Chapter - I

INTRODUCTION
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1.1 Introduction

The Hindu Religious and Charitable Institutions are posited on the twin fulcrums of faith and finance. The Tirumala and Tirupati Devasthanams (TTD) which has an abundance of both these since antiquity, emerged as a well established and premier institution. The TTD, as it is popularly known, is much more than a normal religious body today. It has acquired an iconic stature by virtue of its multifarious activities ranging from charitable activities for the public weal, and amenities for the common pilgrims to being at the forefront of propagation of an eclectic non-denominational faith. So much so, it is looked upon as a role model.

The TTD finances exhibit all the dimensions of public finance as relevant to a public body such as a modern government. The TTD derives its revenues from multiple sources, the donations from the devotees, being the principal source. Going beyond the call of a normal religious institution, the TTD performs a variety of functions attributed to modern government, such as health services, education, water supply and sanitation, roads and buildings, communications, electricity as well as vigilance and security. The financial management and administration of the TTD is essentially based on the tenets of public financial management. The fact that the TTD has created a number of institutions (and) with subsisting commitments in addition to its core activities in the domain of religion, forces us to evaluate the sustainability of this role. Hence, a systematic study of the financial management and administration of the TTD, is not only pertinent but also appropriate. The present study aims to sharply bring into focus the pertinence of the various elements of the financial management to the TTD.
1.2. Elements of Public Endowment in Large HR & CE Bodies with Reference to TTD

Philanthropy is an underlying feature of several religious bodies and mutts. Historically, the institutions which have practised charity, became avenues of public endowment and public support. The Hindu laity had practised institutional philanthropy in addition to individual acts of merit. Munificence, extended to the temples mutts and trusts in all ages by the political potentates, wealthy merchants and guilds as well as the laity, underlies this fact. Those institutions which have practised charity and have 'given' to the community of the needy, have always been supported in these acts of merit by the community at large.

The decline of some of the temples is directly attributable to the decadence that has set in whereby these institutions came to be beset with various vested interests at the helm of affairs. Over a period of time, the public appears to have become disgusted with this fragrant corruption and become cynical towards these institutions. In a sense, it is bad kind of faith that came to be punished.

The documented acts of merit and philanthropy practised by the TTD, are numerous and date back to antiquity. The charity it practised and the community support it received, are therefore, coterminous. It is the good faith that is inspired by institutions such as the TTD, that is rewarded through ever increasing flow of donations.

With the religious and charitable institutions growing in number and influence, the government too entered the arena and started playing the role of both the facilitator and the regulator. The growing financial resources and expanding functional domain of the charitable institutions have expanded the government found it necessary to bring them under its regulatory control. Endowments being a state subject, the State Governments in India have legislated the Hindu Religious and Charitable
Endowment Act and brought the Institutions as well as charities under their control. The Government of India (GOI) too has brought the HR & CE institutions under the purview of the Income Tax Act of 1961. The institutions receiving outside funding support, are brought under the Foreign Contribution Regulation Act (FCRA) and the Foreign Exchange Management Act (FEMA), later.

1.2.1 A Brief History of TTD

The Tirumala temple has a glorious history, with a record of over 1,700 years of an unbroken tradition of religious worship, to its credit. The Tamil Sangam\textsuperscript{1} literature embodies references to Tirumala temple, prior to the advent of Christ. The temple has always been held in profound veneration as evidenced in the hymns, composed by the Alwar Parampara, extolling the shrine. In matters of faith and its hold on the religious imagination of the Hindus, the Tirumala temple is comparable to the Vatican and the Holy Mecca. The temple received special consideration from an unbroken lineage of Hindu kings and potentates and merited tolerance by the Muslim rulers. The East India Company, and later the British, accorded a special status to it and recognized the temple as a center of great religious faith and merit. The latter day Crown Administration scrupulously refrained from interfering in the religious affairs of the temple, although they were not averse to appropriating its revenue. The East India Company was the first to introduce a systematic management of the temple through what was known as the ‘Bruce’s Code’ of 1821\textsuperscript{2}. The East India Company had given way to the management of the temple by the Hathi Ramji Mutt in Tirupati following a proclamation by

\textsuperscript{1} A detailed account of Tirumala Temple in the early classical Tamil Sangham Literature and later, during the Alwar period, is provided in, N. Ramesan, The Tirumala Temple, TTD, Tirupati, 1991 Pp.46-55

\textsuperscript{2} The Bruce’s Code embodied 42 provisions, according to which the administration of the temple was carried out by the East India Company till 1843, when the temple was entrusted for management to Mahant Sevadasa, the head of Sri Hathiramji Mutt of Tirupati-Tirumala. For a detailed discussion of the code, see N.Ramesan, The Tirumala Temple, TTD, Tirupati, 1991 Pp.487-490.
Queen Victoria which had promised the management of native institutions by the locals. The Mutt managed the temple through its trustees known as Mahants. During the management of the Mahants, there were instances of financial mismanagement, resulting in the taking over of the TTD administration by the then Government of the composite State of Madras, in 1933.

