Chapter - VIII

SUMMARY AND CONCLUSION
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8.1 Introduction

An attempt is made in this chapter to summarize the key findings and observations of the study and the emerging conclusions. The chapter begins with a brief description of the context and background of the study and its objectives. This is followed by a brief description of the evolution of financial management and administration in the TTD. In the subsequent sections, the summary and key findings in respect of the management of revenue receipts, revenue expenditure, capital receipts, capital outlay and investment portfolio are presented respectively.

8.2 Background of the Study

The emergence of large temples which are typical of South India, has been largely due to reasons of historicity supported by the patronage through land grants. The foundations of these institutions are firmly rooted in the faith reposed by the laity. The decline in fortunes of some of these as well as the continuity of some has been partly the function of the sound financial management practices of the Civil Society managing these institutions.

As per the Vaishnavite traditions, there are eight Swayam Vyakta Divya Kshetrams which are the holiest of the holy shrines. The Srirangam temple is the pre-eminent of these institutions and the Tirumala temple is the next in the order of precedence. There are two other of these venerable institutions in the South at Srimushnam and Vanamamalai. These institutions truly had a chequered history. The Vanamamali and Srimushnam have declined in fortunes over the years and the
Srimushnam temple at one point did not have even the wherewithal for Trikala Pooja. This brings forth the question as to why certain institutions have continued to flourish while some others equally important have declined over the years.

In a seminal study of South Indian temples, the historian Romila Thapar has put forth the much respected view that when a vacuum was created by the decline of the political potentates, the temples have emerged to fill the vacuum as vibrant civil society institutions. The temple was a land lord, a patron of art and culture and contributed to 'Dharma' or the way of life. The continuity of the cultural traditions has largely been facilitated through the significant role played by the South Indian temples in the affairs of the community at large, while the polity become fragmented because of internecine warfare and the absence of centralized authority.

To discharge the roles as a patron of arts and crafts and to knit the community together, the temples have naturally made a great demand on community’s resources. The larger of these institutions performing diverse roles understandably, could not be supported only through the patronage of the local laity which was largely made possible through the land grants bequeathed to the temples, over the years.

Further, the institutions which have managed their resources prudently, have survived. This is so even in the case of the local and community temples which did not have to look beyond the community and the laity for day-to-day support. In the case of larger temples, they were mandated by the best practices of the financial management to go beyond the management on a day to day basis. While the prudential management is about balancing of the current resources vis-à-vis the obligations, the financial management per se is larger in scope and looks far into the future to sustain the institutions on a continuing basis and to discharge the larger obligations cast on them as Civil Society Institutions.
The tenets of financial management mandate that the recurring needs for the upkeep of an institution are met through sustainable resources. In the case of temples, the income accruing from the endowments enabled them to sustain the daily needs of ritual upkeep and worship. History is replete with the examples of institutions which, for want of practising the basic tenets of financial management, have eventually become failed institutions despite considerable endowments bequeathed to them by way of land grants at their command. The defaults of lease rentals accruing from land and the later tenancy movements had rung a knell to the finances of many an institution, big and small. The famous Tirumala temple too is no exception to the predicament of losing which had lost vast tracts of land in Tiruattani Taluq of the composite State of Madras for no compensation. The management of resources, especially the trust funds, has, therefore, become critical in deciding the fate of many temples.

8.3 Objectives of the Study

The subject of the present study is the financial management and the administration of the famous Tirumala temple of Sri Venkateswara, an incarnation of Sri Maha Vishnu. The study deals with the core fiscal management issues pertinent to the Tirumala Tirupati Devasthanams, a Hindu and charitable endowment trust built around this renowned temple, and seeks to examine the financial management and administration of the TTD as it evolved since 1951-52, with a special focus on the current fiscal issues. More particularly, the objectives of the study are:

1. to study the evolution of the system of financial management and administration in the TTD;
2. to analyze the sources of receipts and expenditures of the TTD and their relative significance and limitations;
3. to assess the management of current revenues and expenditures of the TTD from different sources with an emphasis on the determinants of the individual components;
4. to examine the management of the capital receipts and payments of the TTD with a focus on the individual components;
5. to study the investment portfolio of the TTD; and
6. to examine the emergence of trusts under the TTD and the resources mobilized by them.

