PREFACE

This Report for the year ended March 2009 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 2009.

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

Union Government Finances and Accounts: 2008-09

This Report discusses the comments of the Comptroller and Auditor General of India on the accounts of the Union and also analyses the finances of the Union Government for the year 2008-09. It also contains an analysis of the Appropriation Accounts, 2008-09.

HIGHLIGHTS

A. C&AG's comments on Union Government Accounts

- For the year 2008-09, Union Government transferred Central Plan assistance of Rs. 83,224 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 their accounts maintained outside Government accounts is unascertainable. The Government expenditure as reflected in the Accounts to that extent is overstated.

(Para 2.2)

- Rs. 28,483 crore under 29 Major Heads of accounts (representing functions of the Government) has been classified as 'Other Expenditure' in Union Government Finance Accounts constituting more than 50 *per cent* of the total expenditure recorded under the respective Major Heads indicating significant degree of opaqueness in these accounts. Although, as an interim measure, Controller General of Accounts (CGA) has inserted footnotes in Finance Accounts giving details of significant expenditure covered under Minor Head '800-Other Expenditure', the restructuring of the accounts to reflect the current activities of the government by way of opening of new heads of account and closure of obsolete heads of account has not been taken up by the Government to address the problem on permanent basis.

(Para 2.3)

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

(Para 2.4)

- There is understatement of closing balance of Universal Service Obligation Fund by Rs. 18,193 crore. A total Universal Service Levy of Rs. 26,164 crore was collected during 2002-03 to 2008-09 but a disbursement of only Rs. 7,971 crore was made from the Fund during this period. Thus, the closing balance of the Fund as on 31 March, 2009 should be Rs. 18,193 crore as against nil balance shown under the Head 8235-General & Other Reserve Funds, 118-Universal Service Obligation Fund in the Public Account of India.

(Para 2.4)

- Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA), Pension Fund Regulatory Development Authority (PFRDA), Central Electricity Regulatory Commission (CERC) and Petroleum and Natural Gas Regulatory Board (PNGRB) were retaining their surplus funds generated through fee charges, unspent grants received from Government of India etc., aggregating to Rs. 1,747.37 crore at the end of March 2009 outside the Government Accounts in contravention of Constitutional provisions and instructions of the Ministry of Finance.

(Para 2.5)

- Expenditure on interest paid on income tax refunds amounting to Rs. 5,785.36 core during 2008-09 was accounted for as reduction in the revenue of the Union Government in Union Government Accounts. Such accounting adjustment is not only against the accounting rules but also results in incurring of expenditure on interest payments without obtaining Parliament's approval through budgetary process. As a result, the expenditure as well as revenue of the Union Government was understated by Rs. 5,785.36 crore in the Union Government Accounts for the year 2008-09.

(Para 2.6)

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

(Para 2.7)

- Re-appropriation of funds from Capital section to Revenue section or vice-versa is not permissible under Rule 10 of Delegation of Financial Powers Rules (DFPR), 1978. Ministry of Water Resources issued a re-appropriation order on 31st March, 2009 involving re-appropriation of funds of Rs. 14.23 crore from the Capital (Plan) section of the grant to

the Revenue (non-Plan) section in contravention of the above provisions of DFPR.

(Para 2.9)

- Out of 43 departmentally managed Government Undertakings of commercial or quasi commercial nature as of March 2009, Proforma accounts of 29 undertakings were in arrears for periods ranging from-one to twenty four years.

(Para 2.10)

- Suspense heads in Government accounts are operated to reflect transactions of receipts and payments, which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. The aggregate net balance under the Suspense Heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunications was Rs. 18,880.85 crore (Dr) as on 31 March, 2009. Further, there were 64 cases of adverse balance in the Finance Accounts of the Union Government for the year 2008-09. Out of these, 16 adverse balances were pending for more than 10 years.

(Para 2.14.1 & 2.14.2)

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

(Para 2.1)

- During the year 2008-09, total disbursements of the Civil Ministries were Rs. 31,49,073 crore out of which Rs. 24,04,957 crore were *Charged* on the Consolidated Fund of India which constituted 76 *per cent* of the total disbursement. Since *charged* disbursements are not subject to vote by the Parliament, effectively the scope of financial control by the Parliament is limited to about 24 *per cent* of the total disbursement.

(Para 7.8 & 7.9)

- No money should be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of Article 114(3) of the Constitution. However, during 2008-09, there was an excess disbursement of Rs. 270.21 crore in four segments of four grants in civil ministries, Rs. 519.81 crore in 9 segments of eight grants/appropriations of Railways and Rs. 742.61

crore in two segments of two grants in Defence, which required regularization under Article 115 (1) (b) of the Constitution.

(Para 8.1)

- Savings in a grant or appropriation indicate either defective budgeting or shortfall in performance or both. During 2008-09, savings of more than Rs. 100 crore had occurred in 68 cases of 55 grants (including Civil, Posts, Railways and Defence Services). The aggregate savings in these cases was Rs. 89,902.44 crore. The major savings were in the grants/appropriation relating to Transfers to State and Union Territory Governments (Rs. 10,896.67 crore), Capital Outlay on Defence Services (Rs. 7,081.13 crore), Payments to Financial Institutions (Rs. 3,994.62 crore), Department of School Education & Literacy (Rs. 4,906.88 crore), Police (Rs. 3,109.49 crore), Department of Disinvestment (Rs. 2,003.12 crore), Department of Health and Family Welfare (Rs. 1,664.78 crore) and Department of Fertilizers (Rs. 1,345.18 crore). The savings were attributed by the Ministries/departments to some of the Schemes failing to take off.

(Para 8.4)

B. Union Government Finances 2008-09: An Overview

- The year 2008-09 ended with a deficit of Rs. 2,03,239 crore in the Consolidated Fund of India, while the surplus in Public Account was Rs. 68,862 crore. Receipt in CFI over the previous year increased by 19 *per cent* which mostly came from capital account receipt due to increased recovery of loans and raising of public debt while growth in revenue receipt was negligible due to slowdown in the industry and export sector. On the other hand expenditure out of CFI increased by 32 *per cent,* of which revenue expenditure grew by 37 *per cent* and capital expenditure registered negative increase of 34 *per cent* over 2007-08.

(Para 1.2)

Resources

- In 2008-09, gross tax collections grew by a mere 2.05 *per cent*. The trends reveal that the gains to the exchequer improved in the form of higher corporate tax collections while the share of excise and custom duties in gross tax revenue has been declining every year since 2002-03. The share of service tax increased consistently since its inception in 1994-95. The tax-GDP ratio reached the level of 11.37 in 2008-09.

(Para 3.4, 3.5, 3.5.4)

- The non-tax receipts increased by less than 1 *per cent* in 2008-09, from the base of Rs. 2,08,079 crore attained during 2007-08. Except for the increased collection under dividends and profits of Rs. 4,108 crore

(11.91 *per cent*), the collections declined under other major components of non-tax revenue viz., interest receipts (10.8 *per cent*), social services (27 *per cent*) and economic services (two *per cent*).

(Para 3.6.1)

- When compared with the year 2007-08, the miscellaneous capital receipts decreased steeply by Rs. 38,230 crore (98.5 *per cent*) in 2008-09 and recovery in loans and advances increased by Rs. 3,118 crore (30 *per cent*).

(Para 1.2.1)

Disbursements

- Aggregate disbursement of Union Government in 2008-09 consists of four major components: actual expenditure inclusive of the grants in aid to the States (28 *per cent*); mandatory transfer of the proceeds from Union taxes to the States (4 *per cent*); repayment of debt (55 *per cent*) and disbursements from Public Account (13 *per cent*). Long term trends indicate that the average share of actual expenditure has consistently declined from 51 *per cent* in the VIII Plan to 28 *per cent* in the current year while debt repayment increased from the level of 29 *per cent* to 55 *per cent* during this period.

(Para 4.2)

- Revenue expenditure continued to be the dominant component of the total expenditure and its share increased consistently to the peak level of 91.64 *per cent* during 2008-09. This was mainly on account of increase of 37.47 *per cent* in the revenue expenditure in the current year over the previous year and a decline of 34 *per cent* in capital expenditure during the year. The disbursement of Loans and Advances exhibited a steep decline during 2005-06 and 2006-07 on account of acceptance of Twelfth Finance Commission's recommendation regarding disintermediation of Central Government in borrowings by State Governments to finance their State Plans. The loans and advances disbursed by the Union Government has, however, indicated an increase of Rs. 2,809 crore (23.85 *per cent*) in 2008-09 over 2007-08.

(Para 4.3)

- Analysis of trends in Government expenditure in 2008-09 reveals that the share of non-Plan expenditure to total expenditure was around 75 *per cent,* which far outweighs the relative share of Plan expenditure of 24.97 *per cent*.

(Para 4.5.2)

- In 2008-09, food subsidies grew by 39.65 *per cent* while the petroleum subsidy grew by 1.13 *per cent* over the previous year. Subsidies given on

indigenous and imported fertilizers (urea) increased by over 43 *per cent* while the growth in subsidies given to farmers on sale of decontrolled fertilizers was a phenomenal 275 *per cent*.

(Para 4.7)

- In the year 2008-09, the expenditure under flagship schemes increased by: Rs. 17,338 crore (136.94 *per cent*) under National Rural Employment Guarantee Scheme; Rs. 4,914 crore (126.49 *per cent*) under Indira Awaas Yojana; Rs. 1,587 crore (40.56 percent) under Rajeev Gandhi Grameen Vidyutikaran Yojana; Rs. 1,280 crore (19.69 *per cent*) under Pradhan Mantri Gram Sadak Yojana; Rs. 2,034 crore (17.51 *per cent*) under National Rural Health Mission; Rs. 699 crore (11.99 *per cent*) under Mid Day Meal Scheme; and Rs. 1,162 crore (10.12 *per cent*) under Sarva Shiksha Abhiyan over the previous year.

(Para 4.9)

Management of Fiscal Imbalances

- Three key fiscal parameters - revenue, fiscal and primary deficits measured relative to GDP indicate the extent of overall fiscal imbalances in the finances of the Union Government during a specified period. The fiscal performance of the Union Government in terms of these parameters has indicated deterioration in 2008-09 over the previous year as both revenue and fiscal deficits have increased from Rs. 85,435 crore and Rs. 1,64,962 crore in 2007-08 to Rs. 3,56,377 crore (317.13 *per cent*) and Rs. 4,34,444 crore (163.36 *per cent)* in 2008-09, respectively.

(Para 5.1, 5.2)

- The revenue deficit at 6.70 *per cent* of GDP was much higher as against the FRBM target of 1 *per cent* for the year 2008-09. Similarly, the fiscal deficit at 8.16 *per cent* of GDP was far greater than the FRBM target of 2.5 *per cent* for year.

(Para 5.4)

- The Finance Accounts showed primary deficit of Rs. 2,33,864 crore (which was 4.39 *per cent* of GDP) from the primary surplus of Rs. 15,025 crore in 2007-08 as the fiscal deficit of Rs. 4,34,444 crore was much larger than the interest payments of Rs. 200,580 crore.

(Para 5.3)

Management of Fiscal Liabilities

- Aggregate fiscal liabilities increased consistently and reached the peak level of Rs. 28,40,135 crore in 2008-09. For the period 1992-2009, internal debt grew at an average annual rate of around 16 *per cent*, compared to which its growth in 2008-09 was lower at around 12 *per cent*. In both the other categories of fiscal liabilities, viz. External debt (at current rates) and liabilities in the Public Account, the growth in 2008-09 of 25.68 *per cent* and 19.21 *per cent* was much higher than the trend growth rates of 3.70 *per cent* and 6 *per cent* respectively. External debt at current rate grew as a result of depreciation of Rupee. Growth in Public Account liability was on account of issue of special bonds to fertiliser companies (Rs. 20,000 crore) and Petroleum Bonds (net of redemption Rs. 62,600 crore).

  (Para 6.1)

- In 2008-09, the incremental total liabilities to GDP ratio was higher than the previous year at 6.84 *per cent* and was also significantly higher than the 5 *per cent* target set by FRBM Act and Rules.

  (Para 6.2)

- The ratio of assets to liabilities in 2008-09 was only 36 *per cent* compared to the trend ratio of 44 *per cent* for the period 1992-2009. This means that over the years, the liabilities grew faster than the assets. As against a trend growth rate of around 11 *per cent*, total liabilities grew by nearly 15 *per cent* in 2008-09. Comparatively, there was only a marginal increase in the growth in assets (8 *per cent*) in 2008-09 compared to the trend growth rate of around 7.5 *per cent*.

  (Para 6.3)

- The average interest rate (nominal) on total debt over time remained lower than the rate of growth of GDP at the market prices during 1992-2009. The average interest rate on internal debt in 2008-09 (8.67 *per cent*) was lower than the trend rate of 9.28 *per cent* for the entire post-liberalization period. The average interest rate paid on external debt is much lower than that paid on domestic debt.

  (Para 6.4)

- Compared to an average shortfall in resources (incremental revenue expenditure minus incremental revenue receipts) of Rs 20,007 crore for the post-liberalization period of 1992-2009, the resource gap widened alarmingly in 2008-09 to Rs 2,70,942 crore which is almost 14 times the average trend resource gap.

  (Para 6.4)

- As on 31 March 2009, unutilised committed external assistance was of the order of Rs. 95,486 crore, which was nearly 22 *per cent* higher than the corresponding figure for the previous year. There were large undrawn balances in urban development, water resources, infrastructure and health sectors. Further, continued inadequate planning resulted in avoidable expenditure in the form of commitment charges on un-drawn external assistance amounting to Rs. 117.37 crore in 2008-09.

(Para 6.7)

Chapter 1

UNION GOVERNMENT FINANCES – AN OVERVIEW

The year 2008-09 brought with it significant shocks for the economy, first in the form of a boom in commodity prices (rapid rise in global food and fuel prices) and later in the form of uncertainty and on-set of recessionary trends, as a consequence of the global financial meltdown. The previous year (2007-08) had been a comfortable year for the Government from a fiscal point of view, with buoyant tax revenues, manageable expenditure levels and considerable fiscal correction (revenue deficit was 1.81 *per cent* of GDP and fiscal deficit was 3.5 *per cent* of GDP). The current year, 2008-09, in comparison, was a year which called for fiscal stimuli in the form of reduction in taxes and increase in expenditure to stimulate demand and investment in the economy. As a result, fiscal correction as envisaged in the Fiscal Responsibility and Budget Management Act (and Rules) could not take place as per the original fiscal correction path envisaged by the Government in the earlier Medium Term Fiscal Policy Statements.

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

Box 1.1 : Union Government funds and the Public Account

Consolidated Fund	***Contingency Fund***
All revenues received by the Union government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled the "Consolidated Fund of India" established under Article 266 (1) of the Constitution of India.	The Contingency Fund of India established under Article 267 (1) of the Constitution is in the nature of an imprest placed at the disposal of the President to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Parliament. Approval of the legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Public Account

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

1.2 This chapter provides a broad perspective of the finances of the Union Government during 2008-09 and analyses critical changes in the major fiscal aggregates during the period 1992-2009 encompassing VIII to X Plan periods and the first two years of the XI Plan. Table 1.1 summarises the position of the finances of the Union Government, covering its receipts, disbursements, deficits and borrowings (need and its accommodation) in the current year (2008-09).

Table 1.1 Summary of the current year's operations

(Rupees in crore)

Receipts		Derived Parameters	Disbursements	
Consolidated Fund of India (CFI)				
Revenue Receipts	653847	**Revenue Deficit 356377**	Revenue Expenditure	1010224
Miscellaneous. Capital Receipts	566		Capital Expenditure	77556
Recovery of Loans	13509		Loans and Advances	14586
Total Non-Debt Receipts	667922	**Fiscal Deficit 434444**	Total Expenditure	1102366
Public Debt	2395765		Public Debt	2164560
Total CFI	3063687	**Deficit in CFI 203239**	Total CFI	3266926
Contingency Fund				
Receipts	0		Appropriation	0
Public Account				
Small savings	357343		Small savings	269605
Reserves & Sinking Fund	100966		Reserves & Sinking Fund	121565
Deposits	74084		Deposits	61590
Advances	41981		Advances	47331
Suspense account	8654		Suspense account	11240
Remittances	1450		Remittances	4285
Total Public Account	584478	**Surplus in Public Account 68862**	Total Public Account	515616
Opening Cash	229633	**Decrease in Cash 134377**	Closing Cash	95256
Public Account Surplus (Demand)		68862	Deficit in (CFI) – Decrease in Cash	
Incremental Liabilities (Supply)		310838	Surplus of (Debt+ Small Savings+ RF+ Deposits)	
Incremental Liabilities (Demand)		310838	Fiscal Deficit (-) Decrease in Cash (+) Net Disbursement of (Advances+ Suspense+ Remittances)	

1.2.1 Current year's operations in the Consolidated Fund:

The year 2008-09 was characterized by a less than 1 *per cent* growth in revenue receipts, over the previous year. The slowdown in the industry and export sector coupled with the measures taken by the Government to reduce taxes and duties[1] meant insignificant growth in tax revenue receipts (less than one *per cent* – as derived from Table 1.2). The other component of receipts viz. miscellaneous capital receipts had a marked negative growth of 98.5 *per cent*. Total non-debt receipts showed a negative growth of over four *per cent* in 2008-09 over the previous year. There was considerable growth in recovery of loans (30 *per cent*) and in Public Debt (28.25 *per cent*). As a result, the total receipts to

[1] Customs duties reduction inter-alia benefited the power sector and sports goods sector; CENVAT rate was reduced by 2 percentage points and some relief was given in direct taxes.

the Consolidated Fund increased by 19.36 *per cent* over the previous year. On the expenditure side, revenue expenditure grew by 37.47 *per cent* over the previous year, while capital expenditure showed a negative growth of 33.68 *per cent*. With the growth in disbursements of loans and advances and Public Debt being 23.85 *per cent* and 34.94 *per cent* respectively, the total disbursements from CFI amounted to Rs. 32,66,926 crore as against receipts in CFI of Rs. 30,63,687 crore, resulting in a deficit in CFI of Rs. 2,03,239 crore.

Box 1.2: Managing Funds: Constitutional Provisions

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

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

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

1.2.2 Current year's operations in the Public Account: On the receipts side, there was a growth in small savings by over 21 *per cent.* With significant growth observed in Reserves and Sinking Fund (33 *per cent*) and Deposits (97 *per cent*), total receipts into the Public Account grew by nearly 27 *per cent.* On the expenditure side, major growth in disbursements was in Reserves and Sinking Fund[2] (86 *per cent*) and in Remittances (188 *per cent*). At the end of the year, there was a surplus in the Public Account of Rs. 68,862 crore, which amounted to a 93 *per cent* growth over the previous year.

1.2.3 Deficits and Cash Balances: The current year saw a revenue deficit[3] of Rs. 3,56,377 crore, up 317 *per cent* from the previous year. This amounted to 6.7 *per cent* of GDP as against the FRBM target of 1 *per cent* for the year. The fiscal deficit[4] for 2008-09 stood at Rs. 4,34,444 crore, up 163 *per cent* from the previous year, and amounted to 8.16 *per cent* of GDP. This was far greater than the FRBM target of 2.5 *per cent* and deviated from the Budget Estimates by 226 *per cent*.

1.3 Deviation between Actuals and Budget Estimates: The Union Budget presents three sets of figures: (a) actuals for the preceding year, (b) revised estimates for the current year and (c) budget estimates of the forthcoming year. Several reasons may

[2] Non interest bearing funds such as Rural Employment Guarantee Fund, General and other Reserve Funds etc., showed significant increase in disbursements compared to the previous year.
[3] Revenue deficit = Revenue Expenditure – Revenue Receipts
[4] Fiscal Deficit = Total Expenditure – Non-Debt Receipts.

account for the deviation of the actual realisation from the budget estimates. It may be because of unanticipated events or methodological inadequacies that may lead to under or over estimation of expenditure or revenue at the budget stage. In 2008-09, the adverse impact of the global slowdown on India's performance was not anticipated during the budget exercise as the financial crisis happened later in the year. Actual realisation of revenue and its disbursement depend on a variety of factors, some internal and others external. Table 1.2 provides a summary of budget estimates and actuals for some important fiscal parameters.

Table 1.2: Union Government Finances 2008-09 - Budget and Actuals

(Rupees in crore)

Budget Estimates		2007-08 Actual	2008-09		Deviation from Budget	Deviation* *per cent*
			Actual	Budget Estimates		
1	Total Receipts of the Union	3027696	3648165	3051334	598631	19.56
2	Revenue Receipts	649426	653847	730400	(-)76553	(-)10.48
	Tax Revenue	441347	445119	508950	(-)63831	(-)12.54
	Non-tax Revenue	208079	208728	221450	(-)12722	(-)5.74
3	Miscellaneous Capital Receipts	38796	566	10165	(-)9599	(-)94.43
4	Recovery of Loans And Advances	10391	13509	5993	7516	125.41
5	Public Debt Receipt	1868102	2395765	1884986	510779	27.10
6	Public Account Receipts	460981	584478	419790	164688	39.23
7	Total Disbursement of the Union	2892945	3782542	3028751	753791	24.89
8	Revenue Expenditure	734861	1010224	785584	224640	28.60
9	Capital Expenditure	116937	77556	84522	(-)6966	(-)8.24
10	Loans and Advances	11777	14586	9738	4848	49.78
11	Repayment of Public Debt	1604110	2164560	1745574	418986	24.00
12	Public Account Disbursements	425260	515616	403333	112283	27.84
13	Revenue Deficit	85435	356377	55184	301193	545.80
14	Fiscal Deficit	164962	434444	133287	301157	225.95

**Deviation is worked out as (Actual- Budget Estimates) x 100/Budget Estimates*

Table 1.2 indicates that there was a major shortfall of over 10 *per cent* in the revenue receipts estimated by the government at the time of presenting the budget. The deviation in tax revenues (-12.5 *per cent*) was greater than the deviation in non tax revenue (around – six *per cent*). The major shortfall was observed in miscellaneous capital receipts (disinvestment of small portion of equity of three major Public Sector enterprises

could not take place as planned)[5] where the deviation was over (–) 94 *per cent* of what was anticipated in the Budget Estimates (BE). While revenue expenditure increased by over 28 *per cent* compared to the BE, there was a shortfall in the estimated capital expenditure to the extent of over eight *per cent*. The deviation in the revenue deficit ballooned to nearly 546 *per cent* while the deviation in the fiscal deficit was also very large at almost 226 *per cent*.

1.4 Inconsistencies between Finance Accounts and Budget documents

To ensure effective Parliamentary financial control, it is imperative that the principles of recognition of expenditure and receipt are consistent in the Budget documents and Finance and Appropriation Accounts. Figures for revenue and fiscal deficits as indicated/derived from the Finance Accounts have, however, continued to be different from those being depicted in the Budget at a Glance and some of the papers accompanying the Budget documents. This difference has been due to inclusion/exclusion of some of the transactions on receipts and expenditure side. While these are indicated in the accompanying documents of Budget papers, it may nonetheless be important to indicate these upfront. Table 1.3 shows the difference in revenue and fiscal deficit as indicated/derived from the Finance Accounts and as depicted in the Budget at a Glance along with the necessary reconciliation transactions for the five year period from 2004-05 to 2008-09.

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

(Rupees in crore)

Deficit as per Finance Accounts	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Revenue Deficit	78700	109697	132847	85435	356377
Fiscal Deficit	103798	164927	182934	164962	434444
Deficit as per Budget at a Glance					
Revenue Deficit	78338	92299	80222	52569	253539
Fiscal Deficit	125202	146435	142573	126912	336992
Difference in the two Figures					
Revenue Deficit	362	17398	52625	32866	102838*
Fiscal Deficit	(-) 21404	18492	40361	38050	97452**
Factors explaining the difference					
Bonds issued to oil companies (Revenue Expenditure)		17263	24121	20554	75942
Securities issued to Food Corporation of India (FCI)			16200		
Securities issued to Unit Trust of India (UTI) (Revenue Exp)	362				
Securities issued to nationalised banks (Capital Expenditure)	(-) 88	500		9996	

[5] Details at Para 3.7.1 of Chapter 3.

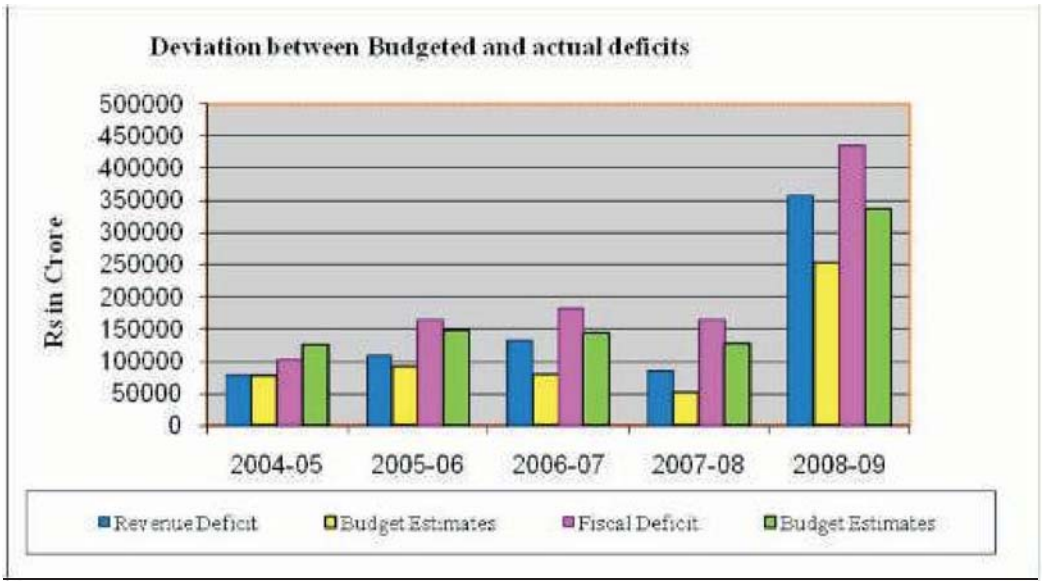
	2004-05	2005-06	2006-07	2007-08	2008-09
Securities issued to International Monetary Fund (IMF) omitted per contra from capital expenditure	415	595	40		1444
Redemption of securities issued to National Small Savings Fund (NSSF)	(-) 32675				
Securities issued to Asset Management Trust for Stressed Assets Stabilisation Fund (SASF) of Industrial Development Bank of India (IDBI)	9000				1225
Securities issued to RBI to set off loans to Infrastructure Development Finance Company (IDFC) Ltd	350				
Conversion of interest receivable to equity in National Hydro Power Corporation (NHPC) and Tehri Hydro Development Corporation (THDC)	640				
Investment in Nuclear Power Corporation	592				
Adjustment of Write off of outstanding loans to state governments against recovery of loans			12304		5671
Realisation of stressed assets of IDBI		134			
Issue of Special Bonds to fertilizer companies as compensation towards fertilizer subsidy				7500	20000
Combined Effect	**(-) 21404**	**18492**	**52625**	**38050**	**102838*** **

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

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

***This excludes Rs. 1444 crore on account of Securities issued to International Monetary Fund (IMF) omitted per contra from capital expenditure.

Chart 1.1 Deviation between budgeted and actual deficits during the five year period from 2004-05 to 2008-09



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

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

The significant quasi-fiscal transactions to finance recurrent revenue expenditures through *de facto* borrowings not only create apprehensions about the quality of the fiscal consolidation process that is underway but raises the issue of transparency in fiscal operations and inter-generational equity in fiscal management and long term macroeconomic stability. Logically, fiscal deficit calculations presented to the Parliament in 'Budget at a glance' should reckon net effect of all such items taken to the Public Account. On it being pointed out by CAG that the revenue and gross fiscal deficits were understated to the extent the Government incurred liabilities on account of oil, food and fertiliser bonds, the Union Budget 2008-09 for the first time explicitly reported the off-budget items as below the line items in the 'Budget at a Glance'. It was also recognised that there was need to bring these liabilities into fiscal accounting and the Thirteenth Finance Commission has been requested by the Union Government to suggest the suitable roadmap for accounting of these off-budget liabilities. The Thirteenth Finance Commission has indicated that " it is important that contingent liabilities be reported at fully and that adequate provisioning be made for such liabilities". The Commission has recommended modification of the fiscal rule that limits government guarantees (Para 9.47 of the Report of Thirteenth Finance Commission, December 2009, Volume-1). However, the Thirteenth Finance Commission Report does not explicitly provide any recommendation on the issue of deferred liabilities such as petroleum and fertilizer

bonds. Till such liabilities are fully reckoned in the budgeting process of the Union Government, inconsistencies between revenue and fiscal deficits as reported in the Union Budget and as emerged from the audited Finance Accounts need to be appropriately disclosed and correct amount of the revenue and fiscal deficits reckoning all the off-budget liabilities should be reported by the Government in the Union Budget bringing transparency in the operations of these off-budget items.

1.5 Union Government Finances 1992-2009 - Some key parameters

A detailed analysis of the Union Government's finances covering revenue receipts, expenditure, fiscal imbalances and fiscal liabilities is contained in Chapter 3 to 6 of this Report. An overview of the key parameters is presented in the following paragraphs. Statement 12 of the Finance Accounts provides a summary of cumulative outcome of the Government finances in terms of availability and use of resources. This statement read with Statement 5 of the Finance Accounts is akin to a Balance Sheet of the Government. Table 1.4 provides the summary of the Government finances in 1992-93 and 2008-09, the base year of the analysis and the current year.

Table 1.4: Summary of Balances of Government Finances

(Rupees in crore)

Resource use				Resource availability			
	As on 31st March		CARG*		As on 31st March		CARG*
	1993	2009			1993	2009	
Capital Outlay	155291	800519	10.79	Internal Debt	199100	2019841	15.58
Loans & Advances	135672	219979	3.07	External Debt	42269	123046	6.91
Resource use in terms of functions				Small Savings	136802	427553	7.38
Social Services	6052	34494	11.49	Other Obligations	23752	128682	11.14
Agriculture & Allied	8740	9696	0.65	Fiscal Liabilities	401923	2699122	12.64
Irrigation and Energy	40364	68111	3.32	Cash Balances	(-) 1919	(-)95256	27.64
Industry & Minerals	41174	87628	4.83	Suspense Balances	(-) 3819	(-)22283	11.65
Transport & Communication	38370	166668	9.61	Remittances	(-) 3607	(-)5725	2.93
Other Economic Services	25549	140048	11.22	Advances	(-) 1307	(-)9817	13.43
Total Economic Services	154197	472151	7.24	Contingency Fund	50	500	15.48
General Services & Others	39160	369048	15.05	Availability of Funds	391321	2566541	12.47
Loans to States	91554	144805	2.91	**Resource Gap**	(-) **100358**	**(-)1546043**	18.64
Total Assets	290963	1020498	8.16	Resource Use	290963	1020498	8.16

*(*Cumulative Annual Rate of Growth)*

While the net availability of funds of the Union government increased at an annual rate of 12.47 *per cent*, assets of the government comprising the capital expenditure and loans

and advances increased at an average rate of 8.16 *per cent* only. This negative spread in the growth of resource availability and assets formation resulted in progressive decline in the assets base of the Union Government relative to its liabilities. Within the assets, capital expenditure or the capital formation by the government directly witnessed a relatively higher growth during 1993-2009. "Loans and advances", which is akin to capital formation through its parastatals, increased at an average rate of around three *per cent*. Investment or assets formation in agriculture and allied activities recorded a negligible (less than one *per cent*) growth rate, while irrigation and energy as well as industry and minerals recorded a relatively lower growth as compared to other sectors during this period. Investment in social and economic services grew at 11.49 *per cent* and 7.24 *per cent* respectively, and within the economic services, the investment in transport and communication increased at a faster rate than its other components during this period. The other component, which grew faster than the average growth, was the expenditure on general services and others, including public works and defence. Resource gap measured as a difference between net availability of funds and resource use increased from around 25.6 *per cent* of net funds availability as on 31 March 1993 to around 60.2 *per cent* as on 31 March 2009.

Box 1.3: Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GDP at current market prices. The New GDP series with 1999-2000 as base as published by the Central Statistical Organisation has been used. The GDP estimates for the current year are as given by CSO in their Press Note released on 29th May 2009.

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

For most series, a trend growth during 1992-2009 has been indicated. Further, trend growth over the VIII Plan (1992-97), IX Plan (1997-2002) and the X Plan (2002-07) has also been indicated. While calculating these growth rates, the first year of the Plan has been taken as the base year to estimate inter Plan growth rates. This process eliminates the "low base bias" of the year immediately preceding the plan.

For most series, ratios with respect to GDP have also been indicated.

1.5.1 Revenue receipts

Table 1.5 indicates the rate of growth and relative share as percentage to GDP of the tax, non-tax and total revenue receipts (net of share of the States in Union taxes) during VIII Plan (1992-1997), IX Plan (1997-2002), X Plan (2002-2007) and for the first two years of the XI Plan (2007-12).

Table 1.5: Key parameters of the Union Government revenue receipts

(per cent)

Period	Gross Tax Revenue		Non-Tax Revenue		Total Net Revenue of the Union		GDP Growth
	A	B	A	B	A	B	
1992-2009(Average)	**13.89**	**10.08**	**9.42**	**5.07**	**10.98**	**12.90**	**12.31**
VIII Plan (1992-97) (Average)	15.89	9.27	14.66	5.90	15.02	14.27	16.53
IX Plan (1997-02) (Average)	9.00	8.64	8.00	6.03	4.65	13.12	10.33
X Plan (2002-07) (Average)	21.31	10.05	4.86	4.80	14.59	12.27	13.93
XI Plan (2007-12)							
2007-08	25.27	12.56	20.83	4.41	23.61	13.75	14.39
2008-09	**2.05**	**11.37**	**0.31**	**3.92**	**0.68**	**12.29**	**12.67**

A: - Rate of growth *B: - Relative share as percentage to GDP*

The rate of growth of gross tax revenue in 2008-09 was only 2.05 *per cent,* which is much lower than the trend growth rate of 13.89 *per cent* for the period 1992-2009. Similarly, the growth in non tax revenue for the current year was a mere 0.31 *per cent* against the trend growth rate of 9.42 *per cent*. As a consequence, the growth in total net revenue of the Union was only 0.68 *per cent* as against the trend rate of 10.98 *per cent* for the period under consideration.

The relative share of tax revenue as a percentage of GDP was higher in 2008-09 (11.37 *per cent)* as against the trend share of 10.08 *per cent*. In the case of non-tax revenue, however, the share in 2008-09 was only 3.92 *per cent* as compared to the trend share of 5.07 *per cent.*

1.5.2 Expenditure

Table 1.6 indicates that total expenditure grew at 27.65 *per cent*, which is higher than the trend rate of 10.75 *per cent* during 1992-2009. Among the components of total expenditure, revenue expenditure grew at a much higher rate in 2008-09 (37.47 *per cent*) than the trend growth rate of 11.66 *per cent* while capital expenditure had a negative growth of 33.68 *per cent* compared to the positive trend growth of 10.6 *per cent.*

Table 1.6: Key parameters of the Union Government expenditure

(per cent)

Period	Revenue Expenditure		Capital Expenditure		Loans and Advances		Total Expenditure	
	A	B	A	B	A	B	A	B
1992-2009 (Average)	**11.66**	**16.55**	**10.60**	**1.61**	**(-) 3.31**	**1.10**	**10.75**	**19.26**
VIII Plan (1992-97) (Average)	14.23	17.05	(-) 8.44	1.88	11.91	2.25	11.77	21.18
IX Plan (1997-02) (Average)	7.63	17.06	9.22	1.36	(-) 3.42	1.83	6.62	20.25

(per cent)

Period	Revenue Expenditure		Capital Expenditure		Loans and Advances		Total Expenditure	
	A	B	A	B	A	B	A	B
X Plan (2002-07) (Average)	12.24	15.58	19.61	1.46	(-) 29.46	0.81	10.86	17.85
XI Plan (2007-12)								
2007-08	11.64	15.56	97.22	2.48	17.55	0.25	18.70	18.28
2008-09	**37.47**	**18.98**	**(-) 33.68**	**1.46**	**23.85**	**0.27**	**27.65**	**20.71**

A: - *Rate of growth* **B**: - *Relative share as percentage of GDP*

As far as relative share of revenue expenditure as a percentage of GDP is concerned, the trend share of 16.55 *per cent* was lower than the share in 2008-09 (18.98 *per cent).* In the case of capital expenditure, however, the trend share of 1.61 *per cent* was higher than the relative share of this head as a *per cent* of GDP for the current year (1.46 *per cent*).

1.5.3 Fiscal Imbalances

Fiscal imbalances not only continued to be persistent but also remained significant in volume as reflected in the Table 1.7:

Table 1.7: Ratio of Revenue and Fiscal Deficit to GDP

(per cent)

Period	Revenue Deficit	Fiscal Deficit	Revenue Deficit as percentage to Fiscal Deficit
1992-2009(Average)	**3.66**	**5.32**	**68.74**
VIII Plan (1992-97) (Average)	2.78	6.01	46.26
IX Plan (1997-02) (Average)	3.94	6.23	63.26
X Plan (2002-07) (Average)	3.31	4.15	79.74
XI Plan (2007-12)			
2007-08	1.81	3.49	51.79
2008-09	**6.70**	**8.16**	**82.03**

Both the revenue deficit and fiscal deficit in the current year were much higher than the trend ratio to GDP. Revenue deficit as *per cent* of fiscal deficit was also much higher in 2008-09 (82.03 *per cent)* compared to the trend share of 68.74 *per cent.*

1.5.4 Fiscal Liabilities

As indicated in Table 1.8, the ratio of assets to liabilities in 2008-09 (35.93 *per cent)* was lower than the trend rate of 44.43 *per cent* indicating that liabilities are growing faster than assets. This trend is evident from higher growth rate of liabilities for 2008-09 (14.69 *per cent*) when compared with the previous year (13.33 *per cent*) or with the longer period of 1992-2009 (11.29 *per cent*).

Table 1.8 Union Government Fiscal Liabilities

(per cent)

Period	Rate of Growth of Total Liabilities*	Total Liabilities/ GDP Ratio	Average Rate of Interest	Ratio of Assets to Liabilities
1992-2009(Average)	**11.29**	**56.92**	**8.32**	**44.43**
VIII Plan (1992-97) (Average)	12.48	60.39	7.91	57.68
IX Plan (1997-02) (Average)	11.85	58.84	9.06	50.90
X Plan (2002-07) (Average)	8.98	57.14	8.09	40.26
XI Plan (2007-12)				
2007-08	13.33	52.43	8.24	38.06
2008-09	**14.69**	**53.37**	**8.10**	**35.93**

* *Public Account liabilities since 1999-2000 exclude the liabilities on account of small savings to the extent of securities issued to NSSF by State Governments and Rs. 1,500 crore invested in India Infrastructure Finance Company Limited from 2007-08 out of NSSF.*

1.5.5 Impact of Change in base of GDP on Key Fiscal Parameters in 2008-09

In this Union Audit Report, as explained in Para 1.3, all trends and ratios involving GDP have been calculated on the 1999-2000 base year. Subsequently on January 28, 2009, CSO has released a Press Note changing the base year to 2004-05. Base year changes are done in order to make the data more comprehensive and are based on new surveys. While the revised figures of GDP are available in public domain from 2004-05 onwards, GDP figures for the previous years are yet to be released by CSO. This being the case, in this year's Audit Report, all calculations are based on the previous GDP base, in order to maintain consistency and calculate long term trends from 1992-93 onwards. Next year, all figures would be calculated on the new GDP base year. However, for the current year, Table 1.9 indicates the variation in key ratios when the new GDP base is used.

Table 1.9: Impact of Change in base of GDP on Key Fiscal Parameters in 2008-09

(as per cent of GDP)

Parameter	Value (Rupees in Crore)	GDP Base 1999-2000*	GDP Base 2004-05*
Gross Revenue Receipts	814026	15.30	14.60
Total Net Receipts	1598484	30.04	28.68
Gross Tax Revenue	605298	11.37	10.86
Non-tax revenue	208728	3.92	3.74
Public Account Receipt	584478	10.98	10.48
Actual Expenditure	1102366	20.71	19.78
Revenue Expenditure	1010224	18.98	18.12

(as per cent of GDP)

Parameter	Value (Rupees in Crore)	GDP Base 1999-2000*	GDP Base 2004-05*
Interest Payment	200580	3.77	3.60
Capital Expenditure	77556	1.46	1.39
Loans & Advances	14586	0.27	0.26
Repayment of debt	2164560	40.67	38.83
Plan Expenditure	275301	5.17	4.94
Non Plan Expenditure	827065	15.54	14.84
Total Subsidy	129708	2.44	2.33
Public Account Disbursement	515616	9.69	9.25
Revenue Deficit	356377	6.70	6.39
Fiscal Deficit	434444	8.16	7.79
Primary Deficit	233864	4.39	4.20
Total Liability	2840135	53.37	50.95
Internal debt	2019841	37.95	36.23
External debt	264059	4.96	4.74
Public Account debt	556235	10.45	9.98
Guarantee outstanding	113335	2.13	2.03

* GDP for the year 2008-09 with the base year 1999-2000 is Rs. 53,21,753 crore and with the base year 2004-05 is Rs. 55,74,449 crore

Chapter 2

COMMENTS ON ACCOUNTS

The comments relating to significant deficiencies in the presentation (accuracy, completeness and transparency) of the Union Accounts are discussed in the succeeding paragraphs. The comments arising from Appropriation audit are included in Chapters 7, 8 and 9 of this Report. The observations on regularity, economy, efficiency and effectiveness of Government spending are incorporated in Compliance and Performance Audit Reports being presented separately to the Parliament.

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

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

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

It was mentioned in the Report of the Comptroller and Auditor General on the Accounts of the Union Government for the year 2007-08 that the recommendations of the Twelfth Finance Commission (TFC) to include the said additional statements/information in Union Government accounts had not been complied with, despite a lapse of four years from the Commission's recommendation. It was also recommended that the Ministry of Finance set a specific time frame for inclusion of the above additional statements in the Union Finance Accounts. The Action Taken Note of the Ministry was awaited as of November 2009.

Scrutiny of the Finance and Appropriation Accounts for the year 2008-09 disclosed that the said statements as recommended by TFC have not been included in this year's accounts as well.

The Ministry stated in December 2009 that (i) statements pertaining to explicit and implicit subsidies given, expenditure on salaries by various departments/units, detailed expenditure on pensioners and expenditure on government pensions and debt and other liabilities as well as repayment schedule were already available in the Expenditure Budget/Accounts at a Glance, (ii) inclusion of other statements pertaining to data on committed liabilities in the future, accretion to or erosion in financial assets held by the government including those arising out of changes in the manner of spending by the government and implications of major policy decisions taken by the government during the year or new schemes proposed in the budget for future cash flows was not practicable given the present cash based accounting/budgeting systems. As regards depicting maintenance expenditure with segregation of salary and non-salary portions, six major heads involving maintenance expenditure had been identified and all the Union Ministries had been intimated to carry out these changes and make suitable budget provision. The Ministry further stated that the views of the Government on the inclusion of additional statements in the Finance Accounts had been forwarded to the Thirteenth Finance Commission.

However, the 13th Finance Commission Report does not explicitly bring out any modifications in the disclosure requirements recommended by the 12th Finance Commission.

2.2 Unascertainable unspent balances in the accounts of Implementing Agencies

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

For the year 2008-09, Union Government transferred central plan assistance of Rs. 83,224 crore directly to State/district level autonomous bodies and authorities, societies, non-governmental organisations, etc., for implementation of centrally sponsored schemes. Since the funds are not being spent by the implementing agencies in the same financial year, there remain substantial amounts of unspent funds in their accounts. The aggregate amount of the unspent balances in the accounts of the implementing agencies kept outside Government accounts is not readily ascertainable. The Government expenditure as reflected in the Accounts to that extent is, therefore, overstated.

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

2.3 Opaqueness in Government Accounts

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

Scrutiny of Union Government Finance Accounts 2008-09 disclosed that Rs. 28,483.22 crore under 29 Major Heads of accounts (representing functions of the Government) was classified under the Minor Head '800-Other expenditure' in the accounts constituting more than 50 *per cent* of the total expenditure recorded under the respective Major Heads. This indicates a high degree of opaqueness in the accounts. Details of the Major Heads such as Housing, Power, Civil Aviation, Other Rural Development Programmes, Agricultural Financial Institutions, Flood Control and Drainage, Capital Outlay on Foreign Trade & Export Promotion etc., with substantial expenditure classified as 'Other Expenditure' are given in **Appendix II-A.**

Some significant expenditure items such as Indira Awaas Yojana (Rs. 8,799 crore), Mission Flexible Pool towards utilisation for projects for North-Eastern region and Sikkim (Rs. 2,599 crore), subsidy for Haj Charters (Rs. 620 crore), self employment scheme for liberation and rehabilitation of scavengers (Rs. 100

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

crore) etc., are not depicted distinctly in the Finance Accounts but are rolled up in the minor head 'Other expenditure'.

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

2.4 Inadequate disclosure of funds in the Public Account

(i) National Investment Fund

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

Scrutiny of the Union Finance Accounts 2008-09 revealed that while an income of Rs. 84.81 crore had been reflected as income under CFI, the Major head '8453-Income and Expenditure Account of NIF' has not been opened in the Public Account to depict the transfer of income from CFI.

Further, closing balance at the end of year 2008-09 under the head "8452-National Investment Fund" was shown as 'nil', though actually a balance of Rs.1,814 crore was available in the Fund as on 31 March 2009. Such depiction leads to confusion and opaqueness, indicating that the accounting procedure adopted was not accurate. In the interest of transparency, the accounting procedure must be suitably modified so as to reflect true balance in the NIF and also the investment made out of this Fund.

(ii) Universal Service Obligation Fund

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

The Fund is administered by the Department of Telecommunications (DoT). The levy received towards USO is first credited to the Consolidated Fund of India and subsequently the Central Government credits such proceeds to the USO Fund in Public Account of India from time to time, for being utilized exclusively for meeting USO. It is a non-lapsable fund.

A total Universal Levy of Rs. 26,163.96 crore was collected during 2002-03 to 2008-09 by the DoT but a disbursement of only Rs. 7,971.44 crore was made from the Fund during this period. Thus, the closing balance of the Fund as on 31 March, 2009 should be Rs. 18,192.52 crore as against 'nil' balance shown under the Head 8235-General & Other Reserve Funds, 118–Universal Service Obligation Fund in the Public Account of India. There is, therefore, understatement of closing balance of USO Fund by Rs. 18,192.52 crore.

The matter was reported by the Comptroller & Auditor General of India in his Report No. PA-1 of 2008 and No. CA-13 for the year 2007-08. The Ministry while partially agreeing to the facts and figures included in the paragraph, stated that as per Indian Telegraph (Amendment) Act, 2003, USO Fund is to be utilized exclusively for meeting the USO and the balance to the credit of the fund will not lapse at the end of the financial year. Clauses 9(A)(2) and 9B of the Indian Telegraph (Amendment) Act 2003 provide that "the sum of money received towards the USO 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 the meeting the USO. During the financial year 2002-03 to 2006-07, final allotments amounting to Rs 5,081 crore received through parliamentary approval under USO fund and the entire amount so allocated was fully utilized. Ministry also stated that new schemes have been launched in rural

areas viz. shared mobile infrastructure Phase-I, Wire line Broadband connectivity in rural and remote areas. In addition, formulation of Scheme for OFC augmentation between block and district HQ across the country, scheme for induction of new technological developments for rural telecommunications and scheme for supporting renewal energy installation are under final stages of formulation.

It is recommended that the Department of Telecom should obtain necessary approvals and transfer all the receipts on account of universal access levy to the Universal Service Obligation Fund in the same year before the closure of the financial year so that the Fund balances are correctly reflected in the accounts. DoT may also ensure that viable schemes for implementation of universal service obligations for rural and remote areas are planned and executed in timely fashion so that USO objectives are met and the fund balances are utilized for the purposes for which these are collected. At present, the unspent balances collected by way of levy are used to partly finance the budget deficit.

(iii) Non-Lapsable Central Pool of Resources

Government of India decided to create a Non-lapsable Central Pool of Resources (NLCPR) in the Union Budget for the year 1998-99 in the Public Account of India titled "Central Resource Pool for Development of North Eastern Region" for funding the specific programmes of economic and social upliftment of North-Eastern States. The broad objective of the scheme was to ensure speedy development of social and physical infrastructure in North Eastern Region (NER) such as roads and bridges, power, education, health, irrigation and flood control, water supply, sanitation, etc., by increasing the flow of budgetary financing. The NLCPR Fund was to be financed from the unspent amount out of the earmarked 10 *per cent* gross budgetary support of Central Ministries intended to be spent on NER.

However, no such reserve fund had been created in the Public Account and the funding of the NLCPR scheme was being effected through the annual budget exercise. Effectively, therefore, there is no "non-lapsable" pool of resources available. NLCPR is being maintained on proforma basis. As of 31st March 2008, there was a closing balance of Rs. 6,963.79 crore in NLCPR.

The Planning Commission and the Ministry of Development of North Eastern Region (DONER) had discussed (June 2008) the framework for utilization of the mandated 10 *per cent* gross budgetary support for NE States. While acknowledging that the utilization of earmarked 10 *per cent* of the budget by various ministries had improved; on the issue of creating a distinct 'account

head', the Planning Commission had observed that "the Central Pool" was a notional account being maintained by the Ministry of Finance (Department of Expenditure) since inception and that there was a need for creating a distinct account.

Ministry of Finance stated that the creation of a distinct head of account for NLCPR would not be feasible since it was difficult for Ministries/Departments to estimate the quantum of funds likely to remain unutilized by the close of the financial year for transfer to NLCPR. Transfer of these unutilized amounts in the subsequent year would have implications on Government of India finances and also adversely affect deficit targets. Ministry of Finance, therefore, expressed the view that the NLCPR could continue to be maintained on proforma basis.

The Ministry of DONER, however, stated (February 2010) that 'the creation of non-lapsable pool in Public Account will be beneficial for deciding the nature and quantum of projects to be funded. Instead of getting budgetary support for the scheme, the Ministry should be allowed to draw the funds directly from the pool as per need'.

The present practice of maintaining NLCPR on proforma basis is in violation of the Cabinet decision taken in November 1997 which provided for creation of a separate fund in the Public Account of India. Unless a non-lapsable fund is created, the unutilized balance of NLCPR will continue to be part of the Consolidated Fund of India and may not be used for the purpose it was intended to be. The budgetary and accounting issues raised by the Ministry of Finance and Ministry of DONER can be addressed in consultation with the CAG and other stakeholders.

2.5 Public funds lying outside government accounts

Ministry of Finance, Department of Economic Affairs (DEA) directed all Ministries and departments of the Government in January 2005[1] to ensure that funds of regulatory bodies are maintained in the Public Account.

Scrutiny of the annual accounts of five regulatory bodies viz., Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA), Pension Fund Regulatory Development Authority (PFRDA), Central Electricity Regulatory Commission (CERC) and Petroleum and Natural Gas Regulatory Board (PNGRB) revealed that these bodies were retaining their surplus funds generated through fee charges, unspent grants received from

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

Government of India etc., aggregating to Rs. 1,747.37 [2]crore at the end of March 2009 outside the Government Accounts. The Finance Accounts of the Union Government, therefore, do not present a correct and complete picture of government finances to the extent of funds of Rs. 1,747.37 crore lying outside government accounts.

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

The Ministry of Finance in its Action Taken Note of June 2009 had stated that the operational details for keeping SEBI funds in Public Account were being worked out. In December 2009, the Ministry stated that the broad guidelines, enunciating the arrangement relating to operationalising the SEBI and IRDA Funds in the Public Account had been framed and conveyed to Controller General of Accounts for drawing up the detailed accounting procedure.

CERC stated in July 2009 that a separate minor head 126-CERC Fund under Major Head 8235-General and other Reserve Funds had been approved by the Controller General of Accounts and that this fund would be opened in the Demands for Grants during 2009-10. PNGRB stated in September 2009 that a clarification on this issue was being sought from Ministry of Petroleum and Natural Gas.

PFRDA stated in November 2009 that it was wholly financed by the grants from Government of India (GOI) and the unspent balance at the end of the financial year was set off against the grants of the previous year. It also added that its status was not akin to that of SEBI and IRDA and that it did not fall under the purview of the Government's instructions of January, 2005. However, the said instructions of the Ministry of Finance do not differentiate between the regulatory bodies.

2.6 Incorrect accounting of interest on refunds of taxes

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

[2] SEBI-Rs. 1,235.83 crore, IRDA-Rs. 470.74 crore, PFRDA-Rs. 0.42 crore, CERC-Rs. 26.29 crore and PNGRB-Rs. 14.09 crore

Audit scrutiny revealed that no budget provision for interest on refunds was made in the Budget Estimates for the year 2008-09 and the expenditure on interest on income tax refunds amounting to Rs. 5,785.36 crore was treated as reduction in the revenue of the Union Government in Union Government Accounts 2008-09. Such accounting adjustment is not only against the accounting rules but also results in incurring of expenditure on interest payments without obtaining Parliament's approval through budgetary process. In fact, interest on refund of income tax of Rs 92 crore was budgeted as an expenditure item in the budget for 2001-02. However, at the Revised Estimates stage, the earlier practice of showing the interest on refund as deduct receipt was reverted to.

As a result of classifying the interest on refunds as reduction in revenue, the expenditure as well as revenue of the Union Government was understated by Rs. 5,785.36 crore in the Union Government Accounts for the year 2008-09

This practice was also commented upon in the Reports of the Comptroller and Auditor General (Direct Taxes) of 2004, 2005, 2006, 2007 and 2008.

2.7 Creation of Income Tax Welfare Fund

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

The Comptroller and Auditor General had not agreed to the creation of the Fund on the ground that the activities proposed to be covered by the Fund could be included in the annual budget of the department and be financed through the normal budgetary process. The creation of the Fund under the interest bearing section of the Public Account entailed recurring liability of interest which would not be subject to usual Parliamentary financial control. The utilisation of the Fund would not be reported through the standard object heads as is the case with the demand for grants presented in the Parliament and hence the process was not transparent. Further, the General Financial Rules (GFR) do not permit expenditure from public moneys for the benefit of a section of people or individuals unless the expenditure was in pursuance of recognised policy or

custom. Further, if the objective is to cover officials/family members of officials who face injury/die during search/seizure operations and provision of high risk insurance cover to the officials, provision can be made under a designated scheme of the Government of India or included in the existing provisions under the funds in existence for such purposes. The fund/scheme should be made applicable to officers/staff of other departments facing similar risks in official discharge of duties. The other purposes cited can be covered under the standard object heads 'Rewards', 'Medical treatment', 'Office expenses', 'Grants-in-aid' in the demand for grants of the Ministry.

The Ministry replied (March 2010) that the purpose of creating fund away from the control of GFR and other rules was to provide flexibility and that ITWF was not first of its kind. The reply is not tenable as all departmental regulations, in so far as they embody orders or instructions of a financial character or have important financial bearing are governed by GFR which does not permit expenditure from public moneys for the benefit of a particular section of people or individuals.