With the formation of the State of Andhra, and later Andhra Pradesh in 1956, the TTD came to be managed by the Government of Andhra Pradesh through a trust. The GOAP brought a separate HR & CE Act in 1979, for improving the governance of the TTD and other religious trusts. This Act was replaced by the Act 30 of 1987, which now forms the basis for the management of the TTD. The Act empowers the GOAP to appoint a Trust Board comprising 13 members including a Chairman, once in three years to manage the affairs of the TTD. The Act enables the government to appoint a Chief Executive Officer, who is the chief administrative officer of the TTD. The Government also appoints the Financial Advisor & Chief Accounts Officer (FA & CAO), to facilitate the financial management of the TTD. Through the instrumentalities of the HR & CE Act, the Government has indirect yet decisive authority over the affairs of the TTD. It can direct the Trust Board and its activities including the determining areas of activity which have both fixed and recurring expenditure commitments. Further, the TTD is subject to audit and administrative control of the government including the scrutiny of several legislative committees. The annual budget of the TTD is required to be approved by the GOAP and placed in the legislature. Further, the employees of the TTD are governed by the rules and regulations of the GOAP. Thus, the TTD has gradually come under the effective control of the government and has acquired the status and stature of a quasi-state organ. The transition of a premier civil society institution of great antiquity into an appendage of the government did not take more than a few decades under the all encompassing regulation of HR & CE Act.
1.2.2 The TTD – At the Forefront of a New Bhakti Movement

The TTD has grown into a massive bureaucratic organization with a number of departments, wings, establishments, and institutions directly run and managed by the TTD during the last 50 years. Apart from the main Srivari temple and other temples at Tirumala, Tirupati, Tiruchanur and Srinivasa Mangapuram, a large number of other temples have been brought under the direct management and administration of the TTD. It has extended its charter by assisting the construction of Hindu temples in USA and Europe. The TTD thus is looked up to support these institutions through deputation of the staff in the past and by maintaining interface. The TTD has assisted in the renovation of a large number of temples such as Srikalahasti, Srisailam, Bhadrachalam, Annavaram, Vijayawada as well as institutions like Sri Ramakrishna Mutt. The TTD has liberally donated to the Krishna and Godavari Pushkarams, Yagnas, Yagas and other Hindu religious activities. The TTD has been supplying idols, puja items and acoustic equipment for temples and Bhajan mandirs all over the state. The TTD also makes an annual grant of Rs.3.65 crores to the Common Good Fund, Rs.2.00 crores to Archaka Welfare Fund (in addition to a one time grant of Rs.20.00 crores). From 2006-07 onwards, the TTD has taken up a massive programme of promoting Sri Venkateswara temples and the Bhakti cult in the Dalit villages of the State. In the context of social challenges posed by conversions, the TTD has taken the Hindu faith through Srinivasa Kalyanam to the door steps of the Dalit villages. The TTD has set up Dharma Prachara Parishad with liberal funding support to

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1 The main temple of Sri Venkateswara at Tirumala
2 Sṛṇa Veda Narayanaswamy temple at Nagalapuram, Śrī Venugopalaswamy temple at Karvetinagaram, Śrī Kalyana Venkateswaraswamy temple at Narayanavanam, Śrī Prasanna Venkateswaraswami temple at Appalayagunta, Śrī Venkateswara swami temple at Davuni Kadapa
3 River festivals celebrated once in 12 years in respect of rivers the Godavari and the Krishna
4 Vedic ritual in which various items are offered to please the Almighty and seek His benediction
5 Also called Endowments Common Fund for renovation, preservation and maintenance of religious institutions and endowments.
6 Ceremonial marriage of Lord Venkateswara and His consort.
propagate the Hindu dharma. A large network of information centers and kalyana mandapams promoted by the TTD are also being used for this purpose. The TTD has also promoted studies and research connected to Vaishnavite faith and iconography of Vishnu. It has established the Sri Annamacharya Project\(^1\), Alvar Divya Prabhandam Project\(^2\), Dasa Sahitya Project\(^3\), Bhagavatham Project among others. The TTD has undertaken the publication of Hindu religious scriptures particularly related to Vedic learning. More recently, the TTD has launched Balaji FM radio and has initiated plans for an exclusive TV channel to broadcast and telecast all live temple processions and some rituals. The TTD in this process through a wide variety of initiatives, has emerged at the vanguard of the revival of a Bhakti movement.

Apart from the expanding religious activities, the TTD has promoted and funded a plethora of educational institutions, both religious and secular. The TTD has been directly managing 10 schools, 2 junior colleges, 4 degree colleges, 4 oriental and sanskrit colleges and schools, a women's polytechnic, a Yoga centre, an Ayurvedic college, a college of music and dance, a Balamandir for the orphans, a poor home for the destitute and three schools for the deaf, dumb and blind. During 2006-07, the TTD established an exclusive university with a focus on Vedic Studies at Tirumala. The universities located in Tirupati have been the principal beneficiaries of the TTD. Apart from the liberal grant of land and buildings, the S.V. University, the Sri Padmavathi Mahila Visva Vidyalayam, the Rastriya Sanskrit Vidyapeeth, now a deemed university, the S.V.Veterinary University and S.V.College of Agricultural Sciences receive substantial annual grants from the TTD. In addition, the TTD has instituted several endowment chairs in the S.V.University and the Sanskrit Vidyapeeth. The TTD has plans to upgrade its college of Music, Dance and Fine Arts into a University of Fine Arts, named after Jawaharlal Nehru.