8.4 Evolution of the Financial Management and Administration

The prominent references to the Tirumala temple in religious literature, more or less coincide with the land grants that came to be bestowed on it. The earliest record of the land grants is by Pallava queen Samavai in the 6th century A.D. The management of the temple resources has passed through several distinct phases. In the initial phase, the prudential management of the resources in the absence of land grants and royal patronage was adduced rather indirectly. The religious literature speaks about the antiquity of the temple but with fewer visitors in this phase. In the next phase through royal patronage and land grants bequeathed, the institution's finances had vastly improved. Having emerged as a 'surplus' institution during this phase, the temple came to be managed by the royals through their representatives.

The modern financial management of the temple dates back to the introduction of 'Bruce's Code' in 1821, which had provided a firm basis for the evolution of a financial management and administration system that had continued with certain minor modifications till the passing of the TTD Act of 1932. After the formation of the State of Andhra, and subsequently Andhra Pradesh, changes were effected in the financial system. Introduction of the double entry system of accounting in 1974 and the new accounting procedures in 1979, were the significant developments. Later,
the HR & CE Act of 1987, laid a firm foundation for the financial management and the administration of the TTD. The Act clearly defines the sources of funds, the objects and priorities of expenditure, the formulation and approval of the budget, the requirement of maintaining systematic accounts following the accounts manual, the audit of accounts and the financial administration. The financial powers of the GOAP, the Board of Trustees, the Executive Officer and the FA & CAO are clearly defined. On the basis of the Act, budgets are formulated, approved and implemented. For the sake of promoting accountability and budgetary control, the TTD has been divided into 8 functional departments and thus, the foundations of the financial management were laid firmly. The objective of the financial management of the TTD is to secure in the long-term, an uninterrupted performance of the temple rituals and a provisioning for the amenities of the pilgrim devotees and the followers which is made the principal charge. Therefore, prudent management of the receipts, expenditures and investments acquire critical importance, especially as the TTD is not directly responsible to the pilgrim devotees who contribute finances in various forms. The control of the state government is rather indirect and the local fund audit is only limited in scope. It is critical to the TTD to keep in the perspective the long term fiscal sustainability without committing the resources in the short run beyond sustainable thresholds. Therefore, sound financial management is bound to assume importance.

The creation of several of the Trust funds which is a recent phase, interestingly had come to the fore to meet the pension liability. The administration was prudent to set up a pension fund account in the year 1994 to meet the obligations of pension payments. This is consequent to the burgeoning growth in the case of employees on its rolls, due to policies of patronage in vogue. The Act of 2/94 has put a check on unchecked public employment which has stabilized the matters elsewhere and at the TTD end as well.
Issues that are current and those that come to the fore, are the functions of control and accountability vis-à-vis TTD. The legislature which approves the TTD budget as part of endowment budget has indirect control. It is a moot point to assess the effectiveness of the control of the legislature notwithstanding several legislature committees that interact with TTD from time to time. The GOAP, representing the executive, exercises more visible, controls through the Endowment Act and several of its mandated provisions and regulations. More importantly, through the appointment of the Board of Trustees coupled with an authority to give directions to the Trust, the government has a visible and effective control to the extent of making the trust viewed as a quasi government entity, instead of an important civil society institution with a glorious heritage.

Coupled with this, is the bureaucratization and the proliferation of the employees which has led to the criticism of being a self serving organization. While long history has moulded the TTD into a civil society entity, the HR & CE Act in a relatively short time, has altered its character decisively. The question, therefore, is whether it is possible to resurrect the vibrant civil society features in this temple trust with a grand history befitting the faith reposed by millions of devotees.

