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**STANDING COMMITTEE ON FINANCE
(2019-20)**

SEVENTEENTH LOK SABHA

**MINISTRY OF FINANCE
(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE,
FINANCIAL SERVICES AND INVESTMENT & PUBLIC ASSET MANAGEMENT)**

**DEMANDS FOR GRANTS
(2019-20)**

FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2019 / Agrahayana, 1941 (Saka)

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(2019-20)**

Presented to Lok Sabha on 10 December, 2019

Laid in Rajya Sabha on 10 December, 2019



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2019 / Agrahayana, 1941 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE (2019-20)

Shri Jayant Sinha - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Subhash Chandra Baheria
4. Shri Vallabhaneni Balashowry
5. Shri Shrirang Appa Barne
6. Dr. Subhash Ramrao Bhamre
7. Smt. Sunita Duggal
8. Shri Gaurav Gogoi
9. Shri Sudheer Gupta
10. Smt. Darshana Vikram Jardosh
11. Shri Manoj Kishorbhai Kotak
12. Shri Pinaki Misra
13. Shri P.V Midhun Reddy
14. Prof. Saugata Roy
15. Shri Gopal Chinayya Shetty
16. Dr. (Prof.) Kirit Premjibhai Solanki
17. Shri Manish Tewari
18. Shri P. Velusamy
19. Shri Parvesh Sahib Singh Verma
20. Shri Rajesh Verma
21. Shri Giridhari Yadav

RAJYA SABHA

22. Shri Rajeev Chandrasekhar
23. Shri A. Navaneethakrishnan
24. Shri Praful Patel
25. Shri Amar Patnaik
26. Shri Mahesh Poddar
27. Shri C.M. Ramesh
28. Shri T.K. Rangarajan
29. Shri G.V.L Narasimha Rao
30. Dr. Manmohan Singh
31. Smt. Ambika Soni

SECRETARIAT

1. Shri. Vinod Kumar Tripathi - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Kh. Glnlal Chung - Under Secretary

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this First Report (Seventeenth Lok Sabha) on 'Demands for Grants (2019-20)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, and Investment and Public Asset Management).

2. The Demands for Grants (2019-20) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, and Investment and Public Asset Management) were laid on the Table of the House on 12 July, 2019 under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took oral evidence of the representatives of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, and Investment and Public Asset Management) on 08 November 2019. The Committee wish to express their thanks to the representatives of the Departments of Economic Affairs, Expenditure, Financial Services, and Investment and Public Asset Management for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2019-20).

4. The Committee considered and adopted this Report at their Sitting held on 04 December, 2019.

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold at the end of the Report.

**New Delhi;
4 December, 2019
13 Agrahayana, 1941 (Saka)**

**SHRI JAYANT SINHA,
Chairperson
Standing Committee on Finance**

REPORT

PART I

I. INTRODUCTORY

1.1 The Ministry of Finance is responsible for the administration of the finances of the Central Government. It is concerned with economic and financial matters affecting the country as a whole. It mobilizes resources for development, regulates expenditure of the Central Government and deals with transfer of resources to States. It works with other Ministries/ Departments, States/ UTs, Reserve Banks of India, Public Financial Institutions and other stake holders for evolving policies for economic development, setting priorities for expenditure, seeking Parliamentary approval to the Budget and ensuring propriety in utilisation of funds. The Ministry has strategic associations with multilateral agencies and foreign Governments. The Ministry administers the following twelve Demands:

DEMAND NO.	DEPARTMENT
27	Department of Economic Affairs
28	Department of Expenditure
29	Department of Financial Services
30	Department of Investment and Public Asset Management
31	Department of Revenue
32	Direct Taxes
33	Indirect Taxes
34	Indian Audit and Accounts
35	Appropriation- Interest Payments
36	Appropriation- Payment of Debt
37	Pensions
38	Transfer to States

1.2. Demand no.. viz; 31,32, and 33 pertaining to Department of Revenue, Direct Taxes and Indirect Taxes respectively are examined and reported separately by the Committee since 1998-99.

II MANDATE OF THE DEPARTMENTS OF ECONOMIC AFFAIRS (Demand no. 27), EXPENDITURE (Demand no. 28), FINANCIAL SERVICES (Demand no. 29) & INVESTMENT AND PUBLIC ASSET MANAGEMENT (Demand no. 30),

Department of Economic Affairs

Demand No. 27

2.1 The Department of Economic Affairs formulates and monitors the country's economic policies and programmes having a bearing on domestic and international aspects of economic management. One of the principal responsibilities of this Department is the preparation of the Annual Union Budget and the Economic Survey. The Department of Economic Affairs has fifteen main divisions. Some of the key functions of the divisions are highlighted briefly in the following paragraphs:

(1) Economic Division

The Economic Division tenders expert advice to the Government on important issues of economic policy. The Division monitors economic developments-domestic and external and advises on policy measures relating to macro management including agriculture, industry and infrastructure sectors of the economy. As part of its regular activities, the Economic Division brings out the Economic Survey annually, which is laid before both the Houses of Parliament one day before the presentation of the Union Budget.

The Economic Survey provides a comprehensive overview of important developments in the economy. It also analyses recent economic trends and provides an in-depth appraisal of policies. Further, the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the Ministry of Finance to review every quarter the trends in Receipts and Expenditure in relation to the Budget and lay it before both the Houses of Parliament. In addition, at the end of first quarter and third quarter a Macro-Economic backdrop statement is prepared and provided to the Budget Division for incorporating in the review of quarterly receipts and expenditure.

The Economic Division also brings out the Economic and the Functional Classification of the Central Government's Budget, which is circulated among Hon'ble Members of Parliament.

(2) Budget Division

Budget Division is responsible for the preparation of and submission to the Parliament, the Annual Budget as well as Supplementary and Excess Demands for Grants of the Central Government and of States under President's Rule. The Division also deals with issues relating to Public Debt, Market Loans of the Central Government and State Government's borrowing and lending, guarantees given by the Government of India and the administration of Contingency Fund of India. The responsibility of the Division also extends to regulate the flow of expenditure by processing proposals from other Ministries/ Departments for re-appropriation of savings in a Grant where prior approval of the Ministry of Finance is required. The Division also handles the issues pertaining to National Savings Institute (NSI), Small Savings Schemes and National Defence Fund. The work relating to Treasurer, Charitable Endowment is also handled in the Budget Division.

(3) Financial Market Division

Policy Developments

a) Primary Market Section

Towards developing and strengthening an investor friendly securities market, Government, in consultation with the regulator, has been taking a number of transformative steps:

b) Secondary Market Section

i. Stamp Duty Reforms – Amendments to the Indian

Stamp Act 1899

c) Commodity Derivatives Section

i. Unified Exchanges

After allowing for integration of commodity derivatives market with equity market at the level of intermediaries/ brokers, integration has been facilitated at the level of Exchanges from October 2018 onwards. BSE so far has launched commodity derivatives contracts for gold, silver, crude oil, copper, guar gum, guar seed and cotton and NSE has launched contracts for gold, silver and crude oil.

