

**ISSUES RELATING TO ACCOUNTING OF
CESS/LEVIES
MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)**

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

SIXTY-NINTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2298

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PUBLIC ACCOUNTS COMMITTEE
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(SEVENTEENTH LOK SABHA)

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CESS/LEVIES**

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(DEPARTMENT OF EXPENDITURE)**



सत्यमेव जयते

Presented to Lok Sabha on: 10-08-2023

Laid in Rajya Sabha on: 10-08-2023

**LOK SABHA SECRETARIAT
NEW DELHI**

August 2023/ Sravana 1945 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2023-24)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Vishnu Dayal Ram
7. Shri Pratap Chandra Sarangi
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Shri Brijendra Singh
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabbhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Dr. K. Laxman
18. Shri Sukhendu Sekhar Ray
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri T. G. Chandrasekhar - Addl. Secretary
2. Smt. Bharti S. Tuteja - Director
3. Shri Girdhari Lal - Deputy Secretary
4. Ms. Pragya Nama - Assistant Committee Officer

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14. Shri Ram Kripal Yadav
15. Shri Shyam Singh Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Shri Bhubaneswar Kalita
18. Dr. Amar Patnaik
19. Shri C.M. Ramesh
20. Dr. M. Thambidurai
21. Dr. Sudhanshu Trivedi
22. Vacant*

* Shri V. Vijayasai Reddy ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 21st June, 2022.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorized by the Committee, do present this Sixty-ninth Report (Seventeenth Lok Sabha) on "Issues relating to accounting of Cess/Levies" based on Para no. 2.6 of Comptroller and Auditor General of India (C&AG) Report No. 7 of 2021 relating to the Ministry of Finance (Department of Expenditure).

2. The C&AG Report No. 7 of 2021 was laid on the Table of the House on 29.11.2021.

3. PAC (2022-23) selected the aforesaid subject for examination and took oral evidence of the representatives of Department of Expenditure on the subject under examination on 9th November, 2022. Based on the oral evidence and written replies, the Committee examined the subject in detail in 2023-24.

4. Public Accounts Committee (2023-2024) considered and adopted the Draft Report on the aforementioned subject at their Sitting held on 09.08.2023. The Minutes of the Sittings are appended to the Report.

5. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

6. The Committee thank the predecessor Committee for taking oral evidence and obtaining information on the subject.

7. The Committee would like to express their thanks to the representatives of the Ministry of Finance (Department of Expenditure) for tendering evidence before them and furnishing the requisite information in connection with the examination of the subject.

8. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI
09th August, 2023
18, Sravana, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

PART - I

Introduction

1. The C&AG Report No. 7 of 2021 included matters arising from financial audit of the Finance Accounts and the Appropriation Accounts of the Union Government for the year ended March 2020
2. Public Accounts Committee (2022-2023), decided to examine Para no. 2.6 of aforesaid C&AG Report which deal with the subject "Issues relating to accounting of Cess/Levies".
3. The Public Accounts Committee (2022-23) considered the subject for detailed examination, took oral evidence of the representatives of Ministry of Finance (Department of Expenditure) and obtained written replies on the same. Based on the oral evidence and written replies, the Committee examined the subject in detail.
4. The Seventh Schedule of the Constitution enumerates fields over which the Union Government and the State Government enjoy legislative competence to levy, collect and distribute a number of direct, indirect taxes and a range of levies. Further, the Seventh Schedule to the Constitution has no separate legislative entry for a cess. However, Article 270, which deals with taxes levied and collected by the Union and distributed between the Union and the States, provides that all taxes and duties referred to in the Union List, except the duties and taxes referred to in articles 268, 269 and 269A, respectively, surcharge on taxes and duties referred to in article 271 and any cess levied for specific purposes under any law made by Parliament shall be levied and collected by the Government of India and shall be distributed between the Union and the States in the manner provided in clause.
5. Cesses can be divided into two sub-categories: cess taxes and cess fees which exhibit the respective characteristics of taxes and fees. The funds from a cess tax are to be credited into the Consolidated Fund of India and are to be earmarked within it. Once credited to the Consolidated Fund of India, proceeds of a cess tax can be withdrawn only when the Parliament passes suitable appropriation legislation. On the other hand, the funds from cess fees are to be credited to a special fund instituted for the said purpose and not to the Consolidated Fund of India.
6. Government imposes levies/cesses and other charges to raise funds for specific purposes. Accounting of collection of such receipts is, in most cases, regulated by legislation and rules which often provide for creation of Reserve Funds to ensure that these levies/charges/cesses are used for intended purposes. It is the responsibility of CGA to frame the appropriate accounting procedures for the monitoring of such receipts, including initiating the operation of appropriate Reserve Funds in the Public Account. In FY 20, cesses amounting to ₹1,98,402 crore were collected and out of this ₹1,20,026 was transferred to reserve funds.
7. As per Ministry of Finance (Department of Expenditure) Background Note, such receipts are collected & credited to the Consolidated Fund of India and subsequently transferred to the dedicated non-lapsable fund, based on the

appropriation approved by the Parliament. The expenditure incurred on related schemes with due sanction of the administrative Ministry. The equal amount is met from the dedicated fund.

8. The Controller General of Accounts under Department of Expenditure has been allocated the subject of General Principles of Government Accounting relating to Union or State Governments and form of accounts, and framing or revision of rules and manual thereto (Para 6(a) of the Second Schedule of the Allocation of Business Rules, 1961 for DOE). The Policy regarding accounting procedures is allocated to the Budget Division of Department of Economic Affairs, Ministry of Finance (Para 33 of Second Schedule of Allocation of Business Rules, 1961 for DEA).

9. The accounting procedure is finalized on the advice of the C&AG of India under Article 150 of the Constitution of India. The Budget Division, Department of Economic Affairs, Ministry of Finance is required to ensure that an amount equivalent to cess collected is appropriated in concerned grant during the budgetary process for transfer to related fund.

10. The Report in particular dealt with following cess/levies/funds:

- a. Universal Access Levy
- b. National Mineral Trust Levy
- c. Oil Industry Development Fund
- d. Health and Education Cess
- e. Road and Infrastructure Cess

11. Regarding mechanisms being followed, the provisions pertaining to the aforesaid designated cesses/levies/funds under the relevant Acts governed for their creation, duration, operationalization, transfer from Consolidated Fund of India (CFI), utilization and accounting procedure required, the Ministry furnished the following information:

I. "General principles/ mechanisms being followed in creation / operationalization / transfer of sums to reserve funds from cess collections are detailed below:

- Creation/Operationalization of Reserve Funds in Public Account pertaining to Cesses /Levies are based on the provisions of the enabling act (e.g., USOF, CRIF etc.) or based on executive decision if there arises a need felt for creation of the same (e.g., PSK, MUSK, PMSSN).
- Complete transfer of Cess proceeds to the corresponding reserve Fund is subject to the enabling provisions in the appropriate Act. Generally, the acts does not explicitly provide for complete transfer of cess collection from Consolidated Fund of India to the reserve

fund maintained in Public Account. The discretion for executive is often built-in in acts for ensuring financial prudence.

- Transfers to reserve funds are made based on the actual expenditure, performance of the scheme/program and the absorptive capacity of the Ministry/Department in a year;
- it is important to note that Section 7(2) of FRBM Act 2003 provides that whenever there is a shortfall in revenue or excess expenditure over the prescribed levels during any period in a financial year, the Central Government shall take appropriate measures for increasing revenue or for reducing the expenditure (including curtailing of the sums authorised to be paid and applied from and out of CFI under any Act so as to provide for the appropriation of such sums.
- In case when the nature of levy is very broad and generic in nature and not relatable to a specific function of any Ministry, Government may take a decision not to create the Reserve Fund e.g. Social Welfare Surcharge.
- The accounting procedure is finalized after due consideration by the CGA, C&AG and Budget Division of DEA, Ministry of Finance.
- The purpose of establishing a reserve fund in Public Account is to transparently demonstrate the flow of funds from CFI and its utilisation on intended purposes;
- Gap between the actual transfers and due for transfers has been reduced over a period of time.

II. Legal Provisions/Rules

a. Universal Access Levy:

- **Section 2 (1A)** of the Indian Telegraph (Amendment) Act, 2003 defines the **Universal Service Obligation (USO)** as:

"Universal Service Obligation" means the obligation to provide access to basic telegraph services to people in rural and remote areas at affordable and reasonable prices"

- The resources for meeting the USO is raised through a 'Universal Access Levy' which would be a percentage of the revenue earned by all the operators under various licenses.

- The percentage of revenue share towards universal access levy is decided by the Government in consultation with TRAI.
- The Indian Telegraph (Amendment) Act, 2003 giving statutory status to the Universal Service Obligation Fund (USOF) was passed by both Houses of Parliament in December 2003.
- **Section 4** of the amended Act provides for the insertion of following Explanation at the end:

'The payments made for the grant of a license under this sub-section shall include such sum attributable to the Universal Service Obligation as may be determined by the Central Government after considering the recommendation made in this behalf by the Telecom Regulatory Authority of India established under sub- section (1) of section 3 of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997 The Indian Telegraph (Amendment) Act, 2003'

- **Section 9A** of the amended Act provides for the establishment of Universal Service Obligation Fund as under:
 - On and from the commencement of the Indian Telegraph (Amendment) Act, 2003, there shall be deemed to have been established, for the purposes of this Act, a Fund to be called the Universal Service Obligation Fund.*
 - The Fund shall be under the control of the Central Government and there shall be credited thereto-*
 - any sums of money paid under section 9B;*
 - any grants and loans made by the Central Government under section 9C.*
 - The balance to the credit of the Fund shall not lapse at the end of the financial year. Crediting of sums to Consolidated Fund of India.*
- **Section 9(B)** of the amendment Act provides for crediting of sums to Consolidated Fund of India in following manner:

The sums of money received towards the Universal Service Obligation under section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time for being utilised exclusively for meeting the Universal Service Obligation.

- **Section 9C** of the amendment Act provides for crediting of fund as below:

The Central Government may, after due appropriation made by Parliament by law in this behalf, credit by way of grants and loans such sums of money as that Government may consider necessary in the Fund.

- **Section 9D** of the amendment Act provides for administration and utilization of Fund as below:

(1) The Central Government shall have the power to administer the Fund in such manner as may be prescribed by rules made under this Act.

(2) The Fund shall be utilised exclusively for meeting the Universal Service Obligation.

(3) The Central Government shall be responsible for the co-ordination and ensuring timely utilisation and release of sums in accordance with the criteria as may be prescribed by rules made under this Act."

- The Rules for administration of the Fund known as Indian Telegraph (Amendment) Rules, 2004 were notified on 26.03.2004. As per the Indian Telegraph Act 1885 (as amended in 2003, 2006 and 2008), the Fund is to be utilized exclusively for meeting the Universal Service Obligation.
- The Universal Service Obligation Fund (USOF) has since been operationalized under the Major Head '8235-General and other Reserve Funds'

b. National Mineral Trust Levy:

- **Sub-section (1) of Section 9C** of the Mines and Minerals (Development and Regulation) Act, 1957 provides for National Mineral Exploration Trust (NMET);
- The Rules governing NMET were made vide Gazette Notification G.S R.632 (E) dated 14th August 2015. These Rules are effective from 12th of January 2015, the date MMDR Amendment Act, 2015 came into force.
- **Rule 6** of the National Mineral Exploration Trust Rules, 2015 [as amended on 7th March 2018] provides for constitution of a fund under the Trust as follows:

(1) The Central Government shall, by order, set up a fund under the

Trust to be called as the "National Mineral Exploration Trust Fund" to be managed by the Executive Committee of the Trust.

(2) The Fund shall be opened under the Public Account of India which shall be a non-lapsable and non-interest bearing account and shall be administered by the Central Government.

(3) The Fund shall comprise of payment of two percent equivalent of royalty payable by the holders of the mining lease or prospective license-cum-mining lease under sub-section (4) of the section 9C of the Act.

(4) The Fund shall be utilized for carrying out the objects and functions as specified in rule 9, including carrying out regional and detailed exploration for minerals under the scheme, namely, 'Regional and detailed exploration and related activities under Fund'.]

- **Rule 7** of the National Mineral Exploration Trust Rules, 2015 [as amended on 7th March 2018] provides for the Contribution of Fund as follows:

(1) The holder of mining lease or prospecting license-cum-mining lease shall, while making payment of royalty to the State Government, pay to the Trust a sum equivalent to two percent of the royalty under sub-section (4) of section 9C of the Act by depositing the same in the Public Account of the State under the Head booked for this purpose.

(2) The State Governments shall transfer the amount so collected in the Public Account of the State under sub-rule (1) to the Consolidated Fund of India.

(3) The accretions in the Consolidated Fund of India shall be periodically transferred to the Fund by the Central Government, after due appropriation made by Parliament by law, in the financial year.

(4) The responsibility of collecting and transferring the amount referred in sub-rule (1) to Consolidated Fund of India and maintaining necessary accounts in this behalf shall be that of the State Government and it shall transfer such receipts to the Consolidated Fund of India as early as possible and in any case, not later than the tenth day of the succeeding month in respect of the amount collected in any particular month.

