to O	O	S	% of S to O	O	S	% of S to O
Civil	5651863.26	63954.63	1.13	5784779.10	40796.22	0.71	5920371.35	208252.50	3.52
Defence	209282.80	8365.74	4.00	245664.72	8335.55	3.39	263395.38	746.18	0.28
Posts	17309.48	0.89	0.01	18659.85	350.57	1.88	19830.91	701.75	3.54
Railways	257245.22	7149.66	2.78	293728.54	5871.48	2.00	337237.92	1130.88	0.34
Total	6135700.76	79470.92	1.30	6342832.21	55353.82	0.87	6540835.56	210831.31	3.22

O – Original; S - Supplementary

It is evident from above table that only Defence and Railways have shown a declining trend in the supplementary provision in comparison to original provision during 2013-14 to 2015-16. There is an upward trend in the supplementary provision in the Civil and Department of Posts.

Audit scrutiny revealed that a number of Ministries/Departments of the Central Government obtained supplementary Grants/Appropriations which were even higher than the original provisions in the respective Demands. The cases where the supplementary provision was more than ₹ 100 crore and exceeded 40 per cent of the original provision are detailed in **Table 3.7**.

Table 3.7: Details of large Supplementary Grants obtained due to unrealistic initial budgetary projections

(₹ in crore)

Sl. No.	Description of Grant	Original Provision	Supplementary Provision	Percentage of Supplementary Provision to Original Provision
Revenue (Voted)				
1.	15-Department of Telecommunication	13284.10	7675.11	58
2.	19- Ministry of Corporate Affairs	242.78	129.25	53
3.	30-Ministry of Drinking Water and Sanitation	6243.87	8087.02	130
4.	51-Department of Heavy Industry	275.73	207.91	75
5.	54-Cabinet	416.99	296.28	71
6.	61-Ministry of Information & Broadcasting	3686.11	11116.81	302
7.	69-Ministry of New & Renewable Energy	2708.21	1500.03	55
8.	71-Ministry of Panchayati Raj	94.75	300.00	317
9.	83-Ministry of Road Transport & Highways	16560.00	6873.94	42
10.	107- Ministry of Water Resources, River Development and Ganga Rejuvenation	6235.21	2829.66	45
11.	108- Ministry of Women & Child Development	10382.40	7548.06	73
Capital (Voted)				
12.	5-Nuclear Power Schemes	691.00	399.25	58

Sl. No.	Description of Grant	Original Provision	Supplementary Provision	Percentage of Supplementary Provision to Original Provision
13.	8-Department of Fertilizers	50.04	952.80	1904
14.	18-Department of Food & Public Distribution	10587.25	10000.01	94
15.	29- Ministry of Development of North Eastern Region	327.00	135.00	41
16.	34-Department of Economic Affairs	5601.69	72810.43	1300
17.	35-Department of Financial Services	17495.00	12221.24	70
18.	75- Ministry of Petroleum and Natural Gas	1.00	1153.00	115300

Large supplementary provisions indicate 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 the Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

Public Accounts Committee in their 92nd Report (15th Lok Sabha 2013-14), while regularising the excess expenditure incurred by the Ministries/Departments of the Union Government over Voted Grants and Charged Expenditure for the financial year 2011-12 despite obtaining large amount of supplementary Grants, had observed that the Ministry of Finance should initiate a study of the best international practices on the modalities for ensuring greater conformity of expenditure to the budgetary provisions. The practice of the supplementaries during the fiscal year in addition to the main budget undercuts the sanctity of budgetary provisions. In practice often even known expenditure outgoes are suppressed in the main budget to be provided for in subsequent supplementaries. The supplementary budget should normally be for unexpected items of expenditure or schemes taken up for compelling public interest. Based on other fiscal federal models, the Ministry of Finance needs to evolve modalities and a framework which will enable the sanctity of budgetary provisions ensuring the reach and superintendence of Parliament on appropriation outgoes.

3.11 Unnecessary cash supplementary provision (Grant-wise)

In 20 Grants, as detailed in **Table 3.8**, cash supplementary provisions aggregating to ₹ 9,185.39 crore were obtained during 2015-16 in anticipation of higher expenditure, but in 16 Grants the final expenditure was even less than the original provisions. The unutilised cash supplementary provision was, therefore, unnecessary, indicative of deficient budgeting.

Instead of obtaining 'Cash Supplementary', the Ministries/Departments should have explored the possibility of utilising the savings available within the Grant by obtaining 'Token' or 'Technical Supplementary', to avoid savings at the end of the year.

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Table 3.8: Unnecessary cash supplementary leading to savings

(₹ in crore)

Sl. No.	Grant/Appropriation	Original Provision	Total Supplementary Grant obtained	Cash Supplementary	Actual Disbursements	Saving
Civil Grants						
Revenue Voted						
1.	10-Ministry of Civil Aviation	813.34	49.39	49.36	807.08	55.65
2.	13-Department of Industrial Policy & Promotion	2613.58	100.01	100.00	2418.25	295.34
3.	16-Department of Electronics and Information Technology	2482.85	129.00	128.99	2479.87	131.98
4.	20-Ministry of Culture	2091.50	30.06	30.00	1956.20	165.36
5.	33-Ministry of External Affairs	11238.00	10.02	10.00	11097.17	150.85
6.	47-Ministry of Food Processing Industries	505.51	19.13	19.10	504.44	20.20
7.	48-Department of Health & Family Welfare	31501.32	1401.07	301.00	31900.84	1001.55
8.	59-Department of School Education & Literacy	69794.50	67.05	67.00	61107.42	8754.13
9.	62-Ministry of Labour and Employment	5522.41	123.74	123.70	4819.17	826.98
10.	66-Ministry of Micro, Small and Medium Enterprises	2997.12	13.47	13.42	2831.46	179.13
11.	72-Ministry of Parliamentary Affairs	15.57	0.18	0.18	15.09	0.66
12.	80-Rajya Sabha	335.32	1.96	1.66	320.01	17.27
13.	83-Ministry of Road Transport & Highways	16560.00	6873.94	1275.35	22060.40	1373.54
14.	84-Department of Rural Development	114047.58	14982.43	6008.00	119790.64	9239.37
15.	87-Department of Scientific and Industrial Research	4024.00	7.01	5.70	4025.15	5.86
16.	96-Ministry of Textiles	4136.10	266.15	259.59	4016.80	385.45
17.	97-Ministry of Tourism	1568.02	20.03	20.00	900.32	687.73
18.	104-Department of Urban Development	7448.41	2880.77	600.00	6275.72	4053.46
Capital Voted						
19.	77-Ministry of Power	1952.30	320.22	79.17	1352.96	919.56
Postal Services						
Revenue – Voted						
20.	14-Department of Posts	19494.06	688.50	81.91	19654.20	528.36
Capital – Voted						
21.	14-Department of Posts	336.65	11.26	11.26	335.04	12.87
Total				9185.39		

Ministry of Finance should review such cases and consider issuing suitable guidelines to all Ministries and Departments in this regard.

3.12 Injudicious re-appropriation to minor/sub-heads (exceeding ₹ 5 crore)

Examination of the accounts revealed that in 15 cases across 11 Grants/Appropriations of Civil Ministries/Departments, Posts and Defence

Services, re-appropriations aggregating ₹ 1,011.55 crore were injudicious, as the original provision under the minor/sub-heads to which augmentation was made by way of re-appropriation was more than adequate. As a result of injudicious re-appropriation, the final savings under the heads were more than the amount re-appropriated to these heads. The 15 cases, where injudicious re-appropriation exceeding ₹ 5 crore and more were made, are given in **Annexure 3.9**.

3.13 Injudicious re-appropriation from minor/sub-heads (exceeding ₹ 5 crore)

Similarly, scrutiny of the accounts revealed that in five cases across five Grants/Appropriations of Civil Ministries/Departments, re-appropriations of funds, aggregating ₹ 9198.18 crore, were injudiciously made to other heads, as the final disbursement under each of these five sub-heads was more than the authorised provision, even before re-appropriation. In each of these heads, the excess expenditure, over the available provision after re-appropriation, was more than the amount re-appropriated. The details of such injudicious re-appropriation exceeding ₹ 5 crore and more, are given in **Annexure 3.10**.

3.14 Unnecessary supplementary provision obtained under sub-heads

While obtaining supplementary provision, the Ministries/Departments reported to Parliament large additional requirement for different purposes under various schemes/activities, but finally they were unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. The details of 21 minor/sub-heads across 12 Grants/Appropriations where entire supplementary Grant, together with part of original budget provision, remained unspent are given in **Annexure 3.11**.

3.15 Savings of entire provision (Sub-head wise)

In 38 sub-heads across 27 Grants/Appropriations, the entire provision (₹ 50 crore and above) aggregating to ₹ 1,18,012.67 crore, authorised by the Parliament could not be spent by the Ministries/Departments and remained unutilised.

Savings of entire provision is indicative of the fact that the estimates were not prepared after adequate scrutiny of the projects/schemes. Major schemes which failed to take off or suffered due to non-utilisation of entire provision are:

- *Appropriation – Repayment of Debt*: ‘Cash Management Bills’ (₹ 1,00,000 crore);
- Department of Financial Services: ‘National Investment Fund’ (₹ 7,940 crore);

- Department of Economic Affairs: ‘Social Security Network’ (₹ 1,000 crore), ‘Transfer to Nirbhaya Fund’ (₹ 1,000 crore) and ‘National Social Security Fund for Unorganised Sector Workers’ (₹ 607 crore);
- *Appropriation – Interest Payment*: ‘Cash Management Bills’ (₹ 1000 crore) and ‘Interest/Discount paid on Market Stabilization Scheme Deposit of Money in the Bank’ (₹ 686.60 crore);
- Ministry of Road Transport and Highways: ‘Special Programme for Development of Road Connectivity (National Highways and State Roads) in Naxalite Affected Areas’ (₹ 920 crore) and ‘Scheme for Safety of Women on Public Road Transport’ (₹ 653 crore);
- Ministry of Civil Aviation: ‘Subsidy for operation of Haj Charters’ (₹ 527.66 crore);
- Ministry of Housing and Urban Poverty Alleviation: ‘Jawaharlal Nehru National Urban Renewal Mission’ (₹ 453.80 crore) and;
- Department of Social Justice and Empowerment: ‘Self-employment Scheme for Rehabilitation of Manual Scavengers’ (₹ 460.99 crore).

The details of sub-heads where entire provision of ₹ 50 crore and above remained unutilised are given in **Annexure 3.12**.

3.16 Savings of ₹ 100 crore or more under a sub-head

Scrutiny of Appropriation Accounts revealed that in certain Grants and appropriations large savings of ₹ 100 crore or more, under a sub-head, were 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 actuals 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. **Annexure 3.13** gives the details of 118 such large savings of ₹ 100 crore or more and constituting more than 10 *per cent* of the budgeted provision under a sub-head along with reasons given by respective Ministries/Departments.

Major savings occurred under the following programmes/schemes:

- ***Appropriation-Repayment of Debt***: ₹ 4,16,157 crore under ‘Ways and Means Advances from Reserve Bank of India’ (against the budgeted provision of ₹ 5,00,000 crore) due to lower utilization of Ways & Means advances and overdraft;

- **Transfer to State and Union Territory Governments:** ₹ 9,110 crore under ‘Special Assistance – State and Union Territory Governments’ (against the budgeted provision of ₹ 20,000 crore) due to transfer of funds to Ministry of Water Resources, River Development and Ganga Rejuvenation, Ministry of Women & Child Development, Ministry of Drinking Water & Sanitation, and Ministry of Health & Family Welfare for providing specific intervention through NITI Aayog as per instructions of Ministry of Finance; ₹ 3,070 crore under ‘Grants for Local Bodies’ (against the budgeted provision of ₹ 29,988 crore) due to non-fulfilment of prescribed terms and conditions by some State Governments.
- **Department of School Education and Literacy:** ₹ 8,277 crore under ‘Funds for transfer to Prarambhik Shiksha Kosh (PSK)’ (actual disbursement of ₹ 19,298 crore against the budgeted provision of ₹ 27,575 crore) due to less collection of Education cess.
- **Ministry of Road Transport and Highways:** ₹ 6,402 crore under ‘National Highways Authority of India (NHAI)’ (against the budgeted provision of ₹ 29,420 crore) due to transfer of National Highways Development Project-Phase IV projects to State Public Works Departments and delay in submission of bills by contractors; ₹ 5,118 crore under ‘Works under Roads Wing’ (against the budgeted provision of ₹ 5,718 crore) due to slow progress of ongoing works in development of road connectivity in Naxalite affected areas.
- **Department of Economic Affairs:** ₹ 4,600 crore under ‘Transfer to National Clean Energy Fund’ (against the budgeted provision of ₹ 4,700 crore) due to requirement of less funds towards transfer to National Clean Energy Fund.
- **Appropriation-Interest Payments:** ₹ 3,836 crore under ‘Interest on 364 Days Treasury Bills’ (against the budgeted provision of ₹ 14,453 crore) due to softening of yields.
- **Capital Outlay on Defence Services (Army):** ₹ 6,002 crore under ‘Other Equipments’ (against the budgeted provision of ₹ 17,335 crore) was due to lesser outgo on account of slippage in committed liabilities cases and non-issue of sanctions than anticipated.
- **Capital Outlay on Defence Services (Navy):** ₹ 5,285 crore under ‘Naval Fleet’ (against the budgeted provision of ₹ 16,050 crore) was due to slippage in delivery schedules and contractual milestones of major ship-building contracts.

3.17 Persistent savings (Sub-head wise)

Scrutiny of Appropriation Accounts revealed that during three years period 2013-14 to 2015-16, persistent savings under 25 sub-heads were noticed across 18 Grants and Appropriations, which is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme/activity item being implemented by the Ministry/Department. The details of 25 sub-heads are given in **Annexure 3.14**.

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

In terms of Rule 56(3) of 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 shall be avoided. The Ministry of Finance has also 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.

Based on information provided by Ministries/Departments, in 15 cases as detailed in **Table 3.9**, it has been noticed that major part of disbursement was made in the month of March 2016 and/or during last quarter of the financial year in contravention of the provisions of Rules and extant instructions.

Table 3.9: Rush of expenditure during March 2016 and/or last quarter of 2015-16

(₹ in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
Civil							
1.	19-Ministry of Corporate Affairs	271.88 (411.53)	32.68	12 (8)	204.09	75 (50)	The Ministry stated in July 2016 that in last quarter it exceeded the limit because total additional fund of ₹ 148.40 crore had been allocated via second and third Batch of Supplementary Demands for Grant.
2.	32- Ministry of Environment, Forests & Climate Change	1937.60 (2121.69)	386.20	20 (18)	659.54	34 (31)	Reasons awaited (October 2016).
3.	34-Department of Economic Affairs	23376.57 (73668.11)	1825.33	8 (2)	74813.84	320 (102)	The Department stated in July 2016 that the third batch of Supplementary Demands for Grant was obtained from Parliament during the last quarter for 2015-16 to entertain the International Commitments/ obligations which led to rush of expenditure during last quarter of 2015-16.

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Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
4.	35-Department of Financial Services	32806.80 (44211.25)	10067.38	31 (23)	10112.70	31 (23)	The Department stated (July 2016) that major expenditure has been made on the basis of third batch of Supplementary Demands for Grant for the year 2015-16. Moreover, in some cases relaxation of Secretary (Expenditure) had been obtained for releasing the fund in last month.
5.	37-Transfer to State and Union Territory Governments	136669.52 (134087.52)	23020.70	17 (17)	43261.64	32 (32)	Reasons awaited (October 2016).
6.	43- Department of Revenue	16187.69 (17082.25)	8688.45	54 (51)	8769.74	54 (51)	The Department stated (October 2016) that rush of expenditure was due to release of CST compensation to the State Governments.
7.	62-Ministry of Labour and Employment	5568.71 (5042.42)	1485.86	27 (29)	1781.16	32 (35)	Reasons awaited (October 2016).
8.	66-Ministry of Micro, Small and Medium Enterprises	3007.42 (3020.88)	584.59	19 (19)	774.68	26 (26)	Reasons awaited (October 2016)
9.	77-Ministry of Power	8271.83 (9833.00)	1902.54	23 (19)	2303.36	28 (23)	The Department stated (July 2016) that the excess expenditure over and above 15 per cent ceiling in the last month of financial year 2015-16 was mainly due to expenditure under two schemes of the Ministry of Power which are Integrated Power Development Scheme (IPDS) and Power System Development Fund (PSDF). In respect of these two schemes the excess fund was granted in the final batch of supplementary in the month of January 2016. Accordingly the expenditure could materialized in the last month only.
10.	83-Ministry of Road Transport and Highways	79078.74 (86671.00)	20849.81	26 (24)	25093.24	32 (29)	The Ministry stated (July 2016) that as per Ministry of Finance decision many new heads were opened after obtaining third supplementary Demands for Grant. Hence, there was rush of expenditure in the last week.
11.	101-Dadra and Nagar Haveli	907.46 (1048.08)	213.94	24 (21)	322.70	36 (31)	Reasons awaited (October 2016).
12.	103-Lakshadweep	1154.78 (1204.78)	228.09	20 (19)	357.84	31 (30)	Reasons awaited (October 2016).
13.	104- Department of Urban Development	16832.24 (18555.27)	2883.39	17 (16)	4071.76	24 (22)	The Principal Accounts office of the Department stated (August 2016) that third Supplementary Grants was obtained to the tune of ₹ 685.63 crore during the month of March and expenditure was incurred on the basis of the said supplementary.

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Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
14.	107- Ministry of Water Resources, River Development and Ganga Rejuvenation	6381.03 (8090.38)	2540.26	40 (31)	4283.69	67 (53)	Reasons awaited (October 2016).
15.	109-Ministry of Youth Affairs and Sports	1540.23 (1371.00)	316.37	21 (23)	478.72	31 (35)	The Ministry stated that at the time of RE, Ministry of Finance reduced budget ceiling due to less expenditure. Ministry of Finance released additional Grant of ₹ 106.84 crore on 31 March 2016.

- Figures in parenthesis indicate percent with respect to revised estimates.

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.

3.19 Poor implementation of schemes/programmes/projects

An examination of Notes on Demand for Grants of Union Budget 2013-14 to 2015-16, Demand for Grants and Appropriation Accounts for the year 2015-16 of the concerned Ministries/Department revealed that the allocation of funds and expenditure there against in respect of following schemes/programmes/project were made during the year 2013-14 to 2015-16 as given in **Table 3.10**.

Table 3.10: Budget Estimates, Revised Estimates and Actuals Expenditure under schemes/programmes/projects

Sl. No.	Schemes/Projects/Programme	2013-14			2014-15			2015-16		
		BE	RE	AE	BE	RE	AE	BE	RE	AE
Ministry of Power										
1.	Financial Support to Debt Restructuring of DISCOMs	1500.00	125.40	0.00	400.00	1.00	0.00	74.20	1.00	0.00
Ministry of Urban Development										
2.	National Heritage Cities Programme	0.00	0.00	0.00	200.00	200.00	87.00	200.00	200.00	27.22
Ministry of Textiles										
3.	Scheme for Integrated Textile Park	300.00	140.00	110.98	240.00	105.00	78.26	240.00	41.32	32.53
4.	Setting up Hastkalan Academy				30.00	10.00	0.05	50.00	0.00	0.00
5.	Scheme for usages of Geo-textiles in North Eastern Region	114.00	46.00	0.00	85.00	8.00	0.00	85.00	15.00	3.63
Ministry of Micro, Small and Medium Enterprises										
6.	Scheme for Rejuvenation Modernisation and Technology Upgradation of Coir Industries (MSME)	16.00	9.14	6.59	16.00	7.30	4.00	20.00	NA	0.00
7.	Scheme of fund for Regeneration of Traditional Industries (SFURTI)	55.46	0.50	0.00	60.00	2.00	0.00	50.00	NA	0.00
8.	India Inclusive Innovation Fund	50.00	50.00	16.50	50.00	0.00	0.00	25.00	NA	0.00

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Ministry of Road Transport and Highways										
9.	Scheme for Safety of Women on Public Road Transport	0.00	0.00	0.00	50.00	30.50	1.43	653.00	0.00	0.00
Department of Heavy Industries										
10	Ultra Modern Super Critical Thermal Power Technology	0.00	0.00	0.00	100.00	13.23	0.00	50.00	0.00	0.00
Department of Industrial Policy and Promotion										
11	National Industrial Corridor Development Authority (NICDA)	0.00	0.00	0.00	100.00	7.60	0.53	45.00	2.12	2.11

BE- Budget Estimates; RE-Revised Estimates; AE-Actual Expenditure

The above table reveals:

- a) In eight schemes/programme/project (Sl. No. 1, 5, 6, 7, 8, 9, 10 and 11), budget provision were reduced during Revised Estimate, but even this reduced allocation was hardly spent.
- b) In three schemes/programme/project (Sl. No. 2, 3 and 4), the expenditure made under the schemes were ranging from zero per cent to 13.61 per cent only against the Budget Estimates for the year 2015-16.

3.20 Persistent savings (Minor-head wise) in Defence Services Grants

Scrutiny of the Appropriation accounts of Defence Services disclosed a persistent trend of savings (more than ₹ 100 crore) during the years 2013-14 to 2015-16 under minor heads of four Grants as detailed in **Table 3.11**.

Table 3.11: Persistent savings during the years 2013-16

(₹ in crore)

Sl. No.	Description of Grant Sub Major/Minor Head	2013-14	2014-15	2015-16
23 -Defence Services - Army (Major Head - 2076)				
1.	101-Pay and Allowances of Army (Voted)	291.96	209.11	916.04
25 -Defence Services - Air Force (Major Head - 2078)				
2.	800- Other Expenditure (Voted)	130.81	107.45	106.05
26 -Defence Ordnance Factories (Major Head - 2079)				
3.	110- Stores (Voted)	1130.47	920.47	703.65
4.	800- Other Expenditure (Voted)	139.04	363.28	107.49
28 - Capital Outlay on Defence Services - (Major Head - 4076)				
01-Army				
5.	102- Heavy & Medium Vehicles (Voted)	699.17	1385.50	336.98
6.	103- Other Equipment (Voted)	2033.47	5819.21	6002.17
02-Navy				
7.	205- Naval Dockyard (Voted)	1378.84	977.42	500.94
03-Air Force				
8.	103- Other Equipment (Voted)	3744.57	7133.62	2594.42

The persisting trend of large savings in the aforesaid heads of Grants is indicative of over-estimation of the requirement of funds and failure to take effective remedial measures to avoid persistent savings.

3.21 Surrender of savings in Defence Services Grants

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. During 2015-16 under charged segments, ₹ 38.00 crore were surrendered against the saving of ₹ 47.12 crore inclusive of an excess surrender of ₹ 2.47 crore in Grant No. 28 – Capital Outlay on Defence Services. Under the voted segment, surrender of ₹ 21,165.45 crore was made against the total saving of ₹ 20,560.36 crore. The entire surrendered amount of ₹ 21,203.45 crore was surrendered on the last day of the financial year as detailed in **Table 3.12**.

Table 3.12: Details of savings and surrender

(₹ in crore)

Grant/Appropriation	Savings		Amount Surrendered on the last day of the financial year		Amount not surrendered (Lapsed)	
	Charged	Voted	Charged	Voted	Charged	Voted
23 – Army	9.09	972.98	--	1703.74	9.09	(730.76)
24 – Navy	9.29	795.55	8.70	917.30	0.59	(121.75)
25 – Air Force	0.09	2452.70	--	2474.61	0.09	(21.91)
26 – Defence Ordnance Factories	4.90	1238.42	3.43	623.34	1.47	615.08
27 – Research & Development	0.34	451.14	--	324.33	0.34	126.81
28-Capital Outlay on Defence Services	23.40	14649.57	25.87	15122.13	(2.47)	(472.56)
Total	47.11	20560.36	38.00	21165.45	11.58	741.89

Note :

1. Figure in parenthesis indicate that amount surrendered is more than the savings.
2. Excess surrendered amount not included in total of 'Amount not surrendered'

It is evident from above table that:

- An amount of ₹ 753.47 crore (₹ 11.58 crore in charged segment of five Grants and ₹ 741.89 crore in voted segment of two Grants) was not surrendered and eventually lapsed.
- In voted segment of four grants and charged segment of one Grant, a total amount of ₹ 20,243.65 crore was surrendered against the saving of ₹ 18,894.20 crore, thus resulting in excess surrender of ₹ 1,349.45 crore.

The above facts are a clear indicative of deficient budgetary control mechanism.

3.22 Conclusion

Excess disbursement of ₹ 286.24 crore, in eight segments of eight Grants/Appropriations, was made by the various Ministries/Departments of the Union Government, over and above the authorisation made in the Appropriation Acts during the year 2015-16. These excess expenditures require

to be regularised in terms of Article 115(1)(b) of the Constitution. Grants/Appropriations of Defence Pensions and Railways are persistently incurring excess expenditure over and above the authorisation. Other deficiencies in the budget formulation process, viz., savings of large amount (over ₹ 100 crore) aggregating ₹ 6,54,745.17 crore in Grants/Appropriations, obtaining supplementary Grants of large amount during the course of the year which eventually remained unutilised, surrender of savings on the last day of the financial year, etc., indicate that there is need to re-orient the initial budget formulation process by the Union Government.

4: APPROPRIATION ACCOUNTS: COMMENTS ON ACCOUNTS

4.1 Introduction

Constitutional provisions relating to Procedure in Financial Matters, Delegation of Financial Powers Rules (DFPRs) 1978, General Financial Rules-2005 and other standing instructions issued by the Ministry of Finance, etc., are the guiding principles for sound financial management of Government finances and expenditure incurred from Government Accounts. During the scrutiny of Appropriation Accounts violations of these guiding principles were observed in a number of Ministries/Departments. This chapter contains audit observations relating to violation of these guiding principles.

4.2 Breach of Article 114(3) of the Constitution of India- Expenditure incurred on interest on refunds of taxes by the CBDT

Article 114(3) of the Constitution stipulates that no money shall be withdrawn from the Consolidated Fund of India (CFI) except under appropriation made by law. Payment of interest on refunds of excess tax is a charge on the CFI and is, therefore, payable only after having been authorised under the due appropriation made by law. Rule 8 of the Delegation of Financial Powers Rules, 1978, describes 'Interest' as the primary unit of appropriation for classification of interest expenditure.

The Department of Revenue/Central Board of Direct Taxes (CBDT) has been classifying interest on refunds of excess tax as reduction in revenue and this incorrect practice has been commented upon successively in CAG's Audit Reports on Union Government Accounts as well as in CAG's Reports on Direct Taxes, but no corrective action has been taken by the Department.

This issue was examined by the Public Accounts Committee (PAC) and the Committee in their 66th Report (15th Lok Sabha 2012-13) had observed that there was no valid ground as to why the Department could not make broad estimates of expenditure on interest liability on tax refunds based on the studied trends of the past. The Department itself had admitted that in terms of Article 266 of the Constitution, it had no legal authority to withdraw the 'interest' on excess tax collected and refunds granted without recourse of Appropriation law passed by the Parliament. Further, the Committee reminded the Department that Article 114(3) of the Constitution clearly mandates that no money shall be withdrawn from the CFI except under 'Appropriation' made by the Legislature.

In their follow-up Report (96th Report of 15th Lok Sabha 2013-14) the PAC reiterated their earlier recommendation that the Ministry of Finance devise a procedure in conformity with the Constitutional provisions and the Financial Rules so that interest payments on tax refunds are shown in the Annual

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Financial Statement and Demand for Grants and receive Parliamentary approval as ordained by the Constitution.

As in the past, no budget provision for interest on refunds was made in the Budget Estimates for the financial year 2015-16 and an expenditure on interest on refunds amounting to ₹ 7,704 crore was incurred by the Department, in contravention of provisions of the Constitution. Expenditure of ₹ 55,939 crore on interest payments had been incurred over a period of last eight years without obtaining approval of the Parliament through necessary appropriation, as detailed in **Table 4.1**.

Table 4.1: Expenditure on interest on refunds of taxes
(₹ in crore)

Year	Expenditure on interest on refunds
2008-09	5,778
2009-10	6,876
2010-11	10,499
2011-12	6,486
2012-13	6,666
2013-14	6,598
2014-15	5,332
2015-16	7,704
Total	55,939

The matter was referred to Department of Revenue in October 2015. The Department stated (November 2015) that with the approval of the Finance Minister, the recommendations of the PAC were not accepted on the basis of opinion of the Attorney General holding the current practice valid. The Department reiterated its reply in March and April 2016.

The reasons furnished by the Department in its reply had already been taken into consideration by the PAC in their 66th and 96th Reports while firming up their recommendations.

4.3 Failure to obtain legislative approval for augmenting provisions

4.3.1 Augmentation of provision to object head '31-Grants-in-aid-General'

In accordance with the instructions issued by the Ministry of Finance in May 2006 relating to financial limits to be observed in determining cases relating to New Service (NS)/New Instrument of Service (NIS), augmentation of provision by way of re-appropriation to the object head 'Grants-in-aid' to any body or authority from the Consolidated Fund of India in all cases could only be made with prior approval of the Parliament.

Scrutiny of Appropriation Accounts alongwith classified abstract/*e-lekha* data revealed that in five cases across five grants, expenditure aggregating ₹ 11.32 crore was incurred by various Departments during the financial year

2015-16 by augmenting provision under object head '31-Grants-in-aid-General' to various bodies/authorities without obtaining prior approval of the Parliament thereby attracting the limitations of NS/NIS as detailed in **Table 4.2.**

Table 4.2: Augmentation of provision to object head '31-Grants-in-aid-General'

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Excess expenditure over TA
(₹ in crore)							
Grant No. 01- Department of Agriculture and Cooperation and Farmers Welfare							
1.	3601.02.789.63.03.31 Parampragat Krishi Vikas Yojana	0.10	0.10 + 3.00#	-	3.20	12.82	9.62
<p># Supplementary obtained under Major head 2552 (NER Head)</p> <p>The Department stated (August 2016) that the said expenditure was related to State Governments for ongoing schemes and hence did not attract limitations of NS/NIS in terms of Para 5 (ii) of Ministry of Finance O.M. dated 25 May 2006.</p> <p>The reply of the Department is not acceptable. Para 5(ii) of the O.M. ibid states that transfers to State and Union Territory Governments are exempt from these limits provided the scheme is not new. As per Part-III of Expenditure Budget (Vol. I) 2015-16, Paramparagat Krishi Vikas Yojna is a new scheme. Hence, prior approval of the Parliament should have been obtained for augmenting the provision under the said head of accounts.</p>							
Grant No.20-Ministry of Culture							
2.	2205.00.102.04.56.31 Development of Jallianwalabagh Memorial	0.01	-	-	0.01	0.02	0.01
<p>The Ministry stated (September 2016) that the booking of expenditure under this head was due to misclassification and due care would be taken in future to prevent such occurrence.</p>							
Grant No. 21-Ministry of Defence (Civil)							
3.	3054.02.800.02.00.31 Road Works	26.10	-	-	26.10	26.30	0.20
<p>While accepting the observation, the Ministry stated (September 2016) that the Border Roads Organisation (BRO) had intimated that there was an additional requirement of funds by Project Dantak due to revised enhanced maintenance rates. Further, it was mentioned that there was overall saving of ₹ 590.61 crore under revenue section of the Grant.</p> <p>The reply is not acceptable as any augmentation of provision under object head 'Grants-in-aid-General' requires prior approval of the Parliament before re-appropriation from overall savings.</p>							
Grant No. 48- Department of Health and Family Welfare							
4.	2210.06.107.03.03.31 National Institute of Biologicals, Noida, (Uttar Pradesh)	22.00	-	-	22.00	23.48	1.48
<p>The matter was referred to the Department in August 2016, their reply was awaited (October 2016).</p>							
Grant No. 61-Ministry of Information & Broadcasting							
5.	2220.01.105.01.01.31 Films Division	0.03	-	-	0.03	0.04	0.01
<p>The Ministry stated (August 2016) that the excess booking under the said head of accounts was due to misclassification. They added (October 2016) that a Journal Entry to rectify the error was turned down by the O/o CGA in September 2016.</p> <p>The reply is not acceptable as augmentation of provision to the said object head required prior approval the Parliament.</p>							
Total							11.32

* BE= Budget Estimates, NE= Provision for development of North Eastern Region under MH 2552/4552/6552, SA= authorisation/approval of Parliament obtained through Supplementary Demand for grants, TA = Total authorisation, TE= Total expenditure (as per classified abstract/e-lekha data dump)

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4.3.2 Augmentation of provision to object head ‘35-Grants for Creation of Capital Assets’

The Ministry of Finance vide its OM dated 12 February 2010 opened a new object head ‘35- Grants for Creation of Capital Assets’ with immediate effect from the financial year 2009-2010 with the objective of uniquely depicting the expenditure on grants for creation of capital assets at the level of primary unit of appropriation. The Ministry, further, clarified vide its OM dated 21 May 2012 that augmentation of provision under the object head ‘35-Grants for Creation of Capital Assets’ through re-appropriation requires prior approval of the Parliament through Supplementary Demands for Grants.