(4) Financial Stability and Cyber Security

With a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December 2010. The Chairman of the Council is the Finance Minister. Its members include Minister of State in charge of DEA, the Heads of financial sector Regulators and Secretaries of the selected Ministries/Departments of the Government of India. During the year 2018-19, vide Gazette Notification dated May 23, 2018, the membership of FSDC has been expanded to include: (i) Minister of State in-charge-of DEA; (ii) Secretary, Department of Revenue (DoR); and (iii) Secretary, Ministry of Electronics and Information Technology (MeitY).

(5) Financial Sector Reforms and Legislation Division

The Financial Sector Legislative Reforms Commission (FSLRC), set up on 24th March, 2011 for rewriting the financial sector laws to bring them in harmony with the current requirements, submitted its Report to the Government on 22nd March, 2013. The Report is in two parts: Volume I titled “Analysis and Recommendations” and Volume II titled “Draft Law” consisting of the draft Indian Financial Code (IFC). The Commission, inter alia, recommended a non-sectoral, principle-based legislative architecture for the financial sector, by restructuring existing regulatory agencies and creating new agencies, wherever needed, for better governance and accountability

(6) Infrastructure Policy & Finance Division

The Division has the following Units: Infrastructure Finance (Infra-Fin), Infrastructure Policy & Programme (IPP), Energy Sector Policies & Programmes (ESPP) and Public Private the rule of law in India. Besides, several such cases of economic offences also involve non-repayment of bank loans thereby, worsening the financial health of the banking sector in India. The pre-existing civil and criminal provisions in law were inadequate to deal with the severity of the problem.

(7) Investment Division

Since the abolition of FIPB and transfer of the coordination function to Department of Promotion of Industry and Internal Trade (DPIIT), the function of this section has been down-sized to provide policy support on Foreign Investment policies, besides FDI policy clarifications & related matters, with specific reference to “Other financial services” sector entrusted to DEA. This Section primarily co-ordinates with DPIIT on foreign investment issues and also offers comments / suggestions on any amendment in FDI policy as per need of the Indian economy. It also suggests measures for improving investment environment in India with respect to FDI policy. It also takes inputs from DFS, RBI, SEBI, PFRDA, IRDAI, etc., while processing FDI applications.

(8) Administration Division

Administration Division is responsible for personnel and office administration, implementation of Official Language policy of the Government, implementation of the Right to Information Act, 2005, Grants-in-aid, redressal of public grievances, training of officials, Record Retention Schedule, Complaints Committee on Sexual Harassment of Women Employees etc.

(9) Currency & Coin Division-Currency Section

All policy issues and matters relating to design, form and material of currency notes/banknotes including security features, production planning of printing of currency notes and other security documents. Others include currency related legislation, indigenization of bank notes production items, distribute/complaint in respect of supply of material of printing of bank notes and other security products, expansion, up-gradation and modernization of Presses, Paper Mills, Ink factory, Postal Stamp; Revenue Stamp, NJSP, Passports, fair price determination of Bank Notes and Postal Stamps, Preshipment inspection of CWBN/security paper and currency conferences etc. Further, a Task Force Committee was constituted on 14th April 2018 to ensure uninterrupted supply of currency in various parts of the country with Secretary (EA) as Chairman and Secretary (DFS) and Dy. Governor, RBI as members.

(10) UN Division

United Nations sub-Division comes under BC and SF Division. It looks after work related to United Nations Development Programme (UNDP), Global Environment Facility (GEF), Green Climate Fund (GCF), and Sustainable Finance, apart from co-ordination related work of the UN. The UN sub-Division is required to provide strategic direction in the matters of management and governance of these institutions.

Department of Expenditure

Demand No.28

2.2 The Department of Expenditure is the nodal Department for overseeing the public financial management system in the Central Government and matters connected with state finances. It is responsible for the implementation of the recommendations of the Finance Commission and Central Pay Commission, monitoring of audit comments/observations, preparation of Central Government Accounts. It further assists Central Ministries/Departments in controlling the costs and prices of public services, reviewing system and procedure to optimize outputs and outcomes of public expenditure. The principal activities of the Department include overseeing the

expenditure management in the Central Ministries/ Departments through the interface with the Financial Advisors and the administration of the Financial Rules/ Regulations/Orders, pre-sanction appraisal of major schemes/projects, handling bulk of the central budgetary resources transferred to State.

2.3 The business allocated to the Department of Expenditure is carried out through its Personnel & Establishment Division, Public Finance-State and Public Finance Central Divisions, Office of Chief Advisor Cost, Office of Controller General of Accounts and Central Pension Accounting Office. The Department has under its administrative control the National Institute of Financial Management (NIFM), Faridabad, which is an autonomous body.

Department of Financial Services

Demand No. 29

2.4 As per Allocation of Business Rules (AOBR), functions of Department of Financial Services (DFS) interalia include matters pertaining to Banking, Insurance, Pension Reforms, Development Financial Institutions etc. The Department of Financial Services (DFS) oversees several key programs / initiatives and reforms of the Government concerning the Banking Sector, the Insurance Sector and the Pension Sector in India. The key flagship schemes being currently run / managed by the Department include the Pradhan Mantri Jan Dhan Yojana (PMJDY), Stand Up India, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri JeevanJyoti Bima Yojana (PMJJBY), Pradhan Mantri Mudra Yojana (PMMY), Atal Pension Yojana (APY) and the Pradhan Mantri Vaya Vandana Yojana (PMVVY). The Department provides policy support to the Public Sector Banks (PSBs), Public Sector Insurance Companies (PSICs) and Financial Institutions (FIs) like NABARD, SIDBI, NHB, IFCI, EXIM, IIFCL etc. through policy guidelines, legislative and other administrative changes. It also monitors the performance of these PSBs, PSICs and FIs and undertakes policy formulation in respect of the Banking and Insurance Sector in India.

2.5 DFS also deals with legislative and other issues pertaining to the concerned regulatory bodies such as the Insurance Regulatory and Development Authority of India (IRDAI), the Pension Fund Regulatory and Development Authority (PFRDA) and with

certain legislative matters related to Reserve Bank of India (RBI). The latest information of number of banks and insurance companies is as follows:

Scheduled Commercial Banks (as on 31.03.2019)	
Public Sector Banks (including IDBI Ltd.)*	21
Private Sector Banks*	21
Small Finance Banks	7
Regional Rural Banks	53
Foreign Banks	45
TOTAL	147

Source : RBI

Note: *As on 1st April, 2019, the number of PSBs became 18 on account of amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank, and as per RBI press release dated 14.03.2019 IDBI Ltd categorised as Private sector Bank. Total SCBs as on 01.04.2019 were 145.

Details of Insurance Companies are as follows:

	As on 31.03.2019		
	Private Sector	Public Sector	Total No. of Insurers (Public & Private)
Life Insurers	23	1	24
General insurers	21	4	25
Specialized Institutions	--	2	2
Stand-alone Health Insurers	7	--	7
Reinsurers (including Foreign Reinsurers Branches/Lloyd's India)	11	1	12
TOTAL	62	8	70

2.6 In addition to the aforesaid policy issues, the Department is also responsible for certain functional issues concerning the Regulatory Bodies [RBI, IRDAI and PFRDA], the PSBs, PSICs and Financial Institutions. Foremost among these functional issues is the appointment of key functionaries of Governor / Deputy Governor of Reserve Bank of India, Chairman / Members of IRDAI and PFRDA, Chairman / Managing Director and Chief Executive Officers (MD & CEOs), Executive Directors (EDs), Chairman cum Managing Directors (CMDs) etc of public sector banks, insurance companies and other financial institutions. Matters relating to international banking relations are also dealt with by the Department

Demand No. 30

Department of Investment and Public Asset Management

2.7 The Department of Disinvestment was set up as a separate Department on 10th December, 1999 and was later renamed as Ministry of Disinvestment from 6th

September, 2001. From 27th May, 2004, the Department of Disinvestment is one of the Departments under the Ministry of Finance.

