सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
for the year 2019-20

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Union Government
Accounts of the Union Government
Report No. 7 of 2021
(Financial Audit)

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Preface

This Report for the year ended March 2020 has been prepared for submission to the President under Article 151 of the Constitution.

The Report includes matters arising from test audit of the Finance Accounts and the Appropriation Accounts of the Union Government for the year ended March 2020.

HIGHLIGHTS

This Report of the Comptroller and Auditor General of India (CAG) on the accounts of the Union Government analyses the Union Government Finance Accounts (UGFA) and the Appropriation Accounts of Union Civil Ministries. The Report gives an overview on Union Government Finances for FY 20 and consists of observations of the CAG on the UGFA and the Union Government Appropriation Accounts for FY 20.

Chapter 1: Overview of Union Finances

- Estimates of revenue receipts were scaled down at the Revised Estimates (RE) stage as compared to Budget Estimates (BE) by ₹94,611 crore. However, actual revenue receipts were further lower than RE by ₹2,05,344 crore. This was primarily due to actual collections being less than RE in case of 'Taxes on income other than Corporation Tax' (₹66,652 crore), Corporation Tax (₹53,624 crore), Central Goods and Services Tax (₹19,929 crore), and Non-Tax revenue (₹57,349 crore). Estimates for revenue expenditure were reduced at RE stage by ₹79,776 crore, but actual revenue expenditure fell further short of RE by ₹38,445 crore. Heads under which actual revenue expenditure was lower than REs by a significant amount included Indian Railways-Commercial Lines Working expenses (₹28,639 crore), Interest Payments (₹8,740 crore) and General Education (₹4,764 crore).
- In the case of non-debt capital receipts, the actuals were lower than RE by ₹14,696 crore under "Miscellaneous Capital Receipts", which primarily consisted of proceeds from disinvestment and monetization of National Highways. In the case of capital expenditure, leaving aside savings under head for North East, the variation between actuals and RE (₹2,784 crore) was marginal, with RE having been increased over BE by ₹17,000 crore.

(Para 1.3)

- During FY 20, the Union Government mobilised total resources amounting to ₹1,21,07,987 crore. Gross revenue receipts consisting of tax revenue (₹20,10,059 crore), non-tax revenue (₹5,88,328 crore) and external assistance (₹373 crore) contributed 21 *per cent* of resources. Debt receipts (₹73,01,387 crore) constituted 60 *per cent* of total resource mobilization of the Government.
- Out of the total resources mobilised during the year, 83 *per cent* were deployed on committed expenditure, comprising repayment of debt (52 *per cent*), discharge of Public Account liabilities (17 *per cent*), interest payments (five *per cent*) and assignment of mandated portion of gross tax receipts to States (five *per cent*). From the balance, after accounting for Grants-in-aid to States/UTs and closing cash balance (four *per cent*), the Union Government was left with 17 *per cent* of its gross mobilisation to spend on its own activities.

(Para 1.4)

- Total receipts grew by 7.23 *per cent* (₹6,28,286 crore) YoY in FY 20. Non-debt receipts increased by 4.42 *per cent* (₹85,381 crore) and debt receipts increased by 8.03 *per cent* (₹5,42,905 crore).

- Tax revenues increased marginally by ₹40,371 crore (three *per cent*) over FY 19, while Non-tax revenues (NTR) grew by ₹1,01,940 crore (21 *per cent*) over the previous year. In the case of NTR, receipts from dividends/ profits increased by ₹72,715 crore (64 *per cent*), which was primarily due to higher receipt of surplus/dividend from Reserve Bank of India.

- Non-debt capital receipts declined compared to FY 19 due to lower premium received, lower Specified Undertaking of UTI (SUUTI) receipts and non-receipt of "Proceeds from Monetisation of National Highways".

- Revenue expenditure increased by ₹3,53,749 crore (15.64 *per cent*) in FY 20 over the previous year. Most of this increase was on account of higher expenditure on "Grants-in-Aid and Contributions" and "Social Services". On the other hand, the expenditure on capital account decreased by ₹11,779 crore (2.95 *per cent*) mainly due to reduction in expenditure on recapitalization of Public Sector Banks.

(Para 1.5)

- On the assets side, during the last two years, 34 *per cent* of the cumulative Capital expenditure consisted of investments of the Union Government in Government Companies, Statutory Corporations and Other Joint Stock Companies. The balance 66 *per cent* constituted cumulative expenditure for creation of infrastructure for transport sector, health, education, public works, etc. On the liabilities side, internal debt constituted around 87 *per cent* of total liabilities in FY 20 with internal debt increasing from ₹70,74,941 crore in FY 19 to ₹80,20,490 crore in FY 20.

(Para 1.6)

- Gross receipts showed an increasing trend during FY 16 to FY 20, but FY 20 showed the lowest growth of one *per cent*. Gross tax revenues showed a decreasing trend during FYs 17-19, with growth becoming negative in FY 20. Non-tax revenue showed a fluctuating trend during FYs 16-20, with FY 20 seeing a substantial jump primarily on account of increase under share of surplus profits from the Reserve Bank of India (₹79,988 crore).

- Non-debt capital receipts have declined in the last two FYs. Receipts from disinvestment, which is a major part of such receipts, fell from ₹72,620 crore in FY 19 to ₹48,234 crore in FY 20. Disinvestment receipts in the year pertained to Tehri Hydro Development Corporation (₹7,500 crore), National Thermal Power Corporation (₹6,165 crore), Oil and Natural Gas Corporation (₹5,719 crore), Coal India Ltd. (₹5,673 crore), North Eastern Electric Power Corporation Limited (₹4,000 crore), Power Grid Corporation of India Limited (₹3,850 crore), Kamarajar Port Limited (₹2,383 crore), IRCTC Limited (₹1,114 crore), Security Printing and Minting Corporation India Limited (₹821 crore), etc.

(Para 1.7)

- Of the total disbursements of ₹1,14,59,551 crore in FY 20, disbursements from CFI was 81.80 *per cent* (repayment of public debt was 55.20 *per cent* and total expenditure from CFI was 26.60 *per cent*) and the balance of 18.20 *per cent* was from Public Account. Of CFI disbursements, the shares of repayment of Public Debt and Loans and Advances were both on a declining trend while the share of Revenue Expenditure was on the rise in last three years.

- The sectoral share of expenditure has remained steady in the last five years. However, the highest YoY growth was seen in the case of Social Sector expenditure. The expenditure on Economic Sector witnessed an increase of ₹43,131 crore in FY 20 over FY 19. This was mainly due to increase in expenditure on 'Crop Husbandry' (primarily under PM Kisan Samman Nidhi) and 'Food, Storage and Warehousing' (Food Subsidy).

- Compared to FY 19, the expenditure on various explicit subsidies increased substantially in FY 20 with total expenditure on subsidy rising by 16.59 *per cent*. Expenditure on food subsidy was, however, significantly understated due to funding through loan from National Small Savings Fund.

(Para 1.8)

- As on 31 March 2020, the total outstanding Public Account liabilities were reported to be ₹8,79,325 crore, which included ₹5,74,881 crore of Small Savings and Provident Fund and ₹3,04,444 crore on account of other obligations. This, however, did not include liabilities of ₹9,99,409 crore corresponding to investment of NSSF in Special State Government Securities (₹4,40,438 crore) and Government Undertakings (₹3,66,546 crore), investment of ₹82,963 crore relating to Post Office Insurance Fund, and accumulated deficit (₹1,09,462 crore) in NSSF.

(Para 1.9)

- Total debt of the Union Government grew from ₹66,51,365 crore as on 31 March 2018 to ₹73,44,902 crore as on 31 March 2019 and further grew to ₹83,19,740 crore as on 31 March 2020. Public Debt, however, remained within the band of 39-41 *per cent* of GDP in last three years. Market loans due for redemption within seven years amounted to ₹23,54,267 crore (around 37 *per cent* of market loans).

(Para 1.10)

- Actual Revenue Deficit exceeded the BE stage and RE stage by 37.43 *per cent* and 33.36 *per cent* respectively, which was attributed primarily to lower tax receipts (₹1,47,995 crore at RE stage) with expenditure not being commensurately compressed. Similarly, actual Fiscal Deficit (FD) as compared to BE stage and RE stage was higher by ₹2,43,970 crore and ₹1,69,001 crore, respectively, which was on account of lower than estimated miscellaneous capital receipts. Further, out of the FD of ₹10,31,126 crore, ₹6,67,237 crore was on revenue account in FY 20, with an YoY increase of 6.66 *per cent*.

(Para 1.3 and Para 1.10.1)

Chapter 2: Observations on Finance Accounts

Issues of transparency and disclosures

- There was persistent use of Minor Head 800 by Ministries/ Departments of Government of India (GoI). During FY 20, expenditure totalling ₹39,838 crore was booked under 'Minor Head 800-Other Expenditure' under various Major Heads. Further, receipts of ₹16,892 crore were also booked under Minor Head 800-Other Receipts during FY 20.

(Para 2.2.1)

- A total of 254 footnotes had been inserted in 16 statements of the UGFA for disclosing additional information with respect to figures for transactions. These footnotes, though related to significant transactions, were brief and cryptic and in some cases were being repeated year after year without resolution.

(Para 2.2.2.4)

Issues relating to accuracy of accounts

- Suspense heads relating to Civil Ministries, Postal, Telecom, Defence and Railways only showed net balances under suspense heads and thus, did not disclose the real magnitude of separate credit and debit balances under these heads. This led to significant understatement of suspense balances in the UGFA both at Major and Minor Head levels. Resultantly, the balances were misrepresented by 8.3 *per cent* under PAO Suspense, 70.2 *per cent* under Suspense Account (Civil) and 35.5 *per cent* under PSB Suspense.

(Para 2.3.1.1)

- In FY 18 there was a balance of ₹1,76,688 crore left in the IGST at the end of the year. Of this, GoI had provisionally devolved ₹67,998 crore under IGST to the States/UTs adopting Finance Commission formula for devolution of Central Taxes. The issue of unapportioned IGST balance was commented upon in CAG's Report No. 2 of 2019 and further discussed in detail in CAG's Report No. 11 of 2019. Subsequently, in May 2020, the Government decided to apportion the balance IGST of ₹1,76,688 crore between Centre and the States on 50:50 basis and reverse the IGST devolved in FY 18, citing CAG's observations on the issue.

  To partially adjust the balance IGST, sanction was accorded for expenditure amounting to ₹33,412 crore in June 2020 towards transfer to GST Compensation Fund. Audit observed that the adjustment involving expenditure of ₹33,412 crore was approved only in FY 21 but incorporated in the accounts of FY 20 after the closure of accounts for the year through a Journal Entry, which violated laid down procedures. It was also noticed that the adjustment was made only with reference to the net impact of the transactions without any disclosures of implications in gross terms for various heads of accounts covered by these transactions either in the Journal Entry or in the relevant Statements of UGFA. Further, the amounts computed as paid in excess to States/UTs for FY 18 were adjusted against dues of IGST pertaining to that year, instead of compensation payable in FY 21 or later as provided in the GST Compensation Act 2017.

(Para 2.3.3)

- In FY 20, against collection of cess of ₹95,553 crore, transfers to the GST Compensation Fund amounted to ₹1,53,910 crore, i.e. ₹58,357 crore was transferred in excess of collections. However, this excess included an amount of ₹33,412 crore transferred by way of a Journal Entry in June 2020 (after close of FY 20). Therefore, as on 31 March 2020, ₹24,945 crore was transferred in excess of actual collections from CFI during FY 20 as against short transfer by 31 March 2019 amounting to ₹47,272 crore. Thus, transfer of Compensation Cess collected in past years of ₹22,327 crore to GST Compensation Fund was yet to be done as on 31 March 2020.

(Para 2.3.4)

- An amount of ₹3,108 crore was written off during FY 20 on account of variation in exchange rate of External Debt. However, the same amount was depicted as Receipts of External debt during the year, which was contrary to the provision under Government Accounting Rules.

(Para 2.3.7)

Issues of Data Integrity and Completeness

- Accounting Authorities of three Ministries/Departments (Chemicals and Fertilizers, Pharmaceuticals, Industry and Civil Aviation) failed to realise ₹2,027 crore towards guarantee fees during FY 20.

(Para 2.4.1)

- Statement 11 of UGFA contained incomplete information in respect of nature, investment, face value, number of shares, capital and *percentage* of the Union Government's investment in 45 entities, while in 22 entities *percentage* of equity share did not change from the previous year despite having investment/ disinvestment in FY 20. Further, in respect of three entities, there was mismatch in the disinvestment details furnished by Ministry of Finance (MoF) and as depicted in Statement 11.

(Para 2.4.3 and 2.4.4)

- Specified Undertaking of UTI (SUUTI) disposed of a part of shares held by it and transferred proceeds from the sale as well as income from investments to the Union Government during FY 20. The receipts amounting to ₹2,069.86 crore were accounted in UGFA as 'other receipts' (minor head 800) under major head 4000 'miscellaneous capital receipts'. However, these receipts should have been booked as Non-Tax Revenue.

(Para 2.4.7)

Issues relating to accounting of Cess/Levies

- Parliament had approved the transfer of Universal Access Levy (UAL) amounting to ₹8,350 crore to the Universal Service Obligation (USO) Fund in the BE of FY 20. Against the total collection of UAL amounting to ₹7,961.53 crore in FY 20, only ₹2,926 crore was transferred to the USO Fund, resulting in short transfer to the USO Fund by ₹5,035.53 crore.

(Para 2.6.1)

- As per Statement 8 of UGFA for the period FY 10 to FY 20, the total cess on crude oil collected was ₹1,28,461 crore. Statement 9 of UGFA for the above-mentioned years showed that no funds out of the net proceeds of cess were transferred to Oil Industry Development Board. Further, only ₹15,506 crore had been spent in last five years on activities pertaining to development of oil industry by the Ministry as against collections of ₹72,384 crore by way of cess during this period.

(Para 2.6.3)

- Though the new Health and Education Cess was levied at a composite rate of four *per cent*, BE and RE for FY 20 continued to provide for transfer of proceeds of this cess to the erstwhile Prarambhik Shiksha Kosh, and Madhyamik and Uchchatar Shiksha Kosh that were created for Primary Education Cess, and Secondary and Higher Education Cess, respectively. Further, no expenditure was envisaged for the health sector out of the cess nor was any dedicated fund created for the purpose.

(Para 2.6.4)

- Statements 8 and 13 of the UGFA and information in budget statements revealed that Statement 13 continued to depict the Fund as Central Road Fund instead of Central Road and Infrastructure Fund (CRIF). Further, against total collection of cess of ₹1,22,440 crore under the CRIF Act, Parliament approved ₹1,22,369 crore for appropriation. However, actual transfer to the Fund was ₹90,252 crore only. Part of the short transfer was due to erroneous transfers of ₹17,250 crore and ₹4,380 crore to the Railway Safety Fund by Ministry of Railways and to 'Other Funds' by Ministry of Power, respectively.

(Para 2.6.5)

Issues relating to Reconciliation and Improper Accounting

- Ministry of Road Transport & Highways transferred an amount of ₹5,000 crore to the Monetization of National Highways Fund in the public account through capital head 5054.80.797 instead of the approved revenue head 3054.80.797. Further, the expenditure of ₹5,000 crore incurred from the fund was booked under the head 5054.01.190-Investment in Public Sector & other Undertakings instead of the approved head 5054.01.337. Though there were no receipts on account of monetisation of National Highways in FY 20, funds were transferred through

Gross Budgetary Support instead of from proceeds from monetisation. These funds were used for making capital expenditure in the form of investment in National Highways Authority of India instead of as Road Works.

(Para 2.7.1)

- In FY 20, an amount of ₹1,882.40 crore towards receipts from sale of enemy properties was booked under head of account 4000.04.190.22.01.00-Custodian Property of India instead of the newly opened head of account 4000.05.101- Sale of Financial Assets.

(Para 2.7.3)

Chapter 3: Observations on Appropriation Accounts

- During FY 20, there was excess disbursement of ₹32,637.79 crore over authorization involving two Grants of Ministry of Defence and one Grant pertaining to Department of Revenue (DoR). In case of the excess relating to DoR, the excess amounted to ₹31,934.48 crore and was reported to be due to transfer of more funds to GST Compensation Fund in order to apportion balance IGST pertaining to FY 18. Audit examination revealed that the excess expenditure could have been avoided as the Government could have taken timely action to address the matter of short transfer of IGST. This matter had been reported in the Reports of the CAG, which were available with the Government since February/ July 2019, giving sufficient scope to have made required provision in the Supplementary Demand for Grant for FY 20.

(Para 3.2.1)

- During FY 20, the total savings under all the grants and appropriations were ₹4,10,158.38 crore and constituted 3.97 *per cent* of total authorisations. Savings of ₹100 crore or more occurred in 74 segments of 61 Grants/Appropriations and amounted to ₹4,07,358.03 crore. Further, out of the 13 Grants/ Appropriations with savings of ₹5,000 crore or more in FY 20, six had such substantial savings in FY 19 and FY 18 as well.

(Para 3.2.2)

- Significant savings totaling to ₹1,65,250 crore were on account of regulation of expenditure comprising *inter alia* reduction of food subsidy to Food Corporation of India of ₹76,000 crore at RE stage, ₹50,000 crore due to non-release of Ways and Means Advance to FCI, short transfer of ₹27,473.27 crore to National Investment Fund/ Central Road and Infrastructure Fund, etc. In addition, savings of ₹94,289 crore represented gaps and shortfalls in performance in schemes and activities, while savings of ₹58,097 crore were attributable to unrealistic budget estimation. Further, there were savings of ₹21,300 crore due to non-transfer of funds to Reserve Funds.

(Para 3.2.2.3)

- In 25 sub-heads under 14 Grants/Appropriations, supplementary provisions amounting to ₹2,168.90 crore were obtained during FY 20 in anticipation of higher expenditure, but final expenditure was even less than the original provisions.

(Para 3.3)

- Scrutiny of Grants/Appropriations having surrenders/lapsed amounts of ₹100 crore or more revealed that at least ₹1,70,103.02 crore relating to 33 Grants/ Appropriations was either surrendered on 31 March 2020 or was allowed to lapse.

(Para 3.6)

- Under PSB Suspense head, there were accumulated balances of ₹9,745.49 crore pertaining to Civil Pension expenditure and ₹17,045.71 crore pertaining to Defence Pension expenditure. This was due to non-clearance of pension scrolls in the accounts of relevant financial year, resulting in understatement of expenditure and postponement of liability to subsequent year(s).

(Para 3.9.1)

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CHAPTER

OVERVIEW OF UNION FINANCES

Chapter 1 Overview of Union Finances

1.1 Introduction

The annual accounts of the Union Government presented to the Parliament consist of the Finance Accounts and the Appropriation Accounts. The Union Government Finance Accounts (UGFA) depicts 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 the 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[1] on the Finance Accounts; and **Chapter 3** contains an overview of Appropriation Accounts along with audit observations on the Accounts.

1.2 Structure of Union Government Accounts

Union Government finances are maintained in three parts:

a. **Consolidated Fund of India:** It consists of all revenues received by the Government of India, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans forming the one consolidated fund to be entitled the Consolidated Fund of India.

b. **Contingency Fund of India:** It is in the nature of an imprest placed at the disposal of the President to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Parliament.

c. **Public Account:** Besides the normal receipts and expenditure of Government, which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts as a banker. Transactions relating to provident funds, small savings other deposits etc. are a few examples.

1.3 Snapshot of Union Finances

This section depicts the budgeted receipts and disbursements (both at Budget Estimates, BE stage and Revised Estimates, RE stage) along with the actual expenditure as per the Union Government Finance Accounts for FY 20. Planned and actual values for key fiscal indicators have also been described. These details are depicted in **Table 1.1**.

1 Amounts have been rounded off in this Report.

Table 1.1: Snapshot of Union Finances (FY 20)

(₹in crore)

Sl. No.	Particulars	Budget Estimates (BE)[a]	Revised Estimates (RE)[a]	Actuals	Variation of Actuals to BE (*per cent*)[b]	Variation of Actuals to RE (*per cent*)[b]
1	Revenue Receipts	22,48,038	21,53,427	19,48,083	-2,99,955 *(-13.34)*	-2,05,344 *(-9.54)*
	Tax Revenue[c]	16,52,062	15,07,377	13,59,382	-2,92,680 *(-17.72)*	-1,47,995 *(-9.82)*
	Non-Tax Revenue[d]	5,95,976	6,46,050	5,88,701	-7,275 *(-1.22)*	-57,349 *(-8.88)*
2	Miscellaneous Capital Receipts[e]	1,05,000	65,045	50,349	-54,651 *(-52.05)*	-14,696 *(-22.59)*
3	Recovery of Loans and Advances	66,203	54,279	18,647	-47,556 *(-71.83)*	-35,632 *(-65.65)*
4	Total Non-Debt Receipts (1+2+3)	24,19,241	22,72,751	20,17,079	-4,02,162 *(-16.62)*	-2,55,672 *(-11.25)*
5	Receipt of Public Debt	66,70,617	71,91,850	73,01,387	6,30,770 *(9.46)*	1,09,537 *(1.52)*
6	Total Receipts in the CFI (4+5)	90,89,858	94,64,601	93,18,466	2,28,608 *(2.51)*	-1,46,135 *(-1.54)*
7	Public Account Receipts[f]	16,43,054	18,44,762	20,27,744	3,84,690 *(23.41)*	1,82,982 *(9.92)*
8	Total Receipts (6+7)	1,07,32,912	1,13,09,363	1,13,46,210	6,13,298 *(5.71)*	36,847 *(0.33)*
9	Contingency Fund	0	0	0	0	0
10	Revenue Expenditure	27,33,541	26,53,765	26,15,320	-1,18,221 *(-4.32)*	-38,445 *(-1.45)*
11	Capital Expenditure	3,81,432	3,98,432	3,87,744	6,312 *(1.65)*	-10,688 *(-2.68)*
12	Loans and Advances	91,424	82,679	45,141	-46,283 *(-50.62)*	-37,538 *(-45.40)*
13	Total Expenditure (10+11+12)	32,06,397	31,34,876	30,48,205	-1,58,192 *(-4.93)*	-86,671 *(-2.76)*
14	Repayment of Public Debt	59,83,187	63,46,389	63,26,549	3,43,362 *(5.74)*	-19,840 *(-0.31)*
15	Total Disbursements from CFI (13+14)	91,89,584	94,81,265	93,74,754	1,85,170 *(2.01)*	-1,06,511 *(-1.12)*
16	Public Account Disbursements[f]	15,94,386	18,28,099	20,05,420	4,11,034 *(25.78)*	1,77,321 *(9.70)*
17	Total Disbursements (15+16)	1,07,83,970	1,13,09,364	1,13,80,174	5,96,204 *(5.53)*	7,08,10 *(0.63)*
18	Revenue Deficit (10-1)	4,85,503	5,00,338	6,67,237	1,81,734 *(37.43)*	1,66,899 *(33.36)*
19	Fiscal Deficit[g] (13-4)	7,87,156	8,62,125	10,31,126	2,43,970 *(30.99)*	1,69,001 *(19.60)*

a. BE and RE figures are taken from Annual Financial Statement (2020-21).
b. Figures in parentheses indicate percentage variation
c. Does not include Taxes on Income assigned to States ₹8,09,133.02 crore (BE), ₹6,56,046.07 crore (RE) and ₹6,50,677.05 crore (Actual) under Article 270 of the Constitution.

d. Includes Grants-in-aid and Contributions.
e. Includes the value of bonus shares (cash neutral): ₹44.96 crore; disinvestment of equity holdings in public sector and other undertakings: ₹9,009.81 crore; premium received on disinvestment of equity holdings in public sector and other undertakings: ₹39,224.65 crore; and other receipts: ₹2,069.86 crore-Sale of SUUTI etc.
f. Excludes balances under Suspense and Miscellaneous heads
g. As per Budget at a Glance (2021-22) Fiscal Deficit is ₹9,33,651crore. However, as per Finance accounts, Fiscal Deficit is ₹10,31,126 crore. Net difference of ₹97,475 crore is due to non-inclusion of Receipts of External Assistance for State Government Projects (₹20,607 crore), Issue of Special Securities to PSBs for Capital infusion (₹65,443 crore), Securities issued to Asian Development Bank/ International Monetary Fund (₹540 crore), Recoveries of Loans and Advances from Government Employees (₹121 crore), Issue of Bonds for Equity support to IIFCL (₹5,298 crore), Issue of Bonus Shares (₹45 crore), Issue of Special Securities to EXIM Bank (₹550 crore), Issue of Special Securities to IDBI Bank Ltd (₹4,557 crore and un-reconciled difference of ₹314 crore.

Source: UGFA for FY 20 & Annual Financial Statement FY 21

Revenue Receipts

Although the Union Government envisaged a considerable reduction in revenue receipts at the RE stage as compared to BE, actual revenue receipts were lower (₹2,05,344 crore) than the RE.

In the case of Tax Revenue, though RE was lower than BE (₹1,44,685 crore) actuals remained further lower than the RE (₹1,47,995 crore). This was primarily due to collections[2] being less than RE in the case of 'Taxes on income other than Corporation Tax' (₹66,652 crore); Corporation Tax (₹53,624 crore); Central Goods and Services Tax (₹19,929 crore).

For Non-Tax Revenue (NTR), RE was higher than BE due to a sharp increase in estimates for Interest Receipts, Dividends and Profits (₹58,874 crore) even though estimates for "Other non-tax revenue" was reduced (₹9,046 crore) as compared to BE. Actuals were, however, lower than both BE and RE. The shortfall in actuals as compared with RE, was significant in the case of "Dividends and Profits" (₹13,760 crore), "Indian Railways –Revenue Receipts -Commercial lines" (₹31,476 crore), "Roads and Bridges" (₹11,194 crore) and Postal Receipts (₹5,645 crore). However, actuals were higher than estimates under certain heads viz "Interest Receipts" (₹12,861 crore) and "Other Communications Services" (₹10,856 crore) which partially offset the shortfalls under other heads. The overall shortfall in the case of NTR was thus ₹57,349 crore.

Capital Receipts

Capital receipts consists of both Non-debt capital receipts and debt receipts. Non-debt receipts cover Miscellaneous Capital Receipts and "Recoveries of Loans and Advances".

Miscellaneous capital receipts primarily include proceeds from disinvestment and "Proceeds from Monetisation of National Highways". There was a substantial

[2] These are Gross Collections as BE/RE for net collections for each tax is not available in the budget documents.

reduction in estimates at the RE stage (₹39,955 crore). The actual receipts were, however, further lower (₹14,696 crore). This was mainly due to "nil" collections under "Proceeds from Monetisation of National Highways" against BE and RE of ₹10,000 crore.

In the case of "Recoveries of loans and advances," estimates were pared down at RE stage (₹11,924 crore) on account of lesser anticipated recoveries from Public Sector Enterprises, statutory bodies, etc. Actual recoveries were still lower (₹35,632 crore) due to less recovery on account of Loans and Advances from Public Sector Enterprises and statutory bodies. These variations were primarily on account of Food Corporation of India (FCI) not being sanctioned Ways and Means Advances (WMA) as provided for in the BE. As the advance itself was not disbursed, recoveries on this account also did not materialize leading to shortfalls.

Overall, actual non-debt receipts into CFI fell short of RE by ₹2,55,672 crore and of BE by ₹4,02,162 crore.

Revenue Expenditure

Estimates for revenue expenditure were scaled down at the RE stage (₹79,776 crore). The heads under which estimates were reduced significantly included interest payments (₹12,851 crore), crop husbandry (₹21,594 crore), food subsidy (₹77,012 crore)[3] and Indian Railways-Commercial Lines (₹5,551 crore), and Grants-in-Aid (GIA) to State Government (₹10,653 crore). This was partially offset by increases in estimates at RE stage under "Pensions and Other retirement benefits" (₹9,848 crore), Relief on Account of Natural Calamity (₹9,995 crore), Rural Employment (₹11,002 crore) and GIA to Union Territories (UTs) (₹18,466 crore)[4]. Actuals were, however, further below the RE (₹38,445 crore).

Analysis of variations between actuals and RE showed that under 36 major heads, actual revenue expenditure exceeded RE by ₹65,920 crore. This excess expenditure was mainly due to additional funds accounted under GIA to State Governments (₹48,017 crore) including additional transfer to GST Compensation Cess Fund from CFI of ₹32,710 crore by way of adjustment of short transfer of Integrated Goods and Services Tax (IGST). In addition, actuals exceeded RE in the case of interest payments and "Other Communication Services" (₹5,037 crore). In case of 68 major heads[5], actual revenue expenditure fell short of RE by ₹60,243 crore. Significant shortfalls were observed in Indian Railways – Commercial Lines Working expenses (₹28,639 crore), interest payments (₹8,740 crore) and General Education (₹4,764 crore).

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3 Funding from NSSF of ₹63,600 crore was provided instead.

4 For new UT of Ladakh.

5 Excluding MH 2552 relating to North Eastern Areas with provision of ₹44,272 crore which is a pass-through head only, or budget provision with expenditure being accounted under relevant functional heads.

Capital Expenditure & Disbursement of Loans and Advances

RE for Capital expenditure was higher than BE by ₹17,000 crore with notable increases being seen in estimates for "Defence" (₹7,000 crore), "Industries and Minerals" (₹5,658 crore) and "Investments in General Financial and Trading Institutions" (₹4,848 crore). Leaving aside savings under the head for North Eastern Areas, the variation between actuals and RE (₹2,784 crore) was marginal.

In case of disbursement of Loans and Advances, estimates were reduced at RE stage by ₹8,745 crore. Finally, actual disbursement was lower than RE by an amount of ₹37,538 crore. This was because provision for WMA to FCI was first reduced by ₹14,000 crore at RE stage but finally no WMA was provided to FCI. Likewise, provision for "Loans for Other General Economic Services" of ₹1,000 crore was also totally unutilized.

Revenue Deficit and Fiscal Deficit

Actual Revenue Deficit exceeded the BE and RE by 37.43 *per cent* and 33.36 *per cent* respectively. This was on account of shortfall in actuals of both Tax and non-tax revenue receipts as compared to BE and RE. Though some compression in actual revenue expenditure was achieved as compared to BE/RE, the same was not commensurate with the shortfall in revenue receipts.

Similarly, actual Fiscal Deficit was also higher than what was estimated both at BE and RE stage was higher by ₹2,43,970 crore and ₹1,69,001 crore, respectively. This was due to shortfalls in actual miscellaneous capital receipts while the scope for compressing capital expenditure was limited.

Additional Public Debt

At the BE stage additional public debt estimated was ₹6,87,430 crore. This was projected to increase to ₹8,45,461 crore at the RE stage. Actual additional Public Debt contracted was however, much higher at ₹9,74,838 crore. This, by and large, mirrors the variation in estimates for FD and actuals.

1.4 Resources: Sources and Application of Funds

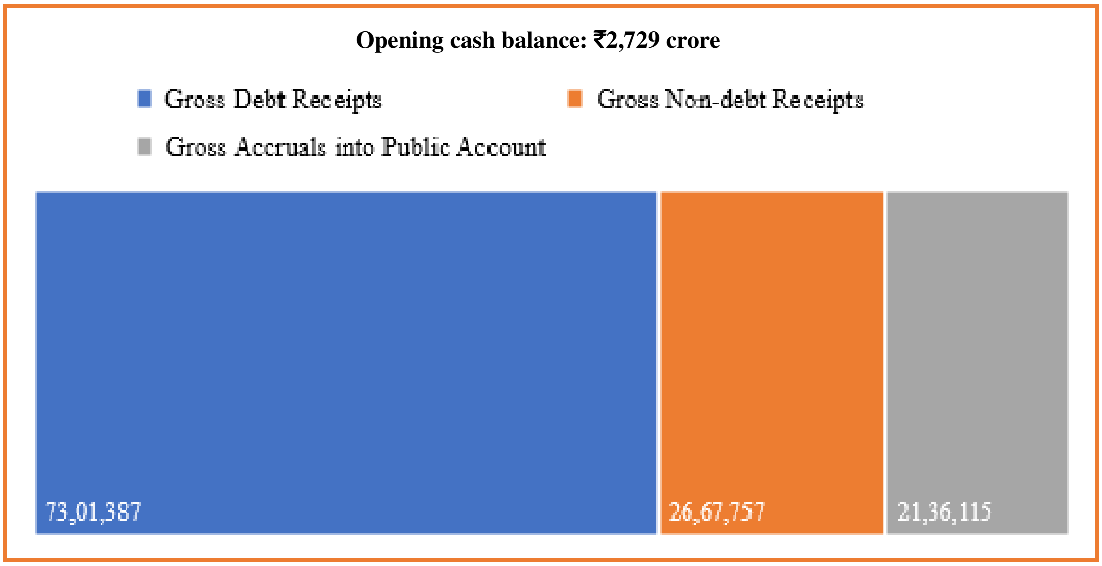
During the year, the Union Government mobilised total resources of ₹1,21,07,987 crore, which were applied for various purposes[6].

[6] The figures used in this section are gross figures, which may be at variance with the figures in Table 1.1, which are based on net figures.

1.4.1 Sources of Funds

Figure 1.1: Sources of Funds

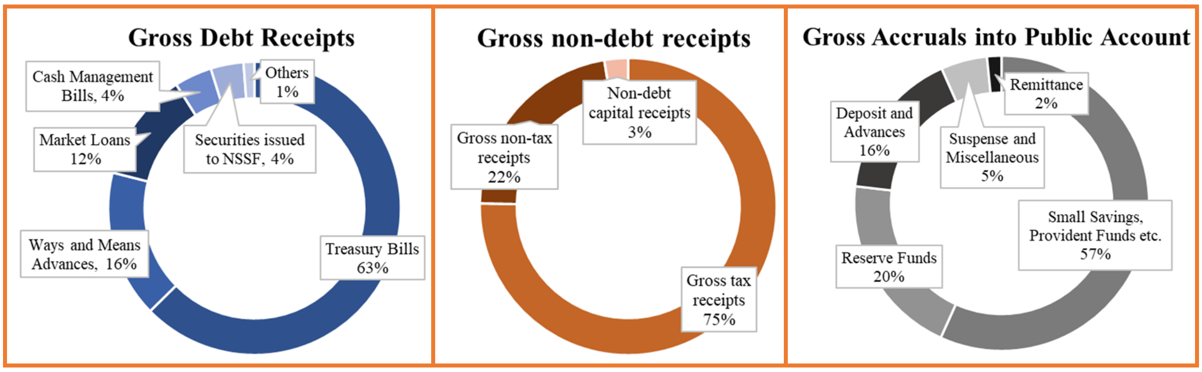
(₹ in crore)



Source: UGFA for FY 20

Further break-up of the sources of funds is as follows:

Figure 1.2: Details on sources of funds



Source: UGFA for FY 20

Gross Revenue Receipts consisting of tax revenue (₹20,10,059 crore), non–tax revenue (₹5,88,328 crore) and external assistance (₹373 crore) contributed 21 *per cent* of resources. Under tax revenues, direct taxes amounted to ₹10,49,549 crore (52 *per cent*) and indirect taxes to ₹9,60,510 crore (48 *per cent*). Non-tax revenue receipts included Railway revenues (₹1,74,695 crore), dividends (₹1,86,142 crore), Communications receipts (₹83,404 crore) and Miscellaneous General Receipts (₹21,238 crore).