Scrutiny revealed that in two cases across two grants, funds aggregating to ₹ 10.15 crore were augmented to the object head ‘35-Grants for Creation of Capital Assets’, in violation of extant provision without prior approval of the Parliament attracting limitations of NS/NIS. **Table 4.3** gives details of heads where augmentation was made without approval of the Parliament.

Table 4.3: Augmentation of provision to object head ‘Grants for Creation of Capital Assets’

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Excess expenditure over TA
Grant No.06-Ministry of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)							
1.	2210.05.200.01.00.35 Grant to Central Council for Research in Yoga & Naturopathy	4.00	0.20	3.00	7.20	8.35	1.15
The Ministry stated (August 2016) that though the additional budget was provided at RE stage under object head ‘35-Grants for creation of capital assets’ but supplementary approval of the Parliament could not be obtained in the third batch of Supplementary Demand for Grants (SDG). In view of above, it is clear that the augmentation of provision under the object head ‘35-Grants for Creation of Capital Assets’ was done without the prior approval of the Parliament.							
Grant No. 48- Department of Health and Family Welfare							
2.	2210.05.105.43.00.35 Regional Institute of Medical Sciences, Imphal	0.00	60.92	-	60.92	69.92	9.00
The Ministry stated (October 2016) that Regional Institute of Medical Sciences, Imphal, had been instructed to be more careful in future in such matters and to ensure that no such instances of excess expenditure occur in future.							
Total							10.15

* BE= Budget Estimates, NE= Provision for development of North Eastern Region under MH 2552/4552/6552, SA= authorisation/approval of Parliament obtained through Supplementary Demand for grants, TA = Total authorisation, TE= Total expenditure (as per Classified abstract/e-lekha data dump)

4.3.3 Augmentation of provision to object head ‘36-Grants-in-aid-Salaries’

The Ministry of Finance vide its OM dated 7 June 2011 opened a new object head ‘36-Grants-in-aid-Salaries’ with effect from 01 April 2011 with the object of uniquely depicting the expenditure on grants-in-aid for payment of salaries. The Ministry further clarified vide its OM dated 21 May 2012 that augmentation of provision under the object head ‘36-Grants-in-aid-Salaries’ through re-appropriation requires prior approval of the Parliament through Supplementary Demands for Grants.

Examination of Grant No. 109 pertaining to Ministry of Youth Affairs and Sports for the year 2015-16 revealed that funds aggregating to ₹ 3.57 crore were augmented in violation of extant provision, without prior approval of the Parliament to the object head '36-Grants-in-aid-Salaries' attracting limitations of NS/NIS as detailed in the **Table 4.4**.

Table 4.4: Augmentation of provision to object head 'Grants-in-aid Salaries'

Head of Account	BE*	NE*	SA*	TA*	TE*	Excess expenditure over TA
(₹ in crore)						
Grant No.109- Ministry of Youth Affairs and Sports						
2204.00.104.11.01.36 Sports Authority of India- Establishment and Programme	206.00	-	-	206.00	209.57	3.57
While accepting the audit observation, the Ministry stated (July 2016) that the Ministry of Finance had increased budget ceiling for staff salary at the Revised Estimate stage. A token supplementary was obtained from the Parliament for re-appropriation of funds to concerned head. However, MoF rejected the proposal for re-appropriation on 30 March 2016.						

* BE= Budget Estimates, NE= Provision for development of North Eastern Region under MH 2552/4552/6552, SA= authorisation/approval of Parliament obtained through Supplementary Demand for grants, TA = Total authorisation, TE= Total expenditure (as per Classified abstract/e-lekha data dump)

4.3.4 Augmentation of provision to object head '33-Subsidies'

In accordance with instructions issued by the Ministry of Finance in May 2006, for augmentation of provision in the existing appropriation under the object head 'Subsidies' through re-appropriation, prior approval of the Parliament is required, if the additionality is more than 10 per cent of the existing appropriation already voted by the Parliament or ₹ 10 crore, whichever is less. The Ministry of Finance had further clarified on 21 May 2012 that all cases for augmentation of funds (either through re-appropriation of funds or additionality) under the object head 'Subsidies' require prior approval of the Parliament through supplementary demands for grants, without any exemption.

Scrutiny of Appropriation Accounts alongwith classified abstract of Grant No. 13 pertaining to Department of Industrial Policy and Promotion revealed that funds aggregating to ₹ 199.97 crore were incurred by the Department during the financial year 2015-16 by augmenting the provision under the object head '33-Subsidies' without obtaining prior approval of the Parliament attracting limitations of NS/NIS as detailed in **Table 4.5**.

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Table 4.5: Augmentation of provision to object head 'Subsidies'

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Excess expenditure over TA
		(₹ in crore)					
Grant No.13-Department of Industrial Policy and Promotion (DIPP)							
1.	2885.02.101.04.00.33 Central Interest Subsidy Scheme	0.01	-	-	0.01	0.41	0.40
2.	2885.02.101.05.00.33 Comprehensive Insurance Scheme for North East	0.01	-	-	0.01	0.23	0.22
3.	2885.02.101.10.00.33 Capital Investment Subsidy	0.01	-	-	0.01	199.36	199.35
Total							199.97

The Department stated (July 2016) that as per Ministry of Finance letter No. F.2(66)-B(CDN)/2001 dated 12 June 2001, powers to re-appropriate funds from lump sum provision for NEER to concerned Schemes have been delegated to the Secretary of the Ministry/Departments, who may exercise these powers in concurrence with their Financial Advisors. It further stated (September 2016) that DDG 2015-16 clearly provided a provision of ₹ 200 crore for various types of 'Subsidies' under the scheme 'North East Industrial and Investment Promotion Policy' (NEIIP) to industrial units located in the NE region. Token provision of ₹ 1 lakh each for three components of the subsidies was obtained and a lump sum provision of ₹ 199.97 crore was obtained under non-functional head which was intended to be apportioned among three components of NEIIP subsidies. The DDG did not show the break-up of the NEIIP subsidy provision but that is the essence of the budgetary scheme of lump sum provisions for the benefit of NE region. If the Departments know beforehand all the details at the budget stage itself, there would be no need to have lump sum provision. It is a beneficial budgetary practice to provide flexibility to the Department to disburse different types of subsidies to industrial units depending upon claims lodged, verified and found eligible under the scheme.

The reply is not acceptable as the Department had provided scheme wise break up under functional head in the DDG of 2015-16. However, the scheme-wise breakup was missing under the non-functional head, which was required in terms of Budget Division OM No. F.2 (66)-B(CDN)/2001 dated 14 September 2005. In this regard it may be mentioned that the scheme-wise breakup was being shown under non-functional head by the Department in the DDG for the year 2010-11 & 2011-12, which has been discontinued now. This matter was also pointed out in CAG's Report No. 1 of 2015 and 50 of 2015. However, no corrective measures have been taken by the Department.

* BE= Budget Estimates, NE= Provision for development of North Eastern Region under MH 2552/4552/6552, SA= authorisation/approval of Parliament obtained through Supplementary Demand for grants, TA = Total authorisation, TE= Total expenditure (as per Classified abstract/e-lekha data dump).

4.3.5 Augmentation of provision to object head '53 - Major Works'

The Ministry of Finance in reference to OM dated 25 May 2006 regarding 'Guidelines on financial limits relating to New Service/New Instrument of Service (NS/NIS)' clarified (dated 21 May 2012) that 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.

Scrutiny of Appropriation Accounts revealed that in the Grant No. 83 pertaining to Ministry of Road Transport & Highways, funds aggregating ₹ 116.48 crore were augmented by the Ministry during the financial year 2015-16 without obtaining prior approval of the Parliament, thereby attracting

the limitations of New Service/New Instrument of Service. **Table 4.6** gives details of head where augmentation was made without prior approval of the Parliament attracting limitations of NS/NIS.

Table 4.6: Augmentation of provision to object head ‘Major Works’

(₹ in crore)

Head of Account	BE*	NE*	SA*	TA*	TE*	Excess expenditure over TA
Grant No. 83- Ministry of Road Transport & Highways						
5054.01.337.02.03.53 Special Accelerated Road Development Programme in North Eastern Areas “Works under Roads Wing/State PWDs”	-	3590.00	-	3590.00	3706.48	116.48
<p>The Ministry stated (September 2016) that there was a provision of ₹ 4000.00 crore under MH-4552 and ₹ 900 crore had been added by obtaining Parliament’s approval through 3rd Supplementary Demand for Grant. Hence the total under NER was ₹ 4900 crore against which the total expenditure was ₹ 4845.87 crore.</p> <p>Further, for utilizing the unspent balance of ₹ 90 crore under NER provision from Road development works under Road wing (BRDB)-Special Accelerated Road Development Programme in North Eastern Area (SARDP), the non-functional head ‘4552’ – allocations was changed by re-appropriating ₹ 90 crore from BRDB-SARDP to Works under Roads Wing-SARDP with the approval of Secretary.</p> <p>Reply of the Ministry is not acceptable since it is based on Major head 4552 under which there were two schemes i.e. BRDB and SARDP in North Eastern Area. Audit observation is only on the later scheme under the object head 53 Major works. Further, 3rd Supplementary for ₹ 900 crore was obtained under another scheme, SARDP Works under Road wing Schemes financed from Central Road Fund.</p> <p>Moreover, re-appropriation of funds from the object head ‘53- Major Works’ from the Road Development Works under Roads wing/BRDB to the object head ‘53 Major Works’ under Special Accelerated Road Development Programme in NER under the Major head 4552 also requires prior approval of Parliament.</p>						

* BE= Budget Estimates, NE= Provision for development of North Eastern Region under MH 2552/4552/6552, SA= authorisation/approval of Parliament obtained through Supplementary Demand for grants, TA = Total authorisation, TE= Total expenditure (as per Classified abstract/e-lekha data dump)

4.4 Incorrect classification of expenditure under Revenue account instead of Capital account and vice versa

Article 112(2) of the Constitution of India stipulates that the Annual Financial Statement shall distinguish expenditure on revenue account from other expenditure. The principles for classifying the expenditure on revenue account and capital account should accordingly be adhered to.

Cases of incorrect classification of expenditure of revenue nature as capital expenditure and vice versa were pointed out in CAG’s Report No. 1 for the financial years 2010-11, 2011-12, 2012-13, 2013-14 and Report No. 50 for the year 2014-15. However, a number of Ministries/Departments have continued to obtain incorrect Parliamentary authorisation, leading to misclassification in booking of final expenditure as discussed in succeeding paragraphs.

4.4.1 Misclassification of capital expenditure as revenue expenditure

Rule 8 of the Delegation of Financial Powers Rules, 1978, categorizes the primary units of appropriation. The object heads viz. 51 to 56 and 60 are grouped under object class six, meant for obtaining provision for acquisition of Capital Assets and other Capital Expenditure as detailed in **Annexure 4.1**. These object heads pertain to booking of expenditure of capital nature and therefore should correspond with capital major heads only.

Audit scrutiny of Head-wise Appropriation Accounts alongwith classified abstract/*e-lekha* data for the year 2015-16 revealed four cases pertaining to three Ministries/Departments where these object heads were used with revenue major heads as shown in **Table 4.7**, resulting in understatement of capital expenditure by ₹ 28.23 crore, if these expenditures were incurred towards acquisition of capital assets and other capital expenditure.

Table 4.7: Misclassification of expenditure of capital nature as revenue expenditure

Sl. No	Description of Grant	Major Head	Object Head	Expenditure (₹ in crore)	Reply of the Department/Ministry
1.	04-Department of Atomic Energy	2852	51/52/60	10.71	Reply was awaited (October 2016).
2.		3401	51/52	11.26	
3.	60-Department of Higher Education	2202	53	2.99	Reply was awaited (October 2016).
4.	66- Ministry of Micro, Small and Medium Enterprises	2851	52	3.27	Reply was awaited (October 2016).
Total				28.23	

Expenditure figures source: e-lekha data dump/consolidated abstracts.

4.4.2 Misclassification of revenue expenditure as capital expenditure

Rule 8 of the Delegation of Financial Powers Rules, 1978 (DFPRs), broadly categorizes the object heads falling in category other than object class 6 as revenue in nature. Accordingly, object heads falling in category other than object class six should ordinarily not correspond with the capital major heads.

Audit scrutiny of Head-wise Appropriation Accounts alongwith classified abstracts for the year 2015-16 revealed four cases pertaining to three Ministries/Departments where object heads of revenue nature were incorrectly operated with capital major heads. These misclassifications resulted in understatement of revenue expenditure of the Union Government by ₹ 3.61 crore as shown in **Table 4.8**, if these expenditures were not incurred towards acquisition of capital assets and other capital expenditure.

Table 4.8: Misclassification of revenue expenditure as capital expenditure

Sl. No.	Description of Grant	Major Head	Object Head	Expenditure (₹ in crore)	Reply of the Department/Ministry
1.	89-Ministry of Shipping	5051	50	0.64	Ministry stated (July 2016) that necessary provisions for Information Technology expenditure would be kept under revenue section from the year 2017-18 onwards.
2.		5052	50	0.35	
3.	97-Ministry of Tourism	5452	28	0.62	Ministry stated (September 2016) that in 2016-17, on the direction of Ministry of Finance, it has opened the said head under Revenue section under the new pattern of Rationalization of Plan and Non-plan. In future such type of expenditure would be booked under Revenue section.
4.	103-Lakshadweep	4810	35	2.00	Department stated (June/August 2016) that the matter was taken up with the Ministry/O/o the CGA for remedial action. This item has already been transferred to the revenue section under Major Head-2810 from FY 2016-17 onwards.
Total				3.61	

4.4.3 Other cases of Misclassification

Rule 79 of General Financial Rules, 2005 stipulates that charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order, as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as revenue expenditure.

Audit scrutiny of Head-wise Appropriation Accounts alongwith *e-lekha* data for the year 2015-16 revealed that in 13 cases pertaining to three Ministries/Departments, expenditure of revenue nature was classified as capital expenditure or vice-versa resulting in net understatement of revenue expenditure by ₹ 1607.40 crore, as shown in **Table 4.9**.

Table 4.9: Misclassification between different sections of the grant

Sl. No.	Grant	Amount (₹ in crore)	Audit Observation	Reply of the Department/Ministry
Misclassification of revenue expenditure as capital expenditure				
1.	15-Department of Telecommunications	319.99	The Department paid an amount of ₹ 319.99 crore to Bharat Sanchar Nigam Limited (BSNL) as bandwidth hiring charges for AFNET(Air Force Network) which was incorrectly booked under object head '60- Other Capital Expenditure' under Capital heads of accounts 5275.00.800.03.00.60 and 4552.00.203.01.00.60. The expenditure on account of bandwidth hiring charges being of revenue nature should have been booked under object head '28-Professional Services' in the revenue section of the grant.	Reply was awaited (October 2016).

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Sl. No.	Grant	Amount (₹ in crore)	Audit Observation	Reply of the Department/ Ministry
2.	21-Ministry of Defence (Civil)	1600.25	The Ministry incurred an expenditure of ₹ 1600.25 crore on account of maintenance of road other than Highways, Security Cover and Airlift Charges and booked the same in the Capital Section of the Grant under the object head 5054.02.337.03.00.53- 'Major Works'. The expenditure being revenue in nature should have been correctly classified under the revenue section of the Grant under the appropriate object head.	The Ministry stated (September 2016) that the booking has been done under this head for many years. Ministry added that the case has been taken up for correction in 'pamphlet of RDR (Revenue, Debt & Remittance) heads' as the provision exists under Major Head-3054 instead of 5054.
3.	93-Department of Space	0.11	An expenditure of ₹ 11.19 lakh towards payment to Bangalore Electricity Supply Company Limited (BESCOM) for shifting of overhead line was incorrectly booked by ISRO Satellite Centre (ISAC) under the object head '60-Other Capital Expenditure' under the Capital section whereas this electricity expenditure should have been correctly booked under '13-Office Expenses' under revenue section.	Reply was awaited (October 2016).
4.		0.76	An expenditure of ₹ 76.04 lakh towards Telemetry, Tracking and Command (TTC) network stations support for various missions of ISRO was booked incorrectly by PAO ISAC Project under the object head '60-Other Capital Expenditure' under the capital section whereas these tracking services availed by DOS should have been correctly booked under '30-Other Contractual Services' under revenue section as per the DOS Compendium on Booking of Expenditure	
5.		0.20	An expenditure of ₹ 20.38 lakh towards technical service charges for capacitors was booked incorrectly by PAO ISAC-Project under the object head '60-Other Capital Expenditure' under the capital section which should have been correctly booked under '30-Other Contractual Services' under revenue section.	
6.		1.54	An expenditure of ₹ 1.54 crore towards procurement of liquid nitrogen was booked incorrectly by PAO ISAC-Project under the object head '60-Other Capital Expenditure' under the capital section which should have been correctly booked under '21-Supplies & Materials' under revenue section.	
7.		0.33	An expenditure of ₹ 32.63 lakh towards procurement of Desktop computer and battery was booked incorrectly by PAO ISAC-Centre under the object head '53-Major Works' in 'capital section' which should have been correctly booked under '13-Office Expenses' under detailed head-99 in revenue section.	

Sl. No.	Grant	Amount (₹ in crore)	Audit Observation	Reply of the Department/ Ministry
8.		1.45	Expenditure of ₹1.45 crore was incurred towards procurement of Exide battery bank, connectors, electrolyte, mild steel stand & stand insulators, thermometer, etc., which was to be booked under object head '21- Supplies & Materials' in revenue section instead was booked under object head '52-Machinery and Equipment' in capital section.	
Revenue expenditure understated by ₹ 1924.63 crore.				
Misclassification of capital expenditure as revenue expenditure				
1.	93-Department of Space	306.31	The expenditure was booked incorrectly under the object head '21-Supplies and Materials' under the revenue section which should have been correctly booked under '60-Other Capital Expenditure' under capital section since these were mission/ space consumables of satellite and launch vehicle missions and have a life more than one year.	Reply was awaited (October 2016).
2.		7.10	The expenditure was booked incorrectly under the object head '50-Other Charges' under the revenue section which should have been correctly booked under '60-Other Capital Expenditure' under capital section since these were mission/ space consumables of satellite and launch vehicle missions and have a life more than one year.	
3.		3.13	An expenditure of ₹ 3.13 crore towards additional services rendered by M/s Arianespace, France during GSAT-15 & GSAT-16 Launch Campaign was incorrectly booked under the object head '50-Other Charges' under the revenue section which should have been correctly booked under '60-Other Capital Expenditure' under capital section under the extant order.	
4.		0.52	An amount of ₹ 51.83 lakhs incurred towards the procurement of Static Random Access Memory (SRAM) (which would be used in satellite) was incorrectly booked by PAO ISAC Centre under the object head '21-Supplies and Materials' under the revenue section which should have been correctly booked under '60-Other Capital Expenditure' under capital section.	
5.		0.17	An expenditure of ₹ 16.74 lakh towards procurement of RF diodes X ray detectors was booked incorrectly by PAO ISAC-Centre under the object head '21-Supplies & Materials' in the revenue section which should have been correctly booked under '52-Machinery & Equipment' under capital section.	
Revenue expenditure overstated by ₹ 317.23 crore.				
Overall Impact: Understatement of revenue expenditure by ₹ 1607.40 crore.				

The impact of incorrect classification of revenue expenditure as capital expenditure and vice-versa was 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. Correspondingly, revenue deficit for the financial year 2015-16 was understated by an equivalent amount of ₹ 1582.78 crore.

4.5 Other cases of misclassification

4.5.1 Incorrect transaction passed through Consolidated Fund of India instead of Public Account of India

Article 266 (1) & (2) of the Constitution of India provides that all revenues received by the Government of India, all loans raised by the Government by issue of treasury bills, loans or ways & means advances and all moneys received by that Government in repayment of loans shall form one Consolidated Fund to be entitled “the Consolidated Fund of India”. Besides the normal receipts and expenditure of that Government, which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which the Government acts more as a transferor or as a banker. The public moneys thus received are kept in the Public Account, and the connected disbursements are also made therefrom.

(a) Scrutiny of Appropriation accounts in respect of Grant No. 11 pertaining to Ministry of Coal for the year 2015-16 revealed that an expenditure of ₹ 1099.84 crore was incurred for acquisition of Coal bearing areas in the Capital head of account 4803.00.800.01.00.54 from the CFI and the expenditure was netted out with receipts of ₹ 1100 crore from Coal India Limited (CIL). Since the Coal bearing areas were acquired against specific deposit made by CIL, the transaction should not have routed through the CFI.

Controller General of Accounts in continuation of their opinion of August 2013 reiterated their views in June 2016 that the funds received in advance from bodies financially independent of Government for payment of compensation for land acquired for such bodies are required to be credited to Minor Head ‘117-Deposits for work done for Public Bodies or Private Individuals’ under MH ‘8443-Civil Deposits’. Likewise, all payments relating to compensation for land acquisition are also to be debited to this head of account.

The Ministry stated (August 2016) that a new head for accounting of receipt/payments relating to land acquisition on behalf of PSUs has been proposed for opening in the Public Account from the financial year 2017-18.

(b) Scrutiny of Appropriation accounts vis-à-vis consolidated abstract in respect of Grant No. 77 pertaining to Ministry of Power for the year 2015-16 revealed that an expenditure of ₹ 76.83 crore was incurred for acquisition of coal bearing areas in the capital head 4801.02.190.02.02.54 from Consolidated Fund of India and expenditure was netted out with receipts of ₹ 76.83 crore from NTPC. Since the coal bearing areas were acquired against specific deposit made by NTPC, the transaction should not have passed through the Consolidated Fund of India.

The Ministry stated (July 2016) that office of CGA clarified in June 2016 that to account for a transaction of money deposited by a PSU in lieu of work to be done by Government Department for them, under the Consolidated Fund of India, is primarily incorrect and should have been credited to MH 8443-Civil Deposits. The Ministry, further, stated that the process of above accounting procedure would be operated from the next financial year.

Both matters were also pointed out in the CAG's Report No. 1 and Report No. 50 of 2015.

4.5.2 Non-operation of object head 'Grants-in-aid-Salaries'

The Ministry of Finance introduced a new object head '36-Grants-in-aid-Salaries' with effect from 1 April 2011 in the list of object heads under Object Class-4 below Rule 8 of Delegation of Financial Powers Rules 1978.

Scrutiny of Appropriation Accounts for the year 2015-16 revealed that this object head was not operated by the following Ministries/Departments, as detailed in **Table 4.10**.

Table 4.10: Non-operation of object head 'Grants-in-aid-Salaries'

Sl. No.	Grant No. & Name	Audit observation and reply of the Ministry/Department
1.	16-Department of Electronics and Information Technology	<p>Examination revealed that object head 36- Grants-in-aid-Salaries was not operated in respect of IT Research Academy (ITRA). Approval of DeitY for setting up of ITRA dated 4 November 2010 provided for phase wise release of funds to ITRA, which implied that all project components including salary were included in each release. An amount of ₹ 26 crore under Digital India Programme, (2852.07.202.85.04.31) was allotted as budget provision under the object head 31- Grants-in-aid-General. Out of the Grant received, ITRA incurred an expenditure of ₹ 1.30 crore under the salary head during the year 2015-16, which should have been separately budgeted for and classified as 36-Grants-in-aid-Salaries.</p> <p>Department stated (August 2016) that ITRA had been set up with a total outlay of ₹ 148.83 crore. There were no bifurcations of Grants-in-aid when the Project was approved and implemented.</p> <p>The reply is not acceptable since approval for setting up of ITRA provided for phase-wise release of funds to ITRA, which implied that all project components including salary were included in each release and salary component should have been budgeted for and classified as '36-Grants-in-aid-Salaries'.</p>

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Sl. No.	Grant No. & Name	Audit observation and reply of the Ministry/Department
2.	77-Ministry of Power	<p>The Ministry released a grant of ₹ 5.70 crore to Joint Electricity Regulatory Commission (JERC) for Goa and UTs (a grantee body), who utilized ₹ 1.15 crore to meet expenditure on salaries. However, the total amount of ₹ 5.70 crore released was booked under the object head 2801.80.800.23.00.31 'Grants-in-aid General', instead of classifying the expenditure of ₹ 1.15 crore correctly on salary component under the object head '36-Grants-in-aid Salaries'.</p> <p>Ministry stated (August 2016) that from the financial year 2016-17 allocation for meeting non-plan expenditure of JERC for Goa & UTs has been made in separate object heads for Grants-in-aid-General and Grants-in-aid-salaries.</p>
3.	96-Ministry of Textiles	<p>The Ministry released Grants-in-aid of ₹ 1.00 crore to National Institute of Fashion Technology, New Delhi, for the payment of salaries of the employees of NIFT, Raebareli Centre, which was incorrectly booked in the accounts under the object head 2852.08.202.61.00.31 'Grants in aid General' instead of classifying this expenditure under the object head '36- Grants in aid Salaries'.</p> <p>Ministry stated (August 2016) that during financial year 2015-16 fund was available only in General head therefore the fund was sanctioned to NIFT under the head Grants-in-aid-General.</p> <p>The reply of the Ministry is not tenable since the object head '36-Grants-in-aid-Salaries' was opened with effect from 01 April 2011, the Ministry should have obtained supplementary provisions under object head Grants-in-aid-Salaries.</p>

4.5.3 Misclassification within object heads under the same section of the grant

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. List of object heads and description of expenditure to be booked thereunder are given in **Annexure 4.1**.

Scrutiny revealed that in 35 cases across 13 grants/appropriations, funds aggregating ₹ 387.32 crore were misclassified between the primary units of appropriation i.e. object heads, which are detailed in **Table 4.11**.

Table 4.11: Misclassification within object heads in the same section of grant

Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
1.	8-Department of Fertilizers	2.69	2852/50	An expenditure of ₹ 0.73 crore was incurred on payment for consultancy Service Charges for Mobile Fertilizer Management System (mFMS) project, for conducting audit of mFMS application etc. and ₹ 1.96 crore was incurred on procurement of computers, its accessories, consumables and maintenance of Fertilizers Management System, etc. However, the total expenditure of ₹ 2.69 crore was booked in accounts under the object head '50-Other Charges'. As per DFPRs the correct classification for expenditure on payments of outsourced personnel, engagement of consultants should have been '28-Professional services' and for expenditure on procurement of computers, etc., should have been '13-Office Expenses'.
<p>The Ministry stated (July 2016) that as per the instructions of Department of Expenditure, Ministry of Finance, the Plan and Non Plan schemes had to be rationalized and DDG for 2016-17 had to be prepared after merging them. The procurement of computers and its accessories, consumables for Department of Fertilizers (Secretariat) are to be booked under the head 3451.00.090.33.99.13 "Office Expenses" and procurement of computers and its accessories, consumables for FMS/mFMS are to be booked under the Head 3451.00.090.33.99.50 'Other Charges'. Payments of professional charges for FMS & mFMS are to be booked under the head 3451.00.090.33.01.28 in current financial year i.e. 2016-17.</p>				
2.	15-Department of Telecommunications	0.07	3275/51, 52	Department incurred an expenditure of ₹ 0.07 crore and incorrectly booked under object heads 51-Motor vehicles and 52- Machinery and equipment in the Revenue Section Major head- 3275.
<p>Department stated (August 2016) that Rule 79 of the GFR 2005 stipulates that charges on maintenance, repair and upkeep and working expenses which are required to maintain the assets in running condition, shall be classified as revenue expenditure and hence the booking was done correctly.</p> <p>The reply is not acceptable as object head '51-Motor Vehicles' and '52-Machinery & Equipment' pertain to object Class-6 meant for acquiring of Capital Assets and other Capital Expenditure, which should not be used with revenue major heads.</p>				
3.	17-Department of Consumer Affairs	4.95	3475/52	The Department made centralised purchase of machinery & equipment and supplied them directly to States/UTs and booked the expenditure amounting to ₹ 4.95 crore incorrectly under object head '52- Machinery and Equipment' in the revenue section of the Grant instead of object head-35 meant for Grants for creation of Capital Assets.
<p>The Department stated (August 2016) that prior to 2007-08 funds for infrastructure on Weights & Measures of States/UTs were released as Grants-in-aid but later machinery and equipment were supplied to the States/UTs after making centralised purchases. Further, the Ministry of Finance had (November 2011) turned down a proposal of this department for obtaining provision under Capital heads and had instructed to book the said expenditure under the revenue accounts.</p> <p>The reply of the Department does not address the audit concern. The Department should have obtained provision and booked the expenditure under the appropriate object head under the revenue accounts major head.</p>				
4.	21-Ministry of Defence (Civil)	285.96	5054/53	An expenditure of ₹ 285.96 crore incurred on Category 'A' Stores/ Equipment by Border Roads Organisation (BRO) was incorrectly booked under object head '53-Major Works' instead of booking under object head-52 related to Machinery & Equipment.
<p>While accepting the audit observation, the Ministry stated (September 2016) that the object head-53 would be corrected from FY 2017-18 as object head-52 for booking of expenditure on account of procurement of Equipment.</p>				

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
5.	21-Ministry of Defence (Civil)	7.99	3053/31	Amount of ₹ 7.99 crore was paid to officials of the Ministry posted in Bhutan by Border Roads Organisation as “Bhutan Compensatory Allowance”. The same was incorrectly booked under object head ‘31-Grants-in-aid-General’ instead of booking the same under object head 01 related to Salaries.
While accepting the audit observation, the Ministry stated (September 2016) that this fund pertains to Bhutan Compensatory Allowances. BRO has intimated that a case would be taken up for budget provision under Major Head-2052 from FY 2017-18.				
6.	34- Department of Economic Affairs	7.75	3475/50	Payments of ₹ 7.75 crore made to various Training Institutes, were booked under the Object head 50-Other charges, to meet the expenses incurred on training of Indian Economic Service Officers. The expenditure should have been correctly classified under the object head 20-Other Administrative expenses.
Department of Economic Affairs, IES Division stated (July 2016) that the object head for expenses on training of IES officers has been changed to “20-Other Administration Expenses” with effect from the financial year 2016-17.				
7.	66- Ministry of Micro, Small and Medium Enterprises	1.25	2851/32	An expenditure of ₹ 1.25 crore incurred on International Co-operation Scheme was booked in accounts under the Object Head ‘32-Contributions’. The expenditure was incurred in the form of grants to organizations, registered societies etc. for general/specific purpose, which should have been correctly classified under the object head ‘31-Grants-in-aid-General’ instead of ‘32-Contributions’.
Ministry stated (July 2016) that it will be able to book the expenditure under International Cooperation Scheme from the year 2017-18 onwards under the object head ‘31-Grants-in-aid-General’.				
8.	70- Ministry of Overseas of Indian Affairs	0.65	2061/50	The Ministry obtained a provision of ₹ 0.85 crore for disbursing Grants-in-aid to ‘Indian Development Foundation-Overseas Indians’, an autonomous body, and incorrectly booked the expenditure of ₹ 0.65 crore under the object head ‘50- Other Charges’ instead of object heads meant for Grants-in-aid.
Reply was awaited (October 2016).				
9.	77- Ministry of Power	6.00	2801/31	Grants-in-aid of ₹ 6.00 crore released to National Power Training Institute (NPTI) for setting up of a new Power Training Institute under NPTI at Shivpuri, Madhya Pradesh was booked in the accounts under the object head 2801.80.003.02.00.31 ‘Grants-in-aid-General’ instead of classifying the expenditure correctly under the object head ‘35-Grants for creation of capital assets’.
Ministry stated (July 2016) that the observation is noted for compliance from the financial year 2017-18.				
10.	82- Secretariat of the Vice-President	0.33	2012/13	An expenditure of ₹ 0.33 crore incurred on account of VVIPs entertainment and was incorrectly booked under head of accounts-2012.02.090.01.00.13-Office Expenses instead of appropriate object head-‘20-Other Administrative Expenses’ as per DFPRs.
While accepting the observation, the Secretariat stated (August 2016) that a note for operating the Object head-20 had been forwarded to the Ministry of Finance.				