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\(^1\) One of the earliest saints to compose and sing songs in praise of Lord Sri Venkateswara and His glory
\(^2\) Seer of a specific religious order in the Vaishnavite tradition
\(^3\) Kannada compositions in praise of Lord Venkateswara and His glory
The TTD’s role in the promotion of health and medical institutions in Tirupati, is equally significant. The Sri Venkateswara Institute of Medical Sciences (SVIMS), a deemed university, owes its inception, existence and regular maintenance support to the TTD. The TTD has promoted several individual trusts which have generated substantial funds for the SVIMS. To promote the well-being of the physically handicapped, the TTD has been funding the Balaji Institute for Research and Rehabilitation for Disabled (BIRRD), a super specialty hospital dedicated to the service of the disabled poor. The TTD has also taken over the maintenance of SVRR Medical College Hospitals and the Women’s Hospital in Tirupati. The TTD has also been supporting medical camps, particularly, eye camps. A super specialty hospital dedicated exclusively to children, is also in the offing. The TTD has also made liberal grant of land to the establishment of institutions, a Science Center, a Zoological park and the Bharatiya Vidya Bhavan.

In a sense, the development of Tirupati Township is directly related to the continuously growing stature and importance of the temple shrine. The Temple Trust has been actively involved in the promotion of civic infrastructure in and around Tirupati. It has funded the improvements and formation of new roads, an underground drainage system, water supply for Tirupati and Tirumala townships and other civic amenities such as parks and recreational places. The beautification of Tirupati and visible upgradation of civic infrastructure are owing to the TTD’s efforts which have borne fruit.

In order to promote specific socio-religious objectives, the TTD has promoted 13 different trusts. The trusts have chanelised huge donations with the help of which, the TTD has been able to undertake trust specific activities. The interest proceeds of the Annadanam Trust\(^1\), which has become self-sufficient, provides free meals to about 30,000 pilgrims

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\(^1\) A trust promoted by the TTD to facilitate distribution of free food to the pilgrims
everyday. With the funds mobilized by the Pranadanam\textsuperscript{1} and Arogya Varaprasadini Trusts, the SVIMS, a super specialty hospital with a deemed university status, is able to provide free medical care to the deserving poor. The Jalanidhi trust funds are used to finance the drinking water supply projects of Kumaradhara and Pasupudhara for the Tirumala Township. The incomes accruing from the trusts are being utilized not only for socio-religious objectives but also to meet the several civic demands made upon the organization.

Thus, the role of the TTD is no longer confined to the core religious activities. It has emerged virtually as a commonwealth performing almost all the functions of a benevolent welfare state. Having undertaken a plethora of activities, the TTD has grown into a large organization, with about 300 accounting units. Setting out with a mere 100 employees on its payroll in 1951-52, the TTD claimed to have employed about 16,000 in 2000-01, excluding the daily workers and the contract staff hired in institutions such as SVIMS, BIRRD and its forest department. But for the ban on public employment by the Act of 2/94, these numbers would have further swelled in view of a policy of patronage practised without impunity. Apart from the ministerial staff, after the abolition of the Mirasi system in 1996, the Archakas have become employees of the trust itself. The diversity of the TTD staff encompasses barbers (consequent on the abolition of the Kalyanakatta Mirisidar), doctors, college lecturers, readers, school teachers, nurses, engineers, horticulturists, sculptors, singers, musicians, Vedic pandits, communication and IT experts, security and vigilance staff, veterinarians and a host of others. As a result, the complexity of human resource management poses a serious challenge to the TTD and has become a bane notwithstanding the fact that the trust is a benevolent employer par excellence. Much of the energies of the administration are dissipated in HR management and appeasement of staff and the numerous staff organizations which have affiliations to political parties and to the ruling elites.

\textsuperscript{1} An endowment scheme started with a view to provide free medical treatment for the poor suffering from chronic deceases.
1.2.3 Spurt in the Finances of the TTD

The number of pilgrims visiting the Tirumala temple has been steadily growing over the years. Devotees from all parts of the country and from several other countries throng the temple for the darshan of the Lord. The number of the pilgrims that visited the temple rose from a mere 2.26 lakh in 1951-52 to 79.52 lakh in 1980-81 and to 237.25 lakh in 1999-2000 and the number continued to rise to reach 243.12 lakh by 2004-05. During 2006-07, 40,000 to 50,000 pilgrims had the daily darshan of the main Deity on busy days. On Occasions of special festivity such as the annual Brahmotsavam and on special occasions such as New Year’s Day, this number had touched the 100,000 mark.