(5) The State Government shall provide information regarding the amount collected under sub-rule (1) and the amount transferred to Consolidated Fund of India under sub-rule (2) to the Indian Bureau of Mines on a monthly basis.

(6) The Indian Bureau of Mines shall maintain an updated record of the amount transferred to the Consolidated Fund of India along with a database of royalty payments and provide such information to the Trust on a periodic basis.

- **Sub Rule 1 of the Rule 9 of the National Mineral Exploration Trust Rules, 2015 [as amended on 7th March 2018] provides for objects and functions of the trust as follows:**

The Trust shall carry out regional and detailed exploration for minerals and it shall undertake such activities as may be deemed necessary by the Governing Body to achieve its objects including, - (a) funding special studies and projects designed to identify, explore, extract, beneficiate and refine deep-seated or concealed mineral deposits;

(b) undertaking studies for mineral development, sustainable mining adoption of advanced scientific and technological practices and mineral extraction metallurgy;

(c) taking up exploration of areas for regional and detailed exploration, giving priority particularly to strategic and critical minerals;

(d) consulting Central Geological Programming Board to decide the priorities for exploration of the Trust;

(e) facilitating exploration activities in such a manner that areas explored can be taken up for grant of mineral concessions in accordance with the provisions of the Act and the rules made thereunder;

(f) facilitating completion of brownfield regional exploration projects in obvious geological potential areas (G3) including conducting high-risk exploration for deep-seated mineral deposits through modern technologies;

(g) promoting completion of detailed exploration (G2 or G1) across India in the areas where G3 stage exploration has been completed; (h) facilitating geophysical, ground and aerial, survey and geochemical survey of obvious geological potential areas and rest of India;

(i) facilitating a national core repository for encouraging research in earth sciences and for evaluation of the mineral prospects;

(j) organizing capacity building programmes to raise technical capability of personnel engaged in or to be engaged in exploration; and

(k) using the Trust Fund for such other purposes that the Governing Body may decide, or authorise the Executive Committee, to be necessary or expedient in the interest of conservation, development and exploitation of mineral resources of India, not inconsistent with the provisions of the Act.

- National Mineral Exploration Trust Fund has since been operationalized under the Major Head '8235-General and other Reserve Funds'
- Ministry of Mines is the administrative Ministry for managing the fund.

c. **Cess on Petrol and Crude Oil:**

- In the context of Oil Industry (Development) Act, 1974, the Cess is leviable on Crude Oil and Natural Gas [and not on Petrol]. **Section 15** of the Act accordingly provides for Cess on Crude Oil and Natural Gas as below:

(1) There shall be levied and collected, as a cess for the purposes of this Act, on every item specified in column 2 of the schedule, which is produced in India (including the continental shelf thereof) and- (a) removed to a refinery or factory; or (b) transferred by the person by whom such item is produced to another person, a duty of excise at such rate not exceeding the rate set forth in the corresponding entry in column 3 of the Schedule, as the Central Government may, by notification in the Official Gazette, specify: Provided that until the Central Government specifies by such notification the rate of the duty of excise in respect of crude oil (being an item specified in the schedule) the duty of excise on crude oil under this sub-section shall be levied and collected at the rate rupees sixty per tonne.

(2) Every duty of excise leviable under subsection (1) on any item shall be payable by the person by whom such item is produced, and in the case of crude oil, the duty of excise shall be collected on the quantity received in a refinery.

(3) The duties of excise under sub-section (1) on the items specified in the Schedule shall be in addition to any cess or duty leviable on those items under any other law for the time being in force. 1 of 1944

(4) The provisions of the Central Excises and Salt, Act, 1944 and the rules made thereunder, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of duties of excise leviable under this section and for this purpose the provisions of that Act shall have effect as if that Act provided for the levy of duties of excise on all items specified in the Schedule.

[Column 2 referred to above indicates Items 'Crude Oil' and 'Natural Gas']

- **Section 16** of the Oil Industry (Development) Act, 1974 provides for crediting of proceeds of duty to Consolidated Fund of India as below:

The proceeds of the duties of excise levied under section 15 shall first be credited to the Consolidated Fund of India and the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to the Board from time to time, from out of such

proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilized exclusively for the purposes of this Act.

- **Section 17** of the Oil Industry (Development) Act, 1974 provides for the following:

The Central Government may also, after due appropriation made by Parliament by law in this behalf, pay to the Board by way of grants or loans such sums of money as the Central Government may consider necessary.

- **Section 18 (1)** of the Oil Industry (Development) Act, 1974 provides for creation of Oil Industry Development Fund as below:

There shall be formed a Fund to be called the Oil Industry Development Fund and there shall be credited thereto- (a) any sums of money paid under section 16 or section 17; (b) any grants that may be made by any person or institution for the purposes of this Act; (c) any borrowings by the Board; (d) the sums, if any, realized by the Board in carrying out its functions or in the administration of this Act.

- **Section 18 (2)** of the Oil Industry (Development) Act, 1974 provides for application of fund as below:

The Fund shall be applied- (a) for meeting the salaries, allowances, honoraria and other remuneration of the officers and other employees of the Board and of the advisers, consultants or other agencies whose services are availed of by the Board; (b) for meeting the other administrative expenses of the Board; (c) for rendering assistance under section 6; (d) for repayment of any loans taken by the Board or for meeting other liabilities under this Act. The Oil Industry Development Board is functioning under the administrative control of Ministry of Petroleum & Natural Gas. .

- **Section 6** of the Oil Industry (Development) Act, 1974 (referred to above) provides for functions of the Board. No reserve fund for Oil Cess has been operationalized in the Public Account.
- Ministry of Petroleum and Natural Gas is the administrative ministry for administration of the Oil Industry (Development Act), 1974.

d. **Health and Education Cess**

- **Sub-section (1) of Section 81** of Finance Act (No.2), 2004 provided for levy and collection Education Cess as below:

Without prejudice to the provisions of sub-section (11) of section 2, there shall be levied and collected, in accordance with the provisions of this Chapter as surcharge for purposes of the Union, a cess to be called the Education Cess, to fulfil the commitment of the Government to provide and finance universalised quality basic education.

- **Sub-section (2) of Section 81** of Finance Act (No.2), 2004 provided for appropriation levy and collection Education Cess as below:

The Central Government may, after due appropriation made by Parliament by law in this behalf, utilise, such sums of money of the Education Cess levied under sub-section (11) of section 2 and this Chapter for the purposes specified in sub-section (1), as it may consider necessary.

- **Sub-section 13 of the Section 2** of the Finance Act 2018 provides for a composite cess on Corporate Tax and Income Tax in the name of 'Health and Education Cess' as below:

The amount of income-tax as specified in sub-sections (4) to (10) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for the purposes of the Union, to be called the "Health and Education Cess on income-tax", calculated at the rate of four per cent of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education:

- The Union Cabinet in the year 2003 had accorded its approval for creation of a non-lapsable fund for elementary education – 'Prarambhik Shiksha Kosh'(PSK) to receive the proceeds of the Primary Education Cess; and in the year 2017 for creation of a non-lapsable corpus fund for Secondary and Higher education - "Madhyamik and Uchchta Shiksha Kosh" (MUSK) to receive the proceeds from the Secondary and Higher Education Cess.
- Administration and maintenance of the PSK and the MUSK lie with Ministry of Education.

- The Union Cabinet in the year 2021 approved the creation of Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN) as a single non-lapsable reserve fund from the share of proceeds of Health and Education Cess [levied under Section 2(13) of Finance Act, 2018].
- Administration and maintenance of the PMSSN is entrusted to Ministry of Health & Family Welfare.
In terms of the Budget Division, Department of Economic Affairs OM No. 1(5)-B(AC)/2018 dated 27th November 2020, following sharing pattern out of the proceeds of Health and Education Cess has been decided:
 - a. 60% to Primary & Secondary Education;
 - b. 15% to Higher Education; and
 - c. 25% to the Health
- Madhyamik and Uchhatar Shiksha Kosh (MUSK) and Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN) are expected to be reflected in the Finance Accounts of 2022-23.

e. Road and Infrastructure Cess:

- Section 206 of the Finance Act 2018 provided for renaming of Central Road Fund to Central Road and Infrastructure Fund and bringing into its ambit the State and rural roads; and infrastructure. The 'Central Road Fund' has been suitably renamed to 'Central Road and Infrastructure Fund' as per Finance Account 2021-22.

- Section 3 of Central Road and Infrastructure Fund Act, 2000 provides for levy and collection of an additional duty of Customs and Central Excises called Road and Infrastructure Cess as below:

(1) With effect from such date as the Central Government may, by notification in the Official Gazette, specify, there shall be levied and collected, as a cess, a duty of excise and customs for the purposes of this Act, on every item specified in column (2) of the 6 [Schedule I], which is produced in or imported into India and—

(a) removed from a refinery or a factory or an outlet; or

(b) transferred by the person, by whom such item is produced or imported, to another person, at such rates...as the Central Government may, by notification in the Official Gazette, specify:

[Provided that the additional duty of customs and the additional duty of excise on motor spirit commonly known as petrol and on high speed diesel oil levied under subsection (1) of section 109 and sub-section (1) of section 110, as the case may be, of the Finance Act, 2018 shall be deemed to be the cess for the

purposes of this Act from the date of its levy and the proceeds thereof shall be credited to the Fund.]

(2) Every cess leviable under sub-section (1) on any item shall be payable by the person by whom such item is produced, and in the case of imports, the cess shall be imposed and collected on items so imported and specified in the Schedule I.

(3) The cess leviable under sub-section (1) on the items specified in the Schedule I shall be in addition to any cess or duty leviable on those items under any other law for the time being in force.

(4) The provisions of the Central Excise Act, 1944 (1 of 1944) and the rules made thereunder and the provisions of the Customs Act, 1962 (52 of 1962) and the rules made thereunder, as the case may be, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of cess leviable under this section and for this purpose, the provisions of the Central Excise Act, 1944 and of the Customs Act, 1962, as the case may be, shall have effect as if the aforesaid Acts provided for the levy of cess on all items specified in the Schedule I.

- **Section 4** of Central Road and Infrastructure Fund Act, 2000 provides for crediting of cess to Consolidated fund of India as under:

The proceeds of the cess levied under section 3 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit such proceeds to the Fund from time to time, after deducting the expenses of collection, for being utilised exclusively for the purposes of this Act.

- **Section 5** of Central Road and Infrastructure Fund Act, 2000 further provides for crediting of cess to Consolidated fund of India through Grants and Loans as under:

The Central Government may, after due appropriation made by Parliament by law in this behalf, credit by way of grants or loans such sums of money as the Central Government may consider necessary in the Fund.

- **Section 6** of Central Road and Infrastructure Fund Act, 2000 provides for establishment of Central Road and Infrastructure Fund as under

(1) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established for the purposes of this Act, a Fund to be called as the Central [Road and Infrastructure Fund].

(2) *The Fund shall be under the control of the Central Government and there shall be credited thereto—*

- (a) *any sums of money paid under section 4 or section 5;*
- (b) *unspent part of the cess, being already levied for the purposes of the development and maintenance of national highways;*
- (c) *the sums, if any, realised by the Central Government in carrying out its functions or in the administration of this Act;*
- (d) *any fund provided by the Central Government for the development and maintenance of State roads.*

(3) *The balance to the credit of the Fund shall not lapse at the end of the financial year.*

- **Section 7** of Central Road and Infrastructure Fund Act, 2000 provides for utilization of Central Road and Infrastructure Fund as under:

(1) *The Fund shall be utilised for the—*

- (i) *development and maintenance of national highways;*
- (ii) *development of the rural roads;*
- (iii) *development and maintenance of other State roads including roads of inter-State and economic importance;*
- (iv) *construction of roads either under or over the railways by means of bridges and erection of safety works at unmanned rail-road crossings, new lines, conversion of existing standard lines into gauge lines and electrification of rail lines; and*
- (v) *undertaking other infrastructure projects.*

Explanation.—For the purposes of this Act, the expression "infrastructure projects" means the category of projects and infrastructure Sub-Sectors specified in Schedule II.

(2) *The Central Government may, depending upon the requirement for development of infrastructure projects, and if it considers necessary or expedient to do so, by notification in the Official Gazette, amend Schedule II relating to any Category of projects or Infrastructure Sub-Sectors..."*

12. When asked about monitoring mechanism in place for ensuring compliance of the Acts and time taken to finalize accounting procedure in case of aforementioned funds, the Ministry's reply indicated as under:

“Monitoring mechanism / Time taken in finalisation of accounting procedures:

- The proposal for creation of a Reserve Fund and accounting procedure for its operationalisation is initiated by the administrative Ministry/Department.
- The accounting procedure for operationalisation of Reserve Fund is proposed by the administrative ministry and is finalized based on the consultation with Office of Controller General of Accounts, Budget Division, Ministry of Finance and on the advice of the Office of Comptroller and Auditor General of India.
- The accounting procedure indicates broadly the major functional areas for which the amount from the reserve funds is utilised. Once a reserve fund is created, the transfers of sums to the reserve funds and utilisations sums from the fund are decided each year based on the RE/BE discussions and are appropriated accordingly with the approval of Parliament.
- The accounting procedure related to the PMSSN and MUSK could not be operationalized due to the difference in opinion between the government and C&AG in allowing transfer of funds from the Major Head '3601/3602'. After due deliberations in the matter, the C&AG has since agreed to permit the transfer from '3601/3602'. The reserve fund viz. PMSSN will become operational in the current fiscal.
- The accounting procedure related to the operationalization of MUSK has been concurred by office of the C&AG on 14.2.2023. The fund will be operationalized in the current fiscal.
- The renaming of "Central Road Fund" as "Central Road and Infrastructure Fund" has been made effective from accounts of FY 2021-22. The accounting procedure for CRIF has been held up for want of concurrence from the office of the C&AG for transfers from Major Head '3601-Grants-in-aid to State Governments', '3602-Grants-in-aid to UT Governments with legislature' and Capital Expenditure Major Heads. While the issue regarding transfers from MH 3601/3602 has been resolved, the transfers from capital expenditure Major Heads are under consideration in the office of the C&AG. The revised accounting procedure will be made be effective after resolution of the aforementioned issue.