8.5 Revenue and Expenditure Sources of the TTD

In the context of a prudent financial management, the revenue and expenditure management assumes significance. The TTD has a sizable fund of revenue receipts and capital account surpluses from which, it can mobilize ready resources. The revenue sources are Arjitham, sale of Prasadam, special darshan, income from financial investment, kalyanakatta, sale of human hair and income from canteens, toll gate, cottages, guest houses and educational institutions. The capital receipts of the TTD cover Hundil collections, receipts from the sale of gold and silver articles, soiled notes and uncurent coins, and donations received for the construction of choultries, cottages and guest houses. In addition, the TTD can mobilize donations for the trusts promoted by it for specific objects.
The HR & CE Act clearly lays down the expenditure objects of the TTD which cover the upkeep of the temples and the provision of pilgrim amenities as the first charge. Propagation of Hindu religion, promotion of vedic studies, training of Archakas, setting up of educational institutions, water supply and sanitation-hospitals and dispensaries—roads and communications incidental to the pilgrim needs, purchase of land and property, maintenance of dairy farm etc., constitute the other obligations. The statutory provisions have been interpreted rather generously to undertake a large number of activities like extending support to the universities, SVIMS, BIRRD, corporation, local hospitals and other institutions.

The expenditure on the revenue account is undertaken on the activities of eight functional departments (Sri Tirumala temple, Other temples, Service departments for the temple, Service departments for pilgrims-I&II, Engineering department, General administration and Educational institutions). The expenditure sources are Dittam, Arjitham payments, Proktham and Vagapadi, Salaries, wages, and benefits to employees, transport, engineering works, hospitals and dispensaries, canteens, printing press, repairs and maintenance and other miscellaneous items. The expenditure on the capital account concerns the purchase/acquisition of land, construction of buildings and roads, installation of electrical works and water supply, purchase of equipments and vehicles, establishment of laboratory and libraries and the purchase of gold and jewelry.

8.6 Management of the Revenue Receipts

The functional effectiveness of the TTD to a large extent depends on the elasticity of the revenues. The popular perception that the TTD does not suffer from dearth of resources, is only a misconception, especially in view of the rapidly growing revenue expenditures. From this perspective, an attempt was made in Chapter-IV to analyze the revenue receipts of the TTD, from 1951-52 to 2004-05.

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The total revenue receipts which stood at Rs.0.20 crores in 1951-52, rose to Rs.353.75 crores in 2004-05, registering a linear growth rate of 13% (at current prices). The share of the revenue receipts as the percent of total receipts which was about 61 in 1951-52, steadily declined up to 1994-95 and later increased to 62% by 2003-04 and stood at 56% by 2004-05. On the average, during 1991-2004, the income from FDRs constituted 38%, followed by Ajitham-16%; sale of Prasadam-11%, special darshan-10%, sale of human hair-6%, rental income for choultries and kalyana mandapams-6%, while all other miscellaneous revenue receipts constituted about 13% of the revenues. The FDRs, Ajitham, Prasadam and Special darshan emerged as principal revenue sources of the TTD contributing 75% of the total revenues, while choultries and kalyana mandapams, sale of human hair, toll gate and other sources accounted for the balance of 25%. The study also brought out that the receipts from the educational institutions declined over the period, while the receipts from Ajitham and Special darshan fluctuated from time to time reflecting the changes in policies. The proportion of receipts from kalyanakatta and toll gate remained nearly stagnant.

Among the individual sources of revenue, Ajitham receipts rose from a mere Rs.0.05 crores in 1951-52 to Rs.52.24 crores in 2004-05. The 8 important Arjitha sevas which contributed to the revenues, are Arjitha Kalyanotsavam, Pratyeka Kalyanotsavam, Thomalaseva, Archana, Sahastra Kalasabisekham, Abisekham, Thiruppavadai and Vasanthsavam. The TTD raised the rates of fee at frequent intervals to garner the additional revenues. However, the physical limitations of the inner temple and the time constraints necessarily limit the revenue mobilization efforts from Ajitham, which grew at a linear rate of 11.24%. It is to be noted that the TTD expends a good proportion of the Ajitham revenue on the rituals and gifts given to the Grihastas. The abolition of the share of Archaka Mirasidars, however, has improved net revenues accruing to the TTD. The introduction of Pratyeka Kalyanotsavam and
more recently a uniform fee for kalyanotsavam, the introduction and upward revision of the fee of VIP darshan and Archana Anantara Darshanam are among the recent and significant revenue mobilization efforts of the TTD.