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
11.	83- Ministry of Road Transport & Highways	28.24	3055/20	An expenditure of ₹ 28.24 crore incurred on account of Publicity measures and awareness campaigns which <i>inter alia</i> includes printing and supply of publicity materials, publicity campaigns and telecast/ broadcast of road safety messages through DAVP etc. was booked under object head '20-Other Administrative Expenses' instead of classifying them under the object head '26-Advertising and Publicity'.
The Ministry stated (September 2016) that the misclassification has been rectified and new Head 3055.00.004.20.02.26 has been opened from the financial year 2016-17 for booking expenditure on printing of publicity material, exhibition fares etc.				
12.	93-Department of Space	4.66	5402/60	Capital item [Large Area Swept Charge Devices (SCD) X-ray Detectors] procured at a cost of ₹ 4.66 crore was incorrectly booked under object head '60-Other Capital Expenditure' instead of object head '52-Machinery and Equipment'.
13.		0.49	5402/53	An amount of ₹ 49 lakh was paid towards procurement of indoor type transformers and was incorrectly booked under object head '53-Major Works' instead of object head '52-Machinery and Equipment'.
14.		0.27	5402/52	An amount of ₹ 27 lakh was paid towards procurement of integrated circuit/electronic components (space consumables) and was incorrectly booked under object head '52-Machinery and Equipment' instead of object head '60-Other Capital Expenditure'.
15.		0.51	3402/50	An expenditure of ₹ 51 lakh was incurred towards printing and supplying booklets and was incorrectly booked under '50 Other Charges' instead of object head '16-Publications'.
16.		0.45	3402/50	Advertisement charges amounting to ₹ 45.47 lakh were booked under '50 Other Charges' instead of object head '26-Advertising and Publicity'.
17.		0.57	3402/50	An amount of ₹ 56.63 lakh was released by PAO, ISRO Hqrs to International Space University towards tuition fees of Space Studies Programme-2015 which was to be booked under '20 Other Administrative Expenses' but the same was booked under '50-Other Charges'.
18.		0.43	3402/50	An amount of ₹ 43.38 lakh paid by PAO, ISRO HQ to BSNL for availing Contractual Services from BSNL were booked under '50-Other Charges' instead of object head '30-Other Contractual services'.
19.		0.68	3402/50	Grants-in-aid to the tune of ₹ 45.68 lakh was released under Planetary Science programme (PLANEX) to autonomous body PRL, Ahmedabad which was to be booked under object head '31 Grants-in-aid-General' but was booked under object head '50-Other Charges'. Further ₹ 22 lakh was released to NESAC under EOAM and was booked under object head '50-Other Charges' instead of object head '31-Grants-in-aid-General'.
20.		3.15	3402/50	Grants-in-aid to the tune of ₹ 3.15 crore released under ISRO Geosphere Biosphere programme (IGBP) to autonomous body PRL, Ahmedabad and incorrectly booked under object head '50-Other Charges' instead of object head '31 Grants-in-aid-General'.

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
21.	93-Department of Space	1.42	3402/30	PAO, ISRO HQ released an amount of ₹ 1.42 crore as half yearly installment to Kendriya Vidyalaya, National Aerospace Laboratories (NAL) which was incorrectly booked under the object head '30-Other Contractual Services' instead of object head '31-Grants in aid-General'.
22.		6.78	3402/50	PAO, ISRO HQ released an amount of ₹ 6.63 crore to National Atmospheric Research Laboratory (NARL) under Atmospheric Science Programme which was booked under the object head '50-Other Charges' instead of object head '31-Grants-in-aid-General'. Further, an amount of ₹ 0.15 crore was released to Semi-Conductor Laboratory (SCL), Chandigarh for production and supply of GPS radiosondes for Calibration-Validation (CAL-VAL) activities which was booked under the object head '50-Other Charges' instead of object head '35-Grants for creation of Capital Assets'.
23.		8.35	3402/50	ISAC (P) paid an amount of ₹ 8.35 crore to NASA, USA towards tracking, navigation and telecommunications support services of the Mars Orbiter Mission (MOM) which was booked under the object head '50-Other Charges' instead of object head '30-Other Contractual services'.
24.		3.78	3402/30	ISAC (C) incurred expenditure of ₹ 3.78 crore towards payment of Reprographic Assistants and Reprographic Supervisors and manpower charges and incorrectly booked it under '30-Other Contractual Services' instead of object head '28-Professional Services'.
25.		1.18	3402/21	ISAC(C) incurred expenditure of ₹ 1.18 crore towards payment of Reprographic Assistants, Reprographic Supervisors, Data Entry/Administrative services and manpower charges and incorrectly booked it under '21-Supplies and Materials' instead of object head '28-Professional Services'.
26.		1.37	3402/21	ISAC(C) incurred expenditure of ₹ 1.37 crore towards procurement of Chairs, TV, Desktop PC, laptop/notebook, Erasable Programmable Read Only Memory (EPROM), etc., and incorrectly booked it under object head '21-Supplies and Materials' instead of object head '13-Office Expenses'.
27.		0.33	3402/20	Expenditure of ₹ 32.86 lakh was made towards maintenance/care taking (manpower contract) of ISAC Guest house and incorrectly booked under object head '20-Other Administrative Expenses' instead of object head '28-Professional Services'.
28.		0.10	3402/50	Expenditure of ₹ 10.19 lakh was made towards maintenance/care taking (manpower) of ISAC Guest house and incorrectly booked under the object head '50-Other Charges' instead of object head '28-Professional Services'.
29.		0.48	3402/30	Expenditure of ₹ 48.43 lakh was made towards maintenance of canteen (manpower) at ISAC and incorrectly booked under the object head '30-Other Contractual Services' instead of object head '28-Professional Services'.

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
30.	93-Department of Space	0.30	3402/21	Payment of ₹ 30.21 lakh was made towards operation and maintenance of Chambers & Shakers and was incorrectly booked under object head '21-Supplies & Materials' instead of object head '27-Minor Works'.
31.		0.13	3402/50	Expenditure of ₹ 13.19 lakh was incurred towards Security Services in ISAC Guest House and other places and was incorrectly booked under object head '50-Other Charges' instead of object head '28-Professional Services'.
32.		0.36	3402/30	An expenditure of ₹ 36.12 lakh towards procurement of connectors was booked incorrectly by PAO ISAC- Project under the object head '30-Other Contractual Services' which should have been correctly booked under object head '21-Supplies and Materials'.
Reply of the Department of Space was awaited (October 2016).				
33.	94-Ministry of Statistics & Programme Implementation	0.01	3454/52	An expenditure of ₹ 1.14 lakh was incurred on procurement of computer hardware and software and was incorrectly booked in the accounts under the object head '52-Machinery & Equipment', which falls under Class-6 meant for acquisition of Capital Assets and other Capital Expenditure. This expenditure, being of revenue nature, should have been booked under appropriate object head in the revenue section.
The Ministry accepted the audit observation and stated (September 2016) that necessary instructions had been issued for correct booking of expenditure.				
34.	105- Public Works	2.15	2059/53	An expenditure of ₹ 2.15 crore incurred on making arrangements for Republic day celebration and Independence Day celebration which primarily included fabrication and installation including structural designing and testing of retractable roof on design and construct basis for Presidential dias, temporary illumination of Udyog Bhawan providing/arrangements of tentage, seating arrangements camp office and other related works etc was booked in accounts under object head '53 Major works'. The item of works carried out had not resulted in creation of assets of permanent nature. Hence appropriate object head in this case should have been used from the revenue section of the grant.
Central Public Works Department stated (August 2016) that the provision for the above work has been made under the head '27-Minor Works' from the year 2016-17.				
35.	105- Public Works	3.49	2059/50	An expenditure of ₹ 3.49 crore, incurred on deployment of security force to the Samadhi Sthal Complex and for miscellaneous repair works related to maintenance and functions at various Samadhis was booked in accounts under the object head '50-Other Charges'. This expenditure should have been correctly booked under the Object Head 28-Professional Services.
Central Public Works Department stated (August 2016) that Ministry of Urban Development was being requested to operate new object head-Professional services under the sub-head 2059.80.800.06 Maintenance of Other Samadhis from next financial year 2017-18.				
Total		387.32		

4.5.4 Booking of ‘Special Central Assistance’ under incorrect minor head of account

The Special Central Assistance (SCA) is provided by the Ministry of Tribal Affairs to the State Governments as an additive to the State Tribal sub plan. While the funds allocated for ‘Tribal Area Sub Plan’ are required to be booked under specific minor head of account i.e. ‘796- Tribal Area Sub Plan’, a distinct minor head code i.e. 794 is earmarked for the purpose of booking of ‘Special Central Assistance for Tribal Sub Plan’ in the general directions to the list of major and minor heads of accounts.

Scrutiny of the Grant No. 98 pertaining to Ministry of Tribal Affairs revealed that out of the total provision of ₹ 1,250 crore, ₹ 1,132.17 crore were released by the Ministry as ‘Special Central Assistance for Tribal Sub Plan’ during the year 2015-16 and booked under the minor head ‘796-Tribal Area Sub Plan’. The same was required to be provisioned and booked under the minor head ‘794-Special Central Assistance for Tribal Sub Plan’ as prescribed in the extant instructions.

The matter was also pointed out in the CAG’s Report No.1 on Union Government Accounts for the financial year 2012-13, 2013-14 and Report No. 50 for 2014-15.

The Ministry accepted and stated (July 2016) that the minor head ‘794’ would be opened in the DDG for the year 2017-18 for Special Central Assistance for Tribal Sub Plan.

4.6 Unauthorised augmentation through obtaining lump sum supplementary provision

Special Component Plan for the Scheduled Castes and the Tribal Sub-Plan for the Scheduled Tribes were initiated by Government as intervention strategies to cater exclusively to Scheduled Castes and Scheduled Tribes respectively. Such plans are meant to ensure benefits to these special groups by guaranteeing funds from all related development sectors in proportion to the size of their respective population. The basic objective of both these sub-plans is to channelise the flow of outlays and benefits from the general sectors in the Central Ministries/Departments for the development of Scheduled Castes and Schedules Tribes, both in physical and financial terms. An initiative was taken to make separate allocations for the Scheduled Castes Sub Plan (SCSP) and Tribal Sub Plan (TSP) as part of the plan allocations from the financial year 2011-12. Government devised a proper accounting mechanism to account for such allocations by opening dedicated Minor Head ‘Special Component for Scheduled Castes (Code 789)’ and ‘Tribal Sub Plan (Code 796)’. Accordingly, in the Detailed Demands for Grants of the Central Ministries/Departments provision under a plan scheme is obtained distinctly with separate budget lines for ‘general plan’, ‘special component for

scheduled castes' and 'tribal area sub plan'. The provisions made under 'special component for scheduled castes' and 'tribal sub plan' are not allowed to be re-appropriated, except to the same Minor Heads in other schemes under SCSP and TSP, thereby preventing any possibility of diversion.

Para 4 of Appendix-3 (containing instructions for preparation of Budget) below Rule 48 of GFR-2005 provides that no lump sum provision will be made in the Budget except where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/scheme, which has been accepted in principle for being taken up in the financial year.

- (a) Scrutiny of Appropriation accounts along with Consolidated Abstract of Grant No. 60-Department of Higher Education for the year 2015-16 revealed that the Department obtained (March 2016) a token supplementary for re-appropriation of ₹ 350 crore for University Grant Commission, Central University Scheme under Object head '31-Grants-in-aid-General' (2202.03.102.10.01.31) from savings available in the same section of the Grant, without giving amount specific component-wise break-up for General Component, Special Component Plan for Scheduled Castes and Tribal Areas Sub-Plan in the Supplementary demand for grant.

The lump sum supplementary of ₹ 350 crore was apportioned amongst three components of the scheme, without amount specific prior approval of the Parliament. As the expenditure attracted the limitations of New Service/New Instruments of Service in terms of Budget Division OM dated 25 May 2006, being the expenditure incurred on grants-in-aid, amount specific prior approval of the Parliament distinctly for three schemes was necessary but the same was not obtained.

The Department stated (September 2016) that the token supplementary grant for re-appropriation of ₹ 350 crore was obtained in the third batch of Supplementary Demand for Grants (SDG) notified in March 2016. This amount also included supplementary demands under SCSP and TSP components.

The reply is not acceptable as the amount-specific approval for SCSP and TSP components was not shown in Third batch of SDG issued by Budget Division of Ministry of Finance on 26 March 2016.

- (b) Similarly, in Grant No. 109 pertaining to Ministry of Youth Affairs and Sports, the Ministry obtained a token supplementary for re-appropriation of ₹ 20 crore for Urban Sports Infrastructure Scheme under object head '35-Grants for creation of Capital assets' (2204.00.104.50.00.35) without giving amount specific component wise break-up for General Component, Special Component Plan for Scheduled Caste and Tribal Area sub-plan in

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the supplementary Demand for grant. The Ministry stated (August 2016) that a token supplementary grant of ₹ 20.00 crore was obtained from the Parliament under object head '35-Grants for creation of Capital Assets'.

The reply of the Ministry is not acceptable as the supplementary grant was for Urban Sport Infrastructure in the general component only. Instead the Ministry should have obtained amount-specific approval for each component distinctly as all three components had separate budget lines in the DDG.

4.7 Obtaining excess provision under the object head '42-Lump sum provision'

Rule 8 of Delegation of Financial Power Rules stipulates that provision under the head lump sum (object head 42) will include expenditure in respect of scheme/sub-scheme/organisation where the provision does not exceed ₹ 10 lakh. In all other cases break-up of expenditure must be given.

Examination of Appropriation Accounts of three grants for the year 2015-16 revealed that in following cases, lump sum provisions exceeding ₹ 10 lakh were obtained, instead of obtaining Parliamentary approval with complete break-up of expenditure as was incumbent under the extant rules.

Table 4.12: Lump sum Provisions

Sl. No.	Head of Account	Provision Expenditure		Reply of the Ministry/ Department
		(₹ in lakh)		
Grant No.29-Ministry of Development of North Eastern Region				
1.	2552.00.800.03.00.42 Setting up of Project Planning and Monitoring Cell in N.E.C Sectt.	30.00	7.10	While accepting the audit observation, the Ministry stated (August 2016) that the provision of ₹ 30.00 lakh was made for setting up of the Project Planning and Monitoring Cell in the North Eastern Council. Since the expenditure involved various types of individual expenses and hence all such expenses could not be separately classified under the prescribed object heads. However, a provision of ₹ 10.00 lakhs had been obtained under the said head for the year 2016-17.
Grant No. 34-Department of Economic Affairs				
2.	5475.00.800.12.00.42 Assistance for Infrastructure Development Viability Gap Funding	102850.00	62350.00	Reply of the Department was awaited (October 2016).
Grant No.35-Department of Financial Services				
3.	3475.00.105.04.00.42 Payment of lumpsum provision to Office of Court Liquidator, Kolkata	70.00	40.02	The Department of Financial Services stated (September 2016) that item wise budgetary requirement of the Office of Court Liquidator, Kolkata was obtained and provided for in the DDG of the Ministry of Finance for the year 2016-17.

4.8 Issue of deficient sanction orders in Department of Space

Rule 48 of General Financial Rules, 2005 read with Appendix-3 and 4 provide detailed guidelines with regard to preparation of estimates of expenditure with full accounts classification up to the object head level by an organisation. Further, Rule 25(1) of General Financial Rules, 2005 enjoins that all sanctions to the expenditure shall indicate the details of the provisions in the relevant grant or appropriation wherefrom such expenditure is to be met. To understand the financial profile of the project better, the cost estimates based on unit of appropriation is required to be reported in the financial sanctions.

Examination of the Appropriation Accounts of Grant No.93-Department of Space for the year 2015-16 revealed that the estimates or expenditure in the Detailed Demands for Grants were prepared with full accounts classification up to the object head level on revenue and capital accounts separately for plan and non-plan expenditure, as is the prevalent practice in other Ministries/ Departments of the Union Government. Audit scrutiny however revealed that:-

- The sanction orders issued by the Department of Space, authorizing the incurrance of expenditure, do not distinctly specify the amount of expenditure to be debited separately to revenue and capital accounts and plan and non-plan under revenue and capital accounts.
- The sanction orders only specify the amount of expenditure to be classified up to the sub head level i.e. the fourth tier of classification, instead of giving complete directions up to the sixth tier of classification. Thus, the sanction orders issued by the authorities in the Department of Space were deficient, as they did not give clear directions with regard to proper booking and classification of expenditure.

In the absence of the details of classification in the sanction orders, it was not clear how the accounts were prepared and compiled by showing classification up to the sixth tier in revenue and capital accounts. Illustrative cases of financial sanction orders issued are detailed in **Table 4.13**.

Table 4.13: Illustrative cases of deficient financial sanction orders

No.	Sanction No and date	Name of the Project (Head of Account)	Sanctioning Authority	Amount (₹ in crore)
1.	No.C.12012/1/2013.Sec.3 dated 5 June 2015	PSLV Continuation Programme Operational Flights PSLV C36 to C50 (3402.00.101.04, 5402.00.101.20)	Cabinet Secretariat	3090.00
2.	No.C.12011/4/2014.Sec.3 dated 29 May 2015	GSAT 18 communication Satellite (3252.00.053.17, 5252.00.203.13) and launch services (3252.00.053.18, 5252.00.203.14)	Cabinet Secretariat	1022.00
3.	No.C.12011/3/2014.Sec.3 dated 29 May 2015	GSAT 17 communication Satellite (3252.00.053.15, 5252.00.203.11) and launch services (3252.00.053.16, 5252.00.203.12)	Cabinet Secretariat	1013.20

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No.	Sanction No and date	Name of the Project (Head of Account)	Sanctioning Authority	Amount (₹ in crore)
4.	No.C.19013/81/2014.Se c.3 dated 20 May 2015	Cartosat-3 Remote Sensing Satellite (3402.00.101.51, 5402.00.101.44)	Member Finance, Space Commission	351.16
5.	No.C.12029/1/2015.Sec. 3 dated 6 Nov 2015	Oceansat-3/ 3A Remote Sensing Satellite (3402.00.101.54, 5402.00.101.47)	Space Commission	797.17
6.	No.C.19013/44/2014.Se c.3 dated 20 April 2015	GSAT 19 Spacecraft Project (3252.00.053.19, 5252.00.203.15)	DOS	94.00
7.	No.C.12034/2/2015.Sec. 3 dated 27 May 2015	NASA-ISRO Synthetic Aperture Radar Mission -NISAR (3402.00.101.61, 5402.00.101.54)	Space Commission	513.00
8.	No.C.12026/1/2015.Sec. 3 dated 23 Dec 2015	RISAT 1A Satellite Project (3402.00.101.53, 5402.00.101.46)	Member Finance, Space Commission	490.00
9.	No.C.12032/1/2009.Sec 3 (Part-II) 20 November 2015	Revised cost estimate for Aditya-L1 Space craft project (3402.00.103.14, 5402.00.103.07)	Member Finance, Space Commission	378.53
Total				7749.06

The matter was also commented upon in the CAG's Audit Report No.1 for the years 2010-11, 2011-12, 2012-13 and 2013-14 but no discernible action has been taken by the Department.

While accepting the observation, Department replied (July 2016) that it was taking necessary action to issue project sanction orders based on the unit of appropriation i.e. up to sixth tier classification in future.

4.9 Misclassification within Major heads under the same section of the Grant

Audit scrutiny of Head-wise appropriation Accounts and consolidated abstract of Grant No. 93 pertaining to Department of Space (DOS) for the year 2015-16 revealed the following cases of misclassification within Major heads under the same section of the grant.

Table 4.14: Misclassification within Major heads under the same section of the grant

Sl. No.	Major Head	Object Head	Expenditure (₹ in crore)	Audit observation
1.	3252	01/11/13/20 /27/28/50	1.70	The developmental missions of DOS (satellites and launch vehicles) are to demonstrate technologies and operational missions intended for price recovery. Keeping this principle in mind DOS launched developmental satellite in developmental launch vehicle and operational satellite in operational launch vehicles. DOS sanctioned GSAT 19 technology demonstration satellite in April 2015 and the expenditure incurred was booked under INSAT Operational Major Head 3252, instead of the Space Research Major Head 3402.

2.	5252	52/60	3.97	The developmental missions of DOS (satellites and launch vehicles) are to demonstrate technologies and operational missions intended for price recovery. Accordingly DOS launched developmental satellite in developmental launch vehicle and operational satellite in operational launch vehicles. DOS sanctioned GSAT-19 technology demonstration satellite in April 2015 and the expenditure incurred was booked under INSAT Operational Major Head 5252 instead of the Space Research Major Head 5402.
Total			5.67	

While accepting the audit observation DOS replied (July 2016) that budget provision for GSAT-19 satellite has been made under the Major Heads ‘3402’ and ‘5402’ in revenue and capital sections respectively in DDG 2016-17.

4.10 Misclassification of expenditure due to non-operation of relevant sub-head

According to DoPT instructions, booking of various expenditures pertaining to Departmental canteens are to be done under the appropriate object heads, as provided under Rule 8 of Delegation of Financial Power Rules, under a new sub-head ‘Departmental Canteens’ below minor head “800-Other Expenditure” under the major head of account to which the revenue expenditure of the related Ministry/Department is ordinarily debited, and exhibited as such in the detailed Demands for Grants.

Scrutiny of Grant No. 93-Department of Space for the year 2015-16 revealed that various units of the Department misclassified expenditure of ₹ 2.40 crore incurred on maintenance of departmental canteen during 2015-16, as given in the **Table 4.15**.

Table 4.15: Misclassification of expenditure

Sl. No.	Major Head	Minor Head	Sub Head	PAO	Expenditure (₹ in crore)	Audit observation
1	3402	001	01	ISRO Hqrs	0.95	Expenditure incurred on departmental canteen, required to be booked under a separate sub-head below ‘3402.00.800-other Expenditure’ was booked under the sub head ‘3402.00.001.01’.
2	3451	090	18	ISRO Hqrs	0.20	Expenditure incurred on departmental canteen, required to be booked under a separate sub-head below ‘3402.00.800-other Expenditure’ was booked under the sub head ‘3451.00.090.18’.
3	3402	101	10	ISAC centre	1.25	Expenditure incurred on departmental canteen, required to be booked under a separate sub-head below ‘3402.00.800-other Expenditure’ was booked under the sub head ‘3402.00.101.10.’
Total					2.40	

DOS replied (July 2016) that booking of expenditures on canteen under the object head ‘Other Administrative Expenses’ was done as per the

Compendium of Booking of Expenditure issued by DOS and is hence in order.

Reply is not acceptable since the provision obtained by Department was in contravention to the DoPT instructions.

Defence Grants

4.11 Unauthorized transfer of fund from Capital Grant to Revenue Grant amounting to ₹ 1976.72 crore

Para 3.2 of the of the Budget Manual 2010 issued by the Ministry of Finance states that there are three occasions when a technical supplementary¹ is sought (a) surrender from one of the four sections viz. Revenue (Charged), Revenue (Voted), Capital (Charged) and Capital (Voted) and utilizing the same in other section within the Demand, (b) transfer of a scheme from one Demand to another Demand which will result in surrender of the amount from the Demand which has transferred the scheme and utilization of the same in the other Demand, where the scheme has been transferred, and (c) waivers/write offs.

The Ministry of Defence has six Demands for Grants (Grant No.23 to 28), Grant No. 23 to 27 pertain to revenue section and Grant No. 28 pertains to capital section.

During the examination of Defence Grants for the year 2015-16, it emerged that an amount of ₹ 660.95 crore was transferred based on technical supplementary from Demand No. 28 to Demand No. 26-Defence Ordnance Factories. This technical supplementary was in violation of instructions contained in the Budget Manual.

This incorrect practice of obtaining technical supplementary and transferring funds from one Demand to another without transfer of any scheme, had been pointed out in the C&AG Audit Report No.1 of 2015 and 50 of 2015. However, no corrective measures have been taken by the Ministry.

Further scrutiny revealed that against the technical supplementary amount of ₹ 660.95 crore, the Ministry had transferred ₹ 1976.72 crore from Capital Demand to Revenue Demands (including Demand No. 26), which resulted in unauthorised transfer of funds to the extent not covered through technical supplementary.

¹ When there is a saving in one of the Sections and the same is proposed to be utilized for another scheme under a different section, it can be done after obtaining approval of Parliament through 'Technical Supplementary'

The matter was referred to the Ministry in September 2016. In its reply the Ministry stated (October 2016) that the provision of BE 2015-16 and Supplementary Grants obtained during 2015-16 under each Grant was more than the final allocation at Modified Appropriation (MA) for 2015-16. Hence, technical supplementary from Parliament was not required for funds made available by MoF at MA 2015-16 stage.

The reply is not acceptable as any transfer of funds from Capital Demand to Revenue Demands requires to be covered through technical supplementary in terms of Para 3.2 of the Budget Manual 2010.

4.12 Augmentation of provision to object head '53-Major Works'

The Ministry of Finance in reference to OM dated 25 May 2006 regarding 'Guidelines on financial limits relating to New Service/New Instrument of Service' (NS/NIS) clarified (21 May 2012) that 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.

Scrutiny of the Appropriation Accounts pertaining to Demand No. 28- Capital Outlay on Defence Services for the year 2015-16 revealed that an amount of ₹ 2099.86 crore was re-appropriated to three sub-major heads against the authorisation of ₹ 1588.00 crore obtained from the Parliament through token supplementary under 4076.01-Army, as detailed in **Table 4.16**.

Table 4.16: Augmentation of provision to object head 'Major Works'

(₹ in crore)

Head of Accounts	Amount of Re-appropriation	Provisions obtained from Parliament through Token Supplementary grants (In the 2 nd SDG)	Excess expenditure
Major Head-4076-Capital outlay (Grant-28)			
01-Army 202-Construction works (Voted)	1774.20	1588.00	186.20
02- Navy 202- Construction Works	76.00	0	76.00
03-Air Force 202-Construction Works (Voted)	249.66	0	249.66
Total	2099.86	1588.00	511.86

This resulted in augmentation of ₹ 511.86 crore without obtaining prior approval of Parliament, thereby attracting the limitation of New Services/New Instrument Services.

The Ministry in its reply (June 2016) quoted the MoF's OM dated 25 May 2006 and stated that the aforesaid limits including those relating to Works expenditure, will apply to these Departments subject to consideration of security in the case of Defence Services Estimates.

It, further, stated that re-appropriation of ₹ 1774.20 crore under 4076-01-202 (Army-Works) and ₹ 249.66 crore under 4076-03-202 (Air Force-Works) were proposed at Modified Appropriation(MA) stage (2015-16) and were duly approved by Secretary (Expenditure).

The reply is not acceptable in view of the fact as there were separate budget line for 'Construction Works' in Defence Service Estimates of 2015-16 under Army, Navy and Air Force, and the financial limits of augmentation apply separately for each budget line. Further, expenditure incurred under 'Construction Works' falls under the category of object head 'Major Works' as such the financial limits of augmentation prescribed in Ministry of Finance OM of 25 May 2006 equally applies to Defence, subject to considerations of security. Thus, excess expenditure of ₹ 511.86 crore incurred over the authorized provisions required the prior approval of the Parliament.

Department of Posts

4.13 Unauthorised distribution of cash supplementary grant of ₹ 51.26 crore

Examination of Second Batch of Supplementary Demands for Grants obtained from Parliament under Grant No. 14 pertaining to Department of Posts for the year 2015-16 revealed that cash supplementary² grants of ₹ 40.0 crore and ₹ 11.26 crore were obtained under Revenue-voted and Capital-voted section respectively for plan schemes as detailed below:

- ₹ 40.0 crore was required towards setting up of Post Bank of India and Network Integration under Major Head '3201-Postal Services'.
- ₹ 11.26 crore was required towards making payment under "Development and Deployment of Banking and Postal Life Insurance Solutions" for settlement of pending claims, under Major Head '5201- Capital Outlay on Postal Services'.

Detailed scrutiny of head-wise appropriation accounts revealed that out of total supplementary grant of ₹ 40.00 crore, only ₹ 37.45 crore had been depicted under Major Head '3201-Postal Services' whereas the remaining amount of ₹ 2.55 crore had been depicted under Major Head 2552- Allocation for NE Region.

Similarly, out of total supplementary grant of ₹ 11.26 crore, ₹ 8.68 crore had been depicted under Major Head '5201- Capital Outlay on Postal Services'

² Cash Supplementary is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant.

and the remaining amount of ₹ 2.58 crore had been depicted under Major Head 4552. The details are given in **Table 4.17**.

Table 4.17: Unauthorised distribution of Supplementary grants

Sl No.	Head of Account	Amount (₹ in crore)
Revenue Voted Section (Plan)		
1.	3201.02.104.01- Research and Development	30.20
2.	3201.03.101.12-Setting up of Post Bank of India	7.25
	Supplementary depiction under MH-3201	37.45
3.	2552.02.104.01-Research and Development	1.80
4.	2552.03.101.12-Setting up of Post Bank of India	0.75
	Supplementary depiction under MH- 2552	2.55
	Total	40.00
Capital Voted Section (Plan)		
5.	5201.00.104.62-Project Management Unit(PMU)	8.68
6.	4552.00.104.62- Project Management Unit(PMU)	2.58
	Total	11.26

This resulted in unauthorized distribution and depiction of Supplementary grant in the head-wise Appropriation Accounts in violation of the extant provisions.

The Department stated (November 2016) that the original allocations under the Plan segment were ₹468.61 crore, which were enhanced to ₹ 520 crore at Revised Estimate stage by providing additional allotment of ₹ 51.26 crore (Voted) and ₹ 0.13 crore (Charged) through Second Batch of the SDG for the year 2015-16.

It further stated that additional allocations were made keeping in view the mandatory 10 *per cent* for North East Region which included the amounts of ₹ 2.55 crore and ₹ 2.58 crore under Major Head 2552 and 4552 respectively.

The reply is not tenable as the Department cannot change the original destination of the Supplementary Grant sanctioned by the Parliament.

4.14 Conclusion

Deficiencies in Appropriation Accounts relating to violation of Constitutional provisions, non-observance of financial guidelines, etc. have been noticed in Audit, which impact the accuracy of the compiled accounts. Non-obtaining of budgetary provision from the Parliament for payment of interest on the refunds of taxes, non-observance of instructions relating to New Service/New Instrument of Service which have been issued with the approval of Public Accounts Committee, obtaining provisions under incorrect object heads leading to misclassifications of expenditure having impact on the revenue deficit, are some of the areas requiring attention of the Chief Accounting Authority. In addition, transactions were passed through Consolidated Fund of India which should have been accounted for in the Public Account, and lump sum supplementary provisions were obtained instead of amount specific provision. Further, in the Ministry of Defence funds were transferred from Capital Grant to Revenue Grants in unauthorised way.

