

## Chapter 1: Overview of Union Finances

### 1.1 Introduction

The annual accounts of the Union Government presented to Parliament, consist of the Finance Accounts and the Appropriation Accounts. The Union Government Finance Accounts (UGFA) depict the receipts and payments from the Consolidated Fund of India (CFI), Contingency Fund and Public Account. The Appropriation Accounts compare expenditure with the amounts authorised by Parliament and provide explanations of the Executive for variations between the two beyond specified limits under each grant/ appropriation. Chapter 1 of this report provides an overview of Union Finances; Chapter 2 contains audit observations<sup>1</sup> on the Finance Accounts; and Chapter 3 contains audit observations on the Appropriation Accounts.

### 1.2 Overview of Union Finances

#### 1.2.1 Comparison of Budget and Revised Estimates with Actual Expenditure

This section compares and analyses budgeted receipts and disbursements (both at BE and RE stage) with the actual expenditure depicted in the Finance Accounts 2018-19. Planned and actual values for key fiscal indicators have also been compared and analysed as detailed in **Table 1.1**. The position during years selected at five year intervals i.e., for the years 2003-04, 2008-09 and 2013-14 is given in **Annexure 1.1**.

**Table 1.1**

**Estimates and Actuals of Receipts and Disbursements 2018-19: Union Government**

<i>(₹ in crore)</i>						
Sl. No.	Particulars	Budget Estimates (BE) <sup>a</sup>	Revised Estimates (RE) <sup>a</sup>	Actuals	Variation of Actuals to BE (per cent) <sup>b</sup>	Variation of Actuals to RE (per cent)
1	Revenue Receipts	19,93,349	19,92,845	18,06,463	-1,86,886 (-9.38)	-1,86,382 (-9.35)
	Tax Revenue <sup>c</sup>	14,83,149	14,86,721	13,19,011	-1,64,138 (-11.07)	-1,67,710 (-11.28)
	Non-Tax Revenue <sup>d</sup>	5,10,200	5,06,124	4,87,452	-22,748 (-4.46)	-18,672 (-3.69)
2	Miscellaneous Capital Receipts <sup>e</sup>	80,000	80,252	94,979	14,979 (18.72)	14,727 (18.35)
3	Recovery of Loans and Advances <sup>f</sup>	63,574	64,755	30,257	-33,317 (-52.41)	-34,498 (-53.27)
4	<b>Total Non-Debt Receipts (1+2+3)</b>	<b>21,36,923</b>	<b>21,37,852</b>	<b>19,31,699</b>	<b>-2,05,224 (-9.6)</b>	<b>-2,06,153 (-9.64)</b>

<sup>1</sup> Amounts have been rounded off in this Report

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5	Receipt of Public Debt	66,67,703	69,12,614	67,58,482	90,779 (1.36)	-1,54,132 (-2.23)
6	<b>Total Receipts in the CFI (4+5)</b>	<b>88,04,626</b>	<b>90,50,466</b>	<b>86,90,181</b>	<b>-1,14,445 (-1.3)</b>	<b>-3,60,285 (-3.98)</b>
7	Public Account Receipts <sup>g</sup>	14,42,491	14,93,807	16,92,640	2,50,149 (17.34)	1,98,833 (13.31)
8	<b>Total Receipts (6+7)</b>	<b>1,02,47,117</b>	<b>1,05,44,273</b>	<b>1,03,82,821</b>	<b>1,35,704 (1.32)</b>	<b>-1,61,452 (-1.53)</b>
9	Contingency Fund	0	0	0	0	0
10	Revenue Expenditure	24,09,895	24,04,513	22,61,571	-1,48,324 (-6.15)	-1,42,942 (-5.94)
11	Capital Expenditure	3,43,692	4,07,128	3,99,523	55,831 (16.24)	-7,605 (-1.87)
12	Loans and Advances	87,140	94,664	54,667	-32,473 (-37.27)	-39,997 (-42.25)
13	<b>Total Expenditure (10+11+12)</b>	<b>28,40,727</b>	<b>29,06,305</b>	<b>27,15,761</b>	<b>-1,24,966 (-4.4)</b>	<b>-1,90,544 (-6.56)</b>
14	Repayment of Public Debt	60,84,973	61,91,567	60,64,945	-20,028 (-0.33)	-1,26,622 (-2.05)
15	<b>Total Disbursements from CFI (13+14)</b>	<b>89,25,700</b>	<b>90,97,872</b>	<b>87,80,706</b>	<b>-1,44,994 (-1.62)</b>	<b>-3,17,166 (-3.49)</b>
16	Public Account Disbursements <sup>g</sup>	13,64,482	14,87,602	16,24,118	2,59,636 (19.03)	1,36,516 (9.18)
17	<b>Total Disbursements (15+16)</b>	<b>1,02,90,182</b>	<b>1,05,85,474</b>	<b>1,04,04,824</b>	<b>1,14,642 (1.11)</b>	<b>-1,80,650 (-1.71)</b>
18	Revenue Deficit (10-1)	4,16,546	4,11,668	4,55,108	38,562 (9.26)	43,440 (10.55)
19	Fiscal Deficit <sup>h</sup> (13-4)	7,03,804	7,68,453	7,84,062	80,258 (11.40)	15,609 (2.03)