Table-1.1
Pilgrims Visiting the Tirumala Temple and Hundli Collections: 1951-04

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Year</th>
<th>Number of Pilgrims (in Lakhs)</th>
<th>Hundli Collections</th>
<th>Total Receipts</th>
<th>Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1951-52</td>
<td>2.26</td>
<td>0.12</td>
<td>0.33</td>
<td>0.41</td>
</tr>
<tr>
<td>2.</td>
<td>1961-62</td>
<td>11.67</td>
<td>0.62</td>
<td>2.43</td>
<td>3.02</td>
</tr>
<tr>
<td>3.</td>
<td>1971-72</td>
<td>33.94</td>
<td>2.60</td>
<td>6.59</td>
<td>6.09</td>
</tr>
<tr>
<td>5.</td>
<td>1991-92</td>
<td>118.01</td>
<td>40.65</td>
<td>121.49</td>
<td>90.54</td>
</tr>
<tr>
<td>6.</td>
<td>2001-02</td>
<td>237.25</td>
<td>224.30</td>
<td>493.99</td>
<td>313.00</td>
</tr>
<tr>
<td>7.</td>
<td>2004-05</td>
<td>243.12</td>
<td>233.74</td>
<td>632.70</td>
<td>447.20</td>
</tr>
</tbody>
</table>

Source: TTD Budgets; amounts in current prices.

Along with the increase in the number of pilgrims, the TTD receipts and expenditures on both revenue and capital accounts too had registered an amazing increase. The total revenue increased from a meager Rs.0.33 crores in 1951-52, to Rs.26.40 crores in 1981-82 and to Rs.632.69 crores in 2004-05. The expenditure too has grown exponentially to a record level of Rs.447.19 crores in 2004-05 from a mere Rs.0.41 crores in 1951-52. The Hundli offerings made by the pilgrims also increased from Rs.0.12 crores in 1951-52 to about Rs.230.00 crores by 2004-05.
There has been a rapid diversification in the revenue structure of the TTD. The interest receipts from investments, the receipts from arjitham, sale of special darshan tickets, sale of prasadam, sale of human hair and rental income, have emerged as important sources of revenue, over years. The interest receipts from the investments alone, account for about 40% of the total revenue receipts. The Hundi collections on the capital account continued to be a buoyant source of receipts for the TTD. The 13 trusts promoted by the TTD for the furtherance of specific objectives, continue to attract substantial donations. By September 2006, the total investments of the TTD held in banks and other financial institutions, amounted to Rs.1,468.84 crores. In addition, the investments of the other trusts amounted to an additional Rs.400.00 crores.

On the expenditure front too, there have been fundamental structural changes. The pilgrim amenities and the expenditure on general administration have continued to increase year-after-year. In addition, the TTD has taken up on itself the task of promoting several infrastructure facilities of Tirupati township, by implementing capital intensive schemes for the supply of drinking water, underground drainage, super specialty hospitals, roads and buildings and environmental protection. The burden of supporting the educational and the medical institutions and the universities has devolved on the TTD. The construction of Kalyana mandapams all over the country, has added to the unproductive expenditures of the TTD, both on capital and revenue accounts. The rising pay and allowances of the employees on par with State government employees, and the increasing burden of pensions, has created a huge permanent charge on the TTD. Every Pay Revision Commission (PRC) casts an increasing burden on the TTD.
1.3 Significance of Sound Financial Management

The importance of sound financial management cannot be overemphasized in an institution as large as the TTD, which is essentially run on the payments and contributions of the pilgrims. The fact that the TTD is not directly responsible to any elected body of the people, emphasizes the need for a prudent financial management. All kinds of pilgrims, who contribute “Kanuka” are its most important stakeholders, though there are no institutional mechanisms to capture their views and perceptions. The control of the State government through the Board of Management is indirect but pervasive. A sound financial management with a long term perspective therefore, assumes importance as a long term vision is incumbent on and pertinent to, this august organization. A prudent long-term vision subsumes all its organizational goals. Further, the controls through audit of the State government being only in the nature of post-accounting activity, the role of a judicious financial management assumes importance in the management of TTD finances. It is in this context that C&AG audit is mooted from time to time. Notwithstanding the limitations, the C&AG audit being normative in approach, would have placed in the public domain several of the issues to generate a debate which is not the case at present.

1.3.1 Revenue and Expenditure Management

The finances of the TTD have reached a critical stage wherein escalating expenditures cannot be sustained unless systematic efforts are made to rationalize expenditures and prudentially manage resources which are activity specific. More than the mobilization, it is the management of these resources, consistent with the sound principles of finance that needs to be addressed. Management of the temple funds historically predicated mobilization of the revenues through grants and donations, matching with the utilization of the revenues for the projected outcomes.
The tenets of the public financial management of adequacy and elasticity too apply to the TTD resources as well. The continued reliance on Hundli collections and donations cannot be a sustainable solution to the fiscal imbalance incipient in the TTD. The fiscal management of the TTD needs to be improved so as to diversify the sources of the receipts, and to exploit them, in a manner consistent with the sentiments and expectations of the common pilgrim. The principles of horizontal and vertical equity apply to mobilization of the temple revenues. The principle of equity finds its application in the pricing of services such as Arjitham, darshan and sale of prasadams. The concepts of flexibility, elasticity and buoyancy are relevant to Kanuka offerings as well as to finances of trust funds. Further, the principles of (equity, economy) efficiency and effectiveness, are relevant to the temple expenditures on both revenue and capital accounts.