2.8 The Department of Disinvestment has been re-named as Department of Investment and Public Asset Management (DIPAM) with effect from 14th April, 2016.

I. Functions

As per the present Allocation of Business rules, the mandate of the Department is as follows:

1. (a) All matters relating to management of Central Government investments in equity including disinvestment of equity in Central Public Sector Undertakings.
- (b) All matters relating to sale of Central Government equity through offer for sale or private placement or any other mode in the erstwhile Central Public Sector Undertakings.

Note: All other post disinvestment matters, including those relating to and arising out of the exercise of Call option by the Strategic Partner in the erstwhile Central Public Sector Undertakings, shall continue to be handled by the administrative Ministry or Department concerned, where necessary, in consultation with the Department of Investment and Public Asset Management (DIPAM).

2. Decisions on the recommendations of Administrative Ministries, NITI Aayog, etc. for disinvestment including strategic disinvestment.
3. All matters related to Independent External Monitor(s) for disinvestment and public asset management.
- 4.(a) Decisions in matters relating to Central Public Sector Undertakings for purposes of Government Investment in equity like capital restructuring, bonus, dividends, disinvestment of government equity and other related issues.
- (b) Advise the Government in matters of financial restructuring of the Central Public Sector Enterprises and for attracting investment in the said Enterprises through capital market.
5. The Unit Trust of India Act, 1963 (52 of 1963) along with subjects relating to Specified Undertaking of the Unit Trust of India (SUUTI).

2.9 Steps taken to accelerate the disinvestment process: The Department has taken following measures to accelerate the disinvestment process:

- (i) Replacing annual plan with rolling plans.
- (ii) Creating a pipeline of proposals for CPSEs to take advantage of better market condition without any loss of time. (iii) Disinvestment programme made more inclusive by following an approach to reserve 20 per cent of shares on PSUs-OFS transactions for retail investors on a case to case basis.
- (iv) Based on the suggestion made by the Department, SEBI has reduced the notice period for an OFS transaction from T-2 to T-1 (T being the transaction day). This will help in minimizing the possibility of price hammering between the notice day and the transaction day and suitably protecting the interest of retail investors by providing them sufficient time to participate in the OFS transaction.
- (v) As announced in the Budget, guidelines on “Capital Restructuring of CPSEs” have also been issued by this Department on 27th May, 2016. These guidelines supersede all previously issued guidelines by various Ministries/Departments from time to time and comprehensively deal with the inter-related issues on payment of dividend, buy back of shares, issue of bonus shares and splitting of shares. The focus of these guidelines is on optimum utilization of funds by CPSEs/Government to spur economic growth.

III. SUBMISSION FURNISHED ON DEMAND NOs. 34,35,36,37 and 38

Demand No. 34

Indian Audit & Accounts Department

3.1 Statement showing approved provision in Budget Estimates, Revised Estimates from 2015-16 onwards along with actual expenditure.

Grant No. 34 – Indian Audit & Accounts Department

(Rs. in Crore)

Year	Budget Estimates (Gross)	Revised Estimates (Gross)	Expenditure
2019-20	5025.51	-	-
2018-19	4630.12	4851.56	4812.26
2017-18	4322.24	4400.56	4310.55
2016-17	3934.27	4070.50	4050.88
2015-16	3677.39	3453.59	3433.73

Demand No. 35

Appropriation Interest Payments

3.2 The entire expenditure included in the appropriation is classified as Non-Plan expenditure of the Central Government and is 'charged' on the Consolidated Fund of India in terms of article 112(3)(c) of the constitution of India. The Appropriation provides for interest charges on Central Governments' debt obligations both internal and external. It also includes provisions for interest payable on provident funds, special securities issued to National Small Savings Fund, special deposits with the Government besides depreciation and other reserve funds of commercial departments like Railways, provisions for management of debt and other liabilities of the Central Government.

3.3 The Budget Estimates/Revised estimates and actual for the years 2015-16, 2016-17, 2017-18 and 2018-19 (on gross basis) as sought for by the Lok Sabha Secretariat are shown below:

(in crore)						
Year	BE	Percentage increase/ decrease over previous year	RE	Percentage increase/ decrease over previous year	Actual	Percentage increase/ decrease over previous year
2015-16	476089.17	5.83	457440.42	6.19	457270.38	7.57
2016-17	507669.95	6.63	506301.82	10.68	504514.54	10.33
2017-18	538078.39	5.99	543800.29	7.41	543710.07	7.77
2018-19	590794.95	9.80	599991.60	10.33		
2019-20	673470.60	13.99				

As per other source, the Actual for 2018-19 is Rs 582648.37 crore.

3.4 The 'Appropriation-Interest Payments' also includes provision for payment of interest on Ways and Means Advance/OD from RBI, Cash Management Bills, discounting charges on 14 days Intermediate Treasury Bills (ITBs), Auction Treasury Bills (ATBs) availed/issued to meet the short-term mismatch between receipts and payments of Central Government.

Appropriation No. 36

REPAYMENT OF DEBTS

3.5 This Appropriation includes provision for repayment of debt raised by Central Government as well as for discharge of treasury bills of different maturities, Cash Management Bills, Ways and Means advances, etc. This Appropriation is 'Charged' on the Consolidated Fund of India in terms of Article 112 (3) (c) of the Constitution of India.

3.6 Fiscal Deficit in a year is financed through borrowings from various sources, net of repayments and cash draw-down. In a fiscal deficit regime, repayment obligation is met out of fresh borrowings.

3.7 The Appropriation includes provision for discharge of Ways and Means Advances, Cash Management Bills including overdraft from RBI. These are short term funds availed mainly to meet intra-year mismatch between receipts and expenditure of the Government. 14 days Intermediate Treasury Bills (ITBs) provide an avenue to State Governments to invest their short term surplus funds. Given the difficulties in accurately estimating the cash flows and cash surplus of State Governments, requirement of funds under this Appropriation cannot be assessed with precision. It may be noted that any variation in this Appropriation does not impact the expenditure budget or the fiscal deficit of the Government.

