Government savings after adopting new accounting mechanism

102. SHRI SUSHIL KUMAR MODI:

Will the Minister of FINANCE be pleased to state:

(a) the details of Government savings on interest payment in financial year 2021-22 after adopting new accounting mechanism for Central Government agencies and Centrally Sponsored Schemes (CSS) for States;

(b) the impact of latest excise duty cuts on petrol and diesel and subsidy of ₹ 200 per gas cylinder to over 90 million beneficiaries; and

(c) the Budget Estimate (BE) and Revised Estimates (RE) for food, fertilisers and petroleum subsidies in financial year 2022-23?

ANSWER

FINANCE MINISTER (SHRIMATI NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.
(a) In order to minimize the cost of Government borrowings and to enhance efficiency in fund flows to Autonomous Bodies (AB) of the Central Government, the Government of India has gradually brought the ABs under a new mechanism named the Treasury Single Account (TSA) System. Prior to the introduction of TSA system in ABs, the Grant-in-Aid to various Autonomous Bodies was released by the Ministries/Departments concerned in the account of these ABs in scheduled commercial banks. The funds released were utilized by the ABs over a period of time. Consequently, Government funds remained parked in the bank accounts of ABs for a significant period of time.

Under the TSA system, the ABs open assignment account in Reserve Bank of India (RBI). Instead of actual funds, ABs are given authorization for spending the funds from the assignment account. The funds remain in CFI and are released Just-in-Time to the intended beneficiaries/vendors. Due to elimination of any parking of funds outside CFI, TSA system has increased the liquidity with GoI, thereby reducing the need for Government borrowing.

Regarding Centrally Sponsored Schemes (CSS), a new procedure for flow of funds to the State Governments was introduced with effect from 1st July, 2021. As per the revised procedure, each State has to notify a Single Nodal Agency (SNA) for each CSS and open a bank account of each SNA. The CSS funds flow from the Government of India to the Consolidated Fund of the respective State and further to the bank account of SNA. The new procedure has brought in more transparency in availability of CSS funds in State treasuries and bank account of SNAs. This has led to better monitoring of utilization of funds and better availability of funds with SNAs for CSS implementation.

There is no mechanism for assessing /quantifying the savings on account of interest from the new accounting system (TSA) for Central Government ABs/CSS. However, as per provisional figures, the Central Government has saved an amount of Rs. 2679.07 crore in 2021-22 which was written back to CFI as un-utilized amount by ABs and would have been kept outside Government account.

(b) Excise Duty (including cesses) on Petrol and Diesel was reduced by Rs. 8 per litre and Rs. 6 per litre, respectively, with effect from 22nd May, 2022. The revenue implication of such duty is around Rs. 1,00,000 crores for full financial year. The estimated impact of the Rs 200 subsidy per gas cylinder in Pradhan Mantri Ujjwala Yojana (PMUY) is about Rs 6100 Cr in the financial year 2022-23.
(c) Budget Estimates (BE) for Food, Fertilisers and petroleum subsidies in the financial year 2022-23 are as under:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Major Subsidy</th>
<th>Amount provided in BE 2022-23 (₹ in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Food Subsidy</td>
<td>206831</td>
</tr>
<tr>
<td>(ii)</td>
<td>Fertilizer Subsidy</td>
<td>105222</td>
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<tr>
<td>(iii)</td>
<td>Petroleum Subsidy</td>
<td>5813</td>
</tr>
</tbody>
</table>

The Revised Estimates (RE) for the Financial Year 2022-23 is yet to be finalised.