Resources garnered from the pilgrims, are to be held in trust and should be used with due diligence. Extravagance and wasteful as well as ostentatious expenditure needs to be avoided. All luxuries are to be avoided altogether, comforts to be provided sparingly and necessities to be fully addressed by the TTD as well as any religious trust. There should be proper systems of financial management and control in the form of budgetary and audit controls. The temple rituals and supplies to the temples and the pilgrim amenities, especially for the common pilgrim, should constitute the first charge. Provision of necessities for common pilgrim rather than catering to luxuries for the affluent should guide the policy of the TTD. This would preserve and safeguard the character of the institution. The ultimate objective of the financial management of the TTD, is to promote the well being of the pilgrims and the devotees. The well being of the common pilgrim should receive priority in all expenditure plans. Myopic squandering of the resources has been the bane of many important institutions mainly due to loss of perspective.
Adherence to the principle of economy in expenditures is fundamental to the long term sustainability of the temple finances. The expenditure incurred, should be cost effective and should provide improved amenities and services to the pilgrims. Further, the elasticity of receipts should not fuel reckless expenditures without an implicit sanction of the community. The TTD has, however, not built up any such mechanisms and the social controls or processes involving the community which is a fundamental weakness.

1.3.2 Investment Management and Trust Funds

The revenues mobilized, should not only meet the current expenditures, but must generate a surplus to undertake the development of amenities for the devotees. This is true of the capital receipts as well. The surplus funds should be invested to generate a steady flow of income to meet the long term needs of the trust. Therefore, good investment management assumes great significance. Apart from minimizing the risk, the portfolio management should optimize the returns and generate a steady stream of incomes from the investments. Therefore, the investment management has an acquired urgency to the TTD. Further, a temple is an eternal institution in which the present and the future generations, have a stake. The present regime managing the institutions, should be conscious of this reality and desist from committing them to huge projects requiring recurrent expenditures. In fact, the present management has a fiduciary responsibility to provision for a corpus vis-à-vis the future exigency. This implies that the temple management should create an adequate corpus and revenue streams for perpetuation of temple rituals. The TTD should be alive and be equal to the responsibility of the trust reposed in it by the community at large.
1.3.3 **Statutory Requirement**

The HR & CE Act stipulates that the finances of the TTD should be carried out in accordance with the principles of sound financial management laid down in the Act. Thus, the Act provides for the formulation of an annual budget to be finally approved by the GOAP and placed in the Legislature. As pointed earlier, the Act also provides for the appointment of an FA & a CAO (on deputation from the government service), a chief accounts officer and several other accounts officers to prepare the budget and to carry out financial administration as per the accounts manual, approved by the government. The Act also provides for pre-audit and post-audit as well as internal and external audit. The Income Tax Act also stipulates that the TTD adheres to the provisions of the Income Tax Act of 1961 and files annual returns of income and expenditure, receipts and payments and assets and liabilities. Thus, sound financial management and administration of the TTD acquires added significance. To sum up, a sound financial management and administration of the TTD would involve:

- efficient management of revenue and capital receipts, to ensure buoyancy and elasticity, consistent with the norms of the horizontal and vertical equity as well as inter-temporal equity;
- the management of revenue and capital expenditures consistent with the principles of efficiency, economy and effectiveness; and
- the management of asset portfolio with a view to optimize the returns and to ensure desired flow of returns; and
- effective institutional arrangements and efforts for long term fiscal consolidation and sustainability.

Despite the evident significance of sound management of the TTD revenue receipts, expenditures and investments, a comprehensive approach is not forthcoming in the earlier studies, which however had the merit of focusing on a few chosen areas with exception of seminal studies of Ramesan, Anna Rao and a few others which carry great merit.
1.4 Review of Literature

There are a good number of studies on different aspects of the TTD. There are studies on history and epigraphy of the famous temple. There are a few of studies on the administration of the TTD. There are some studies on social development activities, undertaken by the TTD such as education and health. While some studies focused on human resource management including personal management in the TTD, a few studies have also been conducted on the economics and the finances of the TTD.

1.4.1 Historical, Epigraphic and Cultural Studies

One of the earliest studies on the TTD temples is that of Subramanya Sastry $^1$, a renowned epigraphist. The study focuses on the inscriptions on the temples of Tirumala, Tirupati and Tiruchanur. Sastry makes a detailed study of the rituals and practices of different temples under the TTD. The six volume study is a seminal work and forms a standard reference to the later studies in epigraphy, of which the noteworthy being the studies of Krishna Swamy Iyengar$^2$, Srinivasa Rao$^3$, Rama Rao$^4$, Sitapathi$^5$ Veera Raghava Chary$^6$ and Ranganadhachary$^7$ which have examined the historicity, rituals, architecture and artistic features of the temples of Tirumala, Tirupati and Tiruchanur.