Table 1: Major Head-6001- Internal Debt (in crore)						
Year	BE	Percentage increase/ decrease over previous year	RE	Percentage increase/ decrease over previous year	Actual	Percentage increase/ decrease over previous year
2015-16	4210027.78	4.17	3516363.22	-7.25	3714351.59	0.74
2016-17	4380736.50	4.05	5464866.78	55.41	5652628.31	52.18
2017-18	5055023.76	15.39	5753204.93	5.28	5845919.36	3.42
2018-19	6055518.37	19.79	6160227.49	7.07		
2019-20	5947825.09	-1.78				

Table 2:Major Head-6002-External Debt						
Year	BE	Percentage increase/ decrease Over previous year	RE	Percentage increase/ decrease over previous year	Actual	Percentage increase/ decrease over previous year
2015-16	23200.00	3.38	23095.35	11.56	23305.38	13.13
2016-17	25694.58	10.75	27002.00	16.92	26194.89	12.40
2017-18	30281.00	17.85	27066.00	0.24	26685.27	1.87
2018-19	29455.00	-2.73	31340.00	15.79		
2019-20	35363.00	20.06				

3.8 The net increase in the RE 2018-19 over BE 2018-19 in respect of internal debt is mainly on account of issuances of higher volume of Cash Management Bills (CMBs, Auction Treasury Bills (ATBs) of 182 and 364 days, securities issued to International Financial Institutions, Compensation and Other Bonds, availing of more WMA and CMBs to repay the short-term borrowing on the maturity, [External Debt is on account of due to exchange rate variation in JPY, USD and SDR vis-a-vis Indian currency. The provision of Rs. 31340 crore is incorporated in RE 2018-19, primarily due to higher requirement and rescheduling of the scheduled payments. In BE 2019-20, a provision of Rs. 35363 crore has been considered based on the repayment schedule. The BE 2019-20 provision is higher by Rs. 4023 crore over RE 2018-19.

3.9 The lower requirement in RE 2018-19 as against the requirement in BE 2018-19 due to lower investment by state governments in 14-Days Intermediate Treasury Bills (ITBs), Auction Treasury Bills (ATBs) of 91 days.

Demand No. 37 Pensions

3.10 Grant No. 37 - Pensions is a Composite Grant relating to Central Civil Pension payments. The Budget Estimates are prepared on the basis of projections of expenditure received from various Civil Ministries/Departments and trend of expenditure booked by CPAO.

Demand No. 38

Transfers to States

Public Finance-States & FCD

State Finances Division

3.11 The State Finances (Public Finance-States) Division of Department of Expenditure looks after matters relating to finances of the State Government, including fixing of borrowing ceiling of the States, issue of permission for borrowings under Article 293(3) of the Constitution of India, debt relief measures (as recommended by the Finance Commissions), releases of Additional Central Assistance for Externally Aided Projects (Grants and Loan Portion), Special Assistance to States, releases on recommendation of Finance Commissions and Assistance under NDRF under Demand No. 38.

3.12 Till 2014-15, PF-S Division was releasing the funds under both under Plan & Non-Plan. Plan Grants comprised of 'Block Grants' which consisted the Normal Central Assistance (NCA), Backward Regions Grant Fund (BRGF) - Scheme (State Component), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs), Special Central Assistance (SCA), Special Plan Assistance (SPA), etc. Non-Plan Grants were provided as recommended by FC XIII for its award period 2010-15. With effect from 2015-16, the release of Non-Plan grants are being made as per the recommendations of Fourteenth Finance Commission (FFC) for its award period 2015-20 based upon the prescribed conditionality by FFC and accepted by Central Government. These Grants recommended by FFC are covered under Article 275(1) of the Constitution and are charged expenditure.

3.13 The FFC, after making detailed assessment of the revenue expenditure need of the States, including Plan and Non-Plan expenditure, has recommended increase in tax devolution from 32% to 42% in the divisible pool of Union Taxes. Accordingly, the former additional central assistance in the form of block grants namely NCA, SCA, SPA, etc. got subsumed in the higher tax devolution recommended by FFC.

3.14 The State's share of Central Tax during 2018-19 BE is estimated to be Rs.7,88,092.52 crore as compared to Rs. 6,73,005.29 crore in 2017-18 RE showing an

increase of Rs. 1,15,087.23 crore during 2018-19. Besides, as per the FFC recommendation, Grant-in-aid of Rs. 34,582.00 crore to cover revenue deficit of State, local body grants (rural and urban localbodies) of Rs. 64,939.37 crore & grants of Rs. 9,852.13.00 crore for augmenting the State Disaster Response Fund (SDRF) has also been provided during BE 2018-19.

3.15 An amount of Rs.1,55,447.45 crore is estimated in 2019-20 (BE) in Demand No. 38 for transfer to States as Grants.

3.16 The brief details of Grants to States for 2019-20 operated by Public Finance-States, Department of Expenditure, Ministry of Finance are given below:

STATE GRANTS :

1) Special Assistance

3.17 'Special Assistance' is a new budget line introduced in 2015-16 in Demand No. 37 (now Demand No. 38) of MoF. This provision has been earmarked for spill over committed liabilities pertaining to area specific schemes and projects for which budget provision is not made after the implementation of FFC recommendations and need based assistance to the States, depending upon requirements due to varying socio-economic-geographical factors.

3.18 The Budget Estimates for 2019-20 is Rs. 15,000.00 crore

3.19 During 2018-19, the expenditure incurred (upto 31.03.2018) under this head is Rs. 4685.81 crore as against Budget Estimates of Rs. 15,000.00 crore. The Revised Estimates for 2018-19 are Rs. 13,500.00 crore.

**IV STATEMENT SHOWING INCREASE/DECREASE (MAJOR HEAD WISE)
OVER THE THREE YEARS (DEPTT. OF ECONOMIC AFFAIRS)**

4.1

DEPARTMENT OF ECONOMIC AFFAIRS

Statement showing increase/decrease (Major Head wise) over the last three years

(Rs. in crore)

Major Head	Budget Estimates (BE)	Actual Expenditure	Budget Estimates (BE)	Actual Expenditure	Budget Estimates (BE)	Actual expenditure
	2016-17	2016-17	2017-18	2017-18	2018-19	2018-19
Revenue Section						
2052	182.42	149.76	224.38	195.81	239.86	128.85
2047	17.90	10.31	16.34	9.81	16.53	11.72
2070	8.75	5.75	19.47	10.72	43.46	28.69
2075	300.02	500.02	600.02	604.68	800.02	600.02
2235	8.53	0.00	0.03	0.00	0.03	0.00
2250	0.00	389.16	0.00	64.43	0.00	81.62
2416	84.00	81.14	84.00	77.38	0.00	98.82
3075	5120.80	3511.96	0.00	0.00	0.00	0.00
3465	4000.00	15.00	1200.00	342.38	1999.99	0.00
3466	829.97	610.96	696.73	660.04	535.59	525.47
3475	651.03	822.50	707.56	835.58	438.71	579.02
3605	1131.97	624.76	754.26	676.48	797.04	751.96
Total	12335.39	6721.32	4302.79	3477.31	4871.23	2806.17

The total BE (2019-20) for DEA is Rs 3211.46 crore (Revenue Sector)

4.2 The Ministry of Finance, Department of Economic Affairs furnished the following explanation to the above table.

Revenue Section

MH-2052 - Secretariat General Services

The provision under this head is kept for the Secretariat expenditure of the Department of Economic Affairs, G-20 Secretariat etc. BE 2016-17 was kept at Rs.182.42 crore and the expenditure during 2016-17 was Rs.149.76 crore. BE 2017-18 was kept at Rs.224.38 crore and the expenditure during 2017-18 was Rs. 195.81 crore. BE 2018-19 was kept at Rs. 239.86 crore and the expenditure during the 2018-19 was 128.85 crore.

MH-2047 - Other Fiscal Services

The provision under this head is for expenditure of National Savings Institute with its network of regional offices. It also includes provision in respect of interests on deposits under Compulsory Deposits (Income Tax Payers) Scheme, 1974; Rental cost of IMF Residents office and India's' contribution to International Saving Bank Institutions. BE 2018-19 was kept at Rs. 16.53 crore and the expenditure during the 2018-19 was Rs.11.72 crore.

