

**Report of the
Comptroller and Auditor General of India
for the year 2014-15**



**Union Government
Accounts of the Union Government
No. 50 of 2015
(Financial Audit)**

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PREFACE

This Report for the year ended March 2015 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 2015.

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

HIGHLIGHTS

HIGHLIGHTS

This Report of the Comptroller and Auditor General of India (CAG) is on the accounts of the Union Government and analyses the finances of the Union Government for the year 2014-15. It also contains an analysis of the Appropriation Accounts and audit observations with regard to the accounts of the Union Government for the year 2014-15.

Chapter-1

- The financial position of the Union Government in 2014-15 was characterised by an increase of 8.51 *per cent* in gross revenue receipts primarily on account of a substantial increase in both tax revenue receipts (9.32 *per cent*) and non-tax revenue receipts (6.18 *per cent*) over previous year.

(Paras 1.2, 1.2.3 and 1.2.4)

- The revenue expenditure grew by 7.62 *per cent* during 2014-15 as against 10.89 *per cent* in 2013-14. Expenditure on grants-in-aid, interest payments, pension, and revenue expenditure in Defence and Railways together constituted 90 *per cent* of the revenue expenditure in 2014-15.

(Para 1.3.2)

- Capital expenditure was 1.71 *per cent* of GDP, well below the 4.5 *per cent* level set out for the year in the fiscal consolidation path set out by the Thirteenth Finance Commission. Of the total capital expenditure, 38 *per cent* was accounted for by Defence.

(Paras 1.5.4 and 1.3.3)

- Analysis of plan expenditure showed that 69 *per cent* of the total plan expenditure was in the form of grants-in-aid payment. In four of the 10 Ministries/Departments incurring the largest plan expenditure, over 98 *per cent* was in the form of disbursement as grants-in-aid.

(Paras 1.3.5 and 1.3.7)

- The revenue deficit for the year 2014-15 was 2.92 *per cent* of GDP against the 3.15 *per cent* of GDP in 2013-14. The revenue deficit of 2.92 *per cent* of GDP was in contrast to the revenue surplus of 0.50 *per cent* of GDP to be achieved in 2014-15, as outlined by the Thirteenth Finance Commission. The Fiscal Deficit for the year 2014-15 was 4.11 *per cent* of GDP against the 4.44 *per cent* of GDP in 2013-14.

(Para 1.5.4)

Chapter-2

- Opaqueness was noticed in eleven Major Heads in which there were more than 50 *per cent* of total expenditure recorded under minor head 800-Other Expenditure

(Para 2.2.2)

- Out of the total receipts of ₹ 7,537.88 crore towards Universal Access Levy during the year 2014-15, the Department of Telecommunications transferred ₹ 2,086.98 crore to the Universal Service Obligation Fund (USO Fund) which was further disbursed towards the stated objectives. Non-transfer of balance amount in USO Fund resulted in under-statement of the closing balance of the USO Fund by ₹ 5450.90 crore for the financial year 2014-15. Overall understatement of the closing balance in the USO Fund was of the order of ₹ 39,133.76 crore during 2002-03 to 2014-15.

(Para 2.3.1)

- Research and Development Cess aggregating ₹ 5,783.49 crore was collected during the period 1996-97 to 2014-15. Out of this only ₹ 549.16 crore (9.50 *per cent*) was utilized towards the objectives of levying the said cess.

(Para 2.3.2)

- On account of expenditure from the Beedi Workers Welfare Fund (Fund) being far in excess of the receipts, the balance in the Fund over the years had become adverse. There was a continuous adverse balance in the fund during the period 2008-09 to 2014-15, which steadily increased from (-) ₹ 53.51 crore in 2008-09 to (-) ₹ 171.29 crore in 2014-15.

(Para 2.3.3)

- Against the total collection of ₹ 1,54,818 crore as primary education cess in the CFI, only ₹ 1,41,520 crore was transferred to the Prarambhik Shiksha Kosh in Public Account for meeting expenditure on identified schemes during 2004-05 to 2014-15, leaving a balance amount of ₹ 13,298 crore in the Consolidated Fund of India.

(Para 2.3.4)

- Central Board of Excise and Customs incurred irregular expenditure of ₹ 3.91 crore from Customs & Central Excise Welfare Fund against the principles of financial propriety.

(Para 2.3.9)

Chapter-3

- In accordance with the provisions of Article 114(3) of the Constitution of India, no money shall be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law. However, during 2014-15, there were excess disbursements of ₹ 16,201.33 crore over the authorisation from CFI. In civil Ministries/Departments the excess was ₹ 15,640.55 crore in five segments of three grants/appropriations; in the Ministry of Railways ₹ 490.37 crore in six segments of six grants/appropriations; in the Defence Services ₹ 0.13 lakh in one segments of one grant; and in Department of Posts ₹ 70.41 crore in one segment of one grant. These excess disbursements require regularization under Article 115(1)(b) of the Constitution.

(Para 3.4)

- Saving of more than ₹ 100 crore occurred in 122 cases of 93 grants (including Civil, Posts, Railways and Defence Services) amounting to ₹ 5,80,970 crore. Large savings were noticed in grants: *Appropriation-Repayment of Debt* (₹ 3,56,325 crore), *Appropriation-Interest Payments* (₹ 24,784 crore), Department of Financial Services (₹ 17,560 crore), Department of School Education & Literacy (₹ 14,615 crore), Transfers to State and Union Territory Governments (₹ 13,403 crore).

(Para 3.7 & Annexure 3.5)

Chapter-4

- Article 114(3) of the Constitution of India provides that no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law. An expenditure on interest on refunds amounting to ₹ 5,332 crore was incurred by the Central Board of Direct Taxes (CBDT), without the authorisation of the Parliament during the year 2014-15. A total expenditure of ₹ 48,235 crore on interest payments had been incurred over the last seven years without obtaining approval of the Parliament through necessary appropriations, despite the recommendations of the Public Accounts Committee in their 66th and 96th Reports.

(Para 4.2)

- Augmentation of provision by way of re-appropriation to 'grants-in-aid' to any body or authority from the Consolidated Fund of India can only be made with the prior approval of the Parliament. In five cases, across four grants, ₹ 60.25 crore was incurred by various Ministries/Departments during 2014-15 by augmenting provision under object head '31-Grants-in-aid-General' to various bodies/authorities without obtaining prior approval of the Parliament. Similarly, in nine cases across two grants ₹ 144.72 crore was augmented in violation of extant provisions without prior approval of Parliament to the object head '35-Grants for creation of Capital Assets'. Further, in three cases across two grants, funds aggregating to ₹ 8.29 crore were augmented without prior approval of Parliament to the object head '36-Grants-in-aid Salaries'. All these excess expenditures attracted limitations of New Service/New Instrument of Service (NS/NIS).

(Paras 4.5.1, 4.5.2 and 4.5.3)

- For augmentation of provisions in existing appropriations under the object head 'Subsidies' through re-appropriations, prior approval of the Parliament is required, if the additionality is more than 10 *per cent* of the appropriation already voted by the Parliament or ₹ 10 crore, whichever is less. In four cases across two grants, ₹ 202.04 crore was augmented without prior approval of the Parliament to the object head 'Subsidies' attracting limitations of NS/NIS.

(Para 4.5.4)

- In regard to the cases of NS/NIS on augmentation under the object heads '52-Machinery and Equipment' and '53-Major Works' all cases relating to augmentation of funds above ₹ 2.5 crore or above 10 *per cent* of the appropriation already voted, whichever is less, would require prior approval of the Parliament, irrespective of the fact that the augmentation is for new works or for the existing works. In six cases across three grants, excess expenditure of ₹ 41.12 crore was incurred by the Ministries/Departments during 2014-15 by augmenting the provision under these object heads without obtaining prior approval of the Parliament. These excess expenditures also attracted limitations of New Service/New Instrument of Service.

(Para 4.5.5)

- Various departments/ministries incorrectly classified revenue expenditure as capital expenditure and vice versa. The misclassifications resulted in an overstatement of capital expenditure by ₹ 748.43 crore and understatement of capital expenditure by ₹ 522.67 crore. The overall impact on Government expenditure was an overstatement of capital expenditure of ₹ 225.76 crore.

(Paras 4.6.1, 4.6.2, 4.6.3 and 4.6.4)

- Rule 8 of the Delegation of Financial Powers Rules, 1978 prescribes standard primary units of appropriation with the descriptions/definitions for the purpose of classification of expenditure up to the sixth tier, i.e. object head. In 27 cases, across 19 grants/appropriations expenditure amounting to ₹ 2,954.65 crore were misclassified in a number of primary units of appropriation.

(Para 4.7.3)

Chapter-5

- Grants-in-aid constituted, with the exception of debt repayment, as the single largest item of expenditure for the Union Government. Grants-in-aid constituted nearly 28 *per cent* of the total revenue expenditure of the Union Government during 2014-15.

(Paras 5.1 and 5.2)

- Utilization Certificates are the only mechanism for the Ministries to verify that the money has been utilized for the purpose for which it was given. In 26 Ministries/Departments, 37,569 UCs involving ₹ 51,527.10 crore which were due on 31st March 2015 were outstanding which indicates deficient monitoring and follow-up mechanisms in the Ministries/Departments concerned.

(Para 5.4)

- Detailed analysis of expenditure on grants-in-aid released by the Ministry of Food Processing Industries and Ministry of Earth Sciences revealed deficient control mechanisms and inadequate assurance with regard to the quality of the expenditure incurred.

(Para 5.5)

1: AN OVERVIEW OF UNION FINANCES 2014-15

1.1 Introduction

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

Box 1.1: Union Government Funds and the Public Account

Consolidated Fund	<ul style="list-style-type: none">• All revenues received by the Union Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one Consolidated Fund titled the “Consolidated Fund of India” established under Article 266 (1) of the Constitution of India.
Contingency Fund	<ul style="list-style-type: none">• The Contingency Fund of India established under Article 267 (1) of the Constitution is in the nature of an imprest placed at the disposal of the President to enable him/her to make advances to meet urgent unforeseen expenditure, pending authorisation by the Parliament.• Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.
Public Account	<ul style="list-style-type: none">• Besides the normal receipts and expenditure of Government, which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which the Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, etc. are a few examples.• The public moneys, thus, received are kept in the Public Account, set up under Article 266(2) of the Constitution and the connected disbursements are made therefrom.

1.1.1 The year 2014-15 was marked by improvement in economic growth as measured by Gross Domestic Product (GDP)¹ with growth of 7.3 *per cent* as against 6.9 *per cent* in 2013-14.

Improvement was also observed on the fiscal front, with the fiscal deficit declining from 4.95 *per cent* of GDP in 2012-13 to 4.44 *per cent* in 2013-14 and 4.11 *per cent* in 2014-15. Much of this improvement, during 2014-15, has been achieved by a growth of 9.55 *per cent* in non-debt receipt and a subdued

¹ As per a press note released by CSO on 29th May, 2015, estimates of GDP at constant prices (2011-12) grew by 7.3 *per cent* over the previous year, while at current prices, it grew by 10.5 *per cent*.

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growth of 7.56 per cent in actual expenditure over the previous year's growth of 10.73 per cent.

An increase of ₹ 1,11,115 crore (9.12 per cent) in revenue receipt as against an increase of ₹ 1,20,040 crore (7.62 per cent) in revenue expenditure during 2014-15 over the previous year resulted in increase of revenue deficit by ₹ 8,925 crore. Further, fiscal deficit rose by ₹ 12,718 crore over the previous year owing to increased capital expenditure by ₹ 14,163 crore over the same period. Gross borrowing by the Government in the form of public debt during 2014-15 was higher by ₹ 2,23,230 crore over previous year.

A combined effect of deficit of ₹ 5,451 crore in Consolidated Fund of India (CFI) and a deficit of ₹ 72,393 crore in Public Account resulted in a decrease of ₹ 77,844 crore in the cash balance of the Union Government at the end of financial year 2014-15.

Table 1.1 summarises the position of the receipts, disbursements and borrowings of the Union Government for the year 2014-15.

Table 1.1: Summary of the current year's (2014-15) operations

(₹ in crore)

Receipts		Derived Parameters		Disbursements	
Consolidated Fund of India (CFI)					
Revenue Receipts*	1328909 (1217794)	Revenue Deficit 366228 (357303)	Revenue Expenditure	1695137 (1575097)	
Miscellaneous Capital Receipts	37740 (29368)		Capital Expenditure	172085 (168844)	
Recovery of Loans	26547 (24549)		Loans and Advances	41922 (31000)	
Total Non-Debt Receipts	1393196 (1271711)	Fiscal Deficit 515948 (503230)	Actual Expenditure	1909144 (1774941)	
Public Debt	4218196 (3994966)		Public Debt	3707699 (3511291)	
Total receipts into CFI	5611392 (5266677)	Deficit in CFI 5451 (19555)	Total expenditure from CFI	5616843 (5286232)	
Contingency Fund					
Receipts	0		Appropriation	0	
Public Account					
Small Savings	499555 (407541)		Small Savings	505402 (389826)	
Reserves & Sinking Fund	147041 (127520)		Reserves & Sinking Fund	141932 (124057)	
Deposits	131184 (113712)		Deposits	103498 (101028)	
Advances	42238 (37895)		Advances	42380 (25035)	
Suspense Account	28484 (2744)		Suspense Account	116525 (13110)	
Remittances	2004 (3548)		Remittances	13162 (1182)	

Union Government Finances: Overview

Total Public Account	850506 (692960)	Deficit in Public Account 72393 (Surplus 38722)	Total Public Account	922899 (654238)
Opening Cash	87618 (68451)	Decrease in Cash Balance 77844 (Increase 19167)	Closing Cash	9774 (87618)
Public Account Deficit (Demand)		72393	Decrease in Cash Balance (-) Deficit in CFI	
Incremental Liabilities (Supply)		537445	Surplus of (Debt+ Small Savings+ Reserve Funds+ Deposits)	
Incremental Liabilities (Demand)		537445	Fiscal Deficit (-) Decrease in Cash (+) Net Disbursement of (Advances+ Suspense+ Remittances)	

*Excludes figures of taxes and duties assigned to States (₹3,37,808 crore for 2014-15 and ₹3,18,230 crore for 2013-14).

Note: (1) Figures in parentheses indicate corresponding figures for 2013-14.

(2) Revenue Receipts and Revenue Expenditure for 2014-15 are understated by ₹5,332 crore due to incorrect depiction of expenditure incurred on interest on refunds of taxes as 'deduct revenue' instead of expenditure. For details, please refer para 4.2 of this report.

1.2 Resource Generation

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

As can be seen from **Table 1.2**, Gross receipt to GDP ratio has shown a steady decline in the last four years and stood at 54.20 *per cent* of GDP during 2014-15. The year 2014-15 was characterised by a growth of only 8.51 *per cent* in gross revenue receipt as compared to 14 *per cent* in 2013-14. However, gross receipts increased by 8.28 *per cent* in 2014-15 over the previous year. Gross debt-receipt to gross receipt was 62.05 *per cent* for 2014-15 and was 63.64 *per cent* in 2013-14. Although, the share of debt receipts to gross receipts has been declining, still it is very high, indicating continued dependence on debt to balance the budget.

Table 1.2: Resources and GDP

(₹ in crore)

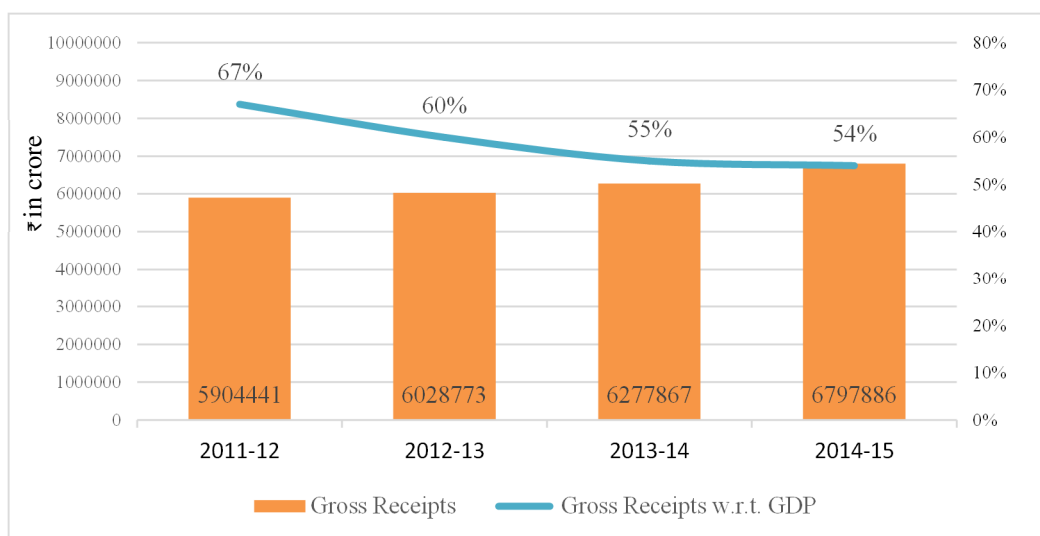
Period	Gross Revenue Receipts* (1)	Non-debt Capital Receipts (2)	Gross Debt Receipts (3)	Gross Accruals into Public Account (4)	Gross Receipts (1+2+3 +4) (5)	GDP at Current Prices (6)	Gross Receipts/GDP (7)
2011-12	1165691 (20)	54906 (1)	4063177 (69)	620667 (11)	5904441	8832012	66.85
2012-13	1347438 (22)	52513 (1)	3968038 (66)	660784 (11)	6028773	9988540	60.36
2013-14	1536024 (24)	53917 (1)	3994966 (64)	692960 (11)	6277867	11345056	55.34
2014-15	1666717 (25)	64287 (1)	4218196 (62)	848686 (12)	6797886	12541208	54.20

*Includes figures of taxes and duties assigned to States (₹3,37,808 crore for 2014-15). Net revenue receipts to the Centre is ₹13,28,909 crore in 2014-15, as reflected in **Table 1.1**.

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

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Chart 1.1: Gross Receipts as percentage of GDP



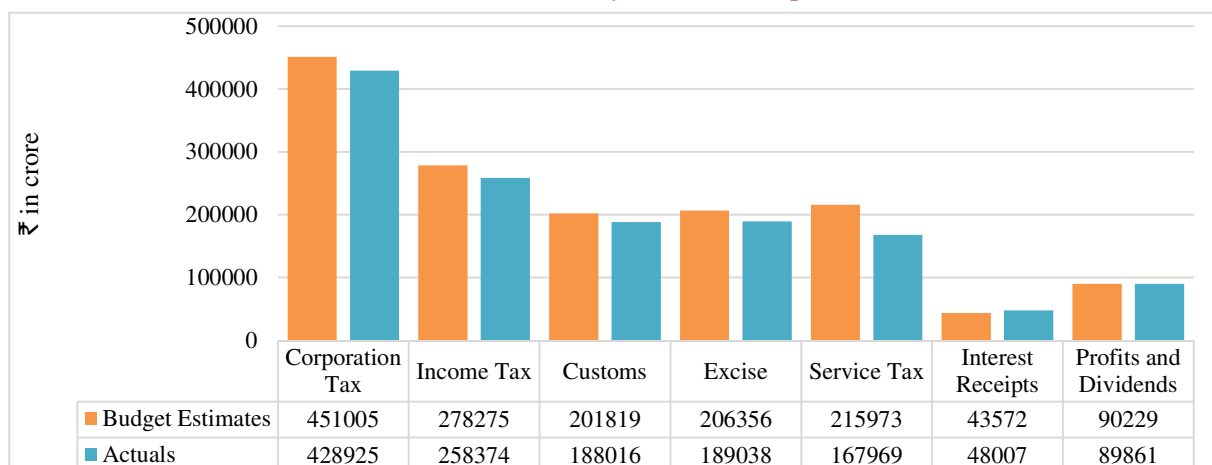
1.2.1 Revenue receipts

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

1.2.2 Components of revenue receipts: Gap between Actuals and BE

Formulating realistic budgetary estimates is vital for expenditure control and cash & debt management. **Chart 1.2** indicates that actual tax revenue receipts were below the Budget Estimate (BE). The major shortfall were in respect of Service Tax (22.23 per cent) and Excise (8.39 per cent). In the non-tax revenue sector, Interest Receipts exceeded (10.18 per cent) the Budget Estimates.

Chart 1.2 Actuals of key Revenue Components vis-a-vis BE: 2014-15



1.2.3 Tax revenue

The growth of gross taxes remained lower than the growth of GDP since 2013-15. However, the growth in components of tax revenue sector resulted in overall growth of 9.32 *per cent* in gross tax revenue (**Table 1.3**).

Table 1.3: Components of tax revenue (gross)

(₹ in crore)

Period	Total Gross Tax Revenue#	Corporation Tax	Income Tax	Customs Duties	Excise Duties	Service Tax	Others*	GDP at current prices
2011-12	889118	322816	164525	149328	144901	97509	10039	8832012
2012-13	1036461	356326	196844	165346	175845	132601	9499	9988540
2013-14	1138996	394678	237870	172085	169455	154780	10128	11345056
2014-15	1245136	428925	258374	188016	189038	167969	12814	12541208
Annual Rate of Growth (per cent)								
2011-12	12.08	8.08	18.28	9.95	5.23	37.31	(-) 8.64	@
2012-13	16.57	10.38	19.64	10.73	21.36	35.99	(-)5.38	13.09
2013-14	9.89	10.76	20.84	4.08	(-)3.63	16.73	6.62	13.58
2014-15	9.32	8.68	8.62	9.26	11.56	8.52	26.52	10.54

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

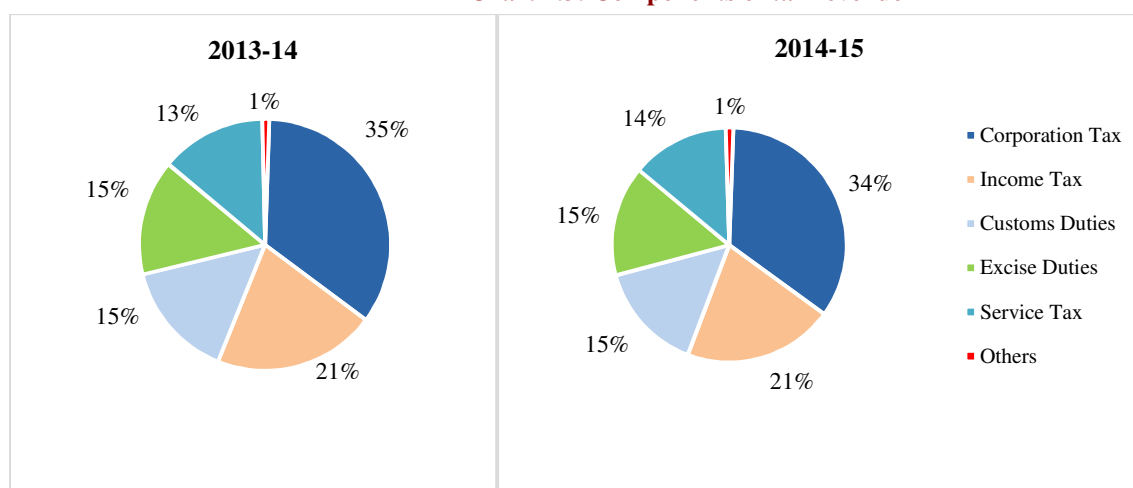
* Other taxes include Hotel Receipts Tax, Interest Tax, Wealth Tax, Gift Tax, Fringe Benefit Tax, Securities Transactions Tax, Banking Cash Transaction Tax etc.

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

The growth of Income Tax and Service Tax slowed down from 20.84 *per cent* and 16.73 *per cent* in 2013-14 to 8.62 *per cent* and 8.52 *per cent* respectively in current year. The rate of growth of Excise Duties was negative (- 3.63 *per cent*) in 2013-14 but increased to 11.56 *per cent* in 2014-15.

A comparison of relative shares of components of tax revenues during 2013-14 and 2014-15 (**Chart 1.3**) shows marginal increase in share of Service Tax (one *per cent*) and decrease in share of Corporation Tax (one *per cent*). The share of the rest of the components of tax revenue remained the same.

Chart 1.3: Components of tax revenue



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1.2.4 Non-tax revenue

In 2014-15, the largest share of non-tax revenue (57.76 per cent) came from user charges levied by various departments, which offer economic services to the general public (Table 1.4). Interest receipts constituted 11.39 per cent of non-tax revenue, while dividends and profits accounted for 21.32 per cent (1.46 per cent lower than previous year). Annual growth rate of non-tax revenue decreased from 27.67 per cent in 2013-14 to 6.18 per cent in 2014-15. This was mainly due to significant decrease in receipts from dividends and profits (68.23 per cent in 2013-14 to -0.64 per cent in 2014-15) as well as lower growth in the receipts from economic services (23.29 per cent in 2013-14 to 6.96 per cent in 2014-15).

Receipts from social services witnessed growth of 387.75 per cent in 2012-13 over 2011-12 due to onetime large receipt of ₹ 3,594 crore from social security and welfare measures. It further exhibited a growth of 31.84 per cent in 2014-15 due to large receipt in the form of 'Licence Fee from DTH Operators' of ₹ 836.52 crore. However, relative share of social services receipts to non-tax revenue receipts remained negligible.

Table 1.4: Composition of Non-tax revenue (Share and growth trend)

(₹ in crore)

Period	Total Non-tax Revenue#	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions**
2011-12	276573	40054	50609	988	158283	26639
Relative share (per cent)	100	14.48	18.30	0.36	57.23	9.63
2012-13	310977	38860	53762	4819	184662	28874
Relative share(per cent)	100	12.50	17.29	1.55	59.38	9.28
2013-14	397028	44027	90442	1316	227661	33582
Relative share(per cent)	100	11.09	22.78	0.33	57.34	8.46
2014-15	421582	48007	89861	1735	243512	38467
Relative share(per cent)	100	11.39	21.32	0.41	57.76	9.12
Annual Rate of Growth						
2011-12	(-)22.89	13.47	5.45	21.38	(-)36.24	1.20
2012-13	12.44	(-)2.98	6.23	387.75	16.67	8.39
2013-14	27.67	13.30	68.23	(-)72.69	23.29	16.31
2014-15	6.18	9.04	(-)0.64	31.84	6.96	14.55

includes Grant-in-aid and contributions by International Agencies.

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

Economic Services: include dairy development, animal husbandry, fisheries, forestry, plantation, food storage and warehousing, agricultural and rural development programmes, user charges for irrigation, provision of energy, receipts of Departmentally managed Government Undertakings, etc.

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

Receipt from Economic Services is a major constituent of non-tax revenue since 2011-12. Under Economic Services, the main schemes/programme/functions responsible for the increase were (i) Indian Railways (Commercial Lines-Goods Earning) which increased from

₹ 93,788.29 crore in 2013-14 to ₹ 1,05,661.21 crore in 2014-15 (12.66 per cent), (ii) Tolls on Roads and Bridges, which increased from ₹ 5,144.67 crore in 2013-14 to ₹ 5,927.13 (15.21 per cent), (iii) ‘Other General Economic Services’ which increased from ₹ 3,368.47 crore in 2013-14 to ₹ 4,773.93 crore in 2014-15 (41.72 per cent) (iv) Other Services and Service fees (Postal Receipts) which increased from ₹ 6,139.61 crore in 2013-14 to ₹ 7,094.05 crore in 2014-15 (15.55 per cent) and (v) ‘Coal and Lignite’ which increased from ₹ 136.18 crore in 2013-14 to ₹ 6,179.26 crore in 2014-15 (4,437.57 per cent).

1.2.5 Non-debt capital receipts

Non-debt capital receipts consist of miscellaneous capital receipts (bonus shares, disinvestment, etc.) and recovery of loans and advances from State and Union Territory Governments, Foreign Governments, Government corporations, non-government institutions and government servants. During the period 2011-15, there was shortfall in miscellaneous capital receipts as compared to the BE. On the other hand, the recovery of loans and advances was higher than the BE during the same period, indicating deficiency in the formulation of the budget estimates (Table 1.5).

Table 1.5: Realisation from Non-Debt Capital Receipt

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

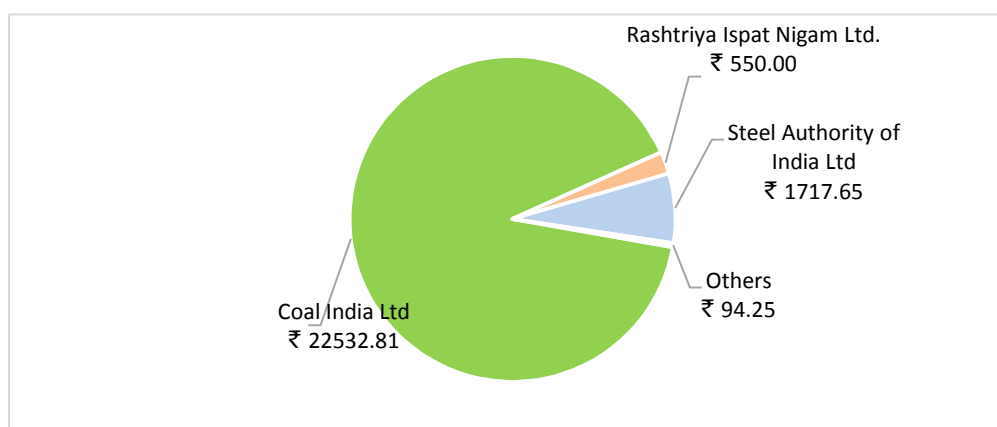
*Does not include receipts from bonus shares.

Disinvestment constitutes the major portion of the miscellaneous capital receipt. Chart 1.4 indicates that 91 per cent (₹ 22,532.81 crore) of the disinvestment proceeds of total ₹ 24,894.71 crore were contributed by Coal India Limited alone. Other major contributors were Steel Authority of India Ltd (₹ 1,717.65 crore, 7 per cent) and Rashtriya Ispat Nigam Ltd. (₹ 550.00 crore, 2 per cent), NTPC Ltd (₹ 48.16 crore), NALCO (₹ 12.45 crore), MECON (₹ 12.60 crore) etc.

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Chart 1.4: Component of disinvestment proceeds

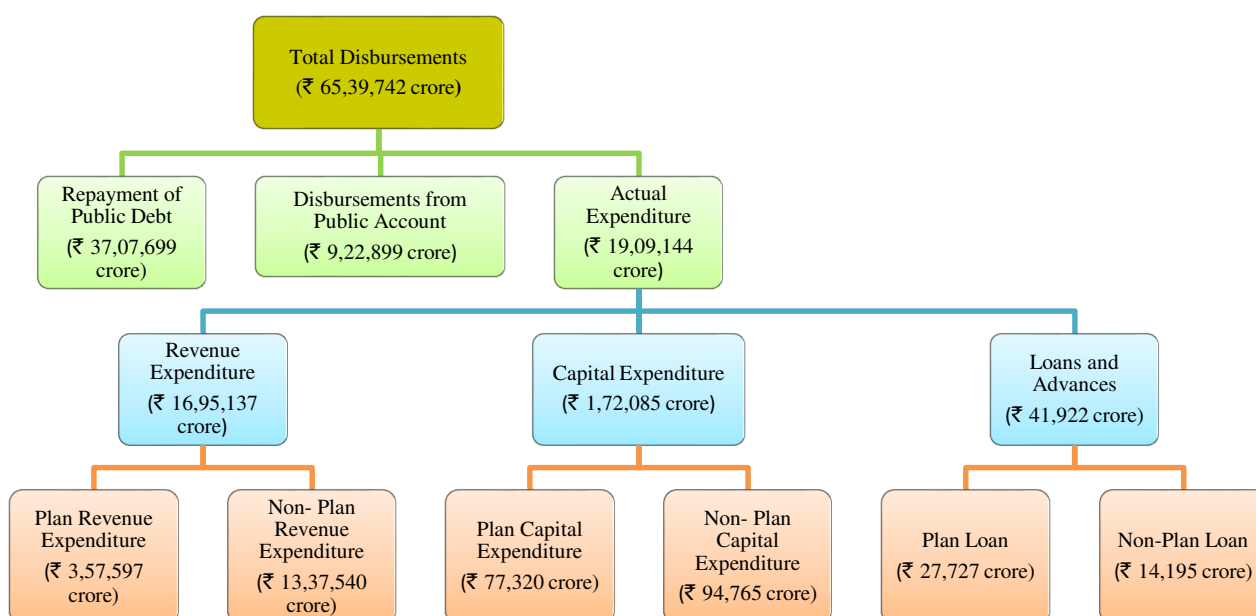
(₹ in crore)



1.3 Expenditure Analysis

The total disbursements from the Consolidated Fund of India (CFI) and the Public Account (PA) for 2014-15 was of the order of ₹ 65,39,742 crore.

Chart 1.5: Components of Total Disbursements



In 2014-15, the total disbursements of the Government increased by 10.09 per cent over the previous year's disbursements of ₹ 59,40,471 crore. Disbursement from CFI was 85.89 per cent (Repayments of public debt-56.70 per cent and actual expenditure-29.19 per cent). Remaining 14.11 per cent of disbursement was from PA (Chart 1.5).

Share of various components of disbursements made by the Government is given in Table 1.6. Proportion of repayment of debt in the total disbursement

has come down from 62.06 *per cent* during 2011-12 to 56.70 *per cent* in 2014-15. However, share of Public Account disbursement has increased from 11.61 *per cent* to 14.11 *per cent* during the same period. The share of actual expenditure has increased from 26.33 *per cent* to 29.88 *per cent* during 2011-12 to 2013-14 but decreased to 29.19 *per cent* in 2014-15. Revenue expenditure as a proportion of actual expenditure remained around 88 *per cent* during 2011-15. The proportion of Plan expenditure to actual expenditure has come down from 27.81 *per cent* in 2011-12 to 24.23 *per cent* in 2014-15.

Table 1.6: Share of various components of total Disbursement

(In *per cent*)

Particulars	2011-12	2012-13	2013-14	2014-15
<i>Components of Total Disbursement</i>				
Repayment of Debt	62.06	60.27	59.11	56.70
Disbursements from Public Account	11.61	11.54	11.01	14.11
Actual Expenditure (AE)	26.33	28.19	29.88	29.19
<i>Components of Actual Expenditure</i>				
Revenue Expenditure (RE)	88.01	88.62	88.74	88.79
Capital Expenditure (CE)	9.40	9.38	9.51	9.01
Loans and Advances (LA)	2.59	2.00	1.75	2.20
<i>Components of Revenue Expenditure</i>				
Plan Revenue Expenditure	25.57	23.18	22.39	21.10
Non-Plan Revenue Expenditure	74.43	76.82	77.61	78.90
<i>Components of Capital Expenditure</i>				
Plan Capital Expenditure	41.98	45.24	48.52	44.93
Non-Plan Capital Expenditure	58.02	54.76	51.48	55.07
<i>Components of Loan Advances</i>				
Plan Loan	52.35	51.13	60.24	66.14
Non-Plan Loan	47.65	48.87	39.76	33.86
Plan Expenditure as percentage of AE	27.81	25.80	25.54	24.23
Non-Plan Expenditure as percentage of AE	72.19	74.20	74.46	75.77

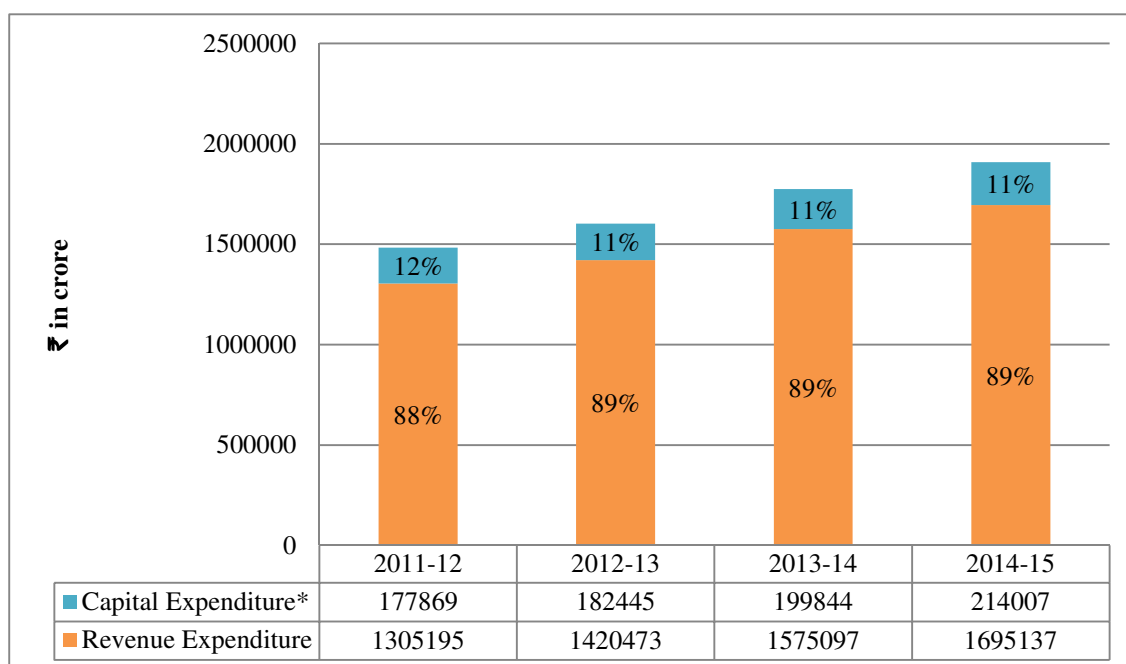
1.3.1 Revenue and Capital expenditure

Revenue expenditure is current expenditure, which does not result in creation of assets. This is meant for normal running of the Government and includes maintenance expenditure, interest payments, subsidies, transfers, etc. Grants given to State Governments or other bodies or authorities are also treated as revenue expenditure. Capital expenditure consists of payments for acquisition of assets, investment in share capital, and loans & advances given by the Government. **Chart 1.6** shows the pre dominance of revenue expenditure over capital expenditure. In the year 2011-12 the share of capital expenditure was

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12 *per cent* and revenue expenditure was at 88 *per cent*. However, in succeeding year the share of capital expenditure came down to 11 *per cent* and remained at the same level during 2012-15. Capital expenditure registered annual growth of 9.54 *per cent* in 2013-14 but ended with subdued growth of 7.09 *per cent* in 2014-15.

Chart 1.6: Comparison of Revenue expenditure with capital expenditure



*Includes Loans & Advances

1.3.2 Analysis of Revenue expenditure

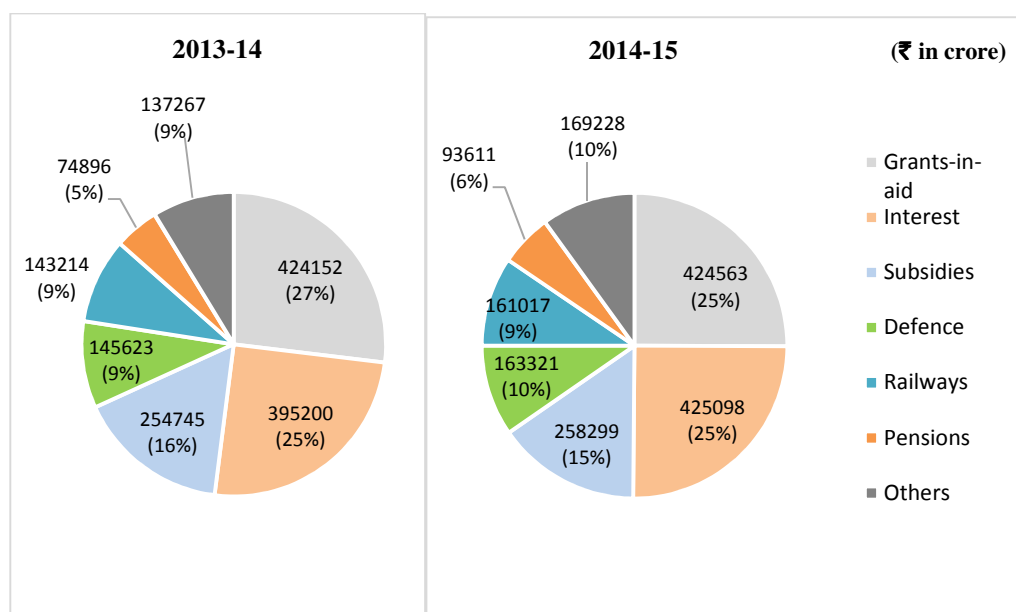
As details of component wise expenditure are not available in the Finance Accounts, e-lekha has been used for supplementing the analysis in some of the chapters of this Report. E-lekha being used at Pay and Accounts Offices and other offline interfaces, provides a system of core accounting with integration of daily, monthly and annual accounting process for value added reporting and monitoring mechanism.

The expenditure figures in Finance Accounts are shown net of recoveries and thus, the figures from e-lekha, wherever adopted, have been netted of recoveries. Data of a number of components derived from e-lekha were at variance with the data available in Finance Accounts due to non-updation of e-lekha in time.

The total revenue expenditure for the year 2014-15 was ₹ 16,95,137 crore which is 88.79 *per cent* of actual expenditure. The revenue expenditure grew by 7.62 *per cent* during 2014-15 as against 10.89 *per cent* over the previous year.

Expenditure on items such as interest payments, grants-in-aid, subsidies, pensions and revenue expenditure in Defence and Railways constitute major components (around 90 per cent) of total revenue expenditure, as depicted in **Chart 1.7**.

Chart 1.7: Major components of revenue expenditure



(a) Grants-in-aid: Grants-in-aid both for general purposes and capital creation are given to State/UT and Foreign Governments. Grants are also given to bodies/authorities/entities from the CFI for both the purposes and also for payment of salaries. Grants are to be utilised for the purpose for which they are sanctioned, with the remaining unutilised amounts to be surrendered or adjusted in future in case of recurring grants. The proportion of Grants-in-aid to revenue expenditure decreased from 27 per cent to 25 per cent in 2014-15 over the previous year (**Chart 1.7**).

(b) Interest Payments: Interest payments provide for payment of interest on public debt, (both internal and external) and other interest bearing liabilities of the Government, which include insurance and pension funds, provident funds, reserve funds, deposits, interest on special securities issued to various Central Public Sector Enterprises etc. It also embraces expenditure on reduction or avoidance of debt. Interest payments are the second largest component of revenue expenditure (**Chart 1.7**). The proportion of interest payments to revenue expenditure stood at 21.99 per cent in 2011-12, which increased to 25.08 per cent in the current year (**Table 1.7**). The increasing share of interest payments is indicative of crowding out of other expenditures. The growth of

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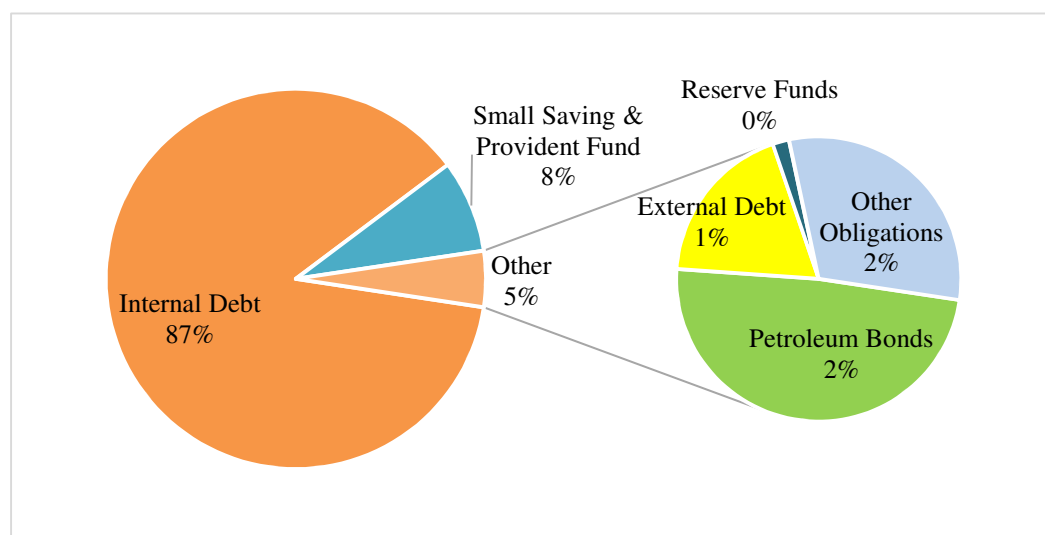
interest payments in 2014-15 however remained at 7.57 per cent, well below the growth of 19.70 per cent in 2013-14.

Table 1.7: Interest payment to revenue expenditure

(₹ in crore)				
Year	Revenue Expenditure (RE)	Interest Payments (IP)	Growth of IP	Share of IP to RE
2011-12	1305195	286982	11.98	21.99
2012-13	1420473	330171	15.05	23.24
2013-14	1575097	395200	19.70	25.09
2014-15	1695137	425098	7.57	25.08

Components of interest payments made in 2014-15 are shown in **Chart 1.8**. Interest payments on account of internal debt is 87 per cent (₹ 3,71,420 crore) of the total interest payments.

Chart 1.8: Main components of interest expenditure



Total Interest payment : ₹ 4,25,098 crore (Interest on Internal Debt: ₹ 3,71,420 crore, Interest on External Debt: ₹ 3,766 crore, Interest on Small Savings & Provident Fund: ₹ 33,478 crore, Interest on Petroleum Bonds: ₹ 9,849 crore, Interest on Reserve Fund: ₹ 379 crore and Interest on other obligations: ₹ 6,206 crore)

(c) Subsidies: Subsidies connote economic benefit (such as a tax allowance or duty rebate) or financial aid (such as a cash grant or soft loan) provided by a Government to reduce the market price of an item below its cost of production. 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 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. **Table 1.8** presents details of the subsidies, which the Government provided

explicitly. The bulk of the expenditure under this head is towards food, fertilizer and petroleum subsidies. The total expenditure on subsidy has increased marginally by 1.40 *per cent* in 2014-15 over the previous year. However, the subsidies on food and urea grew by ₹ 25,671 crore (28 *per cent*) and ₹ 12,385 crore (33 *per cent*) respectively in 2014-15 over the said period. The subsidies on decontrolled fertilisers and petroleum witnessed negative growth of 30 *per cent* and 29 *per cent* respectively in 2014-15 over the previous year, enabling thereby to contain the total expenditure on subsidies.

As a percentage of GDP, the expenditure on subsidies has come down to 2.06 *per cent* in 2014-15 from 2.25 *per cent* in 2013-14. Likewise the share of expenditure on subsidies in revenue expenditure has come down to 15.24 *per cent* from 16.17 *per cent* over the same period.

Table 1.8: Explicit Subsidies in the Union Government Budget

Period	Food	Fertilisers@ (Urea)	Fertilisers# (Decontrolled)	Petroleum Subsidy	Others*	Total subsidies	Subsidies (A)	Subsidies (B)
	₹ in crore						Percentage	
2011-12	72822 (14)	33924 (39)	36108 (-13)	68481 (78)	6567 (-32)	217902 (23)	2.47	16.69
2012-13	85000 (17)	35132 (4)	30576 (-15)	96880 (41)	9591 (46)	257179 (18)	2.57	18.11
2013-14	92000 (8)	38038 (8)	29427 (-4)	85378 (-12)	9902 (3)	254745 (-1)	2.25	16.17
2014-15	117671 (28)	50423 (33)	20667 (-30)	60269 (-29)	9269 (-6)	258299 (1)	2.06	15.24

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

Indicates subsidies given as concession on sale of decontrolled fertilisers.

Figures in parentheses indicate percentage of annual growth.

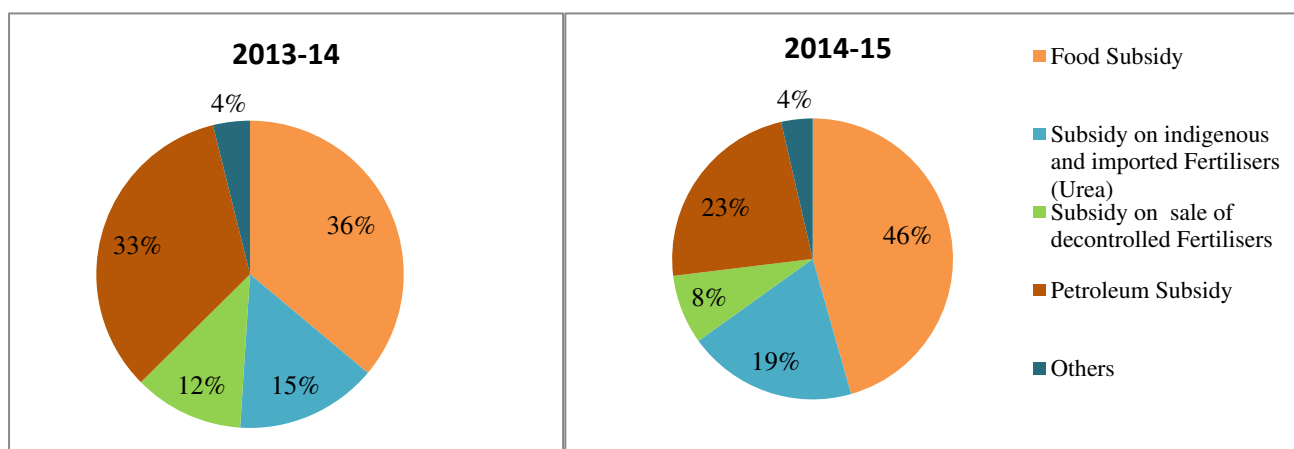
* Others include interest subsidy, grants given to NAFED, compensation for exchange loss, subsidy for Haj Charters, etc.

(A) As a percentage of GDP

(B) As a percentage of Revenue expenditure

Chart 1.9 below presents the share of various components of subsidies. The share of petroleum subsidies has decreased from 33 *per cent* in 2013-14 to 23 *per cent* in 2014-15. Similarly, the share of decontrolled fertilisers also registered a decline of four percentage points. However, the share of food subsidies has increased from 36 *per cent* to 46 *per cent* during the same period.

Chart 1.9: Components of explicit subsidies

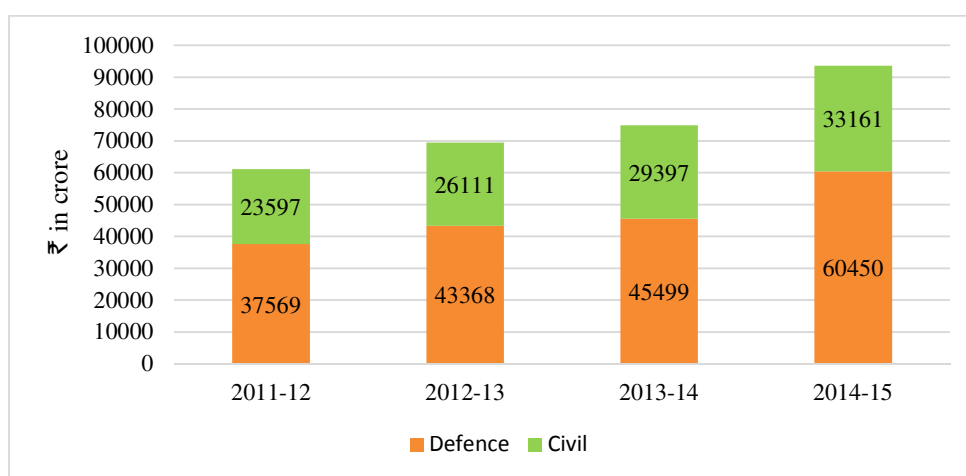


The receivables shown in the financial statements of the Corporation and Central Public Sector Undertakings working in the sectors of food, fertilisers and petroleum were correlated with the corresponding subsidy reimbursements made by the Union Government, in the absence of complete information from the Ministries concerned. The accounts of four CPSUs viz. National Fertilisers Ltd. (NFL), Fertilisers and Chemicals Travancore Ltd., Madras Fertilisers Ltd., Hindustan Petroleum Corporation Ltd., and Food Corporation of India (FCI) were examined and correlated during this exercise.

Based on this examination it emerged that an amount of ₹ 27,759 crore of subsidy claims (₹ 23,699 crore to FCI, and ₹ 4,060 crore to undertakings in the fertiliser and petroleum sectors) have not been paid by the Union Government during the financial year 2014-15, as depicted in **Annexure 1.1**. While arriving at the figure of ₹ 27,759 crore, the claims submitted to the Government during the last quarter of 2014-15 has been excluded. Had these claims of three quarters been paid during the financial year, the total expenditure on subsidies would have been ₹ 2,86,058 crore. Taking into account this figure, the expenditure on subsidies would have been 2.28 *per cent* of GDP in 2014-15, as against 2.06 *per cent*. Further, if outstanding subsidy claims are considered in totality including the past unpaid claims, but excluding the 4th quarter claims, amounting to ₹ 44,941 crore submitted during 2014-15, then total subsidy expenditure would have been ₹ 3,03,240 crore in 2014-15, which works out at 2.42 *per cent* of GDP. From **Annexure 1.1** it would be seen that in the case of FCI and NFL, the unpaid subsidy claims show a rising trend during the last five years period. It increased from ₹ 15,669 crore and ₹ 1,497 crore in 2010-11 to ₹ 58,654 crore and ₹ 4,975 crore in 2014-15 respectively.

(d) Pension Payments: Expenditure on pensions and other retirement benefits increased from ₹ 61,166 crore in 2011-12 to ₹ 93,611 crore in 2014-15, registering a growth of 53.04 *per cent* during four years period (**Chart 1.10**). In the case of defence pension, it increased by 60.90 *per cent* and stood at ₹ 60,450 crore. The civil pensions stood at ₹ 23,597 crore in 2011-12, which increased to ₹ 33,161 crore in 2014-15, registering a growth of 40.53 *per cent* during 2011-15. During the four years period, the defence pension payments oscillated between 60-65 percent of the total pension payments.

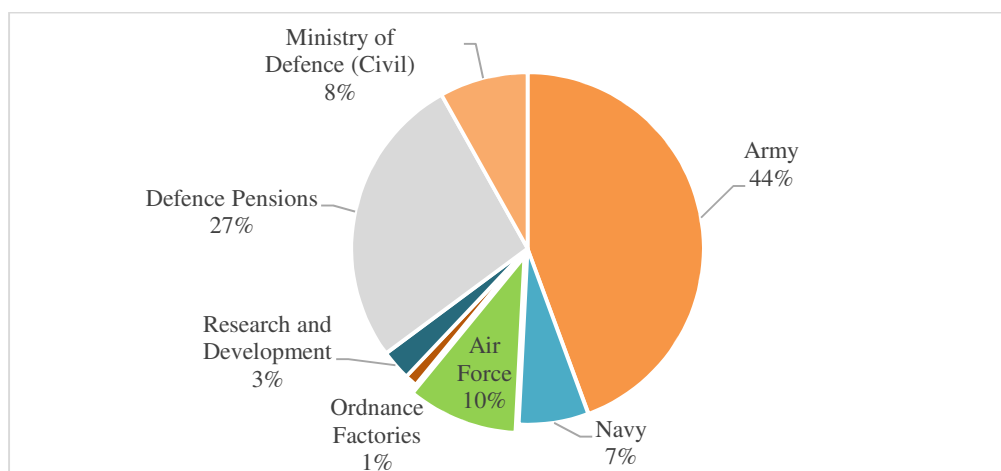
Chart 1.10: Expenditure on Pensions and other Retirement Benefits



(e) Defence Expenditure: The Defence revenue expenditure (₹ 2,23,771 crore) includes expenditure of Army (₹ 99,322 crore), Navy (₹ 14,352 crore), Air Force (₹ 22,685 crore), Ordnance Factories (₹ 2,550 crore), Research and Development (₹ 6,237 crore), Defence Pensions (₹ 60,450 crore) and the Ministry of Defence (₹ 18,175 crore)² as shown in the **Chart 1.11**. In 2014-15, the defence expenditure stood at 13.20 *per cent* of the total revenue expenditure of the Central Government as against 12.13 *per cent* during 2013-14. After excluding the Defence Pensions, the Defence revenue expenditure in 2014-15 was ₹ 1,63,321 crore (10 *per cent*) of total revenue expenditure.

² Source: Appropriation Accounts of Grant No.20–Ministry of Defence. This includes expenditure on Canteen Stores Department, J&K Light Infantry, Coast Guard Organisation, etc.

Chart 1.11: Revenue Expenditure on Defence

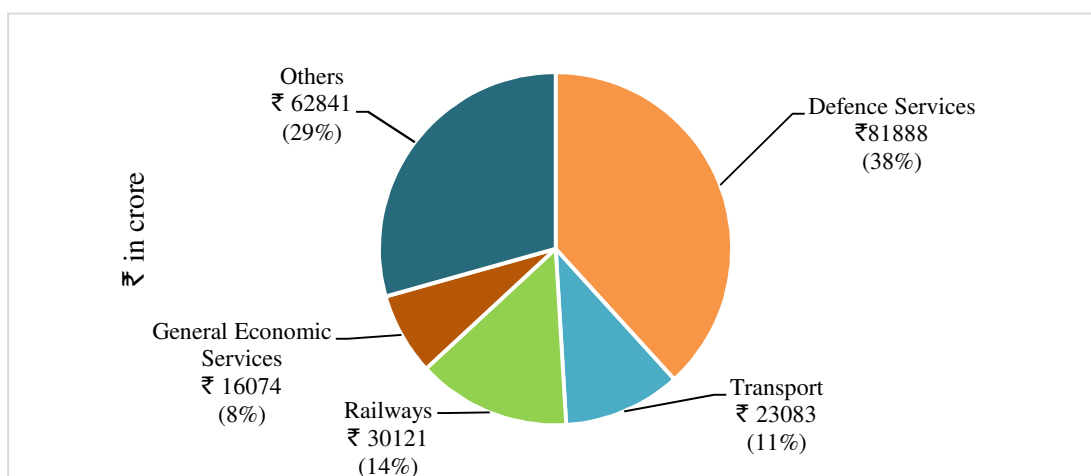


1.3.3 Analysis of Capital account expenditure

Capital account expenditure (including loans and advances) is incurred for asset creation or enhancing the utility of existing assets. The capital account expenditure increased by ₹ 14,163 crore (7.09 per cent) over the previous year and stood at ₹ 2,14,007 crore (including ₹ 41,922 crore towards loans and advances) in 2014-15 as against ₹ 1,99,844 crore in 2013-14 (**Chart 1.6**). The share of capital expenditure in the actual expenditure has marginally decreased from 9.51 per cent in 2013-14 to 9.01 per cent in 2014-15 (**Table 1.6**).

From **Chart 1.12** it would be observed that expenditure on defence services, transport, railways and general economic services accounted for 71 per cent of total capital expenditure.

Chart 1.12: Capital account expenditure in 2014-15 – Major Sectors



Out of capital expenditure of ₹ 16,074 crore under general economic services, major expenditure was incurred on following components.

(₹ in crore)

Major components of capital expenditure: Economic Services	Amount
Investment in Public Sector and Other Undertakings/Banks	7090
Subscription to International Monetary Fund	4619
Loans for other General Economic Services	2428
Investment in Asian Development Bank	263
Investment in International Bank for Reconstruction and Development	231
Total	14631

Under the category of other capital expenditure amounting to ₹ 62,841 crore, the major expenditure was incurred on following components.

(₹ in crore)

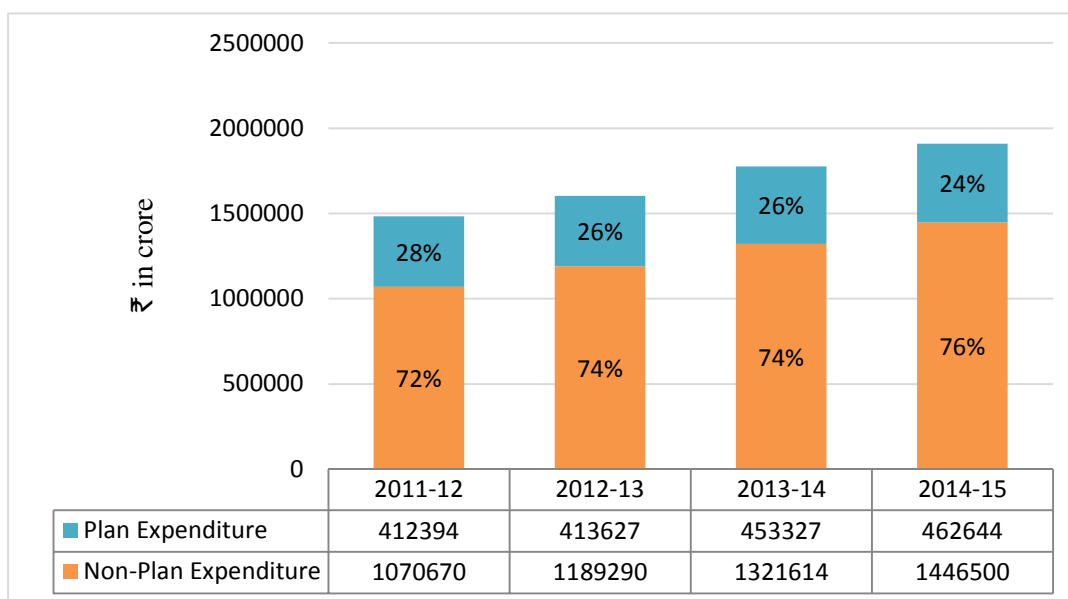
Major components of other capital expenditure	Amount
Block loans for State Plan Scheme	11897
Advances to Food Corporation of India	10000
Loans for Power Projects (including loans of ₹7,726 crore against bonus debentures issued by the NTPC Ltd to the Union Government)	9060
Capital outlay on Police	6035
Loans to Municipal Corporations	4351
Advances to Bhutan	2113
Capital outlay on Urban Development	1780
Capital outlay on Public Works	1076
Loans for Engineering, Consumer and Telecommunications & Electronic Industries	1025
Capital outlay on Government Residential Building	1010
Capital outlay on Medical and Public Health	938
Investment and loans in Agricultural Financial Institutions	862
Capital outlay on Welfare of Weaker Sections	764
Total	50911

1.3.4 Analysis of Plan expenditure

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. Non-plan expenditure, on the other hand, is normally for 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. **Chart 1.13** shows that the plan expenditure as a proportion of actual expenditure was at 28 per cent during 2011-12 but declined to the level of 24 per cent in 2014-15.

