

1: Overview of Union Finances 2015-16

1.1 Introduction

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

Box 1.1: Union Government Funds and the Public Account

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

1.1.1 Overview of Union Government Finances

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

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

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

(₹ in crore)

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

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

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

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

1.1.2 Gross Domestic Product

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

Table 1.2: Gross Domestic Product 2015-16

(₹ in crore)

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

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

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

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

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

1.2 Resource Generation

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

Table 1.3: Resources and GDP

(₹ in crore)

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

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

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

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

1.2.1 Revenue receipts

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

1.2.2 Revenue Receipts: Gross and Net

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

Table 1.4: Revenue Receipts: Gross and Net

(₹ in crore)

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

includes Grant-in-aid and contributions from external Agencies

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

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

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

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

1.2.3 Components of revenue receipts: Gap between Actuals and BE

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

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


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

1.2.4 Tax revenue

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

Table 1.5: Components of tax revenue (gross)

(₹ in crore)

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

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

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

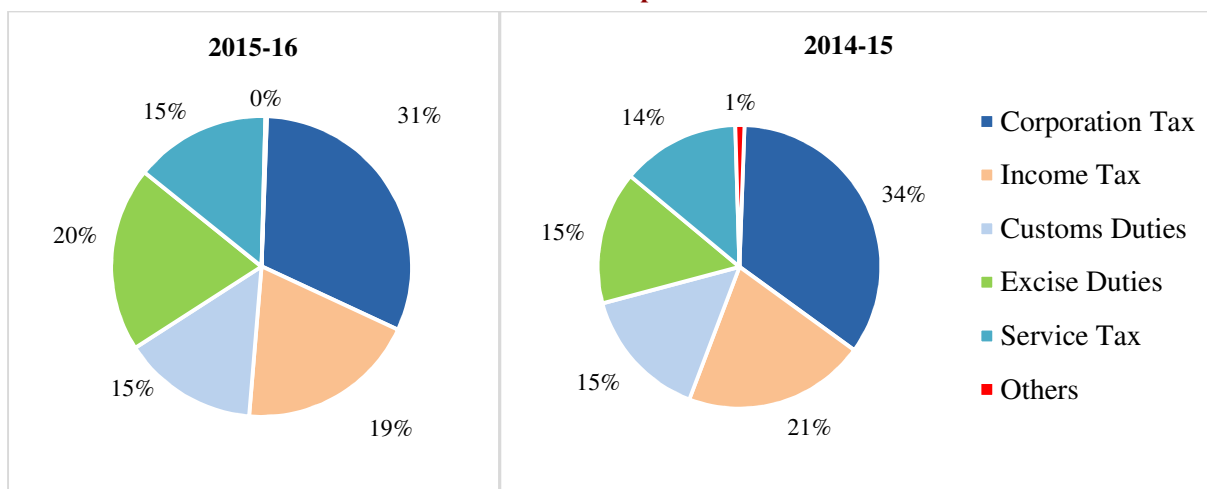
@ Figures not available due to change in base year of GDP to 2011-12.

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

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

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

Chart 1.2: Components of tax revenue



Zero per cent denotes value less than 0.5 per cent

1.2.5 Tax-GDP ratio

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

Table 1.6: Tax /GDP ratio of major taxes

(in per cent)

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

1.2.6 Collection of Cess

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

Table 1.7: Collection of Cess

(₹ in crore)

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

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

1.2.7 Non-tax revenue

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

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

(₹ in crore)

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

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

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

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

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

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

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

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

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

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

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

Figures in the parentheses show percentage of non-tax revenue

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

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

Table 1.10: Composition of Dividend and Profit

(₹ in crore)

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

Figures in parentheses show percentage of Non Tax Revenue.

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

1.2.8 Non-debt capital receipts

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

Table 1.11: Realisation from Non-Debt Capital Receipt

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

Source: Annual Financial Statement and Union Government Finance Accounts.

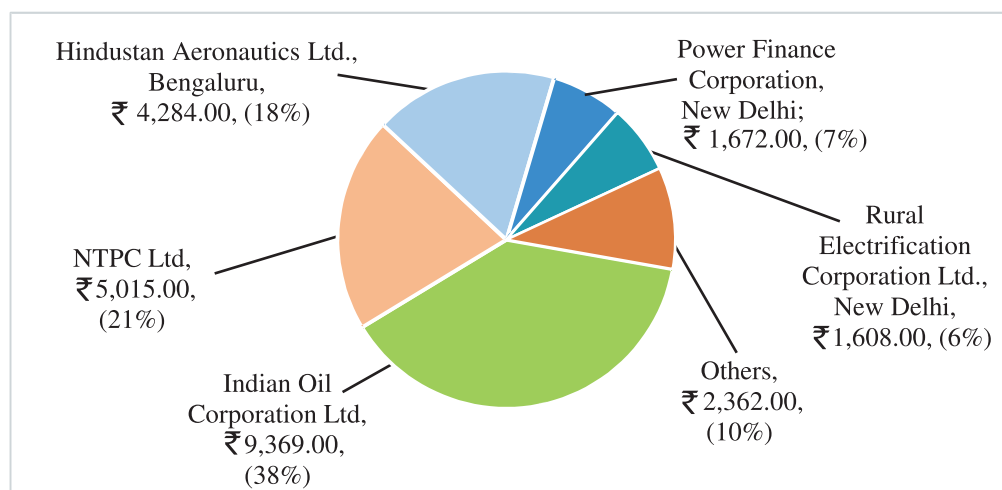
*Does not include receipts from bonus shares.