- a. BE and RE figures are taken from Annual Financial Statements.
- b. Figures in parentheses indicate percentage variation
- c. Does not include Taxes on Income assigned to States ₹7,88,092 crore (BE) and ₹7,61,454 crore (Actual) under Article 270 of the Constitution.
- d. Includes Grants-in-aid and Contributions.
- e. Includes disinvestment of equity (face value: ₹4,449 crore; premium: ₹68,171 crore); bonus shares (cash neutral): ₹252 crore; monetisation of national highways: ₹9,681 crore; and sale of SUUTI assets etc: ₹12,426 crore.
- f. Recoveries more than BE: State Government (₹5,200 crore); Foreign governments (₹45 crore). Shortfall: Union Territories with Legislature (₹361 crore); Loans to PSUs etc., (₹38,201 crore)
- g. Excludes balances under Suspense and Miscellaneous heads
- h. As per Budget at a Glance (2020-21) Fiscal Deficit is ₹6,49,418 crore. However, as per Finance Accounts, Fiscal Deficit is ₹7,84,062 crore. Net difference of ₹1,34,644 crore is due to non-inclusion of securities issued to Asian Development Bank/ International Monetary Fund (₹9,278 crore), securities issued to PSBs and Exim Bank (₹1,10,500 crore) and receipt of external assistance for state Government projects (₹14,351 crore) etc. There is unreconciled difference of ₹515 crore.

Although the Union Government envisaged only a marginal reduction in revenue receipts at the RE stage as compared to BE, actual revenue receipts remained significantly lower than estimated. This was primarily due to collections being

less than REs in the case of ‘Taxes on income other than Corporation Tax’ (by ₹56,513 crore); Corporation Tax (₹7,428 crore); Central Goods and Services Tax (₹46,366 crore); Customs (₹12,225 crore); Central Excise (₹28,619 crore), and non-tax revenue (₹18,672 crore). Actual miscellaneous capital receipts exceeded estimates, but this was more than offset by the large shortfall in recoveries of loans and advances.

Under 33 major heads, actual revenue expenditure exceeded REs by ₹28,038 crore whereas in the case of 73 major heads actual expenditure fell short of REs by ₹1,70,896 crore. Significant areas of shortfall in actuals against revised estimates were: food subsidy payments due to replacement of ₹70,000 crore with loans from National Small Savings Fund; expenditure on crop husbandry (₹13,835 crore); transfers of Grants-in-Aid to State Governments (₹12,859 crore); pension and other retirement benefits (₹7,406 crore); and Railways (₹4,566 crore).

The increase in estimates for Capital Expenditure at the RE stage, was mainly due to additional provision for capital outlay on bank recapitalisation<sup>2</sup> of ₹43,220 crore and additional provisions for capital outlay on roads and bridges of ₹8,516 crore on account of investment in NHAI from proceeds of monetisation of national highways. However, actual capital expenditure fell short of RE provisions by ₹7,605 crore primarily due to actual capital outlay on bank recapitalisation being less than estimated.

Higher shortfall in revenue receipts than the compression in actual revenue expenditure, resulted in larger than anticipated revenue deficit. This, combined with higher shortfall in recoveries of loans and advances compared with the shortfall in disbursement, resulted in a higher than anticipated fiscal deficit. This was despite miscellaneous capital receipts being higher than REs and capital outlay only being marginally lower than estimates at RE stage.

