

Chapter 1: Overview of Union Finances

1.1 Introduction

The annual accounts of the Government of India (GoI) presented to Parliament, consist of the Finance Accounts and the Appropriation Accounts. The Finance Accounts depict the receipts and payments from the Consolidated Fund, Contingency Fund and Public Account. The Appropriation Accounts compare the expenditure with the amounts authorised by Parliament and provide the explanations of the Executive on the excesses or savings under each grant/appropriation.

Chapter 2 of this Report contains audit comments¹ on the Finance Accounts; Chapter 3 contains audit comments on the Appropriation Accounts.

1.1.1 Overview of GoI Finances

A snapshot of the assets and liabilities position of GoI is given in **Table 1.1**.

Table 1.1 Statement of Assets and Liabilities

(₹ in crore)

Liabilities			Assets		
Particulars	As on 31 March 2017	As on 31 March 2018	Particulars	As on 31 March 2017	As on 31 March 2018
Internal Debt	57,41,709	64,01,275	Gross Capital Outlay- Investment in shares of Companies, Co-operative Societies etc.	6,68,744	7,96,396
External Debt	2,28,259	2,50,090	Other Capital Expenditure	15,17,175	17,12,912
Small Savings, Provident Funds etc.	5,48,348	5,54,171	Loans to Government corporations, non-Government institutions, local funds, cultivators etc.	1,04,630	1,11,249
Contingency Fund	500	500	Loans to State/ Union Territory Governments	1,57,547	1,62,011
Reserve Funds	25,665	44,088	Loans to Foreign Governments	12,920	13,433
Deposits and Advances	1,82,831	2,07,968	Loans and Advances to Government Servants and Miscellaneous Loans	209	110
			Suspense and Miscellaneous Balances	21,090	32,726
			Remittance Balances	12,359	9,151

¹ Amounts have been rounded off in this Report

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			Cash Balance Investment	1,25,350	1,62,555
			General Cash Balance	5,499	1,408
			Cash with Departmental Offices	3,869	4,604
			Permanent Cash Imprest	85	93
			Deficit		
			Revenue Deficit for the year	3,17,030	4,48,942
			Add- Deficit at the beginning of the year (balancing figure)	37,80,805	40,02,502
Total	67,27,312	74,58,092	Total	67,27,312	74,58,092

1.1.2 Receipts and Disbursements of GoI

Receipts and Disbursements of GoI for 2016-17 and 2017-18 are given in **Table 1.2**.

Table 1.2 Statement of Receipts and Disbursements

(₹ in crore)

Receipts			Disbursements		
	2016-17	2017-18		2016-17	2017-18
Tax Revenue	11,07,968	12,46,178	General Services	9,26,181	10,10,124
Non-Tax Revenue	5,06,720	4,41,383	Social Services	97,210	1,01,337
Grants-in-Aid and Contributions	1,300	3,582	Economic Services	6,18,626	6,47,098
Capital Receipts	47,743	1,00,048	Grants-in-Aid and Contributions	2,91,001	3,81,525
Public Debt	61,34,136	65,54,002	Expenditure on Capital Account	2,49,472	3,25,116
Loans and Advances	40,971	70,639	Public Debt	56,78,823	58,72,605
			Loans and Advances	60,011	82,136
Total - Consolidated Fund of India	78,38,838	84,15,832		79,21,324	84,19,941
Public Account					
Small Savings, Provident Funds etc.	7,54,401	8,50,460	Small Savings, Provident Funds etc.	7,19,149	8,44,638
Reserve Funds	2,21,982	3,07,037	Reserve Funds	2,28,418	2,88,614
Deposits and Advances	2,12,694	2,66,452	Deposits and Advances	1,94,902	2,41,314
Suspense and Miscellaneous	83,729	6,134	Suspense and Miscellaneous	34,247	58,708
Remittance	1,143	4,309	Remittance	5,852	1,101
Total -Public Account	12,73,949	14,34,392		11,82,568	14,34,375
Total Receipts	91,12,787	98,50,224	Total Disbursement	91,03,892	98,54,316
Opening Cash Balance	-3,397²	5,499	Closing Cash Balance	5,499	1,408

² The negative cash balance is the accounting balance as on 31 March 2016. This has arisen due to the RBI accounting for the residual transactions for Financial year 2015-16 during 1 April 2016 to 10 April 2016.

