
HIGHLIGHTS

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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 2016-17. It also contains an analysis of the Appropriation Accounts and audit observations with regard to the accounts of the Union Government for the year 2016-17.

Chapter-1

- The financial position of the Union Government in 2016-17 was characterised by an increase of 14.50 *per cent* in gross revenue receipts primarily on account of increase in both tax revenue receipts (17.86 *per cent*) and non-tax revenue receipts (4.43 *per cent*) over the previous year.

(Para 1.2.2)

- The revenue expenditure grew by 8.63 *per cent* during 2016-17 as against 4.98 *per cent* in 2015-16. Expenditure on General Services constituted 47.92 *per cent* of the revenue expenditure in 2016-17.

(Para 1.3.2)

- Capital expenditure decreased by ₹ 29,394 crore (10.54 *per cent*) over the previous year and stood at ₹ 2,49,472 crore in 2016-17. The share of capital expenditure in total expenditure declined from 13.24 *per cent* in 2015-16 to 11.12 *per cent* in 2016-17.

(Para 1.3.3)

- The revenue deficit for the year 2016-17 was 2.09 *per cent* of GDP against 2.51 *per cent* of GDP in 2015-16. The revenue deficit of 2.09 *per cent* of GDP was below the level outlined by the Fourteenth Finance Commission. The Fiscal Deficit for the year 2016-17 was 3.54 *per cent* of GDP against 4.28 *per cent* of GDP in 2015-16.

(Paras 1.4 and 1.5.4)

- Public Account Liability works out to ₹ 15,19,728 crore after taking into account the level of liability of Small Savings, Provident Funds, etc., of ₹ 13,11,628 crore and ₹ 2,08,100 crore as other obligations.

(Para 1.5)

Chapter-2

- Opaqueness was noticed in 35 Major Heads relating to expenditure and receipts wherein more than 50 *per cent* of total expenditure and receipts under these heads were recorded under minor head 800-Other Expenditure/Other Receipts.

(Para 2.2.1)

- Fourteen regulatory bodies and autonomous bodies which also act as regulators in their respective field, 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 to ₹ 6,064.08 crore at the end of March 2017, outside the Government Account, contrary to the instructions issued by the Ministry of Finance in January 2005.

(Para 2.2.2-a)

- Research and Development Cess aggregating to ₹ 7,885.54 crore was collected during the period 1996-97 to 2016-17. Out of this, only ₹ 609.46 crore (7.73 *per cent*) was utilized towards the objectives of levying the said Cess.

(Para 2.3.1)

- Against the total collection of ₹ 83,497 crore as Secondary and Higher Education Cess (SHEC) in the Consolidated Fund of India during 2006-07 to 2016-17, no amount could be transferred to the earmarked fund in Public Account as neither the schemes were identified on which the cess proceeds were to be spent nor the designated fund was opened in the Public Account to deposit the proceeds of SHEC.

(Para 2.3.3)

- Due to expenditure from the Beedi Workers Welfare 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 2012-13 to 2016-17, which moved from (-) ₹ 200.46 crore in 2012-13 to (-) ₹ 210.97 crore in 2016-17.

(Para 2.3.8)

- Total loan of ₹ 2,62,177.59 crore was outstanding against State/UT Governments and other entities as on 31 March 2017. Out of this, repayment of ₹ 25,943.30 crore was in arrears ranging from one to 50 years which includes ₹ 11,302.46 crore in arrears for more than 20 years (cases of more than ₹ 10 crore).

[Para 2.4.4.4(g)]

Chapter-3

- In accordance with Article 114(3) of the Constitution of India, no money shall be withdrawn from the Consolidated Fund of India (CFI) except by appropriations made by law. However, during 2016-17, there was an excess disbursement of ₹ 1,90,270.18 crore over the authorisation from the CFI, out of which an excess disbursement of ₹ 1,89,154.26 crore occurred in three segments of two Grants/Appropriations in Civil Ministries/Departments, ₹ 936.48 crore in one segment of one Grant of Posts, ₹ 146.31 crore in two segments of one Grant of Defence and ₹ 33.13 crore in six segments of three Grants of Railways. These excess disbursements require regularization under Article 115(1) (b) of the Constitution.