Audit analysis on the possible reasons for this situation revealed that even though there were clear trends of shortfalls in revenue and expenditure as at end of December 2018<sup>3</sup>, these were not factored in the REs. To illustrate, though the trend of non-debt receipts during the year (the position as at the end of December 2018 was 62.2 *per cent* of BEs for the year; COPPY<sup>4</sup>- 67.4 *per cent*) was consistent and indicated that the targets for the year were unlikely to be achieved, the BEs and REs for non –debt receipts were almost similar. Ultimately, actual non-debt receipts fell short of REs by 9.64 *per cent*. Similar was the case of tax revenues (63.2 *per cent* of BEs at end of December 2018; COPPY- 73.4 *per cent*), where the BEs and REs were only slightly different, but actual tax revenues were consistent with the trend and lower than REs by 11.3 *per cent*. So was the trend in revenue expenditure (75.6 *per cent* at the end of December 2018; COPPY-79.6 *per cent*)

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<sup>2</sup> Matched by issue of bonds of equal amount to the concerned banks

<sup>3</sup> Accounts at a Glance for December 2018 of the Controller General of Accounts (CGA).

<sup>4</sup> Corresponding Period of the Previous Year

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where REs were only marginally decreased but actuals fell below REs by 5.94 per cent; and capital expenditure (70.6 per cent at the end of December 2018; COPPY-76.5 per cent respectively), where estimates at RE stage were increased by 18.46 per cent against which actual achievement was marginally short by 1.87 per cent. All these indicate an unrealistic assessment of financial resources which, in turn, not only led to curtailment of actual expenditure below estimated levels, but also to a larger revenue deficit.

**1.2.2 Assets and Liabilities of Union Government as on 31 March 2019**

A snapshot of the assets and liabilities position of the Union Government is given in **Table 1.2**.

**Table 1.2 Statement of Assets and Liabilities of Union Government**

(₹ in crore)

Liabilities			Assets		
Particulars	As on 31 March 2018	As on 31 March 2019	Particulars	As on 31 March 2018	As on 31 March 2019
Internal Debt	64,01,275	70,74,941	Gross Capital Outlay- Investment in shares of Companies, Cooperatives Societies etc.	7,96,396	9,89,546
External Debt	2,50,090	2,69,961	Other Capital Expenditure	17,12,912	19,16,969
Small Savings, Provident Funds etc.	5,54,171	5,79,609	Loans to Government corporations, non-Government institutions, local funds, cultivators etc.	1,11,249	1,25,546
Contingency Fund	500	500	Loans to State/ Union Territory Governments	1,62,011	1,71,531
Reserve Funds	44,088	26,091	Loans to Foreign Governments	13,433	13,558
Deposits and Advances	2,07,968	2,74,294	Loans and Advances to Government Servants and Miscellaneous loans	110	173
			Suspense and Miscellaneous Balances	32,726	42,262
			Remittance Balances	9,151	14,058
			Cash Balance investment	1,62,555	1,22,692
			General Cash Balance	1,408	2,729
			Cash with Departmental Offices	4,604	8,654
			Permanent Cash Imprest	93	100
			Deficit		
			Revenue Deficit for the year	4,48,942	4,55,108
			Accumulated Deficit (balancing figure)	40,02,502	43,62,470
<b>Total</b>	<b>74,58,092</b>	<b>82,25,396</b>	<b>Total</b>	<b>74,58,092</b>	<b>82,25,396</b>

Source: Union Government Finance Account

The decrease in balances under Reserve Funds was mainly due to tapping the opening balance (₹15,000 crore) of the GST Compensation Fund for making

disbursements during the year, and (in violation of accounting principles) transfers of ₹10,250 crore from the Central Road Fund and their accounting as non-tax revenue. The increase in balances under Deposits and Advances is primarily due to receipt of National Compensation Afforestation Deposits amounting to ₹48,419 crore during the year. Variations under other items are dealt with in subsequent sections of this Chapter.

### 1.2.3 Resources: Sources and Application of Funds

During the year, the Union Government mobilised total resources of ₹1,11,98,260 crore which were applied for various purposes. **Table 1.3** below gives the various sources and application of funds.

