Chapter 2: Observations on Finance Accounts

2.1 Introduction

The Union Government Finance Accounts (UGFA) 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. The UGFA consists of 16 Statements.

The Controller General of Accounts (CGA) is responsible for laying down the general principles of Government Accounting and the Form of Accounts. The 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 Ministries/ Departments. They discharge their functions with the assistance of Financial Advisors (FA) and Chief Controllers of Accounts (CCA) of the Ministry/ Department concerned.

This Chapter contains audit observations relating to significant deficiencies and shortcomings in the presentation of the UGFA in terms of accuracy, completeness and transparency of accounts. Several of these shortcomings have persisted despite being regularly highlighted in previous Audit Reports of the Comptroller and Auditor General of India (CAG). These reflect on the failure of the Accounting Authorities referred to above, in discharging their responsibilities and taking effective measures to prevent recurrence of shortcomings.

2.2 Issues of transparency and disclosures

2.2.1 Indiscriminate 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. Persistent and indiscriminate use of Minor Head 800 is to be discouraged, since it results in opaqueness in accounts.

Successive Audit Reports of the CAG have pointed out such persistent and indiscriminate use of Minor Head 800 by Ministries/ Departments of Government of India (GoI). Recommendations have also been made for a comprehensive review of the structure of Government Accounts to ensure greater transparency in financial reporting. Despite this, little efforts have been made by GoI, and the indiscriminate accounting of expenditure and receipts under Minor Head 800 has continued to persist.

2.2.1.1 Booking under Minor Head 800-Other Expenditure

During 2018-19, expenditure totalling ₹33,326 crore was booked under Minor Head 800-Other Expenditure under various Major Heads. In the case of seven

Ministries/ Departments involving 11 Major Heads, expenditure of ₹7,428 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 (₹3,854 crore) under MH 5275- Other Communications Services; Pradhan Mantri Krishi Sichai Yojana (₹1,430 crore) under MH 2701- Medium Irrigation and National Seismic Program (₹1,300 crore) under MH 4802– Petroleum.

In addition, in some 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 Phulpur Dharma Haldia Pipeline Project (₹1,207 crore) under MH 2802- Petroleum; Support to Autonomous Institutions and Make in India (₹864 crore) under MH 2852- Industries and Support to Rural Development Programmes and strengthening District Planning Process and BPL survey (₹561 crore) under MH 2515- Rural Development.

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; Flood Control and Drainage; Capital Outlay on Non-Ferrous Mining and Metallurgical Industries and Capital Outlay on Soil and Water Conservation.

2.2.1.2 Booking under Minor Head 800-Other Receipts

Receipts of ₹37,424 crore were booked under Minor Head 800- Other Receipts during 2018-19. In 17 Ministries/ Departments, receipts pertaining to 24 Major Heads, amounting to ₹13,678 crore, which were over 50 *per cent* of total receipts booked under these heads, were booked under this Minor Head. These heads included Roads and Bridges; Defence Services-Navy; Defence Receipts-Research and Development; Food Storage and Warehousing; Education Sports, Art and Culture; Public Works; Road Transport; Stamps and Registration Fees; Coal and Lignite; and Village & Small Industries.

In the following cases, significant receipts (though below 50 *per cent* of total receipts) were booked under Minor Head 800. Under Non-Tax Receipts, these included Defence Services Receipts-Army and Air Force (₹1,164 crore); Urban Health Services (₹1,182 crore); Postal and Other Communication Services (₹1,487 crore); and Interest Receipts of Central Government (₹1,169 crore). Further, ₹12,426 crore of receipts from SUUTI[12] were not only erroneously booked under Capital Receipts (instead of revenue receipts), they were booked under Minor Head 800, thereby masking their true nature.

Audit scrutiny of bookings under Minor Head 800 in respect of Direct Taxes showed that ₹920 crore was booked under Minor Head 800, even though the

12 Specified Undertaking of the Unit Trust of India

relevant Minor Heads were available. In addition, an amount of ₹403 crore of Non-Tax revenue was booked under Minor Head-800-Other Receipts as Tax Revenue. Similarly, in the case of Indirect Taxes, ₹2,611 crore was booked under Minor Head 800 despite the existence of relevant Minor Heads. Such wrong booking under Minor Head 800 despite availability of correct Minor Heads impacted the calculation of net proceeds and assignment to States.

As in the case of expenditure, booking of receipts in excess of 50 *per cent* of total receipts under 800 - Other Receipts also persisted for several years in the case of 12[13] Major Heads/ functions.

In the interest of transparency in accounts, it is recommended that the Controller General of Accounts (CGA) reviews all transactions where there are persistent booking of receipts and expenditure under Minor Head 800 and, in consultation with the CAG, prescribe and ensure operation of new Minor Heads. The CGA should also issue suitable directions to all accounting authorities to ensure that direct and indirect tax revenues are booked to the correct Minor Head, and are not wrongly booked under Minor Head 800 depriving States of their rightful share.

2.2.2 Questionable depiction of critical information through footnotes in UGFA

2.2.2.1 Public Liabilities

Statement No.2 "Summary of Debt Position" of UGFA 2018-19 depicts the total of liabilities under "Small Savings and Provident Fund" as ₹5,79,609 crore and under "Other Obligations-Reserve Funds and Deposits" as ₹3,02,510 crore. Together, these constitute Public Account Liabilities amounting to ₹8,82,119 crore as on 31 March 2019. Information on other liabilities of the Central Government consisting of investment of NSSF of ₹7,42,842 crore, accumulated deficit of NSSF of ₹1,13,652 crore and investment of ₹73,402 crore relating to Post Office Insurance Fund, is provided by way of a footnote. Taking these other liabilities into account, the actual outstanding Public Account liabilities as on 31 March 2019 works out to ₹18,12,015 crore as against ₹8,82,119 crore shown in the Statement. Thus, depiction of total Public Account Liabilities through a footnote and not as part of the main body of the statement or depicting the consolidated picture at any place, does not disclose the correct picture of Public Account Liabilities of the Union Government.