Disinvestment constitutes the major portion of the miscellaneous capital receipt.

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

Chart 1.3: Component of disinvestment proceeds

(*₹ in crore*)



1.2.9 Returns on Investments

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

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

Table 1.12: Number of PSUs paying dividend

(₹ in crore)

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

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

* Others includes State Co-operative Banks/Institutions

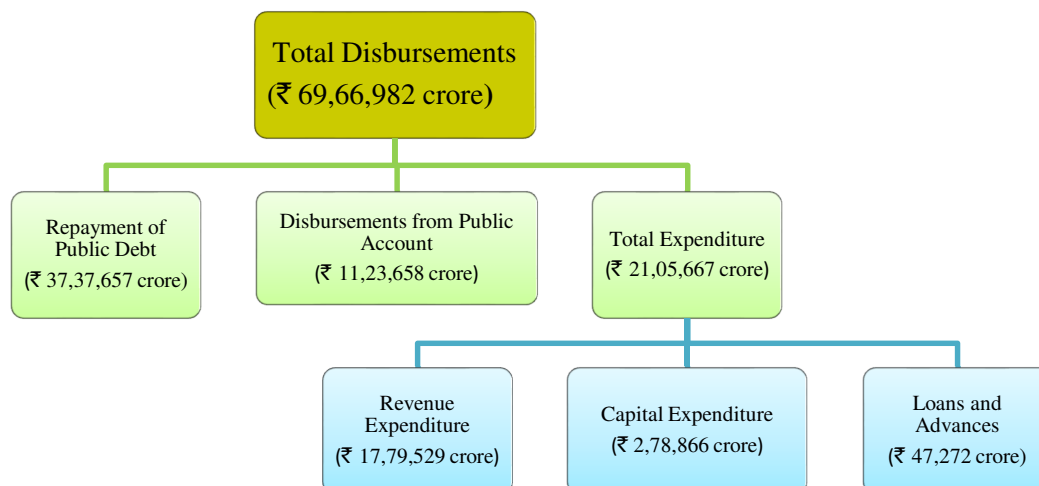
** For difference in figures of dividend receipt in 2015-16 vis-à-vis Table 1.10 refer to Table 2.5 in Chapter-2.

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

1.3 Expenditure Analysis

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

Box 1.2: Components of Total Disbursements



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

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

Table 1.13: Share of various components of total Disbursement

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

Figures in parentheses show percentage

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

1.3.1 Sectoral Expenditure

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

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

Table 1.14:- Sectoral expenditure of Union Government

(₹ in crore)

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

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

1.3.2 Revenue Expenditure

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

Table 1.15: Sectoral components of Revenue expenditure

(₹ in crore)

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

Figures in parentheses show percentage of Revenue Expenditure

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

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

(a) Revenue Expenditure on General Services

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

Table 1.16: Components of General Services

(₹ in crore)

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

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

(b) Revenue Expenditure on Social Services

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

Table 1.17: Components of Social Services

(₹ in crore)

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

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

(c) Revenue Expenditure on Economic Services

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

Table 1.18: Components of Economic Services

(₹ in crore)

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

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

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

1.3.2.1 Trend of Major Revenue Expenditure

(a) Interest Payments:

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

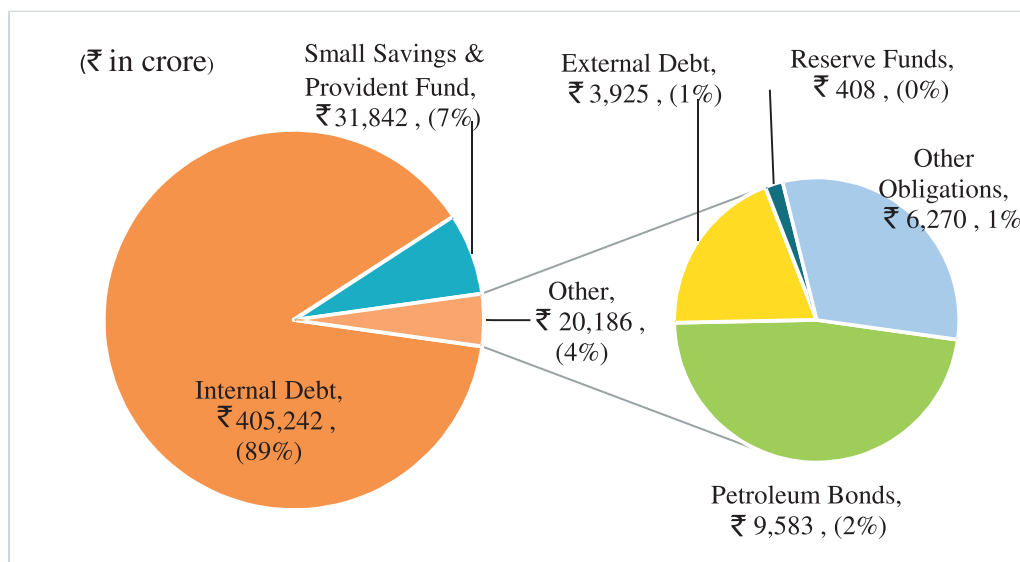
Table 1.19: Interest payment to revenue expenditure

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

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

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

Chart 1.4: Main components of interest expenditure

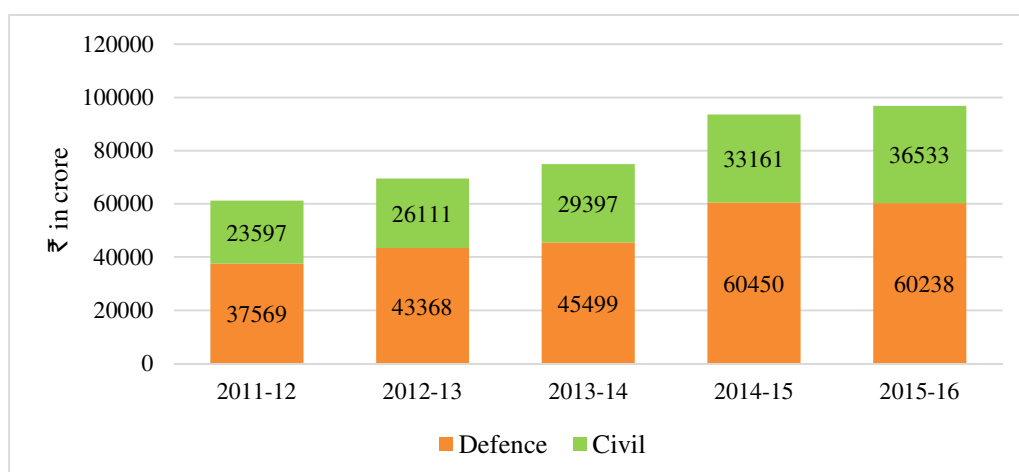


Zero per cent denotes less than 0.5 per cent.

(b) Pension payments

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

Chart 1.5: Expenditure on Pensions and other Retirement Benefits



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

1.3.2.2 Management of Subsidies

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

Table 1.20: Explicit Subsidies in the Union Government Budget

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

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

Indicates subsidies given as concession on sale of decontrolled fertilisers.

Figures in parentheses indicate percentage of annual growth.

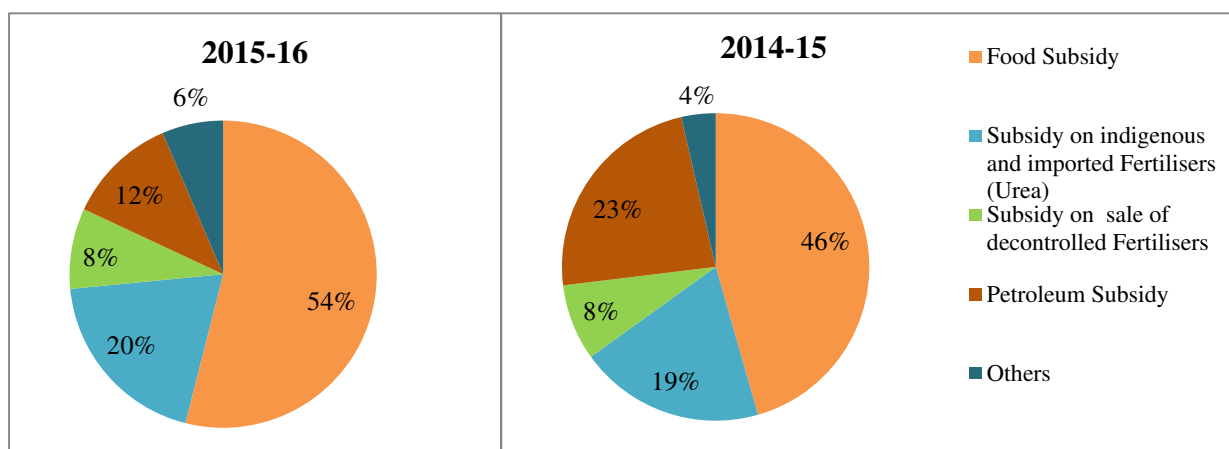
* Others include interest subsidy, compensation for exchange loss, etc.