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Chart 1.13: Plan and non-Plan expenditure

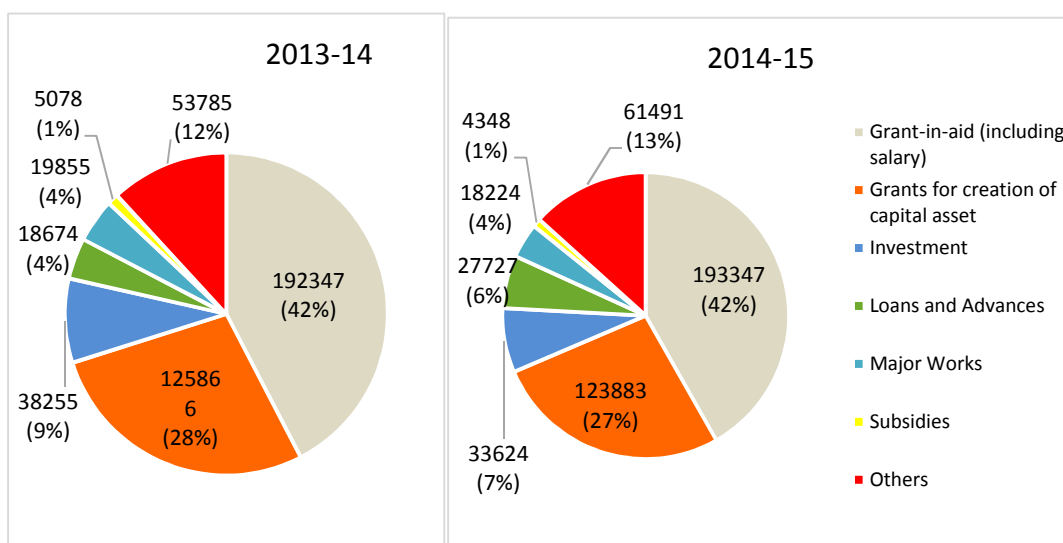


1.3.5 Major Components of Plan expenditure

As can be seen from **Chart 1.14**, Grants-in-aid, investments and loans account for 82 *per cent* of Plan expenditure in 2014-15. Grants-in-aid during 2014-15 as compared to 2013-14, decreased marginally from 70 *per cent* to 69 *per cent* of the total Plan expenditure.

Chart 1.14: Components of Plan expenditure

(₹ in crore)



Source: 'e-lekha' data dump provided on 06 November 2015 with 59 journal entries.

1.3.6 Major flagship programmes of the Government – actual expenditure

The Union Government has been targeting key development priorities through flagship programmes. In July 2013, the Government reviewed the existing 137 Centrally Sponsored Schemes and restructured them into 66 Schemes, including 17 flagship programmes. Of the 17 flagship programmes, details of which are available on the website of Public Financial Management System (PFMS), Ministry of Finance, seven major programmes have been analysed in **Table 1.9**.

The expenditure on the seven flagship schemes has decreased from ₹ 1,13,824 crore in 2013-14 to ₹ 1,00,754 crore in 2014-15 (a decrease of 11.48 per cent). As can be seen from **Table 1.9**, expenditure on all major schemes have declined in 2014-15 as comparison to the previous year except in respect of PMGSY. In comparison to the BE 2014-15 all the schemes witnessed shortfall. Maximum shortfall of 44.13 per cent and 30.59 per cent were witnessed in RGGVY and IAY respectively.

Table 1.9: Plan Expenditure on Major Flagship Programmes of the Union Government
(₹ in crore)

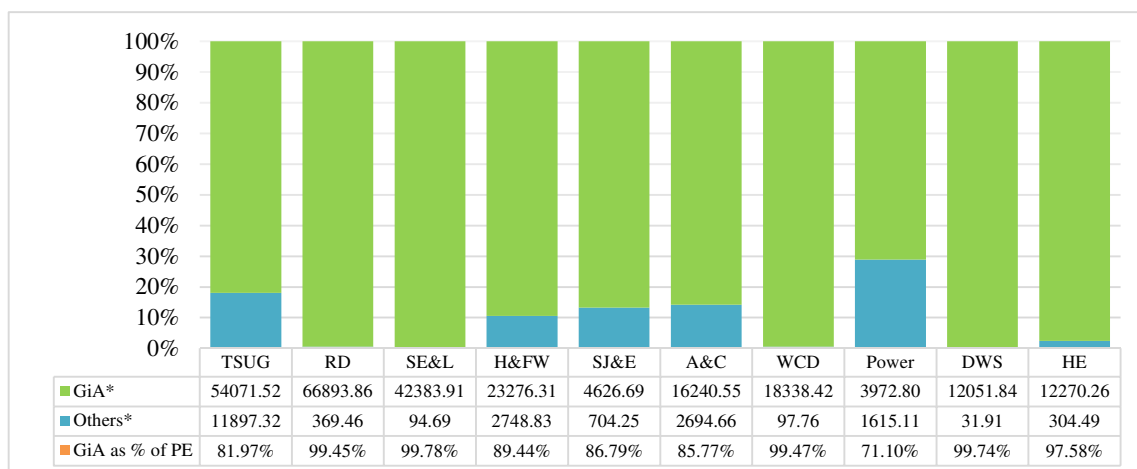
		MGNREGS	SSA	MDM	NRHM	IAY	PMGSY	RGGVY	Total
2011-12	BE	40000	20413	10061	19838	10000	20000	6000	126312
	Actuals	29213	20841	9891	17983	9872	19342	2237	109379
	Variation over BE (in per cent)	(-26.97)	2.10	(-1.69)	(-9.35)	(-1.28)	(-3.29)	(-62.72)	(-13.41)
2012-13	BE	33000	24243	11643	22799	11075	24000	4900	131660
	Actuals	30274	23873	10849	18661	7869	8884	698	101108
	Variation over BE (in per cent)	(-8.26)	(-1.53)	(-6.82)	(-18.15)	(-28.95)	(-62.98)	(-85.76)	(-23.21)
2013-14	BE	33000	26358	12879	23148	15184	21700	4500	145769
	Actuals	32993	24802	10918	19385	12982	9805	2939	113824
	Variation over BE (in per cent)	(-0.02)	(-5.90)	(-15.23)	(-16.26)	(-14.50)	(-54.82)	(-34.69)	(-21.91)
2014-15	BE	34000	27349	12828	10254	16000	9852	5144	115427
	Actuals	32977	24068	10523	8468	11106	10738	2874	100754
	Variation over BE (in per cent)	(-3.01)	(-12.00)	(-17.97)	(-17.42)	(-30.59)	8.99	(-44.13)	(-12.71)

1.3.7 Proportion of Grants-in-aid in Plan expenditure in key Ministries

Chart 1.15 shows the proportion of Grants-in-aid within Plan expenditure for the 10 Ministries/Departments with the largest Plan expenditure in 2014-15.

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Chart 1.15: Grants-in-aid (including Grants-in-aid for capital creation) as a proportion of total Plan expenditure in key Ministries/Departments



* Amount ₹ in crore

Note: GiA=Grants-in-aid; PE=Plan Expenditure, RD=Rural Development, TSUG = Transfers to States and Union Territories Governments, SE&L = School Education and Literacy, SJ&E = Social Justice and Empowerment, H&FW = Health and Family Welfare, A&C = Agriculture and Co-operation, WCD = Women and Child Development, DWS = Drinking Water and Sanitation, HE = Higher Education, Source: 'E-lekha' data dump dated 06 November 2015 with 59 journal entries.

As is evident, almost the entire Plan expenditure in the Ministries/Departments of Rural Development, School Education and Literacy, Women and Child Development, Drinking Water and Sanitation and Higher Education involved disbursement of Grants-in-aid to bodies/authorities/State Governments.

1.4 Compliance to Fiscal Responsibilities and Budget Management Act

Concerned over the deterioration in the fiscal situation, the Government enacted the Fiscal Responsibility and Budget Management (FRBM) Act in August 2003. The objective of Act was to institutionalize fiscal discipline, reduce Fiscal Deficit (FD), and improve macro-economic management and overall management of the public funds by moving towards a balanced budget. The Act was enacted to provide for the responsibility of the Central Government to ensure inter-generational equity in fiscal management and long term macro-economic stability. The FRBM Rules 2004 made under Section 8 of the Act came into force in July 2004.

To achieve these objectives, the Act stipulated targets for elimination of Revenue Deficit (RD) and reduction of FD to not more than 3 per cent of Gross Domestic Product (GDP) by March 2008. However, after an amendment to the Act (July 2004), these targets were shifted to March 2009. Further, in February 2009, due to global economic slowdown and adverse economic circumstances, the Government decided to suspend the FRBM targets. The revised FRBM Rules 2012, setting new targets for fiscal consolidation, were notified in May 2013.

Thirteenth Finance Commission (TFC) in its report (December 2009) had recommended that Centre may institute a process of independent review and monitoring of the implementation of FRBM process. Accordingly, one of the amendments to FRBM Act (May 2012) was introduction of a new Section (7A) which provides that “*the Central Government may entrust the Comptroller and Auditor General of India to review periodically as required, the compliance of the provisions of this Act and such reviews shall be laid before both Houses of Parliament*”.

Major targets under the FRBM Act³ are detailed below:

- Elimination of Effective Revenue Deficit (ERD) by 31st March 2015 which has been shifted to March 2018. Beginning with financial year 2013-14, the ERD shall be reduced each year by an amount equivalent to 0.8 *per cent* or more of GDP⁴.
- Revenue Deficit (RD) of not more than two *per cent* of GDP by the 31 March 2015 which has been shifted to March 2018. The Central Government shall reduce RD by an amount equivalent to 0.6 *per cent* or more of the GDP, beginning with the FY 2013-14.
- The Government shall not give guarantees aggregating to an amount exceeding 0.5 *per cent* of the GDP in any financial year beginning with the FY 2004-05.
- Reduction of FD by an amount equivalent to 0.5 *per cent* or more of the GDP beginning with the FY 2013-14, so that FD is brought down to not more than 3 *per cent* of GDP at the end of 31st March 2017. In the Finance Bill, 2015 the target has been shifted to March 2018.
- The Government shall not assume additional liabilities (including external debt at current exchange rate) in excess of 9 *per cent* of GDP for the FY 2004-05 and in each subsequent financial year, the limit of 9 *per cent* of GDP shall be progressively reduced by at least one percentage point of GDP.

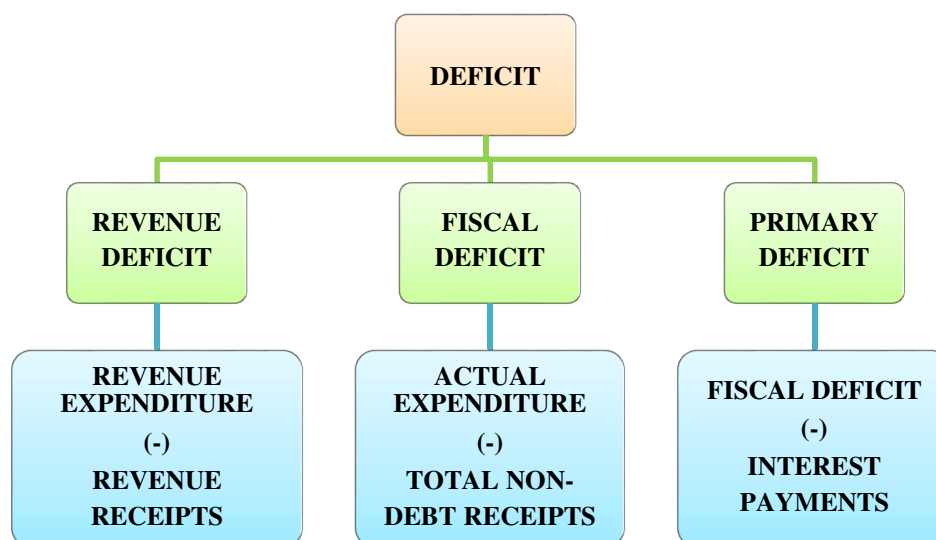
³ Rule 3 of the FRBM Rules

⁴ As per FRBM Rules GDP means Gross Domestic Product at current price.

1.4.1 Deficits

Generally three types of deficits (Box 1.2) are used to assess the financial position of a Government, which are i) Revenue Deficit, ii) Fiscal Deficit and iii) Primary Deficits.

Box 1.2: Types of Deficits



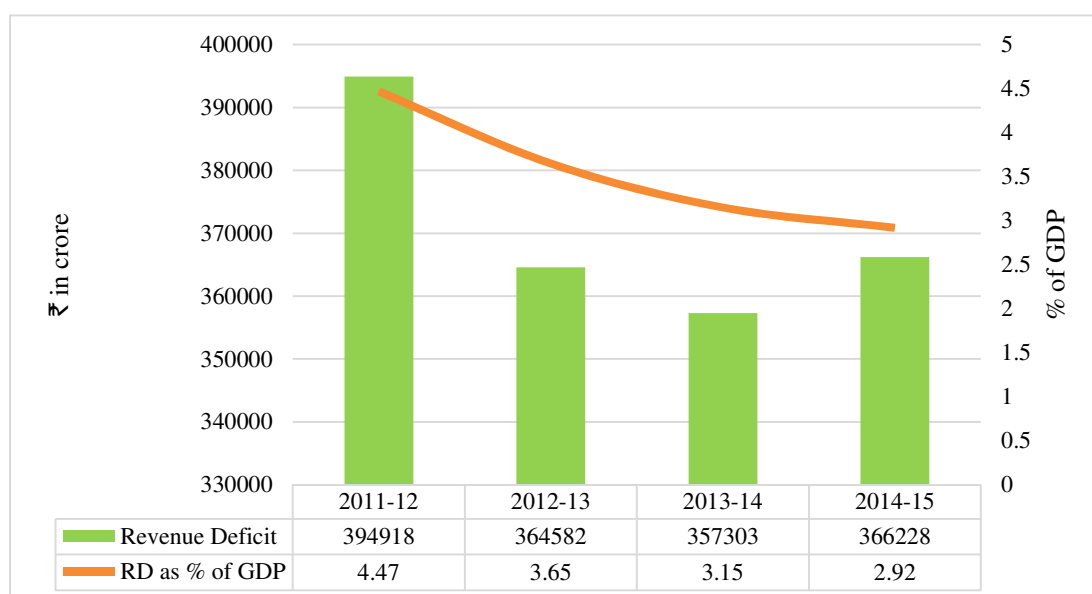
(a) Revenue Deficit

Revenue deficit represents the difference between revenue expenditure and revenue receipts. It leads to increase in borrowings without corresponding capital/asset formation. 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 generally considered less desirable.

Table 1.10: Revenue deficit and its Parameters

Period	Revenue Receipt	Revenue Expenditure	Revenue Deficit	Revenue Deficit as percentage of		
				Revenue Receipt	Revenue Expenditure	GDP
(₹ in crore)						
2011-12	910277	1305195	394918	43.38	30.26	4.47
2012-13	1055891	1420473	364582	34.53	25.67	3.65
2013-14	1217794	1575097	357303	29.34	22.68	3.15
2014-15	1328909	1695137	366228	27.56	21.60	2.92

Table 1.10 indicates that the revenue deficit was at the level of ₹ 3,94,918 crore in 2011-12. It exhibited a declining trend and reached at the level of ₹ 3,57,303 crore in 2013-14. However, revenue deficit increased to ₹ 3,66,228 crore in 2014-15. In relation to GDP, revenue deficit was at the level of 4.47 per cent in 2011-12 and declined to 2.92 per cent in 2014-15.

Chart 1.16 Revenue deficit and its percentage of GDP

(b) Fiscal Deficit

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

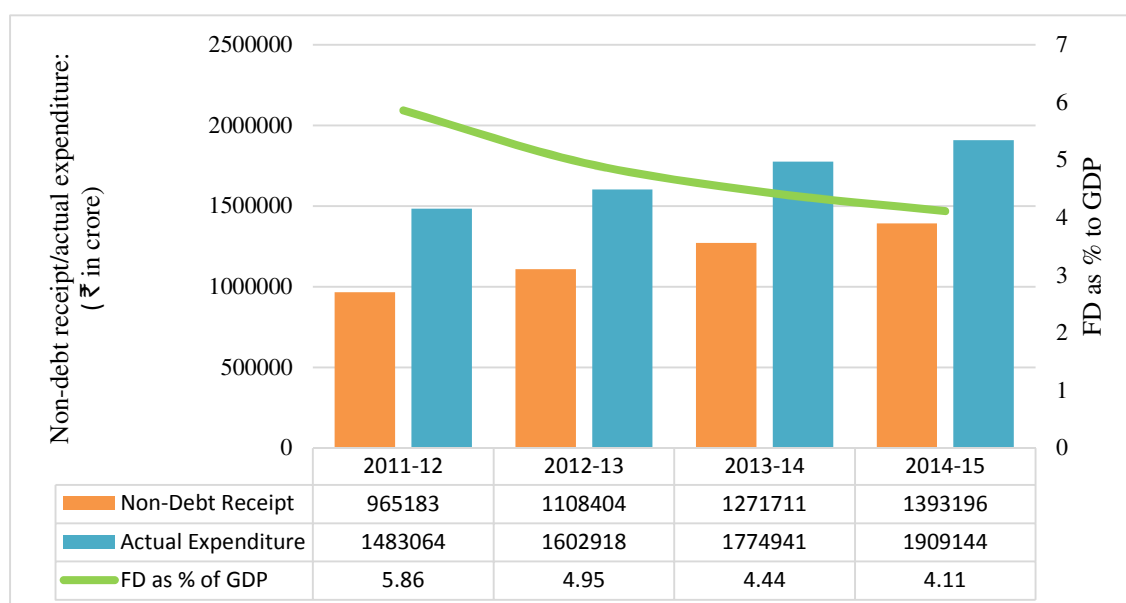
Table 1.11: Fiscal Deficit and its Parameters

Period	Non-Debt Receipts	Actual expenditure	Fiscal Deficit	Fiscal Deficit as percentage of		
				Non-Debt Receipts	Actual Expenditure	GDP
2011-12	965183	1483064	517881	53.66	34.92	5.86
2012-13	1108404	1602918	494514	44.61	30.85	4.95
2013-14	1271711	1774941	503230	39.57	28.35	4.44
2014-15	1393196	1909144	515948	37.03	27.03	4.11

Fiscal deficit stood at ₹ 5,17,881 crore in 2011-12, and further declined to ₹ 5,15,948 crore in 2014-15. As compared to 2013-14, the fiscal deficit increased by ₹ 12,718 crore in 2014-15. However, as percentage to GDP, the fiscal deficit witnessed a decreasing trend. It came down to 4.11 *per cent* of the GDP in 2014-15, as compared to the 5.86 *per cent* in 2011-12. Improvement in the ratio of fiscal deficit to the GDP during 2014-15 was mainly attributable to the increase of 9.55 *per cent* in total non-debt receipt against the increase of 7.56 *per cent* in actual expenditure.

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Chart 1.17 Fiscal Deficit and its Parameters



If the bulk of fiscal deficit is for sustaining capital expenditure or for providing financial accommodation to entities for capital formation, such deficits may be considered desirable up to a certain point.

Table 1.12: Share of Components of Fiscal Deficit

(In per cent)

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

As can be seen from the above **Table 1.12**, the bulk of the fiscal deficit was towards financing the revenue deficit. The revenue deficit was 70.98 per cent of fiscal deficit in 2014-15 while capital expenditure accounted for 29.02 per cent. In the capital account expenditure, there was increased disbursement of loans and advances (by ₹ 10,922 crore) in the year 2014-15, as a result of which the share of net loans and advances in the fiscal deficit improved to 2.98 per cent. However, revenue deficit remained at the level of 71 per cent of fiscal deficit in 2013-14 and 2014-15.

Table 1.13 presents the targets set for the key fiscal parameters – revenue and fiscal deficits for the year 2014-15 in the Medium Term Fiscal Policy Statement (MTFPS) placed along with the budgets in earlier years. In the budget of 2013-14, the targets of revenue and fiscal deficits for the year were increased by 0.7 and 0.3 per cent, which were further changed to 2.9 and 4.1 per cent of the GDP respectively in the budget estimates of 2014-15. Both the

revenue and the fiscal deficits were at the targeted levels, as projected in the budget estimates 2014-15.

Table 1.13: Outcome vis-à-vis Targets under FRBM Rules (As percentage of GDP)

Fiscal Indicator	Targets set in MTFPS 2012-13 for the year 2014-15	Targets set in MTFPS 2013-14 for the year 2014-15	BE in MTFPS 2014-15	Actual
Revenue Deficit	2.0	2.7	2.9	2.92
Fiscal deficit	3.9	4.2	4.1	4.11

(c) Primary Deficit

Primary deficit is measured by subtracting the interest payments from fiscal deficit. It is a measure of current year’s fiscal operation after excluding the liability of interest payment created due to borrowings undertaken in the past. The primary deficit as a percentage of GDP declined from 2.61 *per cent* in 2011-12 to 0.72 *per cent* in 2014-15 (Table 1.14).

Table 1.14: Primary Deficit

Year	Fiscal Deficit	Total Interest Payments*	Primary Deficit	As per cent of GDP
2011-12	517881	286982	230899	2.61
2012-13	494514	330171	164343	1.65
2013-14	503230	395200	108030	0.95
2014-15	515948	425098	90850	0.72

*Includes expenditure on reduction or avoidance of debt.

1.5 Debt Management

While reliance on debt to balance the budget cannot be avoided, the Union Government (Box 1.3) prudently set limits on borrowings through the Fiscal Responsibilities and Budget Management (FRBM) Act, 2003. The FRBM rules stipulate that the Central Government shall not assume additional liabilities (including external debt at current exchange rate) in excess of 9 *per cent* of GDP for the financial year 2004-05 and in each subsequent financial year the limit of 9 *per cent* of GDP was to be progressively reduced by at least one percentage point of GDP.

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Box 1.3: Fiscal liabilities of Government of India

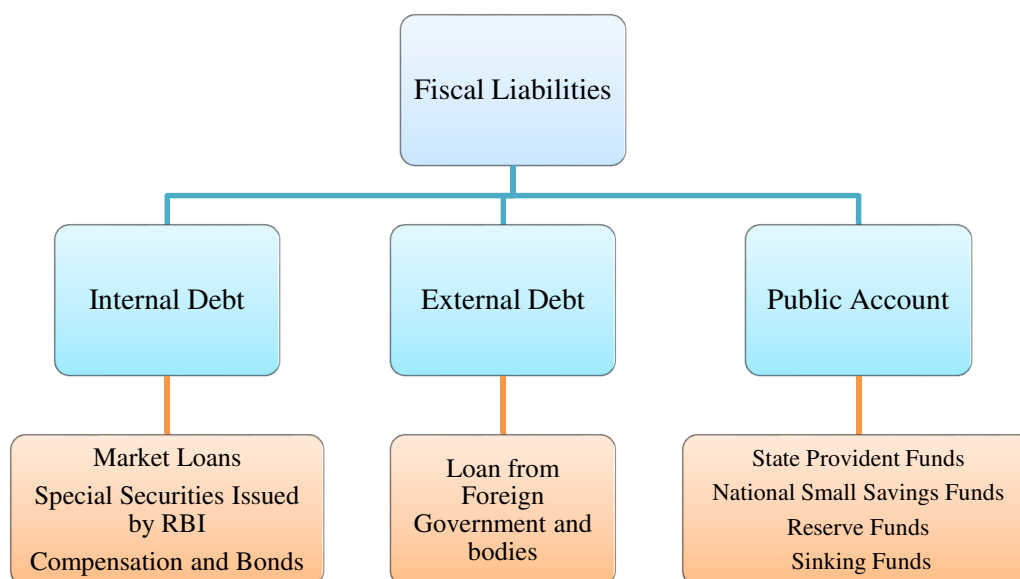


Table 1.15 presents the total liability of Government both at current rate of exchange and at the historic rate (the rate at which the debt was originally contracted).

Table 1.15: Public Debt

(₹ in crore)

Period	Internal Debt of Union Government (1)	External Debt (at historic rates) (2)	Public Account* (3)	Total liabilities (at historic rates) (1+2+3)	External Debt (at current rates) (4)	Total liabilities (at current rates) (1+3+4)
2011-12	3230622 (36.58)	170088 (1.93)	597765 (6.77)	3998475 (45.27)	322897 (3.66)	4151284 (47.00)
2012-13	3764566 (37.69)	177289 (1.77)	610016 (6.11)	4551871 (45.57)	332004 (3.32)	4706586 (47.12)
2013-14	4240767 (37.38)	184581 (1.63)	644060 (5.68)	5069408 (44.68)	374483 (3.30)	5259310 (46.36)
2014-15	4738291 (37.78)	197514 (1.57)	671010 (5.35)	5606815 (44.71)	366384 (2.92)	5775685 (46.05)

Note: figures in parentheses show percentage of GDP

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

The total liability at current rate as percentage of GDP has shown a declining trend. It has come down from 47 per cent in 2011-12 to 46.05 per cent in 2014-15. As on 31 March 2015, internal debt of ₹ 47,38,291 crore constituted around 96 per cent of the total public debt of ₹ 49,35,805 crore. However, reckoning the external debt at current rate of exchange, the ratio of internal debt constitute 93 per cent to the public debt of ₹ 51,04,675 crore. Of the three components of fiscal liabilities, except internal debt, the two other components registered continuous declining trend as percentage of GDP during the period

2011-15. However, the level of debt stock in 2014-15 was 46.05 *per cent* of the GDP, which surpassed the level of 44.8 *per cent* recommended by the 13th FC.

Additional liabilities amounting to ₹ 5,16,375 crore raised in 2014-15 was 4.12 *per cent* of the GDP.

Table 1.16: Growth of Total Liabilities and GDP

(₹ in crore)

Period	Total liabilities (at current rates)	Annual growth of total liabilities (in percent)	GDP at current prices	Annual growth of GDP (in percent)
2011-12	4151284	17.52	8832012	-
2012-13	4706586	13.38	9988540	13.09
2013-14	5259310	11.74	11345056	13.58
2014-15	5775685	9.82	12541208	10.54

*Figure of GDP growth for 2011-12 is not available due to change in base year of GDP to 2011-12.

During 2012-13, the growth of debt stock (13.38 *per cent*) had been faster than GDP growth (13.09 *per cent*), indicating a worsening debt position (**Table 1.16**). However, in subsequent two years the debt position improved. In 2013-14, the growth of debt stock was at 11.74 *per cent* as against the GDP's growth rate of 13.58 *per cent*. In 2014-15, it further improved with growth of debt stock at 9.82 *per cent* against the GDP growth of 10.54 *per cent*.

1.5.1 Understatement of Public Account liability

As on 31 March 2015, outstanding liability in Public Account had been reflected as ₹6,71,010 crore (**Table 1.15**). However, the outstanding liability in Public Account works out at ₹ 13,41,220 crore (₹ 11,52,363 crore is on account of Small Savings, Provident Funds, etc., and ₹ 1,88,857 crore as reserve funds and deposits). Of the outstanding liability of ₹ 11,52,363 crore on account of Small Savings, Provident Funds, etc., the liability of the Union Government has been brought down on account of investment by ₹ 5,43,499 crore in Special State Government Securities; ₹ 1,500 crore in India Infrastructure Finance Company Limited; ₹ 34,504 crore pertaining to Post Office Insurance Fund with Private Fund Managers; besides adjusting ₹ 90,708 crore of accumulated deficit in the operation of National Small Savings Funds (NSSF). After adjusting above investments and accumulated deficit in NSSF, the net Public Account liability has been shown as ₹ 6,71,010 crore in Union Finance Accounts, which is an understatement of Public Account liability. Taking into account the actual level of Public Account liability of ₹ 13,41,220 crore, the total outstanding liabilities of the Union Government as on 31 March 2015 at

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current rates stood at ₹ 64,45,895⁵ crore, constituting 51.40 *per cent* of the GDP.

1.5.2 Total repayment of Debt

During 2014-15, the Government paid a sum of ₹ 3,71,420 crore as interest on internal debt (**Table 1.17**). Over 83 *per cent* of interest paid on internal debt was interest on market loans (₹ 3,08,591 crore) bearing interest of varying rates. The interest paid on external debt was ₹ 3,766 crore. Nearly 86 *per cent* (₹ 3,241 crore) of interest on external debt was towards on loans from only four entities, i.e. loans from the International Development Association (IDA), Government of Japan, International Bank for Reconstruction and Development (IBRD) and Asian Development Bank (ADB).

Table 1.17: Debt receipt and Debt repayment

(₹ in crore)

Year	Payment of internal debt		Payment of external debt		Total repayment of debt	Total non-debt receipts
	Principal	interest	Principal	interest		
1	2	3	4	5	6 (2+3+4+5)	7
2011-12	3482343	242569	13586	3501	3741999	965183
2012-13	3410785	281891	16108	4019	3712803	1108404
2013-14	3493167	344893	18124	3880	3860064	1271711
2014-15	3687099	371420	20601	3766	4082886	1393196

Total repayment of debt was ₹ 37,41,999 crore (388 *per cent* of non-debt receipts) during 2011-12. Though in absolute term, it increased to ₹ 40,82,886 crore in 2014-15, however, as a percentage to non-debt receipts it decreased to 293 *per cent*. Further, the proportion of repayment of debt to revenue receipts was 411 *per cent* during 2011-12, which decreased to 307 *per cent* in 2014-15. Total repayment of debt increased by ₹ 2,22,822 crore during 2014-15 over the previous year, while the total non-debt receipts increased only by ₹ 1,21,485 crore over the same period.

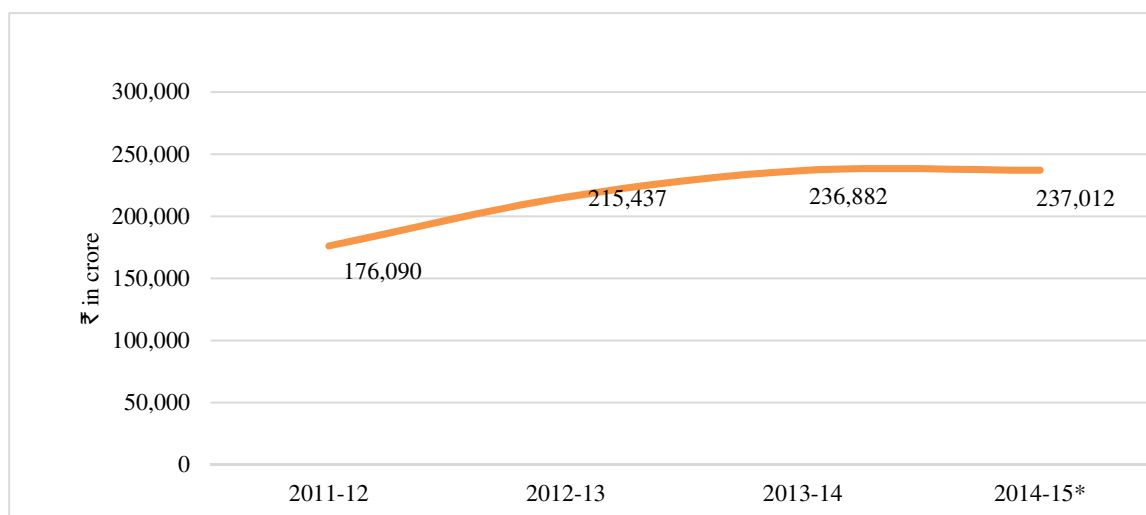
1.5.3 Unutilised committed external assistance

During 2014-15, the external debt at current rate has been reported at ₹ 3,66,384 crore, while unutilised committed external assistance was of the order of ₹ 2,37,012 crore as on 31 March 2015 (**Chart 1.18**). The sector-wise details obtained from the office of the Controller of Aid Accounts & Audit indicates that there were large undrawn balances of committed external assistance in the sectors of Urban Development (₹ 32,782 crore), Atomic Energy (₹ 31,312 crore), Roads (₹ 29,527 crore), Power (₹ 28,503 crore), Railways (₹ 25,130 crore), Water Supply and Sanitation (₹ 14,902 crore),

⁵ Figure worked out as follows: Public Account (₹ 13,41,220 crore) + Internal Debt (₹ 47,38,291 crore) + External Debt at current rate (₹ 3,66,384 crore).

Water Resource Management (₹ 13,008 crore) and Environment and Forestry (₹ 10,949 crore).

Chart 1.18: Unutilised committed external assistance



* Figures for 2011-14 are actuals and figure for 2014-15 is provisional. These have been provided by the CAAA.

Commitment charges on undrawn external assistance are paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head ‘interest obligation’. **Table 1.18** indicates charges paid to various bodies/governments during the four years period as commitment charges for rescheduling the drawal of assistance at later dates. This points towards continued inadequate planning, resulting in avoidable expenditure in the form of commitment charges amounting to ₹ 110.53 crore in 2014-15.

Table 1.18: Commitment Charges

Year	(₹ in crore)				
	ADB	Japan	Germany	IBRD	Total
2011-12	42.30	20.82	6.24	13.92	83.28
2012-13	47.18	25.67	7.43	12.24	92.52
2013-14	47.46	49.99	9.78	10.09	117.32
2014-15	49.21	46.11	8.47	6.74	110.53

Source: Controller of Aid Accounts & Audit

ADB=Asian Development Bank

IBRD=International Bank for Reconstruction and Development

1.5.4 Performance vis-a-vis recommendations of the Thirteenth Finance Commission

The major fiscal aggregates of the Union Government during the last three years of the award period as a percentage of Gross Domestic Product (GDP) compared with that outlined by the Thirteenth Finance Commission (13th FC) are tabulated in **Table 1.19**.

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Table 1.19: Recommended Fiscal Consolidation Path and Actual Performance

(Percentage of GDP)

Parameter	Recommended by the 13 th FC			Actual Performance as per Finance Accounts		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
Revenue Deficit	1.2	0.0	-0.5	3.65	3.15	2.92
Non-Debt Capital Receipts	0.8	0.9	1.0	0.53	0.48	0.51
Capital Expenditure	3.8	3.9	4.5	1.83	1.76	1.71
Fiscal Deficit	4.2	3.0	3.0	4.95	4.44	4.11
Debt (end of the year adjusted liabilities)	50.5	47.5	44.8	47.12	46.36	46.05

As can be seen from the above table, none of the fiscal parameters were close to the targets set out by the 13th FC for 2014-15. The actual revenue deficit for the year 2014-15 was 2.92 *per cent* of GDP as against revenue surplus of 0.50 *per cent* of GDP as outlined by the 13th FC. Deterioration was evident in Capital Expenditure as compared with the previous year. The capital expenditure in 2014-15 was less than half of the target set by the 13th FC. Debt which remained below the recommended target till 2013-14, crossed the target of 44.8 *per cent* and stood at 46.05 *per cent* of GDP.

1.6 Growth in Contingent Liabilities of the Union Government

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

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

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

disclosure with regard to guarantees at the time of presenting the annual financial statement in order to ensure greater transparency in its fiscal operation. **Chart 1.19** and **Table 1.20** give the position regarding the maximum amount of guarantees, sums guaranteed outstanding and external guarantees outstanding at the end of the financial years 2011-15. Of the sums guaranteed outstanding (₹ 2,94,700 crore) as on 31 March, 2015, 63 per cent was towards loans from foreign lending institutions, 26 per cent towards guarantees to RBI /banks/industrial financial etc. for repayment of principal and payment of interest, cash credit facility etc., and the remaining 11 per cent towards guarantees for repayment of share capital, payment of minimum annual dividend and repayment of bonds, loans, debentures/counter guarantees etc. The major Ministries/Departments for whom guarantees were given by the Ministry of Finance in 2014-15 were the Ministries/Departments of Agriculture and Co-operation, Economic Affairs, Civil Aviation, Power, Telecommunications, New and Renewable Energy and External Affairs.

Chart 1.19: Guarantees given by the Union Government

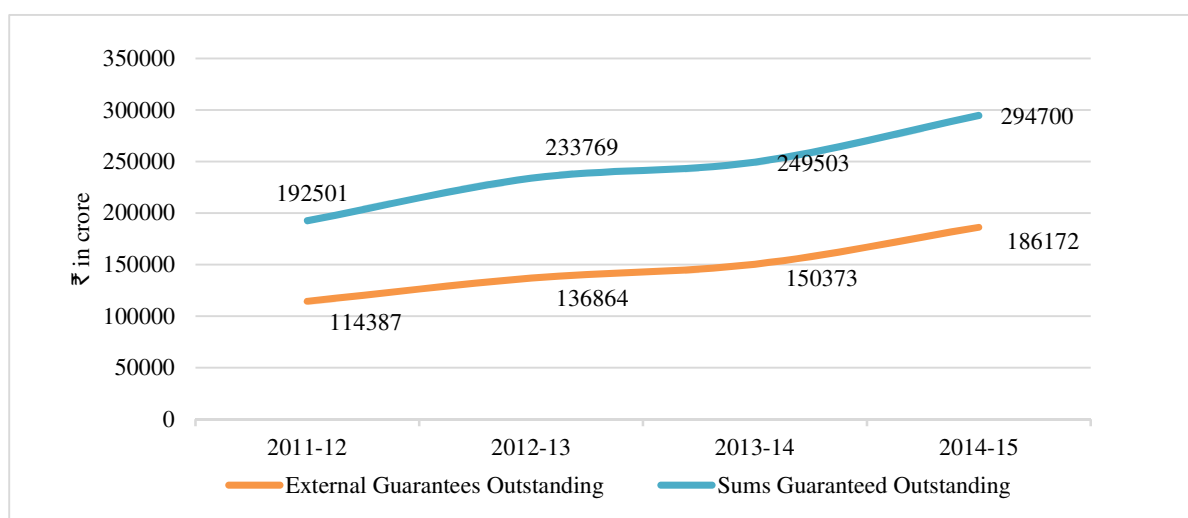


Table 1.20: Guarantees given by the Union Government

(₹ in crore)

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

The total outstanding guarantees amounting to ₹ 2,94,700 crore as on 31 March 2015 stood at 2.35 per cent of the GDP and 22.18 per cent of revenue receipts that accrued to the Union Government in 2014-15.

In compliance to FRBM Act, the disclosure appended in receipt budget 2015-16, showed that the guarantees amounting to ₹ 59,879.29 crore had been committed/approved by the Ministry of Finance for the financial year 2014-15, which was 0.48 *per cent* of GDP, well within 0.5 *per cent* of GDP, whereas as per Union Finance Accounts the addition of guarantees during the year was ₹ 52,274.90 crore (0.42 *per cent* of GDP). However, net accretion of guarantees during the year 2014-15 was ₹ 41,456.13 crore, which was 0.33 *per cent* of GDP.

1.7 Conclusion

The year 2014-15 was marked by improvement in economic growth as estimates of GDP at constant prices (2011-12) grew by 7.3 *per cent* as against 6.9 *per cent* in 2013-14. However, the GDP at current prices grew at a slower pace of 10.54 *per cent* in 2014-15, against 13.58 *per cent* in 2013-14. The improvement in the current year was achieved by a growth of 9.55 *per cent* in non-debt receipt and lower growth of 7.56 *per cent* in actual expenditure, over the previous year's growth of 10.73 *per cent*. The non-debt receipt could have been even higher, had there not been shortfall of 40 *per cent* in achieving the disinvestment target. Improvement was also observed on the fiscal front, with the fiscal deficit declining from 4.44 *per cent* in 2013-14 to 4.11 *per cent* in 2014-15. Likewise revenue deficit also declined from 3.15 *per cent* in 2013-14 to 2.92 *per cent* in 2014-15 in relation to the GDP. The total liability at current exchange rate as percentage of GDP has also shown a declining trend. It has come down from 46.36 *per cent* in 2013-14 to 46.05 *per cent* in 2014-15, but it surpassed the level of 44.8 *per cent* recommended by the 13th Finance Commission for the relevant year. The growth of debt stock in 2014-15 at 9.82 *per cent* was also favourable in comparison to growth of GDP at 10.54 *per cent*.

2: COMMENTS ON ACCOUNTS

2.1 Introduction

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

2.2 Issues of transparency

2.2.1 Non-inclusion of statements/information in the Union Finance Accounts as recommended by the Twelfth, Thirteenth and Fourteenth Finance Commissions

The Twelfth Finance Commission, in their Report (para 14.16) submitted to the Government in November 2004, had recommended inclusion of eight additional statements/information in the Union Government accounts for greater transparency and informed decision making, pending transition from cash to accrual basis of accounting. The recommendation was accepted in principle by the Government.

The Thirteenth Finance Commission had observed that the Finance Accounts did not provide all the appendices and recommended (in para 7.134) that the list of appendices to the Finance Accounts be standardised, keeping in view the recommendations of the Twelfth Finance Commission and this be followed in all the States.

The Fourteenth Finance Commission in their Report of December 2014, while endorsing the views of the earlier Commissions for transition to accrual based accounting, reiterated (in para 17.14) inclusion of various statements in the Finance Accounts of Union and State Governments.

The additional statements recommended by the Twelfth Finance Commission were in respect of the following:

(i) Subsidies given, both explicit and implicit; (ii) Expenditure on salaries by various departments/units; (iii) Detailed information on pensioners and expenditure on Government pensions; (iv) Committed liabilities in the future; (v) 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 it; (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) Maintenance expenditure with segregation of salary and non- salary portions.

Scrutiny of the Finance Accounts for the year 2014-15 disclosed that the statements as recommended by the Twelfth and Thirteenth Finance Commissions had not been included therein. It would be pertinent to mention that most of the States were appending a majority of the above statements to their accounts.

This aspect was mentioned in the Reports of the Comptroller and Auditor General of India on the Accounts of the Union Government for the year ended 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, and 2013-14 successively but no action has been taken by the Government even after a lapse of eleven years.

2.2.2 Opaqueness in Government Account

Scrutiny of Union Government Finance Accounts for the year 2014-15 disclosed that under 11 Major Heads of accounts (representing functions of the Government) expenditure of ₹ 8,646.13 crore 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. Some of the Major Heads where opaqueness in expenditure exists are Capital Outlays on Soil and Water Conservation (100 *per cent* of expenditure was booked under minor head 'other expenditure'), Capital Outlays on Coal and Lignite (100 *per cent*), Capital Outlay on Non-Ferrous Mining and Metallurgical Industries (100 *per cent*), Other Social Services (99.84 *per cent*), Capital Outlay on Other Communication Services (98.81 *per cent*), Flood Control and Drainage (98.72 *per cent*), Agricultural Financial Institutions (95.85 *per cent*), etc. Details of the 11 Major Heads are given in **Annexure 2.1**.

Expenditure on some significant initiatives such as expenditure on interest subvention for providing short-term credit to farmers (₹ 6,000 crore), Below Poverty Line Scheme (₹ 332.34 crore), subsidy for operation of Haj Charters (₹ 577.08 crore) and OFC based Network for Defence Services (₹ 358.08 crore) were not depicted distinctly in the Finance Accounts but were merged under the Minor head, 'Other Expenditure'.

This aspect was commented upon in the Reports of the Comptroller and Auditor General of India on the Accounts of the Union Government for the year ended 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 successively with the recommendation that the Government may conduct a comprehensive review of the structure of Government Account to address this deficiency for achieving greater transparency in financial reporting. As an interim measure, the CGA has inserted footnotes in the Finance Accounts, giving details of expenditure on significant initiatives merged under the Minor Head '800-Other Expenditure'.

The Controller General of Accounts (CGA) replied (September 2015) that it had been sensitising all Ministries/Departments to meaningfully address this matter during the review of Statement of Central Transactions, when it had been noticed that substantial amounts had been provisioned and booked under the Minor head '800-Other Expenditure' which had resulted in the adverse observation of Audit.

2.2.3 Public Fund lying outside Government Account

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

a) Funds of Regulators outside Government Account

Scrutiny of annual accounts of fifteen regulatory bodies and autonomous bodies which also act as regulators in their respective field, showed that these bodies had retained funds generated through fee charges, unspent grants received from Government of India, interest accrued on government grants, receipt of license fees, corpus fund, etc. aggregating ₹ 6, 051.25 crore at the end of March 2015, outside the Government Account, contrary to the above instructions issued in January 2005. Details of such bodies and funds retained by them are depicted in **Annexure 2.2**.

In respect of regulatory bodies viz., the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority (IRDA) and Pension Fund Regulatory and Development Authority (PFRDA), this aspect was also commented upon in the Reports of the Comptroller and Auditor General on the Accounts of the Union Government for the years ended 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14.

The Ministry of Finance in its ATN stated (September 2011) that separate funds with the nomenclatures 'The Securities and Exchange Board of India (SEBI) Fund' and 'The Insurance Regulatory and Development Authority (IRDA) Fund' respectively would be opened under Major Head '8235-General and other Reserve Fund' in the non-interest bearing section of the Public Account of India, for operationalising the funds in the Government Account. It subsequently added (February 2014) that 'as per Section-16 of IRDA Act', all

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

Government fees and charges received by the Authority, all sums received by the Authority from such other source as may be decided upon by the Central Government would be part of the IRDA Fund. No action to bring the SEBI Fund and IRDA Fund into Government Account, even after a lapse of more than three years, had been taken by the Ministry.

The Department of Economic Affairs (DEA), Ministry of Finance stated (September 2015) that the matter relating to SEBI general funds in Public Account had been referred to the Department of Legal Affairs.

The reply of DEA is not tenable as it has already taken the view of Department of Legal Affairs in July 2010 wherein it was opined that all funds received by SEBI are public money and all public money received on behalf of Government of India would be the part of the Public Account as defined under Article 266(2) of the Constitution of India. Further, correction slips for creations and operation of SEBI General Fund in the Government account have already been issued by the CGA in June 2014, but the Fund has not been made operational in the accounts of 2014-15.

Pharmacy Council of India (PCI) stated (November 2015) that it had deposited its surplus fund in State Bank of India as per regulation of PCI. Further, Food Safety Standards Authority of India (FSSAI) replied (September 2015) that it had not been notified as a regulatory body and OM dated January 2005 issued by the Ministry of Finance does not apply to it.

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

MCI reiterated its last year's reply (October 2015) that it had initiated procedure for purchase of land for staff residential quarters and convention hall and ₹ 300 crore was expected to be utilised.

Furthermore, Central Council of Homeopathy (Council) stated (October 2015) that the expenditure of the Council exceeded the value of Grants received by it.

The replies of the MCI and The Council are not tenable as revenue generated by regulatory functions performed by these bodies should form part of the Government account and the expenditure incurred by these bodies should be brought within the ambit of budgetary process so as to pass through the Parliamentary scrutiny. Hence, surplus funds lying with the regulatory bodies should be brought into the Government account by framing appropriate accounting procedure/rules, on the lines of Central Electricity Regularity

Commission Fund, Telecom Regulatory Authority of India General Fund, etc. appearing in the Public Account.

b) Retention of TRAI General Fund outside Government Account

Scrutiny of annual accounts of the Telecom Regulatory Authority of India (TRAI) for the year ended 31 March 2015 showed that the Authority retained funds of ₹ 35.07 crore generated on account of registration fee (₹ 2.32 lakh), penalty from telemarketers (₹ 2.34 crore), customer education fee (₹ 7.22 crore) and financial disincentive (₹ 25.49 crore). Though there exists TRAI General Fund in Public Account, yet the above receipts were lying in separate bank accounts maintained by the Authority. TRAI had requested the Department of Telecommunication (DoT) in December 2014, April 2015 and June 2015 for approval to transfer the unutilized amount to TRAI General Fund in Public Account, however, a decision thereon was pending with DoT as of August 2015.

(c) Retention of CAMPA funds outside Government Account

Compensatory Afforestation Fund Management and Planning Authority (CAMPA) is the custodian of all Compensatory Afforestation Funds (CAF) collected from user agencies while allowing diversion of forest land for non-forest purposes under the Forest (Conservation) Act, 1980 and also amounts received towards net present value of the forest land so diverted as per Supreme Courts directions. The collected money is held in trust by CAMPA for each State/UT and released to respective State/UT Government based on approved Annual Plans of Operation. The accumulated funds are kept invested in the interim.

The Supreme Court of India in October 2002 directed that the funds for compensatory afforestation were not to be a part of general revenues of the Union, States or part of the Consolidated Fund of India. As such the CAMPA funds are currently kept outside the Consolidated Fund of India or Public Account of India. As per Ministry of Environment and Forest (MoEF) notification dated 13 March 2007, CAMPA was directed to have corporate accounting based on double entry system as per the directions (September 2005) of the Supreme Court. The guidelines on State CAMPA envisaged that State CAMPA would maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned.

During the period 2006 and March 2015, the Compensatory Afforestation Funds with Ad-hoc CAMPA grew from ₹ 1,324.22 crore to ₹ 35,522.07 crore.

The accumulated funds comprised of principal amounting to ₹ 26,297.29 crore and an interest of ₹ 9,224.78 crore as on 31 March 2015.

The existing paradigm of collection of monies due towards CAF from user agencies, its accountal, expenditure by CAMPA authorities at the Union/State/UT level, its reporting to Parliament and State Legislatures pose significant issues as detailed below:

- The existing amounts of funds with the central CAMPA are significant i.e ₹ 35,522.07 crore as on 31 March 2015.
- The aggregate release made to the State/UT CAMPA authorities till 31 March 2015 was ₹ 6,294.32 crore.
- While receipt and expenditure have been significant, there exists no system in the Ministry to report income and outgoings in respect of CAF either to the Parliament or the State Legislatures.
- The monies collected and spent are not known to the Parliament and the State Legislature in absence of any methodology for authorisation of incurrence of expenditure by legislative authorities.
- Given the fact that the amounts received toward compensatory afforestation are substantial, it is equally disconcerting to note that there exists no system at the level of Centre and States by which the authorities in the Ministry or in the States at the apex level satisfy themselves that the amounts being collected are in conformity with the extant orders under the Forest (Conservation) Act 1980, and various other Acts, Rules and orders of the Supreme Court regulating the collection and utilization of CAF.

As substantial amounts of fund is being collected and expenditure incurred therefrom, there is need to review the existing paradigm of CAMPA by the Ministry, by approaching the Supreme Court, where considered necessary. This should be done in a way that enhances transparency, brings CAMPA within the broader focus of both Parliament and State Legislatures and in greater public view so as to ensure largest possible stakeholders' participation. Towards this end it would be appropriate if the amounts lying in Ad-hoc CAMPA are transferred into the Public Account of India, as was envisaged in the Compensatory Afforestation Fund Bill, 2008 that was passed by Lok Sabha in 2009 and subsequently lapsed on dissolution of the House. Transfers to individual States can be made transparent so as to provide all stakeholders necessary information on the subject. This will ensure that budgetary, financial and performance related indicators/information on CAMPA are suitably reflected in public documents so as to effect greater transparency and accountability in the existing arrangements.

The Ministry of Environment, Forests & Climate Change stated (November 2015) stated that the Union and the State are sought to be addressed to the

Compensatory Afforestation Bill which had been introduced in Parliament and referred to the Department related Parliamentary Standing Committee on Science and Technology, Environment & Forests and that the report was awaited.

2.3 Observations with regard to Public Account

2.3.1 Universal Service Obligation Fund

The Universal Service Obligation (USO) Fund² was set up in April 2002 for achieving universal service objectives emphasized in the National Telecom Policy (NTP) 1999. The Indian Telegraph (Amendment) Act 2003 gave statutory status to the USO Fund and laid down that the fund is to be utilized exclusively for meeting the Universal Service Obligation by providing access to basic telegraph services, viz. public telecommunication and information services and household telephones in rural and remote areas, as may be determined by the Central Government from time to time. It also envisaged creation of infrastructure for mobile services in rural and remote areas, broadband connectivity to villages in a phased manner and induction of new technological developments in the telecom sector in rural and remote areas, etc. The resources for meeting the USO Fund were to be raised through a 'Universal Access Levy' (UAL). The implementation of USO related activities was to be carried out by the eligible operators who get a subsidy as per the rules.

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

The issue of understatement of balances in USO Fund was commented upon in the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the year 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14. The Public Accounts Committee (PAC) in their Fourteenth Report (Fifteenth Lok Sabha 2009-10) also disapproved the diversion of funds exclusively meant for USO activities to other programmes by the Ministry of Finance.

Despite CAG's audit observation on USO Fund during earlier years, it was noticed that against the total receipts of ₹ 7,537.88 crore towards Universal Access Levy during year 2014-15, DoT transferred only ₹ 2,086.98 crore to

² 8235.118 – USO Fund

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the USO Fund in the Public Account, which was in turn fully utilized to meet the expenditure on identified objectives and the closing balance under the USO Fund was shown as nil. This resulted in understatement of the closing balance of the USO Fund by ₹ 5,450.90 crore for the financial year 2014-15.

Further, against the total collection of levy of ₹ 66,117.23 crore during 2002-03 to 2014-15, a total sum of ₹ 26,983.47 crore (after taking into account the reimbursement of licence fees and spectrum charges to BSNL amounting to ₹ 6,948.64 crore over the period 2002-03 to 2005-06 for fulfilling rural obligation) was transferred to the fund and fully spent from the fund during these periods. The remaining levy of ₹ 39,133.76 crore was not transferred to the USO Fund. The details of levy collected and their utilisation for USO purposes since its inception are shown in the **Table 2.1**.

Table 2.1: Universal Services Obligation Fund

Year	2002-10	2010-11	2011-12	2012-13	2013-14	2014-15
UAL Collections	31109.36	6114.56	6723.57	6735.47	7896.39	7537.88
Disbursements	10371.44	3100.00	1687.96	625.00	2163.45	2086.98
Reimbursement to BSNL	6948.64*	0.00	0.00	0.00	0.00	0.00

* Transferred during 2002-03 to 2005-06

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

Thus, depiction of 'Nil' balance under USO Fund in the Finance Accounts of the respective years was in contravention of the recommendations of the PAC, which clearly stipulated that full amount collected as UAL should be credited to the USO Fund and also resulting in understatement of closing balance by ₹ 39,133.76 crore in the USO Fund at the close of financial year 2014-15.

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

The Research and Development Cess Act was enacted in 1986 to provide for the levy and collection of a cess on all payments made for import of technology to encourage commercial application of indigenously developed technology, for adapting imported technology to wider domestic application and for matters connected therewith or incidental thereto. Section 3 of the Act provides collection of cess at such rates not exceeding 5 per cent to be levied and collected on all payments made towards the import of technology, as the Central Government may, from time to time, specify, by notification, in the official gazette.

The Act enables the creation of a Fund for Technology Development and Application to be administered by Technology Development Board (TDB). The Fund is maintained outside Government account. The Fund is credited with the grants released by the Government of India out of the cess collected on the import of technology by the industrial concerns under the provisions of the Research and Development Cess Act, 1986, as amended in 1995. The research and development cess collection is administered by Department of Science & Technology. Section 4 of the Act requires the proceeds of the cess levied and collected to be credited initially to the Consolidated Fund of India and Government may, with the approval of the Parliament, pay to the Development Bank (erstwhile Industrial Development Bank of India in this case) such sums required to be utilized on the purposes of the fund.

From **Table 2.2**, it is observed that cess to the extent of ₹ 5,783.49 crore were collected during the period from 1996-97 to 2014-15. Out of this, ₹ 549.16 crore (9.50 per cent) only was disbursed to TDB as Grants-in-aid during the same period. TDB, in turn, disbursed financial assistance and loans of ₹ 1,227.96 crore to industrial concerns attempting commercial applications of indigenous technology or adapting imported technology to wider domestic applications out of the funds made available by the Government.

Table 2.2: Collection of R&D cess and its utilisation

(₹ in crore)

Year	Collection of Cess	Grants released to TDB	Disbursement made by TDB to Industries
1996-2010	2158.79	501.41	890.27
2010-11	592.22	5.00	64.19
2011-12	702.54	0.00	48.00
2012-13	685.62	22.50	116.21
2013-14	737.54	13.50	99.10
2014-15	906.78	6.75	10.19
Total	5783.49	549.16	1227.96

From above table, it may be observed that the utilisation of the cess proceeds for the intended objectives is not optimum. The matter of under-utilisation of the proceeds for the desired objectives and the levy of cess at the rate being collected, was raised in previous years too; however, the trend remains the same.

2.3.3 Continued adverse balance in Beedi Workers Welfare Fund

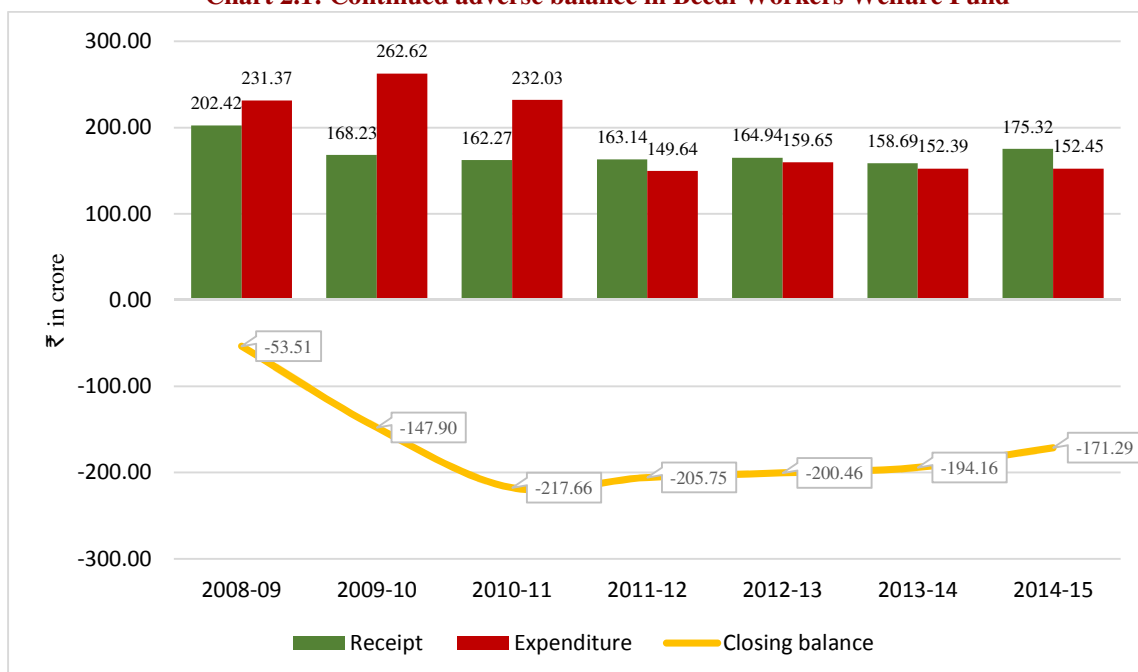
Beedi Workers Welfare Fund was created in the Public Account³ under Beedi Workers Welfare Fund Act, 1976 to provide for the financing of measures to promote the welfare of persons engaged in beedi establishments. For this

³ MH 8229.200 – Other Development and Welfare Fund

purpose, the Government introduced a cess in the form of duty of excise on manufactured beedi. The collection of cess is initially credited to the CFI and subsequently transferred through the appropriation to the Beedi Workers Welfare Fund in the Public Account.

On account of expenditure from the fund being in excess of the receipts, the balance in the Beedi Workers Welfare Fund over the years had become adverse. The aggregate position with regard to expenditure, receipts and closing balance in the Beedi Workers Welfare Fund during the period 2008-09 to 2014-15, as disclosed in the earmarked fund account appended with appropriation account of the Ministry of Labour and Employment, is shown in the **Chart 2.1**.

Chart 2.1: Continued adverse balance in Beedi Workers Welfare Fund



The chart above indicates that there was continuous adverse balance in the fund during the period 2008-09 to 2014-15, which steadily increased from ₹ (-)53.51 crore in 2008-09 to ₹(-)171.29 crore in 2014-15.

This matter was also commented in the Report of the Comptroller and Auditor General on the Accounts of the Union Government for the year ended 2011-12, 2012-13 and 2013-14. However, no action has been taken by the ministry to identify the reasons for incurring more expenditure than the receipt available in the fund, thereby rendering the fund into adverse balance.

2.3.4 Accountal of Education Cess

(a) Primary Education Cess

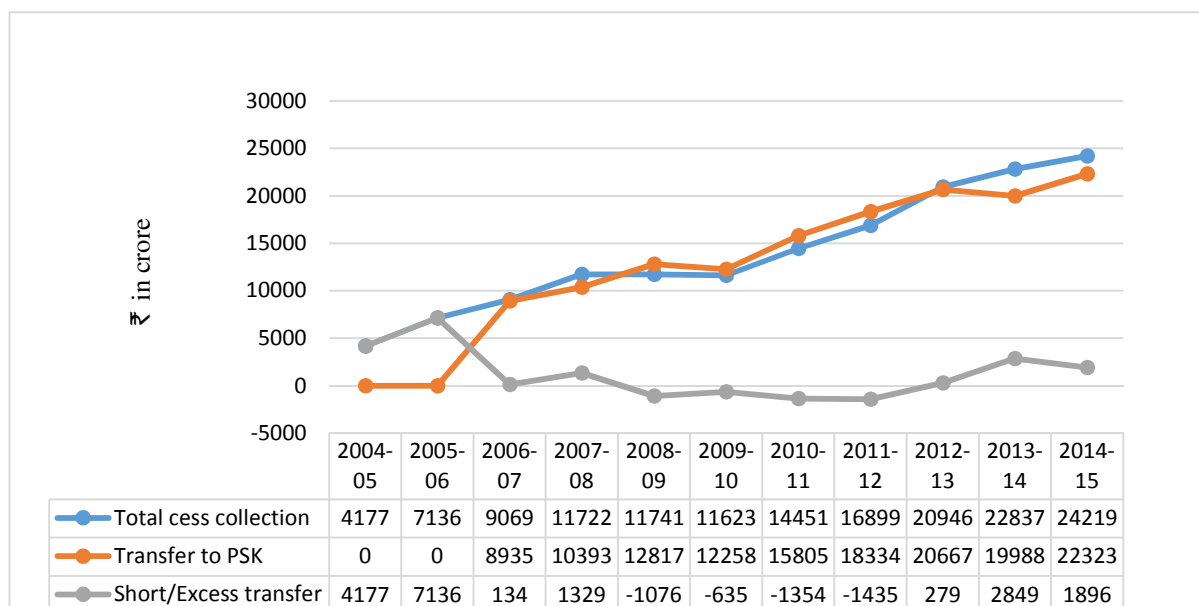
A non-lapsable fund for elementary education known as Prarambhik Shiksha Kosh⁴ (PSK) was created in 2005-06 under non-interest bearing section of the reserve funds in the Public Account. This fund is meant to meet the expenditure requirement for elementary education under the schemes of Sarva Shiksha Abhiyaan and Mid-Day Meal Scheme. Through the Finance Act (No. 2) of 2004 a primary education cess of 2 *per cent* was levied on all central taxes. The cess collection is initially credited to the CFI and subsequently transferred after obtaining the Parliamentary authorisation to the PSK to finance the expenditure on elementary education.