2.2.2.2 External Debt of Union Government

Statements 2 and 14 of UGFA 2018-19 show External Debt of the Union Government at historic rate of exchange and discloses the External Debt as

[13] 0077-Defence Services- Navy, 0080-Defence Services-Research and Development,0230-Labour and Employment, 0408-Food Storage and Warehousing, 0425-Co-operation, 0435-Other Agricultural Programmes, 0515-Other Rural Development Programmes, 0701-Medium Irrigation, 0702-Minor Irrigation, 1055-Roads Transport, 1056-Inland Water Transport and 1456-Civil Supplies.

converted at the current exchange rate (rate as on 31 March 2019) as a footnote. It is observed that the latter is ₹2,04,478 crore higher than the amount at historical rate. This disclosure of the value of external debt only through a footnote affects the transparency of the accounts and may also be seen in the light of the FRBM Act 2003 wherein the definition of Central Government Debt includes External Debt valued at current exchange rates.

2.2.2.3 Key Fiscal Numbers

Statement No. 1 - Summary of Transactions of UGFA does not give key fiscal numbers such as Revenue Deficit and Fiscal Deficit. Instead, the figure of Revenue Deficit is implicitly conveyed by way of a footnote giving the amount by which expenditure on revenue account exceeded receipts on revenue account.

2.2.2.4 Cash Balance

Statement No. 13 which relates to Debt, Deposits and Remittances Heads shows closing cash balance under MH 8999. The difference with RBI's closing cash balance is shown by way of a footnote. This footnote gives a break-up of the difference between Civil Ministries; Non-Civil Ministries and UTs and broad reasons for the differences. Disclosure through the footnote is inadequate as the difference is shown on a net basis and as such does not capture its totality as separate credits and debits that make up the difference are not depicted.

2.2.2.5 Other Footnotes

A total of 317 footnotes had been inserted in 16 statements of the UGFA for disclosing additional information with respect to figures for transactions and for opening and closing balances and changes made thereto. Examples of such footnotes include 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. These footnotes though related to significant transactions, were brief and cryptic and in some cases were being repeated each year without resolution. These footnotes do not disclose the full nature and implications of adjustments and action being taken to address anomalies.

2.2.3 Depiction of net figures under Suspense Heads

Statement No. 13 gives balances under suspense heads relating to Civil Ministries, Postal, Telecom, Defence and Railways. This statement only shows net balances under suspense heads and thus does not disclose the real magnitude of separate credit and debit balances under these heads. Netting of debit/ credit balances leads to significant understatement of suspense balances in the UGFA both at Major and Minor Head levels.

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. In addition, Audit observed an instance of transfer of amounts from a Reserve Fund to non-tax receipts during the year which was in violation of basic accounting principles. Details are given in the succeeding paragraphs.

2.3.1 Incorrect transfer of ₹10,250 crore from receipts under Central Road Fund to non-tax receipts

An amount of ₹10,250 crore was transferred from receipts in the Central Road Fund (8224.00.101) and accounted as Non-Tax Receipts (1054.00.800- Other Receipts) during 2018-19 through Journal Entry (JE) after the close of the year. The Central Road Fund had been created by the Parliament as a dedicated non-lapsable Reserve Fund for the express purpose of accounting for and routing all road cess receipts to be used only for designated purposes. The operation of the Reserve Fund required the initial transfer of the road cess from the CFI into the Fund, the incurring of expenditure for the designated purpose from different Major heads, the debiting of the Reserve Fund and the corresponding minus debit to the Major head under which the expenditure had been incurred. This accounting procedure was violated by the above JE in different ways, as under:

(i) The road cess had already been accounted for as tax revenue receipts in the year of collection. During 2018-19, ₹1,10,847 crore had been collected as road cess. Consequently, by booking the transfer from the Central Road Fund to the CFI as non-tax receipts, the receipts already booked in earlier and current years were double counted.

(ii) During the year, expenditure of ₹73,130 crore had been accounted as transfer to Central Road Fund (CRF)/ Central Road and Infrastructure Fund (CRIF) under different Major heads for utilisation on designated purposes. Consequently, the JE, by not nullifying the expenditure through appropriate minus debit, resulted in unnecessary overstating of the expenditure to this extent under those major heads.

(iii) Before the incorporation of the JE, as against total road and infrastructure cess collection of ₹1,10,847 crore, ₹1,00,690 crore was either received in reserve funds or used for purposes for which the cess was collected, leaving a balance of cess collections of ₹10,157 crore which was neither transferred to a reserve fund nor utilised. However, after the JE was passed this balance increased to ₹20,407 crore. This not only had the effect of understating deficit, but also made funds to this extent available for expenditure for other than designated purposes, which was contrary to the will of the Parliament.

In their reply, Ministry of Finance intimated that consequent to re-designation of the fund from CRF to CRIF idle balance in the fund was transferred to CFI with approval of Finance Minister. Further, such write backs had been done in the past also, based on recommendations of the Standing Committee on Finance (16th Lok Sabha) for transferring unutilised funds/ idle funds in the Public Account to the CFI.

