

**OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**NEW DELHI  
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**CAG's Audit Report on Union Government Accounts Presented in  
Parliament**

Report No.31 of 2022 of the Comptroller and Auditor General of India Audit Report on Union Government Accounts for the year 2020-21 was tabled in Parliament here today.

**Chapter 1: Introduction**

- The Annual Accounts of the Union Government presented to the Parliament consist of the Finance Accounts and the Appropriation Accounts. The Union Government Finance Accounts (UGFA) depict the receipts and payments from the Consolidated Fund of India (CFI), Contingency Fund and Public Account. The Union Government Appropriation Accounts compare expenditure with the allotments authorised by the Parliament. This Report analyses the financial performance of the Union Government and discusses the significant trends and structural profile of the Government's receipts and disbursements during the financial year 2020-21.

**Chapter 2: Overview of Union Finances**

- The Gross Domestic Product (GDP) at the end of FY21 was ₹135,58,473 crore at Constant Prices (base year 2011-12) and ₹198,00,914 crore at Current Prices. In both cases there was a decline of 6.60 *per cent* and 1.36 *per cent* respectively over the previous year. During FY20, the GDP growth recorded was 3.74 *per cent* at Constant Prices and a growth of 6.22 *per cent* at Current Prices. However, the prevailing scenario may be viewed in light of the fact that the economy suffered adversely during 2020-21 on account of the global Covid pandemic.

**[Para 2.1]**

- During FY21, the Union Government had total resources of ₹135,36,878 crore through debt receipts (₹81,62,910 crore, 60.30 *per cent*), gross non-debt receipts (₹25,27,330 crore, 18.67 *per cent*) and gross receipts into public accounts (₹28,48,879 crore, 21.05

*per cent*). The application of total resources was ₹135,31,932 crore, on repayment of debt (₹61,84,635 crore, 45.69 *per cent*), discharge of liabilities on Public Account (₹28,44,653 crore, 21.01 *per cent*), actual expenditure (₹39,07,647 crore, 28.87 *per cent*) and States' share in Union taxes (₹5,94,997 crore, 4.40 *per cent*). Gross non-debt receipts of ₹25,27,330 crore comprise gross revenue receipts (₹24,59,510 crore) and Non-Debt Capital receipts (₹67,820 crore). The gross revenue receipts of ₹24,59,510 crore consist of gross tax receipts of ₹20,27,104 crore (includes States' share in Union taxes of ₹5,94,997 crore) and non-tax receipts of ₹4,32,406 crore.

**[Para 2.3]**

- In gross tax receipts of ₹20,27,104 crore, direct taxes amounted to ₹9,45,117 crore (46.42 *per cent*) and indirect taxes to ₹10,81,987 crore (53.38 *per cent*). Further, cess collections at ₹3,99,949 crore constituted about one-fifth of the gross tax receipt in FY21.

**[Para 2.3 and Para 2.3.1.1]**

- Total expenditure of the Union at ₹39,07,647 crore in FY21 increased by 28.20 *per cent* over the previous year. While revenue expenditure of ₹33,14,852 crore registered increase of 26.75 *per cent*, expenditure on loans and advances of ₹2,49,846 crore registered increase of 453.48 *per cent* from ₹45,141 crore, on account of enhanced loans and advances to State and UT Governments, and for economic services sector. However, capital expenditure of ₹3,42,949 crore decreased by 11.55 *per cent* compared to the previous year's figures of ₹3,87,744 crore.

**[Paras 2.4 and 2.4.1]**

- Revenue expenditure of ₹33,14,852 crore included interest payments of ₹7,20,984 crore (21.75 *per cent*) in FY21 - on internal debt (₹6,44,829 crore), on Small Savings and Provident Fund, etc. (₹42,429 crore), on external debt (₹8,204 crore) and rest on other obligations (₹25,522 crore). As a proportion of revenue receipts, interest payments grew from 33.64 *per cent* in FY20 to 38.67 *per cent* in FY21.

**[Para 2.4.2(A)]**

- Expenditure on subsidies in FY21 rose by 187.81 *per cent* to ₹7,54,936 crore over FY20, mainly on account of payment of arrears to Food Corporation of India in lieu of food subsidy. The annual growth on food subsidy in FY21 was 398.06 *per cent*. Due to this substantial increase, the expenditure on subsidies nearly doubled as a percentage of revenue expenditure from 10.03 *per cent* in FY20 to 22.77 *per cent* in FY21.

**[Para 2.4.2(C)]**

- Grants-in-Aid (GiA) to States and UTs pertaining to Centrally Sponsored Schemes plateaued in the last four years and was ₹2,08,394.63 crore in FY21, while the Finance Commission Grants increased substantially from ₹93,703.58 crore to ₹1,84,062.50 crore in last two years. The Finance Commission Grants increased by 48.79 *per cent* in FY21 mainly on account of increase in ‘post-devolution revenue deficit grant’ by ₹46,026.50 crore. In respect of UTs with Legislature, the increase was on account of ‘Special Assistance’ to Jammu and Kashmir, amounting to ₹30,757 crore.

**[Para 2.4.2(D)]**

- In FY21, the total liability as per UGFA was ₹122,85,644 crore. Total liabilities consistently increased by more than 10 *per cent* from FY18 onwards. The increase was 17.64 *per cent* in FY21, on account of increase in Public Debt (22.88 *per cent*).