1.1.3 Investment in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies etc.

GoI's total investment was ₹ 7,96,396 crore at the end of 2017-18, an increase of ₹ 1,27,652 crore over 2016-17. GoI received dividend/surplus of ₹ 91,229³ crore from 109 entities with an investment of ₹ 3,10,669 crore during the year.

The major contributors to dividend/surplus were Reserve Bank of India (RBI) (₹ 40,659 crore), Coal India Ltd. (₹ 8,045 crore), Indian Oil Corporation Ltd. (₹ 5,535 crore), Oil and Natural Gas Corporation Ltd. (₹ 5,275 crore), NTPC Ltd. (₹ 2,531 crore), Nuclear Power Corporation of India (₹ 2,500 crore), Airport Authority of India (₹ 2,476 crore), Life Insurance Corporation (₹ 2,376 crore), Nationalised Banks (₹ 1,826 crore), Power Grid Corporation of India (₹ 1,744 crore), Bharat Petroleum Corporation of India Ltd. (₹ 1,729 crore) and Power Finance Corporation (₹ 1,366 crore).

Ministry/Department wise details are given in **Table 1.3**.

Table 1.3: Details of dividend/surplus earning Entities

(₹ in crore)

Sl. No.	Ministries/ Departments	Number of Entities	Dividend received
1.	Civil Aviation and Tourism	4	2,510
2.	Finance	6	4,206
3.	Petroleum and Natural Gas	8	14,598
4.	Steel & Mines	9	2,983
5.	Railways	8	837
6.	Defence	8	2,059
7.	Power	10	8,708
8.	Coal	3	8,652
9.	Industry	6	356
10.	New and Renewable Energy	2	169
11.	Shipping	3	223
12.	Urban Affairs	3	219
13.	Atomic Energy	6	2,584
14.	Others*	33	43,125
Total		109	91,229

Source: Statement No 11 of GoI Finance Accounts.

* Others includes RBI and State Co-operative Banks/Institutions and other units.

Disinvestment constitutes a major portion of Capital Receipts. Out of total disinvestment proceeds of ₹ 88,969 crore, five units viz., Hindustan Petroleum Corporation Ltd., NTPC Ltd., General Insurance, New India Assurance Company Ltd., Hindustan Aeronautical Ltd. contributed 78.13 per cent (₹ 69,514 crore).

³ As per statement 11 of Finance Accounts. However, as per statement 8, total dividend/profit /surplus received was ₹ 91,367 crore. This has been discussed in para 2.7 (c) of the Report.

Further, of the total disinvestment proceeds, ₹ 2,802 crore was received as Face value (3 per cent) and ₹ 86,167 crore (97 per cent) as Premium on disinvestments.

1.2 Audit Comments accepted by the Executive

In the following cases, Ministry of Railways (August 2018) and Ministry of Home Affairs (September 2018) accepted the Audit observations and promised corrective action.

(a) Unauthorized booking of National Pension System under Major Head 8342.117-Other Deposits

New Pension Scheme was initially designed for Government employees (except for armed forces) with effect from January 1, 2004. It was further redesigned as National Pension System (NPS) in 2009 and extended to all citizens of India between the age of 18-60 years. In respect of Government employees, Government matches the contribution of employees and the accumulations are booked against individual Pension accounts of employees.

As per the accounting procedure approved by Ministry of Finance (September 2008), no contributions are to be parked under the Head of Account “8342.117-Other Deposits-Defined Contribution Pension Scheme” even as a temporary measure.

Audit noted that an amount of ₹ 205.67 crore⁴ was wrongly parked under the above Major head. Consequently, the balances remained to be transferred to the individual Pension accounts, along with interest thereon.

(b) Misclassification of Security Deposits amounting to ₹ 329 crore as receipts in Government Accounts

Central Industrial Security Force (CISF) deploys security personnel at the request of the Central Public Sector Undertakings (CPSUs)/Airports etc., against security advance equal to three months billing payable in advance.

CISF had wrongly booked security deposit/advance of ₹ 329 crore (till December 2017) as revenue receipts under Major Head-0055 Police instead of Deposits heads in Public Account resulting in understatement of liability and overstatement of revenue receipt for the year.

⁴ Ministry of Railways - ₹ 205.58 crore; Ministry of Agriculture - ₹ 7.51 lakh; and Department of School Education and Literacy - ₹ 1.92 lakh