5: GRANTS-IN-AID: AN ANALYSIS

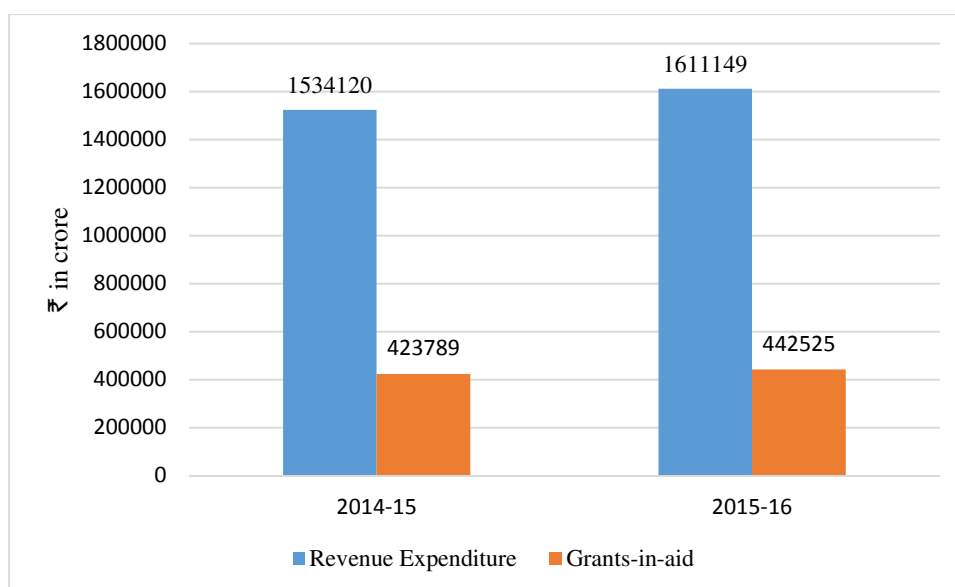
5.1 Introduction

Grants-in-aid are payments in the nature of assistance, donations or contributions made by one government to another government, body, institution or individual. Grants-in-aid are given by the Union Government to State Governments and/or Panchayati Raj Institutions. Union Government also gives substantial funds as Grants-in-aid to other agencies, bodies and institutions. Similarly, the State Governments also disburse Grants-in-aid to agencies, bodies and institutions such as universities, hospitals, co-operative institutions and others. The grants so released are utilised by these agencies, bodies and institutions for meeting day-to-day operating expenses and for creation of capital assets, besides delivery of services.

5.2 Trend of Expenditure

Grants-in-aid are given in cash or in kind, but have to be always accounted for as revenue expenditure in the books of the grantor irrespective of the purpose for which it has been given. During the period 2014-15 and 2015-16 expenditure on Grants-in-aid was nearly 27 per cent of the revenue expenditure of the Union Government (excluding Railways) as depicted in **Chart 5.1**.

Chart 5.1: Grants-in-aid as a proportion of revenue expenditure



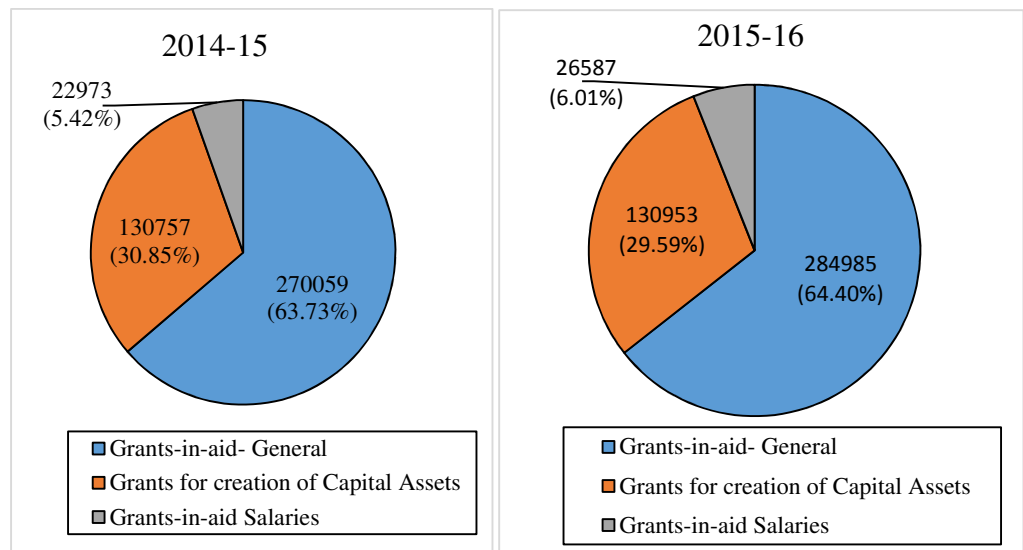
Source: (i) Revenue Expenditure- Finance Accounts (excluding Railways)
(ii) Grants-in-aid- E-lekha data dump (November 2015 and October 2016) as provided by Office of Controller General of Accounts. Data includes expenditure, net of recoveries (Object head-70-Deduct recoveries) excluding Railways.
(iii) Grants-in-aid figures include Grants-in-aid booked under Revenue Section only.

As compared to 2014-15, Grants-in-aid in absolute terms have grown by four *per cent* and the revenue expenditure grew by five *per cent* in 2015-16.

Grants-in-aid expenditure is exhibited in the budget and accounts at the lowest level of disaggregation, viz., as an object head. Up to 2008-09, expenditure of Union Government on Grants-in-aid was recorded under a single object head 31-Grants-in-aid. At present three separate object heads are being operated to capture this expenditure. These are object head 31-Grants-in-aid General; 35-Grants for Creation of Capital Assets; and 36-Grants-in-aid Salaries. The object head '35-Grants for creation of Capital Assets' was opened from the financial year 2009-10 and the nomenclature of existing object head '31-Grants-in-aid' was modified from financial year 2010-11 to read as '31-Grants-in-aid General'. Further, the object head '36-Grants-in-aid-Salaries' was opened from the financial year 2011-12.

The **Chart 5.2** depicts the different types of Grants-in-aid released under Revenue Accounts given by the Union Government in the 2014-15 and 2015-16.

Chart 5.2: Types of Grants-in-aid (₹ in crore)



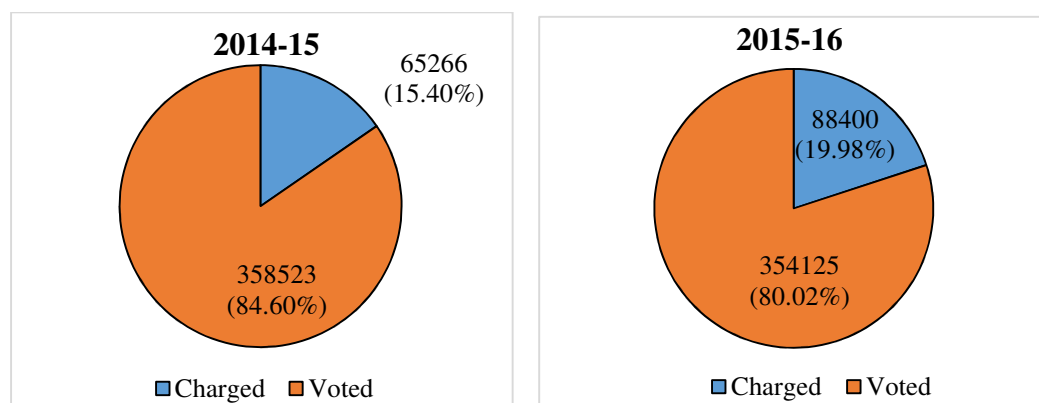
Source: E-lekha data dump (November 2015 and October 2016) as provided by Office of Controller General of Accounts. Data includes expenditure, net of recoveries (Object head-70-Deduct recoveries) excluding Railways.

5.2.1 Charged and Voted Grants-in-aid

Of the total Grants-in-aid expenditure for the financial year 2014-15, charged expenditure constituted about 15 *per cent*, which increased to 20 *per cent* during the year 2015-16. These Grants, which are non-plan in nature, are made in terms of Article 275(1) of the Constitution.

The **Chart 5.3** shows the break-up of Grants-in-aid into Charged and Voted under Revenue Accounts during 2014-15 and 2015-16.

Chart 5.3: Charged and Voted Grants-in-aid (₹ in crore)

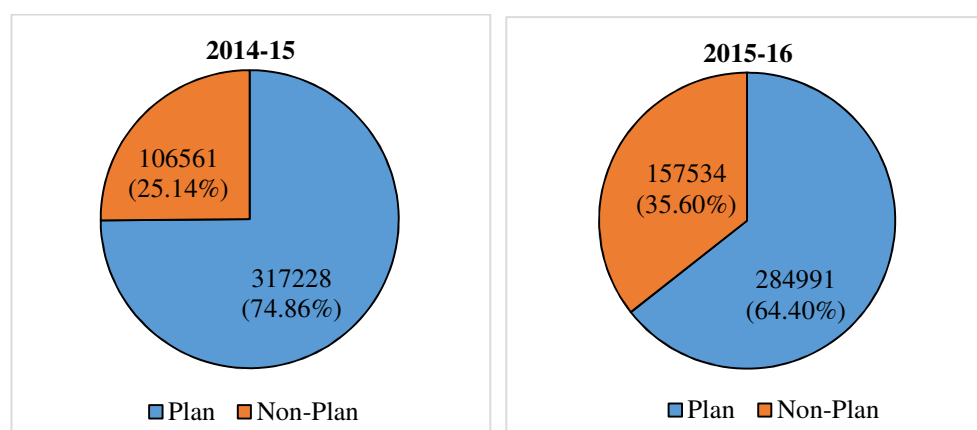


Source: E-lekha data dump (November 2015 and October 2016) as provided by Office of Controller General of Accounts. Data includes expenditure, net of recoveries (Object head-70-Deduct recoveries) excluding Railways.

5.2.2 Plan and Non-plan Grants

Grants-in-aid are given by the Union Government both for execution of plan schemes and for other purposes. The **Chart 5.4** shows the break-up of Grants-in-aid under plan and non-plan category. Grants-in-aid given for execution of plan schemes, account for bulk of the Grants-in-aid. The share of plan Grants-in-aid was 74.86 per cent and 64.40 per cent of total Grants-in-aid under Revenue Accounts during 2014-15 and 2015-16 respectively.

Chart 5.4: Plan and Non-Plan Grants-in-aid (₹ in crore)



Source: E-lekha data dump (November 2015 and October 2016) as provided by Office of Controller General of Accounts. Data includes expenditure, net of recoveries (Object head-70-Deduct recoveries) excluding Railways

As compared to 2014-15, plan grants have decreased by ₹ 32,237 crore, whereas the non-plan grants have increased by ₹ 50,973 crore during 2015-16.

5.3 Detailed examination of expenditure on Grants-in-aid in the Department of Health and Family Welfare and the Ministry of Power

The expenditure incurred on Grants-in-aid in the Department of Health and Family Welfare and the Ministry of Power, was reviewed in audit to derive an assurance with regard to the sanctioning and monitoring mechanism of grants, quality and effectiveness of the expenditure incurred, etc. The results arising out of such review are discussed in succeeding paragraphs.

5.4 Grant No. 48 -Department of Health and Family Welfare

5.4.1 Introduction

The Union Ministry of Health and Family Welfare is instrumental and responsible for implementation of various programmes on a national scale, in the areas of health and family welfare, prevention and control of major communicable diseases and promotion of traditional and indigenous systems of medicines.

The Ministry has the following three Departments:

- i. Department of Health and Family Welfare;
- ii. Department of Health Research; and
- iii. Department of AIDS control.

The Department of Health and Family Welfare deals with health care, including awareness campaigns, immunization campaigns, preventive medicine, and public health and is responsible for aspects relating to family welfare, especially in reproductive health, maternal health, paediatrics, information, education and communications; cooperation with NGOs and international aid groups; and rural health services.

There are 29 Autonomous Bodies under the administrative control of Department of Health and Family Welfare.

5.4.2 Budget and Expenditure

The total revenue expenditure of the Department of Health and Family Welfare stood at ₹ 26,799.55 crore in 2013-14, ₹ 29,055.74 crore in 2014-15 and ₹ 31,177.01 crore in 2015-16. Expenditure on Grants-in-aid was one of the major components of the revenue expenditure of the Department. The details are given in **Table 5.1**.

Table 5.1: Provision and Expenditure on Revenue Account

(₹ in crore)

Year	Provision		Revenue Expenditure		Expenditure on Grants-in-aid		Percentage of Grants-in-aid as compared to expenditure	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2013-14	29,165.00	4,113.00	22,137.70	4,661.85	19963.50	1,767.04	90.18	37.90
2014-15	30,145.00	4,518.00	23,406.65	5,649.09	21312.01	2,007.74	91.05	35.54
2015-16	24,549.00	5,104.00	25,137.41	6,039.60	22742.37	2,322.16	90.47	38.45

Source: Information furnished by the Principal Accounts Office, Ministry of Health & Family Welfare as per Public Financial Management System (PFMS) data

The disaggregation of plan expenditure on grants by Object Heads '31 Grants-in-aid General'; '35 Grants for creation of Capital Assets' and '36 Grants-in-aid-Salaries' for 2013-14 to 2015-16 is given in **Table 5.2**.

Table 5.2: Object head-wise plan expenditure on Grants-in aid

(₹ in crore)

Particular	2013-14	2014-15	2015-16
31-Grants-in-aid-General	16418.93 (82.24)	18005.99 (84.49)	18058.45 (79.40)
35-Grants for creation of Capital Assets	2829.96 (14.18)	2341.30 (10.98)	3447.16 (15.16)
36-Grants-in-aid Salaries	714.61 (3.58)	964.72 (4.53)	1236.76 (5.44)
Total	19963.50	21312.01	22742.37

Source: Principal Accounts Office, Ministry of Health & Family Welfare
Figures in parentheses indicate percentage of total plan Grants-in-aid

It is evident from the table that the expenditure on 'Grants-in-aid-General' constituted a significant proportion of the total expenditure on Grants-in-aid (ranged from 79 per cent to 84 per cent) of the total plan expenditure on Grants incurred by the Department during the period from 2013-14 to 2015-16.

5.4.3 Month-wise flow of expenditure on Grants-in-aid

As per rule 212 (1) of the General Financial Rules, 2005, the Ministry or Department should ensure even flow of expenditure on Grants-in-aid throughout the year.

The flow of plan expenditure of the Department in the course of the year was examined with the help of information provided by the Department. It was observed that the Department had not adhered to the above provision while releasing Grants-in-aid during 2013-14 to 2015-16.

Flow of monthly expenditure on plan Grants-in-aid was not even throughout the year during the period from 2013-14 to 2015-16. Large part of plan expenditure on Grants-in-aid was incurred in the month of June (19.72 per cent during 2013-14 and 26.81 per cent during 2015-16) and 20.26 per cent in September during 2014-15, whereas negligible expenditure was

incurred in the months of April, October and November during the period from 2013-14 to 2015-16 and January for the year 2013-14 and 2014-15.

5.4.4 Non-enclosure of schedule in the DDG

As per the budget circular issued by the Ministry of Finance, Department is required to enclose a schedule in the Detailed Demand of Grants (DDG) showing provisions included in budget estimates for payment of Grants-in-aid to Non-Government bodies. The list of private and voluntary organisations, receiving Grants-in-aid of more than ₹ 5.00 lakh during the year 2013-14 and 2014-15, was to be enclosed in the DDG. However, the scrutiny revealed that an amount of ₹ 12.54 crore and ₹ 6.87 crore, sanctioned to two private organisations¹ during the year 2013-14 and 2014-15, was not found enclosed in the DDG.

Reply was awaited (October 2016).

5.4.5 Non-maintenance of data of Capital Assets created by the grantees out of Government grants

From the financial year 2009-10, a new Object Head 'Grants for creation of Capital Assets' was introduced, to distinctly account for the grants released to the grantee bodies, for creation of capital assets. A cardinal principle of accounts is that for assets to be recorded in the entity books, the ownership of assets must lie with the entity.

Further, Rule 215 (3)(1) of the General Financial Rules 2005 also enjoins that in case of funding of a sponsored projects and schemes, stipulation should be made that the ownership in the physical and intellectual assets created or acquired out of such funds shall vest in the sponsor.

Analysis of data provided by the Department revealed that total grants of ₹ 8,618.42 crore were released under the Object Head 35-Grants for Creation of Capital Assets during the period from 2013-14 to 2015-16 out of which ₹ 2,379.07 crore were released to 17 Autonomous Organisation/Institutes.

Further examination of section wise/division wise records pertaining to release of grants showed that:

- Only a clause "the assets created out of the grants shall not be disposed of without the approval of the Ministry" was included in the sanction orders by the Sections/Divisions.
- No records/database viz. name of the grantee, details of assets created including nature of the assets created, amount of grants actually utilised for creation of capital assets, ownership of such assets etc., was maintained in the Sections of the Department.

¹ (i) Indian Medical Association, New Delhi and (ii) Catholic Bishop's Conference of India, Delhi

- There was no mechanism in the Department to monitor the proper utilisation of Grants-in-aid released for creation of capital assets to the grantee bodies.

Thus, in the absence of any relevant inventory and appropriate monitoring mechanism, assurance could not be derived that the Grants-in-aid of ₹ 2,379.07 crore released to 17 Autonomous Organisation/Institutes during the period from 2013-14 to 2015-16 booked under this Object Head, had actually resulted in creation of capital assets for which the grants were sanctioned.

The Department accepted the audit observation and stated (September 2016) that the audit observation had been noted for compliance.

5.4.6 Non-maintenance of register of Grants-in-aid

In terms of Rule 212 (4)(a) of GFRs and para 4.27.2 of CAM, a register of grants shall be maintained by the sanctioning authority in format given in Form GFR-39 and CAM-28 respectively, with a view to guard against possibility of double payment. No bill should be signed unless it has been noted in this register against the relevant sanction. This also facilitates keeping a watch on payments in instalments, if any, in case of lump sum sanctions.

It was observed that the eight Sections/Divisions of the Department released Grants-in-aid of ₹ 3315.18 crore to the autonomous institutes but had not maintained Register of grants at sectional level.

Thus, non-maintenance of the register of grants resulted in violation of codal provision and had adverse impact on monitoring of sanctions/disbursements/utilisation of the grants.

The Department accepted the audit observation and stated (September 2016) that the audit observation had been noted for compliance.

5.4.7 Memorandum of Understanding not entered into with organisations

As per rule 208 (vii) of General Financial Rules, 2005, all organisations receiving Grants-in-aid of more than ₹ 5 crore per annum, should enter into a Memorandum of Understanding (MoU) with the Administrative Ministry/Department, spelling out clearly the output targets in terms of details of programme of work and qualitative improvement in output, along with commensurate input requirements. The output targets, given in measurable units of performance, should form the basis of budgetary support extended to these organisations.

Test check of the records revealed that during the periods 2013-14 to 2015-16 grants of more than ₹ 5 crore each were released by the Department to the

19 Institutes/Organisations (aggregating ₹11,824.18 crore), but the Memorandum of Understanding was not entered into by the Department with these organisations. Moreover, the sanction orders also did not specify the requirement of entering into any MoU.

The Department stated (September 2016) that the observation had been noted for compliance.

5.4.8 Non-disclosure of required information in Utilisation Certificates

Note 2 below Rule 212(1) of General Financial Rules, 2005, states that in respect of Central Autonomous Organisations, the Utilisation Certificate shall disclose separately the actual expenditure incurred and the loans and advances given to suppliers of stores and assets, construction agencies, staff (for house building and purchase of conveyance, etc.) which should be treated as unutilised grants but allowed to be carried forward. While regulating the grants for the subsequent year, the amount carried forward shall be taken into account.

Test check of Utilisation Certificates furnished by Autonomous Bodies (ABs)/Institutes to the Department revealed that loans and advances of ₹ 1581.15 crore disbursed by the ABs/Institutes to various suppliers, construction agencies, staff members, etc., during the period from 2013-14 to 2014-15 but separate disclosure with regard to the actual expenditure incurred and the loans and advances given, which did not constitute expenditure, were not furnished. Thus, in the absence of the required information the Department treated the entire grants as utilised by the concerned ABs/Institutes.

The Department stated (September 2016) that the observation had been noted for compliance.

5.4.9 Peer Review of autonomous organizations not conducted

Rule 208(v) of General Financial Rules provides for existence of a mechanism of an external or peer review of each autonomous body every three or five years depending on the size and nature of activity. Such a review should focus inter alia, on the achievement of objectives for which the autonomous organizations was set up; continuation of the activities of the organization either because they are no longer relevant or have been completed or substantial failure in achievement of the objectives; whether user charges for the services provided are levied at appropriate rates; scope for maximizing internal resources generation so that dependence upon government budgetary support is minimized, etc.

During the period from 2013-14 to 2015-16, the Department released Grants-in-aid aggregating to ₹ 11824.18 crore to the 19 Autonomous

Bodies/Institutes, but no external or peer review of these ABs/Institutes was ever got conducted by the Department.

The Department stated (September 2016) that the observation had been noted for compliance.

5.4.10 Non submission of Performance-cum-achievement reports

Rule 212(3) (i) of GFRs stipulates that the grantee institutes or organizations should be required to submit performance-cum-achievement reports soon after the end of the financial year. A time limit in this regard may be prescribed by the sanctioning authority concerned and this requirement should be included in the Grants-in-aid sanction order.

Test checks of sanction orders for Grants-in-aid issued by the Department to the Autonomous Bodies/Agencies/Institutes etc., these sanction orders did not specify this requirement and time limit within which the grantee organizations were required to submit the performance-cum-achievement report. Besides, scrutiny revealed no mechanism existed in the Department to monitor the receipt of performance-cum-achievement reports soon after the close of the financial year.

The Department stated (September 2016) that the observation had been noted for compliance.

5.4.11 Unrealistic Budget Estimation

Rule 209 (6)(ii) of GFRs provides that in order to avoid delay in sanction or release of Grants-in-aid to the grantee Institutes, the Ministry or Department should impress upon the Institutes or Organization desiring grants from Government, to submit their requirements with supporting details by the end of October in the year preceding the year for which the Grants-in-aid is sought. The Ministry or Department should finalize the examination of their requests with the utmost expedition and make the necessary budget provision where it is decided to sanction grants. The Institute or Organization should be informed of the result of their requests by April of the succeeding year.

Audit scrutiny revealed that the Department did not adhere to the above instructions in the following schemes to be implemented through various organisations as detailed in the **Table 5.3**. Out of total budget provision of ₹ 180.02 crore for the period from 2013-14 to 2015-16; the entire provision could not be released by the Department due to non-taking off of the scheme. This indicates unrealistic budget estimation.

Table 5.3: Details of entire savings against the budget provision under Grants-in-aid

(₹ in crore)

S. No	Name of the scheme	Head of account	Year	Budget provision	Amount released	Savings	%age of savings	Reasons for Savings
1	National Board of Examination	2210.05.800.05	2013-14	30.00	0.00	30.00	100	Due to non taking-off of the scheme
			2014-15	0.01	0.00	0.01		
			2015-16	0.01	0.00	0.01		
2	Health Insurance (CGEIPS)	2210.06.800.39	2013-14	50.00	0.00	50.00	100	Due to non taking-off of the scheme
			2014-15	50.00	0.00	50.00		
			2015-16	50.00	0.00	50.00		
Total						180.02		

5.4.12 Incomplete disclosure of information relating to grantee bodies on Ministry's website

Rule 209(1) of GFRs governing the principles and procedure for award of Grants-in-aid stipulates that the institution or organisation seeking Grants-in-aid should also certify that it has not obtained or applied for grants for the same purpose or activity from any other Ministry or Department of the Government of India or State Government. The note below the aforesaid rule also envisaged that in order to obviate duplication in Grants-in-aid, each Ministry or Department should maintain a list of Institutes or Organisations along with details of amount and purpose of grants given to them on its website.

It was observed that a complete list containing only names of grantee institutions/ organisations existed on the website of the Ministry (www.mohfw.gov.in). The details of amount and purpose of grants given to them, however, were not mentioned therewith. In the absence of disclosure of such information, receipt of grants by the grantee organisations for the same purpose from other Ministries and Departments could not be ruled out. Reply was awaited (October 2016).

5.4.13 Outstanding Utilisation Certificates (UCs)

Rule 212 (1) of GFR, 2005 prescribes that in respect of non-recurring grants to an institutions of organization, certificate of actual utilisation of grants received for the purpose for which it was sanctioned in Form GFR 19-A, should be insisted upon in the order sanctioning the Grants-in-aid. In respect of recurring grants, the UCs should also disclose whether the specified, quantified and qualitative targets that should have been reached against the amount utilised, were in fact reached, and if not, the reasons thereof. The UC should contain an output based performance assessment instead of input based performance assessment. In the case of recurring grants, the Ministry or Department concerned should release amount sanctioned for the subsequent financial year only after UC in respect of grants of preceding financial year is submitted.

Further, the UC should be submitted within twelve months of the closure of the financial year by the Institute or Organization concerned. Receipt of such UC shall be scrutinized by the Ministry or the Department concerned. Where such certificate is not received from the grantee within the prescribed time, the Ministry or Department will be at liberty to blacklist such institutions or organization from any future grant, subsidy or other type of financial support from the Government. This fact should also be put on the website referred to in the Note under Rule 209(1) of GFRs.

As per information furnished by the Department, 3786 number of Utilisation Certificates aggregating to ₹ 8,055.27 crore were outstanding as on 31 March, 2016 as detailed in **Annexure 5.1**. The earliest period of the grants sanctioned for which the UCs were outstanding pertains as back as to the year 1976. Examination of records furnished by the Department revealed that Department had neither initiated any action to blacklist the defaulter institutions/organizations nor made any efforts to reduce the pendency of the outstanding UCs after 2011-12.

Since the receipt of UCs is the only mechanism to vouch that the funds have been utilised for intended purpose, the Department should put in place a strong mechanism to ensure timely submission of UCs by the grantee bodies. The possibility of fraud/misappropriation of funds cannot be ruled out in cases where the grantee organizations have abnormally delayed submission of UCs.

Reply was awaited (October 2016).

5.4.14 Deficient Internal Oversight

The scheme of departmentalisation of Union Government Accounts provides for setting up of an Internal Audit Organisation to ensure accuracy in accounts and efficiency in the operation of the accounting set up.

Rule 212(1) of GFRs also states that reports submitted by the internal audit parties of the Ministry or Department and Inspection Reports received from Indian Audit and Accounts Department and the performance reports, if any, received for the year should also be looked into while sanctioning further grants. The Internal Audit Wing of the Department functions under the administrative control of the Chief Controller of Accounts of the Ministry of Health and Family Welfare and is responsible for conducting internal audit of the units including Autonomous Bodies/Institutions, etc. under the Department.

Out of 724 units, only 97, 110 and 51 units were planned for audit in the year 2013-14, 2014-15 and 2015-16 respectively. However, only 47, 55 and 49 units were audited during the year 2013-14, 2014-15 and 2015-16 respectively. Despite significant expenditure being incurred by the Department on Grants-in-aid, the internal audit wing had not conducted review of Grants-in-aid released by the Department. Thus, the internal oversight mechanism and activities of the Department is not commensurate with the size of the expenditure. In absence of a strong and effective internal

oversight, it could not be ascertained in audit as to how the Department ensures compliance of rules, regulations and extant instructions on the subject by the grantee bodies in their day to day functioning and delivery of the programmes.

Reply was awaited (October 2016).

5.5 Grant No. 77- Ministry of Power

5.5.1 Introduction

Electricity is a concurrent subject under the Seventh schedule of the Constitution of India. The Ministry of Power (MoP) is primarily responsible for the development of electrical energy in the country. The Ministry is concerned with perspective planning, policy formulation, processing of projects for investment decisions, monitoring of the implementation of power projects, training and manpower development and the administration and enactment of legislation in regard to thermal, hydro power generation, transmission and distribution.

There are 17 Organisations/ Bodies/ Public Sector Undertakings/ Corporations under the administrative control of the Ministry of Power.

The MoP had incurred an expenditure of ₹ 12,388.60 crore as Grants-in-aid under various schemes/project during the period from 2013-14 to 2015-16. The substantial expenditure has been made on providing access to electricity to villages/habitations and households under the schemes viz., Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) related to Rural Electrification, Integrated Power Development Scheme (IPDS) related to Strengthening of Distribution Network, and Power System Development Fund (PSDF) related to Safe Operation of Grid, for development and better quality of life. Major emphasis of these schemes was on development of power infrastructure throughout the country.

5.5.2 Budget and Expenditure

The total revenue expenditure of the Ministry increased from ₹ 3,736.65 crore in 2013-14 to ₹ 7,863.27 crore in 2015-16. Expenditure on Grants-in-aid was one of the major components of the revenue expenditure of the Ministry as shown in **Table 5.4**.

Table 5.4: Budget Provision and Expenditure

Year	Budget Provision (₹ in crore)		Revenue Expenditure (₹ in crore)			Expenditure on Grants-in-aid (₹ in crore)		Percentage of Grants-in-aid as compared to revenue expenditure	
	Plan	Non-Plan	Plan	Non-Plan	Total	Plan	Non-plan	Plan	Non-plan
2013-14	7337.95	707.90	3054.14	682.51	3736.65	3000.33	43.60	98.24	6.39
2014-15	7571.50	166.80	4395.26	242.25	4637.51	3972.80	42.14	90.39	17.40
2015-16	6141.44	178.09	7701.25	162.02	7863.27	5282.67	47.06	68.59	29.05

Source: Information provided by MoP

It may be seen from the above table that during the period from 2013-14 to 2015-16, expenditure on Grants-in-aid as percentage of plan revenue expenditure decreased from 98.24 *per cent* to 68.59 *per cent*, whereas in respect of non-plan revenue expenditure it increased from 6.39 *per cent* to 29.05 *per cent*.

5.5.3 Object head-wise expenditure

Currently, there are three separate object heads under which Grants-in-aid expenditure is recorded in the books of accounts viz. '31-Grants-in-aid General', '35- Grants for Creation of Capital Assets' and '36-Grants-in-aid Salaries'. Details of object-head wise Grants-in-aid released during the period 2013-14 to 2015-16 are given in **Table 5.5**.

Table 5.5: Object head-wise Grants-in-aid released

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	Total
31-Grants-in-Aid-General	126.07 (4.15)	290.75 (7.24)	182.98 (3.43)	599.80
35-Grants for Creation of Capital Assets	2917.86 (95.85)	3724.19 (92.76)	5146.75 (96.57)	11788.80
Total	3043.93	4014.94	5329.73	12388.60

Source: Information provided by MoP

Figures in parentheses indicate percentage of total Grants-in-aid

It is evident from the above table that the expenditure on Grants for creation of Capital Assets constituted a significant proportion of the total expenditure on Grants-in-aid (ranged from 93 *per cent* to 97 *per cent*) incurred by the Ministry. Further, the Ministry had not operated the object head-'36-Grants-in-aid Salaries' during the period from 2013-14 to 2015-16 even when the Object Head was created by Ministry of Finance from the financial year 2011-12. The same has been highlighted in Para 4.5.2 of Chapter-IV of this Report.

5.5.4 Month-wise flow of expenditure on Grants-in-aid

As per Rule 212 (1) of the General Financial Rules, 2005, the Ministry or Department should ensure even flow of expenditure on Grants-in-aid throughout the year. The flow of plan expenditure during the period from 2013-14 to 2015-16 was examined. It was observed that the Ministry had not adhered to the above provision while releasing Grants-in-aid in any of the three years.

Large proportion of plan expenditure on Grants-in-aid was incurred in the month of September (25.52 *per cent* during 2013-14, 53.56 *per cent* during 2014-15 and 33.98 *per cent* during 2015-16) and December (28.54 *per cent* during 2013-14, 21.77 *per cent* during 2014-15 and 26.94 *per cent* during 2015-16), whereas negligible expenditure was incurred in the months of

April, July, August, October and January during the period from 2013-14 to 2015-16.