The revenue from the sale of Prasadam rose from Rs.2.77 crores in 1981-82, to about Rs.40.00 crores by 2004-05. The net revenues started becoming positive only after 2000-01. The TTD had cut down the deficits by revising the prices. However, keeping in view the interests of the common pilgrims, the TTD subsidized the price of its famous Laddu for a long time. More recently, the TTD has introduced differential pricing scheme of cross-subsidization, keeping in view, the interests of common pilgrim (same Laddu being sold at Rs.5/-, Rs.10/- and Rs.25/- a piece). The location of the temple kitchens within the main temple and the prohibition of the preparation of Laddus outside its precincts, were the other factors which have constrained the TTD in its efforts to garner additional revenues by scaling-up the operations.

The special darshan is another source of revenue which has contributed 8 to 12% of the revenue receipts of the TTD. The special darshan is part of a dual pricing policy under which pilgrims who prefer to have quicker darshan, pay a price. Started in 1974-75, at a price of Rs.25/- per person, it has been increased to Rs.200/Rs.500 (VVIPs) at present. The introduction of sudarshan/ bio-metric system (net-computer based advance reservation system) has further facilitated the paid darshan scheme.

Kalyanakatta provides two types of receipts, a tonsure fee which was abolished for common pilgrims and the proceeds from the sale of human hair. The later has assumed greater importance in recent years in view of increased yields through auctions.
Receipts from FDRs and other financial investments of the TTD, constitute the single largest source of revenue receipts. From a meager amount of Rs.0.02 crores in 1951-52, the FDRs yielded about Rs.185.00 crores in 2003-04. In proportion to the revenue, the FDRs varied between 30 and 48%. In view of the massive investments made by the TTD year-after-year, the portfolio management acquires critical importance. As the rates of interest are controlled by the RBI, the TTD can only undertake prudent portfolio management by shuffling the assets to optimize the interest returns and to minimize the risk. The TTD has to strengthen its treasury operations and to set up an Investment Committee with known experts who would revisit the exposure norms, identify safe instruments and help to optimize the yields.

Compared to the massive investments made by the TTD, the receipts from Kalyana mandapams and guest houses/cottages constitute only around 4 to 6% of the total revenue. The increase in the tariff rates undertaken during the last five years, has contributed to only a modest increase in the revenue from this source. The handles available for the management in this regard, however, are limited, particularly in the case of Kalyana mandapams which burden the TTD with low occupancy and higher recurring costs.

Receipts from the canteen sales which formed about 5% of the total revenue in 1981-82, had declined to about 1% by 2004-05. The net revenue from the source was negative during several years. The receipts from tolls, on the other hand, is a relatively more elastic source of the revenue with the increasing number of vehicles traveling to Tirumala (Rs.4.67 crores in 2004-05).

The receipts from the educational institutions run by the TTD, are another declining source of income, mostly because of the fee concessions given by the TTD. The delay in the receipt of grants from the
government to the aided institutions as well as the mounting arrears of grants, is another important reason for the declining significance of this source.

Notwithstanding the successful revenue management policies hitherto, there are several areas offering further potential. A more scientific management of the investment portfolio of the TTD, could augment its revenues. Further, an optimal use of the temple time to facilitate the darshan of larger number of pilgrims, an efficient advance reservation of darshan slots through appropriate IEC (Information Education Communication Strategy), a rational pricing of Prasadams and an introduction of innovative endowment schemes in support of the distribution of Prasadams, could contribute fairly substantially to the revenues of the TTD and more importantly, in reducing the revenue deficits.

However, it is recognized that there are natural limits to the revenue raising abilities of the TTD. The sentiments of the pilgrims and the interests of the common pilgrims who cannot pay for fully priced services, should not be lost sight of. The time and space limitations also constrain the revenue raising efforts. Given the schedule of the temple rituals, there are limits to the number of pilgrims that the temple can accommodate for darshan, on any given day. The structural limitations of the temple and the prescriptions of Agama Sastras, are the other factors that determine the revenue mobilization efforts of the TTD. Within these limitations, there is substantial scope for augmenting the revenues as outlined in the next chapter.
8.7 Management of Revenue Expenditures

The total revenue expenditure which stood at a modest Rs.0.23 crores in 1951-52, rose to an unusually big amount of Rs.334.60 crores by 2004-05 at current prices, recording a linear growth rate of 10.6%. The growth became equally pronounced at constant prices. In relative terms, the revenue expenditure in proportion to the total expenditure, had risen from 66% to more than 80% in recent years. The revenue expenditure far outstripped the revenue receipts in several years, indicating the diversion of the capital receipts to finance the revenue expenditure which is a source of concern!