Chief Controller of Accounts (CCA), Ministry of Human Resource Development is responsible for maintaining the accounts of the PSK in coordination with the CCA, Central Board of Direct Taxes and Central Board of Excise and Customs in the Department of Revenue.

Scrutiny of Union Finance Accounts for the period 2004-05 to 2014-15 showed that against the total collection of ₹ 1,54,818 crore of primary education cess in the CFI, only ₹ 1,41,520 crore was transferred to the PSK, resulting in short transfer of ₹ 13,298 crore. During the period 2004-15, in some years the transfer was more than the cess collected, while in some years it was less than the cess collected as reflected in **Chart 2.2**. Thus, there is no reconciliation between the CCA of the Ministry of Human Resource Development and the CCA, Central Board of Direct Taxes/Central Board of Excise and Customs in the Department of Revenue.

⁴ Major Head 8229.127 – Prarambhik Shiksha Kosh

Chart 2.2: Collection of primary education cess and its transfer to PSK



Negative figure shows excess transfer to PSK

(b) Secondary and Higher Education Cess

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

Scrutiny of the Union Finance Accounts for the period 2006-15 showed that a total collection of SHEC of ₹ 64,228 crore had been made. However, unlike the creation of PSK in the case of primary/elementary education cess, neither a fund was designated to deposit the proceeds of SHEC thereto nor schemes identified on which the cess proceeds were to be spent. Consequently, the commitment of furthering secondary and higher education as envisaged in the Finance Act was not transparently ascertainable from the Union Accounts. Thus, the possibility of the diversion of funds for purposes not mandated under the Finance Act cannot be ruled out.

2.3.5 Incorrect depiction of transfer to Renewal Reserve Fund

In Grant No. 25-Ordnance Factory for the financial year 2014-15, an expenditure of ₹ 400 crore was booked under the Head '2079.00.797- Transfer to Renewal & Replacement (RR) Fund'.

Further, an expenditure of ₹ 441.87 crore on renewal and replacement was incurred under the Head '2079.00.106- Renewal and Replacement', to be met from the Renewal and Replacement Fund in the Public Account.

The depiction of transaction in Statement No 13 of the Union Finance Accounts had correctly been reflected under head 8226.102-Depreciation Reserve Funds of the Government Non-Commercial Departments. However,

in Statement No. 9 of the Union Finance Accounts, the transaction had been incorrectly reflected by showing transfer of ₹ (-)41.87 crore to reserve fund, instead of showing transfer of ₹ 400 crore to the RR Fund.

Comment on this issue had continuously been appearing in the CAG's Audit Reports (Para 2.3.9 of No.1 for the year 2011-12; Para 2.2.4 of No.1 of 2013; Para 2.2.4 of No.1 of 2014; para 2.2.5 of Report No. 1 of 2015) but no corrective measures had been taken by the CGA in coordination with the Controller General of Defence Accounts in the Ministry of Defence.

2.3.6 National Clean Energy Fund

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

A total of ₹ 15,174.38 crore was collected as clean energy cess⁵ during the years 2010-11 to 2014-15. Against this, only ₹ 8,916.46 crore had been transferred to the National Clean Energy Fund⁶ in the Public Account, leading to short transfer of cess to the earmarked fund by ₹ 6,257.92 crore, as detailed in **Table 2.3**.

Table 2.3: Clean Energy cess

(₹ in crore)

Year	Clean Energy Cess collected (0038.03.112)	Transferred to National Clean Energy Fund (2810.797)	Short transfer of Cess
2010-11	1066.46	--	1066.46
2011-12	2579.55	1066.46	1513.09
2012-13	3053.19	1500.00	1553.19
2013-14	3081.72	1650.00	1431.72
2014-15	5393.46	4700.00	693.46
Total	15174.38	8916.46	6257.92

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

2.3.7 Irregular retention of balances under Mahila Samriddhi Yojna

For providing economic security to the rural women and to encourage saving habit among them, the Mahila Samriddhi Yojna (MSY) was started in October 1993 by the Department of Women and Child Development, being the nodal agency of the scheme. Under the scheme, the rural women of 18 years of age and above can open saving account in the rural post office of their own area.

⁵ MH 0038.03.112-Clean Energy Cess

⁶ MH 8235.129-National Clean Energy Fund

The deposit was accounted in the Public Account under the head 8013.60.101 – Mahila Samridhi Yojna for Rural Women.

The scheme had since been discontinued in July 2001 with the stipulation that MSY account should either be converted into savings bank account or to close the account by allowing the withdrawal. However, it was noticed that an amount of ₹ 2.98 crore was lying under head ‘8013.60.101- Mahila Samridhi Yojna for Rural Women’ as on 31 March 2015 after discharging an amount of ₹ 0.12 crore only during the year.

Reply to the audit observation issued in October 2015 is awaited as of November 2015.

2.3.8 Income Tax Welfare Fund

Ministry of Finance, Department of Revenue created the Income Tax Welfare Fund (ITWF) by transfer of ₹ 100 crore over a period of three years from 2006-07 to 2008-09 in interest bearing section of Public Account. The Fund was created with the purpose of (i) promotion of welfare, recreation and other outdoor activities of officials of the Income Tax Department, (ii) providing financial help to officials during contingencies such as injuries or accidents, (iii) providing ex-gratia payment to families of deceased officials, (iv) providing medical maintenance not fully reimbursable under CGHS, 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 should be included in the annual budget of the Department and be financed through the normal budgetary process. The objective to cover officials/family members of officials who faced injury/death during search/seizure operations and provision of high risk insurance cover could be provided under a designated scheme of the Government of India or included in the existing provisions under the funds in existence for such purposes. The other purpose cited could be covered under the standard object heads “Rewards”, “Medical treatment”, “Office expenses”, “Grants-in-aid” in the demand for grants of the Ministry. The creation of the Fund under 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 leading to non-transparency. General Financial Rules (GFR) also do not permit expenditure from public moneys for the benefit of a section of people or individuals unless said expenditure was in pursuance of recognised policy.

The matter was commented upon in the CAG’s Audit Report No.1 for the year 2008-09, 2010-11, 2011-12, 2012-13 and 2013-14. The Department intimated

(July 2015) that no expenditure had been incurred out of the accumulated corpus of ₹ 100 crore and no interest had been credited into this Fund since its inception. It further stated (October, 2015) that after taking into consideration the vetting comments of the Audit, the Department had already submitted a final ATN on the previous para to the Monitoring Cell, Department of Expenditure in June 2014.

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

2.3.9 Customs and Central Excise Welfare Fund

Rule 21 of General Financial Rules (GFRs) stipulates general principles relating to expenditure and payment of money. Accordingly, every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety, i.e. (i) no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage (ii) expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless - (a) a claim for the amount could be enforced in a Court of Law, or (b) the expenditure is in pursuance of a recognized policy or custom.

Government⁷ created three funds namely (i) Custom Welfare Fund, (ii) Performance Award Fund, and (iii) Custom Special Equipment Fund for the purpose of promotion of different schemes of staff welfare and procurement of anti-smuggling equipment of specialized nature. The mode of financing the these Funds was by of transfer of 10 *per cent*⁸ of the sale proceeds of confiscated goods by customs / excise and fines, penalties in offence cases realized and sustained in appeal/revision etc. Subsequently, the 'Customs Welfare Fund' and the 'Performance Award Fund' were merged into a single fund called 'Customs and Central Excise Welfare Fund'⁹ and the allocation of resources between two remaining funds is being done in equal proportion. In 2014-15, an amount of ₹ 291.32 crore was received against the sale proceed of confiscated/seizure of goods. Of ₹ 29.13 crore (being 10 percent of total sale proceed), an amount of ₹ 8.75 crore was transferred to each fund

⁷ Ministry of Finance, Department of Revenue F.No.13011/3/85-Ad.V dated 30th March, 1985.

⁸ *One per cent* to Customs Welfare Fund, four *per cent* to Performance Award Fund and five *per cent* to Customs Special Fund for Acquisition of Anti-Smuggling Equipment respectively.

⁹ Ministry's order No.712/1/2005-Cus-(AS), dated 12 October 2006.

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and balance amount of ₹ 11.63 crore remained unallocated. The position of two funds in 2014-15 is given in **Table 2.4**.

Table 2.4: Financial position of two funds

(₹ in crore)

Statement showing Receipt, Disbursement and Balances of Welfare Fund				
Name of fund	Opening Balance	Receipt	Expenditure	Closing Balance
Customs & Central Excise Welfare Fund	97.84 (98.76)	8.75 (11.36)	6.43 (9.33)	100.16 (100.79)
Special Equipment Fund	22.57 (23.52)	8.75 (8.75)	2.46 (2.67)	28.86 (29.60)

Figures in parentheses in table 2.4 represent the status appearing in Union Government Finance Accounts for 2014-15. There is variation in both the fund balances as per records of the department and Finance Accounts.

During scrutiny of records, cases of irregular utilization of resources from the Customs & Central Excise Welfare Fund were noticed, which are discussed below:

(i) Irregular award of ex-gratia compensation: DOPT issued Office Memorandum in September 2008 that an ex-gratia lump sum compensation is available to the families of Central Government Civilian employees, who die in the performance of their bona-fide official duties under various circumstances viz, death due to accident in the course performance of duties, death attributable to acts of violence by terrorists, anti-social element, enemy action, in specified high altitude.

Audit noticed that out of Welfare fund, in 2014-15, the department paid ex-gratia lump-sum compensation amounting to ₹ 202.50 lakh in 110 cases of natural death which was in violation of aforesaid DOPT Office Memorandum.

(ii) Subsidised transport facility: As per CCS (Revised Pay) Rules, 2008, Transport Allowance is payable to the employees subject to specific condition that it is not admissible to the employees who have been provided with the facility of Government transport or transport facility at subsidized rates.

Audit noticed that Commissionerate, Jawaharlal Nehru Custom House (JNCH) had hired buses for staff transportation from different locations to JNCH due to lack of transport facility, non-connectivity and hardship faced by the officials with a deduction of 25 per cent of their entitlement of transport allowance. This proposal was rejected (February-2011) by the Ministry on the ground that there was no provision for partial deduction of transport allowance. However, the Governing Body of Welfare Fund approved the revised proposal that employees' contribution would be 50 per cent of their transport allowance (excluding dearness allowance) in June 2011. Scheme was made effective from September 2011. The contribution

was further raised to 50 percent including dearness allowance in October 2013.

It was noticed that Department incurred an expenditure of ₹ 54.42 lakh on transport facility between January 2014 to July 2014, out of which the employees contribution was ₹ 24.24 lakh and remaining ₹ 30.18 lakh was paid out of Welfare Fund as subsidy on transport facility. Thus, the department extended un-due benefit to the extent of remaining Transport Allowance to its employees in violation of CCS (Revised Pay) Rules, 2008.

(iii) Un-due benefit of medical financial assistance: Department incurred expenditure of ₹ 158.03 lakh in 232 cases of medical assistance on reimbursement for treatment from private hospitals in 2014-15. In all 232 cases, the employees first got reimbursement according to their normal entitlement under CGHS and thereafter the remaining portion, which was inadmissible under CGHS Rules, was paid to them out of Welfare fund. Thus, the employees covered under CGHS (MA)/CGHS Rules were reimbursed medical claims over and above their normal entitlement. Thus, the payment of ₹ 158.03 lakh on medical assistance was against the objectives for which the fund was created.

From above cases, it is concluded that the Department did not observe the principle of financial propriety, while incurring expenditure from welfare fund for welfare activities.

2.3.10 Short transfer of cess to Central Road Fund (CRF) in Public Account

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

Examination of Statement No. 8¹⁰ and Statement No. 13¹¹ of Union Government Finance Accounts for the years 2010-11 to 2014-15 showed that against the total collection of ₹ 1,01,142.27 crore, only ₹ 99,922.39 crore was transferred to the CRF (Head 8224.00.101) in Public Account resulting in short transfer of ₹ 1,219.88 crore as detailed in **Table 2.5**.

¹⁰ Statement No 8: Detailed Account of Revenue Receipts and Capital Receipts by Minor Heads.

¹¹ Statement No 13: Statement of Receipts, Disbursements and Balances under heads of account relating to Debt, Deposits, Remittances and Contingency Fund

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Table 2.5: Short transfer of cess to earmarked funds in Public Account

(₹ in crore)

Years	Excise duty on Motor Spirit	Excise duty on HSD Oil	Transfer to CRF	Short Transfer
2010-11	3561.67	13639.39	16600.00	601.06
2011-12	3744.22	14617.83	18677.00	-314.95
2012-13	4098.00	15881.29	19433.73	545.56
2013-14	4712.00	15765.92	19433.72	1044.20
2014-15	5978.42	19143.53	25777.94	-655.99
Total	22094.31	79047.96	99922.39	1219.88

Source: Union Government Finance Accounts (Heads: 0038.03.106 and 0038.03.107).

Negative figure shows excess transfer to CRF

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

2.3.11 Short transfer of cess to earmarked funds in Public Account

Scrutiny of statements No. 8 and 13 of Union Government Finance Accounts for the financial year 2014-15 showed that cess collected on feature films and tea during the year were not transferred fully to the earmarked funds in the Public Account. The details of short transfer of cess are given in the **Table 2.6**.

Table 2.6: Short transfer of cess on Feature Films and Tea

(₹ in thousand)

Sl. No.	Receipt of Cess		Transfer to Public Account		Short transfer
	Name of Cess/Receipt head	Amount	Name of fund	Amount	
1	Cess on Feature Films (0038.04.130)	38382	Cine Workers Welfare Funds (8229.115)	17305	21077
2	Cess on Tea (0038.04.103)	573771	Development Fund for Tea Sector (8229.126)	Nil	573771

In case of cess on Feature Film, the Ministry of Labour and Employment stated (September -2015) that the cess was transferred to the fund according to the budgetary provision and the remaining portion of the cess would be transferred in the next financial year.

In respect of cess on Tea, CGA stated (September -2015) that a reference had been made to the concerned Ministries and the Audit would be intimated in due course.

2.3.12 Non-closure of National Calamity Contingency Fund

National Disaster Response Fund (NDRF) was constituted as per Ministry of Home's Notification No 1995 dated 28 September 2010. According to para 4.1 of its guidelines, National Calamity Contingency Fund (NCCF) was to be merged with National Disaster Response Fund (NDRF). On scrutiny of Union Government Finance Accounts for 2014-15, it was noticed that the head 8235.119-National Calamity Contingency Fund is still being depicted with closing balance of ₹ 1,484.78 crore in Statement No-13.

Further, an amount of ₹ 3,732.55 crore has been shown as receipt under head 0038.03.108- National Calamity Contingent Duty and against this amount, ₹ 3,460.88 crore was transferred to the head 8235.125-National Disaster Response Fund in Statement No-13 resulting in short transfer of duty of ₹ 271.67 crore into the said fund during the year 2014-15.

The CGA replied (September 2015) that a reference had been made to the Ministry seeking reasons for short transfer. Further, it added that the merger of NCCF and NDRF was under process.

2.4 Integrity and Reconciliation Issues

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

In Statement No.14¹² of the Finance Accounts for the financial year 2014-15, under the Special Deposit of Employees' Deposit Linked Insurance Scheme in the Public Account, there is a credit balance of ₹ 1,768.82 crore. However, as per the balance sheet of the Employees' Deposit Linked Insurance Scheme, 1976 (EDLI), maintained by the Employees' Provident Fund Organization (EPFO), a sum of ₹ 7,511.39 crore had been shown as closing balance in the Public Account as on 31 March 2015. Thus there is a difference of ₹ 5,742.57 (₹ 7,511.39-₹ 1,768.82) crore in the two sets of figures.

The Ministry of Labour and Employment stated (December 2013) that there is discrepancy in the balances of Special Deposit of EDLI Scheme as per balance sheet of EPFO and Union Government Finance Accounts and it would be reconciled in consultation with RBI.

Despite a lapse of nearly two years, no progress on the matter has been noticed. This matter was also pointed out in the CAG's Audit Report No. 1 for the year 2013-14.

¹² MH.8012.124- Special Deposit of Employees Deposit Linked Insurance Scheme.

2.4.2 Non-crediting of amount to the Security Redemption Fund

The Union Government had invested ₹ 9,996 crore in the rights issue of the State Bank of India (SBI) in the financial year 2007-08. Instead of cash draw down, the Government created a liability in the Public Account by issuing special securities¹³. These securities were to be redeemed on a future date by creation of a 'Security Redemption Fund', by transferring funds from the Consolidated Fund of India¹⁴ to the Public Account.

Scrutiny of the Finance Accounts revealed that during the years 2008-09 to 2014-15, a sum of ₹ 625 crore in each year had been booked as expenditure on account of contribution to the Security Redemption Fund. The amount of ₹ 4,375 crore should have been credited to the Security Redemption Fund in the Public Account with the sole purpose to retire the special securities of ₹ 9,996 crore to SBI on some future date.

The records of the Department of Economic Affairs revealed that the said Fund had not yet been created till September 2015, despite being pointed out the matter in Audit Report No.1 for the year 2011-12, 2012-13 and 2013-14 resultantly an amount of ₹ 4,375 crore was lying under a suspense head till date.

2.4.3 Incorrect depiction of loan to Shipping Development Fund Committee

The Shipping Development Fund Committee (SDFC) was abolished with effect from 1986 and its assets and liabilities stood transferred to the Central Government in terms of Section 4 of SDFC (Abolition) Act, 1986. Scrutiny of Statement No. 15 of Union Finance Accounts for the years 2010-11 to 2014-15 showed that a net loan of ₹ (-)231.71 crore (Debit) as detailed in **Table 2.7**, was still being shown as outstanding against SDFC, though all assets and liabilities of SDFC had already been transferred to Central Government.

Table 2.7: Incorrect depiction of loans to SDFC

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

Controller of Accounts, Department of Economic Affairs (DEA), Ministry of Finance stated (January 2015) that the Government of India appointed erstwhile SCICI Ltd, which subsequently merged with ICICI Bank Ltd, as its Designated Person to manage the SDFC portfolio and take such necessary steps as deemed fit to expedite the recovery of loans from the

¹³ MH 8012.00.120-Special Securities issued to Nationalised Banks

¹⁴ MH 3465.01.190.04-Security Redemption Fund

Shipping/Fishing companies. It further added that ICICI Bank had remitted money in Government Account as principal and interest thereon without giving the details of the loans. The amount received from ICICI Bank were deposited in Government loan heads resulting in adverse balances in others. This matter was already taken up with ICICI Bank and Department of Financial Services for reconciliation.

The issue stands unresolved despite its being pointed out in Audit Report No. 1 for the year 2012-13 and 2013-14.

2.4.4 Dormant Reserve Funds/Deposits/Other Fund

Reserve Funds and Deposits form a part of the Public Account, wherein the transactions in respect of which Government incurs a liability to repay the moneys received and the repayments thereof are recorded. Dormant funds/deposits constitute those funds or deposits which are not in operation for a long period of time. Since the creation of a reserve fund generally involves transfer of sum from Consolidated Fund of India into Public Account, the dormant funds in the Public Account should be closed and the closing balances therein should be transferred back to Consolidated Fund of India.

Scrutiny of Finance Accounts showed that 48 reserve funds/deposits/other funds having aggregate balance of ₹ 1,674.75 crore at the end of 2014-15, as contained in **Annexure 2.3**, were lying dormant for period ranging from two to 26 years.

In most of the cases, small amount is there and their continuance do not appear to serve any purpose. These cases may be reviewed and considered for closure by crediting the balances to the Consolidated Fund of India.

The CGA stated (September 2015) that it had been writing to the concerned accounting authorities, except Accountants General, every year to carry out the review of the dormant funds and consider closure of the said funds, if possible, by crediting the balances to the CFI.

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

2.4.5 Understated accounting of external debt

External borrowings raised by the Government of India from foreign governments or institutions are recorded in Government Account at the historical rate of exchange, i.e. the rate prevailing on the date of transaction/receipt. On account of the subsequent variations in exchange rate, the repayments are higher than the amount payable as worked out on the basis of accounts. This additional payment is reflected in the account as negative

closing balance every year. Rest of the loans, which have not yet been fully repaid, appear in the account with positive balances. Subsequently, when the external debt is aggregated, it gets understated due to netting of negative and positive balances.

Similarly, the balances of debt obtained from a particular country also do not reflect the correct figure of debt because one particular country lends loans for a number of projects which are accounted for separately. Of these, loans on some projects have already been paid off, yet payment on account of exchange variations is being made which are accounted for as negative balance. This negative balance, when aggregated, understates the balances of outstanding debt from that particular country as well.

The outstanding external debt at historical rate at the end of 2014-15 was ₹ 1,97,513.77 crore. Although the outstanding external debt at current exchange rate at the end of March 2015 was exhibited at ₹ 3,66,384.10 crore, by way of footnote in the Finance Accounts, yet they do not reflect the true position of external liability due to non-inclusion of some external loans while converting them at current rates as discussed in following para.

The Department of Economic Affairs (DEA), Office of Controller Aid, Accounts and Audit (CAAA) stated (July 2015) that depiction of external debt is made as per Government accounting standards. It further stated that the amount repaid to the donor is equal to the amount received in loan currency for each loan. As loan repayment continues well after 15-40 years, while disbursement in a loan are completed within 5-10 years, the difference may lead to repayments exceeding receipts in equivalent INR (calculated on value date), due to exchange rate variation. The donor-wise foreign loans are exhibited in Finance Accounts with year-end exchange rate as per para 16.6.2 of Civil Accounts Manual. This clearly discloses the actual external debt at the end of the year. However, the reply is not tenable as this does not reflect the true position of external liability.

2.4.6 Inconsistent depiction of external debt at current rate

Two foreign loans of ₹ 6.15 crore (6002.296-International Sugar Organisation) and ₹ 0.01 crore (6002.298-Defence Certificate) have been depicted as outstanding as on 31 March 2015. However, these foreign loans when converted at current exchange rates do not depict these loans as outstanding.

Further, a loan amounting to ₹ 1.90 crore from Italy has not been shown under the head 6002-External Debt maintained at historical rate of exchange, although it was included in the statement showing foreign loans at current rate of exchange.

The CAAA in their reply (August 2015) stated that the outstanding unclaimed amount in respect of International Sugar Organisation was lying in the accounts for more than 29 years. With regard to loan from Italy it stated that the same was still outstanding and the repayment would commence from June 2027 and added that to rectify the misclassification in accounts, reference has been made to CGA for carrying out the correction in the Finance Accounts.

In respect of foreign loan - Defence Certificate, the CGA replied (September 2015) that the balance pertained to pre-departmentalised period.

2.4.7 Other discrepancies

(a) Incomplete depiction of information in Statement No. 11 of Union Government Finance Accounts

Statement No. 11 of the Finance Accounts provides details of the investment of the Union Government in Statutory Corporations, Government Companies, Other Joint Stock Companies, Cooperative Banks and Societies, etc. Scrutiny of this Statement for FY 2013-14 showed that there is variation in the Government's investments in a number of CPSUs as disclosed in Statement No. 11 of Union Government Finance Accounts and those available in the Balance Sheet of the concerned CPSUs. Due to non-availability of Balance Sheets for FY 2014-15 of some CPSUs, the discrepancies noticed in 2013-14 has been included in this observation. In addition to difference in the investment figures, the Statement No.11 is incomplete in many aspects, viz., non-updation information relating to Government investment percentage in total paid up capital; dividend received; remarks columns; mis-match between dividend shown in this Statement and Statement No.8 showing the receipt of the Government, etc. The discrepancies noticed in Statement No.11 is detailed in **Table 2.8**.

Table 2.8: Discrepancies in disclosures of Government investment in PSUs

Sl. No.	Name of PSUs	Face value of Government share (₹ in crore)		Remarks
		As per Statement No.11 of Finance Accounts of 2013-14	As per Annual Accounts of CPSU	
1.	Bharat Immunological and Biological Corporation Limited	15.41	25.59	In addition to understatement of Government's investment by ₹ 10.18 crore at the end of 2013-14, the cumulative loss shown in Statement No. 11 is only up to the year 2005. As on 31 March 2014, the cumulative loss as per the accounts of CPSU was ₹ 341.13 lakh, which needs to be reflected/adopted in Statement No. 11.

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2.	Hindustan Organic Chemicals Limited	309.50	309.48	Overstatement of Government's investment by ₹ 0.02 crore at the end of 2013-14 in Statement No. 11.
3.	The Fertilizers and Chemicals Travancore Limited	637.77	582.36	Overstatement of Government's investment by ₹55.41 crore at the end of 2013-14 in Statement No. 11.
4.	ITI Ltd	270.09	258.89	Overstatement of Government's investment by ₹ 11.20 crore at the end of 2013-14 in Statement No. 11.
5.	Andrew Yule and Company Limited	85.90	58.70	Overstatement of Government's investment by ₹ 27.20 crore at the end of 2013-14 in Statement No. 11.
6.	HMT Limited	1855.58	1344.32	Overstatement of Government's investment by ₹ 511.26 crore at the end of 2013-14 in Statement No. 11.
7.	Scooters India Limited	168.61	80.03	Overstatement of Government's investment by ₹ 88.58 crore at the end of 2013-14 in Statement No. 11.
8.	Power Grid Corporation of India Limited	2925.01	3028.84	Understatement of Government's investment by ₹ 103.83 crore at the end of 2013-14 in Statement No. 11.
9.	Container Corporation of India Limited	38.50	120.49	Understatement of Government's investment by ₹ 81.99 crore at the end of 2013-14 in Statement No. 11.
10.	Steel Authority of India Limited	3532.10	3304.29	In 2013-14 there was overstatement of Government's investment by ₹ 227.81 crore in Statement No. 11. However, in 2014-15 the Government's investment in Statement No.11 has come down to ₹ 3,097.77 crore, as a result of disinvestment of ₹ 206.53 crore during 2014-15 and rectification of inaccuracies of ₹ 227.81 crore.
11.	The Shipping Corporation of India Ltd	301.44	296.94	In 2013-14 there was overstatement of Government's investment by ₹ 4.50 crore in Statement No. 11, which was qualified by a remarks 'includes ₹ 4.50 crore being cost of equity shares of Jayanti Shipping Co. acquired for consideration other than cash'. In 2014-15, the investment has been reduced at ₹ 296.94 crore by deletion of remarks in Statement No.11.
12.	India Tourism Development Corporation Ltd	129.39	74.64	In 2013-14 there was overstatement of Government's investment by ₹ 54.75 crore in Statement No. 11 due to inclusion of premium at the rate of ₹ 30 per share on 182,50,000 shares in the investment figure, which do not form part of share capital in the balance sheet. In 2014-15 the same position is continuing in Statement No.11.
13.	Indian Renewable Energy Development Agency Ltd (IREDA)	844.60	744.60	Financial Statement for 2013-14 of IREDA depicts Government's equity investment as ₹ 744.60 crore and grants as ₹100 crore. There was overstatement of Government's investment by ₹100 crore in Statement No.11 for 2013-14. In 2014-15 the Government's investment stood at ₹ 1,084.60 crore as per Statement No.11, as a result of additional investment of ₹ 240 crore.

14.	North Eastern Electric Power Company Limited	760.19	3362.92	In Statement No.11 this CPSU appear at two places with Government's investment at ₹ 2,386.44 crore and ₹ 760.19 crore (aggregating ₹ 3,146.63 crore in 2013-14). Thus there was understatement of Government's investment by ₹ 216.29 crore in 2013-14. In 2014-15 the Government's investment stood at ₹ 3,187.66 crore as a result of additional investment of ₹ 41.03 crore in entry at Sl.No.85 of Statement No.11.	
15.	North Eastern Handicrafts and Handlooms Development Corporation Limited	6.00	2.00	Overstatement of Government's investment by ₹ 4 crore during 2013-14 in Statement No. 11. In 2014-15 additional investment of ₹ 2.50 crore has been made and total investment reflected as ₹ 8.50 crore in Statement No.11.	
16.	State Farms Corporation of India Limited	89.87	31.49	Overstatement of Government's investment by ₹58.38 crore at the end of 2013-14 in Statement No. 11. In 2014-15 also the Government's investment stood at the level of ₹ 89.87 crore.	
Name of PSUs		Discrepancies		Reply/Remarks	
17.	Hemisphere Properties India Ltd	An investment of ₹ 192 crore under head 4859.01.190 was made in the Department of Telecommunications during 2014-15. Whereas in Statement No 11 of Union Government Finance Accounts for 2014-15, there is investment of ₹ 0.03 crore only in 'Hemisphere Properties India Ltd'.		CGA stated (September 2015) that a reference had been made to the Department of Telecommunications and Audit would be intimated accordingly in due course	
Differences in depiction of dividend (2014-15)					
Sl No.	Entity	Head	Statement No-8	Statement No-11	Reply/Remarks
			(₹ in crore)		
1.	Nationalised Bank	0050.108	2455.99	2923.13	The CGA stated (September - 2015) that a reference had been made to the Ministry of Finance and the Audit would be intimated in due course.
2.	Dividend from total Statutory Companies and Joint Stock Companies	0050.101	32996.05	35974.30	

(b) Inconsistencies/discrepancies in Statement No. 15 of Union Government Finance Accounts

Section 3 of Statement No. 15 of Union Government Finance Accounts depicts the 'Repayments in arrears from Other Loanee Entities or Institutions'. Scrutiny of this disclosure revealed that in some cases principal amount of the loans advanced are in arrears, while the interest against those loans in arrears have not been reflected. Further, in some cases though the loan and advances have adverse balance, yet interests have been shown as having been received against them. The details of such cases are given in **Table 2.9**.

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Table 2.9: Inconsistencies/Discrepancies in Statement No. 15

Interest not reflected in respect of arrears of loans					
Sl. No.	Name of Entity	Total loans outstanding on 31 March 2015 (₹ in lakh)	Remark		
1.	Shri Sitaram Sugar Co Baithalpur, Uttar Pradesh	347.53	The Ministry of Consumer Affairs and, Food & Public Distribution stated (October 2014) that the files relating to the cases were nearly 25 years old and they were not readily traceable.		
2.	Deoria Sugar Mills, Deoria, Uttar Pradesh	362.87			
3.	Raja Bulan Sugar Ltd, Rampur, Uttar Pradesh	105.85			
Interest credited against adverse amount of loan and advance					
Sl. No.	Heads	Balance as on 01.04.2014	Balance as on 31.03.2015	Interest credited	Remark
1.	6404.00.800-Other Loans	-46423.31	-46423.31	16.57	CGA stated (September 2015) that a reference had been made to the concerned Ministries and the Audit would be intimated in due course
2.	6416.00190-Loans to PSU	-2127.75	52081.59*	242.34	
3.	6801.00.205-Transmission and Distribution	-13124.91	-13611.03	59.79	
* Interest free loan of ₹ 56,207 lakh was disbursed during the year.					
Incomplete depiction in Section-3/Additional Disclosure					
Sl. No.	Discrepancies	Reply of CGA/Ministry			
1.	Loans of ₹ 29.29 crore was granted to Rajiv Gandhi Cancer Institute and Research Centre, New Delhi” in 1994-95 by the Ministry of Health and Family Welfare but the terms and conditions of loans had not finalised even after a gap of 20 years. This issue was highlighted as early as in Report No. 1 of 2000. Even after a gap of 20 years of advancing the loan, the terms and conditions of loans had not been finalized. This shows a non-serious approach of the administering Ministry with regard to the recovery and other aspects of the loans advanced.	CGA replied (September 2015) that the matter had been taken up with the Ministry of Health and Family Welfare several times for finalization of terms and condition.			

2.5 Important factors affecting accuracy of accounts

The accuracy of Union Finance Accounts 2014-15 is adversely affected by factors like (i) large number of transactions under Suspense heads awaiting final classification and their eventual clearance from suspense heads, (ii) increasing number and magnitude of adverse balances under Debt, Deposit and Remittances (DDR) heads of accounts, etc.

A general review of outstanding balances under Debt, Deposit, Remittance and Suspense heads was carried for the last three years and the findings are discussed in subsequent paragraph.

2.5.1 Outstanding balances under major Suspense Accounts

Certain intermediary/adjusting heads of accounts known as “Suspense heads” are operated in Government account 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 the respective final heads of accounts. If these amounts remain un-cleared, the balances under the suspense heads would accumulate and would not reflect Governments' receipts and expenditure accurately.

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

The aggregate net balance under suspense heads in the Union Finance Accounts including Civil, Defence, Railways, Posts and Telecommunication was ₹ 24,571.66 crore (Debit) as on 31 March 2015. This balance comprised of ₹ 1,888.78 crore (Credit) in respect of Civil, Defence ₹ 20,966.74 crore (Debit), Railways ₹ 1,761.08 crore (Debit), Postal ₹ 2,450.20 crore (Debit), Telecommunication ₹ 148.74 crore (Debit) and ₹ 1,133.68 crore (Debit) in respect of Redemption of Government of India Compensation (Project Exports to Iraq) Bonds, 2001. The Finance Accounts reflect the net balances under Suspense Heads and, therefore, the real magnitude of outstanding under these heads does not get reported in the annual accounts of Government presented to the Parliament. As both debits and credits under suspense heads are operated for different purposes, the balances outstanding separately under debits and credits represents the real magnitude of the outstanding balance requiring clearance from the 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 in respect of Civil Ministries (Major Head 8658) for the last three years is given **Table 2.10:**

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Table 2.10: Position of Suspense balances under major suspense heads in respect of Civil Ministries

(₹ in crore)

Name of Head	2012-13		2013-14		2014-15	
	Debit	Credit	Debit	Credit	Debit	Credit
101-PAO Suspense	3348.71	331.95	2737.37	156.44	2532.65	532.93
Net	Dr 3016.76		Dr 2580.93		Dr 1999.72	
102-Suspense Accounts (Civil)	1200.82	4039.04	1194.54	4670.36	1130.15	5292.32
Net	Cr 2838.22		Cr 3475.82		Cr 4162.17	
107-Cash Settlement Suspense Accounts	404.99	36.34	497.97	36.34	497.80	36.34
Net	Dr 368.65		Dr 461.63		Dr 461.46	
108-PSB Suspense	4352.63	1104.38	5969.95	2988.75	3688.87	3222.01
Net	Dr 3248.25		Dr 2981.20		Dr 466.86	
109-Reserve Bank Suspense (HQ)	11.37	188.73	11.37	185.41	11.59	185.07
Net	Cr 177.36		Cr 174.04		Cr 173.48	
110-Reserve Bank Suspense Central Accounts Office	59.07	114.38	58.39	502.62	51.17	1158.25
Net	Cr 55.31		Cr 444.23		Cr 1107.08	
115- Suspense Accounts for Purchases etc. abroad	504.63	52.00	1941.34	52.00	978.30	0.0001
Net	Dr 452.63		Dr 1889.34		Dr 978.30	
129-Material Purchase Settlement Suspense Accounts	213.35	87.01	212.08	78.32	210.27	66.86
Net	Dr 126.34		Dr 133.76		Dr 143.41	
136-Customs Receipts awaiting transfer to receipt head	-	222.56	--	223.26	--	20.75
Net	Cr 222.56		Cr 223.26		Cr 20.75	
138-Other Nominated Banks (Pvt. Sector Banks) Suspense	1.38	481.94	51.98	593.43	5.60	550.22
Net	Cr 480.56		Cr 541.45		Cr 544.62	

It would be seen that credit balances under PAO Suspense, Suspense Account (Civil), PSB Suspense and Reserve Bank Suspense Central Account Office heads have increased in 2014-15 over the previous year. The year-wise break-up of the balances outstanding under the suspense minor heads was not maintained by the CGA hindering effective monitoring of clearance such balances.

(a) 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 realization of

cheque from the Accounts Officer on whose behalf payments were 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.

At the end of March 2015, the outstanding debit balance under this head was ₹ 2,532.65 crore and under credit was ₹ 532.93 crore. Thus, an aggregated balance of ₹ 3,065.58 crore was awaiting clearance from this head.

The outstanding balances were mainly in respect of Department of Supply ₹ 1,530.65 crore (Debit), Ministry of External Affairs ₹ 542.99 crore (Debit), Department of Atomic Energy ₹ 310.71 crore (Credit), Ministry of Road Transport and Highways ₹ 146.12 crore (Credit) and Central Board of Excise and Custom (CBEC) ₹ 21.62 crore (Credit), indicating payment made (Debit) or received (Credit) by these Departments/ Ministries on behalf of other PAOs which were yet to be recovered/ paid by them as on 31st March 2015. The heavy debit and credit balances under PAO suspense and their continuous accumulation indicated significant control deficiencies.

(b) Suspense Accounts (Civil)

This transitory minor head is operated for accounting of the transactions which cannot be taken to the final head of expenditure or receipt for want of certain information/ documents viz. vouchers, challans etc. 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 minor/sub-minor /minor heads of accounts. Outstanding debit balances 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 2015 was ₹ 5,292.32 crore (Credit) and ₹ 1,130.15 crore (Debit). An aggregated balance of ₹ 6,422.47 crore was required to be handled individually for settlement, which had not been booked to the final heads of account. The major balances outstanding pertaining to Department of Economic Affairs ₹ 4,584.93 crore (Credit), Department of Supply ₹ 597.55 crore (Debit), Ministry of External Affairs ₹ 598.31 crore (Credit) and High Commission ₹ 435.76 Crore (Debit).

(c) Suspense Accounts for Purchases etc. abroad

The minor head 'Suspense Accounts for Purchases etc. abroad' is operated in the books of the 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/Importer. 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 2014-15, the outstanding debit balance under this head was ₹ 978.30 crore. Major debtors as on 31 March 2015 were Helicopter Corporation of India Ltd. (₹ 67.24 crore), Pawan Hans Ltd. (₹ 57.44 crore), Pyrites, Phosphates and Chemicals Ltd. (₹ 24.95 crore), Coal India Ltd. (₹ 23.18 crore). It was also observed that ₹ 219.57 crore was outstanding from different organizations since 2005. A list showing the details of amounts outstanding since 2005 is given in **Annexure-2.4**.

It was noticed from the information made available by the CAA&A 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.

(d) Public Sector Bank Suspense (PSB 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 transitions awaiting settlement. Clearance of balances (both credit and debit) is required to be conducted within the minimum possible time otherwise the cash balance of government with RBI would present an erroneous position.

The outstanding PSB balance for the year ending 31st March 2015 aggregated to ₹ 3,688.87 crore (Debit) and ₹ 3,222.01 crore (Credit). Thus, an aggregated

balance of ₹ 6,910.88 crore was required to be cleared at the end of March 2015. The Departments/Ministries against which major balances were outstanding were Central Pension Accounting Office (CPAO) ₹ 799.41 crore (credit), CBDT (Expenditure) ₹ 696.71 crore (Credit), MEA ₹ 527.87 crore (credit), Ministry of Science & Technology ₹ 480.46 crore (Credit), Central Board of Excise and Custom ₹ 437.12 crore (Debit), Ministry of Culture ₹ 379.79 crore (Debit), Ministry of Steel ₹ 300.00 crore (Debit) and DoS ₹ 277.44 crore (Debit).

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

This minor head is operated in the books of Union Government for payments of loans, grants-in-aid, share of income tax and share of union excise duty to the State Governments. When the payment is authorized, the respective expenditure head is debited and credit is afforded to this suspense head. On receipt of monthly statement 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 suspense head is debited by crediting the loans/interest head. On receipt of monthly statement of accounts from RBI Central Accounts Section (CAS), Nagpur the head is minus debited by contra debit to '8675-Deposits with RBI-101-Central Civil'.

The outstanding balance under this minor head as on 31 March 2015 was ₹ 51.17 crore (Debit) and ₹ 1,158.25 crore (Credit) with aggregated balance of ₹ 1,209.42 crore to be cleared at the end of March 2015. The outstanding RBI (CAO) suspense balances were mainly against the Ministry of Rural Development ₹ 634.28 crore (Credit), Ministry of Shipping ₹ 367.99 crore (Credit), Ministry of Commerce ₹ 111.49 crore (Credit), DoS ₹ 32.36 crore (Debit), MoRTH ₹ 7.77 crore (Debit).

2.5.2 Large number of adverse balances under Debt, Deposit and Remittance (DDR) Heads

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

In the Finance Accounts of the Union Government for the Year 2014-15, there are 75 cases of adverse balances under debt, deposit and remittances heads as given in **Annexure-2.5**. Four cases became adverse during the year 2014-15 and remaining 71 cases were adverse from earlier years. These included 39 cases for more than one year up to five years, 18 cases for more than five

years up to ten years and 14 cases for more than ten years old. Though the adverse balances in the Finance Accounts are qualified by the CGA through footnotes that the adverse balance was under investigation but the findings of such investigation by the CGA and its subordinate offices and efforts made to clear them were not made available to audit.

2.5.3 Outstanding balances under the head ‘Cheques and Bills’

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

When claims are preferred in the appropriate bill form to the PAO/Departmental officer, the payment is authorized through issue of cheques after exercising the prescribed checks and recording of pay order. At the end of each month, the major head ‘8670 – Cheques and Bills’ is credited by the total amount of the cheques delivered during the month. On receipt of Date-wise Monthly Statements (DMS)/Monthly Statement of Balances from Public Sector Banks/(CAS) RBI, Nagpur showing the payments made by them against the cheques issued, the head ‘8670-Cheques and Bills’ is minus credited and credit is afforded to the Suspense Head ‘8658.108-PSB Suspense’/’8675.101-Deposits with RBI-Central Civil’, as the case may be.

In the Finance Accounts for 2014-15 large balances are lying outstanding under the various minor heads of ‘Cheques and Bills’ as detailed in **Table 2.11**.

Table 2. 11: Outstanding balances under the head ‘Cheques and Bills’

(₹ in crore)

8670.101	Pre-audit Cheques	Credit	0.43
8670.102	Pay and Accounts Office Cheques	Credit	12470.67
8670.103	Departmental Cheques	Credit	891.19
8670.104	Treasury Cheques	Credit	4.62
8670.105	IRLA Cheques	Credit	0.59
8670.106	Telecommunication Accounts Office Cheques	Credit	1104.05
8670.107	Postal Cheques	Credit	12744.89
8670.108	Railway Cheques	Credit	2524.11
8670.109	Defence Cheques	Credit	686.19
8670.110	Electronic Advices	Credit	41.08
8670.111	Pay and Accounts Offices Electronic Advices	Debit	561.22
8670.112	Principal Controller of Communication Accounts Offices Electronic Advice	Credit	40.08

Rule 45 of Central Government Account (Receipts and Payments) Rules, 1983 envisages that a cheque shall be payable at any time within three months after

the date of issue. Further, Rule 47(2) envisages that cheques remaining unpaid for a period of six months after the month of their issue and not surrendered for renewal are to be reversed and cancelled by minus crediting '8670-Cheques and Bills' and minus debiting the functional major/minor head to which the expenditure was originally debited and 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 are outstanding under the 'Cheques and Bills', the Government cash balance stands overstated and reflects erroneous position.

Test check in the Principal Accounts Offices revealed that 3040 cheques amounting to ₹ 441.40 crore in Ministry of External Affairs, 487 Cheques amounting to ₹ 1.53 crore in Department of Supply, 168 Cheques amounting to ₹ 4.37 crore in Ministry of Road Transport and Highways, 11835 cheques amounting to ₹ 18.73 crore in CBDT and 2654 cheques amounting to ₹ 25.91 crore in Ministry of Home Affairs had remained unpaid for more than six months.

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

In respect of civil departments, the review of balances for the year 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 was completed only in 22, 21, 20, 15 and 22 departments respectively out of a total of 72 PrAOs.

Large numbers of adverse balances in Finance Accounts for several years are indicative of the failure of the PrAOs in carrying out timely reviews and follow up action so that adverse balances in the accounts are cleared.

The CGA replied (September 2015) that letters have been issued to all the Ministries/Departments to furnish the report on Review of Balances.

2.5.5 Departmentally managed Government Undertakings- Position of Proforma Accounts

Rule 84 of General Financial Rules, 2005 stipulate that the Departmentally managed Government Undertakings of commercial or quasi commercial nature will maintain subsidiary accounts and proforma accounts as may be prescribed by the Government in consultation with the CAG.

There were 42 Departmentally managed Government Undertakings of commercial or quasi commercial nature as of March 2015. 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. Only three Departmentally managed Government Undertakings have prepared the proforma accounts for the financial year 2014-15 as detailed in **Table 2.12**

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

Sl. No.	No. of Undertakings	Financial Year of the account	Delay in preparation of Proforma Accounts
1	03	2014-15	No delay
2	03	2013-14	One year
3	28	2008-09 to 2012-13	2-5 years
4	08	2007-08 and before	6 years and more

Further, the proforma accounts of three Undertakings were in delay for a period of one year, while 28 Undertakings had not prepared their accounts and the delay ranged from two to five years. In the case of Government Press, Andaman and Nicobar Islands, Ministry of Urban Development, the proforma accounts had not been prepared since the financial year 1979-80 onwards. Similarly in cases of Port Management Board, Andaman and Nicobar Islands, Ministry of Shipping and Department of Publications, in the Ministry of Urban Development, the proforma accounts had not been prepared since the financial year 1990-91 and 2000-01 onwards respectively. The details of Departmentally managed Government Undertakings together with the financial year for which the proforma accounts was last prepared is given in **Annexure 2.6**.

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

2.5.6 Losses and irrecoverable dues written off/waived

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

Details of losses written off and recovery waived off during 2014-15 were called for from all civil Ministries/Departments. However, information was made available by only 37 Ministries/Departments. Out of 37, in seven Ministries/Departments 974 cases of losses amounting to ₹ 85.06 crore were written off, and recoveries amounting to ₹ 187.73 crore in 28 cases were waived off, as detailed in **Annexure 2.7**.

2.6 Conclusion

There are significant deficiencies relating to disclosures, accuracy, completeness, and transparency in the Union Finance Accounts for 2014-15. Many of these discrepancies are recurring without any noticeable corrective actions taken by the concerned accounting authorities, though commented upon in the successive Audit Reports. Several Regulatory Bodies acting as 'State' within the meaning of the Constitution of India, also maintained large amount of funds outside the Consolidated Fund of India. Specific purpose cess being collected were also not credited to the earmarked funds in the Public Account, thus leading to inaccurately reflecting the unspent amount of cess collected by the Government over the years. There were also several cases of discrepancies in the figures reflecting the Government's holding in the equity base of the Statutory Corporations, Government Companies, Other Joint Stock Companies, Cooperative Banks, Societies, etc. as depicted in the Finance Accounts vis-à-vis the corresponding figures reflected in the certified balance sheets and Annual Accounts of such entities. Accumulation of large suspense balances in the accounts would lead to mismatch of cash balance position in the books of the Union Government as depicted in Finance Accounts, in comparison to cash balance available in the books of Reserve Bank of India. In respect of Debt, Deposit and Remittance Heads where balances are carried over from year to year, the accounts and transactions were not maintained and tracked in a proper manner, in a number of Ministries/Departments, leading to a large number of adverse balances in the concerned head of accounts and accumulation of suspense balances.

3: APPROPRIATION ACCOUNTS: 2014-15

3.1 Introduction

The Appropriation Act passed by the Parliament authorises the Government to appropriate specified sums from the CFI for specified services. Parliament also sanctions supplementary or additional grants by the subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts authorise disbursements on services, which have been voted by Parliament under various grants in terms of Articles 114 and 115, and the disbursements, charged on the CFI in terms of Article 112(3) as well as Articles 273, 275(1) and 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.

The Controller General of Accounts (CGA) prepares the Appropriation Accounts in respect of Civil Ministries. The Ministries of Defence, Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. The Comptroller and Auditor General of India submits four Appropriation Accounts, viz. Civil, Defence, Posts and Railways, along with his Audit Report under Article 151 of the Constitution, to the President every year, who causes them to be laid before the Parliament. Details of demands for grants/appropriations of various Ministries during 2014-15 are as follows:

Ministry	Number of Demands for Grants/Appropriations
Civil	101
Defence	6
Posts	1
Railways	16
Total	124

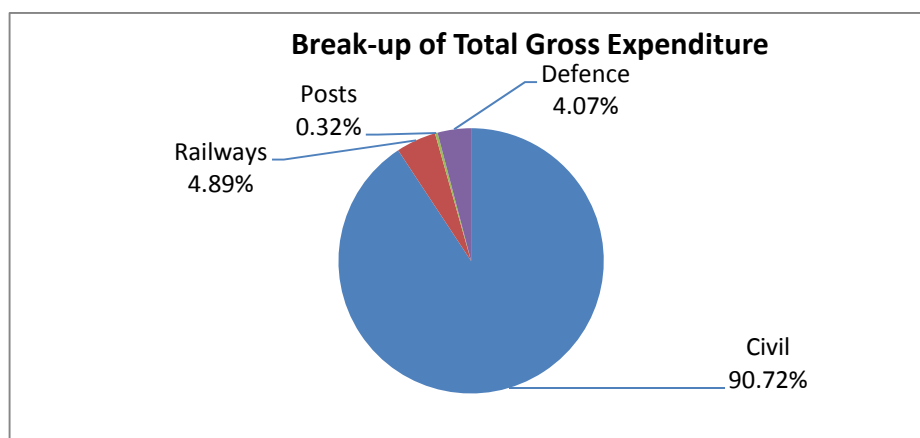
This Chapter contains audit observations on the Appropriation Accounts (Civil, Posts and Defence), including an analysis of expenditure in excess of allocation requiring regularisation by the Parliament, unspent provisions requiring explanation, irregular and injudicious re-appropriations, supplementary provisions obtained without requirement by some Ministries, unrealistic budgeting. For facility of better appreciation of the sectoral features, grants/appropriations relating to Civil Ministries/Departments, Posts and Defence, 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 separate Audit Report for the year ended 2014-15.

3.2 Summary of total provisions, actual disbursements and savings during 2014-15

Chart 3.1 below shows the break-up of expenditure in Civil Ministries/Departments, Posts, Railways and Defence during the financial year 2014-15. As can be seen from the chart, the bulk of the expenditure, 90.72 per cent, was incurred by the Civil Ministries, 4.89 per cent by Railways, 4.07 per cent by Defence, while the Department of Posts accounted for 0.32 per cent of the total gross expenditure.

Chart 3.1: Break-up of expenditure between Civil Ministries/Departments, Railways, Posts and Defence during the financial year 2014-15



The **Table 3.1** below gives the expenditure in Civil Ministries/Departments, Railways, Posts and Defence during the year 2014-15.

Table 3.1: Expenditure under Charged and Voted during the year 2014-15

(₹ in crore)

Civil		Railways		Posts		Defence		Total	
52,89,684		2,85,133		18,730		2,37,394		58,30,941	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
10,78,524	42,11,160	2,84,864	269	18,728	2	2,36,909	485	16,19,025	42,11,916
20.39%	79.61%	99.91%	0.09%	99.99%	0.01%	99.80%	0.20%	27.77%	72.23%

Table 3.2 below gives the total provisions (both Charged and Voted) and disbursements of the Government during the financial year 2014-15. **Annexure 3.1** presents the details of the summary of Appropriation Accounts of Civil Ministries, Posts, Railways and Defence Services.

Table 3.2: Provision, disbursement and savings during 2014-15

(₹ in crore)

Departments	Total Provision	Disbursements	Savings (-) Excess (+)	Percentage of Savings as compared to Total Provision
Civil	58,25,575.32	52,89,683.66	(-) 5,35,891.66	9.20
Posts	19,010.42	18,729.52	(-) 280.90	1.48
Defence Services	2,54,000.27	2,37,394.22	(-) 16,606.05	6.54
Railways	2,99,600.02	2,85,133.21	(-) 14,466.81	4.83
Grand Total	63,98,186.03	58,30,940.61	(-) 5,67,245.42	8.87

Under the Civil Ministries/Departments, the net saving of ₹ 5,35,891.66 crore was due to saving of ₹ 5,51,532.20 crore in the 100 *appropriations/grants* and excess expenditure of ₹ 15,640.54 crore under three *appropriations/grants* pertaining to civil Ministries/Departments.

Out of the overall saving of ₹ 5,51,532.20 crore in Civil Ministries/Departments, major savings occurred in grant No. 38- *Appropriation-Repayment of Debt* (₹ 3,56,325 crore), grant No. 35- *Appropriation-Interest Payments* (₹ 24,784 crore), grant No. 34 -Department of Financial Services (₹ 17,560 crore), grant No. 59 -Department of School Education and Literacy (₹ 14,615 crore), grant No. 36 -Transfers to State and Union Territory Governments (₹ 13,403 crore), grant No. 84 -Department of Rural Development (₹ 13,117 crore), etc.

Of the overall excess expenditure of ₹ 15,640.54 crore in Civil Ministries /Departments, excess expenditure of ₹ 9,435.90 crore (Revenue Voted) and ₹ 4.54 crore (Revenue Charged) in grant No. 21 -Defence Pensions, ₹ 6,193.41 crore registered in grant No. 77 -Ministry of Power (Capital Voted), ₹ 6.69 crore (Revenue Charged) and ₹ 0.12 lakh (Capital Charged) in grant No. 20 -Ministry of Defence.

There were savings in 201 sections of the 100 grants/appropriations and excess in five sections of three grants under the grants/appropriations relating to Civil Ministries/Departments; savings in three sections and excess in one section of Posts; savings in 26 sections and excess in six sections of Railways¹ and savings in 11 sections and excess in one section of Defence. **Annexure 3.2** presents an abstract of the savings and excess.

3.3 Charged and voted disbursements

As per article 112(2) of the Constitution, a distinction is made between charged and voted expenditure. Charged expenditures are those expenditures as defined in Articles 112(3), 273, 275(1) and 293(2) of the Constitution. Estimates of charged expenditure are not subjected to the vote of the

¹ Grant No. 16 of Railways is having four Voted and four Charged Sections.

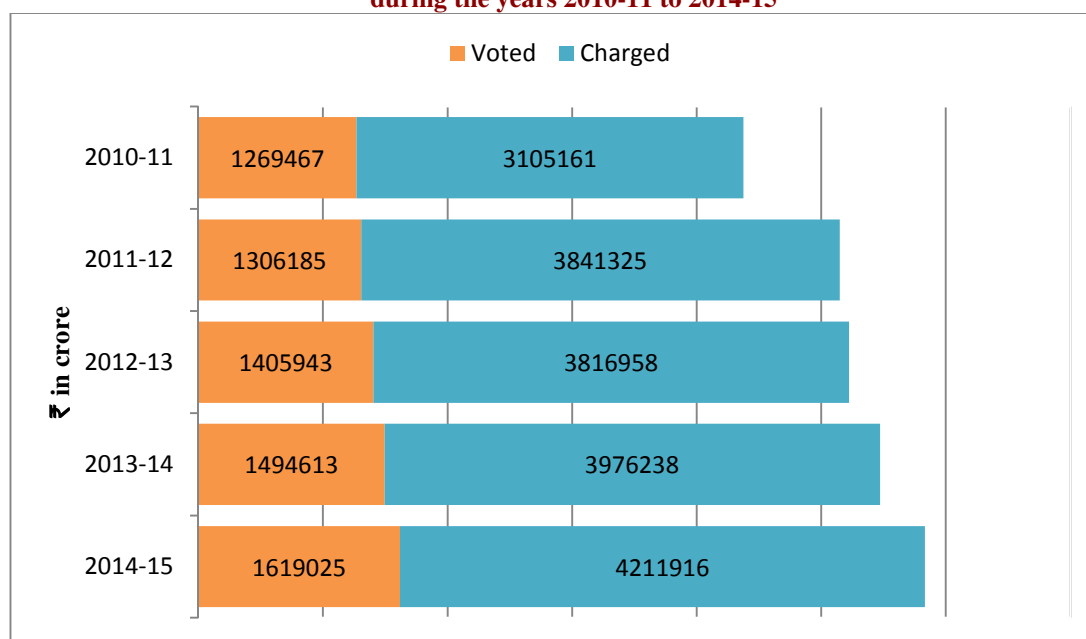
Parliament as enshrined in Article 113(1) of the Constitution but can be discussed in either House of the Parliament. **Annexure 3.3** contains the details of disbursements actually made against authorised demands (grants and appropriations) of the Civil Ministries/Departments for the period 2000-01 to 2014-15. During these years, 70 *per cent* to 81 *per cent* of the total disbursements for the Civil Ministries/Departments were charged on the Consolidated Fund of India.

During 2014-15, the total disbursements of ₹ 52,89,684 crore under the civil Ministries/Departments were higher by ₹ 2,99,626 crore as compared to the total disbursements of ₹ 49,90,058 crore during 2013-14. It had increased by 835 *per cent* from ₹ 5,66,042 crore in 2000-01. The charged disbursements increased by 939 *per cent* from ₹ 4,05,289 crore in 2000-01 to ₹ 42,11,160 crore in 2014-15 and voted disbursements increased by 571 *per cent* from ₹ 1,60,753 crore to ₹ 10,78,524 crore over the same period. The charged disbursement of the civil Ministries/Departments during 2014-15 was 80 *per cent* of the total disbursements.

Major charged disbursement comprised of Appropriation-Repayment of Debt (₹ 37,07,700 crore), Appropriation-Interest Payments (₹ 4,25,098 crore) and Transfers to State and Union Territory Governments (₹ 73,711 crore). Since estimates of charged disbursements are not subject to vote by the Parliament, effectively the scope of financial control by Parliament is limited to about 20 *per cent* of the total disbursement of the Union civil Ministries /Departments.

Chart 3.2 depicts the preponderance of charged expenditure over voted expenditure in the Union Government during the last five years 2010-11 to 2014-15. However, viewed against the background of total disbursements amounting to ₹ 58,30,941 crore from the CFI including Civil, Posts, Defence Services and Railways, the percentage of charged disbursements was 72 *per cent* (₹ 42,11,916 crore) during the financial year 2014-15.

Chart 3.2: Disbursement under Charged and Voted sections during the years 2010-11 to 2014-15



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3.4 Grants/appropriations with excess disbursements

Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India except under appropriations made by law. Rule 52(3) of General Financial Rules, 2005 stipulates that no disbursements shall be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or through an advance from the Contingency Fund. **Table 3.3** presents the summary of excess disbursement of ₹ 16201,32,63,138 (₹ 16201.33 crore) over the authorisation from the CFI during 2014-15. There was an excess disbursement of ₹ 15640,54,83,430 (₹ 15640.55 crore) in five segments of three grants/appropriations in Civil Ministries/Departments, ₹ 490,36,81,118 (₹ 490.37 crore) in six segments of six grants/appropriations of Railways, ₹ 13,498 (₹ 0.13 lakh) in one segment of one grant of Defence Services and ₹ 70,40,85,092 (₹ 70.41 crore) in one segment of one grant of Posts.

Table 3.3: Summary of excess disbursements over grants/appropriations

(Amount in ₹)

		Civil	Railways	Defence	Posts
Voted	Revenue	9435,90,46,976	456,55,52,868	--	70,40,85,092
	Capital	6193,40,87,250	33,13,56,366	--	--
Charged	Revenue	11,23,37,403	67,71,884	13,498	--
	Capital	11,801	--	--	--
No of Grants/Appropriations		3	6	1	1
Segments		5	6	1	1
Total Excess		15640,54,83,430	490,36,81,118	13,498	70,40,85,092
Grand Total		16201,32,63,138			

The details of excess expenditure requiring regularisation under Article 115(1)(b) of the Constitution are given in **Table 3.4** detailed below.

Table 3.4: Details of excess disbursement over grants/appropriations

Sl. No	Description of Grant/ Appropriation		Amount in ₹	Reasons for excess as stated by the Ministries/Departments
Civil				
Revenue (Voted)				
1.	21-Defence Pension	Grant Expenditure Excess	50999,30,00,000 60435,20,46,976 9435,90,46,976	Due to induction of more number of retirees and booking of pending pension scrolls received from banks to clear amount under suspense.
Revenue (Charged)				
2.	20-Ministry of Defence	Appropriation Expenditure Excess	1,09,00,000 7,77,87,167 6,68,87,167	Due to requirement of additional funds towards salaries owing to Court's order.
3.	21-Defence Pensions	Appropriation Expenditure Excess	10,00,00,000 14,54,50,236 4,54,50,236	Mainly due to judgement of court cases.
Capital (Voted)				
4.	77-Ministry of Power	Grant Expenditure Excess	2986,51,00,000 9179,91,87,250 6193,40,87,250	Due to issue of bonus debentures by National Thermal Power Corporation of India Limited.
Capital (Charged)				
5.	20-Ministry of Defence	Grant Expenditure Excess	6,73,00,000 6,73,11,801 11,801	Due to settlement of full payment of contractors as per court directives.
Railways				
Revenue (Voted)				
1.	02-Misc. Expenditure (General)	Grant Expenditure Excess	831,45,00,000 901,52,58,724 70,07,58,724	Due to more expenses under staff cost and retirement benefits, more expenditure under Mumbai Urban Transport Project (MUTP) surcharge.
2.	14- Appropriation to Fund	Grant Expenditure Excess	44293,46,00,000 44679,93,94,144 386,47,94,144	Due to availability of higher surplus by the end of the year.