Ministry stated (August 2016) that Grants-in-aid under Integrated Power Development Scheme (IPDS) were released to beneficiary utilities based on the progress of the project, utilisation of funds earlier disbursed and requests from utilities for release of funds. The fact, however, remains that the provisions of the GFRs were not adhered to.

5.5.5 Delay in release of funds to Power Finance Corporation

As per para 2.3.1 of Civil Accounts Manual (CAM), bills should be passed for payment and cheques issued within a maximum of seven working days of their receipt. Efforts should be made for passing the bill and making payments within a shorter interval and the Pr. CCA/CCA/CA should lay down norms in this regard as well as personally monitor their compliance.

Further, as per para 10 of Chapter-IV-Fund Disbursement Guidelines issued under MoP O.M.No. 26/1/2014-APRDP dated 3 December, 2014 use of Public Financial Management System (PFMS) for release of funds from MoP to Power Finance Corporation (PFC) and from PFC to Utilities and further, is mandatory.

The Ministry issued a Sanction Order dated 04 June 2015 for releasing an amount of ₹ 146.79 crore under the Object Head '35- Grant for creation of Capital Assets' to PFC as grant to be disbursed to State Power Utilities for operationalization of the IPDS. Audit scrutiny of sanction order revealed that the grant was credited to PFC's separate bank account on 15 July 2015 i.e. after a time lag of 29 days from the date of submission of bill, disregarding Para 2.3.1 of Civil Accounts Manual.

It was also noted that as per para 4(ii) of the sanction order, funds were to be lent to the State Utilities through PFMS only. As of 07 July 2015, only four State Utilities were registered on PFMS to which grants aggregating to ₹ 50.31 crore were released by PFC, out of the total grant of ₹ 146.79 crore for nine Utilities. Hence, PFMS mapping of remaining State Utilities and subsequent release of grant of ₹ 146.79 crore, was pending as of 07 July 2015.

MoP in its reply (August 2016) stated that funds were to be released to beneficiary Utilities upon compliance of conditionalities by them as per guidelines and furnished the date of actual disbursement of entire grant to all nine State Utilities by PFC through PFMS.

Audit noted that the MoP should have ensured adherence to all the compliances before sanction of funds to PFC. Failure to do so has resulted in delays ranging from 3 to 238 days in disbursement of funds to State Utilities.

The MoP while admitting the facts further stated (September 2016) that PFC had also requested MoP that the request for release of funds should have been made to MoP only after compliance of requisite conditionalities by Utilities. Since then, this procedure is being implemented and no delay in release of funds to the Utilities after corresponding receipt of funds from MoP has occurred.

5.5.6 Non-maintenance of data of capital assets created by the grantees out of Government grants

In terms of Rule 6(1) of Fiscal Responsibility and Budget Management Rules (FRBM), 2004 and subsequent Office Memorandum of Ministry of Finance dated April 2005, all the Ministries/Departments are required to maintain an Asset Register in prescribed format (Form D-4) so that appropriate disclosure about the position of assets may be made in the Budget of Govt. of India.

Rule 215(3) of the General Financial Rules also enjoins that in the case of funding of sponsored projects and schemes, stipulation should be made that the ownership in the physical and intellectual assets created or acquired out of such funds shall vest in the sponsor. From the Financial Year 2009-10, a new Object Head '35-Grants for creation of Capital Assets' was introduced to distinctly account for the grants released to the grantee institutions for creation of Capital Assets.

During the scrutiny of related records and sanctions, it was observed that out of the total Grants-in-aid of ₹ 12,388.60 crore, the Ministry released ₹ 11,788.80 crore to Implementing agencies/ grantee bodies under the Object Head '35-Grants for creation of Capital Assets' viz., Rural Electrification Corporation Limited (REC) (₹ 10,651.36 crore), Power Finance Corporation (PFC) (₹ 348.15 crore), Power Grid Corporation of India Limited (PGCIL) (₹ 310.00 crore), National Load Despatch Centre (NLDC) (₹ 361.78 crore) and Central Power Research Institute (CPRI) (₹ 117.51 crore) during the period from 2013-14 to 2015-16.

The Ministry had included a clause in the sanction orders that the assets created shall not be disposed of without the approval of the Ministry. However, no centralized records/database viz., name of the grantee, details of assets created including nature of assets created, amount of grants actually utilised for creation of Capital Assets, ownership of such assets etc. was provided by the Ministry for verification. Thus, it could not be verified if the directions envisaged in the clause were followed.

In the absence of any centralised data, it was not clear as to how the Ministry had assured that the grants amounting to ₹ 11,788.80 crore released under the said Object Head during the period from 2013-14 to 2015-16, had actually

resulted in creation of Capital Assets and these assets were not being disposed of without its specific approval.

The Transmission Division of the Ministry stated that PGCIL had only acquired land for a few sub-stations and no other assets had been created. Assets register shall be maintained with creation of assets as per progress of work, which was yet to start.

The reply of MoP in respect of funds released to other implementing agencies/grantee bodies was awaited (October 2016).

5.5.7 Non-submission of Utilisation Certificates (UCs) in prescribed format by grantee organisations

Rule 212(1) of General Financial Rules stipulates that the UCs in Form – 19A should be submitted within twelve months of the closure of the Financial Year by the grantee Institute or organization.

Sanctions for the Grants-in-aid shall stipulate that the UCs should also disclose whether the specified, quantified and qualitative targets that should have been reached against the amount utilised, were in fact reached and if not the reasons thereof. They should contain an output based performance assessment (Rule 212 of GFR).

Test-check of UCs and related records submitted by the Grantee organizations revealed that UCs submitted by the JERC did not indicate kind of checks exercised as per the prescribed format (GFR-19A). The UCs furnished by JERC and CERC did not disclose information relating to targets and achievements and also relating to any output based performance assessment as required under Rule 212 of GFR.

The Ministry may ensure that suitable instructions are communicated to the grantee organisations for submission of UCs containing full details in the prescribed format. The reply of MoP was awaited (October 2016).

5.6 Conclusion

The shifting paradigm of public service delivery has led to a steady increase in Grants-in-aid expenditure. As compared to the year 2014-15, the expenditure on Grants-in-aid has increased from ₹ 4,23,789 crore to ₹ 4,42,525 crore during the year 2015-16, registering an overall growth of four *per cent*. The expenditure on Grants-in-aid constituted nearly 27 *per cent* of the total revenue expenditure aggregating to ₹ 16,11,149 crore (excluding Railways) during the year 2015-16.

The analysis of Grants-in-aid in respect of Department of Health and Family Welfare revealed deficiencies in internal monitoring system 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, etc. It was also noted that the Department did not maintain database of the quantity and value of assets created by the grantee bodies out of the grants released to them. There was pendency of Utilisation Certificates from the various grantee organisations though in subsequent years grants were released to these grantee organisations.

Further, the analysis in respect of Ministry of Power also showed deficiencies such as non-operation of Object Head pertaining to Grants-in-aid-Salaries, non-maintenance of data of Capital assets created by the grantees out of government grants, uneven flow of expenditure of plan grants, etc. The analysis also highlighted that the Utilisation Certificates were not submitted by the grantee organizations in the prescribed format.



(MUKESH PRASAD SINGH)
Director General of Audit,
Central Expenditure

New Delhi
Dated : 01 December 2016

Countersigned



New Delhi **(SHASHI KANT SHARMA)**
Dated : 02 December 2016 **Comptroller and Auditor General of India**

ANNEXURES

Annexure 1.1

(Refer to paragraph 1.3.2.2)

Details relating to total unpaid subsidy claims

(₹ in crore)

Sl. No.	Name of CPSU/Corporation	Claims of only three quarters during the year 2015-16 remaining unpaid	4 th quarter claims submitted during 2015-16	Closing balance of claims at the end of 2015-16 remaining unpaid	Claims including past years unpaid claims, but excluding last quarter claim for the year 2015-16, remaining unpaid
	1	2	3	4	5(4-3)
1.	Fertiliser and Chemicals Travancore Ltd	121.33	56.35	254.23	197.88
2	National Fertilisers Ltd.	2883.23	597.32	4629.17	4031.85
3	Rashtriya Chemical & Fertilizer Ltd.	2083.49	986.03	3931.81	2945.78
4	Food Corporation of India	37776.56	39898.61	185535.36	145636.75
5	Petroleum subsidies	27280.06	8873.36	18590.60	9717.24
	Total	70144.67	50411.67	212941.17	162529.50

Annexure 2.1
(Refer to paragraph 2.2.1-a)

Details of revenue and capital Major Heads under which Minor Heads ‘800-Other Expenditure’ was operated in 2015-16 which accounted for more than 50 per cent of the total expenditure under the Major Heads

(₹ in crore)

S.No.	Major Head	Total Expenditure under the Major Head	Expenditure under Minor Head-800	Percentage
1.	2250- Other Social Services	72.98	72.58	99.45
2.	2515- Other Rural Development	822.46	468.38	56.95
3.	2711-Flood Control and Drainage	254.41	252.70	99.32
4.	3053-Civil Aviation	433.16	239.58	55.30
5.	3275-Other Communication Services	9,524.44	6,291.18	66.05
6.	4070-Capital Outlay on other administrative Services	30.27	20.82	68.78
7.	4405-Capital Outlay on Fisheries	22.91	13.94	60.84
8.	4552-Capital Outlay on North Eastern Areas	257.91	152.46	59.11
9.	4702- Capital Outlay on Minor Irrigation	62.93	62.36	99.09
10.	4853-Capital Outlay on Non- Ferrous Mining and Metallurgical Industries	51.81 ¹	51.82	100
11.	5275-Capital Outlay on other Communication Services	2,279.81	2,276.28	99.84
12.	5475- Capital Outlay on other General Economic Services	1150.57	671.35	58.34
	Total	14,963.66	10,573.45	

¹ Total expenditure under the major head is less than the expenditure booked under the minor head-800 due to recoveries of overpayment.

Annexure 2.2

(Refer to paragraph 2.2.1-b)

Details of revenue Major Heads under which Minor Heads '800-Other Receipt' was operated in 2015-16 which accounted for receipt was more than 50 per cent of the total receipt under the Major Heads

(₹ in crore)

Sl. No.	Major Head	Total Receipts under Major Head	Receipts under Minor Head: 800-Other Receipts	Percentage
1.	0029-Land Revenue	21.02	18.70	88.96
2.	0047-Other Fiscal Services	82.94	82.88	99.93
3.	0077-Defence Services-Navy	328.77	235.45	71.62
4.	0078- Defence Services-Air Force	827.95	534.85	64.60
5.	0080- Defence Services- Research and Development	385.49	385.49	100.00
6.	0217-Urban Development	0.63	0.63	100.00
7.	0221-Broadcasting	6,753.00	5,684.34	84.18
8.	0230-Labour and Employment	39.87	35.19	88.26
9.	0405-Fisheries	16.78	14.04	83.67
10.	0408-Food Storage and Warehousing	2.09	2.09	100.00
11.	0425-Co-operation	0.22	0.21	95.45
12.	0435-Other Agricultural Programmes	17.44	13.37	76.66
13.	0515- Other Rural Development Programmes	0.50	0.50	100.00
14.	0701-Medium Irrigation	17.35	17.35	100.00
15.	0702-Minor Irrigation	1.24	1.24	100.00
16.	0801-Power	15,211.35	11,193.26	73.58
17.	1055-Road Transport	150.35	150.35	100.00
18.	1056-Inland Water Transport	10.08	10.08	100.00
19.	1452-Tourism	22.24	21.72	97.66
20.	1456-Civil Supplies	0.98	0.98	100.00
	Total	23,890.29	18,402.72	

Annexure 2.3

(Refer to paragraph 2.2.2-a)

Funds of Regulators outside Government Accounts

Sl No.	Name of Regulators/Autonomous Bodies	Type of Investments / Capital Fund	Amount (₹ in crore)
1.	Security and Exchange Board of India	Surplus fund/Corpus fund	1,705.00
2.	Insurance Regulatory and Development Authority	Surplus fund	104.18
3.	Pension Fund Regulatory Development Authority	Capital/Corpus fund	20.40
4.	Medical Council of India	Fixed Deposit	427.20
5.	Dental Council of India	Special Term Deposit Receipt (STDR)	114.06
6.	Pharmacy Council of India	Fixed Deposit Receipts	36.08
7.	Indian Nursing Council	FDR with Bank	31.89
8.	Central Council of Homeopathy	Fixed Deposit	1.91
9.	Central Council of Indian Medicines	Public Deposit Accounts	10.45
10.	Food Safety and Standards Authority of India	Investment from own resources	110.95
11.	All India Council of Technical Education	FDR General with Bank	930.00
12.	University Grants Commission	Saving Bank Accounts	470.26
13.	Rehabilitation Council of India	General Reserve fund	10.72
Total			3,973.10

Annexure 2.4
(Refer to paragraph 2.4.3)

Statement Showing Dormant Reserve Funds/Deposits

Sl No	Nomenclature of the Head	Nature of the fund	Balance as on 31st March 2016 (₹ in thousand)	Dormant since
1.	8116.102-Railway Revenue Reserve Funds-Investment Accounts	Reserve Fund	1,099	2001-02
2.	8116.XXX-Railway-Loan to Branch Line Companies		1,177	2001-02
3.	8121.XXX-Staff Benefit Fund (Railways)--Investment Accounts		100	1999-2000
4.	8121.111-Contingency Reserve Fund—Electricity		13,075	2006-07
5.	8223.101-Famine Relief Fund		3	2008-09
6.	8229.101-Development Funds for Educational Purposes		7	2002-03
7.	8229.102-Development Funds for Medical and Public Health Purposes		60	2002-03
8.	8229.108-Mining Areas Development Funds		102	2002-03
9.	8230.101-Special Railway Safety Fund (Commercial)		58,11,202	2008-09
10.	8230.102-Special Railway Safety Fund (Strategic)		1,66,624	2007-08
11.	8235.101-General Reserve Funds of Government Commercial Departments/Undertakings		7,586	2008-09
12.	8235.105-General Insurance Fund		26,13,201	2005-06
13.	8235.113-National Renewal Funds		1,77,020	2008-09
14.	8337.103-Contributory Indian Railways Conference Association Employees' Provident Fund- Investment Account	Deposits	6,512	2001-02
15.	8342.107-Deposits towards Payment of Estate Duty.		131	2008-09
16.	8342.110-Telephone Application Deposits		22,39,801	2005-06
17.	8342.111-Telex Application Deposits		79,306	2003-04
18.	8342.114-Leased Telecommunication facility Deposits		16,947	2001-02
19.	8342.108-Deposits of Income Tax, Super Tax, Excess Profits, Tax and Surcharge		12,161	2001-02
20.	8443.114-Export Trade Deposits		1,52,527	1988-89
21.	8443.127- Deposits of Local Bodies for meeting claims of contractors/employees/pensioners etc. who have migrated to Pakistan		2,106	1996-97
22.	8443.130-Provident Societies Liquidation Accounts		13	2008-09
23.	8445.102-Deposits of Branch Line Companies		65	1992-93
24.	8448.102-Municipal Fund		3	2009-10
25.	8448.103-Cantoment Funds		1	2000-01
26.	8448.109-Panchayat Bodies Fund		84	2008-09

Comments on Accounts

27.	8448.111-Medical and Charitable Funds		52	1988-89
28.	8448-Deposits of Local Funds 120-Other Funds		226	2004-05
29.	8449.104-Deposits of Mines Provident Funds		1,601	1988-89
30.	8449.106-Accounts under Indo- U.S. Agreement 1974		16	1991-92
31.	8449.107-Deposits of Income Tax, Super Tax, Excess Profit Tax including Interest and Surcharge		13,393	1991-92
32.	8449.108-Deposits of Local Bodies for discharge of Loans		3,297	2000-01
33.	8449.113-Oil seeds and vegetable Oil Development Fund		36,613	1999-2000
34.	8449.118-Advance Deposits for Japanese Grants aided Projects		10,360	1995-96
35.	8450.101-Balance of Pondicherry		4,01,290	2008-09
36.	8450.102-Balance of Goa, Daman and Diu		1,63,026	1988-89
37.	8450.104-Balance of Arunachal Pradesh		5,68,251	1988-89
38.	8450.105-Balance of Mizoram		12,44,138	1988-89
39.	8009.01.103-ICS Provident Fund	Other Liabilities	201	1999-2000
40.	8010.105-Other Trusts		1,923	1999-2000
41.	8010.102-Endowment by the Late King of Oudh		9,104	1992-93
42.	8010.104-Endowments for Charitable and Educational Institutions		10	2008-09
43.	8012.103-Special Securities issued to Rural Electrification Corporation		16,28,305	1988-89
Total			1,53,82,719	

Annexure 2.5

(Refer to paragraph 2.4.4.3-e)

(a) Details of outstanding principal and interest for more than 20 year against other loanee entities or institutions

(₹ in crore)

S. No.	Name of the entity	Earliest period to which arrears relate	Amount of arrears as on 31 st March 2016	
			Principal	Interest
1.	Industrial Credit & Investment Corporation of India(ICICI) Ltd, Mumbai	1987-88	46.05	67.13
2.	Pyrites, Phosphates and Chemicals Ltd. New Delhi	1988-89	184.35	458.29
3.	Hindustan Fertilizers Corporation Ltd, New Delhi	1981-82	1,912.84	6,457.98
4.	Fertilizers Corporation of India, New Delhi	1984-85	2,737.94	815.37
5.	Madras Fertilizers Ltd.	1987-88	373.08	504.63
6.	British India Corporation, Kanpur	1984-85	437.77	955.31
7.	Elgin Mills Company, Kanpur	1984-85	343.29	1,958.15
8.	Birds Jute & Exports Ltd, Kolkata	1981-82	20.22	68.76
9.	Electronic Trade and Technology Development Corporation Ltd, Delhi	1987-88	22.01	51.80
10.	Indian Drugs & Pharmaceuticals Ltd, Gurgaon	1980-81	1,205.30	3,756.60
11.	Smith Stanistreet Pharmaceuticals Ltd, Kolkata	1980-81	68.45	191.50
12.	Bengal Chemicals and Pharmaceuticals Ltd, Kolkata	1982-83	129.52	60.49
13.	Bengal Immunity Company Ltd., Kolkata	1982-83	135.98	423.24
14.	Bharat BhariUdyog Ltd, Kolkata	1988-89	46.44	513.59
15.	Bharat Ophthalmic Glass Ltd, Durgapur	1983-84	66.68	237.86
16.	National News Print and Paper Mills Ltd, Neapanagar	1985-86	113.59	40.35
17.	National Bicycle Corporation of India Ltd, Kolkata	1982-83	70.67	585.69
18.	Cycle Corporation of India Ltd, Kolkata	1981-82	201.30	603.90
19.	Tannery and Footwear Corporation of India, Kanpur	1979-80	156.43	610.78
20.	Richardson and Cruddas, Ltd, Mumbai	1990-91	101.78	536.95
21.	Tungabhadra Steel Products ltd, Tungabhadra	1972-73	113.00	246.29
22.	Hindustan Photo Films Mfg. Co. Ltd.	1992-93	487.61	1,309.20
23.	Rehabilitation Industries Corporation Ltd, Kolkata	1985-86	163.47	769.94
24.	Mining and Allied Machinery Corporation Ltd, Durgapur	1986-87	560.12	2,229.27
25.	TriveniStructurals, Ltd	1981-82	210.95	993.30
26.	Bharat Gold mines Ltd. Karnataka	1977-78	219.29	831.15

Comments on Accounts

27.	M/s Kumardhubi Fireclay & Silica Works Ltd	1988-89	10.69	15.68
28.	Visakhapatnam Port Trust	1989-90	75.35	299.79
29.	Cochin Port Trust, Kochi	1982-83	226.27	1,199.90
30.	Paradip Port Trust	1986-87	387.74	1,305.26
31.	State Electricity Boards	1990-91	101.19	256.86
Total			10,929.37	28,355.01

(b) Details of outstanding principal and interest of loans against State Governments

(₹ in crore)

Sl. No	Name of the State/UT Govt.	Earliest period to which arrears relate	Amount of arrears as on 31 st March 2016	
			Principal	Interest
1.	Assam	1984-85	114.07	924.73
2.	Goa	1987-88	83.01	232.95
3.	Jammu and Kashmir	1984-85	37.17	97.90
4.	Meghalaya	1987-88	8.08	44.05
5.	Mizoram	1988-89	13.95	30.62
6.	Tamil Nadu	1984-85	17.74	37.04
7.	Tripura	1995-96	1.28	28.74
8.	Puducherry	1984-85	117.20	19.41
Total			392.50	1415.44

Annexure 2.6

(Refer to paragraph 2.5.2)

Adverse balances under Debt, Deposit and Remittances Heads

Sl.No.	Head of Account (Major /Minor Head)		Balance as on 31.03.2016 (₹ in thousand)		Period from which balances become adverse
Statement No-13					
1.	8115.00.101	Depreciation Reserve Funds –Railways (Commercial Lines)	Dr.	3,09,98,579	2009-10
2.	8117.00.101	Railway Development Fund-Commercial Lines	Dr.	38,94,497	2015-16
3.	8229.00.200	Other Development and Welfare Fund	Dr.	17,25,843	2007-08
4.	8235.00.135	Rashtriya Swachhata Kosh	Dr.	15,94,207	2015-16
5.	8443.00.111	Other Departmental Deposits	Dr.	6,35,001	2006-07
6.	8443.00.121	Deposits in connection with Elections	Dr.	1,290	2015-16
7.	8445.00.104	Railway Deposits-Trust Interest Account	Dr.	1,98,265	2005-06
8.	8445.00.800	Railway Deposits-Other Deposits	Dr.	1,22,06,588	2005-06
9.	8446.00.102	Other Postal Deposits	Dr.	12,12,686	2014-15
10.	8446.00.800	Postal Deposits-Other Deposits	Dr.	1,40,311	2005-06
11.	8448.00.102	Deposits of Local Funds-Municipal Funds	Dr.	3	2007-08
12.	8448.00.104	Deposits of Local Funds-Funds of Insurance Association of India	Dr.	291	Pre-1976-77
13.	8451.00.101	Bhopal Gas Leak Disaster Relief Fund-Claims and Relief Funds	Dr.	93,12,874	2005-06
14.	8451.00.102	Bhopal Gas Leak Disaster Relief Fund- Claims and Relief Fund Investment Account	Cr.	92,21,195	2005-06
15.	8551.00.101	Defence Advances	Cr.	5,97,321	2015-16
16.	8670.00.109	DefenceCheques	Dr.	6,02,412	2015-16
Statement No-14					
17.	6002.00. 207	Loans from the European Economic community	Dr.	10,31,919	2000-01
18.	6002.00. 208	Loans from the Government of France	Dr.	24,43,574	2000-01
19.	6002.00. 223	Loans from the Government of Swiss Confederation and Swiss Bank	Dr.	2,42,473	2010-11

Comments on Accounts

20.	6002.00.226	Loans from the Agency for International Development USA	Dr.	86,92,403	1995-96
21.	6002.00.227	Loans from the Government of USA under PL -480 convertible local currency Credits	Dr.	28,66,589	1995-96
22.	8009.02.106	Other Miscellaneous Provident Fund	Dr.	5,208	2015-16
23.	8012.00.109	Income Tax Annuity Deposits	Dr.	13,983	2015-16
24.	8014.01.107	PLI Children Policy Scheme	Dr.	9,956	2014-15
25.	8014.02.105	RPLI Anticipated Endowment Assurance Schemes	Dr.	4,641	2015-16
Statement No-14 A					
26.	6001.00.105	Securities issued to International Financial Institutions, International Bank for Reconstruction and Development	Dr.	4,04,339	2010-11
27.	6001.00.105	Securities issued to International Financial Institutions, International Fund for Agriculture Development	Dr.	2,15,439	2002-03
Statement No-15					
28.	6202.01.203	University & Higher Education	Cr.	1,568	2004-05
29.	6215.02.800	Other Loan	Cr.	20,855	2001-02
30.	6216.80.190	Loans to Public Sector and other Undertakings	Cr.	2	2008-09
31.	6216.80.800	Other Loans	Cr.	12,014	2010-11
32.	6225.01.800	Other Loans	Cr.	829	1994-95
33.	6245.01.101	Gratuitous Relief	Cr.	896	1986-87
34.	6245.02.101	Gratuitous Relief	Cr.	2,157	1997-98
35.	6402.00.102	Soil Conservation	Cr.	7,752	1995-96
36.	6402.00.203	Land Reclamation and Development	Cr.	592	2007-08
37.	6404.00.800	Other Loans	Cr.	3,969	2004-05
38.	6405.00.106	Mechanization of fishing crafts	Cr.	532	2006-07
39.	6425.00.108	Loan to other cooperatives	Cr.	34,67,197	2003-04
40.	6515.00.102	Community development	Cr.	163	1986-87
41.	6801.00.201	Hydel Generation	Cr.	8,80,938	2004-05
42.	6801.00.205	Transmission & Distribution	Cr.	13,91,767	2005-06
43.	6851.00.102	Small Scale Industries	Cr.	10,958	2006-07
44.	6853.60.190	Loans to Public Sector and Other Undertakings	Cr.	78,208	2014-15
45.	7052.02.101	Loans to Shipping Development Fund Committee.	Cr.	29,41,305	2011-12
46.	7053.00.190	Loans to Public Sector and other Undertakings	Cr.	3,77,537	2010-11

Comments on Accounts

47.	7475.00.102	Trading Institutions	Cr.	25,000	2011-12
48.	7601.01.436	Crop Husbandry- Commercial Crops	Cr.	1	2012-13
49.	7601.03.413	Co-operation- Loans to other Co-operatives	Cr.	4,189	2012-13
50.	7601.03.501	Soil and Water Conservation- Soil Conservation Schemes	Cr.	2,185	2012-13
51.	7601.03.576	Animal Husbandry- Cattle and Buffalo Development	Cr.	11	2012-13
52.	7601.03.601	Dairy Development	Cr.	29	2012-13
53.	7601.03.727	Village and Small Industries- Small Scale Industries	Cr.	139	2012-13
54.	7601.03.786	Flood Control- Other Loans	Cr.	71,707	2012-13
55.	7601.03.787	Anti-Sea Erosion Projects- Other Loans	Cr.	1,239	2012-13
56.	7601.04.267	Water Supply- Other Loans	Cr.	1,49,604	2012-13
57.	7601.04.312	Urban Development- Integrated Development of Small/Medium Towns	Cr.	1,91,427	2012-13
58.	7601.04.360	Welfare of Scheduled Tribes- Other Loans	Cr.	408	2012-13
59.	7601.04.411	Co-operation – Credit. Co-operatives	Cr.	32,687	2012-13
60.	7601.04.413	Other Co-operatives	Cr.	1,473	2012-13
61.	7601.04.436	Crop Husbandry- Commercial Crops	Cr.	1,35,028	2012-13
62.	7601.04.443	Crop Husbandry- Other Loans	Cr.	3,38,837	2012-13
63.	7601.04.501	Soil and Water Conservation-Soil conservation Schemes	Cr.	99,004	2012-13
64.	7601.04.579	Animal Husbandry–Sheep and wool development	Cr.	175	2012-13
65.	7601.04.601	Dairy Development	Cr.	36	2012-13
66.	7601.04.726	Village and Small Industries-Handloom Industries	Cr.	6,960	2012-13
67.	7601.04.727	Village and Small Industries Small-scale Industries	Cr.	853	2012-13
68.	7601.04.729	Village and Small Industries- Coir Industry	Cr.	354	2012-13
69.	7601.04.747	Village and Small Industries-Other Village Industries	Cr.	1,088	2012-13
70.	7601.04.786	Flood Control-Other loans	Cr.	4,730	2012-13
71.	7601.04.825	Roads of Inter-State or Economic Importance- Road Works	Cr.	18,359	2012-13

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72.	7601.04.826	Roads of Inter-State or Economic Importance-Machinery and Equipment	Cr.	106	2012-13
73.	7601.04.871	Inland water Transport-Other Loans	Cr.	897	2012-13
74.	7601.07.800	Other Loans	Cr.	1,580	2012-13
75.	7602.04.412	Cooperation-Consumer cooperatives	Cr.	593	2012-13
76.	7610.00.203	Advances for Purchase other Conveyances	Cr.	3,93,664	2004-05
Statement No-16					
77.	8002.00.103	Treasury Saving Deposits Certificates	Dr.	6,962	1976-77
78.	8002.00.105	Saving Certificates-Bank Series	Dr.	189	2007-08

Annexure 2.7
(Refer to paragraph 2.6)

Proforma Accounts lying in arrears

Sl. No.	Name of Undertaking	Period of Accounts last prepared
MINISTRY OF AGRICULTURE		
1.	Ice-cum Freezing Plant, Kochi	2009-10
DEPARTMENT OF ATOMIC ENERGY		
2.	Nuclear Fuel Complex, Hyderabad	2014-15
3.	Heavy Water Plant, Mumbai	2014-15
MINISTRY OF DEFENCE		
4.	Canteen Stores Department	2013-14
MINISTRY OF FINANCE		
5.	Government Alkaloid Works, Neemuch	2010-11
6.	Government Alkaloid Works, Ghazipur	2009-10
7.	Government Opium Factory, Ghazipur	2009-10
8.	Government Opium Factory, Neemuch	2010-11
MINISTRY OF HEALTH AND FAMILY WELFARE		
9.	Central Research Institute, Kasauli	2006-07
10.	Vegetable Garden of Central Institute of Psychiatry, Kanke, Ranchi	2011-12
11.	H LL Life Care Limited	2014-15
12.	HSCC (India) Limited	2014- 15
MINISTRY OF INFORMATION AND BROADCASTING		
13.	Film Division, Mumbai	2009-10
14.	National Film Development Corporation Limited	2013-14
MINISTRY OF POWER		
15.	Electricity Department, Andaman and Nicobar Islands	2013-14
16.	Electricity Department, Lakshadweep	2008-09
MINISTRY OF SHIPPING		
17.	Directorate of Lighthouses and Lightships, Noida	2011-12
18.	Andaman Ferry Service	2004-05
19.	Shipping Services, Andaman and Nicobar Islands	2009-10
20.	Marine Department (Dockyard) Andaman and Nicobar Islands	2003-04
21.	Port Management Board, Andaman & Nicobar Islands	1991-92
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS		
22.	Chandigarh Transport Undertaking	2011-12
23.	State Transport Service, Andaman & Nicobar Islands	2014-15
MINISTRY OF URBAN DEVELOPMENT		
24.	Government Press, Andaman and Nicobar Islands	1987-88
25.	Government of India Press, Minto Road, New Delhi	2014-15
26.	Government of India Press, Ring Road, New Delhi	2014-15
27.	Government of India Press, Rashtrapati Bhavan, New Delhi	2014-15
28.	Government of India Press, Coimbatore	2014-15

Comments on Accounts

Sl. No.	Name of Undertaking	Period of Accounts last prepared
29.	Government of India Text Book Press, Bhubaneswar	2014-15
30.	Government of India Text Book Press, Mysore	2014-15
31.	Government of India Press, Kolkata	2014-15
32.	Government of India Press, Koratty	2014-15
33.	Govenmet India press, Nasik	2014-15
34.	Government of India Press, Aligarh	2014-15
35.	Government of India Text Book Press, Chandigarh	2014-15
36.	Government of India Press, Gangtok	2007-08
37.	Government of India Press, Satragachi Howrah	2013-14

Annexure 2.8
(Refer to paragraph 2.7)

Statement of losses and irrecoverable dues written off/waived during 2015-16
(₹ in lakh)

Name of Ministry/ Department	Write off of losses and irrecoverable				On account of	
	Neglect/fraud etc.		Other reasons		Waiver of recovery	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
M/o Finance	0	0	1	0.49	0	0
Lok Sabha Secretariat.	0	0	1	0.05	0	0
Rajya Sabha Secretariat.	0	0	0	0	1	0.03
Department of Atomic Energy	0	0	23	8.78	0	0
Department of Space	0	0	16	21.03	0	0
Ministry of Home Affairs	0	0	36	333.50	0	0
Ministry of Science & Technology	4	3.48	0	0	2	0.97
Ministry of Posts and Telecommunications	880	5,180.67	42	9.51	16	10.73
Ministry of Power	0	0	2	0.77	0	0
Andaman and Nicobar Islands Administration	1	51.43	0	0	0	0
President Secretariat	0	0	1	0.34	0	0
Total	885	5,235.58	122	374.47	19	11.73