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The study of Ramesan\textsuperscript{1}, is a substantial work on different aspects of the Tirumala temple. The comprehensive study covers geography, history, epigraphy and iconography of the Tirumala temple. The study brings out the historical and epigraphic evidence, the architectural and sculptural importance, besides dealing with the rituals and festivals conducted in the temple. The study also lays bare certain aspects of the general administration of the temple such as economics of the offering made to the Deities, the system of tenure and crop sharing in the temple lands, the conduct of faires, festivals and distribution of prasadam\textsuperscript{s} and the modes of capital investment during the Vijayanagara period. The study exposes the fact that the shrines at Tirumala are the best examples of the living religious institutions. It is basically an epigraphic study on the temples of Tirumala, Tirupati and Tiruchanur. However, given the focus on the historical evolution of the temple, the study did not examine the financial management and administration of the TTD. Several studies and doctoral dissertations followed the seminal work of Ramesan including the studies of Subrahmanya Sastry\textsuperscript{2}, Raman\textsuperscript{3} and Varadachary\textsuperscript{4}. A series of doctoral dissertations also focused on the history of the Tirumala temple its rituals, practices in general and the pilgrimage practices of different cultural groups.

1.4.2 Studies on the Administration of TTD

Among the few studies on general administration of the TTD, the work of Anna Rao\textsuperscript{5} is a standard reference work on the administration of the Hindu temples. Anna Rao, who had served as the only Executive Officer of the TTD for long and later as the chair-person of the Trust Board, made a seminal study on the basis of his first hand experience in managing the world’s largest Hindu temple for well over 30 years. The

\textsuperscript{1} N. Ramesan, The Tirumala Temple, TTD Press, Tirupati, 1981.
\textsuperscript{2} S. Subrahmanya Sastry, Tirupati Sri Venkateswara, TTD Press, Tirupati, 1981
\textsuperscript{3} K.V. Raman, Sculpture Art of Tirumala Tirupati Temple, Tirupati, TTD, 1993.
\textsuperscript{5} C. Anna Rao, Administration of Temples, TTD Press, Tirupati, 1977.
study examines different aspects of the temple administration including the conduct of the temple rituals, utilization of temple funds for social welfare activities and the personnel management. The study brings out a unique code of conduct for temple servants, worshippers, trustees, Archakas and other religious functionaries and the daily schedule of the rituals, accommodation, darshan and other religious activities. The significance of the study lies in the fact that it has depicted the interface between the religious institutions and the social development. Temples are not only centers of spiritual advancement, but also of the social progress, according to the study. The study emphasizes the fact that the surplus temple funds should be used for the common good. In this context, the study advocates several reforms to improve the functioning of the temples in North India.

Anna Rao’s study also traces the evolution of the TTD from the beginnings to a massive organization. In the process, the study gives an account of the management of the TTD, under different dispensations. The study examines, among other things, several activities taken up by the TTD including the educational institutions, hospitals, water supply schemes, co-operative stores, cottage industries, printing press etc. The study also makes certain references to the system of accounting and auditing, adjustment of advances, creation of reserve fund etc. However, given the focus of the study on general temple administration of the TTD, the financial management and administration did not receive any special treatment. Several doctoral dissertations examined different aspects of the TTD administration, as off shoots of the seminal contribution of Anna Rao. Though some of these studies made anecdotal references to financial practices, none of them examined the financial management and the administration of the TTD as it evolved during the last 5 or 6 decades.

1.4.3 Studies on the Finances of the TTD

No systematic study has been made on the financial management and administration of the TTD, particularly, covering the TTD finances during the last 4 or 5 decades, during which period the TTD finances have undergone fundamental changes. However, the study of Subbaramaiah\(^1\) made an early attempt to examine the trends in TTD finances during 1951-63 and identified several potential areas for the revenue mobilization and economy in expenditure. The 40 year old study is no longer relevant to the current fiscal management issues of the TTD. The TTD as an organization as well as its finances, have undergone phenomenal changes during the last 30 years. Along with the number of pilgrims, there has been a steep increase in the revenues and expenditures of the TTD. The functional responsibilities of the TTD have not only expanded rapidly, but have become more secular and general. The financial investments of the TTD have also witnessed prodigious changes during the last four decades. Several financial management issues have cropped after the study. However, the chief merit of the study lies in its advocacy for a long-term budgetary planning and fiscal decentralization, which are more relevant now than ever before. A few doctoral dissertations also made partial attempts to look at certain aspects of the TTD finances. Among these studies which deserve mention, are the studies of Anirvinna and Vijaya Lakshmi which examined certain routine aspects of the TTD revenues and expenditures\(^2\). None of these studies covered the financial management and administration of the TTD in its entirety, including the emergence of the new trusts under the TTD and their management. An equally significant omission of the studies is the working of the internal and external audit controls in the TTD.