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Sl. No	Description of Grant/ Appropriation	Amount in ₹	Reasons for excess as stated by the Ministries/Departments
Revenue (Charged)			
3.	03-General Superintendence and Services	Appropriation Expenditure Excess	1,37,33,000 1,37,56,862 23,862
4.	07-Repairs and Maintenance of Plant and Equipment	Appropriation Expenditure Excess	3,15,000 49,61,509 46,46,509
5.	13-Provident Fund, Pension & Other Retirement Benefits	Appropriation Expenditure Excess	65,63,000 86,64,513 21,01,513
Due to materialisation of more decretal payments, than anticipated.			
Capital (Voted)			
6.	16-Railway Safety Fund	Appropriation Expenditure Excess	2199,89,65,000 2233,03,21,366 33,13,56,366
Due to more progress of work, materialization of more contractual payments and adjustment of more store bills.			
Defence Services			
Revenue (Charged)			
1.	26 – Defence Services – Research & Development	Appropriation Expenditure Excess	61,00,000 61,13,498 13,498
Due to settlement of more number of court cases than anticipated.			
Posts			
Revenue (Voted)			
1.	13 –Department of Posts	Grant Expenditure Excess	18486,01,00,000 18556,41,85,092 7040,85,092
Due to increased expenditure under Pay and Dearness Allowance, Wages, Domestic Travel Expenses, Office Expenses, Rents, Rates and Taxes, Revision of Mail Rates, higher number of retirements etc.			

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

The detailed comments relating to grants of the Railways are included in the related Separate Audit Report for the year 2014-15 of the Comptroller and Auditor General of India.

3.5 Persistent excess in grants

A scrutiny of the grants registering persistent excess for the five years period from 2010-11 to 2014-15 was undertaken. The scrutiny revealed that in six segments of five grants/appropriations persistent excesses occurred in the year 2014-15 and at least in three years out of previous four years period for which analysis was made. The grant wise and year wise details of persistent excesses against authorisation are given in **Table 3.5**.

Table 3.5: Persistent excess in grants/appropriations

(Amount in ₹)

Sl. No.	Description of Grant/Appropriation	2010-11	2011-12	2012-13	2013-14	2014-15
Civil						
Revenue (Voted)						
1.	21- Defence Pensions					
	Excess-	3336,30,72,983	3568,81,46,182	3863,71,24,944	--	9435,90,46,976
	Expenditure-	37336,05,72,983	37568,56,46,182	43362,89,24,944		60435,20,46,976
	Grant-	33999,75,00,000	33999,75,00,000	39499,18,00,000		50999,30,00,000
Revenue (Charged)						
2.	21- Defence Pensions					
	Excess-	10,74,960	28,54,467	3,99,60,400	74,86,943	4,54,50,236
	Expenditure-	35,74,960	82,54,467	4,81,60,400	4,97,86,943	14,54,50,236
	Appropriation-	25,00,000	54,00,000	82,00,000	4,23,00,000	10,00,00,000
Railways						
Revenue (Charged)						
3.	03- General Superintendence and Services					
	Excess-	20,97,842	27,29,201	41,82,995	38,47,888	23,862
	Expenditure-	36,49,842	30,34,201	42,73,995	88,78,888	1,37,56,862
	Appropriation-	15,52,000	3,05,000	91,000	50,31,000	1,37,33,000
4.	07- Repairs and Maintenance of Plant and Equipment					
	Excess-	1,49,045	--	2,11,968	385	46,46,509
	Expenditure-	4,64,045		2,28,968	61,385	49,61,509
	Appropriation-	3,15,000		17,000	61,000	3,15,000
5.	13 – Provident Fund, Pension & other Retirement Benefits					
	Excess-	--	4,09,113	15,63,329	16,38,105	21,01,513
	Expenditure-		62,67,113	73,83,329	74,45,105	86,64,513
	Appropriation-		58,58,000	58,20,000	58,07,000	65,63,000
Posts						
Revenue (Voted)						
6.	13-Department of Posts					
	Excess-	366,63,29,167	400,03,82,246	160,13,57,173		70,40,85,092
	Expenditure-	13793,26,29,167	14162,36,82,246	15480,62,57,173	--	18556,41,85,092
	Grant-	13426,63,00,000	13762,33,00,000	15320,49,00,000		18486,01,00,000

Persistent excess in the grant of Defence Pensions, Railways and Posts is a matter of concern. Despite Public Accounts Committee's recommendations to minimise the cases of excesses, persistent excesses have been noticed in the above grants. Ministries/Departments did not make concerted efforts and devise effective mechanism with a view to observe financial discipline to avoid excess expenditure.

3.6 Minor/Sub head-wise excess expenditure

Rule 58(1) of General Financial Rules 2005 enjoins that a Subordinate Authority incurring the expenditure will be responsible for ensuring that the allotment placed at its disposal is not exceeded. Where any excess over the

allotment is apprehended, the Subordinate Authority should obtain additional allotment before incurring the excess expenditure.

It was, however, observed from the Head-wise Appropriation Accounts for the year 2014-15 that in 53 minor/sub-heads of 18 grants, there was an excess expenditure of ₹ 5 crore and more, over the available provision. An aggregate expenditure of ₹ 33,120.81 crore was incurred which exceeded the available provisions under these minor/sub-heads, but the authority administering the concerned grant/appropriation did not issue re-appropriation orders to accommodate the final excess expenditure over the available provision, indicating laxity in budgetary control. Minor/sub-heads where excess expenditure occurred are listed in **Annexure 3.4**.

3.7 Savings of ₹ 100 crore or more in grants/appropriations

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

Savings of more than ₹ 100 crore, which need a detailed explanatory note to the Public Accounts Committee (PAC), had occurred in 122 cases of 93 grants (including Civil, Posts, Railways and Defence Services) during the financial year 2014-15. Large savings were noticed in grants: *Appropriation-Repayment of Debt* (₹ 3,56,325 crore), *Appropriation-Interest Payments* (₹ 24,784 crore), Department of Financial Services (₹ 17,560 crore), Department of School Education & Literacy (₹ 14,615 crore), Transfers to State and Union Territory Governments (₹ 13,403 crore), Department of Rural Development (₹ 13,117 crore), Capital Outlay on Defence Services (₹ 12,701 crore), Ministry of Water Resources (₹ 9,861 crore), Department of Health and Family Welfare (₹ 7,597 crore), Department of Urban Development (₹ 6,691 crore), Operating Expenses-Fuel (Railways) (₹ 6,156 crore), Ministry of Petroleum and Natural Gas (₹ 5,632 crore), Capital (Railways) (₹ 5,588 crore), Department of Food and Public Distribution (₹ 5,221 crore), Department of Telecommunications (₹ 5,204 crore), Department of Higher Education (₹ 4,487 crore), Police (₹ 4,344 crore), Department of Economic Affairs (₹ 3,507 crore), Ministry of Panchayati Raj (₹ 3,610 crore), Ministry of Power (₹ 3,591 crore), Ministry of Housing and Urban Poverty Alleviation (₹ 3,273 crore), Ministry of Drinking Water and Sanitation (₹ 3,176 crore), Ministry of Road Transport and Highways (₹ 3,096 crore), etc. Savings under various grants/appropriations of ₹ 100 crore or more are detailed in **Annexure 3.5²**.

² Saving also include mandatory cuts imposed by Ministry of Finance as a part of economy measures.

Some of the reasons for savings were attributed by the Ministries/Departments as ‘non-operationalisation of the scheme’, ‘non-fulfilment of prescribed terms and conditions by some State Governments’, ‘non-receipt of utilisation certificates’, ‘lower re-payment of securities’, ‘lower volume of issuances’, ‘less utilisation of ways and means advance and overdraft owing to surplus in cash balance of GOI’, ‘receipt of less claims’, non-taking off the schemes’, etc.

Further, in 69 sections of 56 grants/appropriations, persistent savings of ₹ 100 crore and above, during the last three years (2012-13 to 2014-15), were noticed, details of which are given in **Annexure 3.6**. Some of the grants with large persistent savings were those pertaining to Department of Agriculture and Co-operation, Department of Economic Affairs, Department of Financial Services, Transfer to State and Union Territory Governments, *Appropriation-Repayment of Debt*, Department of Health and Family Welfare, Police, Department of School Education and Literacy, Department of Higher Education, Ministry of Power, Ministry of Road Transport and Highways, Department of Rural Development and Capital Outlay on Defence Services.

3.8 Surrender of savings (Overall)

Rule 56 of General Financial Rules, 2005 provides that savings in a grant or appropriation are to be surrendered to Government as soon as these are foreseen, without waiting for the last day of the year. Savings should also not be held in reserve for possible future excesses.

During the financial year 2014-15, under 201 segments of 100 grants/appropriations of Civil Ministries/Departments, there were savings of ₹ 5,51,532.21 crore. This was offset by excess expenditure of ₹ 15,640.55 crore under five segments of three grants resulting in a net saving of ₹ 5,35,891.66 crore. The amounts surrendered by the Civil Ministries/Departments are shown in **Table 3.6**.

Table 3.6: Details of savings and surrender under Civil Ministries/Departments

(₹ in crore)

	Unspent Provision	Amount Surrendered	Amount Surrendered on 31 st March	Percentage of Amount Surrendered on 31 st March to Unspent Provision	Amount not Surrendered
Revenue					
Voted	1,16,722.00	1,12,279.56	1,10,198.92	94.41	4,442.44
Charged	28,221.23	26,296.05	26,295.71	93.18	1,925.18
Total: Revenue	1,44,943.23	1,38,575.61	1,36,494.63	94.17	6,367.62
Capital					
Voted	33,487.01	38,731.73	38,428.35	114.76	(5,244.72)*
Charged	3,57,461.42	3,37,500.14	3,37,500.15	94.42	19,961.28
Total: Capital	3,90,948.43	3,76,231.87	3,75,928.50	96.16	19,961.28**
Grand Total	5,35,891.66	5,14,807.48	5,12,423.13	95.62	26,328.90**

* - Amount surrendered is more than the savings.

** - Excess surrendered amount not included in “Amount not surrendered”.

In 12 segments across 10 grants/appropriations, the amount surrendered exceeded the savings in the grants. This is indicative of poor budgetary management. Details of such cases are given in **Annexure 3.7**.

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

In 97 segments across 72 grants/appropriations, where savings of more than ₹ 100 crore had occurred, the Ministries/Departments concerned surrendered the savings on the last day of the financial year (i.e. 30th/31st March 2015) in violation of Rule 56 of the General Financial Rules, 2005. The details of savings, surrenders along with the amounts not surrendered, which stood lapsed at the close of the financial year, are given in **Annexure 3.8**.

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

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

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

Table 3.7 below presents the supplementary provisions obtained by the Ministries of the Union Government and their percentage to the original provision during 2014-15.

Table 3.7: Ministry-wise Original and Supplementary Provisions

(₹ in crore)

Ministries	Original Provision	Supplementary Provision	Total Provision	Percentage of Supplementary to Original Provision
Civil	57,84,779.10	40,796.22	58,25,575.32	0.71
Posts	18,659.85	350.57	19,010.42	1.88
Defence	2,45,664.72	8,335.55	2,54,000.27	3.39
Railways	2,93,728.54	5,871.48	2,99,600.02	2.00
Total	63,42,832.21	55,353.82	63,98,186.03	0.87

Further scrutiny revealed that a number of Ministries/Departments of the Central Government obtained supplementary grants/appropriations which were even higher than the original provisions. The cases where the supplementary provision exceeded 40 per cent of the original provision are detailed in **Table 3.8**.

Table 3.8: Details of large Supplementary Grants obtained due to unrealistic initial budgetary projections

(₹ in crore)

Sl. No.	Description of grant/appropriation	Original Provision	Supplementary Provision	Percentage of Supplementary to Original Provision
Civil				
Revenue (Voted)				
1.	34-Department of Financial Services	8,186.09	3,559.16	43
2.	42- Department of Revenue	726.88	11,033.03	1518
3.	51-Department of Heavy Industry	672.56	467.00	69
Revenue (Charged)				
4.	20-Ministry of Defence	0.51	0.58	114
5.	21-Defence Pensions	0.70	9.30	1329
6.	67-Ministry of Mines	0.05	0.08	160
Capital (Voted)				
7.	11-Department of Commerce	304.50	160.00	53
8.	33-Department of Economic Affairs	6,271.15	6,244.71	100
9.	69-Ministry of New and Renewable Energy	95.00	200.00	211
10.	75-Ministry of Petroleum & Natural Gas	1.00	2,399.00	239900
11.	90-Ministry of Social Justice & Empowerment	462.00	200.00	43
12.	96-Ministry of Tourism	1.50	10.80	720
Defence Services				
Revenue (Charged)				
13.	22-Defence Services – Army	42.95	336.00	782

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Sl. No.	Description of grant/appropriation	Original Provision	Supplementary Provision	Percentage of Supplementary to Original Provision
14.	23-Defence Services – Navy	18.19	9.63	53
15.	24-Defence Services – Air Force	4.70	53.59	1140
Posts Revenue (Charged)				
16.	13-Department of Posts	0.20	3.64	1820

Large supplementary provisions indicate that the Ministries/Departments did not prepare estimates of expenditure on a realistic basis and that the mechanism of holding pre-budget meetings and scrutiny by the Ministry of Finance for ensuring realistic budgetary projections did not have the desired effect.

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

3.11 Unnecessary cash supplementary provision (grant-wise)

In five grants/appropriations, as detailed in **Table 3.9**, cash supplementary provisions aggregating to ₹ 546.48 crore were obtained during 2014-15 in anticipation of higher expenditure, but in four grants the final expenditure was even less than the original provisions. The unutilised cash supplementary provision was, therefore, unnecessary, indicative of deficient budgeting.

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

Table 3.9: Unnecessary cash supplementary leading to savings

(₹ in crore)

Sl. No.	Description of Grant/Appropriation	Original Provision	Supplementary grant obtained	Cash Supplementary	Disbursements	Saving
Civil Grants						
1.	33-Department of Economic Affairs (Revenue voted)	15,719.27	438.25	0.58	15,271.98	885.54
2.	51-Department of Heavy Industry (Revenue voted)	672.56	467.00	41.38	968.12	171.44
3.	80-Rajya Sabha (Revenue voted)	317.56	1.60	1.60	287.28	31.88
4.	83-Ministry of Road Transport & Highways (Revenue voted)	19,603.37	500.02	500.00	18,672.70	1,430.69
5.	97-Ministry of Tribal Affairs (Revenue voted)	514.33	3.07	2.92	345.09	172.31
Total		36,827.09	1,409.94	546.48	35,545.17	2,691.86

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

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

Examination of the accounts revealed that in 16 cases across 11 grants/appropriations of Civil Ministries/Departments, Posts and Defence Services, re-appropriations aggregating ₹ 677.66 crore were injudicious, as the original provision under the minor/sub-heads to which augmentation was made by way of re-appropriation was more than adequate. As a result of injudicious re-appropriation, the final savings under the heads were more than the amount re-appropriated to these heads. The 16 cases, where injudicious re-appropriation exceeding ₹ 5 crore and more were made, are given in **Annexure 3.9**.

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

Similarly, scrutiny of the accounts revealed that in seven cases across five grants/appropriations of Civil Ministries/Departments, re-appropriations of funds, aggregating ₹ 985.25 crore, were injudiciously made to other heads, as the final disbursement under each of these four sub-heads was more than the original provision, even before re-appropriation. In each of these heads, the excess, over the available provision after re-appropriation, was more than the amount re-appropriated. The details of such injudicious re-appropriation exceeding ₹ 5 crore and more, are given in **Annexure 3.10**.

3.14 Unnecessary supplementary provision obtained under sub-heads

While obtaining supplementary provision, the Ministries/Departments reported to Parliament large additional requirement for different purposes under various schemes/activities, but finally they were unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. The details of 11 minor/sub-heads across seven grants/appropriations where entire supplementary grant, together with part of original budget provision, remained unspent are given in **Annexure 3.11**.

3.15 Saving of entire provision (Sub-head wise)

In 66 sub-heads across 29 grants/appropriations, the entire provision (₹ 50 crore and above) aggregating to ₹ 20,565.40 crore, authorised by the Parliament could not be spent by the Ministries/Departments and remained unutilised. Out of above entire savings, ₹ 2,930 crore pertained to Subsidy on domestic LPG and PDS Kerosene and ₹ 2,400 crore for Indian Strategic Petroleum Reserves Limited.

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

- Appropriation – Interest Payment: ‘Interest/Discount paid on Market Stabilisation Scheme-Deposit of money in the bank’ (₹ 1,628.81 crore) and ‘Payment of premium on buyback of Government Securities’ (₹ 1,000 crore);
- Ministry of Water Resources: ‘National Ganga Plan’ (₹ 1,500 crore) and ‘Pradhan Mantri Krishi Sinchai Yojana’ (₹ 920 crore);
- Department of Economic Affairs: ‘Transfer to Social and Infrastructure Development Capital Fund’ (₹ 1,050.91 crore), ‘PPP Implementation (3P India)’ (₹ 500 crore) and ‘Interest Equalisation support to Exim Bank of India’ (₹ 450 crore);
- Department of Financial Services: ‘Assistance to National Credit Guarantee Trustee Company (NCGTC)’ (₹ 500 crore);
- Department of Social Justice and Empowerment: ‘Self-employment Scheme for Rehabilitation of Manual Scavengers’ (₹ 439.04 crore);
- Ministry of Power: ‘Financial Support for Debt restructuring of DISCOMs’ (₹ 400 crore).

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

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

Scrutiny of Appropriation Accounts revealed that in certain grants and appropriations large savings of ₹ 100 crore or more, under a sub-head, were noticed which are indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/Department. Necessary steps need to be taken by the Ministries/Departments to make their budgetary exercise more realistic, not only to minimise large scale variations between estimates and actuals but also to gainfully utilise the scarce resources. These Ministries/Departments are required to review their system of budgetary assumption and/or efficiency of their programme management. **Annexure 3.13** gives the details of 209 such large savings of ₹ 100 crore or more and constituting more than 10 *per cent* of the budgeted provision under a sub-head along with reasons given by respective Ministries/Departments.

Major savings occurred under the following programmes/schemes:

- **Appropriation-Repayment of Debt:** ₹ 1,83,884 crore under 'Ways and Means Advances' (against the budgeted provision of ₹ 5,00,000 crore) due to less utilization of ways and means advances and overdraft owing to surplus in cash balance of Government of India; ₹ 90,000 crore under 'Cash Management Bills' (against the budget provision of ₹ 1,00,000 crore) due to less issuance owing to availability of surplus cash balance.
- **Department of Financial Services:** ₹ 9,947 crore under 'National Investment Fund' (against the budgeted provision of ₹ 11,200 crore) due to requirement of less funds towards recapitalization of Public Sector Banks through National Investment Fund owing to insufficient disinvestment receipts; ₹ 4,210 crore under 'Recapitalisation of Public Sector Banks' (against the budgeted provision of ₹ 11,200 crore) due to providing of less capital support to Public Sector Banks for maintaining a tier-1 Capital to Risk Assets Ratio at desired level.
- **Capital Outlay on Defence Services (Air Force):** ₹ 7,134 crore under 'Other Equipment' (against the budgeted provision of ₹ 15,352 crore) due to cut imposed by the Ministry of Finance at RE stage and non-achievement of some of the milestone.
- **Capital Outlay on Defence Services (Army):** ₹ 5,819 crore under 'Other Equipment' (against the budgeted provision of ₹ 15,592 crore) due to non-fructification of new scheme, under-utilisation by the Director General Ordnance Factory and slippages in committed liabilities case.

- **Department of Urban Development:** ₹ 5,498 crore under 'Jawaharlal Nehru National Urban Renewal Mission' (against the budgeted provision of ₹ 6,496 crore) due to receipt of less demands from the implementing agencies.
- **Department of School Education and Literacy:** ₹ 5,256 crore under 'Funds for transfer to Prarambhik Shiksha Kosh' (against the budgeted provision of ₹ 27,575 crore) due to reduction of provision at revised estimates stage owing to less collection of Education cess.
- **Ministry of Water Resources:** ₹ 4,368 crore under 'Accelerated Irrigation Benefit & Flood Management Programme' (against the budgeted provision of ₹ 7,569 crore) due to reduction of provision at revised estimates stage and receipt of less proposals from the State Governments.
- **Appropriation-Interest Payments:** ₹ 3,579 crore under '14 Days Treasury Bills' (against the budgeted provision of ₹ 7,250 crore) due to lower investment by the State Governments.
- **Transfer to State and Union Territory Governments:** ₹ 3,044 crore under 'Normal Central Assistance' (against the budgeted provision of ₹ 28,514 crore) due to non-submission of prescribed audited & anticipated expenditure statements by some of the State Governments.

3.17 Persistent savings (Sub-head wise)

Scrutiny of Appropriation Accounts revealed that during three years period 2012-13 to 2014-15, persistent savings under 27 sub-heads were noticed across 15 grants and appropriations, which is indicative of poor budgeting or shortfall in performance or both, in respect of the concerned scheme being implemented by the Ministry/Department. The details of 27 sub-heads are given in **Annexure 3.14**.

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

In terms of Rule 56(3) of General Financial Rules, 2005, rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided. The Ministry of Finance has also issued instructions to Ministries/Departments in September 2007 to restrict expenditure during the month of March and the last quarter of the financial year to 15 *per cent* and 33 *per cent*, respectively, of the budgeted estimates.

Some Ministries/Departments sought clarification from the Ministry of Finance about these expenditure ceilings, to which the Ministry of Finance reiterated (January 2013) that restriction of these ceilings in last quarter/month

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were to be enforced both scheme-wise and demand-wise as a whole subject to revised estimates ceilings. Information regarding trend of expenditure for financial year 2014-15 was called for from Ministries/Departments by Audit.

Based on information provided by Ministries/Departments, in cases detailed in **Table 3.10** below, it has been noticed that major part of disbursement by some Ministries/Departments was made in the month of March 2015 and/or during last quarter of the financial year in contravention of the provisions of Rules and extant instructions.

Table 3.10: Rush of expenditure during March 2015 and/or last quarter of 2014-15

(₹ in crore)

Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
Civil							
1.	11-Department of Commerce	5857.00 (5687.40)	497.36	--	1987.69	33.94 (34.95)	Relaxation for exemption of 33% ceiling for the last quarter was obtained from Ministry of Finance.
2.	33-Department of Economic Affairs	21990.42 (26235.42)	5076.50	23.09 (19.35)	10319.15	46.93 (39.33)	Payment towards loan to International Monetary Fund, contribution towards International Development Association, and payment to National Skill Development Corporation for National Skill Certification and Monetary Reward scheme and payment towards IMF-Maintenance of value (MoV) obligation.
3.	34- Department of Financial Services	32836.10 (28853.51)	9149.75	27.87 (31.71)	10211.11	31.10 (35.39)	Department stated (September 2015) that relaxation was sought from Department of Expenditure.
4.	36-Transfer to State & Union Territory Government	148432.00 (143361.00)	32472.00	21.88 (22.65)	58042.00	39.10 (40.49)	--
5.	37-Loans to Government Servants, etc	200.00 (200.00)	31.98	15.99	49.58	--	Revised allocation of funds could be communicated to recipient Ministry/Departments only in mid-January 2015. Recipient Ministry/Departments further allocated the funds among various disbursal units. As a result, the pending applications could be cleared only during February and March.
6.	42-Department of Revenue	832.91 (11810.79)	10799.39	1296.59 (91.44)	10901.38	1308.83 (92.30)	Department stated (August 2015) that rush of expenditure was due to payment to states, on receipts of supplementary-II in March 2015, for revenue loss due to phasing out of CST.

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Sl. No.	Descriptions of the Grants	Budget Estimates (revised estimates)	Expenditure in March	Percentage of expenditure in March#	Expenditure incurred during last quarter	Percentage of expenditure during last quarter#	Reasons as furnished by the Ministries/Departments
7.	51- Department of Heavy Industry (Voted)	1243.62 (1694.69)	640.89	51.53 (37.82)	828.72	66.64 (48.90)	--
8.	57-Transfers to Union Territory Government	1726.50 (1700.50)	457.04	26.47 (26.88)	457.04	--	Ministry stated (August 2015) that the observation made by audit had been noted and would be complied strictly.

Figures in parenthesis indicate percent with respect to revised estimates.

-- Expenditure within the prescribed limits

Since the funds released in March to various organisations cannot be constructively spent during the year, which closes on the last day of the same month, it is not possible to conclude whether these funds were applied during the same year for the purpose for which they were authorised.

3.19 Persistent savings in Defence Services grants

Scrutiny of the Appropriation accounts of Defence Services disclosed a persistent trend of savings (more than ₹ 5 crore) during the years 2012-13 to 2014-15 under charged/voted segment of six grants as detailed in **Table 3.11**.

Table 3.11: Persistent savings during the years 2012-15

(₹ in crore)

Sl. No.	Description of Grant Sub Major/Minor Head	2012-13	2013-14	2014-15
22 – Defence Services – Army (Major Head 2076)				
1.	110 – Stores (Voted)	1197.52	750.98	670.69
2.	113 – NCC (Voted)	286.33	16.44	53.31
3.	800 – Other Expenditure (Voted)	490.67	462.22	458.88
23 – Defence Services – Navy (Major Head – 2077)				
4.	104 – Pay & Allowances of Civilians (Charged)	2.00	10.31	7.86
24 – Defence Services – Air Force (Major Head – 2078)				
5.	800 – Other Expenditure (Voted)	118.49	130.81	107.45
25 – Defence Ordnance Factories (Major Head – 2079)				
6.	001 – Direction & Administration (Voted)	6.09	8.56	8.93
7.	004 – Research & Development (Voted)	21.96	27.25	14.18
8.	053 – Maintenance – Machinery and Equipment (Voted)	2.69	7.33	6.95
9.	054 – Manufacture (Voted)	125.01	24.96	28.49
10.	105 – Transportation (Voted)	34.99	31.65	54.94
11.	106 – Renewal & Replacement (Voted)	84.15	2.99	58.13
12.	110 – Stores (Voted)	781.41	1130.47	920.47
26 – Defence Services – Research and Development (Major Head – 2080)				
13.	003 – Training (Voted)	0.42	6.88	7.74
14.	004 – Research/Research & Development (Voted)	632.89	85.28	162.50
15.	105 – Transportation (Voted)	26.74	51.04	53.89
27 – Capital Outlay on Defence Services (Major Head – 4076)				
01 – Army				
16.	050 – Land (Charged)	16.35	17.18	8.69
17.	050 – Land (Voted)	14.89	26.89	102.61
18.	103 – Other Expenditure (Voted)	1591.85	2033.47	5819.21

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19.	107 – Ex-Servicemen Contributory Health Scheme (Voted)	33.17	19.10	13.80
20.	202 – Construction Works (Voted)	1350.22	477.92	752.00
02 – Navy				
21.	102 – Heavy and Medium Vehicles (Voted)	12.55	48.37	21.46
22.	205 – Naval Dockyards (Voted)	287.66	1378.84	977.42
03 – Air Force				
23.	050 – Land (Charged)	7.67	9.58	5.30
24.	050 – Land (Voted)	70.22	46.21	64.63

The persisting trend 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.

3.20 Surrender of savings in Defence Services grants

The savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. Further, savings should also not be held in reserve for possible future excesses. During 2014-15 under charged segments, no amount was surrendered against a saving of ₹ 320.07 crore in five grants. Under voted segment of six grants, surrender of ₹ 13,394.05 crore was made in four grants against the total saving of ₹ 16,285.98 crore. Thus, overall ₹ 13,394.05 crore under four grants in Voted segment were surrendered on the last day of the financial year as detailed in **Table 3.12**.

Table 3.12: Details of savings and surrender

Grant/ Appropriation	Savings		Amount Surrendered on last day of the financial year		Amount not surrendered (Lapsed)	
	Charged	Voted	Charged	Voted	Charged	Voted
22-Army	116.83	1,496.71	--	6.83	116.83	1,379.88
23-Navy	6.45	177.34	--	--	6.45	177.34
24-Air Force	4.69	495.88	--	--	4.69	495.88
25-Defence Ordnance Factories	6.22	1478.32	--	699.59	6.22	778.73
26-Research & Development	--	122.62	--	64.90	--	57.72
27-Capital Outlay on Defence Services	185.88	12,515.11	--	12,622.73	185.88	(107.62)*
Total	320.07	16,285.98	--	13,394.05	320.07	2,889.55**

*Amount surrendered is more than the savings.

**Excess surrendered amount not included in 'Amount not surrendered'

In the case of Grant No. 27-Capital Outlay on Defence Services (Voted), the Ministry of Defence surrendered ₹ 12,622.73 crore against the available savings of ₹ 12,515.11 crore resulting in excess surrender of ₹ 107.62 crore, indicating deficient budgetary control mechanism.

3.21 Conclusion

Excess disbursement of ₹ 16,201.33 crore, in 13 sections of 11 Grants/Appropriations, was made by the various Ministries/Departments of the Union Government, over and above the authorisation made in the Appropriation Acts during the year 2014-15. These excess expenditure requires to be regularised in terms of Article 115(1)(b) of the Constitution. Grants/Appropriations of Defence Pensions, Railways and Posts are persistently incurring excess expenditure over and above the authorisation. Other deficiencies in the budget formulation process, viz., savings of large amount (over ₹100 crore) in a grant/appropriation, obtaining supplementary grants of large amount during the course of the year eventually remaining unutilised, surrender of savings on the last day of the financial year, etc., indicate that there is need to re-orient the initial budget formulation process by the Union Government.

4: APPROPRIATION ACCOUNTS: COMMENTS ON ACCOUNTS

4.1 Introduction

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

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

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

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

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

In their follow-up Report (96th Report of 15th Lok Sabha 2013-14) the PAC reiterated their earlier recommendation that the Ministry of Finance devise a procedure in conformity with the Constitutional provisions and the Financial

Rules so that interest payments on tax refunds are shown in the Annual Financial Statement and Demand for Grants and receive Parliamentary approval as ordained by the Constitution.

As in the past, no budget provision for interest on refunds was made in the Budget Estimates for the financial year 2014-15 and an expenditure on interest on refunds amounting to ₹ 5,332 crore was incurred by the Department, in contravention of provisions of the Constitution. Expenditure of ₹ 48,235 crore on interest payments had been incurred over a period of last seven years without obtaining approval of the Parliament through necessary appropriation, as detailed in **Table 4.1**:

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

Year	Expenditure on interest on refunds
2008-09	5,778
2009-10	6,876
2010-11	10,499
2011-12	6,486
2012-13	6,666
2013-14	6,598
2014-15	5,332
Total	48,235

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

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

4.3 Expenditure incurred without a budget line

Article 114(3) of the Constitution of India provides that no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law.

Audit scrutiny of Head-wise Appropriation Accounts of Grant No. 13 and 14 pertaining to Department of Posts and Department of Telecommunication respectively for the year 2014-15 revealed that an amount of ₹ 521.85 crore was incurred without any budget provision provided by way of Parliamentary authorisation, as detailed in **Table 4.2**.

Table 4.2: Expenditure incurred without budget line

Grant No. and Head of Account	Amount (₹ in crore)	Reply of Department
13-Department of Posts		
3201.05.053.01.04.27	0.01	The Department stated (October 2015) that the error occurred due to misclassification and mapping for the correct object heads has been done in the <i>e-lekha</i> and recurrence would be avoided in future.
3201.06.101.04.01.31	0.40	
3201.06.101.04.03.31	0.03	
3201.06.101.05.00.28	14.79	

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Grant No. and Head of Account	Amount (₹ in crore)	Reply of Department
3201.08.101.02.01.28	7.59	
3201.08.101.03.01.28	0.02	
3201.08.101.04.01.28	18.76	
3201.08.101.05.01.28	1.13	
5201.00.202.02.00.53	0.65	
14 - Department of Telecommunications (DoT)		
2071.01.101.01.03.04	346.48	The Department stated (October 2015) that at the time of framing estimates BE 2014-15, in October 2013, MTNL pension was not being paid by DoT. The estimate for pension payment to MTNL employees could not be included in the BE since the payment of pension to MTNL employees by DoT was approved by Government in January 2014 for payment from April 2014. The reply of the Department is not tenable since the Department should have gone for a supplementary provision. This is indicative of defective system of budgeting.
2071.01.102.01.03.04	61.28	
2071.01.104.01.03.04	70.70	
2071.01.105.02.03.04	0.01	
Total	521.85	

4.4 Re-appropriation of fund from expenditure budget to receipt/miscellaneous income head in Canteen Stores Department (CSD)

Rule 8 of Delegation of Financial Power Rules states that provision under Object Head-‘45-Interest’ shall include interest on capital and discount on loans.

Examination of Grant No. 20-Ministry of Defence and Annual Accounts of the CSD for the year 2014-15 revealed that even though there was no loan in the account of CSD but in the detailed demand for grant an amount of ₹ 140.00 crore had been provisioned under the object head 45-Interest .

The examination of the Profit and Loss Account and Annual Accounts of CSD revealed that the amount provisioned by the Parliament under the object ‘head 45 – Interest’ had been diverted to “Receipt/Miscellaneous Income” as “Contribution/Grants-in-Aid towards Interest on Capital”. This practice has been followed in the CSD for many years.

During the period from 2010-11 to 2014-15, a sum of ₹ 624.43 crore had been diverted from Expenditure budget to Receipt/Miscellaneous Income by way of Contribution/Grants-in-aid (towards Interest on Capital) Head by CSD. The details have been shown in **Table 4.3**.

Table 4.3: Detail of expenditure booked under Object Head-‘45-Interest’
(₹ in crore)

Year	Actual expenditure under ‘Interest’ (CSD)
2014-15	145.20
2013-14	132.67
2012-13	119.83
2011-12	115.14
2010-11	111.59
Total	624.43

The Controller General of Defence Account (CGDA) stated (September 2015) that Interest on Capital was being compiled under the Major Head 2075 in Grant No. 20-Ministry of Defence (Civil) as per Ministry of Finance, Department of Economic Affairs instruction dated 27th December 1983. The CGDA further stated that approval of the O/o CGA, O/o CAG and O/o DGADS was taken before opening of these heads in our books and this procedure has been adopted with the approval of competent authorities.

The reply is not acceptable as the amount authorized by the Parliament for expenditure on account of interest payment had ultimately been taken into account as ‘Receipt/Miscellaneous Income’ under CSD Annual Accounts by way of Contribution/Grants-in-Aid (towards Interest on Capital) even though there was no loan outstanding in the account of CSD.

4.5 Failure to obtain legislative approval for augmenting provisions

4.5.1 Augmentation of provision to object head ‘31-Grants-in-aid-General’

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

Scrutiny of Appropriation Accounts along with *e-lekha* data revealed that in five cases across four grants, expenditure aggregating ₹ 60.25 crore was incurred by various Departments during the financial year 2014-15 by augmenting provision under object head ‘31-Grants-in-aid-General’ to various bodies/authorities without obtaining prior approval of the Parliament thereby attracting the limitations of NS/NIS as detailed in **Table 4.4**.

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Table 4.4: Augmentation of provision to object head '31-Grants-in-aid-General'

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
		(in crore)					
Grant No. 11- Department of Commerce							
1.	3453.00.800.33.00.31 Market Access Initiatives Export Studies.	199.99	-	-	199.99	199.9931	0.0031
For market access initiatives export studies, the Department stated (October 2015) that the excess booking was due to funds allotted to the Ministry of External Affairs and the Department is enquiring the reasons.							
Grant No.52- Department of Public Enterprises							
2.	2852.80.800.30.01.31 Skill Development Training Programmes of Executives of State Level Public Enterprises (SLPEs)	0.80	0.10	-	0.90	1.02	0.12
The Department stated (October 2015) that total budget allocation under the Major Head 2552 relating to NER was not exceeded. Hence, prior approval of the Parliament was not required as it did not fulfil conditions which attract the limitation of NS/NIS. The reply of the Department is not tenable as the provision under non-functional head 2552.00.317.02.00.31 which was re-appropriated to the scheme under functional head was not for the same scheme.							
Grant No. 59- Department of School Education and Literacy							
3.	2202.01.789.03.01.31 National Programme of Mid-Day Meals in Schools	0.00	-	-	0.00	50.00	50.00
The Department stated (September 2015) that re-appropriation of funds between direct expenditure in the Revenue Section to grants-in-aid to States/UTs was done as per GIO 3(ii) below Rule 10 of DFPRs and concurrence of Ministry of Finance was taken for the same. The matter was also reported to Parliament in the First batch of Supplementary Grant. The reply of Department is not acceptable in view of the fact that each item of expenditure has a distinct budget line and is approved by the Parliament separately. Reporting of any augmentation to the Parliament does not mean seeking approval of the Parliament. As per the Ministry of Finance instruction referred to above and subsequent clarifications, all cases of augmentation of provision to object heads related to grants-in-aid (except transfers to States/UTs in case where the scheme is not new) have to be made with prior approval of the Parliament.							
Grant No. 60- Department of Higher Education							
4.	2203.00.789.25.00.31 All India Council for Technical Education	37.12	4.12	-	41.24	47.99	6.75
5.	2203.00.796.25.00.31 All India Council for Technical Education	18.56	2.06	-	20.62	24.00	3.38
The Department stated (October 2015) that augmentation of the funds was done through re-appropriation after obtaining token supplementary from the Parliament. The reply of the Department is not tenable in view of the fact that the approval of lump sum Supplementary Grant was obtained from the Parliamentary without giving amount specific break up for each line item/component viz., General Component, Special Component Plan for Scheduled Caste and Tribal Area Sub Plan. The Department should have been obtained amount specific approval for each component distinctly as the three components had distinct budget lines.							
Total							60.25

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

4.5.2 Augmentation of provision to object head '35-Grants for creation of Capital Assets'

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

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

Scrutiny revealed that in nine cases across two grants, funds aggregating to ₹ 144.72 crore were augmented in violation of extant provision without prior approval of the Parliament to the object head '35-Grants for creation of Capital Assets', attracting limitations of NS/NIS. The **Table** below gives details of heads where augmentation was made in two grants without approval of the Parliament.

Table 4.5: Augmentation of provision to object head 'Grants for creation of Capital Assets'

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
		(₹ in crore)					
Grant No.04-Department of Atomic Energy							
1.	3401.00.004.10.26.35 Institute of Physics, Bhubaneswar	1.25	-	1.25	2.50	4.00	1.50
Grant No. 60- Department of Higher Education							
2.	2202.03.789.03.02.35 University Grant Commission - Central Universities	200.03	15.61	-	215.64	260.64	45.00
3.	2202.03.796.03.02.35 University Grant Commission - Central Universities	99.96	7.81	-	107.77	149.02	41.25
4.	2203.00.789.38.00.35 Training & Research in Frontier Areas	0.32	-	-	0.32	2.96	2.64
5.	2203.00.789.26.00.35 National Institute of Technology (NITs)	114.15	51.59	-	165.74	195.75	30.01
6.	2203.00.796.26.00.35 National Institute of Technology (NITs)	57.08	25.80	-	82.88	97.88	15.00
7.	2203.00.789.47.00.35 Assistance to Other Institutes including SLITE, NERIST, NIFFT Ranchi, CIT Kokrajhar	2.10	3.60	-	5.70	11.70	6.00

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Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
		(₹ in crore)					
8.	2203.00.796.47.00.35 Assistance to Other Institutes including SLITE, NERIST, NIFFT Ranchi, CIT Kokrajhar	1.05	1.80	-	2.85	5.85	3.00
9.	2203.00.796.50.00.35 National Initiative for Design Innovation	0.23	-	-	0.23	0.55	0.32
Total							144.72

The Department of Higher Education stated (October 2015) that augmentation of the funds was done through re-appropriation after obtaining token supplementary from the Parliament.

The reply of the Department is not tenable in view of the fact that the approval of lump sum Supplementary Grant was obtained from the Parliamentary without giving amount specific break up for each line item/component viz., General Component, Special Component Plan for Scheduled Caste and Tribal Area Sub Plan. The Department should have been obtained amount specific approval for each component distinctly as the three components had distinct budget lines.

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

4.5.3 Augmentation of provision to object head '36-Grants-in-aid-Salaries'

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

Scrutiny revealed that in three cases across two grants, funds aggregating to ₹ 8.29 crore were augmented in violation of extant provision, without prior approval of the Parliament to the object head '36-Grants-in-aid-Salaries' attracting limitations of NS/NIS. The **Table** below gives details of heads where augmentation was made without approval of the Parliament.

Table 4.6: Augmentation of provision to object head 'Grants-in-aid Salaries'

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
		(₹ in crore)					
Grant No.8- Department of Pharmaceuticals							
1.	2852.05.206.02.01.36 National Institute of Pharmaceuticals Education and Research (NIPER)	11.77	-	-	11.77	15.61	3.84

The Department stated (August 2015) that the provision of salary for NIPER, Mohali has been augmented by issue of re-appropriation order after Budget Division, Ministry of Finance communicated the enhanced non-plan revenue budget in the revised estimate 2014-15.

The reply of the Department is not tenable since augmentation of provision by way of re-appropriation to the object head 'Grants-in-aid' to any body or authority from Consolidated Fund of India could only be made with the prior approval of the Parliament through supplementary demands for grants.

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
		(₹ in crore)					
Grant No. 60- Department of Higher Education							
2.	2203.00.789.09.00.36 Indian Institute of Management	1.89	0.13	-	2.02	5.00	2.98
3.	2203.00.796.09.00.36 Indian Institute of Management	0.95	0.08	-	1.03	2.50	1.47
Total							8.29

The Department stated (October 2015) that augmentation of the funds was done through re-appropriation after obtaining token supplementary from the Parliament.

The reply of the Department is not tenable in view of the fact that the approval of lump sum Supplementary Grant was obtained from the Parliamentary without giving amount specific break up for each line item/component viz., General Component, Special Component Plan for Scheduled Caste and Tribal Area Sub Plan. The Department should have been obtained amount specific approval for each component distinctly as the three components had distinct budget lines.

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

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

In accordance with instructions issued by the Ministry of Finance in May 2006, for augmentation of provision in the existing appropriation under the object head 'Subsidies' through re-appropriation, prior approval of the Parliament is required, if the additionality is more than 10 per cent of the existing appropriation already voted by the Parliament or ₹ 10 crore, whichever is less.

Scrutiny of Appropriation Accounts along with e-lekha data revealed that in four cases in two grants, funds aggregating to ₹ 202.04 crore was incurred by the Department/Ministry during the financial year 2014-15 by augmenting the provision under the object head '33-Subsidies' without obtaining prior approval of the Parliament. **Table 4.7** gives details of heads where augmentation was made without prior approval of the Parliament attracting limitations of NS/NIS.

Table 4.7: Augmentation of provision to object head 'Subsidies'

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
		(₹ in crore)					
Grant No. 10-Ministry of Coal							
1.	2803.00.101.03.00.33 Payment against collection of cess (excise duty) on coal and coke	169.83	00**	-	169.83	185.00	15.17
<p>The Ministry stated (September 2015) that the provision have been made for Tribal Sub-Plan (TSP) under the functional head (MH 2803) of the respective schemes instead of Non Functional Head (MH 2552) with effect from the current financial year. Hence no Re-appropriation will be required to utilize the TSP Component in future. The re-appropriation during 2014-15 from object head 'Subsidies' under Tribal Sub Plan(TSP) in non-functional head 2552 to the object head 'Subsidies' for general component under functional head 2803 was irregular, resulting into augmentation under the head 2803 without the prior approval of the Parliament.</p>							

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Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
		(₹ in crore)					
Grant No.12-Department of Industrial Policy and Promotion (DIPP)							
2.	2885.02.101.04.00.33 Central Interest Subsidy Scheme	0.01	-***	-	0.01	25.77	25.76
3.	2885.02.101.05.00.33 Comprehensive Insurance Scheme for North East	0.01	-	-	0.01	1.88	1.87
4.	2885.02.101.10.00.33 Capital Investment Subsidy	0.01	-	35.00	35.01	194.25	159.24
Total							202.04

The Department stated (September 2015) that lump sum provision for subsidies under North East Industrial Investment & Promotion Policy (NEIIPP) in the non-functional Head 2552.00.238.07.00.33 without any breakup was done by the Budget division with the intent to have greater leverage in the release of subsidy under various schemes of NEIIPP as per the demand that may mature during the year.

The reply is not tenable as the Department had provided the scheme wise breakup under non-functional head distinctly corresponding to functional heads in DDG for the year 2010-11 & 2011-12. Moreover since augmentation under object head "Subsidies" requires prior approval of Parliament, scheme wise break-up needs to be disclosed. The matter was also pointed out in CAG's Report No.1 of 2015.

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

** Though a provision of ₹ 15.17 crore for Tribal Sub-Plan (TSP) component in non-functional head of 2552 was made, but there was no tribal sub-plan component in functional head of 2803.

*** Though a provision of ₹186.87 crore was made under 2552.00.238.07.00.33-Package for North East States/North East Industrial and Investment Promotion Policy, however, scheme wise break up corresponding to functional head had not been made as required in terms of Budget Division OM No. F.2 (66)-B(CDN)/2001 dated 14 September 2005.

4.5.5 Augmentation of provision to object heads 'Major Works' and 'Machinery and Equipment'

The Ministry of Finance in reference to OM dated 25 May 2006 regarding 'Guidelines on financial limits relating to New Service/New Instrument of Service (NS/NIS)' clarified (dated 21 May 2012 and 5 October 2012) that in regard to the cases of NS/NIS on augmentation under the object heads '52-Machinery and Equipment' and '53-Major Works' all cases relating to augmentation of funds above ₹ 2.5 crore or above 10 per cent of the appropriation already voted, whichever is less, would require prior approval of the Parliament, irrespective of the fact that the augmentation is for new works or for the existing works.

Scrutiny of Appropriation Accounts revealed that in the following six cases across three grants funds aggregating ₹ 41.12 crore were augmented by the various Ministry/Departments during the financial year 2014-15 without obtaining prior approval of the Parliament, thereby attracting the limitations of New Service/New Instrument Service. **Table 4.8** gives details of heads where augmentation was made without prior approval of the Parliament attracting limitations of NS/NIS.

Table 4.8: Augmentation of provision to object head 'Major Works' and 'Machinery and Equipment'

(₹ in crore)

Sl. No.	Head of Account	BE*	NE*	SA*	TA*	TE*	Amount
Grant No.04-Department of Atomic Energy							
1.	5401.00.201.26.08.53 Infrastructure Development Programme	9.05	-	-	9.05	11.90	2.85
Grant No.20-Ministry of Defence (Civil)							
2.	4047.00.037.01.02.53 Coast Guard Organisation Code head (042/02)	250.00	-	6.73	256.73	260.50	3.77
The Ministry of Defence stated (October 2015) that provision was modified to ₹ 252.50 crore under the head and that excess expenditure of ₹ 1.27 crore was under voted section only. The reply is not acceptable as the Ministry has calculated excess expenditure with reference to the Modified Appropriation which does not have the Parliamentary approval.							
Grant No.92-Department of Space							
3.	3402.00.101.01.00.52 Vikram Sarabhai Space Centre	8.00	-	-	8.00	14.00	6.00
4.	5402.00.102.06.00.52 Disaster Management Support	5.35	-	-	5.35	10.06	4.71
5.	5402.00.103.09.00.52 Mars Orbiter Mission	3.59	-	-	3.59	24.83	21.24
6.	3402.00.101.55.00.52 ISRO Propulsion Complex(IPRC)	2.54	-	-	2.54	5.09	2.55
While accepting the audit observation the Department replied (August 2015) that it has issued necessary instruction to all its Centres/Units/Projects regarding not to augment funds in respect of the object heads '52-Machinery and Equipment' and '53-Major Works' without prior approval of the Parliament.							
Total							41.12

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

4.5.6 Excess expenditure under object head '55-Loans and Advances'

In accordance with the instructions issued by the Ministry of Finance in May 2006 relating to financial limits to be observed in determining cases relating to New Service/New Instrument of Service, grant of loan of above ₹ 1 crore from Consolidation Fund of India to an existing Public Sector Companies/Corporations in a financial year, where there is no budget provision requires prior approval of the Parliament through supplementary demand for grant.

Scrutiny of Appropriation Accounts of Grant No. 77 pertaining to Ministry of Power for the year 2014-15 and other related record revealed that for booking of bonus debentures received from NTPC, a loan of ₹ 7,725.77 crore was booked in accounts by the Ministry against 'Nil' budget provision under the object head '55-Loan and Advances' under sub-head 6801.00.190.07- Loans to NTPC without obtaining prior approval of the Parliament thereby attracting the limitations of NIS.

The Ministry stated (November 2015) that the transaction related to issue of bonus debenture by NTPC in favour of Government of India occurred on 26 March 2015. Hence the above issue of bonus debentures had been captured under receipt major head '4000' with contra debit to MH '6801' in order to reflect the same in Union Government Finance Accounts vis-à-vis Appropriation Accounts 2014-15. This resulted into loan to NTPC. Although it appeared as excess in Appropriation Accounts but there was no actual cash disbursement in excess of approved budget. However, as per Appropriation Accounts there is excess expenditure.

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

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

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

4.6.1 Misclassification of capital expenditure as revenue expenditure

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

Audit scrutiny of Head-wise Appropriation Accounts along with *e-lekha* data for the year 2014-15 revealed 10 cases pertaining to six Ministries/Departments where these object heads were used with revenue major heads as shown in **Table 4.9**, resulting in understatement of capital expenditure by ₹ 248.19 crore, if these expenditures were incurred towards acquisition of capital assets and other capital expenditure.

Table 4.9: Misclassification of expenditure of capital nature as revenue expenditure

Sl. No	Description of Grant	Major Head	Object Head	Expenditure (₹ in crore)	Reply of the Department/Ministry
1.	04-Department of Atomic Energy	2852	51/52/60	16.14	The reply is awaited.
2.		3401	51/52	11.05	The reply is awaited.
3.	20-Ministry of Defence	2037	52	78.62	The Ministry accepted and stated (October 2015) that the object head- '52-Machinery&Equipment' has been deleted from 2015-16.
4.		2075	53	6.84	The Ministry accepted and stated (October 2015) that the object head '53-Major Works' has been deleted from 2015-16.
5.	92-Department of Space	3402	52	35.24	The Department replied (August 2015) that it has issued necessary instruction to all its Centres/Units/Projects regarding not to operate the object head under Revenue section from 2015-16 onwards.
6.	60-Department of Higher Education	2202	53	1.91	The Department stated (October 2015) that the matter has been noted for compliance in future.
7.	62-Ministry of Labour and Employment	2230	52	9.72	The Ministry stated (October 2015) that no provision was made under object head '52' in the Revenue Section from 2015-16.
8.	106-Ministry of Water Resources	2701	51/52/53	23.60	The reply is awaited.
9.		2702	51/52/53	59.74	
10.		2711	51/52	5.33	
Total				248.19	

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

4.6.2 Misclassification of revenue expenditure as capital expenditure

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

Audit scrutiny of Head-wise Appropriation Accounts along with *e-lekha* data for the year 2014-15 revealed in seven cases pertaining to four Ministries/Departments where object heads of revenue nature were incorrectly operated with capital major heads. These misclassifications resulted in understatement of revenue expenditure of the Union Government by ₹ 124.99 crore as shown in **Table 4.10**, if these expenditures were not incurred towards acquisition of capital assets and other capital expenditure.

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Table 4.10: Misclassification of revenue expenditure as capital expenditure

Sl. No.	Description of Grant	Major Head	Minor/ Object Head	Expenditure (₹ in crore)	Reply of the Department/Ministry
1.	04- Department of Atomic Energy	4861	27	54.75	The reply is awaited.
2.		5401	27	3.71	The reply is awaited.
3.	96-Ministry of Tourism	5452	28	1.71	The Ministry stated (August 2015) that it would take up the issue of booking of the expenditure on Project Management Consultant under the head "Professional services" with the Ministry of Finance before signing of any new agreement.
4.	98-Andaman and Nicobar Islands	4801	21	55.54	The Chief Pay and Accounts Office had assured that classification would be done correctly from 2015-16 onwards. However, the comments of the concerned department are awaited.
5.		5052	50	1.05	
6.		5452	50	6.23	
7.	102-Lakshadweep	4810	35	2.00	The Department stated (October 2015) that the matter has been taken up with the Ministry/CGA for remedial action and the Ministry has advised that object head 35 under revenue section may be operated.
Grand Total				124.99	

4.6.3 Incorrect recording of expenditure on viability gap funding in capital section amounting to ₹ 365 crore

Rule 31 of Government Accounting Rules 1990 read with Rule 79 of the General Financial Rules, 2005 stipulate that any expenditure incurred for creation of concrete assets of permanent or intermittent character shall be classified as capital expenditure. The ownership of the asset created shall also rest with the Government to qualify the expenditure on its creation and classified in capital section of the grant.

Further, para 4 of Appendix 3 referred in Rule 48 of the General Financial Rules, 2005 stipulates that no lump sum provision shall be made in the Budget except where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in principle for being taken up in the financial year. Rule 8 of DFPRs stipulates that object head '42-Lump sum provision' should be used to record expenditure in respect of schemes whose provision does not exceed ₹ 10 lakh.

During scrutiny of the Appropriation Accounts, consolidated abstract and detailed demand for grants of Grant No. 33 pertaining to Department of Economic Affairs for the year 2014-15, it was observed that an expenditure of ₹ 365 crore representing assistance for infrastructure projects in the form of Viability Gap Funding (VGF) was booked in the capital section of the grant.

Since assistance as VGF for infrastructure development provides financial support in the form of grants, one time or deferred, for projects undertaken through Public Private Partnership mode with a view to make them commercially viable, booking of such expenditure under the head 5475-Capital Outlay on Other General Economic Services-800-Other Expenditure, 12-Assistance for Infrastructure Development Viability Gap Funding, against the object head '42 Lump sum provision', was contrary to the rules cited above. This expenditure should have been booked under the revenue section of the grant.

Moreover, the provision of ₹ 670 crore obtained for expenditure under the object head '42-Lump sum provision' was in violation of extant instructions which stipulates that lump sum provision should not exceed ₹ 10 lakh. In all other cases, break-up by other objects of expenditure must be given. The matter was also pointed out in CAG's Report No.1 of 2013, 2014 and 2015 but no steps have been taken to obtain the provision under the correct head.

The Department stated (October 2015) that opening of new head of accounts under revenue section for expenditure on Viability Gap Funding was under process. The matter was lying with the Budget Division, Ministry of Finance for its comments.

4.6.4 Other cases of misclassification

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

Audit scrutiny of Head-wise Appropriation Accounts along with *e-lekha* data for the year 2014-15 revealed that in five cases pertaining to three Departments, expenditure of revenue nature was classified as capital expenditure or vice-versa resulting in overstatement/understatement of revenue expenditure and also having an impact on revenue deficit of the Union Government by ₹ 16.04 crore, as shown in **Table 4.11**.

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Table 4.11: Misclassification between different sections of the grant

Sl. No.	Grant	Amount (₹ in crore)	Audit Observation	Reply of the Department/ Ministry
Misclassification of revenue expenditure as capital expenditure				
1.	11-Department of Commerce	180.00	An amount of ₹ 180.00 crore released to Footwear Design and Development Institute (FDDI) for establishment of new branches of FDDI (at Patna, Hyderabad and Guna) and for expansion and upgradation of FDDI Training Centre (at Chhindwara) was booked in accounts in capital section of the grant under the object head 5453.80.800.10.01.53 'Major works'. The correct object head for classification of this expenditure should have been '35-Grants for creation of capital assets' in the revenue section of the Grant.	While accepting the audit observation, the Department stated (October 2015) that necessary budget provision has been made in the Demand for Grants in the object head-35 under Major Head-3453 for the year 2015-16.
2.		1.00	An expenditure of ₹ 1.00 crore released to FDDI for establishment of Campus Networking Centre (FDDI-CNC), Up-gradation & Modernization of Pilot Plant of existing campuses and Centre of Excellence for Leather goods etc. was booked in accounts in capital section of the grant under the object head 5453.80.800.10.02.53-'Major works' instead of object head '35-Grants for creation of capital assets' in the revenue section of the grant.	
3.	33-Department of Economic Affairs (DEA)	67.00	An expenditure of ₹ 67.00 crore representing the subscription made by the Government of India to African Development Fund was booked in the capital section of Grant under the object head 5466.00.205.02.00.54-'Investment'. The nature of expenditure being contribution should have been correctly classified under the revenue section of the Grant against the object head '32-Contributions'.	The Department stated (October 2015) that the new sub-head for 'Contribution towards African Development Fund' would be obtained after taking technical supplementary under revenue section of the grant during 2015-16 in order to rectify this misclassification.
4.	92-Department of Space	10.44	An expenditure of ₹ 10.44 crore on electricity charges, required to be booked under the object head '13-Office Expenses' under the Object Class-2 (Administrative expenses) of the revenue section was booked under the object head '60-Other Capital Expenditure' under capital section in various Projects/Centres of the Department.	The Department replied (August 2015) that it has issued a compendium on booking of expenditure under various object heads to all its Centres/Units/ Projects.
Revenue expenditure understated by ₹ 258.44 crore.				

Sl. No.	Grant	Amount (₹ in crore)	Audit Observation	Reply of the Department/ Ministry
Misclassification of capital expenditure as revenue expenditure				
1.	92-Department of Space	274.48	The Department in its order dated 16 April 2007 clarified that expenditure on 'supplies and materials' and 'other charges' in case of satellites, having life of more than one year (including launch services for such satellites) was classifiable as 'Other Capital Expenditure'. In 23 cases, expenditure was booked incorrectly under the object head '21-Supplies and Materials' and '50-Other Charges' under the 'revenue section' which should have been correctly booked under object head '60-Other Capital Expenditure' under extant orders.	The Department stated (August 2015) that it has issued a compendium on booking of expenditure under various object heads to all its Centres/Units/ Projects not to operate the Object Head-52 under Revenue Section from 2015-16 onwards.
Revenue expenditure overstated by ₹ 274.48 crore.				
Overall Impact: Overstatement of revenue expenditure by ₹ 16.04 crore.				

The impact of incorrect classification of revenue expenditure as capital expenditure and vice versa was overstatement of capital expenditure by ₹ 748.43 crore and understatement of capital expenditure by ₹ 522.67 crore. The overall impact on Government expenditure was an overstatement of capital expenditure of ₹ 225.76 crore. Correspondingly revenue deficit was understated by an equivalent amount of ₹ 225.76 crore during the financial year 2014-15.

4.7 Other cases of misclassification within same section of the grant/appropriation

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

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

(a) Scrutiny of Appropriation accounts of Grant No. 10 pertaining to Ministry of Coal for the year 2014-15 revealed that amounts deposited by Coal India Limited (CIL) for acquisition of coal bearing areas on their behalf was being treated as reduction in capital expenditure incurred from the CFI towards payment of compensation to land owners of coal bearing areas, instead of passing the transaction through Public Account as deposit work. An

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expenditure of ₹ 1048.83 crore was incurred for acquisition of Coal bearing areas in the capital head (4803.00.800.01.00.54) from the CFI and expenditure was netted out with receipts from CIL. Since the coal bearing areas were acquired against specific deposit made by CIL, the transaction should not have passed through the CFI. The matter was also pointed out in CAG's Report No.1 of 2013, 2014 and 2015.

It was further noted that the expenditure incurred was ₹ 1048.83 crore whereas recoveries adjusted in accounts in reduction of expenditure was of the order of ₹ 872.70 crore, resulting in an unexplained difference of ₹ 176.13 crore.

The Ministry stated (September 2015) that the modalities for booking of the expenditure in Public Account instead of the CFI has been taken up with CGA (in consultation with Ministry of Finance).

(b) Scrutiny of Appropriation accounts of Grant No. 77 pertaining to Ministry of Power for the year 2014-15 revealed that amounts deposited by NTPC for acquisition of Coal bearing areas on their behalf was treated as reduction in capital expenditure incurred from the Consolidated Fund of India, instead of passing the transaction through Public Account as deposit work. An expenditure of ₹ 73.74 crore was incurred for acquisition of Coal bearing areas in the capital head 4801.02.190.02.02.54 from Consolidated Fund of India and expenditure was netted out with receipts. Since the coal bearing areas were acquired against specific deposit made by NTPC, the transaction should not have passed through the CFI. The matter was also pointed out in the CAG's Report No. 1 of 2015.

While confirming the facts and figures, the Ministry (November 2015) reiterated its stand taken in Action Taken Note of June 2015 that it followed the procedure as agreed by Ministry of Finance for budgetary purpose. NTPC provides funds only when requirement arises in Coal mining areas and seeking release from Ministry of Power. Soon after funds are received from NTPC an equivalent amount is released by Ministry of Power. The Ministry further stated that the issue regarding passing the expenditure on account of Coal bearing areas through Public Accounts of India has been noted for taking up the matter afresh with Budget Division, Department of Economic Affairs, Ministry of Finance and Office of Controller General of Accounts.