**Table 1.3 Sources and application of funds**

					(₹ in crore)
<b>I</b>	<b>Resources Available</b>				<b>1,11,98,260</b>
	a.	Opening Cash Balance	1,408		
	b.	Gross Revenue Receipts including tax/ non-tax revenues and before disbursing share of States in taxes	25,67,917		
	c.	Non-debt Capital Receipts	1,25,236		
	d.	Gross Debt Receipts	67,58,482		
	e.	Gross Accruals into Public Account	17,45,217		
<b>II</b>	<b>Application of Resources</b>				<b>1,11,95,531</b>
	a	<b>Repayment of Debt</b>		60,64,945	
	(i)	Internal Debt	60,34,207		
	(ii)	External Debt	30,738		
	b	<b>Discharge of Liabilities on Public Account</b>		16,53,371	
	(i)	Small Savings and Provident Fund	9,78,883		
	(ii)	Reserve Funds	3,40,157		
	(iii)	Deposits and Advances	2,99,172		
	(iv)	Others	35,159		
	c	<b>Actual Expenditure</b>		27,15,761	
	(i)	Revenue Expenditure	22,61,571		
	(ii)	Capital Expenditure	3,99,523		
	(iii)	Loans and Advances	54,667		
	d	<b>Share of the States in taxes</b>		7,61,454	
		Appropriation to Contingency Fund		-	0
<b>III</b>	<b>Closing Cash Balance</b>				<b>2,729</b>

#### A. Sources of Funds:

Revenue Receipts consisting of tax revenue (₹20,80,466 crore), non-tax revenue (₹4,86,389 crore) and external assistance (₹1,063 crore) contributed to 23 *per cent* of resources. Under tax revenues, direct taxes amounted to ₹11,36,780 crore (55 *per cent*) and indirect taxes to ₹9,43,686 crore (45 *per cent*). Non-tax revenue receipts included railway revenues (₹1,87,738 crore); dividends (₹1,13,427 crore); telecom receipts (₹40,816 crore); receipts from roads and bridges (₹19,871 crore) and profits and royalties under the Petroleum Act (₹14,197 crore).

Capital receipts has two components. The first is debt receipts (₹67,58,482 crore) which create future payment obligations and contributed to 60 *per cent* of the gross

receipts of the year. The second is non-debt capital receipts comprising miscellaneous capital receipts (₹94,979 crore) and recoveries of loans and advances (₹30,257 crore). The former primarily consists of proceeds from disinvestment, receipts relating to “Specified Undertaking of UTI” (SUUTI) and proceeds from monetisation of national highways. The proceeds from the second component constitute one per cent of total gross receipts and represents reduction in actual or potential asset base.

Accruals into the Public Account constituted 16 *per cent* of resource mobilisation.

### **B. Application of Funds:**

Out of the total resources mobilised during the year, 81 *per cent* was deployed on committed expenditure, comprising, repayment of debt (54 *per cent*), discharge of Public Account liabilities (15 *per cent*), interest payments (five *per cent*) and assignment of mandated portion of gross tax receipts to States (seven *per cent*). From the balance, after accounting for Grants-in-aid to States/ UTs and closing cash balance (three *per cent*), Government was left with only 16 *per cent* of its gross mobilisation to spend on its other activities.

#### **1.2.4 Receipts and Disbursements of CFI- comparison over two years**

Receipts and Disbursements from the Consolidated Fund of India (CFI) for 2017-18 and 2018-19 are given in **Table 1.4**.

**Table 1.4 Statement of Receipts and Disbursements from CFI**

(₹ in crore)

Particulars	Receipts		Disbursements	
	2017-18	2018-19	2017-18	2018-19
<b>Tax Revenues</b>	12,46,178	13,19,011	<b>General Services</b>	10,10,124
<b>Non-Tax Revenues</b>	4,41,383	4,86,389	<b>Social Services</b>	1,01,337
<b>External Assistance</b>	3,582	1,063	<b>Economic Services</b>	6,47,098
<b>Capital Receipts</b>	1,00,048	94,979	<b>Grants-in-aid and Contributions</b>	3,81,525
<b>Public Debt</b>	65,54,002	67,58,482	<b>Expenditure on Capital Account</b>	3,25,116
<b>Loans and Advances</b>	70,639	30,257	<b>Public Debt</b>	58,72,605
			<b>Loans and Advances</b>	82,136
<b>Total - Consolidated Fund of India</b>	<b>84,15,832</b>	<b>86,90,181</b>		<b>84,19,941</b>
				<b>87,80,706</b>

*Source: Union Government Finance Accounts.*

Total receipts increased by three *per cent* (₹2,74,349 crore) over the previous year 2017-18. Non-debt receipts increased by 3.75 *per cent* (₹69,868 crore) and debt receipts increased by 3.12 *per cent* (₹2,04,481 crore).