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

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

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

Chart 1.6: Components of explicit subsidies



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

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

1.3.3 Capital Expenditure

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

Table 1.21: Sectoral components of Capital Expenditure

(₹ in crore)

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

Figures in parentheses indicate growth in percentage.

Capital expenditure increased by ₹ 1,06,781 crore (62.05 per cent) over the previous year and stood at ₹ 2,78,866 crore in 2015-16. As a result of this, the share of capital expenditure in total expenditure has increased from 9.01 per cent in 2014-15 to 13.24 per cent in 2015-16 (Table 1.13).

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

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

1.3.3.1 Expenditure as percentage of GDP (Revenue + Capital)

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

Table 1.22: Important components of expenditure as percentage of GDP

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

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

1.3.4 Transfer to States/UTs

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

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

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

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

Table 1.23: Transfer to States/UTs

(₹ in crore)

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

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

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

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

1.3.5 Major flagship programmes of the Government

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

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

Table 1.24: Plan Expenditure on Major Flagship Programmes

(₹ in crore)

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

*BE for 2015-16 includes Supplementary.

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

1.3.6 Gender Budgeting

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

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

Table 1.25: Gender budgetary allocations during 2011-16

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

(Source: Expenditure Budget Volume-1)

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

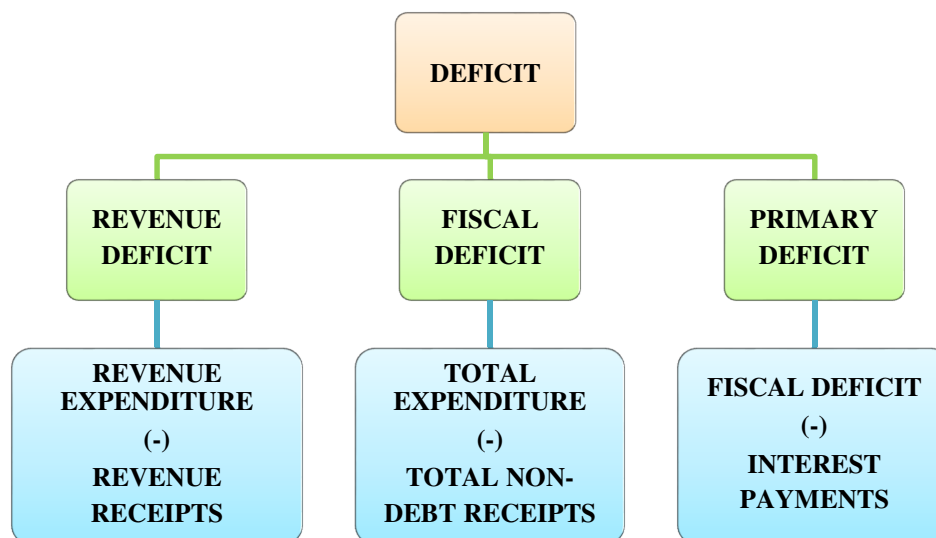
Out of total allocation of RE in Part A scheme amounting to ₹ 11,388.41 crore for the year 2015-16, ₹ 10,025 crore (88 *per cent*) was pertaining to only one scheme, i.e. Indira Awas Yojana, against which the actual expenditure was ₹ 10,116 crore.