MH-2070 - Other Administrative Services

The provision under this head is for expenditure of Investment Commission, 14th Finance Commission, Security Appellate Tribunal (SAT) and Financial Sector Legislative Reforms Commission (FSLRC). The BE 2015-16 and BE 2016-17 only includes provision for Security Appellate Tribunal (SAT). BE 2017-18 includes provision for Security Appellate Tribunal (SAT) and Fifteenth Finance Commission (FFC). BE 2018-19 was kept at Rs. 43.46 crore and the expenditure during the 2018-19 was 28.69 crore.

MH-2075 - Miscellaneous General Services

The provision is for interest payments on Central Securities in time barred cases and payment in connection with unclaimed securities credited to Government accounts. A provision of Rs. 600.00 crore is kept for transfer to the Guarantee Redemption Fund. BE 2018-19 was kept at Rs. 800.02 crore and the expenditure during the 2018-19 was 600.02 crore.

MH-2235- Social Security and Welfare

Nil expenditure incurred up to March, 2019 under MH-2235 against a provision of Rs.0.03 crore for 2018-19.

MH 2250 – Other Social Services

During 2016-17, provision was made under this head by obtaining supplementary demand for grants for transferring the unclaimed money to Senior Citizen Welfare

Fund (SCWF) kept in the Public Account. Expenditure during 2016-17 was Rs.389.16 crore. Expenditure during 2017-18 was Rs. 64.43 crore. BE 2018-19 was kept nil, however, Rs. 81.62 crore was taken as supplementary / re-appropriation (+) for transfer to Senior Citizen Welfare Fund. Expenditure during 2018-19 was Rs. 81.62 crore.

MH-2416 - Agriculture Financial Institutions

International Fund for Agricultural Development (IFAD): India is one of the founder members of International Fund for Agricultural Development (IFAD) and has so far contributed US\$ 114 million to IFAD resources till the 8th Replenishment. For the 9th Replenishment, India has committed to contribute US\$ 30 million. The payment was to be made in three installments of US\$ 10 million in 2012-13, 2013-14 and 2014-15. India contributed US\$ 10 million as 1st installment of the 9th Replenishment towards IFAD resources in December 2012. BE 2018-19 was kept nil, however, Rs. 102.20 was taken as supplementary / re-appropriation (+) for Contribution to International Fund for Agriculture Development (IFAD). Expenditure during 2018-19 was Rs. 98.82 crore.

MH - 3075: Other Transport Services (Subsidy to Railways towards Dividend Reliefs & Other Concessions)

Subsidy to Railways for Dividend Relief and other concession is based on the dividend paid by the Ministry of Railways, to the General Revenues, on the entire capital (excluding dividend free capital) invested on Railways from the General Revenues. The subsidy provided towards dividend relief and other concessions is also dependent on capital work in progress. Similarly, the reimbursement of losses on operating 'strategic' lines is dependent on the working expenses of the Railways on operating such lines. As such, there are variations in the actual expenditure vis-à-vis the provisions made. BE 2018-19 was nil under this head. Expenditure is nil during 2018-19.

MH-3465 – General Financial and Trading Institutions

A provision of Rs.1939.99 crore was kept towards National Investment and Infrastructure Fund (NIIF) and Rs. 60 crore was kept for National Investment and Infrastructure Fund Limited (NIIFL) during 2018-19, however, there is nil expenditure under this head.

MH - 3466 - International Financial Institutions

The provision are for Payment of Contribution towards Multilateral Debt Relief Initiative of African Development Fund, Assessment Charges payable to International Monetary Fund in regard to Administration of Special Drawing Rights Account, Contribution to International Development Association (IDA) and Contribution to Asian Development Fund -12 etc. Expenditure during 2016-17 was Rs.610.96 crore against a Budget provision of Rs.829.97 crore. Expenditure during 2017-18 was Rs.660.04 crore against a Budget provision of Rs.696.73 crore during 2017-18. Expenditure during 2018-19 was Rs.525.47 crore against a Budget provision of Rs.535.59 crore during 2018-19.

MH – 3475 - Other General Economic Services

The provision under this Head includes contribution to Commonwealth Fund for Technical Cooperation (CFTC) and other international organizations, Economic Wing of the Embassy of India at Washington, Tokyo and Beijing, Training of Indian Economic Service Officers, India Trust Fund in ADB, Grants-in-Aid to Other Institutions. Expenditure during 2016-17 was Rs.822.50 crore against a Budget provision of Rs.651.03 crore. Expenditure during 2017-18 was Rs. 835.58 crore against a Budget provision of Rs.707.56 crore during 2017-18. Expenditure during 2018-19 was Rs. 579.02 crore against a Budget provision of Rs.438.71 crore during 2018-19.

MH-3605 - Technical & Economic Cooperation with Other Countries

The provision under this Head includes contribution to United Nations Development Programme (UNDP), Cooperation with Other Countries (Interest equalization support to EXIM Bank of India), India's Contribution to Global Environment Trust Fund, and Expenditure towards hosting a High Level Conference on Advancing Asia: Investing for Future and Expenditure towards organizing [46th] Annual General Meeting of ADB. Expenditure during 2018-19 was Rs. 751.96 crore against a Budget provision of Rs.797.04 crore during 2018-19.

V BUDGETARY ALLOCATION-MISMATCH/VARIATION/INCONSISTENCIES

5.1

**(Department of Economic Affairs)
Demand No.27
MH:3465**

(Rupees in crore)

Year	BE	Actuals	Utilisation
2016-17	4000.00	15.00	3985.00 Short fall
2017-18	1200.00	342.38	857.62 Shortfall
2018-19	1999.99	0.00	Nil
2019-20	300.00		

On this Head the Government has stated that since the inception of NIIF, budget meant for activities of NIIF i.e. payment of Management fee to NIIF Ltd (“Investment Manager”), purchase of equity share, payment made towards contribution to NIIF for investment etc was done from account head ‘3465 – General Financial and Trading Institutions (Major Head), 01- General Financial Institutions, 797 – Transfer to Reserve Fund and 190 – Assistance to General Financial Institutions which is a revenue account.

It is further added that, however, after formulation of an accounting procedure, on directions of C&AG and on suggestion of PAO that expenditure on NIIF were in the nature of capital expenditure, an account head 5465 under ‘Capital Head’ was created to meet expenditure under NIIF in the year 2018-19.

In 2016-17 the BE was Rs.4000.00 crore and the actual expenditure was a dismal 15.00 crore; in 2017-18, the BE was Rs.1200.00 crore and the Actuals was Rs.342.38 crore; and there was ‘nil’ expenditure against Rs.1999.99 crore allocation at BE in 2018-19.

5.2 On being asked to **explain the reasons for such occurrence of wide mismatch between the BE and Actuals consecutively year after year since 2016- 17, the Ministry of Finance inter alia gave the following reply below:**

“NIIF was established in August 2015 with an objective to catalyze international and domestic commercial capital to invest in commercially viable infrastructure projects, both Greenfield and Brownfield. Among the first steps to operationalize NIIF were to recruit a strong team of experts, set up its governance structures and to raise capital from non-government investors prior to making investments. Negotiations

with various investors, such as Sovereign Wealth Funds (SWFs) and international pension funds were at the initial stage during FY 2016-17 and no investment agreement could be executed during the said FY, resulting in under-utilization of the funds allotted.