2.8 Significant changes in accounting procedure without consultation with CAG

Canteen Stores Department (CSD) of the Ministry of Defence is responsible for providing consumer goods of high quality to the troops and their families at prices cheaper than the market rates. All expenditure and receipts of CSD are accounted for in the Consolidated Fund of India. The Ministry had been following the practice under which funds equivalent to 50 *per cent* of total net profit generated by CSD in a particular year were appropriated/distributed as '*Grants-in-Aid*' under the head 2075.00.108.01.00.31. However, from the year 2005-06, Ministry of Defence started booking this expenditure under a different object head '*Contribution*' under 2075.00.108.01.00.32. The provision and booking of this expenditure under the object head 'Contribution' was incorrect as the nature of payment remained that of grants from the Consolidated Fund. An expenditure of about Rs. 448 crore was incurred/provided for during 2005-06 to 2009-10 irregularly as 'Contribution' instead of 'Grants-in-Aid' as per details given below:

Table 2.1 : Expenditure booked as Contribution

(Rupees in crore)

Year	Amount of expenditure booked as 'Contribution' instead of 'Grants-in-Aid'
2005-06	77.38
2006-07	73.12
2007-08	91.82
2008-09(BE)	91.61
2009-10(BE)	114.01
Total	**447.94**

The above irregular practice diluted the financial controls over utilization of these amounts as under the General Financial Rules, utilization certificates could be insisted only for 'Grants-in-Aid'.

Such a significant change in the accounting policy was made without consultation with the Comptroller and Auditor General of India as required under the Constitution of India. It seriously diluted the accountability of such disbursements. It was particularly significant as such disbursements percolated to the Unit/Formation and formed a part of the unit's Regimental Fund. The grants-in-aid were credited to Regimental Fund by the Services and treated as non-public fund in the hands of the recipients for all purposes.

2.9 Inadmissible re-appropriation of funds

Re-appropriation of funds from Capital section to Revenue section or vice-versa is not permissible under Rule 10 of Delegation of Financial Powers Rules (DFPR), 1978. Further, re-appropriation of Funds from Plan to non-Plan section is permissible only with prior approval of Ministry of Finance.

Ministry of Water Resources issued a re-appropriation order on 31st March, 2009 involving re-appropriation of funds of Rs. 14,23,29 (ths) from the Capital (Plan) section of the grant to the Revenue (non-Plan) section in contravention of the above provisions of DFPR. On being pointed out in Audit, the Controller General of Accounts made a disclosure in the Appropriation Accounts of Grant No.103-Ministry of Water Resources stating that " the Ministry of Water Resources made an erroneous re-appropriation of Rs. 14,23,29 (ths) from Capital to Revenue Section of the Grant. Therefore, it was not given effect and hence not shown in the accounts."

The irregular order for re-appropriation of funds of Rs. 14,23,29 (ths) from the Capital (Plan) section of the grant to the Revenue (non-Plan) section made by the Ministry if taken into account had the effect of altering the Parliamentary authorization for Revenue (Voted) expenditure from Rs. 906,28,00 (ths) to Rs. 920,51,29 (ths) and for Capital (Voted) expenditure from Rs. 111,37,00 (ths) to Rs. 97,13,71 (ths).

2.10 Departmentally Managed Government Undertakings - Position of Proforma Accounts

The General Financial Rules stipulate that the departmentally managed government undertakings of commercial or quasi commercial nature should maintain subsidiary accounts and proforma accounts as may be prescribed by the Government in consultation with Comptroller and Auditor General of India. There were 43 departmentally managed Government Undertakings of commercial or quasi commercial nature as of March 2009. 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 Stores Accounts. The position of the summarized financial results of the departmentally managed undertakings on the basis of their latest available accounts is given in **Appendix II-B.**

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

Table 2.2 : Position of Proforma Accounts in Arrears

Period for which accounts were lying in arrears		
No. of years	**Period**	**No. of undertakings**
1-8	2002-03 to 2008-09	26
9-16	2000-01	2
17-24	1992-93	1
	Total	**29**

In the absence of 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. The delay in compilation of accounts in respect of departmentally managed undertakings was brought to the notice of the Secretaries of the concerned Ministry.

2.11 Losses and irrecoverable dues written off/waived

Statement of losses and irrecoverable dues written off /waived off during the year 2008-09 furnished by the ministries/departments, is given in **Appendix-II-C**. It will be seen from the appendix that in 299 cases, Rs. 385.53 lakh were written off during 2008-09. During the year, recoveries waived and ex-gratia payment made in 1629 cases aggregated to Rs. 127.41 crore.

2.12 Misclassification of expenditure under the Object Head "Contributions".

The Delegation of Financial Powers Rules codify the object heads, code and description/definition. These are to form the basis of preparation of the Detailed Demands for Grants and consolidation of the Union Government Accounts.

Scrutiny of the Detailed Demands for Grants of the Ministry of External Affairs revealed that a large amount of expenditure of the Ministry is being incurred under the object head 'Contributions' below the Major Head '2061-External Affairs' and Major Head '3605-Technical and Economic Cooperation with Other Countries'.

The object head 'Contributions', as per the Delegation of Financial Powers Rules, is intended to classify expenditure towards membership of international bodies. There is a separate object head for reflecting provisions for Grants-in-aid. In the Detailed Demands for Grants, while the Ministry correctly classified the contributions to Commonwealth Secretariat, United Nations, SAARC etc. under the Object Head 'Contributions', the expenditure incurred towards Aid to Countries had also been incorrectly budgeted and accounted for under the same head instead of the Object Head 'Grants-in-aid'.

2.13 Other observations

2.13.1 In Statement 15 of the Union Finance Accounts depicting the loans and advances by the Union Government, loan of Rs. (-) 294.12 crore* has been shown as outstanding against Shipping Development Fund Committee (SDFC). However, SDFC stood abolished with effect from December 1986 and all its assets and liabilities stood transferred to Central Government in terms of Section 4 of SDFC (Abolition) Act, 1986.

The CGA stated (October, 2009) that the matter had been referred to the Department of Economic Affairs for clarification.

2.13.2 In Statement-7 of the Union Finance Accounts depicting the distribution between voted and charged expenditure, loans and advances given to State Governments have been depicted as charged expenditure and that advanced to Union Territory (UT) Governments as voted expenditure although purpose of loan to both the Governments is for non-Plan schemes.

*Adverse balance

The CGA endorsed (February, 2010) the reply of Ministry of Home Affairs (MHA) stating that the loans to UT Governments were classified under the voted section because the budget of UT Governments came under MHA and the said loans were disbursed to cover gap in resources with no guarantee to receive repayments.

2.13.3 Government of India approved the merger of Air India and Indian Airlines in March 2007. Consequent to the above, a new company viz., National Aviation Company of India Limited (NACIL) was incorporated under the Companies Act, 1956. However, in the Finance Accounts of 2008-09, Air India with an investment of Rs.153.84 crore and Indian Airlines with investment of Rs. 432.14 crore are being shown as separate companies.

Though the scheme of amalgamation of Air India Limited and Indian Airlines Limited with National Aviation Company of India Limited was approved by the Board of Directors of all the three companies, in the Union Finance Accounts for the year 2008-09 they continue to be shown as two separate PSUs.

The CGA stated (November, 2009) that the discrepancy was due to the fact that the scheme of amalgamation and the corresponding accounting transactions had not been made available to the concerned Principal Accounts Office by the Ministry of Civil Aviation and Tourism.

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

Scrutiny of the records revealed that as per the annual accounts of EPFO for the year 2007-08, the closing balance of the Central Government's contribution (including interest) to the Pension Fund was Rs 36,809.06 crore as against Rs 36,939.04 crore depicted in the Union Government Finance Accounts for the year 2007-08, giving rise to a difference of Rs 129.98 crore in the two financial documents. The Ministry stated (January 2010) that the said difference of Rs. 129.98 crore had been reconciled and that this difference was due to overlapping of figures of Employees Deposits Linked Insurance Scheme (EDLI) under Employees' Pension Fund under the same Major Head 8342 in the accounts up to year 1990-91 and that the correction would be reflected in Finance Accounts for the year 2009-10 after final reconciliation.

2.14 Important factors affecting accuracy of accounts

The accuracy of Union Finance Accounts 2008-09 is adversely affected by factors like (i) large number of transactions under Suspense heads awaiting final classification, (ii) increasing magnitude of adverse balances under Debt, Deposit and Remittances (DDR) heads of accounts, and (iii) persistent outstanding balances on account of lack of timely action for their clearance.

Audit conducted a general review of outstanding balances under Debt, Deposit, Remittance and Suspense heads and also carried out a detailed examination of records pertaining to the last five years in the office of CGA and five Principal Accounts Offices (Pr.AOs) viz. Central Board of Excise and Customs (CBEC), Ministry of Home Affairs (MHA), Controller of Aid, Accounts and Audit (CAA&A), Ministry of Urban Development (MUD) and Department of Commerce (Supply Division). These Pr.AOs were selected on the basis of concentration of balances and their accumulation over the years. The audit findings are reported below:

2.14.1 Outstanding balances under major Suspense accounts

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

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

The aggregate net balance under the Suspense Heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunications was Rs. 18,880.85 crore (Dr) as on 31 March, 2009. This balance comprised of Rs. 4,890.01 crore (Dr) in respect of Civil Ministries, Rs. 7,408.78 crore (Dr) for Defence, Rs. 1,630.86 crore (Dr) relating to Railways, Rs. 3,285.64 crore (Dr) for Postal and Rs. 531.88 crore (Dr) for Telecommunication and Rs. 1,133.68 crore (Dr) in respect of Redemption of Government of India Compensation (Project Exports to Iraq) Bonds 2001. The Finance Accounts reflect the net balances under Suspense Heads and, therefore, the real magnitude of outstandings under these heads does not get reported in the annual accounts of the Government presented

to the Parliament. The correct balances under these heads can be worked out only by aggregating the debit and credit balances separately under various Suspense Heads. Netting of debit/credit balances leads to significant understatement of Suspense balances in the Finance Accounts. This understatement takes place both at the minor head as well as major head level. The position of suspense balances under major suspense heads of Civil Ministries for the last five years is given below:

Table 2.3: Outstanding Balances under Major Suspense Heads

(Rupees in crore)

Name of Minor Head	2004-05		2005-06		2006-07		2007-08		2008-09	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
101-PAO Suspense	1803.25	237.75	1720.37	121.15	1844.33	692.30	2882.39	617.77	2512.92	524.57
Net	**(-) 1565.50**		**(-) 599.22**		**(-) 1152.04**		**(-) 2264.62**		**(-) 1988.35**	
102-Suspense Account (Civil)	1013.35	314.60	1013.92	308.14	1022.42	308.95	1087.28	10310.30	1608.78	1443.21
Net	**(-) 698.75**		**(-) 705.78**		**(-) 713.47**		**9223.02**		**(-) 165.57**	
107-Cash Settlement	253.25	16.04	318.75	16.57	383.18	16.57	362.14	16.58	349.49	16.57
Net	**(-) 237.21**		**(-) 302.18**		**(-) 366.61**		**(-) 345.56**		**(-) 332.92**	
108-PSB Suspense	1324.66	280.08	1690.31	848.86	4979.41`	1029.07	6517.28	782.19	3526.51	1942.36
Net	**(-) 1044.58**		**(-) 841.45#**		**(-) 3950.34**		**(-) 5735.09**		**(-) 1584.15**	
109-Reserve Bank Suspense (HQ)	259.05	185.07	261.29	195.48	259.05	185.11	11.37	190.89	11.37	190.04
Net	**(-) 73.98**		**(-) 65.81**		**(-) 73.94**		**179.52**		**178.67**	
110-Reserve Bank Suspense Central Accounts Office	60.07	380.70	73.22	312.55	116.12	294.59	209.18	48.57	339.41	47.09
Net	**248.63**		**239.32**		**178.48**		**(-) 160.61**		**(-) 292.32**	
115-Suspense Accounts for Purchase etc., abroad	1082.73	-	1008.98	-	994.46	-	536.65	-	877.79	-
Net	**(-) 1082.73**		**(-) 1008.98**		**(-) 994.46**		**(-) 536.65**		**(-) 877.79**	

(Rupees in crore)

Name of Minor Head	2004-05		2005-06		2006-07		2007-08		2008-09	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
129-Material Purchase Settlement Suspense A/c	(-)118.09	45.82	(-)124.73	74.00	(-) 127.62	96.17	156.31	107.84	167.82	115.88
Net	**(-) 72.26**		**(-) 50.74**		**(-) 31.45**		**(-) 48.47**		**(-) 51.94**	
136-Custom Receipts Awaiting Transfer to Receipt Head	-	103.85	-	120.39	-	112.15	-	114.97	-	152.15
Net	**103.85**		**120.39**		**112.15**		**114.97**		**152.15**	
138-Other Nominated Banks (Private Sector Banks)	-	-	5.38	3.60	646.05	1449.94	2.34	170.68	1.55	40.38
Net	**-**		**(-)1.78**		**803.89**		**168.34**		**38.83**	

It would be seen that debit balances under Suspense Account (Civil), Reserve Bank Suspense - Central Accounts Office, Material Purchase Settlement Suspense Account have increased in 2008-09 over the previous years. Similarly, credit balances under Public Sector Bank Suspense, Material Purchase Settlement Suspense Account and Customs Receipts Awaiting Transfer to Receipt Head have also increased in 2008-09 over the previous years. The year-wise break-up of the balances outstanding under the suspense minor heads was not maintained by CGA for effective monitoring of clearance of such balances.

PAO Suspense

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

would mean that payments have been received by the PAO on behalf of other PAO, which are yet to be paid.

In March 2009, the outstanding debit balance under this head was Rs. 2,512.92 crore and the credit balance was Rs. 524.57 crore. The outstanding balances were mainly in respect of Ministry of Supply Rs. 1,433.04 crore (Dr), CBDT (Revenue): Rs. 330.95 crore (Dr) , Ministry of External Affairs: Rs. 323.53 crore (Dr), Ministry of Road Transport and Highways: Rs. 172.63 crore (Cr), Department of Atomic Energy Rs 156.04 crore (Cr), indicating the payments made (Dr) or received (Cr) by these departments /ministries on behalf of other PAOs which were yet to be recovered/paid by them as on 31 March 2009. The heavy debit and credit balances under PAO suspense and their continuous accumulation indicated significant control deficiencies.

Test check of the accounts of Principal Accounts Offices revealed that in MHA, Rs. 12.73 crore (Dr) and Rs. 11.37 crore (Cr) pertaining to the period 1991-92 to 2008-09 were outstanding which included Rs. 0.15 crore (Dr), which were pending settlement for more than five years. In Department of Commerce (Supply Division), balances of Rs 848.34 crore (Dr) and Rs 26.03 crore (Cr) were outstanding pertaining to the period from 2002-03 to 2008-09. The debit / credit break up of net balance of Rs 604.73 crore (Dr) outstanding prior to 2002-03 was not made available to audit. The Pr.AOs did not provide any evidence regarding efforts made to clear the old balances.

Suspense Account (Civil)

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

The outstanding balance under this minor head as on 31 March 2009 was Rs.1,443.21 crore (Cr) and Rs. 1,608.78 crore (Dr) indicating that receipts and expenditures of Rs. 3,051.99 crore, which were required to be handled individually for settlement, had not been booked to their final heads of account. The major balances outstanding pertained to Department of Economic Affairs Rs 816.65 crore (Cr), Ministry of Home Affairs: Rs. 751.46 crore (Dr); High

Commission: Rs. 435.76 crore (Dr) and Department of Commerce (Supply Division): Rs. 318.95 crore (Dr).

Test check of the balances in Principal Accounts Offices revealed that in the Department of Commerce (Supply Division), balance of (-) Rs 45.20 crore (Dr) and (-) Rs 324.94 crore (Cr) were outstanding pertaining to the period from 2002-03 to 2008-09. The debit / credit break up of net balance of Rs 39.21 crore (Dr), which was outstanding prior to 2002-03 was not made available to Audit. The department did not furnish any reply on the efforts made to clear old outstanding balances.

Suspense account for purchases abroad

The minor head 'suspense accounts for purchases abroad' is operated in the books of Controller of Aid, Accounts and Audit (CAA&A), Ministry of Finance (Department of Economic Affairs). The government advises the donor to make payments directly to the supplier abroad against the supplies made to the project authorities/ importers and an equal amount is kept under the suspense head till the payment is received from the concerned line Ministry. The debit balance under this head indicates the amount, which is yet to be recovered from the importers/project authorities, although the Government has already made the payment for these imports.

In 2008-09, suspense account balance for purchases abroad was Rs. 877.79 crore (Dr). Major debtors as on 31st March 2009 were Helicopter Corporation of India Ltd. (Rs. 67.24 crore); Pawan Hans Ltd. (Rs. 57.44 crore); Pyrites, Phosphates and Chemicals Ltd. (Rs. 24.95 crore); Coal India Ltd.(WB) (Rs. 23.18 crore); and five Government Ministries (Rs.479.18 crore). It was also observed that Rs. 264.36 crore was outstanding from different organisations since 2000. A list showing the details of amounts outstanding since 2000 in respect of major importers is given in **Appendix II-D**. It was noticed from the information made available by the department that subsequent payments had been made on behalf of various importers/project authorities while the payments for earlier purchases were still due from them. Concrete steps need to be taken by CAA&A for recovery of the outstanding amounts.

An audit paragraph on this subject was included in the C&AG's Report No. CA-13 for the year 2007-08. The Ministry, in their Action Taken Note, stated that the remedial actions such as monitoring the outstanding suspense amount through a computerized system had been put in place and the matter was being regularly pursued with the importers. It also stated that an amount of Rs. 111.62 crore had been cleared during the year 2008-09.

Public Sector Bank Suspense

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

The outstanding PSB balance for the year ending 31st March 2009 aggregated to Rs. 3,526.51 crore (Dr) and Rs.1,942.36 crore (Cr). The departments against which major balances were outstanding were Department of Economic Affairs: Rs 1,513.65 crore (Dr), Science and Technology: Rs 553.83 crore (Dr), Department of Earth Science: Rs 355.56 crore (Cr), Urban Development: Rs. 270.72 crore (Cr), CBEC: Rs. 256.79 crore (Cr); Ministry of Home Affairs: Rs 247.93 crore (Cr), and CBDT (Revenue): Rs. 212.81 crore (Dr). The debit and credit balance under this minor head had increased over the years thus adversely affecting the correct disclosure of Government cash balances in the accounts. Efforts made for clearing the balances were called for but no reply was furnished to Audit.

Test check of balances in Principal Accounts Offices revealed that in MUD, balances of (-) Rs 554.89 crore (Dr) and (-) Rs 284.15 crore (Cr) were outstanding pertaining to the period from 2002-03 to 2008-09, which included debit balance of (-) Rs 8.75 crore and credit balance of (-) Rs 10.53 crore that were pending for more than six years. In Department of Commerce (Supply Division), balance of Rs. 55.07 crore (Dr) and Rs. 1,102.92 crore(Cr) were outstanding pertaining to the period from 2002-03 to 2008-09.

Reserve Bank Suspense, Central Accounts Office

This minor head is operated in the books of Union Government for payments of loans, grants-in-aid, share of income tax, share of Union Excise Duty to the State Governments. When the payment is authorised, the respective expenditure head is debited and credit is afforded to this head. On receipt of monthly statements of

accounts from RBI adjusting the account of Union Government, the minor head is minus credited by crediting 8675-Deposits with RBI-101-Central Civil. At the time of repayment of loan and payment of interest thereon by the State Government, this head is debited by crediting the loans/interest head. On receipt of monthly statement of accounts from RBI (CAS) Nagpur the head is minus debited by per contra debit to 8675-101-Deposits with RBI-101-Central Civil. The outstanding balance under this minor head as on 31 March 2009 was Rs. 339.41 crore (Dr) and Rs. 47.09 crore (Cr). The outstanding RBI (CAO) suspense balances were mainly against the Department of Supply: Rs. 96.27 crore (Dr), Ministry of Minority Affairs: Rs. 54.77 crore (Dr) and Ministry of External Affairs: Rs 161.03 crore (Dr). The CGA office did not furnish any reply about the nature, details, and pendency of these outstanding balances and the efforts made by it to clear them.

Test check of balances in Principal Accounts Offices revealed that in MUD, balance of (-) Rs 7.38 crore (Dr) at the end of the year 2008-09 was outstanding, which included debit balance of (-) Rs 4.57 crore pending for more than three years. In Department of Commerce (Supply Division), balance of Rs 79.46 crore (Dr) and Rs. 0.77 crore (Cr) were outstanding pertaining to the period from 2002-03 to 2008-09. The debit / credit break up of net balance of Rs 16.95 crore (Dr) outstanding prior to 2002-03 was not made available to audit

2.14.2 Adverse balances under DDR Heads

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

In the Finance Accounts of the Union Government for the year 2008-09, there are 64 cases of adverse balances under debt, deposit and remittances heads as given in **Appendix II-E.** Out of these, six balances became adverse during the year 2008-09. The rest 58 cases were continuing from earlier years. These include 27 cases outstanding for more than five years, 16 for more than 10 years and six cases for more than 20 years. Though the footnotes to the adverse balances in the Finance Accounts mentioned that they were under investigation, the findings of such investigation by the CGA and subordinate offices and the efforts made to clear them were not made available to Audit.

Adverse balances at the minor head level represent the aggregate effect of the balances of various account circles taken together. At unit/account circle's level, adverse balances appear in the books of PAOs and Pr.AOs also but many of these adverse balances get eclipsed since these balances get aggregated when the accounts of the accounting circles are consolidated. For example, audit of the five selected Pr.AOs of Department of Commerce (Supply division), MUD, MHA,

CBEC and CAA&A revealed that there were 20 heads of accounts with adverse balances at the end of year 2008-09, seven of which have not been reflected in the 64 cases of adverse balances mentioned above. The adverse balances noticed during the audit of Pr.AOs of Department of Commerce (Supply division), MUD, MHA, CBEC and CAA&A are given in **Appendix II-F.** The observations on the adverse balances in the audited Pr. PAOs are given below:

(i) Chief Controller of Accounts, Department of Commerce (Supply Division)

Scrutiny of records in the office of Chief Controller of Accounts, Department of Commerce (Supply Division) disclosed that an adverse balance of Rs. 1,533.36 crore (Dr) was lying uncleared under the head 8443 – 'Civil Deposits' – 103 'Security Deposits' at the end of the year 2008-09. Further, an adverse balance of Rs. 51.80 crore (Dr) under the head 8670- 'Cheques and Bills' -103 'Departmental Cheques' and Rs 40.40 crore (Dr) under the head 8443- 'Civil Deposits'-800 'Other deposits' was also lying uncleared at the end of the year 2008-09. The Pr.AO stated that the adverse balance was due to misclassification and would be rectified in the current year's account.

(ii) Pr. Chief Controller of Accounts - CBEC

Scrutiny of records in Pr. CCA, CBEC disclosed that an adverse balance of Rs. 3,622.41 crore (Dr) was lying uncleared under the head 8670-Cheques and Bills-103 'Departmental Cheques' at the end of the year 2008-09 for more than 4 years. The Pr. AO stated that the Departmental cheques have been pending due to non- receipt of list of payments from Commissionerates. Further, an adverse balance of Rs. 29.15 crore (Dr) was appearing under the head 8443- Civil deposits- 106 'Personal Deposits' for more than seven years. The Pr AO did not furnish the reason for the adverse balance and efforts made to clear the adverse balances.

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

The adverse balances of Rs. 5,912.57 crore in the accounts of Controller of Aid, Accounts and Audit under the major head 6002 –External Debt at the end of the year 2008-09 was due to exchange losses at the time of repayment of loans. The department stated that action for write off of adverse balances would be taken when each individual loan extended by a donor was fully repaid according to amortization schedule of each agreement.

(iv) Chief Controller of Accounts, MUD

There was an adverse balance of Rs. 12.27 crore (Dr) under the head 8011-Insurance & Pension fund-l03 'Central Government Employees Group Insurance' which has been lying since 2006-07. The Pr. AO stated that the matter was under

examination and all concerned PAOs had been instructed to clear the adverse balance urgently.

2.14.3 Outstanding balances under the head "Cheques and Bills"

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

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

In the Finance Accounts for 2008-09, large balances are lying outstanding under the following minor heads of "Cheques and Bills":

Table 2.4 : Position of outstanding balances under 'Cheques and Bills'

(Rupees in crore)

Pre Audit Cheques	Cr	0.46
Pay and Accounts Office Cheques	Cr	7793.49
Departmental Cheques	Dr	1093.95
Treasury Cheques	Cr	4.62
IRLA Cheques	Cr	0.59
Telecommunication Accounts Office Cheques	Cr	1518.15
Postal Cheques	Cr	9105.07
Railway Cheques	Cr	2878.84
Defence Cheques	Cr	4947.70
Electronic advices	Dr	51.17
Pay and Accounts Offices Electronic advices	Cr	39.17

Receipt and Payment Rules, 1983 envisage that the cases of cheques remaining unpaid for a period of six months after the month of their issue, and not surrendered for renewal, are to be reversed and cancelled by minus crediting 8670-'Cheques & Bills' and minus debiting the functional major/minor head to which the expenditure was originally debited and the amount is to be written back in the accounts.

Such large outstanding amounts under different minor heads reflect that the accounting authorities are not taking necessary action as required to be taken under the rules. To the extent the amounts outstanding under the 'Cheques and Bills', the Government cash balance stands overstated. In reply, CGA in September 2009 stated that instructions were being issued to the concerned CCAs to write back the cheques outstanding for more than six months.

Test check of the five Principal Accounts Offices revealed that 3094 cheques amounting to Rs 289.16 crore in MUD, 13837 cheques amounting to Rs 124.68 crore in CBEC and 1810 cheques amounting to Rs 83.53 crore in MHA had remained unpaid for more than six months but had not been cancelled by the Pr AOs.

2.14.4 Review of balances not carried out by Principal Accounts Offices

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

In respect of civil departments, the review of balances for the year 2005-06, 2006-07 and 2007-08 was completed only in 16, 21 and 26 departments, respectively, out of a total 67 Principal Accounts Offices.

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

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

The CGA office in reply to the audit observation from para 2.14.1 to 2.14.4 has stated (December, 2009) that a Work Group had been formed to look into the old suspense balances and to make efforts to clear / write off the same at the earliest.

Chapter 3

RESOURCES: TRENDS AND COMPOSITION

An important pre-requisite to appreciating the performance of the Union Government is a complete grasp of the resource position, as the quantum of resources in any particular fiscal year determines the expenditure threshold of the Government. Based on the analysis of resource position of the Union Government over the post-liberalization years, the major observations for the year 2008-09 are as follows:

- **Increasing reliance on debt funds to finance the budget:** In 2008-09, the maximum share in total receipts came from gross debt receipts, which accounted for 63 *per cent* of the total receipts basket. As against this, on an average, for the period 1992-2009, gross debt receipts had constituted only 51 *per cent* of the total receipts. This implies that the Government relied significantly on debt receipts to fund its expenditure in 2008-09. The growth in gross debt receipts in 2008-09 (28.25 *per cent*) was much higher than the GDP growth rate of 12.67 *per cent* for the year. In comparison, during the post-liberalization period, the growth in gross debt receipts (19.18 *per cent*) has been higher than the growth in GDP (12.31 *per cent*). Such a trend is likely to cause huge repayment of debt obligation by future generations. The productivity of expenditure, therefore, becomes critical - if borrowed funds are used to create capital assets, future generations may be compensated for their increased debt obligations. ***(Para 3.2, 3.3)***

- **Share of tax and non-tax revenue to total revenue receipts:** Tax receipts of the Union Government (net of the States' share from its gross tax collections) increased at an average annual rate of nearly 12 *per cent* during 1992-2009 while non - tax revenue increased at a lower rate of 9.4 *per cent* during the corresponding period. In comparison to this trend rate, net tax receipts grew by less than 1 *per cent* in 2008-09 while the growth in non tax receipts was negligible. ***(Para 3.4)***

- **Fall in share of indirect taxes in total tax revenue in the post-liberalization period:** For the period 1992-2009 as a whole, maximum contribution to tax revenue was from Excise duties (30 *per cent)* followed by Corporation tax (25 *per cent*) and Customs duties (21 *per cent*). Income tax contributed only 16 *per cent* during this period while Service tax and other taxes contributed only around 5 and 3 *per cent,* respectively. Compared to this historic pattern, in the first two years of the XI Plan period, there was a fall in the share of both excise and customs duties, while the share of corporation tax, income tax and service tax has increased. ***(Para 3.5.1)***

- **Access to resources relative to GDP:** For the year 2008-09, while the gross receipts to GDP ratio was as high as 72 *per cent* (Rs 38,08,344 crore as a *per cent* of Rs 53,21,753 crore), after netting the receipts of Ways and Means Advances, Treasury Bills, Public Account Accruals etc, the net resource ratio to GDP is only 30 *per cent.* This highlights the need for ensuring netting of receipts so that a realistic picture of the quantum of resources available is known. ***(Para 3.3.1)***

- **Increasing share of dividends and profits in non-tax revenue:** The relative share of dividends and profits has shown a marked positive shift of nearly 8 *per cent* over the period 1992-2009 indicating that financial returns from the investment in PSEs/Nationalised banks and surpluses from RBI have gone up considerably. Over the years, however, there has been a negative average annual rate of shift in the share of interest receipts (-3.21 *per cent*), social services (-8.4 *per cent*) economic services (-0.03 *per cent*) and sovereign and other functions (-0.35 *per cent*) in the non-tax revenue basket. ***(Para 3.6.1)***

- **Considerable deviation in the actual performance of key revenue variables compared to what was estimated in the budget for the year 2008-09.** Gross tax revenue mobilised was less by around 12 *per cent* of what was estimated in the BE and consequently, the total amount of taxes shared with States was lower by 10 *per cent* of what was estimated. Major deviations were observed in Indirect taxes – viz. Excise (21

per cent lower) and Customs (16 *per cent* lower) than what was estimated in the budget. Mobilisation of direct taxes was also lower than the estimated – with the maximum shortfall being in Income tax (12 *per cent* lower) followed by Corporation tax (6 *per cent* lower). Deviation between estimates and actual performance was observed in capital receipts (27 *per cent* higher than the estimated figure). The actual tax to GDP ratio was 12.3 *per cent* and thus, lower than the estimated 13 *per cent* in the BE. ***(Para 3.8)***

3.1 An overview of the resources of the Union Government: 2008-09

Union receipts consist of four main categories as given in Table 3.1 and Box 3.1 viz. (1) revenue receipts (2) capital receipts (3) Public Account receipts and (4) Contingency Fund. Revenue receipts consist of tax revenue, non-tax revenue, grants-in-aid and contributions. Capital receipts have two components – (1) debt receipts (which create future repayment obligations) and (2) miscellaneous capital receipts (disinvestment proceeds and recoveries of loans and advances). Accruals to the Public Account refers to accruals in small savings, provident funds, reserve funds, deposits and advances of the Union Government, etc. where the Government primarily acts as a banker for the public. Details regarding the Constitutional position of the Contingency Fund are given in the Glossary of this report. When the opening cash balances at the beginning of the year are added to the total receipts, we get the total availability of funds (total resources) with the Union Government for the fiscal year.

Table 3.1: Resources of the Union Government

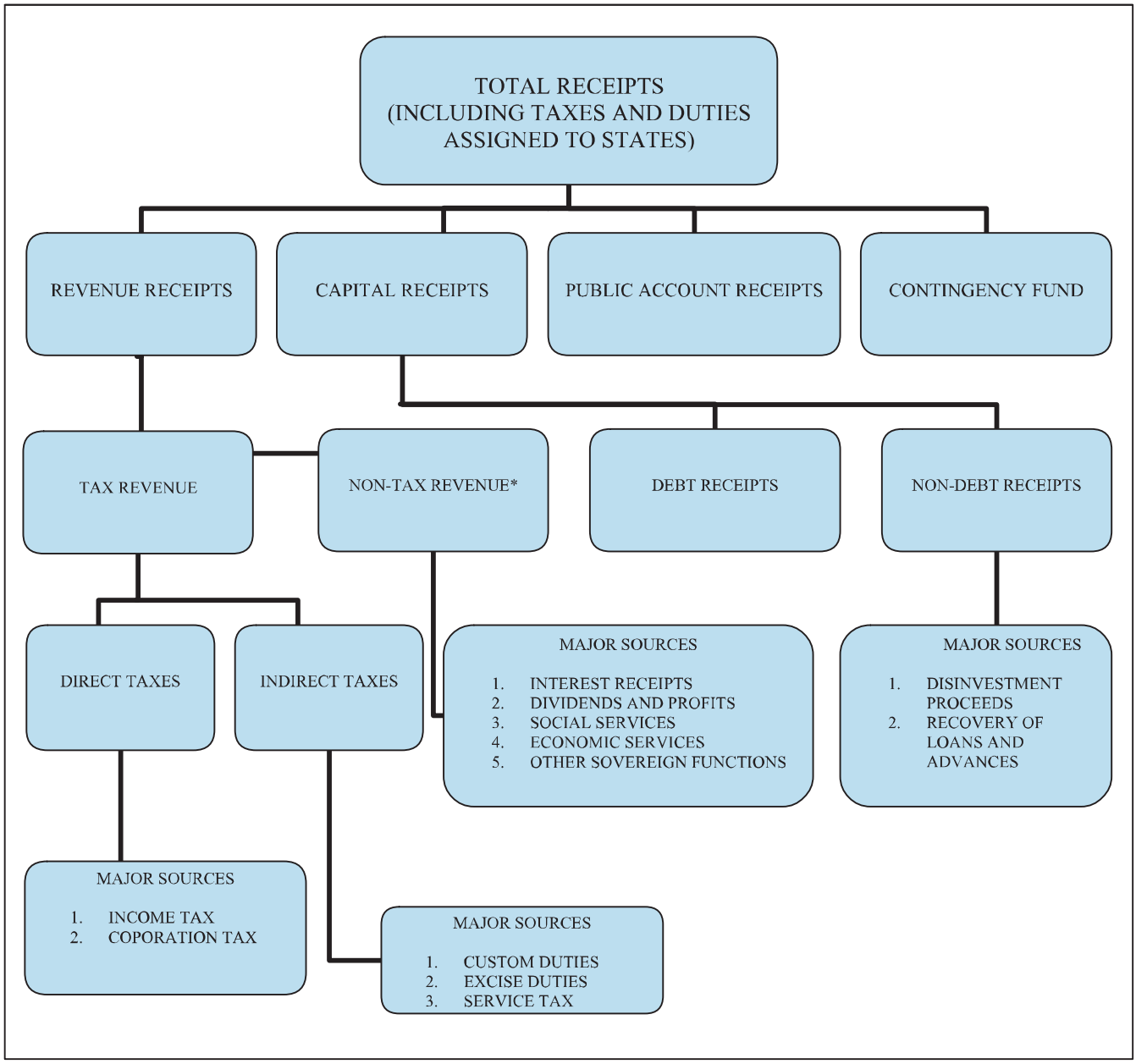
(Rupees in crore)

I	Revenue Receipts			814026
II	Capital Receipts			2409840
	a.	Miscellaneous Receipts	566	
	b.	Recovery of Loans and Advances	13509	
	c.	Debt Receipts	2395765	
III	Public Account Receipts			584478
IV	Contingency Fund			0
Total receipts				3808344
Opening Cash Balances				229633
Total Availability of Resources				4037977

Note: (1) Revenue receipts include Rs. 1,60,179 crore being the share of taxes and duties assigned to the States and not reflected in the Union Government's Finance Accounts.
(2) Revenue receipts include receipts from Railways, Posts and Departmental Undertakings.

Table 3.1 presents a summary of the total resources of the Union Government, which amounted to Rs. 40,37,977 crore for the year 2008-09. Capital receipts (made up predominantly of debt receipts) accounted for over 59 *per cent* of the total resources while revenue receipts accounted for around 20 *per cent*. Public Account receipts amounted to around 15 *per cent* of the total resources. The components and sub-components of Union receipts (Total Resources net of opening cash balances) have been categorised in Box 3.1.

BOX 3.1: COMPONENTS AND SUB-COMPONENTS OF TOTAL RESOURCES



**Also includes receipts in the form of grants-in-aid*

3.2 Composition and trends in total resources

Total receipts grew by 19.78 *per cent* in 2008-09, which is higher than the trend rate of 15.90 *per cent* for the period 1992-2009 and the average annual growth rate in the VIII and IX Plan but lower than the average annual growth rate in the X Plan. The maximum share in total receipts came from gross debt receipts, which accounted for 63 *per cent* of the total receipts basket for the

current year. On an average, for the period 1992-2009, gross debt receipts have constituted 51 *per cent* of the total receipts. The share of this component in total receipts increased steadily from 38 *per cent* in the VIII Plan period to 46 *per cent* in the IX Plan period to 50 *per cent* in the X Plan period. In the first two years of the XI Plan also there has been a steady increase in the share. This implies that Government has been increasingly relying on debt receipts to increase resources to fund its expenditure. This is likely to cause extensive repayment of debt obligation by future generations. The productivity of expenditure, therefore, becomes critical - if borrowed funds are used to create capital assets, future generations may be compensated for their increased debt obligations.

Table 3.2: Components of total receipts: Relative share and trends

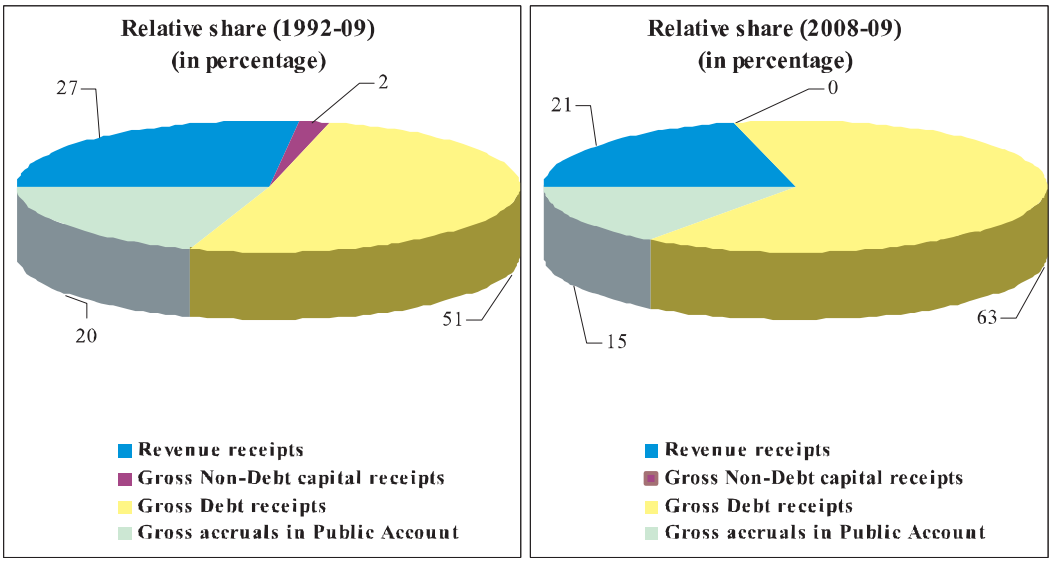
(Rupees in crore)

Period	Revenue Receipts#	Capital Receipts		Gross Accruals in Public Account	Total Receipts*	GDP at market prices*
		Gross Non-Debt Capital Receipts	Gross Debt Receipts			
1992-2009 (average)	**364861**	**25131**	**694563**	**269306**	**1353860**	**2407994**
Relative share *(Per cent)*	27	2	51	20	100	
VIII Plan (1992-97) Average	157991	9373	164326	102117	433807	1040918
Relative share *(Per cent)*	36	2	38	24	100	
IX Plan (1997-02) Average	282019	17430	427187	210498	937134	1922332
Relative share *(Per cent)*	30	2	46	22	100	
X Plan (2002-07) Average	477466	45989	917229	393933	1834616	3214901
Relative share *(Per cent)*	26	3	50	21	100	
2007-08	801226	49187	1868102	460981	3179496	4723400
Relative share *(Per cent)*	25	2	59	15	100	
2008-09	814026	14075	2395765	584478	3808344	5321753
Relative share *(Per cent)*	21	negligible	63	15	100	
Average Annual Rate of Growth *(per cent)*						
1992-2009 (average)	**12.39**	**9.69**	**19.18**	**13.56**	**15.90**	**12.31**
VIII Plan (1992-97)	15.41	0.01	15.98	14.43	14.87	16.53
IX Plan (1997-02)	8.58	18.24	2.22	13.76	7.02	10.33
X Plan (2002-07)	15.62	(-) 29.02	42.05	9.33	24.97	13.93
2007-08	24.08	155.85	13.59	1.31	15.01	14.39
2008-09	**1.60**	**(-)71.38**	**28.25**	**26.79**	**19.78**	**12.67**

Includes figures of taxes and duties assigned to States (Rs. 1,60,179 crore for 2008-09).

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

Chart 3.1: Relative share of components of total receipt during 1992-2009 and 2008-09



3.2.1 Trends in revenue receipts: On an average, as indicated in Table 3.2, for the 17 year period 1992-2009, revenue receipts (tax and non tax) accounted for 27 *per cent* of the total receipts. Compared to this trend, revenue receipts accounted only for 21 *per cent* of the total receipts in 2008-09. The fall out of the global financial crisis during the year and a visible slowdown in the industry, trade and services sector of the economy led to an environment of uncertainty and reduction in growth of both consumption and investment. A slew of measures were taken by the Government to stimulate demand, including reduction in custom duties on mineral oils, edible oils, fuels and project imports; reducing the general CENVAT rate on all goods from 16 to 14 *per cent*, etc. Consequently, revenue receipts of the Union Government increased only marginally by 1.6 *per cent* in 2008-09 over the previous year. This growth was very low compared to the growth shown in 2007-08 over 2006-07 (24 *per cent*). In fact, in the X Plan the average growth rate of revenue receipt was much higher at 15.6 *per cent* and so was the trend growth rate of 12.4 *per cent* for the period 1992-2009. A detailed analysis of sub-components of revenue receipts is given at Para 3.4, 3.5 and 3.6.

3.2.2 Trends in gross debt receipts: Gross debt receipts, the largest component of total receipts grew by more than 28 *per cent* growth in 2008-09 over the previous year. This significant component of capital receipts has been growing at a trend rate of over 19 *per cent* during the period 1992-2009. During the X Plan period, there was an average annual growth of over 42 *per cent* in gross debt receipts, which was a marked change from the relatively insignificant growth of just over 2 *per cent* annually during the IX Plan. In

2007-08, the growth in this component was only 13.6 *per cent* over the previous year. A detailed analysis of debt receipts may be seen in Chapter 6 of this report.

3.2.3 Trends in other receipts: Of the capital receipts, gross non-debt capital receipts (disinvestment proceeds and recovery of loans and advances) showed negative growth of over 71 *per cent* in 2008-09 compared to the previous year. Gross accruals in the Public Account grew at a very high rate (nearly 27 *per cent)* in 2008-09 compared to the relatively marginal growth of just over 1 *per cent* in 2007-08 and also in comparison to the average annual growth rate of accruals during the X Plan period (9.3 *per cent)* and the trend growth rate of nearly 14 *per cent* during the period 1992-2009.

3.3 Comparison of trends in total receipts with GDP trends:

Tables 3.2 and 3.3 bring out the relationship between growth in various components of total receipts and growth in GDP (at market prices)[1]. For the period 1992-2009, the average annual rate of growth of total receipts has been 15.90 *per cent* compared to the trend growth in GDP of 12.31 *per cent* (Table 3.2*)*. In the case of revenue receipts, the trend growth rate has been 12.39 *per cent* (almost the same as GDP growth rate). During the VIII and IX Plan periods, the annual growth in revenue receipts has been lower than the corresponding annual growth of GDP. However, this trend was reversed in the X Plan period, where the average annual growth in revenue receipts (15.62 *per cent*) exceeded the average annual growth of GDP (13.93 *per cent*). This trend continued in 2007-08 where the growth in revenue receipts was much higher than that of GDP growth. In 2008-09, however, there has been a very small growth in revenue receipts (only 1.6 *per cent*) even though GDP at market prices grew at 12.67 *per cent*. This year saw a downturn in the industry, export, mining, construction and some service sectors, thereby reducing the ability to pay taxes and user charges.[2] This, coupled with considerable tax relief provided by the Union Government to stimulate demand, resulted in only marginal increase in the growth of revenue receipts for 2008-09. As far as debt receipts are concerned, the growth in 2008-09 (28.25 *per cent*) was much higher than the GDP growth rate of 12.67 *per cent.* In comparison, when the longer term of 17 years (1992-2009) is considered, gross debt receipts grew by 19.18 *per cent,* which is higher than the GDP growth rate of 12.31 *per cent* for this period.

[1] Source: The Central Statistical Organisation (CSO), Ministry of Statistics and Programme Implementation's Press Note dated 29th May, 2009 has indicated that the Revised Estimate figures for GDP at current prices is Rs 53,21,753 crore.

[2] Estimates of GDP at factor cost by economic activity released by CSO in its Press Note dated 29, May, 2009 indicates that the contribution of manufacturing to GDP was only 10.7 per cent in the current year down from 14.2 per cent in the previous year.

3.3.1 Share of net receipts in GDP: The receipts and disbursements, particularly those relating to public debt and Public Account, appear on gross basis in the Finance Accounts. Accommodation by way of Ways and Means Advances (WMA) and 14-day Treasury Bills are, by their very nature, short-term measures and provide a cover for temporary mismatches. Similarly, accrual in Public Account, which is akin to a banking operation by the Government, is also reported on a gross basis, and needs to be netted out to provide a realistic picture. In view of this, it is more realistic to net the impact of WMA and 14-day Treasury Bills operations of the Government on its resources to arrive at its effective receipts. Table 3.3 indicates the impact of such neutralisation on the total receipts and on the ratio of total receipts to GDP for the last eight years. The net receipts of the Union Government for 2008-09 declined by Rs 22,09,860 crore from the gross figure of Rs 38,08,344[3] crore to Rs 15,98,484 crore (a reduction of 58 *per cent*). Similarly, while Table 3.2 indicates that the gross receipts to GDP ratio was as high as 72 *percent* (Rs 38,08,344 crore as a *per cent* of Rs 53,21,753 crore), Table 3.3 indicates that after netting the net resource ratio to GDP is only 30 *per cent* .

Table 3.3: Revised receipts and its share in GDP

(Rupees in crore)

Year	Revenue Receipts*	Non-Debt Capital Receipts	Debt Receipts**	Net Receipts of WMA	Net Receipts from Treasury Bills	Net Public Account Accruals	Total Net Receipts	Total Receipt/ GDP (*Per cent*)
1998-99	254369	19063	131789	1042	(-)850	40942	446355	25.49
1999-00	298076	14275	132556	(-) 2060	(-) 4440	23345	461752	23.65
2000-01	307724	18924	152146	4413	1340	25123	509670	24.24
2001-02	318121	24379	187523	(-) 219	(-) 1553	42364	570615	25.04
2002-03	355948	41896	206830	(-) 5176	3134	37011	639643	26.06
2003-04	404866	86780	297096	0	1626	(-) 22650	767718	27.87
2004-05	455466	68664	326960	0	7354	27119	885563	28.12
2005-06	525325	13382	369247	0	24733	3514	936201	26.10
2006-07	645723	19225	408517	0	136	48639	1122240	27.18
2007-08	801226	49187	633418	0	29154	35721	1548706	32.79
2008-09	814026	14075	671488	0	30033	68862	1598484	30.04

** Includes figures of taxes and duties assigned to States*
*** Net of receipts of Ways and Means Advances and Treasury Bills*

3.4 Revenue receipts: Movement of major aggregates

The composition and trends in revenue receipts of the Union as well as in its gross tax collection during the period 1992-2009 are presented in Table 3.4. Tax receipts of the Union Government (net of the States' share from its gross

[3] The figure for gross total receipts is given in Table 3.2

tax collections) increased at an average annual rate of nearly 12 *per cent* during 1992-2009 while non- tax revenue increased at a lower rate of 9.4 *per cent* during the corresponding period. In comparison to this trend rate, net tax receipts grew by less than 1 *per cent* in 2008-09, while the growth in non tax receipts was negligible.

Table- 3.4: Composition and trends of revenue receipts

(Rupees in crore)

Period	Gross Tax Revenue	States' share in Taxes	Net Tax Revenue	Non Tax Revenue *	Net Revenue of the Union
1992-2009 (average)	**242752**	**54317**	**188434**	**122109**	**310543**
VIII Plan (1992-97) average	96533	9435	87097	61459	148556
IX Plan (1997-02) average	166087	29808	136278	115933	252211
X Plan (2002-07) average	323047	83040	240007	154419	394426
XI Plan (2007-12)					
2007-08	593147	151800	441347	208079	649426
2008-09	**605298**	**160179**	**445119**	**208728**	**653847**
Average Annual Rate of Growth *(per cent)*					
1992-2009	**13.89**	**24.42**	**11.91**	**9.42**	**10.98**
VIII Plan (1992-97)	15.89	21.86	15.30	14.66	15.02
IX Plan (1997-02)	9.00	49.19	1.90	8.00	4.65
X Plan (2002-07)	21.31	20.76	21.50	4.86	14.59
XI Plan (2007-12)					
2007-08	25.27	26.15	24.96	20.83	23.61
2008-09	**2.05**	**5.52**	**0.85**	**0.31**	**0.68**

*Note: *Non Tax Revenue includes Grants in Aid provided by International Agencies as well as receipts from Railways, Posts and Departmental Undertakings.*

Non-tax revenue constituted on an average 39 *per cent* of the net revenue of the Union Government during the period 1992-2009 (Table 3.4). There has been a deceleration in the share of non-tax revenue in net revenue receipts of the Union. In the first two years of the XI Plan, the share dropped to around 32 *per cent*. Despite a very large base in 2006-07, gross tax collections increased by 25.27 *per cent* during 2007-08. In 2008-09, however, gross tax collections grew by a mere 2.05 *per cent*. Part of the gross tax receipts are shared with State Governments according to the recommendations of the Finance Commission. Due to increase in percentage share to be shared with States under Twelfth Finance Commission (TFC) award as well as increase in absolute amount of gross tax revenue, the States' share in central taxes and duties has gone up by 26.15 *per cent* in 2007-08 over the previous year. However, due to the impact of the slowdown on the economy, the growth in States' share was drastically reduced to a mere 5.5 *per cent* from Rs 1,51,800 crore in 2007-08 to Rs 1,60,179 crore in 2008-09.

3.5 Major taxes: Relative performance

The relative performance of different taxes changed significantly over the years (Table 3.5) with Corporation tax recording highest trend growth of 22 *per cent* during 1992-2009, followed by 17 *per cent* increase in Income tax. In the years following the economic reforms, there were significant changes in the structure of taxes. Wider coverage, broader base and moderate rates became the cornerstone of the new tax regime. There was also a shift from commodity-based taxation to less distortionary income based taxation. This shift was expected to improve tax compliance, tax buoyancy and also the tax-GDP ratio.

Table 3.5: Components of Tax Revenue (gross)

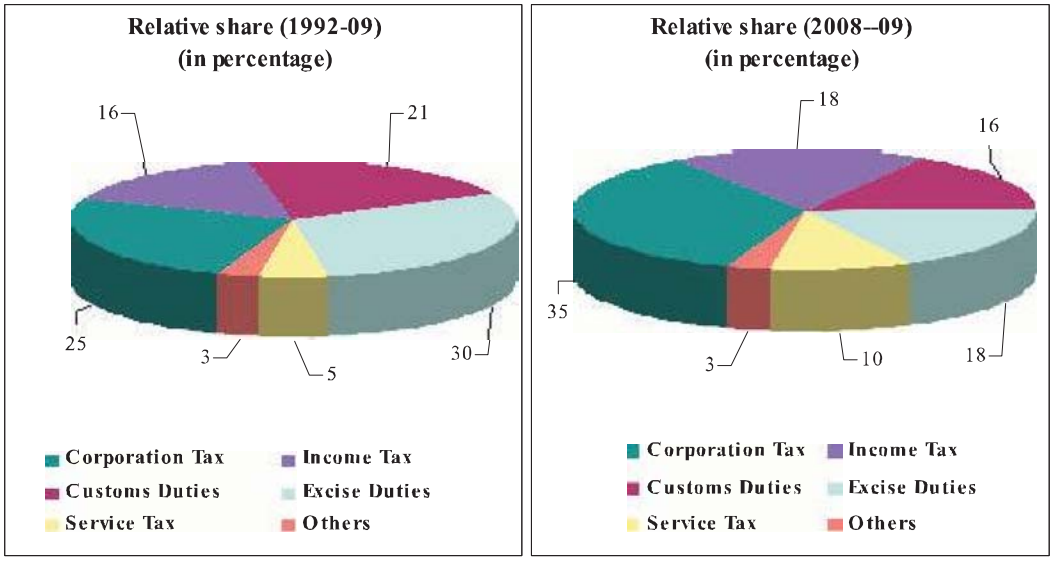
(Rupees in crore)

Period	Total Gross Tax Revenue#	Corpo-ration Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others**
1992-2009	**242752**	**62335**	**38645**	**51467**	**71914**	**12531**	**5860**
Relative share *(Per cent)*	100.00	25	16	21	30	5	3
VIII Plan (1992-97) average	96533	13567	12575	30273	37014	465	2638
Relative share *(Per cent)*	100.00	14	13	31	38	negligible	3
IX Plan (1997-02) average	166087	29508	25353	43418	60838	2317	4652
Relative share *(Per cent)*	100.00	18	15	26	37	1	3
X Plan (2002-07) average	323047	87602	51720	60497	100210	17373	5645
Relative share *(Per cent)*	100.00	27	16	19	31	5	2
XI Plan (2007-12)							
2007-08	593147	192911	102659	104119	123611	51302	18545
Relative share *(Per cent)*	100.00	33	17	18	21	9	3
2008-09	**605298**	**213395**	**106075**	**99879**	**108613**	**60941**	**16395**
Relative share *(Per cent)*	100	35	18	16	18	10	3
Average Annual Rate of Growth (*per cent*)							
1992-2009	**13.89**	**21.70**	**16.74**	**8.71**	**9.67**	*	**9.45**
VIII Plan (1992-97)	15.89	21.71	24.72	18.00	10.45	*	-2.50
IX Plan (1997-02)	9.00	17.15	18.58	1.61	11.41	19.19	-30.18
X Plan (2002-07)	21.31	31.59	18.83	17.36	9.60	73.21	68.93
XI Plan (2007-12)							
2007-08	25.27	33.67	36.71	20.61	5.10	36.45	47.62
2008-09	**2.05**	**10.62**	**3.33**	**(-)4.07**	**(-)12.13**	**18.79**	**(-)11.59**

** Service Tax was introduced in 1994-95 # Includes figures of taxes/duties assigned to States/UTs.*
*** Other taxes include Hotel Receipts Tax, Interest Tax, Wealth Tax, Gift Tax, Fringe Benefit Tax, Securities Transactions Tax, Banking cash Transaction Tax etc.*

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

Chart 3.2: Composition of Gross Tax Revenue in 1992-09 and 2008-09



3.5.1 Relative share of various sub-components of tax revenue: For the period 1992-2009 as a whole, maximum contribution to tax revenue was from Excise duties (30 *per cent)* followed by Corporation tax (25 *per cent*) and Customs duties (21 *per cent*). Income tax contributed only 16 *per cent* during this period while Service tax and other taxes contributed only around 5 and 3 *per cent,* respectively. Compared to this historic pattern, in the first two years of the Eleventh Plan period, it may be observed from Table 3.5 that there was a fall in the share of both excise and customs duties, while the share of corporation tax, income tax and service tax has increased.