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

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

Scrutiny of Appropriation Accounts for the year 2014-15 revealed that the object head was not operated by the following Ministries/Departments as detailed in **Table 4.12:**

Table 4.12: Non-operation of object head ‘Grants-in-aid-Salaries’

Sl. No.	Grant No. & Name	Audit observation and reply of the Ministry/Department
1.	11-Department of Commerce	<p>The Department released Grants-in-aid of ₹ 1.00 crore to Agricultural and Processed Food Products Export Development Authority (APEDA), to meet expenditure on salaries, travel, rent, taxes etc., and it was booked under the object head 3453.00.800.11.00.31-‘Grants-in-aid General’, instead of classifying the expenditure on salary component under the object head ‘36-Grants-in-aid-Salaries’.</p> <p>In another case, an amount of ₹ 2.00 crore disbursed as ‘Grants-in-aid General’ to Indian Institute of Foreign Trade (IIFT) for meeting expenditure on administrative cost and cost of payments to faculties, primarily on salaries for the Regional SME centre at Shimla was also booked under the object head 3453.00.800.37.01.31 ‘Grants in aid General’ instead of ‘36 Grants in aid Salaries’.</p> <p>In the case of APEDA, the Pr. Accounts office of Department of Commerce stated (September 2015) that observation of the audit has been noted and the same was circulated to concerned divisions for taking necessary action.</p>
2.	14-Department of Telecommunications	<p>The Department released an amount of ₹ 197.75 crore to Centre for Development of Telematics (C-DOT). Out of the total grant received, an amount of ₹ 139.89 crore was disbursed as salaries and staff benefits by C-DOT. However, the entire amount of ₹ 197.75 crore was booked by the Department as ‘Grants-in-aid-General’ instead of segregating it into object head ‘31-Grants-in-aid-General’ and ‘36-Grants-in-aid Salaries’.</p> <p>The Department (September 2015) stated that a new head of account ‘3451.00.091.03.00.36 Grants-in-aid Salaries’ has been opened in DDG 2015-16 and provision of ₹ 100 crore has been made in BE 2015-16.</p> <p>On being pointed out last year, Department had furnished the same reply.</p>
3.	15-Department of Electronics and Information Technology	<p>The Department released ₹ 8 crore for IT Research Academy under object head ‘2852.07.202.01.03.31’ as Grants-in-aid-General though it included salary component of ₹ 1.25 crore and should have been classified under 36-Grants-in-aid-Salaries.</p> <p>The Department accepting the audit observation stated (October 2015) that all the Programme Divisions had been requested to review their GIA releases and submit the break-up for GIA-General, grants for capital assets and GIA salaries in respect of their expenditure estimates.</p>
4.	77-Ministry of Power	<p>The Ministry released a grant of ₹ 5.42 crore to Joint Electricity Regulatory Commission (JERC) for Goa and UTs, who utilized ₹ 0.92 crore to meet expenditure on salaries. However, the total amount of ₹ 5.42 crore released was booked under the head 2801.80.800.23.00.31 ‘Grants-in-aid General’, instead of classifying the expenditure of ₹ 0.92 crore correctly on salary component under the object head ‘36-Grants-in-aid Salaries’.</p> <p>The Ministry stated (November 2015) that the facts and figures are verified. It added that the ‘Accounting Procedure’ in respect of JERC Goa & UT Fund in Public Account and meeting expenditure therefrom is pending in O/o C&AG and O/o CGA for approval. On receipt of approval, necessary steps would be taken to streamline the object head.</p>
5.	95-Ministry of Textiles	<p>The Ministry released Grant-in-Aid of ₹ 1.50 crore to National Institute of Fashion Technology (NIFT), for payment of salaries of employees of NIFT, Rae Bareli Centre and booked the same in accounts under the object head 2852.08.202.02.07-31-‘Grants-in-aid-General’ instead of classifying the expenditure correctly under the object head ‘36-Grants-in-aid Salaries’.</p> <p>The Ministry stated (September 2015) that the observations have been brought to the notice of the Administrative Divisions for compliance.</p>

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

Rule 8 of the Delegation of Financial Powers Rules, 1978 prescribes standard primary units of appropriation with the descriptions/definitions for the purpose of classification of expenditure. List of object heads and description of expenditure to be booked thereunder are given in **Annexure 4.1**.

Scrutiny revealed that in 27 cases across 19 grants/appropriations, funds aggregating ₹ 2,954.65 crore were misclassified between the primary units of appropriation i.e. object heads, which are detailed in **Table 4.13**.

Table 4.13: Misclassification within object heads in the same section of grant

Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
1.	7-Department of Fertilizers	1.81	2852/50	An expenditure of ₹ 0.81 crore was incurred on payment of outsourced personnel, engagement of consultants and ₹ 1.00 crore was incurred on procurement of computers, its accessories, consumables, maintenance of LAN and maintenance of Fertilizers Monitoring System etc. However, the total expenditure of ₹ 1.81 crore was booked in accounts under the object head 2852.03.800.02.99.50 'Other charges' instead of OH '28-Professional services' and for expenditure on procurement of computers its accessories, consumables and maintenance of LAN etc. should have been booked under OH-'13-Office Expenses'.
The Department while confirming the facts and figures stated (August 2015) that the new head has been opened and procurement of computers and its accessories, consumables, maintenance of LAN, etc., are being booked under the head 3451.00.090.33.99.13-Office expenses and the payment to outsourced personnel, engagement of consultants are being booked under the head '28-Professional services' from the financial year 2015-16.				
2.	10-Ministry of Coal	7.65	2230/32	An expenditure of ₹ 7.65 crore on account of administrative charges to Coal Mines Provident Fund Organisation and ₹ 212.48 crore on account of research and development, exploration, detailed drilling purposes were incurred and classified incorrectly under the object head '32 Contribution' under the Major Head 2230 and 2803 respectively.
3.		212.48	2803/32	These expenditure should have been correctly classified under the object head '31-Grants-in-aid-General' under the respective major heads being specific assistance towards Coal and Lignite sector.
The Ministry stated (September 2015) that the object heads of the schemes have been changed to '31-Grants-in-aid-General' from '32-Contributions' and had been incorporated in the Detailed Demands for Grants 2015-16.				
4.	11- Department of Commerce	31.45	3453/31	An expenditure ₹ 31.45 crore released to Indian Institute of Foreign Trade (IIFT) for meeting expenditure on construction of Kolkata campus and additional hostel facilities at Qutab Institutional Area, New Delhi was booked in the accounts under the object head 3453.00.800.37.01.31 'Grants in aid General' instead of classifying the expenditure under the object head '35-Grants for creation of capital assets'.
While accepting the audit observation, the Department stated (October 2015) that the Pay and Accounts Office inadvertently booked the expenditure in the object head '31' instead of '35'. However, for the financial year 2015-16 the budget has been provisioned under the object head '35'.				

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
5.	12- Department of Industrial Policy and Promotion	1.33	2852/01,11,13,20, etc.	National Manufacturing Competitiveness Council (NMCC) is an autonomous body vide notification dated 6 October 2004. An expenditure of ₹ 1.33 crore incurred towards establishment expenses of NMCC and booked in the revenue section of the Grant under sub head 2852.80.800.19. Since NMCC is an autonomous body, the allocation/expenditure in respect of them should have been classified under the object head '36-Grant-in-aid-Salaries' and '31-Grants-in-aid-General' respectively.
<p>The Department referring to Rule 206 of GFRs stated (September 2015) that grants in aid can be given to an organization set up as an autonomous organization under a specific statute or as a society registered under the Societies Registration Act, 1860. Hence budgetary provision has not been provided under grants-in-aid in case of NMCC. However, in view of the audit comments instruction are being issued for compliance.</p> <p>In terms of Notification dated 6th October 2004 NMCC is autonomous body and should be funded through grants-in-aid.</p>				
6.	14- Department of Telecommunications	2086.97	3275/50	The Department booked expenditure amounting to ₹ 2086.97 crore as settlement of subsidy claims to Bharat Sanchar Nigam Limited, Bharat Broadband Network Limited for National Optical Fibre Network Project and other Telecom Service Provider (TSPs) under the object head '50-Other Charges' instead of correct object head '33-Subsidies'.
<p>The Department stated (September 2015) that a new object head 33-Subsidies has been opened.</p>				
7.	15- Department of Electronic and Information Technology	1.44	2852/20	The Department booked expenditure amounting to ₹ 1.44 crore towards subscription of e-resources at MCIT Library Consortium, under the object head '20-Other Administrative expenses' instead of '16-Publications'
<p>The Department accepting the audit observation stated (October 2015) that all the Programme Divisions had been asked to explain under what circumstances the payments had been made from two heads.</p>				
8.	16- Department of Consumer Affairs	1.61	3475/52	The Department made centralised purchase of machinery & equipment and supplied them directly to States/UTs and booked the expenditure amounting to ₹ 1.61 crore incorrectly under object head '52- Machinery and Equipment' instead of object head '35-Grants for creation of Capital Assets'.
<p>The Department stated (June 2015) that in compliance with the instructions issued by the Ministry of Finance (November 2007) the expenditure was booked under object head '52' in the Revenue section. The reply is not acceptable as object head 52-Machinery & Equipment is of capital nature and it is to be used with capital major head only.</p>				
9.	33- Department of Economic Affairs	2.50	3475/31	A grant of ₹ 2.50 crore was disbursed to National Council of Applied Economic Research (NCAER), New Delhi for the purpose of construction for NCAER's campus was booked in accounts under the revenue section of the grant under the object head 3475.00.800.10.04.31- 'Grants in aid General' instead of object head-'35- Grants for creation of capital assets'.
<p>The Department of Economic Affairs stated (August 2015) that during the year 2013-14, a sum of ₹ 12.50 crore was allocated for release of grants to NCAER under object head 31-Grants-in- aid General. To release the remaining balance of funds of ₹ 2.50 crore, the funds were again allocated under '31- Grants- in- aid General' during the year 2014-15.</p> <p>The reply is not acceptable as the grant for ₹ 2.50 crore was for construction of campus and should have been provisioned and booked under object head 35- Grants for creation of capital assets.</p>				

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
10.	33- Department of Economic Affairs	8.27	3475/50	A payment of ₹ 8.27 crore made to various Training Institutes, was booked under the Object head 3475.00.800.07.00.50-Other charges, to meet the expenses incurred on training of Indian Economic Service Officers. The expenditure should have been correctly classified under the object head 20-Other Administrative Expenses under the respective major heads.
The Department stated (October 2015) that new head of accounts 3475.00.800.07.00.20-Other Administration Expenses would be incorporated in the DDG 2016-17 as the concerned Administrative Authority has agreed and proposed the new object head '20' in place of object head '50-Other Charges'. The new head may become operational in the FY 2016-17.				
11.	47- Department of Health and Family Welfare	20.90	2210/32	The Department booked an expenditure of ₹ 20.90 crore on account of Rashtriya Arogya Nidhi for assistance to poor patients, under the object head 32-'Contribution' in the Revenue Section of the grant. This expenditure should have been correctly classified using appropriate object head related to Grants-in aid.
The Department accepted (September 2015) the audit observation and assured that due care would be taken while preparing the DDG for the FY 2016-17.				
12.	51- Department of Heavy Industry	1.96	2852/36	An expenditure of ₹ 1.96 crore has been booked under the head 2852.08.600.20.00.36 'Grants-in-aid Salaries' for payment of pension liabilities to the employees of Hindustan Salt Limited (HSL). The above expenditure should have been correctly classified under the object head '31-Grants-in-aid-General' under the respective Major head.
The Department stated (November 2015) that the provision for the pension liabilities of HSL shall be made under '31-Grants-in-aid-General' from 2016-17.				
13.	55- Police	496.66	3601/31	An amount of ₹ 496.66 crore was sanctioned for 32 different construction works under object head '31-Grant-in-aid-General' as detailed in Annexure 4.2 instead of object head-'35 Grant-for creation of Capital Assets.
The Ministry stated (September 2015) that it did not had any information regarding the final intended objective of the grants being provided to various state governments and other organisations under various schemes. However, in compliance of audit observation, the conversion of classification has been initiated.				
14.	66 Ministry of Micro, Small and Medium Enterprises	10.78	2851/20	Grants-in-aid of ₹ 10.78 crore released to Khadi and Village Industries Commission for meeting expenditure towards payment of Travel expenses and contingencies expenses was booked in accounts under the object head 2851.00.105.05.01.20 "Other Administrative Expenses" instead of classifying the expenditure under the object head '31- Grants in aid General' in the revenue section of the Grant.
The Pr. Accounts office of the Ministry stated (October 2015) that the travelling and contingencies expenses of Khadi & Village Industries Commission would be booked under the head- '31-Grants-in-aid General' from the current financial year 2015-16.				
15.	73- Ministry of Personnel, Public Grievances and Pensions	3.00	2070/35	An expenditure amounting to ₹ 3.00 crore was incurred toward pension arrear and pension liabilities which was incorrectly booked under the object head 35-'Grants for creation of Capital Assets' instead of object head 31-'Grants-in-aid-General'.
The Department stated (September 2015) that the observation has been noted for future compliance.				

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
16.	77- Ministry of Power	3.67	2801/31	Grants-in-aid of ₹ 3.67 crore released to National Power Training Institute (NPTI) for setting up of a new Power Training Institute under NPTI at Alappuzha, Kerala was booked in the accounts under the object head 2801.80.003.02.00.31 'Grants in aid General' instead of classifying the expenditure correctly under the object head '35-Grants for creation of Capital Assets'.
While confirming the facts and figures, the Ministry stated (November 2015) that the necessary correction with regard to object head is done in draft Detailed Demand for Grants for the year 2016-17.				
17.	83- Ministry of Road Transport and Highways	26.65	3055/20	An expenditure of ₹ 26.65 crore incurred on account of broadcast of road safety messages, printing and distribution of publicity material, advertisement in newspapers, other activities etc. was booked under object head 3055.00.004.20.02.20 'Other Administrative Expenses' instead of classifying them under the object head '26-Advertising and Publicity'.
The Ministry stated (September 2015) that the expenditure will be booked under the object head "26- Advertisement & Publicity" from the year 2016-17, provision will be made accordingly.				
18.	86- Department of Science & Technology	1.35	3425/31	The expenditure incurred on account of hiring of service from GITA was required to be booked under object head '28- Professional Services'. However, DST incorrectly booked the same under object head 3425.60.798.12.00.31-Grants-in-aid General (Plan).
The Department stated that GITA is a non-profit company with one of the mandates to implement industrial R&D programme on behalf of the Govt. of India. Thus, the management fees provided to GITA may not be constituted as "Professional Services". Further, the division has no any head as "Professional Services". The reply, however, is not acceptable as in accordance with the extant rules, the expenditure was required to be booked under "Professional Services" Head. The Department should have made adequate provision for the same at budget estimate stage itself.				
19.	92- Department of Space	2.77	5402/60	Capital item (supply of Carbon Composite Pressurant Tank) procured at a cost of ₹ 2.77 crore was booked under object head '60-Other Capital Charges' (5402.00.101.33.00.60) instead of object head '52-Machinery and equipment'.
20.		4.05	5402/60	An amount of ₹ 4.05 crore was paid towards manufacturing, fabrication, screening of HMC and related activities which was booked under object head '60-Other Capital Charges' (₹ 1.06 crore under 5402.00.101.33.00.60 and ₹ 2.99 crore under 5402.00.101.43.00.60) instead of object head '52-Machinery and equipment'.
21.		1.44	3402/50	PAO, ISRO HQ released an amount of ₹ 1.44 crore as Grants-in-aid for creation of capital asset to its autonomous body SCL, Chandigarh under '50-Other Charges' (3402.00.103.12.00.50) instead of the object head '35-Grants for creation of Capital Assets'.
22.		2.06	3402/50	Grant-in-aid to the tune of ₹ 2.06 crore released under ISRO Geosphere Biosphere programme (IGBP) to autonomous body PRL, Ahmedabad which was to be classified under object head '31 Grants-in-aid General' was classified under object head '50-Other Charges' (3402.00.103.03.00.50).
23.		1.90	3402/50	PAO, ISRO HQ released an amount of ₹ 1.90 crore as Half yearly instalment to Kendriya Vidyalaya, NAL, Bangalore which was booked under the object head '50-Other Charges' (3402.00.001.01.00.50) instead of object head '31-Grants in aid -General'.

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Sl. No.	Grant No. & Name	Amount (₹ in crore)	Major/ Object head debited	Audit Observation
24.	92- Department of Space	6.70	3402/50	PAO, ISRO HQ released an amount of ₹ 6.70 crore to NARL under ASP Project towards development of active array MST Radar, MF Radar, Lidar and other programmes of relevance to Atmospheric Science which was booked under the object head '50-Other Charges' (3402.00.103.12.00.50) instead of object head '35-Grants for creation of Capital Assets'.
25.	95- Ministry of Textiles	10.00	2852/31	An amount ₹ 10.00 crore released to National Institute of Fashion Technology (NIFT) for construction of permanent centre of NIFT at Shillong was incorrectly booked in the accounts under the object head 2852.08.202.02.07.31 'Grants in aid General' instead of classifying this expenditure under the object head '35-Grants for creation of Capital Assets'.
The Ministry stated (September 2015) that the observations have been brought to the notice of the Administrative Divisions for compliance.				
26.	104- Public Works	1.54	2059/53	An expenditure of ₹ 1.54 crore incurred on making arrangements for Republic day celebrations which primarily included floral decoration, sitting arrangements, security fencing and VVIP barricading etc. was booked in accounts under object head 53-Major works, instead of classifying the expenditure under object head '27 Minor works'.
The Ministry of Urban Development stated (September 2015) that the provision was meant for horticulture work, electrical as well as civil work which is of temporary nature which cannot be retained as assets. It further stated that these temporary structures involve the works of columns and lintels etc. with cement and concrete mixture with brick work and plastering thereon, which under the norms constitute Major Works. The reply of the Ministry is not tenable as booking of expenditure should conform to DFPRs, 1978 and the expenditure should have been classified as minor works.				
27.	104- Public Works	3.71	2059/50	The Ministry incurred an expenditure of ₹ 3.71 crore on deployment of security force to the Samadhi Sthal Complex and for organizing cultural programmes and booked the same under the object head 50-Other charges instead of booking the expenditure under the Object Head 28- Professional services.
The Ministry (September 2015) stated that the expenditure was incurred for payment towards security of Samadhi and such payments are recurring but on certain occasions special services do not require any payment. Thus, it may not be befitting to open unnecessary and non-operational object heads under which the funds will result in savings. The reply of the Ministry is not tenable as these are the payments for services rendered by other departments such as Central Industrial Security Force (Ministry of Home Affairs) and Sahitya Kala Parishad (Government of NCT Delhi) and thus booking of expenditure should conform to DFPRs.				
Total		2,954.65		

4.7.4 Operation of object head 'Contribution' for booking aid to other Countries

Rule 8 of the Delegation of Financial Powers Rules, 1978 prescribes standard primary units of appropriation with the descriptions/definitions for the purpose of correct classifications of expenditure. Grants-in-aid disbursed to anybody/authority are classified under object heads 31-Grants-in-aid-General, 35-Grants for creation of Capital Assets, 36-Grants-in-aid-Salaries while expenditure on membership of international bodies, etc. is classified under 32-Contributions.

Scrutiny of Appropriation Accounts and Detailed Demands for Grants of Grant No. 32 pertaining to the Ministry of External Affairs for the year 2014-15 revealed that an expenditure of ₹ 3,884.93 crore in 15 cases, as detailed in the **Table 4.14**, had been incorrectly booked and classified at primary unit of appropriation under the object head '32-Contributions'. Since the nature of expenditure was grants to foreign governments for general/specific purpose, it should have been correctly booked under the object heads meant for grants.

Table 4.14: Details of Grants to Foreign Governments during 2014-15

			(₹ in crore)
Sl. No.	Classification	Description (Sub-head)	Expenditure
1.	3605.00.101.09.00.32	Aid to Bangladesh	197.84
2.	3605.00.101.10.02.32	Aid to Bhutan (Punatsangchhu-I HEP)	561.70
3.	3605.00.101.10.03.32	Aid to Bhutan (Mangdechhu HEP)	245.30
4.	3605.00.101.10.04.32	Aid to Bhutan (Punatsangchhu-II HEP)	328.16
5.	3605.00.101.10.05.32	Aid to Bhutan -Other Projects	1146.59
6.	3605.00.101.11.00.32	Aid to Nepal	303.26
7.	3605.00.101.13.00.32	Aid to Maldives	26.08
8.	3605.00.101.14.00.32	Aid to Myanmar	104.34
9.	3605.00.101.15.00.32	Aid to Other Developing Countries	54.12
10.	3605.00.101.16.00.32	Aid for Disaster Relief	24.77
11.	3605.00.101.20.00.32	Aid to African Countries	142.86
12.	3605.00.101.25.00.32	Aid to Eurasian Countries	11.94
13.	3605.00.101.32.00.32	Aid to Latin American Countries	12.17
14.	3605.00.101.33.00.32	Aid to Afghanistan	723.52
15.	3605.00.101.36.00.32	Aid to Mongolia	2.28
Total			3,884.93

This issue was also pointed out in the Audit Report of the CAG on Union Government Accounts for the financial years 2008-09, 2010-11, 2011-12, 2012-13 and 2013-14.

The reply of the Ministry is awaited (October 2015).

4.7.5 Booking of 'Special Central Assistance' under incorrect minor head of account

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

Scrutiny of the Grant No.97 pertaining to Ministry of Tribal Affairs revealed that out of the total provision of ₹ 1,190.00 crore, ₹ 1,040.02 crore was released by the Ministry as 'Special Central Assistance for Tribal Sub Plan' during the year 2014-15 and booked this expenditure under the minor head '796-Tribal Area Sub Plan'. The same was required to be provisioned and booked under the minor head '794-Special Central Assistance for Tribal Sub Plan' as prescribed in the extant instructions.

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The matter was also pointed out in para 4.7.5 of the CAG's Report No.1 on Union Government Accounts for the financial years 2012-13 and 2013-14.

The Ministry stated (September 2015) that minor head '796' is in operation since 2011-12 onwards. Accordingly, expenditure incurred during 2014-15 had been booked under minor head 796.

The reply is not acceptable in view of the fact that the Minor head '794' is in operation across various Ministries/Departments. The expenditure on Special Central Assistance for Tribal Sub Plan should have been booked under Minor head '794'.

4.8 Unauthorised augmentation through obtaining lump sum supplementary provision

Special Component Plan for the Scheduled Castes and the Tribal Sub-Plan for the Scheduled Tribes were initiated by Government as intervention strategies to cater exclusively to Scheduled Castes and Scheduled Tribes respectively. Such plans are meant to ensure benefits to these special groups by guaranteeing funds from all related development sectors in proportion to the size of their respective population. The basic objective of both these sub-plans is to channelise the flow of outlays and benefits from the general sectors in the Central Ministries/Departments for the development of Scheduled Castes and Schedules Tribes, both in physical and financial terms. An initiative was taken to make separate allocations for the Scheduled Castes Sub Plan (SCSP) and Tribal Sub Plan (TSP) as part of the plan allocations from the financial year 2011-12. Government devised a proper accounting mechanism to account for such allocations by opening dedicated Minor Head 'Special Component for Scheduled Castes (Code 789)' and 'Tribal Sub Plan (Code 796)'. Accordingly, in the Detailed Demands for Grants of the Central Ministries/Departments provision under a plan scheme is obtained distinctly with separate budget lines for 'general plan', 'special component for scheduled castes' and 'tribal area sub plan'. The provisions made under 'special component for scheduled castes' and 'tribal sub plan' are not allowed to be re-appropriated, except to the same Minor Heads in other schemes under SCSP and TSP, thereby preventing any possibility of diversion.

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

Scrutiny of Appropriation accounts along with Consolidated Abstract of Grant No. 59 pertaining to the Department of School Education and Literacy for the year 2014-15 revealed that the Department obtained (December 2014 and

March 2015) a token supplementary for re-appropriation of ₹ 324.35 crore for Kendriya Vidyalaya Sangathan (KVS) scheme under Object head '36-Grants-in-aid Salaries' from savings available in the same section of the Grant, without giving amount specific component-wise break-up for General Component, Special Component Plan for Scheduled Castes and Tribal Areas Sub-Plan in the Supplementary Demand for Grant.

The lump sum supplementary of ₹ 324.35 crore was apportioned amongst three components of the scheme, without amount specific prior approval of the Parliament. As the expenditure attracted the limitations of New Service/New Instruments of Service in terms of Budget Division OM dated 25 May 2006, being the expenditure incurred on grants-in-aid, amount specific prior approval of the Parliament distinctly for three schemes was necessary but the same was not obtained. The details of expenditure incurred are shown in **Table 4.15**.

Table 4.15: Unauthorised distribution of lump sum supplementary provision

(₹ in crore)

Scheme/Heads	Provision			SA*	Expenditure
	BE*	NE*	TA*		
2202.02.789.02.00.36 Kendriya Vidyalaya Sangathan	19.20	2.40	21.60	324.35	70.42
2202.02.796.03.00.36 Kendriya Vidyalaya Sangathan	9.60	1.20	10.80		31.80
2202.02.110.01.00.36 Kendriya Vidyalaya Sangathan	2145.70	11.80	2157.50		2408.64
				324.35	

* BE= Budget Estimates, NE= Provision for development of North Eastern Region under MH 2552/4552/6552, SA= authorisation/approval of Parliament obtained through Supplementary Demand for grants, TA = Total authorisation

The Department stated (September 2015) that the approval of the Parliament was obtained for augmentation of funds to the tune of ₹ 261.00 crore in the Scheme of KVS (General Head-₹ 190.00 crore, SCSP head-₹ 50.00 crore and TSP Head- ₹ 21.00 crore) in the first batch of Supplementary Demand for Grants 2014-15 and accordingly, the re-appropriation was done from respective heads. The Department, further, stated that the Parliamentary approval was also obtained for ₹ 63.35 crore (General Head) in the second batch of Supplementary Demand for Grants and accordingly, the re-appropriation was done.

The reply is not acceptable as the supplementary grants of ₹ 324.35 crore was obtained for KVS in the general component only. The Ministry should have obtained amount specific approval for each component distinctly as all the three components had separate budget lines, as being done by the Department

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of Agriculture and Cooperation in the second batch of Supplementary Demand for Grants-2014-15.

4.9 Obtaining excess provision under the object head ‘Lump sum Provision’

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

Examination of Appropriation Accounts of Grant No. 28 pertaining to Ministry of Development of North Eastern Region and No. 34 pertaining to Department of Financial Services for the year 2014-15 revealed that in following two cases, lump sum provisions exceeding ₹ 10 lakh were obtained, instead of obtaining Parliamentary approval with complete break-up of expenditure as was incumbent under the extant rules.

Table 4.16: Lump sum Provisions

Sl. No.	Grant No. & Name	Head of Account	Provision	Expenditure	Reply of the Ministry/ Department
			(₹ in lakh)		
1.	28-Ministry of Development of North Eastern Region	2552.00.800 .03.00.42	30.00	20.69	While accepting the audit observation, the Ministry stated (November 2015) that it is analyzing the various kind of expenditure and from the year 2016-17, the provisions beyond ₹ 10 lakh would be reflected under proper classification.
2.	34-Department of Financial Services	3475.00.105 .04.00.42	113.00	58.00	The Department stated (October 2015) that budget provision in respect of Office of Court Liquidator, Kolkata would be made w.e.f the financial year 2016-17 in appropriate object heads instead of the object head ‘42-Lumpsum provision’.
Total			143.00	78.69	

4.10 Re-appropriation of funds from Plan to Non-Plan Head without approval

As per provision of Rule 10(6) (d) of Delegation of Financial Power Rules, 1978 re-appropriation of funds from plan heads to non-plan heads in a grant or appropriation can be made only with the previous consent of Ministry of Finance. The Pay and Accounts Office is also required to exercise checks prescribed under para 4.2.4 of Civil Accounts Manual where no provisions of funds or sanction of competent authority exists. It was noted that in Grant No. 87 in respect of Department of Scientific and Industrial Research that re-appropriation of ₹ 4.50 crore from Plan to Non Plan head was carried out in March 2015 without obtaining the previous consent of Ministry of Finance.

The Department stated (September 2015) that ex-post facto approval for re-appropriation order of ₹ 4.50 crore from Plan to Non-Plan under Major Head 3425 was sought. However the same was not acceded to by the Ministry of Finance stating that no provision exists in the Delegation of Financial Power Rule for seeking ex-post facto approval.

4.11 Misclassification of Expenditure due to non-operation of relevant sub-head

Under the Clause 3.6 of Administrative Instructions on Departmental Canteens in Government Offices and Industrial Establishments, Third edition 2008, Department of Personnel and Training (DoPT) notified that a separate head of account shall be opened for maintenance of the Departmental Canteens. The expenditure on departmental canteens incurred for running and maintenance of a departmental canteen was to be booked under separate head.

Scrutiny of Grant No. 92-Department of Space for the year 2014-15 revealed that various units of the Department misclassified an expenditure of ₹ 7.31 crore incurred on maintenance of departmental canteen during 2014-15, as given in the **Table** below.

Table 4.17: Misclassification of expenditure due to non-operation of relevant sub-head

Sl. No.	Major Head	Minor Head	Sub Head	PAO	Expenditure (₹ in crore)	Audit observation
1.	3402	001	01	ISRO Hqrs.	1.51	Expenditure incurred on departmental canteen, required to be booked under a separate sub-head below '3402.00.800-Other Expenditure' was booked under the sub head '3402.00.001.01' by ISRO Hqrs.
2.	3451	090	18	ISRO Hqrs.	0.21	Expenditure incurred on departmental canteen, required to be booked under a separate sub-head below '3402.00.800-Other Expenditure' was booked under the sub head '3451.00.090.18' by ISRO Hqrs.
3.	3402	101	10	ISAC Centre	5.58	Expenditure incurred on departmental canteen, required to be booked under a separate sub-head below '3402.00.800-Other Expenditure' was booked under the sub head '3402.00.101.10' by ISAC Centre.
4.	3252	053	13	ISAC Centre	0.01	Expenditure incurred on departmental canteen, required to be booked under a separate sub-head below '3402.00.800-Other Expenditure' was booked under the sub head '3252.00.053.13' by ISAC Centre.
Total					7.31	

The Department stated (August 2015) that booking of expenditures were done under the appropriate object heads under Rule 8 of Delegation of Financial Power Rules and are hence correct.

The reply of Department is not tenable as according to DoPT instructions booking of expenditures pertaining to departmental canteens is to be done

under the appropriate object heads under the minor head 'Other Expenditure' in the revenue section.

4.12 Expenditure incurred without Parliamentary authorisation

Article 114(3) of the Constitution of India provides that no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law. Department of Space undertakes projects of outside agencies as deposits projects to deliver the Space products and services to external agencies. The Deposit projects are operated through '8443.00.117-Civil Deposits-Deposits for the work done on behalf of outside bodies'.

Scrutiny of Head-wise Appropriation Accounts of Grant No. 92 pertaining to Department of Space for the year 2014-15 revealed that an expenditure of ₹ 11.82 crore incurred towards external deposits GSAT-7A Project during the year 2013-14, was transferred to the CFI projects during 2014-15 (₹ 10 crore under Head of Accounts 5252.00.203.09-GSAT 16 and ₹ 1.82 crore under Head 5252.00.203.07-GSAT 15) vide transfer entry No. T0003092 dated 30 April 2014 by PAO (Project), ISAC. Thus, the expenditure of ₹ 11.82 crore actually incurred on GSAT-7A Project was irregularly transferred to CFI on two Projects without the Parliamentary authorisation.

4.13 Non-operation of detailed head '99-Information Technology' in case of Canteen Stores Department

To ensure common standardization of heads of classification and to facilitate the monitoring of expenditure incurred by various Ministries/Departments, on 'Information Technology', Ministry of Finance vide its OM No.15(4)/b(d)/2003 Dated 9 July 2003 had decided, to place 'Information Technology' at 'detailed head' level at the fifth level of classification with standard code, i.e. '99' to serve the purpose of consolidating the expenditure incurred by a Ministry/Department for furthering the use of information technology including acquisition of hardware, software, maintenance, development of software, training etc.

Scrutiny of the Appropriation Accounts of the Ministry of Defence (Civil) (Grant No.20) revealed that CSD incurred IT related expenditure of ₹ 9.44 crore during 2012-13 to 2014-15 but was not operating the relevant detailed head '99-Information Technology'.

While accepting the audit observation, the Ministry stated (October 2015) that the booking of expenditure towards Information Technology, payment of audit fees and professional services are booked in the head 2075.00.108.01.01.28-'Professional Services' against budget allotment received from the Ministry. The Ministry further stated that the booking of expenditure under appropriate head would be initiated, if it is considered necessary.

4.14 Erroneous estimation of budget in the Ministry of Defence

In Demand No.21-Defence Pensions for the 2014-15, a legislative authorisation of ₹ 50,999.30 crore in Revenue (Voted) Section was obtained. During the course of the year, the provision under this section of the demand was reduced by ₹ 1,000 crore by the Ministry of Finance (MoF) at revised estimates stage, although the Ministry of Defence (MoD) had projected an estimated expenditure of ₹ 53,824 crore. During the year, expenditure amounting to ₹ 49,985.18 crore was booked on account of defence pension with resultant savings of ₹ 1,014.12 crore, duly approved by the Chief Accounting Authority of the Grant, viz. Secretary, Ministry of Defence.

Subsequently in November 2015, the appropriation accounts of this Demand was revised, thereby booking an expenditure of ₹ 60,435.20 crore under revenue voted against the legislative authorisation of ₹ 50,999.30 crore, resulting in excess expenditure of ₹ 9,435.90 crore. The expenditure figure was revised on the ground that pension payment scrolls of ₹ 10,450.03 crore lying under the suspense heads, which had been booked in the financial year 2015-16, was to be adjusted in the financial year 2014-15 itself.

During the course of audit of this Demand in July 2015, a query was raised relating to injudicious surrender amounting to ₹ 1,009.30 crore based on revised estimates, even though pension scrolls amounting to ₹ 10,450.03 crore were pending for booking to the final head of account in 2014-15 accounts. However, no concrete reply was furnished by the MoD.

Given the large accumulation of pension payment scrolls lying in suspense heads pending clearance, the MoD should have taken up the matter well in advance with the MoF for enhancement of provision in the financial year 2014-15, so that the expenditure already incurred on pensions could be booked to the final head of account. Instead MoD projected erroneous revised estimates of expenditure of only ₹ 53,824 crore for 2014-15, and did not contest the reduction in provision made by the MoF. Besides, MoD booked expenditure of ₹ 49,985.18 crore, showing a savings of ₹ 1,014.12 crore, despite keeping the expenditure already incurred under suspense head.

Pension payments being a committed expenditure, and given the trend of persistent excess expenditure in the Demand of Defence Pensions, there is urgent need to review the initial budget estimating process in the MoD and to make it more realistic.

4.15 Obtaining incorrect technical supplementary in Defence grants

(a) Para 3.2 of the Budget Manual 2010 issued by the Ministry of Finance states that there are three occasions when a technical supplementary is sought i.e. (i) surrender of fund from one of the four sections and utilizing the same in other section within the Demand, (ii) transfer of a scheme

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from one Demand to another Demand resulting in surrender of the amount from the Demand which has transferred the scheme and utilization of the same in the other Demand, where the scheme has been transferred, and (iii) waivers/write offs.

The Ministry of Defence has six Demands for Grants, five in Revenue Section and one in Capital Section. During the scrutiny of Appropriation Accounts 2014-15 of Defence Services, it was observed that incorrect Technical Supplementary Demands for Grants was obtained from the Parliament through final batch (March 2015) aggregating to ₹ 8,335.52 crore (₹ 399.22 crore in Revenue Charged and ₹ 7,936.30 crore in Revenue Voted) in four revenue demands of grants. These technical supplementary provisions were obtained out of savings available in Grant No. 27-Capital Outlay on Defence Services. The details of incorrect supplementary provisions obtained in four revenue demands for grants are shown in **Table 4.18** below.

Table 4.18: Obtaining incorrect supplementary provision

Description of the Demand	Technical supplementary obtained (₹ in crore)	
	Revenue (Charged)	Revenue (Voted)
22-Defence Services-Army	336.00	5340.47
23-Defence Services-Navy	9.63	350.37
24-Defence Services-Air Force	53.59	1925.43
26-Defence Services-Research and Development	-	320.03
Total	399.22	7936.30

Thus, transfer of funds aggregating ₹ 8,335.52 crore through technical supplementary from Demand No. 27 to Demand Nos. 22, 23, 24 and 26 was incorrectly proposed by the Ministry of Defence and also incorrectly admitted by the Ministry of Finance, leading to obtaining irregular supplementary provision from one Demand to another Demand in violation to conditions prescribed in para 3.2 of the Budget Manual.

The Ministry of Defence (July 2015) stated that unlike civil grants, the Defence Service Estimates do not have four sections, but only two sections in each grant. Grant Nos. 22 to 26 are purely revenue grants with voted and charged sections, while Grant No. 27 is entirely capital grant with voted and charged sections. The Ministry also stated that as explained in the Budget Manual, technical supplementary is required when savings in one section are to be utilised on another or savings from one demand are to be utilised in another.

The reply of the Ministry is not tenable in view of the fact that savings in Demand No.27-Capital Outlay on Defence Services cannot be utilised in other four Demands of the Ministry, as there was no transfer of any scheme from Demand No.27 to any of the four other demands.

- (b) Out of the total supplementary of ₹ 8,335.52 crore obtained through the technical supplementary grants, only ₹ 5,986.73 crore was utilised in the four revenue demands of defence services and the balance amount of ₹ 2,348.79 crore could not be utilised, as detailed in the **Table** below, leading to obtaining injudicious supplementary grants.

Table 4.19: Injudicious obtaining of fund in excess of actual requirements

(₹ in crore)

Grant No.	Budget Estimate	Surrender	Final available provision	Expenditure (March Final 2015)	Deficient provision to meet the expenditure	Supplementary provision obtained	Excess supplementary obtained
1	2	3	4(2-3)	5	6(5-4)	7	8(7-6)
22-Army	95337.82	6.83	95330.99	99400.74	4069.75	5676.47	1606.72
23-Navy	14175.79	-	14175.79	14352.00	176.21	360.00	183.79
24-Air Force	21206.84	-	21206.84	22685.30	1478.46	1979.02	500.56
26-R&D	6039.67	64.90	5974.77	6237.08	262.31	320.03	57.72
				Total	5986.73	8335.52	2348.79

While agreeing to the audit observation, the Ministry stated (July 2015) that it is correct that the Ministry has been unable to fully utilize these additional funds. One of the reasons for the saving was delayed availability of additional funds towards the end of the financial year.

Thus, there is need to revisit the initial budget making exercise in the only capital demand of the defence services, which has witnessed large savings in successive years and those savings were transferred to the revenue demands of the defence services.

- (c) While obtaining technical supplementary from the savings available in the only capital demands to the four revenue demands of defence service, it was stated in the notes and comments that taking into account additional receipts, the remaining amount would be required from the savings available in capital section of the grant. However, the amount of additional receipts were not disclosed in any of the four revenue demands, wherein additional provision were obtained through technical supplementary.
- (d) In respect of Grant No. 22-Army, a lump-sum supplementary of ₹ 16 crore was obtained through the technical supplementary for disbursement of grants-in-aid to four Mountaineering Institutes. However, the institute-wise amount specific details of disbursement of grants was not reported to the Parliament through the supplementary as required in terms of Note below item-E of Annex to the Ministry of Finance OM dated 25 May 2006.

4.16 Non-observance of Financial Discipline by the Ministry of Defence

Rule 59 of GFR-2005 provides that subject to the provisions of Rule 10 of the DFPR-1978, and also subject to such other general or specific restrictions as may be imposed by the Ministry of Finance on this behalf, re-appropriation of funds from one primary unit of appropriation to another such unit within a grant or appropriation, may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates and the copy of re-appropriation order should be endorsed to the Accounts Officers.

A perusal of re-appropriation order issued by the Ministry of Finance, Department of Economic Affairs (Budget Division) vide letter No. F.2(30).B(AC)/ 2014 dated 31 March 2015 revealed that the re-appropriation of funds of ₹ 7,608.16 crore as shown in **Table** below, proposed under Demand No. 27-Capital Outlay on Defence Services (Voted and Charged), were not approved by the Ministry of Finance.

Table 4.20: Irregular excess expenditure

(₹ in crore)

Head (4076-Capital Outlay on Defence Services)	Excess
01-Army (Voted)	
101-Aircraft and Aero-Engines	37.82
106-Rolling Stock	103.14
112-Rashtriya Rifles	30.95
01-Army (Charged)	
202-Construction Works	7.08
02-Navy (Voted)	
204-Naval Fleet	779.32
202-Construction Works	63.49
03-Air Force (Voted)	
101-Aircraft and Aero-Engines	6286.14
202-Construction Works	220.82
05-Research & Development (Charged)	
111-Works	79.40
Total	7608.16

Out of ₹ 7,608.16 crore, majority of expenditure aggregating to ₹ 7,394.67 crore were incurred for acquisition of aircraft/aero engines/naval fleet/construction works, etc. As this expenditure falls under the ambit of object heads 52-Machinery & Equipment and 53-Major Works, they attracted the financial limitations relating to NS/NIS in terms of the Ministry of Finance OM dated 25 May 2006, according to which these expenditure should have been incurred after obtaining the prior approval of the Parliament.

The Ministry of Defence stated (July 2015) that the excess occurred mainly because of Ministry of Finance's refusal to approve the proposed re-appropriations.

The reply of the Ministry is not acceptable as the Ministry of Defence did not explain the reasons for non-approval of the re-appropriation proposal by the Ministry of Finance.

4.17 Conclusion

Apart from deficiencies in the budget formulation process, other shortcomings such as non-obtaining provisions for service/expenditure, non-observance of financial disciplines, etc., have also been noticed during the audit of Appropriation Accounts of 2014-15. No budgetary provision was obtained from the Parliament for payment of interest on the refunds of taxes, though Public Accounts Committee in their Reports have explicitly advised the concerned Department to follow the relevant provisions of the Constitution. Instructions containing revised guidelines on financial limits to be observed in determining cases relating to New Service/New Instrument of Service issued with the approval of Public Accounts Committee were not observed by a number of Ministries/Departments. A number of Ministries/Departments obtained provisions under incorrect object heads leading to misclassifications of expenditure in the compiled account, having impact on revenue/capital expenditure and also on deficit numbers. Cases of obtaining lump sum supplementary provisions and incorrect supplementary provisions were also noticed in a number of grants. Erroneous budget estimation by the Ministry of Defence resulted in excess expenditure of ₹ 9,435.90 crore during 2014-15 on account of booking of the pension payment scrolls lying under suspense heads.

5: GRANTS-IN-AID: AN ANALYSIS

5.1 Introduction

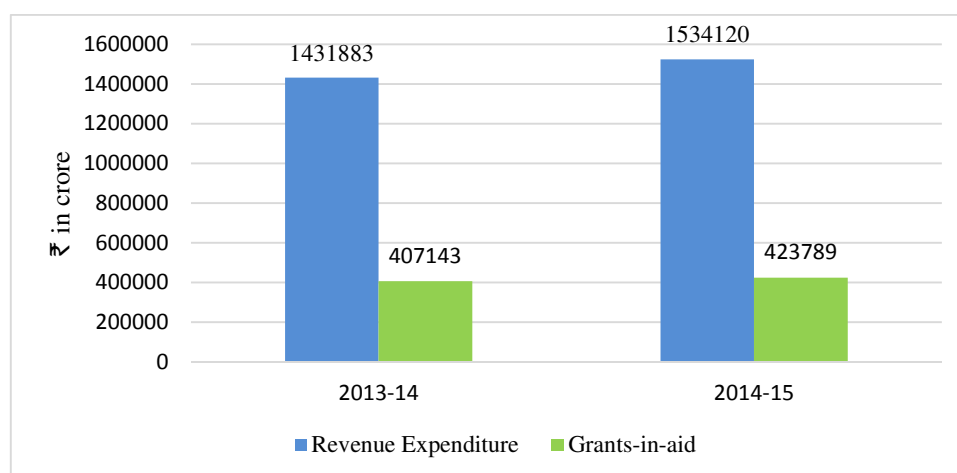
The shifting paradigm of public administration has entailed delivery of public goods through new and ever evolving methods. Grants-in-aid have emerged as a significant mode of spending for the Union Government for delivery of public goods. In fact, over a period of time, grants-in-aid has constituted, with the exception of debt repayments, the single largest item of expenditure for the Union Government.

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

5.2 Trend of Expenditure

Grants-in-aid is given in cash or in kind, but have to be always accounted for as revenue expenditure in the books of the grantor irrespective of the purpose for which it has been given. During the period 2013-14 and 2014-15 expenditure on grants-in-aid was nearly 28 *per cent* of the revenue expenditure of the Union Government (excluding Railways) as depicted in the **Chart 5.1**.

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



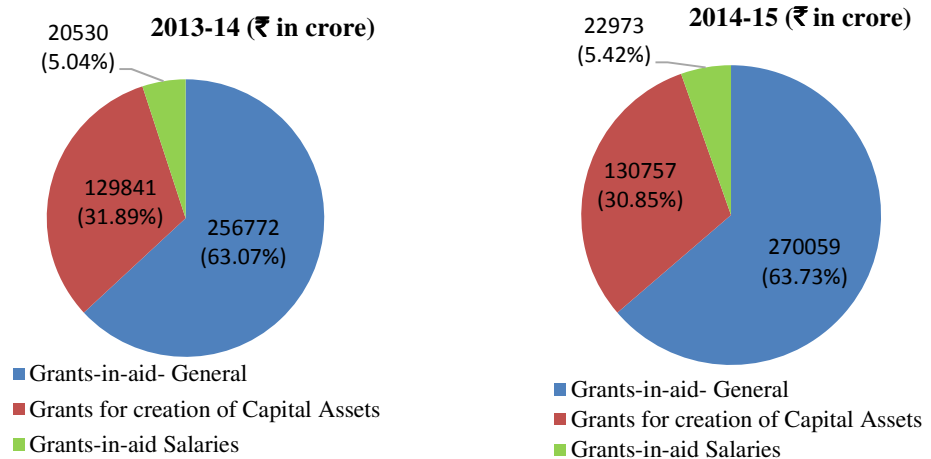
Source: Revenue Expenditure- Finance Accounts (excluding Railways) Grants-in-aid- E-lekha data dump upto 59 JEs (November 2015). Data includes expenditure, net of recoveries (Object Head-70-Deduct recoveries) excluding 'Railways'.

As compared to 2013-14, grants-in-aid in absolute terms have grown by four *per cent* and the revenue expenditure grew up by seven *per cent* in 2014-15.

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

The **Chart** below depicts the different types of grants-in-aid given by the Union Government during 2013-14 and 2014-15.

Chart 5.2: Types of Grants-in-aid

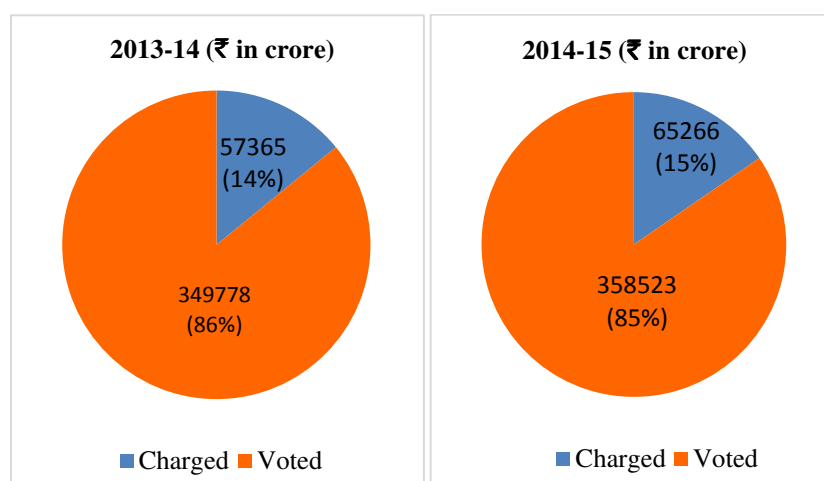


Source: e-lekha data dump upto 59 JEs (November 2015). Data includes expenditure for all Civil, Posts and Defence grants but excludes 'Railways'.

5.2.1 Charged and Voted Grants-in-aid

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

The **Chart 5.3** shows the break-up of grants-in-aid into charged and voted during 2013-14 and 2014-15.

Chart 5.3: Charged and Voted Grants-in-aid

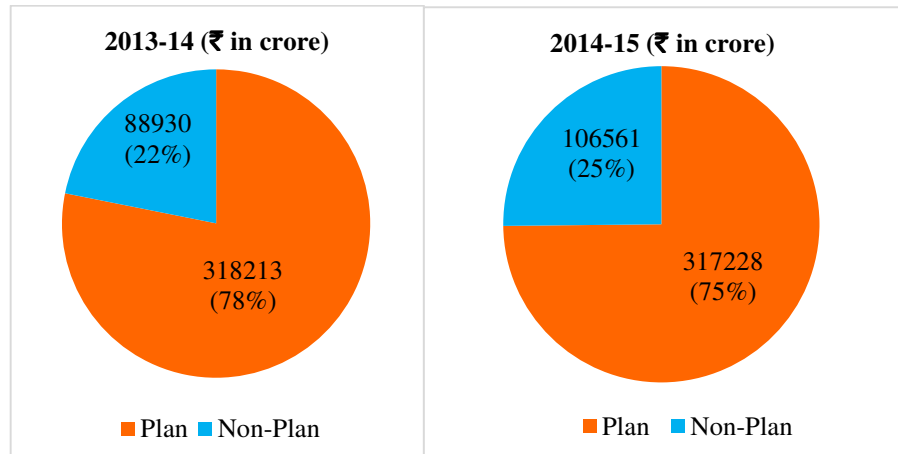
Source: e-lekha data dump upto 59 JEs (November 2015). Data includes expenditure for all Civil, Posts and Defence grants but excludes 'Railways'.

Charged grants-in-aid for the year 2014-15 were released, mainly, in two demands viz. Transfers to State and Union Territory Governments and Ministry of Tribal Affairs. Out of charged grants of ₹ 65,266 crore, grants of ₹ 61,813 crore was given under Demand No. 36- Transfers to State and Union Territory Governments. The grants under Article 275(1) of the Constitution are essentially for non-plan revenue deficit of States, elementary education, environment, improving outcomes, maintenance of roads and bridges, local bodies, calamity relief, etc. Similarly, the Ministry of Tribal Affairs provides plan grants for schemes under Article 275(1) of the Constitution for creating critical infrastructure projects in tribal areas and for the welfare of scheduled tribes.

5.2.2 Plan and Non-plan grants

Grants-in-aid are given by the Union Government both for execution of plan schemes and for other purposes. The **Chart 5.4** shows the break-up of grants-in-aid under plan and non-plan category. Grants-in-aid given for execution of plan schemes, account for bulk of the grants-in-aid. The share of plan grants-in-aid was 78 per cent and 75 per cent of total grants-in-aid during 2013-14 and 2014-15 respectively.

Chart 5.4: Plan vs Non-Plan Grants-in-aid under Revenue head



Source: e-lekha data dump upto 59 JEs (November 2015). Data includes expenditure for all Civil, Posts and Defence grants but excludes 'Railways'.

As compared to 2013-14, plan grants have decreased by ₹ 985 crore, while the non-plan grants have increased by ₹ 17,631 crore during 2014-15.

5.3 Changing nature of plan grants-in-aid expenditure

Beginning mid-nineties, the Union Government has been following the practice of transferring money required for implementation of several centrally sponsored schemes directly into the bank accounts of implementing agencies which are societies, autonomous bodies, non-government organisations, etc. This mode of transfer is often referred to as 'society mode'. Such entities are both at the State and District level and their funds are outside the Consolidated Fund of the State.

The other mode of transfer of grants of the Union Government is through the State Governments and is referred to as 'treasury mode', which entails crediting of amount so transferred into the Consolidated Fund of the States in conformity with Article 266 of the Constitution of India. The amount so credited is then appropriated out of Consolidated Fund of the States through legislative authorisation. This mode of transfer is supported by a robust accounting system that tracks down expenditure up to the final head of accounting wherein vouchers for each transaction are available with the treasury and the State Accountant General. This well-developed accounting framework ensures proper financial management and provides oversight on quality of expenditure. The quantum of transfer of grants through the society mode and the expenditure booked in the accounts of the Union Government increased from ₹ 43,816 crore¹ during 2006-07 to ₹ 1,12,708 crore during 2013-14.

¹ Direct release to implementing agencies under revenue section in the years 2006-07 and 2013-14 were ₹ 43,372 crore and ₹ 1,12,050 crore respectively.

As a part of larger exercise to rationalise various developmental and social assistance efforts, the existing Centrally Sponsored/Additional Central Assistance schemes were restructured into 66 schemes in terms of Planning Commission's Office Memorandum of July 2013. The Office Memorandum envisaged that from the financial year 2014-15 funds for all Centrally Sponsored Schemes as well as additional central assistance associated with these 66 schemes will be transferred through the Consolidated Fund of the States concerned in phased manner.

Accordingly, Union Budget for 2014-15 did not provide any funds towards direct transfer of central plan assistance to state/district level autonomous bodies/implementing agencies. However, an analysis of PFMS data revealed that an amount of ₹ 23,425.80 crore has been shown as direct release to implementing agencies in the States by the Union Government. On this being pointed out, the office of CGA stated (November 2015) that PFMS is merely a technology platform that facilitates release and tracking of funds from the centre to the local level. The mode of release, i.e., whether through State Consolidated Fund or by direct transfer to agency is the decision of the respective Ministries/Departments.

Out of the total Plan grants-in-aid, ₹ 1,43,207 crore and ₹ 2,58,292 crore was transferred to State Governments/UTs under the Major head 3601 and 3602 during the year 2013-14 and 2014-15 respectively as disclosed in *e-lekha* database.

5.3.1 CAG's audit arrangements in the case of grants-in-aid expenditure

Public Service delivery especially in the social sector is characterized by increasingly complex inter-relationships between Government agencies, different levels of Government, and the private sector including non-governmental organisations. In recent years, there has been a paradigm shift in the Central Government strategy for implementation of flagship programmes and other centrally sponsored schemes, which constitutes a significant proportion of plan expenditure.

The Union Government maintains a database of all grants-in-aid released to various agencies under the plan schemes for the Civil Ministries/Departments excluding Ministry of External Affairs, Department of Atomic Energy and Department of Space. The database is called the Public Financial Management System (PFMS) (formerly Central Plan Scheme Monitoring System-CPSMS). Based on data made available to Audit, the broad categories of grants-in-aid expenditure were analysed. The details of grants released as captured in PFMS, together with the existing public audit arrangements in terms of the principal categories of recipients are given in the **Table 5.1**.

Table 5.1: Category-wise Plan grants released during 2014-15 and audit mandate

Category	Amount released (₹ in crore)	Audit Mandate of CAG in terms of CAG's (Duties, Powers and Conditions of Service) Act, 1971
Central Government Institutions*	1,838.76	Section 14, 15 & 20
State Governments / Union Territories	2,58,200.05	Section 13
Central Government Public Sector Undertakings	7,598.80	Section 19(1)
State Public Sector Undertakings	715.47	Section 19(1)
Statutory Bodies	9,716.73	Section 19(2) & (3)
Local Bodies	3,377.91	Section 14, 15 & 20 and under Technical Guidance and Support.
Registered Societies (Government Autonomous Bodies)	29,391.40	Section 14, 15 & 20
Registered Societies (Non-Governmental Organisations)	1,083.00	Section 14, 15 & 20
Private sector Companies	1,334.38	Section 14, 15 & 20
State Government Institutions	363.32	Section 13, 14, 19 & 20
International Organisations	60.17	--
Individuals	18.20	--
Trusts	1,085.62	--
State Government Drawing and Disbursing Officers	1.94	--
Total	3,14,785.75	

Source: Information provided by PFMS division of O/o CGA (October 2015)

** The category name (agency type) depicted in database is 'Central Government' only. Other category descriptions in agency types have been adopted as depicted in PFMS database.*

- In above table, the first four categories represent government or public sector entities, where the audit of the CAG of India is unambiguous. In these cases, the mode of transfer is supported by a robust accounting system and especially expenditure relating to State and UT Governments can be tracked down to its finality.
- In the case of local bodies like Panchayati Raj Institutions and urban bodies, like Corporations and Municipalities, the CAG is not the primary auditor in most of the States but has been providing technical guidance and supervision/support to the primary auditors.
- A substantial amount of the plan funds is also being released to registered societies/Non-Government Organisations/Trusts. Most of these institutions are not under the direct audit jurisdiction of the CAG. The CAG's (Duties, Powers and Conditions of Service) Act 1971, stipulate that the audit of bodies or authorities substantially funded by

Government can be audited by CAG only if the assistance by way of grant or loan is not less than ₹ 25 lakh and the amount of such assistance is not less than 75 per cent of the total expenditure of that body or authority. Alternatively, CAG can take up the audit of those institutions with the previous approval of the President of India if the assistance given to those institutions is not less than ₹ one crore. Thus for CAG to take up the audit of these bodies which are substantially funded by the Government, the details of the total expenditure of the grantee institution are required to satisfy that the grant/assistance given by the Government exceeds 75 per cent of total expenditure of that institution. This requires Annual Accounts of those entities to be made available to the CAG. Regulations on Audit and Accounts notified in November 2007 contain a provision that the Governments and heads of departments which sanction grants and/or loans to bodies or authorities shall furnish to the audit office by end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating- (a) the amount of assistance; (b) the purpose for which the assistance was sanctioned; and (c) the total expenditure of the body or authority. The Government, however, does not have a mechanism to obtain the Annual Accounts of the bodies substantially funded by it for forwarding these accounts to the CAG. This limits timely conduct of the audit of such entities and also reporting of audit results to the Parliament by the CAG.

- Various autonomous bodies and societies receiving government funding are audited under Sections 14, 15, 19 and 20 of the CAG's (DPC) Act, 1971. However, the existing provisions do not have any specific provisions for audit of sub-grantees, implementing agencies, societies etc., receiving grants either directly or indirectly from the Consolidated Fund.
- Further, a substantial number of registered societies/ Non-Government Organisations/ Trusts are just first level grantees. They are not directly involved in the implementation of the plan scheme. They in turn give grants to the implementing agencies. Such sub-grantees do not directly fall within the audit jurisdiction of the CAG.

5.4 Utilisation Certificates (UCs)

The effectiveness and utilisation of grants-in-aid released by the Union Government is monitored through the mechanism of utilisation certificates. Rule 209 of General Financial Rules 2005 prescribes the principles and procedures for award of grants-in-aid to any grantee. The sanctioning authority is required to maintain a register of grants in form GFR 39. Rule 212

of General Financial Rules 2005 envisages monitoring of utilisation of the grants so released through the mechanism of utilisation certificate to be submitted by the grantee as prescribed in Form GFR 19A. The UCs are required to be submitted by the grantees within twelve months of the closure of the financial year.

Details with regard to grants released up to 31 March 2014 for which the UCs were due on 31 March 2015, were called for from all civil Ministries/Departments. However, the information was made available by 26 Ministries/Departments only, which are detailed in **Table 5.2**.

Table 5.2: Outstanding Utilisation Certificates

Sl. No.	Name of Ministry/Department	No. of UCs outstanding	Amount of UCs (₹ in crore)
1.	Ministry of Agriculture*	4232	19,086.08
2.	Department of Fertilisers	2	0.40
3.	Ministry of Food Processing Industries	2011	445.14
4.	Department of Heavy Industries	14	882.95
5.	Department of School Education and Literacy	1957	21,845.98
6.	Department of Higher Education	2565	903.21
7.	Ministry of Personnel Public Grievances and Pensions	35	1.66
8.	Ministry of Urban Development	166	306.27
9.	Ministry of Housing and Urban Poverty Alleviation	489	1,120.04
10.	Ministry of Mines	02	0.09
11.	Department of Food & Public Distribution	14	20.73
12.	Ministry of Women & Child Development	4672	336.76
13.	Department of Public Enterprises	30	2.82
14.	Department of Pharmaceutical	33	44.81
15.	Ministry of Overseas Indian Affairs	06	3.07
16.	Ministry of Social Justice and Empowerment	10427	681.22
17.	Ministry of Development of North Eastern Region	929	3,840.92
18.	Ministry of Environment and Forests	6150	461.51
19.	Ministry of Water Resources	249	102.07
20.	Ministry of New and Renewal Energy	733	850.31
21.	Department of Space	289	14.66
22.	Department of Atomic Energy	1162	89.61
23.	Ministry of Micro, Small and Medium Enterprises	299	82.34
24.	Ministry of Earth Science	724	55.70

Sl. No.	Name of Ministry/Department	No. of UCs outstanding	Amount of UCs (₹ in crore)
25.	Ministry of Minority Affairs	354	82.45
26.	Ministry of Drinking Water and Sanitation	25	266.30
Total		37569	51,527.10

*Includes figures of Department of Agriculture & Cooperation and Department of Animal Husbandry, Dairying and Fisheries only.

It may be seen from above that in 26 Ministries/Departments, 37569 UCs involving ₹ 51,527.10 crore, which were due on 31st March 2015, were outstanding. UCs are the only mechanism for the Ministries to verify that the money has been utilized for the purpose for which it was given. Large number of outstanding UCs indicates deficient monitoring and follow-up mechanisms in the Ministries/Departments concerned.

5.5 Detailed examination of expenditure on grants-in-aid in the Ministry of Food Processing Industries and the Ministry of Earth Sciences

The expenditure incurred on grants-in-aid in two ministries viz. Ministry of Food Processing Industries and Ministry of Earth Sciences was reviewed in audit to derive an assurance with regard to the sanctioning and monitoring mechanism of grants, quality and effectiveness of the expenditure incurred, etc. The results arising out of such review are discussed in succeeding paragraphs.

Grant No. 46- Ministry of Food Processing Industries

5.5.1 Introduction

The functions of the Ministry can be broadly classified under policy support, policy initiatives, developmental initiatives and promotional initiatives.

The following four organisations have been set up under the administrative control of the Ministry of Food Processing Industries:

- a) National Institute of Food Technology Entrepreneurship & Management (NIFTEM);
- b) Indian Institute of Crop Processing Technology (IICPT);
- c) Indian Grape Processing Board (IGPB); and
- d) National Meat & Poultry Processing Board (NMPPB).

5.5.2 Budget and Expenditure

The total revenue expenditure of the Ministry increased from ₹ 665.45 crore in 2012-13 to ₹ 696.74 crore in 2014-15. Expenditure on grants-in-aid is one of the major components of the revenue expenditure of the Ministry. During the period 2012-13 to 2014-15, 83 *per cent* to 98 *per cent* of plan revenue expenditure was on grants-in-aid, whereas under non-plan revenue

expenditure it ranged between 21 *per cent* and 29 *per cent* during the period 2013-14 to 2014-15. No expenditure was incurred under grants-in-aid (Non-Plan) during 2012-13.

Table 5.3: Provision and Expenditure on Revenue Account

(₹ in crore)

Year	Provision		Expenditure		Expenditure in grants-in-aid		Percentage of grants-in-aid as compared to actual expenditure	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
2012-13	660.00	10.16	655.88	9.57	642.78	--	98	0
2013-14	550.00	14.32	527.96	13.98	513.35	3.00	97	21
2014-15	600.00	17.74	679.73	17.01	565.65	5.01	83	29

Source: Information provided by Ministry.