The Ministry's reply is untenable. The issue has nothing to do with the re-designation of the Fund and the transfer of balances from the earlier Fund to the newly designated Fund. The reference to precedents is either not relevant or cannot be used to justify wrong practices. The Standing Committee recommendation was in the context of closing idle Funds and transferring unutilised balances back to the CFI. The Central Road Fund/ CRIF is not an idle fund. Further, the stipulated accounting procedure for transferring idle Fund balances back to the CFI does not require inflating the revenue receipts for the year as the JE has done.

It is evident that the purpose of the JE was primarily for the purpose of artificially inflating revenue receipts of the year. This merits further investigation for appropriate action against the concerned Accounting Authorities who authorised the JE.

2.3.2 Outstanding balances under Suspense and Miscellaneous 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 not give an accurate picture of Government receipts and expenditure.

The minor head-wise ledger for suspense balances is maintained by the Principal Pay and Accounts Offices (PAO) 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.

As per Statement 13 of UGFA for 2018-19, the aggregate net balance under suspense heads as on 31 March 2019, was ₹56,980.28 crore (Debit). This balance inter-alia, consisted of ₹21,248.90 crore (Debit) under Civil, ₹29,873.02 crore (Debit) under Ministries/ Departments of Defence, ₹2,396.09 crore (Debit) under Railways and ₹3,462.27 crore (Debit) for Postal Department. The position of suspense balances under major suspense heads of Civil Ministries for 2018-19 is given in **Annexure 2.1**. In addition, net balance of ₹42,104 crore (credit) was outstanding under the Major heads relating to 'Cheques and Bills'. Details are given in **Annexure 2.2**.

Audit scrutiny of balances under suspense and miscellaneous heads was undertaken in five Principal Accounts Offices viz., CPAO, Ministry of Agriculture, CBDT, Ministry of Water Resources, River Development & Ganga Rejuvenation and Ministry of Rural Development, Department of Posts and Ministry of Defence. Observations arising from the scrutiny relating to Public Sector Bank (PSB) suspense, suspense accounts for purchases abroad, and 'Cheques and Bills' are given in the sub-paras below**.**

2.3.2.1 Public Sector Bank Suspense (PSB Suspense)

Public Sector Banks (PSB) function as agents of the Reserve Banks of India (RBI). When Government Departments receive the statement of payments made against instructions given (as cheques/bills) to PSBs, the transactions are initially booked as a credit entry against PSB suspense, which 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, which is cleared by contra debit to RBD Head when RBI credits the amount into Government account. Failure to clear the suspense in a timely manner results in incorrect depiction in Government books of its cash balance with RBI.

(a) PSB Suspense-Civil Ministries

The outstanding balance of PSB Suspense relating to Civil Ministries/ Departments for the year ending March 2019 was ₹15,978.79 crore (Debit) and ₹2,286.75 crore (Credit). In respect of 23 Ministries/Departments (**Annexure 2.3**), balances under these Heads had risen by over 100 *per cent* during 2018-19.

The net closing balance with the CPAO had grown by ₹2,662.45 crore (Debit) to reach ₹9,745.49 crore (Debit). The oldest balances pertain to 1990-91. The books of the CBDT showed an outstanding balance of ₹1,612.61 crore (Credit), an increase of ₹761.43 crore over the previous year. The oldest balances pertained to 1988-89. It is noteworthy that there is a negative balance (which is contrary to government accounting principles) of ₹82.10 crore as on 31 March 2019 pertaining to the Ministry of Development of North Eastern Region (DONER), the consequence of negative balances in the account pertaining since 2017-18.

It is recommended that the concerned accounting authorities under the CGA take concerted efforts to clear the suspense and rectify the negative balance by the end of the next financial year.

(b) PSB-Suspense-Defence

PSB Suspense relating to Defence Ministry showed a closing net balance of ₹21,366.41 crore (Debit) for 2018-19, a net increase of ₹6,519.97 crore over the opening balance. The accounts furnished by the Controller General of Defence Accounts (CGDA) to the CGA depict only the net position and do 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 ₹8,985 crore (Debit) at the end of 2016-17 to the present high figure. A major reason for the accumulation of balances is the non-clearance of pension transactions in the books of the Defence Ministry. During 2018-19 alone, pension scrolls amounting to ₹14,000 crore had not been cleared. In addition, in violation of basic accounting procedure, and for the express purpose of understating revenue expenditure (thereby resulting in the overall understatement of the revenue deficit), the accounting authorities reversed the expenditure of ₹5,000 crore on pension by booking it under suspense. It is observed that the Accounting Authorities deliberately committed similar violation of accounting procedure in 2017-18 (by reversing ₹3,000 crore already incurred on pension), and in 2018-19 (by reversing ₹5,000 crore).

It is recommended that the matter of manipulating the accounts be investigated with due seriousness and appropriate action taken against the Accounting Authorities who approved the incorrect transactions.

2.3.2.2 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), Ministry of Finance (Department of Economic Affairs). The Government advices donors to make payments directly to suppliers abroad against supplies made to project authorities/ importers[14] 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 2019 an amount of ₹2,904.12 crore (Debit) was lying under suspense, of which ₹111.12 crore pertains to the period prior to 2010-11. This issue was also highlighted in the CAG's Audit Report on Union Accounts for 2016-17, but has not been resolved. The continued existence of the suspense items impacts the presentation of external debt in statement No.14 of the UGFA since 2010-11.