Among the functional categories, the expenditure on the main Sivari temple at Tirumala which accounted for 30% of the total revenue expenditure in 1986-87, had come down to 18% by 2004-05, largely due to the abolition of the hereditary Mirasidar system. The expenditure on this temple include Proktham and Vagapadi, salaries and wages of the temple staff including purohits, maintenance of plant, machinery and fixed assets in the temple. In absolute terms, the expenditure on the Sivari temple rose from Rs.10.00 crores in 1986-87 to Rs.61.60 crores in 2004-05. The expenditure on other temples also increased gradually from Rs.0.63 crores to Rs.5.57 crores during the same period, the relative share remaining around 2%.

The third category of expenditure viz., expenditure on service departments to temples, dairy farm, garden and forest departments absorbed 5 to 8% of the total revenue expenditure. The service departments for pilgrims comprising choultries, canteens, health and medical facilities, vigilance and security, kalyanakatta and maintenance of civic amenities at Tirumala, absorbed 17 to 18% of the revenue expenditure on the average. Other pilgrim service departments i.e., hospitals and dispensaries, absorbed 2 to 3% of the revenue expenditure.
Certain major functional categories of expenditure include, the ten engineering divisions accounting for 15 to 20% of the revenue expenditure, the general administration accounting on the average, about 30% of the total expenditure and the educational institutions consuming 8 to 10% of the revenue expenditure. The expenditures on the last three categories include salaries and wages of the staff, electricity charges, telephone charges, fuel expenses and other recurrent maintenance items. Under these expenditures also figure the grants made to other institutions, endowments, special projects such as Annamayya Project, Dasa Sahitya Project, Hindu Dharma Prachara Parishad and others.

A more detailed economic analysis of the expenditure carried out in the study indicated, that salaries, wages and the related benefits accounted for 40 to 45% of the total revenue expenditure. The second important item which has been growing rapidly is the committed payments made by the TTD to the endowment administration fund, common good fund, grants to Dharma Prachara Parishad, other temples and mutts, SVIMS and BIRRD hospitals, Tirupati Corporation, universities and other institutions (about 20% of the revenue expenditure on the average). The third important source of rising revenue expenditure includes the purchase of materials for Dittam, Proktham and Vagapadi and other materials required for Prasadam and other offerings to the Deities. However, the expenditure on the source in proportion to the total expenditure, had been on the decline from about 26% in 1971-72 to 16% in 2004-05. The miscellaneous expenses on printing, canteens, hospital supplies, engineering departments and transport, are the other important areas which have risen sharply from the early ‘90s.

The disaggregated analysis carried out in the study indicated, that the purchase of stores for engineering and transport departments, the purchase of materials for Arjitha sevas, purchase of materials for Proktham and Vagapadi (Prasadam), salaries and wages of employees,
other committed payments made to the government, universities, trusts, mutts, local bodies and others as well as repairs and maintenance, registered a rapid increase, particularly, from the early ‘80s. The miscellaneous expenditure including power tariff, telephone tariff, internet tariff, advertisement tariff, travel, legal fees, audit fees, postage and printing and the stationery too, recorded a steep increase. Finally, the non-recurrent expenditure on the contributions to Krishna and Godavari Pushkarams, Yagnas and Yagas, Music festivals, relief and rehabilitation of the victims of the natural calamities also accounted for some expenditure.