Corrective measures were taken and BE was reduced to Rs. 1000 crore in FY 2017-18 to ensure realistic utilization based on expected capital-raising from some key investors and the availability of appropriate investment opportunities for NIIF.

NIIFL signed its first fund-raising agreement with a wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA) and six Domestic Institutional Investors (DIIs) in October 2017. As NIIF had to built up its team, governance structure and investment strategies and negotiate with several key investors to invest in NIIF which take time to materialize, the first investment of NIIF in partnership with DP World (As a Joint Venture) Company, to investment in port and logistics sector took place in 2017-18. Consequently, funds of Rs 327.47 crore could be utilized during the FY 2017-18.

In the year 2018-19 NIIF the investments by NIIF gathered pace and consequently out of an amount of Rs.2000 crore provided in BE 2018-19. However, after framing of accounting procedure for NIIF in consultation with Principal Account Officer keeping in view the observations of C&AG, in the second supplementary for the year 2018-19, the entire amount provided under the Head 3465 (Revenue Head) was transferred to the Head 5465-(Investment in General Financial & Trading Institutions) Major Head – 01 (Investment in General Financial Institutions) – Sub Major Head – 190 (Investment in Public Sector and Other Undertakings, Banks etc) Minor Head – 46 (Investment into National Investment and Infrastructure Fund) – Sub-Head, '46.00.54-Investment Object Head after its creation. The amount of Rs.1000 crore was provided in RE 2018-19 under the Head 3465 after transferred to the head 5465 was utilized and an additional amount of Rs.196 crore was also sought to meet the expenditure during the year 2018-19. Thus, a total amount of Rs.1196 crore was utilized during the year 2018-19”.

5.3 When the actual expenditure under this Head in 2018-19 was 'nil', the Committee wanted to know how the Ministry justify allocation of Rs.300 crore for 2019-20. The Ministry of Finance *inter alia* gave their reply as below:

“So far as allocation of Rs. 300 crore under Major Head 3465 is concerned, it appears that there is some inadvertent / typo error as actual provision made in BE 2019-20 under the said Budget Head is only Rs. 3.00 crore. This has been provisioned for meeting the expenditure towards advisory services of NIIF matters.”

(Department of Expenditure)
Demand No.28
MH:3475
Minor Head:00.800

(Rupees in crore)

Year	BE	Actuals	Utilisation
2016-17	60.00	108.76	48.75 Excess
2017-18	300.00	65.48	234.52 Shortfall
2018-19	240.00	107.46	132.54 Shortfall
2019-20	210.00		

5.4 The Major Head **3475** is used for booking the expenditure incurred on **Other General Economic Services** of the Government of India. The Public Financial Management System (PFMS) is a Central Sector Scheme of the Department of Expenditure, Ministry of Finance aimed at providing MIS and Decision Support System for the tracking of funds released under Central sector (CS), Centrally Sponsored (CSS) and Direct Benefit Transfer (DBT) schemes to the last beneficiary/ implementing agency with a view to achieve 'Just in Time' release of funds. Apart from this, the PFMS has also been mandated to ensure digitization of all receipts and payments of the Central Government and integration of all stand alone systems in this regard. The expenditure related to PFMS under the components Technology, Manpower, Infrastructure & Office and Training & Capacity Building are booked under the Minor Head **800 –other expenditure**.

5.5 Under this Head, the actual expenditure exceeded the BE of Rs.60.00 crore by Rs.48.75 crore in 2016-17; However, there were shortfalls of Rs.234.52 crore and Rs.132.54 crore in expenditure in the fiscals 2017-18 and 2018-19 respectively. The reasons for such inconsistent budgetary exercise under this Head as explained by the Ministry of Finance are as stated below:

“For financial year 2016-17, the initial Budget Estimate (BE) was Rs. 60.00 crore. PFMS was allocated an additional Grant of Rs. 50.00 crore by Parliament through the First Batch of Supplementary Demand for Grants 2016-17. The total budget provision for the financial year 2016-17 consequently became Rs. 110.00 crore against which the actual expenditure was Rs. 108.76 crore which is 98.87% of the total budget provision. Therefore the actual expenditure did not exceed the total budget provision in financial year 2016-17.

During the financial year 2017-18 & 2018-19, the reasons for shortfall in expenditure component –wise are as follows:

- Under the technology component there was a shortfall in expenditure of Rs. 119.10 crore (2017-18) and Rs. 68.53 crore due to delay in procurement of hardware and software for the upgradation of PFMS and delay in hiring of requisite technical manpower due to the non completion of the procurement processes in time.
- Under the manpower component, there was a shortfall in expenditure of Rs. 30.64 crore (2017-18) and Rs. 25.69 crore (2018-19) due to the non –filling up of sanctioned Gr. A & Gr. B posts in the State Project Management Units (SPMUs) of PFMS.
- Under the infrastructure and office component, there was a shortfall in expenditure of Rs. 55.35 crore (2017-18) and Rs. 23.20 core (2018-19) due to non –establishment of permanent offices of the State Project Management Units (SPMUs).
- Under the training and capacity building, there was a shortfall in expenditure of Rs. 29.43 crore (2017-18) and Rs. 15.12 crore (2018-19) due to the vacant posts of PFMS and some delay in operationlization of Training Programmes for State Government officials.”

5.6 The Committee wanted to know the reasons for the allocation of Rs.210.00 crore for 2019-2020 under this Head, the Ministry of Finance in their reply gave the following reply:

“The component wise justification for allocation of the Budget of Rs. 210.00 crore in financial year 2019-20 is as follows: -

- As the existing IT infrastructure is urgently needed to be upgraded, procurement of Hardware and Software is required for upgradation of PFMS Data Center at New Delhi, Data Recovery Center at Hyderabad and Development Center at New Delhi and hiring of Technical professionals for development and support functions. Technology component of Rs.131.70 crore is projected which is 86 crore (approx) more than earlier expenditure.
- Manpower component (Rs. 28.35 crore) for payment of pay and allowances and travel expenses for the regular staff of PFMS posted at New Delhi and States.
- Infrastructure and Office component (Rs. 48.55 crore) for meeting office contingency, rent, rates and taxes liabilities for office establishments of PFMS in New Delhi and in the States.
- As the PFMS is expanding rapidly and more staff/officers are required to be trained, the training & Capacity Building component (Rs. 1.40 crore) is for conducting training programmes for staff of central Ministries/Departments and States/ UTs for rollout of PFMS.

- A statement showing the actual expenditure vis a vis BE for the financial years 2016-17 to 2018-19 and the BE for 2019-20 is at Annexure-A.