The disaggregation of expenditure on grants by object heads '31-Grants-in-aid General', '35-Grants for creation of Capital Assets' and '36-Grants-in-aid-Salaries' for 2012-13 to 2014-15 is as under:

Table 5.4: Object head-wise expenditure

(₹ in crore)

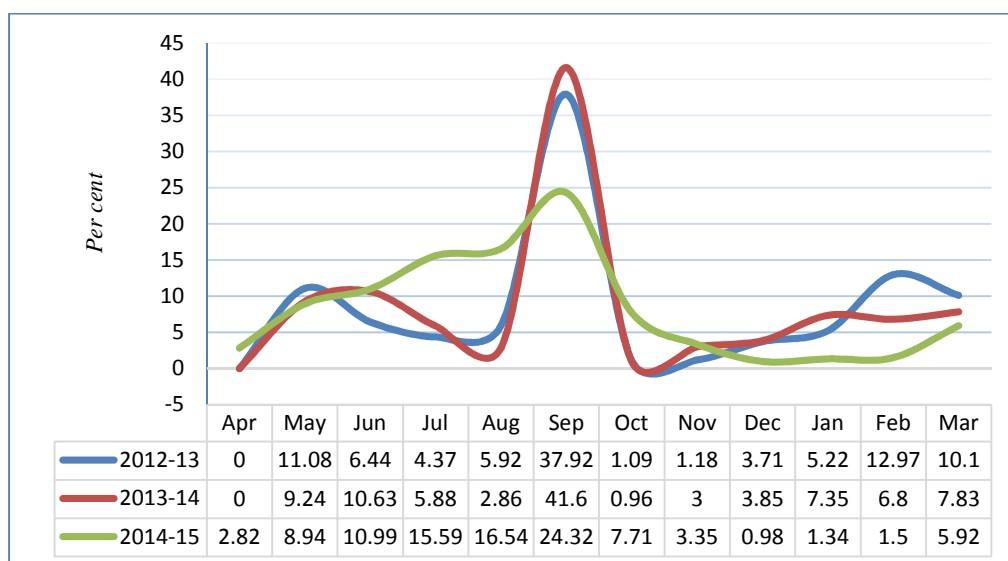
Particular	2012-13	2013-14	2014-15	Total
31-Grants-in-aid-General	601.78 (93.62%)	464.37 (89.93%)	544.21 (95.37%)	1610.36
35-Grants for creation of Capital Assets	41.00	39.98	14.20	95.18
36-Grants-in-aid-Salaries	--	12.00	12.25	24.25
Total	642.78	516.35	570.66	1729.79

It is evident from the table that the expenditure on 'Grants-in-aid-General' constitutes more than 89 *per cent* of the total expenditure on grants incurred by the Ministry during 2012-13 to 2014-15.

5.5.3 Month-wise flow of expenditure on grants-in-aid

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

The flow of plan expenditure of the Ministry in the course of the year was examined with the help of PFMS data base. It was observed that the Ministry had not adhered to the above provision while releasing grants-in-aid during 2012-13 to 2014-15. The **Chart 5.5** presents the monthly flow of plan expenditure on grants-in-aid.

Chart 5.5: Flow of plan expenditure

Source: Information provided by Ministry

From the above chart it is evident that flow of monthly expenditure was not even throughout the year during 2012-13 to 2014-15. Large part of plan expenditure was incurred in the month of September (37.92 per cent during 2012-13, 41.60 per cent during 2013-14 and 24.32 per cent during 2014-15), whereas negligible expenditure was incurred in the months of April, October, November and December during the three years period.

5.5.4 Grants sanctioned and released to agencies

The PFMS division of the O/o Controller General of Accounts maintains a database of grants-in-aid released to various agencies under the plan schemes. The details of plan grants-in-aid released by the Ministry during 2012-13 to 2014-15 are given in the **Table 5.5**.

Table 5.5: Grants sanctioned and released to agency

(₹ in crore)

Name of the agency	2012-13			2013-14			2014-15		
	Number of grantees	Grants Sanctioned	Grants released	Number of grantees	Grants Sanctioned	Grants released	Number of grantees	Grants Sanctioned	Grants released
Central Govt. Bodies	22	71.17	70.02	35	84.20	78.97	31	58.79	52.95
Central Govt. PSUs	02	0.07	0.07	02	0.12	0.12	01	0.08	0.08
Private Sector Companies	1283	355.59	355.14	1057	359.16	358.71	966	362.10	361.02
Registered Societies (Govt. Autonomous Bodies)	17	2.89	2.89	05	1.32	1.32	10	1.63	1.63
Registered Societies (NGOs)	214	6.81	5.92	188	8.79	7.62	122	5.26	4.24
State Government/UTs	41	253.19	189.13	36	186.47	31.19	33	180.00	125.31
State Government Institutions	32	22.20	18.73	42	42.34	36.17	53	32.70	21.04

**Report of the CAG on
Union Government Accounts 2014-15**

Name of the agency	2012-13			2013-14			2014-15		
	Number of grantees	Grants Sanctioned	Grants released	Number of grantees	Grants Sanctioned	Grants released	Number of grantees	Grants Sanctioned	Grants released
State Government PSUs	03	0.11	0.11	--	--	--	--	--	--
Statutory Bodies	01	0.02	0.02	02	0.06	0.06	--	--	--
Local Bodies	--	--	--	--	--	--	--	--	--
Trusts	09	0.34	0.34	07	0.53	0.53	08	0.58	0.58
Individuals	--	--	--	--	--	--	--	--	--
Total	1624	712.39	642.37	1374	682.99	514.69	1224	641.14	566.85

As per the budget circular issued by the Ministry of Finance, the Ministry is required to enclose a schedule in the Detailed Demand for Grants (DDG) showing provisions included in budget estimates for payment of grants-in-aid to non-government bodies. Further, where lump sum provisions have been made under any scheme without details with regard to institutions, the details of institution-wise disbursement are required to be reported to the Parliament at a later stage. As per the DDG of the Ministry, Budget provision of ₹ 565.10 crore in 2012-13, ₹ 618.50 crore in 2013-14 and ₹ 506.00 crore in 2014-15, was shown towards assistance of grants-in-aid to non-government bodies; however institution-wise provision was not disclosed in the DDG. The related information sent to Parliament at later stage was also not found in the records of the Ministry.

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

From the financial year 2009-10, a new object head 'Grants for creation of Capital Assets' was introduced to distinctly account for the grants released to the grantee bodies for creation of capital assets.

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

The Ministry released ₹ 95.18 crore to NIFTEM and IICPT under the object head 'Grants for creation of Capital Assets' during 2012-13 to 2014-15. The Ministry has been including a clause in the sanction orders that the assets created shall not be disposed of without the approval of the Ministry.

However, no centralized records/database viz. name of the grantee, details of assets created including nature of the assets created, amount of grants actually utilized for creation of capital assets, ownership of such assets, etc., were maintained by the Ministry.

In the absence of centralised data, assurance could not be derived that the expenditure of ₹ 95.18 crore during 2012-13 to 2014-15 booked under this head actually resulted in creation of capital assets for which the grants were

sanctioned. Further, it is not clear as to how the Ministry was ensuring that the grantee bodies were not disposing of the assets created out of these grants without its approval, in the absence of any relevant inventory in the Ministry.

The Ministry accepted (September 2015) and assured that it would maintain proper records in respect of grants issued for creation of capital assets.

5.5.6 Improper maintenance of registers of grants-in-aid

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

It was observed that register of grants were maintained at sectional level instead of the Ministry as a whole. Audit scrutiny revealed that, significant essential information, viz. due date of receipt of UCs and statements of accounts, actual date of receipt of UC and statements of accounts, details of unspent balance, etc., were not entered in the register of grants maintained by concerned sections. Moreover, transactions entered in the grants register were not found to be attested by the Branch/Gazetted Officer.

Thus, the state of maintenance of basic records for disbursement of grants was improper, having adverse impact on monitoring of sanctions/disbursements/ utilisation of the grants.

5.5.7 Delay between authorisation and release of grants

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

Analysis of related records of the Ministry revealed that there was delay on the part of PAO in passing the bills and issuing the cheques within the prescribed period of 7 working days from the date of issue of sanction as detailed in **Table** below:

Table 5.6: Details of gap between authorisation and actual release
(₹ in crore)

No. of days from date of sanction	2012-13		2013-14		2014-15	
	No. of sanction orders	Amount	No. of sanction orders	Amount	No. of sanction orders	Amount
8-30	470	98.70	124	41.41	25	35.83
More than 30 days	12	1.23	14	1.35	01	5.89
Total	482	99.93	138	42.76	26	41.72

5.5.8 Monitoring of grants released

(a) Peer review of autonomous organisations

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

During 2012-13 to 2014-15, Ministry of Food Processing Industries released grants-in-aid aggregating ₹ 160.35 crore to the NIFTEM and IICPT but no information regarding external or peer review of these bodies/institutions was provided by the Ministry.

(b) Non-submission of performance-cum-achievement report

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

It was noted that the sanction orders issued by the Ministry contained the condition regarding submission of performance-cum-achievement reports. The Ministry, however, neither specified any time limit for submission of reports nor evolved any other mechanism to monitor the receipt of such reports.

The Ministry stated (August 2015) that as per guidelines of the scheme, the grants are released in two instalments by the entrusted bank subject to fulfilment of prescribed conditions and through this mechanism the Ministry monitors the performance of the organisation. However, the audit observation had been noted for future compliance.

(c) Non-reporting of details to the Parliament through annual report

Rule 212(2)(i) and (ii) of General Financial Rules, 2005 enjoins that in the case of private/voluntary organisations receiving recurring grants-in-aid from ₹ 10 lakh to ₹ 25 lakh and non-recurring grants-in-aid from ₹ 10 lakh to ₹ 50 lakh, all Ministries/Departments of Government of India should include in their annual report, a statement showing the quantum of funds provided to each of those organisations and the purpose for which they were utilised, for information of the Parliament. Further in case of recurring grants of ₹ 25 lakh and above, the annual reports and accounts of the private and voluntary

organisation should be laid in the Parliament within nine months of the close the succeeding financial year.

Audit noticed that grants-in-aid amounting ₹ 62.70 crore, ₹ 158.76 crore and ₹ 52.44 crore were released by the Ministry during 2012-13, 2013-14 and 2014-15 respectively to private organisations/institutions. These grants were given for technology upgradation, expansion, modernisation and establishment, but institution-wise details were not included in the annual report of the Ministry submitted to the Parliament.

The Ministry accepted (September 2015) and stated that observation has been noted for future compliance.

(d) Outstanding Utilisation Certificates (UCs)

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

As per details furnished by Ministry of Food Processing Industries, utilisation certificates in respect of 2011 cases aggregating ₹ 445.14 crore were outstanding as on 31 March, 2015 in respect of grants-in-aid released by the Ministry upto 2013-14 as detailed in **Annexure 5.1**. The earliest period of the grants sanctioned for which the utilisation certificate was outstanding pertains to the year as back as 1991-92.

The Ministry neither initiated any action to blacklist the defaulter institutions/organisations nor made any efforts to reduce the pendency of the outstanding utilisation certificates.

Since the receipt of UCs is only way to vouch that the funds have been utilized for intended purpose, the Ministry should put in place a strong mechanism to ensure timely submission of UCs by the grantee bodies.

Grant No. 30- Ministry of Earth Sciences

5.5.9 Introduction

The Ministry of Earth Sciences came into being vide Presidential Notification dated the 12th July, 2006 upon reorganisation of erstwhile Ministry of Ocean Development.

There are two subordinate offices under the ministry namely-

- India Meteorological Department (IMD), New Delhi
- National Centre for Medium Range Weather Forecasting (NCMRWF), Noida (U.P.)

The attached offices functioning under the ministry are-

- Centre for Marine Living Resources and Ecology (CMLRE), Kochi, Kerala
- Integrated Coastal and Marine Area Management (ICMAM), Chennai (Tamil Nadu)
- National Centre for Seismology (NCS), New Delhi

There are five organisations functioning as Autonomous Organisations under the Ministry-

- National Institute of Ocean Technology (NIOT), Chennai
- National Centre for Antarctic & Ocean Research (NCAOR), Goa
- National Centre for Earth Science Studies (NCESS), Thiruvananthapuram
- Indian National Centre for Ocean Information Services (INCOIS), Hyderabad
- Indian Institute of Tropical Meteorology (IITM), Pune

5.5.10 Budget and Expenditure

The expenditure of the Ministry on revenue account has increased from ₹ 1,053.77 crore in 2012-13 to ₹ 1,225.66 crore in 2014-15. Expenditure on grants-in-aid constitutes one of the major components of the revenue expenditure of the Ministry. During the period 2012-13 to 2014-15, the expenditure on plan grants-in-aid accounted for 89 *per cent* of the total plan revenue expenditure, while that for non-plan grants-in-aid expenditure ranged between 5 and 7 *per cent* of the total non-plan Revenue Expenditure. The details are given in the **Table** below:

Table 5.7: Provision and Expenditure on Revenue Account

(₹ in crore)

Year	Provision		Expenditure		Expenditure on grants- in-aid		Per cent of grants-in-aid as compared to actual expenditure	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2012-13	1,073.51	386.67	692.42	361.35	616.60	23.54	89	07
2013-14	1,080.00	408.91	785.89	367.26	697.76	18.07	89	05
2014-15	1,094.00	417.95	832.08	393.58	744.23	22.60	89	06

Source: e-lekha data dump and figures provided by Ministry

The disaggregation of the expenditure on grants by object head '31 Grants-in-aid-General', '35 Grants for creation of Capital Assets' and '36 Grants-in-aid-Salaries' for 2012-13 to 2014-15 are as under:

Table 5.8: Object head-wise expenditure

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	Total
31-Grants-in-aid General	626.02 (97.79 %)	663.99 (92.76 %)	699.51 (91.22 %)	1,989.52
35-Grants for Creation of Capital Assets	0	26.88	17.13	44.01
36-Grants-in-Aid Salaries	14.12	24.96	50.19	89.27
Total	640.14	715.83	766.83	2,122.80

Source: e-lekha data dump and figures provided by Ministry

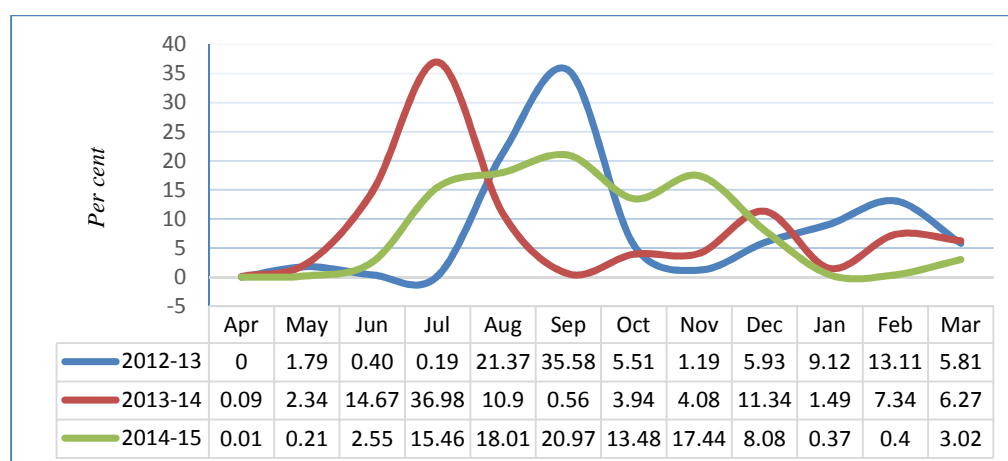
As can be seen from the table, the expenditure on 'Grants-in-aid-General' constituted more than 90 per cent of the total expenditure on grants incurred by the Ministry.

5.5.11 Month-wise flow of expenditure on grants-in-aid

As per rule 212(1) of the General Financial Rules (GFRs), the Ministry or department should ensure even flow of expenditure throughout the year.

The flow of expenditure of the Ministry in the course of the year was examined with the help of e-lekha and data provided by the Ministry. It was observed that the Ministry had not adhered to the above provision while releasing grants-in-aid during the years 2012-13 to 2014-15. The **Chart 5.6** presents the monthly flow of expenditure on grants-in-aid.

Chart 5.6: Flow of expenditure on grants-in-aid



Source: Information provided by Ministry

From above chart it is evident that flow of monthly expenditure was not even throughout the year during 2012-13 to 2014-15. Large part of plan expenditure was incurred in the month of August and September (21.37 and 35.58 per cent) in 2012-13, July (36.98 per cent) in 2013-14 and September (20.97 per cent) in 2014-15, whereas negligible expenditure was incurred in the months of April, May and January during the three years period.

5.5.12 Expenditure in terms of Autonomous Bodies, entities-Public Sector Undertakings, Registered Societies etc.

The details of plan grants-in-aid released during the period 2012-13 to 2014-15 as analysed from PFMS data in terms of the principal categories of recipients are given in the **Table 5.9**.

Table 5.9: Expenditure in terms of recipients

(₹ in crore)

Name of the agency	2012-13		2013-14		2014-15	
	Number of grantee	Grants Released	Number of grantee	Grants Released	Number of grantee [#]	Grants released
Central Govt. Bodies	5	1.7	5	0.58	9	2.35
State Government/UTs	0	0.00	0	0.00	0	0.00
Central Govt. PSUs	13	1.55	1	0.02	0	0.00
State Government PSUs	33	13.08	13	1.68	17	4.11
Statutory Bodies	0	0.00	28	9.05	44	10.03
Registered Societies (Govt. Autonomous Bodies)	90	545.29	118	679.66	139	726.83
Registered Societies (NGOs)	21	1.13	35	4.86	52	2.06
Private Sector Companies	5	0.50	7	0.33	4	0.65
State Government Institutions	0	0.00	8	1.13	12	2.52
International Organisations	0	0.00	0	0.00	0	0.00
Individuals	0	0.00	0	0.00	0	0.00
Trusts	7	0.17	10	0.48	25	2.28
State Government DDOs	13	1.31	0	0.00	0	0.00
Total	187	564.73	225	697.79	302	750.83

Source: Information provided by the Ministry.

As per the budget circular issued by the Ministry of Finance, the Ministry is required to enclose a schedule in the Detailed Demands for Grants (DDG) showing provisions included in budget estimates for payment of grants-in-aid to Non-Government bodies. The lists of private and voluntary organisations receiving grants-in-aid more than ₹ 5 lakh for the year 2012-13 and 2013-14 enclosed in the DDG (2014-15 and 2015-16) were largely at variance with the amount of grants revealed from the PFMS data. As per DDG, the amount of grant disbursed was ₹ 0.30 crore and ₹ 5.37 crore during the year 2012-13 and 2013-14 respectively whereas as per PFMS data, the amount of grant was ₹ 1.80 crore and ₹ 5.67 crore during the same period.

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

During the period from 2012-13 to 2014-15, the Ministry released ₹ 44.01 crore under the object head 'Grants for creation of Capital Assets'.

However, it was observed that centralized record/database viz. name of the grantee, details of assets created including nature of assets created, amount of grants actually utilized for creation of capital assets, ownership of such assets etc. was not maintained by the Ministry.

The Ministry accepted and stated (August 2015) that no centralized record/database was being maintained by it.

5.5.14 Memorandum of Understanding not entered into with organisations

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

During the period from 2012-13 to 2014-15, the Ministry released grants amounting to ₹ 9.40 crore, ₹ 36.76 crore and ₹ 7.70 crore to Inter-University Accelerator Centre (IUAC), National Geophysical Research Institute and Manipur University respectively for administrative purpose. The Ministry, however, entered into MoU with IUAC only.

The Ministry accepted (August 2015) that the MoU was not entered into by the Ministry with these institutes.

5.5.15 Delay between authorisation and release of grants

It was observed that in following cases there was delay on the part of PAO in passing the bills and issuing the cheques within the prescribed period of 7 working days from the date of issue of sanction.

Table 5.10: Details of gap between authorisation and actual release

(₹ in crore)

No. of days from the date of sanction	2012-13		2013-14		2014-15		Total	
	No. of sanction order	Amount	No. of sanction order	Amount	No. of sanction order	Amount	No. of sanction order	Amount
8 days to 30 days	176	27.98	233	268.69	321	302.16	730	598.83
More than 30 days	08	3.92	25	20.06	13	9.67	46	33.65
Total	184	31.90	258	288.75	334	311.83	776	632.48

5.5.16 Non-disclosure of expenditure incurred on loans and advances in the utilisation certificates

Note 2 below Rule 212 (1) of GFRs, states that in respect of Central Autonomous Organisations, the Utilisation Certificate shall disclose separately the actual expenditure incurred and the Loans and Advances given to suppliers of stores and assets, to construction agencies, to staff (for house building and purchase of conveyance, etc.), which do not constitute expenditure at that stage. These shall be treated as unutilized grants but allowed to be carried forward. While regulating the grants for the subsequent year, the amounts carried forward shall be taken into account.

Audit scrutiny revealed that grants-in-aid of ₹ 598.51 crore, ₹ 639.64 crore and ₹ 657.57 crore were released to the four² organisations during the year 2012-13, 2013-14 and 2014-15 respectively. As per Annual Accounts of these organisations ₹ 185.91 crore, ₹ 159.31 crore and ₹ 126.92 crore were disbursed as loan and advances during 2012-13, 2013-14 and 2014-15 respectively. These organisation, however, did not disclose the loan and advances in respect of the grants received while furnishing the utilisation certificates. The Ministry neither asked the grantee nor ascertained the same from annual accounts of the grantee organisations before releasing the subsequent grants.

The Ministry stated (August 2015) that instructions would be issued to all autonomous organisations to follow the conditions of GFR.

5.5.17 Utilisation Certificates (UCs)

It was observed that in the Ministry, 724 UCs aggregating ₹ 55.70 crore were outstanding as on 30 September 2015 as detailed in **Annexure 5.2**. The earliest period of the grants sanctioned for which UCs were outstanding pertains to the year 1983-84. But it was seen that the Ministry did not blacklist any of the defaulting grantee institutions in accordance with the provisions available in Rule 212 (2) of GFR in such cases.

Since the receipt of the UC is the only mechanism to vouch that the funds have been utilized for the intended purpose, the Ministry should put in place a strong mechanism to ensure timely submission of UCs by the grantee bodies.

5.5.18 Non submission of performance-cum-achievement report

During 2012-13 to 2014-15, the Ministry released grants aggregating ₹ 1,460.78 crore to NIOT, NCAOR and IITM. None of the test checked sanction orders contained a clause that such performance-cum-achievement reports should be submitted within the date/period specified. Thus, the Ministry did not have any mechanism to verify whether the performance-cum-achievement reports were submitted by the grantees in respect of earlier grants within the stipulated time frame, as specified under Rule 212 (3) of GFR.

Out of the five autonomous bodies of the Ministry, only NIOT, Chennai had been bringing out performance cum achievement report in its annual report. NCESS, Thiruvananthapuram, being established only recently (January 2014), is yet to bring out its annual report. The remaining three autonomous bodies of the Ministry were not bringing out performance cum achievement report in their annual reports.

² NIOT, NCAOR, INCOIS and IITM

5.5.19 Discrepancies in maintenance of register of grants-in-aid

It was observed that Ministry was maintaining the Expenditure Control Register (ECR) instead of register of grants, as specified in terms of Rule 212(4) of GFR and para 4.27.2 of Civil Accounts Manual.

The Ministry stated (August 2015) that the Programme Division was maintaining an Expenditure Control Register (ECR) for the scheme, research, education and training outreach and High Performance Computing System. Moreover, all the sanction orders for releasing of grants are also recorded in the ECR.

Thus, non-maintenance of the register of grants resulted in violation of codal provision.

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

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

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

The Ministry stated (August 2015) that the complete information would be uploaded on the website.

5.5.21 Peer review of autonomous organisations

During 2012-13 to 2014-15, the Ministry released grants-in-aid aggregating to ₹ 1,486.16 crore to the four³ organisations but no peer review of these organisations was ever conducted, as specified in Rule 208(v) of GFR.

The Ministry stated (August 2015) that the peer reviews of these autonomous organisation would be conducted in future.

³ INCOIS, NCAOR, NCESS and IITM

5.5.22 Deficient Internal Oversight

The scheme of departmentalization of Union Government Accounts provides for setting up of an efficient internal audit organisation to ensure accuracy in accounts and efficiency in the operation of the accounting set up.

As per rule 212(1) of the GFRs, reports submitted by the internal audit parties of the Ministry or Department and inspection reports received from Indian Audit and Accounts Department should also be looked into while sanctioning further grants.

The details of internal audit/inspection conducted during the year 2012-13 to 2014-15 by the internal audit wing of the Ministry are given in **Table 5.11**.

Table 5.11: Details of internal audit conducted

Year	Number of units under audit jurisdiction	Number of units planned for audit	Number of units audited
2012-13	36	-	01
2013-14	36	-	03
2014-15	36	06	05

Audit observed that out of 36 units only 6 units were planned for audit in the year 2014-15 by the Ministry. However, during 2012-13 to 2014-15, nine units were audited (including three autonomous bodies).

In absence of a strong and effective internal oversight, it could not be ascertained as to how the Ministry ensured compliance to rules and regulations and extant instructions on the subject by the grantee bodies in their day to day functioning and delivery of the programme.

The Ministry stated (August 2015) that the internal audit wing had not conducted review of grants-in-aid released by the Ministry due to non-sanctioning of staff for internal audit.

5.6 Conclusion

The shifting paradigm of public service delivery has led to a steady increase in grants-in-aid expenditure. The expenditure on grants-in-aid (as per *e-lekha* data base) was ₹ 4,23,789 crore (28 *per cent*) of the revenue expenditure of ₹ 15,34,120 crore (excluding Railways) in 2014-15. Out of this, ₹ 3,17,228 crore was plan grants and ₹ 1,06,561 crore non-plan. Of the total expenditure on grants-in-aid in 2014-15, Union Government transferred ₹ 2,58,292 crore as central plan assistance to State/UT Government. At the end of 31 March 2015, in 26 Ministries/Departments from where the information was received, 37569 utilisation certificates aggregating to ₹ 51,527.10 crore were outstanding in respect of grants released up to 31 March 2014.

The analysis of grants-in-aid in two Ministries showed deficiencies in internal monitoring system such as non-conducting of external peer reviews of grantee organisations and other attached offices, non-submission of performance-cum-achievement reports by the grantees, non-reporting of details to Parliament through annual reports by the Ministry, etc. It was also noted that selected

Ministries did not maintain any centralised database of the quantity and value of assets created by the grantee bodies out of the grants released to them. There was pendency of utilisation certificates from the various grantee organisations and in subsequent years grants were released to grantee organisations without considering unspent balances and outstanding utilisation certificates of previous years.

The observations were forwarded (October/November 2015) to the Ministry of Finance and office of the CGA for comments. Their reply was awaited (November 2015).



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

New Delhi
Dated :

Countersigned



(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

New Delhi
Dated :

ANNEXURES

**Report of the CAG on
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Annexure 1.1

(Refer to paragraph 1.3.2 (c))

1. Claims relating to fertiliser subsidies submitted to the Union Government by National Fertilisers Ltd.

(₹ in crore)

2010-11				2011-12				2012-13				2013-14				2014-15				Closing balance
O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
871.22	3918.32	4789.54	724.10	1497.35	5362.81	6860.16	386.47	2333.82	5579.53	7913.35	135.58	3038.52	6534.21	9572.73	769.36	4537.66	6458.61	10996.27	664.24	4975.40

	2010-11	2011-12	2012-13	2013-14	2014-15
(A) Claim of three quarters of financial year (Col. 2-4 of respective year of above table)	3194.22	4976.34	5443.95	5764.85	5794.37

Claims relating to Fertiliser Subsidies paid by the Union Government to National Fertilisers Ltd.

2010-11		2011-12		2012-13		2013-14		2014-15	
Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year
1	2	1	2	1	2	1	2	1	2
3292.19	849.37	4526.34	1490.08	4874.83	2060.44	5035.07	2680.13	6020.87	3445.54

	2010-11	2011-12	2012-13	2013-14	2014-15
(B) Payment made by Government in financial year (Col. 1-2 of respective year).	2442.82	3036.26	2814.39	2354.94	2575.33
Unpaid subsidy bills (A-B)*	751.40	1940.08	2629.56	3409.91	3219.04

*Unpaid subsidy bills would be derived by subtracting claim of 4th quarter of the year from the payment made by the Government during the financial year.

Note: The subsidy claims of fourth quarter submitted by this CPSU to the Union Government has not been taken into account, assuming that the Government may need at least three months' time to process the bills.

Similarly, from the amount of subsidy claims honoured by the Government during the financial year 2014-15, the payments pertaining to previous year's claims have been excluded.

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2. Claims relating to fertiliser subsidies submitted to the Union Government by Fertilisers and Chemicals Travancore Ltd.

(₹ in crore)

2010-11				2011-12				2012-13				2013-14				2014-15				Closing balance
O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the year	Total	Bill submitted in 4 th Quarter	
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
445.11	1159.28	1604.39	270.14	370.51	1265.96	1636.47	379.04	511.95	906.69	1418.64	152.12	378.88	906.51	1285.39	268.32	508.36	568.87	1077.23	142.99	335.51

	2010-11	2011-12	2012-13	2013-14	2014-15
(A) Claim of three quarters of financial year (Col. 2-4 of respective year of above table)	889.14	886.92	754.57	638.19	425.88

Claims relating to Fertiliser Subsidies paid by the Union Government to Fertilisers and Chemicals Travancore Ltd.

2010-11		2011-12		2012-13		2013-14		2014-15	
Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year
1	2	1	2	1	2	1	2	1	2
1233.88	388.78	1124.52	308.26	1039.76	459.22	777.03	321.23	741.72	380.82

	2010-11	2011-12	2012-13	2013-14	2014-15
(B) Payment made by Government in financial year (Col. 1-2 of respective year).	845.10	816.26	580.54	455.80	360.90
Unpaid subsidy bills (A-B)*	44.04	70.66	174.03	182.39	64.98

*Unpaid subsidy bills would be derived by subtracting claim of 4th quarter of the year from the payment made by the Government during the financial year.

Note: The subsidy claims of fourth quarter submitted by this CPSU to the Union Government has not been taken into account, assuming that the Government may need at least three months' time to process the bills. Similarly, from the amount of subsidy claims honoured by the Government during the financial year 2014-15, the payments pertaining to previous year's claims have been excluded.

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3. Claims relating to fertiliser subsidies submitted to the Union Government by Madras Fertilisers Ltd.

(₹ in crore)

2010-11				2011-12				2012-13				2013-14				2014-15				Closing balance
O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
63.29	1350.32	1413.61	477.05	130.11	1829.61	1959.72	380.32	140.26	1751.40	1891.66	386.57	223.90	2166.99	2390.89	499.90	1147.20	1267.91	2415.12	295.66	740.12

	2010-11	2011-12	2012-13	2013-14	2014-15
(A) Claim of three quarters of financial year (Col. 2-4 of respective year of above table)	873.27	1449.29	1364.83	1667.09	972.55

Claims relating to Fertiliser Subsidies paid by the Union Government to Madras Fertilisers Ltd

2010-11		2011-12		2012-13		2013-14		2014-15	
Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year
1	2	1	2	1	2	1	2	1	2
1283.50	63.06	1819.46	129.88	1667.76	139.76	1243.69	178.64	1675.00	925.86

	2010-11	2011-12	2012-13	2013-14	2014-15
(B) Payment made by Government in financial year (Col. 1-2 of respective year).	1220.44	1689.58	1528.00	1065.05	749.14
Unpaid subsidy bills (A-B)*	-347.17	-240.29	-163.17	602.04	223.41

*Unpaid subsidy bills would be derived by subtracting claim of 4th quarter of the year from the payment made by the Government during the financial year.

Note: The subsidy claims of fourth quarter submitted by this CPSU to the Union Government has not been taken into account, assuming that the Government may need at least three months' time to process the bills. Similarly, from the amount of subsidy claims honoured by the Government during the financial year 2014-15, the payments pertaining to previous year's claims have been excluded.

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4. Claims relating to fertiliser subsidies submitted to the Union Government by Hindustan Petroleum Corporation Ltd.

(₹ in crore)

2010-11				2011-12				2012-13				2013-14				2014-15				Closing balance
O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	O/B of subsidy claim	Bills submitted during the	Total	Bill submitted in 4 th Quarter	
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
7.00	652.37	659.37	171.81	70.49	672.83	743.32	169.51	2.51	666.41	668.92	160.08	41.03	635.14	676.17	161.53	107.92	636.99	744.91	77.45	736.87

	2010-11	2011-12	2012-13	2013-14	2014-15
(A) Claim of three quarters of financial year (Col. 2-4 of respective year of above table)	480.56	503.32	506.33	491.61	559.54

Claims relating to Petroleum Subsidies paid by the Union Government to Hindustan Petroleum Corporation Ltd.

2010-11		2011-12		2012-13		2013-14		2014-15	
Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year	Bills Paid by the Government during the year	Of which bills pertain to previous year
1	2	1	2	1	2	1	2	1	2
588.88	6.02	740.81	70.49	627.89	2.51	568.25	41.03	8.04	0.72

	2010-11	2011-12	2012-13	2013-14	2014-15
(B) Payment made by Government in financial year (Col. 1-2 of respective year).	582.86	670.32	625.38	527.22	7.32
Unpaid subsidy bills (A-B)*	-102.30	-167.00	-119.05	-35.61	552.22

*Unpaid subsidy bills would be derived by subtracting claim of 4th quarter of the year from the payment made by the Government during the financial year.

Note: The subsidy claims of fourth quarter submitted by this CPSU to the Union Government has not been taken into account, assuming that the Government may need at least three months' time to process the bills. Similarly, from the amount of subsidy claims honoured by the Government during the financial year 2014-15, the payments pertaining to previous year's claims have been exclude.

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5. Claims relating to Food subsidies submitted to the Union Government by Food Corporation of India

(₹ in crore)

2010-11				2011-12				2012-13				2013-14				2014-15				Closing balance
O/B of subsidy	Subsidy claims submitted during the year	Total	by Subsidy released GoI	O/B of subsidy	Subsidy claims submitted during the year	Total	by Subsidy released GoI	O/B of subsidy	Subsidy claims submitted during the year	Total	by Subsidy released GoI	O/B of subsidy	Subsidy claims submitted during the year	Total	by Subsidy released GoI	O/B of subsidy	Subsidy claims submitted during the year	Total	by Subsidy released GoI	
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
9469.67	57453.90	66923.57	51254.70	15668.87	67693.86	83362.73	59935.95	23426.78	80306.14	103732.92	71980.00	31752.92	89410.45	121163.37	75529.97	45633.40	105016.12	150649.52	91995.35	58654.17

Claims relating to Food Subsidy paid by the Union Government to Food Corporation of India

2010-11		2011-12		2012-13		2013-14		2014-15	
Subsidy paid by the Government during the year	Of which subsidy pertains to previous year	Subsidy paid by the Government during the year	Of which subsidy pertains to previous year	Subsidy paid by the Government during the year	Of which subsidy pertains to previous year	Subsidy paid by the Government during the year	Of which subsidy pertains to previous year	Subsidy paid by the Government during the year	Of which subsidy pertains to previous year
1	2	1	2	1	2	1	2	1	2
51254.70	5378.53	59935.95	2819.45	71980.00	23303.98	75529.97	9008.54	91995.35	30000.00

	2010-11	2011-12	2012-13	2013-14	2014-15
Subsidy payment made by the Government in Financial year	51254.70	59935.95	71980.00	75529.97	91995.35
Unpaid subsidy (Total subsidy claims submitted less subsidy released by GoI)	15668.87	23426.78	31752.92	45633.41	58654.17*

Note: As per existing practice, FCI prefers advance claim on the Ministry of Consumer Affairs, Food & Public Distribution for food subsidy for each quarter. Against this claim, Ministry reimburses certain portion to FCI within the same quarter.

*In 2014-15, FCI preferred total subsidy claim amounting to ₹1,05,016.12 crore to the Ministry. Against this, a total amount of ₹ 91,995.35 crore (including ₹ 30,000 crore pertaining to earlier years) was released by the GoI. Thus, the unpaid amount for 2014-15 works out to ₹ 43,020.77 crore. In respect of 4th quarter of 2014-15, FCI preferred a subsidy claim of ₹ 29,321.15 crore against which a sum of ₹10,000 crore was received by FCI within the 4th quarter, thus leading to shortfall of ₹19,321.15 crore. Even after reducing this unpaid amount of 4th quarter, the unpaid subsidy for 2014-15 works out to ₹23,699.62 crore (₹43,020.77 – ₹19,321.15), and this amount has been treated as unpaid subsidy for the year 2014-15.

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Details relating to total unpaid subsidy claims

(₹ in crore)

Sl.No.	Name of CPSU/Corporation	Claims of only three quarters during the year 2014-15 remaining unpaid	4 th quarter claims submitted during 2014-15	Closing balance of claims at the end of 2014-15 remaining unpaid	Claims including past years unpaid claims, but excluding last quarter claim for the year 2014-15, remaining unpaid
	1	2	3	4	5(4-3)
1.	National Fertilisers Ltd.	3,219.04	664.24	4,975.40	4,311.16
2.	Fertilisers and Chemicals Travancore Ltd.	64.98	142.99	335.51	192.52
3.	Madras Fertilisers Ltd.	223.41	295.66	740.12	444.46
4.	Hindustan Petroleum Corporation Ltd.	552.22	77.45	736.87	659.42
5.	Food Corporation of India	23,699.62	19,321.15	58,654.17	39,333.02
	Total	27,759.27	20,501.49	65,442.07	44,940.58

Note: In respect of 4th quarter of 2014-15, FCI preferred a subsidy claim of ₹ 29,321.15 crore against which a sum of ₹10,000 crore was received by FCI within the 4th quarter, thus there was shortfall of ₹19,321.15 crore in the 4th quarter.

Annexure 2.1

(Refer to paragraph 2.2.2)

Details of revenue and capital Major heads under which Minor head '800-Other Expenditure' was operated in 2014-15 and in which expenditure of more than 50 per cent of the total expenditure under the Major heads had been booked

Sl. No.	Major head	Total expenditure under the Major head	Expenditure under minor head 800- 'Other Expenditure'	Percentage of expenditure in Minor head as compared to Major head
		(□ in thousand)		
1	2250-Other Social Services	823719	822401	99.84
2	2416-Agriculture Financial Institutions	62598638	60000000	95.85
3	2515- Other Rural Development	6762659	4629229	68.45
4	2552-North Eastern Areas	2018258	1845761	91.45
5	2711--Flood Control and Drainage	2252918	2224176	98.72
6	3053- Civil Aviation	9766943	8201065	83.97
7	4402- Capital Outlay on Soil and Water Conservation	2067	2067	100.00
8	4803- Capital Outlay on Coal and Lignite	1761340	1761340	100.00
9	4853- Capital Outlay on Non-Ferrous Mining and Metallurgical Industries	324941	324941	100.00
10	5275- Capital Outlay on other Communication Services	3769897	3724918	98.81
11	5453- Capital Outlay on Foreign Trade and Export Promotion	2742069 ¹	2925361	106.68
	Total	92823449	86461259	

¹ Total expenditure under the major head is less than the expenditure booked under the minor head '800' due to deduct recoveries of over payments.

Annexure 2.2
(Refer to paragraph 2.2.3)

Funds of Regulators/Autonomous bodies outside Government Accounts

SI No	Name of Regulators/Autonomous bodies	Type of Investments / Capital Fund	Amount (₹ in crore)
1.	Security and Exchange Board of India	Surplus fund/Corpus fund	1,655.60
2.	Insurance Regulatory and Development Authority	Surplus fund	1,164.61
3.	Pension Fund Regulatory Development Authority	Capital/Corpus fund	15.78
4.	Medical Council of India	Earmarked/Endowment funds	357.08
5.	Dental Council of India	Investment from own resources fund	99.17
6.	Pharmacy Council of India	Earmarked/Endowment funds	27.10
7.	Indian Nursing Council	Investment (Others)	72.90
8.	Central Council of Homeopathy	Earmarked/Endowment funds	0.94
9.	Central Council of Indian Medicines	Public Deposit Accounts	3.73
10.	Food Safety and Standards Authority of India	Investment from own resources	60.00
11.	All India Council of Technical Education	FDR General with Bank	830.00
12.	University Grants Commission	Saving Bank Accounts	381.75
13.	Central Board of Secondary Education	Fixed Deposits	1,371.69
14.	Warehousing Development and Regulatory Authority	Saving Bank Accounts	2.15
15.	Rehabilitation Council of India	General Reserve fund	8.75
Total			6,051.25

Annexure 2.3
(Refer to paragraph 2.4.4)

Statement Showing Dormant Reserve Funds/Deposits

SI No	Nomenclature of the Head	Nature of the Fund	Balance as on 31 March 2015 (₹ in thousand)	Dormant since
1.	8116.102-Railway Revenue Reserve Funds-Investment Accounts	Reserve	10,99	2001-02
2.	8116.XXX-Railway-Loan to Branch Line Companies	Reserve	11,77	2001-02
3.	8116.105-Telecommunication Revenue Reserve Fund	Reserve	82,91,70	2001-02
4.	8118.105-Telecommunication Capital Reserve Fund	Reserve	6	2001-02
5.	8121.119-Staff Benefit Fund (Railways)--Investment Accounts	Reserve	1,00	1999-2000
6.	8121.111-Contingency Reserve Fund—Electricity	Reserve	1,30,75	2006-07
7.	8223.101-Famine Relief Fund	Reserve	3	2008-09
8.	8229.101-Development Funds for Educational Purposes	Reserve	7	2002-03
9.	8229.102-Development Funds for Medical and Public Health Purposes	Reserve	60	2002-03
10.	8229.108-Mining Areas Development Funds	Reserve	1,02	2002-03
11.	8229.117-National Bio-technological Core Fund	Reserve	3,25,13	2002-03
12.	8229.124-National Fund for Control of Drug Abuse	Reserve	33120	2013-14
13.	8229.126-Development Fund for Tea Sector	Reserve	62006	2010-11
14.	8230.101-Special Railway Safety Fund (Commercial)	Reserve	581,12,02	2008-09
15.	8230.102-Special Railway Safety Fund (Strategic)	Reserve	16,66,24	2007-08
16.	8235.101-General Reserve Funds of Government Commercial Departments/Undertakings	Reserve	75,86	2008-09
17.	8235.104-Railway Safety Works Fund	Reserve	40,74,41	2003-04
18.	8235.105-General Insurance Fund	Reserve	2,61,32,01	2005-06
19.	8235.113-National Renewal Funds	Reserve	17,70,20	2008-09
20.	8337.103-Contributory Indian Railways Conference Association Employees' Provident Fund-Investment Account	Deposit	65,12	2001-02
21.	8342.107-Deposits towards Payment of Estate Duty.	Deposit	1,31	2008-09
22.	8342.110-Telephone Application Deposits	Deposit	2,23,98,01	2005-06

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SI No	Nomenclature of the Head	Nature of the Fund	Balance as on 31 March 2015 (₹ in thousand)	Dormant since
23.	8342.111-Telex Application Deposits	Deposit	7,93,06	2003-04
24.	8342.114-Leased Telecommunication facility Deposits	Deposit	1,69,47	2001-02
25.	8342.108-Deposits of Income Tax, Super Tax, Excess Profits, Tax and Surcharge	Deposit	1,21,61	2001-02
26.	8443.114-Export Trade Deposits	Deposit	15,25,27	1988-89
27.	8443.127- Deposits of Local Bodies for meeting claims of contractors/employees/pensioners etc. who have migrated to Pakistan	Deposit	21,07	1996-97
28.	8443.130-Provident Societies Liquidation Accounts	Deposit	13	2008-09
29.	8445.102-Deposits of Branch Line Companies	Deposit	65	1992-93
30.	8448.103-Cantoment Funds	Deposit	1	2000-01
31.	8448.109-Panchayat Bodies Fund	Deposit	84	2008-09
32.	8448.111-Medical and Charitable Funds	Deposit	52	1988-89
33.	8448-Deposits of Local Funds 120-Other Funds	Deposit	2,26	2004-05
34.	8449.104-Deposits of Mines Provident Funds	Deposit	16,01	1988-89
35.	8449.106-Accounts under Indo- U.S. Agreement 1974	Deposit	16	1991-92
36.	8449.107-Deposits of Income Tax, Super Tax, Excess Profit Tax including Interest and Surcharge	Deposit	1,33,93	1991-92
37.	8449.108-Deposits of Local Bodies for discharge of Loans	Deposit	32,97	2000-01
38.	8449.113-Oil seeds and vegetable Oil Development Fund	Deposit	3,66,13	1999-2000
39.	8449.118-Advance Deposits for Japanese Grants aided Projects	Deposit	1,03,60	1995-96
40.	8450.101-Balance of Pondicherry	Deposit	40,12,90	2008-09
41.	8450.102-Balance of Goa, Daman and Diu	Deposit	16,30,26	1988-89
42.	8450.104-Balance of Arunachal Pradesh	Deposit	56,82,51	1988-89
43.	8450.105-Balance of Mizoram	Deposit	1,24,41,38	1988-89
44.	8009.01.103-ICS Provident Fund	Other Liabilities	2,01	1999-2000
45.	8010.105-Other Trusts	Other Liabilities	19,23	1999-2000
46.	8010.102-Endowment by the Late King of Oudh	Other Liabilities	91,04	1992-93

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SI No	Nomenclature of the Head	Nature of the Fund	Balance as on 31 March 2015 (₹ in thousand)	Dormant since
47.	8011.102-Family Pension Funds	Other Liabilities	6,10	2008-09
48.	8012.103-Special Securities issued to Rural Electrification Corporation	Other Liabilities	1,62,83,05	1988-89
Total			16,74,75,73	

Annexure 2.4

(Refer to paragraph 2.5.1-c)

Outstanding amount of Suspense Account for purchases abroad (since 2005)

(₹ in thousand)

Sl. No.	Name of the Importer	No. of cases	Amount
1.	Road and Building Deptt. Gujarat	1	1104
2.	Family Health Support Maharashtra	1	218
3.	Mysore Cement Ltd.	1	4326
4.	Ministry of Railways	2	8399
5.	Pyriites Phosphates & Chemicals Ltd.	2	249513
6.	Rail Coach Factory (Kapurthala)	1	1895
7.	Railway Board	1	13138
8.	Rail Coil Spring	1	7111
9.	Ministry of Water Resources	2	5233
10.	Pawan Hans Ltd.	1	574384
11.	Deptt. Of Telecommunication	6	14737
12.	The Fertilizers & Chemicals Travancore Ltd	1	39
13.	Indian Farmers Fertilizer Co-operative Limited	3	14257
14.	Ministry of Home Affairs	1	2255
15.	Ministry of Road Transport and Highways	3	3952
16.	Ministry of Road Transport and Highways-Technical	3	15292
17.	National Capital Territory of Delhi	1	48297
18.	Cochin Port Trust	1	3648
19.	Delhi Electric Supply Undertaking, Delhi	1	78009
20.	Bhillai Steel Plant	1	1200
21.	Coal India Ltd (WB)	3	231832
22.	CMAL-DL	1	348
23.	Jhanjra Bhillai Steel Plant	1	906
24.	Oil and Natural Gas Commission	2	59427
25.	AP State Electricity Board, Andhra Pradesh	1	47476
26.	Helicopter Corporation of India	1	672356
27.	KRIBHCO Rain Farming & Eastern & Western Ghat Project	1	7079
28.	Ministry of Finance, Deptt. of Economic Affairs	1	4560
29.	Department of Elementary Education & Literacy	1	1132
30.	Department of Personnel and Training	1	14848
31.	Ministry of Environment & Forests	1	777
32.	MOEF-WB	1	3691
33.	Ministry of Finance	1	2505
34.	Ministry of Tourism	1	27634
35.	Ministry of Urban Development	1	66183
36.	National Institute for the Mentally Handicapped	1	44
37.	Planning Commission	1	7875
	Total	54	2195680

Annexure 2.5
(Refer to paragraph 2.5.2)

Adverse balances under Debt, Deposit and Remittances heads

Sl. No.	Head of Account (Major /Minor Head)		Balance as on 31.03.2015 (₹ in thousand)		Period from which balances become adverse
Statement No-13					
1.	8115.00.101	Depreciation Reserve Funds – Railways (Commercial Lines)	Debit	12300932	2009-10
2.	8121.00.103	Railway Pension Fund –Commercial Lines	Debit	12745048	2009-10
3.	8229.00.200	Other Development and Welfare Fund	Debit	1712901	2007-08
4.	8337.00.104	Non-Contributory Indian Railways Conference Association Employees Provident Fund-Investment Accounts	Credit	30819	2013-14
5.	8443.00.111	Other Departmental Deposits	Debit	516173	2006-07
6.	8445.00.104	Railway Deposits-Trust Interest Account	Debit	198265	2005-06
7.	8445.00.800	Railway Deposits-Other Deposits	Debit	12202288	2005-06
8.	8446.00.102	Other Postal Deposits	Debit	902648	2014-15
9.	8446.00.800	Postal Deposits-Other Deposits	Debit	145787	2005-06
10.	8448.00.102	Deposits of Local Funds-Municipal Funds	Debit	3	2007-08
11.	8448.00.104	Deposits of Local Funds-Funds of Insurance Association of India	Debit	291	Pre-1976-77
12.	8451.00.101	Bhopal Gas Leak Disaster Relief Fund-Claims and Relief Funds	Debit	9316164	2005-06
13.	8451.00.102	Bhopal Gas Leak Disaster Relief Fund- Claims and Relief Fund Investment Account	Credit	9220607	2005-06
14.	8550.00.101	Forest Advance	Credit	19203	2013-14
15.	8670.00.111	Cheques and Bills- Pay & Account Offices Electronic Advices	Debit	5612194	2011-12
Statement No-14					
16	6002.00. 207	Loans from the European Economic community	Debit	949425	2000-01
17	6002.00. 208	Loans from the Government of France	Debit	4616718	2000-01
18	6002.00. 223	Loans from the Government of Swiss Confederation and Swiss Bank	Debit	195491	2010-11
19	6002.00. 226	Loans from the Agency for International Development USA	Debit	9317716	1995-96

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Sl. No.	Head of Account (Major /Minor Head)		Balance as on 31.03.2015 (₹ in thousand)		Period from which balances become adverse
20	6002.00.227	Loans from the Government of USA under PL -480 convertible local currency Credits	Debit	5699575	1995-96
21	6002.00.504	Debt awaiting adjustment to loans from IBRD	Debit	3059051	2014-15
22	8014.00.107	PLI Children Policy Scheme	Debit	2725	2014-15
Statement No-14 A					
23	6001.00.105	Securities issued to International Financial Institutions, International Bank for Reconstruction and Development	Debit	404339	2010-11
24	6001.00.105	Securities issued to International Financial Institutions, International Fund for Agriculture Development	Debit	215439	2002-03
25	6001.00.106	Compensation and Other Bonds-Special Bearer Bonds, 1991	Debit	510	2014-15
Statement No-15					
26.	6202.01.203	University & Higher Education	Credit	1568	2004-05
27.	6215.02.800	Other Loan	Credit	20400	2001-02
28.	6216.80.190	Loans to Public Sector and other Undertakings	Credit	2	2008-09
29.	6216.80.800	Other Loans	Credit	11977	2010-11
30.	6225-01-800	Other Loans	Credit	829	1994-95
31.	6245.01.101	Gratuitous Relief	Credit	830	1986-87
32.	6245.02.101	Gratuitous Relief	Credit	2157	1997-98
33.	6402.00.102	Soil Conservation	Credit	7705	1995-96
34.	6402.00.203	Land Reclamation and Development	Credit	592	2007-08
35.	6404.00.800	Other Loans	Credit	4642331	2004-05
36.	6405.00.106	Mechanization of fishing crafts	Credit	532	2006-07
37.	6425.00.108	Loan to other cooperatives	Credit	4004370	2003-04
38.	6515.00.102	Community development	Credit	158	1986-87
39.	6801.00.201	Hydel Generation	Credit	880938	2004-05
40.	6801.00.205	Transmission & Distribution	Credit	1361103	2005-06
41.	6851.00.102	Small Scale Industries	Credit	4664	2006-07
42.	7052.02.101	Loans to Shipping Development Fund Committee.	Credit	2941305	2011-12

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Sl. No.	Head of Account (Major /Minor Head)		Balance as on 31.03.2015 (₹ in thousand)		Period from which balances become adverse
43.	7053.00.190	Loans to Public Sector and other Undertakings	Credit	377537	2010-11
44.	7475.00.102	Trading Institutions	Credit	25000	2011-12
45.	7601.01.436	Crop Husbandry-Commercial Crops	Credit	1	2012-13
46.	7601.03.413	Co-operation- Loans to other Co-operatives	Credit	4184	2012-13*
47.	7601.03.501	Soil and Water Conservation- Soil Conservation Schemes	Credit	2123	2012-13*
48.	7601.03.576	Animal Husbandry- Cattle and Buffalo Development	Credit	11	2012-13*
49.	7601.03.601	Dairy Development	Credit	29	2012-13*
50.	7601.03.727	Village and Small Industries- Small Scale Industries	Credit	139	2012-13*
51.	7601.03.786	Flood Control- Other Loans	Credit	71707	2012-13*
52.	7601.03.787	Anti-Sea Erosion Projects-Other Loans	Credit	1239	2012-13*
53.	7601.04.267	Water Supply- Other Loans	Credit	149604	2012-13*
54.	7601.04.312	Urban Development-Integrated Development of Small/Medium Towns	Credit	191427	2012-13*
55.	7601.04.360	Welfare of Scheduled Tribes- Other Loans	Credit	408	2012-13*
56.	7601.04.411	Co-operation Credit Cooperatives	Credit	32522	2012-13*
57.	7601.04.413	Other Co-operatives	Credit	1686	2012-13*
58.	7601.04.436	Crop Husbandry-Commercial Crops	Credit	131283	2012-13*
59.	7601.04.443	Crop Husbandry- Other Loans	Credit	336715	2012-13*
60.	7601.04.501	Soil and Water Conservation-Soil conservation Schemes	Credit	96229	2012-13*
61.	7601.04.579	Animal Husbandry-Sheep and wool development	Credit	175	2012-13*
62.	7601.04.601	Dairy Development	Credit	36	2012-13*
63.	7601.04.726	Village and Small Industries- Handloom Industries	Credit	6960	2012-13*
64.	7601.04.727	Village and Small Industries Small-scale Industries	Credit	853	2012-13*
65.	7601.04.729	Village and Small Industries- Coir Industry	Credit	354	2012-13*
66.	7601.04.747	Village and Small Industries-Other Village Industries	Credit	1088	2012-13*
67.	7601.04.786	Flood Control-Other loans	Credit	4730	2012-13*

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Sl. No.	Head of Account (Major /Minor Head)		Balance as on 31.03.2015 (₹ in thousand)		Period from which balances become adverse
68.	7601.04.825	Roads of Inter-State or Economic Importance-Road Works	Credit	18359	2012-13*
69.	7601.04.826	Roads of Inter-State or Economic Importance-Machinery and Equipment	Credit	106	2012-13*
70.	7601.04.871	Inland water Transport-Other Loans	Credit	897	2012-13*
71.	7601.07.800	Other Loans	Credit	1580	2012-13
72.	7602.04.412	Cooperation-Consumer cooperatives	Credit	14	2012-13
73.	7610.00.203	Advances for Purchase other Conveyances	Credit	3910.98	2004-05
Statement No-16					
74.	8002.00.103	Treasury Saving Deposits Certificates	Debit	6962	1976-77
75.	8002.00.105	Saving Certificates-Bank Series	Debit	189	2007-08

**Adverse balance is due to write off of balances as per the recommendation of 13th Finance Commission and pending adoption by the Ministry of Finance.*

Annexure 2.6
(Refer to paragraph 2.5.5)
Availability of Annual Proforma Accounts

Sl. No.	Name of Undertaking	Period of Accounts last prepared
MINISTRY OF AGRICULTURE		
1.	Delhi Milk Scheme	2014-15
2.	Ice-cum Freezing Plant, Kochi	2009-10
DEPARTMENT OF ATOMIC ENERGY		
3.	Nuclear Fuel Complex, Hyderabad	2010-11
4.	Heavy Water Board, Mumbai	2010-11
MINISTRY OF DEFENCE		
5.	Canteen Stores Department	2013-14
MINISTRY OF FINANCE		
6.	Government Alkaloid Works, Neemuch	2010-11
7.	Government Alkaloid Works, Ghazipur	2009-10
8.	Government Opium Factory, Ghazipur	2009-10
9.	Government Opium Factory, Neemuch	2010-11
MINISTRY OF HEALTH AND FAMILY WELFARE		
10.	Central Research Institute, Kasauli	2006-07
11.	Vegetable Garden of Central Institute of Psychiatry, Kanke, Ranchi	2011-12
12.	H L L Life Care Limited	2014-15
13.	H S C C (India) Limited	2014-15
MINISTRY OF INFORMATION AND BROADCASTING		
14.	Film Division, Mumbai	2009-10
15.	National Film Development Corporation Limited	2013-14
MINISTRY OF POWER		
16.	Electricity Department, Andaman and Nicobar Islands	2012-13
17.	Electricity Department, Lakshadweep	2009-10
MINISTRY OF SHIPPING		
18.	Directorate of Lighthouses and Lightships, Noida	2011-12
19.	Andaman Ferry Service	2004-05
20.	Shipping Services, Andaman and Nicobar Islands	2009-10
21.	Marine Department (Dockyard) Andaman and Nicobar Islands	2003-04
22.	Port Management Board, Andaman and Nicobar Islands	1990-91
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS		
23.	Chandigarh Transport Undertaking	2009-10
24.	State Transport Service, Andaman & Nicobar Islands	2013-14
MINISTRY OF URBAN DEVELOPMENT		
25.	Government Press, Andaman and Nicobar Islands	1979-80
26.	Department of Publications	2000-01
27.	Government of India Press, Minto Road, New Delhi	2011-12
28.	Government of India Press, Ring Road, New Delhi	2011-12

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Sl. No.	Name of Undertaking	Period of Accounts last prepared
29.	Government of India Press, Rashtrapati Bhavan, New Delhi	2011-12
30.	Government of India Press, Nilokheri	2011-12
31.	Government of India Press, Faridabad	2011-12
32.	Government of India Press, Shimla	2011-12
33.	Government of India Press, Coimbatore	2012-13
34.	Government of India Text Book Press, Bhubaneswar	2007-08
35.	Government of India Text Book Press, Mysore	2011-12
36.	Government of India Press, Kolkata	2011-12
37.	Government of India Press, Koratty	2012-13
38.	Government India press, Nasik	2012-13
39.	Government of India Press, Aligarh	2011-12
40.	Government of India Text Book Press, Chandigarh	2011-12
41.	Government of India Press, Gangtok	2007-08
42.	Government of India Press, Satragachi Howrah	2011-12

Annexure 2.7
(Refer to paragraph 2.5.6)

Statement of losses and irrecoverable dues written off/waived during 2014-15

(₹ 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	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Department of Space	0	0	0	0	20	14.85	1	0.07
Ministry of Agriculture, Department of Agriculture & Co-operation	1	0.29	0	0	0	0	0	0
Ministry of Home Affairs	0	0	0	0	35	3420.57	0	0
Ministry of Science and Technology	0	0	1	0.03	3	4.94	0	0
Ministry of Mines	0	0	0	0	3	0.29	0	0
Deptt. Of Post & Telecommunication	06	18.54	836	5030.15	42	9.79	27	18772.55
Department of Atomic Energy	0	0	0	0	27	6.17	0	0
Total	7	18.83	837	5030.18	130	3456.61	28	18772.62

Annexure 3.1
(Refer to paragraph 3.2)
Authorisation and Disbursements

(₹ in crore)

Nature of Disbursements	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Disbursements	Savings(-) Excess(+)
A – Civil					
Voted					
I. Revenue	1050284.25	30852.80	1081137.05	964415.05	(-) 116722.00
II. Capital (including Loans and Advances)	138109.14	9486.25	147595.39	114108.38	(-) 33487.01
Total	1188393.39	40339.05	1228732.44	1078523.43	(-) 150209.01
Charged					
III. Revenue	519135.02	383.86	519518.88	491297.66	(-) 28221.22
IV. Capital (including Loans and Advances and Public Debt)	4077250.69	73.31	4077324.00	3719862.57	(-) 357461.43
Total	4596385.71	457.17	4596842.88	4211160.23	(-) 385682.65
Grand Total	5784779.10	40796.22	5825575.32	5289683.66	(-) 535891.66
Recoveries in reduction of disbursements			133960.20	109079.48	
Total Net Provision			5691615.12		
Total Net Disbursement				5180604.18	

B – Posts					
Voted					
I. Revenue	18141.35	344.66	18486.01	18556.42	(+) 70.41
II. Capital	518.30	0.01	518.31	170.89	(-) 347.42
Total	18659.65	344.67	19004.32	18727.31	(-) 277.01
Charged					
III. Revenue	0.20	3.64	3.84	0.14	(-) 3.70
IV. Capital	--	2.26	2.26	2.07	(-) 0.19
Total	0.20	5.90	6.10	2.21	(-) 3.89
Grand Total	18659.85	350.57	19010.42	18729.52	(-) 280.90
Recoveries in reduction of disbursements			665.19	661.98	
Total Net Provision			18345.23		
Total Net Disbursement				18067.54	

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(₹ in crore)

Nature of Disbursements	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Disbursements	Savings(-) Excess(+)
C - Defence Services					
Voted					
I. Revenue	151002.32	7936.31	158938.63	155167.76	(-) 3770.87
II. Capital	94257.00	0.01	94257.01	81741.90	(-) 12515.11
Total	245259.32	7936.32	253195.64	236909.66	(-) 16285.98
Charged					
III. Revenue	74.45	399.22	473.67	339.48	(-) 134.19
IV. Capital	330.95	0.01	330.96	145.08	(-) 185.88
Total	405.40	399.23	804.63	484.56	(-) 320.07
Grand Total	245664.72	8335.55	254000.27	237394.22	(-) 16606.05
Recoveries in reduction of disbursements			11425.75	10361.30	
Total Net Provision			242574.52		
Total Net Disbursement				227032.92	