The analysis of expenditure clearly brings out the fact that certain expenditures are beyond the control of the TTD. The expenditures on salaries and wages, materials for dittam, proktham and vagapadi, are not amenable to cost cutting efforts. Further, part of the increase in expenditure on these items, was caused by inflation, which cannot be helped. Similarly, the statutory contributions required to be made by the TTD to common good fund, endowment administration fund etc., were also beyond the control of the management. However, there were several expenditures which could be controlled. Outsourcing of different services including certain technical services could reduce the expenditure liability. What is required in the TTD is right sizing of the organization by increasing the share of the direct recruitment and thereby promoting efficiency and modernization. Towards this end, the cadres of the TTD are to be redefined, however, without the salary and pension liability, being increased.
8.8 **Management of the Capital Receipts, Deposits and Trust Funds**

The capital receipts had grown at a rapid rate both in absolute and relative terms. From a mere Rs.0.13 crores in 1951-52, they gradually rose to Rs.278.93 crores by 2004-05, growing at an average annual rate of 15%. The share of the capital receipts in the total, had also increased from 32% in 1961-62 to 44% in 2004-05. The Hundi collections constituted 80 to 90% of the total capital receipts, while gold and silver articles formed 4 to 12%. The soiled notes and coins not current, donations for cottages and other miscellaneous receipts constituted the rest. Except the donations for cottages, all other receipts accrue through the Hundi collections. Thus, the capital receipts are more or less synonymous with the Hundi collections.

The growing number of pilgrims is the key determinant of the Hundi collections. On the average, the Hundi collections varied between Rs.80.00 lakh and Rs.1.20 crores per day, during 2006-07, with the highest being Rs.2.00 crores on a single day. The share of the Tirumala temple in the total Hundi collections, varied between 97 and 99%.

An analysis of the factors influencing the Hundi collections revealed, that the growing number of pilgrims is the principal determinant. On the average, every lakh of pilgrims contributed to the Hundi Rs.34.5 lakh in 1961-62, Rs.52.00 lakh in 1971-72, Rs.77.00 lakh in 2000-01 and Rs.96.00 lakh in 2004-05. The increasing proportion of middle and high income pilgrims also seems to be contributing to the Hundi collections. The better amenities provided to the pilgrims, the net-based advanced reservation systems for sevas and darshan resulted in the visible improvements in the delivery of services. However, there is no room for complacency and much more needs to be done to enhance the pilgrim satisfaction. The improved air, rail and road connectivity to Tirupati, the rapid expansion of the infrastructure at Tirupati, also appear to have contributed to the pilgrim flows and thereby to the Hundi receipts. Improved pilgrim amenities (affordable accommodation, availability of food...
at reasonable prices, comfortable transportation and communication) and better hospitality and courtesy to the pilgrims both inside and outside the temple, a reduction in the waiting time for Darshan including the strengthening of the designated time slots (which would imply a cut in the time appropriated by the VIPs), improved transport facilities between Tirumala and Tirupati, availability of hygienic food at affordable prices, improved transparency in the accounting of Hundi collections, could enhance the pilgrim satisfaction which will progressively impact on the Hundi contributions in turn. However, in the ultimate analysis, it is the faith of the devotees in the Deity that would determine the Hundi collections. Further, when the devotees perceive that the temple funds are effectively utilized for various acts of merit and charity, they will endorse through their increased generosity. After all said and done, the rise and fall of temples in India, is a story of the rise and fall of patronage of the common pilgrims but not necessarily the rich alone.

Again, the value of the receipts from the sale of gold and silver articles would very much depend on the offerings of the devotees. However, by plugging the loop holes in the auction system and by improving the vigilance to avoid mis-categorization and cartelization among the bidders, the TTD would effect an improvement in the receipts from this source.