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

It was further noticed from information provided by CAA&A that fresh payments had been made on behalf of the same importers/ projects authorities from whom payments for earlier purchases are still due.

2.3.2.3 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. There are significant balances under Postal Cheques (which has grown from ₹12,744 crore in 2014-15 to ₹27,273 crore in 2018-19), PAO Cheques (₹3,478 crore), PAO Electronic Advices (₹4,208.28 crore) and Departmental Cheques (₹3,254 crore).

The existence of persisting balances under the head 'Cheques and Bills' violates the Central 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 indicates that a significant number of cheques issued by various Ministries and Departments are time barred for payment and can be written back into the accounts.

It is recommended that Government ensures 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.

2.3.3 Adverse balances

Adverse balances arise when transactions are erroneously credited instead of being debited and *vice versa*. The UGFA 2018-19 shows 69 cases of adverse balances amounting to ₹20,710 crore[15] (₹7,413 crore Credit and ₹13,297 crore Debit). Of these, 40 cases amounting to ₹8,138 crore (₹1,339 crore Credit and ₹6,799 crore Debit) have remained unresolved for over five years, with the oldest as early as 44 years. Some of the significant adverse balances are depicted below:

(i) ₹6,766 crore (Debit) under the Ministry of Railways, indicating disbursements from Reserve Funds in excess of balances. The balances turned adverse in 2009-10.

(ii) ₹3,272.99 crore (Debit) under Railway Deposits. The balances turned adverse in 2005-06.

(iii) ₹937.23 crore (Debit) and ₹928.10 crore (Credit) in the Bhopal Gas Leak Disaster Fund, which have been appearing in the accounts since 2007-08.

[15] 30 cases totalling to ₹18,999 crore pertain to Debt, Deposit and Remittance heads and the balance to Loans and Advances.

(iv) ₹2,206.80 crore (Credit) under Defence Advances. The balances turned adverse in 2015-16.

(v) ₹211 crore (Debit) in the Beedi Workers Welfare Fund under the Ministry of Labour and Employment. The balances turned adverse in 2007-08.

(vi) ₹159 crore (Debit) in Rashtriya Swachhta Kosh (RSK) under the Ministry of Urban Development. The balances turned adverse in 2015-16.

(vii) ₹1,182.30 crore (Credit) under Loans and Advances, which have been appearing in the accounts since 2016-17.

It is recommended that all Accounting Authorities identify the errors and defects leading to adverse balances and rectify the same in a time bound manner.

2.4 Issues of Data Integrity and Completeness of UGFA Statements

2.4.1 Review of Statement on Guarantees given by Union Government

Review of Statement No. 4 of the UGFA relating to Guarantees given by the Union Government are given below:

2.4.1.1 Inaccurate information on guarantees furnished by Finance Divisions of concerned Ministries/ Departments

The 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 Ministry of Finance in the UGFA. Audit scrutiny of records of the Ministry of Finance revealed that out of 19 Ministries/ Departments featuring in Statement No. 4, only nine had submitted review reports on guarantees during 2018-19 as required by the GFRs. Seven of these nine reports were incomplete. Audit noted that the Ministry of Finance which has overall responsibility for Government guarantees, did not have even basic information on guarantees. It did not maintain either a manual or an electronic register of guarantee given, and was therefore forced to rely on the reports submitted by the administrative Ministries/ Departments. However, as shown in the subsequent paragraph, Ministries/ Departments' reports were themselves of doubtful authenticity.

Audit test check and cross verification of records of six[16] Ministries with the information on guarantees relating to them appearing in the UGFA revealed that these Ministries relied on the information furnished by the entities availing of guarantees rather than on their own records. The discrepancy in the guarantee

[16] Ministries of Housing and Urban Affairs, (MoHUA) Power (MoP), Steel (MoS), Micro Medium and Small Enterprises (MoMSME), Civil Aviation (MoCA) and Department of Economic Affairs (DEA)

outstanding figure contained in the annual review reports[17]/ Detailed Demands for Grants (DDG) furnished by the Department of Economic Affairs (DEA) to the Budget Division of the same Ministry varied from the information recorded in the UGFA for 2018-19 by ₹72.70 crore; in the case of Ministry of Housing and Urban Affairs (MoHUA), it was ₹11.26 crore; in the case of Ministry of Civil Aviation (MoCA) it was ₹34.59 crore.

It is recommended that the Ministry of Finance enforces the provisions of the GFRs regarding the furnishing of accurate information by the Finance Division/ Financial Advisers of Ministries/ Departments extending guarantees and creates and maintains a reliable and uptodate database for the same. In addition it should also ensure that the information contained in Statement 4 of the UGFA is complete and accurate.

2.4.1.2 Guarantee Fees

The GFRs stipulate that the rates of guarantee fee would be as notified by the Budget Division, Department of Economic Affairs, Ministry of Finance.

a) **Short receipt of Guarantee Fee**: Accounting authorities of two Ministries/ Departments, failed to realise ₹1,627 crore towards guarantee fees during 2018-19 as depicted in **Table 2.1**.