3.5.2 Growth trends in various taxes: In 2007-08, all components of tax receipts showed high growth except excise duties, where the growth was 5 *per cent*. In 2008-09, however, while Income tax showed a growth of 3 *per cent*, and Service tax showed an increase of nearly 19 *per cent*, Corporation tax grew by nearly 11 *per cent*. Negative growth was observed in Customs, Excise duties and other taxes. Mobilisation growth rate under the head 'other taxes' went down in 2008-09 because of the general slowdown which affected hotel receipts and some other taxes adversely and also because of the high growth of the previous year (base year).

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

to change in the tax rates and its coverage. While buoyancy of greater than one is desirable, a buoyancy of less than one indicates that the collection from the concerned tax has not kept pace with the change in the base.

Table 3.6: Buoyancy of major taxes

(per cent)

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax
1992-2009 average	**1.129**	**1.763**	**1.360**	**0.708**	**0.786**	**--**
VIII Plan (1992-97) average	0.961	1.313	1.495	1.089	0.632	**--**
IX Plan (1997-02) average	0.871	1.660	1.798	0.156	1.104	**1.857**
X Plan (2002-07) average	1.530	2.268	1.351	1.246	0.689	**5.255**
XI Plan (2007-12)						
2007-08	1.756	2.340	2.551	1.432	0.354	2.533
2008-09	**0.162**	**0.838**	**0.263**	**(-)0.321**	**(-)0.958**	**1.483**

Table 3.6 presents the trends in buoyancy of gross tax revenue and its components during 1992-2009, which are observed to have fluctuated across the taxes and over Plans. The buoyancy of gross tax collections during the VIII and IX Plans remained lower than unity. However, it was more than one in the X Plan (1.530). Due to buoyant growth in tax revenue displayed during the recent years, the long term trend over the period 1992-2009 also exceeded unity. The overall tax buoyancy has improved significantly during the X Plan period mainly on account of the revival of growth especially in the industrial sector of the economy on which the tax collections of the government critically depend. The other important factor behind the high tax buoyancy has been the increase in the rate of service tax as well as the widening of its base by inclusion of new services into the tax net. In the year 2007-08, all components of gross tax revenue (with the exception of excise duties) had a buoyancy of greater than one. In fact for every one *per cent* increase in GDP, there was more than 2 *per cent* increase in corporation tax, income tax and service tax. However, in 2008-09, when there was an industrial slowdown, there was significant negative growth of indirect taxes (both excise and customs). Among direct taxes, corporation tax and income tax were not buoyant (the rate of growth in income tax collection was only 0.263 for every 1 *per cent* growth in GDP). However, there was considerable buoyancy in service tax (1.5).

The policy of expanding the tax base rather than increasing the rate and moving towards CENVAT rate, reduction in excise duty on identified goods and granting exemption to others has been mainly responsible for slow pace in the collections under the excise duty. The declining share of customs and excise duties in the total tax receipts of the Union despite the buoyant GDP

growth indicates towards their diluted role as a revenue-generating device in the wake of the tariff reductions associated with trade liberalization.

Table 3.7 Tax/GDP Ratio of major taxes

(*per cent*)

Period	Gross Tax Revenue	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax
1992-2009	**10.08**	**2.59**	**1.60**	**2.14**	**2.99**	**0.52**
VIII Plan (1992-97)	9.27	1.30	1.21	2.91	3.56	0.04
IX Plan (1997-02)	8.64	1.54	1.32	2.26	3.16	0.12
X Plan (2002-07)	10.05	2.72	1.61	1.88	3.12	0.54
XI Plan (2007-12)						
2007-08	12.56	4.08	2.17	2.20	2.62	1.09
2008-09	**11.37**	**4.01**	**1.99**	**1.88**	**2.04**	**1.15**
Average Annual Rate of Shift (1992-2009)	**1.41**	**8.36**	**3.95**	**(-)3.20**	**(-)2.34**	*

* Annual *Rate of Shift not worked out as Service Tax was introduced in 1994-95*

3.5.4 Tax-GDP ratio: The other indicator of adequacy and effectiveness of government's resource mobilisation efforts and its extent of realisation of the tax potential is the tax to GDP ratio. Table 3.7 presents the trends of this ratio over the period 1992-2009 encompassing the VIII, IX and X Plan periods as well as the first two years of the XI Plan. The average annual rate of positive shift in tax-GDP ratio at 1.4 *per cent* for the period 1992-2009 indicates that growth in gross tax revenue is keeping pace with the rate of growth in GDP during this period. The tax-GDP ratio at 9.27 *per cent* during VIII Plan (1992-97) declined to 8.64 *per cent* in IX Plan (1997-2002) but this trend was reversed during the X Plan (2002-07) as this ratio increased to over 10 *per cent* mainly on account of buoyant tax collections during recent years especially in 2005-06 and 2006-07. The increasing trend continued and it reached the level of 12.56 *per cent* during the 2007-08, which was higher than the budgeted level of 11.8 *per cent* envisaged in Medium Term Fiscal Policy (MTFP) Statement for 2007-08. In 2008-09, however, the Tax-GDP ratio was 11.37 *per cent*, which is lower than the 13 *per cent* envisaged in the MTFP Statement for 2008-09.

Over the period 1992-2009, the maximum positive shift in taxes as a percentage of GDP was seen in Corporation taxes (over 8 *per cent*). Income tax also showed a positive shift of 3.95 *per cent* while there was a negative shift in customs duties (-3.2 *per cent*) and excise duties (-2.34 *per cent*). In other words, over the 17 year period (1992-2009), the share of direct taxes, especially Corporation tax has risen considerably while the share of indirect taxes in the tax basket has reduced.

3.6 Non-tax revenue

Non-tax revenues of government could be considered as being composed of two components: income from its sovereign functions like judiciary, police, currency and coinage, etc., and income arising from its assets/investments either as intermediation returns or dividends or user charges such as Railways, Posts and Departmental Undertakings. While the revenue from sovereign functions, financial intermediation and investment are in terms of actual realisation, income from social and economic services is on gross basis and is not netted of the operating costs of service delivery. Further, dividend income also includes the surplus transferred from the Reserve Bank of India and is akin to seignorage (seignorage is non-inflationary increase in money stock) rather than investment related. The relative share of sub-components and trends in aggregated non-tax revenue during the 1992-2009 are presented in Table 3.8.

3.6.1 Shift in relative share of the various sub-components of Non-tax revenue (NTR) during the post-liberalization period (1992-2009): For the entire period under consideration (1992-2009), interest receipts on an average accounted for around 24 *per cent* of the NTR. Interest receipts as a *per cent* of total non tax receipts, however, reduced significantly from the X Plan average of 24 *per cent* to a low 17 *per cent* in 2007-08 and 15 *per cent* in 2008-09. The fall in share in recent years was on account of the implementation of the debt swap scheme that resulted in a reduced corpus of outstanding loans with lower interest rates and consolidation and re-schedulement of outstanding loans at lower rate of interest under the scheme of Debt Consolidation and Relief Facility scheme recommended by the Twelfth Finance Commission for the award period 2005-06 to 2009-10.

The share of dividends and profits in NTR for the post-liberalization period was 13 *per cent* but this share showed steady increase over the three earlier Plan periods. This upward trend continued in 2007-08 and reached a high share of nearly 19 *per cent* of NTR in 2008-09. This component is mainly made up of dividends from Public Sector Undertakings, contribution of Railways, share of surplus profits from RBI, LIC and nationalised banks and dividends from other investments.

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

(Rupees in crore)

Period	Total Non-Tax Revenue #	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions **
1992-2009 average	**122109**	**29833**	**16225**	**624**	**64453**	**10976**
Relative share *(per cent)*	100	24	13	1	53	9
VIII Plan (1992-97) average	61459	16791	4969	606	33100	5993
Relative share *(per cent)*	100	27	8	1	54	10
IX Plan (1997-02) Average	115933	34526	11555	572	60257	9024
Relative share *(per cent)*	100	30	10	Negligible	51	8
X Plan (2002-07) Average	154419	37023	24018	687	77953	14738
Relative share *(Per cent)*	100	24	16	Negligible	50	10
XI Plan (2007-12)						
2007-08	208079	34612	34500	742	120998	17227
Relative share *(Per cent)*	100	17	17	Negligible	58	8
2008-09	**208728**	**30846**	**38608**	**540**	**118146**	**20588**
Relative share *(Per cent)*	100	15	19	Negligible	57	10
Average Annual Rate of Growth						
1992-2009	**9.42**	**5.91**	**17.61**	**0.22**	**9.39**	**9.04**
VIII Plan (1992-97)	14.66	14.32	30.01	10.93	15.54	2.87
IX Plan (1997-02)	8.00	13.00	21.19	(-) 21.24	2.25	13.16
X Plan (2002-07)	4.86	(-) 13.56	8.65	16.07	13.07	5.59
XI Plan (2007-12)						
2007-08	20.83	30.35	17.71	58.89	20.44	11.75
2008-09	**0.31**	**(-)10.88**	**11.91**	**(-)27.22**	**(-)2.36**	**19.51**
Average annual shift rate*		(-)3.21	7.48	(-)8.41	(-)0.03	(-)0.35

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

includes Grants in Aid provided by International Agencies

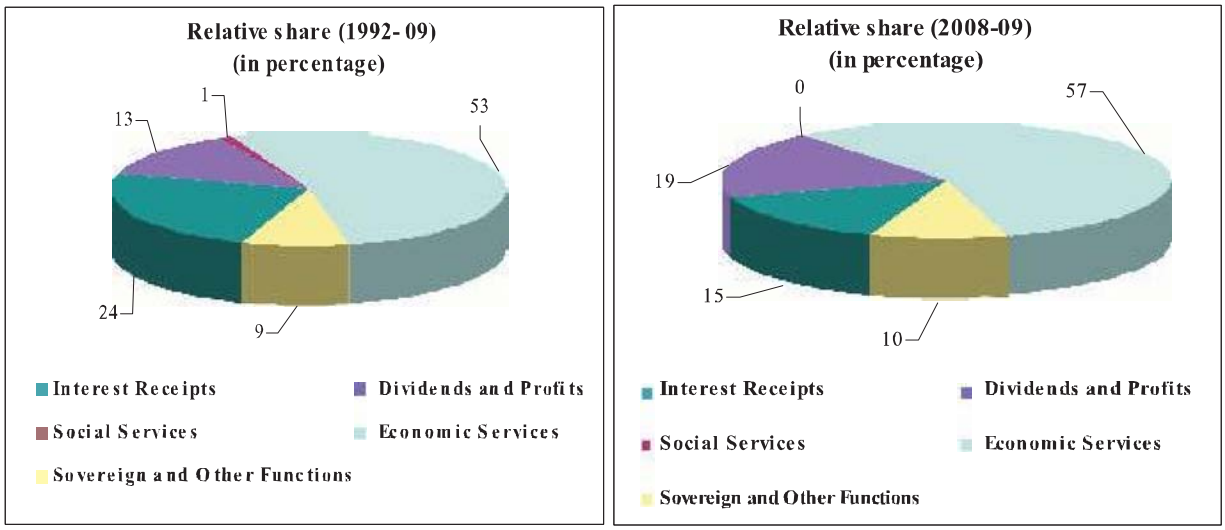
** the rate of change in the relative share of each sub-component of non tax revenue compared to a percentage change in total non tax revenue.*

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

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

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

Chart 3.3: Relative share of Components of Non-Tax Revenue during 1992-2009 and 2008-09



Non-tax revenue from dividends and profits (inclusive of surplus transferred from the Reserve Bank of India) was the component growing fastest at an average rate of nearly 18 *per cent* during 1992-2009. However, the revenue from this source declined in 2003-04 but picked up gradually in subsequent years. The fall in 2003-04 from this source was largely due to a decline in the surplus transferred from the Reserve Bank of India from Rs. 10,320 crore in 2002-03 to Rs. 8,834 crore in 2003-04 and further to Rs. 5,400 crore in 2004-05. The surplus from RBI, however, subsequently picked up and increased to Rs. 8,404 crore in 2006-07 and further to Rs. 11,411 crore in 2007-08. A sharp increase of Rs. 3,600 crore in surplus transferred from the Reserve Bank of India (Rs. 15,011 crore) and contribution from Railways of Rs. 4,692 crore largely led to an increase in share of component of dividends and profits in 2008-09.

Over the years, there has been a negative average annual rate of shift in the share of interest receipts (-3.21 *per cent*), social services (-8.4 *per cent*), economic services (- 0.03 *per cent*) and sovereign and other functions (-0.35 *per cent*). For economic services, a part of this decline in relative share was due to cessation of revenue from telecommunication as the departmental undertaking was corporatized. Their revenue, which earlier formed part of the Consolidated Fund, became revenue of the newly created corporate entity. Overall contribution of the social services in non-tax revenue was insignificant. To compensate for the declining share of other components, the relative share of dividends and profits has shown a marked positive shift of

nearly 8 *per cent* indicating that financial returns from investment in PSEs/Nationalised banks and surpluses from RBI have gone up considerably.

3.6.2 Growth rates of various sub components of Non-tax revenue (NTR): Table 3.8 indicates that NTR grew at an average rate of 9.42 *per cent* during the post-liberalization period. Compared to this, the growth in the year 2008-09 was negligible at 0.31 *per cent* over 2007-08 (total NTR had shown considerable growth in 2007-08 over the previous year and hence the growth in 2008-09 was very low). In the case of the major sub components of NTR, interest receipts grew at a negative rate of 10.88 *per cent* in 2008-09 compared to the trend growth rate of 5.91 *per cent* and the previous year's growth rate (2007-08 over 2006-07) of over 30 *per cent*. The other major sub-component viz. dividends and profits grew by nearly 12 *per cent* in 2008-09 over 2007-08 mainly on account of larger profits from RBI, nationalised banks and contribution from Railways. Considerable growth (nearly 20 *per cent*) was also observed in Sovereign and other functions.

Table 3.9: Growth in Petroleum receipts

(Rupees in crore)

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

From 2004-05 onwards, petroleum receipts accounted for around 3.5 to 4.8 *per cent* of the non-tax revenue basket. As observed in Table 3.9, profit on petroleum, which accounted for 50 *per cent* share in 2004-05, continued to remain the major contributor to petroleum receipts in 2008-09 (59.3 *per cent*). The relative share of the other significant sub-component under petroleum receipts viz. petroleum concession fees and royalties fell from 48.35 *per cent* in 2004-05 to 38.73 *per cent* in 2008-09.

Table 3.10 Growth in Telecom receipts

(Rupees in crore)

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

Another important component of non-tax revenue has been Telecom receipts which accounted for 5.3 *per cent* of the NTR basket in 2004-05, increased to 12.85 *per cent* of the basket in 2007-08. The share of telecom receipts to the total NTR fell significantly in 2008-09 to 6.22 *per cent*. Table 3.10 indicates that telecommunication licence fee which had a very high relative share among telecom receipts in 2004-05 (75.7 *per cent*) had a significantly lower share in 2008-09 (30.74 *per cent*). In comparison, the share of receipts from Wireless Planning and Co-ordination Organisation increased from 13.04 *per cent* in 2004-05 to 26.58 *per cent* in 2008-09 and the share of Universal Access Levy increased from 9.75 *per cent* in 2004-05 to as much as 42.43 *per cent* in the current year.

3.7 Non-debt capital receipts

Non-debt capital receipts consist of miscellaneous capital receipts (disinvestment) and recovery of loans and advances. Table 3.11 gives the details of non debt capital receipts from disinvestment and recovery of loans and advances given by the Union Government to State and Union Territory governments, foreign governments, government corporations, non-government institutions and government servants. This table also indicates the budget estimates and actual realisation of the proceeds from disinvestment along with actual recovery of loans and advances of the Union Government.

Table 3.11: Realisation from disinvestment and recovery of loans in the last decade

Period	Disinvestment			Recovery of Loans		
	Budget Estimates	Actual Realisation	*Per cent* Realisation	Budget Estimates	Actual Realisation	*Per cent* Realisation
	(Rupees in crore)			*(Rupees in crore)*		
1999-00	10000	1723	17.23	13337	12551	94.11
2000-01	10000	1870	18.70	15839	16799	106.06
2001-02	12000	3028	25.23	17488	20733	118.56
2002-03	12000	3149	26.24	20080	38745	192.95

Period	Disinvestment			Recovery of Loans		
	Budget Estimates	Actual Realisation	*Per cent* Realisation	Budget Estimates	Actual Realisation	*Per cent* Realisation
	(Rupees in crore)			*(Rupees in crore)*		
2003-04	13200	16632	126.00	20523	69827	340.24
2004-05	4000	4363	109.10	29625	64240	216.84
2005-06	0.0	1570	--	13525	11801	87.25
2006-07	3840	534*	0.00	9530	18691	196.13
2007-08	1651	4387	265.72	3030	10391	342.94
2008-09	1165	22	1.89	5993	13509	225.41

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

3.7.1 Trends in disinvestment proceeds in the last decade: The trends in miscellaneous capital receipts (MCR), i.e. disinvestment proceeds indicate wide fluctuations during the last four years from 2005-06 to 2008-09. While Rs. 1,570 crore were booked as MCR on account of disinvestment of government equity in public sector and other undertakings during 2005-06 against the 'nil' budget estimates for the year, during 2006-07, against the budget estimates of Rs. 3,840 crore on account of partial disinvestment of equity holdings in Central Public Sector Enterprises, there was no receipt on account of disinvestment of government equity during the year. However, the receipt of Rs. 534 crore was booked under capital receipts mainly on account of issue of bonus shares by Oil and Natural Gas Commission. During 2007-08, the actual realisation from disinvestment at Rs. 4,387 crore in Finance Accounts was 266 *per cent* of the budget estimates (Rs. 1,651 crore) for the year presumably on account of disinvestment of a small portion of equity in Rural Electrification Corporation (REC), Power Grid Corporation of India Limited (PGCIL) and National Hydro Power Corporation (NHPC) besides the receipts of Rs. 166 crore on account of bonus share issued by Bharat Heavy Electricals Limited (BHEL) during the year.

From January 2005 onwards, the Government set up a National Investment Fund (NIF). The proceeds from disinvestment of Central Public Sector Enterprises are channelized into the NIF, which is maintained outside the Consolidated Fund of India. From the Finance Accounts, it is observed that only Rs 84 crore has been realized as income in NIF in the year 2008-09.

3.7.2 Trends in recovery of loans: With the prepayment of high cost loans by States as well as by some public sector undertakings under the debt swap scheme in 2003-04 and 2004-05 to take advantage of the soft-interest regime, the receipts under recovery of loans showed a predictable decline since 2005-06. The recovery of loans not only significantly declined from the previous year but fell short of the meagre budget target of Rs. 13,525 crore during 2005-06. Given the fact that the role of Union Government as financial intermediary for the State Government has been discontinued based on the

recommendation of the Twelfth Finance Commission and the outstanding loans of States from the Union Government has been rescheduled at reduced rate of interest under Debt Consolidation and Relief Facility (DCRF), the budget estimates for recovery of loans was steeply reduced by the Union Government during 2006-07 and 2007-08. Owing to the comfortable fiscal position of the States, recovery of loans from States during 2006-07and 2007-08 vis-à-vis budget estimates has improved during these years as the recoveries of loans were respectively 196 and 343 *per cent* of budget estimates during 2006-07 and 2007-08. For the year 2008-09, the budget estimate of Rs 5,993 crore was realized by more than two times (Rs 13,509 crore).

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

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

In this para, an effort has been made to capture the deviation in actual performance of key revenue variables in 2008-09 (as emerging from the Finance Accounts) over what was estimated in the Budget for that year. The Twelfth Finance Commission's revenue estimates for 2008-09[3] have also been compared to actual figures to get an idea of the deviation in actual data from what was estimated at the time of the Twelfth Finance Commission award.

Table 3.12: Deviation in Key Revenue Parameters – A Comparison of Actual Performance in 2008-09 vis a vis Budget Estimates (BE) and Estimates of the Twelfth Finance Commission (TFC)

(Rupees in crore)

Parameters	Actual	BE ^	Deviation of Actual as a per cent of BE	TFC Estimates	Deviation of Actual as a per cent of TFC estimates
(1) Gross Tax Revenue	605298	687715	(-) 12	517486	17
(2) State's Share of Taxes	160179	178765	(-) 10	138027	16
(3) Net Tax Revenue {(1)-(2)}	445119	508950	(-) 13	377859	18
(4) Tax Revenue					
(a) Corporation Tax	213395	226361	(-) 6	169027	26
(b) Income Tax	106075	120604	(-) 12	89201	19
(c) Customs	99879	118930	(-) 16	71644	39
(d) Excise	108613	137874	(-) 21	156077	(-) 30

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

(Rupees in crore)

Parameters	Actual	BE ^	Deviation of Actual as a per cent of BE	TFC Estimates	Deviation of Actual as a per cent of TFC estimates
(e) Service Tax	60941	64460	(-) 5	30332	101
(5) Capital Receipts	2409840	1901143	(+) 27	167870	1336
(6) Non Tax Revenue	208728	221450	(-) 6	105987	97
Of which					
(a) interest receipts	30846	35793	(-) 14		
(b) profits and dividends	38608	43204	(-) 11		
(7) Tax to GDP Ratio	11.37 %	13 %		10.59%	
(8) GDP	5321753*	5303770		4885553	

* Revised estimates as per CSO's Press release dated 29 May, 2009.

^ Source: Annual Financial Statement – 2008-09

It may be observed from Table 3.12 that there has been a considerable deviation in the actual performance of key revenue variables compared to what was estimated in the budget for the year 2008-09. Gross tax revenue mobilised was less by around 12 *per cent* of what was estimated in the BE and consequently, the total amount of taxes shared with States was lower by 10 *per cent* of what was estimated. Major deviations were observed in indirect taxes – viz. Excise (21 *per cent* lower) and Customs (16 *per cent* lower) than what was estimated in the budget. Mobilisation of direct taxes was also lower than estimated – with the maximum shortfall being in Income taxes (12 *per cent* lower) followed by Corporation tax (6 *per cent* lower). The actual Tax to GDP ratio was 12.3 *per cent* and, thus, lower than the estimated 13 *per cent* in the BE. The revised estimates of GDP given by CSO for the year was marginally higher at Rs. 53,21,753 crore compared to the BE figure of Rs 53,03,770 crore.

The BE, 2008-09 had estimated disinvestment of Rs 1,165 crore from divesting a small portion of equity in Rural Electrification Corporation (REC) and National Hydroelectric Power Corporation (NHPC) but this was not achieved during the year.

When the audited figures for 2008-09 are compared to the estimates given by the Twelfth Finance Commission (TFC) for the year 2008-09 in their report in November 2004, all revenue variables performed better than what was estimated except excise duties where there was a shortfall of around 30 *per cent.* The maximum deviation was observed in the case of capital receipts (an increase of 1,336 *per cent* over what was estimated), service tax (101 *per cent* increase in actual figures) and considerable increase in income taxes and customs duties over what was estimated by the TFC.

Chapter 4

APPLICATION OF RESOURCES: EXPENDITURE

The critical importance of Government expenditure in an emerging economy like India cannot be overstated. The major observations relating to Union expenditure emanating from the Finance Accounts for 2008-09 are as follows:

- **Growth in committed expenditure at the cost of funds for current operations:** Increased reliance on borrowed funds for funding expenditure over the years has led to more committed expenditure of the Government and relatively less funds for current operations. The repayments of debt (Rs. 21,64,560 crore) and discharge of Public Account liabilities (Rs. 5,15,616 crore), interest payments (Rs 2,00,580 crore), assignment of mandated portion of its gross tax receipts to States (Rs. 1,60,179 crore), grant-in-aid to States (Rs. 1,21,702 crore) and closing cash balances (Rs. 95,256 crore) meant that only around 19 *per cent* of the total resources was actually spent during the year for the current operations of the Union Government. ***(Para 4.1)***
- **Growth in States' share of taxes over the years:** States' share in taxes showed the maximum percentage growth for every percentage growth of GDP in the post-liberalization period among all components of total disbursement. This can be attributed to recommendations of successive Finance Commissions. ***(Para 4.2.1)***
- **Higher growth in total disbursements vis a vis GDP growth:** The average annual trend growth of total disbursements during 1992-2009 at 15.84 *per cent* was higher than the average rate of growth of GDP, which in the same period averaged 12.31 *per cent*, indicating the crucial role of the Government sector in the economic development of the country. A sharp change in the pattern has been observed in the year 2008-09, where total disbursements grew by around 30 *per cent* compared to the GDP growth of 12.67 *per cent*. This is because of very high growth in actual expenditure (27.65 *per cent* growth over the previous year), repayment of debt (34.94 *per cent* growth) and disbursement in Public Account (21.24 *per cent*). ***(Para 4.2.2)***
- **Relationship between growth in actual expenditure and GDP growth:** The average annual growth rate of actual expenditure (total disbursements net of States' share in taxes, repayment of debt and disbursement in Public Account) has remained lower than the GDP growth rates during the previous three Plan periods and also for the entire period of 17 post-liberalization years viz.1992-2009. In 2007-08 and 2008-09, growth in actual expenditure has been higher than growth in GDP and this difference was much more marked in 2008-09, when the Government provided a variety of fiscal incentives to stimulate the economy. ***(Para 4.2.2)***
- **Dominant share of revenue expenditure over capital expenditure:** During the post -liberalization period, the average share of revenue expenditure to actual expenditure was around 84 *per cent*. This share increased dramatically to around 92 *per cent* in 2008-09 (Para 4.4). For every one *per cent* growth in actual expenditure during 1992-2009, there has been a 4.47 *per cent* negative shift in the proportion of capital expenditure and loans as a proportion of actual expenditure, while there has been a positive shift of nearly one *per cent* in the share of revenue expenditure to actual expenditure. ***(Para 4.3.1)***
- **Dominant share of non-Plan expenditure over Plan expenditure:** The trends in the composition of Union Government expenditure over the period 1992-2009, which has been increasing over the years, reveal that non-Plan expenditure far outweighs the Plan expenditure. ***(Para 4.5.2)***
- **Relatively low buoyancy of capital expenditure:** For the entire period, 1992-2009, the growth in capital expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, capital expenditure grew only by 0.862 *per cent* and for every one *per cent* growth in revenue receipts, capital expenditure grew only by 0.856 *per cent*. In 2008-09, there was a negative growth of

2.66 *per cent* for every *per cent* growth of GDP and negative growth of over 21 *per cent* for every *per cent* growth of revenue receipts. ***(Para 4.6.4)***

- **Buoyancy of actual expenditure:** For the entire period, 1992-2009, the growth in actual expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, actual expenditure grew only by 0.874 *per cent* and for every one *per cent* growth in revenue receipts, actual expenditure grew only by 0.868 *per cent*. In 2007-08, the growth in actual expenditure was much higher than that of GDP growth but lower than growth in revenue receipts. In 2008-09, actual expenditure growth was 2.18 times the growth of GDP and 17.31 times the growth of revenue receipts, due to various fiscal stimulus programmes. ***(Para 4.6.6)***
- **Growth in subsidies:** Food subsidies grew by 39.65 *per cent* while the petroleum subsidy grew by 1.13 *per cent* over the previous year. Subsidies given on indigenous and imported fertilizers increased by 43 *per cent* while the growth in subsidies given to farmers on sale of decontrolled fertilizers was a phenomenal 275 *per cent*. Other subsidies grew by 51.6 *per cent*. As a result, there was an overall growth in total subsidies by around 83 *per cent*. Total subsidies as a percentage of GDP increased by almost 1 percentage point in 2008-09. Subsidies as a percentage of revenue expenditure increased by 3.19 percentage points in 2008-09 over 2007-08. ***(Para 4.7)***
- **Deviation in actual expenditure compared to Budget Estimates:** There has been a 47 *per cent* increase in actual expenditure in the year 2008-09 over what was estimated in the Budget. The deviation was much higher in non-Plan expenditure (63 *per cent*) compared to Plan expenditure (13 *per cent*). Non-Plan capital expenditure was lower by 16 *per cent* than what was estimated in the budget. A look at the estimates of the Twelfth Finance Commission for the year 2008-09 and the actual figures also shows wide variations especially in subsidies (259 *per cent* higher than what was estimated) and in non-Plan revenue expenditure (121 *per cent* higher than what was estimated). ***(Para 4.10)***

4.1 Overview of Union Expenditure 2008-09: The Union Government raises resources to perform its sovereign functions, maintain its existing network of delivery of social and economic services, extend the network of these services through capital expenditure and investments and discharge its debt servicing obligations. The Government's total resource availability was Rs. 40,37,977 crore for the year 2008-09, of which Rs. 39,42,721 crore was disbursed during the year, leaving a closing cash balance of Rs. 95,256 crore (Table 4.1).

The repayments of debt (Rs. 21,64,560 crore) and discharge of Public Account liabilities (Rs. 5,15,616 crore), interest payments (Rs 2,00,580 crore), assignment of mandated portion of its gross tax receipts to States (Rs. 1,60,179 crore), grant-in-aid to States (Rs. 1,21,702 crore) and closing cash balances (Rs. 95,256 crore) meant that only around 19 *per cent* of the total resources was actually available during the year for the current operations of the Union Government.

Table 4.1: Application of Resources

(Rupees in crore)

I	Resources available				4037977
II	Application of Resources				3942721
	a.	**Repayment of Debt**		2164560	
		Internal Debt	2154553		
		External Debt	10007		
	b.	**Discharge of liabilities on Public Account**		515616	
		Small Savings and Provident Fund	269605		
		Reserve Fund	121565		
		Deposits and Advances	108921		
		Others	15525		
	c.	**Actual Expenditure**		1102366	
		Revenue Expenditure	1010224		
		Capital Expenditure	77556		
		Loans and Advances	14586		
	d.	**Share of the States in taxes**		160179	
		Appropriation to Contingency Fund		-	0
III	Closing Cash Balances				95256

4.2 Total Disbursement- Composition and Trends

Aggregate disbursement of Union Government has four major components (Box 4.1) viz. actual expenditure (revenue expenditure, capital expenditure and loans and advances), *inclusive of the grants-in-aid to the States*; mandatory transfer of the proceeds from Union taxes to the States as recommended by the Finance Commission and approved by Parliament; repayment of debt and disbursements from Public Account. The relative movements across these expenditure groups are indicated in Table 4.2.

BOX 4.1: COMPONENTS OF TOTAL DISBURSEMENTS

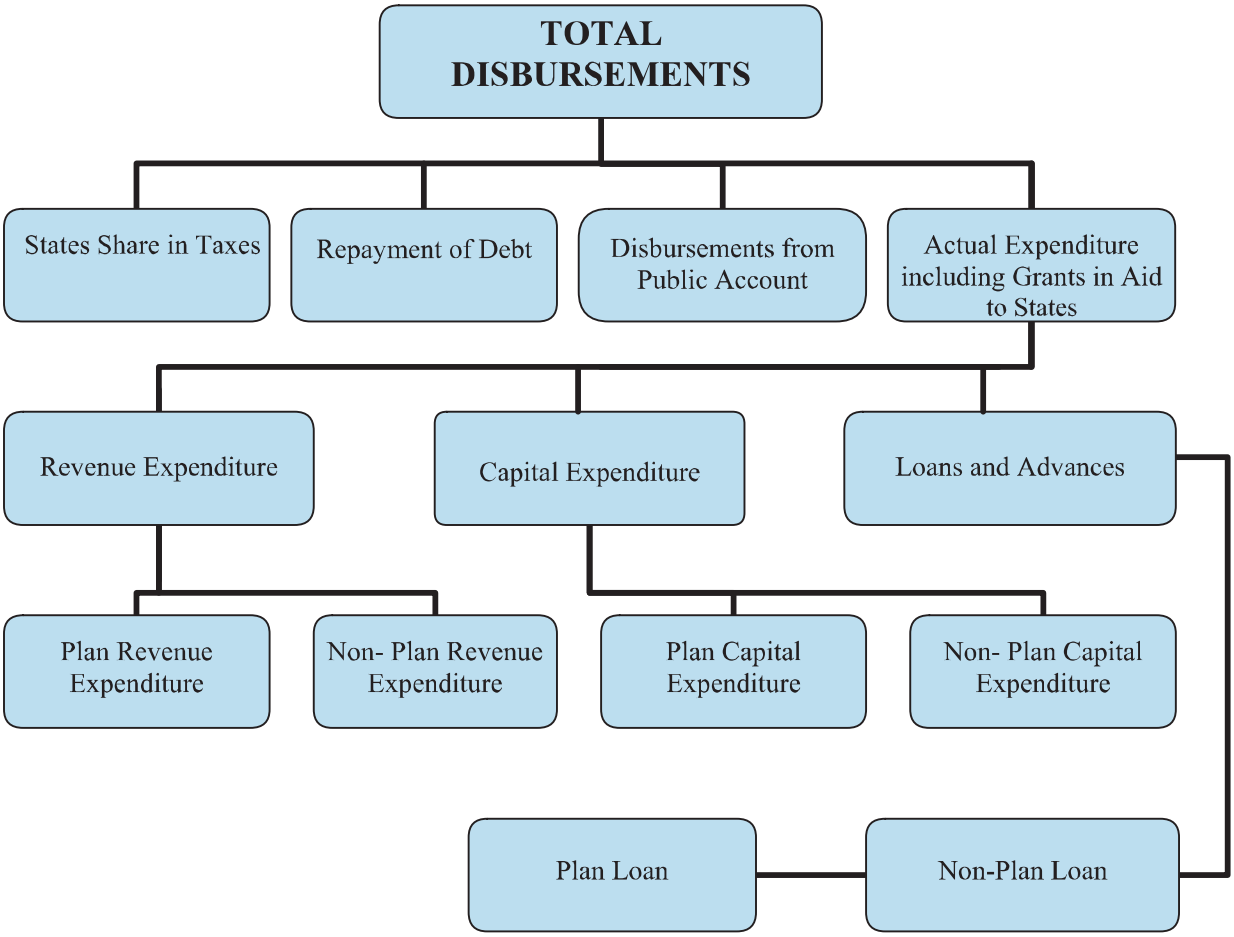


Table 4.2: Components of Total Disbursement

(Rupees in crore)

Period	Actual Expen-diture	States' share in taxes	Repayment of Debt	Disbursement in Public Account	Total Disburse-ment	GDP (Market Price)
1992-2009 (Average)	**463780**	**54317**	**580847**	**249426**	**1348370**	**2407994**
Relative share	**34**	**4**	**43**	**19**	**100**	
VIII Plan (1992-97) (Average)	220494	9435	126525	77261	433716	1040918
Relative share	51	2	29	18	100	
IX Plan (1997-02) (Average)	389316	29808	310011	207404	936539	1922332
Relative share	42	3	33	22	100	
X Plan (2002-07) (Average)	573852	83040	784611	375206	1816709	3214901
Relative share	32	5	43	21	100	

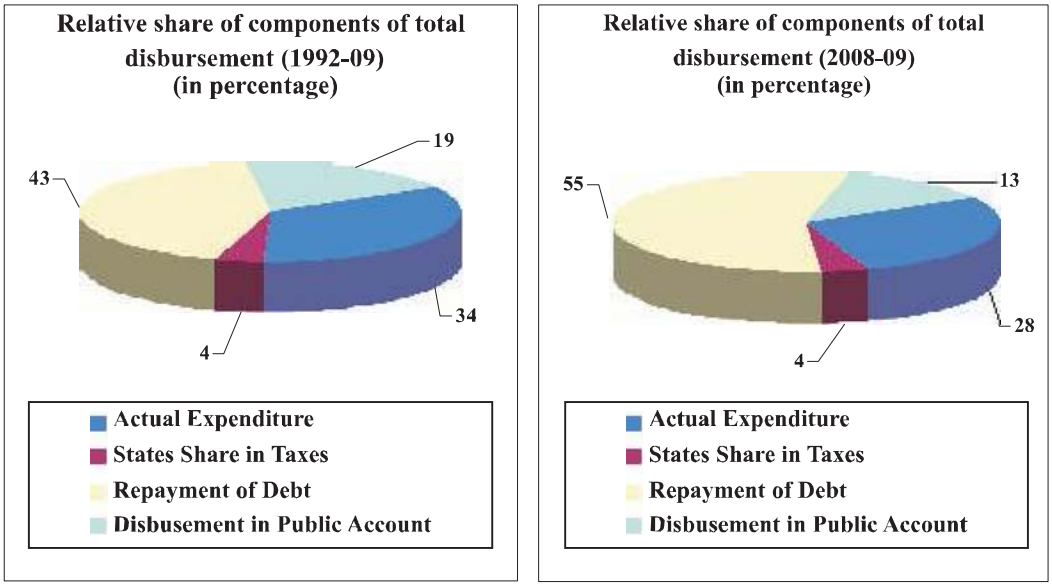
(Rupees in crore)

Period	Actual Expen-diture	States' share in taxes	Repayment of Debt	Disbursement in Public Account	Total Disburse-ment	GDP (Market Price)
XI Plan (2007-12)						
2007-08	863575	151800	1604110	425260	3044745	4723400
Relative share	28	5	53	14	100	
2008-09	**1102366**	**160179**	**2164560**	**515616**	**3942721**	**5321753**
Relative share	**28**	**4**	**55**	**13**	**100**	
Average Annual Rate of Growth (*in per cent*)						
1992-2009	**10.75**	**24.42**	**20.49**	**15.50**	**15.84**	**12.31**
VIII Plan (1992-97)	11.77	21.86	20.90	14.32	14.84	16.53
IX Plan (1997-02)	6.62	49.19	-2.34	22.05	7.00	10.33
X Plan (2002-07)	10.86	20.76	47.63	8.92	24.77	13.93
XI Plan (2007-12)						
2007-08	18.70	26.15	8.32	4.65	11.32	14.39
2008-09	**27.65**	**5.52**	**34.94**	**21.24**	**29.49**	**12.67**
Annual average rate of shift in shares (1992-2009)	-4.39	7.39	4.02	-0.29		

*The Central Statistical Organisation (CSO), Ministry of Statistics and Programme Implementation's Press Note dated 29th May, 2009 has indicated that the Revised Estimate figures for GDP at current prices is Rs 53,21,753 crores. Figures are continually being revised by CSO and this data is meant for an indicative comparison of fiscal performance with macro-economic performance.

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

Chart 4.1 Relative share of various components of total disbursement during the period 1992-2009 and 2008-09.



4.2.1 Composition of total disbursement: In the year 2008-09, the largest share (55 *per cent*) of total disbursements went towards repayment of debt. The share of actual expenditure was 28 *per cent*. When seen in the perspective of the trend in the post-liberalization period of 1992-2009, there has been a growth in the share of repayment of debt (55 *per cent* in 2008-09 compared to 43 *per cent* for the 17 years period under consideration) and a considerable fall in the share of actual expenditure (28 *per cent* compared to the trend share of 34 *per cent*). For every one *per cent* growth in total disbursements during the 17 year period, there has been four *per cent* increase in the share of debt repayments and a matching four *per cent* decrease in the share of actual expenditure. Disbursements from Public Account indicated a long-term trend share of around 19 *per cent* during 1992-2009. Relative share of this component was 18 *per cent* of aggregate disbursements during the VIII Plan which later increased to an annual average of 22 *per cent* during the IX Plan reaching its peak of 33.76 *per cent* in 1999-2000 consequent upon the creation of NSSF and conversion of balances of small savings to dated securities. The share of disbursement from Public Account since then declined over the years to around 14 *per cent* in 2007-08 and 13 *per cent* in 2008-09, as a result of which, the share of this component in the total disbursement basket had a negative rate of shift (0.29 *per cent*) during 1992-2009.

The States' share in Union taxes and duties in actual expenditure of the Union Government has consistently increased from two *per cent* in VIII Plan (1997-2002) to four *per cent* during the X Plan (2002-07) resulting in positive rate of shift of 7.39 during the period (1992-2009). Among all components of total disbursement, it is this account that showed the maximum percentage growth for every percentage growth of GDP in the post-liberalization period and can be attributed to recommendations of successive Finance Commissions.

4.2.2 Growth Trends in total disbursements and its components: The average annual trend growth during 1992-2009 at 15.84 *per cent* was higher than the average rate of growth of GDP, which in the same period averaged 12.31 *per cent,* indicating the crucial role of the Government sector in the economic development of the country. Average annual growth rates of total disbursement during the VIII and IX Plans were in fact lower than GDP growth rates. X Plan (2002-07) has witnessed reversal of this trend and rate of growth of total disbursements exceeded the GDP growth. In the first year of the XI Plan (2007-12), growth of total disbursements was 11.32 *per cent* and therefore lower than the corresponding GDP growth rate. A sharp change in the pattern has been observed in the year 2008-09, where total disbursements grew by around 30 *per cent* compared to the GDP growth of 12.67 *per cent.*

The average annual growth rate of actual expenditure (total disbursements net of States' share in taxes, repayment of debt and disbursement in Public Account) has remained lower than the GDP growth rates during the previous three Plan periods and also when we consider the entire period of 17 post-liberalization years viz.1992-2009. In 2007-08 and 2008-09, growth in actual expenditure has been higher than growth in GDP and this difference was much more marked in 2008-09, when the Government provided a variety of fiscal incentives to stimulate the economy. These are discussed in detail in Para 4.3.

The average growth of disbursements from Public Account was significantly higher than the average GDP growth rate during the IX Plan period (over 22 *per cent* growth compared to the 10 *per cent* average growth of GDP). This trend was reversed during the X Plan period and the first year of the XI Plan period, when the growth in disbursement in Public Account was much less than the growth in the corresponding GDP. However, in the year 2008-09, there was a considerable growth in this account (over 21 *per cent*) compared to the 12.67 *per cent* growth of GDP. This is because disbursements from Reserve Fund increased from Rs 65,377 crore in 2007-08 to Rs 1,21,565 crore in 2008-09 (increase of 85.95 *per cent*). Further, in 2008-09, there was a 27 *per cent* increase in disbursements of Deposits and advances.

The average annual growth rates in repayment of debt vis-à-vis average GDP growth rate during the three earlier Plan periods reveal that except during the IX Plan period, growth rate of former remained significantly higher than the latter. This trend reversed itself in the first year of the XI Plan but during 2008-09, once again, growth in repayment of debt was significantly higher at nearly 35 *per cent* compared to the GDP growth rate of 12.67 *per cent*. This was on account of higher repayment of internal debt from Rs 15,96,617 crore in 2007-08 to Rs 21,54,553 crore in 2008-09. Redemption of petroleum bonds during the year amounted to Rs 13,343 crore.

4.3 Actual expenditure: Main Aggregates

Table 4.3 presents a summary of the actual expenditure of the Union Government (excluding repayment of debt and disbursement from Public Account, which are discussed separately in the chapter on fiscal liabilities) and the observed trend growth rates of its various components over the Plan periods.

Table 4.3 Relative share and growth trends of components of expenditure

(Rupees in crore)

Period	Revenue Expenditure	Capital Expenditure	Loans & Advances	Actual Expenditure	Revenue Expenditure/ Actual Exp	Others/ Actual Expenditure
1992-2009(Average)	**398606**	**38728**	**26445**	**463780**	**84.30**	**15.70**
VIII Plan (1992-97) (Average)	177497	19550	23447	220494	80.50	19.50
IX Plan (1997-02) (Average)	327922	26234	35160	389316	84.23	15.77
X Plan (2002-07) (Average)	500825	46993	26034	573852	87.27	12.73
XI Plan (2007-12)						
2007-08	734861	116937	11777	863575	85.10	14.90
2008-09	**1010224**	**77556**	**14586**	**1102366**	**91.64**	**8.36**
Average Annual Rate of Growth						
1992-2009	**11.66**	**10.60**	**(-) 3.31**	**10.75**	**0.82**	**-4.47**
VIII Plan (1992-97)	14.23	(-) 8.44	11.91	11.77	**Average Annual Rate of Shift (*per cent*)***	
IX Plan (1997-02)	7.63	9.22	(-) 3.42	6.62		
X Plan (2002-07)	12.24	19.61	(-) 29.46	10.86		
XI Plan (2007-12)						
2007-08	11.64	97.22	17.55	18.70		
2008-09	**37.47**	**-33.68**	**23.85**	**27.65**		

** the change in the proportion of a particular sub component of expenditure in the actual expenditure basket during the period 1992-2009.*

4.3.1 : Dominant share of revenue expenditure in actual expenditure

The bulk of actual expenditure goes towards revenue expenditure, which does not usually result in fresh creation of assets for the Government and is meant for normal running and maintenance of Government machinery. During the post-liberalization period, the average share of revenue expenditure to actual expenditure was around 84 *per cent*. The share of revenue expenditure increased to around 92 *per cent* of the actual expenditure in 2008-09 (further details in Para 4.4). Against these trends in revenue expenditure, the relative share of capital expenditure and loans and advances declined from an average of 19.5 *per cent* during the VIII Plan to 15.77 *per cent* in IX Plan (1997-2002) and further to an average of 12.73 *per cent* during the X Plan (2002-07). This share rose to nearly 15 *per cent* in 2007-08 but sharply reduced to around eight *per cent* in 2008-09. For every one *per cent* growth in actual expenditure during the 17 year period under consideration, there has been a 4.47 *per cent* negative shift in capital expenditure and loans taken together, while there has been a positive shift of nearly one *per cent* in the share of revenue expenditure. The steep decline in the Loans and Advances in recent years (2005-06 onwards) has been on account of acceptance of Twelfth Finance Commission recommendation regarding disintermediation of Central

Government in borrowings by State Governments to finance their State Plans. The States, therefore, raised the loan component of Central Plan assistance directly from the market without budgetary intermediation of the Central Government.

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

4.4 Revenue expenditure: Trend and components

Table 4.4 shows the expenditure incurred on various components of revenue expenditure in terms of its major object-wise classification.

Table 4.4: Revenue expenditure and its components

(Rupees in crore)

Period	Revenue Expenditure	Pay & Allowances**	Interest Payments	Pensions*	Grants to States	Others
1992-2009 (Average)	**398606**	33667	**102163**	**18727**	**46863**	**197185**
Relative Share	100	8	26	5	12	49
VIII Plan (1992-97) (Average)	177497	21620	44280	5661	20630	85306
Relative share	100	12	25	3	12	48
IX Plan (1997-02) (Average)	327922	33432	91102	15852	32423	155114
Relative share	100	10	28	5	10	47
X Plan (2002-07) (Average)	500825	36728	135860	25539	60676	242022
Relative share	100	7	27	5	12	48
XI Plan (2007-12)						
2007-08	734861	44361	179987	37346	106333	366834
Relative share	100	6	24	5	14	50
2008-09	**1010224**	**71726**	**200580**	**45747**	**121702**	**570469**
Relative share	100	7	20	5	12	56
Average Annual Rate of Growth (*per cent*)						
1992-2009	**11.66**	**6.26**	**11.67**	**15.75**	**12.46**	**12.12**
VIII Plan (1992-97)	14.23	12.10	17.44	15.64	5.60	15.29
IX Plan (1997-02)	7.63	-2.09	14.90	17.07	11.06	4.35

(Rupees in crore)

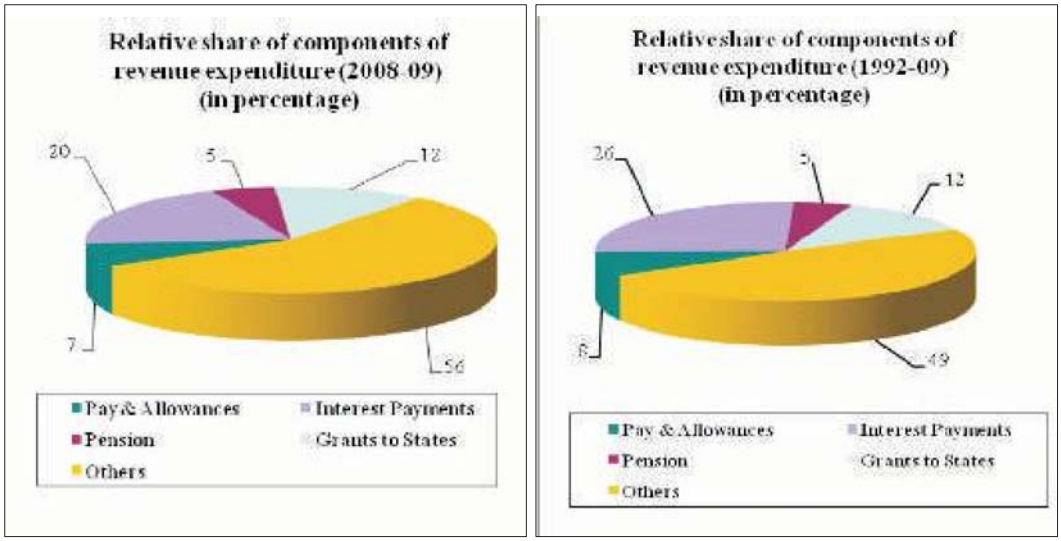
Period	Revenue Expenditure	Pay & Allowances**	Interest Payments	Pensions*	Grants to States	Others
X Plan (2002-07)	12.24	4.43	5.40	17.49	21.14	14.70
XI Plan (2007-12)						
2007-08	11.64	11.31	16.66	(-) 4.42	19.65	9.12
2008-09	**37.47**	**61.69**	**11.44**	**22.50**	**14.45**	**55.51**

* *includes Miscellaneous General Services (expenditure on running the Government departments)*

** *Notes:*

1) *The expenditure on pay and allowances up to 2001-02 is as per the brochure published by Pay Research Unit of the Department of Expenditure for the Central Government civilian employees including the employees of the Union Territories and non- civilian employees of Defence Department. From 2002-03, figures do not include expenditure on pay and allowances of non-civilian employees of Defence.*
2) *Expenditure on pay and allowances do not include travelling allowance, productivity-linked bonus, ad-hoc bonus, encashment of earned leaves and honorarium.*
3) *The expenditure on pay and allowances are adopted as reported in Expenditure Budget (Volume I) of the relevant years.*

Chart 4.2 Relative share of components of revenue expenditure during the period 1992-2009 and 2008-09.



4.4.1 Relative share of various sub-components of revenue expenditure: On an average, during the post-liberalization period, the category "other expenditure" accounted for the largest share viz. 49 *per cent* of revenue expenditure. The residual components of revenue expenditure grouped under 'Others' includes *inter-alia* the explicit subsidies given for food, fertilisers and petroleum products etc., as well as the compensation given for under recoveries to corporations and companies involved in supply of these products. Over the three earlier Plans, the share of this sub-component

remained more or less stable but during the first two years of the XI Plan, the share rose to 50 *per cent* of total revenue expenditure in 2007--08 and 56 *per cent* in 2008-09. Interest payments constituted the next significant share amounting to around 26 *per cent* on an average for the 17 year period under consideration. The share of interest payments, however, fell in the first two years of the XI Plan to 24 and 20 *per cent* of the total revenue expenditure. In absolute terms, interest payments increased from Rs 1,79,987 crore in 2007-08 to Rs 2,00,580 crore in 2008-09. However, the share of interest payments in revenue expenditure declined on account of increased spending on other components of revenue expenditure.

4.4.2: Growth trends of various sub-components of revenue expenditure: All the components of revenue expenditure except pay and allowances had a double-digit trend growth during 1992-2009. Notwithstanding the wage increases in the post Pay Commission years, the trend growth of Pay and Allowances (6.26 *per cent*) was lower than the GDP growth (12.31 *per cent*)[1]. Since the expenditure incurred for explicit subsidies as well as on compensation has increased steeply during the recent past, this residual component 'others' has assumed significance and recorded a growth of 55.51 *per cent* in the current year as compared to the trend growth rate of just 12.12 *per cent* for the post-liberalization years. The steep growth in this component in the current year can be attributed mainly to increased expenditure on crop husbandry of Rs. 53,650 crore towards manures and fertilisers and issue of Special bonds to Fertiliser Companies as compensation towards fertiliser subsidy; on food, storage and warehousing of Rs. 12,698 crore towards food subsidies; on rural employment of Rs. 21,163 crore; on petroleum of Rs. 55,456 crore towards payment to oil companies in settlement of their claims under administrative pricing and compensation for under recoveries on account of sale of sensitive petroleum products.

Rate of growth of interest payments also witnessed moderate deceleration during IX Plan and further to an average of 5.40 *per cent* during the X Plan (2002-07). The rate of growth of interest payments declined largely due to a general decline in interest rates for the internal loans. Despite a soft interest rate regime prevailing during the X Plan period, interest payments have continued to rise mainly due to spiralling outstanding debt during the period. Curtailing interest payments requires a reduction in current deficits especially primary deficits so that interest payments reduce in the future. Technically, only if the government is able to generate primary surpluses *(viz. if the revenue receipts plus non-debt capital receipts are higher than expenditure net of interest payments)* can there be a reduction in debt and future interest payments.

[1] Please see Table No. 3.2 of Chapter 3 for GDP trend growth rate.

4.5 Expenditure: Plan and non-Plan

The Finance Accounts provide a further dis-aggregation of expenditure into Plan and non-Plan. Plan expenditure normally relates to incremental developmental expenditure on new projects or schemes and involves both revenue and capital expenditure. Non-Plan expenditure, on the other hand, is normally devoted to maintaining the levels of services already achieved. However, in both Plan and non-Plan expenditure, increase in capital expenditure relative to revenue expenditure is considered qualitatively more desirable as it leads to the extension of the social and economic infrastructure network and capital formation by the Government. Table 4.5 presents the growth and composition of Plan and non-Plan expenditure of the Union government while the trends in the relative share of Plan and non-Plan expenditure in total expenditure are given in Table 4.6.

Table 4.5: Growth in Plan & non-Plan expenditure

(Rupees in crore)

Period	Plan				Non Plan			
	Total	Revenue	Capital	Loans	Total	Revenue	Capital	Loans & Advances
1992-2009 Average	**106335**	**75630**	**13664**	**17040**	**357445**	**322976**	**25064**	**9405**
VIII Plan (1992-97) Average	48190	26749	8380	13061	172304	150748	11170	10386
IX Plan (1997-02) Average	78595	47089	10132	21373	310721	280833	16102	13786
X Plan (2002-07) Average	138676	101635	17960	19081	435176	399190	29033	6954
XI Plan (2007-12)								
2007-08	205082	173572	21806	9704	658493	561289	95131	2073
2008-09	**275301**	**234774**	**28123**	**12404**	**827065**	**775450**	**49433**	**2182**
Average Annual Rate of Growth (per cent)								
1992-2009	**11.92**	**15.37**	**8.20**	**-0.19**	**10.42**	**10.85**	**12.00**	**-9.81**
VIII Plan (1992-97)	7.53	11.48	-4.45	7.28	12.98	14.72	(-) 11.36	18.27
IX Plan (1997-02)	13.49	14.50	4.56	15.71	4.90	6.51	13.12	(-) 29.30
X Plan (2002-07)	12.35	21.46	7.30	(-) 28.44	10.38	9.99	28.78	(-) 31.50
XI Plan (2007-12)								
2007-08	10.22	9.43	12.32	20.88	21.61	12.34	138.55	4.12
2008-09	**34.24**	**35.26**	**28.97**	**27.82**	**25.60**	**38.16**	**-48.04**	**5.26**

4.5.1 Growth trends in Plan and non-Plan expenditure: Table 4.5 indicates that for the period 1992-2009, Plan expenditure grew by nearly 12 *per cent* while non-Plan expenditure grew by 10.42 *per cent*. In 2008-09, the growth in Plan expenditure over the previous year was 34.24 *per cent* (higher than the trend growth rate of 12 *per cent*) and that of non-Plan expenditure was 25.60 *per cent* (higher than the trend growth rate of 10.42 *per cent*). Plan Loans witnessed significant contraction since 2005-06, reflecting the dis-intermediation of Central Government in the raising of State domestic loans

due to the acceptance of the Twelfth Finance Commission recommendation. In the case of Plan Loans, compared to the negative trend growth (-0.2 *per cent*) for the post-liberalization period (1992-2009), there was a significant growth in 2008-09 (27.82 *per cent*) over the previous year. Higher Plan loan assistance was provided for the social sector, local bodies, and power projects.