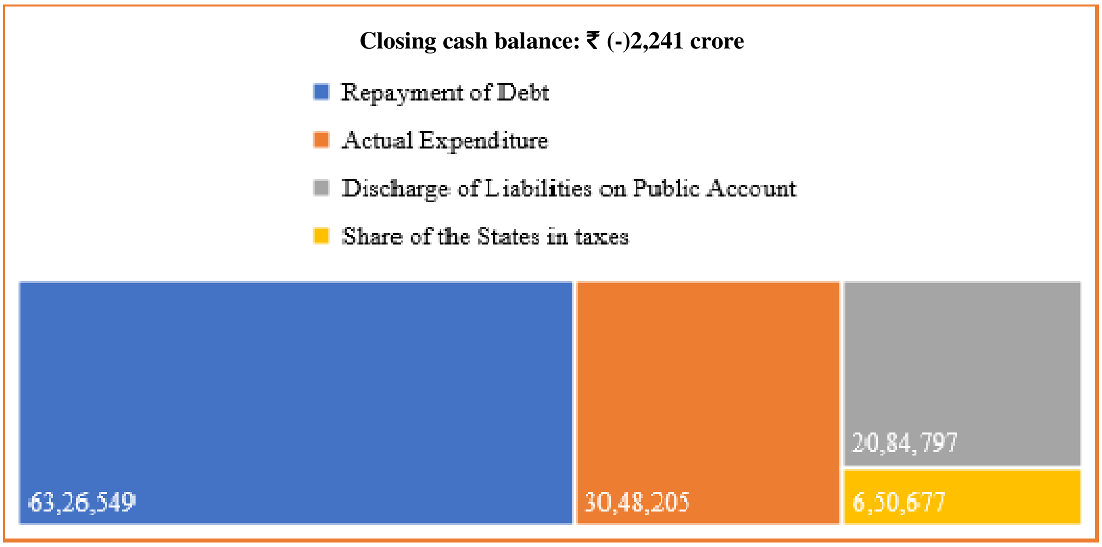
Capital receipts has two components. The first is debt receipts (₹73,01,387 crore) which create future payment obligations and contributed 60 *per cent* of the total gross receipts of the year. The second is non-debt capital receipts comprising miscellaneous capital receipts (₹50,349 crore) and recoveries of loans and advances (₹18,647 crore). The former primarily consisted of proceeds from disinvestment of Public Sector and other Undertakings. The proceeds from the second component constituted less than one *per cent* (0.57 *per cent)* of total gross receipts and represented reduction in actual or potential asset base.

Public Account Receipts constituted 18 *per cent* of resource mobilisation.

1.4.2 Application of Funds

Figure 1.3: Application of funds

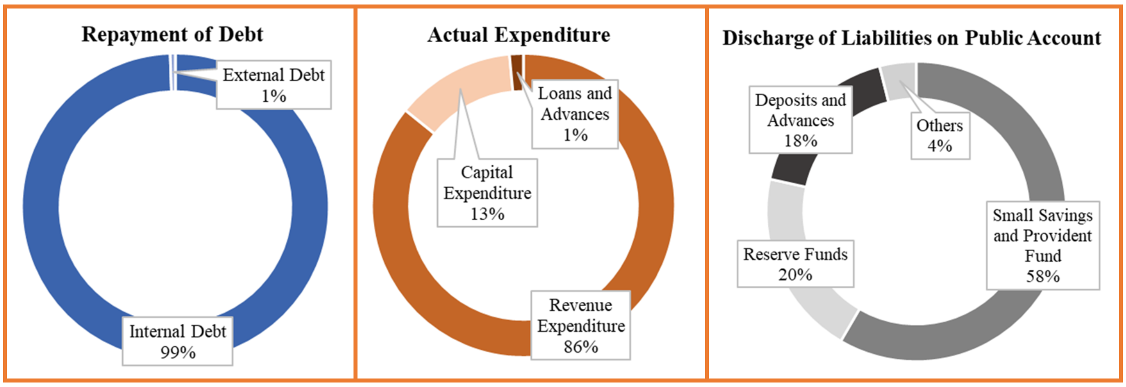
(₹ in crore)



Source: UGFA for FY 20

Further breakup of the application of funds is as follows:

Figure 1.4: Details on application of funds



Source: UGFA for FY 20

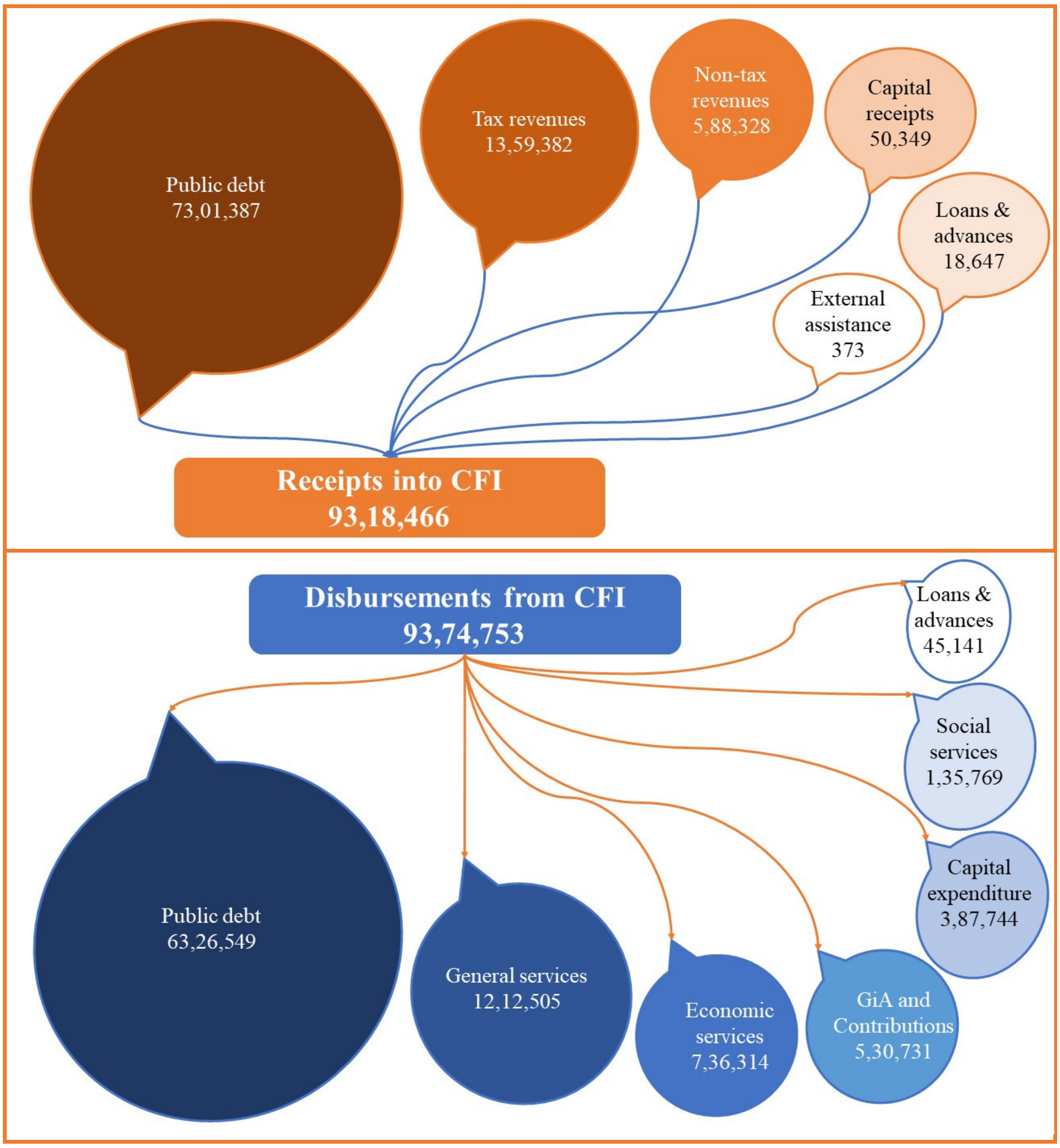
Out of the total resources mobilised during the year, 83 *per cent* were deployed on committed expenditure, comprising repayment of debt (52 *per cent*), discharge of Public Account liabilities (17 *per cent*), interest payments (five *per cent*) and assignment of mandated portion of gross tax receipts to States (five *per cent*). From the balance, after accounting for Grants-in-aid to States/UTs and closing cash balance (four *per cent*), Government was left with 17 *per cent* of its gross mobilisation to spend on its own activities.

1.5 Receipts and Disbursements of CFI

Receipts and Disbursements from the Consolidated Fund of India (CFI) for FY 20 and the growth rates in last four years are given in **Figures 1.5** and **1.6**.

Figure 1.5: Receipts and disbursements – CFI (FY 20)

(₹in crore)

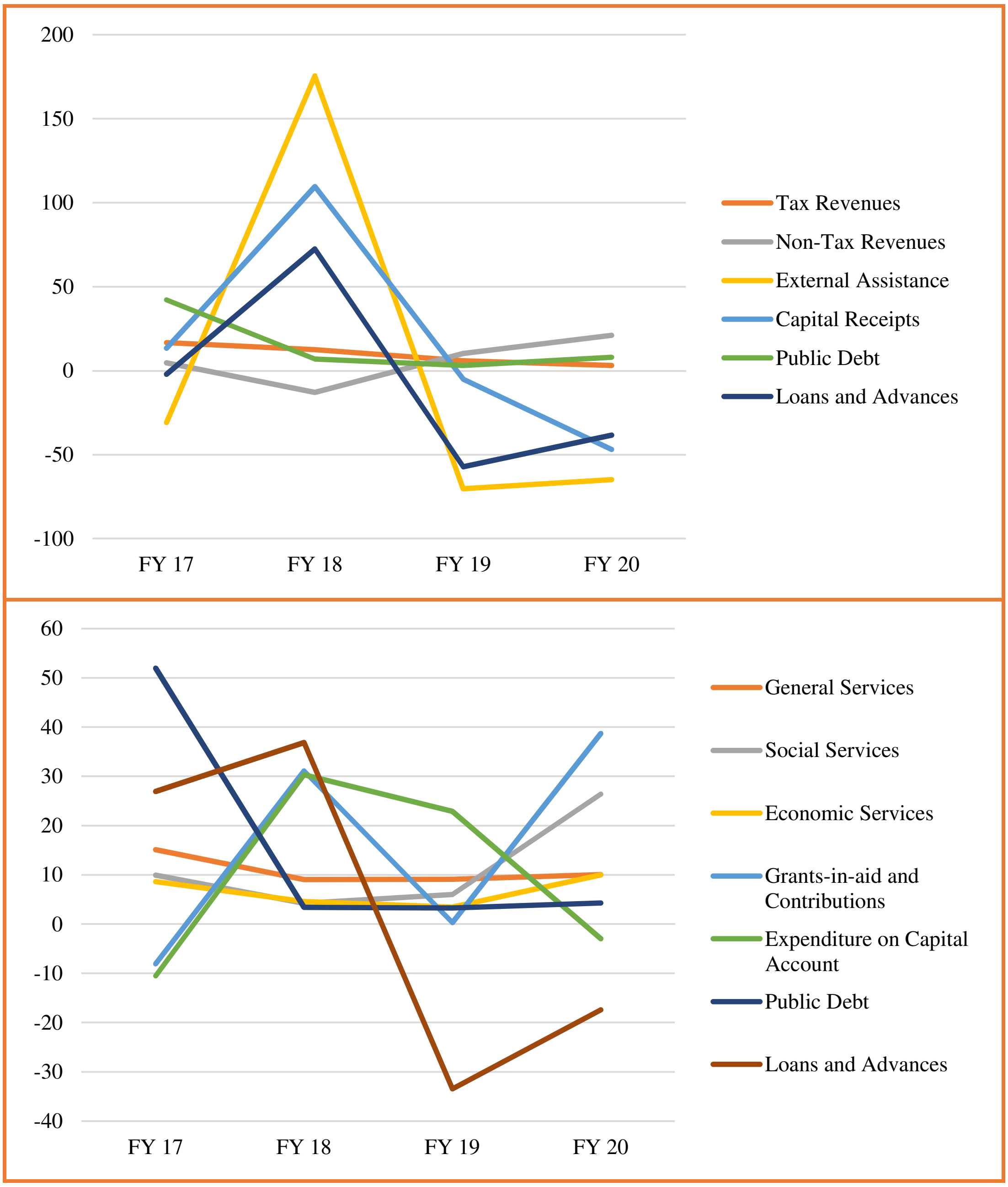


**Net figures after excluding proceeds assigned to states from Tax Revenue*

Source: UGFA for FY 20

Figure 1.6: Growth rates of receipts and disbursements - CFI

(in per cent)



Source: UGFAs for FYs 17 to 20

Total receipts grew by 7.23 *per cent* (₹6,28,286 crore) YoY in FY 20. Non-debt receipts increased by 4.42 *per cent* (₹85,381 crore) and debt receipts increased by 8.03 *per cent* (₹5,42,905 crore).

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

i. Tax Revenues increased marginally by ₹40,371 crore (three *per cent*), with major increases coming from receipts from CGST by ₹39,860 crore (14.79 *per cent*) and Taxes on income other than Corporation Tax by

₹40,061 crore (15 *per cent*). This was offset by decrease in collections under Corporation Tax (₹63,707 crore).

ii. Non-Tax Revenues grew by ₹1,01,940 crore (21 *per cent*), of which receipts from dividends/ profits increased by ₹72,715 crore (64 *per cent*), interest receipts by ₹29,798 crore (110 *per cent*) and from 'Other Communication Services' increased by ₹29,031 crore (71 *per cent*). Higher receipts under dividends / profits were primarily due to higher receipts of surpluses/dividend from Reserve Bank of India.

iii. Non-debt Capital Receipts were lower compared to FY 19 by ₹56,240 crore. The reasons for the decrease included 42 *per cent* less premium received on face value of equity disinvested (₹28,946 crore). Premium on total disinvestment decreased from 94 *per cent* in FY 19 to 81 *per cent* in FY 20. This was mainly due to SUUTI[7] receipts being lower in FY 20 by ₹10,356 crore (83 *per cent*) compared to FY 19 and non-receipt of proceeds from Monetisation of National Highways.

Revenue expenditure increased by ₹3,53,749 crore (15.64 *per cent*) in FY 20 over the previous year. Most of this increase was on account of higher expenditure on "Grants-in-Aid and Contributions" (₹1,48,020 crore, 38.68 *per cent*) and "Social Services" (₹28,355 crore, 26.40 *per cent*). The increases in expenditure on "General Services" and "Economic Services" were ₹1,10,483 crore (10.03 *per cent*) and ₹66,891 crore (9.99 *per cent*) respectively. Further, increase in "Grants-in-Aid and Contributions" was due to higher compensation paid to States and UTs for loss of revenue arising out of implementation of GST (₹47,699 crore; ₹3,524 crore) and on account of Grants for Rural Local Bodies (₹24,297 crore).

Analysis of expenditure on General Services revealed that the largest increase of ₹54,350 crore was on Interest payments. Other significant increases were on Pension and Miscellaneous (₹26,968 crore), Defence Services (₹11,414 crore) and Police (₹9,555 crore). In Economic Services, the largest increase was witnessed in Crop Husbandry – primarily under PM Kisan Samman Nidhi (₹48,714 crore) and Petroleum (₹14,086 crore).

On the other hand, the expenditure on capital account decreased by ₹11,779 crore (2.95 *per cent*) mainly due to reduction in expenditure on recapitalization of PSBs.

1.6 Assets and Liabilities of the Union Government

The overview of assets and liabilities position of the Union Government is given in **Table 1.2**.

[7] SUUTI – Specified Undertaking of the Unit Trust of India

Table 1.2: Assets and Liabilities of the Union Government

(₹in crore)

Assets	As on 31 March 2019	As on 31 March 2020	Growth Rate
Gross Capital Outlay-Investment in shares of Companies, Cooperative Societies etc.	9,89,546	11,28,168	14.01%
Other Capital Expenditure	19,16,969	21,59,706	12.66%
Loans to Government corporations, non-Government institutions, local funds, cultivators etc.	1,25,546	1,43,247	14.10%
Loans to State/ Union Territory Governments	1,71,531	1,80,814	5.41%
Loans to Foreign Governments	13,558	14,228	4.94%
Loans and Advances to Government Servants	159	183	15.09%
Suspense and Miscellaneous Balances (net)	42,262	73,649	74.27%
Remittance Balances	14,058	16,810	19.58%
Cash Balance Investment	1,22,692	50,573	-58.78%
General Cash Balance	2,729	-2,241	-182.12%
Cash with Departmental Offices	8,654	17,279	99.66%
Permanent Cash Imprest	100	106	6.00%
Accumulated Deficit (balancing figure)	48,17,592	54,09,166	12.28%
Total	**82,25,396**	**91,91,688**	**11.75%**

Liabilities	As on 31 March 2019	As on 31 March 2020	Growth Rate
Internal Debt	70,74,941	80,20,490	13.36%
External Debt	2,69,961	2,99,250	10.85%
Small Savings, Provident Funds etc.	5,79,609	5,74,880	-0.82%
Contingency Fund	500	500	0.00%
Reserve Funds (Not bearing interest)	13,084	50,294	284.39%
Reserve Funds (bearing interest)	13,007	13,792 (DR)	-206.04%
Deposits and Advances	2,74,294	2,60,066	-5.19%
Total	**82,25,396**	**91,91,688**	**11.75%**

Source: UGFAs for FY 19 and FY 20

On the assets side, during the last two years it was noticed that 34 *per cent* of the cumulative Capital expenditure consisted of investments of the Union Government in Government companies, Statutory Corporations and Other Joint Stock Companies.

The balance 66 *per cent* constituted cumulative expenditure for creation of infrastructure for transport sector, health, education, public works, etc.

The additional expenditure under 'Gross Capital Outlay-Investment' of ₹1,38,622 crore during FY 20 was chiefly accounted for by "Recapitalisation of PSBs/ Nationalised Banks (₹65,443 crore), and investments in National Highways Authority of India (₹31,333 crore), Dedicated Freight Corridor Corporation of India (₹8,900 crore) and in Indian Infrastructure Finance Company Limited (₹5,798 crore).

Similarly, there was accretion of ₹2,42,737 crore[8] under 'Other Capital Expenditure' during FY 20 on account of capital expenditure on Defence Services (₹1,11,092 crore), General Economic Services (₹81,116 crore), Transport (₹71,640 crore), Railways (₹67,842 crore), etc.

However, on the assets side a significant reduction in the Cash Balance Investment of the Union Government was also noted. This item records transactions connected with temporary investment of cash balance. The reduction was to the extent of ₹72,119 crore in FY 20 and represented a diminution in cash balances of the Union Government with RBI available for investment.

Further, on the Liabilities side, internal debt constituted around 87 *per cent* of total liabilities of the Union Government during FY 20. Internal debt of the Union Government increased from ₹70,74,941 crore in FY 19 to ₹80,20,490 crore in FY 20. In the case of Reserve Funds, balances increased from ₹26,091 crore in FY 19 to ₹36,502 crore in FY 20. This increase was primarily on account of increase in the balance under GST Compensation Fund by ₹33,412 crore, Central Road Fund by ₹2,262 crore and National Compensatory Afforestation Fund by ₹1,203 crore. The increase in the GST Compensation fund was the result of partial adjustment of short payment of IGST to States/UTs during the year.

1.7 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.

8 Other Capital Expenditure = Total capital expenditure – equity investment in CPSEs, therefore, the increase under capital expenditure on services gets offset by disinvestment figures

Table 1.3: Resources of the Union Government during 2015-20

(₹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)
FY 16	19,42,353 *(26)*	84,010 *(1)*	43,16,950 *(58)*	11,16,692 *(15)*	74,60,005
FY 17	22,23,988 *(23)*	88,714 *(1)*	61,34,137 *(63)*	12,73,949 *(13)*	97,20,788
FY 18	23,64,148 *(22)*	1,70,687 *(2)*	65,54,002 *(62)*	14,34,393 *(14)*	1,05,23,230
FY 19	25,67,917 *(23)*	1,25,236 *(1)*	67,58,482 *(60)*	17,45,217 *(16)*	1,11,96,852
FY 20	25,98,760 *(21.47)*	68,996 *(0.57)*	73,01,387 *(60.32)*	21,36,115 *(17.64)*	1,21,05,258

**Includes figures of taxes and duties assigned to States (₹6, 50,677 crore for current year). Net revenue receipts to the Centre was ₹19,48,083 crore in current year, as reflected in Table 1.1.*
Note: Figures in parentheses indicate percentage of Gross receipts.
Source: UGFAs for FYs 16 to 20

As can be seen from **Table 1.3**, gross receipts showed an increasing trend during FY 16 to FY 20, with the maximum growth of 30 *per cent* noticed in FY 17. Gross revenue receipts achieved highest growth of 17 *per cent* in FY 16 and lowest growth of one *per cent* in FY 20. Non-debt capital receipts showed a decline in the last two FYs.

Ratio of gross debt receipts to gross receipts remained above 60 *per cent* except in FY 16 (58 *per cent*), indicating continued dependence on debt to finance the Union Budget.

1.7.1 Revenue Receipts

Revenue receipts, comprising tax and non-tax receipts, are important sources of financial resources as these do not create the future payment obligations. Components of revenue receipts are discussed in succeeding sections.

1.7.1.1 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	Gross Tax Revenue	Share of States*	Net Tax Revenue	Non-Tax Revenue#	Net Revenue Receipt	Gross Revenue Receipt
(1)	(2)	(3)	(4)=(2)-(3)	(5)	(6)=(4)+(5)	(7)= (2)+(5)
FY 16	14,55,891	5,06,193	9,49,698	4,86,462	14,36,160	19,42,353
FY 17	17,15,968	6,08,000	11,07,968	5,08,020	16,15,988	22,23,988
FY 18	19,19,183	6,73,005	12,46,178	4,44,965	16,91,143	23,64,148
FY 19	20,80,465	7,61,454	13,19,011	4,87,451	18,06,462	25,67,916
FY 20	20,10,059	6,50,677	13,59,382	5,88,701	19,48,083	25,98,760
Annual Rate of Growth (*per cent*)						
FY 16	*16.93*	*49.85*	*4.67*	*15.39*	*8.07*	*16.54*
FY 17	*17.86*	*20.11*	*16.67*	*4.43*	*12.52*	*14.50*
FY 18	*11.84*	*10.69*	*12.47*	*-12.41*	*4.65*	*6.30*
FY 19	*8.40*	*13.14*	*5.84*	*9.55*	*6.82*	*8.62*
FY 20	*-3.38*	*-14.55*	*3.06*	*20.77*	*7.84*	*1.20*

 # 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).*

Source: UGFAs for FYs 16 to 20

As seen from **Table 1.4**, the rate of increase in gross tax revenues is showing a decreasing trend from FY 17 to FY 19, with growth being negative in FY 20. In respect of the share of States, the maximum growth was noticed in FY 16 due to enhancement of devolution of the divisible pool of the taxes from 32 *per cent* to 42 *per cent* by the Fourteenth Finance Commission.

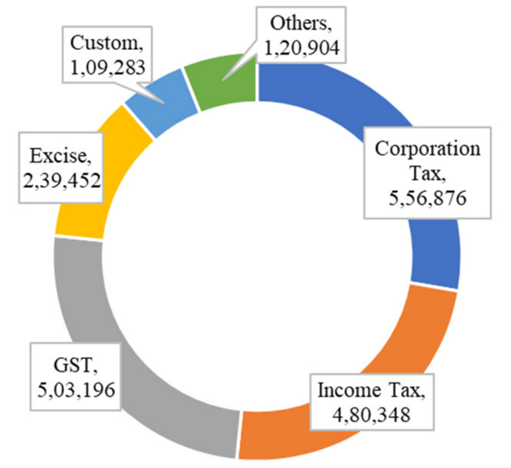
Non-tax revenues of the government showed a fluctuating trend during FYs 16-20, while FY 20 saw a substantial jump on account of higher receipts of premium on Market Loans (₹29,609 crore in FY 20 and ₹2,961 crore in FY 19) on account of switching of securities, and in Telecommunications License Fees (₹27,463 crore), and due to rise in surplus profits from the Reserve Bank of India (₹79,988 crore).

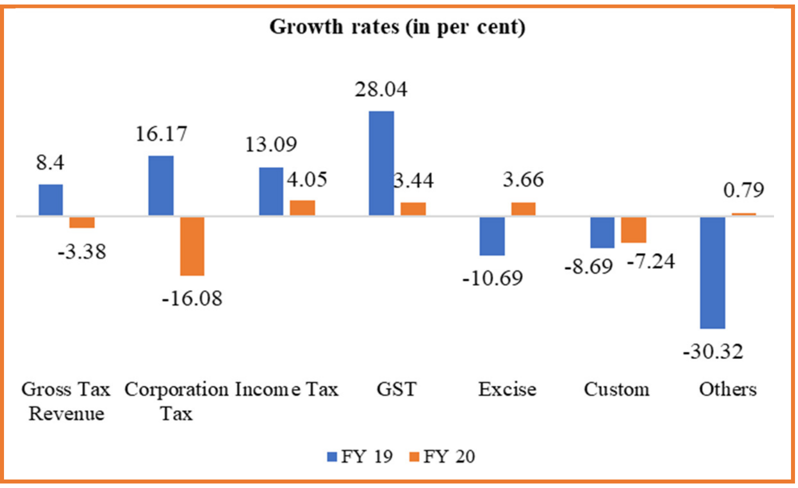
1.7.1.2 Components of Tax Revenue

Tax Revenue consists of two components – Direct Taxes and Indirect Taxes. Corporation Tax, Taxation on Income other than Corporation Tax, etc. are part of Direct Taxes, and Goods and Service Tax (GST), Customs and Excise, etc. are part of Indirect Taxes. **Figure 1.7** depicts components of Direct and Indirect Tax Revenue in absolute terms as well as their annual rate of growth.

Figure 1.7: Components of Tax Revenue

(₹ in crore)





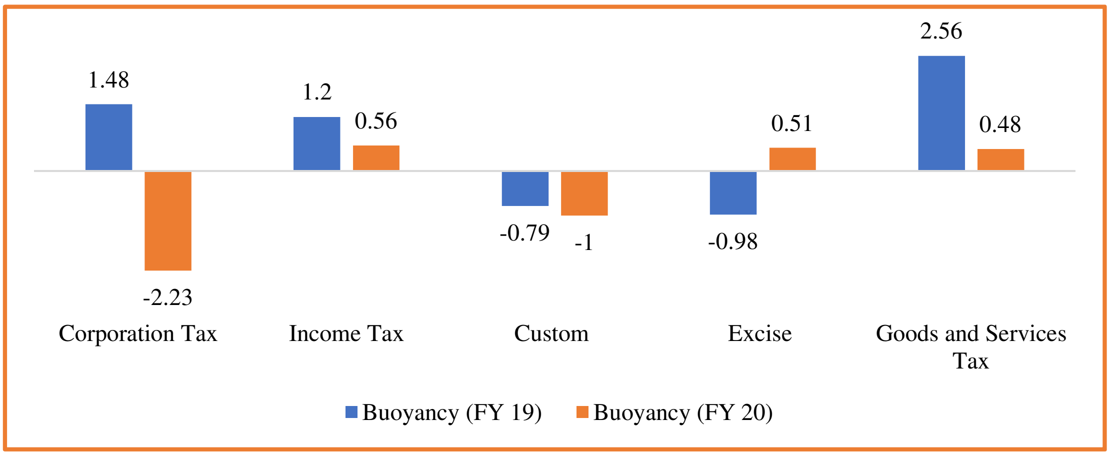
Source: UGFAs for FY 19 and FY 20

Compared to FY 19, the Gross Tax Revenue saw a negative growth in FY 20, which was fueled by substantial negative growth in Corporation Tax due to the decrease in tax rates for companies and corporations.

Buoyancy of Major Union Taxes

The buoyancy coefficient indicates the *percentage* change in tax revenue following a one *per cent* increase in the GDP[9]. A buoyancy of more than one is considered desirable. If buoyancy is more than one, it would lead to an increase in the tax-GDP ratio. A buoyancy of less than one indicates that the concerned tax may effectively be regressive because as incomes increase, a lower part of the increase gets taxed. The tax buoyancy of major tax revenue components in the last two years was as shown in **Figure 1.8**.

Figure 1.8: Tax Buoyancy



Source: UGFAs for FY 19 and FY 20, and CSO Press Release dated 21-May-2020

[9] GDP figures are as per CSO press release dated 29 May 2020 (Provisional Estimates).

Thus, it is evident that during FY 20 tax buoyancy of all the major components of tax revenue was less than one. In case of Income Tax, and Goods and Services Tax it was significantly lower than in FY 19.

1.7.2 Collection of Cess

A cess is an additional tax levied by the Government to raise funds for a specific purpose. Cess collections are initially credited to the CFI. Goods and Services Tax (GST) has been implemented from July 2017. GST subsumed taxes like Central Excise, Service Tax, Value Added Tax, Entry Tax, Octroi, etc. and cesses like Krishi Kalyan Cess, Swachh Bharat Cess, Clean Energy Cess and Cesses on Tea, Sugar and Jute, etc.

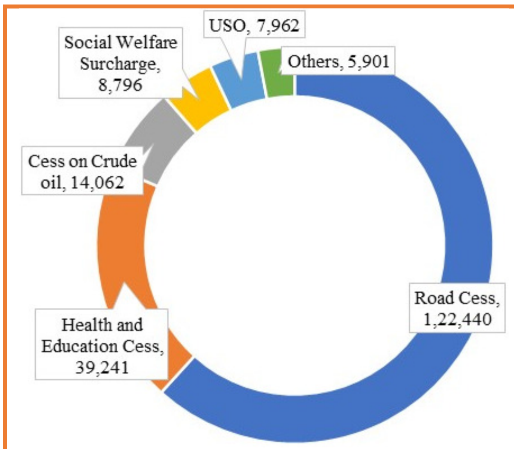
The Union Government has abolished various cesses on goods and services in recent years while levying new cesses like Health and Education Cess in place of Primary Education and Secondary Education Cess on direct taxes, and Social Welfare Surcharge in place of Education Cess, on customs with effect from FY 18.

Further, Education Cess on Imported Goods, Secondary and Higher Education Cess on Imported Goods, Cess on Crude Petroleum Oil, Additional Duty of Excise on Motor Spirit (Road Cess), Additional Duty of Excise on High Speed Diesel Oil (Road Cess), Special Additional Duty of Excise on Motor Spirit, Road and Infrastructure Cess , National Calamity Contingent Duty on Tobacco and Tobacco Products and Crude Petroleum Oil, Universal Access levy and Social Welfare Surcharge, etc. continue to be levied.

The total collection of various cesses[10] amounting to ₹1,98,402 crore in FY 20 (increase by 5.60 *per cent* over FY 19) and their growth rates is shown in **Figure 1.9**.

Figure 1.9: Collection of Cesses

(₹ in crore)



Growth rates (in *per cent*)

Year	Road Cess	Health and Edu Cess	Cess on Crude oil
FY 20	*10.45*	*-5.01*	*-21.06*

Year	Social Welfare Surcharge	USO	Others
FY 20	*-0.85*	*15.19*	*178.93*

Source: UGFAs for FY 19 and FY 20

[10] Additional Excise duty on Indigenous Motor Spirit, Road and Infrastructure Cess, Infrastructure Cess, Additional Excise duty on High Speed Diesel Oil and Cess On Oil. 'Others' comprises Cess on Export, Cess on Coal and Coke, Cess on Jute, Cess on Tea, Cess on Bidi Swachh Bharat Cess, Krishi Kalyan Cess, Receipt under Research and Development Cess Act, 1986, Cess on Sugar, etc.

The increase in Road Cess was on account of increase in rate of Road and Infrastructure Cess, while the increase in USO levy reflected higher collections under 'Other Communication Services'. 'Others' increased by 179 *per cent* mainly on account of more collections under "Cess on Exports" (₹5,759 crore). Further, the negative growth in collections under Social Welfare Surcharge, Cess on Crude Oil, and Health and Education Cess reflected lower growth in underlying basic taxes.

1.7.3 Non-Tax Revenue

Non-tax revenues comprise interest receipts, income from sovereign functions like judiciary, police, currency and coinage and those arising from assets/investment or dividends or from user charges collected by Railways, Post and Departmental Undertakings. The composition of non-tax revenue is given in **Table 1.5**.

Table 1.5: Composition of Non-Tax revenue

(₹in crore)

Period	Total Non-Tax Revenue#	Interest Receipts	Dividends and Profits	Social Services	Economic Services	Sovereign and Other Functions**
FY 16	4,86,462	46,325	1,12,136	10,100	2,79,710	38,191
FY 17	5,08,020	43,496	1,23,021	11,998	2,86,597	42,908
FY 18	4,44,965	45,732	91,367	3,081	2,58,592	46,193
FY 19	4,87,451	27,166	1,13,427	3,167	2,94,445	49,246
FY 20	5,88,701	56,964	1,86,142	3,507	2,94,717	47,371
Annual Rate of Growth						
FY 16	*15.39*	*(-)3.50*	*24.79*	*482.13*	*14.86*	*(-)0.72*
FY 17	*4.43*	*(-)6.11*	*9.71*	*18.79*	*2.46*	*12.35*
FY 18	*(-)12.41*	*5.14*	*(-)25.73*	*(-)74.32*	*(-)9.77*	*7.66*
FY 19	*9.55*	*(-)40.60*	*24.14*	*2.79*	*13.86*	*6.61*
FY 20	*20.77*	*109.69*	*64.11*	*10.74*	*0.09*	*(-)3.81*

 # includes Grants-in-aid and contributions from external agencies.
*** Fiscal Services and General Services*
Source: UGFAs for FYs 16 to 20

In FY 20 the largest share of non-tax revenue (50 *per cent*) came from Economic Services. Interest receipts constituted 9.67 *per cent* of non-tax revenue, while dividends and profits accounted for 31.62 *per cent.* Compared to FY 19, the substantial increase of more than one lakh crore in Gross Non-tax revenue in FY 20 was mainly driven by increases in Interest receipts, and dividends and profits.