Table 2.1: Short receipt of Guarantee fee

(₹in crore)

Sl. No.	Ministry/ Department	Guarantee fee receivable	Guarantee fee received	Short receipt of guarantee fee	Remarks
1.	Ministry of Chemicals and Fertilizer-Pharmaceuticals	85	0	85	Indian Drugs Pharmaceuticals Limited (IDPL) is a sick company
2.	Civil Aviation	1,546	4	1,542	Air India Ltd. has not paid guarantee fee due to severe liquidity crunch.
Total		**1,631**	**4**	**1,627**	

The above had also been pointed out in the earlier CAG's Audit Report on Union Accounts for 2017-18, but the Government has continued to extend guarantees to these entities without collecting guarantee fee. More pertinent, since IDPL has been declared a sick company, there is no recourse to the creditors, but to invoke the guarantee and recover the principal of ₹1,133 crore and the interest thereon as on 31 March 2019 from Government of India.

[17] In 2018-19, DEA and MoCA had conducted no reviews; MoHUA, MoP, MoS and MoMSME had carried out incomplete reviews.

b) **Wrong depiction of penalty as guarantee fees**: Statement 4 of the UGFA has wrongly depicted penalty of ₹2.59 crore as the guarantee fee booked by the Ministry of Water Resources, River Development & Ganga Rejuvenation.

c) **Incorrect depiction of receipt of Guarantee fee**: Statement 4 of the UGFA has wrongly depicted ₹29.80 crore receivable in 2019-20 but received in advance from MTNL as the guarantee fee for 2018-19. Similar errors in respect of MTNL had been committed in 2015-16, 2016-17 and 2017-18.

2.4.2 Issues with respect to Government Investments

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

2.4.2.1 Discrepancies in depiction of Government investment in Statutory Corporations, Government Companies, Other Joint Stock Companies, Co-operative Banks and Societies, *etc.*

Cross verification of information on Government Companies/ Corporations/Banks and Societies etc., contained in the Finance Accounts with the certified Annual Accounts of the concerned entities revealed discrepancies as detailed in **Table 2.2**.

Table 2.2: Discrepancies in Government investment

(₹in crore)

Sl. No.	Entity	Equity investment by Government			
		As per Statement 11 of Finance Accounts for 2018-19		As per Annual Accounts of entity for 2018-19	
		Equity	Percentage	Equity	Percentage
1.	Andrew Yule	85.90	-	87.27	-
2.	Gas Authority of India Ltd.	642.80	-	1,177.03	-
3.	Hindustan Steel Works Construction Ltd.	117.10	100	34.30	49.00
4.	Security Printing and Minting Corporation of India Ltd.	0.05	100	1,064.24	99.99
5.	Cochin Shipyard Ltd.	98.92	100	98.93	75.21
Dividend declared					
1.	Dredging Corporation of India	Nil		₹4.11 crore	

2.4.2.2 Incomplete information on investment

In respect of 34 Entities, Statement 11 contains incomplete information in respect of investment, face value, number of shares, total paid up capital and percentage of Government's investment.

2.4.2.3 Discrepancies in depiction of percentage of Government investment

Government investment had increased/ decreased during 2018-19 in 30 entities, the percentage of Government investment depicted in the UGFA has remained unchanged.

2.4.2.4 Inconsistency in depiction of Investment in Finance Accounts and Appropriation Accounts

Cross verification of Statement 11 of the Finance Accounts with Annexure-C of the Appropriation Accounts revealed inconsistency in depiction of Investment by GoI for the financial year 2018-19 in these two accounts, as detailed in **Table 2.3**.

Table 2.3: Inconsistency in depiction of Government Investment

(₹in crore)

Sl. No.	Ministry/ Department	Company	Investment	
			Finance Accounts	Appropriation Accounts (Annexure C)
1.	Power	National Thermal Power Corporation of India Ltd. (NTPC)	Nil	50.00

2.4.2.5 Removal of closed/ dissolved/ disinvested Central Public Sector Enterprises (CPSEs) from Statement No.11 of the Finance Accounts

i. Although nine[18] CPSEs had been dissolved/ closed/ liquidated by Government of India (GoI), they continue to feature in Statement 11 of Finance Accounts.

ii. Although GoI divested itself of the entire equity of ₹1,152 crore in Rural Electrification Corporation Ltd. (RECL), in 2018-19, Statement 11 of UGFA continues to depict this investment.

2.4.2.6 Difference in Investment

As per records of the Ministry of Home Affairs the total amount invested in North Eastern Agricultural Marketing Corporation till 2018-19 is ₹7.62 crore while the corresponding amount in Statement No. 11 of Finance Accounts for the year 2018-19 is ₹2.74 crore.

2.4.2.7 Shortfall in payment of Dividend

As per para 5.2 of the Guidelines on Capital Restructuring of CPSEs issued (May 2016) by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, every CPSE would pay a minimum annual dividend of 30 *per cent* of Profit After Tax (PAT) or five *per cent* of the net worth, whichever

[18] Central Fisheries Corporation Ltd, Karnataka Dairy Development Corporation, Madhya Pradesh State Dairy Development Corporation, Oil Palm Projects, Rajasthan State Dairy Corporation, Banana and Fruit Development Corporation, Gandak CADA, Mini Cement Plant and Sikkim Mining Corporation.

is higher, subject to the maximum dividend permitted under the extant legal provisions. However, the following CPSEs did not comply with these guidelines resulting in shortfall in payment of dividend amounting to ₹79.13 crore during 2017-18 as detailed in **Table 2.4**.