4.5.2 Relative share of Plan and non-Plan expenditure in total expenditure: The trends in the composition of Union Government expenditure over the period 1992-2009, which has been increasing over the years, reveal that non-Plan expenditure far outweighs the Plan expenditure and revenue expenditure completely overshadows capital expenditure. Table 4.6 indicates that there was a marginal increase in the relative share of Plan expenditure in the total expenditure basket in 2008-09 (24.97 *per cent*) compared to the trend share of 22.93 *per cent*.

Table 4.6: Plan and non-Plan Expenditure: Relative Share

(*Per cent*)

Period	PE/TE	NPE/TE	PRE/PE	NPRE/NPE
1992-2009 (Average)	**22.93**	**77.07**	**71.12**	**90.36**
VIII Plan (1992-97) (Average)	21.86	78.14	55.51	87.49
IX Plan (1997-02) (Average)	20.19	79.81	59.91	90.38
X Plan (2002-07) (Average)	24.17	75.83	73.29	91.73
XI Plan (2007-12)				
2007-08	23.75	76.25	84.64	85.24
2008-09	**24.97**	**75.03**	**85.28**	**93.76**

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

Table 4.6 indicates that on an average for the post-liberalization period, for both Plan and non-Plan expenditure, the revenue component remained the most dominant (71.12 and 90.36 *per cent* respectively). In comparison with the trend rate, for the year 2008-09, the share of Plan revenue expenditure in Plan expenditure was (85.28 *per cent*) while the share of non-Plan revenue expenditure in non-Plan expenditure was higher (93.76 *per cent*). The step up in revenue component of Plan expenditure was largely due to increase in Plan grants to States and also to meet the expenditure commitments under critical social sectors including rural employment, education and health. The increased spending in the socially oriented areas such as rural employment, rural roads, rural water supply, integrated child development services, 'Sarva Shiksha Abhiyan', 'National Rural Health Mission', 'National Horticulture Mission', micro irrigation, and agro and rural industries led to a significant increase in revenue component of the Plan expenditure in recent years.

4.6 Buoyancy of expenditure

The growth in expenditure should be compared to growth in other fiscal variables as well as with macro-economic variables in order to be a meaningful statistic. In this para, the growth in various types of expenditure (column 1 of Table 4.7) are compared with GDP growth rate (since this is a good indicator of the macro-economic development of a country) and with revenue receipts (to understand the gap between expenditure and revenue). Table 4.7 provides the following insights:

***4.6.1 Buoyancy of Plan* expenditure:** For the entire period, 1992-2009, the growth in Plan expenditure as a proportion of total expenditure was marginally lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, Plan expenditure grew only by 0.969 *per cent* and for every one *per cent* growth in revenue receipts, Plan expenditure grew only by 0.962 *per cent*. In 2007-08, the growth in Plan expenditure was much lower than that of GDP growth as well as growth in revenue receipts. This trend was reversed in 2008-09 when Plan expenditure growth was 2.70 times the growth of GDP and 21.43 times the growth of revenue receipts, due to various fiscal stimulus programmes.

4.6.2 Buoyancy of non-Plan expenditure: For the entire period, 1992-2009, the growth in non-Plan expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, non-Plan expenditure grew only by 0.847 *per cent* and for every one *per cent* growth in revenue receipts, non-Plan expenditure grew only by 0.842 *per cent*. In 2007-08, the growth in non-Plan expenditure was much higher than that of GDP growth but was less than the growth in revenue receipts. In 2008-09, non-Plan expenditure growth was 2.02 times the growth of GDP and 16.02 times the growth of revenue receipts. The main reasons for this was that in 2008-09, non-Plan revenue expenditure grew by 38.16 *per cent* over the previous year and non-Plan capital expenditure declined by 48.04 *per cent*. Non-Plan Loans and Advances grew by over five *per cent* in the current year.

4.6.3 Buoyancy of revenue expenditure: For the entire period, 1992-2009, the growth in revenue expenditure was marginally lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, revenue expenditure grew only by 0.948 *per cent* and for every one *per cent* growth in revenue receipts, revenue expenditure grew only by 0.942 *per cent*. In 2007-08, the growth in revenue expenditure was much lower than that of GDP growth as well as growth in revenue receipts. This trend was reversed in 2008-09, revenue expenditure growth was 2.96 times the growth of GDP and

23.46 times the growth of revenue receipts, due to various fiscal stimulus programmes.

4.6.4 Buoyancy of capital expenditure: For the entire period, 1992-2009, the growth in capital expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, capital expenditure grew only by 0.862 *per cent* and for every one *per cent* growth in revenue receipts, capital expenditure grew only by 0.856 *per cent*. In 2008-09, there was a negative growth of 2.66 *per cent* for every *per cent* growth of GDP and negative growth of nearly 21.08 *per cent* for every *per cent* growth of revenue receipts.

4.6.5 Buoyancy of Loans and Advances: For the entire period, 1992-2009, the growth in Loans and Advances showed negative buoyancy compared to GDP and revenue receipts. For every one *per cent* growth in GDP, Loans and Advances declined by 0.269 *per cent* and for every one *per cent* growth in revenue receipts, Loans and Advances declined by 0.267 *per cent*. This trend was reversed in 2007-08, when the growth in Loans and Advances was much higher than that of GDP growth but lower than growth in revenue receipts. In 2008-09, there was a significant growth of 1.88 *per cent* in Loans and Advances for every *per cent* growth of GDP and an even more marked growth of nearly 15 *per cent* for every *per cent* growth of revenue receipts.

4.6.6 Buoyancy of actual expenditure: For the entire period, 1992-2009, the growth in actual expenditure was lower than the growth of both GDP as well as revenue receipts. For every one *per cent* growth in GDP, actual expenditure grew only by 0.874 *per cent* and for every one *per cent* growth in revenue receipts, actual expenditure grew only by 0.868 *per cent*. In 2007-08, the growth in actual expenditure was much higher than that of GDP growth but lower than growth in revenue receipts. In 2008-09, Actual expenditure growth was 2.18 times the growth of GDP and 17.31 times the growth of revenue receipts, due to various fiscal stimulus programmes.

Table 4.7: Trends in Buoyancy of expenditure with reference to GDP and Revenue receipts

(Per cent)

Type of Expenditure	1992-2009		2007-08		2008-09	
	GDP	Revenue Receipts	GDP	Revenue Receipts	GDP	Revenue Receipts
Plan Expenditure	0.969	0.962	0.710	0.425	2.703	21.432
Non-Plan Expenditure	0.847	0.842	1.501	0.897	2.021	16.024
Revenue Expenditure	0.948	0.942	0.809	0.483	2.958	23.456
Capital Expenditure	0.862	0.856	6.756	4.037	-2.658	-21.080
Loans and Advances	-0.269	-0.267	1.219	0.729	1.883	14.930
Total Expenditure	0.874	0.868	1.299	0.776	2.183	17.309

4.7 Management of Subsidies

In any welfare state, it is not uncommon to provide subsidies/subventions and transfer payments to disadvantaged sections of the society by making provision of merit goods[2] at subsidized prices. If the impact of the subsidies is in lowering the price of goods or inputs, which in turn makes these products affordable to target groups or/and encourages/facilitates greater production, such subsidies may be welfare-stimulating. Table 4.8 presents a picture of the subsidies, which the government provided explicitly during the VIII, IX, X and XI Plans on major items.

Table 4.8: Explicit Subsidies in the Union Government Budget

(Rupees in crore)

Period	Food	Fertilisers@	Fertilisers#	Petroleum Subsidy**	Others*	Total subsidies	Subsidies (A)	Subsidies (B)
Average Annual Values								
VIII Plan (1992-97)	4976	5375	708	0	2405	13464	1.29	7.59
IX Plan (1997-02)	11199	8247	3942	0	3516	26904	1.40	8.20
X Plan (2002-07)	23941^^	10969	5717	3971	2596	47194	1.47	9.42
XI Plan (2007-12)								
2007-08	31328	19556^	12934	2820	4288	70926	1.50	9.65
2008-09	43751	28048^	48555	2852	6502	129708	2.44	12.84

@ Indicates the subsidies given on indigenous and imported fertilisers (Urea)
indicates the subsidies given as concession to farmers on the sale of decontrolled fertilisers.
**** Others include Interest subsidy, grants given to NAFED, compensation for exchange loss, subsidy for Haj Charters etc,***
*****Does not include petroleum bonds for Rs. 17,263 crore, Rs. 24,122 crore, Rs. 20,554 crore and Rs. 75,942 crore issued during 2005-06, 2006-07, 2007-08 and 2008-09, respectively, to Oil Companies in settlement of their claims under Administered Price Mechanism and towards compensation for under recoveries on account of sale of sensitive petroleum products***
^Does not include the Special Bonds for Rs. 7,500 crore and Rs. 20,000 crore issued during 2007-08 and 2008-09, respectively, to Fertiliser Companies as compensation towards fertiliser subsidy.
^^ Does not include the Special Securities for Rs. 16,200 crore issued during 2006-07 to Food Corporation of India..

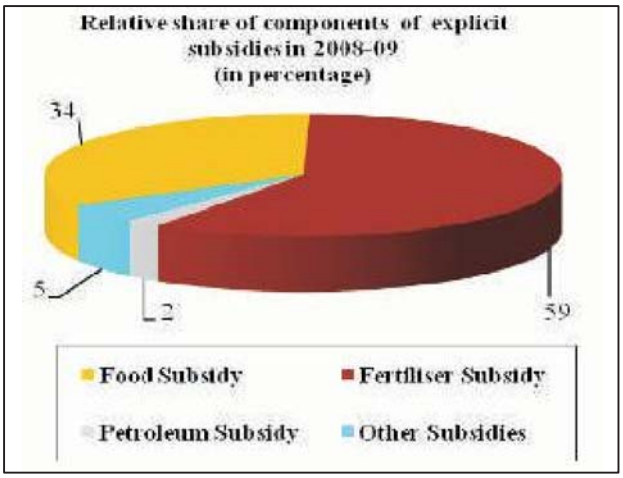
(A) As a percentage of GDP ***(B) As a percentage of Revenue*** *expenditure*

Subsidies are dispensed not only explicitly, i.e. through the budget but also by providing subsidised public services to the people. These kinds of subsidies are generally termed as implicit subsidies. Budgetary support to financial institutions and banks, inadequate returns from its investment in PSUs and inadequate recovery of user charges from the social and economic services that are provided by the government fall in the category of implicit subsidies. Subsidies presented in Table 4.8 pertains to 'explicit subsidies' only, for which allocations are made in Union Budgets of the respective years. These

[2] Primary education, health and family welfare and public distribution of essential commodities are examples of merit goods.

trends, therefore, present the partial picture as these are exclusive of the extra-budgetary liabilities created by the Union Government by issuing the special bonds/securities to the concerned companies as compensation for under recoveries of their products due to price control imposed by the government in the public interest. If extra-budgetary liabilities created by the Union Government by issuing special bonds/securities are also treated as subsidies, the Union government expenditure on subsidies would increase steeply and likely to present the actual expenditure being incurred on subsidies.

Chart 4.3 Relative share of components of explicit subsidies in 2008-09.



In 2008-09, food subsidies grew by 39.65 *per cent* while the petroleum subsidy grew by 1.13 *per cent* over the previous year. As regards fertiliser subsidies, the concession given on decontrolled fertilisers (Di-Ammonium Phosphate, Muriate of Potash, Single Super Phosphate etc) increased by a phenomenal 275 *per cent* over the year to touch Rs. 48,555 crore, becoming the single largest element of explicit subsidy in the Union Government budget; this is without including the special bonds issued to fertiliser companies. By contrast, the explicit subsidy on imported and indigenous urea grew by a relatively lower 43 *per cent* to Rs. 28,048 crore in 2008-09. Other subsidies grew by 51.6 *per cent*. As a result, there was an overall growth in total subsidies by around 83 *per cent*. Total subsidies as a percentage of GDP increased by almost 1 percentage point in 2008-09. Subsidies as a percentage of revenue expenditure increased by 3.19 percentage points in 2008-09 over 2007-08.

4.8 Quality of expenditure

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

Table:4.9 Key Parameters

(Rupees in crore)

Years	GDP	AE*	AE/GDP	DE*	% of DE/AE	SSE*	% of SSE/AE	CE	% of CE/AE
1992-1993	752591	171000	22.72	59635	34.87	4920	2.88	20586	12.04
1993-1994	865805	198841	22.97	69697	35.05	5492	2.76	24650	12.40
1994-1995	1015764	220863	21.74	79193	35.86	6137	2.78	19266	8.72
1995-1996	1191813	240656	20.19	82256	34.18	7964	3.31	17544	7.29
1996-1997	1378617	271110	19.67	89542	33.03	10004	3.69	15704	5.79
1997-1998	1527158	333428	21.83	120324	36.09	12263	3.68	20225	6.07
1998-1999	1751199	372250	21.26	128113	34.42	15161	4.07	25200	6.77
1999-2000	1952036	399577	20.47	138645	34.70	17785	4.45	29023	7.26
2000-2001	2102313	395834	18.83	140804	35.57	18496	4.67	25426	6.42
2001-2002	2278952	445491	19.55	157638	35.39	16284	3.66	31295	7.02
2002-2003	2454561	476310	19.41	175851	36.92	21810	4.58	30497	6.40
2003-2004	2754620	506817	18.40	190651	37.62	24593	4.85	35401	6.98
2004-2005	3149407	549333	17.44	197000	35.86	31115	5.66	53654	9.77
2005-2006	3586744	609249	16.99	246491	40.46	39160	6.43	56119	9.21
2006-2007	4129173	727552	17.62	317385	43.62	46494	6.39	59293	8.15
2007-2008	4723400	863575	18.28	400361	46.36	63246	7.32	116937	13.54
2008-2009	5321753	1102366	20.71	556866	50.52	90288	8.19	77556	7.04

AE = Actual Expenditure including expenditure on loans and advances, DE = Developmental Expenditure (Sum of expenditure on Economic and Social Sector services), SSE =Social Services Expenditure and CE = Capital Expenditure

* Excluding expenditure on loans and advances

Note:- In addition to the expenditure mentioned in Table No. 4.9 , the Union Govt. gives loans and advances for social services purposes.

Table 4.9 indicates that the actual expenditure of the Union Government as a percentage of GDP was above 20 *per cent* during the period 1992-93 to 1999-2000 (with the sole exception of the year 1996-97, when the ratio was marginally below 20 *per cent*). In the current decade however, actual expenditure as a proportion of GDP remained below 20 *per cent*, except for the current year, when it amounted to 20.71 *per cent*. The proportion of

development expenditure to actual expenditure reached an all time high of 50.52 *per cent* in the current year due to the various fiscal stimulus packages introduced by the Government. Similarly, the ratio of SSE to AE was also the highest in the current year compared to the earlier years of the post-liberalization period. In the case of capital expenditure, however, the early nineties as well as the previous fiscal year (2007-08) had a higher proportion of AE spent of asset creation, but during the current year, there was a significant fall in the share of CE to AE. In general, capital expenditure should be given greater priority by the Government as it leads to productive asset creation, which can in turn increase employment and income opportunities for the people, thus leading to a virtuous cycle of development. Hence, it is more advisable to use borrowed funds to fund capital expenditure and restrict revenue expenditure to revenue receipts.

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

Sarva Siksha Abhiyan (SSA): This programme aims at providing useful and relevant elementary education for all children in the age group of 6 to 14 years by 2010. Table 4.10 indicates that in 2008-09, the actual expenditure under this scheme increased by 10.12 *per cent*, which was much higher than the 5.47 *per cent* growth in actual expenditure in 2007-08 over the previous year. However, the amount of Rs 12,643 crore actually spent for the year was less than the Budget estimate of Rs 13,100 crore by 3.49 *per cent.*

Mid Day Meal Scheme (MDMS): This scheme aims to boost enrollment, attendance, retention and learning levels of primary and upper primary school children and also improve their nutritional status**.** Table 4.10 indicates that in 2008-09, the actual expenditure under this scheme increased by 11.99 *per cent,* which was marginally higher than the 11.49 *per cent* growth in actual expenditure in 2007-08 over the previous year. However, the amount of Rs. 6,531 crore actually spent for the year was less than the Budget estimate of Rs. 10,176 crore by 36 *per cent.*

National Rural Employment Guarantee Scheme (NREGS): This scheme aims to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment. Table 4.10 indicates that in 2008-09, the actual expenditure under this scheme increased by a phenomenal 136.94 *per cent,* which was much higher than the 45.63 *per cent* growth in actual expenditure in 2007-08 over the previous year. An amount of Rs 29,999 crore was actually spent for the year and this was more than the Budget estimate of Rs 16,000 crore by 87.5 *per cent.*

Rajeev Gandhi Grameen Vidyutikaran Yojana (RGGVY): This is part of the Bharat Nirman Programme and aims at providing rural electrification to rural houses within a period of four years starting from 2005. Table 4.10 indicates that in 2008-09, the actual expenditure under this scheme increased by 40.56 *per cent*, which was higher than the 30.43 *per cent* growth in actual expenditure in 2007-08 over the previous year.

Indira Awas Yojana (IAY) (Rural Housing): This scheme aims at providing assistance for construction of dwelling units and upgrading existing kutcha houses in rural areas. Table 4.10 indicates that in 2008-09, the actual expenditure under this scheme increased by 126.49 *per cent*, which was much higher than the 33.51 *per cent* growth in actual expenditure in 2007-08 over the previous year.

Pradhan Mantri Gram Sadak Yojana (PMGSY): This scheme was launched by the Government of India to provide connectivity to unconnected rural habitations as part of a poverty reduction strategy. Table 4.10 indicates that in 2008-09, the actual expenditure under this scheme increased by 19.69 *per cent*, which was much higher than the 3.67 *per cent* growth in actual expenditure in 2007-08 over the previous year.

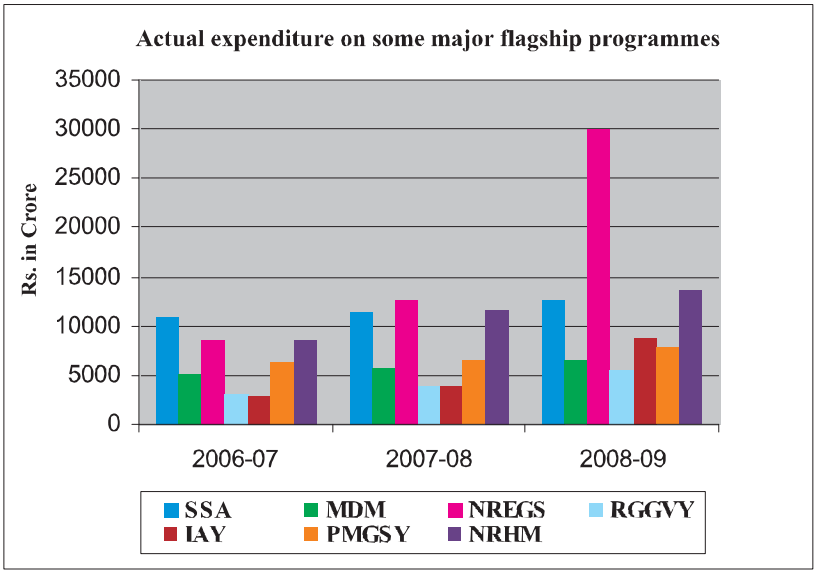
National Rural Health Mission (NRHM): The Mission has been launched to provide health care facilities in the rural areas of the entire country with special focus on 18 States. The main aim of NRHM is to provide affordable, accountable, effective and reliable primary health care facilities especially to the poor and vulnerable sections of the population. Table 4.10 indicates that in 2008-09, the actual expenditure under this scheme increased by 17.51 *per cent*, which was much lower than the 35.33 *per cent* growth in actual expenditure in 2007-08 over the previous year.

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

(Rupees in crore)

S.no.	Programme	2006-07	2007-08	2008-09
1	Sarva Siksha Abhiyan (SSA)	10886	11481	12643
2	Mid Day Meal Scheme (MDM)	5231	5832	6531
3	National Rural Employment Guarantee Scheme (NREGS	8694	12661	29999
4	RGGVY (Rural Electricity)	3000	3913	5500
5	Indira Awas Yojana (IAY)	2910	3885	8799
6	Rural Roads (PMGSY)	6270	6500	7780
7	National Rural Health Mission (NRHM)	8584	11617	13651

Chart 4.4 Actual expenditure on some major flagship programmes during 2006-07, 2007-08 and 2008-09.



4.10 A Comparison of Budget Estimates (as per budget at a glance) and Finance Accounts 2008-09 on Key Expenditure Parameters:

Table-4.11 Budget estimates

(Rupees in crore)

Parameter	Actuals	Budget Estimates# (BE)	Percentage deviation from BE	Estimates of Twelfth Finance Commission (TFC)	Percentage deviation from TFC estimates
1. Non-Plan Expenditure	827065	507498	(+) 63	-	-
A. Non-Plan Revenue expenditure	775450	448352	(+) 73	350132	(+) 121
Of which					
(a) Interest Payments	200580	190807	(+) 4	152234	(+) 32
(b) Subsidies	129906	71431	(+) 82	36157	(+) 259
B. Non-Plan Capital expenditure	49433	59146	(-) 16	-	-
2. Plan Expenditure	275301	243386	(-) 13	-	-
A. Plan Revenue Expenditure	234774	209767	(+) 12	133714	(+) 76
B. Plan Capital Expenditure	28123	33619	(-)16	-	-
3. Total Expenditure (1+2)*	1102366	750884	(+) 47	651716	(+) 69

* Excludes expenditure matched by receipts.
#As per budget at a glance.

Table 4.11 indicates that there has been a 47 *per cent* increase in actual expenditure in the year 2008-09 over what was estimated in the Budget. The deviation was much higher in non-Plan expenditure (63 *per cent*) compared to Plan expenditure (13 *per cent*). Non-Plan capital expenditure was lower by 16 per *cent* than what was estimated in the budget. A look at the estimates of the Twelfth Finance Commission for the year 2008-09 and the actual figures also shows wide variations especially in subsidies (259 *per cent* higher that what was estimated) and in non-Plan revenue expenditure (121 *per cent* higher than what was estimated).

4.11 Since the Government is increasingly relying on debt funds to finance the Budget, it is vital to control revenue expenditure. The need to contain revenue deficit in relation to GDP has been discussed in chapter 5. A proper harmonization of what constitutes revenue expenditure across Central Ministries (as well as the States) is essential to track the growth of this component over the years. A huge increase in subsidies, as has happened in 2008-09, can deter the achievement of the fiscal correction path.

Chapter 5

DEFICITS: MANAGEMENT OF FISCAL IMBALANCES

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the finances of the Union or State Government during a specified period. The main observations in this chapter are:

The average annual rate of shift in the share of revenue deficit to GDP showed a positive shift of 1.27 *per cent* during the period 1992-2009, which means that for every 1 *per cent* increase in GDP, the revenue deficit rose by a little over 1 *per cent* (**Para 5.1**).

On an average for the period 1992-2009, revenue deficit amounted to over 22 *per cent* of revenue expenditure. This proportion increased to over 35 *per cent* in 2008-09. For every 1 *per cent* increase in revenue expenditure, there was a 1.85 *per cent* increase in revenue deficit (**Para 5.1**).

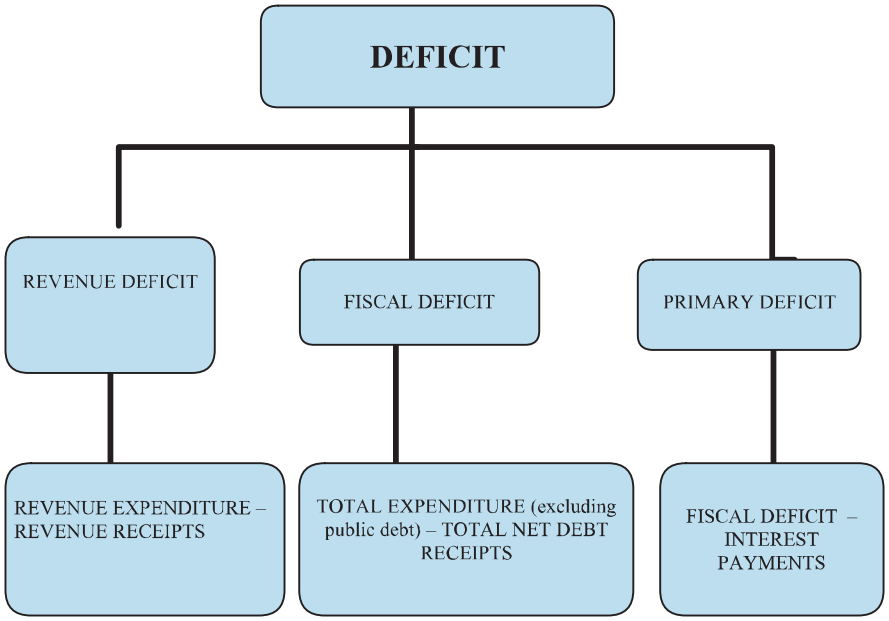
For every 1 *per cent* increase in GDP there was a decrease of 2.62 *per cent* in the fiscal deficit over the period 1992- 2009 (**Para 5.2**).

Over the years, for every one *per cent* increase in non-debt receipts, there has been a 1.57 *per cent* decrease in fiscal deficit (**Para 5.2**).

As against a revenue deficit target of 1 *per cent* set out in the Budget estimates (BE) of 2008-09, the actual revenue deficit was 6.7 *per cent*. In the case of fiscal deficit, as against a target of 2.5 *per cent* , the actual fiscal deficit for the Union Government was 8.16 *per cent* indicating a 226 *per cent* deviation from the target (**Para 5.4**).

This chapter presents trends, nature, magnitude and the manner of financing these deficits. Deficits arise because of imbalances in revenue and expenditure. These imbalances could be transient or structural. In the Indian context, fiscal imbalances have both been large and persistent. Besides the size and regularity, its composition, in particular that of the revenue deficit that finances current consumption has also been a cause of concern. Formulation of fiscal rules in the context of macroeconomic activity essentially involves setting of rules regarding the size of deficit that could be incurred to finance expenditure. This chapter also presents the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act and Rules for the financial year 2008-09.

BOX 5.1 COMPONENTS OF DEFICIT



5.1 Revenue Deficit

Revenue deficit is the excess of revenue expenditure of the Government over its revenue receipts. It represents net dissaving of the Government for the sake of present consumption. Revenue deficit leads to increase in borrowings without corresponding capital/asset formation. Borrowings resorted to meet revenue deficit, therefore, do not have any asset back up and create an asset liability mismatch. For these reasons, revenue deficit is considered generally less desirable. Trends in revenue deficit and some of its key parameters are indicated in Table 5.1.

Table 5.1: Revenue Deficit and its parameters

(Rupees in crore)

Period	Revenue Receipt	Revenue Expenditure	Revenue Deficit	Revenue Deficit as *per cent* of		
				GDP	Revenue Receipt	Revenue Expenditure
1992-2009 (Average)	**310543**	**398606**	**88063**	**3.66**	**28.36**	**22.09**
VIII Plan (1992-97) (Average)	148556	177497	28941	2.78	19.48	16.30
IX Plan (1997-02) (Average)	252211	327922	75711	3.94	30.02	23.09

Period	Revenue Receipt	Revenue Expenditure	Revenue Deficit	Revenue Deficit as *per cent* of		
				GDP	Revenue Receipt	Revenue Expenditure
X Plan (2002-07) (Average)	394426	500825	106399	3.31	26.98	21.24
2007-08	649426	734861	85435	1.81	13.16	11.63
2008-09	**653847**	**1010224**	**356377**	**6.70**	**54.50**	**35.28**
Average Annual Rate of Growth ***(Per cent)***						
1992-2009(Average)	**10.98**	**11.66**	**13.73**	**1.27**	**2.47**	**1.85**
VIII Plan (1992-97)	**15.02**	**14.23**	**10.88**	**Average Annual Rate of Shift in Relative Share**		
IX Plan (1997-02)	**4.65**	**7.63**	**17.29**			
X Plan (2002-07)	**14.59**	**12.24**	**4.75**			
2007-08	23.61	11.64	-35.69			
2008-09	**0.68**	**37.47**	**317.13**			

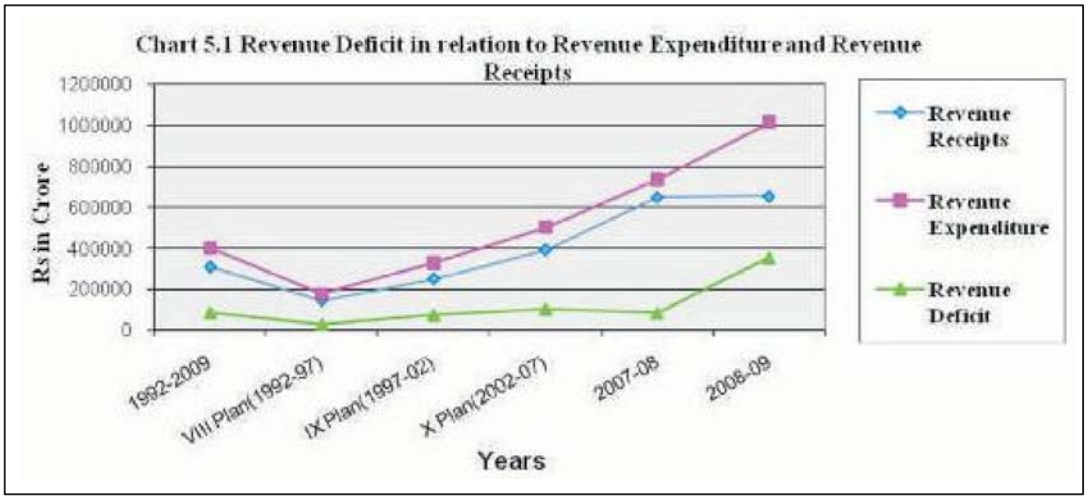


Table 5.1 indicates that revenue receipts grew only marginally by 0.7 *per cent* in 2008-09 over the previous year. Compared to 2007-08, when industry was on the up-swing and the corporate sentiment was positive, the uncertainty and pessimism brought about by the global financial sector meltdown, slowdown in export demand, and consequent demand contraction, as well as tax relief given to boost demand in 2008-09, led to a considerable fall in growth in revenue receipts. Revenue expenditure, however, grew at over 37 *per cent* in 2008-09 because of the 6th Pay Commission Award, the agricultural debt relief scheme as well as the fiscal stimuli introduced by the Government to pump-prime the economy and reduce recessionary effects. As a result, revenue deficit grew by a phenomenal 317 *per cent* over the previous year.

In relation to GDP, revenue deficit amounted to 3.66 *per cent* for the post-liberalization period (1992-2009). In comparison, the revenue deficit to GDP ratio was much smaller in 2007-08 (1.81 *per cent*) but rose sharply to 6.70 *per cent* in 2008-09. The average annual rate of shift in the share of revenue deficit to GDP showed a positive shift of 1.27 *per cent* during the period 1992-

2009, which means that for every one *per cent* increase in GDP, the revenue deficit rose by a little over one *per cent*.

When revenue deficit is compared to revenue receipts, it is observed that on an average for the period 1992-2009, revenue deficit accounted for more than 28 *per cent* of the revenue receipts. This figure rose sharply in 2008-09 to over 54 *per cent*. As a result, for the period 1992-2009, there was an average annual rate of shift in revenue deficit as a proportion of revenue receipts – for every one *per cent* increase in revenue receipts there was an increase of nearly 2.5 *per cent* in revenue deficit.

In comparison with revenue expenditure, on an average for the period 1992-2009, revenue deficit amounted to over 22 *per cent* of revenue expenditure. This proportion increased to over 35 *per cent* in 2008-09 resulting in a positive annual average shift in revenue deficit as a percentage of revenue expenditure over the years. For every one *per cent* increase in revenue expenditure there was a 1.85 *per cent* increase in revenue deficit.

5.2 Fiscal Deficit

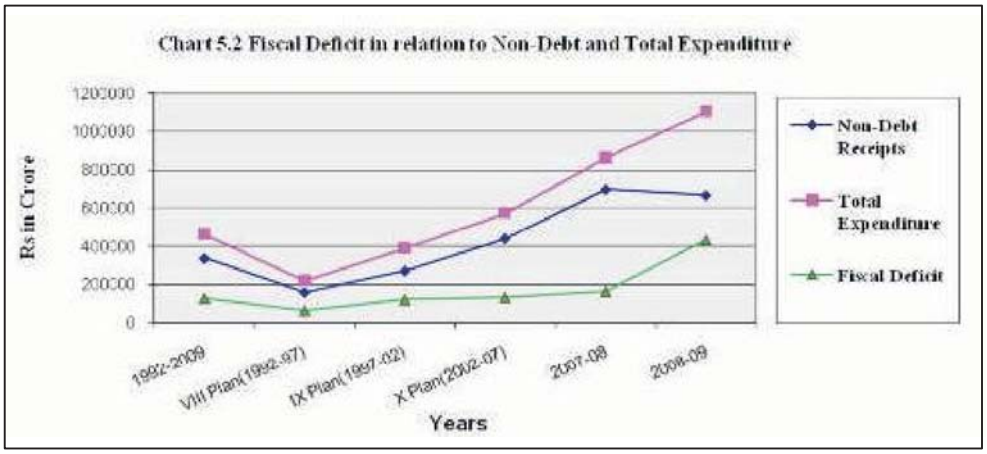
Fiscal deficit is the excess of total expenditure of the Government over its non-debt receipts (revenue receipts, miscellaneous capital receipts and recovery of loans and advances). Fiscal deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt (internal or external) or by the use of surplus funds from Public Account. Fiscal deficit trends along with the trends of the deficit relative to key fiscal parameters are indicated in Table 5.2.

Table 5.2: Fiscal Deficit and its Parameters

(Rupees in crore)

Period	Non-Debt Receipts	Total Expenditure	Fiscal Deficit	Fiscal Deficit as *per cent* to		
				GDP	Non-Debt Receipts	Total Exp.
1992-2009(Average)	**335674**	**463780**	**128105**	**5.32**	**38.16**	**27.62**
VIII Plan (1992-97) (Average)	157929	220494	62565	6.01	39.62	28.38
IX Plan (1997-02) (Average)	269641	389316	119675	6.23	44.38	30.74
X Plan (2002-07) (Average)	440415	573852	133437	4.15	30.30	23.25
2007-08	698613	863575	164962	3.49	23.61	19.10
2008-09	667922	1102366	434444	8.16	65.04	39.41

Period	Non-Debt Receipts	Total Expenditure	Fiscal Deficit	Fiscal Deficit as *per cent* to		
				GDP	Non-Debt Receipts	Total Exp.
Average Annual Rate of Growth						
1992-2009	**11.10**	**10.75**	**9.36**	**-2.62**	**-1.57**	**-1.26**
VIII Plan (1992-97)	14.08	11.77	6.41	**Average Annual Rate of Shift**		
IX Plan (1997-02)	5.46	6.62	9.00			
X Plan (2002-07)	10.24	10.86	14.18			
2007-08	28.28	18.70	-9.82			
2008-09	**-4.39**	**27.65**	**163.36**			



On an average, fiscal deficit grew by over 9 *per cent* during the post-liberalization period of 1992-2009. In comparison to this, there was a negative growth in fiscal deficit in 2007-08 and a staggering growth of over 163 *per cent* in 2008-09 over the previous year. As indicated in Table 5.2, there was a negative growth in non debt receipts of over 4 *per cent* in 2008-09 but a positive growth of over 27 *per cent* in total expenditure. Fiscal deficit as a percentage of GDP was higher at over 8 *per cent* in the current year when compared to the trend of 5.3 *per cent* for the period 1992-2009. For every 1 *per cent* increase in GDP there was a decrease of 2.62 *per cent* in the fiscal deficit over the period 1992- 2009.

Fiscal deficit as a percentage of non-debt receipts was around 38 *per cent* for the entire period 1992-2009. In comparison, in 2008-09, fiscal deficit was as high as nearly 65 *per cent* of non-debt receipts. Over the years, for every one *per cent* increase in non-debt receipts, there has been a 1.57 *per cent* decrease in fiscal deficit. Fiscal deficit as a *per cent* of total expenditure was over 39 *per cent* in 2008-09 compared to the trend proportion of 28 *per cent* for the post-liberalization period.

5.2.1 Quality of Fiscal Deficit: If the bulk of fiscal deficit is for sustaining capital expenditure or for providing financial accommodation to entities for

capital formation, such deficits may be considered desirable up to a point. Table 5.3 presents the movement of components of fiscal deficit over the VIII, IX Plan and the X Plan periods as well as for the current year.

Table 5.3: Components of Fiscal Deficit

(Per cent)

Period	Revenue Deficit	Net Capital Expenditure	Net Loans and Advances
1992-2009	68.74	26.11	5.14
VIII Plan (1992-97)	46.26	28.25	25.49
IX Plan (1997-02)	63.26	19.53	17.20
X Plan (2002-07)	79.74	31.22	-10.96
2007-08	51.79	47.37	0.84
2008-09	82.03	17.72	0.25
Average Annual Rate of Change			
1992-2009	4.00	0.95	

Revenue deficit continued to be the dominant component of fiscal deficit, accounting for nearly 69 *per cent* of it during 1992-2009. There was a steep decline in the share of revenue deficit in fiscal deficit in 2007-08 but in 2008-09, revenue deficit accounted for almost 82 *per cent* of the fiscal deficit. During the period 1992-2009, there was a large positive shift rate of 4 *per cent* in the share of revenue deficit to the total fiscal deficit. Net capital expenditure (capital expenditure- capital receipts) accounted for 26.11 *per cent* of fiscal deficit during 1992-2009 but the share fell to around 18 *per cent* in 2008-09. Fiscal deficit financed 5 *per cent* of net loans and advances during the period 1992-2009.

5.3 Primary Deficit

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

Table 5.4: Primary Deficit and its Parameters

(Rupees in crore)

Period	Revenue Deficit	Fiscal Deficit	Interest Payments	Primary Deficit*	Primary Deficit as *per cent* of GDP
1992-2009	88063	128105	102163	25942	1.08
VIII Plan (1992-97)	28941	62565	44280	18286	1.76
IX Plan (1997-02)	75711	119675	91102	28573	1.49
X Plan (2002-07)	106399	133437	135860	-2423	-0.08
2007-08	85435	164962	179987	-15025	-0.32
2008-09	356377	434444	200580	233864	4.39

(Rupees in crore)

Period	Revenue Deficit	Fiscal Deficit	Interest Payments	Primary Deficit*	Primary Deficit as *per cent* of GDP
Average annual trend rate of growth (*per cent*)					
1992-2009	13.73	9.36	11.67	–	
VIII Plan (1992-97)	10.88	6.41	17.44		
IX Plan (1997-02)	17.29	9.00	14.90		
X Plan (2002-07)	4.75	14.18	5.40		
2007-08	-35.69	-9.82	16.66		
2008-09	317.13	163.36	11.44		

** A negative figure indicates existence of primary surplus*

As indicated in Table 5.4, during the period, 1992-2009, interest payments grew at an average annual rate of nearly 12 *per cent* compared to which, the growth in interest payments in 2008-09 was over 11 *per cent*. There was a primary surplus in the X Plan period since the interest payments were higher than the fiscal deficit and also in 2007-08 but in 2008-09, a large primary deficit of Rs 2,33,864 crores was observed as the fiscal deficit was much larger than the interest payments.

In relation to GDP, primary deficit declined from an average of 1.76 *per cent* during the VIII Plan (1992-1997) to 1.49 *per cent* during IX Plan (1997-2002) and it turned into a marginal surplus of Rs. 2,423 crore, i.e. 0.08 *per cent* of GDP during the X Plan (2002-07). In 2007-08, there was a primary surplus but in 2008-09, the primary deficit rose to 4.39 *per cent* of the GDP.

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

The FRBM Act, 2003 came into effect from July 2004 following the issue of Government notification and formulation of FRBM Rules, 2004. The *Act* and the *Rules* had provided for the elimination of the revenue deficit by 2008-09, with 0.5 percentage point of GDP as the minimum annual reduction target, and fiscal deficit to be brought to the level of 3 *per cent* of GDP, with 0.3 percentage point of GDP, as the minimum annual reduction target. The targets/requirements prescribed under FRBM Act/Rules are to ensure, *inter alia,* inter-generational equity[1] in fiscal management and long term macroeconomic stability. The FRBM Act, however, had some built-in flexibility in achieving revenue and fiscal deficit reduction targets as there is a provision that the specified limits may be exceeded 'due to ground or grounds of national security or national calamity or such other exceptional grounds as the Central Government may specify'. Invoking this provision of the FRBM Act, the Union Government amended the dates originally envisaged in the Act for achieving the deficit targets. The targets relating to fiscal deficit were set to

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

be achieved as per the mandate in the Act, while those relating to revenue deficit were rescheduled for its elimination by 2009-10 primarily on account of a conscious shift in plan priorities in favor of revenue expenditure-intensive programmes and schemes particularly at the commencement of the XI Five Year Plan. The systemic rigidity of containing non-Plan committed revenue expenditures in the short term, particularly arising from committed and obligatory expenditure such as interest payments, subsidies – both explicit and implicit, pensions, salaries and defence sector was stated to be another contributory factor.

Along with the Budget, and as required under the FRBM Act, the Central Government has been laying down, from 2004-05, *inter alia* the Medium-term Fiscal Policy Statement (MTFPS), specifying 3-year rolling targets for revenue and fiscal deficits as well as for tax revenue and total outstanding liabilities of the Central Government as percentages of GDP. These have been derived on the basis of assumptions on growth and the policy stance of the government. The targets for revenue and fiscal deficits set for 2008-09 in MTFP Statements for 2006-07, 2007-08 and 2008-09 along with their actual levels as brought out in Union Government's Finance accounts for 2008-09 are given in Table 5.5

Table 5.5: Outcome vis-à-vis Targets under FRBM Rules (As *per cent* of GDP)

Fiscal Indicator	Targets set in MTFPS 2006-07 for the year 2008-09	Targets set in MTFPS 2007-08 for the year 2008-09	Targets set in MTFPS 2008-09	Actual Levels (As deduced from Finance Accounts 2008-09)	Deviation from BE 2008-09
Revenue Deficit	0.0	0.0	1.0	6.70	570 %
Fiscal deficit	3.0	3.0	2.5	8.16	226 %

Table 5.5 presents the targets set for the key fiscal parameters – revenue and fiscal deficits for the 2008-09 in Medium Term Fiscal Policy Statements (MTFPS) placed along with the Budgets in earlier years. As against a revenue deficit target of 1 *per cent* set out in the BE of 2008-09, the actual revenue deficit was 6.7 *per cent*. In the case of fiscal deficit, as against a target of 2.5 *per cent*, the actual fiscal deficit for the Union Government was 8.16 *per cent* indicating a 226 *per cent* deviation from the target. The main reasons for the slippages have been the conscious fiscal expansion of the Government in view of the slowdown in the economy – Tax cuts along with expenditure hikes resulted in high revenue deficit as well as high fiscal deficit and non-compliance to the original targets envisaged by the FRBM Act.

Chapter 6

MANAGEMENT OF FISCAL LIABILITIES

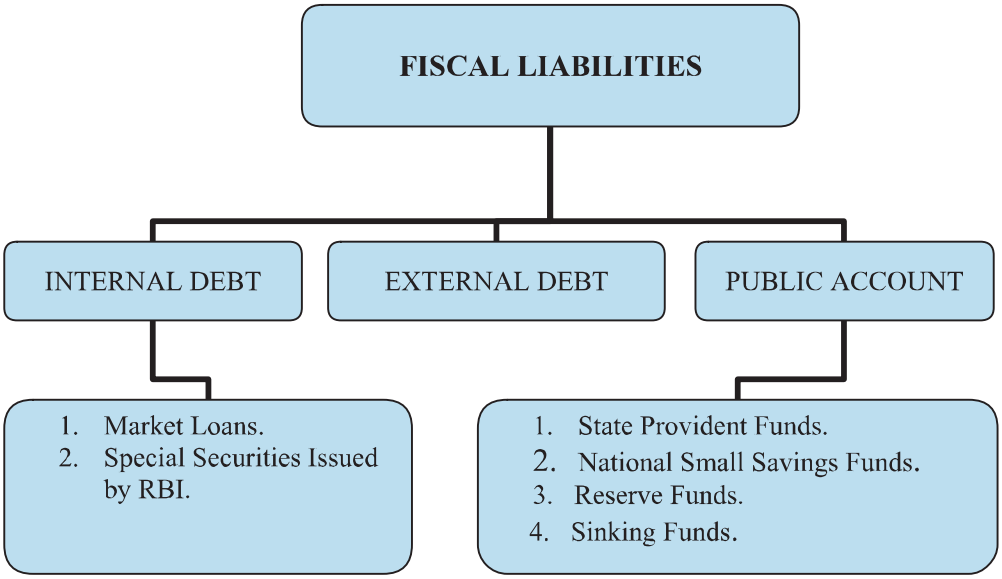
Government incurs fiscal liabilities to meet its resource requirements for repayment of debt; discharge of liabilities on the Public Account; capital expenditure and other current expenditure requirements that may remain uncovered by revenue and non-debt capital receipts. The main observations of this chapter are:

- In 2008-09, the incremental total liabilities to GDP ratio was higher than the previous year at 6.84 *per cent* and, therefore, significantly higher than the 5 *per cent* target set by FRBM Act and Rules. ***(Para 6.2).***
- The share of internal debt grew at a higher rate during the post-liberalization period (1992-2009) compared to external debt and Public Account liabilities. While the average annual rate of shift in the ratio of internal debt-GDP was 3.37 *per cent,* significant negative shift rates were observed for the other two components viz. (-) 5.62 *per cent* and (-) 7.67 *per cent* for Public Account and external debt at current rates. ***(Para 6.2)***
- The ratio of assets to liabilities in 2008-09 was only 36 *per cent* compared to the trend ratio of 44 *per cent* for the period 1992-2009. This means that over the years, the liabilities grew faster than the assets. As against a trend growth rate of around 11 *per cent*, total liabilities grew by nearly 15 *per cent* in 2008-09. Comparatively, there was only a marginal increase in the growth in assets (8 *per cent*) in 2008-09 compared to the trend growth rate of around 7.5 *per cent*. ***(Para 6.3)***
- Compared to an average shortfall in resources (incremental revenue expenditure minus incremental revenue receipts) of Rs 20,007 crore for the post-liberalization period of 1992-2009, the resource gap widened alarmingly in 2008-09 to Rs 2,70,942 crore which is almost 14 times the average trend resource gap. ***(Para 6.4)***
- At present, the Union's debt-GDP ratio is close to 53 *per cent*, with external debt measured at current exchange rates, and after excluding NSSF liabilities against which there are assets in the form of state securities and Market Stabilisation Scheme (MSS) liabilities against which an equal amount of cash is held with the RBI. This is lower than the BE figures for 2008-09 viz. 59.6 *per cent* given in the Medium Term Fiscal Policy Statement along with the budget documents in 2008-09. ***(Para 6.5)***
- Continued inadequate planning resulted in avoidable expenditure in the form of commitment charges amounting to Rs. 117.37 crore in 2008-09. ***(Para 6.7)***
- Total outstanding guarantees were 2.1 *per cent* of GDP in 2008-09 and 17 *per cent* of the revenue receipts that accrued to the Union. These guarantees, however, do not include the volume of implicit contingent liabilities in the nature of open-ended pension payments. ***(Para 6.8)***

Internal debt, external debt and other liabilities are the three sets of liabilities that constitute the Union Government debt (Box 6.1). Internal and external debts constitute public debt and are secured under the Consolidated Fund of India. Internal debt includes market loans, special securities issued to Reserve Bank of India and various other special securities, compensation and other bonds and other Rupee securities. External debt represents the loans received from foreign governments and bodies. The other liabilities of the government arise more in its capacity as a banker or a trustee rather than a borrower and include small savings, provident funds, reserve funds and sinking funds

(created by charging expenditure while actual expenditure/disbursement is yet to be made) deposits. These borrowings or accruals are not secured under CFI and are shown as part of the Public Account. All these liabilities, however, are obligations of the government either in terms of their repayment or specified expenditure.

BOX 6.1: FISCAL LIABILITIES OF GOVERNMENT OF INDIA



6.1 Aggregate Fiscal Liabilities: Trends and Composition

Table 6.1 presents aggregate liabilities of the Government including internal debt and external debt calculated both at the current rate of exchange and at the historic rate (the rate at which the debt was originally contracted) and the Public Account during 1992-2009. Annual total liability in terms of its composition is indicated in **Appendix-VI-A**.

Table 6.1: Aggregate Fiscal Liabilities- Trends & Composition

(Rupees in crore)

Period	Internal Debt	External Debt at historic rates	Public Account*	Total liabilities (at historic rates)	External Debt (at current rates)	Total liabilities (at current rates)
1992-2009(Average)	**872701**	**67835**	**318747**	**1259284**	**179127**	**1370576**
VIII Plan (1992-97) (Average)	272725	49206	218152	540082	137732	628608

(Rupees in crore)

Period	Internal Debt	External Debt at historic rates	Public Account*	Total liabilities (at historic rates)	External Debt (at current rates)	Total liabilities (at current rates)
IX Plan (1997-02) (Average)	655942	61703	292049	1009694	183073	1131064
X Plan (2002-07) (Average)	1274620	72715	368973	1716307	193395	1836987
XI Plan (2007-12)						
2007-08	1799651	112031	466602	2378284	210104	2476357
2008-09	**2019841**	**123046**	**556235#**	**2699122**	**264059**	**2840135**
Average annual Rate of Growth (*per cent*)						
1992-2009(Average)	16.09	5.55	6.00	12.23	3.70	11.29
VIII Plan (1992-97) (Average)	14.13	5.95	14.80	13.62	5.88	12.48
IX Plan (1997-02) (Average)	25.42	6.77	-7.05	12.80	5.05	11.85
X Plan (2002-07) (Average)	10.80	19.75	7.29	10.37	1.05	8.98
XI Plan (2007-12)						
2007-08	16.48	9.07	6.33	13.98	4.41	13.33
2008-09	**12.24**	**9.83**	**19.21**	**13.49**	**25.68**	**14.69**

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

As on 31.3.2009, Public Account liabilities stood at Rs.10,16,291 crore, which includes Rs.4,58,556 crore invested in special State Government securities and Rs. 1,500 crore invested in IIFCL from 2007-08.

Table 6.1 indicates that for the period 1992-2009, internal debt grew at an average annual rate of around 16 *per cent*, compared to which its growth in 2008-09 was lower at around 12 *per cent*. In both the other categories of fiscal liabilities, viz. External debt (at current rates) and liabilities in the Public Account, the growth in 2008-09 was much higher than the trend growth rate. External debt at current rate grows as a result of depreciation of Rupee. Growth in Public Account liability was on account of issue of special bonds to fertiliser companies (Rs. 20,000 crore) and Petroleum Bonds (net of redemption Rs. 62,600 crore).

6.2 Fiscal Liabilities relative to GDP

The FRBM Act and Rules prescribed that the Central Government shall not assume additional liabilities (including external debt at current exchange rate) in excess of 9 *per cent* of GDP for the financial year 2004-05 and in each subsequent year, the limit of 9 *per cent* shall be progressively reduced by at least one percentage point of GDP. The incremental total liabilities relative to GDP were at 6.17 *per cent* during 2007-08, which is marginally above the ceiling limit of 6 *per cent* projected for 2007-08 following the rule prescribed

under FRBM Act and Rules made there under. In 2008-09, the incremental total liabilities to GDP ratio was higher than the previous year at 6.84 *per cent* and, therefore, significantly higher than the 5 *per cent* target set by FRBM.

The long-term tendency of the ratio of fiscal liabilities to GDP exhibited relative stability with an average annual rate of shift[1] of only (-) 0.90 *per cent* during 1992-2009. Although the fiscal liabilities relative to GDP remained almost stable during the period 1992-2009, the share of its components varied over time with share of internal debt indicating increasing trend over the period (Table 6.2). While the average annual rate of shift in the ratio of internal debt-GDP was 3.37 *per cent,* significant negative shift rates were observed for the other two components viz. (-) 5.62 *per cent* and (-) 7.67 *per cent* for Public Account and external debt at current rates.

Table 6.2: Fiscal Liabilities Relative to GDP

(Per cent)

Period	Internal Debt/GDP	External Debt (at historic rates)/GDP	Public Accounts/GDP	Total liabilities (historic rates)/GDP	External Debt (at current rates)/GDP	Total liabilities (current rates)/GDP
1992-2009(Average)	36.24	2.82	13.24	52.30	7.44	56.92
VIII Plan (1992-97) (Average)	26.20	4.73	20.96	51.89	13.23	60.39
IX Plan (1997-02) (Average)	34.12	3.21	15.19	52.52	9.52	58.84
X Plan (2002-07) (Average)	39.65	2.26	11.48	53.39	6.02	57.14
XI Plan (2007-12)						
2007-08	38.10	2.37	9.88	50.35	4.45	52.43
2008-09	37.95	2.31	10.45	50.72	4.96	53.37
Average Annual Rate of Shift in Relative Shares						
1992-2009	3.37	-6.02	-5.62	-0.07	-7.67	-0.90

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

[1] Annual rate of shift in any variable refers to the rate of change in that variable compared with rate of change in GDP.

Table 6.3: Buoyancy of assets and Ratio of Assets to Liabilities

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

Period	Aggregate Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of Liabilities	Annual Growth of Assets	Buoyancy of Assets
1992-2009(Average)	1370576	608923	44.43	11.29	7.48	0.66
VIII Plan (1992-97) (Average)	628608	362555	57.68	12.48	10.31	0.83
IX Plan (1997-02) (Average)	1131064	575671	50.90	11.85	8.29	0.70
X Plan (2002-07) (Average)	1836987	739512	40.26	8.98	4.74	0.53
XI Plan (2007-12)						
2007-08	2476357	942507	38.06	13.33	14.37	1.08
2008-09	2840135	1020498*	35.93	14.69	8.27	0.56

* Refers to Table1.4: Summary of Balances of Government Finances in Chapter-1

The ratio of assets to liabilities in 2008-09 was only 36 *per cent* compared to the trend ratio of 44 *per cent*. This means that over the years, the liabilities are growing faster than assets as is shown in Table 6.3. As against a trend growth rate of around 11 *per cent*, total liabilities grew by nearly 15 *per cent* in 2008-09. There was only a marginal growth in assets in 2008-09 as compared to the trend growth rate.