Increase in non-debt receipts over the previous year was significant in the following cases:

- i. Tax revenue increased by ₹72,833 crore (six *per cent*) of which, Corporation Tax increased by ₹33,795 crore (nine *per cent*) and Taxes on Income other than Corporation Tax by ₹32,582 crore (14 *per cent*). However, tax buoyancy<sup>5</sup> during the year 2018-19 was 0.75 as compared to 1.05 in 2017-18.
- ii. Non Tax Revenues grew by ₹45,005 crore (10 *per cent*), of which, receipts from dividends/ profits increased by ₹22,060 crore (24 *per cent*)<sup>6</sup>, income from Roads and Bridges increased by ₹10,798 crore (119 *per cent*), and from 'Other Communication Services' by ₹8,751 crore (27 *per cent*). Higher receipts under dividends/ profits were primarily due to higher receipts of surpluses/ dividend from Reserve Bank of India. The depiction of higher receipts under income from roads and bridges is incorrect and overstated by ₹10,250 crore since this was caused by wrongly booking the transfers from the Central Road Fund to the CFI as Non-Tax Revenue (details in Chapter 2 of this report).
- iii. Capital Receipts decreased compared to the previous year on account of less premium received on equity disinvested (₹17,997 crore). Premium as a percentage of total disinvestment decreased from 97 *per cent* in 2017-18 to 94 *per cent* in 2018-19.

Revenue expenditure increased by ₹1,21,487 crore (5.67 *per cent*) in 2018-19 over the previous year. Most of this increase was on account of higher expenditure on "General Services" of ₹91,898 crore (9.1 *per cent*). Analysis of expenditure on "General Services" shows that the largest increase of ₹51,845 crore (9.5 *per cent*) was on "Interest Payments and Servicing of Debt". Significant increases of over ₹10,000 crore were seen on Administrative Services (₹13,387.4 crore - 15.71 *per cent*); Pension and other Retirement Services (₹14,466.2 crore - 9.93 *per cent*); Defence Services (₹11,017 crore-5.71 *per cent*). Of the increase in the case of Pension and Other Retirement benefits, the increase on account of Defence Pensions was ₹9,775 crore (10.6 *per cent*) . In para 2.3.2.1 (b) of this report, mention is made of Defence pension scrolls of ₹14,000 crore not being cleared and Defence pension expenditure of ₹5,000 crore being irregularly reversed. In case these amounts are added, the actual increase in expenditure on Defence pensions would be ₹28,775 crore i.e. 31.3 *per cent* over the previous year which is indicative of the continued major impact of implementation of One Rank One Pension. The

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<sup>5</sup> Tax buoyancy is the ratio of percentage change in gross tax revenue to percentage change in Gross Domestic Product (GDP) over the previous year. GDP figures are as per CSO press release dated 31 May 2019.

<sup>6</sup> Compared to the previous year, there is no change in dividend in seven entities, 47 entities declared higher dividend amounting to ₹32,500 crore, 10 additional entities declared dividend of ₹216 crore and 48 entities declared less dividend than in the previous year.

increases in expenditure on “Social Services” and “Economic Services” were modest at ₹6,077 crore (six *per cent*) and ₹22,325 crore (3.5 *per cent*).

The increase in expenditure on capital account was ₹74,407 crore (22.89 *per cent*). However, if the expenditure is reduced in both the years by the amount of bank recapitalisation, the actual increase in expenditure on capital account (though only ₹58,407 crore) represents an increase of 25 *per cent*.