(Para 3.4)

- Saving of more than ₹ 100 crore occurred in 84 segments of 67 Grants (including Civil, Posts, Railways and Defence Services) amounting to ₹ 2,28,640 crore. Large savings were noticed in Grants: Department of Food and Public Distribution (₹ 53,478 crore), Ministry of Road Transport and Highways (₹ 46,838 crore), Department of Economic Affairs (₹ 13,355 crore), Department of Agriculture, Cooperation and Farmers Welfare (₹ 8,206 crore), Department of Financial Services (₹ 6,273 crore), Transfer to States (₹ 6,044 crore), Ministry of Power (₹ 5,623 crore), Department of Health and Family Welfare (₹ 4,387 crore), *Appropriation - Interest Payments* (₹ 4,268 crore) and Department of Fertilisers (₹ 4,009 crore).

(Para 3.7 and Annexure 3.5)

Chapter-4

- Article 114(3) of the Constitution of India stipulates 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 ₹ 2,598 crore was incurred by the Central Board of Direct Taxes, without the authorisation of Parliament during the year 2016-17. A total expenditure of ₹ 58,537 crore on interest payments had been incurred over the last nine years without obtaining approval of 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 a body or an authority and to ‘Subsidies’ from the Consolidated Fund of India can only be made with the prior approval of Parliament. In nine cases, across seven Grants, ₹ 7.37 crore were incurred by various Ministries/Departments during 2016-17 by augmenting provision under object head ‘31-Grants-in-aid-General’ to various bodies/authorities without obtaining prior approval of Parliament. Similarly, in five cases across four Grants, ₹ 6.01 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 Department of Empowerment of Persons with Disabilities, funds aggregating to ₹ 2.48 crore were augmented without prior approval of Parliament to the object head ‘36-Grants-in-aid Salaries’. In eight cases across four Grants, funds aggregating to ₹ 3,230.60 crore were augmented without prior approval of Parliament to the object head ‘33-Subsidies’. All these excess expenditures attracted limitations of New Service/New Instrument of Service (NS/NIS).

(Paras 4.3.1, 4.3.2, 4.3.3 and 4.3.4)

- In regard to the cases of NS/NIS on augmentation under the object head ‘53-Major Works, all cases relating to augmentation of funds above ₹ 2.5 crore or above 10 *per cent* of the appropriation already voted, require prior approval of Parliament, irrespective of the fact that the augmentation is for new works or for existing works. In Grant No. 48 pertaining to Police, excess expenditure of ₹ 9.31 crore was incurred during 2016-17 by augmenting the provision under the object head without obtaining prior approval of Parliament. This excess expenditure also attracted limitations of New Service/New Instrument of Service.

(Para 4.3.5)

- Various Departments/Ministries incorrectly classified revenue expenditure as capital expenditure and vice versa. The misclassifications resulted in under-statement of revenue expenditure by ₹ 2,229.40 crore and over-statement of revenue expenditure by ₹ 752.18 crore. The overall impact on Government expenditure was an under-statement of revenue expenditure by ₹1,477.22 crore for the year 2016-17 and over-statement of capital expenditure to that extent.

(Paras 4.4.1, 4.4.2 and 4.4.3)

- 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 46 cases across 14 Grants, expenditure amounting to ₹ 549.49 crore was misclassified between the primary units of appropriation.

(Para 4.5.2)

Chapter-5

- Detailed examination of Appropriation Accounts in respect of Ministry of Electronics and Information Technology, Ministry of Drinking Water and Sanitation, Ministry of New and Renewable Energy and Ministry of Urban Development for the period 2014-17 revealed large and persistent savings at sectional level and sub-head level, non-surrender and delay in surrender of savings, obtaining of large supplementary grants due to unrealistic budgetary projections, unnecessary supplementary grants under sub-heads, non-utilisation of entire provision at sub-head level, injudicious re-appropriations and outstanding utilisation certificates.

(Paras 5.1, 5.2, 5.3 and 5.4)