6.4 Debt Sustainability

Fiscal liabilities are considered sustainable if the government is able to service the stock of these liabilities over the foreseeable future and the debt-GDP ratio does not grow to unmanageable proportions. A necessary condition for stability is the Domar's Debt Stability Equation. It states that if the rate of growth of economy exceeds the rate of interest on the debt, the debt-GDP ratio is likely to be stable provided primary balances[2] are either zero, positive or are moderately negative. In a situation where the rate of interest is higher than the rate of growth of output, the debt-GDP ratio would continue to rise unless the primary balances turn positive. If the nominal growth rate of the economy exceeds the nominal rate of interest on domestic debt, stabilisation of domestic debt is possible while still running a primary deficit (even in excess of monetisation).

The average interest rate (nominal) on total debt over time, as indicated in Table 6.4, remained lower than the rate of growth of GDP at the market prices[3] during 1992-2009. The average interest rate on internal debt in 2008-09 (8.67 *per cent*) was lower than the trend rate of 9.28 *per cent* for the entire

[2] Primary balances refer to fiscal deficit minus interest payments.
[3] Please refer Table 3.2 in Chapter 3

post- liberalization period. The average interest rate paid on external debt is much lower than that paid on domestic debt.

Table 6.4: Average interest rate on fiscal liabilities at current exchange rates

(Per cent)

Period	Internal liabilities	External debt	Aggregate liabilities	Rate of growth of GDP	Interest spread
1992-2009(Average)	9.28	2.32	8.32	12.31	3.99
VIII Plan (1992-97) (Average)	9.37	3.07	7.91	16.53	8.63
IX Plan (1997-02) (Average)	10.42	2.51	9.06	10.33	1.27
X Plan (2002-07) (Average)	8.91	1.78	8.09	13.93	5.84
XI Plan (2007-12)					
2007-08	8.87	1.95	8.24	14.39	6.15
2008-09	8.67	2.00	8.10	12.67	4.57
Average interest rate is = Interest paid/Outstanding Liabilities at the beginning of the year x 100					

The debt sustainability of the Union Government also depends on (i) the ratio of the debt redemption (principal + interest payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. Table 6.5 shows that debt redemption ratio has consistently increased from an average of 93.10*per cent* in VIII Plan (1992-97) to 98.68 *per cent* during X Plan (2002-07) with inter year variations. In 2008-09, 96 *per cent* of debt receipts was applied towards total debt repayment. The ratio has declined in subsequent years mainly due to enhanced debt receipts, which have increased by 25.75 *per cent* during the current year. An increase in internal debt receipt by Rs. 5,23,450 crore (28.3 *per cent*) led to an increase of Rs. 5,35,155 crore (24.12 *per cent*) in debt receipts during the year.

Table 6.5: Ratio of Debt Redemption to Debt Receipts

Period	Debt Receipts*	Debt Repayment		Principal Debt Repayment (1)/Debt Receipts	Total Debt Repayment (2)/Debt Receipts
		Principal* (1)	Principal +Interest (2)		
	(Rupees in crore) (Annual Average)			*(Per cent)*	
1992-2009(Average)	894648	761052	863215	85.07	96.49
VIII Plan (1992-97) (Average)	266443	203787	248066	76.48	93.10
IX Plan (1997-02) (Average)	530341	411106	502208	77.52	94.70
X Plan (2002-07) (Average)	1250358	1097979	1233839	87.81	98.68

Period	Debt Receipts*	Debt Repayment		Principal Debt Repayment (1)/Debt Receipts	Total Debt Repayment (2)/Debt Receipts
		Principal* (1)	Principal +Interest (2)		
	(Rupees in crore) (Annual Average)			*(Per cent)*	
XI Plan (2007-12)					
2007-08	2219076	1919363	2099350	86.49	94.60
2008-09	2754231	2454164	2654744	89.11	96.39

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

Debt sustainability issues were discussed by successive Finance Commissions. The Ninth Finance Commission observed that ultimately the solution to the government debt problem lies in borrowed funds – (a) not being used for financing revenue expenditure and (b) being used efficiently and productively for capital expenditure, which either provides returns directly or results in increased productivity of the economy in general, which may result in increase in government revenue. The Eleventh Finance Commission (EFC) suggested that debt sustainability could be significantly facilitated if incremental revenue receipts could meet the incremental interest burden and the incremental primary expenditure. The Twelfth Finance Commission (TFC) while endorsing the approach suggested by the EFC felt that the pre-requisite to this is the achievement of revenue balance by instituting measures for augmenting revenue receipts and compressing expenditure.

Table 6.6 indicates that compared to an average shortfall in resources (incremental revenue expenditure minus incremental revenue receipts) of Rs 20,007 crore for the post-liberalization period of 1992-2009, the resource gap widened alarmingly in 2008-09 to Rs 2,70,942 crore, which is almost 14 times the average trend resource gap.

Table 6.6: Shortfall of incremental revenue receipts to meet incremental revenue expenditure and interest payments

(Rupees in crore)

Period	Incremental				Resource Gap
	Revenue Receipts	Non-interest Revenue Expenditure	Interest Expenditure	Revenue Expenditure	
1992-2009(Average)	32589	42362	10234	52596	-20007
VIII Plan (1992-97) (Average)	18778	15480	6576	22056	-3278
IX Plan (1997-02) (Average)	14312	18903	10939	29842	-15530
X Plan (2002-07) (Average)	52023	48510	8021	56532	-4509
XI Plan (2007-12)					
2007-08	124033	50914	25707	76621	47412
2008-09	4421	254770	20593	275363	-270942

6.5 Fiscal Deficit and Debt Sustainability

In the context of fiscal sustainability, TFC felt that the issue of debt sustainability also needs to be viewed for combinations of debt and fiscal deficit as debt would become unsustainable, if fiscal deficits follow a course that leads to a self-perpetuating rise in the debt-GDP ratio. A sustainable debt-deficit combination would be stable in terms of debt- GDP ratio and fiscal deficit-GDP ratio consistent with the permissible levels of primary expenditure. The issue, therefore, involved is one of determining that level of fiscal deficit, which will stabilize the debt-GDP ratio and, at the same time, can promote growth. The FRBM Act 2003, read with its rules and subsequent amendment, specifies the target for achieving a fiscal deficit to GDP ratio of 3 *per cent* by the Central Government by 2008-09. Given this fiscal deficit target, for a combination of 12 *per cent* nominal growth rate and 7 *per cent* interest rate, the TFC in the suggested programme for restructuring public finances has recommended that the primary deficit should be equal to 1.25 *per cent* of GDP. TFC had further estimated that once the adjustment phase is over and the fiscal deficit of the Centre being contained at 3 *per cent*, the debt-GDP ratio of the Union would stabilize at 44 *per cent* of GDP by 2008-09.

At present, the Union's debt-GDP ratio is around 53 *per cent* (Table 6.2), with external debt measured at current exchange rates, and after excluding NSSF liabilities against which there are assets in the form of state securities and Market Stabilisation Scheme (MSS) liabilities against which an equal amount of cash is held with the RBI. This is lower than the BE figures for 2008-09 viz. 59.6 *per cent* given in the Medium Term Fiscal Policy Statement along with the budget documents in 2008-09.

6.6 Cash Management

Effective April 1997, a new scheme of Ways and Means Advances (WMA) was introduced to facilitate the government to overcome the temporary mismatches in its cash flows. With the Reserve Bank of India withdrawing from participation in the primary issuance of Central Government securities with effect from April 1, 2006 in accordance with the FRBM Act 2003, the WMA arrangements were revised from 2006-07. In order to facilitate the transition necessitated by the FRBM provisions, under the revised arrangements, the limits for 2006-07 were fixed on quarterly basis. The Reserve Bank, however, retained the flexibility to revise the limits in consultation with the Government, taking into consideration the transitional issues and prevailing circumstances.

During the year 2008-09, amount of Rs. 2,26,012 crore was obtained and discharged by the Government as Ways and Means Advances. The details of

WMA availed by the Union Government since 1999-2000 are presented in Table 6.7, which reveals that there were no outstanding WMA balances after the year 2001-02 (Table 6.7).

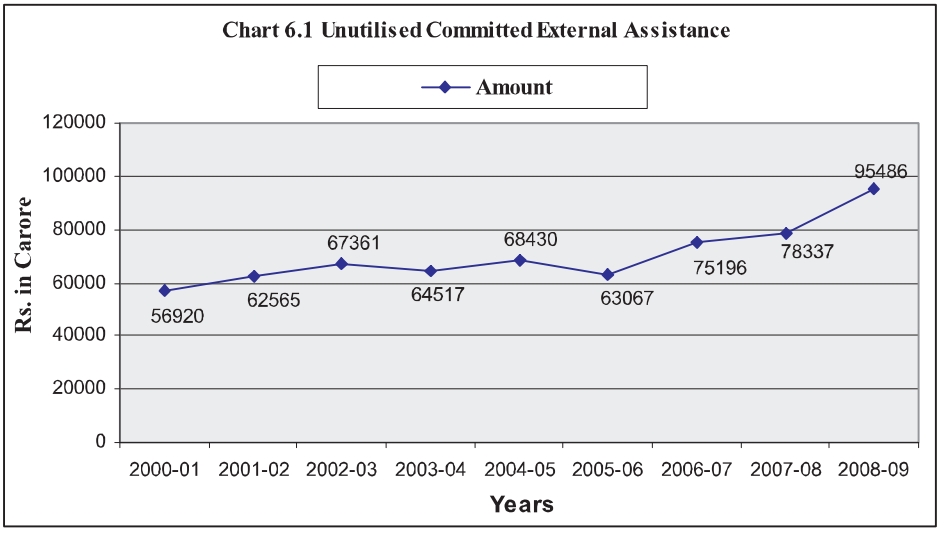
Table 6.7: Ways and Means Advances

(Rupees in crore)

Year	Opening Balance	Addition during the Year	Discharge during the Year	Outstanding Ways and Means Advances
1999-00	3042	124972	127032	982
2000-01	982	131300	126887	5395
2001-02	5395	170953	171172	5176
2002-03	5176	118961	124137	Nil
2003-04	Nil	96615	96615	Nil
2004-05	Nil	62080	62080	Nil
2005-06	Nil	1134	1134	Nil
2006-07	Nil	25226	25226	Nil
2007-08	Nil	110007	110007	Nil
2008-09	Nil	226012	226012	Nil

6.7 Unutilised Committed External Assistance

As on 31 March 2009, unutilised committed external assistance was of the order of Rs. 95,486 crore, which was nearly 22 *per cent* higher than the corresponding figure for the previous year. The sector-wise details of unutilised external assistance are given in **Appendix-VI-B** and **Chart 6.1** shows the year-wise total un-drawn balance of external assistance from various sources. The sector-wise details from the office of the Controller of Aid, Accounts and Audit indicates that there were large undrawn balances in urban development, water resources, infrastructure and health sectors.



Commitment charges on un-drawn external assistance are to be paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head 'interest obligation'. Table 6.8 indicates charges paid to various bodies/governments during 2000-2009 as commitment charges for rescheduling of drawal of assistance at a later date. This points to continued inadequate planning resulting in avoidable expenditure in the form of commitment charges amounting to Rs. 117.37 crore in 2008-09.

Table 6.8: Commitment Charges

(Rupees in crore)

Year	ADB	France	Germany	IBRD	Total
2000-01	13.52	0.27	0.19	26.25	40.23
2001-02	12.84	0.22	0.76	34.64	48.46
2002-03	26.45	0.19	0.95	39.60	67.19
2003-04	38.23	0.02	8.99	45.91*	93.15
2004-05	45.10	Nil	2.07	117.94*	165.11
2005-06	53.42	0.0	1.86	92.89*	148.17
2006-07	59.56	0.0	1.93	79.02	140.51
2007-08	62.55	0.0	1.72	60.27	124.54
2008-09	62.62	0.0	4.17	50.58*	117.37

Source: Controller of Aid Accounts & Audit

**includes International Development Agency assistance*

6.8 Growth in Contingent Liabilities of the Union Government

Contingent liabilities of the Union Government arise because of its role in promoting investment and in reducing the credit risk for investors, especially in those activities where the nature of investment is characterised by long gestation periods. While guarantees do not form part of debt as conventionally measured, in the eventuality of default, this has the potential of aggravating the debt position of the Government. The issue of guarantees assumes significance in the context of the growing investment needs for infrastructure, participation by the private sector in such projects and its increasing probability of being invoked. Table 6.9 gives the position regarding the maximum amount of guarantees and sums guaranteed and outstanding at the end of the financial year from 1999-2000 to 2008-09.

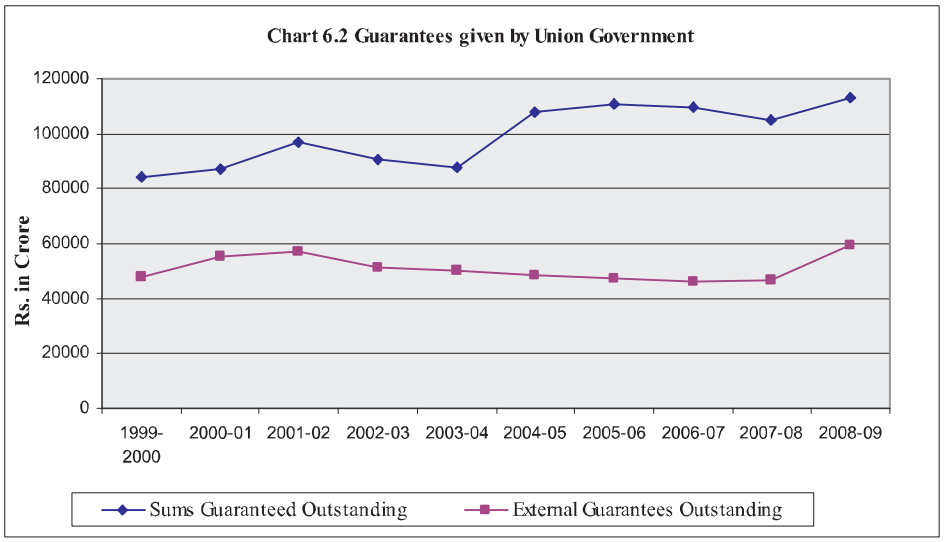


Table 6.9: Guarantees given by Union Government

(Rupees in crore)

Position at the end of the year	Maximum amount of guarantee	Sums Guaranteed Outstanding	External Guarantees Outstanding	Outstanding External Guarantees as a percentage of Total Outstanding Guarantees
(1)	(2)	(3)	(4)	(5)
1999-2000	144438	83954	47663	56.77
2000-01	135678	86862	55664	64.08
2001-02	168712	96859	57006	58.85
2002-03	174487	90617	51097	56.39
2003-04	184420	87780	50328	57.33
2004-05	132728	107957	48276	44.72
2005-06	118560	110626	47358	42.81
2006-07	114671	109826	46340	42.19
2007-08	114001	104872	46459	44.30
2008-09	117659	113335	59343	52.36

Total outstanding guarantees were 2.1 *per cent* of GDP in 2008-09 and 17 *per cent* of the revenue receipts that accrued to the Union.

Chapter 7

APPROPRIATION ACCOUNTS 2008-09: INTRODUCTION

Constitutional provisions

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

7.2 The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of 98 grants and appropriations of Civil Ministries. The Ministries of Defence, Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. The Comptroller and Auditor General of India submits four different Appropriation Accounts pertaining to different sectors of activities of the government, *viz.* Civil, Defence, Posts and Railways, along with his Report under Article 151 of the Constitution, to the President every year, who causes them to be laid before Parliament. Details of demands for grants and appropriations of various Ministries during 2008-09 are as follows:

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

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

selected for in-depth examination. For facility of better appreciation of the sectoral features, all grants relating to civil Ministries/departments, Posts and Defence appropriation have been dealt with comprehensively. References to Railways appropriations have been made, wherever necessary, in order to cover the appropriation process in totality. Audit findings on Railway appropriations are, however, available in the related Audit Report for the year ended 2008-09.

A summary

7.4 Table 7.1 gives the total provision (both charged and voted) and disbursements during 2008-09. **Appendix-VII-A** presents the details of the summary of Appropriation Accounts of civil Ministries/departments, Postal, Railways and Defence Services.

Table 7.1: Provision and Disbursements during 2008-09

(Rupees in crore)

Departments	Total Provision	Disbursements	Savings
Civil	3220867	3149073	71794
Posts	10720	10001	719
Railways	160701	149383	11318
Defence Services	125414	118006	7408
Grand Total	**3517702**	**3426463**	**91239**

7.5 Under the civil Ministries/departments, the net saving of Rs. 71,794 crore was due to excess expenditure of Rs. 270 crore under four grants and saving of Rs. 72,064 crore in the grants pertaining to the civil Ministries/departments. Out of the overall excess expenditure of Rs. 270 crore, Rs. 163 crore was on account of payment of more pensions than anticipated under grant no. 39 – Pensions. Of the overall savings of Rs. 72,064 crore, saving of Rs. 23,607 crore was in grant no. 37-Repayment of Debt{Capital (Charged) Section}, Rs. 7,234 crore was in grant no. 35-Transfers to State and U.T. Governments{Revenue(Charged) Section} and Rs. 2,663 crore in {Revenue (Voted) Section}, Rs. 6,322 crore was in grant no. 34-Interest Payments {Revenue (Charged) Section}, Rs. 4,907 crore was in grant no. 57-Department of School Education and Literacy{Revenue (Voted) Section}, Rs. 3,072 crore was in grant no. 32-Payments to Financial Institutions {Capital (Voted) Section} and Rs. 2,226 crore was in grant no. 53-Police {Capital (Voted) Section}. Excluding these, the gross unspent provision was Rs. 22,033 crore.

7.6 There were savings in 208 sections and excess in four sections under the grants/appropriations relating to civil Ministries/departments, savings in four sections of Posts, savings in 20

sections and excess in nine sections of Railways and savings in 10 sections and excess in two sections of Defence Services. **Appendix-VII-B** presents an abstract of the details.

Charged and Voted disbursements

7.7 **Appendix-VII-C** contains the details of the disbursements actually made against the approved demands (grants and appropriations) of the civil Ministries/departments for the years 1997-2009. During these years, 70 to 81 *per cent* of the total disbursements for the civil Ministries/departments were charged on the Consolidated Fund of India.

7.8 During 2008-09, the total disbursements of Rs. 31,49,073 crore under civil Ministries/departments were higher by Rs. 8,10,980 crore to the total disbursements of Rs. 23,38,093 crore during 2007-08. It had increased by 439 *per cent* from Rs. 5,84,471 crore in 1997-98. The charged disbursements increased by 432 *per cent* from Rs. 4,52,232 crore in 1997-98 to Rs. 24,04,957 crore in 2008-09 and voted disbursements increased by 463 *per cent* from Rs. 1,32,239 crore to Rs. 7,44,116 crore over the same period. The charged disbursements of the civil Ministries/departments during 2008-09 were mainly on account of Interest Payments (Rs.2,01,143 crore), which was 12 *per cent* higher than Rs. 1,79,987 crore for 2007-08, Repayment of Debt (Rs.21,64,561 crore) and Transfers to State and Union Territory Governments (Rs.34,188 crore) on account of grants under the proviso to Article 275(1) of the Constitution, block grants, loans for State Plan Schemes etc. and constituted 76 *per cent* of the total disbursements.

7.9 Since charged disbursements are not subject to vote by the Parliament, effectively the scope of financial control by Parliament is limited to about 24 *per cent* of the total disbursements in the civil Ministries. However, viewed against the background of the total disbursements from the CFI (gross Rs. 34,26,463 crore), the percentage of charged disbursements was 70 *per cent* (Rs. 24,05,151 crore) (including Posts, Defence Services and Railways).

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

7.10 In terms of Rule 56(3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. The Ministry of Finance issued instructions to Ministries/departments in September 2007 to restrict expenditure during the month of March and the last quarter of the

financial year to 15 per cent and 33 per cent, respectively, of the budgeted estimates. The details given in **Appendix-VII-D** indicate that major parts of disbursements by some Ministries/Departments were made in the month of March 2009/during last quarter of the financial year. Some of the Ministries/Departments which incurred large expenditure in the month of March 2009 are Ministry of Petroleum and Natural Gas (Rs. 10,857.03 crore), Ministry of Steel (Rs. 682.45 crore), Ministry of External Affairs (Rs. 2,078.98 crore), Department of Consumer Affairs (Rs. 244.29 crore), Department of Heavy Industry (Rs. 1,911.70 crore), Ministry of Textiles (Rs. 1,687.95 crore) etc,. Since the funds released in March to various organisations cannot be constructively spent during the year, which closes on the last day of the same month, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

Chapter 8

APPROPRIATION ACCOUNTS 2008-09: AN ANALYSIS

Excess disbursements over grants/appropriations

8.1 Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rule (GFR) 52(3) stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. Table 8.1 contains the summary of total excess over the authorisation from the CFI. During 2008-09, there was an excess disbursement of Rs. 270,20,51,460 (i.e. Rs. 270.21 crore) in 4 segments of 4 grants in civil Ministries/departments, Rs. 519,81,26,360 (i.e. Rs. 519.81 crore) in 9 segments of 8 grants/appropriations of Railways and Rs. 742,61,46,657 (i.e. Rs.742.61 crore) in 2 segments of 2 grants of Defence Services. These are detailed in Table 8.2 and require regularisation under Article 115 (1) (b) of the Constitution.

Table 8.1: Summary of excess disbursements over grants/appropriations

(In Rupees)

		Civil	Defence	Railways
Voted	Revenue	2702051460	7426146657	5027043156
	Capital	-	-	-
Charged	Revenue	-	-	223981
	Capital	-	-	170859223
No. of Grants/ Appropriations		4	2	8
Total Excess		**2702051460**	**7426146657**	**5198126360**

Table 8.2: Details of excess disbursement over grants/appropriations

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by the Ministries/departments
Civil				
Revenue (Voted)				
1.	19 – Ministry of Defence	Grant Expenditure Excess	83632200000 83907186122 274986122	Due to implementation of 6th Pay Commission recommendations, enhanced deployment of ships, increase in rates of supply etc..

Sl. No	Grant/ Appropriation	Rupees		Contributory reasons as stated by the Ministries/departments
2.	20 – Defence Pensions	Grant Expenditure Excess	202329500000 202330832985 1332985	Higher rate of payment of pension and dearness relief due to implementation of 6th Pay Commission recommendations etc,.
3.	39 - Pensions	Grant Expenditure Excess	105659300000 107291109424 1631809424	Receipt of more claims due to implementation of 6th Pay Commission recommendations etc,.
4.	54 – Other Expenditure of the Ministry of Home Affairs	Grant Expenditure Excess	14375800000 15169722929 793922929	More payments made for settlement of claims of displaced persons from Pak-occupied Kashmir, additional payments of dearness allowance to freedom fighters/pensioners and increase in security related expenditure.
Railways				
Revenue (Voted)				
5.	4 —Repairs and Maintenance of Permanent Ways and Works	Grant Expenditure Excess	58402105000 59442692825 1040587825	Due to more activities under Minor Heads – Establishment in Offices, Maintenance of Permanent Way and Service Buildings.
6.	5-Repairs and Maintenance of Motive Power	Grant Expenditure Excess	28291172000 29243628565 952456565	Due to more activities under Minor Heads – Establishment in Offices, Diesel Locomotives and Electric Locomotives.
7.	6-Repairs and Maintenance of Carriages and Wagons	Grant Expenditure Excess	62805467000 64302389039 1496922039	Due to more activities under Minor Heads – Establishment in Offices, Carriages, Wagons, Electric Multiple Unit Coaches, Electric General Services Train Lighting.
8.	7-Repairs and Maintenance of Plant and Equipment	Grant Expenditure Excess	33295963000 33455346651 159383651	Due to more activities under Minor Heads – Establishment in Offices, Plant and Equipment – Electrical, Signaling and Telecommunication.
9.	8-Operating Expenses-Rolling Stock and Equipment	Grant Expenditure Excess	45805408000 47115977735 1310569735	Due to more activities under Minor Heads – Steam Locomotives, Diesel Locomotives, Electric Locomotives, Carriages and Wagons.

Sl. No	Grant/ Appropriation		Rupees	Contributory reasons as stated by the Ministries/departments
10.	15-Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of over-Capitalisation	Grant Expenditure Excess	47109600000 47176723341 67123341	Due to higher payment of dividend to General Revenues on account of higher booking in Capital as compared to Budget Estimates.
Revenue (Charged)				
11.	3-General Superintendence and Services	Appropriation Expenditure Excess	848000 952322 104322	Due to more payments of court decrees than anticipated.
12.	5-Repairs and Maintenance of Motive Power	Appropriation Expenditure Excess	3389000 3508659 119659	Due to more payments of court decrees than anticipated
Capital (Charged)				
13.	16-Assets-Acquisition, Construction and Replacement-Capital	Appropriation Expenditure Excess	222000000 392859223 170859223	Due to more payments of court decrees tan anticipated.
Defence Services				
Revenue (Voted)				
14.	23 – Defence Services – Air Force	Grant Expenditure Excess	126322100000 132425759389 6103659389	Due to implementation of VI CPC, higher booking on TA/DA, emergent requirement for operational maintenance of fleet, exchange rate variation in foreign payment, more payment due to increase in prices of ATF/supplies and more drawl of supplies due to fluctuation of troops etc.
15.	24 – Defence Ordnance Factories	Grant Expenditure Excess	28247500000 29569987268 1322487268	Due to higher booking in DSC, non-matching of expenditure with the projected figures, foreign exchange rate variation, issue of operating platform for CRN-91 and higher supply to DRDO.

8.2 The details of excess disbursements and other details relating to grants of the Railways are mentioned in the related Audit Report for the year 2008-09 of the Comptroller and Auditor General of India.

Excess expenditure over available provisions

8.3. Pay and Accounts Officers can make payments in excess of the budget allotment under any sub-head or primary unit, on receipt of an assurance from the head of the department controlling the grant that necessary funds to accommodate the disbursement would be provided by issue of re-appropriation orders, etc,. It was, however, observed from the head-wise appropriation accounts for the year 2008-09 that in 72 sub-heads of 19 grants there was an excess expenditure of Rupees two crore and more over the available provision though the expenditure of Rs. 27,372.52 crore had exceeded the available provisions under these sub-heads, 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. Sub-heads with excess expenditure (Rupees two crore and more) are listed in **Appendix-VIII-A.**

Savings of Rs. 100 crore or more

8.4 Savings in a grant or appropriation indicate either deficient budgeting or shortfall in performance or both. Savings of more than Rs. 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), occurred in 68 cases of 55 grants (including Civil, Posts, Railways and Defence Services) during the year 2008-09. Large savings were in areas like Repayment of Debt (Rs. 23,607.19 crore), Transfers to State and Union Territory Governments (Rs. 10,896.67 crore), Capital Outlay on Defence Services (Rs. 7,081.13 crore), Interest Payments (Rs. 6,321.66 crore), Department of School Education & Literacy (Rs. 4,906.88 crore), Payments to Financial Institutions (Rs. 3,994.62 crore), Police (Rs. 3,109.49 crore), Department of Disinvestment (Rs. 2,003.12 crore), Department of Health and Family Welfare (Rs. 1,664.78 crore) and Department of Fertilizers (Rs. 1,345.18 crore) etc,. The savings were attributed by the Ministries/departments to some of the schemes failing to take off. **Appendix-VIII-B** indicates the details of savings under various grants/appropriations.

8.5 Further, there were 26 sections of 23 grants/appropriations including seven capital sections with persistent savings of Rs. 100 crore and above during the last three years (2006-09) as given in **Appendix VIII-C.** Some of the cases with large persistent savings were Capital Outlay on Defence Services (Rs. 15,152 crore), Department of School Education & Literacy (Rs. 7,948 crore), Police (Rs. 5,977 crore), Payments to Financial Institutions (Rs. 3,835 crore), Ministry of Panchayati Raj (Rs. 3,696 crore), Ministry of Defence (Rs. 1,243 crore) and Department of Space (Rs. 1,038 crore).

Surrender of savings

8.6 According to the provisions of GFR 56, savings in a grant or appropriation are to be surrendered to Government as soon as these are foreseen, without waiting for the last day of the year. Unspent provisions should also not be held in reserve for possible future excesses. During 2008-09, under 208 segments of 98 grants/appropriations of civil Ministries/departments, there were savings of Rs. 72,064.05 crore. This was offset by excess expenditure of Rs. 270.21 crore under 4 segments of 4 grants resulting in a net saving of Rs. 71,793.84 crore. The amounts surrendered are shown in Table 8.3.

Table 8.3: Details of savings and surrender

(Rupees in crore)

	Unspent provision	Amount surrendered	Amount surrendered on last date	Amount not surrendered
Revenue				
Voted	22420.28	19692.66	18487.27	2798.00
Charged	13821.88	13892.64	13891.75	26.96
Total: Revenue	36242.16	33585.30	32379.02	2824.96
Capital				
Voted	11008.13	10483.64	10337.92	543.26
Charged	24813.76	33201.79	33201.79	11.86
Total: Capital	35821.89	43685.43	43539.71	555.12
Grand total	**72064.05**	**77270.73**	**75918.73**	**3380.08**

8.7 Under the grants/appropriations pertaining to Ministry of Civil Aviation, Ministry of Culture, Transfers to State and U.T. Governments, Ministry of Food Processing Industries, Ministry of External Affairs, Re-payment of Debt, Ministry of Personnel, Public Grievances and Pensions, Ministry of Defence and Other Expenditure of the Ministry of Home Affairs, the amount surrendered exceeded the savings. **Appendix-VIII-D** gives the details.

Surrender of savings on 30/31 March

8.8 A few cases where major savings in a grant/appropriation were surrendered on 30/31 March 2009 are given in Table 8.4.

Table 8.4: Details of cases where major portion of savings were surrendered on 30/31 March 2009

(Rupees in crore)

Sl. No	Description of the Grant	Amount of saving	Amount surrendered	Amount surrendered on 30/31 March 2009	Percentage of amount surrendered on 30/31 March in comparison with savings
Revenue - Voted					
1.	1-Department of Agriculture & Co-operation	696.62	529.22	529.22	76
2.	3-Department of Animal Husbandry, Dairying and Fisheries	183.24	158.34	158.34	86
3.	4- Atomic Energy	153.15	128.66	128.66	84
4.	5 – Nuclear Power Schemes	520.94	518.24	518.24	99
5.	7- Department of Fertilisers	1345.18	1344.58	1344.58	100
6.	9- Ministry of Coal	106.39	106.25	106.25	100
7.	13 – Department of Telecommunications	447.10	495.17	495.17	111*
8.	30 – Ministry of External Affairs	185.62	137.33	137.33	74
9.	32 – Payments to Financial Institutions	922.66	921.90	921.90	100
10.	35 – Transfers to State and UT Governments	2662.90	2662.91	2662.91	100
11.	43 – Indirect Taxes	316.81	202.07	202.07	64
12.	46 – Department of Health and Family Welfare	1474.84	965.26	965.26	65
13.	53 – Police	883.98	794.07	794.07	90
14.	57 – Department of School Education & Literacy	4906.88	4748.56	4748.56	97
15.	58 – Department of Higher Education	185.14	156.50	156.50	85
16.	59 - Ministry of Information and Broadcasting	120.41	115.00	115.00	96
17.	64 – Ministry of Micro, Small and Medium Enterprises	136.36	109.60	109.60	80
18.	67 – Ministry of New & Renewable Energy	176.50	174.44	174.44	99
19.	69 – Ministry of	788.10	787.43	787.43	100

(Rupees in crore)

Sl. No	Description of the Grant	Amount of saving	Amount surrendered	Amount surrendered on 30/31 March 2009	Percentage of amount surrendered on 30/31 March in comparison with savings
	Panchayati Raj				
20.	73 – Ministry of Planning	554.01	547.84	547.84	98
21.	74 – Ministry of Power	252.86	245.66	245.66	97
22.	81- Department of Land Resources	611.94	611.50	611.50	100
23.	86 – Department of Shipping	252.46	218.66	218.66	87
24.	87 – Department of Road Transport & Highways	171.02	110.65	110.65	65
25.	92 – Ministry of Textiles	276.59	250.06	250.06	90
26.	103 – Ministry of Water Resources	138.85	122.09	122.09	88
27.	105 – Ministry of Youth Affairs & Sports	133.84	106.39	69.89	52
Revenue - Charged					
28.	34 – Appropriation – Interest Payments	6321.66	6419.38	6419.38	102*
29.	35 – Transfers to State & UT Governments	7233.77	7233.77	7233.77	100
30.	94 – Ministry of Tribal Affairs	230.10	230.09	230.09	100
Capital - Voted					
31.	10 – Department of Commerce	101.22	98.01	98.01	97
32.	19 – Ministry of Defence	438.12	360.30	360.30	82
33.	28 – Ministry of Earth Sciences	267.17	258.10	258.10	97
34.	32 – Payments to Financial Institutions	3071.96	3071.97	3071.97	100
35.	43 – Indirect Taxes	183.94	174.51	174.51	95
36.	44- Department of Disinvestment	2003.12	2003.12	2003.12	100
37.	46 – Department of Health and Family Welfare	189.94	162.26	162.26	88
38.	49 – Department of Heavy Industry	157.63	157.58	157.58	100
39.	53 – Police	2225.51	2022.79	2022.79	91

(Rupees in crore)

Sl. No	Description of the Grant	Amount of saving	Amount surrendered	Amount surrendered on 30/31 March 2009	Percentage of amount surrendered on 30/31 March in comparison with savings
40.	59- Ministry of Information and Broadcasting	160.93	160.68	160.68	100
41.	86 – Department of Shipping	154.19	149.07	149.07	97
42.	87 – Department of Road Transport & Highways	400.07	365.19	365.19	91
43.	89 – Department of Space	715.71	713.59	713.59	100
Capital-Charged					
44.	1 – Department of Agricultural & Co-operation	188.80	188.80	188.80	100
45.	35 – Transfers to State and UT Governments	1000.00	1000.00	1000.00	100
46.	37 – Appropriation - Repayment of Debt	23607.19	32007.08	32007.08	136*

* The Ministries/departments surrendered more than the savings.

Re-appropriation of funds

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

8.10 Test check of appropriation accounts with reference to re-appropriation orders for 2008-09 revealed that heavy re-appropriations of funds were made between the different primary units of appropriation defeating the original purpose/activity as authorised by the Parliament. A few cases, where heavy re-appropriation of funds took place, were Repayment of Debt (Rs. 1,85,416 crore), Interest Payments (Rs. 12,728 crore), Department of Fertilisers (Rs. 12,460 crore), Department of Rural Development (Rs. 5,085 crore), Department of Food and Public Distribution (Rs. 3,156

crore), Payments to Financial Institutions (Rs. 2,517 crore), Capital Outlay on Defence Services (Rs. 2,113 crore), Ministry of Tribal Affairs (Rs. 1,817 crore), Ministry of Power (Rs. 1,543 crore), Department of Road Transport and Highways (Rs. 1,312 crore), Department of Agriculture & Co-operation (Rs. 1,278 crore), Police (Rs. 949 crore), Department of Drinking Water Supply (Rs. 913 crore), Ministry of Women and Child Development (Rs. 811 crore), Indirect Taxes (Rs. 794 crore), Atomic Energy (Rs. 761 crore) and Defence Ordnance Factories (Rs. 515 crore).

Injudicious re-appropriation to minor/sub-heads

8.11 Test check of the accounts revealed that in 21 cases relating to 15 grants/appropriations of civil Ministries/departments, 4 cases of 1 grant of Department of Posts and 5 cases of 2 grants of Ministry of Defence, re-appropriations aggregating Rs. 528.40 crore were injudicious, as the original provision under the minor/sub-heads to which funds were transferred by re-appropriation was more than adequate. A few cases exceeding Rupees one crore are given in **Appendix-VIII-E.** Consequently, the final savings under the minor/sub-heads were more than the amount re-appropriated to these minor/sub-heads.

Injudicious re-appropriation from minor/sub-heads

8.12 In five minor/sub-heads of five grants/appropriations as indicated in **Appendix-VIII-F**, there were injudicious re-appropriations of funds aggregating to Rs. 207.59 crore wherein the final disbursement under each of funds cases was more than the original provision, before re-appropriation. In each of them, even the excess over the final provision, after re-appropriation from these heads, was more than the amounts re-appropriated.

Unnecessary supplementary grants

8.13 The position of original and supplementary grants obtained under civil Ministries/departments and percentage of supplementary provision to the original provision from 2002-03 onwards is given in **Appendix-VIII-G.** Test check revealed that in 40 sections relating to 36 grants/appropriations as detailed in Table 8.5, while supplementary provisions aggregating to Rs. 1,876.46 crore were obtained during 2008-09 in anticipation of higher expenditure, but the final expenditure was less than even the original grants/appropriations. The entire supplementary provision was unnecessary indicating deficient budgeting.

Table 8.5: savings were more than the supplementary grant/appropriation

(Rupees in crore)

Sl. No.	Grant/appropriation	Original provision	Supplementary grant obtained	Actual disbursements	Saving
Civil					
Revenue – Voted					
1.	1-Department of Agriculture and Cooperation	10455.20	280.42	10039.00	696.62
2.	3-Department of Animal Husbandry, Dairying and Fisheries	1357.97	24.69	1199.42	183.24
3.	5 – Nuclear Power Schemes	1486.40	152.21	1117.67	520.94
4.	6-Department of Chemicals and Petrochemicals	296.80	7.12	263.51	40.41
5.	9-Ministry of Coal	345.50	2.58	241.69	106.39
6.	11-Department of Industrial Policy and Promotion	673.45	27.91	619.69	81.67
7.	14 – Department of Information Technology	1616.50	100.02	1458.95	257.57
8.	17-Ministry of Corporate Affairs	158.00	14.49*	135.92	36.57
9.	27-Ministry of Development of North Eastern Region	1327.50	1.91	1290.29	39.13
10.	45-Ministry of Food Processing Industries	254.60	2.10	192.11	64.59
11.	46 – Department of Health & Family Welfare	17995.03	387.09	16867.28	1474.84
12.	47-Department of AYUSH	621.00	35.62	593.76	62.86
13.	52-Cabinet	302.69	41.78	295.86	48.61
14.	56-Ministry of Housing and Poverty Alleviation	855.00	2.17	673.60	183.57
15.	57 – Department of School Education & Literacy	40667.00	293.93	36054.05	4906.88
16.	64-Ministry of Micro, Small and Medium Enterprises	1931.11	53.65	1848.40	136.36
17.	66-Ministry of Minority Affairs	938.83	1.72	554.56	385.99
18.	67-Ministry of New and Renewable Energy	593.89	3.58	420.97	176.50
19.	68-Ministry of Overseas Indian Affairs	55.00	1.40	44.00	12.40
20.	73-Ministry of Planning	626.00	10.83	82.82	554.01
21.	74-Ministry of Power	6089.20	31.85	5868.19	252.86

* Ministry stated that the Ministry of Finance allocated the supplementary grant without any demand from them.

22.	76-Lok Sabha	323.49	24.89	296.05	52.33
23.	85 – Department of Biotechnology	919.00	12.33	891.30	40.03
24.	86 – Department of Shipping	1052.51	17.24	817.29	252.46
25.	88-Ministry of Social Justice and Empowerment	2320.00	16.02	2282.97	53.05
26.	93-Ministry of Tourism	486.00	5.71	460.95	30.76
27.	94-Ministry of Tribal Affairs	263.05	4.28	227.85	39.48
28.	100-Department of Urban Development	935.76	12.10	877.30	70.56
29.	102-Statioery and Printing	221.12	40.23	189.18	72.17
30.	103-Ministry of Water Resources	793.57	112.71	767.43	138.85
31.	104-Ministry of Women and Child Development	7262.00	13.09	6764.21	510.88
Capital – Voted					
32.	19 – Ministry of Defence	1006.68	9.84	578.40	438.12
33.	27 – Ministry of Development of North Eastern Region	143.50	60.00	142.70	60.80
34.	49 – Department of Heavy Industry	592.24	56.52	491.13	157.63
35.	86 – Department of Shipping	415.24	1.32	262.37	154.19
36.	89-Department of Space	1779.20	5.00	1068.49	715.71
37.	103 – Ministry of Water Resources	109.76	1.61	62.73	48.64
Capital - Charged					
38.	4 – Atomic Energy	1.00	1.00	0.16	1.84
39.	19 - Ministry of Defence	-	1.66	-	1.66
40.	87 – Department of Road Transport and Highways	7.00	3.84	6.09	4.75
	Total		**1876.46**		

Unrealistic estimation of expenditure

8.14 While obtaining supplementary grants, the Ministries/departments reported to Parliament large amounts of additional requirement for different purposes under the schemes/activities detailed in **Appendix VIII-H** but they were finally unable to spend not only the entire supplementary grants or parts thereof but also the original budget provision in certain cases.

Unrealistic budgetary assumptions

8.15 The budget circulars issued by the Ministry of Finance every year stipulate that due note, while framing the estimates, be taken of the past

performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme, the constraints on spending by the spending agencies etc,. The objective is to minimise the scope for avoidable surrenders at a later stage. Further, no provision should normally be made in the budget without completion of pre-budget scrutiny of the projects/schemes. Where, however, provision has been made without necessary scrutiny, such scrutiny should be completed and appropriate approvals obtained therefor before the commencement of the financial year at the latest by the time budget is passed by the Parliament. Scrutiny of the head-wise Appropriation Accounts revealed that the Ministries/departments made excessive provisions under the various sub-heads, which ultimately resulted in the large savings and surrenders at the end of the year. **Appendix VIII-I** gives the details of 187 such cases with savings of Rupees ten crore and above, constituting more than 40 *per cent* of the budgeted provision.

Savings of Rs. 100 crore or more under a sub-head

8.16 A detailed scrutiny of Appropriation Accounts revealed that under certain grants and appropriations savings of Rs. 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 actual but also to gainfully utilise the scarce resources. These Ministries/departments are required to review their system of budgetary assumption or/and efficiency of their programme management. **Appendix VIII-J** gives the details of 36 such savings of Rs. 100 crore or more under a sub-head.

Large supplementary grants due to unrealistic budgetary projections

8.17 Under Article 114 of the Constitution of India, the Parliament authorises the Government to appropriate specified sums from the Consolidated Fund of India. Parliament can also sanction supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. While preparing the estimates of expenditures, Ministries/departments are required to keep in view the trends of disbursements during the previous years and take due care so that provision for all inescapable and foreseeable expenditures is made in the estimates before they are submitted to the Ministry of Finance. The Ministry of Finance after due deliberations and pre-budget meetings/scrutiny finalises the budget proposals. A scrutiny of the Appropriation Accounts for the year 2008-09

revealed that a large number of Ministries/departments of the Central Government obtained supplementary grants/appropriations much in excess of the original provisions. The supplementary provisions ranged from 41 *per cent* to 2,585 *per cent* of the original provisions in some sections of the grants mentioned in Table 8.6. This indicated that the Ministries/departments did not prepare estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

Table 8.6: Statement showing details of large Supplementary Grants due to unrealistic budgetary projections

(Rupees in crore)

Sl. No.	Description of the grant	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
Revenue (Voted)				
1.	7- Department of Fertilisers	34335.51	66521.62	194
2.	8- Ministry of Civil Aviation	476.06	217.13	46
3.	10- Department of Commerce	2823.74	1511.77	54
4.	15-Department of Consumer Affairs	231.99	157.09	68
5.	32- Payments to Financial Institutions	7263.64	43811.49	603
6.	38- Department of Expenditure	41.86	17.10	41
7.	43- Indirect Taxes	1804.60	880.20	49
8.	49- Department of Heavy Industry	214.96	1678.06	781
9.	54- Other Expenditure of the Ministry of Home Affairs	999.03	438.55	44
10.	72- Ministry of Petroleum and Natural Gas	2938.00	75944.54	2585
11.	80- Department of Rural Development	51569.81	39360.61	76
12.	91- Ministry of Steel	104.02	403.08	387
13.	92- Ministry of Textiles	3064.53	2600.29	85
14.	105- Ministry of Youth Affairs and Sports	977.29	551.10	56

(Rupees in crore)

Sl. No.	Description of the grant	Original provision	Supplementary provisions	Percentage of supplementary provision to original provision
Capital (Voted)				
15.	1- Department of Agriculture and Cooperation	90.45	65.68	73
16.	13- Department of Telecommunications	200.75	507.92	253
17.	17-Ministry of Corporate Affairs	45.00	30.00	67
18.	27-Ministry of Development of North Eastern Region	143.50	60.00	42
19.	30-Ministry of External Affairs	845.93	794.92	94
20.	31- Department of Economic Affairs	599.12	1377.21	230
21.	32- Payments to Financial Institutions	2809.23	5653.13	201
22.	60- Ministry of Labour and Employment	129.65	627.50	484
23.	91- Ministry of Steel	15.50	252.05	1626
24.	92 – Ministry of Textiles	258.98	107.44	41
25.	95 – Andaman and Nicobar Islands	750.83	388.95	52
26.	100-Department of Urban Development	2019.38	2149.12	106

Postal Services (Grant No. 12)

8.18 Persistent savings were noticed under Capital section of the grant. Out of the budget allocation of Rs. 408.10 crore, during 2008-09, under the head 5201.104– Mechanisation and modernisation only Rs. 226.30 crore was spent, leaving an unspent amount of Rs. 181.80 crore. The details of persistent savings noticed under this head during the period 2004-09 are given in Table 8.7.

Table 8.7: Persistent savings under capital (voted) section

(Rupees in crore)

Year	Budget provision including supplementary grant	Actual expenditure	Unspent provision	Percentage
2004-05	178.75	126.29	52.46	29
2005-06	367.09	268.98	98.11	27
2006-07	385.98	284.73	101.25	26
2007-08	232.22	90.43	141.79	61
2008-09	426.61	244.30	182.31	43

8.19 The reasons advanced by the Department for savings under Revenue (Voted) and Capital (Voted) sections are as under:

Table 8.8: Savings in Grant

(Rupees in crore)

Grant no. 12	Total grant or appropriation	Actual expenditure	Savings	Contributing reasons as stated by the Department of Posts
Revenue (Voted)	10292.02	9755.98	536.04	• Less expenditure on salaries, training activities, commutted value of pension and gratuity, • Less payment of incentive to Development Officers of PLI and Doctors examination fees.
Capital (Voted)	426.61	244.30	182.31	• Non receipt/non adjustment of DGS&D bills, • Late approval of schemes
Total	**10718.63**	**10000.28**	**718.35**	

Defence Services

8.20 Scrutiny of the Appropriation Accounts of Defence Services disclosed a persistent trend of savings during the years 2006-09 under voted segment of five grants as detailed in Table 8.9.

Table 8.9: Persistent savings

(Rupees in crore)

Grant No Sub-Major/ Minor Head	2006-07	2007-08	2008-09	Contributing reasons as stated by the Ministry
21- Defence Services-Army				
109-Inspection Organisation	15.86	22.02	27.17	Due to less booking in proofing, non-payment of arrears and non fixation of pay in revised scales, less booking under code 'Foreign travel', less booking in proofing, non-finalisation of training scheduled.

(Rupees in crore)

Grant No Sub-Major/ Minor Head	2006-07	2007-08	2008-09	Contributing reasons as stated by the Ministry
800-Other Expenditure	19.06	52.68	64.75	Due to large number of estimating authorities, delay in booking of funds, low expenditure in TAG, I&M Grant, MIFD, Army adventure wing, Recruiting organizations and ACSFP.
22- Defence Services-Navy				
104- Pay and Allowances of Civilians	32.94	11.90	49.32	Payment of increase rate of DA, non-filing up of vacant posts, less LTC claims, non-payment of dues on ACP, delay in induction of new recruits, etc.
110 – Stores	15.45	48.01	167.77	Delay in supply of machinery/transport spares/weapon spares/indigenous machinery spares and non-booking of expenditure by OFB resulting in less expenditure.
23- Defence Services-Air Force				
800 – Other Expenditure	20.50	15.59	15.77	Due to enforcement of economy measures, non-submission of bills by the civil/meteorology departments, non-booking of funds catered for Embassies/Missions/exercises/training abroad etc., reduction in tariff rates, non-materialization of procurements, non-completion of certain communications projects etc.
24- Defence Ordnance Factories				
110-Stores	18.43	82.02	69.96	Delay in receipt of payment vouchers from RBI for power packs required for MBT Arjun against foreign purchase, non-receipt of bills from Russian supplier, non-materialisation of supplies/booking under foreign purchase against HVF viz. T-90, T-72, T-90 MBT etc., local/central purchase of IT items etc.
800-Other Expenditure	19.27	16.84	31.95	Due to non-receipt of TOT documents, debit vouchers from Central Depots for machines and reduction in electricity/water/misc. expenses etc.
26- Capital Outlay on Defence Services				
02 – Navy				
104 – Joint Staff	19.41	18.64	15.48	Non-completion of work in time, non-acceptance of advance payment of Project HFDF system East Coast by MOF on the last day of the financial year, delays in materialization/progress of cases, exchange rate variation, non-materialisation/progress of capital acquisition projects by ADG, SI, HQ SFC, HQ ANC, CD and DSSD.

(Rupees in crore)

Grant No Sub-Major/ Minor Head	2006-07	2007-08	2008-09	Contributing reasons as stated by the Ministry
05 – Research and Development Organisation				
052-Machinery and Equipment	72.43	117.25	41.52	Non-materialisation of certain commitments against programmes/special schemes, LCs against ATVP, cumulative effect of small savings from Labs/Establishment and delay in delivery of certain stores by foreign suppliers against special schemes.

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

Surrender of savings

8.21 The savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. Further, savings should also not be held in reserve for possible future excesses as per Financial Regulations. During 2008-09, under Charged segments of two grants of Defence Services where surrenders were made for Rs. 1.10 crore, there was saving of Rs. 1.89 crore. Under Voted segments of four grants of Defence Services, where surrenders were made for Rs. 7,133.71 crore, there was saving of Rs. 8,132.23 crore. Out of this, Rs.742.61 crore was offset by excess under Voted segments of Grant relating to Defence Services-Air Force and Defence Ordnance Factories (Rs. 610.37 crore + Rs. 132.24 crore) resulting in overall savings of Rs. 7,389.62 crore. Besides, Rs. 7,133.71 crore under four Grants in Voted segment and Rs. 1.10 crore under two Grants in Charged segment were surrendered on the last day of the financial year which was contrary to the rule as per details appended in Table 8.10.

Table 8.10: Details of savings and surrender

(Rupees in Crore)

Grant/Appropriation	Savings		Amount surrendered on last date		Amount not surrendered	
	Charged	Voted	Charged	Voted	Charged	Voted
2076-Army	5.11	808.27	-	47.12	5.11	761.15
2077-Navy	1.27	242.14	-	76.14	1.27	166.00
2078-Air Force	1.25	-	1.00	-	0.25	-
2080-R & D	0.64	0.69	0.10	1.39	0.54	(-) 0.70
4076-Capital Outlay on Defence Services	9.45	7081.13	-	7009.06	9.45	72.07
TOTAL	17.72	8132.23	1.10	7133.71	16.62	998.52

Persistent excesses beyond budgeted provisions

8.22 An analytical table on the persistent trend of financial budgetary control failure over the last three years in certain grants relating to Defence Services is detailed below:

Table 8.11: Details of persistent savings

(Rupees in crore)

Sl. No.	Description of Grant	Final excess expenditure during			Contributing reasons as stated by the Ministry
		2006-07	2007-08	2008-09	
1.	Grant No. 23 – Defence Services - Air Force 2078.00.101 – Pay and Allowances of Air Force	6.47	8.40	454.84	More expenditure on local allowances, heavy rush of booking by CGDA towards end of the year and due to implementation of VI CPC recommendations.
2.	Grant No. 24 – Defence Ordnance Factories 2079.00.106 – Renewal and Replacement	2.14	5.00	5.22	Excess expenditure over MA projection which had been adjusted against the RR fund account of Ordance factories and due to foreign exchange rate variation.

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

Chapter 9

REVIEW OF SELECTED GRANTS

Grant No. 5-Nuclear Power Schemes (Department of Atomic Energy)

Introduction

9.1 The programmes of Department of Atomic Energy (DAE) aim at using atomic energy for power generation, development of radiation technology and application of atomic energy in the area of agriculture, medicine, industry and research. In DAE, there are five Research and Development Centres, three Industrial units, three Service organisations and five Public Sector undertakings. The Department promotes research in nuclear and allied fields and mathematics through Board of Research in Nuclear Sciences and National Board of Higher Mathematics, respectively. The financial support for the activities of DAE is provided by budgetary support under Grant No. 4-Atomic Energy and Grant No.5- Nuclear Power Schemes.

Budget and expenditure

9.2 The overall position of budget provisions, actual disbursements and savings in respect of Grant No.5- Nuclear Power Schemes for the last three years is given below:

Table 9.1: Budget & expenditure

(Rupees. in crore)

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	1299.10	3816.44	1093.27	3103.05	205.83	713.39
2007-08	1427.16	2367.19	717.70	1126.18	709.46	1241.01
2008-09	1638.61	1706.90	1117.67	1705.86	520.94	1.04

Unnecessary supplementary grants

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

the approval of the budget i.e. post budget decisions and not for continuing schemes and programmes.

Audit scrutiny of the Appropriation Accounts for the year 2006-07 and 2008-09 revealed that the Department obtained supplementary grant under the following sub-heads in anticipation of higher disbursement, entire/large portion of which remained unutilized at the end of the year. Thus, the supplementary grant proved to be unnecessary to the extent indicated below:

Table 9.2 - Unnecessary Supplementary Grant

(Rupees in crore).

Sl. No.	Year	Sub-head	Original provision	Supplementary grant	Actual expenditure	Savings
1.	2006-07	6801.00.206.01- Loans to Nuclear Power Corporation of India Limited	1606.00	346.47	1523.25	429.22
2.	2008-09	2801.03.103.04- Operational Expenses for Additional Upgrading Facility for MAPS	2.57	0.03	1.20	1.40

Persistent savings

9.4 As per instructions of the Ministry of Finance while framing the estimates, due note is to be taken of the past performance, the stages of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the scheme as scheduled, the constraints on spending by the spending agencies, etc. The objective is to minimise the scope for avoidable surrenders at a later stage. Further, no provision should normally be made in the budget without completion of pre-budget scrutiny of the projects/schemes.

Scrutiny of the Appropriation Accounts revealed that under the following sub-heads, large provisions persistently remained unutilised during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.