Table 2.4: Shortfall in payment of dividend

(₹in crore)

Name of CPSE	Paid up capital (GOI Share)	Profit After Tax	30% of PAT	Net worth	5 % of Net worth	Minimum dividend to be declared	Percentage of GOI shareholding	Dividend payable to GOI	Dividend declared during 2017-18	Shortfall
	1	2	3	4	5	6	7	8	9	10=8-9
NSIC	532.99	99.41	29.82	857.13	42.86	42.86	100	42.86	28.37	14.49
Andrew Yule	87.27	17.12	5.14	189.01	9.45	9.45	89.25	8.43	1.79	6.64
Hindustan Copper Ltd.	351.79	79.61	23.88	831.59	41.58	41.58	76.05	31.62	17.59	14.03
GAIL	1,208.55	4,618.41	1,385.52	33,951.12	1,697.56	1,697.56	53.59	909.72	865.75	43.97

In the case of NSIC, the concerned Ministry (October 2019) intimated that it had sought exemption from payment of dividend @ 30 *per cent* of the PAT for 2017-18, on which a decision of DIPAM was awaited.

Regarding Andrew Yule and Company, it was stated by the Department that the company did not have sufficient funds to pay the dividend. However, as seen from the accounts of the Company it had a profit after tax (PAT) of ₹17.12 crore for the year 2017-18.

In the case of the other two CPSEs Hindustan Copper Limited and GAIL, no reply was received from the concerned Ministries.

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

SUUTI was created by an act of the 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. Neither SUUTI nor the assets/ liabilities are depicted in the UGFA. During the year, SUUTI disposed off a part of shares held by it and transferred proceeds from the sale to the Union Government. These receipts amounting to ₹12,426 crore, were accounted in UGFA as 'other receipts' (Minor Head 800) under Sub-Major Head-01 under MH 4000-Miscellaneous Capital Receipts, without disclosing its nature. This classification under miscellaneous capital receipts is incorrect, since SUUTI is not a Government entity, and receipts from sale of shares etc., can only be treated as non-tax revenue and not capital receipts. As a result of the incorrect classification, the capital receipts of Government for the year were overstated and revenue receipts understated, with corresponding impact on the revenue surplus.

2.4.3 Issues with respect to Statement on Loans and Advances by Union Government

Audit scrutiny of Statement No. 15 of the UGFA which contains information on loans and advances by the Union Government revealed the following:

2.4.3.1 Non-recovery of outstanding Loans and Advances

Against the total loans (including interest) of ₹2,97,077 crore outstanding against State/ UT Governments and other entities as on 31 March 2019, arrears in recovery amounted to ₹57,244 crore (19 *per cent)* as detailed in **Table 2.5**.

Table 2.5: Total outstanding Loans and Advances

(₹in crore)

Arrears as on 31 March 2019				
Sl. No.	**Name of Loanee**	**Principal**	**Interest**	**Total**
1.	State Government	379	1,662	2,041
2.	Union Territories	1,861	1,554	3,415
3.	Other Loanees	16,659	35,129	51,788
	Total	**18,899**	**38,345**	**57,244**

Age-wise analysis of loans in arrears is given in **Table 2.6**.

Table 2.6: Age wise details of Loans and Advances in arrears

(₹in crore)

Arrears as on 31 March 2019						
Sl. No.	**Category of Loanee**	**No. of States/ UTs/ Entities**	**Period of arrears (in years)**	**Principal**	**Interest**	**Amount**
1.	States/ UTs Government	22	>25	563	1,626	2,189
		05	15-25	1,677	1,590	3,267
2.	Other Entities	82	>25	6,770	26,448	33,218
		25	15-25	2,965	4,663	7,628
		43	5-15	5,664	3,980	9,644
		9	<5	1,260	38	1,298
	Total	**186**				**57,244**

(Source: Section 2 and 3 of Statement 15)

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

It is recommended that Ministry of Finance directs 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.

2.4.4 Issues relating to accounting of Integrated Goods and Service Tax (IGST)

In CAG's Report No.2 of 2019 on Accounts of the Union Government for the year 2017-18, it was reported that devolution to States/UTs of IGST amounting to ₹67,998 crore, was not consistent with the scheme of GST/IGST[19]. Instead, IGST is to be apportioned as per the procedure prescribed in the IGST Act. The findings were elaborated in CAG's Report No.11 of 2019- Indirect Taxes- Goods and Services Tax. Government of India was advised to account for its IGST share correctly, apportion 50 *per cent* to the States as per the IGST Act, and thereafter also devolve to States their share under Article 270.

Audit examination of annexure to Statement 1, and Statement 8 of the UGFA of 2018-19, disclosed that during 2018-19 an amount of ₹15,001 crore had been devolved to States/ UTs as share of net proceeds of IGST. It was noted that this amount was accounted under minor head 901- 'Share of Net Proceeds Assigned to States' under Major Head 0008-IGST, even though scheme of GST/IGST does not provide for assignment of share of net proceeds of IGST to States and only provides for its apportionment between the Centre and States/UTs. Audit examination also showed that a sum of ₹13,944 crore was left unapportioned under Major Head 0008 and retained in the CFI though the amended IGST Act now, provides for a process for ad-hoc apportionment of IGST. No reasons were provided by Department of Revenue for non-apportionment of this balance amount.

As a result of the continued adoption of the erroneous process of devolution of IGST to states and retention of unapportioned balance in the CFI instead of first apportioning IGST between the Centre and States/UTs and then devolving States' share from the amount apportioned to the Centre, States had overall received less funds on account of IGST. This also implies that tax receipts of the GoI were overstated to that extent and the revenue deficit understated during the year.

It is thus, recommended that the devolution/apportionment of IGST and its accounting, be reviewed and aligned with the extant Constitutional and Statutory provisions.