- The actual collections of cess and levies are accounted and reflected in the Union Government Finance Accounts each year. All transfers to the reserve funds and expenditure therefrom for specific purposes are carried out by the respective administrative Ministries/Departments through their Programme Divisions after due appropriations authorized by Parliament and the same are reflected in the audited accounts of that particular year. With this established procedure, the collection of cesses and their utilisation are monitored.”

13. When asked about steps taken by the Ministry to ensure that the levies collected are transferred to the earmarked funds, the Ministry stated as under:

“Article 266 of the Constitution of India provides that ‘...all revenues received by the Government of India, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled the Consolidated Fund of India....’.

The collection of cesses and levies in the Consolidated Fund of India, allocations and expenditure by the administrative Ministry/Department through appropriation authorized by Parliament by Law and the transfers to corresponding Reserve Fund(s) are distinct and concurrent activities. In view of the fact that the collections under the Cess, during a year, cannot be assessed in its entirety, and the allocations to the administrative Ministries/Departments are based on the estimates of cess collection, matching the same with the transfers to Reserve Fund is not practically feasible. There is bound to be difference between the collections and the transfers to the Reserve. However, the general principles being followed in transfer of sums to reserve funds from cess collections are detailed below:

- (a) There is no explicit provision in any Legislation requiring full transfer of cess collection from Consolidated Fund of India to the reserve fund maintained in Public Account. Example – Universal Service Obligation Fund;
- (b) Section 7(2) of FRBM Act 2003 provides that whenever there is a shortfall in revenue or excess expenditure over the prescribed levels during any period in a financial year, the Central Government shall take appropriate measures for increasing revenue or for reducing the expenditure (including curtailing of the sums authorised to be paid and applied from and out of CFI under any Act so as to provide for the appropriation of such sums);
- (c) Transfers to reserve funds are made based on the absorptive capacity of the Ministry/Department to spend in a year. This is also relevant given the fact that at the commencement of the financial

- year, the likely amount that may be collected during the year is at best an estimate;
- (d) Credit balances lying idle in reserve funds add to the liability of the Government;
 - (e) The purpose of establishing a reserve fund in Public Account is to demonstrate the flow of funds from CFI and its utilisation on intended purposes;
 - (f) Gap between the actual transfers and due for transfers has been reduced over a period of time. The case in point is Central Road and Infrastructure Fund and the short-fall is less than ₹ 5,000 crore over a period of 12 years; and
 - (g) The shortfall, if any, during a year will be considered by this Ministry to be made up in subsequent year(s), on the need basis and absorptive capacity of the administrative Ministry."

14. When asked about the accounting procedure followed for showing the cess funds retained in CFI, the Ministry replied as under:

"In terms of Article 266 of the Constitution of India, all the monies/revenues collected by Government including receipts from cess collection are credited to the Consolidated Fund of India. The difference between the actual collection of receipts in the form of cesses/levies and the transfers to dedicated reserve fund kept in the Public Account remains in the Consolidated Fund. Receipts from levy of cesses are for meeting specific expenditure of Union Government such as education, health, transport, infrastructure, etc. and are not shareable with States as part of central taxes assigned to States. It needs to be noted that Centrally Sponsored schemes like Samagra Shiksha and Mid-day Meal scheme are implemented through State Governments and financed through Prarambhik Shiksha Kosh, a reserve fund financed through 'Health and Education Cess'. Therefore, cesses allocated to Centrally Sponsored Schemes are used to finance development/welfare measures in the States."

15. When asked how justified is collecting an earmarked cess and then keeping it in the CFI which is neither available for the earmarked purpose for which it was collected nor to the state governments, the Ministry in their written reply furnished the following:

"The purpose of such Funds is, *inter-alia*, to ensure utilisation for the earmarked purpose over a period of years, but not necessarily, within each financial year. It may be submitted that transfers to a dedicated reserve fund in Public Account and financing the scheme expenditure in financial statements from the reserve fund are meant for reflecting the utilisation of funds from cess collection. These do not, however, impede the implementation/operation of the

schemes notwithstanding the finalisation of accounting procedure for operation of certain reserve funds in Public Account. Appropriations as authorised by Parliament through Appropriation Act are available to Ministries/Department to implement the schemes/programmes/projects of the Government, independent of the reflection of transfers/withdrawal from reserve funds.”

16. On being asked reasons for taking years to finalize the accounting procedures, the Secretary, during oral evidence of the Ministry stated as under:

“I would fully acknowledge that it should not take us so long to finalise the accounting rules. That is a fair point that was made by the hon. Chairperson and the Committee. We take note of this point, and we will endeavour to finalise it quickly.”

17. As regards the reasons for delay in operationalizing Madhyamik and Uchcharat Shiksha Kosh, the Ministry in a written reply stated as under:

“Based on the broad accounting guidelines issued by Department of Economic Affairs (Budget Division), the detailed accounting procedure is proposed by the Ministry/Department administering the fund and is sent to the office of the Controller General of Accounts (CGA). After due examination, Office of the CGA forward the draft accounting procedure to the office of the Comptroller and Auditor General of India (CAG) for concurrence. After concurrence of the accounting procedure by the office of CAG under article 150 of the Constitution, the same is notified by administrative Ministry/Department. There have been differing/divergent viewpoints in finalising the accounting procedure in operationalising the reserve funds in Public Account. Two major issues viz.

- i. transfers from Capital Expenditure Major Heads to Public Account and
- ii. transfers from Major Heads '3601-Grants-in-aid to State Governments'/'3602- Grants-in-aid to Union Territory Governments with legislature' are being considered and deliberated between office of the CAG/CGA and Department of Economic Affairs (Budget Division). These two issues are illustrated in the Table given below:

(₹ crore)

Major Heads	Accounting Procedure recommended by	
	CGA/CAG	Budget Division
Example (A)		
3054-Roads and Bridges -Transfers to Central Road and Infrastructure Fund	100.00	...
(i) 3601/3602-Grants-in-aid to State/UT Governments-Transfers to Central Road and Infrastructure Fund	...	100.00
(ii) 3601/3602-Grants-in-aid to State/UT Governments-Cash releases to State/UT Governments	100.00	100.00
(iii) Amount met from Central Road and Infrastructure Fund	(-)100.00	(-)100.00
Total Expenditure under MHs 3601/3602 (i)+(ii)+(iii)	...	100.00
Example (B)		
3054-Roads and Bridges -Transfers to Central Road and Infrastructure Fund	100.00	...
(i) 5054-Capital Outlay on Roads and Bridges – Transfers to Central Road and Infrastructure Fund	...	100.00
(ii) 5054-Capital Outlay on Roads and Bridges – Cash expenditure	100.00	100.00
(iii) Amount met from Central Road and Infrastructure Fund	(-)100.00	(-)100.00
Total Expenditure under MH 5054 (i)+(ii)+(iii)	...	100.00

It may be seen from the Examples given above, the accounting procedure recommended by offices of CGA/CAG reflect different Major Heads for 'transfers to reserve funds' and 'expenditure from reserve funds', resulting in understatement of expenditure from the Major Head from which cash expenditure is incurred. The accounting procedure recommended by Budget Division captures the expenditure under the same Major Head from which expenditure is incurred. This procedure as being recommended by Budget Division is essential for reflecting the deployment of Government resources under appropriate sectors for correct reporting and information governance. The above requirements were discussed and impressed on office of the CAG. An early resolution is expected. Accounting is essentially an executive function

based on the premise that the entity that presents the Budget should also have a say in the accounting procedure. This has necessitated discussions with the office of CAG. The objective is to arrive at a consensus so as to ensure that the accounting is not diversified from the budgetary aspect.”

A. Universal Access Levy

18. 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.

19. As per Audit Report, during FY 20, Parliament had approved the transfer of UAL amounting to ₹8,350 crore to the USO Fund in the budget. Audit scrutiny showed that total collection of UAL during FY 20 was, however, only ₹7,961.53 crore of which only ₹2,926 crore was transferred to the USO Fund. Thus, there was short transfer of UAL to the USO Fund amounting to ₹5,035.53 crore. The issue of short transfer of the levy to the USO Fund has been brought out in earlier reports of the CAG on the Union accounts for the years 2009-10 to 2014-15 and 2018-19 but the matter is yet to be resolved.

20. As per Background note of the Ministry the accounting procedure for the Universal Service Obligation Fund and the National Mineral Exploration Trust Fund have been finalized and actual transactions relating to collection of receipts on account of cess and transfer to fund are reflected in Union Government Finance Accounts.

21. When asked why there was short collection of UAL vis-à-vis the amount approved by Parliament of India, the Ministry stated as under:

“Universal Access Levy, collected from Telecom Service Providers and transferred to Universal Service Obligation Fund, is not a tax levy. The Universal Service Obligation Fund is financing two schemes viz.

- i. for providing compensation to telecom service providers for creation and augmentation of telecom infrastructure and access to various telecom services to people in the rural and remote areas including operation and maintenance of Village Public Telephones and

- ii. for implementation of Bharatnet project towards creation of telecom infrastructure required for providing broadband connectivity to all the Gram Panchayats in the country and facilitating non-discriminatory access to service providers, for provisioning of broadband services in rural areas.

The realisation of UAL is dependent on Adjusted Gross Revenues (AGRs) of Telecom Service Providers. If AGRs of telecom service providers fall in a year based on the volume of business generated, its impact on UAL is reflected as a corollary."

22. On being asked reasons for transferring only ₹ 2,926 crore against a collection of ₹7,961.53 crore towards UAL during 2020 and recurrence of short transfer of the levy to the USO Fund i.e. during 2009-10 to 2014-15 and 2018-19 and again in FY 2020, the Ministry responded as under:

"The purpose of such Funds is, *inter-alia*, to ensure utilisation for the earmarked purpose over a period of years, but not necessarily, within each financial year. Transfer of funds depend, mainly, on the absorptive capacity of the Department to spend in any particular year. Further, the following table shows that Department of Telecommunications was able to catch up with the RE for the year 2020-21 by matching utilization:

(₹ crore)

Year	Budget	Revised	Actuals
2015-16	2400	3100	3100
2016-17	2755	7626	7226
2017-18	11636	7000	7000
2018-19	10000	5000	4788
2019-20	8350	3000	2926
2020-21	8000	7200	7200
2021-22	9000	8300	

Section 9C of Indian Telegraph (Amendment) Act, 2003 provides that the Central Government may, after due appropriation made by Parliament credit such sums of money as that Government may consider necessary in the Fund. Thus, transfers to USOF are made in line with the statutory provisions."

23. When asked why the Ministry was not able to convince the Audit, the Ministry furnished following reply:

"While the accounting procedure formalises booking of receipts and expenditure under appropriate heads, it does not stipulate full transfers to

Reserve Fund. Transfers to/from Reserve Fund is a budgetary exercise and is also done keeping in view the fiscal management and utilisation of scarce resources of Government as well."

24. As regards the details of UAL collected and spent on providing services from USOF in the last 20 years , the Ministry furnished the following information:

"The details of UAL collected and spent through USOF from the inception of the reserve fund are enclosed. The details of utilisation of the funds over the years on various schemes funded from USOF are also furnished in the enclosed statement."

B. National Mineral Trust Levy

25. The Union Government set up the National Mineral Exploration Trust in 2015-16 in accordance with the Mines and Minerals (Development and Regulation) Act. The Trust is funded through payments made by holders of mining leases as a percentage of royalty paid which is collected by State Governments and thereafter paid to the Union Government. The collection towards this trust was ₹ 664.85 crore and transfer to the fund was ₹ 100 crore, resulting in short transfer of ₹ 564.85 crore. The Department had submitted that accounting procedure for National Mineral Exploration Trust Fund was finalised in 2018 and is being implemented.

26. To a query whether the total levy collected as National Mineral Trust levy has duly been transferred to the Union Government by the concerned State Governments, the Ministry stated as under:

"The State Governments are transferring the NMET contributions to the Consolidated Fund of India on monthly basis as envisaged in the accounting procedure. All such receipts are duly reflected in the Public Finance Management Scheme (PFMS) portal under the domain of Ministry of Mines."