### **1.3 Other key Aspects of Union Finances.**

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

Statement 11 of the UGFA records Union Government’s investments in/returns from Statutory Corporations, Government Companies, other Joint Stock Companies, Co-operative Banks and Societies etc. The statement shows that Union Government’s total investment in these entities was ₹9,89,546 crore at the end of 2018-19, an increase of ₹1,93,150 crore over 2017-18. The increase was on account of recapitalisation of PSBs/ Nationalised Banks (₹1,06,000 crore) and investments in National Highways Authority of India (₹35,819 crore), International Monetary Fund (₹9,172 crore), Dedicated Freight Corridor Corporation of India (₹6,277 crore) and Export Import Bank of India (₹5,000 crore).

During the year, the Union Government received dividend/ surplus of ₹1,13,427 crore from 112 entities with an investment of ₹4,31,283 crore, compared to ₹91,367 crore received from 109 entities during 2017-18.

Of the amount received by way of dividend /surplus during 2018-19, the share of surplus received from RBI (₹68,000 crore) alone constituted 60 *per cent* of total receipts under this head. Other major entities whose contributions account for 30 *per cent* of the receipts under this head were, Oil and Natural Gas Commission (₹6,290 crore), Coal India Limited (₹5,839 crore), Indian Oil Corporation Ltd (₹5,383 crore), National Thermal Power Corporation Ltd (₹2,957 crore), Power Grid Corporation of India (₹2,514 crore), Hindustan Zinc Ltd. (₹2,496 crore), Life Insurance Corporation (₹2,261 crore), Bharat Petroleum Corporation of India Ltd. (₹2,091 crore), Airports Authority of India (₹2,003 crore), Rural Electrification Corporation Ltd (₹1,344 crore), and National Mineral Development Corporation Ltd. (₹1,222 crore).

#### **1.3.2 Disinvestment in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies etc.**

Disinvestment proceeds constitute a major part of non-debt Capital Receipts. Statement 10 of UGFA depicts the total proceeds from disinvestment, and Statement 11 shows the entity wise position. During the year, Government

received ₹72,620 crore from disinvestment<sup>7</sup>, compared to ₹88,970 crore in 2017-18. Disinvestment in five entities contributed 71.78 *per cent* of the total receipts (₹52,125 crore). These were: Rural Electrification Corporation (₹15,664 crore), Coal India (₹12,287 crore), Oil and Natural Gas Corporation (₹8,738 crore), Indian Oil (₹8,665 crore) and National Thermal Power Corporation (₹6,771 crore). Disinvestment proceeds for the year includes ₹15,914 crore<sup>8</sup> from strategic sales of four PSUs viz REC Limited, Dredging Corporation of India Limited, HSCC (India) Limited and National Projects Construction Corporation Limited. These sales were to PFC Limited, consortium of Port Trusts, NBCC Limited and WAPCOS Limited respectively which are Public Sector entities. Such disinvestments only resulted in transfer of resources already with the public sector to the Government and did not lead to any change in the stake of the Public Sector/ Government in the disinvested PSUs.

### 1.3.3 Guarantees by Union Government

Statement 4 of UGFA gives the status of guarantees given by the Union Government. As on 31 March 2019, outstanding guarantees extended by 19 Ministries/ Departments amounted to ₹4,47,626 crore. Out of the ₹2,659 crore receivable as guarantee fee for the year, Government of India received only ₹928<sup>9</sup> crore. Five Ministries/ Departments (Department of Pharmaceuticals; Ministry of Civil Aviation; Department of Financial Services; Ministry of Micro, Small and Medium Enterprises and Department of Economic Affairs) did not realise guarantee fees of ₹1,711 crore during 2018-19. Guarantee fee of ₹30 crore for 2018-19 was paid in advance in 2017-18 by Mahanagar Telephone Nigam Limited (MTNL) under Department of Telecommunications. Three Ministries/ Departments viz., Department of Agriculture and Co-operation, Ministry of Consumer Affairs, Food and Public Distribution and Ministry of External Affairs waived off/ exempted guarantee fee receivable by them.

### 1.3.4 Status of Public Debt

Statement 14 of UGFA gives the detailed position of Internal and External Debt which together constitutes Public Debt of the Union Government and are secured on the CFI. Internal Debt primarily includes market loans, securities issued to international financial institutions, treasury bills, and Special Central Government Securities issued to NSSF, Postal Life Insurance (PLI) and Public Sector Banks. External Debt represents loans received from foreign Governments and international bodies.