The six endowment schemes started by the TTD, have attracted substantial donations and self-sufficiency levels, resulting in the foreclosures of donations. The corpus of the Udayasthamana Seva Scheme rose from Rs.2.72 crores in 1996-97 to Rs.27.00 crores by 2004-05. Similarly, the corpus of the Nithya Laddudana, DVD and VVD schemes, recorded a substantial increase. Innovative endowment schemes could garner fatty resources, besides fulfilling the religious aspirations of the devotees from different cultural backgrounds.
The 14 trusts set up by the TTD for the promotion of different socio-religious objectives, had also attracted substantial amount of donations, which are held as bank deposits. The corpus of these trusts which stood at Rs.183.82 crores in 2000-01, rose to Rs.250.35 crores in 2004-05. The setting up of different trusts has minimized the burden on the TTD finances, besides attracting the public donations for important social and development activities. The interest earnings from the deposits are used for meeting the expenditure on the objects of the trusts. The TTD, which was making part contribution to some of the trusts, had discontinued the contributions concerned, as the interest earnings are adequate to meet the expenditures. However, the objects of the trusts being laudable in meeting the religious and spiritual aspirations of the devotees, they are able to attract huge donations, and hence the need for a reorganization of trusts and effective dissemination of the functioning of the trusts which could mobilize additional funds. It is essential that transparencies are built up in the functioning of the trusts and the donors are made the stakeholders. In addition to being, thoroughly accountable to the stakeholders, the trusts should discharge their mandates and adopt participatory way of organizing.

8.9 Management of Capital Disbursements

The capital expenditure of the TTD rose from Rs.0.18 crores in 1951-52 to Rs.112.56 crores by 2004-05, registering a linear growth rate of 13.8% at current prices. At constant prices, the expenditure rose from Rs.30.00 crores in 1991-92 to Rs.57.00 crores in 2004-05, recording a linear growth rate of 7.5%. However, in proportion to the overall expenditure, the capital expenditure gradually declined from 44% in 1951-52 to 16% in 2001-02, before rising to 25% in 2004-05. The declining share of capital expenditure, however, is not a source of concern as the capital expenditure of the TTD is considerably demand driven and need based. The setting up of the separate trusts for meeting some of the expenditure also appeared to be partly responsible for the declining share of the capital expenditure.
The functional analysis of the capital expenditure reveals that about 90% of the capital expenditure is incurred by the 10 divisions of the engineering department for the purpose of the construction of buildings, the setting up of the electrical installation and communication network, purchase of plant, machinery, water works, motor vehicles and other equipment. The temples do not account for even 1% of the capital expenditure. The service departments for pilgrims (hospitals, health centers, dairy farm, gardening, forest etc.,) account for 2 to 5% of the total capital expenditure from 1981-82 to 2004-05. The general administration accounts for 4 to 5% of the capital expenditure on the average. However, in certain years, the expenditures were high, due to the purchase of the computers, air conditioners and other non-recurrent items. Educational institutions, however, account for a small portion of the capital expenditure (on laboratory and books). The capital expenditure is on the increase of late, due to huge infrastructure schemes taken up by the TTD. The efficacy of these expenditures have to be constantly tested vis-à-vis enhanced pilgrim satisfaction, particularly, in the delivery of services. Necessities and comforts to a degree, can be catered to, but luxuries in all forms shall be shunned. The big and ostentatious guest houses, motor cars and Kalyana mandapams are some, which have to be kept under the scanner.

The economic analysis of the expenditure indicates that the cost of buildings, installations, water works and the cost of land together, account for about 90% of the total capital expenditure. The purchase of jewellery, diamonds and gold for the Deities, accounts for a small proportion of the total expenditure (1.33%). The cost of vehicles absorbed 1.07% of the capital expenditure, while other capital expenditure, including the payments made to other temples and institutions showed a progressive decline in their importance.
The functional and economic analysis of the expenditure clearly brings out the fact that the TTD has undertaken massive capital investments to promote the pilgrim amenities such as construction and improvement of roads, construction of buildings (Queue complexes, museums, shopping complexes, sports complex, kalyanakatta, administrative offices, choutries, pilgrim amenities complexes, cottages, pathways, shelters, shades, kalyanamandapams and information centers), electrical installations (transformers, transmission lines, illumination, generators etc.) and water works (source development, pipelines, pumping stations, storage reservoirs, distribution network etc). The analysis of expenditure further confirmed that the TTD management has responded to the needs of the growing number of pilgrims. However, in the absence of any resource constraint, the TTD undertook expenditures on several social activities as well, (underground drainage for Tirupati town, augmentation of water supply to Tirupati town, development of internal roads in Tirupati etc.) which benefit the local community only. Such expenditures have to be carefully modulated in view of the provisions of Endowments Act, I.T. Act and more importantly the sentiments of pilgrims who make their votive offerings for religious endowment principally.