**[Para 2.5]**

- Fiscal deficit in FY21 was ₹19,75,314 crore. Fiscal deficit was financed mainly from the net internal debt which constituted more than 90 *per cent* share. External debt for financing fiscal deficit also saw a consistent increase through FY17 from ₹17,997 crore to ₹89,223 crore in FY21. Fiscal Deficit of ₹19,75,314 crore in FY21 included borrowing of ₹1,10,208 crore by the Union Government on behalf of State Governments, which was transferred to them as back to back loan, to compensate for shortfall in GST Compensation Cess. Out of the fiscal deficit of ₹19,75,314 crore in FY21, ₹14,50,339 crore (73.42 *per cent*) was on revenue account, with an year on year increase of 8.71 *per cent*.

**[Para 2.7]**

### **Chapter 3: Quality of Accounts and Financial Reporting Practices**

- Audit of guarantees as depicted in Statement 4 of UGFA revealed instances of non-disclosure of guarantees given to public sector entities, variation between guarantees shown in UGFA and CPSEs records and non-recovery of guarantee fees.

**[Para 3.2]**

- UGFA Statement 11 shows the details of investments by the Union Government in Statutory Corporations, Companies, other Joint Stock Companies, Co-operative Banks and Societies etc. There was mismatch of information relating to number of equity shares and percentage of Government shareholding in comparison with annual reports of the entities, non-depiction of investments in certain entities, shortfall in payment of dividend and non-depiction of dividend etc.

**[Para 3.3]**

- Suspense heads depicted only net balances and did not disclose the outstanding amount separately as Credit and Debit balances under these heads. Resultantly, the balances varied by 91.64 *per cent* under Suspense Account (Civil) and 58.60 *per cent* under PSB Suspense. Accumulation of large suspense balances impacts the accuracy of receipt, expenditure and cash balance position as appearing in the accounts.

**[Para 3.4.1 and 3.4.2]**

- There were instances of short/ non-transfer of collected amounts of cess/ levy to the designated reserve funds, non-opening/ non-operationalisation of reserve funds, dormant reserve funds without any transactions thereunder and deviation from approved accounting procedure in accounting the transactions under reserve funds.

**[Para 3.6]**

- At the end of FY21, an amount of ₹5,58,394 crore is outstanding as loans and advances given by the Union Government to State/ UT Governments and other entities. Out of this, arrears in recovery (principal and interest) at the end of FY21 was amounted to ₹63,763 crore.

**[Para 3.7]**

- During FY21, Specified Undertaking of UTI (SUUTI) remitted ₹3,124.86 crore (₹1,497.00 crore towards remittances to GoI out of interest and dividend income and ₹1,627.86 crore towards sale of strategic holding in Axis Bank) which was accounted for in the UGFA as 'Other receipts' (Minor Head 800) under Sub-Major Head-01 under MH 4000-Miscellaneous Capital Receipts, instead of treating as non-tax receipts.

**[Para 3.8.3]**

## **Chapter 4: Budgetary Management**

- Appropriation Accounts consisting of 101 Demands for FY21 had approved provisions aggregating to ₹119,04,054.99 crore, total expenditure thereon was ₹107,52,209.61 crore with overall savings of ₹11,51,845.38 crore.

**[Para 4.1.1]**

- There was excess disbursement of ₹1,18,651.04 crore over authorization involving two Grants of Ministry of Defence and one Grant pertaining to Department of Food and Public Distribution. The main reason for excess of ₹1,18,648.60 crore in the Department of Food and Public Distribution was payment of subsidy to Food Corporation of India (FCI) and repayment of outstanding balance of NSSF loan to FCI.

The Government stated that the excess would be regularized at appropriate time by obtaining Parliament's approval, in consultation with MoF.

**[Para 4.2.1]**

- Total savings under all the Grants/ Appropriations were ₹11,51,845.38 crore, constituting 9.68 *per cent* of total authorisations. There were Savings of ₹100 crore or more in 113 segments of 77 Grants/ Appropriations amounting to ₹12,68,488.40 crore. Further, out of the 22 Grants/ Appropriations with savings of ₹5,000 crore or more in FY21, nine had substantial savings in FY19 and FY20 as well.

**[Para 4.2.2 & 4.2.2.1]**

- Significant savings of ₹500 crore or more at minor-head/ sub-head level and savings of more than 25 *per cent* of allocations subject to a minimum of ₹100 crore were noticed in 324 cases of 69 Grants/ Appropriations out of 97 Civil grants/ Appropriations.

**[Para 4.2.2.2]**

- In 11 Minor/Sub-heads under eight Grants, supplementary provisions amounting to ₹1,680.17 crore were obtained during FY21 in anticipation of higher expenditure, but final expenditure of ₹10,219.33 crore was less than the original provisions of ₹13,017.06 crore.

**[Para 4.3]**

- Excess expenditure over total authorisation aggregating to ₹7.58 crore, attracting limitations of New Service/ New Instruments of Service, occurred in five cases under two grants related to object head 'Grants-in-aid General' and 'Grants for Creation of Capital Assets' during FY21, without prior approval of the Parliament.

**[Para 4.8]**

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