Total debt of Union Government grew from ₹59,69,968 crore as on 31 March 2017 to ₹66,51,365 crore as on 31 March 2018 and further grew to ₹73,44,902<sup>10</sup> crore as

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<sup>7</sup> ₹4,449 crore against face value (six *per cent*) and ₹68,171 crore (94 *per cent*) against premium.

<sup>8</sup> Source: Ministry of Finance Annual Report 2018-19

<sup>9</sup> Includes ₹10 crore received in excess by the Department of Commerce

<sup>10</sup> At historic rate; valued in the UGFA at current rate as on 31 March 2019 at ₹75,49,380 crore.

on 31 March 2019. Public Debt has however, remained within a band of 38-39 *per cent* of GDP during the three-year period.

In addition, in the expenditure profile and receipt budget 2020-21, Government has disclosed extra-budget borrowings in the form of Government Fully Serviced Bonds, which was ₹65,602.10 crore during 2018-19. Cumulative borrowings upto 31 March 2019 were ₹89,864.10 crore which is about 0.47 per cent of GDP.

### **1.3.5 Public Account Liabilities**

Public Account liabilities of the Union Government arise in its capacity as banker or a trustee rather than a borrower. These include Small Savings (Provident Funds, Insurance Funds); Reserve Funds and Deposits. These liabilities are not secured by the CFI and are shown as part of the Public Account. All these liabilities, however, are obligations of the government either in terms of their repayment or for making specified expenditure. These transactions are summarised in Statement No. 13 of UGFA. As on 31 March 2019, total outstanding Public Account liabilities stood at ₹8,82,119 crore which comprised ₹5,79,609 crore on Small Savings and Provident Fund and ₹3,02,510 crore on account of other obligations<sup>11</sup>.

From the year 1999-2000, Public Account liabilities exclude the liabilities on account of small savings and insurance funds to the extent invested in Special State Government securities and other instruments as well as losses incurred in National Small Savings Fund (NSSF) operations. Consequently, the total figure for Public Accounts liabilities does not include liabilities of ₹8,16,244 crore corresponding to accruals in NSSF, Post Office Life Insurance Fund and Rural Post Office Life Insurance Fund which have been invested in Special State Government Securities (₹4,71,206 crore); in Government Undertakings (₹2,71,636 crore), and Post Office Insurance Funds (₹73,402 crore).

As on 31 March 2019, against the total liabilities of ₹15,01,608 crore in the NSSF, investments amounting to ₹13,51,761 crore were made. These include investment in Special Central Government Securities (₹2,72,988 crore), investment in Special State Government Securities (₹4,71,206 crore), investments of sums received in NSSF on redemption of Special Central/ State Government securities (₹3,35,931 crore), and investments in other Union Government entities (₹2,71,636 crore). After factoring in the cash balance of ₹36,195 crore, the NSSF carried an accumulated deficit of ₹1,13,652 crore, (7.57 *per cent* of the total liabilities) as on 31 March 2019 which constitutes Government liability.

Taking into account the investments made and accumulated deficit in NSSF, the actual outstanding Public Account liabilities as on 31 March 2019, worked out to ₹18,12,015 crore (₹15,09,505 crore as Small Savings and Provident Fund and ₹3,02,510 crore as other obligations) against ₹8,82,119 crore reflected in Statement 13 of the UGFA.

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<sup>11</sup> Reserve Funds and Deposits.

### **1.3.6 Reserve Funds and Deposits**

Reserve Funds and Deposits in the Public account of Union Government are categorised as interest bearing and non-interest bearing. Out of 57 Reserve Funds in the Public Account, 20 are interest bearing and 37 are non-interest bearing. Interest of ₹319 crore and ₹861 crore was paid during the year on interest bearing Reserve funds and Deposits respectively. During the year, 12 out of the 57 Reserve Funds were not operated. In UGFA, only seven Reserve Funds were created at minor head level for accounting the collection and utilisation of cesses, levies and fees collected for specific purposes. Two funds, viz., the National Compensatory Afforestation Fund and Monetisation of National Highways Fund were made operational during the year 2018-19. Seven Reserve Funds had adverse balances at the end of the year 2018-19, which were stated to be under investigation.