

# OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

NEW DELHI  
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## CAG Audit Report on Accounts of Union Government Presented

The CAG's Financial Audit Report No.1 of 2015 containing the comments of the Comptroller and Auditor General of India on the Union Government Accounts for the year 2013-14 was presented in the Parliament today. It also analyses the finances of the Union Government for the year 2013-14 and broadly includes Comments on Finance Accounts and Comments on Appropriation Accounts.

The highlights of this Report are as follows:

- The financial position of the Union Government in 2013-14 was characterised by an increase of 14 *per cent* in gross revenue receipts primarily on account of a substantial increase in both tax revenue receipts (10 *per cent*) and non-tax revenue receipts (28 *per cent*) over previous year.  
**(Para 1.2, 1.2.3 and 1.2.4)**
- Capital expenditure was 1.76 *per cent* of GDP, well below the 3.9 *per cent* level set out for the year in the fiscal consolidation path set out by the Thirteenth Finance Commission. Of the total capital expenditure, 40 *per cent* was accounted for by Defence Services.  
**(Para 1.1.2 and 1.3.3)**
- Analysis of plan expenditure of civil ministries revealed that a large portion (about 75 *per cent*) of the total plan expenditure was in the form of grants-in-aid payment. In five of the 10 Ministries/ Departments incurring the largest plan expenditure, over 98 *per cent* was in the form of disbursement as grants-in-aid.  
**(Para 1.3.5 and 1.3.7)**
- Central Board of Excise and Customs incurred irregular expenditures of Rs. 29.69 crore out of an expenditure of Rs. 66.43 crore from Customs & Central Excise Welfare Fund and Special Equipment Fund against the purpose/objectives for which these funds were created. The continuance of the Customs & Central Excise Welfare Fund was not necessary as the welfare activities can be financed through the normal budgetary process of the department.  
**(Para 2.2.9)**
- Article 114(3) of the Constitution of India provides that no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law.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 Rs. 6,598 crore was incurred by the Central Board of Direct Taxes (CBDT), without the authorisation of the Parliament during the year 2013-14. A total expenditure of Rs. 42,903 crore on interest payments had been incurred over the last six years without obtaining approval of the Parliament through necessary appropriations.

**(Para 4.1)**

- Augmentation of provision by way of re-appropriation to 'grants-in-aid' to anybody or authority from the Consolidated Fund of India can only be made with the prior approval of the Parliament. In 19 cases, Rs. 284.07 crore was incurred by various Ministries/Departments during 2013-14 by augmenting provision under object heads '31 Grants-in-aid-General', '35-Grants for creation of Capital Assets' and '36 Grants-in-aid Salaries' without the prior approval of the Parliament. **(Para 4.4.1, 4.4.2 and 4.4.3)**

- Detailed analysis of expenditure on grants-in-aid released by the Ministry of Social Justice & Empowerment and the Ministry of Micro, Small and Medium Enterprises revealed deficient control mechanisms such as non-maintenance of data of capital assets created by the grantees out of government grants, non-maintenance of grants-in-aid register, non-disclosure of required information in utilisation certificates, non submission of performance-cum-achievement report and annual audited statements, etc. Thus audit could not derive assurance with regard to the quality of the expenditure incurred. **(Para 5.5)**

- Against the total collection of Rs. 1,30,599 crore as primary education cess in the CFI, only Rs. 1,19,197 crore was transferred to the Prarambhik Shiksha Kosh in Public Account for meeting expenditure on identified schemes during 2004-05 to 2013-14, resulting in a short transfer of Rs. 11,402 crore in the Prarambhik Shiksha Kosh. **(Para 2.2.4)**

- Research and Development Cess aggregating Rs. 4,876.71 crore was collected during the period 1996-97 to 2013-14 out of which only Rs. 542.41 crore (11.12 *per cent*) was utilized towards the objectives of levying the said cess. **(Para 2.2.2)**

- There was a continuous adverse balance in the Beedi Workers Welfare Fund during the period 2008-09 to 2013-14, which steadily increased from (-) Rs. 53.51 crore in 2008-09 to (-) Rs. 194.16 crore in 2013-14. This occurred because the expenditure from this Fund was far in excess of the receipts. **(Para 2.2.3)**

- During 2013-14, there were excess disbursements of Rs. 3,493.06 crore over the authorisation from Consolidated Fund of India. The excess disbursement in Civil Ministries/Departments was Rs. 39.59 crore, in Ministry of Railways Rs. 2,719.15 crore and in Defence Services Rs. 733.72 crore in contravention of the provisions under Article 114(3) of the Constitution of India, which requires regularisation under Article 115 (1) (b) of the Constitution. **(Para 3.4)**

➤ Savings of more than Rs. 100 crore (aggregating to Rs. 7,45,510 crore) had occurred in 102 cases of 78 grants (including Civil, Posts, Railways and Defence Services), indicating deficient budgeting as well as shortfall in performance. **(Para 3.7 & Annexure 3.5)**

➤ In regard to the cases of New Service /New Instrument of Service on augmentation under the object heads '52-Machinery and Equipment' and '53-Major Works' all cases relating to augmentation of funds above Rs. 2.5 crore or above 10 *per cent* of the appropriation already voted, whichever is less, would require prior approval of the Parliament, irrespective of the fact that the augmentation is for new works or for the existing works. In 60 cases across 11 grants, excess expenditure of Rs. 4,863.57 crore was incurred by the Ministries/Departments during 2013-14 by augmenting the provision under these object heads without obtaining prior approval of the Parliament.

**(Para 4.4.5)**

➤ As per Article 112(3)(f) of the Constitution of India any sums required to satisfy any judgment, decree or award of any court or arbitral tribunal shall be charged upon the Consolidated Fund of India. In two cases across two grants, expenditure of Rs. 124.26 crore of the nature of charged was incorrectly classified and booked as voted expenditure in violation of the Constitutional directives.

**(Para 4.5)**

➤ Various departments/ministries incorrectly classified revenue expenditure as capital expenditure and vice versa. The misclassifications resulted in an overstatement of capital expenditure by Rs. 3,174.40 crore and understatement of capital expenditure by Rs. 1,504.69 crore. The overall impact on Government expenditure was an overstatement of capital expenditure of Rs. 1,669.71 crore. Correspondingly revenue deficit was understated by an equivalent amount of Rs. 1,669.71 crore during the financial year 2013-14.

**(Para 4.6.1, 4.6.2, 4.6.3 and 4.6.4)**

➤ For the year 2013-14, the Union Government transferred Central Plan assistance of Rs. 1,12,708 crore directly to State/district level autonomous bodies and authorities, societies, non-governmental organisations, etc., for implementation of Centrally Sponsored Schemes outside the State Government Budget. The aggregate amount of unspent balances in the accounts of bodies/authorities maintained outside Government accounts was unascertainable.

**(Para 5.3.1)**