D – Railways					
Voted	293466.92	5809.82	299276.74	284864.29	(-) 14412.45
Charged	261.62	61.66	323.28	268.92	(-) 54.36
Total	293728.54	5871.48	299600.02	285133.21	(-) 14466.81
Recoveries in reduction of disbursements			99254.24	93994.81	
Total Net Provision			200345.78		
Total Net Disbursement				191138.40	

Total						
Total CFI	Voted	1745779.28	54429.86	1800209.14	1619024.69	(-) 181184.45
	Charged	4597052.93	923.96	4597976.89	4211915.92	(-) 386060.97
Grand Total CFI		6342832.21	55353.82	6398186.03	5830940.61	(-) 567245.42
Total recoveries in reduction of expenditure			245305.38	214097.57		
Total provision and expenditure as per Appropriation Account (CFI)			6152880.65	5616843.04		
Difference with the Figures of Finance Accounts				0		
Total disbursement from CFI as per Finance Account				5616843.04		

Note: In demands for grants, provision for the charged disbursements is called appropriation and for voted disbursements, it is called grant.
CFI: Consolidated Fund of India

Annexure 3.2
(Refer to paragraph 3.2)
Net savings in Grants/Appropriations

Grants and Appropriations affected	Unspent provision		Excess		Net savings(-) Net Excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
A – Civil						
Voted (₹ in crore)	126157.90	39680.42	9435.90	6193.41	(-) 116722.00	(-) 33487.01
No. of grants	93	64	1	1	--	--
Charged (₹ in crore)	28232.45	357461.43	11.23	0.0012	(-) 28221.22	(-) 357461.43
No. of Appropriations	33	11	2	1	--	--
B – Posts						
Voted (₹ in crore)	--	347.42	70.41	--	(+) 70.41	(-) 347.42
No. of grants	--	1	1	--	--	--
Charged (₹ in crore)	3.70	0.19	--	--	(-) 3.70	(-) 0.19
No. of Appropriations	1	1	--	--	--	--
C - Defence Services						
Voted (₹ in crore)	3770.87	12515.11	--	--	(-) 3770.87	(-) 12515.11
No. of grants	5	1	--	--	--	--
Charged (₹ in crore)	134.19	185.88	0.0013	--	(-) 134.19	(-) 185.88
No. of Appropriations	4	1	1	--	--	--
D – Railways						
Voted(₹ in crore)	9144.72	5757.42	456.56	33.13	(-) 8688.16	(-) 5724.29
No. of grants	13	2	2	1	--	--
Charged(₹ in crore)	26.21	28.83	0.68	--	(-) 25.53	(-) 28.83
No. of Appropriations	7	3	3	--	--	--

Annexure 3.3
(Refer to paragraph 3.3)
Year-wise proportion of Charged and Voted Authorization and Disbursements under Civil Ministries/Departments

(₹ in crore)

Sl No.	Year	Authorization			Disbursements			Percentage of	
		Voted	Charged	Total	Voted	Charged	Total	Voted	Charged
1.	2000-01	173677	530530	704207	160753	405289	566042	28	72
2.	2001-02	218136	481679	699815	201574	473950	675524	30	70
3.	2002-03	230649	547152	777801	213833	504119	717952	30	70
4.	2003-04	254328	564275	818603	231100	599889	830989	28	72
5.	2004-05	278555	703835	982390	252254	724942	977196	26	74
6.	2005-06	330051	1193138	1523189	301269	1288817	1590086	19	81
7.	2006-07	449178	1635986	2085164	415785	1670413	2086198	20	80
8.	2007-08	551115	1894750	2445865	519214	1818879	2338093	22	78
9.	2008-09	780316	2440552	3220868	744116	2404957	3149073	24	76
10.	2009-10	830706	3525606	4356312	768458	3349254	4117712	19	81
11.	2010-11	986064	3697775	4683839	918675	3104657	4023332	23	77
12.	2011-12	1060295	3875262	4935557	921280	3840960	4762240	19	81
13.	2012-13	1155063	4190305	5345368	977071	3816395	4793466	20	80
14.	2013-14	1222190	4493627	5715817	1014393	3975665	4990058	20	80
15.	2014-15	1228732	4596843	5825575	1078524	4211160	5289684	20	80

Annexure 3.4

(Refer to paragraph 3.6)

**Statement showing cases of excess expenditure without
adequate re-appropriation of funds
(₹5 crore and above)**

(₹ in crore)

Sl No.	Minor/Sub-head		Provision	Actual Expenditure	Final Excess Expenditure
Civil					
14 - Department of Telecommunications					
1.	2071.01.101.01-Ordinary Pensions	O ¹ R	3381.99 (+)662.54	4184.43	139.90
2.	2071.01.105.02-Family Pensions	O R	695.70 (+)18.76	741.65	27.19
20 - Ministry of Defence					
3.	2052.00.092.02- Defence Accounts Departments (DAD) Charged	O S	0.20 0.40	7.49	6.89
21 - Defence Pensions					
4.	2071.02.101.01 – Army-Pension and other Retirement Benefits	O R	43965.41 (-)798.28	52654.12	9486.99
5.	2071.02.102.01 – Navy-Pension and other Retirement Benefits	O R	1806.37 (-)26.92	2142.73	363.28
6.	2071.02.102.03 – Navy-Leave Encashment	O R	210.59 (-)79.10	153.54	22.05
7.	2071.02.103.01 – Air Force-Pension and other Retirement Benefits	O R	2905.91 (-)73.38	3417.24	584.71
8.	2071.02.103.03 – Air Force-Leave Encashment	O R	244.02 (+)69.92	346.44	32.50
30 – Ministry of Earth Sciences					
9.	5455.00.101.02-Atmospheric Observations Systems Network	O R	115.00 (-)88.00	43.54	16.54
32 – Ministry of External Affairs					
10.	2061.00.101.01 - Management and Establishment	O R	1832.30 (+)159.60	2104.22	112.32
11.	2061.00.103.01 - Discretionary Expenditure	O S	1596.00 0.0034	1714.66	118.66
12.	3605.00.101.17-ITEC Programme	O	155.00	162.27	7.27
13.	3605.00.101.33-Aid to Afghanistan	O R	676.00 (+)34.00	723.52	13.52
35 - Appropriation-Interest Payments					
14.	2049.01.122-Interest on Investment in Special G.O.I. Securities issued against net collections of small savings from 1999-2000	O R	3108.37 (+)71.45	3273.14	93.32
15.	2049.03.104.02-Other State Provident funds	O R	3692.16 (-)1247.64	2651.13	206.61
16.	2049.03.109.10 - Special Deposits of Provident Superannuation Gratuity Fund	O R	9068.00 (+)1550.00	10624.52	6.52
17.	2049.03.110.01 - Bonus for undischursed Pay of India Ranks	O R	5.21 (-)3.45	12.39	10.63
18.	2049.05.103-Interest on Railway Development Fund	O R	248.39 (-)68.07	196.24	15.92

O – Original; S – Supplementary; R – Re-appropriation

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**Statement showing cases of excess expenditure without
adequate re-appropriation of funds
(₹5 crore and above)**

(₹ in crore)

Sl No.	Minor/Sub-head	Provision	Actual Expenditure	Final Excess Expenditure
19.	2049.05.105.01-Railway Pension Fund	O R 1.43 (+)25.82	43.40	16.15
20.	2049.05.105.04-Interest on Railway Capital Reserve Fund	O R 2.56 (+)36.98	47.47	7.93
38 - Appropriation-Repayment of Debt				
21.	6001.00.106.14- Voluntary Disclosure of Income and Wealth 5-¾ % Bonds 1985	O ² 0.03	8.13	8.10
22.	6001.00.110-364 Days Treasury Bills	O R 136907.51 (+)48.75	143004.76	6048.50
23.	6002.00.213-Loans from the International Development Association	O R 8279.94 (-)355.26	7936.62	11.94
24.	6002.00.216-Loans from the International Bank for Reconstruction and Development	O R 4160.22 (-)15.87	4149.82	5.47
40 – Pensions				
25.	2071.01.104.01-Ordinary Pensions	O R 2554.85 (-)220.00	2389.34	54.49
59 - Department of School Education & Literacy				
26.	2202.01.111.03-Establishment and Related Expenditure	O R 37.20 (-)34.41	12.70	9.91
60 - Department of School Education				
27.	2202.05.102.13-Grants for promotion of Indian languages	O R 230.95 (-)36.83	207.12	13.00
28.	2203.00.112.54-Support to Indian Institute of Science (IISc) and Indian Institute (s) of Science Education & Research (IISER)	O R 884.98 (-)66.74	823.66	5.42
67 – Ministry of Mines				
29.	2853.01.800.01-Miscellaneous Major Expenditure on Different Operations	O R 111.65 (-)91.35	29.72	9.42
77 – Ministry of Power				
30.	6801.00.190.07-Loans to National Thermal Power Corporation of India Ltd.	O Nil	7725.77	7725.77
93 – Ministry of Statistics and Programme Implementation				
31.	3454.02.204.19-Capacity Development of CSO and Institutional Development & Capacity Building)	O R 122.75 (-)47.42	80.66	5.33
32.	3601.03.432.05-Support for Statistical Strengthening	O R 89.60 (-)86.79	15.11	12.30
106 – Ministry of Water Resources				

O – Original; S – Supplementary; R – Re-appropriation

**Statement showing cases of excess expenditure without
adequate re-appropriation of funds
(₹5 crore and above)**

(₹ in crore)

Sl No.	Minor/Sub-head		Provision	Actual Expenditure	Final Excess Expenditure
33.	2711.01.800.30-River Management Activities and Works related to Border Rivers	O	24.00	29.13	5.13
Postal Services					
13 - Department of Posts					
34.	3201.01.101.03-Postal Divisions	O S R	405.74 18.11 (+)76.97	513.90	13.08
35.	3201.02.101.10-Gramin Dak Sewak	O ³ S R	2700.00 4.00 (+)46.00	2879.44	129.44
36.	3201.02.102.01-Mail Sorting	O S R	1241.97 11.93 (-)168.34	1105.31	19.75
37.	3201.04.101.01-Cost of Pay & Allowances of Audit Staff	O	80.00	94.14	14.14
38.	3201.05.053.01-Building	O R	77.77 (+)2.86	89.51	8.88
39.	3201.07.104.01-Gratuties	O R	681.60 (-)59.50	648.79	26.69
40.	5201.00.104.14-Setting up of Mail Business Centre	O R	44.00 (-)14.99	39.89	10.88
Defence Services					
23 - Defence Services-Navy					
41.	2077.00.101-Pay and Allowance of Navy (Voted)	O S R	3760.00 75.00 (+)142.00	4016.68	39.68
42.	2077.00.106 - Repairs & Refits (Voted)	O R	511.07 (+)333.93	863.12	18.12
24 - Defence Services-Air Force					
43.	2078.00.105 - Transportation	O R	823.69 (-)69.57	760.81	6.69
27 - Capital Outlay on Defence Services					
44.	4076.01.101-Aircraft and Aero engine - Army (Voted)	O	2127.99	2165.81	37.82
45.	4076.01.106-Rolling Stock - Army (Voted)	O	275.07	378.21	103.14
46.	4076.01.112-Rashtriya Rifles - Army (Voted)	O	213.05	244.00	30.95
47.	4076.01.202 - Construction Works - Army (Charged)	O	8.00	15.08	7.08
48.	4076.02.050 - Land - Navy (Voted)	O	23.50	45.12	21.62
49.	4076.02.202 - Construction Works - Navy (Voted)	O	580.81	644.30	63.49
50.	4076.02.204- Naval Fleet	O	12576.06	13355.38	779.32

O - Original; S - Supplementary; R - Re-appropriation

**Statement showing cases of excess expenditure without
adequate re-appropriation of funds
(₹5 crore and above)**

(₹ in crore)

Sl No.	Minor/Sub-head	Provision		Actual Expenditure	Final Excess Expenditure
51.	4076.03.101 - Aircraft and Aero engine – Air Force (Voted)	O	16271.43	22557.57	6286.14
52.	4076.03.202 – Construction Works – Air Force (Voted)	O S	1415.84 0.0050	1636.66	220.82
53.	4076.03.111-Works – R & D (Charged)	O	4.00	83.40	79.40
				Total	33120.81

Annexure 3.5

(Refer to paragraph 3.7)

**Statement showing savings of ₹ 100 crore or above⁴
under various grants/appropriations**

Sl No.	Description of grant/appropriation	Total Provision	Savings	Percentage of total provision
		(₹ in crore)		
Civil				
Revenue – Voted				
1.	01-Department of Agricultural Research & Cooperation	22603.11	3114.80	14
2.	02-Department of Agricultural Research & Education	6144.44	1304.41	21
3.	03-Department of Animal Husbandry Dairy & Fisheries	2726.16	517.57	19
4.	05-Department of Nuclear Power Scheme	4223.49	499.24	12
5.	07-Department of Fertilizers	77112.31	2020.45	03
6.	08-Department of Pharmaceuticals	217.83	130.12	60
7.	11-Department of Commerce	5552.02	416.64	08
8.	14-Department of Telecommunications	14267.08	2344.93	16
9.	15-Department of Electronics and Information Technology	3734.12	281.51	08
10.	17-Department of Food & Public Distribution	123992.20	5028.52	04
11.	19-Ministry of Culture	2443.06	397.93	16
12.	20-Ministry of Defence	18270.67	103.74	01
13.	28-Ministry of Development of North Eastern Region	2151.80	598.80	28
14.	29-Ministry of Drinking Water & Sanitation	15377.50	3176.04	21
15.	30-Ministry of Earth Science	1515.07	281.93	19
16.	31-Ministry of Environment and Forests	2488.41	693.60	28
17.	32-Ministry of External Affairs	11264.37	1402.54	12
18.	33-Department of Economic Affairs	16157.52	885.54	05
19.	34-Department of Financial Services	11745.25	3834.92	33
20.	36-Transfer to State and Union Territory Governments	70757.00	9438.73	13
21.	40-Pensions	25370.00	199.37	01
22.	41-Indian Audit & Accounts Department	3221.05	108.25	03
23.	42-Department of Revenue	11759.91	427.39	04
24.	43-Direct Taxes	4342.89	249.64	06
25.	44-Indirect Taxes	4884.02	719.78	15
26.	46-Ministry of Food Processing Industries	785.89	189.15	24
27.	47-Department of Health & Family Welfare	36481.41	6505.28	18
28.	48-Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	1252.09	577.72	46
29.	49-Department of Health Research	1017.70	106.92	11
30.	50-Department of AIDS Control	1702.00	414.61	24
31.	51-Department of Heavy Industry	1139.56	171.44	15
32.	53-Ministry of Home Affairs	1534.45	425.88	28
33.	55-Police	51031.41	419.65	01
34.	56-Other Expenditure of the Ministry of Home Affairs	2230.27	557.91	25

⁴ Savings also include mandatory cuts imposed by Ministry of Finance as a part of economy measures.

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**Statement showing savings of ₹ 100 crore or above⁴
under various grants/appropriations**

Sl No.	Description of grant/appropriation	Total Provision	Savings	Percentage of total provision
		(₹ in crore)		
35.	58-Ministry of Housing and Urban Poverty Alleviation	6008.68	3273.28	54
36.	59-Department of School Education & Literacy	82695.14	14615.25	18
37.	60-Department of Higher Education	27656.08	4486.90	16
38.	61-Ministry of Information & Broadcasting	3287.18	158.45	05
39.	62-Ministry of Labour and Employment	5783.82	1474.27	25
40.	64-Law and Justice	1992.88	241.96	12
41.	66-Ministry of Micro, Small & Medium Enterprises	3693.51	932.51	25
42.	67-Ministry of Mines	1011.01	175.43	17
43.	68-Ministry of Minority Affairs	3614.06	553.55	15
44.	69-Ministry of New & Renewable Energy	2762.39	539.29	20
45.	71-Ministry of Panchayati Raj	7000.70	3610.14	52
46.	75-Ministry of Petroleum & Natural Gas	63542.02	3231.84	05
47.	76-Ministry of Planning	1828.38	537.06	29
48.	77-Ministry of Power	8228.16	3590.65	44
49.	83-Ministry of Road Transport & Highways	20103.39	1430.69	07
50.	84-Department of Rural Development	121746.83	13116.63	11
51.	85-Department of Land Resources	3759.13	1252.72	33
52.	86-Department of Science and Technology	3546.03	646.11	18
53.	87-Department of Scientific and Industrial Research	3671.17	292.47	08
54.	88-Department of Bio-technology	1517.24	170.27	11
55.	89-Ministry of Shipping	1258.70	253.37	20
56.	90-Ministry of Social Justice and Empowerment	5750.77	1013.30	18
57.	91-Department of Disability Affairs	595.91	229.08	38
58.	92-Department of Space	3583.58	213.39	06
59.	93-Ministry of Statistics and Programme Implementation	4905.79	840.74	17
60.	95-Ministry of Textiles	5547.74	1657.68	30
61.	96-Ministry of Tourism	1965.22	979.89	50
62.	97-Ministry of Tribal Affairs	517.40	172.31	33
63.	98-Andaman & Nicobar Islands	3132.76	175.32	06
64.	99-Chandigarh	3044.70	109.84	04
65.	101-Daman & Diu	1291.03	119.70	09
66.	103-Department of Urban Development	8713.64	4553.51	52
67.	106-Ministry of Water Resources	15143.17	9728.38	64
68.	107-Ministry of Women and Child Development	21193.91	2652.77	13
69.	108-Ministry of Youth Affairs and Sports	1768.14	624.00	35
Revenue – Charged				
70.	35-Appropriation-Interest Payments	449882.66	24784.40	06
71.	36-Transfer to State & Union Territory Governments	64675.00	2861.68	04
72.	97-Ministry of Tribal Affairs	3913.63	476.04	12
Capital – Voted				
73.	04-Atomic Energy	4408.46	1024.20	23
74.	05-Nuclear Power Scheme	674.00	282.50	42
75.	09-Ministry of Civil Aviation	6545.10	730.15	11
76.	10-Ministry of Coal	1647.00	598.17	36
77.	12- Department of Industrial Policy & Promotion	105.75	105.50	100

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**Statement showing savings of ₹ 100 crore or above⁴
under various grants/appropriations**

Sl No.	Description of grant/appropriation	Total Provision	Savings	Percentage of total provision
		(₹ in crore)		
78.	14- Department of Telecommunications	3798.01	2859.02	75
79.	17-Department of Food & Public Distribution	10678.26	192.89	02
80.	20-Ministry of Defence (Civil)	1620.72	439.57	27
81.	28-Ministry of Development of North Eastern Region	353.50	145.49	41
82.	30-Ministry of Earth Sciences	187.06	118.85	64
83.	32-Ministry of External Affairs	3466.01	1179.02	34
84.	33-Department of Economic Affairs	12515.86	2621.50	21
85.	34-Department of Financial Services	24795.03	13725.47	55
86.	42-Department of Revenue	106.01	105.80	100
87.	43-Direct Taxes	752.01	682.14	91
88.	44-Indirect Taxes	271.32	142.52	53
89.	47-Department of Health & Family Welfare	1964.52	1092.16	56
90.	55-Police	9863.51	3924.49	40
91.	56-Other Expenditure of the Ministry of Home Affairs	259.54	221.05	85
92.	75-Ministry of Petroleum & Natural Gas	2400.00	2400.00	100
93.	76-Ministry of Planning	786.49	269.48	34
94.	83-Ministry of Road Transport & Highways	37436.27	1665.45	04
95.	89-Ministry of Shipping	516.09	181.20	35
96.	92-Department of Space	3656.58	1205.72	33
97.	98-Andaman & Nicobar Islands	566.65	118.04	21
98.	103-Department of Urban Development	8826.22	2137.48	24
99.	104-Public Works	832.33	274.80	33
100.	106-Ministry of Water Resources	228.63	132.20	58
Capital – Charged				
101.	36-Transfer to State & Union Territory Governments	13000.00	1102.68	08
102.	38-Appropriation - Repayment of Debt	4064025.03	356325.38	09
Defence Services				
Revenue – Voted				
103.	22-Defence Services-Army	100635.34	1496.71	01
104.	23-Defence Services- Navy	14507.97	177.34	01
105.	24-Defence Services-Air Force	23127.57	495.88	02
106.	25-Defence Ordnance Factories	14308.66	1478.32	10
107.	26-Defence Services Research & Development	6359.09	122.62	02
Revenue – Charged				
108.	22-Defence Services-Army	378.95	116.83	31
Capital – Voted				
109.	27-Capital Outlay on Defence Services	94257.01	12515.11	13
Capital – Charged				
110.	27-Capital Outlay on Defence Services	330.96	185.88	56
Postal Services				
Capital – Voted				
111.	13-Department of Posts	518.31	347.42	67

**Statement showing savings of ₹ 100 crore or above⁴
under various grants/appropriations**

Sl No.	Description of grant/appropriation	Total Provision	Savings	Percentage of total provision
		(₹ in crore)		
Railways				
Revenue – Voted				
112.	3-General Superintendence and Services	6472.70	366.92	06
113.	4-Repairs and Maintenance of Permanent Way and Works	10403.99	123.47	01
114.	5-Repairs and Maintenance of Motive Power	4920.70	138.01	03
115.	7-Repairs and Maintenance of Plant & Equipment	6340.96	314.94	05
116.	9-Operating expenses –Traffic	19713.11	638.65	03
117.	10-Operating expenses –Fuel	35181.17	6155.86	17
118.	11-Staff Welfare and Amenities	5177.22	160.75	03
119.	12-Miscellaneous Working Expenses	5654.59	548.31	10
120.	13-Provident Fund, Pension and other Retirement benefits	30142.70	506.94	02
Capital – Voted				
121.	16-Capital	79272.06	5587.59	07
122.	16- Railway Funds (Depreciation Reserve Fund, Capital Fund, Development Fund)	17560.95	169.83	01
Total			580970.12	

Annexure 3.6

(Refer to paragraph 3.7)

**Statement showing persistent savings of ₹ 100 crore or above
under various grants/appropriations**

Sl No.	Description of grant/appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
Civil Revenue (Voted)					
1.	Department of Agriculture and Co-operation	2012-13	20466.80	2480.33	12
		2013-14	22299.40	3317.48	15
		2014-15	22603.11	3114.80	14
2.	Department of Animal Husbandry, Dairying, and Fisheries	2012-13	2338.60	197.69	08
		2013-14	2534.50	394.49	16
		2014-15	2726.16	517.57	19
3.	Department of Commerce	2012-13	4054.85	186.76	05
		2013-14	4441.85	129.38	03
		2014-15	5552.02	416.64	08
4.	Department of Telecommunications	2012-13	11587.39	3985.03	34
		2013-14	12629.14	2010.10	16
		2014-15	14267.08	2344.93	16
5.	Department of Electronics and Information Technology	2012-13	2877.54	1117.86	39
		2013-14	2872.50	849.55	30
		2014-15	3734.12	281.51	08
6.	Ministry of Development of North Eastern Region	2012-13	1750.33	236.34	14
		2013-14	1847.98	193.80	10
		2014-15	2151.80	598.80	28
7.	Ministry of Drinking Water and Sanitation	2012-13	14005.25	925.97	07
		2013-14	15265.70	3324.67	22
		2014-15	15377.50	3176.04	21
8.	Ministry of Earth Science	2012-13	1464.45	406.00	28
		2013-14	1492.54	334.54	22
		2014-15	1515.07	281.93	19
9.	Ministry of Environment and Forests	2012-13	3012.34	1091.15	36
		2013-14	2815.66	715.93	25
		2014-15	2488.41	693.60	28
10.	Department of Economic Affairs	2012-13	9199.72	1587.03	17
		2013-14	10291.10	188.59	02
		2014-15	16157.52	885.54	05
11.	Department of Financial Services	2012-13	8535.26	1270.16	15
		2013-14	11468.99	746.54	07
		2014-15	11745.25	3834.92	33
12.	Transfers to State and Union Territory Governments	2012-13	105786.55	21476.42	20
		2013-14	101945.69	17698.36	17
		2014-15	70757.00	9438.73	13
13.	Department of Revenue	2012-13	1167.05	371.53	32
		2013-14	10117.20	7536.54	74
		2014-15	11759.91	427.39	04

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under various grants/appropriations**

Sl No.	Description of grant/appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
14.	Department of Health and Family Welfare	2012-13	30685.78	5109.84	17
		2013-14	33012.35	5474.46	17
		2014-15	36481.41	6505.28	18
15.	Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	2012-13	1161.23	406.04	35
		2013-14	1249.62	533.77	43
		2014-15	1252.09	577.72	46
16.	Department of AIDS Control	2012-13	1751.56	436.85	25
		2013-14	1782.01	309.03	17
		2014-15	1702.00	414.61	24
17.	Department of Heavy Industry	2012-13	558.87	184.78	33
		2013-14	930.97	382.86	41
		2014-15	1139.56	171.44	15
18.	Ministry of Home Affairs	2012-13	2925.38	1345.01	46
		2013-14	2108.55	876.91	42
		2014-15	1534.45	425.88	28
19.	Other Expenditure of the Ministry of Home Affairs	2012-13	1725.56	183.32	11
		2013-14	1969.15	128.76	07
		2014-15	2230.27	557.91	25
20.	Ministry of Housing and Urban Poverty Alleviation	2012-13	1163.01	226.46	19
		2013-14	1468.06	381.82	26
		2014-15	6008.68	3273.28	54
21.	Department of School Education and Literacy	2012-13	70559.80	4691.40	07
		2013-14	77130.05	10152.69	13
		2014-15	82695.14	14615.25	18
22.	Department of Higher Education	2012-13	25379.08	4868.65	19
		2013-14	26950.08	2417.46	09
		2014-15	27656.08	4486.90	16
23.	Ministry of Labour and Employment	2012-13	4634.46	807.90	17
		2013-14	5254.97	849.56	16
		2014-15	5783.82	1474.27	25
24.	Law and Justice	2012-13	1515.60	331.98	22
		2013-14	1971.17	112.77	06
		2014-15	1992.88	241.96	12
25.	Ministry of Micro, Small and Medium Enterprises	2012-13	3071.88	632.60	21
		2013-14	3210.95	660.26	21
		2014-15	3693.51	932.51	25
26.	Ministry of Minority Affairs	2012-13	3054.70	980.02	32
		2013-14	3410.99	384.25	11
		2014-15	3614.06	553.55	15
27.	Ministry of New and Renewable Energy	2012-13	1456.48	293.76	20
		2013-14	2648.21	1214.03	46
		2014-15	2762.39	539.29	20

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under various grants/appropriations**

Sl No.	Description of grant/appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
28.	Ministry of Panchayati Raj	2012-13	5350.76	1413.49	26
		2013-14	7200.70	3738.62	52
		2014-15	7000.70	3610.14	52
29.	Ministry of Planning	2012-13	1661.23	441.81	27
		2013-14	7181.53	5798.92	81
		2014-15	1828.38	537.06	29
30.	Ministry of Power	2012-13	10949.40	9200.23	84
		2013-14	8045.87	4309.22	54
		2014-15	8228.16	3590.65	44
31.	Ministry of Road Transport and Highways	2012-13	22495.36	2836.25	13
		2013-14	17203.60	533.44	03
		2014-15	20103.39	1430.69	07
32.	Department of Rural Development	2012-13	129923.04	26266.79	20
		2013-14	113304.88	15817.28	14
		2014-15	121746.83	13116.63	11
33.	Department of Land Resources	2012-13	3208.20	214.66	07
		2013-14	5772.86	3276.92	57
		2014-15	3759.13	1252.72	33
34.	Department of Science and Technology	2012-13	2842.89	340.10	12
		2013-14	3372.22	776.36	23
		2014-15	3546.03	646.11	18
35.	Department of Scientific and Industrial Research	2012-13	3475.10	529.44	15
		2013-14	3561.31	409.77	12
		2014-15	3671.17	292.47	08
36.	Department of Biotechnology	2012-13	1500.40	217.56	15
		2013-14	1502.07	210.75	14
		2014-15	1517.24	170.27	11
37.	Ministry of Shipping	2012-13	1403.45	566.08	40
		2013-14	1691.64	200.60	12
		2014-15	1258.70	253.37	20
38.	Department of Social Justice and Empowerment	2012-13	5708.33	939.48	16
		2013-14	6420.37	1203.02	19
		2014-15	5750.77	1013.30	18
39.	Department of Space	2012-13	3575.94	761.47	21
		2013-14	3052.21	324.53	11
		2014-15	3583.58	213.39	06
40.	Ministry of Statistics and Programme Implementation	2012-13	4926.36	461.50	09
		2013-14	4949.36	109.59	02
		2014-15	4905.79	840.74	17
41.	Ministry of Textiles	2012-13	7775.70	3513.98	45
		2013-14	5519.98	1592.79	29
		2014-15	5547.74	1657.68	30

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Sl No.	Description of grant/appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
42.	Ministry of Tourism	2012-13	1279.98	347.72	27
		2013-14	1355.32	328.12	24
		2014-15	1965.22	979.89	50
43.	Ministry of Tribal Affairs	2012-13	410.21	127.80	31
		2013-14	443.74	146.39	33
		2014-15	517.40	172.31	33
44.	Department of Urban Development	2012-13	1321.73	232.27	18
		2013-14	1281.32	166.59	13
		2014-15	8713.64	4553.51	52
45.	Ministry of Water Resources	2012-13	1937.32	966.23	50
		2013-14	1902.13	906.47	48
		2014-15	15143.17	9728.38	64
46.	Ministry of Women and Child Development	2012-13	18584.03	1547.22	08
		2013-14	20640.02	2601.43	13
		2014-15	21193.91	2652.77	13
Revenue (Charged)					
47.	<i>Transfers to State and Union Territory Governments</i>	<i>2012-13</i>	<i>58357.46</i>	<i>13104.04</i>	<i>22</i>
		<i>2013-14</i>	<i>62134.40</i>	<i>8229.86</i>	<i>13</i>
		<i>2014-15</i>	<i>64675.00</i>	<i>2861.68</i>	<i>04</i>
48.	<i>Ministry of Tribal Affairs</i>	<i>2012-13</i>	<i>3627.80</i>	<i>905.69</i>	<i>25</i>
		<i>2013-14</i>	<i>3856.58</i>	<i>375.08</i>	<i>10</i>
		<i>2014-15</i>	<i>3913.63</i>	<i>476.04</i>	<i>12</i>
Capital (Voted)					
49.	Atomic Energy	2012-13	3822.32	1240.57	32
		2013-14	4111.36	1180.55	29
		2014-15	4408.46	1024.20	23
50.	Ministry of Defence (Civil)	2012-13	1874.56	276.91	15
		2013-14	1838.42	742.03	40
		2014-15	1620.72	439.57	27
51.	Ministry of Development of North Eastern Region	2012-13	349.00	121.25	35
		2013-14	353.01	128.56	36
		2014-15	353.50	145.49	41
52.	Department of Economic Affairs	2012-13	58961.13	52110.34	88
		2013-14	69431.73	63462.80	91
		2014-15	12515.86	2621.50	21
53.	Department of Financial Services	2012-13	15902.02	1249.36	08
		2013-14	30900.40	14017.40	45
		2014-15	24795.03	13725.47	55
54.	Direct Taxes	2012-13	809.29	384.78	48
		2013-14	590.00	144.00	24
		2014-15	752.01	682.14	91
55.	Indirect Taxes	2012-13	119.21	109.26	92
		2013-14	149.26	126.95	85
		2014-15	271.32	142.52	53

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**Statement showing persistent savings of ₹ 100 crore or above
under various grants/appropriations**

Sl No.	Description of grant/appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
56.	Department of Health and Family Welfare	2012-13	2298.32	998.37	43
		2013-14	2862.69	1585.55	55
		2014-15	1964.52	1092.16	56
57.	Police	2012-13	9333.60	2999.21	32
		2013-14	9106.00	2760.84	30
		2014-15	9863.51	3924.49	40
58.	Ministry of Planning	2012-13	515.80	256.69	50
		2013-14	900.00	549.23	61
		2014-15	786.49	269.48	34
59.	Ministry of Road Transport and Highways	2012-13	24643.50	5610.90	23
		2013-14	32264.15	2950.74	09
		2014-15	37436.27	1665.45	04
60.	Ministry of Shipping	2012-13	583.09	217.55	37
		2013-14	658.42	279.27	42
		2014-15	516.09	181.20	35
61.	Department of Space	2012-13	3138.22	1096.57	35
		2013-14	3738.96	1297.91	35
		2014-15	3656.58	1205.72	33
62.	Andaman and Nicobar Islands	2012-13	739.25	269.91	37
		2013-14	671.82	272.19	41
		2014-15	566.65	118.04	21
63.	Department of Urban Development	2012-13	6346.84	927.18	15
		2013-14	6945.08	863.04	12
		2014-15	8826.22	2137.48	24
Capital (Charged)					
64.	Transfers to State and UT Governments	2012-13	12000.00	1347.30	11
		2013-14	12000.00	1000.25	08
		2014-15	13000.00	1102.68	08
65.	Appropriation-Repayment of Debt	2012-13	3786074.35	359181.41	09
		2013-14	4014248.55	502957.23	13
		2014-15	4064025.03	356325.38	09
Postal Services					
Capital (Voted)					
66.	Department of Posts	2012-13	615.77	470.18	76
		2013-14	433.31	165.01	38
		2014-15	518.31	347.42	67
Defence Services					
Revenue(Voted)					
67.	Defence Services- Army	2012-13	79980.55	463.60	01
		2013-14	88599.71	879.63	01
		2014-15	100635.34	1496.71	01
Capital (Voted)					
68.	Capital Outlay on Defence Services	2012-13	79526.99	9043.67	11
		2013-14	86685.31	7592.40	09
		2014-15	94257.01	12515.11	13

**Statement showing persistent savings of ₹ 100 crore or above
under various grants/appropriations**

Sl No.	Description of grant/appropriation	Year	Total Provision	Savings	Percentage of the total provision
			(₹ in crore)		
Railways					
Capital (Voted)					
69.	Railway Funds – Depreciation Reserve Fund, Capital Fund and Development Fund	2012-13	20025.75	8217.50	41
		2013-14	16249.85	4788.64	29
		2014-15	17560.95	169.83	01

Annexure 3.7
(Refer to paragraph 3.8)
Cases where the amounts surrendered were more than the savings

(₹ in crore)

Sl No.	Description of grant/appropriation	Savings under the section	Amount Surrendered	Excess Surrendered
Civil Revenue –Voted				
1.	08- Department of Pharmaceuticals	130.12	130.18	0.06
2.	10- Ministry of Coal	76.35	76.38	0.03
3.	14- Department of Telecommunications	2344.93	2438.84	93.91
4.	67- Ministry of Mines	175.43	186.25	10.82
5.	71- Ministry of Panchayati Raj	3610.14	3610.19	0.05
6.	93- Ministry of Statistics and Programme Implementation	840.74	857.59	16.85
Capital-Voted				
7.	30-Ministry of Earth Sciences	118.85	134.67	15.82
8.	67-Ministry of Mines	60.73	60.85	0.12
9.	73-Ministry of Personnel, Public Grievances and Pensions	34.02	34.74	0.72
10.	93- Ministry of Statistics and Programme Implementation	14.37	15.56	1.19
Defence Services Capital –Voted				
11.	27-Capital outlay on Defence Services	12515.11	12622.73	107.62
Postal Services Capital –Voted				
12.	13-Department of Post	347.42	358.33	10.91

Annexure 3.8
(Refer to paragraph 3.9)
**Cases where major portion of savings were surrendered on
30th/31st March 2015 and the details of amount lapsed**

Sl No.	Description of grant/appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2015	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
			(₹ in crore)			(₹ in crore)
Civil Revenue (Voted)						
1.	1-Department of Agriculture & Co-operation	3114.80	3045.14	3045.14	98	69.66
2.	2- Department of Agricultural Research & Education	1304.41	1271.63	1271.63	97	32.78
3.	3- Department of Animal Husbandry Dairying & Fisheries	517.57	463.90	451.16	87	53.67
4.	5-Nuclear Power Schemes	499.24	318.10	318.10	64	181.14
5.	7-Department of Fertilizers	2020.45	2020.44	2020.44	100	0.01
6.	8-Department of Pharmaceuticals	130.12	130.18*	130.18	100	--
7.	11-Department of Commerce	416.64	342.01	342.01	82	74.63
8.	14- Department of Telecommunications	2344.93	2438.84*	2438.84	104	--
9.	15-Department of Electronics and Information Technology	281.51	162.84	162.84	58	118.67
10.	17- Department of Food and Public Distribution	5028.52	22.29	22.29	0.4	5006.23
11.	19-Ministry of Culture	397.93	365.95	365.95	92	31.98
12.	20-Ministry of Defence	103.74	2.45	2.45	02	101.29
13.	28-Ministry of Development of North Eastern Region	598.80	598.74	107.40	18	0.06
14.	29-Ministry of Drinking Water and Sanitation	3176.04	3162.37	3162.37	100	13.67
15.	30-Ministry of Earth Sciences	281.93	237.31	6.66	02	44.62
16.	31-Ministry of Environment and Forests	693.60	640.49	640.49	92	53.11
17.	32-Ministry of External Affairs	1402.54	1332.80	1332.80	95	69.74
18.	33-Department of Economic Affairs	885.54	816.58	816.58	92	68.96
19.	34-Department of Financial Services	3834.92	354.62	354.62	09	3480.30
20.	36-Transfers to State and Union Territory Governments	9438.73	7849.60	7849.60	83	1589.13
21.	41-Indian Audit and Account Department	108.25	87.43	87.43	81	20.82
22.	42-Department of Revenue	427.39	398.18	398.18	93	29.21
23.	43-Direct Taxes	249.64	235.92	235.92	95	13.72
24.	44-Indirect Taxes	719.78	563.02	563.02	78	156.76

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**Cases where major portion of savings were surrendered on
30th/31st March 2015 and the details of amount lapsed**

Sl No.	Description of grant/appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2015	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
						(₹ in crore)
25.	46-Ministry of Food Processing Industries	189.15	188.03	188.03	99	1.12
26.	47-Department of Health and Family Welfare	6505.28	5991.68	5991.68	92	513.60
27.	48-Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	577.72	572.38	572.38	99	5.34
28.	49-Department of Health Research	106.92	102.49	102.49	96	4.43
29.	50-Department of AIDS Control	414.61	402.00	402.00	97	12.61
30.	51-Department of Heavy Industry	171.44	60.10	60.10	35	111.34
31.	53-Ministry of Home Affairs	425.88	391.64	391.64	92	34.24
32.	55-Police	419.65	153.38	153.38	37	266.27
33.	56-Other Expenditure of the Ministry of Home Affairs	557.91	526.97	526.97	94	30.94
34.	58-Ministry of Housing and Urban Poverty Alleviation	3273.28	2741.27	2741.27	84	532.01
35.	59-Department of School Education and Literacy	14615.25	14487.46	14487.46	99	127.79
36.	60-Department of Higher Education	4486.90	4427.86	4427.86	99	59.04
37.	61-Ministry of Information and Broadcasting	158.45	147.56	147.56	93	10.89
38.	62-Ministry of Labour and Employment	1474.27	1297.55	1297.55	88	176.72
39.	66-Ministry of Micro, Small and Medium Enterprises	932.51	900.91	900.91	97	31.60
40.	67-Ministry of Mines	175.43	186.25*	186.25	106	--
41.	68-Ministry of Minority Affairs	553.55	550.09	550.09	99	3.46
42.	69-Ministry of New and Renewable Energy	539.29	526.67	526.67	98	12.62
43.	71-Ministry of Panchayati Raj	3610.14	3610.19*	3610.19	100	--
44.	75-Ministry of Petroleum and Natural Gas	3231.84	3231.81	3231.81	100	0.03
45.	76-Ministry of Planning	537.06	526.33	526.33	98	10.73
46.	77-Ministry of Power	3590.65	3590.43	3590.43	100	0.22
47.	83-Ministry of Road Transport and Highways	1430.69	794.58	794.58	56	636.11
48.	84-Department of Rural Development	13116.63	13114.57	13114.57	100	2.06
49.	85-Department of Land Resources	1252.72	1252.67	1252.67	100	0.05

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**Cases where major portion of savings were surrendered on
30th/31st March 2015 and the details of amount lapsed**

Sl No.	Description of grant/appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2015	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
						(₹ in crore)
50.	87-Department of Scientific and Industrial Research	292.47	288.96	2.24	01	3.51
51.	88-Department of Biotechnology	170.27	166.49	66.49	39	3.78
52.	89-Ministry of Shipping	253.37	220.43	220.43	87	32.94
53.	90- Department of Social Justice and Empowerment	1013.30	1006.86	1006.86	99	6.44
54.	91-Department of Disability Affairs	229.08	228.52	228.52	100	0.56
55.	92-Department of Space	213.39	209.68	209.68	98	3.71
56.	93-Ministry of Statistics and Programme Implementation	840.74	857.59*	857.59	102	--
57.	95-Ministry of Textiles	1657.68	1531.06	1531.06	92	126.62
58.	96-Ministry of Tourism	979.89	976.80	976.80	100	3.09
59.	97-Ministry of Tribal Affairs	172.31	168.09	168.09	98	4.22
60.	98-Andaman and Nicobar Islands	175.32	174.89	174.89	100	0.43
61.	99-Chandigarh	109.84	109.54	109.54	100	0.30
62.	101-Daman and Diu	119.70	118.53	118.53	99	1.17
63.	103-Department of Urban Development	4553.51	4471.13	4471.13	98	82.38
64.	106-Ministry of Water Resources	9728.38	9280.88	9280.88	95	447.50
65.	107-Ministry of Women and Child Development	2652.77	2642.99	2642.99	100	9.78
66.	108-Ministry of Youth Affairs and Sports	624.00	621.18	621.18	100	2.82
Revenue (Charged)						
67.	35-Appropriation-Interest Payments	24784.40	22954.72	22954.72	93	1829.68
68.	36-Transfers to State & Union Territory Governments	2861.68	2861.68	2861.68	100	--
69.	97-Ministry of Tribal Affairs	476.04	474.95	474.95	100	1.09
Capital (Voted)						
70.	4-Atomic Energy	1024.20	989.73	989.73	97	34.47
71.	5-Nuclear Power Schemes	282.50	282.50	282.50	100	--
72.	9- Ministry of Civil Aviation	730.15	723.10	723.10	99	7.05
73.	12-Department of Industrial Policy and Promotion	105.50	101.84	101.84	97	3.66
74.	14- Department of Telecommunications	2859.02	2856.94	2856.94	100	2.08
75.	17- Department of Food and Public Distribution	192.89	192.76	192.76	100	0.13

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**Cases where major portion of savings were surrendered on
30th/31st March 2015 and the details of amount lapsed**

Sl No.	Description of grant/appropriation	Savings	Amount surrendered	Amount surrendered on 30/31 March 2015	Percentage of amount surrendered on 30/31 March in comparison with savings	Amount not surrendered and lapsed
						(₹ in crore)
76.	20-Ministry of Defence	439.57	436.87	436.87	99	2.70
77.	28-Ministry of Development of North Eastern Region	145.49	145.45	145.45	100	0.04
78.	32-Ministry of External Affairs	1179.02	1176.14	1176.14	100	2.88
79.	33-Department of Economic Affairs	2621.50	1958.82	1958.82	75	662.68
80.	34-Department of Financial Services	13725.47	13725.47	13725.47	100	--
81.	42-Department of Revenue	105.80	105.66	105.66	100	0.14
82.	43-Direct taxes	682.14	676.24	676.24	99	5.90
83.	44-Indirect Taxes	142.52	132.65	132.65	93	9.87
84.	47-Department of Health and Family Welfare	1092.16	1062.00	1062.00	97	30.16
85.	55-Police	3924.49	3493.91	3493.91	89	430.58
86.	56-Other Expenditure of the Ministry of Home Affairs	221.05	215.69	215.69	98	5.36
87.	75-Ministry of Petroleum and Natural Gas	2400.00	2400.00	2400.00	100	--
88.	76-Ministry of Planning	269.48	268.62	268.62	100	0.86
89.	83-Ministry of Road Transport and Highways	1665.45	1191.60	1191.60	72	473.85
90.	89-Ministry of Shipping	181.20	178.42	178.42	98	2.78
91.	92-Department of Space	1205.72	1202.38	1202.38	100	3.34
92.	98-Andaman and Nicobar Islands	118.04	116.91	116.91	99	1.13
93.	103-Department of Urban Development	2137.48	2071.30	2071.30	97	66.18
94.	104-Public Works	274.80	229.00	229.00	83	45.80
95.	106-Ministry of Water Resources	132.20	120.62	120.62	91	11.58
Capital (Charged)						
96.	36-Transfers to State and Union Territory Governments	1102.68	1102.68	1102.68	100	--
97.	38-Appropriation – Repayment of Debt	356325.38	336389.17	336389.17	94	19936.21

* - Amount Surrendered is more than Savings

Note : For reckoning the date of surrender, the date of audit order, i.e. the date when a surrender is approved by Ministry of Finance, has been taken.

Annexure 3.9
(Refer to paragraph 3.12)
Re-appropriation to minor /sub-head
which were injudicious on account of non-utilisation
(Re-appropriation exceeding ₹ 5 crore and more)

(₹ in crore)

Sl No.	Description of grant/appropriation	Minor /Sub-Head		Total Provision	Amount of re-appropriation to the head	Final savings under the head
Civil						
1.	4-Atomic Energy	4861.01.207.01-Production from HWP's	O	1110.00	18.00	69.18
2.		5401.00.800.32-Thirty Meter Telescope (II A/BARC)	O	1.00	11.70	12.70
3.	20-Ministry of Defence	2055.00.104.02-Charges paid in respect of J&K Light Infantry	O S	930.66 43.31	13.27	18.23
4.	38-Appropriation- Repayment of Debt	6001.00.106.24 - 8% Relief Bonds, 2002	O	11.32	6.12	15.42
5.		6001.00.106.31 - 6.5% Savings Bonds, 2003 (Non-Taxable)	O	11.98	5.11	12.87
6.	47-Department of Health & Family Welfare	4210.04.200.06-Regional Laprosy Training and Research Institute, Aska, Orissa	O	0.05	5.55	5.60
7.	58-Ministry of Housing and Urban Poverty Alleviation	2217.05.191.04-Jawahar Lal Nehru National Urban Renewal Mission	O S	36.50 0.02	20.58	36.70
8.	106-Ministry of Water Resources	3602.02.666.01-National River Conservation Plan (NRCP)	S	0.01	72.00	72.01
Defence Services						
9.	22-Defence Services- Army	101 – Pay and Allowances of Army (Voted)	O S	54433.94 1674.00	325.01	534.12
10.		104 – Pay and allowances of Civilians (Voted)	O	4422.15	16.00	16.48
11.	23-Defence Services-Navy	111 –Works (Voted)	O S	932.34 215.91	22.25	47.00
12.	24-Defence Services-Air Force	101 – Pay and Allowances of Air Force(Voted)	O S	8962.69 480.10	8.49	13.70
13.		110-Stores (Voted)	O S	7899.64 1070.33	93.19	250.66
14.		111- Works (Voted)	O S	1945.67 375.00	33.84	230.92
15.	25-Defence Ordnance Factories	054-Manufacture (Voted)	O	4989.38	10.62	39.11
16.	26-Defence Services Research & Development	102– Pay and allowances of Civilians (Voted)	O	2025.13	15.93	19.88
Total					677.66	

Annexure 3.10
(Refer to paragraph 3.13)
Re-appropriation from the minor/ subhead resulting into final excess expenditure
(Re-appropriation exceeding ₹ 5 crore and more)

(₹ in crore)

Sl No.	Description of grant/appropriation	Sub-Head		Total Provision	Amount of re-appropriation from the head	Final excess expenditure under head
Civil						
1.	4-Atomic Energy	4861.01.204.13-Less cost of finished product	O	1110.00	18.00	69.18
2.	21-Defence Pensions	2071.02.101.01-Army-Pension and Other Retirement Benefits	O	43965.41	798.28	9486.99
3.		2071.02.102.01-Navy-Pension and Other Retirement Benefits	O	1806.37	26.92	363.28
4.		2071.02.103.01-Air Force-Pension and Other Retirement Benefits	O	2905.91	73.38	584.72
5.	35-Appropriation-Interest Payments	2049.03.109.12-Special Deposits of EPF/EDLI	O	1250.82	22.80	117.84
6.	68-Ministry of Minority Affairs	2225.04.277.04-Post-Matric Scholarship for Minorities	O	527.40	27.87	499.53
7.	106-Ministry of Water Resources	2702.02.005.01-Central Ground Water Board	O	136.35	18.00	26.74
Total					985.25	

Annexure 3.11
(Refer to paragraph 3.14)

Unnecessary Supplementary Grant under Minor/sub-heads

SI No.	Description of grant/appropriation	Minor / Sub-head	Original Provision	Supplementary provision	Disbursement	Savings	Reasons attributed by the Ministry/ Department
			(₹ in crore)				
Civil							
1.	14-Department of Telecommunications	3451.00.091.01-Directorate	--	89.65	--	89.65	Due to case being processed for assessing the feasibility of filling Curative Petition or taking recourse to any other legal remedy in the matter.
2.	17-Department of Food and Public Distribution	2408.01.102.02-Subsidy payable to Food Corporation of India and others on food grains transactions	42000.00	3000.00	41995.35	3004.65	Due to non-adjustment of bills
3.		2408.01.102.10-Subsidy payable to FCI and Others on food grains transactions under National Food Security Act	50000.00	2000.00	50000.00	2000.00	
4.	34-Department of Financial Services	2416.00.800.02-Interest Subvention for providing Short Term Credit to Farmers	6000.00	3476.71	6000.00	3476.71	Due to non-settlement of pending claims owing to administrative reasons.
5.	42-Department of Revenue	3602.01.110.01-Compensation to UTs for Revenue Loss due to phasing out of CST	--	241.56	--	241.56	Due to non-receipt of proposals from UT Governments for providing CST Compensation.
6.	51-Department of Heavy Industry	6860.60.600.02-Loans to Tyre Corporation of India Limited	--	9.05	--	9.05	Due to winding up of the Corporation in the light of Court order.
Defence Services Revenue (Voted)							
7.	22-Defence Services-Army	800-Other Expenditure	2464.68	16.00	2021.80	458.88	Due to curtailment in expenditure to meet other urgent requirements of Ration, Fuel Oil & Lubricants and Ex-Servicemen Contributory Health Scheme.

Unnecessary Supplementary Grant under Minor/sub-heads

Sl No.	Description of grant/ appropriation	Minor / Sub-head	Original Provision	Supplementary provision	Disbursement	Savings	Reasons attributed by the Ministry/ Department
			(₹ in crore)				
8.		109-Inspection Organisation	832.45	10.00	819.66	22.79	Due to less booking of expenditure for Aero India event and implementation of austerity measures.
Postal Services Revenue (Voted)							
9.		3201.02.101.04 -Premium product Services	159.53	9.33	144.56	24.30	Non-finalisation of codal formalities relating to plan activities than anticipated
10.	13-Department of Posts	3201.02.102.01 - Mail Sorting	1241.97	11.93	1105.31	148.59	Due to higher number of retirements which resulted in less expenditure under salary
11.		3201.04.102.02 -Postal Accounts Offices Circle	330.33	10.24	320.47	20.10	Due to less expenditure under traveling expenses, wages, etc.

Annexure 3.12

(Refer to paragraph 3.15)

Entire provision remaining unspent (₹ 50 crore and above)

(₹ in crore)

Sl. No.	Description of grant/appropriation and Sub-head	Budget provision	Savings
Civil			
Grant No. 1-Department of Agriculture and Cooperation			
1.	2401.00.105.23-Soil Health Card	100.00	100.00
2.	2401.00.789.28-Price Stabilization Fund for Cereals and Vegetables	73.00	73.00
3.	2401.00.800.43- National Agri-Tech Infrastructure	68.22	68.22
Grant No. 2-Department of Agricultural Research and Education			
4.	2415.02.150.04-National Adaptation Fund	86.40	86.40
Grant No. 5-Nuclear Power Schemes			
5.	2801.03.101.07-BWR Fuel for TAPS	306.53	306.53
Grant No. 12- Department of Industrial Policy and Promotion			
6.	4059.01.201.03-Exhibition-Cum-Convention Centre, Dwarka	50.00	50.00
Grant No. 28-Ministry of Development of North Eastern Region			
7.	3601.05.101.07-NE Road Corporation	200.00	200.00
8.	3601.05.101.08-Organic Farming in NE States	100.00	100.00
Grant No. 31-Ministry of Environment and Forests			
9.	3435.03.103.11-National Mission on Himalayan Studies	84.40	84.40
10.	3601.02.665.02-Green India Mission	51.00	51.00
Grant No. 32-Ministry of External Affairs			
11.	7605.00.055.01-New Credit	158.00	158.00
Grant No. 33 – Department of Economic Affairs			
12.	3475.00.800.73-Interest Equalisation support to Exim Bank of India	450.00	450.00
13.	5466.00.210.01-Subscription to Brazil, Russia, India, China and South Africa (BRICS) New Development Bank (NDB)	100.00	100.00
14.	5475.00.797.01-Transfer to Social and Infrastructure Development Capital Fund	1050.91	1050.91
15.	5475.00.800.21-PPP Implementation (3P India)	500.00	500.00
Grant No. 34 – Department of Financial Services			
16.	2416.00.800.01-Grants to National Bank for Agriculture and Rural Development (NABARD)	50.00	50.00
17.	3465.01.190.08-Assistance to National Credit Guarantee Trustee Company (NCGTC)	500.00	500.00
18.	4416.00.190.03-Contribution of Government's share for recapitalization of Regional Rural Banks	50.00	50.00
19.	6885.01.190.19-World Bank Assistance to National Housing Bank (NHB)	85.00	85.00
Grant No. 35 – Appropriation-Interest Payments			
20.	2048.00.200.13-Payment of premium on buyback of Government Securities	1000.00	1000.00

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Entire provision remaining unspent (₹ 50 crore and above)

(₹ in crore)

Sl. No.	Description of grant/appropriation and Sub-head	Budget provision	Savings
21.	2049.01.126- Interest/Discount paid on Market Stabilization Scheme Deposit of Money in the Bank	1628.81	1628.81
22.	2049.05.105.08- Interest on Price Stabilization Fund	73.47	73.47
Grant No. 36-Transfer to State and Union Territory Governments			
23.	7601.06.200- Other Ways and Means Advances (Charged)	1000.00	1000.00
Grant No. 42-Department of Revenue			
24.	4059.60.051.26-Construction of Rajaswa Bhawan	100.00	100.00
Grant No. 47- Department of Health and Family Welfare			
25.	2210.05.105.53-Setting up of New AIIMS	50.00	50.00
26.	2210.06.800.39-Health Insurance (CGEIPS)	50.00	50.00
27.	3601.02.263.01-National Mental Health Programme	109.25	109.25
28.	3601.02.263.04-National Programme for Health Care for the Elderly	88.23	88.23
29.	3601.02.263.10-Strengthening of State Drug Regulatory System	139.20	139.20
30.	3601.02.263.11- Strengthening of State Food Regulatory System	139.20	139.20
31.	4210.01.800.07-Institutions of higher learning as per Oversight Committee	80.00	80.00
Grant No. 48- Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)			
32.	3601.02.228.03-Hospitals and Dispensaries (under NRHM including AYUSH flexi-pool)	184.15	184.15
Grant No. 50- Department of AIDS Control			
33.	4210.04.200.11-National AIDS and STD Control Programme	83.00	83.00
Grant No. 51 - Department of Heavy Industry			
34.	2852.80.003.15- R&D Projects-Development of Advanced Ultra Super-Critical (Adv-USC) Technology for Thermal Power Plants	100.00	100.00
35.	6854.60.800.01-Implementation of Revival Scheme of Public Sector Enterprises	150.00	150.00
36.	6858.60.190.07-Implementation of Voluntary Retirement and Separation Scheme (VRS/VSS) and Payment of Statutory Dues	250.00	250.00
Grant No. 55-Police			
37.	2055.00.800.15-Nirbhaya Fund Project	67.00	67.00
38.	4055.00.211.04-Police Housing for CAPFs through EPC Mode	178.00	178.00
39.	4055.00.800.23-Nirbhaya Fund Project	80.00	80.00
Grant No. 60-Department of Higher Education			
40.	2202.03.112.07-Consortium for Higher Education Electronic Resources	156.94	156.94
41.	2202.03.112.08-Setting up virtual classrooms and massive open online courses (MOOCs)	69.75	69.75
42.	2203.00.102.04-Establishment of multi-disciplinary research universities including Central University of Himalayan Studies (CUHS), creation of Centers of Excellence & National Centre for Excellence in humanities	81.38	81.38

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Entire provision remaining unspent (₹ 50 crore and above)

(₹ in crore)

Sl. No.	Description of grant/appropriation and Sub-head	Budget provision	Savings
43.	2203.00.112.68-Setting up Indian Institute of Technology (IITs)/Indian Institutes of Management (IIMs)	348.75	348.75
44.	2203.00.789.58-Setting up Indian Institutes of Technology (IITs)/Indian Institutes of Management (IIMs)	67.50	67.50
Grant No. 64-Law and Justice			
45.	3602.04.891.01- Grants for Infrastructural facilities for Judiciary	60.00	60.00
Grant No. 75-Ministry of Petroleum and Natural Gas			
46.	2802.80.102.01-Subsidy on domestic LPG and PDS Kerosene	2930.00	2930.00
47.	4802.02.190.17-Indian Strategic Petroleum Reserves Limited (ISPRL)	2400.00	2400.00
Grant No. 77-Ministry of Power			
48.	2801.80.800.33-Financial Support for Debt restructuring of DISCOMs	400.00	400.00
Grant No. 84-Department of Rural Development			
49.	2515.00.800.23-Provision of Urban Amenities in Rural Areas (PURA)	50.00	50.00
50.	2515.00.800.29-Village Entrepreneurship 'Start up' Programme	90.00	90.00
Grant No. 90-Department of Social Justice and Empowerment			
51.	2225.01.789.10-Self Employment Scheme for Rehabilitation of Manual Scavengers	439.04	439.04
Grant No. 95-Ministry of Textiles			
52.	2852.08.202.16-Procurement of cotton by Cotton Corporation of India under price support	120.00	120.00
53.	2852.08.789.02-Technology Upgradation Fund Scheme	100.27	100.27
Grant No. 96-Ministry of Tourism			
54.	3452.01.101.12-Tourism Circuits	313.00	313.00
55.	3452.01.101.13-National Mission for beautifying Pilgrimage Centres	62.00	62.00
Grant No. 98-Andaman and Nicobar Islands			
56.	3225.60.101.01-Hiring of Satellite Transponder	150.00	150.00
Grant No. 103-Department of Urban Development			
57.	2217.05.191.12- Single Common head for Mission for development of 100 Smart Cities and JNNURM	58.00	58.00
58.	4217.02.800.01-Contribution to National Capital Regional Planning Board Fund	80.00	80.00
59.	4217.60.190.10-Lucknow Metro	50.00	50.00
Grant No. 106 – Ministry of Water Resources			
60.	2701.80.800.22-DPR for interlinking of rivers	100.00	100.00
61.	3435.04.101.08-National Ganga Plan	1500.00	1500.00
62.	3435.04.101.09-Ghat Works for beautification of River fronts	100.00	100.00
63.	3601.02.101.52-Pradhan Mantri Krishi Sinchai Yojana	920.00	920.00
64.	3602.03.478.03-River Management Activities and works related to Border Areas	55.00	55.00

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Entire provision remaining unspent (₹ 50 crore and above)

(₹ in crore)

Sl. No.	Description of grant/appropriation and Sub-head	Budget provision	Savings
Grant No. 108-Ministry of Youth Affairs and Sports			
65.	2204.00.104.53-Enhancement of Sports Facility at J&K	200.00	200.00
66.	2204.00.104.54-National Sports Talent Search System Programme	50.00	50.00
Total			20,565.40

Annexure 3.13

(Refer to paragraph 3.16)

Savings of more than ₹ 100 crore and constituting more than 10 per cent of the sanctioned provision under a sub-head

Sl No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
Grant No. 1-Department of Agriculture and Co-operation					
1.	2401.00.800.42-Price Stabilization Fund for Cereals and Vegetables	341.00	50.00	291.00	Due to non-finalization of proposals & late approval of the scheme.
2.	3601.02.446.01-Rashtriya Krishi Vikas Yojana	9864.00	8363.88	1500.12	Due to reduction of provision at revised estimates stage.
3.	3601.02.460.02-Mission for Integrated Development of Horticulture (Centrally Sponsored Schemes)	1261.24	1118.77	142.47	Due to non-finalization of proposals and availability of unspent balance of previous years with the implementing agencies. Due to delay in study & progressive growth in implementation of scheme.
4.	3601.02.789.12-Crop Husbandry-Horticulture of Vegetables Crops	451.58	303.66	147.92	Due to receipt of less proposals & availability of unspent balances of previous years with the implementing agencies. Due to slow pace of work & availability of unspent balance of previous years with State Government.
Grant No. 2-Department of Agriculture Research and Education					
5.	2415.01.150.03-I.C.A.R. Headquarter Administration Including Agricultural Scientists Recruitment Board & Directorate of Information and Publication in Agriculture, Intellectual Property Rights Management	530.30	284.11	246.19	Due to non-filling of vacant Posts and reduction of provision at revised estimates stage.
6.	2415.01.150.07-Agricultural Education Institutes, Research and Education Schemes	554.13	423.39	130.74	Due to reduction of provision at revised estimates stage.
Grant No. 4-Atomic Energy					
7.	3401.00.004.07-Tata Memorial Centre	525.00	391.00	134.00	Due to requirement of less funds towards creation of capital assets owing to slow progress of work.
8.	4861.60.203.44-Fast Reactor Fuel Cycle Facility (FRFCF)	490.00	189.98	300.02	Due to postponement of procurement of SS Sheet, requirement of less funds towards professional services & motor vehicles.
Grant No. 5-Nuclear Power Scheme					
9.	2801.03.800.04-Neighborhood Development Project in Kudankulam	150.00	25.00	125.00	Due to slow progress of work at field level.
10.	4801.03.190.01-Nuclear Power Corporation of India Limited	181.00	72.50	108.50	Due to reduction of provision at revised estimates stage.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
11.	6801.00.206.04-Loans to Bharatiya Nabhikiya Vidhyut Nigam Limited	400.00	300.00	100.00	Due to requirement of less funds towards loans & advances.
Grant No. 7-Department of Fertilizers					
12.	2401.00.105.14-Payment for concessional sale of Indigenous decontrolled fertilizers	13500.00	12000.00	1500.00	Due to reduction of provision at revised estimates stage.
13.	2401.00.105.15-Payment for concessional sale of Imported decontrolled fertilizers	11170.30	8667.30	2503.00	Due to reduction of provision at revised estimates stage and import of less fertilisers.
Grant No. 9-Ministry of Civil Aviation					
14.	5053.01.190.01-Air India Limited (erstwhile NACIL)	6500.00	5780.00	720.00	Due to reduction of provision at revised estimates stage and late & non-approval of various projects.
Grant No. 10-Ministry of Coal					
15.	4803.00.800.01-Acquisition of Coal Bearing Areas	1647.00	1048.83	598.17	Due to non-finalization of proposals for acquisition of coal bearing areas
Grant No. 11-Department of Commerce					
16.	3453.00.107.04-Interest Subvention to Scheduled Commercial Banks	1625.00	1426.99	198.01	Due to reduction of provision at revised estimates stage owing to non-notification of Interest Subvention Scheme for 2014-15 and economy measures.
17.	3601.02.720.01-Infrastrucuture & Other Allied Activities	640.00	504.84	135.16	Due to receipt of less proposals from the implanting agencies and reduction of provision at revised estimates stage.
Grant No. 14-Department of Telecommunications					
18.	2071.01.102.01-Ordinary Pensions	989.11	792.45	196.66	Due to receipt of less claims.
19.	3275.00.103.01-Compensation to Service Providers	3159.00	2086.98	1072.02	Due to reduction of provision at revised estimates stage.
20.	3275.00.797.01-Transfer to Universal Service Obligation Fund	3537.00	2086.98	1450.02	
21.	4859.01.190.13-ITI revival (Equity Investment)	460.00	192.00	268.00	
22.	5275.00.800.03-OFC based network for Defence Services	2760.00	358.08	2401.92	Due to late finalisation of tender for laying of Optical Fibre Cable and delay of tender for electronics components due to litigation.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
Grant No. 17-Department of Food & Public Distribution					
23.	6860.04.190.06-Sugar Factories for bagasse based cogeneration power project	200.00	46.45	153.55	Due to non-materialisation of projects owing to non-submission of Environment Impact Assessment Report, non-submission of suitable claims & various clearances by the Sugar Mills.
Grant No.20 Ministry of Defence					
24.	4047.00.037.01-Coast Guard Organisation	1550.00	1135.35	414.65	Due to economy measures.
Grant No. 28-Ministry of Development of North Eastern Region					
25.	3601.02.101.14-Central Assistance from Non Lapsable Pool of Resources for North East and Sikkim	948.00	704.50	243.50	Due to delay in taken up of new projects & reduction of provision at revised estimates stage.
26.	3601.05.101.02-Special Development Project	582.00	437.99	144.01	Due to non-receipt of viable proposals & reduction of provision at revised estimates stage.
Grant No. 29-Ministry of Drinking Water & Sanitation					
27.	3601.02.269.01-Nirmal Bharat Abhiyan	2345.64	1836.62	509.02	Due to availability of unspent balances of previous year and reduction of provision at revised estimates stage.
28.	3601.02.789.19-Sewerage and Sanitation-Sanitation Services	937.56	626.55	311.01	
29.	3601.02.789.20- Water Supply- Rural Water Supply Programme	2344.82	2003.64	341.18	
30.	3601.02.796.19- Sewerage and Sanitation-Sanitation Services	425.80	284.79	141.01	
Grant No. 31-Ministry of Environment and Forests					
31.	3435.04.103.03-Prevention and Control of Water Pollution (Cess)	250.00	129.14	120.86	Due to receipt of less claims from State Pollution Control Board and economy measures. Due to late remittances of cess collection by State Pollution Control Boards (SPCBs)
Grant No. 32-Ministry of External Affairs					
32.	3605.00.101.09-Aid to Bangladesh	350.00	197.84	152.16	Due requirement of less funds towards grant assistance owing to political reasons.
33.	3605.00.101.10-Aid to Bhutan	3065.99	2281.75	784.24	Due to non-approval of Union Cabinet for Revised Cost Estimate for Punatsangchhu-1, non-finalization of tendering works of Kholongchhu Hydroelectric Project and Power Purchasing Agreement and reduction of provision at revised estimates stage.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
34.	3605.00.101.11-Aid to Nepal	450.00	303.26	146.74	Due to delay in handing over site for Rail Link Project by the Government of Nepal.
35.	3605.00.101.14-Aid to Myanmar	330.00	104.34	225.66	Due to non-receipt of bills towards Rhi Tiddim Roads, Trilateral Highway, reduction of provision at revised estimates stage and non-receipt of invoices towards Kaladan Multi-modal Transit Transport Project.
36.	3605.00.101.20-Aid to African Countries	350.00	142.86	207.14	Due to reduction of provision at revised estimates stage.
37.	7605.00.097.01-Loans for on-going Hydro Power Projects in Bhutan	3008.01	2113.42	894.59	
Grant No. 33-Department of Economic Affairs					
38.	2075.00.797.01-Guarantee Redemption Fund	300.00	100.00	200.00	Due to requirement of less funds towards transfer to Guarantee Redemption Fund.
39.	2235.60.797.02-National Social Security Fund for unorganised Sector Workers	607.00	107.00	500.00	Due to requirement of less funds towards transfer to National Social Security Fund for unorganised Sector Workers
40.	5475.00.800.12-Assistance for Infrastructure Development –Viability Gap Funding	670.00	365.00	305.00	Due to requirement of less funds owing to revised projections
41.	7475.00.800.10-Loans to IMF under New Arrangements to Borrow (NAB)	2972.08	2427.59	544.49	Due to requirement of less funds by Reserve Bank of India for providing loans to IMF under NAB
Grant No. 34-Department of Financial Services					
42.	5465.01.190.33-Recapitalisation of Public Sector Banks	11200.00	6990.00	4210.00	Due to providing of less capital support to Public Sector Banks for maintaining a tier-1 Capital to Risk Assets Ratio at desired level.
43.	5465.01.797.01-National Investment Fund	11200.00	1253.30	9946.70	Due to requirement of less funds towards recapitalization of Public Sector Banks through National Investment Fund owing to insufficient disinvestment receipts.
Grant No. 35-Appropriation-Interest Payments					
44.	2049.01.115-Interest on Ways & Means Advances	800.00	433.57	366.43	Due to less utilization of ways & means advance and overdraft on account of availability of surplus cash in the government account.
45.	2049.01.116- 14 Days Treasury Bills	7250.00	3671.44	3578.56	Due to lower investment by the State Governments.
46.	2049.01.128- Cash Management Bills	1500.00	93.57	1406.43	Due to lower issuances of Cash Management Bills.