Table 9.3: Persistent unspent provisions

(Rupees in crore)

Sl. No.	Sub-head	Year	Budget Provision	Actual expenditure	Unspent provision	Reasons attributed by the Department
1.	2801.03.101.08-PHWR Fuel for other Stations	2007-08	1239.56	551.60	687.96	Due to decrease in actual supply of PHWR Natural Uranium Fuel and deferment of procurement of supplies and materials.
		2008-09	1308.88	649.02	659.86	Less import of PHWR Natural Uranium Fuel
2.	4801.03.190.02-Bharatiya Nabhikiya Vidyut Nigam Ltd.	2006-07	481.85	195.00	286.85	Delay in finalization of work contracts and procurement of equipment and materials.
		2007-08	926.00	390.00	536.00	Delay in getting raw materials, construction of four steam generators and late delivery of equipments
3.	6801.00.206.01-Loans to Nuclear Power Corporation of India Limited	2006-07	1952.47	1523.25	429.22	Delay in shipment of material from Russia
		2007-08	1021.97	373.29	648.68	Delay in shipment of equipments from Moscow

Surrender of savings

9.5 According to the provision of Rule 56(2) of the General Financial Rules, savings in a grant or appropriation are to be surrendered to the Government as soon as these are foreseen, without waiting for the end of the financial year. Unspent provision should also not to be held in reserve for any possible future excess. Test check revealed that contrary to this, the Department surrendered savings at the fag end of the financial year 2006-09 as detailed below:

Table 9.4: Surrender of Savings

(Rupees in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2006-07	205.83	713.39	183.86	713.17	21.97	0.22	23.03 2007
2007-08	709.46	1241.01	566.80	1240.53	142.66	0.48	27.03 2008
2008-09	520.94	1.04	518.24	0.65	2.70	0.39	30.03.2009

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

Re-appropriation of funds

9.6 As per Ministry of Finance instructions based on the observations contained in the 147th Report of Public Accounts Committee (Eighth Lok Sabha), the delegated powers of re-appropriation of funds should be exercised by the Ministries/Departments in such a manner that the original objectives for which the provisions were made under various sub-heads were not substantially altered by exercise of power of re-appropriation. A perusal of re-appropriation orders issued during 2006-09 revealed that the Department made heavy re-appropriations of funds between the different primary units of appropriation defeating the original purpose/activity for which the original provisions were obtained in 13, 14 and 13 sub-heads as detailed in **Appendix–IX-A**.

Excess expenditure over available provision

9.7 In terms of Appendix-14 to Rule 59 of the General Financial Rules 2005, the Pay and Accounts Office is required to ensure that no payment is made in excess of the budget allotment under any sub-head or primary unit of appropriation. In case where the existing budget provision is not sufficient to cover the payment, the Pay and Accounts Office can make payment only on receipt of an assurance in writing from the Head of Department controlling the grant that necessary funds to accommodate the disbursement will be provided for in time by issue of re-appropriation order, etc.

Test check of the Appropriation Accounts for 2007-08 and 2008-09 disclosed that in the following cases, the PAO had made payment in excess of budget provision without any re-appropriation order to accommodate the final excess

expenditure. This shows ineffective expenditure control at the level of PAO as well as the departmental authorities controlling the grant.

Table 9.5: Excess expenditure over available provision

(Rupees in crore)

Year.	Sub-head	Provision		Available provision	Actual expenditure	Excess expenditure
2007-08	2801.03.101.07-BWR Fuel for TAPS	O R	11.64 (+) 0.66	12.30	13.63	1.33
2008-09	2801.03.101.07-BWR Fuel for TAPS	O R	13.07 (+) 134.87	147.94	149.35	1.41

Grant No.7 – Department of Fertilizers (Ministry of Chemicals and Fertilizers)

Introduction

9.8 The main activities of the Department of Fertilizers broadly cover planning, promotion and development of the fertilizer industry, planning and monitoring of production, import and distribution of fertilizers and management of finances for indigenous and imported fertilizers.

Budget and expenditure

9.9 The overall position of budget provision, actual disbursement and unspent provision under the grant for the last three years is given below:

Table 9.6: Overall Budget provision & Actual Expenditure

(Rupees in crore)

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	28753.18	117.22	28739.66	92.04	13.52	25.18
2007-08	43543.57	56.68	43537.53	56.63	6.04	0.05
2008-09	100857.13	46.04	99511.95	45.95	1345.18	0.09

Surrender of savings

9.10 Test check of the Appropriation Accounts revealed that contrary to the General Financial Rules, the Department surrendered savings at the fag end of the financial year. The details of amounts surrendered during 2006-09 are given in Table 9.7.

Table 9.7: Surrender of savings

(Rupees in crore)

Year	Unspent provision		Amount Surrendered		Amount not Surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2006-07	13.52	25.18	12.75	25.18	0.77	---	30/31.3.2007
2007-08	6.04	0.05	5.99	0.05	0.04	---	19.3.2008
2008-09	1345.18	0.09	1344.58	0.09	0.06	---	31.3.2009

Large Supplementary Grant due to unrealistic budgetary projection

9.11 Scrutiny of the Appropriation Accounts for the period 2006-09 revealed that the Department obtained supplementary grants/appropriations much in excess of their original budgetary allocations during this period. Large amounts of supplementary grants represent unrealistic budgetary projections. The details are given in Table 9.8

Table 9.8: Large Supplementary Grants due to unrealistic budgetary projections

(Rupees in crore)

Sub Head	2006-07		2007-08		2008-09	
	Original	Supplementary	Original	Supplementary	Original	Supplementary
2401.00.105.14-Payment for concessional sale of indigenous decontrolled fertilizers	4399.00	2550.00	5697.10	2136.70	6447.10	21300.00
2401.00.105.15-Payment for concessional sale of imported decontrolled fertilizers	1350.00	2300.00	2650.00	2450.00	4400.00	12323.69
2401.00.106 – Import of Fertilizers	1861.78	2200.00	4771.79	5163.30	10420.44	6443.00
2401.00.129.01-Payment through Bonds for concessional sale of indigenous decontrolled fertilizers	---	---	Nil	2500.00	Nil	8250.00
2401.00.129.02-Payment through Bonds for concessional sale of imported decontrolled fertilizers	---	---	Nil	1500.00	Nil	8750.00
2852.03.129.01-Payment through Bonds under Fertilizers Retention Price Scheme	---	---	Nil	3500.00	Nil	3000.00

Excess expenditure over available provision

9.12 Test check of the Appropriation Accounts for 2007-08 revealed that the PAO had made an excess payment of Rs. 4.49 crore in the sub-head '6855.00.190.14- Brahamputra Valley Fertilizers Corporation Ltd.' in excess of budget provisions without obtaining a written assurance from the controlling officer or allocation of additional provision through re-appropriation in contravention of General Financial Rules indicating laxity in budgetary control.

Persistent savings

9.13 Scrutiny of the Appropriation Accounts disclosed that under various sub-heads as detailed below, large provisions remained unutilised persistently during the period 2006-09 and were re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.

Table 9.9: Persistent savings

(Rupees in crore)

Sl. No.	Sub-head	Year	Provision	Actual expenditure	Savings	Reasons given by the Ministry
1.	2401.00.105.14-Payment for concessional sale of indigenous decontrolled fertilizers	2006-07	6949.00	6648.17	300.83	Due to re-appropriation for discharging statutory liabilities for payment of import of urea within prescribed time limit.
		2008-09	27747.10	24707.10	3040.00	Due to less receipt of subsidy claims
2.	2852.03.101.02-Payment under fertilizers freight subsidy scheme	2006-07	1050.00	740.00	310.00	Due to re-appropriation for discharging statutory liabilities for payment of import of urea within prescribed time limit

Sl. No.	Sub-head	Year	Provision	Actual expenditure	Savings	Reasons given by the Ministry
		2007-08	2000.00	1834.14	165.86	Due to re-appropriation for discharging statutory liabilities for payment of import of urea within prescribed time limit
		2008-09	2550.00	1350.00	1200.00	Less release of subsidy due to downward freight in concessional rates

Non-utilisation of the entire provision

9.14 Scrutiny of the Appropriation Accounts for the year 2007-09 revealed that in many cases where the entire provision under the sub-heads remained unutilized by the Department as detailed in Table 9.10. This was indicative of the fact that budget estimates/supplementary demands were not prepared after adequate pre budget scrutiny of projects and schemes. The Department attributed these savings to non-approval of the schemes.

Table 9.10: Entire budget provision remained unutilized

(Rupees in crore)

Sl.No	Sub-head	Total provision	Saving
2007-08			
1.	2852.03.004.06- Capital subsidy for conversion 4 existing FO/LSHS Plants to NG/LNG	5.00	5.00
2.	6855.00.190.01- Fertilizers Corporation of India Limited	1.01	1.01
3.	6855.00.190.12- Pyrites, Phosphates and Chemicals Limited	1.01	1.01
2008-09			
4.	2852.03.004.06- Capital subsidy for conversion 4 existing FO/LSHS Plants to NG/LNG	150.00	150.00

Grant No.46 - Department of Health and Family Welfare (Ministry of Health and Family Welfare)

Introduction

9.15 The Department of Health and Family Welfare is responsible for implementation of various national programmes in the areas of Health and Family Welfare, prevention and control of major communicable diseases and promotion of traditional and indigenous systems of medicine. The Department incurs expenditure either directly under central schemes or by way of grants-in-aid to autonomous/statutory bodies and Non Government organizations.

Budget and Expenditure

9.16 The overall position of budget provision, actual expenditure and unspent balance for the last three years is given below:

Table 9.11: Overall Budget provision & Actual Expenditure

(Rupees in crore)

Year	Budget provision		Actual disbursement		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	13874.62	505.54	11599.71	361.15	2274.91	144.39
2007-08	16551.17	776.84	15083.71	261.66	1467.46	515.18
2008-09	18342.12	931.70	16867.28	741.76	1474.84	189.94

Persistent savings

9.17 Scrutiny of the Appropriation Accounts revealed that there were persistent savings under the revenue section of the grant during the last three years. Persistent unspent provisions **(Appendix-IX-B)** under the grant reflected defective budgeting by the Department. Schemes affected by large persistent savings are discussed below:-

a) Institutions of higher learning

The Central Education Institutions (Reservation in admission) Act,2006 (CEI Act) seeks to implement the policy of reservation in the CEIs to OBCs from the academic session of 2007. In order to lay down a road map for implementing the policy of reservation, an oversight committee was constituted alongwith five separate groups of specialists one of which was for medical education. However, due to non finalization of proposals of the medical institutions/delay in preparation of proposals, the entire budget provisions of Rs. 400.00 crore during 2007-08 and 80 *per cent* of the budget provision of Rs. 40.00 crore in 2008-09 remained unutilised.

b) Cancer Research

There are five schemes under the National Cancer Control Programme viz. (i) Recognition of New Regional Cancer Centers (RCC), (ii) Strengthening of existing Regional Cancer Centers, (iii) Development of Oncology Wing, (iv) District Cancer Control Programme and (v) Decentralized NGO Scheme. The Department provides one time grant of Rs.5.00 crore for new RCCs, Rs.3.00 crore for strengthening of existing centres, Rs.3.00 crore for development of Oncology Wing and Grants-in-aid of Rs.90 lakh spread over a period of five years for District Cancer Control Programmes. In 2008-09, there were 27 Regional Cancer Centers and 210 Government Medical Colleges/Hospitals having 350 tele-therapy facilities. During the period 2006-07 to 2008-09, there were savings ranging between 37 to 61 *per cent* of the budget provision, as a result, the objectives of the schemes remained unfulfilled.

c) Capacity Building Project for Food and Drugs

Under the World Bank assisted Capacity Building Project (CBP), various food and drug laboratories of the Central and State Governments have been provided assistance for creation or strengthening of laboratories in the form of equipments, procurement of land, construction of laboratory building, manpower and initial operationalization, etc. During the years 2007-08 and 2008-09 there were savings ranging between 84 and 93 *per cent* of the budget provision due to non-starting of civil work and non-purchase of equipments.

d) Supply of RCH Drugs & Equipments

In order to improve the health status of women and children and fulfill the unmet needs of family welfare services in the country, especially the poor and under served by reducing infant child and maternal mortality and morbidity, the Government of India launched the Reproductive and Child Health (RCH) programme in 1997-98. The RCH programme was partly funded by World Bank, UNICEF, UNFPA and European Commission etc. During 2006-07 to 2008-09, the entire budget provision of Rs. 646.00 crore remained unutilised as the agreement with United Nations Office for Project Services (UNOPS) was not finalized. As a result, the objective of the scheme to improve health status of women and children remained unfulfilled.

e) Integrated Disease Surveillance Project

The Integrated Disease Surveillance Project (IDSP) was launched in November 2004 to detect early warning signals of impending outbreaks and to help initiate an effective response in a timely manner. IDSP's objectives include establishment of a decentralized state based surveillance system for

communicable diseases, detection of early warning signals and improving the efficiency of the existing surveillance activities of the disease control programmes. During 2006-07 to 2008-09, the entire budget provision of Rs. 86.00 crore remained unutilised due to decentralization of Central level procurement to State Governments, reduction in the number of laboratories owing to operational problems and non-receipt of demands for grants from the State Governments.

Un-necessary and injudicious re-appropriations

9.18 Re-appropriation of funds was injudicious in 16 cases as listed in **Appendix-IX-C** as the original provision under these sub-heads was more than adequate. Consequently, final savings under the sub-heads were more than the amount re-appropriated to these sub-heads indicating deficient budgetary control and financial management.

Surrender of unspent provision

9.19 Contrary to the General Financial Rules, the Department surrendered unspent provisions on the last day of the financial year. The details of amounts surrendered during 2006-09 are given below:

Table 9.12: Surrender of unspent provision

(Rupees in crore)

Year	Unspent provision		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2006-07	2274.91	144.39	2052.18	59.12	31.03.07
2007-08	1467.46	515.18	1179.20	485.45	31.03.08
2008-09	1474.84	189.94	965.26	162.26	31.03.09

Outstanding Utilisation certificates

9.20 As per Rule 212 (1) of the General Financial Rules, 2005, in respect of non-recurring grants, utilisation certificates of the grants received are required to be submitted within twelve months of the closure of the financial year by the Institution/Organisation concerned. The purpose of furnishing the utilisation certificates is to ensure that the grants had been utilized for the purpose for which these were sanctioned and where the grants were released with certain conditions, the prescribed conditions fulfilled. In cases where the utilization certificate is not received within the prescribed period, the Ministry/Department will be at liberty to blacklist such Institution or organisation from any future grant, subsidy or other financial support from the Government.

Scrutiny of records revealed that Utilization Certificates in respect of grants-in-aid amounting to Rs. 9,789.14 crore released by the Department up to 31st March 2008 in 4,174 cases were outstanding from the grantee institutions till September 2009 as per details given in **Appendix-IX-D.**

Grant No. 53 -Police (Ministry of Home Affairs)

Introduction

9.21 The Ministry of Home Affairs (MHA) performs multifarious functions, important among them being the maintenance of internal security, Centre-State relations, management of para-military forces, border management, disaster management, administration of Union territories, etc.

Budget and expenditure

9.22 The overall position of budget provision, actual disbursement and savings under the grant for the last three years was as under:

Table 9.13: Overall Budget provision & Actual Expenditure

(Rupees in crore)

Year	Budget provision				Actual disbursement				Savings			
	Revenue		Capital		Revenue		Capital		Revenue		Capital	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2006-07	14638.19	3.44	2039.40	17.35	14037.26	3.13	1846.68	16.00	600.93	0.31	192.72	1.35
2007-08	14914.45	3.59	4610.91	13.20	14629.38	2.78	2822.24	5.38	285.07	0.81	1788.67	7.82
2008-09	21659.71	3.93	5344.51	7.85	20775.73	2.82	3119.00	6.75	883.98	1.11	2225.51	1.10

Unrealistic budgetary assumptions

9. 23 Scrutiny of the Appropriation Accounts revealed that under various sub-heads, the entire/large part of the provisions remained unutilised during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of Rupees ten crore and above constituting more than 40 *per cent* of the budgeted provision are given in **Appendix-IX-E.** The cases pertaining to the years 2006-07 and 2007-08 have already been reported in the previous audit reports.

Non-utilization of the entire provision

9.24 Scrutiny of Appropriation Accounts for the year 2006-09 revealed that the entire provision under the sub-heads as detailed in **Appendix-IX-F** remained unutilized by the Ministry. That was indicative of the fact that budget estimates /supplementary were not prepared after adequate pre budget scrutiny of projects and schemes. The Ministry attributed these savings to non-approval/non-materialisation of some of the schemes, etc.

Surrender of savings

9.25 Contrary to the General Financial Rules, the Ministry surrendered savings on the last day of the financial year. The details of amounts surrendered during 2006-09 are given below:

Table 9.14: Surrender of savings

(Rupees in crore)

Year	Savings		Amount surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	
2006-07	600.93	192.73	512.68	147.73	31.03.2007
2007-08	285.07	1788.67	123.42	1725.43	31.03.2008
2008-09	888.57	2243.72	794.07	2022.79	31.03.2009

Persistent savings

9.26 Audit scrutiny of the Appropriation Accounts disclosed that under various sub-heads **(Appendix-IX-G)**, large provisions persistently remained unutilized during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. The Ministry attributed persistent savings to slow progress of works, non-demarcation of border areas and local protests, etc.

Excess expenditure over available provision

9.27 Audit scrutiny of the Appropriation Accounts for the period 2006-09 revealed that the Pay and Accounts Office had made payment in excess of budget provision or final re-appropriation without obtaining a written assurance from the controlling officer or additional provisions through re-appropriation. Since the Ministry did not issue the re-appropriation orders to cover the final excess expenditure over the available provisions, the expenditure under these heads was in excess of the budget provisions. The details of excess expenditure are given in **Appendix-IX-H**.

Outstanding utilization certificates

9.28 Audit scrutiny of records revealed that Utilization Certificates (UCs) for the grants released up to 2007-08 by the three divisions of the Ministry namely Boarder Management (BM), Police Modernization (PM) and North Eastern (NE) in 64 cases involving Rs. 234.49 crore were outstanding as of September 2009. The division wise details of outstanding UCs are given in **Appendix-IX-I.**

Re-appropriation not reported to Parliament

9.29 As per Government of India's decision (6) below Rule 10 of Delegation of Financial Powers Rules (DFPR), any re-appropriation order issued during the year which had the effect of increasing the budget provision by more than 25 *per cent* or Rupees five crore, whichever was more, under a sub-head, should be reported to Parliament along with the last batch of Supplementary Demands. In exceptional cases, any order of re-appropriation issued by the Ministries/departments after presentation of the last batch of supplementary demands exceeding the above limit, requires prior approval of the Secretary/Additional Secretary, Department of Expenditure, Ministry of Finance.

Scrutiny of the Appropriation Accounts disclosed that the Ministry had not reported the re-appropriation in the cases detailed in **Appendix IX-J**. The Ministry stated that two cases for the year 2006-07 could not be reported to Parliament due to oversight and rush of work and as regards remaining two cases, it was not possible to report them to the Parliament as these were given effect after the proposals for final batch of supplementary demands for grants had been forwarded to the Ministry of Finance.

Grant No. 86-Department of Shipping (Ministry of Shipping, Road Transport and Highways)

Introduction

9.30 The Department of Shipping encompasses within its fold the port and shipping sectors, which include ship building and ship repair, major ports, national water ways and inland water transport. The Department has been entrusted with the responsibility to formulate policies and programmes on these subjects and their implementation. The key functions are being exercised through several Public Sector Undertakings (PSUs) and Port Trusts under the administrative control of the Department.

Budget and Expenditure

9.31 The overall position of budget provision, actual disbursements and unspent provision under the grant for last three years is given in Table 9.15.

Table 9.15: Overall Budget provision & Actual Expenditure

(Rupees in crore)

Year	Budget provision				Actual disbursement				Savings			
	Revenue		Capital		Revenue		Capital		Revenue		Capital	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2006-07	1106.06	-	588.69	-	1011.87	-	443.11	-	94.19	-	145.58	-
2007-08	1111.52	92.78	589.51	-	900.60	92.78	399.77	-	210.92	-	189.74	-
2008-09	1069.75	-	416.56	-	817.29	-	262.37	-	252.46	-	154.19	-

Surrender of Savings

9.32 Contrary to the General Financial Rules, the Department surrendered unspent provisions every year on the last day of the financial year. The details of amounts surrendered during 2006-09 are given below:

Table 9.16: Surrender of savings

(Rupees in crore)

Year	Savings		Amount surrendered		Amount not surrendered		Date of surrender
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
2006-07	94.19	145.58	90.19	137.44	4.00	8.14	31.3.2007
2007-08	210.92	189.74	209.84	185.88	1.08	3.86	31.3.2008
2008-09	252.46	154.19	218.66	149.07	33.80	5.12	31.3.2009

Excess expenditure over available provision

9.33 Audit scrutiny of the Appropriation Accounts for the period 2006-08 revealed that the Pay and Accounts Office had made payment in excess of budget provision or final re-appropriation without obtaining a written assurance from the controlling officer or additional provisions through re-appropriation. Since the department did not issue and re-appropriation orders to cover the final excess expenditure over the available provisions, the expenditure under these heads was in excess of the budget provisions. The details are given in Table 9.17.

Table 9.17: Excess expenditure over available provision

(Rupees in crore)

S. No	Sub head	Provision	Available provision	Actual Expenditure	Excess Expenditure
2006-07					
1.	3051.02.001.01-Establishment charges in respect of CE-cum-Administrator office at Port Blair and E.E & Liaison office at New Delhi	O 16.25 R -1.52	14.73	14.92	0.19
2.	3051.03.101.05-General Reserve Fund	O 49.40	49.40	53.99	4.59
2007-08					
1.	3051.01.108.02- River dredging and Maintenance of River Hoogly by Calcutta Port Trust	O 40.00 R -5.74	34.26	40.00	5.74
2.	5051.02.200.01-Construction of landing facilities and jetties	O 61.36 R -38.62	22.74	30.46	7.72
3.	5051.02.200.05- Post Tsunami works	O 105.09 R -87.01	18.08	20.20	2.12
4.	5075.60.800.06-Sethusumudram Ship Canal Project	O 140.22 R -1.22	139.00	139.22	0.22

Unrealistic budgetary assumptions

9.34 Scrutiny of the Appropriation Accounts revealed that under various sub-heads, the entire/large provision remained unutilised during the period 2006-09 and was surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament. Savings of Rupees ten crore and above constituting more than 40 *per cent* of the budgeted provision are shown in **Appendix-IX-K**.

Persistent savings

9.35 Scrutiny of Appropriation Accounts disclosed that under the following sub-heads, large provision remained unutilized persistently during the period 2006-09 and were surrendered/re-appropriated to other heads defeating the purpose for which the budget provisions were passed by the Parliament.

Table 9.18: Persistent savings

(Rupees in crore)

Sl. No.	Sub-head	Year	Budget provision	Actual expenditure	Savings	Reasons given by the Ministry
1	2852.06.102.10-Ship-building Subsidy	2006-07	151.49	110.52	40.97	Non-receipt of proposals from PSUs.
		2007-08	173.18	162.23	10.95	-do-
		2008-09	170.00	131.70	38.30	Delay in achievement of construction stages.
2.	2852.06.102.21-Subsidy to non - central PSU Shipyards and Private Sector Shipyards	2006-07	18.01	Nil	18.01	Due to non-receipt of approved proposals from competent authority.
		2007-08	132.00	27.02	104.98	-do-
		2008-09	60.00	Nil	60.00	Non-clearance of proposals of private shipyards

Unnecessary supplementary grants

9.36 Audit scrutiny of the Appropriation accounts for the year 2008-09 revealed that the Department obtained supplementary grant under the following sub-heads in anticipation of higher disbursement, entire/large portion of which remained unutilized at the end of the year. Thus, the supplementary grant proved to be unnecessary to the extent indicated below:

Table 9.19 - Unnecessary Supplementary Grants

(Rupees in crore)

Year	Sl. No.	Sub-head	Original provision	Supplementary provision	Actual expenditure	Unutilized provision
2008-09	1.	3051.03.001.01-Directorate General	14.69	5.47	14.61	5.55
	2.	3051.03.101.01- Management	18.16	5.00	17.91	5.25
	3.	3052.02.001.01- Director General of Shipping	18.73	1.76	13.85	6.64
	4.	3052.02.101.01- Mercantile Marine Department	10.16	2.00	9.96	2.20

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

9.37 In terms of Rule 56(3) of the General Financial Rules, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. The Ministry of Finance, Department of Expenditure issued instructions to all Ministries/departments in September 2007 to restrict their expenditure during

the last quarter of the financial year to 33 *per cent* and during March 15 *per cent* of the budget estimates.

However, the department did not follow the rules and instructions of the Ministry of Finance and incurred very significant expenditure in the month of March and during last quarter of the financial years as detailed below:

Table 9.20 - Rush of expenditure during the month of March/last quarter of the financial years

(Rupees in crore)

Sl. No.	Year	Budget Estimate	Expenditure incurred in March	Percentage of expenditure incurred in March	Expenditure incurred during last quarter of the financial year	Percentage of expenditure during the last quarter of financial year
1.	2006-07	1375.17	347.23	25	654.17	48
2.	2007-08	1793.81	440.82	25	588.09	33

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/quarter, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

Delay in furnishing of ATNs on paras of CAG reports on Union Government Accounts.

9.38 The Public Accounts Committee (PAC) in their Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22nd April 1997 recommended that submission of ATNs pertaining to the audit reports for the year ended March 1996 onwards be completed within four months from the laying of the reports in the Parliament.

Review of outstanding ATNs to the PAC on paragraphs included in the Reports of the C&AG disclosed that the ATNs on the following audit paras were either submitted late or were yet to be submitted to Ministry of Finance as of October 2009:

Table 9.21: Delay in furnishing of ATNs

S.No.	Para No.	Report No.	Title of para	Date of laying of report in Parliament	ATN due on	ATN furnished to Ministry of Finance on
1.	7.12 & 7.13	1 of 2003	Surrender of unspent provision	22.04.2003	22.08.2003	16.10.2006
2.	6.10	1 of 2005	Disbursements made in March 2004	06.05.2005	06.09.2005	21.9.06
3.	6.10	1 of 2006	Disbursements made in March 2005	21.03.2006	21.07.2006	23.04.09
4.	7.13	1 of 2006	Unnecessary Supplementary Grant	21.03.2006	21.07.2006	ATN not yet finalized
5.	6.10	13 of 2007	Disbursements made in March 2006/last quarter	18.05.2007	18.09.2007	ATN not yet finalized
6.	7.3	13 of 2007	Excess expenditure over the available provision	18.05.2007	18.09.2007	ATN not yet finalized
7.	7.13	13 of 2007	Unnecessary Supplementary Grant	18.05.07	18.09.07	23.04.09

Chapter 10

MANAGING GOVERNMENT FINANCES: SUMMING UP

This chapter presents a summarised position of government finances over 1992-2009 focusing on the trends in the current year, with reference to certain key indicators that help in assessing the adequacy and effectiveness of available resources, highlighting the areas of concern, and capturing important facets of government finances. Fiscal parameters of the Union Government have broadly been grouped under four major components and for each component sets of indicators have been conceived to assess the fiscal developments over time. The four major components are resource mobilisation; expenditure management; management of fiscal imbalances and management of fiscal liabilities.

Resource Mobilisation

Table 10.1 shows four indicators, which capture the adequacy of resources, and growth of these resources. The revenue receipt to GDP ratio indicates the adequacy of the present flow of resources for the provision of current services. Revenue receipts comprise tax and non-tax receipts, which *inter alia* include recovery of user charges for social and economic services provided by the Government. The second indicator of adequacy of resources is the tax-GDP ratio, a sub-set of the revenue receipts. This ratio indicates the Government's access to such resources for which there is no direct service provision obligation. Revenue and tax buoyancy indicate the pace of resource mobilisation efforts. Table 10.1 also summarises the movement in value of these indicators over 1992-2009 encompassing the VIII, IX and X Plan periods as well as the first two years of the XI Plan (2007-12).

Table 10.1: Indicators of Resource Mobilisation

(Per cent)

Period	Revenue Receipt/ GDP	Gross Tax Receipt/ GDP	Revenue Buoyancy*	Tax Buoyancy*
1992-2009 (average)	**15.15**	**10.08**	**1.007**	**1.129**
VIII Plan (1992-97) (average)	15.18	9.27	0.932	0.961
IX Plan (1997-02) (average)	14.67	8.64	0.831	0.871
X Plan (2002-07) (average)	14.85	10.05	1.121	1.530
XI Plan (2007-12)				
2007-08	16.96	12.56	1.673	1.756
2008-09	**15.30**	**11.37**	**0.126**	**0.162**

*Revenue and Tax buoyancy coefficients are in ratios.

As indicated in Table 10.1, revenue receipts as a percentage of GDP was 15.30 *per cent* in the current year (lower than what it was in 2007-08 but higher than the average for period 1992-2009). In the case of the second indicator, viz. gross tax receipts as a percentage of GDP, in 2008-09, the ratio was lower than the previous year but higher than the trend average. In the case of both revenue buoyancy and tax buoyancy, the performance in 2008-09 was much lower than what it was in the previous year as well as for the entire period of 1992-2009.

Management of Expenditure

For assessing expenditure management, eight indicators shown in Table 10.2 were identified to capture expenditure growth and quality. Plan expenditure, capital expenditure and development expenditure are indicators of the quality of expenditure. The parameters of ratio of expenditure to GDP and buoyancy (with reference to revenue receipt) indicate relationship of expenditure with GDP and its responsiveness to changes in these parameters. Values of these parameters over the defined time frame are indicated in Table 10.2.

Table 10.2: Indicators of Expenditure Management

(Per cent)

Period	TE/GDP	RE/ GDP	RE/ TE	PE/TE	CE/TE	DE*/TE	Buoyancy of TE to NRR	Buoyancy of RE to NRR
1992-2009	**19.26**	**16.55**	**84.30**	**22.93**	**8.35**	**37.07**	**0.98**	**1.06**
VIII Plan (1992-97)	21.18	17.05	80.50	21.86	8.87	38.60	0.78	0.95
IX Plan (1997-02)	20.25	17.06	84.23	20.19	6.74	38.71	1.42	1.64
X Plan (2002-07)	17.85	15.58	87.27	24.17	8.19	41.16	0.74	0.84
XI Plan (2007-12)								
2007-08	18.28	15.56	85.10	23.75	13.54	47.00	0.79	0.49
2008-09	**20.71**	**18.98**	**91.64**	**24.97**	**7.04**	**51.19**	**40.62**	**55.04**

TE = Total Expenditure, RE = Revenue Expenditure; PE = Plan Expenditure; CE = Capital Expenditure; NRR = Net Revenue Receipts and DE denotes Development expenditure, which is total expenditure on social and economic services and the denominator total expenditure here excludes loans and advances.

Table 10.2 indicates that in the case of most of the indicators of expenditure management (viz. TE/GDP, RE/GDP, RE/TE, PE/TE and DE/TE), the expenditure in 2008-09 was higher not only compared to the previous year but also compared to the trend ratios for the post-liberalisation period (1992-2009). However, it is pertinent to note that in the case of capital expenditure as a percentage of total expenditure, there has been a fall in the ratio in the current year when compared to either the previous year or the trend average. It may also be observed that since the current year had faced considerable economic shocks, the net revenue receipts grew at a very low rate (0.68 *per cent*), whereas in order to counter the slowdown, Government expenditure increased significantly (27.65 *per cent*). As a result, the buoyancy of TE/NRR

showed a very high growth in 2008-09 as compared to either the previous year or the post-liberalization period. Similarly, the buoyancy of RE/NRR in the current year was even higher (55.04) compared to a buoyancy of 0.49 in the previous year and 1.06 for the period 1992-2009. The table shows that over the years, revenue expenditure and total expenditure have been funded by borrowings as the growth in net revenue receipts have been much lower than growth in expenditure.

Management of Fiscal Imbalances

Five indicators shown in Table 10.3 were identified to capture management of fiscal imbalances. These included the ratio of revenue, fiscal and primary deficit to GDP, the ratio of revenue deficit to fiscal deficit and the balance from current revenue (BCR). Though deficits are essentially the outcomes of the government's policy with regard to its receipts and expenditure, they serve as useful proxies for fiscal health. The Fiscal Responsibility and Budget Management (FRBM) Act of 2003 and Rules made there under, as they stand now, has mandated the Government to take appropriate steps to (i) eliminate revenue deficit by 31 March 2009 and thereafter build adequate revenue surplus, and (ii) to bring down the fiscal deficit to not more than 3 *per cent* of GDP by 31 March 2009. Union Government has, however, amended the dates originally envisaged in the Act for achieving the deficit targets. The targets relating to fiscal deficit were set to be achieved as per the mandate in the Act, while those relating to revenue deficit were rescheduled for its elimination by 2009-10. However, the sudden onset of recessionary trends due to the global economic slowdown led to a slippage in achievement of these targets. The values of these parameters over the specified periods as mentioned above are indicated in Table 10.3.

Table 10.3: Indicators of Management of Fiscal Imbalances

(Per cent)

Period	Revenue Deficit/GDP	Fiscal Deficit/ GDP	Primary Deficit/ GDP	Revenue Deficit/ Fiscal Deficit	Balance From Current Revenue *(Rupees in crore)*
1992-2009	**3.66**	**5.32**	**1.08**	**68.74**	**-12432**
VIII Plan (1992-97)	2.78	6.01	1.76	46.26	-2192
IX Plan (1997-02)	3.94	6.23	1.49	63.26	-28622
X Plan (2002-07)	3.31	4.15	-0.08	79.74	-4764
XI Plan (2007-12)					
2007-08	1.81	3.49	-0.32	51.79	88137
2008-09	**6.70**	**8.16**	**4.39**	**82.03**	**-121603**

The ratios of deficits to GDP and the ratio of revenue deficit to the fiscal deficit indicate vulnerability of Union finances. Finances become vulnerable to the extent that fiscal deficit is not used for creating assets, as there is no addition to the repayment capacity and no asset back up for the liabilities

incurred. Table 10.3 indicates during 2008-09, substantial growth in the ratio of all the three indicators of deficit -viz. revenue deficit (6.70), fiscal deficit (8.16) and primary deficit (4.39) to GDP as compared with previous year as well as for the entire period. The ratio of revenue deficit to fiscal deficit had also risen to 82 *per cent* indicating increasing share of revenue expenditure as compared to expenditure on capital and repayment of loans and advances. Similarly balance from current revenue, which is an indicator of funding available for plan expenditure from current revenue turned negative after a positive trend since 2004-05[1]. This indicates that resources to meet the Plan expenditure was met from borrowings, creating future liabilities.

Management of Fiscal Liabilities

Sustainability of debt is the key issue in the assessment of government finances. Higher the debt to GDP ratio, larger is likely to be the cost at which the government is able to borrow. Average rate of interest, difference between the interest and GDP growth (referred to as Domar gap) and the ratio of assets (utilisation of borrowed funds) to fiscal liabilities are important indicators of debt management. Debt redemption inclusive of interest as percentage of borrowing also indicates the degree of autonomy in utilising available resources for current applications. The higher this ratio, the lower is the amount available from borrowings for application for current services. Values of the seven indicators of management of fiscal liabilities are indicated in Table 10.4 below.

Table 10.4: Indicators of Management of Fiscal Liabilities

Period	Fiscal Liabilities/ GDP	Debt Redemption to Debt Receipt	Average Interest Rate on Total Liabilities	Domar Gap	Ratio of Assets to Liabilities	Fiscal Liabilities/ Revenue Receipts	Buoyancy of Assets
1992-2009	**56.92**	**96.51**	**8.32**	**3.99**	**44.43**	**441**	**0.66**
VIII Plan (1992-97)	60.39	93.10	7.91	8.63	57.68	423	0.83
IX Plan (1997-02)	58.84	94.70	9.06	1.27	50.90	448	0.70
X Plan (2002-07)	57.14	98.68	8.09	5.84	40.26	472	0.53
XI Plan (2007-12)							
2007-08	52.43	94.60	8.24	6.15	38.06	381	1.08
2008-09	**53.37**	**96.44**	**8.10**	**4.57**	**35.93**	**434**	**0.56**

Fiscal liabilities as a proportion of GDP was higher in the current year compared to the previous year but lower than what it was for the period 1992-2009. The correction made in previous years due to the adoption of the FRBM Act could not be sustained in the current year because of the downturn in the economy. Table 10.4 indicates that in the current year, 96.44 *per cent* of debt

[1] The BCR in 2004-05 was Rs 8,794 crore; in 2005-06, it was Rs 2,161 crore and in 2006-07, it was Rs 25,771 crore.

receipts was used for redemption purposes. In other words, the Union Government is borrowing primarily to payback earlier debt obligations. The difference between interest rates and growth in GDP (Domar gap) in the current year was lower than what it was in the previous year. This indicates that the cost of borrowing was lower during 2008-09. The table also indicates that fresh liabilities are being created at a faster rate than assets.

New Delhi **(A. K. PATNAIK)**
Dated **Director General of Audit,**
Central Expenditure

Countersigned

New Delhi **(VINOD RAI)**
Dated **Comptroller and Auditor General of India**

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Appendix II-A

(Refers to paragraph 2.3)

Details of revenue and capital expenditure under minor head '800-Other Expenditure' in 2008-09

(Rupees in crore)

Sl. no.	Major head	Expenditure under minor head 800- Other Expenditure	Total expenditure under the Major head	Percentage of "Other Expenditure" to "Total Expenditure"
1.	2070-Other Administrative Services	678.54	1022.69	66
2.	2216-Housing	8801.06	9321.86	94
3.	2225-Welfare of SC, ST and OBCs	336.47	534.47	63
4.	2250-Other Social Services	22.64	25.84	88
5.	2407-Plantations	219.25	426.67	51
6.	2416-Agricutlural Financial Institutions	6666.17	6695.42	100
7.	2435-Other Agricultural Programmes	187.80	213.20	88
8.	2506-Land Reforms	2.67	4.89	55
9.	2515-Other Rural Development Programmes	426.08	615.98	69
10.	2711-Flood Control and Drainage	174.47	175.28	100
11.	2801-Power	6089.16	7884.81	77
12.	2885-Other Outlays on Industries and Minerals	1227.39	1371.81	89
13.	3053-Civil Aviation	712.78	741.86	96
14.	3475-Other General Economic Services	275.05	459.68	60
15.	4070-Capital outlay on Other Administrative Services	354.64	357.64	99
16.	4216-Capital Outlay on Housing	703.07	1323.51	53
17.	4403-Capital Outlay on Animal Husbandry	4.00	4.18	96
18.	4405-Capital Outlay on Fisheries	5.14	8.58	60
19.	4407-Capital Outlay on Plantations	15.00	15.00	100
20.	4701-Capital Outlay on Irrigation	0.08	0.08	100
21.	4702-Capital Outlay on Minor Irrigation	3.29	5.36	61
22.	4803-Capital Outlay on Coal and Lignite	6.89	6.89	100
23.	4853-Capital Outlay on Non-ferrous Mining & Metallurgical Industries	39.18	48.18	81
24.	4859-Capital Outlay on Telecommunication &Electronic Industries	12.44	14.44	86
25.	5275-CapitalOutlay on Other Communication Services	561.25	568.95	99
26.	5403-Capital Outlay on Oceanographic Research	1.12	1.12	100
27.	5453-Capital Outlay on Foreign Trade	594.79	594.48	100
28.	5455- Capital Outlay on Meteorology	140.71	156.60	90
29.	5475- Capital Outlay on Other General Economic Services	222.09	246.81	90
Total		**28483.22**	**32846.28**	

Appendix II-B

(Refers to Paragraph 2.10)

Summarised financial results of Departmentally Managed Government Undertakings

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
MINISTRY OF AGRICULTURE										
1.	Delhi Milk Scheme	2008-09	3922.41	23409.21	2663.16	-2501.89	184.49	(-) 2317.4	NA	NA
2.	Ice-cum Freezing Plant, Kochi	2008-09	382.15	1656.28	73.42	(-)101.34	59.23	111.78	Nil	
DEPARTMENT OF ATOMIC ENRGY										
3.	Nuclear Fuel Complex Hyderabad	2007-08	52827.08	31787.84	21619.84	3711.14	4976.56	8687.70	16.89	Provisional
4.	Heavy Water Plant, Mumbai	2004-05								Format of Proforma account is yet to be approved
MINISTRY OF DEFENCE										
5.	Canteen Stores Department	2005-06	48.00	3273.54	2920.63	5941.26	8681.81	14623.07	17.87	
MINISTRY OF FINANCE										
6.	Government Alkaloid Works, Neemuch	2007-08	1649.78	1025.25	618.12	2927.25	-	2927.25	(-) 4927.20	(-) 59.41♣
7.	Government Alkaloid Works, Ghazipur	2008-09	646.50	336.09	312.54	15.28	189.03	204.31	9.08	

♣ Mean Capital

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
8.	Government Opium Factory, Ghazipur	2008-09	438.74	165.23	290.50	2996.53	547.40	3543.93	54.38	
9.	Government Opium Factory, Neemuch	2007-08	653.69	442.57	211.75	(-)502.63	964.07	461.44	4.02	11477♣
MINISTRY OF HEALTH AND FAMILY WELFARE										
10.	Central Research Institute, Kasauli	2004-05	906.87	251.03	99.81	124.24	137.04	549.86	38.44	
11.	Government Medical store Depot, Kolkata	2007-08	1972.85	48.87	35.79	(-) 40.99	67.18	26.19	2.75	952.84♣
12.	Government Medical store Depot, Hyderabad	2007-08	3061.93	83.83	5.74	(-)7.64		3620.53	118.24	
13.	Government Medical store Depot, Karnal	2006-07	89.42	18.55	17.25	(-) 40.44	-	594.50	-	
14.	Vegetable Garden of Central Institute of Psychiatry	2008-09	0.31	0.27	-	0.25	0.14	0.63	62.26	
MINISTRY OF INFORMATION AND BROADCASTING										
15.	Film Division	2001-02	3830.07	3821.30	2090.65	(-) 1718.34	455.54	-	-	

♣ Mean Capital

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
16.	HPT Doordarshan, Asansol	1999-00	291.83	291.83	1.20	(-) 101.59	-	(-) 101.59		
MINISTRY OF NEW AND RENEWABLE ENERGY										
17.	Indian Renewable Energy Development Agency Ltd	2008-09	52000	4502.66	1207.77	5621.18	*1125.00	1125..00	2.23	*Dividend
MINISTRY OF POWER										
18.	Badarpur Thermal Station, New Delhi	2005-06	42673.00	10445.00	35625.00	3100.00	863.00	3963.00	9.29	BTPS has been merged with NTPC since 30 June 2006
19.	Electricity Department, Andaman and Nicobar Islands	2001-02	17926.41	15464.33	2015.55	(-)55167.01	1718.91	(-) 694.07	(-) 61.40	-
20.	Electricity Department, Lakshadweep	2007-08	9922.68	7863.39	2059.29	(-) 3819.75	758.17	618.85	8	
MINISTRY OF SHIPPING, ROAD TRANSPORT AND HIGH WAYS										
21.	Directorate of Lighthouses and Lightships	2007-08	16326	16326	2190	5277	242	5519	67.61	-
22.	Chandigarh Transport Undertaking	2005-06	9514.45	3776.96	1094.11	(-) 1337.35	400.41	(-) 936.94	(-) 10.06	

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
23.	State Transport Service, Andaman & Nicobar Islands	2007-08	3223.03	1218.60	1646.22	(-) 38256.56	3541.10	(-) 34715.46	(-) 9.82	
24.	Andaman Ferry service	2002-03	26092.38	3373.67	5486.23	(-) 32.74	(-) 2553.32	(-) 2586.06	(-) 9.91	-
25.	Goa Ship Yard Ltd	2005-06	1487.00	8927.00	4381.00	2822.00	-	327.00	22.00	
26.	Marine Department (Dockyard) Andaman and Nicobar Islands	2003-04	2884.55	205.10	61.60	(-) 4166.22	(-) 289.41	(-) 4455.63	(-)154.47	
27.	Shipping Services, Andaman and Nicobar Islands	1991-92	2347.60	567.60	479.10	(-) 21798.70	1841.20	(-) 19957.50	(-) 850	

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
MINISTRY OF URBAN DEVELOPMENT										
28.	Department of Publications	2000-01 and onwards	-	-	-	-	-	-	-	Instead of Proforma accounts, the publications department prepares stores accountswhich have been audited upto 1999-2000. The Ministry decided in November 2001 to change over the accounting system to commercial pattern of accounts. The department has still not changed over.
29.	Government of India Press, Ring Road New Delhi	2008-09	388	NA	18	0	19	NA	NA	
30.	Government of India Press, Rashtrapati Bhavan New Delhi	2007-08	58.24	-	2.72		2.84			
31.	Government of India Press, Nilokheri	2008-09	134	1170	0	0	0	0	0	
32.	Government of India Press, Faridabad	2008-09	873	259	33	0	30	926	106	
33.	Government of India Press, Shimla	2008-09	29	12	1	0	0	1	3.9	
34.	Government of India Press, Coimbatore	2008-09	0	0	130	0	0	0	0	

(Rupees in lakh)

Sl. No.	Name of the Undertaking	Period of Accounts	Govern-ment Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Govern-ment Capital	Total return	%age of total return to mean Capital	Remarks
35.	Government of India Text Book Press, Bhubaneswar	2008-09	249	39	1	0	0	281	112	
36.	Government of India Text Book Press, Mysore	2008-09	0	57	0	0	0	80	0	
37.	Government of India Press, Kolkata	2007-08	79	18	5	-	3	4	0.05	
38.	Government of India Press, Koratty	2007-08	222	131	11	-	40	1588	363	
39.	Government of India Press, Nasik	2007-08	868	534	280	-	43	1235	-	
40.	Government of India Press, Aligarh	2007-08	314	162	163	-	15	928	-	
41.	Government of India Text Book Press, Chandigarh	2007-08	6865	182	92	-	12	547	100	
42.	Government of India Press, Gangtok	2007-08	4	7	-	-	-	4	5	
43.	Government of India Press, Satragachi	2006-07	52	0	6	0	2	24	5	

Appendix II-C

(Refers to Paragraph 2.11)

Statement of losses and irrecoverable dues written off/waived during 2008-09

(Rupees in lakh)

Name of Ministry/ Department	Write off of losses and irrecoverable dues due to									
	Failure of system		Neglect/fraud etc.		Other reasons		Waiver of recovery		Ex-gratia Payment	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Agriculture					7	1.03	3	0.25		
Andaman & Nicobar Administration									972	77.57
Atomic Energy					10	3.71				
CBDT									1	5.00
CBEC							5	1.22	1	0.34
Commerce					3	0.02				
Defence (BRO and CSD)	14	66.58	14	4.28	89	287.71				
Election Commission					2	0.12				
Economic Affairs									2	9.70
Information & Broadcasting					1	0.04				
Information Technology					103	11.51				
Mines					1	0.05				
Postal & Telecommunication	1	1.25	15	4.57	20	3.41	7	3.78	616	16.07
Power					5	0.02	7	0.29	9	4.00
Science & Technology					4	0.03				
Space					3	0.36				
Supreme Court of India					4	0.20	1	0.01		
Urban Development									5	9.18
Water Resources					3	0.64				
Total	**15**	**67.83**	**29**	**8.85**	**255**	**308.85**	**23**	**5.55**	**1606**	**121.86**

Appendix-II-D

(Refers to Paragraph 2.14.1)

Outstanding Amount of suspense account for purchases abroad (since 2000)

(Rupees in thousand)

Sl. No.	Name of the Importer	No. of Loans	Amount
1.	Road & Building Department, Gujarat	1	1104
2.	Tamil Nadu State Electricity Board	1	5198
3.	Mysore Cement Limited.	1	4326
4.	Ministry of Railways	2	8399
5.	Pyrites Phosphates & Chemicals Limited.	2	249513
6.	Rail Coach Factory, Kapurthala	1	1895
7.	Railway Board	2	15204
8.	Rail coil spring	1	7111
9.	ITI Naini, Allahabad	1	4695
10.	Ministry of Water Resources	3	9793
11.	Pawan Hans Limited.	1	574384
12.	Department of Telecommunication	6	14737
13.	The Fertilizers & Chemicals Travancore Limited.	1	4603
14.	Gas Authority of India Limited	1	198
15.	Housing Urban Development Corporation	1	1158
16.	Indian Farmers Fertilizer Cooperative Limited	3	14257
17.	Lady Harding Medical College & Associated Hospital	1	9962
18.	Ministry of Health & Family Welfare	2	273788
19.	Minerals & Metals Trading Corporation	1	14444
20.	Ministry of Home Affairs, New Delhi	1	2255
21.	Ministry of Road Transport and Highways	4	288233
22.	Ministry of Road Transport and Highways-Technical	2	3583
23.	Cochin Port Trust	1	3648
24.	Delhi Electric Supply Undertaking, Delhi	1	78009
25.	Bhillai Steel Plant	1	1200
26.	Coal India Limited (WB)	3	231832
27.	CMAL-DL	1	348
28.	Jhanjra Bhillai Steel Plant	1	906
29.	Oil and Natural Gas Commission	2	59427
30.	Andhra Pradesh State Electricity Board	1	47476
31.	Helicopter Corporation of India	1	672356
32.	KRIBHCO Rain Farming & Eastern & Western Ghat Project	2	7093
33.	District Poverty Initiative Project	1	14630
34.	Government of India, Dis-investment Commission	1	17805
Total			**2643570**

Appendix II-E

(Refers to Paragraph 2.14.2)

Adverse balances under Debt, Deposit and Remittances heads

(Rupees in thousands)

Sl No	Head of Account (Major/Minor Head)		Balance as on 31.3.2009		Period from which balances became adverse
	Statement No. 13				
1	8229.00.200	Other Development & Welfare Fund	Dr.	535161	2007-08
2	8231.00.102	Railway Safety Fund (Strategic)	Dr.	1	2004-05
3	8336.00.101	Security Deposits	Dr.	4962	2007-08
4	8443.00.110	Deposits of Police Funds	Dr.	3254	1996-97
5	8443.00.118	Deposits of fees received by Govt. Servants for work done for private bodies	Dr.	7802	2001-02
6	8445.00.104	Railway Deposits – Trust Interest Account	Dr.	198265	2005-06
7	8445.00.800	Railway Deposits – Other Deposits	Dr.	1128793	2005-06
8	8446.00.800	Postal Deposits – Other Deposits	Dr.	404127	2005-06
9	8448.00.102	Deposits of Local Funds – Municipal Funds	Dr.	3	2007-08
10	8448.00.104	Deposits of Local Funds – Funds of Insurance Association of India	Dr.	291	Pre 1976-77
11	8451.00.101	Bhopal Gas Leak Disaster Relief Fund –Claims and Relief Fund	Dr.	9290156	2005-06
12	8451.00.102	Bhopal Gas Leak Disaster Relief Fund – Claims and Relief Fund Investment Account	Cr.	9206145	2005-06
13	8550.00.101	Civil Advances – Forest Advances	Cr.	9156	1995-96
14	8550.00.103	Other Departmental Advances	Cr	17605	2008-09
15	8670.00.103	Cheques and Bills – Departmental charges	Dr.	10939461	2007-08
16	8670.00.110	Electronic Advices	Dr	511740	2008-09
17	8671.00.101	Departmental Balances – Civil	Cr.	9400926	2008-09
18	8671.00.104	Departmental Balances – Defence	Cr.	132094	2004-05
	Statement No. 14				
19	6002-202	Loans from the Federal Austrian Government	Dr.	241284	1997-98
20	6002-204	Loans from the Government of Canada	Dr.	558326	1999-2000
21	6002-205	Loans from the Government	Dr.	13038	2004-05

(Rupees in thousands)

Sl No	Head of Account (Major/Minor Head)		Balance as on 31.3.2009		Period from which balances became adverse
		of Czechoslovak Republic			
22	6002-206	Loans from the Government of Denmark	Dr.	147845	1999-2000
23	6002-207	Loans from the European Economic Community	Dr.	478898	2000-01
24	6002-208	Loans from the Government of France	Dr.	17414963	2000-01
25	6002-212	Loans from the Government of Italy	Dr.	113754	2000-01
26	6002-220	Loans from the Government of Netherlands	Dr.	156219	1996-97
27	6002-224	Loans from Saudi Fund for Development	Dr.	211152	1994-95
28	6002-226	Loans from the Agency for International Development USA	Dr.	27828246	1995-96
29	6002-227	Loans from Government of USA under PL-480 convertible local currency credits	Dr.	11961347	1995-96
8009	**State Provident Funds Civil**				
30	8009-02-106	Other Miscellaneous Provident Funds	Dr.	101	2006-07
8012	**Special Deposits and Accounts**				
31	8012-104	Special Securities issued to Industrial Development Bank of India	Dr	15000000	2008-09
32	8013-01-101	Deposit Scheme for Retiring Government Employees, 1989	Dr.	605639	2007-08
Statement No. 15					
33	6202.01.203	University & Higher Education	Cr.	1568	2004-05
34	6215.02.800	Other Loans	Cr.	16843	2001-02
35	6216-80-190	Loans to Public Sector and other Undertakings	Cr	2	2008-09
36	6225.01.800	Other Loans	Cr.	829	1994-95
37	6245.01.101	Gratuitious Relief	Cr.	830	1986-87
38	6245.02.101	Gratuitious Relief	Cr.	2157	1997-98
39	6402.102	Soil Conservation	Cr.	7242	1995-96
40	6402.203	Land Reclamation and Development	Cr.	592	2007-08
41	6404.800	Other Loans	Cr.	3844384	2004-05
42	6405.106	Mechanisation of fishing crafts	Cr.	405	2006-07
43	6425.108	Loans to other cooperatives	Cr.	3831738	2003-04
44	6515.102	Community Development	Cr.	44	1986-87

(Rupees in thousands)

Sl No	Head of Account (Major/Minor Head)		Balance as on 31.3.2009		Period from which balances became adverse
45	6515.103	Rural Works Programmes	Cr.	1	1986-87
46	6701.60.800	Other Loans	Cr.	4	1988-89
47	6801.201	Hydel Generation	Cr.	3068415	2004-05
48	6801.205	Transmission and Distribution	Cr.	744319	2005-06
49	6851.102	Small Scale Industries	Cr.	3120	2006-07
50	6857.01.190	Loans to Public Sector and other Undertakings	Cr.	734920	2006-07
51	7052.02.101	Loans to SDFC	Cr.	2941224	2002-03
52	7053.190	Loans to Public Sector and other Undertakings	Cr.	110787	2002-03
53	7425.800	Other loans	Cr.	3074	2005-06
Loans and Advances to State Governments.					
54	7601.07	Karnataka	Cr.	4805	2006-07
55	7601.07	Kerala	Cr.	1213	2006-07
Advance to foreign Governments					
56	7605.052	Loans to Govt. of Turkmenistan	Cr.	12335	2008-09
57	7605.053	Loans to Govt. of Khyrghyztan	Cr.	305	2007-08
58	7605.058	Loans to Govt.of Uzbekistan	Cr.	123162	2007-08
59	7605.105	Loans to Govt.of Tazakistan	Cr	1	2004-05
Loans to Government servants etc					
60	7610.203	Advances for purchase of other conveyances	Cr.	45574	2004-05
Statement No.16					
61	8001-00-103	Fixed and Time Deposits	Dr.	48	2005-06
62	8002-00-101	Post Office Certificates	Dr.	1303036	1999-2000
63	8002-00-103	Treasury Saving Deposit Certificates	Dr.	6962	1976-77
64	8002-00-105	Bank Series	Dr	189	2007-08

Appendix II-F

(Refers to Paragraph 2.14.2)

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

(Rupees in thousand)

Name of the Department	Sl No	Head of Accounts	Amount
Controller of Aid Accounts and Audit	1	6002- External Debt 202 - Austria	-241284
	2	6002- External Debt 204-Canada	-558326
	3	6002- External Debt 205- Czechoslavakia	-13038
	4	6002- External Debt 206 Denmark	-147845
	5	6002- External Debt 207- EEC	-478898
	6	6002- External Debt 208- France	- 17415590
	7	6002- External Debt 212- Italy	-113754
	8	6002- External Debt 220- Netherland	- 156219
	9	6002- External Debt 224-Saudi Fund	-211152
	10	6002- External Debt 226- USAID	-27828246
	11	6002- External Debt 227- USA PL 480	-11961347
	Total	**6002- External Debt (Sl. No. 1 to11)**	**- 59125699**
Ministry of Urban Development	12	8011-103 Central Government Employees Group Insurance Scheme	122671 Dr
Department of Commerce (Supply Division)	13	8443- Civil Deposits 103- Security Deposits	15333606 Dr
	14	8443- Civil Deposits 8443-00-800 Other Deposits	404040 Dr
	15	8670 Cheques and Bills -103 Departmental Cheques	518048 Dr
	16	7610- Loans to Government servants 204- Advance for purchase of computers	279 Cr
	17	8011- Insurance and Pension Fund 103-Central Government Employees Group Insurance Scheme	5396 Dr
CBEC	18	8342- Other Deposits 117-Defined Contribution Pension scheme for Government Employees	(-) 7900 Cr
	19	8443- Civil Deposits 106- Personal deposits	291511 Dr

(Rupees in thousand)

Name of the Department	Sl No	Head of Accounts	Amount
	20	8670- Cheques and Bills 103- Departmental Cheques	36224149 Cr

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

(Rupees in thousands)

Name of the Department	Sl No	Head of Accounts	Amount
Department of Commerce (Supply Division)	1	7610-00-204 Advance for purchase of computers	279 Cr
	2	8011-00-103 Central Government Employees Group Insurance Scheme	5396 Dr
	3	8443-00-103 security Deposits	15333606 Dr
	4	8443-300-800 Other Deposits	404040 Dr
Ministry of Urban Development	5	8011-00-103 Central Government Employees Group Insurance Scheme	122671 Dr
CBEC	6	8342-117 Defined Contribution Pension Scheme	(-) 7900 Cr
	7	8443-106 Personal deposit	291511 Dr

Appendix VI-A
(Refers to paragraph 6.1)
Total Liability of the Union Government

(Rupees in crore)

Year	Internal Debt	External Debt		Public Account*		Total Liability	
		At historical rate	At current rate	Small Savings, Provident Fund etc.	Reserve Fund & Deposits	At historical rate	At current rate
1992-93	199100	42269	120813	136802	23752	401923	480467
1993-94	245712	47345	127798	160355	24556	477968	558421
1994-95	266467	50928	142389	192222	28993	538610	630071
1995-96	307869	51249	148583	213435	33680	606233	703567
1996-97	344475	54239	149077	239042	37919	675675	770513
1997-98	388998	55332	161442	291867	42097	778294	884404
1998-99	459696	57254	177934	333261	41595	891806	1012486
1999-00	714254	58437	186075	172212	47508	992411	1120049
2000-01	803698	65945	190017	186592	58535	1114770	1238842
2001-02	913061	71546	199897	213449	73133	1271189	1399540
2002-03	1020689	59612	196068	251293	80126	1411720	1548176
2003-04	1141706	46125	184203	241349	92376	1521556	1659634
2004-05	1275971	60877	191271	263048	92989	1692885	1823279
2005-06	1389758	94243	194199	275380	109462	1868843	1968799
2006-07	1544975	102716	201233	307546	131295	2086532	2185049
2007-08	1799651	112031	210104	339815	126787	2378284	2476357
2008-09	2019841	123046	264059	427553#	128682#	2699122	2840135

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

As on 31.3.2009, Public Account liabilities stood at Rs.10,16,291 crore, which includes Rs.4,58,556 crore invested in special State Government securities and Rs. 1500 crore invested in IIFCL from 2007-08.