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1.5 Need for the Present Study

It is clear from the foregoing brief review that the studies on financial management and administration of the TTD are non-existent and none of them brings out the critical financial management issues which have a significant bearing on the long-term financial sustainability of the TTD. The historical studies by way of tracing the history of the temple and its administration over the centuries, have failed to touch on any aspect of the financial management, except for making a passing reference to the munificent grants and donations received from the rulers. The studies on epigraphy and iconography, though valuable in themselves, are not relevant to the fiscal management issues. They make a reference to the temple rituals, but unsurprisingly, they do not explore the financial implications of the subsisting and emerging trends.

The seminal study of Anna Rao on the TTD administration primarily focused on the organizational and the general administration issues. The doctoral studies on the general administration of the TTD too have traced the evolution of the TTD administration and analyzed the problems arising out of a growing organization. None of these studies, however, has examined the finances of the TTD, and their implications for the administration to reckon with. Even the interface between the general administration and the financial administration, is not examined in these studies. A few studies have examined certain human resource management problems in the TTD including the issues relating to the staff unionization and personnel management and dispute resolution mechanisms. But a critical limitation of these studies is that none of them examined the fiscal implications of a wide array of suggestions and recommendations made by them.
The studies on certain financial aspects of the TTD also suffer from serious limitations. Almost all of them are dated and do not seek to address the current fiscal concerns of the TTD. Some of them have examined a few aspects of the TTD finances for a very brief period. The suggestions and recommendations based on such limited analysis cannot form a basis for addressing the long-term and incipient structural problems affecting the institution. The aggregative approach adopted by most of the studies, does not offer specific solutions to the problems confronting the individual revenue and expenditure components. Analyses based on total receipts and expenditures, are not useful for understanding the determinants of the various streams of revenues and expenditures and their behaviour thereof. Another significant shortcoming of the earlier studies is that they attempted to analyze the trends in revenues and expenditures, without segregating the impact of the inflation. An analysis based on the current prices, does not bring out the real growth in the finances of the TTD.

The growing capital account transactions have not received adequate attention in these studies. This is a crucial factor since, with the expanding Hundi collections, capital account transactions have assumed critical importance. Another limitation of the earlier studies is that they have totally ignored the investment portfolio of the TTD and the resources, such investments have generated. The long-term sustainability of the TTD critically hinges on the optimal management of the investment portfolio. Further, the mid-'90s onwards, the TTD has promoted several trusts to achieve specific socio-religious objectives. The setting up of trusts for Annadanam, Pranadanam, Gosamrakshana, Vanabhividdi, preservation of heritage and culture and for other social objectives, are only of recent origin and their finances must be taken into account to get a clear picture of the emerging financial scenario of the TTD. To the extent that these trusts mobilize resources from the public, there is a correspondingly lower burden on the TTD exchequer. None of the studies has examined the finances of the trusts promoted by the TTD.
The present study is an attempt to focus on the issues of current financial management as they impinge on the TTDs. The study is also an attempt to bridge the existing gaps in the studies on the TTD finances. Thus, the study is designed to focus on the management of the receipts and expenditures of the TTD on the revenue and capital accounts as well as its investments at both aggregate and individual component levels. In addition, the study is also designed to understand the emergence of the trusts and the growth of their finances and their implications for the future.

1.6 Objectives of the Study

The central objective of the study is to examine the financial management and the administration of the TTD and to identify the key areas of concern. The study takes a historical perspective to examine the financial management and administration of the TTD as it evolved since 1951-52, with a special focus on the current fiscal macro management. More particularly, the study seeks:

1. to examine the evolution of the system of financial management and administration in the TTD;
2. to analyze and understand the behaviour of receipts and expenditures of the TTD and their long-term implications;
3. to critically review the management of current revenue and expenditure streams of the TTD with an emphasis on the determinants of individual components;
4. to assess the management of the capital receipts and payments of the TTD, with a focus on the individual components;
5. to analyze the investment portfolio of the TTD, with special reference to the optimization of returns and minimization of risks; and
6. to examine the emergence of trusts under the TTD and their implications for long term fiscal sustainability.
1.7 Hypotheses

The following hypotheses have been formulated and tested as part of the study:

- **Ho1**: the rapidly expanding and rising expenditures of the TTD are not sustainable;
- **Ho2**: the current buoyancy in the receipts of the TTD is not sustainable;
- **Ho3**: the investment/asset portfolio of the TTD is not efficiently managed (to optimize the returns and minimize the risk); and
- **Ho4**: it is possible to resurrect the features of a civil society organization inherent in the TTD, through financial restructuring.

1.8 Methodology

The study is primarily based on the data collected from annual budgets, annual administrative reports, audit reports and a large number of publications and other records of the TTD which are not in the nature of the classified (secret) documents. Having worked as the Joint Executive Officer and later as Executive Officer of the TTD, the author of the thesis had a unique learning opportunity to understand the working of the system of both the financial management and administration. The interactions with the key officials had provided deep insights into the fiscal management issues of the TTD. The author had further discussions with the former finance officers, auditors and other budget officials as part of the study and got benefited.