27. On being pointed out why the total collection of ₹ 664.85 crore has not been transferred to the National Mineral Exploration Trust, the Ministry furnished the following reply:

"During the year 2021, Ministry of Mines submitted a proposal to the Department of Economic Affairs in 3rd and final Batch of Supplementary Demand for Grants 2021-22 for transfer of balance NMET fund of ₹ 2271.82 crore (accumulated upto Dec 2021). The balance fund of ₹ 2771.82 crore which has been transferred to Public Account during 2021-22 is inclusive of

short transfer of ₹ 564.82 crore. With the higher transfer of ₹ 2,872 crore in 2021-22, NMET Fund is having a positive (credit) balance of ₹ 2,862 crore, pending utilisation, in Public Account as on 31.3.2022."

28. When asked to specify the activities that have been undertaken by the Ministry of Mines with the objective of augmenting mineral exploration of the country out of this fund, the Ministry in their written reply stated as under:

"The NMET Fund is being utilized by the Ministry of Mines to fund regional and detailed exploration of minerals besides funding baseline geo-sciences survey projects, infrastructure development of Central and State exploration agencies, notification of Private exploration agencies etc. The details are as under:

- a. Till date, NMET has approved 238 exploration activities project with approved cost of ₹ 1828.50 crore;
- b. Incentive to State Government for each successful auction of mineral block;
- c. Partial reimbursement upto 50% of direct cost of exploration to holders of Composite Licence for deep seated minerals;
- d. Notification of Private Exploration agencies for Mineral Exploration;
- e. Financial assistance for procurement of machinery/equipment/instrument at enhancing mineral exploration to Central and State Government organizations."

C. Non-transfer of cess to Oil Industry Development Board

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

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

31. In the context of the above, Audit also pointed out that the Parliamentary

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

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

33. As per Ministry's Background Note the Ministry of Petroleum and Natural Gas has accepted that Oil Industry Development Fund (OIDF) has not been created yet and the Government was financing various activities from the Gross Budgetary Support which includes proceeds of the cess.

34. Further, in the same Background note, the Ministry indicated that the implementation/operation of schemes are not affected by delay in finalization of accounting procedure of any fund, only transactions are not routed through respective Reserve Funds.

35. As per Audit Report, since 1991-92, no funds out of the cess collected by the Government has been transferred to Oil Industry Development Board (OIBD).

36. When asked as to why the cess was still being levied when the collections are retained in CFI, the Ministry's written reply indicated as under:

"The Oil Industry (Development) Act, 1974 provides for the establishment of a Board for the development of oil industry and for that purpose to levy a duty of excise on crude oil and natural gas. Development of oil industry includes all activities by way of prospecting or exploring for or production of mineral oil, refining, processing, transportation, storage, handling and marketing, of mineral oil production and marketing of all products, downstream of an oil refinery and the production of fertilizers and petrochemicals and all activities directly or indirectly connected therewith. In terms of Section 3 of OIBD Act, 1974, a Board to be called 'Oil Industry

Development Board' shall be constituted for the purposes of this Act. Section 6 of the Act prescribes the following functions for the Board:

- (i) render financial and other assistance for the promotion and development of oil industry;
- (ii) making grants or advancing loans to any oil industrial concern engaged in prospecting or exploring for or production of mineral oil, refining, processing, transportation, storage, handling and marketing of mineral oil production marketing of oil productions and production of fertilizers and petro-chemicals and all activities directly or indirectly connected therewith;
- (iii) guaranteeing on loans, deferred payments due from any oil industrial concerns or other persons, underwriting the issue of shares, stocks, bonds, or debentures by any oil industrial concerns, subscribing to the stock or shares of any oil industrial concerns;
- (iv) manufacture and marketing of petrochemicals and fertilizers;
- (v) scientific, technological and economic research, which could be, directly or indirectly, useful to oil industry;
- (vi) training of personnel, whether in India or outside, engaged or to be engaged in any field of oil industry, and such other measures as may be prescribed;

Section 18 of the Act *ibid* provides establishment of Oil Industry Development Fund with the following applications:

- (vii) for meeting the salaries, allowances, honoraria and other remuneration of the officers and other employees of Board
- (viii) for rendering assistance as detailed in paragraph 2 above (in terms of Section 6 of the Act);
- (ix) for repayment of any loans taken by the Board or for meeting other liabilities of the Act.

The reasons for non-constitution of a reserve fund in public account in favour of Oil Industry Development Board from inception in 1974 could not, readily, be ascertained. The Audit has recognised the expenditure of ₹ 15,506 crore against the Crude Oil Cess. It needs to be noted that Government has been incurring huge expenditure through Demands for Grants of Ministry of Petroleum and Natural Gas on 'strategic oil reserve', 'refinery and conservation', 'LPG/Kerosene Subsidy', 'Phulpur Dhamra Haldia Pipeline project', 'Indradhanush Gas Grid Limited' and financing of various autonomous bodies. Year-wise expenditure of Ministry of

Petroleum and Natural Gas for the last five (5) years is as follows:

(₹ crore)

Ministry of Petroleum and Natural Gas*	Expenditure during -					Total
	2015-16	2016-17	2017-18	2018-19	2019-20	
	31262	30203		32337	42778	169740

* Excluding Secretariat Expenditure

The details of major expenditure incurred by Government for the benefit of Oil sector for the last 5 (five) years are below:

(₹ crore)

Item expenditure	Expenditure during -					Total
	2015-16	2016-17	2017-18	2018-19	2019-20	
LPG Subsidy	22660	18678	15666	20268	34086	111358
PMUY (Ujjwala)^	0	2999	2559	5670	1446	12674
Kerosene Subsidy	7339	8861	8804	4568	4443	34015
Strategic	1160	2030	1141	683	120	5131
Repayment of Oil Bonds	0	0	0	0	0	0
Interest on Oil Bonds	9990	9990	9990	9990	9990	49950

^ Source: Petroleum Planning and Analysis of MoPNG.

It may be noted that Government has discharged the principal component of oil bonds amounting to ₹ 78,318 crore (1997-98 to 2021-22). Government has also paid interest on oil bonds amounting to ₹ 1,49,080 crore during the same period."

37. As per the background note furnished by the Ministry, the Oil Industry Development Fund had not yet been created.

38. When asked the reasons for not creating the Oil Industry Development Fund and how ₹ 902.40 crore were transferred to OI DB when the Act prescribes creation of

OIDF for crediting such funds, the Ministry in their written reply stated as under:

"The reasons for non-constitution of a reserve fund in public account in favour of Oil Industry Development Board could not, readily, be ascertained. As stated earlier, the expenditure on specific schemes does not get impacted notwithstanding either the finalisation of accounting procedure or constitution of a reserve fund in Public Account. Government has been financing various activities from the budget that qualify as development of oil industry within the purview of the OI Act, 1974 and in view of the emergent situation of the energy security, expenditure on energy security is likely to increase in the near future. These activities are financed from the resources of the Government of which the Cess under the Act is a part. Since Government cannot withdraw itself from these activities, the Cess receipts already stand committed."

39. On a question how the Ministry is ensuring that the funds collected are being utilised for the intended purposes as OI has not been created even after 48 years and to furnish details of the cess collected viz-a-viz amounts spent on the specified activities during the period, the Ministry stated as under:

"Response of Ministry of Petroleum and Natural Gas, the administrative ministry is enclosed at **Annexure A.**"

D. Health and Education Cess

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

41. Audit of Statements 8, 9 and 10 of the UGFA regarding collection of the above-mentioned cesses and their transfer to dedicated reserve funds revealed that in FY 20, the total collection under these cesses was ₹39,241 crore. As no new reserve funds had been created for the Health and Education Cess, BE and RE for FY 20 continued to provide for transfer of proceeds of this cess to the Prarambhik Shiksha Kosh (PSK), and Madhyamik and Uchcharar Shiksha Kosh (MUSK) that were created for Primary Education Cess, and Secondary and Higher Education Cess, respectively. In the RE for FY 20, ₹28,920 crore was approved for transfer to PSK and ₹14,460 crore was approved for transfer to MUSK. In the case of PSK, an amount of ₹26,848 crore was transferred to the fund during FY 20, while in the case of MUSK no transfers were made as the reserve fund was yet to be operationalized.

However, audit scrutiny showed that ₹974 crore was directly utilized for heads/schemes that had been proposed to be funded through MUSK, leaving a shortfall of ₹13,486 crore. No expenditure was envisaged for the health sector out of the cess nor was any dedicated fund created for the purpose.

42. As per Ministry's Background Note the Madhyamik & Uchcharat Shiksha Kosh (MUSK) accounting procedure is under process.

43. When asked reasons for short transfer to Prarambhik Shiksha Kosh, the Ministry furnished the following reply:

"Health and Education Cess: A composite cess on Corporate Tax and Income Tax in the name of 'Health and Education Cess' is levied from 2018-19, replacing the erstwhile cesses called 'primary education cess' and 'secondary and higher education cess'. Proceeds from 'Health and Education Cess' are apportioned and transferred to Prarambhik Shiksha Kosh (50% of the proceeds), Madhyamik Shiksha Kosh (25% of the proceeds) and Pradhan Mantri Swasthya Suraksha Nidhi (25% of the proceeds).

Audit has made the following observation:

(₹ crore)

Levy	Year	Collection	Transfers	Short-transfer
Health and Education Cess	2019-20	39,241	25,755	13,486

Transfers to the Fund

Name of the Fund	BE 2019-20	RE 2019-20	Actuals 2019-20
Prarambhik Shiksha Kosh	28920	28920	26848

The above statement is incorrect. Audit has stated in the observation that ₹ 26,848 crore was transferred to PSK and an amount of ₹ 974 crore was directly spent on the schemes proposed to be funded through MUSK. Considering this, the short transfer is only ₹ 11,419 crore. Madhyamik and Uchcharat Shiksha Kosh (MUSK) and Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN) are not operationalized yet in Public Account despite its approval by Government. The Accounting Procedure for MUSK and PMSSN is pending finalization in the office of the CAG on the ground explained in

Point No.4 above. The pending issues with office of the CGA/CAG are being resolved in consultation with them. It may further be mentioned that the collection of Health and Education Cess in 2018-19 vis-à-vis 2019-20 is as follows:

(₹ crore)

	2018-19	2019-20	Incremental collection/expenditure in 2019-20
Health and Education Cess	41309	39240	(-) 2069
Total Expenditure in Education and Health Sector	133328	153694	(+) 20366

With the above, it may be stated that the utilization from 'Health and Education Cess' is much more than the collection of 'Health and Education Cess'."

44. When asked as to how the Government was proposing to allocate the collections from this cess amongst health and education sectors, the Ministry's written reply indicated as under:

"A composite cess on Corporate Tax and Income Tax in the name of 'Health and Education Cess' is levied from 2018-19, replacing the erstwhile cesses called 'primary education cess' and 'secondary and higher education cess'. Proceeds from 'Health and Education Cess' are apportioned and transferred to Prarambhik Shiksha Kosh (50% of the proceeds), Madhyamik Shiksha Kosh (25% of the proceeds) and Pradhan Mantri Swasthya Suraksha Nidhi (25% of the proceeds)."

45. On a specific query over the likely date of finalization of the accounting procedure for Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN), the Ministry replied as under:

"The matter of effecting transfers from Major Heads 3601/3602 is in active consideration by the O/o C&AG in the context of pending accounting procedure for operationalisation of Madhyamik and Uchhatar Shiksha Kosh (MUSK), Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN) and Central Road and Infrastructure Fund (CRIF). Once this is approved, the accounting procedure for operationalising PMSSN will be notified."

46. On being asked regarding the activities that the Ministry of Health had

envisaged for the health sector out of the Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN), i.e. a single non-lapsable reserve fund for Health, the Ministry's written reply indicated as follows:

"Accruals into the Prime Minister Swasthya Suraksha Nidhi (PMSSN) have been approved to be utilized for the following flagship schemes of the Govt:

- Ayushman Bharat – Pradhan Mantri Jan Aarogya Yojana (PMJAY);
- Ayushman Bharat – Health and Wellness Centres (AB-HWCs);
- National Rural Health Mission;
- Pradhan Mantri Swasthya Suraksha Yojana (PMSSY); and
- Any future Program/Scheme that targets to achieve progress towards the SDGs and the targets set out in the national Health Policy 2017."

47. When asked whether the Madhyamik and Uchchatar Shiksha Kosh (MUSK) was operational now, the Secretary, during oral evidence of the Ministry of Finance stated as under:

"These two years, we were slightly deflected because during covid, many meetings could not be held. There is a disagreement between the Ministry and the C&AG under which major head should unreserve accounting for these two funds – the Madhyamik Uchchatar Shiksha and the Pradhan Mantri Swasthya Nidhi. Recently, we have intensified efforts to conclude this and we are hopeful that this will be concluded very soon, and we will reach an agreement with the C&AG on the correct procedure for its accounting. We will get it sorted very soon."

48. In this regard, the Ministry in their written reply further stated as under:

"Based on the broad accounting guidelines issued by Department of Economic Affairs (Budget Division), the detailed accounting procedure is proposed by the Ministry/Department administering the fund and is sent to the office of the Controller General of Accounts (CGA). After due examination, Office of the CGA forward the draft accounting procedure to the office of the Comptroller and Auditor General of India (CAG) for concurrence. After concurrence of the accounting procedure by the office of CAG under article 150 of the Constitution, the same is notified by administrative Ministry/Department. There have been differing/divergent viewpoints in finalising the accounting procedure in operationalising the reserve funds in Public Account. Two major issues viz.