Interest receipts witnessed a growth of 109.69 *per cent* over the previous year due to higher receipts of premium on Market Loans (₹26,648 crore). Dividend and Profits also witnessed a growth of 64.11 *per cent* during FY 20 as the 'Share of Surplus Profits from the Reserve Bank of India' increased by ₹79,988 crore.

Further, the receipts from Economic Services, which accounted for half of the non-tax revenue, had the following major components as shown in **Table 1.6**.

Table 1.6: Major Components of Economic Services

(₹in crore)

Period	Indian Railways-Commercial Lines	Postal Receipts	Other Communication Services	Others	Total Economic Services
FY 16	1,63,497	12,940	56,477	46,796	2,79,710
FY 17	1,61,583	11,511	70,241	43,262	2,86,597
FY 18	1,76,779	12,833	32,066	36,914	2,58,592
FY 19	1,87,738	13,196	40,816	52,695	2,94,445
FY 20	1,72,021	13,558	69,846	39,292	2,94,717

Source: UGFAs for FYs 16 to 20

While the receipts of Economic Services during the year grew by ₹272 crore (0.09 *per cent*), they decreased as a *percentage* of total non-tax revenue by 10.34 *per cent*. The major reason for this decrease was less receipt on Goods earnings (lower by ₹14,993 crore) from Indian Railways Commercial Lines.

Further, during FY 20, the Union Government received dividend/surplus[11] of ₹1,86,142 crore from 103 entities with an investment of ₹1,49,554 crore, compared to ₹1,13,427 crore received from 112 entities during FY 19.

Of the amount received, the share of surplus received from RBI (₹1,47,988 crore) alone constituted around 80 *per cent* of total receipts under this head. Other major entities in this respect were Coal India Limited (₹4,891 crore), Oil and Natural Gas Commission (₹4,394 crore), Bharat Petroleum Corporation of India Ltd (₹2,821 crore), Life Insurance Corporation (₹2,611 crore), Indian Oil Corporation Ltd (₹2,545 crore) and Power Grid Corporation of India (₹2,325 crore).

Table 1.7: 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
FY 16	65,896	39,897	4,214	2,129	1,12,136
FY 17	65,876	53,195	1,445	2,505	1,23,021
FY 18	40,659	46,495	1,826	2,386	91,366
FY 19	68,000	43,049	108	2,270	1,13,427
FY 20	1,47,988	35,509	0	2,645	1,86,142

Source: UGFAs for FYs 16 to 20

The share of dividend from Public Undertakings decreased from ₹43,049 crore (8.83 *per cent* of non-tax revenue) in FY 19 to ₹35,509 crore (6.03 *per cent* of non-tax revenue) in FY 20, mainly due to lower dividends from Indian Oil Corporation

[11] Compared to the previous year, there was no change in dividend in eight entities, while 56 entities declared higher dividend amounting to ₹85,101 crore, 06 entities declared dividend of ₹1,579 crore and 33 entities declared less dividend than in the previous year.

(₹2,838 crore), Oil and Natural Gas Commission (₹1,896 crore), National Thermal Power Corporation (₹1,356 crore), Airport Authority of India (₹1,283 crore) and Coal India Limited (₹949 crore). Also, the share of profits from Nationalised Banks became zero in FY 20 after a period of consistent reduction.

1.7.4 Capital Receipts

Capital Receipts consists of non-debt receipts (disinvestment) and debt receipts (Internal and External). Debt receipts have been discussed in paragraph 1.5.

Non-debt receipts are primarily on account of partial disinvestment of the Union Government holding in the equity capital of selected Public Sector Enterprises. Disinvestment proceeds constitute a major part of non-debt Capital Receipts. Statement 8 of UGFA depicts the total proceeds from disinvestment, while Statement 11 shows the entity wise position.

During the year, Government received ₹48,234 crore from disinvestment[12] compared to ₹72,620 crore in FY 19. This included strategic disinvestment of Tehri Hydro Development Corporation (₹7,500 crore) and North Eastern Electric Power Corporation Limited (₹4,000 crore) to National Thermal Power Corporation (NTPC), and Kamarajar Port Limited (₹2,383 crore) to Chennai Port Trust.

Further, receipts came from initial public offerings of Rail Vikas Nigam Limited and IRCTC Limited (₹1,114 crore); offers for sale of RITES Limited (₹1,130 crore); buy back of shares by MOIL Limited, Mazagaon Dock Shipbuilders Limited and Security Printing and Minting Corporation India Limited (₹821 crore); and further fund offers through exchange traded funds – CPSE ETF (₹26,500 crore) and Bharat-22 ETF (₹4,369 crore). Through ETFs there were stake sales of National Thermal Power Corporation (₹6,165 crore), Coal India Ltd (₹5,673 crore), Oil and Natural Gas Corporation (₹5,719 crore), Power Grid Corporation of India Limited (₹3,850 crore), etc.

1.8 Expenditure Analysis

The total disbursements from the Consolidated Fund of India and the Public Account were to the tune of ₹1,14,59,551 crore in FY 20.

During FY 20 total disbursements increased by 9.82 *per cent* as compared to FY 19. Of the total disbursements of ₹1,14,59,551 crore, disbursements from CFI was 81.80 *per cent* (repayment of public debt was 55.20 *per cent* and total expenditure from CFI was 26.60 *per cent*). The balance 18.20 *per cent* of disbursement was from Public Account as detailed in **Table 1.8**.

[12] ₹9,009 crore against face value (18.68 *per cent*) and ₹39,225 crore (81.32 *per cent*) against premium.

Table 1.8: Various components of total Disbursement

(₹in crore)

Particulars	FY 16	FY 17	FY 18	FY 19	FY 20
Components of Total Disbursement of the Union Government					
Disbursement from CFI	58,43,324 *(83.87)*	79,21,324 *(87.01)*	84,19,941 *(85.44)*	87,80,706 *(84.15)*	93,74,754 *(81.81)*
Disbursements from Public Account	11,23,658 *(16.13)*	11,82,568 *(12.99)*	14,34,375 *(14.56)*	16,53,371 *(15.85)*	20,84,797 *(18.19)*
Components of Total Disbursement from CFI					
Repayment of Public Debt	37,37,657 *(63.96)*	56,78,823 (71.69)	58,72,604 (69.75)	60,64,945 (69.07)	63,26,549 (67.48)
Revenue Expenditure (RE)	17,79,529 *(30.45)*	19,33,018 (24.40)	21,40,085 (25.42)	22,61,571 (25.76)	26,15,320 (27.90)
Capital Expenditure (CE)	2,78,866 *(4.77)*	2,49,472 (3.15)	3,25,116 (3.86)	3,99,523 (4.55)	3,87,744 (4.14)
Loans and Advances (LA)	47,272 (0.81)	60,011 (0.76)	82,136 (0.98)	54,667 (0.62)	45,141 (0.48)

Figures in parentheses show percentage of total disbursement.
Source: UGFAs for FYs 16 to 20

In the last three years, as a proportion of total disbursement, the share of disbursement from CFI was on a slightly declining trend, with a concomitant increasing trend for the disbursement from Public Account. In respect of CFI disbursements in the last three years, the shares of repayment of Public Debt and Loans and Advances were both on a declining trend, while the share of Revenue Expenditure was on the rise.

1.8.1 Sectoral Expenditure

In the accounts of the Union Government, expenditure is accounted under various major heads which, in turn, are grouped into four sectors, namely ‘General Services’, ‘Social Services’, ‘Economic Services’ and ‘Grants-in-aid and Contributions'.

Table 1.9 presents details of sectoral expenditure (both Revenue and Capital Expenditure).

Table 1.9: Sectoral expenditure of the Union Government

(₹in crore)

Year	General Services	Social Services	Economic Services
FY 16	8,96,486 *(50.56)*	1,00,682 *(5.68)*	7,75,879 *(43.76)*
FY 17	10,25,561 *(53.07)*	1,16,023 *(6.01)*	7,90,729 *(40.92)*
FY 18	11,16,653 *(53.59)*	1,11,108 *(5.33)*	8,55,914 *(41.08)*
FY 19	12,15,111 *(53.33)*	1,17,237 *(5.15)*	9,46,034 *(41.52)*
FY 20	13,37,499 *(54.10)*	1,45,668 *(5.89)*	9,89,165 *(40.01)*

Note: The sectoral classification excludes loans to Foreign Governments, State governments, UTs, and Government Servants and revenue expenditure on account of Grant in Aid which do not fall under any specific group.
**Figures in parenthesis show the proportion of total expenditure*
Source: UGFAs for FYs 16 to 20

As seen from **Table 1.9**, the sectoral share has remained steady over the last five years. Further, during FY 20 the highest YoY growth of 24.25 *per cent* was noticed in Social Sector expenditure, which was due to release of relief of ₹8,985 crore on the account of Natural Calamities to States, and increased expenditure (₹6,519 crore) on public health and on secondary and higher education (₹6,161 crore).The second highest growth of 10 *per cent* was noticed in expenditure on General Sector, which was on account of increase in expenditure on Interest Payments by ₹54,350 crore, capital expenditure on Defence Services by ₹15,862 crore and extra provision of *₹5,469 crore* on *'Appropriation for Reduction or Avoidance of Debt'*-extra payment of premium on switching of Market Loans.

Further, the expenditure on Economic Sector witnessed an increase of ₹43,131 crore in FY 20 over FY 19 (increase of 4.56 *per cent*, lowest among the three sectors). This was mainly due to increase in expenditure on 'Crop Husbandry' (primarily under PM Kisan Samman Nidhi) and 'Food, Storage and Warehousing' (Food Subsidy).

1.8.2 Trends in Revenue Expenditure

The Government incurs revenue expenditure for the normal day-to-day running of government departments, for various services, payment of interest on its incurred debt, Pensions, subsidies, etc. Revenue expenditure is an expenditure that does not result in creation of assets. For the Union Government all grants given to State Governments and others also fall in the category of revenue expenditure. Of the revenue items, interest payments, salary and pension payments constitute committed expenditures.

Table 1.10: Components of Revenue Expenditure

(₹in crore)

Period	Revenue Expenditure	Salary#	Interest Payments	Pensions*	Grants to States	Others##
FY 16	17,79,529	1,44,552	4,57,270	1,11,285	3,06,129	7,60,293
FY 17	19,33,018	1,77,153	5,04,512	1,49,237	2,80,836	8,21,280
FY 18	21,40,085	1,93,503	5,43,707	1,63,196	3,72,742	8,66,937
FY 19	22,61,571	2,18,022	5,95,552	1,76,910	3,68,172	9,02,915
FY 20	26,15,320	2,27,627 *(8.70)*	6,55,371 *(25.06)*	2,03,877 *(7.80)*	4,94,975 *(18.92)*	10,33,470 *(39.52)*
Average Annual Rate of Growth						
FY 16	*4.98*	*7.89*	*7.57*	*3.13*	*(-)7.16*	*8.86*
FY 17	*8.63*	*22.55*	*10.33*	*34.10*	*(-)8.26*	*8.02*
FY 18	*10.71*	*9.23*	*7.77*	*9.35*	*32.73*	*5.56*
FY 19	*5.68*	*12.67*	*9.54*	*8.40*	*(-)1.23*	*4.15*
FY 20	*15.64*	*4.41*	*10.04*	*15.24*	*34.44*	*14.46*

*# Source: Expenditure Profile; * includes Civil and Defence pension only under MH-2071,*
Others include expenditure on Defence and Railways.
Figures in parentheses shows percentage of revenue expenditure.
Source: UGFAs for FYs 16 to 20

Table 1.10 shows that interest payment was the largest single component of revenue expenditure constituting one-quarter of the total. Further, there was double digit YoY growth in every component of revenue expenditure in FY 20. The highest growth rate was in Grants to States/UTs due to release of additional funds of ₹51,223 crore on compensation of loss of revenue arising out of implementation of GST, transfer of additional amounts to GST Compensation Fund to clear the past backlog and additional grants to newly created UTs (Jammu & Kashmir and Ladakh) with effect from 31st October 2019.

1.8.2.1 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 and interest on special securities issued to various Companies and Corporations. It also includes expenditure on reduction or avoidance of debt. The interest payments as a proportion of revenue expenditure hovered around 25 *per cent*, and as a proportion of revenue receipts, these were around 32 *per cent*.

Table 1.11: Interest payments to revenue expenditure

Year	Interest Payments (IP)	Revenue Receipt (RR)	Revenue Expenditure (RE)	Growth of IP	Share of IP to RR	Share of IP to RE
	(₹ in crore)			(in *per cent*)		
FY 16	4,57,270	14,36,160	17,79,529	*7.57*	*31.84*	*25.70*
FY 17	5,04,512	16,15,988	19,33,018	*10.33*	*31.22*	*26.10*
FY 18	5,43,707	16,91,143	21,40,085	*7.77*	*32.15*	*25.41*
FY 19	5,95,552	18,06,463	22,61,571	*9.54*	*32.97*	*26.33*
FY 20	6,55,371	19,48,084	26,15,320	*10.04*	*33.64*	*25.05*

Source: UGFAs for FYs 16 to 20

Interest payments during FY 20 comprised *inter alia* interest payments on internal debt (₹5,78,186 crore, 88 *per cent*), interest on Small Savings and Provident Fund, etc. (₹43,709 crore) and interest payments on external debt (₹9,420 crore).

1.8.2.2 Pension payments

Table 1.12 shows that expenditure on pensions and other retirement benefits increased by 12.49 *per cent* to ₹2,42,561 crore in FY 20.

Table 1.12: Expenditure on Pension and other Retirement Benefits

(₹in crore)

Year	Defence	Civil	Railways	Post	Total
FY 16	60,238 *(45.33)*	36,533 *(27.49)*	30,701 *(23.10)*	5,408 *(4.07)*	1,32,880
FY 17	87,826 *(48.95)*	43,575 *(24.29)*	40,463 *(22.55)*	7,547 *(4.21)*	1,79,411
FY 18	92,000 *(46.11)*	53,745 *(26.94)*	45,275 *(22.69)*	8,511 *(4.27)*	1,99,531
FY 19	1,01,775 *(47.20)*	58,437 *(27.10)*	46,718 *(21.66)*	8,706 *(4.04)*	2,15,636
FY 20	1,17,810 *(48.57)*	66,144 *(27.27)*	49,188 *(20.28)*	9,419 *(3.88)*	2,42,561

Annual rate of Growth (in *per cent*)					
FY 16	-0.35	10.17	7.19	7.43	4.39
FY 17	45.80	19.28	31.80	39.55	35.02
FY 18	4.75	23.34	11.89	12.77	11.21
FY 19	10.63	8.73	3.19	2.29	8.07
FY 20	15.76	13.19	5.29	8.19	12.49

Source: For Civil and Defence pensions, figures are from Finance Accounts (Major Head 2071). For Railways and Post, figures are from their Appropriation Accounts.
**Figures in parenthesis show proportion of total expenditure on pension and other retirement benefits.*
Source: UGFAs for FYs 16 to 20

Thus, the share of Defence Pension and Civil Pension showed an increasing trend in last three years with corresponding decrease in both Railways and Post. In FY 20, the YoY growth in Defence Pension payments in FY 20, which constituted a little less than half of total pension payments, was the highest at 15.76 *per cent*.

Further, there was a closing net suspense balance of ₹17,913 crore in the accounts of PSB Suspense-Defence at the end of FY20 due to non-clearance of pension transactions in the books of the Defence Ministry. Inclusion of this amount would increase the expenditure under Defence Pension.

1.8.2.3 Subsidies

Subsidies are disbursed not only explicitly, i.e. through the Budget, but also by providing subsidised goods and services to the people, termed as implicit subsidy. **Table 1.13** presents details of the subsidies which the Government provided explicitly through the budget.

Table 1.13: Explicit Subsidies in the Union Government Budget

(₹in crore)

Period	Food	Fertilisers* (Urea)	Fertilisers# (Decontrolled)	Petroleum Subsidy	Others**	Total Subsidies	Subsidies as % of Revenue Expenditure
FY 16	1,39,419 *(18.48)*	50,478 *(0.11)*	21,938 *(6.15)*	29,999 *(-50.22)*	16,637 *(79.49)*	2,58,471 *(0.07)*	14.52
FY 17	1,10,173 *(-20.98)*	51,257 *(1.54)*	15,056* *(-31.37)*	27,539 *(-8.20)*	28,777 *(72.98)*	2,32,802 *(-9.93)*	12.04
FY 18	1,00,282 *(-8.98)*	64,756 *(26.34)*	22,244 *(47.74)*	24,460 *(-11.18)*	34,334 *(19.31)*	2,46,076 *(5.70)*	11.50
FY 19	1,01,327 *(1.04)*	46,514 *(-28.17)*	24,090 *(8.30)*	24,837 *(1.54)*	28,210 *(-17.84)*	2,24,978 *(-8.57)*	9.95
FY 20	1,08,688 *(7.26)*	54,755 *(17.72)*	26,369 *(9.46)*	38,529 *(55.13)*	33,963 *(20.39)*	2,62,304 *(16.59)*	10.03

Figures in parentheses indicate percentage of annual growth.
**Indicates the subsidies given on indigenous and imported fertilisers (Urea)*
 # Indicates subsidies given for decontrolled fertilisers. Since 2011-12, it is nutrient based subsidy.
***Others include interest subsidy, Price Stabilisation Fund in the Department of Consumer Affairs, movement of food grains and Fair Price Shop Dealers' margin under National Food Security Act, etc.*
Source: UGFAs for FYs 16 to 20

The bulk of the expenditure under this head was towards food, fertilizer and petroleum subsidies which are under the category of major subsidies. Compared to FY 19, the expenditure on various explicit subsidies increased substantially in FY 20 with total expenditure on subsidy rising by 16.59 *per cent*. Audit observed that expenditure on food subsidy as in previous years, was understated[13] in the accounts of the Government due to replacement of subsidy payment to Food Corporation of India (FCI) by loans from National Small Savings Fund, creating future liability for Union Government. Further, Petroleum subsidy increased by 55.13 *per cent* in FY 20 due to increase in LPG subsidy (₹13,692 crore), after witnessing negative or minimal growth in the previous years. The expenditure booked under Petroleum and Fertiliser subsidies in accounts also remained understated to the extent payment of subsidy claims withheld by the Ministries.

Overall, the share of expenditure on subsidies in revenue expenditure showed a decreasing trend during FYs 16 to 19. However, during FY 20, the share of subsidies as *percentage* of Revenue Expenditure increased marginally from 9.95 *per cent* in FY 19 to 10.03 *per cent* in FY 20 due to significant increases in Fertiliser subsidies, Petroleum subsidy and subsidies under the "Others" category.

1.9 Public Account Liabilities

Public Account liabilities of the Union Government arise in its capacity as a 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 13 of the UGFA.

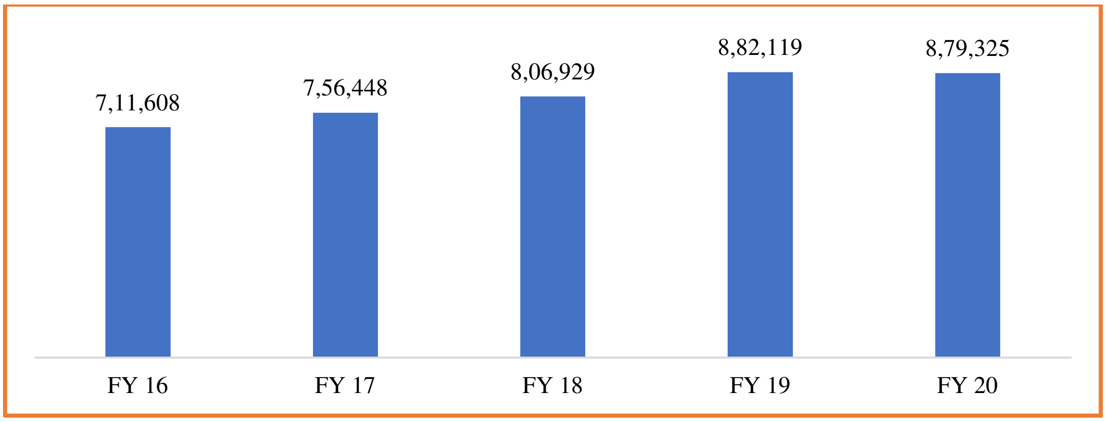
As on 31 March 2020, the total outstanding Public Account liabilities stood at ₹8,79,325 crore, which included ₹5,74,881 crore of Small Savings and Provident Fund and ₹3,04,444 crore on account of other obligations[14]. **Figure 1.10** represents the total Public Account Liabilities of the Union Government.

[13] There were savings of ₹76,000 crore under 'Subsidy payable to FCI and others on food-grains transactions under NFSA' due to reduction of provision at RE stage by the MoF owing to sanction of NSSF loan in lieu of food subsidy to Food Corporation of India.

[14] All Reserve Funds and Deposits in Public Account

Figure 1.10: Public Account Liability (reported in UGFA)

(₹in crore)



Source: UGFAs for FYs 16 to 20

From FY 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 did not include liabilities of ₹9,99,409 crore corresponding to investment of NSSF in Special State Government Securities (₹4,40,438 crore) and Government Undertakings (₹3,66,546 crore), investment of ₹82,963 crore relating to Post Office Insurance Fund[15], and accumulated deficit (₹1,09,462 crore) in NSSF.

1.9.1 Reserve Funds and Deposits

Reserve Funds and Deposits in the Public Account of the Union Government are categorised as interest bearing and non-interest bearing. Out of 58 Reserve Funds in the Public Account, 21 are interest bearing and 37 are non-interest bearing. Interest of ₹2,192 crore and ₹988 crore was paid during the year on Interest bearing Reserve Funds and Deposits, respectively. During the year, 13 out of the 58 Reserve Funds were not operated. In UGFA, only seven Reserve Funds were created at the minor head level for accounting the collection and utilisation of cesses, levies and fees collected for specific purposes. One fund – State Disaster Response Fund – was made operational during FY 20. Seven Reserve Funds had adverse balances at the end of FY 20, which were stated to be under investigation.

1.9.1.1 Analysis of transfer to and from Reserve funds

Article 266 of the Constitution defines the Public Account as being those funds that are received on behalf of the Government of India. Money held by the government in a trust such as in the case of Provident Funds, Small Savings collections, income of

[15] Transactions relating to Post Office Insurance Fund relating to investments from the fund are accounted for in the Public Account under Major Head 8015. PLI funds amounting to ₹60,106 crore and RPLI funds amounting to ₹22,857 crore have been invested through fund managers iviz. SBI Fund Management Private Limited (SBIFMPL) and UTI Asset Management Company Limited (UTIAMCL). This investment of ₹82,963 crore is not included in the balance of Public Account liabilities reflected in Statement 13 of UGFA.

Government set apart for expenditure on specific objects like road development, primary education, reserve/special Funds, etc. are kept in the Public Account. These funds do not belong to the Government and have to be finally paid back to the persons and authorities that deposited them. Parliamentary authorisation for such payments is not required. However, when money is withdrawn from the Consolidated Fund with the approval of Parliament and kept in the Public Account for expenditure for a specific purpose, it is submitted for a vote in Parliament.

There were seven Reserve Funds[16] under the Public Account in which Government of India had made the budget provisions for transfer to the Reserve Funds and amount utilized from the Reserve Funds. Scrutiny of Statement 13 of UGFA and Budget documents revealed that an amount of ₹54,723 crore was short transferred to the six Reserve Funds[17] against the budgeted provisions.

In case of utilization of fund from the Reserve Funds, it was noticed that an amount of ₹57,219 crore was short utilized in seven Reserve funds against the budgeted figures. Further, in respect of Madhyamik and Uchhatar Shiksha Kosh, an amount of ₹14,460 crore was to be transferred and utilized from the Reserve Funds in budget estimates, but no such funds were created in the Public Account. In case of Monetisation of National Highways Fund, only 50 *per cent* funds were transferred and utilized from the Reserve fund against the budget provisions. It was however, noted that while the fund is supposed to be credited with proceeds from monetization of National Highways, the Fund was credited even though there were no receipts on this account during FY 20. This has been detailed in paragraph 2.7.1.

1.10 Public Debt Management

Statement 14 of UGFA gives the detailed position of Internal and External Debt which together constitute 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 Union Government Securities issued to NSSF, Postal Life Insurance (PLI) and Public Sector Banks. External Debt represents loans received from foreign Governments and multilateral bodies.

Total debt of the Union Government grew from ₹66,51,365 crore as on 31 March 2018 to ₹73,44,902 crore as on 31 March 2019 and further grew to ₹83,19,740 crore as on 31 March 2020. Public Debt, however, remained within the band of 39-41 *per cent* of GDP in the last three years.

Table 1.14 presents the components of internal debt, viz. market loans, treasury bills, securities issued to international financial institutions, compensation and other bonds at the end of the respective financial years.

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[16] Central Road and Infrastructure Fund (CRIF), Madhyamik and Uchchatar Shiksha Kosh, Monetisation of National Highways Fund, National Investment Fund, Nirbhaya Fund, Prarambhik Shiksha Kosh, Universal Service Obligation fund

[17] No shortage in transfer to Nirbhaya Fund

Table 1.14: Composition of Internal Debt

(₹in crore)

Year	Market Loans	Treasury Bills	Securities issued to			Compensation and other bonds	Others	Total Internal Debt
			International Financial Institutions	National Small Savings Fund	Postal Life Insurance			
FY 16	43,00,102 *(81.06)*	4,85,822 *(9.16)*	1,06,726 *(2.01)*	3,13,856 *(5.92)*	20,894 *(0.39)*	11,114 *(0.21)*	66,321 *(1.25)*	53,04,835 *(100)*
FY 17	46,49,487 *(80.98)*	4,91,372 *(8.56)*	1,08,740 *(1.89)*	3,81,291 *(6.64)*	20,894 *(0.36)*	20,325 *(0.36)*	69,600 *(1.21)*	57,41,709 *(100)*
FY 18	50,70,744 *(79.21)*	5,36,321 *(8.38)*	1,04,370 *(1.63)*	4,83,919 *(7.56)*	20,894 *(0.33)*	44,531 *(0.70)*	1,40,496 *(2.19)*	64,01,275 (100)
FY 19	55,00,141 *(77.74)*	5,43,218 *(7.68)*	1,06,523 *(1.51)*	6,08,919 *(8.61)*	20,894 *(0.30)*	46,854 *(0.66)*	2,48,392 *(3.51)*	70,74,941 *(100)*
FY 20	59,86,127 *(74.64)*	6,13,321 *(7.65)*	1,01,909 *(1.27)*	8,48,919 *(10.58)*	20,894 *(0.26)*	53,212 *(0.66)*	3,96,108 *(4.94)*	80,20,490 *(100)*

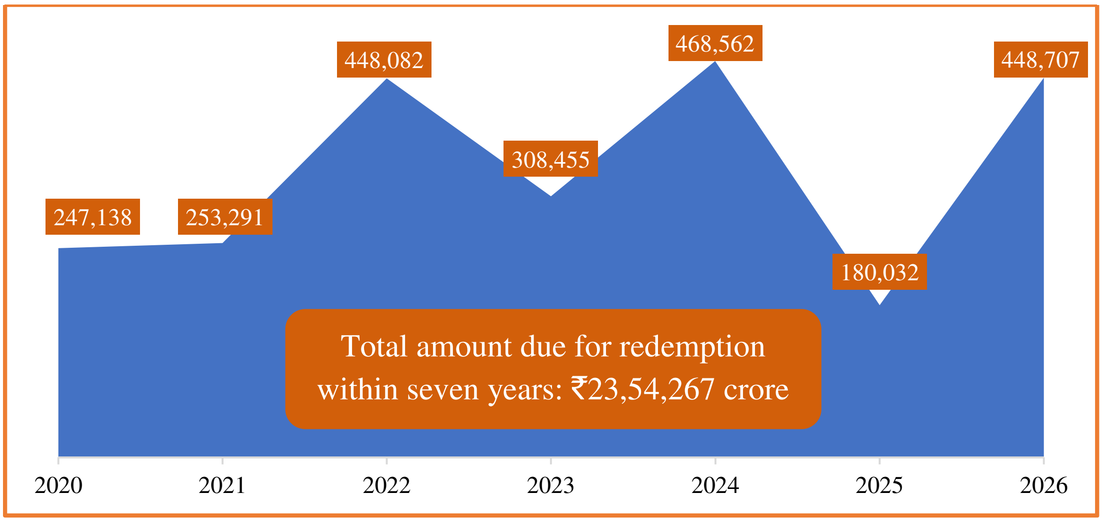
Figures in parentheses show percentage of total internal debt. 'Others' include marketable securities issued in conversion of special securities, Gold Monetisation Scheme, Sovereign Gold Bonds, special securities issued to banks, etc.
Source: UGFAs for FYs 16 to 20

As seen from **Table 1.14**, Market loans was the primary component, constituting 74.64 *per cent* of the internal debt in FY 20. Its proportion, however, decreased consistently from 81 to 75 *per cent* from FY 16 to FY 20. On the other hand, NSSF and Others were the two components which saw secular increase as proportion of internal debt. Further, total Internal debt of the Union Government grew by 13.36 *per cent* as compared to FY 19, which was the highest YoY increase in last five years.

Market loans due for redemption within seven years (till 31 December 2026) amounted to ₹23,54,267 crore (around 37 *per cent* of market loans), as shown in **Figure 1.11**.

Figure 1.11: Maturity profile of Market Loans

(₹in crore)



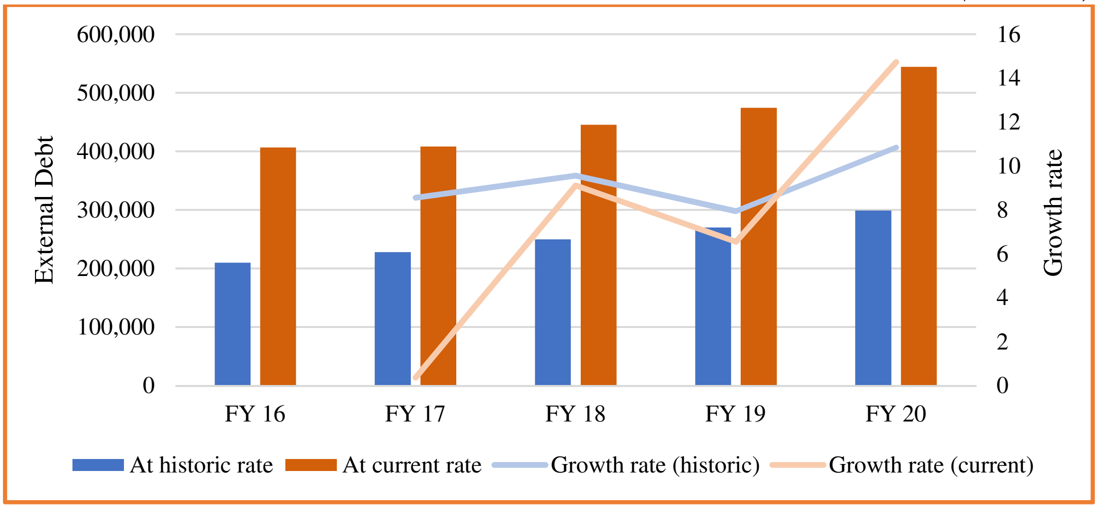
Source: UGFA for FY 20
Note: The figures shown are for maturity by the end of the calendar year depicted above.

In the year 2020, the dated securities contracted with the longest maturity tenor were of 39 years.

Further, **Figure 1.12** presents the external debt of the Union Government for the last five years at historic exchange rates and at current exchange rates.

Figure 1.12: External Debt

(₹ in crore)



Source: UGFAs for FYs 16 to 20

Like internal debt, the growth rate of external debt at both historic rate and at current rate was also the highest in FY 20. Further, the YoY growth rate at historic rate hovered around 9-10 *per cent* mark during 2016-20.

Table 1.15 represents the Public debt receipt and repayment for the last five years.

Table 1.15: Public debt receipt and repayment

(₹ in crore)

Year	Repayment of internal debt		Repayment 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 = 1+2+3+4	6	7
FY 16	37,14,352	4,05,242	23,305	3,925	41,46,824	43,16,950	15,20,170
FY 17	56,52,628	4,48,928	26,195	5,144	61,32,895	61,34,137	17,04,702
FY 18	58,45,919	4,87,527	26,685	5,951	63,66,082	65,54,002	18,61,830
FY 19	60,34,206	5,33,265	30,739	8,150	66,06,360	67,58,482	19,31,699
FY 20	62,92,658	5,78,186	33,891	9,420	69,14,155	73,01,387	20,17,080

Source: UGFAs for FYs 16 to 20

From **Table 1.15**, it is seen that the total repayment of public debt was 3.4 times the non-debt receipts and 3.54 times the revenue receipts in FY 20. Further, during FY 16 to FY 20 the repayment of public debt was 95 to almost 100 *per cent* of the total receipt of public debt.

1.10.1 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 additional borrowings made to bridge the budgetary gap between revenue and expenditure. The shortfall is met either by additional public debt (internal or external) or by using surplus funds from the Public Account as detailed in **Table 1.16**, which presents the sources of financing the fiscal deficit of the Union Government.