Annexure 3.1
(Refer to paragraph 3.2)
Authorisation and Disbursements

(₹ in crore)

Nature of Disbursements	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Disbursements	Savings(-) Excess(+)
A – Civil					
Voted					
I. Revenue	955652.58	100047.09	1055699.67	992772.02	(-) 62927.65
II. Capital (including Loans and Advances)	148986.57	107922.01	256908.58	239715.07	(-) 17193.51
Total	1104639.15	207969.10	1312608.25	1232487.09	(-) 80121.16
Charged					
III. Revenue	569730.50	283.40	570013.90	546699.00	(-) 23314.90
IV. Capital (including Loans and Advances and Public Debt)	4246001.70	0	4246001.70	3750287.21	(-) 495714.49
Total	4815732.20	283.40	4816015.60	4296986.21	(-) 519029.39
Grand Total	5920371.35	208252.50	6128623.85	5529473.30	(-) 599150.55
Recoveries in reduction of disbursements			168996.21	140376.69	
Total Net Provision			5959627.64		
Total Net Disbursement				5389096.61	

B – Posts					
Voted					
I. Revenue	19494.06	688.50	20182.56	19654.20	(-) 528.36
II. Capital	336.65	11.26	347.91	335.04	(-) 12.87
Total	19830.71	699.76	20530.47	19989.24	(-) 541.23
Charged					
III. Revenue	0.20	1.85	2.05	0.47	(-) 1.58
IV. Capital	--	0.14	0.14	0.13	(-) 0.01
Total	0.20	1.99	2.19	0.60	(-) 1.59
Grand Total	19830.91	701.75	20532.66	19989.84	(-) 542.82
Recoveries in reduction of disbursements			644.84	707.70	
Total Net Provision			19887.82		
Total Net Disbursement				19282.14	

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(₹ in crore)

Nature of Disbursements	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Disbursements	Savings(-) Excess(+)
C - Defence Services					
Voted					
I. Revenue	168732.87	661.00	169393.87	163483.09	(-) 5910.78
II. Capital	94451.50	0.02	94451.52	79801.95	(-) 14649.57
Total	263184.37	661.02	263845.39	243285.04	(-) 20560.35
Charged					
III. Revenue	74.51	41.90	116.41	92.69	(-) 23.72
IV. Capital	136.50	43.26	179.76	156.36	(-) 23.40
Total	211.01	85.16	296.17	249.05	(-) 47.12
Grand Total	263395.38	746.18	264141.56	243534.09	(-) 20607.47
Recoveries in reduction of disbursements			10187.57	11976.04	
Total Net Provision			253953.99		
Total Net Disbursement				231558.05	

D – Railways					
Voted	337008.95	1015.59	338024.54	301011.18	(-) 37013.36
Charged	228.97	115.29	344.26	305.01	(-) 39.25
Total	337237.92	1130.88	338368.80	301316.19	(-) 37052.61
Recoveries in reduction of disbursements			108681.27	97928.71	
Total Net Provision			229687.53		
Total Net Disbursement				203387.48	

Total						
Total CFI	Voted	1724663.18	210345.47	1935008.65	1796772.55	(-) 138236.10
	Charged	4816172.38	485.84	4816658.22	4297540.87	(-) 519117.35
Grand Total CFI		6540835.56	210831.31	6751666.87	6094313.42	(-) 657353.45
Total recoveries in reduction of expenditure				288509.89	250989.14	37520.75
Total provision and expenditure as per Appropriation Account (CFI)				6463156.98	5843324.28	619832.70
Difference with the Figures of Finance Accounts					0.00	
Total disbursement from CFI as per Finance Account					5843324.28	

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

Annexure 3.2
(Refer to paragraph 3.2)
Net savings in Grants/Appropriations

Grants and Appropriations affected	Unspent provision		Excess		Net savings(-) Net Excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
A – Civil						
Voted (₹ in crore)	63137.88	17193.51	210.22	--	(-) 62927.66	(-) 17193.51
No. of Grants	94	68	1	--	--	--
Charged (₹ in crore)	23315.04	495714.49	0.15	--	(-) 23314.89	(-) 495714.49
No. of Appropriations	33	11	1	--	--	--
B – Posts						
Voted (₹ in crore)	528.36	12.87	--	--	(-) 528.36	(-) 12.87
No. of Grants	1	1	--	--	--	--
Charged (₹ in crore)	1.58	0.01	--	--	(-) 1.58	(-) 0.01
No. of Appropriations	1	1	--	--	--	--
C - Defence Services						
Voted (₹ in crore)	5910.78	14649.57	--	--	(-) 5910.78	(-) 14649.57
No. of Grants	5	1	--	--	--	--
Charged (₹ in crore)	23.72	23.40	--	--	(-) 23.72	(-) 23.40
No. of Appropriations	5	1	--	--	--	--
D – Railways						
Voted(₹ in crore)	22392.12	14696.87	75.63	--	(-) 22316.49	(-) 14696.87
No. of Grants	14	1	1	--	--	--
Charged(₹ in crore)	6.95	32.54	0.24	--	(-) 6.71	(-) 32.54
No. of Appropriations	5	1	5	--	--	--

Annexure 3.3
(Refer to paragraph 3.3)
Year-wise proportion of Charged and Voted Authorization and Disbursements under Civil Ministries/Departments

(₹ in crore)

SI No.	Year	Authorization			Disbursements			Percentage of	
		Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
1.	2000-01	173677	530530	704207	160753	405289	566042	28	72
2.	2001-02	218136	481679	699815	201574	473950	675524	30	70
3.	2002-03	230649	547152	777801	213833	504119	717952	30	70
4.	2003-04	254328	564275	818603	231100	599889	830989	28	72
5.	2004-05	278555	703835	982390	252254	724942	977196	26	74
6.	2005-06	330051	1193138	1523189	301269	1288817	1590086	19	81
7.	2006-07	449178	1635986	2085164	415785	1670413	2086198	20	80
8.	2007-08	551115	1894750	2445865	519214	1818879	2338093	22	78
9.	2008-09	780316	2440552	3220868	744116	2404957	3149073	24	76
10.	2009-10	830706	3525606	4356312	768458	3349254	4117712	19	81
11.	2010-11	986064	3697775	4683839	918675	3104657	4023332	23	77
12.	2011-12	1060295	3875262	4935557	921280	3840960	4762240	19	81
13.	2012-13	1155063	4190305	5345368	977071	3816395	4793466	20	80
14.	2013-14	1222190	4493627	5715817	1014393	3975665	4990058	20	80
15.	2014-15	1228732	4596843	5825575	1078524	4211160	5289684	20	80
16.	2015-16	1312608	4816016	6128624	1232487	4296986	5529473	22	78

Annexure 3.4
(Refer to paragraph 3.6)
**Statement showing cases of excess expenditure without
adequate re-appropriation of funds**
(₹5 crore and above)

(₹ in crore)

Sl No.	Minor/Sub-head		Provision	Actual Expenditure	Final Excess Expenditure
Civil					
15 - Department of Telecommunications					
1.	2071.01.105.02-Family Pensions	O R	750.00 (+)190.00	1045.83	105.83
21 - Ministry of Defence					
2.	2052.00.090.56-Border Roads Organisation	O R	372.57 (-)2.15	380.46	10.04
3.	2055.00.104.02-Charges paid in respect of Jammu and Kashmir Light Infantry	O R	1050.05 (-)84.32	987.54	21.81
4.	4047.00.037.01-Coast Guard Organisation	O S	1200.00 300.00	1516.84	16.84
22 - Defence Pensions					
5.	2071.02.101.01 – Army-Pension and other Retirement Benefits	O S R	46941.23 5260.21 (+)41.09	52394.58	152.05
6.	2071.02.102.03 – Navy-Leave Encashment	O R	187.56 (-)27.33	170.30	10.07
7.	2071.02.103.03 – Air Force-Leave Encashment	O S R	293.88 63.72 (-)12.94	349.90	5.24
33 – Ministry of External Affairs					
8.	2061.00.800.08 – Expenditure on Haj	O R	5.28 (+)0.17	10.77	5.32
9.	3605.00.101.11-Aid to Nepal	O S	420.00 (-)120.00	309.94	9.94
10.	3605.00.101.15-Aid to Other Developing Countries	O R	83.44 (+)15.00	103.50	5.06
11.	3605.00.101.17-ITEC (Indian Technical and Economic Cooperation) Programme	O	180.00	196.17	16.17
12.	3605.00.101.33-Aid to Afghanistan	O S R	676.00 0.0050 (+)196.94	880.44	7.50
36 - Appropriation-Interest Payments					
13.	2049.01.200.03-Compensation and other Bonds	O R	1770.56 (-)196.48	1600.01	25.93
14.	2049.03.104.04- State Railway Provident fund	O R	2533.21 (+)20.30	2636.41	82.90
15.	2049.05.105.01-Railway Pension Fund	O R	85.91 (+)1.30	137.60	50.39
41 – Pensions					
16.	2071.01.101.01-Ordinary Pensions	O S R	14051.98 400.00 (+)322.48	14835.93	61.47
45 – Indirect Taxes					
17.	2038.00.101.01-Commissionerates	O R	2817.58 (-)192.70	2645.77	20.89

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**Statement showing cases of excess expenditure without
adequate re-appropriation of funds
(₹5 crore and above)**

(₹ in crore)

Sl No.	Minor/Sub-head	Provision		Actual Expenditure	Final Excess Expenditure
18.	2038.00.800.01-Collection of Land Customs	O R	32.73 (-)26.30	13.90	7.47
48 - Department of Health & Family Welfare					
19.	2210.05.105.29-Grants to National Institute of Mental Health & Neuro-Science, Bangalore	O S R	275.00 0.01 (+)3.00	284.00	5.99
55-Police					
20.	2055.00.102.01-Establishment	O R S	13648.56 350.27 (+)26.48	14031.52	6.21
21.	4055.00.213.03-Border Out Posts	O R	181.27 (-)57.11	150.14	25.98
56-Other Expenditure of the Ministry of Home Affairs					
22.	2235.60.107.03-Central Government Pension	O R	750.00 (+)30.00	789.47	9.47
66 - Ministry of Micro, Small & Medium Enterprises					
23.	2851.00.102.77-Infrastructure Development and Capacity Building (Erstwhile MSME Cluster Development Programmes and MSME Growth Poles)	O S R	194.50 0.01 (-)107.84	143.97	57.30
84 - Department of Rural Development					
24.	2505.02.101.05-Information, Education and Communication	O R	15.00 (+)24.70	59.23	19.53
98 - Ministry of Tribal Affairs					
25.	2225.02.796.08-Welfare of Scheduled Tribes-Education	O R	98.90 (-)56.34	49.21	6.65
Grant No. 104-Department of Urban Development					
26.	4217.60.190.13-Nagpur Metro	O R	113.53 (-)64.08	77.47	28.02
105 - Public Works					
27.	2059.01.799.02-Miscellaneous Works Advances	O	2.00	13.03	11.03
Postal Services					
14 - Department of Posts					
28.	3201.05.053.01-Building	O S R	80.59 2.77 (+)0.29	91.81	8.16
29.	3201.07.101.03-Payment to Pensioners of Erstwhile combined P&T Department	O	17.20	23.31	6.11
30.	3201.60.102.02-Interest on Extra Departmental Agents Group Insurance Fund	O R	14.00 (-)1.40	17.84	5.24
31.	5201.00.104.60-Project Arrow (Induction Technology)	O R	29.62 (+)3.00	40.82	8.20
32.	5201.00.104.62-Project Management Unit	O S R	174.92 8.68 (+)6.33	196.05	6.12

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**Statement showing cases of excess expenditure without
adequate re-appropriation of funds
(₹5 crore and above)**

(₹ in crore)

Sl No.	Minor/Sub-head		Provision	Actual Expenditure	Final Excess Expenditure
Defence Services					
23 - Defence Services-Army					
33.	2076.00.110-Stores	O R	16695.83 (-975.91)	17166.31	1446.39
34.	2076.00.113-National Cadet Corps	O S R	1015.39 00.0050 (+)66.88	1113.71	31.44
24 – Defence Services-Navy					
35.	2077.00.105 - Transportation	O R	410.00 (-15.01)	412.13	17.14
36.	2077.00.106-Repairs & Refits	O R	757.00 (-3.00)	775.82	21.82
37.	2077.00.800-Other Expenditure	O R	500.59 (+)121.45	655.78	33.74
28 – Capital Outlay on Defence Services					
38.	4076.01.202 - Construction Works (Charged)	O R	21.55 (+)3.00	34.50	9.95
39.	4076.02.103-Other Equipment	O R	2558.64 (-8.64)	2655.39	105.39
40.	4076.03.101 - Aircraft and Aero engine	O R	18866.01 (+)122.80	19156.69	167.88
41.	4076.03.202 – Construction Works	O R	1570.68 (+)249.66	1828.12	7.78
				Total	2660.46

O – Original; S – Supplementary; R – Re-appropriation

Annexure 3.5

(Refer to paragraph 3.7)

**Statement showing savings of ₹100 crore or above¹
under various Grants/Appropriations**

Sl No.	Description of Grant/Appropriation	Total Provision	Savings	Percentage of total provision
		(₹ in crore)		
Civil				
Revenue – Voted				
1.	01-Department of Agricultural Research & Cooperation	16959.47	1658.72	10
2.	02-Department of Agricultural Research & Education	6320.03	747.13	12
3.	03-Department of Animal Husbandry Dairy & Fisheries	2120.28	256.13	12
4.	05-Department of Nuclear Power Scheme	4457.89	813.87	18
5.	08-Department of Fertilizers	77100.56	536.14	01
6.	12-Department of Commerce	4990.07	161.28	03
7.	13-Department of Industrial Policy & Promotion	2713.59	295.34	11
8.	16-Department of Electronics and Information Technology	2611.85	131.98	05
9.	20-Ministry of Culture	2121.56	165.36	08
10.	21-Ministry of Defence	20188.59	590.61	03
11.	29-Ministry of Development of North Eastern Region	2205.78	510.90	23
12.	30-Ministry of Drinking Water & Sanitation	14330.89	849.71	06
13.	31-Ministry of Earth Science	1497.59	263.52	18
14.	33-Ministry of External Affairs	11248.02	150.85	01
15.	34-Department of Economic Affairs	17941.94	6185.08	34
16.	35-Department of Financial Services	15811.86	300.91	02
17.	37-Transfer to State and Union Territory Governments	39678.78	7550.00	19
18.	41-Pensions	27645.00	177.72	01
19.	42-Indian Audit and Accounts Department	3545.34	227.00	06
20.	44-Direct Taxes	4832.36	208.70	04
21.	45-Indirect Taxes	5000.99	553.67	11
22.	48-Department of Health & Family Welfare	32902.39	1001.55	03
23.	51-Department of Heavy Industry	483.64	220.29	46
24.	55-Police	54824.25	205.51	01
25.	56-Other Expenditure of the Ministry of Home Affairs	2233.97	224.19	10
26.	58-Ministry of Housing and Urban Poverty Alleviation	5634.56	3868.40	69
27.	59-Department of School Education & Literacy	69861.55	8754.13	13
28.	60-Department of Higher Education	26855.37	1305.43	05
29.	61-Ministry of Information & Broadcasting	14802.92	210.76	01
30.	62-Ministry of Labour and Employment	5646.15	826.98	15
31.	64-Law and Justice	3420.92	470.80	14
32.	66-Ministry of Micro, Small & Medium Enterprises	3010.59	179.13	06
33.	67-Ministry of Mines	1100.85	165.69	15

¹Savings also include mandatory cuts imposed by Ministry of Finance as a part of economy measures.

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**Statement showing savings of ₹100 crore or above¹
under various Grants/Appropriations**

SI No.	Description of Grant/Appropriation	Total Provision	Savings	Percentage of total provision
		(₹ in crore)		
34.	71-Ministry of Panchayati Raj	394.75	186.08	47
35.	76-Ministry of Planning	1846.86	462.38	25
36.	77-Ministry of Power	8719.54	856.27	10
37.	83-Ministry of Road Transport & Highways	23433.94	1373.54	06
38.	84-Department of Rural Development	129030.01	9239.37	07
39.	86-Department of Science and Technology	3844.01	199.61	05
40.	90-Ministry of Skill Development & Entrepreneurship	1543.46	535.99	35
41.	91-Department of Social Justice and Empowerment	6062.63	570.65	09
42.	94-Ministry of Statistics and Programme Implementation	4816.76	645.37	13
43.	96-Ministry of Textiles	4402.25	385.45	09
44.	97-Ministry of Tourism	1588.05	687.73	43
45.	98-Ministry of Tribal Affairs	778.61	159.07	20
46.	102-Daman & Diu	1377.52	279.00	20
47.	104-Department of Urban Development	10329.18	4053.46	39
48.	107-Ministry of Water Resources, River Development and Ganga Rejuvenation	9064.87	1314.82	15
49.	108-Ministry of Women and Child Development	17930.46	689.78	04
Revenue – Charged				
50.	36-Appropriation-Interest Payments	476089.17	18818.79	04
51.	37-Transfer to State & Union Territory Governments	88864.52	4285.73	05
52.	98-Ministry of Tribal Affairs	3970.61	158.30	04
Capital – Voted				
53.	04-Atomic Energy	4513.69	472.84	10
54.	15- Department of Telecommunications	2590.52	268.71	10
55.	18-Department of Food & Public Distribution	20587.26	213.70	01
56.	21-Ministry of Defence (Civil)	3953.03	250.86	06
57.	29-Ministry of Development of North Eastern Region	462.00	120.21	26
58.	33-Ministry of External Affairs	3728.80	353.02	09
59.	34-Department of Economic Affairs	78412.12	1444.68	02
60.	35-Department of Financial Services	29716.24	2150.21	07
61.	43-Department of Revenue	106.00	105.99	100
62.	44-Direct Taxes	576.20	479.02	83
63.	45-Indirect Taxes	663.61	568.21	86
64.	48-Department of Health & Family Welfare	1017.37	126.23	12
65.	51-Department of Heavy Industry	1349.01	685.25	51
66.	55-Police	9259.78	201.74	02
67.	56-Other Expenditure of the Ministry of Home Affairs	358.54	287.56	80
68.	77-Ministry of Power	2272.52	919.56	40
69.	83-Ministry of Road Transport & Highways	69326.81	6407.74	09
70.	91-Department of Social Justice and Empowerment	462.24	200.22	43
71.	93-Department of Space	3464.52	420.72	12
72.	100-Chandigarh	571.01	167.69	29
73.	104-Department of Urban Development	10202.10	255.71	03

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**Statement showing savings of ₹100 crore or above¹
under various Grants/Appropriations**

SI No.	Description of Grant/Appropriation	Total Provision	Savings	Percentage of total provision
		(₹ in crore)		
74.	105-Public Works	749.79	209.27	28
Capital – Charged				
75.	37-Transfer to State & Union Territory Governments	12600.00	101.80	01
76.	39-Appropriation - Repayment of Debt	4233227.78	495570.81	12
Defence Services				
Revenue – Voted				
77.	23-Defence Services-Army	106994.29	972.98	01
78.	24-Defence Services- Navy	16110.63	795.55	05
79.	25-Defence Services-Air Force	24295.80	2452.70	10
80.	26-Defence Ordnance Factories	15358.69	1238.42	08
81.	27-Defence Services Research & Development	6634.46	451.14	07
Capital – Voted				
82.	28-Capital Outlay on Defence Services	94451.52	14649.57	16
Postal Services				
Revenue – Voted				
83.	14-Department of Posts	20182.56	528.36	03
Railways				
Revenue – Voted				
84.	3-General Superintendence and Services	6992.79	803.11	11
85.	4-Repairs and Maintenance of Permanent Way and Works	11657.55	770.42	07
86.	5-Repairs and Maintenance of Motive Power	5464.56	191.56	04
87.	6-Repairs and Maintenance of Carriage and Wagons	12545.12	593.15	05
88.	7-Repairs and Maintenance of Plant & Equipment	7238.18	984.22	14
89.	8-Operating Expenses –Rolling stock and equipment	11387.93	987.26	09
90.	9-Operating expenses –Traffic	22124.02	1583.59	07
91.	10-Operating expenses –Fuel	30295.84	4229.24	14
92.	11-Staff Welfare and Amenities	5861.45	544.78	09
93.	12-Miscellaneous Working Expenses	6220.07	486.04	08
94.	13-Provident Fund, Pension and other Retirement benefits	34574.38	2646.55	08
95.	14-Appropriation to Funds	57125.71	6459.74	11
96.	15-Divided to General Revenues-Repayment of loans taken from General Revenues and amortization of over-capitalisation	10810.74	2088.23	19
Capital – Voted				
97.	16-Capital	91561.86	12720.22	14
98.	16- Railway Funds (Depreciation Reserve Fund, Capital Fund, Development Fund)	20294.81	1917.72	09
Total			654745.17	

Annexure 3.6
(Refer to paragraph 3.7)

**Statement showing persistent savings of ₹100 crore or above
under various Grants/Appropriations**

Sl No.	Description of Grant/Appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
Civil Revenue (Voted)					
1.	Department of Agriculture and Co-operation	2013-14	22299.40	3317.48	15
		2014-15	22603.11	3114.80	14
		2015-16	16959.47	1658.72	10
2.	Department of Agricultural Research & Education	2013-14	5729.20	849.26	15
		2014-15	6144.44	1304.41	21
		2015-16	6320.03	747.13	12
3.	Department of Animal Husbandry, Dairying, and Fisheries	2013-14	2534.50	394.49	16
		2014-15	2726.16	517.57	19
		2015-16	2120.28	256.13	12
4.	Department of Nuclear Power Scheme	2013-14	4054.87	289.19	07
		2014-15	4223.49	499.24	12
		2015-16	4457.89	813.87	18
5.	Department of Fertilizers	2013-14	72629.72	1326.67	02
		2014-15	77112.31	2020.45	03
		2015-16	77100.56	536.14	01
6.	Department of Commerce	2013-14	4441.85	129.38	03
		2014-15	5552.02	416.64	08
		2015-16	4990.07	161.28	03
7.	Department of Electronics and Information Technology	2013-14	2872.50	849.55	30
		2014-15	3734.12	281.51	08
		2015-16	2611.85	131.98	05
8.	Ministry of Culture	2013-14	2125.06	165.36	08
		2014-15	2443.06	397.93	16
		2015-16	2121.56	165.36	08
9.	Ministry of Drinking Water and Sanitation	2013-14	15265.70	3324.67	22
		2014-15	15377.50	3176.04	21
		2015-16	14330.89	849.71	06
10.	Ministry of Earth Science	2013-14	1492.54	334.54	22
		2014-15	1515.07	281.93	19
		2015-16	1497.59	263.52	18
11.	Department of Economic Affairs	2013-14	10291.10	188.59	02
		2014-15	16157.52	885.54	05
		2015-16	17941.94	6185.08	34
12.	Department of Financial Services	2013-14	11468.99	746.54	07
		2014-15	11745.25	3834.92	33
		2015-16	15811.86	300.91	02
13.	Transfers to State and Union Territory Governments	2013-14	101945.69	17698.36	17
		2014-15	70757.00	9438.73	13
		2015-16	39678.78	7550.00	19

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**Statement showing persistent savings of ₹100 crore or above
under various Grants/Appropriations**

Sl No.	Description of Grant/Appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
14.	Direct Taxes	2013-14	3771.91	136.63	04
		2014-15	4342.89	249.64	06
		2015-16	4832.36	208.70	04
15.	Indirect Taxes	2013-14	3860.78	129.40	03
		2014-15	4884.02	719.78	15
		2015-16	5000.99	553.67	11
16.	Department of Health and Family Welfare	2013-14	33012.35	5474.46	17
		2014-15	36481.41	6505.28	18
		2015-16	32902.39	1001.55	03
17.	Department of Heavy Industry	2013-14	930.97	382.86	41
		2014-15	1139.56	171.44	15
		2015-16	483.64	220.29	46
18.	Police	2013-14	45609.12	1599.04	04
		2014-15	51031.41	419.65	01
		2015-16	54824.25	205.51	0.37
19.	Other Expenditure of the Ministry of Home Affairs	2013-14	1969.15	128.76	07
		2014-15	2230.27	557.91	25
		2015-16	2233.97	224.19	10
20.	Ministry of Housing and Urban Poverty Alleviation	2013-14	1468.06	381.82	26
		2014-15	6008.68	3273.28	54
		2015-16	5634.56	3868.40	69
21.	Department of School Education and Literacy	2013-14	77130.05	10152.69	13
		2014-15	82695.14	14615.25	18
		2015-16	69861.55	8754.13	13
22.	Department of Higher Education	2013-14	26950.08	2417.46	09
		2014-15	27656.08	4486.90	16
		2015-16	26855.37	1305.43	05
23.	Ministry of Information & Broadcasting	2013-14	3006.89	200.12	07
		2014-15	3287.18	158.45	05
		2015-16	14802.92	210.76	01
24.	Ministry of Labour and Employment	2013-14	5254.97	849.56	16
		2014-15	5783.82	1474.27	25
		2015-16	5646.15	826.98	15
25.	Law and Justice	2013-14	1971.17	112.77	06
		2014-15	1992.88	241.96	12
		2015-16	3420.92	470.80	14
26.	Ministry of Micro, Small and Medium Enterprises	2013-14	3210.95	660.26	21
		2014-15	3693.51	932.51	25
		2015-16	3010.59	179.13	06

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under various Grants/Appropriations**

Sl No.	Description of Grant/Appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
27.	Ministry of Panchayati Raj	2013-14	7200.70	3738.62	52
		2014-15	7000.70	3610.14	52
		2015-16	394.75	186.08	47
28.	Ministry of Planning	2013-14	7181.53	5798.92	81
		2014-15	1828.38	537.06	29
		2015-16	1846.86	462.38	25
29.	Ministry of Power	2013-14	8045.87	4309.22	54
		2014-15	8228.16	3590.65	44
		2015-16	8719.54	856.27	10
30.	Ministry of Road Transport and Highways	2013-14	17203.60	533.44	03
		2014-15	20103.39	1430.69	07
		2015-16	23433.94	1373.54	06
31.	Department of Rural Development	2013-14	113304.88	15817.28	14
		2014-15	121746.83	13116.63	11
		2015-16	129030.01	9239.37	07
32.	Department of Science and Technology	2013-14	3372.22	776.36	23
		2014-15	3546.03	646.11	18
		2015-16	3844.01	199.61	05
33.	Department of Social Justice and Empowerment	2013-14	6420.37	1203.02	19
		2014-15	5750.77	1013.30	18
		2015-16	6062.63	570.65	09
34.	Ministry of Statistics and Programme Implementation	2013-14	4949.36	109.59	02
		2014-15	4905.79	840.74	17
		2015-16	4816.76	645.37	13
35.	Ministry of Textiles	2013-14	5519.98	1592.79	29
		2014-15	5547.74	1657.68	30
		2015-16	4402.25	385.45	09
36.	Ministry of Tourism	2013-14	1355.32	328.12	24
		2014-15	1965.22	979.89	50
		2015-16	1588.05	687.73	43
37.	Ministry of Tribal Affairs	2013-14	443.74	146.39	33
		2014-15	517.40	172.31	33
		2015-16	778.61	159.07	20
38.	Department of Urban Development	2013-14	1281.32	166.59	13
		2014-15	8713.64	4553.51	52
		2015-16	10329.18	4053.46	39
39.	Ministry of Water Resources, River Development and Ganga Rejuvenation	2013-14	1902.13	906.47	48
		2014-15	15143.17	9728.38	64
		2015-16	9064.87	1314.82	15
40.	Ministry of Women and Child Development	2013-14	20640.02	2601.43	13
		2014-15	21193.91	2652.77	13
		2015-16	17930.46	689.78	04
Revenue (Charged)					
41.	Appropriation-Interest Payments	2013-14	400500.66	5301.07	01
		2014-15	449882.66	24784.40	06
		2015-16	476089.17	18818.79	04

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under various Grants/Appropriations**

Sl No.	Description of Grant/Appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
42.	Transfers to State and Union Territory Governments	2013-14	62134.40	8229.86	13
		2014-15	64675.00	2861.68	04
		2015-16	88864.52	4285.73	05
43.	Ministry of Tribal Affairs	2013-14	3856.58	375.08	10
		2014-15	3913.63	476.04	12
		2015-16	3970.61	158.30	04
Capital (Voted)					
44.	Atomic Energy	2013-14	4111.36	1180.55	29
		2014-15	4408.46	1024.20	23
		2015-16	4513.69	472.84	10
45.	Department of Telecommunications	2013-14	2510.30	2293.77	91
		2014-15	3798.01	2859.02	75
		2015-16	2590.52	268.71	10
46.	Ministry of Defence (Civil)	2013-14	1838.42	742.03	40
		2014-15	1620.72	439.57	27
		2015-16	3953.03	250.86	06
47.	Department of Economic Affairs	2013-14	69431.73	63462.80	91
		2014-15	12515.86	2621.50	21
		2015-16	78412.12	1444.68	02
48.	Department of Financial Services	2013-14	30900.40	14017.40	45
		2014-15	24795.03	13725.47	55
		2015-16	29716.24	2150.21	07
49.	Direct Taxes	2013-14	590.00	144.00	24
		2014-15	752.01	682.14	91
		2015-16	576.20	479.02	83
50.	Indirect Taxes	2013-14	149.26	126.95	85
		2014-15	271.32	142.52	53
		2015-16	663.61	568.21	86
51.	Department of Health and Family Welfare	2013-14	2862.69	1585.55	55
		2014-15	1964.52	1092.16	56
		2015-16	1017.37	126.23	12
52.	Police	2013-14	9106.00	2760.84	30
		2014-15	9863.51	3924.49	40
		2015-16	9259.78	201.74	02
53.	Ministry of Road Transport and Highways	2013-14	32264.15	2950.74	09
		2014-15	37436.27	1665.45	04
		2015-16	69326.81	6407.74	09
54.	Department of Space	2013-14	3738.96	1297.91	35
		2014-15	3656.58	1205.72	33
		2015-16	3464.52	420.72	12
55.	Department of Urban Development	2013-14	6945.08	863.04	12
		2014-15	8826.22	2137.48	24
		2015-16	10202.10	255.71	03
Capital (Charged)					
56.	Transfers to State and UT Governments	2013-14	12000.00	1000.25	08
		2014-15	13000.00	1102.68	08
		2015-16	12600.00	101.80	01

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**Statement showing persistent savings of ₹100 crore or above
under various Grants/Appropriations**

Sl No.	Description of Grant/Appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
57.	<i>Appropriation-Repayment of Debt</i>	2013-14	4014248.55	502957.23	13
		2014-15	4064025.03	356325.38	09
		2015-16	4233227.78	495570.81	12
Defence Services Revenue(Voted)					
58.	Defence Services- Army	2013-14	88599.71	879.63	01
		2014-15	100635.34	1496.71	01
		2015-16	106994.29	972.98	01
Capital (Voted)					
59.	Capital Outlay on Defence Services	2013-14	86685.31	7592.40	09
		2014-15	94257.01	12515.11	13
		2015-16	94451.52	14649.57	16
Railways Capital (Voted)					
60.	Railway Funds – Depreciation Reserve Fund, Development Fund and Capital Fund	2013-14	16249.85	4788.64	29
		2014-15	17560.95	169.83	01
		2015-16	20294.81	1917.72	09

Annexure 3.7
(Refer to paragraph 3.8)
Cases where the amounts surrendered were more than the savings

(₹ in crore)