- i. transfers from Capital Expenditure Major Heads to Public

- Account and
- ii. transfers from Major Heads '3601-Grants-in-aid to State Governments'/'3602- Grants-in-aid to Union Territory Governments with legislature' are being considered and deliberated between office of the CAG/CGA and Department of Economic Affairs (Budget Division). These two issues are illustrated in the Table given below:

(₹ crore)

Major Heads	Accounting Procedure recommended by	
	CGA/CAG	Budget Division
Example (A)		
3054-Roads and Bridges -Transfers to Central Road and Infrastructure Fund	100.00	...
(i) 3601/3602-Grants-in-aid to State/UT Governments-Transfers to Central Road and Infrastructure Fund	...	100.00
(ii) 3601/3602-Grants-in-aid to State/UT Governments-Cash releases to State/UT Governments	100.00	100.00
(iii) Amount met from Central Road and Infrastructure Fund	(-)100.00	(-)100.00
Total Expenditure under MHs 3601/3602 (i)+(ii)+(iii)	...	100.00
Example (B)		
3054-Roads and Bridges -Transfers to Central Road and Infrastructure Fund	100.00	...
(i) 5054-Capital Outlay on Roads and Bridges – Transfers to Central Road and Infrastructure Fund	...	100.00
(ii) 5054-Capital Outlay on Roads and Bridges – Cash expenditure	100.00	100.00
(iii) Amount met from Central Road and Infrastructure Fund	(-)100.00	(-)100.00
Total Expenditure under MH 5054 (i)+(ii)+(iii)	...	100.00

It may be seen from the Examples given above, the accounting procedure recommended by offices of CGA/CAG reflect different Major Heads for 'transfers to reserve funds' and 'expenditure from reserve funds', resulting in understatement of expenditure from the Major Head from which cash

expenditure is incurred. The accounting procedure recommended by Budget Division captures the expenditure under the same Major Head from which expenditure is incurred. This procedure as being recommended by Budget Division is essential for reflecting the deployment of Government resources under appropriate sectors for correct reporting and information governance. The above requirements were discussed and impressed on office of the CAG. An early resolution is expected. Accounting is essentially an executive function based on the premise that the entity that presents the Budget should also have a say in the accounting procedure. This has necessitated discussions with the office of CAG. The objective is to arrive at a consensus so as to ensure that the accounting is not diversified from the budgetary aspect."

49. On being enquired whether any scheme that had been proposed to be funded through MUSK could not be implemented due to non-operationalization of MUSK, the Ministry in their written reply furnished the following:

"As stated earlier, the schemes/programmes/projects implemented by Government will not get impacted for non-finalisation and non-operationalization of reserve funds in Public Account. Specific schemes will continue to be implemented with the appropriation authorised by Parliament."

E. Road and Infrastructure Cess

50. 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 and increasing the quantum of cess.

51. Audit scrutiny revealed that Statement 13 continued to depict the Fund as CRF instead of CRIF. Further, against total collection of cess of ₹1,22,440 crore under the CRIF Act, Parliament approved ₹1,22,369 crore for appropriation. However actual transfer to the Fund was only ₹90,252 crore. Part of the short transfer was due to erroneous transfers of ₹17,250 crore and ₹4,380 crore to the Railway Safety Fund by the Ministry of Railways and to 'Other Funds' by the Ministry of Power, respectively. These funds were, however, fully utilised for the purposes for which the CRIF had been created. Similarly, ₹6,853 crore was not transferred to CRIF on the ground that accounting procedures for CRIF had not been finalised; the

amount, however, was spent for intended purposes as General Budgetary Support (GBS). This left ₹3,705 crore, which was not transferred/ utilized for the purpose for which the cess was collected.

52. As per Ministry's Background Note, the Central Road Fund is still functional in Ministry. The proposal for change of name from the Central Road Fund (CRF) to Central Road and Infrastructure Fund (CRIF) is under Process with the concerned authorities. As per the Union Government Finance Accounts, the cess collected under 'MH 0037.00. 507- Road and Infrastructure Cess', '0038.03.507- Road and Infrastructure Cess', '0038.03.106- Additional Excise Duties on indigenous motor spirit' & '0038.03.107- Additional Excise Duty on High speed Diesel Oil' work out to be ₹ 122424 Crore instead of ₹ 122440 Crore

53. As regards efforts taken to resolve the issue of the accounting procedures on Central Road and Infrastructure Fund (CRIF) and erroneous transfers, the Ministry furnished the following reply:

"..... Efforts are taken to resolve the issue in consultation with office of the CAG. Two meetings were held (on 27.4.2022 and 14.7.2022) with officers of CAG to impress upon the need to have a procedure suitable to address the pending issues. Office of the CAG was requested to re-consider this issue, vide this Ministry's letter dated 26.10.2022. Office of the CGA has been requested to finalize the accounting procedure on CRIF, recently on 23.11.2022."

54. To a pointed question how Ministry was ensuring that ATNs are being provided within prescribed time limit in case of financial audits as the same are not uploaded on the APMS, the Ministry replied as under:

- "As per the directions of the Public Accounts Committee (PAC), office of C&AG is required to upload the Audit paragraphs on the APMS portal against which the ATNs are uploaded by the Ministries/Departments;
- The C&AG has since commenced uploading of the Financial Reports on APMS. The Financial Reports in respect of the year(s) 2018 to 2022 pertaining to Union Government including Railways have been uploaded on the APMS portal.
- With specific reference to Para 2.6.5 of the C&AG Report No. 7 on Union Government Accounts for 2019-20 related to the Road and Infrastructure Fund, a detailed Note was submitted to the PAC Secretariat vide MoF's OM No. 7(1)-B(AC)/2022 dated 21st March 2022 for placing before the Committee.

55. As regards year-wise details of funds transferred to CRF and CRIF by various Ministries, the Ministry in a written reply furnished the following:

"Details of funds transferred to CRF and CRIF by various Ministries:

(₹ crore)

Year	Opening Balance	Receipts	Disbursements	Closing Balance
2021-22	4604.22	251738.18	228000.09	28342.31
2020-21	3372.94	182363.47	181132.19	4604.22
2019-20	1110.92	90252.40	87990.38	3372.94
2018-19	10250.01	62879.64	72018.73	1110.92
2017-18	9163.90	58521.63	57435.52	10250.01
2016-17	6284.48	51853.58	48974.16	9163.90
2015-16	5308.41	43175.10	42199.03	6284.48
2014-15	4564.92	25777.94	25034.45	5308.41
2013-14	4752.00	19433.72	19620.80	4564.92
2012-13	6438.00	19433.73	21119.73	4752.00

Source : Union Government Finance Accounts"

56. When asked to furnish year-wise details of the number of cesses levied during the last 10 years and Gross Tax Revenue viz a viz Cesses as a percentage of Gross Tax Revenue collected during the period, the Ministry furnished the following information:

i. Year-wise details of the number of cesses levied during the last 10 years

Details of number of cesses levied during 2012-13 to 2021-22

(₹ crore)

Sr. No.	Year	Number of cesses appearing in UGFA	Total Revenue from cesses
1	2021-22	25	417340.30
2	2020-21	30	388460.14
3	2019-20	30	295027.47
4	2018-19	31	274980.48
5	2017-18	37	221658.64
6	2016-17	41	173201.83
7	2015-16	38	146210.90
8	2014-15	34	91758.89
9	2013-14	37	84581.07
10	2012-13	38	78079.97

Source : Union Government Finance Accounts

- ii. **Year-wise details of Gross Tax Revenue viz a viz Cesses as a percentage of Gross Tax Revenue collected in previous ten years.**

Year-wise details of Gross Tax Revenue viz a viz Cesses as a percentage of Gross Tax Revenue collected during 2012-13 to 2021-22

(₹ crore)

Year	Gross Tax Revenue (Direct + Indirect Tax excluding GST)	Cess/Levy Collected (Excluding GST Compensation Cess)	Total Cess/Levy as percentage of gross tax revenue
2021-22	2007210.44	312717.76	15.58
2020-21	1475562.33	303354.49	20.56
2019-20	1408275.45	199538.45	14.17
2018-19	1496127.38	179952.13	12.03
2017-18	1474987.00	159062.67	10.78
2016-17	1715968.04	173201.83	10.09
2015-16	1455891.07	146210.90	10.04
2014-15	1245135.75	91758.89	7.37
2013-14	1138995.47	84581.07	7.43
2012-13	1036460.45	78079.97	7.53

Source : Union Government Finance Accounts

- iii. **Year-wise details of cesses transferred in the reserve funds created for crediting afore-mentioned levies viz-a-viz their utilization in each of the last 10 years.**

“Details are enclosed as per Annexure ‘B’ and ‘C’”

57. To have a better analysis of the aforesaid information provided by the Ministry and indicated at para 56 above, the same has been presented graphically in the Figures 1, 2 and 3 respectively as under:

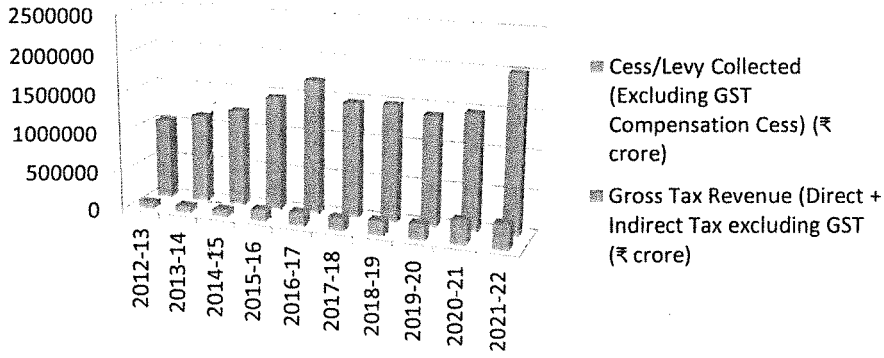


Figure 1 - Gross Tax Revenue (Direct + Indirect Tax excluding GST) viz-a-viz Cess/Levy Collected (Excluding GST Compensation Cess) for the FY 2012-2022

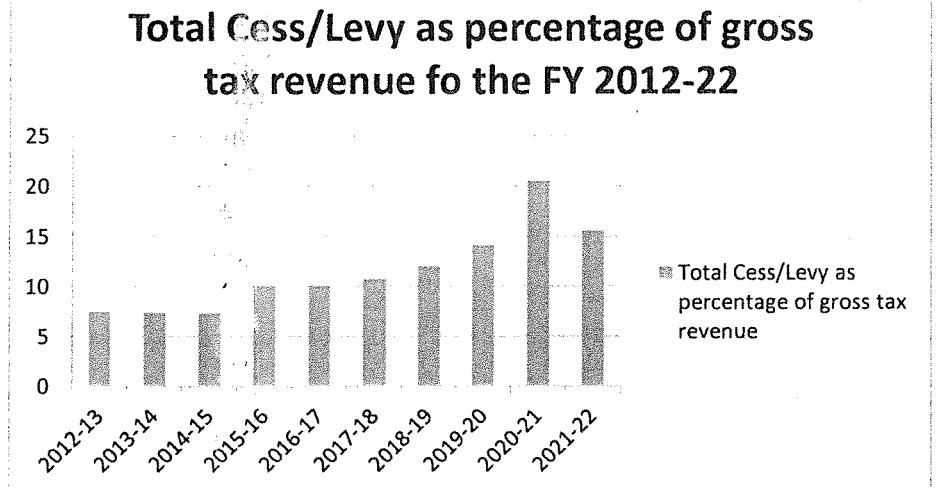


Figure 2- Total Cess/Levy as percentage of gross tax revenue for the FY 2012-22

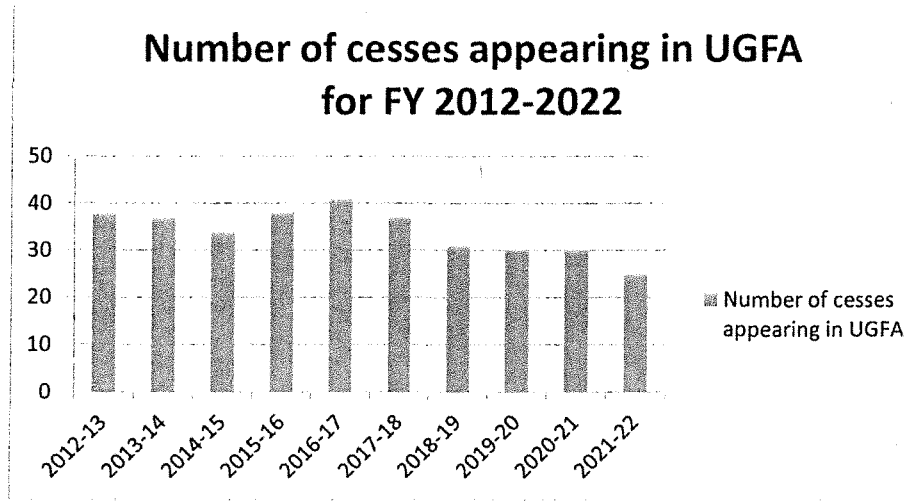


Figure 3- Number of cesses appearing in UGFA for FY 2012-2022

PART - II**OBSERVATIONS/ RECOMMENDATIONS OF THE COMMITTEE****Introduction**

Report No. 7 of 2021 the Comptroller and Auditor General of India (CAG) on the accounts of the Union Government gave an overview of Union Government Finances for Financial Year 2020 and observations on Finance Accounts. The Committee selected the Para 2.6.1 of the aforementioned Report which dealt with the subject, "Issues relating to accounting of Cess/Levies" for detailed examination and report.