Appendix VI-B

(Refers to paragraph 6.7)

Unutilised external assistance – Sector-wise

(Rupees in crore)

Sl. No.	Sector	Unutilised external assistance at current rate
1.	Power	5759.46
2.	Roads	14330.56
3.	Social	2737.93
4.	Urban Development	19752.12
5.	Water Resources Management	9044.06
6.	Atomic Energy	5384.62
7.	Agriculture and Rural Development	8970.61
8.	Environment and Forestry	4037.49
9.	Infrastructure sector (General)	6380.37
10.	Others	3984.13
11.	Infrastructure sector (Railways)	918.87
12.	Structure adjustment/Fast disb.	1056.72
14.	Health	6669.19
15.	Industry and Finance	39.49
16.	Fertilizer Sector	129.19
17.	Water Supply and Sanitation	6291.00
	Total	**95485.81**

APPENDIX-VII-A
(Refers to paragraph 7.4)
Authorisation and Disbursements

(Rupees in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disburse-ments	Unspent provision
	A - Civil				
Voted					
I. Revenue	437377.43	285013.11	722390.54	700240.47	22150.07
II. Capital	38328.59	10157.82	48486.41	36597.95	11888.46
III. Loans and Advances	5019.20	4419.48	9438.68	7278.05	2160.63
Total	**480725.22**	**299590.41**	**780315.63**	**744116.47**	**36199.16**
Charged					
IV. Revenue	243991.28	112.84	244104.12	230282.24	13821.88
V. Capital	37.75	7.30	45.05	30.28	14.77
VI. Public Debt	1745574.44	442593.27	2188167.71	2164560.52	23607.19
VII. Loans and Advances	5073.30	3161.50	8234.80	10083.96	1849.16 *
Total	**1994676.77**	**445874.91**	**2440551.68**	**2404957.00**	**35594.68**
Grand Total	**2475401.99**	**745465.32**	**3220867.31**	**3149073.47**	**71793.84**
Recoveries in reduction of disbursements			106736.15	100742.57	
Total Net Provision			**3114131.16**		
Total Net Disbursement				**3048330.90**	
	B - Posts				
Voted					
I. Revenue	7562.16	2729.86	10292.02	9755.98	536.04
II. Capital	426.61	-	426.61	244.30	182.31
Total	**7988.77**	**2729.86**	**10718.63**	**10000.28**	**718.35**
Charged					
III. Revenue	0.24	0.13	0.37	0.25	0.12
IV. Capital	-	0.59	0.59	0.55	0.04
Total	**0.24**	**0.72**	**0.96**	**0.80**	**0.16**
Grand Total	**7989.01**	**2730.58**	**10719.59**	**10001.08**	**718.51**
Recoveries in reduction of disbursements			267.35	300.82	
Total Net Provision			**10452.24**		
Total Net Disbursement				**9700.26**	

*Excess

(Rupees in crore)

Nature of disbursements	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual disburse-ments	Unspent provision
C - Defence Services					
Voted					
I. Revenue	60972.21	16410.33	77382.54	77074.06	308.48
II. Capital	47976.10	-	47976.10	40894.97	7081.13
Total	**108948.31**	**16410.33**	**125358.64**	**117969.03**	**7389.61**
Charged					
III. Revenue	21.53	0.91	22.44	13.49	8.95
IV. Capital	30.90	2.06	32.96	23.51	9.45
Total	**52.43**	**2.97**	**55.40**	**37.00**	**18.40**
Grand Total	**109000.74**	**16413.30**	**125414.04**	**118006.03**	**7408.01**
Recoveries in reduction of disbursements			331.00	315.54	
Total Net Provision			**125083.04**		
Total Net Disbursement				**117690.49**	
D – Railways					
Voted	147569.63	12944.52	160514.15	149227.36	11286.79
Charged	98.22	89.17	187.39	155.72	31.67
Total	**147667.85**	**13033.69**	**160701.54**	**149383.08**	**11318.46**
Recoveries in reduction of disbursements			60767.64	58178.74	
Total Net Provision			**99933.90**		
Total Net Disbursement				**91204.34**	
Total CFI Voted	**745231.93**	**331675.12**	**1076907.05**	**1021313.14**	**55593.91**
Total CFI Charged	**1994827.66**	**445967.77**	**2440795.43**	**2405150.52**	**35644.91**
Grand Total CFI	**2740059.59**	**777642.89**	**3517702.48**	**3426463.66**	**91238.82**
Total recoveries in reduction of expenditure				**159537.67**	
Difference with the Figures of Finance Accounts				**0.02**	
Total disbursement from CFI as per Finance Account				**3266926.01**	

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

APPENDIX-VII-B

(Refers to Paragraph 7.6)

Net unspent provision in Grants/Appropriations

(Rupees in crore)

Grants and Appropriations affected	Unspent provision		Excess		Net unspent provision	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
A - Civil						
Voted	22420.28	11008.13	270.21	-	22150.07	11008.13
No. of grants	88	71	4	-		
Charged	13821.88	24813.75	-	-	13821.88	24813.75
No. of Appropriations	38	11		-		
B - Posts						
Voted	536.04	182.31	-	-	536.04	182.31
No. of grants	1	1	-	-		
Charged	0.12	0.04	-	-	0.12	0.04
No. of Appropriation	1	1	-	-		
C - Defence Services						
Voted	1051.09	7081.13	742.61	-	308.48	7081.13
No. of grants	3	1	2	-		
Charged	8.95	9.45	-	-	8.95	9.45
No of Appropriations	5	1	-	-		
D – Railways						
Voted	8782.81	3006.68	502.70	-	8280.11	3006.68
No. of grants	9	1	6	-		
Charged	48.39	0.39	0.02	17.09	48.37	*(+)16.70
No of Appropriations	9	1	2	1		

* EXCESS

APPENDIX-VII-C

(Refers to Paragraph 7.7)

Proportion of Charged and Voted Disbursements under Civil Ministries

(Rupees in crore)

Sl. No	Year	Authorisation			Disbursements			Percentage of	
		Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
1.	1997-98	145613	486038	631651	132239	452232	584471	23	77
2.	1998-99	139083	504105	643188	139488	468679	608167	23	77
3.	1999-2000	157780	512075	669855	148642	453196	601838	25	75
4.	2000-01	173677	530530	704207	160753	405289	566042	28	72
5.	2001-02	218136	481679	699815	201574	473950	675524	30	70
6.	2002-03	230649	547152	777801	213833	504119	717952	30	70
7.	2003-04	254328	564275	818603	231100	599889	830989	28	72
8.	2004-05	278555	703835	982390	252254	724942	977196	26	74
9.	2005-06	330051	1193138	1523189	301269	1288817	1590086	19	81
10.	2006-07	449178	1635986	2085164	415785	1670413	2086198	20	80
11.	2007-08	551115	1894750	2445865	519214	1818879	2338093	22	78
12.	2008-09	780316	2440552	3220868	744116	2404957	3149073	24	76

APPENDIX-VII-D

(Refers to paragraph 7.10)

Rush of Expenditure during the month of March 2009 and last quarter of 2008-09

(Rupees in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates	Expenditure in March	Percentage of expenditure in March	Expenditure incurred during last quarter	Percentage of expenditure during last quarter of financial year
	Civil					
1.	8-Ministry of Civil Aviation	648.04	254.62	39	265.12	41
2.	9- Ministry of Coal	375.50	146.61	39	168.50	45
3.	10- Department of Commerce	3535.24	798.35	23	2140.64	61
4.	11-Department of Industrial Policy & Promotion	723.90	128.13	18	-	-
5.	13- Department of Telecommunications	6140.00	-	-	2550.23	42
6.	15- Department of Consumer Affairs	264.03	244.29	93	255.92	97
7.	18- Ministry of Culture	1025.00	219.30	21	351.48	34
8.	27- Ministry of Development of North Eastern Region	1471.00	576.18	39	779.99	53
9.	30- Ministry of External Affairs	5061.97	2078.98	41	3331.38	66
10.	31- Department of Economic Affairs	4723.96	2002.94	42	2042.89	43
11.	39- Pensions	7966.14	1626.81	20	3791.17	48
12.	47- Department of AYUSH	623.00	153.71	25	192.65	31
13.	48- Department of Health Research	531.75	168.33	32	168.36	32
14.	49- Department of Heavy Industry	807.20	1911.70	237	2004.17	248
15.	51- Ministry of Home Affairs	959.50	-	-	345.72	36
16.	52- Cabinet	382.69	115.34	30	156.86	41
17.	54- Other Expenditure of the Ministry of Home Affairs	1025.23	462.36	45	759.24	74
18.	55- Transfers to Union Territory Governments	1840.39	565.83	31	924.41	50
19.	57-Department of School Education & Literacy	41428.54	14691.07	35	18395.93	45
20.	58-Department of Higher Education	10852.87	2108.96	19	3693.49	34

(Rupees in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates	Expenditure in March	Percentage of expenditure in March	Expenditure incurred during last quarter	Percentage of expenditure during last quarter of financial year
21.	59- Ministry of Information and Broadcasting	1910.07	376.04	20	1251.81	66
22.	60- Ministry of Labour & Employment	2498.01	599.08	24	912.98	37
23.	69- Ministry of Panchayati Raj	4780.50	1580.37	33	1946.19	41
24.	72-Ministry of Petroleum and Natural Gas	2938.00	10857.03	370	33032.15	1124
25.	80-Department of Rural Development	51570.31	-	-	24246.66	47
26.	82-Department of Drinking Water Supply	8501.90	1947.78	23	-	-
27.	91- Ministry of Steel	119.52	682.45	571	690.04	577
28.	92- Ministry of Textiles	3323.51	1687.95	51	3499.96	105
29.	100- Department of Urban Development	3006.69	979.54	33	2164.04	72
30.	105- Ministry of Youth Affairs and Sports	1111.81	421.07	38	620.06	56
Defence Services						
31.	26-Capital Outlay on Defence Services	48007.00	20455.75	43	29591.26	62

APPENDIX-VIII-A

(Refers to paragraph 8.3)

Statement showing cases of expenditure without adequate re-appropriation of fund

(Rupees two crore and more)

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
Civil					
	13–Department of Telecommunications				
1.	2071.01.101.01- Ordinary Pensions	O R	815.00 259.00	1126.95	52.95
2.	2071.01.105.02- Family Pensions	O R	154.80 34.00	196.40	7.60
	18–Ministry of Culture				
3.	2205.00.105.01-National Library-Kolkata	O S R	23.00 3.65 (-) 4.21	25.15	2.71
4.	4202.04.106.01-Buildings	O R	25.00 (-) 16.14	12.84	3.98
	30–Ministry of External Affairs				
5.	2061.00.101.01-Management and Establishment	O S R	1045.00 147.70 (-) 30.39	1171.19	8.88
6.	2061.00.103.01-Discretionary Expenditure	O S R	545.38 69.75 (-) 80.00	537.68	2.55
7.	2061.00.798.03-United Nations Organisations	O S R	103.57 870.84 52.59	1041.36	14.36
8.	2061.00.800.07- Special Delegations	O R	5.80 5.80	16.72	5.12
9.	2061.00.800.08-Expenditure on Haj	O R	6.00 1.50	13.89	6.39
10.	3605.00.101.11- Aid to Nepal	O R	140.00 (-) 12.00	136.37	8.37
11.	3605.00.101.16- Aid for Disaster Relief	O R	58.67 11.33	76.95	6.95
12.	3605.00.101.17- ITEC Programme	O	65.00	70.87	5.87
13.	3605.00.101.20- Aid to African Countries	O R	80.00 15.00	104.71	9.71
14.	4059.60.051.17- External Affairs	O	200.00	211.20	11.20
15.	4216.01.700.18- External Affairs	O	100.00	131.52	31.52
	34- App.-Interest Payments				
16.	2049.01.101-Interest on Market Loans	O R	103136.53 6548.87	110393.17	707.77
17.	2049.01.103.01- Discount on Treasury Bills- 91 Days Treasury Bills	O R	2639.00 1469.00	4145.25	37.25
18.	2049.01.108-182 Days Treasury bills	O R	762.00 483.00	1265.31	20.31

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
19.	2049.01.110- Interest on 364 days Treasury Bills	O R	2458.00 415.00	2899.60	26.60
20.	2049.01.116-14 days Treasury bills	O R	1945.00 749.00	2700.24	6.24
21.	2049.01.200.03- Compensation and other Bonds	O R	7890.90 (-) 158.94	7864.19	132.23
22.	2049.02.216- Interest on Loans from the IBRD	O R	1309.97 -357.65	962.07	9.75
23.	2049.03.104.02- Other State Provident Funds	O R	1455.00 (-) 204.42	1411.48	160.90
24.	2049.03.104.04- State Railway Provident Fund	O R	1035.96 91.32	1160.75	33.47
25.	2049.03.109.12- Special Deposits of EPF/EDLI	O R	389.11 20.73	413.77	3.93
26.	2049.03.110.01- Bonus for undisbursed Pay of India Ranks	O R	92.68 (-) 9.19	117.39	33.90
27.	2049.05.105.01- Railway Pension Fund	O R	155.07 (-) 76.84	121.49	43.26
	37-Repayment of Debt				
28.	6001.00.106.28-7% Savings Bonds, 2002 (Non-taxable)	O R	5493.00 (-) 46.82	5865.65	419.47
29.	6001.00.115- 14 days Treasury Bills	O S R	1100000.00 159377.29 185344.71	1468232.11	23510.11
30.	6001.00.105.04- Asian Development Bank	O R	15.00 (-) 0.41	16.76	2.17
	39-Pensions				
31.	2071.01.101.01- Ordinary Pensions	O S	4126.00 1396.55	5748.77	226.22
32.	2071.01.104.01- Ordinary Pensions	O S	844.50 320.97	1231.93	66.46
33.	2071.01.105.02- Family Pensions	O S	996.00 184.45	1235.23	54.78
	51-Ministry of Home Affairs				
34.	2070.00.800.03- Intelligence Bureau	O S R	431.53 156.06 (-) 15.58	581.39	9.38
35.	3454.01.800.10- Improvements in Vital Statistics Systems	O R	13.19 (-) 5.44	11.18	3.43
	52- Cabinet				
36.	2055.00.118.01- Establishment	O S R	90.69 27.82 (-) 15.69	110.97	8.15
	54-Other Expenditure of the Ministry of Home Affairs				
37.	2235.60.107.03- Central Government Pension	O S R	550.00 32.20 (-) 29.43	691.93	139.16

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
	62-Law and Justice				
38.	2052.00.090.06- Department of Legal Affairs	O	22.98	29.83	3.23
		S	4.35		
		R	(-) 0.73		
	87-Department of Road Transport and Highways				
39.	3601.01.821.02- Road Works under BRDB	O	546.23	803.78	8.59
		S	227.89		
		R	21.07		
	100-Department of Urban Development				
40.	2216.05.053.01- Repair & Maintenance of Residence Buildings	O	257.65	266.41	3.13
		S	0.43		
		R	5.20		
	101-Department of Public Works				
41.	2059.01.053.01- Repair & Maintenance and Works	O	167.00	200.48	5.44
		S	8.41		
		R	19.63		
Posts					
	12 – Department of Posts				
42.	3201.02.101.01- Existing Post Offices	O	2657.79	3665.11	29.51
		S	842.04		
		R	135.77		
43.	3201.02.101.10- Gramin Dak Sevak	O	1050.00	1195.96	94.46
		S	630.00		
		R	(-) 578.50		
44.	3201.02.103.01 – Conveyance of Mail(Rail)	O	160.00	166.64	3.64
		R	3.00		
45.	3201.03.101.02 – S.B. Internal Check Organisation	O	3.53	12.07	7.20
		S	1.20		
		R	0.14		
46.	3201.04.101.01 – Cost of Pay & Allowances of Audit Staff	O	35.25	56.35	6.35
		S	12.00		
		R	2.75		
47.	3201.04.101.03 – Deduct amount transferred to BSNL Suspense	O	25.50	41.42	12.41
		R	3.51		
48.	3201.07.101.01 – Superannuation and Retirement allowances	O	680.00	1060.68	42.28
		S	326.70		
		R	11.70		
49.	3201.07.110 – Government contribution for defined Contribution New Pension Scheme	O	10.00	27.71	8.83
		S	2.70		
		R	6.18		
50.	3201.60.102 – Social Security and Welfare Programme	O	7.22	8.21	2.44
		R	(-) 1.46		

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
Defence Services					
	22 – Defence Services - Navy				
51.	2077.00.101- Pay and Allowances of Navy	O	1084.73	1678.67	39.25
		S	351.03		
		R	203.66		
52.	2077.00.106- Repairs and Refits	O	857.08	524.82	3.44
		R	(-) 335.70		
53.	2077.00.112- Joint Staff	O	489.03	712.52	43.49
		S	138.88		
		R	41.12		
	23 – Defence Services – Air Force				
54.	2078.00.101- Pay and Allowances of Air Force	O	2680.15	4144.09	454.84
		S	821.78		
		R	187.32		
55.	2078.00.104- Pay and Allowances of Civilians	O	392.79	537.25	19.85
		S	124.61		
56.	2078.00.105- Transportation	O	329.08	248.64	16.84
		R	(-) 97.28		
57.	2078.00.110- Stores	O	6443.49	6819.76	175.07
		S	321.89		
		R	120.69		
	24 – Defence Ordnance Factories				
58.	2079.00.054 - Manufacture	O	2075.00	2858.54	38.54
		S	1136.00		
		R	(-) 391.00		
59.	2079.00.106 – Renewal and Replacement	O	300.00	276.22	5.22
		R	(-) 29.00		
	25 – Defence Services – Research and Development				
60.	2080.00.101 – Pay and Allowances of Service Personnel	O	80.66	140.67	15.62
		S	44.44		
		R	(-) 0.05		
61.	2080.00.110 – Stores	O	1465.80	1395.99	2.94
		R	(-) 72.75		
62.	2080.00.111 – Works	O	327.19	374.86	2.33
		S	18.10		
		R	27.24		
	26 – Capital Outlay on Defence Services				
63.	4076.01.101 – Aircraft and Aero-engine	O	426.70	602.61	67.36
		R	108.55		
64.	*4076.01.103 – Other Equipments (Charged)*	O	--	*5.26*	*5.26*
		S	--		
65.	4076.02.101 – Aircraft and Aero-engine	O	2248.25	537.84	54.83
		R	(-) 1765.24		
66.	4076.02.103 – Other Equipments	O	1165.10	1716.00	63.21
		R	487.69		
67.	4076.02.204 – Naval Fleet	O	7240.34	5404.57	7.15
		R	(-) 1842.92		
68.	4076.02.205 – Naval Dock Yards	O	664.50	1164.13	151.52
		R	348.11		

(Rupees in crore)

Sl. No.	Sub-head		Provision	Actual expenditure	Final excess expenditure
69.	*4076.03.050 – Land (Charged)*	*O* *S* *R*	*0.50* *0.16* *3.09*	*6.09*	*2.34*
70.	4076.03.101 – Aircraft and Aero-engine	O R	11986.77 (-) 831.45	11267.87	112.55
71.	4076.03.202– Construction Works	O R	821.81 (-) 31.20	816.19	25.58
72.	4076.05.111 - Works	O R	459.53 (-) 49.75	415.16	5.38
		Total			**27372.52**

APPENDIX-VIII-B

(Refers to paragraph 8.4)

Statement showing the savings of Rs. 100 crore or more under various Grants/appropriations

(Rupees in crore)

Sl. No	Grant No. and Controlling Ministry /Department	Amount of saving
Civil		
Revenue – Voted		
1.	1-Department of Agriculture & Co-operation	696.62
2.	3-Department of Animal Husbandry, Dairying and Fisheries	183.24
3.	4- Atomic Energy	153.15
4.	5 – Nuclear Power Schemes	520.94
5.	7- Department of Fertilisers	1345.18
6.	9- Ministry of Coal	106.39
7.	13 – Department of Telecommunications	447.10
8.	14 – Department of Information Technology	257.57
9.	16 – Department of Food and Public Distribution	276.69
10.	30 – Ministry of External Affairs	185.62
11.	32 – Payments to Financial Institutions	922.66
12.	35 – Transfers to State and UT Governments	2662.90
13.	43 – Indirect Taxes	316.81
14.	46 – Department of Health and Family Welfare	1474.84
15.	53 – Police	883.98
16.	56- Ministry of Housing and Urban Poverty Alleviation	183.57
17.	57 – Department of School Education & Literacy	4906.88
18.	58 – Department of Higher Education	185.14
19.	59 - Ministry of Information and Broadcasting	120.41
20.	62 – Law & Justice	159.84
21.	64 – Ministry of Micro, Small and Medium Enterprises	136.36
22.	66 – Ministry of Minority Affairs	385.99
23.	67 – Ministry of New & Renewable Energy	176.50
24.	69 – Ministry of Panchayati Raj	788.10
25.	71- Ministry of Personnel, Public Grievances & Pension	104.77
26.	73 – Ministry of Planning	554.01
27.	74 – Ministry of Power	252.86
28.	81- Department of Land Resources	611.94
29.	86 – Department of Shipping	252.46
30.	87 – Department of Road Transport & Highways	171.02
31.	92 – Ministry of Textiles	276.59
32.	103 – Ministry of Water Resources	138.85
33.	104 – Ministry of Women & Child Development	510.88
34.	105 – Ministry of Youth Affairs & Sports	133.84
Revenue – Charged		
35.	34 – Appropriation – Interest Payments	6321.66
36.	35 – Transfer to State & UT Governments	7233.77
37.	94– Ministry of Tribal Affairs	230.10
Capital – Voted		
38.	10 – Department of Commerce	101.22
39.	19 – Ministry of Defence	438.12
40.	28 – Ministry of Earth Sciences	267.17
41.	32 – Payments to Financial Institutions	3071.96
42.	36 – Loans to Government Servants etc.	100.56
43.	42 – Direct Taxes	119.51

(Rupees in crore)

Sl. No	Grant No. and Controlling Ministry /Department	Amount of saving
44.	43 – Indirect Taxes	183.94
45.	44- Department of Disinvestment	2003.12
46.	46 – Department of Health and Family Welfare	189.94
47.	49 – Department of Heavy Industry	157.63
48.	53 – Police	2225.51
49.	59- Ministry of Information and Broadcasting	160.93
50.	86 – Department of Shipping	154.19
51.	87– Department of Road Transport & Highways	400.07
52.	89 – Department of Space	715.71
Capital – Charged		
53.	1 – Department of Agricultural & Co-operation	188.80
54.	35 – Transfers to State and UT Governments	1000.00
55.	37 – Appropriation - Repayment of Debt	23607.19
Defence Services		
Revenue - Voted		
56.	21 – Defence Services – Army	808.27
57.	22 – Defence Services – Navy	242.14
Capital - Voted		
58.	26 – Capital Outlay on Defence Services	7081.13
Department of Posts		
Revenue - Voted		
59.	Department of Posts	536.04
Capital - Voted		
60.	Department of Posts	182.31
Railways		
Revenue – Voted		
61.	9 – Operating Expenses – Traffic	149.42
62.	10 – Operating Expenses – Fuel	301.30
63.	12 – Miscellaneous Working Expenses	501.33
64.	13 – Provident Fund, Pension and Other Retirement Benefits	1320.47
65.	14 – Appropriation to Funds – DRF, DF, PF and CF	6429.96
Capital – Voted		
66.	16 – Assets- Acquisition, Construction and Replacement – Capital	537.20
67.	16 – Assets- Acquisition, Construction and Replacement – Railway Fund	1723.38
68.	16 – Assets- Acquisition, Construction and Replacement – Railway Safety Fund	734.56
	Grand Total	**89902.44**

APPENDIX-VIII-C

(Refers to paragraph 8.5)

Statement showing persistent savings of Rs.100 crore or more under various grants/ appropriations

(Rupees in crore)

Grant No.	Year	Savings during the year
Civil **Revenue (Voted)**		
5– Nuclear Power Schemes	2006-07	205.83
	2007-08	709.46
	2008-09	520.94
16- Department of Food and Public Distribution	2006-07	205.13
	2007-08	495.87
	2008-09	276.69
32 – Payments to Financial Institutions	2006-07	1687.99
	2007-08	1224.47
	2008-09	922.66
35 – Transfers to State and Union Territory Governments	2006-07	722.37
	2007-08	1481.30
	2008-09	2662.90
43-Indirect taxes	2006-07	153.79
	2007-08	113.42
	2008-09	316.81
46 – Department of Health and Family Welfare	2006-07	2274.91
	2007-08	1467.46
	2008-09	1474.84
53 – Police	2006-07	600.93
	2007-08	285.07
	2008-09	883.99
57 – Department of School Education & Literacy	2006-07	373.19
	2007-08	2668.29
	2008-09	4906.88
58-Department of Higher Education	2006-07	192.38
	2007-08	2952.13
	2008-09	185.14
62 – Law & Justice	2006-07	199.72
	2007-08	309.78
	2008-09	159.84
67 – Ministry of New and Renewable Energy	2006-07	207.85
	2007-08	139.67
	2008-09	176.50
69-Ministry of Panchayati Raj	2006-07	1826.07
	2007-08	1082.04
	2008-09	788.10
74-Ministry of Power	2006-07	556.41
	2007-08	576.21
	2008-09	252.86
87-Department of Road Transport and Highways	2006-07	515.54
	2007-08	335.62
	2008-09	171.02
92- Ministry of Textiles	2006-07	763.18
	2007-08	147.35
	2008-09	276.59

(Rupees in crore)

Grant No.	Year	Savings during the year
103- Ministry of Water Resources	2006-07	195.08
	2007-08	102.75
	2008-09	138.85
104-Ministry of Women & Child Development	2006-07	128.08
	2007-08	257.45
	2008-09	510.88
105-Ministry of Youth Affairs & Sports	2006-07	138.45
	2007-08	108.29
	2008-09	133.84
Revenue (Charged)		
35 – Transfers to State and UT Governments	2006-07	1161.69
	2007-08	3748.34
	2008-09	7233.77
Capital (Voted)		
19-Ministry of Defence	2006-07	310.91
	2007-08	493.83
	2008-09	438.12
49-Department of Heavy Industry	2006-07	115.16
	2007-08	178.56
	2008-09	157.63
53 – Police	2006-07	192.72
	2007-08	1788.67
	2008-09	2225.51
86-Department of Shipping	2006-07	145.58
	2007-08	189.74
	2008-09	154.19
87-Department of Road Transport & Highways	2006-07	281.18
	2007-08	175.79
	2008-09	400.07
89-Department of Space	2006-07	116.58
	2007-08	205.85
	2008-09	715.71
Defence Services **Capital (Voted)**		
26 – Capital Outlay on Defence Services	2006-07	3653.05
	2007-08	4417.70
	2008-09	7081.13

APPENDIX-VIII-D

(Refers to paragraph 8.7)

Instances of cases where the amounts surrendered were more than the savings

(Rupees in crore)

Sl. No	Grant/Appropriation	Total savings	Amount surrendered
Civil			
Revenue – Voted			
1.	13-Department of Telecommunications	447.10	495.17
2.	18-Ministry of Culture	70.23	76.50
3.	19 – Ministry of Defence	#	9.51
4.	35 – Transfers to State and UT Governments	2662.90	2662.91
5.	45-Ministry of Food Processing Industries	64.59	67.00
6.	54 – Other Expenditure of the Ministry of Home Affairs	@	3.44
Revenue – Charged			
7.	34 – Appropriation- Interest Payments	6321.66	6419.38
Capital – Voted			
8.	8 – Ministry of Civil Aviation	12.22	12.36
9.	18-Ministry of Culture	18.15	23.22
10.	30-Ministry of External Affairs	45.42	55.25
11.	65 – Ministry of Mines	12.62	14.62
12.	71-Ministry of Personnel, Public Grievances and Pensions	1.56	3.29
Capital – Charged			
13.	37- Re-payment of Debt	23607.19	32007.08
Defence Services			
Revenue – Voted			
14.	25 – Defence Services – Research and Development	0.69	1.39

Excess expenditure of Rs. 27.50 crore.
@ Excess expenditure of Rs. 79.39 crore

APPENDIX VIII-E

(Refers to paragraph 8.11)

Significant cases of major appropriation which were injudicious on account of non utilisation

(Cases of re-appropriation of amount more than rupees one crore only mentioned)

(Rupees in crore)

Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final savings under sub-head after re-appropriation
Civil					
1.	1 – Department of Agriculture & Cooperation	2401-Crop Husbandry	2401.00.108.28-National Food Security Mission	7.48	122.23
2.	4-Atomic Energy	2852-Industries	2852.09.202.02-Stainless Steel Seamless Tube Plant	2.32	5.47
3.	10-Department of Commerce	3453-Foreign Trade and Export Promotion	3453.00.798.02-Other Organisation	4.50	9.36
4.	-do-	5453-Capital outlay on Foreign Trade and Export Promotion	5453.80.800.07-Moderanisation and Upgradation	1.99	2.46
5.	11-Department of Industrial Policy & Promotion	3475-Other General Economic Services	3475.00.102.09-National Institute of Intellectual Property Management	4.75	4.75
6.	14-Department of Information Technology	2852-Industries	2852.07.202.06-Standardisation Testing and Quality Certification (STQC)	1.89	2.98
7.	15-Department of Consumer Affairs	5425-Capital Outlay on Other Scientific and Environmental Research	5425.00.600.01-Construction of Laboratory Building for National Test House	1.32	2.26
8.	30-Ministry of External Affairs	2061-External Affairs	2061.00.105.01-Central Passport and Emigration Organisation	5.07	24.96
9.	-do-	2061-External Affairs	2061.00.800.13-Special Grants to Missions	1.32	1.92
10.	31-Deparment of Economic Affairs	3075- Other Transport Services	3075.60.101.01-Payment to Railways	23.88	34.26
11.	34-Interest Payments	2049- Interest Payments	2049.03.104.01-General Provident Fund	336.28	474.88

(Rupees in crore)

Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final savings under sub-head after re-appropriation
12.	43-Indirect Taxes	2038- Union Excise Duties	2038.00.001.06-Directorate General of Central Excise Intelligence	2.62	5.71
13.	51-Ministry of Home Affairs	2052-Secretatariat-General Services	2052.00.090.03-Ministry of Home Affairs	6.17	10.71
14.	-do-	2070-Other Administrative Services	2070.00.105.02-Other Commissions	1.01	2.25
15.	66-Ministry of Minority Affairs	3601-Grants-in-aid to State Governments	3601.04.378.03-Merit-cum-Means based Scholarship for Professional and technical courses for Minorities	6.27	53.13
16.	-do-	3601-Grants-in-aid to State Governments	3601.04.378.04-Multi Sectoral Development Programme for Minorities	24.96	230.91
17.	-do-	3601-Grants-in-aid to State Governments	3601.04.378.06-Post-Materic Scholarship for Minorities	8.19	26.53
18.	74-Ministry of Power	2801-Power	2801.80.800.02-Central Electricity Authority	2.05	4.52
19.	101-Public Works	2059-Public Works	2059.80.001.02-Execution	2.50	6.97
20.	104-Ministry of Women and Child Development	2235-Social Security & Welfare	2235.02.102.17-National Institute of Public Co-operation and Child Development	1.47	9.45
21.	-do-	2235-Social Security & Welfare	2235.02.103.47-Swadhar	1.43	4.50
Department of Posts					
22.	12 – Department of Posts	3201- Postal services	3201.02.103.06-Others	1.54	6.25
23.	-do-	3201- Postal services	3201.03.101.01 – Savings Bank Control Organisation	3.67	4.06
24.	-do-	3201- Postal services	3201.02.103.06-Others	2.80	8.98
25.	-do-	3201- Postal services	3201.02.103.06-Others	21.41	21.61

(Rupees in crore)

Sl no.	Number and name of grant	Major Head	Sub-Head	Amount of re-appropriation to the sub-head	Final savings under sub-head after re-appropriation
Defence Services					
26.	21 – Defence Services - Army	2076- Defence Services - Army	2076.00.109 – Inspection Organisation	23.07	27.17
27.	-do-	-do-	2076.00.111 – Works	1.00	1.08
28.	-do-	-do-	2076.00.113 – NCC	5.00	89.33
29.	-do-	-do-	2076.00.800 – Other Expenditure	19.69	64.75
30.	29 – Capital Outlay on Defence Services	4076 - Capital Outlay on Defence Services	4076.04.111 – Works	2.75	3.25
			Total	**528.40**	

APPENDIX VIII-F

(Refers to paragraph 8.12)

Significant cases of major appropriation which were injudicious on account of non utilisation

(Cases of re-appropriation of amount more than rupees one crore only mentioned)

(Rupees in crore)

Sl no.	Number and name of grant	Major head	Sub-head	Amount of re-appropriation from the sub-head	Amount of excess under the sub-head after re-appropriation
Civil					
1.	34-Appropriation-Interest Payments	2049- Interest Payments	2049.03.110.01-Bonus for undisbursed Pay of India Ranks	9.19	33.90
2.	37-Repayment of Debt	6001- Internal Debt of the Central Government	6001.00.106.28-7% Savings Bonds, 2002 (Non-taxable)	46.82	419.47
3.	54-Other Expenditure of the Ministry of Home Affairs	2235- Social Security and Welfare	2335.60.107.03- Central Government Pension	29.43	139.16
Posts					
4.	12 – Department of Posts	3201 – Postal Services	3201.60.102 – Social Security and Welfare Programme	1.46	2.44
Defence Services					
5.	23 – Defence Services – Air Force	2078 - Air Force	2078.00.110 – Stores	120.69	175.07
	Total			**207.59**	

APPENDIX-VIII-G

(Refers to paragraph 8.13)

Position of Original and Supplementary Grants/Appropriations

(Rupees in crore))

Year	Provision	Revenue		Capital					Total
				Voted		Charged			
		Voted	Charged	Capital	Loans & Advances	Public Debt	Capital	Loans & Advances	
2002-03	Original	183815	140769	18672	4914	321155	23	26842	696190
	Supplementary	18187	12	684	4376	56787	1	1564	81611
	Percentage	10	-	4	89	18	4	6	12
2003-04	Original	208340	143833	19634	7086	367079	36	25763	771771
	Supplementary	15888	4744	1862	1517	21702	4	1115	46832
	Percentage	8	3	9	21	6	11	4	6
2004-05	Original	215854	151300	23148	14669	342119	32	28899	776021
	Supplementary	22539	78	599	1744	180366	1	1041	206368
	Percentage	10	-	3	12	53	3	4	27
2005-06	Original	260249	164936	25972	6302	601477	53	1179	1060168
	Supplementary	34784	612	1101	1643	420204	4	4674	463022
	Percentage	13	-	4	26	70	8	396	44
2006-07	Original	310212	176989	33434	5517	1098308	80	5174	1629714
	Supplementary	90637	5146	8800	577	349582	6	702	455450
	Percentage	29	3	26	10	32	8	14	28
2007-08	Original	360510	195865	75302	4831	1611646	4322	238	2252714
	Supplementary	89998	16937	17730	2744	62573	35	3134	193151
	Percentage	20	8	19	36	4	1	93	8
2008-09	Original	437377	243991	38329	5019	1745575	38	5073	2475402
	Supplementary	285013	113	10158	4419	442593	7	3162	745465
	Percentage	39	-	21	47	20	16	38	23

Appendix VIII-H
(Refers to paragraph 8.14)

Statement showing unnecessary supplementary grant under sub-heads

(Rupees in crore)

Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supple-mentary provision	Actual disburse-ment	Saving	Reasons attributed by the ministry/department
1.	1 – Department of Agriculture and Co-operation	2401.00.105.18 – National Project on Promotion of Organic Farming	11.00	1.05	8.41	3.64	Non finalisation of proposals.
2.	3 – Department of Animal Husbandry, Dairying and Fisheries	2403.00.104.01 – Department of Sheep Breeding and Development	7.46	1.00	7.27	1.19	Due to Economic measures.
3.		2404.00.111.03 – Processing	32.38	2.50	30.67	4.21	Non-filling up of vacant posts and economic measures.
4.		2405.00.103.03 – Fishery Survey of India	42.67	5.19	37.41	10.45	Less demand of funds and non filling up of vacant posts.
5.	7 – Department of Fertilisers	2852.03.101.02 – Payments under Fertilisers Freight Subsidy Scheme	2000.00	550.00	1350.00	1200.00	Release of lesser amount of subsidy owning to reduced rates of freight.
6.	9 – Ministry of Coal	3451.00.090.04 – Ministry of Coal	11.49	1.63	9.21	3.91	Non filling up of vacant posts and non materialization of IT Equipments.
7.	10 – Department of Commerce	3453.00.800.37 – Assistance to Institutions	15.25	2.74	14.61	3.38	Receipt of less proposals from implementing agencies.
8.	11 – Department of Industrial Policy and Promotion	2852.08.600.01 – Salt	21.70	4.62	20.12	6.20	Non finalisation of Group 'D' grade pay band and economic measures.
9.	16 – Department of Food and Public Distribution	2408.01.800.08 – Scheme for extending Financial Assistance to Sugar Undertakings	--	34.98	--	34.98	Non receipt of claims from nodal banks in prescribed proforma.
10.	17- Ministry of Corporate Affairs	3451.00.090.05- Ministry of Corporate Affairs	103.18	3.01	78.21	27.98	Non-filling of vacant posts, non-release of grants to NGO for investors awareness programme.
11.		3475.00.105.02- Official Liquidator Under Companies Act.	10.34	2.11	9.96	2.49	Non-filling up of vacant posts, receipt of less medical claims and economic measures
12.	30- Ministry of External Affairs	2061.00.105.01- Central Passport and Emigration organization	245.25	13.25	238.60	19.90	Non receipt of bills for Passport Application Scanning Project.
13.		2061.00.103.01- Discretionary Expenditure	545.38	69.75	537.68	77.45	Due to non implementation of activities as envisaged.

(Rupees in crore)

Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supple-mentary provision	Actual disburse-ment	Saving	Reasons attributed by the ministry/department
14.		4070.00.800.23-Discretionary Expenditure	411.33	14.92	321.19	105.06	Non implementation of activities as envisaged and various political reasons.
15.	31- Department of Economic Affairs	2047.00.103.01-National Savings Institute	12.10	1.98	9.75	4.34	Due to reduction of posts and economy measures
16.		3075.60.101.01-Payment to Railways	1707.69	3.60	1700.91	10.38	Due to less utilization of subsidy by the Railways
17.	35- Transfers to State & U.T. Governments	3601.02.101.01-Normal Central Assistance	17991.98	500.00	15948.17	2543.81	Non-furnishing of UCs by State Governments
18.		3601.02.101.13-Additional Central Assistance	-	636.87	-	636.87	Due to rectification of typing error committed at the time of obtaining supplementary grant.
19.	41-Department of Revenue	2052.00.090.11-Department of Revenue	87.77	16.27	86.81	17.23	Non completion of phase II of FINnet project, non procurement of computers and peripherals etc.
20.		2875.01.108.01-Management	7.54	1.53	6.37	2.70	Non clearance of tuition fees/CEA etc.
21.	42- Direct Taxes	2020.00.001.02-Research, Statistics and Publication	68.23	1.98	53.63	16.58	Less receipt of claims of overtime, medical reimbursement and TA etc.
22.	43- Indirect Taxes	2037.00.101.02- Central Revenues Control Laboratory	4.17	1.00	3.42	1.75	Delay in tendering process for purchase of equipments.
23.	47-Department of AYUSH	2210.05.101.01- Grants to Institute of Post Graduate Teaching and Research in Ayurveda, Jamnagar	13.56	4.36	12.85	5.07	Non availability of land for construction work and delayed approval of revised estimates by Standing Finance Committee.
24.	54- Other Expenditure of the Ministry of Home Affairs	2245.80.102.04-National Disaster Management Authority	71.39	1.51	39.70	33.20	Non-filling up of vacant posts and economy measures.
25.	57- Department of School Education & Literacy	2202.02.004.01-National Council of Educational Research & Training	101.05	21.05	99.34	22.76	Due to availability of unspent balances of previous years.
26.	58- Department of Higher Education	2202.05.800.02- Central Institute of Indian Languages, Mysore (Bhartiya Bhasha Sansthan) and Regional Laguage Centres	10.17	1.54	5.63	6.08	Due to non-approval of scheme of Linguistic Data Consortium-IL, National Translation Mission and Development of Pali under CIIL, Mysore head.
27.		2203.00.102.02- Grants to Indian Institute of Science, Bangalore	221.00	12. 67	208.97	24.70	Slow pace of construction activities at the Institute.

(Rupees in crore)

Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supple-mentary provision	Actual disburse-ment	Saving	Reasons attributed by the ministry/department
28.		2203.00.112.16-National Institute of Industrial Engineering Mumbai	51.00	3.24	47.90	6.34	Slow pace of construction activities at the Institute
29.		2203.00.112.17-National Institute of Foundry and Forge Technology, Ranchi	21.50	1.65	19.57	3.58	Due to non-receipt of Utilisation certificates
30.		2203.00.112.18- School of Planning and Architecture	27.00	1.94	16.05	12.89	Slow pace of construction activities at the Institute
31.		2203.00.112.19- Sant Longowal Institute of Engineering and Technology	32.00	2.75	27.63	7.12	Slow pace of construction activities at the Institute
32.		2203.00.112.21-Indian Institute of Information Technology, Allahabad	55.25	3.92	55.25	3.92	Slow pace of construction activities at the Institute
33.	59- Ministry of Information & Broadcasting	2220.01.800.03- Film and Television Institute of India, Pune	15.75	1.70	14.77	2.68	Due to non-approval of Scheme.
34.	60- Ministry of Labour and Employment	2230.01.102.12-Research & Training	9.22	1.60	8.60	2.21	Non-filling up of vacant posts, less LTC claims and economy measures.
35.		2230.01.106.04- Health	6.45	1.50	6.17	1.78	Non-filling up of vacant posts, late receipt of estimates from CPWD.
36.	71-Ministry of Personnel, Public Grievances and Pensions	2052.00.090.05-Ministry of Personnel Public Grievances and Pensions	72.38	18.68	63.91	27.15	Court stay order on construction, non-filling up of vacant posts, receipt of less proposals from State Governments etc.
37.		2051.00.103.01-Establishment	31.90	7.61	30.57	8.94	Non-filling up of vacant post, cancellation of examinations etc.
38.		2055.00.101.02-Interpol and Co-ordination Wing	3.58	1.00	3.47	1.11	Non-filling up of vacant posts and economy measures.
39.		2070.00.003.04-Institute of Secretariat Training and Management	11.51	3.30	10.90	3.91	Non-filling up of vacant posts, lesser number of Direct Recruit Assistants joining the training programme and economy measures.
40.		2070.00.800.32- Central Information Commission	8.40	1.70	8.19	1.91	Non-filling up of vacant posts, delay in finalisation of lease agreement etc.
41.	74 – Ministry of Power	2801.80.004.02 – Central Power Research Institute	50.00	9.29	29.11	30.18	Slow progress of ongoing schemes and non approval of new schemes.

(Rupees in crore)

Sl. No.	Grant no. and name	Major head/Sub-head	Original provision	Supple-mentary provision	Actual disburse-ment	Saving	Reasons attributed by the ministry/department
42.	86 – Department of Shipping	3051.03.101.01 – Management	18.16	5.00	17.91	5.25	Non filling up of vacant posts and non receipt of bills from suppliers.
43.		3052.02.001.01 – Director General of Shipping	18.73	1.76	13.85	6.64	Non filling up of vacant post, non materialization of foreign tour etc.
44.	90- Ministry of Statistics and Programme Implementation	3454.02.204.19-Capacity Development (Capacity Development of CSO and Institutional Development and Capacity Building)	39.16	1.94	23.68	17.42	Due to delay in operationalisation of National Academy of Statistical Administration, non-receipt of approval of procurement committee and receipt of less proposals.
45.	93 – Ministry of Tourism	3452.80.001.01 – Directorate General of Tourism	30.84	3.13	27.39	6.58	Delay in commencing on line campaigns activities, non filling up of vacant posts etc..
46.	94-Ministry of Tribal Affairs	2251.00.090.16-Ministry of Tribal Affairs	9.57	1.24	8.52	2.29	Non-materialisation of proposals/purchases, non-filling up of vacant posts etc..
47.	102 – Stationey and Printing	2058.00.101.01 – Controller of Stationery	18.26	4.54	16.40	6.40	Non finalisation of procurement proposals of stationery.
48.		2058.00.103.02 – Printing Presses	170.88	27.13	130.61	67.40	Non materialsation of supply, less expenditure on pay and allowances.
49.	104- Ministry of Women and Child Development	2251.00.090.13-Ministry of Women & Child Development	16.04	2.75	15.90	2.89	Fewer requirements of funds, lack of proposals and less receipts of bills.
50.		2235.02.103.42- Central Social Welfare Board (CSWB)	36.65	4.56	35.60	5.61	Scheme under process and fewer requirements of funds.
51.		2235.02.102.17-National Institute of Public Cooperation and Child Development	25.50	2.28	19.81	7.98	Non-approval of expansion of NIPCCD by the competent authority.
52.	105- Ministry of Youth Affairs and Sports	2204.00.001.02-National Service Scheme	8.82	1.56	5.99	4.39	Receipt of less proposals from regional centers for reimbursement of salary and other claims.