Table 1.16: 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*	
FY 16	5,66,544	96.76	12,748	2.18	-6,965	-1.19	13,170	2.25	5,85,497
FY 17	4,37,317	81.32	17,997	3.35	91,381	16.99	-8,896	-1.65	5,37,799
FY 18	6,59,566	96.22	21,832	3.18	18	0.00	4,091	0.60	6,85,507
FY 19	6,73,666	85.92	19,871	2.53	91,846	11.71	-1,321	-0.16	7,84,062
FY 20	9,45,549	91.70	29,290	2.84	51,317	4.98	4,970	0.48	10,31,126

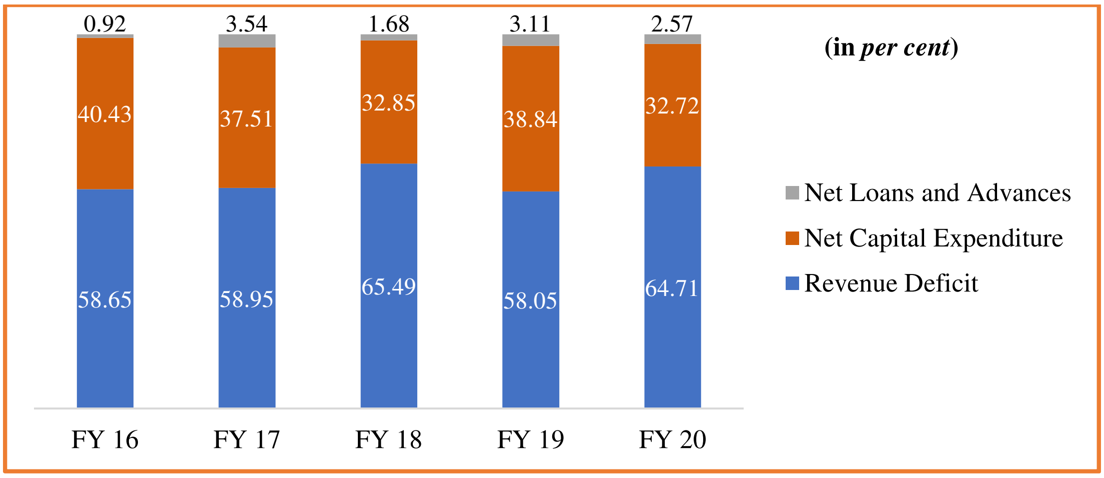
** These figures differ from figures given in Budget at a Glance for these years due to netting of certain expenditure, depiction of expenditure on Externally Aided Projects, etc. Also, refer to Table 1.1.*

Source: UGFAs for FYs 16 to 20

Thus, fiscal deficit was financed mainly from net internal debt. Also, the amount of external debt used to finance fiscal deficit saw a consistent increase through FYs 16-20. The usage of surplus funds from Public Account, however, came down by 44.18 *per cent* in FY 20 as compared to FY 19.

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. The components of fiscal deficit are shown in **Figure 1.13**.

Figure 1.13: Components of Fiscal Deficit



Source: UGFAs for FYs 16 to 20

Thus, the bulk of the fiscal deficit was towards financing the revenue deficit. Out of the fiscal deficit of ₹10,31,126 crore, ₹6,67,237 crore was on revenue account in FY 20, with a YoY increase of 6.66 *per cent*. The share of net capital expenditure, and loans and advances showed a fluctuating trend during FYs 16-20, with decreases in FY 20 as compared to FY 19.

2

CHAPTER

OBSERVATIONS ON FINANCE ACCOUNTS

Chapter 2 Observations on Finance Accounts

2.1 Introduction

The Union Government Finance Accounts (UGFA) contain 16 Statements which present the accounts of receipts and disbursements of the Union for the year, the financial results disclosed by revenue and capital accounts and the accounts of public debt, liabilities and assets.

Under Article 150 of the Constitution, the form of the accounts of the Union and State Governments is prescribed by the President of India on the advice of the CAG. This function is discharged by the Controller General of Accounts (CGA), who is responsible for laying down the general principles of Government Accounting and the Form of Accounts. CGA prepares the UGFA based on inputs received from the Accounting Authorities of Ministries/Departments of the Union Government. Secretaries of Ministries/ Departments are the Chief Accounting Authorities (CAA) of their respective Ministry/Department. They discharge their functions with the assistance of Financial Advisors (FA) and Chief Controllers of Accounts (CCA) of the Ministry/Department concerned.

This Chapter features audit observations that highlight issues and shortcomings in the presentation of financial information in the UGFA in terms of accuracy, completeness, and transparency. As mentioned in the Report on Union Accounts for 2018-19, the fact that several of these deficiencies have persisted despite being regularly highlighted in previous Audit Reports is indicative of lack of effective remedial measures on part of the Accounting Authorities.

2.2 Issues of Transparency and Disclosure

2.2.1 Persistent use of Minor Head 800

Minor Head 800 with nomenclature ‘other receipts’/ ‘other expenditure’, is used under receipt and expenditure Major Heads to account for transactions that are not routine and/ or cannot be accounted under any specific minor head. Repeated use of Minor Head 800 results in opaqueness in accounts and hence, needs to be curtailed.

Audit Reports of the CAG have year after year, pointed out continued use of Minor Head 800 by Ministries/ Departments of the Union Government. These reports have also suggested a comprehensive review of the structure of Government Accounts in order to make financial reporting more transparent. Yet the Union Government has not addressed this issue leading to continued accounting of expenditure and receipts under Minor Head 800.

2.2.1.1 Booking under Minor Head 800-Other Expenditure

During FY 20, expenditure totalling ₹39,838 crore was booked under 'Minor Head 800-Other Expenditure' under various Major Heads. In the case of six Ministries/ Departments involving 11 Major Heads, expenditure of ₹19,153 crore, constituting more than 50 *per cent* of the total expenditure booked under these heads, was accounted for under Minor Head 800. These included expenditure on Optical Fiber Cable based network for Defence Services (₹9,410 crore) under MH 5275-Other Communications Services; Pradhan Mantri Krishi Sinchai Yojana (₹1,999.30 crore) under MH 2701-Medium Irrigation.

Additionally, in certain cases, significant expenditure (though below 50 *per cent* of total expenditure under the concerned Major Head) was booked under Minor Head 800. These included expenditure on Medical and Public Health (₹3,226 crore) under MH-2210, Crop Husbandry (₹2,608 crore) under MH-2401, Defence Services-Army (₹2,530 crore) under MH-2076.

Significant booking of expenditure under Minor Head 800, in excess of 50 *per cent* of total expenditure, has persisted for several years under the following Major heads: Capital Outlay on other Communication services under MH-5275; Flood Control and Drainage under MH-2711; Capital Outlay on Non-Ferrous Mining and Metallurgical Industries under MH-4853 and Capital Outlay on Soil and Water Conservation under MH-4402.

2.2.1.2 Booking under Minor Head 800-Other Receipts

Receipts of ₹16,892 crore were booked under Minor Head 800-Other Receipts during FY 20. In 13 Ministries/Departments, receipts pertaining to 18 Major Heads, amounting to ₹2,921 crore, which were over 50 *per cent* of total receipts booked under these heads, were booked under this Minor Head. These heads included 'Defence Services–Navy', 'Food Storage and Warehousing', 'Labour and Employment', 'Defence Services Research and Development', 'Education, Sports, Art and Culture', etc.

In the following cases, significant receipts (though below 50 *per cent* of total receipts) were booked under Minor Head 800.

- Under Tax/Non-Tax Receipts these included Interest Receipts (₹2,045 crore), Customs Receipts (₹1,245 crore), Police Receipts (₹1,145 crore), Defence Services Receipts-Army (₹897 crore).
- Under Miscellaneous Capital Receipts, receipt of SUUTI etc. (₹2,070 crore).

Further, under Tax Receipts ₹1,720 crore was booked under Minor Head 800, even though the relevant Minor Heads were available. In addition, an amount of ₹1,442 crore of Non-Tax revenue was booked under Minor Head-800-Other Receipts as Tax Revenue.

Such wrong booking under Minor Head 800, despite availability of the correct Minor Heads, impacted the calculation of net proceeds and assignment to States.

As in the case of expenditure, booking of more than 50 *per cent* of total receipts under 800 - Other Receipts has also persisted for several years in the case of 12 Major Heads/functions[18].

In the interest of transparency in accounts, it is recommended that Controller General of Accounts (CGA) may review cases of persistent booking of receipts and expenditure under Minor Head 800 and, on the advice of the CAG, prescribe and ensure operation of new Minor Heads. CGA should also issue suitable directions to all Accounting Authorities to ensure that Direct and Indirect Tax revenues are booked to the correct Minor Heads instead of misclassifying them under Minor Head 800.

2.2.2 Depiction of critical information through footnotes in UGFA

2.2.2.1 Public Liabilities

Statement 2 "Summary of Debt Position" of UGFA for FY 20 depicted the total of liabilities under "Small Savings and Provident Fund" as ₹5,74,880 crore as on 31 March 2020. Information on other liabilities of the Union Government consisting of investment of NSSF of ₹8,06,984 crore, accumulated deficit of NSSF of ₹1,09,462 crore and investment of ₹82,963 crore relating to Post Office Insurance Fund was provided by way of a footnote. Thus, depiction of Public Account Liabilities amounting to ₹9,99,409 crore through a footnote, and not as part of the main body of the Statement or depicting the consolidated picture at any place, did not present an appropriate picture of Public Account Liabilities of the Union Government.

2.2.2.2 External Debt

Statements 2 and 14 of UGFA for FY 20 showed External Debt of the Union Government at historic rate of exchange (₹2,99,250 crore) and disclosed the External Debt as converted at the current exchange rate (rate as on 31 March 2020) as a footnote (₹5,44,394 crore).

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18 0030-Stamps and Registration Fee, 0077-Defence Services- Navy, 0080-Defence Services-Research and Development, 0230-Labour and Employment, 0235- Social Security and Welfare, 0408-Food Storage and Warehousing, 0425-Co-operation, 0701-Medium Irrigation, 0702-Minor Irrigation, 1055-Road Transport, 1056-Inland Water Transport and 1456-Civil Supplies.

It was observed that the latter was ₹2,45,144 crore higher than the amount at historical rate. This disclosure of the value of external debt only through a footnote affected the transparency of the accounts and may also be seen in the light of the FRBM Act 2003 wherein the definition of Union Government Debt includes External Debt valued at current exchange rates.

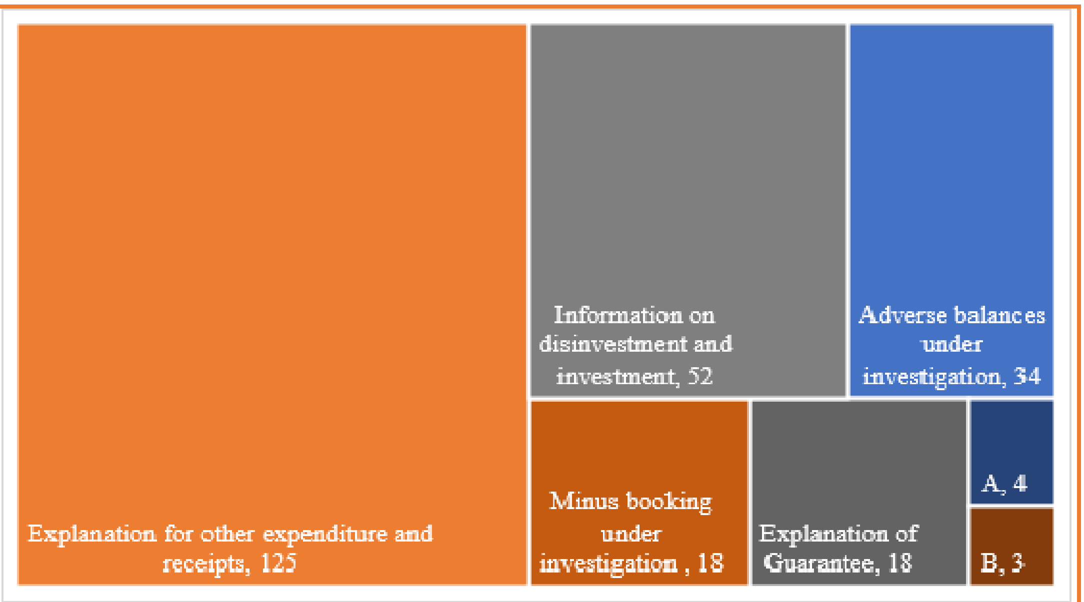
2.2.2.3 Key Fiscal Numbers

Statement 1 "Summary of Transactions of UGFA" did not explicitly give key fiscal numbers such as Revenue Deficit and Fiscal Deficit. Instead, the figure of Revenue Deficit was implicitly conveyed by way of a footnote giving the amount by which expenditure on revenue account exceeded receipts on revenue account. This has implication in terms of variation in depiction of fiscal indicators in the Budget at a Glance and fiscal indicators as derived from UGFA, as brought out for FY 20 in Table 1.1 of this Report.

2.2.2.4 Other Footnotes

A total of 254 footnotes had been inserted in 16 statements of the UGFA for FY 20 for disclosing additional information with respect to figures for transactions and for opening and closing balances and changes made thereto.

Figure 2.1: Categorisation of footnotes inserted in UGFA



A: Prior period adjustments and transfers without financial adjustment
B: Balances under reconciliation

These footnotes, though related to significant transactions, were brief and cryptic and in some cases were being repeated year after year without resolution. Such footnotes related to adverse balances under investigation, balances under reconciliation, information awaited, minus booking under investigation, prior period adjustments, transfer without financial adjustment, explanation for minus entries, explanation for other expenditure and receipts and information on disinvestment and investment. Examples of persistent adverse/minus balances under investigation shown as footnotes were 8445.00.800 Railway deposits-Other deposits (₹3,273 debit) implying withdrawals despite unavailability of funds, and 8551.00.101 Defence Advances (₹2,279 credit) implying more receipt of advances against the advances sanctioned. Other examples included explanation of adverse balance in Railway Pension Fund – Commercial Lines (₹33,289 crore debit), details of inclusion (₹1,182 crore) due to finalisation of capital restructure and exclusion (₹195 crore) due to buy back of shares in investment made in Security Printing and Minting Corporation of India Ltd.

Further, these footnotes did not disclose the full nature and implications of adjustments and action taken to address the anomalies.

It is recommended that CGA consider the introduction of a "Notes to Accounts" section or an equivalent consolidated disclosure format as part of UGFA which would enable additional information (beyond that depicted in the individual Statements) to be provided in a consolidated form to aid readability and transparency.

2.2.3 Netting in transactions of Power System Development Fund (PSDF)

Para 3.4 of the List of Major and Minor Heads *inter alia* states that amounts financed from the Reserve Fund/Deposit Accounts will be shown as a deduct entry under minor heads 'Deduct - Amount met from (Name of the Reserve Fund/Deposit Account) with separate code say '902', etc., under the functional major/sub-major head in the revenue, Capital or Loan Section where under the actual expenditure stands debited".

Consolidated /Classified abstract of Ministry of Power showed that that an amount of ₹555.32 crore was transferred from the head of account 2801.05.797 to PSDF. Further, the provision for the expenditure amounting to ₹555.32 crore was made under the head 2801.05.106, and the same head was used for making the deduct entry. Consequently, the net impact of transactions under the functional head 2801.05.106 was nil. Statement 9 of the UGFA, therefore, did not contain any transactions under the head 2801.05.106 due to the netting of transaction of ₹555.32 crore and (-)₹555.32 crore.

CGA in its reply (December 2020) stated that, the accounting transactions are done as per the accounting procedure under 2801.05.106. However, the reply is not tenable as no transactions under the Minor Head 2801.05.106 could be located in Statement 9. This constitutes a significant issue related to transparency.

2.3 Issues relating to Accuracy of Accounts

The accuracy of the Union Finance Accounts for the year is impacted by persistence of significant balances under Suspense and Miscellaneous Heads awaiting final classification and clearance, and adverse balances under Debt, Deposit and Remittances Heads.

2.3.1 Outstanding balances under Miscellaneous and Suspense Heads of Account

Suspense heads are operated in Government accounts to reflect transactions which cannot be booked to a final head of account due to lack of information as to their nature. These heads of accounts are finally cleared by minus debit or minus credit when the amount under them is booked to their respective final heads of accounts. If these amounts remain unadjusted, the balances under the suspense heads accumulate and the accounts would give an inaccurate picture of Government receipts and expenditure.

The minor head-wise ledger for suspense balances is maintained by the Principal Accounts Offices (Pr. AOs) and sub/ detailed head-wise ledger by the PAOs. The Chief Controller of Accounts is required to review the suspense balances and submit a report to the Controller General of Accounts (CGA) for monitoring purposes. The CGA however, does not maintain a year-wise break-up of the outstanding balances under suspense minor heads which hindered the monitoring of clearance of such balances.

Audit scrutiny of balances under suspense and miscellaneous heads was undertaken in five Principal Accounts Offices viz., Central Pension Accounting Office (CPAO), Central Board of Direct Taxes (CBDT), Central Board of Excise and Customs (CBEC), Controller of Aid, Accounts and Audit (CAAA), Higher Education and Ministry of Defence. Observations arising from the scrutiny are discussed in the following sub-sections.

2.3.1.1 Netting of suspense balances

Statement 13 of UGFA gives balances under suspense heads relating to Civil Ministries, Postal, Telecom, Defence and Railways. The aggregate net balance under suspense heads as on 31 March 2020 was ₹71,745 crore (Debit). This balance *inter alia* consisted of ₹28,758 crore (Debit) under Civil, ₹24,372 crore (Debit) under Ministry/ Departments of Defence, ₹14,474 crore (Debit) under Railways and ₹4,141 crore (Debit) for Department of Post.

As mentioned in Para 2.3.1, receipts and payments which cannot be booked to a final head of account for want of required information/details, are accounted as credits and debits respectively under suspense heads. The credits and debits are cleared by minus credit or minus debit once wanting details become available. Thus, credit and debit items are required to be accounted for and shown separately in the accounts to give an accurate picture of balances under each suspense head. Statement 13 of UGFA however, shows balances under suspense heads after netting of credit and debit balances which led to understatement of suspense balances both at Major and Minor Head levels.

An analysis of suspense balances of Civil Ministries revealed that due to netting, the balances were understated by 8.3 *per cent* under PAO Suspense, 70.2 *per cent* under Suspense Account (Civil) and 35.5 *per cent* under PSB Suspense.

Table 2.1: Suspense balances of Civil Ministries

(₹in crore)

Year	PAO Suspense		Suspense Account (Civil)		PSB Suspense	
	Net Suspense	Actual Suspense	Net Suspense	Actual Suspense	Net Suspense	Actual Suspense
FY 18	313.35 *DR*	2,144.03 *DR* 1,830.68 *CR*	1,952.44 *CR*	1,155.37 *DR* 3,107.81 *CR*	12,592.92 *DR*	13,801.89 *DR* 1,208.97 *CR*
FY 19	1,937.51 *DR*	2,650.67 *DR* 713.16 *CR*	737.71 *DR*	1,140.57 *DR* 402.86 *CR*	13,692.04 *DR*	15,978.79 *DR* 2,286.75 *CR*
FY 20	10,620.42 *DR*	11,098.27 *DR* 477.85 *CR*	541.41 *DR*	1,179.60 *DR* 638.19 *CR*	13,268.43 *DR*	16,914.60 *DR* 3,646.17 *CR*

Audit also noticed that in the Department of Expenditure, negative credit balances at the end of FY 19 under Suspense Account (Civil) of ₹0.49 lakh, PSB Suspense of ₹40.90 lakh and Other Nominated Bank Suspense of ₹9.36 lakh were depicted as debit balances at the start of FY 20. Treating minus Credit as Debit balances represented accumulation of suspense and not clearing of suspense balances. As the treatment of Credit and Debit Suspense was to be accounted separately, treating minus Credit as Debit balance misrepresented these balances.

CGA in it reply (October 2020) stated that Suspense Balances are reflected in Statement 13 of the Finance Accounts as per practice in vogue prior to departmentalization of accounts. Secondly, at this stage it is not possible to segregate the years old net balances into debit and credit balances separately under various suspense heads.

However, as mentioned in Para 2.1, CGA is responsible for laying the form of accounts. As departmentalisation of accounts took place some decades ago, CGA should have made the required changes/ improvements in presentation of accounts by now.

It is recommended that CGA may initiate the process by segregating the additions made in the last ten years to the net Suspense Balances into debit and credit balances.

2.3.1.2 Accumulation of balances in PSB Suspense

Public Sector Banks (PSBs) function as agents of the Reserve Bank of India (RBI). When the Government Departments receive the statement of payments made against instructions given to PSBs, the transactions are initially booked as a credit entry against PSB Suspense. This credit of PSB Suspense is cleared by contra credit to Reserve Bank Deposits (RBD) Head when RBI debits the amount from Government account. Similarly, after receiving intimation by PSBs of receipts, the concerned Government Department debits the PSB Suspense. This debit of PSB Suspense is cleared by contra debit to RBD Head when RBI credits the amount into Government account. Failure to clear the PSB Suspense in a timely manner results in incorrect depiction in Government books of its cash balance with RBI.

A. PSB Suspense-Civil

Scrutiny revealed that the major accumulation of PSB Suspense balance was in Central Pension Accounting Office (CPAO) and Higher Education Department.

Table 2.2: Accumulation of PSB Suspense balance (debit)

(Closing balance in ₹crore)

	FY 18	FY 19	FY 20
Central Pension Accounting Office	7,083.04	9,745.49	10,452.33
Higher Education Department	1,588.70	913.39	1,144.45

Further, analysis of addition and clearance of PSB Suspense balance in FY 20 revealed inadequate efforts for clearing PSB Suspense balances both by CPAO and Higher Education Department, as shown in **Table 2.3**.

Table 2.3: Addition and clearance of PSB Suspense balance (debit) – FY 20

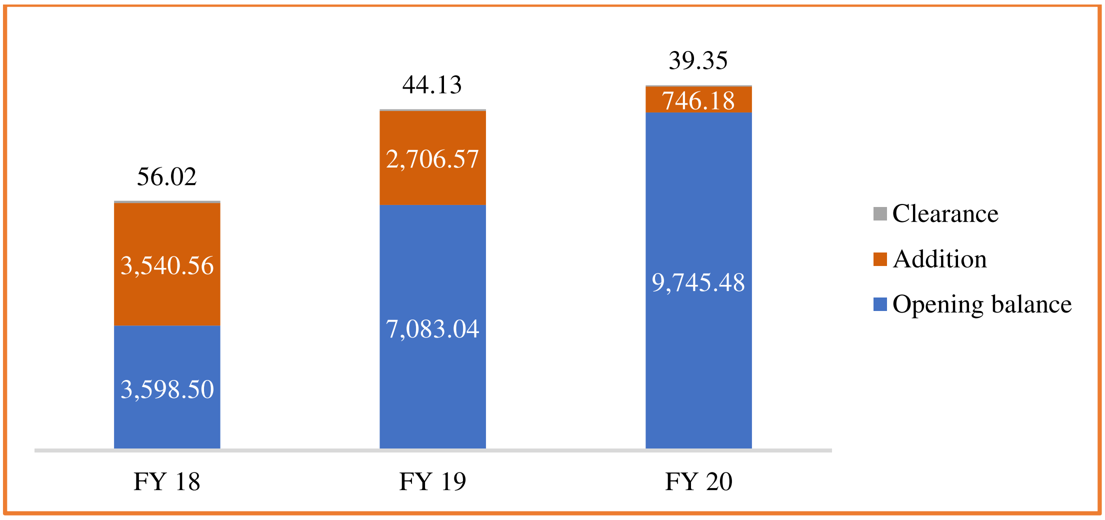
(₹in crore)

	Opening	Addition	Clearance	Closing
Central Pension Accounting Office	9,745.49	746.19	39.35	10,452.33
Higher Education Department	913.38	255.53	24.45	1,144.45

Further, in the case of CPAO, balances under PSB suspense were negative which were awaiting clearance by final booking as pension expenditure under Major Head 2071. Details of balances under PSB suspense during the years FY 18 to FY 20 were as shown in **Figure 2.2**.

Figure 2.2: Trend of PSB Suspense balances (debit) in CPAO

(₹ in crore)



As seen from **Figure 2.2**, from FY 18 to FY 20 PSB Suspense balances increased almost three-fold. This outstanding balance under Suspense had the effect of understating pension expenditure, Revenue Deficit and Fiscal deficit of the Union Government by the amount held under Suspense.

CPAO in its reply (November 2020) stated that the reason for these outstanding balances is the time lag in booking of the put through statement received from the RBI and e-scrolls received form the banks. The reply is not tenable as no concrete action has been taken for the clearance of previous years balances.

B. PSB Suspense-Defence

PSB Suspense relating to Ministry of Defence (MoD) showed a closing net balance of ₹17,913.17 crore (Debit) for 2019-20, a net decrease of ₹3,453.23 crore over the opening balance. The accounts furnished by the Controller General of Defence Accounts (CGDA) to the CGA depicted only the net position and did not give the break-up between the debit and credit balances, rendering the accounts opaque. Nevertheless, Audit found that the net suspense had significantly jumped from ₹125.47 (Credit/*CR*) crore at the end of 2015-16 to the present figure of ₹17,913.17 (Debit/*DR*) as detailed in **Table 2.4**.

Table 2.4: Outstanding balances under PSB Suspense-Defence

(₹in crore)

Year	Opening Balance	Receipt during the year	Disbursement during the year	Closing Balance
FY 16	125.47 *CR*	-	1,979.77	1,854.30 *DR*
FY 17	1,854.30 *DR*	-	7,130.47	8,984.78 *DR*
FY 18	8,984.78 *DR*	-	5,861.64	14,846.43 *DR*
FY 19	14,846.43 *DR*	-	6,519.97	21,366.40 *DR*
FY 20	21,366.40 *DR*	3,453.22	-	17,913.17 *DR*

Audit of the accounting of Defence Pension under MoD showed that a major reason for the accumulation of PSB suspense balances was the non-clearance of pension transactions in the books of the Defence Ministry. The practice of not clearing Pension scrolls starting from FY 16 was continued till FY 20 and was reported upon in CAG's Report No. 4 of 2020 [Paragraph 2.3.2.1(b)].

Ministry stated in its reply (September 2020) that the balances had not been cleared due to insufficient budget provision for Defence Pension during FY 20. These scrolls were also reported to have been subsequently booked during FY 21.

Thus, in violation of basic accounting procedure, and for the express purpose of understating revenue expenditure, defence pension expenditure amounting to ₹17,913.17 crore was kept in PSB Suspense.

2.3.1.3 Suspense accounts for purchases abroad

The Minor Head 'Suspense Accounts for Purchases abroad' is operated in the books of Controller of Aid, Accounts and Audit (CAA&A), MoF. The Government advices donors to make payments directly to suppliers abroad against supplies made to project authorities/ importers[19] in India and an equal amount is kept under the suspense head till payment is received from the concerned line Ministries/ importers. The debit balance under this head indicates outstanding recoveries from the importers/ project authorities, even though the Government has already made payments for these imports.

As on 31 March 2020, an amount of ₹3,812.05 crore (Debit) was lying under suspense, of which ₹75.82 crore pertained to items more than five years old. This issue was also highlighted in the CAG's Audit Report on Union Accounts for 2018-19 but has not been resolved. The continued existence of the suspense items impacts the presentation of external debt in Statement 14 of the UGFA.

2.3.1.4 Outstanding balances under the head 'Cheques and Bills'

The head 'Cheques and Bills' depicts the difference between the payment instructions (through cheques, etc.) issued by Government Ministries and Departments to PSBs and the extent to which such payments have actually been made and correctly booked. Continued existence of unreconciled balances under this Head can distort the cash balances as depicted in Government's books.

In FY 20, 'Cheques and Bills' amounting to ₹67,007 crore were outstanding, representing YoY increase of ₹24,903 crore (59.15 *per cent*), as shown in **Table 2.5**.

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[19] Project implementing agencies, viz., CPSUs, State PSUs, State Government, Central Government etc.

Table 2.5: Major outstanding balances under 'Cheques and Bills'

(₹in crore)

Nomenclature	FY 20	FY 19	FY 18
Total Cheques and Bills	67,006.70	42,103.97	34,947.68
Postal Cheques	37,481.94 *CR*	27,272.54 *CR*	21,078.94 *CR*
Railway Cheques	17,964.12 *CR*	1,524.7 *CR*	2,661.56 *CR*
Pay and Accounts Offices Electronic Advices	3,465.13 *CR*	4,208.28 *CR*	4,316.27 *CR*
Electronic Advices	2,652.99 *CR*	1,010.84 *CR*	670.82 *CR*
Pay and Accounts Offices Cheques	2,332.52 *CR*	3,477.53 *CR*	2,083.06 *CR*
Departmental Cheques	1,709.71 *CR*	3,254 *CR*	3,153.96 *CR*
Telecommunication Accounts Office Cheques	852.41 *CR*	862.37 *CR*	868.65 *CR*
Other Cheques	547.88 *CR/DR*	493.71 *CR/DR*	114.42 *CR*

Thus, there was substantial increase in outstanding balances under 'cheques and bills' in case of Postal Cheques (₹10,209.4 crore *CR*, 37.43 *per cent*) and Railway Cheques (₹16,439.42 crore *CR*). On the other hand, balances under PAO Electronic Advices, PAO Cheques, and Departmental Cheques have shown a downward trend.

The existence of persisting balances under the head 'Cheques and Bills' violated the Union Government Account (Receipts and Payments) Rules, 1983 which stipulate that cheques and bills remaining unpaid beyond six months of issue, and not renewed, are to be cancelled and the amount written back in the accounts. Test-check by Audit indicated that a significant number of cheques issued by various Ministries and Departments were time barred for payment and could be written back into the accounts.

As per the nature and nomenclature of the Major Head the balances under this head should remain credit. There were, however, debit/adverse balances of ₹340 crore under three minor heads – Departmental (Cheque Drawing DDOs) Electronic Advices, Defence Cheques, and Treasury Cheques. This is a deterioration compared to FY 17 when there was not a single instance of adverse balance.

CGA stated (September 2020) in its reply that the cases of adverse balances under various minor heads of MH 8670-Cheques and Bills are pointed out to the Controllers of concerned Ministries/ Departments every year. The reply was, however, not tenable due to the persistent outstanding balances and increases under certain heads.

It is recommended that strong steps may be taken to ensure that all Accounting Authorities reconcile and clear balances under this head and also initiate the procedure mentioned above in respect of all Government cheques outstanding for more than six months so that the Government cash balance is correctly depicted.

2.3.2 Rectification through Journal Entry

Para 5.9.1 of Civil Accounts Manual states that each Principal Accounts Office will prepare a 'Statement of Central Transactions' (SCT) at the end of every financial year, representing the progressive effect of all the transactions during the year including that of March supplementary transactions. SCTs will be prepared only for minor head-wise details under different major heads concerned, showing charged, voted, plan and non-plan expenditures distinctly. Alterations are not permitted in the classified or consolidated abstract of any month after they have been closed. However, cases of errors may be discovered after the SCT is prepared and submitted. If an error is discovered in the same year and involves a correction by transfer of amount from one minor head to another under the same major head, or from one major head to another, necessary corrections in the form of Journal Entries (JEs) should be proposed.

Audit observed that JEs were used to transfer expenditure amounting to ₹1,705 crore pertaining to New Pension Scheme (NPS) and a total amount of ₹3,580 crore (₹1,897 crore as receipt and ₹1,683 crore as expenditure) pertaining to Canteen Stores Department (CSD) to Suspense Head (8659.00.140). This was not in accordance with codal provisions relating to use of JEs and resulted in understatement of revenue receipts by ₹1,897 crore and revenue expenditure by ₹1,683 crore.

Ministry of Defence (MoD) in its reply (March 2021) regarding transfer of NPS contribution to suspense head accepted the audit observation and stated that the suspense head would be cleared by transferring the fund to trustee bank in the subsequent year. The Ministry also accepted the audit observation in respect of booking of CSD receipts and expenditure and stated that CSD depots could not finalise their accounts due to Covid-19 scenario.

2.3.3 Accounting of short transfer of IGST to States/UTs pertaining to FY 18

In FY 18 there was a balance of ₹1,76,688 crore left in the IGST at the end of the year. Of this, GoI had provisionally devolved ₹67,998 crore under IGST to the States/UTs adopting Finance Commission formula for devolution of Central Taxes and balance was left unapportioned in the CFI. Report No. 2 of 2019 of the CAG (laid in Parliament in February 2019) had pointed out that the devolution of IGST was in contravention of provision of Article 269A of the Constitution of India. IGST should instead have been first apportioned in terms of the IGST Act between Centre and States /UTs, and devolution was to be made to States/UTs from the Centre's share of IGST. As a result, States/UTs had overall received less funds on account of sharing of IGST. This issue was further elaborated in CAG's Report No. 11 of 2019 (laid in Parliament in July 2019). Prior to this, Audit had flagged this matter to MoF in April 2019 by way of a draft para. In response to the draft para, MoF had intimated that during FY 19, IGST balance had not been devolved and available balances was being apportioned provisionally but was silent on corrective action taken for setting right the devolution done in FY 18.

Proposal to apportion the IGST balance of FY 18

Audit scrutiny of records of Department of Revenue (DoR) revealed that though the issue of apportionment/settlement of IGST balance of FY 18 was continuously deliberated upon, no final decision was taken on the issue till the end of FY 20. A Group of Ministers (GoM) was constituted in December 2019 to examine the issue of IGST settlement for FY 18. Subsequently, in May 2020, a proposal was made by MoF to reverse the IGST devolved in FY 18 and apportion the balance IGST of ₹1,76,688 crore available at the end of FY 18, citing CAG's observations on the issue. The proposal did not mention though whether any report from GoM had been received.

The proposal included apportionment of the afore-mentioned balance of ₹1,76,688 crore left in the IGST between CGST and SGST on 50:50 basis. Thus, all States together would get ₹88,344 crore as SGST. Additionally, 42 *per cent* of the CGST of ₹88,344 crore, which amounted to ₹37,104 crore, would get devolved to the States based on Finance Commission formula. On the other hand, devolution of IGST to the States in FY 18 amounting to ₹67,998 crore was to be recovered from the States. The total fiscal impact was calculated to be net outgo of ₹57,450 crore to the States, as given in the **Table 2.6**.

Table 2.6: Proposal to apportion IGST balance of FY 18

Sl. No.	Particulars	Amount
1	Unapportioned IGST in FY 18	₹1,76,688 crore
2	Amount of IGST devolved in FY 18 to States/UTs	₹67,998 crore
3	Apportionable to CGST	₹88,344 crore
4	Apportionable to SGST/UTGST	₹88,344 crore
5	Devolution to States from Union share	₹37,104 crore
6	Total amount due to States/UTs	₹1,25,448 crore
7	Less reversal of IGST devolved in FY 18	₹67,998 crore
8	Net outgo to the States	₹57,450 crore

Implications for GST compensation paid in FY 18

The afore-mentioned proposal of Union Government highlighted that if balance IGST (after reversing the devolution) was apportioned between CGST and SGST, it would lead to increase in total SGST of the States for FY 18 and hence, to a reduction in compensation payable necessitating refund of compensation already paid to the States/UTs. Thus, GST compensation paid in FY 18 deemed excess amounted to ₹46,169 crore.