The Union Government has the authority to levy various levies and cesses in order to raise revenue and for the financial year (FY) 2021-22, total revenue from various cesses (excluding GST Compensation Cess) was ₹ 312717.76 crore which formed around 15 percent of the gross tax revenue. Cesses do not form part of the divisible pool to be shared with States because of a constitutional exception in Article 270. The Committee's examination of the subject and their observations/ recommendations on the issues relating to accounting of cess/levies as brought out in the Audit Report and updated information received from the Ministry are detailed in the succeeding paragraphs.

1. **Disparity in provisions on creation/ operationalisation of the Reserve Funds in the enabling Acts pertaining to cess and levies.**

The Committee note that Government imposes levies/cesses and other charges to raise funds for specific purposes; and accounting of collection of such receipts is, in most cases, regulated by legislation and rules which often provide for creation of reserve funds to ensure that these levies/charges/cesses are used for intended purposes. However, the Ministry in a written reply stated that creation/operationalization of Reserve Funds in

Public Account pertaining to cesses /levies are based on the provisions of the enabling act (e.g., USOF, CRIF etc.) or based on executive decision if a need is felt for creation of the same (e.g., PSK, MUSK, PMSSN). Further, in case when the nature of levy is very broad and generic in nature and not relatable to a specific function of any Ministry, Government may take a decision not to create the Reserve Fund e.g. Social Welfare Surcharge. As regards importance of creating Reserve Funds in Public Account, the Ministry in a separate reply underlined that the purpose of establishing a reserve fund in Public Account is to transparently demonstrate the flow of funds from CFI and its utilisation on intended purposes. While observing that creation/operationalization of Reserve Funds in Public Account pertaining to Cesses /Levies is subject to provisions of the Act governing them and executive decision of the Government to create them the Committee are of the view that non-creation/non operation of Reserve Funds makes it difficult to ensure that cesses and levies have been utilised for the specific purposes for which they were intended and levied. The Committee are of the opinion that to ensure utilization of levies/charges/cesses for their intended purposes, the provisions for creation/ operationalization of reserve funds in public account in the designated acts/rules/legislations should be clearly defined. Further, the Committee, recommend that earnest efforts in the matter be taken so that the reserve funds in Public Account are invariably created and the flow of funds from CFI and its utilization and accomplishments on intended purposes in a time bound manner ensured.

2. Non-creation of Oil Industry Development Fund

The Committee observe that for the development of Oil Industry, Oil Industry (Development) Act, 1974 provides for levying a duty of excise on crude oil and natural gas as a cess and establishment of Oil Industry Development Board (OIDB). Further, the Act also provides for crediting the cess first in the Consolidated Fund of India (CFI) and thereafter paying to the Board such sums as Parliament may approve to be kept in the Oil

Industry Development Fund (OIDF). The Committee also note that Section 18(2) of the Oil Industry (Development) Act, 1974 provides that *“the Fund shall be applied- (a) for meeting the salaries, allowances, honoraria and other remuneration of the officers and other employees of the Board and of the advisers, consultants or other agencies whose services are availed of by the Board; (b) for meeting the other administrative expenses of the Board; (c) for rendering assistance under section 6; (d) for repayment of any loans taken by the Board or for meeting other liabilities under this Act.”* Through Audit scrutiny for the period FY 10 to FY 20, the Committee note that since 1974, the total cess on crude oil collected was ₹1,28,461 crore, however only ₹902.40 crore had been transferred to OIBD and since 1991–92, no funds out of the cess collected by the Government were transferred to OIBD. According to the Ministry, implementation/operation of schemes is not affected by delay in finalization of accounting procedure of any fund, only transactions are not routed through respective Reserve Funds. Further, the Government has been financing various activities from the budget that qualify as being aimed development of oil industry within the purview of the OIB Act, 1974 and in view of the emergent situation of the energy security, expenditure on energy security is likely to increase in the near future. Also, these activities are financed from the resources of the Government of which the Cess under the Act is a part. The Committee also, while noting the Ministry’s response that the reasons for non-constitution of a reserve fund in public account in favour of Oil Industry Development Board from inception in 1974 could not, readily, be ascertained, wonder how payments were made for meeting the liabilities as specified in Section 18(2)(d) of the Oil Industry (Development) Act, 1974, when the fund was not created. The Committee opine that the Ministry’s response regarding non creation of OIBD not only questions the rationale of collection of the cess but also the actual utilization of the same for the intended purposes. The Committee feel that absence of binding provisions regarding specific timeline for creation of reserve funds also contributed to the non creation of OIBD. The Committee, therefore, while expressing concern over the Ministry’s lackadaisical reply on non-creation of OIBD in terms of the provisions of

OIDB Act 1974, desire that besides strengthening compliance mechanism in the Ministry, the reasons for non-constitution of a reserve fund in public account in favour of Oil Industry Development Board from inception in 1974 may be ascertained urgently and the Committee may be apprised thereof. The Committee, also, recommend that to obviate recurrence of such lapses in future, the Ministry revisit the provisions of the OIDB act and take necessary action for ensuring adherence to the Act both in letter and spirit.

3. Review of provisions relating to Cess and Levies in USOF

The Committee observe that some of the provisions for crediting of sum from cess collection to Consolidated Fund of India, are open to interpretation viz. in The Indian Telegraph (Amendment) Act, 2003 (giving statutory status to the Universal Service Obligation Fund (USOF)) wherein it has been provided that the sums of money received towards the Universal Service Obligation under section 4 shall first be credited to the Consolidated Fund of India, and the Central Government may, if Parliament by appropriation made by law in this behalf so provides, credit "*such proceeds*" to the Fund from "*time to time*" for being utilised exclusively for meeting the Universal Service Obligation. The Committee in this regard, would draw reference to a recent judgement of the Division Bench of Madras High court where in they have maintained that "*The purpose and collection of any cess remains distinct, as any cess amount collected, is liable to be spent for the avowed and dedicated purpose for which such imposition was made, unlike in the case of collection of taxes. Such distinction is a settled principle of law and the Supreme Court has upheld it in various decisions.*" Further, as explained in V. Nagappa v. Iron Ore Mines Cess Commissioner, the legislation imposing a cess must spell out its earmarked purpose. The purpose must not be vague or uncertain, as it could lead to a claim of excessive delegation of power. The Committee also opine that the nature of the levy should be specific, the provisions governing the cesses need specific details regarding frequency of their appropriation and utilisation for the 'specific purposes' and should be achievable in a given

timeframe. Since cesses are to be imposed for only specific purposes, the use of broad and general language for their imposition and collection may lead to discrepancies in utilisation of the proceeds. Impressing upon the need to ensure specificity, the Committee are of the view that cesses should be levied for well defined purposes and for limited periods.

4. Rationalization of cesses

The Committee note from the Audit observation that out of the ₹ 2,74,592 crore received from 35 cesses, levies and other charges in 2018-19, only ₹1,64,322 crore had been transferred to Reserve Funds/ Boards during the year and the rest was retained in the CFI leading to the understatement of revenue/ fiscal deficit for the year. The Committee observe from the data furnished by the Ministry of Finance for the period from FY 2012-13 to FY 2021-22 that in the Year 2021-22, the number of cesses appearing in Union Government Finance Accounts (UGFA) was 25 and the total Revenue from cesses was ₹ 4,17,340.30 crore. The Committee also note from the same data that total Cess/Levy as percentage of gross tax revenue stood at 20.56% in the FY 2020-21. The Committee note that in terms of the provisions of Article 270 and Article 271, revenues collected from certain sources such as income tax are necessarily part of the divisible pool while cesses and surcharges can be kept outside the divisible pool. While observing that there have been many discrepancies pertaining to the administration and utilisation of the proceeds from cess taxes which gives the impression that the proceeds are being levied to finance the revenue deficit of the Government, the Committee opine that prior to imposition of levy, a scientific study should be conducted about the quantum of money required and the likely time period within which the same is expected to be collected through the proposed levy. Further, in light of the fact that burden of taxes/cesses/levies eventually falls on the common man, the Committee believe that for effective decision making, a review of cesses be periodically undertaken to determine the extent of achievement of the intended purpose by prescribing a specific timeframe. Highlighting the recommendation

made by the Thirteenth Finance Commission that the Centre shall review the surcharges and cesses in order to reduce its share in the gross tax revenue, the Committee urge the Ministry to include within provisions of Cesses, a clause for timely review of Cesses, through a sunset clause or any other method as deemed suitable by the Ministry so that discontinuation of the Cess may be considered if its objectives have been achieved.

5. Draft framework to finalize accounting procedure

The Committee observe that accounting procedures could not be finalized for some of the cess funds viz. the National Mineral Exploration Trust Fund, Madhyamik & Uchchatar Shiksha Kosh (MUSK), Oil Industry Development Fund (OIDF) and Road and Infrastructure Cess. The Committee also observe that the Ministry has been silent over the timeline of finalization of accounting process of funds created for Cesses. Instead, the Ministry apprised the Committee about the current status of the extant proposals for the same. Regarding Madhyamik & Uchchatar Shiksha Kosh (MUSK), the Ministry's response indicates that the accounting procedure is under process. As regards Oil Industry Development Fund (OIDF), the Ministry of Petroleum and Natural Gas has stated that the same has not been created yet. Further, for Road and Infrastructure Cess, the process of finalization of accounting procedure was still under process as the same was pending with Budget Division, DEA. Regarding reasons for delay in finalization of accounting procedure, the Ministry stated that based on the broad accounting guidelines issued by Department of Economic Affairs (Budget Division), the detailed accounting procedure is proposed by the Ministry/Department administering the fund and is sent to the office of the Controller General of Accounts (CGA). After due examination, Office of the CGA forwards the draft accounting procedure to the office of the Comptroller and Auditor General of India (CAG) for concurrence. After concurrence of the accounting procedure by the office of CAG under Article 150 of the Constitution, the same is notified by administrative Ministry/Department. Similarly, Audit had noticed that as no new reserve funds had been created for the Health and Education Cess, BE

and RE for FY 2020 continued to provide for transfer of proceeds of this cess to the Parambhik Shiksha Kosh (PSK), and Madhyamik and Uchchar Shiksha Kosh (MUSK) that were created for Primary Education Cess, and Secondary and Higher Education Cess, respectively. The Ministry also stated that the Accounting Procedure for MUSK and Pradhan Mantri Swasthya Suraksha Nidhi (PMSSN) is pending finalization in the office of the CAG and the pending issues with office of the CGA/CAG are being resolved in consultation with them. The Committee are of the opinion that accounting procedures is one of the foundational aspects of creation and monitoring of cess and funds. Therefore, its non-finalization / delay in finalization, inhibit the overall monitoring of the inflow and outflow of moneys from the designated funds which hinders executive accountability to the Parliament. While acknowledging the importance of the subject matter, Secretary, Ministry of Finance, during the oral evidence admitted that "it should not take us so long to finalise the accounting rules". The Committee observe that since each cess may require deliberations in respect of how objectives of the cess as enshrined in the law are to be achieved, there is an urgent need for enhancing cooperation among all the agencies involved in finalization of accounting procedure so that concerns and issues wherever arising may be highlighted at an early stage and the same may be resolved promptly within a specific time frame. The Committee also desire that all the agencies involved in finalization of accounting procedures for a cess fund may also deliberate upon the possibility of having an accounting standard/ guidance note on treatment and disclosure of various issues related to the management of cess funds.

6. Universal Access Levy

The Committee note that the 'Universal Access Levy' (UAL) 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 Committee also note that the levy is first credited to the CFI and subsequently, transferred, based on the appropriation approved by Parliament, to a non-lapsable Universal Service

Obligation (USO) Fund created in the Public Account for being utilized exclusively for the aforementioned purposes. Audit scrutiny revealed that during FY 2020, although, Parliament had approved the transfer of UAL amounting to ₹ 8,350 crore to the USO Fund in the budget, there was short transfer of UAL to the USO Fund amounting to ₹ 5,035.53 crore. Audit also pointed out that issue of short transfer of the levy to the USO Fund had been brought out in earlier reports of the CAG on the Union Accounts for the years 2009-10 to 2014-15 and 2018-19 but the matter remained unresolved. In their reply, the Ministry stated that the USO Fund is financing two schemes viz. for providing compensation to telecom service providers for creation and augmentation of telecom infrastructure and access to various telecom services to people in the rural and remote areas including operation and maintenance of Village Public Telephones and for implementation of Bharatnet project towards creation of telecom infrastructure required for providing broadband connectivity to all the Gram Panchayats in the country and facilitating non-discriminatory access to service providers, for provisioning of broadband services in rural areas. The Ministry also stated that the purpose of such Funds is, *inter-alia*, to ensure utilisation for the earmarked purpose over a period of years, but not necessarily, within each financial year and that transfer of funds depend, mainly, on the absorptive capacity of the Department to spend in any particular year. Further, Section 9C of Indian Telegraph (Amendment) Act, 2003 provides that the Central Government may, after due appropriation made by Parliament credit such sums of money as that Government may consider necessary in the Fund. Thus, transfers to USOF are made in line with the statutory provisions. From the information provided by the Ministry regarding funds allocated and disbursed through USOF since the year 2002-03 to 2022-2023, the Committee note that as against a total collection of ₹ 130923.91 crore, only ₹ 68683.44 crore was utilized leaving ₹ 62240.46 crore (47.5%) as unspent. Observing that almost fifty percent of the UAL collected for the designated purpose remains undisbursed, the Committee would like to be apprised of the accounting procedure adopted by the Ministry to reflect the undisbursed amount in the Government Accounts.