Sl No.	Description of Grant/Appropriation	Savings under the segment	Amount Surrendered	Excess Surrendered
Civil Revenue –Voted				
1.	68- Ministry of Minority Affairs	83.31	84.07	0.76
2.	98- Ministry of Tribal Affairs	159.07	166.44	7.37
3.	109- Ministry of Youth Affairs & Sports	80.31	81.34	1.03
Revenue Charged				
4.	73-Ministry of Personnel, Public Grievances and Pensions	7.02	7.18	0.16
Capital-Voted				
5.	18-Department of Food & Public Distribution	213.70	213.71	0.01
6.	33-Ministry of External Affairs	353.02	359.00	5.98
7.	73-Ministry of Personnel, Public Grievances and Pensions	22.19	22.23	0.04
8.	89- Ministry of Shipping	86.45	90.33	3.88
Capital-Charged				
9.	39-Appropriation – Repayment of Debt	495570.81	539876.45	44305.64
Posts Capital-Voted				
10.	14-Department of Posts	12.87	13.11	0.24

Annexure 3.8
(Refer to paragraph 3.9)
**Cases where major portion of savings were surrendered on
30th/31st March 2016 and the details of amount lapsed**

Sl No.	Description of Grant/Appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2016	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
			(₹ in crore)			(₹ in crore)
Civil Revenue (Voted)						
1.	1-Department of Agriculture & Co-operation	1658.72	1451.64	1451.64	88	207.08
2.	2- Department of Agricultural Research & Education	747.13	745.43	745.43	100	1.70
3.	3- Department of Animal Husbandry Dairying & Fisheries	256.13	205.64	205.64	80	50.49
4.	5-Nuclear Power Schemes	813.87	89.00	89.00	11	724.87
5.	8-Department of Fertilizers	536.14	536.09	536.09	100	0.05
6.	12-Department of Commerce	161.28	129.17	129.17	80	32.11
7.	13-Department of Industrial Policy & Promotion	295.34	253.50	253.50	86	41.84
8.	16-Department of Electronics and Information Technology	131.98	0	0	0	131.98
9.	20-Ministry of Culture	165.36	96.87	96.87	59	68.49
10.	21-Ministry of Defence	590.61	528.60	528.60	90	62.01
11.	29-Ministry of Development of North Eastern Region	510.90	366.58	366.58	72	144.32
12.	30-Ministry of Drinking Water and Sanitation	849.71	849.10	849.10	100	0.61
13.	31-Ministry of Earth Sciences	263.52	210.99	210.99	80	52.53
14.	33-Ministry of External Affairs	150.85	27.66	27.66	18	123.19
15.	34-Department of Economic Affairs	6185.08	6100.30	6100.30	99	84.78
16.	35-Department of Financial Services	300.91	296.16	296.16	98	4.75
17.	37-Transfers to State and Union Territory Governments	7550.00	7550.00	7550.00	100	--
18.	41-Pensions	178.50	0	0	0	178.50
19.	42-Indian Audit and Accounts Department	227.00	213.97	213.97	94	13.03
20.	44-Direct Taxes	208.70	197.00	197.00	94	11.70
21.	45-Indirect Taxes	553.67	489.95	489.95	88	63.72
22.	48-Department of Health and Family Welfare	1001.55	572.60	572.60	57	428.95
23.	51-Department of Heavy Industry	220.29	55.80	55.80	25	164.49
24.	55-Police	205.51	114.96	114.96	56	90.55

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**Cases where major portion of savings were surrendered on
30th/31st March 2016 and the details of amount lapsed**

Sl No.	Description of Grant/Appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2016	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
		(₹ in crore)				(₹ in crore)
25.	56-Other Expenditure of the Ministry of Home Affairs	224.19	223.51	223.51	100	0.68
26.	58-Ministry of Housing and Urban Poverty Alleviation	3868.40	3688.92	3688.92	95	179.48
27.	59-Department of School Education and Literacy	8754.13	8722.72	8722.72	100	31.41
28.	60-Department of Higher Education	1305.43	1218.21	1218.21	93	87.22
29.	61-Ministry of Information and Broadcasting	210.76	195.64	195.64	93	15.12
30.	62-Ministry of Labour and Employment	826.98	667.74	667.74	81	159.24
31.	64-Law and Justice	470.80	394.98	394.98	84	75.82
32.	66-Ministry of Micro, Small and Medium Enterprises	179.13	119.00	119.00	66	60.13
33.	67-Ministry of Mines	165.69	161.14	161.14	97	4.55
34.	71-Ministry of Panchayati Raj	186.08	185.98	185.98	100	0.10
35.	76-Ministry of Planning	462.38	442.47	442.47	96	19.91
36.	77-Ministry of Power	856.27	615.66	615.66	72	240.61
37.	83-Ministry of Road Transport and Highways	1373.54	733.54	733.54	53	640.00
38.	84-Department of Rural Development	9239.37	269.46	269.46	03	8969.91
39.	86-Department of Science & Technology	199.61	148.28	148.28	74	51.33
40.	90-Ministry of Skill Development & Entrepreneurship	535.99	25.00	25.00	05	510.99
41.	91- Department of Social Justice and Empowerment	570.65	568.35	568.35	100	2.30
42.	94-Ministry of Statistics and Programme Implementation	645.37	638.66	638.66	99	6.71
43.	96-Ministry of Textiles	385.45	384.49	384.49	100	0.96
44.	97-Ministry of Tourism	687.73	677.09	677.09	98	10.64
45.	98-Ministry of Tribal Affairs	159.07	(166.44)	(166.44)	105	--
46.	102-Daman and Diu	279.00	274.91	274.91	99	4.09
47.	104-Department of Urban Development	4053.46	1301.71	1301.71	32	2751.75
48.	107-Ministry of Water Resources, River Development and Ganga Rejuvenation	1314.82	62.20	62.20	05	1252.62
49.	108-Ministry of Women and Child Development	689.78	678.12	678.12	98	11.66

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**Cases where major portion of savings were surrendered on
30th/31st March 2016 and the details of amount lapsed**

Sl No.	Description of Grant/Appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2016	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
		(₹ in crore)				(₹ in crore)
Revenue (Charged)						
50.	36-Appropriation-Interest Payments	18818.79	17856.90	17856.90	95	961.89
51.	37-Transfers to State & Union Territory Governments	4285.73	4285.73	4285.73	100	--
52.	98-Ministry of Tribal Affairs	158.30	158.30	158.30	100	--
Capital (Voted)						
53.	4-Atomic Energy	472.84	360.93	360.93	76	111.91
54.	15- Department of Telecommunications	268.71	266.95	266.95	99	1.76
55.	18- Department of Food and Public Distribution	213.70	213.71	153.15	72	--
56.	21-Ministry of Defence	250.86	232.52	232.52	93	18.34
57.	29-Ministry of Development of North Eastern Region	120.21	120.15	120.15	100	0.06
58.	33-Ministry of External Affairs	353.02	(359.00)	(359.00)	102	--
59.	34-Department of Economic Affairs	1444.68	553.50	553.50	38	891.18
60.	35-Department of Financial Services	2150.21	1150.20	1150.20	53	1000.01
61.	43-Department of Revenue	105.99	105.66	105.66	100	0.33
62.	44-Direct taxes	479.02	472.95	472.95	99	6.07
63.	45-Indirect Taxes	568.21	534.81	534.81	94	33.40
64.	48-Department of Health and Family Welfare	126.23	97.75	97.75	77	28.48
65.	51-Department of Heavy Industry	685.25	651.74	651.74	95	33.51
66.	55-Police	201.74	162.62	162.62	81	39.12
67.	56-Other Expenditure of the Ministry of Home Affairs	287.56	281.83	281.83	98	5.73
68.	77-Ministry of Power	919.56	918.17	918.17	100	1.39
69.	83-Ministry of Road Transport and Highways	6407.74	5571.06	5571.06	87	836.68
70.	91- Department of Social Justice and Empowerment	200.22	200.22	200.22	100	--
71.	93-Department of Space	420.72	387.38	387.38	92	33.34
72.	100-Chandigarh	167.69	167.68	167.68	100	0.01
73.	104-Department of Urban Development	255.71	0	0	0	255.71
74.	105-Public Works	209.27	28.69	28.69	14	180.58

**Cases where major portion of savings were surrendered on
30th/31st March 2016 and the details of amount lapsed**

Sl No.	Description of Grant/Appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2016	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
		(₹ in crore)				(₹ in crore)
Capital (Charged)						
75.	37-Transfers to State and Union Territory Governments	101.80	101.80	101.80	100	--
76.	39-Appropriation – Repayment of Debt	495570.81	(539876.45)	(539876.45)	109	--

Note : Figure in bracket indicate that amount surrendered is more than the Savings.

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Annexure 3.9
(Refer to paragraph 3.12)
Re-appropriation to minor /sub-head
which were injudicious on account of non-utilisation
(Re-appropriation exceeding ₹ 5 crore and more)

(₹ in crore)

Sl No.	Description of Grant/Appropriation	Minor /Sub-Head		Total Provision	Amount of re-appropriation to the head	Final savings under the head
Civil						
1.	5-Nuclear Power Schemes	2801.03.101.08-PHWR (Pressurised Heavy Water Reactor) Fuel for other Stations	O S	2478.92 209.24	12.58	678.81
2.	12-Department of Commerce	3453.00.800.09-International Conferences	O	3.50	5.00	6.27
3.	15-Department of Telecommunications	2071.01.104.01-Ordinary Pensions	O S	1315.00 36.46	103.54	125.99
4.	16-Department of Electronics & Information Technology	4859.02.004.18-Promotion of Electronics/IT HW (Information Technology Hardware) Manufacture (Mega Fab)	S	0.01	19.99	20.00
5.	33-Ministry of External Affairs	2061.00.800.13-Special Grants to Missions	O S	13.51 10.00	6.61	7.68
6.	36-Appropriation-Interst Payments	2049.01.122-Interest on Investment in Special Central Government of India Securities issued against net collections of small savings from 1.4.99	O	3478.23	189.15	213.30
7.		2049.03.104.02-Other State Provident funds	O	2620.28	149.01	159.76
8.	58-Ministry of Housing and Urban Poverty Alleviation	3475.00.108.05-National Urban Livelihood Mission (NULM)	O S	5.00 0.01	5.79	6.35
9.	104-Department of Urban Development	2217.05.191.15- Mission for 100 Smart Cities	O	20.00	260.00	272.47
10.		2217.05.191.16-Urban Rejuvenation Mission-500 Habitations	O	20.00	69.74	73.33
11.		4216.01.700.59-Rajya Sabha	O S	10.85 0.01	6.25	6.37
12.	107-Ministry of Water Resources, River Development and Ganga Rejuvenation	2711.01.800.30-River Management Activities and Works related to Border Areas	O S	59.50 0.01	8.00	11.06
Postal Services						
13.	14-Department of Posts	3201.03.101.03-Small Saving in Head Post Offices	O S	237.39 2.00	13.68	14.38
14.		3201.07.101.01-Superannuation and Retirement Allowances	O S	2617.94 196.06	52.40	61.53
Defence Services						
15.	23-Defence Services-Army	2076.00.800-Other Expenditure	O S	2286.18 0.01	109.81	153.12
Total					1011.55	

Annexure 3.10
(Refer to paragraph 3.13)
Re-appropriation from the minor/ subhead resulting into final excess expenditure
(Re-appropriation exceeding ₹ 5 crore and more)

(₹ in crore)

Sl No.	Description of Grant/Appropriation	Sub-Head		Total Provision	Amount of re-appropriation from the head	Final excess expenditure under head
Civil						
1.	15-Department of Telecommunications	2071.01.101.01-Ordinary Pensions	O S	3920.00 749.20	192.34	268.93
2.	39-Appropriation-Repayment of Debt	6001.00.115-14 Treasury bills	Days O	2378006.28	8006.28	44470.11
Defence Services						
3.	23-Defence Services-Army	2076.00.110-Stores	O	16695.83	975.91	1446.39
4.	24-Defence Services-Navy	2077.00.105-Transportation	O	410.00	15.01	17.14
5.	28-Capital outlay on Defence Services	4076.02.103-Other Equipment	O	2558.64	8.64	105.39
Total					9198.18	

O – Original; S – Supplementary

Annexure 3.11
(Refer to paragraph 3.14)

Unnecessary Supplementary Grant under Minor/sub-heads

Sl No.	Description of Grant/ Appropriation	Minor / Sub-head	Original Provision	Supplementary provision	Disbursement	Savings	Reasons attributed by the Ministry/ Department
			(₹ in crore)				
Civil							
1.	04-Atomic Energy	3401.00.004.05-Tata Institute of Fundamental Research	666.00	24.22	618.50	71.72	Due to reduction at Revised Estimate stage by the M/o Finance
2.		3401.00.004.07-Tata Memorial Centre	540.00	31.00	525.00	46.00	
3.	20- Ministry of Culture	2205.00.106.12-Rashtriya Kala Sanskriti Vikas Yojana	325.00	20.00	306.27	38.73	Due to non-implementation of e-governance in Archaeological Survey of India/e-ticketing system at protected monuments/sites and reduction of provision at Revised Estimates stage by the M/o Finance and non-receipt of pending bills, less number of tours undertaken, non-procurement of Scientific Equipments, non-materialisation of proposals for development of additional security personnel for the protected monuments/sites
4.	43- Department of Revenue	3601.01.110.07-Compensation to State Govt. for Revenue Loss due to phasing out of CST (Central State Tax)	14929.00	990.55	14370.60	1548.95	Due to requirement of less funds towards CST compensation to the State Governments
5.	51-Department of Heavy Industry	2852.80.003.12-National Automotive Testing and R&D Infrastructure Project	75.00	144.54	74.99	144.55	Due to receipt of less proposals from manufacturers of hybrid vehicles.
6.	55-Police	2055.00.003.01-National Police Academy	136.58	5.00	110.24	31.34	Due to non-finalization of procurement and requirement of less funds towards tours, training programme and engagement of consultants

Unnecessary Supplementary Grant under Minor/sub-heads

Sl No.	Description of Grant/ Appropriation	Minor / Sub-head	Original Provision	Supplementary provision	Disbursement	Savings	Reasons attributed by the Ministry/ Department
			(₹ in crore)				
7.		2055.00.106.01-Establishment	598.71	10.00	545.33	63.38	Due to non-filling up of vacant posts and requirement of less funds towards petrol, oil and lubricant and minor works
8.		4055.00.202.04-General	100.00	5.00	94.13	10.87	Due to rescheduling of delivery of vehicles
9.	62-Ministry of Labour and Employment	4250.00.201.11-Working Conditions and Safety	4.31	6.00	2.61	7.70	Due to non-utilisation of funds towards ongoing construction works by Central Public Works Department
10.		3055.00.004.25-Improving and Strengthening of Public Transport System	20.00	70.00	12.00	78.00	Saving was due to non-receipt of Utilization Certificates from State Treasury Units
11.	83-Ministry of Road Transport and Highways	5054.01.796.01-Special Programme for Development of Road Connectivity (NH and State Roads) in Naxalite Affected Areas	400.00	520.00	--	920.00	Due to slow progress of ongoing works and delay in receipt of bills from contractors
12.	84-Department of Rural Development	3054.80.797.03-Transfer to Central Roads Fund	3030.03	1104.22	3030.03	1104.22	Due to release of less funds to implementing agencies owing to less transfer of funds
13.		3601.02.797.02-Transfer to Central Roads Fund	4623.47	7864.19	4623.47	7864.19	
14.	97-Ministry of Tourism	3452.01.101.11-Assistance to Central Agencies for Tourism Infrastructure Development	14.25	10.00	11.00	13.25	Saving was due to non-receipt of Utilization/Completion Certificate and reduction of provision at revised estimate stage by the M/o Finance
15.		3452.01.101.13-National Mission for Beautifying Pilgrimage Centres	50.00	10.00	8.09	51.91	Saving was due to non-receipt of adequate proposal from State Agencies and reduction of provision at revised estimate stage by the M/o Finance

Unnecessary Supplementary Grant under Minor/sub-heads

SI No.	Description of Grant/ Appropriation	Minor / Sub-head	Original Provision	Supplementary provision	Disbursement	Savings	Reasons attributed by the Ministry/ Department
			(₹ in crore)				
16.	105-Public Works	2059.80.001.13 -Scheme of Computerisation	2.84	8.23	2.12	8.95	Due to non-finalisation of the scheme
Defence Services Revenue (Voted)							
17.	26-Defence Ordnance Factories	2079.00.110- Stores	6565.12	660.95	6522.42	703.65	Due to non-supply of items such as 125 MM Fin Stabilised Amour Piercing Discharging Sabot (FSAPDES) as well as delay in supply by foreign vendors.
Postal Services Revenue (Voted)							
18.	14-Department of Posts	3201.02.101.01- Existing post Offices	6766.09	137.42	6680.90	222.61	Less expenditure under salaries due to more retirement cases. Less LTC (Leave Travel Concession) due to first two year of block period 2014-17, less tuition fee cases etc.
19.		3201.02.102.01 - Mail Sorting	1169.91	25.30	1162.29	32.92	
20.		3201.03.101.12 -Setting up of Post Bank of India	--	7.25	--	7.25	Codal formalities for setting up of PBI (Postal Bank of India) were not completed before closure of the financial year.
21.		3201.07.104.01 -Gratuities	698.15	24.96	653.23	69.88	Forecasting could not be assessed by the circles, hence savings under the head

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Annexure 3.12
(Refer to paragraph 3.15)

Entire provision remaining unspent (₹ 50 crore and above)

(₹ in crore)

Sl. No.	Description of Grant/Appropriation and Sub-head	Budget provision	Savings
Civil			
Grant No. 5-Nuclear Power Schemes			
1.	2801.03.101.09-KKNP Fuel	89.00	89.00
Grant No.10-Ministry of Civil Aviation			
2.	3053.80.800.06-Subsidy for operation of Haj Charters	527.66	527.66
Grant No. 13- Department of Industrial Policy and Promotion			
3.	2885.02.101.14-Interest Subvention to Industrial Units in Andhra Pradesh & Telengana	100.00	100.00
Grant No. 15- Department of Telecommunications			
4.	4859.01.190.13-ITI Revival (Equity Investment)	50.00	50.00
Grant No. 29-Ministry of Development of North Eastern (NE) Region			
5.	3601.05.101.07-NE Road Corporation	225.00	225.00
6.	3601.05.101.08-Organic Farming in NE States	125.00	125.00
7.	4552.00.215.02-Integrated Development of Small and Medium Towns in NE Region	70.00	70.00
Grant No. 33-Ministry of External Affairs			
8.	7605.00.055.01-New Credit	158.00	158.00
Grant No. 34- Department of Economic Affairs			
9.	2235.02.200.28-Social Security Network	1000.00	1000.00
10.	2235.02.797.01- Transfer to Nirbhaya Fund	1000.00	1000.00
11.	2235.60.797.02-National Social Security Fund for Unorganised Sector Workers	607.00	607.00
12.	5475.00.800.21-PPP Implementation (3P India)	80.00	80.00
Grant No. 35- Department of Financial Services			
13.	5465.01.797.01-National Investment Fund	7940.00	7940.00
Grant No. 36 - Appropriation-Interest Payments			
14.	2049.01.126- Interest/Discount paid on Market Stabilization Scheme Deposit of Money in the Bank	686.60	686.60
15.	2049.01.128-Cash Management Bills	1000.00	1000.00
Grant No. 37-Transfer to State and Union Territory Governments			
16.	7601.06.200- Other Ways and Means Advances (Charged)	100.00	100.00
Grant No. 39 - Appropriation-Repayment of Debt			
17.	6001.00.127-Cash Management Bills	100000.00	100000.00
Grant No. 43-Department of Revenue			
18.	4059.60.051.26-Construction of Rajaswa Bhawan	100.00	100.00
Grant No. 48- Department of Health and Family Welfare			
19.	2210.06.800.39-Health Insurance (CGEIPS)	50.00	50.00
Grant No. 50- Department of AIDS Control			
20.	4210.04.200.11-National AIDS and STD Control Programme	50.00	50.00

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Entire provision remaining unspent (₹ 50 crore and above)

(₹ in crore)

Sl. No.	Description of Grant/Appropriation and Sub-head	Budget provision	Savings
Grant No. 51 - Department of Heavy Industry			
21.	2852.80.003.15- R&D Projects-Development of Advanced Ultra Super-Critical (Adv-USC) Technology for Thermal Power Plants	50.00	50.00
22.	6854.60.800.01-Implementation of Revival Scheme of Public Sector Enterprises	150.00	150.00
23.	6858.60.800.01-Loans to National Automotive Testing and R&D Infrastructure Project	300.00	300.00
Grant No. 55-Police			
24.	4055.00.214.06-Indo-Bhutan Border Works	50.00	50.00
25.	4055.00.800.23-Nirbhaya Fund Project	79.60	79.60
Grant No. 58-Ministry of Housing and Urban Poverty Alleviation			
26.	3602.04.169.01-Jawaharlal Nehru National Urban Renewal Mission	453.80	453.80
Grant No. 60-Department of Higher Education			
27.	2202.03.102.22-Establishment of multi-disciplinary research universities including Central University of Himalayan Studies (CUHS), creation of Centers of Excellence & National Centre for Excellence in humanities	81.38	81.38
Grant No. 62-Ministry of Labour and Employment			
28.	3601.04.326.04-Unorganized Workers Social Security Card	65.60	65.60
Grant No. 77-Ministry of Power			
29.	2801.80.800.33-Financial Support for Debt restructuring of DISCOMs (Distribution Companies)	74.20	74.20
Grant No. 83-Ministry of Road Transport and Highways			
30.	3055.00.004.27-Scheme for Safety of Women on Public Road Transport	653.00	653.00
31.	3601.02.105.02-Roads of Inter-State or Economic Importance	293.00	293.00
32.	5054.01.796.01-Special Programme for Development of Road Connectivity (National Highway and State Roads) in Naxalite Affected Areas	920.00	920.00
Grant No. 87- Department of Scientific and Industrial Research			
33.	3425.60.151.11-Institute of Translational Research (Innovation Complexes)	63.00	63.00
Grant No. 89-Ministry of Shipping			
34.	3052.02.103.07-Modal Shift to Coastal Shipping	64.61	64.61
Grant No. 91- Department of Social Justice and Empowerment			
35.	2225.01.789.10-Self Employment Scheme for Rehabilitation of Manual Scavengers	460.99	460.99
Grant No. 96-Ministry of Textiles			
36.	2852.08.789.14-Powerloom Promotion Scheme	51.02	51.02
Grant No. 107 – Ministry of Water Resources, River Development & Ganga Rejuvenation			
37.	2701.80.800.22-Detailed Project Report for interlinking of rivers	100.00	100.00
Grant No. 28- Capital outlay on Defence Services			
38.	4076.08.209-Assistance For Prototype Development Under Make Procedure	144.21	144.21
Total			118012.67

Annexure 3.13
(Refer to paragraph 3.16)
**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
Grant No. 1-Department of Agriculture and Co-operation					
1.	2401.00.800.45-Krishonnati Yojna-State Plan	460.00	36.56	423.44	Due to receipt of less proposals and requirement of less funds by the State Governments towards new Short Message Service Policy and due to receipt of insufficient proposals.
2.	2435.01.789.04- Krishonnati Yojna-Central Sector	124.63	0.61	124.02	Due to receipt of less proposals.
Grant No.2-Department of Agriculture Research and Education					
3.	2415.01.150.03-I.C.A.R. Headquarter Administration Including Agricultural Scientists Recruitment Board & Directorate of Information and Publication in Agriculture, Intellectual Property Rights Management	452.27	285.65	166.62	Due to non filling up of vacant posts and reduction of provisions at revised estimates stage by the M/o Finance.
4.	2415.01.150.07-Agricultural Education Institutes, Research and Education Schemes	576.81	439.72	137.09	
Grant No. 3-Department of Animal, Husbandry Dairying & Fisheries					
5.	2404.00.102.20-Dairy Vikas Abhiyan	948.75	781.28	167.47	Due to restriction of expenditure to match the revenue receipts.
Grant No. 4-Atomic Energy					
6.	4861.60.190.02-Uranium Corporation of India Limited	200.00	32.00	168.00	Due to reduction at Revised Estimate stage by M/o Finance.
Grant No. 12-Department of Commerce					
7.	3453.00.107.04-Interest Subvention to Scheduled Commercial Banks	1625.00	1100.00	525.00	Due to delay in notification of the scheme and cut imposed at revised estimate stage by the M/o Finance.
Grant No. 15-Department of Telecommunications					
8.	2071.01.102.01-Ordinary Pensions	911.32	781.40	129.92	Due to receipt of less claims and non-implementation of DA merger in respect of BSNL retirees.
Grant No. 18-Department of Food & Public Distribution					
9.	6860.04.190.06-Sugar Factories for bagasse based cogeneration power project	200.00	95.79	104.21	Due to non-receipt of clearance of Pollution Control Board/ Environment Impact Assessment for five sugar mills and non-receipt of suitable claims.

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**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
Grant No. 29-Ministry of Development of North Eastern Region					
10.	3601.02.101.14-Central Assistance from Non-Lapsable Pool of Resources for North East and Sikkim	970.00	605.10	364.90	Due to non-receipt of viable proposals, utilization certificates, Quarterly Progress Review and Inspection Reports from the State Governments.
Grant No.30-Ministry of Drinking Water & Sanitation					
11.	3601.02.269.02-Swachh Bharat Abhiyan	6011.40	4391.81	1619.59	Due to non-receipt of viable proposals from the State Governments and transfer of funds to M/o Urban Development through technical supplementary.
12.	3601.02.789.19-Sewerage and Sanitation-Sanitation Services	2184.00	1469.51	714.49	Due to transfer of funds to M/o Urban Development through technical supplementary and obtaining of supplementary under this head instead of Major Head "2215".
13.	3601.02.796.19- Sewerage and Sanitation-Sanitation Services	993.00	673.08	319.92	Due to transfer of funds to M/o Urban Development through technical supplementary and obtaining of supplementary under this head instead of Major Head "2215".
Grant No.31-Ministry of Earth Science					
14.	3403.00.102.06-Polar Science and Cryosphere	294.00	118.66	175.34	Due to availability of unspent balance of previous year and re-tendering of Polar Research Vessel.
Grant No. 33-Ministry of External Affairs					
15.	3605.00.101.10-Aid to Bhutan	2919.40	2127.66	791.74	Due to non-commencement of the Hydroelectric Projects in Bhutan.
16.	3605.00.101.14-Aid to Myanmar	270.00	117.07	152.93	Due to non-receipt of invoice for Kaladan Multi Model Transport Project, RhiThiddim Roads and delay in approval for Trilateral highway project.
17.	4059.60.051.17-External Affairs	220.00	89.85	130.15	Due to non-approval of projects by Committee on Non-Plan Expenditure and non-finalization of purchase of properties at Kabul, Seoul and Vancouver.
Grant No. 34-Department of Economic Affairs					
18.	2810.00.797.01-Transfer to National Clean Energy Fund	4700.00	100.00	4600.00	Due to requirement of less funds towards transfer to National Clean Energy Fund.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
19.	3075.60.101.01-Payment to Railways	4728.71	3722.68	1006.03	Due to requirement of less funds owing to reduction in rate of dividend from 5% to 4%.
20.	5475.00.800.12-Assistance for Infrastructure Development –Viability Gap Funding	1028.50	623.50	405.00	Due to part shifting of provision from Capital Section to Revenue Section of the Grant.
21.	7475.00.800.10-Loans to IMF under New Arrangements to Borrow (NAB)	1486.04	692.60	793.44	Due to requirement of less funds by Reserve Bank of India for providing loans to IMF under New Arrangements to Borrow.
Grant No. 35-Department of Financial Services					
22.	2235.60.102.03-Swavalamban Scheme to encourage people from unorganized sector to join National Pension System (NPS)	581.90	250.64	331.26	Due to requirement of less funds owing to slow enrolment under the scheme.
23.	3465.01.190.06-Financial Support to Small Industries Development Bank of India (SIDBI)	250.00	40.00	210.00	Due to availability of unspent balance of previous year.
Grant No. 36-Appropriation-Interest Payments					
24.	2048.00.200.13-Payment of premium on buyback of Government Securities	1000.00	38.22	961.78	Due to premium on switching and buyback operations.
25.	2049.01.103.01-Discout on Treasury Bills-91 Days Treasury Bills	15131.74	12476.64	2655.10	Due to issue of less treasury bills.
26.	2049.01.108-Interest on 182 days Treasury Bills	6643.62	5800.91	842.71	Due to lower issuance of treasury bills.
27.	2049.01.110-Interest on 364 Days Treasury Bills	14453.33	10617.05	3836.28	Due to softening of yields.
28.	2049.01.115-Interest on Ways & Means Advances from Reserve Bank of India	500.00	74.28	425.72	Due to less utilization of ways and Means advances and overdraft on account of availability of surplus cash in the Government Account.
29.	2049.01.116- Interest on 14 Days Treasury Bills	5000.00	3823.49	1176.51	Due to higher volume of rediscounting by the State Governments.
30.	2049.03.109.09- Special Deposit of E.S.I.C (Employees' State Insurance Corporation)	1002.91	746.90	256.01	Due to reduction in the rate of interest and settlement of excess interest released under SDA (Special Deposits and Accounts) in previous years.
31.	2049.05.103-Interest on Railway Development Fund	201.03	93.90	107.13	Due to less accretions to the fund.
Grant No. 37-Transfer to State and Union Territory Governments					
32.	3601.01.104.21- Grants-in-aid for State Disaster Relief fund	9971.00	8756.01	1214.99	Due to non-fulfillment of prescribed terms and conditions by some State Governments.
33.	3601.01.104.22- Grants for Local Bodies	29987.52	26917.78	3069.74	

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
34.	3601.02.101.06-Additional Central Assistance for externally aided projects	3500.00	2771.82	728.18	Due to receipt of less proposals of flow of External Aid from the O/o Controller of Aid Accounts & Audit.
35.	3601.03.560.01-Special Assistance (State & Union Territory Governments)	20000.00	10890.00	9110.00	Due to transfer of funds to M/o Water Resources, River Development and Ganga Rejuvenation, M/o Women & Child Development, M/o Drinking Water & Sanitation and M/o Health & Family Welfare for providing specific intervention through NITI Aayog as per instructions of M/o Finance.
Grant No. 39- Appropriation-Repayment of Debt					
36.	6001.00.114-Ways and Means Advances from Reserve Bank of India	500000.00	83843.00	416157.00	Due to lower utilization of Ways and Means advance and overdraft.
Grant No. 41- Pensions					
37.	2071.01.102.01- Ordinary Pensions	1681.80	1443.46	238.34	Due to receipt of less claims/scrolls.
Grant No. 43-Department of Revenue					
38.	2047.00.110.01-Grants to GSTN:SPV (Goods and Service Tax Network :Special Purpose Vehicle)	292.00	120.93	171.07	Due to requirement of less fund towards Goods and Service Tax Network (Special Purpose Vehicle).
Grant No. 44-Direct Taxes					
39.	4059.01.202- Acquisition of Ready-built Accommodation	323.72	52.32	271.40	Due to non-finalisation of some proposals for purchase/construction of properties.
40.	4216.01.111.01- Acquisition of Ready-built Flats	250.48	43.65	206.83	
Grant No. 45-Indirect Taxes					
41.	2037.00.102.01-Sea Customs-Major Ports	812.98	680.74	132.24	Due to non filling up of vacant posts, non-finalization of revision of rent and economy measures.
42.	4047.00.037.03-Preventive and other Functions	263.61	41.92	221.69	Due to non-finalization of process to procure the spare parts of category-I and II vessels and delay in tendering process for installation of Drive through Scanners (Road), procurement of PRD (Personal Radiation Detector), Mall Scanner, XBIS (X-Ray Baggage Inspection System).