A disaggregated analysis of the expenditure indicated that a rapid rise in the prices of construction of materials such as cement, steel, wood, flooring materials, sanitary equipments, electrical and paints, contributed to the growing expenditure. The rising labour charges, the imposition of service tax also added to the costs. There are avoidable wastes and inefficiencies. The TTD should follow the example of the government and outsource several of the services such as hiring of cars and several of maintenance functions. Well thought out EPC systems should be introduced in the engineering works wherever amenable and maintenance functions too can be outsourced. The net result would be reduced costs of services and improved deliveries and economics enhancing organizational efficiency in the quality of expenditure and public spend. This is suggested in the spirally costs of construction as well as OE expenditure in TTD.
8.10 Management of Investment Portfolio

The elastic Hundri collections on the capital account, despite the growing deficits on the revenue account, have contributed to the financial investments of the TTD in bank deposits and in other approved Government of India bonds and securities. Given the statutory norms, the TTD has no choice except to invest in bank deposits and approved bonds which yield relatively low rates of return but at zero risk. But the TTD can exercise its leverage to shuffle the portfolio of investments to get the returns, optimized.

The overall surplus of the TTD which was Rs.2.2 crores in 1981-82, gradually rose to Rs.141.19 crores during 2000-01 and Rs.213.33 crores in 2003-04 and Rs.185.51 crores in 2004-05. Even at constant prices, there was a significant increase in the surplus of the TTD. Of the 8 functional departments, the Tirumala temple is the chief source of surplus followed by general administration. The surplus of the general administration is also attributable to the main Tirumala temple. The donations and gifts made to the temple, are recorded as part of the receipts of the general administration. All other temples contribute a small surplus, while the service departments to the pilgrims-I & II, hospitals and dispensaries, engineering division and educational institutions incur a net deficit.

To optimize the returns and to meet unforeseen expenditures, the TTD has been disinvesting and reinvesting year-after-year. Thus, from 1991-92, the fresh investments made in the bank deposits and securities, were far greater than the investments realized, both at current and constant prices. In addition to the investments in banks and government securities, a small portion of the funds are also advanced as loans to other institutions such as the APSRTC, Srikalahasti temple, Srisailam temple, Sri Badrachalam temple and some overseas temples. The outstanding
investments which stood at Rs.148.93 crores on 31.03.1992 rose to Rs.490.1 crores by March 2001, and Rs.1468.88 crores by 30.09.2006. Thus, there has been a massive growth in the investments of the TTD. Further, as required under the statute, the investments have been allocated to five different funds viz., pension fund (Rs.42.74 crores), depreciation fund (Rs.21.02 crores), general fund (Rs.4.15 crores) and reserve fund (balance amount) and overseas temple development fund (Rs.2.76 crores).

However, all investments, irrespective of the fund to which it is attributed, are made in banks and government bonds. The investments made in the nationalized banks account for 75.65% of the total, while fixed deposits in other scheduled banks constituted 1.20% of the total deposits at the end of Sept. '06. The investment in government bonds and NSCs formed 6.03% of the total investments. Further, Andhra Bank which has been extending different types of pilgrim oriented services received the maximum amount of investment funds (Rs.303.94 crores, 26.96%), followed by the Indian Bank, Indian Overseas Bank, State Bank of Hyderabad and SBI. The AP State Co-op. Bank also received substantial amount of investments. Whatever be the source, the TTD received substantial amounts of interest income from the investments. The interest income which stood at Rs.31.92 crores in 1991-92, gradually increased to Rs.185.22 crores in 2003-04 and about Rs.135.00 crores by 2004-05. The interest income and the FDR realizations year-after-year, have added to the revenues of the TTD and facilitated the growing expenditures.

In addition to the direct investments, the TTD has also invested the donations mobilized for the 6 endowment schemes and 13 trusts. The total investment of the endowment schemes amounted to Rs.45.00 crores (subsumed under the TTD investments), while the investments of the trusts amounted to Rs.400.00 crores at the end of Sept. '06.