7. Further, the Committee are of the considered view *that the* extent of collection of UAL may be revisited to ascertain whether the rate of UAL needs adjustment so that instead of short transfers, an amount more in tune with the absorptive capacities of the Department may be collected.

8. Besides, as a part of initiatives for gainful utilization of the significant portion of amount lying undisbursed and also for the achievement of avowed objectives envisaged under UAL and specifically under the two schemes, the Committee desire that the Ministry come up with a perspective plan so that time bound utilization of the financial resources collected under UAL may be ensured.

9. National Mineral Trust Levy

The Committee note that in accordance with the Mines and Minerals (Development and Regulation) Act, the National Mineral Exploration Trust which was set up in 2015-16 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. Audit observed that the collection towards this trust was ₹ 664.85 crore and transfer to the fund was ₹ 100 crore, resulting in short transfer of ₹ 564.85 crore. As regards the reasons for short transfer of funds, the Ministry of Mines in their response stated that during the year 2021, Ministry submitted a proposal to the Department of Economic Affairs in third and final Batch of Supplementary Demand for Grants 2021-22 for transfer of balance NMET fund of ₹ 2271.82 crore (accumulated upto Dec 2021) which has since been transferred including the short transfer of ₹ 564.82 crore. The Ministry further stated that with the higher transfer of ₹ 2,872 crore in 2021-22, NMET Fund is having a positive (credit) balance of ₹ 2,862 crore, pending utilisation, in Public Account as on 31.3.2022. The Committee opine that the practice of short transfers and subsequent recuperation of the designated funds with higher transfers at one go is not prudent *viz-a-viz* of the principle

of sound financial management. The Committee desire to be apprised of the reasons for non transfer of funds previously and the utilization of funds by the NMET since its creation.

10. Road and Infrastructure Cess- Issues related to nomenclature

The Committee note that 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. Further, the Committee note that 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 and increasing the quantum of cess. Audit scrutiny revealed that Statement 13 continued to depict the Fund as CRF instead of CRIF. As per the Ministry of Finance Background Note, the Central Road Fund was still functional in the Ministry and the proposal for change of name from the Central Road Fund (CRF) to Central Road and Infrastructure Fund (CRIF) is under process with the concerned authorities. In this regard, the Ministry further stated that efforts are being taken to resolve the issue in consultation with office of the CAG and that two meetings were held (on 27.4.2022 and 14.7.2022) with officers of CAG to impress upon the need to have a procedure suitable to address the pending issues. The Ministry also stated that the Office of the CAG and CGA both were requested to re-consider this issue. The Committee are concerned to note that the issues related to nomenclature of funds not only remained unnoticed until pointed out by the Audit but have not been resolved also as yet. The Committee desire that before making changes to the provisions underlying a cess fund all the agencies concerned be taken on board. Highlighting the need for enhanced cooperation between various agencies, the Committee desire that issues may be resolved at the earliest. The Committee would like to be apprised of the final outcome of the initiatives taken for changing the name from the Central Road Fund (CRF) to Central Road and Infrastructure Fund (CRIF) and bolstering the monitoring mechanism in the Ministry.

11. Road and Infrastructure Cess – Erroneous transfer

The Committee observe from audit scrutiny that against total collection of cess of ₹1,22,440 crore under the CRIF Act, Parliament approved ₹1,22,369 crore for appropriation, however actual transfer to the Road and Infrastructure Cess Fund was ₹90,252 crore only. The Committee have been informed that part of the short transfer was due to erroneous transfers of ₹17,250 crore and ₹4,380 crore to the Railway Safety Fund by the Ministry of Railways and to 'Other Funds' by the Ministry of Power, respectively and these funds were, however, fully utilised for the purposes for which the CRIF had been created. On a request for providing year-wise details of funds transferred to CRF and CRIF by various Ministries, the Committee note with dismay that the Ministry furnished an account of receipts and disbursements but the Ministry-wise data remained unavailable. The Committee insist that to ensure accountability and transparency, a thorough analysis of the transfers made to and from CRIF is necessary. Moreover, since the data available shows only the receipts and disbursements, erroneous transfers, if any, cannot be determined. The Committee, therefore desire that a detailed statement regarding transfers made to and from CRIF by various Ministries may be prepared and sent to Audit, under intimation to this Secretariat, for in-depth scrutiny.

Conclusion

While examining the issues related to Cess and Levies, the Committee examined a number of issues viz. non finalization of accounting procedure, issues related to nomenclature and lack of coordination mechanism to finalize accounting procedure. Noting that drafting and finalizing of accounting procedures for cess involves multiple agencies including CGA, C&AG and Budget Division of DEA, Ministry of Finance, and the concerned Ministry, the Committee trust that enhancing coordination mechanism among these various bodies will go a long way in resolving issues and timely creation of the designated funds as per the legal provisions.

Further, the Committee desire that the cess should be specific and time bound and the law governing the cess should clearly state the earmarked purpose. To enable transparency and accountability, the reserve funds for the cesses being levied should invariably be provided for and the proceeds should be credited to these funds regularly. Further, the Committee recommend that a special Audit of the utilization of the proceeds from collection of various cesses may be conducted to determine the extent of achievement of the intended purpose.

NEW DELHI
09th August, 2023
18, Sravana, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

Confidential**MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2022-23)
HELD ON 11th OCTOBER, 2022.**

The Committee sat on Tuesday the 11th October, 2022 from 1100 hrs. to 1630 hrs. in the Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury --- Chairperson

Members**LOK SABHA**

2. Shri Jagdambika Pal
3. Shri Bhartruhari Mahtab
4. Shri Pratap Chandra Sarangi
5. **Shri Rahul Ramesh Shewale**
6. **Shri Brijendra Singh**
7. Dr. Satya Pal Singh
8. **Shri Subhash Chandra Baheria**

RAJYA SABHA

9. Dr. Amar Patnaik
10. Shri Bhubaneswar Kalita
11. Shri Shaktisinh Gohil
12. Dr. Sudhanshu Trivedi

PART-I

(1100 hrs. to 1330 hrs.)

LOK SABHA SECRETARIAT

1. Shri T.G.Chandrashekhar -- Additional Secretary
2. Shri Tirthankar Das -- Director
3. Smt. Anju Kukreja -- Deputy Secretary

REPRESENTATIVES OF THE OFFICE OF THE C&AG

- 1. Shri Rakesh Mohan -- Dy. C&AG
- 2. Shri Sanjay Jha -- Director General
- 3. Shri S.V.Singh -- Director General

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PART-II

(1430 hrs. to 1630 hrs.)

LOK SABHA SECRETARIAT

1. Shri T.G.Chandrashekhar -- Additional Secretary
2. Smt. Bharti Sanjeev Tuteja -- Director

REPRESENTATIVES FROM THE OFFICE OF THE C&AG

Sl. No.	Name	Designation
1.	Ms. Aditi Roy Choudhury	Dy. C&AG
2.	Shri Manish Kumar	Director General
3.	Smt. Aman Deep Chatha	Director General

The Hon'ble Chairperson welcomed the Members and Officials of C&AG to the Sitting of the Committee convened to have briefing by Audit officers on the subject, "Issues relating to accounting of Cess/Levies" based on Para 2.6 of C&AG Report No.7 of 2021. Highlighting the issues raised by Audit in respect of Universal Access Levy, National Mineral Trust Levy, Non-transfer of cess to Oil Industry Development Board, Health and Education Cess and Road and Infrastructure Cess, the Hon'ble Chairperson sought to be apprised of the findings of Audit and action taken by the concerned Ministries/Departments thereon.

2. Thereafter, the officials of Audit highlighted issues like short transfer of funds, non-finalization of accounting procedures, non-transfer/utilization of cess, non creation of a separate reserve fund etc. in respect of Universal Access Levy, National Mineral Trust Levy, Oil Industry Development Board, Health and Education Cess and Road and Infrastructure Cess. The Members were also apprised that while in some cases the cess/levies collected could not be transferred because the reserve fund was not operationalized or the accounting rules were not notified, in other cases there was also short transfer of fund due to erroneous

transfers. The Committee were further informed that in the absence of a reserve fund, the cess collected was accumulated and utilized from the Consolidated Fund of India rather than through the reserve fund mechanism, making it difficult to ascertain whether the cess collected was actually utilized for the designated purpose. The Members of the Committee were also of the opinion that the purpose for which cess is collected is defeated as a separate reserve fund was not created for the same. The Members of the Committee were also informed that no expenditure had been envisaged for the health sector out of the Health and Education cess collection nor was any dedicated fund created for the purpose. Further, while the Central Road Fund (CRF) has been re-designated as Central Road and Infrastructure Fund (CRIF), budget statements are still shown under CRF since CRIF has not been created in the reserve fund till date.

3. The Hon'ble Chairperson then thanked the officials of C&AG of India for sharing invaluable information with the Committee during the deliberation.

The Committee, then, adjourned.

A copy of the verbatim proceedings of the sitting has been kept on record.

MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2022-23) HELD ON 9th NOVEMBER, 2022.

PART-I

The Public Accounts Committee sat on Wednesday, the 9th November, 2022 from 1100 hrs. to 1340 hrs. in Committee Room No. '3', Block A, Extension Building, Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

Members

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Bhartruhari Mahtab
4. Shri Jagdambika Pal
5. Shri Vishnu Dayal Ram
6. Shri Rahul Ramesh Shewale
7. Shri Brijendra Singh
8. Shri Rajiv Ranjan Singh *alias* Lalan Singh
9. Shri Vallabhaneni Balashowry
10. Shri Ram Kripal Yadav

RAJYA SABHA

11. Shri Shaktisinh Gohil
12. Shri Bhubaneswar Kalita
13. Dr. M.Thambidurai
14. Dr. Sudhanshu Trivedi

LOK SABHA SECRETARIAT

1. Shri T.G. Chandrashekhar - Additional Secretary
2. Shri Tirthankar Das - Director

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1.	Shri Sarit Jafa	-	Dy. C&AG
2.	Shri Saurabh Narain	-	Director General

3.	Ms. Rashmi Agarwal	-	Director General
4.	Shri S.V.Singh	-	Director General

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PART II**REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF EXPENDITURE)**

Sl. No.	Name	Designation
1.	Dr. T.V Somanathan	Secretary
2.	Smt. Bharati Das	CGA
3.	Dr.Shakuntala Devi	Additional CGA
4.	Smt. Aastha Saxena Khatwani	Additional CGA
5.	Ms. Leena Johri	AS&FA, Education
6.	Shri Ashish Vachhani	JS, Economic Affairs
7.	Shri Sunil Kumar	JS, Petroleum & Natural Gas
8.	Smt. Prachi Pandey	JS, Education
9.	Shri Upendra Joshi	JS, Mines
10.	Shri Sudip Chaudhury	Chief Engineer, Road Transport & Highways

REPRESENTATIVES FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Sl. No.	Name	Designation
1.	Ms. Aditi Roy Choudhury	Dy. CAG
2.	Ms. Roti Shukla Malge	P D
3.	Ms. R Uma	Director

The Hon'ble Chairperson welcomed the Members and Officials of C&AG to the Sitting of the Committee convened to take oral evidence of the representatives of the Ministry of Finance (Department of Expenditure) on the subject, "Issues relating to accounting of Cess/Levies" based on Para 2.6 of C&AG Report No.7 of 2021. The Audit officers briefed the Members on the subject and apprise the Committee of the action taken by the Ministry.

2. Thereafter, the representatives of the Ministry of Finance (Department of Expenditure) were called in. While welcoming the representatives of the Ministry, the Hon'ble Chairperson also highlighted various issues like short transfer of cess funds, non-finalization of accounting procedures, non-creation of reserve funds etc. in respect

of Universal Access Levy, National Mineral Trust Levy, cess on crude oil, Health and Education Cess and Road and Infrastructure Cess. Pointing out that Controller General of Accounts is responsible for framing appropriate accounting procedures for monitoring receipts and operation of appropriate reserve funds, the Hon'ble Chairperson sought details of action taken by the Ministry on the findings of Audit.