Annexure-A

Component wise Expenditure (PFMS)

(Rupees in Crore)

Components	Heads	2016-17		2017-18		2018-19		2019-20
		BE*	Actual Exp.	BE	Actual Exp.	BE	Actual Exp.	BE
Technology	Office Expenses (IT)	49.00	57.61	68.01	1.83	54.08	25.30	90.00
	Professional Services	15.00	16.50	71.84	18.92	60.00	20.25	41.70
	Total	64.00	74.11	139.85	20.75	114.08	45.55	131.70
Manpower	Salary	10.00	5.65	41.61	14.68	44.00	21.46	25.00
	Wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Over Time Allowance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Medical	0.20	0.10	1.00	0.23	1.00	0.15	0.30
	Domestic Travel Expenses	1.00	0.74	4.00	1.55	4.00	2.15	3.00
	Foreign Travel Expenses	0.50	0.09	0.50	0.01	0.50	0.05	0.05
	Total	11.70	6.58	47.11	16.47	49.50	23.81	28.35
Infrastructure & Officer	Office Expenses	7.50	2.75	49.63	4.36	20.00	5.85	8.00
	Rent Rates & Taxes	25.64	25.13	33.00	22.75	40.00	27.29	36.00
	Publication	0.10	0.01	0.10	0.00	0.10	0.01	0.05
	Minor Works	0.00	0.00	0.00	0.00	0.00	3.71	4.00
	Swatch Action Plan	0.00	0.00	0.00	0.28	0.31	0.37	0.50
	Machine & Equipment/Other Charges	0.01	0.00	0.01	0.00	0.01	0.00	0.00
	Total	33.25	27.89	82.74	27.39	60.42	37.22	48.55
Training & Capacity Building	Other Administrative Expenses	1.00	0.17	0.30	0.08	1.00	0.36	0.40
	Other Administrative Expenses (IT)	0.05	0.01	30.00	0.79	15.00	0.52	1.00
	Total	1.05	0.18	30.30	0.87	16.00	0.88	1.40
GRAND TOTAL		110.00	108.76	300.00	65.48	240.00	107.46	210.00

*Rs.50.00 crore obtained via 1st Batch of Supplementary Demands for Grants 2016-17.

PART II

OBSERVATIONS/RECOMMENDATIONS

Appropriation No.35- Interest Payments

1. The Committee note that the expenditure included in the appropriation-interest payment is classified as Non-plan expenditure of the Government and is 'charged' on the Consolidated Fund of India in terms of article (3)(c) of the Constitution of India. The Appropriation provides for interest charges on Central Government's debt obligations, both internal and external, provident fund etc. From the details submitted by the Ministry of Finance, the Committee note that there have been an increase in interest payment by Rs 39195.53 crore in 2017-18 (Actual) over the year 2016-17 (Actual); Rs 56281.53 crore in 2018-19 (RE) over the year 2017-18 (Actual); the budget allocation BE for 2019-20 registered an increase by Rs 826755.65 crore over the BE (Rs. 590794.95 crore) for 2018-19 i.e. an increase by 14% in 2019-20, which is higher than the trend. The Ministry has not elaborated the reasons for steep increase in interest payment obligation by the Government in their submission to the Committee. The Committee apprehend that such a huge interest liability which has been increasing over the years may put fiscal stability to stress. The Committee desire to be apprised of the reasons for the sudden spurt in the interest payments by the Government, while seeking to ensure that this does not derail the path of fiscal stability and elbow out the scope for private investment.

Major Head Wise-Department of Economic Affairs (Revenue Section)

2. The Committee are surprised to notice wide variations between the BE and Actual Expenditure in the 'Statement showing increase/decrease (Major Headwise) over the last three years' (revenue section) furnished by the Department of Economic Affairs. The total BE in 2016-17 was Rs 12335.39 crore, while the Actual Expenditure was only Rs 6721.23 crore, and the shortfall in utilization was Rs 5614.16 crore; the total BE in 2017-18 was Rs 4302.79 and the Actual Expenditure was again only Rs. 3477.31 crore, and the shortfall was Rs 825.48 crore; and once again the BE in 2018-19 was Rs 4871.23 crore and the total expenditure was only Rs 2806.17, the shortfall in utilization being as much as Rs 2065.06 crore. The Committee are thus inclined to conclude that there is an urgent need to exercise greater "due diligence" in carrying out the budgetary exercise by the Department of Economic Affairs, Ministry of Finance, which is the nodal department for preparation of the entire budget for the government.

Demand No. 27, MH: 3465

3. The Committee understand that under Demand No. 27, MH: 3465 budget meant for activities of National Investment and Infrastructure i.e. payment of management fee to National Investment and Infrastructure Fund (NIIF) Ltd. purchase of equity, payment towards contribution to NIIF for investment etc was undertaken. There has been persistent shortfall in utilization of budgetary allocation of Rs 3985.00 crore in 2016-17 and Rs 857.62 crore in 2017-18; there was 'nil' expenditure against budget allocation of Rs 1999.99 crore in 2018-19.

The Department has not been able to justify the occurrence of shortfall year after year. The Committee would expect the Department to formulate their Demands in a more realistic manner so that such shortfalls are avoided once and for all. Persistent shortfalls in utilization of budgeted funds will apart from causing avoidable delays/lags in implementation of government programmes/schemes, would also derail the budgetary objectives. The Committee would also like clarification on how NIIF will be treated in Budget accounting going forward. If it is meant to be a separate entity, then it should be able to fund its own operations and simply have an annual drawdown from the CFI.

Demand no. 28, Major Head 3475-Other General Economic Services

4. The Committee note that the Major Head 3475 is used for working expenditure incurred on Other Economic Services of Government of India. The Public Financial Management System (PFMS) is a Central Sector Scheme of the Department of Expenditure, Ministry of Finance which aims at providing Management Information System (MIS) and Decision Support System for tracking of funds released under Central Sector (CS)/Centrally Sponsored (CSS)/Direct Benefit Transfer (DBT) Schemes. Under Demand no. 28, Major Head 3475, Minor Head:00.80 there was an excess utilization of Rs 48.75 crore against BE of Rs 60.80 crore in 2016-17; followed by Rs 234.52 crore and Rs 132.54 crore shortfall in 2017-18 and 2018-19 respectively. The reasons for the shortfall as submitted by the Ministry include delay in procurement of hardware and software for upgradation of PFMS, delay in hiring technical manpower, vacant posts in PFMS, delay in operationalisation of training programme for State Government officials

etc. The Committee are not convinced by the reasons adduced by the Ministry for the occurrence of shortfall in utilization of funds allocated for a major scheme. It appears to the Committee that budget allocations were made under this Head without ascertaining the status/tenability of the programmes/activities etc. The Committee would expect greater financial prudence and discipline while making budgetary allocations. The Committee would like to further urge that Government payments to vendors and contractors should be expedited so that private sector participants doing business with the Government are not placed under financial stress. In addition, timely payments are necessary to maintain transaction velocity in the economy.