Accounting of the transactions involved

The accounting process involved the following transactions:

a) Transfer/apportionment of IGST balance to SGST and CGST

b) Devolution to States from additional amount transferred from IGST to CGST

c) Reversal of IGST devolved to the States in FY 18

d) Adjustment of excess GST compensation paid to States in FY 18

In lieu of the above transactions, approval was obtained for reversal of IGST devolved and apportionment of balance IGST, along with part book adjustment[20] of IGST and compensation between Centre and States/UTs, leading to crediting of the GST Compensation Fund by ₹33,412 crore. To give effect to the above adjustment within FY 20, a JE was issued on 16 June 2020 debiting ₹33,412 crore under the Head 3601.08.797 (₹31,697 crore) and 3602.08.797 (₹1,715 crore) as expenditure on account of transfer to GST Compensation Fund, while crediting the same amount as receipt in the Fund under MH 8235.00.143.

Some States had received more than the amounts due on account of distribution of the devolved IGST based on Finance Commission formula instead of apportionment based on the IGST Act. Hence adjustment of IGST balance of FY 18 during FY 20 was restricted to only ₹33,412 crore to avoid cash recoveries from such states.

Audit scrutiny of the adjustment revealed the following:

a) Though this issue of settlement of IGST balance pertaining to FY 18 had been persisting since long, proposal to make adjustments was made only in May 2020. As a result, the above-mentioned adjustments were approved only in FY 21 and were incorporated in the Accounts of FY 20 after the closure of accounts for the year through a JE. Since this was a fresh expenditure incurred in FY 21, it should not have been accounted for in the Accounts of FY 20 and instead accounted for in the Accounts of FY 21 in accordance with extant accounting norms.

b) Proviso 16.3.4 of the Civil Accounts Manual only envisages use of JEs only to make corrections to Statement of Central Transactions (SCT). In the instant case a JE was used to account for additional transactions not approved during FY 20, which violated laid down procedures.

c) The adjustment was made with reference to the net impact of the transactions without any disclosures of implications in gross terms for various heads of accounts covered by these transactions either in the JE or in the relevant Statements of UGFA.

[20] Adjustment for recovery from the States was limited to ₹33,412 crore to avoid cash outgo/inflows in UGFA for FY 20

d) Further, as per Section 7(2) of the GST Compensation Act, 2017, any excess amount released to a State in a financial year shall be adjusted against the compensation amount payable to such State in the subsequent financial year. However, in this case amounts computed as paid in excess to States/UTs for FY 18 were adjusted against dues of IGST pertaining to that year, instead of compensation payable in FY 21 or later.

DoR replied (February 2021) that the amount of ₹33,412 crore was transferred from CFI to GST Compensation fund as part of an exercise of apportionment of IGST balance pertaining to FY 18 in June 2020. This was done with the approval of the competent authority and in consultation with the CGA.

The reply of the Ministry is not acceptable as the transaction was a fresh expenditure sanctioned in FY 21; therefore, the accounting of ₹33,412 crore in the accounts of FY 20 was not in accordance with laid down accounting norms. Further, the implications/explanations for the netted transaction/adjustment for various heads and how would the adjustments be completed in future years, had not been disclosed at all in the accounting records, and in the UGFA.

2.3.4 Short transfer to GST Compensation Cess as on 31 March 2020

The GST Compensation Cess Act, 2017 provides for levy of a cess for the purpose of providing compensation to the States/UTs for loss of revenue arising due to implementation of GST for a period specified in the Act. CAG's Report No. 4 of 2020 had pointed out short crediting of GST Compensation Cess collections to the GST Compensation Fund in FY 18 and FY 19 totalling to ₹47,272 crore.

In FY 20, against collection of cess of ₹95,553 crore, as per UGFA the transfers to the Fund amounted to ₹1,53,910 crore, i.e. ₹58,357 crore was transferred in excess of collections during this year. However, this excess included, as pointed out in paragraph 2.3.3, an amount of ₹33,412 crore transferred by way of a Journal Entry in June 2020 (after close of FY 20) as partial adjustment of short transfer of IGST to the States/UTs pertaining to FY 18. Therefore, as on 31 March 2020, ₹24,945 crore was transferred in excess of actual collections from CFI during FY 20 as against short transfer reported in CAG's Report No. 4 of 2020 amounting to ₹47,272 crore. Thus, as on 31 March 2020 transfer of Compensation Cess collected in the past years amounting to ₹22,327 crore[21] to the GST Compensation Fund was yet to be done.

2.3.5 Adverse balances

Adverse balances arise due to various factors such as (a) when transactions are erroneously credited instead of being debited and vice versa, (b) when debits are

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[21] Short crediting of ₹47,272 crore in FY 18 and FY 19 – excess transfer of ₹24,945 in FY 20 = ₹22,327 crore

accounted under one head and related credits under some other head or vice versa, and (c) when outflows/disbursements from reserve funds are in excess of receipts/balances. These balances thus, represent errors and absence of financial controls and impact the quality and accuracy of accounts. The UGFA for FY 20 showed 72 cases of adverse balances amounting to ₹51,618 crore[22] (₹9,882 crore Credit and ₹41,736 crore Debit). Of these, 36 cases amounting to ₹9,217 crore (₹2,352 crore Credit and ₹6,865 crore Debit) were unresolved for over five years, with the oldest as early as 45 years. Some of the significant adverse balances are depicted in **Table 2.7**.

Table 2.7: Adverse balances

(₹in crore)

Sl. No.	Amount	Entity/Fund	Remarks
1	35,721 (*DR*)	Ministry of Railways	These indicate that disbursements from Reserve Funds – Railway Pension Fund-Commercial Lines and Depreciation Reserve Funds-Railways (Commercial Lines), were in excess of balances. The balances under Depreciation Reserve Funds-Railways (Commercial Lines) turned adverse in FY 10. Further, out of ₹35,721 crore, ₹33,289 crore pertained to Railway Pension Fund-Commercial Lines. This balance had turned adverse in FY 17 due to less appropriation to the fund compared to expenditure on pension from the fund. Lower appropriation was on account of lower revenue earnings of Railways.
2	4,814.04 (*CR*)	Defence Advances, and Remittances into Banks/ Treasuries-Defence	These balances turned adverse in FY 16 and FY 20, respectively.
3	3,272.99 (*DR*)	Railway Deposits	These balances turned adverse in FY 06.
4	937.30 (*DR*)	Bhopal Gas Leak Disaster Fund - receipts	These are appearing in the accounts since FY 08.
5	928.20 (*CR*)	Bhopal Gas Leak Disaster Fund - payments	

[22] 36 cases totalling to ₹50,588 crore pertain to Debt, Deposit and Remittance heads and the balance to Loans and Advances.

6	211 (*DR*)	Beedi Workers Welfare Fund under the Ministry of Labour and Employment	These balances turned adverse in FY 08.
7	159 (*DR*)	Rashtriya Swachhta Kosh (RSK) under the Ministry of Urban Development	These balances turned adverse in FY 16.

It is recommended that all Accounting Authorities identify the reasons for the adverse balances and rectify the same in a time bound manner.

2.3.6 Dormant Reserve Funds and Deposits

Reserve Funds and Deposits form a part of the Public Account wherein the transactions in respect of which Government incurs a liability to repay the moneys received and the repayments thereof are recorded. Creation of Reserve Funds generally involves transfer of funds from the Consolidated Fund of India into the Public Account to be utilised for specific purposes. On the other hand, deposits of the Government are made by depositors as a security and/or to get some work executed by the Government on behalf of the depositor.

Dormant funds/deposits constitute those funds or deposits which are not in operation for a long period of time and might have outlived their utility. Such dormant funds/deposits in the Public Account needs to be reviewed and balances may be cleared from the Public Account.

Scrutiny of Finance Accounts showed that eight reserve funds and 16 deposits having aggregate balance of ₹5,416.33 crore at the end of FY 20 were lying dormant for periods ranging from three to 25 years. Four reserve funds and 14 deposits were lying dormant for more than 10 years and balances remained unchanged throughout this period. Likewise, another four reserve funds and two deposits were lying dormant for period ranging from three to 10 years. In most cases, the balances were small, and their continuance did not appear to serve any purpose. The issue has been pointed out in previous Audit Reports, but no perceptible action has been taken.

The continuance of these funds/deposits may be reviewed and considered for closure as per applicable rules.

2.3.7 Improper accounting regarding writing-off of external debt

Rule 38 of the Government Accounting rules stipulated that all amounts due to Government which are found to be irrecoverable shall be written- off from the Debt head of account concerned to an expenditure head as a loss to the Government by Major Head- “8680-Miscellaneous Government Account-Write off from heads of account closing to balance”.

Audit observed that an amount of ₹3,108 crore was written off during FY 20 on account of variation in exchange rate of External Debt. However, the same amount was depicted as Credit, implying receipts of External debt during the year under various Minor Heads under Major Head 6002-External debt instead of minus Debit, which was contrary to the provision mentioned in Rule 38 of Government Accounting Rules.

CGA replied (October 2020) that write off on account of variation in exchange rate of external debt is done in terms of provisions of Rule 273 of GFR and Rule 38 of GAR. However, no justification was provided for depicting these amounts as Receipts of External Debt.

2.4 Issues of Data Integrity and Completeness

2.4.1 Incompleteness of Statement of Guarantees

Statement 4 gives the status of guarantees given by the Union Government. As on 31 March 2020, the outstanding guarantees extended by 19 Ministries/ Departments amounted to ₹4,66,881 crore. Further, out of the ₹3,075 crore receivable as guarantee fees for the year, the Union Government received only ₹1,071 crore. Three Ministries/Departments (Department of Pharmaceuticals, Ministry of Civil Aviation and Tourism, and Ministry of Micro, Small and Medium Enterprises, Khadi & Village Industries Commission-KVIC) did not realise guarantee fees of ₹2,027 crore during FY 20. Guarantee fee of ₹11 crore for FY 20 was paid in advance in FY 19 pertaining to Department of Commerce. In addition, guarantee fee of ₹32.14 crore relating to Department of Commerce (₹2.34 crore) and MTNL (₹29.80 crore) received in FY 20 pertained to FY 21.

Further, three Ministries/ Departments viz., Department of Agriculture, Co-operation and Farmers Welfare, Ministry of Consumer Affairs, Food and Public Distribution and Ministry of External Affairs waived off/ exempted guarantee fee receivable by them.

2.4.1.1 Short receipt of Guarantee Fee

General Financial Rules (GFR) stipulate that the rates of guarantee fee would be as notified by the Budget Division, DEA, MoF.

Review of Statement 4, however, revealed that the Accounting Authorities of three Ministries/ Departments failed to realise ₹4,873 crore of guarantee fee during FY 18 to FY 20. Out of this amount, ₹2,027 crore was not realised during FY 20, as depicted in **Table 2.8**.

Table 2.8: Short receipt of Guarantee fee

(₹in crore)

Ministry/Department	Fee receivable	Fee received	Short receipt of fee	Remarks
Civil Aviation	1,912.76	54.92	1,857.84	Air India Limited has not paid guarantee fee due to severe liquidity crunch.
Chemicals and Fertilizers and Pharmaceuticals	88.51	0	88.51	Indian Drugs and Pharmaceuticals Limited is a sick company.
Industry	88.22	7.89	80.33	As per footnotes, KVIC is not a profit-making organization.
Total	2,089.49	62.81	2,026.68	

Out of the three entities in **Table 2.8**, in the case of two entities (Chemicals and Fertilizers and Pharmaceuticals, and Civil Aviation) short receipt had also been pointed out in the earlier CAG's Audit Report on Union Accounts for FY 18 and FY 19.

2.4.1.2 Mismatch of information on outstanding guarantees

General Financial Rules (GFR) entrust the Finance Division/ Financial Advisers of respective Ministries with the responsibility of verifying the accuracy of the information on guarantees which are ultimately incorporated by MoF in the UGFA.

Audit scrutiny of Annual Review Reports received by Budget section, DEA revealed that out of 19 Ministries/ Departments whose guarantees were reported in Statement 4 of UGFA, only 17 Ministries[23] had submitted review reports on guarantees during FY 20. Further, reports of nine out of the 17 Ministries/ Departments were either incomplete or not furnished in the prescribed format.

Scrutiny of the reports of remaining eight Ministries revealed that in the case of the Ministry of Agriculture, the outstanding amount as per Statement 4 of UGFA was higher than the amount as per the review report by ₹13,101.91 crore. DEA replied (February 2021) that the matter has been forwarded to the concerned Ministry for response.

23 Names of the two Ministries not furnishing the Review Report in FY20: 1. Ministry of Housing and Urban Poverty Alleviation (HUPA) 2. Ministry of Micro, Small and Medium Enterprises

It is recommended that the MoF may ensure submission of accurate and complete information by Ministries/Departments extending Guarantees. In addition, it is reiterated that DEA should create and maintain a reliable and complete database for Guarantees for effective monitoring of FRBM limits and risk of default.

2.4.2 Discrepancies in Statements 9, 10 and 13

2.4.2.1 Discrepancies in amounts disbursed and met from Reserve funds

The amount disbursed from any reserve fund shown in Statement 13 of UGFA and figures for expenditure met from the fund given in Statement 9 of UGFA should exactly match. In the following cases, discrepancies were noticed between the figures appearing in Statements 9 and 10, and Statement 13.

Table 2.9: Details of Amounts disbursed and met from Reserve fund

(₹in crore)

Sl. No.	Description as per Statements 9 and 10	Amount	Amount Disbursed from Reserve Fund in Statement 13	Difference	Remarks
1	Deduct Expenditure Met from Nirbhaya Fund	1,084.69	1034.76	49.93	CGA replied that ₹50 crore has been booked by Defence (Services) under 3601.06.902 as deduct amount met from Nirbhaya Fund but the amount has not been shown disbursed from the Nirbhaya Fund in their SCT. Further, Controller General of Defence Accounts furnished only an interim reply in this regard.
2	Deduct - amount met from Railway Pension Fund	48,726.01	49,187.89	461.88	These discrepancies are result of inconsistent adoption of procedures for transfer to funds and utilisation therefrom.
3	Deduct- amount met from Railway Safety Fund	6,885.74	16,885.74	10,000.00	
4	Amount met from National Compensatory Afforestation Fund	40.80	Nil	40.80	CGA stated that the issue was raised with the Ministry of Environment, Forest and Climate Change but reply was awaited (March 2021).

2.4.2.2 Balances of States under Major Head 8450 - Balance Accounts of UTs

In Statement 13, there were balances under various minor heads under the major head 8450 - Balance Accounts of Union Territories. These were pertaining - 8450.101 (₹40.12 crore *CR*) to Puducherry, 8450.102 (₹16.30 crore *DR*) to Goa, and Daman and Diu, 8450.104 (₹56.82 crore *DR*) to Arunachal Pradesh, 8450.105 (₹124.41crore *DR*) to Mizoram. Pertinently, these UTs had either become States or UTs with legislature long back with separate Public Account. These balances are lying since 2007-08 in respect of Puducherry and since 2002-03 in respect of Arunachal Pradesh, Goa, Daman & Diu and Mizoram.

CGA stated that the Credit/Debit balance under the heads 8450-Balance Accounts of Union territories are payables/ receivables. Balances of Puducherry, Goa, Daman & Diu, Arunachal Pradesh and Mizoram are old balances and are continuing in the accounts.

The reply of CGA did not address the audit contention and did not provide any roadmap for clearing the irregular balances.

2.4.3 Issues with respect to Government Investments

Statement 11 of the UGFA provides details of the Union Government's investment in Public Sector and other entities. CGA and CCAs of the concerned Ministries/ Departments are responsible for the accuracy and completeness of details contained in this Statement.

Cross verification of information on Government Companies/Corporations/Banks and Societies, etc. contained in the UGFA with the audited Financial Statements of the concerned entities revealed discrepancies as detailed in **Table 2.10**.

Table 2.10: Discrepancies in Government investment

(₹in crore)

Entity	Equity investment by Government			
	As per Statement 11 of UGFA		As per Annual Accounts of Entity	
	Amount	Percentage	Amount	Percentage
Karnataka Antibiotics & Pharmaceuticals Limited	4.43	--	7.98	--
Housing & Urban Development Corporation	--	100	--	89.81

Source: UGFA for FY 20 and Annual Accounts of concerned entities

Further, in respect of 67 entities, Statement 11 contained incomplete information in respect of nature, investment, face value, number of shares, capital and *percentage* of the Union Government's investment in 45 entities. Further, in 22 entities, *percentage* of equity share remained unchanged from the previous year despite having investment / disinvestment in FY 20. For example, in Delhi Metro Rail Corporation (DMRC) investment up to FY 19 was ₹9,842.63 crore, which was enhanced to ₹10,587.93 crore during FY 20, but the percentage of equity remained the same at 50 *per cent.* Similarly, investment in the case of Tehri Hydro Development Corporation (THDC) up to FY 19 was ₹2,723.94 crore, whereas after disinvestment the equity of THDC was decreased by ₹14 crore during FY 20. But the percentage of equity remained the same at 74.45 *per cent* in both the years.

It is recommended that Government may take action to ensure reconciliation (not just one time but on an ongoing basis) of the investment figures depicted in the UGFA with those reflected in the audit Financial Statements of the Government Companies/ Corporations/ Banks and Societies, etc.

2.4.4 Mismatch in figures of Disinvestment

In the following cases, there was mismatch in the disinvestment details furnished by Department of Investment and Public Asset Management (DIPAM), MoF and as depicted in Statement 11 of UGFA.

Table 2.11: Mismatch of figures of disinvestment

(₹in crore)

Public Sector Enterprise	Amount disinvested as per DIPAM (Par value)	Disinvested amount as per Statement 11	Reply/Remarks
North Eastern Electric Power Corporation	3,609	0	CGA stated that the total investment in company is ₹3,387 crore which is less than the amount disinvested and hence, the Ministry of Power has been requested to reconcile the difference.
Rail India Technical and Economic Services Ltd. (RITES)	25	0	--
Indian Rail Catering and Tourism Corporation Ltd.	160	0	As per Statement 11 the total investment in the company was ₹20 crore.

Thus, to the extent shown in **Table 2.11**, Statement 11 was incomplete and did not present the true picture of investment/disinvestment as in the above two cases listed above the amount disinvested is more than the investment in these companies.

2.4.5 Mismatch in information of equity share and *percentage* holding

In 10 cases, there was difference between the figures appearing in Statement 11 and annual accounts of the entity

Table 2.12: Details of equity share and percentage holding

Ministry (Sl. No. in Statement 11)	Entity	As per Statement 11		As per entity's annual accounts	
		Number of equity shares	% holding	Number of equity shares	% holding
Ministry of Petroleum and Natural Gas (SI. No. 6)	Oil and Natural Gas Corporation	4,65,08,54,437	62.98	7,59,96,08,458	60.41
Ministry of Petroleum and Natural Gas (SI. No. 160)	Bharat Petroleum Corporation Ltd.	35,47,83,293	54.93	1,14,91,83,592	52.98
Ministry of Petroleum and Natural Gas (SI. No. 162)	Engineers India Ltd.	12,70,47,788	59.37	3,25,4,04,724	51.50
Ministry of Railway (SI. No. 170)	Container Corporation of India	10,68,49,205	61.80	33,38,84,975	54.79
Ministry of Railway (SI. No. 179)	Indian Railway Catering and Tourism Corp Ltd.	2,00,00,000	100	13,98,40,000	87.40
Ministry of Housing & Urban Affairs (SI. No. 231)	Housing and Urban Development Corporation	1,79,78,412	100	1,79,78,41,253	89.81
Ministry of Power (SI. No. 87)	Power Grid Corporation of India Ltd.	2,68,58,72,408	57.37	2,68,58,72,408	51.34
Ministry of Defence (SI. No. 70)	Bharat Electronics Ltd.	1,14,16,42,457	-	1,24,59,73,978	-
Ministry of Road Transport and Highway (SI. No. 218)	National Highways & Infrastructure Development Corporation Limited	20,00,000	100	10,30,00,000	100
Ministry of Petroleum and Natural Gas (SI. No. 163)	GAIL (India) Limited	62,31,92,787	51.76	2,33,44,49,987	51.76

CGA in its reply stated that the UGFA is compiled based on information furnished by Ministries/Departments. Therefore, the matter has been referred to the concerned Ministries/Departments for explaining the variations.

The reply of CGA is not acceptable as this issue has been brought out in earlier Audit reports as well, but no perceptible corrective action has been taken.

2.4.6 Other discrepancies in Statement 11

Test-check of information in Statement 11 revealed that it did not present data /information in an organized manner as statutory corporations and joint stock companies were interspersed and all entities under one Ministry /Department were not listed seriatim. In many cases, the nomenclature for the administrative Ministry and the name and nature of the entity was not updated. A few such cases are listed below:

(i) Ministry of Industry instead of Ministry of Heavy Industry;
(ii) ONGC as a statutory corporation when it is now a company;
(iii) SIDBI as a company when it is a statutory corporation;
(iv) NSDC under MoF when it is under the Ministry of Skill Development;
(v) SIDBI under Ministry of Industry instead of Department of Financial Services, MoF.

2.4.7 Treatment of assets of Specified Undertaking of UTI (SUUTI)

Specified Undertaking of UTI (SUUTI) was created by an Act of Parliament and includes all business assets, liabilities, and properties of UTI relatable to schemes and development reserve fund as specified in the schedule of the Act. The Undertaking was transferred to an administrator appointed by the Union Government. However, neither SUUTI nor its assets/liabilities are depicted in the UGFA.

In view of the above in CAG's Audit Report No.4 of 2020 on the Union Accounts for FY 19, (para 2.4.2.8) it was pointed out that proceeds from sale of shares held by SUUTI transferred to the Union Government amounting to ₹12,426 crore, cannot be accounted as miscellaneous capital receipts and such proceeds (being part of surplus generated by SUUTI during the year) can only be treated as non-tax revenue. During FY 20, it was observed that SUUTI had similarly remitted ₹2,069.86 crore to the Union Government, which have again been accounted for in the UGFA as 'other receipts' (minor head 800) under Sub-Major Head-01 under major head 4000 Miscellaneous Capital Receipts. This classification under Miscellaneous Capital Receipts was incorrect as remittance from SUUTI was in the nature of transfer of surplus (including proceeds from sale of shares held by SUUTI) earned by SUUTI during the year which could only be treated as non-tax revenue. As a result of the incorrect classification, the capital receipts of Government for the year were overstated and revenue receipts understated.

MoF stated (March 2021) that during FY 20, SUUTI disposed a part of shares held by it and transferred proceeds amounting to ₹1,469.86 crore and transferred proceeds to the Union Government out of sale of SUUTI's stake in Axis Bank Ltd. (₹465.85 crore) and L&T (₹1,004.01 crore). These are disinvestment receipts and from FY 21 onwards, these would be accounted for under the heads for recording disinvestment proceeds – MH 4000.03.190 and MH 4000.04.190. SUUTI also transferred proceeds amounting to ₹600 crore to the Union Government through excess income earned from its investment, etc. Further, pursuant to the observation made in para 8.3 of CAG's Report No. 18 of 2019 (pertaining to FY 18), the income from investment was booked under MH 4000.01.800 (Other receipts).

The reply of MoF does not take into account that after a subsequent audit review of the nature of the transaction as part of the audit of Union Accounts for FY 19, it had been held (CAG's Report No. 4 of 2020: Para 2.4.2.8) that proceeds from SUUTI can only be treated as non-tax revenue and not capital receipts.

It is recommended that the Ministry may review the accounting treatment of surpluses (including proceeds from shares) transferred to the Union Government by SUUTI in consultation with accounting authorities taking into account observations of the CAG contained herein.

2.4.8 Inconsistency in depiction of Investment

Cross verification of Statement 11 of the Finance Accounts with Annexure-C of the Appropriation Accounts revealed inconsistency in depiction of Investment by the Union Government for FY 20, as shown in **Table 2.13**.

Table 2.13: Inconsistency in depiction of Government Investment

(₹in crore)

Ministry/ Department	Company	Investment	
		Finance Accounts	Appropriation Accounts (Annexure C)
Ministry of Shipping	Sagarmala Development Company financed from CRIF	Nil	200.00

Further, there was a mismatch in the names of certain entities between Finance Accounts and Annexure-C of Appropriation Accounts as shown in **Table 2.14**.

Table 2.14: Inconsistency in depiction of names of entities

Ministry/Department	Name of Entity	
	Finance Accounts	Appropriation Accounts
Department of Social Justice and Empowerment	Venture Capital Fund for OBCs	Venture Capital Fund for SCs and STs

In reply, CGA furnished (February 2021) only an interim reply stating that the matter had been taken up with the concerned Ministries.

2.5 Issues with respect to Statement on Loans and Advances

Audit scrutiny of Statement 15 of the UGFA which contains information on loans and advances by the Union Government revealed the following:

2.5.1 Non-recovery of outstanding Loans and Advances

Against the total loans (including interest) of ₹3,24,061 crore outstanding against State/UT Governments and other entities as on 31 March 2020, arrears in recovery amounted to ₹58,707 crore (19 *per cent*), as detailed in **Table 2.15**.

Table 2.15: Total outstanding Loans and Advances

(₹in crore)

Arrears as on 31 March 2020			
Category of Loanee	**Principal**	**Interest**	**Total**
State Government	3,90	1,715	2,105
Union Territories	2,206	1,867	4,073
Other Loanees[24]	17,456	35,073	52,529
Total	**20,052**	**38,655**	**58,707**

Age-wise analysis					
Category of Loanee	**No. of States/UTs/ Entities**	**Period of arrears (in years)**	**Principal**	**Interest**	**Amount**
States/UTs Government	22	>25	5,83	1,687	2,270
	05	15-25	2,013	1,895	3,908
Other Entities	79	>25	6,301	24,761	31,062
	28	15-25	3,113	4,991	8,104
	41	5-15	6,050	5,288	11,338
	7	<5	1,992	33	2,025
Total	**155**		**20,052**	**38,655**	**58,707**

Ministries/ Departments involved in making these advances stated that records were not available for providing complete information on such advances. Under these circumstances, the prospect of any recovery would appear remote.

It is recommended that MoF may direct the concerned Ministries/ Departments to review the balances of outstanding Loans and Advances for appropriate action in a time bound manner, including write-off, after following extant procedures.

[24] 155 Other Loanee entities constitute Corporations, CPSEs, Societies, Sugar mills, Canteens and private entities, etc.

2.5.2 Interest not reflected in respect of arrears of loans

Section 3 of Statement 15 of Union Government Finance Accounts depicts the 'Repayments in arrears from Other Loanee Entities or Institutions'. Scrutiny of this statement revealed that in cases such as 'Shri Sitaram Sugar Co. Baithalpur, UP', 'Deoria Sugar Mills, Deoria, UP', 'Raja Bulan Sugar Ltd, Rampur, UP', though the principal amount of the loans advanced were in arrears, interest against the arrear loans were not reflected.

The same observation had been made last year and CGA office had intimated that the matter had been taken up with the concerned ministries. It is noted that the no action has been taken to address the matter yet.

2.5.3 Loan outstanding under head of account 6801.800- Other Loans

Statement 15 of UGFA for FY 20 showed that under Major Head 6801 relating to Loans for Power Projects, there was an outstanding loan of ₹101.20 crore against the minor head 800-Other Loans.

Audit observed that in September 2018 the Ministry of Power had intimated the Pay and Accounts Office that these outstanding loans seemed to pertain to loans given to State Electricity Boards (SEBs) in the 1980s for "Generation Assets" and since the SEBs had now been unbundled, it was not clear whether at that stage the liabilities were transferred to the successor entities. Moreover, it was not clear as to where were these liabilities /loans were held after the unbundling. It also pointed out that there seemed to be no avenues available for recoveries of such loans. Further, as the assistance was for thermal assets, recoveries from discoms would not be appropriate. However, no action appears to be taken in this regard.

Matter was taken up with the Ministry of Power (January 2021), but reply was awaited (March 2021).

2.5.4 Loan outstanding against REC Ltd

Audit observed that a loan amounting to ₹8.11 crore was outstanding against REC Ltd (Formerly Rural Electrification Corporation Limited) since 2004-05. However as intimated by REC Ltd to the CCA office in September 2018, the entire amount due along with interest had been repaid by the company during 2003-04 and 2004-05 and there was no further outstanding loan. Thus, there was a contradiction between the records of CCA office and REC Ltd regarding pendency of loan amounting to ₹8.11 crore.

Audit also observed that though as per the records of CCA office, the above loan was outstanding against REC Ltd since 2004-05, the name of the concern was not found in Section 3: Repayments in arrears from Other Loanee Entities or Institutions of Statement 15 of the Union Government Finance Accounts for FY 20.

The Ministry was requested (January 2021) to ascertain the outstanding loan against REC Ltd and to rectify the discrepancies pointed out by Audit. The reply was awaited (March 2021).

2.6 Issues relating to accounting of Cess/Levies

Government imposes levies/cess and other charges to raise funds for specific purposes. Accounting of collection of such receipts is, in most cases, regulated by legislation and rules which often provide for creation of Reserve Funds to ensure that these levies/charges/cesses are used for intended purposes. It is the responsibility of CGA to frame the appropriate accounting procedures for the monitoring of such receipts, including initiating the operation of appropriate Reserve Funds in the Public Account. In FY 20, cesses[25] amounting to ₹1,98,402 crore were collected and out of this ₹1,20,026 was transferred to reserve funds[26].

2.6.1 Universal Access Levy

The Universal Service Obligation (USO) Fund was set up in April 2002 for achieving universal service objectives by providing access to telephone services in rural and remote areas and creation of infrastructure for mobile services and broad band in these areas. The resources for meeting these obligations were to be raised through a 'Universal Access Levy' (UAL). The levy so collected is first credited to the CFI and subsequently, transferred, based on the appropriation approved by Parliament, to a non-lapsable USO Fund created in the Public Account for being utilized exclusively for the purposes for which the levy is collected.

During FY 20, Parliament had approved the transfer of UAL amounting to ₹8,350 crore to the USO Fund in the budget. Audit scrutiny of Statements 8, 9 and 13 showed that total collection of UAL during FY 20 was, however, only ₹7,961.53 crore of which only ₹2,926 crore was transferred to the USO Fund. Thus, there was short transfer of UAL to the USO Fund amounting to ₹5,035.53 crore.

The issue of short transfer of the levy to the USO Fund has been brought out in earlier reports of the CAG on the Union Accounts for the years 2009-10 to 2014-15 and 2018-19 but the matter is yet to be resolved.

2.6.2 National Mineral Trust Levy

The Union Government set up the National Mineral Exploration Trust in 2015-16 in accordance with the Mines and Minerals (Development and Regulation) Act. The Trust is funded through payments made by holders of mining leases as a *percentage* of royalty paid which is collected by State Governments and thereafter paid to the

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[25] Excluding GST Compensation Cess, which is dealt with separately in Para 2.3.4

[26] Central Road Fund (₹90,252 crore), Prarambhik Shiksha Kosh (₹26,848 crore crore) and Universal Service Obligation Fund (₹2,926 crore).

Union Government. The amount so collected is to be transferred to the National Mineral Exploration Trust Fund in the Public Accounts.

Scrutiny of Statements 8, 9 and 13 showed that the collection on this account was ₹664.85 crore and transfer to the fund was ₹100 crore, resulting in short transfer of ₹564.85 crore.

2.6.3 Non-transfer of cess to Oil Industry Development Board

Oil Industry (Development) Act, 1974 provides for establishment of Oil Industry Development Board (OIDB) for the development of Oil Industry and for that purpose levy a duty of excise on crude oil and natural gas as a cess. The Act provides for crediting the cess first in the Consolidated Fund of India (CFI) and thereafter paying to the board such sums as Parliament may approve to be kept in the Oil Industry Development Fund (OIDF). This fund was *inter alia* to be used for taking up measures conducive for the development of the oil industry.

Audit scrutiny of Statement 8 of UGFAs for the period FY 10 to FY 20, showed that the total cess on crude oil collected was ₹1,28,461 crore. Corresponding scrutiny of Statement 9 showed that no funds out of the net proceeds of cess had been transferred to OIDB. It is also significant that since inception of OIDB only ₹902.40 crore had been transferred to OIDB and since 1991–92, no funds out of the cess collected by the Government were transferred to OIDB.

In the context of the above it is pointed out that the Parliamentary Standing Committee on Petroleum & Natural Gas (15th Lok Sabha) had also noted that funds collected from this annual cess were being allocated by the MoF in violation of the OIDB Act. When the matter was pursued by Ministry of Petroleum and Natural Gas (MoPNG), MoF stated (January 2015) that the Government was financing various activities from the budget which included proceeds from the Cess, and this qualified as being for development of the oil industry in terms of the OIDB Act. It may, however, be noted that treatment of the cess as a general pool tax defeats the very purpose of levy of the cess which was to create a non-lapsable pool of funds for specified use. Further, Audit observed that only ₹15,506 crore had been spent in the last five years on activities pertaining to development of oil industry by the Ministry as against collections of ₹72,384 crore by way of Cess during this period.

Due to non-transfer of the Cess over the past 10 years to OIDB, the same was retained in CFI. As a result, there was no assurance if the cess was used for the purpose for which these were collected.

2.6.4 Health and Education Cess

In FY 19 Primary Education Cess (@ two *per cent* on all taxes) and Secondary and Higher Education Cess (@ one *per cent* on all taxes) on Income Tax and Corporation Tax were discontinued, and in their place, a new cess viz., the Health and Education Cess at the rate of four *per cent* was introduced. The Primary Education Cess and Secondary and Higher Education Cess on imported goods were also removed and replaced with a Social Welfare Surcharge on duties of customs to provide for social welfare schemes of the Government.

Audit of Statements 8, 9 and 10 of the UGFA regarding collection of the above-mentioned cesses and their transfer to dedicated reserve funds revealed that in FY 20, the total collection under these cesses was ₹39,241 crore. As no new reserve funds had been created for the Health and Education Cess, BE and RE for FY 20 continued to provide for transfer of proceeds of this cess to the Prarambhik Shiksha Kosh (PSK), and Madhyamik and Uchchatar Shiksha Kosh (MUSK) that were created for Primary Education Cess, and Secondary and Higher Education Cess, respectively.

In the RE for FY 20, ₹28,920 crore was approved for transfer to PSK and ₹14,460 crore was approved for transfer to MUSK. In the case of PSK, an amount of ₹26,848 crore was transferred to the fund during FY 20, while in the case of MUSK no transfers were made as the reserve fund was yet to be operationalized. However, audit scrutiny showed that ₹974 crore was directly utilized for heads/schemes that had been proposed to be funded through MUSK, leaving a shortfall of ₹13,486 crore. No expenditure was envisaged for the health sector out of the cess nor was any dedicated fund created for the purpose.