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

1.4 Deficits

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

Box 1.3: Types of Deficits



(a) Revenue Deficit

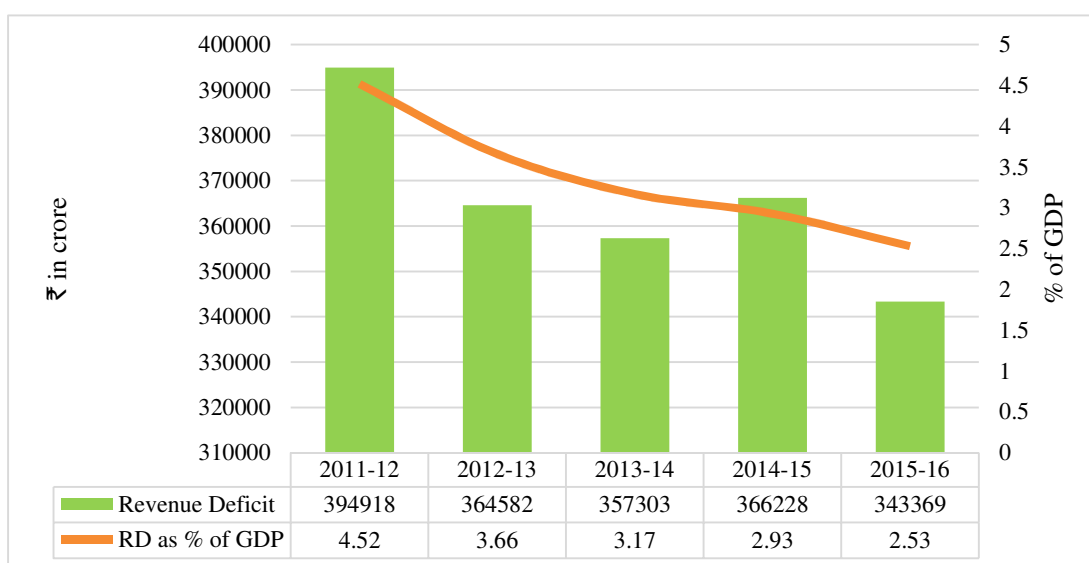
Revenue deficit represents the difference between revenue expenditure and revenue receipts. It leads to increase in borrowings without corresponding capital/asset formation, and thus create an asset liability mismatch. For these reasons, revenue deficit is generally considered less desirable.

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

Table 1.26: Revenue deficit

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	4.52
2012-13	1055891	1420473	364582	34.53	25.67	3.66
2013-14	1217794	1575097	357303	29.34	22.68	3.17
2014-15	1328909	1695137	366228	27.56	21.60	2.93
2015-16	1436160	1779529	343369	23.91	19.30	2.53

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

Chart 1.7 Revenue deficit and its percentage of GDP

(b) Fiscal Deficit

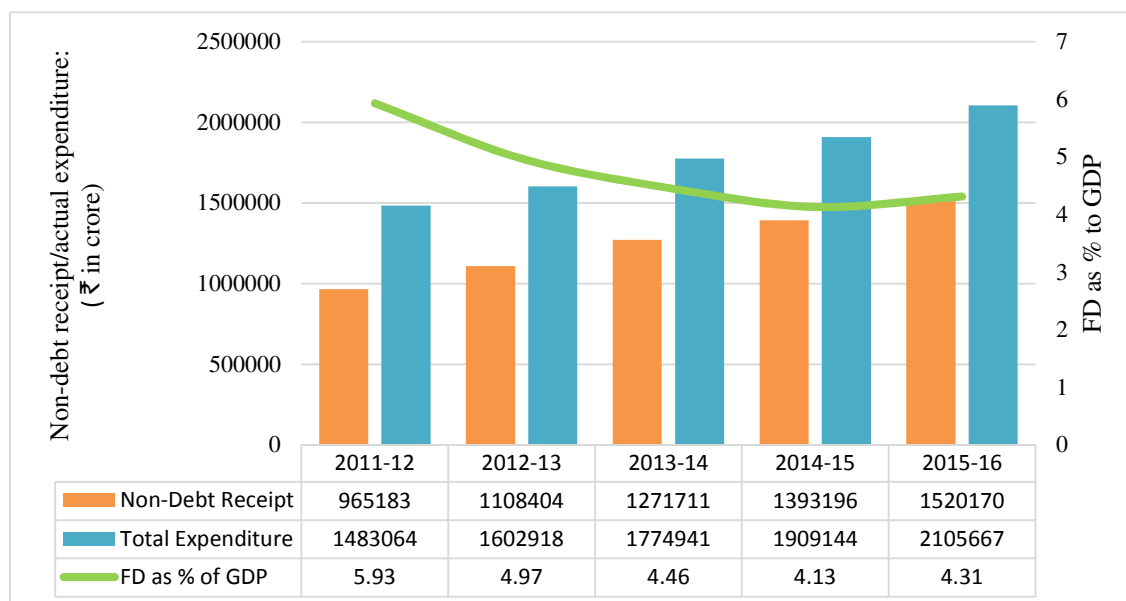
Fiscal deficit is the excess of total expenditure over non-debt receipts. It also indicates the required borrowing of the Government and the increment to its outstanding debt. It normally represents the net incremental liabilities of the Government or its additional borrowings made to bridge the budgetary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

Table 1.27: Fiscal Deficit

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

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

Chart 1.8 Fiscal Deficit and its Parameters



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

Table 1.28: Share of Components of Fiscal Deficit

(In per cent)

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

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

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

Table 1.29: Sources of financing of Fiscal Deficit

(₹ in crore)

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

Negative sign shows that disbursements were more than the receipt

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

(c) Primary Deficit

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

Table 1.30: Primary Deficit

(₹ in crore)