Appendix VIII-I

(Refers to paragraph 8.15)

Statement showing cases of unrealistic budgetary assumptions

(Savings of Rupees ten crore and above and constituting more than 40 per cent of the budgeted provision)

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
Civil					
1 – Department of Agriculture & Cooperation					
1.	2401.00.103.31- Grants to SFCI/NSC for restructuring	21.00	-	21.00	100
2.	2401.00.108.27- Rainfed Area Development Programme	25.00	-	25.00	100
3.	3601.03.437.08- National Project on Promotion of balanced use of fertilizers	19.00	0.05	18.95	100
4.	3601.04.436.12- Rainfed Area Development Programme	282.00	-	282.00	100
5.	7601.04.443.01- Supplementation/Complementation of States Efforts through Work Plan (Macro Management (Charged)	157.80	-	157.80	100
2 - Department of Agricultural Research & Education					
6.	2415.01.150.05- Payment of Net Proceeds of Cess under Agricultural Produce Act, 1940	14.00	6.82	7.18	51
3 - Department of Animal Husbandry, Dairying & Fisheries					
7.	2403.00.101.25- Preparedness Control & Containment of Avian Influenza	32.50	6.43	26.07	80
8.	2403.00.103.19- Poultry Venture Capital Fund	18.00	-	18.00	100
9.	2403.00.107.04- Feed & Fodder Development	30.58	13.85	16.73	55
10.	2403.00.111.08- Salvaging & Rearing of Male Buffalo Calves	25.00	-	25.00	100
11.	3601.04.586.02- Integrated Development of Small Ruminants	12.00	-	12.00	100
4- Atomic Energy					
12.	4861.60.203.49- Spent Fuel Re-cycle Project (SFRP)	10.00	-	10.00	100
13.	4861.60.203.56- PUSHPAK, Tarapur	10.00	-	10.00	100
14.	5401.00.201.13- Special Materials Development and Other Special Programme	23.57	10.00	13.57	58
5- Nuclear Power Schemes					
15.	2801.03.101.08- PHWR Fuel for other stations	1308.88	649.02	659.86	50
6– Department of Chemicals & Petrochemicals					
16.	2852.05.206.08- National Pharmaceutical Pricing Authority (NPPA)	19.56	5.57	13.99	72
17.	2852.05.206.10- Pharmaceutical Export Promotion Scheme	38.00	10.66	27.34	72
8 – Ministry of Civil Aviation					
18.	3053.80.800.04- Grants-in- Aid to Areo Club of India for Development of Aero sports	15.00	5.00	10.00	67
19.	5053.80.800.01- Civil Aviation Security	15.00	-	15.00	100

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
9 – Ministry of Coal					
20.	2803.00.101.01- Payment against collection of cess (Excise duty) towards development of Transportation Infrastructure in Coal Field Areas	21.80	-	21.80	100
21.	2803.00.800.04- Detailed Drilling	60.00	15.00	45.00	75
10 – Department of Commerce					
22.	2407.02.016.01- Coffee Board	60.00	31.78	28.22	47
23.	3453.00.800.41- Settlement of dues for exports to Cuba	282.00	124.73	157.27	56
24.	5465.01.190.07- ECGC	100.00	-	100.00	100
11– Department of Industrial Policy & Promotion					
25.	3475.00.102.08- Modernisation and Strengthening of Intellectual Property Office	40.00	22.31	17.69	44
15- Department of Consumer Affairs					
26.	3475.00.107.02- Strengthening of Forward Markets Commission	20.70	3.31	17.39	84
16- Department of Food & Public Distribution					
27.	2408.01.102.04- Sugar subsidy payable to FCI and others on accounts of levy sugar, import of Sugar etc.	262.00	82.13	179.87	69
28.	2408.01.102.07- Subsidy for Imported Edible Oils for distributions through States/U.T.s Govts.	1000.00	424.25	575.75	58
29.	2408.01.800.07- Interest Subvention to Cooperative Sugar Mills through NABARD	36.42	-	36.42	100
30.	6860.04.190.04- Sugar Mills for Cane Development	25.00	6.51	18.49	74
18 – Ministry of Culture					
31.	2205.00.106.08-National Mission on Monuments and Antiquities	11.00	0.51	10.49	95
Grant No. 28- Ministry of Earth Sciences					
32.	5455.00.800.03- Modernisation of IMD	359.00	139.34	219.66	61
Grant No. 29- Ministry of Environment and Forests					
33.	2406.04.101.01- National Aforestation and Eco-Development Board	20.38	9.12	11.26	55
34.	2406.04.101.05-A Forestation through PRI's (NCMP-related Scheme)/Panchayat Van Yojna	15.00	-	15.00	100
Grant No. 30- Ministry of External Affairs					
35.	2061.00.798.02-Other International Organistion	19.73	2.80	16.93	86
36.	3605.00.101.09- Aid to Bangladesh	16.00	0.75	15.25	95
37.	3605.00.101.13- Aid to Maldives	17.77	1.97	15.80	89
38.	3605.00.101.23- Multilateral Economic Relation Programme	25.00	3.15	21.85	87
39.	3605.00.101.24- Investment Promotion and Publicity Programme	16.40	0.72	15.68	96
Grant No. 31- Department of Economic Affairs					
40.	5475.00.800.12-Assistance for Infrastructure Development	92.10	54.07	38.03	41

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
Grant No. 32 – Payments to Financial Institutions					
41.	2235.60.800.09- Payment to Public Sector General Insurance Companies for Community based Universal Health Insurance Scheme	25.00	2.00	23.00	92
42.	2416.00.800.04-Payment to NABARD towards Government's contribution for constitution of Financial Inclusion Fund (FIF)	25.00	-	25.00	100
43.	2416.00.800.05-Payment to NABARD towards Government's contribution for constitution of Financial Inclusion Technology Fund (FITF)	25.00	-	25.00	100
44.	2416.00.800.06-Payment to NABARD for Artificial recharge of Ground Water through Dug wells	168.40	-	168.40	100
45.	2416.00.800.07- Revival of Long Term Cooperative Credit Structure	600.00	20.00	580.00	97
46.	5465.01.190.22-Acquisition cost of RBI stake in NABARD	1450.00	-	1450.00	100
47.	5465.01.190.23-Acquisition cost of RBI stake in NHB	450.00	-	450.00	100
48.	5466.00.207.01- Subscription to International Monetary Fund (In Securities)	4147.05	1077.48	3069.57	74
Grant No. 34-Appropriation – Interest Payments					
49.	2048.22.200.13- Payment of Premium on buy back of Government Securities	2400.00	563.04	1836.96	78
50.	2049.01.115- Interest on Ways and Means Advances	438.00	93.41	344.59	79
51.	2049.01.126- Interest paid on Market Stabilisation Scheme Deposits of Money in the Bank	26615.69	11829.94	14785.75	56
52.	2049.03.117- Interest on Defined Contribution Pension Scheme	50.00	4.83	45.17	90
Grant No. 35-Transfers to State & U.T. Governments					
53.	3601.02.101.13- Additional Central Assistance	636.87	-	636.87	100
54.	3601.02.101.24- Nutritional Programme for Adolescent Girls (NPAG)	162.77	23.32	139.45	86
55.	3601.01.104. 08-Grant-in-aid for Health Sector (Charged)	1569.58	774.65	794.94	51
56.	3601.01.104.10- Grants-in-aid for Maintenance of Public Building (Charged)	1692.76	873.95	818.81	48
57.	3601.01.104.12- Grants-in-aid for Heritage Conservation (Charged)	172.77	96.79	76.28	44
58.	3601.01.104.13- Grants-in-aid for States Specific Needs (Charged)	2679.03	1499.25	1179.78	44
59.	3601.01.114.01- Assistance for development of Golden Temple Complex	27.50	-	27.50	100
60.	3601.02.101.19-Accelerated Power Development Programme (APDRP)	800.00	436.03	363.97	45
Grant No. 37- Appropriation – Repayment of Debt					
61.	6001.00.105.02- International Monitory Fund	13937.87	2947.00	10990.87	79
62.	6001.00.106.22- 8.5% Relief Bonds, 2001	264.45	109.00	155.45	59
63.	6001.00.106.23- 9% Relief Bonds, 1999	39.31	17.22	22.09	56

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
64.	6001.00.106.24- 8% Relief Bonds, 2002	1547.19	795.44	751.75	49
65.	6001.00.126.01- 91 Days Treasury bills	153000.00	26131.77	126868.23	83
66.	6001.00.126.04- 182 Days Treasury bills	41000.00	14605.00	26395.00	64
Grant No. 39- Pensions					
67.	2071.01.101.04- Ordinary Pensions (AIS)	50.00	3.35	46.65	93
Grant No. 42-Direct Taxes					
68.	4059.01.800.01-Acquisition of Ready built Accommodation	198.00	82.88	115.12	58
Grant No. 43- Indirect Taxes					
69.	2038.00.001.10- System and Data Management	270.17	145.82	124.35	46
70.	4059.01.800.01- Acquisition of Ready built Accommodation	145.00	18.58	126.42	87
Grant No. 44- Department of Disinvestment					
71.	5467.00.797.01- Transfer to National Investment Fund	1165.00	163.45	1001.55	86
72.	5467.00.103.01- LIC Mutual Fund	1165.01	163.45	1001.56	86
Grant No. 45- Ministry of Food Processing Industries					
73.	2405.00.103.06- Deep Sea Fishing Operations	89.80	48.28	41.52	46
Grant No. 47- Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)					
74.	2210.02.101.08- All India Institute of Ayurvedic (AIIA), New Delhi	25.00	7.24	17.76	71
75.	2210.02.200.25- Development of common facilities for AYUSH industry clusters	22.00	5.88	16.12	73
76.	2210.05.101.11-Quality Control of ASU&H Drugs	26.00	10.26	15.74	61
Grant No. 48-Department of Health Research					
77.	2210.01.800.27-Promotion and Guidance on Research Governance	20.50	-	20.50	100
78.	2210.01.800.28-Coordination in Medical, Biomedical and Health Research	19.00	-	19.00	100
79.	2210.05.105.46-Promotion, Co-ordination and development of Health Research	50.00	-	50.00	100
80.	2210.06.001.07-Coordination with Governments/Organisations/Institutions	20.00	-	20.00	100
Grant No. 49- Department of Heavy Industry					
81.	2852.06.103.28- Interest subsidy on bank finance to PSE for Implementation of Voluntary Retirement Scheme	24.00	9.09	14.91	62
82.	2852.06.103.42- Modernisatoin of Capital Goods Sector	24.00	-	24.00	100
83.	4858.60.190.20- Lump sum provision for Restructuring of PSEs	21.00	-	21.00	100
84.	4860.05.190.01- Investment in Hindustan Paper Corporation. Limited	78.00	-	78.00	100
85.	6854.60.800.01- Implementation of Revival Schemes of PSEs	150.00	-	150.00	100

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
86.	6858.60.190.07- Implementation of VRS and payment of statutory dues	250.00	-	250.00	100
Grant No. 51-Ministry of Home Affairs					
87.	3601.01.110.06-Directorate General of Civil Defence-Modernisation of Fire Services in States	20.01	-	20.01	100
Grant No. 52-Cabinet					
88.	4055.00.206.03- General	68.00	29.31	38.69	57
Grant No. 54-Other Expenditure of the Ministry of Home Affairs					
89.	2235.60.200.02- Free Railway Passes to Freedom Fighters	35.00	5.00	30.00	86
90.	2245.80.102.04-National Disaster Management Authority	72.90	39.70	33.20	46
91.	4250.00.101.07- National Institute of Disaster Management	10.00	-	10.00	100
Grant No. 56- Ministry of Housing & Urban Poverty Alleviation					
92.	2216.02.190.12- Scheme for housing the urban poor	95.00	-	95.00	100
93.	3601.04.108.01- Low Cost Sanitation for Conversion of dry Latrines and Construction of New ones	131.00	35.25	95.75	73
Grant No. 57- Department of School Education & Literacy					
94.	2202.01.112.12-National Component	15.00	1.93	13.07	87
95.	2202.02.800.19- District Primary Education Programme (EAP)	50.00	5.59	44.41	89
96.	2202.02.800.35- Support to one Year Pre-Primary in Government local body Schools	89.98	-	89.98	100
97.	2202.02.110.13-New Model Schools	582.78	-	582.78	100
98.	2202.02.110.14-Upgrading 2000 KGBVs (Residential Schools, Hostels/Girls Hostels)	71.98	-	71.98	100
99.	2202.02.800.37-Information and Communication Technology in Schools – Grants to Voluntary Organisations	20.00	2.69	17.31	87
100.	2202.04.200.14- Adult Education & Skill Development Scheme	317.10	61.88	255.22	80
101.	2202.04.200.16- Literacy Programme for 35+age group	14.98	-	14.98	100
102.	2202.80.107.19-National Merit Scholarship Scheme (OSC)	108.00	-	108.00	100
103.	3601.04.180.01- Vocationalisation of Education	25.80	-	25.80	100
104.	3601.04.180.02- Scheme for Universal Access & Quality at the Secondary Stage(SUCCESS)	1927.50	-	1927.50	100
105.	3601.04.188.01- Strengthening of Teachers Training Institutions	428.70	247.79	180.91	42
106.	3602.04.180.05- Scheme for Universal Access & Quality at the Secondary Stage (SUCCESS)	35.00	-	35.00	100
107.	3602.04.188.01- Strengthening of Teachers Training Institutions	20.00	5.57	14.43	72
Grant No. 58 – Department of Higher Education					
108.	2203.00.105.04- Grants for Quality Improvement Programme-Community Polytechnics	17.54	0.85	16.69	95

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
109.	2203.00.112.28- Support to Distance Education and Web-based Learning	20.00	-	20.00	100
110.	2203.00.112.38- Setting up of New Indian Institute of Information Technology	21.40	-	21.40	100
111.	2203.00.112.39- Setting up of New School of Planning & Architecture	15.00	7.00	8.00	53
112.	2203.00.800.15- Technical Education-Quality Improvement Project of Government of India (EAP)	40.00	2.60	37.40	94
113.	3601.04.161.03- Appointment of Language Teachers	11.73	0.03	11.70	100
Grant No. 60 – Ministry of Labour & Employment					
114.	3601.04.326.03 – Rashtriya Swasthya Bima Yojana/Health Insurance for Unorganised Sector Workers	200.00	-	200.00	100
115.	6552.00.106.01-Upgradation of 1396 Government I.T.I.'s through Public Private Partner ship	19.99	-	19.99	100
Grant No. 62- Law & Justice					
116.	2014.00.800.09- Computerization of District and subordinate Courts	114.70	25.90	88.80	77
117.	3601.01.097.01-Family Courts	13.00	1.00	12.00	92
Grant No.64- Ministry of Micro, Small and Medium Enterprises					
118.	2851.00.789.01- Quality Technology Support Institution and Programme-SC Sub Plan	23.00	7.76	15.24	66
119.	2851.00.789.03-MSME Cluster Development Programmes and MSME Growth Poles – SC Sub Plan	11.50	-	11.50	100
Grant No. 66- Ministry of Minority Affairs					
120.	3601.04.378.04- Multi Sectoral Development Programme for Minorities	476.80	270.85	205.95	43
Grant No. 67- Ministry of New and Renewable Energy					
121.	2810.01.103.05-Biomass Co-generation and Combustion	41.50	16.81	24.69	59
122.	2810.02.102.05-Grid Connected SPV Power Project	19.50	-	19.50	100
123.	2810.60.600.08-Ocean Energy	20.00	-	20.00	100
Grant No. 69- Ministry of Panchayati Raj					
124.	2515.00.101.26- Technical Support for Capacity Building & Training of Functionaries of District Planning Committees & Zila Parishads	25.00	-	25.00	100
Grant No. 72- Ministry of Petroleum & Natural Gas					
125.	2802.80.800.05- Petroleum Regulatory Board	15.00	3.00	12.00	80
Grant No. 73- Ministry of Planning					
126.	2203.00.800.18-New Initiative in Skill Development through PPP	300.00	-	300.00	100
127.	3475.00.800.71-Strethening Evaluation Capacity in Government	12.00	1.41	10.59	88
128.	3475.00.800.82-Support to Planning Process at National, State and District Level	20.00	-	20.00	100
129.	3475.00.800.83-Plan Accounting and Public Finance Management System	16.89	0.19	16.70	99

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
130.	3475.00.800.84- Grants-in-aid to IAMR	12.00	-	12.00	100
131.	3601.03.431.02-Support to Planning Process at National, State and District Level	175.00	-	175.00	100
Grant No. 74 – Ministry of Power					
132.	2801.02.102.02- Operation and Maintenance	320.76	99.88	220.88	69
133.	2801.80.004.02- Central Power Research Institute	59.29	29.11	30.18	51
134.	4801.01.190.03- Tehri Hydro Development Corporation	111.00	-	111.00	100
Grant No. 80– Department of Rural Development					
135.	2515.00.800.23- Provision of Urban Amenities in Rural Area (PURA)	27.00	-	27.00	100
Grant No.81- Department of Land Resources					
136.	2501.05.101.08- Professional Support & other Activities	140.00	28.42	111.58	80
137.	2501.05.800.02- Bio-Fuels Scheme	45.00	-	45.00	100
138.	3601.03.467.06- National Programme for comprehensive Land Resource Management	350.50	186.36	164.14	47
139.	3601.03.467.07- Professional Support & Other Activities	65.00	-	65.00	100
Grant No. 86– Department of Shipping					
140.	2852.06.102.21- Subsidy to non-central PSU Shipyards & Private Sector Shipyards	60.00	-	60.00	100
141.	5051.02.200.01- Construction of landing facilities and jetties	43.93	22.04	21.89	50
142.	5052.01.800.01- Survey Vessels	79.00	5.00	74.00	94
Grant No. 87– Department of Road Transport & Highways					
143.	3055.00.004.25- Improving & Strengthening of Public Transport System	24.99	0.20	24.79	99
144.	3601.04.106.01- Road of Economic Importance	75.00	40.00	35.00	47
145.	3602.04.105.01- Road of Inter State or Economic Importance	10.00	-	10.00	100
Grant No. 88 – Ministry of Social Justice & Empowerment					
146.	2225.01.277.18 – Top Class Educations for SCs	20.00	4.95	15.05	75
147.	2235.02.107.07 – Assistance to Voluntary Organisations/Panchayati Raj Institution for construction of old aged homes etc.	11.70	-	11.70	100
Grant No. 89– Department of Space					
148.	3252.00.053.06-INSAT-4 Satellites	95.00	23.53	71.47	75
149.	3402.00.101.41-Advanced Communication Satellite	15.00	-	15.00	100
150.	3402.00.101.43-Manned Mission Initiatives/Human Space Programme	100.00	29.92	70.08	70
151.	3402.00.101.45-Semi Cryogenic Engine/Stage Development	15.00	4.27	10.73	72
152.	3402.00.101.46-Earth Observation-New Missions (Saral, Geo-HR Imager, TES Hyp, DMSAR & Carto-3)	20.00	-	20.00	100

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
153.	3402.00.102.08-National Remote Sensing Agency (NRSA)	35.00	-	35.00	100
154.	3402.00.102.10-Disaster Management Support	50.00	12.23	37.77	76
155.	3402.00.103.05-Other Schemes	21.13	10.40	10.73	51
156.	3402.00.103.13-Small Satellite for Atmospheric Studies	10.00	-	10.00	100
157.	5252.00.203.04-INSAT-4 Launch Services	60.00	-	60.00	100
158.	5402.00.101.07-Liquid Propulsion Systems Centre (LPSC)	33.96	10.08	23.88	70
159.	5402.00.101.08-ISRO Satellite Centre (ISAC)	69.46	29.93	39.53	57
160.	5402.00.101.35-Manned Mission initiatives/Human Space Programme	25.00	4.90	20.10	80
161.	5402.00.101.38-Earth Observation-New Missions (Saral, HR Imager, TES Hyp, DMSAR, Carto-3)	45.00	-	45.00	100
162.	5402.00.102.01-Space Applications Centre (SAC)	52.19	25.77	26.42	51
163.	5402.00.800.02- Special Indigenisation/Advance Ordering	330.00	50.00	280.00	85
Grant No. 90- Ministry of Statistics and Programme Implementation					
164.	3454.02.204.19- Capacity Development (Capacity Development of CSO and Institutional Development & Capacity Building)	41.10	23.68	17.42	42
165.	3601.03.432.04- India Statistical Strengthening Project (Modernisation of Statististical System in India)	16.00	-	16.00	100
Grant No. 91- Ministry of Steel					
166.	2852.80.800.23- Scheme for Promotion of Research & Development in Iron & Steel Sector	18.50	-	18.50	100
Grant No. 92- Ministry of Textiles					
167.	6860.60.190.01- National Jute Manufactures Corporation	240.10	114.83	125.27	52
Grant No. 93- Ministry of Tourism					
168.	3452.80.800.14- Incentive to accommodation infrastructure	40.00	20.42	19.58	49
Grant No. 94- Ministry of Tribal Affairs					
169.	3601.03.360.01-Grants-in-aid to State Tribal Development Co-operative Corporations for Minor Forest Produce	40.00	16.00	24.00	60
170.	4225.80.190.13- Support to National/ State Scheduled Tribes Finance and Development Corporation	50.00	-	50.00	100
Grant No. 100- Department of Urban Development					
171.	2217.05.800.13- Pooled Finance Development Fund	20.00	-	20.00	100
172.	2217.05.800.19- National Mission Mode Project on e- Governance	10.00	-	10.00	100
173.	2217.80.001.02- Urban Transport Planning & Capacity Building in Urban Transport (Domestic Sources)	26.00	3.10	22.90	88

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Percentage of savings to budget provision
Grant No. 101-Public Works					
174.	2059.01.799.01- Stock	30.00	10.64	19.36	65
Grant No. 104- Ministry of Women & Child Development					
175.	2235.02.102.18- Integrated Child Development Services	42.20	14.88	27.32	65
176.	2235.02.102.35- Integrated Child Protection Scheme (ICPS)	50.00	-	50.00	100
177.	2235.02.103.03- Hostels for working women	17.98	2.40	15.58	87
178.	2235.02.103.15- Support to Training & Employment Programme (STEP)	33.30	16.02	17.28	52
179.	2235.02.103.46- Swayamsidha	49.78	-	49.78	100
180.	2235.02.103.55- Relief to and Rehabilitation of Rape Victims	36.00	-	36.00	100
181.	2235.02.103.57-Priyadarshini	23.00	-	23.00	100
182.	3601.04.356.04-Swayamsidha	115.50	-	115.50	100
183.	3601.04.358.07- Integrated Child Protection Scheme (ICPS)	117.22	-	117.22	100
184.	3602.04.356.04-Swayamsidha	14.80	-	14.80	100
185.	3602.04.358.06- Integrated Child Protection Scheme (ICPS)	12.78	-	12.78	100
Defence Services					
26 – Capital Outlay on Defence Services					
186.	4076.01.106 – Rolling Stock	39.84	(-) 0.18	40.02	100
Posts					
12 – Department of Posts					
187.	3201.02.104.05 – Mechanisation and Modernisation (Other Items)	80.00	22.83	57.17	71

Appendix VIII-J

(Refers to paragraph 8.16)

Statement showing cases of unrealistic budgetary assumptions under a sub-head

(Savings of Rupees 100 crore and above of the budgeted provision)

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Reasons attributed by the Ministry/department
1-Department of Agriculture and co-operation					
1.	2401.00.108.28-National Food Security Mission	993.00	878.24	114.76	Availability of balances of previous years.
2.	2401.00.800.02-Grants to National Agricultural Co-operative Marketing Federation of India Ltd. for MIS/PSS	500.00	375.00	125.00	Receipt of less re-imbursement claims
3.	2401.00.800.35-Rashtriya Krishi Vikas Yojna (Additional Central Assistance Scheme to State/UTs Plan) Scheme	1580.00	1305.95	274.05	Non-finalisation of proposals.
4-Atomic Energy					
4.	2852.09.202.01-Fuel Fabrication facilities	831.34	720.10	111.24	Delay in procurement of material and spares for Fast Breader Reactor Facillity
13-Department of Telecommunication					
5.	3275.00.797.01-Transfer to Universal Service Obligation Fund	2000.00	1600.00	400.00	Non-launching of new scheme and economy measures.
16-Department of Food and Public Distribution					
6.	2408.01.102.02-Subsidy payable to FCI and other Food grain transactions	39114.28	36744.10	2370.18	Less procurement of food grain by FCI
19-Ministry of Defence					
7.	4047.00.037.01-Coast Guard Organisation	947.97	506.43	441.54	Delay in delivery of vessels, non-achievement of Stage VII of Yard 1024 owing to delay in receipt of gear boxes and purchase of GSL flats, etc.
30-Ministry of External Affairs					
8.	3605.00.101.33-Aid to Afghanistan	445.00	339.91	105.09	Less requirement of funds for ongoing projects and non-receipt of bills from Power Grid Corporation of India
9.	4070.00.800.23-Discretionery expenditure	426.25	321.19	105.06	Non-implementation of activities as envisaged.
34- Appropriation – Interest payments					
10.	2049.01.125- Special Government of India securities issued to NSSF against reinvestment of sum received on redemption of Special Central/State Governments securities	6758.26	6452.36	305.90	Due to non investment in Government securities by the State Governments
11.	2049.02.216-Interest on loans from IBRD	1309.97	962.07	347.90	Due to decrease in Interest rates

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Reasons attributed by the Ministry/department
12.	2409.02.249-Interest on loans from Asian Development Bank	874.28	737.08	137.20	Decrease in interest rate and waiver of commitment charges
13.	2049.03.104.01-General Provident Fund	3342.76	3204.16	138.60	Due to more withdrawal from the fund.
14.	2049.03.108.06-Postal Insurance and Life Annuity Fund	1364.16	1224.43	139.73	Due to less contribution
35-Transfer to State and Union Territory Governments					
15.	2075.00.795.03-Loans to State Governments written off	5824.22	5671.10	153.12	Less number of State Governments found eligible for debt waiver
16.	3601.01.104.03-Contribution to Calamity Relief Fund	3358.63	3220.48	138.15	Non-receipt of utilization certifications from State Governments, etc.
17.	3601.01.104.09-Grants-in-aid for maintenance of Roads and Bridges	4236.10	3183.78	1052.32	Non-fulfillment of conditions.
18.	3601.02.101.01-Normal Central Assistance	18491.98	15948.17	2543.81	Non-furnishing of UC's by State Governments
19.	3601.02.101.06-Additional Central Assistance for externally aided projects	3712.00	3405.22	306.78	As per the recommendation of Planning Commission
20.	3601.02.101.27-National E-Governance Action Plan (NEGAP)	469.37	284.21	185.16	Non-submission of some of the proposals under National E-Governance Action Plan.
37- Appropriation – Repayment of Debt					
21.	6001.00.101-Market loans	40075.04	39370.01	705.03	Less exercise of call put option by the stock holders
22.	6001.00.106.31—6.5% Savings Bonds, 2003 (Non-taxable)	17486.12	17326.32	159.80	Repayment of less claims for redemption by Bond holders
23.	6001.00.110-364 Days Treasury Bills	35000.00	32205.30	2794.70	Less investment under non-competitive Bids by State Governments
24.	6001.00.114-Ways and Means Advances	283026.00	226012.00	57014.00	Less recourse to Ways and Means Advances.
41-Department of Revenue					
25.	3601.01.110.17-Compensation to State Governments for Revenue losses due to sharing out of CST	2450.00	1950.00	500.00	Receipt of less claims from State Governments.
43-Indirect Taxes					
26.	2038.00.101.01-Commissionerates	1483.05	1374.29	108.76	Non-filling up of vacant posts, receipt of less medical claims and less tours undertaken by officers.

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Reasons attributed by the Ministry/department
46-Department of Health and Family Welfare					
27.	2210.06.101.08-National Vector Borne Diseases Control Programme	465.15	321.56	143.59	Non-submission of State Action Plan by State Malaria Control Societies and non-recruitment of workers by State Governments
53-Police					
28.	2055-00.102.01-Establishment	5453.38	5182.13	271.25	Non-finalisation of purchase of arms and ammunition, machinery and non-filing of vacant posts, etc.
29.	2055-00.105.01- Director General of Border Security Force	5244.46	4947.92	296.54	Non-finalisation of purchase of arms and ammunition, machinery and non-filing of vacant posts, non-finalisation of Motor Accident claims etc.
30.	2055-00.120.01-Establishment (Sashatra Seema Bal)	1217.20	1048.87	168.33	Non-finalisation of purchase of arms and ammunition, machinery and non-filing of vacant posts and economy measures.
55-Transfers to Union Territory Governments					
31.	3602.02.101.01-National Capital Territory of Delhi	1240.02	808.22	431.80	Non-receipt of approval of projects from Ministry of Housing and Urban Poverty Alleviation.
57-Department of School Education and Literacy					
32.	3601.04.187.06-Assistance to States (Mid-day Meal scheme)	5701.00	5005.27	695.73	Due to non receipt of viable proposals from the States
59-Ministry of Information and Broadcasting					
33.	2221.80.102.01-Prasar Bharti	1345.01	1218.94	126.07	Non-approval of software scheme, in house coverage of Commonwealth Youth Games and less requirement of funds for outsourcing
69- Ministry of Panchayati Raj					
34.	3601.02.471.01-Grants for Backward Regions	4670.00	3889.76	780.24	Non-receipt of viable proposals from State Governments
92-Ministry of Textiles					
35.	2852.08.202.27-Integrated Textiles Parks	425.00	279.59	145.41	Slow progress of ongoing projects under the schemes.

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual disbursement	Saving	Reasons attributed by the Ministry/department
94-Ministry of Tribal Affairs					
36.	3601.02.104.02-Scheme under Tribal Sub-Plan	900.00	780.87	119.13	Non-receipt of utilization and performance report for 2007-08 and non-receipt of proposals in prescribed format.

Appendix-IX-A

(Refers to paragraph 9.6)

Heavy re-appropriation of funds

(Rupees in crore)

Year	Sl No.	Sub-head	Original provision	Supplementary grant	Re-appropriation
2006-07 (Revenue)	1	2801.03.101.07-BWR Fuel for TAPS	240.00	---	(-) 92.34
	2	2801.03.101.08-PHWR Fuel for other Stations	843.90	--	(-) 71.56
	3	2801.03.101.09-Fuel for KKNP	--	116.51	(-) 5.37
	4	2801.03.103.01-Operational Expenses of Waste Immobilisation Plant at Tarapur	9.70	---	(+) 2.60
	5	2801.03.104.01-Operation and Maintanance	71.98	--	(-) 13,85
	6	2801.03.104.03-Machinery and Equipment	4.73	--	(-) 3.65
2006-07 (Capital)	7	4801.03.104.02-Prototype Fast Breeder Reactor Stage 'A' Phase-II Developing Indigenous Capability for Manufacturing Raw Materials	10.00	--	(+) 2.98
	8	4801.03.190.01-Nuclear Power Corporation of India Limited	400.00	966.86	(-) 400.00
	9	4801.03.190.02-Bharatiya Nibhikiya Vidhyut Nigam Limited	481.85	--	(-) 286.85
	10	4801.03.800.29-Additional Upgrading Facility for Nuclear Power Plant	0.05	--	(+) 1.87
	11	4801.03.800.41-Additional Spent Fuel Storage Facility at RAPS	5.10	--	(+) 1.94
	12	6801.00.206.01-Loans to Nuclear Power Corporation of India Limited	1606.00	346.47	(-) 429.22
	13	6801.00.206.03-Fuels for KKNP	--	0.01	(+) 396.11
2007-08 (Revenue)	1	2801.03.101.07-BWR Fuel for TAPS	11.64	--	(+) 0.66
	2	2801.03.101.08-PHWR Fuel for other Stations	1239.56	--	(-) 545.56
	3	2801.03.101.09-KKNP Fuel	82.86	--	(-) 19.02
	4	2801.03.103.01-Operational Expenses of Waste Immobilisation Plant at Tarapur	11.86	--	(+) 0.93
	5	2801.03.103.02-Operational Expenses of Waste Management Facilities at Kalpakkam	8.39	--	(-) 0.47
	6	2801.03.103.03-Operational Expenses of Waste Management Facilities at Tarapur	4.80	--	(+) 0.74
	7	2801.03.104.01-Operation and Maintenance	67.05	--	(-) 3.63
	8	2801.03.104.03-Machinery and Equipment	0.40	--	(-) 0.40
2007-08 (Capital)	9	4801.03.104.04-Fast Breeder Reactor-IGCAR	2.00	--	(+) 2.19
	10	4801.03.190.02-Bharatiya Nabhikiya Vidhyut Nigam Limited	926.00	--	(-) 536.00

(Rupees in crore)

Year	Sl No.	Sub-head	Original provision	Supplementary grant	Re-appropriation
	11	4801.03.800.41-Additional Spent Fuel Storage Facility at RAPS	0.10	--	(+) 0.46
	12	4801.03.800.43-BARC Facilities	0.90	--	(+) 0.50
	13	6801.00.206.01-Loans to Nuclear Power Corporation of India Limited	1021.97	--	(-) 648.68
	14	6801.00.206.03-Fuels for KKNP	396.12	--	(-) 59.00
2008-09 (Revenue)	1	2801.03.101.07-BWR Fuel for TAPS	13.07	--	(+)134.87
	2	2801.03.101.08-PHWR Fuel for other Stations	1308.88	--	(-) 656.82
	3	2801.03.101.09-KKNP Fuel	66.62	--	(+)145.98
	4	2801.03.103.01-Operational Expenses of Waste Immobilisation Plat at Tarapur	14.13	2.62	(-)1.10
	5	2801.03.102.02-Operational Expenses of Waste Management Facilities at Kalpakkam	8.21	1.63	(-) 0.33
	6	2801.03.103.03-Operational Expenses of Waste Management Facilities at Tarapur	5.24	1.95	(-) 1.12
	7	2801.03.103.04-Operational Expenses for Additional Upgrading Facility for MAPS	2.57	0.03	(-) 1.36
	8	2801.03.104.01-Operation and Maintenance	67.07	--	(+) 7.32
	9	2801.03.800.03-Rajasthan Atomic Power Station	0.61	--	(+) 0.30
2008-09 (Capital)	10	4801.03.104.04-Fast Breeder Reactor- IGCAR	10.00	--	(-) 6.00
	11	4801.03.190.02-Bharatiya Nabhikiya Vidhyut Nigam Limited	620.00	105.00	(+) 4.00
	12	4801.03.800.43-BARC Facilities	1.50	--	(-) 0.65
	13	6801.00.206.03-Fuel for KKNP	335.28	75.02	(+) 2.00

Appendix-IX-B
(Refers to paragraph 9.17)
Persistent savings

(Rupees in crore)

	Sub head	Year	Budget provision	Actual expenditure	Savings (Percentage)	Reasons attributed by the department
1.	2210.01.800.26- Expenditure to be incurred on Institutions of higher learning as per Oversight Committee	2007-08	400.00	--	400.00 (100)	Non-taking off of the scheme as per the recommendations of the oversight committee.
		2008-09	40.00	8.00	32.00 (80)	Less demand of funds from the Institutions of higher learning.
2.	2210.05.105.26- Cancer Research	2006-07	78.30	48.96	29.34 (37)	Non-fulfillment of conditions for release of grants.
		2007-08	116.00	52.29	63.71 (55)	Non-materialisation of proposals for assistance from Japan International Co-operation.
		2008-09	112.93	44.27	68.66 (61)	Availability of unspent balance, receipts of fewer proposals from Regional Cancer Centres & non-finalisation of proposals by Expenditure Finance Committee for Radio-therapy facilities.
3.	2210.06.800.28 -Capacity Building Project for Food and Drugs -Externally Aided Component	2007-08	52.27	8.41	43.86 (84)	Fewer requirements of funds for wages, office expenses and minor works.
		2008-09	45.00	3.04	41.96 (93)	Non-materialisation of foreign assistance
4.	3601.04.246.01- Supply of RCH Drugs & Equipments	2006-07	214.00	--	214.00 (100)	Non-finalisation of agreement with World Bank.
		2007-08	178.00	--	178.00 (100)	Non-finalisation of agreement with World Bank.
		2008-09	254.00	--	254.00 (100)	Non-finalisation of agreement with United Nations Office for Project Services (UNOPS).
5.	3601.04.263.69 - Integrated Disease Surveillance Project	2006-07	38.00	--	38.00 (100)	De-centralization of Central level procurement to State Governments
		2007-08	32.00	--	32.00 (100)	Reduction in number of Laboratories.
		2008-09	16.00	--	16.00 (100)	Non-receipt of demand from the State Governments.

Appendix-IX-C

(Refers to paragraph 9.18)

Unnecessary and injudicious re-appropriations

(Rupees in crore)

SL No.	Sub-head	Available provision	Actual expenditure	Saving
2006-07				
1.	4210.01.110.04 - Safdarjung Hospital, New Delhi	S 0.01 R 1.00	--	1.01
2007-08				
2.	2210.05.105.33 - Regional Post Graduate Centre, Jawaharlal Institute of Post-Graduate Medical Education and Research, Pondicherry	O 44.40 R 5.46	43.51	6.35
3.	2210.06.101.08 - National Vector Borne Diseases Control Programme	O 167.11 S 280.50 R 5.53	404.74	48.40
4.	2210.06.800.08 -Health Sector Disaster Preparedness and Management	O 9.00 R 0.10	5.83	3.27
5.	2211.00.106.12 - Information, Education and Communication on PNDT Act.	O 5.00 R 0.07	3.64	1.43
6.	2211.00.800.13 - Involvement of NGOs in FP Programme under Public- Private Partnership PPP	O 18.40 R 0.83	18.01	1.22
2008-09				
7	2251.00.090.19 - Department of Health and Family Welfare	O 28.31 S 6.60 R 0.97	34.33	1.55
8	2210.01.001.03 - Directorate General of Health Services	O 25.62 S 5.17 R 0.69	29.61	1.88
9	2210.01.104.02 - Depots	O 27.00 S 3.28 R 0.69	29.92	1.04
10	2210.05.105.33 - Regional Post Graduate Centre, Jawaharlal Institute of Post Graduate Medical Education and Research, Pondicherry	O 65.00 S 4.46 R 1.82	64.16	7.12
11	2210.06.102.05 - Administration and Prevention of Food Adulteration	O 6.81 R 1.02	6.80	1.04
12	2210.06.104.02 - Central Drugs Standard Control Organisation	O 20.25 R 0.22	18.76	1.72
13	2210.06.800.29 - Emergency Medical Relief (Avian Flu)	O 2.30 R 4.75	1.76	5.29
14	2211.00.001.03 - Regional Health Offices	O 8.94 S 1.60 R 1.93	7.96	4.51
15	2211.00.200.04 - Social Marketing of Contraceptives	O 27.02 R 3.16	25.13	5.05
16	4210.01.103.04 - Setting up of Dispensaries/Hospitals	O 10.00 S 0.01 R 1.23	7.55	3.69

Appendix-IX-D
(Refers to paragraph 9.20)

Outstanding Utilisation certificates

(Rupees in lakh)

Year of Sanction of Grant	Utilisation Certificates due		Utilisation Certificate received		Outstanding UCs/Amount	
	No	Amount	No.	Amount	No.	Amount
Department of Health						
1983-84	1	0.78	--	--	1	0.78
1984-85	1	0.9	--	--	1	0.90
1985-86	0	0	--	--	--	0.00
1986-87	1	0.50	--	--	1	0.50
1987-88	1	12.00	--	--	1	12.00
1988-89	1	0.30	--	--	1	0.30
1989-90	1	1.00	--	--	1	1.00
1993-94	8	236.44	2	6.25	6	230.19
1994-95	1	0.31	--	0.00	1	0.31
1995-96	17	396.10	3	120.32	14	275.78
1996-97	3	21.22	2	10.06	1	11.16
1997-98	35	588.90	5	12.41	30	576.49
1998-99	56	1560.21	2	15.00	54	1545.21
1999-00	66	1589.94	2	15.31	64	1574.63
2000-01	50	1323.74	1	9.18	49	1314.56
2001-02	32	802.29	4	23.98	28	778.31
2002-03	39	832.74	1	0.65	38	832.09
2003-04	253	5180.44	37	202.13	216	4978.31
2004-05	128	5530.47	--	0.00	128	5530.47
2005-06	310	37284.71	63	5570.47	247	31714.24
2006-07	830	137938.84	335	97607.19	495	40331.65
2007-08	762	118956.08	48	8341.46	714	110614.62
Total	**2596**	**312257.91**	**505**	**111934.41**	**2091**	**200323.50**
Department of Family Welfare						
1993-94	5	8.88	1	1.49	4	7.39
1995-96	63	163.83	--	--	63	163.83
1996-97	78	230.58	--	--	78	230.58
1997-98	48	286.71	1	6.45	47	280.26
1998-99	37	187.99	--	--	37	187.99
1999-00	25	331.11	1	11.48	24	319.63
2000-01	54	1133.58	--	--	54	1133.58
2001-02	49	759.72	1	146.71	48	613.01
2002-03	78	2025.02	1	107.91	77	1917.11
2003-04	155	6971.83	13	1566.33	142	5405.50
2004-05	213	21524.62	16	4808.78	197	16715.83
2005-06	473	167647.21	139	60800.81	334	106846.40
2006-07	763	349671.04	263	156162.07	500	193508.97
2007-08	478	451260.05	--	--	478	451260.05
Total	**2519**	**1002202.17**	**436**	**223612.03**	**2083**	**778590.13**
Grant Total	**5115**	**1314460.08**	**941**	**335546.44**	**4174**	**978913.63**

Appendix-IX-E
(Refer to paragraph 9.23)
Unrealistic budgetary assumptions

(Rupees in crore)

S.No.	Sub- head	Budget Provision	Actual expenditure	Savings (Percentage)	Reasons stated by the Ministry
2006-07					
1.	2055.00.104.06-Border Check Posts	20.00	7.76	12.24 (61)	Receipt of fewer claims from State Governments.
2.	4055.00.800.06-Management of Other Border	130.11	12.58	117.53 (90)	Non-finalization of the proposal for the purchase of Motor Boats.
2007-08					
3.	2055.00.115.09-Assistance to Delhi Police for Modernisation	122.40	8.89	113.51 (93)	(i) Non-finalization of housing project owing to non-acquisition of land. (ii) Non-finalisation of purchase of equipments.
4.	2055.00.800.10-Modernisation of Police Forces of the Union Territories without legislature	41.20	23.63	17.57 (43)	Non-receipt of Utilisation Certificates from Union Territory Governments.
5.	4055.00.210.02-National Institute of Criminology and Forensic Science	11.66	0.49	11.17 (96)	Non-finalization of proposal for construction and slow progress of work by the Central Public Works Department.
6.	4055.00.213.04-General	135.00	61.88	73.12 (54)	Non-finalization of Rate Contract by the DGS&D.
7.	4055.00.800.02-Central forensic-Laboratory	33.72	4.85	28.87 (86)	Non-finalization of Expenditure Finance committee documents and purchase of machinery and equipments.
8.	4055.00.800.06-Management of Other Border (excluding Indo-Pak & Indo-Bangladesh Border)	130.11	60.20	69.91 (54)	Non finalization of proposal for purchase of motor boats from Shipyard.
9.	4055.00.800.07-Indo-China Border	50.00	1.73	48.27 (97)	Non-receipt of clearance for construction of road on Indo-China Border and purchase of equipments.
2008-09					
10	2055.00.800.11-Crime and Criminal Net Work System	210.00	2.50	207.50 (99)	Non-receipt of approval for scheme/proposal from the Cabinet.
11	4055.00.213.02-Residential Building	77.38	17.79	59.59 (77)	Non receipt of sanction for purchase of 14 Type IV quarters at Guwahati.
12	4055.00.213.05-Modernisation	83.17	14.77	68.40 (82)	Non-finalization of proposal for procurement of Machinery and Equipments.
13	4055.00.800.07-Indo-China Border	44.00	1.50	42.50	Due to objection raised by the Forest Department on construction work at Indo-China Border.

Appendix-IX-F
(Refer to Paragraph 9.24)
Non-utilization of entire funds

(Rupees in crore)

Sl. No.	Sub-head	Budget provision	Actual expenditure	Savings	Reasons attributed by the Ministry
2006-07					
1	4055.00.210.02-National Institute of Criminology and Forensic science	1.20	Nil	1.20	Non-utilization of funds by the Central Public Works Department.
2	4055.00.800.08-Indo-Myanmar Border works	2.00	Nil	2.00	Non-alignment of the border area on Indo-Myanmar border.
2007-08					
1	2055.00.119.12-Induction of latest technology in Delhi Police	20.00	Nil	20.00	Non- finalization of proposals for purchase of technology.
3	4055.00.800.08-Indo Myanmar Border Works	2.00	Nil	2.00	Non-taking up of work of barbed fencing.
2008-09					
1	4055.00.201.04-Modernisation	37.00	Nil	37.00	Non- finalization of proposal for procurement of vehicles and machinery and equipments owing to administrative reasons.
2	4055.00.210.05-Bureau of Police Research and development	6.01	Nil	6.01	Non- finalization of proposal for acquisition of land.

Appendix-IX-G
(Refer to Paragraph 9.26)

Persistent Savings

Rupees in crore)

Sl. No.	Sub-Head	Year	Total Provision	Actual expenditure	Savings (Percentage)	Reasons attributed by the Ministry
1.	2055.00.101.03-Central Forensic Science Laboratory	2006-07	21.85	16.91	4.94 (23)	Non-filling up of vacant posts, non-finalization of proposal for machinery & equipment etc.
		2007-08	15.97	10.35	5.62 (35)	Non-finalization of expenditure by EFC
		2008-09	16.66	14.30	2.36 (15)	Non-filling up of vacant posts, non-finalization of proposal for purchase of stationery items etc.
2.	2055.00.104.06-Border Check Posts	2006-07	20.00	7.76	12.24 (61)	Receipt of less claims from the State Governments.
		2007-08	20.00	4.05	15.95 (80)	Receipt of less claims from the State Governments.
3.	4055.00.800.01-Directorate of Coordination (Police Wireless)	2007-08	9.93	4.13	5.80 (58)	Slow progress of work by the CPWD
		2008-09	10.66	3.90	6.76 (63)	Non-finalization of proposal for purchase of machinery & equipment
4.	4055.00.800.02-Central Forensic Science Laboratory	2006-07	1.52	1.25	0.27 (18)	Not available
		2007-08	33.72	4.85	28.87 (86)	Non-finalization of expenditure by EFC and purchase of machinery & equipments
		2008-09	20.22	18.85	1.37 (7)	Non-finalization for proposal for acquisition of land
5.	4055.00.800.06-Management of other Border	2006-07	130.11	12.58	117.53 (90)	Non purchase of Motor Boats & equipments
		2007-08	130.11	60.20	69.91 (54)	Non purchase of Motor Boats
		2008-09	99.11	89.38	9.73 (10)	Non purchase of Motor Boats
6.	4055.00.800.07-Indo China Border	2006-07	10.00	0.90	9.10 (91)	Non-commencement of work/non-utilitization of funds by executing agency
		2007-08	50.00	1.73	48.27 (97)	Non-finalization of construction of roads on Indo-China Border
		2008-09	44.00	1.50	42.50 (97)	Non-finalization of construction of roads on Indo-China Border
7.	4055.00.800.08-Indo- Myanmar Border works	2006-07	2.00	-	2.00 (100)	Non-alignment of the border area on Indo-Myanmar Border
		2007-08	2.00	-	2.00 (100)	Non-taking of erection work of barbed fencing at border area
		2008-09	12.90	-	12.90 (100)	Non-taking of erection work of barbed fencing at border area

Appendix-IX-H
(Refer to Paragraph 9.27)

Excess Expenditure over available provision

(Rupees in crore)

S. No.	Sub-head	Provisions	Available Provision	Actual expenditure	Excess Expenditure
2006-07					
1	2055.00.800.08-Indo Pak Border works	O 44.35 R - 10.87	33.48	50.10	16.62.
2	4055.00.203.01-Directorate General of Border Security Force	O 185.18 R - 29.42	155.76	155.93	0.17
3	4055.00.210.01-National Police Academy	O 3.50 R 1.24	4.74	5.20	0.46
4	4055.00.212.01-Office Buildings	O 55.00 R - 3.03	51.97	52.89	0.92
2007-08					
5.	2055.00.101.09-Directorate of Forensic science	O 2.69 R -1.15	1.54	1.90	0.36
6.	2055.00.105.01-Director General of Border Security Force	O 3447.53 S 11.00 R -7.61	3450.92	3475.06	24.14
7.	2055.00.113.05-Welfare Grant to Central Police Organizations	O 45.00 R -1.90	43.10	44.15	1.05
2008-09					
8.	2055.00.115.09-Assistant to Delhi Police for Modernisation	O 122.40 R -100.00	22.40	107.93	85.53
9.	2055.00.119.01-Direction and Administration	O 1484.39 S 526.40 R -60.02	1950.77	1952.98	2.21
10.	2055.00.119.12-Induction of latest technology in Delhi Police	O 33.50 R -31.94	1.56	3.76	2.20
11.	4055.00.210.01-National Police Academy	O 6.40 R -1.23	5.17	8.07	2.90
12.	4055.00.212.01-Office Buildings	O 25.00	25.00	26.42	1.42
13.	4055.00.213.01-Office Buildings	O 80.00 R -4.00	76.00	77.42	1.42

Appendix-IX-I
(Refer to Paragraph 9.28)

Outstanding utilization certificates

(Rupees in crore)

S.No	Name of the division	Year of sanction of grant	Utilization Certificates due		Utilization Certificates received		Utilization Certificates outstanding	
			Number	Amount	Number	Amount	Number	Amount
1.	Border Management	2005-06	9	13.04	9	10.71	---	2.33
		2006-07	8	8.95	8	4.16	---	4.79
		2007-08	4	4.34	3	1.92	1	2.42
2.	Police Modernization	2000-01	28	1000.00	28	1000.00	---	---
		2001-02	28	1000.00	26	999.26	2	0.74
		2002-03	28	695.00	27	693.77	1	1.23
		2003-04	28	705.27	26	703.58	2	1.69
		2004-05	28	960.00	25	958.61	3	1.39
		2005-06	28	1025.00	23	1021.45	5	3.55
		2006-07	28	1065.22	12	1017.14	16	48.08
		2007-08	28	1248.70	7	1115.92	21	132.78
3.	North Eastern	2000-01	8	59.47	8	59.47	-	-
		2001-02	8	80.61	7	79.89	1	0.72
		2002-03	8	43.75	7	42.52	1	1.23
		2003-04	8	95.24	7	95.21	1	0.03
		2004-05	8	81.30	6	80.10	2	1.20
		2005-06	8	108.24	6	106.66	2	1.58
		2006-07	8	120.42	7	120.21	1	0.21
		2007-08	8	202.27	3	171.75	5	30.52
Total			**309**	**8516.82**	**245**	**8282.33**	**64**	**234.49**

Appendix-IX-J
(Refer to Paragraph 9.29)

Re-appropriation not reported to Parliament

(Rupees in crore)

Sl. No.	Sub-Head	Amount Re-appropriated
2006-07		
1	2055.00.119.02 – Education and Training	20.86
2	4055.00.202.01 – Office Buildings	31.00
3	4055.00.202.02 – Residential Buildings	73.00
4	4055.00.202.03 – Border Out Post	8.00
2007-08		
1	3601.01.117.01 – Re-imbursement to States for deployment of Battaliions	6.00
2	4055.00.202.01 – Office Buildings	25.00
3	4055.00.202.02 – Residential Buildings	46.00
4	4055.00.213.01 – Office Building	38.50
5	4055.00.213.02 - Residential Buildings	24.90
6	4055.00.800.04 – Indo- Pak Border Works	32.40

Appendix-IX-K
(Refer to paragraph 9.34)

Unrealistic budgetary assumptions

(Rupees in crore)

S.No.	Sub- head	Budget Provision	Actual expenditure	Saving (Percentage)	Reasons given by the Ministry
2006-07					
1.	5051.02.200.05- Post Tsunami Works	89.76	44.52	45.24 (50)	Delay in approval and completion of projects/schemes.
2007-08					
2.	2852.06.102.21-Subsidy to non-central PSU Shipyards and Private Sector shipyards	132.00	27.02	104.98 (80)	Non receipt of approved proposals from competent authority
3.	3051.80.004.01-Other items (R&D Schemes)	17.74	0.50	17.24 (97)	Saving was due to non receipt of proposals
4.	5051.02.200.01-Construction of landing facilities and jetties	61.36	30.46	30.90 (50)	Due to extreme climatic conditions, revisions of design etc.
5.	5051.02.200.05-Post Tsunami Works	105.09	20.20	84.89 (81)	Delay in approval of some of the projects.
6.	5052.01.800.01- Survey Vessels	19.00	-	19.00 (100)	Delay in approval for acquisition of new survey vessels.
7.	5052.80.800.10-Development of Indian Maritime University	40.00	14.00	26.00 (65)	Non-approval of some of the projects/schemes.
2008-09					
8.	5051.02.200.01-Construction of landing facilities and jetties	43.93	22.04	21.89 (50)	Due to extreme climatic condition, revision of structural design, delay in approval and supply of equipments, etc.
9.	5052.01.800.01-Survey Vessels	79.00	5.00	74.00 (94)	Non-receipt of proposals from Ministry of Defence.

GLOSSARY

14 days auction Treasury Bill	:	A scrip of 14 days duration introduced from June 1997. Auction for this instrument is held weekly at a pre-determined cut off price.
14 days intermediate Treasury Bill	:	A scrip of 14 days duration introduced from June 1997, to enable the State Government, commercial banks and other specific bodies to invest their temporary surplus funds.
364 days auction Treasury Bill	:	An instrument of borrowing introduced from April 1992 of 364 days duration. Auction for this instrument is held fortnightly at a pre-determined cut off price.
91 days auction Treasury Bill	:	An instrument of borrowing introduced from January 1993. Auction for this instrument is held weekly at a pre-determined cut off price.
***Ad hoc* Treasury Bill**	:	A scrip of 91 days duration created by RBI in its favour, on behalf of Union Government, as and when the cash balance of the Government falls below the level of Rs. 50 crore. Whenever the Government's cash balance has a surplus, *ad hoc treasury bills* were cancelled in such amounts to maintain the agreed level. This scrip was discontinued from 1 April 1997.
Appropriation	:	Appropriation means assignment to meet specified expenditure of funds included in a primary unit of appropriation
Appropriation Accounts	:	Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Parliament in the budget grants under each voted grants and charged appropriation *vis-a-vis* the actual expenditure incurred against each grant or appropriation and the saving or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Parliament.
Appropriation Act	:	When appropriation bill has been passed by the Parliament, it is presented to the President. After the assent by the President to the bill, it becomes an Act.
Appropriation Bill	:	As soon as may be, after the grants under Article 113 have been made by Lok Sabha, a bill to provide for the appropriation out of the Consolidated Fund of India of all money required to meet (a) the grants so made by the Lok Sabha (b) the expenditure charged upon Consolidated Fund of India but not exceeding in any case the amount shown in the statement previously laid before the Parliament, is introduced.
Capital Expenditure	:	It consists of payment for acquisition of assets, investment in shares, and loans and advances given by the Government.
Capital Receipts	:	Capital receipts comprise loans raised by the Government from the public, borrowing from the Reserve Bank of India and loans taken from foreign Governments, recoveries of loans by the Government, proceeds of disinvestments etc.
Charged Appropriation	:	Sum required to meet expenditure 'Charged' on Consolidated Fund under Article 112 (3) of the Constitution is called Charged Appropriation.

Consolidated Fund of India (CFI)	:	The fund constituted under Article 266 (1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation: voted or charged. It consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
Contingency Fund of India	:	Parliament has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the President to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure, pending authorisation of such expenditure by Parliament by law, under, Article 115 or Article 116 of the Constitution.
Debt service	:	Payments to creditor(s) of matured principal and of interest. It usually includes service charges, etc.
Demand for Grants	:	Demand for Grants is for gross amount of expenditure to be incurred and shows recoveries to be taken in reduction of expenditure separately by way of footnotes, presented to Parliament at two levels. The Demands for Grants are presented by the Ministry of Finance along with the Annual Financial Statement. The Detailed Demands for Grants are laid on the table of Lok Sabha by the concerned ministries a few days in advance of the discussion of respective Ministry's Demand in that House.
	:	As the Demands for Grants are for gross expenditure and the Annual Financial Statement gives the net amount to be expended under each head, the total of the two should be reconciled after adjustment of the recoveries taken in account in reduction of gross expenditure.
Excess Grant	:	In cases, where expenditure in individual 'segment' of grant/appropriation, i.e. Revenue (Charged), Revenue (Voted), Capital (Charged) and Capital (Voted) exceeds the authorisation as such, the grant/appropriation is termed as excess grant.
External Debt	:	Debt contracted by the Government from abroad, mostly in foreign currency viz., loan from World Bank, IBRD, IDA, etc.
Fiscal Deficit	:	It is the excess of total expenditure including loans net of repayments over revenue receipts and non-debt capital receipts. It also indicates the total borrowing of the Government, and the increment to its outstanding debt.
GDP at factor cost	:	Gross Domestic Product at factor cost measures GDP at the cost of the factors used to produce it, i.e. at the incomes earned by those factors. It is obtained from the GDP at market prices by deducting indirect taxes and adding subsidies.
GDP at market Prices	:	Gross Domestic Product at market prices indicates the value of all final expenditure on the goods and services produced within the country. It is equal to the value of all final goods and services produced in the country in a given period. The evaluation can be done at current prices or at prices prevailing in a base year.
Internal Debt	:	Internal Debt comprises regular loans from the public in India, also termed `Debt raised in India'. It is confined to loans credited to the Consolidated Fund of India.

M3	:	This is broad money defined as the sum of currency with the public, demand deposits and time deposits with the banks, and 'other' deposits with the RBI.
Major Head	:	The main unit of classification in accounts is known as Major Head. A four digit code has been allotted to the Major Head, the first digit indicating whether the major head is a Receipt head or Revenue expenditure head or Capital expenditure head or Loan head.
Minor Head	:	Three digit code has been allotted to the Minor Head starting from "001" under each sub Major head/Major head (where there is no sub major head).
New Service	:	Refers to expenditure beyond certain limit arising out of a new policy decision not brought to the notice of the Parliament earlier, including a new activity or a new form of investment.
New Instrument of Service	:	A large expenditure beyond a certain limit arising out of an important expansion of an existing activity.
Original Grant	:	The amount provided for any service in the 'Annual Financial Statement' in a financial year is called original grant or appropriation.
Primary Deficit	:	Fiscal deficit minus interest payments gives primary deficit. It can be interpreted as the excess of non-interest expenditure of the government over its revenue receipts and non debt capital receipts.
Public Account	:	All moneys other than those included in the Consolidated Fund, received by or on behalf of Government of India, are credited to the Public Account of India [Article 266 (2) of the Constitution of India]. It includes transactions relating to 'debt' other than those included in the Consolidated Fund of India. Public Account transactions are not subject to vote/appropriation by Parliament and the balances are carried forward.
Public Debt (of India)	:	Borrowing by the Government of India internally as well as externally.
Re-appropriation	:	The transfer of funds from one primary unit of appropriation to another such unit.
Reserve Money	:	This is the monetary base. It is the sum of net RBI credit to Government, RBI's claims on commercial and cooperative banks, RBI's credit to the commercial sector, net foreign exchange of the RBI, Government's currency liabilities to the public *minus* the net non-monetary liabilities of the RBI.
Revenue Deficit	:	This is equal to the excess of revenue expenditure over revenue receipts.
Revenue Expenditure	:	This is meant for normal running of governments' maintenance expenditures, interest payments, subsidies and transfers etc. It is current expenditure which does not result in the creation of assets. Grants given to State Governments or other parties are also treated as revenue expenditure even if some of the grants may be meant for creating assets.
Revenue Receipts	:	These include proceeds of taxes and duties levied by the Government, interest and dividend on investments made by the Government, fees and other receipts for services rendered by the Government.

Stock	:	A form of Government security held as stock certificate and not transferable by endorsement and delivery but by executing a transfer deed and by registering the transfer in the books of the Public Debt Office.
Supplementary Grant	:	If the amount authorised by any law made in accordance with the provisions of Article 114 of the Constitution, to be expended for a particular service for the current financial year, is found to be insufficient for the purpose of that year or when a need has arisen during the current financial year for the supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.
Surrender of saving	:	Departments of the Central Government are to surrender to the Finance Ministry, before the close of the financial year, all the anticipated savings noticed in the grants or appropriations controlled by them. The Finance Ministry is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Tap Treasury Bill	:	A scrip of 91 days duration by which Government borrows money. This scrip was intended for investment by commercial banks of their surplus. This scrip was discontinued from 1 April 1997.
Treasury Bills	:	An instrument issued by the Reserved Bank of India on behalf of the Union Government to raise short term loans intended to fill transient resource gaps.
Saving	:	When expenditure falls short of budget provision, it results into saving..
Voted Grant	:	Sum required to meet other expenditure for which vote of Parliament is required under Article 113 (2) of the Constitution is called voted grant.