2.4.5 Mismatch between disbursement from the Reserve Fund and expenditure met from Fund

The amount disbursed from any Reserve Fund shown in Statement No. 13 of UGFA and figures for expenditure met from the fund given in Statement No. 9 of UGFA should exactly match. As detailed in **Table 2.7**, there was a difference

[19] Article 269A(1) of the constitution and the IGST Act provide for levy of IGST and apportionment between the Union and States/UTs. Article 270 of the Constitution excludes duties levied under Article 269A from list of duties and taxes to be distributed between Union and States but provides for IGST apportioned to the Centre under Article 269A(1) to be distributed between Centre and States/UTs.

of ₹13.84 crore between disbursement from the Reserve Fund shown in Statement No. 13 and expenditure shown as met from the Reserve Fund in Statement No 9 of UGFA.

Table 2.7: Details of mismatch of disbursement from designated Fund

(₹in crore)

Sl. No.	Name of Fund	Amount disbursed from Fund	Expenditure met from Fund	Difference
1	Prarambhik Shiksha Kosh (PSK)	24,842.49	24,856.25	13.76
2	Central Road Fund (CRF)	72,018.73	72,018.65	0.08

2.5 Issues relating to accounting of Cesses and levies.

Government imposes cesses, levies 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 cesses/ levies/charges are used for intended purposes. It is the responsibility of the Controller General of Accounts in the Ministry of Finance to frame the appropriate accounting procedures for the monitoring of such receipts, including initiating the operation of appropriate Reserve Funds in the Public Account.

Audit observed, however, that out of the ₹2,74,592 crore[20] received from 35 cesses, levies and other charges in 2018-19, only ₹ 1,64,322 crore had been transferred to Reserve Funds/ Boards[21] during the year and the rest was retained in the CFI. This included collections amounting to ₹382 crore[22] on account of 17 cesses abolished/subsumed in GST with effect from 1 July 2017, which were retained in the CFI. Consequently, not only was the revenue/ fiscal deficit understated due to the non-transfer of these amounts to Reserve Funds, failure of the Ministry of Finance to create/ operate essential Reserve Funds makes it difficult to ensure that the cesses etc., had been utilised for the specific purposes intended by the Parliament.

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20 Major cesses include GST Compensation Cesses (₹95,028 crore or 35 *per cent*), Road and Infrastructure Cess (₹51,273 crore or 19 *per cent*), Additional Excise Duty in High Speed Diesel Oil and Motor Spirit (₹59,580 crore or 22 *per cent*), Health and Education Cess (₹41,177 crore or 15 *per cent*).

21 The legislation for Crude Oil Cess and R&D Cess provides for transfer of receipts to Oil Industry Development Board (OIDB) and Technology Development Board (TDB) respectively.

22 This is the net figure for receipts of ₹410 crore from 14 cesses and refunds of ₹28 crore in the case of three cesses.

Observations relating to collection and accounting of important cesses and levies are given below.

2.5.1 GST Compensation Cess

The GST Compensation Cess Act, 2017 provides for levy of a cess for the purpose of providing compensation to the States for loss of revenue arising due to implementation of GST for a period specified in the Act. As per the Act and the accounting procedure, the entire cess collected during the year is required to be credited to a non-lapsable Fund (the GST Compensation Cess Fund) which shall form part of the Public Account and shall be used for the purpose mentioned i.e., for providing compensation to the States for loss of revenue.

Audit examination of information in Statements 8, 9 and 13 with regard to collection of the cess and its transfer to the GST Compensation Cess Fund, shows that there was short crediting to the Fund of the GST Compensation Cess collections totalling to ₹47,272 crore during 2017-18 and 2018-19. Details are given in **Table 2.8** below:

Table 2.8: Short crediting of GST Compensation Cess

(₹in crore)

Sl. No.	Year	Total collected	Total transferred to Fund	Short Transfer
1.	2017-18	62,612	56,146	6,466
2.	2018-19	95,081	54,275	40,806

The short-crediting was a violation of the GST Compensation Cess Act, 2017. The amount by which the cess was short credited was also retained in the CFI and became available for use for purposes other than what was provided in the act. Ministry accepted the audit observation and stated (February 2020) that the proceeds of cess collected and not transferred to Public Account would be transferred in subsequent year. Short crediting of cess collected during the year led to overstatement of revenue receipts and understatement of fiscal deficit for the year. Further, any transfer in the subsequent year would become an appropriation from the resources of that year and would require Parliamentary authorisation.

Further, as per the approved accounting procedure, GST Compensation cess was to be transferred to the Public Account by debit to Major Head '2047-Other fiscal services'. Instead, Ministry of Finance operated the Major Head '3601-Transfer of Grants in aid to States'. The wrongful operation has implications on the reporting of Grants in aid, since the GST Compensation Cess is the right of the States and is not a Grant in aid.

It is recommended that Ministry of Finance take immediate corrective action.

2.5.2 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[23] 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 continues to depict the Fund as CRF instead of CRIF. Further, against total collection of cess of ₹1,10,847 crore under the CRIF Act, Parliament approved ₹1,03,987 crore for appropriation. However actual transfer to the Fund was only ₹73,130 crore[24]. Part of the short transfer was due to erroneous transfers of ₹13,000 crore and ₹3,680 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, ₹10,880 crore was not transferred to CRIF on the tenuous 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 ₹10,157 crore which was not transferred/ utilized for the purpose for which the cess was collected.

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

2.5.3 Health and Education Cess

In the Financial Year 2018-19, 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 SHEC 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.