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

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

1.5 Debt Management

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

Box 1.4: Fiscal liability

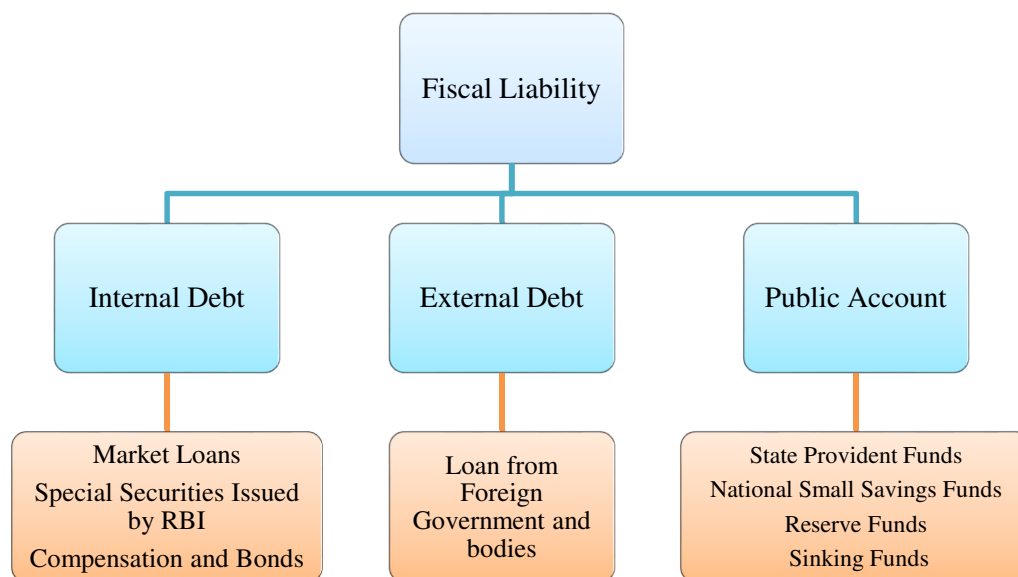


Table 1.31 presents the composition of internal debt, comprising of various instruments, viz. market loans, treasury bills, securities issued to international financial institutions, compensation and other bonds etc. at the end of the respective years.

Table 1.31: Composition of Internal Debt

(₹ in crore)

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

Figures in parentheses show percentage of total internal debt.

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

Table 1.32: Total Fiscal Liability

(₹ in crore)

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

Note: Figures in parentheses show percentage of GDP.

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

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

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

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

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

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

Table 1.33: Understatement of Total Fiscal Liability

(₹ in crore)

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

Note: Figures in parentheses show percentage of GDP.