2.6.5 Road and Infrastructure Cess

Cesses in the nature of additional excise duties on petrol and diesel collected under the Central Road Fund Act, 2000 are to be credited to the Central Road Fund (CRF) to the extent provided by Parliament through appropriation by law. The Finance Act 2018 re-designated the Fund as the Central Road and Infrastructure Fund (CRIF) with effect from 01 April 2018, enlarging its scope of deployment[27] and increasing the quantum of cess.

Audit scrutiny of Statements 8 and 13 of the UGFA and information in budget statements revealed that Statement 13 continued to depict the Fund as CRF instead of CRIF. Further, against total collection of cess of ₹1,22,440 crore under the CRIF Act, Parliament approved ₹1,22,369 crore for appropriation. However actual transfer to the Fund was only ₹90,252 crore. Part of the short transfer was due to erroneous transfers

[27] Development and maintenance of National Highways, development of rural roads, development and maintenance of other state roads, construction of roads either under or over the railways, conversion of existing standard lines into gauge lines and electrification of rail lines and undertaking other infrastructure projects etc.

of ₹17,250 crore and ₹4,380 crore to the Railway Safety Fund by the Ministry of Railways and to 'Other Funds' by the Ministry of Power, respectively. These funds were, however, fully utilised for the purposes for which the CRIF had been created. Similarly, ₹6,853 crore was not transferred to CRIF on the ground that accounting procedures for CRIF had not been finalised; the amount, however, was spent for intended purposes as General Budgetary Support (GBS). This left ₹3,705 crore, which was not transferred/ utilized for the purpose for which the cess was collected.

It is recommended that MoF review the balance amounts of cesses collected under the CRF/ CRIF Act so that amounts not spent for the intended purposes are computed and transferred to the CRIF.

2.7 Issues relating to Reconciliation and Improper Accounting

2.7.1 Monetization of National Highways Fund

As per the approved accounting procedure, receipts towards monetization of National Highways shall be booked under head 4000.01.106-Proceeds of Monetization of National Highways. The amount thus received is to be transferred to the Monetization of National Highways Fund in the Public Account under the head of account 8225.03.101- Monetization of National Highways Fund through Revenue head 3054.80.797-Transfer to Reserve Fund/Deposit Account. The expenditure incurred from the fund is to be booked under the budget provision made under 5054.01.337-Road Works and the amount so incurred is to be recouped from the fund through head of account 5054.01.905-Deduct amount met from Monetization of National Highways Fund.

Audit observed from the consolidated/classified abstract of Ministry of Road Transport and Highways (MoRTH) that the amount of ₹5,000 crore was transferred to the fund in the Public Account through capital head 5054.80.797 instead of the approved revenue head 3054.80.797. Further, the expenditure of ₹5,000 crore incurred from the fund was booked under the head 5054.01.190-Investment in Public Sector & other Undertakings instead of the approved head 5054.01.337.

In addition, though there were no receipts on account of monetisation of National Highways in FY 20, funds were transferred to the "Monetization of National Highways Fund" through General Budgetary Support (GBS) instead of from proceeds from monetisation. These funds provided through GBS were then used for making capital expenditure in the form of investment in NHAI instead of as Road Works.

MoRTH in its reply (Feb 2021) did not address the issues raised in the audit observation.

2.7.2 Un-apportioned IGST

As per Article 269A (1) of Constitution of India, "Goods and services tax on supplies in course of inter-State trade or commerce shall be levied and collected by the Union Government and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council". Further, according to amendment to Section 17 of the IGST Act 2017, "the amount not apportioned under sub-section (1) and sub-section (2) may, for the time being, on the recommendations of the Council, be apportioned at the rate of 50 *per cent* to the Union Government and 50 *per cent* to the State Governments or the Union territories, as the case may be, in ad hoc basis and shall be adjusted against the amount apportioned under the said sub-sections".

Scrutiny of Statement 8 of UGFA revealed that an amount of ₹9,125.21 crore remained unapportioned (after cross utilization of ITC, apportionment of IGST and advance apportionment of IGST) under the Major Head '0008 - Integrated Goods and Services Tax (IGST)' even though the Act provided for ad-hoc apportionment of balances. This amount was retained in the CFI even though 50 *per cent* of the same was due to States/UTs and hence, to this extent is a liability of the Union Government.

2.7.3 Incorrect booking of receipt from sale of enemy properties

In August 2019, CGA opened a minor head 4000.05.101/102 pertaining to sale of financial assets and non-financial assets effective from FY 20. An amount of ₹1,882.40 crore towards receipts from sale of enemy properties was booked under the head of account 4000.04.190.22.01.00- Custodian of Enemy Property of India (CEPI) instead of the newly opened head of account 4000.05.101- Sale of Financial Assets.

DIPAM accepted (January 2021) that booking of the sale proceeds of enemy shares under 4000.04.190 was incorrect.

2.7.4 Financing of Revenue Expenditure from 'National Investment Fund'

Government constituted 'National Investment Fund' (NIF) in November (2005), into which the proceeds from investment of Government equity in selected CPSEs are channelized. As per Receipt Budget of FY 21, the funds so credited to NIF will be withdrawn and used for financing expenditure on infrastructure projects, the health sector and investment in Indian Railways as Capital Expenditure in FY 20.

During scrutiny of the Finance Accounts of FY 20, it was noticed that contrary to what was stated in the receipt budget, revenue expenditure was incurred using NIF funds by the Ministry of Health and Family Welfare. An expenditure of ₹43 crore related to medical education, training and research under the functional Head 2210 was met from National Investment Fund.

The matter was referred to the DEA (January 2021) and reply was awaited (March 2021).

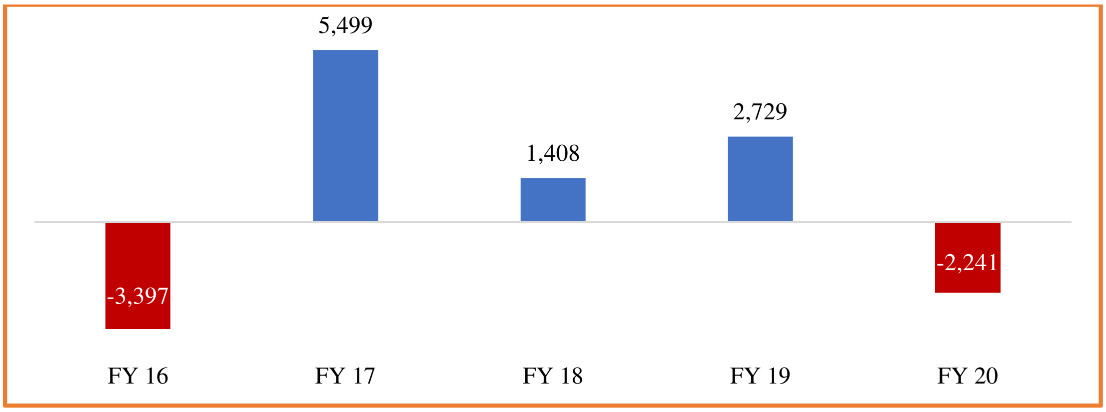
2.7.5 Negative Cash Balance in UGFA

During FY 16, the closing cash balance of Union Government was (-) ₹3,397 crore when the minimum cash holding as maintained by RBI on 31 March was ₹100 crore. As a result of this negative closing cash balance DEA, MoF enhanced the minimum cash holding limit on 31 March from ₹100 crore to ₹5,000 crore in in FY 18.

The closing cash balance in UGFA in last five years is given in **Figure 2.3**.

Figure 2.3: Closing Cash Balance in UGFA

(₹in crore)



During FY 20, however, the closing cash balance again turned negative to (-) ₹2,241 crore. Thus, despite increase in minimum cash holding limit by RBI for 31 March, the Union Government failed to maintain positive cash balance in UGFA as the residual transactions pertaining to FY 20 were in excess of the cash holding maintained by RBI on 31 March 2020. Further, as compared to last year, the residual transactions increased more than three-fold from ₹2,272 crore for FY 19 to ₹7,594.51 crore for FY 20.

CGA in its reply stated that the negative cash balance was the accounting balance and arose due to the residual transactions for FY 20 during 01 April to 10 April 2020 by RBI. However, due to reporting of net payment of ₹7,594.51 crore as residual transactions by the agency banks, the balance as on 31 March 2020 was negative.

The reply is not acceptable as the residual transactions during 01 April to 10 April get included in the cash balance of UGFA every year and are, therefore, implicit in the calculation of minimum cash holding.

3

CHAPTER

OBSERVATIONS ON APPROPRIATION ACCOUNTS

Chapter 3 Observations on Appropriation Accounts

3.1 Overview of Appropriation Accounts

The Appropriation Act enacted by the Parliament authorizes the Government to draw specified sums from the Consolidated Fund of India (CFI) for identified activities and functions, under various Grants in terms of Articles 114 and 115 of the Constitutions, and for disbursements charged on the CFI. Parliament approves supplementary or additional Grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution.

Authorisations by Parliament are based on budget estimates (BE) prepared by Ministries and Departments in accordance with the General Financial Rules (GFR) and instructions issued by the Budget Division, Ministry of Finance (MoF). These instructions envisage that the BEs are prepared realistically to meet all expenditure requirements and ensure that unspent balances are avoided. The BEs are further scrutinized by MoF before incorporation in Budget documents.

The Controller General of Accounts (CGA) prepares the Appropriation Accounts of Civil Ministries. The Ministries of Defence, Railways and the Department of Post[28] prepare the Appropriation Accounts of their respective Grants. These Accounts compare Grant/Appropriation[29]-wise summary of provisions for expenditure authorised by Parliament and the actual expenditure from CFI against these. Explanations are provided for variations between provisions and expenditure at minor/sub-head level above specified thresholds. These accounts, thus, reflect the extent to which Ministries/Departments comply with Parliamentary authorisation during the year.

3.1.1 Details of provisions and expenditure

The Appropriation Accounts for FY 20 cover approved provisions aggregating to ₹103,20,827.16 crore and total expenditure thereon amounting to ₹99,43,306.57 crore.

[28] Controller General of Defence Accounts, Member Finance (Railway Board)/ Chairman & CEO Railway Board, and Member (Finance) Posts respectively.

[29] ‘Appropriations’ are made against demands that are entirely ‘charged’ to CFI; ‘Grants’ are made against demands that are either fully ‘Voted’ or partly ‘Voted’ and partly ‘Charged’. There were six ‘Appropriations’ and 94 ‘Grants’ in FY 20.

Figure 3.1: Break-up of Gross Expenditure

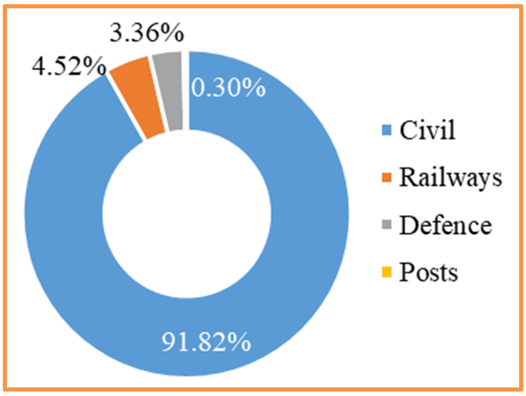


Figure 3.1 shows the break-up of expenditure in Ministries/ Departments- Civil, Railways, Defence and Posts during FY 20, while segment[30]-wise details are given at **Annexure 3.1**. The bulk of the total gross expenditure, i.e. 91.82 *per cent,* was incurred by the Civil Ministries.

Table 3.1: Provision, disbursements, and savings[31]

(₹in crore)

Appropriation Accounts (No. of Grants)	Original Provision	Supplementary Provision	Total Provision	Disbursements	Savings (-) (in *per cent*)
Civil (96)	89,61,652.15	4,89,006.43	94,50,658.58	91,34,889.48	-3,15,769.10*(3.34)*
Railways (1)	5,00,140.23	817.51	5,00,957.74	4,44,213.53	-56,744.21*(11.33)*
Defence (2)	3,25,751.70	11,000.01	3,36,751.71	3,34,333.26	-2,418.45*(0.72)*
Post (1)	31,359.74	1099.39	32,459.13	29,870.30	-2,588.83*(7.98)*
Total	98,18,903.82	5,01,923.34	1,03,20,827.16	99,43,306.57	-3,77,520.59*(3.66)*

Thus, against the total provision of ₹103,20,827.16 crore, expenditure of ₹99,43,306.57 crore was incurred, resulting in unspent provision of ₹3,77,520.59 crore (3.7 *per cent*) in FY 20.

Further, Department of Post and Ministry of Railways had obtained supplementary grants of ₹1,099.39 crore and ₹817.51 crore, respectively, in anticipation of higher expenditure at Grant level. However, the final expenditure was even less than the original provisions. This indicates need for a more realistic estimation of supplementary requirements after considering up-to-date expenditure and requirements at grant level.

3.1.2 Charged and voted disbursements

As per Article 112(2) of the Constitution, a distinction is made between Charged and Voted expenditure. Charged expenditures are defined in Articles 112(3), 273, 275(1) and 293(2) of the Constitution. Estimates of Charged expenditure are not subject to the vote of Parliament as per Article 113(1) of the Constitution but can be discussed in the Parliament.

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30 Each Grant/Appropriation may have four segments – Revenue (Charged), Revenue (Voted), Capital (Charged), and Capital (Voted).

31 In Appropriation Accounts, variations are explained with reference to amounts sanctioned by Parliament including supplementary grants or appropriations and expenditure thereagainst. Negative variations are referred to as 'Savings' and positive variations as 'Excess'.

Overall, the charged expenditures were 71.80 *per cent* of the total disbursements from CFI in FY 20, with details as depicted in **Table 3.2**.

Table 3.2: Charged and voted disbursements

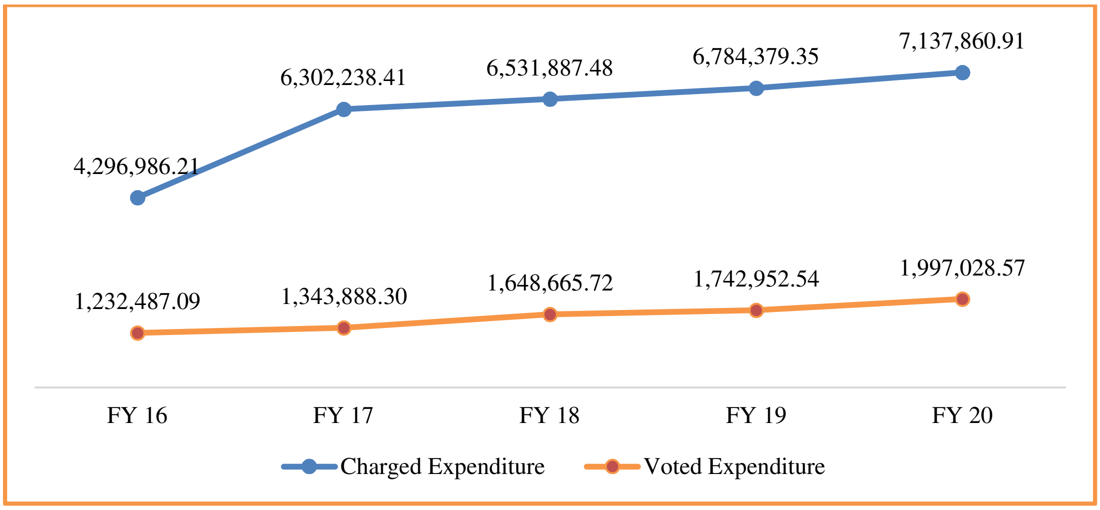
(₹in crore)

Appropriation	Charged	Voted	Total
Civil	71,37,860.91	19,97,028.57	91,34,889.48
Railways	1,210.86	4,43,002.67	4,44,213.53
Defence	136.06	3,34,197.20	3,34,333.26
Posts	0.09	29,870.21	29,870.30
Total	71,39,207.92	28,04,098.65	99,43,306.57

In FY 20, in respect of Civil Ministries/Departments, the major charged disbursement consisted of two Appropriations viz., *Repayment of Debt* and *Interest Payments*, and one Grant- Transfers to States.

Figure 3.2: Charged and Voted disbursements in Civil Ministries/Departments

(₹in crore)



As seen from **Figure 3.2,** both voted and charged expenditures had been growing consistently since FY 17. However, the growth rates in FY 20 were significantly higher than those in FY 19. Further, in *percentage* terms the charged disbursement of Civil Ministries/Departments had been slightly but continuously declining since FY 17 from 82.42 *per cent* to 78.14 *per cent* in FY 20.

Subsequent paragraphs of this Chapter contain audit observations on the Appropriation Accounts. Important observations relate to excess expenditure requiring regularisation by Parliament; significant savings; unnecessary re-appropriations; supplementary provisions obtained without requirement; delayed surrender and non-surrender of funds; expenditure incurred without adequate provisioning of funds; and misclassification of expenditure.

3.2 Variations from Authorisation

Article 114(3) of the Constitution provides that no money shall be withdrawn from the CFI except under appropriations made by law. Further, General Financial Rules (GFR)2017 stipulate that no expenditure which might lead to authorisation under the total Grant or Appropriation being exceeded will be incurred, except after obtaining a supplementary Grant or an advance from the Contingency Fund. Excesses, if any, are required to be regularised by Parliament under Article 115(1) (b) of the Constitution.

Public Accounts Committee (PAC) (10th Lok Sabha 1993-94) in its 60th Report had observed that savings of ₹100 crore or above are indicative of defective budgeting as well as shortfall in budget performance in a Grant or Appropriation. In its 16th Report, PAC (13th Lok Sabha 2000-2001) again observed that such savings are a result of injudicious formulation of budget and held that these could have been significantly reduced by making realistic budgetary projections. Consequently, MoF advised[32] Ministries/Departments to make a more careful formulation of plans/ schemes and make a realistic assessment of fund requirement.

Despite the above, cases of significant savings and excess over budgetary provisions are observed every year. Such variations for FY 20 are discussed in the subsequent paragraphs.

3.2.1 Excess expenditure over Grants/Appropriations

Three grants showed excess expenditure of ₹32,637.79 crore (after netting savings, if any, within the segment) over Parliamentary authorisation during FY 20.

Table 3.3: Excess expenditure over Grants/Appropriations

(₹in crore)

Sl. No.	Description of Grant	Total Provision	Total Expenditure	Excess Expenditure
1.	31 – Department of Revenue (Revenue Voted)	2,43,488.75	2,75,423.23	31,934.48

Department reported that the excess was due to transfer of more funds to GST Compensation Fund in order to apportion the balance IGST pertaining to FY 18.

Audit scrutiny revealed that the excess expenditure occurred due to additional transfer of ₹33,412 crore to GST Compensation Fund after the close of the financial year in June 2020, which constitutes a significant 13.11 *per cent*. This adjustment has been dealt with in detail in paragraph 2.3.3 of this Report.

In this context, Audit examined whether the above expenditure could have been anticipated and provided for in the budget of FY 20, either through Original provisions or Supplementary. As pointed out in paragraph 2.3.3, the issue of short transfer of IGST balances had been mentioned in previous Reports of the CAG submitted to Parliament in February/July 2019. MoF could have taken timely action to address the matter of short transfer of IGST and also made provision for meeting requirements for payment of

32 MoF issued advisory on 20 July 2001 and reiterated the same on 22 July 2015.

compensation dues pertaining to FY 20 in Supplementary Demand for Grant for FY 20. This would have helped avoid excess expenditure over authorisation.

Further, Audit noted that approval of the competent authority for the excess expenditure had been obtained by invoking Appendix 10 under Rule 61 of GFR 2017 which permits excess expenditure on the condition that necessary funds will be made available through the next batch of Supplementary Demands for Grant. However, this is not applicable in this case as there is no scope for regularisation by way of Supplementary Grants within FY 20. This excess constitutes a breach of Article 114(3), as mentioned to in paragraph 3.2. As such, this will now require to be regularised following due process under Article 115(1).

2.	20 – Capital Outlay on Defence Services (Capital Voted)	1,10,299.42	1,11,000.73	701.31

Audit examination of reasons for the excess reported by MoD showed that the predominant reason for excess expenditure across Services/ Ordnance Factories was on account of payment to meet committed liabilities; liabilities of initial payment for New Schemes contracted; more expenditure on custom duty, exchange rate variation and against letter of credit and more expenditure than anticipated on certain projects. Excess expenditure has also been attributed to requirement of fast tracking works as well as completion of critical projects on time.

MoD had intimated (January 2021) that efforts are being made to introduce customized Public Finance Management System for more effective budgetary control. However, excess expenditure of ₹1,257.29 crore and ₹3,552.72 crore had also been incurred under this Grant during FY 19 and FY 18, respectively, and reasons given for the same were also similar. This shows that despite claims of improving budgetary control, similar reasons have led to excesses each year. MoD has not been able to realistically project and get their actual requirement of funds approved, even though factors cited for the excess are known and can be anticipated.

Therefore, in line with the recommendation made in para 3.2.1 of Report No. 4 of 2020, a thorough examination must be made of the extent to which such expenditure was unavoidable and if so, why were sufficient funds not provided.

3.	21-Defence Pensions (Revenue Charged)	5.80	7.80	2.00

MoD attributed (January 2021) the excess to booking of charged expenditure based on court decrees, which was obligatory in nature.

Total	**32,637.79**

3.2.2 Analysis of Savings

During FY 20, the total savings under all the grants and appropriations, was ₹4,10,158.38 crore[33] and constituted 3.97 *per cent* of total authorisations. Savings of ₹100 crore or more occurred in 74 segments of 61 Grants/Appropriations and amounted to ₹4,07,358.03 crore. Details are given in **Annexure 3.2**.

[33] These are without netting excess expenditure as given in Table 3.3.

Audit examined the Grants/Appropriations having significant savings and their analysis has been discussed in the subsequent paragraphs.

3.2.2.1 Significant savings at Grant/Appropriation level

Audit observed savings of ₹5,000 crore or more at Grant/Appropriation level in 13 Grants/Appropriations during FY 20.

The reasons for savings have been analysed in 12 Grants/Appropriations[34] having significant savings at sub-head[35] level during FY 20, as shown in **Table 3.4**.

Table 3.4: Significant savings at Grant/Appropriation level

(₹in crore)

Sl. No.	Description of Grant/Appropriation	Total Grant/ Appropriation	Expenditure	Savings[36]
1.	01-Department of Agriculture, Cooperation and Farmers' Welfare	1,30,485.30	94,511.45	35,973.85
There were savings of ₹18,786.16 crore under 'Pradhan Mantri Kisaan Sammaan Nidhi (PM-KISAN)'. Ministry attributed this to registration of less farmers under the scheme. In addition, significant savings were there under 'Pradhan Mantri Anndata Aay Sanrakshan Abhiyan (PM-AASHA)' (₹991.46 crore); 'Green Revolution – Krishonnati Yojna'(₹856.58 crore),and 'Implementation of Market Intervention Scheme/Price Support Scheme' (₹680.40 crore i.e. entire provision). Ministry ascribed savings to reasons such as non-receipt/non-finalization of proposals, availability of unspent balances with the implementing agencies and non-filling up of vacant posts. These reasons showed both gaps in scheme performance and unrealistic budgeting. Audit also noticed that there were similarly significant savings during FY 19 of ₹11,940.01 crore under 'Income Support Scheme/PM Kisan Samman Nidhi Scheme and of ₹789.73 crore under 'Green Revolution-Krishonnati Yojna', which shows continued shortfalls in scheme performance.				
2.	15-Department of Food and Public Distribution	2,42,240.44	1,15,174.25	1,27,066.19
Department reported that the against the BE of ₹1,51,000 crore, savings of ₹76,000 crore under 'Subsidy payable to FCI and others on food-grains transactions under National Food Security Act' were due to reduction of provision to ₹75,000 crore at RE stage by the MoF. This was on account of sanction of NSSF loan in lieu of food subsidy to Food Corporation of India (FCI). Audit also noted that there had been similar savings of ₹48,513.18 crore and ₹69,889.71 crore under this head during FY 18 and FY 19, respectively, on account of the same reason viz., replacement of food subsidy payments to FCI with loans from NSSF. The savings were, thus, a result of regulating expenditure on food subsidy from the budget. In addition, the entire budget provision of ₹50,000 crore for 'Ways and Means Advances (WMA)' to FCI was saved. Ministry attributed this to "non-feasibility (on the part of FCI) to repay the				

[34] In addition, significant savings were also noticed in Appropriation No.36 – Repayment of Debt.

[35] Reasons have been analysed for sub-heads having savings of more than ₹500 crore and more than 25 *per cent* of allocations subject to a minimum of ₹100 crore.

[36] These are net of excess under the same grant.

advance within the same financial year owing to liquidity constraints". It is pointed out that there were savings of ₹38,000 crore on this account during FY 19 as well.

Further, savings of ₹2,423.43 crore under 'Central assistance to States/UTs for meeting expenditure on intra-State movement, handling of food-grains and Fair Price Shop dealers margin under NFSA' were due to receipt of incomplete proposals and pending utilisation certificates from States Governments and reduction of provision at RE stage by MoF.

3.	27-Department of Economic Affairs	28,582.62	16,203.69	12,378.93

Savings under this Grant were under the head 'New Schemes' (₹4,000 crore), which were ascribed to new schemes not taking off. It was noted that provisions under this head had similarly remained fully unused in FYs18 and 19. Further, lump sum provisions were being made each year without specifying the new schemes. Savings under 'Gold Monetization Scheme 2015' (₹2,546.68 crore) were attributed to less participation in the Scheme and change in consumer behavior due to COVID-19 pandemic, resulting in lower gold deposits in the last quarter of FY 20. Savings on account of Strategic and Social Infrastructure Finance Corporation of India (SSIFCI) (₹1,000 crore) were due to non-operationalisation of the Scheme. The entire provision under 'Loans to IMF under New Arrangements to Borrow (NAB)'of ₹1,000 crore was saved due to non-receipt of demand from the IMF; and ₹900 crore were saved under 'Coins' on account of downward revision of indent of coins and lesser lifting by RBI.

Audit also noted that substantial savings had also been noticed under the above-mentioned sub-heads during FY 19, largely on account of the same reasons. Persistent savings indicate deficiencies in budget estimation as also programme/ scheme execution.

4.	*35-Interest Payments*	*6,73,470.60*	*6,55,372.01*	*18,098.59*

There were savings of ₹28,383.97 crore under Interest Payments viz ₹22,364.73 crore under 'Interest on Market Loans'; ₹1,407.90 crore under 'Discount on Treasury Bills-91 days Treasury Bills'; ₹3,265.71 crore under 'Interest on 182 days and 364 days Treasury Bills'; and ₹1,345.63 crore under 'Interest on Ways & Means Advances from Reserve Bank of India'. These were attributed to softening of interest rates owing to cut in Policy/Repurchase Rate (repo) by Reserve Bank of India (RBI). Further, there were savings of ₹2,445.99 crore under 'Interest on 14 Days Treasury Bill' due to less investments made by State Governments and ₹1,230.89 crore under 'Compensation and Other Bonds' due to non-receipt of claims from investors.

Audit however, observed that there had been savings of ₹5,119.09 crore under 'Interest on market loans', ₹3,003.69 crore under 'Discount on Treasury' and ₹578.33 crore under 'Interest on Ways and Means Advances from RBI' during FY 19 as well. Further, the softening of repo rate was evident since August 2018, and should have been factored while preparing budget estimates. Savings of ₹536.78 crore and ₹866.07 crore under '14 Days Treasury Bill' had also been noticed during FY 18 and FY 19, respectively.

Department stated (October 2020) that in some heads of expenditure provisions are made only on basis of past trends and conditions prevailing at the time of budgeting. The actual expenditure is influenced by conditions in the money markets and policy decisions depending upon the need of economy. However, the persistent nature of savings under this head does not support the claim that budgeting was based on past trends.

5.	38-Transfers to States	1,81,289.89	1,74,571.89	6,718.00[37]

Audit noted that there were savings of ₹13,376.30 crore under 'Special Assistance (States)'; of ₹1,798.12 crore under 'Grants for Centrally Sponsored Schemes'. Ministry explained that savings under the two heads were on account of non-receipt of viable proposals for release of funds. Special Assistance (States) are earmarked for spillover committed liabilities for which provision is not made after the implementation of recommendations of 14th Finance Commission and other need-based assistance to the States. Audit noticed that there were savings of ₹10,314.19 crore and ₹4,049.50 crore under 'Special Assistance (States)' during FY 19 and FY 18, respectively, due to the same reasons. In addition, there were savings of ₹1,675.92 crore and ₹1,000.40 crore under 'Grants for Centrally Sponsored Schemes' for the same reasons.

Department of Expenditure (DoE) also explained (November 2020) that funds are released for development projects of States after receipt of recommendation of Niti Aayog /DEA based on fulfillment of prescribed conditions by State Governments. Since it is not possible to estimate in advance whether the States will be able to fulfill the required conditions provision are kept till the end of FY. Reply is not acceptable as receipt of proposals from States and their clearance need to be monitored and followed up so that funds allocated are not left unutilized.

In addition, under this grant there were savings of ₹5,892.50 crore under 'Revenue Deficit Grants (States)', which was due to transformation of Jammu & Kashmir State into Union Territory.

6.	42-Department of Health and Family Welfare	93,090.60	69,374.79	23,715.81

Savings of ₹18,676.42 crore were due to funds not being transferred to National Investment Fund (NIF) due to reduction of provision at RE stage by MoF. However, the expenditure had largely been incurred from CFI/GBS (Gross Budgetary Support)) for the schemes/purposes for which the funds were to be transferred. In addition, savings of ₹2,500.86, crore under Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY) – National Health Authority, were ascribed to delay in receipt of proposals owing to slow pace of expenditure and ₹719.24 crore under 'Flexible Pool for Communicable Diseases' due to receipt of less claims from the suppliers and non-procurement of drugs and supplies owing to decrease in demand.

Audit noted that there were savings of ₹763.42 crore and ₹2,927.87 crore under 'Fund for transfer to National Investment Fund (NIF)' during FY 18 and FY 19, respectively, and ₹1,488.39 crore under 'Flexible Pool for Communicable Diseases' during FY 19, thus, indicating persistent deficiencies in budgeting.

7.	56-Ministry of Housing and Urban Affairs	55,146.07	42,353.64	12,792.43

Ministry could not transfer ₹6,840.06 crore to 'Central Road and Infrastructure Fund (CRIF)' citing non-finalisation of accounting procedure. However, the amounts which were to be spent on PMAY scheme were met from GBS. It was also noticed that ₹6,505 crore was not transferred to CRIF during FY 19 owing to same reason.

[37] This is net saving after netting of excess under certain sub-heads.

In addition, savings of ₹2,996.29 crore under ‘Mission for 100 Smart Cities’ were attributed to less demand for funds and non-fulfilment of required criteria for release of funds. In addition, savings of ₹1,122.72 crore under ‘Swachh Bharat Mission’ were also attributed to less demands. This was indicative of gaps in scheme performance.

8.	57-Department of School Education and Literacy	1,02,597.83	87,520.84	15,076.99

There were savings due to non-transfer to dedicated funds i.e. of ₹5,061.02 crore to Madhyamik and Uchhatar Shiksha Kosh (MUSK) due to non-finalisation of accounting procedure. However, expenditure had largely been incurred from CFI for the schemes/purposes (to be financed from MUSK) for which the funds were to be transferred. Pertinently, there was non-transfer of funds by ₹4,413.14 crore to MUSK during FY 19 as well owing to the same reason.

Thus, budget provisions were continued to be made without ascertaining if the accounting procedure for the fund had been finalized. Further, replacement of other educational cesses by a single “Health and Education Cess” had also not been considered while making budget provisions for transfer of Cess to related reserve funds.[38]

In addition, there was non-transfer of ₹4,000 crore to National Investment Fund (NIF) due to change of budget provision from NIF to Central Road and Infrastructure Fund (CRIF) on instruction of MoF; and ₹2,071.76 crore to Prarambhik Shiksha Kosh due to expenditure being less under the Samagra Shiksha and Mid-Day Meal Schemes. In addition, savings of ₹875.39 crore under ‘Samagra Shiksha-Elementary Education’ were due to less receipt of viable proposals under recurring grants and construction activities.

9.	58-Department of Higher Education	54,178.90	36,936.63	17,242.27

Department reported that savings of ₹15,861.83 crore were due to non-transfer of amount to dedicated funds i.e., ₹9,399.03 crore to Madhyamik and Uchhatar Shiksha Kosh (MUSK) due to non-finalisation of accounting procedure and ₹6,462.80 crore to National Investment Fund (NIF) due to reduction of allocation by the MoF and subsequent transfer of funds/expenditure through GBS. However, the expenditure was largely met from CFI directly on schemes which were to be financed from the funds.

In addition, savings of ₹315.20 crore under ‘National Education Mission: Rashtriya Uchchatar Shiksha Abhiyan (RUSA)’ were due to delay in receipt of utilisation certificates and less receipt of viable proposals from States.

Pertinently, savings of ₹8,195.84 crore was also noticed due to non-transfer of amount to MUSK during FY 19 owing to the same reason.

10.	82-Ministry of Railways	5,00,957.74	4,44,213.53	56,744.21

Savings of ₹43,845.39 crore under revenue section were reported to be mainly due to lesser appropriation to Railways funds and lesser operating expenses under fuel. Savings of

38 Also refer to Paragraph 2.6.4 on “Health and Education Cess”.

₹12,898.82 crore under capital section was stated to be on account of less expenditure than budgeted from Rashtriya Rail Sanrakshan Kosh and other Railways Funds. The Ministry further intimated that the appropriation to Railway Funds had been reduced on account of lower resource availability at RE stage due to less revenue generation.

11.	83-Ministry of Road Transport and Highways	1,66,616.66	1,52,161.35	14,455.31

Savings of ₹5,000 crore were reported under the head 'Monetization of National Highways Fund'. While the Ministry attributed the saving to lower rate of bidding with respect to reserve price, audit of accounting of funds under the above account showed that against estimates of Miscellaneous Capital receipts on account of monetization of national highways of ₹10,000 crore, actual receipts were "nil". Despite this ₹5,000 crore was shown as expenditure on account of transfer to 'Monetization of National Highways Fund' using GBS. This aspect has been dealt with in detail in para 2.7.1.