The study covers the period from 1951-52 to 2004-05. However, for the earlier period, decadal trends rather than the year-wise trends have been analyzed. Thus, the critical parameters of the TTD fiscal management were examined for 1951-52, 1961-62, 1971-72 and 1981-82. Thereafter, the time series data were examined for all parameters up to 2004-05. However, in some cases, where time series data are not
available in comparable form, the annual trends are examined with effect from 1991-92. The data on key fiscal parameters are examined both at current and constant prices. In order to see that the impact of inflation is segregated and the trend in real terms is examined, an analysis has been carried out at constant prices of 1993-94 as well. The deflators used for this purpose, are presented in Annex Table-1. All the time series data for individual fiscal components have been subjected to simple trend analysis by the use of linear and average growth rates and graphical analysis. The data analyzed, have been presented in two-way tables and also suitable diagrams.

1.9 Organization of the Thesis

The thesis is presented in nine chapters. Chapter-I is introductory. It highlights the unique nature of the TTD as a growing HR & CE institution. The importance accorded to the TTD financial management and administration, is discussed in this chapter. A brief review of the earlier studies is made with a view to identifying the lacunae and to justify the need for the present study. The chapter also presents the objectives and the design of the study and its limitations.

Chapter-II traces the evolution of the TTD financial management and administration. The statutory provisions governing the TTD, the objects of expenditure and the budgetary classifications, are briefly discussed in this chapter.

Chapter-III provides a detailed analysis of the management of the revenue receipts of the TTD from 1951-52 to 2004-05. A detailed component-wise analysis of the revenue receipts is furnished in this chapter. The emerging areas of concerns and the potential areas for further mobilization of revenues, are identified. The chapter includes a discussion on receipts from Arjitham, special darshan, sale of prasadam, kalyanakatta, cottages, guest houses and choultries and other sources.
Chapter-IV examines in detail the management of the revenue expenditure in the TTD from 1951-52 to 2004-05 on different functional and economic categories. The functional categories of expenditure are analyzed in terms of 8 departments viz., Sri Tirumala temple, Other temples, Service departments for the temples, Service departments for pilgrims-I & II, Engineering department, General administration and Educational institutions. The chapter also analyzes the expenditure on economic categories such as salaries and wages, other benefits of the employees, repairs and maintenance of fixed assets and other committed miscellaneous expenditure. The analysis is carried out both in current and constant prices. The chapter identifies important areas for improving efficiency and effectiveness in the expenditure. Besides, the chapter draws attention to the critical areas for expenditure control.

Chapter-V deals with the management of the capital receipts by the TTD in general and the Hundi collections in particular. Apart from Hundi, the other sources such as sale proceeds of gold and silver articles, soiled notes and un-current coins and donations received from the public for the construction of choultries, cottages, pilgrim amenities complexes, are examined in this chapter. The chapter identifies the ways and means of improving the collections of the capital receipts. An important component of this chapter is the discussion on donations mobilized by more than a dozen trusts promoted by the TTD.

Chapter-VI presents a detailed discussion on the trends in the management of the capital expenditure incurred by the TTD on the cost paid for land, the cost of buildings, electrical installation, water works etc., purchase of vehicles, equipment, books, jewellery, gold and diamonds. The analysis points to several areas in which the expenditure can be minimized.
Chapter-VII deals with the investments of the TTD and other trusts promoted by it. Apart from the trends in the realm of investments and disinvestments, the allocation of investment to various funds such as the pension fund, the gratuity fund, the reserve fund and the depreciation fund, is also examined. The investment of the TTD funds in different banks and other financial instruments, is also analyzed in this chapter. The investment of trust funds is an additional component of this chapter.

Chapter-VIII presents summary and conclusions of the thesis, while the major policy implications emerging from the study are analyzed in Chapter-IX.

1.10 Limitations

This study is confined to the finances of the TTD. The finances of other HR & CE institutions in the state are not examined for want of comparable data. Therefore, the conclusions and policy implications drawn from the study are only contextual to other HR & CE institutions and merit further study keeping in view the individual institutions and evolution of their finances. However, the broad conclusions and the policy recommendations relating to the revenue expenditure and investment management, would be relevant to other temple trust boards in the state, which have to formulate a long term vision plan.

The study is based on the finances of the TTD from 1951-52 to 2004-05 (BE). However, time series data are not available for all the years from 1951-52 in a comparable form. Therefore, decadal trends starting with 1951-52 to 1981-82 have been examined. Time series data available in comparable form with effect from 1981-82, are analyzed for critical parameters. For some parameters, time series data are available only from 1991-92. Further, the data relating to 2005-06 and 2006-07 are not included in the study. However, for investments and the trust funds, latest
data are also included and analyzed. These minor data limitations do not affect the validity of the major conclusions and policy implications. Further, some confidential records of the TTD pertaining to the investment portfolio, were not accessible as the management has not placed the data in the public domain. However, efforts have been made to glean as many facts as possible without resorting to wild speculation, to arrive at the true and representative financial position of the TTD. Finally, the perceptions of different stakeholders in the TTD such as the donors, the pilgrims, the staff and the members of the Trust Board has not been taken into account since these represents specific and partial perspectives that cannot but adversely affect the objectivity required for a study like this, and at which the author has made a sincere if not a very successful attempt.