Observations based on audit scrutiny of Statements 8, 9 and 13 of UGFA with regard to collection of the above mentioned cesses and their transfer to dedicated reserve funds, are as follows:

a) During 2018-19, the total collection under the above cesses was ₹41,309.07 crore. Though the new Health and Education Cess was levied at a composite rate of four *per cent*, the principles on which these total collections would be allocated between Health Sector and Education Sector and within the latter between Primary Education and Secondary and Higher Education were not spelt out.

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23 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.

24 Also refer Para 2.3.1 where mention is made of transfer of receipts under CRF by JE for ₹10,250 crore as Non-tax receipts.

b) As no new reserve funds had been created for the Health and Education Cess, BEs and REs for 2018-19 continued to provide for transfer of proceeds of this cess to the erstwhile Prarambhik Shiksha Kosh (PSK) and Madhyamik and Ucchatar Shiksha Kosh (MUSK) that were created for Primary Education Cess and Secondary and Higher Education Cess respectively. In the REs for 2018-19, ₹25,227.9 crore was approved for transfer to PSK and ₹12,608.98 crore was approved for transfer to MUSK. In the case of PSK, the entire approved amount was actually transferred to the fund. In the case of MUSK, no transfers were actually made as the reserve fund was yet to be operationalized. However, audit scrutiny showed that ₹11,631.87 crore was directly utilized for heads/ schemes that had been proposed to be funded through MUSK, leaving a shortfall of ₹437.12 crore. No expenditure was envisaged for the health sector out of the cess, nor was any dedicated fund created for the purpose.

c) Collections during the year from the 'Social Welfare Surcharge' on Customs which was introduced in replacement of Primary Education Cess and SHEC on imports, amounted to ₹8,871.19 crore. However, no dedicated fund was created to ensure that the collected amounts were spent for the purpose for which these were collected.

In the absence of a procedure for allocation of the cess between Health and Education Sector and between Primary Education and Secondary and Higher Education; non-operationalization of MUSK and absence of a fund for Social Welfare Surcharge there is no assurance that a framework existed for ensuring that cesses/ levies collected would be used for the purpose for which these had been collected.

2.5.4 Cess on Crude Oil

The Oil Industry (Development) Act, 1974 provides for establishment of a Board, the 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 CFI and thereafter paying to the Board such sums as Parliament may approve, to be kept in the Oil Industry Development Fund. 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 UGFA for the years 2009-10 to 2018-19 shows that the total cess on crude oil collected was ₹1,24,399 crore. As per the List of Major and Minor Heads, payment of net proceeds of the Cess to OIDB was to be accounted under a specific Minor Head i.e., 106 under Major Head 2802.01 Petroleum. Scrutiny of Statement 9 of UGFA for the above mentioned years show that no funds were transferred out of net proceeds of cess to OIDB. Due to non-transfer to OIDB, the cess was retained in CFI. As a result, there was no assurance if the cess was used for the purpose for which these were collected.

2.5.5 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.

The issue of short transfer of the levy to the USO Fund had been brought out in successive reports of the CAG on the Union Accounts for the years 2009-10 to 2014-15 but is yet to be corrected.

For the year 2018-19, Parliament had approved the transfer of UAL amounting to ₹10,000 crore to the USO Fund in the BEs. Audit scrutiny of Statements 8, 9 and 13 of UGFA 2018-19, shows that total collection of UAL during the year was however, only ₹6,911.50 crore of which only ₹4,788.22 crore was transferred to the USO Fund. Thus, there was short transfer of UAL to the USO Fund amounting to ₹2,123 crore.

2.5.6 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) (MMDR) 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 Union Government. The amount so collected is to be transferred to the National Mineral Trust Fund in the Public Accounts. Scrutiny of Statements 8, 9 and 13 shows that the collection on this account was ₹199 crore and transfer to the fund was ₹120 crore, resulting in short transfer of ₹79 crore.

2.5.7 Discontinued/ Abolished Cesses

i) Several cesses were subsumed under the Goods and Services tax (GST) w.e.f. July 2017. Audit noticed that the collections against these abolished cesses had continued during 2018-19 and a total amount of ₹414.51 crore was collected on account of these abolished cesses and deposited in the Consolidated Fund of India as per details given in **Table 2.9**.

Table 2.9: Collection of cesses subsumed in GST

(₹in crore)

S.No.	Name of Cess	Amount
1	Krishi Kalyan Cess	168.89
2	Clean Energy Cess	4.88
3	Infrastructure Cess	6.36
4	Cess on Jute	0.16
5	Cess on Tobacco	0.07
6	Cess on Rubber	4.27
7	Cess on Sugar	13.40
8	Cess on Automobiles	0.08
9	Swachh Bharat Cess	216.40
Total Collection		**414.51**

ii) Under the R&D Cess Act, 1986 a cess was levied on all payments made for the import of technology. This money was meant for being disbursed to the Technology Development Board (TDB). The issue of short disbursement of cesses to the TDB had been covered in successive reports of the CAG on Union Accounts, and remains unresolved. Out of the ₹8,122 crore collected under R&D Cess from 1996-97 to 2018-19, only ₹879 crore (10.82 *per cent*) was disbursed to TDB. Further, though the cess was abolished with effect from April 2017, cess amounting to ₹191.41 crore and ₹45.34 crore was irregularly collected during 2017-18 and 2018-19 respectively.

Though the continued collections appear to be on account of arrears pertaining to earlier years, it recommended that Ministry of Finance devise a mechanism to ensure that collections against these cesses post their abolition, are put to use in sectors/ areas compatible with the purposes for which the cesses had been collected.