3. The representatives of the Ministry, then submitted before the Committee that while the cess collected should be used for the purpose intended, it is not a strict legal requirement to deposit the entire amount in the reserve fund each year. In the case of Universal Access Levy, cess funds collected were initially credited to the Consolidated Fund of India (CFI) and then transferred to the reserve fund, as per the Indian Telegraph (Amendment) Act, based on estimation of requirement for the intended purpose. As regards Oil Industry Development Fund, the representatives apprised the Committee that while a separate reserve fund was not constituted, the total expenditure incurred towards development of oil industry during the last five years exceeds the amount collected as cess. In respect of Health and Education Cess, the Committee were informed that though accounting procedures of Prarambik Shiksha Kosh (PSK) and Madyamik Ucchthar Shiksha Kosh (MUSK) have not been finalized, expenditure incurred on education and health sector in 2018-19 and 2019-20 have exceeded the amount collected during the period. All efforts are being made to finalize the accounting procedures for PSK and MUSK. In respect of road and infrastructure cess, the scope of the fund has been expanded through the Finance Act, 2018 and short transfer of funds occurred as a result of an estimation of the inflow of cess against actual realization of cess. The shortfall will be collected and adjusted in the coming years. In respect of National Mineral Trust Levy, the Committee were apprised that the short transfer of funds has been corrected in the year 2021-22. The Committee were also informed that the Ministry are in consultation with the Ministry of Mines to finalize a plan for utilization of the fund towards additional exploration of different minerals. As regards non-finalization of account procedures, the representatives of the Ministry submitted that the delay occurred due to difference in opinion between Comptroller and Auditor General and the Ministry of Finance. The Committee were assured that the difference of opinion will be reconciled and the pending accounting procedures will be finalized soon.

4. The Members of the Committee observed that cesses are collected for specific purpose and a separate reserve fund is created for the same. However, if the cess collected is retained in the Consolidated Fund of India, the purpose for which the cess was collected would be defeated. The Members of the Committee also impressed upon the representatives of the Ministry to urgently finalize all pending accounting procedures.

5. The Hon'ble Chairperson then thanked the representatives of the Ministry of Finance (Department of Expenditure) for sharing invaluable information with the Committee during the deliberation.

A copy of the verbatim proceedings of the sitting has been kept on record.

The Committee then adjourned.

Confidential

**MINUTES OF THE SEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2023-24) HELD ON 9TH AUGUST, 2023.**

The Public Accounts Committee (2023-24) sat on Wednesday, the 9th August, 2023 from 1000 hrs to 1030 hrs in Room No. '51', Chairperson's Chamber, Parliament House, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury

- Chairperson

Members**LOK SABHA**

2. Shri Brijendra Singh
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Vishnu Dayal Ram
7. Dr. Satya Pal Singh
8. Shri Jayant Sinha

RAJYA SABHA

9. Dr.K. Laxman
10. Dr.M. Thambidurai
11. Dr. Sudhanshu Trivedi
12. Shri Ghanshyam Tiwari

LOK SABHA SECRETARIAT

1. Shri T.G.Chandrasekhar - Additional Secretary
2. Shri Santosh Kumar - Director
3. Smt. Bharti Sanjeev.Tuteja - Director

**OFFICERS OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA**

1. Shri Sarit Jafa - Dy. CAG
2. Ms. Rebecca Mathai - Dy. CAG

3. Shri Subir Mallick

- Dy. CAG

2. At the outset, Hon'ble Chairperson welcomed the Members and Officers of the office of C&AG of India to the Sitting of the Committee. Thereafter, he invited suggestions of the Members on the following Draft Reports:-

- i. Draft Report on "Issues relating to Accounting of Cess/Levies"
- ii. XXXX
- iii. XXXX
- iv. XXXX
- v. XXXX

3. After some deliberations, the Committee adopted the aforesaid Draft Reports without any modification and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

The Committee then adjourned.

Statement showing the balance of UAL amount available as potential fund under USO as on 30.09.2022			
Rupees in Crore.			
Year	UAL collections (Booked figures as per DOT A/cs)	Funds allocated and disbursed through USOF	Balance (CB)
2002-03	1653.61	300.00	1353.61
2003-04	2143.22	200.00	3296.83
2004-05	3457.73	1314.59	5439.97
2005-06	3215.13	1766.85	6888.25
2006-07	3940.73	1500.00	9328.98
2007-08	5405.80	1290.00	13444.78
2008-09	5515.14	8548.64	10411.28
2009-10	5778.00	2400.00	13789.28
2010-11	6114.56	3100.00	16803.84
2011-12	6723.57	1687.96	21839.45
2012-13	6735.47	625.00	27949.92
2013-14	7896.39	2163.45	33682.86
2014-15	7537.88	2086.98	39133.76
2015-16	9835.70	3100.00	45869.46
2016-17	9763.87	7227.03	48406.29
2017-18	7019.22	6998.76	48426.75
2018-19	6911.50	4788.22	50550.04
2019-20	7961.53	2926.00	55585.57
2020-21	9471.23	7200.00	57856.80
2021-22	10287.18	8300.00	59843.98
2022-23	3556.45	1159.96	62240.46
Total	130923.91	68683.44	62240.46

Statement showing details of surcharge an

Sl. No.	Name of the levy	Major Head	Actuals 2013-14	Actuals 2014-15	Actuals 2015-16
CESSES					
A.	GST Compensation Cess	0009	0.00	0.00	0.00
B.	Other Cesses (excluding GST Compensation Cess)				
1	Health and Education Cess		0.00	0.00	0.00
2	Krishi Kalyan Cess		0.00	0.00	0.00
3	National Calamity Contingent Duty		3546.07	3732.55	5172.93
4	Primary Education Cess		22836.55	24218.99	18782.66
5	Secondary & Higher Educatio Cess		11266.12	11959.50	9240.37
6	Health Cess	0037	0.00	0.00	0.00
7	Agriculture Infrastructure and Development Cess		0.00	0.00	0.00
8	Cesses on Exports	0037	1820.30	1179.06	122.39
9	Road and Infrastructure Cess*		20477.92	25121.95	69539.98
10	Infrastructure Cess	0038	0.00	0.00	0.00
11	Cess on Crude Oil	0038	14533.20	14655.05	14310.69
12	Cess on Bidi	0038	149.42	150.21	146.27
13	Cess on Sugar	0038	565.20	564.96	1008.49
14	Cess on Automobiles	0038	310.49	370.35	386.36
15	Others	0038	854.63	887.92	897.43
16	Clean Environment Cess	0038	3081.72	5393.46	12675.60
17	Cess on Jute	0038	-218.00	-285.21	-99.24
18	Cess on Tobacco	0038	0.30	0.44	0.38
19	Cess on Salt	0038	3.31	4.33	3.92
20	Swachh Bharat Cess		0.00	0.00	4213.90
21	Water Cess	0045	261.73	251.22	242.97
22	R & D Cess	0045	737.54	906.78	914.81
23	Other Cess	0045	4.25	5.57	9.53
B.	Other Cesses (excluding GST Compensation Cess)		80230.75	89117.13	137569.44
C.	Total Cess including GST Compensation Cess (A+B)		80230.75	89117.13	137569.44

* Includes additional duty of excise on petrol and diesel, which were known as 'road cess' before introduced cesses estimated as part of principal taxes

Annexure B

(₹ crore)

Actuals 2016-17	Actuals 2017-18	Actuals 2018-19	Actuals 2019-20	Actuals 2020-21	Actuals 2021-22	Budget 2022-23	Revised 2022-23	Budget 2023-24
0.00	62611.59	95080.71	95553.09	85191.91	104768.66	120000.00	130000.00	145000.00
0.00	0.00	41177.44	39131.10	35821.55	52732.33	53846.16	62500.01	69062.50
8379.16	4266.84	168.89	40.13	10.61	7.24	0.00	0.00	0.00
6426.20	2938.44	1797.80	2380.40	5098.81	7074.87	6400.00	8000.00	8780.00
20219.88	21117.31	97.40	81.48	61.85	15.44	0.00	0.00	0.00
10028.19	10538.80	34.24	27.97	11.42	2.50	0.00	0.00	0.00
0.00	0.00	0.00	0.00	-13.52	31.02	870.00	20.00	20.00
0.00	0.00	0.00	0.00	0.00	76950.68	77780.00	73500.00	79400.00
177.21	384.56	1690.23	5759.14	9214.64	1457.10	1500.00	2100.00	1500.00
72399.53	83132.29	110847.16	122424.32	235782.55	195986.96	138450.00	58200.00	45110.00
3917.65	903.90	6.36	0.94	-0.07	0.00	0.00	0.00	0.00
12618.31	13579.21	17814.23	14062.49	10894.44	19353.84	18020.00	21000.00	20540.00
136.21	32.60	-0.03	0.02	0.00	0.01	0.00	0.00	0.00
2881.61	793.40	13.40	3.50	0.35	0.02	0.00	0.00	0.00
408.55	96.42	0.08	1.08	0.00	0.01	0.00	0.00	0.00
906.33	451.82	-21.52	14.98	0.03	-0.16	0.00	0.00	0.00
26117.25	11463.43	4.88	24.56	0.01	23.86	0.00	0.00	0.00
96.07	22.71	0.16	2.18	0.06	0.04	0.00	0.00	0.00
0.18	0.33	0.07	0.03	0.01	0.07	0.00	0.00	0.00
0.91	0.00	0.00	0.00	0.00	-0.20	0.00	0.00	0.00
12475.39	4289.63	216.40	46.63	17.34	9.63	0.00	0.00	0.00
215.84	188.90	6.76	11.16	6.82	2.78	0.00	0.00	0.00
118.24	191.41	45.34	14.68	16.77	16.42	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
177522.71	154392.00	173899.29	184026.79	296923.67	353664.46	296866.16	225320.01	224412.50
177522.71	217003.59	268980.00	279579.88	382115.58	458433.12	416866.16	355320.01	369412.50

duction of 'road and infrastrucure cess'.

Utilization of Cess proceeds (transferd to the Reserve Funds)							
Sl.No.	Name of the Fund	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	Prarambik Shiksha Kosh	19988.24	22323.19	19298.16	19732.47	19139.80	25227.90
2	Madhyamik & Uchhatar Shiksha Kosh*						
3	GST Compensation Fund	...	...	...	...	56146.00	54275.00
4	Central Road and Infrastructure Fund	19433.72	25777.94	43175.10	51853.58	58521.63	62879.64
5	National Disaster Response Fund/ National Calamity Contingency Fund	4649.94	3460.88	7180.48	6450.00	3660.00	2500.00
6	Clean Energy Fund	1650.00	4700.00	100.00	6466.75	5442.77	...
7	Sugar Development Fund	847.82	854.97	1352.66	2312.81	...	...
8	Cine Workers Welfare Fund	6.81	1.73	1.93	...	...	...
9	Mines Welfare Funds	122.67	32.28	35.42	...	...	...
10	Beedi Workers Welfare Funds	160.00	155.93	...	...	...	...
11	Other Development & Welfare Fund	158.69	175.32	179.16	167.68	11.75	...
12	Krishi Kalyan Kosh	Not in operation			3596.28	8916.39	...
13	Bharat Infrastructure Kosh	Not in operation			314.00	...	...
14	Rashtriya Swachhata Kosh	Not in operation			2400.00	10000.00	3400.00
15	Prevention and Control of Water Pollution [^]	261.73	251.22	242.97	145.64	174.82	...
16	Pradhan Mantri Swasthya Suraksha Nidhi [#]						
	Grand Total	47279.62	57733.46	73965.88	101039.21	155413.16	144882.54
	[^] No physical fund has been constituted. However, expenditure provision has been netted against receipts in Statement of Budget Estimates.						
	[*] Madhyamik & Uchhatar Shiksha Kosh has not yet been operationalized. Allocations made in Revised Estimates each year are indicated.						
	[#] Pradhan Mantri Swasthya Suraksha Nidhi has not yet been operationalized. Utilisation in 2022-23 is assumed as per RE and 2023-24 as per BE.						

Utilization of Cess proceeds (transferred to the Reserve Funds)						
(₹ crore)						
Sl.No.	Name of the Fund	2019-20	2020-21	2021-22	2022-23 (RE)	2023-24 (BE)
1	Prarambik Shiksha Kosh	26848.35	30168.34	31788.25	38000.00	30000.00
2	Madhyamik & Uchhatar Shiksha Kosh*	14460.25	20561.27	25000.00	24350.00	12000.00
3	GST Compensation Fund	153910.29	106317.00	110795.47	130000.00	145000.00
4	Central Road and Infrastructure Fund	90252.40	182363.47	251738.18	208743.00	64020.00
5	National Disaster Response Fund/ National Calamity Contingency Fund	2480.00	5820.00	6134.60	8000.00	8780.00
6	Clean Energy Fund	...	...	...	...	...
7	Sugar Development Fund	...	...	...	...	...
8	Cine Workers Welfare Fund	...	...	...	...	...
9	Mines Welfare Funds	...	...	...	...	...
10	Beedi Workers Welfare Funds	...	...	...	...	...
11	Other Development & Welfare Fund	...	...	...	...	...
12	Krishi Kalyan Kosh	...	...	...	...	...
13	Bharat Infrastructure Kosh	...	...	...	...	...
14	Rashtriya Swachhata Kosh	...	...	...	...	...
15	Prevention and Control of Water Pollution^	...	...	...	...	...
16	Pradhan Mantri Swasthya Suraksha Nidhi#		20000.00	21498.72	20542.37	14589.00
	Grand Total	287951.29	365230.08	446955.22	429635.37	274389.00