

# Contents

Para	Sub Para	Description	Page No.
		Preface	v
		Executive Summary	vii
<b>Chapter 1 : Introduction</b>			
1.1		Background	1
1.2		FRBM Review Committee	2
1.3		Action taken by the Government on recommendations of the Committee	3
1.4		Review of compliance of provisions of FRBM Act by the Comptroller and Auditor General of India (CAG)	5
1.5		Structure of the Report	5
<b>Chapter 2 : Deviation in performance from the Act and Rules</b>			
2.1		Compliance with annual reduction targets specified under the FRBM Act	7
2.2		Inconsistency in specifying liability targets between FRBM Act and Rules	8
2.3		Continuous deferment of mid-year benchmarks for review to enforce corrective measures	9
2.4		Audit Summation	11
2.5		Recommendations	11
<b>Chapter 3 : Progress in achievement of FRBM targets</b>			
3.1		Revenue Deficit	12
	3.1.1	Revenue Deficit target	13
	3.1.2	Off-budget financing of Revenue Expenditure	14
3.2		Fiscal Deficit	17
	3.2.1	Fiscal Deficit target	17
	3.2.2	Revenue Deficit as a component of Fiscal Deficit	19
3.3		Effective Revenue Deficit	20
	3.3.1	Effective Revenue Deficit target	20
	3.3.2	Inconsistency in estimation of effective revenue deficit	21
	3.3.3	Re-appropriation from object head 35 – Grants for creation of capital assets	22

	3.3.4	Alteration in previous year's Budget provision	23
	3.3.5	Expenditure on grants for creation of capital assets	23
3.4		Liability of the Government	24
	3.4.1	Liability target	25
	3.4.2	Understatement of liability	25
	3.4.3	Debt Sustainability	26
3.5		Guarantees	27
	3.5.1	Guarantees target	28
	3.5.2	Trend of additions in Guarantees	28
3.6		Payment of Commitment Charges	28
3.7		Off-budget financing of Capital Expenditure	29
3.8		Audit Summation	32
3.9		Recommendations	33
<b>Chapter 4 : Analysis of components of receipts and expenditure</b>			
4.1		Analysis of quarterly review of receipts and expenditure	34
4.2		Analysis of receipts and expenditure and their components	35
	4.2.1	Trends of Major Revenue Expenditure	36
4.3		Transactions affecting the computation of deficit indicators	38
	4.3.1	Understatement of Revenue Deficit due to misclassification of expenditure	38
	4.3.2	Short/non transfer of levies/cess to earmarked funds	39
4.4		Expenditure on procurement/maintenance treated as expenditure on grants for creation of capital assets	40
4.5		Audit Summation	43
4.6		Recommendations	43
<b>Chapter 5 : Analysis of projections in fiscal policy statements</b>			
5.1		Projections in Medium Term Fiscal Policy Statement	44
	5.1.1	Gross Tax Revenue projection	44
	5.1.2	Total Outstanding Liability projection	45
	5.1.3	Disinvestment projection	46
5.2		Projections in Medium Term Expenditure Framework Statement	47

<b>Chapter 6: Disclosure and Transparency in fiscal operations</b>			
6.1		Transparency in Government Accounts	49
	6.1.1	Variation in deficit figures	49
	6.1.2	Variation in expenditure on grants for creation of capital assets	50
	6.1.3	Variation in the amount of liabilities	51
6.2		Lack of transparency in Direct tax receipt figure	52
6.3		Transparency in disclosure forms mandated under FRBM Act	52
	6.3.1	Inconsistency in disclosure of arrears of Non-Tax Revenue	53
	6.3.2	Incorrect information of coal levy in arrears	53
	6.3.3	Variation in guarantee given by the Government	54
	6.3.4	Variation in disclosure of details in asset register	55
	6.3.5	Non-Submission of disclosure statements as required under the FRBM Act	56
6.4		Audit Summation	57
6.5		Recommendation	57
		<b>Annexures</b>	59 – 68
		<b>Glossary</b>	69 – 70