In addition, ₹1,000 crore was saved on account of 'Block Grant for transfer to Central Road Infrastructure Fund (CRIF)' due to reduction of provision at RE stage by the MoF owing to Covid-19 pandemic and subsequent lockdown. Attribution of savings to Covid-19 pandemic is unacceptable as the pandemic situation emerged after the RE stage. It was also noticed that there was also a short transfer by ₹692.72 core to CRIF during FY 19.

In addition, savings of ₹5,358.16 crore under 'National Highways Authority of India' were due to non-presentation of bills by the concerned regional office of the Ministry owing to lockdown in the last week of March, 2020; ₹1,384.17 crore under 'Maintenance' due to non-completion of work; and ₹1,059.67 crore under 'Other Highways related schemes financed from CRIF' due to slow progress of work on certain projects and non-completion of Ranchi-Vijayawada Road Project.

It was observed that there were similar savings of ₹2,967.89 crore and ₹1,220.24 crore under 'National Highways Authority of India' and 'Maintenance', respectively, during FY 19, thus, indicating lack of rigour in budget formulation and budget execution.

12.	99-Ministry of Women and Child Development	29,669.94	23,179.84	6,490.10

There were savings of ₹1,164.90 crore under 'Anganwadi Services' which were stated to be on account of non-receipt of utilisation certificates and availability of unspent balances of the previous year. This showed that budget was not prepared realistically considering available funds.

In addition, there were savings of ₹711.80 crore under 'Mission for Protection and Empowerment for Women' due to non-receipt of utilisation certificates and receipt of less proposals owing to less demand. In addition, there were total savings of ₹1256.63 crore under 'Integrated Child Development Services (Umbrella ICDS)'. These were stated to be due to non-receipt of utilisation certificates, availability of unspent balances of previous year, less receipt and finalization of proposals, reduction in number of beneficiaries under the scheme, non-revision of norms of scheme, non-conduct of survey under Poshan Abhiyan, less requirement of funds for establishment related expenses, and economy measures. These show that savings were due to gaps in budget formulation and execution and conscious savings measures.

It was also observed that savings under this grant have been persistent with savings of ₹465.62 crore and ₹357.40 crore under 'Mission for Protection and Empowerment for Women' during FY 19 and FY 18, respectively, and of ₹1,034.37 crore under 'Umbrella ICDS' during FY 19.

Out of the 13 Grants/Appropriations with savings of ₹5,000 crore or more in FY 20, six had such substantial savings in FY 19 and FY 18 as well, as shown in **Table 3.5**.

Table 3.5: Savings of ₹5,000 crore or more during FY 18 to FY 20

(₹in crore)

Grant Description	FY 20	FY 19	FY 18
Department of Food and Public Distribution	1,27,066.19	1,08,860.35	48,228.25
Ministry of Railways	56,744.21	18,404.04	50,676
Department of Agriculture, Cooperation and Farmers' Welfare	35,973.85	21,295.20	6,212.80
Department of Health and Family Welfare	23,715.81	4,348.96	5,926.89
Repayment of Debt	*19,840.23*	*1,26,622.11*	*Excess*
Interest Payments	*18,098.59*	*4,437.57*	*90.22*
Department of Higher Education	17,242.27	11,292.39	1,205.36
Department of School Education and Literacy	15,076.99	9,383.05	2,383.21
Ministry of Road Transport and Highways	14,455.31	7,412.99	5,745.64
Ministry of Housing and Urban Affairs	12,792.43	9,380.44	54.10
Department of Economic Affairs	12,378.93	8,860.75	6,200.20
Transfer to States	6,718.00	27,811.48	28,624.33
Ministry of Women and Child Development	6,490.10	2,269.48	2,074.31

Persistent savings of more than ₹5,000 crore in each of the last three FYs

Savings of more than ₹5,000 crore in two of the last three FYs

Persistent savings despite being regularly pointed out in CAG's Audit Reports and the advisory issued by MoF on realistic budgeting taking into account PAC's directions, shows continued lack of due diligence in budget formulation and/or shortfall in budget performance.

3.2.2.2 Other significant savings at minor-head/sub-head level

Audit also scrutinized other significant savings i.e. savings of ₹500 crore or more at minor-head/sub-head level under Grants/Appropriations, and savings of more than

25 *per cent* of allocations subject to a minimum of ₹100 crore other than those dealt with in paragraph 3.2.2.1. Important cases[39] under each grant are discussed in **Table 3.6**.

Table 3.6: Other significant savings at minor-head/sub-head level

(₹in crore)

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
Grant No. 3-Atomic Energy				
1.	2801.03.101.07- BWR Fuel for TAPS	664.41	454.96	209.45
The savings were attributed by the Department to delay in receipt of notification of fuel prices and strategic material to be received from other countries. It further stated (September 2020) that future estimates will be made after ascertaining and confirming the actual requirement.				
2.	4861.60.203.44- Fast Reactor Fuel Cycle Facility	750.00	495.79	254.21
Department ascribed the savings to slow progress of civil construction of various plants, delay in delivery of special machinery and equipment from suppliers owing to Covid-19 lockdown. The reply is not acceptable as the lockdown happened at the very end of FY 20.				
3.	6801.00.206.04- Loans to Bhartiya Nabhikiya Vidhyut Nigam Limited	100.00	--	100.00
Department reported that savings were due to non-receipt of Cabinet approval for cost revision of the Prototype Fast Breeder Reactor. Audit noticed that there were savings of ₹100 crore under the scheme during FY 19 also.				
Grant No. 8- Ministry of Civil Aviation				
4.	3053.80.190.03-Air India Purchase of New Aircraft	1,084.00	272.35	811.65
Ministry reported that savings were due to postponement of delivery of aircraft to the next financial year. It was noted that there were savings of ₹920 crore under this sub-head even during FY 19.				
Grant No. 12- Department of Posts				
5.	3201.03.101.03 – Small savings in HPOs	302.02	199.73	102.29
Department reported that savings were due to less expenditure under salaries, wages, OTA, MT, OE, MW etc. than anticipated. The reply is not acceptable as estimates for such recurring items of expenditure should have been prepared considering the past trends.				
6.	3201.07.108.01 – Leave Encashment benefits	552.00	377.58	174.42
The savings were attributed to higher provision at BE stage. Department further added (March 2021) that provisioning of funds were originally projected on basis of trend of expenditure but due to less payment of leave encashment, savings occurred under this head. Considering that leave encashment benefits are a recurring item of expenditure, the trend analysis of past expenditure, if done, should have resulted in better estimation.				

[39] All cases of savings of ₹500 crore or more at minor-head/sub-head level and select cases of savings of more than 25 *per cent* of allocations subject to a minimum of ₹100 crore

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
Grant No. 13-Department of Telecommunications				
7.	2071.01.104.01-Ordinary Pensions	2,917.17	2,259.76	657.41
Department reported that savings were due to fewer retirements and receipt of less claims from Department of Post. The reply is not acceptable as such savings can be avoided by streamlining the system of raising and settlement of pension claims between the two Departments under the same Ministry.				
8.	3275.00.103.01-Compensation to Service Providers	6,461.18	2,854.47	3,606.71
9.	3275.00.789.01- Compensation to Service Providers	693.05	--	693.05
10.	3275.00.796.02-Compensation to Service Providers for Universal Service Obligation	359.05	71.53	287.52
11.	3275.00.797.01-Transfer to Universal Service Obligation Fund	8,350.00	2,926.00	5,424.00
Savings were on account of transfer of Universal Access Levy (UAL) to USO Fund being less than what was estimated by ₹5,424 crore which was attributed to less than estimated expenditure on related schemes/projects by the same amount. The explanation is not acceptable, since in terms of the Indian Telegraph (Amendment) Act 2003, subject to Parliamentary approval, entire UAL received is to be transferred to the Fund, which is non-lapsable. For FY 20, against Parliamentary provision of ₹8,350 crore, actual collection was ₹7,962 crore of which only ₹2,926 crore was transferred, leaving a short transfer (actual savings) of ₹5,036 crore. Audit observed that short transfer to the fund and lower than estimated expenditure on the related scheme has been persistent with savings of ₹5,211.78 crore reported in FY 19 and ₹4,636.18 crore in FY 18 due to less than estimated transfers to the Fund.				
Grant No. 17- Ministry of Culture				
12.	2205.00.105.18- Development of Libraries and Archives	105.00	0.00	105.00
Department reported that savings were due to less receipt of proposals from State Governments. The reason indicates deficiencies in scheme implementation as the entire allocation remained untilised.				
13.	2205.00.107.41-Development of Museums	232.19	90.42	141.77
Department reported that savings were due to requirement of less funds in collection management software in Museum Scheme and reduction of provision at RE stage by the MoF.				
Grant No. 24- Ministry of Electronics and Information Technology				
14.	3454.02.206.01-Unique Identification Authority of India	1,227.00	836.78	390.22
Ministry stated that savings were due to requirement of less funds towards establishment and Aadhaar enabled services, less procurement of machinery and equipment and availability of unspent balances of previous year.				

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
Grant No. 26-Ministry of External Affairs				
15.	3605.00.101.24 -Investment Promotion and Publicity Programme	300.00	199.88	100.12
Ministry reported that savings were due to receipt of less claims/bills from Exim Bank.				
16.	4059.60.051.17-External Affairs	381.55	253.92	127.63
Ministry reported that savings were due to non-finalization of land acquisition proposals in various countries.				
Grant No. 29-Department of Financial Services				
17.	3465.01.190.08-Assistance to National Credit Guarantee Trustee Company (NCGTC)	500.02	--	500.02
Department reported that savings were due to non-acceptance of U.K. Sinha Committee recommendations towards augmentation of corpus of Credit Guarantee Fund for Micro Units. Audit however, noted that the Committee report had been received in June 2019 itself. Audit also noticed that there were savings of ₹500.01 crore under the same sub-head during FY 19 also.				
18.	5465.01.190.44-Recapitalisation of Public Sector Banks through issue of Government Securities (Bonds)	70,000.00	65,443.00	4,557.00
Department reported that savings were due to requirement of less funds towards Recapitalization of Public Sector Banks.				
Grant No. 31-Department of Revenue				
19.	3602.08.106.01-Compensation for revenue loss to union territory Govt. with legislature	9,000.00	8,298.29	701.71
Department reported that savings were due to less release of Goods and Service Tax compensation to Union Territories.				
Grant No. 32-Direct Taxes				
20.	2020.00.001.03-Organisation and Management Services	825.70	563.52	262.18
The savings were attributed to non-completion of works/services, non-receipt of invoices owing to lockdown, less publication and publicity activities, less procurement of IT related items, requirement of less funds towards IT procurements, medical reimbursement claims and less tours undertaken.				
Grant No. 33-Indirect Taxes				
21.	2042.00.001.05-Directorate General of Tax Payer Services	161.36	22.48	138.88
Department reported that savings were due to non-filling up of vacant posts and requirement of less funds towards advertising owing to sanctioning of less campaigns and programmes. The reply is not acceptable as rules do not allow provisioning for posts vacant for more than a year.				
22.	4047.00.037.03-Preventive & Other Functions	105.00	3.19	101.81
Department reported that savings were due to less acquisition of ships and fleets, non-receipt of proposals for acquisition of anti-smuggling units and non-finalization of project at the fag end of				

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
financial year, owing to Covid-19 pandemic. The reasons provided flag deficiencies in performance in the stated activities.				
Grant No. 37-Pensions				
23.	2071.01.102.01-Ordinary Pensions	4,950.00	4,168.43	781.57
Department attributed the savings to receipt of less claims/scrolls. This is not acceptable as it was found during Audit examination that there was an increase in PSB Suspense relating to CPAO, which implied that clearance of pension scrolls was withheld and if these were adjusted, savings could have been avoided. It was also noted that there were savings of ₹1,206.41 crore under the same sub-head during FY 19.				
24.	2071.01.120.01-Pensionary charges recoverable from Govt. of NCT Delhi	3,500.00	2,788.66	711.34
Department reported that savings were due to receipt of less claims.				
Grant No. 48 – Police				
25.	4055.00.210.09-Central Armed Police Force Institute of Medical Science	500.90	250.00	250.90
Ministry reported that savings were due to slow pace of work owing to ban on construction in Delhi and non-finalisation of proposals and stoppage of work owing to Covid-19 lockdown.				
Grant No. 49 – Andaman & Nicobar Islands				
26.	5052.80.796.01-Purchase of ships	104.50	0.06	104.44
Department reported that savings were due to delay in stage completion and delivery of two 500 pax vessel by Cochin Shipyard Limited. The reason shows inadequate performance levels.				
Grant No. 59 - Ministry of Information and Broadcasting				
27.	2221.80.102.05- Broadcasting Infrastructure and Network Development (BIND)	358.00	235.40	122.60
Ministry reported that savings were due to reduction of provision at RE stage by the MoF. Audit observed that a provision of ₹115.00 crore was also available for this scheme under non-functional head, thus total allocation for this scheme was ₹473.00 crore. Further, Audit noticed slow pace of expenditure by Prasar Bharti under this scheme. Ministry replied (January 2021) that the pace of expenditure by Prasar Bharti was slow owing to necessity to follow procedural requirements which at times resulted in tender cancellation. This reply is not reasonable as at the time of preparing estimates, all procedural requirements are expected to be factored into.				
Grant No. 60 - Department of Water Resources, River Development and Ganga Rejuvenation				
28.	3435.04.101.08-National Ganga Plan	700.00	353.40	346.60
The savings were ascribed to availability of unspent balances of previous year with the implementing agencies. The reason is unacceptable as there were savings of ₹1,612.50 crore and ₹1,550.00 crore under 'National Ganga Plan' during FY 19 and FY 18, respectively, owing to same reason. Therefore, at the time of preparing estimates, the Department should have considered the issue of unspent balances.				

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
Grant No. 62 - Ministry of Labour and Employment				
29.	2230.01.111.06-Social Security Schemes	820.88	524.34	296.54
Ministry reported that savings were due to less demand by LIC in the scheme of 'Pradhan Mantri Shram Yogi Maandhan' and 'Pradhan Mantri Karam Yogi Maandhan'. The reason shows that there were deficiencies in the performance of the schemes.				
Grant No. 69-Ministry of New And Renewable Energy				
30.	2810.00.101.01- Grid Interactive Renewable Power	3,224.15	2,437.52	786.63
31.	2810.00.789.05-Grid Interactive Renewable Power	320.01	175.15	144.86
32.	2810.00.796.03-Grid Interactive Renewable Power	350.00	205.79	144.21
Ministry reported that savings were due to delay in finalization of projects, non-receipt of adequate proposals from North Eastern States, delay in finalization of projects in the States, non-receipt of adequate proposals from Solar Energy Corporation of India/States towards development of various schemes and reduction of provision at RE stage by the MoF. These reasons show that there were gaps in project formulation, execution and monitoring of related projects which led to savings under the grant.				
Grant No. 70- Ministry of Panchayati Raj				
33.	3601.06.101.63- Rashtriya Gram Swaraj Abhiyan	441.48	291.27	150.21
Ministry reported that savings were due to receipt of less proposals from the State Government and reduction of provision at RE stage by the MoF.				
Grant No. 74-Ministry of Petroleum and Natural Gas				
34.	2802.02.800.02-Gas Authority of India-Phulpur Dhamra Haldia Pipeline Project	3,104.22	1,552.11	1,552.11
The savings are on account of transfers to CRIF of ₹1,552.11 crore (₹1,206.60 crore in BE plus ₹345.51 crore through supplementary) not being accounted by the Ministry. Equal funds were, however, spent on the project. Audit scrutiny showed that entire provision in DDG was wrongly made under minor head-800 instead of providing ₹1,552.11 crore towards transfer to CRIF under minor head-797. The accounting in this case was also in violation of accounting procedure for CRF (also being applied to CRIF).				
35.	4802.01.800.02- National Seismic Programme	1,623.26	529.54	1,093.72
Ministry reported that savings were due to less utilization of funds owing to difficulties in survey of in-accessible areas and non-receipt of adequate proposals from Oil India Limited and Oil and Natural Gas Corporation. The reason is not acceptable as the expenditure incurred during the last two years on this scheme was also much lower than estimates which should have guided estimation of requirements of funds for the FY 20.				

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
Grant No. 76 - Ministry of Power				
36.	2801.05.106.01- Scheme for Power System Development to be met from PSDF	1,034.70	555.32	479.38
37.	2801.05.797.01- Transfer to Power System Development Fund (PSDF)	1,034.71	555.32	479.39
Ministry reported that savings were due to receipt of less claims from National Load Dispatch Centre (Nodal Agency) as there were funds available from the EBR raised in the previous financial year. The reason is not acceptable as at the time of budget formulation the Ministry ought to have ascertained the actual position of EBR to frame a realistic BE especially in view of the fact that during the last few years, the actual average expenditure was much lower than the BE for FY 20.				
Grant No. 84 -Department of Rural Development				
38.	2216.03.105.08-Indira Awaas Yojana-Programme Component	2,586.44	1,594.05	992.39
Department reported that savings were due to requirement of less funds towards interest component and receipt of fewer proposals from implementing agencies. It further stated that expenditure is demand-driven and releases depend on the quantum of activities undertaken which may vary from year to year. However, it was noted that savings have persisted under this head with savings of ₹536.63 crore during FY 19 and ₹121.19 crore during FY 18. This shows that lessons were not learned from past years and pace of expenditure was not correctly assessed while making provisions.				
39.	3601.06.101.30-Pradhan Mantri Gram Sadak Yojana	14,215.79	10,642.86	3,572.93
40.	3601.06.797.05-Transfer to Central Road Fund/Central Road Infrastructure Fund	14,170.64	10,642.86	3,527.78
Department reported that savings were due to less demands from States leading to less expenditure on the scheme as well as equivalent less transfer to CRIF. It was also noticed that there were savings of ₹1,857.78 crore and ₹ 430.14 crore under this sub-head during FY 19 and FY 18, respectively.				
41.	2216.03.105.10 – Interest Subsidy	384.01	48.55	335.46
Department reported that savings were due to non-receipt of demand for interest repayment from NABARD under the Rural Housing Interest Subsidy Scheme. It was also noticed that there were savings of ₹384 crore each under this sub-head during FY 19 and FY 18. The persistent substantial savings indicate lack of scheme performance.				
42.	2505.02.101.09-National Rural Employment Guarantee Scheme-Capacity Building and Technical Support	400.00	3.97	396.03
Department reported that savings were due to less of proposals from the State Governments. It was also noticed that there were savings of ₹377.93 crore and ₹259.25 crore under this sub-head during FY 19 and FY 18. This shows that past trends were not considered during budget formulation.				

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
43.	2515.00.800.25-Management Support to Rural Development Programmes and Strengthening District Planning Process	338.69	139.33	199.36
The savings were attributed to receipt of less proposals. It further stated (January 2021) that savings was due to non-receipt of re-imbursement claims from DAVP against the letter of authorization issued during year owing to non-implementation of C&S Media Plan. It is noticed here that the reasons provided by Department are vague.				
44.	3601.06.101.29-Shyama Prasad Mukherjee RURBAN Mission	579.63	281.97	297.66
Department reported that savings were due to less demands from States. It further stated (January 2021) that all States had not fulfilled the conditions for release of next installment. Pertinently, savings of ₹509 crore and ₹238.44 crore were noticed under this sub-head during FY 19 and FY 18 respectively.				
Grant No. 89 - Ministry of Shipping				
45.	3056.00.190.01-Grant to Inland Waterways Authority of India	363.36	219.00	144.36
Ministry reported that savings were due to difficulties in land acquisition for a few approved projects viz., Phase-II of the Multi Modal Terminal at Varanasi (costing ₹260 crore) and Freight Village at Varanasi (costing ₹100 crore) and due to non-procurement of certain vessels. The reasons provided by Ministry are not tenable as they simply delineate logistical problems that should have been anticipated earlier as these schemes/projects were already existing at the time of budget formulation for FY 20.				
Grant No. 90 - Ministry of Skill Development and Entrepreneurship				
46.	3601.06.101.36-Pradhan Mantri Kaushal Vikas Yojana	470.89	286.34	184.55
Department reported that savings were due to non-receipt of utilization certificates and late approval of projects. Audit also noticed savings of ₹393.18 crore under this sub-head during FY 19.				
Grant No. 91 - Department of Social Justice and Empowerment				
47.	2225.01.789.05-National Fellowship for SCs	360.00	246.66	113.34
Department reported that savings were due to requirement of less funds by University Grants Commission. The reasons given are vague in nature and do not explain reasons for lower requirement.				
48.	4225.01.789.02-National Finance Development Corporation for Weaker Sections	215.00	49.60	165.40
The savings were ascribed to non-increase of Authorized Share capital of NSFDC owing to non-holding of meeting of Expenditure Finance Committee.				
Grant No. 93 - Department of Space				
49.	5402.00.101.56-Indian Space Research Organisation Headquarters (ISRO)	164.95	37.25	127.70
Department reported that savings were due to requirement of less funds for purchase of land at Bangalore and non-utilisation of funds allocated for substation work. It further stated (September 2020) that transfer of land at Bengaluru, for housing and major technical facilities of ISRO, was held up for want of 'NOC' from the Government of Karnataka.				

Sl. No.	Sub-head	Sanctioned provision	Actual disbursement	Savings
The reply is not acceptable as the same reason was provided by the Department for savings of ₹728.62 crore during FY 19.				
50.	5402.00.101.66-GSLV-Mk-III Continuation Programme (Phase-I)	248.00	122.95	125.05
Department reported that savings were due to postponement of delivery of hardware to the next financial year and realization plan of GSLV-Mk-III Continuation Programme (Phase-I). It further stated (September 2020) that this was done in view of the launch schedule as GSLV Mk-III Human rated vehicles which were being realized for the Gaganyaan Programme.				
Grant No. 96-Ministry of Textiles				
51.	2852.08.202.65-Amended Technology Up-gradation Fund Scheme	700.00	317.90	382.10
Ministry reported that savings were due to non-receipt of claims and delay in finalization of proposals. It further admitted (October 2020) that the final settlement of claims and release of subsidy was very low owing to procedural complexities in the scheme. It is observed that there were savings of ₹1,684.32 crore under this sub-head during FY 19. Thus, budget formulation should have included trend of less expenditure and other stated complexities.				
Grant No. 97 - Ministry of Tourism				
52.	3452.01.101.14 – Swadesh Darshan – Integrated Development of Theme based Tourist Circuits	826.00	510.93	315.07
Ministry reported that savings were due to reduction of provision at RE stage by the MoF.				
53.	3452.80.104.01 – Direct Expenditure	557.50	408.91	148.59
Ministry reported that savings were due to less publicity and promotional programmes undertaken and reduction of provision at RE stage by the MoF.				

3.2.2.3 Summing up of Savings

Cases of savings discussed in paragraphs 3.2.2.1 and 3.2.2.2 have been summarised in **Table 3.7** based on broad reasons for the savings.

Table 3.7: Summary of savings

Category	Amount (₹ in crore)	Remarks
Due to regulation of expenditure	1,65,250	This category mainly includes ₹76,000 crore due to reduction of provision at RE stage for Food subsidy by MoF owing to sanction of NSSF loan in lieu thereof to Food Corporation of India; ₹50,000 crore due to non-release of Ways and Means Advance to FCI; and short transfer of ₹27,473.27 crore to NIF/CRIF.
Reasons representing gaps and shortfalls in performance in schemes and activities	94,289	This included reasons like registration of less farmers under the scheme; receipt of less proposals/claims; non-taking-off of new schemes; non-receipt of viable proposals; less demands and non-fulfilment of required criteria for release of funds; non-receipt of utilisation certificates; gaps in scheme delivery, etc.

Unrealistic budget estimation	58,097	This comprises savings due to factors such as softening of interest rates owing to cut in Policy/ Repurchase Rate by RBI; reassessment of expenditure priorities; availability of unspent funds; in accurate/inflated assessment of requirements both with regard to quantum and timing viz., lump sum provisions for schemes , provisions for expenditure on aircraft , purchase /acquisition of land, etc.
Non-transfer of funds to Reserve Funds	21,300	Entire provision for transfer to Madhyamik and Uchhattar Shiksha Kosh (MUSK) was not utilised. MoHUA did not transfer ₹6,840.06 crore to Central Road and Infrastructure Fund (CRIF) due to non-finalisation of accounting procedures. However, expenditure had largely been incurred from CFI for the schemes/purposes (to be financed from these funds) for which the funds were to be transferred, etc. *It is recommended that finalisation of accounting procedure may be expedited and pending the same, the concerned accounting authorities may be advised of the correct procedure to be followed..*

3.3 Unnecessary supplementary provisions

Article 115(1) of the Constitution stipulates that Supplementary Grant or Appropriation is required to be obtained before payment is made, when savings are not available within a Grant segment for meeting additional requirement of funds or if the expenditure is to be made on 'New Service[40]' or 'New Instrument of Service[41]'.

Examination of cases where supplementary provision of ₹10 crore or more was made in addition to original provisions, showed that in 25 minor/sub-heads under 14 Grants, supplementary provisions amounting to ₹2,168.90 crore were obtained during FY 20 in anticipation of higher expenditure, but final expenditure was even less than the original provisions. Such unnecessary provisioning indicates inadequacies of the budgeting exercise. Details of cases of unnecessary supplementary provisions are given in **Annexure 3.3**.

3.4 Injudicious re-appropriation to minor/sub-heads

PAC in its 83rd Report (15th Lok Sabha, 2012-13) noted that re-appropriation of funds can be made only when it is positively known or genuinely anticipated that the appropriation for the unit from which funds are proposed to be transferred will not at all be utilised in full or there is reasonable certainty that savings can be effected in the unit of appropriation.

Scrutiny of re-appropriation exceeding ₹10 crore revealed that in 14 cases across 08 Grants/ Appropriations, re-appropriations aggregating to ₹2,166.61 crore were injudicious as the sanctioned provision under the minor/sub-heads to which augmentation was made by way of re-appropriation was adequate. As a result of such

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40 Refers to expenditure beyond certain limit arising out of a new policy decision not brought to the notice of Parliament earlier, including a new activity or a new form of investment.

41 A large expenditure beyond a certain limit arising out of an important expansion of an existing activity.

injudicious re-appropriation, the final savings under the heads were more than the amount re-appropriated to these heads. Details are given in **Annexure 3.4**.

3.5 Expenditure incurred without adequate provisioning of funds

As per Rule 61 of GFR, 2017, the Accounts Officer shall not allow any payment against sanctions in excess of the Budget provisions without the specific approval of the Chief Accounting Authority. In turn, before approving any excess under a head, the Financial Advisers and Chief Accounting Authorities shall ensure availability of funds through Re-appropriation/Supplementary Demand for Grants.

Audit scrutiny of head-wise Appropriation Accounts for FY 20 showed that excess expenditure of ₹25 crore or more aggregating to ₹41,810.39 crore, was noticed under 42 minor/sub-heads relating to 12 Grants/Appropriations, without ensuring adequate provisioning of funds. Thus, the above-mentioned authorities violated the GFR. Details are given in **Annexure 3.5**.

Pertinently, Department of Post, Department of Telecommunications, Ministry of Defence, and Ministry of Finance (Grant 35-Interest payments) had allowed excess expenditure of more than ₹25 crore at minor/ sub-head level.

3.6 Non-surrender and surrender of savings on last day of the financial year

Rule 62 (2) of GFR, 2017 stipulates that the savings as well as provisions that cannot be profitably utilized shall be surrendered to Government immediately as foreseen without waiting till the end of the year. Accordingly, MoF stipulated (February 2020) a deadline of 20 March for Ministries/Departments for intimating to it all surrenders of savings under each unit of Appropriation.

Audit noted that out of savings of ₹3,15,769.10 crore under Civil Grants/ Appropriations, 23.4 *per cent* (₹73,750.31 crore) of total savings during the year were not surrendered and were allowed to lapse.

In addition, examination of Grants/Appropriations having surrenders/ lapsed amounts of ₹100 crore or more revealed that at least ₹1,70,103.02 crore relating to 33 Grants/ Appropriations was either surrendered on 31 March 2020 or was allowed to lapse. Details are given in **Annexure 3.6.** Thus, more than half the total savings were either surrendered on 31 March 2020 or were allowed to lapse.

Out of savings under various test-checked Grants/Appropriations, ₹35,973.85 crore under Grant No. 01-Department of Agriculture, Cooperation and Farmers' Welfare; ₹23,715.81 crore under Grant No. 42-Department of Health and Family Welfare; ₹19,840.23 crore under *Appropriation No. 36-Repayment of Debt*; ₹17,242.27 crore under Grant No. 58-Department of Higher Education and ₹15,077 crore under Grant No. 57-Department of School Education and Literacy were either allowed to lapse or were surrendered on the last day of the year.

Failure to surrender savings and surrender on the last day of the financial year indicates inadequate financial control. This also adversely impacts financial planning as it prevents resources from being re-allocated for activities where requirements for funds exist.

3.7 Failure to obtain Legislative approval for augmenting provisions

MoF stipulated[42] that augmentation of provision by way of re-appropriation to the object heads (i) 'Grants-in-aid' (ii) 'Subsidies' and (iii) 'Major Works' would attract the same limitation as applicable to New Service/New Instrument of Service and it can be done only with prior approval of Parliament. Failure to observe these orders have been pointed out time and again in CAG's Audit Reports on Union Government Accounts.

In this context, PAC[43] was of the view that MoF should institute mechanisms for ensuring that provisions under the above object heads beyond specified limits are not augmented without approval of Parliament. Despite the previous audit findings and PAC recommendations, excess expenditure over total authorisation aggregating to ₹53.69 crore occurred in the following two cases under grants pertaining to Ministry of Defence (Civil) and Department of Rural Development related to object head-'Grants-in-aid' during FY 20, without prior approval of the Parliament as detailed in **Table 3.8**.

Table 3.8: Augmentation of provision to object heads without prior approval

(₹in crore)

Sl. No.	Head of Account	TA*	TE*	Excess over TA
Object Head 31-'Grants-in-aid-General'				
Grant No. 18-Ministry of Defence (Civil)				
1.	2052.00.092.03.01.31 (Other offices-Defence Estate Organisation) (Code head 094/83)	317.16	370.10	52.94
Object Head 35-'Grants for creation of Capital Assets'				
Grant No. 84-Department of Rural Development				
2.	2505.02.101.02.00.35 (NREGS-Assistance to District Rural Development Agencies/ District Programme)	48,851.81	48,852.56	0.75
	Department stated (September 2020) that Mahatma Gandhi NREGA is a demand driven wage employment scheme and funds are released to the States/UTs as per their demands.			
Total				**53.69**

* TA = Total authorisation, TE= Total expenditure

3.8 Misclassification of expenditure

Article 112(2) of the Constitution stipulates that the Annual Financial Statements shall distinguish expenditure on revenue account from other expenditure. The principles for classifying the expenditure on Revenue account and Capital account should accordingly be adhered to.

Rule 78 of GFR, 2017 stipulates that classification of transactions in Government Accounts shall have closer reference to functions, programmes and activities of the

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42 Department of Economic Affairs orders (May 2006) and clarifications thereon (May 2012 and July 2015)

43 PAC 83rd Report (2012-13), 15th Lok Sabha

Government and the object of expenditure, rather than the department in which the receipt or expenditure occurs. Further, Rule 8 of the Delegation of Financial Powers Rules, 1978 (DFPR) describes the nature/type of transactions that can be classified under each standard primary unit of appropriation.

Test-check of transactions pertaining to selected Grants revealed the following:

3.8.1 Incorrect use of object heads with major heads

Rule 8 of the DFPR specifies object heads (numbers 51-56 and 60) that fall under the category 'object class VI' which pertains to acquisition of Capital Assets and other Capital Expenditure. These object heads can, therefore, only be used for classifying expenditure of capital nature and correspond only with capital major Heads. Object heads falling under other object classes (class I to V) are generally used for classifying revenue expenditure and should ordinarily not correspond with the capital Major Heads.

Audit examination revealed that in the case of Grant No. 03-Department of Atomic Energy and Grant No. 89-Ministry of Shipping for the year FY 20, expenditure aggregating ₹2,505.13 crore was booked under incorrect combinations of object heads and capital/revenue Major Heads (**Annexure 3.7**).

3.8.2 Misclassification between revenue and capital expenditure

Rule 84 of GFR, 2017 stipulates that charges on maintenance, repair, upkeep and working expenses required to maintain assets in a running order and expenses on day to day running of an organization, shall be classified as revenue expenditure.

Audit test-check revealed one case of incorrect classification of expenditure of revenue nature aggregating to ₹2.92 crore, as capital expenditure. In addition, under two Grants: Grant No. 82-Railways and Grant No. 93-Department of Space, expenditure of capital nature aggregating to ₹52.11 crore, was incorrectly classified as revenue expenditure **(Annexure 3.8)**.

3.8.3 Misclassification between primary units of appropriation

Audit test-check disclosed that in 16 cases, funds aggregating to ₹530.64 crore were misclassified between primary units of appropriation. Cases of misclassification of ₹25 crore and above included misclassification of '55-Loans and Advances' as '31-Grants-in-aid-General' (₹225 crore-Transfer to Delhi); misclassification of '33-Subsidies' as '31-Grants-in-aid-General' (₹99.00 crore-Department of Heavy Industry); misclassification of '30-Other Contractual Services' as '28-Professional Services' (₹95.68 crore-Department of Space); incorrect booking of expenditure related to works (₹29.18 crore-Capital Outlay on Defence Services); incorrect booking of expenditure on hiring of specialized agencies during international conferences under '13-Office Expenses', '20-Other Administrative Expenses', '50-Other Charges' instead of '28-Professional Services' (₹27.90 crore, Ministry of Environment, Forest & Climate Change (MoEFCC)).

MoEFCC accepted the misclassification and assured future compliance. Department of Space stated that the expenditure was booked according to its own compendium on classification of expenses.

3.8.4 Misclassification due to non-operation of relevant sub-head

According to DoPT instructions, booking of various expenditures pertaining to Departmental canteens are to be done under the appropriate object heads under a new sub-head 'Departmental Canteens' below minor head 800-'Other Expenditure'. This is to be done under the Major Head of account to which the revenue expenditure of the related Ministry/Department is ordinarily debited and exhibited as such in the detailed Demands for Grants.

Scrutiny of Grant No. 93-Department of Space (DoS) for the year FY 20 revealed that PAO-ISRO Telemetry, Tracking and Command Network had incurred expenditure aggregating to ₹2.92 crore on maintenance of departmental canteen and had booked the same under head 3402.00.101.26 instead of booking it under a separate sub-head below 3402.00.800 (Other expenditure), as required under the extant instructions.