New Delhi;
04 December, 2019
13 Agrahayana, 1941 (Saka)

SHRI JAYANT SINHA,
Chairperson
Standing Committee on Finance

Minutes of the Third sitting of the Standing Committee on Finance (2019-20)
The Committee sat on Friday, the 08 November, 2019 from 1100 hrs. to 1730 hrs.
in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Jayant Sinha - Chairperson

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Shrirang Appa Barne
4. Dr. Subhash Ramrao Bhamre
5. Smt. Sunita Duggal
6. Smt. Darshana Vikram Jardosh
7. Shri Manoj Kishorbhai Kotak
8. Shri Pinaki Misra
9. Prof. Saugata Roy
10. Shri Gopal Chinayya Shetty
11. Shri Manish Tewari
12. Shri Rajesh Verma
13. Shri Giridhari Yadav

RAJYA SABHA

14. Shri Rajeev Chandrasekhar
15. Shri A. Navaneethakrishnan
16. Shri Praful Patel
17. Shri Amar Patnaik
18. Shri Mahesh Poddar
19. Shri C.M. Ramesh
20. Shri G.V.L Narasimha Rao
21. Smt. Ambika Soni

SECRETARIAT

- | | | |
|---------------------------------|---|---------------------|
| 1. Shri V.K Tripathi | - | Joint Secretary |
| 2. Shri Ramkumar Suryanarayanan | - | Director |
| 3. Shri Kulmohan Singh Arora | - | Additional Director |
| 4. Shri Kh. Ginlal Chung | - | Under Secretary |

PART I (1100 hrs - 1430 hrs)

WITNESSES

Department of Financial Services

1. Shri Rajiv Kumar, Finance Secretary and Secretary, DFS
2. Shri Ravi Mittal, Additional Secretary
3. Shri Debasish Panda, Additional Secretary
4. Shri Dakshita Das, Additional Secretary
5. Shri Pankaj jain, Additional Secretary
6. Shri Madnesh Kumar Mishra, Joint Secretary

Department of Economic Affairs

1. Shri. Atanu Chakraborty, Secretary, DEA
2. Dr. Krishnamurthy Subramanian, Chief Economic Adviser, DEA
3. Shri C.S. Mohapatra, Additional Secretary, DEA
4. Ms. Meera Swarup, Additional Secretary and Financial Adviser, DoE
5. Shri Rajat Kumar Mishra, Joint Secretary (Budget), DEA
6. Shri Anand Mohan Bajaj, Joint Secretary (Financial Market)
7. Dr. K.V. Pratap, Joint Secretary (IPF)
8. Shri Rajeev Saksena, Joint Secretary (Investment)

Department of Expenditure

1. Shri. Atanu Chakraborty, Secretary-Incharge
2. Mr. J.P.S. Chawla, Controller General of Accounts
3. Ms. Annie George Mathew, AS (Pers.), DoE
4. Shri Rajeev Ranjan, AS, DoE
5. Ms. Meera Swarup, AS & FA (Finance)
6. Shri Subodh Kumar Mathur, Addl. CGA, O/o CGA

Department of Investment and Public Asset Management (DIPAM)

1. Shri Tuhin Kanta Pandey, Secretary
2. Shri Dheeraj Bhatnagar, Additional Secretary

Department of Revenue

1. Shri Ajay Bhushan Pandey, Secretary
2. Shri Anil Kumar Jha, Addl. Secretary
3. Ms. Meera Swarup, Addl. Secretary & Financial Advisor
4. Shri P. C. Mody, Chairman, CBDT
5. Shri Akhilesh Ranjan, Member (L), CBDT
6. Shri P.K.Dash, Member (IT & Revenue), CBDT
7. Shri Prabhash Shankar, Member (TPS & Systems), CBDT
8. Shri John Joseph, Member (TP), CBIC
9. Shri S.K.Dash, Pr. DGIT (Systems), CBDT
10. Shri Yogendra Garg, Pr. Commissioner (GST), CBIC
11. Shri Ritvik Pandey, Joint Secretary (Rev)
12. Shri Manish Kumar Sinha, Joint Secretary (TRU-II)
13. Shri Anand Jha, Commissioner (IT&CT), CBDT
14. Ms. Suraksha Katiyar, Commissioner (TAR)

Ministry of Corporate Affairs

1. Shri Injeti Srinivas, Secretary
2. Shri Alok Samantarai, DGCoA
3. Smt. Anjali Bhawra, AS
4. Shri Rajiv Bansal, AS & FA
5. Shri K.V.R Murthy, JS

2. At the outset, the Chairperson welcomed the Members and the Witnesses to the sitting of the Committee. After the customary introduction of the Witnesses and their introductory remarks, the Committee took their oral evidence in connection with the examination of Demands for Grants (2019-20) and issues connected therewith in respect of the Ministry of Finance (Departments of Expenditure, Economic Affairs, Financial Service, Revenue and Investment and Public Asset Management) and Ministry of Corporate Affairs. Besides, the Committee also heard the presentation of the

Chief Economic Advisor and the Finance Secretary on the State of the Economy, and sought clarification on various points. As many of the queries of Members remained unanswered, the Chairperson directed the representatives of Ministry of Finance (Departments of Expenditure, Economic Affairs, Financial Service, Revenue and Investment and Public Asset Management) and Ministry of Corporate Affairs to furnish written replies to the points raised by the Members during the discussion within 07 days to the Secretariat.

The witnesses then withdrew.

The Committee then adjourned for Lunch.

A verbatim record of the proceedings has been kept

PART II (1500 hrs - 1630 hrs)

WITNESSES

3.	XX	XX	XX	XX	XX	XX
	XX	XX	XX	XX	XX	XX.

(The witnesses then withdrew)

PART III (1630 hrs - 1730 hrs)

WITNESSES

4.	XX	XX	XX	XX	XX	XX
	XX	XX	XX	XX	XX	XX.

(The witnesses then withdrew)

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

Minutes of the Fourth sitting of the Standing Committee on Finance (2019-20)The Committee sat on Wednesday, the 4th December, 2019 from 1500hrs. to 1545 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Jayant Sinha - Chairperson

LOK SABHA

2. Shri Shrirang Appa Barne
3. Dr. Subhash Ramrao Bhamre
4. Smt. Sunita Duggal
5. Shri Gaurav Gogoi
6. Shri Sudheer Gupta
7. Smt. Darshana Vikram Jardosh
8. Shri Manoj Kishorbhai Kotak
9. Shri Pinaki Misra
10. Shri Gopal Chinayya Shetty
11. Dr. (Prof.) Kirit Premjibhai Solanki
12. Shri P. Velusamy
13. Shri Parvesh Sahib Singh Verma
14. Shri Rajesh Verma
15. Shri Giridhari Yadav

RAJYA SABHA

16. Shri A. Navaneethakrishnan
17. Shri Praful Patel
18. Shri Amar Patnaik
19. Shri Mahesh Poddar
20. Shri C.M. Ramesh
21. Shri T.K. Rangarajan
22. Shri G.V.L Narasimha Rao
23. Dr. Manmohan Singh

SECRETARIAT

1. Shri V.K Tripathi - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Kulmohan Singh Arora - Additional Director
4. Shri Tenzin Gyaltsen - Under Secretary
5. Kh. Ginlal Chung - Under Secretary

2. At the outset, the Chairperson welcomed Dr Manmohan Singh for his nomination in the Committee. He then welcomed the Members to the sitting of the Committee. The Committee, thereafter, took up the following draft Reports for consideration and adoption :

- (i) First Report on Demands for Grants (2019-20) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Investment & Public Asset Management).
- (ii) Second Report on Demands for Grants (2019-20) of the Ministry of Finance (Department of Revenue).
- (iii) Third Report on Demands for Grants (2019-20) of the Ministry of Corporate Affairs.
- (iv) Forth Report on Demands for Grants (2019-20) of the Ministry of Planning.
- (v) Fifth Report on Demands for Grants (2019-20) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present the Reports to Parliament. The Committee also decided to undertake Study Tour during the second or third week of January, 2020.

The Committee then adjourned.