Savings of more than ₹ 100 crore and constituting more than 10 per cent of the sanctioned provision under a sub-head

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
43.	4059.01.800.01-Acquisition of Ready-built Accommodation	331.00	25.06	305.94	Due to non-finalization of various proposals for acquisition of land/construction of office buildings and purchase of ready built office accommodation.
Grant No. 48-Department of Health and Family Welfare					
44.	2210.05.105.41-Establishment of AIIMS type Super-Speciality Hospitals-cum Teaching Institutions and upgrading of State Government Hospitals	1756.00	1208.72	547.28	Due to requirement of less funds towards creation of capital assets, outsourcing services/manpower, contingent expenses of new 6 AIIMS (All India Institute of Medical Science) and availability unspent balance with grantee bodies.
45.	2210.06.001.09-Flexible Pool for Communicable Diseases	1167.51	972.65	194.86	Due to non-filling up of vacant posts, receipt of less proposals, non-approval of media campaigns and holding of less training programmes/conferences and non-procurement of anti-malaria, kala-azar and anti-Tuberculosis drugs.
46.	3601.02.246.02-National Urban Health Mission-Flexible Pool	785.45	484.84	300.61	Due to receipt of less proposals owing to declaration of less number of days as National Immunization day and reduction of provision at revised estimates stage by the M/o Finance.
47.	3606.00.237.05-Material Assistance for Strengthening of National Immunization Programme and Polio Eradication	718.10	7.00	711.10	Due to delay in approval of the scheme and non-procurement of supplies and materials.
Grant No. 51- Department of Heavy Industry					
48.	6858.60.190.07-Implementation of Voluntary Retirement and Separation Scheme (VRS/VSS) and Payment of Statutory Dues	734.00	185.83	548.17	Due to re-appropriation of funds to various Public Sector Enterprises for implementation of revival schemes/Voluntary Retirement Scheme by Public Sector Enterprises and payment of statutory dues.
Grant No. 53-Ministry of Home Affairs					
49.	2245.80.102.18-Natioanl Cyclone risk Mitigation Project with World Bank Assistance	416.00	159.01	256.99	Due to non-filling up of vacant posts, less number of foreign tours undertaken and non-engagement of consultants.
Grant No. 55-Police					
50.	4055.00.214.05-Indo-Nepal Border Works	300.00	161.99	138.01	Due to non finalisation of proposals for acquisition of land.

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**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
51.	4055.00.215.03-Assistance to States/UTs for Coastal Security	710.00	48.89	661.11	Due to non-finalization of procurement proposals of boats for coastal security.
Grant No. 56-Other Expenditure of the Ministry of Home Affairs					
52.	3601.01.343.06-Jammu & Kashmir Relief & Rehabilitation	580.00	260.00	320.00	Due to non-finalization of schemes for rehabilitation of Kashmiri Migrants.
53.	4250.00.101.08-National Disaster Response Force	323.03	55.81	267.22	Due to non-finalization of proposals pending administrative approval and non-construction of semi-permanent structures.
Grant No. 58-Ministry of Housing and Urban Poverty Alleviation					
54.	2216.02.190.15-Rajiv Rin Yojana (RRY)	394.20	0.12	394.08	Due to discontinuation of the scheme.
55.	3601.04.170.02-Housing for All-Sardar Patel Urban Housing Scheme	3504.01	1197.74	2306.27	Due to receipt of less proposals and reduction of provision at revised estimates stage by the M/o Finance and non-settlement of claims of projects submitted by States.
56.	3601.04.435.05-National Urban Livelihoods Mission (NULM)	420.00	259.35	160.65	Due to non-receipt of utilisation certificates.
Grant No. 59- Department of School Education & Literacy					
57.	3601.02.797.03-Funds for transfer to Prarambhik Shiksha Kosh	27575.00	19298.16	8276.84	Due to less collection of Education-cess.
Grant No. 60-Department of Higher Education					
58.	2202.03.102.14-Rashtriya Uchcha Shiksha Abhiyan (RUSA)	140.74	5.52	135.22	Due to receipt of less number of viable proposals.
59.	2202.03.102.21-Support for skill-based higher education including community colleges	151.88	0.50	151.38	Due to non-finalization of the scheme.
60.	2203.00.112.68-Setting up Indian Institutes of Technology (IITs)/Indian Institutes of Management (IIMs)	775.00	90.31	684.69	Due to receipt of less number of viable proposals.
61.	2203.00.789.58-Setting up Indian Institutes of Technology (IITs)/Indian Institutes of Management (IIMs)	150.00	7.65	142.35	
Grant No. 61-Ministry of Information & Broadcasting					
62.	2251.00.800.11-National Film Heritage Mission	137.00	3.76	133.24	Due to the project being at initial stage of implementation and re-prioritizing of certain activities by the Department.
Grant No. 62-Ministry of Labour and Employment					
63.	2230.03.003.07-Vocational Training Programme for Women	170.29	63.15	107.14	Due to non taking off Apprenticeship Protsahan Yojana Scheme.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
64.	3601.04.326.02-Social Security for Unorganized Sector Workers including RSBY	780.99	39.16	741.83	Due to transfer of Rashtriya Swasthya Bima Yojana scheme to M/o Health & Family Welfare.
65.	3601.04.789.47-Labour-Social Security for Unorganized Workers	209.06	1.00	208.06	
66.	3601.04.796.36- Labour-Social Security for Unorganized Workers	105.82	3.76	102.06	
Grant No. 64-Law & Justice					
67.	2015.00.104.01-Reimbursement to State/Union Territory Governments	1555.40	1314.96	240.44	Due to non-receipt of audit certificates from State Governments and less release to State Governments on account of non-receipt of audit certificate.
Grant No. 76-Ministry of Planning					
68.	3454.02.206.01-Unique Identification Authority of India	1638.22	1285.43	352.79	Due to non-filling up of vacant posts, low volume of enrolment authentication, updation of Aadhar and contact centre operations less outflow on "Information Communication & Technology Assistance" owing to Supreme Court ruling limiting Aadhar leveraging and non-deployment of Central Industrial Security Force.
Grant No. 77 -Ministry of Power					
69.	2801.05.797.01-Transfer to Power System Development Fund (PSDF)	1500.00	1150.74	349.26	Due to requirement of less funds towards purchase of gas-based Power by DISCOMS.
70.	2801.05.800.04-Scheme for Power System Development to be met from PSDF	300.00	175.00	125.00	Due to requirement of less funds towards projects under the scheme owing to slow implementation.
71.	2801.05.800.07-Scheme for utilization of gas based generation capacity to be met from PSDF	1200.00	975.74	224.26	Due to requirement of less funds towards purchase of gas based Power by DISCOMS.
72.	4801.02.190.02-National Thermal Power Corporation of India	993.00	76.83	916.17	Due to less acquisition of Coal Bearing Areas under-targeted.
Grant No. 83 -Ministry of Road Transport & Highways					
73.	3601.02.105.01-Grants for State Road	2868.00	2363.87	504.13	Due to transfer of total provision for quality, assurance and training as per Central Road Fund Rules, non-receipt of project proposals from the State Governments and non-receipt of Utilization Certificates.

Savings of more than ₹ 100 crore and constituting more than 10 per cent of the sanctioned provision under a sub-head

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
74.	5054.01.190.01-National Highways Authority of India	29420.09	23017.68	6402.41	Due to transfer of NHDP-IV (National Highways Development Project-Phase IV) projects to State Public Works Departments and delay in submission of bills by contractors.
75.	5054.01.337.01-Works under Roads Wing	5718.06	600.00	5118.06	Due to slow progress of ongoing works in development of road connectivity in Naxalite affected areas.
76.	5054.01.337.04-Other Highways related schemes financed from Central Road Fund	790.50	653.77	136.73	Due to slow progress of ongoing projects in Naxalite affected areas and delay in receipt of bills from Contractors.
Grant No. 84-Department of Rural Development					
77.	2505.02.101.09-Capacity Building and Technical Support	374.79	181.82	192.97	Due to receipt of less proposals from the State Governments.
78.	2515.00.800.28-RURBAN Mission	270.00	32.05	237.95	
79.	2515.00.800.29-Village Entrepreneurship 'Start up' Programme	180.00	13.60	166.40	Due to receipt of less number of viable proposals from the implementing agencies and receipt of less proposals from the State Governments.
80.	3054.04.338.08-Assistance to NRRDA (National Rural Road Development Agency) for repayment of loan raised from NABARD (National Bank for Agriculture and Rural Development)	3875.71	2800.00	1075.71	Due to receipt of less proposals from the State Governments.
81.	3601.02.418.01-Aajeevika-National Rural Livelihood Mission	230.80	110.67	120.13	
Grant No. 89- Ministry of Shipping					
82.	5051.01.001.01-Sagarmala	200.00	96.51	103.49	Due to reduction of provision at revised estimates stage by the M/o Finance and late approval of projects.
Grant No. 91-Ministry of Social Justice and Empowerment					
83.	2225.01.789.22-Pre Matri Scholarship for SCs	179.55	71.31	108.24	Due to requirement of less funds towards administrative expenses and non-receipt of adequate proposals for scholarship from Union Territory Administrations.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
84.	3601.03.789.08-Welfare of Scheduled Castes-Economic Development	1086.74	799.56	287.18	Due to availability of unspent balance with some State Governments and reduction of provision at revised estimates stage by the M/o Finance.
Grant No. 94-Ministry of Statistics and Programme Implementation					
85.	2553.00.101.01-Grant Assistance	3950.00	3502.00	448.00	Due to enforcement of model code of conduct owing to Election in Karnataka and delay in submission of utilization/audit certificate by District Authority.
Grant No. 96-Ministry of Textiles					
86.	2851.00.108.18-Textiles Infrastructure and Mega Clusters	236.52	118.26	118.26	Due to non-receipt of adequate and viable proposals.
87.	2852.08.202.62-Textiles Infrastructure and Mega Clusters	282.92	61.36	221.56	
Grant No. 97-Ministry of Tourism					
88.	3452.01.101.12-Tourism Circuits	280.00	154.52	125.48	Due to non-receipt of adequate proposals, utilization/completion certificate from implementing agencies and reduction of provision at revised estimates stage by the M/o Finance.
89.	3452.80.104.01-Direct Expenditure	457.20	296.68	160.52	Due to delay in receipt of international promotional campaign bills, inability to carry out that promotional campaign in some channels and reduction of provision at revised estimates stage by the M/o Finance.
Grant No. 98-Ministry of Tribal Affairs					
90.	3601.03.796.08-Welfare of Scheduled Tribes-Education (Charged)	689.95	519.56	170.39	Due to non-receipt of complete/adequate proposals/ utilization certificates from some State Governments and cut imposed at revised estimates stage by the M/o Finance.
Grant No. 102-Daman and Diu					
91.	2801.05.103.01-Operation and Maintenance	907.00	727.11	179.89	Due to shifting of major high tension consumers to Open Access Power Purchase Scheme, and cost of Bulk Power Purchase.
Grant No. 104-Department of Urban Development					
92.	2217.05.191.14-National Heritage Cities Programme	200.00	27.22	172.78	Due to slow progress in implementation of the scheme.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
93.	3601.04.314.03-Swachh Bharat Mission	2528.76	797.29	1731.47	Due to requirement of less funds towards various components of the scheme and receipt of less demands from the implementing agencies.
94.	3601.04.315.03-Mission for 100 Smart Cities	2000.00	1461.20	538.80	Due to requirement of less funds from the implementing State Governments and availability of less funds against requirement towards project/scheme.
95.	3601.04.315.04-Urban Rejuvenation Mission-500 Habitats	3898.99	2548.75	1350.24	Due to late launching of the scheme and receipt of less proposals from the State Governments and slow pace of work and receipt of less demands from the implementing agencies.
96.	3602.04.269.01-Swachh Bharat Mission	212.00	97.55	114.45	Due to receipt of less demands from Union Territories Governments and requirement of less funds towards various components of the scheme.
97.	4216.01.106.03-Urban Development Construction	720.01	534.66	185.35	Due to economy measures and slow progress of ongoing works.
98.	4217.60.190.08-Other Metro Projects	945.67	580.49	365.18	Due to non-receipt of demands from the implementing agencies.
Grant No. 105-Public Works					
99.	4059.01.051.01-Buildings	291.41	124.77	166.64	Due to requirement of less funds towards construction work and non-receipt of expenditure sanction from the client departments.
107- Ministry of Water Resources, River Development and Ganga Rejuvenation					
100.	3435.04.101.08-National Ganga Plan	2100.00	1000.00	1100.00	Saving of Rs.1100 crores under the head were mainly due to approval of infrastructure project model of the scheme in the last quarter of financial year 2015-16.
Grant No. 108 Ministry of Women and Child Development					
101.	2235.02.102.18-Intergated Child Development Services	250.20	30.70	219.50	Due to requirement of less funds by Union Territories and Non-approval and restructuring of the schemes and due to requirement of less funds by Union Territories Andaman & Nicobar and Lakshadweep and less proposals received for insurance of Anganwadi workers.

Savings of more than ₹ 100 crore and constituting more than 10 per cent of the sanctioned provision under a sub-head

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
102.	3601.02.356.09-National Mission for Empowerment of Women including IGMSY (Indira Gandhi Matritva Sahyog Yojana)	347.01	220.41	126.60	Due to review of funding pattern between Centre and States, receipt of less proposals from some State Governments.
Defence Services					
Grant No. 24 – Defence Services-Navy					
103.	2077.00.110 –Stores	5142.25	4166.03	976.22	Due to reduction in international market prices of petrol, oils and lubricants.
Grant No. 25 – Defence Services-Air Force					
104.	2078.00.110 –Stores	9160.24	7108.21	2052.03	Due to steep fall in crude oil prices in international market, delay in finalization of the cases, delay/change in delivery periods, short closure of cases due to implementation of new 5 years follow on Support Contract, change in payment policy with US Government etc.
105.	2078.00.800-Other Expenditure	596.37	490.32	106.05	Due to enforcement of economy measures, non-materialisation of few procurements, non-completion of certain projects and non-finalization of certain simulator training programme.
Grant No. 27 – Defence Services Research & Development					
106.	2080.00.004-Research / Research Development	869.75	604.58	265.17	Due to reduced expenditure by Director General Aeronautical Development Agency and other Research and Development Boards.
Grant No. 28 –Capital Outlay on Defence Services					
01-Army					
107.	4076.01.050 –Land	367.00	68.30	298.70	Due to non-fructification of land acquisition cases as anticipated.
108.	4076.01.101-Aircraft and Aero-engine	2365.35	1383.43	981.92	Due to lesser outgo on account of slippages in UAV (Unmanned Aerial Vehicle) Heron Contracts.
109.	4076.01.102 –Heavy & Medium Vehicles	1783.83	1446.85	336.98	Due to issue of lesser sanctions than anticipated.
110.	4076.01.103 – Other Equipments	17335.22	11333.05	6002.17	Due to lesser outgo on account of slippages in Committed Liabilities cases and non-issue of sanctions than anticipated.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
111.	4076.01.106-Rolling Stock	364.02	233.40	130.62	Due to lesser outgo on account of slippages in Committed Liabilities cases and also non-issue of sanctions.
02- Navy					
112.	4076.02.104-Joint Staff	920.84	720.46	200.38	Due to less expenditure on account of slow progress of strategic projects of Strategic Forces Command and signal intelligence projects in respect of Additional Directorate General of Signal Intelligence.
113.	4076.02.204-Naval Fleet	16049.87	10764.84	5285.03	Due to slippages in delivery schedules and contractual milestones of major ship-building contracts.
114.	4076.02.205-Naval Dockyards	1275.31	774.37	500.94	Due to non-conclusion of certain strategic submarine projects of Directorate General Naval Planning.
03- Air Force					
115.	4076.03.102-Heavy and Medium Vehicle	233.42	101.31	132.11	Due to non-fructification of New Contracts (Vehicles).
116.	4076.03.103 – Other Equipments	12382.09	9787.67	2594.42	Due to contract amendment in certain contracts leading to delay in payments, slippages due to non-delivery of items/non-achievement of milestones, exchange rate variations etc.
117.	4076.03.206-Special Projects	550.00	291.72	258.28	Due to adverse weather condition particularly in Jammu and Kashmir due to which the projects could not be expedited.
04- Defence Ordnance Factories					
118.	4076.04.052-Machinery and Equipment	424.68	312.30	112.38	Due to cut imposed by the M/o Finance at Revised Estimates stage.

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Annexure 3.14
(Refer to paragraph 3.17)

Statement showing persistent savings under sub-heads

SINo.	Sub-Head	Year	Budget Provision	Actual Expenditure	Savings	Percentage of Savings to Budget Provision
			(₹ in crore)			
Department of Agriculture Research and Education						
1.	2415.01.150.03-I.C.A.R. Headquarter Administration Including Agricultural Scientists Recruitment Board & Directorate of Information and Publication in Agriculture, Intellectual Property Rights Management	2013-14	516.31	225.02	291.29	56
		2014-15	530.30	284.11	246.19	46
		2015-16	452.27	285.65	166.62	37
Department of Telecommunications						
2.	2071.01.102.01-Ordinary Pensions	2013-14	925.00	686.67	238.33	26
		2014-15	989.11	792.45	196.66	20
		2015-16	911.32	781.40	129.92	14
Ministry of External Affairs						
3.	3605.00.101.14-Aid to Myanmar	2013-14	450.00	164.86	285.14	63
		2014-15	330.00	104.34	225.66	68
		2015-16	270.00	117.07	152.93	57
Department of Economic Affairs						
4.	2235.60.797.02-National Social Security Fund for Unorganised Sector Workers	2013-14	609.55	200.00	409.55	67
		2014-15	607.00	107.00	500.00	82
		2015-16	607.00	--	607.00	100
5.	5475.00.800.12-Assistance for Infrastructure Development – Viability Gap Funding	2013-14	678.00	450.00	228.00	34
		2014-15	670.00	365.00	305.00	46
		2015-16	1028.50	623.50	405.00	39
6.	7475.00.800.10-Loans to IMF under New Arrangements to Borrow (NAB)	2013-14	1830.02	1486.05	343.97	19
		2014-15	2972.08	2427.59	544.49	18
		2015-16	1486.04	692.60	793.44	53
Department of Financial Services						
7.	5465.01.797.01-National Investment Fund	2013-14	14000.00	--	14000.00	100
		2014-15	11200.00	1253.30	9946.70	89
		2015-16	7940.00	--	7940.00	100
Appropriation-Interest Payments						
8.	2048.00.200.13-Payment of premium on buyback of Government Securities	2013-14	2000.00	687.48	1312.52	66
		2014-15	1000.00	--	1000.00	100
		2015-16	1000.00	38.22	961.78	96
9.	2049.01.115-Interest on Ways & Means Advances from Reserve Bank of India	2013-14	2000.00	251.73	1748.27	87
		2014-15	800.00	433.57	366.43	46
		2015-16	500.00	74.28	425.72	85
10.	2049.01.116-14 days Treasury Bills (Charged)	2013-14	7150.00	3616.53	3533.47	49
		2014-15	7250.00	3671.44	3578.56	49
		2015-16	5000.00	3823.49	1176.51	24

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11.	2049.01.126-Interest /Discount paid on Market Stabilisation Scheme Deposit of Money in the Bank	2013-14	1630.38	--	1630.38	100
		2014-15	1628.81	--	1628.81	100
		2015-16	686.60	--	686.60	100
Transfers to State and Union Territory Governments						
12.	7601.06.200-Other Ways and Means Advances	2013-14	1000.00	--	1000.00	100
		2014-15	1000.00	--	1000.00	100
		2015-16	100.00	--	100.00	100
Appropriation –Repayment of Debt						
13.	6001.00.106.30-8% Saving Bonds, 2003 (Taxable)	2013-14	1063.60	429.45	634.15	60
		2014-15	1143.69	594.29	549.40	48
		2015-16	5713.47	5477.56	235.91	04
14.	6001.00.114-Ways and Means Advances	2013-14	500000.00	242425.00	257575.00	52
		2014-15	500000.00	316116.00	183884.00	37
		2015-16	500000.00	83843.00	416157.00	83
Direct Taxes						
15.	4059.01.202- Acquisition of Ready-built Accommodation	2013-14	547.00	430.25	116.75	21
		2014-15	700.01	42.38	657.63	94
		2015-16	323.72	52.32	271.40	84
Department of Health and Family Welfare						
16.	2210.06.001.09-Flexible Pool for Communicable Diseases	2013-14	920.59	538.49	382.10	42
		2014-15	1661.49	1128.47	533.02	32
		2015-16	1167.51	972.65	194.86	17
17.	3606.00.237.05-Material Assistance for Strengthening of National Immunization Programme and Polio Eradication	2013-14	332.36	159.43	172.93	52
		2014-15	718.10	153.80	564.30	79
		2015-16	718.10	7.00	711.10	99
Department of Heavy Industry						
18.	2852.80.003.12-National Automotive Testing and R&D Infrastructure Project	2013-14	341.94	--	341.94	100
		2014-15	426.94	241.91	185.03	43
		2015-16	219.54	74.99	144.55	66
Department of Higher Education						
19	2202.03.102.14-Rashtriya Uchha Shiksha Abhiyan (RUSA)	2013-14	300.80	6.51	294.29	98
		2014-15	140.74	6.77	133.97	95
		2015-16	140.74	5.52	135.22	96
Ministry of Planning						
20.	3454.02.206.01-Unique Identification Authority of India	2013-14	1819.00	1194.68	624.32	34
		2014-15	1437.14	1104.61	332.53	23
		2015-16	1638.22	1285.43	352.79	22
Ministry of Power						
21.	4801.02.190.02-National Thermal Power Corporation Limited	2013-14	474.00	301.45	172.55	36
		2014-15	915.00	73.74	841.26	92
		2015-16	993.00	76.83	916.17	92
Ministry of Road Transport and Highways						
22.	5054.01.337.01-Works under Roads Wing	2013-14	3704.83	2533.17	1171.66	32
		2014-15	2412.56	1713.31	699.25	29
		2015-16	5718.06	600.00	5118.06	90

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Grant No. 91-Ministry of Social Justice and Empowerment						
23.	3601.03.789.08-Welfare of Scheduled Castes-Economic Development	2013-14	1028.00	789.78	238.22	23
		2014-15	1036.80	700.00	336.80	32
		2015-16	1086.74	799.56	287.18	26
Grant No. 97-Ministry of Tourism						
24.	3452.80.104.01-Direct Expenditure	2013-14	448.20	292.60	155.60	35
		2014-15	446.20	279.79	166.41	37
		2015-16	457.20	296.68	160.52	35
Grant No. 104-Department of Urban Development						
25.	4217.60.190.08-Other Metro Projects	2013-14	470.98	300.00	170.98	36
		2014-15	1462.27	338.99	1123.28	77
		2015-16	945.67	580.49	365.18	39

Annexure 4.1

(Refer to paragraph 4.4.1 and 4.5.3)

**Object heads and their descriptions as contained in Rule 8 of Delegation
of Financial Power Rules, 1978**

Object head	Description
Object Class 1 (Personnel Services and Benefits)	
01- Salaries	It will include pay, allowances in all forms of personnel including honoraria and leave encashment except travel expenses (other than leave travel concession). This object classification will also be utilized for recording expenditure on emoluments and allowances of Heads of States and other high dignitaries including sumptuary allowances.
02- Wages	It will include wages of labourers and of staff at present paid out of contingencies.
03- Overtime Allowance	Amount paid to a Non-Gazetted Government servant for performing official duties beyond office hours in addition to his working hours.
04- Pensionary Charges	It will include donations to service funds and contributory provident funds in addition to payments of pensions and gratuity in all forms to Government servants, Members of Parliament, freedom fighters, etc. This will, however, not include social security expenditure such as old age pension, etc.
05- Rewards	It will include amount paid to Government servants only as per schemes, if any, operative in Ministries/Departments.
06- Medical Treatment	It will include amount paid towards medical reimbursement to Government servants/Pensioners.
Object Class 2 (Administrative Expenses)	
11- Domestic Travel Expenses	It will cover all expenses on account of travel on duty in India including conveyance and fixed travelling allowances but excluding leave travel concessions which would be part of salaries. This will also include TA/DA to non-official members on account of travel in India.
12- Foreign Travel Expenses	It will cover all expenses on account of travel on duty outside India including deputation of Scientists abroad. This will also include the expenditure on TA/DA to non-official members going on tour abroad.
13- Office Expenses	It will include all contingent expenses for running an office such as furniture, postage, purchase and maintenance of office machines and equipment, liveries, hot and cold weather charges (excluding wages of staff paid from contingencies), telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of staff cars and other vehicles for functional purposes like ambulance, vans, etc. This will also include POL expenses on vehicles for office use.
14- Rents, Rates and Taxes	It will include payment of rent for hired buildings, municipal rates and taxes, etc. It will also include lease charges for land.
15- Royalty	Description not available in Delegation of Financial Powers Rules, 1978.
16- Publications	It will include expenditure on printing of office codes, manuals and other documents, whether priced or unpriced but will exclude expenditure on printing of publicity material. This will also include discount to agents on sale of publications, etc.

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Object head	Description
20- Other Administrative Expenses	It will include expenditure on Departmental canteen hospitality/entertainment expenses, gifts and expenditure on conducted tours, expenditure on conferences/seminars/workshops, etc., and expenditure on other training programmes.
Object Class 3 (Contractual Services and Supplies)	
21- Supplies and Materials	It will include expenditure on materials and supplies, stores and equipment, etc.
22- Arms and Ammunition	It will include expenditure on arms and ammunition of police and other Paramilitary Establishments.
23- Cost of ration	It will include expenditure on ration of Police and other Paramilitary Establishments.
24- POL	It will include expenditure on POL of Police and other paramilitary vehicles. It will also include expenditure on POL of transport vehicles used for field activities, but will exclude those used for running an office.
25- Clothing and Tentage	It will include expenditure on clothing and tentage of Police and Paramilitary Establishments.
26- Advertising and Publicity	It will include commission to agents for sale and printing of publicity material. This would also include expenditure on exhibitions, fairs.
27- Minor works	It will also record expenditure on repairs and maintenance of works, machinery and equipment.
28- Professional services	It will include charges of legal services, consultancy fees, fees to staff artists, remuneration to the examiners, invigilators, etc., for conducting examinations, remuneration to casual artistes, by the All India Radio, Doordarshan and all other types of remunerations. It will also include payments for services rendered, supplies made by other departments such as Railways, Police, etc., a distinction being made in respect of supplies made, services rendered for running of an office in which case the expenditure will be recorded under expenses.
30- Other contractual Services	It will include expenditure on service or commitment charges and notional value of gifts received, etc.
Object Class 4 (Grants, etc.)	
31- Grants-in-aid-General	Description not available in Delegation of Financial Powers Rules, 1978.
32- Contributions	It will also include expenditure on membership of International bodies.
33- Subsidies	Description not available in Delegation of Financial Powers Rules, 1978.
34-Scholarships/ Stipend	Description not available in Delegation of Financial Powers Rules, 1978.
35- Grants for creation of Capital Assets	It will include amounts released as Grants for the creation of capital assets.
36- Grants-in-aid-Salaries	It will include amounts released as Grants-in-aid for payment of salaries.
Object Class 5 (Other Expenditure)	
41- Secret Service Expenditure	Description not available in Delegation of Financial Powers Rules, 1978.

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Object head	Description
42- Lumpsum provision	It will include expenditure in respect of schemes/sub-schemes/organizations where the provision does not exceed ₹ 10 lakh. In all other cases, break-up by other objects of expenditure must be given.
43- Suspense	Description not available in Delegation of Financial Powers Rules, 1978.
44- Exchange variations	The difference in the rate of exchange at the time of receipt of loan/advances from foreign sources and repayment thereof shall be debited under this object head under the concerned service expenditure head.
45- Interest	It will include interest on capital and discount on loans.
46- Central State Transfer of Resources	Description not available in Delegation of Financial Powers Rules, 1978.
50- Other Charges	It will include payment out of discretionary Grants. Other discounts, customs duty compensation, awards and prizes, etc. Any other expenditure which cannot be classified under any of these specified object heads will be debited to this head.
Object Class 6 (Acquisition of capital assets and other capital expenditure)	
51- Motor Vehicles	Include purchase and maintenance of transport vehicles used for functional activities (e.g. ambulance vans) which are distinct from those used for running an office.
52- Machinery and Equipment	It will include machinery equipment, apparatus, etc., other than those required for the running of an office and special tools and plants acquired for specific works.
53- Major Works	It will also include cost of acquisition of land and structures
54- Investments	Description not available in Delegation of Financial Powers Rules, 1978.
55- Loans and advances	It will include all loans and advances granted to other Governments. Public Sector Enterprises. Undertakings and other Government Bodies, etc., but will exclude repayments of borrowings.
56- Repayment of borrowings	Description not available in Delegation of Financial Powers Rules, 1978.
60- Other Capital Expenditure	Description not available in Delegation of Financial Powers Rules, 1978.
Object Class 7 (Accounting Adjustments)	
61- Depreciation	Description not available in Delegation of Financial Powers Rules, 1978.
62- Reserves	Description not available in Delegation of Financial Powers Rules, 1978.
63- Inter-Account Transfer	It will include transfer to and from reserve fund, etc., write back from capital to revenues.
64- Write-off/losses	It will include write-off of irrecoverable loans, losses will include trading losses.
70- Deduct recoveries	Description not available in Delegation of Financial Powers Rules, 1978.

Annexure-5.1

(Refer to paragraph 5.4.13)

Year-wise Outstanding Utilisation Certificates (UCs)

(₹ in lakh)

Financial Year	No. of outstanding UCs	Total amount of UC pending
1976-93	3	17.50
1993-94	11	168.82
1994-95	2	4.65
1995-96	59	311.93
1996-97	69	151.99
1997-98	44	655.53
1998-99	44	393.69
1999-00	39	1109.14
2000-01	51	1389.64
2001-02	35	1033.81
2002-03	67	1555.43
2003-04	144	3074.22
2004-05	186	11514.28
2005-06	194	17039.16
2006-07	273	33737.76
2007-08	176	14711.78
2008-09	145	26589.73
2009-10	119	6775.88
2010-11	164	24762.16
2011-12	647	78950.72
2012-13	477	149903.97
2013-14	759	376065.11
2014-15	78	55610.09
Total	3786	805526.99

Glossary

- Appropriation** : Appropriation means assignment to meet specified expenditure of funds included in a primary unit of Appropriation
- Appropriation Accounts** : Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Parliament in the Budget Grants under each Voted Grants and Charged Appropriation *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.
- 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.

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PFMS(formerly known as CPSMS)	:	The Public Financial Management System (formerly known as Central Plan Scheme Monitoring System (CPSMS)) is a software which is being implemented by the Office of Controller General of Accounts in partnership with National Informatics Centre. The software has established a common transaction-based on-line fund management and payment system and MIS for the Plan Schemes of Government of India. The platform has now been extended to State Governments for effecting payments of plan funds received directly at the State Treasuries.
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.
e-lekha	:	This is the electronic payment and accounting software solution for the Civil Accounts with the objective of improving efficiency and accuracy of accounting process. It provides a system of core accounting with integration of daily, monthly and annual accounting process for value added reporting and monitoring mechanism.
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 Current Prices	:	Gross Domestic Product at market prices indicates the value of all final expenditure on the goods and services produced within 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.
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.

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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)	:	Internal and external borrowing by the Government of India accounted for in CFI.
Re-appropriation	:	The transfer of funds from one primary unit of Appropriation to another such unit.
Revenue Deficit	:	This is equal to the excess of revenue expenditure over revenue receipts.
Revenue Expenditure	:	This is meant for normal running of governments’ maintenance expenditures, interest payments, subsidies and transfers etc. It is current expenditure which does not result in the creation of assets. Grants given to State Governments or other parties are also treated as revenue expenditure even if some of the Grants may be meant for creating assets.
Revenue Receipts	:	These include proceeds of taxes and duties levied by the Government, interest and dividend on investments made by the Government, fees and other receipts for services rendered by the Government.
Stock	:	A form of Government security held as stock certificate and not transferable by endorsement and delivery but by executing a transfer deed and by registering the transfer in the books of the Public Debt Office.

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- 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.
- 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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