DoS stated (September 2020) that the canteens functioning under it are run by the Department and are not covered by DoPT instructions. The reply is not acceptable as DoPT is the nodal ministry for department canteens and had directed the opening of a separate sub-head for booking expenditure on Departmental canteens.

3.8.5 Misclassification related to booking of electricity expenditure

Scrutiny of Grant No. 23- Ministry of Earth Sciences (MoES) for the year FY 20 revealed that Ministry had booked the electricity charges of its new headquarter building aggregating to ₹1.33 crore during FY 20 under the Central Sector Scheme 'Research, Education and Training Outreach' head (3425.60.200.52). This expenditure should have been provisioned and booked under head- 'Secretariat Economic Services- Secretariat-Ministry of Earth Sciences, Headquarter' (3451.00.090.17).

Ministry stated (September 2020) that expenditure on electricity had been booked from OE under 'Research, Education and Training Outreach' head which pertained to the Ministry Headquarters.

The reply is not acceptable as the expenditure of Ministry and its offices should have been booked under the Major Head-3451 (Secretariat-Economic Services).

3.9 Other instances of irregular budgeting and accounting

3.9.1 Non-adjustment of pension expenditure

(A) Defence Pension expenditure

A mention was made in Para 2.3.2.1 (b) of the Report No. 4 of 2020 of the CAG of India on the Accounts of the Union Government for the year FY 19 wherein it was brought out that Pension scrolls amounting to ₹14,000 crore had not been cleared.

Audit of the accounting of Defence Pension expenditure showed that the practice of not clearing Pension scrolls was continued during FY 20. It was observed that Pension scrolls for a sum of ₹17,045.71 crore (approximately) had not been cleared and finally booked under the relevant expenditure head by the Ministry. It was explained that this had not been done due to insufficient budget provision for Defence Pension during FY 20. These scrolls were also reported to have been subsequently booked during FY 21.

CGDA accepted the above observation and stated (September/October 2020) that it had projected RE for FY 20 of ₹1,34,056 crore, but the MoF provided RE for ₹1,17,810.44 crore only. Ministry further stated (January 2021) that the projections under Defence Pensions were forwarded to MoF for favourable consideration. However, expenditure had to be kept within the approved ceiling as per the instructions of MoF. Regarding pending pension scrolls, it stated that all pending scrolls pertaining to FY 19 and FY 20 had already been booked.

The reply is not acceptable as not clearing pension scrolls in the accounts of relevant financial year, resulted in understatement of expenditure and postponement of liability to subsequent year(s).

(B) Civil Pension expenditure

As discussed in paragraph 2.3.1.2, an amount of ₹9,745.49 crore was lying under PSB Suspense head in the books of Central Pension Accounting Office (CPAO). It was also observed that this uncleared suspense balance had increased almost three-fold since FY 18. This outstanding balance had the effect of understating the pension expenditure by the amount lying as suspense balance.

3.9.2 Supplementary grants in breach of rules

As per para 4 of Appendix-3 below Rule 52 of GFR, 2017 (Instructions for preparation of detailed estimate of expenditure from Consolidated Fund of India), no lump sum provision will be made in the budget except where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/ scheme, which has been accepted in principle for being taken up in the financial year.

Scrutiny of head-wise Appropriation Accounts of Grant No. 48 pertaining to Police for FY 20 revealed that supplementary grant of ₹3,387.49 crore in the first batch (notified on 20 December 2019) and ₹2,903.16 crore in the second batch (notified on 25 March 2020) was obtained from the Parliament while giving only object-head wise requirement of fund instead of scheme/ sub-scheme/ organization-wise itemized amounts.

Ministry stated (August 2020) that supplementary grants are always provided on a lump sum basis for each Major Head under the notes section in the format seeking supplementary demand. It further added (October 2020) that providing scheme-wise itemized amounts would be cumbersome and not in line with the guidelines/ instructions of Ministry of Finance.

Reply is not acceptable as lump sum supplementary without furnishing scheme/sub-scheme/organisation-wise details was in contravention of the provisions of GFR.

3.9.3 Expenditure incurred on interest on refunds of taxes

Article 114(3) of Constitution of India stipulates that no money shall be withdrawn from the Consolidated Fund of India (CFI) except under appropriation made by the legislature. Payment of interest on refunds of excess tax is a charge on the CFI and is, therefore, payable only after having been authorized under the due appropriation made by law. As per Article 266 of the Constitution, there is no legal authority to withdraw the 'interest' on excess tax collected/refunds without recourse to the Appropriation law passed by the Parliament. Further, Rule 8 of the DFPR, describes 'interest' as the primary unit of appropriation for classification of interest expenditure.

It was noted that there was no budget provision for interest on refunds in the Budget Estimates for FY 20. The Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes and Customs (CBIC), however, incurred expenditure on interest on refunds of taxes amounting to ₹22,746.75 crore and ₹88.26 crore respectively during FY 20 without taking recourse to provisions of the Constitution and instead such payment was shown as reduction in Revenue.

Department of Revenue/CBDT/CBIC has been classifying interest on refunds of excess tax as reduction in revenue. This erroneous practice has been highlighted in successive CAG's Audit Reports on Union Government Accounts as well as in CAG's Reports on Direct Taxes. However, no remedial steps have been taken by the Department.

It was observed that this issue was examined by the PAC, which in its 66th Report (15th Lok Sabha 2012-13) had disapproved of the practice. Later, in its follow-up Report (96th Report of 15th Lok Sabha 2013-14, dated 31 January 2014) after considering the opinion rendered by Ld. Attorney General (06 May 2013) and later testimony to it, the Committee came to the conclusion that the Department of Revenue has no option other than seeking *ex ante* approval under Articles 114 and 115(1)(a) or seeking *ex post facto* approval of Parliament under Article 115(1)(b) of the Constitution for the payment of interest made as refund of taxes.

Audit noted that despite the stand of PAC on the issue and repeated observations on the matter in the audit reports of the CAG, the practice of not making budget provision for payment of interest on refunds and not obtaining Parliament's approval for the same has persisted in FY 20.

The Department in its fresh replies (January 2021 and February 2021) has continued to reiterate primarily on the basis of opinion of Ld. AG of 06 May 2013, that the refund of excess tax and interest thereon is not an expenditure within the meaning of Article 112. It has also pointed out that based on the above mentioned opinion of the Ld. AG, the Department with the approval of the Finance Minister, has not accepted the recommendations contained in the 96th Report of the PAC (15th Lok Sabha).

However, in the context of the above, it is reiterated that the PAC had already considered the opinion of the Ld. AG while making its recommendations and noted that the Ld. AG had deposed that "an opinion ultimately is an opinion and it is for the Committee to decide what the correct procedure is."

3.9.4 Unsanctioned Expenditure under Ministry of Railways

Expenditure incurred by Indian Railways in excess of sanctioned estimates, expenditure incurred without detailed estimates and miscellaneous overpayments etc. are recorded in objection books by the Zonal Railways administration and treated as unsanctioned expenditure. During FY 20, unsanctioned expenditure of ₹4,999.87 crore involving 3426 cases was incurred by Indian Railways, while in FY 19 there was unsanctioned expenditure of ₹5,003 crore covering 3464 cases. Thus, no steps had been taken to improve the situation.

3.10 Response of the Government

This Report was shared with the Secretary, Department of Expenditure, Ministry of Finance and CGA for their comments during January / February / March 2021. Responses were also sought from various Ministries/ Departments in respect of issues concerning them. Replies received from the Ministries/ Departments/ CGA have been suitably incorporated in the Report.

New Delhi
The 14 July 2021

(MANISH KUMAR)
Director General of Audit
Finance and Communications

Countersigned

New Delhi
The 16 July 2021

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

ANNEXURES

Annexure 3.1
(Refer to Paragraph 3.1.1)
Authorisation and Expenditure

(₹ in crore)

Nature of Expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Disbursements	Savings (-) Excess (+)
A – Civil					
Voted					
Revenue	17,88,907.74	96,111.21	18,85,018.95	16,87,279.89	(-)1,97,739.06
Capital (including Loans and Advances)	3,68,488.58	20,721.56	3,89,210.14	3,09,748.68	(-)79,461.46
Total	21,57,396.32	1,16,832.77	22,74,229.09	19,97,028.57	(-)2,77,200.52
Charged					
Revenue	8,01,080.15	3,612.74	8,04,692.89	7,86,454.31	(-)18,238.58
Capital (including Loans and Advances and Public Debt)	60,03,175.68	3,68,560.92	63,71,736.60	63,51,406.60	(-)20,330.00
Total	68,04,255.83	3,72,173.66	71,76,429.49	71,37,860.91	(-)38,568.58
Grand Total	89,61,652.15	4,89,006.43	94,50,658.58	91,34,889.48	(-)3,15,769.10
Recoveries in reduction of expenditure			4,43,930.18	3,60,293.53	
		Total Net Provision	**90,06,728.40**		
		Total Net Expenditure		87,74,595.95	

B – Posts					
Voted					
Revenue	30,411.20	1,099.39	31,510.59	29,139.65	(-)2,370.94
Capital	947.74	--	947.74	730.56	(-)217.18
Total	31,358.94	1,099.39	32,458.33	29,870.21	(-)2,588.12
Charged					
Revenue	0.80	--	0.80	0.09	(-)0.71
Capital	--	--	--	--	--
Total	0.80	--	0.80	0.09	(-)0.71
Grand Total	31,359.74	1,099.39	32,459.13	29,870.30	(-)2,588.83
Recoveries in reduction of expenditure			857.35	768.40	
		Total Net Provision	**31,601.78**		
		Total Net Expenditure		29,101.90	

(₹ in crore)

Nature of Expenditure		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Disbursements	Savings (-) Excess (+)
C – Defence Services						
Voted						
Revenue		2,22,254.47	3,997.67	2,26,252.14	2,23,196.47	(-)3,055.67
Capital		1,03,310.96	6,988.46	1,10,299.42	1,11,000.73	(+)701.31
Total		3,25,565.43	10,986.13	3,36,551.56	3,34,197.20	(-)2,354.36
Charged						
Revenue		102.92	2.33	105.25	44.36	(-)60.89
Capital		83.35	11.55	94.90	91.70	(-)3.20
Total		186.27	13.88	200.15	136.06	(-)64.09
Grand Total		3,25,751.70	11,000.01	3,36,751.71	3,34,333.26	(-)2,418.45
Recoveries in reduction of expenditure				13,569.68	7,943.55	
		Total Net Provision		3,23,182.03		
		Total Net Expenditure			**3,26,389.71**	
D – Railways						
Voted						
Revenue		2,72,235.40	--	2,72,235.40	2,28,445.37	(-)43,790.03
Capital		2,27,394.24	0.02	2,27,394.26	2,14,557.30	(-)12,836.96
Total		4,99,629.64	0.02	4,99,629.66	4,43,002.67	(-)56,626.99
Charged						
Revenue		474.28	--	474.28	418.91	(-)55.37
Capital		36.31	817.49	853.80	791.95	(-)61.85
Total		510.59	817.49	1,328.08	1,210.86	(-)117.22
Grand Total		5,00,140.23	817.51	5,00,957.74	4,44,213.53	(-)56,744.21
Recoveries in reduction of expenditure				2,15,168.92	1,99,546.72	
		Total Net Provision		**2,85,788.82**		
		Total Net Expenditure			2,44,666.81	
Total						
Total CFI	Voted	30,13,950.33	1,28,918.31	31,42,868.64	28,04,098.65	(-)3,38,769.99
	Charged	68,04,953.49	3,73,005.03	71,77,958.52	71,39,207.92	(-)38,750.60
Grand Total CFI		98,18,903.82	5,01,923.34	103,20,827.16	99,43,306.57	(-)3,77,520.59
Total recoveries in reduction of expenditure				6,73,526.13	5,68,552.20	
Total provision and expenditure as per Appropriation Account				96,47,301.03	93,74,754.37	
Difference with the Finance Accounts					--	
Total disbursement from CFI as per Finance Accounts					93,74,754.37	

Note: Provision for the Charged and Voted expenditure is called Appropriation and Grant respectively.
CFI - Consolidated Fund of India

Annexure 3.2
(Refer to Paragraph 3.2.2)
Savings of ₹100 crore or more

(₹in crore)

Sl. No.	Grant/Appropriation No. and Description	Sanctioned Provision	Savings	Savings as % of Sanctioned Provision
Revenue (Voted)				
1.	1-Department of Agriculture, Cooperation and Farmers' Welfare	1,30,450.60	35,952.80	27.56
2.	2-Department of Agricultural Research and Education	8,078.79	233.80	2.89
3.	4-Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	2,445.61	612.01	25.02
4.	8-Ministry of Civil Aviation	4,475.01	849.56	18.98
5.	9-Ministry of Coal	1,159.06	336.06	28.99
6.	12-Department of Posts	31,510.59	2,370.94	7.52
7.	13-Department of Telecommunications	30,693.65	4,301.21	14.01
8.	14-Department of Consumer Affairs	2,240.34	311.40	13.90
9.	15-Department of Food and Public Distribution	1,90,914.29	76,983.15	40.32
10.	17-Ministry of Culture	2,953.24	518.74	17.57
11.	19-Defence Services (Revenue)	2,26,252.14	3,055.67	1.35
12.	22-Ministry of Development of North Eastern Region	2,316.89	292.88	12.64
13.	23-Ministry of Earth Sciences	1,765.07	144.68	8.20
14.	24-Ministry of Electronics and Information Technology	6,306.04	774.34	12.28
15.	25-Ministry of Environment, Forests and Climate Change	2,998.25	424.45	14.16
16.	26- Ministry of External Affairs	16,511.21	445.03	2.70
17.	27-Department of Economic Affairs	3,803.48	327.89	8.62
18.	29-Department of Financial Services	1,678.99	643.58	38.33
19.	32-Direct Taxes	7,218.40	263.02	3.64
20.	33-Indirect Taxes	7,493.15	233.36	3.11
21.	37-Pensions	51,179.90	1,413.32	2.76
22.	38-Transfers to States	32,480.01	6,285.93	19.35
23.	39-Department of Fisheries	790.59	130.41	16.50
24.	40-Department of Animal Husbandry and Dairying	3,319.68	194.31	5.85
25.	41-Ministry of Food Processing Industries	1,196.62	351.08	29.34
26.	42-Department of Health and Family Welfare	90,145.37	23,569.81	26.15
27.	43-Department of Health Research	3,424.67	1,563.69	45.66
28.	46-Ministry of Home Affairs	16,803.88	173.42	1.03
29.	48-Police	94,998.38	484.46	0.51
30.	56-Ministry of Housing and Urban Affairs	35,421.34	12,467.77	35.20
31.	57-Department of School Education and Literacy	1,02,597.83	15,077.00	14.70
32.	58-Department of Higher Education	52,058.90	17,227.26	33.09
33.	59-Ministry of Information and Broadcasting	4,361.68	333.61	7.65
34.	60-Department of Water Resources, River Development and Ganga Rejuvenation	7,890.16	710.27	9.00
35.	61-Department of Drinking Water and Sanitation	27,766.73	1,750.16	6.30
36.	62-Ministry of Labour and Employment	11,151.70	1,097.29	9.84
37.	66-Ministry of Micro, Small and Medium Enterprises	6,984.29	281.88	4.04
38.	67-Ministry of Mines	1,717.98	332.68	19.36

39.	68-Ministry of Minority Affairs	4,600.01	254.91	5.54
40.	69-Ministry of New and Renewable Energy	5,209.85	1,718.71	32.99
41.	70-Ministry of Panchayati Raj	871.37	373.10	42.82
42.	74-Ministry of Petroleum and Natural Gas	43,834.55	1,593.91	3.64
43.	76-Ministry of Power	19,534.36	891.77	4.57
44.	78-Lok Sabha	807.83	158.29	19.59
45.	82-Ministry of Railways	2,72,235.40	43,790.03	16.09
46.	83-Ministry of Road Transport and Highways	21,619.84	3,321.11	15.36
47.	84-Department of Rural Development	2,07,774.04	2,951.81	1.42
48.	85-Department of Land Resources	2,227.24	692.12	31.08
49.	86-Department of Science and Technology	5,564.10	160.34	2.88
50.	87-Department of Biotechnology	2,580.35	221.58	8.59
51.	89-Ministry of Shipping	2,071.23	424.85	20.51
52.	90-Ministry of Skill Development and Entrepreneurship	2,926.13	604.43	20.66
53.	91-Department of Social Justice and Empowerment	8,430.04	146.63	1.74
54.	92-Department of Empowerment of Persons with Disabilities	1,163.71	148.45	12.76
55.	94-Ministry of Statistics and Programme Implementation	5,216.35	306.97	5.88
56.	96-Ministry of Textiles	4,800.62	399.45	8.32
57.	97-Ministry of Tourism	2,189.23	790.02	36.09
58.	99-Ministry of Women and Child Development	29,664.93	6,485.33	21.86
Revenue (Charged)				
59.	*35-Interest Payments*	*6,73,470.60*	*18,098.59*	*2.69*
Capital (Voted)				
60.	3-Atomic Energy	9,579.69	120.92	1.26
61.	12-Department of Posts	947.74	217.18	22.92
62.	15-Department of Food and Public Distribution	51,326.14	50,083.03	97.58
63.	26- Ministry of External Affairs	1,373.56	167.68	12.21
64.	27-Department of Economic Affairs	24,779.14	12,051.05	48.63
65.	33-Indirect Taxes	406.87	131.42	32.30
66.	42-Department of Health and Family Welfare	2,945.23	146.00	4.96
67.	48-Police	10,811.91	1,894.10	17.52
68.	56-Ministry of Housing and Urban Affairs	19,551.89	292.74	1.50
69.	74-Ministry of Petroleum and Natural Gas	1,667.31	1,095.72	65.72
70.	76-Ministry of Power	3,365.93	873.42	25.95
71.	82-Ministry of Railways	2,27,394.26	12,836.96	5.65
72.	83-Ministry of Road Transport and Highways	1,44,986.82	11,124.20	7.67
Capital (Charged)				
73.	*36-Repayment of Debt*	*63,46,389.00*	*19,840.23*	*0.31*
74.	*38-Transfers to States*	*25,100.00*	*432.06*	*1.72*
		Total	**4,07,358.03**	

Annexure 3.3
(Refer to paragraph 3.3)
Unnecessary Supplementary provision under Minor/sub-heads

(₹in crore)

Sl. No.	Grant No.	Minor / Sub-head	Supplementary Provision	Savings
1	12	3201.07.101.01 – Superannuation and Retirement Allowances	11.05	327.92
2	16	3451.00.090.05 – Ministry of Corporate Affairs	11.33	23.78
3	19	2076.00.103-Pay & Allowances and Misc Expenses of Auxiliary Forces	60.00	203.71
4	19	2076.00.104- Pay & Allowances of Civilians	100.00	496.12
5	19	2076.00.109-Inspection Organisation	84.00	199.71
6	19	2076.00.111-Works	14.42	182.45
7	19	2076.00.113-National Cadet Corps	11.80	66.53
8	19	2077.00.104-Pay and Allowances of Civilians	94.93	338.04
9	19	2077.00.112- Joint Staff	89.72	417.78
10	20	4076.01.103- Other Equipment	154.51	853.51
11	20	4076.08.209-Assistance for prototype Development under Make Procedure	33.50	79.83
12	27	3466.00.109.01- Contribution towards Asian Development Fund (ADF)	12.36	12.37
13	27	5466.00.207.02- Maintenance of Value (MoV) obligation	858.02	958.02
14	27	5466.00.212.01- Subscription to the European Bank for Reconstruction and Development (EBRD)	28.00	28.00
15	27	7610.00.201.01- Ministries & Union Territory Administrations	25.00	58.45
16	31	2052.00.090.11- Department of Revenue	17.10	23.31
17	40	2404.00.102.23- White Revolution	18.63	47.97
18	48	2055.00.103.01- Establishment and Administration	35.35	368.73
19	71	2052.00.090.13- Ministry of Parliamentary Affairs	23.24	23.72
20	74	2802.02.800.02- Gas Authority of India- Phulpur Dhamra Haldia Pipeline Project	345.51	1,552.11
21	83	5054.01.337.06- Union Territory Governments without Legislatures financed from Central Road Infrastructure Fund	63.82	86.09
22	89	5051.02.200.01- Construction of landing facilities and jetties	13.40	26.56
23	93	5402.00.101.07- Liquid Propulsion Systems Centre (LPSC)	20.00	35.73
24	93	5402.00.101.48- ISRO Propulsion Complex (IPRC)	25.21	66.29
25	100	2204.00.103.01- Youth Hostel	18.00	18.97
		Total	**2,168.90**	**6,495.70**

Annexure 3.4
(Refer to paragraph 3.4)
Re-appropriation to minor/sub-heads which were injudicious due to non-utilisation
(Re-appropriation exceeding ₹ 10 crore or more)

(₹in crore)

Grant/ Appropriation	Minor /Sub-Head	Amount of Re-appropriation to the Head	Final Savings under the head
12 – Department of Posts	3201.07.107.01 – Family Pensions	55.95	63.82
19-Defence Services (Revenue)	2076.00.111-Works	109.47	291.92
	2080.00.800-Other Expenditure	10.07	14.04
27- Department of Economic Affairs	3605.00.800.07- Indo-German Bilateral Development Co-operation	11.05	21.06
33- Indirect Taxes	2037.00.101.01- Sea Customs-Major Ports	17.39	43.82
	4216.01.108.04- Construction of Residential Buildings for Customs and CGST Commissionerate	10.40	20.80
35- Interest Payment	*2049.03.104.01- General Provident Fund*	*928.04*	*1,064.48*
	2049.60.101.02- National Defence Fund	*10.59*	*18.44*
	2049.60.701.05- Interest on New Agreement to Borrow with IMF	*15.65*	*27.83*
37- Pensions	2071.01.101.01- Ordinary Pensions	905.00	1,015.90
	2071.01.104.04- Ordinary Pensions (AIS)	10.00	17.26
42- Department of Health and Family Welfare	2210.01.789.01- Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY) – National Health Authority	11.00	162.00
	2210.01.796.02- Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY) – National Health Authority	22.00	81.00
63- Law and Justice	4070.00.101.01- EVMs for Election Commission	50.00	50.04
	Total	**2166.61**	**2,892.41**

Annexure 3.5
(Refer to Paragraph 3.5)
Expenditure incurred without adequate provisioning of funds

(₹in crore)

Sl. No.	Minor/Sub Head	Total Provision	Actual expenditure	Final excess expenditure
Grant No.12 – Department of Posts				
1.	3201.02.101.01 – Existing Post Offices	8,323.34	8,479.94	156.60
2.	3201.02.101.10 – Gramin Dak Sewak	5,129.50	5,167.46	37.96
3.	3201.02.102.01 – Mail Sorting	1,406.84	1,438.53	31.69
4.	3201.02.103.01 – Rail	84.00	130.02	46.02
5.	3201.07.101.03 – Payment to Pensioners of erstwhile Combined P&T Department	21.40	57.86	36.46
6.	3201.07.104.01 – Gratuities	727.99	908.01	180.02
7.	3201.07.110.01 – Government Contribution for Defined Contribution Pension Scheme other than Audit Staff	488.20	521.36	33.16
8.	3201.60.102.02 – Interest on Extra-departmental Agents Group Insurance Fund	0.00	38.26	38.26
Grant No.13 – Department of Telecommunications				
9	2071.01.104.01- Ordinary Pensions	2,079.77	2,259.76	179.99
10	2071.01.105.02- Family Pensions	1,775.80	1,839.17	63.37
11	3275.00.103.01- Compensation to Service Providers	2,797.00	2,854.47	57.47
Grant No.18 – Ministry of Defence (Civil)				
12	2052.00.090.56- Border Roads Organisation	2,608.16	2,733.75	125.59
13	2055.00.104.02- Charges paid in respect of J&K Light Infantry (JAKLI)	1,388.95	1,449.27	60.32
Grant No.19 – Defence Services (Revenue)				
14	2077.00.105-Transportation	542.71	614.74	72.03
15	2077.00.106-Repairs and Refits	1,699.80	1,848.16	148.36
16	2077.00.110- Stores	5,884.18	6,139.88	255.70
17	2077.00.800- Other Expenditure	771.87	822.04	50.17
18	2078.00.101- Pay and Allowances of Air Force	15,337.54	15,458.27	120.73
19	2078.00.110-Stores	9,758.83	9,841.00	82.17
Grant No.20 – Capital Outlay on Defence Services				
20	4076.02.103-Other Equipment	3,600.00	4,011.90	411.90
21	4076.02.202-Construction Works	1,000.00	1,073.04	73.04
22	4076.02.204-Naval Fleet	15,483.06	16,002.42	519.36
23	4076.02.205-Naval Dockyards	4,012.00	4,336.61	324.61
24	4076.03.101-Aircraft and Aero-engine	23,326.52	23,449.47	122.95
25	4076.03.103-Other Equipment	18,395.93	18,434.67	38.74
Grant No. 21- Defence Pensions				
26	2071.02.101.01- Pension and other Retirement Benefits	95,124.38	95,159.94	35.56
27	2071.02.103.03- Leave Encashment	799.69	846.46	46.77
Grant No. 31 – Department of Revenue				
28	3601.08.797.02- Transfer to Goods and Service Tax Compensation Fund	1,12,200.00	1,43,897.00	31,697.00
29	3602.08.797.02- Transfer to Goods and Service Tax Compensation Fund	8,298.29	10,013.29	1,715.00

Appropriation No. 35 – Interest Payments				
30	*2049.01.122- Interest on Investment in Special Union Government of India Securities issued against net collections of small savings from 1.4.99*	*20,598.12*	*21,822.89*	*1,224.77*
31	*2049.01.130- Interest on Gold Monetisation Scheme, 2015*	*65.00*	*134.84*	*69.84*
32	*2049.01.305- Management of Debt*	*2,086.82*	*2,127.91*	*41.09*
33	*2049.03.104.02- Other State Provident Funds*	*4,313.54*	*6,286.26*	*1,972.72*
Appropriation No. 36 – Repayment of Debt				
34	*6001.00.105.02- International Monetary Fund*	*4,723.10*	*5,086.20*	*363.10*
35	*6002.00.217- Loans from the Government of Japan*	*5,893.15*	*5,939.04*	*45.89*
Grant No. 37 – Pensions				
36	2071.01.115.01- Ordinary Pensions	2,150.00	2,203.70	53.70
37	2071.01.120.01- Pensionary Charges recoverable from Government of NCT of Delhi	2,713.00	2,788.66	75.66
Grant No.42 – Department of Health and Family Welfare				
38	2210.05.105.33- Regional Post Graduate Centre, Jawaharlal Institute of Post Graduate Medical Education and Research (JIPMER), Puducherry	864.61	932.54	67.93
39	3601.06.789.13- National Urban Health Mission	181.63	237.39	55.76
40	4210.03.797.02- Support from Central Roads and Infrastructure Fund (CRIF)	1,087.30	1,132.33	45.03
Grant No.84 – Department of Rural Development				
41	2505.02.797.01- Transfer to National Employment Guarantee Fund	71,001.81	71,687.71	685.90
42	3602.06.797.04 – Transfer to Central Road Fund/ Central Road and Infrastructure Fund	5.00	353.00	348.00
	Total			**41,810.39**

Annexure 3.6
(Refer to Paragraph 3.6)
Non-surrender and surrender of savings on last day of the financial year

(₹in crore)

Sl. No.	Grant No. & Description	Total Savings	Total Surrender	Amount surrendered on the last day	Amount not surrendered
1.	01-Department of Agriculture, Cooperation and Farmers' Welfare	35,973.85	34,517.70	34,517.70	1,456.15
2.	04-Ministry of Ayush	612.22	588.76	588.76	23.46
3.	09-Ministry of Coal	336.06	336.05	336.05	0.01
4.	12-Department of Posts	2,588.83	2,422.00	--	166.83
5.	17-Ministry of Culture	541.99	495.35	495.35	46.64
6.	27-Department of Economic Affairs	12,378.93	7,672.48	7,672.48	4,706.45
7.	29-Department of Financial Services	650.51	648.14	124.10	2.37
8.	32-Direct Taxes	337.72	244.80	244.80	92.92
9.	33-Indirect Taxes	365.26	110.79	--	254.47
10.	*36-Repayment of Debt*	*19,840.23*	--	--	*19,840.23*
11.	37-Pensions	1,432.56	--	--	1,432.56
12.	38-Transfer to States	6,718.00	5,876.00	5,876.00	842.00
13.	42-Department of Health and Family Welfare	23,715.81	22,492.24	22,492.24	1,223.57
14.	43-Department of Health Research	1,563.69	1,490.62	1,490.62	73.07
15.	48-Police	2,387.35	1,616.18	171.76	771.17
16.	57-Department of School Education and Literacy	15,077.00	3,909.30	3,909.30	11,167.70
17.	58-Department of Higher Education	17,242.27	1,278.49	1,278.49	15,963.78
18.	61-Department of Drinking Water and Sanitation	1,750.16	1,752.09*	1,752.09	--
19.	62-Ministry of Labour and Employment	1,104.21	1,018.63	1,018.63	85.58
20.	66-Ministry of Micro, Small and Medium Enterprises	293.77	285.35	285.35	8.42
21.	67-Ministry of Mines	358.87	354.69	354.69	4.18
22.	68-Ministry of Minority Affairs	254.93	251.82	251.82	3.11
23.	74-Ministry of Petroleum and Natural Gas	2,689.63	1,139.13	90.87	1,550.50
24.	76-Ministry of Power	1,765.19	1,763.83	1763.83	1.36
25.	83-Ministry of Road Transport and Highways	14,455.31	12,513.00	12,513.00	1,942.31
26.	84-Department of Rural Development	3,039.29	440.21	440.21	2,599.08
27.	85-Department of Land Resources	692.12	692.64*	6.13	--
28.	90-Ministry of Skill Development and Entrepreneurship	631.41	585.58	585.58	45.83
29.	91-Department of Social Justice and Empowerment	146.66	139.08	139.08	7.58
30.	92-Department of Empowerment of Persons with Disabilities	188.74	188.74	188.74	--
31.	94-Ministry of Statistics and Programme Implementation	311.78	311.21	311.21	0.57
32.	96-Ministry of Textiles	402.14	357.67	357.67	44.47
33.	99-Ministry of Women and Child Development	6,490.10	6,465.46	6,465.46	24.64
			Total	**1,05,722.01**	**64,381.01**

*Amount surrendered was more than savings.

Annexure 3.7
(Refer to Paragraph 3.8.1)
Incorrect use of object heads with major heads

Description of Grant	Major Head	Object Head	Expenditure (₹ in crore)	Reply of the Department/ Ministry
03-Department of Atomic Energy	2852	51/52/60	16.76	Department stated (September 2020) that expenditure even if appearing to be of capital nature actually belonged to Operational & Maintenance Charges and hence, was booked accordingly in the revenue section. It also stated that expenditure appearing to be of revenue nature was meant for execution of capital projects and hence classified accordingly. It further stated that the Department was exempt from the purview of DFPRs. The reply is not acceptable as MoF had advised (September 2017) DAE to redefine revenue and capital expenditure and respective object head in conformity with extant rules.
	3401	51/52	10.21	
	4801	21	1.26	
	4861	21	2,147.85	
	5401	21	320.15	
89-Ministry of Shipping	5052	13	8.90	Ministry stated (November 2020) that the IT expenditure related to LRIT Project of DG, Shipping, Mumbai, was erroneously booked under revenue sections (3052.80.001.01.01.13), which was later re-booked under capital section (5052.80.800.09.99.13) through a transfer entry. The reply is not acceptable as object head-13 (Office Expenses) is required to be used with revenue major heads and ministry should have provisioned and booked the expenditure under object head-52 (Machinery & Equipment) in capital section of the Grant.
			2,505.13	

Annexure 3.8
(Refer to Paragraph 3.8.2)
Misclassification between revenue and capital expenditure

Sl. No.	Grant	Amount (₹ in crore)
Misclassification of revenue expenditure as capital expenditure		
1.	**93-Department of Space**	**2.92**
The expenditure of ₹2.92 crore incurred by PAO ISTRAC towards availing Time and Frequency Traceability Support from National Physics Laboratory (NPL), Delhi, was booked under the object head '52-Machinery & Equipment' (5402.00.101.18.00.52) in the capital section instead of booking it under the correct object head '30-Other Contractual Services' (3402.00.101.26.00.30) of the revenue section. Department stated (September 2020) that error occurred due to incorrect assignment of object code entry and noted the observation for future compliance.		
Misclassification of capital expenditure as revenue expenditure		
1.	**82-Railways**	**1.12**
Expenditure of ₹1.12 crore towards cost of material in Northern Railways was wrongly booked to revenue Major Heads -3002 and 3003, Sub-Major Head -06 instead of capital Major Heads -5002 and 5003 (Minor Head 2100– Rolling Stock).		
2.	**82-Railways**	**1.36**
Pay and Allowances of work charged post in South Central Railways were wrongly booked to revenue Major Heads -3002 and 3003, Sub-Major Head -10 instead of capital Major Heads-5002 and 5003.		
3.	**82-Railways**	**1.38**
Cost of work related to track renewal was wrongly booked to revenue Major Heads -3002 and 3003, Sub-Major Head -06 instead of capital Major Heads-5002 and 5003(Minor Head 3100-Track Renewal).		
4.	**93-Department of Space**	**44.74**
In nine cases, expenditure aggregating to ₹44.74 crore was booked incorrectly under the object head '21-Supplies and Materials' under the revenue section which should have been booked under object head '60-Other Capital Expenditure' under capital section under extant orders. Department stated (September 2020) that the expenditure was made on development activities for enhancing the current capabilities, propellent and consumables, etc. and hence booked under object head '21-Supplies and Materials'. The reply is not acceptable. As per Department of Space's order (April 2007), expenditure on supplies and materials in case of satellites, having life of more than one year (including launch service for such satellites) should be classified under object head '60-Other Capital Expenditure'.		
5.	**93-Department of Space**	**3.51**
In two cases, expenditure aggregating to ₹3.51 crore was booked incorrectly under the object head '50-Other Charges' under the revenue section which should have been booked under object head '60-Other Capital Expenditure' under capital section under extant orders. Department stated (September 2020) that the expenditure was made on development activities for enhancing the current capabilities, propellent and consumables, etc. and hence booked under object head '50-Other Charges'. The reply is not acceptable. As per Department of Space's order (April 2007), expenditure on supplies and materials in case of satellites, having life of more than one year (including launch service for such satellites) should be classified under object head '60-Other Capital Expenditure'.		