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

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

1.5.1 Repayment of Public Debt

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

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

Table 1.34: Public Debt receipt and Repayment

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

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

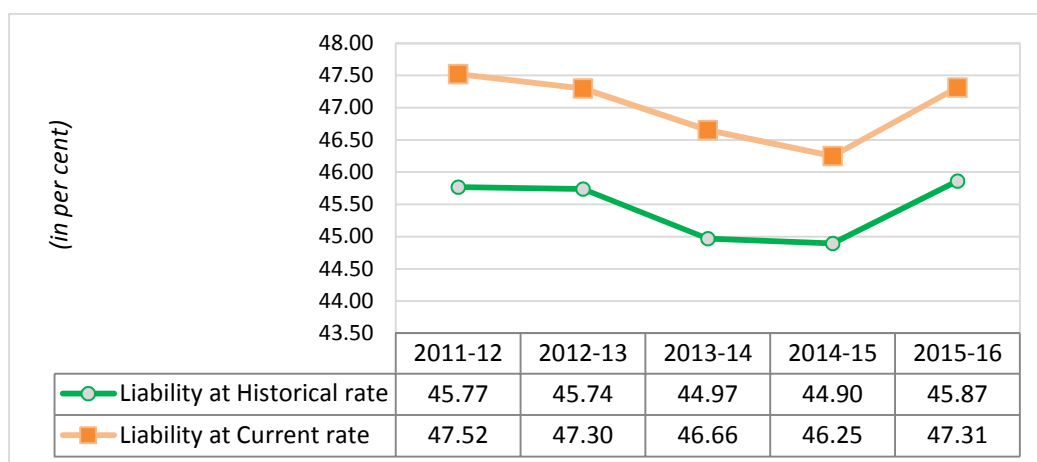
1.5.2 Debt Sustainability

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

(a) Liability-GDP Ratio

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

Chart 1.9: Trends in Liability –GDP ratio

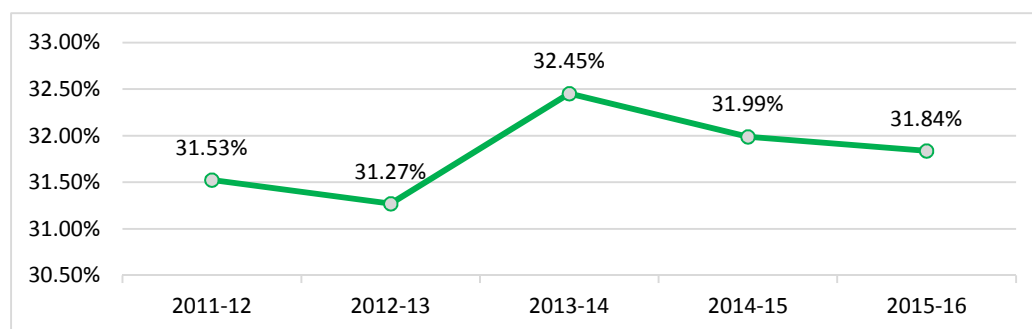


Union Government's liability at current rate increased from ₹ 41,51,284 crore in 2011-12 to ₹ 64,23,032 crore in 2015-16. The Liability-GDP ratio increased from 46.25 per cent in 2014-15 to 47.31 per cent in 2015-16. This analysis has not taken into account the understatement of liabilities in the Public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

(b) Ratio of Interest Payments to Revenue Receipts

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

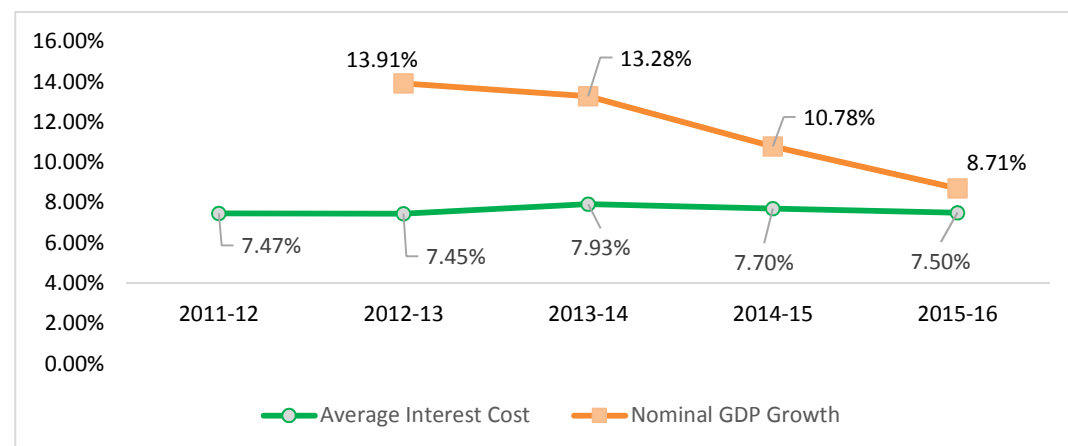
Chart 1.10: Interest Payments to Revenue Receipt Ratio



(c) Average Interest Cost

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

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



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

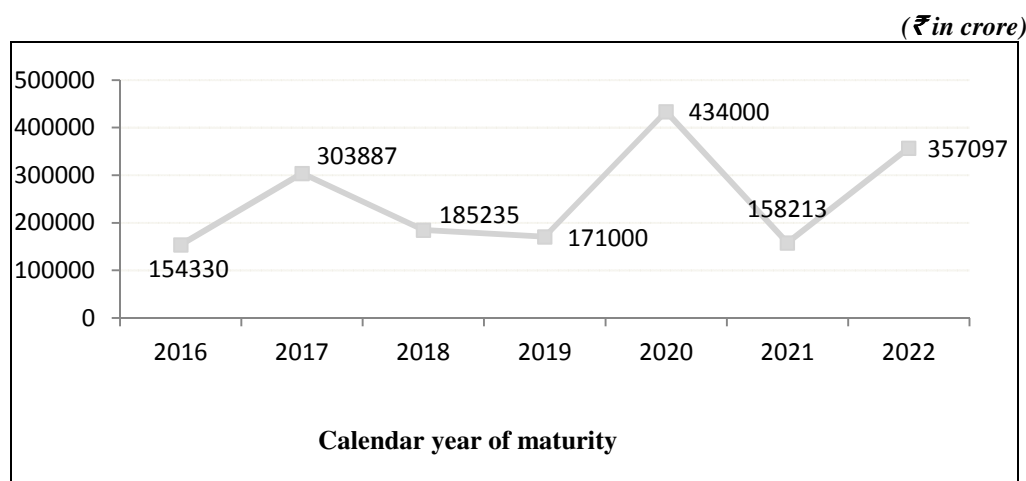
Chart 1.11 shows downward movement in average interest cost from 2013-14. It declined from 7.93 *per cent* in 2013-14 to 7.50 *per cent* in 2015-16. This analysis is based on understated figure of total liabilities as appearing in column 6 of **Table 1.32**.