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**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
47.	2049.05.105.10-Interest on Debt Service Fund	352.19	9.89	342.30	Due to less accretion to the fund.
Grant No. 36-Transfer to State and Union Territory Governments					
48.	2245.80.103.02-Assistance to State from NDRF for calamities of severe nature	5050.00	3460.88	1589.12	Due to occurrence of less calamities.
49.	2245.80.797.02-Transfer to National Disaster Response Fund	5050.00	3460.88	1589.12	Due to occurrence of less calamities. The amount matching with expenditure was transferred to Reserve Fund.
50.	3601.01.104.18- Grants-in-aid for Governance (Charged)	4141.52	2784.63	1356.89	Due to non-fulfilment of prescribed terms and conditions by some State Governments.
51.	3601.01.104.19- Grants-in-aid for Elementary Education Grant	5708.00	4648.00	1060.00	
52.	3601.02.101.01-Normal Central Assistance	28514.00	25470.34	3043.66	Due to non-submission of prescribed audited & anticipated expenditure statements by some State Governments.
53.	3601.02.101.06-Additional Central Assistance for externally aided projects	3500.00	3039.32	460.68	Due to receipt of less proposals from the office of the Aid Accounts & Audit.
54.	3601.02.101.07-Additional Central Assistance for Other Projects	1261.00	507.86	753.14	Due to non-receipt of utilization certificates from some State Governments.
55.	3601.02.101.08-Special Central Assistance	11000.00	9671.00	1329.00	Due to non-allocation of funds by NITI Aayog to all eligible special category States.
56.	3601.02.101.35-Backward Regions Grants fund (BRGF)	5050.00	3039.23	2010.77	Due to non-receipt of Utilization Certificates and non-recommendation by NITI Aayog.
57.	3601.02.101.48- ACA for LWE affected districts	2640.00	1760.00	880.00	Due to non execution of planned activities.
Grant No. 38- Appropriation-Repayment of Debt					
58.	6001.00.105.02-International Monetary Fund (IMF)	2514.98	635.13	1879.85	Due to lower repayment of securities.
59.	6001.00.106.30-8% Savings Bonds, 2003 (Taxable)	1143.69	594.29	549.40	Due to less claims preferred for redemption by the holders and receipt of less claims from bond holders.
60.	6001.00.114-Ways and Means Advances	500000.00	316116.00	183884.00	Due to less utilization of ways & means advances and overdraft owing to surplus in cash balance of GOI.
61.	6001.00.127-Cash Management Bills	100000.00	10000.00	90000.00	Due to less issuances owing to availability of surplus cash balance.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
62.	6002.00.208-Loans from the Government of France	379.86	239.17	140.69	Due to non-materialization of prepayment.
63.	6002.00.217- Loans from the Government of Japan	4262.12	3717.80	544.32	Due to revision of repayment schedule.
64.	6002.00.226- Loans from the Agency for International Development, U.S.A	933.31	132.40	800.91	Due to non-materialization of prepayment.
Grant No. 40- Pensions					
65.	2071.01.102.01- Ordinary Pensions	1961.80	1523.90	437.90	Due to receipt of less scrolls/claims
66.	2071.01.115.01- Ordinary Pensions	1620.00	1389.14	230.86	
Grant No. 43-Direct Taxes					
67.	4059.01.202- Acquisition of Ready-built Accommodation	700.01	42.38	657.63	Due to postponement of various projects, slow pace of completion of projects by Central Public Works Department, non finalisation of some proposals for purchase/construction of properties and economy measures.
Grant No. 44-Indirect Taxes					
68.	2037.00.101.01-Sea Customs-Major Ports	483.02	366.25	116.77	Due to non-filling up of vacant post, receipt of less medical claims, fewer reward cases, non-revision of rent, rates & economy measures.
69.	2038.00.101.01-Commissionerates	2943.51	2495.08	448.43	Due to non-filling up of vacant posts, non-completion of milestones by the service providers, non-revision of rent, less domestic tours, receipt of less medical claims and non finalisation of proposals for rent revision in respect of hired office buildings.
70.	4047.00.037-Preventive and other Functions	132.72	18.29	114.43	Due to non-receipt of clarification from the suppliers regarding vessels supply norms, delayed tendering process owing to non-receipt of clearances from various agencies and revision of time schedule for installation work.

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**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
Grant No. 47-Department of Health and Family Welfare					
71.	2210.05.105.26-Cancer Research	172.00	70.43	101.57	Due to slow progress in setting up of second campus of Chittaranjan National Cancer Institute (CNCI), Kolkata, requirement of less funds towards anti-tobacco campaign through media and non-approval of proposals for creation of capital assets.
72.	2210.06.001.09-Flexible Pool for Communicable Diseases	1661.49	1128.47	533.02	Due to requirement of less funds towards procurement of supplies.
73.	3601.02.226.01-Human Resources for Health & Medical Education	768.48	196.50	571.98	Due to receipt of less proposals & reduction in provision at revised estimates stage and non-receipt of utilization certificates.
74.	3601.02.263.03-National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke	415.20	258.73	156.47	Due to reduction in provision at revised estimates stage and receipt of less proposals.
75.	3601.02.789.28-Medical Education, Training and Research Allopathy	214.30	25.97	188.33	Due to reduction in provision at revised estimates stage, non-receipt of proposals and utilization certificates.
76.	3601.02.789.29-Public Health-Prevention and Control of Diseases (Health)	180.22	71.71	108.51	Due to reduction in provision at revised estimates stage and receipt of less proposals.
77.	3601.02.789.34-Family Welfare-Reproductive and Child Health	2541.20	1892.67	648.53	
78.	3606.00.237.05-Material Assistance for Strengthening of National Immunization Programme and Polio Eradication	718.10	153.80	564.30	Due to less procurement.
79.	4210.03.105.12-Establishment of AIIMS type Super-Specialty Hospitals-cum-Teaching Institutions and upgrading of State Government Hospitals	844.00	247.50	596.50	Due to slow progress of capital works & slow pace in procurement of vehicles and equipment.
80.	4210.03.105.18-Setting up of New AIIMs	390.00	10.00	380.00	Due to slow progress of capital works and non-procurement of vehicles & equipment.
Grant No. 50- Department of AIDS Control					
81.	2210.06.101.33-National AIDS & STD Control Programme	699.00	348.95	350.05	Due to reduction of provision at revised estimates and receipt of less proposals.
Grant No. 51- Department of Heavy Industry					
82.	2852.80.003.12-National Automotive Testing and R&D Infrastructure Project	426.94	241.91	185.03	Due to expiry of project period on 31.12.2014.

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**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
Grant No. 53-Ministry of Home Affairs					
83.	3454.02.800.08-National Population Register (NPR)	584.03	335.96	248.07	Due to non-finalization of schemes of National Population Register for four State Governments.
Grant No. 55-Police					
84.	3601.04.117.01-National Scheme for Modernisation of Police and other Forces	1597.00	1423.57	173.43	Due to receipt of less proposals from the State Governments, non approval of scheme relating to school safety programme and new school location.
85.	4055.00.201.01-Office Buildings	651.90	386.28	265.62	Due to slow progress of work in some sectors and non- submission of bills by the contractors.
86.	4055.00.203.01-Directorate General of Border Security Force	1204.79	975.98	228.81	Due to requirement of less funds for purchase of Russian Helicopter, non-approval of proposals for purchase of Machinery & Equipment and slow progress of work in some sectors.
87.	4055.00.203.02-Indo-Tibetan Border Police	481.34	345.01	136.33	Due to non-finalization of proposals for purchase of Machinery & Equipment & less claims submitted by the contractors.
88.	4055.00.206.03-General	126.95	25.60	101.35	Due to non-finalization of proposals towards procurement,
89.	4055.00.210.01-National Police Academy	125.00	22.30	102.70	Due to non-finalization of proposals, slow progress of work and non submission of bills by contractors.
90.	4055.00.210.09-Central Armed Police Force Institute of Medical Science	206.48	7.43	199.05	Due to non-finalization of proposals.
91.	4055.00.212.08-Delhi Police Building Programme	337.28	172.02	165.26	Due to slow progress of work by executing agencies.
92.	4055.00.214.01-Indo-Bangladesh Border Works	958.00	569.24	388.76	Due to non-acquisition of land, slow progress of work owing to public protests, insurgent activities and inclement weather conditions in North Eastern States.
93.	4055.00.214.02-Indo-Pak Border Works	300.00	145.86	154.14	Due to farmers' agitation against the acquisition of land and inclement weather in border areas.
94.	4055.00.214.03-Indo-China Border	367.00	153.03	213.97	Due to high altitude and inclement weather conditions.
95.	4055.00.214.05-Indo-Nepal Border Works	500.00	0.50	499.50	Due to non-finalization of proposal towards acquisition of land for creation of infrastructure facilities by the State Governments.

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
96.	4055.00.214.07-Setting up of Integrated Check Posts	145.00	33.10	111.90	Due to non-finalisation of proposals for acquisition of land.
97.	4055.00.215.03-Assistance to States/UTs for Coastal Security	150.00	37.14	112.86	Due to non-finalisation of proposals and non receipt of utilization certificate.
Grant No. 56-Other Expenditure of the Ministry of Home Affairs					
98.	3601.01.343.06-Jammu & Kashmir Relief & Rehabilitation	660	160.00	500.00	Due to non-finalization of schemes for rehabilitation of Kashmiri Migrants.
99.	4250.00.101.08-National Disaster Response Force	247.54	33.49	214.05	Due to non-approval of proposals by the Expenditure Finance Committee and non-induction of new Battalion from Sashastra Seema Bal.
Grant No. 58-Ministry of Housing and Urban Poverty Alleviation					
100.	2216.02.190.15-Rajiv Rin Yojana (RRY)	629.19	0.22	628.97	Due to receipt of less demand from the implementing agencies, scheme being revamped/subsumed.
101.	3601.04.169.01-Jawaharlal Nehru National Urban Renewal Mission (JnNURM)	963.99	439.29	524.70	Due to non-sanctioning of new projects.
102.	3601.04.170.01-Rajiv Awas Yojana (RAY)	2070.00	1092.96	977.04	
103.	3601.04.435.05-National Urban Livelihoods Mission (NULM)	793.00	677.34	115.66	Due to receipts of less demand from the implementing agencies, non-receipt of utilization certificates and audited annual statements.
Grant No. 59- Department of School Education & Literacy					
104.	3601.02.165.01-Scheme for Providing Education to Madrassas/Minorities	337.49	119.28	218.21	Due to receipt of less number of viable proposals and cut imposed at revised estimates stage.
105.	3601.02.180.06-Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	3080.71	2354.74	725.97	
106.	3601.02.187.01-Assistance to States	8113.75	7150.59	963.16	
107.	3601.02.789.05- Rashtriya Madhyamik Shiksha Abhiyan	879.49	635.62	243.87	Due to cut imposed at revised estimates stage.
108.	3601.02.789.57-Elementary Education-National Programme of Mid Day Meals in Schools	2402.70	2027.02	375.68	

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
109.	3601.02.797.03-Funds for transfer to Prarambhik Shiksha Kosh	27575.00	22319.19	5255.81	Due to reduction of provision at revised estimates stage owing to less collection of Education cess. The trend of expenditure in the scheme financed by PSK i.e. SSA and MDM was low. Hence, amount was reduced at revised estimates stage.
Grant No. 60-Department of Higher Education					
110.	2202.03.102.14-Rashtriya Uchcha Shiksha Abhiyan (RUSA)	140.74	6.77	133.97	Due to receipt of less number of viable proposals, cut imposed at revised estimates stage and economy measures.
111.	2202.03.789.03-University Grants Commission, Central Universities	543.89	443.39	100.50	Due to receipt of less number of viable proposals and economy measures.
112.	2202.03.800.19-Interest Subsidy and contribution for guarantee fund	1612.77	1225.27	387.50	Due to receipt of less number of claims.
113.	3601.04.189.02-General (General Education)- Other Grants	1196.27	312.46	883.81	Due to receipt of less number of viable proposals and cut imposed at revised estimates stage.
114.	3601.04.789.43- General (General Education)- Other Grants	231.54	60.57	170.97	
Grant No. 62-Ministry of Labour and Employment					
115.	2230.01.111.05-Unorganized Sector Workers Social Security Scheme 2004	110.00	5.28	104.72	Due to non-taking off of the schemes of issuance of social card in full-fledged Manner and proposed transition of scheme to Ministry of Health and Family Welfare.
116.	3601.04.326.02-Social Security for Unorganized Sector Workers including RSBY	828.29	412.52	415.77	Due to non-receipt of utilization certificates.
117.	3601.04.789.47-Labour-Social Security for Unorganized Workers	259.86	85.72	174.14	
Grant No. 66-Ministry of Micro, Small & Medium Enterprises					
118.	2851.00.102.77-Infrastructure Development and Capacity Building (Erstwhile MSME Cluster Development Programme and MSME Growth Poles)	260.00	106.29	153.71	Due to receipt of less proposals.
119.	2851.00.105.14-India Innovation, Entrepreneurship and Agro-Industry Fund	123.29	5.00	118.29	Due to delay in formulation of the scheme.

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
Grant No. 68- Ministry of Minority Affairs					
120.	3601.02.378.01-Multi Sectoral Development Programme for Minorities	1094.00	766.44	327.56	Due to cut imposed at revised estimates stage.
Grant No. 69- Ministry of New & Renewable Energy					
121.	2810.00.101.01-Grid Interactive Renewable Power	1454.00	1082.49	371.51	Due to technical surrender as the provision was reduced at revised estimates stage.
Grant No. 71- Ministry of Panchayati Raj					
122.	3601.02.471.01- Grants for Backward Regions	3233.20	1767.37	1465.83	Due to availability of unspent balances of previous year and reduction of provision at revised estimates stage.
123.	3601.02.471.02-Rajiv Gandhi Panchayat Sashaktikaran Abhiyan	635.80	358.41	277.39	
124.	3601.02.789.01- Other Rural Development Programme Panchayati Raj	955.80	412.83	542.97	
125.	3601.02.796.01- Other Rural Development Programme Panchayati Raj	1121.00	656.80	464.20	
Grant No. 76-Ministry of Planning					
126.	3454.02.206.01-Unique Identification Authority of India	1437.14	1104.61	332.53	Due to less hiring of consultants, non-holding of conferences/seminars, requirement of less funds towards advertisement & publicity and domestic/foreign travels.
127.	3475.00.800.83- Public Finance Management System (earlier name-Plan Accounting & Public Finance Management System)	199.57	64.17	135.40	Due to reduction of provision at revised estimates stage, delay in approval of proposals for outsourcing of manpower and in establishment of State Project Monitoring Unit.
128.	5475.00.800.17- Public Finance Management System (earlier name-Plan Accounting & Public Finance Management System)	170.00	0.32	169.68	Due to reduction of provision at revised estimates stage owing to non-materialization of proposal for procurement of computer hardware and machinery & equipment.
Grant No. 77 -Ministry of Power					
129.	2801.06.102.03-Rural Electrification Corporation-for Rajiv Gandhi Gramin Vidutikaran Yojana	4140.10	2413.97	1726.13	Due to reduction of provision at revised estimates stage.
130.	2801.06.789.01-Rajiv Gandhi Grameen Vidutikaran Yojana (RGGVY)	710.00	460.44	249.56	
131.	2801.80.004.02-Central Power Research Institute	295.53	79.82	215.71	Due to late-approval of the scheme.

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
132.	2801.80.800.15-Bureau of Energy Efficiency	137.55	9.00	128.55	Due to non-finalisation of the proposed scheme owing to non-completion of selection process of consultants.
133.	2801.80.800.26-Accelerated Power Development and Reform Programme	144.50	16.78	127.72	Due to reduction of provision at revised estimates stage.
134.	4801.02.190.02-National Thermal Power Corporation of India	915.00	73.74	841.26	Due to de-allocation of Mines owing to order of Supreme Court of India.
135.	6801.00.190.04-Power Finance Corporation	873.59	490.81	382.78	Due to reduction of provision at revised estimates stage.
Grant No. 83 -Ministry of Road Transport & Highways					
136.	3054.02.337.06-Roads Maintenance other than NHs	567.99	451.20	116.79	Due to reduction of provision at revised estimates stage and inhospitable weather conditions after floods in Jammu & Kashmir.
137.	3601.02.105.01-Grants for State Road	2607.06	2064.75	542.31	Due to receipt of less utilization certificates.
138.	3601.02.105.02-Roads of Inter-State of Economic Importance	292.63	93.11	199.52	Due to receipt of less proposals from the State Governments.
139.	5054.01.101.02-Works Financed from National Highways Permanent Bridges Fees Fund	150.00	37.99	112.01	Due to receipt of less proposals for construction of new bridges from various State Governments.
140.	5054.01.337.01-Works under Roads Wing	2412.56	1713.31	699.25	Due to reduction of provision at revised estimates stage, non-finalisation of tender procuring and slow progress of work.
141.	5054.02.337.03-Works under BRDB	2392.09	2066.06	326.03	Due to slow progress of work owing to bad weather condition, difficult road terrain in the hilly areas and reduction of provision at revised estimates stage.
Grant No. 84-Department of Rural Development					
142.	2501.06.102.01-Aajeevika-Programme Component	175.26	56.61	118.65	Due to non-receipts of viable proposals from Rural Self Employment Training Institute, Nation Rural Livelihood Mission, State Governments, non-procurement of It based surveillance system & reduction of provision at revised estimates stage.
143.	2501.06.102.05-Interest Subvention to Women Self Help Groups	567.60	397.96	169.64	Due to reduction of provision at revised estimates stage.
144.	2505.02.797.01-Transfer to National Employment Guarantee Fund	636.00	513.31	122.69	Due to release of less funds to implementing agencies owing to less transfer of funds.

**Savings of more than ₹ 100 crore and constituting more than 10 per cent of
the sanctioned provision under a sub-head**

SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
145.	2515.00.800.26-BPL Survey	519.30	332.34	186.96	Due to reduction of provision at revised estimates stage.
146.	3601.02.416.01-Indira Awaas Yojana - Programme Component	5829.96	4475.69	1354.27	Due to availability of unspent balances of previous year with the State Governments & reduction of provision at revised estimates stage.
147.	3601.02.417.01-National Social Assistance Programme	9483.47	7035.27	2448.20	Due to reduction of budget provision at revised estimates stage.
148.	3601.02.418.01-Aajeevika-National Rural Livelihood Mission	511.41	114.32	397.09	
149.	3601.02.418.02-Aajeevika-EAP Component	590.00	416.00	174.00	
150.	3601.02.789.16-Rural Housing-Indira Awaas Yojana	5325.02	3431.17	1893.85	
151.	3601.02.789.17-Self Employment Programme-National Rural Livelihood Mission	296.62	66.30	230.32	Due to receipt of less proposals, availability of unspent balances of previous year with the State Governments and reduction of provision at revised estimates stage.
152.	3601.02.796.17-Self Employment Programme-National Rural Livelihood Mission	214.79	48.01	166.78	
Grant No. 85- Department of Land Resources					
153.	3601.02.661.01-Integrated Watershed Management Programme	2296.50	1704.84	591.66	Due to receipt of less number of proposals from the State Governments and reduction of provision at revised estimates stage.
154.	3601.02.789.21-Integrated Watershed Management Programme	567.00	375.85	191.15	
Grant No. 86- Department of Science & Technology					
155.	3425.60.200.66-Technical Research Centers	118.75	1.00	117.75	Due to cut imposed at revised estimates stage and economy measures.
Grant No. 87- Department of Scientific and Industrial Research					
156.	3425.60.151.02-National Laboratories	2485.50	2203.63	281.87	Due to cut imposed at revised estimates stage.
Grant No. 89- Ministry of Shipping					
157.	5051.01.104.07-Other Expenditure	173.00	54.44	118.56	Due to non-approval of dredging proposals.
Grant No. 90-Ministry of Social Justice and Empowerment					
158.	2225.01.789.22-Pre Matric Scholarship for SCs	171.00	15.08	155.92	Due to non-receipt of adequate proposals for scholarship and requirement of less funds towards Administrative expenses
159.	3601.03.789.08-Welfare of Scheduled Castes-Economic Development	1036.80	700.00	336.80	Due to availability of unspent balance with some State Governments

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
Grant No. 92-Department of Space					
160.	5402.00.101.01-Vikram Sarabhai Space Centre (VSSC)	367.41	241.75	125.66	Due to postponement of procurement of materials and reduction of provision at Revised Estimates stage.
161.	5402.00.101.20-Polar Satellite Launch Vehicle Continuation (PSLV-C) Project	374.20	61.25	312.95	Due to requirement of less funds towards launching of DMC-3 and Teleos-1 satellites.
Grant No. 93-Ministry of Statistics and Programme Implementation					
162.	2553.00.101.01-Grant Assistance	3950.00	3350.00	600.00	Due to enforcement of model code of conduct owing to Election in Karnataka and non-submission of utilization/audit certificate in time by District Authority.
Grant No. 95-Ministry of Textiles					
163.	2851.00.800.50-Setting up of Five Mega Clusters-(i) Zari in Bareilly, (ii) Chicken in Lucknow, (iii) Embroidery in Kutch, (iv) Power loom Cluster in Surat and (v) Handloom Cluster in Tripura	190.00	27.12	162.88	Due to delay in finalisation of the projects.
164.	2852.08.202.13 –Modernization and Technical Up-gradation (TUFS)	2199.73	1883.10	316.63	Due to receipt of less claims from the implementing agencies.
165.	2852.08.202.27-Integrated Textiles Parks	222.99	78.26	144.73	Due to less receipt of viable proposals from the implementing agencies and non-completion of Infrastructure of Textiles parks.
Grant No. 96-Ministry of Tourism					
166.	3452.80.104.01-Direct Expenditure	446.20	279.79	166.41	Due to receipt of less bills from Directorate of Advertising & Visual Publicity and cut imposed at the revised estimates stage.
Grant No. 97-Ministry of Tribal Affairs					
167.	3601.02.796.02- Welfare of Scheduled Tribes-Grants under proviso to Article 275(1) of the Constitution (Charged)	2492.00	2171.99	320.01	Due to non-receipt of complete/adequate proposals from some State Governments and cut imposed at revised estimates stage.
168.	3601.03.796.08-Welfare of Scheduled Tribes-Education (Charged)	589.60	375.59	214.01	Due to non-receipt of complete/adequate proposals/ utilization certificates from some State Governments and cut imposed at revised estimates stage.
Grant No. 103-Department of Urban Development					
169.	2217.05.191.14-National Heritage Cities Programme	200.00	0.87	199.13	Due to receipt of less demands from the implementing agencies.
170.	3601.04.315.02-Jawaharlal Nehru National Urban Renewal Mission	6496.27	997.95	5498.32	

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
171.	3601.04.318.01-North Eastern Region Urban Development Project (NERUDP)	252.90	150.99	101.91	Due to slow progress of ongoing works and economy measure. Due to receipt of less demands from the implementing agencies.
172.	3602.04.315.01- Jawaharlal Nehru National Urban Renewal Mission	420.50	7.77	412.73	
173.	4216.01.106.03-Urban Development Construction	609.00	499.89	109.11	
174.	4217.60.190.08- Other Metro Projects	1462.27	338.99	1123.28	
175.	6217.60.191.17- Pass through Assistance to Other Metro Project	1778.48	1141.85	636.63	
176.	6217.60.191.18- Sub-ordinate Debt-Interest free loan	1360.00	888.02	471.98	
Grant No. 104-Public Works					
177.	4059.01.051.01-Buildings	323.63	150.20	173.43	Due to slow progress on ongoing works and non-receipt of expenditure sanction from the client departments.
106 – Ministry of Water Resources					
178.	2701.80.800.11-Development of Water Resources Information System	173.62	56.64	116.98	Due to receipt of less proposals for up gradation of sites, late approval for conducting study for reassessment of water availability and reduction of provision at revised estimates stage.
179.	2702.02.005.16-Ground Water Management and Regulation	350.00	138.22	211.78	Due to non-completion of approval process by the competent authority, non-materialization of procurement process for purchase of machinery and construction of less exploratory wells.
180.	3435.04.101.06-National River Conservation Programme	530.01	267.46	262.55	Due to receipt of less proposals.
181.	3435.04.800.01-Water Projects for NCT from existing Budget	500.01	320.00	180.01	Due to non-receipt of approval/concurrence from the Ministry of Finance.
182.	3601.02.101.50-Bodwad Parisar Sinchan Yojana Project of Maharashtra	200.00	66.66	133.34	Due to reduction of provision at revised estimates stage and receipt of less proposals from the State Governments.
183.	3601.02.101.51-Accelerated Irrigation Benefit & Flood Management Programme	7568.64	3201.07	4367.57	
184.	3601.02.796.26-Medium Irrigation-Accelerated Irrigation Benefit and Flood Management Programme	160.58	59.97	100.61	Due to reduction of provision at revised estimates stage.

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
Grant No. 107 Ministry of Women and Child Development					
185.	2235.02.102.18-Intergated Child Development Services	213.00	54.15	158.85	Due to non-filling up of vacant posts, non-receipts of claims from technical agency and Union Territory Administration of Chandigarh and Scheme being under revision
186.	3601.02.356.09-National Mission for Empowerment of Women including IGMSY	437.68	278.19	159.49	Due to non-appraisal and approval of the revised scheme by the Competent Authority
Postal Services					
Grant No.13-Department of Posts					
187.	3201.02.102.01-Mail sorting	1253.90	1105.31	148.59	Savings were due to non-finalisation of cases in time, reduction of plan funds and higher number of retirements. It was also stated that review of operational expenses was being carried out and instructions have been issued to project realistic demand for funds.
188.	3201.07.102.01-Commutated Value of Pensions	442.60	325.53	117.07	
189.	5201.00.104.62-Machinery Equipment	274.40	13.77	260.63	
Defence Services					
Grant No. 22 – Defence Services-Army					
190.	2076.00.101 – Pay and Allowance of Army	349.00	237.15	111.85	Due to reduced disbursement in Dhanapalan case.
191.	2076.00.800 – Other Expenditure	2480.68	2021.80	458.88	Due to curtailing of expenditure to free resources for other urgent requirements.
Grant No. 23 – Defence Services-Navy					
192.	2077.00.110 –Stores	4928.70	4151.44	777.26	Due to reduction in prices of petrol, oils & lubricants.
Grant No. 24 – Defence Services-Air Force					
193.	2078.00.800-Other Expenditure	562.10	454.65	107.45	Due to non-finalisation of certain simulator training programmes.
Grant No. 25 – Defence Ordnance Factories					
194.	2079.00.110-Stores	6606.74	5686.27	920.47	Due to reduction in target of 'Supplies to Services'.
195.	2079.00.800- Other Expenditure	1273.79	910.51	363.28	Due to change in payment schedule for advance payment for Transfer of Technology of 125 mm FSAPDS.
Grant No. 26 – Defence Services Research & Development					
196.	004-Research / Research Development	895.35	732.85	162.50	Due to reduced requirement by Director General Aeronautical Development Agency and other Research & Development Boards.

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
Grant No. 27 –Capital Outlay on Defence Services					
01-Army					
197.	4076.01.050 –Land	281.00	178.39	102.61	Due to non-fructification of land acquisition cases as anticipated.
198.	4076.01.102 –Heavy & Medium Vehicles	2692.16	1306.66	1385.50	Due to under-utilization by Director General Ordnance Factory and non-fructification of New Scheme.
199.	4076.01.103 – Other Equipments	15591.93	9772.72	5819.21	Due to non-fructification of New Scheme, under-utilization by Director General Ordnance Factory and slippages in Committed Liabilities case.
200.	4076.01.202 – Construction Works	5259.78	4507.78	752.00	Due to cancellation of contracts under Married Accommodation Project and less outgo in Army Major Works Project/Other Projects.
02- Navy					
201.	4076.02.103 – Other Equipment	4358.10	3654.17	703.93	Due to cut imposed at RE stage and reduced requirement for Committed Liabilities in view of delay in delivery schedules of certain equipment.
202.	4076.02.104-Joint Staff	1028.87	643.95	384.92	Due to cut imposed at RE stage, slow progress of schemes, projects, AMC of Divya Drishti and SFC Projects.
203.	4076.02.205-Naval Dockyards	1612.87	635.45	977.42	Due to cut imposed at RE stage and non-conclusion of certain contracts of DGNP.
03- Air Force					
204.	4076.03.102-Heavy and Medium Vehicle	194.29	33.26	161.03	Due to cut imposed at RE stage and non-fructification of New Schemes.
205.	4076.03.103 – Other Equipments	15352.17	8218.55	7133.62	Due to cut imposed at RE stage and non-achievement of some of the milestones like MRSAM, WCDMA, LLTR (Thales), LLTR (BEL), LLQRM, GSAT etc.
04- Defence Ordnance Factories					
206.	4076.04.052-Machinery and Equipment	707.71	485.74	221.97	Due to cut imposed at RE stage and non-release of payment due to non-receipt of Machinery from M/s Jyoti CNC Machines, Chennai.
207.	4076.04.111-Works	452.00	299.87	152.13	Due to cut imposed at RE stage and under- utilization by MES.

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SI No.	Minor/ Sub-head	Sanctioned Provision	Actual Disbursement	Savings	Reasons attributed by the Ministry/Department
		(₹ in crore)			
05- Research & Development					
208.	4076.05.052-Machinery and Equipment	8541.10	6947.38	1593.72	Due to cut imposed at RE stage.
209.	4076.05. 111-Works	753.15	451.74	301.41	

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Annexure 3.14
(Refer to paragraph 3.17)
Statement showing persistent savings under sub-heads

Sl No.	Sub-Head	Year	Budget Provision	Actual Expenditure	Savings	Percentage of Savings to Budget Provision
			(₹ in crore)			
Atomic Energy						
1.	4861.60.203.44-Fast Reactor Fuel Cycle Facility (FRFCF)	2012-13	580.00	--	580.00	100
		2013-14	263.00	8.51	254.49	97
		2014-15	490.00	189.98	300.02	61
Department of Telecommunications						
2.	2071.01.102.01-Ordinary Pensions	2012-13	1019.31	711.67	307.64	30
		2013-14	925.00	686.67	238.33	26
		2014-15	989.11	792.45	196.66	20
3.	3275.00.103.01-Compensation to Service Providers	2012-13	2689.10	625.00	2064.10	77
		2013-14	2683.80	2163.45	520.35	19
		2014-15	3159.00	2086.98	1072.02	34
Ministry of External Affairs						
4.	3605.00.101.14-Aid to Myanmar	2012-13	302.21	121.88	180.33	60
		2013-14	450.00	164.86	285.14	63
		2014-15	330.00	104.34	225.66	68
Department of Economic Affairs						
5.	2235.60.797.02-National Social Security Fund for unorganized Sector Workers	2012-13	1000.00	120.00	880.00	88
		2013-14	609.55	200.00	409.55	67
		2014-15	607.00	107.00	500.00	82
Appropriation Interest Payments						
6.	2049.01.116-14 days Treasury Bills (charged)	2012-13	5200.00	4285.65	914.35	18
		2013-14	7150.00	3616.53	3533.47	49
		2014-15	7250.00	3671.44	3578.56	49
7.	2049.01.126-Interest /Discount paid on Market Stabilisation Scheme Deposit of Money in the Bank	2012-13	110.00	--	110.00	100
		2013-14	1630.38	--	1630.38	100
		2014-15	1628.81	--	1628.81	100
Transfers to State and Union Territory Governments						
8.	3601.01.104.18-Grants-in-aid for Governance	2012-13	3528.82	1636.10	1892.72	54
		2013-14	3629.02	1879.35	1749.67	48
		2014-15	4141.52	2784.63	1356.89	33
9.	3601.02.101.35-Backward Regions Grants fund (BRGF)	2012-13	6990.00	5338.00	1652.00	24
		2013-14	5000.00	3530.52	1469.48	29
		2014-15	5050.00	3039.23	2010.77	40
10.	7601.06.200-Other Ways and Means Advances	2012-13	1000.00	--	1000.00	100
		2013-14	1000.00	--	1000.00	100
		2014-15	1000.00	--	1000.00	100
Appropriation –Repayment of Debt						
11.	6001.00.106.30-8% Savings Bonds, 2003 (Taxable)	2012-13	10594.43	5413.95	5180.48	49
		2013-14	1063.60	429.45	634.15	60
		2014-15	1143.69	594.29	549.40	48
12.	6001.00.114-Ways and Means Advances	2012-13	700000.00	124648.00	575352.00	82
		2013-14	500000.00	242425.00	257575.00	52
		2014-15	500000.00	316116.00	183884.00	37

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Pensions						
13.	2071.01.115.01-Ordinary Pensions	2012-13	1440.00	1283.64	156.36	11
		2013-14	1450.00	1290.81	159.19	11
		2014-15	1620.00	1389.14	230.86	14
Department of Health and Family Welfare						
14.	3606.00.237.05-Material Assistance for Strengthening of National Immunization Programme and Polio Eradication	2012-13	332.36	94.21	238.15	72
		2013-14	332.36	159.43	172.93	52
		2014-15	718.10	153.80	564.30	79
15.	4210.03.105.12-Establishment of AIIMS type Super-Specialty Hospitals-cum-Teaching Institutions and upgrading of State Government Hospitals	2012-13	1376.21	854.62	521.59	38
		2013-14	1475.00	803.58	671.42	46
		2014-15	844.00	247.50	596.50	71
Department of Heavy Industry						
16.	2852.80.003.12-National Automotive Testing and R&D Infrastructure project	2012-13	488.48	341.94	146.54	30
		2013-14	341.94	--	341.94	100
		2014-15	426.94	241.91	185.03	43
Ministry of Home Affairs						
17.	3454.02.800.08-National Population Register	2012-13	1754.82	759.43	995.39	57
		2013-14	1045.27	459.44	585.83	56
		2014-15	584.03	335.96	248.07	42
Ministry of Panchayati Raj						
18.	3601.02.471.01-Grants for Backward Regions	2012-13	3817.81	2355.40	1462.41	38
		2013-14	4216.50	1817.20	2399.30	57
		2014-15	3233.20	1767.37	1465.83	45
19.	3601.02.789.01-Other Rural Development Programme Panchayati Raj	2012-13	818.10	601.05	217.05	27
		2013-14	1008.94	434.00	574.94	57
		2014-15	955.80	412.83	542.97	57
Ministry of Planning						
20.	3454.02.206.01-Unique Identification Authority of India	2012-13	1300.00	1090.05	209.95	16
		2013-14	1819.00	1194.68	624.32	34
		2014-15	1437.14	1104.61	332.53	23
21.	3475.00.800.83-Public Finance Management System (earlier name-Plan Accounting & Public Finance Management System)	2012-13	130.00	14.45	115.55	89
		2013-14	160.99	59.95	101.04	63
		2014-15	199.57	64.17	135.40	68
Ministry of Power						
22.	2801.06.789.01- Rajiv Gandhi Grameen Vidyutikaran Yojana	2012-13	600.00	50.21	549.79	92
		2013-14	709.36	344.63	364.73	51
		2014-15	710.00	460.44	249.56	35
23.	2801.80.004.02-Central Power Research Institute	2012-13	265.00	40.36	224.64	85
		2013-14	298.73	17.76	280.97	94
		2014-15	295.53	79.82	215.71	73
24.	2801.80.800.15-Bureau of Energy Efficiency	2012-13	197.40	41.50	155.90	79
		2013-14	189.41	64.12	125.29	66
		2014-15	137.55	9.00	128.55	93
25.	4801.02.190.02-National Thermal Power Corporation Limited	2012-13	720.04	214.24	505.80	70
		2013-14	474.00	301.45	172.55	36
		2014-15	915.00	73.74	841.26	92

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Ministry of Road Transport and Highways						
26.	5054.01.337.01-Works under Roads Wing	2012-13	5613.80	893.72	4720.08	84
		2013-14	3704.83	2533.17	1171.66	32
		2014-15	2412.56	1713.31	699.25	29
27.	5054.02.337.03-Works under BRDB	2012-13	2630.71	2350.70	280.01	11
		2013-14	2799.92	2231.13	568.79	20
		2014-15	2392.09	2066.06	326.03	14

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Annexure 4.1

(Refer to paragraph 4.6.1 and 4.7.3)

**Object heads and their descriptions as contained in Rule 8 of Delegation of
Financial Power Rules, 1978**

Object head	Description
Object Class 1 (Personnel Services and Benefits)	
01- Salaries	It will include pay, allowances in all forms of personnel including honoraria and leave encashment except travel expenses (other than leave travel concession). This object classification will also be utilized for recording expenditure on emoluments and allowances of Heads of States and other high dignitaries including sumptuary allowances.
02- Wages	It will include wages of labourers and of staff at present paid out of contingencies.
03- Overtime Allowance	Amount paid to a Non-Gazetted Government servant for performing official duties beyond office hours in addition to his working hours.
04- Pensionary Charges	It will include donations to service funds and contributory provident funds in addition to payments of pensions and gratuity in all forms to Government servants, Members of Parliament, freedom fighters, etc. This will, however, not include social security expenditure such as old age pension, etc.
05- Rewards	It will include amount paid to Government servants only as per schemes, if any, operative in Ministries/Departments.
06- Medical Treatment	It will include amount paid towards medical reimbursement to Government servants/Pensioners.
Object Class 2 (Administrative Expenses)	
11- Domestic Travel Expenses	It will cover all expenses on account of travel on duty in India including conveyance and fixed travelling allowances but excluding leave travel concessions which would be part of salaries. This will also include T.A./D.A. to non-official members on account of travel in India.
12- Foreign Travel Expenses	It will cover all expenses on account of travel on duty outside India including deputation of Scientists abroad. This will also include the expenditure on T.A./D.A. to non-official members going on tour abroad.
13- Office Expenses	It will include all contingent expenses for running an office such as furniture, postage, purchase and maintenance of office machines and equipments, liveries, hot and cold weather charges (excluding wages of staff paid from contingencies), telephones, electricity and water charges, stationery, printing of forms, purchase and maintenance of staff cars and other vehicles for functional purposes like ambulance, vans, etc. This will also include POL expenses on vehicles for office use.
14-Rents, Rates and Taxes	It will include payment of rent for hired buildings, municipal rates and taxes, etc. It will also include lease charges for land.
15- Royalty	Description not available in Delegation of Financial Powers Rules, 1978.
16- Publications	It will include expenditure on printing of office codes, manuals and other documents, whether priced or unpriced but will exclude expenditure on printing of publicity material. This will also include discount to agents on sale of publications, etc.
20- Other Administrative Expenses	It will include expenditure on Departmental canteen hospitality/ entertainment expenses, gifts and expenditure on conducted tours, expenditure on conferences/ seminars/ workshops, etc., and expenditure on other training programmes.
Object Class 3 (Contractual Services and Supplies)	
21- Supplies and Materials	It will include expenditure on materials and supplies, stores and equipment, etc.
22- Arms and Ammunition	It will include expenditure on arms and ammunition of police and other Paramilitary Establishments.
23- Cost of ration	It will include expenditure on ration of Police and other Paramilitary Establishments.

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Object head	Description
24- POL	It will include expenditure on POL of Police and other paramilitary vehicles. It will also include expenditure on POL of transport vehicles used for field activities, but will exclude those used for running an office.
25- Clothing and Tentage	It will include expenditure on clothing and tentage of Police and Paramilitary Establishments.
26- Advertising and Publicity	It will include commission to agents for sale and printing of publicity material. This would also include expenditure on exhibitions, fairs.
27- Minor works	It will also record expenditure on repairs and maintenance of works, machinery and equipment.
28- Professional services	It will include charges of legal services, consultancy fees, fees to staff artists, remuneration to the examiners, invigilators, etc., for conducting examinations, remuneration to casual artistes, by the All India Radio, Doordarshan and all other types of remunerations. It will also include payments for services rendered, supplies made by other departments such as Railways, Police, etc., a distinction being made in respect of supplies made, services rendered for running of an office in which case the expenditure will be recorded under expenses.
30- Other contractual Services	It will include expenditure on service or commitment charges and notional value of gifts received, etc.
Object Class 4 (Grants, etc.)	
31- Grants-in-aid- General	Description not available in Delegation of Financial Powers Rules, 1978.
32- Contributions	It will also include expenditure on membership of International bodies.
33- Subsidies	Description not available in Delegation of Financial Powers Rules, 1978.
34- Scholarships/ Stipend	Description not available in Delegation of Financial Powers Rules, 1978.
35- Grants for creation of Capital Assets	It will include amounts released as grants for the creation of capital assets.
36- Grants-in-aid- Salaries	It will include amounts released as Grants-in-aid for payment of salaries.
Object Class 5 (Other Expenditure)	
41- Secret Service Expenditure	Description not available in Delegation of Financial Powers Rules, 1978.
42- Lumpsum provision	It will include expenditure in respect of schemes/sub-schemes/organizations where the provision does not exceed ₹ 10 lakh. In all other cases, break-up by other objects of expenditure must be given.
43- Suspense	Description not available in Delegation of Financial Powers Rules, 1978.
44- Exchange variations	The difference in the rate of exchange at the time of receipt of loan/ advances from foreign sources and repayment thereof shall be debited under this object head under the concerned service expenditure head.
45- Interest	It will include interest on capital and discount on loans.
46- Central State Transfer of Resources	Description not available in Delegation of Financial Powers Rules, 1978.
50- Other Charges	It will include payment out of discretionary grants. Other discounts, customs duty compensation, awards and prizes, etc. Any other expenditure which cannot be classified under any of these specified object heads will be debited to this head.
Object Class 6 (Acquisition of capital assets and other capital expenditure)	
51- Motor Vehicles	Include purchase and maintenance of transport vehicles used for functional activities (e.g. ambulance vans) which are distinct from those used for running an office.
52- Machinery and Equipment	It will include machinery equipment, apparatus, etc., other than those required for the running of an office and special tools and plants acquired for specific works.
53- Major Works	It will also include cost of acquisition of land and structures
54- Investments	Description not available in Delegation of Financial Powers Rules, 1978.
55- Loans and advances	It will include all loans and advances granted to other Governments. Public Sector Enterprises. Undertakings and other Government Bodies, etc., but will exclude repayments of borrowings.
56- Repayment of borrowings	Description not available in Delegation of Financial Powers Rules, 1978.

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Object head	Description
60- Other Capital Expenditure	Description not available in Delegation of Financial Powers Rules, 1978.
Object Class 7 (Accounting Adjustments)	
61- Depreciation	Description not available in Delegation of Financial Powers Rules, 1978.
62- Reserves	Description not available in Delegation of Financial Powers Rules, 1978.
63- Inter-Account Transfer	It will include transfer to and from reserve fund, etc., write back from capital to revenues.
64- Write-off/ losses	It will include write-off of irrecoverable loans, losses will include trading losses.
70- Deduct recoveries	Description not available in Delegation of Financial Powers Rules, 1978.

Annexure 4.2

(Refer to paragraph 4.7.3 Sl. No. 13)

**Expenditure booked under Grants-in-aid General instead of Grants for creation of
Capital Assets**

(₹ in crore)

Sl. No.	State/UT	Sanction details	Subject/Purpose Sanctioned	Sanctioned Amount
1.	Nagaland	I-12020/5/2015-NCB-II dated 30.03.2015	Procurement of items namely, Generator, Vehicle, Tata Mobile for transportation, Motorcycle, Bullet Proof Jacket and Helmet	0.59
2.	Nagaland	I-45011/19/2012-AD(CD) dated 09.12.2014	For equipment under the scheme of Modernization of Fire and Emergency Services in the Country	2.00
3.	Nagaland	I-45011/13/2014-AD(CD) dated 31.07.2014	Creation of Civil Defence Setup in Most Vulnerable Districts	1.54
4.	Nagaland	VI-21011/58/2014-PM-I dated 19.06.2014	Construction activities under the Scheme for Modernization of State Police Forces	16.37
5.	Jharkhand	VI-21011/58/2014-PM-I dated 27.08.2014	Purchase of equipment under non-plan activities	7.30
6.	Jharkhand	VI-21011/58(ii)/2014-PM-I dated 09.10.2014	Purchase of equipment under non-plan activities	7.77
7.	Jharkhand	VI-21011/58(ii)/2014-PM-I dated 09.10.2014	Purchase of equipment under non-plan activities	0.57
8.	Jharkhand	VI-21011/58/2014-PM-I dated 05.08.2014	Construction activities under the Scheme for Modernization of State Police Forces	14.03
9.	Jammu and Kashmir	I-45011/19/2012-AD(CD) dated 09.12.2014	For equipment under the scheme of Modernization of Fire and Emergency Services in the Country	2.00
10.	Jammu and Kashmir	VI-21011/58/2014-PM-I dated 19.06.2014	Construction activities under the Scheme for Modernization of State Police Forces	60.81
11.	Andhra Pradesh	VI-21011/58(ii)/2014-PM-I, dated 31.03.2015	Purchase of equipment under non-plan activities	4.01
12.	Andhra Pradesh	VI-21011/58(ii)/2014-PM-I, dated 31.01.2015	Purchase of equipment under non-plan activities	10.05
13.	Andhra Pradesh	I-45011/13/2014-Ad(CD) dated 09.12.2014	Provision for equipment for State Fire Services under Scheme for Modernisation of Fire and Emergency Services	2.00

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Sl. No.	State/UT	Sanction details	Subject/Purpose Sanctioned	Sanctioned Amount
14.	Andhra Pradesh	VI-21011/58/2014-PM.I(Pt.IV) dated 13.10.2014	Construction activities under the Scheme for Modernization of State Police Forces	37.28
15.	Haryana	VI-21011/58(ii)/2014-PM-I, dated 09.10.2014	Purchase of equipment under non-plan activities	6.62
16.	Haryana	VI-21011/58(ii)/2014-PM-I, dated 09.10.2014	Purchase of equipment under non-plan activities	2.62
17.	Haryana	VI-21011/58/2014-PM-I dated 28.08.2014	Construction activities under the Scheme for Modernization of State Police Forces	17.49
18.	Tamil Nadu	VI-21011/58(v)/2014-PM-I, dated 29.10.2014	Purchase of equipment under non-plan activities	28.61
19.	Tamil Nadu	VI-21011/58/2014-PM-I dated 19.06.2014	Construction activities under the Scheme for Modernization of State Police Forces	53.09
20.	Uttar Pradesh	VI-21011/84(vi)/2014-PM-I dated 17.03.2015	Purchase of equipment under non-plan heads	1.90
21.	Uttar Pradesh	VI-21011/84(xi)/2014-PM-I dated 17.03.2015	Construction activities under plan heads	1.87
22.	Uttar Pradesh	VI-21011/58(ii)/2014-PM-I, dated 09.10.2014	Purchase of equipment under non-plan activities	49.29
23.	Uttar Pradesh	VI-21011/58(ii)/2014-PM-I, dated 09.10.2014	Purchase of equipment under non-plan activities	11.71
24.	Uttar Pradesh	VI-21011/58/2014-PM-I dated 28.08.2014	Construction activities under the Scheme for Modernization of State Police Forces	96.30
25.	Uttarakhand	VI-21011/58(ii)/2014-PM-I, dated 09.10.2014	Purchase of equipment under non-plan activities	0.62
26.	Uttarakhand	VI-21011/58/2014-PM-I, dated 05.08.2014	Construction activities under the Scheme for Modernization of State Police Forces	5.13
27.	Uttarakhand	VI-21011/58/2014-PM-I, dated 25.07.2014	Purchase of equipment under non-plan activities	2.44

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Sl. No.	State/UT	Sanction details	Subject/Purpose Sanctioned	Sanctioned Amount
28.	Bihar	I-45011/19/2012-AD(CD) dated 09.12.2014	Provision of equipment under Scheme of Modernization of Fire and Emergency Service	2.00
29.	Bihar	VI-21011/58/2014-PM-I, dated 05.08.2014	Construction activities under the Scheme for Modernization of State Police Forces	42.10
30.	Meghalaya	I-45011/19/2012-AD(CD) dated 09.12.2014	Provision of equipment under Scheme of Modernization of Fire and Emergency Service	2.00
31.	Meghalaya	VI-21011/58(ii)/2014-PM-I, dated 09.10.2014	Purchase of equipment under non-plan activities	0.83
32.	Meghalaya	VI-21011/58/2014-PM-I, dated 05.08.2014	Construction activities under the Scheme for Modernization of State Police Forces	5.72
			Total	496.66

Annexure 5.1
(Refer to paragraph 5.5.9 (d))
Year-wise outstanding Utilisation Certificates in the Ministry Food Processing Industries

Year	No. of outstanding UCs	Total amount of UCs pending (₹ in lakh)
1991-92	2	6.20
1992-93	7	81.36
1993-94	17	140.69
1994-95	21	135.36
1995-96	18	142.24
1996-97	10	129.43
1997-98	14	222.52
1998-99	30	284.56
1999-2000	21	230.39
2000-2001	40	380.23
2001-2002	39	1016.48
2002-2003	36	460.62
2003-2004	64	674.86
2004-2005	95	658.03
2005-2006	148	1773.35
2006-2007	130	1787.13
2007-2008	213	3510.87
2008-2009	213	2794.89
2009-2010	230	3407.68
2010-2011	182	3519.03
2011-2012	157	4074.15
2012-2013	121	5227.85
2013-2014	203	13856.20
Total	2011	44514.12

Annexure 5.2
(Refer to paragraph 5.5.18)
Year-wise outstanding Utilisation Certificates in the Ministry of Earth Science

Year	No. of outstanding UCs	Total amount of UCs pending (₹ in lakh)
1983-84	9	0.72
1984-85	12	11.28
1985-86	11	4.48
1986-87	8	6.45
1987-88	20	7.58
1988-89	25	84.48
1989-90	40	20.26
1990-91	24	75.28
1991-92	0	0.00
1992-93	9	174.71
1993-94	6	59.57
1994-95	7	32.51
1995-96	21	110.83
1996-97	24	30
1997-98	25	134.50
1998-99	17	195.92
1999-00	19	520.65
2000-01	13	42.42
2001-02	5	6.28
2002-03	8	10.40
2003-04	21	31.50
2004-05	18	431.82
2005-06	19	189.02
2006-07	14	362.65
2007-08	41	301.25
2008-09	32	788.10
2009-10	21	175.60
2010-11	76	432.06
2011-12	38	407.45
2012-13	25	271.24
2013-14	116	651.14
Total	724	5570.15

Glossary

- Appropriation** : Appropriation means assignment to meet specified expenditure of funds included in a primary unit of appropriation
- Appropriation Accounts** : Appropriation Accounts present the total amount of funds (original and supplementary) authorised by the Parliament in the budget grants under each voted grants and charged appropriation *vis-a-vis* the actual expenditure incurred against each grant or appropriation and the saving or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularisation by the Parliament.
- Appropriation Act** : When appropriation bill has been passed by the Parliament, it is presented to the President. After the assent by the President to the bill, it becomes an Act.
- Appropriation Bill** : As soon as may be, after the grants under Article 113 have been made by Lok Sabha, a bill to provide for the appropriation out of the Consolidated Fund of India of all money required to meet (a) the grants so made by the Lok Sabha (b) the expenditure charged upon Consolidated Fund of India but not exceeding in any case the amount shown in the statement previously laid before the Parliament, is introduced.
- Capital Expenditure** : It consists of payment for acquisition of assets, investment in shares, and loans and advances given by the Government.
- Capital Receipts** : Capital receipts comprise loans raised by the Government from the public, borrowing from the Reserve Bank of India and loans taken from foreign Governments, recoveries of loans by the Government, proceeds of disinvestments etc.
- Charged Appropriation** : Sum required to meet expenditure 'Charged' on Consolidated Fund under Article 112 (3) of the Constitution is called Charged Appropriation.
- Consolidated Fund of India (CFI)** : The fund constituted under Article 266 (1) of the Constitution of India into which all receipts, revenues and loans flow. All expenditure from the CFI is by appropriation: voted or charged. It consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans, etc.).
- Contingency Fund of India** : Parliament has by law established a Contingency Fund in the nature of an imprest into which is paid from time to time such sums as may be determined by such law, and the said fund is placed at the disposal of the President to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure, pending authorisation of such expenditure by Parliament by law, under, Article 115 or Article 116 of the Constitution.
- PFMS(formerly known as CPSMS)** : The Public Financial Management System (formerly known as Central Plan Scheme Monitoring System (CPSMS)) is a software which is being implemented by the Office of Controller General of Accounts in partnership with National Informatics Centre. The software has established a common transaction-based on-line fund management and payment system and MIS for the Plan Schemes of Government of India. The platform has now been extended to State Governments for effecting payments of plan funds received directly at the State Treasuries.

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Debt service	:	Payments to creditor(s) of matured principal and of interest. It usually includes service charges, etc.
Demand for Grants	:	Demand for Grants is for gross amount of expenditure to be incurred and shows recoveries to be taken in reduction of expenditure separately by way of footnotes, presented to Parliament at two levels. The Demands for Grants are presented by the Ministry of Finance along with the Annual Financial Statement. The Detailed Demands for Grants are laid on the table of Lok Sabha by the concerned ministries a few days in advance of the discussion of respective Ministry's Demand in that House. : As the Demands for Grants are for gross expenditure and the Annual Financial Statement gives the net amount to be expended under each head, the total of the two should be reconciled after adjustment of the recoveries taken in account in reduction of gross expenditure.
e-lekha	:	This is the electronic payment and accounting software solution for the Civil Accounts with the objective of improving efficiency and accuracy of accounting process. It provides a system of core accounting with integration of daily, monthly and annual accounting process for value added reporting and monitoring mechanism.
Excess Grant	:	In cases, where expenditure in individual 'segment' of grant/appropriation, i.e. Revenue (Charged), Revenue (Voted), Capital (Charged) and Capital (Voted) exceeds the authorisation as such, the grant/appropriation is termed as excess grant.
External Debt	:	Debt contracted by the Government from abroad, mostly in foreign currency viz., loan from World Bank, IBRD, IDA, etc.
Fiscal Deficit	:	It is the excess of total expenditure including loans net of repayments over revenue receipts and non-debt capital receipts. It also indicates the total borrowing of the Government, and the increment to its outstanding debt.
GDP at market Prices	:	Gross Domestic Product at market prices indicates the value of all final expenditure on the goods and services produced within the country in a given period. The evaluation can be done at current prices or at prices prevailing in a base year.
Internal Debt	:	Internal Debt comprises regular loans from the public in India, also termed 'Debt raised in India'. It is confined to loans credited to the Consolidated Fund of India.
Major Head	:	The main unit of classification in accounts is known as Major Head. A four digit code has been allotted to the Major Head, the first digit indicating whether the major head is a Receipt head or Revenue expenditure head or Capital expenditure head or Loan head.
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.

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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.
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.
Saving	:	When expenditure falls short of budget provision, it results into saving.
Voted Grant	:	Sum required to meet other expenditure for which vote of Parliament is required under Article 113 (2) of the Constitution is called voted grant.

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