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

(d) Maturity Profile of Market Loans

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

Chart 1.12: Maturity profile of Market Loans



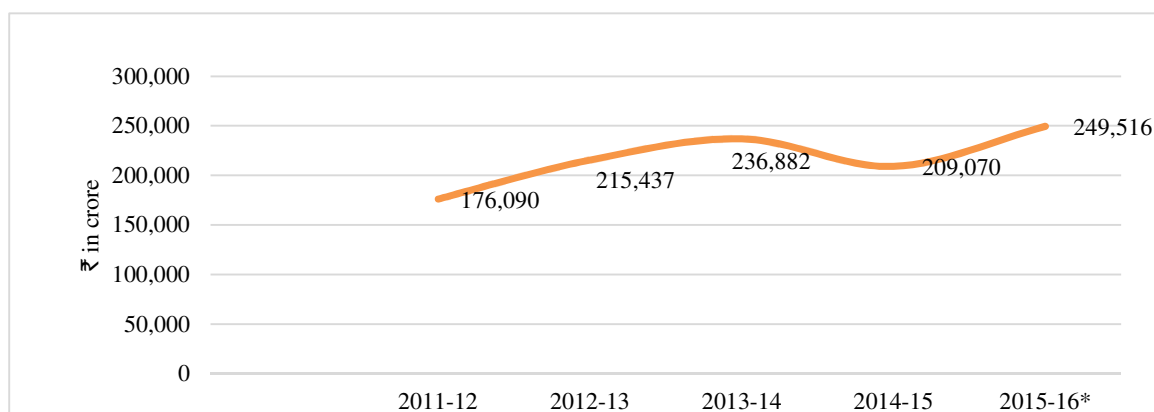
Source: Union Government Finance Accounts for FY 2015-16

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

1.5.3 Unutilised committed external assistance

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

Chart 1.13: Unutilised committed external assistance



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

Commitment charges on undrawn external assistance are paid on the amount of principal rescheduled for drawal on later dates. As there is no distinct head in the accounts for reflecting the payment of commitment charges, it is shown under the head 'interest obligation'. **Table 1.35** indicates charges paid to the various Bodies/Governments during the five years period as commitment charges for rescheduling the drawal of assistance at later dates.

Table 1.35: Commitment Charges

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

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

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

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

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

Table 1.36: Fiscal roadmap and Actual Performance

(Percentage of GDP)

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

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

1.6 Growth in Guarantees of the Union Government

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

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

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

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

Chart 1.14: Guarantees given by the Union Government

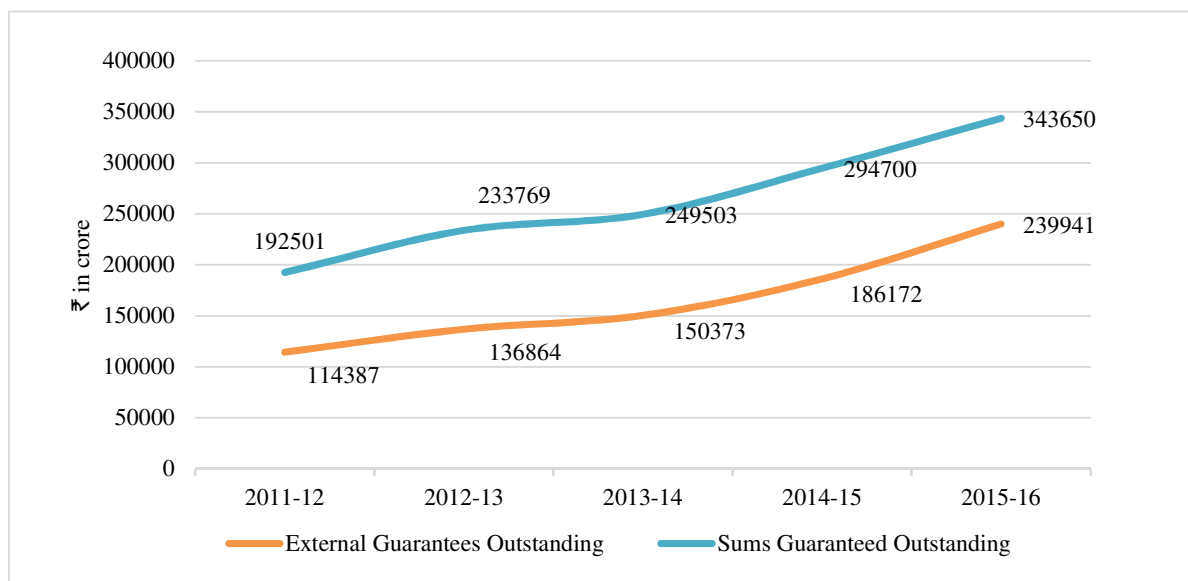


Table 1.37: Guarantees given by the Union Government

(₹ in crore)

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

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

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

1.7 Conclusion

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